

**WE
VALUE
YOU**

Annual Report 2022

BankIslami 

UNIFIED

ACROSS PAKISTAN

This year, we attribute our success to our greatest asset... your patronage. You make us who we are... one of the finest Islamic banks in Pakistan, that leads with a legacy, serves you across the country and ensures the latest technological advancements in banking.

We value you.... now and always!

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Vision

To be recognized as the leading authentic Islamic Bank.

Mission

To create value for our stakeholders by offering authentic, Shariah-compliant and technologically advanced products and services.

We differentiate ourselves through:

- Authenticity
- Innovation
- Understanding our clients' needs
- Commitment to excellence
- Fast, efficient and seamless delivery of solutions

As a growing institution, the foundation of our performance lies on our human capital and BankIslami remains committed to becoming an employer of choice, attracting, nurturing and developing talent in a transparent and performance-driven culture.



INTUITION

Our Values, Our Assets

Core Values

BankIslami is strongly committed towards its core values of:

- Product Authenticity
- Customer Focus
- Meritocracy
- Integrity
- Teamwork
- Humility
- Innovation



A Simple And Authentic Name That Leaves
No Confusion About What We Do - Only

Islamic Banking!

BankIslami



Script and Calligrapher:

We opted for the Arabic script for its versatility and beauty. 'Khat-Sulus', a script which has graced the Islamic monuments from the sub-continent to Turkey and Arabia, including the two most sacred mosques. It stands for timeless traditions and values that Muslims in these regions have shared for centuries, trade & commerce included. Ustad Shafiq-Uz-Zaman, the only person to do calligraphy in Masjid-e-Nabavi after 500 years, is behind crafting of the logo.



The Crescent:

A rising crescent in the traditional green encircles the motif and calligraphy. The crescent has deep association, with the contemporary and modern Islam. In our logo, it stands for Shariah encompassing everything that we do at BankIslami.

Official Digital Media Channels

-  www.facebook.com/bipl.official
-  www.linkedin.com/company/bankislami-pakistan-limited
-  www.twitter.com/BIPLOfficial
-  www.instagram.com/biploofficial
-  BankIslami Pakistan Limited
-  www.bankislami.com.pk



2022 at a glance

No. of Accounts

2022	2021	Growth%
1,320,153	1,160,190	14%

No. of Customers

2022	2021	Growth%
1,101,535	1,038,482	6%

Deposits (Rs. in Mn)

2022	2021	Growth%
415,912	344,788	21%

Islamic Financing - Gross (Rs. in Mn)

2022	2021	Growth%
214,462	190,191	13%

Branch Network

2022	2021	Growth%
380	340	12%

No. of ATMs

2022	2021	Growth%
372	347	7%

Trade Business (Rs. in Mn)

2022	2021	Growth%
317,475	266,428	19%

Trade Income (Rs. in Mn)

2022	2021	Growth%
370	324	14%

Auto Disbursement (Rs. in Mn)

2022	2021	Growth%
8,769	14,081	-38%

Muskun Disbursement (Rs in Mn)

2022	2021	Growth%
9,958	8,846	13%

Utility Bill Payments

2022	2021	Growth%
758,517	520,145	46%

No of Cash withdrawl (in 000)

2022	2021	Growth%
10,619	9,644	10%

No. of Card Holders

2022	2021	Growth%
470,043	435,186	8%

No. of Mobile Users

2022	2021	Growth%
287,634	234,296	23%

No. of Mobile App Downloads

2022	2021	Growth%
208,000	149,109	39%

No. of Internet Banking Users

2022	2021	Growth%
287,634	234,296	23%

Cash Management & EB Mandates

2022	2021	Growth%
505	344	47%

Corporate Information

Board of Directors

Mr. Ali Hussain	Chairman (Non-Executive Director)
Mr. Syed Amir Ali	President & Chief Executive Officer
Dr. Amjad Waheed	Independent Director
Mr. Haider Ali Hilaly	Independent Director
Dr. Lalarukh Ejaz	Independent Director
Mr. Sulaiman Sadruddin Mehdi	Independent Director
Mr. Syed Ali Hasham	Non-Executive Director
Mr. Tasnim-ul-Haq Farooqui	Non-Executive Director

Shariah Supervisory Board

Mufti Irshad Ahmad Aijaz	Chairperson
Mufti Javed Ahmad	Member
Mufti Muhammad Husain	Member
Mufti Syed Hussain Ahmed	Member

Board Audit Committee

Mr. Haider Ali Hilaly	Chairperson
Dr. Lalarukh Ejaz	Member
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member
Mr. Tasnim-ul-Haq Farooqui	Member

Board Risk Management Committee

Dr. Amjad Waheed	Chairperson
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member
Mr. Syed Amir Ali	Member

Board Human Resources & Remuneration Committee

Mr. Sulaiman Sadruddin Mehdi	Chairperson
Mr. Ali Hussain	Member
Dr. Amjad Waheed	Member
Dr. Lalarukh Ejaz	Member
Mr. Syed Ali Hasham	Member
Mr. Tasnim-ul-Haq Farooqui	Member

Board Information Technology (IT) Committee

Dr. Lalarukh Ejaz	Chairperson
Mr. Haider Ali Hilaly	Member
Mr. Syed Amir Ali	Member
Mr. Tasnim-ul-Haq Farooqui	Member

Company Secretary

Mr. Muhammad Shoab

Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

Legal Adviser

1- Haidermota & Co.
2- Mohsin Tayebaly & Co.

Management (in alphabetical order)

Syed Amir Ali
Aasim Salim
Bilal Fiaz
Burhan Hafeez Khan
Kashif Nisar
Mahmood Rashid
Masood Muhammad Khan
Mateen Mahmood
Mohammad Faisal Dhedhi
Muhammad Amin
Muhammad Assadullah Chaudhry
Muhammad Idress Sheikh
Muhammad Irfan Ahmed
Muhammad Shoab
Muhammad Shoab Rizwani
Muhammad Uzair Sipra
Rizwan Ata
Rizwan Qamar Lari
Sohail Sikandar
Syed Muhammad Aamir Shamim
Tariq Ali Khan
Usman Shahid
Zabih Ullah Usmani
Zaheer Elahi Babar

President & Chief Executive Officer
General Manager Central
Group Head of Consumer Banking
General Manager South West
Head of Products & Shariah Structuring
Head of Government Relations & Security
Head of Compliance
Head of Operations
General Manager South - East
Group Head Information Technology
Head of Human Resource
Divisional General Manager Interior Sindh
Head of Shariah Compliance
Company Secretary
Divisional General Manager South Punjab
Head of Legal
Group Head of Distribution
Group Head Internal Audit
Chief Financial Officer
Group Head, Treasury & Financial Institutions
General Manager North
Group Head of Risk Management
Divisional General Manager - Balochistan
Group Head Corporate Banking

Registered Office

11th Floor, Executive Tower, Dolmen City, Marine Drive,
Block-4, Clifton,
Karachi.
Phone (92-21) 111-247(BIP)-111
Fax: (92-21) 35378373
Email: info@bankislami.com.pk

Share Registrar

CDC Share Registrar Services Limited
Head Office: CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal
Karachi- 74400.
Tel: (92) 0800-23275 Fax: (92-21) 34326053
URL: www.cdcsrsl.com
Email: info@cdcsrsl.com

Public Dealing Timings of Share Registrar

Monday to Thursday: 9:00 am to 5:00 pm
Friday: 9:00 am to 12:30 pm and 2:30 pm to 5:00 pm

Website:

www.bankislami.com.pk

Discussion on Corporate Governance

The purpose of this section is to provide a holistic view of Bank's corporate governance culture and practices.

The Board of Directors of the Bank (the 'Board') aims to adopt best practices of the corporate governance to promote transparency in whatever we do, avoid conflicts and deliver sustainable value to shareholders. The Board performs its statutory roles and responsibilities diligently while ensuring that the Bank is functioning under the competent management team. The Board review and approve the Bank's strategy and risk appetite. It also approves the capital and operational plans for achieving strategic objectives on the recommendation of the management.

The Bank has adopted the requirements under Corporate Governance Regulatory Framework (CGRF) issued by State Bank of Pakistan (SBP) and Listed Companies Code of Corporate Governance Regulation, 2019 (CCG) issued by Securities and Exchange Commission of Pakistan (SECP), and these have been duly complied with. A statement to this effect is part of the Annual Report.

The Board aspires to achieve continuous improvement in Corporate Governance culture by enhancing its soundness and effectiveness in the years to come. We believe it as a key to successfully fulfilling our mission to become more responsible and agile Bank in an era of disruption and digitization. The Bank has embraced gender diversity by having a representation of female independent director on its Board. Further, it has enhanced the representation of independent members on its Board as compared to regulatory requirement, including Chairperson of all of the Board sub-committees are independent directors.

During the year 2022, the Board performed an in-house performance evaluation of the Board, the Chairman, Individual Directors including Independent Directors, the President & CEO and Board's sub-Committees in line with the 'Guidelines on Performance Evaluation of the Board of Directors' issued by the State Bank of Pakistan and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The Bank had engaged the Pakistan Institute of Corporate Governance (PICG) in the year 2021 as an Independent External Evaluator, who conducted the performance evaluation of the Board as a whole, its Committees and Individual Board Members for the year 2020.

The Board, while nominating and appointing its members, ensures that it possesses requisite skills and expertise through its members carrying diversified education and experience so as to govern the strategy, policies and operations of the Bank in an effective manner.

Profile of the Board

Following is the Profile of the members of the Board

- **Mr. Ali Hussain (Chairman of the Board – Non-Executive Director)**

He has over forty seven years of professional and managerial experience in both corporate and private entities. For the past thirty two years he has been managing his own global organizations and international financial investments in the field of technology, medical, electronics and strategic investments with operations in USA, Canada, Singapore, UK and Germany. His portfolio of past acquisitions has created significant value through growth and M&A.

Currently, Mr. Hussain manages a portfolio of banking, ecommerce, Fintech and digital technology investments along with family office. In Singapore he manages a technology incubator to promote entrepreneurship and invests in early stage companies. He has also founded Sajjad Foundation, a private charitable foundation primarily devoted to education and health care projects in Singapore, Pakistan and other countries. Mr. Hussain holds a Master's degree in Electrical engineering from Stanford University.

Date of Joining the Board: April 29, 2011

Other Directorship / Offices held:

Chief Executive Officer, TechCube8 Pte Ltd
Managing Director, SAJ Capital Management Limited

- **Dr. Amjad Waheed (Independent Director)**

He is the Chief Executive Officer of NBP Fund Management Limited (NBP Funds). Before joining the Company, he had been the Head of Equity Mutual Funds & Portfolios at Riyadh Bank, Saudi Arabia, Head of Asset Management at NIT, and Chief Operating Officer of FC-ABN AMRO Equities. He holds a Doctorate in Business Administration with a major in Investments and Finance from Southern Illinois University, USA and is also a Chartered Financial Analyst (CFA).

Date of Joining the Board: April 11, 2017

Other Directorships / Offices held:

Chief Executive Officer, NBP Fund Management Limited
Director, Gul Ahmed Textile Mills Limited
Director, Institute of Financial Markets of Pakistan (IFMP)
Director, International Steels Limited
Director, Telenor Microfinance Bank Limited.
Member, Steering Committee of Hajj Fund

• **Mr. Haider Ali Hilaly (Independent Director)**

He has been a principal investor in equities for 22 years. He currently serves as the Chief Executive Officer of Ithaca Capital (Private) Limited, a privately held investment holding company with a 22 years track record of deploying growth capital in various businesses across multiple sectors in Pakistan including transportation, leasing, power generation, outsourcing, armed security, cinemas, vehicle rental, technology, publishing and FMCG. Prior to joining Ithaca, he has worked in early stage private equity and merchant banking. For the past 12 years he worked at a special situations hedge fund. His core expertise includes investment selection, portfolio construction, capital allocation and management, risk management, valuation, financial control, corporate governance and investor relations.

He graduated cum laude and Pi Sigma Alpha from Hamilton College in the United States and he holds an MBA degree from the London Business School. He also has a certification from the Pakistan Institute of Corporate Governance Director's Training Program.

Date of Joining the Board: May 7, 2020

Other Directorships/Offices held:

Chief Executive Officer & Director, Ithaca Capital (Private) Limited
Director, Ithaca Capital, Limited
Director, Ithaca Capital, Limited
Chief Executive Officer & Director Bottleco (Private) Limited
Chief Executive Officer & Director, Optimus Technology (Private) Limited
Chief Executive Officer / Director, Ravi Spherocast (Private) Limited
Chief Executive Officer & Director, CALCORP Limited
Director, Bykea Technologies (Private) Limited
Chief Executive Officer & Director, Retail Holdings (Private) Limited
Director, Partners Resource Linked (Private) Limited
Director, Optimus Limited
Director, Athena Brands (Private) Limited
Director, Bykea Technologies Limited
Director, Kidco Holdings Limited
Director, Mobility Digital Holdings Limited
Director, Partners Retail Holdings Limited
Chief Executive Officer / Director, Monsoon Principal Partners (Private) Limited

• **Dr. Lalarukh Ejaz (Independent Director)**

An academic by profession and an economist by training, she is an Assistant Professor at the Institute of Business Administration, Karachi, since 2003. She has taught and engaged with learners enrolled in different degree programs such as EMBA, MBA, MS and BBA. She is also actively involved in research projects and independent researches in the field of her study. Dr. Ejaz has mentored and advised hundreds of students in the process of her teaching and they have gone to fill jobs at leading firms in Pakistan and around the world.

Dr. Ejaz is a certified teaching fellow from the prestigious Babson College's Teaching Fellows Program, Massachusetts, USA. As a part of the first teaching fellows team, comprising of three people, she was instrumental in designing, developing, and launching the BBA in Entrepreneurship Program, the first ever in Pakistan, at the Center for Entrepreneurial Development (CED) at the IBA. She has also designed and conducted multiple internal and external trainings and workshops for a variety of audience.

Dr. Ejaz holds a doctorate degree from the Business School at the University of Southampton, UK and a Master's in Economics from York University, Canada. She also has a Master's and a Bachelor's (Hons) in Economics from Karachi University, Pakistan. She also has a certification from the Pakistan Institute of Corporate Governance Director's Training Program.

Date of Joining the Board: May 7, 2020

Other directorships / Offices held:

Assistant Professor, Institute of Business Administration

• **Mr. Sulaiman Sadruddin Mehdi (Independent Director)**

He is the CEO of the TPL Developments (Pvt.) Limited. He has also served as CEO Cyan Ltd., formerly Central Insurance Company Limited (CICL). In 2011, he orchestrated the business restructuring of CICL (insurance) to Cyan (investments), a landmark transaction, and the first of its kind in Pakistan.

Before TPL Developments (Pvt.) Limited, he has served Cyan, PICIC DFI, PICIC Asset Management Company Ltd., Allied Bank (ABL) and ABL Asset Management Company Limited. He has had the privilege of establishing two leading AMC's of the Country.

As a senior executive, he has been working on strategy, organization, mergers and acquisitions. He is a proven business leader with a track record of delivering sustainable change and superior results in Pakistan. Mr. Sulaiman's experience spans over 20 years in multiple areas of financial services including investments, operations, marketing, legal and corporate affairs.

Amongst his prominent achievements have been the acquisition of HUBCO from National Power in June 2012. The acquisition value was PKR 6bn and was sold in March 2018 for PKR 22bn resulting in gains of approx. PKR 23bn (including dividends) in less than 6 years. He also had the privilege of leading the election process of HUBCO for DH Group twice in 2012 and 2015 and managed 8 out of 11 seats with just 17.5% shareholding while managing the rest through proxies.

He was the youngest Chairman of the Pakistan Stock Exchange Limited. He is also Chairman Pebbles (Pvt) Ltd. – the real estate arm of Dawood Hercules (DH) Group and is spearheading all real estate initiatives of the Group.

He has also served on the Board of Dawood Lawrencepur Limited, FOCUS Pakistan (an Aga Khan Foundation backed NGO), Inbox Business Technologies (Pvt.) Ltd., Inbox Consulting (Pvt.) Ltd., Inbox Corporation (Pvt.) Ltd, Sach International (Pvt.) Ltd, Board of Governors of The Institute of Business Management (IOBM), as Founding member of the Presidential Initiative for Artificial Intelligence, Computing (PIAIC), as a Member of the Committee on Emerging Technologies of MOIT and has represented Sindh as an Independent Member on Private Power and Infrastructure Board (PPIB).

He holds a master's degree, also a fellow member of The Institute of Corporate Secretaries of Pakistan (FCIS) and is also a Certified Director from the Pakistan Institute of Corporate Governance (PICG).

Date of Joining the Board: May 7, 2020

Other Directorships / Offices held:

Chief Executive Officer, TPL Developments (Pvt.) Limited
 Chairman / Director, Pebbles (Pvt.) Limited
 Director, Sindh Energy Holding Company (Pvt.) Limited
 Director, ECommunity Management Services (Pvt.) Limited

• **Mr. Syed Ali Hasham, (Non-Executive Director)**

He is an associate member of the Institute of Chartered Accountants of Pakistan (ICAP) and holds a Bachelor's degree in Commerce from the University of Karachi.

He has more than eight years of experience in the fields of finance, taxation, auditing, internal control evaluation and corporate affairs. He is currently the Company Secretary of Jahangir Siddiqui & Co. Ltd. Previously he was associated with Deloitte Yousuf Adil, a member firm of Deloitte and had experience working in Pakistan and Qatar. During his association with the firm, he was involved in various statutory audits and special assignments relating to DFI & commercial banks, Non-Banking Finance Companies, mutual funds, retail, and aviation sectors.

Date of Joining the Board: May 7, 2020

Other Directorships / Offices held

Company Secretary, Jahangir Siddiqui & Co. Ltd
Director, Mahvash and Jahangir Siddiqui Foundation
Director, JS Engineering Investments1 (Private) Limited
Director and CFO & Company Secretary, JS infocom Limited
CFO & Company Secretary, Energy Infrastructure Holding (Private) Limited
CFO & Company Secretary, Quality Energy Solutions (Private) Limited
CFO & Company Secretary, Khairpur Solar Power (Private) Limited

• **Mr. Tasnim-ul-Haq Farooqui (Non-Executive Director)**

He is LL.M with Diploma in Banking. He is Fellow Member of the Institute of Corporate Secretaries of Pakistan and a Certified Director from Pakistan Institute of Corporate Governance. He has served in one leading Financial Institution and two Commercial Banks for around 44 years. He retired as Company Secretary & Head of Legal of a leading Islamic Bank.

He has unique and versatile experience of serving with almost all types of investment and financial sector companies at senior level, these include;

Mutual Fund:

He was founder Director and Founder Company Secretary of Islamic Closed-End Mutual Fund and Open-End Mutual Fund.

Commercial Bank:

He was Nominee Director of a Conventional Commercial Bank.

Islamic Bank:

He was founder Company Secretary of an Islamic Investment Bank, which was later converted into Pakistan's first Islamic Commercial Bank.

Financial Institutions:

He was founder Company Secretary of two different financial institutions which were joint venture of Government of Pakistan with brother Muslim Countries.

Investment Advisory Service:

He was Founder Director & Chairman of Kifayah Investment Management Limited, a Public Limited Company. A Company licensed by Securities and Exchange Commission of Pakistan to carry out Investment Advisory Services.

Islamic Insurance:

He was Founder Director and Founder Company Secretary of a General Takaful Company and also a Family Takaful Company.

Modaraba:

He was Nominee Director on the Board of Directors of a Modaraba and a Modaraba Management company.

Venture Capital:

He has worked as a Nominee Director on the Board of a Venture Capital Fund.

Micro Finance:

He conceived the idea of and managed a Micro Finance Portfolio of a Financial Institution for around two years.

Others:

He was an active Nominee Director on the Boards and Committees of the Boards of various private, public and listed companies including General Tyre & Rubber Company Ltd.

Date of Joining the Board: August 25, 2021

Other Directorship / Offices held: None

• **Mr. Syed Amir Ali (President & Chief Executive Officer)**

He excelled in the ambit of Finance, Treasury, Investment & Corporate Banking throughout his association with domestic and international organizations i.e. A.F Ferguson & Co, Shell and Meezan Bank Limited. He spearheaded corporate and investment group of Meezan Bank before moving to BankIslami in 2018. His diverse credentials as a Chartered Accountant (Gold Medalist) from Institute of Chartered Accountants of Pakistan and in England & Wales, CFA Charterholder, MBA (Gold Medalist) and LLB are testament to his progression in the Financial Industry.

Date of Joining the Board: October 1, 2018

Other Directorship / Offices held:

Director, Shakarganj Food Products Limited
Member, Steering Committee on Hajj Funds

Board of Directors attendance during the year 2022

Sr.No.	Name of Directors	Category	No. of Meetings held in tenure	No. of Meetings attended
1	Mr. Ali Hussain, Chairman	Non-Executive Director	5	5
2	Mr. Syed Amir Ali, President & CEO	Executive Director	5	5
3	Dr. Amjad Waheed	Independent Director	5	5
4	Mr. Haider Ali Hilaly	Independent Director	5	5
5	Dr. Lalarukh Ejaz	Independent Director	5	5
6	Mr. Sulaiman Sadruddin Mehdi	Independent Director	5	5
7	Mr. Syed Ali Hasham	Non-Executive Director	5	5
8	Mr. Tasnim-ul-Haq Farooqui	Non-Executive Director	5	5

Board Committees

In order to share the load of activities, the Board has formed specialized Committees consisting of Board members with clear objectives, agreed reporting procedures and scope of authority. Board Committees constitute an important element of the governance process. The Board acknowledges that establishing these Committees does not exonerate its responsibility to comply with fiduciary requirements. The Chairs of each committee report matters of significance to the Board after each meeting and the minutes of the meetings are made available to all Board members. The detailed roles and responsibilities of each committee are set out in its respective terms of reference. Following are the Board Committees along with relevant details:

• Audit Committee

Mr. Haider Ali Hilaly	Chairperson
Dr. Lalarukh Ejaz	Member
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member
Mr. Tasnim-ul-Haq Farooqui	Member

Terms of Reference

The responsibilities of Audit Committee are governed by its Charter approved by the Board of Directors and are broadly categorized into following important areas:

- Financial Reporting and related internal controls
- Corporate governance and compliance
- Supervision of Internal Controls
- Review of Internal Audit activities

In specific, the Committee is responsible for review of periodic financial statements prepared by the management, review of management letter issued by external auditors and to ensure that appropriate measures are taken by the management to address the same, review of the Bank's statement on internal controls prior to its endorsement by the Board and meeting with external auditors to ascertain any major risks or significant changes expected in the financial reporting framework which may have a material effect on the Bank. Audit Committee is also responsible for overseeing the Bank's significant risk areas assessed by Management, Internal or external auditor as well as the related controls to mitigate such risk. It reviews and approves the internal audit charter, internal audit strategy. It also reviews and approves the annual audit plan while ensuring that adequate resources are available to internal audit department. It reports matters of significant importance to the Board including major findings of investigations characterized by fraud, corruption and abuse of power and the management's response thereto.

S. No	Name of Directors	Number of Meetings Held During 2022	Attendance
1	Mr. Haider Ali Hilaly	6	6
2	Dr. Lalarukh Ejaz	6	6
3	Mr. Sulaiman Sadruddin Mehdi	6	6
4	Mr. Syed Ali Hasham	6	6
5	Mr. Tasnim-ul-Haq Farooqui	6	6

• **Risk Management Committee**

Dr. Amjad Waheed	Chairperson
Mr. Sulaiman Sadruddin Mehdi	Member
Mr. Syed Ali Hasham	Member
Mr. Syed Amir Ali	Member

Terms of Reference

The Board Risk Management Committee (BRMC) is tasked with overseeing and reviewing the Bank’s risk management framework, including the significant policies, procedures and practices employed within the Bank to manage all the Bank’s risk including credit risk, market risk, operational risk, compliance risk and other risks.

BRMC also reviews the techniques developed and implemented to measure the Bank’s risk exposure. Its responsibilities also include to evaluate the risk profile and appetite of the Bank, and ensuring that systems are in place for monitoring overall risk of the Bank. BRMC reviews exception reports highlighting deviations from the approved policies as well as deliberates upon risk-related reports including early warning signals of potential risks emerging from Bank’s activities.

S. No	Name of Directors	Number of Meetings Held During 2022	Attendance
1	Dr. Amjad Waheed	2	2
2	Mr. Sulaiman Sadruddin Mehdi	2	2
3	Mr. Syed Ali Hasham	2	2
4	Mr. Syed Amir Ali	2	2

• Board Remuneration Committee *

Mr. Sulaiman Sadruddin Mehdi	Chairperson
Mr. Ali Hussain	Member
Dr. Amjad Waheed	Member
Dr. Lalarukh Ejaz	Member
Mr. Siraj Ahmed Dadabhoy	Member
Mr. Syed Ali Hasham	Member

Terms of Reference

The Board Remuneration Committee (BRC) drives the overall structure and framework of the Bank's compensation policy as per the standards recommended by the State Bank of Pakistan. The BRC consist of at least three (3) non-Executive Directors of the Bank, headed by a non-executive independent director provided that independent directors are not in majority. Head of HR is the Secretary of the committee and CEO is invited as and when required. The committee is accountable for the review and endorsement of the overall remuneration policy to the Board for bank-wide employees including the contractual employees and ensuring that it is as per the directives of State Bank of Pakistan. The committee is expected to review the policy at least once every three (3) years, to update it as per market practice and business needs, if required. The BRC is required to develop a plan for creating a fair and competitive pay structure for all employees to generate higher performance and motivation and to minimize pay gap. Apart from overall compensation structure, the committee is also responsible for defining remuneration policy and package for Board members, Executive Directors, CEO, CFO, Company Secretary, Head of Internal Audit and other management level direct reportees of the CEO. Additionally, the definition of material risk takers and material risk controllers and conception of a separate remuneration structure, considering their criticality, also falls under the scope of this committee.

S. No	Name of Directors	Number of Meetings Held During 2022	Attendance
1	Mr. Sulaiman Sadruddin Mehdi	1	1
2	Mr. Ali Husaain	1	1
3	Dr. Amjad Waheed	1	1
4	Dr. Lalarukh Ejaz	1	1
5	Mr. Syed Ali Hasham	1	1
6	Mr. Tasnim-ul-Haq Farooqui	1	1

*effective from March 1, 2022, Board Human Resource & Remuneration Committee was formed in replacement of Board Remuneration Committee and Human Resource Management Committee. No meetings of Board Human Resource Management Committee was held during the year 2022.

• **Board Human Resource & Remuneration Committee**

Mr. Sulaiman Sadruddin Mehdi	Chairperson
Mr. Ali Hussain	Member
Dr. Amjad Waheed	Member
Dr. Lalarukh Ejaz	Member
Mr. Syed Ali Hasham	Member
Mr. Tasnim-ul-Haq Farooqui	Member

Terms of Reference

The Board Human Resources & Compensation Committee (BHR&RC) is formed to assist the Board in the effective discharge of its responsibilities related to human resources, their remuneration, compensation & benefits and related policies. The Head of Human Resource Department is the secretary of the committee. In the absence of Head of Human Resources for any reason, the company secretary may act as an interim secretary. The BHR&RC comprises of at least three (3) members (non-executive directors of the Bank) with the Chairperson as an independent director.

The role of the Committee is to assist the Board to have an oversight of the Bank's Human Resource and Remuneration management. The core responsibilities of BHR&RC includes reviewing Human Resource management at the Bank to recommend the Board for taking strategic decisions including remuneration related policies and any changes or amendments therein as well as implementation of succession planning etc. Furthermore, the matters related to the selection, evaluation, compensation (including retirement benefits) and terms & condition of employment of the President & CEO and of other key executives of the Bank along with remuneration policy and remuneration structure of Board members (e.g. meeting allowance), President & CEO and employees. Moreover, to review the results of engagement and compensation & benefit surveys, and to make recommendation for improvement in policies and overall working environment of the Bank. In addition to these, it is also the responsibility to BHR&RC to perform any other assignment delegated to the Committee by the Board from time to time.

S. No	Name of Directors	Number of Meetings Held During 2022	Attendance
1	Mr. Sulaiman Sadruddin Mehdi	2	2
2	Mr. Ali Husaain	2	2
3	Dr. Amjad Waheed	2	1
4	Dr. Lalarukh Ejaz	2	2
5	Mr. Syed Ali Hasham	2	2
6	Mr. Tasnim-ul-Haq Farooqui	2	2

• Information Technology (IT) Committee

Dr. Lalarukh Ejaz	Chairperson
Mr. Haider Ali Hilaly	Member
Mr. Syed Amir Ali	Member
Mr. Tasnim-ul-Haq Farooqui	Member

Terms of Reference

The Board IT Committee (BITC) has been constituted to assist Board in devising IT and Digital strategies reviewing IT Policies and risk management framework before submission to the Board in order to ensure IT related projects, procurements and operations are performed in line with Board approved IT and digital strategies as well as it remain within regulatory framework . BITC reviews progress and implementation of the IT Strategic Plan and receive periodic update from IT Steering Committee to monitor all technology related projects approved by the Board. BITC also monitors latest developments on cyber security action plan and its implementation status before sending it to the Board, implements IT risk management framework to assess and monitor IT related risks and provide directions to the management in addressing the IT Risks. BITC also reviews update on Bank's Disaster Recovery Site and Boniness Continuity Plan on periodic basis.

S. No	Name of Directors	Number of Meetings Held During 2022	Attendance
1	Dr. Lalarukh Ejaz	4	4
2	Mr. Haider Ali Hilaly	4	4
3	Mr. Syed Amir Ali	4	4
4	Mr. Tasnim-ul-Haq Farooqui	4	4

Profile of Shariah Supervisory Board

i. Dr. Mufti Irshad Ahmad Aijaz (Chairman, Shariah Supervisory Board)

Dr. Mufti Irshad Ahmad Aijaz is the Chairman of the Shariah Supervisory Board of BankIslami. He graduated from Jamiat-ul-Uloom Islamiyyah, Binnori Town, Karachi and obtained his Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) from there. He then completed his Takhassus fi al-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia Dar-ul-Uloom, Karachi. He has passed country's first Islamic Finance course "Contemporary Business and Banking and its critical evaluation in the light of Shariah" offered by the Centre for Islamic Economics, Jamia Dar-ul-Uloom, Karachi, Pakistan, in 1994. He has also completed his PhD in Islamic Finance.

Dr. Irshad Ahmad Aijaz currently holds advisory position in following Institutions:

- Chairman, Shariah Advisory Committee of State Bank of Pakistan
- Chairman, Shariah Advisory Committee, SECP
- Member, AAOIFI Shariah Standard Committee – Karachi
- Member, Shariah Supervisory Board – Summit Bank Limited
- Shariah Advisor of Allied Rental Modaraba
- Member, Shariah Board – Standard Chartered Bank (Pakistan) Limited
- Member, Religious Board of Modaraba Companies – Pakistan
- Consultant, Shariah Review Bureau – Bahrain
- Member, Steering Committee for providing strategic guidance regarding implementation of Federal Shariat Court (FSC)'s judgment on Riba – Pakistan

He regularly delivers lectures on Islamic Economics and Finance at different forums and educational institutions including National Institute of Banking and Finance (State Bank of Pakistan) and Center of Islamic Economics (a division of Jamia Dar-ul-Uloom, Karachi).

ii. Mufti Muhammad Hussain (Member)

Mufti Muhammad Husain is a prominent scholar in the field of Islamic jurisprudence. He graduated from Jamia Dar-ul- Uloom, Karachi and obtained his Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) from there. Afterwards, he completed his Takhassus fi al-Iftaa (Specialization in Islamic Jurisprudence and Fatwa) from Jamia-tur-Rasheed, Karachi.

He has been teaching Islamic studies including Fiqh and Fatwa for years. He has undertaken research work in various topics including economic thoughts in Islam, financial markets, modern economic and financial issues and Islamic banking and finance. He is the author of famous book on Islamic Commercial Law, named "Asan Fiqh ul Muamalat". He is also a member of Shariah Supervisory Board of Halal Foundation, the first Shariah certification and Research body in Pakistan.

His research work includes Ushr obligation, Takaful on the basis of Waqf, Shariah rules of wealth earned through impermissible sources and rulings on status of juristic person in Islam. He has authored several articles and issued verdicts (Fatwas) on various issues. He is associated with Jamiat-ur-Rasheed, Karachi as a senior Mufti in Darul Iftaa and lecturer in department of Fiqh-ul-Muaamlaat.

iii. Mufti Syed Hussain Ahmed (Member)

Mufti Syed Hussain Ahmed is a Shariah Scholar carrying good reputation with ample experience of giving Shariah pronouncements (Fatawa). He graduated from Jamia Darul Uloom Karachi and obtained from there his Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) and Takahssus fi al-Iftaa (Specialization in Islamic jurisprudence and fatwa). He is also one of the prominent experts on Islamic Astronomy in the country.

Mufti Syed Hussain Ahmed has been serving at Jamia Dar-ul-Uloom Karachi since 1998 as faculty member and Senior Mufti. Assisting the Fatwa House of Dar-ul-Uloom, he has authored and issued more than 15,000 Fatawa on topics including but not limited to prayer, fasting, Zakat, Islamic Banking & Finance, Insurance/Takaful and Halal Food. He is also associated with Indus Hospital as Shariah Consultant on their financial matters most specifically on collection and disbursement of Zakat / donations. He regularly delivers lectures on topics related to Fiqh-ul-Muaamlaat and Islamic Finance at Center of Islamic Economics (a division of Jamia Dar-ul-Uloom, Karachi) and other organizations.

iv. Mufti Javed Ahmad (Resident Shariah Board Member)

Mufti Javed Ahmad has been serving as BankIslami's Resident Shariah Board Member (RSBM) since 2015. He has completed his Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) from Jamia Dar-ul-Uloom, Karachi, and Takhassus fi Fiqh-el-Muamlat (Specialization in Islamic Jurisprudence of trade and finance) from Jamia-tur-Rasheed, Karachi. He is also a Certified Shariah Advisor and Auditor (CSAA) from AAOIFI, Bahrain and Chartered Islamic Finance Professional (CIFP) from INCEIF, Malaysia. He has completed M.A. Economics from Karachi University and undertaken research work on numerous topics including Islamic Banking and Finance.

Mufti Javed Ahmad is also a Shariah Board Member of Alfalah GHP Investments (Islamic Funds). Prior to joining BankIslami, he was associated with Ernst & Young Ford Rhodes Sidat Hyder as 'Senior Shariah Consultant' where he was engaged in Shariah Advisory, Shariah Review, Shariah Audit and Compliance activities for more than four years.

He regularly delivers lectures on Islamic Economics and Finance at different forums and educational institutions including National Institute of Banking and Finance (State Bank of Pakistan).

S. No	Name of Members	Number of Meetings Held During 2022	Attendance
1	Mufti Irshad Ahmad Aijaz	4	4
2	Mufti Javed Ahmad	4	4
3	Mufti Muhammad Hussain	4	4
4	Mufti Syed Hussain Ahmed	4	4

Disclosure on Remuneration Policy of the Bank

Remuneration Policy of the Bank is developed in line with the guidelines issued by the State Bank of Pakistan. The Remuneration Policy of Bank intends to inculcate a culture of “pay for performance” by rewarding merit. The review of this policy shall fall under the ambit of the Board Human Resource & Remuneration Committee (BHR&RC) and shall be reviewed at least once in three (3) years. During the implementation phase, Internal Audit department shall also periodically watch over for effective remuneration setting mechanism.

Performance of employees is measured in the appraisal cycle and reflected through ratings derived from various relevant scorecards briefed as follows, which also include key risk elements:

- Business (Targets, Branch Scorecards etc.)
- Operations (KPI's for operational activities)
- Support staff (Measurable Objectives)

For MRTs and MRCs, balanced scorecards is based on key performance indicators and key risk indicators, some of which are listed below:

- Non-Performing Loans/Financing
- Risk Ratings
- Non-Compliance (Shariah, Legal & Regulatory)
- Breach of Organizational Discipline
- Breach of Credit Limits
- Breach of Interbank Limits
- Occurrence of Operational Risk

An effective monitoring mechanism with proper MIS record of performance and risk of MRTs and MRCs has been developed.

Payment of bonus is not considered as employees' right, rather it is based on the Board approval considering the overall Bank's profitability against the targets set out by the Board. The bonus shall be paid to Bank's permanent and contractual employees and not only to Material Risk Takers (who shall be entitled to at least 5% variable component) and Material Risk Controllers (whose variable component shall not exceed their fixed pay). Variable component shall be paid on the basis of deferral over 3 years and may be held or stopped in case any performance or risk factor, as has been defined, occurs. The deferred bonus pool will be remunerative and to be managed within the Bank.

Performance of the non-executive directors shall be presented to the shareholders with their approved remuneration.

The Bank respects and as a result implements the minimum wage as per the law of the land. The Bank shall operate at reasonable pay-gaps whereby difference between average salaries within same level shall not exceed 100%.

The following criteria is being followed for identification of MRTs and MRCs:

- President/CEO or any other equivalent positions.
- Direct reportees (Key Executives) of President/CEO or the BOD.
- Members of Management Credit Committee and Asset Liability Committee.
- Business Heads managing aggregate assets of more than Rs. 1 billion in their respective products/segments.
- Approvers of credit proposals of more than Rs. 250 million.
- Dealers having the authority to take positions of more than Rs. 3,000 million.
- Any other position added by BHR&RC on the basis of risk profile of such position.

FINANCIAL INFORMATION

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PERFORMANCE HIGHLIGHTS FOR THE YEAR

Total Assets

Rs. **487** Bn

↑ 19%

Deposits

Rs. **416** Bn

↑ 21%

Gross Financing

Rs. **220** Bn

↑ 12%

Revenue

Rs. **24** Bn

↑ 84%

Profit Before Tax

Rs. **8.2** Bn

↑ 142%

Profit After Tax

Rs. **4.4** Bn

↑ 108%

Earning per Share

Rs. **4** ↑ 108%

Equity

Rs. **26** Bn

↑ 17%

Operating Expenses

Rs. **12** Bn

↑ 24%

Net Investments

Rs. **180** Bn

↑ 44%

Return on Avg. Equity

20.78%

(Excl. Surp)

Dividend per Share

Re. **1**

Branches

380 ↑

2021: 340

SIX YEARS' FINANCIAL AND NON-FINANCIAL SUMMARY

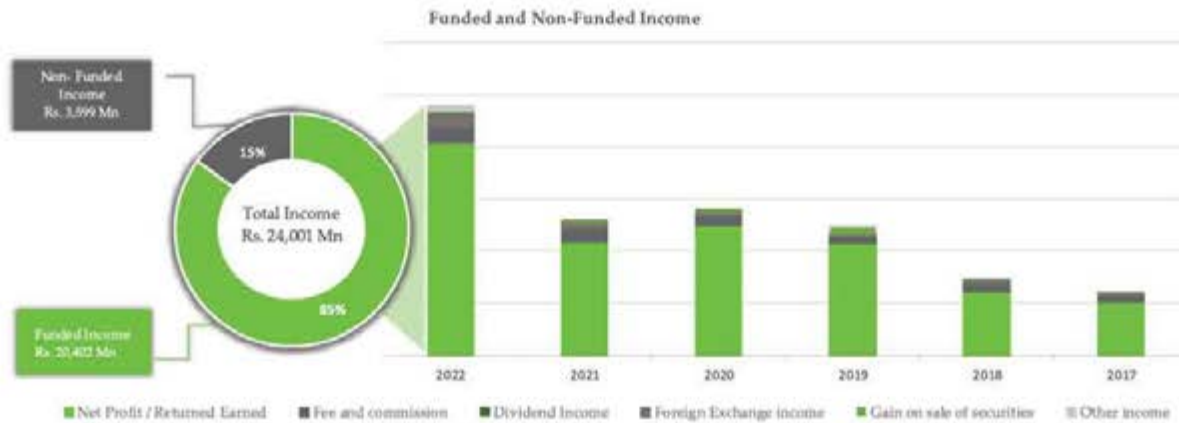
	2022	2021	2020	2019	2018	2017
Profit and Loss Account						
	Rs. in Mn					
Profit / return earned	46,345	23,235	25,744	23,650	12,204	10,354
Profit / return expensed	25,943	12,303	13,255	12,860	6,170	5,250
Net Spread earned	20,402	10,932	12,489	10,790	6,034	5,104
Fee, commission, brokerage & exchange income	1,459	1,227	900	618	842	648
Dividend and capital gains	1,456	798	625	855	340	239
Other Income	684	94	111	160	82	78
Total Other Income	3,599	2,119	1,635	1,633	1,264	965
Total Income	24,001	13,052	14,124	12,424	7,298	6,069
Operating Expenses	11,961	9,623	8,764	7,794	6,859	6,303
Profit / (loss) before tax and provisions	12,041	3,429	5,360	4,630	439	(235)
Provisions / (Reversal)	3,812	32	2,601	2,799	37	(392)
Profit before tax	8,228	3,397	2,759	1,831	403	157
Profit after tax	4,440	2,131	1,703	1,087	213	1,563
Statement of Financial Position						
	Rs. in Mn					
Paid up capital - net	11,008	11,008	11,008	11,008	10,000	10,000
Reserves	2,591	1,703	1,527	1,186	969	926
Unappropriated profit	10,083	6,336	4,330	2,876	1,695	1,474
Shareholders' equity	23,682	19,047	16,865	15,070	12,664	12,400
Surplus on revaluation of assets-net of tax	2,768	3,464	3,031	4,626	1,851	1,276
Net Assets	26,450	22,511	19,895	19,696	14,515	13,676
Total Assets	487,239	408,390	336,297	283,096	215,743	217,792
Earning Assets	406,994	344,652	279,350	231,759	176,410	183,421
Gross Financings	220,341	196,378	145,338	144,720	129,578	130,828
Financings-net of provisions	201,328	181,176	130,162	131,775	118,571	119,155
Non-performing Loans (NPLs)	19,873	17,077	17,529	15,388	15,403	15,837
Investments - net	179,741	124,838	95,240	55,194	38,832	42,092
Total Liabilities	460,789	385,879	316,402	263,400	201,228	204,116
Deposits & other accounts	415,912	344,788	283,641	229,984	185,945	179,249
Current & Saving Deposits (CASA)	278,211	236,806	180,768	137,799	128,808	135,680
Borrowing	21,052	21,193	16,128	15,104	7,820	15,570
Cost bearing Liabilities	280,239	235,555	209,132	173,397	132,768	136,010
Contingencies and commitments	39,459	39,805	22,001	26,652	23,135	22,435
Per Branch						
Deposits	1,095	1,014	827	689	563	543
CASA	732	696	527	413	390	411
Gross Advances	580	578	424	433	393	396
Other Non-Financial Information						
No. of Branches	Absolute	380	340	343	334	330
Total No. of Employees	Absolute	4,562	4,046	3,437	3,447	3,052

SIX YEARS' FINANCIAL RATIOS

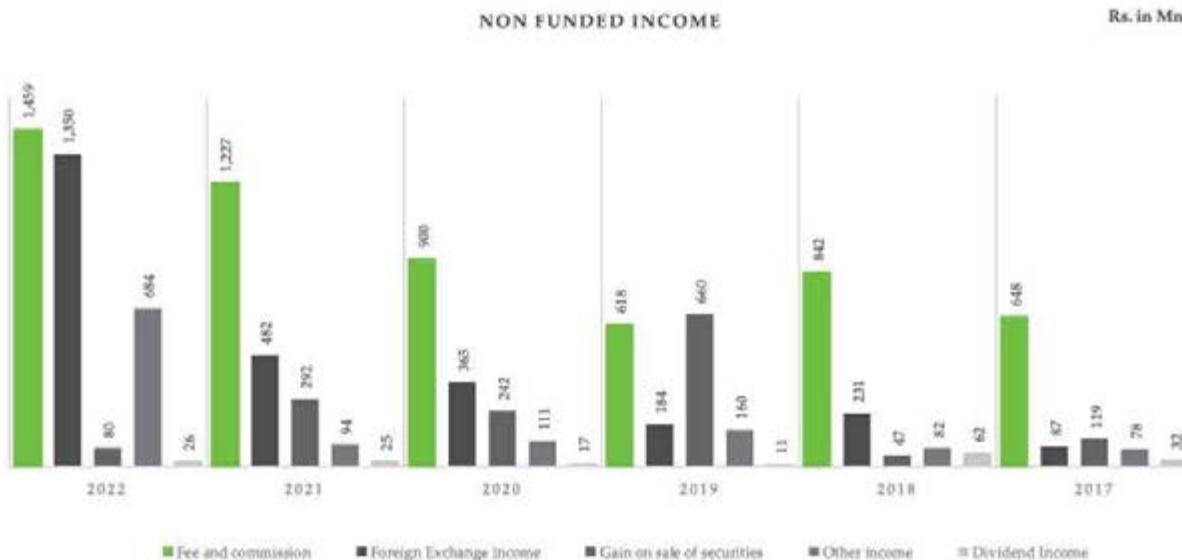
		2022	2021	2020	2019	2018	2017
Profitability Ratios							
Profit before tax ratio	%	34.28%	26.03%	19.54%	14.74%	5.52%	2.59%
Gross Yield on Earning Assets	%	11.39%	6.74%	9.22%	10.20%	6.92%	5.64%
Gross Yield on Avg. Earning Assets	%	12.33%	7.45%	10.07%	11.59%	6.78%	6.16%
Gross Yield on Avg. Earning Assets (incl. Dividend & capital gains)	%	12.72%	7.70%	10.32%	12.01%	6.97%	4.01%
Gross Spread ratio	%	44.02%	47.05%	48.51%	45.62%	49.44%	49.30%
Cost to Income ratio	%	49.83%	73.73%	62.05%	62.73%	93.98%	103.87%
Return on average Equity (ROAE)	%	20.78%	11.87%	10.67%	7.84%	1.70%	13.46%
Return on average Assets (ROA)	%	0.99%	0.57%	0.55%	0.44%	0.10%	0.78%
Shareholders' Funds	%	5.43%	5.51%	5.92%	6.96%	6.73%	6.28%
Return on Shareholders' Funds	%	18.14%	10.05%	8.60%	6.36%	1.51%	11.97%
Non-funded income to total income	%	14.99%	16.24%	11.58%	13.15%	17.32%	15.90%
Assets Quality and Liquidity Ratios							
Gross Financing to deposits ratio	%	52.98%	56.96%	51.24%	62.93%	69.69%	72.99%
Net Financing to deposit ratio	%	48.41%	52.55%	45.89%	57.30%	63.77%	66.47%
Net Investment to deposit	%	43.22%	36.21%	33.58%	24.00%	20.88%	23.48%
CASA to Total deposit	%	66.89%	68.68%	63.73%	59.92%	69.27%	75.69%
Non-Performing loans to Gross Financing	%	9.02%	8.70%	12.06%	10.63%	11.89%	12.11%
Coverage Ratio (Specific provision/NPLs)	%	81.11%	83.08%	82.67%	82.71%	70.98%	72.30%
Coverage Ratio (Total provision/NPLs)	%	96.14%	89.57%	87.25%	84.90%	72.47%	73.71%
Earning Assets to Cost bearing Liabilities	Times	1.45	1.46	1.34	1.34	1.33	1.35
Deposit to Shareholder Equity	Times	17.56	18.10	16.82	15.26	14.68	14.46
Assets to Equity	Times	20.57	21.44	19.94	18.79	17.04	17.56
Liquidity Coverage ratio	%	317.37%	249.73%	210.41%	162.60%	191.92%	138.99%
Net Stable Funding ratio	%	260.73%	238.21%	251.29%	199.00%	191.34%	151.88%
Investment and Market Ratios							
Earnings per share (EPS) and diluted EPS	Rs.	4.0043	1.9224	1.5362	1.0600	0.2110	1.5509
Price Earnings ratio	Times	3.34	6.66	7.82	10.46	56.87	5.99
Price to Book ratio	Times	0.56	0.63	0.67	0.58	0.83	0.68
Breakup value per share							
-With Surplus on Revaluation of Assets & Investments	Rs.	23.86	20.30	17.94	19.20	14.40	13.57
-Without Surplus on Revaluation of Assets	Rs.	22.38	18.43	16.47	17.61	12.57	12.57
-Without Surplus on Revaluation of Assets & Investment	Rs.	21.36	17.18	15.21	14.69	12.56	12.3
Share Information							
Market value per share Dec-31	Rs.	13.36	12.81	12.01	11.09	12.00	9.29
-High - During the year	Rs.	15.47	14.84	13.75	14.79	14.00	14.08
-low - During the year	Rs.	10.18	10.06	7.38	10.42	10.02	9.06
No. Shares Outstanding	In Mn	1,109	1,109	1,109	1,109	1,008	1,008
Capital Structure							
Tier 1 Capital	Rs. In Mn	22,389	15,552	15,347	15,188	12,571	12,177
Total Eligible Capital	Rs. In Mn	29,501	20,301	20,127	19,452	16,914	15,917
Risk Weighted Assets (RWAs)	Rs. In Mn	164,613	143,488	125,040	130,155	112,727	109,817
Capital Adequacy ratio	%	17.92%	14.15%	16.10%	14.95%	15.00%	14.49%
Earning Assets to total Assets	%	83.53%	84.39%	83.07%	81.87%	81.77%	84.22%
Debt to Equity ratio as per book value	%	10.77%	8.88%	10.05%	8.63%	0.00%	0.00%

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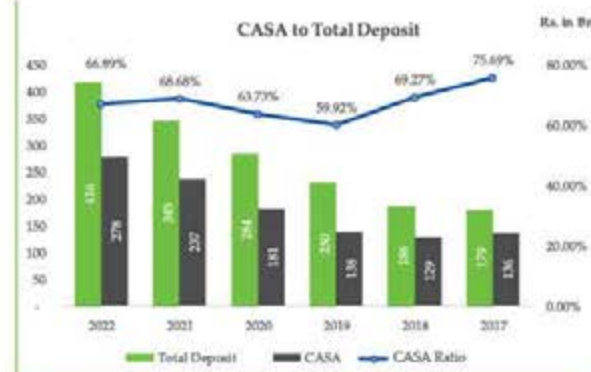
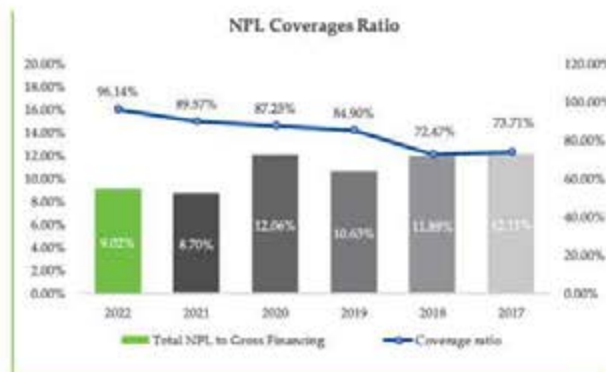
NCOME TREND OVER THE YEARS



Bank's Total income, comprises of Funded income and Non-funded income (NFI), witnessed an upward trend over the years with slight fluctuation in year 2022. During the year overall income witness the growth of 84% as compared to last year. Out of total income of Rs. 24 Bn funded income (Net Spread) comprises of Rs. 20 Bn. Gross Spread income reported a record growth of Rs. 23 Bn or 99.5% as compare to last year. The Income from Financing increased by Rs. 12 Bn primarily due to increased in yield rate along with the increase in Financing volume. The profit income on investments also reported the increase of Rs. 8 Bn which is 95% more than the last year. Similarly, Income from Placements rose by Rs. 2 Bn. The impact of increase in policy rate and issue of term deposits during the year has resulted in increase of Rs. 14 Bn in 2022 in Profit Expense as compare to last year. The major contribution in the said increase comes from Deposit expense which has been increased by Rs. 11 Bn.

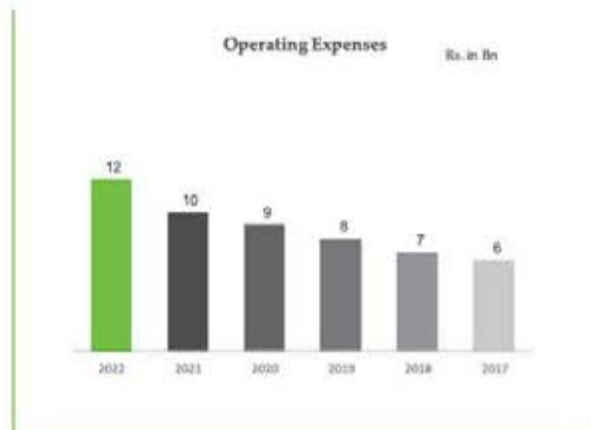
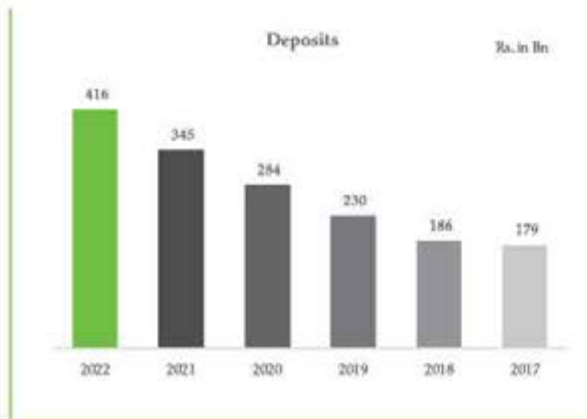


RATIOS ANALYSIS



*Excluding balances with other banks

FINANCIAL PERFORMANCE OVER THE YEARS



DUPONT ANALYSIS

		2022	2021	2020	2019	2018	2017*
Net Operating Margin	%	18.50%	16.33%	12.06%	8.75%	2.91%	25.76%
Asset Turnover	%	5.36%	3.51%	4.56%	4.98%	3.37%	3.03%
Financial Leverage / Equity Multiplier	Times	20.96	20.74	19.40	17.99	17.30	17.23
Return on Equity (ROE)	%	20.78%	11.87%	10.67%	7.84%	1.70%	13.46%



* Net operating margin in 2017 is higher due to one-off deferred tax adjustment.

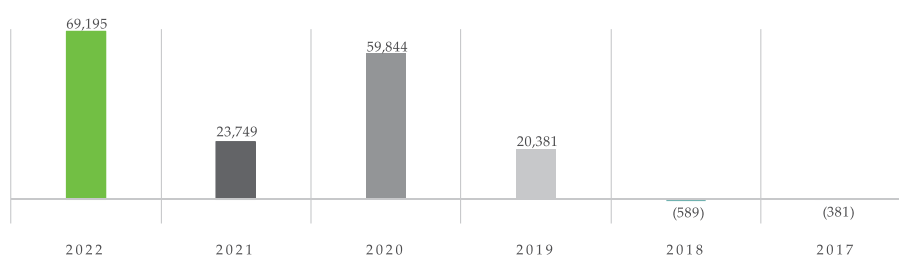
DuPont Analysis gives detail understanding of return on equity (ROE) by breaking down it into three major Financial metrics: Operating efficiency, Asset use efficiency and Financial Leverage.

The analysis shows that the Bank's operating efficiency, which is measured by net operating margin, has seen consistent improvement over the past six years, this analysis highlights the fact more prominently that the Bank's profitability does not entirely depend upon rise in Policy rates but also on its ability to conduct its business in efficient manner. The unusual rise in net operating margin in the year 2017 pertains to a one-off Deferred Tax adjustment. The asset use efficiency has also witnessed a stable increase over the years, where utilization by the Bank of its assets base has been efficient. This is attributed to the rise in policy rates which resulted in higher yields on earning assets as well as an increase in non-funded income. Further, the study shows that the bank's financial leverage has been consistent over the years.

FREE CASHFLOW

	2022	2021	2020	2019	2018	2017
Profit Before Taxation	8,228	3,397	2,759	1,831	403	157
Adjustment for non-cash items	6,165	2,607	5,811	5,795	1,968	1,806
Operating assets / liabilities changes	56,549	20,327	51,906	9,401	(2,180)	(1,844)
Net cash generated from operating activities	70,943	26,331	60,476	17,027	191	119
Capital Expenditure	(1,748)	(2,582)	(632)	3,354	(780)	(500)
Free cash flows	69,195	23,749	59,844	20,381	(589)	(381)

FREE CASH FLOWS

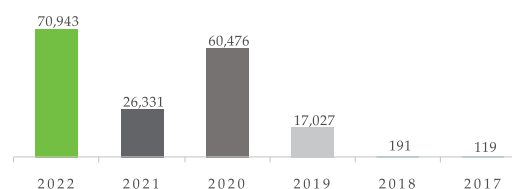


Free cash flow (FCF) is a financial metric that, measures the amount of cash that Bank has generated from its operations after accounting for its capital expenditures. In other words, Free Cash is the residual cash available with the bank after paying of its Operating Expenditures (OpEx) and Capital Expenditures (CapEx).

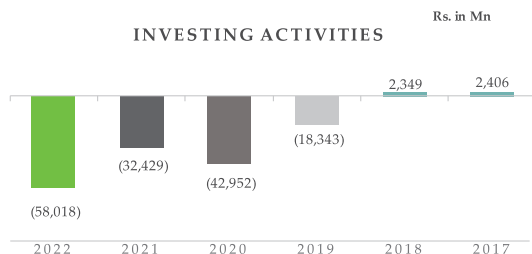
CASHFLOW SUMMARY

Operating Activities The Cash flow from operating activities depicted a positive trend during the years under review. This positive trend can be attributed to several factors, including an increase in the bank's profitability, deposits, and advances. The positive trend in cash flow from operating activities in 2022 indicates that, the bank's core operations have been performing well and generating cash inflows, which can be used to support the bank's growth and expansion plans.

OPERATING ACTIVITIES

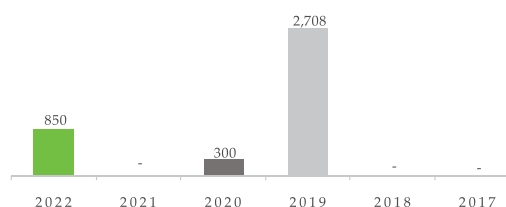


INVESTING ACTIVITIES



Investing Activities Showing cash outflow, as Bank increasing its Investment portfolio, having major portion of investment in GoP Shariah Compliant Ijara Sukuk. This investment is also required by State Bank of Pakistan to meet its statutory liquidity requirement. From the last six Years Bank increase its investment portfolio except in 2018, when deposit growth is very low and in 2017, when bank rise its financing portfolio.

FINANCING ACTIVITIES



Financing Activities The bank's financing activities have shown an inflow of cash in 2022. This is due to the bank's process of issuing fully paid-up, rated, listed, perpetual, unsecured, subordinated, non-cumulative, and contingent convertible debt instruments in the form of sukus, which qualify as Additional Tier I (ADT-1) capital as outlined by the State Bank of Pakistan (SBP). The pre-IPO phase of the issue has been successful, with a subscription amounting to Rs. 850 million being received.

STATEMENT OF VALUE ADDED

Value Added

	Rs. in Mn	
	2022	2021
Profit Earned net of FE Swap cost	46,175	23,209
Non Funded Income	3,599	2,119
Operating Expenses excluding salaries, depreciation* & amortization on owned assets and workers welfare fund	(4,499)	(3,534)
Finance cost on lease Liabilities against Right of Use Assets	(442)	(416)
Provision against Financing , Lendings, Investments & Others	(3,812)	(32)
Value added Available for distribution	41,021	21,347

Allocation of Value

To Depositors, Sukuk Holders and Financial Institution

Profit expense on deposits and other dues	25,331	11,861
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To Employees

Remuneration, Provident fund and other benefits	5,363	4,398
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To Government

Workers' Welfare Fund	165	71
Income tax	3,788	1,266
	3,953	1,336

To Shareholders

Interim/Final Cash Dividends to shareholders	1,109	-
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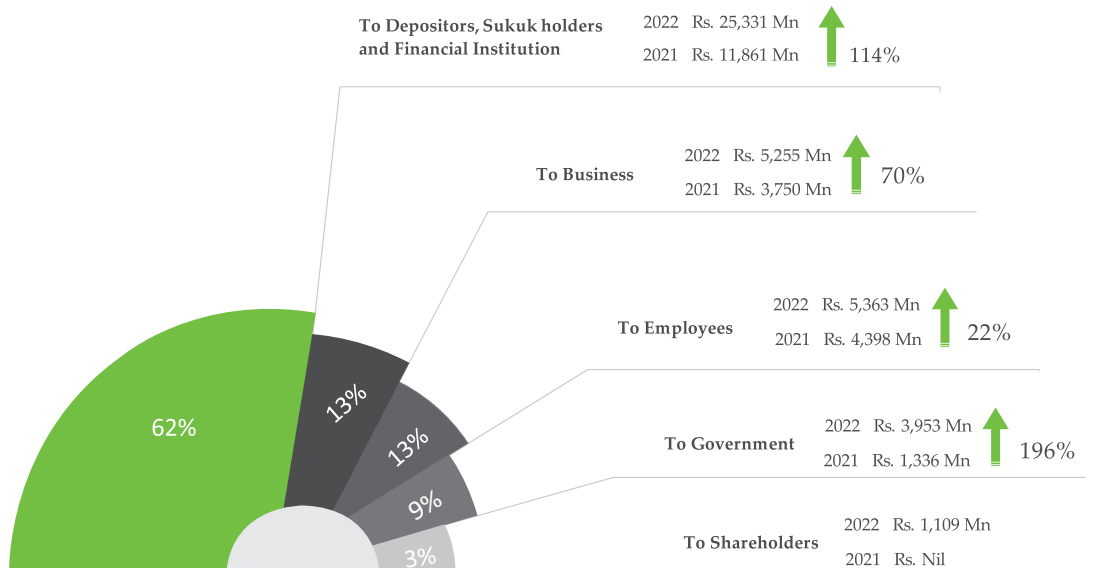
To Society

Donations	10	2
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To Business

Depreciation	1,833	1,552
Amortiozation	91	67
Retained Earnings	3,331	2,131
	5,255	3,750

	41,021	21,347
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Six Years' Horizontal Analysis

	2022	2021	2020	2019	2018	2017
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
	%	%	%	%	%	%
Statement of Financial Position						
Assets						
Cash and balances with treasury banks	39,973	24,052	22,054	14,640	14,283	11,784
Balances with other banks	2,046	3,692	12,308	3,878	833	802
Due from financial institutions - net	23,878	34,965	41,640	42,912	18,174	21,372
Investments - net	179,701	124,838	95,240	53,194	38,832	42,092
Islamic financing and related assets and Advances - net	201,328	181,175	130,362	131,773	114,571	119,155
Operating fixed assets	17,431	16,794	14,650	15,819	9,785	9,072
Deferred tax assets	3,339	4,308	5,825	5,022	7,530	7,702
Other assets - net	19,485	18,084	14,239	15,357	7,276	5,813
	487,259	428,188	338,298	283,097	215,744	217,792
	100%	100%	100%	100%	100%	100%
Liabilities						
Bills payable	3,531	3,494	3,324	2,488	3,991	2,989
Due to financial institutions	21,052	21,193	16,128	15,104	7,620	15,570
Deposits and other accounts	415,912	364,788	283,641	225,984	183,945	179,249
Subordinated sukuk	2,850	-	2,000	1,700	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other Liabilities	17,444	14,413	11,309	14,125	5,473	6,307
	465,799	385,673	316,402	263,481	203,239	205,113
	100%	100%	100%	100%	100%	100%
Net Assets	26,450	22,511	19,896	19,696	14,315	15,677
	17%	33%	31%	56%	65%	10%
Represented by						
Share Capital	11,008	11,808	11,808	11,808	10,000	10,000
Reserves	2,591	1,703	1,527	1,186	969	926
Unappropriated profit / (loss)	10,083	6,338	4,330	2,879	1,695	1,671
Surplus on revaluation of assets - net of tax	2,768	3,464	3,031	4,626	1,831	1,277
	26,450	22,511	19,896	19,696	14,315	15,677
	100%	100%	100%	100%	100%	100%
Profit & Loss Account						
Profit / return earned	46,345	23,235	25,744	21,650	12,204	10,354
Profit / return expensed	(25,945)	(12,303)	(13,255)	(12,860)	(6,170)	(5,250)
Net financial result	20,402	10,932	12,489	18,790	6,034	5,104
Provisions	(3,812)	(32)	(2,601)	(2,799)	(37)	(392)
Net financial after provisions	16,590	10,900	9,888	7,991	5,997	5,496
Other income	3,599	2,119	1,635	1,633	1,264	865
Other expenses	(11,961)	(9,623)	(8,264)	(7,791)	(6,859)	(6,303)
Profit before taxation	4,228	3,396	2,358	1,830	402	158
Taxation	(3,788)	(1,263)	(2,055)	(2,043)	(1,891)	(1,405)
Profit after taxation	4,440	2,133	1,304	1,087	213	1,563
	108%	25%	37%	41%	46%	24%

Six Years' Vertical Analysis

	2022	2021	2020	2019	2018	2017
	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million	Rs. In Million
	%	%	%	%	%	%
Statement of Financial Position						
Assets						
Cash and balances with treasury banks	39,973	24,502	22,034	14,640	14,280	11,794
Balances with other banks	2,046	3,602	32,308	1,878	833	802
Due from financial institutions - net	23,878	34,945	41,640	42,912	16,174	21,372
Investments - net	179,741	124,838	95,240	55,194	36,832	42,092
Islamic financing and related assets and Advances - net	201,326	181,176	130,162	131,773	118,571	119,155
Operating fixed assets	17,451	16,794	14,858	15,813	9,785	9,072
Deferred tax assets	3,339	4,308	5,825	5,622	7,530	7,702
Other assets - net	19,483	18,084	14,229	15,257	7,726	5,813
	487,239	403,399	336,298	243,997	211,244	217,790
	100%	100%	100%	100%	100%	100%
Liabilities						
Bills payable	3,531	3,484	3,324	2,488	1,991	2,989
Due to financial institutions	21,052	21,103	15,128	15,104	7,820	15,570
Deposits and other accounts	415,912	344,788	283,641	229,984	185,945	179,248
Subordinated sukuk	2,850	2,000	1,700	1,700	-	-
Deferred tax liabilities	-	-	-	-	-	-
Other Liabilities	17,444	14,413	11,309	14,125	5,473	6,307
	460,779	385,878	316,402	243,401	201,229	204,115
	95%	94%	94%	93%	93%	94%
Net Assets	26,460	23,311	19,896	15,656	14,315	13,677
	5%	6%	6%	7%	7%	6%
Represented by						
Share Capital	11,008	11,008	11,008	11,008	10,000	10,000
Reserves	2,991	1,703	1,527	1,146	969	928
Unappropriated profits / loss	10,285	6,336	4,330	2,497	1,651	1,474
Surplus on revaluation of assets - net of tax	2,768	3,464	3,031	4,526	1,851	1,277
	26,450	22,511	19,896	19,168	14,315	13,677
	3%	6%	6%	7%	7%	6%
Profit & Loss Accounts						
Profit / return earned	46,345	21,235	25,744	23,650	12,204	10,354
Profit / return expensed	(25,943)	(12,303)	(13,255)	(12,865)	(6,170)	(5,250)
Net spread earned	20,402	10,932	12,489	10,785	4,034	5,104
Provisions	(3,817)	(32)	(2,671)	(2,759)	(27)	392
Net spread after provisions	16,585	10,900	9,818	7,991	3,997	5,496
Other income	3,999	2,119	1,635	1,633	1,204	965
Other expenses	(11,961)	(6,620)	(6,764)	(7,794)	(6,659)	(6,303)
Profit before taxation	8,228	3,396	2,759	1,850	402	358
Taxation	(3,789)	(1,265)	(1,056)	(743)	(189)	1,405
Profit after taxation	4,440	3,131	1,703	1,087	213	1,563
	10%	9%	7%	5%	3%	3%

Chairman's Review

It gives me immense pleasure to present this report to the Shareholders of BankIslami Pakistan Limited (the 'Bank' or 'BankIslami') on the role of the Board of Directors (the 'Board') and its overall performance.

The Board is committed to ensure compliance with the best practice of Corporate Governance. The Board remained vigilant and ensured its oversight over the affairs of the Bank by setting up sub-Committees with specific mandates. These sub-Committees include members with subject matter expertise. All Board sub-Committees are chaired by independent directors, which reflect the Board's highest level of commitment towards transparency and corporate governance.

During the year, the Board performed in-house performance evaluation of the Board, the Chairman, Individual Directors including Independent Directors, the President & CEO and Board's Committees in line with the 'Guidelines on Performance Evaluation of the Board of Directors' issued by the State Bank of Pakistan and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The evaluation was conducted covering areas, particularly in respect to its composition, expertise, effective risk management, adequate system of internal controls and audit function. Based on the assessment results, areas of strength and improvement were identified followed by discussion on performance improvement plans with each individual Board member. The Bank had engaged the Pakistan Institute of Corporate Governance (PICG) as an Independent External Evaluator, which conducted the performance evaluation of the Board as a whole, its Committees and Individual Board Members for the year 2020.

With regards to Bank's performance during the year 2022, despite highly uncertain time, BankIslami posted highest ever Profit after tax of Rs. 4,440 million during the year 2022. This performance was possible due to dedicated efforts of all of our employees and trust of our customers on BankIslami. During the year 2022, the Bank also expanded its branch network by opening 40 new branches, while it also introduced its first state-of-the-art Digital Service Center in Karachi with an aim to provide round the clock banking services to its customers. It gives me pleasure to share that the Board of the Bank has announced cash dividend of Re. 1 per share and it will be presented in the forthcoming Annual General Meeting for approval. This is the first ever dividend announced by the Bank since its incorporation. Moving forward, sustainable dividend payout will remain at the forefront of the Bank's strategy with a view to maximize shareholders' long-term returns.

The Bank will continue focusing on achieving its growth targets going forward and strive to maintain the pace through active marketing strategy, branch expansion plan, process improvement by leveraging technology, expanding its digital footprint and introducing customer centric and competitive Shariah compliant products.

In these difficult times amid rising inflation in the country, the Bank stood firmly with its employees and announced a monthly inflation adhoc allowance for its low and middle cadre staff to provide a measure of relief to them in these testing times; it's a proof of Bank's commitment to take care of its employees' well-being. The management of the Bank also took various measures and contributed in many ways in flood relief activities for the affected population of the Country. We are really proud of our staff including senior management who worked dedicatedly in these relief activities.

At the end, I would like to take this opportunity to convey my deep appreciation to the State Bank of Pakistan, Ministry of Finance, the Securities & Exchange Commission of Pakistan, Federal Board of Revenue and Pakistan Stock Exchange for their commitment and continuous support towards the growth of Islamic financial system.

I would also like to personally express my acknowledgement to our valuable customers, shareholders, members of the Shariah Supervisory Board and the Board of Directors, who have built their trust in the Bank and have supported BankIslami for further enhancing the cause of Islamic Banking.



Ali Hussain

Chairman of the Board of Directors

March 01, 2023

آخر میں میں اس موقع کو غنیمت سمجھتے ہوئے اسٹیٹ بینک آف پاکستان، وزارت خزانہ، سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان، فیڈرل بورڈ آف ریونیو اور پاکستان سٹاک ایکسچینج کو ان کے عزم اور اسلامی مالیاتی نظام کی ترقی میں پیش کی جانے والی مسلسل معاونت پر خراج تحسین پیش کرتا ہوں۔

میں اپنے گرام قدر صارفین، حصص یافتگان، شریعہ نگراں بورڈ کے اراکین اور بورڈ آف ڈائریکٹرز کو بھی ذاتی طور پر ہدیہ تہنیت پیش کرتا ہوں جنہوں نے نہ صرف ہم پر اعتماد کیا بلکہ اسلامی بینکاری کے فروغ کے حوالے سے بینک اسلامی کی بھرپور معاونت کی۔

علی حسین

علی حسین

چیئر مین بورڈ آف ڈائریکٹرز

یکم مارچ، 2023

چیئر مین کا جائزہ

بینک اسلامی پاکستان لمیٹڈ (بینک یا بینک اسلامی) کے بورڈ آف ڈائریکٹرز کے چیئر مین کی حیثیت سے حصص یافتگان کو آڈیٹرز کی رپورٹ کے ساتھ بینک کی سالانہ رپورٹ برائے سال 2022 پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔

بورڈ کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کو یقینی بنانے کیلئے پرعزم ہے۔ بورڈ خصوصی مینڈیٹ کے ساتھ ذیلی کمیٹیوں کی تشکیل کے ذریعے بینک کے معاملات کی نگرانی کیلئے مستعد رہا ہے۔ ان ذیلی کمیٹیوں میں مذکورہ معاملہ کی مہارت رکھنے والے اراکین شامل ہیں۔ بورڈ کی تمام ذیلی کمیٹیوں کی صدارت آزاد ڈائریکٹرز کرتے ہیں جو شفافیت اور کارپوریٹ گورننس کی طرف بورڈ کے اعلیٰ سطح کے عزم کا عکاس ہے۔

سال کے دوران بینک نے اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزہ کے حوالے سے ہدایات اور لسٹڈ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق بورڈ، چیئر مین، انفرادی ڈائریکٹرز بشمول آزاد ڈائریکٹرز، صدر اور سی ای او اور بورڈ کی کمیٹیوں کی ان ہاؤس کارکردگی کا جائزہ لیا۔ یہ جائزہ خاص طور پر اس کی ساخت، مہارت، موثر رسک مینجمنٹ، اندرونی کنٹرول کے مناسب نظام اور آڈٹ کے کام کے حوالے سے کیا گیا تھا۔ تشخیص کے نتائج کی بنیاد پر، طاقت اور بہتری کے شعبوں کی نشاندہی کی گئی جس کے بعد بورڈ کے ہر فرد کے ساتھ کارکردگی میں بہتری کے منصوبوں پر بات چیت ہوئی۔ بورڈ کی سالانہ کارکردگی کے جائزہ کے عمل کو با مقصد بنانے کیلئے بینک کی طرف سے ہر تین سال میں ایک بار بیرونی آزاد تشخیص کار کے ذریعے جائزہ کروایا جاتا ہے۔ بینک نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کو بطور بیرونی آزاد تشخیص کار کے طور پر شامل کیا ہے جس نے بورڈ کے ساتھ ساتھ اس کی کمیٹیوں اور انفرادی بورڈ اراکین کی سال 2020 کیلئے کارکردگی کا جائزہ لیا۔

انتہائی غیر یقینی صورتحال کے باوجود بینک اسلامی پر صارفین کے اعتماد کی وجہ سے ممکن ہوا ہے۔ سال 2022 کے دوران بینک نے 40 نئی برانچوں کے افتتاح سے اپنے برانچ نیٹ ورک کو توسیع دی جبکہ کراچی میں جدید ترین ڈیجیٹل سروس سینٹر بھی متعارف کرایا جس کا مقصد صارفین کو چوبیس گھنٹے بینکنگ خدمات فراہم کرنا ہے۔ مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بینک کے بورڈ نے فی حصص 1 روپیہ نقد ڈیویڈنڈ کا اعلان کیا ہے اور اسے منظوری کے لئے ہونے والے سالانہ اجلاس عام میں پیش کیا جائے گا۔ اپنے قیام کے آغاز سے حصص یافتگان کے لئے بینک کی طرف سے اعلان کردہ یہ پہلا ڈیویڈنڈ ہے۔ آگے بڑھتے ہوئے، مستحکم ڈیویڈنڈ کی ادائیگی بینک کی حکمت عملی میں سب سے آگے رہے گی تاکہ حصص یافتگان کے طویل مدتی منافع کو زیادہ سے زیادہ حاصل کیا جاسکے۔

بینک آگے بڑھتے ہوئے نمو کے اپنے اہداف کے حصول پر توجہ جاری رکھے گا اور مارکیٹنگ کی فعال حکمت عملی، برانچوں کی توسیع، ٹیکنالوجی سے استفادہ کرتے ہوئے عمل میں بہتری، صارف پر موزوں شریعت کے مطابق مصنوعات متعارف کروا کر ڈیجیٹل دائرہ کار کو پھیلانے کے ذریعے اپنی ترقی کی رفتار کو برقرار رکھنے کیلئے کوشاں ہے۔

ملک میں افراط زر کی بلند شرح کے ساتھ اس مشکل وقت میں بینک نے اپنے ملازمین کو تنہا نہیں چھوڑا اور اپنے کم اور متوسط درجہ کے ملازمین کیلئے وقتی ماہانہ مہنگائی الاؤنس دینے کا اعلان کیا تاکہ انہیں اس آزمائشی وقتوں میں ریلیف مل سکے جو ملازمین کی فلاح و بہبود کے لئے بینک کے عزم کا ثبوت ہے۔ بینک کی انتظامیہ نے ملک میں سیلاب زدگان کی مدد اور بحالی کیلئے مختلف طریقوں سے اقدامات اٹھائے اور کردار ادا کیا۔ ہمیں ہمارے عملے بشمول سینئر انتظامیہ پر فخر ہے جنہوں نے ریلیف کے کاموں میں بڑھ چڑھ کر حصہ لیا۔

Directors' Report to the Members

Dear Members,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of BankIslami Pakistan Limited ('the Bank' or 'BankIslami') along with the Audited Annual Financial Statements for the year ended December 31, 2022.

Principal Activities

BankIslami principally operates as a licensed and full-fledged Scheduled Islamic Commercial Bank. On December 31, 2022, the Bank was operating with 380 branches including 80 sub-branches offering full suite of Shariah compliant financial solutions to its clients. The services include Corporate & Commercial Financing, SME & Agriculture Financing, Consumer Financing, Trade Finance, Retail Banking, Investment Banking, Treasury Services, Digital Delivery Channels, Cash Management & Employee Banking Services and Wealth Management Services.

Overview on Economy & Industry Outlook

Brief Overview on Economy

Global economic activity is experiencing a broad-based and sharper-than-expected slowdown, with inflation higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia- Ukraine war, global output contraction, supply chain issues and climatic changes, all have considerable impact on the global as well as domestic economic outlook. Global growth is forecasted to fall to 2.9% in 2023 which is below the historical average of 3.8%. Pakistan's GDP growth is projected to be around 2.0% in FY23, half the pace that was anticipated in June 2022.

The main factors contributing to economic slowdown are:

- a. Significant rise in inflation – inflation for the month of January 2023 accelerated to 27.6% from 24.5% in December 2022. The rise in inflation is primarily driven by increase in electricity tariffs, fuel cost and food prices. Energy and food prices rose by over 35%.
- b. Natural Catastrophe – the recent devastating floods in the country added profound risk to its economic outlook. It resulted in displacement of more than 30 million people and over 800,000 heads of cattle washed away. Agriculture, particularly in the province of Sindh has also been very badly affected.
- c. Dwindling Forex reserves – Foreign exchange reserves held by the State Bank of Pakistan (SBP) are a critical component in preserving the economic stability of the country. Due to trade deficit, debt repayments and decrease in remittance inflow, Pakistan witnessed sharp decline in its Forex reserves.
- d. Political instability – current political instability weighs heavily on country's economy. With all the adversities on ground, the political instability add to the uncertainty about country's macroeconomic policies. Stability on this front will help in restoring development partners' and investors' confidence.

Coping with the situation various measures are being taken. Monetary Policy Committee (MPC) has recently decided to increase the policy rate by 100 basis points to 17% on 23 January 2023 depicting a cumulative increase of 725 bps in the policy rate since January 2022. This is the highest policy rate since 1998. Further, in order to curb depleting foreign exchange reserves, import related payments are being closely monitored specifically relating to non-essential goods. It resulted in better management of forex reserves and current account deficit; consequently current account deficit narrowed by around 60% to \$3.7 billion in H1-FY23 as against a deficit of \$9.1 billion last year.

Although, monitoring of non-essential imports resulted in sharp decline in overall imports and led to a significant moderation in current account deficit however, despite moderation, challenges related to external account still persists. Moreover, depleting forex reserves creates a push on demand for USD which results in rupee devaluation and ultimately pushes inflation further.

In order to overcome rupee devaluation, bringing stability in forex reserves by unlocking multilateral and bilateral inflows, the conclusion of the pending 9th review under the IMF's Extended Fund Facility (EFF) is critical. The discussions between Government and IMF staff are underway. The key considerations by IMF staff related to fiscal and monetary measures include strengthening the fiscal position with permanent revenue measures, reduction in untargeted subsidies, allowing the market determined exchange rate and prevention of further accumulation of circular debt.

(Source: SBP – Economic Data and Publications)

Banking Industry Outlook

The banking sector of Pakistan has witnessed a positive trend during the year 2022. The balance sheet of the banking sector has expanded owing to various growth-oriented measures taken by the SBP and the Government of Pakistan (GoP) during 2021 which continued till latter half of 2022. Advances and investments grew by 17.4% and 26.7%, respectively during 2022. Private-sector advances, utilization of limits under SBP refinance schemes, and rise in investment in government securities drove the growth in the asset base. Furthermore, deposits of the banking industry also grew by 7.1% during 2022. In addition, the asset quality indicators of banks also improved, with the infection ratio decreased from 7.98% (Q4 2021) to 7.73% (Q3 2022).

Given the current economic landscape, measures taken to stabilize aggregate demand and weakening output & sales of major borrowing sectors, as well as a slowdown in consumer finance, are likely to affect the demand for private sector credit. However, the seasonal demand for credit and rising input prices would neutralize the negative impact on growth in advances. The banks are still likely to invest in government securities due to the government's need for financing, especially following recent flooding. On the liability side, deposits are anticipated to rise as benchmark rates increase which will encourage savings. Deposits are likely to be more geared towards high-yielding, remunerative products instead of non-remunerative options. As for capital adequacy, most banking companies are expected to remain compliant, as the regulator has maintained the minimum solvency requirement at 11.5%.

(Source: SBP – Economic Data and Publications)

Significant Transaction

To further strengthen the capital base of the Bank and enhance the risk absorption capacity, the Bank has completed Pre-IPO phase of the second issuance of Pakistan's first ever Listed Islamic Additional Tier-I Capital Sukuk (ADT-1 Sukuk). The issue has been branded as Ehad Sukuk II. The total issue size of this ADT-1 Sukuk is Rs. 1 billion and its Pre-IPO of Rs. 850 million was completed by December 31, 2022. The Bank is in process of conducting its IPO amounting to Rs. 150 million.

Financial Performance

Key Balance Sheet Numbers	2022	2021	%
	Rupees in '000	Rupees in '000	Change
Net Assets	26,450,401	22,511,202	17.50%
Deposits	415,911,942	344,787,956	20.63%
Financing and related assets - net	201,328,442	181,176,239	11.12%
Investments – net	179,741,488	124,838,317	43.98%
Due from FI	23,878,183	34,945,365	-31.67%

Key profit and expense numbers	2022	2021	%
	Rupees in '000	Rupees in '000	Change
Profit / return earned	46,345,194	23,235,371	99.46%
Profit / return expensed	25,942,829	12,303,231	110.86%
Net Spread Earned	20,402,365	10,932,140	86.62%
Operating Profit before provisions	12,040,606	3,428,794	251.16%
Profit after taxation	4,439,635	2,131,350	108.30%
Earnings per share (in Rupees)	4.0043	1.9224	108.29%

Alhamdulillah, Year 2022 has been a great success for BankIslami, with milestone achievements in almost all the segments of the Bank. This can be witnessed from the growth in total assets which grew by 19.31% to Rs. 487 billion. Deposits depicted a prominent rise of Rs. 71.1 billion i.e. growth of 20.63% as compared to last year. During the year 2022, Deposit base surpassed the Strategic Target of Rs. 400 billion and closed at Rs. 415.91 billion.

Despite increase in policy rates during the year, Current Account contributed around 38.1% i.e. Rs. 27.1 billion in overall deposit growth. The Bank pursued an assertive approach to augment its Current Account base. This was achieved through introducing new and innovative product offerings, expanding the sales team across the country, emphasizing on growth in trade business volumes and aggressive marketing initiatives. Consequently, the Bank's Current Account deposits rose by 20.5% to Rs. 159.57 billion in the financial year 2022.

To capitalize on the hike in policy rates during the year, the Bank seized the opportunity by offering attractive term deposit products which enabled healthy growth of 27.5% (Rs. 29.72 billion) in term deposits. Going forward, in order to continue this growth trajectory, the Bank will focus on increasing its branch network, improving the overall customer experience and developing low cost deposit products.

Monetary policy tightening measures being taken by SBP has resulted in increase in policy rates from 9.75%, at the beginning of CY 2022, to 16% by the end of CY 2022. The increase in policy rate, together with uncertain economic conditions, has resulted in slowdown in financing related activities, due to which the Bank was able to achieve growth of 12.20% in financing book (gross) as compared to growth of 35.12% achieved during last year. Composition of Consumer financing in overall financing portfolio remained at 23.19% despite regulatory measures taken to curb the demand of auto financing. Likewise financing to deposit ratio (ADR - gross) plunged to 52.98% as at December 31, 2022 which stood at 56.96% as at December 31, 2021. Infection ratio of the Bank as at December 31, 2022 increased to 9.02% from 8.7% at the end of last year. In view of prevailing economic situation, the Bank has recorded an additional general provision of Rs. 2.15 billion during the year. With the recording of additional general provision, coverage ratio of the Bank improved to 96.14% as compared to 89.57% at the end of last year.

During the year 2022, the Bank deployed surplus liquidity mainly in GoP Ijarah Sukuks, hence, the Bank's investment portfolio has increased to Rs. 179.74 billion from Rs. 124.84 billion, recorded a considerable increase of 43.98%. Consequently, investment to deposit ratio (IDR) jumped from 36.21% as at December 31, 2021 to 43.22% as at December 31, 2022.

The Bank is focused on achieving a balance between growth and profitability. While it is maintaining its asset quality, it is well capitalized to meet the Basel III requirements. The Bank's capital adequacy ratio (CAR) stood at 17.92% as on December 31, 2022 as compared to 14.15% at the end of the last year. Receipts of Pre-IPO proceeds against issuance of ADT-1 Sukuk, have also contributed towards improved CAR. The Bank also maintained its strong liquidity position with Liquidity Coverage Ratio (LCR) of 317.37% as at December 2022.

Owing to increase in average earning assets, Bank's top line grew by 99.46%, while on the other hand profit expense rose by 110.86% on account of increase in profit bearing liabilities, resulting in an increase of 86.63% in net spreads of the Bank. Bank's non-funded income registered a significant increase of 69.80% as compared to last year as a result of (i) improved FX income, (ii) increase in fee earned through ADC services, (iii) gain on sale on non-banking assets and (iv) recoveries from previously expensed items. Operating expenses rose by 23.28%, mainly on account of inflationary pressure and increase in business activities. The cost to income ratio of the Bank improved to 49.83% as compared to 73.73% during last year.

All of the above contributed to achieve the highest ever profit before provisions of Rs. 12.04 billion, representing a significant increase of 251.16% from the previous year. The Bank recorded total provisions, mainly representing provisioning against non-performing financing, of Rs. 3.81 billion during the year 2022 which includes Rs. 2.15 billion worth of additional general provision, recorded as a matter of prudence based on management estimate. Despite an increase in tax rates, the Bank was able to achieve historic profit after tax of Rs. 4.44 billion, witnessing an increase of 108.29% from last year, *Alhamdulillah*.

Group Results

Principal Activities

The principal activities of the Group's material and significant operations are as follows:

- BankIslami Pakistan Limited (Holding Company) – Scheduled Islamic Bank
- Shakarganj Food Products Limited (Associate) – Manufacturing, Processing and Sale of Food Products

Financial Performance of the Group

During the year 2022, the Group's total assets had comparatively grown by 19.30%. This growth in the Group's financial position was primarily contributed by increase in deposits and investments within the Islamic Banking segment. The Group successfully earned a profit before taxation of Rs. 8.27 billion, representing a 155.82% increase from the last year. This was achieved primarily due to increase in earning assets, growth in profit bearing liabilities and rise in policy rates. As a result, the Group posted a profit after tax of Rs 4.48 billion, a 127.83% increase from the last year, despite higher tax rates.

Dividend to Shareholders

Year 2022 has been remarkable for the Bank where based on its outstanding performance, the Board of Directors, in their meeting held on March 01, 2023, has recommended payment of cash dividend of Re. 1 per share (10%) for the year ended December 31, 2022 subject to approval of the shareholders in the upcoming Annual General Meeting.

Future Strategy

Since last couple of years, the growth of BankIslami, both in terms of profitability and market presence, is remarkable. This is the outcome of relentless efforts of the Bank's employees, faith of customers in BankIslami that it provides authentic Shariah compliant financial solutions and most importantly the trust of our shareholders. As a yardstick, the Bank has developed its long-term Strategic Business Plan for the period covering 2022-24. The Plan sets out various goals and KPIs to achieve accelerated growth in deposit base, enhancing trade business volumes, expanding its cash management services, improving credit risk profile, achieving technological innovation, spreading Bank's digital footprint, increase in branch network and enhancing shareholders' value while developing and nurturing its human capital, reinforcing its brand image, maintaining healthy capital base and becoming a customer centric Islamic Bank. To keep the plan live and updated, the goals are not only monitored on regular basis but any change in business dynamics is also considered as a feedforward control.

Trends and Factors Likely to Affect the Future Development, Performance and Position of the Bank

The Board of Directors and Management of the Bank are firmly dedicated towards evaluating the performance of the organization while making sure that the Bank is advancing in accordance with its Strategic Business Plan. The Management on more frequent basis and the Board at least once a quarter, meets to assess the Bank's performance versus operating and financial budgets and the key performance indicators. While assessing the KPIs, the Board and the Management take into consideration various elements that may potentially affect the Bank's future performance, possibly requiring short-term modifications in its Strategic Plan and Budgeted targets. These factors include:

- Economic and political situation of the Country.
- Change in policy rate and its consequences on pricing of assets and liabilities of the Bank.
- Variation in exchange rates.
- Macroeconomic indicators.
- Changes in laws, regulation, rules, corporate taxation and accounting framework.
- Competitive landscape.
- Capital adequacy.
- Availability of Shariah compliant investment avenues.
- External risks connected to geo-political and law order situation.
- Technological disruptions.
- Social and environmental changes.
- Business continuity in times of crisis, natural disaster and political uncertainty.

Corporate Social Responsibility

BankIslami has a mission to create value for its stakeholders and everyone in the socio-economic environment in which it operates. Therefore, the Bank firmly believes to operate in a socially responsible manner and remains committed in making constructive contributions to the economy and society.

