



# ANNUAL REPORT 2023



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# VISION

To be a responsible customer focused bank providing inclusive and progressive financial services

# MISSION

To build long term relationships by delivering transformative customer experience, responsible banking, innovative technology, aiming to be employer of first choice and shaping opportunities that grow shareholders' value

# CORE VALUES

**Commitment:** *Passionate about our customers' success and delighting them with quality of our service*

**Integrity:** *A distinctive investment, delivering outstanding performance, return and value*

**Fairness:** *Exemplary compliance, governess and business ethics*

**Teamwork:** *Caring for our people and helping them to grow*

**Service:** *Dedication towards social development and improvement in quality of life*

# FINANCIAL HIGHLIGHTS

Rupees in million	2023	2022	Growth (%)
Total Assets	<b>2,124,006</b>	1,525,671	39.2
Deposits	<b>1,293,146</b>	1,142,575	13.2
Advances - Net	<b>633,133</b>	583,811	8.4
Investments	<b>1,182,538</b>	762,697	55.0
Shareholders' Equity	<b>97,123</b>	73,322	32.5
Operating profit	<b>43,011</b>	28,502	50.9
Profit before taxation	<b>42,044</b>	27,459	53.1
Profit after taxation	<b>21,435</b>	14,062	52.4
Earnings - Rs. per share	<b>14.79</b>	9.70	
Net book value - Rs. per share	<b>67.01</b>	58.18	
Market value - Rs. per share	<b>24.72</b>	20.10	



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Waqar Ahmed Malik**  
*Chairman / Non-Executive Director*

**Mr. Sarfaraz Ahmed Rehman**  
*Non-Executive Director*

**Mr. Arif Ur Rehman**  
*Non-Executive Director*

**Dr. Nadeem Inayat**  
*Non-Executive Director*

**Lt Gen Ghayur Mahmood Awan, HI(M), T Bt (Retd) \***  
*Non-Executive Director*

**Mr. Manzoor Ahmed**  
*Non-Executive Director / NIT Nominee*

**Raja Muhammad Abbas**  
*Independent Director*

**Ms. Zoya Mohsin Nathani**  
*Independent Director*

**Mr. Kamran Yousuf Mirza**  
*Independent Director*

**Ms. Samina Rizwan**  
*Independent Director*

**Mr. Atif R. Bokhari**  
*President & Chief Executive*

## SHARIAH BOARD

**Mufti Muhammad Zahid**  
*Chairman*

**Dr. Muhammad Tahir Mansoori**  
*Resident Shariah Board Member*

**Mufti Zakir Hassan Naumani**  
*Member*

**Mufti Dr. Lutfullah Saqib**  
*Member*

## AUDITORS

**KPMG Taseer Hadi & Co.**  
*Chartered Accountants*

## LEGAL ADVISORS

**RIAA, Barker Gillette**  
*Advocates & Corporate Counselors*

## COMPANY SECRETARY

**Syed Ali Safdar Naqvi**

## REGISTERED OFFICE

AWT Plaza, The Mall, P. O. Box No. 1084  
Rawalpindi – 46000, Pakistan  
Tel: (92 51) 8092631  
UAN: (92 51) 111 000 787  
Fax: (92 51) 2857448  
Email: [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk)

## BOARD COMMITTEES AUDIT

**Mr. Kamran Yousuf Mirza - Chairman**  
**Dr. Nadeem Inayat**  
**Lt Gen Ghayur Mahmood Awan, HI(M), T Bt (Retd) \***  
**Mr. Manzoor Ahmed**  
**Raja Muhammad Abbas**

## HUMAN RESOURCE & REMUNERATION

**Mr. Manzoor Ahmed - Chairman**  
**Dr. Nadeem Inayat**  
**Ms. Zoya Mohsin Nathani**  
**Mr. Kamran Yousuf Mirza**  
**Ms. Samina Rizwan**

## RISK MANAGEMENT

**Ms. Zoya Mohsin Nathani - Chairperson**  
**Dr. Nadeem Inayat**  
**Mr. Manzoor Ahmed**  
**Mr. Atif R. Bokhari**

## INFORMATION TECHNOLOGY

**Ms. Samina Rizwan - Chairperson**  
**Dr. Nadeem Inayat**  
**Lt Gen Ghayur Mahmood Awan, HI(M), T Bt (Retd) \***  
**Raja Muhammad Abbas**  
**Mr. Atif R. Bokhari**

## REGISTRAR & SHARE TRANSFER OFFICE






CDC Share Registrar Services Limited (CDCSRSL)  
Mezzanine Floor, South Tower, LSE Plaza  
19-Khayaban-e-Aiwan-e-Iqbal, Lahore  
Tel: Customer Support Services (Toll Free)  
0800-CDCPL (23275)  
Tel: (92 42) 36362061-66  
Fax: (92 42) 36300072  
Email: [info@cdcsrcsl.com](mailto:info@cdcsrcsl.com)  
Website: [www.cdcsrcsl.com](http://www.cdcsrcsl.com)

## ENTITY RATINGS

Long Term: AA+  
Short Term: A1+  
By PACRA

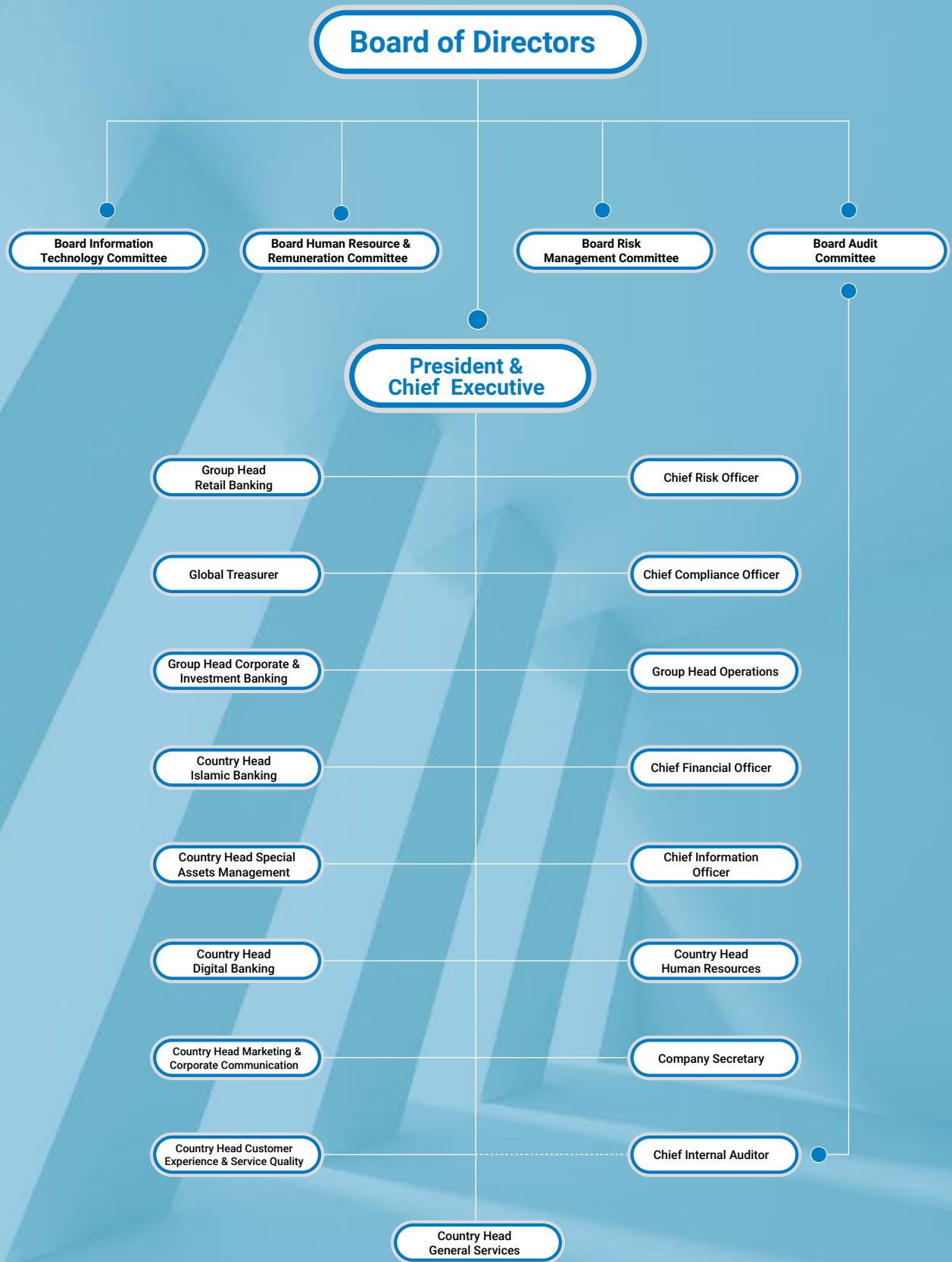
## WEBSITE & SOCIAL MEDIA

[www.askaribank.com](http://www.askaribank.com)

 [askaribankpakistan](https://www.facebook.com/askaribankpakistan)  
 [Askari\\_Bank](https://twitter.com/Askari_Bank)  
 [askaribankpk](https://www.instagram.com/askaribankpk)  
 [askaribanklimited](https://www.linkedin.com/company/askaribanklimited)  
 [AskariBankOfficial](https://www.youtube.com/AskariBankOfficial)

\* Subject to Fit & Proper Test clearance by the State Bank of Pakistan

# ORGANIZATIONAL CHART





# PRODUCTS & SERVICES

## Corporate, Commercial & Investment Banking

Askari Bank (the Bank) understands the diverse business requirements of the Bank's corporate and institutional clients, and accordingly strive to meet their expectations by providing a customized and relationship-based banking approach.

### Corporate Banking

Corporate banking works on a long-term relationship-based business model to provide a single point within the Bank which meets all business requirements of its corporate and institutional customers, including public sector enterprises. Along with innovative products and solutions, customer service remains the Bank's top priority. The Bank's relationship-oriented outlook focuses on providing a complete array of tailored financing solutions that are practical and cost effective, some of which include:

- Working Capital Facilities
- Term Loans
- Letters of Guarantee
- Letters of Credit
- Discounting Facilities
- Export Financing
- Cash Management and Employee Banking Solutions

### Commercial Banking

Commercial Banking serves the middle tier segment by providing both general and tailored solutions encompassing all financial needs of the borrower ranging from Trade Finance to working capital requirements. Dedicated relationship managers provide customized solutions to the Bank's customers.

### Investment Banking

Investment banking offers a range of financial advisory and capital raising services to corporate and institutional clients. It also manages the Bank's proprietary investments in local equity and debt markets. Investment banking offers various tailored financial solutions including debt syndications, project finance and advisory services, debt placements through capital markets as well as structured trade finance facilities. Whether a company is seeking to access the local or cross border syndications and debt capital markets, project financing needs, advisory services related to Mergers and Acquisitions and or local equity capital markets for raising capital, the Bank's Investment Banking is well positioned to provide due assistance. We tailor the right structured solutions to meet the Bank's customers' needs in order to enhance business wealth and market competitiveness.

### International Banking

Having Correspondent Banking relationships with 670 banks in 88 countries around the world, Askari International Banking remains focused on tapping new markets in Europe apart from South East Asia and

Middle East markets to boost international trade and remittances. Concentrated efforts are also being made to promote business from China, leveraging on positive spill-over of Chinese investment in Pakistan, especially under CPEC.

### China Desk

Askari China Desk was created with the sole intent of facilitating Chinese businesses working for various projects in Pakistan and has been immensely successful in term of fostering rich financial prospects and bringing in valuable Chinese deposits and trade. With an increasing number of Chinese investors entering Pakistan, by establishing dedicated China Desk, the Bank is well-placed to cater the needs of all existing and new customers.

### Cash Management Services

Askari Cash Management Services aims to effectively manage the accounts receivable portfolio of medium and large corporate entities.

Transactional banking primarily aims at providing clearing, collection and cash / transfer facility to corporate clients.

Employee Banking provides efficient solution of payroll management to the Bank's Corporate clients under one resource center, which handles the process through the vast network of the Bank's branches.

### Institutional Sales

Institutional sales offer tailor made and OTC products to its corporate clients catering to their needs alongwith consumer products for their employees at most affordable rates with premium services.

### Askari Aasaan Money

Home Remittance segment is pivotal in promoting remittances through its state-of-the-art web based portal "Askari Aasaan Money Transfer". This service is completely free of cost and is available for all citizens across the country.

### Branch Banking

Askari Bank is committed to delivering a comprehensive range of financial solutions tailored to meet the diverse banking requirements of the Bank's customers. The Bank's services encompass Conventional, Corporate, Consumer, Islamic, and Agriculture Banking, available through the Bank's extensive network of 660 branches and sub-branches strategically located in major cities and towns across Pakistan.

### Current Account

Current Accounts cater to a variety of transactional needs of the Bank's diverse customer base with value added benefits of Cheque books, Debit cards, Bankers' cheques, Real Time Alerts, i-Net Banking and much more.



### **Savings Account**

Savings accounts are offered by the Bank to both individual and institutional customers include Askari Maximiser, Askari Special Deposit Account and regular Savings Account based on profit and loss sharing (PLS). Askari Savings products offer attractive features and competitive returns.

### **Term Deposit**

The Bank's Term Deposit products are crafted to meet the investment needs of both individual and corporate customers with a medium to long-term horizon. It offers a unique opportunity for customers seeking flexibility of profits at various frequencies.

