



Bank Alfalah
The Way Forward

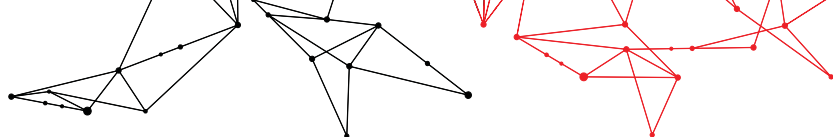


Best Digital Banking
2023



ANNUAL REPORT 2023

REIMAGINING BANKING



Board of Directors

His Highness Sheikh Nahayan Mubarak Al Nahayan
Chairman/Director

Abdulla Nasser Hawaileel Al Mansoori
Director

Abdulla Khalil Al Mutawa
Director

Khalid Mana Saeed Al Otaiba
Director

Khalid Qurashi
Director

Dr. Gyorgy Tamas Ladics
Director

Dr. Ayesha Khan
Director

Atif Aslam Bajwa
President/CEO and Director

Senior Management Team

Atif Aslam Bajwa

President and Chief Executive Officer

Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

Anjum Hai

Chief Financial Officer

Faisal Farooq Khan

Chief Human Resource Officer

Faisal Rabbani

Chief Risk Officer

Farooq Ahmed Khan

Group Head, Corporate, Investment Banking and International Business

Haroon Khalid

Group Head, Compliance and Control

Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

Mehreen Ahmed

Group Head, Retail Banking

Mohib Hasan Khan

Chief Information Officer

Muhammad Akram Sawleh

Company Secretary, and Group Head, Legal and Corporate Affairs

Dr. Muhammad Imran

Group Head, Islamic Banking

Muhammad Yahya Khan

Group Head, Digital Banking

Pervez Shahbaz Khan

Group Head, Treasury and Capital Markets

Tahir Khurshid

Group Head, Audit and Inspection

Zahid Anjum

Group Head, Special Assets Management

Chief Financial Officer

Anjum Hai

Company Secretary

Muhammad Akram Sawleh

Chief Internal Auditor

Tahir Khurshid

Auditors

A.F. Ferguson & Co.

Chartered Accountants

Registered/Head Office

B. A. Building

I. I. Chundrigar Road

Karachi, Pakistan

bankalfalah.com

Share Registrar

F. D. Registrar Services (Pvt.) Limited

1705, 17th Floor, Saima Trade Tower-A

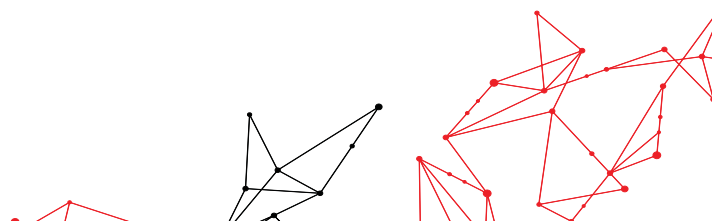
I. I. Chundrigar Road

Karachi, Pakistan.

Legal Advisor

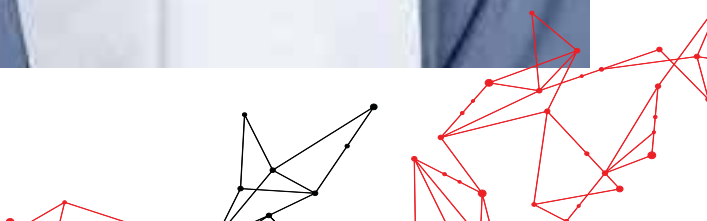
Mandviwalla & Zafar

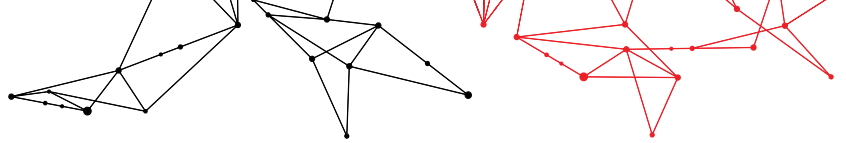
Advocates and Legal Consultants



Chairman's Message







I feel great pride in reflecting upon Bank Alfalah's journey during 2023. Our unwavering dedication to excellence, innovation, and community impact has been the cornerstone of our operations, guiding us through a myriad of challenges and celebrating significant milestones.

In 2023, global growth remained relatively slow, impacting the local economy as well. Key impediments to growth included a worldwide decline in output, the repercussions of climate change, stringent financial conditions and the ripple effects arising from the geo-political uncertainty. Higher-than-expected inflation, and political instability, remained an obstacle to growth in the local environment.

Despite these challenges, the Bank's performance is marked by consistent growth, profitability, and a robust equity base. Focusing on the growth of our deposit franchise has helped position us as a competitive lender. Our strengthened balance sheet and a more resilient business model empowered us to navigate volatile periods and chart a course toward sustained long-term growth and profitability.

Significant Milestones during 2023

Celebrating two key milestones reflecting the Bank's exceptional growth gives me immense pride and gratitude. These milestones are the inauguration of our **1,000th branch** and the surpassing of **PKR 2 trillion** in deposits. The Bank continues its remarkable journey of excellence and its quest to meet the highest expectations of its customers and partners.

We also introduced the country's **First Digital Lifestyle Branch**, redefining the digital banking experience, simplifying banking access, ease of use for customers and contributing to a more financially inclusive and digitally empowered society.

Bank Alfalah also announced the establishment of an Exchange Company as a wholly owned subsidiary. This strategic initiative will provide comprehensive foreign exchange solutions, catering to a diverse range of needs in the market, and support Government initiatives for streamlined foreign exchange management in the country.

These milestones clearly indicate our strong commitment towards growing our presence in Pakistan and providing excellent services in virtually all locations in the country.

Banking Awards and Significant Accolades

Bank Alfalah, for its efforts and success in introducing innovative and transformative offerings and simplifying and easing customers' banking experience through its digital services, was commemorated by the prestigious Institute of Bankers Pakistan (IBP) at the Pakistan Banking Awards. The Bank was conferred with the **'Best Digital Banking'** award for the second consecutive year. This recognition validates

our dedication to harnessing cutting-edge technology to deliver seamless, accessible, and secure banking solutions to our customers. It was recognised for winning its customers' trust and providing end-to-end banking services and the convenience of financial transactions from the comfort of the customer's location. Our strategic focus and vision remain to innovate and continually evolve our product suite to exceed customer expectations.

Our continuous efforts resulted in a noteworthy recognition as one of the **'Top 25 Companies'** by the Pakistan Stock Exchange. This is a significant achievement for the Bank based on its performance while ensuring regulatory compliances, timely and transparent reporting.

In addition to the above, the Bank achieved various other accolades, ranging across a wide spectrum encompassing quality of financial reporting, sustainability reporting, investor relations, excellence in management practices, innovation in Islamic banking, gender diversity, and others. These awards and acknowledgements are based on the Bank's meritorious performance. These are detailed in this annual report.

Giving Back to the Community

In 2023, our flood efforts entered an extensive rehabilitation and reconstruction phase. The floods, which caused severe country-wide damages in 2022, led to the mobilisation of rescue and relief efforts by Bank Alfalah. We collaborated with esteemed partners and have channelled approximately PKR 1.175 billion towards critical sectors such as healthcare, emergency aid, housing, and education.

We adopted a dual-pronged strategy to reconstruct communities in a sustainable, fair, and financially inclusive manner. This comprehensive approach not only caters to immediate needs but also helps establish a framework for long-term rehabilitation.

Phase 1 concentrated on immediate relief and rescue efforts, wherein Bank Alfalah partnered with reputable non-governmental organisations (NGOs) nationwide.

Embarking on Phase 2 of its flood relief endeavours, Bank Alfalah focused on rehabilitation and restoring livelihoods this year. This phase encompasses pivotal areas such as sustainable housing, healthcare, education, and livelihood support, demonstrating our commitment to rebuilding lives and ensuring sustainable progress within affected communities.

During the current year, we also revised our Corporate Social Responsibility and philanthropy guidelines, driven by our passion for giving back to the community. The policy seeks to strengthen Bank Alfalah's reputation through strategic donations and philanthropic investments, fostering a positive image among our stakeholders.

Sustainability and The Green Banking Journey

In our ongoing commitment to a sustainable future, we are dedicated to improving the social, economic, and environmental capital of our community in a sustainable manner. Carrying on from this, in a strategic move towards sustainable banking practices, Bank Alfalah formalised a Green Banking Advisory Agreement with the International Finance Corporation (IFC). This agreement is a testament to our commitment to fostering sustainable and accountable banking operations.

The partnership encompasses a multifaceted approach aimed at enhancing our green banking initiatives. It involves a comprehensive diagnostic assessment conducted by IFC to evaluate our green banking portfolio, focusing on establishing a robust environmental and social risk management system. Moreover, this collaboration will enable us to explore and capitalise on opportunities in green finance, including green bond issuance and sustainable infrastructure financing.

Economic Opportunities

Bank Alfalah remains committed to navigating Pakistan's strategic economic potential by identifying and capitalising on opportunities that foster inclusive growth. By actively exploring avenues to promote economic resilience and foster financial inclusivity, we aim to play an integral role in establishing a robust economy and attracting increased Foreign Direct Investment (FDI) and remittances. Further, the Bank remains committed to demonstrating consistent and robust financial performance, incorporating socially responsible and environmentally sustainable business practices, ensuring technological competitiveness and maintaining open and transparent communication to build confidence and enable heightened investor interest.

Pakistan's diverse geography presents an array of opportunities, particularly in agriculture. With its varied landscape, the country can support diverse livestock farming, crop cultivation, and the production of food commodities and related products. Strategic investment in the SME and agricultural sectors can potentially aid in tackling vital national issues such as food security, poverty alleviation, and the supply of quality raw materials, notably for industries like textiles. Further, expansion of digital services to cater to unbanked and underbanked segments of the population and contributing financial inclusion goals are the areas where we see potential.

Forward-Looking Statement

We remain committed to advancing our deposit base, expanding our market share in low-cost deposits, and enhancing our local presence to extend our outreach. Throughout this endeavour, our priority remains to deliver unparalleled services to our esteemed customers. Our strategic focus includes harnessing technological advancements to meet our customers' evolving banking requirements. Our priority remains to grow market share in deposits, consumer lending and SME, become a leading transactional and innovative bank, positively impact the community and introduce new initiatives to enhance franchise value.

To effectively navigate evolving business environments, we are dedicated to accelerating digital transformation and focusing on the re-engineering of business processes. Primarily, our commitment involves investing in our human capital and fostering a culture that encourages collaboration, creativity, and innovation.

The Board's dedication ensures that Bank Alfalah thrives as a forward-thinking and progressive organisation focused on generating long-term value. Our operations are rooted in robust corporate governance and risk management practices, embodying our commitment to being a reliable and trustworthy financial institution.

Acknowledgement

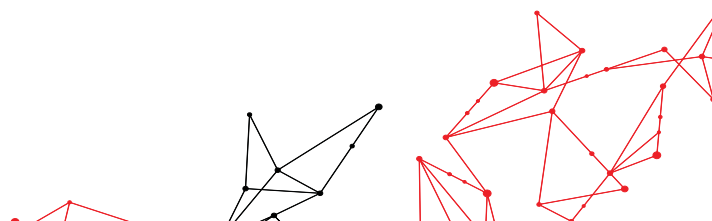
I reiterate our unwavering dedication to the Bank and our commitment to Pakistan's government and its people, as well as to uphold the regulatory framework laid down by the State Bank of Pakistan. Despite facing challenges, we will remain focused on the way forward, aiming to reach new milestones in the years ahead. We will stay devoted to our customers and their needs, and we will continue to provide innovative products and services.

In my capacity as the Chairman of the Board and on behalf of our sponsors, I express my gratitude to our shareholders for their loyal support, extend appreciation to the regulatory authorities for their valuable guidance, recognise the hard work and commitment of the management team and employees, and convey a heartfelt thanks to our customers for placing their trust in Bank Alfalah.

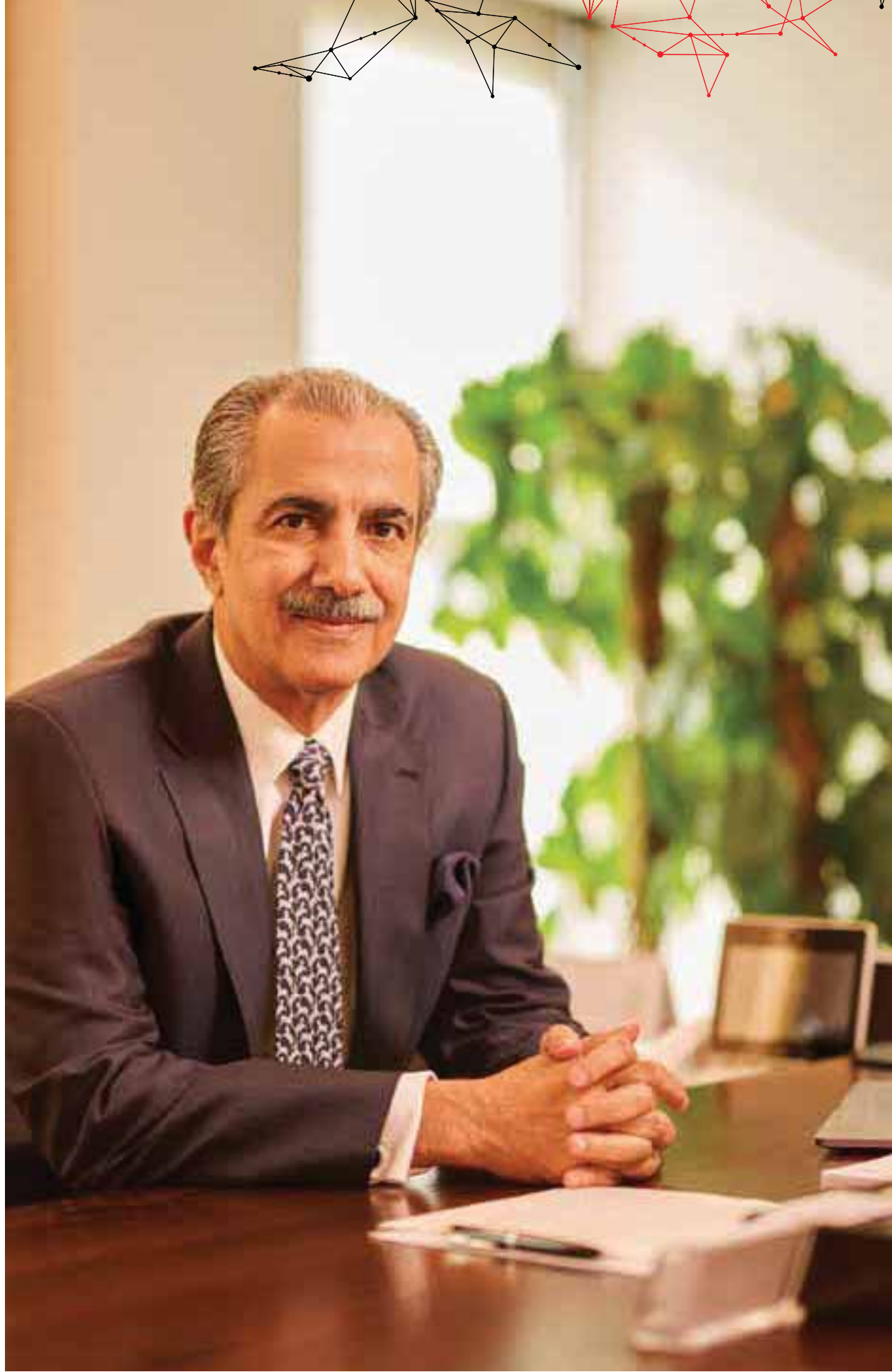
Nahayan Mabarak Al Nahayan

Abu Dhabi

1st February, 2024



President and CEO's Message



It brings me immense pleasure and pride that 2023 was a very positive year for Bank Alfalah, as it marked a pivotal moment in our journey. It's the year we crossed the twin milestones of reaching 1,000 branches and surpassing PKR 2 trillion in deposits. These two impressive milestones are significant as the Bank continues its remarkable journey of excellence and its quest to meet and exceed the expectations of its customers and partners.

In 2023, we all collectively excelled by successfully achieving the vast majority of our 5-year strategic objectives two years ahead of time. Despite encountering challenges on local and global frontiers, the Bank's focus on teamwork, customer-centricity, and innovation has emerged as the foundational attribute towards achieving success.

With these achievements, we have now set our sights on more ambitious goals for the Bank's upcoming Five-Year Strategy until 2028. Going forward, we will seek to continue our growth trajectory and to further concentrate our efforts on customer-centricity and innovation to improve, reimagine and simplify customer journeys and banking services.

The new five-year plan will focus on five key strategic pillars:

- Grow our market share in key businesses by focusing on expanding branch banking in conventional and Islamic segments, remain a dominant player in consumer finance, continue to build Small and Medium Enterprise offerings, and further cement market leadership in Digital Banking.
- Become a leading Transaction Bank in the country by promoting trade flows, enhancing our cash management business, strengthening the employee banking proposition, maintaining market leadership in supply chain financing, and growing our home remittance flows.
- Renew our commitment to the 'One Bank, One Team' culture, which aligns with our mission and values. We want to nurture and develop you, our Human Capital, through strategic initiatives, innovative technology integration, and employee recognition programs.
- Innovate and improve efficiency by utilising cutting-edge tech to empower our teams to deliver enhanced customer service. Embracing artificial intelligence and advanced analytics, we aim to improve operational efficiency.

- Retain and further enhance our competitive advantage in treasury, capital markets and investment banking across domestic and regional markets.

Our core principles, which revolves around prioritising our customers and fostering a caring culture within the Bank while maintaining a sharp focus on innovation, will drive us forward in all our future endeavours.

In 2023, we achieved unprecedented accolades due to our ongoing commitment to innovation. We are at the forefront of redefining the digital banking experience and have introduced diverse services, such as launching the Digital Lifestyle Branch, focusing on an evolving way of life. We have also inaugurated the Digital Payments Sales and Service Centers to meet the needs of merchants and small-scale businesses.

In 2023, we will be confronted with various socio-economic challenges. To overcome these hurdles, we must firmly stand together, be committed to our values and continuously look for opportunities to positively contribute towards finding a better way forward.

Our commitment extends beyond banking. We collaborate with public, private, and civil society stakeholders, reinforcing our role as the 'Caring Bank'. In 2022 and 2023, Bank Alfalah became one of the largest corporate donors to communities affected by devastating floods. This noble initiative aims to facilitate the return to normalcy for those residing in areas severely impacted by flood disasters.

As we enter 2024, our vision extends beyond the current achievements, propelling us to explore new horizons, expand our presence, and deepen our impact on communities. With continued dedication to excellence, we eagerly anticipate the next phase of our journey, where our way of banking becomes a beacon of financial empowerment.

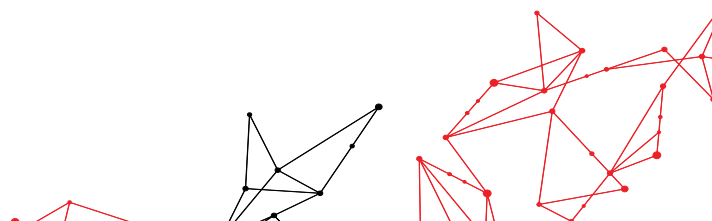
Best wishes and great success to you and your loved ones in 2024

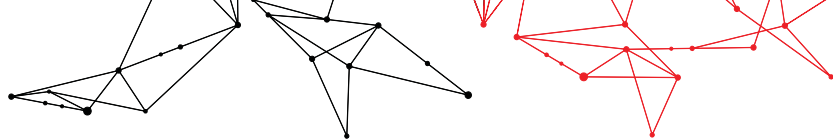
Atif Bajwa
President and CEO



The video on the Bank's overview, business performance, strategy and outlook is uploaded on the website.

<https://www.bankalfalah.com/ceo-review-2023/>





Directors' Report to the Shareholders

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Bank along with the audited financial statements and auditor's reports for the year ended December 31, 2023.

Economic Review

Global Economy

The year 2023 saw continued focus on curbing inflation, with global central banks maintaining a tight monetary policy stance. US Fed raised benchmark rates by 100bps to 5.5%. The IMF expects global inflation to continue its slide from 8.7% in 2022 to 6.9% in 2023, and 5.8% in 2024. The restrictive stance had an impact on global economic growth, which slowed down from 3.5% in 2022 to 3.0% in 2023, and is expected to further slow down to 2.9% in 2024. Higher rates also had some negative consequences for the global banking sector, with the collapse of multiple regional banks in the US. However, the year was encouraging for the investors as most asset classes (barring commodities) generated positive returns in 2023, reversing the trend seen in 2022.

Going forward, the year 2024 is expected to witness further disinflation and the start of monetary easing by the central banks. The global economy has recovered from the initial supply shocks as a result of the Russia-Ukraine war and commodity prices have declined to pre-war levels, which bode well for global inflation. Key risks for inflation outlook are the geopolitical and climate shocks. 2024 is also the year with elections scheduled in the USA and other key markets like the UK, India, Russia and Pakistan.

Domestic Economy

For Pakistan, the year 2023 was a tale of two halves. The first half saw a drop in foreign exchange (FX) reserves, sharp currency devaluation, and peak inflation. The second half started off with the approval of a USD 3 bn Stand-By Agreement (SBA) by the IMF, followed by deposits of USD 3 bn by the KSA and UAE. Resultantly, the default situation was averted, and the State Bank of Pakistan's (SBP) FX reserves improved.

As multiple challenges were faced by Pakistan (floods, import restrictions, IMF program suspension, etc.), economic activity suffered, with real GDP growth for FY23 contracting by 0.2% compared to two consecutive years of high growth of 5.8% and 6.2% for FY21 and FY22, respectively. A major drag on GDP growth came from the Industrial sector, which declined by 3.8%. On the other hand, agriculture witnessed growth of 2.3%, while services sector growth was a mere 0.1%. As per the requirement of the new IMF SBA, the Pakistan Bureau of Statistics (PBS) released quarterly national accounts where real GDP growth for the quarter ending September 30, 2023 is reported at 2.1% over the same quarter last year, resulting from a 5.1% growth in agriculture, 2.5% growth in industrials, and 0.8% growth in services.

Pakistan recorded historic high inflation readings, with average headline inflation for 2023 standing at 30.8% compared to 19.9% in 2022. Inflation peaked at 38% in May-23, while declining to 29.7% in Dec-23. Currency devaluation, food supply shocks, and removal/reduction of subsidies on energy prices (electricity, gas and fuel prices), were the key factors contributing to inflation.

To counter inflationary pressures and to slow down aggregate demand, the SBP continued with a tight monetary policy stance. During the year the cumulative increase in policy rate was 600 basis points, with the last hike in June. Since July, after the new IMF SBA, the status quo has been maintained with SBP, highlighting that the real interest rates are positive on a 12-month forward looking basis.

On the balance of payment front, the improvement in the current account continued, with FY23 current account deficit (CAD) at USD 2.2 bn as compared to USD 17.5 bn in FY22. In 1H FY24, the CAD has further improved to USD 0.8 billion as against USD 3.6 billion in the same period of the last fiscal year. This, coupled with flows from bilateral and multilateral sources, improved SBP reserves to USD 8.2 billion in Dec'23) as compared to USD 5.6 billion in Dec'22.

The currency continued to remain under pressure, depreciating by 20% against the

dollar during 2023. The PKR fell to as low as PKR 307.1 in the interbank market, while in the open market, it hovered around PKR 335/USD before the successful operation took place against illegal dollar trade, after which the parity improved, and the exchange rate closed the year at PKR 281.86/USD.

Pakistan posted a fiscal deficit of 7.7% of GDP (PKR 6.5 trillion) in FY23 compared to a deficit of 7.9% of GDP (PKR 5.2 trillion) in FY22. Although FBR tax collection improved 16.7% in FY23, it fell short of the IMF target, and declined from 9.2% of GDP in FY22 to 8.5% of GDP in FY23. Major support to revenues came from the petroleum levy which increased significantly to PKR 60/Liter on both petrol and diesel, the two major fuels consumed in the country. Interest costs amid rising borrowing needs and high interest rates continued to eat up a major portion of revenues. During the first quarter ending September 2023, the deficit stood at PKR 963 billion (0.9% of GDP) compared to PKR 809 billion (1% of GDP) in the same period last year.

The positive developments on the economic front were reflected in the stock market's performance, especially in the latter half of the year. KSE-100 posted a return of 55% in 2023 in local currency and 24% in USD terms. The average daily trading volumes improved by 41% to 323 million shares and value by 45% to PKR 10.1 billion. The foreign investors turned net buyers (net inflow of USD 74 million) after remaining net sellers for the past 3 years.

Outlook of the economy

The timely SBA with IMF has changed the country's economic landscape. The interim government has also made some tough decisions, in the shape of a reduction in energy subsidies and a crackdown on illegal dollar trade, which bodes well for the economy. The economy is expected to be in better shape next year, with expected disinflation and an expected fall in interest rates. However, the continuation of the IMF program remains the key to sustainability.

Banking Sector Review

Despite headwinds on the macroeconomic front, Pakistan's banking sector remained resilient with significant improvement in profitability, balance sheet size, provisions coverage, and capital adequacy. During 2023, Policy Rate was jacked up by 600 basis points to 22%. Higher interest rates coupled with healthy deposit growth improved the profitability of the sector. The SBA with IMF also helped remove import restrictions, thereby leading to healthy growth in income derived through trade business.

The Government removed banks from the ADR based tax on investment income for 2023, however, Finance Act 2023

introduced a tax on windfall income which is being contested by the banking industry.

Deposits of scheduled banks improved by 23.2%, mainly led by attractive interest rates and low base effect, as the ADR based taxation led to lower deposit growth in 2022. CASA ratio improved to 77.1% in June 2023 as compared to 76.2% in December 2022.

The Government remained the largest borrower amid elevated fiscal needs, through investment by banks in government securities, particularly shorter tenor T-Bills, where the amount of outstanding OMOs (borrowings by banks from SBP) reached historic high levels during the year. Private sector credit remained subdued with sector ADR and IDR standing around 45% and 92%, respectively compared to 53% and 80%, respectively in December 2022.

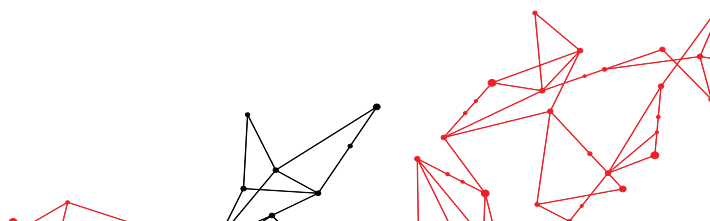
Overall advances in the banking sector increased by only 3.6% compared to a growth of 17.4% in 2022. The slower growth in advances may be attributable to the high fiscal needs of the Government, high borrowing costs with sluggish aggregate demand, and reduction in subsidies in refinancing rates by linking them with the policy rate. Overall asset quality slightly deteriorated with NPL ratio increasing from 7.3% in December 2022 to 7.7% in September 2023, with NPL stock increasing by 4.4%. However, the coverage ratio improved to 95.5% in September 2023 from 89.5% in December 2022.

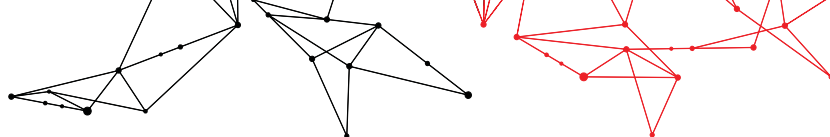
Outlook of the banking sector

The banking sector outlook for 2024 remains positive. Under the IMF umbrella, the economy is expected to remain stable as compared to 2023. The disinflation is likely to continue, and the interest rates are expected to decline. The timing and magnitude of policy rate changes would set the direction for Net Interest Income. The rally in bond and equity markets could provide capital gain opportunities, which would bode well for the non-markup income.

The continuation of the IMF program, and the reform process initiated by the interim government would be pivotal to the economic sustainability and performance of the banking sector.

The implementation of IFRS-9 will shift the industry's approach to risk-based pricing on loans with pricing based on the likelihood of default. The timely recognition of and provision for credit losses promotes a safe banking system and plays an essential role in supervision.





The Bank's Performance

The highlights of the financial results for the year ended December 31, 2023, are as follows:

	2023	2022
Rupees in Millions		
Financial Position		
Shareholders' Equity	137,923	100,015
Total Assets	3,345,917	2,253,197
Total Deposits	2,084,997	1,486,845
Advances – net	735,052	732,375
Investments – net	2,067,263	1,114,407
	2023	2022
Rupees in Millions		
Financial Performance		
Net Markup Income	126,070	77,242
Non-Markup Income	28,064	21,883
Non-Markup Expenses	66,497	50,497
Operating Profit	87,637	48,629
Provisions and write-offs (net)	9,462	12,468
Profit before Tax	78,175	36,160
Profit after Tax	36,456	18,206
Basic and Diluted earnings per share – Rupees	23.12	10.27

Bank Alfalah delivered exemplary growth in profit during 2023. Profit after tax stands at Rs. 36.456 billion as compared to Rs. 18.206 billion last year, translating to over 100% growth. The earnings per share (EPS) stands at Rs. 23.12 (2022: Rs. 10.27). Aided by improved profitability, the Bank also continued to make significant investments in network, people and technology.

Revenue increased by 55.5% during the year to close at Rs. 154.134 billion as compared to Rs. 99.126 billion last year. Markup income, which grew by 63.2%, was the key contributor to increased revenue. A combination of net earning assets growth and re-pricing of the asset book at higher rates led to the increase in markup income. Non-markup income stood at Rs. 28.064 billion, higher by 28.2% compared to same period last year (SPLY); increased fee and commission income, and gains from derivatives were the key contributing factors to the positive variance.

The Bank remains vigilant in monitoring expenses and practices prudent cost management, while concentrating on fostering revenue growth through expansion and an increased focus on capturing market share. This commitment is evident through the establishment of new branches, investments in digital and information technology platforms and engagements with

professional consultancies; all without compromising on investments in new ventures. The Bank opened a state-of-the-art Digital Lifestyle branch during 2023, being an industry first. The branch features exciting innovations such as cash and cheque deposit machines, digital lockers and a Buy Now Pay Later (BNPL) store via AlfaMall along with lifestyle features such as upscale dining and workspace sharing. Further, higher marketing and branding costs, PKR depreciation and inflation related effects also led to an increase in operating expenses. The Bank also played its role of corporate social responsibility through providing financial assistance to NGO's for uplift projects encompassing rehabilitation in flood affected areas, healthcare, education etc. During 2023, the Bank established over 100 new branches, which have contributed significantly towards customer acquisition, deposit mobilisation, increased throughput and the consequent revenue growth. Additionally, the Bank is strategically investing in digital technology, with an emphasis on aspects that allow strengthening relationships and gaining market share. This success is underscored by our market share growth over the last three years. The bank's cost to income ratio improved to 41.8% as against 50.0% SPLY, supported by strong revenue growth.

Furthermore, the exceptional efforts of the network, a

diverse product suite and the successful execution of its strategic plan resulted in Bank Alfalah achieving an impressive deposit growth of 40.2% in 2023. The Bank's deposits crossed the landmark barrier of two trillion, closing the year at Rs. 2.085 trillion. The increase is mainly due to the improvements of 19.5% and 61.8% in current and savings accounts, which stood at Rs. 790.359 billion and Rs. 654.179 billion, respectively, as at Dec 31, 2023.

The loan book closed at Rs. 777.287 billion; maintaining credit discipline in the midst of challenging market dynamics. Our underwriting discipline and rigorous client selection continued to serve us well which is reflected in our non-performing loans ratio being 4.8% as at 31 December 2023. This is despite some prudent classifications. Further, non-performing loans remain fully covered with coverage being 112.2%. During the year, Bank took an additional general provision of Rs. 3.153 billion against high risk portfolio due to the economic vulnerability faced by such loans, whereas the provision held for flood impacted portfolio was reversed as headwinds in that portfolio have eased up.

Capital Structure of the Bank

The Bank remained well-capitalised with a capital base well above regulatory benchmarks and Basel capital requirements. It continues with a policy of sufficient profit retention to increase its risk absorption capacity. The Bank's total Capital Adequacy Ratio is 16.74% against the requirement of 11.50% (including Capital Conservation Buffer of 1.50% of the total Risk Weighted Assets (RWA). Quality of the capital is evident from the Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio, which comes to 11.64% against the regulatory requirement of 7.50% (including CCB of 1.5%). Detailed disclosures on CAR and Risk Management are given in notes 45 and 46 respectively, in the annexed audited unconsolidated financial statements.

Business Performance Review

Business development, performance and position of the Bank, and its impact on the environment are discussed in detail in the Organisational Review, Outlook, Performance and Position sections of this Annual Report.

Government of Pakistan (GoP) and State Bank of Pakistan (SBP) policies and their impact on the Bank's business performance

Aligned with the Government's vision to foster growth in construction and export oriented industries, and to improve the business environment for local manufacturers, SBP continued with its facilitative role in

supporting government policies for economic development and effective resource utilisation. With a continued emphasis on promoting financial inclusion, financial development and documentation of financial transactions, SBP, in collaboration with local banks and Development Financial Institutions (DFIs), introduced several initiatives. Bank Alfalah consistently demonstrated its dedication towards achieving these developmental goals and has been recognised time and again for its remarkable performance and contribution towards these initiatives.

1. Digitisation for financial inclusion

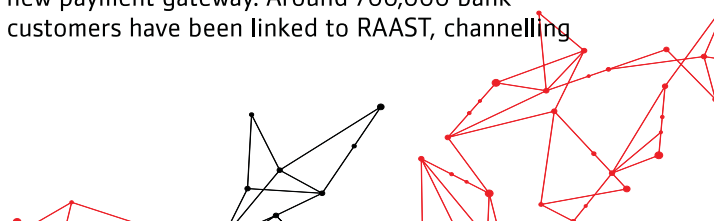
Prioritising digital financial solutions has a direct correlation to financial inclusion. As digital channels serve to enhance the outreach of the financial sector in a more efficient and cost effective manner, the SBP initiated plans on many fronts. Bank's contribution in key areas is given below:

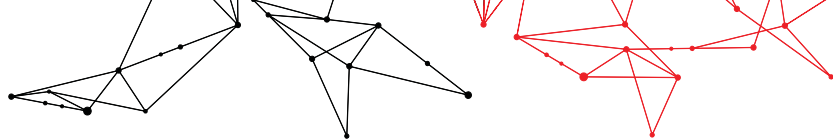
a- Digital Products and Initiatives

Being a pioneer in the industry, we intensified our efforts to improve digital banking services and to develop innovative ways to connect with customers, all the while maintaining our commitment to a customer-centric approach. We continue to innovate and invest in our digital capabilities to complement our strong branch network, enabling our customers to bank how and where they want. Our strategy is aligned with SBP objectives to promote financial inclusion; provide credit access to unserved and underserved; and to provide affordable/cost effective digital financial services. Some of the key digital initiatives taken in 2023 include: i) Digital Sales and Service Centres (compact shops housing an ATM, CDM, and CDK, strategically located in cash-heavy market areas in cities and towns), ii) Pakistan's first Digital Lifestyle Branch, Alfa BNPL (Buy Now Pay Later) Islamic for credit card holders, and ATM Modernisation.

b- RAAST

SBP launched Pakistan's first instant payment system Raast, to provide instant, reliable and zero-cost digital payment services in Pakistan. Raast is an end-to-end digital payments solution and is targeted to be used to settle small-value retail payments of individuals and small businesses in real time. SBP has now launched a P2M (Person-to-Merchant) service to facilitate digital payment acceptance for merchants and businesses. The P2M service will enable payment acceptance by businesses using Quick Response (QR) Codes, Raast Alias, IBAN and Request to Pay (RTP). Bank Alfalah has been very active in promoting this new payment gateway. Around 700,000 bank customers have been linked to RAAST, channelling





4.2 million transactions at a value of PKR 440 billion during 2023.

2. Financial Inclusion and Financial Literacy

The Bank, in line with SBP's vision continued to take measures to improve financial inclusion and financial literacy.

3. Roshan Digital Account (RDA)

RDA is the SBP flagship program to bring banking solutions to Non-Resident Pakistanis (NRPs), which has also been helping the country in terms of remittance inflows. Under the scheme, SBP has built many much-needed products around RDA, including i) Naya Pakistan Certificates (NPCs), ii) Roshan Apni Car (RAC), iii) Roshan Apna Ghar (RAG), iv) Roshan Samaaji Khidmat (RSK), and v) Roshan Equity Investments. Through the RDA channel, NRPs can digitally open/operate FCY/LCY accounts through internet banking and mobile apps without lengthy documentation gaining access to a savings tool providing attractive returns through NPCs. Bank Alfalah has successfully opened more than 47 thousand RDAs since inception till Dec 31, 2023, and the balances in RDA accounts is PKR 9.4 billion as at the year end. Total investments made in Naya Pakistan Certificates (NPCs) through Bank Alfalah amounted to PKR 93.4 billion since inception, till Dec 31, 2023

36 4. SME Asaan Finance (SAAF) Scheme

Small and Medium Enterprises (SMEs) contribute about 40% of Pakistan's GDP and remain critical to economic development. In this regard, SBP, in collaboration with the Government of Pakistan, launched SAAF which is a refinance and credit guarantee facility for creditworthy SMEs facing challenges in accessing funding. Its features include: i) option for Shariah-compliant products, ii) facility for Working Capital and Term Loans, and iii) acceptance of personal guarantees. Bank Alfalah, already active in this segment and helping towards the ultimate government goal of economic development, remained at the forefront. During 2023, the Bank has processed around 436 loan applications and disbursed more than PKR 1.8 billion under this scheme.

5. Refinance Facilities

In order to ensure an adequate supply of financing to industries, especially export-oriented industries, SBP, over the years, has launched various refinance schemes to meet business growth needs. The major refinance facility is the Export Finance Scheme (EFS), under which the Bank has disbursed around PKR 136 billion during 2023.

The Group's Performance

Bank Alfalah posted consolidated profit after tax (PAT) of Rs. 36.068 billion for the year ended December 31, 2023 (2022: Rs. 18.397 billion). Earnings per share (EPS) attributable to equity holders of the Bank was measured at Rs. 23.15 in comparison to Rs. 10.38 for the last year.

The Bank has a 62.50% shareholding in Alfalah CLSA Securities (Private) Limited, which is engaged in the business of stock brokerage, investment banking, corporate finance and fund placements.

The Bank has incorporated a new exchange company, Alfalah Currency Exchange (Private) Limited, with an authorised capital of Rs. 2 billion. This exchange company will function as a wholly-owned subsidiary of the Bank, and will provide comprehensive foreign exchange solutions. The exchange company is expected to commence operations in the year 2024.

Further, the Bank has associated entities with equity investment of 30% in Alfalah Insurance Limited, 30% in Sapphire Wind Power Limited and 40.2% in Alfalah GHP Investment Management Limited.

Performance of Subsidiary:

Alfalah CLSA Securities (Private) Limited incurred an operating loss of Rs. 1,091.639 million (2022: Rs. 11.741 million) mainly because of expected credit loss on its trade receivables. Accordingly, loss per share (EPS) for the year was Rs. 28.34 as compared to earnings per share of Rs. 0.19 last year. Due to this loss, the Bank is considering injecting further capital / funding as required to support the subsidiary's operations. This will be approved by shareholders in the upcoming annual general meeting for the year ended December 31, 2023.

Dividend, Bonus Shares And Other Appropriations

The directors have recommended final cash dividend of Rs. 5.0 per share (50%) for the year ended December 31, 2023, subject to approval of the shareholders in the upcoming Annual General Meeting, bringing the total cash dividend for the year to Rs. 8.0 per share. The Board had earlier declared and paid an interim cash dividend of Rs. 3.0 per share (30%).

Other appropriations:

The Board has approved an appropriation of Rs. 3.646 billion from the current year's profit to the statutory reserve in compliance with the requirements of the Banking Companies Ordinance, 1962.

Credit Rating

The Bank has been assigned the following ratings by PACRA:

- Entity rating: 'AA+' (Double A Plus) for the long-term and 'A1+' (A-One Plus) for the short-term, with 'Stable' Outlook.
- Instruments rating: Unsecured Tier 1 Capital instruments (Term Finance Certificate) of the Bank have been awarded a credit rating of 'AA-' (Double A Minus), with 'Stable' Outlook. Medium Term Note (MTN): AAA (Triple-A) rating. The instrument is a Rated, Secured, Listed, and Redeemable Fixed Rate Term Finance Certificate (TFC).

The assigned ratings mirror the Bank's diversified operations, sound financial risk profile, strong sponsors, and established market presence. These ratings signify an extremely low anticipation of credit risk, a robust ability for timely repayment of long term financial commitments and the highest capability for timely repayment in the short term, respectively.

Corporate Governance

The Bank is in compliance with significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The prescribed statement by the Management, together with the Auditor's Review Report thereon, is annexed to this Annual Report.

The Directors are pleased to present the following statements required under Chapter XII – Reporting and Disclosure of the aforementioned regulations:

1. The total number of directors are eight:

- | | |
|------------|-------|
| i. Male | Seven |
| ii. Female | One |

2. The composition of the Board is as follows:

- | | |
|---|-------|
| i. Independent Directors
(including a female Director) | Three |
| ii. Non-executive Directors | Four |
| iii. Executive Directors | One |

3. The Board, from time to time, establishes committees to discharge its responsibilities. For each Board committee, the Board adopts a formal Terms of Reference (ToRs) setting out the matters relevant to composition, roles, functions, responsibilities and administration. The following committees have been constituted by the Board:

- i. Board Audit Committee
- ii. Board Strategy and Finance Committee
- iii. Board Risk Management Committee
- iv. Board Human Resource, Remuneration and

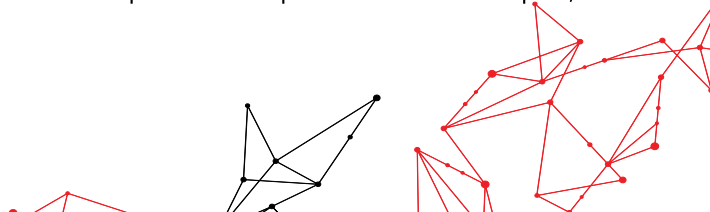
- v. Nomination Committee
- vi. Board Information Technology Committee
- vii. Board Compensation Committee
- viii. Board Crises Management Committee
- ix. Board Real Estate Committee

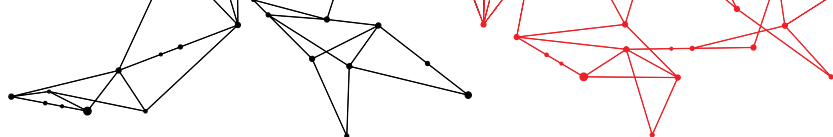
For committees' members and committees' terms of reference, please refer to the Governance section of this Annual Report.

4. The Bank has a formal policy and transparent procedure for remuneration of Directors, in accordance with regulatory requirements. The Policy was initially unanimously approved by the shareholders of the Bank in the 28th Annual General Meeting ("AGM"), held on 27th March 2020 and was subsequently amended in the 30th AGM held on 29th March 2022 to align the same with SBP's Corporate Governance Regulatory Framework. The remuneration policy and framework related disclosures have been given as part of the Governance section of this Annual Report. The payment of Directors' meeting fees, as reported in note 40 of the financial statements, is approved annually by the members along with annual audited financial statements in the AGM.

As a matter of best practice, the Directors are pleased to give the following statements:

- a) The financial statements, prepared by the management, present fairly the state of affairs of the Bank, the result of its operations, cash flows and changes in equity;
- b) Proper books of accounts of the Bank have been maintained;
- c) Appropriate accounting policies, as stated in the notes to the financial statements have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts about the Bank's ability to continue as a going concern;
- g) There has been no material departure from best practices of corporate governance;
- h) Summarised key operating and financial data of last six years has been presented as part of the Annual Report;





i)As at 31st December 2023, the Bank is compliant with respect to the Directors' training requirement provided in the Code of Corporate Governance Regulations;

j)The Pattern of Shareholding, in accordance with The Companies (General Provisions and Forms) Regulations, 2018, is attached as part of this Annual Report;

k)There are no loans, TFCs, sukuk or any other debt instruments in which the Bank is in default or likely to default;

l)Trading patterns in the shares of the Bank, by Directors, substantial shareholders, executives, their spouses and minor children have been disclosed as part of the Annual Report; and

m)The Board's performance for the year 2022 was self-evaluated by the individual directors during 2023.

Risk Management

The Board, through its Board Risk Management Committee, has carried out a robust assessment of principal risks. Under the governance of the Board, the Bank employs a robust and well organised risk management approach overseen by management committees and a dedicated Risk Management Division. The Bank's risk management framework, risk assessment, risk mitigation methodology, key risks and opportunities have been disclosed in the 'Risk and Opportunities' section of this Annual Report.

Internal Controls

The management believes that the Bank's existing system of Internal Controls is reasonable in design and is being effectively implemented and monitored. The Bank's control environment, including technological solutions, experiences ongoing enhancements. The Board endorses the management's evaluation of effectiveness of overall Internal Controls, including Internal Controls over Financial Reporting, as detailed in the Statement of Internal Controls in the 'Governance' section of this Annual Report.

Corporate Social Responsibility

At Bank Alfalah, our success goes hand in hand with the accomplishment of our communities, customers and employees. We aim to conduct business by creating shared values for all our stakeholders. Corporate Social Responsibility (CSR) is an instrument of sustainable change and continues to be one of the most critical aspects of our business.

The Bank continued its flood rehabilitation efforts in light of the commitment set by the Chairman, His Highness Sheikh Nahyan bin Mubarak Al Nahyan, and the Board of Directors in the aftermath of the devastating floods and unprecedented rains across the country in 2022. During the current year, the pledged amount was distributed by the Bank for rebuilding infrastructure in the affected areas. Donations amounting to Rs. 1,174.500 million were made in collaboration with selected NGOs and organisations.

We are firm in our commitment to operate within an ethical framework while contributing to socio-economic development. As we continue to build responsible business practices across the Bank, we ensure that we capture every opportunity, deepening the impact of our Corporate Social Responsibility and philanthropic footprint. The Bank donated Rs. 75.020 million to different educational and other charitable institutions during the year. As a Bank, we are focused on sustainability.

For further details on the Bank's efforts, including collaborations with renowned partners, please refer to the 'Sustainability' section of this Annual Report.

External Audit

The Bank has received an unqualified audit report for the year ended December 31, 2023, from its external auditors, M/s A. F. Ferguson & Co., Chartered Accountants.

M/S A. F. Ferguson & Co., Chartered Accountants, existing auditors of the Bank, have given consent to continue to act as statutory auditors of the Bank for the year 2024. The Board Audit Committee has recommended their name for re-appointment for the next year.

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

Future Outlook

Moving forward, Bank Alfalah remains strategically positioned for sustainable growth, building on the foundations of our past successes. We will continue to expand our deposit base and cultivate low-cost deposits, while simultaneously broadening our domestic footprint to offer unparalleled services to our customers. Emphasising the consumer space, aiding SMEs in their growth, and harnessing technological advancements to meet evolving banking needs will be key focal points. Boosting trade volumes, enhancing penetration in cash management, and improving our position in supply chain financing and home remittances align with our commitment to adapting to industry and global shifts.

Our culture of 'One Bank, One Team' will persist, fostering collaboration, creativity, and innovation. Human capital development remains central, ensuring a skilled and motivated workforce. The Bank's caring culture extends to the community through intensified Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) initiatives.

In line with our commitment to innovation and efficiency, we will incorporate new initiatives that will leverage technology, advanced analytics, and AI across various areas within the bank. This approach ensures that we achieve operational efficiencies and stay at the forefront of banking excellence.

As we navigate industry and global trends, Bank Alfalah is poised for adaptability, resilience, and sustained value creation, ensuring enduring shareholder value and continued excellence in the face of evolving challenges.

Uncertainties that could affect the Bank's resources, revenues and operations

All projections are, by nature, subject to risks and uncertainties, some beyond our control. Factors that may potentially affect the Bank's resources, revenues and operations are:

- Global macroeconomic conditions impacting overall economic activity;
- Impact of climate conditions on economic activity and business operations;
- Geopolitical risks and uncertainties across the geographies that we operate in;
- Global AML/CFT compliance in accordance with FATF;
- Trade policies of trade partner countries;
- Economic decisions on discount rate/monetary policy;
- Disciplined fiscal policy and corporate taxation measures;
- Law and order situation/political environment within the country;

- Local government rules and regulations;
- Emergence of disruptive technologies; and
- Risk of cyberattacks.

The Risk Management Group of the Bank routinely conducts stress tests based on diverse pre-determined scenarios to assess the potential impact of any losses and to ascertain whether the Bank possesses enough capital to endure the repercussions of any unfavourable developments. The outcome of these tests have indicated that the Bank possesses sufficient capital, liquidity and profitability to withstand any potential losses.

The Bank vigilantly monitors these uncertainties and risks, and simultaneously implements corrective and protective measures to sustain operating performance and safeguard shareholder interests.

A detailed overview is given in the 'Outlook' and 'Strategy' sections of this Annual Report.

Subsequent Events

There are no significant post balance sheet events that could materially affect the company's performance as presented in these financials or could have required a disclosure of facts.

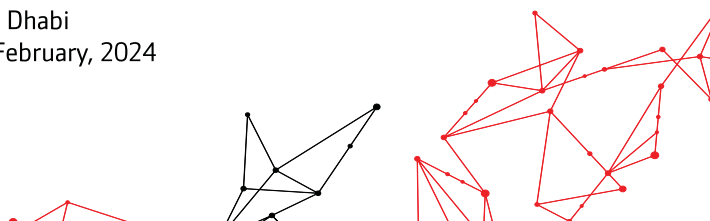
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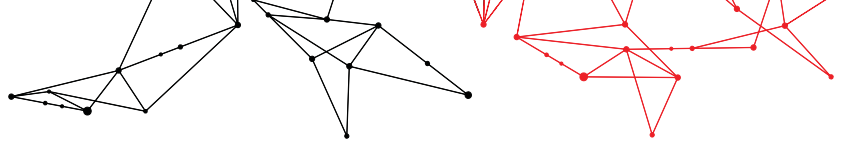
On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their valuable counsel and guidance. At the same time, we would like to acknowledge the ongoing and never-ending support of our shareholders, our customers and business partners.

Over the years, we have laid the foundations to deliver great value and service to our customers, simultaneously enhancing profitability and fortifying our balance sheet. As we move forward, we shall remain focused on serving our customers and playing a key role in supporting economic recovery. While pursuing this, we will remain conscientious of our obligations to our employees and the community at large, as well as our commitment to consistently provide substantial returns to our shareholders

Atif Aslam Bajwa
President and Chief Executive Officer
Abu Dhabi
1st February, 2024

Khalid Qurashi
Director





اعتراف

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کا ان کے قابل قدر مشورے اور رہنمائی کے لیے شکریہ ادا کرنا چاہتے ہیں۔ اس کے ساتھ ساتھ، ہم اپنے شیئر ہولڈرز، اپنے صارفین اور کاروباری شراکت داروں کی جاری اور نہ ختم ہونے والی حمایت کو تسلیم کرنا چاہیں گے۔

سالوں کے دوران، ہم نے اپنے صارفین کو بہترین قیمت اور خدمات فراہم کرنے کے لیے بنیادیں رکھی ہیں، ساتھ ہی منافع میں اضافہ اور اپنی بیلنس شیٹ کو مضبوط بنایا ہے۔ جیسے جیسے ہم آگے بڑھیں گے، ہم اپنے صارفین کی خدمت کرنے اور معاشی بحالی میں کلیدی کردار ادا کرنے پر توجہ مرکوز رکھیں گے۔ اس کی پیروی کرتے ہوئے، ہم اپنے ملازمین اور بڑے پیمانے پر کمیونٹی کے لیے اپنی ذمہ داریوں کے ساتھ ساتھ اپنے حصص یافتگان کو مستقل طور پر خاطر خواہ منافع فراہم کرنے کے عزم کا پابند رہیں گے۔

خالد قریشی

ڈائریکٹر

عاطف اسلم باجوہ

صدر اور چیف ایگزیکٹو آفیسر

ابوظہبی

یکم فروری ۲۰۲۲

جیسا کہ ہم صنعت اور عالمی رجحانات پر تشریف لے جاتے ہیں، بینک الفلاح موافقت، لچک، اور پائیدار قدر کی تخلیق کے لیے تیار ہے، جس سے حصص یافتگان کی پائیدار قدر کو یقینی بنایا جا رہا ہے اور ابھرتے ہوئے چیلنجوں کا سامنا کرتے ہوئے شاندار کارکردگی کا سلسلہ جاری ہے۔

غیر یقینی صورتحال جو بینک کے وسائل، محصولات اور آپریشنز کو متاثر کر سکتی ہے۔

تمام تخمینے، فطرت کے مطابق، خطرات اور غیر یقینی صورتحال کے تابع ہیں، کچھ قابو سے باہر ہیں۔ وہ عوامل جو ممکنہ طور پر بینک کے وسائل، محصولات اور آپریشنز کو متاثر کر سکتے ہیں:

- مجموعی اقتصادی سرگرمی پر اثر انداز ہونے والے عالمی معاشی حالات؛
- اقتصادی سرگرمیوں اور کاروباری کاموں پر موسمیاتی حالات کا اثر؛
- تمام جغرافیوں میں جغرافیائی سیاسی خطرات اور غیر یقینی صورتحال جن میں ہم کام کرتے ہیں۔

FATF کے مطابق عالمی CFT/AML تعمیل؛

- تجارتی شراکت دار ممالک کی تجارتی پالیسیاں؛

- ڈسکاؤنٹ ریٹ / مانیٹری پالیسی پر اقتصادی فیصلے؛

- نظم و ضبط مالیاتی پالیسی اور کارپوریٹ ٹیکس کے اقدامات؛

- ملک کے اندر امن و امان کی صورتحال / سیاسی ماحول؛

- مقامی حکومت کے قواعد و ضوابط؛

- خلل ڈالنے والی ٹیکنالوجیز کا ظہور، اور

- سانبر حملوں کا خطرہ۔

بینک کا رسک مینجمنٹ گروپ کسی بھی نقصان کے ممکنہ اثرات کا اندازہ لگانے کے لیے اور یہ معلوم کرنے کے لیے کہ آیا بینک کے پاس اتنا سرمایہ ہے کہ کسی بھی ناگوار پیش رفت کے اثرات کو برداشت کرنے کے لیے مختلف پہلے سے طے شدہ منظرناموں پر مبنی تناؤ کے ٹیسٹ باقاعدگی سے کرتا ہے۔ ان ٹیسٹوں کے نتائج نے اشارہ کیا ہے کہ بینک کے پاس کسی بھی ممکنہ نقصان کو برداشت کرنے کے لیے کافی سرمایہ، لیکویڈیٹی اور منافع ہے۔

بینک ان غیر یقینی صورتحال اور خطرات پر چوکسی سے نظر رکھتا ہے، اور ساتھ ہی

آپریٹنگ کارکردگی کو برقرار رکھنے اور شیئر ہولڈرز کے مفادات کے تحفظ کے لیے اصلاحی اور حفاظتی اقدامات کو لاگو کرتا ہے۔

اس سالانہ رپورٹ کے 'اؤٹ لک' اور 'حکمت عملی' کے سیکشنز میں ایک تفصیلی جائزہ دیا گیا ہے۔

بعد کے واقعات

کوئی اہم پوسٹ بیلنس شیٹ واقعات نہیں ہیں جو کمپنی کی کارکردگی کو مادی طور پر متاثر کر سکتے ہیں جیسا کہ ان مالیات میں پیش کیا گیا ہے یا حقائق کے انکشاف کی ضرورت ہو سکتی ہے۔

(ا) انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، بینک کی حالت، اس کے کاموں کے نتائج، تبدیلی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

(ب) بینک کے کھاتوں کی صحیح کتابیں رکھی گئی ہیں۔

(ج) مناسب اکاؤنٹنگ پالیسیاں، جیسا کہ مالیاتی گوشواروں کے نوٹوں میں بیان کیا گیا ہے، مالی بیانات کی تیاری میں مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور

دانشمندانہ فیصلے پر مبنی ہیں؛

(د) بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں بینکوں پر لاگو ہوتا ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے۔

(ه) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

(س) ایک جاری تشویش کے طور پر جاری رکھنے کی بینک کی اہلیت کے بارے میں کوئی خاص شک نہیں ہے؛

(ط) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے۔

(م) گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ سالانہ رپورٹ کے حصے کے طور پر پیش کیا گیا ہے۔

(ن) سال ۲۰۲۲ کے دوران منعقدہ بورڈ اور بورڈ کمیٹی کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری اس سالانہ رپورٹ کے گورننس سیکشن میں ظاہر کی گئی ہے۔

(ه) کمپنیز (جنرل پروویژن اینڈ فارمز) ریگولیشنز ۲۰۱۸ کے مطابق شیئر ہولڈنگ کا پپٹرن اس سالانہ رپورٹ کے حصے کے طور پر منسلک کیا گیا ہے۔

(د) کوئی قرضہ، TFCs، سکوک یا کوئی دوسرا قرضہ انسٹرومنٹ نہیں ہے جس میں بینک نابدہدہ ہے یا نابدہدہ ہونے کا امکان ہے۔

(ی) بینک کے حصص میں ٹریڈنگ پپٹرن، ڈائریکٹرز، کافی شیئر ہولڈرز، ایگزیکٹوز، ان کی شریک حیات اور نابالغ بچوں کی طرف سے سالانہ رپورٹ کے حصے کے طور پر ظاہر کیا گیا ہے۔ اور

(ے) سال ۲۰۲۲ کے لیے بورڈ کی کارکردگی کا جائزہ ۲۰۲۳ کے دوران انفرادی ڈائریکٹرز کی طرف سے خود کیا گیا۔

رسک مینجمنٹ

بورڈ نے اپنی بورڈ رسک مینجمنٹ کمیٹی کے ذریعے بنیادی خطرات کا ایک مضبوط جائزہ لیا ہے۔ بورڈ کے نظم و نسق کے تحت، بینک کے پاس انتظامی کمیٹیوں اور رسک مینجمنٹ ڈویژن کے ذریعہ ایک اچھی ساختہ اور مضبوط رسک مینجمنٹ اپروچ ہے۔ ہمارے رسک مینجمنٹ فریم ورک، خطرے کی تشخیص، خطرے میں کمی کا طریقہ کار، اہم خطرات اور مواقع کا انکشاف اس سالانہ رپورٹ کے 'خطرہ اور مواقع' سیکشن میں کیا گیا ہے۔

اندرونی کنٹرول

انتظامیہ کو یقین ہے کہ بینک کا اندرونی کنٹرول کا موجودہ نظام ڈیزائن کے لحاظ سے معقول ہے اور اسے مؤثر طریقے سے لاگو کیا جا رہا ہے اور اس کی نگرانی کی جا رہی ہے۔ تکنیکی حل سمیت بینک کے کنٹرول کے ماحول میں مسلسل بہتری آرہی ہے۔ بورڈ مجموعی داخلی کنٹرولوں کی تاثیر کے انتظام کے جائزے کی توثیق کرتا ہے، بشمول مالیاتی رپورٹنگ پر اندرونی کنٹرول، جیسا کہ اس سالانہ رپورٹ کے 'گورننس' سیکشن میں اندرونی کنٹرول کے بیان میں تفصیل سے بتایا گیا ہے۔

کارپوریٹ سماجی ذمہ داری

بینک الفلاح میں، ہماری کامیابی ہماری کمیونٹیز، صارفین اور ملازمین کی کامیابیوں کے ساتھ ہے۔ ہمارا مقصد اپنے تمام اسٹیک ہولڈرز کے لیے مشترکہ اقدار بنا کر کاروبار کرنا ہے۔ کارپوریٹ سماجی ذمہ داری (CSR) پائیدار تبدیلی کا ایک ذریعہ ہے اور یہ ہمارے کاروبار کے سب سے اہم پہلوؤں میں سے ایک ہے۔

بینک نے ۲۰۲۲ میں ملک بھر میں تباہ کن سیلابوں اور بے مثال بارشوں کے بعد چیئرمین عزت مآب شیخ نسیان بن مبارک النہیان اور بورڈ آف ڈائریکٹرز کے عزم کی روشنی میں سیلاب کی بحالی کی کوششوں کو جاری رکھا۔ سال کے دوران، گروی رکھی گئی رقم بینک نے متاثرہ علاقوں میں بنیادی ڈھانچے کی تعمیر نو کے لیے تقسیم کی تھی۔ ۱،۱۴۳،۵۰۰ ملین روپے کے عطیات منتخب این جی اوز اور تنظیموں کے تعاون سے حاصل کیے گئے۔

ہم سماجی و اقتصادی ترقی میں حصہ ڈالنے بونے اخلاقی فریم ورک کے اندر کام کرنے کے اپنے عزم پر پختہ ہیں۔ جیسا کہ ہم پورے بینک میں ذمہ دارانہ کاروباری طرز عمل کی تشکیل جاری رکھتے ہیں، ہم اس بات کو یقینی بناتے ہیں کہ ہم ہر موقع کو حاصل کریں، اپنی کارپوریٹ سماجی ذمہ داری اور انسان دوستی کے اثرات کو گہرا کرتے ہوئے۔ بینک نے سال کے دوران مختلف تعلیمی اور دیگر خیراتی اداروں کو ۴۵،۰۲۰ ملین روپے کا عطیہ دیا۔ ایک بینک کے طور پر، ہماری توجہ پائیداری پر ہے۔

مشہور شراکت داروں کے ساتھ تعاون سمیت بینک کی کوششوں کے بارے میں مزید تفصیلات کے لیے، براہ کرم اس سالانہ رپورٹ کے 'پائیداری' سیکشن کو دیکھیں۔

بیرونی آڈٹ

بینک کو اپنے بیرونی آڈیٹرز، میسرز ایف فرگوس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے ایک نااہل آڈٹ رپورٹ موصول ہوئی ہے۔

میسرز ایف فرگوس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، بینک کے موجودہ آڈیٹرز، نے سال ۲۰۲۳ کے لیے بینک کے قانونی آڈیٹرز کے طور پر کام جاری رکھنے کے لیے رضامندی دی ہے۔ بورڈ آڈٹ کمیٹی نے اگلے سال کے لیے دوبارہ تقرری کے لیے ان کے نام کی سفارش کی۔

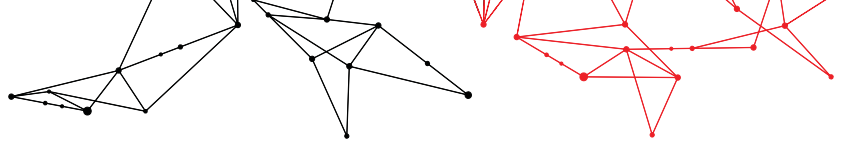
آڈیٹرز کی فرم نے تصدیق کی ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت انہیں تسلی بخش درجہ بندی دی گئی ہے، اور یہ کہ فرم اور ان کے تمام شراکت دار انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے رہنما خطوط کے مطابق ہیں۔ کوڈ آف ایٹھکس پر، جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے، اور تمام قابل اطلاق قوانین کے تحت تقرری کے تقاضوں کو پورا کرتے ہیں۔

مستقبل کا آؤٹ لک

آگے بڑھتے ہوئے، بینک الفلاح ہماری ماضی کی کامیابیوں کی بنیادوں پر استوار کرتے ہوئے، پائیدار ترقی کے لیے اسٹریٹجک طور پر پوزیشن میں ہے۔ ہم اپنے ڈپازٹ بیس کو بڑھانا اور کم لاگت والے ڈپازٹس کو فروغ دینا جاری رکھیں گے، ساتھ ہی ساتھ اپنے صارفین کو بے مثال خدمات پیش کرنے کے لیے اپنے مقامی نقش کو وسیع کرتے رہیں گے۔ صارفین کی جگہ پر زور دینا، ایس ایم ایز کو ان کی ترقی میں مدد کرنا، اور بینکنگ کی ابھرتی ہوئی ضروریات کو پورا کرنے کے لیے تکنیکی ترقی کو بروئے کار لانا کلیدی فوکل پوائنٹس ہوں گے۔ تجارت کے حجم کو بڑھانا، نقدی کے انتظام میں دخول کو بڑھانا، اور سپلائی چین فنانسنگ اور گھریلو ترسیلات میں اپنی پوزیشن کو بہتر بنانا صنعت اور عالمی تبدیلیوں سے ہم آہنگ ہونے کے ہمارے عزم کے مطابق ہے۔

ہماری 'ایک بینک، ایک ٹیم' کی ثقافت برقرار رہے گی، تعاون، تخلیقی صلاحیتوں اور اختراع کو فروغ دے گی۔ ہر مند اور حوصلہ افزا افرادی قوت کو یقینی بناتے ہوئے انسانی سرمائے کی ترقی مرکزی حیثیت رکھتی ہے۔ بینک کی دیکھ بھال کا کلچر تیز کارپوریٹ سماجی ذمہ داری اور ماحولیاتی، سماجی، اور گورننس اقدامات کے ذریعے کمیونٹی تک پھیلا ہوا ہے۔

جدت اور کارکردگی کے لیے اپنے عزم کے مطابق، ہم نئے اقدامات کو شامل کریں گے جو بینک کے اندر مختلف شعبوں میں ٹیکنالوجی، جدید تجزیات اور آئی کا فائدہ اٹھائیں گے۔ یہ نقطہ نظر اس بات کو یقینی بناتا ہے کہ ہم آپریشنل افادیت حاصل کریں اور بینکنگ کی عمدہ کارکردگی میں سب سے آگے رہیں۔



۵۔ ری فنانس کی سہولیات

تفویض کردہ ریٹنگ بینک کے متنوع آپریشنز، صحت مند مالیاتی رسک پروفائل، مضبوط اسپانسرز اور موجودہ مارکیٹ میں موجودگی کی عکاسی کرتی ہے۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع، طویل مدت میں مالی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت اور مختصر مدت میں بروقت ادائیگی کی بلند ترین صلاحیت کو ظاہر کرتی ہیں۔

صنعتوں، خاص طور پر برآمد پر مبنی صنعتوں کو مالی اعانت کی مناسب فراہمی کو یقینی بنانے کے لیے، SBP نے کاروباری ترقی کی ضروریات کو پورا کرنے کے لیے مختلف ری فنانس اسکیمیں شروع کی ہیں۔ ری فنانس کی سب سے بڑی سہولت ایکسپورٹ فنانس اسکیم (EFS) ہے، جس کے تحت بینک نے ۲۰۲۳ کے دوران تقریباً ۱۳۶ ارب روپے تقسیم کیے ہیں۔

کارپوریٹ گورننس

بینک لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، ۲۰۱۹ کے اہم تقاضوں کی تعمیل کر رہا ہے۔ انتظامیہ کی طرف سے تجویز کردہ بیان اور اس پر آڈیٹر کی جائزہ رپورٹ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز کو باب XII کے تحت درکار درج ذیل بیانات پیش کرنے پر خوشی ہے - مذکورہ بالا ضوابط کی رپورٹنگ اور انکشاف:

۱۔ ڈائریکٹرز کی کل تعداد آٹھ ہے:

(ا) مرد۔ سات

(ب) خاتون۔ ایک

۲۔ بورڈ کی تشکیل حسب ذیل ہے:

(ا) آزاد ڈائریکٹرز (بشمول ایک خاتون ڈائریکٹر) تین

(ب) نان ایگزیکٹو ڈائریکٹرز چار

(ج) ایگزیکٹو ڈائریکٹرز ایک

۳۔ بورڈ، وقتاً فوقتاً، اپنی ذمہ داریوں کو نبھانے کے لیے کمیٹیاں قائم کرتا ہے۔ بورڈ کی ہر کمیٹی کے لیے، بورڈ ایک باضابطہ ٹرمز آف ریفرنس (TORs) کو اپناتا ہے جس میں تشکیل، کردار، افعال، ذمہ داریوں اور انتظامیہ سے متعلقہ معاملات طے کیے جاتے ہیں۔ بورڈ کی جانب سے درج ذیل کمیٹیاں تشکیل دی گئی ہیں۔

(ا) بورڈ آڈٹ کمیٹی

(ب) بورڈ اسٹریٹیجی اینڈ فنانس کمیٹی

(ج) بورڈ رسک مینجمنٹ کمیٹی

(د) بورڈ ہیومن ریسورس، ریمونیشن اینڈ نومیینیشن کمیٹی

(ه) بورڈ انفارمیشن ٹیکنالوجی کمیٹی

(س) بورڈ کمپینیشن کمیٹی

(ط) بورڈ گرانٹس مینجمنٹ کمیٹی

(م) بورڈ ریل اسٹیٹ کمیٹی

کمیٹیوں کے اراکین اور کمیٹیوں کی شرائط کے لیے، براہ کرم اس سالانہ رپورٹ کے گورننس سیکشن کو دیکھیں۔

۴۔ ریگولیشنری تقاضوں کے مطابق، بینک کے پاس ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار ہے۔ اس پالیسی کو ابتدائی طور پر ۲۷ مارچ ۲۰۲۰ کو منعقدہ ۲۸ ویں سالانہ جنرل میٹنگ میں بینک کے شیئر ہولڈرز نے متفقہ طور پر منظور کیا تھا اور اس کے بعد ۲۹ مارچ ۲۰۲۲ کو ہونے والی 30 ویں سالانہ جنرل میٹنگ میں اس میں ترمیم کی گئی تھی تاکہ اسے اسٹیٹ بینک آف پاکستان کے کارپوریٹ گورنر کے ساتھ ہم آہنگ کیا جا سکے۔ ریگولیشنری فریم ورک، معاوضے کی پالیسی اور فریم ورک سے متعلق انکشافات اس سالانہ رپورٹ کے گورننس سیکشن کے حصے کے طور پر دیئے گئے ہیں۔ ڈائریکٹرز کی میٹنگ فیس کی ادائیگی، جیسا کہ مالیاتی بیانات کے نوٹ ۳۰ میں بتایا گیا ہے، سالانہ جنرل میٹنگ میں سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ممبران کی طرف سے سالانہ منظوری دی جاتی ہے۔

بہترین عمل کے طور پر، ڈائریکٹرز مندرجہ ذیل بیانات دینے میں خوش ہیں:

گروپ کی کارکردگی

بینک الفلاح نے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے ۳۶،۰۶۸ بلین روپے (۲۰۲۲: ۱۸،۴۹۷ بلین روپے) کا مجموعی منافع بعد از ٹیکس (PAT) پوسٹ کیا۔ بینک کے ایکویٹی ہولڈرز سے منسوب فی حصص آمدنی (EPS) پچھلے سال کے ۱۰،۴۳۸ روپے کے مقابلے میں ۲۳،۱۵ روپے تھی۔

بینک کے پاس الفلاح سی ایل ایس اے سیکورٹیز (پرائیویٹ) لمیٹڈ میں ۶۲،۵۰ فیصد شیئر ہولڈنگ ہے، جو اسٹاک بروکریج، انویسٹمنٹ بینکنگ، کارپوریٹ فنانس اور فنڈ پلیسمنٹ کے کاروبار میں مصروف ہے۔

بینک نے ایک نئی ایکسچینج کمپنی الفلاح کرنسی ایکسچینج (پرائیویٹ) لمیٹڈ کو شامل کیا ہے جس کا مجاز سرمایہ ۲ ارب روپے ہے۔ یہ ایکسچینج کمپنی بینک کے مکمل ملکیتی ذیلی ادارے کے طور پر کام کرے گی، اور زرمبادلہ کے جامع حل فراہم کرے گی۔ توقع ہے کہ ایکسچینج کمپنی سال ۲۰۲۳ میں کام شروع کر دے گی۔

مزید، بینک نے الفلاح انشورنس لمیٹڈ میں ۳۰ فیصد، سفائر ونڈ پاور لمیٹڈ میں ۳۰ فیصد اور الفلاح جی ایچ پی انوسٹمنٹ مینجمنٹ لمیٹڈ میں ۲۰،۶ فیصد کی ایکویٹی سرمایہ کاری کے ساتھ اداروں کو منسلک کیا ہے۔

ذیلی ادارے کی کارکردگی:

الفلاح سی ایل ایس اے سیکورٹیز (پرائیویٹ) لمیٹڈ کو ۲۳۹،۱۰۹۱ ملین روپے کا آپریٹنگ نقصان ہوا (۲۰۲۲: ۱۱،۴۳۱ ملین روپے) بنیادی طور پر اس کی تجارتی وصولیوں پر متوقع کریڈٹ نقصان کی وجہ سے۔ اس کے مطابق، گزشتہ سال ۰،۱۹ روپے کی فی حصص آمدنی کے مقابلے میں سال کے لیے نقصان فی حصص (EPS) ۲۸،۴۳۲ روپے تھا۔ اس نقصان کی وجہ سے، بینک ماتحت ادارے کے کاموں کو سپورٹ کرنے کے لیے ضرورت کے مطابق مزید سرمایہ / فنڈ دینے پر غور کر رہا ہے۔ اس کی منظوری ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے ذریعے دی جائے گی۔

ڈیویڈنڈ، بونس شیئرز اور دیگر تخصیصات

ڈائریکٹرز نے روپے کے فنانل کیش ڈیویڈنڈ کی سفارش کی ہے۔ ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والے سال کے لیے ۵۰ فی شیئر (۵۰ فیصد)، آئندہ سالانہ جنرل میٹنگ میں حصص یافتگان کی منظوری سے مشروط ہے، جس سے سال کے لیے کل کیش ڈیویڈنڈ ۸۰ روپے فی شیئر ہو جائے گا۔ بورڈ نے اس سے قبل ۳۰ روپے فی حصص (۳۰ فیصد) کے عبوری نقد منافع کا اعلان اور ادائیگی کی تھی۔

دیگر تخصیصات:

بورڈ نے بینکنگ کمپنیز آرڈیننس ۱۹۶۲ کے تقاضوں کی تعمیل کرتے ہوئے رواں سال کے منافع سے قانونی ذخائر کے لیے ۳،۲۶۲ بلین روپے کی تخصیص کی منظوری دی ہے۔

کریڈٹ ریٹنگ

بینک کو PACRA کی طرف سے درج ذیل ریٹنگ تفویض کی گئی ہے:

۔ اینٹیٹی ریٹنگ: طویل مدتی کے لیے 'AA+' (ڈبل اے پلس) اور مختصر مدت کے لیے 'A1+' (One Plus-A)، آؤٹ لک کو 'مستحکم' کے طور پر تفویض کیا گیا۔

۔ انسٹرومنٹس ریٹنگ: بینک کے غیر محفوظ ٹائر ا کیپٹل (ٹرم فنانس سرٹیفکیٹ) کو 'سٹیبل' آؤٹ لک کے ساتھ 'AA-' (ڈبل اے منس) کی کریڈٹ ریٹنگ دی گئی ہے۔

درمیانی مدت کا نوٹ (AAA: (A-Triple) MTN): انسٹرومنٹ ایک ریٹیڈ، محفوظ، لسٹڈ، اور ریڈیم ایبل فکسڈ ریٹ ٹرم فنانس سرٹیفکیٹ (TFC) ہے۔

لون بک ۲۸۴ء ۴۴۴ بلین روپے پر بند ہوئی۔ چیلنجنگ مارکیٹ کی حرکیات کے درمیان کریڈٹ ڈسپلن کو برقرار رکھنا، ہمارا انٹر رائٹنگ ڈسپلن اور درست کلارنٹ کا انتخاب ہمارے لیے بہترین ثابت ہوا جو کہ ۳۱ دسمبر ۲۰۲۳ تک ہمارے غیر فعال قرضوں کا تناسب ۴.۸ فیصد ہے۔ یہ کچھ محتاط درجہ بندی کے باوجود ہے۔ مزید برآں، غیر فعال قرضے ۱۱.۲ فیصد کوریج کے ساتھ مکمل طور پر محیط ہیں۔ سال کے دوران بینک نے روپے کا اضافی عمومی پروویژن لیا۔ اس طرح کے قرضوں سے درپیش معاشی کمزوری کی وجہ سے ہائی رسک پورٹ فولیو کے خلاف ۱۵۳ بلین روپے، جبکہ سیلاب سے متاثرہ پورٹ فولیو کے لیے رکھی گئی پروویژن کو تبدیل دیا گیا کیونکہ اس پورٹ فولیو میں رکاوٹیں کم ہو گئی ہیں۔

بینک کے سرمائے کی ساخت

بینک ریگولیٹری بینج مارکس اور بیسل کیٹیٹ کی ضروریات سے کافی اوپر کیٹیٹ بیس کے ساتھ اچھی طرح سے سرمایہ دار رہا۔ یہ اپنی رسک برداشت کرنے کی صلاحیت کو بڑھانے کے لیے کافی منافع برقرار رکھنے کی پالیسی کے ساتھ جاری ہے۔ بینک کا کل کیٹیٹل ایڈیکسی ریشو ۱۱.۵۰ فیصد کے مقابلے میں ۱۲.۴۳ فیصد ہے (جس میں کل رسک ویٹڈ اثاثوں (RWA) کے ۱.۵۰ فیصد کے کیٹیٹل کنزرویشن بفر بھی شامل ہے)۔ سرمائے کا معیار بینک کے کامن ایکویٹی ٹائر-۱ (GET1) سے ظاہر ہوتا ہے۔ کل رسک ویٹڈ اثاثہ جات کے تناسب سے، جو کہ ۵.۵۰ فیصد کی ریگولیٹری ضرورت کے مقابلے میں ۱۱.۲۳ فیصد پر آتا ہے (بشمول ۱.۵ فیصد CAR (CCB) اور رسک مینجمنٹ کے بارے میں تفصیلی انکشافات بالترتیب نوٹ ۳۵ اور ۳۶ میں، منسلک غیر متفقہ مالی بیانات میں دیے گئے ہیں۔

کاروباری کارکردگی کا جائزہ

اس سالانہ رپورٹ کے تنظیمی جائزہ، آؤٹ لک، کارکردگی اور پوزیشن سیکشنز میں کاروباری ترقی، بینک کی کارکردگی اور پوزیشن اور ماحول پر اس کے اثرات پر تفصیل سے بات کی گئی ہے۔

حکومت پاکستان (GoP) اور اسٹیٹ بینک آف پاکستان (SBP) کی پالیسیاں اور بینک کی کاروباری کارکردگی پر ان کے اثرات

تعمیراتی اور برآمدی صنعتوں میں ترقی کو فروغ دینے اور مقامی مینوفیکچررز کے لیے کاروباری ماحول کو بہتر بنانے کے حکومت کے وژن کے مطابق، SBP نے جاری رکھا۔ معاشی ترقی اور وسائل کے موثر استعمال کے لیے حکومتی پالیسیوں کی حمایت میں اپنے سہولت کار کردار کے ساتھ۔ مالی شمولیت، مالیاتی ترقی اور مالیاتی لین دین کی دستاویزات کو فروغ دینے پر مسلسل زور دینے کے ساتھ، SBP نے مقامی بینکوں اور ترقیاتی مالیاتی اداروں (DFIs) کے ساتھ مل کر کئی اقدامات متعارف کرائے ہیں۔ بینک الفلاح نے ان ترقیاتی اہداف کے حصول کے لیے مسلسل اپنی لگن کا مظاہرہ کیا اور ان اقدامات میں نمایاں کارکردگی اور شراکت کے لیے اسے بار بار تسلیم کیا گیا۔

۱. مالی شمولیت کے لیے ڈیجیٹلائزیشن

ڈیجیٹل مالیاتی حل کو ترجیح دینے کا مالی شمولیت سے براہ راست تعلق ہے۔ چونکہ ڈیجیٹل چینلز مالیاتی شعبے کی رسائی کو زیادہ موثر اور لاگت کو کم کرنے کے لیے کام کرتے ہیں، اسٹیٹ بینک نے کئی محاذوں پر منصوبے شروع کیے ہیں۔ اہم شعبوں میں بینک کا تعاون ذیل میں دیا گیا ہے:

(i) ڈیجیٹل مصنوعات اور اقدامات

صنعت میں ایک علمبردار ہونے کے ناطے، ہم نے ڈیجیٹل بینکنگ کی خدمات کو بہتر بنانے اور صارفین کے ساتھ جڑنے کے لیے اختراعی طریقے تیار کرنے کے لیے اپنی کوششوں کو تیز کیا، اس کے ساتھ ساتھ صارف پر مبنی نقطہ نظر کے لیے اپنی وابستگی کو برقرار رکھا۔ ہم اپنے مضبوط برانچ نیٹ ورک کی تکمیل کے لیے اپنی ڈیجیٹل صلاحیتوں میں جدت اور سرمایہ کاری کرتے رہتے ہیں، اپنے صارفین کو اس قابل بناتے ہیں کہ وہ کیسے اور کہاں چاہتے ہیں بینک کر سکیں۔ ہماری حکمت عملی مالی شمولیت کو فروغ دینے کے لیے اسٹیٹ بینک کے مقاصد سے ہم آہنگ ہے۔ غیر خدمت شدہ اور غیر محفوظ افراد کو کریڈٹ تک رسائی فراہم کرنا؛ اور سستی / لاگت سے موثر ڈیجیٹل مالیاتی خدمات فراہم کرنا۔ ۲۰۲۳ میں اٹھائے گئے چند

اہم ڈیجیٹل اقدامات میں شامل ہیں: (i) ڈیجیٹل سیلز اور سروس سینٹرز (کمپیکٹ شاپس جن میں اے ٹی ایم، سی ڈی ایم، اور سی ڈی کے ہیں، جو شہروں اور قصبوں میں کیش بیوی مارکیٹ والے علاقوں میں اسٹریٹجک طور پر واقع ہیں)، (ii) پاکستان کا پہلا ڈیجیٹل طرز زندگی۔ برانچ، الفا بی این بی ایل (Buy Now Pay Later) کریڈٹ کارڈ ہولڈرز کے لیے اسلامی، اور اے ٹی ایم ماڈرنائزیشن۔

(ب)۔ راست

ایس بی پی نے پاکستان میں فوری، قابل بھروسہ اور صفر لاگت والی ڈیجیٹل ادائیگی کی خدمات فراہم کرنے کے لیے پاکستان کا پہلا فوری ادائیگی کا نظام متعارف کرایا ہے جس کا نام ہے راست۔ راست ایک اینڈ ٹو اینڈ ڈیجیٹل ادائیگیوں کا حل ہے اور اس کا مقصد افراد اور چھوٹے کاروباروں کی چھوٹی قیمت کی خوردہ ادائیگیوں کو حقیقی وقت میں طے کرنے کے لیے استعمال کیا جانا ہے۔ ایس بی پی نے اب تاجروں اور کاروباروں کے لیے ڈیجیٹل ادائیگی کی قبولیت کو آسان بنانے کے لیے ایک P2M (پرسن ٹو مرچنٹ) سروس شروع کی ہے۔ P2M سروس کیو آر کوڈز، الیاز، راست، آئی بی اے اور ریکونسٹ ٹوپے کا استعمال کرتے ہوئے کاروبار کے ذریعے ادائیگی کی منظوری کو قابل بنانے کی۔ بینک الفلاح اس نئے پیمینٹ گیٹ وے کی تشریح کے لیے بہت سرگرم ہے۔ ۲۰۲۳ کے دوران تقریباً ۴۰۰۰۰۰۰ بینک صارفین کو راست سے منسلک کیا گیا ہے، جس نے ۲.۲ ملین ٹرانزیکشنز کی ہیں جن کی مالیت ۲۰۲۳ کے دوران ۳۳۰ بلین روپے ہے۔

۲. مالی شمولیت اور مالی خواندگی

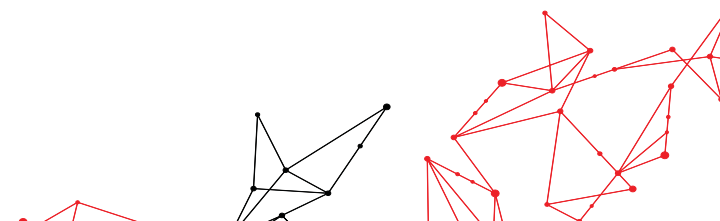
بینک، SBP کے وژن کے مطابق مالی شمولیت اور مالی خواندگی کو بہتر بنانے کے لیے اقدامات کرتا رہا۔

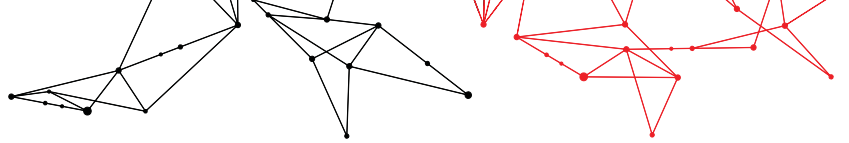
۳. روشن ڈیجیٹل اکاؤنٹ (RDA)

روشن ڈیجیٹل اکاؤنٹ غیر مقیم پاکستانیوں (NRPs) کے لیے بینکنگ سولوشنز فراہم کرنے کے لیے SBP کا فلیگ شپ پروگرام ہے، جو ترسیلات زر کی آمد کے حوالے سے بھی ملک کی مدد کر رہا ہے۔ اسکیم کے تحت، SBP نے آر ڈی اے کے تحت بہت سی انتہائی ضروری مصنوعات تیار کی ہیں، جن میں (i) نیا پاکستان سرٹیفکیٹس (NPCs)، (ii) روشن اپنی کار (RAC)، (iii) روشن اپنا گھر (RAG)، (iv) روشن سماجی خدمت (RSK)، اور (v) روشن ایکویٹی انویسٹمنٹس۔ آر ڈی اے چینل کے ذریعے، NRPs انٹرنیٹ بینکنگ اور موبائل ایپس کے ذریعے LCY/FCY اکاؤنٹس کو ڈیجیٹل طور پر کھول / آپریٹ کر سکتے ہیں بغیر طویل دستاویزات کے اور NPCs کے ذریعے پیکش منافع فراہم کرنے والے سیونگز کے طریقوں تک رسائی حاصل کر سکتے ہیں۔ بینک الفلاح اپنے آغاز سے لے کر ۳۱ دسمبر ۲۰۲۳ تک کامیابی کے ساتھ ۳۴ ہزار سے زیادہ آر ڈی اے کھول چکا ہے اور سال کے آخر تک آر ڈی اے کے کھاتوں میں بیلنس ۹.۳ بلین روپے ہے۔ بینک الفلاح کے ذریعے نیا پاکستان سرٹیفکیٹس (NPCs) میں کی گئی کل سرمایہ کاری ۳۱ دسمبر ۲۰۲۳ تک ۹۳.۴ بلین روپے تھی۔

۴. ایس ایم ای آسان فنانس (SAAF) اسکیم

چھوٹے اور درمیانے درجے کے کاروباری ادارے (SMEs) پاکستان کے جی ڈی پی میں تقریباً ۴۰ فیصد حصہ ڈالتے ہیں اور اقتصادی ترقی کے لیے اہم ہیں۔ اس سلسلے میں، SBP نے حکومت پاکستان کے ساتھ مل کر SAAF کا آغاز کیا جو کہ قرض کے قابل SMEs کے لیے ری فنانس اور کریڈٹ گارنٹی کی سہولت ہے جنہیں فنڈنگ تک رسائی میں چیلنجز کا سامنا ہے۔ اس کی خصوصیات میں شامل ہیں: (i) شریعت کے مطابق مصنوعات کے لیے اختیار، (ii) ورکنگ کیٹیٹل اور ٹرم لونز کے لیے سہولت، اور (iii) ذاتی ضمانتوں کی منظوری۔ بینک الفلاح، جو پہلے سے ہی اس شعبے میں سرگرم ہے اور معاشی ترقی کے حتمی حکومتی ہدف کی طرف مدد کر رہا ہے، سب سے آگے رہا۔ ۲۰۲۳ کے دوران، بینک نے تقریباً ۳۳۱ قرض کی درخواستوں پر کارروائی کی ہے اور اس اسکیم کے تحت ۱.۴ بلین روپے سے زیادہ کی رقم تقسیم کی ہے۔





حاصل ہونے والی آمدنی میں صحت مند اضافہ ہوا۔

حکومت نے بینکوں کو ۲۰۲۳ کے لیے سرمایہ کاری کی آمدنی پر آے ڈی آر پر مبنی ٹیکس سے ہٹا دیا، تاہم، فننانس ایکٹ ۲۰۲۳ نے ونڈ فال انکم پر ٹیکس متعارف کرایا جس کا بینکنگ انڈسٹری نے مقابلہ کیا ہے۔

شیڈول بینکوں کے ڈپازٹس میں ۲۳.۴۲ فیصد بہتری آئی، بنیادی طور پر پرکشش شرح سود اور کم بنیادی اثر کی وجہ سے، کیونکہ آے ڈی آر پر مبنی ٹیکس نے ۲۰۲۲ میں ڈپازٹ کی نمو کو کم کیا۔ CASA کا تناسب جون ۲۰۲۳ میں ۷۷.۴۱ فیصد تک بہتر ہوا جو دسمبر ۲۰۲۲ میں ۷۶.۲۲ فیصد تھا۔

حکومت بلند مالیاتی ضروریات کے درمیان، بینکوں کی جانب سے سرکاری سیکورٹیز میں سرمایہ کاری کے ذریعے، خاص طور پر مختصر مدت کے ٹی بلز کے درمیان، جہاں بقایا OMOs کی رقم (SBP سے بینکوں کے قرضے) سال کے دوران تاریخی بلند سطح پر پہنچ گئی۔ دسمبر ۲۰۲۲ میں بالترتیب ۵۳ فیصد اور ۸۰ فیصد کے مقابلے میں نجی شعبے کا کریڈٹ سیکٹر آے ڈی آر اور آئی ڈی آر بالترتیب ۳۵ فیصد اور ۹۲ فیصد کے ارد گرد کھڑا رہا۔

بینکنگ سیکٹر میں مجموعی ایڈوانسز میں ۲۰۲۲ میں ۱۶.۴ فیصد کی شرح نمو کے مقابلے میں صرف ۳.۲ فیصد کا اضافہ ہوا ہے۔ پیش قدمی میں سست نمو حکومت کی اعلیٰ مالی ضروریات، سست مجموعی مانگ کے ساتھ اعلیٰ قرضے لینے کے اخراجات، اور سبسڈی میں کمی کی وجہ سے ہو سکتی ہے۔ ری فنانسنگ کی شرحوں کو پالیسی کی شرح سے جوڑ کر NPL کا تناسب دسمبر ۲۰۲۲ میں ۶۳ فیصد سے ستمبر ۲۰۲۳ میں ۷۷ فیصد تک بڑھنے کے ساتھ مجموعی طور پر اثاثوں کا معیار قدرے خراب ہوا، NPL اسٹاک میں ۳.۴ فیصد اضافہ ہوا، تاہم، کوریج کا تناسب ستمبر ۲۰۲۳ میں ۹۵.۵ فیصد ہو گیا جو دسمبر ۲۰۲۲ میں ۸۹.۵ فیصد تھا۔

بینکنگ سیکٹر کا آؤٹ لک

۲۰۲۳ کے لیے بینکنگ سیکٹر کا آؤٹ لک مثبت رہتا ہے۔ آئی ایم ایف کے تحت، ۲۰۲۳ کے مقابلے میں معیشت کے مستحکم رہنے کی توقع ہے۔ افراط زر جاری رہنے کا امکان ہے، اور شرح سود میں کمی متوقع ہے۔ پالیسی کی شرح میں تبدیلی کا وقت اور شدت خالص سود کی آمدنی کی سمت متعین کرے گی۔ بانڈ اور ایکویٹی مارکیٹوں میں ریلی کیپٹیل گین کے مواقع فراہم کر سکتی ہے، جو کہ نان مارک اپ آمدنی کے لیے اچھی بات ہوگی۔

آئی ایم ایف پروگرام کا تسلسل، اور عبوری حکومت کی جانب سے شروع کیا گیا اصلاحاتی عمل بینکنگ سیکٹر کی معاشی استحکام اور کارکردگی کے لیے اہم ہوگا۔

آئی ایف آر ایس۔ ۹ کا نفاذ صنعت کے نقطہ نظر کو قرضوں پر خطرے کی بنیاد پر قیمتوں کے تعین کی طرف بدل دے گا جس کی قیمت ڈیفالٹ کے امکان کی بنیاد پر ہوگی۔ کریڈٹ کے نقصانات کی بروقت شناخت اور فراہمی ایک محفوظ بینکاری نظام کو فروغ دیتی ہے اور نگرانی میں اہم کردار ادا کرتی ہے۔

بینک کی کارکردگی کا جائزہ

۳۱ دسمبر، ۲۰۲۳ کو ختم ہونے والے سال کے لیے بینک کے مالیاتی نتائج کی جھلکیاں مندرجہ ذیل ہیں:

مالیاتی پوزیشن	۲۰۲۳	۲۰۲۲
شیلڈ ہولڈرز کی ایکویٹی	۱۳۷,۹۲۳	۱۰۰,۰۱۵
اثاثوں کی مجموعی مالیت	۲,۳۳۵,۹۱۷	۲,۴۵۳,۱۹۷
جمع شدہ گُل رقوم (ڈپازٹس)	۲,۰۸۲,۹۹۷	۱,۴۸۶,۸۳۵
ایڈوانسز - خالص	۷۳۵,۰۵۲	۷۳۴,۳۲۵
سرمایہ کاریاں - خالص	۲,۰۶۷,۲۶۳	۱,۱۱۲,۳۰۷

۲۰۲۳	۲۰۲۲	روپے ملین میں
خالص مارک اپ آمدنی	۱۲۶,۰۷۵	۷۷,۲۳۲
نان مارک اپ آمدنی	۲۸,۰۶۳	۲۱,۸۸۳
نان مارک اپ اخراجات	۶۶,۳۹۷	۵۰,۳۹۷
آپریٹنگ پروفٹ	۸۷,۷۳۷	۴۸,۷۲۹
پرویزن اور رانٹ آفز (خالص)	۹,۳۶۲	۱۲,۳۶۸
قبل از ٹیکس منافع	۷۸,۳۷۵	۳۶,۳۶۱
بعد از ٹیکس منافع	۳۶,۴۵۶	۱۸,۲۰۶
بنیادی اور ڈائیلیوڈ آمدنی فی شیئر - روپے	۲۳.۱۲	۱۰.۲۷

بینک الفلاح نے ۲۰۲۳ کے دوران منافع میں مثالی اضافہ کیا۔ ٹیکس کے بعد منافع ۳۶,۴۵۶ بلین روپے ہے جو کہ پچھلے سال ۱۸,۲۰۶ بلین روپے تھا، جو کہ ۱۰۰ فیصد سے زیادہ نمو ہے۔ فی شیئر آمدنی ۲۳.۱۲ روپے (۲۰۲۲: ۱۰.۲۷ روپے) ہے۔ بہتر منافع کی مدد سے، بینک نے نیٹ ورک، لوگوں اور ٹیکنالوجی میں نمایاں سرمایہ کاری بھی جاری رکھی۔

سال کے دوران ریونیو ۵۵.۵ فیصد بڑھ کر ۱۳۳.۱۳ بلین روپے پر بند ہوا جو گزشتہ سال ۹۹.۱۲ بلین روپے تھا۔ مارک اپ آمدنی، جس میں ۲۳.۴۲ فیصد اضافہ ہوا، آمدنی میں اضافے میں کلیدی معاون تھا۔ خالص آمدنی والے اثاثوں میں اضافے اور اثاثے کی کتاب کی اعلیٰ شرحوں پر دوبارہ قیمتوں کا مجموعہ مارک اپ آمدنی میں اضافے کا باعث بنا۔ غیر مارک اپ آمدنی ۲۸,۰۶۳ بلین روپے رہی، جو گزشتہ سال کی اسی مدت کے مقابلے میں ۲۸.۲ فیصد زیادہ ہے۔ بڑھتی ہوئی فیس اور کمیشن کی آمدنی، اور مشتقات سے حاصل ہونے والے فوائد مثبت تغیر میں اہم کردار ادا کرنے والے عوامل تھے۔

بینک اخراجات کی نگرانی میں چونکا رہتا ہے اور لاگت کے محتاط انتظام کی مشق کرتا ہے، جبکہ توسیع کے ذریعے آمدنی میں اضافے اور مارکیٹ شیئر حاصل کرنے پر توجہ مرکوز کرتا ہے۔ یہ عزم نئی شاخوں کے قیام، ڈیجیٹل اور انفارمیشن ٹیکنالوجی پلیٹ فارمز میں سرمایہ کاری اور پیشہ ورانہ مشاورت کے ساتھ مشغولیت سے ظاہر ہوتا ہے۔ تمام نئے منصوبوں میں سرمایہ کاری پر سمجھوتہ کیے بغیر۔ بینک نے ۲۰۲۳ کے دوران ایک جدید ترین ڈیجیٹل لائف اسٹائل برانچ کھولی، ایک صنعت کی حیثیت سے سب سے پہلے۔ برانچ میں دلچسپ اختراعات جیسے کہ کیش اور چیک ڈپازٹ مشینیں، ڈیجیٹل لاکرز اور ایلفا مال کے ذریعے Buy Now Pay Later (BNPL) اسٹور کے ساتھ طرز زندگی کی خصوصیات جیسے اعلیٰ درجے کے کھانے اور ورک اسپیس شیئرنگ شامل ہیں۔ مزید برآں، مارکیٹنگ اور برانڈنگ کے زیادہ اخراجات، پاکستانی روپے کی قدر میں کمی اور افراط زر سے متعلق اثرات بھی آپریٹنگ اخراجات میں اضافے کا باعث بنے۔ بینک نے سیلاب سے متاثرہ علاقوں میں بحالی، صحت کی دیکھ بھال، تعلیم وغیرہ پر مشتمل ترقی کے منصوبوں کے لیے این جی اوز کو مالی مدد فراہم کر کے کارپوریٹ سماجی ذمہ داری کا اپنا کردار بھی ادا کیا۔ ۲۰۲۳ کے دوران، بینک نے ۱۰۰ سے زائد نئی شاخیں قائم کیں، جنہوں نے صارفین کے حصول میں نمایاں کردار ادا کیا، ڈپازٹ سوبلائزیشن، تھرو پٹ میں اضافہ اور اس کے نتیجے میں آمدنی میں اضافہ۔ مزید برآں، بینک حکمت عملی کے ساتھ ڈیجیٹل ٹیکنالوجی میں سرمایہ کاری کر رہا ہے، جس میں ان پھلوؤں پر زور دیا جا رہا ہے جو تعلقات کو مضبوط بنانے اور مارکیٹ شیئر حاصل کرنے کی اجازت دیتے ہیں۔ اس کامیابی کو پچھلے تین سالوں میں ہماری مارکیٹ شیئر کی ترقی سے واضح کیا گیا ہے۔ بینک کی لاگت سے آمدنی کا تناسب ۵۰.۰۰ فیصد SPLY کے مقابلے میں ۴۱.۸۸ فیصد تک بہتر ہوا، جس کی مضبوط آمدنی میں اضافہ ہوا۔

مزید برآں، نیٹ ورک کی غیر معمولی کوششوں، ایک متنوع پروڈکٹ سوٹ اور اس کے اسٹریٹجک پلان کی کامیاب تکمیل کے نتیجے میں بینک الفلاح نے ۲۰۲۳ میں ۲۰.۲ فیصد کی شاندار ڈپازٹ ۲,۰۸۵.۸۵ ٹریلین روپے میں نمو حاصل کی۔ یہ اضافہ بنیادی طور پر کرنٹ اور سیونگ اکاؤنٹس میں ۱۹.۵ فیصد اور ۲۱.۸۸ فیصد کی بہتری کی وجہ سے ہوا ہے، جو کہ ۳۱ دسمبر ۲۰۲۳ تک بالترتیب ۷۹۰.۳۵۹ بلین روپے اور ۱۷۹.۱۷۲ بلین روپے تھا۔

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

معزز شیئر ہولڈرز،

ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے ڈائریکٹرز کی رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

معاشی جائزہ

عالمی معیشت

سال ۲۰۲۳ میں مہنگائی کو روکنے پر مسلسل توجہ دی گئی، عالمی مرکزی بینکوں نے سخت مالیاتی پالیسی کا موقف برقرار رکھا۔ یو ایس فیڈ نے بینچ مارک کی شرح کو ۱۰۰ بی بی ایس سے بڑھا کر ۵.۵ فیصد کر دیا۔ آئی ایم ایف کو توقع ہے کہ عالمی افراط زر ۲۰۲۲ میں ۸.۷ فیصد سے ۲۰۲۳ میں ۶.۹ فیصد اور ۲۰۲۳ میں ۵.۸ فیصد تک گرے گا۔ محدود موقف کا عالمی معاشی نمو پر اثر پڑا، جو ۲۰۲۲ میں ۳.۵ فیصد سے کم ہو کر ۲۰۲۳ میں ۳.۰ فیصد رہ گئی، اور ۲۰۲۳ میں مزید ۲.۹ فیصد تک سست ہونے کی توقع ہے۔ اعلیٰ شرحوں کے عالمی بینکنگ سیکٹر کے لیے بھی کچھ منفی اثرات مرتب ہوئے، امریکہ میں متعدد علاقائی بینکوں کے خاتمے کے ساتھ۔ تاہم، سال سرمایہ کاروں کے لیے حوصلہ افزا رہا کیونکہ زیادہ تر اثاثہ جات کی کلاسز (اجناس کو چھوڑ کر) نے ۲۰۲۳ میں مثبت منافع حاصل کیا، ۲۰۲۲ میں رجحان دیکھا گیا۔

آگے بڑھتے ہوئے، ۲۰۲۳ میں مرکزی بینکوں کی جانب سے مزید کمی اور مالیاتی نرمی کے آغاز کی توقع ہے۔ روس-یوکرین جنگ کے نتیجے میں عالمی معیشت ابتدائی سپلائی جھٹکوں سے سنبھل گئی ہے اور ایشیا کی قیمتیں جنگ سے پہلے کی سطح تک گر گئی ہیں جو کہ عالمی افراط زر کے لیے اچھا اشارہ ہے۔ افراط زر کے نقطہ نظر کے لیے اہم خطرات جغرافیائی سیاسی اور آب و ہوا کے جھٹکے ہیں۔ ۲۰۲۳ وہ سال بھی ہے جس میں یو ایس اے اور دیگر اہم منڈیوں جیسے یوکر، انڈیا، روس اور پاکستان میں الیکشن شیڈول ہیں۔

ملکی معیشت

پاکستان کے لیے سال ۲۰۲۳ دو حصوں کی کہانی تھا۔ پہلی ششماہی میں زرمبادلہ کے ذخائر میں کمی، کرنسی کی قدر میں تیز کمی، اور مہنگائی کی بلند ترین شرح دیکھی گئی۔ دوسرے نصف کا آغاز آئی ایم ایف کی طرف سے ۳ بلین امریکی ڈالر کے اسٹیٹڈ بانڈی ایگریمنٹ کی منظوری کے ساتھ ہوا، اس کے بعد کے ایس اے اور یو اے ای کی طرف سے ۳ بلین امریکی ڈالر کے ڈھانڈے ہوئے۔ نتیجتاً، پہلے سے طے شدہ صورتحال ٹل گئی، اور اسٹیٹ بینک آف پاکستان کے ایف ایکس رییزرو میں بہتری آئی۔

چونکہ پاکستان کو متعدد چیلنجوں کا سامنا تھا (سیلاب، درآمدی پابندیاں، آئی ایم ایف پروگرام کی معطلی، وغیرہ)، معاشی سرگرمیوں کا سامنا کرنا پڑا، مالی سال ۲۳ کے لیے حقیقی جی ڈی پی نمو ۵.۸ فیصد اور ۶.۲ فیصد کی مسلسل دو سالوں کے مقابلے میں ۰.۲ فیصد سکڑ گئی۔ سال ۲۱ اور سال ۲۲ بالترتیب انڈسٹریل سیکٹر کی طرف سے جی ڈی پی کی نمو پر ایک بڑا کھینچاؤ آیا، جس میں ۳.۸ فیصد کمی واقع ہوئی۔ دوسری طرف، زراعت میں ۲.۳ فیصد اضافہ ہوا، جب کہ خدمات کے شعبے کی ترقی محض ۰.۱ فیصد رہی۔ نئے آئی ایم ایف ایس بی اے کی ضرورت کے مطابق، پاکستان بیورو آف اسٹیٹسٹکس (پی بی ایس) نے سہ ماہی قومی اکاؤنٹس جاری کیے جہاں ۳۰ ستمبر ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے حقیقی جی ڈی پی کی نمو گزشتہ سال کی اسی سہ ماہی کے مقابلے میں ۲.۱ فیصد بتائی گئی ہے، جس کے نتیجے میں یہ شرح زراعت میں ۵.۱ فیصد ترقی، صنعتوں میں ۲.۵ فیصد اور خدمات میں ۰.۸ فیصد اضافہ ہوا۔

پاکستان نے تاریخی بلند افراط زر کی ریڈنگز ریکارڈ کیں، ۲۰۲۳ کی اوسط بیڈ لائن افراط زر ۲۰۲۲ میں ۱۹.۹ فیصد کے مقابلے میں ۳۰.۸ فیصد رہی۔ مئی ۲۳ میں افراط زر ۳۸ فیصد تک پہنچ گئی، جب کہ ۲۳ دسمبر میں گر کر ۲۹.۶ فیصد ہو گئی۔ کرنسی کی قدر میں کمی، خوراک کی فراہمی کے جھٹکے، اور توانائی کی قیمتوں (بجلی، گیس اور ایندھن کی قیمتوں) پر سبسڈی کا خاتمہ/کمی، افراط زر میں اہم کردار ادا کرنے والے عوامل تھے۔

افراط زر کے دباؤ کا مقابلہ کرنے اور مجموعی طلب کو کم کرنے کے لیے، اسٹیٹ بینک نے سخت مالیاتی پالیسی کا موقف جاری رکھا۔ سال کے دوران پالیسی ریٹ میں مجموعی اضافہ ۲۰۰ بیسیس پوائنٹس تھا، جون میں آخری اضافہ کے ساتھ۔ جولائی کے بعد سے، نئے آئی ایم ایف ایس بی اے کے بعد، اسٹیٹ بینک کے ساتھ جمود برقرار ہے، اس بات کو نمایاں کرتے ہوئے کہ حقیقی سود کی شرحیں ۱۲ ماہ کی مستقبل کی بنیاد پر مثبت ہیں۔

ادائیگی کے توازن کے محاذ پر، کرنٹ اکاؤنٹ میں بہتری جاری رہی، مالی سال 23 میں کرنٹ اکاؤنٹ خسارہ سال ۲۰۲۲ میں ۱۷.۵ بلین امریکی ڈالر کے مقابلے میں ۲.۲ بلین امریکی ڈالر رہا۔ سال ۲۰۲۳ کی پہلی سہ ماہی میں، کرنٹ اکاؤنٹ خسارہ پچھلے مالی سال کی اسی مدت میں ۳.۱ بلین امریکی ڈالر کے مقابلے میں مزید بہتر ہو کر ۰.۸ بلین امریکی ڈالر ہو گیا ہے۔ یہ، دو طرفہ اور کثیر جہتی ذرائع سے حاصل ہونے والے بہاؤ کے ساتھ، دسمبر ۲۲ میں ۵.۱ بلین امریکی ڈالر کے مقابلے میں دسمبر ۲۳ میں اسٹیٹ بینک کے ذخائر ۸.۶ بلین امریکی ڈالر تک پہنچ گئے۔

کرنسی مسلسل دباؤ میں رہی، ۲۰۲۳ کے دوران ڈالر کے مقابلے میں ۲۰ فیصد کمی ہوئی۔ انٹربینک مارکیٹ میں پاک روپیہ کی قدر ۳۰۷.۴ روپیہ تک گر گئی، جبکہ اوپن مارکیٹ میں، یہ کامیاب غیر قانونی ڈالر کی تجارت کے خلاف آپریشن سے پہلے ۳۳۵ روپیہ فی امریکی ڈالر کے قریب منڈا رہی تھی۔ جس کے بعد برابری میں بہتری آئی، اور ایکسچینج ریٹ سال ۲۸۱.۸۲ روپیہ / امریکی ڈالر پر بند ہوا۔

پاکستان نے مالی سال ۲۳ میں جی ڈی پی کا ۷.۷ فیصد (۲.۵ ٹریلین روپیہ) کا مالیاتی خسارہ سال ۲۲ میں جی ڈی پی کے ۷.۹ فیصد (۵.۲ ٹریلین روپیہ) کے خسارے کے مقابلے میں پوسٹ کیا۔ اگرچہ ایف بی آر ٹیکس وصولی میں سال ۲۳ میں ۱۲.۷ فیصد بہتری آئی، لیکن یہ آئی ایم ایف کے ہدف سے کم رہی، اور سال ۲۲ میں GDP کے ۹.۲ فیصد سے سال ۲۳ میں GDP کے ۸.۵ فیصد تک گر گئی۔ محصولات کے لیے بڑی مدد پیٹروولیم لیوی سے حاصل ہوئی جو ملک میں استعمال ہونے والے دو بڑے ایندھن پیٹروول اور ڈیزل دونوں پر نمایاں طور پر بڑھ کر ۲۰ روپیہ / لیٹر ہو گئی۔ قرض لینے کی بڑھتی ہوئی ضروریات اور بلند شرح سود کے درمیان سود کی لاگت آمدنی کا ایک بڑا حصہ کھا رہی ہے۔ ستمبر ۲۰۲۳ کو ختم ہونے والی پہلی سہ ماہی کے دوران، خسارہ ۹۱۳ بلین روپیہ (GDP کا ۰.۹ فیصد) رہا جو پچھلے سال کی اسی مدت میں ۸۰۹ بلین روپیہ (GDP کا ۱ فیصد) تھا۔

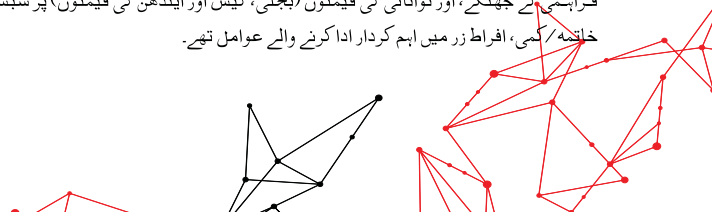
اقتصادی محاذ پر مثبت پیش رفت اسٹاک مارکیٹ کی کارکردگی سے ظاہر ہوئی، خاص طور پر سال کے آخر میں کے ایس ای ۱۰۰ نے ۲۰۲۳ میں مقامی کرنسی میں ۵۵ فیصد اور امریکی ڈالر کی کرنسی میں ۲۲ فیصد کا منافع پوسٹ کیا۔ اوسط یومیہ تجارتی حجم ۳۱ فیصد سے ۳۲ ملین شیئرز اور قدر ۳۵ فیصد اضافے سے ۱۰۷ بلین روپیہ ہو گئی۔ غیر ملکی سرمایہ کار پچھلے ۳ سالوں سے خالص فروخت کنندگان کے باقی رہنے کے بعد خالص خریدار (۷۲ ملین امریکی ڈالر کی خالص آمد) بن گئے۔

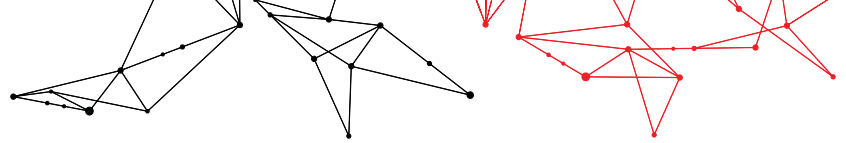
معیشت کا آؤٹ لک

آئی ایم ایف کے ساتھ بروقت ایس بی اے نے ملک کا معاشی منظر نامہ تبدیل کر دیا ہے۔ عبوری حکومت نے توانائی کی سبسڈی میں کمی اور ڈالر کی غیر قانونی تجارت کے خلاف کریک ڈاؤن کی شکل میں کچھ سخت فیصلے بھی کیے ہیں، جو معیشت کے لیے اچھا ہے۔ متوقع کمی اور شرح سود میں متوقع کمی کے ساتھ، آگے سال معیشت بہتر حالت میں ہونے کی امید ہے۔ تاہم، آئی ایم ایف پروگرام کا تسلسل پابندی کی کلید ہے۔

بینکنگ سیکٹر کا جائزہ

میکرو اکنامک محاذ پر مشکلات کے باوجود، پاکستان کا بینکنگ سیکٹر منافع میں نمایاں بہتری، بیلنس شیٹ کے سائز، پروویژن کوریج، اور سرمائے کی مناسبت کے ساتھ لچکدار رہا۔ ۲۰۲۳ کے دوران، پالیسی کی شرح ۲۰۰ بیسیس پوائنٹس سے ۲۲ فیصد تک بڑھ گئی۔ صحت مند ڈھانڈے اور شرح سود میں متوقع کمی کے ساتھ، آگے سال معیشت بہتر حالت میں ہونے کی امید ہے۔ تاہم، آئی ایم ایف پروگرام کا تسلسل پابندی کی کلید ہے۔





With an intention to make Directors and Senior Management more accountable for their governance and performance vis-à-vis determination and payment of compensation, and to develop a fair, transparent and sound compensation policy that is aligned with risks and responsibilities, the SBP issued Corporate Governance Regulatory Framework and other guidelines through various circulars. The following disclosures are given in compliance with the said framework.

Corporate Governance Culture and Standards followed by the Bank

The Bank observes Corporate Governance standards as stipulated in the Code of Corporate Governance and other relevant regulations, which are updated in accordance with the changing dynamics of corporate environment, culture and regulatory regime.

Directors - Appointment and Profiles

The process of appointment/nomination of the Directors of the Bank is in accordance with the applicable laws and regulations, and is governed by the Bank's Governance Policy. Profiles of Directors, including their qualifications, expertise and past work experience are disclosed as part of the 'Governance' Section within this Annual Report.

Board Committees - TORs and Meetings

Terms of Reference of the Board Committees, their composition and membership, number of meetings held, and number of meetings attended by the members are disclosed as part of the 'Governance' Section within this Annual Report.

Shariah Board - Appointment, Profiles, TORs, Meetings

Appointment of Shariah Board members and Chairperson is subject to the Board's approval, and prior approval of the State Bank of Pakistan. Profiles of the Shariah Board members and their membership on other boards are disclosed as part of the 'Governance' Section within this Annual

Report. Terms of Reference (TORs) Shariah Board, and number of meetings held and attended by each member are also disclosed as part of the 'Governance' Section within this Annual Report.

Key Management Personnel - Appointment and Profiles

The bank, when appointing the key executives follows an internal operating procedure duly approved by Board of Directors, that assesses the best fit for eligibility, integrity, track record, reputation, financial credibility, conflict of interest, qualification and experience of the potential management personnel. This has been developed in line with State Bank of Pakistan's Corporate Regulatory Governance Framework.

Key achievements of Board Committees

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

The Board of the Bank is ultimately responsible for development, implementation and maintenance of a robust and dynamic ERM (Enterprise Risk Management) Framework in the Bank. However, to increase efficiency and effectiveness, the Board has delegated its risk oversight responsibilities to the Board Risk Management Committee (BRMC). The BRMC ensures that the Bank has an adequate Enterprise Risk Management Framework (policies, processes and people). The BRMC also recommends the delegation of authorities to the Management Committees, and approves the Terms of Reference of the Bank's Central Credit Committee (CCC).

During 2023, the BRMC reviewed and recommended to the Board, the Bank's overall risk appetite and risk tolerance in relation to all risk areas, including credit, market, liquidity, operational, trade based money laundering and information security risks etc. It recommended approval of exposure limits to Board in relation to Risk Management strategies, and reviewed compliance with

Remuneration Framework

these limits. Additionally, the Committee carried out a comprehensive review of the Bank's policies for onward recommendation to the Board of Directors. In the year 2023, the BRMC continued to assess the adequacy of the Bank's capital level in lieu of Pillar 1 and Pillar 2 risks along with the resilience of the Bank's capital base under adverse economic environments. It also reviewed the liquidity position of the Bank in terms of Basel III liquidity ratios (LCR and NSFR). BRMC being primarily responsible for oversight of timely implementation process of IFRS 9 approved the transition plan and reviewed the implementation progress there against. The predictive powers of Obligor Risk Rating models were also reviewed.

During the year, the BRMC reviewed the reports presented to it, and effectively performed the risk oversight function. Based on submissions, it guided the Management for the actions required to manage the risks highlighted in a timely manner. The BRMC regularly informed the Board about its activities, performance, and risk related issues of the Bank.

- **Board Audit Committee (BAC)**

The Board Audit Committee (BAC) plays a significant role in enhancing the credibility of financial statements, quality of internal controls, governance, and risk management practices of the Bank by performing its oversight responsibilities of reviewing financial reporting, internal controls, and risk management processes, and ensuring the execution of quality audits. BAC also evaluates the effectiveness of the Bank's overall management of compliance risk keeping in view domestic and international regulatory requirements.

During the year 2023, the BAC, in accordance with the BoD approved mandate, has reviewed and made recommendations to the BoD on various policies, related party transactions and the control weaknesses pointed out by the regulator during inspections, annual plans/performance review for Internal Audit/Compliance function along with various other agenda items and ensured that Internal Audit Function has adequate resources and is appropriately placed within the organisation structure to maintain its independence.

The BAC also reviewed the analysis of fraud incidents in the Bank along with identifying root causes and steps/remedial measures to curb such instances in the future. The BAC played a significant role in securing stakeholders' interests with establishment of a robust Whistleblowing Mechanism along with follow-ups, where all complaints were

subject to review by the Chairman BAC without exception.

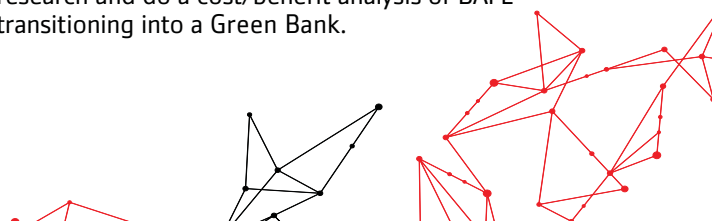
Besides performing the responsibilities entrusted by the BOD as per approved TORs, the BAC has followed a proactive approach, and has taken/supervised actions, including the alignment of the Internal Audit (IA) approach and revamping of IA processes and documentation as per IIA standards, best practices and regulatory guidelines, automation of complete audit life cycle through implementation of audit management solutions in accordance with regulatory advice, and review of risk assessment methodology for incorporation in the upcoming annual audit plan, thus accelerating the journey of Internal Audit function towards its vision .

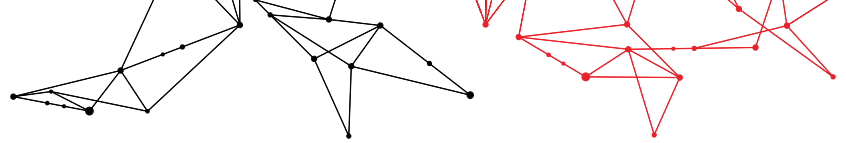
- **Board Strategy and Finance Committee (BSFC)**

In order to assist the Board of Directors of the Bank in performing its functions and responsibilities with a focus on policy making, general direction, oversight, supervision etc., the Board Strategy & Finance Committee ("BSFC") was constituted. BSFC has played its role through extensive strategic decision making and recommendations, which contributed towards the growth and progress of the Bank.

The Committee reviewed and recommended all matters involving the financial and strategic issues (other than periodical financial statements, which are mandated to be reviewed by the Board Audit Committee). The financial powers of BSFC were also amended to comply with the new threshold imposed by the SECP on approval of capital expenditure and disposal of assets by the Board of Directors. The last Strategic Plan (2021-2025) of the Bank was approved by the BSFC and Board in 2020. The Bank exceeded the strategic plan targets well before 2025, in terms of profitability, deposits and other Key Performance Indicators. Therefore, the management presented the first draft of the new 5-year strategic plan for the years 2024-2028 during 2023 and this was discussed and debated in the BSFC. The final strategic plan was presented for Board approval after incorporating the feedback from the Committee.

During the year 2023, in accordance with the SBP's instructions, the Committee reviewed and recommended the constitution of the Bank's new wholly owned subsidiary 'Alfalah Currency Exchange (Private) Limited'. The BSFC discussed in detail whether the Bank should consider becoming a 'green bank' and take leadership in this space. To this end, the BSFC gave approval to hire an external consultant to conduct research and do a cost/benefit analysis of BAFL transitioning into a Green Bank.





It has also reviewed and recommended to the Board the Annual Business Plan/Budget 2024 of all business groups, including the overseas operations of the Bank. The Committee also reviewed the performance of the Bank's subsidiary and associates, future branch network expansion plans, various policies/frameworks along with monitoring and supervision of the Central Management Committee and other key management committees of the Bank.

The BSFC reviewed and recommended to the Board the reports of the Shariah Board, profit & loss distribution and pool management policy of Islamic Banking, investment plans, major capital expenditures, various policies of the Bank etc. and provided necessary directives to the Management. The Committee also interacted with the Shariah Board Members on Islamic Banking related matters. It also demonstrated its contribution and reaffirmed its commitment towards Corporate Social Responsibility by the Bank.

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

The Board Information Technology Committee (BITC) plays a supervisory and advisory role for IT, Information Security and Digital Banking functions within the bank and is responsible for advising and reporting to the Board on the status of technology and digital related activities and initiatives. The BITC monitors, at regular intervals, the successful implementation of the Enterprise Technology Governance and Risk Management Framework for financial institutions as promulgated by the SBP.

The financial powers of BITC were amended in 2023 to comply with the SECP's notification which requires the amount of capital expenditure of more than twenty-five million rupees to be approved by the Board. During the year 2023, the BITC closely monitored the performance of Digital Banking Group (DBG) of the Bank and provided strategic guidance to serve the customers more efficiently and enhance the market share in the digital banking landscape. Under the guidance of the BITC, the DBG delivered superior customer service through dedicated Digital Lifestyle branch as well as innovative digital products complemented by robust systems. During the year, the Bank was also awarded with the "Best Digital Bank" Award by the prestigious Pakistan Banking Awards for the second year running. This is a testament and validation of the successful strategic direction of Digital Banking at BAFL.

The BITC is very sensitive on information security and cyber security issues and acts proactively for mitigation of such risks by Management on a priority and timely basis. The BITC also reviews and monitors the work of the external consultants, especially in the information security area.

The BITC regularly reviews status of major/critical IT projects and approves/recommends digital, IT and cyber security related investments, in accordance with its powers and scope. It has paid close attention on achieving the highest level of optimisation in operations and critical technology components to deliver frictionless banking services. The Committee sets standards and strategic direction of the IT Group with the objective of providing a best in class and seamless service, delivered through a robust technological infrastructure, to BAFL customers.

- **Board Human Resources, Remuneration and Nomination Committee (BHR&NC)**

The Board Human Resources, Remuneration and Nomination Committee (BHR&NC) has extended valued contributions towards people development in Bank Alfalah Limited ("the Bank"). During the year 2023, the Board of Directors, upon recommendation of BHR&NC, approved the proposals for revising policies and various initiatives with regards to Employee Policies, Performance Appraisal and Compensation Programs i.e., Annual Promotion Policy, Succession Planning for Key Executives, Long-Term Retention scheme for critical employees of Information Technology & Digital Banking Group, SLCL/Car Finance Facility, House Finance, Travel Policy, Sabbatical Leave, Mobile Handset Allowance, Code of Conduct, Club Membership, Introduction of Bank Maintained Car for Branch Banking, Introduction of Car Maintenance Allowance (VP-I to EVP-III), and gave necessary directives to the Management on the same.

BHR&NC made a significant contribution in enhancing retirement age from 60 years to 65 years to bring longevity to the careers of the Bank's valued employees, retention of skill set, experience and development of the younger and dynamic employees.

The Bank took a major initiative of setting up an Employee Welfare Program in 2020. Under this initiative, employees facing financial hardships have been provided financial support for medical treatments, education, and marriage grants for children. In this successful journey of 4 years, over PKR 112 Mn has been disbursed to over 815 employees. Utilisation fund status has been reviewed by BHR&NC on regular basis.

In 2023, Human Capital Group continued with facilitating employees and their families affected by torrential floods and rains in 2022. With recommendations of BHR&NC, the Board approved

an allocation of USD 10Mn (PKR 2.18 Bn). Out of the allocated staff financial assistance of PKR 110 Mn, a sum of PKR 104 Mn has been utilised.

BHR&NC also reviewed and recommended to the Board the training budget for the year 2024, Bank's compensation strategies with a view to ensure that compensation and benefit levels are aligned with that of other comparable size organizations.

As part of Bank's go green initiative, HCG, ITG and Business related processes have been digitized on Oracle HCM. Furthermore, Human Capital group launched cutting edge AI-powered assistant Chat bot via WhatsApp; a platform for answering queries related to employee policies and benefits round the clock, while enhancing overall employee experience at the Bank.

Bank Alfalah has been awarded with 10 Awards at Prestigious Global Diversity, Equity and Inclusion Benchmark forums which included 7 Awards in Best Practice Category and 3 Awards in Progressive Category.

- **Board Real Estate Committee (BREC)**

The Board Real Estate Committee was formed to consider, recommend and approve the real estate related proposals and relevant policies and/or any amendments therein, acquisitions, and disposal of specific property, including land, buildings (either partly or fully constructed) beyond the Management Committee's scope, and proposals for development projects for the use of the Bank (including the overseas operations of the Bank).