Natural Catastrophe

During the year 2022, Pakistan was inundated with unprecedented floods that ravaged mainly the rural parts of the country, especially southern areas. Being a socially responsible organization, the Bank immediately responded to the situation and took following measures:

- Released emergency funds to different NGOs for procurement of food, medicine, temporary shelter & other necessities. Secondly, the Bank, being the first in the banking industry, engaged with Pakistan Armed Forces to ensure smooth distribution of relief goods in far-flung areas of the Country.
- Volunteered its employees in sorting out and packaging of relief goods. It successfully procured and delivered over 23 Trucks of ration, 800 plus tents, medicines, mosquito repellents and other relief items to the Armed Forces for onward distribution.
- Setting up a Tent City for flood victims. The Bank had partnered with Pakistan Air Force, Baitussalam Welfare Trust, AFAD (Turkish Disaster & Emergency Management Authority) and Karachi Relief Trust to launch Recep Tayyip Erdogan Flood Relief Tent City in Bholari, Jamshoro District, Sindh where around 200 tents were set-up to provide shelter to flood victims.
- A series of events were conducted which included distribution of ration, setting-up medical camps, distribution of medicines & mosquito nets, conducting anti-Mosquito spray drives, provision of blankets/ clothes and contributing financially towards construction of houses for flood victims.

Initiatives for Differently-abled persons

During the year, the Bank remained focused on operating various awareness programs amongst the Differently-Abled Persons (DAPs) and took following major initiatives:

- As part of an on-going video series in sign language, the Bank released videos pertaining to Islamic Finance which covered the concepts of Islamic banking, financing products and differences from conventional banking. In order to ensure that videos reach to DAPs along with general public, the videos contain English voice-over along with Urdu subtitles.
- To facilitate visually impaired community, an Islamic banking booklet was launched in Urdu Braille. This is the second language, after English, in which braille booklet was developed. Islamic Banking Awareness seminars in Sign language were conducted for DAPs and staff of '*Ida Rieu Welfare Association*'. The session was attended by both deaf and blind persons.
- In another unique initiative, the Bank, in collaboration with '*Binae Association*', arranged an Islamic Banking awareness seminar specifically for the visually impaired community.

Charity and Donations

Charity is disbursed through an account maintained for this purpose. The sources of the account are (a) Shariah non-compliant income, (b) purification of dividend income, (c) late payment charges received from customers and (d) profit earned on charity account. Charity disbursements made by the Bank are not only for the purpose of Shariah compliance but are also meant to make a valuable and positive impact in the society. Charity payments are directed towards organizations which are operating with a philosophy and history of public welfare. Details of charity payments made by the Bank are mentioned in note 21.3.1 to the unconsolidated financial statements. In addition, the Bank also contributed funds through donation, the details of which are disclosed in note 31.2 of the unconsolidated financing statements.

Further, the Bank also made contributions towards its new product '*Islami Khair Current Account*', where the Bank directed the contributed funds towards charitable purposes without any deduction from customers' account.

Customer Service and Complaint Management

Focusing on its Mission and Core Values, the Bank always strive for provision of Shariah compliant and customer focused solutions matching to their needs. The Bank not only values its customers and takes pride in 'serving them the right way' but also focuses on 'Saving them from Riba'. To ensure this, we consistently deliver fair outcomes to our clients based on openness and transparency. Likewise, the Bank has made Fair Treatment of Consumer (FTC) an integral part of its service culture and, in line with this, the Bank has also placed a sound Consumer Protection Framework.

Conduct Assessment Review meeting was held with State Bank of Pakistan for the year 2021 and the results submitted by the Bank were Accepted and Approved by SBP. The efforts of the Bank were also appreciated with respect to FTC and consumer grievance handling mechanism.

The Bank has made its objective to visualize customers' needs and benefits while designing, selling and managing products and services, without any discrimination. The Bank is committed towards providing its customers with the top quality service and satisfaction. In order to achieve this, the Bank has an independent Service Quality department. The Bank ensures that new initiatives are taken at regular intervals to make banking experience more convenient, comfortable and pleasing for our customers. Channels which are directly engaged with customers are required to follow Key Service Indicators which are strictly monitored. In order to deliver high quality customer experience, the Service Quality department of the Bank regularly trains its staff on service indicators and complaint management.

Further to monitor overall performance and efficiency of service quality, the management of the Bank has formed 'Service Excellence Committee' (SEC), under the chairmanship of the CEO. SEC meets on quarterly basis and is responsible to review various service quality standards recommended by Service Quality department. It also reviews various reports on service quality prepared by the department and identifies areas of improvement for strengthening and simplifying existing procedures including redundancies and duplications. It also suggests improvement in customers' and other stakeholders' service level and makes recommendations on carrying out research and analysis covering quality assurance on continuous basis.

Customer Grievance

BankIslami has implemented a strong Complaint Handling Policy and Grievance Redress Mechanism to ensure that complaints and customer grievances are addressed in a timely manner with an aim to prevent recurrence of issues of the same nature. For complaint lodgment, various channels have been made available to our customers (through branches, phone banking, website, social media, email, etc.) for which customers are also made aware through SMS alerts and banners displayed on our ATM screens and website. Complaint management process is kept transparent through registration, acknowledgement, and interim response (wherever applicable). Customer survey is also conducted on annual basis to gauge customer feedback regarding complaint handling function of the Bank. Customers are also given an option to contact the Banking Mohtasib office, in case they are not satisfied with the response received from the Bank.

A total of 83,756 complaints were received by the Bank during the year 2022 and the average time taken to resolve these complaints was 5.5 working days. Other than these, 427 complaints were received from SBP and Banking Mohtasib Pakistan.

Compliance

BankIslami operates with a strong compliance culture, which has enabled the Bank to adhere high standards of ethics, integrity and honesty, starting from the top and cascading the same down the line in a way that ensures consistent and effective implementation of regulatory requirements/ standards/ practices and other laws in letter and spirit. Therefore, the Compliance function of the Bank plays a key role to keep activities of the Bank within the framework of applicable laws and regulations, and to oversee compliance risk at an entity level to protect the interests of its stakeholders. The Compliance function ensures compliance of all regulatory requirements including Anti-Money Laundering (AML), Combatting the Financing of Terrorism (CFT), Countering Proliferation Financing, and Trade Based Money Laundering (TBML) framework. The Bank has established specialized and dedicated desks to manage AML, CFT and TBML risks. The Bank has also availed subscriptions from reputed service providers to mitigate the risks of on-boarding proscribed persons and is using regulatory technologies (RegTech) to comply with local and international sanction regimes and on-going monitoring of customers. The Compliance function of the Bank conducts timely reporting to comply with Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS). It is also entrusted with the responsibility of review and approval of high risk accounts, facilitating segments and branches on AML/ CFT related matters, advisories on local and international sanctions and conducting extensive trainings at regular intervals on regulatory requirements on country wide basis.

Statement of Internal Controls

The Board of Directors is wholly committed to upholding the highest standard of Corporate Governance and ensuring that an effective internal control system is in place to mitigate the risk of not achieving our business objectives. This system is implemented and monitored by an independent Audit Department that reports directly to the Board Audit Committee. The Board is pleased to endorse the management's statement of internal control, including their evaluation of Internal Control over Financial Reporting presented in the Annual Report.

Risk Management Framework

The objective of risk management is to effectively manage uncertainties that arise in the normal course of business activities. It is one of the key imperatives of banking business through which the Bank manages entity wide risks with the aim of maximizing risk-adjusted returns while remaining within the set risk parameters. The Risk Management Group has the following departments, headed by senior executives, reporting to the Group Head - Risk Management:

- Corporate Credit Risk Management

- Consumer Credit Risk Management
- Enterprise Risk Management
- Operational Risk & Internal Control
- Information Security
- Special Assets Management
- Consumer Recovery and Collection
- Credit Administration

Specialized committees, comprising of members from senior management with relevant experience and expertise, perform their functions in line with overall strategy set by the Board so as to ensure that exposures are within risk appetite. The committees include:

1. Management Credit Committee (MCC)

2. Asset Liability Committee (ALCO)

The MCC ensures that credit risk activities are in line with Board approved policies, regulatory requirements, Bank's risk appetite and best industry practices. ALCO reviews market, liquidity and country risk exposures, assets and liabilities maturity profile, sets pricing and takes decisions for sound liquidity management with respect to long-term assets and quality acquisitions. Policies and processes have been amended with a view to be made more stringent, which would lead to further improvement in asset quality.

The risk associated with Equity, Foreign Exchange and Liquidity are being continuously assessed by the Market Risk function. Stress testing and sensitivity measures are used as risk management tools to monitor and manage the market risk. Assets quality is ensured through well-defined financing policies and procedures, appropriately delegated financing approval matrix, sufficient collateral coverage, its documentation and periodic reviews. Growth in financing is ensured while focusing on comprehensive risk analysis and portfolio diversification. The Bank calculates value at risk for market risk assessment. Day-to-day liquidity management is done through cash flow matching, meeting regulatory reserve requirement and maintaining adequate liquid assets. Various liquidity ratios are being monitored to assess any possible liquidity risk.

The role of Market & Liquidity Risk function in monitoring of treasury activities has been strengthened with various limits structuring, their monitoring, reporting and system improvements. Loss data reporting, self-assessment of risk and control, enhanced coverage of key risk indicators, documenting and improving Bank's processes through risk identification and mitigates demonstrate continuous improvements in operational risk management framework.

Continued efforts are being made to enhance the scope of a robust 'Operational Risk Management Framework'. The Bank has an internal operational risk awareness program which is aimed at building capacity and inculcating a risk free culture in the staff through trainings and on-job awareness for promoting greater risk awareness.

The Bank has maintained its CAR at 17.92% as at December 31, 2022, well above the regulatory threshold of 11.50%. The Bank is managing its CAR by carefully monitoring and managing the risk profile of its asset portfolio.

BankIslami has placed an extensive Information Security (IS) program and governance structure to manage the security of its information and technology based assets. The sensitive information managed by the Bank including the data entrusted to BankIslami by its customers, partners and staff are among the Bank's most critical assets. Given the competitive nature of Bank's business and significant value of the data it manages, the Risk group in conjunction with business and technology, have taken necessary measures to minimize the risk.

Internal Controls over Financial Reporting (ICFR)

The Bank diligently followed the State Bank of Pakistan's (SBP) Guidelines on Internal Controls to evaluate the effectiveness of the overall set of internal controls including financial reporting controls. A detailed documentation of Bank-wide processes and controls was completed, together with a comprehensive gap analysis of the control design and subsequent development of remediation plan for the identified gaps. Furthermore, the Bank has developed a comprehensive management testing and reporting framework for ensuring operating effectiveness of key controls and has significantly addressed the identified design improvements. Upon satisfactory completion of the Internal Control over Financial Reporting (ICFR) roadmap, SBP granted exemption to the Bank in the year 2017 from the submission of Long Form Report (LFR) by external auditors.

Capital Plan

The Bank considers capital planning as an essential component for operating in a challenging economic environment to comply with the strong regulatory requirements and absorb external risks. The Bank believes that sound capital planning is critical for determining a prudent level of capital so that the Bank remains consistent with its strategic business plan, while having the capacity to withstand any stressful event. In line with this, the Bank has set out a constructive capital plan to remain compliant on longer-term horizon with applicable Basel III and MCR framework stipulated by SBP.

Directors' Statement on Corporate and Financial Reporting Framework

The Board of Directors is fully cognizant of its responsibility under the Listed Companies Code of Corporate Governance Regulations, 2019 (CCG) issued by the Securities and Exchange Commission of Pakistan (SECP) and adopted by SBP. The following statements demonstrate its commitment towards maintaining high standards of Corporate Governance and Best Practices:

1. The financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of account of the Bank have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements, except if disclosed separately in the financial statements, and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards, as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Bank's ability to continue as a going concern.
7. There are no debts or sukuk instruments in which the Bank is in default or likely to default.

8. There has been no material departure from the best practices of CCG.
9. The appointment terms of the Chairman and other members of the Board are in line with applicable best practices and are also in the best interest of the Bank.
10. As of December 31, 2022, the Board is compliant with respect to Directors' training requirement under CCG.
11. Transactions with related parties were conducted on arm's length basis and were carried out in the ordinary course of the Bank's business. Details of these transactions are disclosed in note 45 to the financial statements.
12. The financial statements of the Bank have been audited without qualification by the auditors of the Bank, KPMG Taseer Hadi & Co., Chartered Accountants and approved by the Board in its meeting held on March 01, 2023 for issuance to the shareholders.
13. No material changes and commitments affecting the financial position of the Bank have occurred between the end of the financial year to which these financial statements relate and the date of the Director's report.
14. The value of investments of the Bank's provident fund and gratuity fund based on un-audited accounts as at December 31, 2022, amounted to Rs. 1,275 million and Rs. 275 million, respectively.
15. Following information is enclosed as annexure to the Directors' Report.
 - I. The purchase and sale of shares by the Directors and the Chief Executive during the year.
 - II. Key operating and financial data of last six years.

Compliance with Code of Corporate Governance

The Bank considers compliance with best practices of Corporate Governance as its highest priority. We are of the view that improvement in corporate governance is an ongoing process. The Board and the Management endeavor to improve and implement Bank's corporate values enabling the organization to meet the expectations of all stakeholders, including its shareholders and customers. BankIslami also ensures transparency and merit in each and every process, particularly while dealing with customers and employees which is also reflected from its following Core Values:

- Product Authenticity
- Customer Focus
- Meritocracy
- Integrity
- Team Work
- Humility
- Innovation

The requirements of the Listed Companies Code of Corporate Governance Regulation, 2019 (CCG) issued by Securities and Exchange Commission of Pakistan (SECP) relevant for the year ended 31 December 2022 have been duly complied by the Bank. A statement to this effect is annexed with the Annual Report.

Composition of the Board

In line with the requirements of the CCG and best practices, the Board of the Bank comprises of both non-executive and independent directors, including representation of a female director on the Board. The current composition of the Board is as follows:

Total number of Directors 8

Composition:

(i) Independent Directors:	4
(ii) Non-executive Directors:	3
(iii) Executive Director:	1
(a) Female Director:	1
(b) Male Directors:	7

In order to share responsibilities, the Board has established specialized Committees consisting of Board members with clear objectives, agreed reporting procedures and scope of authority. The Board Committees constitute an important element of the governance process. The Board acknowledges that formation of these Committees does not absolve its responsibility to comply with fiduciary requirements.

The current Board of Directors comprises of leading professionals from industry. The members of the Board possess versatile experience in the fields of Corporate Finance, Capital Market, Investment Management, Private Equity, Economic Research, FinTech, Innovation, Law and Corporate Governance. The Board members hold Professional certifications, Masters and Doctorate degrees from renowned international and local institutions.

For composition of Committees and Directors' attendance in the Board and its Committee meetings, please refer to the Corporate Governance section of this Annual Report.

Framework for Remuneration

Chairman, non-executive directors and independent directors are entitled only for the fee and reasonable actual expenses relating to travelling, boarding & lodging for attending the Board, Committees and general meetings. Remuneration to the Directors for attending Board and Committee meetings of the Bank is being paid by the Bank as per scale approved by the Board and the shareholders in the general meeting of the Bank. A formal remuneration policy for the Board of Directors has been approved by the shareholders.

With regards to remuneration policy for its employees, the Bank offers compensation structure to attract and retain relevant and professional employees, whereas the annual performance review and increments of the same are based on process that encourages the culture of 'pay for performance'. The Board Human Resource & Remuneration Committee (BHR&RC) is responsible to recommend the Board about the structure of compensation package of employees. The Board has approved a Remuneration Policy which clearly defines the criteria for identification of Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) along with mechanism to assess their performance, compensation structure and disclosure requirements.

Detail of remuneration of Chairman, President/CEO, Non-Executive Directors, Key Management Personnel and other MRTs and MRCs is disclosed in note 41 of the unconsolidated financial statements.

Performance Evaluation Mechanism for the Board

The Bank has developed a formal and effective mechanism for annual performance evaluation of the Board as a whole, its Committees, the Chairman, Individual Directors and the President & CEO in line with the regulatory requirements. This activity is performed annually, whereas, the same is undertaken by an external independent evaluator at least every three years.

During the year, the Board performed in-house performance evaluation of the Board, the Chairman, Individual Directors including Independent Directors, the President & CEO and Board's Committees in line with the 'Guidelines on Performance Evaluation of the Board of Directors' issued by the State Bank of Pakistan and the Listed Companies (Code of Corporate Governance) Regulations, 2019. The evaluation was conducted covering areas, particularly in respect to its composition, expertise, effective risk management, adequate system of internal controls and audit function. Based on the assessment results, areas of strength and improvement were identified followed by discussion on performance improvement plans with each individual Board member.

Performance Evaluation through External Independent Evaluator:

In order to bring objectivity to the Board's annual performance evaluation process, third party assessments are separately carried out by the Bank once in every three years. The Bank has engaged the Pakistan Institute of Corporate Governance (PICG) as an Independent External Evaluator, who conducted the performance evaluation of the Board as a whole, its Committees and Individual Board Members for the year 2020.

Directors' Training

At present, out of eight Board members, seven have completed the prescribed certification under Director Training Program (DTP) as per the requirement of Code of Corporate Governance. Furthermore, all Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

Pattern of Shareholding

The Bank is listed on Pakistan Stock Exchange Limited. The detailed pattern and categories of its shareholding including shares held by directors and executives, if any, are annexed to the Annual Report.

Auditors

The present auditors KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, have given consent to continue to act as statutory auditors of the Bank for next year, if so appointed. As required under the Code of Corporate Governance, the Audit Committee has recommended the re-appointment of KPMG Taseer Hadi & Co., Chartered Accountants, as statutory auditors for the year ending December 31, 2023. The appointment shall be subject to approval in the forthcoming Annual General Meeting of the Bank's shareholders.

The audit firm have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP), and that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP, and meet the requirements for appointment under all applicable laws.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term entity rating of BankIslami at "A+" and short-term rating at "A1", with a Positive outlook. PACRA has also maintained the credit rating of the Bank's unsecured, subordinated and listed Additional Tier-1 Sukuk issue of Rs. 2 billion at 'A-'.

Litigations

The Bank is party to various litigations either initiated by it or initiated against it by various parties. The Bank is confident, based on the legal advice that there exists no material uncertainty due to these litigations. Updates and developments with respect to major cases and contingencies are mentioned in note 25.3.1 to the financial statements.

Acknowledgements

The Board would like to place on record its deep appreciation to the State Bank of Pakistan for providing assistance and guidance. We would also like to thank the Securities and Exchange Commission of Pakistan and other regulatory authorities for their support to the Bank. We would like to express our gratitude to our valued customers, business partners and shareholders for their continued patronage and trust. Moreover, we would also like to acknowledge the dedication, commitment and hard work put in by our management team and employees that has enabled BankIslami to achieve a prominent position in the Banking industry in general and Islamic Banking industry in particular, *Alhamdulillah*.

On behalf of the Board



Syed Amir Ali
President and Chief Executive Officer



Ali Hussain
Chairman of the Board of Directors

March 01, 2023

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے مثبت نقطہ نظر کے ساتھ بینک اسلامی کی طویل المدت ادارہ جاتی ریٹنگ اے پلس (A+) اور قلیل المدت ادارہ جاتی ریٹنگ اے ون (A1) کی سطح پر برقرار رکھا ہے۔ PACRA نے بینک کے غیر محفوظ ماتحت اور لٹڈ 2 بلین روپے کے ٹیئر -1 صکوک کو اے مائنس (A-) کی سطح کی کریڈٹ ریٹنگ تفویض کی ہے۔

قانونی چارہ جوئی

بینک متعدد قانونی چارہ جوئی کا فریق ہے جو یا تو اس کے جانب سے شروع کی گئی ہوں یا مختلف فریقین کی جانب سے اس کے خلاف شروع کی گئی ہوں۔ بینک کو قانونی مشورے کی بنیاد پر پر اعتماد ہے کہ ان قانونی کارروائیوں کی وجہ سے مادی طور پر کوئی غیر یقینی صورتحال موجود نہیں ہے۔ اہم معاملات اور ہنگامی حالات کے سلسلے میں تازہ ترین معلومات اور پیش رفت مالی گوشوارے کے نوٹ 25.3.1 میں درج ہیں۔

اظہار تشکر

بورڈ، اسٹیٹ بینک آف پاکستان کو معاونت اور رہنمائی فراہم کرنے پر خراج تحسین پیش کرتے ہوئے ریکارڈ کا حصہ بنانا چاہتا ہے۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر انضباطی حکام کی جانب سے تائید کئے جانے پر بھی تہہ دل سے مشکور ہے۔ ہم اپنے گراں قدر صارفین، کاروباری شراکت داروں اور حصص یافتگان کے، ان کی جانب سے کی جانے والی سرپرستی کے لئے بھی بے حد مشکور ہیں۔ مزید یہ کہ ہم اپنی انتظامی ٹیم اور ملازمین کی لگن، عزم اور سخت محنت کو بھی قدر نگاہ سے دیکھتے ہیں، جس نے بینک اسلامی کو نہ صرف بینکاری کی صنعت میں بلکہ خاص طور پر اسلامی بینکاری کی صنعت میں اہم مقام دیا ہے۔ الحمد للہ

منجانب و حسب الحکم بورڈ

علی حسین

علی حسین

چیئرمین آف بورڈ آف ڈائریکٹرز



سید عامر علی

صدر اور چیف ایگزیکٹو آفیسر

یکم مارچ، 2023

بورڈ کیلئے کارکردگی کے جائزہ کا طریقہ کار

بورڈ نے گیلو لٹری تقاضوں کے مطابق بورڈ کے ساتھ ساتھ اس کی کمیٹیوں، چیئرمین، انفرادی ڈائریکٹرز اور صدر اور سی ای او کی سالانہ کارکردگی کا جائزہ لینے کیلئے ایک ضابطہ اور موثر طریقہ کار تیار کیا ہے۔

سال کے دوران بینک نے اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزہ کے حوالے سے ہدایات اور درج فہرست (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق بورڈ، چیئرمین، انفرادی ڈائریکٹرز بشمول آزاد ڈائریکٹرز، صدر اور سی ای او اور بورڈ کی کمیٹیوں کی ان ہاؤس کارکردگی کا جائزہ لیا۔ یہ جائزہ خاص طور پر اس کی ساخت، مہارت، موثر رسک مینجمنٹ، اندرونی کنٹرول کے مناسب نظام اور آڈٹ کے کام کے حوالے سے کیا گیا تھا۔ تشخیص کے نتائج کی بنیاد پر، طاقت اور بہتری کے شعبوں کی نشاندہی کی گئی جس کے بعد بورڈ کے ہر فرد کے ساتھ کارکردگی میں بہتری کے منصوبوں پر بات چیت ہوئی۔

بیرونی آزاد تشخیص کار کے ذریعے کارکردگی کا جائزہ

بورڈ کی سالانہ کارکردگی کے جائزہ کے عمل کا با مقصد بنانے کیلئے بینک کی طرف سے ہر تین سال میں ایک بار تھرڈ پارٹی جائزہ کروایا جاتا ہے۔ پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) کو بطور بیرونی آزاد تشخیص کار کے طور پر شامل کیا گیا جس نے بورڈ کے ساتھ ساتھ اس کی کمیٹیوں اور انفرادی بورڈ اراکین کی سال 2020 کیلئے کارکردگی کا جائزہ لیا۔

ڈائریکٹرز کی تربیت

تاحال بورڈ کے آٹھ اراکین میں سے سات نے کوڈ آف کارپوریٹ گورننس کی ضرورت کے مطابق ڈائریکٹرز بینک پروگرام (DTP) کے تحت مقررہ سرٹیفیکیشن مکمل کر لیا ہے۔ اس کے علاوہ تمام ڈائریکٹرز کارپوریٹ ادارے کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرح واقف ہیں۔

شیر ہولڈنگ کا نمونہ

بینک، پاکستان اسٹاک ایکس چینج لمیٹڈ میں لسٹڈ ہے۔ اس کی شیر ہولڈنگ بشمول اس کے ڈائریکٹرز اور ایگزیکٹوز کے پاس موجود حصص (اگر کوئی ہے) کا مفصل طریقہ ان نمونہ اور زمرہ جات، سالانہ رپورٹ میں منسلک ہے۔

آڈیٹرز

موجودہ آڈیٹرز KPMG Taseer Hadi & Co. Chartered Accountants ریٹائرڈ اور اہل ہوتے ہوئے اگر دوبارہ مقرر کئے گئے تو اگلے سال کیلئے بینک کے قانونی آڈیٹرز کے طور پر کام جاری رکھنے کیلئے رضامند ہیں۔ کارپوریٹ گورننس کے اصولوں کے تحت آڈٹ کمیٹی نے KPMG Taseer Hadi & Co. Chartered Accountants کو 31 دسمبر 2023 تک ختم ہونے والے سال کیلئے قانونی آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے۔ تقرری بینک کے حصص یافتگان کے آئندہ سالانہ اجلاس عام میں منظوری سے مشروط ہوگی۔ آڈٹ فرم نے تصدیق کی ہے کہ انہیں انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش درجہ بندی دی گئی ہے اور یہ کہ فرم اور ان کے تمام شراکت دار انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق کے مطابق رہنما خطوط جیسا کہ ICAP نے اپنایا ہے اور تمام قابل اطلاق قوانین کے تحت تقرری کے تقاضوں کو پورا کرتے ہیں۔

بورڈ کی تشکیل

سی سی جی کے مطلوبہ تقاضوں اور بہترین طریقوں کے مطابق بینک کے بورڈ میں نان ایگزیکٹو اور آزاد دونوں ڈائریکٹرز شامل ہیں، بشمول بورڈ میں ایک خاتون ڈائریکٹر کی نمائندگی بھی ہے۔

بورڈ کی موجودہ تشکیل مندرجہ ذیل ہے

8	ڈائریکٹرز کی مجموعی تعداد
	تشکیل
4	۱۔ آزاد ڈائریکٹرز
3	۲۔ نان ایگزیکٹو ڈائریکٹرز
1	۳۔ ایگزیکٹو ڈائریکٹر
1	الف: خاتون ڈائریکٹر
7	ب: مرد ڈائریکٹرز

بورڈ نے ذمہ داریوں کی تقسیم کے حوالے سے بورڈ کے اراکین پر مشتمل خصوصی کمیٹیاں تشکیل دی ہیں جن کے واضح مقاصد رپورٹنگ کے طریقہ کار اور اختیارات کے دائرہ کار پر اتفاق رائے موجود ہے۔ بورڈ کی یہ کمیٹیاں نگرانی کے عمل کا ایک اہم جزو تشکیل دیتی ہیں۔ بورڈ اعتراف کرتا ہے کہ ان کمیٹیوں کی تشکیل، بورڈ کی سرپرستی اور نگرانی کے تقاضوں کی تعمیل کی ذمہ داریوں کو ختم نہیں کرتی ہے۔

موجودہ بورڈ آف ڈائریکٹرز میں صنعت کے ماہر پیشہ ور افراد شامل ہیں۔ بورڈ کے اراکین، کارپوریٹ فنانس، کیپٹل مارکیٹ، انویسٹمنٹ مینجمنٹ، پرائیویٹ ایکویٹی، اکنامک ریسرچ، فن ٹیک، انوویشن اور کارپوریٹ گورننس کے شعبوں میں ہمہ گیر تجربے کے حامل ہیں۔ بورڈ کے اراکین معروف بین الاقوامی اور مقامی اداروں سے پیشہ ورانہ ماسٹرز اور ڈاکٹریٹ کی اسنادوں کی حامل ہیں۔

کمیٹیوں کی تشکیل اور بورڈ اور اس کی کمیٹی کے اجلاسوں میں ڈائریکٹرز کی حاضری کیلئے اس سالانہ رپورٹ کا کارپوریٹ گورننس سیکشن ملاحظہ کریں۔

مشاہرہ کا فریم ورک

چیئرمین، نان ایگزیکٹو ڈائریکٹر اور آزاد ڈائریکٹرز اجلاسوں میں شرکت کے حوالے سے صرف فیس اور موزوں سفری، بورڈنگ اور لاگت اخراجات کے اہل ہیں۔ بینک کے بورڈ اور کمیٹی کے اجلاسوں میں شرکت کیلئے ڈائریکٹر کو معاوضہ بینک کی جانب سے بورڈ اور حصص یافتگان کی طرف سے بینک کے اجلاس عام میں منظور کئے گئے پیمانے کے مطابق ادا کئے جاتے ہیں۔ بورڈ آف ڈائریکٹرز کے لئے باضابطہ معاوضے کی پالیسی کو حصص یافتگان نے منظور کر لیا ہے۔ اپنے ملازمین کیلئے معاوضہ کی پالیسی کے حوالے سے بینک متعلقہ اور پیشہ ور ملازمین کو راجب کرنے اور برقرار رکھنے کیلئے معاوضہ کا ڈھانچہ پیش کرتا ہے جبکہ سالانہ کارکردگی کا جائزہ اور اس میں اضافہ کی عمل پیرائی ہے جو کارکردگی پر ادائیگی کے کلچر کی حوصلہ افزائی کرتا ہے۔ بورڈ ہیومن ریسورس اینڈ ریمونیویشن کمیٹی (BHR & RC) ذمہ دار ہے کہ وہ ملازمین کے معاوضے کے ہیکسج کے ڈھانچے کے بارے میں بورڈ کو سفارش کرے۔ بورڈ نے ایک معاوضہ پالیسی کی منظوری دی ہے جس میں ان کی کارکردگی، معاوضہ کے ڈھانچے اور انکشافی تقاضوں کا اندازہ کرنے کیلئے طریقہ کار کے ساتھ ساتھ مادی رسک ٹیکرز (MRTs) اور میٹرل رسک کنٹرولز (MRCs) کی شناخت کے معیار کو واضح طور پر پیش کیا گیا۔

چیئرمین، صدر/سی ای او، نان ایگزیکٹو ڈائریکٹر، کلیدی مینجمنٹ پرسنل ایم آر ٹی اور ایم آر سیز کے معاوضے کی تفصیل غیر متفقہ مالی گوشواروں کے نوٹ 41 میں ظاہر کی گئی ہے۔

- 10-31 دسمبر، 2022 تک بورڈ سی سی جی کے تحت ڈائریکٹرز کی تربیت کی ضرورت کے مطابق ہے۔
- 11- متعلقہ فریقین کے ساتھ لین دین طے کردہ فاصلے کی بنیاد پر کیا گیا تھا اور بینک کے عمومی امور میں انجام دیا گیا تھا۔ ان لین دین کی تفصیلات کو مالی گوشواروں کے نوٹ 45 میں ظاہر کیا گیا۔
- 12- بینک کے مالی گوشواروں کا بینک کے آڈیٹر KPMG Taseer Hadi & Co. Chartered Accountants کے ذریعے بغیر اعتراض کے آڈٹ کیا گیا ہے اور حصص یافتگان کو جاری کرنے کیلئے بورڈ نے یکم مارچ 2023 کو منعقد اجلاس میں اس کی منظوری دی ہے۔
- 13- مالی سال کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان بینک کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں ہوئے ہیں۔
- 14-31 دسمبر، 2022 کو غیر پڑتال شدہ کھاتوں پر مبنی بینک کے پروویڈنٹ فنڈ اور گریجویٹ فنڈز کی سرمایہ کاری کی مالیت بالترتیب 1,275 ملین روپے اور 275 ملین ہے۔
- 15- مندرجہ ذیل معلومات ڈائریکٹرز کی رپورٹ کے ساتھ منسلک ہیں۔
- ۱- سال کے دوران ڈائریکٹرز اور چیف ایگزیکٹو کے ذریعے حصص کی خرید و فروخت
- ۲- گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار

کارپوریٹ گورننس کے ضابطہ کی تعمیل

بینک کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کو اپنی اولین ترجیح سمجھتا ہے۔ ہمارا خیال ہے کہ کارپوریٹ گورننس میں بہتری ایک جاری رہنے والا عمل ہے۔ کارپوریٹ گورننس کی مضبوطی اور بہتری بورڈ اور اس کے انتظام کیلئے ایک ترجیحی عمل ہے جس کا مقصد یہ ہے کہ اس کے حصص یافتگان اور صارفین سمیت اپنے تمام اسٹیک ہولڈرز کی توقعات کو پورا کرنے کیلئے بینک کے کارپوریٹ اقدار کی پائیدار ترقی اور بہتری کو جاری رکھنا ہے۔ بورڈ اور انتظامیہ بینک کی کارپوریٹ اقدار کو بہتر بنانے اور ان پر عمل درآمد کرنے کی کوشش کرتے ہیں جس سے ادارے کو تمام اسٹیک ہولڈرز بشمول اس کے حصص یافتگان اور صارفین کی توقعات پر پورا اترنے کے قابل بنایا جاتا ہے۔ بینک اسلامی اپنے ہر عمل خصوصاً صارفین کے معاملات میں بھی شفافیت اور اہمیت کو یقینی بناتا ہے۔ اس کی عکاسی مندرجہ ذیل بنیادی اقدار سے ہوتی ہے۔

۱- مصنوعات کا مستند ہونا

۲- صارف پر توجہ

۳- دیانت داری

۴- سالمیت

۵- ٹیم ورک

۶- عاجزی

۷- جدت

سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (SECP) کی طرف سے 31 دسمبر 2022 کو ختم ہونے والے سال کیلئے متعلقہ کمپنیوں کے کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 (CCG) کے تمام تقاضوں کو بینک نے اپنایا ہے اور ان کی تعمیل کی گئی ہے۔ اس سلسلے میں ایک بیان سالانہ رپورٹ کے ساتھ وابستہ ہے۔

مالیاتی رپورٹنگ (ICFR) پر داخلی کنٹرول

بینک نے مالیاتی کنٹرول سمیت اندرونی کنٹرول کے مجموعی سیٹ کے اثرات کا اندازہ کرنے کیلئے داخلی کنٹرول سے متعلق اسٹیٹ بینک آف پاکستان (SBP) کے رہنما اصولوں پر تہذیب سے عمل کیا۔ بینک کی وسعت پر طریقہ کار اور کنٹرولز کی ایک مفصل دستاویز، مکمل طور پر کنٹرول ڈیزائن کے ایک جامع، تجربہ اور شناخت شدہ خلیج کے تدارک کے منصوبے کی تیاری کے ساتھ مکمل ہوئی مزید برآں بینک نے کلیدی کنٹرولز کے آپریٹنگ اثرات کو یقینی بنانے کیلئے ایک جامع جانچ اور رپورٹنگ فریم ورک تیار کیا ہے اور ڈیزائن میں کی جانے والی بہتری کے امور کو نمایاں طور پر حل کیا ہے۔ داخلی کنٹرول اور فنانشل رپورٹنگ (ICFR) روڈ میپ کی تسلی بخش تکمیل پراسٹیٹ بینک نے بیرونی آڈیٹرز کے ذریعے لاگ فارم رپورٹ (LFR) پیش کرنے سے سال 2017 میں بینک کو اتھنٹی دیا ہے۔

سرمایہ کاری کا منصوبہ

بینک سرمایہ کاری کی منصوبہ بندی کو ایک چیلنجنگ معاشی ماحول میں کام کرنے کیلئے ایک لازمی جز سمجھتا ہے تاکہ مضبوط ریگولیٹری تقاضوں کی تعمیل اور بیرونی خطرات کو جذب کیا جاسکے۔ بینک سمجھتا ہے کہ سرمائے کی سمجھدار سطح کا تعین کرنے کیلئے ٹھوس سرمائے کی منصوبہ بندی بہت ضروری ہے تاکہ بینک کسی بھی دباؤ کا مقابلہ کرنے کی صلاحیت رکھتے ہوئے اپنی حکمت عملی اور کاروباری منصوبہ کے ساتھ ہم آہنگ رہے۔ اس کی مناسبت سے بینک نے طویل المدتی افق پر ایس بی پی کی طرف سے مقررہ کردہ پوسل III اور ایم سی آر فریم ورک کے مطابق رہنے کیلئے ایک تعمیری سرمایہ کا منصوبہ ترتیب دیا ہے۔

کارپوریٹ اور مالی رپورٹنگ کے فریم ورک سے متعلق ڈائریکٹرز کا بیان

سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (SECP) کے ذریعے جاری کردہ لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز 2019 (CCG) کے تحت اور بورڈ آف ڈائریکٹرز اپنی ذمہ داری سے پوری طرح واقف ہیں۔ مندرجہ ذیل بیانات کارپوریٹ گورننس اور بہترین طرز عمل کے اعلیٰ معیار کی طرف اس کے عزم کا مظہر ہیں۔

- 1- بینک کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے امور کی شفافیت، اس کے کام کے نتائج، زرقند کی ترسیل اور ترسیلات زر (ایکیویٹی) میں تبدیلیوں کو پیش کرتے ہیں۔
- 2- بینک کے اکاؤنٹ کی مناسب کتب برقرار رکھی گئی ہیں۔
- 3- مالیاتی گوشواروں کی تیاری کیلئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو ہوتی ہیں۔ سوائے اس کے کہ اگر مالیاتی گوشواروں میں علیحدہ سے ظاہر کیا ہو اور محاسبہ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہیں۔
- 4- عالمی مالیاتی رپورٹنگ معیارات جیسا کہ پاکستان میں قابل اطلاق ہیں، مالیاتی گوشواروں کی تیاری میں عمل کیا گیا ہے اور اس میں ہونے والے کسی بھی طرح کے خراج کا موزوں طریقے سے وضاحت کی گئی ہے۔
- 5- داخلی کنٹرول کا نظام ڈیزائن کے اعتبار سے مستحکم ہے اور اسے موثر انداز میں نافذ کیا گیا ہے۔ اور اس کی نگرانی کی جا رہی ہے۔
- 6- بینک کو اپنے امور جاری رکھنے کی صلاحیت پر کسی قسم کا کوئی شبہ نہیں ہے۔
- 7- صلک یا قرض کے حوالے سے کوئی ایسی دستاویز نہیں ہیں جن میں بینک ناہندہ ہو یا ممکنہ طور پر ناہندہ ہونے کا خدشہ ہو۔
- 8- سی سی جی کے بہترین طریقوں میں سے مادی طور پر کوئی بھی روگردانی نہیں ہوئی۔
- 9- چیئرمین اور بورڈ کے دیگر اراکین کی تقرری کی شرائط قابل اطلاق اور بہترین طریقہ کار کے مطابق ہیں اور یہ کہ بینک کے بہترین مفاد میں ہیں۔

کریڈٹ ایڈمنسٹریشن

متعلقہ تجربہ اور مہارت کے ساتھ سینئر مینجمنٹ کے ممبران پر مشتمل خصوصی کمیٹیاں، بورڈ کے ذریعے طے شدہ مجموعی حکمت عملی کے مطابق اپنے فرائض سرانجام دیتی ہے تاکہ گزارشات کو رسک برداشت کرنے کی استطاعت کو یقینی بنایا جاسکے۔ کمیٹیوں میں مندرجہ ذیل شامل ہیں۔

1۔ مینجمنٹ کریڈٹ کمیٹی (MCC)

2۔ اثاثہ ذمہ داری کمیٹی (ALCO)

ایم سی سی یہ یقینی بناتا ہے کہ کریڈٹ رسک کی سرگرمیاں بورڈ کی منظور شدہ حکمت عملی، ریگولیٹری ضروریات، بینک کی رسک برداشت کرنے کی صلاحیت اور صنعت کے بہترین طریقوں کے مطابق ہیں۔ اثاثہ ذمہ داری کمیٹی مارکیٹ، لیکویڈیٹی اور ملک کو درپیش رسک کے حالات، اثاثہ جات اور واجبات کی مدت تکمیل پر وفاق کا جائزہ لیتی ہے۔ قیمتوں کا تعین کرتی ہے اور صارفین کے اثاثہ جات کے حصول کے سلسلے میں مناسب لیکویڈیٹی مینجمنٹ کے فیصلے لیتی ہے۔ پالیسیوں اور عمل میں ترمیم کی گئی ہے تاکہ مزید سختی کی جائے جس سے اثاثہ جات کے معیار میں مزید بہتری آئے گی۔

ایکویٹی، فارن ایکس چینج اور لیکویڈیٹی سے منسلک خطرات کا مارکیٹ رسک فنکشن کے ذریعے تسلسل کے ساتھ جائزہ لیا جا رہا ہے۔ دباؤ کی جانچ اور حساسیت کے حوالے سے اقدامات کو مارکیٹ کو درپیش نقصان کے خدشات کی نگرانی اور انتظام و انصرام کیلئے رسک مینجمنٹ ٹولز کے طور پر استعمال ہوتے ہیں۔ جامع فنانسنگ پالیسیوں اور طریقہ کار کے ذریعے اثاثوں کے معیار کو یقینی بنایا، مناسب طور پر فنانسنگ کی منظوری کے اٹھارٹیز، مناسب کولیشنل کوریج، اس کی دستاویزات اور وقتاً فوقتاً جائزے کے ذریعے تفویض کیا جاتا ہے۔ جامع رسک تجزیہ اور پورٹ فولیو تنوع پر توجہ دیتے ہوئے مالی اعانت میں اضافہ کو یقینی بنایا گیا ہے۔ بینک مارکیٹ کے رسک کی تشخیص کیلئے رسک کی مالیت کا حساب لگاتا ہے۔ لیکویڈیٹی کا یومیہ انتظام و انصرام، زرنقہ کی ترسیل کی مماثلت، انضامی وسائل کی ضرورت کی تکمیل اور موزوں لیکویڈیٹی اثاثہ جات کو برقرار رکھنے کے ذریعے کیا جاتا ہے۔

ٹریڈری سے متعلق امور کی نگرانی میں مارکیٹ اور لیکویڈیٹی رسک فنکشن کے کردار کو مختلف حدود کے تعین، ان کی نگرانی، اطلاع دہنگی اور نظام میں بہتری کے عمل کو تقویت ملی ہے۔ نقصان کے اعداد و شمار کی رپورٹنگ، رسک اور کنٹرول کی از خود تشخیص، اہم رسک ایڈیکٹرز کا احاطہ، رسک کی نشاندہی کے ذریعے دستاویزات اور بینک کے طریقوں میں بہتری، آپریشنل رسک مینجمنٹ فریم ورک میں مستقبل بہتری کا ثبوت ہے۔

مضبوط آپریشنل رسک مینجمنٹ فریم ورک کے دائرہ کار کو وسعت دینے کیلئے مستقبل کوششیں جاری ہیں۔ بینک کے پاس داخلی آپریشنل رسک آگاہی کا پروگرام ہے جس کا مقصد صلاحیت کو بڑھانا اور تربیت اور ملازمت سے متعلق آگاہی کے ذریعے عملے کی استعداد کار میں اضافہ اور خطرے سے پاک کلچر تشکیل دینا ہے تاکہ زیادہ سے زیادہ خطرات سے آگاہی کو فروغ دیا جاسکے۔

بینک نے سی اے آر (CAR) کو 31 دسمبر، 2022 تک 17.92 فیصد پر برقرار رکھا ہے جو 11.50 فیصد کے ریگولیٹری حد سے کافی اوپر ہے۔ بینک نے اپنے اثاثوں کے پورٹ فولیو کے رسک پر وفاق کو احتیاط سے مانیٹر کرنے اور ان کا انتظام کر کے اپنے CAR کا انتظام کیا ہے۔

بینک اسلامی نے معلومات کے اثاثوں کی حفاظت کے انتظام کیلئے ایک وسیع انفارمیشن سیکورٹی (آئی اے سی) پروگرام اور گورننس ڈھانچہ قائم کیا ہے۔ بینک کے زیر انتظام حساس معلومات بشمول بینک اسلامی کو اپنے صارفین، شراکت داروں اور عملے کے ذریعے سپرد کردہ ڈیٹا بینک کے انتہائی قیمتی اثاثوں میں شامل ہیں۔ بینک کے کاروبار کی مسابقتی نوعیت اور اس کے زیر انتظام اعداد و شمار کی اہمیت کو دیکھتے ہوئے رسک گروپ نے کاروبار اور سیکینالوجی کے ساتھ مل کر خطرے کو کم سے کم کرنے کیلئے ضروری اقدامات اٹھائے ہیں۔

تعمیل

بینک اسلامی ایک مضبوط تعمیلی ثقافت کے ساتھ کام کرتا ہے جس نے بینک کو اعلیٰ اخلاقیات، دیانتداری اور ایمانداری کے اعلیٰ معیارات کی پیروی کرنے کے قابل بنایا ہے۔ جو اوپر سے شروع ہوتا ہے اور اس کو چھٹی سطح تک اپنے خطوط و روح میں ریگولیٹری ضروریات، معیارات، طریقہ کار اور قوانین کے ہموار اور موثر عمل درآمد کو یقینی بناتا ہے۔ لہذا بینک کے تعویل اور تعمیلی ادارے کی سرگرمیوں کو قابل اطلاق قانون اور ضوابط کے فریم ورک کے دائرہ کار میں رکھنے اور اس کے حصہ داروں کے مفادات کے تحفظ کی خاطر تعمیلی رسک کی خاص سطح پر نگرانی میں کلیدی کردار ادا کرتا ہے۔ تعمیلی فنکشن تمام ریگولیٹری تقاضوں کی تعویل کو یقینی بناتا ہے جس میں اینٹی منی لانڈرنگ (AML)، دہشت گردی کی مالی اعانت کا مقابلہ (CFT)، انسداد پھیلاؤ کی مالی اعانت اور تجارت پر مبنی منی لانڈرنگ (ٹی بی ایم ایل) فریم ورک شامل ہیں۔ بینک نے اے ایم ایل، سی ایف ٹی اور ٹی بی ایم ایل کے خطرات سے بچنے کا انتظام کرنے کیلئے خصوصی طور پر ڈیسک قائم کیا گیا ہے۔ بینک نے آن بورڈنگ افراد کے خطرات کو کم کرنے کیلئے معروف سروس فراہم کنندگان سے رکنیت بھی حاصل کی ہیں اور مقامی اور بین الاقوامی پابندیوں کے نظام کی تعویل کرنے اور صارفین کی مسلسل نگرانی کیلئے ریگولیٹری ٹیکنالوجی (Reg Tech) کا استعمال کر رہا ہے۔ بینک کا کمپلائنس فنکشن فارن اکاؤنٹ ٹیکس کمپلائنس ایکٹ (FACTA) اور کاسن رپورٹنگ اسٹینڈرڈ (CRS) کی تعویل کیلئے بروقت رپورٹنگ کرتا ہے۔ اے ہائی رسک اکاؤنٹس کا جائزہ لینے اور منظوری دینے، AML/CFT سے متعلق معاملات پر سیکشنس اور برانچوں کو سہولت فراہم کرنے، مقامی اور بین الاقوامی پابندیوں سے متعلق مشورے اور ملک گیر بنیادوں پر ریگولیٹری تقاضوں پر باقاعدگی سے وسیع ٹریننگ کے انعقاد کی ذمہ داری بھی سونپی گئی ہے۔

اندورنی کنٹرول کا بیان

بورڈ آف ڈائریکٹرز کا رپورٹ گورننس کے اعلیٰ ترین معیارات کو برقرار رکھنے کیلئے مکمل طور پر پر عزم ہیں اور اس بات کو یقینی بناتا ہے کہ کاروباری مقاصد حاصل نہ کرنے کے حوالے سے درپیش خطرات کو کم کرنے کیلئے موثر اندورنی کنٹرول سسٹم موجود ہے۔ ایک آزاد غیر جانبدار آڈٹ ڈیپارٹمنٹ کے ذریعے موثر طریقے سے عمل درآمد اور نگرانی کی جا رہی ہے جو براہ راست بورڈ آڈٹ کمیٹی کو رپورٹ کرتا ہے۔

بورڈ داخلی کنٹرول سے متعلق انتظامیہ کی طرف سے دیے گئے بیان کی مسرت کے ساتھ توثیق کرتے ہیں جس میں سالانہ رپورٹ میں شامل مالی معاملات کی اندورنی کنٹرول سے متعلق انتظامیہ کی تشخیص بھی شامل ہے۔

رسک مینجمنٹ فریم ورک

رسک مینجمنٹ کا مقصد کاروباری سرگرمیوں کے معمول کے دوران پیدا ہونے والی غیر یقینی صورتحال کا موثر طریقے سے انتظام کرنا ہے یہ بینکاری کاروبار کا ایک اہم ترین شعبہ ہے۔ یہ بینکاری کاروبار کے کلیدی تقاضوں میں سے ایک ہے جس کے ذریعے بینک وسیع پیمانے پر خطرات سے نمٹنے کیلئے مقرر کردہ خطرات کے پیرامیٹرز کے اندر رہتے ہوئے رسک ایڈجسٹ شدہ منافع کو بڑھانے کا انتظام کرتا ہے۔ رسک مینجمنٹ گروپ میں درج ذیل ڈویژنز ہیں جن کی سربراہی سینئر ایگزیکٹوز کرتے ہیں جو سربراہ رسک مینجمنٹ کو اطلاع دیتے ہیں۔

کارپوریٹ کریڈٹ رسک مینجمنٹ

کنزیومر کریڈٹ رسک مینجمنٹ

انٹرنیشنل رسک مینجمنٹ

آپریٹنگ رسک اور اندورنی کنٹرول

انفارمیشن سیکورٹی

سپیشل انشورنس جات انتظام

صارفین سے وصولی

صارف کے لئے خدمات اور شکایات کا نظام

بینک اپنے مشن اور بنیادی اقدار پر توجہ مرکوز کرتے ہوئے شریعت کے مطابق صارفین کو ان کی ضروریات کے مطابق حل فراہم کرنے کیلئے ہمیشہ کوشاں رہا ہے۔ بینک نہ صرف اپنے صارفین کی قدر کرتا ہے بلکہ سود سے انہیں محفوظ بناتے ہوئے صحیح طریقے سے ان کی خدمت کرنے پر فخر محسوس کرتا ہے۔ اس چیز کو یقینی بنانے کیلئے ہم کھلے دل اور شفافیت کی بنیاد پر تسلسل کے ساتھ اپنے صارفین کو مصنفانہ نتائج فراہم کرتے ہیں۔ اسی طرح بینک نے صارفین کے ساتھ مصنفانہ سلوک (FTC) کو اپنے کارپوریٹ ثقافت کا لازمی حصہ بنایا ہے اور انہی خطوط پر بینک نے صارفین کیلئے ایک موثر فریم ورک قائم کیا۔

اسٹیٹ بینک آف پاکستان کے ساتھ سال 2021 کیلئے کنڈکٹ اسسمنٹ ریویو اجلاس منعقد کیا گیا اور بینک کی طرف سے جمع کرائے گئے نتائج ایس بی پی نے قبول کئے۔ ایف ٹی سی اور صارفین کی شکایات کے ازالے کے طریقہ کار کے حوالے سے بینک کی کوششوں کو سراہا گیا۔

بینک بلا تفریق مصنوعات اور خدمات کا خاکہ، فروخت اور ان کا انتظام کرتے ہوئے صارفین کی ضروریات اور فوائد کے تصور کو اپنا مقصد بنایا ہے۔ بینک اپنے صارفین کو اعلیٰ معیار کی خدمات فراہم کرنے کیلئے پرعزم ہے اور اس کے حصول کیلئے بینک نے ایک غیر جانبدار "خدمات کے معیار کو جانچنے کا شعبہ" قائم کیا ہے۔ بینک اس بات کو یقینی بناتا ہے کہ صارفین کیلئے بینکنگ کے تجربے کو بہتر، آرام دہ اور خوش نما بنانے کیلئے باقاعدگی سے نئے اقدامات اٹھائے جائیں۔ وہ چینل جو براہ راست صارفین کے ساتھ منسلک ہوتے ہیں ان کو کلیدی سروس اشاریوں پر عمل درآمد کرنے کی ضرورت ہوتی ہے جن کی سخت نگرانی کی جاتی ہے۔ صارفین کو اعلیٰ معیاری تجربہ فراہم کرنے کیلئے بینک کا سروس کوالٹی کا شعبہ اپنے عمل کو باقاعدگی سے سروس پرنٹی اشاریوں اور شکایت کے انتظام کی تربیت دیتا ہے۔

سروس کے معیار کی مجموعی کارکردگی اور استعداد پر نظر رکھنے کیلئے بینک کی انتظامیہ نے سی ای او کی سربراہی میں سروس ایکسی لینس کمیٹی (SEC) تشکیل دی ہے۔ SEC سہ ماہی بنیادوں پر اجلاس منعقد کرتی ہے جس میں خدمات کے معیار کو جانچنے کا شعبہ کی طرف سے سفارش کردہ خدمات کے مختلف معیارات کا جائزہ لیا جاتا ہے۔ یہ اس شعبہ کی طرف سے تیار کردہ خدمات کے معیارات پر متعدد رپورٹس کا جائزہ بھی لیتا ہے اور موجودہ طریقہ کار کو مضبوط اور آسان بنانے کیلئے بہتری کے حامل شعبوں کی نشاندہی کرتا ہے۔ اجلاس صارفین اور دیگر حصہ داروں کی خدمات کی سطح میں بہتری کی تجویز دینے کے ساتھ ساتھ معیار کی یقین دہانیوں میں مسلسل بنیادوں پر تحقیق اور تجربہ کرنے کی سفارشات پیش کرتی ہے۔

صارفین کی شکایات

بینک اسلامی نے شکایات سے نمٹنے کی ایک مضبوط حکمت عملی اور شکایات کے ازالے کا طریقہ کار نافذ کیا ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ شکایات اور صارفین کے مسائل کا بروقت ازالہ کیا جائے جس کا مقصد اسی نوعیت کے مسائل کو دوبارہ ہونے سے روکنا ہے۔ شکایات درج کرانے کیلئے صارفین کے پاس مختلف ذرائع (برائچوں کے ذریعے فون بینکنگ، ویب سائٹ، سوشل میڈیا، ای میل وغیرہ) موجود ہیں جن کیلئے صارفین کو وقتاً فوقتاً ایس ایم ایس الرٹس، اے ٹی ایم اسکرینوں اور ویب سائٹ پر دکھائے گئے ہیزز کے ذریعے بھی آگاہ کیا جاتا ہے۔ شکایات کے انتظام کے عمل کو اندراج، تصدیق اور عبوری (جس کا بھی اطلاق ہو) کے ذریعے شفاف رکھا جاتا ہے۔ بینک کی شکایات سے نمٹنے کے طریقہ کار سے متعلق صارفین کے تاثرات کا اندازہ لگانے کیلئے سالانہ بنیادوں پر صارفین کا سروے بھی کیا جاتا ہے۔ صارفین کو بینکنگ محتسب کے دفتر سے رابطہ کرنے کا اختیار بھی دیا گیا ہے اگر وہ بینک سے موصول ہونے والے جواب سے مطمئن نہیں ہوتے۔

سال 2022 کے دوران بینک کو مجموعی طور پر 83,756 شکایات موصول ہوئیں جبکہ ان شکایات کے ازالے کیلئے 5.5 روز دفتر کی اوقات کی اوسط رہی۔ اس کے علاوہ ایس بی پی اور بینکاری محتسب پاکستان کی جانب سے 427 شکایات موصول ہوئیں۔

سیلاب متاثرین کیلئے خیمہ بستی کا قیام۔ بینک نے پاک فضائیہ اور بیت السلام ویلیفیر ٹرسٹ، AFAD (ترکش ڈیزاسٹر اینڈ ایمرجنسی مینجمنٹ اتھارٹی) اور کراچی ریلیف ٹرسٹ کے ساتھ اشتراک سے بھولاری، جامشور ضلع، سندھ میں رجب طیب اردوان فلڈ ریلیف خیمہ بستی کا افتتاح کیا جہاں سیلاب متاثرین کو پناہ گاہ فراہم کرنے کیلئے 200 خیمے قائم کئے گئے۔

تقریبات کا ایک سلسلہ منعقد کیا گیا جس میں راشن کی تقسیم، میڈیکل کمپ کا قیام، ادویات اور مچھروانی کی تقسیم، مچھروا اسپرے مہم کا انعقاد، کمبل / کپڑوں کی فراہمی اور سیلاب زدگان کے لیے مکانات کی تعمیر میں مالی تعاون شامل تھا۔

منفرد صلاحیتوں کے حامل افراد کیلئے اقدامات

سال کے دوران بینک نے منفرد صلاحیتوں کے حامل افراد میں آگاہی کے فروغ پر توجہ مرکوز رکھی اور مندرجہ ذیل بڑے اقدامات کئے:

اشاروں کی زبان میں جاری ویڈیو سیریز کے حصہ کے طور پر بینک نے اسلامی بینکاری، فنانسنگ پروڈکٹس اور روایتی بینکنگ کے درمیان فرق کے تصورات پر مبنی اسلامی فنانس سے متعلق ویڈیوز جاری کیں۔ منفرد صلاحیتوں کے حامل افراد کے ساتھ ساتھ عام لوگوں تک ویڈیو کے پچھلے کو یقینی بنانے کیلئے ویڈیوز میں انگریزی زبان میں واؤس اور کے ساتھ اردو سب ٹائٹلنگ بھی شامل ہیں۔

ناہینا افراد کی سہولت کیلئے بینک نے اردو بریل میں اسلامی بینکاری کا کتابچہ جاری کیا۔ انگریزی کے بعد یہ دوسری زبان ہے جس میں بریل کتابچہ تیار کیا گیا۔ معذور افراد اور Ida Rieu ویلیفیر ایسوسی ایشن کے سٹاف کیلئے اشاروں کی زبان میں اسلامی بینکاری کے حوالے سے آگاہی سیمینار منعقد کئے۔ سیشن میں سماعت اور بینائی سے محروم افراد نے شرکت کی۔

ایک اور منفرد اقدام جس کے تحت بینک نے ”بینائی ایسوسی ایشن“ کے ساتھ اشتراک میں مخصوص ناہینا افراد کیلئے اسلامی بینکاری سے متعلق آگاہی سیمینار منعقد کیا۔

خیرات اور عطیات

بینک کی جانب سے خیرات / صدقات کی ادائیگی اکاؤنٹ کے ذریعے تقسیم کی جاتی ہے۔ اس اکاؤنٹ کے ذرائع یہ ہیں (الف) شرعی عدم تعمیل سے حاصل ہونے والی آمدن (ب) منافع منقسمہ کی آمدنی کا تزکیہ (پ) صارفین کی طرف سے وصول کردہ تاخیر سے ادائیگی کے چارجز (ت) قابل خیرات ادائیگی کرنے والے اکاؤنٹ پر حاصل کردہ منافع ہیں۔ بینک کی جانب سے تقسیم کی گئی خیرات / صدقات کی فراہمی صرف شرعی تعمیل کے مقصد کیلئے نہیں ہے بلکہ بیک وقت معاشرے میں ایک قابل قدر اور مثبت اثر مرتب کرنے کیلئے ہے۔ خیرات کے حوالے سے کی جانے والی ادائیگیاں ان تنظیموں کو دی جاتی ہے جو عوامی فلاح و بہبود کے فلسفے کے تحت کام کر رہی ہیں اور عوامی فلاحی کاموں کے حوالے سے ایک تاریخ رکھتی ہیں۔ بینک کی طرف سے کی جانے والی خیراتی ادائیگیوں کا غیر مربوط مالی گوشواروں کے نوٹ 21.3.1 میں ذکر کیا گیا۔ اس کے علاوہ بینک نے عطیات کے ذریعے فنڈز کی ادائیگی میں اپنا کردار ادا کیا جن کی تفصیلات غیر مربوط مالی گوشواروں کے نوٹ نمبر 31.2 میں ظاہر کی گئی۔

مزید برآں بینک نے اپنی نئی مصنوعات ”اسلامی خیر کرٹ اکاؤنٹ“ میں بھی کردار ادا کیا جہاں بینک صارفین کے اکاؤنٹ سے بغیر کسی کٹوتی کے خیراتی مقاصد میں فنڈز میں حصہ ڈالتا ہے۔

بینک کی مستقبل کی ترقی، کارکردگی اور صورتحال پر اثر انداز ہونے والے ممکنہ رجحانات اور عوامل
بینک کے بورڈ آف ڈائریکٹرز اور انتظامیہ ادارے کی کارکردگی کا جائزہ کیلئے پر عزم ہیں تاکہ اس بات کو یقینی بنایا جاسکے کہ بینک حکمت عملی اور کاروباری
منصوبے کے مطابق ترقی کر رہا ہے۔ انتظامیہ کا متواتر جبکہ بورڈ کا ہر سہ ماہی میں کم از کم ایک بار اجلاس منعقد ہوتا ہے تاکہ بینک کی کارکردگی کا عملی اور مالی
بجٹ اور کارکردگی کے اہم اشاریوں کے تناظر میں جائزہ لیا جاسکے۔ KPIs کا تجزیہ کرتے ہوئے بورڈ اور انتظامیہ ان تمام عوامل کو زیر غور لاتے ہیں جو بینک
کی مستقبل کی کارکردگی پر ممکنہ طور پر اثرات مرتب کر سکتے ہیں جس کیلئے حکمت عملی منصوبہ اور بجٹ کے اہداف میں قلیل المدتی تبدیلیوں کی ضرورت پر
ہے۔ ان میں مندرجہ ذیل عوامل شامل ہیں۔

- ملک کی معاشی اور سیاسی صورتحال
- پالیسی ریٹ میں تبدیلی اور بینک کے اثاثوں اور ذمہ داریوں کی قیمت پر اس کے اثرات
- ایکس چینج ریٹس میں تغیرات
- میکرو اکنامک اشاریے کی سمت
- قوانین، ضابطوں، قواعد، کارپوریٹ ٹیکسیشن اور اکاؤنٹنگ فریم ورک میں تبدیلیاں
- مسابقتی ماحول

- شریعت کے مطابق سرمایہ کاری کیلئے شعبوں کی دستیابی
- علاقائی سیاسی اور امن و امان کی صورتحال سے منسلک بیرونی خطرات
- ٹیکنیکی خلل
- سماجی اور ماحولیاتی تبدیلیاں
- بحران، قدرتی آفات اور سیاسی غیر یقینی صورتحال میں کاروبار کا تسلسل

کارپوریٹ سماجی ذمہ داری
بینک اسلامی کا مشن ہے کہ وہ اپنے شراکت داروں اور اپنے آپریشنز کے دائرہ کار کے سماجی و اقتصادی ماحول میں موجود ہر ایک کی اقدار میں اضافہ کرے۔
اس لئے بینک سماجی طور پر ذمہ دارانہ انداز میں کام کرنے پر یقین رکھتا ہے اور معیشت اور معاشرے کیلئے مثبت تعمیری کردار ادا کرنے کیلئے پر عزم ہے۔

قدرتی آفت

سال 2022 کے دوران تباہ کن سیلاب کے باعث پاکستان کا ایک تہائی حصہ زیر آب آ گیا جس نے ملک کے دیہی علاقوں بلخصوص جنوبی علاقوں میں تباہی
مچادی۔ سماجی طور پر ایک ذمہ دار ادارے کے طور پر بینک نے صورتحال پر فوری رد عمل ظاہر کرتے ہوئے مندرجہ ذیل اقدامات اٹھائے۔
- خوراک، ادویات، عارضی پناہ گاہ اور دیگر ضروریات زندگی کی خریداری کیلئے مختلف این جی او کو ہنگامی فنڈز جاری کئے۔ اس کے علاوہ بینکنگ انڈسٹری میں
سب سے پہلا قدم اٹھاتے ہوئے، بینک نے پاکستان کی مسلح افواج کے ساتھ مل کر ملک کے دور دراز علاقوں میں امدادی سامان کی ہموار تقسیم کو یقینی بنایا۔
- بینک کے ملازمین نے رضا کارانہ طور پر امدادی سامان کی چھانٹی اور پیکنگ میں حصہ لیا۔ بینک نے کامیابی کے ساتھ سیلاب زدگان میں تقسیم کیلئے مسلح
افواج کوراشن کے 23 ٹرکس، 800 سے زائد خیمے، ادویات، مچھر بھگاؤ ادویات اور دیگر امدادی سامان حوالے کیا۔

مذکورہ بالا عوامل نے 12.04 بلین روپے کے قبل از پروویژنز بلند ترین منافع کے حصول میں کردار ادا کیا جو گزشتہ سال کے مقابلے میں 251.16 فیصد بڑھوتری کو ظاہر کرتا ہے۔ نان پرفارمنگ فنانسنگ کے عوض بنیادی پروویژنگ کی نمائندگی کرتے ہوئے بینک نے سال 2022 کے دوران 3.81 بلین روپے کے پروویژنز ریکارڈ کئے جن میں 2.15 بلین مالیت کے اضافی عمومی پروویژنز شامل ہیں۔ حصول کی شرحوں میں اضافہ کے باوجود بینک 4.44 بلین روپے کا تاریخی بعد از حصول منافع حاصل کرنے میں کامیاب ہوا جو گزشتہ سال کے مقابلے میں 108.29 فیصد اضافہ ظاہر کرتا ہے۔ الحمد للہ

گروپ کے نتائج

بنیادی کاروباری سرگرمیاں

گروپ کی بنیادی سرگرمیاں مندرجہ ذیل ہیں:

- بینک اسلامی پاکستان لمیٹڈ (ہولڈنگ کمپنی)۔ شیڈولڈ اسلامی بینک
- شکر گنج فوڈ پروڈکٹس لمیٹڈ (ایسوسی ایٹس)۔ فوڈ پروڈکٹس کی مینوفیکچرنگ، پراسسنگ اور فروخت

گروپ کی مالی کارکردگی

سال 2022 کے دوران گروپ کے کل اثاثوں میں مقابلتاً 19.30 فیصد اضافہ ہوا۔ گروپ کی مالی صورتحال میں بہتری کی بنیادی وجوہات میں اسلامی بینکنگ سیکمنٹ میں ڈیپازٹس اور سرمایہ کاری میں اضافہ ہے۔ گروپ کا قبل از حصول منافع گزشتہ سال کے مقابلے میں 155.82 فیصد اضافہ کے ساتھ 8.27 بلین روپے رہا جو بنیادی طور پر رانگ ایسٹس میں اضافہ، منافع بخش ذمہ داریوں میں نمو اور پالیسی ریٹس میں اضافہ کی بدولت حاصل ہوا۔ نتیجتاً حصول کی شرحوں میں اضافہ کے باوجود گروپ کا بعد از حصول منافع گزشتہ سال کے مقابلے میں 127.83 فیصد اضافہ کے ساتھ 4.48 بلین روپے رہا۔

حصص یافتگان کو منافع

سال 2022 بینک کے لئے قابل ذکر رہا، جہاں اس کی شاندار کارکردگی کی بنیاد پر بورڈ آف ڈائریکٹرز نے 01 مارچ 2023 کو ہونے والی اپنی میٹنگ میں 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے 1 روپیہ فی حصص (10%) کے نقد ڈویڈنڈ کی سفارش کی ہے جو کہ حصص یافتگان کے ہونے والے سالانہ اجلاس عام میں منظوری سے مشروط ہے۔

مستقبل کی حکمت عملی

گزشتہ دو سالوں سے منافع اور مارکیٹ میں موجودگی کے تناظر میں بینک اسلامی کی ترقی شاندار ہے۔ یہ ترقی بینک کے ملازمین کی انتھک کوششوں، بینک اسلامی پر صارفین کا اعتماد جو شریعت کے مطابق مالی حل فراہم کرتا ہے اور ہمارے حصص یافتگان کے اعتماد کا نتیجہ ہے۔ پالیسی کے طور پر بینک نے 2022-24 کی مدت کیلئے طویل المدت حکمت عملی اور کاروباری منصوبہ تشکیل دیا ہے۔ یہ منصوبہ ڈیپازٹس میں تیز تر نمو، کاروباری حجم کو بڑھانے، کیش مینجمنٹ سروسز کی توسیع، کریڈٹ رسک پر فوئٹل میں بہتری، ٹیکنیکی جدت کا حصول، بینک کے ڈیجیٹل دائرہ کار کو پھیلانے، برانچ نیٹ ورک اور حصص یافتگان کی قدر میں اضافہ کیلئے متعدد اہداف اور KPIs کا تعین کرتا ہے جبکہ انسانی سرمایہ کی ترقی، برانڈ امیج کا نفاذ، صحت مند سرمایہ کی بنیاد کو برقرار رکھنے اور صارف کی خدمت پر مبنی اسلامی بینک بننے کیلئے کوشاں ہے۔ پلان کو رواں رکھنے اور اسے پایہ تکمیل تک پہنچانے کیلئے نہ صرف اہداف کی باقاعدگی سے نگرانی کی جاتی ہے بلکہ کاروبار میں کسی بھی تبدیلی کو مستقبل پر مبنی حل سمجھا جائے گا۔

بینک نے اپنے کرنٹ اکاؤنٹ میں اضافہ کیلئے پیشہ ورانہ سوچ اختیار کی۔ یہ کامیابی نئے اور جدید مصنوعات کی پیشکشوں، ملک بھر میں سیلز عملے میں توسیع، تجارتی کاروبار کے حجم میں اضافہ پر زور اور جارحانہ مارکیٹنگ اقدامات کے ذریعے حاصل ہوئی۔ نتیجتاً بینک کے کرنٹ اکاؤنٹ ڈیپازٹس 2022 مالی سال میں 20.5 اضافہ کے ساتھ 159.57 بلین روپے تک بڑھ گئے۔

سال کے دوران پالیسی ریٹس میں اضافہ پر سرمایہ لگانے کیلئے بینک نے پرکشش ٹرم ڈیپازٹ مصنوعات کی پیش کش کر کے مواقع سے بھرپور فائدہ اٹھایا جس سے ٹرم ڈیپازٹس میں 27.5 فیصد (29.72 بلین روپے) کا صحت مندانہ اضافہ ہوا۔ ترقی کا سلسلہ جاری رکھتے ہوئے بینک اپنے برانچ نیٹ ورک میں اضافہ، صارف کے مجموعی تجربے کو بہتر بنانے اور کم قیمت ڈیپازٹ مصنوعات تیار کرنے پر توجہ مرکوز کرے گا۔

اسٹیٹ بینک آف پاکستان کی طرف سے مائٹری پالیسی پر سخت اقدامات کے نتیجے میں پالیسی ریٹس میں مالی سال 2022 کے آغاز میں 9.75 فیصد سے بڑھ کر مالی سال 2022 کے اختتام پر 16 فیصد اضافہ ہوا۔ پالیسی ریٹ میں اضافہ کے ساتھ ساتھ غیر یقینی معاشی صورتحال کے نتیجے میں فنانسنگ سے متعلق سرگرمیاں سست ہوئی جس کے باعث بینک گزشتہ سال میں حاصل 35.12 فیصد کی نمو کے مقابلے میں فنانسنگ بک (مجموعی) 12.20 فیصد کی نمو حاصل کر پایا۔ مجموعی فنانسنگ پورٹ فولیو میں کنزیومر فنانسنگ کی تشکیل آٹو فنانسنگ کی طلب سے نمٹنے کیلئے اٹھائے گئے ریگولیٹری اقدامات کے باوجود 23.19 فیصد پر رہی۔

اسی طرح فنانسنگ اور ڈیپازٹ کے درمیان تناسب (اے ڈی آر۔ مجموعی) 31 دسمبر، 2021 کے 56.96 فیصد کے مقابلے میں کم ہو کر 31 دسمبر، 2022 میں 52.98 فیصد پر آگئی۔ بینک کا انفلکشن ریٹو گزشتہ سال کے اختتام پر 8.7 فیصد سے بڑھ کر 31 دسمبر، 2022 تک 9.02 فیصد رہا۔ موجودہ معاشی صورتحال کے تناظر میں بینک نے سال کے دوران 2.15 بلین روپے کے اضافی عمومی پروویژنرز ریکارڈ کئے ہیں۔ اضافی جنرل پروویژن ریکارڈ کرنے کی وجہ سے بینک کا کوریج ریٹو 96.14 فیصد تک بہتر ہو گیا جو کہ گزشتہ سال کے آخر میں 89.57 فیصد تھا۔

سال 2022 کے دوران بینک نے زیادہ تر حکومت پاکستان کے اجارہ صکوک میں اضافی لیکویڈیٹی کی سرمایہ کاری کی چنانچہ بینک کا سرمایہ کاری پورٹ فولیو 124.84 بلین روپے سے بڑھ کر 179.74 بلین روپے ہو گیا جس میں قابل نور 43.98 فیصد اضافہ ہوا۔ نتیجتاً سرمایہ کاری اور ڈیپازٹ کے درمیان تناسب 31 دسمبر، 2021 تک 36.21 فیصد سے بڑھ کر 31 دسمبر، 2022 تک 43.22 فیصد تک پہنچ گیا۔

بینک نمو اور منافع کے درمیان توازن حاصل کرنے پر توجہ مرکوز کئے ہوئے ہے۔ اثاثہ جات کے معیار کو برقرار رکھتے ہوئے بینک کے پاس بیسل III تقاضوں کو پورا کرنے کیلئے کافی سرمایہ موجود ہے۔ بینک کا کپٹل ایڈوکیسی تناسب (CAR) 31 دسمبر، 2022 تک 17.92 فیصد رہا جبکہ گزشتہ سال کے اختتام تک یہ تناسب 14.15 فیصد تھا۔ اے ڈی ٹی-1 صکوک کے اجراء کے عوض پری۔ آئی پی اور قوم کی وصولی سے CAR بہتر ہوا۔ بینک نے دسمبر 2022 تک 317.37 کے لیکویڈیٹی کوریج تناسب (LCR) کے ساتھ مضبوط لیکویڈیٹی پوزیشن کو بھی برقرار رکھا۔

اوسط آمدنی والے اثاثوں میں اضافہ کے باعث بینک کی ٹاپ لائن مصنوعات 99.46 فیصد بڑھی جبکہ دوسری طرف خرچ کردہ منافع 110.86 فیصد بڑھ گیا جس کی وجہ بڑھتے ہوئے پرافٹ بیرنگ واجبات ہیں جس سے بینک کے صافی سپریڈز میں 86.63 فیصد اضافہ ہوا۔ بینک کی نان فنڈڈ آمدنی میں گزشتہ سال کے مقابلے میں 69.80 فیصد اضافہ ہوا جس کی وجوہات میں (i) ایف ایکس آمدن میں بہتری (ii) اے ڈی سی سروسز کے ذریعے حاصل فیس میں اضافہ (iii) نان بینکنگ اثاثوں پر فروخت میں اضافہ اور (iv) سابق خرچ شدہ اشیاء سے ریکوریز شامل ہیں۔ بینک کے آپریٹنگ اخراجات میں 23.28 فیصد اضافہ ہوا جس کی بنیادی وجوہات میں افراط زر کا دباؤ اور کاروباری سرگرمیوں میں اضافہ ہے۔ بینک کا لاگت اور آمدن کے تناسب گزشتہ سال کے 73.73 فیصد کے مقابلے میں 49.83 فیصد رہا جو بہتری کو ظاہر کرتا ہے۔

اہم لین دین

بینک کے کیپٹل میں کو مزید مضبوط کرنے اور نقصانات اور خطرات جذب کرنے کی صلاحیت کو بڑھانے کیلئے بینک نے کامیابی کے ساتھ پاکستان کے پہلے لفظ اسلامک ایڈیشنل ٹینر-1 کیپٹل صکوک (اے ڈی ٹی-1 صکوک) عہد صکوک کے آئی پی او کا دوسرا اجراء مکمل کر لیا ہے۔ صکوک کا مجموعی حجم ایک بلین روپے ہے جبکہ 850 ملین روپے کا اس کا پری-آئی پی او 31 دسمبر، 2022 میں مکمل کیا گیا۔ بینک 150 ملین روپے مالیت کے آئی پی او کرنے کے عمل میں ہے۔

مالی کارکردگی

مالی حیثیت کا گوشوارہ	31 دسمبر 2022	31 دسمبر 2021	تغیرات
روپے ہزار میں			
صافی اثاثہ جات	26,450,401	22,511,202	17.50%
ڈیپازٹس	415,911,942	344,787,956	20.63%
فنانسنگ اور متعلقہ اثاثہ جات - صافی	201,328,442	181,176,239	11.12%
سرمایہ کاری - صافی	179,741,488	124,838,317	43.98%
ایف آئی (FI's) پر واجب الادا	23,878,183	34,945,365	-31.67%

نفع و نقصان کا کھاتہ	31 دسمبر 2022	31 دسمبر 2021	تغیرات
روپے ہزار میں			
حاصل کردہ نفع / آمدن	46,345,194	23,235,371	99.46%
خرچ کردہ نفع / آمدن	25,942,829	12,303,231	110.86%
حاصل کردہ صافی آمدن	20,402,365	10,932,140	86.92%
قبل از پروویژنز آپریٹنگ منافع	12,040,606	3,428,794	251.16%
بعد از محصول منافع	4,439,635	2,131,350	108.30%
فی حصص آمدن (روپے میں)	4.0043	1.9224	108.30%

الحمد للہ سال 2022 بینک اسلامی کیلئے ایک عظیم کامیابی کا سال رہا جس کے دوران بینک نے تمام شعبوں میں سنگ میل حاصل کیا جس کا مشاہدہ کل اثاثوں میں اضافہ سے کیا جاسکتا ہے جو 19.31 فیصد اضافہ کے ساتھ 487 بلین روپے ہو گئے۔ ڈیپازٹس نے 71.1 بلین روپے کی نمایاں نمو ظاہر کی جو گزشتہ سال کے مقابلے میں 20.63 فیصد بڑھے۔ 2022 کے دوران ڈیپازٹ 400 بلین روپے کے حکمت عملی ہدف کو عبور کرتے ہوئے 415.91 بلین روپے پر بند ہوا۔

سال کے دوران پالیسی ریٹ میں اضافہ کے باوجود کرنٹ اکاؤنٹ میں 38.1 فیصد کی نمو ہوئی جو مجموعی ڈیپازٹ نمو میں 27.1 بلین روپے تک پہنچ گیا۔

اس صورتحال سے نمٹنے کیلئے متعدد اقدامات اٹھائے جا رہے ہیں۔ ماٹری پالیسی کمیٹی (MPC) نے جنوری 2023 میں پالیسی ریٹ میں 100 پیسے پوائنٹ اضافہ کر کے 17 فیصد کرنے کا فیصلہ کیا جس میں جنوری 2022 سے اب تک 725 بی پی ایس کا مجموعی اضافہ ہوا ہے۔ 1998 سے یہ سب سے زیادہ پالیسی ریٹ ہے۔ مزید برآں کم ہوتے غیر ملکی زرمبادلہ کے ذخائر کے مسئلے سے نمٹنے کیلئے مخصوص غیر ضروری اشیاء کی درآمدی ادائیگیوں کی بغور نگرانی کی جا رہی ہے۔ اس اقدام سے غیر ملکی زرمبادلہ ذخائر اور کرنٹ اکاؤنٹ خسارہ کے بہتر انتظام میں مدد ملی جس کے نتیجے میں مالی سال 2023 کی پہلی سہ ماہی میں کرنٹ اکاؤنٹ خسارہ گزشتہ سال کے 9.1 بلین امریکی ڈالر کے مقابلے میں 60 فیصد کم ہو کر 3.7 بلین امریکی ڈالر رہ گیا۔

غیر ضروری درآمدات کی نگرانی سے مجموعی درآمدات میں کمی اور کرنٹ اکاؤنٹ خسارے میں خاطر خواہ اعتدال آیا تاہم بیرونی اکاؤنٹ سے متعلق چیلنجز اب بھی برقرار ہیں۔ زرمبادلہ کے ذخائر میں کمی نے امریکی ڈالر کی طلب میں اضافہ کیا جس سے روپے کی قدر میں کمی ہوئی جو مزید مہنگائی کا باعث بنا۔ روپے کی قدر میں کمی پر قابو پانے، کثیر الجہتی اور دو طرفہ داخلی بہاؤ کے ذریعے زرمبادلہ کے ذخائر میں استحکام لانے کیلئے آئی ایم ایف کے توسیعی فنڈ سہولت (EFF) کے تحت زیر التواء 9 ویں جائزہ کی تکمیل نہایت ضروری ہے۔ حکومت اور آئی ایم ایف کے عملے کے درمیان مذاکرات جاری ہیں۔ آئی ایم ایف سٹاف کے بنیادی مطالبات مالی اور ماٹری اقدامات سے متعلق ہیں جن میں مستقل محاصل کے اقدامات کے ساتھ مالیاتی پوزیشن کی مضبوطی، غیر ہدف شدہ سبسڈیز میں کمی، مارکیٹ کو متعین شرح مبادلہ کی اجازت دینا اور گروڈی قرضوں میں مزید اضافہ کی روک تھام شامل ہے۔

(ماخذ: ایس بی پی۔ اکنامک ڈیٹا اینڈ پبلیکیشنز)

بینکنگ انڈسٹری کا جائزہ

پاکستان کے بینکنگ کے شعبہ نے سال 2022 کے دوران مثبت رجحان کا مشاہدہ کیا۔ 2021 میں ایس بی پی اور حکومت پاکستان (GoP) کی طرف سے نتیجہ خیز اقدامات اٹھائے گئے جو 2022 کے نصف تک جاری رہے جس کی وجہ سے بینکنگ شعبہ کی بیلنس شیٹ میں اضافہ ہوا۔ ایڈوانسز اور سرمایہ کاری میں 2022 کے دوران بالترتیب 17.4 فیصد اور 26.7 فیصد اضافہ ہوا۔ نجی شعبہ کے ایڈوانسز، ایس بی پی ری فنانس کے تحت لمٹس یوٹیلٹیزیشن اور حکومتی سیکورٹیز میں سرمایہ کاری میں اضافہ اٹاٹوں میں اضافہ کا سبب بنا۔ اس کے علاوہ بینکنگ انڈسٹری کے ڈیپازٹس 2022 کے دوران 7.1 فیصد بڑھے۔ بینکوں کے اٹاٹوں کے معیاری اشاریے بہتر ہوئے جبکہ انفیکشن کا تناسب 7.98 فیصد (2021 کی چوتھی سہ ماہی) سے کم ہو کر 7.73 فیصد (2022 کی تیسری سہ ماہی) تک آ گیا۔

موجودہ اقتصادی منظر نامہ، بڑھتی ہوئی طلب کو مستحکم کرنے کیلئے اٹھائے گئے اقدامات اور قرض لینے والے بڑے شعبوں کی پیداوار اور فروخت میں کمی کے ساتھ ساتھ کنزیومر فنانس میں سست روی سے نجی شعبہ کی قرضے کیلئے طلب متاثر ہونے کا امکان ہے۔ تاہم کریڈٹ کیلئے مخصوص مدتی طلب اور ان پٹ قیمتوں میں اضافہ ایڈوانسز میں اضافہ پر پڑنے والے منفی اثر کو کم کرے گا۔ حکومت کی جانب سے فنانسنگ کی ضرورت کی وجہ سے، خاص طور پر حالیہ سیلاب کے بعد، بینکوں کے اب بھی سرکاری سیکورٹیز میں سرمایہ کاری کرنے کا امکان ہے۔ بیچ مارک کی شرحوں میں اضافے سے ڈیپازٹس میں اضافہ متوقع ہے جس سے بچت کی حوصلہ افزائی ہوگی۔ ڈیپازٹس غیر منافع بخش اختیارات کے بجائے زیادہ پیداواری، منافع بخش مصنوعات کی طرف زیادہ تیار کیے جانے کا امکان ہے۔ جہاں تک کیپٹل ایڈویسی کا تعلق ہے، زیادہ تر بینکنگ کمپنیوں سے توقع کی جاتی ہے کہ وہ تعمیل کریں گے کیونکہ ریگولیٹرز نے سالوینسی کی کم از کم ضرورت کو %11.5 پر برقرار رکھا ہے۔

(ماخذ: ایس بی پی۔ اکنامک ڈیٹا اینڈ پبلیکیشنز)

ڈائریکٹرز کی رپورٹ

معزز اراکین

بورڈ کی جانب سے ہم 31 دسمبر 2022 کو ختم ہونے والے سال کیلئے آڈٹ شدہ سالانہ مالی گوشواروں کے ساتھ، بینک اسلامی پاکستان لمیٹڈ (بینک یا بینک اسلامی) کے ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

بنیادی سرگرمیاں

بینک اسلامی بنیادی طور پر لائسنس یافتہ مکمل شیڈیول اسلامی کمرشل بینک کے طور پر کام کرتا ہے۔ 31 دسمبر، 2022 تک بینک 380 برانچوں بشمول 80 ذیلی برانچوں کے ساتھ اپنے معزز صارفین کو شریعت کے مطابق مالی مصنوعات فراہم کر رہا ہے جن میں کارپوریٹ اور کمرشل فنانسنگ، ایس ایم ای اور زرعی فنانسنگ، کنزیومر فنانسنگ، ٹریڈ فنانس، ریٹیل بینکنگ، انویسٹمنٹ بینکنگ، ٹریڈری سروسز، ڈیجیٹل ڈیلیوری چینلز، کیش مینجمنٹ، ایمپلائئی بینکنگ سروسز اور ویلٹھ مینجمنٹ سروسز شامل ہیں۔

معیشت اور انڈسٹری کا جائزہ

معیشت کا مختصر جائزہ

گزشتہ عشروں کے مقابلے میں افراط زر کی بلند ترین شرح کے ساتھ عالمی اقتصادی سرگرمیوں میں انتہائی وسیع اور توقع سے زیادہ سست روی نظر آئی۔ بیشتر ممالک میں اخراجات زندگی کے بحران، سخت مالی صورتحال، روس اور یوکرین کی جنگ، عالمی سطح پر پیداوار میں کمی، سپلائی چین کے مسائل اور موسمیاتی تبدیلیوں کے عالمی معیشت کے ساتھ ساتھ ملکی معیشت پر بھی قابل غور اثرات مرتب ہوئے۔ 2023 میں عالمی شرح نمو 2.9 فیصد رہنے کی پیشگوئی ہے جو 3.8 فیصد کی تاریخی اوسط سے کم ہے۔ مالی سال 2023 میں پاکستانی معاشی نمو 2.0 فیصد رہنے کی توقع ہے جو جون 2022 میں کئے جانے والے اندازے سے نصف ہے۔

معاشی سست روی کا باعث بننے والے بنیادی عوامل درج ذیل ہیں:

الف۔ افراط زر میں خاطر خواہ اضافہ: جنوری 2023 کے ماہ کیلئے افراط زر کی شرح دسمبر 2022 میں 24.5 فیصد سے بڑھ کر 27.6 فیصد تک بڑھ گئی جس کی بنیادی وجہ بجلی کے نرخ، ایندھن کی قیمت اور خوراک کی قیمتوں میں اضافہ ہے۔ توانائی اور خوراک کی قیمتیں 35 فیصد سے زیادہ بڑھیں۔

ب۔ قدرتی آفات: ملک میں حالیہ تباہ کن سیلاب نے مستقبل کے شرح نمو کیلئے خطرات میں اضافہ کر دیا۔ سیلاب کے باعث 30 ملین سے زائد افراد بے گھر جبکہ 800,000 سے زائد مویشی سیلابی پانی میں بہہ گئے۔ بلخصوص سندھ میں زراعت کا شعبہ بری طرح متاثر ہوا۔

پ۔ غیر ملکی زرمبادلہ کے ذخائر میں کمی: اسٹیٹ بینک آف پاکستان (SBP) کے پاس موجود غیر ملکی زرمبادلہ کے ذخائر ملک کے معاشی استحکام کو برقرار رکھنے کیلئے اہم عنصر ہے۔ تجارتی خسارہ، قرضوں کی ادائیگی اور ترسیلات زر کے بہاؤ میں کمی کے باعث پاکستان کے غیر ملکی زرمبادلہ کے ذخائر میں تیزی سے کمی ہوئی۔

ت۔ سیاسی عدم استحکام: ملک میں جاری سیاسی عدم استحکام سے ملک کی معیشت کو بھاری قیمت اٹھانی پڑ رہی ہے۔ تمام تر زمینی حقائق کے ساتھ سیاسی عدم استحکام نے ملک کے بڑے اقتصادی مسائل کے منصوبوں کی حکمت عملی کے اندر غیر یقینی میں اضافہ کیا۔ ملک میں سیاسی استحکام ترقیاتی شراکت داروں اور سرمایہ کاروں کے اعتماد کی بحالی میں سود مند ہوگا۔

Annexure to Directors Report

The purchase and sale of shares by Directors, Chief Executive Officer, Executives and their spouse and minor children during the year are given below:

Name	Designation	No. of Shares as at January 01, 2022	Shares Purchase/ Sold during the Year	No. of Shares as at December 31, 2022
Mr. Ali Hussain	Chairman	219,893,560	-	219,893,560
Dr. Amjad Waheed	Director	550	-	550
Mr. Haider Ali Hilaly	Director	91,000	-	91,000
Dr. Lalarukh Ejaz	Director	500	-	500
Mr. Sulaiman Sadruddin Mehdi	Director	1,000	-	1,000
Mr. Syed Ali Hasham	Director	501	-	501
Mr. Tasnim-ul-Haq Farooqui	Director	500	-	500

Achievements and New Initiatives

Distribution

Year 2022 was a remarkable year for the Bank where it crossed Rs. 400 billion landmark and closed deposit base at Rs. 416 billion with a healthy growth rate of 20.6%. Beefing up field force, on-boarding freelance Business Professionals and hiring sales staff from rural areas along with right proposition of branch network, launching of new products and active marketing campaigns had been instrumental in enhancing the Bank's low-cost deposit.

Besides focusing on generating low-cost deposit, tapping new market segments remained the Bank's focus. In this respect, the Bank launched *Priority Banking* segment focusing on provision of personalized Shariah-compliant financial solutions to its valued customers paving way to maintain key relationships as a source for healthy deposit base. In addition to new market segments and attractive saving products, the Bank had also introduced one of its kind product, *Islami Khair Current Account* offering its account holders to become part of the Bank's philanthropic initiatives. In a very short span of time, it generated over Rs. 10 billion with opening of 34,000 plus new accounts. Moreover under the umbrella of banking on equality, the Bank has introduced '*BankIslami Mashal – Women Banking*' proposition. This proposition is distinctive because it is bundled with features that aim to fulfill the unique financial needs and banking requirements of women segment.

Corporate Banking

The Bank witnessed organic growth and pursued market penetration strategy through offering comprehensive product suite to its customers. Offerings were not only limited to trade and financing products but it also included services like cash management, employee banking, wholesale financing with attractive liability products were also on the board to enhance throughput and wallet share. Despite macroeconomic challenges and political instability ensuing slowdown in economic activities, the Bank continued its momentum while adopting cautious approach and managed to improve its footprint in the market. Concentration was improved in rated customers by more than 50% as compared to 34% as at last year-end. This is evident from the fact that more than 86% of the Corporate financing portfolio carried risk weight less than 100%. The same proportion 84.7% as at last year-end. The Bank remained focus to maximize trade business however the macroeconomic challenges since Q2 2022 slowed down the pace of trade volumes at national level. Nevertheless, the Bank increased its share of wallet by onboarding healthy trade business of Rs. 317 billion as compared to Rs. 266 billion during last year depicting decent growth of 19%.