### **Value Plus Current Account**

Askari Value Plus Current Account provides unparalleled flexibility, financial security, and freedom. Designed for individuals, product offers free life insurance coverage and a range of complimentary banking services for seamless transactions, without any minimum balance requirements.

### **Askari Asaan Account**

Askari Bank offers Asaan Account to unbanked / under-banked individuals. The product is available in Current and Savings account categories. It offers hassle-free account opening and operating procedure to facilitate lower income groups for their banking requirements.

### **Askari Sahar Account**

Specially designed product suite by the name of Askari Sahar Account has been specifically developed to cater to the women segment, with the aim to minimize the gender gap in financial inclusion. Askari Sahar account is offered in all Current, Savings and Term Deposit variants with range of free banking services and attractive returns

### **DIGITAL BANKING**

Askari digital banking solutions empowers customers to manage their finances conveniently and securely from anywhere, at any time. With user-friendly interfaces and robust security measures, the Bank provides seamless access to a wide range of banking services from account management to funds transfer and bill payments, from educational payments to charity & donations, from M-Tag recharge to purchase bus / cinema tickets, Personal Finance Management (PFM) to make and track your monthly budgets, expenses, saving goals and much more. By leveraging digital technologies, we aim to **"get closer to the customer"** and enhance their banking experience.

### **Digital Lifestyle Branch:**

Askari Bank inaugurated its first digital branch, heralding a new era of banking that seamlessly integrates cutting edge technology with customer-centricity. The opening of digital branch strategically underscores AKBL's devotion showcasing a forward-thinking approach for

innovative banking solutions. Technology utilized at the Bank's 1<sup>st</sup> digital branch include, Oculus for Virtual Reality Branch Experience, Tablets & Mobile Devices for Digital On-boarding, Cash Recycler Machine, Customer Visit Management System, Interactive Digital Kiosk, and E-Notice Board



Askari Bank's first digital branch

### **Mobile and Internet Banking:**

Askari Bank is committed to simplifying the lives of customers like never before. The Bank MobileApp has undergone a significant upgrade, introducing an end-to-end digital experience for mobile registration - multiple short sprints unfolding to improve various customer journey points. With half a million customers now utilizing the app and giving it an impressive 4.8 rating, the Bank continues to strive for excellence in delivering a seamless digital banking experience.

Salient features offered in MobileApp are as follows:

- QR / HCE Payments through Virtual Cards
- Apply Online for Consumer Products
- Discounts & Alliances information
- Loan(s) details
- Ask Advance – Instant Digital Lending Solution
- Debit Card Management
- Account Statement
- Cheque Book Activation
- Book Cinema and Bus Tickets
- Cheque Management
- Manage Daily limits
- Branch Appointments
- Enhanced Security Features through biometric login & PIN

### **WhatsApp Banking:**

Askari Bank launched WhatsApp Banking as an instant response channel for customers queries, and the way the Bank's customers engage with their accounts. This offers a range of functionalities, including registration, account management, debit card management and the ability to lodge complaints – all from the convenience of WhatsApp.

# PRODUCTS & SERVICES

## Customer Digital On-Boarding:

Askari Bank takes a transformative approach to enhancing customer experiences by reimagining the inception point of interactions, evolving through iterative enhancements from the optimization of traditional paper-based application processes to the realization of a fully digitized, customer-driven on-boarding journey. The culmination of this innovation journey has empowered us to extend sophisticated digital capabilities, facilitating fully digital on-boarding experience.

Through the Askari Digital On-boarding platform, the Bank offers Resident Pakistanis the convenience of online account opening, empowering them to initiate their banking relationships effortlessly from anywhere. With this platform, customers gain access to a suite of digital solutions, enabling them to bank on the go with Askari Bank. The range of accounts accessible through this platform includes:

- Askari Asaan Digital Account
- Askari Asaan Digital Remittance Account
- Askari Freelancer Digital Account
- Various other AKBL Accounts

## SMS Banking:

Askari Bank offers SMS banking offers the capability to perform various actions through short messaging service. These actions include, Activating a new Debit Card, Changing Debit Card PIN, Blocking / Unblocking Debit Card, Inquiring about account balance, Obtaining a mini statement, Requesting a Cheque Book, and Stopping Cheque Payment.

## Consumer Banking

Consumer banking provides range of financing solutions to cater and meet the Bank's customers' personal financing need through innovative products and offerings. The Bank keeps in mind customers' needs at every stage of life. To enrich customer experience, the Bank continuously seek new alliances to provide rich offerings and discounts.

## Ask4Car

Askari Ask4Car is an auto financing product for new / used vehicles. It offers competitive floating / fixed mark-up, flexible repayment plan and quick processing without any hidden charges. The product is offered to the customers for a maximum tenor of 5 years.

## Personal Finance

With unmatched financing features in terms of loan amount, payback period and easy monthly installments, Askari Bank's Personal Finance makes sure that the Bank's customers get the most out of their loans. The product tenor ranges from 1 – 4 years and is designed for salaried individuals and businessmen.

## Ask Advance

Askari Bank also offers Ask Advance. It is an instant Personal Loan for short term period without hassle of any formal approval process and disbursement of loan within minutes. This facility is available 24/7 through Askari Internet Banking and Mobile App and can be availed by the employees of approved companies having payroll disbursement arrangement with Askari Bank.

## Mortgage Finance

Askari Bank Mortgage Finance offers competitive rates and flexible terms, making it easy for customers to achieve their homeownership goals.

Whether the Bank's customers are purchasing, building or renovating, the Bank's personalized solutions and expert guidance ensure a transparent and efficient process. This premium housing Finance Product is offered to customers for a period up to 25 years.

## MasterCard Credit Card

Askari Bank offers a competitive suite of Classic, Gold, Platinum and Corporate MasterCard Credit Cards that provide superior services, travel privileges, exciting discounts, online payment facility along with reward points and transactional alerts through SMS as an enhanced security feature. The option for Flexible Credit Plans (FCP), Extended Payment Plan (EPP) and Balance Transfer is also available to customers at discounted mark-up rates.

## World MasterCard Credit Card

Askari Bank pioneered Pakistan's first ever "World MasterCard" in collaboration with MasterCard International. This credit card is specifically designed for customers seeking high-class service standards and travel privileges worldwide.

## Askari VISA Debit Card

Askari Bank has entered into a strategic alliance with Visa, a leading global payments technology company. As a financial institution, Askari Bank's collaboration with Visa provides a significant boost to its global outreach and lucrative enhancement in the Banks Debit card portfolio suite. This partnership taps into Visa's vast international network, offering Askari Bank an opportunity to expand its footprint across continents and cultures.

## Call Center

The Bank's Call Center provides a single point of contact to all callers and offers real-time information on products and services. This year the system has been upgraded to empower the Bank's customers by providing efficient self-service banking along with Contact Centre agent assistance round the clock.

## Automated Teller Machine (ATM)

Askari Bank, as a member of 1-link, (Pakistan's first payment system operator and service provider) shares

network of over 16,000 ATMs, including 640 Askari Bank ATMs. This network provides ATM service in all major cities of Pakistan.

The Bank's fleet of ATMs include NFC enabled machines that allow the ability to draw funds with just a tap of the debit card and a pin.

### **Small and Medium Enterprises (SME) Banking**

Askari Bank fosters the spirit of SMEs by improving and refining the access to finance, by providing innovative lending solutions. The Bank offers diverse portfolio of lending facilities, including SBP / Government Schemes, offering discounted loans to specific target segments. We recognize the importance of this market segment and committed to provide opportunities through the Bank's customized SME Product Programs.

Askari Bank significantly contributes to the growth of SME sector through strategically located country-wide branch network. Specialized credit resource and empowered relationship management teams are stationed at the gross root level, to exclusively serve the SMEs.

Askari Bank has specially designed a separate women specific lending product program to cater women entrepreneurs. As per emerging market demand, Askari Bank provides solutions using digital platform. Bank also offers trade expertise and awareness on trade related activities through strategically located branches across the country.

In order to cater the financial needs of SME segment, the Bank offers a wider variety of Product Programs including:

- Prime Minister Youth Business Loan and Agricultural Scheme (PMYB&ALS)
- Askari Ujala Finance (Renewable Energy)
- Askari Sehar Finance (Women Entrepreneurship)
- Askari Imarat Finance (Infrastructure building)
- Askari Flour Mill Finance
- Ask Fauri Business Finance
- Supply Chain Finance

### **Agriculture Banking**

Wide range of Products and services under Production & Development agriculture finance are being offered to timely and adequately meet the credit requirement of the agriculture and rural sector.

Loans are being extended for crops, livestock, farm mechanization, irrigation & water, tunnel farming, construction of storage facilities, floriculture, poultry, fisheries, orchards, purchase of tractors, refrigerated trucks / pickups, value chains and small farmer loan schemes. Loan facilities under Govt./ SBP Schemes are also offered on subsidized mark-up rate.

Following is the list of AKBL's Agri products:

- Askari Kissan Ever Green Finance
- Askari Kissan Tractor Finance
- Askari Kissan Farm Mechanization Finance
- Askari Kissan Aabpashi Finance
- Askari Kissan Transport Finance
- Askari Kissan Livestock Development Finance
- Askari Kissan Green House & Tunnel Finance
- Askari Kissan Farm Storage Finance
- Askari Kissan Gold Fish Finance
- Askari Kissan Murghban Finance
- Askari Kissan White Pearl Finance
- Askari Kissan Samar Bahisht Finance
- Askari Kissan Gulban Finance
- Electronic Warehouse Receipt Financing (EWRF)
- Sahar Agriculture Finance for Female Farmers

### **Islamic Banking**

Under the guidance of its Shariah Board and professional bankers, Askari Ikhlas Islamic Banking offers a diversified range of Shariah compliant products and services to its valued customers to fulfill their banking needs. Presently working with 140 dedicated Islamic banking branches (including 3 sub-branches) in 56 cities and towns spread across the country Askari Ikhlas Islamic has managed to increase its share in the Islamic banking Industry.

### **Islamic Deposit Products**

The Bank's customers enjoy the freedom to choose from a wide array of Shariah Compliant deposit products that offer flexible term deposit schemes, current accounts and savings accounts.

### **Ahsan Munafa / Ahsan Munafa Corporate Account:**

This Product is a chequing account that offers higher yields, calculated on a daily product basis.

### **Askari Halal Savings Accounts:**

AHS accommodates a wide range of transactional needs, with periodic monthly profits, additional amenities including the issuance of cheque books, fund transfer, intercity clearance with no mini balance requirements.

### **Askari Islamic Sahar Accounts:**

Women in the society are given access to Askari Islamic Sahar Accounts products designed with women in mind and their financial demands.

Askari Sahar current account provides guarantee on the principal amount deposited. Its benefits include ability to make reservation for Sahar Investment Certificate at competitive rates, free value added services, personalized debit cards.

# PRODUCTS & SERVICES

Following are the list of products:

- Askari Islamic Sahar Current Accounts
- Askari Islamic Sahar Savings Accounts
- Askari Islamic Sahar Investments Certificates

## **Askari Islamic Little Champ Accounts:**

Young people are encouraged to open and operate accounts with the help of guardian so that they can develop a habit of saving and making financial decision which also enrolled them to free takaful education program.

Following are the list of products:

- Askari Islamic little champ Current Account
- Askari Islamic little champ Savings Accounts

## **Askari Halal Investment Accounts (AHIA):**

AHIA are Mudarabah based term deposit products that allow customers to invest their savings for different tenors ranging from 01 month to 05 years, and earn Halal returns on a periodic basis.

Following are the list of some more products:

- Askari Khas Islamic Deposit Accounts
- Ahsan Masrafi Certificate of Islamic Investment
- Askari Islamic Senior Citizen Investment Certificate.

## **Askari Islamic Investment Certificate (AIIC):**

This is a non chequing account and its underlying mode is mudarabah term deposit product with a periodicity of profit distribution.

## **Islamic Consumer Banking Products**

To provide customers with Shariah compliant option for consumer financing.

Following financing facilities are offered to customers;

- Askari Ijarah Bis Sayyarah allows customers to get the car of their choice.
- Askari Home Musharakah allows customers to purchase, build or renovate a house.
- Askari Islamic remains actively engaged to offer its services to all schemes offered by GOP for Shariah based financing.
- Shariah compliant solutions are offered to customers who have availed housing finance facilities from conventional financial institutions, to transfer their facilities to Askari Ikhlas.

## **Islamic Corporate Banking**

The Bank's continuous efforts to provide a diversified range of Shariah Compliant, innovative financial products and solutions to corporate and commercial clients continue to win us new relationships. Following working capital and term facilities are provided;

- Murabaha
- Salam & Istisna
- Running Musharakah
- Finished Goods Financing
- Diminishing Musharakah & Ijarah
- SBP Refinance Facilities

We also provide Islamic solution to the customers who intend to avail Letter of Credits, Letter of Guarantee and Islamic Export Refinance facilities.