In 2023, the financial powers of BREC were amended to comply with the regulatory instructions imposed by SECP regarding the approval of capital expenditure and disposal of assets (land and building) by the Board. Further, during the year, BREC reviewed/recommended to the Board various proposals of sale and/or purchase of properties for the Bank as well as proposals for renovations and development projects. The BREC exercised its powers and responsibilities as have been assigned vide its Term of Reference, relevant prevailing laws & regulations and the Bank's Memorandum and Articles of Associations, pertaining to the real estate matters/issues.

Formulation and Implementation of Remuneration Policy and Assessment of Board Performance

During the year 2020, A. F. Fergusons & Co., member firm of PriceWaterhouseCoopers (PWC), was engaged to assist the Bank in implementation of the Remuneration Policy Guidelines issued by the State Bank of Pakistan (SBP). The scope included drafting the mechanism for identification of Material Risk Takers and Material Risk Controllers, review of their existing scorecards and preparation of risk-adjusted scorecards, drafting the Remuneration Policy for the Bank, including deferral mechanism, and assisting the Bank in implementation of the policy.

Disclosure Relating to the Remuneration Policy

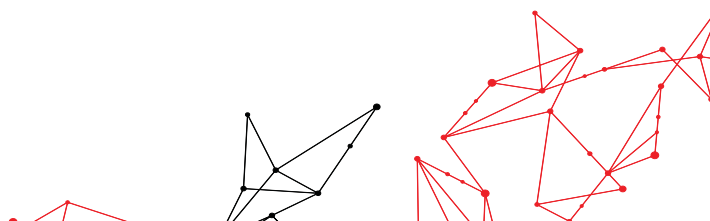
- **Information on overall remuneration policy of the Bank**

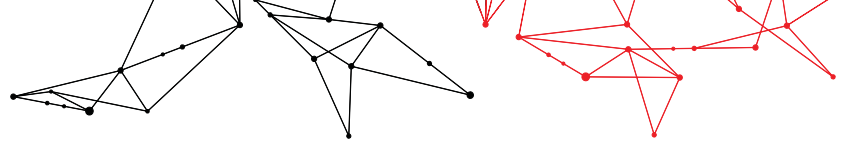
The primary objective is to define a competitive remuneration system, balancing strategic business targets and correctly rewarding employees.

To ensure alignment of remuneration practices with international standards and best practices, the State Bank of Pakistan (SBP) has issued Guidelines on Remuneration Practices (Guidelines). Accordingly, the Remuneration Framework (Framework) was developed as part of the Bank's initiative to implement the Guidelines.

Following are the objectives of the Framework:

1. To promote and be consistent with sound and effective risk management, and not encourage risk-taking that exceeds the risk thresholds of the Bank;
2. To ensure that the remuneration practice is in line with the Bank's objectives, taking into consideration all major risks that the Bank may face, and promotes and supports long-term performance;
3. To align remuneration with risk appetite and with conduct expectations of the Bank, regulators and stakeholders; and
4. To attract, retain and motivate highly qualified employees, but also reward those who promote corporate values correlated with long-term value generation.





- **Governance Framework**

The Bank's Governance Framework, with respect to these guidelines, aims at ensuring appropriate control oversight on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by the authorities and functions to which different responsibilities are delegated.

The BoD has the overall responsibility for reviewing, approving and monitoring implementation of the bank-wide Remuneration Framework, based on the recommendations of Board Human Resources Remuneration and Nominations Committee (BHR&NC). In addition, the Board, through BHR&NC, reviews on periodic basis, reports on remuneration structure, including the composition of fixed and variable remuneration of the President and CEO and the Management Team (direct reportees of the President and CEO.)

The Board remains responsible for determining compensation and benefits for certain corporate roles, including the President and CEO, CFO, Head of Audit and Inspection, and Company Secretary.

286 • **Features of total compensation**

The Bank offers a compensation structure with a balanced mix of fixed and variable elements. The compensation mix is periodically reviewed by Human Capital Group (HCG) to ensure external competitiveness and internal adequacy. The review also takes into account the results of performance evaluations, and assigned roles and responsibilities. The objective of maintaining a balanced pay mix is to encourage behaviours focused on the achievement of long-term sustainable results.

This Framework, the Bank's HCG policies and frameworks, and general incentive structures focus on ensuring sound and effective risk management through the following:

1. A robust governance structure for setting goals (including risk adjustments), communicating these goals to employees, and performance measurement to ensure assigned goals are achieved without any excessive or undue risk-taking;
2. Alignment with the Bank's business strategy, values, key priorities and long-term goals;
3. Alignment with the principles of protecting of customers, investors, regulators, and other stakeholders; and
4. Restricting employees, including Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), from undertaking hedging, pledging or insurance strategies for their remuneration, or for any other aspect that might alter, or undermine the risk

alignment effects inherent in the Bank's remuneration mechanisms.

- **Factors considered for differentiating variable pays across employees or group of employees**

The compensation structures for MRTs and MRCs is determined and proposed by the HCG, which ensures an appropriate balance between fixed and variable pay, while considering various factors, including the following :

1. Whether the individual is an MRT or MRC;
2. Position within the organisation;
3. Roles and responsibilities;
4. Risk alignment (i.e. the higher the risks undertaken the more shall be the variable remuneration); and
5. Performance against financial as well as non-financial objectives and KPIs, including risk-adjusting factors.

- **Types of employees considered as Material Risk Takers (MRTs) and Material Risk Controller (MRCs)**

The inclusion criteria have been developed in accordance with the guidelines and applicable best practices, and are subject to approval by the BHR&NC. The inclusion criteria comprises of two sections; namely the qualitative and quantitative MRT/MRC inclusion criteria.

Qualitative inclusion criteria

The following qualitative criteria shall be applied for identification of MRTs and MRCs:

1. President and CEO, or any other equivalent position;
2. Members of the Management Team, i.e. reporting directly to the President and CEO, and the BoD or any Board Committee;
3. Members of critical Management Committees;
4. Heads of critical functions responsible for managing business, risks and controls, that may subject the Bank to significant risks; and
5. Country Heads of overseas branches, unless the related branch is subject to similar remuneration regulations in the host countries.

Quantitative inclusion criteria

Quantitative inclusion criteria includes:

1. Credit Risk;
2. Market Risk;
3. Operational Risk; and
4. Liquidity Risk.

- **Implementing the remuneration measures, and their alignment with current and future risks and performance.**

This is done through the following steps:

1. Introduction of risk-adjusted balanced scorecards for performance evaluation of MRTs/MRCs;
2. Inclusion of another value driver in balanced scorecard categories, i.e. risk adjusting factors;
3. Identification of relevant Key Performance Indicators against each category;
4. Identification of risk adjustments (ex-ante risk adjustments);
5. Assignment of weightages;
6. Periodic review and update of risk-adjusted balanced scorecard;
7. Ratings mechanism; and
8. Application of overrides.

- **Responsibility levels of the key executives and Directors**

Compensations provided to non-executive Directors:

In accordance with regulatory requirements, the Policy on Directors' Remuneration was unanimously approved by the shareholders of the Bank in the 28th Annual General Meeting held on 27th March, 2020 and was further amended to align with the SBP's Corporate Governance Regulatory Framework on 29th Mar 2022 in the 30th Annual General Meeting of Shareholders. The basis of compensation provided to non-executive Directors is covered in the said policy.

Remuneration provided to the Shariah Board Members and its components:

The remuneration of the Shariah Board is governed under the compensation policy approved by the Board of Directors.

Fixed and variable pay provided to senior executives, including CEO, MRCs and MRTs:

Fixed Pay

For fixed pay, Human Capital Group annually derive an appropriate benchmark with external market data, in order to ensure the appropriateness of the fixed remuneration for the Bank to be able to attract and retain the relevant resources, particularly in relation to the MRTs/ MRCs.

Variable Pay

Variable remuneration takes into account performance of the Bank's, the Group, business unit /product and individuals. Achievement/ underachievement of financial performance, excessive or undue risks, customer experience, audit/internal controls/compliance issues, etc. are generally considered for determining

risk-adjusted variable remuneration. Performance-based remuneration in the form of annual or periodic bonuses and sales incentives are disbursed in cash and/or share options, in accordance with relevant HR policies and frameworks.

Basis for payment of bonuses and awards to CEO, senior executives and MRTs/MRCs:

The basis for payment of bonuses is determined keeping in view the achievement of KPIs in all value drivers.

The Bank ensures that Risk Control Function employees are remunerated independently of the functions they oversee:

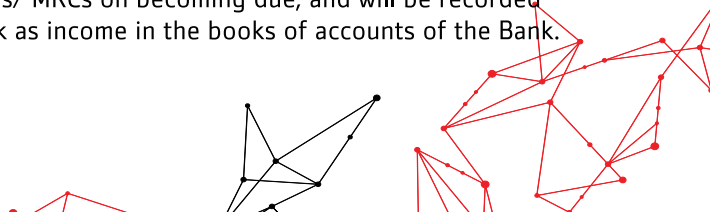
1. The Bank ensures provision of adequate feedback on relevant risk adjustments in the risk-adjusted balanced scorecards of MRTs/MRCs;
2. The Bank reviews the targets and measurement benchmarks against relevant risk adjustments, assigned within the risk-adjusted balanced scorecards to ensure alignment with the risk profile and risk appetite of the Bank; and
3. The Bank ensures timely provision of information/feedback to assist in performance evaluation against risk adjustments of MRTs/ MRCs.

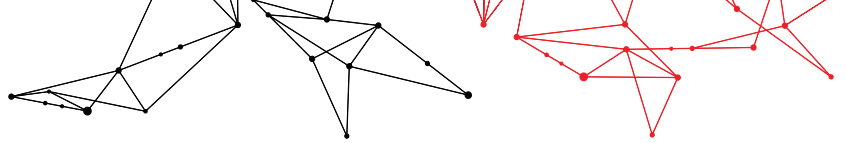
Policy on vesting and deferral of variable remuneration:

A certain portion of variable compensation of the CEO, key executives, MRTs/MRCs are subject 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, is a useful tool for improving risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes.

The deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the CEO, key executives and MRTs/MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of the variable remuneration award.

The deferred portion of the variable remuneration shall be paid to the CEO, key executives, and MRTs/MRCs proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. In case of malus, and where accountability has been determined in accordance with the conduct and accountability framework of the Bank, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the CEO, key executives and MRTs/ MRCs on becoming due, and will be recorded back as income in the books of accounts of the Bank.





Name of Company: **Bank Alfalah Limited ('the Bank')**
 Year ended: **December 31, 2023**

and these Regulations;

The Bank has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Code/Regulations") in the following manner: -

1. The total number of directors are eight as per the following:
 - a. Male: Seven
 - b. Female: One
2. The composition of the Board is as follows:
 - i Independent Directors Three (including one female director)
 - ii Other non-executive Directors Four
 - iii Executive Directors One
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank;
4. The Bank has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updation is maintained by the Bank;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of 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 Act
9. The Bank had arranged Directors' Training program for its Directors. Four Directors of the Bank have already done certification of Director's Training Program. The other Directors stand exempted, as per criteria mentioned in the Code;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. The Chief Financial Officer and The Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed/reconstituted the committees comprising of members given below:
 - A) **Board Audit Committee**
 1. Mr. Khalid Qurashi, Chairman
 2. Mr. Abdulla Khalil Al Mutawa, Member
 3. Mr. Khalid Mana Saeed Al Otaiba, Member
 4. Dr. Ayesha Khan, Member
 - B) **Board Strategy and Finance Committee**
 1. Mr. Abdulla Khalil Al Mutawa, Chairman
 2. Mr. Khalid Mana Saeed Al Otaiba, Member
 3. Dr. Ayesha Khan, Member
 4. Dr. Gyorgy Tamas Ladics, Member
 5. Mr. Khalid Qurashi, Member
 6. Mr. Atif Aslam Bajwa, Member
 - C) **Board Risk Management Committee**
 1. Mr. Khalid Mana Saeed Al Otaiba, Chairman
 2. Mr. Abdulla Khalil Al Mutawa, Member
 3. Mr. Khalid Qurashi, Member
 4. Mr. Atif Aslam Bajwa, Member
 - D) **Board Information Technology Committee**
 1. Dr. Gyorgy Tamas Ladics, Chairman
 2. Mr. Abdulla Khalil Al Mutawa, Member
 3. Mr. Khalid Mana Saeed Al Otaiba, Member
 4. Mr. Atif Aslam Bajwa, Member

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

E) Board Human Resource, Remuneration and Nomination Committee

1. Dr. Ayesha Khan, Chairperson
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Mana Saeed Al Otaiba, Member
4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member

F) Board Compensation Committee

1. Dr. Ayesha Khan, Chairperson
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Mana Saeed Al Otaiba, Member

G) Board Crisis Management Committee

1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Dr. Ayesha Khan, Member

4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member
6. Mr. Atif Aslam Bajwa, Member

H) Board Real Estate Committee (BREC)

1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Mr. Atif Aslam Bajwa, Member

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

14. The number of meetings held during the year are as follows. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Bank;

Name of Committee	No. of Meetings held during the year, 2023
Board Audit Committee	6
Board Strategy and Finance Committee	7
Board Risk Management Committee	5
Board Information Technology Committee	4
Board Human Resources, Remuneration & Nomination Committee	4
Board Compensation Committee	0
Board Crisis Management Committee	0
Board Real Estate Committee	6

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15. The Board has set up an effective internal audit function, whose staff is considered suitably qualified, 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. Further, none of them and other partners of the firm involved in the audit is 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(s) of the Bank;

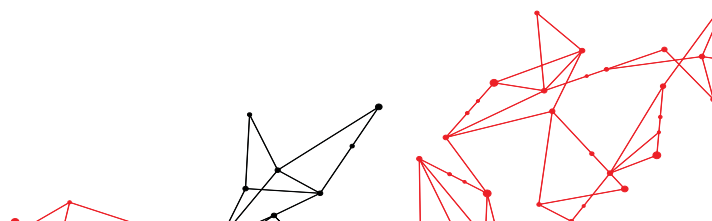
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have followed IFAC guidelines in this regard; and

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

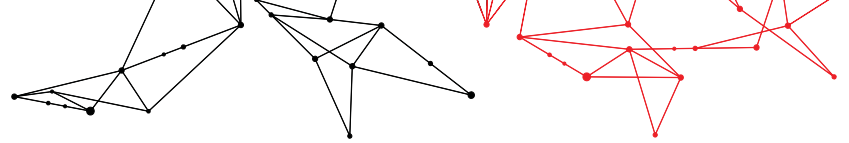
Atif Aslam Bajwa
President and Chief Executive Officer

Nahayan Mabarak Al Nahayan
Chairman

Abu Dhabi
1st February, 2024



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 Bank Alfalah Limited (the Bank) for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2023.

A.F. Ferguson & Co.
Chartered Accountants
Karachi
Date: February 24, 2024
UDIN: CR202310061NRW07V8kM

Statement of Internal Controls

This Statement of Internal Controls is based upon an ongoing process designed to identify the significant risks in achieving the bank's policies, aims and objectives, and to evaluate nature and extent of those risks, and to manage them efficiently, effectively and economically. This process remained in place throughout the year 2023.

The Board of Directors (Board) considers a sound control framework as the key to sustainable growth and value creation. The Board is ultimately responsible for the internal controls system of the Bank. Further, the Board has defined role of the Board's Audit Committee (BAC) and Senior Management to establish and maintain an adequate and effective system of Internal Controls. Every endeavor is made to implement sound control procedures and to maintain a robust control environment.

The Bank's Internal Control Policy outlines the overall Control Objectives, the Bank's Controls Framework as well as the Bank's approach towards implementation of the framework. Bank Alfalah Control Framework is structured on the lines of globally recognized "Three Line of Defense Model" in which Business/Support Unit serves as First Line of Defense, various Risk, Controls & Compliance oversight functions are serving as Second Line of Defense, while independent assurance is the Third (Audit and Inspection Group). The framework focuses on devising policies and procedures that outline control activities so that process owners perform their functions without any risk exposure. This aspect is further evaluated and monitored through various organizational functions, such as Risk Management, Compliance & Internal Controls etc.

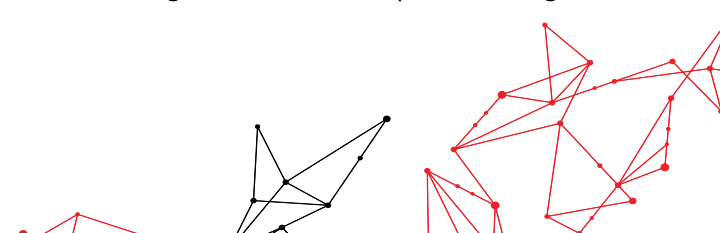
The Board of Directors has instituted an effective Audit function (Audit & Inspection Group), reporting to the Board through the Board Audit Committee, which not only monitors compliance with the Bank's policies, procedures, controls and reports significant deviations regularly to the Board Audit Committee, but also regularly reviews the adequacy of the overall internal control

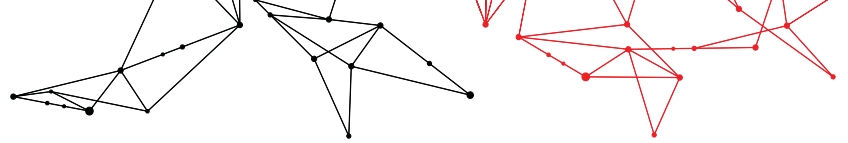
system. Furthermore, observations and weaknesses regarding control health pointed out by the Bank's external and internal auditors are also addressed promptly and necessary steps are taken by the management to eradicate such weaknesses. Remedial actions against control breaches are advised and followed up by the Board Audit Committee as well.

The Bank's Compliance & Controls Committee, which comprises of CEO & senior executives of the Bank has been entrusted with enhanced governance and monitoring as part of the overall Control Environment. Besides, there is a Process Improvement Committee (PIC), comprising of senior executives, which, as part of regular periodic evaluations, considers improvements and changes required in the policies and procedures. Recommendations from the stakeholders, such as Risk, Operations, Compliance, Shariah, Finance and Internal Audit are sought as part of such exercises.

The Bank, under its Compliance & Business Solution Group, has a dedicated Internal Controls Division (ICD) which, through its regular onsite visits and offsite thematic reviews facilitates the management in timely identification and resolution of key control issues / compliance risk exposures which can affect the Bank adversely. The ICD is engaged in field reviews and helps management to ensure that the Bank's operations are carried out as per defined procedures: transactions are recorded in a timely manner; financial and management reporting is accurate, reliable and complete; and the Bank is compliant with the applicable laws, regulations and policies. Besides ICD, other units of Compliance & Business Solution Group, vis-a-vis Customer Due Diligence (CDD) Department and Compliance Risk Management Unit are also integral parts of the Bank's control framework, helping the Bank improve controls.

The Bank has an online Internal Controls Dashboard (ICD Dashboard) for centralized monitoring of certain critical controls. It serves as a tool to enhance the entity wide coverage of control risk exposure through





timely identification of operational and regulatory risks, including control breaches at the branches and other functions. It assists in instant closure/rectification of issues preventing the Bank from financial and reputational losses. It helps in analysing major control gaps, devising corrective action plan and catering to the training needs of the staff. ICD dashboard has transformed the whole spectrum of controls and compliance monitoring from the sample based periodic reviews of selected entities to continuous monitoring of key risk areas with coverage of entire population. Comprehensive reviews of AML / CFT and other critical regulatory areas are carried out on the basis of alerts and exceptions generated from the dashboard. Anomalies identified as a result of these reviews are conveyed to the concerned stakeholders for taking necessary remedial measures, which significantly improve the control environment of the Bank. During the year 2023, ICD Dashboard coverage was extended to various critical business & operation functions alerts for timely monitoring and mitigation of risk exposure to safeguard the Bank from any financial or reputational losses. Besides this, significant issues were escalated to senior management through onsite ICD reviews to improve the operational health of branches/units.

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The Bank follows SBP guidelines on Internal Controls including guidelines pertaining to Internal Control over Financial Reporting (ICFR). The Bank's ICFR exercise is conducted annually with an objective to review the processes and operating effectiveness of controls over key areas of the Bank's operations, which affect financial reporting. ICFR unit, under Finance Division, is responsible for implementation of the stage-wise ICFR Framework and to perform tests of controls for the management functions. In line with SBP exemption from the requirement of external auditors' Long Form Report (LFR), Audit and Inspection Group of the Bank reviewed the bank's ICFR function for the year 2022 and submitted an Assessment Report to the Board Audit Committee (BAC). The ICFR review for 2023 is in progress and an Assessment Report will be submitted to BAC during first quarter of 2024 in line with regulatory requirements.

Management's Evaluation on Effectiveness of Control Framework

The Bank's system of Internal Controls is designed to manage rather than eliminate the risk of failure to achieve its business strategies and objectives. It can, therefore, only provide reasonable and not absolute assurance against material misstatement and losses.

In accordance with Board's vision along with SBP and SECP guidelines, the management has implemented a comprehensive governance and control framework to ensure efficiency and effectiveness of operations, compliance with legal requirements and reliability of financial reporting. Adequate systems, processes and controls have been put in place to identify and mitigate the risk of failure to achieve the overall objectives of the Bank.

The management believes that the Bank's existing system of Internal Controls is considered reasonable in design and is functioning effectively and constantly monitored. There is a continuous improvement in the Bank's Control Environment including technological solutions. Based upon the work performed, the management keeps on identifying areas for process improvements as well as implement additional controls required for strengthening existing controls. The management takes all necessary steps to ensure that the timelines and priorities assigned to the same are adhered to.

The Bank shall continue in its endeavor to further enhance its internal control design and assessment process in accordance with the industry best practices.

The Board of Directors has duly endorsed management's evaluation of internal controls, including ICFR.

For and behalf of the Board,

Atif Aslam Bajwa

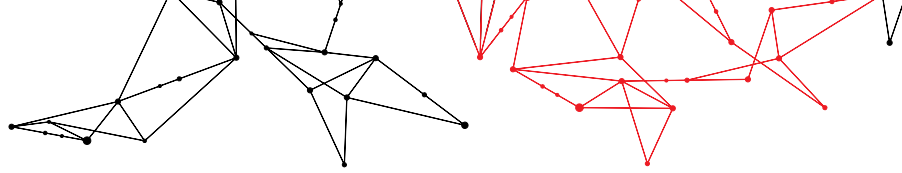
President and Chief Executive Officer

Abu Dhabi

1st February, 2024

PERFORMANCE AND POSITION





Credit Rating

ENTITY RATING
LONG TERM

AA+

ENTITY RATING
SHORT TERM

A1+

ENTITY
OUTLOOK

STABLE

RATING OF DEBT
INSTRUMENT - TFC VI (ADT 1)

AA-

RATING OF DEBT
INSTRUMENT - TFC VIII (ADT 1)

AA-

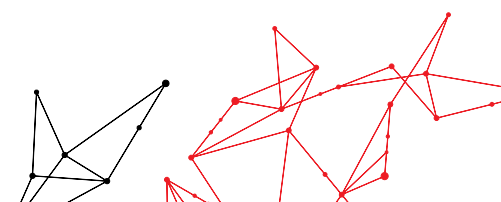
RATING OF
MEDIUM TERM
NOTE (MTN)

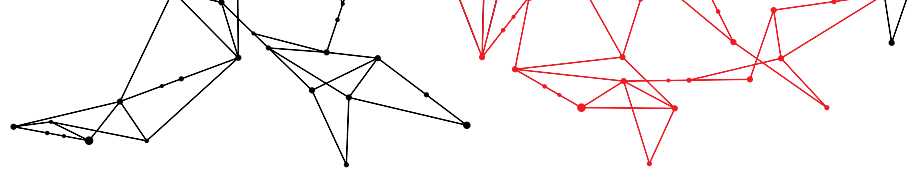
AAA

Highlights

Value (Growth %)

Rs. 138 Bn (↑38%) EQUITY	Rs. 3,346 Bn (↑48%) TOTAL ASSETS	Rs. 2,085 Bn (↑40%) DEPOSITS	Rs. 777 Bn (↑2%) GROSS ADVANCES
Rs. 154 Bn (↑55%) REVENUE	Rs. 65 Bn (↑30%) OPERATING EXPENSE	Rs. 78 Bn (↑116%) PROFIT BEFORE TAX	Rs. 36 Bn (↑100%) PROFIT AFTER TAX
31.67% RETURN ON EQUITY	1.36% RETURN ON ASSETS	Rs. 23.12 EARNINGS PER SHARE	Rs. 8.00 DIVIDEND PER SHARE
1,100+ ATMs	390+ CASH AND CHEQUE DEPOSIT MACHINES	54,200+ POS AND QR CODE MACHINES	1,024 BRANCHES AND SUB BRANCHES
	26,000+ AGENT NETWORK	2,750+ ECOMMERCE MERCHANTS	





Analysis of Financial and Non-Financial Performance

Prospects of the Entity including Financial and Non-Financial Measures

Bank Alfalah is one of the fastest growing banks in Pakistan. The Bank is trailblazing in digital banking domain. We aim to extend our outreach through a broader distribution footprint, digitised front-end channels and back-end processes. The Bank's focus remains on nurturing human capital. The Bank continues to invest in its people through extensive trainings and development initiatives.

Financial Measures

The Bank takes into account financial measures, while arriving at future projections. Targets are defined against the following broad financial measures:

- **Deposits:** The Bank continuously reviews the quality of its deposit mix with focus on CASA. Apart from the deposit mix, the pricing of deposit / spread is an important matter in origination.
- **Advances:** Sustainable growth in advances, on the back of deposit growth, is the key behind profitability, as advances remains one of the prime source of earnings for the Bank. The Bank places great emphasis on credit quality and segmental diversification of its credit portfolio. Growth in advances needs to be managed effectively, as this has a direct impact on credit risk. A robust risk assessment mechanism is essential to maintain quality of the credit portfolio.
- **Investments:** The Bank, depending on the interest rate forecasts, manages its short and long term bonds portfolio to maximise return. The bank keeps an ideal balance in view of rate expectation with the objective of earning high profits and sustainable earnings.
- **Business Volume:** These are driven by business units which help achieve resources linked to the sale of products and services to the customers.

This incorporates new-to-business customer deposits and advances, trade volumes, advisory services, over-the-counter services, and services channeled through digital platforms etc. One-shop solutions and cross-sell initiatives have been a major breakthrough in terms of escalating business volumes.

- **Cost to Income Ratio:** The Bank continues to prioritise cost efficiency. Centralisation of expenses, digitalisation, integration and removal of redundancies remains a key initiative towards cost control.
- **Returns on Earning Assets (ROEA):** The ROEA depicts the ability of bank's earning assets to generate income. This is often the result of sound management strategy as well as the bank's ability to garner a larger share of the market.
- **Net Spread:** Net spread is a key financial measure in evaluating the core profitability of the bank. Interest earned on advances and other interest bearing assets, and interest paid on deposits and borrowings is efficiently managed for all sources and uses of funds.
- **Return on Equity:** Return on equity remains a key measure to assess returns for the Bank's shareholders.

Please refer the following pages within this section for financial position, financial performance analysis and financial and non financial ratios.

Non-Financial Measures

Non-financial measures are of equal significance when setting the path for the future. Performance outlined against such measures confirms that the Bank is not only sound and transparent in terms of business operations, but also recognises its due role as a responsible corporate citizen. Although such standards are qualitative in nature, their value to the business has been significant in recent years. Non-financial measures mainly consist of:

- Compliance with the regulatory framework
- Corporate image / reputation
- Stakeholders' engagement
- Brand preference
- Relationship with customers and business partners
- Employee satisfaction and well-being
- Responsibility towards the society
- Environmental protection
- SBP inspection rating and effective internal control

Please refer the following pages within this section for qualitative performance analysis.

Performance versus Budget

The bank outperformed budget in both profitability and business volumes.

- NII remained ahead of budget mainly due to strong build-up in deposit volumes and well positioned net earning assets to take advantage of rising interest rates.
- NFI exceeded budget with strong contribution coming from fee and exchange income.
- Growth in revenue while keeping costs within budget enabled the bank to improve operating profit. Moreover, provisions including ECL charge on investments remained lower than budget.
- The bank's PAT exceeded budget significantly despite absorbing windfall tax which has been booked based on prudence.

Performance versus last year

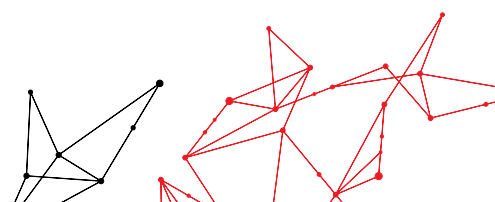
Bank's performance versus last year is covered as part of the Directors' report. Further, qualitative and quantitative performance analysis and business segment wise performance versus last year are disclosed on coming pages within this section.

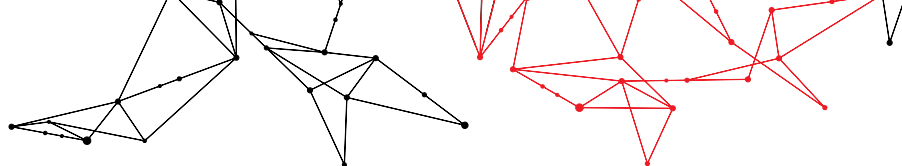
Future prospects about the profitability

Future prospects on bank's profitability are covered in 'Outlook' section of the Annual Report.

Significant Transactions and Events

During 2023, the Bank has incorporated an exchange company, Alfalah Currency Exchange (Private) Limited, with an authorised capital of Rs. 2 billion. This exchange company will function as a wholly-owned subsidiary of the Bank, and will provide comprehensive foreign exchange solutions.





Quantitative Performance Analysis

Financial Position Analysis

	2023	2022
	Rs in Million	
ASSETS		
Cash and balances with treasury banks	202,692	140,613
Balances with other banks	16,618	9,485
Lendings to financial institutions	119,554	115,354
Investments	2,067,263	1,114,407
Advances	735,052	732,375
Fixed assets and intangible assets	63,138	49,721
Deferred tax assets	6,008	9,013
Other assets	135,593	82,229
	<u>3,345,917</u>	<u>2,253,197</u>
LIABILITIES		
Bills payable	26,005	40,034
Borrowings	909,543	491,180
Deposits and other accounts	2,084,997	1,486,845
Subordinated debt	14,000	14,000
Other liabilities	173,449	121,123
	<u>3,207,994</u>	<u>2,153,182</u>
Net Assets	<u>137,923</u>	<u>100,015</u>

Cash and Bank Balances:

Increase is mainly due to reserves placed with central banks as a result of increase in deposits.

Investments:

Up by 86% as a result of growth in deposits and borrowings. Book skewed towards Government Securities.

Advances:

Advances remained at same level as last year on account of strong credit discipline amid challenging economic situations.

Borrowings:

Up by 85% mainly due to repurchase agreement borrowings from SBP.

Deposits:

Up by 40% showed improved market share as a result of well executed strategy, taking support from branch expansion, improved staff productivity and innovative product suite.

Net Interest income:

Volumetric growth mainly in deposits and improved spreads on the back of higher policy rate and ideal positioning of assets and liabilities book.

Non Markup income:

Growth is mainly driven by card related fee, trade guarantees, home remittances, branch banking fee, consumer financing income, credit related fee and ADC income.

Gain from derivative increased on account of MTM impact on higher volume of cross currency swap.

Operating Expenses:

30% increase mainly due to growth initiatives such as new branches, compensation cost (hiring and increments), marketing, flood donations, very high inflation and an impact of rupee depreciation on expenses.

Provisions and write offs - net:

Last year was higher mainly due to ECL charge of overseas investments (Rs. 1.9 Bn), provision charge of Rs. 1.1 Bn against cross border risk and general provision against high risk portfolio. While in 2023 there was higher specific provision for some subjective classifications.

Taxation:

Taxation includes Rs. 3.6 Bn against windfall tax on account of prudence.

328 Financial Performance Analysis

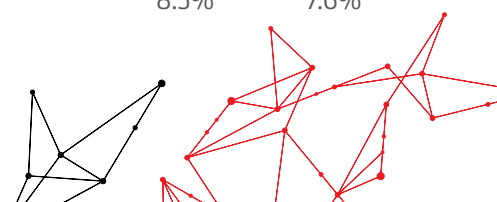
	2023	2022
	Rs in Million	
MARK-UP / INTEREST INCOME		
Mark-up / return / interest earned	411,948	214,054
Mark-up / return / interest expensed	285,877	136,812
Net mark-up / return / interest income (NMR)	<u>126,070</u>	<u>77,242</u>
NON MARK-UP / INTEREST INCOME		
Fee and commission income	14,813	10,842
Dividend income	1,321	1,232
Foreign exchange income	9,555	9,219
Gain from derivatives	1,761	332
Gain / (loss) on securities	280	(67)
Other income	334	326
	<u>28,064</u>	<u>21,883</u>
Total Income	<u>154,134</u>	<u>99,126</u>
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	64,503	49,562
Workers' welfare fund	1,715	907
Other charges	279	27
Total non-mark-up / interest expenses	<u>66,497</u>	<u>50,497</u>
Profit before provisions	87,637	48,629
Provisions and write offs - net	9,462	12,468
Profit before taxation	78,175	36,160
Taxation	41,719	17,954
Profit after taxation	<u>36,456</u>	<u>18,206</u>

Qualitative Performance Analysis

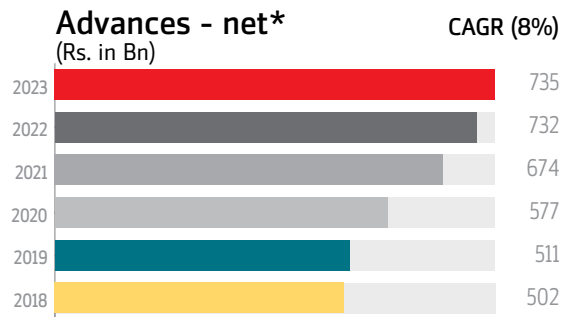
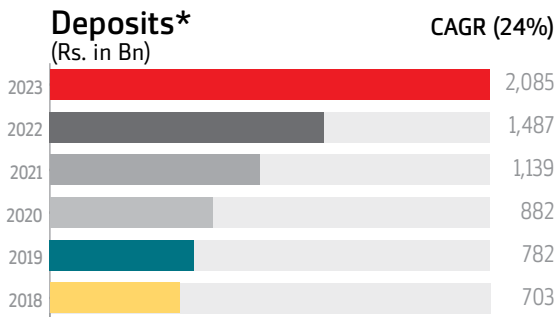
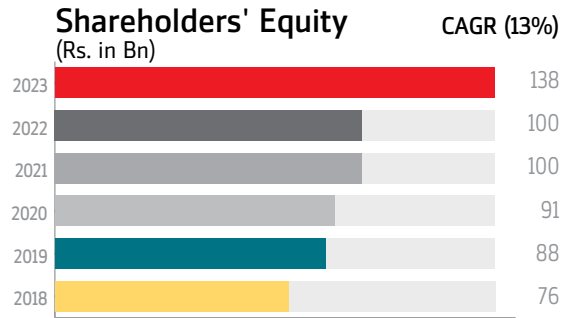
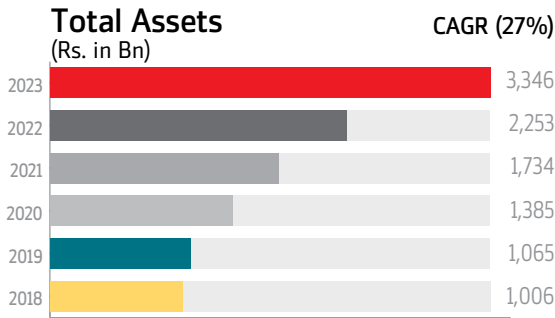
The Bank assesses its qualitative performance on the following factors, including but not limited to:

	2023	2022
Deposits:		
Deposits per branch (Rs in Mn)	2,036	1,663
Deposits per employee (Rs in Mn)	141	107
Market share in deposits (domestic) (%)	6.9%	6.0%
Loans and advances [Count impacted due to credit environment]:		
New acquisitions - auto loans (count)	3,594	8,561
New acquisitions - personal loans (count)	11,717	20,071
New acquisitions - house loans (count)	439	1,393
New acquisitions - SME loans (count)	1,439	1,401
New acquisitions - cards (count)	59,688	74,696
Market share in advances (domestic) (%)	5.9%	6.1%
Remittances:		
Home Remittance volume (USD in Mn)	3,742	5,673
Number of transactions (count in Mn)	10.5	11.8
Market share in home remittances (%)	14.2%	19.0%
Corporate Social Responsibility (CSR):		
CSR activities spend (Rs. in Mn)	1,250	332
CSR activities spend as a % of PBT (%)	1.6%	0.9%
Human Resource and Related Activities:		
Compensation costs per employee (Rs in Mn)	1.95	1.53
Training costs per employee (Rs in Mn)	0.01	0.01
Profit per employee (Rs in Mn)	2.47	1.31
Customers		
Number of customers (count in Mn)	6.8	5.8
Number of internet banking users (count in Mn)	0.6	0.5
Number of Alfa app users (count in Mn)	1.6	1.3
Number of credit card holders (count in Mn)	0.4	0.5
Branch performance		
Revenue per branch (Rs in Mn)	151	111
Profit per branch (Rs in Mn)	36	20
Cash Management		
Cash Management collection volume (Rs in Mn)	675,373	454,308
Bancassurance		
Bancassurance volume (Rs in Mn)	1,495	1,368
Bancassurance per branch (Rs in Mn)	1.46	1.53
Market Share (approximate) (%)	11%	10%
Wealth Management		
Wealth Management volume (Rs in Mn)	52,158	38,610
Wealth Management per branch (Rs in Mn)	51	43
Market Share (approximate) (%)	23%	19%
Trade		
Trade volume (Rs in Mn)	1,865,803	1,623,257
Market Share	8.5%	7.6%

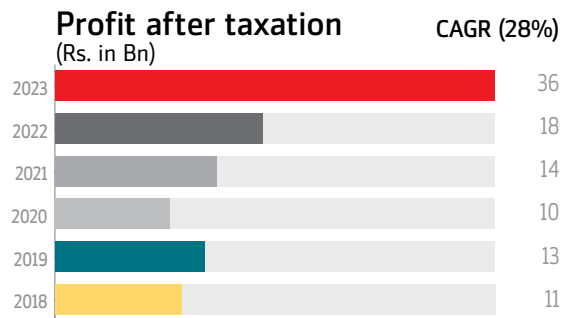
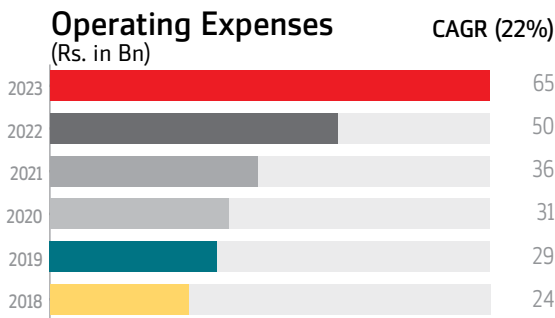
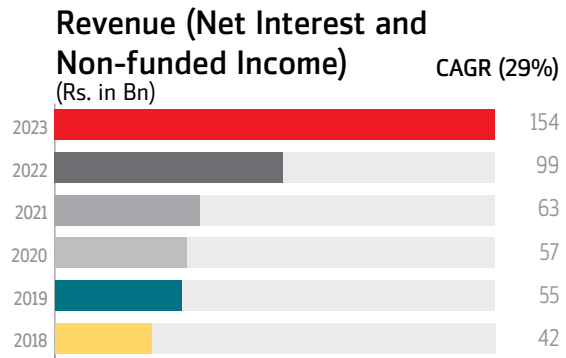
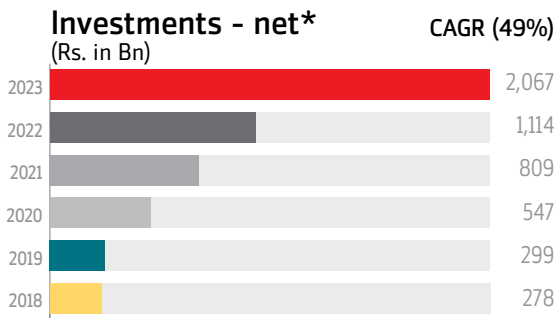
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Graphical Presentation

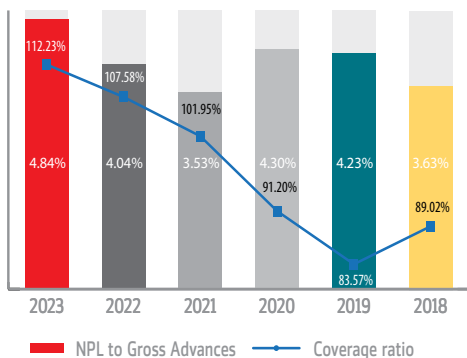


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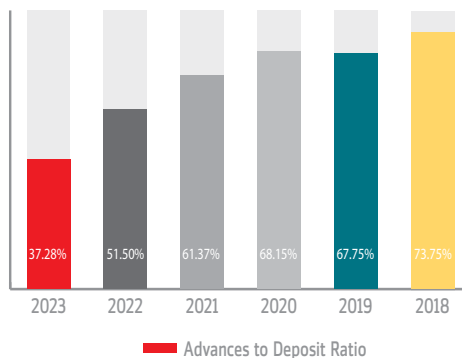


* For 2018, Assets and Liabilities for the Bank's Afghanistan Operations were presented as separate line items as 'discontinued operations', rather than as part of actual line items under which they were being reported historically. Upon declassification from asset-held-for-sale status during 2019, such balances are being reported as part of the individual balance sheet lines.

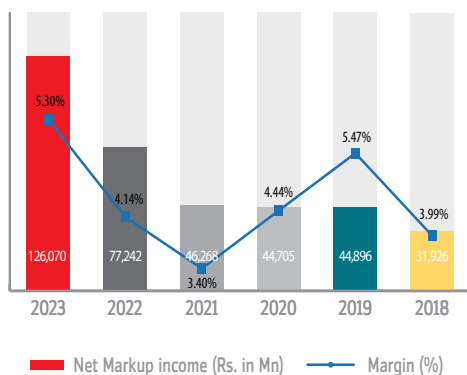
NPL Ratios (Percentage)



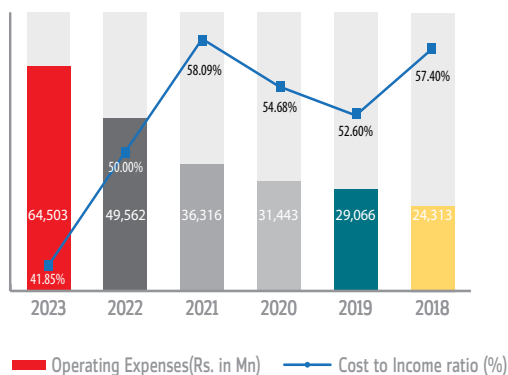
Advances to Deposits Ratio* (Percentage)



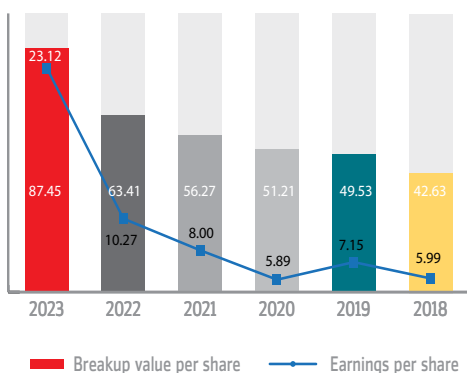
Net Markup Income and Margin



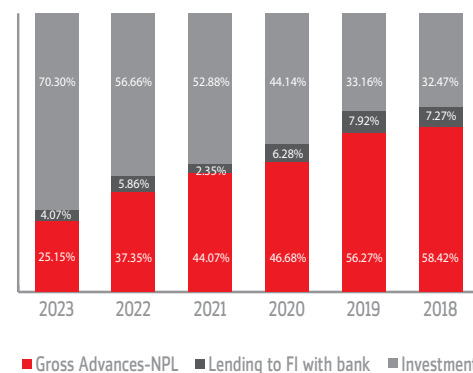
Operating Expenses and Cost to Income Ratio



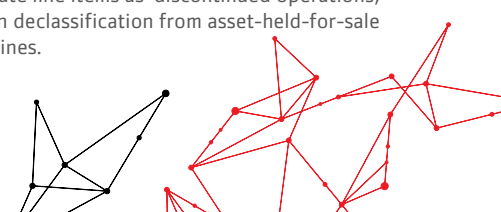
Earnings & Breakup Value Per Share (Rupees)

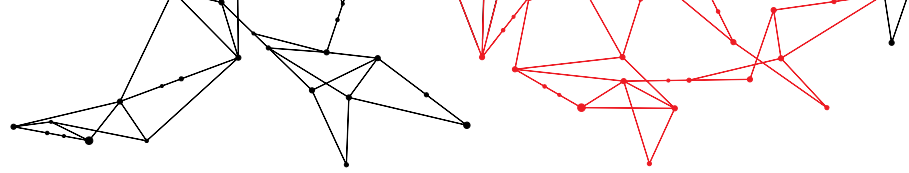


Earning Assets Mix* (Percentage)

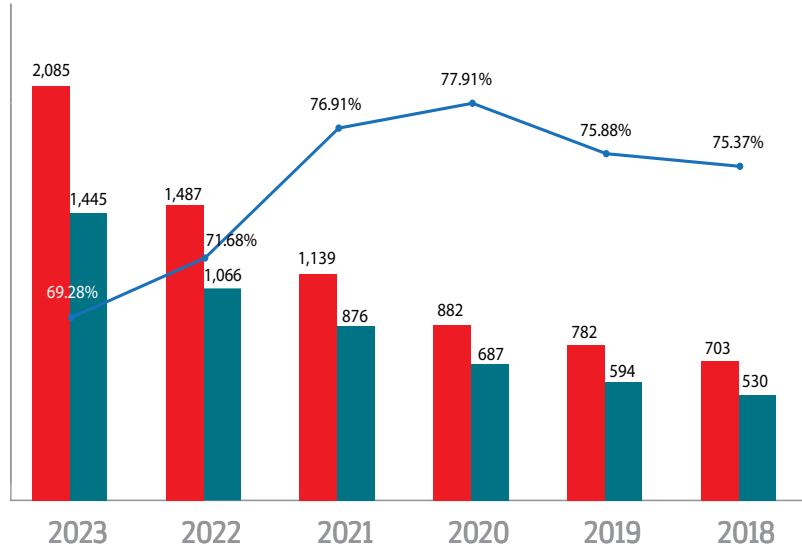


* For 2018, Assets and Liabilities for the Bank's Afghanistan Operations were presented as separate line items as 'discontinued operations', rather than as part of actual line items under which they were being reported historically. Upon declassification from asset-held-for-sale status during 2019, such balances are being reported as part of the individual balance sheet lines.



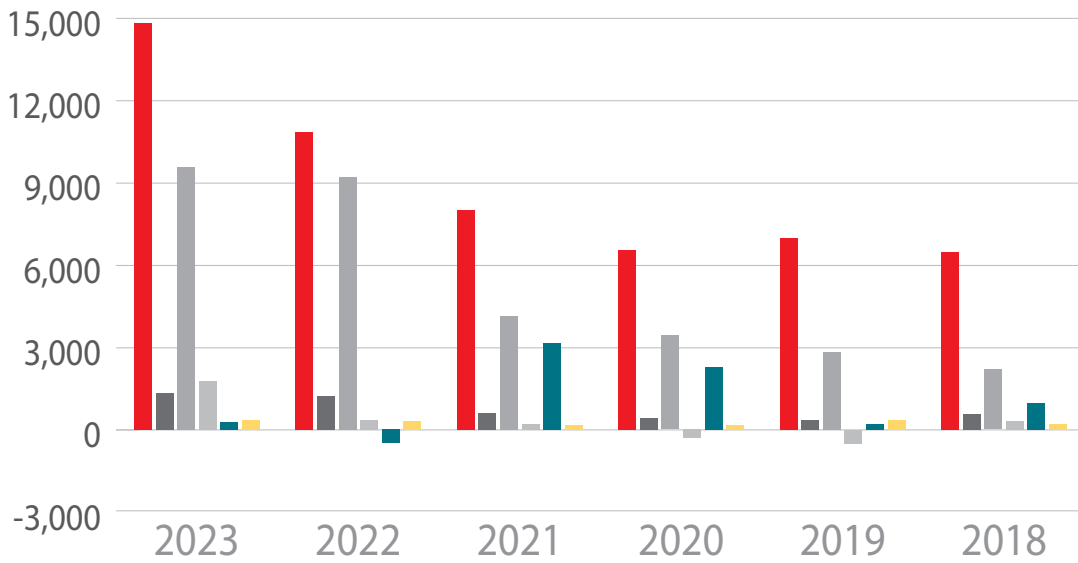


CASA to Deposits Ratio



■ Deposits (Rs. in Bn)
 ■ CASA (Rs. in Bn)
 —●— CASA Ratio (%)

Non Markup Income



■ Fee & Commission Income (Rs. in Mn)
 ■ Dividend Income (Rs. in Mn)
 ■ Foreign Exchange Income (Rs. in Mn)

■ Gain / (loss) from derivatives (Rs. in Mn)
 ■ Gain / (loss) on securities (Rs. in Mn)
 ■ Other Income (Rs. in Mn)

Six Years Financial and Non-Financial Summaries

		2023	2022	2021	2020	2019	2018
Profit & Loss Account							
Mark-up / return / interest earned	Rs. Mn	411,948	214,054	100,402	92,616	92,519	59,672
Mark-up / return / interest expensed	Rs. Mn	285,877	136,812	54,134	47,911	47,623	27,746
Non-Fund based income	Rs. Mn	28,064	21,883	16,254	12,795	10,357	10,431
Total Income	Rs. Mn	154,134	99,126	62,522	57,499	55,253	42,357
Non mark-up / interest expenses	Rs. Mn	66,497	50,497	36,840	32,032	29,843	24,713
Operating Profit before tax and provision	Rs. Mn	87,637	48,629	25,682	25,468	25,410	17,645
Provision and write-offs - net	Rs. Mn	9,462	12,468	2,312	7,589	3,029	27
Profit before taxation	Rs. Mn	78,175	36,160	23,370	17,878	22,382	17,618
Profit after taxation	Rs. Mn	36,456	18,206	14,217	10,475	12,696	10,625
Statement of Financial Position							
Authorised Capital	Rs. Mn	23,000	23,000	23,000	23,000	23,000	23,000
Paid up Capital	Rs. Mn	15,772	15,772	17,772	17,772	17,772	17,744
Reserves	Rs. Mn	41,401	34,283	29,954	27,680	26,046	23,051
Unappropriated Profit	Rs. Mn	69,482	45,101	40,836	35,057	32,843	27,470
Surplus on revaluation of assets	Rs. Mn	11,268	4,859	11,441	10,509	11,367	7,383
Shareholders' fund	Rs. Mn	126,654	95,156	88,562	80,508	76,661	68,264
Shareholders' equity	Rs. Mn	137,923	100,015	100,003	91,017	88,028	75,647
Total Assets	Rs. Mn	3,345,917	2,253,197	1,734,321	1,384,874	1,065,311	1,006,218
Earning Assets	Rs. Mn	2,940,428	1,966,878	1,530,207	1,231,771	901,960	855,072
Gross Advances	Rs. Mn	777,287	765,693	699,073	600,899	529,971	518,392
Advances - net of Provision	Rs. Mn	735,052	732,375	673,881	577,316	511,236	501,636
Non Performing Loans	Rs. Mn	37,633	30,971	24,710	25,860	22,417	18,822
Investments - at Cost	Rs. Mn	2,076,592	1,135,624	812,307	541,819	295,103	279,135
Investments - Net	Rs. Mn	2,067,263	1,114,407	809,214	547,090	299,098	277,660
Total Liabilities	Rs. Mn	3,207,994	2,153,182	1,634,319	1,293,856	977,284	930,571
Deposits & Other Accounts	Rs. Mn	2,084,997	1,486,845	1,139,045	881,767	782,284	702,895
Borrowings	Rs. Mn	909,543	491,180	383,809	314,960	102,842	123,738
Cash Flow Summary							
Cash and cash equivalents at the beginning of the year	Rs. Mn	185,488	134,593	118,455	135,054	100,501	93,421
Cash flow from Operating Activities	Rs. Mn	756,441	470,461	268,659	204,046	80,947	(142,470)
Cash flow from Investing Activities	Rs. Mn	(681,700)	(413,326)	(242,190)	(205,800)	(37,948)	146,470
Cash flow from Financing Activities	Rs. Mn	(12,329)	(6,240)	(10,330)	(14,845)	(8,447)	3,080
Increase in cash and cash equivalents	Rs. Mn	62,412	50,895	16,138	(16,600)	34,553	7,080
Cash and cash equivalents at the end of the year	Rs. Mn	247,900	185,488	134,593	118,455	135,054	100,501
Consolidated Position							
Total Assets	Rs. Mn	3,349,668	2,256,720	1,736,773	1,387,674	1,067,749	1,008,605
Net Assets	Rs. Mn	139,623	102,063	101,874	92,661	89,283	77,022
Profit before taxation	Rs. Mn	78,738	36,677	23,909	18,443	22,915	17,403
Profit after taxation	Rs. Mn	36,086	18,397	14,460	10,843	13,032	10,516
Trade							
Imports - Volume	Rs. Mn	1,366,387	1,176,596	892,545	570,337	553,791	563,947
Exports - Volume	Rs. Mn	684,129	557,435	367,941	251,140	283,952	248,159
Others							
Number of Branches	Count	1,024	894	790	730	698	649
Number of Permanent Employees	Count	14,662	13,790	12,034	10,653	10,118	8,419

Note

For 2018, Assets and Liabilities for the Bank's Afghanistan Operations were presented as separate line items as 'discontinued operations', rather than as part of actual line items under which they were being reported historically. Upon declassification from asset-held-for-sale status during 2019, such balances are being reported as part of the individual balance sheet lines.



Six Years Vertical Analysis

	2023		2022		2021		2020		2019		2018	
	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	202,692	6%	140,613	6%	105,606	6%	99,348	7%	100,732	9%	82,408	8%
Balances with other banks	16,618	0%	9,485	0%	9,783	1%	6,234	0%	4,710	0%	3,875	0%
Lendings to financial institutions	119,554	4%	115,354	5%	35,982	2%	77,306	6%	71,435	7%	62,172	6%
Investments	2,067,263	62%	1,114,407	49%	809,214	47%	547,090	40%	299,098	28%	277,660	28%
Advances	735,052	22%	732,375	33%	673,881	39%	577,316	42%	511,236	48%	501,636	50%
Fixed assets and Intangibles assets	63,138	2%	49,721	2%	40,615	2%	32,261	2%	30,344	3%	19,556	2%
Deferred tax assets	6,008	0%	9,013	0%	2,304	0%	-	0%	-	0%	-	0%
Assets held for sale	-	0%	-	0%	-	0%	-	0%	-	0%	23,589	2%
Other assets	135,593	4%	82,229	4%	56,936	3%	45,319	3%	47,756	4%	35,321	4%
	3,345,917	100%	2,253,197	100%	1,734,321	100%	1,384,874	100%	1,065,311	100%	1,006,218	100%

Liabilities												
Bills Payable	26,005	1%	40,034	2%	22,826	1%	22,571	2%	17,169	2%	35,988	4%
Borrowings	909,543	27%	491,180	22%	383,809	22%	314,960	23%	102,842	10%	123,738	12%
Deposits and other accounts	2,084,997	62%	1,486,845	66%	1,139,045	66%	881,767	64%	782,284	73%	702,895	70%
Subordinated debt	14,000	0%	14,000	1%	7,000	0%	7,000	1%	11,987	1%	11,989	1%
Deferred tax liabilities	-	0%	-	0%	-	0%	1,361	0%	3,451	0%	2,071	0%
Liabilities directly associated with the assets held for sale	-	0%	-	0%	-	0%	-	0%	-	0%	20,435	2%
Other Liabilities	173,449	5%	121,123	5%	81,640	5%	66,197	5%	59,550	6%	33,455	3%
	3,207,994	96%	2,153,182	96%	1,634,319	94%	1,293,856	93%	977,284	92%	930,571	92%

Net Assets	137,923	4%	100,015	4%	100,003	6%	91,017	7%	88,028	8%	75,647	8%
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Represented By :

Authorized Capital	23,000		23,000		23,000		23,000		23,000		23,000	
Share capital	15,772	0%	15,772	1%	17,772	1%	17,772	1%	17,772	2%	17,744	2%
Reserves	41,401	1%	34,283	2%	29,954	2%	27,680	2%	26,046	2%	23,051	2%
Unappropriated profit	69,482	2%	45,101	2%	40,836	2%	35,057	3%	32,843	3%	27,470	3%
Surplus on revaluation of assets	11,268	0%	4,859	0%	11,441	1%	10,509	1%	11,367	1%	7,383	1%
	137,923	4%	100,015	4%	100,003	6%	91,017	7%	88,028	8%	75,647	8%

Profit and Loss Account

Mark-up / return / interest earned	a	411,948	94%	214,054	91%	100,402	86%	92,616	88%	92,519	90%	59,672	85%
Mark-up / return / interest expensed		(285,877)	-65%	(136,812)	-58%	(54,134)	-46%	(47,911)	-45%	(47,623)	-46%	(27,746)	-40%
Net mark-up / interest income (NMR)		126,070	29%	77,242	33%	46,268	40%	44,705	42%	44,896	44%	31,926	46%
Non mark-up / interest Income	b	28,064	6%	21,883	9%	16,254	14%	12,795	12%	10,357	10%	10,431	15%
Total income		154,134	35%	99,126	42%	62,522	54%	57,499	55%	55,253	54%	42,357	60%
Non mark-up / interest expenses		(66,497)	-15%	(50,497)	-21%	(36,840)	-32%	(32,032)	-30%	(29,843)	-29%	(24,713)	-35%
Profit before provisions		87,637	20%	48,629	21%	25,682	22%	25,468	24%	25,410	25%	17,645	25%
Provision and write-offs - net		(9,462)	-2%	(12,468)	-5%	(2,312)	-2%	(7,589)	-7%	(3,029)	-3%	(27)	-0%
Profit before taxation		78,175	18%	36,160	15%	23,370	20%	17,878	17%	22,382	22%	17,618	25%
Taxation		(41,719)	-9%	(17,954)	-8%	(9,154)	-8%	(7,403)	-7%	(9,686)	-9%	(6,993)	-10%
Profit after taxation		36,456	8%	18,206	8%	14,217	12%	10,475	10%	12,696	12%	10,625	15%
Earning per share - Rupees		23.12		10.27		8.00		5.89		7.15		5.99	

Note

For Vertical Analysis, Variance percentage on financial position is calculated based on total assets and for profit & loss account, it is calculated based on gross revenue which is the sum of markup earned and non-markup income (a+b).

Six Years Horizontal Analysis

	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018
	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn

Statement of Financial Position

Assets

Cash and balances with treasury banks	202,692	44%	140,613	33%	105,606	6%	99,348	-1%	100,732	22%	82,408
Balances with other banks	16,618	75%	9,485	-3%	9,783	57%	6,234	32%	4,710	22%	3,875
Lendings to financial institutions	119,554	4%	115,354	221%	35,982	-53%	77,306	8%	71,435	15%	62,172
Investments	2,067,263	86%	1,114,407	38%	809,214	48%	547,090	83%	299,098	8%	277,660
Advances	735,052	0%	732,375	9%	673,881	17%	577,316	13%	511,236	2%	501,636
Fixed assets and Intangibles assets	63,138	27%	49,721	22%	40,615	26%	32,261	6%	30,344	55%	19,556
Deferred tax assets	6,008	-33%	9,013	291%	2,304	100%	-	0%	-	0%	-
Assets held for sale	-	0%	-	0%	-	0%	-	0%	-	-100%	23,589
Other assets	135,593	65%	82,229	44%	56,936	26%	45,319	-5%	47,756	35%	35,321
	3,345,917	48%	2,253,197	30%	1,734,321	25%	1,384,874	30%	1,065,311	6%	1,006,218

Liabilities

Bills Payable	26,005	-35%	40,034	75%	22,826	1%	22,571	31%	17,169	-52%	35,988
Borrowings	909,543	85%	491,180	28%	383,809	22%	314,960	206%	102,842	-17%	123,738
Deposits and other accounts	2,084,997	40%	1,486,845	31%	1,139,045	29%	881,767	13%	782,284	11%	702,895
Subordinated debt	14,000	0%	14,000	100%	7,000	0%	7,000	-42%	11,987	-0%	11,989
Deferred tax liabilities	-	0%	-	0%	-	-100%	1,361	-61%	3,451	67%	2,071
Liabilities directly associated with the assets held for sale	-	0%	-	0%	-	0%	-	0%	-	-100%	20,435
Other Liabilities	173,449	43%	121,123	48%	81,640	23%	66,197	11%	59,550	78%	33,455
	3,207,994	49%	2,153,182	32%	1,634,319	26%	1,293,856	32%	977,284	5%	930,571

Net Assets

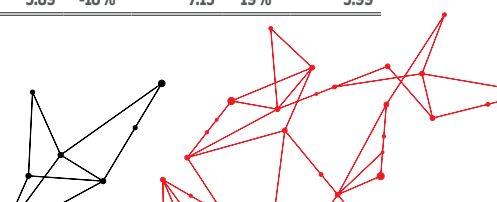
	137,923	38%	100,015	0%	100,003	10%	91,017	3%	88,028	16%	75,647
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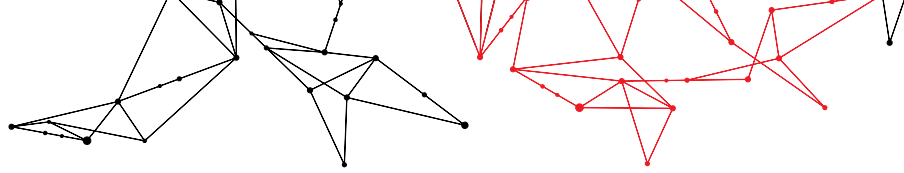
Represented By :

Authorized Capital	23,000		23,000		23,000		23,000		23,000		23,000
Share capital	15,772	0%	15,772	-11%	17,772	0%	17,772	0%	17,772	0%	17,744
Reserves	41,401	21%	34,283	14%	29,954	8%	27,680	6%	26,046	13%	23,051
Unappropriated profit	69,482	54%	45,101	10%	40,836	16%	35,057	7%	32,843	20%	27,470
Surplus on revaluation of assets	11,268	132%	4,859	-58%	11,441	9%	10,509	-8%	11,367	54%	7,383
	137,923	38%	100,015	0%	100,003	10%	91,017	3%	88,028	16%	75,647

Profit and Loss Account

Mark-up / return / interest earned	411,948	92%	214,054	113%	100,402	8%	92,616	0%	92,519	55%	59,672
Mark-up / return / interest expensed	(285,877)	109%	(136,812)	153%	(54,134)	13%	(47,911)	1%	(47,623)	72%	(27,746)
Net mark-up / interest income (NMR)	126,070	63%	77,242	67%	46,268	3%	44,705	-0%	44,896	41%	31,926
Non mark-up / interest Income	28,064	28%	21,883	35%	16,254	27%	12,795	24%	10,357	-1%	10,431
Total income	154,134	55%	99,126	59%	62,522	9%	57,499	4%	55,253	30%	42,357
Non mark-up / interest expenses	(66,497)	32%	(50,497)	37%	(36,840)	15%	(32,032)	7%	(29,843)	21%	(24,713)
Profit before provisions	87,637	80%	48,629	89%	25,682	1%	25,468	0%	25,410	44%	17,645
Provision and write-offs - net	(9,462)	-24%	(12,468)	439%	(2,312)	-70%	(7,589)	151%	(3,029)	11283%	(27)
Profit before taxation	78,175	116%	36,160	55%	23,370	31%	17,878	-20%	22,382	27%	17,618
Taxation	(41,719)	132%	(17,954)	96%	(9,154)	24%	(7,403)	-24%	(9,686)	39%	(6,993)
Profit after taxation	36,456	100%	18,206	28%	14,217	36%	10,475	-17%	12,696	19%	10,625
Earning per share - Rupees	23.12	125%	10.27	28%	8.00	36%	5.89	-18%	7.15	19%	5.99





Six Years Review of Business Performance

Balance Sheet

Total Assets

The asset base of the Bank has grown remarkably over the last 6 years and stood at Rs. 3,345.917 billion at December 2023 from Rs. 1,006,218 billion at December 2018, a CAGR of 27 percent. This growth is driven from rise in deposits. Key deployments has been in investments and advances, which are detailed below. Our strategy over the years has been to manage the asset mix in a way that maximises returns to stakeholders, while maintaining an efficient risk weighted assets (RWA) profile.

Advances

The Bank's ADR ratio stands at 37.28%. Over the period, the Bank's gross advances grew at a CAGR of 8 percent. The Bank has continued to strengthen its risk management framework over the years with full automation, refinement of credit approval process and implementation of centralised Loan Origination System for both domestic and overseas operations.

Non-performing Loans

Owing to our branch-led model and robust credit underwriting criteria, the Bank has consistently had one of the lowest infection ratios amongst top-tier banks despite prudent classification on subjective basis. During last 6 years, our infection ratio once dropped to 3.53% percent in 2021 - a testimony to our focus on maintaining asset quality. The Bank's dedicated Special Assets Management Group has been able to facilitate significant recoveries over the years. Most importantly, the Bank's coverage ratio stands at 112.23 percent (including general provision) as at the close of this year.

Investments

Our investments portfolio has grown over the years and predominately concentrated in high yielding Government Securities. The Bank has built its portfolio and taken positions based on interest rate expectation and hedging strategy. The investment base of the Bank has increased from Rs. 277.660 billion in 2018 to Rs. 2,067.263 billion at end of 2023. Our equity book consists of investments in diverse companies having strong fundamentals with a view to earn stable dividends.

Deposits

The deposit base of the Bank has continued to grow over the last six years, which has supported the balance sheet growth indicated above. The exceptional performance of our team in executing the strategy and diversified product suite, resulted in Bank Alfalah achieving an impressive CAGR of 24% from Rs. 702.895 billion in 2018 to Rs. 2,084.997 billion in 2023. The Bank's CASA percentage at December 2023 stands at 69.28 percent. Our focus remained on improving our deposit profile by expanding current account. Through the buildup in the deposits, the Bank maximised on the yield upside in its net earnings. The Bank enjoys a diversified product suite, with products catered to varying customer needs. Our focus remains on maintaining service excellence, and providing adequate returns to our depositors together with transactional convenience through our Digital Banking and Alternate Delivery Channels.

Equity

The paid-up capital of the Bank increased from Rs. 17.744 billion in 2018 to Rs. 17.772 billion in 2021. In 2022, it reduced to Rs. 15.772 billion as the Bank bought back 200 million ordinary shares under buy back scheme. Furthermore, the Bank's first-ever Employee Stock Option scheme successfully ran from 2014 to 2016, in which options were granted to certain key executives and employees as approved by the Board Compensation Committee. Under the scheme, selected employees granted with options were eligible to exercise the same over the defined exercise periods, and subscribe for new shares (without rights) at an agreed discount.

Tier-1 Capital (ADT 1)

In 2018, the Bank issued its first ever additional Tier-1 Capital in the form of listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments. The size of the issue was Rs. 7 billion and was oversubscribed. The proceeds from the issue contributed towards the bank's additional Tier-1 capital and utilized towards enhancement of the bank's business operations. In 2022, the Bank issued additional Tier 1 capital of Rs. 7 billion to support its capital base and gear up for further expansion. Both instruments are "AA-" rated by PACRA.

Dividends

Over the years, the Bank has had a consistent dividend payout stream, keeping in view risk absorption capacity, and in turn facilitate greater returns over the medium to long term. The Bank's Capital Adequacy Ratio is currently above the regulatory requirement (including capital conservation buffer). The Board has recommended a payout of 50 percent as final dividend for the year 2023. The Board had earlier declared and paid interim cash dividend of Rs. 3.00 per share, bringing the total cash dividend for the year to Rs. 8.00 per share i.e. 80%.

Profit And Loss Account

Income

The composition of markup income saw a shift in recent years on the back of concentration shift in the Bank's earning asset base, as referred above. The net markup income of the bank increased significantly in the last six years, supported by increase in core deposits primarily current accounts and improved spreads. Increase in high quality advances book led by consumer and commercial group helped to increase the net interest margin. Our investment strategy has complimented our non-funded income during last six years which has supported bottom line profitability. Core fee, commission income, foreign exchange income, have all indicated growth, while capital gains on both capital and money market fronts have supplemented the NFI. Over the course of the years, key changes to our technology platform, cross-sell initiatives, branch transformation programmes, have helped the Bank deliver further transactional convenience to its customers, and have facilitated contribution from non-fund based income.

Operating Expenses

Over the years, the Bank has seen a significant transformation. The overall growth in administrative costs has primarily been on account of costs attributable to additional branches under the Bank's expansion plan, compensation cost (new hiring and various employee focused remuneration initiatives), marketing, flood and other CSR initiatives, rising rentals, utility costs, significant IT costs relating to infrastructural improvements to the core banking system and the overall technological platform including digital banking platform, inflation, rupee depreciation impacting foreign currency expenses. However, the Bank has kept a check on these factors, and strict cost discipline measures were introduced with a focus on improving the cost to income ratio. Centralisation of various expenses and regular

revisits to expenditure approval authorities were undertaken to keep costs in check. Non-recurring items continue to be tracked separately.

Cash Flow Statement

Cash Flow from Operating Activities

Cash flow from operating activities showed a positive trend in all years from 2019 to 2023. This is primarily due to steady growth in profitability, stable deposits and advances. In 2018, due to re-profiling of balance sheet and consequent increase in loan book, the cash flow from operating activities is negative.

Cash Flow from Investing Activities

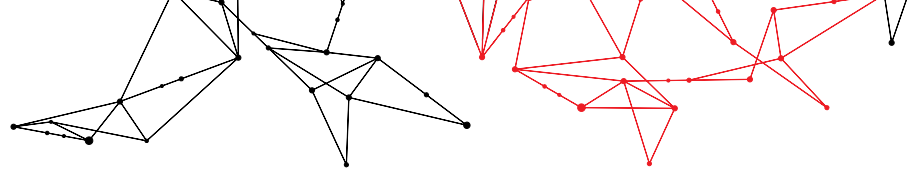
The residual funds available after loans and advances is invested in the high yielding government securities. The investment is also required to comply with the Statutory Liquidity Requirement of the State Bank of Pakistan. In all years under review the bank has increased its investment portfolio except in case of 2018, when the portfolio was channeled into loans and advances in view of interest rates.

Cash Flow from Financing Activities

The main transaction under this head are those likely to capital and providence of capital. Bank Alfalah has paid steady dividend in all the years under review with the exception of 2018. The dividend payment and TFC redemptions result in cash outflow from financing activities. In 2018, the cash flow is positive due to issuance of ADT 1 instrument. In 2022, major transactions include the issuance of ADT 1 and buy back of 200 million ordinary shares. The Bank has committed Rs. 1 Billion capital injection in its subsidiary Alfalah Currency Exchange (Private) Limited. The actual cash outflow will occur in 2024.

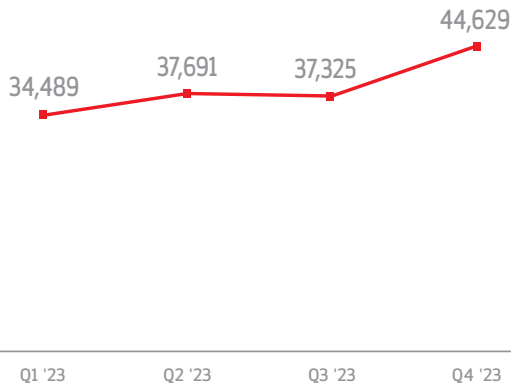


Quarterly Performance Review

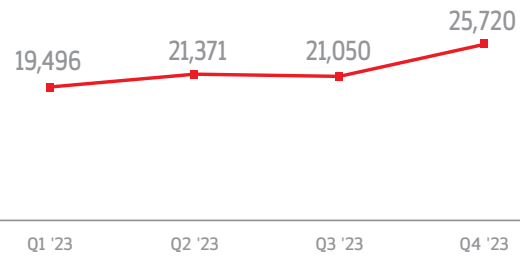


	Q1 '23	Q2 '23	Q3 '23	Q4 '23	Total
	Rupees in million				
Net interest income	27,937	31,254	31,794	35,085	126,070
Non-interest income	6,552	6,437	5,531	9,544	28,064
	34,489	37,691	37,325	44,629	154,134
Less: Operating expenses	14,584	15,779	15,895	18,245	64,503
Less: Other charges and WWF	409	541	380	664	1,994
Profit before provisions	19,496	21,371	21,050	25,720	87,637
Less: Provisions and write offs - net	522	4,480	4,162	298	9,462
Profit before taxation	18,974	16,891	16,888	25,422	78,175

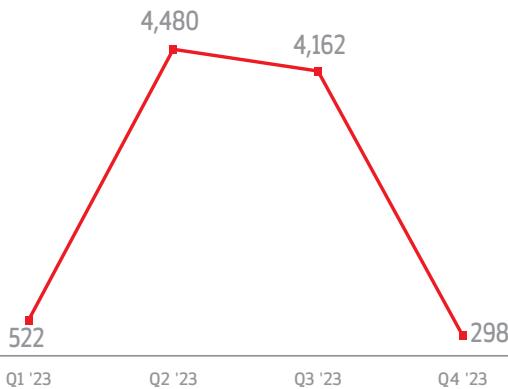
Revenue - Net Interest and Non Interest Income (Rs. in Mn)



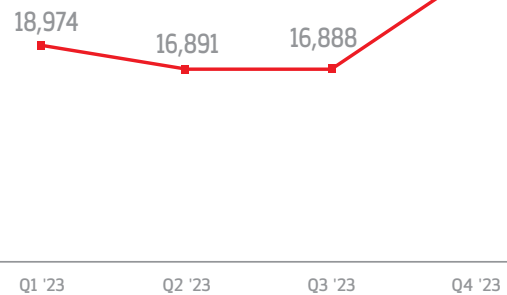
Profit Before Provisions (Rs. in Mn)



Provision and write offs - net (Rs. in Mn)

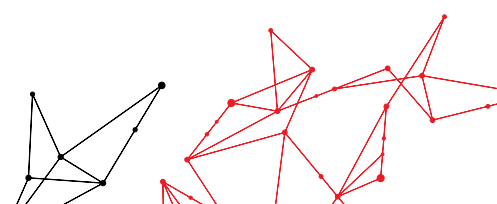


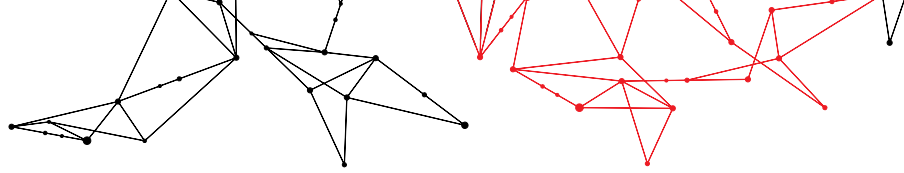
Profit Before Taxation (Rs. in Mn)



Analysis of the Quarterly Performance

Quarter 1	Quarter 2	Quarter 3	Quarter 4
<ul style="list-style-type: none"> • Net Interest Income 20% higher than Q4 2022 due to solid growth in earning assets, recovery of suspended markup and improved spread on the back of higher interest rates. • Non interest income Fee income up primarily due to card related and ADC income. FX income up by 276% over Q4 2022 mainly due to market volatility. • Operating expenses Remained constant compared to Q4 2022. Higher compensation cost was offset by lower utility and other operating costs during the quarter. • Provisions Provision down vs Q4 2022 mainly due to additional ECL on overseas investments and charge against cross border risk in Q4 2022. 	<ul style="list-style-type: none"> • Net Interest Income Higher by 12% due to well positioned balance sheet to take benefit of rising interest rates. • Non interest income Down by 2% from Q1 2023 due to reduction in FX income by 46% offset by increase in gain on derivative due to favorable marked to market impacts. • Operating expenses Up by 8% over Q1 2023 due to marketing activities offset by lower compensation cost (one off increments and bonuses paid to employees in Q1 2023). • Provisions Provisions higher due to additional general provision and some subjectively downgraded clients 	<ul style="list-style-type: none"> • Net Interest Income Remained flat vs previous quarters. Well positioned asset book gave steady returns. • Non interest income Down by 14% mainly due to capital loss realised on government securities for realignment of portfolio in view of interest rate outlook. • Operating expenses Higher by 1% over Q2 2023, due to new branches and inflation offset by lower marketing cost due to one-off in Q2 2023. • Provisions Provision includes additional charge mainly on the back of subjective downgrades and increase in general provision. 	<ul style="list-style-type: none"> • Net Interest Income Net Strong volumetric growth and improved spreads led to an increase in NII by 10%. • Non interest income Capital gain up by 240% mainly as a result of capital loss of Rs. 1.9 billion in Q3 2023. Fee income higher on account of remittances. • Operating expenses Higher by 15% over Q3 2023, due to branch expansion, higher inflation and year end accruals. • Provisions Down by 93% over Q3 2023 due to additional charge of subjective downgrades and increase in general provision in Q3 2023.





Segmental Review of Business Performance

Retail Banking Group

Retail Banking Group (Retail) played a pivotal role in contributing to the overall Bank strategy by serving as a cornerstone for customer engagement, revenue generation, volume growth and market expansion. Retail also played its part in inaugurating the first in Pakistan, Digital Lifestyle Branch and digitally equipped sales and service centers, thus positioning the bank as technologically advanced and competitive in the financial services landscape.

Retail's business performance during 2023 is as follows:

Deposits:

Retail Business has exhibited a stellar performance, setting new benchmark of crossing over PKR 1.2 trillion and showcasing notable achievements in alignment with the overall objectives of the Bank. During 2023, Business experienced robust financial growth, marked by regaining the deposits market share which lead to increased revenue and profitability. With effective synergy between channels and geographies, Retail group has provided unprecedented volume growth of PKR 107 billion in Current Deposits (25.2%) and in Total Deposits by PKR 383 billion during the year which is 44.5% over last year. This extraordinary performance not only solidifies Retail Business position as a core contributor to the bank's success but also sets a precedent for continued excellence in customer service, innovation, and financial performance.

Banca & Investment Services

In 2023, Bank Alfalah launched several new 3rd party Bancassurance and Investment products that focused on financial inclusion and bringing about customer convenience in order to become the preferred transactional bank. The product variants were tailored to the needs of various customer segments to increase outreach in untapped financial sectors.

In 2023, the bank managed to generate PKR 1.5 billion in Bancassurance new business premium and retained its position as the 3rd largest per branch business producer in the industry. In Investment services, the Bank generated PKR 52.15 billion in Gross Asset Under Management (AUM) and retained Net AUM of PKR 12.23 billion (highest in last 3 years).

Premier Banking

Bank Alfalah Premier is committed to exceeding clients' expectations through best-in-class services and innovative product offerings designed exclusively for its customers. Bank Alfalah Premier offers an unparalleled banking experience with a key element of strategy being introduction of industry firsts such as:

- Seamless onboarding (instant account opening and debit card issuance)
- Personalised management with dedicated Relationship Managers
- Premium & well spread lounge network
- Differentiated Premier Card offerings
- Access to Premier Proposition at all branches in 57 cities across the country

Bank Alfalah Premier is now available in all major cities, including Karachi, Islamabad, Lahore, Sialkot, Rawalpindi, Abbottabad, Faisalabad, Multan, Peshawar, Quetta, Wah Cantt, Jhelum, Gujranwala, Hyderabad, Mandi Bahauddin, Mardan, Rahim Yar Khan, Jhang, Gujrat, Bahawalpur, Dera Ghazi Khan, Bhurewala and Okara.

Bank Alfalah Premier is one of the largest priority networks of Pakistan. Premier segment has deployed new Hybrid Lounges, 1 full scale lounge and 1 sub lounge during 2023.

SME Lending/Agricultural Financing/Trade:

Youth Loans and SME ASSAN Finance stood at PKR 34 billion. Higher interest rates and the prevailing economic conditions caused slower growth in this portfolio compared to last year.

Agri and SME Agri played a role in contributing to the growth of the lending book, adding another PKR 8.1 billion. An integral aspect was the innovative infusion of technology within Agricultural lending, with projects like Climate-Smart Agri concluding in the year. This initiative is expected to pave the way for tech-based innovation and presents a strong opportunity for further scaling up. The team, building upon synergies, has also streamlined the delivery structure to enhance Trade Business as an independent revenue-generating

value stream, complementing the core business and offering significant cross-selling opportunities.

Consumer Finance:

Consumer finance emphatically grew in terms of new acquisitions. However, the consumer segment remained impacted due to economic conditions such as high interest rates. Highlights for the year 2023 are as follows:

Cards

1. Closed at ever highest net receivable (ENR) of period by PKR 23.7 billion, registering 32% YOY growth;
2. Highest ever spend volume which is an 43% increase from 2022;
3. Optional Issuance fee introduced on both fronts - Credit and Debit cards in 2023; and
4. Other key highlights in 2023 : Introduction of E-Welcome guides via QR, successful completion of BIN Sponsorship migration of Naya Pay and launch of a Co-Branded Debit Card.

Personal Loans

1. Closed ENR at PKR 9.1 billion, registering negative 7% YOY downfall;
2. Acquisitions down by 41% from 2022;
3. Launched variable pricing option for Personal Loan customers, allowing enhanced convenience and repayment flexibility; and
4. Launched woman Loan program in 2023.

Auto Loans

1. Auto Loan ENR declined by 25% during the financial year 2023;
2. Auto finance volume down as it was impacted due to regulatory intervention, rising prices and delivery constrains in 2023;
3. The bank has laid extensive foundation to enhance customer journey by proving an end-to-end digital auto financing experience and launched Rapid Auto Loan for customers in the year 2023;

Home Loans

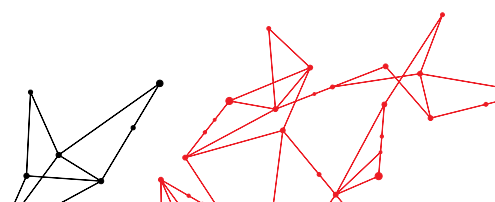
1. Witnessed ENR growth of 8% in a calendar year 2023.

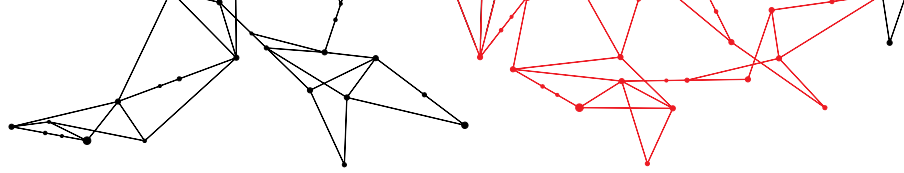
Corporate and Investment Banking Group

Corporate and Investment Banking Group (CIBG) witnessed a compound annual growth rate (CAGR) of 9.25% over the past five years. CIBG capitalised on its healthy relationships with key businesses to boost its corporate deposits (Conventional + Islamic) by 60% in 2023. The year's strategy focused on establishing new relationships, deepening engagements with financially strong entities, and introducing new revenue avenues. CIBG non-funded income (NFI) growth was a robust 14% in 2023, utilising its strong brand, corporate ties, and exceptional service quality. Additionally, corporate regions contributed significantly to the Bank's achievement of its strategic goals and external objectives, such as in the area of developer financing.

Investment Banking division's explored new venture into the MENA region - with five successful transactions in 2023 – underscores our commitment to assisting Pakistani companies in international expansion and reinforcing our role as a vital ally for firms navigating cross-border complexities. Our presence in key markets like Pakistan & MENA enables us to provide tailored solutions demonstrating our commitment to client success. Our strategic advantage, coupled with customised strategies, establishes us as a trusted advisor in Pakistan's financial sector reinforced by our successful track record and numerous accolades. In FY23, we facilitated transactions of PKR ~35 billion in Pakistan and USD 37 million in the MENA region with a focus on renewable energy, infrastructure development and with particular emphasis on impact funding.

In recent years, Bank Alfalah has successfully identified and secured a substantial market share in Cash Management, Trade Finance and Supply Chain Finance. Aligning with SBP's directive to provide tailored financial solutions for corporations and their stakeholders, the Bank has introduced an online portal called Bank Alfalah Transact to digitise the trade processes and provide effective cash management solutions to Bank's clientele with its 24/7 accessibility and real-time reporting. The integration of Bank Alfalah Transact has played a pivotal role in propelling the Cash Management, Trade Business & Fee Income growth.





In line with the Bank's Digital Strategy, the Transaction Banking has also launched eSCF, a digital lending platform that enables our SCF clientele to apply for financing, receive funds and repay loans digitally.

During 2023, the FI Unit kept managing relationships with local and foreign banks with emphasis on facilitating our customers to meet their trade and other banking needs. FI offers traditional trade (LC Advising, Confirmation, Negotiation, Discounting, and Letter of Guarantees) as well as structured trade solutions, i.e., Swift Trade Loans, UPAS LCs, and secondary market trade transactions, with the idea of strengthening our relationship with counterparty banks. As of today, FI maintains 60+ NOSTRO accounts in various currencies as well as 700+ unique Relationship Management Application (RMA) with banks globally. Despite global economic challenges and domestic financial constraints, BAFL remained one of the primary crude oil confirming banks in Pakistan.

Home Remittance Business of the Bank has grown exponentially over the last couple of years. The Bank's market share has increased from 0.7% in 2016 to ~14.2% in 2023. The growth in the remittance space is driven by superior IT platforms and dedicated customer service which have made the bank a partner of choice for major financial technology companies, Banks, Money Transfer Operators, and Exchange Houses. This was also possible through bank's marketing spends on remittance campaigns. The Bank remains committed to contributing more towards this national cause and will continue to invest in capacity, both IT and human, to ensure overseas Pakistanis and beneficiaries continue to get best in class remittance solutions to further grow the overall remittance flowing into Pakistan via legal banking channels. We will continue to work closely with the SBP's Pakistan Remittance Initiatives (PRI) desk to promote legal remittance channels in both traditional and non-traditional markets

Overseas Businesses

The Bank's overseas operations are in UAE, Bahrain, Bangladesh & Afghanistan. The Balance Sheet size of overseas operations increased by 18% to PKR 230 billion whereas Deposits & Investments increased by 15% and 44% respectively. The Bank's business strategy concentrated on effective management of deposits, with optimisation of ADR and reduction of high-cost deposits for better profitability.

The key milestones achieved during the year were successful digitisation of banking channels, centralisation of key operations, regularisation of Islamic banking desks, successful achievement of Agri targets given by Central Bank of Bangladesh,

implementation of remittance disbursement channels through Remittex Software.

Islamic Banking Group

Bank Alfalah Islamic offers comprehensive solutions to consumers' rising demand for Islamic banking products and services. With a network of 354 branches including 6 sub-branches, it is one of the leading Islamic Banking institutions in the country.

During 2023 the growth strategy of Bank Alfalah Islamic business was focused on building low-cost deposit book, which is evident from the fact, that current deposit of the group increased by 29%. CASA mix also stood strong at 68%. On the assets side, Bank Alfalah Islamic maintained its financing exposure in all sectors which resultantly increased Islamic gross advances by 8% in a challenging economic environment. Moreover, Bank Alfalah Islamic capitalised on the opportunities available on the investments front which went up by 74% in 2023.

With the success of Bank Alfalah Islamic Premier proposition, this year, 14 state of the art designer Islamic Premier lounges were inaugurated in renowned cities.

Bank Alfalah Islamic introduced Shariah compliant alternative to Bill Discounting through Running Musharakah and under regulatory initiatives, launched Islamic Refinance & Credit Guarantee Scheme for Women Entrepreneurs (IRCGS-WE) to meet financing needs of businesses owned by women and to support farmers & boost agriculture sector, BAFL-IBG also introduced Electronic Warehouse Receipt Financing (EWRP) and Profit Subsidy and Risk Sharing Scheme for Farm Mechanisation (MSRSSFM).

Further, Bank Alfalah Islamic has been reappointed as a Joint Financial Advisor (JFA) to the Ministry of Finance for another period of 5 years, reinforcing its status as the sole Islamic Banking window among esteemed JFAs, dedicated to provide advisory services for the issuance of GoP Ijara Sukuk, Green Sukuk and any Shariah compliant instrument.

Digital Banking Group

Bank Alfalah's Digital Banking segment witnessed sustainable growth as more and more customers engaged for a variety of the Bank's digital banking channels and services. Bank Alfalah extended an Omni-channel centric digital experience based on its strong, ever-growing suite of 130+ digital banking products and services to make banking safer and easier for its diverse range of customers including banked,

under-banked and unbanked individuals, corporates, merchants and SMEs.

During 2023, Digital Banking Group launched Pakistan's first Digital Lifestyle branch. The branch has state of the art technology and various first of its kind initiatives in the market such as: Digital lobby having Rapid terminal machines, Digital lockers, a restaurant, shared working spaces and much more for customers with meeting rooms.

With Bank Alfalah's digital banking app, Alfa, customers enjoy a unique mix of digital banking products and services to carry out their day to day increasing the throughputs by more than 100% in 2023.

With a varied suite of unmatched offerings, Alfa managed to hit an above-industry-average user rating of 4.6 out of 5 on Google Play and 4.5 out of 5 on App Store.

Bank Alfalah has aced the proximity payment landscape, supported through Payment Schemes and RAAST with over 27,000+ proximity merchants acquiring a volume of PKR 9 billion in 2023.

The Roshan Digital Account attracts overseas Pakistanis to send their remittances, spend and invest in the country using Bank's digital channels. Bank Alfalah remains a major player in the industry upholding its commitment with the SBP in aiding convenient financial inflows inside Pakistan.

Similarly, two Digital Payments Sales and Service Centers were also launched, to penetrate into the markets with the goal to facilitate digitally savvy entrepreneurs, merchants and consumers.

Bank Alfalah's Cash Deposit Machine network has strengthened to a count of around 400 in the country, accessible round-the-clock, allowing customers to deposit cash in any bank account across Pakistan and make digital financial transactions using cash. Furthermore, Bank Alfalah ensures uninterrupted financial services through alternate delivery channels for its customers with its network of over 1,100+ ATMs in different locations of the country.

AlfaMall, the Bank's own marketplace "Alfa Mall" continues to deliver a convenient shopping experience, with new Stock Keeping Units (SKUs) added to the suite, producing PKR 5.8 billion of Gross Merchandise Value in 2023. Alfa Mall offers payment options of Equated Monthly Installments (EMIs) (Buy Now Pay Later) through Bank Alfalah's own and other

banks' credit cards, as well as via cash on delivery.

In totality, the Digital Payments which includes AlfaMall, the Alfa Payment Gateway, Virtual Debit Cards, B2B from Alfa Business App and QR Acquiring posted a throughput increase of 97% from 2022.

With 'Alfa Payroll Solution', a large number of companies with a monthly disbursement of PKR 3 billion+ send the salaries into the payroll wallet accounts of their blue-collar staff, converting the cash payments into digital.

Bank Alfalah continued its exclusive digital services for EOBi pension disbursement & contribution collection throughout the year and disbursed over PKR 50 billion to a total of over 480,000 regular pensioners in 2023, facilitating free cash withdrawal from the overall ATM network across Pakistan.

Bank Alfalah also runs the disbursement mandate of Pakistan's largest welfare fund distribution namely the BISP Programs in Khyber Pakhtunkhwa, Gilgit Baltistan and Azad Jammu and Kashmir; and successfully managed to disburse over PKR 86 billion to over 1.8 million beneficiaries through a robust and transparent biometric verification-based payment solution.

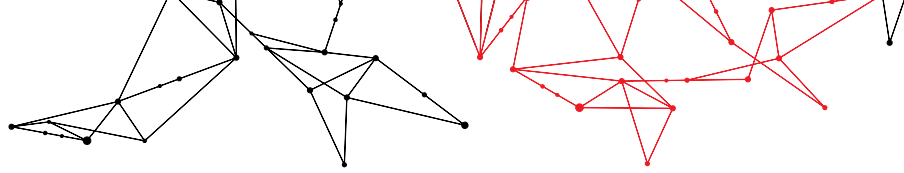
Overall, the digital segment of the Bank has grown by 84% in total throughputs reaching around PKR 4 trillion for the year 2023, with Digital Lending disbursement increasing by 74%.

Treasury and Financial Markets Group

In the first half of 2023, Pakistan's deteriorating external account position along with rising inflation led to the increase in policy rate from 16% to 22%, which resulted in economic slowdown and subsequently, reduction in current account deficit. Bank Alfalah in 2022 and 2023, registered one of the highest growths in Net Interest Income (NII) among peer conventional banks as Treasury's investment portfolio primarily consisted of Floating rate PIBs with short term re-pricing. As interest rates peaked in 2023, Treasury group gradually started building long-term fixed portfolio with an aim to reduce volatility in NII when interest rates start declining.

During the year, with the client-centric approach and the efforts of Institutional Sales, the Bank was ranked 1st as a Primary Dealer (PD) for the second time in a row, by the State Bank of Pakistan, enabling





its institutional and retail investors to transact in government securities through its online trading platform.

The bank remained cognizant of the underlying risks while dealing in foreign currencies and attempted to mitigate any unwarranted risks. Bank also remained one of the key participants in the onshore foreign currency markets. Despite the challenging environment, we remained committed to our customer franchise and continued to further strengthen our presence in the client space, resulting in foreign exchange income of PKR 9.6 billion, during the year.

The year 2023 was one of the best years for the equity market as the KSE-100 index broke previous records and emerged as the best performing asset class in the country, delivering a 55% return in local currency and 24% in USD terms. The turnaround was a result of clarity on the economic front, post IMF Stand-by Agreement. Given the rally in the stocks, the capital market team realised capital gains, while continued to focus on the stocks that offered high dividend yield, resulting in dividend income of PKR 1.3 billion, during the year.

Bank's Investor Relations remained consistently engaged with stakeholders to provide fair and transparent information about bank's affairs. These efforts culminated in recognition as the "Best Investor Relations" award by the CFA Society Pakistan for the tenth consecutive year.

Operations and Corporate Services Group

Corporate Services Group (CS) took pivotal initiatives for business support during the current year.

Proceeding with Bank's expansion plan, the Bank has continued growth in its branch network throughout the financial year with 130+ branches added to the portfolio across Pakistan, enabling bank to achieve milestone of 1000+ branch network this year.

In design and construction ambit, Bank Alfalah launched Digital Lifestyle Branch, developed 2 sales and service centers and dedicated archiving facilities for Ops and HR divisions, remodeled CAA lounge at Jinnah International Airport with new state of the art premier design topology with enhanced sitting capacity.

In line with strategy of moving towards energy

conservation and adoption of alternative energy, Solar Grid Tied System with a combined capacity of 222 KW has been installed at three main buildings. This initiative will curtail the shared electrical load by 10% contribution. Further, 150 ATMs operate seamlessly with assistance of solar panels, demonstrating Bank's dedication to harness cleaner energy sources. As a result, approximately 263,000 Kgs of carbon dioxide has been offset with clean source of energy.

BAFL workplace team has upgraded electrical infrastructure at 62 branches in 2023 under electrical rehabilitation. This will not only improve branches' electrical infrastructure but will also reduce the fire and short circuit risks due to unstable utility power supply.

In line with SBP directives, 16 branches, four in each province, have been equipped with facilities for People with Disabilities (PWD). These branches provide access through ramps, have tactile floors and talking ATMs for visually impaired people, staff trained with sign language and Queue Management Systems that give priority to PWDs and serve them through dedicated special teller counters.

The Bank gives significant importance when it comes to customer and staff wellbeing. Our HSE team has been engaged in various activities throughout the year to keep our workplace and environment safe. Some key highlights include: providing training to vendors on safe working practices, first Aid training to selected staff, safety reviews of branches and premises, introducing safety controls, safety trainings and evacuation drills and running an active communication program.

Bank Alfalah has holistic Business Resilience framework in place allowing continuity of critical business activities in case of any significant disruptive event. The critical arrangements include exercising BCP plans and cross border arrangements, dedicated BCP sites, satellite backup arrangements for climatic prone area of Baluchistan, N+3 BCP arrangement for branches and trainings.

Our Green Operation team is actively working to promote sustainable environment and reduce Bank's Own carbon footprint. Sustainable/green activities include: installation of solar panels, mangroves plantation drive, installation of LED lights, inverter ACs, long Backup UPS, inclusion of plants in branch designs, robust awareness campaign, classroom trainings, etc.

In line with SBP guidelines covering digital onboarding framework, the Bank took the initiative and launched RAPID channel which caters hassle-free,

fast, efficient and paperless account opening along with static data amendment requests of customers without needing them to visit bank's branches, at their convenience. Further to facilitate opening of entity accounts, Operations made SECP portal live access to all branches and Centralised Units so that they can verify customers' constituent documents quickly thereby reducing processing turn-around time.

Centralised Operations also introduced digital issuance and verification of customers' Proceed Realisation Certificate (PRC). Bank centralised issuance and encashment of Premium Prize Bonds, which is first of its kind in the banking industry. The Bank managed to establish centralised issuance and encashment of Bank Certificate to Overseas Job Emigrants which ensures timely, efficient and smooth services to the overseas job seekers. Bank also centralised Banca Assurance operations along with Call back function which ensures error-free and enhanced operational efficiencies. In parallel to RTGS facility, Centralised Operations launched IBFT channel to corporate and customers through branch counters to facilitate transfer of fund beyond RTGS cut-off time and limits.

Centralised Remittance Department digitalised mechanism for submission of customers FX cases on-line to SBP.

The Bank managed to provide full operational support for SBP's Naya Pakistan Certificates and Roshan Digital Accounts within the strict timelines provided by the regulator. The group was also instrumental in enabling the Bank to perform the role of a settlement bank for NIFT – E-PAY solution, a new payment gateway.

Although the year ahead will be marked by challenges and uncertainty, the group is well positioned coming, with prudent management policies and strong execution of strategy to ensure that the Bank meets its business objectives and continues to grow.

Information Technology Group

Bank Alfalah's Information Technology Group (ITG) is strategically aligned with the organisation's vision, boasting substantial investments in pioneering solution delivery. Leveraging a robust technical infrastructure and advanced data analytics platforms. ITG fosters internal collaborations with business units, Risk & Control teams, and external partnerships with Fintechs, schemes, and global service providers.

Technological & Digital Advancements:

During 2023, following were the key achievements of the IT Group:

1. Launch of Pakistan's First Digital Lifestyle Branch :

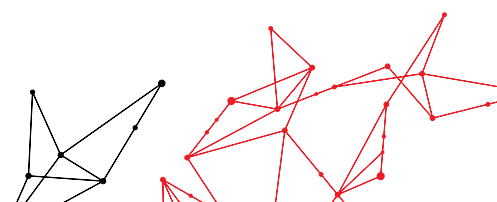
Bank Alfalah is a leading bank in Pakistan that has launched first digital lifestyle branch in Karachi. This branch offers a range of innovative and convenient services to its customers, such as:

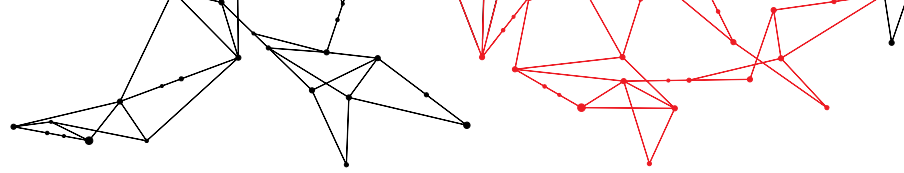
- a) A digital lobby with 24/7 self-service machines for cash and cheque deposits, withdrawals, and account opening.
- b) A digital lounge with interactive screens, tablets, and Wi-Fi for browsing and entertainment.
- c) A lifestyle zone with a coffee bar, a gaming area, and a book corner for relaxation and socialising.
- d) 24/7 Access to Digital Locker: Bank Alfalah now provides round-the-clock access to digital lockers, offering customers unparalleled convenience and security for their valuables anytime, enhancing their peace of mind and flexibility.
- e) Real-time Onboarding: The enablement of real-time onboarding via ATMs signifies Bank Alfalah's commitment to digital transformation and customer-centric innovation. By streamlining the account opening process, the bank enhances customer convenience and accelerates time-to-market for new products and services. This initiative attracts new customers, fosters loyalty and engagement among existing ones, thereby driving business growth and profitability.

The digital lifestyle branch aims to provide a unique and personalised customer experience that combines banking and lifestyle needs. It also reflects Bank Alfalah's commitment to digital transformation, customer-centricity, and community engagement.

2. Introduction of Virtual Service Machine (VSM):

Bank Alfalah pioneers digital banking with the launch of VSM, a cutting-edge platform revolutionising the account opening process. From data collection and KYC verification to biometric authentication and digital signatures, VSM offers an end-to-end solution for seamless account opening. With the added convenience of instant cash acceptance and debit card issuance, customers can now conduct a myriad of banking transactions 24/7 swiftly and efficiently, enhancing service quality while minimising wait times.





3. **Deployment of Stateless ATM Platform:**

Bank Alfalah has deployed a stateless ATM platform, revolutionising the customer experience at its automated teller machines. This innovative platform offers customers a seamless and personalised banking experience, allowing them to access a wide range of services with ease. By leveraging advanced technology such as biometric authentication and contactless transactions, Bank Alfalah enhances the security and convenience of its ATM services, setting new standards for the industry.

4. **Extending Digital Banking in UAE and for Islamic Banking Customers**

After the launch of Alfa Transact a fully Digital Experience solution for conventional banking in Pakistan, the bank has extended its footprint in international market and for its Islamic Banking Customers. This enables bank to progressively transform into a digital banking powerhouse. The solution is designed to completely service a customer's financial needs through seamless banking experience via Personalised and contextual dashboards, Smart Navigation and Conversational Banking support. It brings Full Spectrum Banking servicing capabilities enabling customer to originate and transact digitally. It also encompasses Cash Management, Liquidity Management, Virtual Accounts, Trade Finance, Supply Chain Finance, Corporate Lending and Credit facilities.

5. **Tokenization for Contactless Payments via Mobile:**

The implementation of tokenization for contactless payments underscores Bank Alfalah's commitment to enhance payment security and customer trust. By replacing sensitive card information with unique tokens, the bank ensures that transactions are secured and convenient. This initiative improves the safety and reliability of mobile payments, enhances the overall customer experience, driving adoption and usage of digital payment solutions.

6. **Development of In-house Branchless Banking Application:**

The development of an in-house branchless banking application signifies Bank Alfalah's commitment to technological innovation and self-reliance. By building inhouse solutions, which replaces the international product and brought considerable product enrichment and user experience. The bank reduces dependency on external vendors and enhances control over product development and innovation. This initiative improves operational efficiency, cost-effectiveness and also enables the bank to tailor its offerings to the unique needs and preferences of customers.

7. **Digitalisation of Foreign Remittances**

a. **Facilitation of Foreign Outward Remittance from FCY Account:**

Bank Alfalah has completely digitalised the process of outward remittance transactions from foreign currency accounts, enabling customers to seamlessly transfer funds internationally. By leveraging digital channels such as internet banking and mobile applications, Bank Alfalah empowers customers to initiate outward remittance requests from the comfort of their homes or offices, eliminating the need for in-person branch visits.

b. **Integration of Home Remittance with JP Morgan:**

The integration of home remittance services with JP Morgan on a real time basis signifies Bank Alfalah's commitment to enhance cross-border payment capabilities and improving financial inclusion. By leveraging JP Morgan's global network, the bank provides efficient and reliable remittance services to customers.

c. **Launch of Remittex a latest inhouse developed home remittance Management System in UAE:**

The introduction of the Remittex system in UAE signifies Bank Alfalah's commitment to facilitating international remittance transactions. Remittex, which is built on latest technology, is state of the art solution for remittance processing, which can address all existing issues along with providing full fledge capability of achieving future goals of becoming a powerful remittance processing hub. It is built from ground up specifically for remittance transactions, hence it provides unmatched performance, scalability and business processes tailored for remittance related workflows.

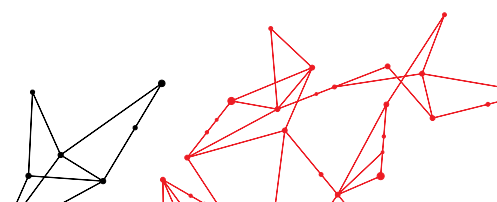
8. **Integration of WhatsApp Banking for Financial Transactions:**

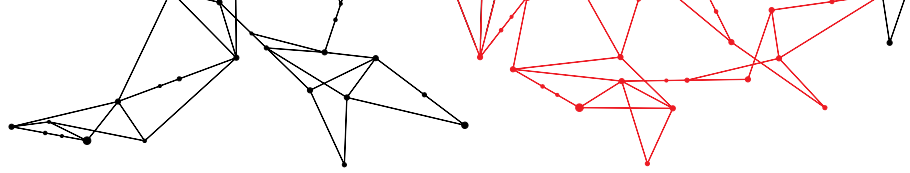
The integration of WhatsApp banking represents a strategic move towards leveraging social media platforms for customer engagement and service delivery. By enabling financial transactions via WhatsApp, Bank Alfalah enhances customer convenience and accessibility, catering to the digital preferences of modern consumers. This initiative does not expand the bank's reach and market penetration and strengthens its competitive position in the digital banking landscape.

9. **Rapid – an inhouse developed Digital Onboarding and Self-Service Platform:**

During 2023, Bank further enriched the digital onboarding platform and brought following new features:

- a. Launch of Rapid Auto Loan Service:**
The introduction of the Rapid Auto Loan service provides a quick and hassle-free vehicle financing solution to customers.
- b. Launch of Alfalah FCY Current and Saving Account:**
The launch of Alfalah FCY current and saving account offers customer the opportunity to efficiently manage your domestic and international foreign currency transactions in US dollars, Pound Sterling and Euro, ensuring high level security with ease and convenience.
- c. Launch of Alfalah Kifayat Monthly Saving Account:**
The introduction of the Alfalah kifayat Monthly Savings Account offers a monthly profit feature coupled with easy accessibility to customer savings, allowing unlimited deposit and withdrawal transactions.
- d. Rapid on Tablet:**
Rapid is now accessible on our tablets across various branches in Pakistan, aimed at enhancing the account opening process and elevating the overall customer experience.
- 10. Introduction of RAAST Person-To-Merchant (P2M):**
The introduction of RAAST Person-To-Merchant payments represents a significant advancement in digital payment solutions. By enabling seamless transactions between individuals and merchants, Bank Alfalah fosters financial inclusion and supports the growth of digital commerce. This initiative enhances customer convenience and accessibility, drives economic growth and prosperity by facilitating commerce and trade.
- 11. Expansion of Financial Crime and Compliance Management (FCCM) to Overseas branches:**
Bank Alfalah has successfully extended its robust FCCM platform to encompass its operations in Bangladesh, Afghanistan, Bahrain, and the UAE. This expansion of FCCM has resulted in value-added services/functionalities, new innovative scenarios implementation to further strengthen compliance features. Additionally, the latest version incorporates architectural changes and enhanced security features as well.
- The implementation of Dynamic Customer Segmentation in FCCM has enhanced our data and Straight-Through Processing (STP) with minimal user intervention required for Suspicious Transaction Report (STR) reporting. This upgrade has led to a reduction in EOD duration, attributed to configuration updates.
- Key features for this upgrade/expansion, include:
- a. Enhanced Security and Trust:**
Customers can feel assured that Bank is committed to safeguarding their financial transactions against illicit activities such as money laundering and terrorist financing. The deployment of advanced FCCM solutions ensures that the bank remains vigilant in detecting and preventing fraudulent activities, thereby enhancing overall security and trust in the banking system.
- b. Regulatory Compliance:**
By extending the FCCM platform across multiple jurisdictions, Bank demonstrates its adherence to regulatory standards and requirements. This proactive approach to compliance not only protects customers, but also ensures that the bank operates within the legal framework of each country, minimising the risk of regulatory penalties or disruptions to banking services.
- c. Global Financial Stability:**
The expansion of the FCCM platform to international operations contributes to the stability and integrity of the global financial system. By effectively combating financial crimes, Bank plays a crucial role in maintaining the trust and confidence of stakeholders, thereby promoting stability in the international banking landscape.
- d. Protecting Reputation and Financial Integrity:**
Customers can be confident that Bank is committed to upholding its reputation and financial integrity by preventing illicit activities within its operations worldwide. This commitment reinforces the bank's position as a trusted financial institution that prioritises the interests and security of its customers above all else.
- 12. Customisation and Development in Core Banking:**
Bank Alfalah has undertaken more than hundred development initiatives within its core banking system to address specific business requirements and enhance operational efficiency. These initiatives involve tailoring the bank's core banking platform to suit the unique needs of its diverse customer base and evolving regulatory landscape. By investing in customisation and development, Bank Alfalah demonstrates its agility and responsiveness to market dynamics, ensuring that its core banking infrastructure remains flexible, and scalable.





13. Enhancement of Business Process Management:

Bank Alfalah has embarked on a journey to enhance its business process management (BPM) practices, focusing on streamlining operations and improving productivity across various functional areas. These enhancements involve optimising key business processes to eliminate redundancies, minimise manual intervention, and accelerate decision-making. By adopting industry best practices and leveraging advanced BPM tools and methodologies, Bank Alfalah aims to achieve operational excellence and drive continuous improvement throughout its organisation. These enhancements, enhance efficiency, enable the bank to deliver superior customer experiences and maintain a competitive edge in the market.

14. Self-Serviced Data Analytics capabilities:

As part of our ongoing efforts to harness the power of data, we have Developed Self Serviced solution, a state-of-the-art business intelligence and analytics tool. It empowers users to unlock actionable insights from our vast reservoir of data, enabling informed decision-making at every level of the organisation. With its advanced data visualisation, predictive analytics, and real-time processing capabilities, this equips us to anticipate market trends, optimise performance, and enhance customer experiences. By leveraging Insight, we strengthen our competitive position, drive operational excellence, and deliver superior value to our shareholders. This strategic investment underscores our unwavering commitment to innovation, agility, and driving sustainable shareholder returns in an increasingly dynamic and competitive landscape.

15. Disaster Recovery Drill 2023:

As a regular practice, Bank Alfalah successfully conducted a comprehensive disaster recovery drill to test its readiness and resilience in the event of unforeseen emergencies or disruptions. This annual exercise involves simulating various disaster scenarios to assess the bank's preparedness and identify areas for improvement in its contingency plans. Through these drills regularly, Bank Alfalah ensured that its critical systems and operations remain resilient and capable of withstanding potential disruptions, minimise the impact of unforeseen events on the bank's operations and instill confidence among customers, regulators, and stakeholders in the bank's ability to maintain business continuity under adverse conditions. As a regular practice, Bank Alfalah uses its production and DR Site interchangeably for extended period of time.

16. On-Demand Currency Note Denomination via ATM for Premier Customers:

Bank Alfalah has introduced a groundbreaking feature enabling premier customers to personalise their currency note denominations directly at ATMs. This innovative initiative underscores the bank's commitment to enhancing customer experience and satisfaction.

17. Implementation of SMART Queue Management System:

The implementation of the SMART queue management system signifies Bank Alfalah's dedication to enhancing customer service and satisfaction. It is integrated with the CORE banking system, IRIS, and NADRA. All the customer's information is visible on the teller's screen at customer's turn. It Improved Digital Experience and reduced the paper usage at branches by allowing customers to fill out forms online instead of on paper and decrease response time at counters as a result of integration with the core system.

18. Implementation of Safe Watch CFT/AML:

The implementation of Safe Watch for enhanced monitoring of financial crimes reflects Bank Alfalah's commitment to regulatory compliance and risk management. By leveraging advanced analytics and screening capabilities, the bank strengthens its defense against money laundering and terrorist financing activities. This initiative protects the bank from reputational and financial risks and also contributes to the stability and integrity of the financial system.

19. PCI-DSS 4.0 Compliance for Pakistan and Bangladesh:

Bank Alfalah is the first bank in Pakistan to comply with PCI-DSS (Payment Card Industry – Data Security Standards). It shows Bank's commitment to maintaining the highest standards of data security and regulatory compliance. By adhering to industry best practices and standards, the Bank ensures the protection of cardholder data and maintains the trust and confidence of customers.

Audit and Inspection Group

The Audit and Inspection Group (AIG) at BAFL is an independent and comprehensive function which not only provides objective assurance regarding state of governance, risk management, compliance and controls; but is also a consulting activity designed to add value by highlighting areas for improvement and thus helping the bank achieve its objectives effectively and efficiently.

Dynamic risk assessment and continuous evaluation of the overall control and risk environment, provision of reasonable assurance and placement of significant matters for oversight of the Board and its subcommittees, remained the hallmark of the Internal Audit Function during the year.

The independent reporting of CIA/Head of Internal Audit to the Board Audit Committee (BAC) ensured independent decision making. Further, ensuring compliance to professional standards and adherence to globally recognised risk based audit methodology along with compliance of International standards

remained on top priority for AIG. The same enables formulation of policies and strategy in line with Board Audit Committee (BAC) and Regulatory advices, correlating with the industry's best practices. The group played an important role by assisting the Board Audit committee in executing its role by collecting and sharing the desired information and being instrumental in carrying out and follow up of the instructions issued by the Board Audit Committee (BAC).

AIG is suitably equipped with professionally qualified and competent resources from auditing, accountancy, management professions; the group is operational under a diversified scope of work which encompasses audits of retail- conventional and Islamic banking branches, Information System, overseas audits, management audits, risk assets reviews, centralised operations, Shari'ah audits and virtual monitoring through offsite surveillance system alongside thematic, special and regulatory assignments entrusted by regulator on need basis.

With continuous support from BAC, the AIG is all geared up by putting on continuous and dedicated efforts to strengthen the internal control system and has undertaken numerous strategic initiatives including:

1. Utilised technology to bolster operational efficiencies and to use audit analytics software for continuous auditing.
2. Collaborated with (L&DD) for creating interactive trainings on IIA standards for audit staff.
3. Conducted internal audit quality reviews as an integral component of our quality assurance and improvement program.
4. Conducted periodic assessments for continuous improvement.
5. Utilised the Risk-Based Audit (RBA) methodology to strategically allocate audit resources.

For further details, please refer Report from the Audit Committee and Key achievements of BAC in 'Governance' section of this annual report.

Special Assets Management Group

The Special Assets Management Group (SAMG) plays a pivotal role in management of Non-Performing Loan (NPL) portfolio of the Bank and requires active and coordinated efforts with Bank's Business Teams. During 2023, despite country's deep economic and inflationary challenges followed by increased policy rates; our Bank's robust remedial management practices and strong efforts on NPL recovery efforts, and prudent credit controls led to a contained increase in the overall infection ratio from 4.0% in 2022 to 4.8%. Recognising the evolving economic landscape, the Bank proactively took additional gross provision of PKR 12.130 billion in 2023 to bolster its potential credit risk resilience. This includes the impact of subjective classification / downgrading as well.

SAMG transcends mere debt restructuring, settlements, crafting tailored solutions to revive businesses and unlock the potential for mutual prosperity, fueling the country's economic engine. Beyond legal recourse, the team also fosters collaborative recovery, empowering customers to rise above NPLs and contribute to the nation's flourishing future. As a result of team's strong and coordinated efforts during 2023, the Bank has facilitated a net provision reversal of PKR 3.504 billion.

Compliance and Business Solutions Group

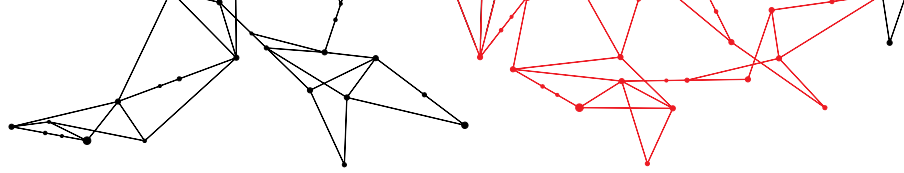
Financial Crime Compliance Division

Compliance and Business Solutions Group is largely focused on further enhancement of its regulatory technology and AML/CFT Monitoring tools by upgrade, enhancements and effectiveness measures to make the control environment more robust. The Compliance Function at Bank Alfalah has put in place effective and well-thought-out policies, procedures and practices. With help of skilled human resources, it furnishes key advisories in many areas like high-risk transactions and relationships including foreign trade, various products offered by the Bank, policy & procedures, correspondent banking, and overall compliance risks across the bank. Of late the bank has also reorganised and renamed the group to Compliance and Business Solutions Group to give more focus to the key risk areas while focusing on providing Customer centric business solutions to front office strictly in light of the regulatory regime. This change signifies a paradigm shift towards proactive problem-solving and aligning compliance efforts with broader business objectives.

Following Pakistan operations, the Financial Crime Compliance Division has successfully concluded an upgrade of its transactions monitoring system across all jurisdictions of its operations including UAE, Bangladesh, Bahrain and Afghanistan which will increase the efficiency and will enable the bank to add more cutting-edge tools of the system on the upgraded environment in near future. Similarly, the bank is engaged with a leading firm in taking its sanction screening architecture to the next level and a long-term road map of transformation is in process in three stages out of which the first phase was completed for Pakistan and all International Branches / Operations of the bank in year 2023. The bank has also made certain enhancements in TBAML monitoring tool in year 2023 to capture the risks in this emerging domain.

Moreover, in order to ensure and inculcate strong compliance culture including but not limited to AML, CFT, CPF, TBAML and CDD across all business activities/ functions, the training programs and E-Learnings were developed and updated to upgrade the skillset of bank employees in these critical areas.





Regulatory Compliance, Control & Fraud Risk Division (RCC&FRD)

RCC&FRD under the umbrella of Compliance & Business Solutions Group has demonstrated commitment to excellence, innovation, and alignment with business objectives positioning the group as a cornerstone in our ongoing success. The introduction of the 'Policies to Profits' initiative showcases the group's commitment to not only meeting regulatory requirements but also leveraging compliance efforts to drive business value.

In the spirit of continuous improvement and a steadfast commitment to regulatory compliance, Compliance & Business solution orchestrated an evolutionary journey in the implementation of a groundbreaking IRAR project. This project simplifies Account Opening & KYC Review process. This project is a testament to our resilience, foresight, and unwavering pursuit of excellence in an ever-evolving financial landscape.

The initiation of Onsite & Offsite Analytical Reviews has proven to be a strategic move, providing a deeper understanding of operational nuances and enabling the swift identification of potential issues.

The addition of new alerts in the ICD Dashboard is a testament to the group's adaptability and responsiveness. These enhancements have fortified our ability to monitor, analyse, and respond to emerging risks in real-time, fostering a more robust compliance infrastructure.

Compliance and business solution group performed review of policies & procedures, products of the Bank and other communications, dissemination of regulatory instructions, facilitation of SBP Inspection Teams, and implementation of Compliance Risk Management Framework across the Bank.

Fraud Risk Management Department (FRMD)

FRMD, in line with Fraud Risk Management Framework, focuses on Consumer Finance and Digital Banking Products / Channels including Branchless Banking Portfolio. To implement adequate anti-fraud controls, FRMD strategy mainly deals in prevention, detection, deterrence and investigation of fraud cases/losses originating from bank products and processes. BAFL Fraud Detection Unit (FDU) is functional 24/7 in order to mitigate fraud risk and to save the bank from financial and reputational losses by monitoring consumer and digital product transactions proactively through state-of-the-art fraud detection tools.

FRMD in coordination with cross functional units implemented multiple measures i.e., installation of Anti-skimming solution, Deep insert plate, Burglary alarm, fascia alert at ATMs & centralised CCTV monitoring and restriction of fallback transactions for timely identification of suspected fraudulent activity. This resulted in drastic decrease of card skimming frauds.

Successful implementation of MFA authentication for ALFA registration and transaction execution, implement of biometric verification for registration & activation

of Alfa / IB of all new customers, Implementation of Phone tagging / device tagging, Auto fetch / auto sense functionality of OTP and session-based internet activation etc. played a key role to counter social engineering fraud.

During 2023, SBP introduced comprehensive guidelines for security of Digital Products & Services. These guidelines triggered major changes in industry as well as in BAFL fraud related control framework. Some of the significant developments are as below:

1. Digital Fraud Control Unit with dedicated staff has been created.
2. 24/7 management of FTDH (Fraudulent Transactions Dispute Handling) is made functional with necessary resource management, trainings of staff and coordination with respective units / branches for effective handling of disputes in 30-minute time frame.
3. Though FRMD had already been using multiple system for transaction monitoring, however, after thorough extensive deliberations and system reviews, BAFL has shortlisted the enhanced version of e-Sentinel 2.0 as an EFM (Enterprise Fraud Monitoring Solutions) with enhanced strength of fraud prevention through Decision Making Capability based on rules as well as on Artificial Intelligence.

Legal and Corporate Affairs

The Legal and Corporate Affairs Group at Bank Alfalah plays an active and key role in all aspects of operations of the Bank. The Group comprises of a Corporate Affairs Division and a Legal Affairs Division.

Corporate Affairs Division

The Corporate Affairs Division (CA Division) ensures secretarial and corporate compliances and manages the Bank's affairs in accordance with its Memorandum and Articles of Association and various laws/regulations including the Companies Act, 2017, the Banking Companies Ordinance, 1962, SBP's Prudential Regulations, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Listing Regulations/ Rule Book of the Pakistan Stock Exchange etc. and the rules/regulations made there-under. The CA Division is also responsible for all arrangements of meetings of Board, Board Committees, General meetings including preparation of the agenda, resolutions along with all logistic and administrative support and timely circulation of minutes of meetings to Board/Committee members. The Company Secretary and the staff of the CA Division ensure proper recording of minutes of each meeting, coordinate with the management/relevant stakeholders to communicate/follow-up the decisions made in the meetings and to update the Board/Committee(s) accordingly.

The CA Division keeps the Board abreast regarding

the changes made in the existing corporate laws/regulations and/or introduction of any new law/regulation applicable to public limited and listed companies. It also ensures compliance with all disclosures/communication, as per the domain of CA Division, with relevant stakeholders including shareholders/regulators and also ensures updating corporate website of the Bank. This Division remains watchful of the share trading data/pattern and share price fluctuations. It also tracks sponsor shareholdings and manages dissemination of share trading information by the Sponsors/Directors/Executives of the Bank to all concerned. It ensures compliance with all applicable legal and procedural requirements regarding payment of cash dividends, issuance of bonus and right shares and issuance of shares under Employees Stock Option Scheme, when applicable. Disclosure of closed period, sharing of all material/price sensitive information and financial results to Pakistan Stock Exchange (PSX), the Securities Exchange & Commission of Pakistan (SECP) within the stipulated time is also taken care of by the CA Division.

The filing of statutory returns with the regulators and circulation of quarterly/annual financial statements to the shareholders and regulators is also made by CA Division. The filing of statutory returns is carried out by the staff of CA Division and no consultant is hired in this regard saving considerable time and cost thus maintaining confidentiality. The CA Division also ensures to maintain a cordial relationship with the shareholders of the Bank and resolve their problems/concerns on priority in an efficient manner to their full satisfaction.

During the year 2023, CA Division arranged total 37 meetings of the Board and Board Committees and an Annual General Meeting. The CA Division fulfilled all the procedural and regulatory requirements regarding setting up and incorporation of Alfalah Currency Exchange Company, a wholly owned subsidiary of the Bank. It also arranged disbursement of cash dividends through electronic means as well as did all statutory reporting/filing within the stipulated time and required manners.

Legal Affairs Division

The Legal Affairs Division (LAD) of Bank Alfalah provides legal advice and support to all departments and businesses of the Bank. Its dedicated team of highly qualified and experienced lawyers works towards enabling the departments and businesses of the Bank to carry out their business and transactions while being compliant with applicable legal requirements and ensuring that maximum legal work is carried out in-house, thereby saving considerable costs in legal fees.

In the year 2023, LAD achieved noteworthy milestones, showcasing its commitment to excellence and legal acumen. A total of 17,300 assignments were carried out by LAD in-house, thereby saving considerable cost for the bank; this is assessed by having regard to the minimum approximate cost that the Bank would have incurred had all this work been carried out by external legal counsel.

LAD played a pivotal role in supporting and advising the HR and by amending and streamlining all Employees Financing Agreements, ensuring alignment with the bank's objectives and regulatory requirements for both Conventional and Islamic banking.

LAD has negotiated and advised on various Escrow Agent Agreements and Pre-Fund Protection, demonstrating LAD's versatility in navigating complex financial arrangements. LAD also proactively initiated a survey to assess the feasibility of digitalising specific areas, underlining its forward-thinking approach and dedication to long-term strategic planning which is an ongoing exercise. Additionally, LAD reviewed and provided guidance on the legal implementation of various Shariah Standards circulated by the State Bank of Pakistan, reinforcing the bank's commitment to remain compliant with Islamic banking principles.