Investment Banking

During the year 2022, the Bank successfully closed four capital market transactions and three syndicate financing transactions aggregating to the tune of more than Rs. 31 billion for reputable corporate entities. Further, the Bank has built an approved pipeline of more than Rs. 4.8 billion through bilateral structured finance deals as well as participated as co-arranger in syndicate financing, infrastructure and project financing transactions in the areas of renewable energy, E&P, toll roads and water transmission projects.

The Bank secured IFN 2022 award for best Musharkah Deal of the year for acting as "Lead Arranger" and "Shariah Advisor" for Rs. 1.2 billion Syndicated Diminishing Musharkah Facility for one of its prestigious client.

With an aim to save humanity from Riba, the Bank conducted one day training program jointly with NIBAF on the topic "Issuance & Management of Sukuk by Corporates & Public Sector Entities (PSEs)" at NIBAF Lahore. The training program was well received and mainly attended by finance professionals of leading PSEs and corporates entities.

SME Banking

Keeping in view the prevalent economic condition of the country, the SME team cautiously increased its portfolio size by focusing on catering financial needs of its customers while efficiently managing the credit evaluation and approval process. More than 70% of the portfolio comprises of NTBs in diversified businesses that contributed around Rs. 32 billion in the trade business during the year 2022. The segment remained focus on SBP incentive schemes with special emphasis on 'Prime Minister Kamyab Jawan' program. Under the Program, the Bank introduced a customized product 'Islami Karobar Assaan' to target customers mostly falling under Small Enterprises category. During the year 2022, around Rs. 500 million were disbursed under the Program.

The Bank also introduced 'Commodity Finance Product Program for Wheat' to facilitate flour millers. Financing under the program followed a two-pronged strategy, where not only healthy portfolio was generated but it also provided impetus in generating CASA deposit.

Agri Finance

During the year the Bank has taken several initiatives for its customers through providing Shariah compliant products for both Farm and Non-Farm customers. The purpose of funding was mainly for development of land and crop, purchase of tractors and farm machineries including solar tube wells, purchase of animals for dairy and cattle farms, construction of environmentally controlled animal/poultry sheds and purchase of commercial vehicles for business units.

The Bank disbursed Rs. 1.28 billion to more than 600 farmers across the country with focus on development finance including purchase of tractors and allied machinery i.e. solar tube wells, to reduce production cost while enhancing the yield. For purchase of dairy and cattle animals, more than Rs. 500 million was disbursed to not only for expanding business but to also increase household income of mostly females who are involved in taking care of animals.

BankIslami has become the first Islamic Bank to have successfully structured Pakistan's first Shariah-compliant Electronic Warehouse Receipt (EWHR) financing product and surpassed SBP's allocated target for Rs. 40 million during the year 2022. Further, the Bank has secured top position in small banks category under SBP's scoring model for agriculture financing. The Bank also took leverage on revised Prime Minister Youth Business & Agriculture Loan Scheme (PMYB & ALS) and Farm Mechanization Scheme under PM Kissan Package 2022.

Consumer Finance

The year 2022 proved to be a challenging year for consumer financing particularly auto financing where the demand was hampered due to changes in regulations as well as hike in policy rates. Despite, these challenges, the Bank performed well and achieved 88% of its disbursement targets.

During the year, the Bank managed to successfully achieve SBP's assigned targets under Government subsidized scheme, 'Mera Pakistan Mera Ghar (MPMG)'. The Bank stood first in achieving SBP's assigned Housing & Construction Target by disbursing more than Rs. 24 billion under the scheme during the year. To promote renewable energy, the Bank extended solar financing of around Rs. 33 million under SBP's Islamic Financing Facility for Renewable Energy (IFRE).

In order to bolster the bottom line of coming years, the Bank is focusing on increasing avenues for NFIs. Keeping this in view, the Bank has introduced the product of 'Mutual Funds' distribution through its branch network across Pakistan in order to provide 360-degree solutions to its customers. Introduction of a new product will not only increase income but will also enable the Bank to compete with other similar size banks in terms of profitability and product portfolio.

Treasury

Foreign exchange income of the Bank has increased many folds and depicted a growth of 180% from last year which speaks for the efforts put forward by the FX Corporate Sales function of the Bank. Not only existing banking relationships were retained but 12 new correspondent banking relationships were also established during the year.

Arrangement of clean lines to accommodate LCs on different geographical locations amounting to USD 447.584 million against USD 156.637 million during last year demonstrates the Bank's ability to provide value-added services to its clients, which also contribute significantly to the income of the Bank.

Risk Management

The Risk Management department of the Bank has issued new internal guidelines to evaluate the resilience of the Bank against various types of risks, including credit, market, liquidity, and operational risks. These guidelines are in line with the revised guidelines issued by SBP. With the help of these guidelines, the Bank is able to identify potential vulnerabilities and take necessary steps to mitigate these risks. During the year, the Bank has successfully processed more than 9,100 auto finance applications and 3,100 plus house finance applications. On the recovery side, the Bank's consumer collection and Special Asset Management functions have played a key role in recovering more than Rs. 1 billion from delinquent accounts which enabled reverse provisions with like amount which indicates a healthy recovery trend.

The Information Security department is one of the most important wing of Bank's Risk Management setup, which consistently work on improving the cyber security posture of the bank by strengthening existing IT and information security controls, conducting internal security and risk assessments exercises and adding additional security controls to remove any vulnerabilities. Every year, the Bank allocates a sizeable budget for investment in information security measures and equipment in order to enhance its cyber security posture. The Bank's efforts in the area of Information Security have duly been recognized by CTM360, a top cyber threat intelligence service provider. The Bank achieved the first ranking on CTM360's Hacker View portal out of 2,800 financial institutions. This is an outstanding achievement and makes BankIslami the first and only bank to achieve 'A+' rating on CTM360's platform, and it maintained this accolade during the year 2022.

Digital Delivery Channel

In order to remain in the main league, Bank has successfully launched its Classic and Titanium Debit MasterCard along with introduction of 3D Security for internet shopping. The Bank understands the evolving needs of its customers and continues to bring innovative solutions for its valued customers. In this respect, the Bank has launched its state-of-the-art Digital Service Centre with an aim to provide round the clock banking services to its customers. The Centre offers variety of automated services such as cheque encashment through a virtual teller, cheque deposit, instant cash credit and much more.

Cash Management

Rapidly growing tech based financial delivery solutions are need of the hour. In this regard SBP took several measures to encourage digital transactions. One of the key development in this regard that has taken place is 'Raast' which is Pakistan's first instant payment system that is fully interoperable and enables end-to-end digital payments among individuals, businesses and government entities in near real-time. During 2022, the Bank enhanced its cash management system through introduction of Raast Corporate Payments, Corporate Bill/ Tax Payments, Bulk Real Time Gross Settlement – RTGS, Payment Book/ slip introduction for mutual funds redemption, off-site pay-order printing and MT-940 availability. Moreover, collections via POS solution were also enabled in the system which was a remarkable value addition in over-all Payments & Cash Management platter that would help the Bank in cross selling digital solutions along with the Bank's other products and services.

The Bank has observed considerable growth in terms of customer base, low cost liability accounts, payroll account throughputs, float and fee income. During the year, the Bank secured more than 500 Cash Management & Employee Banking mandates. The Collection throughput grew by 161% to Rs. 31.4 billion as compared to Rs. 12 billion achieved during last year. Healthy growth was witnessed in float and fee Income which was around 6 times higher than last year and contributed around Rs. 1 billion to the Bank.

Employee Banking

The Employee Banking (EB) services has depicted good strides during the year 2022. The Bank secured around 170 new mandates for payroll processing. Total payroll accounts portfolio clocked at 17,231 which was around 6,000 as at last year-end. Average deposit base of this low cost liability segment remained at Rs. 962 million. The Bank also launched 'Bike and Durable Goods' financing last year which has received overwhelming response during the year, owing to the fact that these products have become necessity for most of the people these days. Around 424 units of bikes and durable goods were financed to the employees of our EB customers.

Marketing

Through the dynamic marketing initiatives, the Bank ensured its presence across the board through television commercials, digital media, print media and radio channels. As a brand recall initiative, all out efforts were made through participation in sport activities, sponsoring various events across the country and celebrating Women's day. During the year several marketing initiatives were undertaken, out of which the most prominent was 'Platinum Sponsorship of Karachi Kings' during PSL (Pakistan Super League) cricket matches. The success of PSL opened doors for BankIslami to sponsor major ICC events such as T20 World Cup, Pakistan vs England series, Pakistan vs West Indies, and Pakistan vs New Zealand series. These events provided long lasting brand mileage to the Bank. In addition, BankIslami was also the exclusive banking partner of 'Pakistan Eat Festival 2022'.

Human Resource

Realizing the hard times faced by the country, the Bank remained committed to its employees' wellbeing and provided ad-hoc allowance to its lower and mid-tier employees to cater to the impact of sharply rising inflation. Additionally, the Bank also launched 'Employees Children Education Assistance' policy, providing financial assistance to employees whose children are pursuing their degrees from Government universities. Further, discounted medical diagnostic test facility was also provided along with subsidized shuttle services to its staff with brand name 'Hum-Rah'. Furthermore, the Bank has upgraded its Employees Hajj Balloting policy to ensure that its employees get the opportunity to perform Hajj and receive its blessings.

During the year, the Bank proceeded with the strategy of ensuring a strong talent pipeline. To achieve this target, regular hiring was conducted alongside introduction of batches of Management Trainee Officers (MTOs), Women Trainee Batch, Madrassah Graduate Officers, Graduate Trainee Officers (GTOs) and Differently Aabled Persons (DAPs). Recruitment drives were arranged in the top universities of the country and resulted in the successful induction and onboarding of around 1,000 plus talented resources.

Training and Development

As a long term initiative to bring cultural change, it is imperative to focus on development of senior management of the Bank. In this respect, the Bank has designed and launched '*BankIslami Leadership Development Program (BILD)*' with the aim to develop functional and leadership skills of the people in key leadership positions. BILD aims to improve team collaboration, team interdependencies, link the staff with the vision of the Bank and to develop high performance teams.

For stable and long-term growth of any organization, quality human resource is one of the critical success factors and the Bank acknowledges this fact. During last year, the BankIslami launched its CA students training program in collaboration with Institute of Chartered Accountants of Pakistan. During the current year, the Bank became ACCA approved employer offering training program to ACCA part qualified or ACCA affiliates.

In 2022, 700 plus in-house training sessions were successfully conducted on a nationwide basis. Additionally, 158 staff members were also given the opportunity to receive external trainings from industry experts. Through these combined efforts, the training program was successful in equipping staff with the knowledge and skills necessary for their respective roles.

BankIslami has consistently strived to create a supportive and productive environment for its workers, and its trainee program is evidence of this commitment. In the past year, 11 batches of GTOs were hired, totaling 152 officers who have been trained in this period. Furthermore, BankIslami has provided structured training to 70 newly hired Business Development Officers (BDOs).

The Bank has also organized various trainings on Health & Wellness, Fire & Safety, and emergency preparedness, to ensure health and safety of its employees. These trainings were not only intended to improve the safety and wellness of the staff, but also to create an environment of cooperation and productivity.

Shariah

During the year, more than 150 training sessions of Islamic Banking concepts have been conducted in various cities with more than 3,800 participants having attended these sessions. These sessions also included specific Shariah training for the Credit Administration, Trade Finance, Treasury Operations, HR - Services & Rewards and SAM departments' staff, arranged to effectively manage the operational Shariah Non-Compliance Risk (SNCR).

To facilitate learning and development for branch staff, efforts were made during the year in coordination with the Training department to update the mandatory Basic Islamic Banking Learning Program for Branch staff, simplifying it and making it easier to attempt.

Two batches of Certified Islamic Retail Banker and Certified Islamic Corporate Banker each were arranged, providing the participants with not only a customized and thorough learning experience but also with certificates accredited by the Institute of Business Management (IoBM) along with monetary incentives.

Also, realizing the necessity of a faith driven Shariah compliance mindset for the Bank's management, full day certification program on 'Shariah Non Compliance Risk Management' was arranged for the Bank's Key Management Personnel and Material Risk Takers.

Further, training sessions on 'Shariah Audit Methodology' and 'Procedures and Pool Management Practices in BankIslami' were arranged for members of the Shariah Supervisory Board. Their exposure to domestic and international developments in Islamic banking and finance was also ensured by facilitating their participation in the World Islamic Finance Forum Conference, and the AAOIFI 20th Annual Shariah Boards' Conference in Bahrain.

Statement of Internal Control

Statement of Management's Responsibility

The Management of the Bank is responsible to establish and maintain an adequate and effective system of internal controls with the main objective of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

Management Evaluation of Effectiveness of the Bank's Internal Control System

Concerted and integrated efforts are made by each function of the Bank to improve the Control Environment at all levels through continuous reviewing and streamlining of procedures to prevent and rectify control deficiencies. Each department/function, under the supervision of the senior executive management, is entrusted with the responsibility to oversee rectification of control deficiencies identified by internal audit, external auditors and regulators. The control activities are being closely monitored through risk management and compliance functions being the second line of defense, ensuring adherence to regulatory requirements and the Bank's internal policies and procedures. The Shariah compliance unit is responsible to monitor and mitigate risks emanating from Shariah non-compliances. Based on the observations and weaknesses identified by control functions, internal audit and external auditors, management is continuously introducing improvements in internal control system to ensure elimination of such weaknesses to the maximum possible extent.

As a continuous process, the Bank formulates/update and review several key policies and procedures for its various lines of businesses. While formulating such policies clear line of authority and responsibility are been established in order to ascertain accountability and effective internal control system.

The scope of Internal Audit department, independent from the line management, includes assessment of the adequacy and effectiveness of the internal control system across the Bank, and ensure compliance with prescribed policies and procedures. All significant findings of Internal Audit assessments are periodically reported to the Board Audit Committee.

The Bank's internal control system is designed to mitigate, rather than to eliminate the risk of failure to achieve the business objectives, and can only provide reasonable but not absolute assurance against material misstatements or losses. Moreover, projection of current evaluations with respect to its effectiveness for future periods is subject to a limitation that controls may become inadequate due to changes in control environment. However, it is an ongoing process that includes identification, evaluation and mitigation of significant risks faced by the Bank.

The Bank implemented the Internal Control Guidelines issued by State Bank of Pakistan (SBP) vide BSD Circular No. 07, of 2004 and had conducted a detailed exercise documenting and benchmarking existing internal processes and controls relating to financial reporting. These process and controls are reviewed and updated periodically.

Alhamdulillah, the Bank had successfully completed all stages of its ICFR program in accordance with the Road Map under SBP OSED Circular No. 01, dated February 07, 2014. However, this is a continuous exercise whereby all new controls are documented and tested periodically to ensure their existence and effectiveness.

Considering the substantial remediation of gaps identified in the afore-mentioned exercise, SBP granted exemption for independent statutory assessment of Bank's ICFR program. Accordingly, now the Bank's Internal Audit Department annually assess the efficacy of the ICFR and present its report to the Audit Committee for review.

Based on the results of the ongoing evaluation of internal controls carried out during the year, the Management considers that in general, the Bank's existing internal control system is adequately designed, operating effectively, and monitored consistently. Nevertheless, the management continuously endeavors to further strengthen the internal control system of the Bank for an improved control environment.

The Board of Directors duly endorses above management's evaluation of the internal control system.

For and On Behalf of the Board



Syed Amir Ali
President & CEO

Date: March 01, 2023

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

FOR THE YEAR ENDED DECEMBER 31, 2022

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“Code” or “Regulations”) issued by the Securities and Exchange Commission of Pakistan (“the Commission”), for the purposes of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The total number of directors are eight (8) as per the following:
 - a. Male: seven (7) including President & Chief Executive Officer
 - b. Female: one (1)
2. The composition of the Board is as follows:

i)	Independent Directors	
	1-	Dr. Amjad Waheed
	2-	Mr. Haider Ali Hilaly
	3-	Dr. Lalarukh Ejaz
	4-	Mr. Sulaiman Sadruddin Mehdi
ii)	Non-executive Director	
	1-	Mr. Ali Hussain
	2-	Mr. Syed Ali Hasham
	3-	Mr. Tasnim-ul-Haq Farooqui
iii)	Executive Directors	
	1-	Mr. Syed Amir Ali, President & Chief Executive Officer
iv)	Female Director	
	1-	Dr. Lalarukh Ejaz

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank.
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the ‘Act’) and these Regulations.
7. The meetings of the Board were presided over by the Chairman of the Board and the Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the SBP BPRD Circular No. 3 dated August 17, 2019 SBP's Corporate Governance Regulatory Framework, Act and the Regulations.
9. Out of eight (8) directors including President & Chief Executive Officer, seven (7) directors have already attained Directors training program certification namely, Mr. Syed Amir Ali, Dr. Amjad Waheed, Mr. Haider Ali Hilaly, Dr. Lalarukh Ejaz, Mr. Sulaiman Sadruddin Mehdi, Mr. Syed Ali Hasham and Mr. Tasnim-ul-Haq Farooqui.
10. There were no new appointments of Chief Financial Officer, Company Secretary and Head of Internal Audit, during the year. The Board has approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed following committees comprising of members given below:

Board Audit Committee:

Chairperson

Mr. Haider Ali Hilaly

Members

Dr. Lalarukh Ejaz

Mr. Sulaiman Sadruddin Mehdi

Mr. Syed Ali Hasham

Mr. Tasnim-ul-Haq Farooqui

Board Human Resource & Remuneration Committee *

Chairperson

Mr. Sulaiman Sadruddin Mehdi

Members

Mr. Ali Hussain

Dr. Amjad Waheed

Dr. Lalarukh Ejaz

Mr. Syed Ali Hasham

Mr. Tasnim-ul-Haq Farooqui

Board Risk Management Committee

Chairperson

Dr. Amjad Waheed

Members

Mr. Sulaiman Sadruddin Mehdi

Mr. Syed Ali Hasham

Mr. Syed Amir Ali

Board Information Technology (IT) Committee

Chairperson

Dr. Lalarukh Ejaz

Members

Mr. Haider Ali Hilaly

Mr. Syed Amir Ali

Mr. Tasnim-ul-Haq Farooqui

**In the 110th Board of Director's meeting held on March 01, 2022, the Board dissolved Board Remuneration Committee and Human Resource Management Committee with immediate effect and formed Board Human Resource & Remuneration Committee.*

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
- | | |
|---|-------------|
| Board Audit Committee | Quarterly |
| Board Human Resource & Remuneration Committee | Half Yearly |
| Board I.T Committee | Half yearly |
| Board Risk Management Committee | Half yearly |
15. The Board has set up an effective internal audit function with team who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
16. The statutory auditors of the 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 director of the Bank.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



Syed Amir Ali
President & Chief Executive Officer



Ali Hussain
Chairman

Date: March 01, 2023



KPMG Taseer Hadi & Co.
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BANKISLAMIC PAKISTAN LIMITED

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

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

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

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


The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

Date: 2 March 2023

Karachi

UDIN: CR2022101061CqsuBLIz


KPMG Taseer Hadi & Co.
Chartered Accountants

Shariah Supervisory Board Report - 2022



الحمد لله رب العالمين، والصلاة والسلام على أشرف الأنبياء والمرسلين،
وعلى آله وأصحابه أجمعين، وبعد

All thanks and praise to the Almighty Allah, BankIslami successfully completed the year 2022, playing an eminent role in the financial market as well as the public sphere and advancing on its journey of "Saving Humanity from Riba" through business and educative initiatives.

The Shariah Supervisory Board of BankIslami hereby presents its Annual Report on the affairs of BankIslami for the year ended December 31, 2022.

The Shariah Supervisory Board (SSB) held four quarterly meetings during the year to review and approve various matters including product and service innovations and modifications, concepts, transactions and related Shariah considerations. Two meetings of SSB were also held with the Board of Directors to discuss the Shariah Compliance environment of the Bank. The Shariah Compliance Department remained closely engaged with SSB for seeking Shariah opinion and guidance on different issues, enabling it to arrange timely responses and solutions for business and other support functions of the Bank.

Shariah Compliance

In the Shariah Supervisory Board's role of developing and implementing a comprehensive Shariah Compliance framework for all areas of operations of the Bank, the Shariah Compliance Department (SCD) assists SSB and serves as a conduit between SSB and the management of the Bank.

The objective of SCD is to ensure the adherence of Shariah principles by reviewing processes and implementing and monitoring operating effectiveness of the necessary internal Shariah controls.

In its endeavor to fortify the Shariah Compliance environment of the Bank along with simplifying procedures and improving overall operational efficiency, various guidelines / instructions were issued during the year, as per the directives of the Shariah Board.

Shariah Guidelines in respect of the following processes were issued during the year:

- Shariah training for specific staff of control function areas
- Mechanism for online execution of transaction documents
- Account Opening process - Evaluation of source of funds for Shariah compliance
- Auto Finance cases where booking process is initiated by the client
- Availing SBP's Shariah compliant facilities of "Open Market Operations (OMO)" and "Mudarabah based Financing Facility (MFF)"
- Enhanced controls in monitoring of Running Musharakah profit/loss calculations
- Treatment of cash margin placed by importers to comply regulatory instructions
- Revision of instructions for Currency Salam transactions

Product manuals and policy and procedural documents revised during the year were reviewed and it was ensured that Shariah non-compliance risks were adequately captured and addressed in these documents in detail.

Standardized templates for Transaction Facts Sheets (TFS) used for Diminishing Musharakah, Running Musharakah, Murabahah, Tijarah, Istisna and Salam financing were revised/improved by the Shariah team with the objective of increasing Shariah compliance, and enhancing the customers' knowledge about the financing they avail. Furthermore, existing process flows for certain financing products were simplified in order to increase operational efficiency and reduce overall turn-around time for their execution.

Shariah Review of Financial Transactions



During the year, SCD continued monitoring the Bank's operational activities by reviewing more than 2,300 cases including TFS, bank guarantee drafts and agreements.

SCD also performed post-execution Shariah Review of several functions and operations during the year. To conduct the reviews in a more systematic and efficient manner, a roster system was introduced, which involves planning the frequency of review for different functions on the basis of factors such as the level of Shariah non-compliance risks involved, etc. Through extensive review, SCD was able to identify gaps and design controls, in coordination with IT, for improvement in Shariah related matters for the Consumer Financing segment. Furthermore, regular reviews of the Pool Management function were carried out throughout the year, in line with regulatory requirements.

SCD also performed post-

In addition to the above, execution of various financing transactions with the Bank's customers was monitored through video calling and physical client visits, in order to ensure that the instructions of SSB are complied with during the different transaction stages.

The team also conducted 'Shariah Review and Knowledge Assessment' of branch staff across the country to ensure Shariah compliant environment at the branch level. Accordingly, physical and virtual review of sixty-one (61) branches across twenty-seven (27) cities of Pakistan was performed during the year.

SSB, with the assistance of SCD, reviewed and approved marketing and promotional material of the Bank published during the year including social media posts, sponsorship content and marketing designs.

Shariah Review & Knowledge Assessment of Branches across Pakistan



In addition to Shariah Review, the SSB determined corrective actions on reports issued by SCD, Internal and External Shariah Audit Reports and SBP Inspection Report.

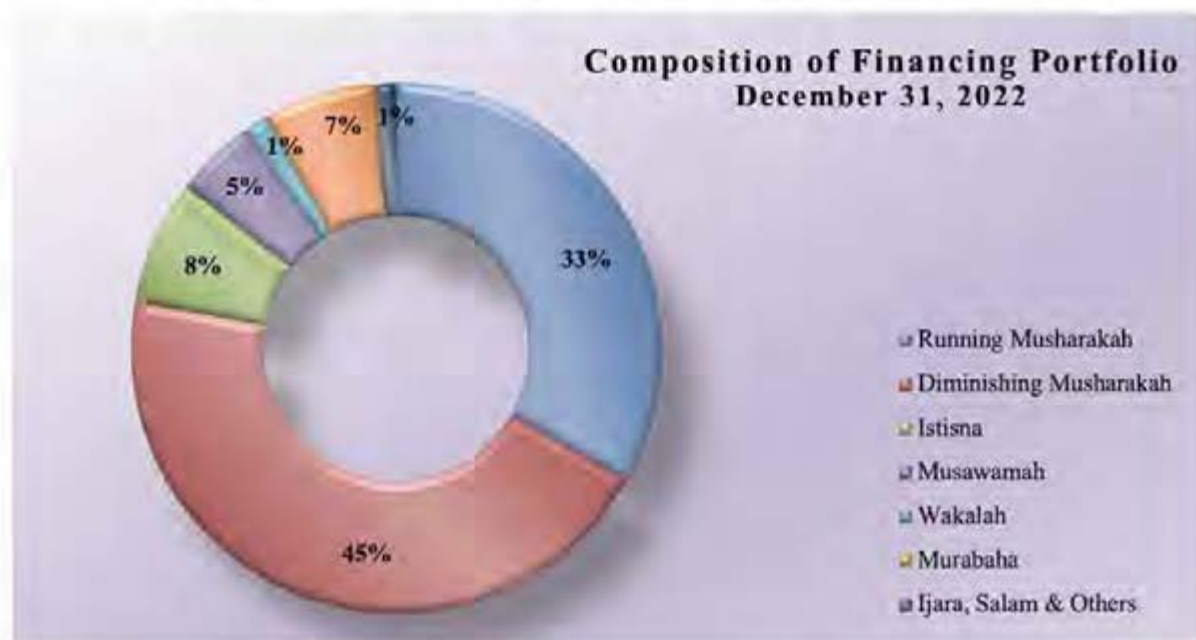
On the product research and development side, Alhamdulillah BankIslami became the first Bank to structure and disburse Shariah compliant Electronic Warehouse (EWR) Financing during the year. Similarly, a unique financing facility on 'Qard' basis was structured to facilitate funding to Akhuwat Islamic Microfinance under GOP's Kamyab Pakistan Program.

The Bank continued to play its role in the development of the Islamic Capital Market by acting as Shariah Structuring Bank in Islamic Commercial Papers and Sukuk transactions.

The Shariah Supervisory Board commends the commitment of the Board of Directors to strengthen the Shariah Compliance environment of the Bank and appreciates the Management on providing the utmost support to SCD in discharging its responsibilities.

Composition of Financing Portfolio

The Bank used variety of Islamic modes to provide financing to its customers. As at December 31, 2022 the financing portfolio comprised of products based on Running Musharakah (33%), Diminishing Musharakah (45%), Istisna (8%), Murabahah (7%), Musawamah (5%), Wakalah (1%), Ijarah (0.2%), Salam (0.1%) and other modes of financing (1%). This is illustrated by the following diagram:



Shariah Training and Development

During the year, more than 150 training sessions (classroom and online) of Islamic Banking concepts were conducted in various cities with more than 3,800 participants having attended these sessions. These sessions also included specific Shariah training for the Credit Administration, Trade Finance, Treasury Operations, HR - Services & Rewards and SAM departments' staff, arranged to effectively manage the operational Shariah Non-Compliance Risk (SNCR).

To facilitate learning and development for branch staff, efforts were made during the year in coordination with the Training department to update and improve the mandatory Basic Islamic Banking Learning Program for Branch staff.

Two (2) batches of Certified Islamic Retail Banker and Certified Islamic Corporate Banker each were arranged, providing the participants with not only a customized and thorough learning experience but also with certificates accredited by the Institute of Business Management (IoBM) along with monetary incentives.

Also, realizing the necessity of a Shariah compliance mindset for the Bank's management, full day certification programs on 'Shariah Non-Compliance Risk Management' were arranged for the Bank's Departmental Heads and Sub-Heads in coordination with the Bank's training department and NIBAF (SBP).

Further, training sessions for the Shariah Supervisory Board and the Board of Directors were also arranged.

Islamic Banking Awareness Related Initiatives

In line with its ultimate goal of **"Saving Humanity from Riba"**, a number of awareness initiatives were carried out by the Bank during the year, the details of which are as follows:

MOU with IoBM for establishment of a dedicated Center for Islamic Business & Finance

BankIslami and Institute of Business Management (IoBM) entered into an agreement to establish a "Center for Islamic Business & Finance" (the Center). As part of the arrangement, BankIslami will assume the role of "Knowledge Partner and Founding Sponsor" through which the Bank will assist the Center in different areas such as development, launch and delivery of courses, certifications, programs pertaining to Islamic Banking and Finance.

Islamic Banking Awareness Sessions for the General Public

Islamic Banking awareness seminars were also conducted in a number of universities and professional institutes including religious institutions.

A unique one-day workshop on *"Issuance & Management of Sukuk by Corporates & Public Sector Entities (PSEs)"* was organized in collaboration with SBP-NIBAF, with the aim of increasing awareness about Islamic financial instruments among personnel from Corporate and Government related entities.

An online workshop series titled *"Learn Islamic Banking with BankIslami"* was conducted during the year. The series, comprising of 10 workshops, aimed to provide understanding of basic Islamic Banking concepts and the details of products offered by BankIslami.

The Shariah team also participated in Islamic Banking awareness activities conducted in several un-banked and rural areas for the promotion of Islamic Banking and Agriculture related products and services. These events were held in areas such as Gujjar Khan, Taxilla, Sheikhpura, Jhelum, Muridkey, etc. and attended by farmers and agriculturists.

Awareness Initiatives for Persons with Disabilities (PWDs)

To continue spreading Islamic Banking awareness amongst the PWDs, the Bank took some unique initiatives which are as follows:

- The Bank launched its Islamic Banking booklets in *Braille* format (in both Urdu and English languages) for the visually impaired community.

- The Bank collaborated with Binae Association to arrange Islamic Banking awareness seminars specifically for the visually impaired community.
- As a first of a kind initiative in the Industry, the Bank continues to conduct Islamic Banking Awareness seminars in Sign Language at renowned institutions for the PWDs.
- The Bank also released five (5) videos in sign language (containing voice-over and subtitles in Urdu and English) on different aspects of Islamic Banking i.e., Deposit and Asset side products of Islamic Banks, Auto and Muskun financing products of BankIslami, etc.

Islamic Banking Booklets

During the year, the Bank launched its Islamic Banking booklets in three languages i.e., English, Arabic and Persian, bringing the total of these booklets to eleven (11) national and regional languages. This unique initiative of the Bank is expected to remove the language barrier in order to further boost the awareness of Islamic Finance.

In addition to the above, a number of articles were also published in various magazines to spread awareness of Islamic Banking amongst the masses.

“Deen Connect” Islamic Awareness Program

Under this flagship Islamic Awareness program, the Bank continued to conduct numerous workshops, courses and webinars with an aim to propagate teachings of Islam. A summary of the sessions conducted during the period are as follows:

- Two batches of ‘*Quranic Arabic*’ and one batch of ‘*Quranic Tajweed*’ courses were completed during the year.
- A video series ‘*Paigham e Ramadan*’ was launched during the month of Ramadan.
- Ten (10) Webinars and forty-two (42) workshops were conducted on different Islamic topics including *Zakat*, *Work-Life Balance*, *E-Commerce – A Shariah Perspective*, *The blessing of Independence*, *lessons from the life of Holy Prophet (Sallallahu Alaihi Wassalam)*, etc. The workshops also included *women-exclusive workshops*, such as the *Ramadan Tarbiya & Wellness* workshop, *Healing our Hearts*, etc.

Charity

The Bank received an amount of Rs. 33.05 million from customers during the year in respect of charity on delays in payments and credited these payments to the Charity account.

During the year, income of Rs. 4.2 million was declared as Shariah non-compliant and accordingly set aside for charitable purposes.

It may be pertinent to mention that since the charity funds are kept under remunerative accounts at the Bank, accrued Mudarabah profit thereon of Rs. 150,582 was also credited to the Charity account.

Disbursement during the year from the Charity fund amounted to Rs. 32.3 million, and all charity disbursements were reviewed and approved by the SSB. Detail of charity disbursed to various institutions is available in the notes to the annual financial information.

Recommendations/Suggestions

Based on the observations made through Shariah Review reports and feedback received from various stakeholders, we recommend the following:

1. The Bank's efforts in managing successful recoveries from the Classified (Non-Performing) financing portfolio pertaining to Defunct KASB Bank despite legal and other challenges are commendable, and should be continued.
2. Completion of the automation plan of certain processes in the Pool Management and Credit Administration functions should be expedited.
3. The efforts to train staff on Shariah aspects and SNCR relating to their specific roles should continue in the future and more functions should be brought into this ambit, such as Agri, SME, etc.
4. BankIslami has been playing a significant role in spreading Islamic Banking awareness in society. In light of the historical judgment of the Federal Shariat Court on prohibition of Riba and its elimination from Pakistan, the scope of the Bank's Islamic Banking awareness initiatives and activities needs to be expanded with the objective of sensitizing the masses about Riba and increasing their understanding of the significance of an Islamic economic system.
5. We appreciate the Bank's endeavors of engaging in flood relief programs conducted during the year in the wake of the most destructive floods experienced in Pakistan, and encourage it to continue fulfilling its Corporate Social Responsibility with the same zeal in other sectors.
6. The Bank's initiative of launching a Madrassah Graduate Training program is applaudable; the trainees under this program should be posted in all departments and in branches in the coming years for the Bank to benefit from their knowledge in more operational areas, along with developing them into well-rounded professionals.

Conclusion

Based on the reports of Internal Shariah Audit, External Shariah Audit and different Shariah compliance checks carried out from time to time and according to best of our knowledge, we are of the view that:

1. The Bank has complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by the Shariah Board.
2. The Bank has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the ruling of SBP's Shariah Board.
3. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.

4. The Bank has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
5. The Bank has complied with the SBP's instructions on profit and loss distribution and pool management.
6. The Shariah Board has been provided adequate resources enabling it to discharge its duties effectively.
7. The level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of the Bank is found to be satisfactory. However, the management should continue to take measures to further improve the level of awareness.

We end this report with best wishes to the Islamic finance industry.



Mufti Javed Ahmad
Resident Shariah Board Member



Mufti Muhammad Hussain Khaleel Khail
Shariah Board Member



Mufti Syed Hussain Ahmed
Shariah Board Member



Mufti Irshad Ahmad Aijaz
Chairman, Shariah Supervisory Board

- اپنے فرائض کو مؤثر انداز میں ادا کرنے کے لیے مجلس امورِ شرعیہ کو بہترین اور کافی وسائل (معلومات) فراہم کیے گئے ہیں۔
- شرعی ضوابط کے نفاذ اور ان کی تعمیل کے حوالے سے عملے، انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگاہی، قابلیت اور جتو قابل اطمینان ہے، تاہم بینک انتظامیہ کو ان میں اضافے کے اقدامات جاری رکھنے چاہئیں۔

ہم اسلامی بینکاری کے لیے اپنی نیک تمناؤں اور بہترین خواہشات کے ساتھ اس رپورٹ کا اختتام کرتے ہیں۔

وصلی اللہ وسلم علی نبینا محمدٍ وبازک وسلم




مفتی محمد حسین خلیل خلیل
رکن، مجلس امورِ شرعیہ



مفتی جاوید احمد
مقیم رکن، مجلس امورِ شرعیہ



مفتی ارشاد احمد اعجاز
سربراہ، مجلس امورِ شرعیہ



مفتی سید حسین احمد
رکن، مجلس امورِ شرعیہ

- عملے کو شرعی پہلوؤں اور ان کے متعلقہ کاموں میں شرعی عدم تعمیل کے خطرات کے حوالے سے تربیت دینے کی کوششیں مستقبل میں بھی جاری رہنی چاہئیں اور اس کا دائرہ بڑھا کر مزید شعبوں جیسے شعبہ زرعی تمویل اور شعبہ چھوٹے کاروباروں کی تمویل وغیرہ کو بھی شامل کرنا چاہیے۔
- بینک اسلامی معاشرے میں اسلامی بینکاری سے متعلق آگاہی پھیلانے میں نمایاں کردار ادا کر رہا ہے۔ سود کی ممانعت اور پاکستان سے اس کے خاتمے کے حوالے سے وفاقی شرعی عدالت کے تاریخی فیصلے کو سامنے رکھتے ہوئے، عوام کو سود کی ممانعت کی حساسیت اور اسلامی معاشی نظام کی اہمیت بتانے کے لیے، بینک کو اسلامی بینکاری کے بارے میں آگاہی کے اقدامات اور سرگرمیوں کا دائرہ کار مزید وسیع کرنے کی ضرورت ہے۔
- ہم پاکستان کی تاریخ کے بدترین تباہ کن سیلاب کے بعد بینک کی جانب سے سیلاب زدگان کے لیے رفاہی سرگرمیوں میں حصہ لینے کو سراہتے اور حوصلہ افزائی کرتے ہیں کہ بینک اسی جذبے کو جاری رکھتے ہوئے اپنی کارپوریٹ سماجی ذمہ داری کو دوسرے حلقوں میں بھی پورا کرتا رہے گا۔
- بینک کی طرف سے مدرسہ گریجویٹ ٹریننگ پروگرام کی ابتداء قابل تعریف ہے۔ اس پروگرام کے تحت تربیت حاصل کرنے والوں کو براہِ نچر اور تمام شعبوں میں تعینات کیا جانا چاہیے تاکہ مستقبل میں بینک مزید شعبوں میں ان کے علم سے فائدہ اٹھا سکیں اور خود وہ افراد بھی بہترین اسلامک بینکر بن سکیں۔

نتیجہ بحث

- داخلی شرعی آڈٹ، بیرونی شرعی آڈٹ اور وقتاً فوقتاً کی جانے والی مختلف شرعی تعمیل کی جانچ پڑتال کی رپورٹس کی بنیاد اور ہماری معلومات کے مطابق، ہماری رائے ہے کہ:
- بینک نے مجلس امور شرعیہ کے جاری کردہ فتاویٰ، احکام اور رہنما ہدایات کی روشنی میں شرعی قوانین اور اصولوں پر عمل کیا ہے۔
 - بینک نے مجلس امور شرعیہ کی جاری کردہ ہدایات کی روشنی میں اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ ہدایات، ضوابط اور احکامات پر عمل کیا ہے۔
 - بینک کے پاس اپنے تمام امور میں شرعی اصولوں پر عمل درآمد یعنی بنانے کے لیے ایک جامع طریقہ کار موجود ہے۔
 - ناجائز طریقوں سے حاصل ہونے والی آمدنی کا تعین کر کے اسے خیراتی اکاؤنٹ میں جمع کروانے کے عمل کو یقینی بنانے کے لیے شرعی ہدایات کے مطابق بینک کے پاس ایک جامع نظام موجود ہے۔ نیز اس غیر شرعی آمدن کے صحیح مصرف کو بھی یقینی بنانا جاتا ہے۔
 - بینک نے منافع اور نقصان کی تقسیم اور پول مینجمنٹ سے متعلق اسٹیٹ بینک کی ہدایات پر عمل کیا ہے۔

دین کنیکٹ اسلامی آگاہی پروگرام

اسلامی آگاہی کے اس اہم پروگرام کے تحت، اسلامی تعلیمات کو عام کرنے کے لیے بینک نے متعدد ورکشاپس، کورسز اور سیمینارز کا انعقاد جاری رکھا۔ اس مدت کے دوران منعقد ہونے والی نشستوں کی تفصیل یہ ہے:

- سال کے دوران 'قرآنی عربی' کے دو بیچرز اور 'قرآنی تجوید' کورس کا ایک بیچ مکمل ہوا۔
- رمضان کے مہینے میں ایک ویڈیو سیریز 'پیغام رمضان' پیش کی گئی۔
- مختلف اسلامی موضوعات پر 10 ویسینارز اور 42 ورکشاپس منعقد کی گئیں۔ موضوعات میں زکوٰۃ، کام اور ذاتی زندگی میں توازن، ای کامرس - شرعی رہنمائی، آزادی کی نعمت، حضور صلی اللہ علیہ وسلم کی زندگی سے اسباق وغیرہ شامل ہیں۔ خواتین کے لیے خصوصی ورکشاپس بھی منعقد کی گئیں، جن میں رمضان: تربیت اور فلاح، دلوں کی صفائی وغیرہ جیسے موضوعات پر گفتگو کی گئی۔

خیرات

بینک نے ادائیگیوں میں تاخیر کی مد میں 33.05 ملین روپے خیرات وصول کی اور اس رقم کو خیراتی کھاتے میں جمع کر دیا گیا۔ سال کے دوران 4.2 ملین روپے کی آمدنی کو غیر شرعی آمدن قرار دیا گیا۔ جسے خیراتی مقاصد کے لیے الگ کر دیا گیا۔ یہ بات قابل ذکر ہے کہ چونکہ خیراتی رقوم بینک میں منافع بخش کھاتوں میں رکھی جاتی ہیں، اس لیے اس پر 150,582 روپے ہونے والے منافع کو بھی خیراتی اکاؤنٹ میں ڈال دیا گیا۔

خیراتی کھاتے سے سال کے دوران 32.3 ملین روپے تقسیم کیے گئے۔ مجلس امور شرعیہ نے تمام خیراتی ادائیگیوں کا جائزہ لینے کے بعد انہیں منظور کیا۔ سالانہ مالیاتی معلومات کے چیرٹی نوٹ میں مختلف اداروں کو دی جانے والی خیرات کی تفصیل موجود ہے۔

تجاویز

شرعی جائزوں کی رپورٹس کے مشاہدے اور بینک کے دیگر متعلقہ افراد سے موصول ہونے والی معلومات کی بنیاد پر ہم درج ذیل تجاویز پیش کرتے ہیں:

- قانونی و دیگر مشکلات کے باوجود کالعدم KASB بینک کے ناکارہ تمویلی مجموعہ سے کامیاب وصولیاتی کوششیں قابل تعریف ہیں۔ انہیں جاری رکھا جانا چاہیے۔
- پول مینجمنٹ اور کریڈٹ ایڈمنسٹریشن کے بعض کاموں کے خود کار کیے جانے کے منصوبے کی تکمیل کے عمل میں تیزی لائی جانی چاہیے۔

کمپنیز اور حکومت سے متعلقہ اداروں کے عملے کی اسلامی مالیاتی تمسکات کے بارے میں آگاہی بڑھانے کے لیے "کارپوریشن اور پبلک سیکٹر اداروں (PSEs) کی طرف سے صکوک کے اجراء اور انتظام" کے موضوع پر ایک منفرد ایک روزہ ورکشاپ NIBAF-SBP کے تعاون سے منعقد کی گئی۔

اسلامی بینکاری کے بنیادی تصورات اور بینک اسلامی کی جانب سے پیش کردہ مصنوعات کی تفصیلات کی معلومات فراہم کرنے کے لیے سال کے دوران دس ورکشاپس پر مشتمل آن لائن پروگرام "بینک اسلامی کے ساتھ اسلامی بینکاری سیکھیں" کا انعقاد کیا گیا۔

شعبہ تعمیل امور شرعیہ کے اراکین نے دیہی علاقوں میں اسلامی بینکاری سے متعلق آگاہی کی نشستوں میں بھی شرکت کی جن کا مقصد بینکوں سے دور اور دیہی آبادی کو اسلامی بینکاری اور زراعت سے متعلق مصنوعات اور خدمات کی معلومات فراہم کرنا تھا۔ یہ نشستیں گوجر خان، ٹیکسلا، شیخوپورہ، جہلم، مرید کے اور ہالا وغیرہ میں منعقد کی گئیں جن میں کسانوں اور زراعت سے وابستہ افراد نے شرکت کی۔

معذور افراد (PWDs) کے لیے آگاہی کے اقدامات

معذور افراد کو اسلامی بینکاری کی آگاہی فراہم کرنے کے لیے بینک نے کچھ منفرد اقدامات کیے جو درج ذیل ہیں:

- بینک نے بصارت سے محروم افراد کے لیے بریل فارمیٹ میں (اردو اور انگریزی دونوں زبانوں میں) اسلامی بینکاری کے کتابچوں کا اجراء کیا۔
- بینک نے بینائی البوسی ایشن کے تعاون سے بصارت سے محروم افراد کے لیے اسلامی بینکاری کی آگاہی نشستیں منعقد کیں۔
- بینک اسلامی نے معذوروں کے لیے مخصوص اداروں میں اپنے طرز کی منفرد اشاروں کی زبان میں اسلامی بینکاری آگاہی نشستیں منعقد کیں۔
- بینک نے اسلامی بینکاری کے مختلف پہلوؤں جیسے: اسلامی بینکوں کے ڈپازٹ اور فائنانسنگ کی مصنوعات، گاڑیوں کی فائنانسنگ اور گھروں کی فائنانسنگ کی مصنوعات پر اشاروں کی زبان میں پانچ ویڈیوز کا اجراء کیا، جن کو مزید موثر بنانے کے لیے ان میں اردو اور انگریزی وضاحتی عنوان اور Voice over کو بھی شامل کیا گیا۔

اسلامی بینکاری کے کتابچے

سال کے دوران بینک نے تین زبانوں انگریزی، عربی اور فارسی میں اپنے اسلامی بینکاری کے کتابچے جاری کیے، جس سے ان کتابچوں کی کل تعداد گیارہ (11) ہو گئی ہے۔ امید ہے کہ بینک کے اس منفرد اقدام سے اسلامی مالیات کی آگاہی میں زبان کی رکاوٹ ضرور کم ہوگی۔

ان سب اقدامات کے ساتھ ساتھ عوام الناس میں اسلامی بینکاری کی آگاہی پھیلانے کے لیے مختلف رسالوں میں متعدد مضامین بھی چھپوائے گئے۔

تعلیم و تربیت

سال کے دوران مختلف شہروں میں اسلامی بینکاری کے بنیادی تصورات کی 150 سے زائد تربیتی نشستیں (کلاس روم اور آن لائن) منعقد کی گئیں، جن میں 3,800 سے زائد شرکاء نے شرکت کی۔ شرعی عدم تعمیل کے خطرے (SNCR) کو موثر انداز میں کم کرنے کے لیے کریڈٹ ایڈمنسٹریشن، ٹریڈ فائنانس، ٹریڈری آپریشنز، انسانی وسائل، اور اسپیشل ایسٹ مینجمنٹ شعبوں کے عملے کے لیے مخصوص شرعی تربیتی نشستیں بھی منعقد کی گئیں۔

سال کے دوران شعبہ تربیت انسانی وسائل کے تعاون سے اسلامک بینکنگ اور فائنانس کے حوالے سے برانچ اسٹاف کے سیکھنے کے عمل کو آسان بنانے کے لیے برانچ اسٹاف کے لیے لازمی بنیادی اسلامی بینکاری کورس میں جدت لانے اور بہتر بنانے کی مسلسل کوششیں کی گئیں۔

سرٹیفائیڈ اسلامک ریٹیل بینکر (CIRB) اور سرٹیفائیڈ اسلامک کارپوریٹ بینکر (CICB) کے دو ہیجز کا سال کے دوران آغاز کیا گیا۔ ان کورسز میں نا صرف شرکاء کو بہترین انداز میں اسلامک فائنانس کے بارے میں تربیت دی گئی، بلکہ انسٹی ٹیوٹ آف بزنس مینجمنٹ (IoBM) کے ذریعہ تسلیم شدہ سرٹیفیکیشن بھی دیے گئے۔ نیز نمایاں کارکردگی دکھانے والوں کی مالی انعامات کے ذریعے حوصلہ افزائی کی گئی۔

اس کے علاوہ، بینک کی انتظامیہ کی شرعی تعمیل کی ذہن سازی کرنے کے لیے بینک کے شعبہ تربیت اور NIBAF-SBP کے تعاون سے بینک کے مختلف شعبوں کے سربراہان اور ذیلی سربراہان کے لیے شرعی عدم تعمیل کے خطرات کا انتظام کے موضوع پر ایک روزہ سرٹیفیکٹ پروگرام منعقد کیا گیا۔

مزید برآں، مجلس امور شرعیہ اور بورڈ آف ڈائریکٹرز کے لیے تربیتی نشستیں منعقد کی گئی ہیں۔

اسلامی بینکاری کی آگاہی سے متعلق اقدامات

"انسانیت کو با سے بچانے" کے اپنے مقصد کو مد نظر رکھتے ہوئے اسلامک فائنانس سے متعلق آگاہی میں اضافے کی غرض سے حالیہ سال بینک کی جانب سے متعدد اقدامات کیے گئے، جن کی تفصیلات درج ذیل ہیں:

اسلامی کاروبار اور مالیات کے لیے ایک مخصوص مرکز کے قیام کے لیے انسٹی ٹیوٹ آف بزنس مینجمنٹ (IoBM) کے ساتھ مفاہمتی یادداشت

بینک اسلامی اور انسٹی ٹیوٹ آف بزنس مینجمنٹ (IoBM) نے "سینٹر فار اسلامک بزنس اینڈ فائنانس" کے قیام کے لیے ایک معاہدہ طے کیا، جس کے تحت بینک اسلامی "بانی و تعلیمی معاون" کا کردار ادا کرے گا اور مختلف شعبوں میں جیسے: اسلامی بینکاری اور مالیات سے متعلق کورسز کی تیاری اور اجراء، سرٹیفیکیشنز اور پروگرامز کے انعقاد وغیرہ میں اس مرکز کے ساتھ تعاون کرے گا۔

اسلامی بینکاری آگاہی کی عوامی نشستیں

اسلامی بینکاری سے متعلق عصری تعلیمی جامعات، پیشہ ورانہ تعلیمی اداروں اور دینی اداروں میں آگاہی نشستیں منعقد کی گئی ہیں۔

برانچ کی سطح پر شرعی ہدایات پر عمل کو یقینی بنانے کے لیے ملک بھر میں برانچ کے عملے کی اسلامک فائنانس کے حوالے سے معلومات کا جائزہ لیا گیا، لہذا سال کے دوران پاکستان کے سائیس (27) شہروں میں اکٹھ (61) برانچوں کا بالمشافہہ اور بذریعہ ویڈیو کالز جائزہ لیا گیا۔

مجلس امور شرعیہ نے شعبہ تعمیل امور شرعیہ کے تعاون سے تشییری اور اشاعتی مواد کا جائزہ لیا اور ان کی منظوری دی۔ جن میں سال کے دوران بینک کے سماجی رابطے کی ویب سائٹس پر شائع ہونے والے پیغامات، مختلف پروگرامز میں تعاون کا مواد اور تشییری خاکے شامل ہیں۔

شرعی جائزہ کے علاوہ، مجلس امور شرعیہ نے شعبہ تعمیل امور شرعیہ، داخلی اور بیرونی شریعہ آڈٹ اور اسٹیٹ بینک آف پاکستان کی انسپشن رپورٹس پر اصلاحی اقدامات کا تعین کیا۔

مصنوعات کی تحقیق اور ترقی کے میدان میں، الحمد للہ بینک اسلامی، گودام کی برقی رسید کی بنیاد پر شرعی اصولوں کے مطابق تمویلی سہولت تشکیل دینے اور فراہم کرنے والا پہلا بینک بن گیا۔ اسی طرح، 'قرض' کی بنیاد پر ایک منفرد تمویلی سہولت حکومت پاکستان کے "کامیاب پاکستان پروگرام" کے تحت اخوت اسلامک مائیکروفائنانس کو فنڈز فراہم کرنے کے لیے تشکیل دی گئی۔

اسلامک کمرشل پیپر ز اور صکوک کی شرعی تشکیل کرنے والے بینک کے طور پر کام کرتے ہوئے بینک اسلامی اسلامی سرمایہ کاری بازاری ترقی میں اپنا کردار ادا کرتا رہا۔

مجلس امور شرعیہ بینک کے شرعی تعمیل کے مجموعی ماحول کو مضبوط بنانے کے لیے بورڈ آف ڈائریکٹرز کے عزم کو سراہتی ہے اور اپنی ذمہ داریوں کو نبھانے میں شعبہ تعمیل امور شرعیہ کو بھرپور تعاون فراہم کرنے پر انتظامیہ کو داد دیتی ہے۔

تمویلی مجموعہ کے اجزائے ترکیبی

بینک نے اپنے صارفین کو تمویل فراہم کرنے کے لیے مختلف اسلامی طریقے اختیار کئے۔ 31 دسمبر 2022ء تک تمویلی مجموعے میں رنگ مشارکہ (33%)، شرکت متناقصہ (45%)، استصناع (8%)، مرابحہ (7%)، مساومہ (5%)، وکالہ (1%)، اجارہ (0.2%)، سلم (0.1%) اور تمویل کے دیگر طریقوں (1%) پر مبنی مصنوعات شامل ہیں۔ اس کی وضاحت درج ذیل خاکے سے ہوتی ہے:



سال کے دوران درج ذیل سرگرمیوں کے لیے شرعی ہدایات جاری کی گئیں:

- عملے کی تربیت
- معاملات کی آن لائن انجام دہی کا طریقہ کار
- اکاؤنٹ کھولنے کے لیے شرعی اصولوں کے مطابق کھاتہ داران کی آمدنی کی جانچ پرکھ
- گاڑیوں کی فائننس کی وہ صورتیں، جن میں کسٹمر گاڑی کی بینک کروا چکا ہو
- اسٹیٹ بینک کی شرعی اصولوں پر مبنی سہولت اوپن مارکیٹ آپریشنز
- "OMO" اور مضاربہ پر مبنی تمویلی سہولت "MFF" حاصل کرنا
- رنگ مشارکہ کے نفع و نقصان کے حساب کی بہتر نگرانی
- قانونی ہدایات پر عمل درآمد کرنے کے لیے درآمد کنندہ کی جانب سے جمع کروائی گئی رقوم کی حیثیت کا تعین
- کرنسی سلم کے طریقہ کار میں بہتری

بینک کے شرعی تعمیل کے ماحول کو مضبوط، اس کے طریقہ کار کو آسان اور مجموعی عملی کارکردگی کو بہتر بنانے کی کوشش میں شریعہ بورڈ کے احکامات کے مطابق شعبہ تعمیل امور شرعیہ کی جانب سے مختلف ہدایات جاری کی گئیں۔

سال کے دوران مصنوعات کی پالیسیوں اور عمل درآمد کی نظر ثانی کردہ دستاویزات کا جائزہ لیا گیا اور اس بات کو یقینی بنایا گیا کہ ان دستاویزات میں شرعی عدم تعمیل کے خطرات کی بہتر انداز میں نشاندہی اور وضاحت ہو۔

حاصل کردہ تمویلی طریقے سے متعلق صارف کی معلومات کو بہتر اور شرعی تعمیل کو یقینی بنانے کی غرض سے شرعی ٹیم نے مختلف تمویلی طریقہ کار، جیسے: شرکت متناقصہ، رنگ مشارکہ، مراہجہ، تجارتہ، استصناع اور سلم کے معاملے کی تفصیلات پر مشتمل دستاویزات کی نظر ثانی کی۔ نیز کچھ تمویلی مصنوعات کے موجودہ طریقہ کار کو مجموعی کاموں کی انجام دہی کے وقت کو کم کرنے کی غرض سے آسان بنایا گیا۔

مالی معاملات کے شرعی جائزے کا عمل شعبہ تعمیل امور شرعیہ دو مرحلوں میں کرتا ہے: ایک معاملے کے ہونے سے پہلے اور دوسرے معاملات کی تکمیل کے بعد منتخب معاملات کا۔ سال کے دوران، شعبہ تعمیل امور شرعیہ نے صارفین کے معاملات کی تفصیلات پر مشتمل دستاویزات، بینک گارنٹی کی دستاویزات اور بینک کے معاہدوں سمیت 2300 سے زائد معاملات کا جائزہ لے کر بینک کی عملی سرگرمیوں کی نگرانی جاری رکھی۔

شعبہ تعمیل امور شرعیہ نے سال کے دوران بینک کے مختلف امور اور آپریشنز کا شرعی جائزہ لیا۔ شرعی جائزوں کو زیادہ منظم اور موثر انداز میں انجام دینے کے لیے ایک روسٹر کا نظام متعارف کرایا گیا جس میں مختلف کاموں کے جائزے کی، مختلف عناصر جیسے: شرعی عدم تعمیل کے خطرات وغیرہ کو مد نظر رکھتے ہوئے، منصوبہ بندی کی جاتی ہے۔ شعبہ تعمیل امور شرعیہ نے شعبہ انفارمیشن ٹیکنالوجی کے تعاون سے ایک وسیع جائزے کے ذریعے کنزیومر فائننسنگ ڈپارٹمنٹ کی شرعی تعمیل میں بہتری کے لیے شرعی ہدایات اور عمل میں فرق کی نشاندہی کی اور اس فرق میں کمی کے لیے اقدامات لیے۔ مزید برآں، قانونی تقاضوں کو پورا کرتے ہوئے سال بھر پول مینجمنٹ کا باقاعدہ جائزہ لیا جاتا رہا۔

مذکورہ بالا جائزوں کے علاوہ بینک کے صارفین کے ساتھ مختلف تمویلی معاملات کی ویڈیو کالز اور فزیکل وزٹ کے ذریعے نگرانی کی گئی، تاکہ اس بات کو یقینی بنایا جاسکے کہ تمویلی معاملات کے مختلف مراحل کے دوران مجلس امور شرعیہ کی ہدایات کی تعمیل کی گئی ہے۔

شریعیہ بورڈ کی رپورٹ برائے سال 2022ء

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

الحمد لله رب العالمين، والصلاة والسلام على أشرف الأنبياء والمرسلين،
وعلى آله وأصحابه أجمعين، وبعد

تمام تر شکر اور حمد و ثنا اللہ تعالیٰ کی کہ بینک اسلامی نے مالیاتی مارکیٹ کے ساتھ ساتھ عوامی حلقوں میں ایک نمایاں کردار ادا کرتے ہوئے کاروباری اور آگاہی اقدامات کے ذریعے "انسانیت کو رہا سے بچانے" کے سفر پر گامزن سال 2022ء کامیابی کے ساتھ مکمل کر لیا ہے۔

مجلس امور شرعیہ، بینک اسلامی کے معاملات سے متعلق 31 دسمبر 2022ء کو اختتام پذیر ہونے والے سال کی رپورٹ پیش کرتی ہے۔

سال کے دوران مجلس امور شرعیہ کی چار سو ماہی مجالس منعقد ہوئیں، جن میں نئی مصنوعات و خدمات کا اجراء اور ان میں بہتری، مختلف تصورات، معاملات اور متعلقہ شرعی امور کا جائزہ لے کر ان کی منظوری دی گئی۔ شرعی تعمیل کے ماحول، مجلس امور شرعیہ کے فیصلوں کے نفاذ، فتاویٰ، قابل توجہ امور اور تجاویز کے بارے میں تفصیلی آگاہی فراہم کرنے کے لیے مجلس امور شرعیہ کی دو نشستیں بورڈ آف ڈائریکٹرز کے ساتھ بھی منعقد ہوئیں۔ شعبہ تعمیل امور شرعیہ بینک کے مختلف امور پر شرعی رہنمائی حاصل کرنے کے لیے مجلس امور شرعیہ کے ساتھ مسلسل رابطے میں رہا، جس سے شعبہ تعمیل امور شرعیہ کو بینک کے دیگر معاون شعبہ جات کے لیے بروقت شرعی ہدایات جاری کرنا اور پیش آمدہ مسائل کا بروقت حل فراہم کرنا ممکن ہوا۔

تعمیل امور شرعیہ

شعبہ تعمیل امور شرعیہ بینک کی تمام سرگرمیوں کے لیے شریعت کے اصولوں پر مبنی ایک جامع نظام تیار کرنے اور اس کے نفاذ میں مجلس امور شرعیہ کی معاونت کرتا ہے۔ نیز مجلس امور شرعیہ اور بینک انتظامیہ کے درمیان ایک واسطہ کا کردار ادا کرتا ہے۔

بینک کے معاملات میں ضروری داخلی شرعی پابندیوں کے جائزے، نفاذ اور بینک کے مجموعی امور میں ان کے مؤثر ہونے کو جانچنے کے ذریعے شرعی اصولوں کی پابندی کو یقینی بنانا، شعبہ تعمیل امور شرعیہ کے بنیادی مقاصد میں سے ہے۔

Charity Fund, Corporate Social Responsibility And Sustainability Report

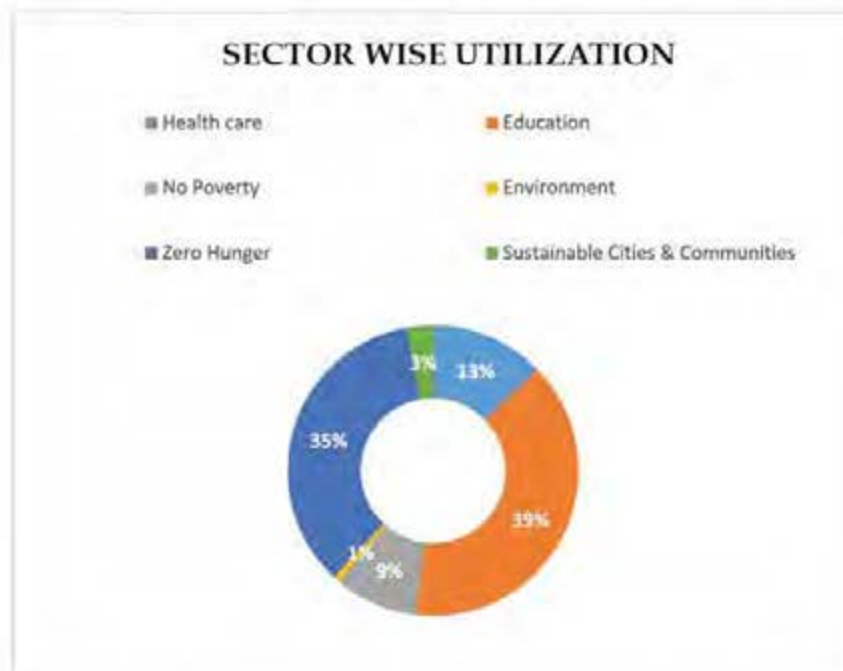
OUR PHILOSOPHY

BankIslami’s motto is to “Save Humanity from Riba”. Therefore, BankIslami has always embraced Corporate Social Responsibility (CSR) as one of its core beliefs that consistently replenishes the heart of the organization. Being an Islamic bank, the scope of our welfare activities includes all segments of society with a special focus towards the well-being of the neglected sectors of the society.

CHARITY FUND

Islamic Banks cannot charge late payment penalty to their customers since it falls under the ambit of *Riba*. However, to maintain financial discipline and to prevent deliberate delinquencies they use charity imposition as a tool of deterrence. The amount given by the customers in *Charity Account* against their delays is utilized by BankIslami, as a Trustee, purely for charitable purposes.

The Charity amount received was utilized to provide assistance to renowned charitable institutions working primarily in the areas of healthcare, education, poverty alleviation and disaster relief. BankIslami had a special focus towards flood relief activities in light of the devastating floods which hit Pakistan this year. A detailed account of the activities is provided in this report. Furthermore, following is a breakup of the Charity Funds Utilization by BankIslami:



Overall, BankIslami disbursed **Rs. 32.3 Mn.** from the *Charity Fund* during the year 2022.

CSR & SUSTAINABLE DEVELOPMENT ACTIVITIES

CSR is a self-regulating business model that helps a company in being socially accountable to itself, its stakeholders, and the public. BankIslami has launched several initiatives in this regard.



Further, BankIslami remains committed to the implementation of the UN Sustainable Development Goals through business and CSR activities. Our aim is to develop a healthy and sustainable financial ecosystem which has a positive and lasting impact on environmental, social and global dimensions. Following are some activities under the SDGs carried out by BankIslami throughout the year:



Initiatives for Entrepreneurs:

BankIslami became the first Islamic bank to provide SBP's Kamyab Jawan Scheme on the basis of Qard (0%) rather than subsidized financing. This step was taken to encourage entrepreneurs in establishing and expanding their business. BankIslami made this possible by voluntarily foregoing its share of profit from any financing facility offered to entrepreneurs.

Initiatives for Differently-Abled Persons:

BankIslami's management is committed to inclusivity and is hopeful of contributing further (in effort and resources) in reaching out to all segments of society.

In addition to providing donations to organizations catering to PWDs, BankIslami took the following initiatives:

- Islamic Finance Video series in Sign language that contains English voice-over along with Urdu subtitles covering the concepts of Islamic banking, financing products and difference from Conventional banking.
- To facilitate visually impaired community, Islamic banking booklets were launched in English Braille and Urdu Braille.
- Islamic Banking Awareness seminar in Sign language was conducted for PWDs and staff of "Ida Rieu Welfare Association". The session was attended by both deaf and blind persons.



- In another unique initiative, BankIslami, in collaboration with “Binae Association”, arranged an Islamic Banking awareness seminar specifically for the visually impaired community. During the seminar, BankIslami also distributed its Islamic Banking booklets in Braille format.

Finally, as a token of appreciation for our humble efforts towards the differently-abled community, BankIslami received an award and recognition from the Binae Association at an event held on ‘International Day of Persons with Disabilities’.



Flood Relief Activities

Last year, our country faced one of the biggest and deadliest crises of the decade in the form of flash floods. The rainfalls and floods caused extreme damage throughout the country specifically in Baluchistan and Sindh destroying infrastructure and facilities at major level that brought hardships and distress for millions of country-fellows. Taking into consideration the magnitude of the disaster, BankIslami quickly formulated a plan to do all it could to provide relief. This included not just monetary support but on-ground work.

As a first action of defense, BankIslami released emergency funds to the tune of around Rs. 6.8 Mn to different NGOs for procurement of food, medicine, temporary shelter & other necessities as per the requirement and the situational demands. Secondly, BankIslami was the first in the banking industry to engage with Pakistan Armed Forces (Armed Forces) to ensure that flood relief goods are distributed in far-flung areas where access remained restricted for civic agencies. To facilitate and speed up the process, the Bank sent its employees in the form of volunteers to PAF Museum, where over 50 staff remained involved in the assortment and packaging of relief goods for over a month. Furthermore, BankIslami successfully procured and delivered to the Armed Forces over 23 Trucks of ration (food items), 833 Tents, Medicines, 10,000 bottles of Mosquito Repellents and other relief item for onward distribution.



As another major initiative, BankIslami collaborated with Pakistan Air Force, AFAD (Turkish Disaster and Emergency Management Authority), Baitussalam Welfare Trust and Karachi Relief Trust for establishment of a Tent City (200 tents) for flood affectees at Bholari (near Nooriabad, Sindh). Anti-Mosquito Spray Drives were facilitated in Kotri and other Kachi Abadis around the river bank in Hyderabad region. A series of events was conducted which included distribution of Ration, Medicines, Mosquito Nets, Blankets and Clothes to flood affectees in Upper and Central Sindh i.e. Pir Wassan, Mehrabpur, Larkana, Johi (Dadu), Sehwan, Pir Goth, Thari Mirwah, Mehrabpur, etc.



BankIslami also collaborated with different institutions to organize nine (9) medical camps for the flood affectees. These medical camps were organized at Dera Ismail Khan, Nawabshah, Mehar (Dadu), Jhuddo, Mirpurkhas, Malir Tent City, etc. where medical assistance was provided and medicines were distributed among flood affectees.



Focusing on the rehabilitation phase, the Bank facilitated and financed construction of homes for the affectees at Basti Lanjwani (village near Jampur, Punjab). Alhamdulillah, 05 homes were completed during the year and a small ceremony was held in which keys and house plates were handed over to the affectees. Additionally, more homes are also being constructed for under-privileged affectees. The Bank is now focusing on efforts to kick-start livelihood for the affectees in order to give them a chance at a sustainable future. Overall, the Bank's contribution to flood relief is over Rs. 33 Million in numbers, and untiring efforts as detailed above.



Finally, as a token of appreciation for our humble efforts in the flood relief activities, BankIslami received an award and recognition from HANDS organization at an event held in collaboration with iCare Foundation. Let us pray that the affectees overcome their hardships, and let us all undertake to build a better and sustainable Pakistan.





Commitment for Spread of Education & Islamic Banking Awareness:

Pakistan being a developing country faces a low literacy rate. Education is deemed the back-bone of any nation to survive in this competent world. Being committed for the betterment of society and taking it as a responsibility, the Bank has taken following initiatives.

1. Financial Support to Charitable Organizations:



Being Muslims it is our utmost interest and responsibility to spread education and join hands with others for this noble cause. Considering its significance, BankIslami engaged with multiple organizations which are working in education and provided financial support to specially those children who cannot afford school expenses. Owing to its importance, education has been allocated the largest portion of the Charity and CSR Funds.

2. Awareness Sessions on Islamic Banking & Finance:

Islamic Banking Awareness seminars were conducted in different institutions all over the country e.g. COMSATS University, Memon Medical Institute Hospital, Jinnah University for Women, SZABIST, Minhaj University (online), King Saud University, KSA (online session), ICMAP (online certification program), IBA, Indus University, The Institute of Southern Punjab, Mehran University, Zaynab Academy Online, etc.



BankIslami has launched its **Islamic Banking booklets in total 11 languages** i.e. Urdu, English, Pashto, Sindhi, Punjabi, Balochi, Arabic, Persian, Saraiki, Hindko and Brahui.

This is a first of a kind initiative by any Bank in Pakistan to have introduced such booklets in different languages. These booklets aim at raising awareness about basic Islamic Banking concepts and dispelling different misconceptions about it.

An online workshop series titled *“Learn Islamic Banking with BankIslami”* was conducted during the year. The series, comprising of 10 workshops, aimed to provide understanding of basic Islamic Banking concepts and the details of products offered by BankIslami.

Finally, the Shariah, Distribution and Agri teams conducted Islamic Banking awareness activities in various un-banked and rural areas, for the promotion of Islamic Banking.



3. Deen Connect:

Under this flagship Islamic Awareness program, the Bank continued to conduct different workshops, courses and webinars. During the year, two batches of ‘Quranic Arabic’ and one batch of ‘Quranic Tajweed’ courses were completed. A video series ‘Paigham e Ramadan’, was launched with one video released daily in Ramadan. The series aimed to benefit viewers in understanding the message of Ramadan in light of Quran and Ahadith. Further, Webinars were conducted on different Islamic topics including Zakat, E-Commerce – A Shariah Perspective etc. Finally forty-two (42) workshops were conducted on different Islamic topics including Zul Hijjah & Qurbani, Paigham-e-Hadith, and Short Tafseer & Translation of Surahs. The workshops also included **women-exclusive workshops**, such as the Ramadan Tarbiya & Wellness Workshop.



4. Center for Islamic Business & Finance:

BankIslami and Institute of Business Management (IoBM) established a “Center for Islamic Business & Finance”. BankIslami assumed the role of “Knowledge Partner and Founding Sponsor” through which the Bank will assist the Center in different areas such as development, launch and delivery of courses, certifications, programs pertaining to Islamic Banking and Finance. The Center was established through a donation of Rs. 2 Million from the Bank’s Khair Current Account CSR Fund.



5. Internal Capacity Building Programs:

To facilitate learning and development for bank staff, efforts were made during the year in coordination with the Training department. In this regard two (2) batches each of Certified Islamic Retail Banker and Certified Islamic Corporate Banker were conducted, providing the participants with not only a customized and thorough learning experience but also with certificates accredited by the Institute of Business Management along with monetary incentives.



Decent Work & Economic Growth:

BankIslami has always taken keen interest in well-being of its employees as well as the community. The bank has initiated immense undertakings in this regard as a policy to serve the community back. Following are the highlights of the actions the bank has taken in this virtue:

- Ad-hoc Relief Allowance, an initiative to provide ease to employees to encounter the hardships caused due to inflation.
- Enhanced Medical facilities for employees’ parents.
- ‘Employee Children Education Assistance Program’ for undergraduate dependent & un-married children of employees for programs like MBBS, Engineering, and Business Administration etc.
- Dedicated medical staff for consultation physically for Karachi & Lahore, while employees residing in other cities can avail the facility via Tele-Consultation.
- Encashment aid for 3 years to the family in case of demise of the employee.
- A ballot-based Hajj scheme where staff gets the everlasting opportunity to perform Hajj along with a family member.
- Muawwan Fund through which employees are provided sufficient financial aid.
- To facilitate and provide comfort to its workforce, the Bank has started a subsidized shuttle service for convenient commutation.



Being focused on inclusive growth in rural areas in particular, BankIslami has taken certain measures to ensure that it could help the economy to grow in continuous pace so that 2nd tier of the society can also enjoy the financing support and get a chance to improve their lifestyle. Here is a brief overview of the initiatives:

- Agri financing and tractor financing to the Agri farmers of rural areas to promote inclusive growth and uplifting the agro-based economy.
- Livestock financing to the farmers to improve their capacity and expansion of business to promote inclusive growth.
- Rural banking initiatives such that specialized rural banking officers are deputed in branches to increase outreach and penetrate in the underserved areas. This will help to achieve financial inclusion for underserved and unbanked areas and reduce the rural-urban inequality.



Gender Equality:

BankIslami developed a comprehensive Banking and Equality policy to serve as a guideline for enhancing women’s financial inclusion as a client and as an employee. There has been a continuous improvement in the ratio of women in BankIslami workforce. As of December 31, 2022, the women employee ratio is 8.42% with an increase of 48. 7% over the past couple of years. Additionally, the Bank has launched Women Exclusive Consumer Banking Campaign and Women Exclusive Financial & Non-Financial Sessions e.g. **Investment Opportunities for Women, Home Financing, Self-Awareness Health & Hygiene for Women** considering it a core responsibility to facilitate women not only in workforce but home-based women also.



BankIslami Mashal – Women Banking:

BankIslami Mashal – Women Banking is an exclusive women targeted product that caters to a variety of their financial needs e.g. deposits, entrepreneurial endeavors, etc. along with some exclusive features specifically targeted for the financial and societal inclusion of women.

Sustainable Cities & Communities:

BankIslami launched Islami Khair Current Account which not only facilitates regular banking needs but also aims to fulfill the intention of philanthropy and benevolence of account holders. The Bank will bi-annually donate 1% p.a. of total average deposit amount in this account to deserving charitable organizations and welfare projects. The initiative is taken to give back to society and provide our contribution for the well-being of people.



Climate Action:

Environment change is real and poses a global threat. Keeping in view the utmost importance for reducing omission of CO2 and to facilitate the employees, BankIslami has started its subsidized Shuttle service that not only provides its workforce convenience and comfort but also helps the city reducing omission of gases and extra vehicles on roads.



Affordable & Clean Energy:

In line with the State Bank of Pakistan’s vision for the promotion of Green Financing, BankIslami is among the most active banks in extending Green financing to its customers. The Bank has made disbursement under SBP’s Islamic Finance Facility for Renewable Energy (IFRE) to cater not only the financing needs but also provide affordable energy solutions. Likewise, Bank’s Agri department is engaged in second and third tier cities, and villages where Solar Financing is being provided for tube-wells, warehouses etc.





Clean Water & Sanitation:

BankIslami is extremely focused on employees' health and sanitation. To achieve the goal, the Bank ensures to provide clean water and other sanitary measures to its employees through Water Filtration Dispensers. Further, BankIslami also collaborated with **Karachi Relief Trust** to install water filtration plants at Bholari Tent City for Flood Affectees to ensure supply of clean and healthy water. Additionally, washrooms were also built to cater to the sanitation needs of the flood affectees.

Overall, BankIslami remains committed to welfare and development of society and continues its progress towards achievement of the United Nation's 17 Sustainable Development Goals. We pray and commit to continue and improve upon our progress for becoming a fully SDGs compliant organization.

Deen Connect



As one of the leading Islamic banks, BankIslami views Islamic banking not just as a business but mission driven by a deep rooted faith in Islamic values. Accordingly, the Bank takes pride in taking initiatives not only for the promotion of Islamic banking but also for the spreading of Islamic values and principles through different means. In line with this, an Islamic awareness program “*Deen Connect*” was launched by the Bank during the year 2021.

“*Deen Connect*” is a completely free of cost Islamic awareness program, for customers and non-customers alike. This is a first of its kind initiative in the local banking industry and has received a very positive response Alhamdulillah. Various topics were chosen to cover important aspects of daily life. Respected and learned Shariah scholars and experts were invited to conduct sessions, and address the questions of general public.

The initiative comprised of online courses, webinars, workshops, videos series as well as physical sessions. Following are key highlights of the various sessions conducted during the year:

- “*Quranic Arabic*”, “*Quranic Translation & Short Tafseer*” and “*Quranic Tajweed*” courses were conducted to improve understanding of Holy Quran, its translation, short Tafseer, and correct Tajweed. Shariah scholars were engaged to conduct these online courses and an overwhelming number of participants completed these courses and received participation certificates.
- A video series, under the title “*Paigham-e-Ramadan*”, was launched during the holy month of Ramadan. This video series, with one video released daily in Ramadan, aimed to help viewers understand the message of Ramadan in the light of Quran and Ahadith.
- A series of webinars covering different contemporary issues that common Muslims face were conducted throughout the year and the level of interest of participants was evident from their engagement on Bank’s social media pages. Webinars were conducted on different Islamic topics including Zakat, E-Commerce – A Shariah Perspective, Sadaqat-ul-Fitr: Importance and Issues, The blessing of Independence and Lessons from the life of Holy Prophet (Sallallahu Alaihi Wassalam).
- Over forty (40) workshops were conducted on different Islamic topics including Qasas-ul-Quran, Hadi-e-Alam (Sallallahu Alaihi Wassalam), Paigham-e-Hadith, Zul Hijjah & Qurbani, Shariah Aspects of Family business, Basic Halal Awareness, Laws of Inheritance, Shariah Aspects of Real Estate business, Istiqbaal-e-Ramadan, Shab-e-Barat, The Event of Meraj, Shariah Aspects of Imports & Exports, Transitioning into 2023, etc.

The workshops also included women-exclusive workshops, such as Save & Invest : The Shariah Compliant Way, Work-Life Balance: An Integrative Approach, Boosting Spirituality in Busy Schedules, Healing our Hearts, etc.

All in all, the “*Deen Connect*” program provided a platform to the general public whereby they can access Shariah scholars to find authentic information and answers from the sources of Shariah. The aim of the program is to provide a free and easy-to-access platform for Islamic knowledge.



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INDEPENDENT AUDITOR'S REPORT

To the members of BankIslami Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **BankIslami Pakistan Limited** (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2022, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 35 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and 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 31 December 2022 and of the profit, the comprehensive income, the changes in equity and its cash flow 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.



KPMG Taseer Hadi & Co.

Key Audit Matter

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

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p data-bbox="523 917 1289 983">Provision against Islamic financing, related assets and advances (Refer Note 12.16)</p> <p data-bbox="523 1002 906 1268">The Bank's Islamic financing portfolio includes fund-based and non-funded financing facilities. The portfolio includes corporate financing to several public sector entities and large to small size businesses operating in the private sector, as well as consumer financing to individuals.</p> <p data-bbox="523 1287 906 1666">As per the Bank's accounting policy (refer note 7.4.14 to the financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision against corporate and consumer financing in respect of potential credit losses in the portfolio.</p> <p data-bbox="523 1685 906 1949">The Prudential Regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision against financing, therefore, involve use</p>	<p data-bbox="935 1002 1385 1091">Our audit procedures to verify provision against Islamic financing, amongst others, included the following:</p> <ul data-bbox="935 1110 1385 1949" style="list-style-type: none"> <li data-bbox="935 1110 1385 1464">• Assessed the design and tested the operating effectiveness of manual and automated controls over classification and grading of customers, including: <ul data-bbox="951 1236 1385 1464" style="list-style-type: none"> <li data-bbox="951 1236 1385 1325">- controls over correct classification of non-performing financing on time-based criteria. <li data-bbox="951 1344 1385 1391">- controls over monitoring of financing with higher risk of default. <li data-bbox="951 1410 1385 1464">- The accuracy of data input into the system used for credit grading. <li data-bbox="935 1483 1385 1836">• In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total Islamic financing portfolio and performed the following substantive procedures for sample loan accounts: <ul data-bbox="951 1672 1385 1836" style="list-style-type: none"> <li data-bbox="951 1672 1385 1836">- verified repayments of loan / profit installments and checked that non-performing financing have been correctly classified and categorized based on the number of days overdue; and <li data-bbox="951 1855 1385 1949">- examined watch list accounts and, based on review of the individual facts and circumstances,



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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.</p> <p>In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified provision as a significant area of audit judgment and a key audit matter.</p>	<p>discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate.</p> <ul style="list-style-type: none"> • Checked the accuracy of specific provision made against non-performing financing and of general provision made against consumer finance by recomputing the provision amount after considering the benefit of forced sales value, if any, in accordance with the criteria prescribed under the PRs. • Where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file.
2.	<p>Valuation of investments (Refer note 11 to the financial statements)</p>	
	<p>The carrying value of investments held by the Bank amounted to Rs. 179,741 million, which constitutes 36.89% of the Bank's total assets as at 31 December 2022.</p> <p>The significant portion of the investments comprise of federal government securities and Non-Government shariah compliant securities.</p> <p>Investments are carried at amortized cost or fair value in accordance with the Bank's accounting policy relating to their recognition. Provision against investments is made based on impairment policy of the Bank</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; • Checked the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including the significant or prolonged decline in fair value of equity investments for impairment; • Obtained independent confirmations for verifying the existence of the



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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>investment portfolio as at 31 December 2022 and reconciled it with the books and records of the Bank. Where such confirmations were not available, alternate procedures were performed;</p> <ul style="list-style-type: none"> • Evaluated the Bank's assessment of available for sale financial assets for any additional impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions; and • Considered the Bank's disclosures of investments, such as the fair value hierarchy, to the requirements of applicable financial reporting framework.
3.	<p>Impairment testing of goodwill</p>	
	<p>As at 31 December 2022, intangible assets include goodwill amounting to Rs. 2,944.297 million acquired as a result of scheme of amalgamation as disclosed in note 14.2 to the financial statements.</p> <p>Goodwill is required to be annually assessed for impairment under IAS-36 "Impairment of Assets". Accordingly, Management has performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance.</p> <p>As disclosed in note 14.2, the Bank uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Evaluated the model used in determining the value in use as well as assessing the discount rate used; • Compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations; • Involved our internal valuation specialists to review and evaluate management's key assumptions used in impairment calculations; • Performed sensitivity analyses around the key assumptions used in the models. • Assessed the adequacy of the related disclosures in the financial statements



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S. No.	Key Audit Matters	How the matter was addressed in our audit
	Due to the significance and impact of the assumptions and judgements involved, the impairment tests of goodwill is considered to be a key audit matter.	in accordance with the applicable financial reporting framework.

Information other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Bank's Annual Report but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement 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.



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

Auditors' Responsibilities for the Audit of the unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.



KPMG Taseer Hadi & Co.

- 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, 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;
 - 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.



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2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total Islamic financing of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

Date: 2 March 2023

Karachi

UDIN: AR202210106d4DWLPJ2U

KPMG Taseer Hadi - 1
KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Statement of Financial Position

AS AT DECEMBER 31, 2022

	Note	2022	2021
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	8	39,972,702	24,552,347
Balances with other banks	9	2,045,955	3,691,953
Due from financial institutions - net	10	23,878,183	34,945,365
Investments - net	11	179,741,488	124,838,317
Islamic financing, related assets and advances - net	12	201,328,442	181,176,239
Fixed assets	13	14,189,370	13,617,439
Intangible assets	14	3,261,569	3,176,180
Deferred tax assets	15	3,338,805	4,308,141
Other assets - net	16	19,482,598	18,084,193
Total Assets		487,239,112	408,390,174
LIABILITIES			
Bills payable	17	3,530,929	3,484,210
Due to financial institutions	18	21,052,256	21,193,332
Deposits and other accounts	19	415,911,942	344,787,956
Subordinated sukuk	20	2,850,000	2,000,000
Deferred tax liabilities		-	-
Other liabilities	21	17,443,584	14,413,474
		460,788,711	385,878,972
NET ASSETS		26,450,401	22,511,202
REPRESENTED BY			
Share capital - net	22	11,007,991	11,007,991
Reserves	23	2,591,091	1,703,164
Surplus on revaluation of assets - net of tax	24	2,768,287	3,464,337
Unappropriated profit		10,083,032	6,335,710
		26,450,401	22,511,202
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these unconsolidated financial statements.



PRESIDENT /
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CHAIRMAN



DIRECTOR



DIRECTOR

Unconsolidated Profit and Loss Account

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
----- Rupees in '000 -----			
Profit / return earned	26	46,345,194	23,235,371
Profit / return expensed	27	25,942,829	12,303,231
Net Profit / return		20,402,365	10,932,140
OTHER INCOME			
Fee and commission income	28	1,459,365	1,226,894
Dividend income		25,754	24,643
Foreign exchange income		1,349,757	481,902
Gain on securities	29	80,092	291,630
Other income - net	30	683,888	94,417
Total other income		3,598,856	2,119,486
Total Income		24,001,221	13,051,626
OTHER EXPENSES			
Operating expenses	31	11,773,169	9,549,614
Workers' Welfare Fund		164,562	70,693
Other charges	32	22,884	2,525
Total other expenses		11,960,615	9,622,832
Profit before provisions		12,040,606	3,428,794
Provisions and write offs - net Extra ordinary / unusual items	33	3,812,494 -	31,888 -
PROFIT BEFORE TAXATION		8,228,112	3,396,906
Taxation	34	3,788,477	1,265,556
PROFIT AFTER TAXATION		4,439,635	2,131,350
----- Rupees -----			
Basic / Diluted earnings per share	35	4.0043	1.9224

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these unconsolidated financial statements.



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Unconsolidated Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
----- Rupees in '000 -----			
Profit after taxation for the year		4,439,635	2,131,350
Other comprehensive income / (loss)			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus on revaluation of investments - net of tax		(258,080)	(8,674)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Re-measurement gain / (loss) on defined benefit obligations - net of tax	39.8.2	26,694	(33,779)
Movement in surplus on revaluation of fixed assets - net of tax		(224,541)	595,816
Movement in surplus on revaluation of non-banking assets - net of tax		(44,509)	(68,684)
		(242,356)	493,353
Total comprehensive income		3,939,199	2,616,029

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these unconsolidated financial statements.


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Unconsolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2022

Note	Share capital	Discount on issue of shares	Statutory reserve*	Revenue reserve for bad debts & contingency	Surplus on revaluation of		Unappropriated profit	Total
					Investments	Fixed / non-banking assets		
Rupees in '000								
Balance as at December 31, 2020	11,087,033	(79,042)	1,276,894	250,000	1,398,010	1,632,499	4,329,779	19,895,173
Profit after taxation for the year	-	-	-	-	-	-	2,131,350	2,131,350
Other comprehensive income / (loss) - net of tax	-	-	-	-	(8,674)	527,132	(33,779)	484,679
	-	-	-	-	(8,674)	527,132	2,097,571	2,616,029
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(57,781)	57,781	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(1,381)	1,381	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(6,866)	6,866	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(18,602)	18,602	-
Transfer to statutory reserve	-	-	426,270	-	-	-	(426,270)	-
Transfer from revenue reserve for bad debts & contingency to unappropriated profit	23.2	-	-	(250,000)	-	-	250,000	-
Balance as at December 31, 2021	11,087,033	(79,042)	1,703,164	-	1,389,336	2,075,001	6,335,710	22,511,202
Profit after taxation for the year	-	-	-	-	-	-	4,439,635	4,439,635
Other comprehensive income / (loss) - net of tax	-	-	-	-	(258,080)	(269,050)	26,694	(500,436)
	-	-	-	-	(258,080)	(269,050)	4,466,329	3,939,199
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(117,819)	117,819	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,658	(2,658)	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(10,412)	10,412	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(43,347)	43,347	-
Transfer to statutory reserve	-	-	887,927	-	-	-	(887,927)	-
Balance as at December 31, 2022	11,087,033	(79,042)	2,591,091	-	1,131,256	1,637,031	10,083,032	26,450,401

*This represents reserve created under section 21(1) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these unconsolidated financial statements.



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CHAIRMAN



DIRECTOR



DIRECTOR

Unconsolidated Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		8,228,112	3,396,906
Less: Dividend income		(25,754)	(24,643)
		8,202,358	3,372,263
Adjustments for non-cash charges and other items:			
Depreciation on fixed assets	13.2	966,054	782,063
Depreciation on non-banking assets	16.1.1	3,159	6,416
Depreciation on right-of-use assets	13.2	866,824	769,483
Amortization	14	91,176	66,944
Depreciation on operating Ijarah assets	12.14	62,963	566,486
Amortization of lease liability against right of use assets	27	441,540	416,247
Provisions and write offs - net	33	3,812,494	31,888
Charge for defined benefit plan	39.8	175,548	139,925
(Gain) on sale of non-current assets held for sale	29.1	-	(151,601)
(Gain) / loss on sale of fixed assets	30	(19,587)	3,521
(Gain) on sale of non-banking assets	30	(208,967)	-
		6,191,204	2,631,372
		14,393,562	6,003,635
<i>(Increase) / decrease in operating assets</i>			
Due from financial institutions		11,070,422	6,694,647
Islamic financing and related assets and advances - net		(24,026,498)	(51,916,445)
Other assets (excluding advance taxation)		(931,938)	(3,602,339)
		(13,888,014)	(48,824,137)
<i>Increase / (decrease) in operating liabilities</i>			
Bills payable		46,719	160,125
Due to financial institutions		(141,076)	5,065,716
Deposits and other accounts		71,123,986	61,146,605
Other liabilities (excluding current taxation)		692,665	3,457,570
		71,722,294	69,830,016
		72,227,842	27,009,514
Contributions to defined benefit plan		-	(150,000)
Income tax paid		(1,285,270)	(528,793)
Net cash generated from operating activities		70,942,572	26,330,721
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(55,162,320)	(29,590,094)
Dividends received		25,754	24,643
Payment of Ijarah (lease) liability against right-of-use assets		(1,216,855)	(1,072,180)
Investments in fixed assets		(1,571,487)	(2,447,277)
Investments in intangible assets		(176,565)	(134,626)
Proceeds from sale of non-current assets held for sale		-	753,210
Proceeds from sale of fixed assets		83,258	37,609
Net cash used in investing activities		(58,018,215)	(32,428,715)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of subordinated sukuk		850,000	-
Net cash generated from financing activities		850,000	-
Increase / (decrease) in cash and cash equivalents		13,774,357	(6,097,994)
Cash and cash equivalents at the beginning of the year		28,244,300	34,342,294
Cash and cash equivalents at the end of the year	37	42,018,657	28,244,300

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these unconsolidated financial statements.



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Notes to and Forming Part of the Unconsolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

1 STATUS AND NATURE OF BUSINESS

- 1.1 BankIslami Pakistan Limited (the Bank) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Bank on March 18, 2005. The Bank commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Bank is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Bank is operating through 380 branches including 80 sub-branches as at December 31, 2022 (2021: 340 branches including 80 sub-branches). The registered office of the Bank is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Bank are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Bank's long-term rating as 'A+' and the short-term rating as 'A1' with a positive outlook.

2 BASIS OF PREPARATION

- 2.1 The Bank provides financing mainly through Murabaha, Istisna, Diminishing Musharakah, Import Murabaha, Salam, Musawamah, Running Musharaka (Shirkat-ul-Aqd), Ijarah and other Islamic modes as briefly explained in note 7.4 to these unconsolidated financial statements.