# NOTICE OF THE 32<sup>ND</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 32<sup>nd</sup> Annual General Meeting (AGM) of the shareholders of Askari Bank Limited (“the Bank”) will be held on Thursday, March 28, 2024 at 10:00 am at Kehkashan One Hall, Serena Hotel, Islamabad and through Zoom to transact the following business:

## Ordinary Business:

1. To confirm the minutes of the 31<sup>st</sup> Annual General Meeting held on March 29, 2023.
2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (unconsolidated and consolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended December 31, 2023 together with Chairman’s Review Report, Directors’ Report and Auditors’ Reports thereon.
3. To approve, as recommended by the Board of Directors, payment of cash dividend at Rs. 2.5/- per share, i.e., 25% for the financial year ended December 31, 2023.
4. To appoint statutory auditors of the Bank for the year ending December 31, 2024 and fix their remuneration. The present auditors of the Bank, M/s KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment and the Board of Directors has recommended their appointment in its meeting held on February 21, 2024.

## Special Business:

5. To consider and if thought fit, approve the increase in the Director’s Remuneration for attending the meetings of the Board and Board’s Committees and to pass the Ordinary Resolution, with or without any modifications, additions or deletions, as proposed in the Statement of Material Facts.
6. To consider and if thought fit, approve as recommended by the Board of Directors, the circulation of Bank’s annual audited financial statements through QR enabled code and weblink as part of notice of Annual General Meeting and to pass the Ordinary Resolutions, with or without any modifications, additions or deletions, as proposed in the Statement of Material Facts.

The Statement of Material Facts providing the information as required under Section 134 (3) of the Companies Act, 2017 is appended below.

## Any Other Business:

7. To consider any other business as may be placed before the meeting, with the permission of the Chair.

By Order of the Board

Rawalpindi  
March 7, 2024

Syed Ali Safdar Naqvi  
Company Secretary

# NOTICE OF THE 32<sup>ND</sup> ANNUAL GENERAL MEETING

## NOTES:

1. Shareholders interested in attending the AGM through electronic/virtual means, are hereby advised to get themselves registered with the Bank by providing their Name, Folio/ CDS Account Number, Number of Share held, Mobile Numbers (active) and Email address in their names with subject "Registration for 32<sup>nd</sup> AGM of AKBL" at [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk). Zoom Link to join the 32<sup>nd</sup> AGM will be shared with only those shareholders from whom all required particulars, are received at the given email address at least 48 hours before the time of holding the AGM.
2. The Share Transfer books of the Bank will remain closed from March 22, 2024 to March 28, 2024 (both days inclusive). Transfers received at the Bank's Share Registrar Department, CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore and Share Transfer Office of the Bank at the close of the business hours on March 21, 2024 will be treated in time.
3. A member entitled to attend and vote at the meeting can appoint a proxy to attend and vote for him. No person shall act as a proxy, who is not a member of the Bank except that Government of Pakistan (GoP) or SBP or corporate entity may appoint a person who is not a member.
4. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity (other than GoP and SBP), certified true copy of the instrument authorizing the person to act as proxy shall be provided.
5. The instrument appointing a proxy, together with attested copy of Power of Attorney or Board Resolution, if any, under which it is signed or a certified copy should be deposited, with the Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad at least 48 hours before the time of holding the meeting.
6. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments shall be treated invalid. The proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers shall be mentioned on the form.
7. Copy of the CNIC or passport of the beneficial owners shall be furnished with the proxy form. The proxy shall produce their original CNIC or original passport at the time of attending the meeting.
8. In case of individual member, original CNIC or original passport while for the CDC account holder or sub-account holder and for the person whose securities are in group account and their registration details are uploaded as per the regulations, his / her authentication would be made by showing his / her original CNIC or original passport along with participant(s) ID Number and their account numbers. In case of GoP / SBP / corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form to the Bank.
9. The current prescribed rates for the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 for the payment of dividend paid by the Bank are as under:
  - a) For filers of income tax returns: 15 %
  - b) For non-filers of income tax returns: 30 %The income tax is deducted from the payment of dividend according to the Active Tax-Payers List (ATL) provided on the website of FBR. All those members who are filers of income tax returns are



therefore advised to ensure that their names are entered into ATL to enable the Bank to withhold income tax from payment of cash dividend @ 15% instead of 30%.

According to Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal Shareholder as well as Joint-Holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders.

In this regard all Shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal Shareholder and Joint-Holder(s) in respect of shares held by them to our Share Registrar M/s. CDC Share Registrar Services Limited in writing as follows:

Folio/ CDC Account No.	Total Shareholding	Principal Shareholder		Joint Shareholder		Signature
		Name of Shareholder & CNIC No.	Shareholding Proportion (No. of Shares)	Name of Joint Shareholder & CNIC No.	Shareholding Proportion (No. of shares)	

The required information must reach to Share Registrar by March 21, 2024 otherwise it will be assumed that the shares are equally held.

### Special Notes to the Shareholders

#### 10. Submission of Copies of CNIC (Mandatory)

As per SECP directives the payment of dividend to the shareholders whose CNICs are not available with the Share Registrar are being withheld. All shareholders having physical shareholding are, therefore, advised to submit a photocopy of their valid CNICs to our Share Registrar. In case of non-receipt of information, the Bank will be constrained to withhold payment of dividend to shareholders.

A printed copy of notice in English & Urdu language for submission of photocopy of valid CNIC has been dispatched in DVD pack to all shareholders of the Bank whose photocopy of valid CNIC is not available with the Bank's Share Registrar.

#### 11. Payment of Cash Dividend Electronically (e-Dividend)

Section 242 of Companies Act, 2017, requires that in case of a listed company, any dividend payable in cash shall only be paid through electronic mode directly into the bank account (International Bank Account Number-IBAN) designated by the entitled shareholders. Provision of IBAN for cash dividend payments is mandatory and in order to comply with this regulatory requirement of direct credit of dividend amount in shareholder's IBAN, shareholders are requested to provide relevant information to:

1. Their respective CDC Participant / CDC Investor Account Services (in case their shareholding is in Book Entry Form) OR
2. Share Registrar M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore (in case their shareholding is in Physical Form).

#### 12. Unclaimed / Unpaid Dividend and Bonus Shares

Shareholders of the Bank are hereby informed that as per the record, there are many unclaimed/ uncollected / unpaid dividends and shares; details whereof are appearing on the Bank's website [www.askaribank.com](http://www.askaribank.com). As per the provisions of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Bank which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable, are required to be deposited with SECP to the credit of Federal Government after issuance of notices to the shareholders to file their claim. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged promptly. In case, no claim is lodged, the Bank shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244(2) of Companies Act, 2017.



# NOTICE OF THE 32<sup>ND</sup> ANNUAL GENERAL MEETING

## 13. **Transmission of Audited Financial Statements & Notices to Shareholders through email (Optional) or CD/DVD/USB**

Annual Audited Financial Statements of the Bank for the financial year ended December 31, 2023 have been placed on the Bank's website i.e., [www.askaribank.com](http://www.askaribank.com).

In line with shareholders' approval accorded in 25th AGM of the Bank held on March 31, 2017, DVDs have been dispatched to all shareholders. In addition, hard copies of Annual Report 2023 have also been dispatched to Shareholders as per their demand.

## 14. **Consent for Video Conference Facility**

Pursuant to Section 132 (2) of the Companies Act, 2017, shareholders may avail video conference facility to attend 32<sup>nd</sup> AGM provided the Bank receives consent from the shareholders holding aggregate 10% or more shareholding at least seven days prior to the date of the meeting. Please fill the following form and submit its signed copy to the Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad or email signed form at [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk):

I/We, \_\_\_\_\_ of \_\_\_\_\_ being a Member of Askari Bank Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Registered Folio No/ CDC Sub-Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of Member

## 15. **Deposit of Physical Shares into Central Depository System**

As per Section 72 of the Companies Act, 2017, all listed Companies are required to replace shares issued by them in physical form to book-entry form within four years of the promulgation of the Act.

Accordingly, all shareholders of the Bank having physical folios/share certificates are requested to convert their shares into book-entry form at the earliest. Maintaining shares in book-entry form will make the process of share handling more efficient and risk-free. Further, this will facilitate shareholders in safe custody of shares with the CDC, instant credit of entitlements (bonus shares and rights share), eliminate the risk of loss; and readily available for sale/purchase in the open market etc. The shareholders may contact the Share Registrar of the Bank at address, M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore.

## 16. **Change of Address / Particulars**

Shareholders having physical shares are requested to immediately notify any change in their addresses to the Bank's Shares Registrar, M/s. CDC Share Registrar Services Limited, Mezzanine Floor, South Tower, LSE Plaza, 19-Khayaban-e-Aiwan-e-Iqbal, Lahore. Whereas, CDC account holders are requested to please contact their respective CDC Participant/Broker/ Investor Account Services. To facilitate the shareholders, a Form for Change of Particulars of Shareholders has been made available on the website of the Bank.

## 17. **Zakat Declaration (CZ-50)**

Zakat will be deducted from the dividends at source at the rate of 2.5 % of the paid-up value of the share (Rs. 10/- each) and will be deposited within the prescribed period with the relevant authority. In case of claiming exemption, please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 and Rule 4 of Zakat (Deduction and Refund) Rules, 1981, CZ-50 Form to the Share Registrar mentioning Askari Bank's name and respective Folio and CDC Account Nos.

## 18. Postal Ballot/E-voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, Section 143 and 144 of the Companies Act 2017 and under Postal Ballot Regulation, 2018 latest amendments circulated through SRO dated December 05, 2022, SECP has directed all listed companies for the purpose of Polling on Special Business, shareholders will be allowed to exercise their right to vote through postal ballot i.e. by post or e-voting, in the manner and subject to the conditions contained in the aforesaid regulations.

### Procedure for E-Voting:

1. Details of the e-voting facility will be shared through an e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers and e-mail addresses available in the register of members of the Bank by the close of business on Thursday, March 21, 2024.
2. The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
3. Identity of the Members intending to cast votes through e-voting shall be authenticated through electronic signature or authentication for login.
4. E-Voting lines will start from March 25, 2024 at 09:00 am and shall close on March 27, 2024 at 5:00 pm. Members can cast their votes at any time during this period. Once the vote is cast by a Member, he / she shall not be allowed to change it subsequently.

### Procedure for voting through Postal Ballot

The members shall ensure that duly filled and signed ballot paper, along with copy of

Computerized National Identity Card (CNIC), should reach the Company Secretary through post at 4th Floor, NPT Building, F-8 Markaz, Islamabad or email at [ir@askaribank.com.pk](mailto:ir@askaribank.com.pk) by or before Wednesday, March 27, 2024 during working hours. The signature on the ballot paper shall match the signature on CNIC. The Postal Ballot paper is also available for download from the website of AKBL at [www.askaribank.com](http://www.askaribank.com) or use the same as attached to this notice or published in newspapers.

Please note that in case of any dispute in voting including the casting of more than one vote, the Chairman shall be the deciding authority.

### Statement under Section 134(3) of the Companies Act, 2017 in respect of Special Business

The following statements sets out the material facts pertaining to the special business to be transacted in the 32<sup>nd</sup> Annual General Meeting of the Bank to be held on Thursday, March 28, 2024:

### Item No. 5 of the Notice – Increase in Directors' Remuneration

The Board of Directors, on the recommendations of Board Human Resource & Remuneration Committee (BHR&RC) has decided to increase the Director's Remuneration from Rs. 300,000/- to Rs. 400,000 per meeting for Non-executive and Independent Directors for attending the meetings of the Board and Board's Committees along with an additional remuneration of Rs. 80,000/- to the Chairman of the Board and Board's Committees w.e.f. August 01, 2023. The decision to increase the remuneration has been made to compensate for the time and efforts required to discharge director's obligations and to value their skills and expertise in managing the affairs of the Board and Board's Committees. The increase in remuneration is well within the limits prescribed under SBP guidelines. In term of the "Board Remuneration Policy", the payments and increase in the director's remuneration is being presented to the

# NOTICE OF THE 32<sup>ND</sup> ANNUAL GENERAL MEETING

Shareholders of the Bank for their approval.

In order to give effect to the aforesaid, if thought fit, pass the following resolution as Ordinary Resolution with or without any modifications, additions or deletions:

“Resolved that the director’s remuneration for attending meetings of the Board and Board’s Committees, be and is hereby increased to Rs. 400,000/- per meeting for Non-Executive and Independent Directors along with an additional remuneration of Rs. 80,000/- to the Chairman of the Board and Board’s Committees w.e.f. August 01, 2023 be and is hereby approved.”

## **Item No. 6 of the Notice - Circulation of Bank’s Annual Audited Financial Statements through QR enabled Code and Weblink as part of Notice of Annual General Meeting**

The SECP, vide its SRO 389 (1) / 2023 dated March 21, 2023, has allowed listed companies to circulate the Annual Audited Financial Statements to their members through QR enabled code and web-link (instead of DVDs), subject to approval of the shareholders in the general meeting.

In order to give effect to the aforesaid, if thought fit, pass the following resolutions as Ordinary Resolutions with or without any modifications, additions or deletions:

“RESOLVED THAT, the consent and approval of the members of Askari Bank Limited (“the Bank”) be and is hereby accorded and the Bank be and is hereby authorized to circulate annual audited financial statements to its members through QR enabled code and weblink as part of the notice of Annual General Meeting.

FURTHER RESOLVED THAT the Bank be and is hereby authorized to discontinue the circulation of annual audited financial statements through CD / DVD / USB.

FURTHER RESOLVED THAT the President & Chief Executive Officer and Company Secretary of the Bank be

and are hereby authorized and empowered either singly or jointly to give effect to above resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required to circulate annual audited financial statements to its members through QR enabled code and weblink as part of the notice of Annual General Meeting.”

The present Directors are interested in the Special Business to the extent of increase in their remuneration.