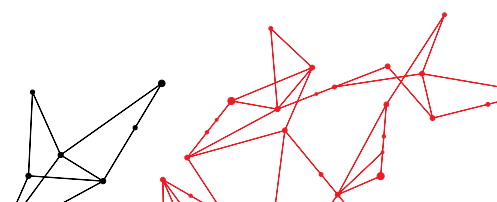
In matters of international engagement, LAD has also showcased its expertise by assisting in negotiations related to claims concerning remittance matters, advising on leverage facilities and guarantees of various nature and assisting in all legal matters pertaining to the international business of the bank.

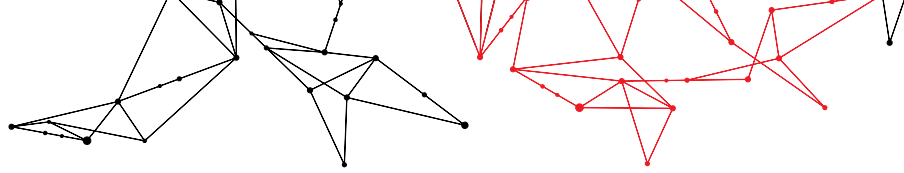
Other strategic accomplishments have been the rendering advice and assistance by LAD to various Businesses and Support Functions of the Bank to successfully launch and implement progressive e-commerce / digital products through engagement of third parties.

Strategy Group

The Strategy, Transformation and Customer Experience department continues to play an important role in the overall success of the Organisation.

The Strategy Department successfully led and executed the establishment of an exchange company as a new subsidiary of the Bank. This initiative was carried out under the guidance of the State Bank of Pakistan (SBP) as part of an overarching effort to reform the foreign exchange market. The team worked diligently to conduct research, obtain necessary approvals, develop financial and operational models, and appoint the CEO of the exchange company. The department also effectively managed the investment in a venture which is the first SECP licensed and regulated Shariah Compliant BNPL operator in Pakistan. The Strategy Department also developed a revised 5-year Strategic Plan for the Bank. This update was prompted by the Bank's success in surpassing the targets set in the previous Strategic Plan ahead of schedule. The new Strategic Plan aims to build on past successes while incorporating additional focus areas. These include Corporate Social Responsibility, ESG initiatives, Advanced Analytics, Policies to Profit, Structured Treasury and Investment Products, Alfalah Group Investment Banking Play, and the expansion of revenues in UAE and other foreign currencies.





The Branch Transformation team continues its commitment towards innovation and customer-centric approach to enhance granular sales at the branch level. Through ongoing enhancements to our Sales Management System (SMS), now the largest software tool in terms of users at Bank Alfalah, our sales force and allied functions deliver informed, tailored, and effective sales experiences. SMS offers an intuitive UI/UX, auto-populated huddle boards, dormancy tracking, personalised customer engagement for birthdays, and monthly reports on dissatisfied customers. It also includes APR integration, a compliance dashboard, Chevron module, Relationship Executive and Premium modules, Service Ambassador Module, and mobile accessibility for senior management and Branch Managers. These capabilities empower teams to implement the sales cycle effectively and provide tailored solutions to meet client needs.

The Customer Experience (CE) domain oversees every interaction point across our customer journeys. To elevate our service to unparalleled levels and maintain excellence, our department has made significant advancements by broadening our overview lens, implementing functional improvements, and introducing innovative offerings. A primary objective this year was to enhance our understanding of customer engagements and establish continuous feedback mechanisms to glean invaluable insights. This was accomplished under diverse ambits including Voice of Customer initiatives, Quality Assurance measures, Complaint Management systems, and Live Service Monitoring endeavors.

The Voice of Customer unit operates as an ongoing opinion loop with our customers and has demonstrated remarkable expansion in both reach and scope. In 2023, we conducted surveys with over 400,000 customers, marking a 60% increase from the 250,000 surveyed in 2022. The majority of these surveys have been digitised, facilitating wider outreach. To maintain high standards of quality, we have introduced new monitoring parameters under QA, bringing our total to 152 indicators, with 96 of them being unique. This ensures our ability to consistently identify service shortcomings and involve relevant stakeholders in performance enhancements. In alignment with this commitment, we have significantly bolstered our branch network monitoring, enhancing camera views to 6 angles and expanding the areas under observation. Similarly, in Video Mystery Shopping, we have boosted our monitoring by conducting VMS Pan Pakistan four times per quarter, compared to the previous frequency of twice per quarter.

While the aforementioned mechanisms focus on identifying operational challenges, our Process Optimisation (PO) Unit acts as a continuous enhancement hub dedicated to assessing and rectifying these inefficiencies. This year, PO prioritised efficiency enhancements through digitalisation. Over 3500 Branchless banking requests have transitioned to digital platforms, resulting in reduced TATs and improved tracking capabilities. Additionally, the unit has spearheaded projects such as Paperless Banking, converting 17 paper-based processes into digital workflows. Similarly, our Complaint Management Unit

(CMU) conducts root cause analyses for all received complaints and lodged claims, highlighting thematic issues for top management. Through focused endeavors and steadfast commitment to our customer pledge, we have achieved an impressive issue resolution turnaround time of 3.6 days, ranking among the best in the industry.

In addition to these operational accomplishments and departmental milestones, CE has consistently upheld its customer-centric approach through strategic initiatives that will integrate pull feedback mechanisms, AI-enabled solutions, and enhanced oversight in the future.

Human Capital Group

Bank Alfalah is dedicated to evolving the bank into an employer of choice, committed to cultivating a dynamic workplace where employees not only find fulfillment but are also acknowledged for their pivotal role in the bank's success.

Our steadfast commitment to Culture & Inclusion continues to be at the forefront, evident in the pivotal role assigned to 'Culture and Human Capital' in Bank Alfalah's dynamic 5-year strategy. This emphasises our senior leadership's dedication to pushing the boundaries of diversity within the organisation.

Proudly recognised as the most inclusive organisation by the Global Diversity Equity and Inclusion Benchmark Awards, Bank Alfalah remains at the forefront of promoting equal opportunity practices. We firmly believe in the profound impact of a diverse workforce and an inclusive work culture, embedding employee well-being seamlessly into our organisational ethos.

To ensure a conducive culture, our focus extends to developing a leadership mindset that champions culture and values. This strategic initiative aims to empower leaders to drive the organisation towards greater inclusivity and diversity.

Bank Alfalah actively strives to cultivate a workforce that mirrors the rich tapestry of different genders, ages, backgrounds, experiences and working styles. Our commitment is resolute in fostering a workplace culture where individuals can authentically bring their best selves to work daily.

Embracing the power of diverse ideas, we encourage our employees to approach tasks with innovation, a central element of our organisational Vision. This vision aims to inspire and empower individuals to carve out their unique paths in both life and business.

During the year 2023, HCG took initiatives focused on employee's remuneration to enhance benefits for our employees such as:

- Increased retirement age from 60 to 65 years
- Benchmarked the living wage to PKR 40,000 per month
- Introduced low interest rates for staff auto and home loans

- Introduced a new automatic promotion policy for employees in OG-IV and OG-III grades, as a result, around 3,700 employees in these grades were promoted.

Looking ahead, we are exploring cutting-edge initiatives and innovative programs to enhance our commitment to diversity, equity, and inclusion. Stay tuned for exciting developments as we continue to reshape the narrative of an inclusive workplace at Bank Alfalah.

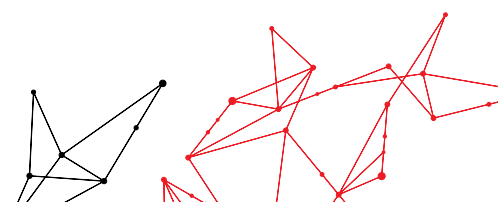
Finance Group

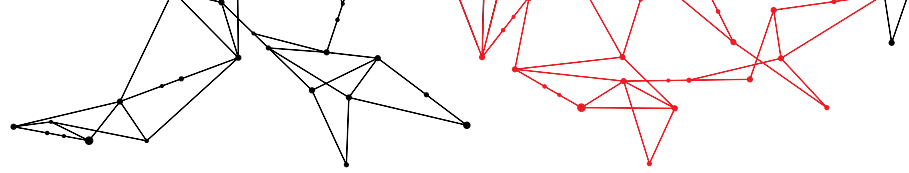
Finance Group serves a critical role of regulatory oversight and strategic collaboration with all business units. It ensures governance and effectiveness of control mechanisms over financial reporting. It has continued to play a key role in maintaining the Bank's performance trajectory and ensuring alignment with defined targets. Further, Finance Group diligently monitors market dynamics including key performance indicators such as deposits, advances, remittance and trade; and setting business targets according to the market growth forecast. Finance Group has also ensured that timelines for all deliverables, both external and internal, were adhered to. This included deliverables for quarterly Board meetings, regular monthly results for the Board, management committee meeting decks and regulatory deliverables. Finance Group has also supported in the preparation of the Bank's 5-year strategic plan.

Notable achievements of Finance Group in 2023 are as follows:

- Won awards that are endorsements of the transparency and quality of reporting:
 - Recognised as one of the 'Top 25 Companies 2022' by the Pakistan Stock Exchange;
 - First position in ICAP and ICMA's 'Best Corporate Report Awards 2022' in the banking sector;
 - Second position (joint) at the SAFA Awards for Best Presented Annual Report 2022 in the banking category across South Asia;
 - Best Investor Relations Award by CFA Society;
- Played an important role in achieving key performance indicators;
- Financial results were closed within one month of year-end; continuing its target of timely reporting to stakeholders;
- As part of paperless project, the department has initiated implementation of Oracle iExpense along-with IT and CSD which will make the branch/support function reimbursement process robust and efficient;

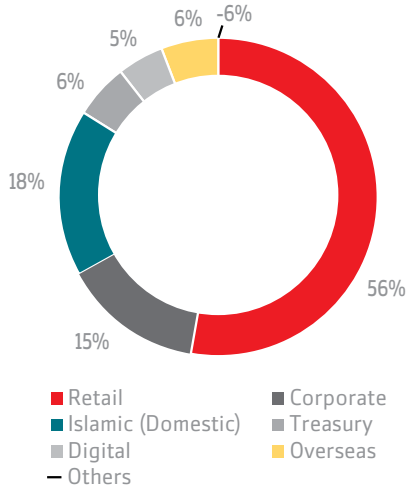
- Finance, along with IT, was a key player in core banking system upgradation;
- Improvements in the automated profitability reports dashboards (APR and MPR) support the businesses for timely information regarding their respective customers;
- Through continuous efforts, bank was able to secure substantial outstanding refunds and hence strengthening the bank's cashflow; and
- Effective compliance of tax laws and significant contributions towards government exchequer.



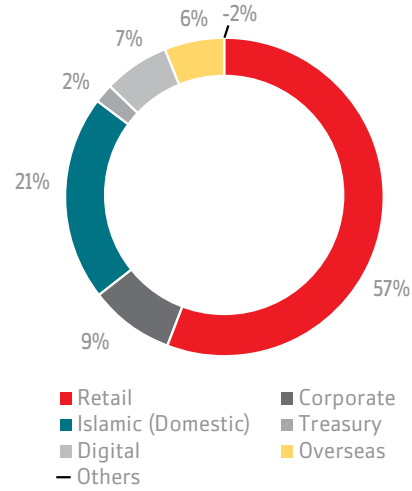


Concentration of Profit and Business Segments' Profitability

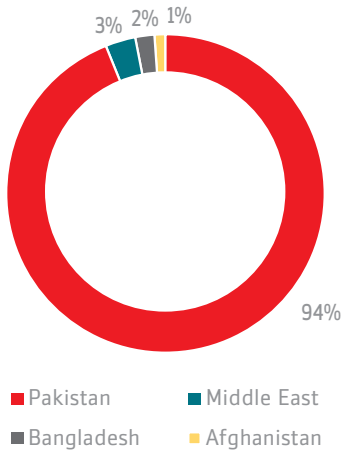
Business Segment-Revenue



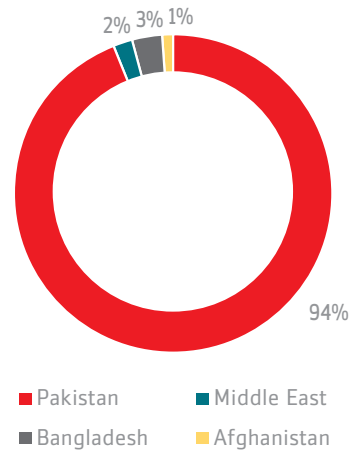
Business Segment- Expenses



Geographical Segment-Revenue



Geographical Segment- Expenses



Definitions of Segments

1. Retail Banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Bank. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

2. Digital banking

This segment includes branchless banking accounts, deposits and lending products, digital channels (including ATMs, internet banking, call centre and alfa app), corporate, Government to Person (G2P) & Small Medium and Micro Enterprises (SMME) portfolio (including Employee Old Age Benefit (EOBI), Benazir Income Support Program (BISP), payroll solutions), digital payments and digital products.

3. Islamic (Domestic Operations)

This segment pertains to full scale Islamic Banking operations of the Bank. i.e deposits and lendings.

4. Corporate Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with the Bank's corporate and public sector customers.

5. Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Bank primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

6. International operations

This segment comprises of business activities related to the Bank's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

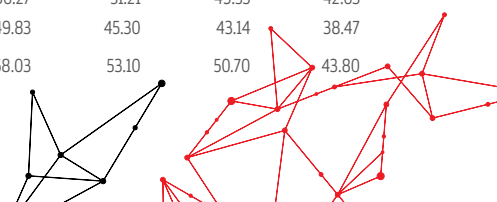
For further details about these businesses, please refer 'Organizational Overview' section of this annual report.

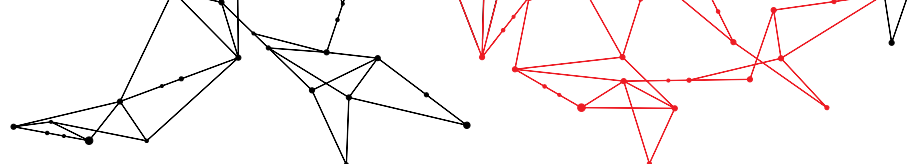
Financial and Non Financial Ratios

		2023	2022	2021	2020	2019	2018
Profitability Ratios							
Profit before taxation ratio (PBT / Gross Markup Income)	%	18.98%	16.89%	23.28%	19.30%	24.19%	29.53%
Gross Yield on Earning Assets	%	14.01%	10.88%	6.56%	7.52%	10.26%	6.98%
Gross Yield on Average Earning Assets	%	16.79%	12.24%	7.27%	8.68%	10.53%	6.96%
Gross Spread ratio	%	30.60%	36.09%	46.08%	48.27%	48.53%	53.50%
Cost to Income ratio (Total Operating Expenses / Total Revenue)	%	41.85%	50.00%	58.09%	54.68%	52.60%	57.40%
Return on equity (ROE)	%	31.67%	19.23%	15.30%	11.55%	15.65%	15.33%
Return on Capital Employed (ROCE)	%	28.23%	17.66%	14.23%	10.51%	13.64%	13.30%
Shareholders' Fund	Rs. Mn	126,654	95,156	88,562	80,508	76,661	68,264
Return on Shareholders fund (PAT / Shareholder's Equity)	%	28.78%	19.13%	16.05%	13.01%	16.56%	15.56%
Total Shareholder Return ((Change in Share Price + Dividend Per Share) / Opening Share Price)	%	87.49%	1.56%	9.26%	-13.94%	22.44%	1.39%
Gross Yield on Average Earning Assets	%	16.79%	12.24%	7.27%	8.68%	10.53%	6.96%
Non Interest income to total revenue	%	6.38%	9.28%	13.93%	12.14%	10.07%	14.88%
Return on average assets (ROA)	%	1.36%	1.06%	0.92%	0.87%	1.26%	1.11%
Operating Expense to Profit before taxation	%	82.51%	137.06%	155.39%	175.87%	129.86%	138.00%

Assets Quality and Liquidity Ratios							
Gross Advances to Deposits ratio	%	37.28%	51.50%	61.37%	68.15%	67.75%	73.75%
Net Advances to Deposits ratio	%	35.25%	49.26%	59.16%	65.47%	65.35%	71.37%
CASA to total deposits	%	69.28%	71.68%	76.91%	77.91%	75.88%	75.37%
NPL to Shareholder's equity	%	27.29%	30.97%	24.71%	28.41%	25.47%	24.88%
Investments to total asset ratio	%	62.06%	50.40%	46.84%	39.12%	27.70%	27.74%
Cash & cash equivalent to Total Assets	%	7.41%	8.23%	7.76%	8.55%	12.68%	9.99%
Earning assets to interest bearing liabilities	Times	1.00	1.01	1.03	1.04	1.03	1.03
Cash to Current liabilities	%	8.59%	8.74%	7.20%	26.06%	13.58%	11.57%
Net Investments to Deposits ratio	%	99.15%	74.95%	71.04%	62.04%	38.23%	39.50%
Cost of fund	%	12.20%	7.61%	4.09%	4.85%	5.85%	3.45%
Cash flow coverage ratio	%	81.91%	93.13%	68.74%	63.38%	70.49%	-104.97%
Net Interest Income to working Funds	%	50.86%	41.64%	34.38%	37.74%	33.24%	31.77%
Gross non performing advances to gross advances	%	4.84%	4.04%	3.53%	4.30%	4.23%	3.63%
Non performing loans to total loans	%	5.12%	4.23%	3.67%	4.48%	4.38%	3.75%
Coverage Ratio (specific provision / NPLs)	%	86.03%	82.00%	85.49%	70.83%	79.14%	84.39%
Coverage Ratio (specific and general provision / NPLs)	%	112.23%	107.58%	101.95%	91.20%	83.57%	89.02%
Deposits to shareholders equity	Times	15.12	14.87	11.39	9.69	8.89	9.29
Assets to Equity	Times	24.26	22.53	17.34	15.22	12.10	13.30
Liquidity Coverage Ratio (LCR) (refer note 1)	%	222%	185%	172%	187%	163%	156%
Net Stable Funding Ratio (NSFR) (refer note 1)	%	161%	150%	135%	136%	138%	133%

Investment Ratios and Market Ratios							
Earnings per share [as reported]	Rs	23.12	10.27	8.00	5.89	7.15	5.99
Earnings per share [before tax]	Rs	49.57	20.40	13.18	10.09	12.63	9.93
Diluted Earnings per share	Rs	23.12	10.27	8.00	5.89	7.15	5.98
Price to earning ratio	Times	2.10	2.93	4.33	6.00	6.39	6.78
Price to book ratio	%	55.47%	47.53%	61.49%	68.98%	92.26%	95.21%
Price to book value ratio	Times	0.55	0.48	0.61	0.69	0.92	0.95
Dividend Yield ratio (based on cash dividend)	%	16.49%	16.59%	11.56%	11.32%	8.75%	3.70%
Dividend Payout ratio (based on cash dividend)	%	34.61%	48.68%	50.00%	67.91%	55.94%	41.74%
Dividend cover ratio	Times	2.89	2.05	2.00	1.47	1.79	2.40
Cash Dividend - Interim	%	30%	25%	20%	20%	20%	10%
- Final	%	50%	25%	20%	20%	20%	15%
Stock Dividend	%	-	-	-	-	-	10%
Breakup value / net assets per share - with revaluation on surplus	Rs	87.45	63.41	56.27	51.21	49.53	42.63
Breakup value / net assets per share - without revaluation on surplus	Rs	80.31	60.33	49.83	45.30	43.14	38.47
Breakup value / net assets per share - with revaluation on surplus and Investment in related party at fair value	Rs	92.05	66.81	58.03	53.10	50.70	43.80





		2023	2022	2021	2020	2019	2018
Share Information							
Market value per share - Dec 31 (Closing Rate)	Rs.	48.51	30.14	34.60	35.33	45.70	40.59
High - during the year (intra day)	Rs.	53.19	38.55	38.50	53.00	50.70	58.94
Low - during the year (intra day)	Rs.	45.27	29.60	28.50	28.26	36.50	40.59
Market Capitalisation - December 31	Rs. Mn	76,508	47,536	61,490	62,787	81,216	72,021
No. of shares outstanding	Mn	1,577	1,577	1,777	1,777	1,777	1,774

Capital Adequacy and Structure							
Tier 1 Capital	Rs. Mn	123,871	94,969	83,111	77,211	73,650	66,810
Total Eligible Capital	Rs. Mn	158,673	118,417	108,075	100,422	93,677	82,050
Risk Weighted Assets (RWA)	Rs. Mn	947,636	856,024	749,050	607,663	554,836	549,173
RWA to Total Assets	%	28.32%	37.99%	43.19%	43.88%	52.08%	54.58%
Tier 1 to RWA	%	13.07%	11.09%	11.10%	12.71%	13.27%	12.17%
Capital Adequacy Ratio (CAR)	%	16.74%	13.83%	14.43%	16.53%	16.88%	14.94%
Earning assets to total assets ratio	%	87.88%	87.29%	88.23%	88.94%	84.67%	84.98%
Weighted average cost of deposit	%	10.28%	6.32%	3.25%	4.06%	5.00%	3.10%
Statutory Liquidity Reserve (SLR) (refer note 2)							
Net assets per share	Rs.	87.45	63.41	56.27	51.21	49.53	42.63
Debt to equity ratio (as per book value)	%	10.15%	14.00%	7.00%	7.69%	13.62%	15.85%
Debt to equity ratio (as per market value)	%	18.30%	29.45%	11.38%	11.15%	14.76%	16.65%

Consolidated Position							
Breakup value per share	Rs.	88.53	64.71	57.25	52.08	50.19	43.12
Capital Adequacy Ratio	%	16.44%	13.69%	14.32%	16.37%	16.69%	11.90%
Earning per share	Rs.	23.15	10.38	8.12	6.10	7.35	6.20

Non-Financial Ratios							
Staff turnover ratio	%	17.5%	20.3%	18.7%	13.4%	19.3%	22.4%
Customer Satisfaction Index	%	86%	87%	87%	88%	83%	83%
Employee Productivity Rate/ Happiness Score* (Out of score 5)		4.00	3.90	3.90	3.80	3.50	-

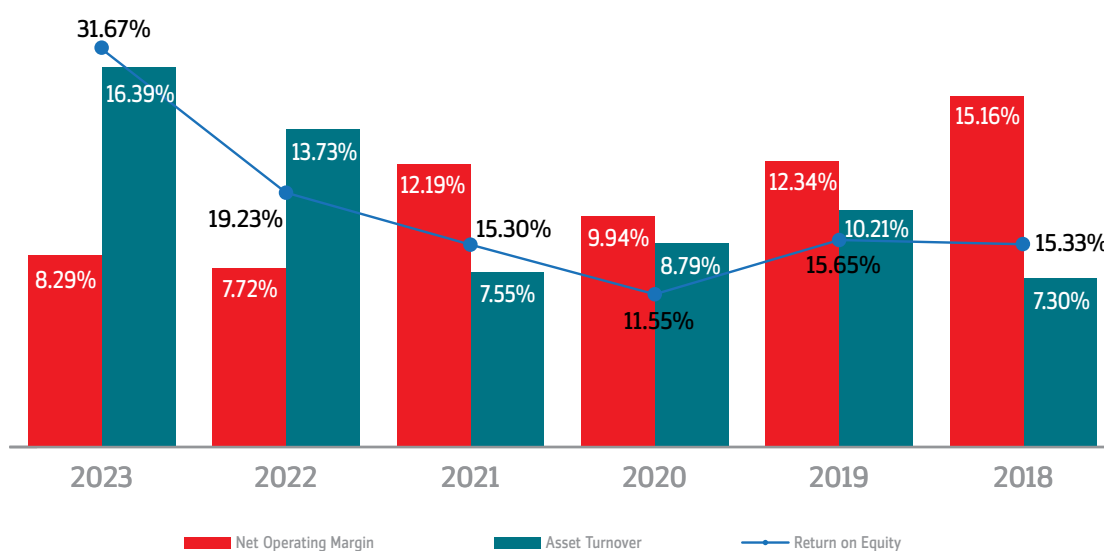
* Before 2019 engagement survey was run every 2 years.

Note:

- Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) can be treated in place of current, quick ratios and liquid asset ratios for banking industry.
- The bank has met Statutory Liquidity Ratio (SLR) requirement in accordance with SBP guidelines. Investments maintained under SLR requirements are mentioned in note 8.7 of the unconsolidated financial statements.

Dupont Analysis

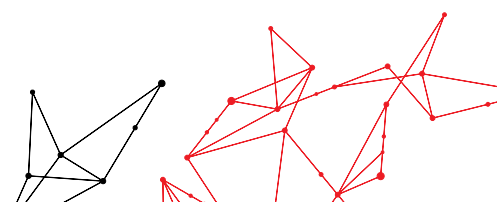
			2023	2022	2021	2020	2019	2018
Net Operating Margin	Profit after taxation / Gross Income	%	8.29%	7.72%	12.19%	9.94%	12.34%	15.16%
Asset Turnover	Gross Income / Average Assets	%	16.39%	13.73%	7.55%	8.79%	10.21%	7.30%
Equity Multiplier	Average Assets / Average Equity	Times	23.33	18.15	16.63	13.23	12.43	13.85
Return on Equity	Profit after taxation / Average Equity	%	31.67%	19.23%	15.30%	11.55%	15.65%	15.33%



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The DuPont model is derived from an analysis of return on equity that divide performance into three parts: (a) Operating efficiency ratio which is also known as financial performance ratio is measured by net operating margin; (b) assets use efficiency which shows if assets were utilized efficiently and is measured by total asset turnover; and (c) financial leverage which shows to what extent the bank relies on debts which is measured by the equity multiplier.

The results of the study discovered that, the financial performance of the bank as regards net operating margin has improved as shown in the above graph except for the drop in 2020 and 2022. In 2020, general provision of Rs. 4.250 billion was booked against borrowers availing relaxation under SBP loan deferral / re-scheduling schemes. In 2022, general provision of Rs. 5.971 billion against high risk and flood impacted portfolio, ECL charge of Rs. 1.920 billion on overseas investments, and provision of Rs. 1.114 billion against cross border risk were booked. Asset utilization is relatively steady and reflects minimal volatility during the period under review except in 2023 where the operating income increased due to hike in discount rate by the central bank to contain inflation in the country. Equity multiplier has shown a steady increase over the period on account of robust growth in earning assets and deposits. Furthermore, return on equity showed rising trend from 2018 to 2023 except drop in 2020. The impact of provision booked in 2022 (as discussed above) was compensated by redemption of ordinary shares. In 2023, Asset Turnover remained highest as compared to previous years and robust growth in assets funded by deposit growth caused Equity Multiplier to improve significantly.



Economic Value Added Statement (EVA)

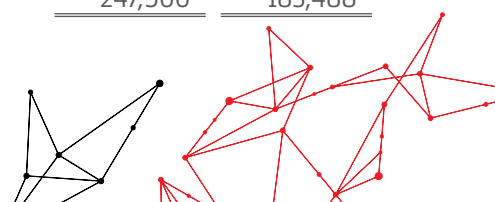
		2023	2022
		Rupees in million	
Profit after taxation	A	36,456	18,206
Provision and write offs		9,462	12,468
Tax (49%)		(4,636)	(6,110)
Provision and write offs - net of tax	B	4,826	6,359
Net operating profit after taxation	C = A + B	<u>41,282</u>	<u>24,565</u>
Equity at start of the year (excluding surplus)	D	95,156	88,562
Cost of Equity	E	<u>21,336</u>	<u>16,535</u>
Economic Value Added (EVA)	F=C - E	<u>19,946</u>	<u>8,031</u>

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Economic value added (EVA) is the economic profit by the bank in a given period. It measures the bank's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes. A positive EVA reflects that the bank is increasing its value to its shareholders, whereas a negative EVA indicates that it is diminishing its value to its shareholders.

Direct Method Cash Flow Statement

	2023	2022
	Rupees in Million	
Cash flow from operating activities		
Markup / return / interest and fee receipts	372,602	194,047
Markup / return / interest payments	(262,814)	124,876
Payments to employees, suppliers and Others	(11,185)	(262,818)
	98,603	56,105
(Decrease) / increase in operating assets		
Lendings to financial institutions	(12,456)	(60,076)
Held for trading securities	(266,489)	87,580
Advances	(13,186)	(67,438)
Other assets (excluding advance taxation)	(53,314)	(25,950)
	(345,444)	(65,884)
Increase / (decrease) in operating liabilities		
Bills payable	(14,029)	17,208
Borrowings	419,781	104,260
Deposits	598,152	347,801
Other liabilities (excluding current taxation)	42,180	28,362
	1,046,084	497,631
	799,242	487,852
Contribution made to gratuity fund	(467)	(269)
Zakat paid	(128)	(144)
Income tax paid	(42,206)	(16,978)
Net cash generated from operating activities	756,441	470,461
Cash flows from Investing activities		
Net investments in available-for-sale securities	(590,838)	(397,937)
Net investments in held-to-maturity securities	(83,081)	(10,879)
Investment in subsidiary	-	(5)
Dividend received	1,311	1,232
Investments in operating fixed assets	(12,781)	(8,688)
Proceed from sale of fixed assets and non banking assets	217	442
Effect of translation of net investment in foreign branches	3,472	2,509
Net cash used in investing activities	(681,700)	(413,326)
Cash flows from financing activities		
Issuance of subordinated debt	-	7,000
Payment of lease liability	(5,054)	(3,814)
Purchase of own shares	-	(6,044)
Dividend paid	(7,275)	(3,382)
Net cash used in financing activities	(12,329)	(6,240)
Increase in cash and cash equivalents	62,412	50,895
Cash and cash equivalents at beginning of the year	204,964	146,521
Effects of exchange rate changes on cash and cash equivalents - gain	(19,476)	(11,928)
Cash and cash equivalents at end of the year	247,900	185,488

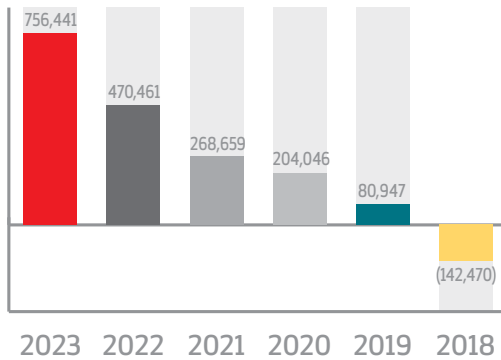


Free Cash Flows

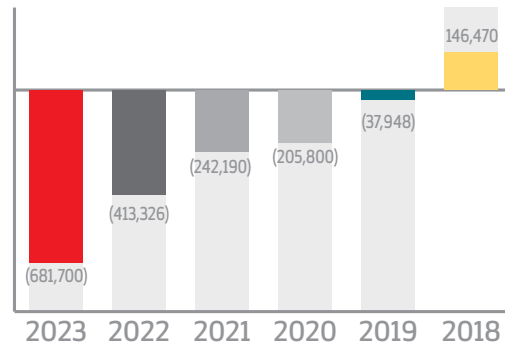
	2023	2022	2021	2020	2019	2018
	----- Rupees in Million -----					
Profit Before Taxation	78,175	36,160	23,370	17,878	22,382	17,618
Adjustments for non cash items and operating assets / liabilities changes	678,266	434,301	245,288	186,167	58,565	(160,088)
Net cash generated from operations	756,441	470,461	268,659	204,046	80,947	(142,470)
Capital Expenditure	(12,781)	(8,688)	(3,851)	(3,595)	(3,925)	(1,307)
Free Cash flows	743,661	461,774	264,808	200,451	77,023	(143,777)

Commentary on cashflows is covered as part of Six Years' Review of Business Performance.

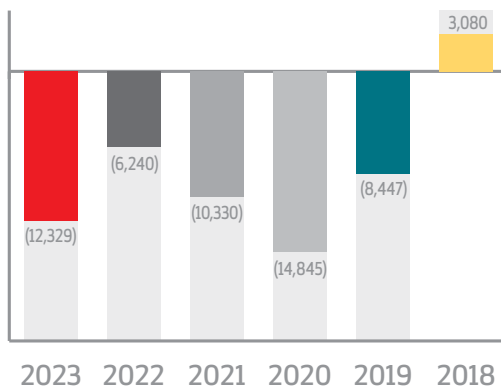
Net Cash Flows Generated from Operating Activities (Rs in Mn)



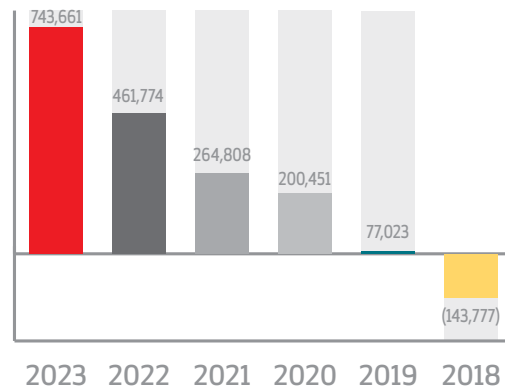
Net Cash Flows Injected in Investing Activities (Rs in Mn)



Net Cash Flows Used in Financing Activities (Rs in Mn)



Free Cash Flows (Rs in Mn)

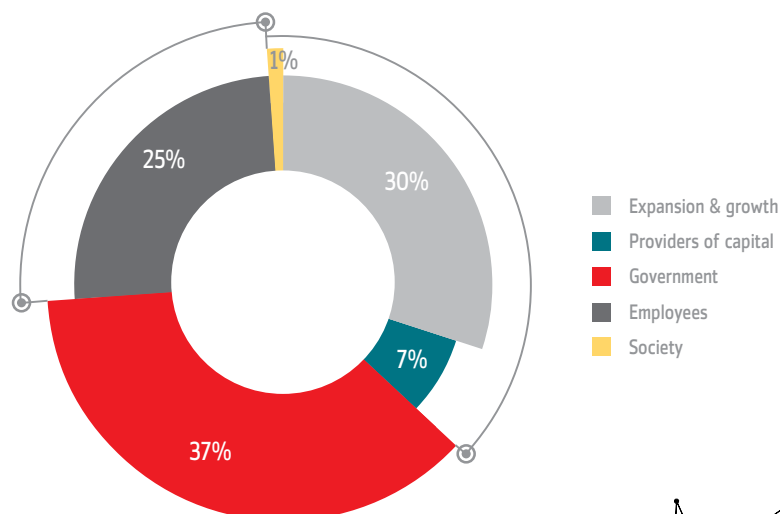


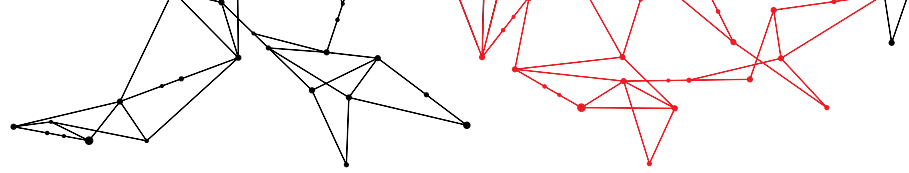
Statement of Value Added

	2023		2022	
	Rs in Million		Rs in Million	
Value Added				
Net Interest Income	126,070		77,242	
Non Interest Income	28,064		21,883	
Operating Expenses excluding Staff costs depreciation, amortization, donations and WWF	(27,611)		(22,254)	
Provision against advances, lendings, investments & others	(9,462)		(12,468)	
Value added available for distribution	117,061		64,404	
Distribution of Value Added	2023		2022	
	Rs in Million	%	Rs in Million	%
To Employees				
Remuneration, provident fund and other benefits	28,713	24.53%	21,247	32.99%
To Government				
Worker Welfare Fund	1,715	1.00%	907	1.41%
Income Tax	41,719	35.64%	17,954	27.88%
	43,433	37.10%	18,861	29.29%
To providers of capital				
Interim / Final Cash dividends to shareholders	8,674	7.41%	7,997	12.42%
Purchase of own shares	-	0.00%	6,044	9.38%
	8,674	7.41%	14,041	21.80%
To Society				
Donations	1,250	1.07%	332	0.52%
To Expansion and growth				
Depreciation	6,882	5.88%	5,405	8.39%
Amortization	327	0.28%	351	0.55%
Retained Earnings	27,782	23.73%	4,165	6.47%
	34,991	29.89%	9,922	15.41%
	117,061	100%	64,404	100%

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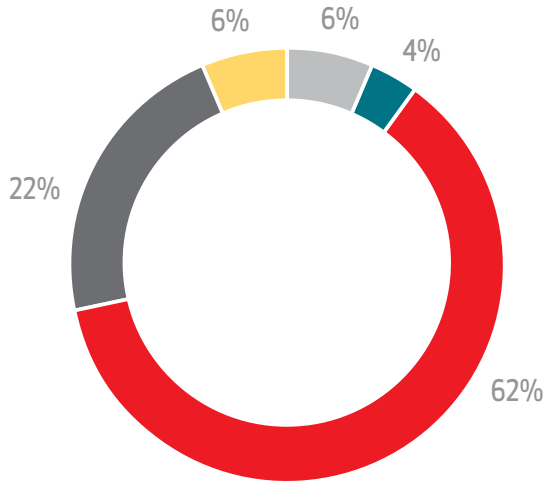
Year 2023





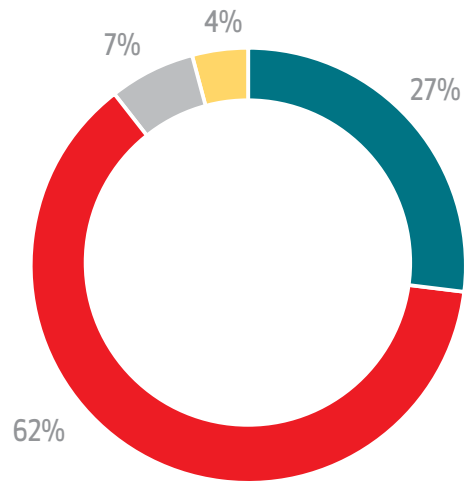
Sources and Uses of Funds

Concentration of Assets - Uses



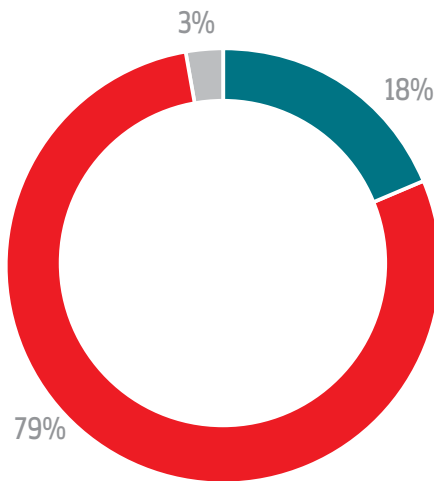
- Cash and bank balances
- Lending to financial institutions
- Investments
- Advances
- Other assets

Concentration of Liabilities & Equity - Sources



- Borrowings
- Deposits and other accounts
- Other Liabilities
- Equity

Concentration of Off-Balance Sheet Exposure



- Commitments
- Guarantees
- Other contingent liabilities

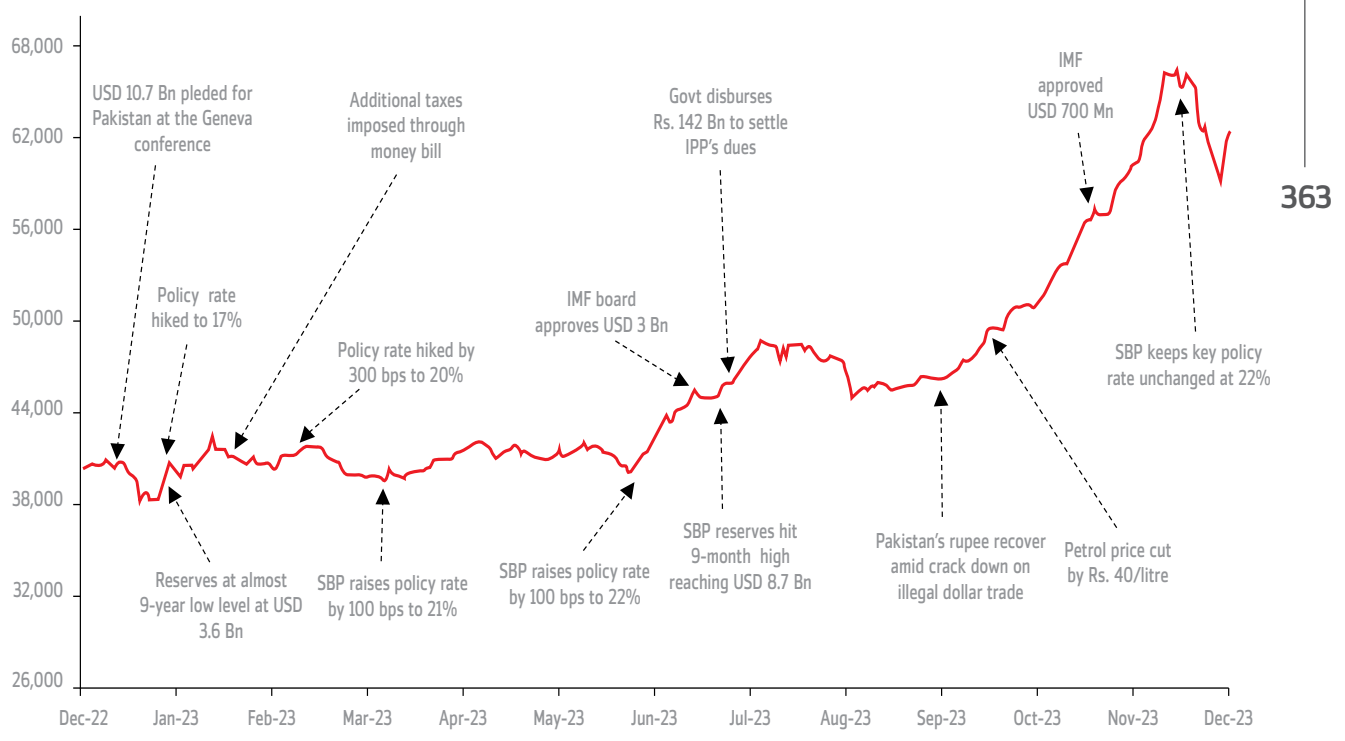
Share Price Sensitivity Analysis

Share Price

	High (on closing basis)	Low (on closing basis)	Closing	Daily average volume Mn	Number of trading days	Share Capital	Market Capitalization value
--	----------------------------	---------------------------	---------	-------------------------	------------------------	---------------	-----------------------------

	Rupees					Rs in Mn	Rs in Mn
First Quarter	32.50	28.32	28.78	30.56	64	15,772	45,391
Second Quarter	31.02	28.31	30.44	56.51	57	15,772	48,009
Third Quarter	43.14	32.72	38.74	137.63	62	15,772	61,099
Fourth Quarter	53.19	37.71	48.51	91.19	63	15,772	76,508

KSE 100 Index



Share Price Sensitivity Analysis

Market Capitalization as of December 31, 2023

Rs. 76,508 Mn

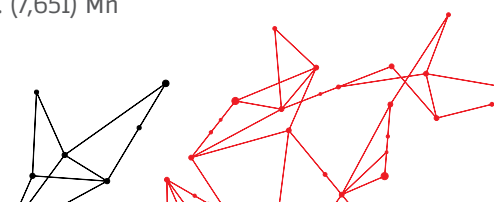
Change in share price by

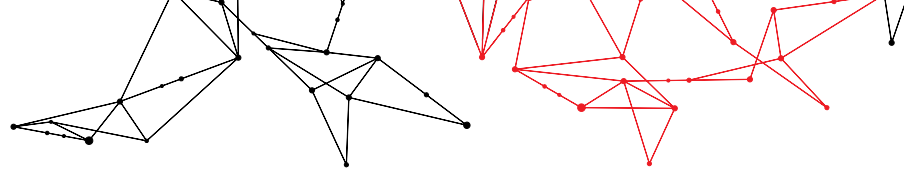
+10%

Rs. 7,651 Mn

-10%

Rs. (7,651) Mn





Factors affecting the Share Price of Bank

Discount rate / Monetary Policy

Based on different assessment parameters, the State Bank of Pakistan can change the monetary policy rate. Any volatility in the interest rates might impact revenue and profitability of the bank.

Minimum Rate of Return on Deposits/Regulatory risk

Any upward revision in the minimum deposit rate will result in compression in net interest margins earned due to increased cost of deposits. Such revision can negatively impact the earning and correspondingly the share price of the scrip.

Inflation

Inflation is considered as a key determinant for policy rate change. Any uptick in the inflation statistics will have a corresponding impact on the monetary policy rate. With higher discount rates, the banks will be able to invest in high yielding investments, thus resulting in increased profitability. This, in turn will have a positive impact on the share price.

364 Political Stability & Law and order situation

Political stability and stable law & order situation is pre requisite for any economic development. Political stability reduces the uncertainty and urges investors to put their funds in different investment avenue. Politically stable government is expected to adopt policies to facilitate the investors.

Capital and money markets

The Bank's major investments amount to Rs. 1,943 billion as at December 31, 2023, which mainly comprise of those in Government Securities. These funds largely invest in capital and money market. Trends in these markets determine the factors which affect the Bank's financial performance.

Interest rates

With effective and efficient treasury management the Bank has maintained a strong liquidity and interest rate gap position. Bank's assets and liabilities gap is positioned to provide support in case of rate cut.

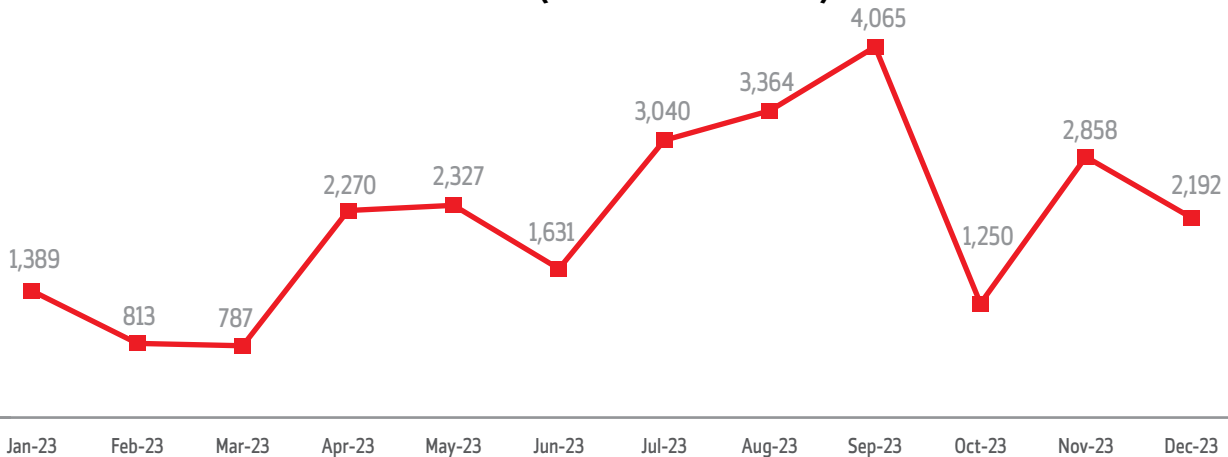
Exchange fluctuations

The Bank is exposed to fluctuations in foreign currency exchange rates owing to the imports and exports. The Bank has to bear currency exchange rate fluctuation risk. Hence, the currency fluctuation also affects the Banking business.

Act of God

Act of God outside the control of the Bank such as natural disasters, floods and pandemics might negatively disrupt the operations of the Bank and ultimately might affect share price of the Bank.

Volume (Shares in '000')



Foreign Currency Sensitivity Analysis

For details, please refer to 'Risks and Opportunities' section within this Annual Report and note 46.3 of the unconsolidated financial statements.

Sector and Segment wise Advances and Deposits

Advances portfolio Classification (SBP Segments) Advances by Segment

	2023	2022
	Rupees in Million	
Corporate	573,016	591,983
SMEs	37,839	41,056
Agriculture	16,987	14,958
Consumer	123,899	117,260
Commodity	25,057	71
Others	488	365
	<u>777,287</u>	<u>765,693</u>

Credit concentration of Advances and Deposits

Deposits By Sector

Concentration of deposits by sector is disclosed in **note 16.1** of the unconsolidated financial statements.

Advances By Sector

Advances credit risk by sector is disclosed in **note 46.1.6** of the unconsolidated financial statements.

Contingency credit risk by sector is disclosed in **note 46.1.7** of the unconsolidated financial statements.

Non-Performing Assets

	2023					
	Investments		Advances		Other Assets	
	Asset	Provision	Asset	Provision*	Asset	Provision
	Rs in Million					
Opening	3,795	3,795	30,971	33,318	2,672	2,672
Exchange Adjustment	576	576	99	141	3	3
Additions	581	581	14,559	14,013	394	394
Deletions	(1,291)	(1,291)	(7,996)	(5,237)	(84)	(84)
Closing	<u>3,661</u>	<u>3,661</u>	<u>37,633</u>	<u>42,235</u>	<u>2,984</u>	<u>2,984</u>

	2022					
	Investments		Advances		Other Assets	
	Asset	Provision	Asset	Provision*	Asset	Provision
	Rs in Million					
Opening	1,229	1,229	24,710	25,192	1,309	1,309
Exchange Adjustment	67	67	41	55	36	36
Additions	2,669	2,669	11,128	11,376	1,493	1,493
Deletions	(170)	(170)	(4,908)	(3,305)	(167)	(167)
Closing	<u>3,795</u>	<u>3,795</u>	<u>30,971</u>	<u>33,318</u>	<u>2,672</u>	<u>2,672</u>

* Including general provisions.

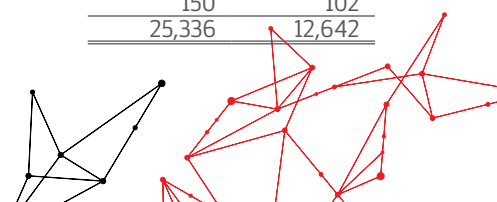
Sector-wise breakup of NPA

Sector wise breakup of non performing investments is disclosed in **note 46.1.5 of the unconsolidated financial statements.**

Sector wise breakup of non performing advances is disclosed in **note 46.1.6 of the unconsolidated financial statements.**

Accounts Restructured- Outstanding balance as at December 31st :

Business	2023	2022
	Rs in Million	
Corporate	13,258	7,588
Retail	11,906	4,934
Agri	22	18
Consumer	150	102
	<u>25,336</u>	<u>12,642</u>

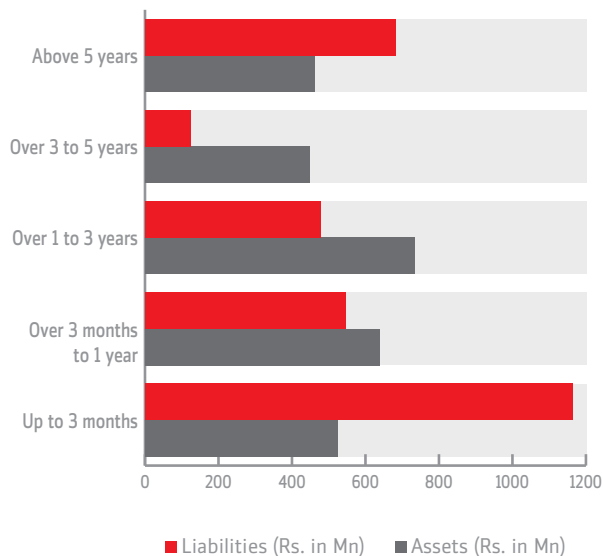


Behavioural Maturities of Key Assets and liabilities

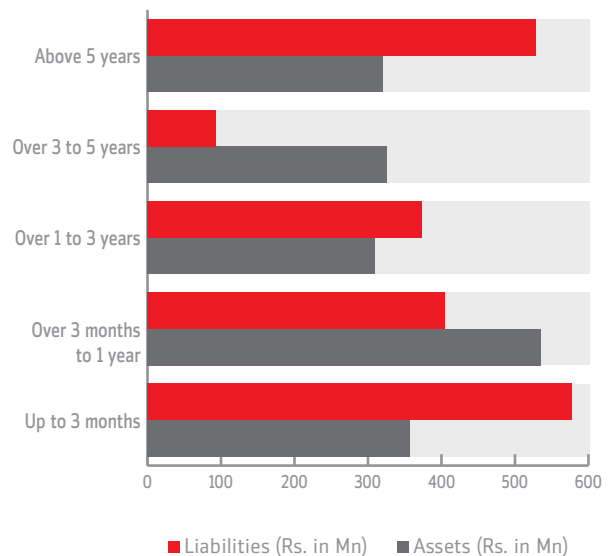
	2023	Up to 3 months	Over 3 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Above 5 years
----- Rs in Million -----						
Key Assets						
Investments	2,067,263	204,154	527,028	669,926	376,723	289,431
Advances	735,052	318,475	109,476	64,426	70,277	172,397
	2,802,314	522,629	636,504	734,352	447,001	461,828
Borrowings	909,543	758,335	14,734	52,252	13,968	70,254
Deposits and other accounts	2,084,997	405,813	531,616	425,349	111,144	611,076
	2,994,541	1,164,148	546,349	477,601	125,112	681,331

	2022	Up to 3 months	Over 3 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Above 5 years
----- Rs in Million -----						
Key Assets						
Investments	1,114,407	16,217	420,729	204,191	246,873	226,395
Advances	732,375	340,969	114,507	104,452	78,891	93,556
	1,846,782	357,187	535,237	308,643	325,764	319,951
Borrowings	491,180	324,302	19,364	55,113	11,458	80,942
Deposits and other accounts	1,486,845	254,081	385,496	318,199	81,707	447,363
	1,978,025	578,383	404,860	373,312	93,165	528,306

Maturities of Key Assets and Liabilities-2023



Maturities of Key Assets and Liabilities-2022



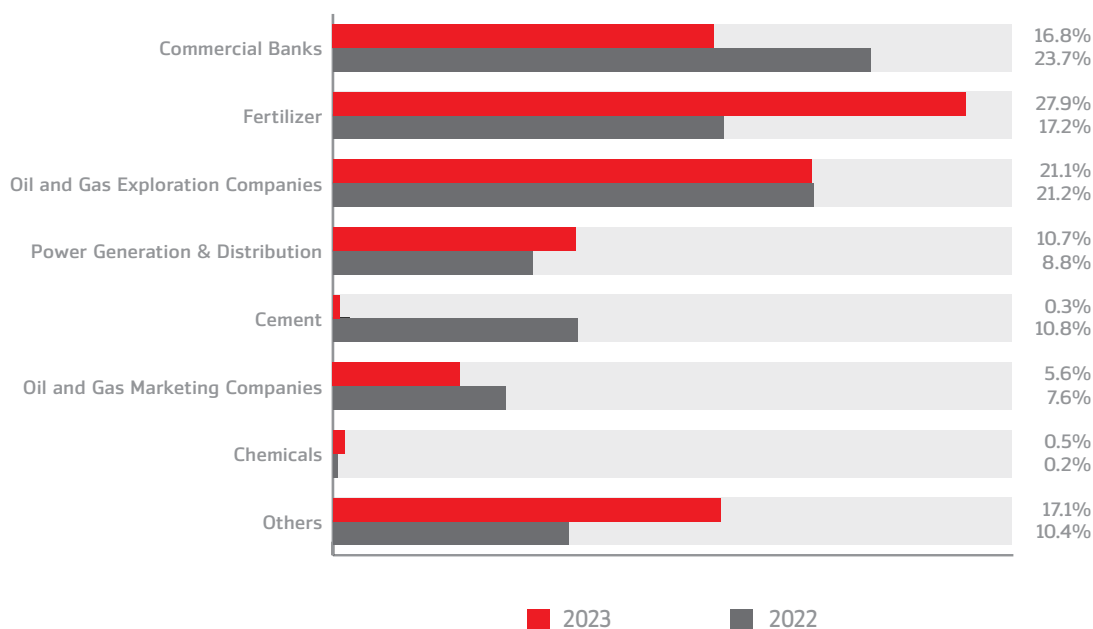
Classification and Valuation of Investments

	2023		2022	
	Cost	Fair value	Cost	Fair value
----- Rs in Million -----				
Held-for-trading securities				
Government Securities	279,765	279,392	9,307	9,345
Foreign Securities	52	47	3,698	3,694
Shares	229	229	568	518
	280,046	279,668	13,573	13,557
Available-for-sale securities				
Government Securities	1,528,662	1,523,410	952,602	937,261
Non Government Securities	19,621	19,370	19,663	19,285
Foreign Securities	75,133	71,961	56,511	52,682
Shares	4,846	5,159	8,551	7,046
Mutual Fund	1,000	1,000	700	700
	1,629,262	1,620,900	1,038,027	1,016,974
Held-to-maturity securities				
Government Securities	139,742	139,742	68,565	68,565
Non Government Securities	4,154	3,870	2,760	2,655
Foreign Securities	21,905	21,905	11,216	11,216
	165,802	165,517	82,541	82,436
Associates	1,178	1,178	1,178	1,178
Subsidiary	305	-	305	262
	<u>2,076,592</u>	<u>2,067,263</u>	<u>1,135,624</u>	<u>1,114,407</u>

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Top 10 Equity Investment by Sectors:

Investment by Segment



Non Strategic Investments

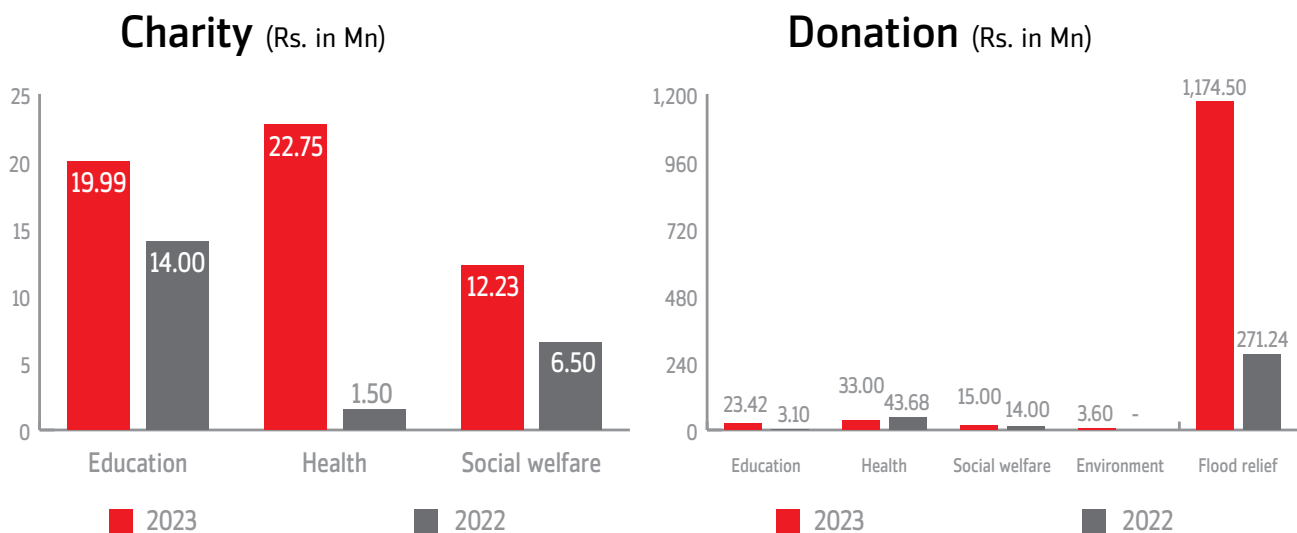
The Bank also invests in certain unlisted entities. Please refer to **note 8.4.2.2 of unconsolidated financial statements.**



Statement of Charity and Donation

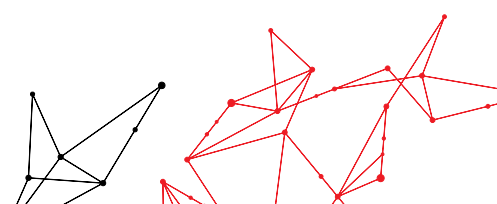
	2023	2022
	Rs in Millions	
Charity paid (Islamic banking):		
Education	19.99	14.00
Health	22.75	1.50
Social welfare	12.23	6.50
	<u>54.96</u>	<u>22.00</u>
Donations paid (including flood relief):		
Education	23.42	3.10
Health	33.00	43.68
Social welfare	15.00	14.00
Environment	3.60	-
Flood relief	1,174.50	271.24
	<u>1,249.52</u>	<u>332.02</u>
Total charity and donations paid	<u>1304.48</u>	<u>354.02</u>

368 Beneficiary wise details of charity and donation is disclosed in **note 5.1 of Annexure II** and **note 29.3 of the unconsolidated financial statements.**



Key Interest Bearing Assets and Liabilities

	2023			2022		
	Average Volume	Effective interest rate %	Interest	Average Volume	Effective interest rate %	Interest
----- Rs in Million -----						
Interest Earning Assets						
Balances with other banks	21,535	0.30%	64	17,955	0.38%	68
Lendings to financial institutions	100,167	16.95%	16,980	69,938	10.96%	7,662
Advances	737,102	15.76%	116,201	723,796	10.80%	78,149
Investments	1,495,337	18.64%	278,702	1,008,423	12.69%	128,018
	2,354,140	17.50%	411,947	1,820,112	11.75%	213,897
Interest Bearing Liabilities						
Deposits and other accounts	1,629,758	10.28%	167,504	1,208,643	6.32%	76,375
Borrowings	680,519	15.80%	107,552	562,199	9.54%	53,620
Subordinated Debt	14,000	21.87%	3,061	8,278	14.64%	1,212
Lease Liability	19,849	13.39%	2,658	14,864	12.92%	1,921
Swap Cost	-	-	5,102	-	-	3,430
	2,344,126	12.20%	285,877	1,793,984	7.61%	136,558
Net Spread		<u>5.30%</u>			<u>4.14%</u>	



Capital Structure

2023 2022
Rupees in Million

Tier 1 Capital

Shareholder equity/ assigned capital
Share premium
Reserves
Unappropriated profits

15,772	15,772
4,731	4,731
22,478	18,832
69,482	45,101
112,462	84,436
13,550	13,550

Eligible Additional Tier 1 Capital

Deductions:

Book value of intangible and advances given for intangible
Defined benefit pension fund assets- net
Other deductions

1,370	1,296
441	154
331	1,567
2,141	3,017
123,871	94,969

Total Tier 1 Capital

Tier 2 Capital

General provisions subject to 1.25% of total risk weighted assets
Revaluation reserves
Foreign exchange translation reserves

9,429	7,951
11,182	4,776
14,192	10,720
34,802	23,447

Total Tier 2 Capital

Total regulatory capital Base

158,673	118,416
---------	---------

370 Capital Adequacy

Risk Weighted Assets

Credit risk
Market risk
Operational risk
Total RWA

754,283	727,197
18,195	8,785
175,158	120,042
947,636	856,024

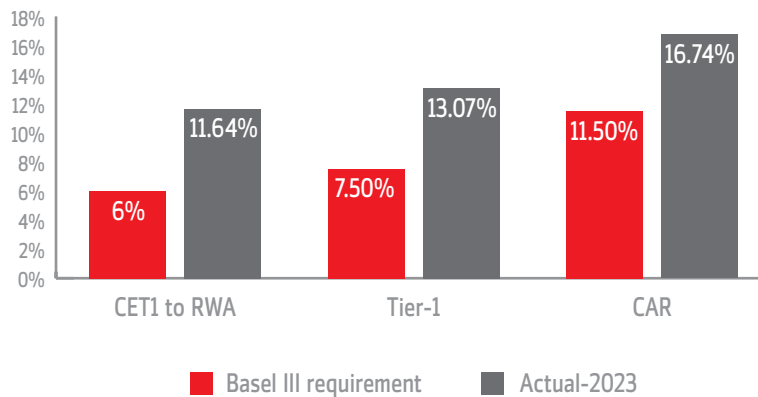
Capital Adequacy Ratio

Total eligible regulatory capital held
Total Risk Weighted Assets

158,673	118,416
947,636	856,024
16.74%	13.83%

Capital Adequacy ratio

Capital Adequacy Ratio



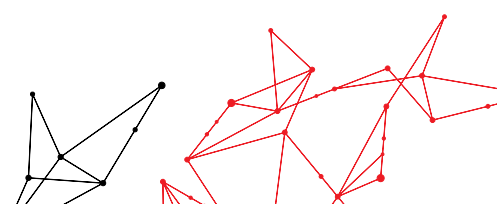
The Human Capital

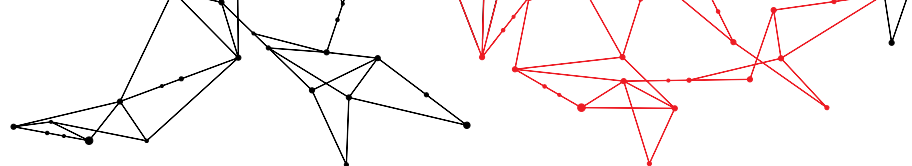
Our Human Capital Strength

	2023	2022
Head Count (as at 31st December)	14,738	13,862
Pakistan	14,469	13,599
- Sindh	4,965	4,734
- Punjab	7,437	6,930
- Balochistan	350	317
- KPK	696	620
- AJK	46	45
- Gilgit Baltistan	55	51
- Federal Capital	920	902
United Arab Emirates	24	23
Bahrain	9	9
Afghanistan	56	54
Bangladesh	180	177

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Average Head Count (throughout the year)	14,318	12,922
Female employees (as at 31st December)	3,008 (20%)	2,658 (19%)
New hiring (during the year)	3,501	4,658
Attritions (during the year)	2,577 (17.5%)	2,812 (20%)





Human Resource Accounting

The Bank has two Board level committees namely Board Compensation Committee and Board Human Resources and Nominations Committee. Both Committees oversee the HR related activities. The Bank has a Human Resources and Learning Group (HRLG) which operates with various sub-divisions Talent Acquisition & Advisory, Learning & Development, Leadership & Culture, Employee Relations & People Risk and Rewards & Services. These sub-divisions look after day-to-day HR operations including selection, recruitment, training, development, off-boarding, rewards, succession planning, career management, employee welfare, diversity & inclusion like female staff policies, differently abled staff policies and other allied tasks. For more detail on human resource planning, management and process of identifying and measuring its cost please see 'Stakeholders' and 'Sustainability and CSR' sections within this Annual Report.

Further, the Bank has incurred the following costs on its human resources during the year. Additionally, the bank also incurred costs to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets.

	2023	2022
	Rupees in Million	
Compensation		
Key Management Personnel, Executives and MRT/MRCs	3,558	2,758
Other employees	25,155	18,490
Total compensation	28,713	21,247
Training and development	135	120
Total human resources costs	28,848	21,367

Breakup of Total Compensation

Managerial Remuneration

i) Fixed	18,652	15,290
ii) Variable		
a) Cash Bonus / Awards etc.	6,239	3,332
b) Bonus and Awards in Shares etc.	362	193
Charge for defined benefit plan	413	283
Contribution to defined contribution plan	731	582
Medical	1,296	836
Conveyance	523	374
Staff compensated absences	173	67
Staff life insurance	201	210
Staff welfare	101	48
Club subscription	4	3
Sign-on Bonus	19	24
Severance Allowance	-	5
	28,713	21,247

Additional Disclosures

The following disclosures have been made beyond BCR criteria.

1. Chairman's Message

Please refer to the Chairman's Message at the start of this annual report. The message discusses about performance and achievements of the bank during the year.

2. Internal Controls over Financial Reporting (ICFR) and Statement of Internal Controls

The Board, through its Board Audit Committee, is responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the aggregate level and types of risks the Bank is willing to take to achieve its strategic objectives.

To meet this requirement and to discharge its obligations under the SBP's regulations, procedures have been designed to safeguard assets against unauthorised use or disposal, to maintain proper accounting records, and to ensure the reliability of controls and usefulness of financial information used within the business or for publication.

These procedures provide reasonable assurance against material misstatement, errors, losses, or fraud. They are designed to provide effective Internal Controls within the Bank. The procedures have been in place throughout the year and up to the date of approval of these Annual Financial Statements of 2023.

The Bank has implemented all stages of ICFR Framework as promulgated by the SBP:

- Stage I: Process and Control Documentation
- Stage II: Identification of Gaps and Recommendations
- Stage III: Development of Detailed Remediation/ Implementation Plans
- Stage IV: Development of Management Testing Plans
- Stage V: Implementations of Project Initiatives Planned
- Stage VI: Quality Assurance/Validation on the Completed Initiatives
- Stage VII: Conduct of Management Testing of Key Controls and Reporting of Results
- Stage VIII: Review by External/Internal Auditors

The long form report, issued by the Internal Auditors, is submitted to the Board Audit Committee for tracking and information. Further, quarterly progress report on ICFR is submitted to the Control and Compliance Committee and Board Audit Committee. Pursuant to an exemption received from the SBP for

External Auditors' long form report, Internal Audit issues an Assessment Report on ICFR each year.

3. Long-term Viability and Going Concern

The Management has assessed the Bank's viability to continue as a going concern, taking into account its current financial position, business prospects, and principal risks. As part of this assessment, key factors considered are:

- Long-term business and strategic plans;
- Risk profile and risk management practices, including the processes by which risks are identified and mitigated;
- Results of internal and regulatory stress tests;
- Liquidity and funding profile; and
- Wider political, economic and regulatory environments, including the uncertain geopolitical outlook.

Based on internal assessment, the management is confident that the Bank will be able to continue its operations and meet its obligations.

4. Key Financial and Non-Financial Performance Measures

The Management believes that key performance measures included in this Annual Report provide valuable information to the readers of the financial statements. This enables identification of a more consistent basis for comparing the businesses' performance between financial periods, and provides additional elements of performance, which the managers of these businesses are most directly able to influence, or are relevant for an assessment of the business groups. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Management.

Please refer to the 'Performance and Position' section of this Annual Report for segmental performance analysis. Further, please refer Directors' Report for further details.

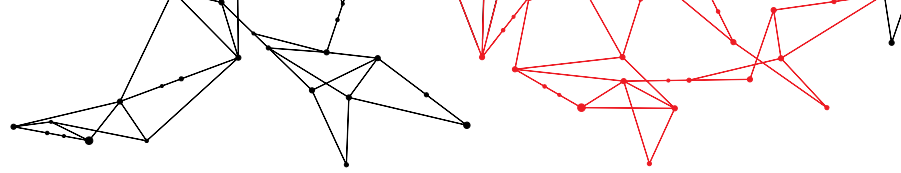
5. Customer Grievances Handling Mechanism

Customer Grievances Handling Mechanism has been disclosed as part of 'Stakeholder Relationship and Engagement' section of this Annual Report.

6. Green Banking and steps taken for Climate Change

Green Banking and Climate change have been disclosed as part of 'Sustainability and CSR' section of this Annual Report.





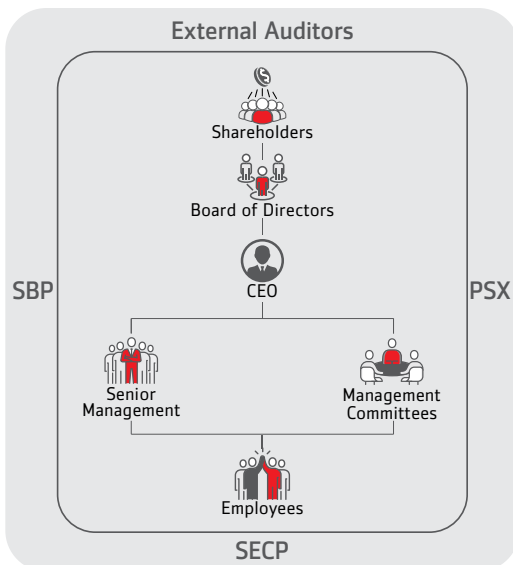
- 7. Material Outsourcing Arrangements**
Material outsourcing has been disclosed as part of 'Stakeholder Relationship and Engagement' section of this Annual Report.
- 8. Remuneration Framework and Related Disclosures**
Remuneration Framework has been disclosed as part of 'Governance' section within this Annual Report.
- 9. Group Structure and Group's Performance**
Structure of the Bank, and its subsidiaries and associates, has been disclosed as part of 'Organisational Overview' section within this Annual Report.

The Bank has also disclosed performance of its group companies in the Directors' Report.
- 10. Jama Punji**
Investor Awareness (Jama Punji) has been disclosed at the end of this annual report.
- 11. Donation and Charities**
Please refer 'Statement of Charity and Donation' within this section of the Annual Report for disclosure on donation and charities.
- 12. Financial Performance and Position of Business Segments**
Segmental Business performance has been disclosed within this section of the Annual Report.
- 13. Management Committees and sub committees**
Management committees and its sub-committees have been disclosed as part of 'Governance' section within this Annual Report.
- 14. Corporate Governance Structure**
The Bank operates through a well structure corporate governance structure as depicted below:

Governance Framework:
The Bank's governance framework is based on excellence through embodying its core values and principles. We model our framework to deliver the highest levels of integrity, resilience and innovation to serve our stakeholders by following the banking industry's best practices. Bank Alfalah's dedication to strict internal controls are evident in the strong emphasis placed by the Board of Directors, the Senior Management, and the Committees.

The Bank follows the guidelines put in place by the Pakistan Stock Exchange Limited (PSX), the State Bank of Pakistan (SBP), and the Securities and Exchange Commission of Pakistan (SECP) in all our management policies. The Board of Directors, Board Committees, Senior Management and Management Committees ensure that integrity and honesty remain at the heart of our business and brand.

- 15. Sustainability Development Goals**
The Bank's contribution against UN's Sustainability Development Goals has been disclosed as part of 'Sustainability and CSR' section within this Annual Report.
- 16. Global Sustainability Reporting Initiatives**
The Bank's contribution against GRI has been disclosed as part of 'Sustainability and CSR' section within this annual report.
- 17. Environment, Social and Governance**
The Bank's contribution against ESG has been disclosed as part of 'Sustainability and CSR' section within this annual report.
- 18. SECP CSR Guidelines**
The Bank's voluntary contribution against SECP CSR Guidelines has been disclosed as part of 'Sustainability and CSR' section within this annual report.



Other Information

Business Rationale for Major Capital Expenditure

During the year the bank invested Rs. 12.8 billion on purchase of fixed assets and intangibles which includes properties (land & buildings), equipment, fixtures, intangible assets etc. A detailed disclosure of fixed asset is given in the financial statements. All the assets purchased were capitalized as the management intends to take benefit from them over their useful life, which spans over more than a year. These additions are for meeting the business and operational needs of the Bank including but not limited to digital infrastructure, new branches, existing branch / office renovations, strengthening IT infrastructure with an aim to operate within secured environment and with the best customer data protection.

Summary of major projects is disclosed in 'Outlook' section of the annual report.

Information about defaults in payment of any debts and reasons thereof period

No defaults in payments during the year 2023. Also covered in 'Risk and Opportunities' section within this annual report.

Methods and Assumptions in compiling Key Performance Indicators

These have been disclosed as part of 'Strategy Key Performance Indicators and Resource Allocation' and 'Outlook' sections within this annual report.

Any significant change in accounting policies, judgements, estimates and assumptions

Please refer note no. 2.5, 2.6, 3 and 4 of the unconsolidated financial statements for significant change in accounting policies, judgements, estimates and assumptions.

Dividend History

The bank has been declaring dividend regularly every year, except where any restriction is imposed by the regulations. In 2023 the Bank declared interim dividend each of Rs. 3.00 per share in June and final dividend each of Rs. 5.00 per share in December. For the future prospects on dividend, the Bank will decide about it on the basis of results subject to approvals from the board and shareholders.

Regulatory payments (taxes, duties, levies etc.)

The Bank is regular and on time payer of the taxes, duties and levies.

CEO Review

Please follow the link below for the President/CEO's video on the Bank's business overview, performance, strategy and outlook: <https://www.bankalfalah.com/ceo-review-2023/>

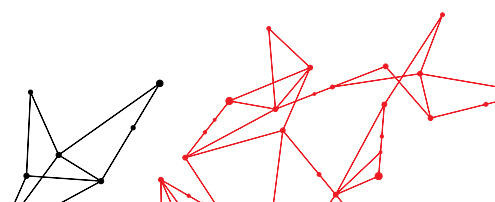
Fair Value and Forced Sales Value of properties held under Fixed Assets and Investment Properties

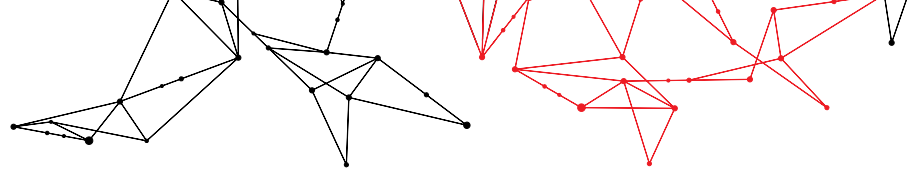
The Bank's land and building are revalued once in three years by the professional evaluators. The following are the fair value and force sales value of the owned properties of the bank as at December 31, 2023:

Fair value: Rs. 24.381 Bn
Forced Sale Value: Rs. 20.476 Bn

Reconciliation of weighted average number of shares for calculating EPS and diluted EPS

Please refer note 33 of the unconsolidated financial statements.





Particulars of Significant / Material Assets and Immovable Property including Location

The Bank has the following fixed assets as at 31 December 2023.

Items from the fixed & intangible assets	Dec '23 - WDV	% composition
Land - Freehold & Leasehold	16,416	26%
Building on Freehold & Leasehold land	7,965	13%
Office equipment	8,451	13%
Vehicles, Lease hold improvement, Furniture and fixture	5,459	9%
Property & equipment	38,291	61%
Right-of-use assets	19,952	32%
Intangible assets	1,370	2%
Capital work-in-progress	3,525	6%
Total fixed & intangible assets	63,138	100%

Significant immovable properties of the Bank are as follows:

- BA Building , II Chundrigarh Road, Karachi, Pakistan [Head Office];
- Shahdin Manzil, Lahore, Pakistan;
- 66 Main Boulevard, Gulberg, Lahore, Pakistan; and
- 23-H Gulberg, Lahore, Pakistan
- Owned and leased premises of branch network and offices across the country and abroad.

Particulars of loans / advances and investments in foreign companies or undertakings

The Bank's overseas branches in Bahrain, UAE, Afghanistan and Bangladesh invest and lend to companies and undertakings operating in their jurisdictions and abroad. As at 31 December 2023, our overseas branches' advances and investments stood at Rs. 44.285 bn (2022: Rs. 36.89 bn) and Rs. 104.537 bn (2022: Rs. 72.574 bn) respectively.

376 Product Revenue and Profitability

The Bank, being a financial intermediary, offers a large menu of lending, deposits and other service. These products and services are offered by different business groups within the bank. The revenue and profitability of these business groups are disclosed in the financial statements. Please see Segment Disclosure (note no. 42 of the unconsolidated financial statement) and business segment wise performance write up within this section.

Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP

Please refer note 2.2 and Annexure II of unconsolidated financial statements.

Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding

These have been disclosed as part of Other Matters relating to 'Governance' sections within this annual report.

Management's assessment of sufficiency of tax

The bank maintains sufficient provision for taxation as required under the accounting standards and the relevant tax regulations. Contingencies with respect to direct or indirect taxation based on income tax assessments have been disclosed in note 33 of unconsolidated financial statements. Our assessment of sufficiency of tax provision made in financial statements along with comparisons to tax assessment for last three years are satisfactory.

Income tax reconciliation as required by IFRS and applicable tax regime for the year

Please refer note 33.1 of unconsolidated financial statements.

Implementation of plans as disclosed in the prospectus/offering document of debt instrument (debts funds utilisation)

The following debt instruments previously issued by the bank are outstanding as at December 31, 2023:

- Medium Term Note (MTN): The primary purpose of this instrument is to hedge bank's fixed rate assets.
- ADT 1 and ADT 2 (TFCs): The ADT TFCs were issued to comply with SBP's regulation to maintain the minimum Capital Adequacy Ratio and to support on going business operations of the Bank.

The MTN and ADT 1 TFCs utilisation are as per the plans disclosed in the prospectus/offering document of the debt instruments.

Derivative Instruments

The Bank currently deals in derivative instruments namely interest rate swaps, cross currency swap and futures with the principle view to hedge risks associated with interest rates risk and FX risk. Interest rate swaps and futures are conducted to hedge interest rate risk present in the Bank's foreign currency bond portfolio.

For detailed disclosure on derivative instruments, please see note no. 22 of the unconsolidated financial statements.

Disclosures under regulatory requirements / prudential regulations

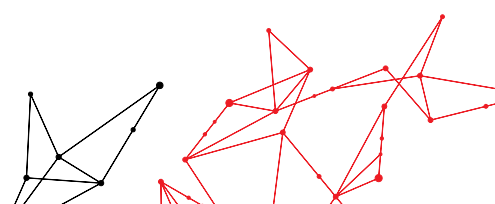
The Bank has prepared its financial statements in accordance with SBP's prescribed format. The Bank has given additional disclosures in this annual report as required under various regulations.

Branch Network

Please visit our website for the Bank's branch network. <https://www.bankalfalah.com/list-of-branch-network/>

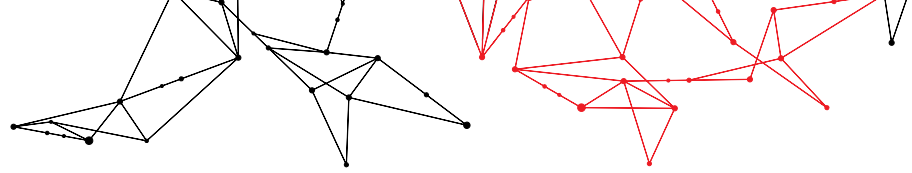
Assurance and Other Review

The external auditors of the bank conducted certain assurance, agreed upon procedure and other reviews. This includes Shariah Governance Audit, Report on Capital Adequacy, Review of Statement of Compliance with Code of Corporate Governance, tax related certification and other regulatory certifications.



CORPORATE REPORTING





Independent Auditors' Report

To the members of Bank Alfalah Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Bank Alfalah Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 60 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

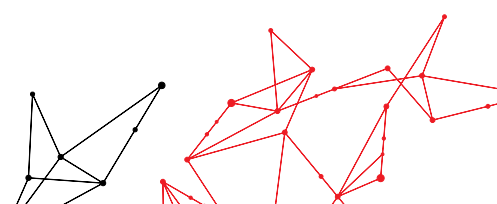
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent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

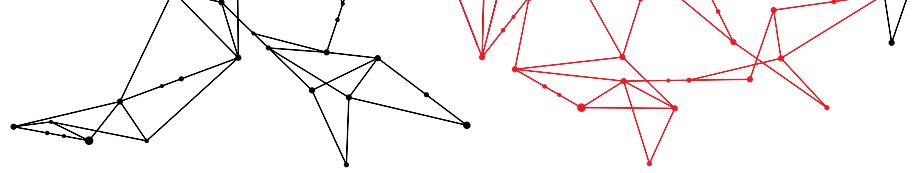
Key Audit Matters

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

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances: (Refer notes 4.4 & 9.6 to the unconsolidated financial statements).</p>	
	<p>The Bank makes specific and general provisions against advances in Pakistan operations in accordance with the requirements of the Prudential Regulations (PRs) issued by the State Bank of Pakistan from time to time and the management assumptions.</p> <p>The net provision made / reversed during the year against advances is charged to the unconsolidated profit and loss account and accumulated provision is netted-off against advances.</p> <p>Provision pertaining to overseas advances is made in accordance with the requirements of the regulatory authorities of the respective countries.</p> <p>The Bank has recognised a net provision against advances amounting to Rs. 10,509.002 million in the unconsolidated profit and loss account in the current year. As at December 31, 2023, the Bank holds a provision of Rs. 42,235.467 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against domestic advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> ▪ controls over correct classification of non-performing advances on time-based criteria; ▪ controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; ▪ controls over accurate computation and recording of provision; and ▪ controls over the governance and approval process related to provision, including continuous reassessment by the management. <p>We selected a sample of advances accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> ▪ checked repayments of advances / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and ▪ evaluated the management's assessment for classification of borrower's advances facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of accounting policy by recomputing the provision amount in accordance with the criteria prescribed under the accounting policy.</p> <p>We issued instructions to the auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed the following audit procedures for a sample of advances customers and reported the results thereof to us.</p>





S.No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> ▪ examined supporting documentation such as agreements, repayment schedules, repayment history and collateral details; and ▪ assessed the adequacy of provision for expected credit losses (ECL) in line with the local regulatory guidelines / IFRS 9. <p>For ECL computed under IFRS 9:</p> <ul style="list-style-type: none"> ▪ updated the understanding of ECL accounting estimate and assessed the reasonableness and appropriateness of the methodology and assumptions used in various components of ECL modelling; and ▪ tested the completeness and accuracy of data used within the ECL calculation. <p>We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.</p>

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

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

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

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

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

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

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

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

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

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

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

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

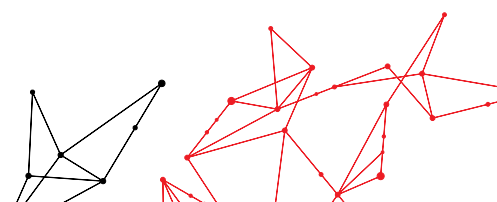
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

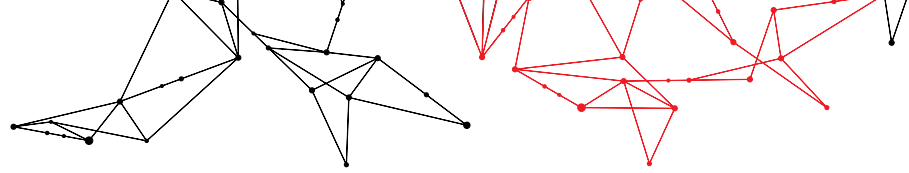
We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;





- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended December 31, 2022, were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated February 21, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: February 24, 2024

UDIN: AR202310061LeR7vIEQD

Unconsolidated Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	5	202,692,402	140,613,348
Balances with other banks	6	16,617,834	9,485,380
Lendings to financial institutions	7	119,554,109	115,353,599
Investments	8	2,067,262,700	1,114,406,758
Advances	9	735,051,510	732,374,851
Fixed assets	10	61,767,681	48,424,722
Intangible assets	11	1,369,899	1,296,297
Deferred tax assets	12	6,008,159	9,012,648
Other assets	13	135,592,533	82,229,125
		3,345,916,827	2,253,196,728
LIABILITIES			
Bills payable	14	26,004,538	40,033,806
Borrowings	15	909,543,453	491,179,531
Deposits and other accounts	16	2,084,997,130	1,486,845,346
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	18	173,448,873	121,123,422
		3,207,993,994	2,153,182,105
NET ASSETS		<u>137,922,833</u>	<u>100,014,623</u>
REPRESENTED BY			
Share capital	19	15,771,651	15,771,651
Reserves		41,401,130	34,283,201
Surplus on revaluation of assets	20	11,268,364	4,858,723
Unappropriated profit		69,481,688	45,101,048
		<u>137,922,833</u>	<u>100,014,623</u>
CONTINGENCIES AND COMMITMENTS	21		

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The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

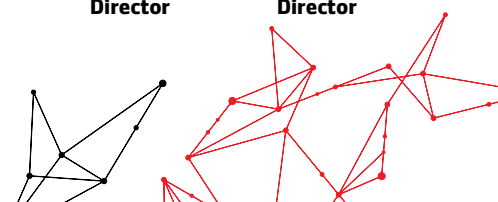
President & Chief Executive Officer

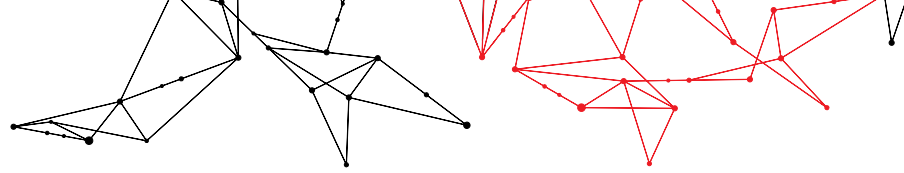
Chief Financial Officer

Director

Director

Director





Unconsolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023 ------(Rupees in '000)-----	2022
Mark-up / return / interest earned	23	411,947,673	214,053,719
Mark-up / return / interest expensed	24	285,877,301	136,811,589
Net mark-up / return / interest income		126,070,372	77,242,130
NON MARK-UP / RETURN / INTEREST INCOME			
Fee and commission income	25	14,813,438	10,841,833
Dividend income		1,321,057	1,232,315
Foreign exchange income	26	9,554,818	9,218,628
Gain from derivatives		1,760,669	331,578
Gain / (loss) on securities	27	280,150	(66,708)
Other income	28	333,791	325,808
Total non-mark-up / interest income		28,063,923	21,883,454
Total Income		154,134,295	99,125,584
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	64,503,026	49,562,235
Workers' welfare fund	30	1,714,807	907,442
Other charges	31	279,412	27,178
Total non-mark-up / interest expenses		66,497,245	50,496,855
Profit before provisions		87,637,050	48,628,729
Provisions and write offs - net	32	9,461,990	12,468,424
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		78,175,060	36,160,305
Taxation	33	41,718,688	17,953,860
PROFIT AFTER TAXATION		36,456,372	18,206,445
-----Rupees-----			
Basic and diluted earnings per share	34	23.12	10.27

The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	----- (Rupees in '000) -----	
Profit after taxation for the year	36,456,372	18,206,445
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	3,472,292	2,508,593
Movement in surplus / (deficit) on revaluation of investments - net of tax	6,633,530	(6,317,573)
	10,105,822	(3,808,980)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	118,891	(294,012)
Movement in surplus on revaluation of investments - net of tax	4,538	-
Movement in surplus on revaluation of operating fixed assets - net of tax	(107,226)	(82,236)
Movement in surplus on revaluation of non-banking assets - net of tax	4,221	31,823
	20,424	(344,425)
Total comprehensive income	46,582,618	14,053,040

The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

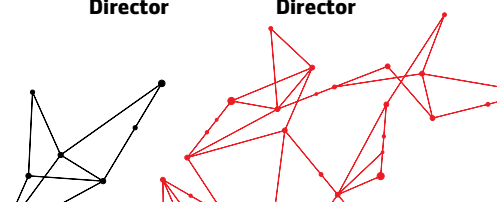
President & Chief Executive Officer

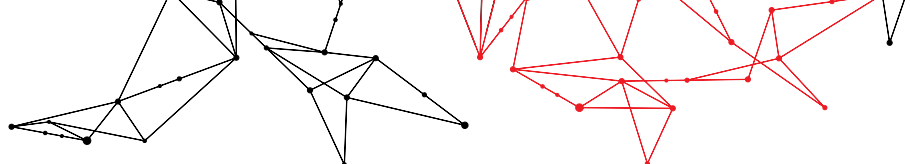
Chief Financial Officer

Director

Director

Director





Unconsolidated Statement of Changes In Equity

For the year ended December 31, 2023

	Capital reserves			Statutory reserve	Surplus/(deficit) on revaluation			Unappropriated profit	Total
	Share premium	Exchange translation reserve			Investments	Fixed assets	Non banking assets		
	(Rupees in '000)								
Balance as at January 1, 2022	17,771,651	4,731,049	8,211,089	17,011,825	(1,227,301)	12,580,193	87,688	40,836,487	100,002,681
Profit after taxation	-	-	-	-	-	-	-	18,206,445	18,206,445
Other comprehensive income / (loss) - net of tax	-	-	2,508,593	-	(6,317,573)	(82,236)	31,823	(294,012)	(4,153,405)
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,884	(36,884)	-	-
Transfer to statutory reserve	-	-	-	1,820,645	-	-	-	(1,820,645)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(213,749)	(122)	213,871	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)
Balance as at December 31, 2022	<u>15,771,651</u>	<u>4,731,049</u>	<u>10,719,682</u>	<u>18,832,470</u>	<u>(7,544,874)</u>	<u>12,321,092</u>	<u>82,505</u>	<u>45,101,048</u>	<u>100,014,623</u>
Profit after taxation	-	-	-	-	-	-	-	36,456,372	36,456,372
Other comprehensive income / (loss) - net of tax	-	-	3,472,292	-	6,638,068	(107,226)	4,221	118,891	10,126,246
Transfer to statutory reserve	-	-	-	3,645,637	-	-	-	(3,645,637)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(125,422)	-	125,422	-
Transactions with owners, recorded directly in equity									
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)
Balance as at December 31, 2023	<u>15,771,651</u>	<u>4,731,049</u>	<u>14,191,974</u>	<u>22,478,107</u>	<u>(906,806)</u>	<u>12,088,444</u>	<u>86,726</u>	<u>69,481,688</u>	<u>137,922,833</u>

The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

Unconsolidated Cash Flow Statement

For the year ended December 31, 2023

	Note	2023 ------(Rupees in '000)-----	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		78,175,060	36,160,305
less: Dividend income		(1,321,057)	(1,232,315)
		<u>76,854,003</u>	<u>34,927,990</u>
Adjustments			
Depreciation	29	6,881,842	5,405,354
Amortisation	29	326,796	351,233
Provisions and write offs - net	32	9,461,990	12,468,424
Unrealised loss on revaluation of investments classified as held for trading - net	27	377,898	16,319
Gain on sale of operating fixed assets and non banking assets - net	28	(144,975)	(121,009)
Gain on termination of leases (IFRS 16) - net	28	(112,863)	(121,876)
Borrowing cost on lease liability	24	2,657,661	1,921,115
Workers' Welfare Fund	30	1,714,807	907,442
Charge for defined benefit plan	29.1	413,244	282,939
Charge for staff compensated absences	29.1	172,625	67,268
		<u>21,749,025</u>	<u>21,177,209</u>
		<u>98,603,028</u>	<u>56,105,199</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(12,456,475)	(60,076,346)
Held for trading securities		(266,488,616)	87,580,431
Advances		(13,185,661)	(67,438,026)
Other assets (excluding advance taxation)		(53,313,539)	(25,949,649)
		<u>(345,444,291)</u>	<u>(65,883,590)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(14,029,268)	17,208,306
Borrowings		419,780,896	104,259,995
Deposits		598,151,784	347,800,740
Other liabilities (excluding current taxation)		42,052,259	28,218,056
		<u>1,045,955,671</u>	<u>497,487,097</u>
		<u>799,114,408</u>	<u>487,708,706</u>
Contribution made to gratuity fund		(467,002)	(268,817)
Income tax paid		(42,206,041)	(16,978,444)
Net cash generated from operating activities		<u>756,441,365</u>	<u>470,461,445</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(590,838,096)	(397,937,132)
Net investments in held-to-maturity securities		(83,081,475)	(10,879,143)
Investment in subsidiary		-	(5,217)
Dividends received		1,310,626	1,232,315
Investments in operating fixed assets		(12,780,582)	(8,687,657)
Proceed from sale of fixed assets and non banking assets		217,036	441,914
Effect of translation of net investment in foreign branches		3,472,292	2,508,593
Net cash used in investing activities		<u>(681,700,199)</u>	<u>(413,326,327)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of sub-ordinated debt		-	7,000,000
Payment of leased obligations		(5,054,441)	(3,814,458)
Purchase of own shares		-	(6,043,855)
Dividend paid		(7,274,936)	(3,382,063)
Net cash used in financing activities		<u>(12,329,377)</u>	<u>(6,240,376)</u>
Increase in cash and cash equivalents		<u>62,411,789</u>	<u>50,894,742</u>
Cash and cash equivalents at beginning of the year		204,964,135	146,521,439
Effects of exchange rate changes on cash and cash equivalents - gain		(19,476,005)	(11,928,051)
		<u>185,488,130</u>	<u>134,593,388</u>
Cash and cash equivalents at end of the year	35	<u>247,899,919</u>	<u>185,488,130</u>

The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

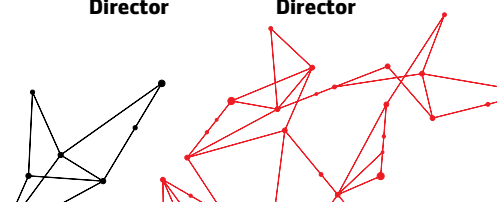
President & Chief Executive Officer

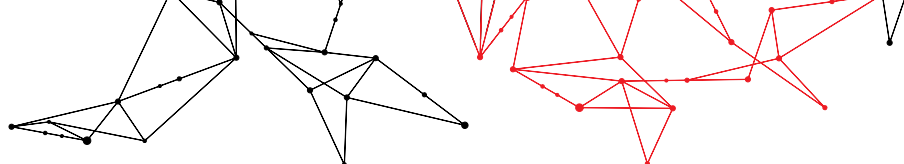
Chief Financial Officer

Director

Director

Director





Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,009 branches (2022: 877 branches) and 15 sub-branches (2022: 17 sub-branches). Out of the 1,009 branches, 650 (2022: 586) are conventional, 348 (2022: 280) are Islamic, 10 (2022: 10) are overseas and 1 (2022: 1) is an offshore banking unit.

2 BASIS OF PRESENTATION

2.1 These financial statements have been prepared in accordance with the format for preparation of the annual financial statements of the banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 02 dated January 25, 2018.

2.2 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide its SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

Moreover, the Bank has not adopted IFRS 9 in preparation of these unconsolidated financial statements, as allowed by the SBP BPRD circular no 7 of 2023 dated April 13, 2023; except for overseas branches where this standard is applicable.

2.2.1 These unconsolidated financial statements represent separate financial statements of Bank Alfalah Limited in which investments in subsidiaries and associates are accounted for as stated in note 4.3.1.

2.2.2 The management of the Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated financial statements have been prepared on a going concern basis.

2.3 Key financial figures of Islamic Banking branches are disclosed in Annexure II to these unconsolidated financial statements.

2.4 **Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current year.**

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

2.5 Standards, interpretations of and amendments to published approved accounting and reporting 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 as stated below:

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 9 'Financial instruments'	January 01, 2024
- IAS 1 - Non current liabilities with covenants (amendments)	January 01, 2024
- IFRS 16 Sale and leaseback (amendments)	January 01, 2024

The management is in the process of assessing the impact of these amendments on the unconsolidated financial statements of the Bank.

The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified a new reporting format for the financial statements of the Banking Companies. The new reporting format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2024.

2.5.1 IFRS 9 Financial Instruments

As directed by the SBP vide its BPRD Circular No. 03 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2023 for banks having asset base of more than Rs. 500 billion as at December 31, 2021. The SBP via same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard on the banks. Subsequently, the SBP vide its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023 deferred its applicability and made it effective from January 01, 2024.

During the year ended December 31, 2023, the management of the Bank has performed a detailed impact assessment of various aspects of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. However, the Bank expects an increase in the loss allowance resulting in a negative impact on equity. In addition, the Bank will implement changes in classification of certain financial instruments at the time of adoption. These changes and impacts are discussed below:

2.5.1.1 Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Debt securities that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which these are held. The entity's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). Equity instruments are generally measured as Fair Value through Profit & Loss (FVTPL) unless the Bank elects for Fair Value through Other Comprehensive Income (FVTOCI) at initial recognition. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

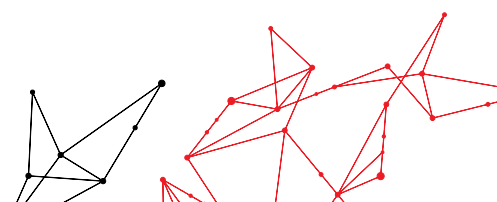
Equity securities

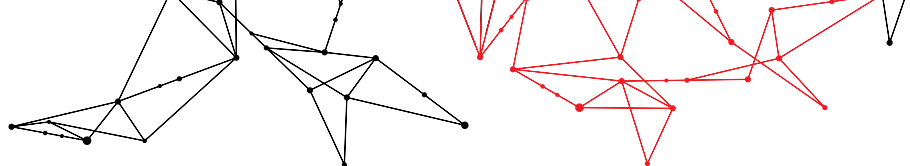
The Bank expects to continue measuring equity securities at fair value.

For certain quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in other comprehensive income (OCI), the Bank will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a material impact.

For those quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI for which FVOCI election is not made, will, instead, be measured at fair value through profit or loss (FVTPL), with mark to market impacts recorded in profit or loss for future periods. The AFS reserve related to those securities, which is currently presented as accumulated OCI, will be reclassified from revaluation surplus/deficit to retained earnings, however, there will be no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value.





Debt securities and loans and advances

Debt securities currently classified as AFS and those which pass SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those which pass SPPI test are expected to be measured at amortised costs under IFRS 9 as the business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVTPL regardless of the business model in which these are held.

2.5.1.2 Impairment

The impairment requirements apply to financial assets measured at Amortised Cost and FVOCI (other than equity instruments), loans and receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is an objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and the SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and Stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

2.5.1.3 Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognised over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue as earned.

2.5.1.4 Hedge accounting

IFRS 9 aligns hedge accounting more closely with risk management activities and establishes a more principle-based approach to hedge accounting. Based on the analysis performed, the Bank will continue applying IAS 39 hedge accounting, as permitted under IFRS 9.

2.5.1.5 Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Bank's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The SBP has issued a revised format for the financial statements of the banks for the accounting periods starting from January 1, 2024, which includes the presentation and disclosures required upon adoption of IFRS 9.

2.5.1.6 Impact of adoption of IFRS 9

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Based on the Bank's assessment, the IFRS 9 requirements are expected to have an impact on the classification and measurement of some of its financial assets and financial liabilities.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity as at January 01, 2024 is increase in equity of approximately Rs. 1,177.639 million, representing corresponding impact of:

- 1 A decrease of approximately Rs. 3,214.872 million related to impairment requirements; and
- 2 An increase of approximately Rs. 4,392.511 million related to classification and measurement requirements, other than impairment.

The banking industry awaits clarifications from the regulator for few aspects of IFRS 9 application which may have an impact on adoption.

Impact on regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Banks, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has determined that it may be appropriate for the FIs to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. An Annexure B of the 'Application Instructions' issued by the SBP has detailed the transitional arrangement relating to regulatory capital.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The estimated impact of adoption of IFRS 9 on the capital ratios of the Bank based on the transitional arrangement are as follows:

	As per adopted IFRS	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	<u>11.75%</u>	<u>11.64%</u>
Tier 1 Capital Adequacy Ratio	<u>13.19%</u>	<u>13.07%</u>
Total Capital Adequacy Ratio	<u>17.36%</u>	<u>16.74%</u>
CET1 available to meet buffers (as a percentage of risk weighted assets)	<u>5.61%</u>	<u>5.64%</u>

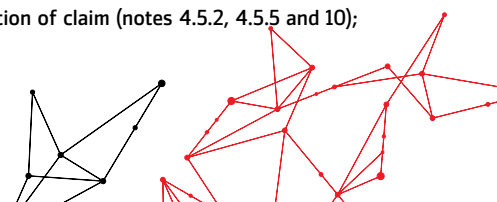
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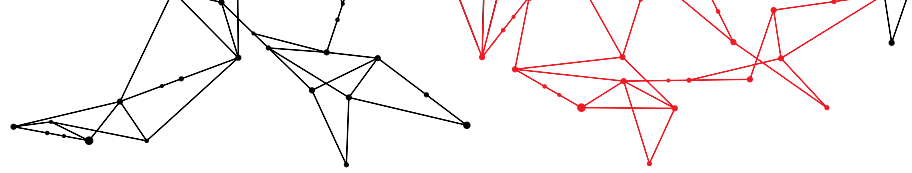
2.6 Critical accounting estimates and judgments

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

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

- i) classification and provisioning against investments (notes 4.3.1 and 8);
- ii) classification and provisioning against non-performing loans and advances (notes 4.4 and 9);
- iii) income taxes (notes 4.11 and 33);
- iv) accounting for defined benefit plan and compensated absences (notes 4.8, 37 and 39);
- v) depreciation of operating fixed assets and non banking assets acquired in satisfaction of claim (notes 4.5.2, 4.5.5 and 10);
- vi) amortisation of intangibles (notes 4.5.3 and 11);





- vii) revaluation of fixed assets and non banking assets acquired in satisfaction of claim (note 4.5.2, 4.5.5, 10 and 13.1);
- viii) impairment of non-financial assets (note 4.12);
- ix) employee stock option scheme (note 40)
- x) fair value measurement of financial instruments (note 41);
- xi) Provision against other assets and other provisions (notes 4.14 and 13.3);
- xii) Provision against off balance sheet obligations and contingent liabilities (notes 4.13, 4.15, 18.1, and 21);
- xiii) determination of the lease term for lease contracts with renewal and termination options (the Bank as a lessee) (notes 4.5.4.1, 10.3 and 18.2); and
- xiv) incremental borrowing rate (note 4.5.4.1).

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except that certain fixed assets and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified as held for trading, available for sale investments, foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; and right of use of asset and related lease liability are measured at present value.

3.2 Functional and presentation currency

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

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, overdrawn nostro accounts and call lendings having original maturity of three months or less.

4.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repurchase agreements (repo) and agreements to resell (reverse repo) at contracted rates for a specified period of time. These are recorded as below:

4.2.1 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these unconsolidated financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

4.2.2 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in these unconsolidated financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

4.2.3 Bai Muajjal

The Bank enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The 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 life of the transaction.

Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis and are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost over the life of the transaction.

4.3 Investments

4.3.1 Classification

The Bank classifies its investments as follows:

Held for trading

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

Held to maturity

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

Available for sale

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

Associates

Associates are all entities over which the Bank has significant influence but not control. Investment in associates is carried at cost less accumulated impairment losses, if any.

Subsidiary

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

4.3.2 Regular way contracts

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

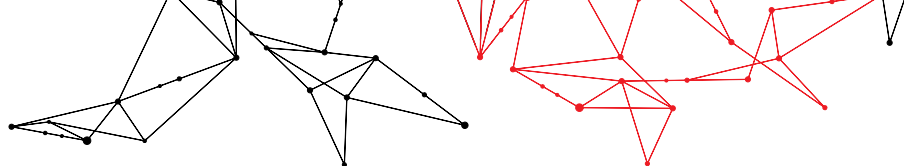
4.3.3 Initial recognition and measurement

Investments are initially recognised at fair value. Transaction costs associated with investments other than held for trading securities are included in the cost of investments. Transaction costs on held for trading securities are expensed in the profit and loss account.

4.3.4 Subsequent measurement

In accordance with the requirements of the SBP, quoted securities other than those classified as 'held to maturity', investment in associates and subsidiaries are subsequently remeasured to market value. Surplus and deficit arising on revaluation of securities classified as 'available for sale' is taken to a separate account shown in the statement of financial position. Surplus / (deficit) arising on revaluation of investments classified as 'held for trading' is taken to the profit and loss account. Investments classified as 'held to maturity' are carried at amortised cost.





Unquoted equity securities, excluding investment in subsidiaries and associates are valued at lower of cost and the break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiaries and associates are carried at cost, less accumulated impairment losses, if any. Details of valuation techniques used in determination of fair value are included in note 41.1 of these unconsolidated financial statements.

4.3.5 Impairment

The Bank determines provision for diminution in the value of debt securities as per the Prudential Regulations issued by the SBP. When a debt security, other than a government security, is classified as available-for-sale and considered to be impaired, the balance in the surplus / deficit on revaluation of securities account is transferred to the profit and loss account as an impairment charge. If, in a subsequent period, the fair value of a debt instrument increases the impairment loss is reversed through the profit and loss account. When a debt security, other than a government security, classified as held-to-maturity and considered to be impaired, the impairment is directly charged to the profit and loss account as held-to-maturity securities are carried at amortised cost. Any subsequent reversal of an impairment loss, up to the cost of the investment in the debt security is credited to the profit and loss account.

The Bank determines impairment on available-for-sale listed equity securities when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgement. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

A decline in the carrying value of unlisted equity securities is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account.

The carrying values of investments in associates and subsidiaries are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, higher of fair value less cost to sell and value in use, the investments in associates and subsidiaries are written down to their recoverable amounts and the resulting impairment loss is taken to the profit and loss account. Any subsequent reversal of an impairment loss, upto the carrying value of the investment in associates and subsidiaries, is credited to the profit and loss account.

Provision against investments by the overseas branches is made as per the requirements of the respective countries in which the overseas branches operates.

4.4 Advances

Loans and advances

Loans and advances including net investment in finance lease are stated net of provision against non-performing loan and advances. Specific and general provisions against loans and advances in Pakistan operations are made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan from time to time and the management assumptions. General provision against high risk and flood impacted advances portfolio is based on the management's estimates as disclosed in note 9.6.5 (iii). The net provision made / reversed during the year is charged to the profit and loss account and accumulated provisions are netted-off against loan and advances. Provisions pertaining to overseas loans and advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Islamic financing and related assets

The Bank provides Islamic financing and related assets mainly through Murabaha, Ijarah, Diminishing Musharakah, Musharakah, Bai Muajjal Financing, Musawama, Salam, Istisna, Tijarah, Refinance under the SBP Islamic Refinance Schemes and financing under other government schemes. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Bank determines specific and general provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP and the management estimates/assumption. General provision against high risk and flood impacted advances portfolio is based on the management's estimates as disclosed in note 9.6.5 (iii). The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted-off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Net investment in finance lease

Leases where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Bank determines specific provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP and the management estimates / assumption. The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against net investment in finance lease. The assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Ijarah assets (IFAS 2)

Ijarah assets are stated at cost less accumulated depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received/ receivable on Ijarah under IFAS 2 are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Impairment of Ijarah rentals are determined in accordance with the Prudential Regulations of SBP. The provision for impairment of Ijarah Rentals is shown as part of 'Islamic financing and related assets'.

4.5 Fixed assets

4.5.1 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.5.2 Property and equipment

Property and equipment are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any, except land and buildings which are carried at revalued amount less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is charged by applying the straight-line method using the rates specified in note 10.2 to these unconsolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which these are disposed off.

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amounts does not differ materially from their fair value.

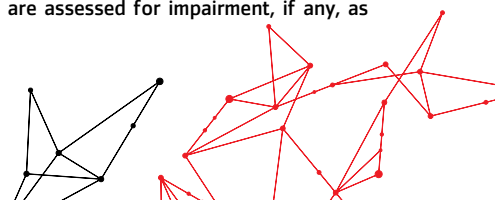
A revaluation surplus is recorded in OCI as part of surplus on revaluation of fixed asset in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the profit or loss account, the increase is recognised in the profit and loss account. A revaluation deficit is recognised in the profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. A transfer from the asset revaluation surplus to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

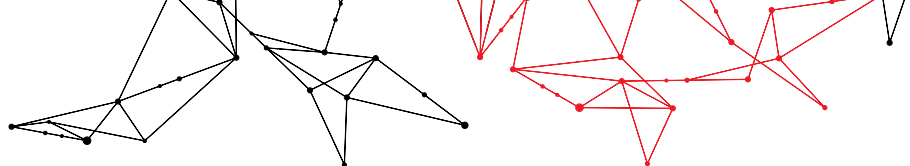
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are taken to the profit and loss account except that the related surplus / deficit on revaluation of property & equipment (net of deferred taxation) is transferred directly to unappropriated profit.

4.5.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation 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 loss, if any. Intangible assets are assessed for impairment, if any, as described under note 4.12.





4.5.4 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.5.4.1 Bank as a lessee

The Bank recognises lease liabilities to make lease payments and right-of-use assets over its lease term.

Right-of-use (RoU) assets

At the commencement date of the lease, the right-of-use 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 remeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liability

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

Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

Incremental borrowing rate (IBR)

The IBR is the rate of markup that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimates the IBR using observable inputs such as market interest rates.

4.5.4.2 Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

4.5.5 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation thereon. The valuation of properties acquired under this head is conducted as per the SBP's requirement, so as to ensure that their net carrying values do not materially differ from their fair values. Any surplus arising on revaluation of such properties is transferred to the surplus on revaluation of non-banking assets in other comprehensive income, while any deficit arising on revaluation is charged to the profit and loss account directly. Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on straight line method over the useful life of the assets. In addition, all direct costs, including legal fees and transfer costs linked with transferring the title of the property to Bank is accounted as an expense in the profit and loss account.

Any shares acquired in satisfaction of claims are stated at revalued amount at each reporting date with the corresponding deficit / surplus recognised in the Statement of Comprehensive Income.

4.6 Deposits / borrowings and their cost

- a) Borrowings and deposits are recorded at the proceeds received.
- b) Cost of deposits and borrowings are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method to the extent that these are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset.
- c) Swap cost arises when surplus foreign currency funds are sold to purchase local currency funds from the market. Swap cost is recorded as an expense in the period in which it is incurred.

4.6.1 Deposits - Islamic Banking

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

Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (Bank) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period.

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.

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.

4.7 Subordinated debts

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

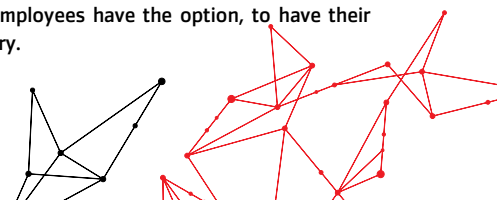
4.8 Staff retirement / employee benefits

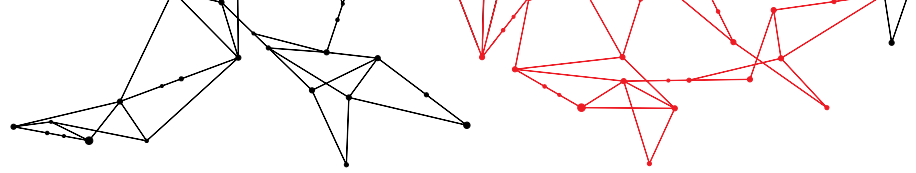
a) Defined benefit plan

The Bank operates an approved funded gratuity scheme, administered by the trustees, covering eligible employees whose period of employment with Bank is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 37.3. Actuarial gains and losses are recognised immediately in other comprehensive income.

b) Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. The Bank contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.





c) **Compensated absences**

The Bank recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision is recognised on the basis of actuarial recommendations.

d) **Share based payment**

The Bank has granted a cash award equivalent to the market value of the ordinary shares to certain employees under Phantom Shares Award. The entitlement vests with the employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 1, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, second and third vesting dates to follow 365 calendar days from the preceding vesting dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Shares Entitlement equivalent to fair market value of the Bank's share on vesting date.

The Bank recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Bank re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the profit or loss account for the period.

4.9 **Foreign currencies**

4.9.1 **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.

4.9.2 **Transactions and balances**

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase contracts relating to foreign currency deposits are realised / charged directly to the profit and loss account.

4.9.3 **Foreign operations**

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

4.9.4 **Translation gains and losses (foreign operations)**

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

4.9.5 **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 ruling on the reporting date.

4.10 **Revenue recognition**

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured.

4.10.1 **Advances and investments**

Income on performing advances and debt securities is recognized on a time proportion basis as per the terms of the contract. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

Income recoverable on classified advances and investments is recognized on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Bank and its overseas branches operate.

Murabaha income is recognised on deferred income basis.

4.10.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised as income when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

Ijarah income is recognised on an accrual basis as and when the rentals becomes due. Depreciation in case of Ijarah is netted off from markup income.

4.10.3 Non Markup / interest income

- 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 provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the related services. Unearned fee and commission are included under other liabilities.
- Dividend income is recognised at the time when the Bank's right to receive the dividend has been established.
- Other income is recognised on accrual basis.

4.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in other comprehensive income in which case it is recognised in statement of comprehensive income.

4.11.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credit and rebate, if any.

4.11.2 Prior years

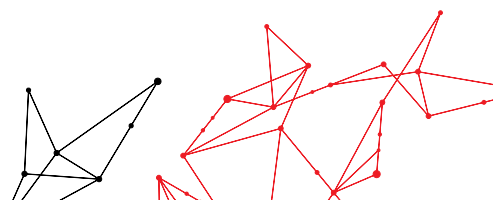
This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

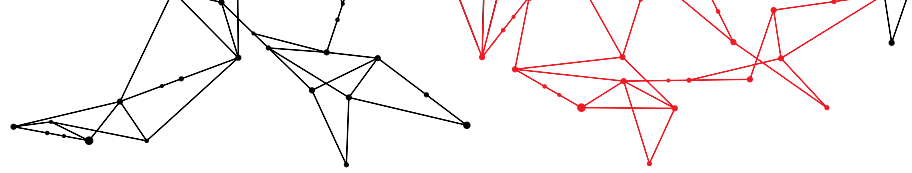
4.11.3 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The difference between the carrying value and the recoverable value is recognised through the profit and loss account as a deferred tax expense. The Bank also records a deferred tax asset / liability on items recognised directly in the statement of comprehensive income such as surplus / deficit on revaluation of assets.

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.





4.12 Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable at each reporting date. If any event exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the unconsolidated financial statements. The resulting impairment loss is taken to the profit and loss account 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.

4.13 Provision for claims under guarantees and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Bank to settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

4.14 Other provisions

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

4.15 Contingent liabilities

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

4.16 Off-setting

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

4.17 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for material financial assets and financial liabilities are disclosed in the policy notes associated with them.

4.18 Derivative financial instruments

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

4.19 Acceptances

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

4.20 Dividend and appropriation to reserves

Dividend declared and appropriations, except for transfer to statutory reserve which are 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.

4.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, consolidating the impact of treasury stocks, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure of the Bank. Segmented performance is reported to the senior management of the Bank on a monthly basis for the purpose of strategic decision making and performance management.

4.22.1 Business segments

Retail banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Bank. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

Corporate banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with the Bank's corporate and public sector customers.

Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Bank primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

Digital banking

This segment includes branchless banking accounts, deposits and lending products, digital channels (including ATMs, internet banking, call centre and alfa app), corporate, Government to Person (G2P) & Small Medium and Micro Enterprises (SMME) portfolio (including Employee Old Age Benefit (EOBI), Benazir Income Support Program (BISP), payroll solutions), digital payments and digital products.

Islamic banking (Domestic)

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

International operations

This segment comprises of business activities related to the Bank's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

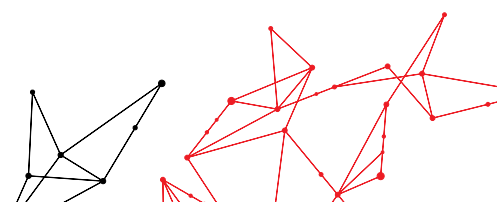
Others

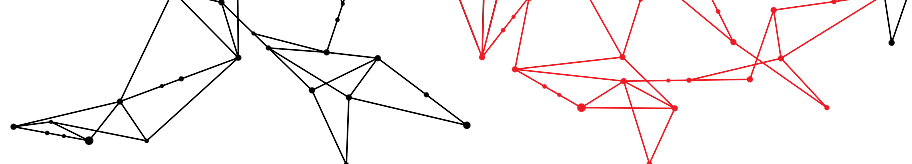
This includes the head office related activities, and all other activities not directly tagged or allocated to the segments above.

4.22.2 Geographical segments

The Bank operates in three geographical regions being:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East





	Note	2023 ------(Rupees in '000)-----	2022
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		39,440,188	34,295,195
- foreign currency		7,354,310	3,692,104
		46,794,498	37,987,299
With State Bank of Pakistan in			
- local currency current accounts	5.1	76,392,873	46,845,917
- foreign currency current accounts	5.2	8,989,528	3,528,124
- foreign currency deposit accounts	5.3	12,227,044	687,240
		97,609,445	51,061,281
With other central banks in			
- foreign currency current accounts	5.4	45,379,083	49,697,265
- foreign currency deposit accounts	5.5	1,695,718	1,679,531
		47,074,801	51,376,796
With National Bank of Pakistan in local currency current account		11,062,857	92,097
Prize bonds		186,661	95,875
		202,728,262	140,613,348
Less: expected credit loss - overseas branches		(35,860)	-
		<u>202,692,402</u>	<u>140,613,348</u>

5.1 This represents local currency current account maintained under the cash reserve requirement of the SBP.

5.2 These represent US Dollar and other foreign currency settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.

404 5.3 This represents foreign currency deposit account maintained under the special cash reserve of the SBP. Profit rates on these deposits are fixed by the SBP on a monthly basis. These deposits carry interest rate ranging from 3.39% to 4.34% (2022: 0.00% to 3.14%) per annum.

5.4 These represent deposits with other central banks pertaining to the overseas operations of the Bank to meet their minimum cash reserves and capital requirements .

5.5 These represent deposits with other central banks pertaining to the overseas operations of the Bank, in accordance with their regulatory requirements and carry interest rates ranging from 0.00% to 5.68% (2022: 0.00% to 2.04%) per annum.

	Note	2023 ------(Rupees in '000)-----	2022
6 BALANCES WITH OTHER BANKS			
In Pakistan in current accounts		11,071	17,994
Outside Pakistan			
- in current accounts	6.1	16,575,317	9,438,572
- in deposit accounts	6.2	34,503	28,814
		16,609,820	9,467,386
		16,620,891	9,485,380
Less: expected credit loss - overseas branch		(3,057)	-
		<u>16,617,834</u>	<u>9,485,380</u>

- 6.1** This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount.
- 6.2** This includes placement of funds generated through foreign currency deposits scheme (FE-25) and non-contractual deposits at interest rates ranging from 0.25% to 1.25% per annum (2022: 1.00% to 1.25% per annum).

	Note	2023	2022
----- (Rupees in '000) -----			
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	7.1	32,018,705	40,384,136
Repurchase agreement lendings (Reverse Repo)	7.2	87,535,847	74,969,700
		<u>119,554,552</u>	<u>115,353,836</u>
Less: expected credit loss - overseas branches		(443)	(237)
Lending to Financial Institutions - net of provision		<u><u>119,554,109</u></u>	<u><u>115,353,599</u></u>

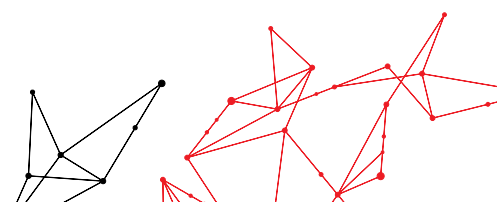
7.1 These represent lendings to financial institutions at markup rates ranging from 7.25% to 22.00% per annum (2022: 5.00% to 16.20% per annum) having maturities upto January 2024 (2022: March 2023).

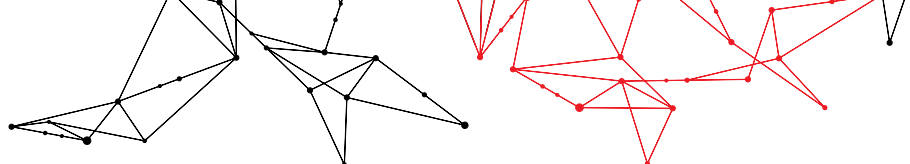
7.2 These represent short term lendings to financial institutions against investment securities. These carry markup rates ranging from 21.00% to 22.95% per annum (2022: 15.85% to 16.20% per annum) with maturities upto January 2024 (2022: January 2023).

	2023	2022
----- (Rupees in '000) -----		
7.3 Particulars of lending - gross		
In local currency	111,935,847	104,969,761
In foreign currencies	7,618,705	10,384,075
	<u>119,554,552</u>	<u>115,353,836</u>

7.4 Securities held as collateral against lending to financial institutions

	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	1,939,888	-	1,939,888	52,348,826	-	52,348,826
Pakistan Investment Bonds	85,595,959	-	85,595,959	22,620,874	-	22,620,874
Total	<u>87,535,847</u>	<u>-</u>	<u>87,535,847</u>	<u>74,969,700</u>	<u>-</u>	<u>74,969,700</u>





8 INVESTMENTS

8.1 Investments by type:

Note	2023				2022				
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	
----- (Rupees in '000) -----									
Held for trading securities									
Federal Government Securities									
- Market Treasury Bills	8.7	158,519,893	-	(283,083)	158,236,810	2,074,210	-	(2,994)	2,071,216
- Pakistan Investment Bonds	8.7	116,583,496	-	(74,689)	116,508,807	4,173,096	-	33,445	4,206,541
- Ijarah Sukuk	8.7	4,661,665	-	(15,205)	4,646,460	3,059,648	-	7,862	3,067,510
Shares									
- Ordinary shares / units - Listed		228,833	-	-	228,833	567,811	-	(49,754)	518,057
Foreign Securities									
- Overseas Bonds - Sovereign		51,626	-	(4,921)	46,705	3,698,451	-	(4,878)	3,693,573
		280,045,513	-	(377,898)	279,667,615	13,573,216	-	(16,319)	13,556,897
Available for sale securities									
Federal Government Securities									
- Market Treasury Bills	8.7	332,007,074	-	(823,401)	331,183,673	2,402	-	(7)	2,395
- Pakistan Investment Bonds	8.7	951,035,850	-	(2,440,787)	948,595,063	831,017,092	-	(7,636,247)	823,380,845
- Ijarah Sukuk	8.7	225,217,164	-	1,706,526	226,923,690	104,886,109	-	(939,360)	103,946,749
- Government of Pakistan Euro Bonds		14,715,017	(2,355,129)	(1,339,847)	11,020,041	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Naya Pakistan Certificates		5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
Shares									
- Ordinary shares - Listed	8.4.2	3,500,848	(59,818)	594,515	4,035,545	7,205,583	(829,340)	(453,569)	5,922,674
- Ordinary shares - Unlisted	8.4.2	1,211,363	(88,038)	-	1,123,325	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	8.4.2	108,835	(108,835)	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	8.4.2	25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities									
- Term Finance Certificates		3,169,109	(221,322)	-	2,947,787	2,764,517	(411,218)	(48)	2,353,251
- Sukuk		16,452,185	(96,511)	66,970	16,422,644	16,898,056	(96,511)	129,707	16,931,252
REIT Fund - Unlisted									
- Unlisted		1,000,000	-	-	1,000,000	700,000	-	-	700,000
Foreign Securities									
- Overseas Bonds - Sovereign		44,686,242	(108,774)	(1,448,004)	43,129,464	26,861,689	(64,732)	(1,679,122)	25,117,835
- Overseas Bonds - Others		24,656,200	(7,551)	(1,615,830)	23,032,819	25,310,922	(10,416)	(2,074,381)	23,226,125
- Redeemable Participating Certificates	8.1.1	5,514,371	-	-	5,514,371	4,338,537	-	-	4,338,537
- Equity security - Listed		275,698	-	8,898	284,596	-	-	-	-
		1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
Held to maturity securities									
Federal Government Securities									
- Pakistan Investment Bonds	8.7	111,987,852	-	-	111,987,852	68,564,798	-	-	68,564,798
- Ijarah Sukuk		27,754,444	-	-	27,754,444	-	-	-	-
Non Government Debt Securities									
- Term Finance Certificates		814,680	(214,680)	-	600,000	864,680	(24,680)	-	840,000
- Sukuk		3,339,720	(69,517)	-	3,270,203	1,895,679	(80,722)	-	1,814,957
Foreign Securities									
- Overseas Bonds - Sovereign		21,905,016	(238)	-	21,904,778	11,216,215	(168)	-	11,216,047
		165,801,712	(284,435)	-	165,517,277	82,541,372	(105,570)	-	82,435,802
Associates	8.1.2	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiary	8.1.2	305,217	(305,217)	-	-	305,217	(42,981)	-	262,236
Total investments		2,076,592,188	(3,660,630)	(5,668,858)	2,067,262,700	1,135,624,194	(3,794,742)	(17,422,694)	1,114,406,758

8.1.1 The adoption of IFRS 9 at Bahrain Operations of the Bank has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the SBP vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these unconsolidated financial statements.