The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Bank.

- 2.2 These unconsolidated financial statements are the separate financial statements of the Bank in which investments in subsidiary and associates are carried at cost less accumulated impairment losses, if any, and are not consolidated. The consolidated financial statements of the Bank are being issued separately.
- 2.3 Effective May 07, 2015, the defunct KASB Bank Limited (amalgamated entity) was amalgamated within and into the Bank. As the amalgamated entity operated as a conventional bank, any assets or liabilities which are not Shariah compliant are shown separately within the unconsolidated financial statement line items.

3 STATEMENT OF COMPLIANCE

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

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

3.2 The SBP, through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these unconsolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these unconsolidated financial statements. However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

Further, as per SBP's BPRD circular no. 03 of 2022, IFRS 9 'Financial Instruments' is applicable:

- Effective from 01 January 2023 for banks having asset size of PKR 500 billion or above as per their Annual Financial Statements of December 31, 2021.
- Effective from 01 January 2024 for all other banks.

In view of above circular, IFRS 9 is applicable on the Bank effective from 01 January 2024. However, an option of early adoption of the standard has been made permissible.

3.3 The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly unconsolidated financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these unconsolidated financial statements.

4 CHANGES IN REPORTING STANDARDS AND INTERPRETATIONS

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

There are certain interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

<u>Standard, Interpretation or Amendment</u>	<u>Effective date (annual periods beginning on or after)</u>
Classification of Liabilities as Current or Non-current and application of materiality to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

<u>Standard</u>	<u>Effective date (annual periods beginning on or after)</u>
IFRS 1 - First time adoption of IFRSs	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Bank's unconsolidated financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- (a) Classification and valuation of investments in accordance with the Bank's policy (notes 7.3 and 11).
- (b) Provision for non-performing Islamic financing and related assets and advances (notes 7.4.13 and 12.16).
- (c) Determination of forced sales value of underlying securities of non-performing Islamic financing and related assets and advances (note 12.17.5).
- (d) Impairment of investments in equity instruments of subsidiary, associates and non-associate entities (notes 7.3.5 and 11).
- (e) Determination of lease term and incremental benchmark rate for lease contract of various properties used by Bank's branches (notes 7.5.3, 13 & 21).
- (f) Staff retirement benefits (notes 7.11 and 39).
- (g) Revaluation and depreciation / amortization of fixed assets and intangible assets (notes 7.5, 13.2 and 14).
- (h) Valuation of non-banking assets acquired in satisfaction of claims (notes 7.7 and 16.1).
- (i) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 7.6, 15 and 34).
- (j) Estimation of other provisions and contingent liabilities (notes 25 and 33).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

6 BASIS OF MEASUREMENT

6.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention, except that certain fixed assets, certain investments, foreign currency balances, commitments in respect of shariah compliant alternative of foreign exchange contracts and non-banking assets acquired in satisfaction of claims have been marked to market and are carried at fair value. Further, staff retirement benefits as discussed in notes 7.10 and 39 to the unconsolidated financial statements have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

6.2 Functional and Presentation Currency

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

6.3 Rounding off

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise specified.

7.1 Cash and cash equivalents

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

7.2 Due to / from financial and other institutions

7.2.1 Bai Muajjal

In Bai Muajjal transactions, the Bank sells sukuk on deferred payment basis to financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the credit period.

7.2.2 Musharakah

In Musharakah, the Bank invests / accepts in the Shariah compliant business pools of / from the financial institutions at the agreed profit and loss sharing ratio (PSR).

7.2.3 Musharakah from State Bank of Pakistan under Islamic Export Refinance Scheme (IERS)

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Bank under the Shariah guidelines issued by the SBP. The profit of the pool is shared as per the agreed PSR between the partners.

7.2.4 Acceptances from State Bank of Pakistan for financial assistance

The Bank has recorded Acceptances from State Bank of Pakistan for financial assistance at its fair value which is amortized over its agreed term.

7.2.5 Commodity Murabaha

In Commodity Murabaha, the Bank sells commodities on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

7.2.6 Wakalah

In Wakalah, the Bank accepts / places funds from / with financial Institutions by entering into Investment Agency for the funds to be invested in profitable avenues as / on behalf of the Muwakkil.

7.3 Investments

7.3.1 Classification

Investments of the Bank, including investments in associates and subsidiary are classified as follows:

(a) Held for trading

These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

(b) Held to maturity

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

(c) Available for sale

These are investments, other than those in subsidiary and associates, which do not fall under the 'held for trading' or 'held to maturity' categories.

(d) Associates

Associate is an entity over which the Bank has significant influence but not control. Investment in associates are initially carried at cost.

(e) Subsidiaries

Subsidiary is an entity over which the Bank has control. Investment in subsidiary is initially carried at cost.

7.3.2 Regular way contracts

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

7.3.3 Initial recognition and measurement

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

Premium or discount on Shariah compliant securities classified as 'available for sale' is amortized using the effective profit rate method and taken to the unconsolidated profit and loss account.

7.3.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) Held for trading

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

(b) Held to maturity

These are measured at amortized cost using the effective profit rate method, less any impairment loss recognized to reflect irrecoverable amount.

(c) Available for sale

Quoted / Government securities are subsequently re-measured at fair value. Surplus / (deficit) arising on re-measurement is included in the statement of unconsolidated comprehensive income and recognized in the unconsolidated statement of financial position in equity. The surplus / (deficit) arising on these securities is taken to the unconsolidated profit and loss account when actually realized upon disposal.

Unquoted equity securities are valued at the lower of cost (which in the case of business acquisition would be the fair value at the acquisition date) and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

(d) Associates

Investment in associate is subsequently carried at cost less accumulated impairment losses, if any.

(e) Subsidiary

Investment in subsidiary is subsequently carried at cost less accumulated impairment losses, if any.

7.3.5 Impairment

Available for sale and held to maturity

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered as an objective evidence of impairment. Provision for diminution in the value of sukuk certificates is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognized directly in surplus on revaluation of assets on the Unconsolidated Statement of Financial Position in equity is removed there and recognized in the unconsolidated profit and loss account. For investments classified as held to maturity, the impairment loss is recognized in the unconsolidated profit and loss account.

Investment in associates and subsidiary

In respect of investment in associates and subsidiary, the Bank reviews their carrying values at each reporting date to assess whether there is an indication of impairment. Such indication may include significant and prolonged decline in the market value, significant changes with an adverse impact on the entity, carrying amount of net assets in excess of market capitalization etc. Any basis applied in this respect should be justifiable in view of other factors present for the entity. The amount of impairment is determined based on the higher of value-in-use and fair value less cost to sell. Impairment loss is recognized in the unconsolidated profit and loss account.

7.3.6 Gains or losses on sale of investments are included in unconsolidated profit and loss account for the year.

7.4 Islamic financing, related assets and advances

7.4.1 Islamic financing and related assets are financial products originated by the Bank and principally comprise of Murabahah, Istisna, Ijarah, Salam, Muswammah, Diminishing Musharakah, Running Musharakah (Shirkat-ul-Aqd) and other Islamic modes of financing and the related assets.

As a general rule, funds disbursed under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financings are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the unconsolidated statement of financial position reporting date are recorded as inventories.

7.4.2 Ijarah Financing {Ijarah contracts where the Bank acts as Mujir (lessor)}

Ijarah financing executed on or before December 31, 2008 have been accounted for under finance method, thereafter all Ijarah financing are accounted for under IFAS-2.

- (a)** Under finance method, the present value of minimum Ijarah payments have been recognized and shown under Islamic financing and related assets. The unearned income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on a receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir (lessee).
- (b)** Under IFAS-2 method, assets underlying Ijarah financing have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the unconsolidated profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

7.4.3 Murabahah

Murabahah is a sale transaction with the purchase orderer wherein the first party (the Bank) sells to the client / customer Shariah compliant assets / goods for cost plus a pre-agreed profit after getting title and possession of the same. In principle, on the basis of an undertaking (Promise-to-Purchase) from the client (the purchase orderer), the Bank purchases the assets / goods subject of the Murabahah from a third party and takes the possession thereof. However, the Bank can appoint the client as its agent to purchase and take possession of the assets / goods on its behalf. Thereafter, it sells it to the client at cost plus the profit agreed upon in the promise.

7.4.4 Istisna

Istisna is a contract where the buyer (the Bank) orders the client (seller / manufacturer) to manufacture and deliver specified goods at an agreed contract price upon completion. Istisna is used with Wakalah agreement to provide financing mainly to manufacturers. Thus the transaction consists of two stages: (i) Bai Istisna whereby the Bank purchases goods from the client and (ii) Wakalah whereby the Bank after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

7.4.5 Diminishing Musharakah

Diminishing Musharakah represents an asset in joint ownership whereby a partner promises to buy the equity share of the other partner until the ownership of the asset is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Bank).

7.4.6 Import Murabahah

Import Murabahah is a product, used to finance a commercial transaction which consists of purchase by the Bank (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the client after getting the title and possession of the goods. Murabahah financing is extended to all types of trade transactions i.e., under Documentary Credits (LCs), Documentary Collections and Open Accounts.

7.4.7 Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot. In Salam financing, the transaction consists of two stages: (i) Bai Salam whereby the Bank purchases goods from the client and (ii) Wakalah whereby the Bank after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

7.4.8 Musawamah / Tijarah

Under this product the Bank purchases identified goods from client at an agreed purchase price on the basis of Musawamah / Tijarah. The Bank then sells the goods in the market through an agent (Client) at a higher price to earn its desired profit.

7.4.9 Musharakah

Musharakah are different types of partnerships in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

7.4.10 Wakalah-tul-Istismar (Investment Agency Wakalah)

Wakalah-tul-Istismar means appointing another person to invest and grow one's wealth, with or without a fee. It covers contract for acquisition of services of a person or institution (Wakeel) for making investments of Wakalah Funds, and accomplishment of certain task on behalf of another person or institution (Muwakkil).

7.4.11 Running Musharakah

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in customer's operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to its Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

7.4.12 Ijarah

Ijarah is a contract where the owner of an asset transfers its usufruct (i.e. the usage right) to another person for an agreed period, at an agreed consideration. The rentals received / receivable on Ijarah are recorded as income / revenue. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

7.4.13 Advances

On May 07, 2015, the Bank acquired operation of the defunct KASB Bank Limited (the amalgamated entity) which was operating as a conventional bank in Pakistan. Subsequent to acquisition, the Bank converted portfolio of conventional advances into Shariah compliant financings. Advances represent unconverted portfolio, mostly consist of delinquent accounts, and are stated net of specific and general provisions.

7.4.14 Provisioning

Islamic financing, related assets and advances are stated net of general provisions and specific provisions against non-performing Islamic financing, related assets and advances which are charged to the unconsolidated profit and loss account.

Specific provision

The Bank maintains specific provision for doubtful debts / financing based on the requirements specified in the Prudential Regulations issued by the SBP.

General provision

Consumer financing

The Bank maintains general provision against consumer financing at varying percentages based on the non-performing financing ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The net provision made / reversed during the year is charged to the unconsolidated profit and loss account and accumulated provision is netted off against Islamic financing, related assets and advances. Islamic financing, related assets and advances are written off when there are no realistic prospects of recovery.

7.5 Fixed assets

7.5.1 Property and equipment

Fixed assets other than freehold land and building on leasehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and building on leasehold land are carried at revalued amount less any accumulated depreciation and subsequent impairment losses. The revaluation exercise is carried out on periodic basis.

Depreciation is computed using the straight-line method by taking into consideration the estimated useful life of the related assets at the rates specified in fixed assets note to the unconsolidated financial statements. Depreciation on additions / deletions during the year is charged for the proportionate period for which the asset remained in use.

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

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposal of property and equipment, if any, are taken to the unconsolidated profit and loss account.

7.5.2 Capital work in progress

These are stated at cost less accumulated impairment losses, if any.

7.5.3 Ijarah (Leased) assets {where the Bank is Mustajir (lessee)}

The SBP, vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee).

Accounting policy with regards to Ijarah (leased) assets where the bank is Mustajir (lessee) is as follows:

Right-of-use (RoU) assets

At the commencement date of the lease, the RoU asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any re-measurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the expected lease term.

Ijarah (lease) Liability

At the commencement date of the Ijarah (lease), the Bank recognizes Ijarah (lease) liability measured at the present value of the consideration (Ijarah payments) to be made over the expected Ijarah (lease) term and is adjusted for Ijarah (lease) prepayments. The lease payments are discounted using the effective rate implicit in the Ijarah (lease), unless it is not readily determinable, in which case the Mustajir (lessee) may use the incremental rate of financing. After the commencement date, the carrying amount of Ijarah (lease) liability is increased to reflect the accretion of finance cost and reduced for the Ijarah (lease) payments made.

7.5.4 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method over the estimated useful life. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment losses, if any.

Amortization on additions / deletions during the year is charged for the proportionate period for which the asset remained in use.

Software and other development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Bank.

Intangible assets, including goodwill, with indefinite useful life are not amortized but tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

7.5.5 Impairment

At each reporting date, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately in the unconsolidated financial statements except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately 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 assets.

7.6 Taxation

7.6.1 Current

The provision for current taxation is based on taxable income for the year at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as allowed under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

7.6.2 Deferred

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using 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 reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

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

7.7 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and revalued at each year-end date of the unconsolidated statement of financial position. An increase in market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is initially used to reduce the surplus account, if any, or if no surplus exists, is charged to the unconsolidated profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the unconsolidated profit and loss account up to the extent of the original impairment. All direct costs of acquiring title to the asset are charged immediately to the unconsolidated profit and loss account.

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

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets in the notes to the unconsolidated financial statements. If such asset is subsequently used by the Bank for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

7.8 Non-current assets held for sale

The Bank classifies a non-current asset as held for sale if it represents a separate major line of business or a geographical area of operations or is a investment in subsidiary / associate which the Bank has decided to divest; and its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the unconsolidated profit and loss account for any initial or subsequent write down of the non-current asset held for sale to fair value less cost to sell. Subsequent gain in fair value less cost to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset held for sale is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

7.9 Subordinated Sukuk

Subordinated sukuk is initially recorded at the amount of proceeds received. Profit expense on subordinated sukuk is charged to unconsolidated profit and loss account over the period on an accrual basis and is recognised as part of other liabilities.

7.10 Acceptances

Acceptances representing undertakings by the Bank to pay bills of exchange drawn on customers are recognized as asset and liability of the Bank at the date of acceptance.

7.11 Staff retirement benefits

7.11.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognized in the unconsolidated statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the unconsolidated statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2022.

Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognized in the unconsolidated statement of financial position immediately, with a charge or credit to "Unconsolidated Statement of Other Comprehensive Income" in the periods in which they occur.

7.11.2 Defined contribution plan

The Bank operates a recognized contributory provident fund for all the permanent employees. Equal monthly contributions are made both by the Bank and the employees at the rate of 10% of the basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions made by the Bank are recognized as employee benefit expense when they are due.

7.12 Revenue recognition

- 7.12.1** Profit on Murabahah and Commodity Murabahah is recognized over the financing stage of Murabahah on an accrual basis. Profit on Murabahah transactions for the period from the date of disbursement to the date of culmination of Murabahah is recognized immediately on the culmination date.
- 7.12.2** Profit from Istisna, Salam and Muswammah are recorded on an accrual basis commencing from the time of sale of goods till the realization of proceeds by the Bank. Profit from Diminishing Musharakah are recognized on a time proportionate basis in the form of rentals.
- 7.12.3** The Bank follows the finance method in recognizing income on Ijarah contracts written up to December 31, 2008. Under this method the unearned income i.e. excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on a receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir (lessee).
- Rental from Ijarah contracts entered on or after January 01, 2009 is recognized in the unconsolidated profit and loss account over the term of the contract net of depreciation expense relating to the Ijarah assets.
- 7.12.4** Provisional profit of Musharakah financing is recognized on an accrual basis. Actual profit / loss on Musharakah financing is adjusted after declaration of profit by Musharakah partner or on liquidation of Musharakah.
- 7.12.5** Profit on Wakalah-tul-Istismar financings is booked on an accrual basis and is adjusted upon declaration of profit by the Wakeel.
- 7.12.6** Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- 7.12.7** Profit on classified financing is recognized on a receipt basis.
- 7.12.8** Dividend income is recognized when the right to receive the dividend is established.
- 7.12.9** Gains and losses on sale of investments are recognized in the unconsolidated profit and loss account.
- 7.12.10** Fee on issuance of letter of credit and acceptance is recognized on receipt basis as generally the transactions consummate within an accounting period. Commission on guarantees, if considered material, is recognized over the period of guarantee. The Bank earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service.
- 7.12.11** Profit on Sukuks is recognized on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, the premiums / discounts are amortized through the unconsolidated profit and loss account over the remaining life of Sukuk, using the effective yield method.

7.12.12 Income earned from revenues that are not Shariah compliant are not recognized in the unconsolidated profit and loss account. This income is classified as charity payable in accordance with the recommendation of the Shariah Board of the Bank.

7.13 Revenue from conventional products

On May 07, 2015, the Bank acquired operation of the defunct KASB Bank Limited (the amalgamated entity) which was operating as a conventional bank in Pakistan. Keeping in view the Shariah compliance, the Shariah Board of the Bank has approved that any income accruing on conventional products is not to be transferred to unconsolidated profit and loss account and is classified as liability under the head "Receipt Appropriation Account" in other liabilities. Further, expenses incurred in respect of legal & professional charges or other expenses as approved by the Shariah Board that pertain to the aforesaid acquisition are to be set off against such income. Effective from July 01, 2021, any income accruing on conventional products is being credited directly to the Charity Payable account after deducting any actual costs incurred on recovery of an amount as approved by the Shariah compliance.

7.14 Financial Instruments

7.14.1 Financial assets and financial liabilities

All financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any loss on derecognition of the financial assets and financial liabilities is taken to unconsolidated profit and loss accounts directly. Financial assets carried on the unconsolidated statement of financial position include cash and balances with treasury banks, balances with other banks, due from financial institutions, investments, Islamic financing and related assets and certain receivables and financial liabilities include bills payable, due to financial institutions, deposits, subordinated sukuk and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

7.14.2 Off-setting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set-off the recognized amount and the Bank intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also reported on a net basis in the unconsolidated financial statements, only when permitted by the accounting and reporting standards as applicable in Pakistan.

7.14.3 Shariah compliant derivatives (Under Wa'ad Structure)

Shariah compliant derivative financial instruments are recognized at fair value. In case of equity Shariah compliant futures, the fair value is calculated with reference to quoted market price. Derivatives with positive market values (i.e. unrealized gains) are included in other receivables and derivatives with negative market values (i.e. unrealized losses) are included in other liabilities in the unconsolidated statement of financial position. The resultant gains and losses are taken to the unconsolidated profit and loss account.

7.15 Foreign currencies

7.15.1 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pakistani Rupee, which is the Bank's functional and presentation currency.

7.15.2 Foreign currency transactions

Foreign currency transactions are translated into local currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the unconsolidated statement of financial position reporting date. Forward exchange promises are revalued using forward exchange rates applicable to their respective remaining maturities.

7.15.3 Translation gains and losses

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

7.15.4 Commitments

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

7.16 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in the unconsolidated financial statements.

7.17 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

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

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

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

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

7.18 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Musharakah and Wakalah modes.

Under the general deposit pools, the Bank accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah compliant modes of financings, investments and placements. When utilizing investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan, high net worth customers and other banks for Islamic Export Refinance Scheme to Bank's customers and liquidity management respectively under the Musharakah / Mudarabah modes. The profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool. The directly related costs comprise of depreciation on ijarah assets, takaful premium. No expense of general or administrative nature of expense is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib share) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib share.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. As per Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors' pool of PKR, USD, GBP and Euro. The Bank maintains General Pools, FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

7.18.1 General Pool

For General Pools, the Bank allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business. Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank of Pakistan and Bai Muajjal with Government of Pakistan and other financial institutions are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Due to limited investment options in USD, GBP and Euro pool, funds from FCY pools are invested in available International Sukuk, Shariah Complaint Nostro accounts and remaining funds are taken out and invested in PKR general pool as part of equity. In such cases return from PKR General Pool is given back to FCY pools, so that returns can be passed on to FCY pool customers accordingly.

7.18.2 Special Mudarabah Pool

Special Mudarabah Pools are created to manage returns of High Net Worth depositors and Government institutions. The funds received against these deposits are invested in various Shariah compliant assets.

7.18.3 Specific Musharakah Pool

7.18.3.1 Islamic Export Refinance Scheme Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financings to / sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

7.18.3.2 Other Specific Musharakah Pool

The Other Specific Musharakah Pool assets comprise of consumer housing finance portfolio, sukuk and the related liability of the pool comprises of Musharakah Acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

7.18.3.3 Financial Institution (FI) Pools

The FI pools assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pools comprise of Musharakah / Mudarabah / Wakalah Acceptance from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

7.19 Provisions and Contingent Assets and Liabilities

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

Contingent assets are not recognized, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefit is remote.

Provisions for guarantee claims and other off-balance sheet obligations are recognized when intimated and reasonable certainty exist for the Bank to settle the obligation. Charge to the unconsolidated profit and loss account is stated net of expected recoveries.

7.20 Business Combinations

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. 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 excess of the consideration transferred over the fair value of the Bank's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired, the difference is recognized directly in the unconsolidated profit and loss account as bargain purchase.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any.

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Bank. The excess of fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognized in equity.

7.21 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments. The Bank has defined its segments in line with the requirements of IFRS 8 - "Operating Segments".

IFRS 8 requires the entity to define operating segments based on various factors including the basis on which operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

7.21.1 Business segments

Trading and sales

It includes equity, foreign exchanges, commodities, money market placements and debt investments.

Retail banking

It includes retail Islamic financing and related assets, deposits and banking services offered to the Bank's retail customers.

Commercial banking

It includes investment banking business, trade business and Islamic financing and related assets relating to the Bank's corporate, SME and agriculture customers.

Support Centre

It includes the assets and liabilities relating to support functions at Head Office and their related income and expenses.

7.21.2 Geographical segment

The Bank operates only in Pakistan.

7.22 Earnings per share

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

7.23 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Statement of Financial Position are considered as non adjusting events and are recorded as a liability in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

7.24 Remuneration framework

In order to align the remuneration practices in Pakistan with the international standards and best practices, the SBP issued Guidelines on Remuneration Practices through its BPRD circular no. 02 dated March 03, 2016, which were subsequently revised through BPRD Circular No. 01 dated 25 January 2017.

In accordance with these guidelines, the Bank has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Bank is in line with the Bank's objectives taking into consideration all risks that the Bank may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place. The framework has been reviewed and recommended by the Board's Remuneration Committee (BRC) and approved by the Board of Directors (BoD).

Under the policy, all employees across the Bank who are materially responsible for risk taking - Material Risk Takers (MRTs), or risk controlling activities - Material Risk Controllers (MRCs) are identified. The remuneration of these MRTs and MRCs is dependent upon the achievement of performance measured through risk-adjusted balance scorecards, which include financial and nonfinancial / qualitative performance indicators including compliance with internal policies/ procedures/ controls, customer experience, as well as certain risk-adjusting factors (negative earners) such as regulatory compliance, frauds, complaints etc. All other individuals who do not fall within the criteria of MRTs and MRCs continue to be governed through the Bank's existing HR policy. The features of total compensation i.e. fixed remuneration as well as variable remuneration offered through performance bonuses have been disclosed in note 41 to these financial statements.

A certain portion of the variable compensation of the MRTs and MRCs is subjected to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, improves risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes, and shall vest proportionately over the deferral period following the year of variable remuneration award, subject to any malus trigger adjustments. Under the Bank's framework, the deferred percentage decided for distribution in the year 2022 was 20 percent (2021: 50), while the deferral period is set at three years (2021: three years).

The payouts for variable compensation for the performance years 2019 and onwards, for MRTs and MRCs is based on the revised mechanism which takes into consideration factors (such as position within the organization, roles and responsibilities, risk alignment, and performance against KPIs) for differentiating the variable pays across employees or group of employees under the framework. Furthermore, the balanced scorecards used for performance assessment also take into consideration that MRCs are remunerated independently of the functions they oversee. As approved by the Board, and as allowed under the SBP's Guidelines on Remuneration Practices, the deferral amount retained for performance years is set aside and managed by the Bank internally, with a team of members from amongst the internal management responsible for oversight and subsequent payouts.

	Note	2022	2021
-----Rupees in '000-----			
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
- Local currency		12,786,558	8,369,573
- Foreign currency		626,887	710,923
		<u>13,413,445</u>	<u>9,080,496</u>
With the State Bank of Pakistan in:			
- Local currency current account	8.1	24,819,147	10,641,385
- Foreign currency deposit accounts:			
- Cash reserve account	8.2	683,821	565,020
- Special cash reserve account	8.2	826,020	682,577
- US dollar clearing account		7,466	11,674
		<u>1,517,307</u>	<u>1,259,271</u>
With National Bank of Pakistan in:			
- Local currency current account		222,780	3,563,460
Prize Bonds	8.3	23	7,735
		<u>39,972,702</u>	<u>24,552,347</u>

- 8.1 This represents the amount held against Cash Reserve Requirement and Statutory Liquidity Requirement. Balance held under this account is non-remunerative.
- 8.2 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% and Special cash reserve of 6% are required to be maintained with the State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). These accounts are non-remunerative in nature.
- 8.3 The Bank has collected National Prize Bonds from customers in line with circular issued by SBP in this regard. The value of the Prize Bonds represents a receivable due to the Bank from the Government of Pakistan occurring as a result of Islamic concept of Hawala (assignment of debt) arrangement.

	Note	2022	2021
-----Rupees in '000-----			
9 BALANCES WITH OTHER BANKS			
In Pakistan:			
- In current accounts		927	967
- In deposit accounts	9.1	132	125
		<u>1,059</u>	<u>1,092</u>
Outside Pakistan:			
- In current accounts		1,717,993	3,501,107
- In deposit accounts	9.2	326,903	189,754
		<u>2,044,896</u>	<u>3,690,861</u>
		<u>2,045,955</u>	<u>3,691,953</u>

- 9.1 These represent deposits with various Islamic banks under Musharakah and Mudarabah arrangements. The expected profit rate on these arrangements range between 6.65% to 11% (2021: 2.22% to 5.90%) per annum.
- 9.2 These represent deposit placement outside Pakistan with an Islamic banking division of a foreign bank under Wakala arrangement. The expected profit rate on these arrangements is 2.25% (2021: 0.08%) per annum.

10 DUE FROM FINANCIAL INSTITUTIONS - NET

	Note	2022			2021		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----							
Secured							
Bai Muajjal Receivable							
-from Banks	10.1	-	-	-	4,951,909	-	4,951,909
-from Other Financial Institutions	10.1	4,000,718	-	4,000,718	4,008,737	-	4,008,737
Unsecured							
Wakalah Placement	10.2	-	-	-	-	518,416	518,416
Musharaka Placements	10.3	10,000,000	-	10,000,000	15,000,000	-	15,000,000
Bai Muajjal Receivable							
-from Banks	10.1	4,036,995	-	4,036,995	1,980,792	-	1,980,792
-from Other Financial Institutions	10.1	5,840,470	-	5,840,470	8,485,511	-	8,485,511
Other placements		21,060	-	21,060	24,300	-	24,300
		23,899,243	-	23,899,243	34,451,249	518,416	34,969,665
Provision held against Financial Institution Placements	10.4	(21,060)	-	(21,060)	(24,300)	-	(24,300)
		23,878,183	-	23,878,183	34,426,949	518,416	34,945,365

10.1 The average return on this product ranges between 13.09% to 17.35% (2021: 7.35% to 11.52%) per annum. The balances have maturities ranging between 3 days to 278 days (2021: 21 days to 363 days). The Secured Bai Muajjal receivable are secured against Federal Government securities received as collateral and having market value of Rs. 3,821 million as at December 31, 2022 (2021: Rs. 8,900 million).

10.2 The expected profit rate on these agreements is Nil (2021: 0.04% to 0.2%) per annum. The agreements have remaining maturities of Nil days (2021: 6 days).

10.3 The expected profit rate on these agreements is 16% to 16.10% (2021: 10% to 11%) per annum and the agreements have maturities of 6 days (2021: 4 to 7 days).

10.4 Category of classification

	2022		2021	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	21,060	21,060	24,300	24,300

10.4.1 The Bank does not hold overseas classified placements.

11 INVESTMENTS - NET

	Note	2022	2021
		-----Rupees in '000-----	
Investments - Islamic	11.1 & 11.3	179,163,813	124,260,642
Investments - Conventional (relating to amalgamated entity)	11.2 & 11.4	577,675	577,675
		179,741,488	124,838,317

11.1 Islamic Investments by type

Note	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							
Available for sale securities								
Federal Government Shariah Compliant Securities	140,109,510	-	(289,819)	139,819,691	83,614,067	-	22,710	83,636,777
Shares / Modaraba Certificates	371,784	(77,571)	84,571	378,784	270,553	(70,677)	153,826	353,702
Non-Government Shariah Compliant Securities	36,176,548	(35,880)	2,189,908	38,330,576	37,710,377	(35,880)	1,960,904	39,635,401
Foreign securities	6,820	-	-	6,820	6,820	-	-	6,820
	176,664,662	(113,451)	1,984,660	178,535,871	121,601,817	(106,557)	2,137,440	123,632,700
Associates	627,942	-	-	627,942	627,942	-	-	627,942
Total Islamic investments	177,292,604	(113,451)	1,984,660	179,163,813	122,229,759	(106,557)	2,137,440	124,260,642

11.2 Conventional Investments by type*

Available for sale securities								
Shares	591,680	(591,680)	-	-	33,680	(33,680)	-	-
Non-Government Debt Securities	224,467	(224,467)	-	-	230,292	(230,292)	-	-
Foreign securities	1,155,350	(577,675)	-	577,675	1,155,350	(577,675)	-	577,675
	1,971,497	(1,393,822)	-	577,675	1,419,322	(841,647)	-	577,675
Held to maturity securities								
Non-Government Debt Securities	92,145	(92,145)	-	-	92,145	(92,145)	-	-
Associates	474,169	(474,169)	-	-	1,032,169	(1,032,169)	-	-
Subsidiary	104,771	(104,771)	-	-	104,771	(104,771)	-	-
Total conventional investments	2,642,582	(2,064,907)	-	577,675	2,648,407	(2,070,732)	-	577,675

11.3 Islamic Investments by segments

Federal Government Shariah Compliant Securities								
GoP Ijarah Sukuks	140,109,510	-	(289,819)	139,819,691	73,308,231	-	22,710	73,330,941
Bai Muajjal	-	-	-	-	10,305,836	-	-	10,305,836
	140,109,510	-	(289,819)	139,819,691	83,614,067	-	22,710	83,636,777
Shares / Modaraba Certificates								
Listed companies	371,784	(77,571)	84,571	378,784	270,553	(70,677)	153,826	353,702
Non-Government Shariah Compliant Securities								
Listed								
Pakistan Energy Sukuk-I	27,146,945	-	1,845,992	28,992,937	27,146,945	-	1,832,419	28,979,364
Pakistan Energy Sukuk-II	3,391,464	-	(7,464)	3,384,000	3,392,588	-	42,172	3,434,760
	30,538,409	-	1,838,528	32,376,937	30,539,533	-	1,874,591	32,414,124
Unlisted								
Sukuk certificates	5,638,139	(35,880)	351,380	5,953,639	7,170,844	(35,880)	86,313	7,221,277
Foreign securities								
Equity securities	6,820	-	-	6,820	6,820	-	-	6,820
Associate								
Shakariganj Food Products Limited	627,942	-	-	627,942	627,942	-	-	627,942
	177,292,604	(113,451)	1,984,660	179,163,813	122,229,759	(106,557)	2,137,440	124,260,642

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

11.3.1 These represent Bank's investment in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps.

11.3.2 These represent Bank's investment in Pakistan Energy Sukuk-II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR - 10bps.

11.4 Conventional Investments by segments*

Note	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-----								
Shares								
Unlisted Companies	591,680	(591,680)	-	-	33,680	(33,680)	-	-
	591,680	(591,680)	-	-	33,680	(33,680)	-	-
Non Government Debt Securities								
Listed	74,607	(74,607)	-	-	80,432	(80,432)	-	-
Unlisted	242,005	(242,005)	-	-	242,005	(242,005)	-	-
	316,612	(316,612)	-	-	322,437	(322,437)	-	-
Foreign securities								
Equity securities	1,155,350	(577,675)	-	577,675	1,155,350	(577,675)	-	577,675
Associates								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
New Horizon Exploration and Production Limited	-	-	-	-	558,000	(558,000)	-	-
	474,169	(474,169)	-	-	1,032,169	(1,032,169)	-	-
Subsidiary								
My Solutions Corporation Limited	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	104,771	(104,771)	-	-	104,771	(104,771)	-	-
	2,642,582	(2,064,907)	-	577,675	2,648,407	(2,070,732)	-	577,675

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

11.5 Investments given as collateral

Note	2022	2021
-----Rupees in '000-----		
Federal Government Securities	5,889,000	5,889,000

11.6 Provision for diminution in value of investments

11.6.1 Opening balance		2,177,289	2,448,730
Charge / (reversal)			
Charge for the year		1,069	-
Reversals for the year		-	(14,022)
		1,069	(14,022)
Amounts written off		-	(257,419)
Closing Balance	11.6.1.1	2,178,358	2,177,289

11.6.1.1 Breakup of provision for diminution in the value of investments is as follows:

Investments - Islamic	113,451	106,557
Investments - Conventional	2,064,907	2,070,732
	2,178,358	2,177,289

11.6.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
-----Rupees in '000-----				
Domestic				
Loss	628,743	352,492	634,568	358,317
Total	628,743	352,492	634,568	358,317

11.6.2.1 The Bank does not hold overseas classified debt securities.

11.7 Quality of Available for Sale Securities

2022	2021
Cost	
-----Rupees in '000-----	

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

11.7.1 Federal Government Securities - Government guarantee d

GoP Ijarah Sukuks	140,109,510	73,308,231
Bai Muajjal	-	10,305,836
	140,109,510	83,614,067

11.7.2 Non Government Debt Securities*

	Cost	
	2022	2021
	-----Rupees in '000-----	
Listed		
Unrated	30,613,016	30,619,965
Unlisted		
AAA	3,336,625	5,063,381
AA+	331,500	442,000
AA	-	-
AA-	241,667	83,333
A+	50,000	50,000
A	266,217	220,000
A-	-	-
Unrated	1,561,990	1,461,990
	5,787,999	7,320,704

* Entity's ratings are used where sukuk and term finance certificates ratings were not available.

11.7.3 Shares (Equity Securities)
11.7.3.1 Listed Companies

- Financial	333,263	232,032
- Fertilizer	38,370	38,370
- Pharmaceutical	151	151
	371,784	270,553

11.7.3.2 Unlisted Companies

Note	2022			2021	
	As at	Cost	Breakup value	Cost	Breakup value
	----- Rupees in '000 -----				
Pakistan Export Finance Guarantee Agency Limited	June 30, 2010	5,680	0.50	5,680	0.50
Riverstone Consultancy (Private) Limited (Formerly KASB Invest (Private) Limited)	June 30, 2021	28,000	0.69	28,000	0.69
New Horizon Exploration and Production Limited	December 31, 2014	558,000	1.07	-	-
		591,680	2.26	33,680	1.19

11.7.4 Foreign Securities

	Note	Cost	
		2022	2021
		----- Rupees in '000 -----	
Equity Securities			
Unlisted			
SWIFT (Society for World Wide Interbank Financial Telecommunication)	11.3	6,820	6,820
Evolve Capital Limited - Incorporated in British Virgin Islands	11.4	1,155,350	1,155,350
		1,162,170	1,162,170

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

Non Government Debt Securities
Unlisted

Unrated	92,145	92,145
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11.8.1 The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Nil (December 31, 2021: Nil).

11.9	Details of investment in subsidiary	2022							
		As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
----- Rupees in '000 -----									
	Unlisted								
	My Solutions Corporation Limited	December 31, 2013	100.00	Pakistan	69,539	10,105	14,580	(1,763)	(1,763)

11.10 Details of investment in associates

11.10	Details of investment in associates	2022							
		As at	Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
----- Rupees in '000 -----									
	Unlisted								
	Islamic								
	Shakarganj Food Products Limited	September 30, 2022	36.38	Pakistan	10,704,794	7,197,066	18,068,681	122,534	368,617
	Conventional								
	KASB Funds Limited	December 31, 2015	43.89	Pakistan	46,465	32,465	23,640	(66,241)	(65,679)
	KASB Capital Limited*	December 31, 2016	21.78	Mauritius	\$ 652,864	\$ 135,428	\$ -	\$ (34,084)	\$ (34,084)

* This represents the full US\$ amount.

12 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET

Note	2022	2021
	-----Rupees in '000-----	
Islamic financing and related assets - net	201,160,513	180,992,699
Advances (relating to amalgamated entity) - net	167,929	183,540
	<u>201,328,442</u>	<u>181,176,239</u>

12.1 ISLAMIC FINANCING AND RELATED ASSETS

Note	Performing		Non Performing		Total		
	2022	2021	2022	2021	2022	2021	
	-----Rupees in '000-----						
In Pakistan							
- Running Musharakah	12.9	70,086,223	62,385,085	1,324,955	1,424,510	71,411,178	63,809,595
- Diminishing Musharakah financing and related assets - Others	12.3	41,068,657	32,865,920	3,121,040	1,616,390	44,189,697	34,482,310
- Diminishing Musharakah - Housing assets		25,751,728	18,814,897	1,663,899	1,621,348	27,415,627	20,436,245
- Diminishing Musharakah financing and related assets - Auto		23,470,877	22,580,287	380,557	267,268	23,851,434	22,847,555
- Istisna financing and related assets	12.4 & 12.10	13,790,179	14,388,358	2,563,708	948,614	16,353,887	15,336,972
- Murabahah financing and related assets	12.5 & 12.11	13,255,965	14,608,663	238,222	581,036	13,494,187	15,189,699
- Musawamah financing and related assets /Tijarah	12.6 & 12.12	6,221,702	4,709,506	4,328,305	4,059,763	10,550,007	8,769,269
- Investment Agency Wakalah		3,125,000	5,208,333	-	-	3,125,000	5,208,333
- Murabahah against Bills		1,120,211	970,192	146,681	-	1,266,892	970,192
- Financing against Bills		1,179,967	1,593,966	-	-	1,179,967	1,593,966
- Past Due Acceptance		498,354	32,280	-	-	498,354	32,280
- Ijarah financing under IFAS 2 and related assets	12.7	336,640	504,768	120,030	338,865	456,670	843,633
- Salam	12.8	223,900	104,898	-	-	223,900	104,898
- Musharakah financing		160,000	280,000	-	-	160,000	280,000
- Qardh-e-Hasana		36,135	1,680	121,359	121,860	157,494	123,540
- Net investment in Ijarah financing in Pakistan	12.13	104,062	131,545	-	-	104,062	131,545
- Housing finance portfolio - others		23,535	31,241	-	-	23,535	31,241
Islamic financing and related assets - gross		200,453,135	179,211,619	14,008,756	10,979,654	214,461,891	190,191,273
Less: Provision against non-performing Islamic financing and related assets							
- Specific	12.16	-	-	(10,314,265)	(8,431,606)	(10,314,265)	(8,431,606)
- General	12.16	(2,987,113)	(766,968)	-	-	(2,987,113)	(766,968)
		(2,987,113)	(766,968)	(10,314,265)	(8,431,606)	(13,301,378)	(9,198,574)
Islamic financing and related assets - net of provision		197,466,022	178,444,651	3,694,491	2,548,048	201,160,513	180,992,699

12.2 ADVANCES

- Loans, cash credits, running finances, etc. - In Pakistan*		15,253	89,776	4,598,676	4,830,544	4,613,929	4,920,320
- Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan		-	-	684,295	684,295	684,295	684,295
- Net investment in finance lease - in Pakistan	12.13	-	-	580,807	582,185	580,807	582,185
Advances - gross		15,253	89,776	5,863,778	6,097,024	5,879,031	6,186,800
Provision against advances							
- Specific	12.16	-	-	(5,804,866)	(6,097,024)	(5,804,866)	(6,097,024)
- General	12.16	(55)	(55)	-	-	(55)	(55)
		(55)	(55)	(5,804,866)	(6,097,024)	(5,804,921)	(6,097,079)
Advances - net of provision		15,198	89,721	58,912	-	74,110	89,721
Fair value adjustment	12.18	-	-	93,819	93,819	93,819	93,819
Advances - net of provision and fair value adjustment		15,198	89,721	152,731	93,819	167,929	183,540

* This represents non-interest bearing performing financing facilities amounting to Rs. 15,253 million (2021: Rs. 89,776 million).

	Note	2022	2021
-----Rupees in '000-----			
12.3 Diminishing Musharakah financing and related assets - Others			
Diminishing Musharakah financing		38,633,625	29,496,294
Advance against Diminishing Musharakah financing		5,556,072	4,986,016
		<u>44,189,697</u>	<u>34,482,310</u>
12.4 Istisna financing and related assets			
Istisna financing		7,547,321	6,984,506
Advance against Istisna financing		1,613,446	8,352,466
Istisna inventories		7,193,120	-
		<u>16,353,887</u>	<u>15,336,972</u>
12.5 Murabahah financing and related assets			
Murabahah financing		8,278,378	7,461,935
Deferred murabahah income		563,847	288,114
Advances against Murabaha financing		4,651,962	1,927,813
Murabaha Inventories		-	5,511,837
		<u>13,494,187</u>	<u>15,189,699</u>
12.5.1 Murabaha receivable - gross	12.5.2	8,842,221	7,750,049
Less: Deferred murabaha income	12.5.4	(289,597)	(179,290)
Profit receivable		(274,246)	(108,824)
Murabaha financing		<u>8,278,378</u>	<u>7,461,935</u>
12.5.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		7,750,049	2,364,587
Sales during the year		64,151,683	28,912,989
Received during the year		(63,059,511)	(23,527,527)
Adjusted during the year		-	-
Closing balance		<u>8,842,221</u>	<u>7,750,049</u>
12.5.3 Murabaha sale price (for transactions during the year)		64,151,683	28,912,989
Murabaha purchase price (for transactions during the year)		(61,689,521)	(28,095,715)
		<u>2,462,162</u>	<u>817,274</u>
12.5.4 Deferred Murabahah income			
Opening balance		179,290	56,097
Arising during the year		2,462,162	817,274
Recognized during the year		(2,351,855)	(694,081)
Closing balance		<u>289,597</u>	<u>179,290</u>
12.6 Musawamah financing and related assets / Tijarah			
Musawamah financing		8,317,899	6,246,037
Advance against Musawamah financing		2,232,108	266,839
Musawamah inventories		-	2,256,393
		<u>10,550,007</u>	<u>8,769,269</u>
12.7 Ijarah financing under IFAS 2 and			
Net book value of assets under IFAS 2	12.14	456,059	843,022
Advance against Ijarah financing		611	611
		<u>456,670</u>	<u>843,633</u>
12.8 Salam			
Salam financing		110,000	54,999
Advance against Salam		64,000	49,899
Salam inventories		49,900	-
		<u>223,900</u>	<u>104,898</u>
12.9 Running musharakah financing and related assets includes financing amounting to Rs. 2,423 million (2021: Rs. 2,554 million) under Islamic Export Refinance Scheme.			
12.10 Istisna financing and related assets includes financing amounting to Rs. 865 million (2021: Rs. 1,586 million) and advance amounting to Rs. 1,087 million (2021: Rs. 678.800 million) under Islamic Export Refinance Scheme.			
12.11 Murabahah financing and related assets includes financing amounting to Rs. 0.033 million (2021: Rs.192.500 million) under Islamic Export Refinance Scheme.			
12.12 Musawamah financing and related assets / Tijarah includes advance amounting to Rs. 150 million (2021: Rs. 100 million) under Islamic Export Refinance Scheme.			

12.13 Break up of net investment in Ijarah financing and Finance lease

	2022	2021
	----- Rupees in '000-----	
Islamic financing and related assets	104,062	131,545
Advances	580,807	582,185
	<u>684,869</u>	<u>713,730</u>

12.13.1 Net investment in Ijarah financing in Pakistan and finance lease

	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 -----							
Ijarah rentals receivable	655,787	-	-	655,787	684,648	-	-	684,648
Residual value	73,328	-	-	73,328	73,328	-	-	73,328
Minimum Ijarah payments	729,115	-	-	729,115	757,976	-	-	757,976
Profit for future periods	(44,246)	-	-	(44,246)	(44,246)	-	-	(44,246)
Present value of minimum Ijarah payments	684,869	-	-	684,869	713,730	-	-	713,730

12.14 Ijarah Assets

	2022							
	Cost			Accumulated depreciation			Book value as at December 31, 2022	Rate of Depreciation %
	As at January 01, 2022	Addition/ (deletions)	As at December 31, 2022	As at January 01, 2022	Charge / (deletions)	As at December 31, 2022		
	----- Rupees in '000 -----							
Plant and Machinery	1,899,200	- (1,600,000)	299,200	1,582,580	22,117 (1,359,000)	245,697	53,503	20-33.33
Vehicles	1,690,590	41,444 (530,562)	1,201,472	1,164,188	40,846 (406,118)	798,916	402,556	20-33.33
	3,589,790	41,444 (2,130,562)	1,500,672	2,746,768	62,963 (1,765,118)	1,044,613	456,059	

	2021							
	Cost			Accumulated depreciation			Book value as at December 31, 2021	Rate of Depreciation %
	As at January 01, 2021	Addition/ (deletions)	As at December 31, 2021	As at January 01, 2021	Charge / (deletions)	As at December 31, 2021		
	----- Rupees in '000 -----							
Plant and Machinery	1,994,099	- (94,899)	1,899,200	1,290,620	366,789 (74,829)	1,582,580	316,620	20-33.33
Vehicles	2,934,790	- (1,244,200)	1,690,590	1,878,599	199,697 (914,108)	1,164,188	526,402	20-33.33
	4,928,889	- (1,339,099)	3,589,790	3,169,219	566,486 (988,937)	2,746,768	843,022	

12.14.1 Future Ijarah payments receivable

	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 -----							
Ijarah rentals receivable	30,370	22,999	-	53,369	103,305	40,092	-	143,397

12.15 Particulars of Islamic financing and related assets and advances - gross

	2022	2021
	----- Rupees in '000-----	
In local currency	218,622,648	195,464,197
In foreign currency	1,718,274	913,876
	<u>220,340,922</u>	<u>196,378,073</u>

- 12.16 Islamic financing and related assets and advances include Rs. 19,872.534 million (2021: Rs.17,076.678 million) which have been placed under non-performing status as detailed below:

Category of classification

	2022		2021	
	Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision
	-----Rupees in '000-----			
Domestic				
Other assets especially mentioned	325,596	-	164,571	-
Substandard	548,330	48,085	554,426	92,057
Doubtful	4,236,194	2,411,182	1,113,707	334,116
Loss	14,762,414	13,659,864	15,243,974	14,102,457
Total	19,872,534	16,119,131	17,076,678	14,528,630

- 12.16.1 The Bank does not hold overseas classified non-performing Islamic financing, related assets and advances.

12.17 **Particulars of provision against non-performing Islamic financing, related assets and advances:**

	2022			2021		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
Opening balance	14,528,630	767,023	15,295,653	14,491,608	802,048	15,293,656
Charge for the year	2,748,357	2,220,145	4,968,502	2,736,255	(35,025)	2,701,230
Reversals for the year	(1,157,169)	-	(1,157,169)	(2,389,299)	-	(2,389,299)
	1,591,188	2,220,145	3,811,333	346,956	(35,025)	311,931
Amount written off	(687)	-	(687)	(309,934)	-	(309,934)
Closing balance	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653
12.17.1 Islamic	10,314,265	2,987,113	13,301,378	8,431,606	766,968	9,198,574
Conventional	5,804,866	55	5,804,921	6,097,024	55	6,097,079
	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653

12.17.2 Provision/ reversal of provision net of fair value adjustment taken to the profit and loss account	Note	2022	2021
		-----Rupees in '000-----	
Gross reversals for the year		1,157,169	2,389,299
Charge for the year		(4,968,502)	(2,701,230)
Fair value adjusted - net		(3,811,333)	(311,931)
Net charge taken to the profit and loss account	33	(3,811,333)	(23,679)
			(335,610)

12.17.3 **Particulars of provision against non-performing Islamic financing and related assets and advances:**

	2022			2021		
	Specific	General	Total	Specific	General	Total
	-----Rupees in '000-----					
In local currency	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653
In foreign currency	-	-	-	-	-	-
	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653

- 12.17.4 The Bank maintains general reserve (provision) amounting to Rs. 487.168 million (2021: Rs. 417.023 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing. In addition, the Bank carries general provision of Rs. 2,500 million (2021: Rs. 350 million) as a matter of prudence based on management estimate.

- 12.17.5 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at December 31, 2022 amounts to Rs.1,061.067 million (2021: Rs. 1,043.691 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 541.144 million (2021: Rs. 636.651 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

- 12.18 Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by an independent consultant.

12.19 Particulars of write-offs	2022	2021
	-----Rupees in '000-----	
Against provisions	687	309,934
Directly charged to the profit and loss account	-	-
	<u>687</u>	<u>309,934</u>
Write-offs Rs. 500,000 and above		
- Domestic	678	309,934
- Overseas	-	-
Write-offs below Rs. 500,000	9	-
	<u>687</u>	<u>309,934</u>

12.19.1 Details of Financings 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 financings or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-I.

12.20 Particulars of financing to directors, executives or officers of the Bank

Financing due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons.

	Note	2022	2021
		-----Rupees in '000-----	
Balance at the beginning of the year		3,518,517	3,095,075
Financing granted during the year		1,462,408	1,230,050
Payments received during the year		(673,000)	(806,608)
Balance at the end of the year	12.20.1	<u>4,307,925</u>	<u>3,518,517</u>

12.20.1 This includes Rs. 3.326 million (2021: Rs. 1.883 million) as Qardh-e-Hasana to employees under the Bank's Human Resource Policy.

12.21 SBP other refinance schemes	Note	2022	2021
		-----Rupees in '000-----	
Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)		7,478,402	4,489,370
Islamic Long-Term Financing Facility		952,692	-
Islamic refinance scheme for payment of wages and salaries		438,035	1,824,118
RM EFS - Rupee Based Discounting (TFA)		223,136	-
Islamic refinance scheme for Renewable Energy		627,670	-
Islamic refinance scheme for combating COVID (IRFCC)		271,263	328,351
Islamic refinance facility for Modernization of SMEs		71,930	115,470
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		59,710	18,289
Islamic Credit Guarantee Scheme For Women Entrepreneur		9,279	-
		<u>10,132,117</u>	<u>6,775,598</u>

13 FIXED ASSETS

Capital work-in-progress	13.1	1,427,567	1,264,988
Property and equipment	13.2	9,864,421	9,709,779
Right of use assets	13.2	2,897,382	2,642,672
		<u>14,189,370</u>	<u>13,617,439</u>

13.1 Capital work-in-progress

Advances to suppliers and contractors		236,844	74,265
Advance for acquiring properties:			
- Office premises	13.1.1	1,190,723	1,190,723
		<u>1,427,567</u>	<u>1,264,988</u>

13.1.1 This includes advance against purchase of properties amounting to Rs. 1,143.632 million (2021: Rs. 1,143.632 million).

13.2 Property and Equipment

2022							
Freehold/leasehold land	Freehold/leasehold building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right of use assets	Total	
----- Rupees in '000 -----							
At January 1, 2022							
Cost / Revalued amount	3,564,900	4,440,070	3,279,542	3,880,564	81,001	5,007,717	20,253,794
Accumulated depreciation	-	(445,273)	(2,046,749)	(3,000,319)	(43,957)	(2,365,045)	(7,901,343)
Net book value	3,564,900	3,994,797	1,232,793	880,245	37,044	2,642,672	12,352,451
Year ended December 2022							
Opening net book value	3,564,900	3,994,797	1,232,793	880,245	37,044	2,642,672	12,352,451
Additions	-	209,436	468,929	482,306	29,525	1,121,534	2,311,730
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-
Disposals	-	(64,933)	(14,906)	(69,244)	-	-	(149,083)
Write offs	-	-	(36,803)	-	-	-	(36,803)
	-	(64,933)	(51,709)	(69,244)	-	-	(185,886)
Movement in Accumulated Depreciation							
Depreciation charge	-	(312,743)	(249,212)	(385,896)	(18,203)	(866,824)	(1,832,878)
Reversal of depreciation on disposal	-	5,313	13,283	66,816	-	-	85,412
Reversal of depreciation on write off	-	-	30,974	-	-	-	30,974
	-	(307,430)	(204,955)	(319,080)	(18,203)	(866,824)	(1,716,492)
Closing net book value	3,564,900	3,831,870	1,445,058	974,227	48,366	2,897,382	12,761,803
At December 31, 2022							
Cost / Revalued amount	3,564,900	4,584,573	3,696,762	4,293,626	110,526	6,129,251	22,379,638
Accumulated depreciation	-	(752,703)	(2,251,704)	(3,319,399)	(62,160)	(3,231,869)	(9,617,835)
Net book value	3,564,900	3,831,870	1,445,058	974,227	48,366	2,897,382	12,761,803
Depreciation rate / *years	-	2	10	15-25	20	*1-5	
----- Rupees in '000 -----							
2021							
Freehold/leasehold land	Freehold/leasehold building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right of use assets	Total	
----- Rupees in '000 -----							
At January 1, 2021							
Cost / Revalued amount	3,310,812	3,481,832	3,072,175	3,492,862	68,447	4,582,201	18,008,329
Accumulated depreciation	-	(296,539)	(1,826,109)	(2,697,462)	(30,420)	(1,595,562)	(6,446,093)
Net book value	3,310,812	3,185,293	1,246,066	795,400	38,027	2,986,639	11,562,236
Year ended December 2021							
Opening net book value	3,310,812	3,185,293	1,246,066	795,400	38,027	2,986,639	11,562,236
Additions	-	187,022	289,103	446,453	12,554	425,516	1,360,648
Movement in surplus on assets revalued during the year	254,088	806,052	-	-	-	-	1,060,140
Disposals	-	(34,836)	(3,681)	(58,751)	-	-	(97,268)
Write offs	-	-	(78,055)	-	-	-	(78,055)
	-	(34,836)	(81,736)	(58,751)	-	-	(175,323)
Movement in Accumulated Depreciation							
Depreciation charge	-	(150,886)	(264,042)	(353,598)	(13,537)	(769,483)	(1,551,546)
Reversal of depreciation on disposal	-	2,152	3,244	50,742	-	-	56,138
Reversal of depreciation on write off	-	-	40,158	-	-	-	40,158
	-	(148,734)	(220,640)	(302,856)	(13,537)	(769,483)	(1,455,250)
Closing net book value	3,564,900	3,994,797	1,232,793	880,246	37,044	2,642,672	12,352,451
At December 31, 2021							
Cost / Revalued amount	3,564,900	4,440,070	3,279,542	3,880,564	81,001	5,007,717	20,253,794
Accumulated depreciation	-	(445,273)	(2,046,749)	(3,000,319)	(43,957)	(2,365,045)	(7,901,343)
Net book value	3,564,900	3,994,797	1,232,793	880,245	37,044	2,642,672	12,352,451
Depreciation rate / *years	-	2	10	15-25	20	*1-5	

13.2.1 Details of property and equipment disposed-off

Details of disposal of fixed assets to the Chief Executive Officer or to a Director or to Executives, irrespective of the value, and to any other person having aggregate book value of more than Rs 5 million and particulars of each asset, which has book value of Rs. 500,000 or above during the year are disclosed in 'Annexure II'.

13.3 Cost of fully depreciated properties and equipment that are still in the Bank's use, as at December 31, 2022, amounted to Rs.3,349.760 million (2021: Rs.3,100.984 million).

13.4 During the year ended December 31, 2021, the Bank's freehold land and buildings on leasehold land were revalued by M/s. Harvester Services (Private) Limited., Gandhara Consultants (Private) Limited, Akbani & Javed Associates and Sadruddin Associates (Private) Limited on the basis of their professional assessment of the present market value. As a result of revaluation the market value of freehold land and buildings on leasehold land were determined at Rs. 7,559.697 million. The total surplus arising against revaluation of fixed assets as of December 31, 2022 amounts to Rs. 2,805.877 million.

Had there been no revaluation, the carrying amount of revalued assets at December 31, 2022 would have been as follows:

	Rupees in '000
Land	3,044,311
Building	1,546,582
	4,590,893

14 INTANGIBLE ASSETS

2022					
Computer software	Core deposits	Membership and subscription	Customer list	Goodwill (note 14.2)	Total

----- Rupees in '000 -----

At January 1, 2022

Cost	757,106	40,600	23,500	7,799	2,944,297	3,773,302
Accumulated amortization and impairment	(572,567)	(15,520)	(1,236)	(7,799)	-	(597,122)
Net book value	184,539	25,080	22,264	-	2,944,297	3,176,180

Year ended December 2022

Opening net book value	184,539	25,080	22,264	-	2,944,297	3,176,180
Additions:						
- directly purchased	173,527	-	4,875	-	-	178,402
Disposals	-	-	(2,000)	-	-	(2,000)
Amortization charge	(86,438)	(2,245)	(2,493)	-	-	(91,176)
Amortization on Disposal	-	-	163	-	-	163
Closing net book value	271,628	22,835	22,809	-	2,944,297	3,261,569

At December 31, 2022

Cost	930,633	40,600	26,375	7,799	2,944,297	3,949,704
Accumulated amortization and impairment	(659,005)	(17,765)	(3,566)	(7,799)	-	(688,135)
Net book value	271,628	22,835	22,809	-	2,944,297	3,261,569

Rate of amortization (percentage)

	20	6	10	10	-	
--	----	---	----	----	---	--

Useful life (years)

	5	18	10	10	-	
--	---	----	----	----	---	--

2021					
Computer software	Core deposits	Membership and Subscription	Customer list	Goodwill (Note 14.2)	Total

----- Rupees in '000 -----

At January 1, 2021

Cost	645,980	40,600	-	7,799	2,944,297	3,638,676
Accumulated amortization and impairment	(509,111)	(13,268)	-	(7,799)	-	(530,178)
Net book value	136,869	27,332	-	-	2,944,297	3,108,498

Year ended December 2021

Opening net book value	136,869	27,332	-	-	2,944,297	3,108,498
Additions:						
- directly purchased	111,126	-	23,500	-	-	134,626
Disposals	-	-	-	-	-	-
Amortization charge	(63,456)	(2,252)	(1,236)	-	-	(66,944)
Closing net book value	184,539	25,080	22,264	-	2,944,297	3,176,180

At December 31, 2021

Cost	757,106	40,600	23,500	7,799	2,944,297	3,773,302
Accumulated amortization and impairment	(572,567)	(15,520)	(1,236)	(7,799)	-	(597,122)
Net book value	184,539	25,080	22,264	-	2,944,297	3,176,180

Rate of amortization (percentage)

	20	5.5 - 20	10	10	-	
--	----	----------	----	----	---	--

Useful life (years)

	5	5 - 18	10	10	-	
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14.1 The cost of fully amortized intangible assets that are still in the Bank's use, as at December 31, 2022 amounted to Rs.461.273 million (2021: Rs.440.188 million).

14.2 This represents goodwill recognized upon acquisition of defunct KASB Bank Limited Undertakings based on fair values of assets and liabilities. The Bank carried out Goodwill impairment testing as at December 31, 2022.

Key assumptions used in value in use calculation

The recoverable amount of Goodwill has been determined based on value in use calculation, using cash flow projections based on financial projections approved by the management of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	%
Discount rate	19.30
Terminal growth rate	5.00

The calculation of value in use is most sensitive to following assumptions:

a) Profit margins

Profit margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the Bank's financial position might change over the projected period. Based on the expansion plans, management expects aggressive growth in financing, investments and deposits during the projected periods and thereafter stabilization in line with industry trends.

Management believes that any significant change in key assumptions, on which Goodwill's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of Goodwill are sensitive to changes in assumptions for profit rate spreads, Non-Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of Goodwill exceeds its carrying amount by approximately Rs. 10,649.454 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

Changes required individually for the carrying amount to equal recoverable amount

	%
Discount rate	6.70
Terminal growth rate	(3.10)

14.3 The amount of goodwill that will be deductible for taxable purposes is Rs. 5,896.832 million. The difference represents the fair value benefit of the financial assistance granted by the State Bank of Pakistan.

		2022				
Note	At January 01, 2022	Recognized in unconsolidated P&L	Recognized in unconsolidated OCI	At December 31, 2022		
----- Rupees in 000-----						
15 DEFERRED TAX ASSETS						
Deductible Temporary Differences on:						
	Accumulated tax losses	15.1	2,591,239	(1,728,027)	-	863,212
	Tax credit against minimum tax		32,238	(32,238)	-	-
	Provision for diminution in the value of investments		199,769	20,559	-	220,328
	Provision against non-performing Islamic financing and related assets and advances		3,344,708	1,306,033	-	4,650,741
	Ijarah financing and related assets		234,991	(181,982)	-	53,009
	Accelerated tax depreciation		128,401	17,932	-	146,333
			6,531,346	(597,723)	-	5,933,623
Taxable Temporary Differences on:						
	Fair value adjustments relating to net assets acquired upon amalgamation		(344,266)	(6,940)	-	(351,206)
	Surplus on revaluation of available for sale securities	24	(748,104)	-	(105,300)	(853,404)
	Surplus on revaluation of fixed assets	24	(1,051,413)	69,048	(224,541)	(1,206,906)
	Surplus on revaluation of non-banking assets	24	(66,370)	21,910	15,748	(28,712)
	Others		(13,052)	(141,538)	-	(154,590)
			(2,223,205)	(57,520)	(314,093)	(2,594,818)
			4,308,141	(655,243)	(314,093)	3,338,805

		2021			
	At January 01, 2021	Recognized in unconsolidated P&L	Recognized in unconsolidated OCI	At December 31, 2021	
----- Rupees in 000-----					
Deductible Temporary Differences on:					
	Accumulated tax losses	2,748,819	(157,580)	-	2,591,239
	Tax credit against minimum tax	-	32,238	-	32,238
	Provision for diminution in the value of investments	326,246	(126,477)	-	199,769
	Provision against non-performing Islamic financing and related assets and advances	3,797,882	(453,174)	-	3,344,708
	Ijarah financing and related assets	207,080	27,911	-	234,991
	Accelerated tax depreciation	61,891	66,510	-	128,401
		7,141,918	(610,572)	-	6,531,346
Taxable Temporary Differences on:					
	Fair value adjustments relating to net assets acquired upon amalgamation	(191,218)	(153,048)	-	(344,266)
	Surplus on revaluation of available for sale securities	(752,775)	-	4,671	(748,104)
	Surplus on revaluation of fixed assets	(621,899)	-	(429,514)	(1,051,413)
	Surplus on revaluation of non-banking assets	(14,383)	-	(51,987)	(66,370)
	Others	263,243	(276,295)	-	(13,052)
		(1,317,032)	(429,343)	(476,830)	(2,223,205)
		5,824,886	(1,039,915)	(476,830)	4,308,141

- 15.1 The Bank has aggregate tax losses of Rs. 2,213.364 million as at December 31, 2022 (2021: Rs. 7,403.539 million) which includes tax losses of amalgamated entity. The management has carried out an assessment for estimating the benefit of these losses. The Bank would be able to set off the profit earned in future years against these carry forward losses. Based on this assessment the management has recognized deferred tax debit balance amounting to Rs. 863.212 million (2021: Rs. 2,591.239 million). The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the management. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit's composition, kibar rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing financing and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

16 OTHER ASSETS - NET	Note	2022	2021
		-----Rupees in '000-----	
Profit / return accrued in local currency		12,472,201	9,110,889
Profit / return accrued in foreign currency		26,199	194
Advances, deposits, advance rent and other prepayments		2,656,198	1,105,402
Non-banking assets acquired in satisfaction of claims		1,455,091	2,116,519
Branch Adjustment Account		-	440,114
Takaful claim receivable		58,148	69,511
Receivable against takaful and registration charges - Diminishing Musharakah Auto Financing		319,093	-
Receivable against First WAPDA Sukuk	16.2	50,000	50,000
Acceptances		2,332,910	5,462,889
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		7,968	28,980
Others		802,973	771,437
		<u>20,180,781</u>	<u>19,155,935</u>
Less: Provision held against other assets	16.3	(764,955)	(1,261,370)
Other Assets (net of provision)		<u>19,415,826</u>	<u>17,894,565</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		66,772	189,628
Other assets - total		<u>19,482,598</u>	<u>18,084,193</u>
16.1 Market value of non-banking assets acquired in satisfaction of claims		<u>1,216,101</u>	<u>1,506,468</u>

The properties of the Bank have been revalued by independent professional valuers as at December 31, 2022. The revaluation was carried out by Gandhara Consultants (Private) Limited, Akbani & Javed Associates, Sadruddin Associates and Harvester Services (Pvt) Ltd on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 60.257 million.

Impairment against non-banking assets acquired in satisfaction of claims amounting to Rs. 305.762 million (2021: Rs. 799.679 million) is included in provision held against other assets.

16.1.1 Non-banking assets acquired in satisfaction of claims

	2022	2021
	-----Rupees in '000-----	
Opening Balance	1,506,468	1,671,387
Additions	-	-
Revaluation	(126,942)	(5,937)
Disposals	(658,271)	(55,440)
Depreciation	(3,159)	(6,416)
Reversal / (charge) of impairment	493,917	(95,000)
Incremental Depreciation	4,088	(2,126)
Closing Balance	<u>1,216,101</u>	<u>1,506,468</u>

16.1.2 Gain / (Loss) on disposal of non-banking assets acquired in satisfaction of claims

Disposal Proceeds	441,100	-
less		
- Cost	747,889	-
- Impairment / Depreciation	(515,756)	-
	<u>232,133</u>	-
Gain / Loss	<u>208,967</u>	-

16.2 The Bank had purchased 10,000 certificates on June 25, 2009 of first WAPDA sukuk through a negotiated transaction for a cash consideration of Rs. 50.228 million having face value of Rs. 50 million. These certificates were available in the seller's Central Depository Company (CDC) account and on completion of the transaction were transferred to the Bank's CDC account. However, the periodic Ijarah Rental dues were not paid to the Bank on the plea that there exists certain discrepancy with respect to ownership of the asset. The amount has been shown under "other assets" as the certificates were matured in 2012 as per the terms of the sukuk issue. The Bank has not recognized any provision in respect of the above amount as it is fully secured through a lien over a deposit account.

	Note	2022	2021
		-----Rupees in '000-----	
16.3 Provision held against other assets			
Advances, deposits, advance rent & other prepayments		26,692	26,692
Non banking assets acquired in satisfaction of claims		305,762	799,679
Others		432,501	434,999
	16.3.1	<u>764,955</u>	<u>1,261,370</u>
16.3.1 Movement in provision held against other assets			
Opening balance		1,261,370	1,588,151
Charge for the year		-	399,738
Reversals during the year		(496,415)	(25,069)
Adjustment during the year		-	(701,450)
Closing balance		<u>764,955</u>	<u>1,261,370</u>

17 BILLS PAYABLE

In Pakistan	3,530,929	3,484,210
Outside Pakistan	-	-
	<u>3,530,929</u>	<u>3,484,210</u>

18 DUE TO FINANCIAL INSTITUTIONS

Secured

Due to State Bank of Pakistan

Refinance facility for Islamic Temporary Economic Refinance Facility (TERF)	18.1	7,473,692	4,349,261
Acceptances for financial assistance	18.2	4,036,120	3,691,010
Acceptances under Islamic Export Refinance Scheme	18.3	4,175,000	5,143,000
Islamic refinance scheme for payment of wages and salaries	18.1	469,634	1,805,305
Islamic Long-Term Financing Facility	18.1	922,930	-
Islamic refinance scheme for Renewable Energy	18.1	563,692	-
Islamic Export Finance Scheme - Rupee based discounting	18.4	139,863	-
Islamic refinance scheme for combating COVID (IRFCC)	18.1	76,879	23,921
Islamic Refinance Scheme for Modernization of SMEs	18.1	65,854	-
Islamic Credit Guarantee Scheme for Women Entrepreneur	18.1	9,499	-
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)	18.1	56,967	18,289
		17,990,130	15,030,786
Refinance facility for Islamic Mortgage	18.5	3,062,126	3,762,546
Total secured		<u>21,052,256</u>	<u>18,793,332</u>
Unsecured			
Musharakah Acceptance	18.6	-	2,400,000
Total unsecured		<u>-</u>	<u>2,400,000</u>
		<u>21,052,256</u>	<u>21,193,332</u>

18.1 These acceptances are on profit and loss sharing basis which have been invested in general pool of the Bank and are secured against demand promissory notes executed in favor of State Bank of Pakistan (SBP).

18.2 This represents amortized cost of a 10 year financing facility of Rs. 5,000 million extended by SBP. The facility is secured against Federal Government securities. The 10 year facility was provided on the basis of Mudarabah to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis. Accordingly, the profit amortization rate applied by the Bank in this respect is 0.04% per annum.

- 18.3** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 5,300 million (2021: Rs. 5,300 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2022.
- 18.4** These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 250 million (2021: Nil) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme - Rupee Based Discounting for the financial year ended December 31, 2022.
- 18.5** The agreements are on a profit and loss sharing basis and are secured against housing finance portfolio. The profit rate on these agreements is ranging from 5.33% to 10.50% (2021: 9.68% to 10.87%) per annum.
- 18.6** The expected profit rate on this agreement is Nil (2021: 10.10%) per annum and has maturity of Nil Days (2021: 7 Days).

18.7 Particulars of due to financial institutions with respect to currencies	2022	2021
	-----Rupees in '000-----	
In local currency	21,052,256	21,193,332
In foreign currencies	-	-
	<u>21,052,256</u>	<u>21,193,332</u>

19 DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	153,254,447	4,891,424	158,145,871	128,156,769	3,998,743	132,155,512
Savings deposits	91,134,589	3,359,456	94,494,045	80,518,080	3,609,545	84,127,625
Term deposits	132,317,698	4,987,727	137,305,425	103,796,987	3,357,730	107,154,717
Others	10,979,366	90,052	11,069,418	1,979,022	85,336	2,064,358
	<u>387,686,100</u>	<u>13,328,659</u>	<u>401,014,759</u>	<u>314,450,858</u>	<u>11,051,354</u>	<u>325,502,212</u>
Financial Institutions						
Current deposits	1,419,692	9,985	1,429,677	258,791	12,098	270,889
Savings deposits	13,071,506	-	13,071,506	18,187,489	-	18,187,489
Term deposits	396,000	-	396,000	827,366	-	827,366
Others	14,887,198	9,985	14,897,183	19,273,646	12,098	19,285,744
	<u>402,573,298</u>	<u>13,338,644</u>	<u>415,911,942</u>	<u>333,724,504</u>	<u>11,063,452</u>	<u>344,787,956</u>

19.1 Composition of deposits	2022	2021
	-----Rupees in '000-----	
Individuals	101,568,758	88,329,695
Government (Federal and Provincial)	14,764,525	10,749,169
Public Sector Entities	9,423,485	11,830,860
Banking Companies	1,126,375	60,828
Non-Banking Financial Institutions	13,770,808	19,224,916
Private Sector	275,257,991	214,592,488
	<u>415,911,942</u>	<u>344,787,956</u>

- 19.2** Total deposits includes eligible deposits under deposit protection mechanism amounting to Rs.185,870.705 million (2021: Rs.170,338.464 million).

20 SUBORDINATED SUKUK

	Note	2022	2021
-----Rupees in '000-----			
ADT-1 Sukuk Issue I	20.1	2,000,000	2,000,000
Advance subscription against ADT-1 Sukuk Issue II	20.2	850,000	-
		<u>2,850,000</u>	<u>2,000,000</u>

20.1 The Bank has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuku under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

20.1.1 Salient features of the ADT-1 Sukuk Issue I are as follows:

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A-' (A minus).
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	The Bank may, at its sole discretion, call the sukuku, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuku shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

20.1.2 The funds raised through this instrument are being utilized towards the Bank's General Pool, that is, financing and investment activities as permitted by the Bank's Memorandum and Articles of Association. With permission of Sukuk holders, the proceeds of this issue have been commingled with other funds of the depositors (which may include Bank's own equity) i.e. invested in General Pool of the Bank.

20.2 The Bank is in the process of issuing fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuku under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. The total size of ADT-1 sukuk Issue II is Rs. 1,000 million.

As of 31 December 2022, the Pre-IPO (Initial Public Offer) phase of ADT-I sukuk issue II was achieved through which subscription amounting to Rs. 850 million was received. Further, the Bank is in process of conducting the IPO of ADT-1 sukuk issue II, subject to regulatory approvals, amounting to Rs. 150 million.

The State Bank of Pakistan also allowed the Bank to consider the advance subscription money of Rs. 850 million received against the issuance of ADT-1 sukuk issue II (Pre-IPO) for Capital Adequacy Ratio subject to following conditions.

- The pre-IPO subscription money shall not be withdrawn without prior approval of SBP.
- The pre-IPO subscription money shall only be used for the issuance of ADT-I eligible Sukuku of BIPL and will not be refunded.
- The terms of SBP's in-principle approval and final approval will remain applicable on the pre-IPO subscription money received against the proposed Sukuku.

21 OTHER LIABILITIES

	Note	2022	2021
		-----Rupees in '000-----	
Profit / return payable in local currency		4,633,768	2,065,774
Profit / return payable in foreign currencies		152,308	15,883
Accrued expenses		1,343,277	1,212,470
Deferred Murabahah Income Financing, IERS and Others		335,033	224,673
Payable to defined benefit plan		4,677	4,677
Payable to defined contribution plan		29,804	26,008
Defined Benefit Plan liabilities		302,347	173,630
Security deposits against Ijarah		441,034	802,252
Lease liability against right-of-use assets	21.1	3,559,675	3,213,456
Provision against off-balance sheet obligations	21.2	85,975	85,975
Acceptances		2,332,910	5,462,889
Current taxation (provisions less payments)		1,895,197	52,825
Provision against other tax liabilities		95,475	104,864
Sundry creditors		1,008,462	362,068
Payable to brokers against purchase of shares - net		442	270
Charity payable	21.3	7,440	2,360
Retention money payable		27,158	13,402
Provision for Workers' Welfare Fund	21.4	358,419	193,857
Branch adjustment account		387,266	-
Rental received in advance		-	99,555
Others		442,917	296,586
		<u>17,443,584</u>	<u>14,413,474</u>

21.1 The carrying amounts of lease liability against right-of-use assets and the movement during the year are as follows:

	2022	2021
	-----Rupees in '000-----	
As at January 1,	3,213,456	3,443,873
Additions	1,121,534	425,516
Amortisation of lease liability against right-of-use assets	441,540	416,247
Payments	(1,216,855)	(1,072,180)
As at December 31,	<u>3,559,675</u>	<u>3,213,456</u>

21.2 Provision against off-balance sheet obligations

Opening balance	85,975	85,975
Charge / (Reversals)	-	-
Closing balance	<u>85,975</u>	<u>85,975</u>

21.2.1 These are overdue non-funded facilities that could not be transferred to funded due to litigation.

21.3 Charity payable

	Note	2022	2021
		-----Rupees in '000-----	
Opening balance		2,360	14,712
Additions during the year			
- Received from customers on account of delayed payment		33,049	35,144
- Shariah non-compliant income		4,177	3,595
- Dividend purification		31	37
- Profit on charity saving account		151	312
		37,408	39,088
Distribution of charity			
- Education		(11,451)	(20,550)
- Health		(6,450)	(21,050)
- Islamic microfinance program		(3,200)	-
- Community development		(11,227)	(9,840)
	21.3.1	<u>(32,328)</u>	<u>(51,440)</u>
Closing balance		<u>7,440</u>	<u>2,360</u>

21.3.1 Charity was paid to the following:

	2022	2021
	-----Rupees in '000-----	
IBA Center For Excellence In Islamic Finance	4,000	9,000
The Citizens Foundation	3,400	5,600
Flood Relief Activity	3,328	-
Akhuwat Foundation	3,200	-
Bait us Salam Welfare Trust	3,100	3,000
Saylani Welfare International Trust	2,100	6,300
Alamgir Welfare Trust International	1,100	1,000
Aitmaad Trust	1,050	2,500
Bait ul Sukoon Trust Cancer Hospital	1,050	2,000
Shahid Khan Afridi Foundation	1,050	200
Sahil Welfare Association	1,000	200
Family Educational Services Foundation	850	1,000
Society for Advancement of Health, Education & Environment	700	600
Autism Care & Rehabilitation Organization	600	-
Afzaal Memorial Thalassaemia Foundation	550	2,200
Indus Hospital & Health Network	500	3,100
Habib University Foundation	500	1,500
Mercy Pak	500	500
Al Khidmat Welfare Society	500	-
Infaq Memorial Trust	500	-
Rehnuma Public School	300	-
Shaukat Khanum Memorial Cancer Hospital	300	-
Subh e Nau School	300	-
Karigar Training Institute	250	-
Mir Wali Muhammad Badini Memorial Trust	250	-
Ismail Welfare Hospital	200	500
Pakistan Sweet Home	200	500
Women Islamic Lawyers Forum	200	300
Million Smiles Foundation	200	250
Dar us Shifa	200	-
Rising Sun Education & Welfare Society	200	-
IDA RIEU Welfare Association	150	250
The Patients Behbud Society for AKUH	-	2,300
Lahore University of Management Sciences	-	1,200
Dawood Global Foundation	-	990
Al Shifa Trust	-	500
Caravan of Life Pakistan Trust	-	500
Childlife Foundation	-	500
Koohi Goth Hospital	-	500
Murshid Hospital	-	500
Pakistan Kidney and Liver and Research Center	-	500
Pink Ribbon Pakistan	-	500
Roshni Homes Trust	-	500
Sir Syed College of Medical Science Trust	-	500
Tameer i Nau Trust	-	500
Future Trust	-	300
Hisaar Foundation	-	300
Muhammadi Haematology	-	300
Zindagi Trust	-	300
Cancer Care Hospital	-	250
	32,328	51,440

21.3.2 Charity was not paid to any staff of the Bank or to any individual / organization in which a director or his spouse had any interest at any time during the year.

21.4 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through Finance Act, 2008 for the levy of Workers Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the Bank has not reversed the Workers Welfare Fund (WWF) provided in the earlier audited financial statements.

22 SHARE CAPITAL - NET

2022		2021		Note	2022		2021	
----- Number of Shares -----					-----Rupees in '000-----			
22.1 Authorized capital								
<u>1,500,000,000</u>	<u>1,300,000,000</u>	Ordinary shares of Rs.10 each			<u>15,000,000</u>	<u>13,000,000</u>		
22.2 Issued, subscribed and paid up capital								
		Ordinary shares of Rs 10 each						
1,108,703,299	1,108,703,299	Fully paid in cash			11,087,033	11,087,033		
-	-	Issued during the year right issue			-	-		
-	-	Less: Discount on issue of shares			(79,042)	(79,042)		
<u>1,108,703,299</u>	<u>1,108,703,299</u>				<u>11,007,991</u>	<u>11,007,991</u>		

23 RESERVES

Statutory Reserves	23.1	2,591,091	1,703,164
Reserve for bad debts and contingencies	23.2	-	-
		<u>2,591,091</u>	<u>1,703,164</u>

23.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital. Thereafter, an amount of not less than 10% of the profit is required to be transferred to such reserve fund.

23.2 The Board of Directors in its meeting held on October 27, 2021 has transferred an amount of Rs. 250 million out of 'Reserve for Bad Debts and contingencies' to 'Unappropriated Profit'.

24 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

		2022		2021	
-----Rupees in '000-----					
Surplus on revaluation of:					
Available for sale securities	11.1	1,984,660	2,137,440		
Fixed assets		2,805,877	3,003,156		
Non-banking assets acquired in satisfaction of claims		66,772	189,628		
		<u>4,857,309</u>	<u>5,330,224</u>		
Deferred tax liability on surplus on revaluation of:					
Available for sale securities	15	(853,404)	(748,104)		
Fixed assets		(1,206,906)	(1,051,413)		
Non-banking assets acquired in satisfaction of claims		(28,712)	(66,370)		
		<u>(2,089,022)</u>	<u>(1,865,887)</u>		
		<u>2,768,287</u>	<u>3,464,337</u>		

24.1 Surplus on revaluation of fixed assets

	2022	2021
	-----Rupees in '000-----	
Surplus on revaluation of fixed assets at January 01	3,003,156	2,042,473
Recognized during the year	-	1,060,140
Realised on disposal during the year - net of deferred tax	(10,412)	(6,866)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(117,819)	(57,781)
Related deferred tax liability in respect of incremental depreciation charged during the year	(63,441)	(31,113)
Related deferred tax liability on surplus realized on disposal	(5,607)	(3,697)
Surplus on revaluation of fixed assets as at December 31	2,805,877	3,003,156
Less: related deferred tax liability on:		
- related deferred tax liability on surplus as at January 01	(1,051,413)	(621,899)
- revaluation recognised during the year	-	(464,324)
- surplus realised on disposal during the year	5,607	3,697
- impact of change in tax rate	(224,541)	-
- incremental depreciation charged during the year	63,441	31,113
	(1,206,906)	(1,051,413)
	1,598,971	1,951,743

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

Surplus on revaluation of Non Banking Assets at January 01	189,628	226,308
Recognised during the year	(60,257)	(5,937)
Realised on disposal during the year - net of deferred tax	(43,347)	(18,602)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	2,658	(1,381)
Related deferred tax liability on incremental depreciation charged during the year	1,430	(744)
Related deferred tax liability on surplus realised on disposal	(23,340)	(10,016)
Surplus on revaluation as at December 31	66,772	189,628
Less: related deferred tax liability on:		
- revaluation as at January 1	(66,370)	(14,383)
- revaluation recognised during the year	21,090	(62,747)
- surplus realised on disposal during the year	23,340	10,016
- impact of change in tax rate	(5,342)	-
- incremental depreciation charged during the year	(1,430)	744
	(28,712)	(66,370)
	38,060	123,258

25 CONTINGENCIES AND COMMITMENTS	Note	2022	2021
		-----Rupees in '000-----	
- Guarantees	25.1	3,527,283	8,224,035
- Commitments	25.2	35,701,601	31,351,208
- Other contingent liabilities	25.3	229,652	229,652
		<u>39,458,536</u>	<u>39,804,895</u>
25.1 Guarantees:			
Performance guarantees		2,668,388	3,920,100
Other guarantees		858,895	4,303,935
		<u>3,527,283</u>	<u>8,224,035</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions:			
- letters of credit		28,386,915	27,081,324
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange contracts	25.2.1	6,708,168	3,963,854
Commitments for acquisition of:			
- fixed assets		553,177	198,978
- intangible assets		53,341	107,052
		<u>35,701,601</u>	<u>31,351,208</u>
25.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions			
Purchase		17,741,180	15,970,727
Sale		(11,033,012)	(12,006,873)
		<u>6,708,168</u>	<u>3,963,854</u>
25.3 Other contingent liabilities			
Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt	25.3.1	4,200	4,200
Tax Contingencies	25.3.2	225,452	225,452
		<u>229,652</u>	<u>229,652</u>
25.3.1 Suit filed by customers / borrowers for recovery of alleged losses suffered, pending in the High Court, which the Bank has not acknowledged as debt			
25.3.1.1 These are court cases, which represent counter claims filed by the borrowers, for restricting the Bank for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Bank is pleaded as proforma defendant for defending its interest.			
25.3.1.2 There are two cases filed against the Bank by KASB Corporation Limited. One case is filed at Honorable Sindh High Court and the other is filed at Honorable Islamabad High Court. KASB Corporation Limited claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as part of the shareholders equity in the unconsolidated financial statements with the permission of SBP. Subsequent to the merger, KASB Corporation Limited and Mr. Nasir Ali Shah Bokhari filed a suit against the Bank in the Honorable High Court of Sindh; and also filed Miscellaneous Applications, praying thereby to restrain the Bank from using or transferring the amount of advance; and for directing the Bank to deposit the aforementioned amount with the Nazir of the Court; and to invest the same in interest / mark-up bearing certificates. On April 18, 2018, these Miscellaneous Applications were dismissed by the Honorable High Court of Sindh, however, the main suit is still pending adjudication. In addition, KASB Corporation Limited has filed a Writ Petition at Honorable Islamabad High Court, which is yet pending for hearing. The management based on the opinion of its legal counsel is confident that the main suit will be dismissed by the Honorable Courts.			

25.3.2 Tax Contingencies

- 25.3.2.1** The income tax returns of the Bank have been filed up to tax year 2022 whereas the tax assessments have been made by the tax authorities up to tax year 2018. The returns filed for the tax year 2014 to tax year 2022 are treated to be deemed assessed under section 120 of the Income Tax Ordinance, 2001.
- 25.3.2.2** During the year 2014 (relating to defunct KASB Bank Limited), appellate order passed by the Commissioner Inland Revenue Authority (CIRA) in respect of Income tax assessments of International Housing Finance Limited, amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007 for tax year 2005 maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs. 12.997 million. The defunct KASB Bank Limited has preferred appeals before the Appellate Tribunal Inland Revenue (ATIR) for tax year 2005 which are pending finalization.
- 25.3.2.3** For tax year 2003 (relating to defunct KASB Bank Limited), the CIRA has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred orders of the CIRA. No development has taken place during the current year.
- 25.3.2.4** For tax year 2010 (relating to defunct KASB Bank Limited), the ACIR had passed an order under section 122 creating a demand of Rs. 51.636 million, the order was subsequently upheld by the CIRA. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred order of the CIRA which is pending adjudication.
- 25.3.2.5** In respect of tax year 2017, the ACIR under section 122(5A) of the Income Tax Ordinance, 2001 amended the return submitted by the Bank by adding / disallowing certain expenses / deductions resulting in reduction of losses claimed by the Bank by Rs. 755.415 million. Subsequently, based on appeal filed by the Bank against the order passed by the ACIR, the Commissioner Appeal passed an order in favor of the Bank. The Tax Department has filed further appeal before the ATIR against the order of Commissioner Appeal which is pending adjudication.
- 25.3.2.6** In respect of various tax periods for the Bank and defunct KASB Bank, Sindh Revenue Board (SRB) has passed various orders and raised demand totalling to Rs. 102.199 million in relation to levy of Sindh sales tax on certain services. The Bank has filed appeals before Commissioner Appeal, SRB which are pending adjudication. Furthermore, the Bank is contesting the issuance of certain showcasue notices issued by SRB for the period covering from January 2012 till December 2013 before the Honorable Supreme Court of Pakistan based on the ground that these notices are time barred. The subject matter is also pending adjudication.
- 25.3.2.7** The Additional Commissioner, PRA had issued order under section 48 in respect of non-filing of Punjab Sales Tax return for the period from July 2018 till June 2019 entailing exposure amounting to Rs. 120,000 with respect to Defunct KASB Bank. The Bank has made application before Commissioner PRA for revision of the order under section 61 of the Punjab Sales Tax Act, 2012 based on the ground that after amalgamation of Defunct KASB Bank with BankIslami, the operations of Defunct KASB Bank Limited rests with BankIslami and are reported through the BankIslami's Sales Tax return. The subject appeal is pending adjudication.
- 25.3.2.8** The management, based on the opinion of its tax advisors, is confident about the favorable outcome of the above matters and consequently no additional provision has been made in these unconsolidated financial statements.