# ASKARI BANK LIMITED

**BALLOT PAPER FOR VOTING THROUGH POST FOR THE SPECIAL BUSINESS AT THE 32<sup>ND</sup> ANNUAL GENERAL MEETING TO BE HELD ON THURSDAY, MARCH 28, 2024 AT 10:00 AM AT KEHKASHAN ONE HALL, SERENA HOTEL, ISLAMABAD**

**Website: [www.askaribank.com](http://www.askaribank.com)**

Folio / CDS Account Number	
Name of Shareholder / Proxy Holder	
Registered Address	
Number of shares Held	
CNIC / Passport No. (in case of foreigner) (copy to be attached)	
Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government)	
Name of Authorized Signatory	
CNIC / Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached)	
<b>Special Business</b>	
<b>Agenda Item No. 5</b>	
To consider and if thought fit, approve the increase in the Director's Remuneration for attending the meetings of the Board and Board's Committees and to pass the Ordinary Resolution, with or without any modifications, additions or deletions, as proposed in the Statement of Material Facts.	
<b>Agenda Item No. 6</b>	
To consider and if thought fit, approve as recommended by the Board of Directors, the circulation of Bank's annual audited financial statements through QR enabled code and weblink as part of notice of Annual General Meeting and to pass the Ordinary Resolution, with or without any modifications, additions or deletions, as proposed in the Statement of Material Facts.	
<b>Instructions For Poll</b>	
1. Please indicate your vote by ticking (✓) the relevant box.	
2. In case if both the boxes are marked as (✓), your Ballot Paper shall be treated as "Rejected".	

I/We hereby exercise my/our vote in respect of the above resolutions through ballot by conveying my/our assent or dissent to the resolutions by placing tick (√) mark in the appropriate box below;

<b>Resolutions</b>	<b>I/We assent to the Resolutions (For)</b>	<b>I/We assent to the Resolutions (AGAINST)</b>
Ordinary Resolution		
Ordinary Resolutions		

**NOTES:**

1. Duly filled ballot paper should be sent to the Company Secretary, Askari Bank Limited, at 4th Floor, NPT Building, F-8 Markaz, Islamabad or email at ir@askaribank.com.pk.
2. Copy of CNIC / Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Company Secretary within business hours by or before Wednesday March 27, 2024. Any postal ballot received after this date, will not be considered for voting.
4. Signature on ballot paper should match with signature on CNIC / Passport (In case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution / Power of Attorney / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In case of foreign body corporate etc. all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member ballot paper form has also been placed on the website of the Bank at [www.askaribank.com](http://www.askaribank.com).
7. Ballot Paper Form has also been placed on the website of the Bank at [www.askaribank.com](http://www.askaribank.com). Members may download the ballot paper form from the website or use an original/photocopy published in newspapers.

\_\_\_\_\_

**Shareholder / Proxy Holder Signature / Authorized Signatory**

**Dated:** \_\_\_\_\_

# PROFILE OF DIRECTORS



**Mr. Waqar Ahmed Malik**  
*Chairman / Non-Executive Director*

Mr. Waqar Ahmed Malik is a fellow member of the Institute of Chartered Accountants of England & Wales (ICAEW) and also an alumnus of the Harvard Business School (HBS) and INSEAD. Outside work, he is fond of art and horticulture. His illustrious career spans more than four decades both in national and international businesses stadia. He specializes in strategy, Transformational Turnarounds and Merger & Acquisition, along with profound understanding of governance.

His expertise ranges across varied industrial businesses folios including chemicals, petrochemicals, consumer goods, life sciences, fertilizer, E&P and cement.

Earlier, he served with the British giant ICI Plc UK Limited for 28 years in diverse roles in Pakistan, UK, US & Europe. He also remained CEO of ICI Pakistan Limited from 2005 to 2012.

Mr Malik dotingly participates in social and philanthropic activities through I-Care Foundation, as a Trustee, where he donates with benevolence to improve the quality of life of underprivileged by enhancing the level of charitable support.

For recognition of his commendable services towards Pakistan in the fields of economy, public service, and social welfare, he was awarded Sitara-e-Imtiaz by The President of The Islamic Republic of Pakistan. He also had the honour to receive the coveted British Asian Trust Award by Prince Charles (Now HM King Charles III).

Earlier, he served on various boards of prominent organizations:

- Member of the Board of Governors, Lahore University of Management Sciences
- Director – Pakistan Business Council
- President – Overseas Chamber of Commerce & Industry
- Director – State Bank of Pakistan
- Director – Standard Chartered Bank (Pak) Limited
- Director – Engro Corporation Limited

- Chairman – Pakistan Petroleum Limited
- Director – Engro Polymer and Chemicals Limited
- Director – TPL Insurance Limited
- Director – Rafhan Maize Limited

#### **Term of Office**

Joined the Board of Directors on April 22, 2020.

#### **Status**

Non-Executive Director & Chairman

#### **Membership of Board Committees**

None

#### **Other Directorships**

- Fauji Foundation - MD & CEO
- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Mari Petroleum Company Limited
- Fauji Cement Company Limited
- Fauji Foods Limited
- Pakistan Oxygen Limited
- Fauji Fresh n Freeze Limited
- Fauji Akbar Portia Marine Terminal Limited
- Fauji Trans Terminal Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Infraavest Foods Limited
- FFBL Power Company Limited
- Foundation Power Company Daharki Limited
- Fauji Kabirwala Power Company Limited
- Daharki Power Holding Limited
- Pakistan Maroc Phosphore SA
- FonGrow (Pvt) Limited
- Fauji Meat Limited
- Foundation Solar Energy (Pvt) Limited
- Pakistan Mobile Communications Limited
- Foundation University

# PROFILE OF DIRECTORS



**Mr. Sarfaraz Ahmed Rehman**  
Non-Executive Director

Mr. Sarfaraz, a chartered accountant by qualification, has contributed management expertise to several multinational companies such as Unilever, SB (GSK), Jardine Matheson / Olayan JV and PepsiCo during his varied career.

In 2005, Mr. Sarfaraz established Engro Foods as its CEO. The company grew from a green-field to become the leading liquid dairy company in Pakistan. Engro Foods became the only Pakistani company to receive the 'G20 Top 15 Company' award. In 2012, he took a sabbatical from Engro Foods to establish the Karachi School for Business and Leadership. Sarfaraz rejoined Engro Foods as CEO in 2013, where he remained till 2015. Engro Foods sold 50% of its shares to Royal Friesland Campina for half a billion dollars in 2015. At the time this was the biggest private foreign investment in Pakistan's history.

From October 2015, he was involved in consultancy projects, among others with ICI, IBL, JSPE, Shan Foods, Al-Shaheer (Meat One), Soya Supreme, Burque Corp, CCL and ITL.

Mr Sarfaraz was also working with Grant Thornton for 2016-17 as an executive coach during a culture change project at UBL. He conducted a well-established coaching / mentoring role, with business executives and university graduates. Mr Sarfaraz has coached for Careem, Gatron-Novatex, Engro, ICI, Descon, PPL, UBL and City School.

Additionally, Mr Sarfaraz speaks at various forums. He has given motivational talks at Lays, Mondelez, Nutrico, RB, Engro, Octara, ICI, Shell, MAP etc. At universities, colleges, schools and on media occasions he holds climate change talks / sessions to create awareness.

Mr. Sarfaraz was Chairman of the Broadcasters / Advertisers Council 2015-18 (joint body controlling advertising in Pakistan). Further, he was the Chairman of the 1st Effie Awards in Pakistan, in 2019. He was on the Board of MAP and is on the Board of Patient Aid Foundation. Mr. Sarfaraz is deeply interested in playing his part in giving back to society and has worked on an online interactive education model for mass education, to resolve the issue of literacy in Pakistan over the next decade. In the past he was associated with Shaukat Khanum Hospital as a member of the Board of Governors and with WWF as a Director. He is also associated with Hisaar Foundation and its work on water / environmental issues in Pakistan.

Mr. Sarfaraz Ahmed Rehman was appointed as Managing Director & Chief Executive Officer of FFBL, FPCL and FML from June 2020 to Sep 2021. He assumed the charge as Managing Director and Chief Executive Officer of FFC since October 2021.

## Term of Office

Joined the Board of Directors on June 10, 2020.

## Status

Non-Executive Director

## Membership of Board Committees

None

## Other Directorships

- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim
- Fauji Foods Limited
- Unilever Pakistan Foods Limited
- Philip Morris Pakistan Limited
- Fauji Fresh n Freez Limited
- FFC Energy Limited
- OLIVE Technical Services (Private) Limited
- Foundation Wind Energy Limited – I
- Foundation Wind Energy Limited – II
- Thar Energy Limited
- Fauji Meat Limited
- FFBL Power Company Limited
- Pakistan Maroc Phosphore SA
- Hisaar Foundation
- Patients Aid Foundation
- International Packaging Films Limited (IPAK)
- International Fertilizer Association (IFA)
- Foundation University Islamabad





**Mr. Arif ur Rehman**  
Non-Executive Director

Since October 10, 2021, Mr. Arif Ur Rehman is serving as Chief Executive Officer of Fauji Fertilizer Bin Qasim Limited and FFBL Power Company Limited. He is also on Board of Directors of Fauji Foods Limited and Pakistan Maroc Phosphore S. A.

In July 2016, he was appointed as Chief Manufacturing Officer, based at the Head Office in Lahore with responsibility for all aspects of manufacturing for the Fatima Group's three Fertilizer Manufacturing facilities, Fatima Fertilizers Sadiqabad, Pak Arab Fertilizer Company, Multan and Fatima Fertilizers, Lahore (Ex Dawood Hercules). He had responsibility for Operations, Costs, Budgets and People aspects for all Fertilizers. In addition, he was also responsible for the Supply Chain Function for the entire group where he controlled the budget of about USD 200 Million per year, growth, sustainability and strategy of the FG; Fertilizer Business.

In 2007 he joined the Fatima Group as Project Director and led the USD 750 Million Project from ground breaking till its commissioning. This was a green field project comprising of Ammonia, Urea, NP, CAN, Nitric Acid, Utilities and related facilities. One of the salient features of the job was that it was a self-managed EPC Project. Mr. Arif was engaged with dozens of international contractors directly and completed the project successfully in 2011. After the commissioning of the project, Mr. Arif was appointed as its Director Operations. In that role he brought the site to its full potential by a series of revamps that included the plants and organizational and systems improvement. As a result, the production increased from 0.8 to 1.475 Million tons per year and the bottom line improved from -PKR 2.0 Billion to over 10 Billion.

In 1996, he joined ICI Pakistan's PTA Business, which was the first and is still the only PTA plant in Pakistan with new technology. He worked as the commissioning leader for the most complex, Oxidation Plant. Later on, he led all the remaining sections of the PTA plant (Purification and Utilities) and took over as the first local Production Manager for the PTA Business

in 2001. He also worked as Technical Services & DBN Manager and was appointed as Site Operations Manager in 2005, where he was responsible for Operations, Maintenance, Inspection and Materials Management.

Mr. Arif started his professional career from Fauji Fertilizer Co (FFC) where he initially worked as Process Engineer in the Ammonia, Urea and Utilities plants. Later on, he worked as Process Engineering In-charge, Operations Engineer-Ammonia and Ammonia DBN Commissioning Engineer. In mid-1994, his services were transferred to FJFC (now FFBL) project team. He worked at FJFC for about 3 years and was a part of the multidisciplinary team that developed the FJFC Project from inception to firm order placement. He led the engineering and improvement of the Ammonia Plant. For that project he remained in USA for about a year as Ammonia Plant Lead.

#### **Term of Office**

Joined the Board of Directors on October 16, 2021.

#### **Status**

Non-Executive Director

#### **Membership of Board Committees**

None

#### **Other Directorships**

- Fauji Fertilizer Bin Qasim Limited
- FFBL Power Company Limited
- Fauji Foods Limited
- Pakistan Maroc Phosphore S.A.

# PROFILE OF DIRECTORS



**Dr. Nadeem Inayat**  
*Non-Executive Director*

Dr. Nadeem Inayat holds a Doctorate in Economics and has over 38 years of diversified exposure in corporate sector. He has vast experience in corporate governance, policy formulation, project appraisal, implementation, monitoring & evaluation, restructuring, mergers and acquisitions.

He also has conducted various academic courses on Economics, International Trade and Finance at reputable institutions of higher education in Pakistan. He is also a lifelong member of Pakistan Institute of Development Economics (PIDE).

#### **Term of Office**

Joined the Board of Directors on June 20, 2013.

#### **Status**

Non-Executive Director

#### **Membership of Board Committees**

Audit Committee  
Risk Management Committee  
Human Resource & Remuneration Committee  
Information Technology Committee

#### **Other Directorships**

- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Mari Petroleum Company Limited
- Fauji Foods Limited
- Hub Power Company Limited
- Fauji Cement Company Limited
- Pakistan Maroc Phosphore SA Morocco (PMP)
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- Fauji Meat Limited
- Fauji Akbar Portia Marine Terminals Limited
- Fauji Infraavest Foods Limited
- Fauji Kabirwala Power Company Limited
- Foundation Power Company Dharaki Limited
- Daharki Power Holding Limited
- Foundation Wind Energy Limited – I
- Foundation Wind Energy Limited – II
- Fongrow (Pvt) Limited



**Lt Gen Ghayur Mahmood Awan**  
**HI (M), T Bt (Retd)**

*Non-Executive Director*

Lieutenant General Ghayur Mahmood Awan, HI(M), T Bt (Retd) was commissioned in an Infantry Regiment in 1982. Besides mandatory courses, the General Officer has done diploma in foreign language from National University of Modern Languages, Staff Course from Command and Staff College Quetta as well as Armed Forces Staff College Kuala Lumpur, Malaysia, and Armed Forces War Course from National Defence University Islamabad. He has had varied Command, Instructional and Staff experience to include Instructor at Pakistan Military Academy, Brigade Major of Infantry Brigade, Directing Staff at the War College and Defence Attache at the Pakistan Embassy in Nepal.