8.1.2 Particulars of Assets and Liabilities of Subsidiaries and Associates

SUBSIDIARIES

1. Alfalah CLSA Securities (Private) Limited

Percentage of holding: 62.50% (2022: 62.50%)

Country of incorporation: Pakistan

Un-audited financial statements as of December 31, 2023

Assets	1,482,410	1,875,409
Liabilities	2,268,182	1,534,610
Revenue	706,153	461,190
(Loss) / profit for the year	(1,133,597)	7,487
Total comprehensive (loss) / income	(1,126,574)	6,072

2. Alfalah Currency Exchange (Private) Limited

The Bank has incorporated an exchange company, Alfalah Currency Exchange (Private) Limited, with an authorised capital of Rs. 2 billion. This exchange company will function as a wholly-owned subsidiary of the Bank, and will provide comprehensive foreign exchange solutions. The Bank will inject the share capital subsequent to the year end and accordingly, the company will begin operations in the year 2024.

ASSOCIATES

1. Alfalah Asset Management Limited

Percentage of holding: 40.22% (2022: 40.22%)

Country of incorporation: Pakistan

Un-audited financial statements as at December 31, 2023

Assets	2,366,955	1,769,239
Liabilities	556,130	286,611
Revenue	957,906	474,201
Profit for the year	330,820	175,722
Total comprehensive income	330,820	175,722

2. Alfalah Insurance Company Limited

Percentage of holding: 30% (2022: 30%)

Country of incorporation: Pakistan

Un-audited financial statements as at December 31, 2023

Assets	7,402,766	5,944,401
Liabilities	4,889,441	3,950,503
Revenue	1,685,318	2,218,696
Profit for the year	531,684	303,352
Total comprehensive income	619,427	260,396

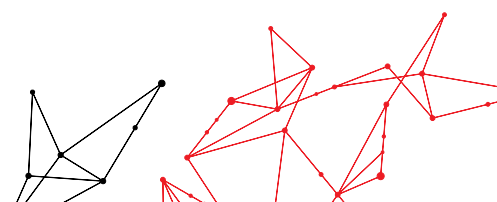
3. Sapphire Wind Power Company Limited

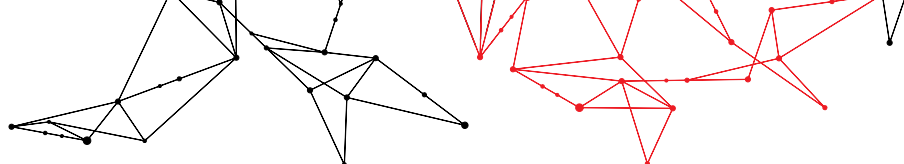
Percentage of holding: 30% (2022: 30%)

Country of incorporation: Pakistan

Un-audited financial statements as at December 31, 2023

Assets	20,656,087	17,893,681
Liabilities	6,239,010	7,245,161
Revenue for the year	6,505,651	3,659,108
Profit for the year	4,663,556	1,693,833
Total comprehensive income	4,663,556	1,693,833





Note	2023				2022			
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value

(Rupees in '000)

8.2 Investments by segments:

Federal Government Securities:

- Market Treasury Bills	490,526,967	-	(1,106,484)	489,420,483	2,076,612	-	(3,001)	2,073,611
- Pakistan Investment Bonds	1,179,607,198	-	(2,515,476)	1,177,091,722	903,754,986	-	(7,602,802)	896,152,184
- Government of Pakistan Euro Bonds	14,715,017	(2,355,129)	(1,339,847)	11,020,041	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Ijarah Sukuk	257,633,273	-	1,691,321	259,324,594	107,945,757	-	(931,498)	107,014,259
- Naya Pakistan Certificates	5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
	1,948,169,639	(2,355,129)	(3,270,486)	1,942,544,024	1,030,474,033	(2,012,101)	(13,290,649)	1,015,171,283

Shares:

- Listed Companies	3,838,516	(168,653)	594,515	4,264,378	7,882,229	(938,175)	(503,323)	6,440,731
- Unlisted Companies	1,236,363	(113,038)	-	1,123,325	1,236,363	(113,038)	-	1,123,325
	5,074,879	(281,691)	594,515	5,387,703	9,118,592	(1,051,213)	(503,323)	7,564,056

Mutual Fund / REIT Fund:

- Unlisted Company	1,000,000	-	-	1,000,000	700,000	-	-	700,000
	1,000,000	-	-	1,000,000	700,000	-	-	700,000

Non Government Debt Securities

- Listed	15,635,380	(101,705)	56,926	15,590,601	15,011,330	(1,785)	27,455	15,037,000
- Unlisted	8,140,314	(500,325)	10,044	7,650,033	7,411,602	(611,346)	102,204	6,902,460
	23,775,694	(602,030)	66,970	23,240,634	22,422,932	(613,131)	129,659	21,939,460

Foreign Securities

- Government securities	66,642,884	(109,012)	(1,452,925)	65,080,947	41,776,355	(64,900)	(1,684,000)	40,027,455
- Non Government Debt securities	30,170,571	(7,551)	(1,615,830)	28,547,190	29,649,459	(10,416)	(2,074,381)	27,564,662
- Equity security - Listed	275,698	-	8,898	284,596	-	-	-	-
	97,089,153	(116,563)	(3,059,857)	93,912,733	71,425,814	(75,316)	(3,758,381)	67,592,117

Associates

- Alfalah Insurance Company Limited	68,990	-	-	68,990	68,990	-	-	68,990
- Sapphire Wind Power Company Limited	978,123	-	-	978,123	978,123	-	-	978,123
- Alfalah Asset Management Limited	130,493	-	-	130,493	130,493	-	-	130,493
	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606

Subsidiary

- Alfalah CLSA Securities (Private) 8.3.3	305,217	(305,217)	-	-	305,217	(42,981)	-	262,236
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Total Investments	2,076,592,188	(3,660,630)	(5,668,858)	2,067,262,700	1,135,624,194	(3,794,742)	(17,422,694)	1,114,406,758
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8.2.1 Investments given as collateral

	2023	2022
	(Rupees in '000)	
- Market Treasury Bills	160,501,809	-
- Pakistan Investment Bonds	575,983,500	307,049,207
- Overseas Bonds	15,037,219	4,981,480
	<u>751,522,528</u>	<u>312,030,687</u>

The market value of securities given as collateral is Rs. 739,217.237 million (2022: Rs. 308,263.867 million).

8.3 Provision for diminution in value of investments

8.3.1 Opening balance	3,794,742	1,228,991
Exchange adjustments	576,126	66,733
Charge / (reversals)		
Charge for the year	580,917	2,668,843
Reversals for the year	(363,351)	(9,397)
Reversal on disposals	(927,804)	(160,428)
	(710,238)	2,499,018
Amount written off	-	-
Closing balance	<u>3,660,630</u>	<u>3,794,742</u>

8.3.2 Particulars of provision against debt securities

	2023		2022	
	Non Performing Investment	Provision	Non Performing Investment	Provision
------(Rupees in '000)-----				
Category of classification				
Domestic				
Loss	602,030	602,030	613,131	613,131
Total	<u>602,030</u>	<u>602,030</u>	<u>613,131</u>	<u>613,131</u>

8.3.2.1 The overseas branches hold a provision of Rs. 2,471.692 million (2022: Rs. 2,087.417 million) against investments in accordance with ECL requirements of IFRS 9.

8.3.3 The Bank has assessed that the estimated recoverable amount of the subsidiary is lower than its cost and has recorded impairment amounting to Rs 262.236 million during the year.

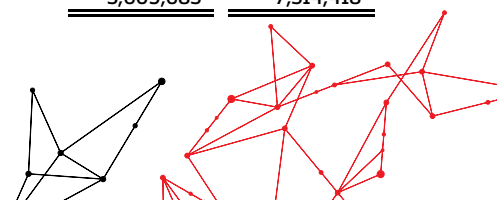
8.4 Quality of Available for Sale Securities

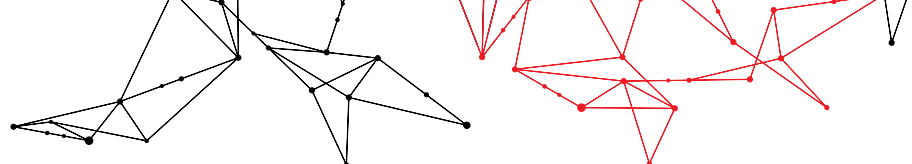
Details regarding quality of Available for Sale (AFS) securities are as follows:

	Note	2023	2022
		Cost	
------(Rupees in '000)-----			
8.4.1 Federal Government Securities - Government guaranteed			
Market Treasury Bills		332,007,074	2,402
Pakistan Investment Bonds		951,035,850	831,017,092
Ijarah Sukuk		225,217,164	104,886,109
Government of Pakistan Euro Bonds		14,715,017	11,917,603
Naya Pakistan Certificates	8.4.1.1	<u>5,687,184</u>	<u>4,779,075</u>
		<u>1,528,662,289</u>	<u>952,602,281</u>

8.4.1.1 This represents initial investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Company limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.

	2023	2022
	Cost	
------(Rupees in '000)-----		
8.4.2 Shares		
8.4.2.1 Listed Companies		
Ordinary Shares		
Sectors:		
Cement	10,286	780,439
Chemicals	17,909	17,909
Commercial Banks	587,817	1,705,078
Engineering	-	365,150
Fertilizer	975,552	1,241,121
Investment Banks	15,000	15,000
Oil and Gas Exploration Companies	738,545	1,527,575
Oil and Gas Marketing Companies	197,065	544,616
Pharmaceuticals	51,216	51,216
Power Generation & Distribution	374,524	637,028
Technology and Communication	477,258	101,521
Textile Composite	<u>55,676</u>	<u>218,930</u>
	3,500,848	7,205,583
Preference Shares		
Sector:		
Fertilizer	108,835	108,835
	<u>3,609,683</u>	<u>7,314,418</u>





8.4.2.2 Unlisted Companies

	Break up value as at	2023		2022	
		Cost	Breakup value	Cost	Breakup value
------(Rupees in '000)-----					
Ordinary Shares					
Al-Hamara Avenue (Private) Limited *	June 30, 2010	50,000	47,600	50,000	47,600
Pakistan Export Finance Guarantee Agency Limited *	June 30, 2010	5,725	286	5,725	286
Pakistan Mortgage Refinance Company Limited	Dec 31, 2022	300,000	630,871	300,000	531,479
Pakistan Corporate Restructuring Company Limited *	Dec 31, 2022	32,313	19,452	32,313	25,633
Society for worldwide Interbank Financial Telecommunication	Dec 31, 2022	4,095	35,170	4,095	30,620
TriconBoston Consulting Corporation (Private) Limited	June 30, 2023	769,230	2,621,567	769,230	2,110,880
1 Link (Private) Limited	Dec 31, 2022	50,000	733,214	50,000	428,290
		<u>1,211,363</u>	<u>4,088,160</u>	<u>1,211,363</u>	<u>3,174,788</u>
Preference Shares					
Trust Investment Bank Limited	Dec 31, 2017	25,000	27,784	25,000	27,784
		<u>1,236,363</u>	<u>4,115,944</u>	<u>1,236,363</u>	<u>3,202,572</u>

* These investments are fully provided.

8.4.3 Non Government Debt Securities

8.4.3.1 Listed

Categorised based on long term rating by Credit Rating Agencies:

- AA+, AA, AA-
- A+, A, A-
- Unrated

	2023	2022
	Cost	
	------(Rupees in '000)-----	
	550,000	-
	100,000	-
	14,985,380	15,011,330
	<u>15,635,380</u>	<u>15,011,330</u>

8.4.3.2 Unlisted

Categorised based on long term rating by Credit Rating Agencies:

- AAA
- AA+, AA, AA-
- A+, A, A-
- Unrated

	2,809,286	1,470,000
	760,500	564,167
	200,000	-
	216,128	2,617,076
	<u>3,985,914</u>	<u>4,651,243</u>
	<u>19,621,294</u>	<u>19,662,573</u>

Total Non Government Debt Securities

8.4.4 Foreign Securities

8.4.4.1 Government Securities

	2023		2022	
	Cost	Rating	Cost	Rating
------(Rupees in '000)-----				
United States of America	5,430,509	AAA	2,172,640	AAA
Republic of Korea	1,391,221	AA	1,113,527	AA
United Arab Emirates	18,029,184	AA	5,997,685	AA
Dubai	1,973,025	Unrated	1,584,180	AA/ Unrated
Abu Dhabi	1,975,422	AA	2,374,382	AA
Italy	1,658,906	Baa3u	994,050	Baa3u
Republic of Kazakhstan	623,272	BBB-	484,318	BBB-
Sharjah	2,847,969	BBB-	2,289,818	BBB-
Kingdom of Saudi Arabia	2,800,160	A1	2,243,766	A1
Republic Of Chile	30,988	A-	24,228	A1
Area Republic of Egypt	563,721	B-	452,025	B
Republic of Philippines	1,185,942	Baa2	482,786	Baa2
Indonesia	1,691,164	Baa2	2,488,648	Baa2
Republic of South Africa	1,412,667	Ba2	1,135,091	Ba2
Sultanate of Oman	2,256,559	Ba1	1,813,228	Ba3
Republic Of Turkiye	815,533	B3	1,211,317	B3
	<u>44,686,242</u>		<u>26,861,689</u>	

8.4.4.2 Non Government Debt Securities - Overseas securities

Unlisted	2023	2022
	------(Rupees in '000)-----	
Categorised based on long term rating by Credit Rating Agencies:		
- AA+, AA, AA-	281,498	2,713,169
- A+, A, A-	11,439,850	5,986,854
- BBB+, BBB, BBB-	2,818,083	9,380,644
- Baa1,B-	3,381,261	1,129,169
- A3	6,735,508	6,101,086
- Unrated	5,514,371	4,338,537
	<u>30,170,571</u>	<u>29,649,459</u>

8.4.4.3 Equity - Overseas**Listed Companies****Ordinary Shares**

Financial Services
Transportation

268,600	-
7,098	-
<u>275,698</u>	<u>-</u>

8.5 Particulars relating to Held to Maturity securities are as follows:**8.5.1 Federal Government Securities - Government guaranteed**

- Pakistan Investment Bonds	111,987,852	68,564,798
- Ijarah Sukuk	27,754,444	-
	<u>139,742,296</u>	<u>68,564,798</u>

8.5.2 Non Government Debt Securities**Unlisted**

Categorised based on long term rating by Credit Rating Agencies:

- AAA	2,638,953	1,482,850
- AA+, AA, AA-	500,000	-
- A+, A, A-	731,250	677,500
- BB+, BB, BB-	190,000	-
- Unrated	94,197	600,009
	<u>4,154,400</u>	<u>2,760,359</u>

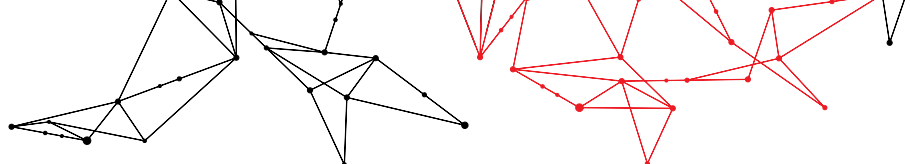
8.5.3 Foreign Securities**8.5.3.1 Government Securities**

	2023		2022	
	Cost	Rating	Cost	Rating
	------(Rupees in '000)-----			
People's Republic of Bangladesh	20,499,921	BB-	10,088,667	BB-
State of Qatar	1,405,095	AA-	1,127,548	AA-
	<u>21,905,016</u>		<u>11,216,215</u>	

8.6 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 154,796.433 million (2022 : Rs. 73,518.445 million).

8.7 Investments include securities amounting to Rs. 1,925,836.799 million (2022: Rs. 1,005,240.054 million) which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.





	Note	Performing		Non Performing		Total	
		2023	2022	2023	2022	2023	2022
		(Rupees in '000)					
Loans, cash credits, running finances, etc.	9.1 & 9.2	565,251,668	570,301,605	32,594,592	22,797,118	597,846,260	593,098,723
Islamic financing and related assets	9.3	162,102,341	149,839,163	4,872,026	4,893,861	166,974,367	154,733,024
Bills discounted and purchased		12,300,229	14,580,885	166,121	3,280,234	12,466,350	17,861,119
Advances - gross		739,654,238	734,721,653	37,632,739	30,971,213	777,286,977	765,692,866
Provision against advances							
- Specific	9.6	-	-	(32,373,670)	(25,396,608)	(32,373,670)	(25,396,608)
- General / expected credit loss	9.6	(9,861,797)	(7,921,407)	-	-	(9,861,797)	(7,921,407)
		(9,861,797)	(7,921,407)	(32,373,670)	(25,396,608)	(42,235,467)	(33,318,015)
Advances - net of provision		729,792,441	726,800,246	5,259,069	5,574,605	735,051,510	732,374,851

9.1 This includes net investment in finance Lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	285,220	2,834,942	99,839	3,220,001	374,818	4,022,648	106,060	4,503,526
Residual value	360,470	912,204	24,875	1,297,549	218,597	1,207,888	25,354	1,451,839
Minimum lease payments	645,690	3,747,146	124,714	4,517,550	593,415	5,230,536	131,414	5,955,365
Financial charges for future periods	(24,699)	(613,552)	(15,681)	(653,932)	(75,179)	(850,312)	(17,078)	(942,569)
Present value of Minimum Lease Payments	620,991	3,133,594	109,033	3,863,618	518,236	4,380,224	114,336	5,012,796

9.2 Advances include an amount of Rs. 362.630 million (2022: Rs. 339.983 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 17.99% to 41.28% (2022: 13.37% to 27.25%) with maturities up to October 2043 (2022: October 2042).

9.3 These represent financing and related assets placed under shariah permissible modes and presented in Annexure-II.

9.4 Particulars of advances (gross)

	2023	2022
	(Rupees in '000)	
In local currency	700,776,703	713,973,693
In foreign currencies	76,510,274	51,719,173
	777,286,977	765,692,866

9.5 Advances include Rs. 37,632.739 million (2022: Rs. 30,971.213 million) which have been placed under non-performing status as detailed below:

Category of classification

	2023		2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	186,364	3,568	178,723	15,814
Substandard	1,800,068	444,281	2,352,882	683,787
Doubtful	6,694,041	3,293,830	6,885,829	3,407,905
Loss	28,284,026	28,141,674	20,896,541	20,794,387
	36,964,499	31,883,353	30,313,975	24,901,893
Overseas				
Not past due but impaired				
Overdue by:				
91 to 180 days	43,013	25,688	35,903	21,952
181 to 365 days	-	-	139,472	119,706
Above 365 days	625,227	464,629	481,863	353,057
	668,240	490,317	657,238	494,715
Total	37,632,739	32,373,670	30,971,213	25,396,608

9.6 Particulars of provision against advances

Note	2023			2022		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
	(Rupees in '000)					
Opening balance	25,396,608	7,921,407	33,318,015	21,125,068	4,067,236	25,192,304
Exchange adjustments	83,703	57,723	141,426	32,240	22,887	55,127
Charge for the year	12,130,032	1,882,667	14,012,699	7,544,341	3,831,284	11,375,625
Reversals for the year	(3,503,697)	-	(3,503,697)	(2,431,826)	-	(2,431,826)
	8,626,335	1,882,667	10,509,002	5,112,515	3,831,284	8,943,799
Amounts written off	(1,732,976)	-	(1,732,976)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning up	-	-	-	(306,232)	-	(306,232)
9.7.3	-	-	-	(306,232)	-	(306,232)
9.7	(1,732,976)	-	(1,732,976)	(873,215)	-	(873,215)
Closing balance	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015

9.6.1 Particulars of provision against advances

	2023			2022		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
	(Rupees in '000)					
In local currency	30,287,016	9,437,833	39,724,849	20,953,130	7,551,647	28,504,777
In foreign currencies	2,086,654	423,964	2,510,618	4,443,478	369,760	4,813,238
	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015

9.6.2 The overseas branches hold a provision of Rs. 25.670 million (2022: Rs. 0.590 million) against advances in accordance with ECL requirements of IFRS 9.

9.6.3 The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at December 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 86.021 million (2022: Rs. 94.554 million).

9.6.4 During the year, non performing loans and provisions were reduced by Rs. 231.391 million (2022: Rs. 175.000 million) due to debt property swap transaction.

9.6.5 General provision includes:

(i) Provision held in accordance with the SBP's prudential regulations against:

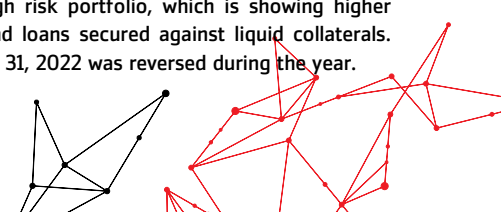
- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans, 0.5% of secured house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;

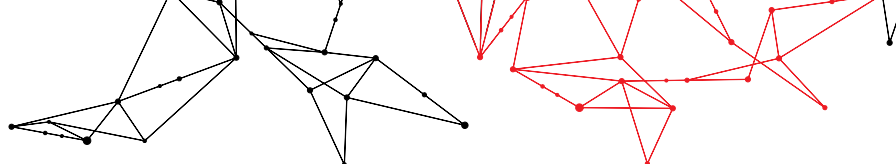
- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans, at an amount equal to 0.5% of the secured performing portfolio;

- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which the overseas branches operates; and

(iii) Provision of Rs. 7,748.000 million (2022: Rs. 4,595.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans and loans secured against liquid collaterals. Provision against flood impacted portfolio of Rs. 1,376.000 million held as at December 31, 2022 was reversed during the year.





9.6.6 As at December 31, 2022, an amount of Rs. 9,984.910 million relating to certain non performing facilities of Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan, had not been classified as non-performing, pursuant to a relaxation given by the SBP in this respect. The amount outstanding as at last year end was settled during 2023.

9.6.7 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

9.7 Particulars of Write Offs:	Note	2023	2022
		----(Rupees in '000)----	
9.7.1 Against Provisions Directly charged to the Profit & Loss account	9.7.2	1,732,976	873,215
		-	-
		<u>1,732,976</u>	<u>873,215</u>
9.7.2 Write Offs of Rs. 500,000 and above :			
- Domestic	9.8	1,189,276	501,385
- Overseas		-	147,733
Write Offs below Rs. 500,000		543,700	224,097
		<u>1,732,976</u>	<u>873,215</u>

9.7.3 As allowed by the SBP circular no. 06 of 2007 dated June 05, 2007, the Bank in year 2022 had written off Rs. 306.232 million as part of the balance sheet cleanup exercise. The Bank holds enforceable collateral in the event of recovery through litigation.

9.8 Details of Loan Write Off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given as Annexure-I to these unconsolidated financial statements.

10 FIXED ASSETS	Note	2023	2022
		----(Rupees in '000)----	
Capital work-in-progress	10.1	3,525,139	944,206
Property and equipment	10.2	38,290,971	32,090,993
Right-of-use assets	10.3	19,951,571	15,389,523
		<u>61,767,681</u>	<u>48,424,722</u>
10.1 Capital work-in-progress			
Civil works		2,454,986	706,019
Equipment		999,120	214,126
Others		71,033	24,061
		<u>3,525,139</u>	<u>944,206</u>

10.2 Property and equipment

	2023								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total
	----- (Rupees in '000) -----								
At January 1, 2023									
Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,442,532	19,943,325	458,877	53,312,862
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,951,566)	(13,620,848)	(340,513)	(21,221,869)
Net book value	<u>10,122,880</u>	<u>4,639,157</u>	<u>2,810,927</u>	<u>4,088,231</u>	<u>3,497,991</u>	<u>490,966</u>	<u>6,322,477</u>	<u>118,364</u>	<u>32,090,993</u>
Year ended December 2023									
Opening net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	490,966	6,322,477	118,364	32,090,993
Additions	558,585	1,131,260	357,115	951,217	1,663,824	448,180	4,601,606	66,943	9,778,730
Disposals	(36,250)	-	(7,941)	-	(8,997)	(2,130)	(13,424)	(3,319)	(72,061)
Depreciation charge	-	-	(96,829)	(137,493)	(639,098)	(111,245)	(2,467,219)	(75,329)	(3,527,213)
Exchange rate adjustments	-	-	-	-	3,225	2,369	9,401	7,003	21,998
Other adjustments / transfers	-	-	31	-	559	(383)	(2,238)	555	(1,476)
Closing net book value	<u>10,645,215</u>	<u>5,770,417</u>	<u>3,063,303</u>	<u>4,901,955</u>	<u>4,517,504</u>	<u>827,757</u>	<u>8,450,603</u>	<u>114,217</u>	<u>38,290,971</u>
At December 31, 2023									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,837,353	23,548,519	510,450	62,019,594
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,009,596)	(15,097,916)	(396,233)	(23,728,623)
Net book value	<u>10,645,215</u>	<u>5,770,417</u>	<u>3,063,303</u>	<u>4,901,955</u>	<u>4,517,504</u>	<u>827,757</u>	<u>8,450,603</u>	<u>114,217</u>	<u>38,290,971</u>
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

2022								
Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total

(Rupees in '000)

At January 1, 2022

Cost / revalued amount	8,671,629	4,298,244	2,334,727	4,036,640	6,939,239	2,272,731	16,547,764	406,835	45,507,809
Accumulated depreciation	-	-	-	-	(4,716,211)	(1,873,805)	(12,083,249)	(268,229)	(18,941,494)
Net book value	8,671,629	4,298,244	2,334,727	4,036,640	2,223,028	398,926	4,464,515	138,606	26,566,315

Year ended December 2022

Opening net book value	8,671,629	4,298,244	2,334,727	4,036,640	2,223,028	398,926	4,464,515	138,606	26,566,315
Additions	1,532,030	345,000	577,277	182,980	1,734,400	187,576	3,734,120	36,040	8,329,423
Disposals	(302,000)	-	(12,811)	-	(1,847)	(659)	(12,788)	-	(330,105)
Depreciation charge	-	-	(89,381)	(125,342)	(436,547)	(95,481)	(1,869,042)	(61,912)	(2,677,705)
Exchange rate adjustments	-	-	-	-	1,660	1,873	6,090	5,790	15,413
Other adjustments / transfers	221,221	(4,087)	1,115	(6,047)	(22,703)	(1,269)	(418)	(160)	187,652
Closing net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	490,966	6,322,477	118,364	32,090,993

At December 31, 2022

Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,442,532	19,943,325	458,877	53,312,862
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,951,566)	(13,620,848)	(340,513)	(21,221,869)
Net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	490,966	6,322,477	118,364	32,090,993

Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	
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10.2.1 Land and buildings were last revalued on December 31, 2021 on the basis of market values, determined by independent valuers M/s Akbani & Javed Associates, M/s Collier International Pakistan (Private) Limited, M/s Harvester Service (Private) Limited and M/s Hamid Mukhtar & Co. (Private) Limited. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2023 would have been Rs. 11,698.751 million (2022: Rs. 8,853.214 million).

415

2023		2022	
Net book value at Cost	Net book value at Revalued amount	Net book value at Cost	Net book value at Revalued amount

(Rupees in '000)

Freehold land	4,052,051	10,645,215	3,493,067	10,122,880
Leasehold land	2,763,311	5,770,417	1,632,051	4,639,157
Buildings on freehold land	2,326,268	3,063,303	2,047,928	2,810,927
Buildings on leasehold land	2,557,121	4,901,955	1,680,168	4,088,231
	11,698,751	24,380,890	8,853,214	21,661,195

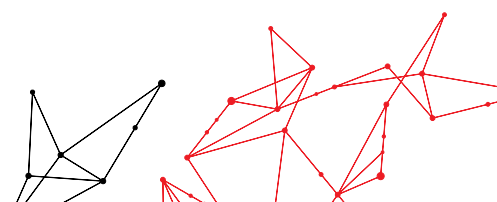
2023 **2022**
-----**(Rupees in '000)**-----

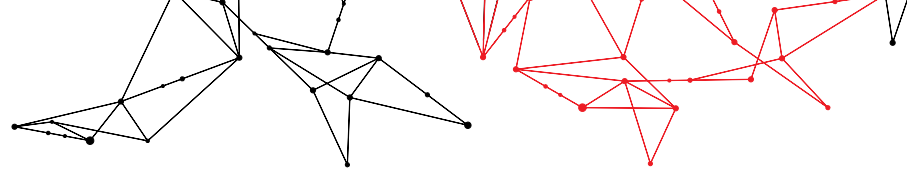
10.2.2 The cost of fully depreciated assets that are still in the Bank's use are as follows:

Furniture and fixture	1,655,956	1,521,972
Office equipment	9,164,664	9,262,705
Vehicle	237,418	222,364
Leasehold improvement	3,866,870	3,280,797
	14,924,908	14,287,838

10.2.3 In 2022, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

10.2.4 Sale of fixed assets to related parties are disclosed in Annexure III to these unconsolidated financial statements.





Note
 -----(Rupees in '000)-----

10.3 Right-of-use assets

At January 1

Cost / revalued amount		22,322,416	16,873,992
Accumulated depreciation		(6,932,893)	(5,058,514)
Net book value		<u>15,389,523</u>	<u>11,815,478</u>

Year ended December 31

Opening net book value		15,389,523	11,815,478
Additions / renewals / amendments / (terminations) - net		7,837,519	6,253,323
Depreciation charge	29	(3,349,633)	(2,723,202)
Exchange rate / other adjustments		74,162	43,924
Closing net book value		<u>19,951,571</u>	<u>15,389,523</u>

At December 31

Cost / revalued amount		28,813,726	22,322,416
Accumulated depreciation		(8,862,155)	(6,932,893)
Net book value		<u>19,951,571</u>	<u>15,389,523</u>
Rate of depreciation (percentage)		<u>5% - 100%</u>	<u>5% - 100%</u>

11 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers		436,536	455,945
Software	11.1	933,363	840,352
		<u>1,369,899</u>	<u>1,296,297</u>

11.1 At January 1

Cost		5,175,819	4,714,120
Accumulated amortisation and impairment		(4,335,467)	(3,979,439)
Net book value		<u>840,352</u>	<u>734,681</u>

Year ended December 31

Opening net book value		840,352	734,681
Additions - directly purchased		419,411	457,031
Amortisation charge	29	(326,796)	(351,233)
Exchange and other adjustments		396	(127)
Closing net book value		<u>933,363</u>	<u>840,352</u>

At December 31

Cost		5,608,425	5,175,819
Accumulated amortisation and impairment		(4,675,062)	(4,335,467)
Net book value		<u>933,363</u>	<u>840,352</u>

Rate of amortisation (percentage)		<u>20%</u>	<u>20%</u>
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Useful life		<u>5 years</u>	<u>5 years</u>
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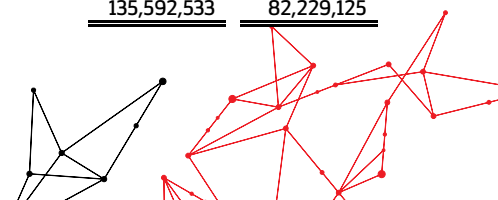
11.2 Included in cost of intangible assets (software) are fully amortised items still in use having cost of Rs. 3,747.199 million (2022: Rs. 3,481.433 million).

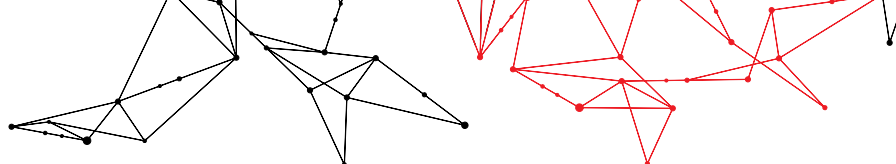
12 DEFERRED TAX ASSETS

2023				
At January 1, 2023	Recognised in P&L (charge) / reversal	Recognised in OCI	At December 31, 2023	
------(Rupees in '000)-----				
Deductible Temporary Differences on:				
- Provision against investments	1,702,211	522,167	-	2,224,378
- Provision against advances	3,096,128	1,087,190	-	4,183,318
- Unrealised loss on revaluation of held for trading investments	7,017	184,878	-	191,895
- Deficit on revaluation of available for sale investments	5,691,747	-	(4,820,503)	871,244
- Provision against other assets	1,001,744	249,099	-	1,250,843
- Provision against lending to financial institutions	32	41	-	73
- Workers' Welfare Fund	604,100	924,548	-	1,528,648
	12,102,979	2,967,923	(4,820,503)	10,250,399
Taxable Temporary Differences on:				
- Surplus on revaluation of fixed assets	(486,889)	420	(107,226)	(593,695)
- Surplus on revaluation of non banking assets	(63,108)	-	(22,487)	(85,595)
- Accelerated tax depreciation	(2,540,334)	(1,022,616)	-	(3,562,950)
	(3,090,331)	(1,022,196)	(129,713)	(4,242,240)
	<u>9,012,648</u>	<u>1,945,727</u>	<u>(4,950,216)</u>	<u>6,008,159</u>
2022				
At January 1, 2022	Recognised in P&L (charge) / reversal	Recognised in OCI	At December 31, 2022	
------(Rupees in '000)-----				
Deductible Temporary Differences on:				
- Provision against investments	463,795	1,238,416	-	1,702,211
- Provision against advances	2,899,949	196,179	-	3,096,128
- Unrealised gain / (loss) on revaluation of held for trading investments	164,991	(157,974)	-	7,017
- Deficit on revaluation of available for sale investments	562,201	-	5,129,546	5,691,747
- Provision against other assets	729,865	271,879	-	1,001,744
- Provision against lending to financial institutions	81	(49)	-	32
- Workers' Welfare Fund	-	604,100	-	604,100
	4,820,882	2,152,551	5,129,546	12,102,979
Taxable Temporary Differences on:				
- Surplus on revaluation of fixed assets	(473,110)	92,233	(106,012)	(486,889)
- Surplus on revaluation of non banking assets	(84,039)	-	20,931	(63,108)
- Accelerated tax depreciation	(1,959,463)	(580,871)	-	(2,540,334)
	(2,516,612)	(488,638)	(85,081)	(3,090,331)
	<u>2,304,270</u>	<u>1,663,913</u>	<u>5,044,465</u>	<u>9,012,648</u>

13 OTHER ASSETS

	Note	2023	2022
------(Rupees in '000)-----			
Income / mark-up accrued in local currency - net of provision		81,665,580	42,710,321
Income / mark-up accrued in foreign currency - net of provision		2,402,118	2,011,398
Advances, deposits, advance rent and other prepayments		8,651,936	3,542,062
Advance against subscription of share		140,000	-
Non-banking assets acquired in satisfaction of claims	13.1	1,684,771	1,439,606
Dividend receivable		10,431	-
Mark to market gain on forward foreign exchange contracts		2,606,750	922,573
Mark to market gain on derivatives	22.1	4,175,322	4,795,545
Stationery and stamps on hand		11,350	23,253
Defined benefit plan	37.4	440,585	153,707
Branch adjustment account		-	24,430
Due from card issuing banks		4,829,866	4,544,609
Accounts receivable		3,336,986	5,180,427
Claims against fraud and forgeries	13.2	126,066	119,455
Acceptances		24,618,660	19,090,181
Receivable against Government of Pakistan and overseas government securities		2,925,206	131,517
Receivable against marketable securities		692,656	-
Others		86,206	66,212
		<u>138,404,489</u>	<u>84,755,296</u>
Less: Provision held against other assets	13.3	<u>(2,984,277)</u>	<u>(2,671,784)</u>
Other assets (net of provision)		<u>135,420,212</u>	<u>82,083,512</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	13.1 & 20.2	<u>172,321</u>	<u>145,613</u>
Other assets - total		<u>135,592,533</u>	<u>82,229,125</u>





	2023	2022
	----- (Rupees in '000) -----	
13.1 Market value of non-banking assets acquired in satisfaction of claims:		
- Properties	1,844,619	1,578,141
- Shares	12,473	7,078
	<u>1,857,092</u>	<u>1,585,219</u>

The Non-banking assets (properties) of the Bank have been revalued by independent professional valuers as at December 31, 2023. The revaluation was carried out by M/s. Harvester Service (Private) Limited, M/s Akbani & Javed Associates, M/s. K.G Traders, M/s. Creative Consultants & Construction and M/s Surval (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 26.708 million (2022: Rs. 34.668 million).

	Note	2023	2022
		----- (Rupees in '000) -----	
13.1.1 Non-banking assets acquired in satisfaction of claims - gross of provision			
Opening balance		1,585,219	1,606,918
Additions		245,960	175,000
Disposals	13.1.2	-	(300)
Revaluation (charged to OCI)		26,708	34,668
Reversal of deficit / (deficit) on revaluation (charged to Profit and loss account)	32	4,201	(4,201)
Transfer to property and equipment	13.1.1.1	-	(222,419)
Depreciation	29	(4,996)	(4,447)
Closing balance		<u>1,857,092</u>	<u>1,585,219</u>

13.1.1.1 In 2022, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

	2023	2022
	----- (Rupees in '000) -----	
13.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims		
Disposal proceeds	-	9,200
less		
- Cost	-	300
- Depreciation / Impairment	-	(300)
	-	-
Gain on disposal	<u>-</u>	<u>9,200</u>

13.2 This represents fraud and forgery amount receivable from the insurance company and other sources. Provision has been held against non-recoverable amount.

	Note	2023	2022
		----- (Rupees in '000) -----	
13.3 Provision held against other assets			
Impairment against overseas operation	13.3.2	2,359,988	2,114,963
Expected credit loss (overseas operation)		46,807	10,397
Fraud and forgeries		126,066	119,455
Accounts receivable		67,807	38,349
Others		383,609	388,620
		<u>2,984,277</u>	<u>2,671,784</u>

13.3.1 Movement in provision held against other assets

Opening balance		2,671,784	1,309,288
Exchange and other adjustments		2,531	35,684
Charge for the year	13.3.2	394,024	1,493,475
Reversals for the year		(83,100)	(164,308)
		310,924	1,329,167
Amount written off		(962)	(2,355)
Closing balance		<u>2,984,277</u>	<u>2,671,784</u>

13.3.2 The Bank, in light of uncertain conditions in one of the countries where the Bank operates, holds an impairment of Rs. 2,359.988 million (2022: Rs. 2,114.963 million) against the cross border risk.

	2023	2022
	----- (Rupees in '000) -----	
14 BILLS PAYABLE		
In Pakistan	24,750,227	37,705,524
Outside Pakistan	1,254,311	2,328,282
	<u>26,004,538</u>	<u>40,033,806</u>

15 BORROWINGS	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
Secured			
Borrowings from State Bank of Pakistan			
Export Refinance Scheme		43,281,491	53,477,830
Long-Term Finance Facility		24,595,991	28,643,178
Financing Facility for Renewable Energy Projects		11,891,156	11,917,647
Financing Facility for Storage of Agriculture Produce (FFSAP)		532,102	738,979
Refinance for Wages & Salaries		-	300,821
Temporary Economic Refinance Facility (TERF)		48,528,109	49,721,502
Export Refinance under Bill Discounting		14,244,331	10,633,712
SME Asaan Finance (SAAF)		2,096,250	949,413
Refinance Facility for Combating COVID (RFCC)		988,049	692,957
Refinance and Credit Guarantee Scheme for Women Entrepreneurs		125,595	279,374
Modernization of Small and Medium Entities (MSMES)		1,205,658	871,659
Other refinance schemes		553	890
Repurchase agreement borrowings		666,510,980	256,900,000
		814,000,265	415,127,962
Repurchase agreement borrowings		26,895,775	4,830,897
Bai Muajjal		44,830,207	42,113,040
Medium Term Note		11,000,000	11,000,000
Total secured		896,726,247	473,071,899
Unsecured			
Call borrowings		3,946,050	5,766,732
Overdrawn nostro accounts		3,467,939	4,884,913
Others			
- Pakistan Mortgage Refinance Company		2,605,576	2,180,208
- Karandaaz Risk Participation		2,797,641	2,331,958
- Other financial institutions		-	2,943,821
Total unsecured		12,817,206	18,107,632
	15.1	909,543,453	491,179,531

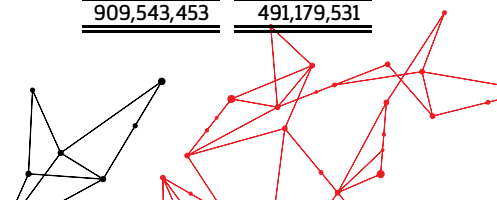
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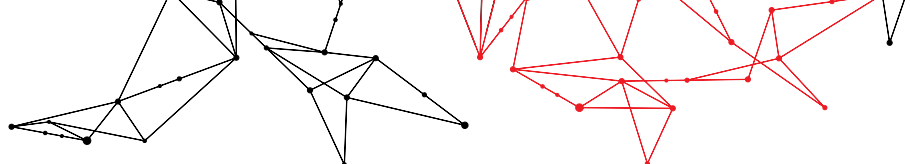
15.1 Markup & Maturities of Borrowing Facilities

	2023		2022	
	Markup per annum	Maturities upto	Markup per annum	Maturities upto
Borrowings from State Bank of Pakistan (secured)				
Export Refinance Scheme	2.00% - 18.00%	August-27	1.00% - 10.00%	August-27
Long-Term Finance Facility	2.00% - 7.00%	July-32	2.00% - 7.00%	July-32
Financing facility for renewable energy projects	2.00% - 3.00%	July-34	2.00% - 6.00%	July-34
Financing Facility for Storage of Agriculture Produce (FFSAP)	2.00% - 3.50%	December-30	2.00% - 3.50%	December-30
Refinance for Wages & Salaries	0.00%	April-23	0.00%	April-23
Temporary Economic Refinance Facility	1.00%	September-33	1.00%	October-32
Export Refinance under Bill Discounting	1.00% - 3.00%	June-24	1.00% - 2.00%	June-23
SME Asaan Finance (SAAF)	1.00% - 3.00%	June-27	1.00%	June-27
Refinance Facility for Combating COVID (RFCC)	0.00%	June-28	0.00%	June-27
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	0.00%	October-28	0.00% - 2.00%	March-29
Modernization of Small and Medium Entities (MSMES)	2.00%	September-30	2.00%	July-30
Other refinance schemes	0.00%	December-25	0.00%	December-25
Repurchase Agreement Borrowings	22.09% - 22.13%	January-24	15.23% - 16.16%	March-23
Other Borrowing (secured)				
Repurchase agreement borrowings	5.70% - 22.05%	January-24	16.15%	January-23
Bai Muajjal	3.00% - 8.48%	July-25	2.00% - 8.48%	July-25
Medium Term Note	9.03%	January-24	9.03%	January-24
Other Borrowing (unsecured)				
Call borrowings	7.10% - 7.25%	January-24	2.00% - 9.25%	January-23
Overdrawn nostro accounts	0.00%	No Maturity	0.00%	No Maturity
Others - Pakistan Mortgage Refinance Company	6.80% - 18.23%	May-27	6.50% - 8.79%	April-26
Others - Karandaaz Risk Participation	5.00% - 26.07%	October-30	7.16% - 21.90%	October-30
Others - Other financial institutions	-	-	6.00%	February-23

15.2 Particulars of borrowings with respect to currencies

	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
In local currency	889,089,600	474,023,984
In foreign currencies	20,453,853	17,155,547
	909,543,453	491,179,531





16 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
Customers						
Current deposits	722,279,949	60,513,732	782,793,681	523,834,695	131,267,950	655,102,645
Savings deposits	440,331,863	38,469,718	478,801,581	294,762,649	37,937,222	332,699,871
Term deposits	345,455,345	153,419,362	498,874,707	287,557,414	49,767,276	337,324,690
Others	44,709,160	14,317,598	59,026,758	35,941,042	8,943,974	44,885,016
	<u>1,552,776,317</u>	<u>266,720,410</u>	<u>1,819,496,727</u>	<u>1,142,095,800</u>	<u>227,916,422</u>	<u>1,370,012,222</u>
Financial Institutions						
Current deposits	4,324,374	3,241,325	7,565,699	3,196,183	3,065,704	6,261,887
Savings deposits	171,934,453	3,442,726	175,377,179	68,751,793	2,911,307	71,663,100
Term deposits	79,780,000	2,258,236	82,038,236	38,073,100	354,319	38,427,419
Others	518,072	1,217	519,289	404,457	76,261	480,718
	<u>256,556,899</u>	<u>8,943,504</u>	<u>265,500,403</u>	<u>110,425,533</u>	<u>6,407,591</u>	<u>116,833,124</u>
	<u>1,809,333,216</u>	<u>275,663,914</u>	<u>2,084,997,130</u>	<u>1,252,521,333</u>	<u>234,324,013</u>	<u>1,486,845,346</u>

16.1 Composition of deposits

	2023	2022
	----- (Rupees in '000) -----	
- Individuals	762,351,882	612,115,826
- Government (Federal and Provincial)	192,901,644	132,562,598
- Public Sector Entities	195,591,933	103,733,172
- Banking Companies	7,539,529	2,467,843
- Non-Banking Financial Institutions	257,960,874	114,365,281
- Private Sector / Others	668,651,268	521,600,626
	<u>2,084,997,130</u>	<u>1,486,845,346</u>

16.2 Current deposits include remunerative current deposits of Rs. 20,788.733 million (2022: Rs. 14,325.601 million).

16.3 Deposits include eligible deposits of Rs. 991,153.534 million (2022: Rs. 755,804.535 million) protected under Depositors Protection Mechanism introduced by the SBP.

16.4 Current deposits include prepaid cards amounting to Rs. 24.932 million (2022: Rs. 25.457 million).

17 SUBORDINATED DEBT

	Note	2023	2022
		----- (Rupees in '000) -----	
Term Finance Certificates VI - Additional Tier-I (ADT-1)	17.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	17.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>14,000,000</u>

17.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

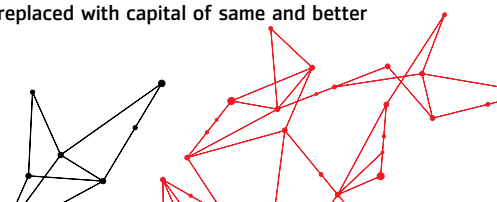
Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.

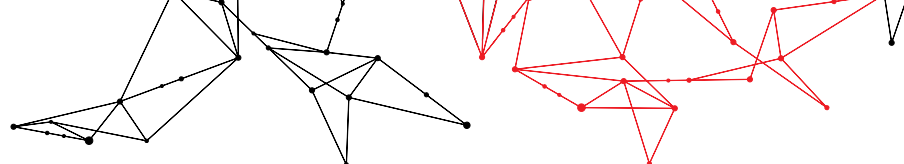
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

17.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by SBP under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature. Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.





18 OTHER LIABILITIES	Note	2023	2022
		----- (Rupees in '000) -----	
Mark-up / return / interest payable in local currency		39,434,467	16,617,807
Mark-up / return / interest payable in foreign currency		1,690,773	1,443,987
Unearned fee commission and income on bills discounted and guarantees		3,201,308	2,591,163
Accrued expenses		16,119,849	12,315,683
Current taxation		14,462,758	12,890,155
Acceptances		24,618,660	19,090,181
Dividends payable		6,166,682	4,767,210
Mark to market loss on forward foreign exchange contracts		2,779,042	455,164
Mark to market loss on derivatives	22.2	96,507	-
Branch adjustment account		73,434	-
Alternative Delivery Channel (ADC) settlement accounts		3,409,741	2,035,378
Provision for compensated absences		874,117	701,492
Payable against redemption of customer loyalty / reward points		857,241	607,208
Charity payable		114,052	65,998
Provision against off-balance sheet obligations	18.1	78,624	62,948
Security deposits against leases, lockers and others		12,983,647	13,300,923
Workers' Welfare Fund		5,093,704	3,378,897
Payable to vendors and suppliers		850,048	556,205
Margin deposits on derivatives		3,906,392	4,077,091
Payable to merchants (card acquiring)		776,097	16,536
Indirect taxes payable		3,874,309	2,360,341
Lease liabilities against right-of-use assets	18.2	22,894,533	17,495,747
Payable against marketable securities		-	339,679
Liability against share based payment		483,001	260,919
Trading liability		2,412,845	2,638,773
Others		6,197,042	3,053,937
		<u>173,448,873</u>	<u>121,123,422</u>

18.1 Provision against off-balance sheet obligations

Opening balance		62,948	137,639
Exchange adjustments		4,029	12,348
Charge / (reversal) for the year	32	11,647	(87,039)
Closing balance		<u>78,624</u>	<u>62,948</u>

18.1.1 The provision against off balance sheet obligations includes a general provision of Rs. 43.946 million (2022: Rs. 28.563 million) held in Bangladesh books, Rs. 1.728 million (2022: Rs. 1.434 million) held in Afghanistan books as required under the local regulations and a specific provision of Rs. 32.950 million (2022: Rs. 32.950 million) held in Pakistan against defaulted letter of guarantees.

18.2 Lease liabilities against right-of-use assets		2023	2022
		----- (Rupees in '000) -----	
As at January 1		17,495,747	13,189,739
Additions / renewals / amendments / (terminations) - net		7,724,656	6,150,253
Borrowing cost		2,657,661	1,921,115
Payments		(5,054,441)	(3,814,458)
Exchange rate / Other adjustment		70,910	49,098
As at December 31		<u>22,894,533</u>	<u>17,495,747</u>
Current lease liability		1,848,642	3,433,558
Non current lease liability		<u>21,045,891</u>	<u>14,062,189</u>
		<u>22,894,533</u>	<u>17,495,747</u>

19 SHARE CAPITAL**19.1 Authorised Capital**

2023	2022		2023	2022
----- (Number of shares) -----			----- (Rupees in '000) -----	
<u>2,300,000,000</u>	<u>2,300,000,000</u>	Ordinary shares of Rs. 10 each	<u>23,000,000</u>	<u>23,000,000</u>

19.2 Issued, subscribed and paid up Capital

2023	2022		2023	2022
----- (Number of shares) -----			----- (Rupees in '000) -----	
		Ordinary shares		
891,453,153	891,453,153	Fully paid in cash	8,914,531	8,914,531
885,711,966	885,711,966	Issued as bonus shares	8,857,120	8,857,120
-	(200,000,000)	Treasury shares held for cancellation	-	(2,000,000)
<u>(200,000,000)</u>	<u>-</u>	Treasury shares cancelled	<u>(2,000,000)</u>	<u>-</u>
<u>1,577,165,119</u>	<u>1,577,165,119</u>		<u>15,771,651</u>	<u>15,771,651</u>

19.3 Treasury Shares

In 2022, the Bank, pursuant to the approvals of Board of Directors and Shareholders in their meetings held on 10th November 2022 and 6th December 2022 respectively, purchased 200 million ordinary shares under the buy back scheme. The shares were purchased through Pakistan Stock Exchange Limited, at spot share price prevailing during the buy back period. The Bank has cancelled ordinary shares purchased under buy back scheme during the year.

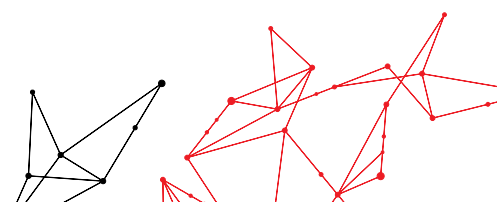
19.4 Statutory reserve

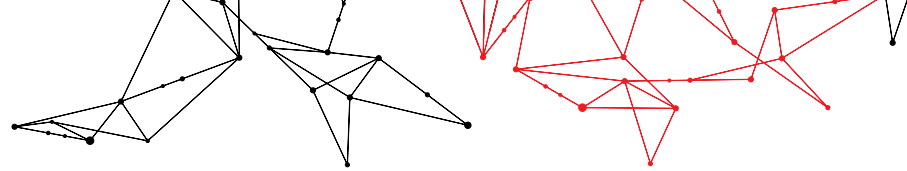
A Banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve plus share premium equals the paid-up share capital. Thereafter, 10% of the profit after tax of the banking company is required to be transferred to this reserve. Accordingly, the Bank transfers 10% of its profit after tax every year to the statutory reserve.

20 SURPLUS ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of:

	Note	2023	2022
		----- (Rupees in '000) -----	
- Available for sale securities	8.1	(5,290,960)	(17,406,375)
- Fixed Assets	20.1	12,682,139	12,807,981
- Non-banking assets acquired in satisfaction of claims	20.2	172,321	145,613
		7,563,500	(4,452,781)
Less: Deferred tax asset / (liability) on (deficit) / surplus on revaluation of:			
- Available for sale securities		2,592,570	7,484,741
- Fixed Assets	20.1	(593,695)	(486,889)
- Non-banking assets acquired in satisfaction of claims	20.2	(85,595)	(63,108)
		1,913,280	6,934,744
Derivatives related deficit		(3,512,910)	(4,169,754)
Less: Deferred tax asset on derivative		1,721,326	1,792,994
		(1,791,584)	(2,376,760)
		<u>11,268,364</u>	<u>4,858,723</u>

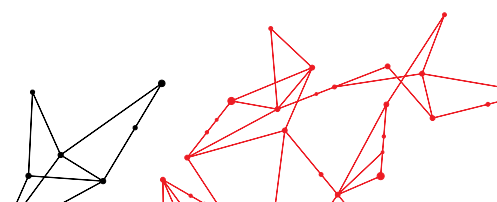


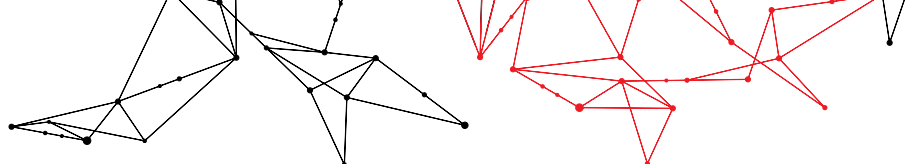


	Note	2023	2022
----- (Rupees in '000) -----			
20.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January 1		12,807,981	13,053,303
Transferred from Non banking assets to owned property - net of deferred tax		-	36,884
Related deferred tax liability on surplus transfer to owned property		-	23,776
Realised on disposal during the year - net of deferred tax		(36,684)	(124,940)
Related deferred tax liability on surplus realised on disposal		(420)	(92,233)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(88,738)	(88,809)
Surplus on revaluation of fixed assets as at December 31		12,682,139	12,807,981
Less: related deferred tax liability on:			
Revaluation as at January 1		486,889	473,110
- effect of change in tax rate		67,938	48,524
- recognised during the year		39,288	33,712
- surplus transferred to owned property		-	23,776
- surplus realised on disposal during the year		(420)	(92,233)
		593,695	486,889
		<u>12,088,444</u>	<u>12,321,092</u>
20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 1		145,613	171,727
Recognised during the year		26,708	34,668
Transferred to owned property		-	(36,884)
Related deferred tax liability on surplus of transfer to owned property		-	(23,776)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		-	(122)
Surplus on revaluation as at December 31		172,321	145,613
Less: related deferred tax liability on:			
- revaluation as at January 1		63,108	84,039
- effect of change in tax rate		8,806	8,619
- revaluation recognised during the year		13,681	(5,774)
- surplus transferred to owned property		-	(23,776)
		85,595	63,108
		<u>86,726</u>	<u>82,505</u>
21 CONTINGENCIES AND COMMITMENTS			
-Guarantees	21.1	173,579,640	140,370,087
-Commitments	21.2	731,198,269	438,780,552
-Other contingent liabilities	21.3	23,816,758	6,903,292
		<u>928,594,667</u>	<u>586,053,931</u>
21.1 Guarantees:			
Performance guarantees		55,684,506	53,798,209
Other guarantees		117,895,134	86,571,878
		<u>173,579,640</u>	<u>140,370,087</u>

	Note	2023	2022
		----- (Rupees in '000) -----	
21.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		196,248,432	171,719,857
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	350,664,300	170,721,451
- forward government securities transactions	21.2.2	109,207,715	17,438,813
- derivatives	21.2.3	51,150,198	46,734,911
- forward lending	21.2.4	19,247,075	26,798,555
Commitments for acquisition of:			
- operating fixed assets		3,713,022	3,004,717
- intangible assets		312,027	465,248
Commitments in respect of donations		655,500	1,897,000
		<u>731,198,269</u>	<u>438,780,552</u>
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		198,859,218	120,494,702
Sale		151,805,082	50,226,749
		<u>350,664,300</u>	<u>170,721,451</u>
21.2.2 Commitments in respect of forward government securities transactions			
Purchase		20,461,347	12,990,116
Sale		88,746,368	4,448,697
		<u>109,207,715</u>	<u>17,438,813</u>
21.2.3 Commitments in respect of derivatives			
21.2.3.1 Interest Rate Swaps			
Purchase	22.1	39,466,304	46,160,838
Sale		-	-
		39,466,304	46,160,838
21.2.3.2 Cross Currency Swaps			
Purchase	22.1	-	-
Sale		11,683,894	574,073
		11,683,894	574,073
Total commitments in respect of derivatives		<u>51,150,198</u>	<u>46,734,911</u>
21.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend		15,828,600	21,639,590
Commitments in respect of investments		3,418,475	5,158,965
	21.2.4.1	<u>19,247,075</u>	<u>26,798,555</u>

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





21.3 Other contingent liabilities

2023
----- (Rupees in '000) -----

21.3.1 Claims against the Bank not acknowledged as debts	23,816,758	6,903,292
---	------------	-----------

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex. employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated financial statements.

21.4 Contingency for tax payable

21.4.1 There were no tax related contingencies other than as disclosed in note 33.2.

22 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

22.1 Product Analysis

Counterparties	2023					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain -net	No. of contracts	Notional Principal	Mark to market gain -net
	----- (Rupees in '000) -----					
With Banks for Hedging	41	39,466,304	3,371,331	-	-	-
With other entity for Market making	-	-	-	6	11,683,894	707,484
	41	39,466,304	3,371,331	6	11,683,894	707,484

Counterparties	2022					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain -net	No. of contracts	Notional Principal	Mark to market gain -net
	----- (Rupees in '000) -----					
With Banks for Hedging	51	46,160,838	4,761,605	-	-	-
With other entity for Market making	-	-	-	1	574,073	33,940
Total	51	46,160,838	4,761,605	1	574,073	33,940

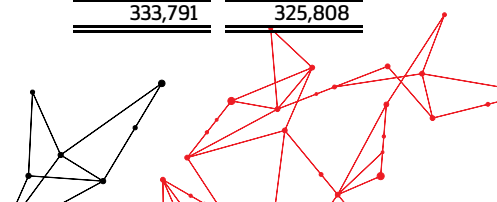
22.2 Maturity Analysis

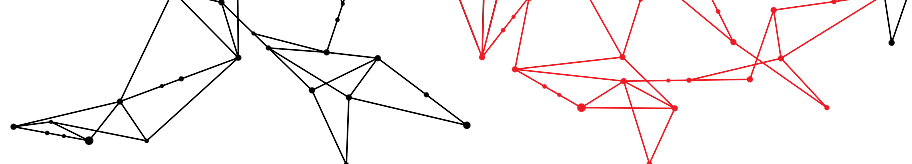
Remaining maturity	2023				
	----- (Rupees in '000) -----				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
3 to 6 months	3	3,946,050	-	33,420	33,420
6 months to 1 Year	4	3,100,468	-	67,863	67,863
1 to 2 Years	6	3,078,496	-	123,738	123,738
2 to 3 Years	3	2,877,882	-	209,153	209,153
3 to 5 Years	9	7,187,448	-	571,371	571,371
5 to 10 years	18	19,730,249	-	2,397,546	2,397,546
Above 10 Years	4	11,229,605	96,507	772,231	675,724
Total	47	51,150,198	96,507	4,175,322	4,078,815

Remaining maturity	2022				
	----- (Rupees in '000) -----				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
3 to 6 months	2	1,811,447	-	18,836	18,836
1 to 2 Years	8	6,113,634	-	208,071	208,071
2 to 3 Years	5	3,448,860	-	194,341	194,341
3 to 5 Years	11	12,483,453	-	1,151,673	1,151,673
5 to 10 years	25	22,303,444	-	3,188,684	3,188,684
Above 10 Years	1	574,073	-	33,940	33,940
Total	52	46,734,911	-	4,795,545	4,795,545

22.3 The risk management policy related to derivatives is disclosed in note 46.7 to these unconsolidated financial statements.

	Note	2023	2022
		----- (Rupees in '000) -----	
23 MARK-UP/RETURN/INTEREST EARNED			
On:			
a) Loans and advances		116,201,480	78,148,844
b) Investments		278,702,240	128,174,141
c) Lendings to financial institutions		4,908,013	2,168,508
d) Balances with banks / financial Institutions		63,650	67,503
e) On securities purchased under resale agreements / Bai Muajjal		12,072,290	5,494,723
		<u>411,947,673</u>	<u>214,053,719</u>
24 MARK-UP/RETURN/INTEREST EXPENSED			
On:			
a) Deposits		167,503,733	76,374,945
b) Borrowings		19,047,289	10,310,955
c) Securities sold under repurchase agreements		88,504,922	43,563,204
d) Subordinated debt		3,061,353	1,211,651
e) Cost of foreign currency swaps against foreign currency deposits / borrowings		4,691,399	3,173,615
f) Borrowing cost on leased properties		2,657,661	1,921,115
g) Reward points / customer loyalty		410,944	256,104
		<u>285,877,301</u>	<u>136,811,589</u>
25 FEE & COMMISSION INCOME			
Branch banking customer fees		1,356,867	1,077,415
Consumer finance related fees		602,773	499,418
Card related fees (debit and credit cards)		2,336,459	1,669,928
Credit related fees		631,917	373,000
Investment banking fees		372,920	285,894
Commission on trade		2,630,002	2,230,819
Commission on guarantees		758,763	565,910
Commission on cash management		85,340	67,623
Commission on remittances including home remittances		1,509,840	1,219,647
Commission on bancassurance		547,015	574,905
Card acquiring business		1,735,533	908,614
Wealth Management Fee		211,105	105,266
Commission on Employees' Old-Age Benefits Institution (EOBI)		-	23,771
Commission on Benazir Income Support Programme (BISP)		529,058	293,386
Alternative Delivery Channel (ADC) settlement accounts		1,286,720	705,085
Others		219,126	241,152
		<u>14,813,438</u>	<u>10,841,833</u>
26 FOREIGN EXCHANGE INCOME			
Foreign exchange income		10,162,852	9,228,336
Foreign exchange loss related to derivatives		(608,034)	(9,708)
		<u>9,554,818</u>	<u>9,218,628</u>
27 GAIN / (LOSS) ON SECURITIES			
Realised gain / (loss)	27.1	671,772	(82,987)
Unrealised loss - held for trading	8.1	(377,898)	(16,319)
Unrealised (loss) / gain on trading liabilities - net		(13,724)	32,598
		<u>280,150</u>	<u>(66,708)</u>
27.1 Realised gain / (loss) on:			
Federal government securities		(44,893)	62,764
Shares		460,054	(236,730)
Foreign securities		256,611	90,979
		<u>671,772</u>	<u>(82,987)</u>
28 OTHER INCOME			
Rent on property		27,686	29,938
Gain on sale of fixed assets - net		144,975	111,809
Gain on sale of non banking assets - net	13.1.2	-	9,200
Profit on termination of leased contracts (Ijarah)		48,259	52,985
Gain on termination of leases (IFRS 16)		112,863	121,876
Others		8	-
		<u>333,791</u>	<u>325,808</u>





28.1 In 2022, the Bank realised gain of Rs. 9.200 million against sale of following non - banking assets:

Note **2023** **2022**
-----**(Rupees in '000)**-----

	-	9,200
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29 OPERATING EXPENSES

Total compensation expense	29.1	28,712,970	21,247,196
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Property expense

Rates and taxes		225,024	180,730
Utilities cost		2,755,810	2,284,543
Security (including guards)		1,363,964	1,109,000
Repair and maintenance (including janitorial charges)		1,371,863	1,196,545
Depreciation on right-of-use assets	10.3	3,349,633	2,723,202
Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	4,996	4,447
Depreciation on owned assets	10.2	873,420	651,270
		9,944,710	8,149,737

Information technology expenses

Software maintenance		2,695,079	2,048,857
Hardware maintenance		966,114	610,434
Depreciation	10.2	1,086,813	813,182
Amortisation	11.1	326,796	351,233
Network charges		641,655	543,426
Consultancy and support services		198,635	329,534
		5,915,092	4,696,666

Other operating expenses

Directors' fees and allowances	40.2	151,200	180,000
Fees and allowances to Shariah Board	40.3	16,708	13,817
Legal and professional charges		483,281	723,651
Outsourced services costs	29.2	1,038,446	1,046,786
Travelling and conveyance		1,349,808	920,598
Clearing and custodian charges		161,128	116,664
Depreciation	10.2	1,566,980	1,213,253
Training and development		135,000	120,159
Postage and courier charges		478,747	577,425
Communication		1,791,930	979,987
Stationery and printing		1,403,529	1,087,487
Marketing, advertisement and publicity		3,671,553	1,625,352
Donations	29.3	1,249,520	332,015
Auditors' remuneration	29.4	152,782	65,641
Brokerage and commission		498,747	272,805
Entertainment		670,933	446,572
Repairs and maintenance		882,720	986,472
Insurance		1,542,439	1,586,827
Cash handling charges		1,551,979	1,388,573
CNIC verification		247,049	212,338
Others		885,775	1,572,214
		19,930,254	15,468,636
		64,503,026	49,562,235

29.1 Total compensation expense

Managerial Remuneration		18,651,880	15,290,365
i) Fixed			
ii) Variable			
a) Cash Bonus / Awards etc.		6,239,247	3,331,659
b) Bonus and Awards in Shares etc.		362,250	192,741
Charge for defined benefit plan	37.8.1	413,244	282,939
Contribution to defined contribution plan	38	730,931	582,159
Medical		1,295,643	835,957
Conveyance		523,234	373,649
Staff compensated absences	39.1	172,625	67,268
Staff life insurance		200,591	209,929
Staff welfare		100,608	48,409
Club subscription		3,723	3,150
Others		30	-
Sub-total		28,694,006	21,218,225
Sign-on Bonus		18,964	23,971
Severance Allowance		-	5,000
Grand Total		28,712,970	21,247,196

	2023	2022
	----- No of persons -----	
Sign- on Bonus	12	10
Severance Allowance	-	1

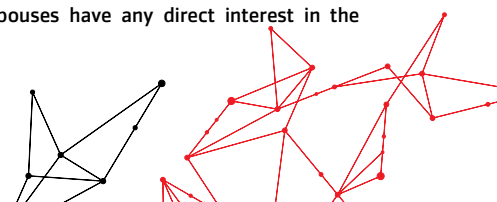
29.2 The cost of outsourced activities included in other operating expenses is Rs. 860.632 million (2022: Rs. 681.300 million). This pertains to payment to companies incorporated in Pakistan.

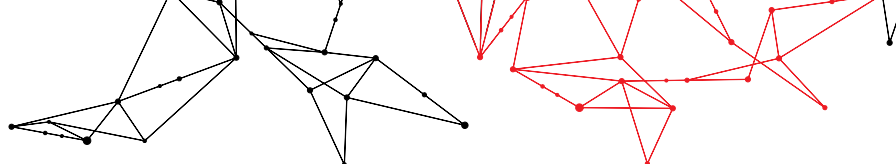
	2023	2022
	----- (Rupees in '000) -----	
29.3 Donations		
Shaukat Khanum Memorial Cancer Hospital and Research Centre	33,000	34,000
Zindagi Trust	7,420	-
Habib University Foundation	6,400	-
Alamgir Welfare Trust International	4,500	8,000
Special Olympics Pakistan	4,500	-
NOWPDP	4,000	-
WWF - Pakistan	3,600	-
Family Educational Services	3,600	1,600
Karwan-e-Hayat	3,000	-
Protection and Help of Children Against Abuse and Neglect	2,500	-
The i Care Foundation	2,000	-
Make-a-Wish Foundation Pakistan	500	250
Indus Earth Trust	-	4,750
Indus Hospital & Health Network	-	4,680
Patients' Aid Foundation	-	1,500
Aziz Jehan Begum Trust	-	1,000
Child Aid Association	-	1,000
AKUH - The Patients' Behbud Society	-	1,000
ASD Welfare Trust	-	500
Bait-ul-Sukoon Trust	-	500
Murshid Hospital - The Patients Welfare Association	-	500
Karigar Training Institute	-	500
The Friends of Education Foundation	-	500
Zafar and Atia Foundation Charitable Trust	-	500
	<u>75,020</u>	<u>60,780</u>

Donation paid for Flood Relief

Akhuwat	250,000	-
Aga Khan Foundation	200,000	-
Patients' Aid Foundation	150,000	-
Karachi Relief Trust	150,000	25,000
The Citizen Foundation	59,000	25,000
Child Life Foundation	50,000	-
Shahid Afridi Foundation	50,000	25,000
Alamgir Welfare Trust International	47,000	25,000
Sahil Welfare Association	35,000	-
Al Mustafa Trust	33,500	8,000
Green Crescent Trust	30,000	-
The Layton R. Benevolent Trust	25,000	-
Indus Hospital & Health Network	25,000	-
Bait us Salam Welfare Trust	25,000	25,000
Health And Nutrition Development Society	20,000	10,000
Vital Pakistan Trust	15,000	-
Taraqee Foundation	10,000	-
Jafaria Disaster Management Cell (JDC) Welfare Foundation of Pakistan	-	31,000
Citizen Police Liaison Committee (CPLC)	-	25,000
Saylani Welfare International Trust	-	25,000
Al Khidmat Welfare Society	-	25,000
Balochistan Rural Support Programme (Gurantee) Limited	-	10,000
Bestway Foundation (Trust)	-	1,363
Donation to flood affected families of Sardar Garh and other adjacent villages of Ghotki, Sindh	-	10,868
	<u>1,174,500</u>	<u>271,235</u>
Total Donations	<u>1,249,520</u>	<u>332,015</u>

29.3.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation and Child Life Foundation.





29.4 Auditors' remuneration

	2023			2022		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Audit fee	17,653	40,055	57,708	17,653	22,662	40,315
Fee for other statutory certifications	7,003	6,436	13,439	7,651	6,468	14,119
Special certifications and sundry advisory services - note 29.4.1	55,842	21,028	76,870	7,393	643	8,036
Out of pocket expenses	2,858	1,907	4,765	2,303	868	3,171
	<u>83,356</u>	<u>69,426</u>	<u>152,782</u>	<u>35,000</u>	<u>30,641</u>	<u>65,641</u>

29.4.1 Consultancy, tax and other non audit services amounting to Rs. 156.840 million were not included in prior year as A.F. Ferguson & Co. was not the statutory auditor of the Bank.

30 WORKERS' WELFARE FUND

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 the 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 petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

31 OTHER CHARGES	Note	2023	2022
		------(Rupees in '000)-----	
Penalties imposed by State Bank of Pakistan		279,412	24,628
Penalties imposed by other regulatory bodies		-	2,550
		<u>279,412</u>	<u>27,178</u>
32 PROVISIONS & WRITE OFFS - NET			
Provision against cash with treasury (IFRS 9 - ECL)		36,044	-
Provision against balance with other bank (IFRS 9 - ECL)		3,073	-
Provision against lending to financial institutions (IFRS 9 - ECL)		149	156
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	8.3.1	(710,238)	2,499,018
Provision against loans & advances / IFRS 9 - ECL	9.6	10,509,002	8,943,799
Provision against other assets / IFRS 9 - ECL	13.3.1	310,924	1,329,167
Provision / (reversal) against off-balance sheet obligations / IFRS 9 - ECL	18.1	11,647	(87,039)
Other provisions / write off - net		84,750	91,364
Recovery of written off / charged off bad debts		(779,160)	(312,242)
(Reversal of deficit) / deficit on revaluation of non-banking assets	13.1.1	(4,201)	4,201
	32.1	<u>9,461,990</u>	<u>12,468,424</u>

32.1 This includes ECL reversal on overseas operations of Rs. 93.850 million (2022: charge Rs. 1,627.624 million).

33 TAXATION

Charge / (reversal) :

Current		42,012,764	22,232,327
Prior years		1,651,651	(2,614,554)
Deferred		(1,945,727)	(1,663,913)
	33.1	<u>41,718,688</u>	<u>17,953,860</u>

33.1 Relationship between tax expense and accounting profit

Accounting profit before taxation		<u>78,175,060</u>	<u>36,160,305</u>
Tax at the applicable rate of 49% (2022: 49%)		38,305,779	17,718,549
Effect of:			
- permanent differences		251,327	145,038
- Impact of change in tax rates		(540,125)	(235,817)
- prior year windfall tax	33.3	3,600,000	-
- others		101,707	326,090
Tax expense for the year		<u>41,718,688</u>	<u>17,953,860</u>

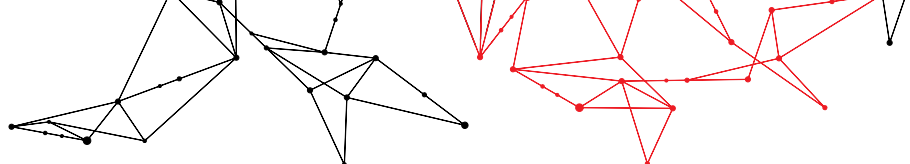
- 33.2** a) The income tax assessments of the Bank have been finalised up to and including tax year 2023. Certain addbacks made by the tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017 and 2019 to 2023, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of leasehold improvements resulting in a tax demand of Rs. 764.870 million net of relief provided in appeal (December 31, 2022: Rs. 639.939 million). The Bank has filed an appeal which is pending before the Commissioner Appeals. The management of the Bank is confident that these matters are likely to be decided in favour of the Bank and consequently has not made any provision in this respect.

- b) The Bank had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded a sales tax on banking services and a penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. The appeals against these orders are pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters are likely to be settled in the Bank's favour through appellate process.
- c) The Bank had received an order from a tax authority wherein a Sales tax and a penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and an appeal against this order is pending before Commissioner Appeals. Another order previously received for the same accounting year wherein Sales tax and Further Tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions is redemanded in appeal effect order. In the current year, a similar order for the accounting years 2017 and 2018 is issued with tax demand of Rs. 11.536 million (excluding default surcharge). Bank intends to file appeals after obtaining advice of tax consultant. The Bank has not made any provision against these orders and the management is of the view that these matters are likely to be favourably settled through appellate process.

- 33.3** During the year, in relation to Section 99D of the Income Tax Ordinance, 2001, FBR has issued SRO to impose an additional windfall tax at 40% on foreign exchange income of the banks for the accounting years 2021 and 2022. The Bank along with other banks has challenged the law and filed a petition in Sindh High Court. Based on strong grounds, stay order has also been issued to banks. Similar cases have also been filed by other banks in Islamabad & Lahore High Courts wherein stay orders have been granted. However, the Bank has recorded a prior year charge of Rs. 3.6 billion in these unconsolidated financial statements on account of prudence.

	Note	2023	2022
		----- (Rupees in '000) -----	
34 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		<u>36,456,372</u>	<u>18,206,445</u>
		-- (Number of shares in '000) --	
Weighted average number of ordinary shares	34.1	<u>1,577,165</u>	<u>1,772,645</u>
		----- Rupees -----	
Basic and diluted earnings per share		<u>23.12</u>	<u>10.27</u>
		-- (Number of shares in '000) --	
34.1 Weighted average number of ordinary shares			
Outstanding number of shares before own shares purchased		1,577,165	1,777,165
Less: Impact of own shares purchased		-	(4,520)
		<u>1,577,165</u>	<u>1,772,645</u>
34.2 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.			
	Note	2023	2022
		----- (Rupees in '000) -----	
35 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks	5	202,728,262	140,613,348
Balance with other banks	6	16,620,891	9,485,380
Call / clean money lendings	35.2	32,018,705	40,274,315
Overdrawn nostro accounts	15	(3,467,939)	(4,884,913)
		<u>247,899,919</u>	<u>185,488,130</u>



35.1 Reconciliation of debt arising from financing activities

	2023				
	Liability			Equity	
	(Rupees in '000)				
Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital		
Balances as at January 01, 2023	14,000,000	17,495,747	4,767,210	15,771,651	
Changes from financing cash flows					
Payment of leased liability	-	(5,054,441)	-	-	
Dividend paid	-	-	(7,274,936)	-	
	-	(5,054,441)	(7,274,936)	-	
Other changes					
Additions / renewals / amendments / (terminations) - net	-	7,724,656	-	-	
Borrowing cost on lease liability	-	2,657,661	-	-	
Exchange rate adjustment	-	70,910	-	-	
Final cash dividend for the year ended December 31, 2022 - 20%	-	-	3,942,913	-	
Interim cash dividend for the half year ended June 30, 2023 - 25%	-	-	4,731,495	-	
	-	10,453,227	8,674,408	-	
Balances as at December 31, 2023	14,000,000	22,894,533	6,166,682	15,771,651	

	2022				
	Liability			Equity	
	(Rupees in '000)				
Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital		
Balances as at January 01, 2022	7,000,000	13,189,739	152,030	17,771,651	
Changes from financing cash flows					
Issuance of sub-ordinated debt	7,000,000	-	-	-	
Payment of leased liability	-	(3,814,458)	-	-	
Own shares purchased during the year	-	-	-	(2,000,000)	
Dividend paid	-	-	(3,382,063)	-	
	7,000,000	(3,814,458)	(3,382,063)	(2,000,000)	
Other changes					
Additions / renewals / amendments / (terminations) - net	-	6,150,253	-	-	
Borrowing cost on lease liability	-	1,921,115	-	-	
Exchange rate adjustment	-	49,098	-	-	
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	3,554,330	-	
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	4,442,913	-	
	-	8,120,466	7,997,243	-	
Balances as at December 31, 2022	14,000,000	17,495,747	4,767,210	15,771,651	

35.2 This represents call / clean money lendings having maturities upto three months.

36 STAFF STRENGTH	2023			2022		
	(Number of employees)					
	Domestic	Overseas	Total	Domestic	Overseas	Total
Permanent	14,453	209	14,662	13,587	203	13,790
On the Bank's contract	16	60	76	12	60	72
The Bank's own staff strength at the end of the year	14,469	269	14,738	13,599	263	13,862

36.1 In addition to the above, 106 (2022: 109) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding, tea and janitorial services etc. Outsourced staff includes 105 (2022: 108) working in Pakistan and 01 (2022: 01) working at overseas branches.

37 DEFINED BENEFIT PLAN**37.1 General description**

The Bank operates an approved funded gratuity scheme which cover all regular permanent employees. The liability of the Bank in respect of the plan is determined based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial valuation of the defined benefit plan is carried out every year and the latest valuation was carried out as at December 31, 2023. The significant assumptions are detailed below:

37.2 Number of Employees under the scheme

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

	2023	2022
	----- (Number) -----	
- Gratuity fund	<u>14,453</u>	<u>13,586</u>

37.3 Principal actuarial assumptions

The disclosures made below are based on the information included in the actuarial valuation report of the Bank as of December 31, 2023:

	2023	2022
	----- (Per annum) -----	
Withdrawal rates	Low	Low
Mortality rates	SLIC	SLIC
	2001 - 2005	2001 - 2005
Valuation discount rate (p.a)	14.75%	14.25%
Salary increase rate (p.a) - Short term (5 years)	14.00%	10.92%
Salary increase rate (p.a) - Long term	14.00%	12.25%
Expected rate of return on plan assets (p.a)	14.75%	14.25%
Normal retirement age	65 Years	60 Years
Duration	14 Years 4 months	11 Years 3 months

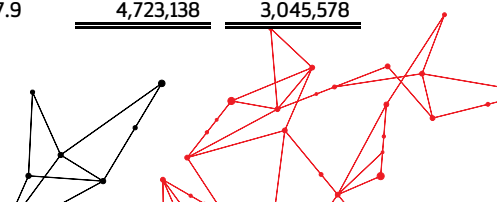
	Note	2023	2022
		----- (Rupees in '000) -----	
37.4 Reconciliation of receivable from defined benefit plans			
Present value of obligation receivable	37.5	4,282,553	2,891,871
Fair value of plan assets	37.6	<u>(4,723,138)</u>	<u>(3,045,578)</u>
Receivable	37.7	<u>(440,585)</u>	<u>(153,707)</u>

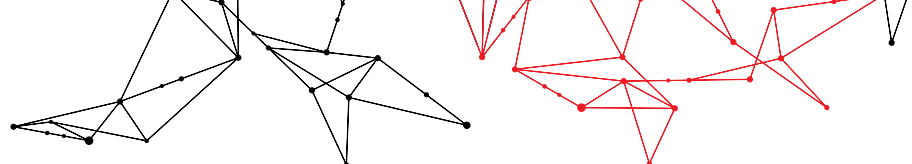
37.5 Movement in defined benefit obligations

Obligations at the beginning of the year	2,891,871	2,139,371
Current service cost	573,199	446,331
Interest cost	394,525	245,895
Past service cost	(104,744)	-
Benefits paid by the Bank	(246,078)	(245,809)
Re-measurement loss	773,780	306,083
Obligations at the end of the year	<u>4,282,553</u>	<u>2,891,871</u>

37.6 Movement in fair value of plan assets

Fair value at the beginning of the year	3,045,578	2,883,695
Interest income on plan assets	449,736	409,287
Contribution by the Bank - net	467,002	268,817
Benefits paid	(246,078)	(245,809)
Re-measurement gain / (loss)	37.8.2	<u>1,006,900</u>
Fair value at the end of the year	37.9	<u>4,723,138</u>
		<u>3,045,578</u>





	Note	2023	2022
		----- (Rupees in '000) -----	
37.7 Movement in receivable under defined benefit plan			
Opening balance		(153,707)	(744,324)
Charge for the year		413,244	282,939
Contribution by the Bank - net		(467,002)	(268,817)
Re-measurement loss / (gain) recognised in OCI during the year	37.8.2	(233,120)	576,495
Closing balance		<u>(440,585)</u>	<u>(153,707)</u>
37.8 Charge for defined benefit plans			
37.8.1 Cost recognised in profit and loss			
Current service cost	37.5	573,199	446,331
Past service cost		(104,744)	-
Net interest on defined benefit asset / liability	37.5 & 37.6	(55,211)	(163,392)
		<u>413,244</u>	<u>282,939</u>
37.8.2 Re-measurements recognised in OCI during the year			
(Gain) / loss on obligation		-	-
- Demographic assumptions		-	-
- Financial assumptions		569,483	285,766
- Experience adjustment		204,297	20,317
Return on plan assets other than interest income		(1,006,900)	270,412
Total re-measurements recognised in OCI		<u>(233,120)</u>	<u>576,495</u>
37.9 Components of plan assets			
Cash and cash equivalents - net		1,126,635	352,679
Non-Government debt securities		952,365	952,365
Ordinary shares		2,165,664	1,345,560
Units of mutual funds		478,474	394,974
		<u>4,723,138</u>	<u>3,045,578</u>

37.9.1 Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Bank which are subject to credit risk. These risks are regularly monitored by Trustees of the employee funds.

37.10 Sensitivity analysis

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

Particulars	2023	
	PV of Defined Benefit Obligation	Change
	----- (Rupees in '000) -----	
1% increase in discount rate	3,729,903	(552,650)
1% decrease in discount rate	4,951,124	668,571
1 % increase in expected rate of salary increase	4,971,184	688,631
1 % decrease in expected rate of salary increase	3,705,769	(576,784)
10% increase in withdrawal rate	4,285,005	2,452
10% decrease in withdrawal rate	4,279,958	(2,595)
1 year Mortality age set back	4,279,803	(2,750)
1 year Mortality age set forward	4,285,275	2,722

2024
(Rupees in '000)

37.11 Expected contributions to be paid to the fund in the next financial year	<u>671,297</u>
37.12 Expected charge for the next financial year	<u>671,297</u>

37.13 Maturity profile**2023**

The undiscounted expected payments maturity is tabulated below:

Particulars	Undiscounted Payments (Rs. in '000)
Year 1	115,108
Year 2	112,910
Year 3	120,174
Year 4	151,938
Year 5	185,236
Year 6 to Year 10	1,622,564
Year 11 and above	66,462,591
	<u>68,770,521</u>

37.14 Funding policy

The Bank's policy for funding the staff retirement benefit scheme is given in note 4.8 (a).

37.15 Risks associated with defined benefit plans**Asset volatility:**

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

Changes in bond yields:

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

Inflation risks:

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

Life expectancy / 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.

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 in salary are higher than expectation and impacts the liability accordingly.

38 DEFINED CONTRIBUTION PLAN

The Bank operates an approved provident fund scheme for all its permanent employees to which Bank contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

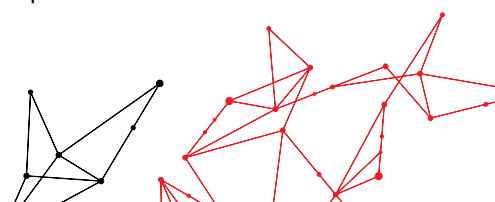
During the year, the Bank contributed Rs. 730.931 million (2022: Rs. 582.159 million) to the fund.

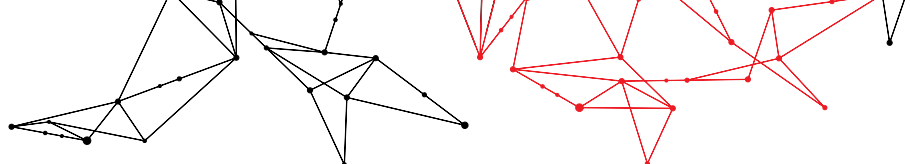
39 OTHER EMPLOYEE BENEFIT**39.1 Compensated absences**

The Bank operates compensated absences scheme in which employees can carry forward unutilized leaves up to maximum of 45 days.

39.2 Benefit scheme for overseas branches

The Bank operates retirement benefit schemes for its employees at overseas branches in compliance with the local labour laws of the respective countries where the branches operate.





40 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total compensation expense

2023								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
------(Rupees in '000)-----								
1	Fees and allowances etc.	-	-	151,200	16,708	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	4,592	81,210	328,987	1,270,420
	ii) Total variable							
	a) Cash bonus / awards**	-	-	-	1,207	125,000	250,877	542,840
	b) Bonus and awards in shares	-	-	-	-	15,489	46,622	58,904
3	Charge for defined benefit plan	-	-	-	-	6,048	19,193	89,830
4	Contribution to defined contribution plan	-	-	-	189	6,048	19,193	66,842
5	Rent & house maintenance	-	-	-	908	42,912	92,164	377,022
6	Utilities	-	-	-	227	11,309	23,041	82,977
7	Medical	-	-	-	-	-	-	685
8	Conveyance	-	-	-	-	-	-	196
9	Others	-	-	-	189	-	-	-
	Total (1 - 9)	-	-	151,200	24,020	288,016	780,077	2,489,716
	Number of Persons	1	-	6	5	1	16	176

2022								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
------(Rupees in '000)-----								
1	Fees and allowances etc.	-	-	180,000	13,817	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	3,706	75,195	294,719	1,018,032
	ii) Total variable							
	a) Cash bonus / awards**	-	-	-	950	90,525	182,500	372,404
	b) Bonus and awards in shares	-	-	-	-	8,743	26,344	32,021
3	Charge for defined benefit plan	-	-	-	-	-	16,407	67,558
4	Contribution to defined contribution plan	-	-	-	157	5,498	16,407	52,476
5	Rent & house maintenance	-	-	-	755	36,379	78,131	289,984
6	Utilities	-	-	-	189	9,434	19,533	64,465
7	Medical	-	-	-	-	-	-	309
8	Conveyance	-	-	-	-	-	-	491
9	Others	-	-	-	141	-	-	-
	Total (1 - 9)	-	-	180,000	19,715	225,774	634,041	1,897,740
	Number of Persons	1	-	6	5	1	15	161

The Chief Executive and certain Executives have been provided with car(s), household equipment and fuel.

A certain portion of variable compensation of the CEO, Key Executives, MRTs/MRCs shall be subject to mandatory deferrals for a defined period of three years, whereas remaining portion of the bonus shall be paid upfront to the MRTs / MRCs. The deferred bonus shall vest proportionately over the deferral period following the year of variable remuneration award.

In case of malus and where accountability has been determined in accordance with the conduct & accountability framework of the Bank, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the MRT / MRC on its becoming due.

The deferred portion is managed internally within the Bank. The Bank provides for the return on deferred portion at rate of return earned on government securities over the time horizon for deferral.

The total movement of deferred bonus during the year December 31, 2023 for the President / Chief Executive Officer (CEO), Key Executives and Other Material Risk Takers (MRTs) / Material Risk Controller (MRCs) is as follows:

	2023	2022
	-----(Rupees in '000)----	
Opening balance	199,982	157,386
Add: deferred during the year	140,374	105,704
Less: paid / vested during the year	(99,515)	(63,108)
Closing balance	<u>240,841</u>	<u>199,982</u>

* This includes salaries and allowance of a resident member of Shariah Board who is an employee of the Bank.

**This includes sign-on bonus amounting to Rs. 7.000 million to 2 MRTs / MRCs in year 2023 (2022: Rs. 13.000 million to 3 MRTs / MRCs).

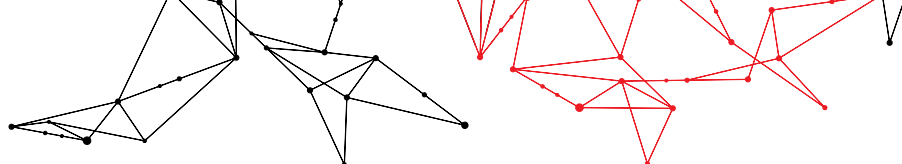
40.2 Remuneration paid to directors for participation in board and board committees meetings

Sr. No.	Name of Director	Meeting fees paid for board and board committee meetings								Total amount paid
		Board meetings	Board Audit Committee	Board Human Resources & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawalleel Al Mansoori	4,000	-	-	-	-	-	-	-	4,000
3	Mr. Abdulla Khalil Al Mutawa	4,800	6,400	4,000	4,000	5,600	7,680	-	5,760	38,240
4	Mr. Khalid Mana Saeed Al Otaiba	4,800	6,400	4,000	4,000	6,720	6,400	-	5,760	38,080
5	Dr. Gyorgy Tamas Ladics	4,800	-	4,000	4,800	-	6,400	-	-	20,000
6	Mr. Khalid Qurashi	4,800	7,680	4,000	-	5,600	6,400	-	-	28,480
7	Dr. Ayesha Khan	4,800	6,400	4,800	-	-	6,400	-	-	22,400
Total		28,000	26,880	20,800	12,800	17,920	33,280	-	11,520	151,200

Sr. No.	Name of Director	Meeting fees paid for board and board committee meetings								Total amount paid
		Board meetings	Board Audit Committee	Board Human Resources & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawalleel Al Mansoori	4,000	-	-	-	-	-	-	-	4,000
3	Mr. Abdulla Khalil Al Mutawa	5,600	7,200	4,000	4,800	5,600	7,680	6,720	3,840	45,440
4	Mr. Khalid Mana Saeed Al Otaiba	5,600	7,200	4,000	4,800	6,720	6,400	5,600	3,200	43,520
5	Dr. Gyorgy Tamas Ladics	5,600	-	4,000	5,760	-	6,400	5,600	-	27,360
6	Mr. Khalid Qurashi	5,600	8,640	4,000	-	5,600	6,400	5,600	-	35,840
7	Dr. Ayesha Khan	4,800	5,600	3,840	-	-	5,600	4,000	-	23,840
Total		31,200	28,640	19,840	15,360	17,920	32,480	27,520	7,040	180,000

40.3 Remuneration paid to Shariah Board Members

Sr. No.	Items	2023					2022				
		Chairman	Non-Resident Member	Resident Member	Total	Chairman	Non-Resident Member	Resident Member	Total		
1	Fees / remuneration and allowances	8,974	7,734	-	16,708	7,421	6,396	-	13,817		
2	Managerial remuneration - fixed	-	-	4,592	4,592	-	-	3,706	3,706		
3	Rent & house maintenance	-	-	908	908	-	-	755	755		
4	Utilities	-	-	227	227	-	-	189	189		
5	Others	-	-	1,585	1,585	-	-	1,248	1,248		
Total		8,974	7,734	7,312	24,020	7,421	6,396	5,898	19,715		
	Total Number of Persons	1	3	1	5	1	3	1	5		



41 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in 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 debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

41.1 Fair value of financial assets

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

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

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

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

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

	2023			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- (Rupees in '000) -----			
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,802,801,728	-	1,802,801,728
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Shares - listed companies	4,264,378	-	-	4,264,378
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign non-government debt securities	-	28,547,190	-	28,547,190
- Foreign equity securities	284,596	-	-	284,596
Financial assets - not measured at fair value				
Investments - held to maturity securities	-	154,796,433	-	154,796,433
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

	2022			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- (Rupees in '000) -----			
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	946,606,485	-	946,606,485
- Non-government debt securities	14,937,000	4,347,503	-	19,284,503
- Shares - listed companies	6,440,731	-	-	6,440,731
- Foreign government securities	-	28,811,408	-	28,811,408
- Foreign non-government debt securities	-	27,564,662	-	27,564,662
- Foreign equity securities	-	-	-	-

2022			
Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----			

Financial assets - not measured at fair value

Investments - held to maturity securities	-	73,518,446	-	73,518,446
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Off-balance sheet financial instruments - measured at fair value

- Forward purchase of foreign exchange	-	922,573	-	922,573
- Forward sale of foreign exchange	-	(455,164)	-	(455,164)
- Forward purchase of government securities	-	4,432	-	4,432
- Forward sale government securities transactions	-	(7,946)	-	(7,946)
- Derivatives purchases	-	4,761,605	-	4,761,605
- Derivatives sales	-	33,940	-	33,940

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

41.3 Valuation techniques used in determination of fair values:**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and listed non-government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3 except as disclosed in 41.3.1.

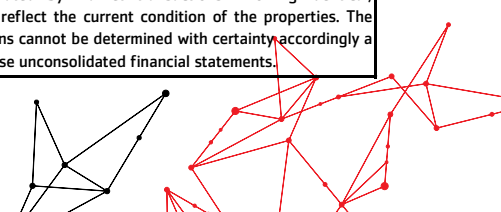
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates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

41.3.1 Fair value of non-financial assets

Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of SBP.

41.3.2 Valuation techniques

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuku, and overseas bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.



42 SEGMENT INFORMATION**42.1 Segment details with respect to business activities**

	2023						Total		
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas		Others*	Elimination
	(Rupees in '000)								
Unconsolidated profit & loss account									
Net mark-up / return/ profit	(73,546,184)	15,006,727	26,825,045	153,382,874	5,579	7,334,876	(2,938,545)	-	126,070,372
Inter segment revenue - net	151,307,607	3,688,895	(782,277)	(155,344,030)	7,644,757	515,729	2,520,086	(9,550,767)	-
Non mark-up / return / interest income	8,321,648	4,040,641	2,087,865	11,268,823	801,837	1,124,650	418,459	-	28,063,923
Total income	86,083,071	22,736,263	28,130,633	9,307,667	8,452,173	8,975,255	-	(9,550,767)	154,134,295
Segment direct expenses	24,509,797	4,299,838	9,678,031	959,880	2,684,911	3,424,167	20,940,621	-	66,497,245
Inter segment expense allocation	13,665,682	1,552,339	4,075,065	499,771	1,768,606	478,948	(20,940,621)	(1,099,790)	-
Total expenses	38,175,479	5,852,177	13,753,096	1,459,651	4,453,517	3,903,115	-	(1,099,790)	66,497,245
Provisions / (reversals)	5,552,846	2,757,880	96,717	(769,666)	45,664	(451)	1,779,000	-	9,461,990
Profit / (loss) before tax	42,354,746	14,126,206	14,280,820	8,617,682	3,952,992	5,072,591	(1,779,000)	(8,450,977)	78,175,060

Unconsolidated Statement of Financial Position

	2023						Total		
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas		Others*	Elimination
	(Rupees in '000)								
Unconsolidated Statement of Financial Position									
Cash & bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	-	(529,816)	219,310,236
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	947,971	-	2,067,262,700
Net inter segment lending	973,612,195	87,039,833	-	-	11,390,718	-	124,249,350	(1,196,292,096)	-
Lendings to financial institutions	-	-	32,832,027	94,864,225	-	13,960,199	-	(22,102,342)	119,554,109
Advances - performing	207,915,194	299,248,029	161,980,731	-	80,881	44,106,831	16,460,775	-	729,792,441
- non-performing	2,955,353	1,449,384	589,393	-	8,333	177,923	78,683	-	5,259,069
Others	21,680,353	30,738,634	41,414,392	62,367,729	1,333,206	9,780,632	37,423,219	107	204,738,272
Total assets	1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	179,159,998	(1,218,924,147)	3,345,916,827
Borrowings	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	-	(23,007,821)	909,543,453
Subordinated debt	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	(310,621)	2,084,997,130
Net inter segment borrowing	-	-	22,614,166	1,144,470,847	-	29,207,083	-	(1,196,292,096)	-
Others	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	28,483,354	686,391	199,453,411
Total liabilities	1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	42,483,354	(1,218,924,147)	3,207,993,994
Net assets	-	-	3,011,970	(1,028,246)	-	(73,535)	136,676,644	-	137,922,833
Equity									
Contingencies and commitments	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	5,313,913	-	928,594,667

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

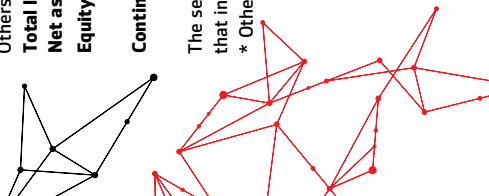
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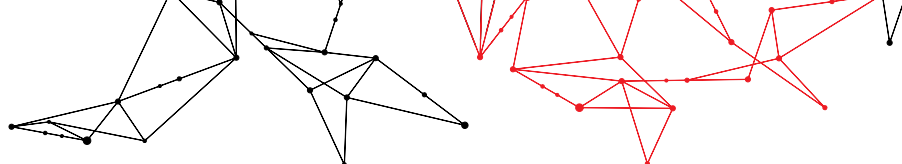
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
	----- (Rupees in '000) -----								
Unconsolidated profit & loss account									
Net mark-up / return / profit	(18,857,087)	13,553,843	13,681,857	65,850,056	(55,883)	4,037,285	(967,941)	-	77,242,130
Inter segment revenue - net	62,749,679	(1,481,168)	(384,177)	(58,636,009)	3,820,864	711,230	340,535	(7,120,954)	-
Non mark-up / return / interest income	5,742,300	3,117,258	1,933,082	8,922,132	531,395	1,009,881	627,406	-	21,883,454
Total income	49,634,892	15,189,933	15,230,762	16,136,179	4,296,376	5,758,396	-	(7,120,954)	99,125,584
Segment direct expenses	19,255,570	1,394,923	6,764,615	599,809	2,090,153	2,395,056	17,996,729	-	50,496,855
Inter segment expense allocation	11,341,977	1,457,042	3,247,568	776,828	1,547,730	297,525	(17,996,729)	(671,941)	-
Total expenses	30,597,547	2,851,965	10,012,183	1,376,637	3,637,883	2,692,581	-	(671,941)	50,496,855
Provisions / (reversals)	4,928,345	(271,884)	657,701	645,803	168,493	2,918,966	3,421,000	-	12,468,424
Profit / (loss) before tax	14,109,000	12,609,852	4,560,878	14,113,739	490,000	146,849	(3,421,000)	(6,449,013)	36,160,305

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
	----- (Rupees in '000) -----								
Unconsolidated Statement of Financial Position									
Cash & bank balances	54,505,261	13,526,538	22,294,976	-	1,380,127	58,742,370	-	(350,544)	150,098,728
Investments	-	3,065,299	123,324,033	913,838,262	-	72,564,199	1,614,965	-	1,114,406,758
Net inter segment lending	616,707,785	1,195,293	-	-	20,415,824	-	101,879,158	(740,198,060)	-
Lendings to financial institutions	-	-	30,000,061	81,309,766	-	11,515,976	-	(7,472,204)	115,353,599
Advances - performing	221,934,495	307,817,002	149,691,194	-	73,590	36,726,043	10,557,922	-	726,800,246
- non-performing	2,942,331	1,660,288	726,449	-	3,985	162,523	79,029	-	5,574,605
Others	19,190,356	28,322,399	27,309,005	28,284,908	1,483,080	15,151,671	21,177,526	43,847	140,962,792
Total assets	915,280,228	355,586,819	353,345,718	1,023,432,936	23,356,606	194,862,782	135,308,600	(747,976,961)	2,253,196,728
Borrowings	26,937,622	95,851,939	39,964,773	314,660,327	-	21,584,792	-	(7,819,922)	491,179,531
Subordinated debt	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	860,878,107	210,843,465	255,671,950	-	23,002,118	136,410,242	57,693	(18,229)	1,486,845,346
Net inter segment borrowing	-	-	15,379,745	698,036,985	-	26,781,332	-	(740,198,062)	-
Others	27,464,500	48,891,414	40,321,510	15,282,537	354,488	12,713,204	16,070,323	59,252	161,157,228
Total liabilities	915,280,229	355,586,818	351,337,978	1,027,979,849	23,356,606	197,489,570	30,128,016	(747,976,961)	2,153,182,105
Net assets	(1)	1	2,007,740	(4,546,913)	-	(2,626,788)	105,180,584	-	100,014,623
Equity									
Contingencies and commitments	94,420,516	188,433,780	63,199,284	158,500,073	5,014	76,880,088	4,615,176	-	586,053,931

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream

* Others include head office related activities.





42.2 Segment details with respect to geographical locations

GEOGRAPHICAL SEGMENT ANALYSIS

2023					
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total

(Rupees in '000)

Unconsolidated profit & loss account

Net mark-up / return / profit	118,735,496	3,545,622	2,659,583	1,129,671	-	126,070,372
Inter segment revenue - net	(450,298)	321,200	42,296	152,233	(65,431)	-
Non mark-up / return / interest income	26,939,273	600,573	834,858	(310,781)	-	28,063,923
Total income	145,224,471	4,467,395	3,536,737	971,123	(65,431)	154,134,295
Segment direct expenses	63,073,078	1,119,334	1,736,173	568,660	-	66,497,245
Inter segment expense allocation	(478,948)	206,372	191,996	80,580	-	-
Total expenses	62,594,130	1,325,706	1,928,169	649,240	-	66,497,245
Provisions / (reversals)	9,462,441	(56,449)	(118,006)	174,004	-	9,461,990
Profit / (loss) before tax	73,167,900	3,198,138	1,726,574	147,879	(65,431)	78,175,060

Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
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(Rupees in '000)

Unconsolidated Statement of Financial Position

Cash & bank balances	162,892,669	36,544,091	5,067,845	15,335,447	(529,816)	219,310,236
Investments	1,962,724,997	70,253,061	20,546,627	13,738,015	-	2,067,262,700
Net inter segment lendings	29,207,083	-	-	-	(29,207,083)	-
Lendings to financial institutions	127,696,252	5,496,054	8,464,145	-	(22,102,342)	119,554,109
Advances - performing	685,685,610	4,371,015	39,735,816	-	-	729,792,441
- non-performing	5,081,146	-	177,923	-	-	5,259,069
Others	194,957,533	6,534,521	1,513,904	1,732,207	107	204,738,272
Total assets	3,168,245,290	123,198,742	75,506,260	30,805,669	(51,839,134)	3,345,916,827
Borrowings	900,788,299	31,722,558	40,417	-	(23,007,821)	909,543,453
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,928,101,927	77,608,972	55,747,264	23,849,588	(310,621)	2,084,997,130
Net inter segment borrowing	-	7,810,660	15,692,690	5,703,733	(29,207,083)	-
Others	186,694,696	6,849,207	4,025,889	1,197,228	686,391	199,453,411
Total liabilities	3,029,584,922	123,991,397	75,506,260	30,750,549	(51,839,134)	3,207,993,994
Net assets	138,660,368	(792,655)	-	55,120	-	137,922,833
Equity						137,922,833
Contingencies and commitments	867,446,725	54,522,269	5,888,268	737,405	-	928,594,667

2022					
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total

(Rupees in '000)

Unconsolidated profit & loss account

Net mark-up / return / profit	73,204,845	1,820,529	1,745,557	471,199	-	77,242,130
Inter segment revenue - net	(711,230)	528,730	202,961	(20,461)	-	-
Non mark-up / return / interest income	20,873,573	391,473	628,283	(9,875)	-	21,883,454
Total Income	93,367,188	2,740,732	2,576,801	440,863	-	99,125,584
Segment direct expenses	48,101,799	696,281	1,334,944	363,831	-	50,496,855
Inter segment expense allocation	(297,525)	112,185	136,429	48,911	-	-
Total expenses	47,804,274	808,466	1,471,373	412,742	-	50,496,855
Provisions / (reversals)	9,549,458	1,409,030	160,987	1,348,949	-	12,468,424
Profit / (loss) before tax	36,013,456	523,236	944,441	(1,320,828)	-	36,160,305

2022					
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total

------(Rupees in '000)-----

Unconsolidated Statement of Financial Position

Cash & bank balances	91,706,902	39,860,886	5,440,970	13,440,514	(350,544)	150,098,728
Investments	1,041,842,559	48,525,759	13,782,240	10,256,200	-	1,114,406,758
Net inter segment lendings	26,781,332	-	-	-	(26,781,332)	-
Lendings to financial institutions	111,309,827	4,754,760	6,761,216	-	(7,472,204)	115,353,599
Advances - performing	690,074,203	152,597	36,573,446	-	-	726,800,246
Advances - non-performing	5,412,082	-	162,523	-	-	5,574,605
Others	125,767,272	10,422,479	2,238,372	2,490,820	43,849	140,962,792
Total assets	2,092,894,177	103,716,481	64,958,767	26,187,534	(34,560,231)	2,253,196,728
Borrowings	477,414,661	18,186,531	3,398,261	-	(7,819,922)	491,179,531
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,350,453,333	69,350,131	44,359,264	22,700,847	(18,229)	1,486,845,346
Net inter segment borrowing	-	10,654,201	13,538,436	2,588,695	(26,781,332)	-
Others	148,384,772	7,885,292	3,662,806	1,165,106	59,252	161,157,228
Total liabilities	1,990,252,766	106,076,155	64,958,767	26,454,648	(34,560,231)	2,153,182,105
Net assets	102,641,411	(2,359,674)	-	(267,114)	-	100,014,623
Equity						100,014,623
Contingencies and commitments	509,173,843	65,456,077	2,363,106	9,060,905	-	586,053,931

43 TRUST ACTIVITIES

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

Category	Number of IPS Accounts	2023			Total
		Securities held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	

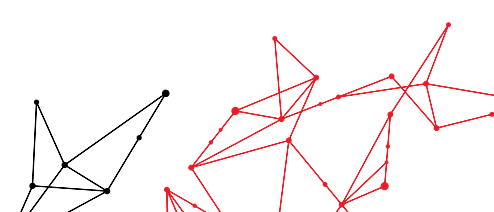
------(Rupees in '000)-----

Asset management companies / mutual funds	89	85,132,425	48,054,950	325,000	133,512,375
Corporates	14	2,596,675	-	-	2,596,675
Individuals	263	81,404,180	20,795,600	225,000	102,424,780
Insurance companies	82	42,616,490	25,463,000	500,000	68,579,490
NGO / charitable organisation	3,403	6,664,280	781,365	1,127,000	8,572,645
Pension & employee funds	14	2,347,250	88,037,000	345,000	90,729,250
	3,865	220,761,300	183,131,915	2,522,000	406,415,215

Category	Number of IPS Accounts	2022			Total
		Securities held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	

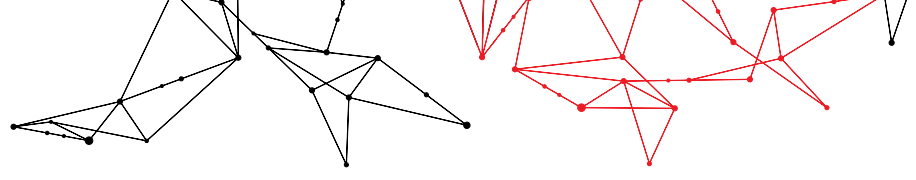
------(Rupees in '000)-----

Asset management companies / mutual funds	91	69,256,520	2,972,650	1,300	72,230,470
Corporates	171	67,562,430	13,034,000	-	80,596,430
Individuals	2,034	3,771,630	840,565	106,100	4,718,295
Insurance companies	12	3,557,000	21,575,200	-	25,132,200
NGO / charitable organisation	8	1,200,500	-	-	1,200,500
Pension & employee funds	81	26,999,190	6,267,400	-	33,266,590
	2,397	172,347,270	44,689,815	107,400	217,144,485



	As at December 31, 2023				As at December 31, 2022					
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
Other assets										
Interest / mark-up accrued	2,791	59,977	-	-	90,690	944	54,009	-	-	30,381
Receivable from staff retirement fund	-	-	-	-	440,585	-	-	-	-	153,707
Prepayment / rent receivable	-	-	-	4,617	-	-	-	975	-	-
Receivable against pre-incorporation expenses	-	-	17,014	-	-	-	-	-	-	-
Advance against shares	-	-	-	-	140,000	-	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	2,180,207	-	-	-	-	2,280,921
Borrowings during the year	-	-	-	-	2,095,000	-	-	-	-	21,218,496
Settled during the year	-	-	-	-	(1,669,631)	-	-	-	-	(21,319,210)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	2,605,576	-	-	-	-	2,180,207
Deposits and other accounts										
Opening balance	38,466	184,994	9,086	3,078,698	12,308,779	59,026	371,960	34,986	13,465,080	6,410,266
Received during the year	1,190,788	3,877,341	4,563,007	840,300,568	318,163,352	517,842	4,736,925	3,347,215	255,922,837	92,145,150
Withdrawn during the year	(822,295)	(3,686,772)	(4,516,219)	(826,225,846)	(311,950,193)	(538,402)	(4,728,582)	(3,373,115)	(266,309,219)	(87,581,596)
Transfer in / (out) - net	-	(34,806)	-	-	28,267	-	(195,309)	-	-	1,334,959
Closing balance	406,959	340,757	55,874	17,153,420	18,550,205	38,466	184,994	9,086	3,078,698	12,308,779
Subordinated debt										
Opening balance	-	-	-	-	300,000	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	300,000
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	300,000	-	-	-	-	300,000
Other liabilities										
Interest / mark-up payable	737	1,045	-	-	130,491	253	158	-	-	13,231
Dividend payable	1,975,728	-	-	-	1,845,246	1,146,264	39	-	-	2,201,513
Others	-	-	956	-	54,868	-	-	4,701	-	70,267
Contingencies and commitments										
Other contingencies	-	-	1,000,000	-	1,573,620	-	-	-	-	463,191

	For the year ended December 31, 2023				For the year ended December 31, 2022					
	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties
Income	(Rupees in '000)									
Mark-up / return / interest earned	1,804	26,530	-	-	342,444	944	26,427	-	-	146,751
Fee and commission income	-	-	-	200,974	13,031	-	-	-	100,658	-
Dividend income	-	-	-	298,495	249,043	-	-	-	140,995	424,416
Gain / (loss) on sale of securities	-	7	-	-	25,986	-	(110)	-	-	2,610
Rent on property	-	-	-	4,223	-	-	-	-	6,849	-
Gain on sale of fixed assets - net	-	101	-	5,588	-	-	64	-	20,054	-
Expense	(Rupees in '000)									
Mark-up / return / interest paid	13,215	28,611	1,020	981,133	2,149,270	1,647	13,356	331	692,153	967,650
Operating expenses										
Directors fee	151,200	-	-	-	-	180,000	-	-	-	-
Managerial remuneration	288,016	1,227,150	-	-	-	225,774	975,274	-	-	-
Software maintenance	-	-	-	-	195,239	-	-	-	-	120,184
Travelling and accommodation	-	-	-	-	-	-	-	-	-	1,864
Communication cost	-	-	-	-	269,105	-	-	-	-	220,222
Donations	-	-	-	-	50,000	-	-	-	-	-
Brokerage and commission	-	-	16,296	-	-	-	-	13,583	-	-
Legal and professional charges	-	-	-	-	-	-	-	9,388	-	-
Charge for defined benefit plan	-	-	-	-	413,244	-	-	-	-	282,939
Contribution to defined contribution plan	-	-	-	-	730,931	-	-	-	-	582,159
Training and development	-	-	-	-	8,737	-	-	-	-	12,218
Provision charge for diminution in value of investments	-	-	262,236	-	-	-	-	-	-	-
Other information										
Dividend paid	1,159,554	11,062	-	10,136	2,209,369	4,611	10,766	-	2,463	241,565
Insurance premium paid	-	-	-	1,130,900	-	-	-	-	825,213	-
Insurance claims settled	-	-	-	701,346	-	-	-	-	567,445	-



45 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	15,771,651	15,771,651
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	110,321,098	81,419,248
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total eligible tier 1 capital	123,871,098	94,969,248
Eligible tier 2 capital	34,802,149	23,447,310
Total eligible capital (tier 1 + tier 2)	158,673,247	118,416,558
Risk weighted assets (RWAs):		
Credit risk	754,283,194	727,196,837
Market risk	18,194,850	8,784,588
Operational risk	175,157,500	120,042,363
Total	947,635,544	856,023,788
Common equity tier 1 capital adequacy ratio	11.64%	9.51%
Tier 1 capital adequacy ratio	13.07%	11.09%
Total capital adequacy ratio	16.74%	13.83%

In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Bank:

Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

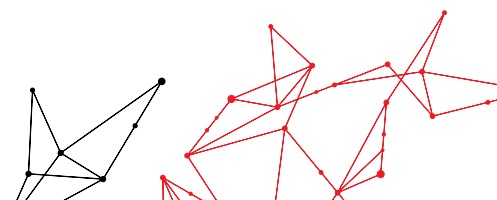
For Capital adequacy calculation, the Bank has adopted Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk.

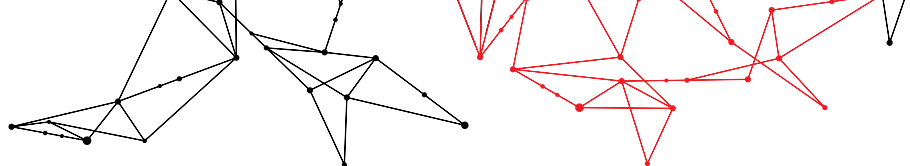
	2023	2022
	----- (Rupees in '000) -----	
Leverage Ratio (LR):		
Eligible tier-1 capital	123,871,098	95,911,585
Total exposures	3,536,686,713	2,706,795,649
Leverage ratio	3.50%	3.54%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	1,082,954,156	688,048,074
Total net cash outflow	488,388,254	371,947,384
Liquidity coverage ratio	222%	185%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	1,634,520,450	1,275,978,211
Total required stable funding	1,012,638,563	849,343,576
Net stable funding ratio	161%	150%

45.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per the SBP instructions have been placed on the website. The link to the full disclosure is <https://www.bankalfalah.com/financial-reports/>.

46 RISK MANAGEMENT

The variety of business activities undertaken by the Bank require effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board Risk Management Committee (BRMC) is appointed and authorised by the Board of Directors (BOD) to assist in design, regularly evaluating and timely updating the risk management framework of the Bank. The Board has further authorised management committees i.e. Central Management Committee (CMC), Central Credit Committee (CCC) and Digital Council to supervise risk management activities within their respective scopes. CMC has further established sub-committees such as Assets & Liabilities Committee (ALCO), Investment Committee (IC), Information Technology Steering Committee (ITSC), Control & Compliance Committee (C&CC), Process Improvement Committee (PIC) and Governance Committee for Overseas Operations etc.





The risk management framework endeavours to be a comprehensive and evolving guideline to cater to changing business dynamics. The framework includes:

- Clearly defined risk management policies, procedures, responsibilities and accountabilities;
- Well constituted organisational structure, in the form of separate risk management departments within the Credit and Risk Management Group, which ensure that individuals responsible for risk approval are independent from risk taking units i.e. Business Units; and
- Mechanism for ongoing review of policies and procedures and risk exposures.

The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed in order to enhance long term earnings and to protect the interests of the Bank's depositors and shareholders.

The Bank's risk management framework has a well-defined organisational structure for effective management of credit risk, market risk, liquidity risk, operational risk, information security risk, trade pricing, environment and social risk. Further, there is an advanced focus on optimal utilisation of capital while ensuring compliance with capital requirements. The results of stress tests and internal capital adequacy assessment process and recovery plans are given due consideration in capital and business planning.

46.1 Credit Risk

Credit risk is the identification of probability that counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from lending, hedging, settlement and other financial transactions. Credit risk management processes encompass identification, assessment, measurement, monitoring and control of the Bank's exposure to credit risk. The Bank's credit risk management philosophy is based on the Bank's overall business strategy / direction as established by the Board. The Bank is committed to the appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities and appropriately quantified, also ensuring that the credit commitment is appropriately structured, priced (in line with market practices) and documented.

The Bank has built and maintained a sound loan portfolio in terms of well-defined credit policy approved by the Board of Directors (BOD). Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for prudence in lending activities and ensuring the high quality of asset portfolio. In order to have an effective and efficient risk assessment, and to closely align its functions with Business, Credit Division has separate units for Corporate banking, Islamic banking, Retail & SME banking (including Agricultural financing) and Overseas Operations & Financial Institutions. For Consumer & Digital products, loans are booked against defined eligibility criteria as per product programs / credit policy and these have a separate credit risk function.

The Bank manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Credit & Risk Management Group.

For domestic operations, the Bank determines the amount for specific and general provisions as per the Prudential Regulations issued by the SBP and the management best estimates. Provisions at overseas branches are held to meet the requirements of the regulatory authorities of the respective countries in which overseas branches operates.

A sophisticated internal credit rating system is in place, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The risk rating system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure & security and generates internal ratings at obligor and facility levels. Furthermore, this system has an integrated loan origination module, which is currently being used in Corporate Banking, Islamic Banking and Retail segments. The system is regularly reviewed for improvements as per SBP's guidelines for Internal Credit Rating and Risk Management. Furthermore, Bank also validates Internal Ratings based on statistical tests for all portfolios. It covers both discrimination and calibration statistical tests as per best practices. The system is backed by secured database with backup support and is capable of generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making. The system is enhanced to compute the ECL calculation for IFRS 9 & risk weighted assets for quarterly credit risk related Basel submissions.

A centralised Credit Administration Division (CAD) under Credit & Risk Management Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied with, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorisation by CAD.

Credit Policy & Portfolio Management under Credit & Risk Management Group keeps a watch on the quality of the credit portfolio in terms of borrowers' behaviour, identifies weakening accounts relationships and reports it to the appropriate authorities with a view to address further deterioration.

To handle the specialised requirements of managing delinquent and problem accounts, the Bank has a separate client facing unit to negotiate repayment / settlement of the Bank's non-performing exposure and protect the interests of the Bank's depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) is recovery of funds and/or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Bank are protected. Where no other recourse is possible, SAMG may proceed with legal recourse so as to maximise the recovery of the Bank's assets. The Credit & Risk Management Group also monitors the NPL portfolio of the Bank and reports the same to CCC/ BRMC.

46.1.1 Credit risk - general disclosures basel specific

The Bank is using Standardised Approach (SA) of the SBP's Basel accord for the purpose of estimating credit risk weighted Assets. Under SA, banks are allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk Weighted Assets in accordance with the SBP Basel Standardised Approach is in place and firmly adhered to.

46.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

46.1.2.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), JCR-VIS and Moodys, Fitch and Standard & Poors.

The SBP through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 accorded approval to the Bank for use of ratings assigned by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL). The Bank uses these ECAIs to rate its exposures denominated in Bangladeshi currency on certain corporate exposures and banks incorporated in Bangladesh.

The Bank uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Where exposure is rated by two or more ratings agencies - the lowest rating is considered for calculating risk weighted assets.

46.1.3 Disclosures with respect to credit risk mitigation for standardised approach

46.1.3.1 Credit risk mitigation policy

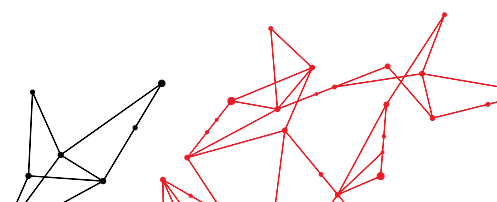
The Bank defines collateral as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. The Bank would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

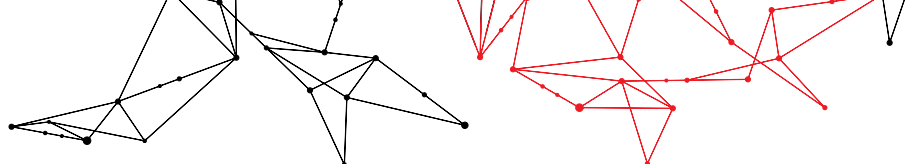
46.1.3.2 Collateral valuation and management

As stipulated in the SBP Basel guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Bank makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

46.1.3.3 Types of collaterals

The Bank determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and SME financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrowers and assignment of the underlying project contracts are generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be obtained. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Bank. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the property and automobile being financed respectively.





The Bank also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the Central Credit Committee (CCC) under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

46.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Bank considers all types of financial collaterals that are eligible under SBP Basel III accord. This includes cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities (Government of Pakistan, Banks etc.) under substitution effect of Basel.

46.1.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, Bank's annual credit plan spells out the maximum allowable exposure that it can take on specific industry. Additionally, the Internal Rating System allows the Bank to monitor risk rating concentration of borrowers against different grades / scores ranging from 1 - 12 (1 being the best and 12 being loss category).