26 PROFIT / RETURN EARNED	Note	2022	2021
		-----Rupees in '000-----	
Profit earned on:			
- Financing		24,605,808	11,996,524
- Investments		17,113,947	8,789,784
- Placements		4,460,053	2,314,004
- Others		165,386	135,059
		46,345,194	23,235,371
27 PROFIT / RETURN EXPENSED			
Deposits and other accounts		21,689,977	10,850,066
Due to financial institutions		3,318,593	804,455
Cost of foreign currency swaps against foreign currency deposits		170,269	26,027
Amortisation of lease liability against right of use assets		441,540	416,247
Subordinated Sukuk		322,450	206,436
		25,942,829	12,303,231
28 FEE AND COMMISSION INCOME			
Card related fees		617,946	371,260
Commission on trade		301,004	235,685
Commission on arrangement with financial institutions		103,203	107,732
Investment banking fees		102,440	123,677
Commission on bancatakaful		85,064	122,186
Guarantees related fee		69,221	88,077
Consumer finance related fees		61,058	72,640
Branch banking customer fees		59,152	57,008
Commission on remittances including home remittances		26,294	30,427
Commission on cash management		24,768	7,903
Others		9,215	10,299
		1,459,365	1,226,894
29 GAIN ON SECURITIES			
Realized gain	29.1	80,092	291,630
29.1 Realized gain on:			
Federal Government Shariah Compliant Securities		80,092	24,829
Non-Government Shariah compliant Securities		-	27,933
Shares		-	87,267
Non-Current Assets held for sale		-	151,601
		80,092	291,630
30 OTHER INCOME - NET			
Recoveries against previously expensed items		326,485	867
Gain on sale of non-banking assets		208,967	-
Gain on termination of financing		121,958	85,975
Gain / (loss) on sale of property and equipment		19,587	(3,521)
Rent on property		1,489	1,302
Others		5,402	9,794
		683,888	94,417

31 OPERATING EXPENSES

	Note	2022	2021
-----Rupees in '000-----			
Total compensation expense		5,363,050	4,398,458
Property expense			
Rent & taxes		125,076	11,339
Takaful cost		1,469	2,076
Utilities cost		697,136	462,697
Security (including guards)		458,738	393,632
Repair & maintenance (including janitorial charges)		250,927	217,807
Depreciation	13.2	486,304	345,026
Depreciation on right-of-use assets	13.2	866,824	769,483
Others		350	10
		2,886,824	2,202,070
Information technology expenses			
Software maintenance		356,762	302,743
Hardware maintenance		125,979	113,475
Depreciation	13.2	268,244	243,642
Amortization	14	86,438	63,456
Network charges		257,589	205,839
		1,095,012	929,155
Other operating expenses			
Directors' fees and allowances		13,700	14,320
Fees and allowances to Shariah Board		22,474	18,707
Legal & professional charges		127,973	181,148
Travelling & conveyance		72,608	47,574
NIFT clearing charges		35,301	29,501
Depreciation	13.2	211,506	193,395
Depreciation on non-banking assets	16.1.1	3,159	6,416
Entertainment expense		102,523	67,907
Training & development		10,940	4,742
Postage & courier charges		49,555	49,335
Communication		73,841	48,025
Stationery & printing		284,856	161,571
Marketing, advertisement & publicity		208,167	124,319
Repairs and maintenance		161,884	123,943
Takaful, tracker and other charges on car Ijarah - net of income		-	171,210
Takaful / Insurance		340,707	277,915
Fee and subscription		200,886	143,468
Vehicle running and maintenance		315,319	173,821
Donations	31.2	9,748	1,500
Auditors' remuneration	31.3	20,057	16,773
Amortization	14	4,738	3,488
CDC and share registrar services		8,893	8,007
Brokerage and commission		24,193	30,489
Stamp duty, registration & verification charges		75,513	84,854
Others		49,742	37,503
		2,428,283	2,019,931
		11,773,169	9,549,614

31.1 Total compensation expense	2022	2021
	-----Rupees in '000-----	
Managerial remuneration		
(i) Fixed	2,407,803	1,876,093
(ii) Variable - Performance awards	19,319	21,359
Provision for bonus to employees	400,000	300,000
Charge for defined benefit plan	175,548	139,925
Contribution to defined contribution plan	163,390	134,214
Rent & house maintenance allowance	932,069	755,713
Utilities allowance	207,120	167,952
Medical allowance	209,524	173,233
Car maintenance allowance	233,216	217,092
Conveyance allowance	836	243
Fuel allowance	14,985	5,124
Sports & welfare	9,298	2,499
Staff takaful	87,693	68,408
Overtime allowance	364	453
Phone banking allowance	2,215	1,518
Relocation allowance	-	285
Sales commission	280,102	333,705
Contract staff cost	217,978	200,109
Others	1,590	533
Total	5,363,050	4,398,458

31.2 Details of donations

Flood Relief Activity	9,692	-
Wheel Chair for Special Persons	56	-
Al-Naseer Charitable Trust	-	1,500
	9,748	1,500

31.2.1 Donations were not made to any donee in which Directors or their spouse had any interest.

31.3 Auditors' remuneration

	2022	2021
	-----Rupees in '000-----	
Audit fee	9,590	7,500
Fee for the review of half yearly financial statements	2,744	2,100
Fee for other statutory certifications	2,708	2,489
Special certifications and sundry advisory services	3,976	3,637
Out-of-pocket expenses	1,039	1,047
	20,057	16,773

32 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	22,884	2,525
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33 PROVISIONS AND WRITE OFFS - NET

Note

2022
-----Rupees in '000-----

2021

Reversal of provision against Due from financial institutions		(3,240)	(3,240)
Charge / (reversal) of provision for diminution in value of Investments		1,069	(14,022)
Provision against Islamic financing and related assets and advances - net	12.17.2	3,811,333	335,610
Other provisions / (reversal) / write offs - net		3,332	(286,460)
		<u>3,812,494</u>	<u>31,888</u>

34 TAXATION

Current		3,127,642	382,337
Prior years		5,592	(156,696)
Deferred		655,243	1,039,915
		<u>3,788,477</u>	<u>1,265,556</u>

34.1 Relationship between tax expense and accounting profit

Profit Before Tax		8,228,112	3,396,906
Tax on income @ 49% (2021: 29%)		4,031,775	1,324,793
Effect of change in Tax rate		(206,605)	90,294
Effect of permanent difference		54,222	884
Effect of Reduced rate of Tax		(15,184)	-
Prior year charge		5,592	(156,696)
Others		(81,323)	6,281
		<u>(243,298)</u>	<u>(59,237)</u>
Tax charge for the year		<u>3,788,477</u>	<u>1,265,556</u>

35 BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation for the year		4,439,635	2,131,350
		----- Number of shares -----	
Weighted average number of ordinary shares		1,108,703,299	1,108,703,299
		----- Rupees -----	
Basic and diluted EPS	35.1	4.0043	1.9224

35.1 There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2022 and December 31, 2021, therefore diluted earning per share has not been presented separately.

36 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL

The Bank maintained the following pools for profit declaration and distribution during the year ended December 31, 2022:

- (i) General Deposit Mudarabah Pool (PKR, USD, EUR & GBP);
- (ii) Musharakah Pool under SBP's Islamic Export Refinance Scheme;
- (iii) Special Mudarabah Deposits Pool;
- (iv) Treasury Pools; and
- (v) Other specific Musharakah pool

The deposits and funds accepted under the General Deposit Mudarabah Pool is provided to different sectors of economy mainly to 'Textile and Allied', 'Energy', 'Fertilizer', 'Trading', 'Consumer Finance' and 'GOP backed Sukuks'.

Musharakah investments from the SBP under Islamic Export Refinance Scheme (IERS) are channelled towards the export sector of the economy via different Islamic financing modes such as Murabahah, Istisna etc.

Key features and risk & reward characteristics of all pools

The 'General Deposit Mudarabah Pool' for both local and foreign currency is to cater all depositors of the Bank and provide profit / loss based on actual returns earned by the pool. Depositors are Rabb-ul-Maal as they are the provider of capital while the Bank acts as Mudarib by investing these funds in business. Since there are more than one Rabb-ul-Maal (depositor), their mutual relationship is that of Musharakah. Profit is shared among Mudarabah partners (Bank and depositors) as per pre-agreed profit sharing ratio. Whereas, profit sharing among the depositors is based on pre-assigned weightages. Loss, if any, is borne by Rabb-ul-Maal as per the principles of Mudarabah.

"The 'IERS Pool' caters to the 'Islamic Export Refinance Scheme' requirements based on the guidelines issued by the SBP. In this Scheme, SBP enters into a Musharakah arrangement with the Bank for onward financing to exporters and other blue chip companies on the basis of Shariah compliant modes such as Murabahah, Istisna, etc. Under the scheme, SBP is required to share in profit and loss of the Bank's IERS Musharakah pool. IERS pool consists of blue chip companies to whom the Bank has provided financing facilities on Shariah compliant modes including IERS facility. Profit is shared according to an agreed weightage and loss is shared according to the investment ratio.

The 'Special Mudarabah Deposits Pools' for local and foreign currency are created to attract and retain clients expecting specific returns. The funds received against these deposits are invested in various Shariah compliant assets.

The 'Treasury Pools' are managed on the basis of Musharakah and Wakalah, wherein the Bank and partner (Financial Institution) share actual return earned by the pool according to pre-defined profit sharing ratio.

The 'other specific Musharakah pool' assets comprise of consumer housing finance portfolio, sukuk and the related liability of the pool comprises of Musharakah acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. The pool is exposed to following kinds of risks:

- 1 **Asset Risk:** The pool is exposed to Asset Risk which is the risk that is associated with Islamic mode of finance(s) applied / used under the transaction structure(s). The Bank has prepared detailed product manuals in order to identify and properly mitigate such risk. The Bank also analyses transaction structure of each customer to further ensure proper safeguard of depositors' interest. The review is done by experienced team of professionals having considerable experience in the field of Islamic banking and finance. Nevertheless since Islamic banking is a nascent industry, we believe that the process of further improvement will continue as the business grows.
- 2 **Credit Risk:** Credit Risk is the risk which is associated with financing that is mitigated through safeguards through available standards within Shariah guidelines as disclosed in note 47.1 to the unconsolidated financial statements.

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

Gross income (Revenue less cost of goods sold and after deduction of other direct expenses), generated from relevant assets is calculated at the end of the month. The income is shared between the Bank and the depositors as per agreed profit sharing ratio after deduction of commingled Bank's equity share on pro rata basis. The residual is shared among depositors as per agreed weightages. These weightages and profit sharing ratios are declared by the Bank in compliance with the requirements of the SBP and Shariah.

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. Direct expenses are charged to respective pool, while indirect expenses are borne by the Bank as Mudarib. The direct expenses charged to the pool are direct cost in financing / investment transactions (i.e. Murabahah, Ijarah, Diminishing Musharakah, Istisna, Tijarah Financing, Salam etc.) and depreciation of Ijarah assets. The general and specific provisions created against non-performing Islamic financing and related assets and diminution in the value of investments as under prudential regulations and other SBP directives have been borne by the Bank as Mudarib.

2022								
General deposit Mudarabah Pool	Profit rate and weightage announcement period	Profit rate return earned	Depositor share %	Mudarib share %	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Term)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
(Rupees in '000)						(Rupees in '000)		
PKR Pool	Monthly	7.55%	50.00%	50.00%	3,259,161	4.34%	17.15%	558,824
Daily Product	Monthly	12.62%	50.00%	50.00%	43,118	7.01%	12.32%	5,310
USD Pool	Monthly	1.01%	50.00%	50.00%	18,096	0.53%	2.90%	525
GBP Pool	Monthly	0.84%	50.00%	50.00%	1,032	0.41%	2.40%	25
EURO Pool	Monthly	2.30%	50.00%	50.00%	1,984	1.32%	5.00%	2
Specific Musharakah Pool	Profit rate and weightages announcement period	Profit rate return earned	Client share %	Bank share %	Bank share	Profit rate return distributed	Percentage of Hiba to client	Amount of Hiba to client
(Rupees in '000)						(Rupees in '000)		
Islamic Export Refinance (IERS) Pool	Monthly	8.68%	47.20%	52.80%	567,831	4.21%	-	-
Other Specific Musharakah Pool	Monthly	12.15%	70.40%	29.60%	175,580	12.07%	-	-
Specific Mudarabah Pool	Profit rate and weightages announcement period	Profit rate return earned	Depositor share %	Mudarib share %	Mudarib fee	Profit rate return distributed to remunerative special deposits	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba to special remunerative deposits
(Rupees in '000)						(Rupees in '000)		
(i) Special Pool PKR	Monthly	14.29%	88.51%	11.49%	1,487,046	12.43%	19.91%	296,062
(ii) 1-3 Years Term Deposits	Monthly	12.36%	85.00%	15.00%	566,991	10.92%	22.49%	127,534
(iii) Special Pool USD	Monthly	4.43%	90.47%	9.53%	16,233	4.70%	4.87%	791
(iv) Special Pool Euro	Monthly	1.90%	62.07%	37.93%	3,056	1.17%	0.56%	17

(v) In addition to the above, 362 short term Treasury Pools including SBP OMO / MFF were created to meet liquidity requirement of Treasury Department. The Pools were dissolved after maturity of respective Treasury transaction. The Pools were managed under the Shariah approved guidelines.

	Note	2022	2021
		-----Rupees in '000-----	
37 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	8	39,972,702	24,552,347
Balances with other banks	9	2,045,955	3,691,953
		<u>42,018,657</u>	<u>28,244,300</u>

		Number of employees	
38 STAFF STRENGTH			
Permanent		3,166	2,898
Contractual basis		1,396	1,148
Total staff strength		<u>4,562</u>	<u>4,046</u>

39 DEFINED BENEFIT PLAN

39.1 General description

The Bank operates a gratuity fund for its employees (members of the fund). The fund entitles the members to lump sum payment at the time of retirement, resignation or death. Permanent staff are eligible for such benefits after three years of service.

39.2 Number of Employees under the scheme

The number of eligible employees covered under the defined scheme are 1,112 (2021: 951).

39.3 Principal actuarial assumptions

Projected unit credit method, using the following significant assumptions, was used for the valuation of the defined benefit plan:

	2022	2021
- Valuation Discount rate	14.50%	12.25%
- Salary Increase Rate	14.50%	12.25%
- Expected Return on Plan Assets	14.50%	12.25%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables, rated down by one year.

	Note	2022	2021
		----- Rupees in '000 -----	
39.4 Reconciliation of (receivable from) / payable to defined benefit plans			
The amount recognized in the unconsolidated statement of financial position (in respect of the gratuity scheme) is determined as follows:			
Present value of defined benefit obligations		646,661	551,882
Fair value of plan assets		(344,314)	(378,252)
		<u>302,347</u>	<u>173,630</u>
39.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		551,882	456,052
Current service cost		158,274	136,554
Return expense		58,261	41,493
Benefits paid by the Bank		(87,336)	(54,783)
Re-measurement gain	39.8.2	(34,420)	(27,434)
Obligations at the end of the year		<u>646,661</u>	<u>551,882</u>
39.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		378,252	324,314
Return earned on plan assets		40,987	38,122
Contribution by the Bank		-	150,000
Benefits paid by the Bank		(87,336)	(54,783)
Re-measurement gain / (loss)	39.8.2	12,411	(79,401)
Fair value at the end of the year		<u>344,314</u>	<u>378,252</u>
39.7 Movement in payable under defined benefit schemes			
Opening balance		173,630	131,738
Charge for the year		175,548	139,925
Contribution by the Bank		-	(150,000)
Re-measurement gain recognized in OCI during the year	39.8.2	(46,831)	51,967
Closing balance		<u>302,347</u>	<u>173,630</u>
39.8 Charge for defined benefit plans			
39.8.1 Cost recognized in profit and loss			
Current service cost		158,274	136,554
Net return charges		17,274	3,371
		<u>175,548</u>	<u>139,925</u>
39.8.2 Re-measurements recognized in OCI during the year			
Gain on obligation			
- Demographic assumptions		(7,690)	-
- Financial assumptions		(15,867)	(5,842)
- Experience adjustment		(23,274)	(21,592)
Return on plan assets		-	79,401
Total re-measurements		(46,831)	51,967
Deferred tax impact		20,137	(18,188)
Total re-measurements recognized in OCI		<u>(26,694)</u>	<u>33,779</u>
39.9 Components of plan assets			
Bank Balance		59,724	265,104
Term Deposit Receipt		284,590	-
Units of Mutual Funds		-	113,148
		<u>344,314</u>	<u>378,252</u>
39.9.1	The plan assets and defined benefit obligations are based in Pakistan.		

39.10 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2022	2021
	----- Rupees in '000 -----	
1% increase in discount rate	612,851	462,329
1% decrease in discount rate	684,355	579,085
1 Year increase in Life expectancy / Withdrawal rate	646,660	515,960
1 Year decrease in Life expectancy / Withdrawal rate	646,662	515,961

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the Unconsolidated Statement of Financial Position.

	Rupees in '000
39.11 Expected contributions to be paid to the funds in the next financial year	183,685
39.12 Expected charge for the next financial year	189,636
39.13 Maturity profile	

The weighted average duration of the defined benefit obligation is 5.53 years (2021 : 11.31 years)

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2022	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
Gratuity	124,119	77,305	254,681	1,771,027	2,227,132

39.14 Funding Policy

Funding levels are monitored on an annual basis and are based on actuarial recommendations. Expected Gratuity Expense for the next year works out to Rs. 189.636 million as per the actuarial valuation report of the Bank as of December 31, 2022.

39.15 Though its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

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

40 DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 10% of basic salary to the fund every month. Equal monthly contributions made by employer and employees during the year amounted to Rs. 163.390 million (2021: Rs. 134.214 million) each.

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

Items	Note	2022						
		Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
		Chairman	Executives (other than CEO)	Non- Executives				
----- Rupees '000 -----								
Fees and Allowances etc.		1,500	-	12,200	3,504	-	-	-
Managerial Remuneration								
Fixed		-	-	-	9,920	38,545	93,525	84,369
Cash Bonus / Awards	41.1.3	-	-	-	-	40,000	25,590	19,425
Rent & house maintenance		-	-	-	-	-	42,086	37,966
Utilities		-	-	-	-	-	9,352	8,437
Medical		-	-	-	-	-	9,352	8,437
Conveyance		-	-	-	2,190	-	17,910	15,475
Shariah Board allowance		-	-	-	6,448	-	-	-
Others		-	-	-	412	25,095	3,701	4,447
Total		1,500	-	12,200	22,474	103,640	201,516	178,556
Number of Persons		1	-	6	4	1	16	21

Items		2021						
		Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
		Chairman	Executives (other than CEO)	Non- Executives				
----- Rupees '000 -----								
Fees and Allowances etc.		1,520	-	12,800	2,582	-	-	-
Managerial Remuneration								
Fixed		-	-	-	8,618	33,664	75,708	53,509
Cash Bonus / Awards		-	-	-	-	25,000	9,132	7,073
Rent & house maintenance		-	-	-	-	-	34,069	24,079
Utilities		-	-	-	-	-	7,571	5,351
Medical		-	-	-	-	-	7,571	5,351
Conveyance		-	-	-	1,905	-	17,520	11,190
Shariah Board allowance		-	-	-	5,602	-	-	-
Others		-	-	-	-	21,881	2,721	5,794
Total		1,520	-	12,800	18,707	80,545	154,292	112,347
Number of Persons		1	-	7	4	1	16	15

41.1.1 The President / CEO has been provided with bank maintained cars.

41.1.2 The President / CEO and certain key management personnel have been provided with club memberships.

41.1.3 This represents cash bonus announced during the year 2022, out of the 'Provision for bonus expense' made during the year 2021 for Bank's employees.

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

2022

Sr. No.	Name of Director	Meeting Fees and Allowances Paid						
		For Board Meetings	For Board Committees					Total Amount Paid
			Audit Committee	Risk Management Committee	Human Resource Management Committee	Board IT Committee	Board Human Resource & Remuneration Committee	
----- Rupees '000 -----								
1	Mr. Ali Hussain	960	-	-	-	-	300	1,260
2	Mr. Haider Ali Hilaly	1,000	600	-	-	400	-	2,000
3	Mr. Sulaiman Sadruddin Mehdi	1,000	600	200	-	-	300	2,100
4	Dr. Amjad Waheed	1,000	-	200	-	-	200	1,400
5	Dr. Lalarukh Ejaz	1,000	600	-	-	400	300	2,300
6	Mr. Syed Ali Hasham	1,000	600	200	-	-	300	2,100
7	Mr. Tasneemul Haq Farooqui	1,000	600	-	-	400	300	2,300
	Total Amount Paid	6,960	3,000	600	-	1,200	1,700	13,460

2021

Sr. No.	Name of Director	Meeting Fees and Allowances Paid						
		For Board Meetings	For Board Committees					Total Amount Paid
			Audit Committee	Risk Management Committee	Human Resource Management Committee	Board IT Committee	Board Remuneration Committee	
----- Rupees '000 -----								
1	Mr. Ali Hussain	1,680	-	-	-	-	200	1,880
2	Dr. Amjad Waheed	1,400	-	100	200	-	200	1,900
3	Mr. Haider Ali Hilaly	1,400	400	-	-	200	-	2,000
4	Dr. Lalarukh Ejaz	1,400	400	-	200	200	200	2,400
5	Mr. Tasnim ul Haq Farooqui	400	-	-	100	-	100	600
6	Mr. Sulaiman Sadruddin Mehdi	1,400	400	100	200	-	200	2,300
7	Mr. Syed Ali Hasham	1,400	400	100	200	-	200	2,300
	Total Amount Paid	9,080	1,600	300	900	400	1,100	13,380

41.3 Remuneration paid to Shariah Board Members

Items	2022			2021		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
----- Rupees in '000 -----						
a. Meeting Fees and Allowances	-	-	3,504	-	-	2,582
b. Managerial Remuneration and Allowances	13,668	5,302	-	11,820	4,305	-
Total Amount	13,668	5,302	3,504	11,820	4,305	2,582
Total Number of Persons	1	1	2	1	1	2

42 FAIR VALUE MEASUREMENTS

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

The fair value of unquoted Shariah compliant securities, fixed term financing, other assets, other liabilities, fixed term deposits and acceptances 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.

42.1 Fair value of financial assets

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

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

		2022			
		Level 1	Level 2	Level 3	Total
		----- Rupees in '000 -----			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Shares		378,784	-	584,495	963,279
GoP Ijara Sukuk		-	139,819,691	-	139,819,691
Non-Government Shariah compliant securities		32,376,937	5,953,639	-	38,330,576
Non-Financial Assets - measured at fair value					
Fixed assets - Land and building		-	-	7,396,770	7,396,770
Non-banking assets acquired in satisfaction of claims		-	-	1,216,101	1,216,101
Off-balance sheet financial instruments - measured at fair value					
Shariah compliant alternative of forward purchase of foreign exchange		-	17,741,180	-	17,741,180
Shariah compliant alternative of forward sale of foreign exchange		-	11,033,012	-	11,033,012
		----- Rupees in '000 -----			
		2021			
		Level 1	Level 2	Level 3	Total
		----- Rupees in '000 -----			
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Shares		353,702	-	584,495	938,197
GoP Ijara Sukuk		-	73,330,941	-	73,330,941
Non-Government Shariah compliant Securities		32,414,124	7,221,277	-	39,635,401
Non-Financial Assets - measured at fair value					
Fixed assets - Land and building		-	-	7,559,697	7,559,697
Non-banking assets acquired in satisfaction of claims		-	-	1,506,468	1,506,468
Off-balance sheet financial instruments - measured at fair value					
Shariah compliant alternative of forward purchase of foreign exchange		-	15,970,727	-	15,970,727
Shariah compliant alternative of forward sale of foreign exchange		-	12,006,873	-	12,006,873

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
Listed securities (Shares and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuk are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Bank's Association. The valuation is based on their assessment of market value of the properties.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Banks' Association. The valuation is based on their assessment of market value of the properties.

42.2 The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 from last year.

43 SEGMENT INFORMATION

43.1 Segment Details with respect to Business Activities

	2022				
	Trading & sales	Retail banking	Commercial banking	Support centre	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net profit / return	17,069,937	(14,111,872)	18,045,076	(600,776)	20,402,365
Inter segment revenue - net	(18,360,683)	36,234,450	(18,645,307)	771,540	-
Total other income	1,558,806	1,282,680	514,481	242,889	3,598,856
Total income	268,060	23,405,258	(85,750)	413,653	24,001,221
Segment direct expenses	89,483	7,138,816	545,090	4,187,226	11,960,615
Inter segment expense allocation	39,649	3,346,020	723,943	(4,109,612)	-
Total expenses	129,132	10,484,836	1,269,033	77,614	11,960,615
Provisions / (reversals)	(2,171)	19,554	3,775,365	19,746	3,812,494
Profit / (loss) before tax	141,099	12,900,868	(5,130,148)	316,293	8,228,112
	----- Rupees in '000 -----				
Balance Sheet					
Assets					
Cash & Bank balances	2,148,290	39,870,367	-	-	42,018,657
Investments	179,741,488	-	-	-	179,741,488
Net inter segment placements	-	326,385,391	-	9,995,730	336,381,121
Due from financial institutions	23,878,183	-	-	-	23,878,183
Islamic financing and related assets					
- performing	-	44,799,019	148,864,422	4,336,599	198,000,040
- non-performing - net	-	1,338,876	1,821,532	167,994	3,328,402
Others	6,821,631	1,671,185	6,630,060	25,149,466	40,272,342
Total Assets	212,589,592	414,064,838	157,316,014	39,649,789	823,620,233
Liabilities					
Due to financial institutions	4,036,120	3,062,126	13,954,010	-	21,052,256
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	12,701,835	403,210,107	-	-	415,911,942
Net inter segment acceptances	195,667,357	-	140,713,764	-	336,381,121
Others	184,280	7,792,605	2,648,240	10,349,388	20,974,513
Total Liabilities	212,589,592	414,064,838	157,316,014	13,199,388	797,169,832
Equity	-	-	-	26,450,401	26,450,401
Total Equity & Liabilities	212,589,592	414,064,838	157,316,014	39,649,789	823,620,233
Contingencies & Commitments	6,708,168	-	31,914,198	836,170	39,458,536

	2021				Total
	Trading & sales	Retail banking	Commercial banking	Support centre	
	----- Rupees in '000 -----				
Profit & Loss					
Net profit / return	9,254,532	(6,881,098)	8,630,903	(72,197)	10,932,140
Inter segment revenue - net	(8,533,499)	16,870,195	(8,090,142)	(246,554)	-
Total other income	754,306	726,729	478,408	160,043	2,119,486
Total Income	1,475,339	10,715,826	1,019,169	(158,708)	13,051,626
Segment direct expenses	78,216	6,027,911	363,787	3,152,918	9,622,832
Inter segment expense allocation	209,805	1,892,661	1,008,800	(3,111,266)	-
Total expenses	288,021	7,920,572	1,372,587	41,652	9,622,832
Provisions / (reversals)	(17,262)	213,680	455,401	(619,931)	31,888
Profit / (loss) before tax	1,204,580	2,581,574	(808,819)	419,571	3,396,906

	2021				Total
	Trading & sales	Retail banking	Commercial banking	Support centre	
	----- Rupees in '000 -----				
Assets					
Cash & Bank balances	15,595,833	12,648,467	-	-	28,244,300
Investments	124,838,317	-	-	-	124,838,317
Net inter segment placements	-	279,625,950	-	4,560,417	284,186,367
Due from financial institutions	34,945,365	-	-	-	34,945,365
Islamic financing and related assets					
- performing	-	37,941,681	137,318,830	3,367,681	178,628,192
- non-performing - net	-	1,189,828	1,242,013	116,206	2,548,047
Others	6,700,295	7,658,757	543,878	24,283,023	39,185,953
Total Assets	182,079,810	339,064,683	139,104,721	32,327,327	692,576,541
Liabilities					
Due to financial institutions	6,091,010	3,727,127	11,375,195	-	21,193,332
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	17,048,953	327,739,003	-	-	344,787,956
Net inter segment acceptances	158,909,968	-	125,276,399	-	284,186,367
Others	29,880	7,598,553	2,453,126	7,816,125	17,897,684
Total liabilities	182,079,811	339,064,683	139,104,720	9,816,125	670,065,339
Equity	-	-	-	22,511,202	22,511,202
Total Equity & liabilities	182,079,811	339,064,683	139,104,720	32,327,327	692,576,541
Contingencies & Commitments	3,963,854	-	35,305,359	535,682	39,804,895

44 TRUST ACTIVITIES

Banks commonly act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets are not assets of the Bank and, therefore, are not included in its balance sheet. Following is the list of assets held under trust:

Category	Type	No. of IPS account		Face value	
		2022	2021	2022	2021
		-----Rupees in '000-----			
Insurance Companies	Sukuks	5	9	180,000	321,000
Asset Management Companies	Sukuks	42	52	2,569,530	3,326,330
Employee Funds / NGO's	Sukuks	3	9	53,800	280,400
Individuals	Sukuks	5	6	116,670	193,770
Others	Sukuks	17	21	1,865,000	3,111,500
		72	97	4,785,000	7,233,000

45 RELATED PARTY TRANSACTIONS

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

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

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

	2022					2021				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
----- (Rupees in '000) -----										
Investments										
Opening balance	-	-	104,771	1,660,111	-	-	-	104,771	1,660,111	-
Investment made during the year	-	-	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the year	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	(558,000)	-	-	-	-	-	-
Closing balance	-	-	104,771	1,102,111	-	-	-	104,771	1,660,111	-
Provision for diminution in value of investments	-	-	(104,771)	(474,169)	-	-	-	(104,771)	(1,032,169)	-
Islamic financing and related assets										
Opening balance	15,382	280,483	-	480,540	700,001	19,239	305,603	192,779	489,677	496,392
Addition during the year	-	204,049	-	813,116	4,655,399	-	137,090	679,000	386,691	4,264,589
Repaid during the year	(15,382)	(107,753)	-	(813,469)	(4,405,399)	(3,857)	(57,239)	(619,956)	(395,828)	(4,290,511)
Transfer in / (out) - net	-	(3,869)	-	-	(250,000)	-	(104,971)	(251,823)	-	229,531
Closing balance	-	372,910	-	480,187	700,001	15,382	280,483	-	480,540	700,001
Other assets										
Profit receivable on financings	-	280	-	5,579	18,842	230	127	-	2,576	5,618

	2022					2021				
	Directors	Key management personnel	Subsidiary	Associates	Other related parties	Directors	Key management personnel	Subsidiary	Associates	Other related parties
Subordinated sukuk										
Opening balance	-	1,015	-	-	-	-	1,015	-	-	-
Issued / purchased during the year	-	-	-	-	-	-	-	-	-	-
Redemption / sold during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	1,015	-	-	-	-	1,015	-	-	-
Deposits and other accounts										
Opening balance	6,063	42,412	4	27,338	1,306,399	18,887	25,210	704,601	85,142	1,171,529
Received during the year	39,235	709,549	-	1,641,001	13,686,134	63,980	474,247	19,340,732	2,350,516	10,058,067
Withdrawn during the year	(42,553)	(716,423)	-	(1,656,153)	(13,218,501)	(76,802)	(456,200)	(19,334,212)	(2,394,418)	(9,840,769)
Transfer in / (out) - net	-	(3,095)	-	-	2,665	(2)	(845)	(711,117)	(13,902)	(82,428)
Closing balance	2,745	32,443	4	12,186	1,776,697	6,063	42,412	4	27,338	1,306,399
Other Liabilities										
Profit / return payable	1	490	-	-	31,609	1	201	1	2	7,305
Meeting fee / remuneration payable	240	-	-	-	-	-	-	-	-	-
Contingencies and Commitments										
Other contingencies	-	-	-	25,202	82,277	-	-	-	23,385	697,037
Income										
Profit / return earned	1,215	13,047	-	30,759	60,914	1,468	8,515	-	30,131	57,853
Other income	-	12,561	-	-	-	-	8,631	579	-	-
Expense										
Profit / return expensed	11	1,099	-	38	180,007	73	476	28,051	627	90,503
Other administrative expenses	-	4,230	-	-	44,748	1,696	3,620	251	-	17,848
Meeting fee / remuneration	13,700	340,985	-	-	-	14,320	248,499	-	-	-
Contribution to employees provident fund	-	-	-	-	163,390	-	-	-	-	134,214
Charge for employees gratuity fund	-	-	-	-	175,548	-	-	-	-	139,925

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

2022 2021
----- Rupees in '000 -----

Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	19,539,043	13,551,736
Eligible Additional Tier 1 (ADT 1) Capital	2,850,000	2,000,000
Total Eligible Tier 1 Capital	22,389,043	15,551,736
Eligible Tier 2 Capital	7,112,440	4,749,756
Total Eligible Capital (Tier 1 + Tier 2)	29,501,483	20,301,492
Risk Weighted Assets (RWAs):		
Credit Risk	130,973,978	118,364,672
Market Risk	2,036,650	1,120,150
Operational Risk	31,601,888	24,003,263
Total	164,612,516	143,488,085
Common Equity Tier 1 Capital Adequacy ratio	11.87%	9.44%
Tier 1 Capital Adequacy Ratio	13.60%	10.84%
Total Capital Adequacy Ratio	17.92%	14.15%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Capital Conservation Buffer (CCB) (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

46.1 SBP vide its letter no. FIN/FR/01/2023 dated February 02, 2023 has allowed the bank to consider funds received against Pre-IPO of ADT-1 sukuk issue II as ADT-1 sukuk for the purpose of calculation of capital adequacy ratio (subject to conditions disclosed in note 20 to these unconsolidated financial statements).

46.2 The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

2022 2021
----- Rupees in '000 -----

Leverage Ratio (LR):		
Eligible Tier-1 Capital	22,389,043	17,050,328
Total Exposures	547,348,618	432,073,943
Leverage Ratio	4.09%	3.95%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	158,731,694	117,677,463
Total Net Cash Outflow	50,014,976	48,190,151
Liquidity Coverage Ratio	317.37%	244.19%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	418,095,642	347,348,801
Total Required Stable Funding	160,353,265	145,818,809
Net Stable Funding Ratio	260.73%	238.21%

46.3 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time has been placed on the Bank's website. The link to the full disclosures is available at www.bankislami.com.pk/investor-relations

47 RISK MANAGEMENT

The objective of Risk Management is to effectively manage uncertainties that arise in the normal course of business activities. The risk management function is one of the most important areas of the banking business, and covers a wide spectrum of financial business risk class; including Credit, Market, Liquidity, Operational etc. The Bank follows effective risk governance which commensurate well with its current size and structure.

As a prelude to countering the financial debacle of the recent past, the Basel Committee (Internationally) is raising the resilience of the banking sector by strengthening the regulatory capital framework, essentially building on the three pillars of the Basel II structure. The reforms raise both the quality and quantity of the regulatory capital base and enhance the risk coverage of the capital framework. SBP, while being cognizant of the various reforms in the offing, is reviewing the impact of Basel III (B3) guidelines on the capital structure and CAR (Capital Adequacy Ratio) through quantitative impact studies. Accordingly, the SBP has implemented first phase of Basel III framework with effect from December 31, 2013.

RISK MANAGEMENT FRAMEWORK

A well formulated policy and procedure is critical to an effective Risk Management framework; it then needs to be reinforced through a strong control culture that promotes sound risk governance. The Bank's Risk Management Framework has been developed keeping in mind, that:

- To be effective, control activities should be an integral part of the regular activities of the Bank;
- Every loss or near miss event should provide some Key Learning Outcome (KLO), helping and promoting a better risk identification and mitigation;
- While the reward may well commensurate the level of risk, it has to be viewed in entirety and not in isolation; and
- Critical decision making should be based on relevant research, proper analysis and effective communication within the Bank.

Strategic Level

At the strategic level, the risk related functions are approved by the senior management and the Board. These include: defining risks, setting parameters, ascertaining the institution's risk appetite, formulating strategy and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remains within acceptable level and the reward compensates for the risk taken.

Macro Level

It encompasses risk management within a business area or across business lines. Generally the risk management activities performed by middle management or units devoted to risk reviews fall into this category. Periodical review of various portfolios; stress test and scenario analysis for portfolio resilience; application of statistical tools and information in time series for developing strong inferences are all performed at this level.

Micro Level

Risk management at micro level, is of critical importance. This function if performed with diligence and understanding, can be of maximum benefit to the organization. Micro level risk management includes:

- Business line acquisition, strong adherence to the credit and other related criteria.
- Middle Office monitoring function for a sound risk assessment of various risks inherent in treasury operations.
- Detailed review of various processes and operating procedures, for operational and other risk related assessments.

Risk appetite of the Bank

The risk appetite of the Bank is an outcome of its corporate goal, economic profitability, available resources (size and business life cycle) and most significantly; the controls. The Bank believes in a cautious yet steady approach towards its business objectives and takes a holistic view of its investment and financing requirement.

This approach is primarily based on a viable portfolio build-up with a long-term view; key consideration being the health of various portfolios.

Risk organization

A strong organizational set-up, with clearly defined roles and responsibilities permits a higher level of articulation of the Bank's risk mandate, establishment of a structure that provides for authority, delegation and accountability, and development of control framework. Risk management cannot live in a vacuum; in order to be effective, it has to be run at an enterprise level. Risk governance must involve all relevant parties and should be sanctioned by the Bank's leadership.

The risk management function at the Bank, along with the different committees including ALCO (Asset Liability Committee) and MCC (Management Credit Committee), RMC (Risk Management Committee of the Board) manage and adhere to the risk management policies and procedures, with an explicit aim to mitigate/ manage risk in line with the Bank's objectives.

Business line accountability

One of the most important features of the risk management process is the business line accountability. Business has to understand the risk implication of specific transaction on the business / portfolio. Some specific risks e.g. reputation risk affects the entire banking business and is not limited to one business line or the other. At BankIslami, as in any other reputable organization, responsibility comes with accountability. Each business segment is responsible for the profit / loss of the business. The management of risk is as much a line function as it is supports.

Business lines are equally responsible for the risks they are taking. Because line personnel understand the risks of the business. Lack of an understanding of this by the line management may lead to risk management in isolation.

47.1 Credit Risk

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors. Credit Risk has certain sub-categories as follows:

(i) Price risk

There is a risk that the asset repossessed due to default of the customer may be sold or leased out to another party at a price lower than the original contract price.

(ii) Counter party risk

The risk that the counter-party defaults during the term of a transaction (Murabahah, Diminishing Musharakah etc.).

(iii) Settlement risk

The risk that the counter-party does not meet its commitments at the maturity of the transaction after the Bank has already met its commitments.

(iv) Country risk

Country Risk can be defined as the risk of adverse impact of certain factors on a country's specific economic, political and social scenario which affects the ability of the country (or a borrower in that country) to repay its obligations. Country risk may be a combination of Transfer Risk and Sovereign Risk.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analyzed as follows:

47.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross Due from Financial Institutions		Non-performing Due from Financial Institutions		Provision held	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
Public/ Government	4,036,995	-	-	-	-	-
Private	19,862,248	34,969,665	21,060	24,300	21,060	24,300
	23,899,243	34,969,665	21,060	24,300	21,060	24,300

47.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
Chemical and Pharmaceuticals	342,006	242,006	242,006	242,006	242,006	242,006
Electronics and electrical appliances	55,000	55,000	55,000	55,000	-	-
Construction	99,467	32,800	32,800	32,800	32,800	32,800
Power (electricity), Gas, Water, Sanitary	34,106,534	35,944,912	-	-	-	-
Financial	391,072	391,072	21,072	21,072	21,072	21,072
Services	1,231,616	1,062,441	56,616	62,441	56,614	62,439
Others	140,376,975	83,918,650	221,249	221,249	-	-
	176,602,670	121,646,881	628,743	634,568	352,492	358,317

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
Public/ Government	174,884,543	120,213,921	-	-	-	-
Private	1,718,127	1,432,960	628,743	634,568	352,492	358,317
	176,602,670	121,646,881	628,743	634,568	352,492	358,317

47.1.3 Islamic financing, related assets and advances - net

Credit risk by industry sector

	Gross Islamic financing, related assets and advances		Non-performing financing, related assets and advances		Specific Provision held	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
Agriculture, Forestry, Hunting and Fishing	2,612,104	2,167,878	47,147	35,480	5,918	1,408
Textile	27,274,564	23,631,608	5,357,213	3,038,934	4,555,927	2,965,214
Chemical and Pharmaceuticals	3,102,540	1,718,677	730,651	756,386	730,244	755,979
Cement	1,334,445	2,784,141	250,000	250,000	250,000	250,000
Sugar	6,210,243	4,617,646	1,240,503	846,503	846,003	664,503
Footwear and Leather garments	594,931	291,061	131,061	172,402	131,061	172,402
Automobile and transportation equipment	815,465	962,816	112,470	114,343	100,359	100,827
Education	2,305,630	2,495,278	-	-	-	-
Electronics and electrical appliances	3,005,088	2,516,561	901,568	1,047,568	820,434	966,434
Construction	1,481,601	935,747	557,280	403,401	356,682	378,779
Power (electricity), Gas, Water, Sanitary	10,105,009	12,930,759	450,649	649	225,051	51
Wholesale and Retail Trade	4,607,157	5,999,056	1,164,341	1,469,809	1,011,573	1,186,578
Exports / Imports	65,195	208,109	19,586	20,586	19,586	20,586
Transport, Storage and Communication	1,321,034	3,027,074	287,959	79,398	234,442	21,914
Financial	1,048,696	1,244,792	240,400	240,400	240,189	240,189
Services	28,675,365	22,595,036	94,738	163,306	47,587	103,918
Individuals	52,126,967	46,087,578	2,618,391	3,181,569	1,170,433	1,827,531
Food and beverages	37,925,507	38,793,733	1,513,405	1,685,715	1,421,480	1,479,235
Packing and Paper products	439,668	499,656	13,000	13,000	13,000	13,000
Others	35,289,713	22,870,867	4,142,172	3,557,229	3,939,162	3,380,082
	220,340,922	196,378,073	19,872,534	17,076,678	16,119,131	14,528,630

Credit risk by public / private sector

	Gross Islamic financing, related assets and advances		Non-performing financing, related assets and advances		Specific Provision held	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
Public/ Government	70,977,541	60,723,819	-	-	-	-
Private	149,363,381	135,654,254	19,872,534	17,076,678	16,119,131	14,528,630
	220,340,922	196,378,073	19,872,534	17,076,678	16,119,131	14,528,630

47.1.4 Contingencies and Commitments

	2022	2021
	----- Rupees in '000 -----	
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	335,249	207,533
Mining and Quarrying	332,108	783,359
Textile	9,124,030	6,852,440
Chemical and Pharmaceuticals	520,595	1,011,299
Cement	83,398	1,758,859
Sugar	274,789	203,652
Automobile and transportation equipment	1,091,634	1,604,400
Education	30,140	42,119
Electronics and electrical appliances	799,786	130,539
Production and transmission of energy	25,126	2,001,884
Construction	1,219,197	485,252
Power (electricity), Gas, Water, Sanitary	446,386	23,222
Wholesale and Retail Trade	4,262,693	2,212,729
Exports / Imports	456,349	34,639
Transport, Storage and Communication	361,839	342,233
Financial	21,399	4,211
Services	5,622,625	2,236,819
Individuals	461,204	20,656
Food and beverages	1,950,692	627,910
Manufacturing	7,555,617	2,826,759
Packing and Paper products	595,095	75,983
Others	3,888,585	16,318,398
	<u>39,458,536</u>	<u>39,804,895</u>
Credit risk by public / private sector		
Public/ Government	-	-
Private	39,458,536	39,804,895
	<u>39,458,536</u>	<u>39,804,895</u>

47.1.5 Concentration of Financing

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 91,927.410 million (2021: Rs. 82,371.247 million) are as following:

	2022	2021
	----- Rupees in '000 -----	
Funded	80,619,139	73,499,823
Non Funded	11,308,271	8,871,424
Total Exposure	<u>91,927,410</u>	<u>82,371,247</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 93,496 million (2021: Rs. 86,734 million)

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

47.1.6 Total funded classified therein

	2022		2021	
	Amount	Provision held	Amount	Provision held
	----- Rupees in '000 -----			
OAEM	325,596	-	164,571	-
Substandard	548,330	48,085	554,426	92,057
Doubtful	4,236,194	2,411,182	1,113,707	334,116
Loss	14,762,414	13,659,864	15,243,974	14,102,457
Total	<u>19,872,534</u>	<u>16,119,131</u>	<u>17,076,678</u>	<u>14,528,630</u>

47.1.7 Financing - Province/Region-wise Disbursement & Utilization

Province / Region	2022					
	Disbursements	Utilization				
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad
	----- Rupees in '000 -----					
Punjab	100,768,360	100,768,360	-	-	-	-
Sindh	118,792,150	-	118,792,150	-	-	-
KPK including FATA	488,860	-	-	488,860	-	-
Baluchistan	265,663	-	-	-	265,663	-
Islamabad	23,393,502	-	-	-	-	23,393,502
AJK including Gilgit-Baltistan	63,123	-	-	-	-	-
Total	243,771,658	100,768,360	118,792,150	488,860	265,663	23,393,502
						63,123

Province / Region	2021					
	Disbursements	Utilization				
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad
	----- Rupees in '000 -----					
Punjab	71,064,629	71,064,629	-	-	-	-
Sindh	94,310,824	-	94,310,824	-	-	-
KPK including FATA	753,877	-	-	753,877	-	-
Baluchistan	575,256	-	-	-	575,256	-
Islamabad	35,527,208	-	-	-	-	35,527,208
AJK including Gilgit-Baltistan	86,230	-	-	-	-	-
Total	202,318,024	71,064,629	94,310,824	753,877	575,256	35,527,208
						86,230

47.2 Market Risk

Market risk is defined as the risk of losses in on-and-off balance sheet positions arising from movements in market prices e.g. fluctuations in values in tradable, marketable or leasable assets. The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates and benchmark yields.

The Bank uses various tools and techniques to assess market risk including but not limited to full valuation, stress testing, scenario analysis, VaR. These assessment methods enable the Bank to estimate changes in the value of the portfolio, if exposed to various risk factors.

Moreover, since the Bank does not deal in interest based products, the impact of the above risks will be very minimal. The Bank does not have positions or forward exchange contracts giving mismatches of maturity unless such risks have been taken care of through some other mechanism.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

47.2.1 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	39,972,702	-	39,972,702	24,552,347	-	24,552,347
Balances with other banks	2,045,955	-	2,045,955	3,691,953	-	3,691,953
Due from financial institutions	23,878,183	-	23,878,183	34,945,365	-	34,945,365
Investments	179,741,488	-	179,741,488	124,838,317	-	124,838,317
Islamic financings, related assets & advances	201,328,442	-	201,328,442	181,176,239	-	181,176,239
Fixed assets	14,189,370	-	14,189,370	13,617,439	-	13,617,439
Intangible assets	3,261,569	-	3,261,569	3,176,180	-	3,176,180
Deferred tax assets	3,338,805	-	3,338,805	4,308,141	-	4,308,141
Other assets	19,482,598	-	19,482,598	18,084,193	-	18,084,193
Total	487,239,112	-	487,239,112	408,390,174	-	408,390,174

47.2.2 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuations of exchange rates.

In the normal course of conducting commercial banking business, which ranges from intermediation only to taking on principal risk as dealer or as counterparty, the Bank purchases or sells currencies in today / ready and gives or receives unilateral promises for sale or purchase of FX at future dates in a long or short position in different currency pairs. These positions expose the Bank to foreign exchange risk. To control this risk, the Bank primarily uses notional principal limits at various levels to control the open position, and ultimately the residual foreign exchange risk of the Bank. The Bank also strictly adheres to all associated regulatory limits.

Following is the summary of the assets of the Bank subject to foreign exchange risk.

	2022				2021			
	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 -----				----- Rupees in '000 -----			
Pakistan Rupee	481,311,775	447,282,948	(6,708,168)	27,320,659	401,276,917	374,768,088	(4,022,087)	22,486,742
United States Dollar	5,027,805	11,675,875	5,622,925	(1,025,145)	5,700,773	9,617,635	3,800,529	(116,333)
Great Britain Pound	475,317	885,922	409,190	(1,415)	617,478	683,515	71,062	5,025
Japanese Yen	5,721	53	-	5,668	9,344	48	-	9,296
Euro	191,756	856,209	676,053	11,600	625,256	753,131	150,496	22,621
UAE Dirham	80,179	67,299	-	12,880	103,263	35,754	-	67,509
Asian Currency Unit	94,329	-	-	94,329	34,996	-	-	34,996
Swiss Franc	-	-	-	-	-	-	-	-
Chinese Yuan	1,053	-	-	1,053	2,937	-	-	2,937
Australian Dollar	5,092	2,483	-	2,609	3,260	2,072	-	1,188
Saudi Riyal	14,226	11,327	-	2,899	14,317	12,294	-	2,023
Canadian Dollar	31,803	6,595	-	25,208	1,570	6,435	-	(4,865)
Turkish Lira	56	-	-	56	63	-	-	63
	487,239,112	460,788,711	-	26,450,401	408,390,174	385,878,972	-	22,511,202

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
- Other comprehensive income

8,703	-	245	-
-	-	-	-

47.2.3 Equity Position Risk

Equity position includes the following:

- Strategic investments
- Investment in equities for generating revenue in short term

These equity investments are accounted for and disclosed as per the provisions and directives of SBP, SECP and the requirements of approved International Financial Reporting Standards as applicable in Pakistan.

Provision for diminution in the value of securities is made after considering impairment, if any, in their value and charged to the profit and loss account.

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
- Other comprehensive income

-	-	-	-
19,280	-	18,026	-

47.2.4 Yield / Profit Rate Risk

It includes all material yield risk positions of the Bank taking into account all re-pricing and maturity data. It includes current balances and contractual yield rates, the Bank understands that its Islamic financing and related assets shall be re-priced as per their respective contracts.

The Bank estimates changes in the economic value of equity due to changes in the yield rates on on-balance sheet positions by conducting duration gap analysis. It also assesses yield rate risk on earnings of the bank by applying upward and downward shocks.

2022		2021	
Banking book	Trading book	Banking book	Trading book
----- Rupees in '000 -----			

Impact of 1% change in profit rates on
- Profit and loss account
- Other comprehensive income

204,024	-	109,321	-
-	-	-	-

47.2.5 Mismatch of Yield / Profit Rate Sensitive Assets and Liabilities

		2022										N on-profit bearing financial instruments	
Effective Yield / Profit rate	Total	Exposed to Yield / Profit risk											
		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 -----													
On-balance sheet financial instruments													
<u>Assets</u>													
		39,972,702	-	-	-	-	-	-	-	-	-	-	39,972,702
	Cash and balances with treasury banks	2,045,955	326,967	-	-	-	-	-	-	-	-	-	1,718,988
0.09%	Balances with other banks	23,878,183	14,036,995	4,884,493	3,456,658	-	-	-	-	-	-	-	-
13.14%	Due from financial institutions	179,741,488	32,474,423	115,680,454	-	-	-	-	-	-	-	-	1,867,470
13.03%	Investments	201,328,442	61,777,149	19,893,098	4,556,642	-	-	-	-	-	-	-	4,476,828
12.12%	Islamic financing, related assets and advances	16,818,432	-	-	-	-	112,036	-	-	-	-	-	16,818,432
	Other assets	463,785,202	108,615,534	141,931,867	8,013,300	112,036	-	-	-	-	-	-	64,854,420
<u>Liabilities</u>													
	Bills payable	3,530,929	-	-	-	-	-	-	-	-	-	-	3,530,929
9.02%	Due to financial institutions	21,052,256	531,547	3,100,261	333,333	1,800,000	4,036,120	212,783	-	-	-	-	-
6.08%	Deposits and other accounts	415,911,942	256,336,394	-	-	-	-	-	66,466	9,807,248	-	-	159,575,548
16.07%	Subordinated sukuk	2,850,000	-	-	-	-	-	-	-	-	-	-	-
	Other liabilities	17,443,584	-	-	-	-	-	-	-	-	-	-	17,443,584
	On-balance sheet gap	460,788,711	256,867,941	4,014,498	3,100,261	333,333	1,800,000	4,036,120	66,466	9,807,248	212,783	180,550,061	
		2,996,491	(148,252,407)	137,917,369	137,157,784	7,679,967	(1,687,964)	(4,036,120)	(66,466)	(9,807,248)	(212,783)	(115,695,641)	
Off-balance sheet financial instruments													
Documentary credits and short-term trade-related transactions													
	Commitments in respect of:	31,914,198	-	-	-	-	-	-	-	-	-	-	-
	- forward foreign exchange contracts	6,708,168	(641,073)	4,250,859	3,098,382	-	-	-	-	-	-	-	-
	- other commitments	606,518	606,518	-	-	-	-	-	-	-	-	-	-
	Off-balance sheet gap	39,228,884	31,879,643	4,250,859	3,098,382	-	-	-	-	-	-	-	-
		(116,372,764)	142,168,228	140,256,166	7,679,967	(1,687,964)	(4,036,120)	(66,466)	(9,807,248)	(212,783)	(115,695,641)		
	Total Yield/Profit Rate Risk Sensitivity Gap	(116,372,764)	25,795,464	166,051,630	173,731,597	172,043,633	168,007,513	167,941,047	158,133,799	157,921,016	42,225,375		
Cumulative Yield/Profit Rate Risk Sensitivity Gap													

2021

Effective Yield / Profit rate	Total	Exposed to Yield / Profit risk								Non-profit bearing financial instruments
		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	

Rupees in '000

On-balance sheet financial instruments
Assets

Cash and balances with Treasury Banks	24,552,347	-	-	-	-	-	-	-	-	-	-	-	24,552,347
Balances with other Banks	3,691,953	189,879	-	-	-	-	-	-	-	-	-	-	3,502,074
Due from financial institutions	34,945,365	26,444,586	4,008,737	4,492,042	-	-	-	-	-	-	-	-	-
Investments	124,838,317	33,439,354	49,481,579	-	-	-	-	-	-	-	-	-	1,842,390
Islamic financing, related assets and advances	181,176,239	39,531,634	23,643,370	66,018,635	3,299,905	8,719,276	7,462,008	5,122,494	2,572,136	-	-	-	1,904,565
Other assets	16,180,881	-	-	-	-	-	-	-	-	-	-	-	16,180,881
	385,385,102	99,605,453	62,977,210	77,133,686	70,510,677	3,299,905	8,719,276	7,462,008	5,122,494	2,572,136	-	-	47,982,257

Liabilities

Bills payable	3,484,210	-	-	-	-	-	-	-	-	-	-	-	3,484,210
Due to financial institutions	21,193,332	7,291,471	3,111,600	1,805,305	1,805,305	745,868	2,800,000	3,691,010	-	216,678	-	-	-
Deposits and other accounts	344,787,956	216,277,820	-	-	-	-	-	-	-	-	-	-	128,510,136
Subordinated sukuk	2,000,000	2,000,000	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,413,474	-	-	-	-	-	-	-	-	-	-	-	14,413,474
	385,878,972	223,569,291	5,111,600	1,531,400	1,805,305	745,868	2,800,000	3,691,010	-	216,678	146,407,820	-	-
On-balance sheet gap	(493,570)	(123,963,838)	57,865,610	75,602,286	68,705,372	2,554,037	5,919,276	3,770,998	5,122,494	2,355,458	(98,425,563)	-	-

Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions	35,305,359	-	-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of:													
- forward foreign exchange contracts	3,963,854	1,761,385	1,891,487	310,982	-	-	-	-	-	-	-	-	-
- other commitments	306,030	306,030	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	39,575,243	37,372,774	1,891,487	310,982	-	-	-	-	-	-	-	-	-
Total Yield/Profit Rate Risk Sensitivity Gap	(86,591,064)	59,757,097	75,913,268	68,705,372	2,554,037	5,919,276	3,770,998	5,122,494	2,355,458	(98,425,563)	-	-	-
Cumulative Yield/Profit Rate Risk Sensitivity Gap	(86,591,064)	(26,833,967)	49,079,301	117,784,673	120,338,710	126,257,986	130,028,984	135,151,478	137,506,936	39,081,373	-	-	-

47.3 Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external / internal events. The risk is different from the others, since it has a greater level of uncertainty and may be termed as a little difficult to measure. The Bank believes that prudence should be lived and breathed through the organizational culture.

At a more formal level, the Bank has strengthened its risk management framework by developing policies, guidelines and manuals. Operational and other risk assessment tool e.g. Risk Control and Self Assessment (RCSA) is being effectively used to assess, mitigate and monitor possible risk that may arise in any of the Bank's financial product or department. Operational Loss Database (OLD) records all the internal / external potential operational losses which helps the management understand the causes and impact of these risks.

47.3.1 Operational Risk-Disclosures Basel II Specific

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average annual gross income of the bank over the past three years with 15% as per guidelines issued by State Bank of Pakistan.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing strategies, policies, guidelines and manuals. It also includes risk and control self-assessment, key risk indicator, loss data management, improving efficiency and effectiveness of operations and improving quality of human resource through training and mitigation of operational risk.

47.4 Liquidity Risk

Liquidity risk is the potential loss to the Bank arising from its inability either to meet its obligations (financial) or to fund increases in assets as they fall due without incurring unacceptable costs or losses.

BankIslami Pakistan Limited's liquidity at various levels (day to day, short term, long term) is managed by the Treasury along with the Asset and Liability Management Committee (ALCO), which is one of the most important management level committees. Its role cannot be overemphasized here, it serves as a part of the critical trio with risk management and treasury department, monitoring and maintaining key liquidity ratios, a viable funding mix, depositor concentration, reviewing contingency plans etc.

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet in an orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Bank's activities and in the management of its assets. The Bank maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new financings, participate in new investments when opportunities arise, and to meet any other commitments. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

Bank calculates the Liquidity Coverage Ratio (LCR) on monthly basis as per SBP Basel III Liquidity Standards issued under BPRD circular no 08 dated June 23, 2016. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile of Bank which requires banks to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar-days period. As of December 31, 2022, Bank's LCR stood at 317.37% against the SBP's minimum requirement of 100%.

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. Banks are expected to meet the NSFR requirement of at least 100% on an ongoing basis.

Governance of Liquidity risk management

Liquidity and related risks are managed through standardized processes established in the Bank. Board and senior management are apprised about liquidity profile of the Bank on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks. The management of liquidity risk within the Bank is undertaken within limits and other policy parameters set by ALCO, which meets monthly and reviews compliance with policy parameters. Day to day monitoring is done by the treasury while overall compliance is monitored and coordinated by the ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position and monitoring the Bank's liquidity profile and associated activities. Bank's treasury function has the primary responsibility for assessing, monitoring and managing bank's liquidity and funding strategy. Treasury Middle Office being part of Risk management group is responsible for the independent identification, monitoring & analysis of risks inherent in treasury operations. The Bank has in place duly approved Treasury investment policy and strategy along with liquidity risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Bank.

Funding Strategy

Bank's prime source of liquidity is the customer's deposit base. Within deposits, Bank strives to maintain a healthy core deposit base in form of current and saving deposits and avoid concentration in particular products, tenors and dependence on large fund providers. Further, Bank relies on Interbank placement for stop gap funding arrangements but same is less preferred source of liquidity. Within acceptance, sources of funding are also diversified to minimize concentration. Usually interbank placement is for short term. The Bank follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Bank.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like cash to deposits, financing to deposit ratio, liquid assets to total deposits, Interbank placement to total deposits and large deposits to total deposits which are monitored on daily basis against different trigger levels and communicated to senior management and to ALCO forum regularly. Further, Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. For maturity analysis, behavioural study techniques are also used to determine the behaviour of non-contractual assets and liabilities based on historic data and statistical techniques. The Bank also ensures to maintain statutory cash and liquidity requirements all times.

Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits and increase in assets, withdrawals of wholesale / large deposits & interbank placement and utilization of undrawn credit lines etc. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Bank.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the bank which identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis. At Bank, a comprehensive liquidity contingency funding plan is prepared which highlights liquidity management chain that needs to be followed. Responsibilities and crisis management phases are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources, in case of a liquidity crisis.

Main drivers of LCR Results

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

Composition of High Quality Liquid Assets - HQLA

High Quality Liquid Assets composed of Level-1 Assets which can be included in the stock of liquid assets at 100% of their market value. Bank has taken Cash & treasury balances, Investments in Government of Pakistan backed Sukuks classified as Available for Sale category and foreign currency placements issued by sovereigns. Further, Level 2-A asset category includes investment in corporate sukuk.

Concentration of Funding Sources

Being a commercial bank, it relies on funds provided by depositors. However the Bank has been continuously improving upon its ratio of core deposits. Current and Saving accounts consist of 66.89% of total deposits, term deposits are 33.11% and acceptance from SBP and financial institutions is 5.06% of total deposits. Moreover the Bank does not rely on top few depositors to meet its funding requirements. This clearly shows that the funding sources for the Bank are well diversified.

Currency Mismatch in the LCR

Currency mismatch is minimal as FCY deposits are 3.21% of Bank's total deposits.

47.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2022													
Rupees in '000													
Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 Days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 months to 6 months	Over 6 months 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
Assets													
Cash and balances with treasury banks	39,972,702	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,045,955	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	23,878,183	10,000,000	-	4,036,995	-	1,500,037	4,884,493	-	-	-	-	-	-
Investments	179,741,488	276,250	-	985,708	270,000	29,704,112	6,940,747	3,456,658	-	-	51,047,986	29,779,562	60,737,323
Islamic financing and related assets and advances	201,328,442	42,549,990	430,818	3,872,022	8,494,868	10,490,966	17,138,635	1,474,052	21,823,244	8,230,511	8,280,767	33,535,625	43,947,437
Fixed assets	14,189,370	2,458	14,724	17,190	41,748	71,217	368,364	319,249	225,929	896,351	1,105,091	3,683,637	7,367,274
Intangible assets	3,261,569	565	3,386	3,951	9,596	17,499	84,673	73,382	51,932	206,035	254,017	846,721	1,693,442
Deferred tax assets	3,338,805	-	-	-	-	-	-	167,280	-	600,793	223,201	604,883	1,742,648
Other assets	19,482,598	5,482,957	89,794	3,944,987	1,115,313	741,336	5,113,906	240,371	877,241	654,540	-	611,019	227,680
	487,239,112	90,330,877	10,538,732	1,464,102	12,891,056	42,530,078	34,530,618	5,731,192	22,978,346	10,588,230	60,911,062	69,061,247	115,715,804
Liabilities													
Bills payable	3,530,929	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	21,052,256	-	-	-	-	-	716,011	-	333,333	500,000	1,300,000	4,045,619	14,157,293
Deposits and other accounts	415,911,942	278,324,450	13,545,907	26,916,420	15,606,471	9,204,834	24,165,801	18,385,691	17,431,445	700,521	342,837	564,225	81,462
Subordinated sukuk	2,850,000	-	-	-	-	-	-	-	-	-	-	-	2,850,000
Other liabilities	17,443,584	2,808,663	459,704	1,558,176	2,309,488	2,692,157	915,445	587,180	621,227	4,014,128	343,319	318,733	71,146
	460,788,711	284,664,042	14,005,611	11,386,096	17,915,959	11,896,991	25,797,257	18,972,871	18,386,005	5,214,649	1,986,156	4,928,577	17,159,901
Net assets	26,450,401	(194,333,165)	(3,466,879)	(9,921,994)	(15,583,540)	30,633,087	8,733,361	(13,241,679)	4,592,341	5,373,581	58,924,906	64,132,670	98,555,903
Share capital - net													
Share capital - net	11,007,991	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	2,591,091	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	2,768,287	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	10,083,032	-	-	-	-	-	-	-	-	-	-	-	-
	26,450,401	-	-	-	-	-	-	-	-	-	-	-	-

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 months to 6 months	Over 6 months 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
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Rupees in '000

Assets

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing and related assets and advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets

24,552,347	24,552,347	-	-	-	-	-	-	-	-	-	-	-	-
3,691,953	3,691,953	-	-	-	-	-	-	-	-	-	-	-	-
34,945,365	-	14,634,851	5,908,082	5,908,082	-	-	4,008,737	4,492,042	-	-	-	-	-
124,838,317	191,868	-	337,962	684,617	187,527	10,118,309	-	-	-	-	689,794	78,474,104	34,154,136
181,176,239	8,122,568	8,777,479	17,554,957	2,913,166	12,165,825	2,683,760	16,412,742	1,386,279	37,104,649	6,626,477	10,694,976	15,409,630	41,323,731
13,617,439	2,357	4,140	497	5,715	15,660	9,989	39,672	306,381	514,522	368,395	530,090	1,892,755	9,927,266
3,176,180	-	-	-	-	-	2,329	44,166	-	13,259	24,153	20,899	127,077	2,944,297
4,308,141	-	-	-	-	-	-	-	240,279	-	862,053	320,262	867,922	2,017,625
18,084,193	990,703	815,660	1,992,112	-	3,476,906	2,227,330	6,292,451	-	385,720	-	-	50,000	1,853,311
408,390,174	37,551,796	24,232,130	25,787,181	9,511,580	15,845,918	15,041,717	26,797,768	6,424,981	38,018,150	7,881,078	12,256,021	96,821,488	92,220,366

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
Subordinated sukuk
Other liabilities

3,484,210	3,484,210	-	-	-	-	-	-	-	-	-	-	-	-
21,193,332	-	7,291,471	-	-	-	3,111,600	1,531,400	1,469,774	335,531	745,868	2,800,000	3,691,010	216,678
344,787,956	236,805,878	5,588,161	8,822,039	22,313,515	13,029,827	14,630,740	16,954,991	15,241,603	4,049,159	5,979,641	628,323	637,057	107,022
2,000,000	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000
14,413,474	922,215	531,892	1,109,599	860,270	3,098	481,665	5,623,011	422,662	24,824	3,213,456	418,530	802,252	-
385,878,972	241,212,303	13,411,524	9,931,638	23,173,785	13,032,925	18,224,005	24,109,402	17,134,039	4,409,514	9,938,965	3,846,853	5,130,319	2,323,700
22,511,202	(203,660,507)	10,820,606	15,855,543	(13,662,205)	2,812,993	(3,182,288)	2,688,366	(10,709,058)	33,608,636	(2,057,887)	8,409,168	91,691,169	89,896,666

Net assets

Share capital - net
Reserves
Surplus on revaluation of assets
Unappropriated profit

11,007,991	-	-	-	-	-	-	-	-	-	-	-	-	-
1,703,164	-	-	-	-	-	-	-	-	-	-	-	-	-
3,464,337	-	-	-	-	-	-	-	-	-	-	-	-	-
6,335,710	-	-	-	-	-	-	-	-	-	-	-	-	-
22,511,202	-	-	-	-	-	-	-	-	-	-	-	-	-

47.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

2022

	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 -----										
Assets										
Cash and balances with treasury banks	39,972,702	39,972,702	-	-	-	-	-	-	-	-
Balances with other banks	2,045,955	2,045,955	-	-	-	-	-	-	-	-
Due from financial institutions	23,878,183	14,036,995	1,500,037	4,884,493	3,456,658	-	-	-	-	-
Investments	179,741,488	1,234,556	-	46,217	-	556,910	50,470,311	93,292,907	33,512,645	627,942
Islamic financing and related assets and advances	201,328,442	44,720,248	18,483,971	31,877,540	10,790,100	8,339,006	8,276,889	35,483,472	20,318,082	23,039,134
Fixed assets	14,189,370	14,186	28,647	44,247	900,326	399,586	565,678	2,029,674	2,411,911	7,795,115
Intangible assets	3,261,569	-	3,192	59,967	18,174	33,107	28,647	174,185	-	2,944,297
Deferred tax assets	3,338,805	-	-	-	184,471	577,695	222,888	604,036	1,749,715	-
Other assets	19,482,598	5,512,398	7,696,817	3,921,498	788,216	-	-	50,000	-	1,513,669
	487,239,112	107,537,040	27,712,664	40,833,962	16,137,945	9,906,304	59,564,413	131,634,274	57,992,353	35,920,157
Liabilities										
Bills payable	3,530,929	3,530,929	-	-	-	-	-	-	-	-
Due to financial institutions	21,052,256	531,545	1,164,500	3,100,261	820,258	1,800,000	4,036,120	922,747	8,464,043	212,782
Deposits and other accounts	415,911,942	74,383,262	36,937,502	34,097,301	44,306,669	17,695,543	25,827,388	43,043,795	85,024,646	54,595,836
Subordinated sukuk	2,850,000	-	-	-	-	-	-	-	-	2,850,000
Other liabilities	17,443,584	6,824,831	2,803,301	2,529,644	577,744	3,559,675	707,859	440,530	-	-
	460,788,711	85,270,567	40,905,303	39,727,206	45,704,671	23,055,218	30,571,367	44,407,072	93,488,689	57,658,618
Net assets	26,450,401	22,266,473	(13,192,639)	1,106,756	(29,566,726)	(13,148,914)	28,993,046	87,227,202	(35,496,336)	(21,738,461)
Share capital - net	11,007,991									
Reserves	2,591,091									
Surplus on revaluation of assets	2,768,287									
Unappropriated profit	10,083,032									
	26,450,401									

2021

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
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----- Rupees in '000 -----

Assets

Cash and balances with treasury banks	24,552,347	-	-	-	-	-	-	-	-
Balances with other banks	3,691,953	-	-	-	-	-	-	-	-
Due from financial institutions	34,945,365	-	4,008,737	4,492,042	-	-	-	-	-
Investments	124,838,317	1,214,447	10,305,836	-	627,942	689,794	78,474,104	33,526,194	-
Islamic financing and related assets and advances	181,176,239	37,368,170	14,849,585	16,412,742	38,490,928	10,694,976	15,409,630	21,551,810	19,771,921
Fixed assets	13,617,439	12,709	25,649	39,672	820,903	530,090	1,892,755	2,270,062	7,657,204
Intangible assets	3,176,180	-	2,329	44,166	13,259	20,899	127,077	-	2,944,297
Deferred tax assets	4,308,141	-	-	-	240,279	320,262	867,922	2,017,625	-
Other assets	18,084,193	3,798,475	5,704,236	6,292,451	385,720	-	50,000	1,853,311	-
	408,390,174	97,082,687	30,887,635	26,797,768	44,443,131	12,256,021	96,821,488	61,219,002	30,373,422

Liabilities

Bills payable	3,484,210	-	-	-	-	-	-	-	-
Due to financial institutions	21,193,332	7,291,471	3,111,600	1,531,400	1,805,305	2,800,000	3,691,010	-	216,678
Deposits and other accounts	344,787,956	49,232,910	38,371,112	25,756,931	26,747,147	23,010,325	37,944,681	74,708,916	48,110,673
Subordinated sukuk	2,000,000	-	-	-	-	-	-	-	2,000,000
Other liabilities	14,413,474	3,423,976	484,763	5,623,011	447,486	418,530	802,252	-	-
	385,878,972	63,432,567	41,967,475	32,911,342	28,999,938	26,228,855	42,437,943	74,708,916	50,327,351
Net assets	22,511,202	33,650,120	(11,079,840)	(6,113,574)	15,443,193	(13,972,834)	54,383,545	(13,489,914)	(19,953,929)

Share capital- net	11,007,991
Reserves	1,703,164
Surplus on revaluation of assets	3,464,337
Unappropriated profit	6,335,710
	<u>22,511,202</u>

47.5 Strategic Risk

Strategic risk arises due to wrong assumptions in strategic decision making or the failure to react correctly to long-term changes in strategic parameters.

The Bank follows a deliberate low-risk strategy. Within the general constraints of its niche market the Bank is aware of the need of reducing risk. The Bank has a well established strategic planning and evaluation process which involves all levels of management and which is subject to regular review.

47.6 Systemic Risk

Systemic risk is the risk of a total or partial collapse of the financial system.

Such a collapse could be due to technical factors or market driven (psychological reasons).

Systemic risk is reduced by the activities of both national and international regulatory authorities. The Bank actively supports these organizations through its membership of the relevant banking industry association i.e. Pakistan Banks' Association ("PBA"). The Bank also takes account of systemic risk by means of careful management of counter party risks in the inter-bank market.

47.7 Shariah Non-compliance Risk

Shariah non-compliance risk is the risk that arises from an Islamic bank's failure to comply with the Shariah rules and principles prescribed by the State Bank of Pakistan and / or the Shariah Board of the Bank. It remains the most important operational risk for an Islamic bank. Compliance of Shariah guidelines must permeate throughout the organization and its adherence should be reflected in the products and activities.

47.8 Shariah Compliant Forward and Future Contracts

Shariah compliant forward and future contracts are recognized at fair value. In case of equity futures, the fair value is calculated with reference to quoted market price. Shariah compliant forward and future contracts with positive market values (i.e. unrealized gains) are included in other receivables and derivatives with negative market values (i.e. unrealized losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to the profit and loss account.

48 GENERAL

48.1 Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these unconsolidated financial statements, except for captions of the Unconsolidated Statement of Financial Position and Unconsolidated Profit and Loss Account.

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

48.3 The figures in these unconsolidated financial statements have been rounded off to the nearest thousand rupee.

48.4 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassifications during the period except as disclosed below:

Transfer from	Transfer to	As at December 31, 2021
Statement of Financial Position:		
Saving Deposits	Current Deposits	<u><u>3,916,265</u></u>

48.5 Non-adjusting Event

The Board of Directors in their meeting held on March 01, 2023 has announced cash dividend of Re. 1 per share (10%) (2021: Nil). This appropriation will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended December 31, 2022 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2023.

49 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on March 1, 2023 by the Board of Directors of the Bank.


 PRESIDENT /
 CHIEF EXECUTIVE
 OFFICER


 CHIEF FINANCIAL
 OFFICER


 CHAIRMAN


 DIRECTOR


 DIRECTOR

Annexure - I

STATEMENT SHOWING WRITTEN - OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2022

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	Profit written-off / waived	Other financial	Total (9+10+11)	
				Principal	Profit	Others					Total (5+6+7)
-----Rupees in '000-----											
1	Babar Latif, House No. L-14, Block-17, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi	Babar Latif (42201-7360421-1)	Muhammad Abdul Latif	21,500	17,585	13,568	52,653	-	16,585	13,568	30,153
2	Patel Food Industries, Plot No. F-456, Industrial Area, S.I.T.E, Karachi	1). Irfan Patel (42201-3769388-5) 2). Ashfaq Patel (42201-3759888-5)	1). Abdul Ghaifur Patel 2). Abdul Ghaifur Patel	135,005	27,242	-	162,247	-	27,274	-	27,274
3	Meer Mustafa Brohi, House No. 607/II, 25th Street, Khayaban-e-Badbaan, Phase-V, DHA, Karachi	Meer Mustafa Brohi, (43203-47984465-3)	Chulam Mustafa Brohi	24,910	17,454	12,862	55,226	-	14,364	12,862	27,226
4	Mutassir Riaz - House No.10-A, Mohalla 9th Aavenue, Sector F-8/2, Islamabad	Mutassir Riaz - 61101-1940293-3	Sheekh Riaz Ahmed	33,560	24,622	-	58,182	-	24,622	-	24,622
5	Syed Moazzam Ali - House No.56-C-1, Rabia Palace, Block 10-A, Gulshan-e-Iqbal, Karachi	Syed Moazzam Ali - 42000-7607652-7	Syed Ali Muhammad Rizvi	6,333	6,825	-	13,158	-	5,921	-	5,921
6	TAYYABA KHALID & OR M KHALID AFZAL Plot No. 203 M, P.E.C.H.S, Karachi.	TAYYABA KHALID & OR M KHALID AFZAL 4220106331602	MOHAMMED KHALID AFZAL	28,619	5,741	-	34,360	-	5,741	-	5,741
7	Tehmina Ali - House No.152/II, 32nd Street, DHA Phase VI, Karachi	Tehmina Ali - 42301-1408974-4	Syed Muhammad Ali Zaidi	5,190	5,560	-	10,750	-	5,448	-	5,448
8	Shehryar Ali Shah House no. 38/1, Street no. 24, Khayaban-e-Mujahid, Phase-V,	Shehryar Ali Shah 70258-6286181-1	Sajjad Ali Shah	2,796	4,684	-	7,480	-	4,684	-	4,684
9	Abrar Ahmed, 210 Mustafa Center Khayban-e-Gizri, KHI	Abrar Ahmed 42301-9688101-1	M. Hussain Ahmed	-	4,367	-	4,367	-	4,367	-	4,367
10	Abrar Ahmed, Flat No. 9-H, 3rd Floor, Askari Appartments, Chaudhry Khalique-zaman Road, Karachi	Abrar Ahmed (42301-9688101-1)	Muhammad Hussain Ahmed	6,600	3,383	1,084	11,067	-	3,179	838	4,017
11	Azam Feed Mills, Azam Nagar, 2-KM. Ali Pur Road, Gujranwala.	Shazada Azam (94101-2587958-5)	Chulam Haider Dar	4,800	3,867	-	8,667	-	3,867	-	3,867
12	Qaiser Iqbal Bhatti, Office no. 34, 1st Floor, Defence Commercial Plaza, Phase-III, Commercial Area, Y-Block, DHA, Lahore.	Qaiser Iqbal Bhatti (42301-6695241-5)	Lal Muhammad Bhatti	6,998	3,621	-	10,619	-	3,621	-	3,621
13	Mian Majid Ali - House No.283-A, New Muslim Town, Lahore	Mian Majid Ali - 35202-2977170-9	Mian Muzafer Ali	3,192	3,718	-	6,910	-	3,610	-	3,610
14	Asif Yaqub - House No.P.1281, Muhalla No.9, Islamia Park, Faisalabad	Asif Yaqub - 33100-0334436-3	Muhammad Yaqoob	2,425	2,683	-	5,108	-	2,633	-	2,633

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			Rupees in '000-			Principal written-off	Profit written-off / waived	Other financial	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)	8	9				
1													
15	Farooq Hameed, House No. S-30, Iqbal Lane No. 8, Phase-VIII-B, DHA, Karachi	Farooq Hameed, (42201-4236836-9)	Abdul Hameed	16,363	4,945	484	21,792	-	1,973	484	2,457		
16	Syed Obaid Ahmed &/or Madha Obaid House No R-37/ii, 10th Lanekhayaban-e-Saadi Phase 7 Dha Karachi	Syed Obaid Ahmed &/or Madha Obaid (4250115192271)	Syed Shah Ishtiaq Ahmed	16,456	2,992	-	19,448	-	2,413	-	2,413		
17	Farkhanda Mazhar Shaikh - House No.48, Street 33, Sector G-9/I, Islamabad	Farkhanda Mazhar Shaikh - 61101-8915125-2	Mazhar Hussain Shaikh	1,585	1,825	-	3,410	-	1,825	-	1,825		
18	Khawaja Muhammad Anjum Plot No. 48/1, Sector 7-A, Korangi Industrial Area, Karachi	Khawaja Muhammad Anjum (42201-7291490-9)	Muhammad Younus	1,127	142	1,471	2,740	-	142	1,471	1,613		
19	Novelty Fabrics, 61-KM, Multan Road, Jamber Khurd, Bhai Pheru, District Kasur	1). Muhammad Haris Malik (35202-2250586-9) 2). Tauseef-urrehman (35202-3330470-9) 3). Muhammad Azam Khan zai (35202-3928335-3) 4). Abida Khanum (35202-3504075-0). 5). Majeed urehman (34101-2665619-5)	Muhammad Akbar	4,989	1,610	-	6,599	-	1,610	-	1,610		
20	Farhan Hafeez - Flat No.H-101, Golden Heights, Block No.13, Gulistan-e-Jauhar, Karachi	Farhan Hafeez - 42000-2174491-7	Hafeez Ahmed Khan	425	1,627	-	2,052	-	1,592	-	1,592		
21	Yasir Jjaz House no. 70-B, Block Market Guruwara Ground, Model Town, Lahore.	Yasir Jjaz 35202-7743067-7	Muhammad Jjaz	4,865	281	1,189	6,335	-	145	1,189	1,334		
22	Saqib Ashraf - House No.2/637, Mohallah Waterworks, Near Habib Bank Ltd., Abbot Raod, Sialkot.	Saqib Ashraf - 34603-2299871-3	Muhammad Ashraf	388	1,295	-	1,683	-	1,283	-	1,283		
23	Naveed Nayyar Hussain - Office Bearing No.9, Mezzanine Floor, Plot No.ZAM 1, Zamzama Main Boulevard, Phase V, DHA, Karachi	Naveed Nayyar Hussain - 42301-4883876-9	Nayyar Hussain	2,550	1,353	-	3,903	-	1,103	-	1,103		
24	Najum Shafi Butt - House No.N.A/237, 9th Road, New Malpur, Near Alalah Masjid, Satellite Town, Rawalpindi	Najum Shafi Butt - 37405-0657278-1	Muhammad Shafi Butt	266	968	-	1,234	-	934	-	934		

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's /Husband's name	Outsanding Liabilities at beginning of year					Principal written-off	Profit written-off / waived	Other financial	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)	9				
1	2	3	4	5	6	7	8	9	10	11	12	
25	Paramount Spinning Mills Limited, 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi	1). Abdul Shakoor (42201-0350226-5) 2). Nasser Ahmed (42201-0632509-5) 3). Tanweer Ahmed (42201-0350138-5) 4). Sohail Maqsood (35201-4740143-5) 5). Sh. Riaz Ahmed (35202-2643382-5) 6). Muhammad Abdullah (42000-0545449-7) 7). Neelofer Hameed (42101-1443183-6)	1). Hoji Jamal ud din 2). Abdul Shakoor 3). Abdul Shakoor 4). Maqsood Ithahi 5). Sh. Fazal Karim 6). Muhammad Umer 7). Tahir Ahmed	1,762	171	-	1,933	678	171	-	849	
26	Muhammad Ali, Flat No. G-5, Ground Floor, Plot No. JM-113, Hira Heights, Parsi Colony, Karachi	Muhammad Ali (42301-0895098-3)	Chulam Abbas	6,125	2,116	589	8,830	-	257	573	830	
27	Shah Khalid – House No.A-78, Street No.4, Phase-3, Faraz Village, Qasimabad, Hyderabad	Shah Khalid – 42000-05531557 3	Abdul Rehman	95	812	-	907	-	802	-	802	
28	Saad Shams – House on Plot No.37- K, Block-6, EFU Life Assurance, Bancassurance Dept., PECHS, Karachi	Saad Shams- 42201-6502387-3	Shamsul Islam	120	794	-	914	-	784	-	784	
29	Muhammad Abbas Khan Plot No. 508, Street No. 17, Sector No. III, Airport Employees Co Operative Housing Society, Chakkala, Rawalpindi	Muhammad Abbas Khan 1730108519047	Faiz Muhammad Khan	6,272	966	-	7,238	-	770	-	770	
30	Anwar Iqbal – House No.314, Annami Shah Colony, Unit No.12, Shah Latifabad, Hyderabad	Anwar Iqbal – 41304-0287658- 9	Zafaruddin	369	714	-	1,083	-	713	-	713	
31	Farhan Nisar – House No.9, M Ext., Muhammadi Street No.4, Saddiquia Road, Gulgasht Colony, Multan	Farhan Nisar – 36302-5500855- 5	Nisar Ahmed Saeed	224	608	-	832	-	582	-	582	
32	Mst. Mahwash Building No. 35, Flat no. A, Ground Floor, Askari Apartment, Askari-XI, Bedian Road, Lahore.	Mst. Mahwash (35202-8405773-0)	Maratib Ali khan	9,999	2,481	301	12,781	-	262	301	563	
33	Muhammad Amin Mughal – House No.BF 927, Muhallah Shahabad, Dhok Dalaj, Rawalpindi	Muhammad Amin Mughal – 37405-5925347-3	Nazir Ahmed Mughal	72	572	-	644	-	544	-	544	
TOTAL:				355,980	157,624	31,548	545,152	678	143,821	31,286	175,785	

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

Annexure - II

Details of disposal of fixed assets to the Chief Executive Officer or to a Director or to Executives, irrespective of the value, and to any other person having aggregate book value of more than Rs 5 million and particulars of each asset, which has book value of Rs.500,000 or above are as follows:

Asset description	Asset Cost	Accumulated depreciation	WDV	Sale proceeds	Gain/ (loss) on disposal	Mode of disposal	Particulars of Buyer
Furniture and Fixture	772	244	528	81	(446)	Tender	Adam Traders
Building	64,933	5,313	59,620	69,000	9,380	Tender	Gul Wali Imran Khan
<i>Total</i>	65,705	5,557	60,148	69,081	8,934		



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INDEPENDENT AUDITOR'S REPORT

To the members of BankIslami Pakistan Limited

Opinion

We have audited the annexed consolidated financial statements of **BankIslami Pakistan Limited** (the Bank) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter

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.



KPMG Taseer Hadi & Co.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>Provision against Islamic financing, related assets and advances (Refer Note 12.17)</p> <p>The Group's Islamic financing portfolio includes fund-based and non-funded financing facilities. The portfolio includes corporate financing to several public sector entities and large to small size businesses operating in the private sector, as well as consumer financing to individuals.</p> <p>As per the Group's accounting policy (refer note 7.4.14 to the consolidated financial statements), the Group determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision against corporate and consumer financing in respect of potential credit losses in the portfolio.</p> <p>The Prudential Regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Group's credit portfolio. The determination of loan loss provision against financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Group.</p>	<p>Our audit procedures to verify provision against Islamic financing, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessed the design and tested the operating effectiveness of manual and automated controls over classification and grading of customers, including: <ul style="list-style-type: none"> ▪ controls over correct classification of non-performing financing on time-based criteria. ▪ controls over monitoring of financing with higher risk of default. ▪ The accuracy of data input into the system used for credit grading. • In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total Islamic financing portfolio and performed the following substantive procedures for sample loan accounts: <ul style="list-style-type: none"> - verified repayments of loan / profit installments and checked that non-performing financing have been correctly classified and categorized based on the number of days overdue; and - examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate. • Checked the accuracy of specific provision made against non-



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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified provision as a significant area of audit judgment and a key audit matter.</p>	<p>performing financing and of general provision made against consumer finance by recomputing the provision amount after considering the benefit of forced sales value, if any, in accordance with the criteria prescribed under the PRs.</p> <ul style="list-style-type: none"> • Where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file.
2.	<p>Valuation of investments (Refer note 11 to the consolidated financial statements)</p>	
	<p>The carrying value of investments held by the Group amounted to Rs. 180,176 million, which constitutes 36.94% of the Group's total assets as at 31 December 2022.</p> <p>The significant portion of the investments comprise of federal government securities and Non-Government shariah compliant securities.</p> <p>Investments are carried at amortized cost or fair value in accordance with the Group's accounting policy relating to their recognition. Provision against investments is made based on impairment policy of the Group which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the consolidated financial statements</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; • Checked the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including the significant or prolonged decline in fair value of equity investments for impairment; • Obtained independent confirmations for verifying the existence of the investment portfolio as at 31 December 2022 and reconciled it with the books and records of the Group. Where such confirmations were not available, alternate procedures were performed; • Evaluated the Group's assessment of available for sale financial assets for



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>any additional impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions; and</p> <ul style="list-style-type: none"> • Considered the Group's disclosures of investments, such as the fair value hierarchy, to the requirements of applicable financial reporting framework.
3.	<p>Impairment testing of goodwill</p>	
	<p>As at 31 December 2022, intangible assets include goodwill amounting to Rs. 2,991.308 million acquired as a result of scheme of amalgamation as disclosed in note 14.2 to the consolidated financial statements.</p> <p>Goodwill is required to be annually assessed for impairment under IAS-36 "Impairment of Assets". Accordingly, Management has performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance.</p> <p>As disclosed in note 14.2, the Group uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions.</p> <p>Due to the significance and impact of the assumptions and judgements involved, the impairment tests of goodwill is considered to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Evaluated the model used in determining the value in use as well as assessing the discount rate used; • Compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations; • Involved our internal valuation specialists to review and evaluate management's key assumptions used in impairment calculations; • Performed sensitivity analyses around the key assumptions used in the models. • Assessed the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework.



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Information other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other Information comprises the information included in the Annual Report, but does not include the 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 the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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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.



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

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

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

Date: 2 March 2023

Karachi

UDIN: AR202210106OW1c3IaxK

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

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2022

	Note	2022	2021
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	8	39,972,702	24,552,347
Balances with other banks	9	2,048,157	3,694,155
Due from financial institutions - net	10	23,878,183	34,945,365
Investments - net	11	180,176,339	125,228,590
Islamic financing, related assets and advances - net	12	201,328,442	181,176,239
Fixed assets	13	14,190,422	13,618,491
Intangible assets	14	3,308,580	3,223,191
Deferred tax assets	15	3,213,719	4,183,055
Other assets - net	16	19,482,870	18,084,464
Total Assets		487,599,414	408,705,897
LIABILITIES			
Bills payable	17	3,530,929	3,484,210
Due to financial institutions	18	21,052,256	21,193,332
Deposits and other accounts	19	415,911,937	344,787,951
Subordinated sukuk	20	2,850,000	2,000,000
Deferred tax liabilities		-	-
Other liabilities	21	17,463,348	14,433,237
		460,808,470	385,898,730
NET ASSETS		26,790,944	22,807,167
REPRESENTED BY			
Share capital - net	22	11,007,991	11,007,991
Reserves	23	2,591,071	1,703,144
Surplus on revaluation of assets - net of tax	24	2,759,222	3,455,272
Unappropriated profit		10,432,660	6,640,760
		26,790,944	22,807,167
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these consolidated financial statements.


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DIRECTOR


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Consolidated Profit and Loss Account

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	2022	2021
		----- Rupees in '000 -----	
Profit / return earned	26	46,345,194	23,226,839
Profit / return expensed	27	25,942,829	12,275,199
Net Profit / return		20,402,365	10,951,640
OTHER INCOME			
Fee and commission income	28	1,459,365	1,226,894
Dividend income		25,754	24,643
Foreign exchange income		1,349,757	481,902
Gain on securities	29	80,092	101,976
Other income - net	30	683,888	93,838
Total other income		3,598,856	1,929,253
Total Income		24,001,221	12,880,893
OTHER EXPENSES			
Operating expenses	31	11,773,169	9,549,614
Workers' Welfare Fund		164,562	70,693
Other charges	32	22,884	2,525
Total other expenses		11,960,615	9,622,832
Profit before provisions		12,040,606	3,258,061
Provisions and write offs - net	33	3,812,494	31,888
Extra ordinary / unusual items		-	-
Share of profit / (loss) from associate - net of tax		44,578	7,626
PROFIT BEFORE TAXATION		8,272,690	3,233,799
Taxation	34	3,788,477	1,265,556
PROFIT AFTER TAXATION		4,484,213	1,968,243
DISCONTINUED OPERATIONS			
Profit after taxation from Discontinued Operations		-	92,609
PROFIT AFTER TAXATION		4,484,213	2,060,852
ATTRIBUTABLE TO:			
Equity shareholders of the Bank		4,484,213	2,031,160
Non-controlling interest		-	29,692
		4,484,213	2,060,852
----- Rupees -----			
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Bank			
Basic and diluted	35	4.0446	1.7753
Earnings per share for profit attributable to the ordinary equity holders of the Bank			
Basic and diluted	35	4.0446	1.8320

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these consolidated financial statements.



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Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	----- Rupees in '000 -----	
Profit after taxation for the year attributable to:		
Equity shareholders of the Bank	4,484,213	2,031,160
Non-controlling interest	-	29,692
	<u>4,484,213</u>	<u>2,060,852</u>
Other Comprehensive Income		
Items that may be reclassified to consolidated profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax attributable to:		
Equity shareholders of the Bank	(258,080)	(13,588)
Non-controlling interest	-	4,048
	<u>(258,080)</u>	<u>(9,540)</u>
Items that will not be reclassified to profit and loss account in subsequent periods:		
Re-measurement (loss) / gain on defined benefit obligations - net of tax	26,694	(33,779)
Movement in surplus on revaluation of operating fixed assets - net of tax	(224,541)	595,816
Movement in surplus on revaluation of non-banking assets - net of tax	(44,509)	(68,684)
	<u>(242,356)</u>	<u>493,353</u>
Total comprehensive income	<u>3,983,777</u>	<u>2,544,665</u>
Total comprehensive income attributable to:		
Equity shareholders of the Bank	3,983,777	2,510,925
Non-controlling interest	-	33,740
	<u>3,983,777</u>	<u>2,544,665</u>
Total comprehensive income attributable to equity shareholders of the Bank:		
Continuing operations	3,983,777	2,475,352
Discontinued operations	-	35,573
	<u>3,983,777</u>	<u>2,510,925</u>

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these consolidated financial statements.



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Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2022

	Share capital	Discount on Issue of shares	Statutory reserve	Revenue reserve for bad debts & contingency	Surplus on revaluation of		Unappropriated profit	Sub total	Non-controlling interest	Total
					Investments	Fixed / non banking assets				
----- Rupees in '000 -----										
Balance as at December 31, 2020	11,087,033	(79,042)	1,276,894	250,000	1,393,859	1,632,499	4,734,999	20,296,242	216,840	20,513,082
Profit after taxation for the year	-	-	-	-	-	-	2,031,160	2,031,160	29,692	2,060,852
Other comprehensive income / (loss) - net of tax	-	-	-	-	(13,588)	527,132	(33,779)	479,765	4,048	483,813
	-	-	-	-	(13,588)	527,132	1,997,381	2,510,925	33,740	2,544,665
Elimination of non-controlling interest at disposal of subsidiaries	-	-	-	-	-	-	-	-	(250,580)	(250,580)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(57,781)	57,781	-	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	(1,381)	1,381	-	-	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(6,866)	6,866	-	-	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(18,602)	18,602	-	-	-
Transfer to statutory reserve	-	-	426,250	-	-	-	(426,250)	-	-	-
Transfer from revenue reserve for bad debts & contingencies to unappropriated profit	-	-	-	(250,000)	-	-	250,000	-	-	-
Balance as at December 31, 2021	11,087,033	(79,042)	1,703,144	-	1,380,271	2,075,001	6,640,760	22,807,167	-	22,807,167
Profit after taxation for the year	-	-	-	-	-	-	4,484,213	4,484,213	-	4,484,213
Other comprehensive income / (loss) - net of tax	-	-	-	-	(258,080)	(269,050)	26,694	(500,436)	-	(500,436)
	-	-	-	-	(258,080)	(269,050)	4,510,907	3,983,777	-	3,983,777
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax	-	-	-	-	-	(117,819)	117,819	-	-	-
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,658	(2,658)	-	-	-
Transfer from surplus on revaluation of fixed assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(10,412)	10,412	-	-	-
Transfer from surplus on revaluation of non-banking assets on sale to unappropriated profit - net of tax	-	-	-	-	-	(43,347)	43,347	-	-	-
Transfer to statutory reserve	-	-	887,927	-	-	-	(887,927)	-	-	-
Closing Balance as at December 31, 2022	11,087,033	(79,042)	2,591,071	-	1,122,191	1,637,031	10,432,660	26,790,944	-	26,790,944

*This represents reserve created under section 21(1) of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 49 and Annexure-I & II form an integral part of these consolidated financial statements.