The General officer has vast combat experience in war against militancy in FATA and along Pak-Afghan border in various senior command ranks. General has participated in numerous international seminars on war against terrorism and is a regular guest speaker at various institutions on combating Low Intensity Conflict. General Officer has also served as Inspector General Frontier Corps KP, command of Infantry Division in Waziristan and Vice Chief of General Staff at General Headquarters.

General has moreover, commanded a Corps at Gujranwala and been posted PSO as Chief of Logistics Staff and Military Secretary Pakistan Army at the General Headquarters.

In recognition of his meritorious service, he was awarded Hilal-e-Imtiaz (Military) by the Government of Pakistan in 2011.

The General is currently working as Director, Advisory Board, Fauji Foundation since May 2021 where he is utilizing his broad exposure of strategic planning, management, productivity optimization, capacity building, monitoring & evaluation.

#### **Term of Office**

Joined the Board of Directors on February 01, 2024 subject to Fit & Proper Test clearance from the State Bank of Pakistan.

#### **Status**

Non-Executive Director

#### **Membership of Board Committees**

Audit Committee  
Information Technology Committee

#### **Other Directorships**

Director, Advisory Board, Fauji Foundation

# PROFILE OF DIRECTORS



**Mr. Manzoor Ahmed**  
*Non-Executive Director / Nominee NIT*

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, he has been successfully managing the operations and investment portfolio worth over Rs. 120 billion. He has experience of over 32 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investment management, product development, research and liaising with the regulatory authorities. He has also served NIT as its Managing Director (Acting) twice from May 2013 to May 2014 and September 2017 to February 2019. He is M.B.A. and also holds D.A.I.B.P. He has also been the Council Member of The Institute of Bankers Pakistan. Presently, he is pursuing Chartered Financial Analyst (CFA) level III. Mr. Ahmed has also attended various training courses organized by institutions of international repute like London Business School (LBS) UK, Institute of Directors, London and Financial Markets World, New York (USA).

Mr. Ahmed has vast experience of serving on the Boards of various top-ranking companies of Pakistan belonging to the diverse sectors of economy. Currently, he represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies including commercial banks of Pakistan. Mr. Ahmed is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Ahmed is member of the Defence Authority Country & Golf Club – Karachi, Rotary Club- Karachi and is also member of Executive Committee of a Hospital for welfare of underprivileged.

## **Term of Office**

Joined the Board of Directors on May 20, 2013.

## **Status**

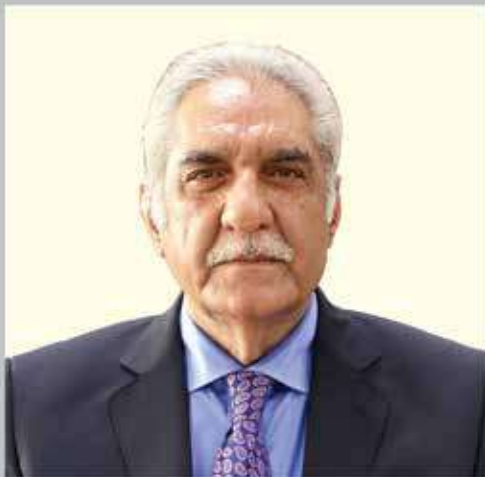
Non-Executive Director

## **Membership of Board Committees**

Human Resource & Remuneration Committee  
Audit Committee  
Risk Management Committee

## **Other Directorships**

- Hub Power Company Limited
- Ghandhara Tyre & Rubber Company Limited (Formerly General Tyre & Rubber Company of Pakistan Limited)
- Soneri Bank Limited
- Pioneer Cement Limited
- Pakistan Eye Bank Society (PEBS General Hospital)



**Raja Muhammad Abbas**  
*Independent Director*

Mr. Abbas brings with him rich experience in Governance, Public Administration, Personnel Management and Financial Management.

He holds a Bachelor degree from the University of Karachi. He joined Pakistan Navy in June 71 and after completion of training got commissioned in 1973. He got inducted into District Management Group in March 1980.

During his 34 years long span of illustrious public service, he has worked as Deputy Commissioner of District Jhelum, Gujranwala and Faisalabad where his role included Administration of Criminal Justice, Civil and Revenue legal matters and monitoring of development projects. He also held senior assignments at provincial level, such as Provincial Secretaries of Labour, Transport and Industries in the Government of Sindh, besides being Secretary Social Welfare, Women Development with the Government of the Punjab.

Additionally, he has worked as Director General Lahore Development Authority as well as Director General Parks and Horticulture Authority Government of the Punjab. Mr. Abbas was elevated to the highest positions as Federal Secretary, Ministry of Housing and Works, Managing Director Pakistan Housing Authority, Chief Secretary Government of Sindh, Secretary Board of Investment and finally before retirement as Secretary to the Ministry of Interior, where he dealt extensively with Financial and Administrative matters. He has been Chairman of the Board of Directors of Sindh Bank.

#### **Term of Office**

Joined the Board of Directors on April 22, 2020.

#### **Status**

Independent Director

#### **Membership of Board Committees**

Audit Committee  
Information Technology Committee

#### **Other Directorships**

- Sindh Insurance Limited
- M M Management Consultants (Pvt) Limited
- Cnergyico Pk Limited

# PROFILE OF DIRECTORS



**Ms. Zoya Mohsin Nathani**  
*Independent Director*

Ms. Zoya Mohsin Nathani is a senior banker with two decades of broad based experience in corporate banking relationship management, cash & trade sales, corporate finance, syndications, structured trade finance, SME Banking, Consumer Banking and Credit Risk Management.

Ms. Nathani completed her Masters in Business Administration from IBA Karachi and holds a MSc. degree in Finance and Accounting from London School of Economics.

She has held various senior level positions in International and Local banks such as Director and Head of Global Corporates Pakistan, Standard Chartered Bank, Head of Corporate and Commercial Banking, Pakistan, JS Bank Ltd (Formerly American Express Bank), Director Capitas Group International and Head of Strategy Planning and SME, Burj Bank Limited.

#### **Term of Office**

Joined the Board of Directors on April 22, 2020.

#### **Status**

Independent Director

#### **Membership of Board Committees**

Risk Management Committee  
Human Resource & Remuneration Committee

#### **Other Directorships**

- MNZ Limited



**Mr. Kamran Yousuf Mirza**  
*Independent Director*

Mr. Kamran Y. Mirza is a qualified Chartered Accountant (Nov. 1968) from United Kingdom and started his career in Pakistan as an auditor with A.F. Ferguson & Co. Mr. Mirza then made a career move in December 1970 and joined Abbott Laboratories (Pakistan) Limited, a multinational Pharmaceutical cum health care company as Chief Financial Officer. He became one of the youngest Managing Director's of his time in the year 1977 and remained in that position, i.e. Managing Director Abbott Pakistan, for 29 years.

Mr. Mirza held the position of Chairman Export Processing Zones Authority from February 2007 to March 2009 and then joined PBC (Pakistan Business Council) as its Chief Executive Officer, a position he held till December 2015. PBC is a Think Tank cum Business Policy Advocacy Forum.

He is serving as Director on the Boards of Colgate Palmolive (Pak) Limited., Gul Ahmed Textile Mills Limited, Askari Bank, Rafhan Maize Products Co Limited. & Education Fund for Sindh (EFS), of which he was the Chairman from Dec. 2012 to Oct. 2016.

Previously, he served as Chairman of Pakistan Mercantile Exchange Limited. (PMEX) – formerly National Commodity Exchange Limited. (NCEL), Chairman of Karachi Stock Exchange (KSE), President of Overseas Chamber of Commerce & Industry (OICCI), President of American Business Council (ABC), Chairman of Pharma Bureau – (Association of Pharmaceutical Multinationals).

He was the Chairman of – Philip Morris (Pakistan) Limited. and Unilever Pakistan Foods Limited. (UPFL). He also served as Director on the Boards of State Bank of Pakistan (SBP), Pakistan State Oil (PSO), International Steel (ISL), Sarmaya-e-Pakistan Limited., National Bank of Pakistan (NBP), Bank Alfalah Limited, Abbott Laboratories (Pak) Limited., Pakistan Textile

City Limited., Competitiveness Support Fund (CSF), Genco Holding Company, NAVTEC, Safari Club of Pakistan Limited. and Karwan-e-Hayat of which he was also the Chairman. Further, he represented PBC on the Board of BOI (Board of Investment) and other Government Bodies / Institutions.

Mr. Mirza has also been a past Chairman of a Task Force set up by Planning Commission on Pharmaceutical Industry, a member of the Economic Advisory Board of the Federal Government and Sindh Wild Life Board. He has served as a Member on Quality Control Board of Institute of Chartered Accountants of Pakistan. He also lectures regularly at the Pakistan Institute of Corporate Governance (PICG).

#### **Term of Office**

Joined the Board of Directors on March 29, 2023.

#### **Status**

Independent Director

#### **Membership of Board Committees**

Audit Committee  
Human Resource & Remuneration Committee

#### **Other Directorships**

- Colgate-Palmolive (Pakistan) Limited
- EFS (Education Fund for Sindh) Registered under Section 42 - Companies Ordinance 1984
- Gul Ahmed Textile Mills Limited
- Rafhan Maize Products Company Limited



# PROFILE OF DIRECTORS



**Ms. Samina Rizwan**  
*Independent Director*

Samina's area of expertise is information technology. In 2001, she joined Oracle as Managing Director, South Asia Growth Economies, and established Oracle's presence in Pakistan, which led to Pakistan's leadership of other countries in the region, including Sri Lanka, Bangladesh, Nepal, and Afghanistan. Samina's last assignment with Oracle was as Vice President of Key and Lead Accounts, where she took stewardship of Oracle's most critical customer accounts in ASEAN. Prior to that, she led the ECEMEA Analytics & Big Data team, which architected data management platforms for customers. Over the past 20 years, Samina's focus has been on establishing and scaling operations in new geographies and introducing cutting-edge solutions and technologies into the regions she has been responsible for such as MEA, SAGE, and ASEAN.

Before Oracle, Samina was Director, Information Systems, at Paktel Limited, a subsidiary of UK telecom company Cable and Wireless. She began her career 30 years ago in Washington DC as a Systems Analyst for The American Security Bank Limited. Her industry experience mainly consists of technology solutions in banking, telecom, and the public sector.

In 2003, Samina founded Rizwan Scholars, a trust registered in Pakistan, which sponsored tertiary education scholarships for students from underserved communities in the country. Samina maintains a strong interest in Pakistan's evolving startup ecosystem, investing in early-stage startups that offer tech interventions in education, healthcare, agriculture, the inclusion of marginalized communities, and indigenous small and medium industries.

After 20 years of a global career in big tech, Samina returned to Pakistan and became associated with Code for Pakistan, a not-for-profit initiative where, as Country Director, she built support for civic tech, focusing on women's inclusion in IT ventures.

Currently, Samina Rizwan is the CEO and Founder Partner of The CalmKaaj Network (Pvt.) Limited, a professional services provider for the community. CalmKaaj aspires to transform loosely connected groups of people into a healthy community of

members, who contribute high value to their business ventures in particular, and to the community's ecosystem in general.

Samina holds an Executive MBA from the Lahore University of Management Sciences and a Bachelor of Science in Information Systems from American University in Washington DC. She is a Certified PMP from PMI and a Certified Board Member from PICG. Currently, she serves as Member of Advisory Boards of USAID IPA and the National Incubation Center Peshawar. Samina lives in and operates from Islamabad.

## **Selected Association, Certifications and Awards**

- Member Advisory Board of USAID IPA, Pakistan
- Member Advisory Board of National Incubation Center, Peshawar
- Club Excellence performance winner several years from Oracle Corp
- Certified PMP of Project Management Institute (PMI) (First Pakistani woman to achieve this certification)
- Certified Director from Pakistan Institute of Corporate Governance
- Ex-Global Executive Committee Member, Oracle Women Leadership
- Ex-Member Board of Governors FMTI-PIMS
- Ex-Committee Member, ENBD, Dubai Technology Solutions Innovations

## **Term of Office**

Joined the Board of Directors on March 29, 2023.

## **Status**

Independent Director

## **Membership of Board Committees**

Information Technology Committee  
Human Resource & Remuneration Committee

## **Other Directorships**

- M/s CalmKaaj Network (Pvt) Ltd



**Mr. Atif Riaz Bokhari**  
*President & CE / Executive Director*

Mr. Bokhari is a career banker with 38 years of experience in domestic and international banking. He started his banking career in 1985 with Bank of America, where he handled diverse assignments over 15 years. Subsequent to leaving Bank of America in July 2000, Mr. Bokhari joined Habib Bank Limited where he was Head of Corporate and Investment Banking.