Particulars of the Bank's on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

46.1.4 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Public Sector	4,027,280	49,671,202	-	-	-	-
Private Sector	115,527,272	65,682,634	-	-	-	-
	<u>119,554,552</u>	<u>115,353,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

46.1.5 Investment in debt securities (non government debt securities)

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Textile	211,285	211,285	211,284	211,285	211,284	211,285
Chemical and Pharmaceuticals	40,272	51,477	40,272	51,477	40,272	51,477
Electronics and electrical appliances	1,785	1,785	1,785	1,785	1,785	1,785
Engineering	1,335,163	2,923,639	-	-	-	-
Power (electricity), Gas, Water, Sanitary	21,456,648	19,650,186	-	-	-	-
Transport, Storage and Communication	-	189,896	-	189,896	-	189,896
Financial	30,901,112	29,044,123	348,689	158,688	348,689	158,688
	<u>53,946,265</u>	<u>52,072,391</u>	<u>602,030</u>	<u>613,131</u>	<u>602,030</u>	<u>613,131</u>

Credit risk by public / private sector

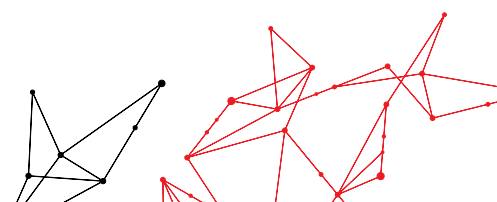
	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Public Sector	20,331,914	19,650,186	-	-	-	-
Private Sector	33,614,351	32,422,205	602,030	613,131	602,030	613,131
	<u>53,946,265</u>	<u>52,072,391</u>	<u>602,030</u>	<u>613,131</u>	<u>602,030</u>	<u>613,131</u>

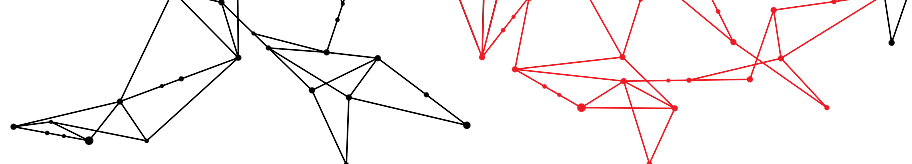
46.1.6 Advances**Credit risk by industry sector**

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Agriculture, forestry, hunting and fishing	42,245,315	18,881,068	2,195,786	1,274,425	1,763,083	1,111,433
Automobile and transportation equipment	13,111,601	15,707,114	585,652	480,060	442,455	411,510
Cement	14,660,856	16,609,030	-	-	-	-
Chemical and pharmaceuticals	31,604,793	32,391,164	565,324	188,082	314,324	100,059
Construction	16,086,433	18,714,929	2,131,976	400,433	1,244,649	408,100
Electronics and electrical appliances	13,129,926	14,160,299	1,383,771	1,089,908	1,220,711	581,054
Exports / imports	3,376,008	4,142,353	424,851	486,131	405,666	479,384
Financial	16,338,942	9,783,029	672,979	675,979	672,979	675,979
Food & allied products	70,858,865	75,005,691	4,922,137	4,526,775	3,907,695	3,195,779
Footwear and leather garments	3,469,613	4,056,207	85,591	95,539	83,597	92,293
Glass and ceramics	325,393	490,792	42,563	42,563	42,563	42,563
Individuals	123,971,563	117,317,733	1,663,462	1,433,053	976,298	866,519
Insurance	646,757	1,027,676	-	-	-	-
Metal & allied industries	32,955,827	33,401,672	3,018,184	1,524,531	2,127,622	1,249,283
Mining and quarrying	5,179,359	5,397,808	15,579	-	6,275	-
Oil and allied	33,122,647	25,646,999	4,280,774	1,780,774	4,280,774	1,771,204
Paper and board	8,935,585	8,267,671	2,710	2,980	2,710	2,980
Plastic and allied industries	5,416,600	4,532,958	203,241	259,851	185,675	275,130
Power (electricity), gas, water, sanitary	55,067,488	72,356,385	1,823,960	2,827,910	1,823,960	2,348,310
Services	15,387,756	14,597,907	1,156,410	714,011	863,705	371,174
Sugar	16,493,548	19,774,618	471,497	1,032,653	471,497	1,032,653
Technology and related services	118,811	127,161	3,363	-	841	-
Textile	175,602,739	174,726,607	7,556,916	7,523,780	7,525,101	6,190,879
Transport, storage and communication	27,500,328	20,127,023	31,871	1,123,990	25,391	1,123,274
Wholesale & retail trade	34,445,196	38,850,582	3,208,838	2,099,287	2,992,687	1,921,743
Others	17,235,028	19,598,390	1,185,304	1,388,498	993,412	1,145,305
	<u>777,286,977</u>	<u>765,692,866</u>	<u>37,632,739</u>	<u>30,971,213</u>	<u>32,373,670</u>	<u>25,396,608</u>

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Public sector	63,785,213	44,390,789	259,965	273,965	202,265	202,265
Private sector	713,501,764	721,302,077	37,372,774	30,697,248	32,171,405	25,194,343
	<u>777,286,977</u>	<u>765,692,866</u>	<u>37,632,739</u>	<u>30,971,213</u>	<u>32,373,670</u>	<u>25,396,608</u>





2023 **2022**
-----**(Rupees in '000)**-----

46.1.7 Contingencies and Commitments

Credit risk by industry sector

Agriculture, forestry, hunting and fishing	1,848,473	723,212
Automobile and transportation equipment	19,602,523	14,816,068
Cement	3,068,456	5,475,715
Chemical and pharmaceuticals	30,308,191	23,350,141
Construction	44,745,753	19,819,304
Electronics and electrical appliances	11,792,799	7,916,285
Exports / imports	720,820	1,055,443
Financial	477,551,996	242,184,726
Food & allied products	25,554,148	25,267,090
Footwear and leather garments	802,011	481,069
Glass and ceramics	1,388,762	1,056,977
Individuals	6,001,242	5,066,833
Insurance	974,534	1,055,913
Metal & allied industries	16,725,353	12,831,797
Mining and quarrying	1,821,151	743,294
Oil and allied	74,238,814	47,582,718
Paper and board	4,851,180	1,858,270
Plastic and allied industries	3,300,225	3,589,217
Power (electricity), gas, water, sanitary	51,013,812	33,780,926
Services	5,989,950	4,468,156
Sugar	1,347,784	1,916,993
Technology and related services	2,653,385	2,034,031
Textile	53,815,517	60,671,268
Transport, storage and communication	12,492,880	7,997,088
Wholesale & retail trade	29,919,837	22,987,066
Others	46,065,071	37,324,331
	<u>928,594,667</u>	<u>586,053,931</u>

Credit risk by public / private sector

Public / Government	61,573,645	47,598,082
Private	<u>867,021,022</u>	<u>538,455,849</u>
	<u>928,594,667</u>	<u>586,053,931</u>

46.1.8 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 157,762.230 million (2022: Rs. 116,153.141 million) are as following:

	2023	2022
	----- (Rupees in '000) -----	
Funded	61,314,267	45,445,076
Non Funded	<u>96,447,963</u>	<u>70,708,066</u>
Total Exposure	<u>157,762,230</u>	<u>116,153,142</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 263,838.992 million (2022: Rs. 215,557.567 million).

None of the top 10 exposures are classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

46.1.9 Advances - province / region-wise disbursement & utilisation

Province/Region	2023						
	Disbursements Total	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit- Baltistan
----- (Rupees in '000) -----							
Punjab	1,953,021,686	1,906,355,593	28,438,675	670,214	9,846	17,432,385	114,973
Sindh	2,366,198,001	24,146,765	2,330,427,282	583,804	40,159	10,995,947	4,044
KPK including FATA	26,152,414	57	-	26,152,357	-	-	-
Balochistan	5,964,281	-	2,223	-	5,962,058	-	-
Islamabad	284,745,769	129,403,030	2,987,588	30,478,187	2,519	121,874,445	-
AJK including Gilgit-Baltistan	1,099,420	1,343	1,000	-	8,868	-	1,088,209
Total	4,637,181,571	2,059,906,788	2,361,856,768	57,884,562	6,023,450	150,302,777	1,207,226

Province/Region	2022						
	Disbursements Total	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit- Baltistan
----- (Rupees in '000) -----							
Punjab	1,663,807,992	1,607,641,972	28,727,917	1,814,584	177	25,522,820	100,522
Sindh	1,672,169,912	17,793,854	1,649,513,267	490,556	68,967	4,289,276	13,992
KPK including FATA	27,345,835	3,616	-	27,342,219	-	-	-
Balochistan	6,258,010	13,484	24,463	-	6,220,063	-	-
Islamabad	195,588,631	63,220,130	6,068	31,398,130	67,511	100,896,792	-
AJK including Gilgit-Baltistan	1,109,673	8,734	-	-	47,989	-	1,052,950
Total	3,566,280,053	1,688,681,790	1,678,271,715	61,045,489	6,404,707	130,708,888	1,167,464

46.2 Market Risk

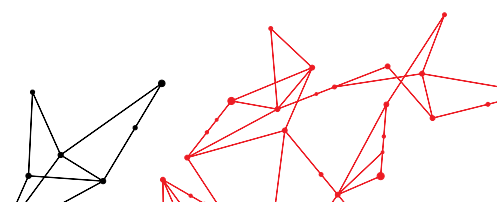
Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. To manage and control market risk, a comprehensive Board approved Market & Liquidity Risk Management Policy, is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure and control market risk at a portfolio level. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors. This structure is reviewed, adjusted and approved periodically.

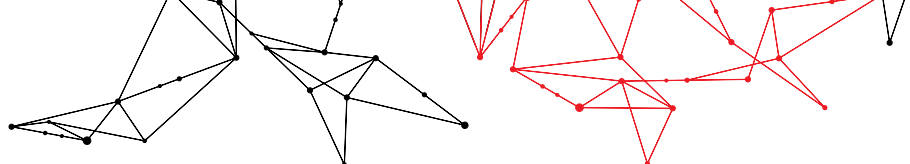
Under the BoD approved policy, the Bank's Asset and Liability Committee (ALCO) and Investment Committee (IC) are primarily responsible for the oversight of market risk, supported by Market & Liquidity Risk Department of Risk Management Division (RMD). Furthermore, the Bank carries out risk assessment via diversified tools including Value at Risk (VaR), PVBP (price value per Basis Point) and Duration on a regular basis. The Bank also ascertains the impact of market risk on relevant portfolios through stress testing and the Internal Capital Adequacy Assessment processes.

46.3 Foreign exchange risk

Foreign exchange (FX) risk arises from fluctuation in the value of financial instruments due to changes in foreign exchange rates. The Bank's FX Risk is largely mitigated by taking a matched funding positions.

The Bank manages FX risk by setting and monitoring through approved currency wise net open position limits and Foreign Exchange Exposure Limit (FEEL). Foreign exchange risk is controlled and monitored through limits approved by ALCO, within the overall FEEL limit advised by the SBP.





The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial exposure:

	2023				2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items / bought / (sold)	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items / bought / sold	Net foreign currency exposure
	------(Rupees in '000)-----				------(Rupees in '000)-----			
United States Dollar	134,406,696	170,337,516	36,143,329	212,509	84,317,824	142,911,999	61,120,650	2,526,475
Great Britain Pound Sterling	3,821,446	9,724,464	5,966,219	63,201	2,669,739	7,680,556	5,025,968	15,151
Euro	5,213,422	9,399,107	4,354,620	168,935	2,770,699	6,550,482	3,638,000	(141,783)
Japanese Yen	15,181	877	-	14,304	15,446	45,788	42,840	12,498
Other currencies	111,498,770	111,236,817	94,049	356,002	99,286,831	99,316,116	274,917	245,632
	<u>254,955,515</u>	<u>300,698,781</u>	<u>46,558,217</u>	<u>814,951</u>	<u>189,060,539</u>	<u>256,504,941</u>	<u>70,102,375</u>	<u>2,657,973</u>

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------(Rupees in '000)-----			
Impact of 1% adverse movement in foreign exchange rates on				
- Profit and loss account	-	(8,150)	-	(26,580)
- Other comprehensive income	(309,098)	-	(281,366)	-

46.3.1 Balance sheet assets split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	------(Rupees in '000)-----					
Cash and balances with treasury banks	202,692,402	-	202,692,402	140,613,348	-	140,613,348
Balances with other banks	16,617,834	-	16,617,834	9,485,380	-	9,485,380
Lendings to financial institutions	119,554,109	-	119,554,109	115,353,599	-	115,353,599
Investments	1,787,595,085	279,667,615	2,067,262,700	1,100,849,861	13,556,897	1,114,406,758
Advances	735,051,510	-	735,051,510	732,374,851	-	732,374,851
Fixed assets	61,767,681	-	61,767,681	48,424,722	-	48,424,722
Intangible assets	1,369,899	-	1,369,899	1,296,297	-	1,296,297
Deferred tax assets	6,008,159	-	6,008,159	9,012,648	-	9,012,648
Other assets	<u>132,278,299</u>	<u>3,314,234</u>	<u>135,592,533</u>	<u>81,272,612</u>	<u>956,513</u>	<u>82,229,125</u>
	<u>3,062,934,978</u>	<u>282,981,849</u>	<u>3,345,916,827</u>	<u>2,238,683,318</u>	<u>14,513,410</u>	<u>2,253,196,728</u>

46.3.2 Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or market indices. The Bank's equity investments are classified as Available for Sale (AFS) and Held for Trading (HFT) investments. The objective of classifying investments as HFT is to take advantage of short term capital gains, while the AFS portfolio is maintained with a medium term view of capital gains and dividend income. The Bank's Investment Committee is primarily responsible for the oversight of the equity investment risk. The Bank has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits, loss triggers and timely escalation of Management Action Trigger Levels (MAT).

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------(Rupees in '000)-----			
Impact of 5% adverse movement in equity prices on				
- Profit and loss account	-	(11,422)	-	(25,903)
- Other comprehensive income	(201,777)	-	(296,134)	-

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

Interest Rate Risk is the adverse impact on the bank's shareholder's equity due to changes in the interest rates. It may be further elaborated as changes in the present value of the asset, liabilities and commitments due to changes in interest rates, including changes in the shape of yield curves. The Bank is exposed to interest rate risk primarily as a result of mismatches in the amounts of assets, liabilities and off-balance sheet interest sensitive instruments within a certain range of maturity or re-pricing (whichever is earlier). The Bank has formulated a separate Interest Rate Risk Management (IRR) framework which establishes aggregate and tenor-wise balance sheet level PVBP (Price Value per basis points) limits to manage interest rate risk within the Board approved risk appetite. Treasury and Capital Markets Group is primarily responsible for management of interest rate risk on a daily basis, and the Asset and Liability Committee (ALCO) oversees the interest rate risk at Bank level. Market Risk Department of Risk Management Division independently monitors, analyses and reports various limits including management action point limits and re-pricing of the assets and liabilities on a regular basis.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% increase in interest rates on	(Rupees in '000)			
- Profit and loss account	838,340	(1,873,290)	5,321,670	(79,865)
- Other comprehensive income	(10,346,287)	-	(6,098,611)	-

46.4.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield/ Interest rate	Total	2023										Non-interest bearing financial instruments	
		Exposed to Yield/ Interest 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													
Cash and balances with treasury banks	202,692,402	13,922,762	-	-	-	-	-	-	-	-	-	-	188,769,640
Balances with other banks	16,617,834	34,503	-	-	-	-	-	-	-	-	-	-	16,583,331
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-	-	-	-	-
Investments	2,067,262,700	331,561,798	484,177,739	675,557,953	226,168,506	78,688,167	110,344,862	87,916,510	59,475,219	7,671	-	-	13,364,275
Advances	735,051,510	335,696,679	125,538,911	84,491,849	34,929,808	10,604,343	14,047,333	31,784,487	83,567,661	9,131,370	-	-	5,259,069
Other assets	124,985,949	800,769,851	609,716,650	760,049,802	261,098,314	89,292,510	124,392,195	119,700,997	143,042,880	9,139,041	-	-	124,985,949
	3,266,164,504	800,769,851	609,716,650	760,049,802	261,098,314	89,292,510	124,392,195	119,700,997	143,042,880	9,139,041	-	-	348,962,264
Liabilities													
Bills payable	26,004,538	717,549,421	40,785,871	14,488,021	245,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927	-	-	26,004,538
Borrowings	909,543,453	872,515,992	106,689,827	63,873,584	190,365,008	839,901	776,267	31,124	-	-	-	-	849,905,427
Deposits and other accounts	2,084,997,130	872,515,992	7,000,000	7,000,000	-	-	-	-	-	-	-	-	-
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	22,894,533	109,551	184,440	633,800	920,851	2,142,315	2,208,808	4,789,602	10,004,739	1,900,427	-	-	86,776,313
Lease liability against right-of-use asset	86,776,313	1,590,174,964	154,660,138	85,995,405	191,531,567	49,317,436	8,901,996	18,788,520	80,059,309	2,100,354	-	-	962,686,278
Others	3,144,215,967	1,590,174,964	154,660,138	85,995,405	191,531,567	49,317,436	8,901,996	18,788,520	80,059,309	2,100,354	-	-	962,686,278
	121,948,537	(789,405,113)	455,056,512	674,054,397	69,566,747	39,975,074	115,490,199	100,912,477	62,983,571	7,038,687	-	-	(613,724,014)
On-balance sheet gap													
Off-balance sheet financial instruments													
Documentary credits and short-term trade-related transactions	369,828,072	-	-	-	-	-	-	-	-	-	-	-	369,828,072

Effective Yield/ Interest rate	2023										Non-interest bearing financial instruments	
	Total	Exposed to Yield/ Interest 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		
	198,859,218	89,146,811	72,036,819	37,173,352	502,236	-	-	-	-	-	-	-
	(151,805,082)	(86,073,414)	(42,076,834)	(23,654,834)	-	-	-	-	-	-	-	-
	20,461,347	1,790,376	2,125,301	15,374,572	-	-	-	-	-	1,171,098	-	-
	(88,746,368)	(1,790,375)	(38,881,280)	(36,898,765)	(10,905,413)	-	-	-	-	(270,535)	-	-
	39,466,304	25,063,222	14,403,082	-	-	-	-	-	-	-	-	-
	(39,466,304)	-	-	-	(3,100,466)	(2,624,208)	(2,877,882)	(7,187,448)	(19,730,250)	-	-	-
	11,683,894	-	11,683,894	-	-	-	-	-	-	-	-	-
	(11,683,894)	-	(11,683,894)	-	-	-	-	-	-	-	-	-
	348,597,187	28,136,620	7,607,088	(11,951,725)	(13,503,643)	(2,624,208)	(1,977,319)	(7,187,448)	(19,730,250)	-	-	369,828,072
	(761,268,493)	462,663,600	662,102,672	56,063,104	37,350,866	113,512,880	93,725,029	43,253,321	7,038,687	-	-	(243,895,942)
	(761,268,493)	(298,604,893)	363,497,779	419,560,883	456,911,749	570,424,629	664,149,658	707,402,979	714,441,666	-	-	470,545,724

Commitments in respect of:

- Forward exchange contracts - purchase
- Forward exchange contracts - sale
- Forward security - purchase
- Forward security - sale
- Interest Rate Swaps - purchase
- Interest Rate Swaps - Sale
- Cross Currency Swaps - Purchase
- Cross Currency Swaps - Sale

Off-balance sheet gap

Total Yield/Interest Risk Sensitivity Gap

Cumulative Yield/Interest Risk Sensitivity Gap

Effective Yield/ Interest rate	2022										Non-interest bearing financial instruments	
	Total	Exposed to Yield/ Interest 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		
	140,613,348	2,366,771	-	-	-	-	-	-	-	-	-	138,246,577
	9,485,380	28,815	-	-	-	-	-	-	-	-	-	9,456,565
	115,353,599	114,036,479	1,317,120	-	-	-	-	-	-	-	-	-
	1,114,406,758	528,212,480	239,062,859	15,004,713	12,226,809	28,098,579	71,174,020	14,042,435	5,574,605	-	-	-
	732,374,851	279,839,715	152,840,320	78,911,741	63,227,263	4,009,556	8,842,692	23,692,262	90,482,664	24,954,033	-	76,987,949
	2,189,221,885	924,484,260	393,220,299	213,921,699	78,231,976	16,236,365	36,941,271	95,267,167	161,656,684	24,954,033	-	244,308,131
	40,033,806	-	-	-	-	-	-	-	-	-	-	40,033,806
	491,179,531	137,158,661	187,143,295	17,053,319	2,310,237	11,892,522	43,220,723	79,773,929	1,168,419	-	-	706,730,266
	1,486,845,346	537,198,699	67,256,602	69,575,912	103,064,245	2,222,826	451,743	345,053	-	-	-	-
	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-	-
	17,495,747	209,730	527,931	930,276	1,765,621	57,931	393,864	1,750,922	9,375,551	2,483,921	-	52,100,959
	52,100,959	-	-	-	-	-	-	-	-	-	-	798,865,031
	2,101,655,389	674,567,090	261,927,828	94,559,507	107,140,103	14,173,279	44,066,330	13,554,401	89,149,480	3,652,340	-	2,101,655,389
	87,566,496	249,917,170	131,292,471	119,362,192	(28,908,127)	2,063,086	(7,125,059)	81,712,766	72,507,204	21,301,693	-	(554,556,900)

On-balance sheet financial instruments

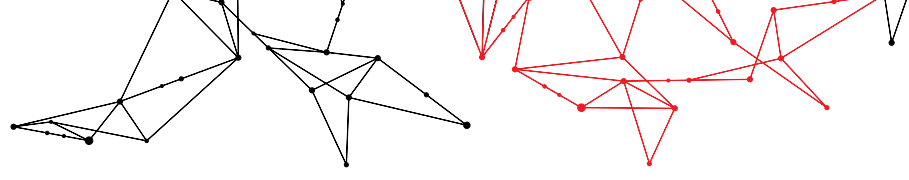
Assets

- Cash and balances with treasury banks
- Balances with other banks
- Lending to financial institutions
- Investments
- Advances
- Other assets

Liabilities

- Bills payable
- Borrowings
- Deposits and other accounts
- Subordinated debt
- Other liabilities
- Lease liability against right-of-use asset
- Others

On-balance sheet gap



Effective Yield/ Interest rate	2022										Non-interest bearing financial instruments
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	

(Rupees in '000)

Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions	312,089,944	-	-	-	-	-	-	-	-	-	-	312,089,944
Commitments in respect of:												
- Forward exchange contracts - purchase	120,494,702	83,541,288	27,708,311	8,892,523	352,580	-	-	-	-	-	-	-
- Forward exchange contracts - sale	(50,226,749)	(18,789,622)	(29,602,435)	(1,834,692)	-	-	-	-	-	-	-	-
- Forward security - purchase	12,990,116	6,615,259	1,471,322	4,834,042	69,493	-	-	-	-	-	-	-
- Forward security - sale	(4,448,697)	(174,395)	(984,344)	(369,060)	-	-	(2,920,898)	-	-	-	-	-
- Interest Rate Swaps - purchase	46,160,838	33,458,064	12,702,774	-	-	-	-	-	-	-	-	-
- Interest Rate Swaps - Sale	(46,160,838)	-	-	(1,811,447)	-	(6,113,634)	(3,448,860)	(12,483,453)	(22,303,444)	-	-	-
- Cross Currency Swaps - Purchase	574,073	-	574,073	-	-	-	-	-	-	-	-	-
- Cross Currency Swaps - Sale	(574,073)	-	(574,073)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	390,899,316	104,650,594	11,295,628	9,711,366	422,073	(6,113,634)	(3,448,860)	(15,404,351)	(22,303,444)	-	-	312,089,944

Total Yield/Interest Risk Sensitivity Gap

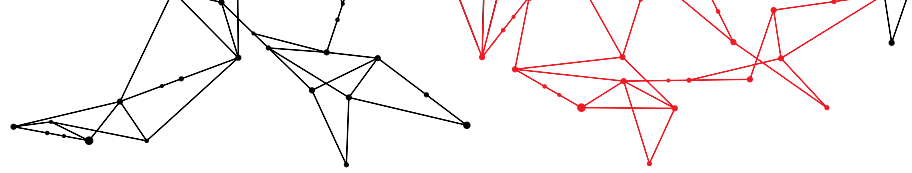
	354,567,764	142,588,099	129,073,558	(28,486,054)	(4,050,548)	(10,573,919)	66,308,415	50,203,760	21,301,693	(242,466,956)
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Cumulative Yield/Interest Risk Sensitivity Gap

	354,567,764	497,155,863	626,229,421	597,743,367	593,692,819	583,118,900	649,427,315	699,631,075	720,932,768	478,465,812
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46.4.2 Reconciliation of Financial Assets and Liabilities exposed to yield / interest rate risk with total assets and liabilities

	2023	2022
	----- (Rupees in '000) -----	
Total financial assets as per note 46.4.1	3,266,164,504	2,189,221,885
Add: Non financial assets		
Operating fixed assets	61,767,681	48,424,722
Intangibles	1,369,899	1,296,297
Deferred tax assets	6,008,159	9,012,648
Other assets	10,606,584	5,241,176
Total assets as per statement of financial position	3,345,916,827	2,253,196,728
Total financial liabilities as per note 46.4.1	3,144,215,967	2,101,655,389
Add: Non financial liabilities		
Other liabilities	63,778,027	51,526,716
Total liabilities as per statement of financial position	3,207,993,994	2,153,182,105



46.5 Operational Risk

Basel defines Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Operational Risk Management Framework, policy and Standards of the Bank duly approved by the Central Management Committee and the Board, cover the processes, structure and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Bank.

46.5.1 Operational Risk Disclosures - Basel Specific

The Bank is among the first few banks in the industry to secure SBP approval for adoption of Alternative Standardized Approach (ASA) under Basel guidelines for determining capital charge on operational risk in December 2013. The Bank started calculating its capital charge for operational risk using ASA from December 31, 2013.

The SBP approval stipulated a capital floor i.e. operational risk charge under ASA should not fall below as a certain percentage of operational risk capital charge calculated under Basic Indicator Approach for initial three years. These floors were 90% for 2013 and 2014, 80% for 2015 and 70% for 2016. However, removal of capital floor for calculation of capital charge under ASA was extended in line with international developments and consultations of the Basel Committee on Banking Supervision (BCBS).

Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Bank and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events, including non-financial risks. We aim to implement a new process based Risk and Control Self-Assessment method across the Bank in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first line self-assessment reviews, especially for the processes and activities that may significantly impact the Bank's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

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46.5.2 Information Security Risk

Cyber risk is now amongst the top ranked risks that all organisations face and the Bank is cognisant of its significance and possible impacts. The Bank's Board IT Committee (BITC) and management level IT Steering Committee (ITSC) provide oversight of cyber security matters. The Bank has in place a well-defined Information Security Risk Management Policy / Framework, duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management as well as multiple technology process/practices specific security baselines. The framework derives directly from the regulatory advisories as well as from international standards and best practices. A dedicated Information Security Division, function within Credit & Risk Management Group which manages information security risks to bank's technology assets by enforcing compliance to information security standards & baselines and continuously; monitor cyber threats and investigates information security incidents through its purpose built Security Operations Centre on (24/7) basis. Based on periodic Cyber Security Risk Assessments, the Bank has instilled a multilayered Cybersecurity Action Plan which covers all the key domains of information security. Identified threats and vulnerabilities are suitably treated and revalidated. Furthermore, periodically, the Bank runs Cyber Risk awareness campaigns for staff and customers and has clearly defined standards for Acceptable Use of Information & Technology resources.

46.5.3 Environmental Risk

The Bank has integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental & Social Management System (ESMS) have been put in place.

The ESMS Framework essentially requires that any relevant lending opportunity is to be reviewed and evaluated under:

- International Finance Corporation exclusion list;
- Applicable national laws on environment, health, safety and social issues; and
- International Finance Corporation performance standards.

This framework is an integral part of the credit approval process. All relevant credit proposals require Environmental & Social review prior to approval of the competent authority.

During 2022, the SBP has issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. The Bank is currently aligning its procedures and policy with the afore-mentioned the SBP manual.

46.5.4 Country risk

Country risk refers to the possibility that economic and political conditions in a foreign country could adversely impact the Bank's exposure in that country. For the Bank, country risk arises as a result of the Bank's net investment in foreign operations, foreign currency lending, trade and treasury business with counterparties domiciled in other countries as well as investments and capital transactions. In order to manage the risk, Bank has in place a comprehensive country risk management framework. Under this framework, the transfer risk is measured using financial market and economic factors. Political risk is measured using a variety of indicia indicative of country's willingness to honour its foreign obligations. Based on this framework, risk limits are assigned to countries within the Board approved limits. The limits and their utilization are monitored and managed at head office level and country risk exposures are reported to the relevant committees at a defined frequency.

46.6 Liquidity Risk

Liquidity is a financial institution's capacity to meet its obligations as they fall due without incurring losses. Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they come due.

With reference to the SBP Basel III Liquidity Standards issued under BPRD circular # 08 dated June 23, 2016, the Bank calculates Liquidity Coverage Ratio (LCR) on a monthly basis. Based on the financial statement as at December 31, 2023, the Bank's LCR is 2.04 or 204% against the SBP minimum requirement of 100%, with Total Stock of High Quality Liquid Assets (HQLA) of Rs. 1,413,229.330 million and Net Cash Outflows of Rs. 691,799.084 million.

Moreover, under the same circular the Banks are expected to calculate Net Stable Funding Ratio (NSFR) on quarterly basis. Based on December 31, 2023 numbers the Bank's NSFR is 1.61 or 161% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,634,520.450 million and Total Required Stable Funding of Rs. 1,012,638.563 million.

The Bank manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy, the management level procedural document and Asset & Liability Committee (ALCO) level guidelines. Under this framework, various liquidity metrics are implemented and monitored on a regular basis.

The Board approves the Bank's overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Bank's ALCO is primarily responsible for the implementation of Board's strategy through oversight of the asset liability function including liquidity management. Treasury front office manages the Bank's liquidity on day to day basis and is the Bank's first line of defence against liquidity risk. Under Risk Management Division, Liquidity Risk Management Unit is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and bank's own risk appetite.

The Bank's overall funding strategy is based on the principles of diversification and stability. The Bank has a diverse funding base, which includes stable funding in the form of equity, sub-ordinated loans, retail and small business deposits and non-stable funding in form of large volume depositors. The Bank has in place internally approved limits to monitor and manage risk emanating from volatile funding concentration. Moreover, the Bank is fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of high quality liquidity assets in relation to its liability profile.

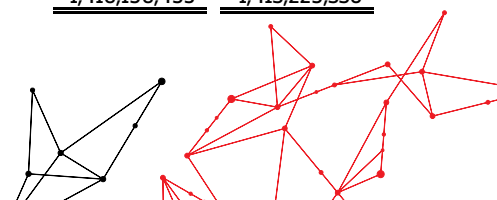
Stress testing is used in an attempt to highlight the vulnerability of the Bank's balance sheet to hypothetical stress events and scenarios. Based on the scenarios, liquidity risk factors are given major shocks and their resulting impact on the balance sheet is calculated. The Bank carries out the stress testing based on SBP stress tests and internal defined scenarios to gauge the potential impacts of different liquidity stress scenarios and share the results with the senior management, the BoD and the regulator.

At the Bank, Contingency Funding Plan (CFP), are in place for all jurisdictions to address liquidity issues in times of stress / crises situations. The Treasury division prepares the CFPs for all operations on annual basis for identifying the stress scenarios and the funding plan for such scenarios along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

Main drivers of LCR results are High Quality Liquid Assets (HQLA) and Net Cash Outflow. HQLA is defined by the liquidity quality of the Bank's assets and net cash outflow is mainly determined through volatility of the Bank's liability profile. The table below showcases the composition of HQLA as of December 31, 2023.

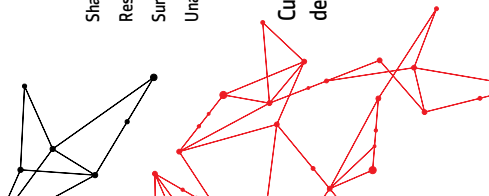
HQLA*	Market Value	Weighted Amount
	------(Rupees in '000)-----	
Level 1 Assets	1,408,966,128	1,408,966,128
Level 2A Assets	1,596,733	1,357,223
Level 2B Assets	5,633,634	2,905,979
	<u>1,416,196,495</u>	<u>1,413,229,330</u>

* These have been defined in detail in the SBP Circular No. 08, dated June 23, 2016.



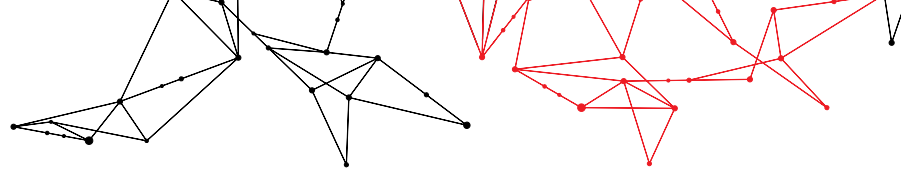
2022														
(Rupees in '000)														
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
Assets														
Cash and balances with treasury banks	140,613,348	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	9,485,380	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	115,353,599	5,334,159	86,791,703	8,778,207	13,132,410	1,317,120	4,867,979	14,833,378	113,373,246	292,522,652	112,933,097	91,258,266	246,873,481	226,395,393
Investments	1,114,406,758	-	439,604	33,327	4,862,878	6,013,457	92,844,007	61,623,601	27,376,478	25,507,162	53,560,678	50,891,076	78,891,005	93,555,587
Advances	732,374,851	112,075,255	13,921,677	16,552,478	56,748,263	48,827,584	92,844,007	1,298,312	1,277,741	1,251,448	4,182,533	3,957,571	6,544,076	28,379,714
Fixed assets	48,424,722	21,398	128,381	149,763	355,984	440,108	437,693	156,003	156,004	156,004	168,070	168,070	336,144	-
Intangible assets	1,296,297	1,677	10,065	11,742	28,516	52,001	52,001	-	-	9,012,648	-	-	-	-
Deferred tax assets	9,012,648	-	-	-	-	-	-	-	-	1,220,852	2,075,465	366,152	549,228	-
Other assets	82,229,125	1,872,484	12,648,230	14,057,334	35,096,302	5,410,018	4,927,756	1,780,917	1,675,159	1,220,852	2,075,465	366,152	549,228	549,228
	2,253,196,728	269,403,701	113,939,660	39,582,851	110,224,353	60,743,168	104,446,556	79,692,211	143,858,628	329,670,766	172,919,843	146,641,135	333,193,934	348,879,922
Liabilities														
Bills payable	40,033,806	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	491,179,531	5,606,603	3,616,007	2,357,090	125,578,960	124,383,151	62,760,145	17,053,319	75,452	2,234,785	11,892,522	43,220,723	11,458,426	80,942,348
Deposits and other accounts	1,486,845,346	1,120,813,574	43,682,297	16,928,132	26,429,368	26,210,801	64,322,063	71,231,915	35,589,480	78,312,018	2,378,256	579,593	367,849	-
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Other liabilities	121,123,422	1,453,758	10,135,874	11,126,252	25,625,402	6,367,203	6,949,713	7,006,699	5,328,677	24,221,058	3,271,667	2,753,568	4,809,678	12,073,873
	2,153,182,105	1,167,907,741	57,434,178	30,411,474	177,633,730	156,961,155	134,031,921	95,291,933	40,993,609	104,767,861	17,542,445	46,553,884	16,635,953	107,016,221
Net assets	<u>100,014,623</u>	<u>(898,504,040)</u>	<u>56,505,482</u>	<u>9,171,377</u>	<u>(67,409,377)</u>	<u>(96,217,987)</u>	<u>(29,585,365)</u>	<u>(15,599,722)</u>	<u>102,865,019</u>	<u>224,902,905</u>	<u>155,377,398</u>	<u>100,087,251</u>	<u>316,557,981</u>	<u>241,863,701</u>
Share capital	15,771,651													
Reserves	34,283,201													
Surplus on revaluation of assets	4,858,723													
Unappropriated profit	45,101,048													
	<u>100,014,623</u>													

Current and saving deposits have been classified under maturity upto one day as these do not have any contractual maturity. Further, the Bank, on the basis of behavioural pattern, estimates these deposits are a core part of its liquid resources with long term maturity profile reflected in note 46.6.1. and will not fall below the current year's level.



46.6.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

	2023									
	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	202,692,402	114,534,487	9,546,660	7,324,282	17,563,379	17,274,692	2,638,067	5,203,217	13,003,463	15,604,155
Balances with other banks	16,617,834	16,617,834	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-	-
Investments	2,067,262,700	10,205,774	193,947,998	155,827,112	371,200,869	212,387,878	457,538,612	376,723,110	286,896,071	2,535,276
Advances	735,051,510	199,630,872	118,844,344	71,481,447	37,994,791	26,443,560	37,982,245	70,277,427	143,071,356	29,325,468
Fixed assets	61,767,681	2,044,591	2,311,464	2,431,587	4,715,102	6,212,817	5,269,213	7,768,792	9,683,388	21,330,727
Intangible assets	1,369,899	66,364	127,759	189,571	367,406	250,657	182,011	186,131	-	-
Deferred tax assets	6,008,159	-	-	-	6,008,159	-	-	-	-	-
Other assets	135,592,533	105,888,763	15,130,223	3,626,438	4,701,017	2,734,892	877,800	1,316,700	1,316,700	-
	3,345,916,827	568,542,794	339,908,448	240,880,437	442,550,723	265,304,496	504,487,948	461,475,377	453,970,978	68,795,626
Liabilities										
Bills payable	26,004,538	26,004,538	-	-	-	-	-	-	-	-
Borrowings	909,543,453	717,549,421	40,785,871	14,488,021	245,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927
Deposits and other accounts	2,084,997,130	201,890,450	203,922,468	156,451,118	375,164,456	368,997,931	56,350,717	111,143,873	277,761,871	333,314,246
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Other liabilities	173,448,873	85,880,872	13,241,580	6,969,225	31,004,332	4,042,706	3,680,579	16,733,144	10,004,739	1,891,696
	3,207,993,994	1,031,325,281	257,949,919	177,908,364	406,414,496	419,375,857	65,948,217	141,844,811	357,821,180	349,405,869
Net assets	137,922,833	(462,782,487)	81,958,529	62,972,073	36,136,227	(154,071,361)	438,539,731	319,630,566	96,149,798	(280,610,243)
Share capital	15,771,651									
Reserves	41,401,130									
Surplus on revaluation of assets	11,268,364									
Unappropriated profit	69,481,688									
	137,922,833									



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
Balances with other banks
Lending to financial institutions
Investments
Advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets

140,613,348	93,639,548	4,638,163	4,739,870	8,498,852	9,511,009	1,416,574	2,805,971	6,983,346	8,380,015	
9,485,380	9,485,380	-	-	-	-	-	-	-	-	
115,353,599	114,036,479	1,317,120	-	-	-	-	-	-	-	
1,114,406,758	5,335,809	10,881,436	14,833,378	405,895,898	112,933,097	91,258,266	246,873,481	224,155,552	2,239,841	
732,374,851	199,297,673	141,671,591	61,623,601	52,883,640	53,560,678	50,891,076	78,891,005	78,427,460	15,128,127	
48,424,722	655,526	877,801	1,298,312	2,529,189	4,182,533	3,957,571	6,544,076	8,033,453	20,346,261	
1,296,297	52,000	104,002	156,003	312,008	168,070	168,070	336,144	-	-	
9,012,648	-	-	-	9,012,648	-	-	-	-	-	
82,229,125	63,674,350	10,337,774	1,780,917	2,896,011	2,075,465	366,152	549,228	549,228	-	
2,253,196,728	486,176,765	169,827,887	84,432,081	482,028,246	182,430,852	148,057,709	335,999,905	318,149,039	46,094,244	

Liabilities

Bills payable
Borrowings
Deposits and other accounts
Subordinated debt
Other liabilities

40,033,806	40,033,806	-	-	-	-	-	-	-	-	
491,179,531	137,158,660	187,143,296	17,053,319	2,310,237	11,892,522	43,220,723	11,458,426	79,773,929	1,168,419	
1,486,845,346	119,022,674	135,057,941	138,019,531	247,476,733	276,949,568	41,248,983	81,706,628	203,346,948	244,016,340	
14,000,000	-	-	-	-	-	-	-	-	14,000,000	
121,123,422	48,341,286	13,316,916	7,006,699	29,549,735	3,271,667	2,753,568	4,809,678	7,911,399	4,162,474	
2,153,182,105	344,556,426	335,518,153	162,079,549	279,336,705	292,113,757	87,223,274	97,974,732	291,032,276	263,347,233	

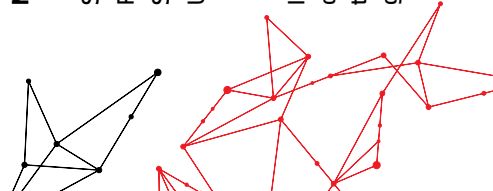
Net assets

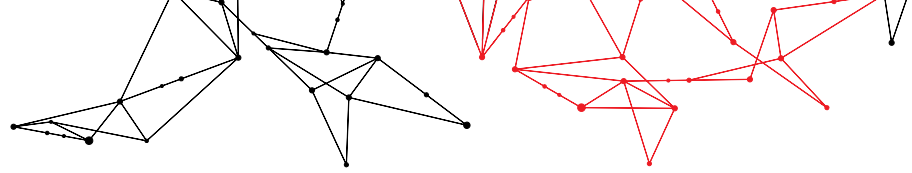
Share capital
Reserves
Surplus on revaluation of assets
Unappropriated profit

100,014,623	141,620,339	(165,690,266)	(77,647,468)	202,691,541	(109,682,905)	60,834,435	238,025,173	27,116,763	(217,252,989)	
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15,771,651
34,283,201
4,858,723
45,101,048
100,014,623

In line with the SBP BSD Circular Letter No. 03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Bank conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed regression analysis to determine deposit withdrawal pattern on Current and Savings Accounts (CASA). Regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.





46.7 Derivative Risk

The Bank deals in derivative instruments including Interest Rate Swaps and Cross Currency Swaps for hedging and market making purposes within Bank's risk appetite. Interest rate swaps are primarily conducted to hedge interest rate risk present in the Bank's foreign currency bond portfolio.

Additionally, to facilitate client business enabling them to hedge long term foreign currency exposure, bank offers solutions through Cross Currency Swaps subject to approval from the State Bank of Pakistan. The counterparty risk associated in the cross currency swaps is approved by the relevant Credit Approval Authority.

Market & Liquidity Risk Department under the Risk Management Division performs hedge effectiveness testing of foreign currency bonds portfolio against interest rate swaps on a periodic basis. For Cross Currency Swaps, Market & Liquidity Risk Department monitors the revaluation and counterparty exposures on regular basis. The results are then shared with the concerned stakeholders and strategies are devised/revisited in coordination with Treasury to align the outcomes with established risk parameters.

46.8 Trade Pricing Risk

Trade Pricing Risk – TPRD established under the umbrella of Risk Management Division – RMD is responsible to ascertain commodity price of trade transactions to curb under / over invoicing on best effort basis through various reliable sources such as internet search, custom valuation ruling, newspaper, goods declaration, Bloomberg etc.

The unit has been established as required by the SBP framework for managing risk of Trade Based Money Laundering and Terrorist Financing.

47 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The board and management of the Bank continue to closely monitor the evolving situation in Afghanistan which has been hampered due to country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Bank has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Bank remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

48 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 01, 2024 has announced final cash dividend of Rs. 5 per share (50%) (2022: Rs. 2.5 per share (25%). This appropriation will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2023 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2024. The Board had earlier declared and paid an interim cash dividend of Rs. 3.0 (2022: cash dividend: Rs. 2.5) per share.

49 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 01, 2024 by the Board of Directors of the Bank.

50 GENERAL

50.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary for better presentation and classification.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated financial statements is as follows:

Description of item	Nature	(Rupees in '000)	From	To
Net interest on interest rate swap	Income	156,282	Mark-Up / return / interest expensed - borrowings	Mark-Up / return / interest earned - investments
Sukuk	Asset	222,000	Available for sale securities investment - term finance certificates	Available for sale securities investment - sukuk
Realised gain / (loss) on federal government securities	Income	97,635	Gain / (loss) on securities - realised gain / (loss)	Mark-Up / return / interest expensed - borrowings

President & Chief Executive Officer

Chief Financial Officer

Director

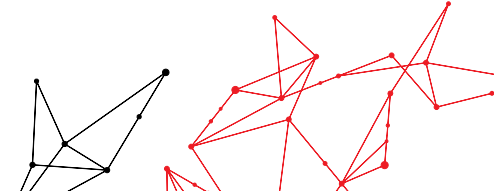
Director

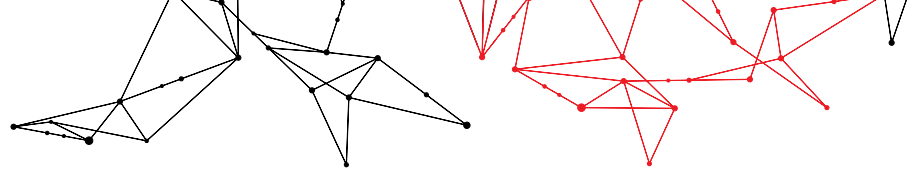
Director

ANNEXURE - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2023

S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning of year as at							Principal written-off (9-10-11)	Product Name
				January 01, 2023								
				Principal	Interest / Mark-up	Other charges / Interest / Mark-up	Total (5-6-7)	Principal written-off	Interest / Mark-up written-off	Other financial relief provided		
				5	6	7	8	9	10	11	12	13
1	S.A. Oil Refinery Limited Address: M-5 Building, 66B Bundliffe Road, Peshawar, Khyber Pakhtunkhwa, Bangladesh.	3 1. Shaikhuddin Alam CNIC: 6910-980949-9 2. Yasmin Alam CNIC: 6920-980949-9	4 1. Aliq Shahid Alam. 2. Anaj Abul Gelam	62,916	8,432	-	71,348	-	8,432	78,200	86,632	Current Finance
2	Wateen Winaak Pvt Ltd. Address: Main Walton Road, Opposite Babe Pakistan Walton Cantt, Lahore.	3 1. Muhammad Shehbaz Khan CNIC: 6101-0683730-9 2. Adil Rasheed CNIC: 37405-0223625-3 3. Gulam Mustafa CNIC: 35202-266458-5	1. Muhammad Shabbir Khan 2. Azmat Rashid 3. Gulam Rasool	-	61,227	-	61,227	-	61,227	-	61,227	Term Finance
3	Ghafoor Cotton Mills Pvt Ltd Address: B/69, Gulberg Street, Sher Shah Road, Multan Cantt, Multan	3 1. Faisal Javid CNIC: 36302-2361931-7 2. Mst. Shahnaz Begum CNIC: 36302-9800406-2 3. Qamar Javid CNIC: 36302-796749-7 4. Khuram Javid CNIC: 36302-9326925-1	1. Khawaja Abdul Shakoor Javid	25,205	1,130	8,570	34,905	-	1,130	8,570	9,700	CF-Hypo, Term Loan & FATR
4	Auto Track Address: 35-B, Phase III, Govt Employee Cooperative Housing Society (Gechs), Model Town Link Road, Lahore.	3 1. Hakama Humayun CNIC: 35702-5900956-2 2. Muhammad Humayun Yousef CNIC: 35702-3045751-7 3. Gulam Mujtaba Tariq CNIC: 35201-9141862-9	1. Muhammad Humayun 2. Muhammad Yousef Bharti 3. Tariq Mahmood Ahmad	24,579	-	12,562	37,141	-	-	9,541	9,541	Current Finance
5	Hafiz Shaizoo Shahid Address: 14-S Iqbal Street, Liaqat Abad, Kot Lakhtar, Lahore.	3 1. Hafiz Shaizoo Shahid CNIC: 36201-6175245-5	Shahid Mahmood Zafar	448	-	-	448	7,046	-	-	7,046	Credit Card
6	Khawaja Asem Khursheed Address: P 11, Gwala Paradise Valley, Phase I, Faisalabad.	3 1. Khawaja Asem Khursheed CNIC: 331021773181 2. Arian Habib Address: House No. 8, Street No 6-C, Masjidwali Street, Jalifat Road, Shahdara, Near Qasim Masjid, Lahore.	Khawaja Khursheed Anwar Habib Ullah	5,446	385	-	5,833	5,446	1,580	-	7,028	Auto Finance
7	Shahid Mahmood Zafar Address: 14-S Iqbal Street, Liaqat Abad, Kot Lakhtar, Lahore.	3 1. Shahid Mahmood Zafar CNIC: 36201-6234653-1	Salamat Ali	298	-	-	298	5,614	-	-	5,614	Credit Card
8	Ab Engineering (Pvt.) Ltd. Address: F-563, Workers Avenue, Site, Karachi, Muhammad Umar Nasir Address: Near Sakwan Meel, Sher Shah Road, Muzaffarabad, P O Islamabad, Multan.	3 1. Syed Ghazafar Ali Naqvi CNIC: 42000-06447181 2. Syed Ali Raza Zaidi CNIC: 42001-76128425	1. Jafar Ali Naqvi 2. Syed Hasan Zaidi	8,786	5,432	-	14,218	-	4,209	1,252	5,461	Current Finance
9	Muhammad Umar Nasir Address: House No. 86, Al Razaq Villas, Midhall Road, Sahiwal.	3 1. Muhammad Umar Nasir CNIC: 36302-1122877-9	Muhammad Nasir Javed	-	-	-	-	4,758	-	-	4,758	Credit Card
10	Asan Rizwan Cold Storage Address: House No. 86, Al Razaq Villas, Midhall Road, Sahiwal.	3 1. Asan Rizwan Cold Storage CNIC: 36502-4172477-4	Muhammad Rizwan Yousef	14,568	2,167	2,129	18,864	-	2,167	2,129	4,296	Financing Facility for Storage of Agri Products
11	Muhammad Saleem Address: House No. 01, Street No 03, Mohallah Behmat Abad, Taseel Burewala, Dist Vehari.	3 1. Muhammad Saleem CNIC: 36601-1147260-1	Khushi Muhammad	3,138	1,114	-	4,252	3,138	945	-	4,083	Auto Finance
12	Muhammad Anwar Address: Chak No 215, Rd Jaran Wala Road, Reiman Pura, Faisalabad.	3 1. Muhammad Anwar CNIC: 35402-7105988-1	Aliah Ditta	3,058	990	-	4,048	3,058	852	-	3,910	Auto Finance
13	S M Abboui Hassan Rizvi Shah Address: House No. 610, St No.7, I-9/1, Near Imam Bargah, Islamabad.	3 1. S M Abboui Hassan Rizvi Shah CNIC: 21003-4190171-5	Syed Iqbal Hussain Shah	167	3	-	170	3,875	-	-	3,875	Credit Card
14	New Al Khair Model Industries Pvt Ltd Address: 3 Km Uch Sharif Road, Almadpur East, District Bahawalpur.	3 1. Ch. Naeem Ahmad CNIC: 31201-4395919-9 2. Muhammad Zeeshan Shabbir CNIC: 1202-0321649-1 3. Shoukat Ali CNIC: 31205-4659452-9	1. Niaz Ahmad 2. Shabbir Ahmad 3. Muhammad Shafi	14,999	292	4,033	19,324	-	-	3,780	3,780	CF-Hypo
15	Almad Rizwan Ashiq Address: Chak No 35, 15, Po Jandiyali Bangliawman, Churmu Khanewal.	3 1. Almad Rizwan Ashiq CNIC: 36104-5906627-5	Ashiq Hussain	-	-	-	-	3,768	-	-	3,768	Credit Card
16	Muhammad Usman Mayaz Address: Plot 48, Muhammad Pura, Faisalabad, Chakkar, Johar Town, Lahore.	3 1. Muhammad Usman Mayaz CNIC: 33102-1176544-9 2. Muhammad Hamid CNIC: 36202-8220163-5	Muhammad Tayyab Mayaz Abdul Raheed	3,167	625	-	3,792	3,167	596	-	3,763	Auto Finance
17	Ahsan Iftikhar Sheikh Address: House No. 543, Chitlan Road, Quetta.	3 1. Ahsan Iftikhar Sheikh CNIC: 54400-8889441-5	Iftikhar Ahmed Sheikh	3,138	334	-	3,472	3,138	495	-	3,633	Auto Finance
18	Rai Brothers Address: Muhallah Islamabad, Samundri, Faisalabad, District.	3 1. Ghufraan Sadiq CNIC: 33105-0952978-3 2. Shaheel Saleem CNIC: 34201-6519441-5	Sadiq Ali Saleem Masih	3,090	483	2,797	17,363	-	871	2,492	3,363	Alfalah Karobar Finance (AKF)
19	Usman Hameed Address: Mohallah Civil Lines, Near Govt Girls High School # 01, Near D.II Chowk, Taseel & Shekhupura, Jhera, Colony Mirat Road, Sanda Khurd, Lahore.	3 1. Usman Hameed CNIC: 35404-7918233-3 2. Muhammad Ahmed Raza CNIC: 35202-4175897-7 3. Asrar Ahmad Khan CNIC: 33007-330464-3	Usman Hameed Muhammad Ahmed Raza Asrar Ahmad Khan	2,862	362	-	3,214	2,862	331	-	3,193	Auto Finance
20	Khan Brothers Flying Coach Transport Company Address: House No. 7, 4 Street No. 6, Chino Bazar, Faisalabad.	3 1. Khan Brothers Flying Coach Transport Company CNIC: 35202-4175897-7 2. Sibtain Jahangir Address: Apartment No. 10, 8Th Floor, Arena Plaza, Gulberg Greens, Islamabad.	Sikandar Azam Jamshed Asrar Ahmad Khan Sibtain Jahangir	2,198	183	-	2,376	2,624	475	-	3,099	Auto Finance
21	Muhammad Hussain Address: 32 3 Street No 7, Muslimabad, Karachi, Sindh.	3 1. Muhammad Hussain CNIC: 42201-7450486-7	Muhammad Jahangir Aurangzab	3,419	434	-	3,853	-	-	2,948	2,948	Auto Finance
22	Muhammad Hussain Address: 32 3 Street No 7, Muslimabad, Karachi, Sindh.	3 1. Muhammad Hussain CNIC: 42201-7450486-7	Muhammad Jahangir Aurangzab	-	-	-	-	2,664	-	-	2,664	Credit Card
23	Muhammad Hussain Address: 32 3 Street No 7, Muslimabad, Karachi, Sindh.	3 1. Muhammad Hussain CNIC: 42201-7450486-7	Muhammad Jahangir Aurangzab	-	-	-	-	2,642	-	-	2,642	Credit Card



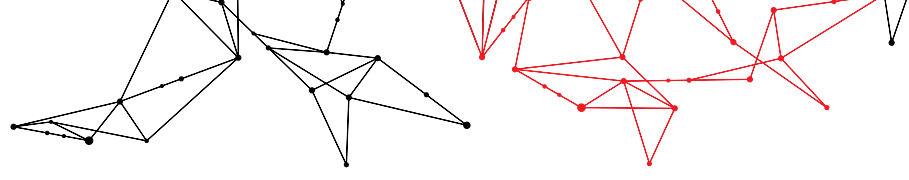


(Rupees in 000)

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 as at						Principal written-off	Interest / Mark-up written-off	Other financial relief provided	Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Others Interest / Mark-up	Total (5+6+7)	8	9					
1			4	5	6	7	8	9	10	11	12	13		
27	Muhammad Esa Address: House No 103 Street No 3, Nishat College, Lodhi Colony, Islamabad.	Muhammad Esa CNIC: 32402-6560867-7	Abdul Haleem	-	-	-	-	2,597	-	-	2,597	-	Credit Card	
28	Tamoor Sultan Address: H No 85, Lane No 7, Gulistan Colony, Rawalpindi.	Tamoor Sultan CNIC: 37405-0550931-9	Baharat Mehmood	2,144	156	-	2,302	2,144	416	-	2,560	-	Auto Finance	
29	Moosa Enterprises Address: Park Road, Near Railway Crossing, Distt Hafizabad.	Fariq Ullah Bashir CNIC: 34301-8229300-3	Ch Basair Ahmed	2,493	32	2,676	-	-	-	2,451	2,451	-	CF-Hypo	
30	Muhammad Basit Saeed Address: Basit Malik Wala, Near Dco House, Muzaffargarh.	Muhammad Basit Saeed CNIC: 32304-6692477-3	Saeed Ahmad	-	-	-	-	2,432	-	-	2,432	-	Credit Card	
31	Hassan Rashed Khan Address: House No 75, Street No 8, Chinot Bazar, Faisalabad.	Hassan Rashed Khan CNIC: 33001-1016398-1	Abdul Waheed Khan	2,400	206	-	2,608	-	-	2,430	2,430	-	Muratbaha	
32	Qadir Marketing Services Address: Ss-19, 2nd Floor, Techno City Mall, Hsarat Mohani Road, Karachi.	Syed Sharif Raza Zaidi CNIC: 54400-6567669-9	Syed Raza Ahmed Zaidi	15,000	1,743	-	16,743	-	730	1,660	2,390	-	Current Finance	
33	Mushaq Iqbal Merchant Address: House No 14A, Model Town, Gujranwala.	Mushaq Ahmed Gondal CNIC: 34101-1611281-7	Lal Din	3,935	417	2,031	6,383	-	317	2,006	2,383	-	Current Finance	
34	Tamveer Kausar Address: 1st Floor, Aleeem Centre, F/1/12, Block 5, Rashid Minhas Road, Gulshan-E-Iqbal, Karachi.	Tamveer Kausar CNIC: 42201-3699851-0	Jamir Ahmed	4,000	5,000	-	9,000	-	-	2,319	2,319	-	Current Finance	
35	Muhammad Zakaria Address: 23 E St No 1, Khuda Baksh Society, Air Port Road, Lahore.	Muhammad Zakaria CNIC: 35201-1302231-1	Muhammad Younas	1,899	208	-	2,107	1,899	392	-	2,291	-	Personal Loan	
36	Basit Ali Address: Chak 65 No, Mohallah Rashed Colony, Sangodha.	Basit Ali CNIC: 36403-1347978-9	Haji Saifraz Khan	1,889	198	-	2,087	1,866	420	-	2,286	-	Personal Loan	
37	Muhammad Imran Ali Address: Mohallah Toyota Stand, Babar Road, Nowshera Wkhan Gujranwala.	Muhammad Imran Ali CNIC: 34103-3215854-5	Muhammad Saleem	1,985	270	-	2,255	1,985	273	-	2,259	-	Auto Finance	
38	Sajjad Hussain Address: Taj Fruit Company, Shop No 24, Sabzi Mandi, Lodhian.	Sajjad Hussain CNIC: 36203-8702568-3	Malik Muhammad	1,793	238	-	2,031	1,769	485	-	2,254	-	Personal Loan	
39	Aamir Khurshed Address: Near Porana Lari Ada, Mohi New Abadi Near Al-Maria, Jinnah Masjid, Bahawal.	Aamir Khurshed CNIC: 36103-1546972-1	Khurshed Ahmed	1,704	447	-	2,151	1,704	546	-	2,249	-	Personal Loan	
40	Amir Enterprises Address: H. No. R-239, Sector 7-D/3, Shadmantown, North Nazimabad, Karachi.	Muhammad Amin CNIC: 35200-1516492-3	Muhammad Adil	3,500	626	199	4,325	-	-	2,217	2,217	-	Current Finance	
41	Syed Amir Imran Address: H. No. R-239, Sector 7-D/3, Shadmantown, North Nazimabad, Karachi.	Syed Amir Imran CNIC: 42101-9635836-9	Syed Imran Waris	3	8	-	11	2,202	-	-	2,202	-	Credit Card	
42	Nasir Sher Address: Sada Bhar Hotel/Habiba Bad, Javed Nagar, Bypass Pattoki.	Nasir Sher CNIC: 35101-0888476-9	Sher Muhand	22	-	-	22	2,191	-	-	2,191	-	Credit Card	
43	Sahir Ali Address: Mohallah Kasimiran, Dhoke Ramzan, Po Tanoil Near Bilal Atta Chaqki, Islamabad.	Sahir Ali CNIC: 6101-9992007-3	M Basfir	-	-	-	-	2,181	-	-	2,181	-	Credit Card	
44	Bahn Cotton Factory & Allied Industries Address: Grain Market, Haroonabad.	1. Muhammad Hafeez CNIC: 31104-1694979-7 2. Bashir Ahmad CNIC: 31104-6860017-1	Ghulam Muhammad	20,968	-	2,543	23,511	-	-	2,168	21,668	-	CF-Hypo	
45	Majeed Zia Address: House At Plo: No. 423, Street No. 14, Sector M-1, Lake City, Rawalpindi, Lahore.	Mujeeb Zia CNIC: 35202-9816266-9	Liaqat Zia	3,596	1,262	1,635	6,493	-	2,164	-	2,164	-	House Finance	
46	Saqib Mushtaq Address: House No 273, Mohallah Pak Arab Housing Scheme, Ferozpur Road, Lahore.	Saqib Mushtaq CNIC: 35203-3325325	Mian Mushtaq Ahmad	1,900	404	-	2,304	1,785	355	-	2,140	-	Auto Finance	
47	Masood Ahmad Address: C-23 Mohallah Al Noor City, Near Jamia Masjid, Pattoki District, Kasur.	Masood Ahmad CNIC: 35103-82783059	Safdar Hussain	1,730	98	-	1,828	1,730	405	-	2,135	-	Auto Finance	
48	Samar Abbas Address: Chak No 162/164, Sillanwali Adda, Jhang.	Samar Abbas CNIC: 33202-2757954-9	Khuda Yar	50	-	-	50	2,125	-	-	2,125	-	Credit Card	
49	Rehman Quits Pvt. Ltd Address: Raja Rasool Nagar, Faisalabad.	1. Atta Ur Rehman CNIC: 33100-0738196-7 2. Attique Ur Rehman CNIC: 33100-0801474-5	Atta Ullah	10,902	779	1,519	13,200	-	-	2,114	2,114	-	Muratbaha	
50	Fahad Nughman Address: House #5 A, Street 6, Lane 1, Rasool Town, Gulfez Phase 2, Rawalpindi.	Fahad Nughman CNIC: 6101-1710577-7	Nughman Siddiq	743	-	-	743	2,093	-	-	2,093	-	Credit Card	
51	Usman Aslam Address: H No. 60, St No. 2, 49 Tal Makkah Town, Sangodha, Kasur.	Usman Aslam CNIC: 38401-5893626-5	Muhammad Aslam	1,725	494	-	2,219	1,725	338	-	2,063	-	Auto Finance	
52	Nasif Hameed Qureshi Address: St No 3, Iqbal Park, Defence Road, Lahore.	Nasif Hameed Qureshi CNIC: 1601-1971548-7	Shahid Hameed	1,764	132	-	1,896	1,764	279	-	2,043	-	Personal Loan	
53	Fakhar Uz Zaman Shah Address: Street No. 03 Abbas Park, Pattoki, Kasur.	Fakhar Uz Zaman Shah CNIC: 35103-1302316-5	Muhammad Zaman Shah	1,744	160	-	1,904	1,687	352	-	2,039	-	Auto Finance	
54	Rameez Khalil Address: House No. 42, Tahara Street, Mohallah Qureshi, Mola Baksh Road, Mozang, Lahore.	Rameez Khalil CNIC: 35202-9524777-7	Khalil Ahmad Malik	1,575	111	-	1,686	1,561	463	-	2,024	-	Auto Finance	
55	Muhammad Amir Address: St. No. 1, Al Hatab Park, Bund Road, Lahore.	Muhammad Amir CNIC: 17301-1271652-1	Ghulam Rasool	1,594	313	-	1,907	1,594	390	-	1,984	-	Personal Loan	

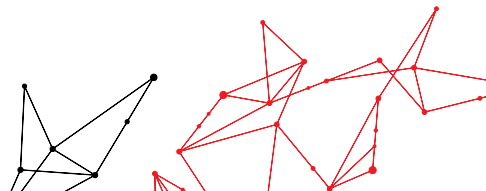
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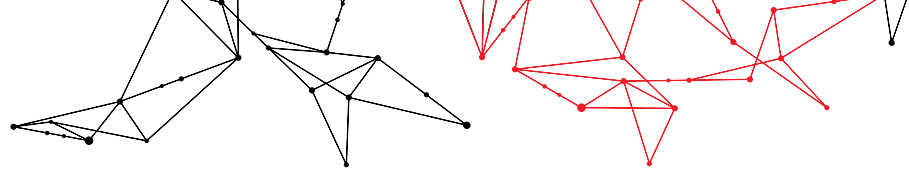
S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding USIBs as beginning of year as at							Principal written-off / waived	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9-12-13)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (5+6+7)	8	9	10					
1		3	4	5	6	7	8	9	10	11	12	13			
88	Irfan Jamil Address: Office No 7 A, 2nd Floor 5 Aida Plaza Regal Chowk, T He Mall, Lahore.	Irfan Jamil CNIC: 35202-281219-7	Jamil Ahmed	996	395	-	1,391	996	996	412	-	1,408	Personal Loan		
89	Zulfikar Ahmed & Ghulam Muhammad Address: Kotla Sheikh Natha, P.O.Khasa, Tehal And District Kasur.	1. Zulfikar Ahmed CNIC: 35102-472186-9 2. Ghulam Muhammad CNIC: 35102-971855-3	1. Muhammad Siddique 2. Muhammad Siddique	2,327	866	651	3,844	-	571	800	-	1,371	CF-Agri		
90	Muhammad Tahir Sarwar Address: House No. 11-B, Shami Road Opp. Gori-ji, Lahore.	Muhammad Tahir Sarwar CNIC: 35404-1592698-3	Ch Ghulam Sarwar	255	10	-	265	1,339	-	-	-	1,339	Credit Card		
91	Muhammad Abid Address: House No. 164, Block - B, Audit And Account Cooperative Housing Society, Phase-4, Lahore.	Muhammad Abid CNIC: 35202-219325-9	Basir Ahmed	2,698	1,503	118	4,319	-	1,319	-	-	1,319	House Finance		
92	Sheikh Muhammad Aslam Address: H No 316, Mohalla Begum Road, Mozaang, Near Badar Hospital, Lahore.	Sheikh Muhammad Aslam CNIC: 35202-3572075-7	Sheikh Abdul Gaffor	738	564	-	1,302	738	578	-	-	1,316	Personal Loan		
93	Raja Muhammad Ahmad Mujtaba Address: 308 C4, Shah Rukn E Alam Colony, Multan.	Raja Muhammad Ahmad Mujtaba CNIC: 36302-7801888-7	Raja Muhammad Ghazanfar	1,153	166	-	1,319	1,153	159	-	-	1,312	Auto Finance		
94	Muhammad Nasseem Khan Address: Purani Mandi, Mohalle Razaband Near Railway Station, Patokh.	Muhammad Nasseem Khan CNIC: 35103-9441438-3	Muhammad Saleem Khan	1,109	221	-	1,330	1,109	201	-	-	1,310	Auto Finance		
95	Zaher Babar Address: New Residence Block 2, Residence No 5, Danish School, Hasilpur.	Zaher Babar CNIC: 36302-2876327-1	Allah Ditta	-	-	-	-	1,293	-	-	-	1,293	Credit Card		
96	Muhammad Kashif Address: ELL Markaz Taha Arcade Plaza, Shop 5 And 12 Bawal Digital Color Lab Islamabad.	Muhammad Kashif CNIC: 61101-8099264-3	Shafiq Ur Rehman	96	-	-	96	1,271	-	-	-	1,271	Credit Card		
97	Safdar Abbas Karewala Address: Rashmeeda Mansion, 6/128/129, Methadar Flk No.7, Karachi.	Safdar Abbas Karewala CNIC: 42301-0898988-5	Reza Hussain	2,956	484	-	3,440	-	1,268	-	-	1,268	House Finance		
98	Abdul Qadir Address: 01, Khaliid House, Opp Shah Shams, Shamasabad Colony Multan.	Abdul Qadir CNIC: 36302-737847-3	Muhammad Khalid	1,076	218	-	1,294	1,076	188	-	-	1,264	Auto Finance		
99	Usman Mughool Address: House No. 28-E Makkah Colony College Road, Butt Chowk-Nadafirea, Township, Lahore.	Usman Mughool CNIC: 35202-118924-7	Mugbool Ahmed	49	-	-	49	1,259	-	-	-	1,259	Credit Card		
100	Muhammad Sohail Address: Ward No 6, Mazhar Shah, Masjid Tando Ghulam Ali Bahin.	Muhammad Sohail CNIC: 41103-3846363-9	Muhammad Anwar	1,073	147	-	1,220	1,073	177	-	-	1,250	Auto Finance		
101	Muhammad Ishaq Address: Sakhi Po Raasol Pur Pindi Bhattian Hafizabad.	Muhammad Ishaq CNIC: 35202-6076901-9	Muhammad Yousof	1,095	136	-	1,231	1,095	133	-	-	1,228	Auto Finance		
102	Abdul Qadeer Ahmad Address: H No 159 Rawl Park, Rawl Road, Near Rawl Chagha House, Lahore.	Abdul Qadeer Ahmad CNIC: 35202-0386596-5	Muhammad Ahmad	1,000	200	-	1,200	1,000	224	-	-	1,224	Personal Loan		
103	Jamil Ahmed Address: H. No. D-111, Gul Muhammad Mahar Near Farooqi Masjid Karachi.	Jamil Ahmed CNIC: 45205-7952994-5	Ameer Ali Channo	44	-	-	44	1,222	-	-	-	1,222	Credit Card		
104	Mukhtar Anwar Address: Township Akbar Chowk, Lahore.	Mukhtar Anwar CNIC: 37302-5860904-5	Muhammad Anwar	952	244	-	1,196	952	258	-	-	1,210	Personal Loan		
105	Hira Anjar Address: Nai Abadi, Mohallah Dikhe, Moallah Mehboob Town, Okara.	Hira Anjar CNIC: 37301-4058216-6	Ameer Bin Farooq	1,000	181	-	1,181	1,000	207	-	-	1,209	Personal Loan		
106	Shafiq Ur Rehman Address: House No 228, Moallah Kachoti, Near Govt Girls School, Jhang.	Shafiq Ur Rehman CNIC: 33209-162215-5	Chaudhry Waqir Ali	-	-	-	-	1,207	-	-	-	1,207	Credit Card		
107	Abida Dishaad Address: Chahban Block, Mohallah Mehboob Town Okara	Abida Dishaad CNIC: 35302-6752331-0	Dishaad	1,000	175	-	1,175	1,000	198	-	-	1,198	Personal Loan		
108	Imran Raftiq Address: H No 1, St No 11, Panj Pir, Mughalpara.	Imran Raftiq CNIC: 34101-5645007-9	Muhammad Rafiq	969	187	-	1,176	989	209	-	-	1,198	Personal Loan		
109	Akash Ameer Address: Bharti House, Main Ghulam Nabi Park, Westinabad, Mughalpara, Near Nelsongammam School, Lahore	Akash Ameer CNIC: 35201-7756367-1	Muhammad Ibraheem	77	-	-	77	1,197	-	-	-	1,197	Credit Card		
110	Muhammad Saifur Address: Malik Park Sur Gas Road, Near Guljar Chowk Malik Park, Sur Gas Road, Lahore.	Muhammad Saifur CNIC: 32402-4561787-3	Muhammad Din	932	207	-	1,139	932	262	-	-	1,194	Personal Loan		
111	Shaikh Fahad Javed Address: Masjid Naqshbandi, Madina Colony Baghbanpara, Lahore.	Shaikh Fahad Javed CNIC: 35201-9130262-7	Shaikh Javed Akbar	937	239	-	1,176	937	254	-	-	1,191	Personal Loan		
112	Akash Ahmad Address: 87 Faisal Town, Vehari.	Akash Ahmad CNIC: 36303-4613960-3	Muhammad Mushtaq	1,007	201	-	1,208	1,007	176	-	-	1,183	Auto Finance		
113	Qadeer Ahmad Address: Basti Nobbar, Near Under Pass Budhia Road, Sial Muztazabad, Multan.	Qadeer Ahmad CNIC: 35202-4907299-7	Muhammad Hanif	877	290	-	1,127	877	303	-	-	1,180	Personal Loan		
114	Chaudhry Usman Tanqj Address: Main Road Malal Nagra, Gopaal Pur, Islamabad.	Chaudhry Usman Tanqj CNIC: 34603-5496111-9	Tanqj Chaudhry Khawal	945	172	-	1,117	945	224	-	-	1,169	Personal Loan		
115	Tanveer Abbas Address: Besti Hussain Abadi, Khair Pur Shujabad, Dist Multan.	Tanveer Abbas CNIC: 35304-0642908-3	Mugbool Hussain	948	107	-	1,065	936	226	-	-	1,162	Personal Loan		
116	Muhammad Ameer Hamza Address: H No 143, Block D, Eme Society Dik, Multan Road, Lahore.	Muhammad Ameer Hamza CNIC: 35202-3182080-3	Abdul Hafeez	962	200	-	1,162	962	201	-	-	1,163	Personal Loan		
117	Muhammad Rashid Address: Shop 13, Alluram Plaza, Shoba Baza, Peshawar.	Muhammad Rashid CNIC: 17301-3791871-7	Abdul Majeed Qureshi	994	141	-	1,135	994	164	-	-	1,158	Personal Loan		
118	Syed Farooq Shah Address: H No 279, Shikhanji Street, Qila Baccanawala, Subang Park, Shikhanji, Lahore.	Syed Farooq Shah CNIC: 35202-9869187-9	Syed Akhtar Ali	958	179	-	1,137	958	196	-	-	1,154	Personal Loan		
119	Sajid Sajid Address: Khama Daki, Islamabad	Sajid Sajid CNIC: 37404-5498849-4	Sajid Hussain	950	177	-	1,127	950	198	-	-	1,148	Personal Loan		
120	Tamoor Arfan Address: H No 88, E Block City Housing, Gujranwala.	Tamoor Arfan CNIC: 34101-0404873-9	Arfan Hameed Butt	966	149	-	1,117	968	174	-	-	1,142	Personal Loan		
121	Aftab Ahmed Address: Flat No 101/151 Floor Street No 1, Muslim Commercial Area Dha, Karachi.	Aftab Ahmed CNIC: 42201-3861656-9	Abdul Rahim Bhutto	919	190	-	1,109	919	217	-	-	1,136	Personal Loan		



S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Fathers / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2023							Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5-6+7)		Principal written-off	Interest / Mark-up				
							5	6						
1.														
122	Muhammad Shaheryar Fareed Address: 27, CNIC Center, PWD Exchange Gulshan Raw Road, Lahore.	Muhammad Shaheryar Fareed CNIC: 35202-9716675-1	Shakeel Javed Bhatti	905	203	-	1,108	905	230	-	1,135	Personal Loan		
123	Muhammad Mehdi Khan Address: Mohallah Jamia Masjid Qadeem Hafizabad.	Muhammad Mehdi Khan CNIC: 34301-6322897-3	Naseer Mehdi	987	117	-	1,104	987	141	-	1,128	Personal Loan		
124	Marooof Ahmad Address: House No. 85, Johar Town, Near Shadawal Chowk, Lahore.	Marooof Ahmad CNIC: 31302-1995400-3	Mahboob Ahmed Malik	946	100	-	1,046	946	176	-	1,122	Personal Loan		
125	Ahmed Masood Address: House 8B, Engen Town Phase 1, Lahore.	Ahmed Masood CNIC: 31202-1329342-7	Namid Masood	33	50	-	83	911	211	-	1,122	Credit Card		
126	Shahid Abbas Address: Mouza Sultan Arain Po Tehsil Distt. Bahawalpur.	Shahid Abbas CNIC: 3202-3068395-7	Namid Ahmad	988	57	-	995	938	182	-	1,120	Auto Finance		
127	Reshik Aziz Address: Cooperative Housing Society Raiwind, Lahore.	Reshik Aziz CNIC: 35202-766206-1	Sohail Aziz	900	78	-	978	900	219	-	1,119	Personal Loan		
128	Abdul Rehman Mujahid Address: Takhia Chiragh Shah, Airport Road Near Shahinawaz Mercedes Show Room, Lahore.	Abdul Rehman Mujahid CNIC: 35201-2931096-5	Zulfqar Ali Tahir	951	143	-	1,094	951	167	-	1,118	Personal Loan		
129	Muhammad Azam Malik Address: House # 04-A, Kojak Road Gantt Colony Quetta.	Muhammad Azam Malik CNIC: 37406-1628686-9	Malik Sher Muhammad	1,007	55	-	1,062	1,007	100	-	1,107	Auto Finance		
130	Muhammad Haider Abbas Thakreen Address: Tehsil Distt. Hafizabad.	Muhammad Haider Abbas Thakreen CNIC: 34301-502929-3	Haji Jamshaid Abbas Thakreen	947	107	-	1,054	947	160	-	1,107	Personal Loan		
131	Zulfqar Ali Bhutto Address: Chak No. 5, I.R.A, Renala Khurd.	Zulfqar Ali Bhutto CNIC: 35303-1231994-5	Muhammad Abdullah	928	41	-	969	928	178	-	1,106	Personal Loan		
132	Syed Nigam Ul Hassan Shah Address: Near Plaza, Street No. 88 EIT/2, Islamabad.	Syed Nigam Ul Hassan Shah CNIC: 61001-9498007-5	Syed Shabir Hussain	902	128	-	1,030	902	199	-	1,101	Personal Loan		
133	Muhammad Asim Address: House No. 1-C, Sector R No. 51-C, Korangi Green Society, Korangi 6, Karachi.	Muhammad Asim CNIC: 42201-8785894-1	Muhammad Rafiq	945	137	-	1,082	945	155	-	1,100	Auto Finance		
134	Naseem Afzal Address: Km Haseed Bakoiki Road Multan Road, Pheed Nagar.	Naseem Afzal CNIC: 35103-8227101-7	Afzal Ahmad	905	86	-	991	905	192	-	1,097	Personal Loan		
135	Zahid Latif Address: Pitan Ghah Road, Multan.	Zahid Latif CNIC: 36302-0465092-5	Muhammad Abdull Latif	889	85	-	974	889	207	-	1,096	Personal Loan		
136	Sahar Ali Address: Mohallah Kasimifairan, Dhoke Ramzan, Po Tamol Near Bhai Ato Chakki, Islamabad.	Sahar Ali CNIC: 36302-0465092-5	M Bahar	-	-	-	-	1,094	-	-	1,094	Credit Card		
137	Akhtar Javed Address: Upper Story Of Mughal Tractors Show Room, Lahore.	Akhtar Javed CNIC: 36003-1474514-7	Bashir Ahmad	851	187	-	1,038	851	235	-	1,086	Personal Loan		
138	Shamraz Parwez Address: Office No 9, 2nd Floor, Lord Trade Center Islamabad.	Shamraz Parwez CNIC: 81103-1591006-3	Parwez Akhtar	897	121	-	1,018	897	189	-	1,086	Personal Loan		
139	Shahid Ishaq Address: Mohallah Kucha Burj Dhaki Bhas Sahibi Street Haji Ferozudin, Pakpattan.	Shahid Ishaq CNIC: 36402-4842225-5	Khuda Baksh	933	133	-	1,066	933	151	-	1,084	Personal Loan		
140	Malik Bilal Jamil Address: St No. #01, Near Ashraf Park, Sialkot.	Malik Bilal Jamil CNIC: 34603-6691242-9	Malik Muhammad Jamil	853	180	-	1,033	853	224	-	1,077	Personal Loan		
141	Taimoor Address: R. 994 Block I, Merovill Guizer E, Hijree, Karachi.	Taimoor CNIC: 42101-0879370-5	Fahim Uddin	107	58	-	165	804	263	-	1,067	Credit Card		
142	Tariq Adeb Address: Pechs Karachi.	Tariq Adeb CNIC: 42101-5540571-1	Sardar Adeb	892	98	-	990	882	183	-	1,065	Personal Loan		
143	Sufraz Ali Address: Dar Street, Malik Colony, Sinda Kalam, Lahore.	Sufraz Ali CNIC: 35202-7128767-3	Nasir Ali	884	22	-	906	884	179	-	1,063	Personal Loan		
144	Zeeshan Address: Jhalar Sangla, Tehsil Kamalia, Distt. Toba Tek Singh.	Zeeshan CNIC: 36501-9100950-7	Falak Sher	883	143	-	1,026	883	179	-	1,062	Personal Loan		
145	Sifra Abbas Address: Lagrey Tower, Opp. Alimada Plaza, Kohinoor 1, Iqbalwala Road, Faisalabad.	Sifra Abbas CNIC: 33104-8729772-0	Abbas Ali	907	99	-	1,006	907	154	-	1,061	Personal Loan		
146	Paras Trades Address: Shop #1611/C, Ward No. 7-H, Alang Bhatti Gate, Adnan.	Naseer Hussain CNIC: 36302-9746183-7	Sheikh Nasir Hussain	745	188	1,611	2,544	-	-	1,058	Alfalah Karobar Finance (AKF)			
147	Khawaja Muhammad Askan Address: Mohalla Khawajagan, Uch Sharif, Ahmedpur East, Near Darbar Uch Sharif, Bahawalpur.	Khawaja Muhammad Askan CNIC: 31201-0340675-9	Khawaja Kiteer Hayat	731	600	-	1,331	731	327	-	1,058	Amex Card		
148	Syed Samullah Shah Address: House Number A-30, Mohala Gulistan Sajjad, Qasim Abad, District Hyderabad.	Syed Samullah Shah CNIC: 41306-6619313-1	Syed Waseel Shah	908	129	-	1,037	908	149	-	1,057	Personal Loan		
149	Rawan Rice Corporation Address: Abu Bakr House, Muslim Park Narangi, Near 8075 High School Murakce.	Muhammad Hussain CNIC: 35401-932735-9	Malik Latif Ahmed	8,855	449	1,253	10,557	-	-	1,057	Current Finance			
150	Haris Bashir Address: H # 251, Darbar Mehal Road, Sabri Street, New Muslim Town, Bahawalpur.	Haris Bashir CNIC: 31206-3565963-9	Saidur Ali	865	161	-	1,026	865	192	-	1,057	Personal Loan		
151	Muhammad Shaifq Address: Nazzer Colony, House #44 Street # 04 Bahawalnagar.	Muhammad Shaifq CNIC: 31101-4899446-5	Ali Muhammad	854	189	-	1,043	854	202	-	1,056	Personal Loan		
152	Malik Bilal Address: Chorisia Abad, Sjr 13 Daroghawala, Basi Mor, Near Alahoor Restaurant, Lahore.	Malik Bilal CNIC: 35201-8186680-5	Shair Muhammad	936	27	-	963	925	129	-	1,054	Personal Loan		
153	Abdul Wahab Shakir Address: Office No 5, First Floor Bahria Enclave, Islamabad.	Abdul Wahab Shakir CNIC: 37104-3792066-5	Abdul Rehman	913	121	-	1,034	913	141	-	1,054	Personal Loan		
154	Muhammad Kashif Address: EIT, Markaz Taha Arcade Plaza Shop 5 # 12 Royal Digital Color Lab Islamabad.	Muhammad Kashif CNIC: 61101-8099264-3	Shafiq Ur Rehman	-	-	-	-	1,053	-	-	1,053	Credit Card		
155	Ahsan Wali Address: Rehman Street, Mandian, Abbottabad.	Ahsan Wali CNIC: 13101-0352725-1	Muhammad Awais	896	58	-	954	885	166	-	1,051	Personal Loan		
156	Muhammad Yasir Address: Bahawal Nagar	Muhammad Yasir CNIC: 31101-3021883-9	Raza Ullah	923	126	-	1,049	923	128	-	1,051	Personal Loan		
157	Muhammad Naveed Address: H No. Ch-64, St No. 2, Jameelabad Taxila, Rawalpindi	Muhammad Naveed CNIC: 37405-0304313-1	Muhammad Saeed	914	115	-	1,029	914	131	-	1,045	Auto Finance		

(Rupees in '000)



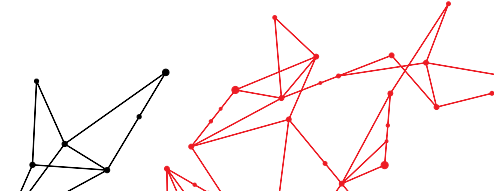


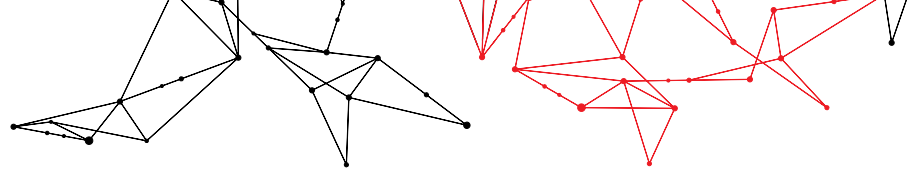
S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at							Principal written-off	Interest / Mark-up written-off	Other financial relief provided	Total (9+10+11)	Product Name
				January 2025		Others		Total (5+6+7)	Principal	Interest / Mark-up					
				Principal	Interest / Mark-up	Principal	Interest / Mark-up								
1			4	5	6	7	8	9	10	11	12	13			
158	Haris Khan Khakhwani Address: Street No. 1, House No 4, Alhabd Colony, Near the Green Park Zameen Road, Multan.	Haris Khan Khakhwani CNIC: 38302-2956856-9	Abdul Rauf Khan	889	28	-	917	857	187	-	1044	Personal Loan			
159	Shiriz Sohail Address: Phase I Street No 3, Navy Housing Scheme, Dalma Karachi.	Shiriz Sohail CNIC: 42201-1738189-7	Muhammad Sohail	905	120	-	1025	905	139	-	1044	Personal Loan			
160	Muhammad Usman Asif Address: H No 57, 4 Karim Park Raw Road, Lahore.	Muhammad Usman Asif CNIC: 35202-8280049-1	Muhammad Asif Siddique	686	343	-	1029	686	354	-	1040	Personal Loan			
161	Muhammad Yousef Address: Block B0, Shaikat Colony, Bana Dam Road, Jia Hussa Sector Colony, Begum Kot, Shalera, Lahore.	Muhammad Yousef CNIC: 35403-8980277-1	Sajid Ali	844	185	-	1029	844	186	-	1030	Personal Loan			
162	Syed Husain Raza Address: 148 E Punjab Small Industrial Housing Society, Lahore.	Syed Husain Raza CNIC: 34101-7672840-7	Syed Zaher Hussain	623	87	-	710	822	207	-	1029	Credit Card			
163	Muhammad Aswar Address: Besti Nekko, P/O Khaz, Ghazi Pur, Tehsil Khan Pur, District Rohm Khan Rahim Yar Khan	Muhammad Aswar CNIC: 31301-6462590-5	Muhammad Asghar	964	105	-	1069	929	94	-	1023	Personal Loan			
164	Hassan Raza Address: House No. 39-40, Street No. 01, Mohallah Nadeem Park, Near Masjid Haq Okara.	Hassan Raza CNIC: 35302-2338370-7	Muhammad Mushaq	793	273	-	1072	774	248	-	1022	Credit Card			
165	Bashir Ahmad Address: Ghuliani Mandi, Pakpattan.	Bashir Ahmad CNIC: 36402-7272908-1	Nazeer Ahmad	880	125	-	1005	880	140	-	1020	Personal Loan			
166	Munir Ahmad Address: House # 261, Block # H, Mohallah Sabzarascheema, M Uban Road, Tehsil & Distt Lah Lahore	Munir Ahmad CNIC: 35101-6494708-1	Nazir Ahmed	837	260	-	1097	837	182	-	1019	Auto Finance			
167	Mirza Adnan Baig Address: H No 148 D, Block Mohallah Tajpura, Lahore.	Mirza Adnan Baig CNIC: 35201-9484771-1	Mirza Ghulam Mubayud Din	834	165	-	999	834	184	-	1018	Personal Loan			
168	Khuram Javed Address: Tehsil Allipor, Nazafar Ganh.	Khuram Javed CNIC: 32301-413894-1	Chaudhary Muhammad Sarwer	868	108	-	976	868	150	-	1018	Personal Loan			
169	Muhammad Rafiq Address: House No. 40, Khakasi Manzil Bank Road Merdan, Merdan Kpk Merdan Kpk Merdan	Muhammad Rafiq CNIC: 16101-449308-3	Muhammad Saleem	817	166	-	983	817	198	-	1015	Personal Loan			
170	Dost Jan Address: Gramkan, Distt. Panipat.	Dost Jan CNIC: 52301-465899-1	Muhammad Zahir	834	166	-	1000	834	181	-	1015	Personal Loan			
171	Muhammad Irfan Address: House # 43- Canal Park- Street # 1, Sargodha.	Muhammad Irfan CNIC: 38403-5443631-3	Muhammad Iqbal Sajid	903	50	-	953	871	143	-	1014	Personal Loan			
172	Ghulam Mustafa Address: H No 138, Abu Bakar Block, Shandi Kfno, Lahore.	Ghulam Mustafa CNIC: 35202-924482-5	Muhammad Ashraf Malik	848	107	-	955	848	165	-	1013	Personal Loan			
173	Muhammad Sajid Address: Shop No.14, Mehran Plaza, Sector: G-9 Markaz, Islamabad.	Muhammad Sajid CNIC: 31301-9074122-7	Munir Ahmed	849	134	-	983	849	163	-	1012	Personal Loan			
174	Sawanuddin Address: Power Generation Room No 7, Lucky Manwat, Kpk.	Sawanuddin CNIC: 32301-6394478-7	Sajid Ud Din	793	198	-	991	793	219	-	1012	Personal Loan			
175	Sadia Waqar Address: F: Area Block-21, Karachi.	Sadia Waqar CNIC: 42101-677917-2	Adnan Mujeeb	901	95	-	996	901	111	-	1012	Personal Loan			
176	Amir Hafiz Address: 25-B Lower Mall Oppo Nasir Bagh, Symans Tower, Lahore.	Amir Hafiz CNIC: 30403-0236427-3	Hafiz Ahmed	846	74	-	920	846	164	-	1010	Personal Loan			
177	Mian Imran Bashir Address: Shraq Pur Road, Shaekhtupura.	Mian Imran Bashir CNIC: 35404-4830441-7	Mian Bashir Mahmood	850	142	-	992	850	160	-	1010	Personal Loan			
178	Sohab Akhtar Address: Plot No. 118/2 A, Phase-1, Punjabsmall Industries Corporation Near Defence Academy, Lahore.	Sohab Akhtar CNIC: 35404-9840565-3	Akhtar Ali	30	-	-	30	1008	-	-	1008	Credit Card			
179	Syed Aay Raza Address: House 234, Street 4, Akhtar Colony, Korangi Road, Karachi.	Syed Aay Raza CNIC: 42301-8873189-1	Syed Raza Hussain	154	22	-	176	1007	-	-	1007	Credit Card			
180	Nabli Ashraf Address: Punna Tolaki Road, Daray Wala School, Gogranwala.	Nabli Ashraf CNIC: 34102-1389454-1	Muhammad Ashraf	901	28	-	929	884	123	-	1007	Personal Loan			
181	Zahid Hanif Address: House No B15 B, Area Malir Kala Board Behind Madina Masjid, Tehsil And District Narawal.	Zahid Hanif CNIC: 34501-8359283-7	Muhammad Hanif	841	61	-	902	841	163	-	1004	Personal Loan			
182	Naseer Ahmed Address: Shabbir, Tehsil M.B.Dm, District Mandi Bahaudin.	Naseer Ahmed CNIC: 34402-365593-9	Soni Khan	868	58	-	926	868	136	-	1004	Personal Loan			
183	Asad Address: House No 112, Street No 3, Madina Colony Academy Road Lahore.	Asad CNIC: 35201-8013432-9	Muhammad Anshad Ali	872	42	-	914	872	132	-	1004	Personal Loan			
184	Muhammad Waqas Naqem Address: Zafinali, Teh Zafinalwal Dist Narawal.	Muhammad Waqas Naqem CNIC: 34503-035743-9	Muhammad Naqem Khan Sulehri	873	56	-	929	873	128	-	1001	Personal Loan			
185	Malik Abdul Rauf Address: House Situated At Housa Taraf Mubarak Dora, Zakaanyia Garden, Thana Street # 38, Zakaanyia Town, Multan.	Malik Abdul Rauf CNIC: 42301-0604559-5	Muhammad Yaqub	3546	743	958	5247	-	-	1000	1000	House Loan, Car Loan & Personal Loan			
186	Aysha Gulifam Address: Shalimar Town, Lahore.	Aysha Gulifam CNIC: 35201-431729-6	Gulifam Dilshad	875	108	-	983	875	123	-	998	Personal Loan			
187	Muhammad Younis Address: Mohafir Colony, St # 07, H # 652, Nearlight, Railway Station Bahawalpur.	Muhammad Younis CNIC: 32301-2945978-1	Hacoor Balsh	74	-	-	74	995	-	-	995	Credit Card			
188	Homan Haider Address: House No 18, Shahroon Colony, Near Sos Sawan Camp, Peshawar.	Homan Haider CNIC: 17301-4654128-1	Mehtab Ali	864	110	-	974	864	127	-	991	Personal Loan			
189	Malik Dilawer Hussain Address: M Block Sanam Road, Near Shabir Chowk, Jhar Town Lahore.	Malik Dilawer Hussain CNIC: 34101-8690094-9	Malik Sabir Hussain	850	98	-	948	850	140	-	990	Auto Finance			
190	Faiza Ahmed Address: H Nmo, 111/2/2, 3/Si Street, Off Khy-E-Mulhifa, Distt, Phase VI, Near Green Wichuniversity, Karachi	Faiza Ahmed CNIC: 42301-7782201-6	Khalif Ahmed	116	8	-	124	990	-	-	990	Credit Card			
191	Ghazanfar Ali Address: Street Number 3, Mohabbat Peer Kot Pk, Pattan Shaur.	Ghazanfar Ali CNIC: 36402-8742722-9	Muhammad Ali	918	105	-	1023	848	137	-	985	Personal Loan			
192	Javed Ali Address: House: College Road, Mohallah Hamza Town, Near By Pas & Masjidpota, Dabas, Teh Shikot.	Javed Ali CNIC: 34601-9638753-9	Munad Ali	858	50	-	908	858	126	-	984	Auto Finance			
193	Shahid Taj Address: Haveli Lakha, Tehsil Depalpur, Okara.	Shahid Taj CNIC: 35301-6647204-1	Taj Muhammad	832	42	-	874	832	152	-	984	Personal Loan			
194	Syed Muhammad Ali Shah Address: Sector F102, Islamabad.	Syed Muhammad Ali Shah CNIC: 15602-9783903-1	Iqbal Syed	750	191	-	941	750	229	-	979	Personal Loan			

(Repeat in 000)

(Rupees in '000)

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 as at							Total (9+10-11)	Product Name
				Principal	Interest / Mark-up	Others Interest / Mark-up	Total (5+6+7)	Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided		
1	2	3	4	5	6	7	8	9	10	11	12	13
195	Muhammad Abdullah Shah Address: House No 545 A Block, Old Satellite Town, Sangolha.	Muhammad Abdullah Shah CNIC: 38403-6056065-1	Izhar Ul Hassan Hashmi	802	142	-	944	802	176	-	978	Personal Loan
196	Shoaib Muhammad Address: House No K-1/D, Sector 11/Mohallah Sangolhabad, Karachi.	Shoaib Muhammad CNIC: 42401-282731-9	Saeed Akhter	826	125	-	951	826	150	-	976	Personal Loan
197	Quadir Ullah Baig Address: Paf Base Samungli Road, Lahore.	Quadir Ullah Baig CNIC: 71501-0210445-1	Hidayat Ullah Baig	835	105	-	940	835	140	-	975	Personal Loan
198	Asim Waqar Address: E- House No. E7, Na Faizal Ghuman Shah Road, Cant. Near Nisbat Park, Near Garris Academy School, Askari-8, Lahore.	Asim Waqar CNIC: 88302-1651855-2	Waqar Naeem	841	127	-	968	841	127	-	968	Personal Loan
199	Muhammad Tabas Address: Allipur Bank Step/Jagret Road/Haroon Kholar Plaza, Islamabad.	Muhammad Tabas CNIC: 42501-1992143-7	Muhammad Hussain	240	282	-	522	249	714	-	963	Credit Card
200	Muhammad Ishaq Address: Teh.Liaquat Pur Distt: Rahim Yar Khan	Muhammad Ishaq CNIC: 31302-8109143-9	Abdul Razzak	861	77	-	938	817	147	-	964	Personal Loan
201	Basit Ali Khan Address: Taghma Swak, Kpk.	Basit Ali Khan CNIC: 15602-2090080-1	Bakht Karam	829	127	-	956	829	134	-	963	Personal Loan
202	Sultan Sher Address: Gali Number 9, Mohalla Hayat Abad Chichawani.	Sultan Sher CNIC: 36501-4281657-1	Faiak Sher	752	39	-	791	758	203	-	961	Credit Card
203	Kazi Ayaz Ul Hassan Address: House No B 2/Gulistan E Kalleem, Model Colony Rahe, Karachi.	Kazi Ayaz Ul Hassan CNIC: 42201-8909307-3	Kazi Raiz Ul Hassan	789	147	-	936	789	170	-	959	Personal Loan
204	Tahir Mehmood Khan Address: House # 10, Street # 1, Rasool Park, Behind General Hospital, Lahore	Tahir Mehmood Khan CNIC: 35201-756221-9	Muhammad Saifdar Khan	4	-	-	4	956	-	-	956	Credit Card
205	Muhammad Bilal Address: P/O Khos Jhilar Sangolha Tehsil Kamalab Distt Toba Tek Singh Toba Tek Singh	Muhammad Bilal CNIC: 33302-9171889-3	Muhammad Anwar	745	169	-	914	745	208	-	953	Personal Loan
206	Amir Saeed Address: Apt 1001/10Th Floor Bath Islandheights, Street 2 Bath Island, Karachi.	Amir Saeed CNIC: 42201-0191070-3	Saeed Anwer	200	103	-	303	734	218	-	952	Credit Card
207	Syed Ali Raza Address: Vendor City Pvt Ltd, 195 Km Raiwind Road Lahore.	Syed Ali Raza CNIC: 35302-0197893-1	Syed Saifdar Hussain Shah Bukhari	828	92	-	920	804	143	-	947	Personal Loan
208	Muhammad Arshad Address: St.No 02, Clifton Colony, Karachi.	Muhammad Arshad CNIC: 38202-1698875-5	Muhammad Saadiq	742	186	-	928	742	205	-	947	Personal Loan
209	Adnan Asif Address: House No. 99, Q Block Sabazarar Scheme Lahore.	Adnan Asif CNIC: 35202-1927606-9	Muhammad Asif	817	99	-	916	817	128	-	945	Personal Loan
210	Tooba Qaisar Address: House No 386, Street No 25, Garden City Zone 5 Rawalpindi.	Tooba Qaisar CNIC: 37405-1673332-4	Qaisar Zameer	740	162	-	902	740	204	-	944	Personal Loan
211	Sumaira Fazal Address: House Number B III(Gali)Gul Andaz Mohalla Lakar Road, Wazirabad District Government College.	Sumaira Fazal CNIC: 34201-1954457-6	Muhammad Fazal	732	172	-	904	732	211	-	943	Personal Loan
212	Muhammad Waqar Address: House No G 13/45, Sector 11, 12 Ghosia Road, Orangi Town Non-Jettable Town Quaidabad, Distt. Khushab.	Muhammad Waqar CNIC: 36201-8779325-3	Muhammad Sharif	802	56	-	858	802	141	-	943	Personal Loan
213	Abdul Wasay Arshad Address: House Number 48, Gali Number 1, Faizal Road Near Mohala Murad Colony, Sangolha.	Abdul Wasay Arshad CNIC: 38403-1866062-9	Muhammad Arshad	732	172	-	904	732	211	-	943	Personal Loan
214	Asim Khan Address: House No D 29/15/ Floor Block 7, Gulshan E Iqbal, Karachi.	Asim Khan CNIC: 42201-3269711-7	Abdul Rehman Khan	782	124	-	906	782	160	-	942	Personal Loan
215	Saifur Haroon Address: W/O Haroon Sarwar Deska	Saifur Haroon CNIC: 34104-7619285-8	Haroon Sarwar	738	161	-	899	738	203	-	941	Personal Loan
216	Faiz Saif Address: Lane 3/Sohar Commercial Phase VI, Dha, Karachi.	Faiz Saif CNIC: 42201-7981270-2	Saif Uddin	836	90	-	926	836	105	-	941	Personal Loan
217	Sahir Hayat Khan Address: House No 36/0, Street No 5, Sector F-6 Phase 6 Hayatabad, Peshawar	Sahir Hayat Khan CNIC: 11101-2075537-7	Zafar Hayat Khan	750	107	-	857	750	190	-	940	Credit Card
218	Wahneed Murad Address: Lucky Rohitk, Hasar Goods Transport Company, Lahore Road, Sahiwal.	Wahneed Murad CNIC: 36502-0886952-7	Muhammad Sharif	778	124	-	902	778	161	-	958	Personal Loan
219	Ali Sher Khan Address: Street 11/House 171, El, Islamabad.	Ali Sher Khan CNIC: 61101-8505055-5	Ayaz Khan Khattak	725	66	-	791	725	210	-	938	Credit Card
220	Syed Imad Amjad Address: Wapda Town Lahore	Syed Imad Amjad CNIC: 35202-9801766-3	Syed Ali Amjad	848	41	-	889	848	82	-	930	Personal Loan
221	Gul Naz Bibi Address: Mohallah Sheraz Choa Saldan Shah, Distt Chakwal Distt Chakwal.	Gul Naz Bibi CNIC: 37202-3390353-2	Aziz Ul Rehman	803	20	-	823	803	123	-	926	Personal Loan
222	Syed Asghar Ali Shah Address: House No 156, Street No 3, Sector E-Phase 7/ Pafabad Peshawar.	Syed Asghar Ali Shah CNIC: 17301-2532734-5	Syed Hameedullah Shah	690	73	-	763	744	179	-	923	Credit Card
223	Abdul Rehman Address: Khampur, District: Rahim Yar Khan.	Abdul Rehman CNIC: 31301-1092386-1	Muhammad Jamil Akhter	817	90	-	907	817	105	-	922	Personal Loan
224	Muhammad Sharf Address: Tehsil Shikargah	Muhammad Sharf CNIC: 34502-9580062-1	Muhammad Sharif	765	140	-	905	765	157	-	922	Personal Loan

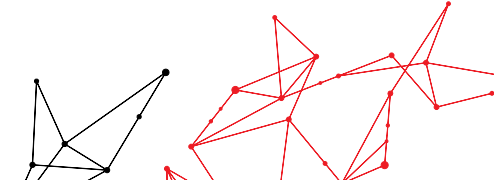


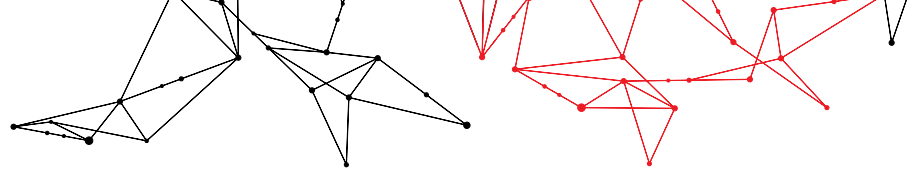


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				Principal	Interest / Mark-up	Other financial relief provided	Total (5+6+7)	Total (8)					
1		2	4	5	6	7	8	9	10	11	12	13	
225	Muhammad Asad Farooq Address: Street No 37, Zakriya Town, District Multan.	Muhammad Asad Farooq CNIC: 36304-8427469-9	Muhammad Farooq	750	58	-	808	750	170	-	920	Personal Loan	
226	Zameer Khan Tariq Address: 15-A/1 Main Saba Avenue, Dha Phase 6, Karachi.	Zameer Khan Tariq CNIC: 42301-8023001-3	Tariq Mustafa	712	51	-	763	712	208	-	920	Credit Card	
227	Shahzada Gulam Address: House No 17-A, Street No.3, Cheema Colony, University Road, Near Fri Chicks, Sargodha	Shahzada Gulam CNIC: 38403-4125224-5	Muhammad Fazal	49	-	-	49	920	-	-	920	Credit Card	
228	Sadaf Jahan Address: Bufferzone, North Karachi.	Sadaf Jahan CNIC: 42000-0418994-8	Syed Naqi Hussain	750	43	-	793	750	170	-	920	Personal Loan	
229	Nimra Khalil Address: District Faisalabad Faisalabad	Nimra Khalil CNIC: 33105-4404464-4	Muhammad Khalil	734	146	-	880	734	184	-	918	Personal Loan	
230	Tanzeer Ahmed Address: Divine Centre, New Airport, Road Bhatta Chowk, Lahore.	Tanzeer Ahmed CNIC: 35201-3747991-3	Muhammad Rafique Aghar	818	100	-	918	795	123	-	918	Personal Loan	
231	Syed Shahab U Hassan Tariq Address: G-10/4 Islamabad.	Syed Shahab U Hassan Tariq CNIC: 61101-0466474-3	Syed Wajid U Hassan Tariq	750	60	-	810	750	167	-	917	Personal Loan	
232	Khalida Bibi Address: Rifaq Shahkhan Road, Faisal Dad Street, Dhotk Sangapost Rawalpindi.	Khalida Bibi CNIC: 37405-9259219-8	Pervez Muhammad	750	45	-	795	750	167	-	917	Personal Loan	
233	Muhammad Yahya Address: Block Z, Suiqabab.	Muhammad Yahya CNIC: 31303-0705256-1	Muhammad Elahi	814	45	-	859	814	100	-	914	Personal Loan	
234	Imran U Haq Address: Swabi Road, Moh Karim Abad, Parhodi, Mandan.	Imran U Haq CNIC: 16101-9810877-5	Syed Muhammad	1,542	117	-	1,659	913	-	-	913	Auto Finance	
235	Muhammad Umar Farooq Address: Sialkot 03348007382 Pakistan Sialkot	Muhammad Umar Farooq CNIC: 34610-1065965-9	Muhammad Ashraf	729	145	-	874	729	183	-	912	Personal Loan	
236	Muhammad Naveed Address: House No 20, Street No 5, Block B, New Royal City, Lehizar Road	Muhammad Naveed CNIC: 61101-1493655-1	Muhammad Siddique	765	127	-	892	765	146	-	911	Personal Loan	
237	Sarfraz Ahmad Address: Lalpui Mughalpura Lahore.	Sarfraz Ahmad CNIC: 35501-0187228-7	Muhammad Ismail	794	104	-	898	794	115	-	909	Personal Loan	
238	Bilal Ashraf Address: Tehsil Murree, District Rawalpindi.	Bilal Ashraf CNIC: 37404-6131882-1	M Ashraf	718	155	-	873	718	191	-	909	Personal Loan	
239	Ghulam Abbas Address: Thaha Khuda, Yar P O Kot Abdul Malik Teh Ferozwalla, Near Old Village Masjid Allah Shakhpura.	Ghulam Abbas CNIC: 35401-1888520-3	Muhammad Riaz	750	92	-	842	750	157	-	907	Personal Loan	
240	Muhammad Mudassar Address: House No 114, Street No 05, Nahi Park Qila, Lakshman Singh, Rawi Road Near Nahi Park, Lahore.	Muhammad Mudassar CNIC: 35202-6492751-3	Malik Ashad Ali	730	157	-	887	730	176	-	906	Personal Loan	
241	Nasir Azeem Address: Mohalla Nazimani Hyderabad	Nasir Azeem CNIC: 42201-6258908-1	Muhammad Azeem	841	102	-	943	821	85	-	906	Personal Loan	
242	Muhammad Makki Address: Tehsil Quat Pur Distt. Rahim Yar Khan Rahim Yar Khan	Muhammad Makki CNIC: 31302-2139029-9	Malik Rasheed Ahmad	755	121	-	876	755	146	-	901	Personal Loan	
243	Anjum Ahmad Yousfi Address: Flat A57, 2nd Floor Block C5, Hussain Heights, Qasimbabad.	Anjum Ahmad Yousfi CNIC: 41304-1499799-7	Muhammad Junaid Yousfi	662	178	-	860	662	218	-	900	Personal Loan	
244	Muhammad Zain Address: Gala Telephone Exchange Wala, St No 06, Kot Ishaq Near Amanat Kiriyana Store Gujranwala.	Muhammad Zain CNIC: 34101-2489926-9	Babar Iqbal	691	166	-	857	691	209	-	900	Personal Loan	
245	Ahsan Iqbal Muhammad Address: 130 H.S. 9, Phase 6, Bahria Town, Lahore.	Ahsan Iqbal Muhammad CNIC: 33001-4319093-3	Muhammad Iqbal	796	93	-	889	796	103	-	899	Personal Loan	
246	Muhammad Asif Address: Tehsil Distt Chah Malik, Main Basti Tarapal, Po Bontha Sant Multan.	Muhammad Asif CNIC: 38302-0071391-3	Muhammad Arif	731	126	-	857	731	165	-	896	Personal Loan	
247	Waqas Ashraf Address: Awan Oar Wale Po Sher Garh, Tehsil Depalpur.	Waqas Ashraf CNIC: 35011-1244594-3	Muhammad Ashraf	721	140	-	861	721	175	-	896	Personal Loan	
248	Syed Imran Abbas Address: House Number Ch-143, Trench Bhata Mohala Hajyan, Allama Iqbal Colony Rawalpindi.	Syed Imran Abbas CNIC: 37209-1513336-1	Syed Ghulam Murtaza	750	72	-	822	750	146	-	896	Personal Loan	
249	Muhammad Shahid Amanat Address: Near The Feroz Factory, H No D 1161, Aftab Park Band Road, Lahore.	Muhammad Shahid Amanat CNIC: 35202-8103254-1	Amanat Ali	763	23	-	786	763	132	-	895	Personal Loan	
250	Shan Baig Address: Main Khayaban E Nishat, Phase 6, Dha, Karachi.	Shan Baig CNIC: 42301-0800508-3	Mirza Imran Baig	718	173	-	891	718	174	-	892	Personal Loan	
251	Muhammad Umar Khan Address: House # 444, Block-2, Sector C1, Township Lahore.	Muhammad Umar Khan CNIC: 35202-6796654-5	Muhammad Aslam Mehmood Khan	798	34	-	832	785	104	-	889	Personal Loan	

(Rupees in '000)

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				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (5+6+7)	Principal written-off	Interest / Mark-up written-off	Other financial relief provided		
1	2	3	4	5	6	7	8	9	10	11	12	13
252	Sohail Qadeer Address: Flat# 73 Block # 10 Alou Residential Colony H-8 Islamabad.	Sohail Qadeer CNIC: 37405-834087-5	Muhammad Qadeer	336	17	-	353	888	-	-	888	Credit Card
253	Zahid Bashir Address: Opp Must Gate 2, House#13, Islamabad.	Zahid Bashir CNIC: 12100-130979-1	Bashir Ahmad	760	109	-	869	760	127	-	887	Personal Loan
254	Unair Sultan Address: House No 60, Street No 3, Rehman Town Sakayana Road, Faisalabad.	Unair Sultan CNIC: 33000-327238-3	Munawar Sultan	15	2	-	17	887	-	-	887	Credit Card
255	Al Fakhem Tractor House Address: Kalyat Banat, Pull Datt, Jampur Road, Dera Ghazi Khan	Muhammad Asif Khan CNIC: 32102-098534-1	Nazar Muhammad Khan	2,995	-	1,232	4,227	-	-	886	886	CF-Hypo
256	Ahmad Nawaz Address: Post Office Chak No 50/D-R, Chak No 62/10-R Khanewal	Ahmad Nawaz CNIC: 36003-2691388-5	Rob Nawaz	653	187	-	840	653	231	-	884	Personal Loan
257	Adnan Hanif Address: Room No B 9, Block B Bhikki Power Plant, Faisalabad.	Adnan Hanif CNIC: 35404-2559465-9	Muhammad Hanif	763	51	-	814	733	150	-	863	Personal Loan
258	Ishfaq Address: 79 Near Al Aziz Motel School Mohalla Aziz Colony B Pulhan.	Ishfaq CNIC: 36302-6689501-9	Muhammad Siddique	733	55	-	788	733	149	-	882	Auto Finance
259	Muhammad Arif Address: Tehsil Kotmomin District Sarogodha.	Muhammad Arif CNIC: 38406-0431984-9	Muhammad Bashir	750	28	-	778	750	130	-	880	Personal Loan
260	Waheen Telecom Ltd. Address: Main Walton Road, Opposite Babe Pakistan, Walton Court, Lahore.	1. Adil Rashid CNIC: 37405-022625-3 2. Mateen William Hollis Passport No: 70753167 3. Edward Phillip Hurt Passport No: 310759364 This write off is under a scheme of restructuring which was approved in 2020. At that time, the composition of the board was as mentioned above. All the terms of restructuring have been adhered to and all payments made which were conditional to this writeoff.	1. Azret Bashir 2. Amir Saimour Hollis 3. Wayne Paul Hurt	1,097,028	1,470,743	-	2,567,771	739,214	1,470,743	-	2,209,957	Term Finance
261	Zahid Maqsood Address: Street No 1, House No 8, Near Hafiz Bantan Sore Cloth Market, Park Road Mangla Mandi, Lahore	Zahid Maqsood CNIC: 35200-4455644-1	Hafiz Maqsood Ahmad	484	387	-	871	484	396	-	880	Personal Loan
262	Raviana Nadeem Address: Apartment G 7, Tower 5, Phase 4, Shalrah-E-Faisal, Dig Road Cantt, Karachi.	Raviana Nadeem CNIC: 42201-695679-6	Nadeem Ul Haq	719	123	-	842	719	161	-	880	Personal Loan
263	Qazi Muhammad Nazeef Arshad Address: Flat Number 205, 2ND Floor Pacific Centre F B Markaz, Islamabad.	Qazi Muhammad Nazeef Arshad CNIC: 33001-7131925-3	Ghulam Muhammad	708	137	-	845	708	172	-	880	Personal Loan
264	Ali Raza Address: Kulwail Road, Post Office Khas, Kapoorwail Sialkot, Lahore	Ali Raza CNIC: 34603-1566929-5	Arshad Javed	750	56	-	806	750	129	-	879	Personal Loan
265	Adil Anjad Address: Office No 5, 9TH Floor, Huawei City Tower Galberg Lahore	Adil Anjad CNIC: 33100-0407604-5	Anjad Pervez	726	128	-	854	726	152	-	878	Personal Loan
266	Junaid Ali Farooqi Address: Near Rashidabad, Pull Sotrigbad.	Junaid Ali Farooqi CNIC: 31304-8885476-3	Anwar Ali Farooqi	693	165	-	858	693	181	-	874	Personal Loan
267	Raja Muhammad Anwar Address: Chandi Bankwal, Post Office Khas Phana Khasa, Tehsil Kohata District Rawalpindi.	Raja Muhammad Anwar CNIC: 37402-0403838-9	Raja Shoukat Ali	700	61	-	761	700	171	-	871	Personal Loan
268	Muhammad Atif Majeed Address: 38-F, Askari 3, School, Karachi.	Muhammad Atif Majeed CNIC: 42000-5437388-5	Abdul Majeed	732	124	-	856	732	139	-	871	Personal Loan
269	Sheeraz Khan Address: Flat No.06, Plot No.6-C, Street No.30, Tauheed Commercial, Phase 5,Dha, Karachi	Sheeraz Khan CNIC: 42201-3464080-9	Ali Imran	701	379	-	1,080	701	170	-	871	Credit Card
270	Muhammad Nazam Khan Address: S/No 6, H No 45, S/No 6, Main Blah Road Chahmten, Lahore.	Muhammad Nazam Khan CNIC: 35200-9995400-1	Muhammad Mehboob Khan	691	142	-	833	691	180	-	871	Personal Loan
271	Unair Shaheed Address: Tehsil, Bhalwal, Dist. Sarogodha.	Unair Shaheed CNIC: 38401-8556239-3	Lal Din	741	113	-	854	741	129	-	870	Personal Loan
272	Muhammad Aslam Address: Basti Hasmani, Po Khas Bangal Wali Muzaffar Garh.	Muhammad Aslam CNIC: 35304-0166185-1	Muhammad Ramzan	729	113	-	842	729	140	-	869	Personal Loan
273	Sudagat Ali Liaqat Address: Unique Computers, H # 210 - E, Nawab Town, Bahawal Road, Lahore	Sudagat Ali Liaqat CNIC: 35202-6916951-1	Liaqat Ali	785	82	-	867	785	82	-	867	Personal Loan
274	Ali Amran Address: Lahore Grammar School (Kaima Chowk, Faraz, Shaheed Road, Sialkot.	Ali Amran CNIC: 34601-8896439-1	Mirza Muhammad Mansha	708	122	-	830	708	159	-	867	Personal Loan
275	Hassan Kardar Address: H No 32, St No 55, Ghani Street Raj Garh, Lahore.	Hassan Kardar CNIC: 35202-0432675-3	Taveer Kardar	659	165	-	824	659	207	-	866	Personal Loan
276	Sabeen Rauf Address: H No 707, Phase 5,Dha, Lahore.	Sabeen Rauf CNIC: 35202-1272572-8	Rauf Saleem Ul Haq	775	79	-	854	756	106	-	862	Personal Loan
277	Rao Muhammad Farman Address: Lodhran	Rao Muhammad Farman CNIC: 36203-0321864-7	Muhammad Luqman	750	1	-	751	750	111	-	861	Personal Loan



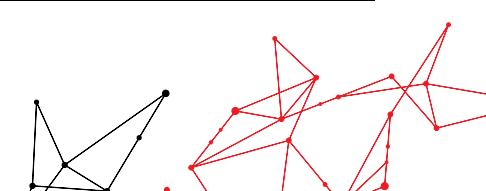


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				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)		Principal written-off				
							5	6					
1				4					9	10	11	12	13
278	Hafiz Hamza Ahmad Address: Phase III, Dha Lahore.	Hafiz Hamza Ahmad CNIC: 35202-5499373-1	Sheikh Qaisar		726	107	-	833	726	132	-	858	Personal Loan
279	Muhammad Adnan Khurshid Address: Street No 5, Hussain Abadi Colony, Sahiwal.	Muhammad Adnan Khurshid CNIC: 36502-3694659-5	Muhammad Khurshid		487	361	-	848	487	371	-	858	Personal Loan
280	Ambreen Fatima Address: Shaheeh-E-Roomi, Walton Road, Amer Sindh, Lahore.	Ambreen Fatima CNIC: 35201-9806897-6	Muhammad Arshad		732	102	-	834	732	124	-	856	Personal Loan
281	Ahmad Ullah Address: Kallu Peera, Pishin.	Ahmad Ullah CNIC: 54809-0642315-1	Muhammad Yousof		1	-	-	1	852	-	-	852	Credit Card
282	Ayan Khan Address: Bharanah, Islamabad.	Ayan Khan CNIC: 54403-9820275-3	Azmi Khan		746	69	-	815	746	103	-	849	Personal Loan
283	Manzoor Ali Khan Address: Dilwar Colony, Street No 5, Street No. 5, Faisalabad.	Manzoor Ali Khan CNIC: 35101-2464159-3	Nor Din Khan		447	394	-	841	447	401	-	848	Personal Loan
284	Muhammad Abu Bakr Address: Block D Gulshan Rawi, Lahore.	Muhammad Abu Bakr CNIC: 35202-477480-9	Muhammad Yaseen Bhatti		695	116	-	811	695	151	-	845	Personal Loan
285	Muhammad Azhar Mushfaq Address: 477, Khuda Busk Coj Near Nadra Bad Police Chokki, Lahore.	Muhammad Azhar Mushfaq CNIC: 35201-3348125-5	Muhsin Ahmad		682	163	-	845	682	163	-	845	Personal Loan
286	Sabir Bakers Store Address: Muzaffar Garh Pk, Muzaffar Garh	Sabir Bakers Store CNIC: 32304-8466278-1	Muhammad Sabir		734	128	-	862	710	133	-	843	Personal Loan
287	Muhammad Nasir Address: Noorani Behind Jami Market, Ward No. 8, Faisalabad Road, Chowk Adam Telsil & District Layyah	Muhammad Nasir CNIC: 38103-2206094-5	Haji Muhammad Akbar		2,516	768	169	3,453	-	768	74	842	Alfalah Musalsal Zarai Sahulat
288	Chaudhary Yasir Waiss Address: House # 74-A, Kohallah Lahore.	Chaudhary Yasir Waiss CNIC: 35103-1345223-1	Chaudhary Waiss Ali		690	38	-	728	690	147	-	837	Auto Finance
289	Muhammad Ejaz Address: H No 86 A 127, Street 10, Moh Amner Abad, Multan.	Muhammad Ejaz CNIC: 38302-9527527-7	Muhammad Sharif		686	118	-	804	686	146	-	832	Personal Loan
290	Sohail Farooq Address: Ward No 10, Jameel Colony, Kabir Wala Distt. Kiteawal.	Sohail Farooq CNIC: 36102-6205913	Muhammad Farooq		682	102	-	784	668	163	-	831	Personal Loan
291	Abdul Haleem Address: Scheme No 03 Farid Town House No 9/W, Sahiwal.	Abdul Haleem CNIC: 36502-2435466-5	Muhammad Ashraf		710	78	-	788	710	120	-	830	Personal Loan
292	Syed Husain Raza Address: Society Near Lums, Dha, Lahore.	Syed Husain Raza CNIC: 34101-7672847-7	Syed Zaher Husain		750	23	-	773	750	78	-	828	Personal Loan
293	Amir Ali Sakhawati Address: Al-Ghaffar Mall, G-11, Islamabad.	Amir Ali Sakhawati CNIC: 61001-1983632-5	Sakhawati Ali		703	95	-	798	703	123	-	826	Personal Loan
294	Ali Abbas Bhatti Address: S1 No 11 Liaqat Abad Model Town Lahore.	Ali Abbas Bhatti CNIC: 42301-3275188-9	Raiqar Ali Bhatti		689	117	-	806	689	134	-	823	Personal Loan
295	Shahab Ali Address: Seven Sky Rent A Car, Malik Swimming Pool Ring Road Peshawar, Near Kohat.	Shahab Ali CNIC: 17201-5806007-3	Akhtar Ali		660	127	-	787	660	160	-	820	Personal Loan
296	Ilhan Abid Address: H No A-17, Ashraf Compound, Block D North Resimabad, Karachi	Ilhan Abid CNIC: 42101-5308970-3	Ghulam Abid		314	17	-	331	676	143	-	819	Credit Card
297	Khaila Bibi Address: Dhok Gangal Post Office Fazaia, Rawalpindi.	Khaila Bibi CNIC: 37405-9252129-8	M Pervaiz		1	26	-	27	717	102	-	819	Credit Card
298	Muhammad Asif Bashir Address: Chak No 116, 15, L, Khanewal.	Muhammad Asif Bashir CNIC: 36104-4479873-7	M Bashir		800	69	-	869	777	42	-	819	Personal Loan
299	Yasmeen Gul Address: Near Kot House, Qasimabad, Hyderabad.	Yasmeen Gul CNIC: 51003-5417550-6	Muhammas Ishaq		726	21	-	747	719	98	-	817	Personal Loan
300	Fouzal Azem Hassan Address: Flat 04, 2nd Floor Block B A, Lakhani Corner Appt Opp Expo Centre, Gulshan E Iqbal, Karachi.	Fouzal Azem Hassan CNIC: 42201-5704959-9	Gul Hassan Abbasi		662	38	-	700	654	162	-	816	Personal Loan
301	Umar Shahid Khan Address: H No 145, C Paf Colony Zrar Shaned Road Cantt, Lahore.	Umar Shahid Khan CNIC: 35201-6953969-5	Shahid Ahmad Khan		672	111	-	783	664	151	-	815	Personal Loan
302	Muhammad Janshah Kamal Address: Multan Public School, Road Green View Colony, Multan.	Muhammad Janshah Kamal CNIC: 32304-1090896-1	Muhammad Ramzan		740	64	-	804	740	74	-	814	Personal Loan
303	Haider Ali Address: Gulberg III, Lahore.	Haider Ali CNIC: 35201-5082311-3	Mirza Muhammad Bashir		678	116	-	794	678	134	-	812	Personal Loan
304	Azam Saeed Address: Mustafa Town, Lahore.	Azam Saeed CNIC: 35201-146968-3	M Sharif Saeed		690	97	-	787	690	122	-	812	Personal Loan
305	Sohail Akbar Address: 6.3 Km Mangla, Mandi Rawindi Road Moza, Teh Dist Kasur.	Sohail Akbar CNIC: 33100-5682727-5	Muhammad Akbar Iqbal		727	21	-	748	720	92	-	812	Personal Loan
306	Nazir Ahmed Address: Gulberg III, Lahore.	Nazir Ahmed CNIC: 35201-2401968-9	Muhammad Din		667	111	-	778	667	144	-	811	Personal Loan

(Rupees in '000)