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Consolidated Cash Flow Statement

FOR THE YEAR ENDED DECEMBER 31, 2022

Note	2022	2021
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation from continuing operations	8,272,690	3,233,799
Profit before taxation from discontinued operations	-	141,722
Less: Dividend income	(25,754)	(24,643)
Less: Share of profit from associate	(44,578)	(7,626)
	8,202,358	3,343,252
Adjustments for non-cash charges and other items:		
Depreciation on fixed assets	966,054	782,063
Depreciation on non-banking assets	3,159	6,416
Depreciation on right-of-use assets	866,824	769,483
Amortization	91,176	66,944
Depreciation on operating Ijarah assets	62,963	1,112,358
Amortization of lease liability against right of use assets	27 441,540	416,247
Provisions and write offs - net	33 3,812,494	35,128
Charge for defined benefit plan	175,548	139,925
Loss on sale of non-current assets held for sale	29.1 -	38,053
(Gain) / loss on sale of fixed assets	30 (19,587)	3,521
(Gain) on sale of non-banking assets	(208,967)	-
	6,191,204	3,370,138
	14,393,562	6,713,390
(Increase) / decrease in operating assets		
Due from financial institutions	11,070,422	6,694,647
Islamic financing and related assets and advances - net	(24,026,499)	(52,652,318)
Others assets (excluding advance taxation)	(931,937)	(3,645,089)
	(13,888,014)	(49,602,760)
Increase / (decrease) in operating liabilities		
Bills payable	46,719	160,125
Due to financial institutions	(141,076)	5,065,716
Deposits and other accounts	71,123,986	61,851,201
Other liabilities (excluding current taxation)	692,666	3,455,366
	71,722,295	70,532,408
	72,227,843	27,643,038
Contributions to defined benefit plan	39.7 -	(150,000)
Income tax paid	(1,285,270)	(534,454)
Net cash generated from continuing operations	70,942,573	26,958,584
Net cash used in discontinued operations	-	(591,071)
Net cash generated from operating activities	70,942,573	26,367,513
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(55,162,321)	(29,594,201)
Dividends received	25,754	24,643
Payment of Ijarah (lease) liability against right-of-use assets	(1,216,855)	(1,084,181)
Investments in fixed assets	(1,571,487)	(2,463,606)
Investments in intangible assets	(176,565)	(134,626)
Proceeds from sale of non-current assets held for sale	-	753,210
Proceeds from sale of fixed assets	83,258	33,253
Net cash used in investing activities	(58,018,216)	(32,465,508)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of subordinated sukuk	850,000	-
Net cash generated from financing activities	850,000	-
(Decrease) / Increase in cash and cash equivalents	13,774,357	(6,097,995)
Cash and cash equivalents at the beginning of the year	28,246,502	34,344,497
Cash and cash equivalents at the end of the year	37 42,020,859	28,246,502

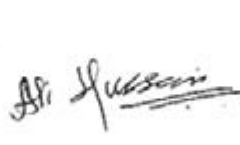
The annexed notes 1 to 49 and Annexure-I & II form an integral part of these consolidated financial statements.



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Notes to and Forming Part of the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2022

1 STATUS AND NATURE OF BUSINESS

The Group comprises of:

1.1 BankIslami Pakistan Limited (Holding Company or the Bank)

BankIslami Pakistan Limited (the Holding Company) was incorporated in Pakistan on October 18, 2004 as a public limited company to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

The State Bank of Pakistan (SBP) granted a 'Scheduled Islamic Commercial Bank' license to the Holding Company on March 18, 2005. The Holding Company commenced its operations as a Scheduled Islamic Commercial Bank with effect from April 07, 2006, on receiving Certificate of Commencement of Business from the State Bank of Pakistan (SBP) under section 37 of the State Bank of Pakistan Act, 1956. The Holding Company is principally engaged in corporate, commercial, consumer, retail banking and investment activities.

The Holding Company is operating through 380 branches including 80 sub-branches as at December 31, 2022 (December 31, 2021: 340 branches including 80 sub-branches). The registered office of the Holding Company is situated at 11th Floor, Dolmen City Executive Tower, Marine Drive, Block-4, Clifton, Karachi. The shares of the Holding Company are quoted on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency (Private) Limited (PACRA) has maintained the Holding Company's long-term rating as 'A+' and the short-term rating as 'A1' with a positive outlook.

1.2 Subsidiary Company

1.2.1 My Solutions Corporation Limited - 100 percent holding

My Solutions Corporation Limited (the Company) was incorporated as a private limited company on November 05, 1995 and was converted into a public limited company on March 24, 2003. The Company is currently dormant. Its registered office is situated at the 9th floor, Trade Centre, I.I Chundrigar Road, Karachi.

2 BASIS OF PREPARATION

2.1 The Holding Company provides financing mainly through Murabaha, Istisna, Diminishing Musharakah, Import Murabaha, Salam, Musawamah, Running Musharaka (Shirkat-ul-Aqd), Ijarah and other Islamic modes as briefly explained in note 7.4 to these consolidated financial statements.

The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon. The income on such financing is recognized in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognized as charity payable as directed by the Shariah Board of the Holding Company.

2.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and the financial statements of subsidiary company from the date that control of the subsidiary by the Holding Company commences until the date that control ceases. The financial statements of the subsidiary company are incorporated on a line-by-line basis and the investment held by The Holding Company is eliminated against the corresponding share capital of subsidiary in these consolidated financial statements.

The financial statements of the subsidiary is prepared for the same reporting period as the Holding Company, using accounting polices that are generally consistent with those of the Holding Company.

Material intra-group balances and transactions are eliminated.

Associates are those entities in which the Holding Company has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities over whose activities the Holding Company has joint control established by contractual agreement. Associates and joint ventures are accounted for using the equity method.

- 2.3 Effective May 07, 2015, the defunct KASB Bank Limited (amalgamated entity) was amalgamated within and into the Holding Company. As the amalgamated entity operated as a conventional Bank, any assets or liabilities which are not Shariah compliant are shown separately within the consolidated financial statement line items.

3 STATEMENT OF COMPLIANCE

- 3.1 These consolidated financial statements have been prepared in accordance with approved accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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

- 3.2** The SBP, through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these consolidated financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these consolidated financial statements. However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

Further, as per SBP's BPRD circular no. 03 of 2022, IFRS 9 'Financial Instruments' is applicable:

- Effective from 1 January 2023 for banks having asset size of PKR 500 billion or above as per their Annual Financial Statements of December 31, 2021.
- Effective from 1 January 2024 for all other banks.

In view of above circular, IFRS 9 is applicable on the Holding Company effective from 1 January 2024. However, an option of early adoption of the standard has been made permissible.

- 3.3** The SBP vide its BPRD Circular No. 04 dated February 25, 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly consolidated financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these consolidated financial statements.

4 CHANGES IN REPORTING STANDARDS AND INTERPRETATIONS

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

There are certain interpretations and amendments that are mandatory for the Holding Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Holding Company's operations and therefore not detailed in these consolidated financial statements.

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

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods beginning on or after January 01, 2023:

<u>Standard, Interpretation or Amendment</u>	<u>Effective date (annual periods beginning on or after)</u>
Classification of Liabilities as Current or Non-current and application of materiality to disclosure of accounting policies - Amendments to IAS 1	January 01, 2024
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	January 01, 2023
Lease liability in a sale and leaseback - Amendments to IFRS 16	January 01, 2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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

<u>Standard</u>	<u>Effective date (annual periods beginning on or after)</u>
IFRS 1 - First time adoption of IFRSs	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- (a) Classification and valuation of investments in accordance with the Holding Company's policy (notes 7.3 and 11).
- (b) Provision for non-performing Islamic financing and related assets and advances (notes 7.4.14 and 12.16).
- (c) Determination of forced sales value of underlying securities of non-performing Islamic financing and related assets and advances (note 12.17.5).
- (d) Impairment of investments in equity instruments of subsidiary, associates and non associate entities (notes 7.3.5 and 11).
- (e) Determination of lease term and incremental benchmark rate for lease contract of various properties used by Holding Company's branches (note 7.5.3, 13 & 21).
- (f) Staff retirement benefits (notes 7.11 and 40).
- (g) Revaluation and depreciation / amortization of fixed assets and intangible assets (notes 7.5, 13.2 and 14).
- (h) Valuation of non-banking assets acquired in satisfaction of claims (note 7.7 and 16.1).
- (i) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 7.6, 15 and 35).
- (j) Estimation of other provisions and contingent liabilities (note 25 and 33).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

6 BASIS OF MEASUREMENT

6.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except that certain fixed assets, certain investments, foreign currency balances, commitments in respect of Shariah compliant alternative of forward foreign exchange contracts and non-banking assets acquired in satisfaction of claims have been marked to market and are carried at fair value. Further, staff retirement benefits as discussed in notes 7.11 and 40 to the consolidated financial statements have been carried at present values as determined under the International Accounting Standards (IAS) 19 (revised) 'Employee Benefits'.

6.2 Functional and Presentation Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency.

6.3 Rounding off

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These have been consistently applied to all the years presented, unless otherwise specified.

7.1 Cash and cash equivalents

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

7.2 Due to / from financial and other institutions

7.2.1 Bai Muajjal

In Bai Muajjal transactions, the Holding Company sells sukuk on deferred payment basis to financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the credit period.

7.2.2 Musharaka

In Musharakah, the Holding Company invests / accepts in the Shariah compliant business pools of / from the financial institutions at the agreed profit and loss sharing ratio (PSR).

7.2.3 Musharaka from State Bank of Pakistan under Islamic Export Refinance Scheme (IERS)

Under IERS, the Holding Company accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Holding Company under the Shariah guidelines issued by the SBP. The profit of the pool is shared as per the agreed PSR between the partners.

7.2.4 Acceptances from State Bank of Pakistan for financial assistance

The Holding Company has recorded Acceptances from State Bank of Pakistan for financial assistance at its fair value which is amortized over its agreed term.

7.2.5 Commodity Murabaha

In Commodity Murabahah, the Holding Company sells commodities on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

7.2.6 Wakalah

In Wakalah, the Holding Company accepts / places funds from / with financial Institutions by entering into Investment Agency for the funds to be invested in profitable avenues as / on behalf of the Muwakkil.

7.3 Investments

7.3.1 Classification

Investments of the Group, including investments in associates and subsidiary are classified as follows:

(a) Held for trading

These are investments which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

(b) Held to maturity

These are investments with fixed or determinable payments and fixed maturity and the Holding Company has the positive intent and ability to hold them till maturity.

(c) Available for sale

These are investments, other than those in subsidiary and associates, which do not fall under the 'held for trading' or 'held to maturity' categories.

(d) Associate

Associate is an entity over which the Holding Company has significant influence but not control. Investment in associates are initially carried at cost.

(e) Subsidiary

Subsidiary is an entity over which the Holding Company has control. Investment in subsidiary is initially carried at cost.

7.3.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date, which is the date on which the Holding Company commits to purchase or sell the investments.

7.3.3 Initial recognition and measurement

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

Premium or discount on Shariah compliant securities classified as available for sale is amortized using the effective profit rate method and taken to the consolidated profit and loss account.

7.3.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) Held for trading

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

(b) Held to maturity

These are measured at amortized cost using the effective profit rate method, less any impairment loss recognized to reflect irrecoverable amount.

(c) Available for sale

Quoted / Government securities are subsequently re-measured at fair value. Surplus / (deficit) arising on re-measurement is included in the statement of consolidated comprehensive income and recognized in the consolidated statement of financial position in equity. The surplus / (deficit) arising on these securities is taken to the consolidated profit and loss account when actually realized upon disposal.

Unquoted equity securities are valued at the lower of cost (which in the case of business acquisition would be the fair value at the acquisition date) and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

(d) Investments in associates

Associates are all entities over which the Holding Company has significant influence but not control. Investments in associate is accounted for using the equity method.

7.3.5 Impairment

Available for sale and held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk certificates) is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered as an objective evidence of impairment. Provision for diminution in the value of sukuk certificates is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognized directly in surplus on revaluation of assets on the Consolidated Statement of Financial Position in equity is removed there and recognized in the consolidated profit and loss account. For investments classified as held to maturity, the impairment loss is recognized in the consolidated profit and loss account.

7.3.6 Gains or losses on sale of investments are included in consolidated profit and loss for the year.

7.4 Islamic financing and related assets

7.4.1 Islamic financing and related assets are financial products originated by the Holding Company and principally comprise of Murabahah, Istisna, Ijarah, Salam, Muswammah, Diminishing Musharakah, Running Musharakah (Shirkat-ul-Aqd) and other Islamic modes of financing and the related assets.

As a general rule, funds disbursed under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, financings are recorded at the deferred sale price net of profit. Goods purchased but remaining unsold at the consolidated statement of financial position reporting date are recorded as inventories.

7.4.2 Ijarah Financing {Ijarah contracts where the Holding Company acts as Mujir (lessor)}

Ijarah financing executed on or before December 31, 2008 have been accounted for under finance method, thereafter all Ijarah financing are accounted for under IFAS-2.

- (a) Under finance method, the present value of minimum Ijarah payments have been recognized and shown under Islamic financing and related assets. The unearned income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on a receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir (lessee).
- (b) Under IFAS-2 method, assets underlying Ijarah financing have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the consolidated profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is from the date of delivery of respective assets to Mustajir up to the date of maturity / termination of Ijarah agreement.

7.4.3 Murabahah

Murabahah is a sale transaction with the purchase orderer wherein the first party (the Holding Company) sells to the client / customer Shariah compliant assets / goods for cost plus a pre-agreed profit after getting title and possession of the same. In principle, on the basis of an undertaking (Promise-to-Purchase) from the client (the purchase orderer), the Holding Company purchases the assets / goods subject of the Murabahah from a third party and takes the possession thereof. However, the Holding Company can appoint the client as its agent to purchase and take possession of the assets / goods on its behalf. Thereafter, it sells it to the client at cost plus the profit agreed upon in the promise.

7.4.4 Istisna

Istisna is a contract where the buyer (the Holding Company) orders the client (seller / manufacturer) to manufacture and deliver specified goods at an agreed contract price upon completion. Istisna is used with Wakalah agreement to provide financing mainly to manufacturers. Thus the transaction consists of two stages: (i) Bai Istisna whereby the Holding Company purchases goods from the client and (ii) Wakalah whereby the Holding Company after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

7.4.5 Diminishing Musharakah

Diminishing Musharakah represents an asset in joint ownership whereby a partner promises to buy the equity share of the other partner until the ownership of the asset is totally transferred to him. The partner using the asset pays the proportionate rental of such asset to the other partner (the Holding Company).

7.4.6 Import Murabahah

Import Murabahah is a product, used to finance a commercial transaction which consists of purchase by the Holding Company (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the client after getting the title and possession of the goods. Murabahah financing is extended to all types of trade transactions i.e., under Documentary Credits (LCs), Documentary Collections and Open Accounts.

7.4.7 Salam

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot. In Salam financing, the transaction consists of two stages: (i) Bai Salam whereby the Holding Company purchases goods from the client and (ii) Wakalah whereby the Holding Company after receipt / possession of goods, appoints the client its agent to sell the goods in the market.

7.4.8 Musawamah / Tijarah

Under this product the Holding Company purchases identified goods from client at an agreed purchase price on the basis of Musawamah / Tijarah. The Holding Company then sells the goods in the market through an agent (Client) at a higher price to earn its desired profit.

7.4.9 Musharakah

Musharakah are different types of partnerships in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

7.4.10 Wakalah-tul-Istismar (Investment Agency Wakalah)

Wakalah-tul-Istismar means appointing another person to invest and grow one's wealth, with or without a fee. It covers contract for acquisition of services of a person or institution (Wakeel) for making investments of Wakalah Funds, and accomplishment of certain task on behalf of another person or institution (Muwakkil).

7.4.11 Running Musharakah

In Running Musharakah financing, the Holding Company enters into financing with the customer based on Shirkat-ul-Aqd (Business Partnership) in customers operating business. Under this mechanism the customer can withdraw and return funds to the Holding Company subject to its Running Musharaka Financing limit during the Musharaka Period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

7.4.12 Ijarah

Ijarah is a contract where the owner of an asset transfers its usufruct (i.e. the usage right) to another person for an agreed period, at an agreed consideration. The rentals received / receivable on Ijarah are recorded as income / revenue. Depreciation on Ijarah assets is charged to profit and loss account by applying the accounting policy consistent with the policy for depreciation of fixed assets.

7.4.13 Advances

On May 07, 2015, the Holding Company acquired operation of the defunct KASB Bank Limited (the amalgamated entity) which was operating as a conventional bank in Pakistan. Subsequent to acquisition, the Holding Company converted portfolio of conventional advances into Shariah compliant financings. Advances represent unconverted portfolio, mostly consist of delinquent accounts, and are stated net of specific and general provisions.

7.4.14 Provisioning

Islamic financing, related assets and advances are stated net of general provisions and specific provisions against non-performing Islamic financing, related assets and advances which are charged to the consolidated profit and loss account.

Specific provision

The Holding Company maintains specific provision for doubtful debts / financing based on the requirements specified in the Prudential Regulations issued by the SBP.

General provision**Consumer Financing**

The Holding Company maintains general provision against consumer financing at varying percentages based on the non-performing financing ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

The net provision made / reversed during the year is charged to the consolidated profit and loss account and accumulated provision is netted off against Islamic financing, related assets and advances. Islamic financing, related assets and advances are written off when there are no realistic prospects of recovery.

7.5 Fixed assets**7.5.1 Property and equipment**

Fixed assets other than freehold land and building on leasehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and building on leasehold land are carried at revalued amount less any accumulated depreciation and subsequent impairment losses. The revaluation exercise is carried out on periodic basis.

Depreciation is computed using the straight-line method by taking into consideration the estimated useful life of the related assets at the rates specified in fixed assets note to the consolidated financial statements. Depreciation on additions / deletions during the year is charged for the proportionate period for which the asset remained in use.

Subsequent costs are included in the assets' carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Holding Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the consolidated profit and loss account as and when incurred.

An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal.

Residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposal of property and equipment, if any, are taken to the consolidated profit and loss account.

7.5.2 Capital work in progress

These are stated at cost less accumulated impairment losses, if any.

7.5.3 Ijarah (Leased) assets {where the Holding Company is Mustajir (lessee)}

The SBP, vide its BPRD Circular Letter No. 8 dated April 30, 2019 and BPRD Circular No. BPRD/RPD/2019/17 dated July 26, 2019 has directed all Islamic Banks to apply IFRS 16 - 'Leases' in all Ijarah (lease) contracts where the Islamic Banks acts in capacity of Mustajir (lessee).

Accounting policy with regards to Ijarah (leased) assets where the Holding Company is Mustajir (lessee) is as follows:

Right-of-use (RoU) assets

At the commencement date of the lease, the RoU asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any re-measurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the expected lease term.

Ijarah (lease) Liability

At the commencement date of the Ijarah (lease), the Holding Company recognizes Ijarah (lease) liability measured at the present value of the consideration (Ijarah payments) to be made over the expected Ijarah (lease) term and is adjusted for Ijarah (lease) prepayments. The lease payments are discounted using the effective rate implicit in the Ijarah (lease), unless it is not readily determinable, in which case the Mustajir (lessee) may use the incremental rate of financing. After the commencement date, the carrying amount of Ijarah (lease) liability is increased to reflect the accretion of finance cost and reduced for the Ijarah (lease) payments made.

7.5.4 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method over the estimated useful life. The useful life and amortization method are reviewed and adjusted, if appropriate, at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment losses, if any.

Amortization on additions / deletions during the year is charged for the proportionate period for which the asset remained in use.

Software and other development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Holding Company.

Intangible assets, including goodwill, with indefinite useful life are not amortized but tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

7.5.5 Impairment

At each reporting date, the Holding Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the greater of net selling price and value-in-use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognized as an expense immediately in the consolidated financial statements except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately 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 assets.

7.6 Taxation

7.6.1 Current

The provision for current taxation is based on taxable income for the year at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as allowed under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year. Currently, the Holding Company provides for minimum tax in accordance with the requirements of section 113 of the Income Tax Ordinance, 2001.

7.6.2 Deferred tax

Deferred tax is recognized using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Holding Company also records deferred tax asset on available tax losses. Deferred tax is calculated using 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 reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

The Holding Company also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities and fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of the International Accounting Standard 12 - Income Taxes.

7.7 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and revalued at each year-end date of the consolidated statement of financial position. An increase in market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is initially used to reduce the surplus account, if any, or if no surplus exists, is charged to the consolidated profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the consolidated profit and loss account up to the extent of the original impairment. All direct costs of acquiring title to the asset are charged immediately to the consolidated profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the consolidated profit and loss account in line with depreciation charged on fixed assets.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets in the notes to the financial statements. If such asset is subsequently used by the Holding Company for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

7.8 Non-current assets held for sale

The Holding Company classifies a non-current asset as held for sale if it represents a separate major line of business or a geographical area of operations or is a investment in subsidiary / associate which the Holding Company has decided to divest; and its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less cost to sell. Impairment losses are recognised through the consolidated profit and loss account for any initial or subsequent write down of the non-current asset held for sale to fair value less costs to sell. Subsequent gains in fair value less cost to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset held for sale is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

7.9 Subordinated Sukuk

Subordinated sukuk is initially recorded at the amount of proceeds received. Profit expense on subordinated sukuk is charged to consolidated profit and loss account over the period on an accrual basis and is recognised as part of other liabilities.

7.10 Acceptances

Acceptances representing undertakings by the Holding Company to pay bills of exchange drawn on customers are recognized as liabilities of the Holding Company at the date of acceptance.

7.11 Staff retirement benefits

7.11.1 Defined benefit plan

The Holding Company operates an approved funded gratuity scheme for its permanent employees. The liability recognized in the consolidated statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. The last valuation was conducted as on December 31, 2022.

Amounts arising as a result of remeasurements, representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognized in the consolidated statement of financial position immediately, with a charge or credit to "Consolidated Statement of Other Comprehensive Income" in the periods in which they occur.

7.11.2 Defined contribution plan

The Holding Company operates a recognized contributory provident fund for all the permanent employees. Equal monthly contributions are made both by the Holding Company and the employees at the rate of 10 % of the basic salary. The Holding Company has no further payment obligations once the contributions have been paid. The contributions made by the Holding Company are recognized as employee benefit expense when they are due.

7.12 Revenue recognition

7.12.1 Profit on Murabahah and Commodity Murabahah is recognized over the financing stage of Murabahah on an accrual basis. Profit on Murabahah transactions for the period from the date of disbursement to the date of culmination of Murabahah is recognized immediately on the culmination date.

7.12.2 Profit from Istisna, Salam and Muswammah (Karoobar Finance) are recorded on an accrual basis commencing from the time of sale of goods till the realization of proceeds by the Holding Company. Profit from Diminishing Musharaka are recognized on a time proportionate basis in the form of rentals.

7.12.3 The Holding Company follows the finance method in recognizing income on Ijarah contracts written up to December 31, 2008. Under this method the unearned income i.e. excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortized over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognized as income on a receipt basis. Income on Ijarah is recognized from the date of delivery of the respective assets to the Mustajir (lessee).

Rental from Ijarah contracts entered on or after January 01, 2009 is recognized in the consolidated profit and loss account over the term of the contract net of depreciation expense relating to the Ijarah assets.

7.12.4 Provisional profit of Musharaka financing is recognized on an accrual basis. Actual profit / loss on Musharaka financing is adjusted after declaration of profit by Musharaka partner or on liquidation of Musharaka.

7.12.5 Profit on Wakalah-tul-Istismar financings is booked on an accrual basis and is adjusted upon declaration of profit by the Wakeel.

7.12.6 Profit on Running Musharaka financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharaka partners.

7.12.7 Profit on classified financing is recognized on a receipt basis.

7.12.8 Dividend income is recognized when the right to receive the dividend is established.

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

7.12.10 Fee on issuance of letter of credit and acceptance is recognized on receipt basis as generally the transactions consummate within an accounting period. Commission on guarantees, if considered material, is recognized over the period of guarantee. The Holding Company earns fee and commission income from certain non-funded banking services. The related fee and commission income is recognised at an amount that reflects the consideration to which the Holding Company expects to be entitled in exchange for providing the services. The Holding Company recognises fees earned on transaction-based arrangements at a point in time when the Holding Company has fully provided the service to the customer. Where the contract requires services to be provided over time, the income is recognised on a systematic basis over the life of the related service.

7.12.11 Profit on Sukuks is recognized on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, the premiums / discounts are amortized through the consolidated profit and loss account over the remaining life of Sukuk, using the effective yield method.

7.12.12 Income earned from revenues that are not Shariah complaint are not recognized in the consolidated profit and loss account. This income is classified as charity payable in accordance with the recommendation of the Shariah Board of the Holding Company.

7.13 Revenue from Conventional products

On May 07, 2015, the Holding Company acquired operation of the defunct KASB Bank Limited (the amalgamated entity) which was operating as a conventional bank in Pakistan. Keeping in view the Shariah compliance, the Shariah Board of the Holding Company has approved that any income accruing on conventional products is not to be transferred to consolidated profit and loss account and is classified as liability under the head "Receipt Appropriation Account" in other liabilities. Further, expenses incurred in respect of legal & professional charges or other expenses as approved by the Shariah Board that pertain to the aforesaid acquisition are to be set off against such income. Effective from July 01, 2021, any income accruing on conventional products is being credited directly to the Charity Payable account after deducting any actual costs incurred on recovery of an amount as approved by the Shariah compliance.

7.14 Financial Instruments

7.14.1 Financial assets and financial liabilities

All financial assets and financial liabilities are recognized at the time when the Holding Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Holding Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any loss on derecognition of the financial assets and financial liabilities is taken to consolidated profit and loss accounts directly. Financial assets carried on the consolidated statement of financial position include cash and balances with treasury banks, balances with other banks, due from financial institutions, investments, Islamic financing and related assets and certain receivables and financial liabilities include bills payable, due to financial institutions, deposits, subordinated sukuk and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

7.14.2 Offsetting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set-off the recognized amount and the Holding Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also reported on a net basis in the consolidated financial statements, only when permitted by the accounting and reporting standards as applicable in Pakistan.

7.14.3 Shariah compliant derivatives (Under Wa'ad Structure)

Shariah compliant derivative financial instruments are recognized at fair value. In case of equity Shariah compliant futures, the fair value is calculated with reference to quoted market price. Derivatives with positive market values (i.e. unrealized gains) are included in other receivables and derivatives with negative market values (i.e. unrealized losses) are included in other liabilities in the consolidated statement of financial position. The resultant gains and losses are taken to the consolidated profit and loss account.

7.15 Foreign currencies

7.15.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Holding Company operates. The consolidated financial statements are presented in Pakistani Rupee, which is the Holding Company's functional and presentation currency.

7.15.2 Foreign currency transactions

Foreign currency transactions are translated into local currency at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into rupees at the exchange rates prevailing at the consolidated statement of financial position reporting date. Forward exchange promises are revalued using forward exchange rates applicable to their respective remaining maturities.

7.15.3 Translation gains and losses

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

7.15.4 Commitments

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

7.16 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Holding Company in the consolidated financial statements.

7.17 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudarabah.

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

Profits realized in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

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

Asset pools are created at the Holding Company's discretion and the Holding Company can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

7.18 Pool Management

The Holding Company operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudarabah, Musharakah and Wakalah modes.

Under the general deposit pools, the Holding Company accepts funds on Mudarabah basis from depositors (Rab-ul-Maal) where the Holding Company acts as Manager (Mudarib) and invests the funds in the Shariah compliant modes of financings, investments and placements. When utilizing investing funds, the Holding Company prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan, highnet worth customers and other banks for Islamic Export Refinance Scheme to Bank's customers and liquidity management respectively under the Musharaka / Mudarabah modes. The profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of expenses directly incurred in earning the income of such pool. The directly related costs comprise of depreciation on Ijarah assets, takaful premium. No expense of general or administrative nature of expense is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharaka at gross level (before charging of Mudarib share) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib share.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. As per the Holding Company's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of PKR, USD, GBP and Euro. The Holding Company maintains General Pools, FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

7.18.1 General Pool

For General Pools, the Holding Company allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business. Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank of Pakistan and Bai Muajjal with Government of Pakistan and other financial institutions are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Due to limited investment options in USD, GBP and Euro pool, funds from FCY pools are invested in available International Sukuk, Shariah Complaint Nostro accounts and remaining funds are taken out and invested in PKR general Pool as part of equity. In such cases return from PKR General Pool is given back to FCY Pools, so that returns can be passed on to FCY Pool customers accordingly.

7.18.2 Special Mudarabah Pool

Special Mudarabah Pools are created to manage returns of High Net Worth depositors and Government institutions. The funds received against these deposits are invested in various Shariah compliant assets.

7.18.3 Specific Musharakah Pool

7.18.3.1 Islamic Export Refinance Scheme Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financings to / sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

7.18.3.2 Other Specific Musharkah Pool

The Other Specific Musharakah Pool assets comprise of consumer housing finance portfolio, sukuk and the related liability of the pool comprises of Musharakah Acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

7.18.3.3 Financial Institution (FI) Pools

The FI pool assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pools comprise of Musharakah / Mudarabah / Wakalah Acceptance from other Banks and financial institutions. These pools are created to meet the liquidity requirements of the Holding Company.

7.19 Provisions and Contingent Assets and Liabilities

Provisions are recognized when the Holding Company has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are not recognized, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefit is remote.

Provisions for guarantee claims and other off-balance sheet obligations are recognized when intimated and reasonable certainty exist for the Holding Company to settle the obligation. Charge to the consolidated profit and loss account is stated net of expected recoveries.

7.20 Business Combinations

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. 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 excess of the consideration transferred over the fair value of the Holding Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired, the difference is recognized directly in the consolidated profit and loss account as bargain purchase.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any.

Acquisition of non-controlling interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company. The excess of fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognized in equity.

7.21 Segment reporting

A segment is a distinguishable component of the Holding Company that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Holding Company's primary format of reporting is based on business segments. The Holding Company has defined its segments in line with the requirements of IFRS 8 - "Operating Segments".

IFRS 8 requires the entity to define operating segments based on various factors including the basis on which operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

7.21.1 Business segments

Trading and sales

It includes equity, foreign exchanges, commodities, money market placements and debt investments.

Retail banking

It includes retail Islamic financing and related assets, deposits and banking services offered to its retail customers.

Commercial banking

It includes investment banking business, trade business and Islamic financing and related assets relating to its corporate, SME and agriculture customers.

Support Centre

It includes the assets and liabilities relating to support functions at Head Office and their related income and expenses.

7.21.2 Geographical segment

The Holding Company operates only in Pakistan.

7.22 Earnings per share

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

7.23 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of consolidated Statement of Financial Position are considered as non adjusting events and are recorded as a liability in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

7.24 Remuneration framework

In order to align the remuneration practices in Pakistan with the international standards and best practices, the SBP issued Guidelines on Remuneration Practices through its BPRD circular no. 02 dated March 03, 2016, which were subsequently revised through BPRD Circular No. 01 dated 25 January 2017.

In accordance with these guidelines, the Holding Company has developed a comprehensive remuneration framework. The aim of this framework is to promote an effective risk management culture, and to ensure that the remuneration practice at the Holding Company is in line with the Holding Company's objectives taking into consideration all risks that the Holding Company may face. As a result, a fair, objective, transparent and sound remuneration policy, aligned with risks and responsibilities of Financial Intermediation has been put in place. The framework has been reviewed and recommended by the Board's Remuneration Committee (BRC) and approved by the Board of Directors (BoD) of the Holding Company.

Under the policy, all employees across the Holding Company who are materially responsible for risk taking - Material Risk Takers (MRTs), or risk controlling activities - Material Risk Controllers (MRCs) are identified. The remuneration of these MRTs and MRCs is dependent upon the achievement of performance measured through risk-adjusted balance scorecards, which include financial and nonfinancial / qualitative performance indicators including compliance with internal policies/ procedures/ controls, customer experience, as well as certain risk-adjusting factors (negative earners) such as regulatory compliance, frauds, complaints etc. All other individuals who do not fall within the criteria of MRTs and MRCs continue to be governed through the Holding Company's existing HR policy. The features of total compensation i.e. fixed remuneration as well as variable remuneration offered through performance bonuses have been disclosed in note 41 to these financial statements.

A certain portion of the variable compensation of the MRTs and MRCs is subjected to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, improves risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes, and shall vest proportionately over the deferral period following the year of variable remuneration award, subject to any malus trigger adjustments. Under the Holding Company's framework, the deferred percentage decided for distribution in the year 2021 was 50 percent, while the deferral period is set at three years.

The payouts for variable compensation for the performance years 2019 and onwards, for MRTs and MRCs is based on the revised mechanism which takes into consideration factors (such as position within the organization, roles and responsibilities, risk alignment, and performance against KPIs) for differentiating the variable pays across employees or group of employees under the framework. Furthermore, the balanced scorecards used for performance assessment also take into consideration that MRCs are remunerated independently of the functions they oversee. As approved by the Board, and as allowed under the SBP's Guidelines on Remuneration Practices, the deferral amount retained for performance years is set aside and managed by the Holding Company internally, with a team of members from amongst the internal management responsible for oversight and subsequent payouts.

8	CASH AND BALANCES WITH TREASURY BANKS	Note	2022	2021
		----- Rupees in '000 -----		
In hand:				
	- Local currency		12,786,558	8,369,573
	- Foreign currency		626,887	710,923
			<u>13,413,445</u>	<u>9,080,496</u>
With the State Bank of Pakistan in:				
	- Local currency current account	8.1	24,819,147	10,641,385
	- Foreign currency deposit accounts:			
	- Cash reserve account	8.2	683,821	565,020
	- Special cash reserve account	8.2	826,020	682,577
	- US dollar clearing account		7,466	11,674
			<u>1,517,307</u>	<u>1,259,271</u>
With National Bank of Pakistan in:				
	- Local currency current account		222,780	3,563,460
	Prize Bonds	8.3	23	7,735
			<u>39,972,702</u>	<u>24,552,347</u>

8.1 This represents the amount held against Cash Reserve Requirement and Statutory Liquidity Requirement. Balance held under this account is non-remunerative.

8.2 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% and Special cash reserve of 6% are required to be maintained with the State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). These accounts are non-remunerative in nature.

8.3 The Holding Company has collected National Prize Bonds from customers in line with circular issued by SBP in this regard. The value of the Prize Bonds represents a receivable due to the Holding Company from the Government of Pakistan occurring as a result of Islamic concept of Hawala (assignment of debt) arrangement.

9	BALANCES WITH OTHER BANKS	Note	2022	2021
		----- Rupees in '000 -----		
In Pakistan:				
	- In current accounts		927	967
	- In deposit accounts	9.1	2,334	2,327
			<u>3,261</u>	<u>3,294</u>
Outside Pakistan:				
	- In current accounts		1,717,993	3,501,107
	- In deposit accounts	9.2	326,903	189,754
			<u>2,048,157</u>	<u>3,694,155</u>

9.1 These represent deposits with various Islamic banks under Musharakah and Mudarabah arrangements. The expected profit rate on these arrangements range between 6.65% to 11% (2021: 2.22% to 5.90%) per annum.

9.2 These represent deposit placement outside Pakistan with an Islamic banking division of a foreign bank under Wakala arrangement. The expected profit rate on these arrangements is 2.25% (2021: 0.08%) per annum.

10 DUE FROM FINANCIAL INSTITUTIONS - NET

Note	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
Secured						
Bai Muajjal Receivable						
-from Banks	10.1	-	-	4,951,909	-	4,951,909
-from Other Financial Institutions	10.1	4,000,718	4,000,718	4,008,737	-	4,008,737
Unsecured						
Wakalah Placement	10.2	-	-	-	518,416	518,416
Musharaka Placements	10.3	10,000,000	10,000,000	15,000,000	-	15,000,000
Bai Muajjal Receivable						
-from Banks	10.1	4,036,995	4,036,995	1,980,792	-	1,980,792
-from other financial Institutions	10.1	5,840,470	5,840,470	8,485,511	-	8,485,511
Other placements		21,060	21,060	24,300	-	24,300
		<u>23,899,243</u>	<u>23,899,243</u>	<u>34,451,249</u>	<u>518,416</u>	<u>34,969,665</u>
Provision held against						
Financial Institution Placements	10.4	(21,060)	(21,060)	(24,300)	-	(24,300)
		<u>23,878,183</u>	<u>23,878,183</u>	<u>34,426,949</u>	<u>518,416</u>	<u>34,945,365</u>

10.1 The average return on this product ranges between 13.09% to 17.35% (2021: 7.35% to 11.52%) per annum. The balances have maturities ranging between 3 days to 278 days (2021: 21 days to 363 days). The Secured Bai Muajjal receivable are secured against Federal Government securities received as collateral and having market value of Rs.3,821 million as at December 31, 2022 (2021: Rs. 8,900 million).

10.2 The expected profit rate on these agreements is Nil (2021: 0.04% to 0.2%) per annum. The agreements have remaining maturities of Nil days (2021: 6 days).

10.3 The expected profit rate on these agreements is 16% to 16.10% (2021: 10% to 11%) per annum and the agreements have maturities of 6 days (2021: 4 to 7 days).

10.4 Category of classification

	2022		2021	
	Classified Placements	Provision held	Classified Placements	Provision held
----- Rupees in '000 -----				
Loss	21,060	21,060	24,300	24,300

10.4.1 The Holding Company does not hold overseas classified placements.

11 INVESTMENTS - NET

	Note	2022	2021
		----- Rupees in '000 -----	
Investments - Islamic	11.1 & 11.3	179,598,664	124,650,915
Investments - Conventional (relating to amalgamated entity)	11.2 & 11.4	577,675	577,675
		<u>180,176,339</u>	<u>125,228,590</u>

11.1 Islamic Investments by type

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 -----								
Available for sale securities								
Federal Government Shariah								
Compliant Securities								
	140,109,510	-	(289,819)	139,819,691	83,614,067	-	22,710	83,636,777
Shares / Modaraba certificates	371,784	(77,571)	84,571	378,784	270,553	(70,677)	153,826	353,702
Non-Government Shariah								
Compliant Securities								
	36,176,548	(35,880)	2,189,908	38,330,576	37,710,377	(35,880)	1,960,904	39,635,401
Foreign securities	6,820	-	-	6,820	6,820	-	-	6,820
	176,664,662	(113,451)	1,984,660	178,535,871	121,601,817	(106,557)	2,137,440	123,632,700
Associates	11.9	1,062,793	-	-	1,062,793	-	-	1,018,215
Total Islamic investments		177,727,455	(113,451)	1,984,660	179,598,664	(106,557)	2,137,440	124,650,915

11.2 Conventional Investments by type*

Available for sale securities								
Shares								
	591,680	(591,680)	-	-	1,189,030	(611,355)	-	577,675
Non-Government Debt Securities								
	224,467	(224,467)	-	-	230,292	(230,292)	-	-
Foreign securities								
	1,155,350	(577,675)	-	577,675	-	-	-	-
	1,971,497	(1,393,822)	-	577,675	1,419,322	(841,647)	-	577,675
Held to maturity securities								
Non Government Debt Securities								
	92,145	(92,145)	-	-	92,145	(92,145)	-	-
Associates	11.9	474,169	(474,169)	-	-	1,032,746	(1,032,746)	-
Total conventional investments		2,537,811	(1,960,136)	-	577,675	(1,966,538)	-	577,675

11.3 Islamic Investments by segments

Federal Government Shariah								
Compliant Securities								
GoP Ijarah Sukuks								
	140,109,510	-	(289,819)	139,819,691	73,308,231	-	22,710	73,330,941
Bai Muajjal								
	-	-	-	-	10,305,836	-	-	10,305,836
	140,109,510	-	(289,819)	139,819,691	83,614,067	-	22,710	83,636,777
Shares / Modaraba Certificates								
Listed companies								
	371,784	(77,571)	84,571	378,784	270,553	(70,677)	153,826	353,702
Non-Government Shariah								
Compliant Securities								
Listed								
Pakistan Energy Sukuk-I	11.3.1	27,146,945	-	1,845,992	28,992,937	-	1,832,419	28,979,364
Pakistan Energy Sukuk-II	11.3.2	3,391,464	-	(7,464)	3,384,000	-	42,172	3,434,760
		30,538,409	-	1,838,528	32,376,937	-	1,874,591	32,414,124
Unlisted								
Sukuk certificates								
	5,638,139	(35,880)	351,380	5,953,639	7,170,844	(35,880)	86,313	7,221,277
Foreign securities								
Equity securities								
	11.7.4	6,820	-	-	6,820	-	-	6,820
Associates								
Shakarganj Food Products Limited	11.9	1,062,793	-	-	1,062,793	-	-	1,018,215
		177,727,455	(113,451)	1,984,660	179,598,664	(106,557)	2,137,440	124,650,915

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

11.3.1 These represents Holding Company's investment in Pakistan Energy Sukuk-I issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR + 80bps.

11.3.2 These represents Holding Company's investment in Pakistan Energy Sukuk-II issued by Power Holding (Private) Limited, wholly owned by the Government of Pakistan. These Energy Sukuk are guaranteed by the Government of Pakistan and are eligible for Statutory Liquidity Requirements. These Energy Sukuk are based on Islamic mode of Ijarah and has a 10 year maturity with semi-annual rental payments carrying profit rate at 6 months KIBOR - 10bps.

11.4 Conventional Investments by segments*

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 -----								
Shares								
Unlisted Companies	591,680	(591,680)	-	-	33,680	(33,680)	-	-
	591,680	(591,680)	-	-	33,680	(33,680)	-	-
Non Government Debt Securities								
Listed	74,607	(74,607)	-	-	82,785	(82,785)	-	-
Unlisted	242,005	(242,005)	-	-	239,652	(239,652)	-	-
	316,612	(316,612)	-	-	322,437	(322,437)	-	-
Foreign Securities								
Equity Securities	1,155,350	(577,675)	-	577,675	1,155,350	(577,675)	-	577,675
Associates								
KASB Capital Limited	41,867	(41,867)	-	-	41,867	(41,867)	-	-
KASB Funds Limited	432,302	(432,302)	-	-	432,302	(432,302)	-	-
New Horizon Exploration and Production Limited	-	-	-	-	558,577	(558,577)	-	-
	474,169	(474,169)	-	-	1,032,746	(1,032,746)	-	-
	2,537,811	(1,960,136)	-	577,675	2,544,213	(1,966,538)	-	577,675

* These assets are related to amalgamated entity. These investments are either fully provided or in the process of conversion / liquidation / disposal.

Note	2022	2021
	----- Rupees in '000 -----	
11.5 Investments given as collateral		
Federal Government Securities	5,889,000	5,889,000
11.6 Provision for diminution in value of investments		
11.6.1 Opening balance	2,073,095	2,344,536
Charge / (reversals)		
Charge for the year	1,069	-
Reversals for the year	(577)	(14,022)
Amounts written off	492	(14,022)
Closing Balance	2,073,587	2,073,095
11.6.1.1 Breakup of provision for diminution in the value of investments is as follows:		
Investments - Islamic	113,451	106,557
Investments - Conventional	1,960,136	1,966,538
	2,073,587	2,073,095

11.6.2 Particulars of provision against debt securities

Category of classification	2022		2021	
	Non-performing investments	Specific Provision	Non-performing investments	Specific Provision
----- Rupees in '000 -----				
Domestic				
Loss	628,743	352,492	634,568	358,317
Total	628,743	352,492	634,568	358,317

11.6.2.1 The Holding Company does not hold overseas classified debt securities.

11.7 Quality of Available for Sale Securities

Note	2022	2021
	Cost ----- Rupees in '000 -----	
Details regarding quality of Available for Sale (AFS) securities are as follows:		
11.7.1 Federal Government Securities - Government guaranteed		
GOP Ijarah Sukuks	140,109,510	73,308,231
Bai Muajjal	-	10,305,836
	140,109,510	83,614,067
11.7.2 Non Government Debt Securities*		
Listed		
Unrated	30,613,016	30,619,965
Unlisted		
AAA	3,336,625	5,063,381
AA+	331,500	442,000
AA	-	-
AA-	241,667	83,333
A+	50,000	50,000
A-	266,217	220,000
A-	-	-
Unrated	1,561,990	1,461,990
	5,787,999	7,320,704

* Entity's ratings are used where sukuk and term finance certificates ratings were not available.

11.7.3 Shares (Equity Securities)
11.7.3.1 Listed Companies

- Financial	333,263	140,357
- Modarabas	38,370	91,675
- Fertilizer	151	38,521
	371,784	270,553

Note	As at	2022		2021		
		Cost	Breakup value	Cost	Breakup value	
----- Rupees in '000 -----						
11.7.3.2	Unlisted Companies					
	Pakistan Export Finance Guarantee Agency Limited	June 30, 2010	5,680	0.50	5,680	0.50
	KASB Invest (Private) Limited	June 30, 2021	28,000	0.69	28,000	0.69
	New Horizon Exploration and Production Limited	December 31, 2014	558,000	1.07	-	-
11.4			<u>591,680</u>	<u>2.26</u>	<u>33,680</u>	<u>1.19</u>

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

11.7.4 **Foreign Securities****Equity Securities****Unlisted**

SWIFT (Society for World Wide Interbank Financial Telecommunication)	11.3	6,820	6,820
Evolve Capital Limited - Incorporated in British Virgin Islands	11.4	1,155,350	1,155,350
		<u>1,162,170</u>	<u>1,162,170</u>

11.8 **Particulars relating to Held to Maturity securities are as follows:****Non Government Debt Securities****Unlisted**

Unrated		92,145	92,145
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11.8.1 The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Nil (December 31, 2021: Nil).

11.9 **Reconciliation of investments in associates**

Particulars	2022			
	KASB Capital Limited*	KASB Funds Limited*	Shakarganj Food Products Limited	Total
----- Rupees in '000 -----				
As at January 1, 2022	41,867	432,302	1,018,215	1,492,384
Recognised in the profit and loss account	-	-	44,578	44,578
As at December 31, 2022	41,867	432,302	1,062,793	1,536,962
Provision for diminution in the value of investment	(41,867)	(432,302)	-	(474,169)
As at December 31, 2022	-	-	1,062,793	1,062,793

Particulars	2021				
	KASB Capital Limited*	KASB Funds Limited*	New Horizon Exploration and Production Limited	Shakarganj Food Products Limited	Total
----- Rupees in '000 -----					
As at January 1, 2021	41,867	432,302	558,577	1,010,589	2,043,335
Recognised in the profit and loss account	-	-	-	7,626	7,626
As at December 31, 2021	41,867	432,302	558,577	1,018,215	2,050,961
Provision for diminution in the value of investment	(41,867)	(432,302)	(558,577)	-	(1,032,746)
As at December 31, 2021	-	-	-	1,018,215	1,018,215

* Share of profit or loss has not been recognised, as this is fully provided in the books.

11.10	Details of investment in associates	As at	2022						
			Holding %	Country of incorporation	Assets	Liabilities	Revenue	Profit / (loss) after taxation	Total comprehensive income / (loss)
----- Rupees in '000 -----									
Unlisted									
Islamic									
	Shakarganj Food Products Limited	September 30, 2022	36.38	Pakistan	10,704,794	7,197,066	18,068,681	122,534	368,617
Conventional									
	KASB Funds Limited	December 31, 2015	43.89	Pakistan	46,465	32,465	23,640	(66,241)	(65,679)
	KASB Capital Limited*	December 31, 2016	21.78	Mauritius	\$ 652,864	\$ 135,428	\$ -	\$ (34,084)	\$ (34,084)

* This represents the full US\$ amount.

	Note	2022	2021
----- Rupees in '000 -----			
Islamic financing and related assets - net	12.1	201,160,513	180,992,699
Advances (relating to amalgamated entity) - net	12.2	167,929	183,540
		<u>201,328,442</u>	<u>181,176,239</u>

12 ISLAMIC FINANCING, RELATED ASSETS AND ADVANCES - NET

12.1	ISLAMIC FINANCING AND RELATED ASSETS	Note	----- Rupees in '000 -----					
			Performing		Non Performing		Total	
			2022	2021	2022	2021	2022	2021
In Pakistan								
-	Running Musharakah	12.9	70,086,223	62,385,085	1,324,955	1,424,510	71,411,178	63,809,595
-	Diminishing Musharakah financing and related assets - Others	12.3	41,068,657	32,865,920	3,121,040	1,616,390	44,189,697	34,482,310
-	Diminishing Musharakah - Housing		25,751,728	18,814,897	1,663,899	1,621,348	27,415,627	20,436,245
-	Diminishing Musharakah financing and related assets - Auto		23,470,877	22,580,287	380,557	267,268	23,851,434	22,847,555
-	Istisna financing and related assets	12.4 & 12.10	13,790,179	14,388,358	2,563,708	948,614	16,353,887	15,336,972
-	Murabahah financing and related assets	12.5 & 12.11	13,255,965	14,608,663	238,222	581,036	13,494,187	15,189,699
-	Musawamah financing and related assets / Tijarah	12.6 & 12.12	6,221,702	4,709,506	4,328,305	4,059,763	10,550,007	8,769,269
-	Investment Agency Wakalah		3,125,000	5,208,333	-	-	3,125,000	5,208,333
-	Murabahah against Bills		1,120,211	970,192	146,681	-	1,266,892	970,192
-	Financing against Bills		1,179,967	1,593,966	-	-	1,179,967	1,593,966
-	Past Due Acceptance		498,354	32,280	-	-	498,354	32,280
-	Ijarah financing under IFAS 2 and related assets	12.7	336,640	504,768	120,030	338,865	456,670	843,633
-	Salam	12.8	223,900	104,898	-	-	223,900	104,898
-	Musharakah financing		160,000	280,000	-	-	160,000	280,000
-	Qardh-e-Hasana		36,135	1,680	121,359	121,860	157,494	123,540
-	Net investment in Ijarah financing in Pakistan	12.13	104,062	131,545	-	-	104,062	131,545
-	Housing finance portfolio - others		23,535	31,241	-	-	23,535	31,241
	Islamic financing and related assets - gross		200,453,135	179,211,619	14,008,756	10,979,654	214,461,891	190,191,273
	Less: Provision against non-performing Islamic financing and related assets							
-	Specific	12.17	-	-	(10,314,265)	(8,431,606)	(10,314,265)	(8,431,606)
-	General	12.17	(2,987,113)	(766,968)	-	-	(2,987,113)	(766,968)
			(2,987,113)	(766,968)	(10,314,265)	(8,431,606)	(13,301,378)	(9,198,574)
	Islamic financing and related assets - net of provision		197,466,022	178,444,651	3,694,491	2,548,048	201,160,513	180,992,699
12.2 ADVANCES								
	Loans, cash credits, running finances, etc. - In Pakistan*		15,253	89,776	4,598,676	4,830,544	4,613,929	4,920,320
	Bills discounted and purchased (excluding treasury bills) - Payable in Pakistan		-	-	684,295	684,295	684,295	684,295
	Net investment in finance lease - In Pakistan	12.13	-	-	580,807	582,185	580,807	582,185
	Advances - gross		15,253	89,776	5,863,778	6,097,024	5,879,031	6,186,800
	Provision against advances							
-	Specific	12.17	-	-	(5,804,866)	(6,097,024)	(5,804,866)	(6,097,024)
-	General	12.17	(55)	(55)	-	-	(55)	(55)
			(55)	(55)	(5,804,866)	(6,097,024)	(5,804,921)	(6,097,079)
	Advances - net of provision		15,198	89,721	58,912	-	74,110	89,721
	Fair value adjustment	12.18	-	-	93,819	93,819	93,819	93,819
	Advances - net of provision and fair value adjustment		15,198	89,721	152,731	93,819	167,929	183,540

* This includes non-interest bearing performing financing facilities amounting to Rs. 15,253 million (2021: Rs. 89,776 million).

	Note	2022	2021
		----- Rupees in '000 -----	
12.3 Diminishing Musharakah financing and related assets - Others			
Diminishing Musharakah financing		38,633,625	29,496,294
Advance against Diminishing Musharakah financing		5,556,072	4,986,016
		<u>44,189,697</u>	<u>34,482,310</u>
12.4 Istisna financing and related assets			
Istisna financing		7,547,321	6,984,506
Advance against Istisna financing		1,613,446	8,352,466
Istisna inventories		7,193,120	-
		<u>16,353,887</u>	<u>15,336,972</u>
12.5 Murabahah financing and related assets			
Murabahah financing		8,278,378	7,461,935
Deferred murabahah income		563,847	288,114
Advances against Murabaha financing		4,651,962	1,927,813
Murabaha Inventories		-	5,511,837
		<u>13,494,187</u>	<u>15,189,699</u>
12.5.1 Murabaha receivable - gross	12.5.2	8,842,221	7,750,049
Less: Deferred Murabahah income	12.5.4	(289,597)	(179,290)
Profit receivable		(274,246)	(108,824)
Murabahah financing		<u>8,278,378</u>	<u>7,461,935</u>
12.5.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		7,750,049	2,364,587
Sales during the year		64,151,683	28,912,989
Received during the year		(63,059,511)	(23,527,527)
Adjusted during the year		-	-
Closing balance		<u>8,842,221</u>	<u>7,750,049</u>
12.5.3 Murabahah sale price (for transactions during the year)		64,151,683	28,912,989
Murabahah Purchase price (for transactions during the year)		(61,689,521)	(28,095,715)
		<u>2,462,162</u>	<u>817,274</u>
12.5.4 Deferred Murabahah income			
Opening balance		179,290	56,097
Arising during the year		2,462,162	817,274
Recognized during the year		(2,351,855)	(694,081)
Closing balance		<u>289,597</u>	<u>179,290</u>
12.6 Muswamah financing and related assets / Tijarah			
Musawamah financing		8,317,899	6,246,037
Advance against Musawamah financing		2,232,108	266,839
Musawamah inventories		-	2,256,393
		<u>10,550,007</u>	<u>8,769,269</u>
12.7 Ijarah financing under IFAS 2 and related assets			
Net book value of assets under IFAS 2		456,059	843,022
Advance against Ijarah financing		611	611
		<u>456,670</u>	<u>843,633</u>
12.8 Salam			
Salam financing		110,000	54,999
Advance against Salam		64,000	49,899
Salam inventories		49,900	-
		<u>223,900</u>	<u>104,898</u>
12.9 Running Musharakah financing and related assets includes financing amounting to Rs. 2,423 million (2021: Rs. 2,554 million) under Islamic Export Refinance Scheme.			
12.10 Istisna financing and related assets includes financing amounting to Rs. 865 million (2021: Rs. 1,586 million) and advance amounting to Rs. 1,087 million (2021: Rs. 678.800 million) under Islamic Export Refinance Scheme.			
12.11 Murabahah financing and related assets includes financing amounting to Rs. 0.033 million (2021: Rs. 192.500 million) under Islamic Export Refinance Scheme.			
12.12 Musawamah financing and related assets / Tijarah includes financing amounting to Rs. Nil (2021: Rs. Nil) and Advance amounting to Rs. 150 million (2021: Rs. 100 million) under Islamic Export Refinance Scheme.			

12.13 Break up of net investment in Ijarah financing and Finance lease

	2022	2021
	----- Rupees in '000 -----	
Islamic financing and related assets	104,062	131,545
Advances	580,807	582,185
	<u>684,869</u>	<u>713,730</u>

12.13.1 Net investment in Ijarah financing in Pakistan and finance lease

	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 -----							
Ijarah rentals receivable	655,787	-	-	655,787	684,648	-	-	684,648
Residual value	73,328	-	-	73,328	73,328	-	-	73,328
Minimum Ijarah payments	729,115	-	-	729,115	757,976	-	-	757,976
Profit for future periods	(44,246)	-	-	(44,246)	(44,246)	-	-	(44,246)
Present value of minimum Ijarah payments	684,869	-	-	684,869	713,730	-	-	713,730

12.14 Ijarah Assets

	2022							
	Cost			Accumulated depreciation			Book value as at December 31, 2022	Rate of Depreciation %
	As at January 01, 2022	Addition / (deletions)	As at December 31, 2021	As at January 01, 2022	Charge / (deletions)	As at December 31, 2022		
	----- Rupees in '000 -----							
Plant and Machinery	1,899,200	-	299,200	1,582,580	22,117	245,696	53,504	20-33.33
		(1,600,000)			(1,359,000)			
Vehicles	1,690,590	41,444	1,201,472	1,164,188	40,846	798,917	402,555	20-33.33
		(530,562)			(406,118)			
	3,589,790	41,444	1,500,672	2,746,768	62,963	1,044,613	456,059	
		(2,130,562)			(1,765,118)			

	2021							
	Cost			Accumulated depreciation			Book value as at December 31, 2021	Rate of Depreciation %
	As at January 01, 2021	Addition / (deletions)	As at December 31, 2021	As at January 01, 2021	Charge / (deletions)	As at December 31, 2021		
	----- Rupees in '000 -----							
Plant and Machinery	1,994,099	-	1,899,200	1,290,620	366,789	1,582,580	316,620	20-33.33
		(94,899)			(74,829)			
Vehicles	2,934,790	-	1,690,590	1,878,599	199,697	1,164,188	526,402	20-33.33
		(1,244,200)			(914,108)			
	4,928,889	-	3,589,790	3,169,219	566,486	2,746,768	843,022	
		(1,339,099)			(988,937)			

12.14.1 Future Ijarah payments receivable

	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 -----							
Ijarah rentals receivable	30,370	22,999	-	53,369	103,305	40,092	-	143,397

12.15 Particulars of Islamic financing and related assets and advances - gross

	2022	2021
	----- Rupees in '000 -----	
In local currency	218,622,648	195,464,197
In foreign currency	1,718,274	913,876
	<u>220,340,922</u>	<u>196,378,073</u>

- 12.16 Islamic financing and related assets and advances include Rs. 19,197.534 million (2021: Rs.17,076.678 million) which have been placed under non-performing status as detailed below:

Category of classification	2022		2021	
	Non-performing Islamic financing, related assets and advances	Specific Provision	Non-performing Islamic financing, related assets and advances	Specific Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	325,596	-	164,571	-
Substandard	548,330	48,085	554,426	92,057
Doubtful	4,236,194	2,411,182	1,113,707	334,116
Loss	14,762,414	13,659,864	15,243,974	14,102,457
Total	19,872,534	16,119,131	17,076,678	14,528,630

- 12.16.1 The Holding Company does not hold overseas classified non-performing Islamic financing, related assets and advances.

12.17 Particulars of provision against non-performing Islamic financing and related assets and advances:

	2022			2021		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	14,528,630	767,023	15,295,653	14,491,608	802,048	15,293,656
Charge for the year	2,748,357	2,220,145	4,968,502	2,736,255	(35,025)	2,701,230
Reversals for the year	(1,157,169)	-	(1,157,169)	(2,389,299)	-	(2,389,299)
	1,591,188	2,220,145	3,811,333	346,956	(35,025)	311,931
Amount written off	(687)	-	(687)	(309,934)	-	(309,934)
Closing balance	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653
12.17.1 Islamic	10,314,265	2,987,113	13,301,378	8,431,606	766,968	9,198,574
Conventional	5,804,866	55	5,804,921	6,097,024	55	6,097,079
	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653

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

12.17.2 Provision / reversal of provision net of fair value adjustment taken to the profit and loss account

Gross reversals for the year		1,157,169	2,389,299
Charge for the year		(4,968,502)	(2,701,230)
		(3,811,333)	(311,931)
Fair value adjusted - net		-	(23,679)
Net charge taken to the profit and loss account	33	(3,811,333)	(335,610)

12.17.3 Particulars of provision against non-performing Islamic financing and related assets and advances:

	2022			2021		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
In local currency	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653
In foreign currency	-	-	-	-	-	-
	16,119,131	2,987,168	19,106,299	14,528,630	767,023	15,295,653

- 12.17.4 The Holding Company maintains general reserve (provision) amounting to Rs. 487.168 million (2021: Rs. 417.023 million) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing. In addition, the Bank carries general provision of Rs. 2,500 million (December 31, 2021: Rs. 350 million) as a matter of prudence based on management estimate.

- 12.17.5 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Holding Company has availed the benefit of Forced Sale Value (FSV) of collaterals against the non-performing financings. The benefit availed as at December 31, 2022 amounts to Rs.1,061.067 million (2021: Rs. 1,043.691 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 541.144 million (2021: Rs. 636.651 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

12.18 Provision in respect of acquired loans related to amalgamated entity have been determined after taking into considerations of the fair values of such loans on the basis of valuation exercise performed by an independent consultant.

12.19 Particulars of write-offs	2022	2021
	----- Rupees in '000 -----	
Against provisions	687	309,934
Directly charged to the profit and loss account	-	-
	<u>687</u>	<u>309,934</u>
Write-offs Rs. 500,000 and above		
- Domestic	678	309,934
- Overseas	-	-
Write-offs below Rs. 500,000	9	-
	<u>687</u>	<u>309,934</u>

12.19.1 Details of Financings 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 financings or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-I.

12.20 Particulars of financing to directors, executives or officers of the Holding Company

Financing due by directors, executives or officers of the Holding Company or any of them either severally or jointly with any other persons.

	Note	2022	2021
	----- Rupees in '000 -----		
Balance at the beginning of the year		3,518,517	3,095,075
Financing granted during the year		1,462,408	1,230,050
Payments received during the year		(673,000)	(806,608)
Balance at the end of the year	12.20.1	<u>4,307,925</u>	<u>3,518,517</u>

12.20.1 This includes Rs. 3.326 million (2021: Rs. 1.883 million) as Qardh-e-Hasana to employees under the Holding Company's Human Resource Policy.

12.21 SBP other refinance schemes	Note	2022	2021
	----- Rupees in '000 -----		
Refinance facility for Islamic Temporary Economic Refinance Facility (ITERF)		7,478,402	4,489,370
Islamic refinance scheme for payment of wages and salaries		438,035	1,824,118
Islamic Long-Term Financing Facility		952,692	-
RM EFS - Rupee Based Discounting (TFA)		223,136	-
Islamic refinance scheme for Renewable Energy		627,670	-
Islamic refinance scheme for combating COVID (IRFCC)		271,263	328,351
Islamic refinance facility for Modernization of SMEs		71,930	115,470
Refinance for Islamic Financing Facility of Storage of Agricultural Produce (IFFSAP)		59,710	18,289
Islamic Refinance and Credit Guarantee Scheme For Women		9,279	-
		<u>10,132,117</u>	<u>6,775,598</u>

13 FIXED ASSETS

Capital work-in-progress	13.1	1,427,567	1,264,988
Property and equipment	13.2	9,865,473	9,710,831
Right of use assets	13.2	2,897,382	2,642,672
		<u>14,190,422</u>	<u>13,618,491</u>

13.1 Capital work-in-progress

Advances to suppliers and contractors	236,844	74,265
Advance for acquiring properties:		
- Office premises	1,190,723	1,190,723
	<u>1,427,567</u>	<u>1,264,988</u>

13.1.1 This includes advances against purchase of property amounting to Rs. 1,143.632 million (2021: Rs. 1,143.632 million).

13.2 Property and Equipment

	2022						Total
	Freehold/ Leasehold land	Freehold/ Leasehold building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right of use assets	
	----- Rupees in '000 -----						
At January 1, 2022							
Cost / Revalued amount	3,564,900	4,440,070	3,280,594	3,880,564	81,001	5,007,717	20,254,846
Accumulated depreciation	-	(445,273)	(2,046,750)	(3,000,318)	(43,957)	(2,365,045)	(7,901,343)
Net book value	3,564,900	3,994,797	1,233,844	880,246	37,044	2,642,672	12,353,503
Year ended December 2022							
Opening net book value	3,564,900	3,994,797	1,233,844	880,246	37,044	2,642,672	12,353,503
Additions	-	209,436	468,929	482,306	29,525	1,121,534	2,311,730
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-
Disposals	-	(64,933)	(14,906)	(69,244)	-	-	(149,083)
Write offs	-	-	(36,803)	-	-	-	(36,803)
	-	(64,933)	(51,709)	(69,244)	-	-	(185,886)
Movement in Accumulated Depreciation							
Depreciation charge	-	(312,743)	(249,212)	(385,896)	(18,203)	(866,824)	(1,832,878)
Reversal of depreciation on disposal	-	5,313	13,283	66,816	-	-	85,412
Reversal of depreciation on write off	-	-	30,974	-	-	-	30,974
	-	(307,430)	(204,955)	(319,080)	(18,203)	(866,824)	(1,716,492)
Closing net book value	3,564,900	3,831,870	1,446,109	974,228	48,366	2,897,382	12,762,855
At December 31, 2022							
Cost / Revalued amount	3,564,900	4,584,573	3,697,814	4,293,626	110,526	6,129,251	22,380,690
Accumulated depreciation	-	(752,703)	(2,251,705)	(3,319,398)	(62,160)	(3,231,869)	(9,617,835)
Net book value	3,564,900	3,831,870	1,446,109	974,228	48,366	2,897,382	12,762,855
Depreciation rate / *years	-	2	10	15-25	20	*1-5	
	----- Rupees in '000 -----						
	2021						Total
	Freehold/ Leasehold land	Freehold/ Leasehold building	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Right of use assets	
	----- Rupees in '000 -----						
At January 1, 2021							
Cost / Revalued amount	3,310,812	4,101,967	2,430,488	3,621,704	70,509	4,582,201	18,117,681
Accumulated depreciation	-	(521,428)	(1,599,578)	(2,826,187)	(32,321)	(1,595,562)	(6,575,076)
Net book value	3,310,812	3,580,539	830,910	795,517	38,188	2,986,639	11,542,605
Year ended December 2021							
Opening net book value	3,310,812	3,580,539	830,910	795,517	38,188	2,986,639	11,542,605
Additions	-	187,022	289,103	446,453	12,554	425,516	1,360,648
Movement in surplus on assets revalued during the year	254,088	806,052	-	-	-	-	1,060,140
Disposals							
Disposals	-	(34,836)	(3,681)	(58,751)	-	-	(97,268)
Write offs	-	-	(78,055)	-	-	-	(78,055)
	-	(34,836)	(81,736)	(58,751)	-	-	(175,323)
Movement in Accumulated Depreciation							
Depreciation charge	-	(150,886)	(264,042)	(353,598)	(13,537)	(769,483)	(1,551,546)
Reversal of depreciation on disposal	-	2,152	3,244	50,742	-	-	56,138
Reversal of depreciation on write off	-	-	40,158	-	-	-	40,158
	-	(148,734)	(220,640)	(302,856)	(13,537)	(769,483)	(1,455,250)
Other Adjustments	-	(395,246)	416,207	(117)	(161)	-	20,683
Closing net book value	3,564,900	3,994,797	1,233,844	880,246	37,044	2,642,672	12,353,503
At December 31, 2021							
Cost / Revalued amount	3,564,900	4,440,070	3,280,594	3,880,564	81,001	5,007,717	20,254,846
Accumulated depreciation	-	(445,273)	(2,046,750)	(3,000,318)	(43,957)	(2,365,045)	(7,901,343)
Net book value	3,564,900	3,994,797	1,233,844	880,246	37,044	2,642,672	12,353,503
Depreciation rate / *years	-	2	10	15-25	20	*1-5	

13.2.1 Details of property and equipment disposed-off

Details of disposal of fixed assets to the Chief Executive Officer or to a Director or to Executives, irrespective of the value, and to any other person having aggregate book value of more than Rs 5 million and particulars of each asset, which has book value of Rs. 500,000 or above during the year are disclosed in 'Annexure II'.

13.3 Cost of fully depreciated properties and equipment that are still in the Holding Company's use, as at December 31, 2022, amounted to Rs.3,349.760 million (2021: Rs.3,100.984 million)

13.4 During the year ended December 31, 2021, the Holding Company's freehold land and buildings on leasehold land were revalued by M/s. Harvester Services (Private) Limited., Gandhara Consultants (Private) Limited, Akbani & Javed Associates and Sadruddin Associates (Private) Limited on the basis of their professional assessment of the present market value. As a result of revaluation the market value of freehold land and buildings on leasehold land were determined at Rs. 7,559.697 million. The total surplus arising against revaluation of fixed assets as of December 31, 2022 amounts to Rs. 2,805.877 million.

Had there been no revaluation, the carrying amount of revalued assets at December 31, 2022 would have been as follows:

	Rupees in '000
Land	3,044,311
Building	1,546,582
	4,590,893

14 INTANGIBLE ASSETS

	2022					
	Computer software	Core deposits	Membership and Subscription	Customer list	Goodwill (note 14.2)	Total
	----- Rupees in '000 -----					
At January 1, 2022						
Cost	769,623	39,747	23,500	7,799	2,991,308	3,831,977
Accumulated amortization and impairment	(584,231)	(15,520)	(1,236)	(7,799)	-	(608,786)
Net book value	185,392	24,227	22,264	-	2,991,308	3,223,191
Year ended December 2022						
Opening net book value	185,392	24,227	22,264	-	2,991,308	3,223,191
Additions:						
- directly purchased	173,527	-	4,875	-	-	178,402
Disposals	-	-	(2,000)	-	-	(2,000)
Amortization charge	(86,438)	(2,245)	(2,330)	-	-	(91,013)
Closing net book value	272,481	21,982	22,809	-	2,991,308	3,308,580
At December 31, 2022						
Cost	943,150	39,747	26,375	7,799	2,991,308	4,008,379
Accumulated amortization and impairment	(670,669)	(17,765)	(3,566)	(7,799)	-	(699,799)
Net book value	272,481	21,982	22,809	-	2,991,308	3,308,580
Rate of amortization (percentage)	20	5.5 - 20	10	10	-	-
Useful life (years)	5	5 - 18	10	10	-	-

	2021					
	Computer software	Core deposits	Membership and Subscription	Customer list	Goodwill (note 14.2)	Total
	----- Rupees in '000 -----					
At January 1, 2021						
Cost	658,497	39,747	-	7,799	2,991,308	3,697,351
Accumulated amortization and impairment	(520,775)	(13,268)	-	(7,799)	-	(541,842)
Net book value	137,722	26,479	-	-	2,991,308	3,155,509
Year ended December 2021						
Opening net book value	137,722	26,479	-	-	2,991,308	3,155,509
Additions:						
- directly purchased	111,126	-	23,500	-	-	134,626
Disposals	-	-	-	-	-	-
Amortization charge	(63,456)	(2,252)	(1,236)	-	-	(66,944)
Other adjustments	-	-	-	-	-	-
Closing net book value	185,392	24,227	22,264	-	2,991,308	3,223,191
At December 31, 2021						
Cost	769,623	39,747	23,500	7,799	2,991,308	3,831,977
Accumulated amortization and impairment	(584,231)	(15,520)	(1,236)	(7,799)	-	(608,786)
Net book value	185,392	24,227	22,264	-	2,991,308	3,223,191
Rate of amortization (percentage)	20	5.5 - 20	10	10	-	-
Useful life (years)	5	5 - 18	10	10	-	-

- 14.1** The cost of fully amortized intangible assets that are still in the Group's use, as at December 31, 2022 amounted to Rs.461.273 million (2021: Rs.440.188 million).
- 14.2** This represents goodwill recognized upon acquisition of defunct KASB Bank Undertakings based on fair values of assets and liabilities. The Holding Company carried out Goodwill impairment testing as at December 31, 2022.

Key assumptions used in value in use calculation

The recoverable amount of Goodwill has been determined based on value in use calculation, using cash flow projections based on financial projections approved by the management of the Holding Company covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Holding Company.

Discount rate	%
	19.30
Terminal growth rate	5.00

The calculation of value in use is most sensitive to following assumptions:

a) Profit margins

Profit margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Holding Company.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the Holding Company's financial position might change over the projected period. Based on the expansion plans, management expects aggressive growth in financing, investments and deposits during the projected periods and thereafter stabilization in line with industry trends.

Management believes that any significant change in key assumptions, on which Goodwill's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of Goodwill are sensitive to changes in assumptions for profit rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of Goodwill exceeds its carrying amount by approximately Rs. 10,649.454 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

Changes required for carrying amount to equal recoverable amount

Discount rate	%
	6.70
Terminal growth rate	(3.10)

- 14.3** The amount of goodwill that will be deductible for taxable purposes is Rs. 5,896.832 million. The difference represents the fair value benefit of the financial assistance granted by the State Bank of Pakistan.

15 DEFERRED TAX ASSETS

2022				
	At January 01, 2022	Recognized in Consolidated P&L	Recognized in Consolidated OCI	At December 31, 2022
-----Rupees in'000-----				
Deductible Temporary Differences on:				
Accumulated tax losses	2,591,239	(1,728,027)	-	863,212
Tax credit against minimum tax	32,238	(32,238)	-	-
Provision for diminution in the value of investments	74,683	20,559	-	95,242
Provision against non-performing Islamic financing, related assets and advances	3,344,708	1,306,033	-	4,650,741
Ijarah financing and related assets	234,991	(181,982)	-	53,009
Accelerated tax depreciation	128,401	17,932	-	146,333
	6,406,260	(597,723)	-	5,808,537
Taxable Temporary Differences on:				
Fair value adjustments relating to net assets acquired upon amalgamation	(344,266)	(6,940)	-	(351,206)
Surplus on revaluation of available for sale securities	(748,104)	-	(105,300)	(853,404)
Surplus on revaluation of fixed assets	(1,051,413)	69,048	(224,541)	(1,206,906)
Surplus on revaluation of non-banking assets	(66,370)	21,910	15,748	(28,712)
Others	(13,052)	(141,538)	-	(154,590)
	(2,223,205)	(57,520)	(314,093)	(2,594,818)
	4,183,055	(655,243)	(314,093)	3,213,719

Note

2021				
	At January 01, 2021	Recognized in Consolidated P&L	Recognized in Consolidated OCI	At December 31, 2021
-----Rupees in'000-----				
Deductible Temporary Differences on:				
Accumulated tax losses	2,748,819	(157,580)	-	2,591,239
Tax credit against minimum tax	-	32,238	-	32,238
Provision for diminution in the value of investments	201,160	(126,477)	-	74,683
Provision against non-performing Islamic financing, related assets and advances	3,797,882	(453,174)	-	3,344,708
Ijarah financing and related assets	207,080	27,911	-	234,991
Accelerated tax depreciation	61,891	66,510	-	128,401
Others	263,243	(276,295)	-	(13,052)
	7,280,075	(886,867)	-	6,393,208
Taxable Temporary Differences on:				
Fair value adjustments relating to net assets acquired upon amalgamation	(191,218)	(153,048)	-	(344,266)
Accelerated tax depreciation	-	-	-	-
Surplus on revaluation of fixed assets	(621,899)	-	(429,514)	(1,051,413)
Surplus on revaluation of non-banking assets	(14,383)	-	(51,987)	(66,370)
Surplus on revaluation of available for sale securities	(752,775)	-	4,671	(748,104)
	(1,580,275)	(153,048)	(476,830)	(2,210,153)
	5,699,800	(1,039,915)	(476,830)	4,183,055

- 15.1 The Holding Company has aggregate tax losses of Rs. 2,252.375 million as at December 31, 2022 (2021: Rs. 7,403.539 million) which includes tax losses of amalgamated entity. The management has carried out an assessment for estimating the benefit of these losses. The Holding Company would be able to set off the profit earned in future years against these carry forward losses. Based on this assessment the management has recognized deferred tax debit balance amounting to Rs.878.426 million (2021: Rs. 2,591.239 million). The amount of this benefit has been determined based on the projected financial statements for the future periods as approved by the management. The determination of future taxable profit is most sensitive to certain key assumptions such as cost to income ratio of the Holding Company, deposit's composition, kibar rates, growth of deposits and financing, investment returns, product mix of financing, potential provision against assets / financings, recoveries from non-performing financing and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

16 OTHER ASSETS - NET	Note	2022 ----- (Rupees in '000) -----	2021
Profit / return accrued in local currency		12,472,201	9,110,889
Profit / return accrued in foreign currency		26,199	194
Advances, deposits, advance rent and other prepayments		2,656,372	1,105,576
Non-banking assets acquired in satisfaction of claims		1,455,091	2,116,519
Branch Adjustment Account		-	440,114
Takaful / insurance claim receivable		58,148	69,511
Receivable against takaful and registration charges - Diminishing Musharakah Auto Financing		319,093	313
Receivable against First WAPDA Sukuk	16.2	50,000	50,000
Trade debts		532	532
Acceptances		2,332,910	5,462,889
Unrealized gain on Shariah compliant alternative of forward foreign exchange contracts		7,968	28,980
Others		802,539	770,689
		<u>20,181,053</u>	<u>19,156,206</u>
Less: Provision held against other assets	16.3	(764,955)	(1,261,370)
Other Assets (net of provision)		<u>19,416,098</u>	<u>17,894,836</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	24	66,772	189,628
Total other assets		<u>19,482,870</u>	<u>18,084,464</u>
16.1 Market value of non-banking assets acquired in satisfaction of claims		<u>1,216,101</u>	<u>1,506,468</u>

The properties of the Holding Company have been revalued by independent professional valuers as at December 31, 2022. The revaluation was carried out by Gandhara Consultants (Private) Limited, Akbani & Javed Associates, Sadruddin Associates and Harvester Services (Pvt) Ltd on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 60.257 million.

Impairment against non-banking assets acquired in satisfaction of claims amounting to Rs. 305.762 million (2021: Rs. 799.679 million) is included in provision held against other assets.

16.1.1 Non-banking assets acquired in satisfaction of claims	2022 -----Rupees in '000-----	2021
Opening Balance	1,506,468	1,671,387
Additions	-	-
Revaluation	(126,942)	(5,937)
Disposals	(658,271)	(55,440)
Depreciation	(3,159)	(6,416)
Impairment	493,917	(95,000)
Incremental Depreciation	4,088	(2,126)
Closing Balance	<u>1,216,101</u>	<u>1,506,468</u>

16.1.2 Gain/ (loss) on disposal of non-banking assets acquired in satisfaction of claims

Disposal Proceeds	441,100	-
less		
- Cost	747,889	-
- Impairment / Depreciation	(515,756)	-
	<u>232,133</u>	-
Gain/Loss	<u>208,967</u>	-

16.2 The Holding Company had purchased 10,000 certificates on June 25, 2009 of first WAPDA sukuk through a negotiated transaction for a cash consideration of Rs. 50.228 million having face value of Rs. 50 million. These certificates were available in the seller's Central Depository Company (CDC) account and on completion of the transaction were transferred to the Holding Company's CDC account. However, the periodic Ijarah Rental dues were not paid to the Holding Company on the plea that there exists certain discrepancy with respect to ownership of the asset. The amount has been shown under "other assets" as the certificates were matured in 2012 as per the terms of the sukuk issue. The Holding Company has not recognized any provision in respect of the above amount as it is fully secured through a lien over a deposit account.

16.3 Provision held against other assets	Note	2022	2021
-----Rupees in '000-----			
Advances, deposits, advance rent & other prepayments		26,692	26,692
Non banking assets acquired in satisfaction of claims		305,762	799,679
Others		432,501	434,999
	16.3.1	764,955	1,261,370

16.3.1 Movement in provision held against other assets

Opening balance	1,261,370	1,588,151
Charge for the year	-	399,738
Reversals during the year	(496,415)	(25,069)
Adjustment during the year	-	(701,450)
Closing balance	764,955	1,261,370

17 BILLS PAYABLE

In Pakistan	3,530,929	3,484,210
Outside Pakistan	-	-
	3,530,929	3,484,210

18 DUE TO FINANCIAL INSTITUTIONS

Secured

Due to State Bank of Pakistan

Refinance facility for Islamic Temporary Economic Refinance Facility (ITERF)	18.1	7,473,692	4,349,261
Acceptances for financial assistance	18.2	4,036,120	3,691,010
Acceptances under Islamic Export Refinance Scheme	18.3	4,175,000	5,143,000
Islamic refinance scheme for payment of wages and salaries	18.1	469,634	23,921
Islamic Long-Term Financing Facility	18.1	922,930	-
Islamic refinance scheme for Renewable Energy	18.1	563,692	-
Islamic Export Finance Scheme - Rupee based discounting	18.4	139,863	-
Islamic refinance scheme for combating COVID (IRFCC)	18.1	76,879	-
Islamic Refinance Scheme for Modernization of SMEs	18.1	65,854	1,805,305
Islamic Credit Guarantee Scheme for Women Entrepreneur	18.1	9,499	-
Islamic refinance scheme for Facility of Storage of Agricultural Produce (IFFSAP)	18.1	56,967	18,289
		17,990,130	15,030,786
Refinance facility for Islamic Mortgage	18.5	3,062,126	3,762,546
Total secured		21,052,256	18,793,332
Unsecured			
Musharakah Acceptance	18.6	-	2,400,000
Total unsecured		-	2,400,000
		21,052,256	21,193,332

18.1 These acceptances are on profit and loss sharing basis which have been invested in general pool of the Bank and are secured against demand promissory notes executed in favor of State Bank of Pakistan (SBP).

18.2 This represents amortized cost of a 10 year financing facility of Rs. 5,000 million extended by SBP. The facility is secured against Federal Government securities. The 10 year facility was provided on the basis of Mudarabah to be remunerated at profit sharing ratio declared by the Bank on its remunerative current accounts on monthly basis. Accordingly, the profit amortization rate applied by the Bank in this respect is 0.04% per annum.

- 18.3 These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 5,300 million (2021: Rs. 5,300 million) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2022.
- 18.4 These acceptances are on a profit and loss sharing basis and are secured against demand promissory notes executed in favor of SBP. A limit of Rs. 250 million (2021: Nil) was allocated to the Bank by the SBP under Islamic Export Refinance Scheme - Rupee Based Discounting for the financial year ended December 31, 2022.
- 18.5 The agreements are on a profit and loss sharing basis and are secured against housing finance portfolio. The profit rate on these agreements is ranging from 5.33% to 10.50% (2021: 9.68% to 10.87%) per annum.
- 18.6 The expected profit rate on this agreement is Nil (2021: 10.10%) per annum and has maturity of Nil Days (2021: 7 Days).

	2022	2021
	-----Rupees in '000-----	
18.7 Particulars of due to financial institutions with respect to currencies		
In local currency	21,052,256	21,193,332
In foreign currencies	-	-
	21,052,256	21,193,332

19 DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	153,254,447	4,891,424	158,145,871	128,156,769	3,998,743	132,155,512
Savings deposits	91,134,589	3,359,456	94,494,045	80,518,080	3,609,545	84,127,625
Term deposits	132,317,698	4,987,727	137,305,425	103,796,987	3,357,730	107,154,717
Others	10,979,366	90,052	11,069,418	1,979,022	85,336	2,064,358
	387,686,100	13,328,659	401,014,759	314,450,858	11,051,354	325,502,212
Financial Institutions						
Current deposits	1,419,692	9,985	1,429,677	258,791	12,098	270,889
Savings deposits	13,071,501	-	13,071,501	18,187,484	-	18,187,484
Term deposits	396,000	-	396,000	827,366	-	827,366
	14,887,193	9,985	14,897,178	19,273,641	12,098	19,285,739
	402,573,293	13,338,644	415,911,937	333,724,499	11,063,452	344,787,951

	2022	2021
	----- Rupees in '000 -----	
19.1 Composition of deposits		
Individuals	101,568,758	88,329,695
Government (Federal and Provincial)	14,764,525	10,749,169
Public Sector Entities	9,423,485	11,830,860
Banking Companies	1,126,375	60,828
Non-Banking Financial Institutions	13,770,808	19,224,916
Private Sector	275,257,986	214,592,483
	415,911,937	344,787,951

- 19.2 Total deposits includes eligible deposits under deposit protection mechanism amounting to Rs.185,870.705 million (2021: Rs.170,338.464 million).

20 SUBORDINATED SUKUK

	Note	2022	2021
----- Rupees in '000 -----			
ADT-1 Sukuk Issue I	20.1	2,000,000	2,000,000
Advance subscription against ADT-1 Sukuk Issue II	20.2	850,000	-
		2,850,000	2,000,000

20.1 The Holding Company has issued fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuku under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013.

20.1.1 Salient features of the ADT-1 sukuk are as follows:

Amount	Rs. 2,000 million.
Issue Date	April 21, 2020
Tenor	Perpetual (i.e. no fixed or final redemption date)
Instrument Rating	PACRA has rated this Sukuk at 'A-' (A minus).
Security	Unsecured
Profit payment frequency	Profit shall be payable monthly in arrears, on a non-cumulative basis
Expected Profit Rate	The Sukuk carries a profit at the rate of 3 Months KIBOR + 2.75%. The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank inline with SBP's guidelines of pool management.
Call option	The Bank may, at its sole discretion, call the sukuku, at any time after five years from the Issue Date subject to the prior approval of the SBP.
Lock-in clause	In the event where payment of profit results in breach of regulatory MCR/CAR requirements or SBP determines a bar on profit distribution, the monthly profit weightage of the Sukuk holders will be reduced to a minimum level e.g 0.005, till the month in which such condition is withdrawn by SBP.
Loss absorbency clause	The Sukuku shall, at the discretion of the SBP, be permanently converted into ordinary shares pursuant to the loss absorbency clause as stipulated in the "Instructions for Basel-III Implementation in Pakistan" issued vide BPRD Circular No. 6 dated August 15, 2013.

20.1.2 The funds raised through this instrument are being utilized towards the Holding Company's General Pool, that is, financing and investment activities as permitted by Holding Company's Memorandum and Articles of Association. With permission of Sukuk holders, the proceeds of this issue have been commingled with other funds of the depositors (which may include Holding Company's own equity) i.e. invested in General Pool of the Holding Company.

20.2 The Holding Company is in the process of issuing fully paid up, rated, listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of sukuku under Section 66 of the Companies Act, 2017 which qualify as Additional Tier I (ADT-1) Capital as outlined by State Bank of Pakistan (SBP) under BPRD Circular No. 6 dated August 15, 2013. The total size of ADT-1 sukuk Issue II is Rs. 1,000 million.

As of 31 December 2022, the Pre-IPO (Initial Public Offer) phase of ADT-I sukuk issue II was achieved through which subscription amounting to Rs. 850 million was received. Further, the Holding Company is in process of conducting the IPO of ADT-1 sukuk issue II, subject to regulatory approvals, amounting to Rs. 150 million.

The State Bank of Pakistan also allowed the Bank to consider the advance subscription money of Rs. 850 million received against the issuance of ADT-1 sukuk issue II (Pre-IPO) for Capital Adequacy Ratio subject to following conditions.

- The pre-IPO subscription money shall not be withdrawn without prior approval of SBP.
- The pre-IPO subscription money shall only be used for the issuance of ADT-I eligible Sukuku of BIPL and will not be refunded.
- The terms of SBP's In-principle approval and final approval will remain applicable on the pre-IPO subscription money received against the proposed Sukuku.

21 OTHER LIABILITIES	Note	2022	2021
----- Rupees in '000 -----			
Profit / return payable in local currency		4,633,768	2,066,342
Profit / return payable in foreign currencies		152,308	15,883
Accrued expenses		1,359,473	1,228,666
Deferred Murabahah Income Financing, IERS and Others		335,033	224,673
Payable to defined benefit plan		4,677	4,677
Payable to defined contribution plan		29,804	26,008
Defined Benefit Plan liabilities		302,347	173,630
Security deposits against Ijarah		441,269	802,487
Lease liability against right-of-use assets	21.1	3,559,675	3,213,456
Provision against off-balance sheet obligations	21.2	85,975	85,975
Acceptances		2,332,910	5,462,889
Current taxation (provisions less payments)		1,884,713	42,341
Provision against other tax liabilities		95,475	104,864
Sundry creditors		1,008,462	362,068
Payable to brokers against purchase of shares - net		442	270
Charity payable	21.3	7,440	2,360
Retention money payable		27,158	13,402
Provision for Workers' Welfare Fund	21.4	358,419	193,857
Branch adjustment account		387,266	-
Rental received in advance		-	99,555
Others		456,734	309,834
		<u>17,463,348</u>	<u>14,433,237</u>

21.1 The carrying amounts of lease liability against right-of-use assets and the movement during the year are as follows:

	2022	2021
----- Rupees in '000 -----		
As at January 01	3,213,456	3,443,873
Additions	1,121,534	425,516
Amortisation of lease liability against right-of-use assets	441,540	416,247
Payments	(1,216,855)	(1,072,180)
As at December 31	<u>3,559,675</u>	<u>3,213,456</u>

21.2 Provision against off-balance sheet obligations

Opening balance	85,975	85,975
Charge / (Reversals)	-	-
Closing balance	<u>85,975</u>	<u>85,975</u>

21.2.1 These are overdue non-funded facilities that could not be transferred to funded due to litigation.

21.3 Charity payable	Note	2022	2021
----- Rupees in '000 -----			
Opening balance		2,360	14,712
Additions during the year			
- Received from customers on account of delayed payment		33,049	35,144
- Shariah non-compliant income		4,177	3,595
- Dividend purification		31	37
- Profit on charity saving account		151	312
		37,408	39,088
Distribution of Charity			
- Education		(11,451)	(20,550)
- Health		(6,450)	(21,050)
- Islamic microfinance program		(3,200)	-
- Community development		(11,227)	(9,840)
	21.3.1	<u>(32,328)</u>	<u>(51,440)</u>
Closing balance		<u>7,440</u>	<u>2,360</u>

	2022	2021
	----- Rupees in '000 -----	
21.3.1 Charity was paid to the following:		
IBA Center For Excellence In Islamic Finance	4,000	9,000
The Citizens Foundation	3,400	5,600
Flood Relief Activity	3,328	-
Akhuwat Foundation	3,200	-
Bait us Salam Welfare Trust	3,100	3,000
Saylani Welfare International Trust	2,100	6,300
Alamgir Welfare Trust International	1,100	1,000
Aitmaad Trust	1,050	2,500
Bait ul Sukoon Trust Cancer Hospital	1,050	2,000
Shahid Khan Afridi Foundation	1,050	200
Sahil Welfare Association	1,000	200
Family Educational Services Foundation	850	1,000
Society for Advancement of Health, Education & Environment	700	600
Autism Care & Rehabilitation Organization	600	-
Afzaal Memorial Thalassemia Foundation	550	2,200
Indus Hospital & Health Network	500	3,100
Habib University Foundation	500	1,500
Mercy Pak	500	500
Al Khidmat Welfare Society	500	-
Infaq Memorial Trust	500	-
Rehnuma Public School	300	-
Shaukat Khanum Memorial Cancer Hospital	300	-
Subh e Nau School	300	-
Karigar Training Institute	250	-
Mir Wali Muhammad Badini Memorial Trust	250	-
Ismail Welfare Hospital	200	500
Pakistan Sweet Home	200	500
Women Islamic Lawyers Forum	200	300
Million Smiles Foundation	200	250
Dar us Shifa	200	-
Rising Sun Education & Welfare Society	200	-
IDA RIEU Welfare Association	150	250
The Patients Behbud Society for AKUH	-	2,300
Lahore University of Management Sciences	-	1,200
Dawood Global Foundation	-	990
Al Shifa Trust	-	500
Caravan of Life Pakistan Trust	-	500
Childlife Foundation	-	500
Koohi Goth Hospital	-	500
Murshid Hospital	-	500
Pakistan Kidney and Liver and Research Center	-	500
Pink Ribbon Pakistan	-	500
Roshni Homes Trust	-	500
Sir Syed College of Medical Science Trust	-	500
Tameer i Nau Trust	-	500
Future Trust	-	300
Hisaar Foundation	-	300
Muhammadi Haematology	-	300
Zindagi Trust	-	300
Cancer Care Hospital	-	250
	32,328	51,440

21.3.2 Charity was not paid to any staff of the Holding Company or to any individual / organization in which a director or his spouse had any interest at any time during the year.