In May 2004, Mr. Bokhari took charge of UBL as President and CEO and remained in this position until June 2014. During this ten-year period, UBL ventured into new diversified business and revenue streams namely consumer financing, e-commerce, branchless banking, asset management and general insurance. UBL became the second largest private commercial bank in Pakistan with a network of over 1300 branches including 18 branches in 7 countries. Mr. Bokhari was also the Chairman of UBL Tanzania, UBL AG Zurich and Director of UBL UK.

Mr. Bokhari had a two-year stint ending in December 2016 as President and CEO of NIB Bank (Wholly owned subsidiary of Fullerton Financial Holdings – Temasek, Singapore).

Mr. Bokhari has also served as Minister of State & Chairman Board of Investment (BOI), Prime Minister Office, Pakistan, from March 2020 to June 2021.

Mr. Bokhari has been actively involved with private sector programs for health and development of education in Pakistan. He was founding Director of the Karachi School for Business and Leadership. Mr. Bokhari has also served as Director State Bank of Pakistan (SBP), Board & Member Monetary Policy Committee and Board of Governors of Shaukat Khan Memorial Trust (SKMT). He also serves on the Board of Patients' Aid Foundation and Kidney Centre.

#### **Term of Office**

Joined as President & CE of the Bank on August 23, 2021.

#### **Status**

President & CE and Executive Director

#### **Membership of Board Committees**

Risk Management Committee  
Information Technology Committee

#### **Other Directorships**

- Board of Governors Patients' Aid Foundation
- Board of Governors Kidney Centre

# BOARD COMMITTEES

## COMPOSITION AND BRIEF TERMS OF REFERENCE

### **Board Audit Committee (BAC)**

BAC oversees the integrity and effectiveness of the financial reporting process as well as of the financial statements with focus on compliance of accounting and reporting standards. BAC assists the Board of Directors by providing an independent review of the effectiveness of the financial reporting process, corporate governance standards, internal control systems, transparency culture, compliance with legal and regulatory requirements, policy and procedural framework and cost efficiencies. BAC also maintains an oversight on the adherence of management and employees to Bank's control framework and code of conduct. It also reviews financial and operational performance of Overseas Operations on periodic basis.

### **Board Human Resource & Remuneration Committee (BHR&RC)**

The primary responsibility of the BHR&RC is to have an effective oversight on the Bank's human resource policies and procedures. The Committee reviews and provides recommendations on the human resource strategies, compensation and benefit schemes and related issues of strategic importance that affects the Bank's ability to attract, develop and retain talent. The Committee is also responsible to devise a mechanism for identification of employees in the categories of 'risk takers' and 'risk controllers' including development of a remuneration structure for them in line with regulatory guidance.

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

The purpose of the BRMC is to provide oversight of risk management and compliance risk management functions including risk management policies, procedures and practices relating to overall enterprise risk management as well as the management of credit, financial, liquidity, market, operational, compliance and other types of risk faced by the Bank. BRMC regularly reviews risk management performance relative to risk appetite, risk rating models and other tools to assess and monitor risk exposures and management's view on the acceptable and appropriate levels for such risk exposures. The Committee also regularly reviews overall performance of Special Asset Management function managing the infected portfolio. Similarly, it also regularly reviews compliance function performance in order to assess the effectiveness of controls for combating the Money Laundering including Trade Based Money Laundering, Terrorist Financing, Proliferation Financing and Sanctions Risks. It also reviews Bank's Internal Risk Assessment Report and Action Plan for mitigation of potential risks.

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

BITC is responsible to advise and report to the Board of Directors about status of technology and digital initiatives of the Bank. BITC reviews and recommends information technology governance framework, information technology policies, information technology and digital strategy of the Bank. The Committee oversees the progress of the information technology and digital initiatives and ensures that risk management tools and strategies are designed and implemented to achieve resilience against all type of cyber threats along with assessment of Bank's ability to effectively respond to wide-scale technology related disruptions.

# CHAIRMAN'S REVIEW

## Dear Fellow Shareholders,

It gives me great pleasure to present my 4<sup>th</sup> review report as Chairman of the Board of Directors of Askari Bank.

2023 saw emerging challenges and an uncertain macroeconomic outlook affecting all sectors of the economy including banking. Given the challenges, Askari Bank took clear and proactive actions to align with evolving changes and such actions were the key to Bank's ability to deliver a year of solid financial performance reflecting the strength, diversification and active management of business in a fluid operating environment.

Your Board remained vigilant, carefully recalibrating priorities for a long-term view of the Bank's progress against strategic objectives while keeping a sharp focus on short-term performance. Strong corporate governance continues to be a core focus for your Board. Over the past year, my fellow directors and I through the Board and Board committees have been working closely with the Bank's leadership holding discussions to provide prudent oversight and guidance on the Bank's business strategies, progress and performance, risk tolerance and management practices – all to support delivering the best of our Bank to customers and shareholders.

To improve Board's effectiveness and that of its committees, structured performance evaluations are conducted annually. Each member of the Board carries out an assessment of the effectiveness of individual directors as well as the effectiveness of the Board as a whole. The latest evaluation outcome indicated improvement in scores while the overall performance of the Board met with expectations. Alongside, we continue to evolve our Board to add experience and broaden our view in areas that align with the Bank's commitment to a more inclusive economy and sustainable future.

As a bank, strength and stability are foundational to the performance both in the short and long-term. To this end, a key performance success during 2023 were your Bank's liquidity, capital and credit management execution. This was especially important under the current business environment and was a key focus of your Board to ensure that the Bank is well positioned for 2024 and



beyond. Our strategy and risk focus are underpinned by your Board and Management's shared commitment to talent. Embedded in our approach is a strong focus on growing the capabilities needed for today and into the future as we believe comprehensive talent planning is good governance and is in the best interests of our stakeholders.

On behalf of the Sponsors, I take this opportunity to convey my sincere gratitude to our customers for placing their continued trust and patronage of the Askari brand. I am thankful to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their continued support, to my Board colleagues for their wisdom and valuable guidance in setting the strategic direction of the Bank as a future ready organization.

Lastly, I record my appreciation for the excellent work by our employees across the foot print, for their commitment and service to the customers. Our President & CE, Mr. Atif R. Bokhari has been leading a refresh of the Bank's future strategic direction to deliver profitable and sustainable growth for shareholders over the long term. I have great confidence in our strategic direction as an organization, and in Askari Bank's demonstrated ability to capitalize on opportunities as we move ahead.

Waqar Ahmed Malik  
Chairman, Board of Directors

February 21, 2024  
Karachi

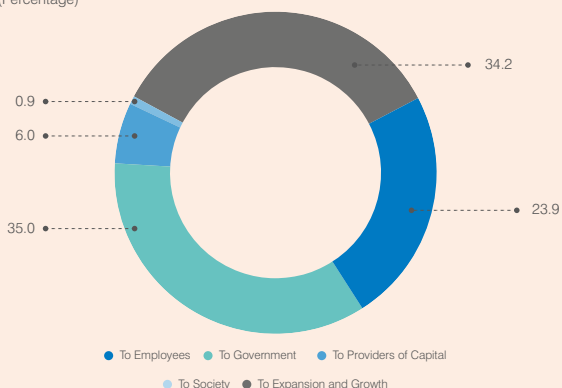
# VALUE ADDED STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

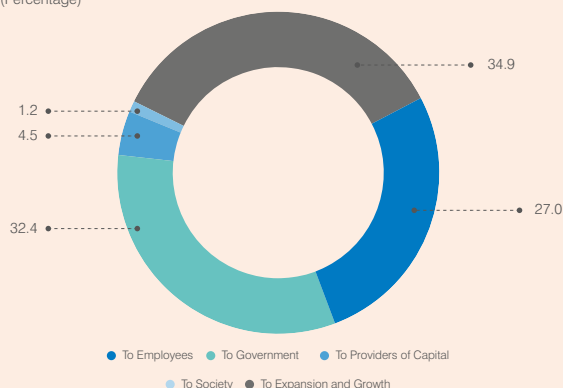
	2023 (Rs. in '000)	2022 (Rs. in '000)
<b>Value Added</b>		
Net interest income	59,422,956	39,961,553
Non-interest income	12,935,951	11,620,005
Operating expenses excluding staff cost, depreciation, amortization, donation and WWF	(10,978,160)	(8,136,961)
Provisions	(966,361)	(1,042,135)
	60,414,386	42,402,462

	2023 (Rs. in '000)	(%)	2022 (Rs. in '000)	(%)
<b>Value Allocated</b>				
To Employees				
Compensation / staff costs	14,417,616	23.9	11,474,947	27.0
To Government				
Income Tax	20,609,804		13,397,858	
Workers Welfare Fund	533,110		339,903	
	21,142,914	35.0	13,737,761	32.4
To Providers of Capital				
Cash / Stock dividend	3,623,248	6.0	1,890,390	4.5
To Society				
Donations	524,398	0.9	492,403	1.2
To Expansion and Growth				
Depreciation	2,713,216		2,492,990	
Amortization	181,584		142,765	
Retained Earnings	17,811,410		12,171,206	
	20,706,210	34.2	14,806,961	34.9
	60,414,386	100.0	42,402,462	100.0

2023  
(Percentage)



2022  
(Percentage)

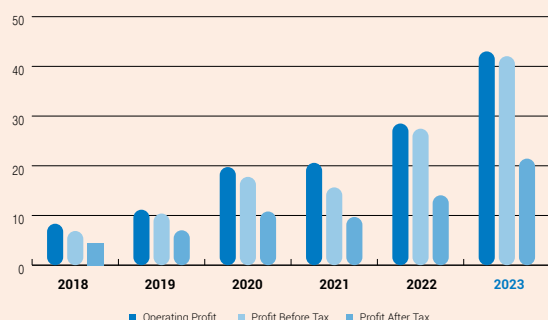


# FINANCIAL REVIEW

FOR THE YEAR ENDED DECEMBER 31, 2023

## Profit

(Rs. in billion)

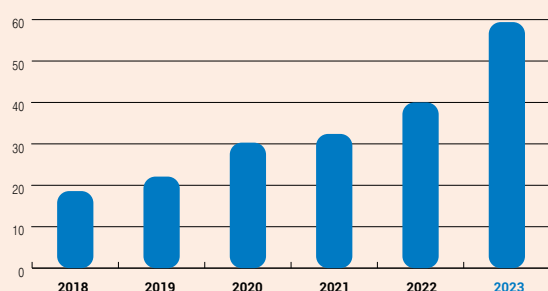


## PROFIT

Profit before provisions and taxation (i.e. operating profit) increased by 51 percent YoY as net revenues increased by Rs. 20.8 billion while total expenses increased by Rs. 6.3 billion; a net growth of Rs. 14.5 billion during the year. Profit before taxation recorded an increase of 53 percent YoY as provisions against non-performing assets declined by 7 percent.

## Net Mark-up / Interest Income

(Rs. in billion)

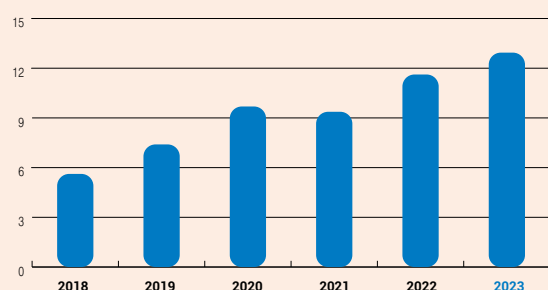


## NET MARK-UP / INTEREST INCOME

Net markup / net interest income grew by 48 percent corresponding to a 21 percent growth in average earning assets / cost bearing liabilities. Investment revenue grew by 91 during the year benefiting by upward re-pricing of floating rate bonds. Mark - up on loans and advances increased by 71 percent due to rising benchmark rates and 8 percent growth in gross advances. Cost of deposits increased by 94 percent and cost of borrowings doubled in-line with growth in gross investments of the Bank by 54%. Cost of deposits witnessed higher growth since the benefit of rising market rates was up-front for customer deposits while asset repricing followed with a lag.

## Non Mark-up / Interest Income

(Rs. in billion)

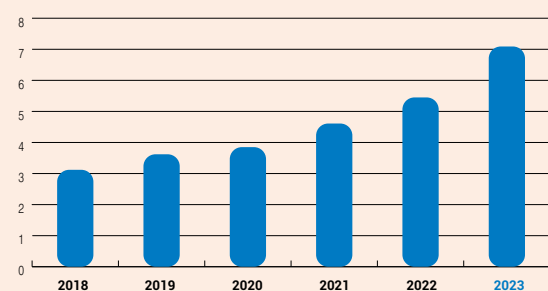


## NON MARK-UP / INTEREST INCOME

Non-markup income grew by 11 percent YoY basis. Growth in NFI mainly contributed by fee, commission, dividend, capital gains and other income cumulatively grew by 48 percent as compared to last year. NFI growth was net-off with reduction of foreign exchange income by 29 percent. The Bank's active management and re-alignment of stock portfolio yielded higher gains.

## Fee and Commission Income

(Rs. in billion)



## FEE AND COMMISSION INCOME

Fee and commission income increased by 30 percent YoY as key revenue lines; trade and guarantee commissions, card related fees and credit related fees that accounts for almost 80 percent of the total fee income recorded double digit growth during the year. Contribution by the above revenue lines in overall growth of the fee income stream is 98 percent.