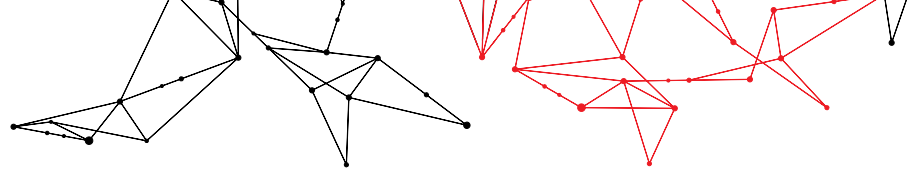
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S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2023						Principal written-off (5-6-7)	Interest / Mark-up written-off / waived (10)	Other financial relief provided (11)	Total (9+10+11)	Product Name
				Principal (5)	Interest / Mark-up (6)	Others than Interest / Markup (7)	Total (8)							
1				3	4	5	6	7	8	9	10	11	12	13
307	Muhammad Nabeel Aslam Address: House No 115, St No 4, Gulshan E Rehman Burewala.	Muhammad Nabeel Aslam CNIC: 36601-3607336-3	Muhammad Aslam Javed			685	81	-	766	685	126	-	811	Personal Loan
308	Afran Aziz Address: Johar Town, Lahore.	Afran Aziz CNIC: 35404-1561573-1	Muhammad Afzal			781	30	-	811	781	30	-	811	Personal Loan
309	Fawad Mehmood Ahmed Address: Gulistan-E-Johar, Karachi.	Fawad Mehmood Ahmed CNIC: 42201-3842986-9	Fayyaz Mehmood Ahmed			650	69	-	759	650	119	-	809	Personal Loan
310	Mehwish Yousaf Address: Street No 6, New Karachi.	Mehwish Yousaf CNIC: 42101-9231318-6	Muhammad Yousaf			634	158	-	792	634	172	-	806	Personal Loan
311	Ambreen Toqueer Address: 535 Johar Block, B2, Near Eiffel Tower, Bahria Town, Lahore.	Ambreen Toqueer CNIC: 35202-2773031-6	Toqueer Ahmed			668	116	-	804	668	116	-	804	Personal Loan
312	Ali Afzal Address: P O Pkhas Gumtala, Teh Shakarganj.	Ali Afzal CNIC: 34502-3739455-5	Chaudhary Muhammad Afzal			700	29	-	729	700	102	-	802	Personal Loan
313	Muhammad Javed Anjum Address: Bahawal Pur Road, Yezman, Bahawalpur.	Muhammad Javed Anjum CNIC: 31205-8644692-1	Muhammad Ashraf			777	51	-	828	706	96	-	802	Personal Loan
314	Nasir Bashir Bhatti Address: Flat No 864, 3rd Floor Q Block, Model Town Near Rawalpindi.	Nasir Bashir Bhatti CNIC: 37401-1601527-7	M Bashir Bhatti			678	17	-	695	668	128	-	796	Personal Loan
315	Saeedullah Mehasar Address: House No AL 260 Barrage, Colony Karachi.	Saeedullah Mehasar CNIC: 45204-1999514-9	Azizullah			640	137	-	777	640	155	-	795	Personal Loan
316	Zeeshan Gul Mirza Address: Judicial Colony, Near Gulzar E Qnad, Rawalpindi.	Zeeshan Gul Mirza CNIC: 37202-2026278-9	Mirza Gulnar Baig			702	68	-	770	702	92	-	794	Personal Loan
317	Iftazab Bisher Address: Cashier Zone-3 Emporium Mall Near Expo Centre, Johar Town, Lahore.	Iftazab Bisher CNIC: 34201-249325-9	Babar Hussain			685	90	-	775	677	115	-	792	Personal Loan
318	Farihat Jabeen Address: H No 1898, Po Chowk, Yedigarg, Mohi Kalghan Kocha Bibi, Peshawar.	Farihat Jabeen CNIC: 17301-2549640-2	Shehzad Ahmad			677	124	-	801	677	111	-	788	Auto Finance
319	MoChup Int Address: Hall Road Westridge 1, Rawalpindi.	MoChup Int CNIC: 61101-6988285-5	Mazhar Mehmood			905	23	-	928	160	625	-	785	Personal Loan
320	Muhsheer Ahmad Address: St No 11, Madina Colony, Pattoki Kasur.	Muhsheer Ahmad CNIC: 35002-211189-7	Muhammad Sabir			705	46	-	751	705	79	-	784	Personal Loan
321	Rizwan Haider Address: Chohan News Agency, Bibi Chowk Phalia, Sector - C, Bahria Town, Lahore.	Rizwan Haider CNIC: 34403-9032764-7	Muhammad Latif Arif			669	94	-	763	669	115	-	784	Personal Loan
322	Muhammad Khalid Anwar Khan Address: Plot # 303-D, Nargile Block, Sector - C, Bahria Town, Lahore.	Muhammad Anwar Khan CNIC: 48401-5309044-7	Muhammad Anwar Khan			6,392	1,566	148	8,106	-	783	-	783	House Finance
323	Malik Shaabbar Ali Address: 29A, Block E 1, Gulberg III Lahore.	Malik Shaabbar Ali CNIC: 33202-9168177-9	Ahmed Ali			21	27	-	48	625	156	-	781	Credit Card
324	Rana Haroon Ashraf Address: Chaq No 11Wb, Niazi Chowk, Mohi Mutaza Abad, Vehari.	Rana Haroon Ashraf CNIC: 36603-449495-7	Arshad Mehmood			650	117	-	767	650	131	-	781	Personal Loan
325	Muhammad Asif Sohail Address: 3 Km Depalpur Road Okara.	Muhammad Asif Sohail CNIC: 33006-8879091-1	Muhammad Ali			674	95	-	769	674	107	-	781	Personal Loan
326	Itaza Mehmood Address: Jalaludin Near Shah Jee 1, Darbar, Rawalpindi.	Itaza Mehmood CNIC: 13302-0518922-5	Arshad Mehmood			592	157	-	749	592	188	-	780	Personal Loan
327	Muhammad Ahmad Raza Address: Mohallah Qaziyan, Rahim Yar Khan	Muhammad Ahmad Raza CNIC: 31303-4231644-5	Muhammad Nasim Qamar Urf Shaabir			697	20	-	717	697	82	-	779	Personal Loan
328	Muhammad Arshad Address: Quarter No 03, Staff Colony, Mehmood Textile Mill Industrial Estate, Multan.	Muhammad Arshad CNIC: 36601-3661899-7	Abdul Aziz			631	64	-	695	631	147	-	778	Personal Loan
329	Jamil & Sons Trading Co Address: Deans Trade Center Peshawar.	Jamil & Sons Trading Co CNIC: 17301-0359010-5	Shams Ur Rehman			699	116	-	815	668	109	-	777	Personal Loan
330	Islam Mehmood Gillani Address: House # 03, SV/8-A, Azeem Street Swami Nagar, Lahore.	Islam Mehmood Gillani CNIC: 35202-5458913-3	Rehmat Ullah Zafar			1,198	641	135	1,974	-	64	-	776	House Finance
331	Hamza Zahid Address: H No 21-A-1, Rangella Street, Millat Park Sunanabad, Near Kothi Shahab Uddin Road, Goira E-11/A Islamabad.	Hamza Zahid CNIC: 14301-382278-5	Zahid Usman			660	105	-	765	660	116	-	776	Personal Loan
332	Farheen Faisal Khan Address: House No B-57, Block -13, Fb Area, Karachi.	Farheen Faisal Khan CNIC: 42101-0329181-6	Muhammad Faisal Abbas			640	111	-	751	640	135	-	775	Personal Loan



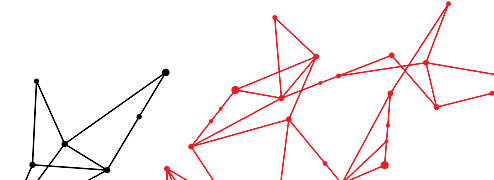
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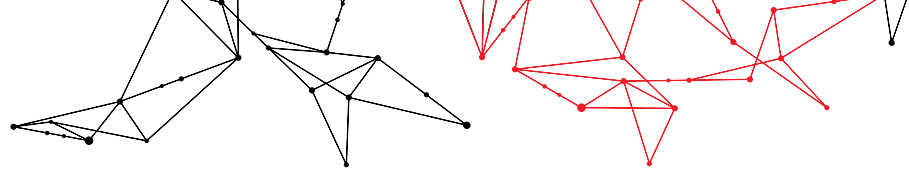
S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at					Product Name			
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (5+6+7)	Principal written-off		Interest / Mark-up written-off	Other financial relief provided	Total (9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12	
333	Farihan Ahmad Address: Checharan Sharif, Tehsil Khan Pur, District Bahawalpur, Bahawalpur.	Farihan Ahmad CNIC: 31301-7584277-1	Inam Bukhsh	695	73	-	768	684	84	-	768	Personal Loan
334	Farooq Rasheed Bhatti Address: Gali Qamriyan Wali, Kasur	Farooq Rasheed Bhatti CNIC: 35102-0684275-5	Abdul Rasheed Bhatti	654	113	-	767	654	113	-	767	Personal Loan
335	Muhammad Naeem Address: House No. 124-G, Mohala Shah Kamal Road, Ichra, Lahore.	Muhammad Naeem CNIC: 35202-2565000-3	Ch M Hussain	604	133	-	737	604	162	-	766	Personal Loan
336	Alpeex Address: 3-A, Cheema Town, Bahawalpur	1.Hazoor Bukhsh CNIC: 31301-1441406-3 2.Shabbir CNIC: 35302-7882813-8	1.Raees Karan Ali 2.Shabbir Ahmad	-	686	279	965	-	486	279	765	Alfalah Karobar Finance (AKF)
337	Abdul Rasheed Butt Address: House No. 5, Street No. 4, Waqar Street, New Alfalah Park, Lahore	Abdul Rasheed Butt CNIC: 35202-9344282-3	Muhammad Ismail Butt	1,763	1,587	277	3,627	-	-	764	764	House Finance
338	Muhammad Sajid Address: Flat No. 105, Block No. 4B, Sector G7 Islamabad	Muhammad Sajid CNIC: 31301-9074122-7	Munir Ahmad	180	42	-	222	597	165	-	762	Credit Card
339	Muhammad Saif-ur-Rahman Address: Khushtail Microfinance Bank, Civil Chowk, Daska.	Muhammad Saif-ur-Rahman CNIC: 34601-4802706-1	Muhammad Rashid Naseemi	595	135	-	730	595	166	-	761	Personal Loan
340	Khalid Hardware & Aluminum Store Address: Near Bank Alfalah Ltd. Circular Road Bahawalpur.	Khalid CNIC: 31202-8019052-5	Muhammad Khalid Malik	625	117	-	742	625	130	-	755	Personal Loan
341	Tayyab Munawar Malik Address: House # 40, Block-3, Sector-A-ii, Township, Lahore	Tayyab Munawar Malik CNIC: 35201-8835089-3	Munawar Bashir	-	-	-	-	755	-	-	755	Credit Card
342	Javed Iqbal Address: Chak #181, JB Post Office 255, Bhajja Chak, & Distt Jhang	Javed Iqbal CNIC: 33202-1384453-9	Muhammad Mashahid	724	72	-	796	724	29	-	753	Auto Finance
343	Fawad Khan Address: Diplomatic Enclave, Range 5, Islamabad	Fawad Khan CNIC: 11201-66538164-3	Faiz Ullah Khan	904	114	-	1,018	752	-	-	752	Personal Loan
344	Muhammad Awais Address: House No. 10, Ahara P, Maindra, 38- Abbott Road, Lahore	Muhammad Awais CNIC: 35202-7196320-7	Imdad Ali	-	-	-	-	749	-	-	749	Credit Card
345	Inayat Allah Address: Ward No 5, 21-Street, Maridar Waliman Kans Sahib, Faisalabad	Inayat Allah CNIC: 35402-8185943-1	Iqbal Muhammad	122	9	-	131	747	-	-	747	Credit Card
346	Sami Ullah Sheikh Address: House No 77, Gali Number 4, Lane No 5, Lalazar Estate, Bagri Colony, Rawalpindi	Sami Ullah Sheikh CNIC: 37405-0805555-1	Ghulam Mustafa	50	15	-	65	599	148	-	747	Credit Card
347	Areeb Kamal Dairy Farm Address: Dhani Mani Ram Kot, Mumaj/Ada, Nahr Gajani, Bahawalnagar.	Areeb Kamal CNIC: 3101-8197585-9	Munsh Ali	625	72	-	697	625	113	-	738	Personal Loan
348	Ahmad Shahzad Address: H No 330 Executive House, Garden City Housing Scheme, Yeshi Road, Malan	Ahmad Shahzad CNIC: 38302-9513101-1	Khalil Ahmad	624	70	-	694	615	122	-	737	Personal Loan
349	Abdul Razaq/Saeed Akhtar Address: Malia, Po Pindi Amolakh, Zafarwal Dist, Narowal	LABDUL RAZAQ CNIC: 34501-1944663-7 2.SAEED AKHTAR CNIC: 34501-1944664-1	1.Ghulam Rasool 2.Abdul Razaq	1,950	695	389	3,034	-	482	282	734	Agriculture Loan
350	Muhammad Nauman Masood Address: Upper Story, Pak Iron Store, Allahabad Road, Liaquatpur & Distt Rahim Yar Khan	Muhammad Nauman Masood CNIC: 31302-179762-7	Saif Ur Rahman Ayyaz	609	103	-	712	609	125	-	734	Personal Loan
351	Muhammad Abdullah Address: Opposit Pso Petrol Pump, Shareqpur Road, Begun Kot, Lahore	Muhammad Abdullah CNIC: 35202-7005711-9	Liaqat Ali	583	113	-	696	583	149	-	732	Personal Loan
352	Hasan Zubair Address: Dhal Bundala, Po Khata, Tehsil Sehmanji, Distt Bhimber.	Hasan Zubair CNIC: 81103-1282791-5	Muhammad Zubair Khan	627	18	-	645	627	104	-	731	Personal Loan
353	Muhammad Idris Address: House No 123-A, Sk No 2-A, Ghori 5, Islamabad	Muhammad Idris CNIC: 61101-9376470-9	Muhammad Rafiq	552	144	-	696	552	176	-	728	Personal Loan
354	Amir Hussain Address: Basool Pura, Khalid Road, Tehsil & District Sheikhupura	Amir Hussain CNIC: 35404-4846180-9	Manzoor Hussain	637	44	-	681	637	90	-	727	Personal Loan
355	Syeda Kainat Farukh Address: Sultan Town, Lahore	Syeda Kainat Farukh CNIC: 41304-0115209-4	Farukh Jameel	710	48	-	758	675	51	-	726	Personal Loan
356	Muhammad Anees Address: House # 6, Street # 3, Albaik Street Main Bazar/Chani Shahu, Lahore.	Muhammad Anees CNIC: 35202-8959792-3	Sheikh Muhammad Mushtaq	590	118	-	708	590	137	-	727	Personal Loan
357	Amir Ali Address: Main Bazar New Taj Colony, Near Masjid Sarwar E Gunain, Menawa, Opp. Goo Pump, Lahore	Amir Ali CNIC: 35202-7250741-1	Shoukat Ali	594	116	-	710	584	141	-	725	Personal Loan
358	Abdul Kareem Qureshi Address: Jinnah Avenue, Blue Area, Islamabad	Abdul Kareem Qureshi CNIC: 37405-9637342-7	Mohammad Sagheer	599	103	-	702	599	124	-	723	Personal Loan



(Rupees in '000)

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				January 01, 2023		Others than Interest / Mark-up		Total							
				Principal	Interest / Mark-up	Mark-up	Interest / Mark-up	Mark-up	Principal	Interest / Mark-up					
1	2	3	4	5	6	7	8	9	10	11	12	13			
359	Shoukat Ali Address: House No C-6, Industrial Cooperative Housing Society, Quetta.	Shoukat Ali CNIC: 41303-0668936-5	Muhammad Hassan Jamal	647	48	-	695	638	84	-	722	Personal Loan			
360	Syed Ali Raza Address: Almidar Road, Quetta	Syed Ali Raza CNIC: 54400-4658945-7	Syed Yousuf	605	14	-	619	605	116	-	721	Personal Loan			
361	Syed Afsar Faiz Naqvi Address: Flat No. 03, Building 31-A1, Commercial Valencia, Dogaipur Dist/Dera	Syed Afsar Faiz Naqvi CNIC: 35301-8306435-7	Syed Akhtar Abbas Naqvi	609	86	-	695	609	111	-	720	Personal Loan			
362	Shamraz Iqbal Address: Khas Chit Dhireen, Teh Malakwal, Dist Mandi Bahaudin.	Shamraz Iqbal CNIC: 34401-6878642-1	Muhammad Yar	600	103	-	703	600	120	-	720	Personal Loan			
363	Shahzad Akram Address: Apartment No 34, Family Colony, Master Textile, 3-Km Off Rawind Road, Near Mayfair Company	Shahzad Akram CNIC: 36601-528927-3	Muhammad Akram	482	232	-	714	482	237	-	719	Personal Loan			
364	Mahboob Ahmed Address: Nisbat Colony, Radio Station, Bhowalpur	Mahboob Ahmed CNIC: 31202-5421248-3	Rafique Ahmad	162	20	-	182	550	167	-	717	Credit Card			
365	Iram Arif Address: University Of South Asia, 47-Tural Road, Lahore Cantt, Lahore.	Iram Arif CNIC: 35202-7448735-6	Muhammad Arif	598	17	-	615	598	118	-	716	Personal Loan			
366	Umer Farooq Address: House # 430, Iqbal Colony, Sargodha	Umer Farooq CNIC: 38403-321007-5	Muhammad Ibraheem	594	167	-	761	594	131	-	715	Auto Finance			
367	Anwar Ul Haq Address: 213 Alama Iqbal Town, Kashmir Block, 2nd Floor Near Doungi Ground Park, Lahore.	Anwar Ul Haq CNIC: 35202-917125-1	Abdul Sattar	606	59	-	665	606	108	-	714	Personal Loan			
368	Razia Bibi Awan Address: House No C-3929, Mohallah Wakeelanwala, Dera Ismail Khan	Razia Bibi Awan CNIC: 1201-0916870-0	Asif Kamal	577	60	-	637	577	135	-	712	Personal Loan			
369	Yasir Mehmood Address: H No 1, Sargana Street, Peer Manzoor Colony, Near Hazari Center, Pultan	Yasir Mehmood CNIC: 36302-5528350-7	Mehmood Khan	573	98	-	671	573	138	-	711	Personal Loan			
370	Ishtiaq Khan Address: Mohallah Shahheed Baba, Vpn Waisa, Teh, Hazro Distt. Attock.	Ishtiaq Khan CNIC: 37101-167432-5	Muhammad Aslam Khan	646	43	-	689	623	87	-	710	Personal Loan			
371	Fateh Muhammad Shah Address: H.No. A-310, 3rd Floor, Saiman Tower, Malir Cantt. Near Nadra Office, Karachi	Fateh Muhammad Shah CNIC: 40103-4684174-9	Noor Muhammad Shah	-	-	-	-	707	-	-	707	Credit Card			
372	Anser Mehmood Address: Mohalla Nazeer Shah, Phool Nagar	Anser Mehmood CNIC: 35103-1304388-5	Muhammad Ruffail	628	14	-	642	620	87	-	707	Personal Loan			
373	Syed Gulam Muraza Address: Basti Subat Jamali, Uchi Sharif, Bahawalpur	Syed Gulam Muraza CNIC: 3201-4717397-9	Syed Gul Bahar Shah Jamali	633	57	-	690	633	73	-	706	Personal Loan			
374	Umer & Company Address: Sheekhupura Road, Heji Abad, Faisalabad	Nusrat Habib CNIC: 33100-0865310-4	Habib Ullah Sajid (husband)	3,500	-	400	3,900	-	-	706	706	Alfalah Karobar Finance (AKF)			
375	Mian Qaisar Shah Address: Ali Medical Centre, F-8 Markaz, Islamabad	Mian Qaisar Shah CNIC: 16101-2907738-1	Mian Muddasir Shah	571	121	-	692	571	131	-	702	Personal Loan			
376	Shams Uddin Abbasi Address: House No. T 70, Muhalla Railway Colony, Rawalshahi.	Shams Uddin Abbasi CNIC: 45402-5282010-7	Muhammad Uddin Abbasi	594	17	-	611	588	109	-	697	Personal Loan			
377	Tariq Khan Address: Mumtaz Traders, Massa Kota, P/O Khas Kalhor Pacca District Lodhran	Tariq Khan CNIC: 36202-0108717-7	Mumtaz Khan	650	31	-	681	639	53	-	692	Personal Loan			
378	Malik Muhammad Ramzan Ahi Address: St. #7, Munir Chowk, Hezi Pur	Malik Muhammad Ramzan Ahi CNIC: 31203-9475698-3	M Yousaf Ahi	604	72	-	676	604	88	-	692	Auto Finance			
379	Ahmad Sheraz Address: College Road, Model Town A, Khatpur, Islamabad	Ahmad Sheraz CNIC: 36501-8051468-9	Khalid Iqbal Ahmad	659	43	-	702	601	90	-	691	Personal Loan			
380	Fayyaz Rafiq Address: Near Gillani Cng, Quid F. Miat Road, Khatpur Distt. Bahawalpur	Fayyaz Rafiq CNIC: 31301-475846-3	Muhammad Sadiq	573	76	-	649	573	116	-	689	Personal Loan			
381	Maac Group International Address: Qasim Market, Range Road, Near Fared Hospital, Rawalpindi	Maac Group International CNIC: 34401-3861618-9	Muhammad Nazir Gondal	569	118	-	687	569	118	-	687	Personal Loan			
382	Mobashar Ahmad Address: House No A-2489, Phase 2, Guishan Haleed, Karachi	Mobashar Ahmad CNIC: 35202-0618153-7	Nasir Ahmad	527	169	-	696	547	139	-	686	Credit Card			
383	Zain Ashraf Address: House#74-R1 Thehad Colony Samanabad, Lahore.	Zain Ashraf CNIC: 35202-6008804-3	Muhammad Ashraf	608	75	-	683	608	75	-	683	Personal Loan			
384	Ibrar Ahmed Address: Street No 3, Sector E-6, Phase-7, Hayatabad, Peshawar.	Ibrar Ahmed CNIC: 82203-1633473-7	Raja Ali Afsar Khan	637	46	-	683	637	46	-	683	Personal Loan			



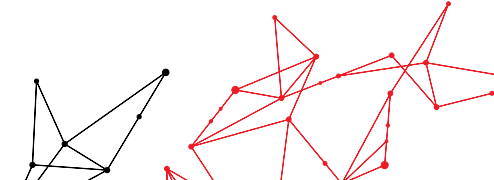


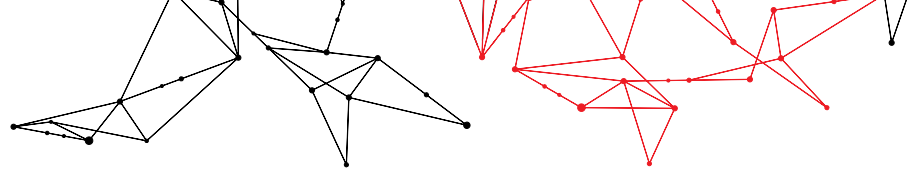
S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at						Principal written-off (9-10-11)	Product Name	
				January 01, 2023		Total (5-6-7)		Interest / Mark-up written-off / waived	Other financial relief provided			
				Principal	Interest / Mark-up	Others Interest / Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
385	Mehar Shah Eishi Address: Mohallah Road, Guljan, Kasur	Mehar Shah Eishi CNIC: 35102-8759914-3	Noor Muhammad	611	27	-	638	603	77	-	680	Personal Loan
386	Muhammad Yousef Zahoor Address: Alan House, Alan Street, Nagar Road, Ferozshah Chowk, Mohallah Jinnah Park, Gujranwala	Muhammad Yousef Zahoor CNIC: 34101-6731007-3	Zahoor Ahmed	572	35	-	607	572	108	-	680	Personal Loan
387	Khadim Shah Address: St. No. 1, Medina Town, Near Aynsha Manzor, Wazirabad, Harbanspura.	Khadim Shah CNIC: 35201-9951654-9	Syed Jamat Ali Shah	566	102	-	668	566	114	-	680	Personal Loan
388	Hafiz Hamza Ahmad Address: 9-46, B Block, Sabzazar Scheme, Multan Road, Lahore	Hafiz Hamza Ahmad CNIC: 35202-5493973-1	Qasir Moain	119	56	-	175	534	139	-	673	Credit Card
389	Abu Bakar Ahsan Butt Address: House# 755 Street #7, Mohallah Shareef Gujranwala, Wazirabad District, Near Medina Bakery, Gujranwala.	Abu Bakar Ahsan Butt CNIC: 34004-8825544-1	Abdul Latif Butt	-	-	-	-	672	-	-	672	Credit Card
390	Fahem Abbas Address: H No 7, St No 2, Bilal Colony, Dhameyl Road, Rawalpindi	Fahem Abbas CNIC: 37405-2371923-1	Khalid Mehmood	66	11	-	77	671	-	-	671	Credit Card
391	Kaleem Ullah Address: Basti Chahna, P.O MGarh Talim/Muzaffar Garh, Rawalpindi	Kaleem Ullah CNIC: 33204-6806814-5	Nasrullah	595	21	-	616	583	87	-	670	Personal Loan
392	Anita Tabassum Address: Post Office, Chak 301, Noor Pur, Rawalpindi	Anita Tabassum CNIC: 33303-8277686-6	Abdul Jabbar	550	40	-	590	550	119	-	669	Personal Loan
393	Syed Autos Address: Near D'yar E Shareen, Karachi	Syed Autos CNIC: 42101-92660711-5	Asad Raza	587	77	-	664	587	79	-	666	Personal Loan
394	Khawaja Aseem Khurshed Address: House# 11, Paradise Velly 1, Shakhpura Road, Faisalabad	Khawaja Aseem Khurshed CNIC: 33102-1773118-1	Khawaja Khurshed Anwar	502	91	-	593	527	139	-	666	Credit Card
395	Ahmed Masood Address: House 8-B, Engineers Town, Phase 1, Lahore	Ahmed Masood CNIC: 31202-1329342-7	Hamid Masood	92	60	-	152	533	133	-	666	Credit Card
396	Umer Rasheed Address: Baana Boor Pur, Shaiba Bori Inam, Islamabad	Umer Rasheed CNIC: 61101-5901941-9	Abdul Rasheed	588	79	-	667	588	78	-	666	Auto Finance
397	Ghulam Murtaza Wattoo Address: Phase II, Near Lums, Lahore	Ghulam Murtaza Wattoo CNIC: 33200-1460837-5	Muhammad Mashood	576	76	-	652	576	88	-	664	Personal Loan
398	Muhammad Rafiq Address: Adda Natha Khalsa, Mangla Mandi, Multan Road, Lahore	Muhammad Rafiq CNIC: 36401-1469560-7	Muhammad Anwar	569	29	-	598	569	94	-	663	Personal Loan
399	Hassan Mahmood Butt Address: Butt House No. 215-C, Opp.SA Hameed Cantt.	Hassan Mahmood Butt CNIC: 34101-6179800-7	Shahid Mahmood Butt	626	35	-	661	606	57	-	663	Personal Loan
400	Karif Address: Rajput House, Bangla No. 277, Zafar Ali Road, Sialkot Cantt.	Karif CNIC: 34603-218831-1	Tariq Mahmood	501	623	-	1124	501	160	-	661	Credit Card
401	Muhammad Usman Zaid Address: House No. 344, Umer Block, Allama Iqbal Town	Muhammad Usman Zaid CNIC: 35202-5167359-9	Jehan Zehi Jamal	583	69	-	652	583	78	-	661	Personal Loan
402	Hamza Inran Address: F-917, F-Block, Satellite Town, Rawalpindi	Hamza Inran CNIC: 37405-946524-9	Inran Majeed	73	-	-	73	661	-	-	661	Credit Card
403	Inran Ali Address: Khac Chichram Shareef, Khan Pur, House No. 32 Street No. 14, Ralim Yar Khan	Inran Ali CNIC: 35202-4021634-7	Muhammad Ali	546	52	-	598	546	113	-	659	Personal Loan
404	Wasim Abbas Address: House No. 25, Street 1, Shaheer Parkwan Market, 17 Km Ferozpur Road, Lahore	Wasim Abbas CNIC: 39401-16091636-9	Muhammad Al Zai	75	-	-	75	658	-	-	658	Credit Card
405	Sarifraz Ali Address: Giam Salon, Mini Market Round About, Opposite To Khasdi, Mm Alam Road, Gulberg III, Lahore.	Sarifraz Ali CNIC: 35202-7128767-3	Nasir Ali	485	38	-	523	521	137	-	658	Credit Card
406	Sheikh Muzammil Javed Address: 4-Chanab House, Nazd Forest Colony Aqab, Circuit House Multan, Lahore	Sheikh Muzammil Javed CNIC: 36302-888153-9	Javed Sultan	566	91	-	657	566	91	-	657	Personal Loan
407	Syed Zaifqar Ali Address: House No 131, Ward No 2, Mohia Changanli Ali Shah, Layyah	Syed Zaifqar Ali CNIC: 32703-5665891-9	Syed Manzoor Ali	547	108	-	655	547	108	-	655	Personal Loan
408	Muhammad Nadeem Iqbal Address: St No. 2, Amir Town, Harbanspura	Muhammad Nadeem Iqbal CNIC: 36502-1370307-1	Muhammad Ramzan	546	109	-	655	546	109	-	655	Personal Loan
409	Inran Khan Address: H No-261, St No-3, Sadat Park, Chowk Yateem Khana, Dhoneawal Multan Road, Lahore	Inran Khan CNIC: 36202-0956802-9	Jan Muhammad	557	80	-	637	557	95	-	652	Personal Loan
410	Shahid Riaz Address: Rapper, Tahs II Kalhor Pakca, District Lodhran	Shahid Riaz CNIC: 36202-0916563-5	Riaz Hussain Khan	552	78	-	630	552	98	-	650	Personal Loan

(Rupees in '000)

(Rupees in 000)

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				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)	Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided		
				5	6	7	8	9	10	11	12	13
1				4								
411	Zain Naveed Address: House No. 14, Street No. 2, Mohallah Sadiqueabad No. 1, Near MCB, Old Shujabad Road, Multan	3	Muhammad Naveed Iqbal	5	45	-	45	6.47	-	-	6.47	Credit Card
412	Ali Subhani Address: House No.759 Block-C, Bahra Orchardrainwind, Near Tariq Garden, Lahore	3	Abdul Sattar	473	117	-	590	505	138	-	6.43	Credit Card
413	Muhammad Naeem Address: Basti Meer Waia, Bakir Shah Shumali, Post Office Teh All Pur	3	Muhammad Ibrahim	530	60	-	590	528	114	-	6.42	Personal Loan
414	Awais Bashir Address: House No.E-488, Street No.2, Medina Colony, Wafan School, Lahore	3	Muhammad Bashir	52	5	-	57	6.38	-	-	6.38	Credit Card
415	Abid Hussain Address: 206-42, Shahman 1, Lahore	3	Akram Ali	525	153	-	678	525	112	-	6.37	Credit Card
416	Khwaja Asim Khurshheed Address: House# 11, Paradise Velly 1, Sheekhupura Road, Faisalabad.	3	Khwaja Khurshheed Anwar	340	109	-	449	506	129	-	6.35	Amex Card
417	Muhammad Irfan Ajmal Address: Shujabad, Multan	3	Muhammad Ajmal Khan	568	60	-	628	568	66	-	6.34	Personal Loan
418	Liaquat Ali Address: Opposite Shell Petrol Pump, R.A.Bazar, Rawalpindi	3	Haji Ghulam Muhammad	545	75	-	620	545	87	-	6.32	Personal Loan
419	Javed Iqbal Bhatti Address: House # 113-B, Eden Housing Society, College Road, Lahore	3	Muhammad Rasheed Bhatti	564	70	-	634	505	127	-	6.32	Personal Loan
420	Rai Muhammad Akhtar Address: Mehran Block, Alama Iqbal Town	3	Rai Abdul Raouq	521	96	-	617	521	111	-	6.32	Personal Loan
421	Zunain Khan Tariq Address: Murree Endeavour 1297, Mazzmine Floor, Specially Tower D1b, Phase 1, Karachi	3	Tariq Mustafa	544	67	-	611	544	87	-	6.31	Personal Loan
422	Zulfiqar Ali Address: Gulshan E Iqbal, Near Ali Petroleum, St. No. 1, Chishtian	3	Nazir Muhammad	501	106	-	607	501	129	-	6.30	Personal Loan
423	Muhammad Kashif Address: E11 3 Markaz, Taha Arcade Plaza, Shop 5 And 12, Rawal Digital Color Lab, Islamabad	3	Shafiq Ur Rehman	-	-	-	-	629	-	-	6.29	Credit Card
424	Sunrea Shahzadi Address: H No. 52, Royal Villas, Nawab Pur Road, Near Fiaz Kam Chowk, Multan	3	Kaleem Ullah	468	131	-	599	468	160	-	6.28	Personal Loan
425	Ishad Hussain Arif Address: Allah Jawaya Laar, Khan Bela, Teh Lapaq Pur, Distt R.Y Ktan	3	Nazar Hussain	482	117	-	599	482	144	-	6.26	Personal Loan
426	Shakeel Ahmed Address: Flat No 204, 2nd Floor, Astam Moti Wala, Terrace Mahani Road, Khanadar	3	Suleh Muhammad	527	72	-	599	527	98	-	6.25	Personal Loan
427	Rashid Naeem Address: House # Ne-1521/D, Dhoke Farman Ali, Rawalpindi	3	Muhammad Naseem	572	52	-	624	572	52	-	6.24	Personal Loan
428	Arif Bashir Address: Habib Colony St. No. 1, 32 Chowk, Faisalabad Road, Safa Bazar, Chakwal	3	Muhammad Bashir	885	22	-	907	122	501	-	6.23	Personal Loan
429	Naseem Raza Address: Northern Bypass House No 17/47, P Block, Wagda Town Phase 2, Multan	3	Efahi Bukhsh	523	88	-	611	523	98	-	6.21	Personal Loan
430	Muhammad Waqas Address: H No. 40, St. No. 07, Din Muhammad Colony, Kotli Peer Abdul Rehman Baghbanpura Near, Lahore	3	Jamal Din	513	68	-	581	513	107	-	6.20	Personal Loan
431	Arslan Habib Address: House No. 6, Street No 6-C, Masjidwala Street, Sajpat Road, Shandur, Near Qasim Wasfi, Lahore	3	Habib Ullah	274	-	-	274	620	-	-	6.20	Credit Card
432	Muhammad Saddique Address: Dulo Khurd, Main Ferozpur Road, Lahore Okara	3	Nazir Ahmad	489	55	-	544	489	130	-	6.19	Personal Loan
433	Abdul Sattar Chaudhry Address: House No 279, Street 7, Faisalabad, Okara	3	Bear Din	437	28	-	465	438	179	-	6.17	Credit Card
434	Muhammad Zubair Address: House No G-1345, Sector 11, 12 Ghosia Baloch Colony Orangi Town, Karachi	3	Muhammad Qasim	554	16	-	570	546	68	-	6.14	Personal Loan
435	Muhammad Zubair Address: House No G-1345, Sector 11, 12 Ghosia Baloch Colony Orangi Town, Karachi	3	Muhammad Qasim	537	12	-	549	529	85	-	6.14	Personal Loan
436	Abdul Jilil Jamil Address: 14-A, Justice Sardar Iqbal Road, Gulberg-V, Lahore	3	Sheikh Muhammad Jamil	497	-	-	497	525	87	-	6.12	Credit Card



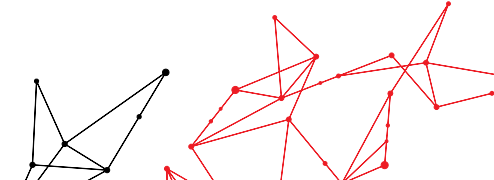


S.No	Name and Address of the borrower	Name of individuals / Partners / Directors (With CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at						Principal written-off (9-10-11)	Product Name	
				January 01, 2023		Total (9-10-11)		Interest / Mark-up written-off / waived	Other financial relief provided			
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (9-10-11)					
1		2	4	5	6	7	8	9	10	11	12	13
437	Syed Mohsin Ali Rizvi Address: House No R-42B, 2nd Floor, Block 16, FB Area, Karachi	Syed Mohsin Ali Rizvi CNIC: 42201-6337044-3	Syed Mohsin Ali Rizvi	495	103	-	598	495	116	-	611	Personal Loan
438	Khizar Hayat Address: Qasba Gujrat, Near Hospital Chowk, Muzaffargarh	Khizar Hayat CNIC: 36304-6337624-9	Nabi Bukhsh	531	47	-	578	522	88	-	610	Personal Loan
439	Abid Ali Address: Mohallah Marzipura Mashrafiq, Jhang	Abid Ali CNIC: 33202-8495237-7	Syed Wajid Ali Shah	490	97	-	587	490	119	-	609	Personal Loan
440	Anjad Hussain Address: H No.31, Street No.12, A Block, Swan Garden, Islamabad	Anjad Hussain CNIC: 39403-2168459-7	Aliah Ditta	543	49	-	592	531	77	-	608	Auto Finance
441	Lubna Haroon Address: H No 30-B, Al Hamed Colony, Abu Bakar Road, Allama Iqbal Town, Lahore	Lubna Haroon CNIC: 33000-7059584-6	Haroon Mughal	462	118	-	580	462	145	-	607	Personal Loan
442	Rashid Ali Address: Shorkot City, C, Hak #7, Ghagha, Near Govt Girls Primary School, Jhang	Rashid Ali CNIC: 33203-1439955-7	Muhammad Ijaz	493	100	-	593	493	113	-	606	Personal Loan
443	Ahmed Nadeem Bhatti Address: P G E C H S House Number 21A/3, College Road, Johar Town, Lahore	Ahmed Nadeem Bhatti CNIC: 35202-9728656-1	Chaudhary Muhammad Sarwar Bhatti	499	99	-	598	499	107	-	606	Personal Loan
444	Ali Hamza Address: P.O Khias Bajra Ghani, Tehsil Pessur, District Sialkot	Ali Hamza CNIC: 34602-1492537-9	Khalid Hussain	496	84	-	580	496	108	-	604	Personal Loan
445	Muhammad Zafar Yaseen Address: Tehsil Kahroo Pacca, Distt Lodhran	Muhammad Zafar Yaseen CNIC: 36202-3246771-5	Muhammad Ramzan	550	32	-	582	550	53	-	603	Personal Loan
446	Taimoor Address: Near Metro Collegiate, Karachi.	Taimoor CNIC: 42101-0879370-5	Fahimuddin Bhatti	514	23	-	537	514	88	-	602	Personal Loan
447	Umar Abbas Address: Khias Phans, Surai Nowshera Vikran, Gujranwala.	Umar Abbas CNIC: 34034-6424652-3	Muhammad Abbas	489	88	-	577	489	113	-	602	Personal Loan
448	Khagan Babar Address: St. No. 24, H. No. 413, Shalimar View Scheme, Near Zubaida Hospital, Lahore	Khagan Babar CNIC: 35202-2299715-7	Muhammad Anjad	488	102	-	590	488	114	-	602	Personal Loan
449	Hamid Address: Jamih Ashab- E- Sufiah, Range Road Westridge III, Rawalpindi	Hamid CNIC: 37405-0662743-1	Muhammad Abdul Malik	529	66	-	595	529	73	-	602	Personal Loan
450	Muhammad Umar Khan Address: H. No. 186, Industrial Estate, Jamrud Road, Peshawar	Muhammad Umar Khan CNIC: 17301-5316077-3	Habib Uljhan Khan	468	18	-	486	468	132	-	600	Credit Card
451	Muhammad Ahsan Iqbal Address: H No. 8, St. No. 7, Masjid Baba Lal Shah Basami Road, Samnabad, Near Mihai Wala Chowk, Lahore.	Muhammad Ahsan Iqbal CNIC: 35202-6823383-1	Iqbal Ahmed	477	96	-	573	477	122	-	599	Personal Loan
452	Harjimal Address: House No 16 A, Salewat Par A, Tando Wali Muhammad, Near Khoja Jamat Khana, Hyderabad	Harjimal CNIC: 41405-1815491-1	Visram	629	81	-	710	526	72	-	598	Personal Loan
453	Shazia Fatima Address: House 5 117, 4Th B, Khyaban E Hussain Shaheed, Dhs, Karachi.	Shazia Fatima CNIC: 42201-8422589-4	Muhammad Rizwan Qureshi	472	116	-	588	472	126	-	599	Personal Loan
454	Arslan Habib Address: House No. 8, Street No C-C, Masjidwall Street, Lalpat Road, Shandho, Near Qasim Masjid, Lahore	Arslan Habib CNIC: 35202-3826761-3	Habib Uljhan	100	-	-	100	596	-	-	596	Credit Card
455	Muhammad Sarder Mehmood Address: Khias Khalilqabad, Tehsil And District Khushab	Muhammad Sarder Mehmood CNIC: 38201-6723000-3	Muhammad Ashraf	499	85	-	584	499	95	-	594	Personal Loan
456	Muhibullah Rehmat And Seven Brother Address: Darel, Dielt Diemar Floor, Lda Plaza, Ejerton Road Lahore	Muhibullah Rehmat And Seven Brother CNIC: 71203-1203619-1	Rahmat Ghani	493	80	-	573	493	100	-	593	Personal Loan
457	Shehroz Ashfaq Cheema Address: Options And Co, Lower Ground Floor, Lda Plaza, Ejerton Road Lahore	Shehroz Ashfaq Cheema CNIC: 36302-3366919-3	Ashfaq Ahmed Cheema	450	1	-	451	450	142	-	592	Credit Card
458	Syed Abdul Jalil Address: Tehsil Ahmed Pur East, District Bahawalpur Islamabad	Syed Abdul Jalil CNIC: 31201-4445277-3	Zafar Hussain Shah	498	74	-	572	498	93	-	591	Personal Loan
459	Muhammad Ramzan Address: H No 92-H, St. No.117, Sector I-10/4, Islamabad	Muhammad Ramzan CNIC: 37105-7865691-5	Aliah Wasaya	542	36	-	578	542	46	-	588	Auto Finance
460	Mirza Kamran Aslam Baig Address: St. No.42, Zkyra Town, Near Masjid Allah Wali, Bosan Road Multan.	Mirza Kamran Aslam Baig CNIC: 36302-0483295-5	Mirza Muhammad Aslam	452	112	-	564	452	136	-	589	Personal Loan
461	Syed Jawaid Ali Shah Address: House C-201, Baba Suleman Road, Neem K, Cheri, Karachi	Syed Jawaid Ali Shah CNIC: 45504-112318-9	Syed Meib Ali Shah	461	100	-	561	461	127	-	588	Personal Loan
462	Muhammad Zeeshan Ashraf Address: Mohallah Talley Wali Masjid, Phool Nagar, Tehsil Patokki, Kasur	Muhammad Zeeshan Ashraf CNIC: 35103-5015468-3	Sheikh M Ashraf Kasbir	328	-	-	328	587	-	-	587	Credit Card

(Rupees in '000)

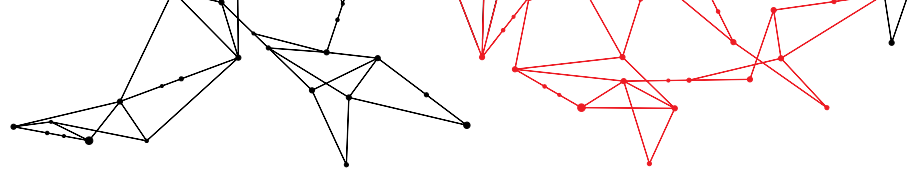
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S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at						Total (9+10+11)	Product Name	
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (5+6+7)	Principal written-off	Interest / Mark-up written-off / waived			Other financial relief provided
1	2	3	4	5	6	7	8	9	10	11	12	13
463	Romali Address: House # 1, Si 1, Lane 1, Lalazar Estate, Rawalpindi	Romali CNIC: 37-405-2657625-6	Yaqoob Masih	319	-	-	319	453	133	-	586	Credit Card
464	Syed Samar Husnain Shahzad Address: Road Dhieri Hassanabad, Rawalpindi	Syed Samar Husnain Shahzad CNIC: 37-405-9433478-1	Syed Nazim Hussain Kazmi	540	69	-	609	517	69	-	586	Personal Loan
465	Kazim Ali Shah Address: A One City, Bwary Road, Quetta	Kazim Ali Shah CNIC: 55305-2288005-1	Lal Shah	465	95	-	560	465	120	-	585	Personal Loan
466	Aliyah Raikha Address: Khos Mirwala More Khunda, Near Rakha Kanyana Store And Noor Ashraf Atta Chak	Aliyah Raikha CNIC: 35501-0282637-7	Muhammad Botoa	450	124	-	574	450	134	-	584	Personal Loan
467	Fateh Muhammad Shah Address: Ward No 3, Village Siddiqui Shah Town, Community Khair, District Matiat	Fateh Muhammad Shah CNIC: 41305-7740355-9	Noor Muhammad Shah	590	51	-	631	523	61	-	594	Personal Loan
468	Mahmood Ahmed Address: Plot No.390, Block Orchard-I, Paragon City Housing Scheme, Barki Road, Lahore.	Mahmood Ahmed CNIC: 37-405-779108-1	Zaher Ahmed	3,074	1,726	208	5,008	-	583	-	583	House Finance
469	Kamran Waheed Address: Flat Number 179-D, Scheme Number 02, Nohala Gulshan Iqbal, Block Zaid Rahim, Bahawalpur	Kamran Waheed CNIC: 31201-0342235-1	Muhammad Waheed Akhtar	502	62	-	564	502	79	-	581	Personal Loan
470	Farukh Zaman Malik Address: Bahria Town Phase-8, Main Hub Commercial Plaza No-44, 2nd Floor, Flat No.2, Rawalpindi	Farukh Zaman Malik CNIC: 38-4045-1644267-7	Malik Muhammad Aslam	445	112	-	557	445	134	-	579	Personal Loan
471	Muhammad Abu Bakar Address: Village Kot Gondali, Pasur, Sialkot	Muhammad Abu Bakar CNIC: 34602-1304622-5	M Ashraf	78	-	-	78	579	-	-	579	Credit Card
472	AbulFalah Address: Sheratan Building, Top Floor, Flat No.8 Burns Road, Near SVM Arts College, Karachi	AbdulFalah CNIC: 42301-59961508-1	Zahid Ahmad Qureshi	19	2	-	21	579	-	-	579	Credit Card
473	Muhammad Ramzan Address: Mohallah Defence Colony, 35 Feet Baazir, Near Country School, Shalibpuran.	Muhammad Ramzan CNIC: 35-404-1804672-3	Muhammad Naseem	485	84	-	569	485	93	-	578	Personal Loan
474	Ali Raza Address: Village Baddo Raiza, Near Al Syed Academy, Post Of Fickhas, Nowshera Virkan, Gujranwala	Ali Raza CNIC: 34035-088142-7	Muhammad Younas	514	76	-	590	514	64	-	578	Auto Finance
475	Pardeep Kumar Address: House No 04, Street 1, Sector F, Manzoor Colony, Karachi	Pardeep Kumar CNIC: 44202-4441707-7	Roopoo	470	38	-	508	470	107	-	577	Personal Loan
476	Nazir Akbar Address: H No.709, St. No.6, F-8, Peshawar	Nazir Akbar CNIC: 21201-2260949-9	Bahadur	515	14	-	529	515	98	-	573	Auto Finance
477	Aurangzeb Address: Azeem Shah Mohallah, Near Moharam Khyana Store.	Aurangzeb CNIC: 43205-4872736-7	Munwar Ali Soomro	468	80	-	548	468	104	-	572	Personal Loan
478	Muhammad Rafiq Address: Dhanola Faisalabad	Muhammad Rafiq CNIC: 38203-6873920-9	Muhammad Yaqoob	450	52	-	502	450	122	-	572	Personal Loan
479	Safeer Hussain Address: St. Running Room No 2, Rohri	Safeer Hussain CNIC: 43004-6689527-7	Gul Hassan Abbasi	453	98	-	551	453	116	-	569	Personal Loan
480	Fazal Abbas Sohail Address: Muh Dosehra Ground Zafer, Near Dager Market	Fazal Abbas Sohail CNIC: 35-404-9669925-7	Ch Muzaffar Hussain	457	86	-	543	457	111	-	568	Personal Loan
481	Muhammad Zubair Address: IOB-D, Phase-1, Sul Northern Officers Housing Society, Lahore	Muhammad Zubair CNIC: 33201-3909398-3	Abdul Bari	483	74	-	557	483	85	-	568	Personal Loan
482	Adnan Mobilia Address: Behind Nisaam Ghar, Chander Chowk, Jhelum	Adnan Mobilia CNIC: 37301-18648007-7	Sheikh Iqbal Ahmed	484	66	-	550	484	83	-	567	Personal Loan
483	Shahzad Address: H-# 3274, 28th Street, Khyaban-E-Shamsher, Phase-5, Dha, Karachi	Shahzad CNIC: 42301-7465982-5	Abdul Wahab	417	404	-	821	417	148	-	565	Credit Card
484	Taj Muhammad Address: Chak No 11, Wb Joyia House, Misaili St, Mohallah Kachi Abadi, Vehari	Taj Muhammad CNIC: 41303-7002573-3	Sardar Ali	477	75	-	552	477	88	-	565	Personal Loan
485	Mansab Ali Address: Chak No. 77/5-B, Sahiwal	Mansab Ali CNIC: 36502-9651951-1	Muhammad Ashraf	504	23	-	527	495	69	-	564	Personal Loan
486	Muhammad Ishfaq Address: Pakpattan Medicoz, Near City Hospital, Pakpattan	Muhammad Ishfaq CNIC: 36402-9114997-3	Haji Sakhi Muhammad	489	64	-	553	489	74	-	563	Personal Loan
487	Samina Naz Address: House No 56, Income Tax Society, Karachi	Samina Naz CNIC: 42201-0253316-2	Shafiq Ahmed	451	104	-	555	451	113	-	564	Personal Loan
488	Syed Ali Asghar Address: House No 474/A, Street No 4, Sactor Abedian Road, Askari II, Lahore	Syed Ali Asghar CNIC: 35201-7754880-5	Syed Shahanshah Asghar	452	-	-	452	452	111	-	563	Credit Card



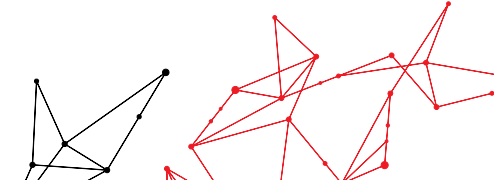
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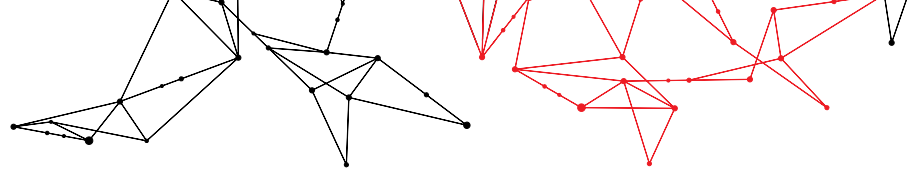
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				Principal	Interest / Mark-up	Other Interest / Mark-up	Total (5+6+7)	Principal written-off		Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)
1			4	5	6	7	8	9	10	11	12	13
489	Muhammad Shahzad Address: Mughal Bhatta Pindkot Bagh Rawind Road, Lahore.	Muhammad Shahzad CNIC:36104-744668-7	Muhammad Ramzan	441	47	-	488	441	121	-	562	Personal Loan
490	Fehmida Hafeez Address: Muhallah Cha Bakay Wala, Sialkot	Fehmida Hafeez CNIC: 34603-4605301-4	Munir Ahmed	528	46	-	574	511	52	-	563	Personal Loan
491	Muhammad Shahid Latif Address: House No. 254, Block A, Punjab University Housing Town 2, Valencia Lahore	Muhammad Shahid Latif CNIC: 35200-1543170-1	Sheikh Muhammad Latif	498	-	-	498	498	64	-	562	Personal Loan
492	Syed Ali Ghawas Address: Street No 14, B, Islamabad	Syed Ali Ghawas CNIC: 37405-0404299-3	Syed Zaigham Hussain	513	39	-	552	513	49	-	562	Personal Loan
493	Abdul Bariq Address: Plot 1348, Hussain Villas, IS, Floor, Bk-2, FB Area, Near Saffa Masjid, Karachi	Abdul Bariq CNIC: 42201-3724559-7	Muhammad Taufique	443	322	-	765	450	109	-	559	Credit Card
494	Anees Ur Rehman Address: Ghazali Hostel, Room No-24, Kcp Complex, Jadharaabad	Anees Ur Rehman CNIC: 37405-1632093-9	Muhammad Sharif	437	103	-	540	437	123	-	560	Personal Loan
495	Wakeel Hassan Address: Alta Colony, Rajanpur	Wakeel Hassan CNIC: 35501-0426338-3	Abbas Ali	444	88	-	532	444	116	-	560	Personal Loan
496	Zeeshaan Address: Post Office, Chak No 162-163 L, Tehsil Chichawatni	Zeeshaan CNIC: 36501-9100950-7	Falak Sher	376	45	-	421	448	111	-	559	Credit Card
497	Muhammad Tabraiz Khan Address: H No B4M Faizpur Interchange, Near A One Super Store, Lahore, Shadian, Lahore	Muhammad Tabraiz Khan CNIC: 35202-0174930-3	Nasir Ijaz Khan	481	15	-	496	477	81	-	558	Personal Loan
498	Vijaya Laxmi Vania Address: Ft. No 4-B Block-7, Mohale Hamtan Couk, 3 Talwar, Clifton Karachi	Vijaya Laxmi Vania CNIC: 42301-0818747-4	Kalyani BS Vania	465	93	-	548	455	102	-	557	Personal Loan
499	Muhammad Waseem Address: Ft No F-8, IS, Floor, Hoor Appt, Sec-1, North Karachi	Muhammad Waseem CNIC: 42201-1731440-3	Abdul Raheed	465	79	-	544	465	90	-	555	Personal Loan
500	Abdul Rahim Address: Killi Landi, Harnal	Abdul Rahim CNIC: 35301-3440475-7	Haji Rahim Dill Khan	467	80	-	547	467	87	-	554	Personal Loan
501	Muhammad Rafiq Address: Gali Water Works No-2, Mohallah Peer Kanyan	Muhammad Rafiq CNIC: 36402-2567429-5	Noor Muhammad	467	24	-	491	467	87	-	554	Personal Loan
502	Momina Syeda Fatima Address: 127-D Street 10 Phase 1, State Life Housing Society, Lahore	Momina Syeda Fatima CNIC: 35202-4705780-6	S.A. Nagvi	82	7	-	89	456	98	-	554	Credit Card
503	Muhammad Ehtesham Address: House No.25-C-2, Lane No.5-A, Tulka Road, Lalazar, Rawalpindi	Muhammad Ehtesham CNIC: 37405-6496651-7	Malik Muhammad Amin	433	72	-	505	433	120	-	553	Credit Card
504	Nadia Shahid Address: Near Malik Lateef Chairmen House, Suraj Kund Road, Malila Town, Lahore	Nadia Shahid CNIC: 35202-977349-4	Shahid Mahmood	-	-	-	-	148	401	-	550	Personal Loan
505	Syed Ahd Akhter Address: Bandy Obra, Mohallah Sheekhano Kohy Nowan Park, Tehsil Swatli	Syed Ahd Akhter CNIC: 16202-5094993-3	Syed Musa Badshah	447	66	-	513	447	103	-	550	Personal Loan
506	Hanzla Amir Address: Blueward Gulberg -3, Lahore	Hanzla Amir CNIC: 35202-879532-3	Amir Shahzad Alan	470	68	-	538	470	79	-	549	Personal Loan
507	Muhammad Awaiz Khan Address: House No M.147/17, Mohallah Ballo Khet, District Mianwali.	Muhammad Awaiz Khan CNIC: 35202-6099047-9	Muhammad Anwar Masood Khan	469	53	-	522	469	79	-	548	Personal Loan
508	Fakhar Ud Din Address: Moh Debar Sufi Shar Muhammad Sakhi Sarwar, D.O Khan	Fakhar Ud Din CNIC: 32102-5159329-1	Ghulam Shair	453	80	-	533	453	94	-	547	Personal Loan
509	Imran Ali Baladi Address: Flat No 319, 3rd Floor, Block D1, Classic View Apartment, Gulistan E Johar, Block19, Karachi	Imran Ali Baladi CNIC: 45302-4838286-5	Shah Nawaz	452	82	-	534	452	94	-	546	Personal Loan
510	Darakhshan Mudasir Address: Plot No F-2, Defence View Phase 2, Flat-A 301	Darakhshan Mudasir CNIC: 42101-3794886-2	Mudasir Zaman	437	100	-	537	437	110	-	547	Personal Loan
511	Aurangzaib Address: House No 9103-C, Baban Shah Colony, Hyderabad.	Aurangzaib CNIC: 41303-1481503-1	Ghulam Mustafa	470	14	-	484	465	81	-	546	Personal Loan
512	Adnan Ahmed Butt Address: Hassan Mobile Shop 30, 1st Floor, Buttomobile Plaza, Raja Bazar, Rawalpindi.	Adnan Ahmed Butt CNIC: 37405-8869472-9	M Farooq Butt	437	80	-	517	437	109	-	546	Credit Card
513	Zeeshaan Ali Address: Street # 4 Mohallah Gulshan Hayat Parkshahara More, Near Chowk Umar Farooq E Azam, Lahore	Zeeshaan Ali CNIC: 35202-2404449-7	Muhammad Sharif	-	-	-	-	545	-	-	545	Credit Card
514	Haftiz Amir Ayaz Ashraf Address: House No B 131, IS, Floor, Block B, Karachi	Haftiz Amir Ayaz Ashraf CNIC: 37103-4199883-3	Muhammad Ashraf	464	48	-	512	445	99	-	544	Personal Loan



(Rupees in '000)

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 as at							Principal written-off (9-10-11)	Product Name
				January 01, 2023		Total (5+6+7)		Interest / Mark-up written-off / waived	Other financial relief provided			
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
515	Uzma Rizwan Address: Bostan Road House No.12, Mohallah Zikriya Town, Multan	Uzma Rizwan CNIC: 36302-540097-6	Qazi Mehboub Rizwan Aslam	454	76	-	530	454	89	-	543	Personal Loan
516	Ghulam Mustafa Address: Farooq Hospital, 262-263 West Wood Colony, Karachi.	Ghulam Mustafa CNIC: 33100-9107282-1	Muhammad Din	470	20	-	490	454	88	-	542	Personal Loan
517	Saniya Address: Station Dr. Mahmood Hussain Road, Off Tanq Road, Karachi.	Saniya CNIC: 42201-173018-8	Ahmed Ali	464	66	-	530	464	76	-	540	Personal Loan
518	Asif Khan Address: House No. Kmc 392, Sector 4-D, Islam Nagar Orangi Town, Karachi	Asif Khan CNIC: 42401-2890699-5	Akhtar Jahan	448	79	-	527	448	92	-	540	Personal Loan
519	Qadeer Ahmad Address: Bati Noor Bahar, Near Under Pull, Budha Road Sial Mafi, Multan	Qadeer Ahmad CNIC: 36302-4907299-7	Muhammad Hanef	376	21	-	397	434	106	-	540	Credit Card
520	Muhammad Waqas Riaz Address: P O Bhawalnagar, Islam Pura, Bahawalnagar	Muhammad Waqas Riaz CNIC: 31101-9752895-7	Muhammad Riaz Qadeer	451	67	-	518	446	94	-	540	Personal Loan
521	Khajal Muhammad Address: Flat No. D-315, 3Rd Floor, Classic View Apartment Block 19, Gulshan E Iqbal, Karachi	Khajal Muhammad CNIC: 42301-7773148-5	Laj Khan	420	107	-	527	420	117	-	537	Personal Loan
522	Muhammad Akhtar Address: Teishi Liaquatpur, Rahim Yar Khan.	Muhammad Akhtar CNIC: 36203-4804502-5	Hafiz Nazar Hussain	433	58	-	491	430	106	-	536	Personal Loan
523	Haji Ahmad Address: Boba Sharif, Yousaf Colony Haidali, Khushab.	Haji Ahmad CNIC: 36201-5417629-3	Ghulam Ali	-	13	-	13	535	-	-	535	Credit Card
524	Mfshah Ahmed Address: House No 26776, Malallah Qsai Popl Tando, Shikarpur	Aftab Ahmed CNIC: 43304-3110139-9	Abdul Khaliq Abro	468	28	-	496	468	66	-	534	Personal Loan
525	Muhammad Tariq Address: House No. 5, Fateh Garh Road, Opp. Sabaz Wari Darbar, Lahore	Muhammad Tariq CNIC: 35201-4250072-9	Shukar Din	534	-	-	534	534	-	-	534	Personal Loan
526	Nasim Butt Address: H/F A-3, E-2 Flat 5Th Floor Block 196, Street K 19 Khana Bahar Colony, Karachi.	Nasim Butt CNIC: 42301-0948650-5	Muhammad Younis Butt	419	33	-	462	417	116	-	533	Personal Loan
527	Sumera Tabassum Address: 54-A Near Pelican Mess, Bahawalpur.	Sumera Tabassum CNIC: 37208-6260069-6	Muhammad Imran Gul	503	41	-	544	473	60	-	533	Personal Loan
528	Al Majeed Flour Mills Address: 352-B, Canal View, Lahore	1. Rana Naeem Riaz Ahmed CNIC: 35103-1344815-1 2. Raza Baber Jameel CNIC: 35202-2686130-5 3. Mrs. Asma Ilyas CNIC: 35103-4643397-2	1. Rana Riaz Ahmed Khan 2. Jameel Kanwar 3. Rana Tanveer Riaz	-	458	871	1,329	-	-	533	CF-Hypo	
529	Shariz Sohail Address: In-271, Falcon New Mill, Opp. Mallcentric, Check Post No. 6, Near Saim Tower, Karachi	Shariz Sohail CNIC: 42201-1738189-7	Muhammad Sohail	407	49	-	466	432	100	-	532	Credit Card
530	Zulfqar Ali Memon Address: House No 241, Block B, Sheet No 28, Saim Arabia Villas, North Karachi.	Zulfqar Ali Memon CNIC: 42401-4886329-7	Ghulam Ali Memon	449	72	-	521	449	83	-	532	Personal Loan
531	Seema Address: Plot No F2, 3rd Floor, A 301 Phase 2, Defence View, Defence View, Karachi.	Seema CNIC: 42201-459850-0	Mudassar Zaman	437	86	-	523	437	95	-	532	Personal Loan
532	Abida Tabsum Address: House No 84, Block F , Burewala.	Abida Tabsum CNIC: 36601-2427951-8	Sajid Hussain	451	52	-	503	451	80	-	531	Personal Loan
533	Muhammad Sharif Address: P O Paiti Ghulam Ali Chah Khayoya Sanawan Teh Kot Addu	Muhammad Sharif CNIC: 32303-1748965-5	Ghulam Hussain	446	54	-	502	448	83	-	531	Personal Loan
534	Waris Gulzar Ahmad Address: Railway Road, Near National Bank, Chichawati	Waris Gulzar Ahmad CNIC: 42000-6445904-3	Gulzar Ahmad	438	20	-	468	438	92	-	530	Personal Loan
535	Muzaffar Ahmed Bashir Address: House No 1322, S. No 36, C-11/2, Islamabad	Muzaffar Ahmed Bashir CNIC: 37405-1746224-3	Muhammad Bashir	2	8	-	10	458	70	-	528	Credit Card
536	All Raza Aslam Address: Office No 301 3RD Floor Imperial Square Plaza, Islamabad.	All Raza Aslam CNIC: 36502-65070399-9	Muhammad Aslam	468	38	-	506	468	58	-	526	Personal Loan
537	Maqbool Ahmad Address: House No.3, Power Jim Street, Lajpat Road, Shahdara, Lahore	Maqbool Ahmad CNIC: 35202-5559855-5	Muneer Ahmad	96	-	-	96	422	101	-	523	Credit Card
538	Tab Plus Pharmacy Address: Atif Chowk, 30-A Sunda Road, Lahore.	Tab Plus Pharmacy CNIC: 35202-2792707-1	Muhammad Akram	420	84	-	504	420	100	-	520	Personal Loan
539	Muhammad Jawad Iqbal Address: House No. 63/2, Lane-15, Khy-E-Senar Phase-7, Dha 151 Floor, Near Bital Masjid, Karachi.	Muhammad Jawad Iqbal CNIC: 42201-1986717-3	Muhammad Iqbal Khan	371	226	-	597	371	149	-	520	Credit Card
540	Abdul Salam Address: House No 5-42-B-5, Mohallah Karnaalpur, Straj Dni, Lahore.	Abdul Salam CNIC: 35202-304794-7	Fakrudin	519	-	-	519	519	-	-	519	Personal Loan





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 as at						Total (9-10+11)	Product Name	
				January 01,2023								
				Principal	Interest / Mark-up	Others / Interest / Mark-up	Total (5-6+7)	Principal written-off	Interest / Mark-up written-off / waived			Other financial assets provided
				5	6	7	8	9	10	11	12	13
541	Muhammad Tahir Javeed Address: House No.D 431, Shah Faisal Colony, Karachi.	Muhammad Tahir Javeed CNIC: 42201-0567288-5	Javeed Mashi	433	77	-	510	433	85	-	518	Personal Loan
542	Alli Sher Khan Khattak Address: House 171, Street 11, Sector E-11/4, Islamabad.	Alli Sher Khan Khattak CNIC: 6101-8509055-5	Ayaz Khan Khattak	454	20	-	474	454	64	-	518	Personal Loan
543	Muhammad Sajjad Address: House No. 12 Nawaz Colony, Newgreen Town, Bagrian Road, Near Hakimtown Graveyard, Lahore	Muhammad Sajjad CNIC: 35202-8706581-5	Muhammad Hanif	-	-	-	-	518	-	-	517	Credit Card
544	Farrukh Zaman Malik Address: Ghoghghat, P O Miani, Teh Bhera, Sangodha	Farrukh Zaman Malik CNIC: 38401-1644267-7	Farrukh Zaman	-	-	-	-	412	105	-	517	Credit Card
545	Sheikh Waqas Mehmood Address: House No C-2, Block 7, Gulistan-E-Iqbal, Karachi.	Sheikh Waqas Mehmood CNIC: 42201-9148961-3	Khalid Pervaiz	450	13	-	463	450	68	-	518	Personal Loan
546	Saleem Ahmed Siddique Address: HR 273, M-I, Block 5, Satellite Town, Quetta	Saleem Ahmed Siddique M. CNIC: 54400-0400192-3	Ghulam Nabi Siddique	435	69	-	504	435	83	-	518	Personal Loan
547	Muhammad Nadeem Address: Chak No 143/WB, Po Dokota, Vehari	Muhammad Nadeem CNIC: 36602-8221045-5	Muhsin Ahmad	449	30	-	479	449	67	-	516	Auto Finance
548	Saima Rasheed Address: 35 Ghousia Colony, Saidpur Road, Rawalpindi.	Saima Rasheed CNIC: 37405-254204-2	Abdul Rasheed	400	88	-	488	400	114	-	514	Personal Loan
549	Fawad Ahmed Khan Address: House No.67, Block-K-3, Phase - I, Wapda Employees Co-Operative Housing Society, Lahore	Fawad Abbas Zaidi CNIC: 365024-259252-3	Shamshad Ahmed Khan	3,200	726	188	4,114	-	514	-	514	House Finance
550	Moum Rashid Address: House # 67, Block-C, Nawab Town/Rahwind Road, Lahore	Moum Rashid CNIC: 35202-847861-9	Rashid Jamil	278	1	-	279	407	96	-	513	Credit Card
551	Waseem Javeed Address: H No 14/99, Muhallah Beeroon Akbari Gate	Waseem Javeed CNIC: 35202-128538-1	Muhammad Javeed Malik	424	55	-	479	424	85	-	509	Personal Loan
552	Muhammad Mehroze Address: House No.3, Street/22-A, Pak Colony Outside Choulabacha Chowk, Mustafabad, Lahore	Muhammad Mehroze CNIC: 35201-4093407-9	Sharif Ahmad	243	2	-	245	433	95	-	508	Credit Card
553	Shaista Islam Address: Killi Shamoozal Qambari Road, Quetta	Shaista Islam CNIC: 54400-0433823-0	Muzaffar Ullah	422	35	-	457	407	91	-	508	Personal Loan
554	Kashif Iqbal Address: H No 43, Hidayat Ullah Block Mustafa Town, Lahore.	Kashif Iqbal CNIC: 35202-2327749-5	Muhammad Iqbal Siddique	429	31	-	460	429	77	-	506	Personal Loan
555	Muhammad Yameen Address: Flat 6, 2nd Floor, Mustafa Marzli, Haji Camp, Karachi.	Muhammad Yameen CNIC: 42000-5011800-9	Yasin	286	6	-	292	400	106	-	506	Credit Card
556	Shah Zaman Address: H No 11, Block 1, Sector B 1, Township, Lahore	Shah Zaman CNIC: 35202-7182494-7	Hassan Muhammad Husaini	453	53	-	506	453	53	-	506	Personal Loan
557	Muhammad Mujtaba Shah Address: House No. 58, Al Qadair City, Multan Road Nazd Kalama Chowk Post Office Lahore	Muhammad Mujtaba Shah CNIC: 36302-8419997-7	Syed Muhammad	437	13	-	450	400	76	-	506	Personal Loan
558	Kashif Ahmad Address: House No.161, Rays Gulf Club Dha-VI, Lahore	Kashif Ahmad CNIC: 35202-2756735-1	Muhammad Ahmad	398	45	-	443	398	107	-	505	Credit Card
559	Muhammad Atif Mejeed Address: 38-F, Askari 3, School, Karachi Cantt, Karachi	Muhammad Atif Mejeed CNIC: 42000-5467388-5	Abdul Mejeed	355	-	-	355	388	115	-	503	Credit Card
560	Sohaib Anwar Address: Flat # B-205, Salma Royal Residency, Gulshan E Iqbal Block 02, Karachi.	Sohaib Anwar CNIC: 35202-1906653-3	M Anwar	59	19	-	78	396	107	-	503	Credit Card
561	Shahid Iron Store Address: Main Bazaar Bhalwal District Sangodha.	Shahid Mejeed CNIC: 38401-4581590-7	Abdul Jalil	3,496	-	506	4,002	-	-	503	503 Alfalah Kambar Finance (AKF)	Personal Loan
562	Ahmad Ali Address: House Nam 178A, Sector A 1, Govt-Employees Housing Society, Township.	Ahmad Ali CNIC: 35202-3969723-9	Kashif Ali	425	26	-	451	425	75	-	500	Personal Loan
				1,764,068	1,631,412	56,603	3,452,273	1,189,276	1,635,621	140,975	2,965,854	

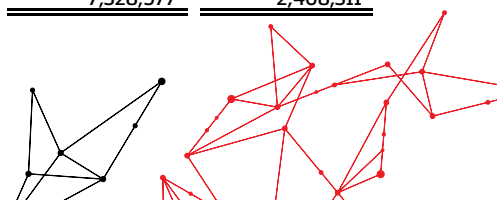
ANNEXURE - II

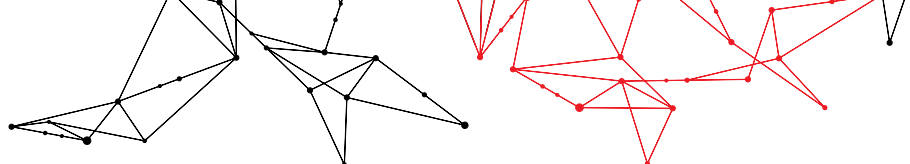
ISLAMIC BANKING BUSINESS (DOMESTIC)

The Bank operates 348 Islamic banking branches (2022: 280 branches) and 6 sub branches (2022: 5 sub branch) as at December 31, 2023.

STATEMENT OF FINANCIAL POSITION

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
ASSETS			
Cash and balances with treasury banks		32,341,423	20,521,711
Balances with other banks		1,578,693	1,773,265
Due from financial institutions	1	32,832,027	30,000,061
Investments	2	214,732,021	123,324,033
Islamic financing and related assets - net	3	162,570,124	150,417,644
Fixed assets		17,112,929	12,336,223
Intangible assets		39,602	32,914
Deferred tax assets		-	-
Other assets		24,261,861	14,939,868
Total assets		485,468,680	353,345,719
LIABILITIES			
Bills payable		4,847,290	4,673,534
Due to financial institutions		40,501,991	39,964,773
Deposits and other accounts	4	365,397,636	255,671,950
Deferred tax liabilities		1,291,105	158,892
Other liabilities		47,804,522	35,585,018
		<u>459,842,544</u>	<u>336,054,167</u>
NET ASSETS		25,626,136	17,291,552
REPRESENTED BY			
Islamic banking fund		3,950,000	3,950,000
Surplus on revaluation of assets		3,011,969	2,007,741
Unappropriated/ unremitted profit	6	18,664,167	11,333,811
		<u>25,626,136</u>	<u>17,291,552</u>
CONTINGENCIES AND COMMITMENTS			
	7		
PROFIT AND LOSS ACCOUNT			
		2023	2022
		------(Rupees in '000)-----	------(Rupees in '000)-----
Profit / return earned on Islamic financing and related assets, investments and placements	8	59,527,284	29,329,913
Profit / return expensed on deposits and other dues expensed	9	32,702,239	15,648,056
Net profit / return		<u>26,825,045</u>	<u>13,681,857</u>
Fee and commission income		1,568,038	1,217,011
Foreign exchange income		461,601	654,201
(Loss) / gain on securities		(24,484)	18,071
Other income		82,710	67,694
Total other income		<u>2,087,865</u>	<u>1,956,977</u>
Total income		<u>28,912,910</u>	<u>15,638,834</u>
Expenses			
Operating expenses		13,424,078	10,026,784
Workers' welfare fund		307,410	100,919
Other charges		21,608	4,309
Total expenses		<u>13,753,096</u>	<u>10,132,012</u>
Profit before provisions		<u>15,159,814</u>	<u>5,506,822</u>
Provisions and write offs - net		96,717	657,701
Profit before taxation		<u>15,063,097</u>	<u>4,849,121</u>
Taxation		7,734,120	2,440,810
Profit after taxation		<u>7,328,977</u>	<u>2,408,311</u>




1 Due from Financial Institutions

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	------(Rupees in '000)-----					
Musharaka Placements	24,400,000	-	24,400,000	30,000,061	-	30,000,061
Bai Muajjal Receivables	8,432,027	-	8,432,027	-	-	-
	<u>32,832,027</u>	<u>-</u>	<u>32,832,027</u>	<u>30,000,061</u>	<u>-</u>	<u>30,000,061</u>

2 Investments

	2023				2022			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

By segment & type:

------(Rupees in '000)-----

Federal Government Securities
Held-for-trading securities

Ijarah Sukuk	3,022,557	-	(4,857)	3,017,700	-	-	-	-
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Federal Government Securities
Available-for-sale securities

Ijarah Sukuk	182,501,466	-	1,054,823	183,556,289	100,945,854	-	(925,105)	100,020,749
Naya Pakistan Certificates	5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
	<u>188,188,650</u>	<u>-</u>	<u>1,054,823</u>	<u>189,243,473</u>	<u>105,724,929</u>	<u>-</u>	<u>(925,105)</u>	<u>104,799,824</u>

Non Government Debt Securities
Available-for-sale securities

Sukuks - Unlisted	16,133,675	-	66,970	16,200,645	16,579,545	-	129,707	16,709,252
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Held-to-maturity securities

Ijarah Sukuk	3,000,000	-	-	3,000,000	-	-	-	-
Sukuks - Unlisted	3,339,720	(69,517)	-	3,270,203	1,895,679	(80,722)	-	1,814,957
	<u>6,339,720</u>	<u>(69,517)</u>	<u>-</u>	<u>6,270,203</u>	<u>1,895,679</u>	<u>(80,722)</u>	<u>-</u>	<u>1,814,957</u>

Total Investments

	<u>213,684,602</u>	<u>(69,517)</u>	<u>1,116,936</u>	<u>214,732,021</u>	<u>124,200,153</u>	<u>(80,722)</u>	<u>(795,398)</u>	<u>123,324,033</u>
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3 Islamic financing and related assets

Note ------(Rupees in '000)-----

Ijarah	3.1	18,280,711	21,842,453
Murabaha	3.2	3,660,271	4,427,417
Musharaka		15,364,383	27,074,849
Diminishing musharaka		22,300,051	18,747,820
Salam		1,016,849	3,561,970
Bai muajjal financing		24,999,488	-
Musawama financing		4,610,248	6,215,478
Tijarah financing		5,009,036	-
Islamic staff financing		5,009,281	3,494,484
SBP islamic export refinance		102,965	3,476,879
SBP refinance scheme for wages & salaries		1,846	306,658
Islamic long term finance facility plant & machinery		3,414,902	1,484,760
Islamic refinance renewable energy		87,218	127,342
Islamic temporary economic refinance facility (ITERF)		10,351,896	10,119,342
Naya Pakistan home financing		3,336,697	3,548,291
Islamic refinance facility for combating COVID		765,491	605,195
Refinance facility under bills discounting		15,244,583	11,638,939
Advances against islamic assets		21,054,922	29,243,089
Inventory related to islamic financing		10,947,999	6,597,230
Other Islamic modes		1,415,530	2,220,828
Gross Islamic financing and related assets		<u>166,974,367</u>	<u>154,733,024</u>

Less: provision against islamic financings

- Specific	(4,282,632)	(4,167,412)
- General	(121,611)	(147,968)
	<u>(4,404,243)</u>	<u>(4,315,380)</u>
Islamic financing and related assets - net of provision	<u>162,570,124</u>	<u>150,417,644</u>

3.1 Ijarah

2023								
Cost			Depreciation				Book Value as at Dec 31, 2023	
As at Jan 01, 2023	Additions / (deletions)	As at Dec 31, 2023	As at Jan 01, 2023	Charge for the year	Depreciation on disposal	As at Dec 31, 2023		
------(Rupees in '000)-----								
Plant & Machinery*	9,428	-	9,428	(116)	-	(116)	9,312	
Vehicles	31,275,611	(2,775,705)	28,499,906	(9,442,470)	(5,634,867)	4,848,830	(10,228,507)	18,271,399
Total	31,285,039	(2,775,705)	28,509,334	(9,442,586)	(5,634,867)	4,848,830	(10,228,623)	18,280,711

2022								
Cost			Depreciation				Book Value as at Dec 31, 2022	
As at Jan 01, 2022	Additions / (deletions)	As at Dec 31, 2022	As at Jan 01, 2022	Charge for the year	Depreciation on disposal	As at Dec 31, 2022		
------(Rupees in '000)-----								
Plant & Machinery	9,311	117	9,428	-	(116)	-	(116)	9,312
Vehicles	27,561,902	3,713,709	31,275,611	(7,931,024)	(6,182,349)	4,670,903	(9,442,470)	21,833,141
Total	27,571,213	3,713,826	31,285,039	(7,931,024)	(6,182,465)	4,670,903	(9,442,586)	21,842,453

* This represent the residual value.

3.1.1 Future Ijarah payments receivable

2023				2022				
Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	
------(Rupees in '000)-----								
Ijarah rental receivables	3,838,949	14,441,762	-	18,280,711	4,586,822	17,255,631	-	21,842,453

3.2 Murabaha

Murabaha financing
Inventory for Murabaha
Advances for Murabaha

Note
------(Rupees in '000)-----

3.2.1 Murabaha receivable - gross
Less: Deferred murabaha income
Profit receivable shown in other assets
Murabaha financings

3.2.1 4,249,825 4,854,003
3.2.4 (192) (652)
(589,362) (425,934)
3,660,271 4,427,417

3.2.2 The movement in Murabaha financing (gross) during the year is as follows:

Opening balance
(Purchases) / sales during the year - net
Closing balance

4,854,003 3,442,234
(604,178) 1,411,769
4,249,825 4,854,003

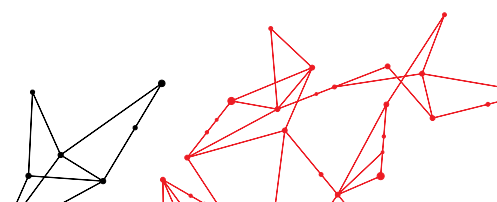
3.2.3 Murabaha sale price
Murabaha purchase price

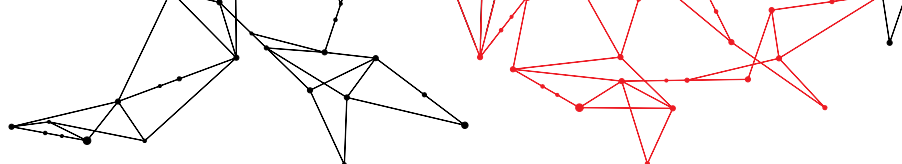
17,712,898 27,581,471
(17,686,146) (27,412,247)
26,752 169,224

3.2.4 Deferred murabaha income

Opening balance
Less: Recognised during the year
Closing balance

652 1,157
(460) (505)
192 652





4 Deposits

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
------(Rupees in '000)-----						
Customers						
- Current deposits	135,927,618	8,790,080	144,717,698	107,113,838	6,825,030	113,938,868
- Savings deposits	74,515,796	3,755,980	78,271,776	64,899,308	3,174,282	68,073,590
- Term deposits	53,925,971	240,809	54,166,780	45,821,709	212,069	46,033,778
- Other deposits	3,716,029	1,648,389	5,364,418	2,290,176	465,542	2,755,718
	<u>268,085,414</u>	<u>14,435,258</u>	<u>282,520,672</u>	<u>220,125,031</u>	<u>10,676,923</u>	<u>230,801,954</u>
Financial Institutions						
- Current deposits	2,073,541	-	2,073,541	244,430	-	244,430
- Savings deposits	23,978,423	-	23,978,423	270,566	-	270,566
- Term deposits	56,825,000	-	56,825,000	24,355,000	-	24,355,000
	<u>82,876,964</u>	<u>-</u>	<u>82,876,964</u>	<u>24,869,996</u>	<u>-</u>	<u>24,869,996</u>
	<u>350,962,378</u>	<u>14,435,258</u>	<u>365,397,636</u>	<u>244,995,027</u>	<u>10,676,923</u>	<u>255,671,950</u>

2023 2022
------(Rupees in '000)-----

4.1 Composition of deposits

- Individuals	164,561,589	132,779,403
- Government / Public Sector Entities	22,730,717	19,680,007
- Banking Companies	440	10,898
- Non-Banking Financial Institutions	82,876,524	24,859,098
- Private Sector / Others	<u>95,228,366</u>	<u>78,342,544</u>
	<u>365,397,636</u>	<u>255,671,950</u>

4.2 Current deposits include remunerative current deposits of Rs. 20,788.733 million (2022: Rs. 14,325.601 million).

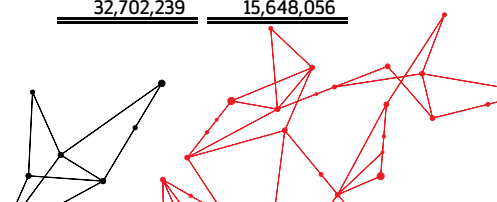
4.3 Deposits include eligible deposits of Rs. 201,772.011 million (2022: Rs. 165,808.859 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

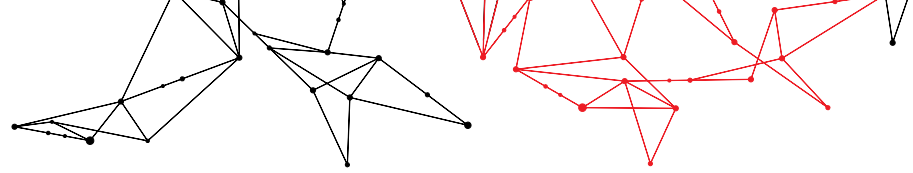
2023 2022
------(Rupees in '000)-----

5 Charity Payable

Opening Balance	52,561	12,322
Additions during the period		
Received from customers on account of delayed payment	80,405	61,564
Other non-shariah compliant income	1,539	38
Profit on charity saving account	4,755	637
	86,699	62,239
Payments / utilization during the period		
Education	(19,985)	(14,000)
Health	(22,745)	(1,500)
Others	(12,230)	(6,500)
	5.1	(22,000)
Closing balance	<u>84,300</u>	<u>52,561</u>

	2023	2022
	----- (Rupees in '000) -----	
5.1	Charity paid during the year are as follows:	
Patients' Aid Foundation	9,940	-
Momina & Duraid Foundation	8,000	-
Alamgir Welfare Trust International	5,500	4,000
Sahil Welfare Association	5,500	-
Institute of Business Administration, Karachi (IBA)	5,485	-
Al Mustafa Welfare Society	3,930	1,500
Indus Hospital & Health Network	3,875	-
Sundas Foundation	3,500	-
Akbar Kare Institute	3,000	-
Dawood Global Foundation	1,730	-
Al Mehrab Tibbi Imdad	2,000	-
Afzaal Memorial Thalassemia Foundation (AMTF)	1,500	-
Al-Furqan Welfare Organization	1,000	-
The Citizen Foundation	-	15,000
Memon Health and Education Foundation(MHEF)	-	1,500
	<u>54,960</u>	<u>22,000</u>
5.1.1	None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the above entities, except	
6	Islamic Banking Business Unappropriated Profit	
Opening balance	11,333,811	8,924,121
Add: Islamic Banking profit before taxation for the period	15,063,097	4,849,121
Less: Taxation	(7,734,120)	(2,440,810)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	1,379	1,379
Closing balance	<u>18,664,167</u>	<u>11,333,811</u>
7	CONTINGENCIES AND COMMITMENTS	
-Guarantees	5,351,787	4,306,277
-Commitments	61,406,762	58,893,007
	<u>66,758,549</u>	<u>63,199,284</u>
8	Profit/Return earned on Islamic financing and related assets, investments and placements	
Profit earned on:		
assets	24,922,225	14,201,164
- Investments	32,930,666	13,488,590
- Placements	1,674,393	1,640,159
	<u>59,527,284</u>	<u>29,329,913</u>
9	Profit on deposits and other dues expensed	
Deposits and other accounts	26,872,957	12,336,565
Due to financial institutions	2,977,567	1,849,099
Securities sold under repurchase agreements	1,510,703	554,695
Cost of foreign currency swaps against foreign currency deposits / borrowings	259,657	197,340
Borrowing cost on lease liability	1,046,254	692,070
Reward points / customer loyalty	35,101	18,287
	<u>32,702,239</u>	<u>15,648,056</u>





DISCLOSURES PLS POOL MANAGEMENT- ISLAMIC BANKING GROUP (IBG)

A-II.2 1. The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where the Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

- 1) General Pool for LCY Depositors
- 2) FCY Pool for Foreign Currency (USD, GBP, EURO,AED, SAR and CAD) depositors
- 3) Fls Pool for Treasury Purposes
- 4) IERS Pool for Islamic Export Refinance Scheme facilities
- 5) Special pool
- 6) PMRC Musharikhah Pool

All the Mudaraba based remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also commingled in the pool. The applications of these funds are on Islamic financing and related assets, investments, and placements for generating profits to be shared among the depositors as per the weightage system.

The IERS pool is maintained as per the guideline under the SBP IERS Scheme.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. All pools are usually exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved in pool.

2. Avenues/sectors where Mudaraba based deposits have been deployed.

	2023	2022
	------(Rupees in '000)-----	
Agriculture, forestry, hunting and fishing	25,878,771	784,589
Automobile and transportation equipment	5,182,673	7,595,658
Cement	2,905,481	4,622,222
Chemical and pharmaceuticals	8,182,123	9,349,258
Construction	2,295,131	2,877,944
Electronics and electrical appliances	1,902,371	1,553,152
Exports / imports	-	556
Financial	-	220,000
Food & allied products	7,660,952	9,398,453
Footwear and leather garments	874,338	871,411
Glass and ceramics	55,349	127,652
Individuals	33,101,861	33,543,245
Insurance	-	783
Metal & allied industries	3,704,807	2,445,184
Mining and quarrying	505,600	507,314
Oil and allied	3,666,662	4,427,967
Paper and board	391,103	957,214
Plastic and allied industries	5,170,406	3,706,804
Power (electricity), gas, water, sanitary	4,532,146	7,923,231
Services	2,745,698	2,657,917
Sugar	1,256,366	2,778,838
Technology and related services	31,528	56,530
Textile	44,435,263	46,702,510
Transport, storage and communication	7,468,667	6,289,478
Wholesale and retail trade	3,628,696	4,226,059
Others	1,398,375	1,109,055
Total gross islamic financing and related assets	166,974,367	154,733,024
Total gross investments (cost)	213,684,602	124,200,153
Total islamic placements	32,832,027	30,000,061
Total invested funds	413,490,996	308,933,238

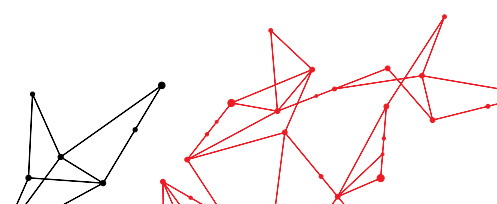
3. The major components of profit distribution and charging of the expenses.

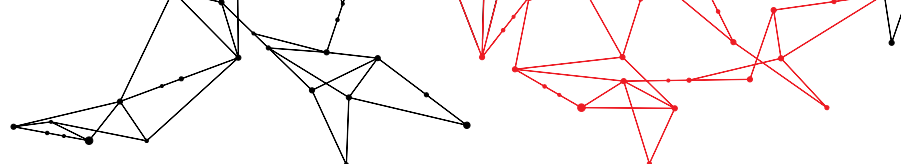
Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the relevant period. Only direct attributable expenses such as depreciation on ijarah assets, brokerage, CIB Charges, bad debts write off on advances and loss on sale of investments etc are charged to the pool. Expenses of pool(s) do not include general and specific provisioning created against non-performing financings and diminution in the value of investments.

4. The Bank managed the following general and specific pools during the year:

Remunerative Depositors' Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed) %	Percentage of Mudarib share transferred through Hiba %	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Mudarib Share/Fee	Rabbul Maal Share				
General Pool								
PKR Pool	Monthly	16.20%	50.00%	50.00%	10,159,897	10.61%	2.93%	316,079
USD Pool	Monthly	4.80%	85.00%	15.00%	140,638	1.67%	30.99%	40,813
GBP Pool	Monthly	3.55%	85.00%	15.00%	11,535	0.48%	0.00%	-
EUR Pool	Monthly	3.44%	85.00%	15.00%	10,864	0.62%	1.27%	96
AED Pool	Monthly	1.59%	85.00%	15.00%	451	0.16%	0.00%	-
SAR Pool	Monthly	3.41%	85.00%	15.00%	846	0.21%	0.00%	-
CAD Pool	Monthly	6.51%	85.00%	15.00%	458	0.25%	0.00%	-
Special Pool								
Special Pool (Saving & TDRs)	Monthly	19.59%	3.14%	96.86%	583,028	19.43%	29.33%	226,560

SBP Refinance Borrowing Pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed) %	Percentage of Mudarib share transferred through Hiba %	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Bank Share	SBP Share				
Islamic Export Refinance (IERS) Pool	Monthly	17.06%	84.30%	15.70%	4,733,920	Nil	3.27%	155,000




**ANNEXURE - III
DISPOAL OF FIXED ASSETS TO RELATED PARTIES**

Particulars of assets		Cost	Net book value	Sale price	Mode of disposal	Particular of purchaser
------(Rupees in '000)-----						
Office equipment						
Office equipment	Generators	4,748	1,084	2,621	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	ATM Machines	3,096	1,552	1,534	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Air Conditioners	2,246	1,054	1,510	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	CCTV	727	314	362	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Cash Sorting Machine	437	-	70	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	UPS	339	180	170	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Note Counting/Binding Machines	320	73	95	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Queue Management System	274	194	31	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Fire Alarm System	186	7	55	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Access Control System	145	-	43	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Television	87	31	6	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Sign board	37	13	11	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	ATM Biometric Devices	55	22	16	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Burglary Alarm System	20	-	6	Insurance claim	Alfalaha Insurance Company Limited
Office equipment	Dispenser - Dispenser Water	10	-	3	Insurance claim	Alfalaha Insurance Company Limited
		12,727	4,524	6,533		
Computer equipment						
Computer equipment	Laptop	17,184	3,659	6,153	Insurance claim	Alfalaha Insurance Company Limited
Computer equipment	Computer	2,040	1,038	1,244	Insurance claim	Alfalaha Insurance Company Limited
Computer equipment	Laptop	399	-	40	As per Policy	Tahir Khurshid
Computer equipment	Printer	347	174	179	Insurance claim	Alfalaha Insurance Company Limited
Computer equipment	iPad	255	93	98	As per Policy	Saad ur Rahman Khan
Computer equipment	Laptop	218	-	22	As per Policy	Haroon Khalid
Computer equipment	iPad	127	-	13	As per Policy	Zahid Anjum
Computer equipment	Laptop	71	-	7	As per Policy	Amin Sukhiani
Computer equipment	Laptop	71	-	7	As per Policy	Faisal Rabbani
Computer equipment	Laptop	71	-	7	As per Policy	Zahid Anjum
Computer equipment	Monitor	11	-	3	Insurance claim	Alfalaha Insurance Company Limited
		20,794	4,964	7,773		
Furniture & Fixtures						
Furniture & fixtures	Cabinet	407	-	120	Insurance claim	Alfalaha Insurance Company Limited
Furniture & fixtures	Chairs	91	-	27	Insurance claim	Alfalaha Insurance Company Limited
Furniture & fixtures	Fixture & Fitting	84	-	25	Insurance claim	Alfalaha Insurance Company Limited
Furniture & fixtures	Partitions	63	-	19	Insurance claim	Alfalaha Insurance Company Limited
Furniture & fixtures	Wooden Bench	25	-	7	Insurance claim	Alfalaha Insurance Company Limited
Furniture & fixtures	Counter	18	-	5	Insurance claim	Alfalaha Insurance Company Limited
Furniture & fixtures	Table	18	-	5	Insurance claim	Alfalaha Insurance Company Limited
		706	-	208		
Leasehold improvements						
Leasehold improvements	Electrical	1,615	-	477	Insurance claim	Alfalaha Insurance Company Limited
Leasehold improvements	Civil Works	1,570	-	186	Insurance claim	Alfalaha Insurance Company Limited
		3,185	-	663		
		37,412	9,488	15,177		

Independent Auditors' Report

To the members of Bank Alfalah Limited

Opinion

We have audited the annexed consolidated financial statements of Bank Alfalah Limited (the Bank) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, 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.

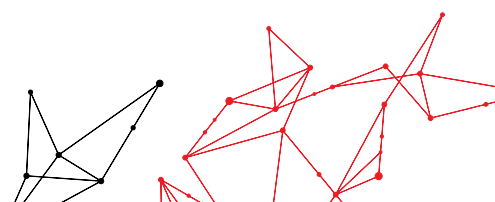
Basis for Opinion

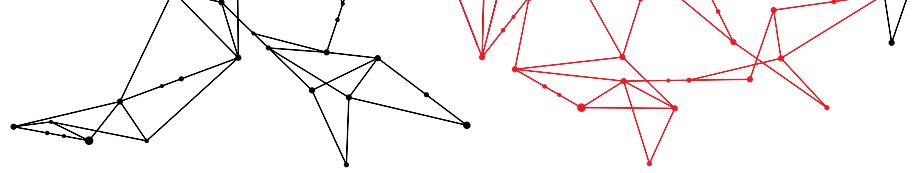
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent 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.

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Key Audit Matters

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





Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p>Provision against advances: (Refer notes 4.4 and 9.6 to the consolidated financial statements)</p>	
	<p>The Group makes specific and general provisions against advances in Pakistan operations in accordance with the requirements of the Prudential Regulations (PRs) issued by the State Bank of Pakistan from time to time and the management assumptions.</p> <p>The net provision made / reversed during the year against advances is charged to the consolidated profit and loss account and accumulated provision is netted-off against advances.</p> <p>Provision pertaining to overseas advances is made in accordance with the requirements of the regulatory authorities of the respective countries.</p> <p>The Group has recognised a net provision against advances amounting to Rs. 10,509.002 million in the consolidated profit and loss account in the current year. As at December 31, 2023, the Group holds a provision of Rs. 42,236.737 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against domestic advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> ▪ controls over correct classification of non-performing advances on time-based criteria; ▪ controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; ▪ controls over accurate computation and recording of provision; and ▪ controls over the governance and approval process related to provision, including continuous reassessment by the management. <p>We selected a sample of advances accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> ▪ checked repayments of advances / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and ▪ evaluated the management's assessment for classification of borrower's advances facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of accounting policy by recomputing the provision amount in accordance with the criteria prescribed under the accounting policy.</p>

S.No.	Key Audit Matter	How the matter was addressed in our audit
		<p>We issued instructions to the auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed the following audit procedures for a sample of advances customers and reported the results thereof to us.</p> <ul style="list-style-type: none"> ▪ examined supporting documentation such as agreements, repayment schedules, repayment history and collateral details; and ▪ assessed the adequacy of provision for expected credit losses (ECL) in line with the local regulatory guidelines / IFRS 9. <p>For ECL computed under IFRS 9:</p> <ul style="list-style-type: none"> ▪ updated the understanding of ECL accounting estimate and assessed the reasonableness and appropriateness of the methodology and assumptions used in various components of ECL modelling; and ▪ tested the completeness and accuracy of data used within the ECL calculation. <p>We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.</p>

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

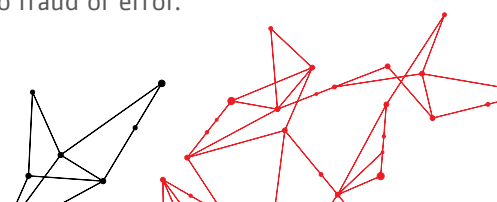
Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

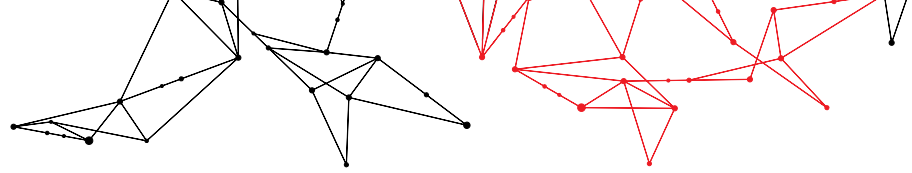
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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





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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

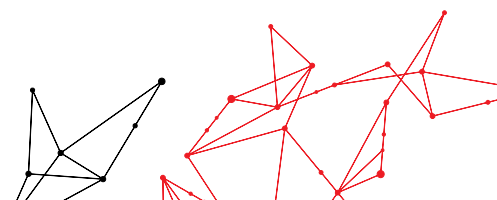
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation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

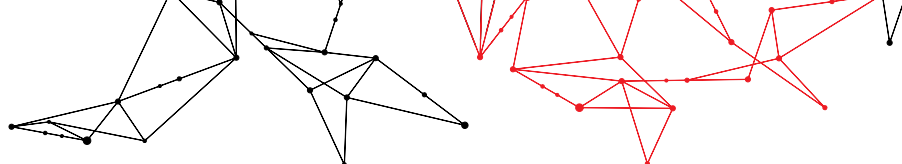
Other Matter

The consolidated financial statements of the Group as at and for the year ended December 31, 2022, were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated February 21, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Dated: February 24, 2024
UDIN: AR202310061Xnsg30Kjk





Consolidated Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	5	202,692,503	140,613,751
Balances with other banks	6	16,990,085	10,105,449
Lendings to financial institutions	7	119,554,109	115,353,599
Investments	8	2,072,156,767	1,117,616,363
Advances	9	735,061,827	732,385,815
Fixed assets	10	61,821,048	48,493,284
Intangible assets	11	1,380,144	1,304,181
Deferred tax assets	12	3,619,475	7,550,773
Other assets	13	136,391,839	83,296,493
		3,349,667,797	2,256,719,708
LIABILITIES			
Bills payable	14	26,004,538	40,033,806
Borrowings	15	910,216,032	491,649,941
Deposits and other accounts	16	2,084,941,257	1,486,836,260
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	18	174,882,732	122,136,332
		3,210,044,559	2,154,656,339
NET ASSETS		<u>139,623,238</u>	<u>102,063,369</u>
REPRESENTED BY			
Share capital	19	15,771,651	15,771,651
Reserves		41,401,130	34,283,201
Surplus on revaluation of assets	20	11,272,770	4,847,101
Unappropriated profit		71,472,352	47,033,616
Total equity attributable to the equity holders of the Holding Company		139,917,903	101,935,569
Non-controlling interest	21	(294,665)	127,800
		<u>139,623,238</u>	<u>102,063,369</u>
CONTINGENCIES AND COMMITMENTS		22	

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Consolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023 ------(Rupees in '000)-----	2022
Mark-up / return / interest earned	24	412,005,030	214,106,020
Mark-up / return / interest expensed	25	286,053,140	136,933,108
Net mark-up / return / interest income		125,951,890	77,172,912
NON MARK-UP / RETURN / INTEREST INCOME			
Fee and commission income	26	15,428,789	11,231,877
Dividend income		1,022,878	1,091,320
Foreign exchange income	27	9,554,818	9,218,628
Gain from derivatives		1,760,669	331,578
Gain / (loss) on securities	28	295,743	(65,024)
Share of profit from associates		1,690,573	669,831
Other income	29	333,846	325,971
Total non-mark-up / interest income		30,087,316	22,804,181
Total Income		156,039,206	99,977,093
NON MARK-UP/INTEREST EXPENSES			
Operating expenses	30	64,982,496	49,897,939
Workers' welfare fund	31	1,714,807	907,442
Other charges	32	279,412	27,178
Total non-mark-up / interest expenses		66,976,715	50,832,559
Profit before provisions		89,062,491	49,144,534
Provisions and write offs - net	33	10,324,754	12,467,133
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		78,737,737	36,677,401
Taxation	34	42,651,377	18,279,937
PROFIT AFTER TAXATION		36,086,360	18,397,464
Profit / (loss) attributable to:			
Equity holders of the Holding Company		36,511,459	18,394,766
Non-controlling interest		(425,099)	2,698
		36,086,360	18,397,464
-----Rupees-----			
Basic and diluted earnings per share	35	23.15	10.38

499

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

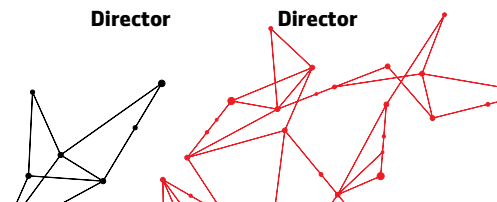
President & Chief Executive Officer

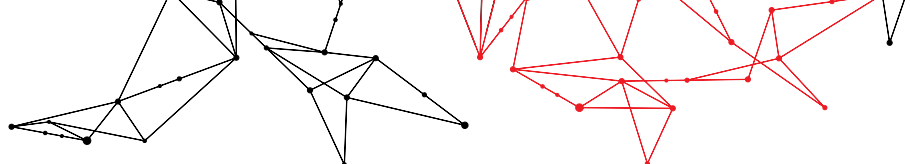
Chief Financial Officer

Director

Director

Director





Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	----- (Rupees in '000) -----	
Profit after taxation for the year	36,086,360	18,397,464
Other comprehensive income / (loss)		
Items that may be reclassified to the profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	3,472,292	2,508,593
Movement in surplus / (deficit) on revaluation of investments - net of tax	6,633,530	(6,317,573)
Movement in share of surplus / (deficit) on revaluation of investments of associates - net of tax	16,028	(7,264)
	10,121,850	(3,816,244)
Items that will not be reclassified to the profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	125,914	(295,427)
Share of remeasurement (loss) / gain on defined benefit obligations of associates - net of tax	(1,380)	205
Movement in surplus on revaluation of investments - net of tax	4,538	-
Movement in surplus on revaluation of operating fixed assets - net of tax	(107,226)	(82,236)
Movement in surplus on revaluation of non-banking assets - net of tax	4,221	31,823
	26,067	(345,635)
Total comprehensive income	<u><u>46,234,277</u></u>	<u><u>14,235,585</u></u>
Total comprehensive income / (loss) attributable to:		
Equity holders of the Holding Company	46,656,742	14,233,418
Non-controlling interest	(422,465)	2,167
	<u><u>46,234,277</u></u>	<u><u>14,235,585</u></u>

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For the year ended December 31, 2023

	Capital reserves			Statutory reserve	Surplus/(deficit) on revaluation			Unappropriated profit	Sub-total	Non controlling interest	Total
	Share premium	Exchange translation reserve			Investments	Fixed assets	Non banking assets				
(Rupees in '000)											
Balance as at January 1, 2022	17,771,651	4,731,049	8,211,089	17,011,825	(1,227,635)	12,580,193	87,688	42,578,350	101,744,210	129,889	101,874,099
Profit after taxation	-	-	-	-	-	-	-	18,394,766	18,394,766	2,698	18,397,464
Other comprehensive income / (loss) - net of tax	-	-	2,508,593	-	(6,324,837)	(82,236)	31,823	(294,691)	(4,161,348)	(531)	(4,161,879)
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,884	(36,884)	-	-	-	-
Transfer to statutory reserve	-	-	-	1,820,645	-	-	-	(1,820,645)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(4,024)	(213,749)	(122)	217,895	-	-	-
Transactions with owners, recorded directly in equity											
Sale of shares by non-controlling interest	-	-	-	-	-	-	-	-	-	(5,217)	(5,217)
Movement in reserve due to capital injection	-	-	-	-	-	-	-	(961)	(961)	961	-
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)	-	(4,442,913)
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)	-	(6,043,855)
Balance as at December 31, 2022	15,771,651	4,731,049	10,719,682	18,832,470	(7,556,496)	12,321,092	82,505	47,033,616	101,935,569	127,800	102,063,369
Profit / (loss) after taxation	-	-	-	-	-	-	-	36,511,459	36,511,459	(425,099)	36,086,360
Other comprehensive income / (loss) - net of tax	-	-	3,472,292	-	6,654,096	(107,226)	4,221	121,900	10,145,283	2,634	10,147,917
Transfer to statutory reserve	-	-	-	3,645,637	-	-	-	(3,645,637)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(125,422)	-	125,422	-	-	-
Transactions with owners, recorded directly in equity											
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)	-	(4,731,495)
Balance as at December 31, 2023	15,771,651	4,731,049	14,191,974	22,478,107	(902,400)	12,088,444	86,726	71,472,352	139,917,903	(294,665)	139,623,238

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

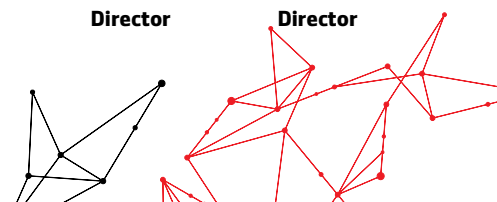
President & Chief Executive Officer

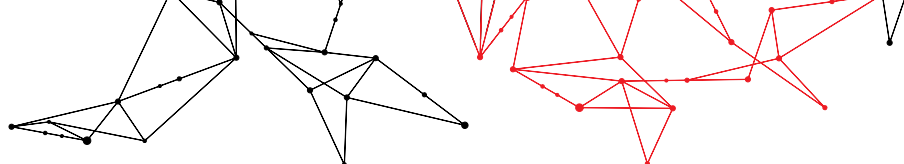
Chief Financial Officer

Director

Director

Director





Consolidated Cash Flow Statement

For the year ended December 31, 2023

	Note	2023	2022
		----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		78,737,737	36,677,401
less: Dividend income		(1,022,878)	(1,091,320)
less: Share of profit from associates		(1,690,573)	(669,831)
		<u>76,024,286</u>	<u>34,916,250</u>
Adjustments			
Depreciation	30	6,910,292	5,430,439
Amortisation	30	327,499	351,770
Provisions and write offs - net	33	10,324,754	12,467,133
Unrealised loss on revaluation of investments classified as held for trading - net	28	374,072	27,109
Gain on sale of operating fixed assets and non banking assets - net	29	(145,030)	(121,172)
Gain on termination of leases (IFRS 16) - net	29	(112,863)	(121,876)
Borrowing cost on lease liability	25	2,659,787	1,924,717
Workers' Welfare Fund	31	1,714,807	907,442
Charge for defined benefit plan	30.1	413,244	282,939
Charge for staff compensated absences	30.1	172,625	67,268
		<u>22,639,187</u>	<u>21,215,769</u>
		<u>98,663,473</u>	<u>56,132,019</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(12,456,475)	(60,076,346)
Held for trading securities		(266,488,615)	87,580,431
Advances		(13,185,014)	(67,446,329)
Other assets (excluding advance taxation)		(54,170,482)	(26,395,226)
		<u>(346,300,586)</u>	<u>(66,337,470)</u>
Increase / (decrease) in operating liabilities			
Bills payable		(14,029,268)	17,208,306
Borrowings		419,780,896	104,259,995
Deposits		598,104,997	347,826,640
Other liabilities (excluding current taxation)		42,523,506	28,937,553
		<u>1,046,380,131</u>	<u>498,232,494</u>
		<u>798,743,018</u>	<u>488,027,043</u>
Contribution made to gratuity fund		(467,002)	(268,817)
Income tax paid		(42,253,686)	(16,994,271)
Net cash generated from operating activities		<u>756,022,330</u>	<u>470,763,955</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(590,838,096)	(397,937,132)
Net investments in held-to-maturity securities		(83,081,475)	(10,879,143)
Payment made to non-controlling interest		-	(5,217)
Dividends received from associated companies		298,495	140,995
Dividends received		1,012,447	1,091,320
Investments in operating fixed assets		(12,790,892)	(8,720,983)
Proceed from sale of fixed assets		217,091	442,077
Effect of translation of net investment in foreign branches		3,472,292	2,508,593
Net cash used in investing activities		<u>(681,710,138)</u>	<u>(413,359,490)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of subordinated debt		-	7,000,000
Payment of leased obligations		(5,075,756)	(3,833,077)
Purchase of own shares		-	(6,043,855)
Dividend paid		(7,274,936)	(3,382,063)
Net cash used in financing activities		<u>(12,350,692)</u>	<u>(6,258,995)</u>
Increase in cash and cash equivalents			
		<u>61,961,500</u>	<u>51,145,470</u>
Cash and cash equivalents at beginning of the year		205,414,197	146,720,773
Effects of exchange rate changes on cash and cash equivalents - gain		(19,476,005)	(11,928,051)
		<u>185,938,192</u>	<u>134,792,722</u>
Cash and cash equivalents at end of the year	36	<u>247,899,692</u>	<u>185,938,192</u>

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2023

1 STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

Holding Company

Bank Alfalah Limited, Pakistan

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,009 branches (2022: 877 branches) and 15 sub-branches (2022: 17 sub-branches). Out of the 1,009 branches, 650 (2022: 586) are conventional, 348 (2022: 280) are Islamic, 10 (2022: 10) are overseas and 1 (2022: 1) is an offshore banking unit.

	Note	Percentage of Holding	
		2023	2022
Subsidiaries			
Alfalah CLSA Securities (Private) Limited, Pakistan	1.1.1	62.50%	62.50%
Alfalah Currency Exchange (Private) Limited	1.1.2		

1.1.1 In 2022, the Holding Company had purchased stake of 1.3% from the non control interest of the Subsidiary.

1.1.2 During the year, the Holding Company has incorporated an exchange company, Alfalah Currency Exchange (Private) Limited, with an authorised share capital of Rs. 2 billion. This exchange company will function as a wholly-owned subsidiary of the Holding Company, and will provide comprehensive foreign exchange solutions. The Holding Company will inject the share capital subsequent to the year end and accordingly, the subsidiary will begin operations in the year 2024.

1.2 In addition the Group maintains investments in the following:

	Percentage of Holding	
	2023	2022
Associates		
Alfalah Insurance Company Limited	30.00%	30.00%
Sapphire Wind Power Company Limited	30.00%	30.00%
Alfalah Asset Management Limited	40.22%	40.22%

2 BASIS OF PRESENTATION

2.1 These consolidated financial statements represent financial statements of Holding Company - Bank Alfalah Limited and its subsidiary. The assets and liabilities of the subsidiary have been consolidated on a line-by-line basis and the investment held by the Holding Company is eliminated against the corresponding share capital of the subsidiaries in these consolidated financial statements.

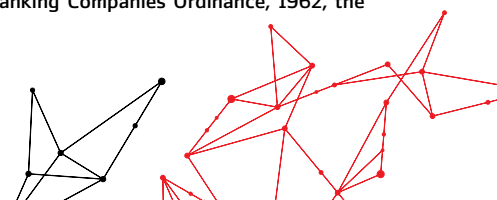
2.2 These consolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements of the banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 02 dated January 25, 2018.

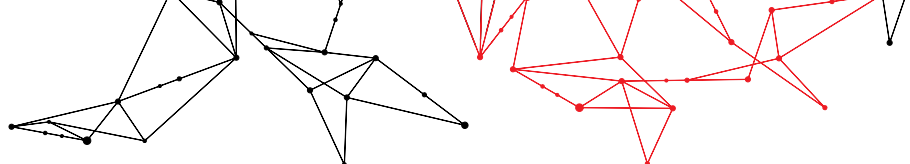
2.3 STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRSs) 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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





The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide its SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

Moreover, the Holding Company has not adopted IFRS 9 in preparation of these consolidated financial statements, as allowed by the SBP BPRD circular no 7 of 2023 dated April 13, 2023; except for overseas branches and subsidiaries where this standard is applicable.

2.3.1 Basis of consolidation

Subsidiary are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to affect those return through its power to direct activities of the investee.

These consolidated financial statements incorporate the balances and transactions of subsidiaries from the date that control commences until the date that control ceases.

Profit or loss and each component of the Other Comprehensive Income (OCI) are attributed to the equity holders of the Holding Company and to the Non-Controlling interests (NCI) even if it results in the NCI having a deficit balance.

Material Intra-group balances and transactions with subsidiaries are eliminated.

A change in ownership of a subsidiary, without loss of control is accounted for as an equity transaction.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interests which are not owned by the Holding Company.

Associates are those entities in which the Group has significant influence, but not control over, the financial and operating policies. Associates are accounted for using the equity method.

2.3.2 Key financial figures of Islamic Banking branches are disclosed in Annexure II to the consolidated financial statements.

2.3.3 The management of the Holding company believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on the going concern basis.

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

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any material effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

2.5 Standards, interpretations of and amendments to published approved accounting and reporting 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 as stated below:

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 9 'Financial instruments'	January 01, 2024
- IAS 1 - Non current liabilities with covenants (amendments)	January 01, 2024
- IFRS 16 Sale and leaseback (amendments)	January 01, 2024

The management is in the process of assessing the impact of these amendments on the consolidated financial statements of the Group.

The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified a new reporting format for the financial statements of the Banking Companies. The new reporting format has revised the disclosure requirements and will become applicable for the group financial statements for the quarter ending March 31, 2024.

2.5.1 IFRS 9 Financial Instruments

As directed by the SBP vide its BPRD Circular No. 03 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2023 for banks having asset base of more than Rs. 500 billion as at December 31, 2021. The SBP via same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard on the banks. Subsequently, the SBP vide its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023 deferred its applicability and made it effective from January 01, 2024.

During the year ended December 31, 2023, the management of the Holding Company has performed a detailed impact assessment of various aspects of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Holding Company at the time of finalizing the impact for initial application of IFRS 9. However, the Holding Company expects an increase in the loss allowance resulting in a negative impact on equity. In addition, the Holding Company will implement changes in classification of certain financial instruments at the time of adoption. These changes and impacts are discussed below:

2.5.1.1 Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Debt securities that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which these are held. The entity's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). Equity instruments are generally measured as Fair Value through Profit & Loss (FVTPL) unless the Holding Company elects for Fair Value through Other Comprehensive Income (FVTOCI) at initial recognition. The Holding Company has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity securities

The Holding Company expects to continue measuring equity securities at fair value.

For certain quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in other comprehensive income (OCI), the Holding Company will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a material impact.

For those quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI for which FVOCI election is not made, will, instead, be measured at fair value through profit or loss (FVTPL), with mark to market impacts recorded in profit or loss for future periods. The AFS reserve related to those securities, which is currently presented as accumulated OCI, will be reclassified from revaluation surplus / deficit to unappropriated profit, however, there will be no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value.

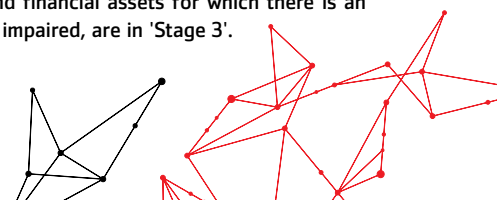
Debt securities and loans and advances

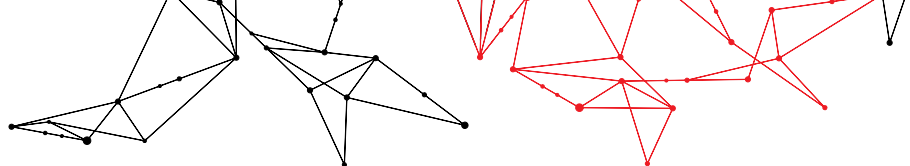
Debt securities currently classified as AFS and those which pass SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those which pass SPPI test are expected to be measured at amortised costs under IFRS 9 as the business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVTPL regardless of the business model in which these are held.

2.5.1.2 Impairment

The impairment requirements apply to financial assets measured at Amortised Cost and FVOCI (other than equity instruments), loans and receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is an objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.





The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and the SBP's IFRS 9 application instructions, the Holding Company has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and Stage 2 provisions would be made as per IFRS 9 ECL and Stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRS' requirements.

2.5.1.3 Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognised over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue as earned.

2.5.1.4 Hedge accounting

IFRS 9 aligns hedge accounting more closely with risk management activities and establishes a more principle-based approach to hedge accounting. Based on the analysis performed, the Holding Company will continue applying IAS 39 hedge accounting, as permitted under IFRS 9.

2.5.1.5 Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Holding Company's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The SBP has issued a revised format for the financial statements of the banks for the accounting periods starting from January 1, 2024, which includes the presentation and disclosures required upon adoption of IFRS 9.

2.5.1.6 Impact of adoption of IFRS 9

The actual impact of adopting IFRS 9 on the Holding Company's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Holding Company would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Holding Company has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Based on the Holding Company's assessment, the IFRS 9 requirements are expected to have an impact on the classification and measurement of some of its financial assets and financial liabilities.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Holding Company's equity as at January 01, 2024 is increase in equity of approximately Rs. 1,177.639 million, representing corresponding impact of:

- 1 A decrease of approximately Rs. 3,214.872 million related to impairment requirements; and
- 2 An increase of approximately Rs. 4,392.511 million related to classification and measurement requirements, other than impairment.

The banking industry awaits clarifications from the regulator for few aspects of IFRS 9 application which may have an impact on adoption.

Impact on regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Banks, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has determined that it may be appropriate for the FIs to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. An Annexure B of the 'Application Instructions' issued by the SBP has detailed the transitional arrangement relating to regulatory capital.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the “transitional adjustment amount”) must be partially included (i.e. added back) to CET1 capital over the “transition period” of five years.

The estimated impacts of adoption of IFRS 9 on the capital ratios of the Holding Company based on the transitional arrangement are as follows:

	As per adopted IFRS	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	11.75%	11.64%
Tier 1 Capital Adequacy Ratio	13.19%	13.07%
Total Capital Adequacy Ratio	17.36%	16.74%
CET1 available to meet buffers (as a percentage of risk weighted assets)	5.61%	5.64%

2.6 Critical accounting estimates and judgements

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

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

- i) classification and provisioning against investments (notes 4.3.1 and 8)
- ii) classification and provisioning against non-performing loans and advances (notes 4.4 and 9)
- iii) income taxes (notes 4.11 and 34)
- iv) accounting for defined benefit plan and compensated absences (notes 4.8, 38 and 40)
- v) depreciation of operating fixed assets and non banking assets acquired in satisfaction of claim (notes 4.5.2, 4.5.5 and 10)
- vi) amortisation of intangibles (notes 4.5.3 and 11)
- vii) revaluation of fixed assets and non banking assets acquired in satisfaction of claim (note 4.5.2, 4.5.5, 10 and 13.1)
- viii) impairment of non-financial assets (note 4.12)
- ix) employee stock option scheme (note 41)
- x) fair value measurement of financial instruments (note 42)
- xi) provision against other assets and other provisions (notes 4.14 and 13.3)
- xii) provision against off balance sheet obligations and contingent liabilities (notes 4.13, 4.15, 18.1 and 22)
- xiii) determination of the lease term for lease contracts with renewal and termination options (Holding Company as a lessee) (Group as a lessee) (note 4.5.4.1, 10.3 and 18.2)
- xiv) incremental borrowing rate (note 4.5.4.1)

3 BASIS OF MEASUREMENT

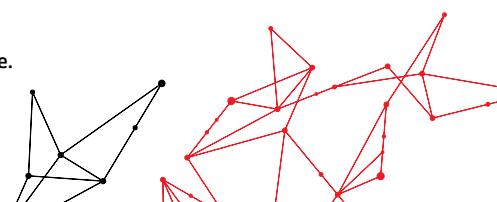
3.1 Accounting convention

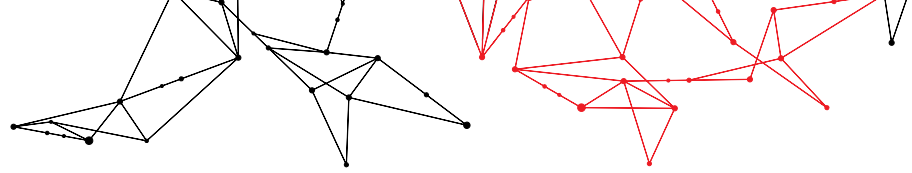
These consolidated financial statements have been prepared under the historical cost convention except that certain fixed assets and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified as held for trading, available for sale investments, foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; and right of use of asset and related lease liability are measured at present value.

3.2 Functional and presentation currency

3.2.1 These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

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





4 MATERIAL ACCOUNTING POLICY INFORMATION

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

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, balances with treasury banks, balances with other banks in current and deposit accounts, national prize bonds, overdrawn nostro accounts, short term running finance and call lendings having original maturity of three months or less.

4.2 Lendings to / borrowings from financial institutions

The Holding Company enters into transactions of repurchase agreements (repo) and agreements to resell (reverse repo) at contracted rates for a specified period of time. These are recorded as below:

4.2.1 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these consolidated financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

4.2.2 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in these consolidated financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

4.2.3 Bai Muajjal

The Holding Company enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The 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 life of the transaction.

Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis and are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost over the life of the transaction.

4.3 Investments

4.3.1 Classification

The Group classifies its investments as follows:

Held for trading

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

Held to maturity

These are securities with fixed or determinable payments and fixed maturities and the Group has the positive intent and ability to hold them till maturity.

Available for sale

These are investments which do not fall under the 'held for trading' and 'held to maturity' categories.

Associates

Under the Equity accounting method, investments in associates are initially recognised at cost and the carrying amount of investment is increased or decreased to recognise the investor's share of the post acquisition profits or losses in income and its share of the post acquisition movement in reserves. The aggregate of the Group's share of profit or loss of associates are shown in the profit or loss account as share of profit from associates. Any change in OCI of the investees is presented as part of the Group's OCI to the extent of the Group's share in other comprehensive income/loss. Dividends from associates are eliminated from the carrying amount of the investments. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated.

4.3.2 Regular way contracts

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

4.3.3 Initial recognition and measurement

Investments are initially recognised at fair value. Transaction costs associated with investments other than held for trading securities are included in the cost of investments. Transaction costs on held for trading securities are expensed in the profit and loss account.

4.3.4 Subsequent measurement

In accordance with the requirements of the SBP, quoted securities other than those classified as 'held to maturity', investment in associates and subsidiaries are subsequently remeasured to market value. Surplus and deficit arising on revaluation of securities classified as 'available for sale' is taken to a separate account shown in the statement of financial position. Surplus / (deficit) arising on revaluation of investments classified as 'held for trading' is taken to the profit and loss account. Investments classified as 'held to maturity' are carried at amortised cost.

Unquoted equity securities, excluding investment in subsidiaries and associates are valued at lower of cost and the break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiaries and associates are carried at cost, less accumulated impairment losses, if any. Details of valuation techniques used in determination of fair value are included in note 42.1 of these consolidated financial statements.

4.3.5 Impairment

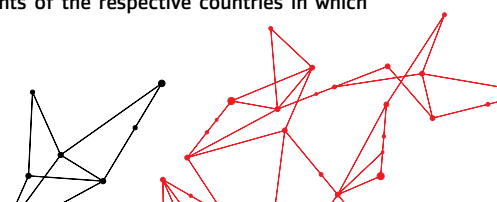
The Holding Company determines provision for diminution in the value of debt securities as per the Prudential Regulations issued by the SBP. When a debt security, other than a government security, is classified as available-for-sale and considered to be impaired, the balance in the surplus / deficit on revaluation of securities account is transferred to the profit and loss account as an impairment charge. If, in a subsequent period, the fair value of a debt instrument increases the impairment loss is reversed through the profit and loss account. When a debt security, other than a government security, classified as held-to-maturity and considered to be impaired, the impairment is directly charged to the profit and loss account as held-to-maturity securities are carried at amortised cost. Any subsequent reversal of an impairment loss, up to the cost of the investment in the debt security is credited to the profit and loss account.

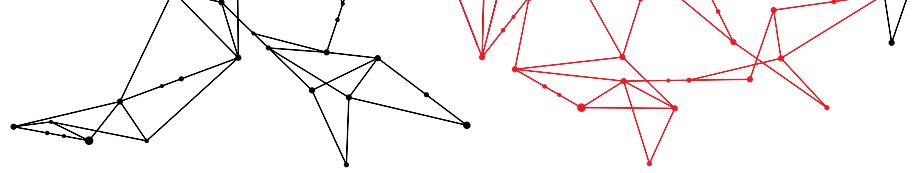
The Holding Company determines impairment on available-for-sale listed equity securities when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgement. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

A decline in the carrying value of unlisted equity securities is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account.

The Group considers that a decline in the recoverable value of its investments in associates are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, higher of fair value less cost to sell and value in use, the investments in associates are written down to their recoverable amounts and the resulting impairment loss is taken to the profit and loss account. Any subsequent reversal of an impairment loss, upto the cost of the investment in associates is credited to the profit and loss account.

Provision against investments by the overseas branches is made as per the requirements of the respective countries in which the overseas branches operates.





4.4 Advances

Loans and advances

Loans and advances including net investment in finance lease are stated net of provision against non-performing advances. Specific and general provisions against loans and advances in Pakistan operations are made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan from time to time and the management assumptions. General provision against high risk and flood impacted advances portfolio is based on the management's estimates as disclosed in note 9.6.5 (iii). The net provision made / reversed during the year is charged to the profit and loss account and accumulated provisions are netted-off against advances. Provisions pertaining to overseas loans and advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Islamic financing and related assets

The Holding Company provides Islamic financing and related assets mainly through Murabaha, Ijarah, Diminishing Musharakah, Musharakah, Bai Muajjal Financing, Musawama, Salam, Istisna, Tijarah, Refinance under the SBP Islamic Refinance Schemes and financing under other government schemes. 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 utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Holding Company determines specific and general provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP and the management estimates / assumption. General provision against high risk and flood impacted advances portfolio is based on the management's estimates as disclosed in note 9.6.5 (iii). The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted-off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

Net investment in finance lease

Leases where the Holding Company transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Holding Company determines specific provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP and the management estimates/assumption. The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against net investment in finance lease. The assets are written off when there are no realistic prospects of recovery or to clean up balance sheet as allowed by the SBP.