21.4 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through Finance Act, 2008 for the levy of Workers Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petition is decided. Accordingly, the Holding Company has not reversed the Workers Welfare Fund (WWF) provided in the earlier audited financial statements.

22 SHARE CAPITAL - NET

	2022	2021	Note	2022	2021
	----- Number of Shares -----			----- Rupees in '000 -----	
22.1 Authorised capital					
	1,500,000,000	1,300,000,000	Ordinary shares of Rs.10 each	15,000,000	13,000,000
22.2 Issued, subscribed and paid up capital					
	1,108,703,299	1,108,703,299	Ordinary shares of Rs 10 each	11,087,033	11,087,033
	-	-	Fully paid in cash	-	-
	-	-	Issued during the year - right issue	(79,042)	(79,042)
	1,108,703,299	1,108,703,299	Less: Discount on issue of shares	11,007,991	11,007,991

23 RESERVES

Statutory Reserves	23.1	2,591,071	1,703,144
Reserve for bad debts and contingencies	23.2	-	-
		2,591,071	1,703,144

23.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital. Thereafter, an amount of not less than 10% of the profit of the Holding Company is required to be transferred to such reserve fund.

23.2 The Board of Directors of the Holding Company in its meeting held on October 27, 2021 has transferred an amount of Rs. 250 million out of 'Reserve for Bad Debts and contingencies' to 'Unappropriated Profit'.

24 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

	Note	2022	2021
		----- Rupees in '000 -----	
Surplus on revaluation of:			
Available for sale securities	11.1	1,984,660	2,137,440
Fixed Assets		2,796,812	3,003,156
Non-banking assets acquired in satisfaction of claims		66,772	189,628
		4,848,244	5,330,224
Deferred tax liability on surplus on revaluation of:	15		
Available for sale securities		(853,404)	(748,104)
Fixed Assets		(1,206,906)	(1,051,413)
Non-banking assets acquired in satisfaction of claims		(28,712)	(66,370)
		(2,089,022)	(1,865,887)
Total surplus on revaluation of assets- net of tax		2,759,222	3,464,337
Less: Share of non-controlling interest		-	(9,065)
Holding Company's share		2,759,222	3,455,272

	2022	2021
	----- Rupees in '000 -----	
24.1 Surplus on revaluation of fixed assets		
Surplus on revaluation of fixed assets at January 01	3,003,156	2,042,473
Recognized during the year	(9,065)	1,060,140
Realised on disposal during the year - net of deferred tax	(10,412)	(6,866)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(117,819)	(57,781)
Related deferred tax liability in respect of incremental depreciation charged during the year	(63,441)	(31,113)
Related deferred tax liability on surplus realized on disposal	(5,607)	(3,697)
Surplus on revaluation of fixed assets as at December 31	2,796,812	3,003,156
Less: related deferred tax liability on:		
- related deferred tax liability on surplus as at January 01	(1,051,413)	(621,899)
- revaluation recognised during the year	-	(464,324)
- surplus realised on disposal during the year	5,607	3,697
- impact of change in tax rate	(224,541)	-
- incremental depreciation charged during the year	63,441	31,113
	(1,206,906)	(1,051,413)
	1,589,906	1,951,743
24.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
Surplus on revaluation of Non Banking Assets at January 01	189,628	226,308
Recognised during the year	(60,257)	(5,937)
Realised on disposal during the year - net of deferred tax	(43,347)	(18,602)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	2,658	(1,381)
Related deferred tax liability on incremental depreciation charged during the year	1,430	(744)
Related deferred tax liability on surplus realised on disposal	(23,340)	(10,016)
Surplus on revaluation as at December 31	66,772	189,628
Less: related deferred tax liability on:		
- revaluation as at January 1	(66,370)	(14,383)
- revaluation recognised during the year	21,090	(62,747)
- surplus realised on disposal during the year	23,340	10,016
- impact of change in tax rate	(5,342)	-
- incremental depreciation charged during the year	(1,430)	744
	(28,712)	(66,370)
	38,060	123,258

25 CONTINGENCIES AND COMMITMENTS	Note	2022	2021
		----- Rupees in '000 -----	
- Guarantees	25.1	3,527,283	8,224,035
- Commitments	25.2	35,701,601	31,351,208
- Other contingent liabilities	25.3	229,652	229,652
		<u>39,458,536</u>	<u>39,804,895</u>
25.1 Guarantees:			
Performance guarantees		2,668,388	3,920,100
Other guarantees		858,895	4,303,935
		<u>3,527,283</u>	<u>8,224,035</u>
25.2 Commitments:			
Documentary credits and short-term trade-related transactions		28,386,915	27,081,324
- letters of credit			
Commitments in respect of:			
- Shariah compliant alternative of forward foreign exchange transactions	25.2.1	6,708,168	3,963,854
Commitments for acquisition of:			
- fixed assets		553,177	198,978
- intangible assets		53,341	107,052
		<u>35,701,601</u>	<u>31,351,208</u>
25.2.1 Commitments in respect of Shariah compliant alternative of forward foreign exchange transactions			
Purchase		17,741,180	15,970,727
Sale		(11,033,012)	(12,006,873)
		<u>6,708,168</u>	<u>3,963,854</u>
25.3 Other contingent liabilities			
Suit filed by customers for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt	25.3.1	4,200	4,200
Tax Contingencies	25.3.2	225,452	225,452
		<u>229,652</u>	<u>229,652</u>
25.3.1 Suit filed by customers / borrowers for recovery of alleged losses suffered, pending in the High Court, which the Holding Company has not acknowledged as debt			
25.3.1.1 These are court cases, which represent counter claims filed by the borrowers, for restricting the Holding Company for disposal of the financed assets, (such as mortgaged / leased / pledged assets, kept as security), as well as, the cases where the Holding Company has pleaded as proforma defendant for defending its' interest.			

25.3.1.2 There are two cases filed against the Holding Company by KASB Corporation Limited. One case is filed at Honorable Sindh High Court and the other is filed at Honorable Islamabad High Court. KASB Corporation Limited claims of having placed Rs. 981.410 million with Ex-KASB Bank, as Advance against Issue of Right Shares. The amount was reported by the Ex-KASB Bank as part of the shareholders equity in the consolidated financial statements with the permission of SBP. Subsequent to the merger, KASB Corporation Limited and Mr. Nasir Ali Shah Bokhari filed a suit against the Holding Company in the Honorable High Court of Sindh; and also filed Miscellaneous Applications, praying thereby to restrain the Holding Company from using or transferring the amount of advance; and for directing the Holding Company to deposit the aforementioned amount with the Nazir of the Court; and to invest the same in interest / mark-up bearing certificates. On April 18, 2018, these Miscellaneous Applications were dismissed by the Honorable High Court of Sindh, however, the main Suit is still pending adjudication. In addition, KASB Corporation Limited has filed a Writ Petition at Honorable Islamabad High Court, which is yet pending for hearing. The management based on the opinion of its legal counsel is confident that the main suit will be dismissed by the Honorable Courts.

25.3.2 Tax Contingencies

25.3.2.1 The income tax returns of the Holding Company have been filed up to tax year 2022 whereas the tax assessments have been made by the tax authorities up to tax year 2018. The returns filed for the tax year 2014 to tax year 2022 are treated to be deemed assessed under section 120 of the Income Tax Ordinance, 2001.

25.3.2.2 During the year 2014 (relating to defunct KASB Bank Limited), appellate order passed by the Commissioner Inland Revenue Authority (CIRA) [in respect of Income tax assessments of International Housing Finance Limited, amalgamated into the defunct KASB Bank Limited during the year ended 31 December 2007] for tax year 2005 maintained the order of the Taxation Officer to the extent of disallowances relating to income from carry over transactions and gain on sale of property having an aggregate tax impact of Rs. 12.997 million. The defunct KASB Bank Limited has preferred appeals before the Appellate Tribunal Inland Revenue (ATIR) for tax year 2005 which are pending finalization.

25.3.2.3 For tax years 2010 (relating to defunct KASB Bank Limited), the ACIR had passed an order under section 122 creating a demand of Rs 51.636 million the order of which was subsequently upheld by the CIRA .The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred order of the CIRA which is pending adjudication.

25.3.2.4 For tax year 2003 (relating to defunct KASB Bank Limited), the CIRA has passed appellate orders on account of certain disallowances in respect of income from carry over transactions, provision against non performing advances, bad debts and certain other items having an aggregate tax impact of Rs. 33.748 million. The defunct KASB Bank Limited had preferred an appeal before the ATIR against the above referred order of the CIRA. No development has taken place during the current year.

25.3.2.5 The Additional Commissioner, PRA had issued order under section 48 in respect of non-filing of Punjab Sales Tax return for the period from July 2018 till June 2019 entailing exposure amounting to Rs. 120,000 with respect to Defunct KASB Bank.The Bank has made application before Commissioner PRA for revision of the order under section 61 of the Punjab Sales Tax Act, 2012 based on the ground that after amalgamation of Defunct KASB Bank with BankIslami, the operations of Defunct KASB Bank Limited rests with BankIslami and are reported through the BankIslami's Sales Tax return. The subject appeal is pending adjudication.

25.3.2.6 In respect of various tax periods for the Bank and defunct KASB Bank, Sindh Revenue Board (SRB) has passed various orders and raised demand totalling to Rs. 102.199 million in relation to levy of Sindh sales tax on certain services. The Bank has filed appeals before Commissioner Appeal, SRB which are pending adjudication. Furthermore, the Bank is contesting the issuance of certain showcause notices issued by SRB for the period covering from January 2012 till December 2013 before the Honorable Supreme Court of Pakistan based on the ground that these notices are time barred. The subject matter is also pending adjudication.

25.3.2.7 The management, based on the opinion of its tax advisors, is confident about the favorable outcome of the above matters and consequently no additional provision has been made in these consolidated financial statements.

	Note	2022	2021
----- Rupees in '000 -----			
26	PROFIT / RETURN EARNED		
Profit earned on:			
- Financing		24,605,808	11,987,992
- Investments		17,113,947	8,789,784
- Placements		4,460,053	2,314,004
- Others		165,386	135,059
		<u>46,345,194</u>	<u>23,226,839</u>
27	PROFIT / RETURN EXPENSED		
Deposits and other accounts		21,689,977	10,822,034
Due to financial institutions		3,318,593	804,455
Cost of foreign currency swaps against foreign currency deposits		170,269	26,027
Amortisation of lease liability against right of use assets		441,540	416,247
Subordinated Sukuk		322,450	206,436
		<u>25,942,829</u>	<u>12,275,199</u>
28	FEE AND COMMISSION INCOME		
Branch banking customer fees		59,152	57,008
Commission on bancatakaful		85,064	122,186
Card related fees		617,946	371,260
Commission on arrangement with financial institutions		103,203	107,732
Consumer finance related fees		61,058	72,640
Guarantees related fee		69,221	88,077
Investment banking fees		102,440	123,677
Commission on cash management		24,768	7,903
Commission on remittances including home remittances		26,294	30,427
Commission on trade		301,004	235,685
Others		9,215	10,299
		<u>1,459,365</u>	<u>1,226,894</u>
29	GAIN ON SECURITIES		
Realized gain	29.1	<u>80,092</u>	<u>101,976</u>
29.1	Realized gain on:		
Federal Government Shariah Compliant Securities		80,092	24,829
Non-Government Shariah compliant Securities		-	27,933
Shares		-	87,267
Non-Current Assets held for sale		-	(38,053)
		<u>80,092</u>	<u>101,976</u>
30	OTHER INCOME - NET		
Rent on property		1,489	723
Gain on termination of financing		121,958	85,975
Gain / (loss) on sale of property and equipment		19,587	(3,521)
Gain on sale of non-banking assets		208,967	-
Recoveries against previously expensed items		326,485	867
Others		5,402	9,794
		<u>683,888</u>	<u>93,838</u>

31 OPERATING EXPENSES	Note	2022	2021
----- Rupees in '000 -----			
Total compensation expense		5,363,050	4,398,458
Property expense			
Rent & taxes		125,076	11,339
Takaful cost		1,469	2,076
Utilities cost		697,136	462,697
Security (including guards)		458,738	393,632
Repair & maintenance (including janitorial charges)		250,927	217,807
Depreciation	13.2	486,304	345,026
Depreciation on right-of-use assets	13.2	866,824	769,483
Others		350	10
		2,886,824	2,202,070
Information technology expenses			
Software maintenance		356,762	302,743
Hardware maintenance		125,979	113,475
Depreciation	13.2	268,244	243,642
Amortization	14	86,438	63,456
Network charges		257,589	205,839
		1,095,012	929,155
Other operating expenses			
Directors' fees and allowances		13,700	14,320
Fees and allowances to Shariah Board		22,474	18,707
Legal & professional charges		127,973	181,148
Travelling & conveyance		72,608	47,574
NIFT clearing charges		35,301	29,501
Depreciation	13.2	211,506	193,395
Depreciation on non-banking assets	16.1.1	3,159	6,416
Entertainment expense		102,523	67,907
Training & development		10,940	4,742
Postage & courier charges		49,555	49,335
Communication		73,841	48,025
Marketing, advertisement & publicity		208,167	161,571
Repairs and maintenance		161,884	124,319
Takaful, tracker and other charges on car			
Ijarah - net of income		-	123,943
Stationery & printing		284,856	171,210
Takaful / Insurance		340,707	277,915
Fee and subscription		200,886	143,468
Vehicle running and maintenance		315,319	173,821
Donations	31.2	9,748	1,500
Auditors' remuneration	31.3	20,057	16,773
Amortization	14	4,738	3,488
CDC and share registrar services		8,893	8,007
Brokerage and commission		24,193	30,489
Stamp duty, registration & verification charges		75,513	84,854
Others		49,742	37,503
		2,428,283	2,019,931
		11,773,169	9,549,614

31.1	Note	2022	2021
		----- Rupees in '000 -----	
Total compensation expense			
Managerial remuneration			
(i) Fixed		2,407,803	1,876,093
(ii) Variable - Performance awards		19,319	21,359
Provision for bonus to employees		400,000	300,000
Charge for defined benefit plan	39.8.1	175,548	139,925
Contribution to defined contribution plan	40	163,390	134,214
Rent & house maintenance allowance		932,069	755,713
Utilities allowance		207,120	167,952
Medical allowance		209,524	173,233
Car maintenance allowance		233,216	217,092
Conveyance allowance		836	243
Fuel allowance		14,985	5,124
Sports & welfare		9,298	2,499
Staff takaful		87,693	68,408
Overtime allowance		364	453
Phone banking allowance		2,215	1,518
Relocation allowance		-	285
Sales commission		280,102	333,705
Contract staff cost		217,978	200,109
Others		1,590	533
Total		5,363,050	4,398,458
31.2 Details of donations			
Al-Naseer Charitable Trust		-	1,500
Flood Relief Activity		9,692	-
Wheel Chair for Special Persons		56	-
		9,748	1,500
32.2.1 Donations were not made to any donee in which Directors or their spouse had any interest.			
		2022	2021
		----- Rupees in '000 -----	
31.3 Auditors' remuneration			
Audit fee		9,590	7,500
Fee for the review of half yearly financial statements		2,744	2,100
Fee for other statutory certifications		2,708	2,489
Special certifications and sundry advisory services		3,976	3,637
Out-of-pocket expenses		1,039	1,047
		20,057	16,773
32 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		22,884	2,525

	Note	2022	2021
----- Rupees in '000 -----			
33 PROVISIONS AND WRITE OFFS - NET			
Reversal of provision against Due from financial institutions		(3,240)	(3,240)
Charge / (reversal) of provision for diminution in value of Investments		1,069	(14,022)
Provision against Islamic financing and related assets and advances - net	12.17.2	3,811,333	335,610
Other provisions / (reversal) / write offs - net		3,332	(286,460)
		<u>3,812,494</u>	<u>31,888</u>
34 TAXATION			
Current		3,127,642	382,337
Prior years		5,592	(156,696)
Deferred		655,243	1,039,915
		<u>3,788,477</u>	<u>1,265,556</u>
34.1 Relationship between tax expense and accounting profit			
Profit Before Tax		8,272,690	3,233,799
Tax on income @ 49%		4,053,618	1,324,793
Effect of change in Tax rate		(222,562)	90,294
Effect of permanent difference		11,213	884
Effect of Rebate on SME income		(15,069)	-
Prior year charge		5,592	(156,696)
Others		(85,263)	6,281
		<u>(306,089)</u>	<u>(59,237)</u>
Tax charge for the year		<u>3,747,529</u>	<u>1,265,556</u>
35 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year from continuing operations (Attributable to equity shareholders of the Holding Company)		4,484,213	1,968,243
Profit for the year from discontinued operations (Attributable to equity shareholders of the Holding Company)		-	62,917
Profit after taxation for the period (Attributable to equity shareholders of the Holding Company)		<u>4,484,213</u>	<u>2,031,160</u>
			----- Number of shares -----
Weighted average number of ordinary shares		<u>1,108,703,299</u>	<u>1,108,703,299</u>
			----- Rupees -----
Basic and diluted EPS from continuing operations		4.0446	1.7753
Basic and diluted EPS from discontinued operations		-	0.0567
Basic and diluted EPS	35.1	<u>4.0446</u>	<u>1.8320</u>

35.1 There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2022 and December 31, 2021, therefore diluted earning per share has not been presented separately.

36 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL

The Holding Company maintained the following pools for profit declaration and distribution during the year ended December 31, 2022:

- (i) General Deposit Mudarabah Pool (PKR, USD, EUR & GBP);
- (ii) Musharakah Pool under SBP's Islamic Export Refinance Scheme;
- (iii) Special Mudarabah Deposits Pool;
- (iv) Treasury Pools; and
- (v) Other specific Musharakah pool.

The deposits and funds accepted under the General Deposit Mudarabah Pool is provided to different sectors of economy mainly to 'Textile and Allied', ' Energy', 'Fertilizer', 'Trading' , ' Consumer Finance' and 'GOP backed Sukuks'.

Musharakah investments from the SBP under Islamic Export Refinance Scheme (IERS) are channelled towards the export sector of the economy via different Islamic financing modes such as Murabahah, Istisna etc.

Key features and risk & reward characteristics of all pools

The 'General Deposit Mudarabah Pool' for both local and foreign currency is to cater all depositors of the Holding Company and provide profit / loss based on actual returns earned by the pool. Depositors are Rabb-ul-Maal as they are the provider of capital while the Holding Company acts as Mudarib by investing these funds in business. Since there are more than one Rabb-ul-Maal (depositor), their mutual relationship is that of Musharakah. Profit is shared among Mudarabah partners (Holding Company and depositors) as per pre-agreed profit sharing ratio. Whereas, profit sharing among the depositors is based on pre-assigned weightages. Loss, if any, is borne by Rabb-ul-Maal as per the principles of Mudarabah.

"The 'IERS Pool' caters to the 'Islamic Export Refinance Scheme' requirements based on the guidelines issued by the SBP. In this Scheme, SBP enters into a Musharakah arrangement with the Holding Company for onward financing to exporters and other blue chip companies on the basis of Shariah compliant modes such as Murabahah, Istisna, etc. Under the scheme, SBP is required to share in profit and loss of the Holding Company's IERS Musharakah pool. IERS pool consists of blue chip companies to whom the Holding Company has provided financing facilities on Shariah compliant modes including IERS facility. Profit is shared according to an agreed weightage and loss is shared according to the investment ratio.

The 'Special Mudarabah Deposits Pools' for local and foreign currency are created to attract and retain clients expecting specific returns. The funds received against these deposits are invested in various Shariah compliant assets."

The 'Treasury Pools' are managed on the basis of Musharakah and Wakalah, wherein the Holding Company and partner (Financial Institution) share actual return earned by the pool according to pre-defined profit sharing ratio.

The 'Other Specific Musharakah pool' assets comprise of consumer housing finance portfolio, sukuk and the related liability of the pool comprises of Musharakah acceptance from a financial institution. This pool is created to fund the housing finance portfolio.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. The pool is exposed to following kinds of risks:

- 1 Asset Risk: The pool is exposed to Asset Risk which is the risk that is associated with Islamic mode of finance(s) applied / used under the transaction structure(s). The Holding Company has prepared detailed product manuals in order to identify and properly mitigate such risk. The Holding Company also analyses transaction structure of each customer to further ensure proper safeguard of depositors' interest. The review is done by experienced team of professionals having considerable experience in the field of Islamic banking and finance. Nevertheless since Islamic banking is a nascent industry, we believe that the process of further improvement will continue as the business grows.
- 2 Credit Risk: Credit risk is the risk which is associated with financing that is mitigated through safeguards through available standards within Shariah guidelines as disclosed in note 47.1 to the consolidated financial statements.

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

Gross income (Revenue less cost of goods sold and after deduction of other direct expenses), generated from relevant assets is calculated at the end of the month. The income is shared between the Holding Company and the depositors as per agreed profit sharing ratio after deduction of commingled Holding Company's equity share on pro rata basis. The residual is shared among depositors as per agreed weightages. These weightages and profit sharing ratios are declared by the Holding Company in compliance with the requirements of the SBP and Shariah.

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. Direct expenses are charged to respective pool, while indirect expenses are borne by the Holding Company as Mudarib. The direct expenses charged to the pool are direct cost in financing / investment transactions (i.e. Murabahah, Ijarah, Diminishing Musharakah, Istisna, Tijarah, Salam etc.) and depreciation of Ijarah assets. The general and specific provisions created against non-performing Islamic financing and related assets and diminution in the value of investments as under prudential regulations and other SBP directives have been borne by the Holding Company as Mudarib.

2022

General Deposit Mudarabah Pool	Profit rate and weightage announcement period	Profit rate return earned	Deposit or Share %	Mudarib share %	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Term)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
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(Rupees in '000)

(Rupees in '000)

PKR Pool	Monthly	7.55%	50.00%	50.00%	3,259,161	4.34%	17.15%	558,824
Daily Product	Monthly	12.62%	50.00%	50.00%	43,118	7.01%	12.32%	5,310
USD Pool	Monthly	1.01%	50.00%	50.00%	18,096	0.53%	2.90%	525
GBP Pool	Monthly	0.84%	50.00%	50.00%	1,032	0.41%	2.40%	25
EURO Pool	Monthly	2.30%	50.00%	50.00%	1,984	1.32%	5.00%	2

Specific Musharakah Pool	Profit Rate and Weightages announcement Period	Profit Rate return earned	Client Share %	Holding Company Share %	Holding Company Share	Profit rate return distributed	Percentage of Hiba to Client	Amount of Hiba to Client
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(Rupees in '000)

(Rupees in '000)

Islamic Export Refinance (IERS) Pool	Monthly	8.68%	47.20%	52.80%	567,831	4.21%	-	-
Other Specific Musharakah Pool	Monthly	12.15%	70.40%	29.60%	175,580	12.07%	-	-

Specific Mudarabaha Pool	Profit Rate and Weightages announcement Period	Profit Rate return earned	Deposit or Share %	Mudarib Share %	Mudarib Fee	Profit rate return distributed to remunerative special deposits	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib share transferred through Hiba to special remunerative deposits
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(Rupees in '000)

(Rupees in '000)

(i) Special Pool PKR	Monthly	14.29%	88.51%	11.49%	1,487,046	12.43%	19.91%	296,062
(ii) 1-3 Years Term Deposits	Monthly	12.36%	85.00%	15.00%	566,991	10.92%	22.49%	127,534
(iii) Special Pool USD	Monthly	4.43%	90.47%	9.53%	16,233	4.70%	4.87%	791
(iv) Special Pool GBP	Monthly	1.90%	62.07%	37.93%	3,056	1.17%	0.56%	17

(v) In addition to the above, 362 short term Treasury Pools including SBP OMO / MFF were created to meet liquidity requirement of Treasury Department. The Pools were dissolved after maturity of respective Treasury transaction. The Pools were managed under the Shariah approved guidelines.

	Note	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
37 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	8	39,972,702	24,552,347
Balances with other banks	9	2,048,157	3,694,155
		<u>42,020,859</u>	<u>28,246,502</u>

		Number of employees	
38 STAFF STRENGTH			
Permanent		3,166	2,898
Contractual basis		1,396	1,148
Total staff strength		<u>4,562</u>	<u>4,046</u>

39 DEFINED BENEFIT PLAN

39.1 General description

The Holding Company operates a gratuity fund for its employees (members of the fund). The fund entitles the members to lump sum payment at the time of retirement, resignation or death. Permanent staff are eligible for such benefits after three years of service.

39.2 Number of Employees under the scheme

The number of employees covered under the defined scheme are 1,112 (2021: 951).

39.3 Principal actuarial assumptions

Projected unit credit method, using the following significant assumptions, was used for the valuation of the defined benefit plan:

	2022	2021
- Valuation Discount rate	14.50%	12.25%
- Salary Increase Rate	14.50%	12.25%
- Expected Return on Plan Assets	14.50%	12.25%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables, rated down by one year.

	2022 ----- Rupees in '000 -----	2021 ----- Rupees in '000 -----
39.4 Reconciliation of (receivable from) / payable to defined benefit plans		
The amount recognized in the consolidated statement of financial position (in respect of the gratuity scheme) is determined as follows:		
Present value of defined benefit obligations	646,661	551,882
Fair value of plan assets	(344,314)	(378,252)
	<u>302,347</u>	<u>173,630</u>

	Note	2022	2021
		----- Rupees in '000 -----	
39.5 Movement in defined benefit obligations			
Obligations at the beginning of the year		551,882	456,052
Current service cost		158,274	136,554
Return expense		58,261	41,493
Benefits paid by the Group		(87,336)	(54,783)
Re-measurement gain		(34,420)	(27,434)
Other adjustment		-	-
Obligations at the end of the year		<u>646,661</u>	<u>551,882</u>
39.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		378,252	324,314
Return earned on plan assets		40,987	38,122
Contribution by the Group		-	150,000
Benefits paid by the Group		(87,336)	(54,783)
Re-measurement loss	39.8.2	12,411	(79,401)
Fair value at the end of the year		<u>344,314</u>	<u>378,252</u>
39.7 Movement in payable under defined benefit schemes			
Opening balance		173,630	131,738
Charge for the year		175,548	139,925
Contribution by the Group		-	(150,000)
Re-measurement gain recognized in OCI during the year	39.8.2	(46,831)	51,967
Other adjustment		-	-
Closing balance		<u>302,347</u>	<u>173,630</u>
39.8 Charge for defined benefit plans			
39.8.1 Cost recognized in profit and loss			
Current service cost		158,274	136,554
Net return charges		17,274	3,371
		<u>175,548</u>	<u>139,925</u>
39.8.2 Re-measurements recognized in OCI during the year			
Gain on obligation			
- Demographic assumptions		(7,690)	-
- Financial assumptions		(15,867)	(5,842)
- Experience adjustment		(23,274)	(21,592)
Return on plan assets		-	79,401
Total re-measurements		<u>(46,831)</u>	<u>51,967</u>
Deferred tax impact		20,137	(18,188)
Total re-measurements recognized in OCI		<u>(26,694)</u>	<u>33,779</u>
39.9 Components of plan assets			
Bank Balance		59,724	265,104
Term Deposit Receipt		284,590	-
Units of Mutual Funds		-	113,148
		<u>344,314</u>	<u>378,252</u>

39.9.1 The plan assets and defined benefit obligations are based in Pakistan.

39.10 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2022	2021
	----- Rupees in '000 -----	
1% increase in discount rate	612,851	462,329
1% decrease in discount rate	684,355	579,085
1 Year increase in Life expectancy / Withdrawal rate	646,660	515,960
1 Year decrease in Life expectancy / Withdrawal rate	646,662	515,961

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the Consolidated Statement of Financial Position.

	Rupees in '000
39.11 Expected contributions to be paid to the funds in the next financial year	<u>183,685</u>
39.12 Expected charge for the next financial year	<u>189,636</u>

39.13 Maturity profile

The weighted average duration of the defined benefit obligation is 5.53 years (2021 : 11.31 years)

Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2022	Less than a year	Between 1- 2 years	Between 2-5 years	Over 5 years	Total
	----- Rupees in '000 -----				
Gratuity	124,119	77,305	254,681	1,771,027	2,227,132

39.14 Funding Policy

Funding levels are monitored on an annual basis and are based on actuarial recommendations. Expected Gratuity Expense for the next year works out to Rs. 189.636 million as per the actuarial valuation report of the Bank as of December 31, 2022.

39.15 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

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

40 DEFINED CONTRIBUTION PLAN

The Holding Company operates a contributory provident fund for all permanent employees. The employer and employee both contribute 10% of basic salary to the fund every month. Equal monthly contributions made by employer and employees during the year amounted to Rs. 163.390 million (2021: Rs. 134.214 million) each.

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense of the Holding Company

Items	Note	2022						
		Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
		Chairman	Executives (other than CEO)	Non- Executives				
Rupees '000								
Fees and Allowances etc.		1,500	-	12,200	3,504	-	-	-
Managerial Remuneration								
Fixed		-	-	-	9,920	38,545	93,525	84,369
Cash Bonus / Awards	41.1.3	-	-	-	-	40,000	25,590	19,425
Rent & house maintenance		-	-	-	-	-	42,086	37,966
Utilities		-	-	-	-	-	9,352	8,437
Medical		-	-	-	-	-	9,352	8,437
Conveyance		-	-	-	2,190	-	17,910	15,475
Shariah Board allowance		-	-	-	6,448	-	-	-
Others		-	-	-	412	25,095	3,701	4,447
Total		1,500	-	12,200	22,474	103,640	201,516	178,556
Number of Persons		1	-	6	4	1	16	21

Items	Note	2021						
		Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
		Chairman	Executives (other than CEO)	Non- Executives				
Rupees '000								
Fees and Allowances etc.		1,520	-	12,800	2,582	-	-	-
Managerial Remuneration								
Fixed		-	-	-	8,618	33,664	75,708	53,509
Cash Bonus / Awards		-	-	-	-	25,000	9,132	7,073
Rent & house maintenance		-	-	-	-	-	34,069	24,079
Utilities		-	-	-	-	-	7,571	5,351
Medical		-	-	-	-	-	7,571	5,351
Conveyance		-	-	-	1,905	-	17,520	11,190
Shariah Board allowance		-	-	-	5,602	-	-	-
Others		-	-	-	-	21,881	2,721	5,794
Total		1,520	-	12,800	18,707	80,545	154,292	112,347
Number of Persons		1	-	7	4	1	16	15

41.1.1 The President / CEO has been provided with the Holding Company's maintained cars.

41.1.2 The President / CEO and certain key management personnel have been provided with club memberships.

41.1.3 This represents cash bonus announced during the year 2022, out of the 'Provision for bonus expense' made during the year 2021 for Holding Company's employees.

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

2022								
Sr. No.	Name of Director	Meeting Fees and Allowances Paid						
		For Board Meetings	For Board Committees					Total Amount Paid
			Audit Committee	Risk Management Committee	Human Resource Management Committee	Board IT Committee	Board Remuneration Committee	
----- Rupees '000 -----								
1	Mr. Ali Hussain	960	-	-	-	-	300	1,260
2	Mr. Haider Ali Hilaly	1,000	600	-	-	400	-	2,000
3	Mr. Sulaiman Sadruddin Mehdi	1,000	600	200	-	-	300	2,100
4	Dr. Amjad Waheed	1,000	-	200	-	-	200	1,400
5	Dr. Lalarukh Ejaz	1,000	600	-	-	400	300	2,300
6	Mr. Syed Ali Hasham	1,000	600	200	-	-	300	2,100
7	Mr. Tasneemul Haq Farooqui	1,000	600	-	-	400	300	2,300
	Total Amount Paid	6,960	3,000	600	-	1,200	1,700	13,460

2021								
Sr. No.	Name of Director	Meeting Fees and Allowances Paid						
		For Board Meetings	For Board Committees					Total Amount Paid
			Audit Committee	Risk Management Committee	Human Resource Management Committee	Board IT Committee	Board Remuneration Committee	
----- Rupees '000 -----								
1	Mr. Ali Hussain	1,680	-	-	-	-	200	1,880
2	Dr. Amjad Waheed	1,400	-	100	200	-	200	1,900
3	Mr. Siraj Ahmed Dadabhoy	-	-	-	-	-	-	-
4	Mr. Haider Ali Hilaly	1,400	400	-	-	200	-	2,000
5	Dr. Lalarukh Ejaz	1,400	400	-	200	200	200	2,400
6	Mr. Tasnim ul Haq Farooqui	400	-	-	100	-	100	600
7	Mr. Sulaiman Sadruddin Mehdi	1,400	400	100	200	-	200	2,300
8	Mr. Syed Ali Hasham	1,400	400	100	200	-	200	2,300
	Total Amount Paid	9,080	1,600	300	900	400	1,100	13,380

41.3 Remuneration paid to Shariah Board Members

Items	2022			2021		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
----- Rupees in '000 -----						
a. Meeting Fees and Allowances	-	-	3,504	-	-	2,582
b. Managerial Remuneration & Allowances	13,668	5,302	-	11,820	4,305	-
Total Amount	13,668	5,302	3,504	11,820	4,305	2,582
Total Number of Persons	1	1	2	1	1	2

42 FAIR VALUE MEASUREMENTS

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

The fair value of unquoted Shariah compliant securities, fixed term financing, other assets, other liabilities, fixed term deposits and acceptances 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.

42.1 Fair value of financial assets

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

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, 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. non-observable inputs).

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

	2022			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Shares	378,784	-	584,495	963,279
GoP Ijara Sukuk	-	139,819,691	-	139,819,691
Non-Government Shariah compliant Securities	32,376,937	5,953,639	-	38,330,576
Non-Financial Assets - measured at fair value				
Fixed assets - Land and building	-	-	7,396,770	7,396,770
Non-banking assets acquired in satisfaction of claims	-	-	1,216,101	1,216,101
Off-balance sheet financial instruments - measured at fair value				
Shariah compliant alternative of forward purchase of foreign exchange	-	17,741,180	-	17,741,180
Shariah compliant alternative of forward sale of foreign exchange	-	11,033,012	-	11,033,012
	----- Rupees in '000 -----			
	2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Shares	353,702	-	584,495	938,197
GoP Ijara Sukuk	-	73,330,941	-	73,330,941
Non-Government Shariah compliant Securities	32,414,124	7,221,277	-	39,635,401
Non-Financial Assets - measured at fair value				
Fixed assets - Land and building	-	-	7,559,697	7,559,697
Non-banking assets acquired in satisfaction of claims	-	-	1,506,468	1,506,468
Off-balance sheet financial instruments - measured at fair value				
Shariah compliant alternative of forward purchase of foreign exchange	-	15,970,727	-	15,970,727
Shariah compliant alternative of forward sale of foreign exchange	-	12,006,873	-	12,006,873

Valuation techniques used in determination of fair values within level 1

Item	Valuation approach and input used
Listed securities (Shares and Sukuks)	The valuation has been determined through closing rates on Pakistan Stock Exchange.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP Ijarah Sukuks	The fair value of GoP Ijarah Sukuks are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from six different pre-defined / approved dealers / brokers.
Non-Government Shariah compliant Securities	Non-Government Shariah compliant Securities are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Shariah compliant alternative of forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

Valuation techniques used in determination of fair values within level 3

Fixed assets - Land and building	Land and buildings are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Banks' Association. The valuation is based on their assessment of market value of the properties.
Non-banking assets acquired in satisfaction of claims	Non-banking assets acquired in satisfaction of claims are revalued by professionally qualified valuers as per the accounting policy. The valuers are listed on the panel of the Pakistan Banks' Association. The valuation is based on their assessment of market value of the properties.

42.2 The Holding Company's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 from last year.

43 SEGMENT INFORMATION

43.1 Segment Details with respect to Business Activities

	2022				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net profit / return	17,069,937	(14,111,872)	18,045,076	(600,776)	20,402,365
Inter segment revenue - net	(18,360,683)	36,234,450	(18,645,307)	771,540	-
Total other income	1,558,806	1,282,680	514,481	287,467	3,643,434
Total Income	268,060	23,405,258	(85,750)	458,231	24,045,799
Segment direct expenses	89,483	7,138,816	545,090	4,187,226	11,960,615
Inter segment expense allocation	39,649	3,346,020	723,943	(4,109,612)	-
Total expenses	129,132	10,484,836	1,269,033	77,614	11,960,615
Provisions / (reversals)	(2,171)	19,554	3,775,365	19,746	3,812,494
Profit / loss before tax	141,099	12,900,868	(5,130,148)	360,871	8,272,690

Balance Sheet	2022				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Assets					
Cash & Bank balances	2,150,492	39,870,367	-	-	42,020,859
Investments	180,176,339	-	-	-	180,176,339
Net inter segment placements	-	326,385,391	-	9,995,730	336,381,121
Due from financial institutions	23,878,183	-	-	-	23,878,183
Islamic financing and related assets					
- performing	-	44,799,019	148,864,422	4,336,599	198,000,040
- non-performing	-	1,338,876	1,821,532	167,994	3,328,402
Others	6,821,631	1,671,185	6,297,594	25,405,181	40,195,591
Total Assets	213,026,645	414,064,838	156,983,548	39,905,504	823,980,535
Liabilities					
Due to financial institutions	4,036,120	3,062,126	13,954,010	-	21,052,256
Subordinated sukuk	-	-	-	2,850,000	2,850,000
Deposits & other accounts	12,701,830	403,210,107	-	-	415,911,937
Net inter segment acceptances	195,667,357	-	140,713,764	-	336,381,121
Others	184,280	7,792,605	2,528,274	10,489,118	20,994,277
Total liabilities	212,589,587	414,064,838	157,196,048	13,339,118	797,189,591
Equity	-	-	-	26,790,944	26,790,944
Total Equity & liabilities	212,589,587	414,064,838	157,196,048	40,130,062	823,980,535
Contingencies & Commitments	6,708,168	-	31,914,198	836,170	39,458,536

	2021				
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	Total
----- Rupees in '000 -----					
Profit & Loss					
Profit / return earned	9,274,032	(6,881,098)	8,630,903	(72,197)	10,951,640
Inter segment revenue - net	(8,533,499)	16,870,195	(8,090,142)	(246,554)	-
Other income	663,845	726,729	478,408	160,506	2,029,488
Total Income	1,404,378	10,715,826	1,019,169	(158,245)	12,981,128
Segment direct expenses	78,216	6,027,911	363,787	3,152,918	9,622,832
Inter segment expense allocation	209,805	1,892,661	1,008,800	(3,111,266)	-
Total expenses	288,021	7,920,572	1,372,587	41,652	9,622,832
Provisions / (reversals)	(17,262)	213,680	455,401	(619,931)	31,888
Profit before tax	1,133,619	2,581,574	(808,819)	420,034	3,326,408

	2021				Total
	Trading & Sales	Retail Banking	Commercial Banking	Support Centre	
-----Rupees in '000-----					
Assets					
Cash & Bank balances	15,598,035	12,648,467	-	-	28,246,502
Investments	125,228,590	-	-	-	125,228,590
Net inter segment placements	-	279,554,688	-	4,568,415	284,123,103
Due from financial institutions	34,945,365	-	-	-	34,945,365
Islamic financing and related assets					
- performing	-	37,941,681	137,318,830	3,367,681	178,628,192
- non-performing	-	1,189,828	1,242,013	116,206	2,548,047
Others	6,623,543	7,730,019	543,878	24,211,761	39,109,201
Total Assets	182,395,533	339,064,683	139,104,721	32,264,063	692,829,000
Liabilities					
Due to financial institutions	6,091,010	3,727,127	11,375,195	-	21,193,332
Subordinated sukuk	-	-	-	2,000,000	2,000,000
Deposits & other accounts	17,048,947	327,739,004	-	-	344,787,951
Net inter segment acceptances	158,909,968	-	125,213,135	-	284,123,103
Others	49,643	7,598,553	2,516,390	7,752,861	17,917,447
Total liabilities	182,099,568	339,064,684	139,104,720	9,752,861	670,021,833
Equity	-	-	-	22,807,167	22,807,167
Total Equity & liabilities	182,099,568	339,064,684	139,104,720	32,560,028	692,829,000
Contingencies & Commitments	3,963,854	-	44,305,791	535,682	48,805,327

44 TRUST ACTIVITIES

The Holding Company commonly act as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets are not assets of the Holding Company and, therefore, are not included in its balance sheet. Following is the list of assets held under trust:

Category	Type	No. of IPS account		Face Value	
		2022	2021	2022	2021
-----Rupees in '000-----					
Insurance Companies	Sukuks	5	9	180,000	321,000
Asset Management Companies	Sukuks	42	52	2,569,530	3,326,330
Employee Funds / NGO's	Sukuks	3	9	53,800	280,400
Individuals	Sukuks	5	6	116,670	193,770
Others	Sukuks	17	21	1,865,000	3,111,500
		72	97	4,785,000	7,233,000

45 RELATED PARTY TRANSACTIONS

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

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

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

	2022				2021			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	----- Rupees in '000 -----							
Investments								
Opening balance	-	-	1,660,111	-	-	-	1,660,111	-
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed-off during the year	-	-	-	-	-	-	-	-
Adjustment	-	-	(558,000)	-	-	-	-	-
Closing balance	-	-	1,102,111	-	-	-	1,660,111	-
Provision for diminution in value of investments	-	-	(474,169)	-	-	-	(1,032,169)	-
Islamic financing and related assets								
Opening balance	15,382	280,483	480,540	700,001	19,239	305,603	489,677	496,392
Addition during the year	-	204,049	813,116	4,655,399	-	137,090	386,691	4,264,589
Repaid during the year	(15,382)	(107,753)	(813,469)	(4,405,399)	(3,857)	(57,239)	(395,828)	(4,290,511)
Transfer in / (out) - net	-	(3,869)	-	(250,000)	-	(104,971)	-	229,531
Closing balance	-	372,910	480,187	700,001	15,382	280,483	480,540	700,001
Other assets								
Profit receivable on financings	-	280	5,579	18,842	230	127	2,576	5,618

2021

2022

	2022					2021				
	Directors	Key management personnel	Associates	Other related parties	Other related parties	Directors	Key management personnel	Associates	Other related parties	Other related parties
----- Rupees in '000 -----										
Subordinate debt										
Opening balance	-	1,015	-	-	-	-	1,015	-	-	-
Issued / purchased during the year	-	-	-	-	-	-	-	-	-	-
Redemption / sold during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	1,015	-	-	-	-	1,015	-	-	-
Deposits and other accounts										
Opening balance	6,063	42,412	27,338	1,306,399	1,306,399	18,887	25,210	85,142	1,171,529	1,171,529
Received during the year	39,235	709,549	1,641,001	13,686,134	13,686,134	63,980	474,247	2,350,516	10,058,067	10,058,067
Withdrawn during the year	(42,553)	(716,423)	(1,656,153)	(13,218,501)	(13,218,501)	(76,802)	(456,200)	(2,394,418)	(9,840,769)	(9,840,769)
Transfer in / (out) - net	-	(3,095)	-	2,665	2,665	(2)	(845)	(13,902)	(82,428)	(82,428)
Closing balance	2,745	32,443	12,186	1,776,697	1,776,697	6,063	42,412	27,338	1,306,399	1,306,399
Other Liabilities										
Profit / return payable	1	490	-	31,609	31,609	1	201	2	7,305	7,305
Meeting fee / remuneration payable	240	-	-	-	-	-	-	-	-	-
Contingencies and Commitments										
Other contingencies	-	-	25,202	82,277	82,277	-	-	23,385	697,037	697,037
Income										
Profit / return earned	1,215	13,047	30,759	60,914	60,914	1,468	8,515	30,131	57,853	57,853
Other income	-	12,561	-	-	-	-	8,631	-	-	-
Expense										
Profit / return expensed	11	1,099	38	180,007	180,007	73	476	627	90,503	90,503
Other administrative expenses	-	4,230	-	44,748	44,748	1,696	3,620	-	17,848	17,848
Meeting fee / remuneration	13,700	340,985	-	-	-	14,320	248,499	-	-	-
Contribution to employees provident fund	-	-	-	163,390	163,390	-	-	-	134,214	134,214
Charge for employees gratuity fund	-	-	-	175,548	175,548	-	-	-	139,925	139,925

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,007,991	11,007,991
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	19,971,442	13,989,958
Eligible Additional Tier 1 (ADT 1) Capital	2,850,000	2,000,000
Total Eligible Tier 1 Capital	22,821,442	15,989,958
Eligible Tier 2 Capital	7,265,706	4,907,251
Total Eligible Capital (Tier 1 + Tier 2)	30,087,148	20,897,209
Risk Weighted Assets (RWAs):		
Credit Risk	135,264,964	122,367,298
Market Risk	2,036,650	1,120,150
Operational Risk	31,614,900	24,016,288
Total	168,916,514	147,503,736
Common Equity Tier 1 Capital Adequacy ratio	11.82%	9.48%
Tier 1 Capital Adequacy Ratio	13.51%	10.84%
Total Capital Adequacy Ratio	17.81%	14.17%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
CCB (Consisting of CET 1 only)	1.50%	1.50%
Total Capital plus CCB	11.50%	11.50%

46.1 SBP vide its letter no. FIN/FR/01/2023 dated February 02, 2023 has allowed the bank to consider funds received against Pre-IPO of ADT-1 sukuk issue II as ADT-1 sukuk for the purpose of calculation of capital adequacy ratio (subject to conditions disclosed in note 20 to these consolidated financial statements).

46.2 The capital to risk weighted assets ratio is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for credit and market risk and Basic Indicator Approach for operational Risk.

	2022	2021
	----- Rupees in '000 -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	22,821,442	15,989,958
Total Exposures	547,791,150	451,470,713
Leverage Ratio	4.17%	3.54%
Liquidity Coverage Ratio (LCR)*:		
Total High Quality Liquid Assets	158,731,694	117,677,463
Total Net Cash Outflow	50,014,976	48,190,151
Liquidity Coverage Ratio	317.37%	244.19%
Net Stable Funding Ratio (NSFR)*:		
Total Available Stable Funding	418,115,780	347,348,801
Total Required Stable Funding	160,353,265	145,818,809
Net Stable Funding Ratio	260.75%	238.21%

* Holding Company's LCR and NSFR ratios have been presented.

46.3 The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per SBP instructions issued from time to time has been placed on the Holding Company's website. The link to the full disclosures is available at www.bankislami.com.pk/investor-relations.

47 RISK MANAGEMENT

The objective of Risk Management is to effectively manage uncertainties that arise in the normal course of business activities. The risk management function is one of the most important areas of the banking business, and covers a wide spectrum of financial business risk class; including Credit, Market, Liquidity, Operational etc. The Holding Company follows effective risk governance which commensurate well with its current size and structure.

As a prelude to countering the financial debacle of the recent past, the Basel Committee (Internationally) is raising the resilience of the banking sector by strengthening the regulatory capital framework, essentially building on the three pillars of the Basel II structure. The reforms raise both the quality and quantity of the regulatory capital base and enhance the risk coverage of the capital framework. SBP, while being cognizant of the various reforms in the offing, is reviewing the impact of Basel III (B3) guidelines on the capital structure and CAR (Capital Adequacy Ratio) through quantitative impact studies. Accordingly, the SBP has implemented first phase of Basel III framework with effect from December 31, 2013.

RISK MANAGEMENT FRAMEWORK

A well formulated policy and procedure is critical to an effective Risk Management framework; it then needs to be reinforced through a strong control culture that promotes sound risk governance. The Holding Company's Risk Management Framework has been developed keeping in mind, that:

- To be effective, control activities should be an integral part of the regular activities of the Holding Company;
- Every loss or near miss event should provide some Key Learning Outcome (KLO), helping and promoting a better risk identification and mitigation;
- While the reward may well commensurate the level of risk, it has to be viewed in entirety and not in isolation; and
- Critical decision making should be based on relevant research, proper analysis and effective communication within the Holding Company.

Strategic Level

At the strategic level, the risk related functions are approved by the senior management and the Board. These include: defining risks, setting parameters, ascertaining the institution's risk appetite, formulating strategy and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remains within acceptable level and the reward compensates for the risk taken.

Macro Level

It encompasses risk management within a business area or across business lines. Generally the risk management activities performed by middle management or units devoted to risk reviews fall into this category. Periodical review of various portfolios; stress test and scenario analysis for portfolio resilience; application of statistical tools and information in time series for developing strong inferences are all performed at this level.

Micro Level

Risk management at micro level, is of critical importance. This function if performed with diligence and understanding, can be of maximum benefit to the organization. Micro level risk management includes:

- Business line acquisition, strong adherence to the credit and other related criteria.
- Middle Office monitoring function for a sound risk assessment of various risks inherent in treasury operations.
- Detailed review of various processes and operating procedures, for operational and other risk related assessments.

Risk appetite of the Group

The risk appetite of the Holding Company is an outcome of its corporate goal, economic profitability, available resources (size and business life cycle) and most significantly, the controls. The Holding Company believes in a cautious yet steady approach towards its business objectives and takes a holistic view of its investment and financing requirement.

This approach is primarily based on a viable portfolio build-up with a long-term view; key consideration being the health of various portfolios.

Risk organization

A strong organizational set-up, with clearly defined roles and responsibilities permits a higher level of articulation of the Holding Company's risk mandate, establishment of a structure that provides for authority, delegation and accountability, and development of control framework. Risk management cannot live in a vacuum; in order to be effective, it has to be run at an enterprise level. Risk governance must involve all relevant parties and should be sanctioned by the Holding Company's leadership.

The risk management function at the Holding Company, along with the different committees including ALCO (Asset Liability Committee) and MCC (Management Credit Committee), RMC (Risk Management Committee of the Board) manage and adhere to the risk management policies and procedures, with an explicit aim to mitigate / manage risk in line with the Holding Company's objectives.

Business line accountability

One of the most important features of the risk management process is the business line accountability. Business has to understand the risk implication of specific transaction on the business / portfolio. Some specific risks e.g. reputation risk affects the entire banking business and is not limited to one business line or the other. At BankIslami, as in any other reputable organization, responsibility comes with accountability. Each business segment is responsible for the profit / loss of the business. The management of risk is as much a line function as it is supports.

Business lines are equally responsible for the risks they are taking. Because line personnel understand the risks of the business. Lack of an understanding of this by the line management may lead to risk management in isolation.

47.1 Credit Risk

The Holding Company manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors. Credit Risk has certain sub-categories as follows:

(i) Price risk

There is a risk that the asset repossessed due to default of the customer may be sold or leased out to another party at a price lower than the original contract price.

(ii) Counter party risk

The risk that the counter-party defaults during the term of a transaction (Murabahah, Diminishing Musharakah etc.).

(iii) Settlement risk

The risk that the counter-party does not meet its commitments at the maturity of the transaction after the Holding Company has already met its commitments.

(iv) Country risk

Country Risk can be defined as the risk of adverse impact of certain factors on a country's specific economic, political and social scenario which affects the ability of the country (or a borrower in that country) to repay its obligations. Country risk may be a combination of Transfer Risk and Sovereign Risk.

Particulars of Holding Company's significant on-balance sheet and off-balance sheet credit risk in various sectors are analyzed as follows:

47.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross Due from Financial Institutions		Non-performing Due from Financial Institutions		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees in '000 -----					
Public / Government	4,036,995	-	-	-	-	-
Private	19,862,248	34,969,665	21,060	24,300	21,060	24,300
	23,899,243	34,969,665	21,060	24,300	21,060	24,300

47.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees in '000 -----					
Chemical and Pharmaceuticals	342,006	242,006	242,006	242,006	242,006	242,006
Electronics and electrical appliances	55,000	55,000	55,000	55,000	-	-
Construction	99,467	32,800	32,800	32,800	32,800	32,800
Power (electricity), Gas, Water & Sanitary	34,106,534	35,944,912	-	-	-	-
Financial	391,072	391,072	21,072	21,072	21,072	21,072
Services	1,231,616	1,062,441	56,616	62,441	56,614	62,439
Others	140,744,188	83,918,650	221,249	221,249	-	-
	176,969,883	121,646,881	628,743	634,568	352,492	358,317

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees in '000 -----					
Public / Government	174,884,543	120,213,921	-	-	-	-
Private	2,085,340	1,432,960	628,743	634,568	352,492	358,317
	176,969,883	121,646,881	628,743	634,568	352,492	358,317

47.1.3 Islamic financing, related assets and advances - net

Credit risk by industry sector

	Gross Islamic financing, related assets and advances		Non-performing financing, related assets and advances		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees in '000 -----					
Agriculture, Forestry, Hunting and Fishing	2,612,104	2,167,878	47,147	35,480	5,918	1,408
Textile	27,274,564	23,631,608	5,357,213	3,038,934	4,555,927	2,965,214
Chemical and Pharmaceuticals	3,102,540	1,718,677	730,651	756,386	730,244	755,979
Cement	1,334,445	2,784,141	250,000	250,000	250,000	250,000
Sugar	6,210,243	4,617,646	1,240,503	846,503	846,003	664,503
Footwear and Leather garments	594,931	291,061	131,061	172,402	131,061	172,402
Automobile and transportation equipment	815,465	962,816	112,470	114,343	100,359	100,827
Education	2,305,630	2,495,278	-	-	-	-
Electronics and electrical appliances	3,005,088	2,516,561	901,568	1,047,568	820,434	966,434
Construction	1,481,601	935,747	557,280	403,401	356,682	378,779
Power (electricity), Gas, Water, Sanitary	10,105,009	12,930,759	450,649	649	225,051	51
Wholesale and Retail Trade	4,607,157	5,999,056	1,164,341	1,469,809	1,011,573	1,186,578
Exports / Imports	65,195	208,109	19,586	20,586	19,586	20,586
Transport, Storage and Communication	1,321,034	3,027,074	287,959	79,398	234,442	21,914
Financial	1,048,696	1,244,792	240,400	240,400	240,189	240,189
Services	28,675,365	22,595,036	94,738	163,306	47,587	103,918
Individuals	52,126,967	46,087,578	2,618,391	3,181,569	1,170,433	1,827,531
Food and beverages	37,925,507	38,793,733	1,513,405	1,685,715	1,421,480	1,479,235
Packing and Paper products	439,668	499,656	13,000	13,000	13,000	13,000
Others	35,289,713	22,870,867	4,142,172	3,557,229	3,939,162	3,380,082
	220,340,922	196,378,073	19,872,534	17,076,678	16,119,131	14,528,630

Credit risk by public / private sector

	Gross Islamic financing, related assets and advances		Non-performing financing, related assets and advances		Provision held	
	2022	2021	2022	2021	2022	2021
	----- Rupees in '000 -----					
Public / Government	70,977,541	60,723,819	-	-	-	-
Private	149,363,381	135,654,254	19,872,534	17,076,678	16,119,131	14,528,630
	220,340,922	196,378,073	19,872,534	17,076,678	16,119,131	14,528,630

47.1.4 Contingencies and Commitments

2022 2021
----- Rupees in '000 -----

Credit risk by industry sector

Agriculture, Forestry, Hunting and Fishing	335,249	207,533
Mining and Quarrying	332,108	783,359
Textile	9,124,030	6,852,440
Chemical and Pharmaceuticals	520,595	1,011,299
Cement	83,398	1,758,859
Sugar	274,789	203,652
Footwear and Leather garments	-	-
Automobile and transportation equipment	1,091,634	1,604,400
Education	30,140	42,119
Electronics and electrical appliances	799,786	130,539
Production and transmission of energy	25,126	2,001,884
Construction	1,219,197	485,252
Power (electricity), Gas, Water, Sanitary	446,386	23,222
Wholesale and Retail Trade	4,262,693	2,212,729
Exports / Imports	456,349	34,639
Transport, Storage and Communication	361,839	342,233
Financial	21,399	4,211
Services	5,622,625	2,236,819
Individuals	461,204	20,656
Food and beverages	1,950,692	627,910
Manufacturing	7,555,617	2,826,759
Packing and Paper products	595,095	75,983
Others	3,888,585	16,318,398
	39,458,536	39,804,895

Credit risk by public / private sector

Public / Government	-	-
Private	39,458,536	39,804,895
	39,458,536	39,804,895

47.1.5 Concentration of Financing

The Holding Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 91,927.410 million (2021: Rs. 82,371.247 million) are as following:

	2022	2021
	----- Rupees in '000 -----	
Funded	80,619,139	73,499,823
Non Funded	11,308,271	8,871,424
Total Exposure	91,927,410	82,371,247

The sanctioned limits against these top 10 exposures aggregated to Rs. 93,496 million (2021: Rs. 86,734 million)

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

47.1.6 Total funded classified therein

	2022		2021	
	Amount	Provision held	Amount	Provision held
	----- Rupees in '000 -----			
OAEM	325,596	-	164,571	-
Substandard	548,330	48,085	554,426	92,057
Doubtful	4,236,194	2,411,182	1,113,707	334,116
Loss	14,762,414	13,659,864	15,243,974	14,102,457
Total	19,872,534	16,119,131	17,076,678	14,528,630

47.1.7 Financing - Province / Region-wise Disbursement & Utilization

		2022					
Province / Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- Rupees in '000 -----							
Punjab	100,768,360	100,768,360	-	-	-	-	-
Sindh	118,792,150	-	118,792,150	-	-	-	-
KPK including FATA	488,860	-	-	488,860	-	-	-
Balochistan	265,663	-	-	-	265,663	-	-
Islamabad	23,393,502	-	-	-	-	23,393,502	-
AJK including Gilgit-Baltistan	63,123	-	-	-	-	-	63,123
Total	243,771,658	100,768,360	118,792,150	488,860	265,663	23,393,502	63,123

		2021					
Province / Region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- Rupees in '000 -----							
Punjab	71,064,629	71,064,629	-	-	-	-	-
Sindh	94,310,824	-	94,310,824	-	-	-	-
KPK including FATA	753,877	-	-	753,877	-	-	-
Balochistan	575,256	-	-	-	575,256	-	-
Islamabad	35,527,208	-	-	-	-	35,527,208	-
AJK including Gilgit-Baltistan	86,230	-	-	-	-	-	86,230
Total	202,318,024	71,064,629	94,310,824	753,877	575,256	35,527,208	86,230

47.2 Market Risk

Market risk is defined as the risk of losses in on-and-off balance sheet positions arising from movements in market prices e.g. fluctuations in values in tradable, marketable or leasable assets. The risks relate to the current and future volatility of market values of specific assets and of foreign exchange rates and benchmark yields.

The Holding Company uses various tools and techniques to assess market risk including but not limited to full valuation, stress testing, scenario analysis, VaR. These assessment methods enable the Holding Company to estimate changes in the value of the portfolio, if exposed to various risk factors.

Moreover, since the Holding Company does not deal in interest based products, the impact of the above risks will be very minimal. The Holding Company does not have positions or forward exchange contracts giving mismatches of maturity unless such risks have been taken care of through some other mechanism.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

47.2.1 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	39,972,702	-	39,972,702	24,552,347	-	24,552,347
Balances with other banks	2,048,157	-	2,048,157	3,694,155	-	3,694,155
Due from financial institutions	23,878,183	-	23,878,183	34,945,365	-	34,945,365
Investments	180,176,339	-	180,176,339	125,228,590	-	125,228,590
Islamic financings, related assets & advances	201,328,442	-	201,328,442	181,176,239	-	181,176,239
Fixed assets	14,190,422	-	14,190,422	13,618,491	-	13,618,491
Intangible assets	3,308,580	-	3,308,580	3,223,191	-	3,223,191
Deferred tax assets	3,213,719	-	3,213,719	4,183,055	-	4,183,055
Other assets	19,482,870	-	19,482,870	18,084,464	-	18,084,464
Total	487,599,414	-	487,599,414	408,705,897	-	408,705,897

47.2.2 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuations of exchange rates.

In the normal course of conducting commercial banking business, which ranges from intermediation only to taking on principal risk as dealer or as counterparty, the Holding Company purchases or sells currencies in today / ready and gives or receives unilateral promises for sale or purchase of FX at future dates in a long or short position in different currency pairs. These positions expose the Holding Company to foreign exchange risk. To control this risk, the Holding Company primarily uses notional principal limits at various levels to control the open position, and ultimately the residual foreign exchange risk of the Holding Company. The Holding Company also strictly adheres to all associated regulatory limits.

Following is the summary of the assets of the Holding Company subject to foreign exchange risk.

	2022				2021			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
----- Rupees in '000 -----								
Pakistan Rupee	481,672,077	447,302,707	(6,708,168)	27,661,202	401,592,640	374,787,846	(4,022,087)	22,782,707
United States Dollar	5,027,805	11,675,875	5,622,925	(1,025,145)	5,700,773	9,617,635	3,800,529	(116,333)
Great Britain Pound	475,317	885,922	409,190	(1,415)	617,478	683,515	71,062	5,025
Japanese Yen	5,721	53	-	5,668	9,344	48	-	9,296
Euro	191,756	856,209	676,053	11,600	625,256	753,131	150,496	22,621
UAE Dirham	80,179	67,299	-	12,880	103,263	35,754	-	67,509
Asian Currency Unit	94,329	-	-	94,329	34,996	-	-	34,996
Swiss Franc	-	-	-	-	-	-	-	-
Chinese Yuan	1,053	-	-	1,053	2,937	-	-	2,937
Australian Dollar	5,092	2,483	-	2,609	3,260	2,072	-	1,188
Saudi Riyal	14,226	11,327	-	2,899	14,317	12,294	-	2,023
Canadian Dollar	31,803	6,595	-	25,208	1,570	6,435	-	(4,865)
Turkish Lira	56	-	-	56	63	-	-	63
	487,599,414	460,808,470	-	26,790,944	408,705,897	385,898,730	-	22,807,167

	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	8,703	-	245	-
- Other comprehensive income	-	-	-	-

47.2.3 Equity Position Risk

Equity position includes the following:

- Strategic investments
- Investment in equities for generating revenue in short term

These equity investments are accounted for and disclosed as per the provisions and directives of SBP, SECP and the requirements of approved International Financial Reporting Standards as applicable in Pakistan.

Provision for diminution in the value of securities is made after considering impairment, if any, in their value and charged to the profit and loss account.

	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	-	-	-	-
- Other comprehensive income	19,280	-	18,026	-

47.2.4 Yield / Profit Rate Risk

It includes all material yield risk positions of the Holding Company taking into account all re-pricing and maturity data. It includes current balances and contractual yield rates, the Holding Company understands that its Islamic financing and related assets shall be re-priced as per their respective contracts.

The Holding Company estimates changes in the economic value of equity due to changes in the yield rates on on-balance sheet positions by conducting duration gap analysis. It also assesses yield rate risk on earnings of the Holding Company by applying upward and downward shocks.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
----- Rupees in '000 -----				
Impact of 1% change in profit rates on				
- Profit and loss account	204,024	-	109,516	-
- Other comprehensive income	-	-	-	-

47.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield / Profit rate	Total	2022										Non-profit bearing financial instruments
		Exposed to Yield / Profit risk										
		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 -----												
On-balance sheet financial instruments												
Assets												
	39,972,702	-	-	-	-	-	-	-	-	-	-	39,972,702
Cash and balances with treasury banks	2,048,157	326,967	-	-	-	-	-	-	-	-	-	1,721,190
Balances with other banks	23,878,183	14,036,995	4,884,493	3,456,658	-	-	-	-	-	-	-	-
Due from financial institutions	180,176,339	32,474,423	115,480,454	-	-	-	-	-	-	-	-	2,302,321
Investments	201,328,442	61,777,149	19,893,098	4,556,642	112,036	-	-	-	-	-	-	4,476,828
Islamic financing and related assets and advances	16,818,433	-	-	-	-	-	-	-	-	-	-	16,818,433
Other assets	464,222,256	108,615,534	141,931,867	8,013,300	112,036	-	-	-	-	-	-	65,291,474
Liabilities												
	3,530,929	-	-	-	-	-	-	-	-	-	-	3,530,929
Bills payable	21,052,256	531,547	3,100,261	333,333	1,800,000	4,036,120	66,466	9,807,248	212,783	-	-	-
Due to financial institutions	415,911,937	256,336,394	-	-	-	-	-	-	-	-	-	159,575,543
Deposits and other accounts	2,850,000	-	-	-	-	-	-	-	-	-	-	-
Subordinated sukuk	17,421,065	-	-	-	-	-	-	-	-	-	-	17,421,065
Other liabilities	460,766,187	256,867,941	4,014,498	3,100,261	333,333	1,800,000	66,466	9,807,248	212,783	180,527,537	-	
On-balance sheet gap	3,456,069	(148,252,407)	137,917,369	7,679,967	(1,687,964)	(4,036,120)	(66,466)	(9,807,248)	(212,783)	(115,236,063)	-	-
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions	31,914,198	-	-	-	-	-	-	-	-	-	-	-
Commitments in respect of:												
- forward foreign exchange contracts	6,708,168	(641,073)	4,250,859	3,098,382	-	-	-	-	-	-	-	-
Other commitments (to be specified)	606,518	606,518	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	39,228,884	31,879,643	4,250,859	3,098,382	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap	(116,372,764)	142,168,228	140,256,166	7,679,967	(1,687,964)	(4,036,120)	(66,466)	(9,807,248)	(212,783)	(115,236,063)	-	-
Cumulative Yield/Interest Risk Sensitivity Gap	(116,372,764)	25,795,464	166,051,630	173,731,597	172,043,633	168,007,513	167,941,047	158,133,799	157,921,016	42,684,953	-	-

2021

Effective Yield / Profit rate	Total	Exposed to Yield / Profit risk								Non-profit bearing financial instruments
		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	

Rupees in '000

On-balance sheet financial instruments

Assets

Cash and balances with Treasury Banks	24,552,347	-	-	-	-	-	-	-	-	-	-	-	24,552,347
Balances with other Banks	3,694,155	329,237	-	-	-	-	-	-	-	-	-	-	3,364,918
Due from financial institutions	34,945,365	26,444,586	-	4,008,737	4,492,042	-	-	-	-	-	-	-	-
Investments	125,228,590	33,439,354	40,074,994	49,481,579	-	-	-	-	-	-	-	-	2,232,663
Islamic financing and related assets and advances	181,176,239	39,331,634	22,902,216	23,643,370	66,018,635	3,299,905	8,719,276	7,462,008	5,122,494	2,572,136	-	-	1,904,565
Other assets	13,618,491	-	-	-	-	-	-	-	-	-	-	-	13,618,491
	383,215,187	99,744,811	62,977,210	77,133,686	70,510,677	3,299,905	8,719,276	7,462,008	5,122,494	2,572,136	-	-	45,672,984

Liabilities

Bills payable	3,484,210	-	-	-	-	-	-	-	-	-	-	-	3,484,210
Due to financial institutions	21,193,332	7,291,471	3,111,600	1,531,400	1,805,305	745,868	2,800,000	3,691,010	-	-	-	-	216,678
Deposits and other accounts	344,787,951	216,277,820	-	-	-	-	-	-	-	-	-	-	128,510,131
Subordinated sukuk	2,000,000	-	2,000,000	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,433,237	-	-	-	-	-	-	-	-	-	-	-	14,433,237
	385,898,730	223,569,291	5,111,600	1,531,400	1,805,305	745,868	2,800,000	3,691,010	-	216,678	-	-	146,427,578
	(2,683,543)	(123,824,480)	57,865,610	75,602,286	68,705,372	2,554,037	5,919,276	3,770,998	5,122,494	2,355,458	-	-	(100,754,594)

On-balance sheet gap

Documentary credits and short-term trade-related transactions

Commitments in respect of:

- forward foreign exchange contracts

Other commitments (to be specified)

Off-balance sheet gap

Total Yield/Interest Risk Sensitivity Gap

Cumulative Yield/Interest Risk Sensitivity Gap

35,305,359

3,963,854

306,030

39,575,243

(86,451,706)

(86,451,706)

47.3 Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external / internal events. The risk is different from the others, since it has a greater level of uncertainty and may be termed as a little difficult to measure. The Holding Company believes that prudence should be lived and breathed through the organizational culture.

At a more formal level, the Holding Company has strengthened its risk management framework by developing policies, guidelines and manuals. Operational and other risk assessment tool e.g. Risk Control and Self Assessment (RCSA) is being effectively used to assess, mitigate and monitor possible risk that may arise in any of the Holding Company's financial product or department. Operational Loss Database (OLD) records all the internal / external potential operational losses which helps the management understand the causes and impact of these risks.

47.3.1 Operational Risk-Disclosures Basel II Specific

The Holding Company uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average annual gross income of the Holding Company over the past three years with 15% as per guidelines issued by State Bank of Pakistan.

To reduce losses arising from operational risk, the Holding Company has strengthened its risk management framework by developing strategies, policies, guidelines and manuals. It also includes risk and control self-assessment, key risk indicator, loss data management, improving efficiency and effectiveness of operations and improving quality of human resource through training and mitigation of operational risk.

47.4 Liquidity Risk

Liquidity risk is the potential loss to the Holding Company arising from its inability either to meet its obligations (financial) or to fund increases in assets as they fall due without incurring unacceptable costs or losses.

Holding Company's liquidity at various levels (day to day, short term, long term) is managed by the Treasury along with the Asset and Liability Management Committee (ALCO), which is one of the most important management level committees. Its role cannot be overemphasized here, it serves as a part of the critical trio with risk management and treasury department, monitoring and maintaining key liquidity ratios, a viable funding mix, depositor concentration, reviewing contingency plans etc.

Liquidity risk is defined as the potential loss arising from the Holding Company's inability to meet in an orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Holding Company's activities and in the management of its assets. The Holding Company maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new financings, participate in new investments when opportunities arise, and to meet any other commitments. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

Holding Company calculates the Liquidity Coverage Ratio (LCR) on monthly basis as per SBP Basel III Liquidity Standards issued under BPRD Circular No 08 dated June 23, 2016. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile of Holding Company which requires Holding Company to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar-days period. As of December 31, 2022, Holding Company's LCR stood at 317.37% against the SBP's minimum requirement of 100%.

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. Banks are expected to meet the NSFR requirement of at least 100% on an ongoing basis.

Governance of Liquidity Risk Management

Liquidity and related risks are managed through standardized processes established in the Holding Company. Board and senior management are apprised about liquidity profile of the Holding Company on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks. The management of liquidity risk within the Holding Company is undertaken within limits and other policy parameters set by ALCO, which meets monthly and reviews compliance with policy parameters. Day to day monitoring is done by the Treasury while overall compliance is monitored and coordinated by ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position and monitoring the Holding Company's liquidity profile and associated activities. The Holding Company's treasury function has the primary responsibility for assessing, monitoring and managing the Holding Company's liquidity and funding strategy. Treasury Middle Office being part of Risk management group is responsible for the independent identification, monitoring & analysis of risks inherent in treasury operations. The Holding Company has in place duly approved Treasury investment policy and strategy along with liquidity risk tolerance / appetite levels. These are communicated at various levels so as to ensure effective liquidity management.

Funding Strategy

The Holding Company's prime source of liquidity is the customer's deposit base. Within deposits, Holding Company strives to maintain a healthy core deposit base in form of current and saving deposits and avoid concentration in particular products, tenors and dependence on large fund providers. Further, the Holding Company relies on Interbank placement for stop gap funding arrangements but same is less preferred source of liquidity. Within acceptance, sources of funding are also diversified to minimize concentration. Usually, interbank placement is for short term. The Holding Company follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Holding Company.

Liquidity Risk Mitigation Techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like cash to deposits, financing to deposit ratio, liquid assets to total deposits, interbank placement to total deposits and large deposits to total deposits which are monitored on daily basis against different triggers levels and communicated to senior management and to ALCO forum regularly. Further, the Holding Company also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. For maturity analysis, behavioral study techniques are also used to determine the behavior of non-contractual assets and liabilities based on historic data and statistical techniques. The Holding Company also ensures to maintain statutory cash and liquidity requirements all times.

Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits and increase in assets, withdrawals of wholesale / large deposits & interbank placement and utilization of undrawn credit lines etc. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Holding Company.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the bank which identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis. At the Holding Company, a comprehensive liquidity contingency funding plan is prepared which highlights liquidity management chain that needs to be followed. Responsibilities and crisis management phases are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources, in case of a liquidity crisis.

Main drivers of LCR Results

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

Composition of High Quality Liquid Assets - HQLA

High Quality Liquid Assets composed of Level-1 Assets which can be included in the stock of liquid assets at 100% of their market value. The Holding Company has taken Cash & treasury balances, Investments in Government of Pakistan backed Sukuks classified as Available for Sale category and foreign currency placements issued by sovereigns. Further, Level 2-A asset category includes investment in corporate sukuk.

Concentration of Funding Sources

Being a commercial bank, it relies on funds provided by depositors. However, the Holding Company has been continuously improving upon its ratio of core deposits. Current, Saving and Others accounts consist of 68.68% of total deposits, term deposits are 31.32% and acceptance from SBP and financial institutions is 6.15% of total deposits. Moreover the Holding Company does not rely on top few depositors to meet its funding requirements. This clearly shows that the funding sources for the Holding Company are well diversified.

Currency Mismatch in the LCR

Currency mismatch is minimal as FCY deposits are 3.21% of Holding Company's total deposits.

4/7.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Holding Company

		2022											
		Rupees in '000											
Total	Upto 1 Day	Over 1 to 7 Days	Over 7 to 14 Days	Over 14 Days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 months to 6 months	Over 6 months 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
Assets													
Cash and balances with treasury banks	39,972,702	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,048,157	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	23,878,183	10,000,000	-	4,036,995	-	1,500,037	4,884,493	3,456,658	-	-	-	-	-
Investments	180,176,339	276,250	-	985,708	270,000	29,704,112	6,940,747	-	-	-	51,047,986	29,779,362	61,172,174
Islamic financing, related assets and advances	201,328,442	42,549,990	430,818	3,872,022	8,494,868	10,490,966	17,138,435	1,474,052	21,823,244	8,230,511	8,280,767	33,535,625	43,947,437
Fixed assets	14,190,422	2,458	14,734	41,748	71,217	76,128	368,364	319,249	225,929	896,351	1,105,091	3,683,637	7,368,326
Intangible assets	3,308,580	565	3,386	9,596	16,370	17,499	84,673	73,382	51,932	206,035	254,017	846,721	1,740,453
Deferred tax assets	3,213,719	-	-	-	-	-	-	167,280	-	600,793	223,201	604,883	1,617,562
Other assets	19,482,870	5,482,958	89,794	3,944,987	1,115,313	741,336	5,113,906	240,571	877,241	654,540	-	611,019	227,951
	487,599,414	90,333,080	10,538,732	12,891,056	9,967,768	42,530,078	34,530,618	5,731,192	22,978,346	10,588,230	60,911,062	69,061,247	116,073,903
Liabilities													
Bills payable	3,530,929	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	21,052,256	-	-	-	-	-	716,011	-	333,333	500,000	1,300,000	4,045,619	14,157,293
Deposits and other accounts	415,911,937	278,324,445	13,545,907	26,916,420	15,606,471	9,204,834	24,165,801	18,385,691	17,451,445	700,521	342,837	564,225	81,462
Subordinated sukuk	2,850,000	-	-	-	-	-	-	-	-	-	-	-	2,850,000
Other liabilities	17,463,348	2,786,144	459,704	1,558,176	2,309,488	2,692,157	915,445	587,180	621,227	4,014,128	343,319	318,733	113,429
	460,808,470	284,641,518	14,005,611	28,474,596	17,915,959	11,896,991	25,797,257	18,972,871	18,386,005	5,214,649	1,986,156	4,928,577	17,202,184
Net assets	26,790,944	(194,308,438)	(3,466,879)	(9,921,994)	(7,948,191)	30,633,087	8,733,361	(13,241,679)	4,592,341	5,373,581	58,924,906	64,132,670	98,871,719
Share capital - net	11,007,991												
Reserves	2,591,071												
Surplus on revaluation of assets	2,759,222												
Unappropriated profit	10,432,660												
	26,790,944												

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 months to 6	Over 6 months to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5	Over 5 years
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----- Rupees in '000 -----

Assets

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing, related assets and advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets

24,552,347	24,552,347	-	-	-	-	-	-	-	-	-	-	-	-
3,694,155	3,694,155	-	-	-	-	-	-	-	-	-	-	-	-
34,945,365	-	14,634,851	5,908,082	5,908,082	-	-	4,492,042	-	-	-	-	-	-
125,228,590	191,868	-	337,962	684,617	187,527	10,118,309	-	-	-	-	689,794	78,474,104	34,544,409
181,176,239	8,122,568	8,777,479	17,554,957	2,913,166	12,165,825	2,683,760	16,412,742	1,386,279	37,104,649	6,626,477	10,694,976	15,409,630	41,323,731
13,618,491	2,357	4,140	497	5,715	15,660	9,989	39,672	306,381	514,522	368,395	530,090	1,892,755	9,928,318
3,223,191	-	-	-	-	-	2,329	44,166	-	13,259	24,153	20,899	127,077	2,991,308
4,183,035	-	-	-	-	-	-	-	240,279	-	862,053	320,262	867,922	1,892,539
18,084,464	990,703	815,660	1,992,112	-	3,476,906	2,227,330	6,292,451	-	385,720	-	-	50,000	1,853,582
408,705,897	37,553,998	24,232,130	25,787,181	9,511,580	15,845,918	15,041,717	26,797,768	6,424,981	38,018,150	7,881,078	12,256,021	96,821,488	92,533,887

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
Subordinated sukuk
Other liabilities

3,484,210	3,484,210	-	-	-	-	-	-	-	-	-	-	-	-
21,193,332	-	7,291,471	-	-	-	3,111,600	1,531,400	1,469,774	335,531	745,868	2,800,000	3,691,010	216,678
344,787,951	236,805,873	5,588,161	8,822,039	22,313,515	13,029,827	14,630,740	16,954,991	15,241,603	4,049,159	5,979,641	628,323	637,057	107,022
2,000,000	-	-	-	-	-	-	-	-	-	-	-	-	2,000,000
14,433,237	941,978	531,892	1,109,599	860,270	3,098	481,665	5,623,011	422,662	24,824	3,213,456	418,530	802,252	-
385,898,730	241,232,061	13,411,524	9,931,638	23,173,785	13,032,925	18,224,005	24,109,402	17,134,039	4,409,514	9,938,965	3,846,853	5,130,319	2,323,700
22,807,167	(203,678,063)	10,820,606	15,855,543	(13,662,205)	2,812,993	(3,182,288)	2,688,366	(10,709,058)	33,608,636	(2,057,887)	8,409,168	91,691,169	90,210,187

Net assets

Share capital- net
Reserves
Surplus on revaluation of assets
Unappropriated profit

11,007,991
1,703,144
3,455,272
6,640,760
<u>22,807,167</u>

47.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Holding Company

2022

	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 -----										
Assets										
Cash and balances with treasury banks	39,972,702	39,972,702	-	-	-	-	-	-	-	-
Balances with other banks	2,048,157	2,048,157	-	-	-	-	-	-	-	-
Due from financial institutions	23,878,183	14,036,995	1,500,037	4,884,493	3,456,658	-	-	-	-	-
Investments	180,176,339	1,234,556	-	46,217	-	556,910	50,470,311	93,292,907	33,512,645	1,062,793
Islamic financing and related assets and advances	201,328,442	44,932,748	18,483,971	31,877,540	10,790,100	8,339,006	8,276,889	35,483,472	20,318,082	22,826,634
Fixed assets	14,190,422	14,186	28,647	44,247	900,326	399,586	565,678	2,029,674	2,411,911	7,796,167
Intangible assets	3,308,580	-	3,192	59,967	18,174	33,107	28,647	174,185	-	2,991,308
Deferred tax assets	3,213,719	-	-	-	184,471	577,695	222,888	604,036	1,624,629	-
Other assets	19,482,870	5,512,399	7,696,817	3,921,498	788,216	-	-	50,000	-	1,513,940
	487,599,414	107,751,743	27,712,664	40,833,962	16,137,945	9,906,304	59,564,413	131,634,274	57,867,267	36,190,842
Liabilities										
Bills payable	3,530,929	3,530,929	-	-	-	-	-	-	-	-
Due to financial institutions	21,052,256	531,545	1,164,500	3,100,261	820,258	1,800,000	4,036,120	922,747	8,464,043	212,782
Deposits and other accounts	415,911,937	74,383,262	36,937,502	34,097,301	44,306,669	17,695,543	25,827,388	43,043,795	85,024,646	54,595,831
Subordinated sukuk	2,850,000	-	-	-	-	-	-	-	-	2,850,000
Other liabilities	17,463,348	6,802,312	2,803,301	2,529,644	577,744	3,559,675	707,859	482,813	-	-
	460,808,470	85,248,048	40,905,303	39,727,206	45,704,671	23,055,218	30,571,367	44,449,355	93,488,689	57,658,613
Net assets	26,790,944	22,503,695	(13,192,639)	1,106,756	(29,566,726)	(13,148,914)	28,993,046	87,184,919	(35,621,422)	(21,467,771)
Share capital- net	11,007,991									
Reserves	2,591,071									
Surplus on revaluation of assets	2,759,222									
Unappropriated profit	10,432,660									
	26,790,944									

2021

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
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----- Rupees in '000 -----

Assets

Cash and balances with treasury banks
Balances with other banks
Due from financial institutions
Investments
Islamic financing and related assets and advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets

24,552,347	24,552,347	-	-	-	-	-	-	-	-
3,694,155	3,694,155	-	-	4,492,042	-	-	-	-	-
34,945,365	26,444,586	4,008,737	-	-	-	-	-	-	-
125,228,590	1,214,447	10,305,836	-	627,942	689,794	78,474,104	33,916,467	-	-
181,176,239	37,368,170	14,849,585	16,412,742	38,490,928	10,694,976	15,409,630	21,551,810	19,771,921	-
13,618,491	12,709	25,649	39,672	820,903	368,395	1,892,755	2,270,062	7,658,256	-
3,223,191	-	2,329	44,166	13,259	24,153	20,899	127,077	-	2,991,308
4,183,055	-	-	-	240,279	862,053	867,922	1,892,539	-	-
18,084,464	3,798,475	5,704,236	6,292,451	385,720	-	50,000	1,853,582	-	-
408,705,897	97,084,889	30,887,635	26,797,768	44,443,131	8,509,020	12,256,021	96,821,488	61,484,460	30,421,485

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
Subordinated sukuk
Other liabilities

3,484,210	3,484,210	-	-	-	-	-	-	-	-
21,193,332	7,291,471	3,111,600	1,531,400	1,805,305	745,868	2,800,000	3,691,010	-	216,678
344,787,951	49,232,905	38,371,112	25,756,931	26,747,147	20,905,261	23,010,325	37,944,681	74,708,916	48,110,673
2,000,000	-	-	-	-	-	-	-	-	2,000,000
14,433,237	3,443,739	484,763	5,623,011	447,486	3,213,456	418,530	802,252	-	-
385,898,730	63,452,325	41,967,475	32,911,342	28,999,938	24,864,585	26,228,855	42,437,943	74,708,916	50,327,351
22,807,167	33,632,564	(11,079,840)	(6,113,574)	15,443,193	(16,355,565)	(13,972,834)	54,383,545	(13,224,456)	(19,905,866)

Net assets

Share capital- net
Reserves
Surplus on revaluation of assets
Unappropriated profit

11,007,991									
1,703,144									
3,455,272									
6,640,760									
22,807,167									

47.5 Strategic Risk

Strategic risk arises due to wrong assumptions in strategic decision making or the failure to react correctly to long-term changes in strategic parameters.

The Holding Company follows a deliberate low-risk strategy. Within the general constraints of its niche market the Holding Company is aware of the need of reducing risk. The Holding Company has a well established strategic planning and evaluation process which involves all levels of management and which is subject to regular review.

47.6 Systemic Risk

Systemic risk is the risk of a total or partial collapse of the financial system.

Such a collapse could be due to technical factors or market driven (psychological reasons).

Systemic risk is reduced by the activities of both national and international regulatory authorities. The Holding Company actively supports these organizations through its membership of the relevant banking industry association i.e. Pakistan Banks' Association ("PBA"). The Holding Company also takes account of systemic risk by means of careful management of counter party risks in the inter-bank market.

47.7 Shariah Non-compliance Risk

Shariah non-compliance risk is the risk that arises from an Islamic bank's failure to comply with the Shariah rules and principles prescribed by the State Bank of Pakistan and / or the Shariah Board of the Holding Company. It remains the most important operational risk for an Islamic bank. Compliance of Shariah guidelines must permeate throughout the organization and its adherence should be reflected in the products and activities.

47.8 Shariah Compliant Forward and Future Contracts

Shariah compliant forward and future contracts are recognized at fair value. In case of equity futures, the fair value is calculated with reference to quoted market price. Shariah compliant forward and future contracts with positive market values (i.e. unrealized gains) are included in other receivables and derivatives with negative market values (i.e. unrealized losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to the profit and loss account.

48 GENERAL

48.1 Captions, as prescribed by BPRD Circular No. 02, dated: January 25, 2018 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these consolidated financial statements, except for captions of the Consolidated Statement of Financial Position and Consolidated Profit and Loss Account.

48.2 These consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency.

48.3 The figures in the consolidated financial statements have been rounded off to the nearest thousand rupee.

48.4 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. There were no significant reclassification to report during the year.

Transfer from	Transfer to	As at December 31, 2021
Statement of Financial Position:		
Saving Deposits	Current Deposits	<u><u>3,916,265</u></u>

48.5 Non-adjusting Event

The Board of Directors in their meeting held on March 01, 2023 has announced cash dividend of Re. 1 per share (10%) (2021: Nil). This appropriation will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2022 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2023.

49 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on March 1, 2023 by the Board of Directors of the Holding Company.