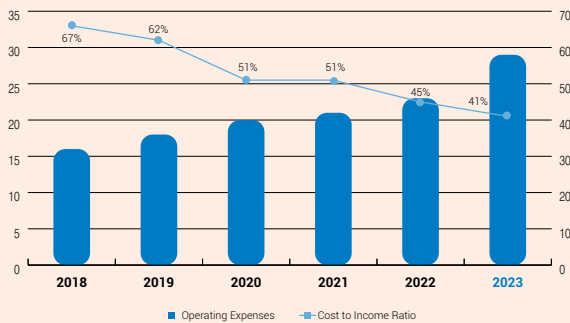


# FINANCIAL REVIEW

FOR THE YEAR ENDED DECEMBER 31, 2023

## Operating Expenses

(Rs. in billion) / Percentage

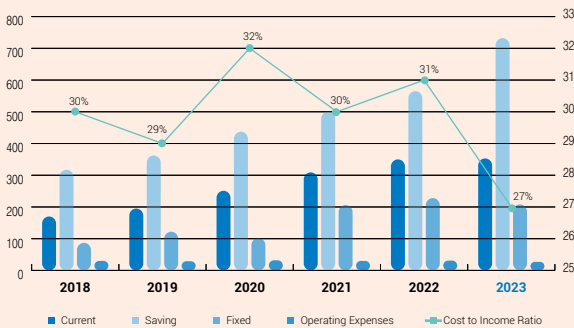


## OPERATING EXPENSES

Total operating and other expenses increased by 27 percent YoY. Major increase was recorded in information technology and property expense due to addition of new branches; 60 new branches were added to the nation-wide network, inflationary upsurge and Rupee devaluation. The overall cost to income ratio improved to 40.6 percent during the year compared to 44.7 percent last year.

## Deposits

(Rs. in billion) / Percentage

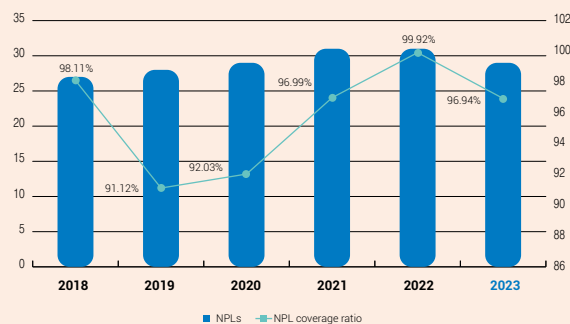


## DEPOSITS

Customer deposits grew by 13.2 percent YoY to close at Rs. 1.3 trillion. Aggregate current and saving deposit grew by 18.6 percent and were preferred over fixed deposit that declined by 9 percent during the year. CASA mix rose to 84 percent from 80 percent. Historical high policy rates affected current deposits and resultantly current account to total deposit ratio attributed to 27 percent as at December 31, 2023.

## NPLs and Provision Coverage

(Rs. in billion) / Percentage



## NPLs AND PROVISION COVERAGE

During the year, the Bank's non-performing loans reduced to Rs. 29.1 billion as at December 31, 2023 from Rs. 31.1 billion as at December 31, 2022 that also includes the impact of write / charge off against provisions (Note 9.5 and 9.7). The infection ratio also improved to 4.39 percent, from 5.07 percent of last year. Pursuant to reduction in NPLs and growth in gross advances by 81% as compared to last year, aggregate provision declined by 9 percent YoY which caused the coverage ratio to settle down at 97 percent as of 31 December 2023 from 100 percent last year.



# FINANCIAL CALENDER

## 2023

1 <sup>st</sup> Quarter Results issued on	April 20, 2023
2 <sup>nd</sup> Quarter Results issued on	August 21, 2023
3 <sup>rd</sup> Quarter Results issued on	October 27, 2023
32 <sup>nd</sup> Annual Results issued on	February 21, 2024
32 <sup>nd</sup> Annual General Meeting scheduled for	March 28, 2024

## 2022

1 <sup>st</sup> Quarter Results issued on	April 20, 2022
2 <sup>nd</sup> Quarter Results issued on	August 17, 2022
3 <sup>rd</sup> Quarter Results issued on	October 8, 2022
31 <sup>st</sup> Annual Results issued on	February 15, 2023
31 <sup>st</sup> Annual General Meeting held on	March 29, 2023

### Summarized Quarterly Financial Results

(Rupees in million)	2023				2022			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
<b>Financial Position</b>								
<b>Assets</b>								
Cash,short term funds & statutory deposits with SBP	118,709	145,941	136,344	173,876	105,500	147,485	97,419	81,034
Investments	842,620	1,098,816	1,042,294	1,182,538	615,407	778,747	848,532	762,697
Advances	581,019	622,816	524,133	633,133	465,774	546,910	556,177	583,811
Operating fixed assets	26,244	25,965	26,859	28,866	21,612	21,602	21,629	25,860
Other assets	93,490	95,528	105,038	105,593	54,412	54,554	70,994	72,269
<b>Total assets</b>	<b>1,662,081</b>	<b>1,989,067</b>	<b>1,834,668</b>	<b>2,124,006</b>	<b>1,262,705</b>	<b>1,549,298</b>	<b>1,594,750</b>	<b>1,525,671</b>
<b>Liabilities</b>								
Borrowings from financial institutions	323,113	540,356	378,683	643,363	135,016	327,591	314,216	233,432
Customers deposits	1,192,676	1,269,627	1,275,247	1,293,145	997,539	1,085,300	1,137,551	1,142,575
Sub-ordinated loans	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Other liabilities	62,495	90,263	83,989	78,375	59,834	59,403	63,802	64,341
<b>Total liabilities</b>	<b>1,590,285</b>	<b>1,912,246</b>	<b>1,749,920</b>	<b>2,026,883</b>	<b>1,204,389</b>	<b>1,484,295</b>	<b>1,527,568</b>	<b>1,452,349</b>
<b>Net Assets</b>	<b>71,796</b>	<b>76,821</b>	<b>84,748</b>	<b>97,123</b>	<b>58,315</b>	<b>65,003</b>	<b>67,182</b>	<b>73,322</b>
<b>Shareholders' funds</b>								
Share capital	14,493	14,493	14,493	14,493	12,603	12,603	12,603	12,603
Reserves and unappropriated profit	60,451	64,909	71,445	78,172	45,078	48,200	53,119	56,767
(Deficit) / surplus on revaluation of assets	(3,148)	(2,582)	(1,190)	4,458	634	4,200	1,460	3,952
Total shareholders' funds	71,796	76,821	84,748	97,123	58,315	65,003	67,182	73,322
<b>Profit &amp; Loss</b>								
Total income	15,076	16,508	18,834	21,941	10,981	11,846	15,301	13,454
Mark-up / return / interest earned	57,147	70,864	88,828	88,796	26,744	34,978	48,119	55,954
Mark-up / return / interest expensed	45,212	57,979	73,131	69,892	18,291	26,188	36,264	45,091
Net mark-up / interest income	11,936	12,885	15,698	18,904	8,453	8,790	11,855	10,864
Non - mark-up / interest income	3,141	3,622	3,137	3,036	2,528	3,056	3,446	2,590
Fee, commission and exchange income	2,955	3,222	2,662	2,142	2,197	2,959	3,079	2,705
Other income	186	401	475	893	331	97	366	(115)
Operating expenses	6,783	7,179	7,393	7,993	5,056	5,510	6,330	6,184
Provisions and write offs - net	(58)	675	73	276	(172)	282	71	861
<b>Operating profit</b>	<b>8,294</b>	<b>9,329</b>	<b>11,441</b>	<b>13,947</b>	<b>5,925</b>	<b>6,336</b>	<b>8,971</b>	<b>7,270</b>
<b>Profit before tax</b>	<b>8,352</b>	<b>8,654</b>	<b>11,368</b>	<b>13,671</b>	<b>6,097</b>	<b>6,054</b>	<b>8,901</b>	<b>6,408</b>
Taxation	3,648	4,520	5,641	6,801	2,492	3,350	4,461	3,096
<b>Profit after taxation</b>	<b>4,703</b>	<b>4,134</b>	<b>5,727</b>	<b>6,871</b>	<b>3,605</b>	<b>2,704</b>	<b>4,440</b>	<b>3,313</b>
<b>Ratios (percent)</b>								
Return on average shareholders' funds (RoE) - annualized	26.3%	24.2%	34.4%	38.8%	26.6%	17.6%	26.7%	18.7%
Return on average assets (RoA) - annualized	1.2%	0.9%	1.2%	1.4%	1.2%	0.8%	1.1%	0.8%

# SHARE & DEBT INFORMATION

## 1. Share Information

1.1 The ordinary shares of Askari Bank Limited ("the Bank") are listed on the Pakistan Stock Exchange. The audited financial statements have been submitted to the stock exchange within the requisite notice periods as required by the relevant Regulations. Askari Bank's Central Depository System ID is 05132.

## 1.2 Market symbols

Pakistan Stock Exchange – AKBL, Reuters – ASKB.KA, Bloomberg – AKBL: PA

## 1.3 Share price and volume - last 10 years

Year	Shares (in Numbers)	Shareholders' funds (equity)	Market capitalization (in Billion)	KSE's market capitalization	share in market capitalization (Percent)	Share Price			shares traded during the year (in Numbers)
						High During the year	Low During the year	Close at December 31	
2014	1,260,260,180	23.71	29.07	7,380.53	0.39%	23.14	13.37	23.07	590,931,000
2015	1,260,260,180	26.85	27.40	6,947.36	0.39%	25.54	16.26	21.74	427,049,500
2016	1,260,260,180	32.58	31.44	9,628.51	0.33%	25.61	17.50	24.95	329,016,500
2017	1,260,260,180	32.44	24.34	8,570.93	0.28%	28.03	17.75	19.31	341,523,000
2018	1,260,260,180	33.51	30.15	7,692.79	0.39%	26.49	19.20	23.92	208,231,500
2019	1,260,260,180	42.26	23.37	7,811.81	0.30%	24.46	15.53	18.54	90,865,500
2020	1,260,260,180	54.55	29.48	8,035.36	0.37%	23.59	13.00	23.39	241,054,000
2021	1,260,260,180	55.90	27.75	7,900.14	0.35%	25.70	18.77	22.02	94,935,000
2022	1,260,260,180	73.32	25.33	6,382.60	0.40%	23.85	16.40	20.10	57,147,500
2023	1,449,299,207	97.12	35.83	9,003.70	0.40%	26.38	11.99	24.72	243,027,000

## 1.4 Record of share issues

Year	Issue	Number of shares	Share capital (Rs)
	Prior to public issue	15,000,000	150,000,000
1992	Public issue	15,000,000	150,000,000
1993	50% Rights issue @ Rs. 10 per share	15,000,000	150,000,000
1995	Bonus @ 15%	6,750,000	67,500,000
1996	50% Rights issue @ Rs. 20 per share	22,500,000	225,000,000
1996	Bonus @ 10%	7,425,000	74,250,000
1997	Bonus @ 15%	12,251,250	122,512,500
1998	Bonus @ 5%	4,696,312	46,963,120
2001	Bonus @ 5%	4,931,101	49,311,010
2002	Bonus @ 5%	5,177,712	51,777,120
2003	Bonus @ 5%	5,436,568	54,365,680
2004	Bonus @ 10%	11,416,794	114,167,940
2005	Bonus @ 20%	25,116,947	251,169,474
2006	Bonus @ 33%	49,731,555	497,315,549
2007	Bonus @ 50%	100,216,620	1,002,166,196
2008	Bonus @ 35%	105,227,450	1,052,274,496
2009	Bonus @ 25%	101,469,326	1,014,693,261
2010	Share issued to shareholders of erstwhile Askari Leasing Limited	28,273,315	282,733,150
2010	Bonus @ 20%	107,123,990	1,071,239,900
2011	Bonus @ 10%	64,274,460	642,744,604
2012	Bonus @ 15%	106,052,684	1,060,526,840
2013	55% Rights issue @ Rs. 10 per share	447,189,096	4,471,890,960
2022	Bonus @ 15%	189,039,027	1,890,390,270
		1,449,299,207	14,492,992,070

## 2. Debts Information

2.1 Askari Bank has issued seven Term Finance Certificates (TFCs), out of which the following are outstanding - unsecured subordinated debt.