Ijarah assets (IFAS 2)

Ijarah assets are stated at cost less accumulated depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under IFAS 2 are recorded as income / revenue. The Holding Company charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Impairment of Ijarah rentals are determined in accordance with the requirements of the Prudential Regulations of the SBP. The provision for impairment of Ijarah Rentals is shown as part of 'Islamic financing and related assets'.

4.5 Fixed assets

4.5.1 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.5.2 Property and equipment

Property and equipment are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any, except land and buildings which are carried at revalued amount less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is charged by applying the straight-line method using the rates specified in note 10.2 to these consolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which these are disposed off.

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

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

A revaluation surplus is recorded in OCI and credited to the surplus on revaluation of fixed asset in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the profit or loss account, the increase is recognised in the profit and loss. A revaluation deficit is recognised in the statement of the profit or loss account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. A transfer from the asset revaluation surplus to unappropriated profits is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are taken to the profit and loss account except that the related surplus / deficit on revaluation of property & equipment (net of deferred taxation) is transferred directly to unappropriated profit.

4.5.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation 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 loss, if any. Intangible assets are assessed for impairment, if any, as described under note 4.12.

4.5.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

4.5.4.1 Group as a lessee

The Group recognises lease liabilities to make lease payments and right-of-use assets over its lease term.

Right-of-use (RoU) assets

At the commencement date of the lease, the right-of-use 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 remeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liability

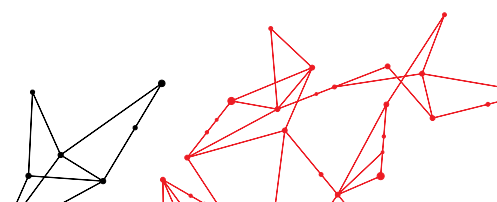
At the commencement date of the lease, the Group recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless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

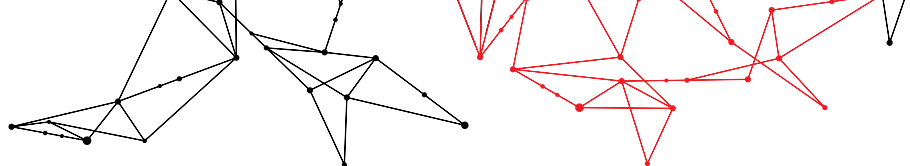
Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.





Incremental borrowing rate (IBR)

The IBR is the rate of markup that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs such as market interest rates.

4.5.4.2 Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

4.5.5 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation thereon. The valuation of properties acquired under this head is conducted as per the SBP's requirement, so as to ensure that their net carrying values do not materially differ from their fair values. Any surplus arising on revaluation of such properties is transferred to the surplus on revaluation of non-banking assets in other comprehensive income, while any deficit arising on revaluation is charged to the profit and loss account directly. Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on straight line method over the useful life of the assets. In addition, all direct costs, including legal fees and transfer costs linked with transferring the title of the property to Holding Company is accounted as an expense in the profit and loss account.

Any shares acquired in satisfaction of claims are stated at revalued amount at each reporting date with the corresponding deficit / surplus recognised in the Statement of Comprehensive Income.

4.6 Deposits / borrowings and their cost

- a) Borrowings and deposits are recorded at the proceeds received.
- b) Cost of deposits and borrowings are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method to the extent that these are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset.
- c) Swap cost arises when surplus foreign currency funds are sold to purchase local currency funds from the market. Swap cost is recorded as an expense in the period in which it is incurred.

4.6.1 Deposits - Islamic Banking

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

Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (The Holding Company) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period.

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.

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.

4.7 Subordinated debts

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

4.8 Staff retirement / employee benefits

a) Defined benefit plan

The Holding Company operates an approved funded gratuity scheme, administered by the trustees, covering eligible employees whose period of employment with Holding Company is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 38.1.3. Actuarial gains and losses are recognised immediately in other comprehensive income.

The Subsidiary - Alfalah CLSA Securities (Private) Limited operates an unfunded gratuity scheme for all its employees who have completed the qualifying period as defined in the scheme. The cost of providing benefits under the defined benefit scheme is determined using the Projected Unit Credit Method. Actuarial (remeasurement) gains and losses are recognised as income or expense in full in the year in which these occur in other comprehensive income.

b) Defined contribution plan

The Holding Company operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. The Holding Company contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

c) Compensated absences

The Holding Company recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision is recognised on the basis of actuarial recommendations.

d) Share Based Payment

The Holding Company has granted a cash award equivalent to the ordinary shares allotted to certain employees under Phantom Shares Award. The entitlement shall vest with the employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 1, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, second and third vesting dates to follow 365 calendar days from the preceding vesting dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Shares Entitlement equivalent to fair market value of the Holding Company's share on vesting date.

The Holding Company recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Holding Company re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the profit or loss account for the period.

4.9 Foreign currencies

4.9.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates.

4.9.2 Transactions and balances

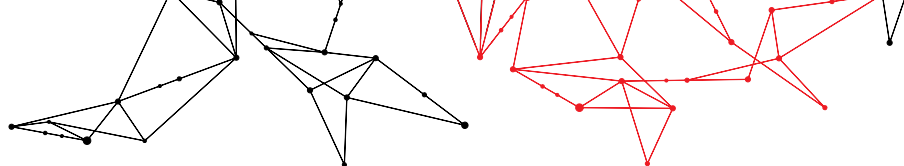
Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase contracts relating to foreign currency deposits are realised / charged directly to the profit and loss account.

4.9.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.





4.9.4 Translation gains and losses

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

4.9.5 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 ruling on the reporting date.

4.10 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Group and the revenue can be reliably measured.

4.10.1 Advances and investments

Income on performing advances and debt securities is recognised on a time proportion basis as per the terms of the contract. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Holding Company and its overseas branches operate.

Murabaha income is recognised on deferred income basis.

4.10.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised as income when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

Ijarah income is recognised on an accrual basis as and when the rentals becomes due. Depreciation in case of Ijarah is netted off from markup income.

4.10.3 Non Markup / interest income

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 provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the related services. Unearned fee and commission are included under other liabilities.

Dividend income is recognised at the time when the Group's right to receive the dividend has been established.

Other income is recognised on accrual basis.

4.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in other comprehensive income in which case it is recognised in statement of comprehensive income.

4.11.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credit and rebate, if any.

4.11.2 Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

4.11.3 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The difference between the carrying value and the recoverable value is recognised through the profit and loss account as a deferred tax expense. The Holding Company also records a deferred tax asset / liability on items recognised directly in the statement of comprehensive income such as surplus / deficit on revaluation of assets.

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

4.12 Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable at each reporting date. If any event exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the consolidated financial statements. The resulting impairment loss is taken to the profit and loss account 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.

4.13 Provision for claims under guarantees and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Group to settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

4.14 Other provisions

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

4.15 Contingent liabilities

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

4.16 Off-setting

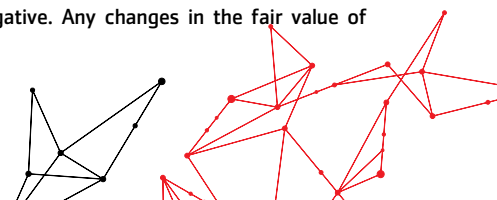
Financial assets and financial liabilities are off-set and the net amount reported in the consolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis, or to realise the assets and to settle the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

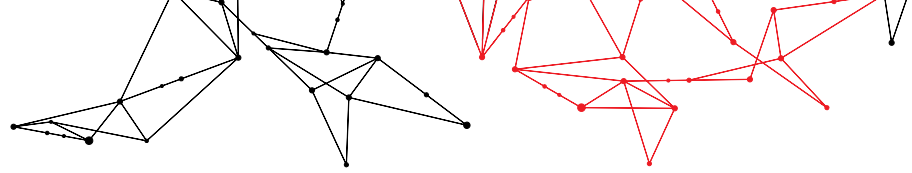
4.17 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for material financial assets and financial liabilities are disclosed in the policy notes associated with them.

4.18 Derivative financial instruments

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





4.19 Acceptances

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

4.20 Dividend and appropriation to reserves

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

4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year, consolidating the impact of treasury stocks, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure of the Group. Segmented performance is reported to the senior management of the Holding Company on monthly basis for the purpose of strategic decision making and performance management.

4.22.1 Business segments

Retail banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Holding Company. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

Corporate banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with Holding Company's corporate and public sector customers.

Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market and merchant banking operations. The investments of the Holding Company primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

Digital banking

This segment includes branchless banking accounts, deposits and lending products, digital channels (including ATMs, internet banking, call centre and alfa app), corporate, G2P & SMME portfolio (including EOBI, BISP, payroll solutions), digital payments and digital products.

Islamic banking (Domestic)

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

International operations

This segment includes amounts related to the Holding Company's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

Brokerage

It includes stock brokerage and investment consultancy through the subsidiary Alfalah CLSA Securities (Private) Limited.

Others

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

4.22.2 Geographical segments

The Group operates in three geographical regions being:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		39,440,289	34,295,288
- foreign currency		7,354,310	3,692,104
		46,794,599	37,987,392
With State Bank of Pakistan in			
- local currency current accounts	5.1	76,392,873	46,845,917
- foreign currency current accounts	5.2	8,989,528	3,528,124
- foreign currency deposit accounts	5.3	12,227,044	687,240
		97,609,445	51,061,281
With other central banks in			
- foreign currency current accounts	5.4	45,379,083	49,697,265
- foreign currency deposit accounts	5.5	1,695,718	1,679,531
		47,074,801	51,376,796
With National Bank of Pakistan in local currency current account		11,062,857	92,407
Prize bonds		186,661	95,875
		202,728,363	140,613,751
Less: expected credit loss - overseas branches		(35,860)	-
		<u>202,692,503</u>	<u>140,613,751</u>

5.1 This represents local currency current account maintained under the cash reserve requirement of the SBP.

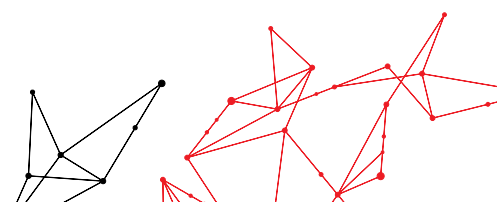
5.2 These represent US Dollar and other foreign currency settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.

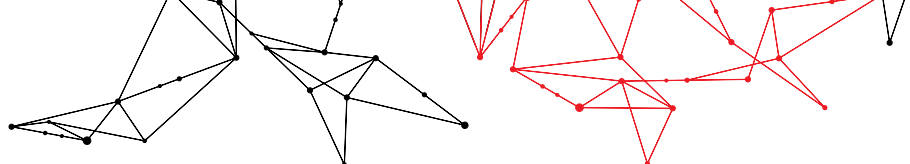
5.3 This represents foreign currency deposit account maintained under the special cash reserve of the SBP. Profit rates on these deposits are fixed by the SBP on a monthly basis. These deposits carry interest rate ranging from 3.39% to 4.34% (2022: 0.00% to 3.14%) per annum.

5.4 These represent deposits with other central banks pertaining to the overseas operations of the Holding Company to meet their minimum cash reserves and capital requirements .

5.5 These represent deposits with other central banks pertaining to the overseas operations of the Holding Company, in accordance with their regulatory requirements and carry interest rates ranging from 0.00% to 5.68% (2022: 0.00% to 2.04%) per annum.

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
6 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		37,056	625,050
- in deposit accounts	6.1	346,266	13,013
		383,322	638,063
Outside Pakistan			
- in current accounts	6.2	16,575,317	9,438,572
- in deposit accounts	6.3	34,503	28,814
		16,609,820	9,467,386
		16,993,142	10,105,449
Less: expected credit loss - overseas branches		(3,057)	-
		<u>16,990,085</u>	<u>10,105,449</u>





- 6.1** This represents funds deposited with various banks at profit rates ranging from 6.00% to 20.50% per annum (2022: 3.25% to 14.50% per annum).
- 6.2** This includes amount held in Automated Investment Plans. The Holding Company is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount.
- 6.3** This includes placement of funds generated through foreign currency deposits scheme (FE-25) and non-contractual deposits at interest rates ranging from 0.25% to 1.25% per annum (2022: 1.00% to 1.25% per annum).

	Note	2023	2022
----- (Rupees in '000) -----			
7	LENDINGS TO FINANCIAL INSTITUTIONS		
Call / clean money lendings	7.1	32,018,705	40,384,136
Repurchase agreement lendings (Reverse Repo)	7.2	87,535,847	74,969,700
		119,554,552	115,353,836
Less: expected credit loss - overseas branches		(443)	(237)
Lendings to Financial Institutions - net of provision		119,554,109	115,353,599

- 7.1** These represent lendings to financial institutions at mark-up rates ranging from 7.25% to 22.00% per annum (2022: 5.00% to 16.20% per annum) having maturities upto January 2024 (2022: March 2023).
- 7.2** These represent short term lendings to financial institutions against investment securities. These carry mark-up rates ranging from 21.00% to 22.95% per annum (2022: 15.85% to 16.20% per annum) with maturities upto January 2024 (2022: January 2023).

	2023	2022
----- (Rupees in '000) -----		
7.3	Particulars of lending - gross	
In local currency	111,935,847	104,969,761
In foreign currencies	7,618,705	10,384,075
	119,554,552	115,353,836

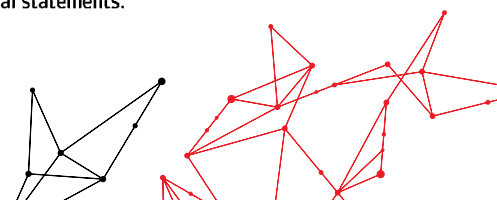
7.4 Securities held as collateral against lending to financial institutions

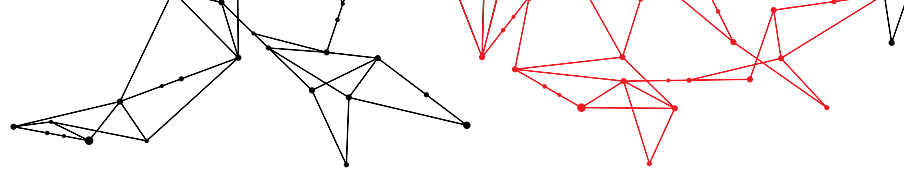
	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	1,939,888	-	1,939,888	52,348,826	-	52,348,826
Pakistan Investment Bonds	85,595,959	-	85,595,959	22,620,874	-	22,620,874
Total	87,535,847	-	87,535,847	74,969,700	-	74,969,700

8 INVESTMENTS**8.1 Investments by type:**

Note	2023				2022					
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value		
------(Rupees in '000)-----										
Held-for-trading securities										
Federal Government Securities										
	- Market Treasury Bills	8.7	158,519,893	-	(283,083)	158,236,810	2,074,210	-	(2,994)	2,071,216
	- Pakistan Investment Bonds	8.7	116,583,496	-	(74,689)	116,508,807	4,173,096	-	33,445	4,206,541
	- Ijarah Sukuk	8.7	4,661,665	-	(15,205)	4,646,460	3,059,648	-	7,862	3,067,510
Shares										
	- Ordinary shares / units - Listed		244,208	-	3,826	248,034	593,977	-	(60,544)	533,433
Foreign Securities										
	- Overseas Bonds - Sovereign		51,626	-	(4,921)	46,705	3,698,451	-	(4,878)	3,693,573
			280,060,888	-	(374,072)	279,686,816	13,599,382	-	(27,109)	13,572,273
Available-for-sale securities										
Federal Government Securities										
	- Market Treasury Bills	8.7	332,007,074	-	(823,401)	331,183,673	2,402	-	(7)	2,395
	- Pakistan Investment Bonds	8.7	951,035,850	-	(2,440,787)	948,595,063	831,017,092	-	(7,636,247)	823,380,845
	- Ijarah Sukuk	8.7	225,217,164	-	1,706,526	226,923,690	104,886,109	-	(939,360)	103,946,749
	- Government of Pakistan Euro Bonds		14,715,017	(2,355,129)	(1,339,847)	11,020,041	11,917,603	(2,012,101)	(4,753,348)	5,152,154
	- Naya Pakistan Certificates		5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
Shares										
	- Ordinary shares - Listed	8.4.2	3,500,848	(59,818)	594,515	4,035,545	7,205,583	(829,340)	(453,569)	5,922,674
	- Ordinary shares - Unlisted	8.4.2	1,211,363	(88,038)	-	1,123,325	1,211,363	(88,038)	-	1,123,325
	- Preference Shares - Listed	8.4.2	108,835	(108,835)	-	-	108,835	(108,835)	-	-
	- Preference Shares - Unlisted	8.4.2	25,000	(25,000)	-	-	25,000	(25,000)	-	-
Non Government Debt Securities										
	- Term Finance Certificates		3,169,109	(221,322)	-	2,947,787	2,764,517	(411,218)	(48)	2,353,251
	- Sukuk		16,452,185	(96,511)	66,970	16,422,644	16,898,056	(96,511)	129,707	16,931,252
REIT Fund - Unlisted										
			1,000,000	-	-	1,000,000	700,000	-	-	700,000
Foreign Securities										
	- Overseas Bonds - Sovereign		44,686,242	(108,774)	(1,448,004)	43,129,464	26,861,689	(64,732)	(1,679,122)	25,117,835
	- Overseas Bonds - Others		24,656,200	(7,551)	(1,615,830)	23,032,819	25,310,922	(10,416)	(2,074,381)	23,226,125
	- Redeemable Participating Certificates	8.1.1	5,514,371	-	-	5,514,371	4,338,537	-	-	4,338,537
	- Equity security - Listed		275,698	-	8,898	284,596	-	-	-	-
			1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
Held-to-maturity securities										
Federal Government Securities										
	- Pakistan Investment Bonds	8.7	111,987,852	-	-	111,987,852	68,564,798	-	-	68,564,798
	- Ijarah Sukuk		27,754,444	-	-	27,754,444	-	-	-	-
Non Government Debt Securities										
	- Term Finance Certificates		814,680	(214,680)	-	600,000	864,680	(24,680)	-	840,000
	- Sukuk		3,339,720	(69,517)	-	3,270,203	1,895,679	(80,722)	-	1,814,957
Foreign Securities										
	- Overseas Bonds - Sovereign		21,905,016	(238)	-	21,904,778	11,216,215	(168)	-	11,216,047
			165,801,712	(284,435)	-	165,517,277	82,541,372	(105,570)	-	82,435,802
Associates (valued under equity method)										
	- Alfalah Insurance Company Limited		756,867	-	-	756,867	601,034	-	-	601,034
	- Sapphire Wind Power Company Limited		4,567,293	-	-	4,567,293	3,436,726	-	-	3,436,726
	- Alfalah Asset Management Limited		728,312	-	-	728,312	596,311	-	-	596,311
		8.1.2	6,052,472	-	-	6,052,472	4,634,071	-	-	4,634,071
Total investments			<u>2,081,177,212</u>	<u>(3,355,413)</u>	<u>(5,665,032)</u>	<u>2,072,156,767</u>	<u>1,138,801,608</u>	<u>(3,751,761)</u>	<u>(17,433,484)</u>	<u>1,117,616,363</u>

8.1.1 The adoption of IFRS 9 at Bahrain Operations of the Holding Company has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the SBP vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these consolidated financial statements.





8.1.2 Movement in values of investments accounted for under equity method of accounting

The details of investments accounted for under equity method of accounting is as follows.

2023					
Investment as at January 1	Share of profit	Share of other comprehensive Income / (loss)	Dividend received during the year	Balance as at December 31	
----- (Rupees in '000) -----					
Alfalah Insurance Company Limited	601,034	159,505	26,323	(29,995)	756,867
Sapphire Wind Power Company Limited	3,436,726	1,399,067	-	(268,500)	4,567,293
Alfalah Asset Management Limited	596,311	132,001	-	-	728,312
	<u>4,634,071</u>	<u>1,690,573</u>	<u>26,323</u>	<u>(298,495)</u>	<u>6,052,472</u>

2022					
Investment as at January 1	Share of profit	Share of other comprehensive Income / (loss)	Dividend received during the year	Balance as at December 31	
----- (Rupees in '000) -----					
Alfalah Insurance Company Limited	552,910	91,006	(12,887)	(29,995)	601,034
Sapphire Wind Power Company Limited	3,039,576	508,150	-	(111,000)	3,436,726
Alfalah Asset Management Limited	525,636	70,675	-	-	596,311
	<u>4,118,122</u>	<u>669,831</u>	<u>(12,887)</u>	<u>(140,995)</u>	<u>4,634,071</u>

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8.1.3 Particulars of assets and liabilities of associates

		2023				
	Audited / Un-audited	Financial statements period	Assets	Liabilities	Revenue	Profit for the year
----- (Rupees in '000) -----						
Alfalah Insurance Company Limited	Un-audited	December 31, 2023	7,402,766	4,889,441	1,685,318	531,684
Sapphire Wind Power Company Limited	Un-audited	December 31, 2023	20,656,087	6,239,010	6,505,651	4,663,556
Alfalah Asset Management Limited	Un-audited	December 31, 2023	2,366,955	556,130	957,906	330,820
----- (Rupees in '000) -----						
		2022				
	Audited / Un-audited	Financial statements period	Assets	Liabilities	Revenue	Profit for the year
----- (Rupees in '000) -----						
Alfalah Insurance Company Limited	Audited	December 31, 2022	5,944,401	3,950,503	2,218,696	303,352
Sapphire Wind Power Company Limited	Un-audited	December 31, 2022	17,893,681	7,245,161	3,659,108	1,693,833
Alfalah Asset Management Limited	Un-audited	December 31, 2022	1,769,239	286,611	474,201	175,722

8.2 Investments by segments:

	2023				2022			
	Cost/ Amortised cost	Provision for diminution / expected credit loss	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution / expected credit loss	Surplus / (Deficit)	Carrying Value
------(Rupees in '000)-----								
Federal Government Securities:								
- Market Treasury Bills	490,526,967	-	(1,106,484)	489,420,483	2,076,612	-	(3,001)	2,073,611
- Pakistan Investment Bonds	1,179,607,198	-	(2,515,476)	1,177,091,722	903,754,986	-	(7,602,802)	896,152,184
- Government of Pakistan Euro Bonds	14,715,017	(2,355,129)	(1,339,847)	11,020,041	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Ijarah Sukuk	257,633,273	-	1,691,321	259,324,594	107,945,757	-	(931,498)	107,014,259
- Naya Pakistan Certificates	5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
	1,948,169,639	(2,355,129)	(3,270,486)	1,942,544,024	1,030,474,033	(2,012,101)	(13,290,649)	1,015,171,283
Shares:								
- Listed Companies	3,853,891	(168,653)	598,341	4,283,579	7,908,395	(938,175)	(514,113)	6,456,107
- Unlisted Companies	1,236,363	(113,038)	-	1,123,325	1,236,363	(113,038)	-	1,123,325
	5,090,254	(281,691)	598,341	5,406,904	9,144,758	(1,051,213)	(514,113)	7,579,432
Mutual Fund / REIT Fund:								
- Unlisted Company	1,000,000	-	-	1,000,000	700,000	-	-	700,000
	1,000,000	-	-	1,000,000	700,000	-	-	700,000
Non Government Debt Securities								
- Listed	15,635,380	(101,705)	56,926	15,590,601	15,011,330	(1,785)	27,455	15,037,000
- Unlisted	8,140,314	(500,325)	10,044	7,650,033	7,411,602	(611,346)	102,204	6,902,460
	23,775,694	(602,030)	66,970	23,240,634	22,422,932	(613,131)	129,659	21,939,460
Foreign Securities								
- Government securities	66,642,884	(109,012)	(1,452,925)	65,080,947	41,776,355	(64,900)	(1,684,000)	40,027,455
- Non Government Debt securities	30,170,571	(7,551)	(1,615,830)	28,547,190	29,649,459	(10,416)	(2,074,381)	27,564,662
- Equity security - Listed	275,698	-	8,898	284,596	-	-	-	-
	97,089,153	(116,563)	(3,059,857)	93,912,733	71,425,814	(75,316)	(3,758,381)	67,592,117
Associates (valued under equity method)	6,052,472	-	-	6,052,472	4,634,071	-	-	4,634,071
Total Investments	2,081,177,212	(3,355,413)	(5,665,032)	2,072,156,767	1,138,801,608	(3,751,761)	(17,433,484)	1,117,616,363

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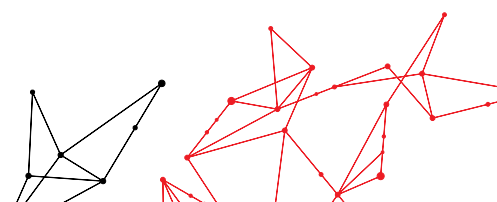
8.2.1 Investments given as collateral

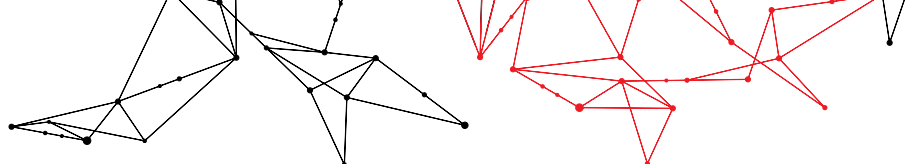
	2023	2022
	------(Rupees in '000)-----	
- Market Treasury Bills	160,501,809	-
- Pakistan Investment Bonds	575,983,500	307,049,207
- Overseas Bonds	15,037,219	4,981,480
	<u>751,522,528</u>	<u>312,030,687</u>

The market value of securities given as collateral is Rs. 739,217.237 million (2022: Rs. 308,263.867 million).

8.3 Provision for diminution in value of investments

	2023	2022
	------(Rupees in '000)-----	
8.3.1 Opening balance	3,751,761	1,186,010
Exchange adjustments	576,126	66,733
Charge / reversals		
Charge for the year	318,681	2,668,843
Reversals for the year	(363,351)	(9,397)
Reversal on disposals	(927,804)	(160,428)
	(972,474)	2,499,018
Amount written off	-	-
Closing Balance	<u>3,355,413</u>	<u>3,751,761</u>





8.3.2 Particulars of provision against debt securities

Category of classification	2023		2022	
	Non Performing Investment	Provision	Non Performing Investment	Provision
	----- (Rupees in '000) -----			
Domestic				
Loss	602,030	602,030	613,131	613,131
Total	<u>602,030</u>	<u>602,030</u>	<u>613,131</u>	<u>613,131</u>

8.3.2.1 The overseas branches hold a provision of Rs. 2,471.692 million (2022: Rs. 2,087.417 million) against investments in accordance with ECL requirements of IFRS 9.

8.4 Quality of Available for Sale Securities

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

	Note	2023	2022
		Cost	
----- (Rupees in '000) -----			
8.4.1 Federal Government Securities - Government guaranteed			
Market Treasury Bills		332,007,074	2,402
Pakistan Investment Bonds		951,035,850	831,017,092
Ijarah Sukuk		225,217,164	104,886,109
Government of Pakistan Euro Bonds		14,715,017	11,917,603
Naya Pakistan Certificates	8.4.1.1	5,687,184	4,779,075
		<u>1,528,662,289</u>	<u>952,602,281</u>

8.4.1.1 This represents initial investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Company limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.

8.4.2 Shares

8.4.2.1 Listed Companies

Ordinary Shares

	2023	2022
Cost		
----- (Rupees in '000) -----		
Cement	10,286	780,439
Chemicals	17,909	17,909
Commercial Banks	587,817	1,705,078
Engineering	-	365,150
Fertilizer	975,552	1,241,121
Investment Banks	15,000	15,000
Oil and Gas Exploration Companies	738,545	1,527,575
Oil and Gas Marketing Companies	197,065	544,616
Pharmaceuticals	51,216	51,216
Power Generation & Distribution	374,524	637,028
Technology and Communication	477,258	101,521
Textile Composite	55,676	218,930
	<u>3,500,848</u>	<u>7,205,583</u>

Preference Shares

Fertilizer	108,835	108,835
	<u>3,609,683</u>	<u>7,314,418</u>

8.4.2.2 Unlisted Companies

	Break up value as at	2023		2022	
		Cost	Breakup value	Cost	Breakup value
------(Rupees in '000)-----					
Ordinary Shares					
Al-Hamara Avenue (Private) Limited *	June 30, 2010	50,000	47,600	50,000	47,600
Pakistan Export Finance Guarantee Agency Limited *	June 30, 2010	5,725	286	5,725	286
Pakistan Mortgage Refinance Company Limited	Dec 31, 2022	300,000	630,871	300,000	531,479
Pakistan Corporate Restructuring Company Limited *	Dec 31, 2022	32,313	19,452	32,313	25,633
Society for worldwide Interbank Financial Telecommunication	Dec 31, 2022	4,095	35,170	4,095	30,620
TriconBoston Consulting Corporation (Private) Limited	June 30, 2023	769,230	2,621,567	769,230	2,110,880
1 Link (Private) Limited	Dec 31, 2022	50,000	733,214	50,000	428,290
		1,211,363	4,088,160	1,211,363	3,174,788
Preference Shares					
Trust Investment Bank Limited	Dec 31, 2017	25,000	27,784	25,000	27,784
		1,236,363	4,115,944	1,236,363	3,202,572

* These investments are fully provided.

8.4.3 Non Government Debt Securities**8.4.3.1 Listed**

Categorised based on long term rating by Credit Rating Agency :

- AA+, AA, AA-
- A+, A, A-
- Unrated

2023	2022
Cost	
------(Rupees in '000)-----	
550,000	-
100,000	-
14,985,380	15,011,330
15,635,380	15,011,330

8.4.3.2 Unlisted

Categorised based on long term rating by Credit Rating Agency:

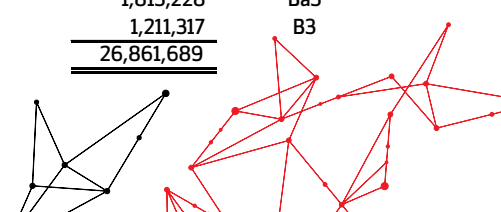
- AAA
- AA+, AA, AA-
- A+, A, A-
- Unrated

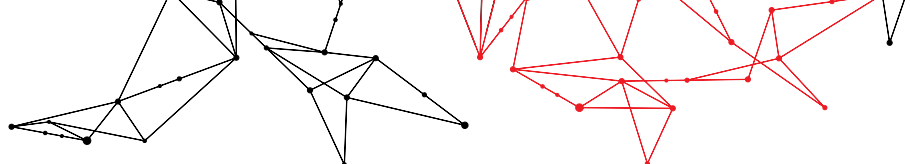
2,809,286	1,470,000
760,500	564,167
200,000	-
216,128	2,617,076
3,985,914	4,651,243
19,621,294	19,662,573

Total Non Government Debt Securities

8.4.4 Foreign Securities**8.4.4.1 Government Securities**

	2023		2022	
	Cost	Rating	Cost	Rating
------(Rupees in '000)-----				
United States of America	5,430,509	AAA	2,172,640	AAA
Republic of Korea	1,391,221	AA	1,113,527	AA
United Arab Emirates	18,029,184	AA	5,997,685	AA
Dubai	1,973,025	Unrated	1,584,180	AA/ Unrated
Abu Dhabi	1,975,422	AA	2,374,382	AA
Italy	1,658,906	Baa3u	994,050	Baa3u
Republic of Kazakhstan	623,272	BBB-	484,318	BBB-
Sharjah	2,847,969	BBB-	2,289,818	BBB-
Kingdom of Saudi Arabia	2,800,160	A1	2,243,766	A1
Republic Of Chile	30,988	A-	24,228	A1
Area Republic of Egypt	563,721	B-	452,025	B
Republic of Philippines	1,185,942	Baa2	482,786	Baa2
Indonesia	1,691,164	Baa2	2,488,648	Baa2
Republic of South Africa	1,412,667	Ba2	1,135,091	Ba2
Sultanate of Oman	2,256,559	Ba1	1,813,228	Ba3
Republic Of Turkiye	815,533	B3	1,211,317	B3
	44,686,242		26,861,689	





8.4.4.2 Non Government Debt Securities - Overseas securities

Unlisted

Categorised based on long term rating by Credit Rating Agency

	2023	2022
	----- (Rupees in '000) -----	
- AA+, AA, AA-	281,498	2,713,169
- A+, A, A-	11,439,850	5,986,854
- BBB+, BBB, BBB-	2,818,083	9,380,644
- Baa1, B-	3,381,261	1,129,169
- A3	6,735,508	6,101,086
- Unrated	5,514,371	4,338,537
	<u>30,170,571</u>	<u>29,649,459</u>

8.4.4.3 Equity - Overseas

Listed Companies

Ordinary Shares

Financial services
Transportation

268,600	-
7,098	-
<u>275,698</u>	<u>-</u>

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

8.5.1 Federal Government Securities - Government guaranteed

- Pakistan Investment Bonds	111,987,852	68,564,798
- Ijarah Sukuk	<u>27,754,444</u>	-
	<u>139,742,296</u>	<u>68,564,798</u>

8.5.2 Non Government Debt Securities

Unlisted

Categorised based on long term rating by Credit Rating Agency

- AAA	2,638,953	1,482,850
- AA+, AA, AA-	500,000	-
- A+, A, A-	731,250	677,500
- BB+, BB, BB-	190,000	-
- Unrated	94,197	600,009
	<u>4,154,400</u>	<u>2,760,359</u>

8.5.3 Foreign Securities

8.5.3.1 Government Securities

	2023		2022	
	Cost	Rating	Cost	Rating
	----- (Rupees in '000) -----			
People's Republic of Bangladesh	20,499,921	BB-	10,088,667	BB-
State of Qatar	1,405,095	AA-	1,127,548	AA-
	<u>21,905,016</u>		<u>11,216,215</u>	

8.6 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 154,796.433 million (2022: Rs. 73,518.446 million).

8.7 Investments include securities amounting to Rs. 1,925,836.799 million (2022: Rs. 1,005,240.054 million) which are held by the Holding Company to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

9 ADVANCES

	Note	Performing		Non Performing		Total	
		2023	2022	2023	2022	2023	2022
------(Rupees in '000)-----							
Loans, cash credits, running finances, etc.	9.1 & 9.2	565,261,986	570,312,570	32,595,861	22,798,387	597,857,847	593,110,957
Islamic financing and related assets	9.3	162,102,341	149,839,163	4,872,026	4,893,861	166,974,367	154,733,024
Bills discounted and purchased		12,300,229	14,580,885	166,121	3,280,234	12,466,350	17,861,119
Advances - gross		739,664,556	734,732,618	37,634,008	30,972,482	777,298,564	765,705,100
Provision against advances							
- Specific	9.6	-	-	(32,374,940)	(25,397,878)	(32,374,940)	(25,397,878)
- General / expected credit loss	9.6	(9,861,797)	(7,921,407)	-	-	(9,861,797)	(7,921,407)
		(9,861,797)	(7,921,407)	(32,374,940)	(25,397,878)	(42,236,737)	(33,319,285)
Advances - net of provision		729,802,759	726,811,211	5,259,068	5,574,604	735,061,827	732,385,815

9.1 This includes net investment in finance Lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
------(Rupees in '000)-----								
Lease rentals receivable	285,220	2,834,942	99,839	3,220,001	374,818	4,022,648	106,060	4,503,526
Residual value	360,470	912,204	24,875	1,297,549	218,597	1,207,888	25,354	1,451,839
Minimum lease payments	645,690	3,747,146	124,714	4,517,550	593,415	5,230,536	131,414	5,955,365
Financial charges for future periods	(24,699)	(613,552)	(15,681)	(653,932)	(75,179)	(850,312)	(17,078)	(942,569)
Present value of minimum lease payments	620,991	3,133,594	109,033	3,863,618	518,236	4,380,224	114,336	5,012,796

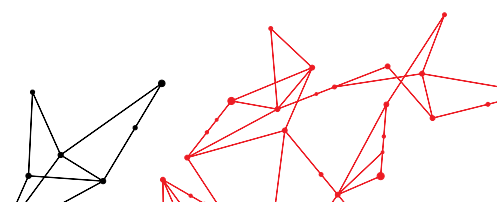
9.2 Advances include an amount of Rs. 362.630 million (2022: Rs. 339.983 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide the SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

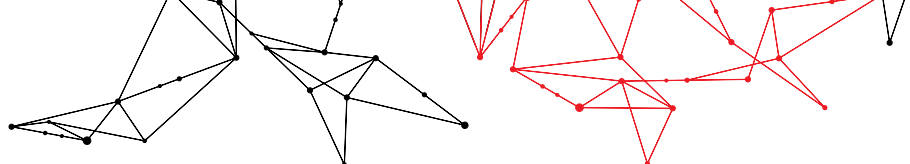
The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 17.99% to 41.28% (2022: 13.37% to 27.25%) with maturities up to October 2043 (2022: October 2042) .

9.3 This represent financing and related assets placed under shariah permissible modes and presented in Annexure-II.

9.4 Particulars of advances (gross)

	2023	2022
	------(Rupees in '000)-----	
In local currency	700,788,290	713,985,927
In foreign currencies	76,510,274	51,719,173
	<u>777,298,564</u>	<u>765,705,100</u>





- 9.5** Advances include Rs. 37,634.008 million (2022: Rs. 30,972.482 million) which have been placed under non-performing status as detailed below:

Category of classification

	2023		2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
------(Rupees in '000)-----				
Domestic				
Other Assets Especially Mentioned	186,364	3,568	178,723	15,814
Substandard	1,800,068	444,281	2,352,882	683,787
Doubtful	6,694,041	3,293,830	6,885,829	3,407,905
Loss	28,285,295	28,142,944	20,897,810	20,795,657
	<u>36,965,768</u>	<u>31,884,623</u>	<u>30,315,244</u>	<u>24,903,163</u>
Overseas				
Not past due but impaired				
Overdue by:				
91 to 180 days	43,013	25,688	35,903	21,952
181 to 365 days	-	-	139,472	119,706
Above 365 days	625,227	464,629	481,863	353,057
	<u>668,240</u>	<u>490,317</u>	<u>657,238</u>	<u>494,715</u>
Total	<u>37,634,008</u>	<u>32,374,940</u>	<u>30,972,482</u>	<u>25,397,878</u>

9.6 Particulars of provision against advances

	2023			2022		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
Note ------(Rupees in '000)-----						
Opening balance	25,397,878	7,921,407	33,319,285	21,126,338	4,067,236	25,193,574
Exchange adjustments	83,703	57,723	141,426	32,240	22,887	55,127
Charge for the year	12,130,032	1,882,667	14,012,699	7,544,341	3,831,284	11,375,625
Reversals	(3,503,697)	-	(3,503,697)	(2,431,826)	-	(2,431,826)
	<u>8,626,335</u>	<u>1,882,667</u>	<u>10,509,002</u>	<u>5,112,515</u>	<u>3,831,284</u>	<u>8,943,799</u>
Amounts written off	(1,732,976)	-	(1,732,976)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning	-	-	-	(306,232)	-	(306,232)
	<u>(1,732,976)</u>	<u>-</u>	<u>(1,732,976)</u>	<u>(873,215)</u>	<u>-</u>	<u>(873,215)</u>
Closing balance	<u>32,374,940</u>	<u>9,861,797</u>	<u>42,236,737</u>	<u>25,397,878</u>	<u>7,921,407</u>	<u>33,319,285</u>

9.6.1 Particulars of provision against advances

	2023			2022		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
------(Rupees in '000)-----						
In local currency	30,288,286	9,437,833	39,726,119	20,954,400	7,551,647	28,506,047
In foreign currencies	2,086,654	423,964	2,510,618	4,443,478	369,760	4,813,238
	<u>32,374,940</u>	<u>9,861,797</u>	<u>42,236,737</u>	<u>25,397,878</u>	<u>7,921,407</u>	<u>33,319,285</u>

- 9.6.2** The overseas branches hold a provision of Rs. 25.670 million (2022: Rs. 0.590 million) against advances in accordance with ECL requirements of IFRS 9.

- 9.6.3** The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at December 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 86.021 million (2022: Rs. 94.554 million).

9.6.4 During the year, non performing loans and provisions were reduced by Rs. 231.391 million (2022: Rs. 175.000 million) due to debt property swap transaction.

9.6.5 General provision includes:

(i) Provision held in accordance with the SBP's prudential regulations against:

- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans, 0.5% of secured house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;

- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans, at an amount equal to 0.5% of the secured performing portfolio;

- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which the overseas branches operate; and

(iii) Provision of Rs. 7,748.000 million (2022: Rs. 4,595.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans and loans secured against liquid collaterals. Provision against flood impacted portfolio of Rs. 1,376.000 million held as at December 31, 2022 was reversed during the year.

9.6.6 At December 31, 2022 Rs. 9,984.910 million relating to certain non performing facilities of Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan, had not been classified as non-performing, pursuant to a relaxation given by the SBP in this respect. The amount outstanding as at last year end was settled during 2023.

9.6.7 Although the Holding Company has made provision against its non-performing portfolio as per the category of classification of the loan, the Holding Company holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

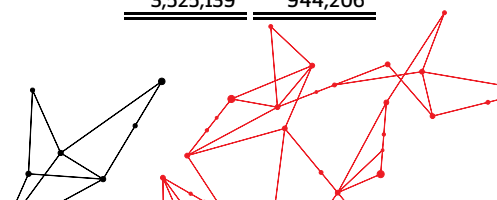
9.7 Particulars of Write Offs:	Note	2023	2022
		----- (Rupees in '000) -----	
9.7.1 Against Provisions Directly charged to the Profit & Loss account	9.7.2	1,732,976	873,215
		-	-
		<u>1,732,976</u>	<u>873,215</u>
9.7.2 Write Offs of Rs. 500,000 and above			
- Domestic	9.8	1,189,276	501,385
- Overseas		-	147,733
Write Offs of Below Rs. 500,000		543,700	224,097
		<u>1,732,976</u>	<u>873,215</u>

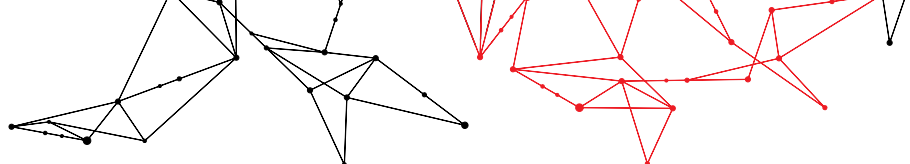
9.7.3 As allowed by the SBP circular no. 06 of 2007 dated June 05, 2007, the Holding Company in year 2022 had written off Rs. 306.232 million as part of the balance sheet cleanup exercise. The Holding Company holds enforceable collateral in the event of recovery through litigation.

9.8 Details Of Loan Write Off Of Rs. 500,000/- And Above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given as Annexure-I to these consolidated financial statements.

10 FIXED ASSETS	Note	2023	2022
		----- (Rupees in '000) -----	
Capital work-in-progress	10.1	3,525,139	944,206
Property and equipment	10.2	38,328,952	32,132,604
Right-of-use assets	10.3	19,966,957	15,416,474
		<u>61,821,048</u>	<u>48,493,284</u>
10.1 Capital work-in-progress			
Civil works		2,454,986	706,019
Equipment		999,120	214,126
Others		71,033	24,061
		<u>3,525,139</u>	<u>944,206</u>





10.2 Property and equipment

2023									
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total	
------(Rupees in '000)-----									
At January 1, 2023									
Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,466,222	19,989,731	458,877	53,382,958
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,955,256)	(13,645,643)	(340,513)	(21,250,354)
Net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
Year ended December 2023									
Opening net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
Additions	558,585	1,131,260	357,115	951,217	1,663,824	451,064	4,605,967	66,943	9,785,975
Disposals	(36,250)	-	(7,941)	-	(8,997)	(2,130)	(13,424)	(3,319)	(72,061)
Depreciation charge	-	-	(96,829)	(137,493)	(639,098)	(113,813)	(2,475,526)	(75,329)	(3,538,088)
Exchange rate adjustments	-	-	-	-	3,225	2,369	9,401	7,003	21,998
Other adjustments / transfers	-	-	31	-	559	(383)	(2,238)	555	(1,476)
Closing net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
At December 31, 2023									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,863,928	23,598,946	510,450	62,096,596
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,015,855)	(15,130,678)	(396,233)	(23,767,644)
Net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

2022									
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total	
------(Rupees in '000)-----									
At January 1, 2022									
Cost / revalued amount	8,671,629	4,298,244	2,334,726	4,036,641	6,939,239	2,283,352	16,580,115	406,835	45,550,781
Accumulated depreciation	-	-	-	-	(4,716,211)	(1,875,606)	(12,101,952)	(268,229)	(18,961,998)
Net book value	8,671,629	4,298,244	2,334,726	4,036,641	2,223,028	407,746	4,478,163	138,606	26,588,783
Year ended December 2022									
Opening net book value	8,671,629	4,298,244	2,334,726	4,036,641	2,223,028	407,746	4,478,163	138,606	26,588,783
Additions	1,532,030	345,000	577,277	182,980	1,734,400	200,572	3,748,975	36,040	8,357,274
Disposals	(302,000)	-	(12,811)	-	(1,847)	(659)	(12,788)	-	(330,105)
Depreciation charge	-	-	(89,380)	(125,343)	(436,547)	(97,297)	(1,875,934)	(61,912)	(2,686,413)
Exchange rate adjustments	-	-	-	-	1,660	1,873	6,090	5,790	15,413
Other adjustments / transfers	221,221	(4,087)	1,115	(6,047)	(22,703)	(1,269)	(418)	(160)	187,652
Closing net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
At December 31, 2022									
Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,466,222	19,989,731	458,877	53,382,958
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,955,256)	(13,645,643)	(340,513)	(21,250,354)
Net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

10.2.1 Land and buildings were last revalued on December 31, 2021 on the basis of market values, determined by independent valuers M/s Akbani & Javed Associates, M/s Collier International Pakistan (Private) Limited, M/s Harvester Service (Private) Limited and M/s Hamid Mukhtar & Co. (Private) Limited. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2023 would have been Rs. 11,698.751 million (2022: Rs. 8,853.214 million).

	2023		2022	
	Net book value at Cost	Net book value at Revalued amount	Net book value at Cost	Net book value at Revalued amount
	------(Rupees in '000)-----			
Freehold land	4,052,051	10,645,215	3,493,067	10,122,880
Leasehold land	2,763,311	5,770,417	1,632,051	4,639,157
Buildings on freehold land	2,326,268	3,063,303	2,047,928	2,810,927
Buildings on leasehold land	2,557,121	4,901,955	1,680,168	4,088,231
	<u>11,698,751</u>	<u>24,380,890</u>	<u>8,853,214</u>	<u>21,661,195</u>

10.2.2	The cost of fully depreciated assets that are still in the Group's use are as follows:	2023	2022
		------(Rupees in '000)-----	
	Furniture and fixtures	1,656,036	1,522,052
	Office equipment	9,181,845	9,278,265
	Vehicles	237,418	222,364
	Leasehold improvements	3,866,870	3,280,797
		<u>14,942,169</u>	<u>14,303,478</u>

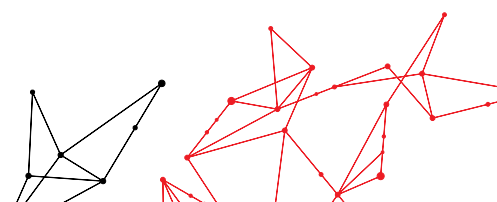
10.2.3 In 2022, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

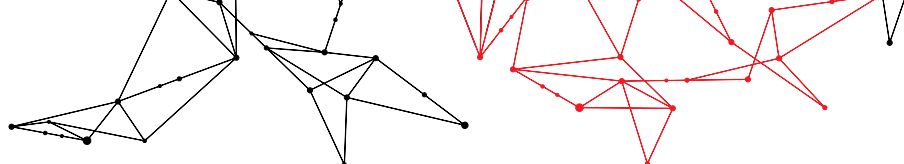
10.2.4 Sale of fixed assets to related parties are disclosed in Annexure III to these consolidated financial statements.

10.3	Right-of-use assets	Note	2023	2022
			------(Rupees in '000)-----	
	At January 1			
	Cost / revalued amount		22,399,553	16,948,306
	Accumulated depreciation		<u>(6,983,079)</u>	<u>(5,092,323)</u>
	Net book value		<u>15,416,474</u>	<u>11,855,983</u>
	Year ended December			
	Opening net book value		15,416,474	11,855,983
	Additions / renewals / amendments / (terminations) - net		7,843,529	6,256,146
	Depreciation charge		(3,367,208)	(2,739,579)
	Exchange rate / other adjustments		74,162	43,924
	Closing net book value		<u>19,966,957</u>	<u>15,416,474</u>
	At December 31			
	Cost / revalued amount		28,896,873	22,399,553
	Accumulated depreciation		<u>(8,929,916)</u>	<u>(6,983,079)</u>
	Net book value		<u>19,966,957</u>	<u>15,416,474</u>
	Rate of depreciation (percentage)		<u>5% - 100%</u>	<u>5% - 100%</u>

11 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers		439,291	455,945
Software	11.1	934,853	842,236
Membership card		6,000	6,000
		<u>1,380,144</u>	<u>1,304,181</u>





	2023	2022
	----- (Rupees in '000) -----	
11.1 At January 1		
Cost	5,185,382	4,721,709
Accumulated amortisation and impairment	(4,343,146)	(3,986,581)
Net book value	<u>842,236</u>	<u>735,128</u>
Year ended December 31		
Opening net book value	842,236	735,128
Additions - directly purchased	419,720	459,005
Amortisation charge	(327,499)	(351,770)
Exchange and other adjustments	396	(127)
Closing net book value	<u>934,853</u>	<u>842,236</u>
At December 31		
Cost	5,618,297	5,185,382
Accumulated amortisation and impairment	(4,683,444)	(4,343,146)
Net book value	<u>934,853</u>	<u>842,236</u>
Rate of amortisation (percentage)	<u>20% - 25%</u>	<u>20% - 25%</u>
Useful life	<u>4 - 5 years</u>	<u>4 - 5 years</u>

11.2 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 3,754.226 million (2022: Rs. 3,488.460 million).

12 DEFERRED TAX ASSETS

2023			
At January 1, 2023	Recognised in P&L (charge) / reversal	Recognised in OCI	At December 31, 2023
----- (Rupees in '000) -----			

Deductible Temporary Differences on:

- Provision against investments	1,702,211	522,167	-	2,224,378
- Provision against advances	3,096,128	1,087,190	-	4,183,318
- Unrealised loss on revaluation of held for trading investments	7,472	184,878	-	192,350
- Deficit on revaluation of available for sale investments	5,690,672	-	(4,820,503)	870,169
- Provision against other assets	1,002,851	249,099	-	1,251,950
- Provision against lending to financial institutions	32	41	-	73
- Workers' Welfare Fund	604,100	924,548	-	1,528,648
- Others	24,404	(24,404)	-	-
	<u>12,127,870</u>	<u>2,943,519</u>	<u>(4,820,503)</u>	<u>10,250,886</u>

Taxable Temporary Differences on:

- Surplus on revaluation of fixed assets	(486,889)	420	(107,226)	(593,695)
- Surplus on revaluation of non banking assets	(63,108)	-	(22,487)	(85,595)
- Share of profit and other comprehensive income from associates	(1,486,280)	(890,730)	(11,675)	(2,388,685)
- Accelerated tax depreciation	(2,540,820)	(1,022,616)	-	(3,563,436)
	<u>(4,577,097)</u>	<u>(1,912,926)</u>	<u>(141,388)</u>	<u>(6,631,411)</u>
	<u>7,550,773</u>	<u>1,030,593</u>	<u>(4,961,891)</u>	<u>3,619,475</u>

2022			
At January 1, 2022	Recognised in P&L (charge) / reversal	Recognised in OCI	At December 31, 2022

------(Rupees in '000)-----

Deductible Temporary Differences on:

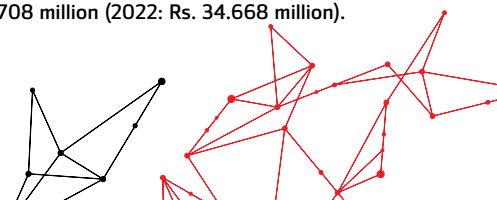
- Provision against investments	463,795	1,238,416	-	1,702,211
- Provision against advances	2,899,949	196,179	-	3,096,128
- Unrealised gain / (loss) on revaluation of held for trading investments	165,446	(157,974)	-	7,472
- Deficit on revaluation of available for sale investments	561,126	-	5,129,546	5,690,672
- Provision against other assets	730,972	271,879	-	1,002,851
- Provision against lending to financial institutions	81	(49)	-	32
- Workers' Welfare Fund	-	604,100	-	604,100
- Others	-	23,827	577	24,404
	4,821,369	2,176,378	5,130,123	12,127,870

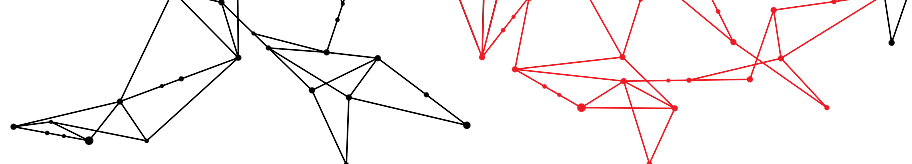
Taxable Temporary Differences on:

- Surplus on revaluation of fixed assets	(473,110)	92,233	(106,012)	(486,889)
- Surplus on revaluation of non banking assets	(84,039)	-	20,931	(63,108)
- Share of profit and other comprehensive income from associates	(1,146,801)	(345,306)	5,827	(1,486,280)
- Accelerated tax depreciation	(1,959,949)	(580,871)	-	(2,540,820)
	(3,663,899)	(833,944)	(79,254)	(4,577,097)
	1,157,470	1,342,434	5,050,869	7,550,773

13 OTHER ASSETS	Note	2023	2022
		------(Rupees in '000)-----	
Income / mark-up accrued in local currency - net of provision		81,667,129	42,711,601
Income / mark-up accrued in foreign currency - net of provision		2,402,118	2,011,398
Advances, deposits, advance rent and other prepayments		8,989,267	3,748,465
Advance against subscription of share		140,000	-
Non-banking assets acquired in satisfaction of claims	13.1	1,684,771	1,439,606
Dividend receivable		10,431	-
Mark to market gain on forward foreign exchange contracts		2,606,750	922,573
Mark to market gain on derivatives	23.1	4,175,322	4,795,545
Stationery and stamps on hand		11,350	23,253
Defined benefit plan	38.1.4	440,585	153,707
Branch adjustment account		-	24,430
Due from card issuing banks		4,829,866	4,544,609
Accounts receivable		4,971,746	5,690,187
Claims against fraud and forgeries	13.2	126,066	119,455
Acceptances		24,618,660	19,090,181
Receivable against Government of Pakistan and overseas government securities		2,925,206	131,517
Receivable against marketable securities		1,153,013	860,261
Others		86,275	65,636
		140,838,555	86,332,424
Less: Provision held against other assets	13.3	(4,619,037)	(3,181,544)
Other Assets (net of provision)		136,219,518	83,150,880
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	13.1 & 20.2	172,321	145,613
		136,391,839	83,296,493
13.1 Market value of non-banking assets acquired in satisfaction of claims:			
- Properties		1,844,619	1,578,141
- Shares		12,473	7,078
		1,857,092	1,585,219

The Non-banking assets (properties) of the Holding Company have been revalued by independent professional valuers as at December 31, 2023. The revaluation was carried out by M/s. Harvester Service (Private) Limited, M/s Akbani & Javed Associates, M/s. K.G Traders, M/s. Creative Consultants & Construction and M/s Surval (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 26.708 million (2022: Rs. 34.668 million).





	Note	2023 ------(Rupees in '000)-----	2022
13.1.1 Non-banking assets acquired in satisfaction of claims - gross of provision			
Opening balance		1,585,219	1,606,918
Additions		245,960	175,000
Disposals	13.1.2	-	(300)
Revaluation (charged to OCI)		26,708	34,668
Reversal of deficit / (deficit) on revaluation (charged to Profit and loss account)	33	4,201	(4,201)
Transfer to property and equipment	13.1.1.1	-	(222,419)
Depreciation	30	(4,996)	(4,447)
Closing balance		<u>1,857,092</u>	<u>1,585,219</u>

13.1.1.1 In 2022, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

	Note	2023 ------(Rupees in '000)-----	2022
13.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims			
Disposal proceeds		-	9,200
less			
- Cost		-	300
- Depreciation / impairment		-	(300)
		-	-
Gain on disposal		<u>-</u>	<u>9,200</u>

13.2 This represents fraud and forgery amount receivable from an insurance company and other sources. Provision has been held against non-recoverable amount.

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	Note	2023 ------(Rupees in '000)-----	2022
13.3 Provision held against other assets			
Impairment against overseas operation	13.3.2	2,359,988	2,114,963
Expected credit loss (overseas operation)		46,807	10,397
Fraud and forgeries		126,066	119,455
Accounts receivable		1,702,567	548,109
Others		383,609	388,620
		<u>4,619,037</u>	<u>3,181,544</u>

13.3.1 Movement in provision held against other assets

Opening balance		3,181,544	1,848,407
Exchange and other adjustments		2,531	35,684
Charge for the year	13.3.2	1,519,024	1,493,475
Reversals for the year		(83,100)	(165,599)
		1,435,924	1,327,876
Amount written off		(962)	(30,423)
Closing balance		<u>4,619,037</u>	<u>3,181,544</u>

13.3.2 The Holding Company, in light of uncertain conditions in one of the countries where the Holding Company operates, holds an impairment of Rs. 2,359.988 million (2022: Rs. 2,114.963 million) against the cross border risk.

	2023 ------(Rupees in '000)-----	2022
14 BILLS PAYABLE		
In Pakistan	24,750,227	37,705,524
Outside Pakistan	1,254,311	2,328,282
	<u>26,004,538</u>	<u>40,033,806</u>

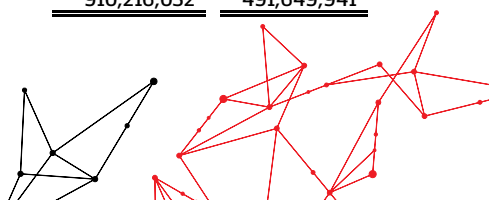
15	BORROWINGS	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
	Secured			
	Borrowings from State Bank of Pakistan			
	Export Refinance Scheme		43,281,491	53,477,830
	Long-Term Finance Facility		24,595,991	28,643,178
	Financing Facility for Renewable Energy Projects		11,891,156	11,917,647
	Financing Facility for Storage of Agriculture Produce (FFSAP)		532,102	738,979
	Refinance for Wages & Salaries		-	300,821
	Temporary Economic Refinance Facility (TERF)		48,528,109	49,721,502
	Export Refinance under Bill Discounting		14,244,331	10,633,712
	SME Asaan Finance (SAAF)		2,096,250	949,413
	Refinance Facility for Combating COVID (RFCC)		988,049	692,957
	Refinance and Credit Guarantee Scheme for Women Entrepreneurs		125,595	279,374
	Modernization of Small and Medium Entities (MSMES)		1,205,658	871,659
	Other Refinance schemes		553	890
	Repurchase agreement borrowings		666,510,980	256,900,000
			814,000,265	415,127,962
	Repurchase agreement borrowings		26,895,775	4,830,897
	Bai Muajjal		44,830,207	42,113,040
	Medium Term Note		11,000,000	11,000,000
	Others	15.2	672,579	470,410
	Total secured		897,398,826	473,542,309
	Unsecured			
	Call borrowings		3,946,050	5,766,732
	Overdrawn nostro accounts		3,467,939	4,884,913
	Others			
	- Pakistan Mortgage Refinance Company		2,605,576	2,180,208
	- Karandaaz Risk Participation		2,797,641	2,331,958
	- Other financial institutions		-	2,943,821
	Total unsecured		12,817,206	18,107,632
		15.1	910,216,032	491,649,941

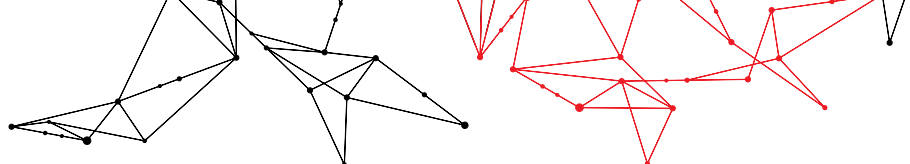
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15.1	Markup & maturities of borrowing facilities	2023		2022	
		Markup per annum	Maturities upto	Markup per annum	Maturities upto
	Borrowings from State Bank of Pakistan (secured)				
	Export Refinance Scheme	2.00% - 18.00%	August-27	1.00% - 10.00%	August-27
	Long-Term Finance Facility	2.00% - 7.00%	July-32	2.00% - 7.00%	July-32
	Financing facility for renewable energy projects	2.00% - 3.00%	July-34	2.00% - 6.00%	July-34
	Financing Facility for Storage of Agriculture Produce (FFSAP)	2.00% - 3.50%	December-30	2.00% - 3.50%	December-30
	Refinance for Wages & Salaries	0.00%	April-23	0.00%	April-23
	Temporary Economic Refinance Facility	1.00%	September-33	1.00%	October-32
	Export Refinance under Bill Discounting	1.00% - 3.00%	June-24	1.00% - 2.00%	June-23
	SME Asaan Finance (SAAF)	1.00% - 3.00%	June-27	1.00%	June-27
	Refinance Facility for Combating COVID (RFCC)	0.00%	June-28	0.00%	June-27
	Refinance and Credit Guarantee Scheme for Women Entrepreneurs	0.00%	October-28	0.00% - 2.00%	March-29
	Modernization of Small and Medium Entities (MSMES)	2.00%	September-30	2.00%	July-30
	Other refinance schemes	0.00%	December-25	0.00%	December-25
	Repurchase Agreement Borrowings	22.09% - 22.13%	January-24	15.23% - 16.16%	March-23
	Other Borrowing (secured)				
	Repurchase agreement borrowings	5.70% - 22.05%	January-24	16.15%	January-23
	Bai Muajjal	3.00% - 8.48%	July-25	2.00% - 8.48%	July-25
	Medium Term Note	9.03%	January-24	9.03%	January-24
	Other Borrowing (unsecured)				
	Call borrowings	7.10% - 7.25%	January-24	2.00% - 9.25%	January-23
	Overdrawn nostro accounts	0.00%	No Maturity	0.00%	No Maturity
	Others - Pakistan Mortgage Refinance Company	6.80% - 18.23%	May-27	6.50% - 8.79%	April-26
	Others - Karandaaz Risk Participation	5.00% - 26.07%	October-30	7.16% - 21.90%	October-30
	Others - Other financial institutions	-	-	6.00%	February-23

15.2 This includes a long term loan and short term running finance facilities obtained from the commercial banks. These carry markup between 21.5% to 24.64% (2022: 15.02% to 18.61%) per annum payable on a quarterly basis having maturities up to October 2024 (2022: October 2023). They are secured by hypothecation over current assets, promissory note and pledge of securities quoted on PSX of the Subsidiary Company.

15.3	Particulars of borrowings with respect to currencies	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
	In local currency	889,762,179	474,494,394
	In foreign currencies	20,453,853	17,155,547
		910,216,032	491,649,941





16 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
------(Rupees in '000)-----						
Customers						
Current deposits	722,279,949	60,513,732	782,793,681	523,834,695	131,267,950	655,102,645
Savings deposits	440,331,863	38,469,718	478,801,581	294,762,649	37,937,222	332,699,871
Term deposits	345,455,345	153,419,362	498,874,707	287,557,414	49,767,276	337,324,690
Others	44,709,160	14,317,598	59,026,758	35,941,042	8,943,974	44,885,016
	1,552,776,317	266,720,410	1,819,496,727	1,142,095,800	227,916,422	1,370,012,222
Financial Institutions						
Current deposits	4,278,645	3,241,325	7,519,970	3,192,672	3,065,704	6,258,376
Savings deposits	171,924,309	3,442,726	175,367,035	68,746,218	2,911,307	71,657,525
Term deposits	79,780,000	2,258,236	82,038,236	38,073,100	354,319	38,427,419
Others	518,072	1,217	519,289	404,457	76,261	480,718
	256,501,026	8,943,504	265,444,530	110,416,447	6,407,591	116,824,038
	<u>1,809,277,343</u>	<u>275,663,914</u>	<u>2,084,941,257</u>	<u>1,252,512,247</u>	<u>234,324,013</u>	<u>1,486,836,260</u>

16.1 Composition of deposits

	2023	2022
	------(Rupees in '000)-----	
- Individuals	762,351,882	612,115,826
- Government (Federal and Provincial)	192,901,644	132,562,598
- Public Sector Entities	195,591,933	103,733,172
- Banking Companies	7,539,529	2,467,843
- Non-Banking Financial Institutions	257,905,001	114,356,195
- Private Sector / Others	668,651,268	521,600,626
	<u>2,084,941,257</u>	<u>1,486,836,260</u>

534 16.2 Current deposits include remunerative current deposits of Rs. 20,788.733 million (2022: Rs. 14,325.601 million).

16.3 Deposits include eligible deposits of Rs. 991,153.534 million (2022: Rs. 755,804.535 million) protected under Depositors Protection Mechanism introduced by the SBP.

16.4 Current deposits include prepaid cards amounting to Rs. 24.932 million (2022: Rs. 25.457 million).

17 SUBORDINATED DEBT	Note	2023	2022
		------(Rupees in '000)-----	
Term Finance Certificates VI - Additional Tier-I (ADT-1)	17.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	17.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>14,000,000</u>

17.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

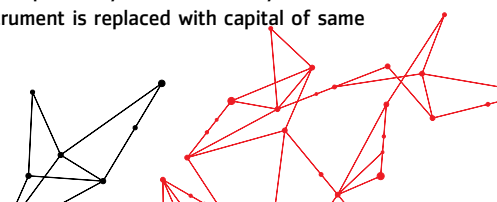
Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.

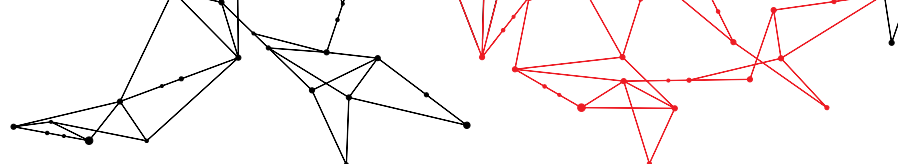
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature. Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

17.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by SBP under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature. Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.





2023 **2022**
-----**(Rupees in '000)**-----

18 OTHER LIABILITIES

Mark-up / return / interest payable in local currency		39,434,467	16,650,129
Mark-up / return / interest payable in foreign currency		1,690,773	1,443,987
Unearned fee commission and income on bills discounted and guarantees		3,201,308	2,591,163
Accrued expenses		16,281,467	12,349,434
Current taxation		14,386,078	12,843,565
Acceptances		24,618,660	19,090,181
Dividends payable		6,166,682	4,767,210
Mark to market loss on forward foreign exchange contracts		2,779,042	455,164
Mark to market loss on derivatives	23.1	96,507	-
Branch adjustment account		73,434	-
Alternative Delivery Channel (ADC) settlement accounts		3,409,741	2,035,378
Provision for Compensated absences		874,117	701,492
Payable against redemption of customer loyalty / reward points		857,241	607,208
Charity payable		114,052	65,998
Provision against off-balance sheet obligations	18.1	78,624	62,948
Security deposits against leases, lockers and others		12,983,647	13,300,923
Workers' Welfare Fund		5,093,704	3,378,897
Payable to vendors and suppliers		850,048	556,205
Margin deposits on derivatives		3,906,392	4,077,091
Payable to merchants (card acquiring)		776,097	16,536
Indirect Taxes Payable		3,874,309	2,360,341
Lease liabilities against right-of-use assets	18.2	22,899,808	17,514,201
Payable against marketable securities		1,391,975	1,277,915
Liability against share based payment		483,001	260,919
Trading liability		2,412,845	2,638,773
Others	38.2	6,148,713	3,090,674
		<u>174,882,732</u>	<u>122,136,332</u>

18.1 Provision against off-balance sheet obligations

Opening balance		62,948	137,639
Exchange adjustments		4,029	12,348
Charge / (reversal) for the year	33	11,647	(87,039)
Closing balance		<u>78,624</u>	<u>62,948</u>

18.1.1 The provision against off balance sheet obligations includes a general provision of Rs. 43.946 million (2022: Rs. 28.563 million) held in Bangladesh books, Rs. 1.728 million (2022: Rs. 1.434 million) held in Afghanistan books as required under the local regulations and a specific provision of Rs. 32.950 million (2022: Rs. 32.950 million) held in Pakistan against defaulted letter of guarantees.

18.2 Lease liabilities against right-of-use assets

2023 **2022**
-----**(Rupees in '000)**-----

As at January 1		17,514,201	13,220,387
Additions / renewals / amendments / (terminations) - net		7,730,666	6,153,076
Borrowing cost		2,659,787	1,924,717
Payments		(5,075,756)	(3,833,077)
Exchange rate / other adjustment		70,910	49,098
As at December 31		<u>22,899,808</u>	<u>17,514,201</u>
Current lease liability		1,852,281	3,451,685
Non current lease liability		21,047,527	14,062,516
		<u>22,899,808</u>	<u>17,514,201</u>

19 SHARE CAPITAL**19.1 Authorised Capital**

2023	2022		2023	2022
------(Number of shares)-----			------(Rupees in '000)-----	
<u>2,300,000,000</u>	<u>2,300,000,000</u>	Ordinary shares of Rs. 10 each	<u>23,000,000</u>	<u>23,000,000</u>

19.2 Issued, subscribed and paid up Capital

2023	2022		2023	2022
------(Number of shares)-----			------(Rupees in '000)-----	
		Ordinary shares		
891,453,153	891,453,153	Fully paid in cash	8,914,531	8,914,531
885,711,966	885,711,966	Issued as bonus shares	8,857,120	8,857,120
	(200,000,000)	Treasury shares held for cancellation	-	(2,000,000)
(200,000,000)	-	Treasury shares cancelled	(2,000,000)	-
<u>1,577,165,119</u>	<u>1,577,165,119</u>		<u>15,771,651</u>	<u>15,771,651</u>

19.3 Treasury Shares

In 2022, the Holding Company, pursuant to the approvals of Board of Directors and Shareholders in their meetings held on 10th November 2022 and 6th December 2022 respectively, purchased 200 million ordinary shares under the buy back scheme. The shares were purchased through Pakistan Stock Exchange Limited, at spot share price prevailing during the buy back period. The Holding Company has cancelled ordinary shares purchased under buy back scheme during the year.

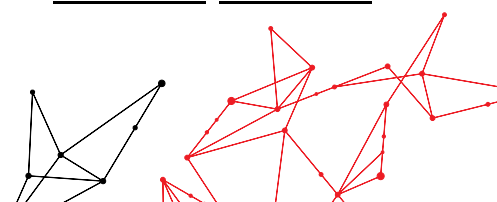
19.4 Statutory reserve

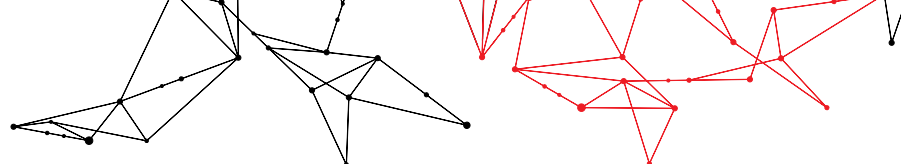
A Banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve plus share premium equals the paid-up share capital. Thereafter, 10% of the profit after tax of the banking company is required to be transferred to this reserve. Accordingly, the Holding Company transfers 10% of its profit after tax every year to the statutory reserve.

20 SURPLUS ON REVALUATION OF ASSETS

Surplus/ (deficit) on revaluation of:

	Note	2023	2022
		------(Rupees in '000)-----	
- Available for sale securities	8.1	(5,290,960)	(17,406,375)
- Available for sale securities of associates		8,639	(20,389)
- Fixed Assets	20.1	12,682,139	12,807,981
- Non-banking assets acquired in satisfaction of claims	20.2	172,321	145,613
		7,572,139	(4,473,170)
Less: Deferred tax asset / (liability) on (deficit) / surplus on revaluation of:			
- Available for sale securities		2,592,570	7,484,741
- Available for sale securities of associates		(4,233)	8,767
- Fixed Assets	20.1	(593,695)	(486,889)
- Non-banking assets acquired in satisfaction of claims	20.2	(85,595)	(63,108)
		1,909,047	6,943,511
Derivatives related deficit		(3,512,910)	(4,169,754)
Less: Deferred tax asset on derivative		1,721,326	1,792,994
		(1,791,584)	(2,376,760)
		<u>11,272,770</u>	<u>4,847,101</u>





20.1 Surplus on revaluation of fixed assets

	2023	2022
	----- (Rupees in '000) -----	
Surplus on revaluation of fixed assets as at January 1	12,807,981	13,053,303
Transferred from Non banking assets to owned property - net of deferred tax	-	36,884
Related deferred tax liability on surplus transfer to owned property	-	23,776
Realised on disposal during the year - net of deferred tax	(36,684)	(124,940)
Related deferred tax liability on surplus realised on disposal	(420)	(92,233)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(88,738)	(88,809)
Surplus on revaluation of fixed assets as at December 31	12,682,139	12,807,981
Less: related deferred tax liability on:		
Revaluation as at January 1	486,889	473,110
- effect of change in tax rate	67,938	48,524
- recognised during the year	39,288	33,712
- surplus transferred to owned property	-	23,776
- surplus realised on disposal during the year	(420)	(92,233)
	593,695	486,889
	<u>12,088,444</u>	<u>12,321,092</u>

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

Surplus on revaluation as at January 1	145,613	171,727
Recognised during the year	26,708	34,668
Transferred to owned property	-	(36,884)
Related deferred tax liability on surplus of transfer to owned property	-	(23,776)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	-	(122)
Surplus on revaluation as at December 31	172,321	145,613
Less: related deferred tax liability on:		
- revaluation as at January 1	63,108	84,039
- effect of change in tax rate	8,806	8,619
- revaluation recognised during the year	13,681	(5,774)
- surplus transferred to owned property	-	(23,776)
	85,595	63,108
	<u>86,726</u>	<u>82,505</u>

21 NON-CONTROLLING INTEREST

Name	Principal activity	Principal place of Business	Ownership interest held by NCI	
			2023	2022
Alfalah CLSA Securities (Private) Limited, Pakistan	Stock Brokerage	Pakistan	37.50%	37.50%

Key financial information of the subsidiary

	2023	2022
	----- (Rupees in '000) -----	
Assets	1,482,410	1,875,409
Liabilities	2,268,182	1,534,610
Net assets	<u>(785,772)</u>	<u>340,799</u>
Non-Controlling Interest (NCI)	<u>(294,665)</u>	<u>127,800</u>

	Note	2023 ----- <u>(Rupees in '000)</u> -----	2022
Revenue		706,153	461,190
Expenses		672,792	453,703
Loss before tax		(1,091,637)	(11,741)
(Loss) / profit after tax		(1,133,597)	7,487
Other comprehensive income / (loss)		7,023	(1,415)
Cash flows:			
Cash flows (used in) / generated from operating activities		(290,002)	266,437
Cash flows used in investing activities		(13,509)	(20,688)
Cash flows used in financing activities		(15,304)	(18,619)
Net (decrease) / increase in cash and cash equivalent		(318,815)	227,130

21.1 During the year, the subsidiary recorded provision against its trade debts resulting in loss for the year.

22 CONTINGENCIES AND COMMITMENTS

-Guarantees	22.1	173,579,640	140,370,087
-Commitments	22.2	731,648,269	439,230,552
-Other contingent liabilities	22.3	23,816,758	6,903,292
		<u>929,044,667</u>	<u>586,503,931</u>

22.1 Guarantees:

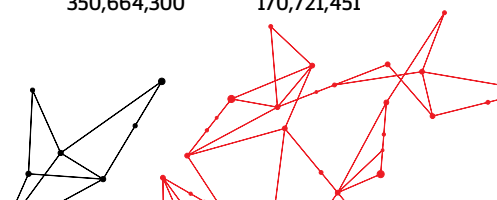
Performance guarantees	55,684,506	53,798,209
Other guarantees	117,895,134	86,571,878
	<u>173,579,640</u>	<u>140,370,087</u>

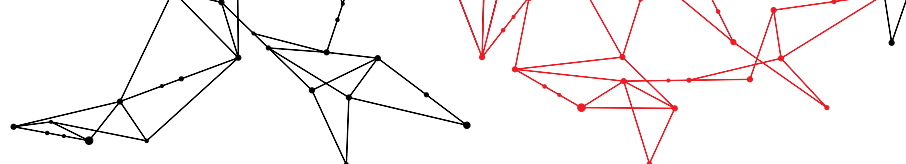
22.2 Commitments:

Documentary credits and short-term trade-related transactions		196,248,432	171,719,857
- Letters of credit			
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	350,664,300	170,721,451
- forward government securities transactions	22.2.2	109,207,715	17,438,813
- derivatives	22.2.3	51,150,198	46,734,911
- forward lending	22.2.4	19,247,075	26,798,555
Commitments for acquisition of:			
- operating fixed assets		3,713,022	3,004,717
- intangible assets		312,027	465,248
Commitments in respect of donations		655,500	1,897,000
Other commitments	22.2.5	450,000	450,000
		<u>731,648,269</u>	<u>439,230,552</u>

22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	198,859,218	120,494,702
Sale	151,805,082	50,226,749
	<u>350,664,300</u>	<u>170,721,451</u>





Note
2023
2022
----- (Rupees in '000) -----

22.2.2 Commitments in respect of forward government securities transactions

Purchase	20,461,347	12,990,116
Sale	88,746,368	4,448,697
	109,207,715	17,438,813

22.2.3 Commitments in respect of derivatives

22.2.3.1 Interest Rate Swaps

Purchase	39,466,304	46,160,838
Sale	-	-
	39,466,304	46,160,838

22.2.3.2 Cross currency swap

Purchase	-	-
Sale	11,683,894	574,073
	11,683,894	574,073

Total commitments in respect of derivatives

51,150,198	46,734,911
------------	------------

22.2.4 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	15,828,600	21,639,590
Commitments in respect of investments	3,418,475	5,158,965
22.2.4.1	19,247,075	26,798,555

540 22.2.4.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Holding Company without the risk of incurring significant penalty or expense.

22.2.5 Other commitments

A commercial bank on behalf of Alfalah CLSA Securities (Private) Limited, Pakistan has given a guarantee of Rs. 450 million (2022: Rs. 450 million) to National Clearing Company of Pakistan Limited (NCCPL) in respect of margin eligible securities. The guarantee facility is for one year and is secured by 1st Pari Passu charge on current assets of the Subsidiary Company.

22.3 Other contingent liabilities

22.3.1 Claims against the Holding Company not acknowledged as debts	23,816,758	6,903,292
---	------------	-----------

These mainly represent counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex. employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these consolidated financial statements.

22.4 Contingency for tax payable

22.4.1 Tax related contingencies are disclosed in note 34.2.

23 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

23.1 Product Analysis

		2023					
		Interest Rate Swaps			Cross Currency Swaps		
Counterparties	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net	
------(Rupees in '000)-----							
With Banks for Hedging	41	39,466,304	3,371,331	-	-	-	
With Banks for Market making	-	-	-	6	11,683,894	707,484	
	<u>41</u>	<u>39,466,304</u>	<u>3,371,331</u>	<u>6</u>	<u>11,683,894</u>	<u>707,484</u>	

		2022					
		Interest Rate Swaps			Cross Currency Swaps		
Counterparties	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net	
------(Rupees in '000)-----							
With Banks for Hedging	51	46,160,838	4,761,605	-	-	-	
With Banks for Market making	-	-	-	1	574,073	33,940	
	<u>51</u>	<u>46,160,838</u>	<u>4,761,605</u>	<u>1</u>	<u>574,073</u>	<u>33,940</u>	

23.2 Maturity Analysis

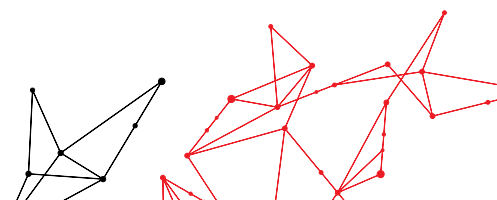
		2023				
		------(Rupees in '000)-----				
Remaining maturity	No. of Contracts	Notional Principal	Mark to Market		Net	
			Negative	Positive		
3 to 6 months	3	3,946,050	-	33,420	33,420	
6 months to 1 Year	4	3,100,468	-	67,863	67,863	
1 to 2 Years	6	3,078,496	-	123,738	123,738	
2 to 3 Years	3	2,877,882	-	209,153	209,153	
3 to 5 Years	9	7,187,448	-	571,371	571,371	
5 to 10 years	18	19,730,249	-	2,397,546	2,397,546	
Above 10 Years	4	11,229,605	96,507	772,231	675,724	
Total	<u>47</u>	<u>51,150,198</u>	<u>96,507</u>	<u>4,175,322</u>	<u>4,078,815</u>	

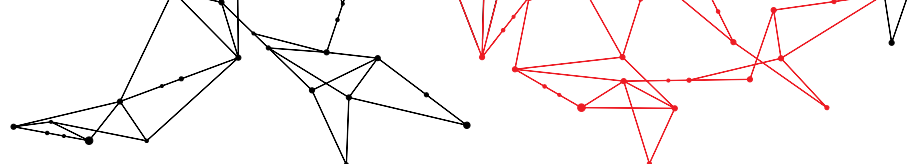
		2022				
		------(Rupees in '000)-----				
Remaining maturity	No. of Contracts	Notional Principal	Mark to Market		Net	
			Negative	Positive		
3 to 6 months	2	1,811,447	-	18,836	18,836	
1 to 2 Years	8	6,113,634	-	208,071	208,071	
2 to 3 Years	5	3,448,860	-	194,341	194,341	
3 to 5 Years	11	12,483,453	-	1,151,673	1,151,673	
5 to 10 years	25	22,303,444	-	3,188,684	3,188,684	
Above 10 Years	1	574,073	-	33,940	33,940	
Total	<u>52</u>	<u>46,734,911</u>	<u>-</u>	<u>4,795,545</u>	<u>4,795,545</u>	

23.3 The risk management policy related to derivatives is disclosed in note 47.7 to these consolidated financial statements.

24 MARK-UP/RETURN/INTEREST EARNED

	2023	2022
	------(Rupees in '000)-----	
On:		
a) Loans and advances	116,207,873	78,153,433
b) Investments	278,702,240	128,174,141
c) Lendings to financial institutions	4,908,013	2,168,508
d) Balances with banks / financial Institutions	92,808	115,215
e) On securities purchased under resale agreements / bai muajjal	12,094,096	5,494,723
	<u>412,005,030</u>	<u>214,106,020</u>

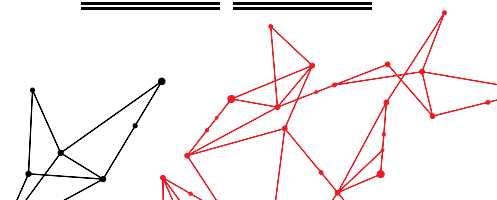


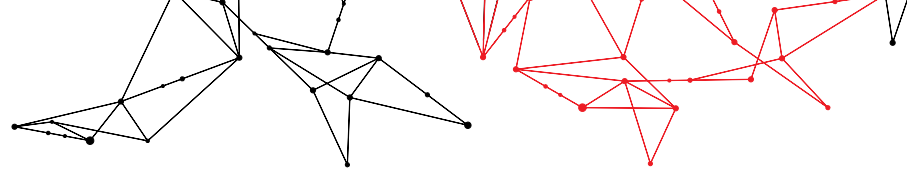


	Note	2023 ----- (Rupees in '000) -----	2022
25 MARK-UP/RETURN/INTEREST EXPENSED			
On:			
a) Deposits		167,502,713	76,374,613
b) Borrowings		19,222,022	10,429,204
c) Securities sold under repurchase agreements		88,504,922	43,563,204
d) Subordinated debt		3,061,353	1,211,651
e) Cost of foreign currency swaps against foreign currency deposits / borrowings		4,691,399	3,173,615
f) Borrowing cost on leased properties		2,659,787	1,924,717
g) Reward points / customer loyalty		410,944	256,104
		<u>286,053,140</u>	<u>136,933,108</u>
26 FEE & COMMISSION INCOME			
Branch banking customer fees		1,356,701	1,077,276
Consumer finance related fees		602,773	499,418
Card related fees (debit and credit cards)		2,336,459	1,669,928
Credit related fees		631,917	373,000
Investment banking fees		374,420	308,002
Commission on trade		2,630,002	2,230,819
Commission on guarantees		758,763	565,910
Commission on cash management		85,340	67,623
Commission on remittances including home remittances		1,509,840	1,219,647
Commission on bancassurance		547,015	574,905
Card acquiring business		1,735,533	908,614
Wealth management fee		211,105	105,266
Commission on Employees' Old-Age Benefits Institution (EOBI)		-	23,771
Commission on Benazir Income Support Programme (BISP)		529,058	293,386
Alternative Delivery Channel (ADC) settlement accounts		1,286,720	705,085
Brokerage/ commission income		614,017	368,075
Others		219,126	241,152
		<u>15,428,789</u>	<u>11,231,877</u>
27 FOREIGN EXCHANGE INCOME			
Foreign exchange income		10,162,852	9,228,336
Foreign exchange loss related to derivatives		(608,034)	(9,708)
		<u>9,554,818</u>	<u>9,218,628</u>
28 GAIN / (LOSS) ON SECURITIES			
Realised gain / (loss)	28.1	683,539	(70,513)
Unrealised loss - held for trading	8.1	(374,072)	(27,109)
Unrealised (loss) / gain on trading liabilities - net		(13,724)	32,598
		<u>295,743</u>	<u>(65,024)</u>
28.1 Realised gain / (loss) on:			
Federal government securities		(44,893)	62,764
Shares		471,821	(224,256)
Foreign securities		256,611	90,979
		<u>683,539</u>	<u>(70,513)</u>
29 OTHER INCOME			
Rent on property		27,686	29,938
Gain on sale of fixed assets - net		145,030	111,972
Gain on sale of non banking assets - net	13.1.2	-	9,200
Profit on termination of leased contracts (Ijarah)		48,259	52,985
Gain on termination of leases (IFRS 16)		112,863	121,876
Others		8	-
		<u>333,846</u>	<u>325,971</u>

29.1 In 2022, the Holding Company realised a gain of Rs. 9.200 million against sale of following non - banking assets:

	Note	2023 ------(Rupees in '000)-----	2022
Membership shares / cards		-	9,200
30 OPERATING EXPENSES			
Total compensation expense	30.1	28,992,704	21,433,635
Property expense			
Rates and taxes		225,024	180,730
Utilities cost		2,769,234	2,293,147
Security (including guards)		1,363,964	1,109,000
Repair and maintenance (including janitorial charges)		1,371,863	1,196,545
Depreciation on right-of-use assets	10.3	3,367,208	2,739,579
Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	4,996	4,447
Depreciation on owned assets	10.2	873,420	651,270
		9,975,709	8,174,718
Information technology expenses			
Software maintenance		2,703,165	2,053,151
Hardware maintenance		966,168	610,670
Depreciation	10.2	1,086,813	813,182
Amortisation	11.1	327,499	351,770
Network charges		650,813	549,872
Consultancy and support services		204,947	333,212
		5,939,405	4,711,857
Other operating expenses			
Directors' fees and allowances	41.2	151,200	180,000
Fees and allowances to Shariah Board	41.3	16,708	13,817
Legal and professional charges		487,986	723,888
Outsourced services costs	30.2	1,038,446	1,046,786
Travelling and conveyance		1,382,096	950,423
Clearing and custodian charges		198,468	151,516
Depreciation	10.2	1,577,855	1,221,961
Training and development		135,311	120,447
Postage and courier charges		478,872	577,661
Communication		1,807,951	993,304
Stationery and printing		1,405,729	1,089,367
Marketing, advertisement and publicity		3,671,960	1,628,410
Donations	30.3	1,249,520	332,015
Auditors' remuneration	30.4	155,095	66,862
Brokerage and commission		517,477	274,216
Entertainment		673,343	448,587
Repairs and maintenance		887,841	991,122
Insurance		1,546,229	1,589,765
Cash handling charges		1,551,979	1,388,573
CNIC verification		247,049	212,338
Others		893,563	1,576,671
		20,074,678	15,577,729
		<u>64,982,496</u>	<u>49,897,939</u>





30.1 Total compensation expense

	Note	2023 ----- (Rupees in '000) -----	2022
Managerial Remuneration		18,791,981	15,384,622
i) Fixed			
ii) Variable			
a) Cash Bonus / Awards etc.		6,363,289	3,377,573
b) Bonus and Awards in Shares etc.		362,250	192,741
Charge for defined benefit plan	38.1.9	413,244	282,939
Contribution to defined contribution plan	39	730,931	582,159
Medical		1,299,251	836,017
Conveyance		523,234	373,649
Staff compensated absences	40.1	172,625	67,268
Staff insurance		200,591	209,929
Staff welfare		100,608	48,409
Club subscription		3,723	3,150
Others		12,013	46,208
Sub-total		28,973,740	21,404,664
Sign-on Bonus		18,964	23,971
Severance Allowance		-	5,000
Grand Total		28,992,704	21,433,635
		----- No of persons -----	
Sign- on Bonus		12	10
Severance Allowance		-	1

30.2 The cost of outsourced activities included in other operating expenses is Rs. 860.632 million (2022: Rs. 681.300 million). This pertains to payment to companies incorporated in Pakistan.

30.3 Donations

	2023 ----- (Rupees in '000) -----	2022
Shaukat Khanum Memorial Cancer Hospital and Research Centre	33,000	34,000
Zindagi Trust	7,420	-
Habib University Foundation	6,400	-
Alamgir Welfare Trust International	4,500	8,000
Special Olympics Pakistan	4,500	-
NOWPDP	4,000	-
WWF - Pakistan	3,600	-
Family Educational Services	3,600	1,600
Karwan-e-Hayat	3,000	-
Protection and Help of Children Against Abuse and Neglect	2,500	-
The i Care Foundation	2,000	-
Make-a-Wish Foundation Pakistan	500	250
Indus Earth Trust	-	4,750
Indus Hospital & Health Network	-	4,680
Patients' Aid Foundation	-	1,500
Aziz Jehan Begum Trust	-	1,000
Child Aid Association	-	1,000
AKUH - The Patients' Behbud Society	-	1,000
ASD Welfare Trust	-	500
Bait-ul-Sukoon Trust	-	500
Murshid Hospital - The Patients Welfare Association	-	500
Karigar Training Institute	-	500
The Friends of Education Foundation	-	500
Zafar and Atia Foundation Charitable Trust	-	500
	75,020	60,780

Donation paid for Flood Relief	2023	2022
	----- (Rupees in '000) -----	
Akhuwat	250,000	-
Aga Khan Foundation	200,000	-
Patients' Aid Foundation	150,000	-
Karachi Relief Trust	150,000	25,000
The Citizen Foundation	59,000	25,000
Child Life Foundation	50,000	-
Shahid Afridi Foundation	50,000	25,000
Alamgir Welfare Trust International	47,000	25,004
Sahil Welfare Association	35,000	-
Al Mustafa Trust	33,500	8,000
Green Crescent Trust	30,000	-
The Layton R. Benevolent Trust	25,000	-
Indus Hospital & Health Network	25,000	-
Bait us Salam Welfare Trust	25,000	25,000
Health And Nutrition Development Society	20,000	10,000
Vital Pakistan Trust	15,000	-
Taraqee Foundation	10,000	-
Jafaria Disaster Management Cell (JDC) Welfare Foundation of Pakistan	-	31,000
Citizen Police Liaison Committee (CPLC)	-	25,000
Saylani Welfare International Trust	-	25,000
Al Khidmat Welfare Society	-	25,000
Balochistan Rural Support Programme (Guarantee) Limited	-	10,000
Bestway Foundation (Trust)	-	1,363
Donation to flood affected families of Sardar Garh and other adjacent villages of Ghotki, Sindh	-	10,868
	<u>1,174,500</u>	<u>271,235</u>
Total donations	<u>1,249,520</u>	<u>332,015</u>

30.3.1 None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation and Child Life Foundation.

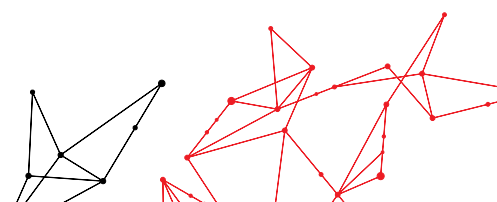
30.4 Auditors' remuneration

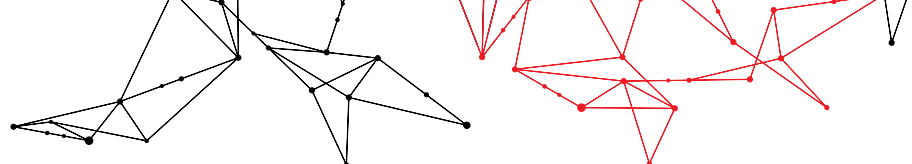
	2023			2022		
	Domestic	Overseas	Total	Domestic	Overseas	Total
----- (Rupees in '000) -----						
Audit fee	17,653	40,055	57,708	17,653	22,662	40,315
Fee for other statutory certification:	7,003	6,436	13,439	7,651	6,468	14,119
Special certifications and sundry advisory services (note 30.4.1)	55,842	21,028	76,870	7,393	643	8,036
Out-of-pocket expenses	2,858	1,907	4,765	2,303	868	3,171
Audit fee and other certifications of Subsidiary	2,313	-	2,313	1,221	-	1,221
	<u>85,669</u>	<u>69,426</u>	<u>155,095</u>	<u>36,221</u>	<u>30,641</u>	<u>66,862</u>

30.4.1 Consultancy, tax and other non audit services amounting to Rs. 156.840 million were not included in prior year as A.F. Ferguson & Co. was not the statutory auditor of the Holding Company.

31 WORKERS' WELFARE FUND

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 the 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 petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.





32 OTHER CHARGES	Note	2023	2022
----- (Rupees in '000) -----			
Penalties imposed by State Bank of Pakistan		279,412	24,628
Penalties imposed by other regulatory bodies		-	2,550
		<u>279,412</u>	<u>27,178</u>
33 PROVISIONS & WRITE OFFS - NET			
Provision against cash with treasury (IFRS 9 - ECL)		36,044	-
Provision against balance with other bank (IFRS 9 - ECL)		3,073	-
Provision against lending to financial institutions (IFRS 9 - ECL)		149	156
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	8.3.1	(972,474)	2,499,018
Provision against loans & advances / IFRS 9 - ECL	9.6	10,509,002	8,943,799
Provision against other assets / IFRS 9 - ECL	13.3.1	1,435,924	1,327,876
Provision / (reversal) against off-balance sheet obligations / IFRS 9 - ECL	18.1	11,647	(87,039)
Other provisions / write off - net		84,750	91,364
Recovery of written off / charged off bad debts		(779,160)	(312,242)
(Reversal of deficit) / deficit on revaluation of non-banking assets	13.1.1	(4,201)	4,201
	33.1	<u>10,324,754</u>	<u>12,467,133</u>
33.1	This includes ECL reversal on overseas operations of Rs. 93.850 million (2022: charge Rs. 1,627.624 million).		
34 TAXATION			
Charge / (reversal):			
Current		42,030,319	22,241,413
Prior years		1,651,651	(2,619,042)
Deferred		(1,030,593)	(1,342,434)
	34.1	<u>42,651,377</u>	<u>18,279,937</u>
34.1 Relationship between tax expense and accounting profit			
Accounting profit before taxation		<u>78,737,737</u>	<u>36,677,401</u>
Tax at the applicable rate of 49% (2022: 49%)		38,581,491	17,971,926
Effect of:			
- impact of different tax rate of subsidiary		(534,902)	(10,350)
- permanent differences		251,327	145,038
- Impact of change in tax rates		(331,513)	(149,642)
- prior year windfall tax	34.3	3,600,000	-
- others		1,084,974	322,965
Tax expense for the year		<u>42,651,377</u>	<u>18,279,937</u>

- 34.2** a) The income tax assessments of the Holding Company have been finalised up to and including tax year 2023. Certain addbacks made by the tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017 and 2019 to 2023, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of leasehold improvements resulting in a tax demand of Rs. 764.870 million net of relief provided in appeal (December 31, 2022: Rs. 639.939 million). The Holding Company has filed an appeal which is pending before the Commissioner Appeals. The management is confident that matter are be decided in favour of the Holding Company and consequently has not made any provision in this respect. The management is confident that these matters are likely to be decided in favor of the Holding Company.

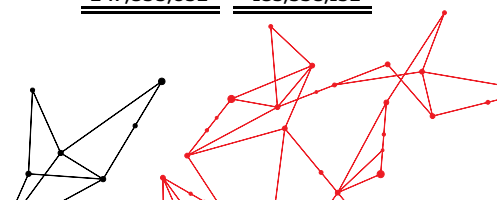
- b) The Holding Company had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. Appeals against these orders are pending before Commissioner Appeals. The Holding Company has not made any provision against these orders and the management is of the view that these matters are likely to be settled in Holding Company's favour through appellate process.
- c) The Holding Company had received an order from a tax authority wherein a Sales tax and a penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and an appeal against this order is pending before Commissioner Appeals. Another order previously received for the same accounting year wherein Sales tax and Further Tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions is redemanded in appeal effect order. In the current year, a similar order for the accounting years 2017 and 2018 is issued with tax demand of Rs. 11.536 million (excluding default surcharge). The Holding Company intends to file appeals after obtaining advice of tax consultant. The Holding Company has not made any provision against these orders and the management is of the view that these matters are likely to be favourably settled through appellate process.

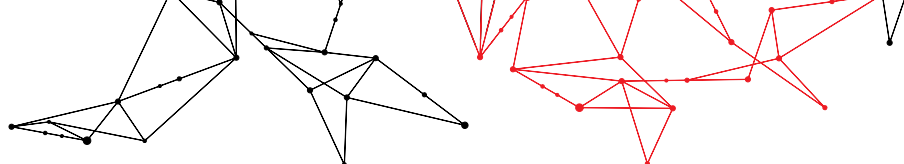
34.3 During the year, in relation to Section 99D of the Income Tax Ordinance, 2001, FBR has issued SRO to impose an additional windfall tax at 40% on foreign exchange income of the banks for the accounting years 2021 and 2022. The Holding Company along with other banks has challenged the law and filed a petition in Sindh High Court. Based on strong grounds, stay order has also been issued to banks. Similar cases have also been filed by other banks in Islamabad & Lahore High Courts wherein stay orders have been granted. However, the Holding Company has recorded a prior year charge of Rs. 3.6 billion in these consolidated financial statements on account of prudence.

35 BASIC AND DILUTED EARNINGS PER SHARE	2023	2022
	----- (Rupees in '000) -----	
Profit attributable to equity holders of the Holding Company	<u>36,511,459</u>	<u>18,394,766</u>
	-- (Number of shares in '000) --	
Weighted average number of ordinary shares	<u>1,577,165</u>	<u>1,772,645</u>
	----- Rupees -----	
Basic and diluted earnings per share	<u>23.15</u>	<u>10.38</u>
	-- (Number of shares in '000) --	
35.1 Weighted average number of ordinary shares		
Outstanding number of shares before own shares purchased	1,577,165	1,777,165
Less: Impact of own shares purchased	-	(4,520)
	<u>1,577,165</u>	<u>1,772,645</u>

35.2 Diluted earnings per share has not been presented separately as the Holding Company does not have any convertible instruments in issue.

36 CASH AND CASH EQUIVALENTS	Note	2023	2022
		----- (Rupees in '000) -----	
Cash and balance with treasury banks	5	202,728,363	140,613,751
Balance with other banks	6	16,993,142	10,105,449
Call / clean money lendings	36.2	32,018,705	40,274,315
Borrowings - others	15.2	(372,579)	(170,410)
Overdrawn nostro accounts	15	<u>(3,467,939)</u>	<u>(4,884,913)</u>
		<u>247,899,692</u>	<u>185,938,192</u>




36.1 Reconciliation of debt arising from financing activities

	2023				
	Liability			Equity	
	(Rupees in '000)				
Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital		
Balances as at January 01, 2023	14,000,000	17,514,201	4,767,210	15,771,651	
Changes from financing cash flows					
Payment of leased liability	-	(5,075,756)	-	-	
Dividend paid	-	-	(7,274,936)	-	
	-	(5,075,756)	(7,274,936)	-	
Other changes					
Additions / renewals / amendments / (terminations) - net	-	7,730,666	-	-	
Borrowing cost on lease liability	-	2,659,787	-	-	
Exchange rate adjustment	-	70,910	-	-	
Final cash dividend for the year ended December 31, 2022 - 20%	-	-	3,942,913	-	
Interim cash dividend for the half year ended June 30, 2023 - 25%	-	-	4,731,495	-	
	-	10,461,363	8,674,408	-	
Balances as at December 31, 2023	<u>14,000,000</u>	<u>22,899,808</u>	<u>6,166,682</u>	<u>15,771,651</u>	

	2022				
	Liability			Equity	
	(Rupees in '000)				
Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital		
Balances as at January 01, 2022	7,000,000	13,220,387	152,030	17,771,651	
Changes from financing cash flows					
Issuance of subordinated debt	7,000,000	-	-	-	
Payment of leased liability	-	(3,833,077)	-	-	
Own shares purchased during the year	-	-	-	(2,000,000)	
Dividend Paid	-	-	(3,382,063)	-	
	7,000,000	(3,833,077)	(3,382,063)	(2,000,000)	
Other changes					
Additions / renewals of leases	-	6,153,076	-	-	
Borrowing cost on lease liability	-	1,924,717	-	-	
Exchange rate adjustment	-	49,098	-	-	
Final cash dividend for the year ended December 31, 2020 - 20%	-	-	3,554,330	-	
Interim cash dividend for the half year ended June 30, 2021 - 20%	-	-	4,442,913	-	
	-	8,126,891	7,997,243	-	
Balances as at December 31, 2022	<u>14,000,000</u>	<u>17,514,201</u>	<u>4,767,210</u>	<u>15,771,651</u>	

36.2 This represents call / clean money lendings having maturities upto three months.

37 STAFF STRENGTH

	2023			2022		
	(Number of employees)					
	Domestic	Overseas	Total	Domestic	Overseas	Total
Permanent	14,519	209	14,728	13,657	203	13,860
On the Group's contract	64	60	124	52	60	112
The Group's own staff strength at the end of the year	<u>14,583</u>	<u>269</u>	<u>14,852</u>	<u>13,709</u>	<u>263</u>	<u>13,972</u>

37.1 In addition to the above, 106 (2022: 109) employees of outsourcing services companies were assigned to the Holding Company as at the end of the year to perform services other than guarding, tea and janitorial services etc. Outsourced staff includes 105 (2022: 108) working in Pakistan and 01 (2022: 01) working at overseas branches.

38 DEFINED BENEFIT PLAN

38.1 The Holding Company

38.1.1 General description

The Holding Company operates an approved funded gratuity scheme which cover all regular permanent employees. The liability of the Holding Company in respect of the plan is determined based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial valuation of the defined benefit plan is carried out every year and the latest valuation was carried out as at December 31, 2023. The significant assumptions are detailed below:

38.1.2 Number of Employees under the scheme

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

	2023	2022
	----- (Number) -----	
- Gratuity fund	<u>14,453</u>	<u>13,586</u>

38.1.3 Principal actuarial assumptions

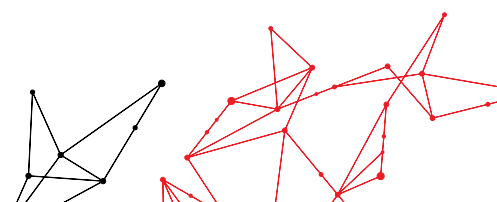
The disclosures made below are based on the information included in the actuarial valuation report of the Holding Company as of December 31, 2023:

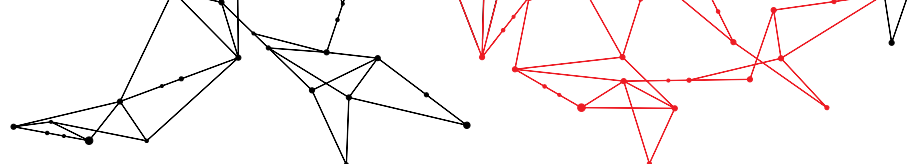
	2023	2022
	----- (Per annum) -----	
Withdrawal rates	Low	Low
Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Valuation discount rate (p.a)	14.75%	14.25%
Salary increase rate (p.a) - Short term (5 years)	14.00%	10.92%
Salary increase rate (p.a) - Long term	14.00%	12.25%
Expected rate of return on plan assets (p.a)	14.75%	14.25%
Normal retirement age	65 Years	60 Years
Duration	14 Years 4 months	11 Years 3 months

	Note	2023	2022
		----- (Rupees in '000) -----	
Present value of obligations	38.1.5	4,282,553	2,891,871
Fair value of plan assets	38.1.6	<u>(4,723,138)</u>	<u>(3,045,578)</u>
Receivable	38.1.7	<u>(440,585)</u>	<u>(153,707)</u>

38.1.5 Movement in defined benefit obligations

Obligations at the beginning of the year	2,891,871	2,139,371
Current service cost	573,199	446,331
Interest cost	394,525	245,895
Past service cost	(104,744)	-
Benefits paid by the Holding Company	(246,078)	(245,809)
Re-measurement loss	773,780	306,083
Obligations at the end of the year	<u>4,282,553</u>	<u>2,891,871</u>





Note

2023

2022

----- (Rupees in '000) -----

38.1.6 Movement in fair value of plan assets

Fair value at the beginning of the year		3,045,578	2,883,695
Interest income on plan assets		449,736	409,287
Contribution by the Holding Company - net		467,002	268,817
Benefits paid		(246,078)	(245,809)
Re-measurement gain / (loss)	38.1.10	1,006,900	(270,412)
Fair value at the end of the year	38.1.11	<u>4,723,138</u>	<u>3,045,578</u>

38.1.7 Movement in receivable under defined benefit plan

Opening balance		(153,707)	(744,324)
Charge for the year		413,244	282,939
Contribution by the Holding Company - net		(467,002)	(268,817)
Re-measurement loss / (gain) recognised in OCI during the year	38.1.10	<u>(233,120)</u>	<u>576,495</u>
Closing balance		<u>(440,585)</u>	<u>(153,707)</u>

38.1.8 Charge for defined benefit plans**38.1.9 Cost recognised in profit and loss**

Current service cost	38.1.5	573,199	446,331
Past service cost		(104,744)	-
Net interest on defined benefit asset / liability	38.1.5 & 38.1.6	<u>(55,211)</u>	<u>(163,392)</u>
		<u>413,244</u>	<u>282,939</u>

38.1.10 Re-measurements recognised in OCI during the year

(Gain) / loss on obligation			
- Demographic assumptions		-	-
- Financial assumptions		569,483	285,766
- Experience adjustment		204,297	20,317
Return on plan assets over interest loss		<u>(1,006,900)</u>	<u>270,412</u>
Total re-measurements recognised in OCI		<u>(233,120)</u>	<u>576,495</u>

38.1.11 Components of plan assets

Cash and cash equivalents - net		1,126,635	352,679
Non-Government debt securities		952,365	952,365
Ordinary shares		2,165,664	1,345,560
Units of mutual funds		478,474	394,974
		<u>4,723,138</u>	<u>3,045,578</u>

38.1.11.1 Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Holding Company which are subject to credit risk. These risks are regularly monitored by Trustees of the employee funds.

38.1.12 Sensitivity analysis

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

Particulars	2023	
	PV of Defined Benefit Obligation ----- (Rupees in '000) -----	Change
1% increase in discount rate	3,729,903	(552,650)
1% decrease in discount rate	4,951,124	668,571
1 % increase in expected rate of salary increase	4,971,184	688,631
1 % decrease in expected rate of salary increase	3,705,769	(576,784)
10% increase in withdrawal rate	4,285,005	2,452
10% decrease in withdrawal rate	4,279,958	(2,595)
1 year Mortality age set back	4,279,803	(2,750)
1 year Mortality age set forward	4,285,275	2,722
		2024
		(Rupees in '000)
38.1.13 Expected contributions to be paid to the fund in the next financial year		<u>671,297</u>
38.1.14 Expected charge for the next financial year		<u>671,297</u>

38.1.15 Maturity profile

The undiscounted expected payments maturity is tabulated below:

Particulars	2023 Undiscounted Payments (Rupees in '000)
Year 1	115,108
Year 2	112,910
Year 3	120,174
Year 4	151,938
Year 5	185,236
Year 6 to Year 10	1,622,564
Year 11 and above	<u>66,462,591</u>
	<u>68,770,521</u>

38.1.16 Funding Policy

The Holding Company's policy for funding the staff retirement benefit scheme, is given in note 4.8 (a).

38.1.17 Risks associated with defined benefit plans**Asset volatility**

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

Changes in bond yields

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

Inflation risks

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

Life expectancy / withdrawal risk:

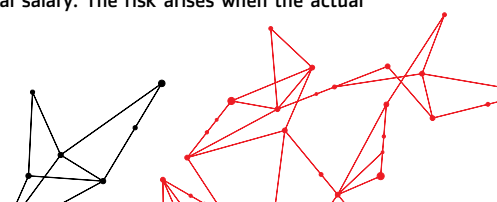
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

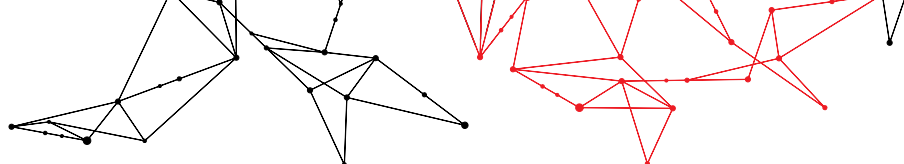
Longevity risks:

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 in salary are higher than expectation and impacts the liability accordingly.





38.2 Subsidiary - Alfalah CLSA Securities (Private) Limited

The subsidiary company operates an unfunded gratuity scheme for all its employees who have completed the qualifying period as defined in the scheme. The subsidiary company has carried out an actuarial valuation on December 31, 2023 using Projected Unit Credit Method and results of the valuation are as given below:

	2023	2022
	------(Number)-----	
The total number of employees covered under scheme	<u>66</u>	<u>70</u>

38.2.1 Principal actuarial assumptions

The disclosures made below are based on the information included in the actuarial valuation report of the subsidiary company as at December 31, 2023:

	Note	2023	2022
		------(Per annum)-----	
Valuation discount rate		15.50%	14.50%
Salary increase rate		10.50%	11.53%
Mortality rates		SLIC 2001 - 2005	
Rates of employee turnover		Moderate	Moderate

38.2.2 Amount recognised in the balance sheet

		2023	2022
		------(Rupees in '000)-----	
Defined benefit obligation	38.2.3	35,783	39,844
Fair value of plan assets		-	-
Net liability		<u>35,783</u>	<u>39,844</u>

38.2.3 Reconciliation of payable to defined benefit plan

Opening net liability		39,844	29,385
Charge for the year	38.2.4	6,033	10,115
Other comprehensive income	38.2.5	(7,023)	1,993
Benefits paid during the period / year		(3,071)	(1,649)
Closing net liability		<u>35,783</u>	<u>39,844</u>

38.2.4 Charge for the defined benefit plan

Current service cost		7,754	6,760
Net interest		5,555	3,355
Benefits not paid		(7,276)	-
		<u>6,033</u>	<u>10,115</u>

38.2.5 Actuarial gain / (loss) on obligation

Unrecognised actuarial gain as at 1 January		1,292	3,285
Actuarial gain / (loss) on obligations - recognised in OCI		7,023	(1,993)
Unrecognised actuarial gain at 31 December		<u>8,315</u>	<u>1,292</u>

38.2.6 Sensitivity analysis on significant actuarial assumptions: actuarial liability

Discount rate +1%	33,724	36,539
Discount rate -1%	38,097	43,675
Salary increases +1%	38,310	43,900
Salary increases -1%	33,503	36,298

	2023	2022
	----- (Years) -----	
38.2.7 Weighted average duration of the present value of defined benefit obligation	<u>6.11</u>	<u>8.95</u>

38.2.8 Maturity profile of the defined benefit obligation

Distribution of timing of benefit payments (time in years)	2023	2022
	----- (Rupees in '000) -----	
Year 1	5,459	4,144
Year 2	3,052	1,506
Year 3	4,294	1,639
Year 4	3,620	2,809
Year 5	13,395	1,788
Year 6 to Year 10	20,669	36,801
Year 11 and above	122,790	245,774

38.2.9 The expected gratuity expense for the next one year works out to be Rs. 11.360 million.

38.2.10 Risks associated with defined benefit plans

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.

39 DEFINED CONTRIBUTION PLAN

39.1 Holding Company - Bank Alfalah Limited

The Holding Company operates an approved provident fund scheme for all its permanent employees to which Holding Company contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

During the year, the Holding Company contributed Rs. 730.931 million (2022: Rs. 582.159 million) to the fund.

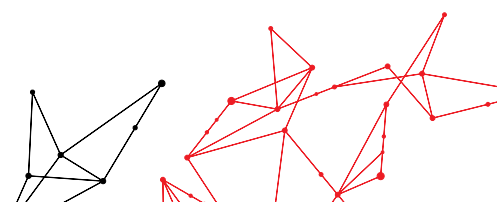
40 OTHER EMPLOYEE BENEFIT

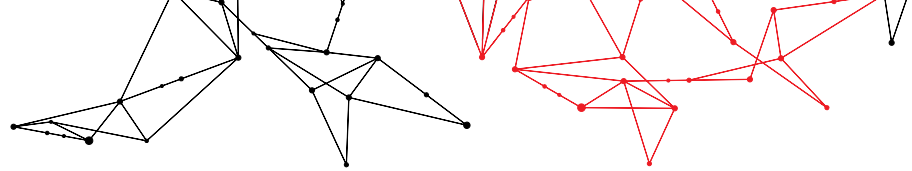
40.1 Compensated absences

The Holding Company operates compensated absences scheme in which employees can carry forward unutilised leaves up to maximum of 45 days.

40.2 Benefit scheme for overseas branches

The Holding Company operates retirement benefit schemes for its employees at overseas branches in compliance with the local labour laws of the respective countries where the branches operate.





41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total compensation expense

41.1.1 Holding Company

2023

Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
------(Rupees in '000)-----								
1	Fees and allowances etc.	-	-	151,200	16,708	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	4,592	81,210	328,987	1,270,420
	ii) Variable							
	a) Cash bonus / awards**	-	-	-	1,207	125,000	250,877	542,840
	b) Bonus and awards in shares	-	-	-	-	15,489	46,622	58,904
3	Charge for defined benefit plan	-	-	-	-	6,048	19,193	89,830
4	Contribution to defined contribution plan	-	-	-	189	6,048	19,193	66,842
5	Rent & house maintenance	-	-	-	908	42,912	92,164	377,022
6	Utilities	-	-	-	227	11,309	23,041	82,977
7	Medical	-	-	-	-	-	-	685
8	Conveyance	-	-	-	-	-	-	196
9	Others	-	-	-	189	-	-	-
	Total (1 - 9)	-	-	151,200	24,020	288,016	780,077	2,489,716
	Number of persons	1	-	6	5	1	16	176

2022

Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
------(Rupees in '000)-----								
1	Fees and allowances etc.	-	-	180,000	13,817	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	3,706	75,195	294,719	1,018,032
	ii) Variable							
	a) Cash bonus / awards**	-	-	-	950	90,525	182,500	372,404
	b) Bonus & awards in Shares	-	-	-	-	8,743	26,344	32,021
3	Charge for defined benefit plan	-	-	-	-	-	16,407	67,558
4	Contribution to defined contribution plan	-	-	-	157	5,498	16,407	52,476
5	Rent & house maintenance	-	-	-	755	36,379	78,131	289,984
6	Utilities	-	-	-	189	9,434	19,533	64,465
7	Medical	-	-	-	-	-	-	309
8	Conveyance	-	-	-	-	-	-	491
10	Others	-	-	-	141	-	-	-
	Total (1 - 9)	-	-	180,000	19,715	225,774	634,041	1,897,740
	Number of persons	1	-	6	5	1	15	161

The Chief Executive and certain Executives have been provided with car(s), household equipment and fuel.

A certain portion of variable compensation of the CEO, Key Executives, MRTs/MRCs shall be subject to mandatory deferrals for a defined period of three years, whereas remaining portion of the bonus shall be paid upfront to the MRTs / MRCs. The deferred bonus shall vest proportionately over the deferral period following the year of variable remuneration award.

In case of malus and where accountability has been determined in accordance with the conduct & accountability framework of the Holding Company, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the MRT / MRC on its becoming due.

The deferred portion is managed internally within the Holding Company. The Holding Company provides for the return on deferred portion at rate of return earned on government securities over the time horizon for deferral.

The total movement of deferred bonus during the year December 31, 2023 for the President / Chief Executive Officer (CEO), Key Executives and Other Material Risk Takers (MRTs) / Material Risk Controller (MRCs) is as follows:

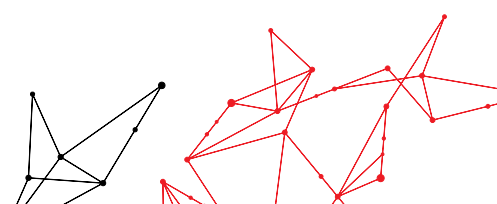
	2023	2022
	----(Rupees in '000)----	
Opening balance	199,982	157,386
Add: deferred during the year	140,374	105,704
Less: paid / vested during the year	<u>(99,515)</u>	<u>(63,108)</u>
Closing balance	<u><u>240,841</u></u>	<u><u>199,982</u></u>

* This includes salaries and allowance of a resident member of Shariah Board who is an employee of the Holding Company.

**This includes sign-on bonus amounting to Rs. 7.000 million to 2 MRTs / MRCs in year 2023 (2022: Rs. 13.000 million to 3 MRTs / MRCs).

41.1.2 Subsidiary - Alfalah CLSA Securities (Private) Limited

Total Compensation expense to the CEO and key executives of the subsidiary is Rs. 75.418 million (2022: Rs. 73.286 million).



41.2 Remuneration Paid to Directors for Participation in Board and Board Committees Meetings - Holding Company

Sr. No.	Name of Director	Meeting Fees Paid for Board and Board Committee Meetings								Total
		Board Meetings	Board Audit Committee	Board Human Resources & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Coronavirus-Crises Management Committee	Board Real Estate Committee	
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawalleel Al Mansoori	4,000	-	-	-	-	-	-	-	4,000
3	Mr. Abdulla Khalil Al Mutawa	4,800	6,400	4,000	4,000	5,600	7,680	-	5,760	38,240
4	Mr. Khalid Mana Saeed Al Otaiba	4,800	6,400	4,000	4,000	6,720	6,400	-	5,760	38,080
5	Dr. Gorygy Tamas Ladics	4,800	-	4,000	4,800	-	6,400	-	-	20,000
6	Mr. Khalid Qurashi	4,800	7,680	4,000	-	5,600	6,400	-	-	28,480
7	Dr. Ayesha Khan	4,800	6,400	4,800	-	-	6,400	-	-	22,400
	Total	28,000	26,880	20,800	12,800	17,920	33,280	-	11,520	151,200

Sr. No.	Name of Director	Meeting Fees Paid for Board and Board Committee Meetings								Total/Amount Paid
		Board Meetings	Board Audit Committee	Board Resources & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Coronavirus-Crises Management Committee	Board Real Estate Committee	
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawalleel Al Mansoori	4,000	-	-	-	-	-	-	-	4,000
3	Mr. Abdulla Khalil Al Mutawa	5,600	7,200	4,000	4,800	5,600	7,680	6,720	3,840	45,440
4	Mr. Khalid Mana Saeed Al Otaiba	5,600	7,200	4,000	4,800	6,720	6,400	5,600	3,200	43,520
5	Dr. Gorygy Tamas Ladics	5,600	-	4,000	5,760	-	6,400	5,600	-	27,360
6	Mr. Khalid Qurashi	5,600	8,640	4,000	-	5,600	6,400	5,600	-	35,840
7	Dr. Ayesha Khan	4,800	5,600	3,840	-	-	5,600	4,000	-	23,840
	Total	31,200	28,640	19,840	15,360	17,920	32,480	27,520	7,040	180,000

41.3 Remuneration paid to Shariah Board Members

Sr. No.	Items	2023			2022			TOTAL
		Chairman	Non-Resident Member	Resident Member	TOTAL	Chairman	Non-Resident Member	
1	Fees / remuneration and allowances	8,974	7,734	-	16,708	7,421	6,396	13,817
2	Managerial remuneration - Fixed	-	-	4,592	4,592	-	-	3,706
3	Rent & house maintenance	-	-	908	908	-	-	755
4	Utilities	-	-	227	227	-	-	189
5	Others	-	-	1,585	1,585	-	-	1,248
	Total	8,974	7,734	7,312	24,020	7,421	6,396	19,715
	Total Number of Persons	1	3	1	5	1	3	1

42 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in 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 debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

42.1 Fair value of financial assets

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

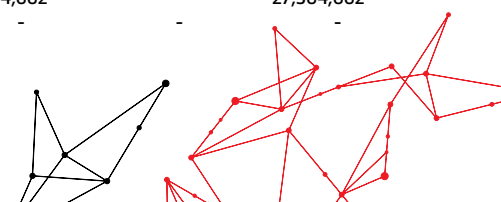
Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

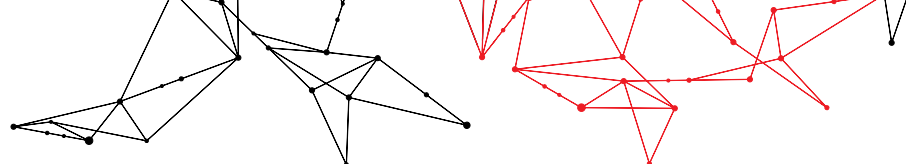
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	2023			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
- Federal government securities	-	1,802,801,728	-	1,802,801,728
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Shares - listed companies	4,283,579	-	-	4,283,579
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign Non-government debt securities	-	28,547,190	-	28,547,190
- Foreign equity securities	284,596	-	-	284,596
Financial assets - not measured at fair value				
Investment - held to maturity securities	-	154,796,433	-	154,796,433
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484
	2022			
	Level 1	Level 2	Level 3	Total
	------(Rupees in '000)-----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
- Investments				
- Federal government securities	-	946,606,485	-	946,606,485
- Non-government debt securities	14,937,000	4,347,503	-	19,284,503
- Shares - listed companies	6,456,107	-	-	6,456,107
- Foreign government securities	-	28,811,408	-	28,811,408
- Foreign Non-government debt securities	-	27,564,662	-	27,564,662
- Foreign equity securities	-	-	-	-





	2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Financial assets - not measured at fair value				
Investment - held to maturity securities	-	73,518,446	-	73,518,446
Off-balance sheet financial instruments - measured at fair value				
- Forward purchase of foreign exchange	-	922,573	-	922,573
- Forward sale of foreign exchange	-	(455,164)	-	(455,164)
- Forward purchase of government securities	-	4,432	-	4,432
- Forward sale government securities	-	(7,946)	-	(7,946)
- Derivatives purchases	-	4,761,605	-	4,761,605
- Derivatives sales	-	33,940	-	33,940

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

42.3 Valuation techniques used in determination of fair values:

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and listed non government debt securities.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3 except as disclosed in note 42.3.1.

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

42.3.1 Fair value of non-financial assets

Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the SBP.