PRESIDENT /
CHIEF EXECUTIVE
OFFICER



CHIEF FINANCIAL
OFFICER



CHAIRMAN



DIRECTOR



DIRECTOR

Annexure - I

STATEMENT SHOWING WRITTEN - OFF FINANCING OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2022

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	Profit written-off / waived	Other financial	Total (9+10+11)	
				Principal	Profit	Others					Total (5+6+7)
-----Rupees in '000-----											
1	Babar Latif, House No. L-14, Block-17, KDA Scheme No. 24, Gulshan-e-Iqbal, Karachi	Babar Latif (42201-7360421-1)	Muhammad Abdul Latif	21,500	17,585	13,568	52,653	-	16,585	13,568	30,153
2	Patel Food Industries, Plot No. F-456, Industrial Area, S.I.T.E, Karachi	1). Irfan Patel (42201-3769388-5) 2). Ashfaq Patel (42201-3759888-5)	1). Abdul Ghaifur Patel 2). Abdul Ghaifur Patel	135,005	27,242	-	162,247	-	27,274	-	27,274
3	Meer Mustafa Brohi, House No. 607/II, 25th Street, Khayaban-e-Badbaan, Phase-V, DHA, Karachi	Meer Mustafa Brohi, (43203-47984465-3)	Chulam Mustafa Brohi	24,910	17,454	12,862	55,226	-	14,364	12,862	27,226
4	Mutassir Riaz - House No.10-A, Mohalla 9th A Avenue, Sector F-8/2, Islamabad	Mutassir Riaz - 61101-1940293-3	Sheekh Riaz Ahmed	33,560	24,622	-	58,182	-	24,622	-	24,622
5	Syed Moazzam Ali - House No.56-C-1, Rabia Palace, Block 10-A, Gulshan-e-Iqbal, Karachi	Syed Moazzam Ali - 42000-7607652-7	Syed Ali Muhammad Rizvi	6,333	6,825	-	13,158	-	5,921	-	5,921
6	TAYYABA KHALID & OR M KHALID AFZAL Plot No. 203 M, P.E.C.H.S, Karachi.	TAYYABA KHALID & OR M KHALID AFZAL 4220106331602	MOHAMMED KHALID AFZAL	28,619	5,741	-	34,360	-	5,741	-	5,741
7	Tehmina Ali - House No.152/II, 32nd Street, DHA Phase VI, Karachi	Tehmina Ali - 42301-1408974-4	Syed Muhammad Ali Zaidi	5,190	5,560	-	10,750	-	5,448	-	5,448
8	Shehryar Ali Shah, House no. 38/1, Street no. 24, Khayaban-e-Mujahid, Phase-V,	Shehryar Ali Shah 70258-6286181-1	Sajjad Ali Shah	2,796	4,684	-	7,480	-	4,684	-	4,684
9	Abraar Ahmed, 210 Mustafa Center Khayban-e-Gizri, KHI	Abraar Ahmed 42301-9688101-1	M. Hussain Ahmed	-	4,367	-	4,367	-	4,367	-	4,367
10	Abraar Ahmed, Flat No. 9-H, 3rd Floor, Askari Apartments, Chaudhry Khalique-zaman Road, Karachi	Abraar Ahmed (42301-9688101-1)	Muhammad Hussain Ahmed	6,600	3,383	1,084	11,067	-	3,179	838	4,017
11	Azam Feed Mills, Azam Nagar, 2-KM. Ali Pur Road, Gujranwala.	Shazada Azam (94101-2587958-5)	Chulam Haider Dar	4,800	3,867	-	8,667	-	3,867	-	3,867
12	Qaiser Iqbal Bhatti, Office no. 34, 1st Floor, Defence Commercial Plaza, Phase-III, Commercial Area, Y-Block, DHA, Lahore.	Qaiser Iqbal Bhatti (42301-6695241-5)	Lal Muhammad Bhatti	6,998	3,621	-	10,619	-	3,621	-	3,621
13	Mian Majid Ali - House No.283-A, New Muslim Town, Lahore	Mian Majid Ali - 35202-2977170-9	Mian Muzafer Ali	3,192	3,718	-	6,910	-	3,610	-	3,610
14	Asif Yaqub - House No.P.1281, Muhalla No.9, Islamia Park, Faisalabad	Asif Yaqub - 33100-0334436-3	Muhammad Yaqoob	2,425	2,683	-	5,108	-	2,633	-	2,633

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			Profit written-off / waived	Other financial	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)	Principal written-off	Others			
1	2	3	4	5	6	7	8	9	10	11	12	
-----Rupees in '000-----												
15	Farooq Hameed, House No. S-30, Iqbal Lane No. 8, Phase-VIII-B, DHA, Karachi	Farooq Hameed, (42201-4236836-9)	Abdul Hameed	16,363	4,945	484	21,792	-	1,973	484	2,457	
16	Syed Obaid Ahmed &/or Madha Obaid House No R-37/ii, 10th Lanekhayaban-e-Saadi Phase 7 Dha Karachi	Syed Obaid Ahmed &/or Madha Obaid (4250115192271)	Syed Shah Ishtiaq Ahmed	16,456	2,992	-	19,448	-	2,413	-	2,413	
17	Farkhanda Mazhar Shaikh - House No.48, Street 33, Sector G-9/II, Islamabad	Farkhanda Mazhar Shaikh - 61101-8915125-2	Mazhar Hussain Shaikh	1,585	1,825	-	3,410	-	1,825	-	1,825	
18	Khawaja Muhammad Anjum Plot No. 48/1, Sector 7-A, Korangi Industrial Area, Karachi	Khawaja Muhammad Anjum (42201-7291490-9)	Muhammad Younus	1,127	142	1,471	2,740	-	142	1,471	1,613	
19	Novelty Fabrics, 61-KM, Multan Road, Jamber Khurd, Bhai Pheru, District Kasur	1). Muhammad Haris Malik (35202-2250586-9) 2). Tauseef-urrehman (35202-3330470-9) 3). Muhammad Azam Khan zai (35202-3928335-3) 4). Abida Khanum (35202-3504075-0). 5). Majeed urehman (34101-2665619-5)	Muhammad Akbar	4,989	1,610	-	6,599	-	1,610	-	1,610	
20	Farhan Hafeez - Flat No.H-101, Golden Heights, Block No.13, Gulistan-e-Jauhar, Karachi	Farhan Hafeez - 42000-2174491-7	Hafeez Ahmed Khan	425	1,627	-	2,052	-	1,592	-	1,592	
21	Yasir Jjaz House no. 70-B, Block Market Guruwara Ground, Model Town, Lahore.	Yasir Jjaz 35202-7743067-7	Muhammad Jjaz	4,865	281	1,189	6,335	-	145	1,189	1,334	
22	Saqib Ashraf - House No.2/637, Mohallah Waterworks, Near Habib Bank Ltd., Abbot Raod, Sialkot.	Saqib Ashraf - 34603-2299871-3	Muhammad Ashraf	388	1,295	-	1,683	-	1,283	-	1,283	
23	Naveed Nayyar Hussain - Office Bearing No.9, Mezzanine Floor, Plot No.ZAM 1, Zamzama Main Boulevard, Phase V, DHA, Karachi	Naveed Nayyar Hussain - 42301-4883876-9	Nayyar Hussain	2,550	1,353	-	3,903	-	1,103	-	1,103	
24	Najum Shafi Butt - House No.N.A/237, 9th Road, New Malpur, Near Alkalah Masjid, Satellite Town, Rawalpindi	Najum Shafi Butt - 37405-0657278-1	Muhammad Shafi Butt	266	968	-	1,234	-	934	-	934	

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's /Husband's name	Outsanding Liabilities at beginning of year					Principal written-off	Profit written-off / waived	Other financial	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)	9				
1	2	3	4	5	6	7	8	9	10	11	12	
25	Paramount Spinning Mills Limited, 2nd Floor, Finlay House, I.I. Chundrigar Road, Karachi	1). Abdul Shakoor (42201-0350226-5) 2). Nasser Ahmed (42201-0632509-5) 3). Tanweer Ahmed (42201-0350138-5) 4). Sohail Maqsood (35201-4740143-5) 5). Sh. Riaz Ahmed (35202-2643382-5) 6). Muhammad Abdullah (42000-0545449-7) 7). Neelofer Hameed (42101-1443183-6)	1). Hoji Jamal ud din 2). Abdul Shakoor 3). Abdul Shakoor 4). Maqsood Ithahi 5). Sh. Fazal Karim 6). Muhammad Umer 7). Tahir Ahmed	1,762	171	-	1,933	678	171	-	849	
26	Muhammad Ali, Flat No. G-5, Ground Floor, Plot No. JM-113, Hira Heights, Parsi Colony, Karachi	Muhammad Ali (42301-0895098-3)	Chulam Abbas	6,125	2,116	589	8,830	-	257	573	830	
27	Shah Khalid – House No.A-78, Street No.4, Phase-3, Faraz Village, Qasimabad, Hyderabad	Shah Khalid – 42000-05531557 3	Abdul Rehman	95	812	-	907	-	802	-	802	
28	Saad Shams – House on Plot No.37- K, Block-6, EFU Life Assurance, Bancassurance Dept., PECHS, Karachi	Saad Shams- 42201-6502387-3	Shamsul Islam	120	794	-	914	-	784	-	784	
29	Muhammad Abbas Khan Plot No. 508, Street No. 17, Sector No. III, Airport Employees Co Operative Housing Society, Chaklala, Rawalpindi	Muhammad Abbas Khan 1730108519047	Faiz Muhammad Khan	6,272	966	-	7,238	-	770	-	770	
30	Anwar Iqbal – House No.314, Annami Shah Colony, Unit No.12, Shah Latifabad, Hyderabad	Anwar Iqbal – 41304-0287658- 9	Zafaruddin	369	714	-	1,083	-	713	-	713	
31	Farhan Nisar – House No.9, M Ext., Muhammadi Street No.4, Saddiquia Road, Gulgasht Colony, Multan	Farhan Nisar – 36302-5500855- 5	Nisar Ahmed Saeed	224	608	-	832	-	582	-	582	
32	Mst. Mahwash Building No. 35, Flat no. A, Ground Floor, Askari Apartment, Askari-XI, Bedian Road, Lahore.	Mst. Mahwash (35202-8405773-0)	Maratib Ali khan	9,999	2,481	301	12,781	-	262	301	563	
33	Muhammad Amin Mughal – House No.BF 927, Muhallah Shahabad, Dhok Dalaj, Rawalpindi	Muhammad Amin Mughal – 37405-5925347-3	Nazir Ahmed Mughal	72	572	-	644	-	544	-	544	
TOTAL:				355,980	157,624	31,548	545,152	678	143,821	31,286	175,785	

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

Annexure - II

Details of disposal of fixed assets to the Chief Executive Officer or to a Director or to Executives, irrespective of the value, and to any other person having aggregate book value of more than Rs 5 million and particulars of each asset, which has book value of Rs.500,000 or above are as follows:

Asset description	Asset Cost	Accumulated depreciation	WDV	Sale proceeds	Gain/ (loss) on disposal	Mode of disposal	Particulars of Buyer
Furniture and Fixture	772	244	528	81	(446)	Tender	Adam Traders
Building	64,933	5,313	59,620	69,000	9,380	Tender	Gul Wai Imran Khan
<i>Total</i>	65,705	5,557	60,148	69,081	8,934		

Pattern of Shareholdings

AS AT DECEMBER 31, 2022

No. of Shareholders		Shareholdings' Slab		Total Shares Held
612	1	To	100	14,450
14,265	101	To	500	6,787,405
2,974	501	To	1000	2,246,643
1,558	1001	To	5000	2,942,760
191	5001	To	10000	1,462,651
74	10001	To	15000	945,642
49	15001	To	20000	912,310
33	20001	To	25000	777,120
21	25001	To	30000	594,432
27	30001	To	35000	893,383
17	35001	To	40000	650,655
11	40001	To	45000	471,990
24	45001	To	50000	1,190,000
9	50001	To	55000	480,705
6	55001	To	60000	353,400
4	60001	To	65000	255,500
4	65001	To	70000	277,404
3	70001	To	75000	219,373
6	75001	To	80000	466,500
2	80001	To	85000	164,150
4	85001	To	90000	357,000
3	90001	To	95000	278,900
8	95001	To	100000	793,006
3	100001	To	105000	303,484
8	105001	To	110000	869,849
1	110001	To	115000	115,000
1	115001	To	120000	119,913
7	120001	To	125000	862,000
1	125001	To	130000	130,000
3	130001	To	135000	393,129
2	135001	To	140000	275,021
2	145001	To	150000	300,000
2	160001	To	165000	325,500
2	170001	To	175000	344,000
1	175001	To	180000	180,000
2	180001	To	185000	369,000
2	185001	To	190000	374,000
2	190001	To	195000	384,500
9	195001	To	200000	1,796,874
1	200001	To	205000	203,000
1	205001	To	210000	210,000
3	220001	To	225000	671,000
1	225001	To	230000	229,053
1	245001	To	250000	250,000

No. of Shareholders	Shareholdings' Slab		Total Shares Held	
1	255001	To	260000	260,000
1	265001	To	270000	268,500
1	270001	To	275000	275,000
2	290001	To	295000	587,000
1	295001	To	300000	300,000
1	310001	To	315000	314,500
1	315001	To	320000	316,500
2	330001	To	335000	665,500
1	335001	To	340000	336,000
1	345001	To	350000	350,000
1	355001	To	360000	360,000
1	360001	To	365000	360,900
1	380001	To	385000	380,500
2	410001	To	415000	824,500
1	415001	To	420000	415,500
2	420001	To	425000	850,000
1	430001	To	435000	435,000
1	445001	To	450000	450,000
1	470001	To	475000	475,000
1	475001	To	480000	475,175
1	480001	To	485000	485,000
1	515001	To	520000	520,000
1	555001	To	560000	560,000
1	610001	To	615000	613,150
1	685001	To	690000	686,000
2	695001	To	700000	1,400,000
2	710001	To	715000	1,426,000
1	730001	To	735000	733,000
1	745001	To	750000	750,000
1	780001	To	785000	784,000
1	795001	To	800000	800,000
1	800001	To	805000	805,000
1	895001	To	900000	900,000
1	965001	To	970000	970,000
1	970001	To	975000	973,000
3	995001	To	1000000	2,998,500
1	1050001	To	1055000	1,052,000
1	1080001	To	1085000	1,082,962
1	1155001	To	1160000	1,157,000
1	1195001	To	1200000	1,200,000
1	1235001	To	1240000	1,236,000
1	1265001	To	1270000	1,268,500
1	1310001	To	1315000	1,314,000
1	1400001	To	1405000	1,402,500
1	1410001	To	1415000	1,414,000
1	1430001	To	1435000	1,433,000
1	1515001	To	1520000	1,519,500
1	1540001	To	1545000	1,541,000

No. of Shareholders	Shareholdings' Slab		Total Shares Held	
2	1695001	To	1700000	3,400,000
1	1785001	To	1790000	1,785,500
1	2240001	To	2245000	2,243,281
1	2350001	To	2355000	2,352,500
1	2705001	To	2710000	2,707,000
1	2795001	To	2800000	2,800,000
1	2905001	To	2910000	2,907,931
1	2940001	To	2945000	2,940,500
1	2995001	To	3000000	3,000,000
1	3000001	To	3005000	3,000,299
1	3005001	To	3010000	3,008,569
1	3030001	To	3035000	3,032,000
1	3300001	To	3305000	3,303,500
1	3745001	To	3750000	3,750,000
1	3995001	To	4000000	4,000,000
1	4010001	To	4015000	4,012,500
1	4175001	To	4180000	4,176,500
1	4560001	To	4565000	4,563,899
1	4620001	To	4625000	4,625,000
1	4880001	To	4885000	4,884,281
1	4995001	To	5000000	5,000,000
1	5375001	To	5380000	5,378,000
1	5435001	To	5440000	5,439,500
1	5700001	To	5705000	5,702,050
1	6600001	To	6605000	6,603,975
1	6800001	To	6805000	6,805,000
1	7200001	To	7205000	7,201,000
1	7530001	To	7535000	7,532,100
1	8080001	To	8085000	8,084,545
1	9395001	To	9400000	9,400,000
1	9565001	To	9570000	9,568,500
1	9935001	To	9940000	9,939,000
1	10275001	To	10280000	10,280,000
1	11150001	To	11155000	11,152,500
1	16980001	To	16985000	16,981,000
1	18070001	To	18075000	18,071,000
1	18985001	To	18990000	18,989,000
1	50290001	To	50295000	50,293,194
1	86315001	To	86320000	86,316,954
1	87965001	To	87970000	87,965,233
1	127965001	To	127970000	127,965,233
1	219890001	To	219895000	219,893,560
1	235680001	To	235685000	235,684,306
20,060				1,108,703,299

Category Wise List of Shareholders

AS AT DECEMBER 31, 2022

Categories of Shareholders	Shareholders	Share Held	Percentage
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN			
ALI HUSSAIN	1	219,893,560	19.83
HAIDER ALI HILALY	2	91,000	0.01
SULAIMAN SADRUDDIN MEHDI	1	1,000	0.00
AMJAD WAHEED	1	550	0.00
SYED ALI HASHAM	1	501	0.00
LALARUKH EJAZ	1	500	0.00
TASNIM-UL-HAQ FAROOQUI	1	500	0.00
SUB-TOTAL	8	219,987,611	19.84
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
JAHANGIR SIDDIQUI & CO.LTD.	1	235,684,306	21.26
SHABIR AHMED RANDEREE	1	127,965,233	11.54
AHMED G. M. RANDEREE	1	87,965,233	7.93
J S BANK LIMITED.	1	86,316,954	7.79
SAJ CAPITAL MANAGEMENT LTD	1	50,293,194	4.54
ITHACA CAPITAL (PVT.) LIMITED	1	733,000	0.07
CALCORP LIMITED	1	560,000	0.05
SUB-TOTAL	7	589,517,920	53.17
EXECUTIVES	-	-	0.00
NIT AND ICP	-	-	0.00
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS			
BANK ALFALAH LIMITED	1	4,000,000	0.36
FAYSAL BANK LIMITED	1	3,303,500	0.30
MEEZAN BANK LIMITED	1	3,032,000	0.27
NATIONAL BANK OF PAKISTAN	1	190	0.00
SUB-TOTAL	4	10,335,690	0.93
INSURANCE COMPANIES			
EFU GENERAL INSURANCE LIMITED	1	6,603,975	0.60
ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	1	2,907,931	0.26
ADAMJEE LIFE ASSURANCE COMPANY LIMITED	1	1,402,500	0.13
ADAMJEE LIFE ASSURANCE COMPANY LTD-AMAANAT FUND	1	300,000	0.03
DAWOOD FAMILY TAKAFUL LIMITED	1	14,000	0.00
SUB-TOTAL	5	11,228,406	1.01
MODARABAS AND MUTUAL FUNDS			
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	18,071,000	1.63
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	11,152,500	1.01
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	9,939,000	0.90
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	7,201,000	0.65
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	5,439,500	0.49
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	3,750,000	0.34
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	3,008,569	0.27
DCCL - TRUSTEE AKD ISLAMIC STOCK FUND	1	3,000,299	0.27
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	2,800,000	0.25
MC FSL - TRUSTEE JS GROWTH FUND	1	2,352,500	0.21
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	1,700,000	0.15

CDC - TRUSTEE JS ISLAMIC FUND	1	1,519,500	0.14
CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	1	1,414,000	0.13
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	1,268,500	0.11
CDC - TRUSTEE MEEZAN BALANCED FUND	1	1,082,962	0.10
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	1,052,000	0.09
CDC - TRUSTEE GOLDEN ARROW STOCK FUND	1	1,000,000	0.09
CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND	1	998,500	0.09
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	970,000	0.09
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	805,000	0.07
CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	784,000	0.07
CDC - TRUSTEE FAYSAL STOCK FUND	1	750,000	0.07
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	712,000	0.06
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	686,000	0.06
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	450,000	0.04
CDC - TRUSTEE JS LARGE CAP. FUND	1	435,000	0.04
CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	1	414,000	0.04
CDC - TRUSTEE HBL INVESTMENT FUND	1	314,500	0.03
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	225,000	0.02
CDC - TRUSTEE APF-EQUITY SUB FUND	1	200,000	0.02
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	200,000	0.02
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	200,000	0.02
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	172,000	0.02
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	172,000	0.02
CDC - TRUSTEE ALLIED FINERGY FUND	1	150,000	0.01
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	125,000	0.01
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	121,500	0.01
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	98,000	0.01
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	77,000	0.01
CDC - TRUSTEE HBL - STOCK FUND	1	58,500	0.01
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	52,000	0.00
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	48,000	0.00
CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	1	45,000	0.00
CDC - TRUSTEE JS MOMENTUM FACTOR EXCHANGE TRADED FUND	1	39,900	0.00
CDC - TRUSTEE AKD OPPORTUNITY FUND	1	1,000	0.00
PROVIDENCE MODARABA LTD	1	300	0.00
SUB-TOTAL	46	85,055,530	7.67
GENERAL PUBLIC			
A.LOCAL	19,603	119,171,657	10.75
B. FOREIGN	47	6,369,174	0.57
FOREIGN COMPANIES	1	5,702,050	0.51
OTHERS	339	61,335,261	5.53
TOTALS	20,060	1,108,703,299	100.00

SHAREHOLDERS HOLDING 5% OR MORE	Shares Held	Percentage
ALI HUSSAIN	219,893,560	19.83
JAHANGIR SIDDIQUI & CO.LTD.	235,684,306	21.26
SHABIR AHMED RANDEREE	127,965,233	11.54
AHMED G. M. RANDEREE	87,965,233	7.93
J S BANK LIMITED.	86,316,954	7.79

Notice Of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Members of BankIslami Pakistan Limited (the "Bank") will be held Inshallah on Thursday, March 30, 2023 at 10:15 A.M to transact the following business. The meeting will be held at Zaver Hall, Pearl Continental, Club Road, Karachi.

ORDINARY BUSINESS

1. To confirm minutes of Extra Ordinary General Meeting of the Bank held on October 10, 2022.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank and Consolidated Audited Accounts of the Bank for the year ended December 31, 2022 together with the Auditors' and Directors' Report and Chairman's Review thereon.
3. To appoint Auditors of the Bank for the year ending December 31, 2023 and to fix their remuneration. KPMG Taseer Hadi & Co., Chartered Accountants, offer themselves for appointment as auditors for the year ending December 31, 2023.
4. To approve, as recommended by the Board of Directors, the payment of Cash Dividend of Rupee 1 per share i.e. 10% for the year ended December 31, 2022.

SPECIAL BUSINESS

5. To approve the revised Remuneration of Board of Directors' & Members of the Board Committees Policy as required by SBP in BPRD Circular No. 03 of 2019 dated August 17, 2019.

ANY OTHER BUSINESS

6. To transact any other business with the permission of Chair.

By order of the Board



Muhammad Shoab
Company Secretary

Dated: March 09, 2023

STATEMENT OF MATERIAL FACTS PURSUANT TO SECTION 134 (3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning Special Business Item No. 5 of the notice to be transacted at the Annual General Meeting dated March 30, 2023:

The Board of Directors in their meeting held on March 01, 2023 has approved the increase in the remuneration of board members / members of committees of the Board. [The decision to increase the remuneration has been made to compensate for the time and efforts required to discharge director's obligations and to value their skills and expertise in managing the affairs of the Board and Board's Committees.]

The Board has approved the increase in the remuneration of Non-Executive Directors and Independent Directors from Rs 200,000 to Rs 400,000 for attending BoD meetings in their meeting held on March 1, 2023. The Board has also approved increase in the remuneration of Non-Executive Directors and Independent Directors from Rs 100,000 to Rs 200,000 for attending BoD committee meetings.

The Remuneration Policy for the Board of Directors & Members of the Board Committee ("Remuneration Policy") (as was earlier approved by the shareholders in the Bank's Extra Ordinary General Meeting held on February 11, 2021) shall therefore stand revised and superseded accordingly and the revised Remuneration Policy is attached hereto as "Annexure A". Except as expressly provided herein, no other provision of the Remuneration Policy stands amended.

The Chairman, Independent Directors and Non-Executive Directors are interested in the Special Business to the extent of the proposed increase in remuneration of the Chairman, Independent Directors and Non-Executive Directors as stipulated in the attached Annexure "A". Other than that the Directors have no interest in the Special Business.

Notes:

1. The Members' Register will remain closed from March 24, 2023 to March 30, 2023 (both days inclusive).
2. A member eligible to attend and vote at this meeting may appoint proxy to attend and vote in the meeting.
3. Proxies in order to be effective must be received at the registered office of the Bank not less than 48 hours before the time of the meeting.
4. Central Depository Company of Pakistan Limited ("CDC") Account holders will further have to follow the under mentioned guidelines as laid down by Circular No. 01, dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan:

For Attending the Meeting:

- i. In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card ("CNIC") or original passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

For Appointing Proxies:

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.
 - ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copy of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his/ her original CNIC or passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form of the Bank.
5. Members are requested to promptly notify CDC Share Registrar Services Limited, CDC House,99 – B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 of any change in their address.

6. Availability of Annual Accounts on Bank's Website

As required under Section 223(7) of the Companies Act 2017, audited Financial Statements of the Bank have been uploaded on website of the Bank which can be downloaded from the Bank's website: www.bankislami.com.pk.

7. Transmission of Annual Audited Financial Statements through CD

The Bank, as allowed by SECP Notification No. SRO 470 (I) / 2016 dated May 31, 2016, has circulated the Annual Audited Financial Statements for the year ended December 31, 2022 along with Auditor's report, Directors' reports and Chairman's review etc., to the shareholders through electronic medium i.e. DVD/CD at their registered address instead of transmitting the said annual accounts in hard copies. However, a shareholder may request to the Company Secretary at the Registered Office of the Bank located at 11th Floor, Executive Towers, Dolmen City, Marine Drive, Block-4, Clifton, Karachi to provide hard copy of Annual Audited Accounts instead of DVD/CD and the same will be provided at his / her registered address, free of cost, within one week of the demand. In this regard, a 'Statement Request Form' has been placed on website of the Bank for shareholders to communicate the need of hard copies of the Annual Audited Accounts instead of sending the same through DVD/CD. A shareholder may also prefer to receive hard copies of all future Annual Audited Accounts.

8. Conversion of physical share certificate in book entry form and to collect unclaimed physical shares

With reference to the provisions of Section 72 of the Companies Act, 2017, Securities and Exchange Commission of Pakistan, through its letter No. CSD/ED/MISC/2016-639-640 dated March 26, 2021, has required listed companies to replace the existing physical shares issued by them into Book Entry Form. In compliance to regulatory requirement, shareholders of BankIslami Pakistan Limited holding physical share certificates are requested to convert their physical shares certificates into Book Entry Form. Shareholders who have not yet collected their unclaimed physical share certificates are requested to collect from Bank's Share Registrar and also convert the certificate(s) in book entry form in compliance to regulatory requirement. Shareholders of Bank may contact their Broker (a PSX member), CDC Participant or CDC Investor Account Services Department of Central Depository Company of Pakistan Limited for assistance in opening CDC Account. The said conversion will benefit to shareholders i.e. readily available share(s) for sale and purchase at better rates; instant credit of entitlements (bonus shares and rights shares); and eliminate the risk of loss of shares, etc.

9. International Bank Account Number (IBAN) of shareholders

Section 242 of the Companies Act 2017 requires that the listed companies shall pay cash dividend only through electronic mode directly into the bank account designated by the shareholders. SECP vide its notification SRO 1145 (I)/2017 has also issued the Companies (Distribution of Dividends) Regulations, 2017 whereby every shareholder shall be responsible to provide valid information pertaining to its designated bank account to disburse any dividend payable in cash only through electronic mode directly into the bank account designated by the entitled shareholders.

In this regards, Bank has already communicated through its letters addressed to the shareholders individually along with newspapers publications requesting to provide the International Bank Accounts Number ("IBAN") designated by the shareholders to receive the cash dividends electronically. Hence, shareholders are requested to fill the required fields of Bank's letter available on website of the Bank: www.bankislami.com.pk and send the same to the Share Registrar and Transfer Agent of the Bank. In case of shares held as book-entry securities, the said information would be required to be provided to Central Depository System ("CDS") through CDS Participants. Please ignore, if the said information has already been provided.

10. Mandatory registration detail of shareholders

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone number, International Bank Account Number (IBAN), etc. to Bank's Share Registrar at their below address immediately to avoid any non-compliance of law or any inconvenience in future.

CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400. Tel. Toll Free 0800-23275, Email: info@cdcsrsl.com, website: www.cdcsrsl.com.

11. Tax implication on Dividend

The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies / banks. These rates are as per law.

To enable the Bank to make tax deduction on the amount of Cash Dividend, all the members whose names are not entered into the Federal Board of Revenue's (FBR), Active Tax-Payers List (ATL), despite the fact that they are tax return filers, are advised to make sure that their names are entered into ATL, before the date of book closure for cash dividend; otherwise, tax on their cash dividend will be deducted as non-filer.

Tax on joint shareholding

All shareholders who hold shares jointly are requested to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Bank's Shares Registrar, in writing as follows:

Folio number / CDS Account number	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (number of Shares)	Name and CNIC No.	Shareholding Proportion (number of Shares).

The required information must reach to Bank's Shares Registrar by the close of business (5:00 p.m.) on March 22, 2023 otherwise it will be assumed that the shares are equally held by principal shareholder and joint holder(s) and tax will be deducted according to the proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No. I(54)Exp/2014-132872-R, dated September 25, 2014.

12. Tax Exemption Certificate

Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide a valid exemption certificate under section 159(1) of the Income Tax Ordinance, 2001 latest by March 22, 2023, to Bank's Share Registrar before the date of Book closure as required vide FBR clarification letter No. I(43)D.G.(W.H.T.)/2008-Vol.II-66417-R dated May 12, 2015.

13. Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source at the rate of 2.5 % of the paid-up value of the share (Rs. 10/- each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981. Shareholder who holds Bank's shares in physical, please deposit their Zakat Declaration on Form CZ-50 with Bank's Share Registrar with mentioning Folio No and Name. Shareholder who holds shares in book entry shall deposit their Zakat declaration on Form CZ-50 with CDC Investor Account Services / CDC Participant / Stock brokers with mentioning CDS Account No. and name of shareholder.

14. Consent for Video Conference Facility

For this Annual General Meeting, under following conditions, Members can also avail video conference facility at Lahore & Islamabad.

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

In this regard, members who wish to participate through video conference facility at Lahore & Islamabad should send a duly signed request as per following format to the registered address of the Bank at least 10 days before the date of general meeting.

I/We, _____ of _____, being a member of BankIslami Pakistan Limited, holder of _____ Ordinary Share(s) as per Registered Folio No. _____ hereby opt for video conference facility at -----

Signature of Member

15. PARTICIPATION IN THE AGM THROUGH VIDEO LINK FACILITY:

In line with the direction issued to listed companies by the Securities and Exchange Commission of Pakistan, vide its Circular No. 4 dated February 15, 2021 and Circular No. 6 dated March 03, 2021, the members / proxy holders who wish to attend the AGM via video link facility, are requested to register themselves.

To attend the AGM through video-conferencing facility, the Members are requested to register themselves by providing the following information through email ID: agm2023@bankislami.com.pk at least forty-eight (48) hours before the AGM.

Name of shareholder	CNIC / NTN No.	Folio No / CDC	Cell Number	Email address

Members will be registered, after necessary verification as per the above requirement and will be provided a video-link by the Bank via email. The login facility will remain open from 10:00 A.M (PST) till the end of AGM.

16. Postal Ballot

Pursuant to Companies (Postal Ballot) Regulations 2018, for the agenda item No. 5 and subject to the requirements of Section 143 and 144 of the Companies Act 2017, members will also be allowed to exercise their right of vote through e-voting or by postal ballot that is voting by post, in accordance with the requirements and procedure contained in the aforesaid regulations.

15- الیکٹرانک ذرائع سے سالانہ اجلاس عام (ای جی ایم) شرکت

سکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان (ایس ای سی پی) کی طرف سے بذریعہ سرکل نمبر 4 of 2021 تاریخ 15 فروری 2021، اور (ایس ای سی پی) سرکل نمبر 6 of 2021 تاریخ 3 مارچ 2021 کو جاری کردہ گائیڈ لائنز کی روشنی میں شیئر ہولڈرز/پراکسی ہولڈرز جو بینک کے سالانہ اجلاس میں شرکت کرنا چاہتے ہیں وہ مندرجہ ذیل اینی میل کے ذریعہ سالانہ اجلاس سے 48 گھنٹے قبل رجسٹریشن کرائیں۔

Email address: agm2023@bankislami.com.pk

نمبر شمار شیئر ہولڈر کا نام شناختی کارڈ نمبر فوٹو نمبر ایسی ڈی سی اکاؤنٹ نمبر فون نمبر ای میل ایڈریس

ممبر کو ضروری تصدیق کے بعد ووٹ پوائنٹ بذریعہ ای میل فراہم کر دیا جائے گا۔

زوم ایپ پر لاگ ان کی سہولت صبح 10:00 بجے (PST) تاریخ 30 مارچ 2023 کو فعال کر دی جائے گی تاکہ شرکتی اجلاس کی کارروائیوں جو صبح 10:15 بجے شروع ہو جائیں گی میں شریک ہو سکیں۔

16- پوسٹل بیلٹ

کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 اور کمپنیز ایکٹ کے سیکشن 143 اور 144 کے مطابق، ممبران کو اجازت ہے کہ وہ اپنا حق رائے دہی بذریعہ ای ووٹنگ یا بذریعہ پوسٹل بیلٹ استعمال کریں جیسا کہ درجہ بالا ریگولیشنز میں بیان کیا گیا ہے۔

مطلوبہ معلومات ہمارے شیئر رجسٹرار کو 22 مارچ 2023 کو کاروباری اوقات کار کے اختتام (5:00 p.m.) تک موصول ہو جانی چاہئیں، بصورت دیگر یہ سمجھا جائے گا کہ مرکزی شیئر ہولڈر اور مشترکہ شیئر ہولڈر (ہولڈرز) شیئر کے مساوی حصہ کے مالک ہیں اور ٹیکس ہر شیئر ہولڈر کے مساوی حصہ کے تناسب سے کاٹا یا بانٹا جائیگا، جیسا کہ FBR نے اپنے وضاحتی لیٹر نمبر 1(54)Exp/2014-132872-R کے تحت 25 ستمبر 2014 میں واضح کیا ہے۔

12- ٹیکس سے استثناء کا سرٹیفکیٹ

آئٹم ٹیکس آرڈیننس 2021 کے سیکشن 17(ب) کی تحت ٹیکس کی کوٹھی سے مستثنیٰ ہونے کا دعوہ کرنے والے شیئر ہولڈر سے درخواست ہے کہ آئٹم ٹیکس آرڈیننس 2001 کے سیکشن 159(1) کی تحت ٹیکس سے استثناء کا فعال سرٹیفکیٹ کمپنیاں کی بندش یعنی 22 مارچ 2023 سے قبل ہمارے شیئر رجسٹرار کو جمع کروائیں، جیسا کہ FBR کے توضیحی لیٹر نمبر 1(43)D.G.(W.H.T.)/2008-Vol.II-86417-R مورخہ 12 مئی 2015 کے مطابق درکار ہے۔

13- زکوٰۃ ڈیکلریشن (CZ-50)

شیئرز کی ادا شدہ قیمت (10/- روپے پر) 2.5% کی شرح سے منافع کے متابع سے زکوٰۃ کاٹی جانے کی اور مزید مدت کے اندر حلقہ اقتاری کے پاس جمع کرائی جانے لگی۔ استثناء کا دعویٰ کرنے کی صورت میں، براہ کرم زکوٰۃ اور مشترکہ آرڈیننس 1980 اور زکوٰۃ (کوٹھی اور رقم کی واپسی) ریولر 1981 کے قاعدہ 4 کے تحت اپنے زکوٰۃ کے اعلانات جمع کروائیں۔ وہ شیئر ہولڈر جس کے پاس بینک کے شیئرز فونیکل ہیں، براہ کرم اپنی زکوٰۃ ڈیکلریشن فارم CZ-50 پر بینک کے شیئر رجسٹرار کے پاس جمع کرائیں جس میں فونیکل نمبر، اور شیئر ہولڈر کا نام درج ہے، ایک انٹری میں شیئر ڈرکنے والے شیئر ہولڈر کو اپنی زکوٰۃ کا اعلان فارم CZ-50 / CDC Investor Account Services / CDC Participant / Stock Broker / CDC Account نمبر اور شیئر ہولڈر کا نام درج ہو۔

14- ویڈیو کانفرنس کی سہولت کیلئے رضامندی

سالانہ اجلاس عام کے لیے متحدہ ذیل شرائط پر اراکین لاہور اور اسلام آباد میں ویڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں۔ آریٹیک دس فیصد سے زائد شیئرز رکھنے والے ذکن کی طرف سے اجلاس سے دس روز قبل ویڈیو کانفرنس کے ذریعے شرکت کی درخواست موصول کرتا ہے تو اس صورت میں بینک مذکورہ شہر میں ویڈیو کانفرنس کی سہولت کا بندوبست کرے گا جو اس شہر میں سہولت کی دستیابی سے مشروط ہوگا۔

کئی اجلاس شروع ہونے سے پانچ دن قبل ویڈیو کانفرنس کے مقام سے متعلق اراکین کو آگاہ کرے گی اور عمل تفسیلات فراہم کرے گی۔ اس ضمن میں وہ اراکین جو ویڈیو کانفرنس کی سہولت کے ذریعے لاہور اور اسلام آباد میں شرکت کے خواہشمند ہیں وہ اجلاس سے کم سے کم دس روز قبل بینک کے رجسٹرار پر متحدہ ذیل درخواست ارسال کریں گے۔

میں ام _____ بینک اسلامی پاکستان لینڈ کے ذکن ہیں۔ رجسٹرڈ فونیکل نمبر _____ کے مطابق۔ عمومی شیئر ڈرکنے ہیں اور مذکورہ _____ شہر میں ویڈیو کانفرنس کی سہولت کے حصول کیلئے آدگی ظاہر کرتا / کرتے ہیں کا انتخاب کرتے ہیں۔

دستخط ذکن

8۔ فونیکل صیرزی کی بیک انٹری کی شکل میں جعلی اور غیر دھوی شدہ (unclaimed) حصص کی وصولی۔

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے دفعات کے حوالے سے، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے خط نمبر CSD/ED/MISC/2016-639-640 کے ذریعے مورخہ 26 مارچ 2021 کو لٹڈ کمپنیز کو اپنے فونیکل حصص کو بیک انٹری فارم کی شکل میں تبدیل کرنے کی ہدایات جاری کی ہیں۔ مندرجہ بالا ریگولیشنز کی ضرورت کی تعمیل میں، بینک اسلامی پاکستان لمیٹڈ کے فونیکل حصص کے سرٹیفکیٹ رکھنے والے شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے فونیکل حصص کے سرٹیفکیٹ کو بیک انٹری فارم میں تبدیل کریں۔ شیئرز ہولڈرز جنہوں نے ابھی تک اپنے فونیکل حصص کے سرٹیفکیٹ وصول نہیں کئے ہیں (unclaimed) ان سے درخواست کی جاتی ہے کہ وہ بینک کے صیغہ رجسٹرار سے رابطہ کریں اور ریگولیشنز کی ضرورت کی تعمیل میں فونیکل حصص کو بیک انٹری فارم کی شکل میں تبدیل کریں۔ بینک کے شیئرز ہولڈرز سی ڈی ای اکاؤنٹ کھولنے میں مدد کے لیے اپنے بروکر (بی ایس ایس ایس ممبر) سی ڈی ای پارٹی سچٹ پاسی ڈی ای انویسٹرا کاؤنٹ سرورس، ہینڈل ڈپازٹری کٹھی آف پاکستان لمیٹڈ کے سیکشن سے رابطہ کر سکتے ہیں۔ مذکورہ بالا باتوں سے شیئرز ہولڈرز کو فائدہ ہوگا۔ یعنی بہتر قیمتوں پر فروخت اور خریداری کے لیے آسانی سے دستیاب حصص، حقداروں کا فوری استحقاق (پولس حصص اور حقوق حصص)، اور حصص وغیرہ کے گم ہونے کے خطرے کو ختم کریں۔

9۔ شیئرز ہولڈرز کے مختلف بینک کے IBAN کی فراہمی۔

کمپنیز ایکٹ 2017 کے سیکشن 242 کے مطابق یہ لازمی ہے کہ نقد ادائیگی کے لیے منافع کو صرف الیکٹرانک طریقہ کار سے براہ راست مختلف شیئرز ہولڈرز کے حصص کردہ بینک اکاؤنٹ میں جھلکا گیا جائے گا۔ ایس ای سی پی نے اپنے نوٹیفیکیشن SRO 1145(1)/2017 کے ذریعے کمپنیز (ڈسٹری بیوشن آف ڈیویڈنڈز) قواعد و ضوابط 2017 جاری کئے ہیں اس ضمن میں یہ تمام شیئرز ہولڈرز کی ذمہ داری ہے کہ وہ اپنے بینک اکاؤنٹ کی مختلف تفصیلات فراہم کریں۔ نقد میں ادائیگی کے لیے منافع کی الیکٹرانک طریقہ کار سے جھلکا کیے۔ اس ضمن میں بینک نے اپنے ایگزیکٹو کے ذریعے شیئرز ہولڈرز کو فریڈا اور اخبارات کے ذریعے آگاہ کر دیا ہے کہ تمام شیئرز ہولڈرز نقد منافع کو الیکٹرانک طریقہ کار سے حاصل کرنے کیلئے اپنے مختلف بینک کا IBAN فراہم کریں۔ اس لیے شیئرز ہولڈرز سے درخواست ہے کہ بینک کی ویب سائٹ www.bankislami.com.pk پر دستیاب بینک کے ایگزیکٹو سے رابطہ کر کے بینک کے فنانس ایگزیکٹو کو بھیجیں۔ اگر شیئرز بیک انٹری فارم میں ہیں تو یہ تفصیلات سی ڈی ای کو پارٹنر سچٹ کے توسط سے فراہم کی جائیں۔ شیئرز ہولڈرز جنہوں نے یہ تفصیلات فراہم کر دی ہیں وہ اس درخواست کو نظر انداز کر دیں۔

10۔ شیئرز ہولڈرز کی لازمی رجسٹریشن کی تفصیلات۔

کمپنیز ایکٹ 2017 کے سیکشن 119 کے مطابق اور کمپنیز (جنرل پروویژن اور قواعد) ریگولیشن 2018 کے ریگولیشن 19 کے مطابق تمام فونیکل شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ لازمی معلومات جیسا کہ CNIC (قومی شناختی کارڈ نمبر)، میٹنگ ایڈریس، e-mail ایڈریس، mobile نمبر، telephone نمبر، انٹرنیشنل بینک اکاؤنٹ IBAN نمبر وغیرہ بینک کے شیئرز رجسٹرار کو درج ذیل ایڈریس پر فوری طور پر فراہم کریں۔ "ابھی تک فراہم نہیں کئے ہیں" اور قانون کی عدم تعمیل یا مستثنیٰ میں کسی بھی قسم کی تکلیف سے بچیں۔

سی ڈی ای شیئرز رجسٹرار سرورس لمیٹڈ، سی ڈی ای ہاؤس، 99، بلاک ٹی، ایس ایچ ایس، مین شاہراہ فیصل، کراچی۔ 74400۔ فون: ٹول فری 0800-23275

email: info@cdcsrsl.com Website: cdcsrsl.com

11۔ ڈیویڈنڈ پرنٹس کا آغاز

حکومت پاکستان نے اگست 2001 کے سیکشن 150 میں متحدہ ڈائریکٹوریٹ میں جن کے ذریعے بینک اکٹھی کی جانب سے ادا کئے جانے والے ڈیویڈنڈ پرنٹس کو قوتی کی مختلف شرح مقرر کی گئی ہیں۔ یہ شرح قانون کے مطابق ہیں۔

بینک کو نقد ڈیویڈنڈ کی رقم پرنٹس کی کٹوتی کا اہل بنانے کے لیے تمام شیئرز ہولڈرز جن کے نام فیڈرل بورڈ آف ریونیو کی ایکٹیوٹیکس ریٹرنز (ATL) میں موجود نہیں، اگرچہ وہ ٹیکس ریٹرن فائلر ہیں، ان سے درخواست ہے کہ پرنٹس ڈیویڈنڈ کے لئے کھاتوں کی بندش سے قبل ATL میں اپنے ناموں کی شمولیت یقینی بنائیں، بصورت دیگر ان کے نقد ڈیویڈنڈ سے ٹیکس کی کٹوتی بطور نان فائلر کر لی جائے گی۔

مشترکہ شیئرز ہولڈنگ پرنٹس

ایسے تمام شیئرز ہولڈرز جو مشترکہ ملکیت رکھتے ہیں ان سے گزارش ہے کہ اپنی ملکیت میں موجود شیئرز کی مناسبت سے مرکزی شیئرز ہولڈر اور مشترکہ شیئرز ہولڈرز (ہولڈرز) کی اپنی شیئرز ہولڈنگ کی تفصیل درج ذیل کے مطابق تحریری شکل میں ہمارے شیئرز رجسٹرار کو فراہم کریں:

فونڈ ای سی ڈی ایس اکاؤنٹ نمبر	کل شیئرز	نام اور CNIC نمبر شیئرز ہولڈنگ کا حساب (شیئرز کی تعداد)	نام اور CNIC نمبر شیئرز ہولڈنگ کا حساب (شیئرز کی تعداد)	جماعت شیئرز ہولڈرز

نوٹس

- 1- اراکین کا رجسٹر 24 مارچ 2023ء سے 30 مارچ 2023ء تک (بشمول ووٹوں الیام) بند رہے گا۔
- 2- اجلاس میں شریک ہونے اور ووٹ دینے کا حقدار کوئی بھی رکن اجلاس میں حاضر ہونے اور ووٹ دینے کے لیے اپنا ایک پراکسی مقرر کر سکتا ہے۔
- 3- پراکسی کا تقرر نامہ اجلاس کے انعقاد سے کم از کم اتالیس (48) گھنٹے پہلے بینک کے رجسٹرڈ آفس کو موصول ہونا چاہیے۔
- 4- مرکزی ڈیپازٹری کھٹی آف پاکستان ("سی ڈی سی") کے کھاتہ داروں کو نیوکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکولر نمبر 1، تاریخ 28 جنوری، 2000ء میں دی گئی گائیڈ لائنز کی تعمیل کرنی ہوگی۔

اجلاس میں شریک کیلئے

- 1- انفرادی صورت میں کھاتہ دار یا ذیلی کھاتہ دار یا وہ شخص جس کی گروپ کھاتہ میں بیکورڈ جمع ہوں اور اس کی رجسٹریشن کی تفصیلات شرائط کے مطابق اپ لوڈ کی گئی ہوں، کی اجلاس کے وقت شہادت اصل کیپیوٹر اڈورسز قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ سے تصدیق کی جائے گی۔
- ii- کارپوریٹ ادارہ ہونے کی صورت میں ہیرو ڈ آف ڈائریکٹری قرار داد اختیار نامہ دستخط کے نمونے (اگر پہلے فراہم نہیں کی گئی ہیں) اجلاس کے وقت فراہم کئے جائیں گے۔

پراکسی کی تقرری کیلئے

- 1- انفرادی صورت میں کھاتہ دار یا ذیلی کھاتہ دار یا وہ شخص جس کی گروپ کھاتہ میں بیکورڈ جمع ہوں اور اس کی رجسٹریشن کی تفصیلات شرائط کے مطابق اپ لوڈ کی گئی ہوں، نمائندے کی نامزدگی کا فارم اوپر بیان کردہ لوازمات کے مطابق جمع کرائے گا۔
- ii- نمائندے کی نامزدگی کے فارم پر دو افراد کی گواہی لازمی ہے جن کے نام، پتہ اور شناختی کارڈ نمبر فارم پر لازمی درج ہونا چاہیے۔
- iii- نجی فیصل اوزر اور پراکسی کی تصدیق شدہ قومی شناختی کارڈ/سارٹ کارڈ یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ہمراہ جمع کرائی جائیں گی۔
- iv- پراکسی اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ پیش کرے گا۔
- v- کارپوریٹ ادارہ کی صورت میں ہیرو ڈ آف ڈائریکٹری قرار داد اختیار نامہ نمونہ دستخط بینک کے پراکسی فارم کے ہمراہ جمع کرائی جائے گی۔
- 5- شیئر ہولڈرز سے درخواست ہے کہ اپنے رجسٹرڈ آفس کے پتے میں کسی تبدیلی کے متعلق کھٹی کے شیئرز رجسٹری ڈی وی سی شیئرز رجسٹر اور سرولیفٹ ڈی وی سی ہاؤس، 99 بی، بلاک ٹی، ایس ایم سی سٹیٹس، ایس، بین شاہراہ فیصل، کراچی۔ 74400 کو بروقت مطلع کریں۔
- 6- سالانہ حسابات کی ویب سائٹ پر دستیابی۔

گھنیز ایکٹ 2017 کے سیکشن 223(7) کے قاضوں کے تحت بینک کے سالانہ مالیاتی حسابات بینک کی ویب سائٹ پر جاری کروئے گئے ہیں جو بینک کی ویب سائٹ www.bankislami.com.pk سے ڈاؤن لوڈ کئے جاسکتے ہیں۔

7- آڈٹ شدہ مالیاتی حسابات کی بذریعہ سی ڈی ٹریسل

SECP Notification SRO No.470(IV)/2016 dated 31-05-2016 کے تحت دی گئی اجازت کے تحت بینک نے 31 دسمبر، 2022 کو ختم ہونے والے سال کیلئے سالانہ آڈٹ شدہ مالیاتی گوشوارے، آڈٹ رپورٹ، ڈائریکٹر جاتہ رپورٹ، چٹرمین کی جاتہ رپورٹ وغیرہ (سالانہ رپورٹ) شیئر ہولڈرز کو الیکٹرانک ذرائع یعنی ڈی وی ڈی ایس ڈی کے ذریعے ان کے رجسٹرڈ پتے پر ارسال کر دی ہے۔ تاہم ایک شیئر ہولڈر ڈی وی ڈی ایس ڈی کی بجائے پرنٹڈ کاپی کے حصول کے لیے کھٹی بکری کو بینک کے رجسٹرڈ آفس واقع 11th فلور، ایگزیکٹو ٹاور، ڈولن سٹی، میرین ڈرائیو، بلاک چارنگٹن، کراچی پر درخواست ارسال کر سکتا ہے۔ شیئر ہولڈر کو یہ کاپی مفت میں اس کے پتے پر ایک ہفتے کے اندر ارسال کر دی جائے گی۔ سالانہ آڈٹ شدہ کھاتوں کی پرنٹڈ کاپیوں کے حصول کیلئے "ریکوسٹ فارم" بینک کی ویب سائٹ پر رکھ دیا گیا ہے۔

اطلاع برائے سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ مندرجہ ذیل امور کی انجام دہی کے لیے بینک اسلامی پاکستان لمیٹڈ ("دی بینک") کا 19 مارچ سالانہ اجلاس عام جمعرات 30 مارچ 2023 صبح 10:15 بجے بمقام ڈیوہ ہل، پھول کالونی، کراچی، کلب روڈ، کراچی میں منعقد ہوگا۔

عمومی امور

- 1- 10 اکتوبر 2022 کو بینک کے مندرجہ ذیل معمولی اجلاس عام کی کارروائیوں کی توثیق۔
- 2- 31 دسمبر، 2022 کو اختتام پذیر مالی سال کے لیے کچھ نئے سالانہ آڈٹ شدہ مالیاتی کمپوزس اور بینک کے کنسولیدٹڈ آڈٹ شدہ اکاؤنٹس معہ جتنی جتنی جائزہ رپورٹ، ڈائریکٹرز رپورٹ اور آڈیٹرز رپورٹ پر غور اور منظوری۔
- 3- 31 دسمبر، 2023 کو ختم ہونے والے مالی سال کے لیے آڈیٹرز کی تقرری اور ان کے معاوضے کا تہمین۔ آڈیٹرز KPMG شری ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنا پر 31 دسمبر، 2023 کو ختم ہونے والے مالی سال کے لیے خود کو تقرری کیلئے پیش کیا ہے۔
- 4- 31 دسمبر، 2022 کو اختتام پذیر مالی سال کیلئے بورڈ آف ڈائریکٹرز کی سفارش کے مطابق نقد ڈیویڈنڈ پر حساب 1 روپیہ فی حصص یعنی 10% فی صد کی ادائیگی پر غور اور رموزوں کے جانے پر منظوری۔

خصوصی امور

- 5- بی بی آرڈی کے 2019ء کے سرگرمیوں 3 مورچہ 17 اگست 2019ء میں ایس بی بی کو رکارڈ بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کے ممبران کے لئے نظر ثانی شدہ معاوضہ کی پالیسی کی منظوری۔
- 6- جی جی جی کی اجازت سے دیگر امور پر غور و خوش کرتا۔

بھگم پورڈ



موسیب

کمپنی سیکریٹری

تاریخ: 09 مارچ 2023

کمپنیز ایکٹ 2017 کے سیکشن (3) 134 کے تحت اداری حقیقت کا بیان

یہ بیان 30 مارچ، 2023 کو منعقد ہونے والے بینک کے سالانہ اجلاس عام میں انجام دے جانے والے خصوصی امور سے جو کہ اپریل 5ء سے 11 مارچ 2023ء تک جاری رہے ہیں ان سے متعلق وضاحتی بیان کا احاطہ کرتا ہے۔ بورڈ آف ڈائریکٹرز نے اپنے 101 مارچ، 2023 کو منعقد ہونے والے اجلاس میں بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کے ممبران کے معاوضہ میں اضافہ کی منظوری دی ہے۔ معاوضہ میں اضافہ کا فیصلہ ڈائریکٹرز کی ذمہ داریوں کو نبھانے کے لیے درکار وقت اور کوششوں کی طمانی اور پورڈ اور پورڈ کمیٹیوں کے معاملات کو سنبھالنے میں ان کی مہارت کی قدر کرنے کے لیے کیا گیا ہے۔

بورڈ نے اپنے 101 مارچ، 2023 کو منعقد ہونے والے اجلاس میں بورڈ آف ڈائریکٹرز کے اجلاس میں شرکت کے لئے خود بخود ڈائریکٹرز اور ان ایگزیکٹو ڈائریکٹرز کے معاوضہ کو 2 لاکھ روپے سے بڑھا کر 4 لاکھ روپے کی بھی منظوری دی ہے۔ مزید یہ کہ بورڈ نے اپنے 101 مارچ، 2023 کو منعقد ہونے والے اجلاس میں ڈائریکٹرز کی کمیٹیوں کے اجلاسوں میں شرکت کے لئے بورڈ آف ڈائریکٹرز کی کمیٹیوں کے ارکان کیلئے بھی معاوضہ 1 لاکھ روپے سے بڑھا کر 2 لاکھ روپے کرنے کی منظوری دی ہے۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کے ارکان کے معاوضہ کی پالیسی ("معاوضہ پالیسی") بینک کے ممبر ہولڈرز نے بینک کے غیر معمولی اجلاس عام جو کہ فروری 11، 2021 کو منعقد ہوا تھا میں منظوری دی تھی، لہذا معاوضہ پالیسی کی اس کے مطابق نظر ثانی کی جانے لگی اور نظر ثانی شدہ پالیسی اس کی جگہ لے لی گئی جو یہاں منسلک ہے جسے "A" کے ساتھ سوائے معاوضہ کے جو کہ جسے "A" میں دیا گیا ہے اس پالیسی کی کوئی دوسری قسم میں ترمیم نہیں کی گئی ہے۔

جی جی جی، خود بخود ڈائریکٹرز، ان ایگزیکٹو ڈائریکٹرز، بورڈ آف ڈائریکٹرز، ان ایگزیکٹو ڈائریکٹرز کے معاوضہ میں اضافہ جو یہ کیا گیا ہے جیسا کہ منسلک پالیسی کے جسے "A" میں بیان کیا گیا ہے۔ اس کے علاوہ جی جی جی اور ڈائریکٹرز کو خصوصی کاروبار میں کوئی دلچسپی نہیں ہے۔



BankIslami

**REMUNERATION POLICY FOR THE BOARD OF DIRECTORS
& MEMBERS OF THE BOARD COMMITTEES**

Revised on March 01, 2023

1. Purpose

- 1.1 The State Bank of Pakistan, as annexure to BPRD Circular No. 1 of 2017 issued “Revised Guidelines on Remuneration Practices” (the “**Guidelines**”) and BPRD Circular No. 3 of 2019 (the “**Circular**”) making amendment in Prudential Regulations G-1. The Guidelines require that the Board of Directors should constitute a Board Remuneration Committee (the “**BRC**”) consisting of non-executive directors preferably independent directors in majority and the Circular requires that the BRC shall formulate a comprehensive and transparent remuneration policy for the Chairman and other Directors.

After due deliberations the BRC has formulated the Remuneration Policy for the Board Of Directors (“**Board Remuneration Policy**” or the “**Policy**”) in accordance with the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Guidelines and the Circular.

- 1.2 As per SBP’s requirements, the Policy is formulated by the BRC and approved by the Board of Directors. The Policy will be approved by the shareholders of the Bank on pre or post facto basis in the general meeting of the Bank.
- 1.3 The remuneration amounts set out in this Policy shall apply to the meetings of the Board and its Committees held after the date on which this Policy is approved by the shareholders of the Bank.
- 1.4 The Policy will supersede the previous Policy for Fixing Remuneration of Directors for attending Board of Directors Meeting approved in the 96th meeting of the Board held on February 27, 2020.
- 1.5 The Policy is devised to ensure transparency and fairness as per the Guidelines. The purpose of the Policy is to set out the guidelines for determination of remuneration of the Board of Directors of BankIslami Pakistan Limited (hereinafter referred to as ‘**Bank**’), for attending Board and its Committees Meetings as per Companies Act 2017, Article of Association of the Bank, State Bank of Pakistan (SBP)’s Prudential Regulations (For Corporate and Commercial Banking) and SBP’s Instructions / Circulars issued from time to time.

2. SCOPE

- 2.1 The Policy applies to all members of the Board, who are entitled to remuneration for attending Board and its Committee’s meeting. The Policy sets out the remuneration of the Board of Directors, including the Chairman, excluding Chief Executive Officer, for attending meetings of the Board and its Committee and any extra services performed by a Director including holding the office of the Chairman of the Board or any of its Committee.

3 RESPONSIBILITIES, DUTIES AND POWERS OF THE BOARD OF DIRECTORS

- 3.1 The Board shall discharge its responsibilities and exercise its powers as prescribed in the Prudential Regulations of State Bank of Pakistan, Listed Companies (Code of Corporate Governance) Regulations, 2019, the Companies Act, 2017 and in any other regulations, instructions, circular, notifications, directives issued by SBP, Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange from time to time.
- 3.2 The Board shall ensure that the Bank undertake its commercial business activities within the approved scope given in: (i) Memorandum of Association; (ii) Banking License granted by State Bank of Pakistan; (iii) related regulatory instructions issued from time to time through Code of Corporation Governance (CCG), Prudential Regulations, Act, Ordinance and any other laws; and (iv) ensure compliance as per regulatory instructions issued by the regulators in their circulars, notifications, directives concerning with the operations of the Bank.

- 3.3 The Board is responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies and other necessary policies. The Board shall review overall business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic internal controls to safeguard assets, resources, reputation and interest of the company and shareholders.
- 3.4 The Board shall review performance of the Bank while approving financial statements of the Bank as required under the law i.e. quarterly / half yearly / annually. Further the Board shall also oversee and approve annual Budget of the Bank, review and approve strategic plan of the Bank and decide future strategy to conduct business of the Bank.
- 3.5 The Board shall also formulate Committees of the Board as per regulatory requirements for deliberation on key matters and to review their recommendations and grant approval on various matters concerning with the operations of the Bank as required by law.
- 3.6 The BRC shall review the Policy in its entirety from time to time, at least once every three (03) years or as and when any regulatory requirement is issued contrary to this Policy.

4 PERFORMANCE OF THE DIRECTORS AND THEIR EVALUATION

- 4.1 In compliance to SBP requirement, the Bank has put in place mechanism of the Evaluation of the Overall Board, individual Board members, Independent Directors, Chairman, CEO and Committees of the Board in accordance with the Performance Evaluation Mechanism as per the Guidelines on Performance Evaluation of Board of Directors, annexure to BPRD Circular 11 of 2016.
- 4.2 The Board shall ensure that as per SBP requirement evaluation of the overall Board, individual Board members, Chairman and Committees of the Board to be carried out annually and once in every three years the said evaluation process to be carried out by an external evaluator. This process will serve the purpose of evaluation of the Directors for their conduct according to the scope of their responsibilities and scale of remuneration.
- 4.3 After evaluation on the basis of evaluation rating received, the Chairman of Board shall brief results of the evaluation in the Board meeting and will identify weakness and improvement areas, if any determined, to the Directors. The underperforming Director(s), if any, determined through evaluation process shall be guided by the Chairman for his/her future performance. Further, the remuneration to such under-performing Directors will be prospectively paid at a reduced rate specified in this Policy.

5 REMUNERATION FOR ATTENDING BOARD MEETING AND MEETING OF THE COMMITTEES OF THE BOARD

- 5.1 The remuneration for the Board of Directors for attending meeting of the Board or its Committee will be fixed in Pak Rupees only.
- 5.2 Remuneration to a foreign national Director can be paid in foreign currency equivalent to his/her remuneration in Pak Rupees.
- 5.3 No remuneration shall be paid for attending general meeting(s) or any other business meeting(s) of Bank.
- 5.4 The Board may fix remuneration of category of Directors including Chairman of the Board as per their level of responsibilities. The administrative expenses pertaining to the office, staff and security allocated to the Chairman of the Board should be determined rationally.

- 5.5 The Board may fix additional remuneration of a Director for performing extra services including holding of the office of Chairman up to 20% of the remuneration set for him/her with proper justification.
- 5.6 The Bank shall pay / reimburse all reasonable actual expenses related to travelling, boarding and lodging of Directors incurred for the purpose of attending the Board, Committees and general meetings. The entitlement of Chief Executive Officer as per Bank's Policy shall be considered as benchmark parameter for determining reasonableness of these expenses. Any additional costs shall be bore by concerned director.
- 5.7 The Directors will not be entitled for any additional payments or perquisites except mentioned in this Policy.
- 5.8 No remuneration under this Policy shall be paid to the Executive Director(s) of the Bank except usual TA/DA as per the Bank standard rules and regulations.
- 5.9 Remuneration fixed by the Board under this Policy will be set out in Annexure "A" from time to time and will be approved by the shareholders in the general meeting of the Bank on pre or post facto basis.
- 5.10 A Director may at his/her discretion waive the remuneration for attending all or any meeting(s). Such Director may also request the Bank to pay an amount equivalent to his/her waived remuneration to a charitable organization of his/her choice.
- 5.11 SBP vide BPRD Circular 3 of 2019 has fixed the maximum limits of Remuneration for Board / Committee meeting as under:

Banks which have above Rs.500 billion Assets size or above Rs. 1 billion after tax profit (as per last audited annual accounts) up to Rs.800,000 and for other banks up to Rs.500,000.

The SBP has authorized the banks to determine their own maximum remuneration limits for their board members including Chairman, taking into consideration the level of responsibility and expertise of the concerned directors. Our Bank proposes fee as per Annexure "A" hereto, which is within the maximum limit fixed by SBP. The additional payment for extra services by directors / Chairman shall be 20% of the limit fixed by the Bank.

6 CONSULTANCY WORK

- 6.1 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 / she individually and/or in concert with other Directors of the Bank, holds substantial interest.

7 DISCLOSURES REQUIREMENTS

- 7.1 Bank will disclose in its annual financial statements the remuneration and other benefits / facilities provided to the Board of Directors.
- 7.2 Additional Disclosure on Governance and Remuneration, as per tables forming part of the Guidelines, shall be provided with annual financial statements including information relating to Membership on Boards/Shariah Boards.

REMUNERATION OF BOARD MEMBERS / MEMBERS OF THE COMMITTEE OF THE BOARD		
Category	Existing Remuneration for attending a Meeting	Amended Remuneration for attending a Meeting
Chairman of the Board	Additional amount equivalent to 20% of his/her entitled fee as director. <u>Justification:</u> This additional fee is payable as the Chairman of the Board is responsible for setting the agenda & managing proceedings of the meeting of the Board and other allied functions.	No change
Independent Director	Rs.200,000 for attending each Board meeting. Rs.100,000 for attending each Committee meeting.	Rs.400,000 for attending each Board meeting. Rs.200,000 for attending each Committee meeting.
Non-Executive Director	Rs.200,000 for attending each Board meeting. Rs.100,000 for attending each Committee meeting.	Rs.400,000 for attending each Board meeting. Rs.200,000 for attending each Committee meeting.
Underperforming Directors	Amount as determined by the Board on the basis of result of annual evaluation process.	No change

Correspondent Banking Network

COUNTRY	NAME OF BANK
AUSTRALIA	JPMorgan Chase Bank, N.A.
AUSTRIA	Oberbank AG Raiffeisenlandesbank Oberoesterreich Aktiengesellschaft
BAHRAIN	Al Baraka Islamic Bank Bank Al Habib Limited JS Bank Limited National Bank of Pakistan
BANGLADESH	Bank Alfalah Limited Bank Asia Limited Eastern Bank Limited Habib Bank Limited Standard Bank Limited
BELARUS	Belarusbank
BELGIUM	Belfius Bank SA/NV Habib Bank Limited KBC Bank NV
BULGARIA	DSK Bank
CANADA	Habib Canadian Bank
CHINA	Agricultural Bank of China, The Bank of China Bank of Dalian Bank of Deyang Bank of Jiangsu Company Limited Bank of Ruifeng Changshu Rural Commercial Bank China Everbright Bank Dongying City Commercial Bank Co., Ltd Dongying Guangdong Nanhai Rural Commercial Bank Company Limited Habib Bank Limited Harbin Bank Hua Xia Bank Industrial and Commercial Bank of China Jiyangsu Jiyangyin Rural Commercial Bank JPMorgan Chase Bank (China) Company Limited Mizuho Bank (China) Limited Nanyang Commercial Bank Qingdao Rural Commercial Bank Limited Rural Commercial Bank of Zhangjiagang Shengjing Bank Company Limited Taicang Rural Commercial Bank The Export-Import Bank of China Zhejiang Xiaoshan Rural Cooperative Bank Zhongshan Rural Commercial Bank Company Limited

COUNTRY	NAME OF BANK
CZECH REPUBLIC	Ceska Sporitelna A.S. Citibank Europe Plc Unicredit Bank Czech Republic,A.S.
DENMARK	Danske Bank A/S
DJIBOUTI	Banque Pour Le Commerce Et L'industrie - Mer Rouge
EGYPT	Commercial International Bank Export Development Bank of Egypt Mashreqbank PSC
FINLAND	Danske Bank Sampo Bank
FRANCE	Banque Fédérative du Crédit Mutuel Habib Bank Limited National Bank of Pakistan Union De Banques Arabes Et Francaises
GERMANY	J.P.Morgan AG Landesbank Hessen-Thuringen Girozentrale National Bank of Pakistan Unicredit Bank AG
GREECE	EFG Eurobank Ergasias S.A.
HONG KONG	Bank of America, N.A Habib Finance International Limited Habib Bank AG Zurich Hong Kong Limited JPMorgan Chase Bank N.A. National Bank of Pakistan
INDIA	Axis Bank Limited Mashreqbank PSC Punjab National Bank JPMorgan Chase Bank Tamilnad Mercantile Bank Limited
INDONESIA	JPMorgan Chase Bank N.A. PT. Bank Mandiri PT. Bank Mayapada International PT. Bank Mayora PT. Bank Syariah Muamalat Indonesia
IRELAND	Citibank Europe Plc
ITALY	Banca Monte Dei Paschi Di Siena S.P.A. Banca Popolare Di Bari Spa Banca Popolare Di Sondrio Banca Ubae Spa Banca Valsabbina S.C.P.A. Banco Popolare Soc. Coop Bper Banca Spa

COUNTRY	NAME OF BANK
JAPAN	JPMorgan Chase Bank N.A. Korea Exchange Bank National Bank of Pakistan Union De Banques Arabes Et Francaises
KENYA	Habib Bank AG Zurich Kenya Commercial Bank Limited
KOREA	Busan Bank JPMorgan Chase Bank N.A. Kookmin Bank Korea Exchange Bank National Bank of Pakistan Woori Bank
KUWAIT	Commercial Bank of Kuwait Sak,The
LEBANON	Habib Bank Limited
LUXEMBOURG	Danske Bank International S.A.
MALAYSIA	Bank Muamalat Malaysia Berhad JPMorgan Chase Bank Berhad
MAURITIUS	Habib Bank Limited
NEPAL	Himalayan Bank Limited
NIGERIA	Bank PHB PLC
NORWAY	Fokus Bank
OMAN	Habib Bank Oman
PAKISTAN	Albaraka Bank (Pakistan) Limited Allied Bank Limited Askaribank Limited Bank Al Habib Limited Bank Alfalah Limited Bank of China Limited Bank of Khyber, The Bank of Punjab, The Dubai Islamic Bank Pakistan Limited Faysal Bank Limited First Women Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited Industrial and Commercial Bank of China JS Bank Limited MCB Bank Limited MCB Islamic Bank Limited Meezan Bank Limited National Bank of Pakistan Samba Bank Limited Silkbank Limited Sindh Bank Limited Soneri Bank Limited Summit Bank Limited United Bank Limited

COUNTRY	NAME OF BANK
POLAND	Santander Bank Polska SA
QATAR	Doha Bank Mashreqbank PSC Masraf Al Rayan Qatar International Islamic Bank United Bank Limited
SAUDI ARABIA	Bank AL Bilad Bank Al-Jazira Emirates NBD PJSC JPMorgan Chase Bank, N.A. National Bank of Pakistan
SINGAPORE	Axis Bank Limited Citibank N.A. Habib Bank Limited JPMorgan Chase Bank, N.A. Union De Banques Arabes Et Francaises
SOUTH AFRICA	Habib Overseas Bank Limited HBZ Bank Limited
SPAIN	Banco Espanol De Credito Banco Santander S.A.
SRI LANKA	Citibank N.A. Hatton National Bank PLC Sampath Bank Plc-Company
SAN MARINO	Banca Sammarinese Di Investimento
SWITZERLAND	Habib Bank AG Zurich HBL Bank UK Limited Luzerner Kantonalbank
TAIWAN	JPMorgan Chase Bank, N.A.
THAILAND	Bank of Ayudhya Public Company Limited Bank of Tokyo-Mitsubishi UFJ Ltd Export-Import Bank of Thailand
TURKEY	Akbank T.A.S. Aktif Yatirim Bankasi A.S. Albaraka Turk Participation Bank Asya Katilim Bankasi A.S. Denizbank A.S. Habib Bank Limited Kuveyt Turk Katilim Bankasi A.S. Odea Bank Tekstil Bankasi A.S. Turkiye Cumhuriyeti Ziraat Bankasi A.S. Turkiye Finans Katilim Bankasi A.S. Turkiye Vakiflar Bankasi T.A.O. Vakif Katilim Bankasi A.S.

COUNTRY	NAME OF BANK
UKRAINE	Credit Dnepr Bank
UNITED ARAB EMIRATES	Abu Dhabi Commercial Bank Abu Dhabi Islamic Bank Axis Bank Limited Bank Alfalah Limited Emirates NBD Bank PJSC Habib Bank AG Zurich Habib Bank Limited Mashreqbank PSC MCB Bank Limited United Bank Limited
UNITED KINGDOM	Emirates NBD PJSC Habib Bank AG Zurich HBL Bank UK Limited JPMorgan Chase Bank, N.A. Mashreqbank PSC
UNITED STATES	BOKF, NA Citibank NA Habib American Bank JPMorgan Chase Bank, N.A. Mashreqbank PSC National Bank of Pakistan New York Commercial Bank US Bank Zions National Association
VIETNAM	Asia Commercial Bank Hochiminh City Housing Development Commercial Bank Joint Stock Commercial Bank For Foreign Trade of Vietnam Vietnam Asia Commercial Joint-Stock Bank Vietnam Maritime Commercial Stock Bank Vinasiam Bank Western Commercial Joint Stock Bank

Branch Network

Serial No.	Location	No of Branches
1	ABBOTTABAD	2
2	AHMEDPUR EAST	1
3	ARIFWALA	1
4	ATTOCK	2
5	BADIN	1
6	BAHAWALNAGAR	1
7	BAHAWALPUR	2
8	BALAKOT	1
9	BANNU	1
10	BATAGRAM	1
11	BATKHELA	1
12	BEESHAM	1
13	BHAKKAR	1
14	BOONI	1
15	BUNER	1
16	BUREWALA	1
17	CHAKDARA	1
18	CHAKWAL	1
19	CHAMAN	1
20	CHARSADA	1
21	CHICHAWATNI	1
22	CHILAS	1
23	CHINIOT	1
24	CHITRAL	1
25	CHITRAL	1
26	D. G. KHAN	1
27	D. I. KHAN	1
28	DADU	1
29	DALBANDIN	1
30	DARGAI	1
31	DASKA	1
32	DASSU	1
33	DEPALPUR	1
34	DINGA	1
35	DUKKI	1
36	FAISALABAD	8
37	FATEH JANG	1
38	GHARO	1
39	GHOTKI	1
40	GILGIT	2
41	GOJRA	1
42	GUJJAR KHAN	1
43	GUJRANWALA	3

Serial No.	Location	No of Branches
44	GUJRAT	2
45	HAFIZABAD	1
46	HARIPUR HAZARA	1
47	HARNAI	1
48	HAROONABAD	1
49	HASAN ABDAL	1
50	HAZRO	1
51	HUMAK	1
52	HYDERABAD	6
53	ISLAMABAD	20
54	ISLAMGARH	1
55	JAMPUR	1
56	JHELUM	2
57	JHUDDO	1
58	JHUNG	1
59	KALAR SAYDEN	1
60	KAMOKI	1
61	KANDHKOT	1
62	KARACHI	108
63	KASUR	1
64	KHAIRPUR	1
65	KHANEWAL	1
66	KHANOZAI	1
67	KHANPUR	1
68	KHARIAN	1
69	KHUSHAB	1
70	KOHAT	1
71	KOTRI	1
72	KUHLAK	1
73	LAHORE	53
74	LALAMUSA	1
75	LARKANA	1
76	LAYYAH	1
77	LODHRAN	1
78	LORALAI	1
79	MAATLI	1
80	MANDI BHAUDDIN	1
81	MANSEHRA	1
82	MARDAN	1
83	MATIARI	1
84	MATTA	1
85	MEHAR	1
86	MIAN CHANNU	1
87	MIANWALI	1
88	MIRPUR KHAS	2
89	MIRPUR, AJK	2

Serial No.	Location	No of Branches
90	MORO	1
91	MULTAN	7
92	MUREE	1
93	MURIDKE	1
94	MUSLIM BAGH	1
95	MUZFARABAD	1
96	NARAN	1
97	NAWABSHAH	1
98	NOWSHERA	2
99	OKARA	1
100	PAKPATTAN	1
101	PANJGOOR	1
102	PATTAN	1
103	PESHAWAR	5
104	PIR MAHAL	1
105	PISHIN	1
106	QILA SAIFULLAH	1
107	QUETTA	10
108	RAHIM YAR KHAN	1
109	RAIWING	1
110	RAJANPUR	1
111	RAWALKOT	1
112	RAWALPINDI	13
113	SADIQABAD	1
114	SAHIWAL	2
115	SAMBRIYAL	1
116	SANGHAR	1
117	SANJAVI	1
118	SARGODHA	3
119	SAWAT	1
120	SHEIKHUPURA	2
121	SHUJABAD	1
122	SIALKOT	3
123	SIBBI	1
124	SKARDU	1
125	SUKKUR	2
126	TALAGANG	1
127	TANDO ADAM	1
128	TANDO ALLAH YAR	1
129	TATRAL KAHUN	1
130	TAXILA	1
131	THALL	1
132	TIMARGARA	1
133	TOBA TEK SINGH	1
134	TURBAT	1
135	UPPER DIR	1

Serial No.	Location	No of Branches
136	VEHARI	1
137	WAH CANTT.	1
138	WAHI PANDI	1
139	WAZIRABAD	1
140	ZAHIR PIR	1
141	ZHOB	1
	Grand Total	380

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Proxy Form

19th Annual General Meeting

The Company Secretary
 BankIslami Pakistan Limited
 11th Floor, Executive Tower,
 Dolmen City, Marine Drive,
 Block - 4, Clifton
 Karachi - Pakistan.

I/We, _____ of _____, being a member of BankIslami Pakistan Limited, holder of _____ Ordinary Shares(s) as per Share Register Folio No./CDC Account No. _____ hereby appoint _____, Folio No./CDC Account No. (if member), _____ of _____ or failing him / her _____ Folio No./CDC Account No. (if member), _____ of _____ as my / our proxy in my / our absence to attend and vote for me / us, and on my / our behalf at the 19th Annual General Meeting of the Bank to be held on Thursday, March 30, 2023 at 10:15 a.m at Zaver Hall, Pearl Continental, Club Road, Karachi and at any adjournment thereof.

Signed under my / our hand this _____ day of _____.

Witness 1:

Name: _____

Signature _____

Address: _____

CNIC or Passport No. _____

Please affix
 Rupees Five
 Revenue Stamp

Witness 2:

Signature of Member(s)

Name: _____

Signature _____

Address: _____

CNIC or Passport No. _____

Notes:

- Proxies in order to be effective, must be received by the company not less than 48 hours before the meeting.
- CDC shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

Please affix
Correct
Postage

The Company Secretary

BankIslami Pakistan Limited
11th Floor, Executive Tower,
Dolmen City, Marine Drive,
Clifton Block - 4,
Karachi, Pakistan

Please affix
Correct
Postage

The Company Secretary

BankIslami Pakistan Limited
11th Floor, Executive Tower,
Dolmen City, Marine Drive,
Clifton Block - 4,
Karachi, Pakistan

پراکسی فارم

سالانہ اجلاس عام

دی کھٹی بکری

بنک اسلامی پاکستان لمیٹڈ

111th Floor, Citicorp Centre, 6th Avenue, New York, NY, USA

بلاک 4، پینشن، کراچی۔ پاکستان

میں کسی/سماں _____ ساکن _____ بحیثیت بنک اسلامی پاکستان لمیٹڈ کا

ممبر ساکن _____ عام حصص یافتہ برطانوی شیئرز رجسٹرڈ فیلو / سی ڈی سی اکاؤنٹ نمبر _____ بذریعہ ذرا تقرری

_____ فیلو / سی ڈی سی اکاؤنٹ نمبر (اگر ممبر ہے) _____ ساکن _____

ان کی غیر موجودگی میں _____ فیلو / سی ڈی سی اکاؤنٹ نمبر (اگر ممبر ہے) _____ ساکن _____

_____ کو اپنی / ہماری طرف سے روز جمعرات 130 اور 2023 صبح 10:15 بجے ہنگامہ زبردہ ہال، پرل کانسٹریکشن کراچی، کلب روڈ کراچی میں منعقد

ہونے والے بینک کے 19 ویں سالانہ اجلاس عام میں شرکت اور رائے دہی کے لئے اپنا / ہمارا پاسی (اگر مسترد کرتے ہیں) / کرتے ہیں اور کسی بھی التوا کی صورت میں بعد میں بتائی گئی جگہ

تصریح دیتے ہیں۔

آج ہر روز _____ کو بذات خود دیکھا گیا ہے۔

(برآمدہ مالی پانچ روپے کاروبار کے لئے)

امکان کے ساتھ

گواہ

قومی شناختی کارڈ نمبر _____

گواہ

قومی شناختی کارڈ نمبر _____

نوٹ

1- پراسی فارم نامہ کھلی اور دیکھا شدہ ہونے کے لئے کھٹی بکری کے ساتھ سے کم از کم 48 گھنٹے قبل وصول ہونی چاہئے۔

2- سی ڈی سی شیئرز رجسٹرڈ اور ان کی پاسی (اگر ممبر ہے) کے ساتھ سے کھٹی بکری فارم نامہ کے ساتھ سے کھٹی بکری اور قومی شناختی کارڈ نمبر کی تصدیق کرنی چاہئے۔

سی ڈی سی / آر ٹی اے / بی آئی پی ایل / ایو / 17

تاریخ

فولیو نمبر:

مالک حصص کا نام:

باپ / شوہر کا نام:

پتہ:

نقد منافع مہسمہ کی ادائیگی کے لیے بینک اکاؤنٹ کی تفصیلات

(کمپنیز ایکٹ 2017 کے مطابق لازمی)

محترم مالک حصص

اس کا مقصد آپ کو مطلع کرنا ہے کہ کمپنیز ایکٹ 2017 کی دفعہ 242 کے مطابق، نقد منافع مہسمہ کی ادائیگی صرف برقی ذرائع سے مستحق حصص مالک کے نام پر اکاؤنٹ میں براہ راست کر دی جائے گی۔ براہ کرم یہ نوٹ فرمائیں کہ نقد منافع مہسمہ کی ادائیگی کے لیے بینک کو لازمی اختیار حاصل ہے۔ ریگولیشنز قوانین پر عملدرآمد اور آپ کے بینک اکاؤنٹ میں منافع کی رقم کی براہ راست کریڈٹ کی سہولت کے حصول کے لیے آپ سے درج ذیل معلومات کی فراہمی کی درخواست کی جاتی ہے۔

حصص مالک کی تفصیلات

حصص مالک کا نام

فولیو نمبر

قومی شناختی کارڈ نمبر

حصص مالک کا موبائل نمبر

حصص مالک کا ایئر لائن ٹیلیفون نمبر (اگر کوئی ہے تو)

بینک اکاؤنٹ کی تفصیلات

بینک اکاؤنٹ کا عنوان (انگلیش)

بین الاقوامی بینک اکاؤنٹ نمبر (IBAN) "لازمی" (24 ہندسے)

برائے مہربانی اپنی متعلقہ برانچ سے مشاورت کے بعد اپنا درست IBAN نمبر فراہم کریں کیونکہ دیے گئے IBAN نمبر میں کسی غلطی یا غفلت کی صورت میں آپ کے نقد منافع مہسمہ کی ادائیگی میں کسی تاخیر یا کسی نقصان کے لیے کمپنی کسی بھی صورت سے ذمہ دار نہیں ہوگی۔

بینک کا نام

برانچ کا نام اور پتہ

یہ کہا گیا ہے کہ درج بالا بیان کردہ معلومات درست ہیں اور ان میں کسی تبدیلی کی صورت میں، میں / ہم اس کے مطابق فوری طور پر مشرک / شریکر / شریکر کو آگاہ کریں گے۔

مالک حصص کے دستخط

آپ سے درخواست کی جاتی ہے کہ مکمل ہر کسے کے لیے اس خط کی نقول اپنے یا ضابطہ دستخط اور قابل اطلاق قومی شناختی کارڈ کی تصدیق شدہ نقول کے ساتھ ہمارے شریکر / شریکر کو ہمارے دفتر کے پتے پر شریکر / شریکر، بینک اسلامی پاکستان، سی ڈی شریکر / شریکر اور سرورس لیمیٹڈ، سی ڈی ای ہاؤس، 99-بی، بلاک بی، ایس ایم ایس ایچ ایس، مین شاہراہ فیصل، کراچی۔ 74000 پر جمع کرائیں۔

آپ کا تلفظ

سی ڈی شریکر / شریکر اور سرورس لیمیٹڈ

نوٹ: یہ ایک سسٹم کا تخلیق کردہ خط ہے جسے کسی دستخط کی کوئی ضرورت درکار نہیں ہے۔



Head Office: CDC House,
99-B, Block B, S.M.C.H.S.,
Main Shahra-e-Faisal,
Karachi - 74400
Tel: (92) 0800-23275
Fax: (92-21) 34326053
URL: www.cdcsrsl.com
Email: info@cdcsrsl.com

On behalf of BankIslami Pakistan Limited

**Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)**

Dear CDS/IAS Accountholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts of entitled shareholder as designated by them. In pursuance of the direction given by Securities and Exchange Commission of Pakistan (SECP), kindly immediately contact your relevant CDC Participant/CDC Investor Account Services Department and provide them your bank mandate information including International Bank Account Number (IBAN) which is now mandatory for all cash dividend payments.

In order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide requisite bank mandate information to your respective Participant/CDC Investor Account Services Department immediately.

Kindly also ensure that the title of IBAN / Bank Account must be in your name.

You may also refer Circular No. CDC/LC&R/16 dated August 31st, 2017 issued by Central Depository Company of Pakistan Limited in this regard available on website www.cdcpakistan.com

Regards,

**M/s. CDC Share Registrar Services Limited
Share Registrar: BANKISLAMI PAKISTAN LIMITED**

Note: This letter is being computer generated and does not require any signature.

سی ڈی ایس کے حصص مالکان کے لیے خط کی وضع

نقد منافع مقسمہ کی ادائیگی کے لیے بینک اکاؤنٹ کی تفصیلات
(کمپنیز ایکٹ 2017 کے مطابق لازمی)

محترم مالک حصص

اس کا مقصد آپ کو مطلع کرنا ہے کہ کمپنیز ایکٹ 2017 کی دفعہ 242 کے مطابق، نقد منافع مقسمہ کی ادائیگی صرف برقی ذرائع سے مستحق حصص مالک کے نامزد اکاؤنٹ میں براہ راست کر دی جائے گی۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی طرف سے دی گئی ہدایات کے مطابق، برائے مہربانی اپنے متعلقہ سی ڈی سی شرکاہ/سی ڈی سی انویسٹرا کاؤنٹ سروس ڈیپارٹمنٹ سے فوری رابطہ کریں اور انہیں اپنے بینک اختیار کی لازمی معلومات بشمول بین الاقوامی اکاؤنٹ نمبر (IBAN) فراہم کریں، جو کہ اب تمام نقد منافع مقسمہ کی ادائیگیوں کے لیے لازمی ہے۔ ریگولیٹری قوانین پر عملدرآمد اور آپ کے بینک اکاؤنٹ میں منافع کی رقم کی براہ راست کریڈٹ کی سہولت کے حصول کے لیے آپ سے لازمی بینک اختیاری معلومات کی اپنے متعلقہ شریک/سی ڈی سی انویسٹرا کاؤنٹ سروس ڈیپارٹمنٹ کو فوری طور پر فراہم کرنے کی درخواست کی جاتی ہے۔

آپ کا مخلص

میسرز سی ڈی سی شیئرز رجسٹرار سروسز لمیٹڈ
شیئرز رجسٹرار، بینک اسلامی پاکستان لمیٹڈ

نوٹ: یہ ایک سسٹم کا تخلیق کردہ خط ہے جسے کسی دستخط کی کوئی ضرورت درکار نہیں ہے۔



SECP INSTRUCTIONS FOR CONVERSION OF PHYSICAL SHARE OF BANKISLAMI PAKISTAN LIMITED INTO BOOK ENTRY FORM AND TO UPDATE THE MANDATORY BANK ACCOUNT DETAILS, MANDATORY OTHER DETAILS.

With reference to the provisions of Section 72 of the Companies Act, 2017, Securities and Exchange Commission of Pakistan, through its letter No. CSD/ED/MISC/2016-639-640 dated March 26, 2021, has required listed companies to replace the existing physical shares issued by them into Book Entry Form. In compliance to regulatory requirement, shareholders of BankIslami Pakistan Limited holding physical share certificates are requested to convert their physical shares certificates into Book Entry Form. Shareholders who have not yet collected their unclaimed physical share certificates are requested to collect from Bank's Share Registrar and also convert it in book entry form in compliance to regulatory requirement. Shareholders of Bank may contact their Broker (a PSX member), CDC Participant or CDC Investor Account Services Department of Central Depository Company of Pakistan Limited for assistance in opening CDC Account.

The aforementioned conversion will benefit to shareholders i.e readily available share(s) for sale and purchase at better rates; instant credit of entitlements (bonus shares and rights shares); and eliminate the risk of loss of shares, etc.

Further, pursuant to Section 242 of the Companies Act, 2017, SECP S.R.O 421(1)/2018 dated April 02 2018, and SECP letter No. CL/CSD/MISC/2014-30 dated March 19, 2021, it is mandatory for the listed companies to pay Cash Dividend to their Shareholders only through electronic mode directly into Shareholders' Bank Account, instead of issuing physical Dividend Warrants. Shareholders those who have not yet provided the IBAN are requested to contact the Bank's share registrar at the below address or Broker (a PSX member), Participant/Investor Account Services of Central Depository Company of Pakistan Limited (as the case may be) and provide complete bank details and comply regularity requirement.

According to Section 119 of the Companies Act, 2017 and Regulation 19 of the Companies (General Provisions and Forms) Regulations, 2018, physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact mobile / telephone number, International Bank Account Number (IBAN), etc. to Bank's Share Registrar at their below address immediately, if not provided to avoid any non-compliance of law or any inconvenience in future.

**CDC Share Registrar Services Limited,
Head Office, CDC House, 99-B, Block "B", S.M.C.H.S. Main Shahrah-e-Faisal
Karachi-74400 Tel: (92) 0800-23275 Fax: (92-21) 34326053
URL: www.cdcsrsl.com, Email: info@cdcsrsl.com**

بینک اسلامی پاکستان لمیٹڈ کے فزیکل حصص کو بک انٹری فارم میں تبدیل کرنے،
بینک اکاؤنٹ اور دیگر لازمی تفصیلات کو لازمی اپ ڈیٹ کرنے کے لیے شیئر ہولڈرز کو نوٹس

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے دفعات کے حوالے سے، سیکورٹیز بزنس اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے خط نمبر CDS/ED/MISC/2016-639-640 کے ذریعے مورخہ 26 مارچ 2021 کو لسٹڈ کمپنیوں کو اپنے فزیکل حصص کو بک انٹری فارم کی شکل میں تبدیل کرنے کی ہدایات جاری کی ہیں۔ مندرجہ بالا ریگولیشنز کی تعمیل میں، بینک اسلامی پاکستان لمیٹڈ کے فزیکل حصص کے سرٹیفکیٹ رکھنے والے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے فزیکل حصص کے سرٹیفکیٹ کو بک انٹری فارم میں تبدیل کریں۔ شیئر ہولڈرز جنہوں نے ابھی تک اپنے فزیکل حصص کے سرٹیفکیٹ وصول نہیں کئے ہیں (unclaimed) ان سے درخواست کی جاتی ہے کہ وہ بینک کے شیئر رجسٹرار سے رابطہ کریں اور ریگولیشنز کی تعمیل میں فزیکل حصص کو بک انٹری فارم کی شکل میں تبدیل کریں۔ بینک کے شیئر ہولڈرز سی ڈی سی اکاؤنٹ کھولنے میں مدد کے لیے اپنے بروکر (پی ایس ایکس ممبر) سی ڈی سی پارٹنر سپنٹ یا سی ڈی سی انویسٹرا کاؤنٹ سروسز، سینٹرل ڈپازٹری کھنی آف پاکستان لمیٹڈ کے سیکشن سے رابطہ کر سکتے ہیں۔

مذکورہ بالا تبادلوں سے شیئر ہولڈرز کو فائدہ ہوگا۔ یعنی بہتر قیمتوں پر فروخت اور خریداری کے لیے آسانی سے دستیاب حصص، حقداروں کا فوری استحقاق (پولس حصص اور حقوق حصص)، اور حصص وغیرہ کے گم ہونے کے خطرے کو ختم کریں۔

مزید یہ کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت، ایس ای سی پی کے SRO: 421(1)2018 مورخہ 02 اپریل 2018 اور ایس ای سی پی لیٹر نمبر CL/CSD/MISC/2014-30 کے تحت 19 مارچ 2021 کے تحت لسٹڈ کمپنی فزیکل منافع کے وارنٹ جاری کرنے کی بجائے صرف شیئر ہولڈرز کے بینک اکاؤنٹ میں انکیسٹرا تک انداز کے ذریعے اپنے شیئر ہولڈرز کو کمیشن منافع ادا کریں گی۔ شیئر ہولڈرز جنہوں نے ابھی تک IBAN فراہم نہیں کیا ہے، ان سے درخواست کی جاتی ہے کہ وہ بینک کے شیئر رجسٹرار سے نیچے دیے گئے پتے پر رابطہ کریں یا بروکر (پی ایس ایکس ممبر) سینٹرل ڈپازٹری کھنی آف پاکستان لمیٹڈ کے پارٹنر سپنٹ اسرما یا کارا کاؤنٹ سروسز (جیسا کہ ہو سکتا ہے) پر رابطہ کریں اور بینک کھانہ کی مکمل تفصیلات فراہم کریں اور ریگولیشنز کی تعمیل کریں۔ کمپنیز ایکٹ 2017 کے سیکشن 119 کے مطابق اور کمپنیز (جنرل پروویژن اور فارمز)، ریگولیشن 2018 کے ریگولیشن 19 کے مطابق تمام فزیکل شیئر ہولڈرز سے درخواست کی جاتی ہے کہ لازمی معلومات جیسا کہ CNIC (قومی شناختی کارڈ نمبر)، میٹنگ ایڈریس، e-mail ایڈریس، mobile نمبر، telephone نمبر، انٹرنیشنل بینک اکاؤنٹ IBAN نمبر، وغیرہ بینک کے شیئر رجسٹرار کو درج ذیل ایڈریس پر فوری طور پر فراہم کریں "اگر ابھی تک فراہم نہیں کئے ہیں" اور قانون کی عدم تعمیل یا مستثنیٰ میں کسی بھی قسم کی تکلیف سے بچیں۔

سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ

ہیڈ آفس، سی ڈی سی ہاؤس، 99 بی، بلاک بی،

ایس ایم سی ایچ ایس، مین شاہراہ، فیصل، کراچی 74400

ٹیلیفون 0800-23275 (92) فیکس 34326053 (21) (92)

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






ای میل info@cdcsrsl.com









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