42.3.2 Valuation techniques

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuks, and overseas bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

43 SEGMENT INFORMATION

43.1 Segment details with respect to business activities

	2023							Total		
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage		Others*	Elimination
----- (Rupees in '000) -----										
Consolidated Profit & loss account										
Net mark-up / return / profit	(73,546,184)	15,006,727	26,825,045	153,382,874	5,579	7,334,876	(118,482)	(2,938,545)	-	125,951,890
Inter segment revenue - net	151,307,607	3,688,895	(782,277)	(155,344,030)	7,644,757	515,729	-	2,520,086	(9,550,767)	-
Non mark-up / return / interest income	8,321,648	4,040,641	2,087,865	11,268,823	801,837	1,124,650	647,777	1,810,537	(16,462)	30,087,316
Total income	86,083,071	22,736,263	28,130,633	9,307,667	8,452,173	8,975,255	529,295	1,392,078	(9,567,229)	156,039,206
Segment direct expenses	24,509,797	4,299,838	9,678,031	959,880	2,684,911	3,424,167	495,932	20,940,621	(16,462)	66,976,715
Inter segment expense allocation	13,665,682	1,552,339	4,075,065	499,771	1,768,606	478,948	-	(20,940,621)	(1,099,790)	-
Total expenses	38,175,479	5,852,177	13,753,096	1,459,651	4,453,517	3,903,115	495,932	-	(1,116,252)	66,976,715
Provisions / (reversals)	5,552,846	2,757,880	96,717	(769,666)	45,664	(451)	1,125,000	1,779,000	(262,236)	10,324,754
Profit / (loss) before tax	42,354,746	14,126,206	14,280,820	8,617,682	3,952,992	5,072,591	(1,091,637)	(386,922)	(8,188,741)	78,737,737

	2023							Total		
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage		Others *	Elimination
----- (Rupees in '000) -----										
Consolidated Statement of Financial Position										
Cash & bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	512,336	-	(669,800)	219,682,588
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	19,201	5,822,837	-	2,072,156,767
Net inter segment lending	973,612,195	87,039,833	-	-	11,390,718	-	-	124,249,350	(1,196,292,096)	-
Lendings to financial institutions	207,915,194	299,248,029	32,832,027	94,864,225	-	13,960,199	-	-	(22,102,342)	119,554,109
Advances - performing	2,955,353	1,449,384	161,980,731	-	80,881	44,106,831	10,318	16,460,775	-	729,802,759
Advances - non-performing	-	-	589,393	-	8,333	177,923	-	78,682	-	5,259,068
Others	21,680,353	30,738,634	41,414,392	62,367,729	1,333,206	9,780,632	940,555	35,034,534	(77,529)	203,212,506
Total assets	1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	1,482,410	181,646,178	(1,219,141,767)	3,349,667,797
Borrowings	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	672,579	-	(23,007,821)	910,216,032
Subordinated debt	-	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	-	(966,494)	2,084,941,257
Net inter segment borrowing	-	-	22,614,166	1,144,470,847	-	29,207,083	-	-	(1,196,292,096)	-
Others	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	1,595,603	28,483,357	524,644	200,987,270
Total liabilities	1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	2,268,182	42,483,357	(1,219,141,767)	3,210,044,559
Net assets	-	-	3,011,970	(1,028,246)	-	(737,535)	(785,772)	139,162,821	-	139,623,238
Equity	-	-	-	-	-	-	-	-	-	-
Contingencies and commitments	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	450,000	5,313,913	-	929,044,667

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.
* Others include head office related activities.

2022									
(Rupees in '000)									
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others*	Elimination	Total
(18,857,087)	13,553,843	13,681,857	65,850,056	(55,883)	4,037,285	(69,218)	(967,944)	-	77,172,912
62,749,679	(1,481,168)	(984,177)	(58,636,009)	3,820,964	711,230	-	340,535	(7,120,954)	-
5,742,300	3,117,258	1,933,082	8,922,132	531,395	1,009,881	407,267	1,156,242	(5,376)	22,804,181
49,634,892	15,189,933	15,230,762	16,136,179	4,296,376	5,758,396	338,049	528,836	(7,136,330)	99,977,093
19,255,570	1,394,923	6,764,615	599,809	2,090,153	2,395,056	351,080	17,996,729	(15,376)	50,832,559
11,341,977	1,457,042	3,247,568	776,828	1,547,730	297,525	-	(17,996,729)	(671,941)	-
30,597,547	2,851,965	10,012,183	1,376,637	3,637,883	2,692,581	351,080	-	(687,317)	50,832,559
4,928,345	(271,884)	657,701	645,803	168,493	2,918,966	(1,291)	3,421,000	-	12,467,133
14,109,000	12,609,852	4,560,878	14,113,739	490,000	146,849	(11,740)	(2,892,164)	(6,449,013)	36,677,401

Consolidated Profit & loss account

Net mark-up / return / profit	
Inter segment revenue - net	
Non mark-up / return / interest income	
Total income	
Segment direct expenses	
Inter segment expense allocation	
Total expenses	
Provisions / (reversals)	
Profit / (loss) before tax	

2022									
(Rupees in '000)									
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others*	Elimination	Total
54,505,261	13,526,538	22,294,976	-	1,380,127	58,742,370	628,982	-	(359,054)	150,719,200
-	3,065,299	123,324,033	913,838,262	-	72,564,199	15,376	4,809,194	-	1,117,616,363
616,707,785	1,195,293	-	-	20,415,824	-	-	101,879,158	(740,198,060)	-
221,934,495	307,817,002	30,000,061	81,309,766	-	11,515,976	-	-	(7,472,204)	115,353,599
2,942,331	1,660,288	149,691,194	-	73,590	36,726,043	10,965	10,557,922	-	726,811,211
19,190,356	28,322,399	726,449	-	3,985	162,523	-	79,028	-	5,574,604
915,280,228	355,586,819	353,345,718	1,023,432,936	1,483,080	15,151,671	1,220,085	19,691,248	(8,021)	140,644,731
26,937,622	95,851,939	39,964,773	314,660,327	-	21,584,792	470,410	-	(7,819,922)	491,649,941
-	-	-	-	-	136,410,242	-	14,000,000	-	14,000,000
860,878,107	210,843,465	255,671,950	-	23,002,118	-	-	57,693	(27,315)	1,486,886,260
-	-	15,379,745	698,036,985	-	26,781,332	-	-	(740,198,062)	-
27,464,500	48,891,414	40,321,510	15,282,537	354,488	12,713,204	1,064,201	16,070,324	7,960	162,170,138
915,280,229	355,586,818	351,337,978	1,027,979,849	23,356,606	197,489,570	1,534,611	30,128,017	(748,037,339)	2,154,656,339
(1)	1	2,007,740	(4,546,913)	-	(2,626,788)	340,797	106,888,533	-	102,063,369
94,420,516	188,433,780	63,199,284	158,500,073	5,014	76,880,088	450,000	4,615,176	-	586,503,931

Consolidated Statement of Financial Position

Cash & bank balances	
Investments	
Net inter segment lending	
Lendings to financial institutions	
Advances - performing	
Advances - non-performing	
Others	
Total assets	

Borrowings	
Subordinated debt	
Deposits and other accounts	
Net inter segment borrowing	
Others	
Total liabilities	
Net assets	
Equity	

Contingencies and commitments

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

* Others include head office related activities.

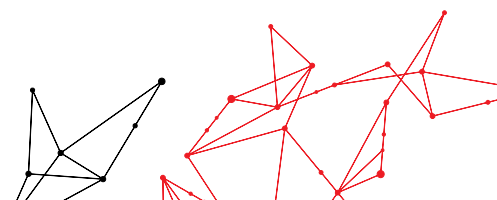
43.2 Segment details with respect to geographical locations

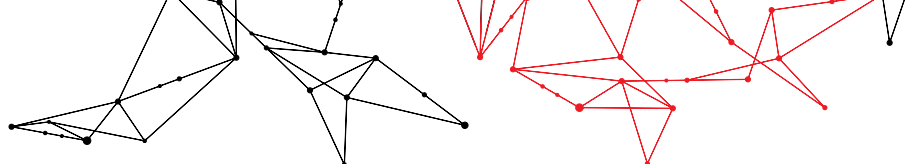
GEOGRAPHICAL SEGMENT ANALYSIS

	2023					Total
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	
	------(Rupees in '000)-----					
Consolidated profit & loss account						
Net mark-up / return / profit	118,617,014	3,545,622	2,659,583	1,129,671	-	125,951,890
Inter segment revenue - net	(450,298)	321,200	42,296	152,233	(65,431)	-
Non mark-up / return / interest income	28,962,666	600,573	834,858	(310,781)	-	30,087,316
Total income	147,129,382	4,467,395	3,536,737	971,123	(65,431)	156,039,206
Segment direct expenses	63,552,548	1,119,334	1,736,173	568,660	-	66,976,715
Inter segment expense allocation	(478,948)	206,372	191,996	80,580	-	-
Total expenses	63,073,600	1,325,706	1,928,169	649,240	-	66,976,715
Provisions / (reversals)	10,325,205	(56,449)	(118,006)	174,004	-	10,324,754
Profit / (loss) before tax	73,730,577	3,198,138	1,726,574	147,879	(65,431)	78,737,737

	2023					Total
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	
	------(Rupees in '000)-----					
Consolidated Statement of Financial Position						
Cash and bank balances	163,265,021	36,544,091	5,067,845	15,335,447	(529,816)	219,682,588
Investments	1,967,619,064	70,253,061	20,546,627	13,738,015	-	2,072,156,767
Net inter segment lendings	29,207,083	-	-	-	(29,207,083)	-
Lendings to financial institutions	127,696,252	5,496,054	8,464,145	-	(22,102,342)	119,554,109
Advances - performing	685,695,928	4,371,015	39,735,816	-	-	729,802,759
Advances - non-performing	5,081,145	-	177,923	-	-	5,259,068
Others	193,431,767	6,534,521	1,513,904	1,732,207	107	203,212,506
Total assets	3,171,996,260	123,198,742	75,506,260	30,805,669	(51,839,134)	3,349,667,797
Borrowings	901,460,878	31,722,558	40,417	-	(23,007,821)	910,216,032
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,928,046,054	77,608,972	55,747,264	23,849,588	(310,621)	2,084,941,257
Net inter segment borrowing	-	7,810,660	15,692,690	5,703,733	(29,207,083)	-
Others	188,128,555	6,849,207	4,025,889	1,197,228	686,391	200,887,270
Total liabilities	3,031,635,487	123,991,397	75,506,260	30,750,549	(51,839,134)	3,210,044,559
Net assets	140,360,773	(792,655)	-	55,120	-	139,623,238
Equity						139,623,238
Contingencies and commitments	867,896,725	54,522,269	5,888,268	737,405	-	929,044,667

	2022					Total
	Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	
	------(Rupees in '000)-----					
Consolidated profit & loss account						
Net mark-up / return / profit	73,135,627	1,820,529	1,745,557	471,199	-	77,172,912
Inter segment revenue - net	(711,230)	528,730	202,961	(20,461)	-	-
Non mark-up / return / interest income	21,794,300	391,473	628,283	(9,875)	-	22,804,181
Total income	94,218,697	2,740,732	2,576,801	440,863	-	99,977,093
Segment direct expenses	48,437,503	696,281	1,334,944	363,831	-	50,832,559
Inter segment expense allocation	(297,525)	112,185	136,429	48,911	-	-
Total expenses	48,139,978	808,466	1,471,373	412,742	-	50,832,559
Provisions/ (reversals)	9,548,167	1,409,030	160,987	1,348,949	-	12,467,133
Profit / (loss) before tax	36,530,552	523,236	944,441	(1,320,828)	-	36,677,401





2022						
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total	
------(Rupees in '000)-----						
Consolidated Statement of Financial Position						
Cash & bank balances	92,327,374	39,860,886	5,440,970	13,440,514	(350,544)	150,719,200
Investments	1,045,052,164	48,525,759	13,782,240	10,256,200	-	1,117,616,363
Net inter segment lendings	26,781,332	-	-	-	(26,781,332)	-
Lendings to financial institutions	111,309,827	4,754,760	6,761,216	-	(7,472,204)	115,353,599
Advances - performing	690,085,168	152,597	36,573,446	-	-	726,811,211
Advances - non-performing	5,412,081	-	162,523	-	-	5,574,604
Others	125,449,211	10,422,479	2,238,372	2,490,820	43,849	140,644,731
Total assets	2,096,417,157	103,716,481	64,958,767	26,187,534	(34,560,231)	2,256,719,708
Borrowings	477,885,071	18,186,531	3,398,261	-	(7,819,922)	491,649,941
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,350,444,247	69,350,131	44,359,264	22,700,847	(18,229)	1,486,836,260
Net inter segment borrowing	-	10,654,201	13,538,436	2,588,695	(26,781,332)	-
Others	149,397,682	7,885,292	3,662,806	1,165,106	59,252	162,170,138
Total liabilities	1,991,727,000	106,076,155	64,958,767	26,454,648	(34,560,231)	2,154,656,339
Net assets	104,690,157	(2,359,674)	-	(267,114)	-	102,063,369
Equity						102,063,369
Contingencies and commitments	509,623,843	65,456,077	2,363,106	9,060,905	-	586,503,931

44 TRUST ACTIVITIES

The Holding Company undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and therefore, are not included as such in these consolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2023			Total
		Securities held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
------(Rupees in '000)-----					
Asset management companies / mutual funds	89	85,132,425	48,054,950	325,000	133,512,375
Corporates	14	2,596,675	-	-	2,596,675
Individuals	263	81,404,180	20,795,600	225,000	102,424,780
Insurance companies	82	42,616,490	25,463,000	500,000	68,579,490
NGO / charitable organisation	3,403	6,664,280	781,365	1,127,000	8,572,645
Pension & employee funds	14	2,347,250	88,037,000	345,000	90,729,250
	3,865	220,761,300	183,131,915	2,522,000	406,415,215
------(Rupees in '000)-----					
Category	Number of IPS Accounts	2022			Total
		Securities held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	
------(Rupees in '000)-----					
Asset management companies / mutual funds	91	69,256,520	2,972,650	1,300	72,230,470
Corporates	171	67,562,430	13,034,000	-	80,596,430
Individuals	2,034	3,771,630	840,565	106,100	4,718,295
Insurance companies	12	3,557,000	21,575,200	-	25,132,200
NGO / charitable organisation	8	1,200,500	-	-	1,200,500
Pension & employee funds	81	26,999,190	6,267,400	-	33,266,590
	2,397	172,347,270	44,689,815	107,400	217,144,485

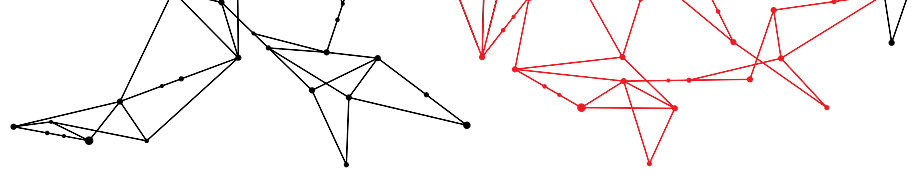
The Group has related party transactions with its associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

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

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

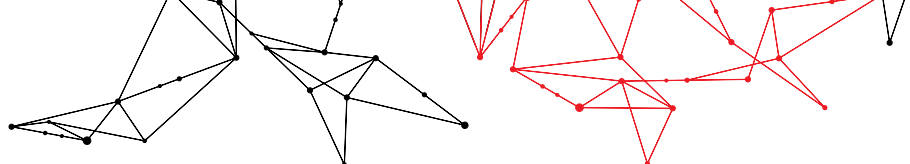
	As at December 31, 2023				As at December 31, 2022			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
Lendings to financial institutions								
Opening balance	-	-	-	-	-	-	-	2,330,078
Addition during the year	-	-	-	6,332,364	-	-	-	25,964,631
Repaid during the year	-	-	-	(6,332,364)	-	-	-	(28,294,709)
Closing balance	-	-	-	-	-	-	-	-
Investments								
Opening balance	-	-	4,634,071	1,552,048	-	-	4,118,122	1,119,230
Investment made during the year	-	-	-	683,255	-	-	-	274,246
Investment redeemed / disposed off during the year	-	-	-	(504,303)	-	-	-	(190,468)
Revaluation of investment during the year	-	-	-	71,909	-	-	-	(17,511)
Equity method adjustment	-	-	1,418,401	-	-	-	515,949	-
Transfer in / (out) - net	-	-	-	-	-	-	-	366,551
Closing balance	-	-	6,052,472	1,802,909	-	-	4,634,071	1,552,048
Provision for diminution in value of investments								
	-	-	-	-	-	-	-	-
Advances								
Opening balance	18,062	672,608	-	2,367,924	77	1,184,057	-	1,997,552
Addition during the year	911	604,716	-	90,959,543	20,498	605,570	-	37,536,790
Repaid during the year	(4,055)	(314,643)	-	(90,662,727)	(2,513)	(173,521)	-	(38,264,097)
Transfer in / (out) - net	-	(27,495)	-	-	-	(943,498)	-	1,097,679
Write off	-	-	-	(739,214)	-	-	-	-
Closing balance	14,918	935,186	-	1,925,526	18,062	672,608	-	2,367,924

	As at December 31, 2023				As at December 31, 2022			
	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties
	-	-	-	-	-	-	-	1,097,028
Provision held against advances								
Other assets								
Interest / mark-up accrued	2,791	59,977	-	90,690	944	54,009	-	30,381
Receivable from staff retirement fund	-	-	-	440,585	-	-	-	153,707
Prepayment / rent receivable	-	-	6,214	-	-	-	975	-
Advance against shares	-	-	-	140,000	-	-	-	-
Others	-	-	-	-	-	-	337	-
Borrowings								
Opening balance	-	-	-	2,180,207	-	-	-	2,280,921
Borrowings during the year	-	-	-	2,095,000	-	-	-	21,218,496
Settled during the year	-	-	-	(1,669,631)	-	-	-	(21,319,210)
Closing balance	-	-	-	2,605,576	-	-	-	2,180,207
Deposits and other accounts								
Opening balance	38,466	184,994	3,078,698	12,308,779	59,026	371,859	13,465,085	6,410,266
Received during the year	1,190,788	3,877,341	840,300,568	318,163,352	517,842	4,736,925	255,922,837	92,145,150
Withdrawn during the year	(822,295)	(3,686,772)	(826,225,846)	(311,950,193)	(538,402)	(4,728,481)	(266,309,224)	(87,581,596)
Transfer in / (out) - net	-	(34,806)	-	28,267	-	(195,309)	-	1,334,959
Closing balance	406,959	340,757	17,153,420	18,550,205	38,466	184,994	3,078,698	12,308,779
Subordinated debt								
Opening balance	-	-	-	300,000	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	300,000
Redemption / Sold during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	300,000	-	-	-	300,000



	As at December 31, 2023				As at December 31, 2022			
	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties
Other liabilities								
Interest / mark-up payable	737	1,045	-	130,491	253	158	-	13,231
Dividend payable	1,975,728	-	-	1,845,246	1,146,264	39	-	2,201,513
Others	-	-	-	54,868	-	-	-	70,267
Contingencies and commitments								
Other contingencies	-	-	-	1,573,620	-	-	-	463,191

	For the year ended December 31, 2023				For the year ended December 31, 2022			
		(Rupees in '000)				(Rupees in '000)		
Income								
Mark-up / return / interest earned	1,804	26,530	-	342,444	944	26,427	-	146,751
Fee and commission income	-	-	205,025	13,031	-	-	103,017	-
Dividend income	-	-	298,495	249,043	-	-	140,995	424,416
Gain / (loss) on sale of securities	-	7	-	25,986	-	(110)	-	2,610
Rent on property	-	-	4,223	-	-	-	6,849	-
Gain on sale of fixed assets - net	-	-	5,588	-	-	64	20,054	-
Expense								
Mark-up / return / interest paid	13,215	28,611	981,133	2,149,270	1,647	13,356	692,153	797,799
Operating expenses								
Directors fee	151,200	-	-	-	180,000	-	-	-
Managerial remuneration (including fee and allowances)	288,016	1,242,197	-	-	225,774	987,241	-	-
Software maintenance	-	-	-	195,239	-	-	-	120,184
Communication cost	-	-	-	269,105	-	-	-	220,222
Donations	-	-	-	50,000	-	-	-	-
Charge for defined benefit plan	-	-	-	413,244	-	-	-	282,939
Contribution to defined contribution plan	-	-	-	730,931	-	-	-	582,159
Training and development	-	-	-	8,737	-	-	-	12,218
Other information								
Dividend paid	1,159,554	11,062	10,136	2,209,369	4,611	10,766	2,463	241,565
Insurance premium paid	-	-	1,134,115	-	-	-	827,530	-
Insurance claims settled	-	-	701,346	-	-	-	567,445	-



46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

2023
------(Rupees in '000)-----

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	15,771,651	15,771,651
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	112,301,515	84,234,454
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,568,130
Total eligible tier 1 capital	125,851,515	97,802,584
Eligible tier 2 capital	35,171,385	23,442,613
Total eligible capital (tier 1 + tier 2)	161,022,900	121,245,197

Risk Weighted Assets (RWAs):

Credit risk	783,469,384	755,004,734
Market risk	18,233,250	8,815,338
Operational risk	177,472,700	121,895,800
Total	979,175,334	885,715,872

Common equity tier 1 capital adequacy ratio	11.47%	9.51%
Tier 1 capital adequacy ratio	12.85%	11.04%
Total capital adequacy ratio	16.44%	13.69%

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Holding Company:

Common equity tier 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%

For Capital adequacy calculation, the Holding Company has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

Leverage Ratio (LR):

Eligible Teer-1 capital	125,851,515	98,201,491
Total exposures	3,541,562,293	2,710,331,582
Leverage ratio	3.55%	3.62%

Liquidity Coverage Ratio (LCR):

Total high quality liquid assets	1,082,954,156	688,048,074
Total net cash outflow	488,388,254	371,947,384
Liquidity coverage ratio	222%	185%

Net Stable Funding Ratio (NSFR):

Total available stable funding	1,634,520,450	1,275,978,211
Total required stable funding	1,012,638,563	849,343,576
Net stable funding ratio	161%	150%

46.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per the SBP instructions have been placed on the website. The link to the full disclosure is available at <https://www.bankalfalah.com/financial-reports/>.

47 RISK MANAGEMENT

The variety of business activities undertaken by the Holding Company require effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board Risk Management Committee (BRMC) is appointed and authorised by the Board of Directors (BOD) to assist in design, regularly evaluating and timely updating the risk management framework of the Holding Company. The Board has further authorised management committees i.e. Central Management Committee (CMC), Central Credit Committee (CCC) and Digital Council to supervise risk management activities within their respective scopes. CMC has further established sub-committees such as Assets & Liabilities Committee (ALCO), Investment Committee (IC), Information Technology Steering Committee (ITSC), Control & Compliance Committee (C&CC), Process Improvement Committee (PIC) and Governance Committee for Overseas Operations etc.

The risk management framework endeavours to be a comprehensive and evolving guideline to cater to changing business dynamics. The framework includes:

- Clearly defined risk management policies, procedures, responsibilities and accountabilities;
- Well constituted organizational structure, in the form of separate risk management departments within the Credit and Risk Management Group, which ensures that individuals responsible for risk approval are independent from risk taking units i.e. Business Units; and
- Mechanism for ongoing review of policies and procedures and risk exposures.

The primary objective of this architecture is to inculcate risk management into the organization flows to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed in order to enhance long term earnings and to protect the interests of the Group's depositors and shareholders.

The Holding Company risk management framework has a well-defined organisational structure for effective management of credit risk, market risk, liquidity risk, operational risk, information security risk, trade pricing, environment and social risk. Further, there is an advanced focus on optimal utilisation of capital while ensuring compliance with capital requirements. The results of stress tests and internal capital adequacy assessment process and recovery plans are given due consideration in capital and business planning.

47.1 Credit Risk

Credit risk is the identification of probability that counterparty will cause a financial loss to the Holding Company due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from lending, hedging, settlement and other financial transactions. Credit risk management processes encompass identification, assessment, measurement, monitoring and control of the Group's exposure to credit risk. The Holding Company's credit risk management philosophy is based on the Holding Company's overall business strategy / direction as established by the Board. The Group is committed to the appropriate level of due diligence to ensure that credit risks have been properly analyzed, fully disclosed to the approving authorities and appropriately quantified, also ensuring that the credit commitment is appropriately structured, priced (in line with market practices) and documented.

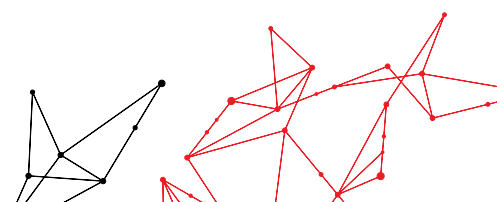
The Holding Company has built and maintained a sound loan portfolio in terms of well-defined credit policy approved by the Board of Directors (BOD). Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for prudence in lending activities and ensuring the high quality of asset portfolio. In order to have an effective and efficient risk assessment, and to closely align its functions with Business, Credit Division has separate units for Corporate banking, Islamic banking, Retail & SME banking (including Agricultural financing) and Overseas Operations & Financial Institutions. For Consumer & Digital products, loans are booked against defined eligibility criteria as per product programs / credit policy and these have a separate credit risk function.

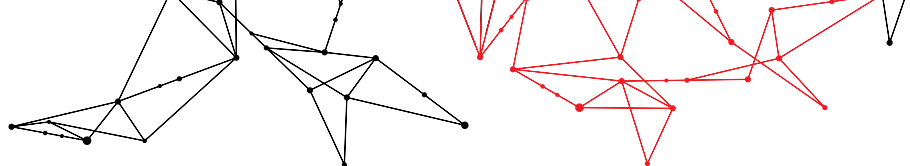
The Holding Company manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Credit & Risk Management Group.

For domestic operations, the Holding Company determines the amount for specific and general provisions as per the Prudential Regulations issued by the SBP and the management best estimates. Provisions at overseas branches are held to meet the requirements of the regulatory authorities of the respective countries in which overseas branches operates.

A sophisticated internal credit rating system is in place, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The risk rating system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure & security and generates internal ratings at obligor and facility levels. Furthermore, this system has an integrated loan origination module, which is currently being used in Corporate Banking, Islamic Banking and Retail segments. The system is regularly reviewed for improvements as per SBP's guidelines for Internal Credit Rating and Risk Management. Furthermore, Holding Company also validates Internal Ratings based on statistical tests for all portfolios. It covers both discrimination and calibration statistical tests as per best practices. The system is backed by secured database with backup support and is capable of generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making. The system is enhanced to compute the ECL calculation for IFRS 9 & risk weighted assets for quarterly credit risk related Basel submissions.

A centralized Credit Administration Division (CAD) under Credit & Risk Management Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorization by CAD.





Credit Policy & Portfolio Management under Credit & Risk Management Group keeps a watch on the quality of the credit portfolio in terms of borrowers' behaviour, identifies weakening accounts relationships and reports it to the appropriate authorities with a view to address further deterioration.

To handle the specialized requirements of managing delinquent and problem accounts, the Group has a separate client facing unit to negotiate repayment / settlement of the Group's non-performing exposure and protect the interests of the Group's depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) is recovery of funds and/or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Group are protected. Where no other recourse is possible, SAMG may proceed with legal recourse so as to maximise the recovery of the Holding Company's assets. The Credit & Risk Management Group also monitors the NPL portfolio of the Holding Company and reports the same to CCC / BRMC.

47.1.1 Credit risk - general disclosures Basel specific

The Holding Company is using Standardized Approach (SA) of the SBP's Basel accord for the purpose of estimating Credit Risk Weighted Assets. Under SA, banks are allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating Risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk weighted assets in accordance with the SBP Basel Standardized Approach is in place and firmly adhered to.

47.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights

47.1.2.1 External ratings

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), JCR-VIS and Moodys, Fitch and Standard & Poors.

The SBP through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 accorded approval to the Group for use of ratings assigned by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL). The Group uses these ECAIs to rate its exposures denominated in Bangladeshi currency on certain corporate exposures and banks incorporated in Bangladesh.

The Holding Company uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Where exposure is rated by two or more ratings agencies - the lowest rating is considered for calculating risk weighted assets.

47.1.3 Disclosures with respect to Credit Risk Mitigation for Standardised Approach

47.1.3.1 Credit risk mitigation policy

The Holding Company defines collateral as the assets or rights provided to the Group by the borrower or a third party in order to secure a credit facility. The Group would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

47.1.3.2 Collateral valuation and management

As stipulated in the SBP Basel guidelines, the Group uses the comprehensive approach for collateral valuation. Under this approach, the Holding Company reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Holding Company makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

47.1.3.3 Types of collaterals

The Holding Company determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and SME financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrowers and assignment of the underlying project contracts are generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be obtained. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Holding Company. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the property and automobile being financed respectively.

The Holding Company also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the Central Credit Committee (CCC) under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

47.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Holding Company considers all types of financial collaterals that are eligible under SBP Basel III accord. This includes cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities (Government of Pakistan, Banks etc.) under substitution effect of Basel.

47.1.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on Holding Company's' maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, Group's annual credit plan spells out the maximum allowable exposure that it can take on specific industry. Additionally, the Internal Rating System allows the Bank to monitor risk rating concentration of borrowers against different grades / scores ranging from 1 - 12 (1 being the best and 12 being loss category).

Particulars of Group's on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

47.1.4 Lendings to financial institutions

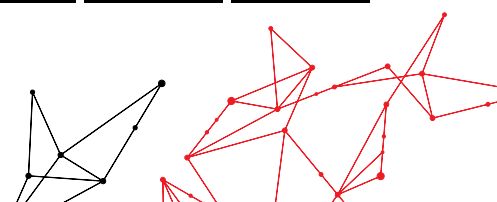
Credit risk by public / private sector

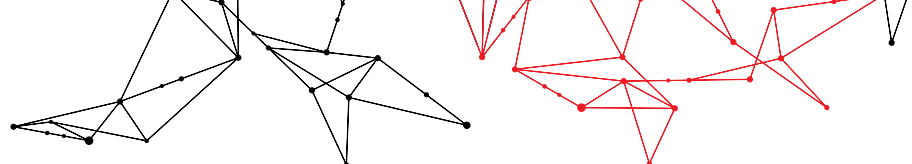
	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Public sector	4,027,280	49,671,202	-	-	-	-
Private sector	115,527,272	65,682,634	-	-	-	-
	<u>119,554,552</u>	<u>115,353,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

47.1.5 Investment in debt securities (non government debt securities)

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Textile	211,285	211,285	211,284	211,285	211,284	211,285
Chemical and pharmaceuticals	40,272	51,477	40,272	51,477	40,272	51,477
Electronics and electrical appliances	1,785	1,785	1,785	1,785	1,785	1,785
Engineering	1,335,163	2,923,639	-	-	-	-
Power (electricity), gas, water, sanitary	21,456,648	19,650,186	-	-	-	-
Transport, storage and communication	-	189,896	-	189,896	-	189,896
Financial	30,901,112	29,044,123	348,689	158,688	348,689	158,688
	<u>53,946,265</u>	<u>52,072,391</u>	<u>602,030</u>	<u>613,131</u>	<u>602,030</u>	<u>613,131</u>



**Credit risk by public / private sector**

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Public sector	20,331,914	18,746,135	-	-	-	-
Private sector	33,614,351	33,326,256	602,030	613,131	602,030	613,131
	<u>53,946,265</u>	<u>52,072,391</u>	<u>602,030</u>	<u>613,131</u>	<u>602,030</u>	<u>613,131</u>

47.1.6 Advances**Credit risk by industry sector**

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Agriculture, forestry, hunting and fishing	42,245,315	18,881,068	2,195,786	1,274,425	1,763,083	1,111,433
Automobile and transportation equipment	13,111,601	15,707,114	585,652	480,060	442,455	411,510
Cement	14,660,856	16,609,030	-	-	-	-
Chemical and pharmaceuticals	31,604,793	32,391,164	565,324	188,082	314,324	100,059
Construction	16,086,433	18,714,929	2,131,976	400,433	1,244,649	408,100
Electronics and electrical appliances	13,129,926	14,160,299	1,383,771	1,089,908	1,220,711	581,054
Exports / imports	3,376,008	4,142,353	424,851	486,131	405,666	479,384
Financial	16,338,942	9,795,263	672,979	675,979	672,979	675,979
Food & allied products	70,858,865	75,005,691	4,922,137	4,526,775	3,907,695	3,195,779
Footwear and leather garments	3,469,613	4,056,207	85,591	95,539	83,597	92,293
Glass and ceramics	325,393	490,792	42,563	42,563	42,563	42,563
Individuals	123,983,150	117,317,733	1,664,731	1,434,322	977,568	867,789
Insurance	646,757	1,027,676	-	-	-	-
Metal & allied industries	32,955,827	33,401,672	3,018,184	1,524,531	2,127,622	1,249,283
Mining and quarrying	5,179,359	5,397,808	15,579	-	6,275	-
Oil and allied	33,122,647	25,646,999	4,280,774	1,780,774	4,280,774	1,771,204
Paper and board	8,935,585	8,267,671	2,710	2,980	2,710	2,980
Plastic and allied industries	5,416,600	4,532,958	203,241	259,851	185,675	275,130
Power (electricity), gas, water, sanitary	55,067,488	72,356,385	1,823,960	2,827,910	1,823,960	2,348,310
Services	15,387,756	14,597,907	1,156,410	714,011	863,705	371,174
Sugar	16,493,548	19,774,618	471,497	1,032,653	471,497	1,032,653
Technology and related services	118,811	127,161	3,363	-	841	-
Textile	175,602,739	174,726,607	7,556,916	7,523,780	7,525,101	6,190,879
Transport, storage and communication	27,500,328	20,127,023	31,871	1,123,990	25,391	1,123,274
Wholesale & retail trade	34,445,196	38,850,582	3,208,838	2,099,287	2,992,687	1,921,743
Others	17,235,028	19,598,390	1,185,304	1,388,498	993,412	1,145,305
	<u>777,298,564</u>	<u>765,705,100</u>	<u>37,634,008</u>	<u>30,972,482</u>	<u>32,374,940</u>	<u>25,397,878</u>

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Public sector	63,785,213	44,390,789	259,965	273,965	202,265	202,265
Private sector	713,513,351	721,314,311	37,374,043	30,698,517	32,172,675	25,195,613
	<u>777,298,564</u>	<u>765,705,100</u>	<u>37,634,008</u>	<u>30,972,482</u>	<u>32,374,940</u>	<u>25,397,878</u>

47.1.7 Contingencies and Commitments	2023	2022
	----- (Rupees in '000) -----	
Credit risk by industry sector		
Agriculture, forestry, hunting and fishing	1,848,473	723,212
Automobile and transportation equipment	19,602,523	14,816,068
Cement	3,068,456	5,475,715
Chemical and pharmaceuticals	30,308,191	23,350,141
Construction	44,745,753	19,819,304
Electronics and electrical appliances	11,792,799	7,916,285
Exports / imports	720,820	1,055,443
Financial	478,001,996	242,634,726
Food & allied products	25,554,148	25,267,090
Footwear and leather garments	802,011	481,069
Glass and ceramics	1,388,762	1,056,977
Individual	6,001,242	5,066,833
Insurance	974,534	1,055,913
Metal & allied industries	16,725,353	12,831,797
Mining and quarrying	1,821,151	743,294
Oil and allied	74,238,814	47,582,718
Paper and board	4,851,180	1,858,270
Plastic and allied industries	3,300,225	3,589,217
Power (electricity), gas, water, sanitary	51,013,812	33,780,926
Services	5,989,950	4,468,156
Sugar	1,347,784	1,916,993
Technology and related services	2,653,385	2,034,031
Textile	53,815,517	60,671,268
Transport, storage and communication	12,492,880	7,997,088
Wholesale and retail trade	29,919,837	22,987,066
Others	46,065,071	37,324,331
	<u>929,044,667</u>	<u>586,503,931</u>
Credit risk by public / private sector		
Public/ Government	61,573,645	47,598,082
Private	867,471,022	538,905,849
	<u>929,044,667</u>	<u>586,503,931</u>

47.1.8 Concentration of Advances

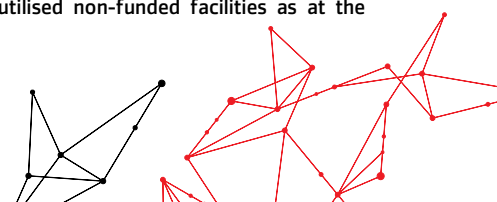
The Holding Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 157,762.230 million (2022: Rs. 116,153.141 million) are as following:

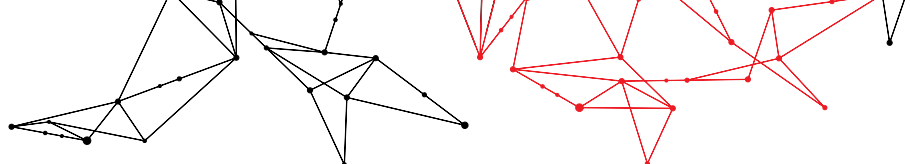
	2023	2022
	----- (Rupees in '000) -----	
Funded	61,314,267	45,445,076
Non Funded	96,447,963	70,708,066
Total Exposure	<u>157,762,230</u>	<u>116,153,142</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 263,838.992 million (2022: Rs. 215,557.567 million).

None of the top 10 exposures are classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.





47.1.9 Advances - province / region-wise disbursement & utilisation

Province/Region	2023						
	Utilisation						
Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
(Rupees in '000)							
Punjab	1,953,021,686	1,906,355,593	28,438,675	670,214	9,846	17,432,385	114,973
Sindh	2,366,198,001	24,146,765	2,330,427,282	583,804	40,159	10,995,947	4,044
KPK including FATA	26,152,414	57	-	26,152,357	-	-	-
Balochistan	5,964,281	-	2,223	-	5,962,058	-	-
Islamabad	284,745,769	129,403,030	2,987,588	30,478,187	2,519	121,874,445	-
AJK including Gilgit-Baltistan	1,099,420	1,343	1,000	-	8,868	-	1,088,209
Total	4,637,181,571	2,059,906,788	2,361,856,768	57,884,562	6,023,450	150,302,777	1,207,226

Province/Region	2022						
	Utilisation						
Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
(Rupees in '000)							
Punjab	1,663,807,992	1,607,641,972	28,727,917	1,814,584	177	25,522,820	100,522
Sindh	1,672,169,912	17,793,854	1,649,513,267	490,556	68,967	4,289,276	13,992
KPK including FATA	27,345,835	3,616	-	27,342,219	-	-	-
Balochistan	6,258,010	13,484	24,463	-	6,220,063	-	-
Islamabad	195,588,631	63,220,130	6,068	31,398,130	67,511	100,896,792	-
AJK including Gilgit-Baltistan	1,109,673	8,734	-	-	47,989	-	1,052,950
Total	3,566,280,053	1,688,681,790	1,678,271,715	61,045,489	6,404,707	130,708,888	1,167,464

47.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. To manage and control market risk, a comprehensive Board approved Market & Liquidity Risk Management Policy, is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure and control market risk at a portfolio level. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors. This structure is reviewed, adjusted and approved periodically.

Under the BoD approved policy, the Holding Company's Asset and Liability Committee (ALCO) and Investment Committee (IC) are primarily responsible for the oversight of market risk, supported by Market & Liquidity Risk Department of Risk Management Division (RMD). Furthermore, the Group carries out risk assessment via diversified tools including Value at Risk (VaR), PVBP (Price Value per Basis Point) and Duration on a regular basis. The Group also ascertains the impact of market risk on relevant portfolios through stress testing and the Internal Capital Adequacy Assessment processes.

47.3 Foreign exchange risk

Foreign exchange (FX) risk arises from fluctuation in the value of financial instruments due to changes in foreign exchange rates. The Holding Company's FX Risk is largely mitigated by taking a matched funding positions.

The Holding Company manages FX risk by setting and monitoring through approved currency wise net open position limits and Foreign Exchange Exposure Limit (FEEL). Foreign exchange risk is controlled and monitored through limits approved by ALCO, within the overall FEEL limit advised by the SBP.

The analysis below represents the concentration of the Group's foreign currency risk for on and off balance sheet financial exposure:

	2023				2022			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	------(Rupees in '000)-----				------(Rupees in '000)-----			
United States Dollar	134,406,696	170,337,516	36,143,329	212,509	84,317,824	142,911,999	61,120,650	2,526,475
Great Britain Pound Sterling	3,821,446	9,724,464	5,966,219	63,201	2,669,739	7,680,556	5,025,968	15,151
Euro	5,213,422	9,399,107	4,354,620	168,935	2,770,699	6,550,482	3,638,000	(141,783)
Japanese Yen	15,181	877	-	14,304	15,446	45,788	42,840	12,498
Other currencies	111,498,770	111,236,817	94,049	356,002	99,286,831	99,316,116	274,917	245,632
	<u>254,955,515</u>	<u>300,698,781</u>	<u>46,558,217</u>	<u>814,951</u>	<u>189,060,539</u>	<u>256,504,941</u>	<u>70,102,375</u>	<u>2,657,973</u>

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------(Rupees in '000)-----			
Impact of 1% adverse movement in foreign exchange rates on				
- Profit and loss account	-	(8,150)	-	(26,580)
- Other comprehensive income	(309,098)	-	(281,366)	-

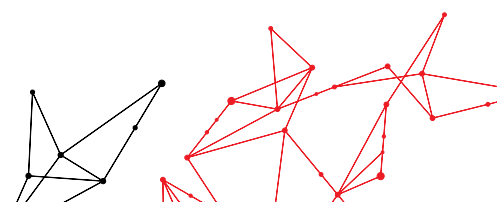
47.3.1 Balance sheet assets split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	------(Rupees in '000)-----					
Cash and balances with treasury banks	202,692,503	-	202,692,503	140,613,751	-	140,613,751
Balances with other banks	16,990,085	-	16,990,085	10,105,449	-	10,105,449
Lendings to financial institutions	119,554,109	-	119,554,109	115,353,599	-	115,353,599
Investments	1,792,469,951	279,686,816	2,072,156,767	1,104,044,090	13,572,273	1,117,616,363
Advances	735,061,827	-	735,061,827	732,385,815	-	732,385,815
Fixed assets	61,821,048	-	61,821,048	48,493,284	-	48,493,284
Intangible assets	1,380,144	-	1,380,144	1,304,181	-	1,304,181
Deferred tax assets	3,619,475	-	3,619,475	7,550,773	-	7,550,773
Other assets	133,077,605	3,314,234	136,391,839	82,339,980	956,513	83,296,493
	<u>3,066,666,747</u>	<u>283,001,050</u>	<u>3,349,667,797</u>	<u>2,242,190,922</u>	<u>14,528,786</u>	<u>2,256,719,708</u>

47.3.2 Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or market indices. The Holding Company's equity investments are classified as Available for Sale (AFS) and Held for Trading (HFT) investments. The objective of classifying investments as HFT is to take advantage of short term capital gains, while the AFS portfolio is maintained with a medium term view of capital gains and dividend income. The Holding Company's Investment Committee is primarily responsible for the oversight of the equity investment risk. The Holding Company has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits, loss triggers and timely escalation of Management Action Trigger Levels (MAT).

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------(Rupees in '000)-----			
Impact of 5% adverse movement in equity prices on				
- Profit and loss account	-	(12,402)	-	(26,672)
- Other comprehensive income	(201,777)	-	(296,134)	-



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

Interest Rate Risk is the adverse impact on the Holding Company's shareholder's equity due to changes in the interest rates. It may be further elaborated as changes in the present value of the asset, liabilities and commitments due to changes in interest rates, including changes in the shape of yield curves. The Holding Company is exposed to interest rate risk primarily as a result of mismatches in the amounts of assets, liabilities and off-balance sheet interest sensitive instruments within a certain range of maturity or re-pricing (whichever is earlier). The Holding Company has formulated a separate Interest Rate Risk Management (IRRM) framework which establishes aggregate and tenor-wise balance sheet level PVBP (Price Value per basis points) limits to manage interest rate risk within the Board approved risk appetite. Treasury and Capital Markets Group is primarily responsible for management of interest rate risk on a daily basis, and the Asset and Liability Committee (ALCO) oversees the interest rate risk at Holding Company level. Market Risk Department of Risk Management Division independently monitors, analyses and reports various limits including management action point limits and re-pricing of the assets and liabilities on a regular basis.

	2023	2022
	Banking book	Banking book
	Trading book	Trading book
	(Rupees in '000)	
	834,822	5,325,946
	(1,873,290)	(79,865)
	(10,346,287)	(6,098,611)

Impact of 1% increase in interest rates on
 - Profit and loss account
 - Other comprehensive income

47.4.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield/ Interest rate	Total	2023										Non-interest bearing financial instruments
		Exposed to Yield / Interest 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												
Cash and balances with treasury banks	202,692,503	13,922,762	-	-	-	-	-	-	-	-	-	188,769,741
Balances with other banks	16,990,085	60,488	-	-	-	-	-	-	-	-	-	16,929,597
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-	-	-	-
Investments	2,072,156,767	331,561,798	484,177,739	675,557,953	78,688,167	110,344,862	87,916,510	59,475,219	7,671	18,258,342	-	18,258,342
Advances	735,061,827	335,697,260	125,540,210	84,494,282	34,933,381	10,606,775	14,047,333	31,784,487	83,567,661	5,259,068	-	5,259,068
Other assets	125,447,855	-	-	-	-	-	-	-	-	-	-	125,447,855
	3,271,903,146	800,796,417	609,717,949	760,052,235	261,101,887	89,294,942	124,392,195	119,700,997	143,042,880	9,139,041	-	354,664,603
Liabilities												
Bills payable	26,004,538	-	-	-	-	-	-	-	-	-	-	26,004,538
Borrowings	910,216,032	717,922,000	40,785,871	14,488,021	545,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927	-	849,905,427
Deposits and other accounts	2,084,941,257	872,460,119	106,689,827	63,873,584	190,365,008	839,901	776,267	31,124	-	-	-	-
Subordinated debt	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-	-
Other liabilities	22,899,808	111,203	184,440	634,254	922,384	2,143,743	2,209,016	4,789,602	10,004,739	1,900,427	-	88,168,289
Lease liability against right-of-use asset	88,168,289	-	-	-	-	-	-	-	-	-	-	-
Others	3,146,229,924	1,590,493,322	154,660,138	85,995,859	191,833,100	49,318,864	8,902,204	18,788,520	80,059,309	2,100,354	-	964,078,254
	125,673,222	(789,696,905)	455,057,811	674,056,376	69,266,787	39,976,078	115,489,991	100,912,477	62,983,571	7,038,687	-	(609,413,651)
On-balance sheet gap												

Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		(Rupees in '000)											
		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			
	369,828,072	-	-	-	-	-	-	-	-	-	-	-	369,828,072
	198,859,218	89,146,811	72,036,819	37,173,352	502,236	-	-	-	-	-	-	-	-
	(151,805,082)	(86,073,414)	(42,076,834)	(23,654,834)	-	-	-	-	-	-	-	-	-
	20,461,347	1,790,376	2,125,301	15,374,572	-	1,171,098	-	-	-	-	-	-	-
	(88,746,368)	(1,790,375)	(38,881,280)	(36,898,765)	(10,905,413)	(270,535)	-	-	-	-	-	-	-
	39,466,304	25,063,222	14,403,082	-	-	-	-	-	-	-	-	-	-
	(39,466,304)	-	(3,946,050)	(3,100,466)	(2,624,208)	(2,877,882)	(7,187,448)	(19,730,250)	-	-	-	-	-
	11,683,894	-	11,683,894	-	-	-	-	-	-	-	-	-	-
	(11,683,894)	-	(11,683,894)	-	-	-	-	-	-	-	-	-	-
	348,597,187	28,136,620	7,607,088	(11,951,725)	(13,503,643)	(2,624,208)	(1,977,319)	(7,187,448)	(19,730,250)	-	-	-	369,828,072
	(761,560,285)	462,664,899	662,104,651	55,765,144	37,351,870	113,512,672	93,725,029	43,253,321	7,038,687	(239,585,579)	-	-	-
	(761,560,285)	(298,895,386)	363,209,265	418,974,409	456,326,279	569,838,951	663,563,980	706,817,301	713,855,988	474,270,409	-	-	-

Off-balance sheet financial instruments

- Documentary credits and short-term trade-related transactions
- Commitments in respect of:
 - Forward exchange contracts - purchase
 - Forward exchange contracts - sale
 - Forward government security - purchase
 - Forward government security - sale
 - Interest Rate Swaps - purchase
 - Interest Rate Swaps - sale
 - Cross Currency Swaps - purchase
 - Cross Currency Swaps - sale

Off-balance sheet gap

Total Yield/Interest Risk Sensitivity Gap

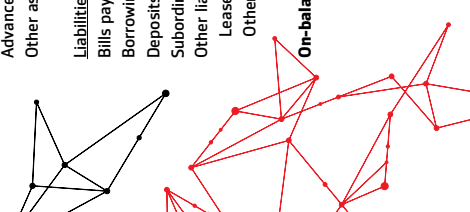
Cumulative Yield/Interest Risk Sensitivity Gap

Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
		(Rupees in '000)										
		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		
	2,193,924,467	925,093,762	393,220,675	213,924,356	78,236,803	16,237,024	36,941,271	95,267,167	161,656,684	24,954,033	248,392,692	-
	140,613,751	2,366,771	-	-	-	-	-	-	-	-	-	138,246,980
	10,105,449	635,871	-	-	-	-	-	-	-	-	-	9,469,578
	115,353,599	114,036,479	1,317,120	-	-	-	-	-	-	-	-	-
	1,117,616,363	528,212,480	239,062,859	135,009,958	15,004,713	12,226,809	28,098,579	71,574,905	71,174,020	24,954,033	17,252,040	5,574,604
	732,395,815	279,842,161	152,840,696	78,914,398	63,232,090	4,010,215	8,842,692	23,692,262	90,482,664	77,849,490	-	-
	77,849,490	-	-	-	-	-	-	-	-	-	-	-
	2,193,924,467	925,093,762	393,220,675	213,924,356	78,236,803	16,237,024	36,941,271	95,267,167	161,656,684	24,954,033	248,392,692	-
	40,033,806	137,329,071	187,143,295	17,053,319	2,310,237	12,192,522	43,220,723	11,458,426	79,773,929	1,168,419	40,033,806	-
	491,649,941	537,189,613	67,256,602	69,575,912	103,064,245	2,222,826	451,743	345,053	-	-	706,730,266	-
	1,486,836,260	-	7,000,000	7,000,000	-	-	-	-	-	-	-	-
	14,000,000	-	-	-	-	-	-	-	-	-	-	-
	17,514,201	209,730	527,931	931,826	1,782,198	58,258	393,864	1,750,922	9,375,551	2,483,921	53,071,516	-
	53,071,516	-	-	-	-	-	-	-	-	-	-	-
	2,103,105,724	674,728,414	261,927,828	94,561,057	107,156,680	14,473,606	44,066,330	13,554,401	89,149,480	3,652,340	799,835,588	-
	90,818,743	250,365,348	131,292,847	119,363,299	(28,919,877)	1,763,418	(7,125,059)	81,712,766	72,507,204	21,301,693	(551,442,896)	-

On-balance sheet financial instruments

- Assets
 - Cash and balances with treasury banks
 - Balances with other banks
 - Lending to financial institutions
 - Investments
 - Advances
 - Other assets
- Liabilities
 - Bills payable
 - Borrowings
 - Deposits and other accounts
 - Subordinated debt
 - Other liabilities
 - Lease liability against right-of-use asset
 - Others

On-balance sheet gap



2022

Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 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			
trade-related transactions	312,089,944	-	-	-	-	-	-	-	-	-	-	-	312,089,944
Commitments in respect of:													
- Forward exchange contracts - purchase	120,494,702	83,541,288	27,708,311	8,892,523	352,580	-	-	-	-	-	-	-	-
- Forward exchange contracts - sale	(50,226,749)	(18,789,622)	(29,602,435)	(1,834,692)	-	-	-	-	-	-	-	-	-
- Forward government security - purchase	12,990,116	6,615,259	1,471,322	4,834,042	69,493	-	-	-	-	-	-	-	-
- Forward government security - sale	(4,448,697)	(174,395)	(984,344)	(369,060)	-	-	(2,920,898)	-	-	-	-	-	-
- Interest Rate Swaps - purchase	46,160,838	33,458,064	12,702,774	-	-	-	-	-	-	-	-	-	-
- Interest Rate Swaps - sale	(46,160,838)	-	(1,811,447)	-	-	(6,113,634)	(3,448,860)	(12,488,453)	(22,303,444)	-	-	-	-
- Cross Currency Swaps - purchase	574,073	-	574,073	-	-	-	-	-	-	-	-	-	-
- Cross Currency Swaps - sale	(574,073)	-	(574,073)	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	390,899,316	104,650,594	11,295,628	9,711,366	422,073	(6,113,634)	(3,448,860)	(15,404,351)	(22,303,444)	-	-	-	312,089,944
Total Yield/Interest Risk Sensitivity Gap	355,015,942	142,588,475	129,074,665	(28,497,804)	(4,350,216)	(10,573,919)	66,308,415	50,203,760	21,301,693	(239,352,952)	-	-	481,718,059
Cumulative Yield/Interest Risk Sensitivity Gap	355,015,942	497,604,417	626,679,082	598,181,278	593,831,062	583,257,143	649,565,558	699,769,318	721,071,011	(2,256,719,708)	-	-	481,718,059

47.4.2 Reconciliation of financial assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2022	2022
	(Rupees in '000)	(Rupees in '000)
Total financial assets as per note 47.4.1	3,271,903,146	2,193,924,467
Add: Non financial assets		
Operating fixed assets	61,821,048	48,493,284
Intangibles	1,380,144	1,304,181
Deferred tax assets	3,619,475	7,550,773
Other assets	10,943,984	5,447,003
Total assets as per statement of financial position	<u>3,349,667,797</u>	<u>2,256,719,708</u>
Total financial liabilities as per note 47.4.1	3,146,229,924	2,103,105,724
Add: Non financial liabilities		
Other liabilities	63,814,635	51,550,615
Total liabilities as per statement of financial position	<u>3,210,044,559</u>	<u>2,154,656,339</u>

47.5 Operational Risk

Basel defines Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Operational Risk Management Framework, policy and Standards of the Holding Company duly approved by the Central Management Committee and the Board, cover the processes, structure and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Group.

47.5.1 Operational Risk Disclosures - Basel II Specific

The Holding Company is among the first few banks in the industry to secure SBP approval for adoption of Alternative Standardized Approach (ASA) under Basel guidelines for determining capital charge on operational risk in December 2013. The Holding Company started calculating its capital charge for operational risk using ASA from December 31, 2013.

The SBP approval stipulated a capital floor i.e. operational risk charge under ASA should not fall below as a certain percentage of operational risk capital charge calculated under Basic Indicator Approach for initial three years. These floors were 90% for 2013 and 2014, 80% for 2015 and 70% for 2016. However, removal of capital floor for calculation of capital charge under ASA was extended in line with international developments and consultations of the Basel Committee on Banking Supervision (BCBS).

Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Group and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events, including non-financial risks. We aim to implement a new process based Risk and Control Self-Assessment method across the Group in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first line self-assessment reviews, especially for the processes and activities that may significantly impact the Group's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

47.5.2 Information Security Risk

Cyber risk is now amongst the top ranked risks that all organisations face and the Holding Company is cognisant of its significance and possible impacts. The Holding Company's Board IT Committee (BITC) and management level IT Steering Committee (ITSC) provide oversight of cyber security matters. The Holding Company has in place a well-defined Information Security Risk Management Policy / Framework, duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management as well as multiple technology process/practices specific security baselines. The framework derives directly from the regulatory advisories as well as from international standards and best practices. A dedicated Information Security Division, function within Credit & Risk Management Group which manages information security risks to Holding Company's technology assets by enforcing compliance to information security standards & baselines and continuously; monitor cyber threats and investigates information security incidents through its purpose built Security Operations Centre on (24/7) basis. Based on periodic Cyber Security Risk Assessments, the Holding Company has instilled a multilayered Cybersecurity Action Plan which covers all the key domains of information security. Identified threats and vulnerabilities are suitably treated and revalidated. Furthermore, periodically, the Holding Company runs Cyber Risk awareness campaigns for staff and customers and has clearly defined standards for Acceptable Use of Information & Technology resources.

47.5.3 Environmental Risk Unit

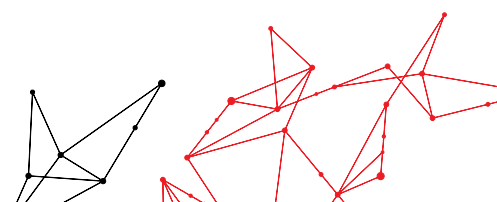
The Holding Company has integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental & Social Management System (ESMS) have been put in place.

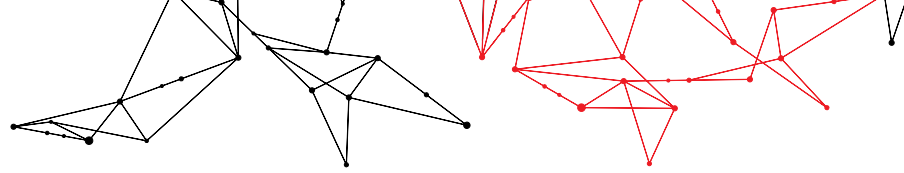
The ESMS Framework essentially requires that any relevant lending opportunity is to be reviewed and evaluated under:

- International Finance Corporation exclusion list;
- Applicable national laws on environment, health, safety and social issues; and
- International Finance Corporation performance standards.

This framework is an integral part of the credit approval process. All relevant credit proposals require Environmental & Social review prior to approval of the competent authority.

During 2022, the SBP has issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. The Holding Company is currently aligning its procedures and policy with the afore-mentioned the SBP manual.





47.5.4 Country risk

Country risk refers to the possibility that economic and political conditions in a foreign country could adversely impact the Holding Company's exposure in that country. For the Holding Company, country risk arises as a result of the Holding Company's net investment in foreign operations, foreign currency lending, trade and treasury business with counterparties domiciled in other countries as well as investments and capital transactions. In order to manage the risk, the Holding Company has in place a comprehensive country risk management framework. Under this framework, the transfer risk is measured using financial market and economic factors. Political risk is measured using a variety of indicia indicative of country's willingness to honour its foreign obligations. Based on this framework, risk limits are assigned to countries within the Board approved limits. The limits and their utilisation are monitored and managed at head office level and country risk exposures are reported to the relevant committees at a defined frequency.

47.6 Liquidity Risk

Liquidity is a financial institution's capacity to meet its obligations as they fall due without incurring losses. Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they come due.

With reference to the SBP Basel III Liquidity Standards issued under BPRD circular # 08 dated June 23, 2016, the Holding Company calculates Liquidity Coverage Ratio (LCR) on a monthly basis. Based on the financial statement as at December 31, 2023, the Holding Company's LCR is 2.04 or 204% against the SBP minimum requirement of 100%, with Total Stock of High Quality Liquid Assets (HQLA) of Rs. 1,413,229.330 million and Net Cash Outflows of Rs. 691,799.084 million.

Moreover, under the same circular the Banks are expected to calculate Net Stable Funding Ratio (NSFR) on quarterly basis. Based on December 31, 2023 numbers the Holding Company's NSFR is 1.61 or 161% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,634,520.450 million and Total Required Stable Funding of Rs. 1,012,638.563 million.

The Holding Company manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy, the management level procedural document and Asset & Liability Committee (ALCO) level guidelines. Under this framework, various liquidity metrics are implemented and monitored on a regular basis.

The Board approves the Holding Company's overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Holding Company's ALCO is primarily responsible for the implementation of Board's strategy through oversight of the asset liability function including liquidity management. Treasury front office manages the Holding Company's liquidity on day to day basis and is the Holding Company's first line of defence against liquidity risk. Under Risk Management Division, Liquidity Risk Management Unit is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and the Holding Company's own risk appetite.

The Holding Company's overall funding strategy is based on the principles of diversification and stability. The Holding Company has a diverse funding base, which includes stable funding in the form of equity, sub-ordinated loans, retail and small business deposits and non-stable funding in form of large volume depositors. The Holding Company has in place internally approved limits to monitor and manage risk emanating from volatile funding concentration. Moreover, the Holding Company is fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of high quality liquidity assets in relation to its liability profile.

Stress testing is used in an attempt to highlight the vulnerability of the Holding Company's balance sheet to hypothetical stress events and scenarios. Based on the scenarios, liquidity risk factors are given major shocks and their resulting impact on the balance sheet is calculated. The Holding Company carries out the stress testing based on SBP stress tests and internal defined scenarios to gauge the potential impacts of different liquidity stress scenarios and share the results with the senior management, the BoD and the regulator.

At the Holding Company, Contingency Funding Plan (CFP), are in place for all jurisdictions to address liquidity issues in times of stress / crises situations. The Treasury division prepares the CFPs for all operations on annual basis for identifying the stress scenarios and the funding plan for such scenarios along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

Main drivers of LCR results are High Quality Liquid Assets (HQLA) and Net Cash Outflow. HQLA is defined by the liquidity quality of the Holding Company's assets and net cash outflow is mainly determined through volatility of the Holding Company's liability profile. The table below showcases the composition of HQLA as of December 31, 2023.

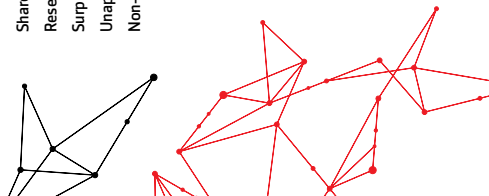
HQLA*	Market Value	Weighted Amount
	----- (Rupees in '000) -----	
Level 1 Assets	1,408,966,128	1,408,966,128
Level 2A Assets	1,596,733	1,357,223
Level 2B Assets	5,633,634	2,905,979
	<u>1,416,196,495</u>	<u>1,413,229,330</u>

* These have been defined in detail in the SBP Circular No. 08, dated June 23, 2016.

47.6.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

2023

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 months to 1 year	Over 9 to 12 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	202,692,503	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	16,990,085	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	4,833,824	256,820	-	-	-	-	-	-	-	-	-	-
Investments	2,072,156,767	7,844	2,253,862	7,903,422	20,143,390	173,817,408	155,827,112	63,535,491	307,665,378	212,387,878	457,538,612	376,723,110	294,306,213
Advances	735,061,827	169,015,758	27,427,295	56,702,929	32,382,179	70,510,841	42,886,245	10,966,932	4,182,057	35,198,906	38,056,017	70,160,858	172,528,489
Fixed assets	61,821,048	841,589	245,068	675,402	1,147,764	1,164,715	2,433,344	2,393,110	2,326,818	6,237,121	5,286,465	7,769,438	31,014,115
Intangible assets	1,380,144	2,160	15,099	36,162	63,524	64,235	189,571	188,587	181,814	255,316	182,025	186,208	2,500
Deferred tax assets	3,619,475	-	-	-	-	-	-	-	3,619,475	-	-	-	-
Other assets	136,391,839	4,243,003	23,411,965	58,907,895	6,709,538	8,453,741	3,626,438	2,458,525	2,297,491	2,755,540	894,354	1,316,700	1,318,200
	3,349,667,797	396,437,744	159,549,465	124,482,630	60,446,395	254,010,940	204,962,710	79,542,645	320,273,033	256,834,761	501,957,473	456,156,314	499,169,517
Liabilities													
Bills payable	26,004,538	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	910,216,032	15,156,141	562,421,636	134,441,303	8,631,161	32,154,710	14,488,021	97,400	448,308	46,335,220	5,916,921	13,967,794	70,254,497
Deposits and other accounts	2,084,941,257	78,939,699	19,451,339	57,534,396	74,883,308	69,339,081	66,901,002	50,797,416	145,266,806	847,451	798,342	39,124	-
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	174,882,732	3,822,407	20,326,366	45,678,093	7,661,783	6,003,331	7,073,384	5,048,036	25,966,396	4,054,593	3,680,787	16,749,901	11,896,435
	3,210,044,559	1,555,873,158	111,017,060	602,199,341	237,653,792	91,176,252	88,462,407	55,942,852	171,681,510	51,237,264	10,396,050	30,756,819	96,150,932
Net assets	139,623,238	(1,159,435,414)	48,532,405	(566,355,171)	(30,729,857)	146,513,818	116,500,303	23,599,793	148,591,523	205,597,497	491,561,423	425,399,495	403,018,585
Share capital	15,771,651	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	41,401,130	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	11,272,770	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	71,472,352	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	(294,665)	-	-	-	-	-	-	-	-	-	-	-	-
	139,623,238	-	-	-	-	-	-	-	-	-	-	-	-



47.6.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

2023

	2023								
	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
Total									
Assets									
Cash and balances with treasury banks	202,692,503	114,534,588	7,324,282	17,563,379	17,274,692	2,638,067	5,203,217	13,003,463	15,604,155
Balances with other banks	16,990,085	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-
Investments	2,072,156,767	10,212,175	155,827,112	371,200,869	212,387,878	457,538,612	376,723,110	286,896,071	7,410,142
Advances	735,061,827	193,960,798	71,483,879	37,998,364	26,445,992	37,982,245	70,277,427	143,071,356	29,325,468
Fixed assets	61,821,048	2,312,479	2,433,344	4,719,928	6,237,121	5,286,465	7,769,438	9,683,388	21,330,727
Intangible assets	1,380,144	127,759	189,571	370,401	255,316	182,025	186,208	2,500	-
Deferred tax assets	3,619,475	-	-	3,619,475	-	-	-	-	-
Other assets	136,391,839	15,163,279	3,626,438	4,756,016	2,755,540	894,354	1,316,700	1,318,200	-
	3,349,667,797	569,598,244	240,884,626	440,228,432	265,356,539	504,521,768	461,476,100	453,974,978	73,670,492
Liabilities									
Bills payable	26,004,538	-	-	-	-	-	-	-	-
Borrowings	910,216,032	40,785,871	14,488,021	545,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927
Deposits and other accounts	2,084,941,257	203,922,468	156,451,118	375,164,456	368,997,931	56,350,717	111,143,873	277,761,871	333,314,246
Subordinated debt	14,000,000	-	-	-	-	-	-	-	14,000,000
Other liabilities	174,882,732	13,665,114	7,073,384	31,014,432	4,054,593	3,680,787	16,749,901	10,004,739	1,891,696
	3,210,044,559	1,032,509,201	178,012,523	406,724,596	419,387,744	65,948,425	141,861,568	357,821,180	349,405,869
Net assets	139,623,238	(462,910,957)	62,872,103	33,503,836	(154,031,205)	438,573,343	319,614,532	96,153,798	(275,735,377)
Share capital	15,771,651	-	-	-	-	-	-	-	-
Reserves	41,401,130	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	11,272,770	-	-	-	-	-	-	-	-
Unappropriated profit	71,472,352	-	-	-	-	-	-	-	-
Non-controlling interest	(294,665)	-	-	-	-	-	-	-	-
	139,623,238	-	-	-	-	-	-	-	-

2022

Total	(Rupees in '000)									
	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	
140,613,751	93,639,951	4,638,163	4,739,870	8,498,852	9,511,009	1,416,574	2,805,971	6,983,346	8,380,015	
10,105,449	10,105,449	-	-	-	-	-	-	-	-	-
115,353,599	114,036,479	1,317,120	-	-	-	-	-	-	-	-
1,117,616,363	5,335,809	10,881,436	14,833,378	405,895,898	112,948,473	91,258,266	246,873,481	224,155,552	5,434,070	
732,385,815	199,300,119	141,671,967	61,626,257	52,888,467	53,561,337	50,891,076	78,891,005	78,427,460	15,128,127	
48,493,284	659,206	881,753	1,314,571	2,547,315	4,207,375	3,958,028	6,544,622	8,034,153	20,346,261	
1,304,181	52,000	107,502	156,003	313,660	168,095	168,277	336,144	2,500	-	
7,550,773	24,405	-	-	7,526,368	-	-	-	-	-	
83,296,493	64,658,199	10,369,777	1,780,917	2,919,102	2,088,675	379,867	550,728	549,228	-	
2,256,719,708	487,811,617	169,867,718	84,450,996	480,589,662	182,484,964	148,072,088	336,001,951	318,152,239	49,288,473	

Assets

Cash and balances with treasury banks
Balances with other banks
Lending to financial institutions
Investments
Advances
Fixed assets
Intangible assets
Deferred tax assets
Other assets

Liabilities

Bills payable
Borrowings
Deposits and other accounts
Subordinated debt
Other liabilities

40,033,806	40,033,806	-	-	-	-	-	-	-	-	-
491,649,941	137,329,070	187,143,296	17,053,319	2,310,237	12,192,522	43,220,723	11,458,426	79,773,929	1,168,419	
1,486,836,260	119,013,588	135,057,941	138,019,531	247,476,733	276,949,568	41,248,983	81,706,628	203,346,948	244,016,340	
14,000,000	-	-	-	-	-	-	-	-	14,000,000	
122,136,332	49,200,250	13,358,656	7,062,158	29,576,771	3,271,993	2,753,568	4,899,063	7,911,399	4,162,474	
2,154,656,339	345,576,714	335,559,893	162,135,008	279,363,741	292,414,083	87,223,274	98,004,117	291,032,276	263,347,233	
102,063,369	142,234,903	(165,692,175)	(7,684,012)	201,225,921	(109,929,119)	60,848,814	237,997,834	27,119,963	(214,058,760)	

Net assets

Share capital
Reserves
Surplus on revaluation of assets
Unappropriated profit
Non-controlling interest

15,771,651

34,283,201

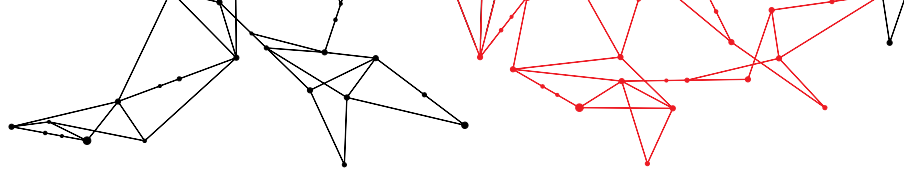
4,847,101

47,033,616

127,800

102,063,369

In line with the SBP BSD Circular Letter No. 03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Holding Company conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed regression analysis to determine deposit withdrawal pattern on Current and Savings Accounts (CASA). Regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.



47.7 Derivative Risk

The Holding Company deals in derivative instruments including Interest Rate Swaps and Cross Currency Swaps for hedging and market making purposes within Holding Company's risk appetite. Interest rate swaps are primarily conducted to hedge interest rate risk present in the Holding Company's foreign currency bond portfolio.

Additionally, to facilitate client business enabling them to hedge long term foreign currency exposure, Holding Company offers solutions through Cross Currency Swaps subject to approval from the State Bank of Pakistan. The counterparty risk associated in the cross currency swaps is approved by the relevant Credit Approval Authority.

Market & Liquidity Risk Department under the Risk Management Division performs hedge effectiveness testing of foreign currency bonds portfolio against interest rate swaps on a periodic basis. For Cross Currency Swaps, Market & Liquidity Risk Department monitors the revaluation and counterparty exposures on regular basis. The results are then shared with the concerned stakeholders and strategies are devised/revisited in coordination with Treasury to align the outcomes with established risk parameters.

47.8 Trade Pricing Risk

Trade Pricing Risk – TPRD established under the umbrella of Risk Management Division – RMD is responsible to ascertain commodity price of trade transactions to curb under / over invoicing on best effort basis through various reliable sources such as internet search, custom valuation ruling, newspaper, goods declaration, Bloomberg etc.

The unit has been established as required by the SBP framework for managing risk of Trade Based Money Laundering and Terrorist Financing.

48 AFGHANISTAN OPERATIONS

The Holding Company's maintains a two-branch presence in Afghanistan. The board and management of the Holding Company continue to closely monitor the evolving situation in Afghanistan which has been hampered due to country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Holding Company has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Holding Company remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

49 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on February 01, 2024 has announced final cash dividend of Rs. 5 per share (50%) (2022: Rs. 2.5 per share (25%). This appropriation will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2023 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2024. The Board had earlier declared and paid an interim cash dividend of Rs. 3.0 (2022: cash dividend: Rs. 2.5) per share.

50 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 01, 2024 by the Board of Directors of the Holding Company.

51 GENERAL

51.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary for better presentation and classification.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated financial statements is as follows:

Description of item	Nature	(Rupees in '000)	From	To
Net interest on interest rate swap	Income	156,282	Mark-Up / return / interest expensed - borrowings	Mark-up / return / interest earned - investments
Sukuk	Asset	222,000	Available for sale securities investment - term finance certificates	Available for sale securities investment - sukuk
Realised gain / (loss) on federal government securities	Income	97,635	Gain / (loss) on securities - realised gain / (loss)	Mark-Up / return / interest expensed - borrowings

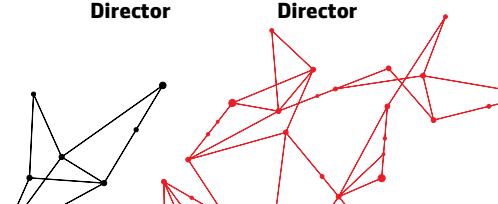
President & Chief Executive Officer

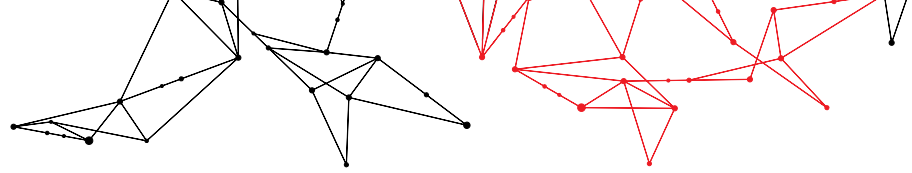
Chief Financial Officer

Director

Director

Director



**ANNEXURE-I****STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2023**

Details of advances written-off for the year ended December 31, 2023 are disclosed in Annexure I of the unconsolidated financial statements.

ANNEXURE-II**ISLAMIC BANKING BUSINESS (DOMESTIC)**

Details of the Islamic banking business (domestic) for the year ended December 31, 2023 are disclosed in Annexure II of the unconsolidated financial statements.

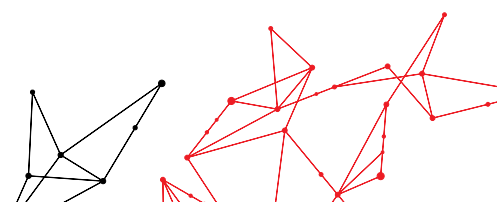
ANNEXURE-III**DISPOAL OF FIXED ASSETS TO RELATED PARTIES**

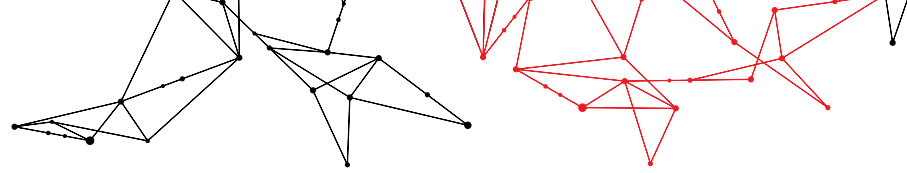
Details of disposal of fixed assets to related parties for the year ended December 31, 2023 are disclosed in Annexure III of the unconsolidated financial statements.

As at December 31, 2023

Number of Shareholders	Shareholding From	To	Number of Shares Held	
2087	1	-	100	57,855
1871	101	-	500	530,833
1646	501	-	1000	1,204,288
3734	1001	-	5000	11,197,314
963	5001	-	10000	6,984,227
264	10001	-	15000	3,287,027
130	15001	-	20000	2,350,061
133	20001	-	25000	3,089,788
73	25001	-	30000	2,054,941
45	30001	-	35000	1,460,252
29	35001	-	40000	1,099,846
31	40001	-	45000	1,334,940
60	45001	-	50000	2,947,567
30	50001	-	55000	1,614,481
20	55001	-	60000	1,160,423
19	60001	-	65000	1,184,501
15	65001	-	70000	1,014,020
22	70001	-	75000	1,622,276
12	75001	-	80000	933,200
11	80001	-	85000	913,256
11	85001	-	90000	970,041
6	90001	-	95000	548,247
31	95001	-	100000	3,093,163
7	100001	-	105000	717,097
12	105001	-	110000	1,316,750
4	110001	-	115000	451,175
6	115001	-	120000	711,189
10	120001	-	125000	1,233,356
6	125001	-	130000	767,506
1	130001	-	135000	133,100
15	135001	-	140000	2,067,772
4	140001	-	145000	576,048
10	145001	-	150000	1,478,548
4	150001	-	155000	612,857
1	155001	-	160000	158,850
2	160001	-	165000	328,100
2	165001	-	170000	335,274
3	170001	-	175000	523,978
3	175001	-	180000	536,561
5	180001	-	185000	919,310
4	185001	-	190000	744,650
2	190001	-	195000	382,385
18	195001	-	200000	3,585,923
4	200001	-	205000	810,592
1	205001	-	210000	205,578
6	210001	-	215000	1,278,208
4	215001	-	220000	876,997
1	220001	-	225000	224,766
2	230001	-	235000	464,246

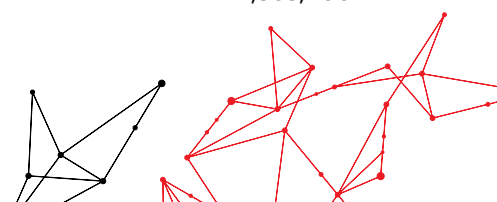
Pattern of Shareholding

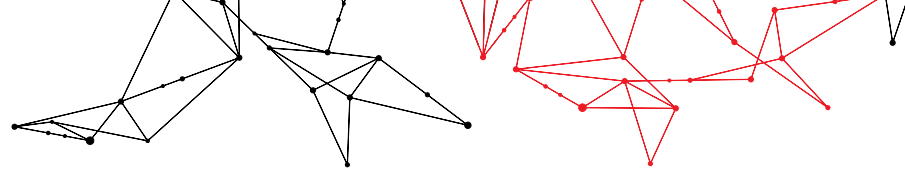




Number of Shareholders	From	Shareholding	To	Number of Shares Held
1	240001	-	245000	240,483
5	245001	-	250000	1,250,000
4	250001	-	255000	1,008,963
2	255001	-	260000	513,883
1	260001	-	265000	261,900
1	265001	-	270000	265,500
6	270001	-	275000	1,640,313
2	280001	-	285000	563,080
1	285001	-	290000	289,324
5	290001	-	295000	1,463,582
2	295001	-	300000	600,000
3	300001	-	305000	910,375
3	305001	-	310000	925,043
1	310001	-	315000	315,000
3	320001	-	325000	971,850
3	325001	-	330000	990,000
1	335001	-	340000	338,800
2	340001	-	345000	686,000
3	345001	-	350000	1,050,000
1	350001	-	355000	353,100
1	355001	-	360000	357,183
1	360001	-	365000	363,566
1	365001	-	370000	367,500
2	370001	-	375000	748,095
2	380001	-	385000	767,727
2	385001	-	390000	776,460
1	395001	-	400000	400,000
2	405001	-	410000	819,440
2	410001	-	415000	825,664
1	425001	-	430000	426,800
1	435001	-	440000	440,000
2	445001	-	450000	900,000
1	470001	-	475000	470,801
1	475001	-	480000	477,245
2	480001	-	485000	967,655
9	495001	-	500000	4,498,935
1	500001	-	505000	502,000
1	505001	-	510000	505,750
1	515001	-	520000	518,100
2	520001	-	525000	1,045,599
1	530001	-	535000	533,000
2	535001	-	540000	1,075,610
2	545001	-	550000	1,100,000
2	550001	-	555000	1,101,831
1	555001	-	560000	560,000
2	560001	-	565000	1,128,109
1	605001	-	610000	606,000
1	610001	-	615000	610,800
2	615001	-	620000	1,232,847
2	630001	-	635000	1,262,564
1	635001	-	640000	638,500
2	645001	-	650000	1,296,264
1	665001	-	670000	666,000
1	675001	-	680000	678,492
2	690001	-	695000	1,383,409
2	695001	-	700000	1,400,000

Number of Shareholders	From	Shareholding	To	Number of Shares Held
1	715001	-	720000	719,000
2	725001	-	730000	1,458,919
2	745001	-	750000	1,495,811
1	770001	-	775000	770,100
1	780001	-	785000	784,400
1	785001	-	790000	788,277
1	795001	-	800000	795,500
1	815001	-	820000	815,999
1	820001	-	825000	824,999
1	845001	-	850000	850,000
1	880001	-	885000	882,227
2	905001	-	910000	1,816,351
1	910001	-	915000	911,469
1	985001	-	990000	986,187
4	995001	-	1000000	3,999,000
1	1000001	-	1005000	1,005,000
1	1020001	-	1025000	1,023,550
3	1095001	-	1100000	3,300,000
2	1145001	-	1150000	2,297,934
1	1180001	-	1185000	1,184,514
1	1205001	-	1210000	1,208,000
1	1225001	-	1230000	1,225,499
1	1280001	-	1285000	1,280,870
1	1285001	-	1290000	1,286,952
1	1330001	-	1335000	1,330,421
1	1400001	-	1405000	1,401,618
1	1460001	-	1465000	1,464,246
1	1470001	-	1475000	1,474,065
2	1495001	-	1500000	3,000,000
2	1520001	-	1525000	3,049,805
1	1540001	-	1545000	1,543,434
1	1585001	-	1590000	1,587,625
1	1660001	-	1665000	1,661,200
1	1675001	-	1680000	1,675,450
1	1735001	-	1740000	1,740,000
1	1770001	-	1775000	1,774,779
1	1795001	-	1800000	1,800,000
1	1855001	-	1860000	1,857,004
1	1995001	-	2000000	2,000,000
1	2080001	-	2085000	2,081,524
1	2100001	-	2105000	2,101,000
1	2345001	-	2350000	2,348,895
1	2360001	-	2365000	2,361,217
1	2645001	-	2650000	2,650,000
1	2835001	-	2840000	2,839,953
1	2865001	-	2870000	2,865,748
1	2935001	-	2940000	2,938,159
1	3065001	-	3070000	3,067,000
1	3820001	-	3825000	3,822,400
1	3880001	-	3885000	3,884,505
1	3935001	-	3940000	3,937,500
1	4295001	-	4300000	4,299,525
1	4365001	-	4370000	4,369,400





Number of Shareholders	From	Shareholding	To	Number of Shares Held
1	4495001	-	4500000	4,500,000
1	4530001	-	4535000	4,534,424
1	4790001	-	4795000	4,791,994
1	5045001	-	5050000	5,046,395
1	5295001	-	5300000	5,300,000
1	5350001	-	5355000	5,352,365
1	5550001	-	5555000	5,551,500
1	5615001	-	5620000	5,617,500
1	6305001	-	6310000	6,310,000
1	6475001	-	6480000	6,478,050
1	6700001	-	6705000	6,701,000
1	7475001	-	7480000	7,477,770
1	7580001	-	7585000	7,583,114
1	8995001	-	9000000	9,000,000
1	9005001	-	9010000	9,006,562
1	9995001	-	10000000	10,000,000
1	12880001	-	12885000	12,882,135
1	13005001	-	13010000	13,008,399
1	13135001	-	13140000	13,140,000
1	13465001	-	13470000	13,469,118
1	13975001	-	13980000	13,977,105
1	14375001	-	14380000	14,377,063
1	14845001	-	14850000	14,850,000
1	15945001	-	15950000	15,949,910
1	21040001	-	21045000	21,041,084
1	35360001	-	35365000	35,364,941
1	35925001	-	35930000	35,929,288
1	40360001	-	40365000	40,363,866
1	42420001	-	42425000	42,422,788
1	44640001	-	44645000	44,643,661
1	58395001	-	58400000	58,399,658
1	59360001	-	59365000	59,362,875
1	60545001	-	60550000	60,548,683
1	71700001	-	71705000	71,701,763
1	75005001	-	75010000	75,008,465
1	75685001	-	75690000	75,685,854
1	79465001	-	79470000	79,465,033
1	83255001	-	83260000	83,255,882
1	113525001	-	113530000	113,528,781
1	244715001	-	244720000	244,718,557
11595				1,577,165,119

As at December 31, 2023

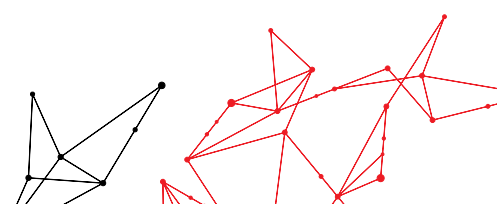
S.No.	Categories of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer their Spouse(s) and Minor Children, if any.	441,111,966	27.97
2	Associated Companies, Undertakings and Related Parties	427,632,160	27.11
3	NIT and ICP	4,951,019	0.31
4	Banks Development Financial Institutions, Non Banking Financial Institutions	98,663,616	6.26
5	Insurance Companies	94,590,479	6.00
6	Modarabas and Mutual Funds	40,501,753	2.57
7	General Public		
	a) Local	188,060,758	11.92
	b) Foreign	78,182,621	4.96
8	Others		
	a) Foreign Companies	20,118,407	1.28
	b) Joint Stock Companies	171,535,851	10.88
	c) Provident Funds, Pension Funds, Gratuity Funds and other entities	11,816,489	0.75
		<u>1,577,165,119</u>	<u>100.00</u>

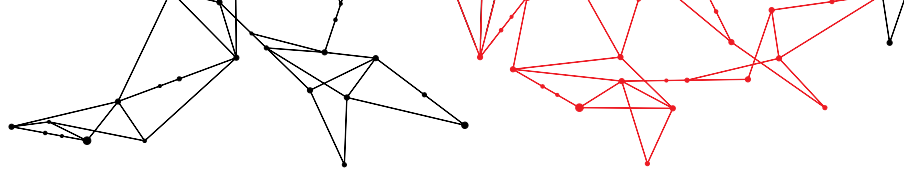
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Categories of Shareholders

Shareholders holding 10% Shares or more

	Shareholding	Percentage
H.H. Sheikh Nahayan Mabarak Al Nahayan, Chairman	338,483,156	21.46





By Directors/Executives and their Spouses and minor children during the year 2023

Sr. No.	Name	Date	No. of Shares		Rate (Rs.)	Nature of Transaction
			Sale	Purchase		
1	Mr. Haroon Khalid	24-Aug-2023	50,000		Rs. 41.00	Sold
2	Ms. Mehreen Ahmed	24-Aug-2023	53,100		Rs. 41.05	Sold
		24-Aug-2023	21,900		Rs. 41.09	Sold
		24-Aug-2023	25,000		Rs. 41.14	Sold
		24-Aug-2023	50,000		Rs. 42.05	Sold
		08-Dec-2023	35,000		Rs. 53.00	Sold

As required under Rule Book of Pakistan Stock Exchange Limited, the threshold for Executives, set by the Board of Directors of the Bank for the purpose of disclosure of trades in shares of the Bank means the Key Executives (as defined in SBP's Corporate Governance Regulatory Framework) and Employees of Bank Alfalah Limited in the grades SEVP-I & SEVP-II.

Notice of the 32nd Annual General Meeting

NOTICE is hereby given that the 32nd Annual General Meeting ("AGM") of Bank Alfalah Limited ("the Bank") will be held on Wednesday, 20th March 2024 at 11:00 AM at Movenpick Hotel, Karachi as well as through electronic means/web link to transact the following businesses:

Ordinary Business:

1. To confirm Minutes of the 31st Annual General Meeting held on 20th March 2023.
2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended 31st December 2023 together with Chairman's Review Report, Directors' Report and Auditors' Report thereon including post-facto approval of remuneration paid to the non-executive directors for attending Board and Board Committees meetings as reported under Note No. 40 of the Annual Accounts, in compliance with SBP's Regulatory Framework.

The Annual Report 2023 including Financial Statements of the Bank for the year ended 31st December 2023 has been placed at Bank's website at www.bankalfalah.com/financial-reports/.

3. To approve, as recommended by the Board of Directors, payment of Final cash dividend at the rate of PKR 5/- per share i.e. 50% for the year ended 31st December 2023. This is in addition to the Interim Cash Dividend already paid by the Bank at the rate of PKR 3/- per share i.e. 30%.
4. To appoint auditors of the Bank for the year ending 31st December 2024 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

Special Business:

Ordinary Resolution:

6. To obtain consent of shareholders as per requirements of SRO 389(I)/2023 dated 21st March 2023 for circulation of the annual report, including but not limited to, annual balance sheet, profit & loss account, auditor's report, and directors' report etc. to the members, through QR enabled code and weblink and to pass the following ordinary resolution:

"**RESOLVED THAT** in terms of SRO 389(I)/2023 dated 21st March 2023 issued by the Securities & Exchange Commission of Pakistan, the Bank Alfalah Limited ("the Bank") be and is hereby authorized to circulate the annual report, including but not limited to, annual balance sheet, profit & loss account, auditor's report, and directors' report etc. ("**annual audited financial statements**"), to its members through QR enabled code and weblink."

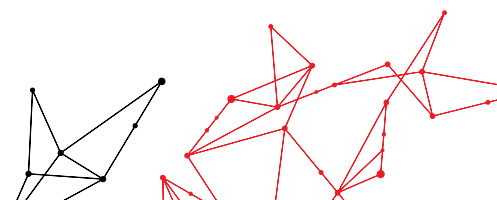
Special Resolution:

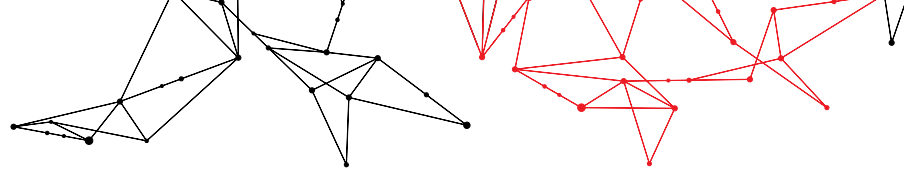
7. To consider and, if thought fit, pass the following resolutions as Special Resolutions, with or without modification(s), in accordance with Sections 199 of the Companies Act, 2017, read together with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 and other applicable laws, for the purposes of approving and authorizing further investment in the aggregate amount of upto PKR 1,200,000,000/- (Pak Rupees one billion two hundred million only) by the Bank in its subsidiary, Alfalah CLSA Securities (Private) Limited ("**Alfalah CLSA**"), by purchasing and / or subscribing to additional ordinary shares of Alfalah CLSA, at a price of up to PKR 10/- (Pak Rupees Ten only) per ordinary share.

"**RESOLVED THAT** in accordance with Section 199 of the Companies Act, 2017, read together with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 and other applicable laws, and subject to obtaining of all necessary regulatory approvals, the Bank be and is hereby authorized to make further investments in the aggregate amount of upto PKR 1,200,000,000/- (Pak Rupees one billion two hundred million only) in its subsidiary, Alfalah CLSA Securities (Private) Limited ("**Alfalah CLSA**"), by purchasing and / or subscribing to additional ordinary shares at a price of up to PKR 10/- (Pak Rupees Ten only) per share.

FURTHER RESOLVED THAT such investment may be made by the Bank for an indefinite period, in such manner as deemed appropriate by the Authorized Persons from time to time, and the Board is further empowered and authorized to dispose of such investment(s) or any portion thereof as deemed fit by the Board, from time to time.

FURTHER RESOLVED THAT the Chief Executive Officer, Chief Financial Officer, Group Head, Strategy, Transformation, CE and VC, the Company Secretary and the Chief Risk Officer of the Bank ("**Authorized Persons**"), or any person(s) authorized by them, be and are hereby jointly or severally authorized to:





- (i) determine the manner in which, along with actual amount of investment required to be made from time to time along with the price per share (subject to maximum price and amount as stated above);
- (ii) invest the necessary amounts, from time to time to purchase and / or subscribe to further ordinary shares of Alfalah CLSA; and
- (iii) generally to do all acts, deeds and things and sign all such documents, applications etc. and take any and all actions from time to time as may be required for the fulfilment of the above resolutions along with all matters ancillary and incidental thereto including obtaining all necessary approvals, filing and submitting all the requisite statutory forms, applications and other documents and completing all legal formalities.”

The Statement of material facts under Section 134(3) of the Companies Act, 2017 in respect of the aforesaid Special Businesses to be considered at the Annual General Meeting is being sent to the members along with the Notice.

Karachi

By Order of the Board

Dated: 28th February 2024

QR enabled code and weblink:

MUHAMMAD AKRAM SAWLEH

Company Secretary

www.bankalfalah.com/financial-reports/



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NOTES:

1. Closure of Share Transfer Books

The Share Transfer Books of the Bank will be closed from 15th March 2024 to 20th March 2024 (both days inclusive). Transfers received at the office of the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Room No. 1705, 17th Floor, Saima Trade Tower "A", I.I. Chundrigar Road, Karachi-74000 Phone: (92-21) 32271905-6 and (92-21) 32213243 Fax: (92-21) 32621233 before the close of business on 14th March 2024 will be treated in time for the purpose of above entitlement to the transferees and of attending the meeting.

Shareholders having shares in physical form are requested to notify any change in their address and/or email address, to our Share Registrar, in writing, whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services.

2. Participation in AGM through electronic means:

The shareholders who wish to participate through online platform/facility (either in person or through proxy) are requested to please provide below information at Bank's designated Email: cosec@bankalfalah.com, at least 48 hours before the time of AGM.

Folio/CDC Account No.	Name	CNIC No.	Cell No.	Email address

The login details will be sent to such shareholders through email enabling them to join the AGM on given time through web/internet.

3. Members' Right to Appoint Proxy

Members appointing proxies are requested to submit their proxy forms along with attested copies of proxy's CNIC/Passport mentioning folio/CDC account # of proxy holder at the Office of Share Registrar of the Bank, not less than 48 hours before the time of the Meeting. A corporation appointing a proxy must also submit their proxy forms along with a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney.

4. Payment of Cash Dividend Electronically (e-Dividend)/Dividend Mandate

In accordance with the Companies (Distribution of Dividends) Regulations, 2017, the Bank is required to withhold dividend payment of those shareholders who have not yet provided their dividend mandate/bank account details and/or CNIC details. Such shareholders are requested to provide their CNIC details and/or their dividend

mandate information including 1) IBAN number 2) Title of Bank Account; 3) Bank Account number; 4) Bank Code and Branch Code; 5) Bank Name, Branch Name and Address; 6) Cell Number; 7) CNIC number; and 8) Email Address to Bank's Share Register (if shares are held physically), whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services.

5. Un-claimed Dividends/ Shares

In accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/ unclaimed for a period of three (3) years or more from the date it is due and payable. The notices to this fact have already been dispatched to the relevant shareholders. Shareholders who have not yet collected/received their dividends/shares are advised to contact our Share Registrar for details.

Attention is sought from those shareholders who have not yet provided their complete and correct information such as address, CNIC number, email, cell number and/or bank mandate etc. They are again requested to furnish the required information to the Share Registrar at the earliest.

6. Withholding Tax on dividends

Withholding Tax on cash dividend of those shareholders, whose name will not appear (at the time of issuance/ process of dividend) in the Active Taxpayers List, will be subject to higher rate of tax deduction as required under prevailing Income Tax Laws. Corporate shareholders are also required to update their NTN number in CDC records or provide copy of their NTN certificate to Bank's Share Registrar (if shares are held in physical form).

7. Tax in case of Joint Shareholders

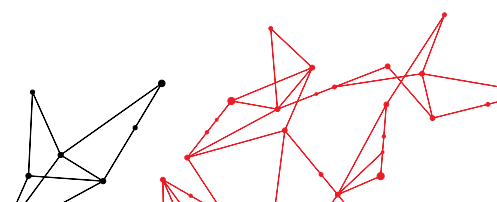
In accordance with the instructions of Federal Board of Revenue, the tax on dividend income of joint holders of shares will be deducted in accordance with their shareholding proportion or in equal proportion, if such proportion is not provided. Therefore, shareholders are requested to provide, if not provided earlier, shareholding proportion of each joint shareholder(s) to the Bank's Share Registrar latest by 14th March 2024 in the following manner:

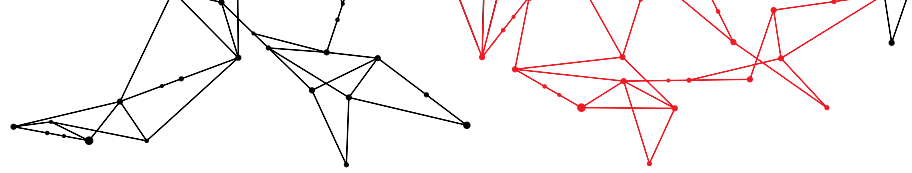
Folio / CDC A/c No.	Name of Shareholders (Joint Holders)	No. of shares (proportion)	CNIC No. (valid copy attached)	Signature
	1)			
	2)			
			
	Total Shares			

8. Conversion of Physical Shares into Book Entry Form

As per provisions of Section 72(2) of the Companies Act, 2017 and as per the instructions issued by SECP vide its Letter No. CSD/ED/Misc./2016-639-640 date March 26, 2021, every existing company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission. Respective shareholders are requested to arrange to convert their physical shares into book-entry-form. For this purpose, the shareholder shall be required to have an account either with Central Depository Company of Pakistan Limited (CDC) or with any Trading Rights Entitlement Certificate holder of Pakistan Stock Exchange Limited/CDC Participant.

The benefits associated with the Book-Entry-Form Shares includes "readily available for trading, whereas trading of physical scrips is currently not permitted", "no risk of damaged, lost, forged or duplicate certificates", "reduced stamp duty on physical to book-entry-form transfers", "Instantaneous transfer of ownership", "Instant receipt/ credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues etc.)" and convenient pledging of securities etc.





STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESSES BEING TRANSACTED:

Agenda Item No. 6:

Transmission of 'Annual Audited Financial Statements' through QR enabled code and weblink

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated 21st March 2023 ('SRO') has allowed listed companies to circulate the annual balance sheet and profit and loss account, auditor's report, directors' report, etc. ('annual audited financial statements') to its members through QR enabled code and weblink, subject to compliance with certain conditions mentioned in the SRO. One of the conditions requires that consent of shareholders should be obtained for the same in general meeting.

The consent of shareholders is being sought to authorize the Bank to circulate the annual balance sheet and profit and loss account, auditor's report, directors' report, etc. (included in the annual reports) to its members through QR enabled code and weblink. The Bank will also circulate the annual audited financial statements, through email, to such members whose email addresses are available in the Members' Register at the time of dispatch of Notices of Annual General Meetings. Further, the Bank will, supply the hard copies of the annual audited financial statements (included in the annual reports) to the members, on demand, free of cost upon receipt of a Request. A specimen of Request Form is available at the website of the Bank <https://www.bankalfalah.com/investor-relations/request-form-for-hard-copy-annual-audited-accounts/>.

Agenda Item No. 7:

Further Investment in Alfalah CLSA Securities (Private) Limited

Alfalah CLSA Securities (Private) Limited ("Alfalah CLSA"), is an subsidiary and associated company of Bank Alfalah Limited ("Bank") and the Bank intends to further invest, by way of by purchasing and / or subscribing to ordinary shares of Alfalah CLSA in the aggregate amount of up to PKR 1,200,000,000/- (Pak Rupees one billion two hundred million only), at a price of up to PKR 10/- (Pak Rupees Ten only) per ordinary share. The investment is expected to strengthen the balance sheet and financial position of Alfalah CLSA's thereby enabling it to operate and better compete in the market.

594 Consequently, the Bank is seeking approval from its shareholders for investments in its associated company i.e. Alfalah CLSA, through passing of the special resolutions (with or without modification(s)) provided in agenda item no. 7 of the notice, in accordance with Section 199 of the Companies Act, 2017 read together with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

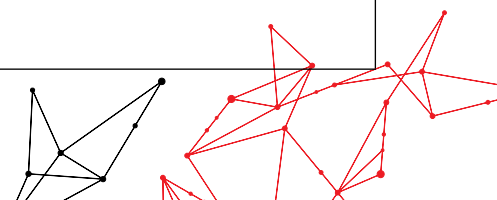
The Board of Directors has recommended that the members of the Bank pass the resolutions (as detailed in the notice) to permit the said transaction.

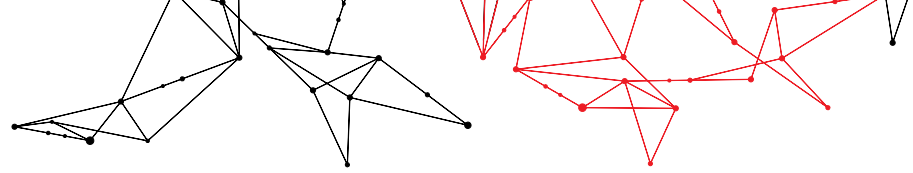
For the purposes of compliance with Section 199 of the Companies Act, 2017 ("Act") read with Regulation 3(3) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 ("Regulations"), the Board of Directors of the Company have conducted the necessary due diligence for the proposed investment. It is also important to highlight that the external audit for the year ended 31 December 2023 is under way.

In compliance with the relevant provisions of the Act and the Regulations, the requisite information/disclosure regarding the proposed investment is as under:

Sr. No.	Description	Relevant Information
(a)	Disclosure for all types of investments	
(A)	Regarding associated company or associated undertaking: -	
(i)	Name of associated company or associated undertaking	Alfalah CLSA Securities (Private) Limited
(ii)	Basis of relationship	Alfalah CLSA is an associated company of the Bank by virtue of the Bank holding and controlling 62.5% of the voting power of Alfalah CLSA.
(iii)	Earnings / (Loss) per share for the last three years (PKR)	2021: PKR 1.53/- 2022: PKR 0.19/- 2023 (as per unaudited accounts as at December 31, 2023): PKR (28.34)/-
(iv)	Break-up value per share, based on the latest audited financial statements	PKR (19.64)/-, based on the unaudited financial statements for the year ended December 31 st , 2023.

(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	<p>As per the unaudited financial statements for the year ended December 31st, 2023.</p> <p>Main items of Balance Sheet:</p> <table border="1" data-bbox="686 386 1334 575"> <thead> <tr> <th>Description</th> <th>PKR in Million</th> </tr> </thead> <tbody> <tr> <td>Non-Current Assets</td> <td>60.86</td> </tr> <tr> <td>Current Assets</td> <td>1,421.55</td> </tr> <tr> <td>Equity</td> <td>(785.78)</td> </tr> <tr> <td>Liabilities</td> <td>2,268.18</td> </tr> </tbody> </table> <p>Main items of Profit and Loss Account:</p> <table border="1" data-bbox="686 655 1334 844"> <thead> <tr> <th>Description</th> <th>PKR in Million</th> </tr> </thead> <tbody> <tr> <td>Net Turnover</td> <td>706.15</td> </tr> <tr> <td>Gross Profit</td> <td>217.38</td> </tr> <tr> <td>Profit before tax</td> <td>(1,091.64)</td> </tr> <tr> <td>Profit after tax</td> <td>(1,133.60)</td> </tr> </tbody> </table>	Description	PKR in Million	Non-Current Assets	60.86	Current Assets	1,421.55	Equity	(785.78)	Liabilities	2,268.18	Description	PKR in Million	Net Turnover	706.15	Gross Profit	217.38	Profit before tax	(1,091.64)	Profit after tax	(1,133.60)
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Profit before tax	(1,091.64)																					
Profit after tax	(1,133.60)																					
(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations.	Not applicable.																				
(B)	General Disclosures: -																					
(i)	maximum amount of investment to be made;	The aggregate purchase price for acquisition of shares is up to PKR 1,200,000,000/- (Pak Rupees one billion two hundred million only)																				
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p>To support and strengthen the balance sheet and financial position of Alfalah CLSA's thereby enabling it to operate and better compete in the market.</p> <p>The proposed investment will also increase the Bank's effective ownership in Alfalah CLSA.</p> <p>The Board has not fixed any period for the investment and is intended to be held for an indefinite period.</p>																				
(iii)	<p>sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis.</p>	<p>The investment shall be made from the Banks's internal cash flows.</p> <p>(i) Not Applicable (ii) Not Applicable (iii) Not Applicable</p>																				
(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	Not applicable, as the shares will be subscribed pursuant to Alfalah CLSA's rights issue announcement. Accordingly, no agreement will be entered into between the Bank and Alfalah CLSA.																				
(v)	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	None.																				

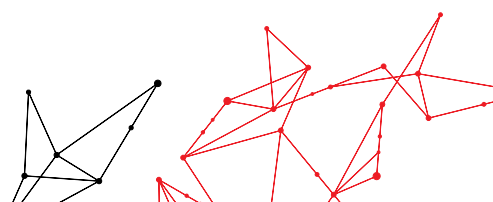




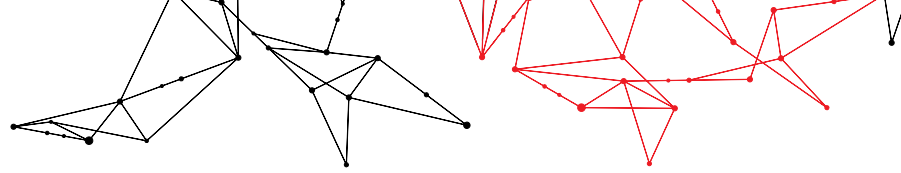
(vi)	<p>in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and</p>	<p>The Bank subscribed to 97.91% of the issued and paid-up share capital of Alfalah CLSA at the time of incorporation of Alfalah CLSA in 2003. In 2018, the Bank booked an impairment loss of PKR 42.98 Mn pertaining to its investment in Alfalah CLSA which is currently being carried in the Bank's book. In 2019, the Bank entered into an agreement in which certain strategic investors acquired shares in Alfalah CLSA by way of a rights issue diluting the Bank's holding to 61.2% of the issued and paid-up share capital of Alfalah CLSA. The Bank acquired additional shares from minority shareholders in 2022, taking its holding to 62.5%.</p> <p>The company has reported profits in 2020, 2021 and 2022. The company has also expanded its operations in Lahore, Islamabad, Rawalpindi, and Multan. It has also recently received approval for fixed income and foreign exchange interbank brokerage license.</p> <p>The Bank has recently taken steps to address certain challenges relating to trade receivables uncovered within Alfalah CLSA. These steps were required in order to stabilize the Company and steer Alfalah CLSA towards a growth trajectory. In light of the challenges faced by Alfalah CLSA and the measures adopted in response thereto, the booking of an impairment charge of PKR 262.24 Mn for 2023 was necessary in the Bank's book for a fair and accurate depiction of Alfalah CLSA's affairs. It is expected that as a result of the equity investment, Alfalah CLSA will not only benefit from a strong balance sheet and financial position but also be positioned to better compete in the market. The new investment will also solidify the Bank's majority stake and demonstrates the Bank's unwavering commitment to Alfalah CLSA, its customers and stakeholders.</p> <p>The performance of Alfalah CLSA in the last five (5) financial years can be ascertained from the information in the table below:</p> <table border="1" data-bbox="616 980 1359 1514"> <thead> <tr> <th>Particulars</th> <th>FY 2023 (unaudited)</th> <th>FY 2022</th> <th>FY 2021</th> <th>FY 2020</th> <th>FY 2019</th> </tr> </thead> <tbody> <tr> <td>Turnover (PKR Mn)</td> <td>706</td> <td>461</td> <td>318</td> <td>238</td> <td>134</td> </tr> <tr> <td>Growth (%)</td> <td>53%</td> <td>45%</td> <td>34%</td> <td>77%</td> <td>3%</td> </tr> <tr> <td>Profit before Tax (PKR Mn)</td> <td>(1,092)</td> <td>(12)</td> <td>74</td> <td>42</td> <td>(28)</td> </tr> <tr> <td>Equity (PKR Mn)</td> <td>(786)</td> <td>341</td> <td>335</td> <td>277</td> <td>238</td> </tr> </tbody> </table>	Particulars	FY 2023 (unaudited)	FY 2022	FY 2021	FY 2020	FY 2019	Turnover (PKR Mn)	706	461	318	238	134	Growth (%)	53%	45%	34%	77%	3%	Profit before Tax (PKR Mn)	(1,092)	(12)	74	42	(28)	Equity (PKR Mn)	(786)	341	335	277	238
Particulars	FY 2023 (unaudited)	FY 2022	FY 2021	FY 2020	FY 2019																											
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Equity (PKR Mn)	(786)	341	335	277	238																											
(v)	any other important details necessary for the members to understand the transaction.	None.																														
(b)	In case of equity investment: -																															
(i)	maximum price at which securities will be acquired;	Up to PKR 10/- per ordinary share.																														
(ii)	in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Not Applicable																														
(iii)	maximum number of securities to be acquired;	up to 1,200,000,000 ordinary shares (each having a face value of PKR 10 each).																														

(iv)	number of securities and percentage thereof held before and after the proposed investment;	Bank Alfalah Limited holds 24,999,956 ordinary shares of Alfalah CLSA which entitled it to 62.5% shareholding in Alfalah CLSA. After the investment, Bank Alfalah Limited shall hold up to 1,224,999,956 (including through nominees) ordinary shares of Alfalah CLSA increasing its shareholding to upto 98.8% of the share capital of Alfalah CLSA.
(v)	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Not Applicable.
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities.	Break-up value per share PKR (19.64) as per unaudited financial statements as at 31 December 2023 as external audit for the year ended 31 December 2023 is under way.

None of the directors of the Bank have any direct or indirect interest in the above said Special Businesses.



Glossary and Definition of Terms



Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the words 'accepted' above his signature and a designated payment date.

Activity/Turnover Ratios

Evaluate the operational efficiency of the company to convert inventory and receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales

Basel III

Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity risk.

Basis Point

One hundredth of a percent i.e. 0.01 per cent. 100 basis points is 1 percent. Used when quoting movements in interest rates or yields on securities.

Breakup Value per Share

Represents the total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets, excluding the impact of revaluation on fixed assets, divided by the total number of shares outstanding at year end.

Bonus Issue (Scrip Issue)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is the process for converting a company's reserves (in whole or part) into issued capital and hence does not involve an infusion of cash.

Cash Equivalents

Short-term highly liquid investments that are readily convertible to known amounts of cash.

Capital Adequacy Ratio

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan and Basel Committee.

Call Money Rate

Interbank clean (without collateral) lending/borrowing rates are called Call Money Rates

Capital Structure Ratios

Provide an indication of the long-term solvency of the Company and its cost of debt, in relation to equity and profits.

Coupon Rate

Interest rate payable on bond's par value at specific regular periods. In PIBs they are paid on bi-annual basis.

Call Deposits

These include short notice and special notice deposits.

Computer Software (intangible assets)

An asset consisting of computer programmes, programme descriptions and supporting materials for both systems and applications software; included are purchased software and software developed on own account, if the expenditure is large.

Contingencies

A condition or situation existing at date of Statement of Financial Position where the outcome will be confirmed only by occurrence of one or more future events.

CAGR

An abbreviation for Compound Annual Growth Rate.

Corporate Governance

It is 'the system by which companies are directed and controlled' by the Securities and Exchange Commission of Pakistan. It involves regulatory and market mechanisms, which govern the roles and relationships between a company's management, its board, its shareholders and other stakeholders.

Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Cost to Income Ratio

The proportion of admin expenses to total income, represented as combination of net interest income and non interest income.

Currency (cash in hand)

Notes and coins that are of fixed nominal values and accepted as legal tender in an economy that are issued by the central bank and/or government. This category should also include currency that is no longer legal tender, but that can be exchanged immediately for current legal tender.

Credit Risk Spread

The credit spread is the yield spread between securities with the same coupon rate and maturity structure but with different associated credit risks, with the yield spread rising as the credit rating worsens. It is the premium over the benchmark or risk-free rate required by the market to take on a lower credit quality.

Defined Contribution

A post-employment benefit plan under which entity and employee pays fixed contribution into a separate entity (a fund) and will have no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all the employee benefits relating to employee service in the current and prior periods.

Derivatives

A financial instrument or a contract where;

- Its value is dependent upon or derived from one or more underlying assets
- Requires no or very little initial net investment
- It is settled at a future date

Defined Benefits

In a defined benefit plan, an employer typically guarantees a worker a specific lifetime annual retirement benefit, based on years of service, final rate of pay, age and other factors. The risks of paying for the plan rest entirely with the plan.

Deferred Taxation

Sum set aside for tax in financial statements that will become payable/receivable in a financial year other than current financial year due to differences

in accounting policies and applicable taxation legislations.

Discount Rate

The rate at which SBP provides three-day Repo facility to banks, acting as the lender of last resort.

Dividends

Distribution of earnings to shareholders prorated by the class of security and paid in the form of money, stock, scrip, and rarely company products or property.

Dividend Payout Ratio

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

Dividend Yield Ratio

Dividend per share (DPS) divided by the market value of share.

Earnings per Share (EPS)

Profit after taxation divided by the weighted average number of ordinary shares in issue.

Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation.

Electrical, Office and Computer Equipment

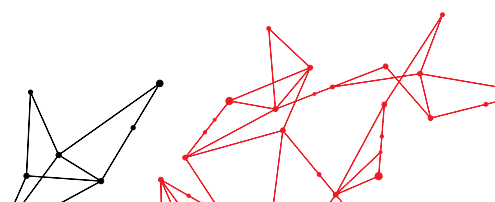
All office equipment, other than those acquired through financial leases, that are used for the business, including counting and computing equipment, printers, scanners, photocopiers, fax machines, etc.

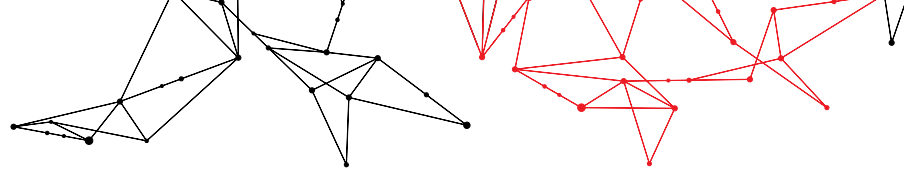
Finance Lease

The one in which risk and rewards incidental to the ownership of the leased asset is transferred to lessee but not the actual ownership.

Fixed Deposits

Deposits having fixed maturity dates and a rate of return.





Forced Sale Value (FSV)

The value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

Forward Exchange Contract

Agreements between two parties to exchange two designated currencies at a specific time in the future.

Forward Purchase Contract

Forward purchase contract is one in which the exporter enters into the forward booking contract to protect himself from the exchange rate fluctuation at the time of receiving payment.

Forward Sale Contract

In a forward sale contract the importer enters into a transaction to buy foreign currency from the Bank at the predetermined rate to protect himself from the exchange fluctuation at the date the payment.

Furniture and Fixture

All type of furniture and fixtures other than those acquired under financial leases for business are included.

Government Securities

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

Guarantees

A promise to answer for the payment of some debt, or the performance of some duty, in case of the failure of another person, who is, in the first instance, liable to such payment or performance.

Head Office/Branch Adjustment Account

All adjustments made with head offices or branches and are payable.

Historical Cost Convention

Recording transactions at the actual value received or paid.

Impairment

Impairment of an asset is an abrupt decrease of its fair value and measured in accordance with applicable regulations.

Impairment Provisions

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

Interest Rate Swap (IRS)

An Interest Rate Swap (the swap) is usually 'fixed to floating' or 'floating to floating' exchanges of interest rate between two parties. As per the contract, on each payment date during the swap period, the cash payments based on difference in fixed/floating or floating/floating rates are exchanged by the parties from one another. The party incurring a negative interest rate differential for that leg pays the other counter-party.

Interest Spread

Represents the difference between the average interest rate earned and the average interest rate paid on funds.

Interest in Suspense

Interest suspended on non-performing loans and advances.

Investment/Market Ratios

Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the Company's ability to generate profits.

KIBOR (Karachi Interbank Offered Rate)

The Interbank lending rate between banks in Pakistan and is used as a benchmark for lending.

LIBOR (London Interbank Offered Rate)

The interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market. The LIBOR is fixed on a daily basis by the British Bankers' Association. Liquid Assets

Liquid Assets

An asset that can be converted into cash quickly and with minimal impact to the price received.

Liquidity Ratios

The Company's ability to meet its short-term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of share as at any cut-off date.

Materiality

The relative significance of a transaction or an event, the omission or misstatement of which could influence the economic decisions of users of financial statements.

Medium Enterprise

A Medium Enterprise (E) is a business entity which meets both the following parameters:

Number of employees* more than 50 less than 250
Annual Sales Turnover more than Rs. 150 million but less than Rs. 800 million

*includes contract employees

Non-Performing Loan

A loan that is in default or close to being in default. Loans become non-performing in accordance with provision of prudential regulations issued by SBP.

Non-Performing Loan-Substandard Category

Where mark-up/interest or principal is overdue by 90 days or more from the due date.

Non-Performing Loan-Doubtful Category

Where mark-up/interest or principal is overdue by 180 days or more from the due date.

Non-Performing Loan-Loss Category

Where mark-up/interest or principal is overdue by one year or more from the due date and Trade Bill (Import/ Export or Inland Bills) are not paid/adjusted within 180 days of the due date.

NPLs to Gross Advances/Loans

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

Nostro Account

An accounts held with a bank outside Pakistan

Net Interest Income

The difference between what a bank earns on interest bearing assets such as loans and securities and what it pays on interest bearing liabilities such as deposits, refinance funds and inter-bank borrowings.

Off Balance Sheet Transactions

Transactions that are not recognised as assets or liabilities in the statement of financial position, but which give rise to contingencies and commitments.

Other Deposits

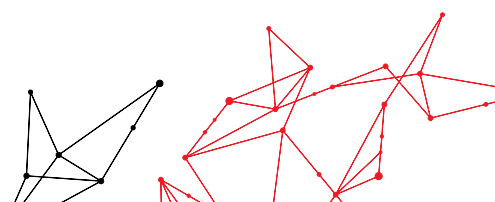
All claims of customers on banks/DFIs other than transferable or restricted deposits in national currency or in foreign currency that are represented by evidence of deposits. Banks/DFIs commonly raise funds through issuing certificate of deposits. This category also includes call deposits and special notice deposits.

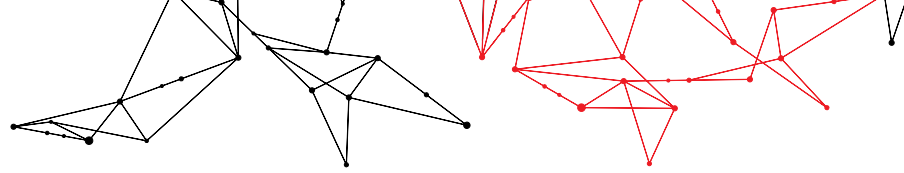
Pakistan Investment Bonds (PIBs)

They are the long-term coupon yielding instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 year.

Profitability Ratios

Used to assess the Company's ability to generate profits in relation to its sales, assets and equity.





Prudence

Inclusion of degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, so that assets or income are not overstated and liabilities or expenses are not understated.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Risk Weighted Assets

On Balance Sheet assets and the credit equivalent of off Balance Sheet assets multiplied by the relevant risk weighting factors.

Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

Reverse Repurchase Agreement

Transaction involving the purchase of securities by a bank or dealer, and resale back to the seller at a future date and specified price.

Return on Average Equity

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Return on Average Assets

Profit after tax divided by the average assets.

Related Parties

Parties where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Retained Earnings

The category of retained earnings shows all earnings (after tax profit) from the overall operations of the banks/DFIs less any amount allocated to general and special reserves, which is established as a capital cushion to cover operational and financial risks of the banks/DFIs.

Revenue Reserves

Reserves set aside for future distribution and investment.

Small Enterprise

A Small Enterprise (SE) is a business entity which meets both the following parameters:

Number of employees* Up to 50

Annual Sales Turnover Up to Rs. 150 million

*includes contract employees

Subordinated Loans

Funds raised by the banks/DFIs from subsidiary companies, managed modarabas, associated undertakings, director or holders have priority in the event of failure of the institution. Such debts are created by a subordination agreement under which a creditor acknowledges that his claim is secondary to the claim of other creditors, such as depositors.

Strategic Investment

Strategic Investment is an investment which a bank / DFI makes with the intention to hold it for a period of minimum 5 years.

Subsidiary Company

A company is a subsidiary of another company, if the parent company holds more than 50% of the nominal value of its equity capital or holds some share in it and controls the composition of its Board of Directors.

Shareholders' Funds

Total of Issued and fully paid share capital and revenue reserves.

Statutory Reserve Funds

A capital reserve created as per the provisions of the Banking Companies Ordinance, 1962.

Treasury bills

These are short-term debt instrument issued by the government treasury to raise funds for the government or to regulate money supply through open market operations of the central bank. The market transactions are managed by the State Bank of Pakistan on behalf of the treasury.

Unrealised Gain on Forward Foreign Exchange Contracts

In a forward contract, the counter parties agree to exchange, on a specified date, a specified quantity of an underlying item (real or financial) at an agreed-upon contract price. Either party to a forward contract is a potential debtor. The unrealised gain to be received due to difference between the rates agreed upon and the rate prevailing in the market should be reported under this item. You lock in today's exchange rate instead of a volatile currency exchange rate in the future that could significantly devalue your purchasing power.

Unrealised Gain on Interest Rate Swaps

It is the exchange of one set of cash flows for another. A pre-set index, notional amount and set of dates of exchange determine each set of cash flows. The most common type of interest rate swap is the exchange of fixed rate flows for floating rate flows.

Glossary – Acronyms

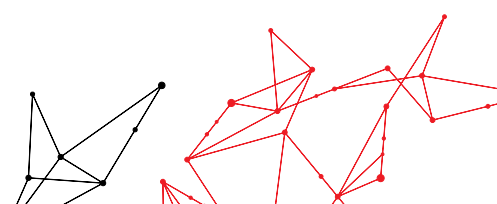
AGM	Annual General Meeting
BAC	Board Audit Committee
BAFL	Bank Alfalah Limited
BCC	Board Compensation Committee
BHRNC	Board Human Resource and Nomination Committee
BRMC	Board Risk Management Committee
BSFC	Board Strategy and Finance Committee
BCP	Business Continuity Planning
BOD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPIs	Critical Performance Indicators
CSR	Corporate Social Responsibility
ERP	Enterprise Resource Planning
HRLG	Human Resource and Learning Group
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretation Committee
ITG	Information Technology Governance
NFI	Non Funded Income
NII	Non Interest Income

Vehicles

Vehicles (as assets) other than those acquired through financial leases consist of equipment for moving people and objects, other than any such equipment acquired by households for final consumption. Transport equipment such as motor vehicles, trailers, ships, aircrafts, motorcycles, bicycles, etc.

Weighted Average Cost of Deposits

Percentage of the total interest expense on average deposits of the bank for the period.



FORM OF PROXY

Folio/CDC Account No.

I/We, _____ of _____, being a member of Bank Alfalah Limited, holder of _____ Ordinary Share(s) as per Register Folio No./CDC Account No. _____ hereby appoint Mr. _____ Register Folio No. / CDC Account No. (if member) _____ of _____ or failing him Mr. _____ Register Folio No./ CDC Account No. _____ (if member) of _____, as my/our proxy in my/our absence to attend and vote for me/us, on my/our behalf at the 32nd Annual General Meeting of the Bank to be held on Wednesday, 20th March, 2024 at 11:00 AM and at any adjournment thereof.

Signed under my/our hand this _____ day of _____ 2024.

(Member's signature on Rs.5/- Revenue Stamp)

Signed in the presence of:

Signature of Witness
Name: _____
CNIC/Passport No. _____
Address: _____

Signature of Witness
Name: _____
CNIC/Passport No. _____
Address: _____

1. A member entitled to attend, and vote at the Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.
2. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Office No: 1705, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi-74000, not less than 48 hours before the time of the Meeting.
3. In case of proxy for an individual beneficial owner of CDC, attested copy of beneficial owner's Computerized National Identity Card, Account and Participant's ID numbers must be deposited along with the form of proxy with the Share Registrar. The proxy must produce his/her original identity card at the time of the Meeting. In case of proxy for corporate members, he/she should bring the usual documents required for such purpose.

بینک الفلاح لمیٹڈ

نمائندگی کا فارم (پراکسی فارم)

فولیو / سی ڈی سی اکاؤنٹ نمبر

میں مُستَی / مُستَی اکاؤنٹ نمبر _____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____
ضلع _____ بحیثیت ممبر بینک الفلاح لمیٹڈ / مُستَی / مُستَی _____
فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____ یا ان کی غیر حاضری کی صورت میں مُستَی / مُستَی _____
فولیو / سی ڈی سی اکاؤنٹ نمبر _____ ساکن _____

کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 32 ویں سالانہ اجلاس عام جو بتاریخ 20 مارچ 2024ء بروز بدھ کو صبح 11:00 بجے منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

بتاریخ _____ 2024ء کو گواہان کی موجودگی میں دستخط کئے۔

گواہ (وٹس) کے دستخط

نام:

شناختی کارڈ نمبر:

پتہ:

گواہ (وٹس) کے دستخط

نام:

شناختی کارڈ نمبر:

پتہ:

(ممبر / رکن کے دستخط)

5 روپے کی رسیدی ٹکٹ پر

اہم نکات

- ایسا ممبر جو میٹنگ میں شمولیت اور ووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے / اپنی پراکسی کے طور پر میٹنگ میں شمولیت اور ووٹ دینے کے لیے نامزد کر سکتا ہے۔ علاوہ ازیں، کارپوریشن ایسے شخص کو نامزد کر سکتی ہے جو ممبر نہ ہو۔
- ہر لحاظ سے مکمل پراکسی فارم اور پاور آف اٹارنی یا کوئی اور متعلقہ اتھارٹی جس کے تحت اس فارم کا مکمل کیا گیا ہو، لازمی طور پر بینک کے شیئر رجسٹرار میسرز ایف۔ ڈی۔ رجسٹرار سروسز پرائیویٹ لمیٹڈ کے دفتر واقع، آفس نمبر 1705، سترہویں منزل، صائمہ ٹریڈ ٹاور۔ اے، آئی آئی چندریگر روڈ، کراچی پر میٹنگ سے 48 گھنٹے قبل جمع کروا دیا جائے۔
- سی ڈی سی اکاؤنٹ ہولڈر فرد کے لیے ضروری ہے کہ وہ ممبر کی تصدیق شدہ شناختی کارڈ کی کاپی جمع سی ڈی سی اکاؤنٹ کی تفصیل شیئر رجسٹرار کو جمع کروائے۔ جبکہ پراکسی کا میٹنگ کے وقت اصل شناختی کارڈ مہیا کرنا ضروری ہے۔

Bank's complete annual report is available at:








<https://www.bankalfalah.com/financial-reports/>










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-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
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regulatory actions)
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-  Online Quizzes



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Bank Alfalah

The Way Forward



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Karachi, Pakistan.
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