(Rupees in million)	TFC - VI	TFC - VII
IPO investors	6,000	6,000
Market Symbols / IDs	AKBLTFC6	AKBLTFC7
Rating by PACRA	AA-	AA
Market Price as at December 31, 2023 (based on marketable lots of Rs.1,000,000)	6,000	5,970
Applicable interest rate (p.a.) as at December 31, 2023	24.47%	22.62%

# HORIZONTAL AND VERTICAL ANALYSIS

	Horizontal Analysis											
	Rupees in million						Variance					
	2023	2022	2021	2020	2019	2018	2023 Vs 2022	2022 Vs 2021	2021 Vs 2020	2020 Vs 2019	2019 Vs 2018	2018 Vs 2017
<b>Balance Sheet</b>												
<b>Assets</b>												
Cash and balances with treasury banks	160,087	70,950	89,432	73,652	63,039	49,188	126%	(21%)	21%	17%	28%	11%
Balances with other banks	13,789	9,677	3,455	7,720	7,887	4,093	42%	180%	(55%)	(2%)	93%	28%
Lending to financial institutions	-	407	-	-	20,406	-	(100%)	100%	-	(100%)	100%	(100%)
Investments	1,182,538	762,697	616,361	449,687	305,436	260,234	55%	24%	37%	47%	17%	(17%)
Advances	633,133	583,811	477,588	395,374	372,914	343,107	8%	22%	21%	6%	9%	33%
Operating fixed assets	28,866	25,860	21,350	22,357	20,506	13,533	12%	21%	(5%)	9%	52%	26%
Assets held for sale	1,750	1,750	-	-	81	81	-	100%	-	(100%)	-	-
Deferred tax assets	8,073	7,546	5,168	1,623	2,490	3,774	7%	46%	218%	(35%)	(34%)	3646%
Other assets	95,770	62,973	45,789	42,105	40,451	32,522	52%	38%	9%	4%	24%	45%
	2,124,006	1,525,671	1,259,144	992,517	833,208	706,532	39%	21%	27%	19%	18%	8%
<b>Liabilities</b>												
Bills payable	12,394	11,879	10,235	12,630	15,769	15,513	4%	16%	(19%)	(20%)	2%	44%
Borrowings	643,362	233,432	123,564	84,164	51,188	52,702	176%	89%	47%	64%	(3%)	(26%)
Deposits and other accounts	1,293,146	1,142,575	1,015,430	791,187	679,299	573,636	13%	13%	28%	16%	18%	9%
Sub-ordinated loans	12,000	12,000	12,000	12,000	9,992	9,994	-	-	-	20%	-	100%
Other liabilities	65,981	52,463	42,012	37,990	34,704	21,178	26%	25%	11%	9%	64%	91%
	2,026,883	1,452,349	1,203,242	937,971	790,952	673,023	40%	21%	28%	19%	18%	8%
<b>Net Assets</b>	<b>97,123</b>	<b>73,322</b>	<b>55,902</b>	<b>54,546</b>	<b>42,256</b>	<b>33,509</b>	<b>32%</b>	<b>31%</b>	<b>2%</b>	<b>29%</b>	<b>26%</b>	<b>3%</b>
<b>Represented by</b>												
Share capital	14,493	12,603	12,603	12,603	12,603	12,603	15%	-	-	-	-	-
Reserves	57,740	43,386	32,730	25,632	19,366	15,543	33%	33%	28%	32%	25%	30%
Surplus on revaluation of assets – net of tax	4,458	3,952	1,964	7,638	4,300	1,649	13%	101%	(74%)	78%	161%	(67%)
Unappropriated profit	20,432	13,381	8,606	8,674	5,987	3,714	53%	55%	(1%)	45%	61%	30%
	97,123	73,322	55,902	54,546	42,256	33,509	32%	31%	2%	29%	26%	3%
<b>Profit and Loss</b>												
<b>Mark-up / return / interest earned</b>	<b>305,636</b>	<b>165,796</b>	<b>77,550</b>	<b>77,322</b>	<b>71,704</b>	<b>43,670</b>	<b>84%</b>	<b>114%</b>	<b>-</b>	<b>8%</b>	<b>64%</b>	<b>20%</b>
<b>Mark-up / return / interest expensed</b>	<b>246,213</b>	<b>125,834</b>	<b>45,140</b>	<b>47,059</b>	<b>49,569</b>	<b>25,060</b>	<b>96%</b>	<b>179%</b>	<b>(4%)</b>	<b>(5%)</b>	<b>98%</b>	<b>25%</b>
Net mark-up / interest income	59,423	39,962	32,410	30,263	22,136	18,610	49%	23%	7%	37%	19%	15%
<b>Non mark-up/interest income</b>												
Fee and commission income	7,085	5,446	4,609	3,851	3,617	3,116	30%	18%	20%	6%	16%	15%
Dividend income	709	486	420	273	274	231	46%	16%	54%	(1%)	19%	(24%)
Foreign exchange income	3,897	5,494	3,124	2,673	2,508	1,596	(29%)	76%	17%	7%	57%	89%
Gain / (loss) on securities	777	(251)	815	2,556	739	260	(409%)	(131%)	(68%)	246%	184%	(87%)
Other income	468	444	402	341	266	418	5%	11%	18%	28%	(36%)	20%
Total non-markup / interest income	12,936	11,620	9,370	9,694	7,404	5,622	11%	24%	(3%)	31%	32%	(10%)
<b>Total income</b>	<b>72,359</b>	<b>51,582</b>	<b>41,779</b>	<b>39,957</b>	<b>29,540</b>	<b>24,232</b>	<b>40%</b>	<b>23%</b>	<b>5%</b>	<b>35%</b>	<b>22%</b>	<b>8%</b>
<b>Non mark-up / interest expenses</b>												
Operating expenses	28,569	22,572	20,891	20,123	18,235	16,241	27%	8%	4%	10%	12%	9%
Workers' welfare fund	533	340	213	43	42	(540)	57%	59%	397%	2%	(108%)	(418%)
Other charges	246	168	90	48	100	191	46%	86%	87%	(52%)	(48%)	711%
Total non-markup / interest expenses	29,348	23,080	21,194	20,215	18,377	15,892	27%	9%	5%	10%	16%	5%
Profit before provisions and tax	43,011	28,502	20,585	19,742	11,163	8,340	51%	38%	4%	77%	34%	14%
Provisions	966	1,042	4,940	1,975	773	1,461	(7%)	(79%)	150%	155%	(47%)	(223%)
<b>Profit before taxation</b>	<b>42,045</b>	<b>27,459</b>	<b>15,645</b>	<b>17,767</b>	<b>10,389</b>	<b>6,879</b>	<b>53%</b>	<b>76%</b>	<b>(12%)</b>	<b>71%</b>	<b>51%</b>	<b>(19%)</b>
Taxation	(20,610)	(13,398)	(5,944)	(6,967)	(3,372)	(2,448)	54%	125%	(15%)	107%	38%	(24%)
<b>Profit after taxation</b>	<b>21,435</b>	<b>14,062</b>	<b>9,701</b>	<b>10,800</b>	<b>7,017</b>	<b>4,431</b>	<b>52%</b>	<b>45%</b>	<b>(10%)</b>	<b>54%</b>	<b>58%</b>	<b>(16%)</b>
Basic and diluted earnings per share – Rupees	14.79	9.70	7.70	8.57	5.57	3.52						

# HORIZONTAL AND VERTICAL ANALYSIS

## Vertical Analysis

2023 2022 2021 2020 2019 2018 2023 2022 2021 2020 2019 2018

Rupees in million

Composition

### Balance Sheet

	2023	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019	2018
<b>Assets</b>												
Cash and balances with treasury banks	160,087	70,950	89,432	73,652	63,039	49,188	8%	5%	7%	7%	8%	7%
Balances with other banks	13,789	9,677	3,455	7,720	7,887	4,093	1%	1%	-	1%	1%	1%
Lendings to financial institutions	-	407	-	-	20,406	-	-	-	-	-	2%	-
Investments	1,182,538	762,697	616,361	449,687	305,436	260,234	56%	50%	49%	45%	37%	37%
Advances	633,133	583,811	477,588	395,374	372,914	343,107	30%	38%	38%	40%	45%	49%
Operating fixed assets	28,866	25,860	21,350	22,357	20,506	13,533	1%	2%	2%	2%	2%	2%
Assets held for sale	1,750	1,750	-	-	81	81	-	-	-	-	-	-
Deferred tax assets	8,073	7,546	5,168	1,623	2,490	3,774	-	-	-	-	-	1%
Other assets	95,770	62,973	45,789	42,105	40,451	32,522	5%	4%	4%	4%	5%	5%
	2,124,006	1,525,671	1,259,144	992,517	833,208	706,532	100%	100%	100%	100%	100%	100%

### Liabilities

Bills payable	12,394	11,879	10,235	12,630	15,769	15,513	1%	1%	1%	1%	2%	2%
Borrowings	643,362	233,432	123,564	84,164	51,188	52,702	30%	15%	10%	8%	6%	7%
Deposits and other accounts	1,293,146	1,142,575	1,015,430	791,187	679,299	573,636	61%	75%	81%	80%	82%	81%
Sub-ordinated loans	12,000	12,000	12,000	12,000	9,992	9,994	1%	1%	1%	1%	1%	1%
Other liabilities	65,981	52,463	42,012	37,990	34,704	21,178	3%	3%	3%	4%	4%	3%
	2,026,883	1,452,349	1,203,242	937,971	790,952	673,023	95%	95%	96%	95%	95%	95%
<b>Net Assets</b>	97,123	73,322	55,902	54,546	42,256	33,509	5%	5%	4%	5%	5%	5%

### Represented by

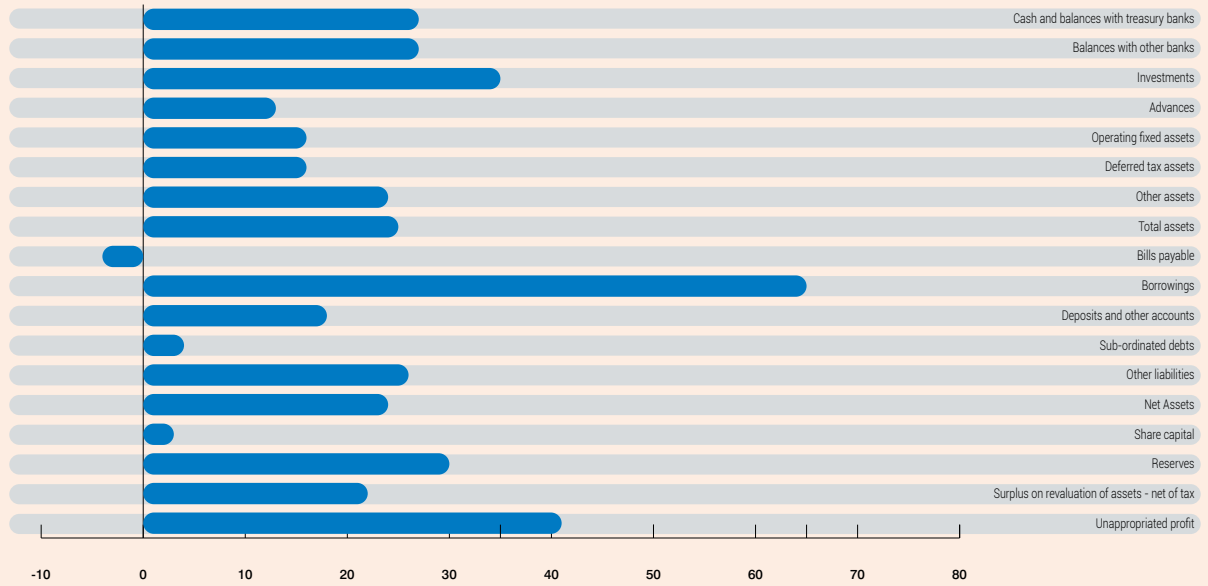
Share capital	14,493	12,603	12,603	12,603	12,603	12,603	1%	1%	1%	1%	2%	2%
Reserves	57,740	43,386	32,730	25,632	19,366	15,543	3%	3%	3%	3%	2%	2%
Surplus on revaluation of assets - net of tax	4,458	3,952	1,964	7,638	4,300	1,649	-	-	-	1%	1%	-
Unappropriated profit	20,432	13,381	8,606	8,674	5,987	3,714	1%	1%	1%	1%	1%	1%
	97,123	73,322	55,902	54,546	42,256	33,509	5%	5%	4%	5%	5%	5%

### Profit and Loss

<b>Mark-up / return / interest earned</b>	305,636	165,796	77,550	77,322	71,704	43,670	100%	100%	100%	100%	100%	100%
<b>Mark-up / return / interest expensed</b>	246,213	125,834	45,140	47,059	49,569	25,060	81%	76%	58%	61%	69%	57%
Net mark-up / interest income	59,423	39,962	32,410	30,263	22,136	18,610	19%	24%	42%	39%	31%	43%
<b>Non mark-up / interest income</b>												
Fee and commission income	7,085	5,446	4,609	3,851	3,617	3,116	2%	3%	6%	5%	5%	7%
Dividend income	709	486	420	273	274	231	-	-	1%	-	-	1%
Foreign exchange income	3,897	5,494	3,124	2,673	2,508	1,596	1%	3%	4%	3%	3%	4%
Gain / (loss) on securities	777	(251)	815	2,556	739	260	-	-	1%	3%	1%	1%
Other income	468	444	402	341	266	418	-	-	1%	-	-	1%
Total non-markup / interest income	12,936	11,620	9,370	9,694	7,404	5,622	4%	7%	12%	13%	10%	13%
<b>Total income</b>	72,359	51,582	41,779	39,957	29,540	24,232	24%	31%	54%	52%	41%	55%
<b>Non mark-up/interest expenses</b>												
Operating expenses	28,569	22,572	20,891	20,123	18,235	16,241	9%	14%	27%	26%	25%	37%
Workers' welfare fund	533	340	213	43	42	(540)	-	-	-	-	-	(1%)
Other charges	246	168	90	48	100	191	-	-	-	-	-	-
Total non-markup / interest expenses	29,348	23,080	21,194	20,215	18,377	15,892	10%	14%	27%	26%	26%	36%
Profit before provisions and tax	43,011	28,502	20,585	19,742	11,163	8,340	14%	17%	27%	26%	16%	19%
Provisions	966	1,042	4,940	1,975	773	1,461	-	1%	6%	3%	1%	3%
<b>Profit before taxation</b>	42,045	27,459	15,645	17,767	10,389	6,879	14%	17%	20%	23%	14%	16%
Taxation	(20,610)	(13,398)	(5,944)	(6,967)	(3,372)	(2,448)	(7%)	(8%)	(8%)	(9%)	(5%)	(6%)
<b>Profit after taxation</b>	21,435	14,062	9,701	10,800	7,017	4,431	7%	8%	13%	14%	10%	10%

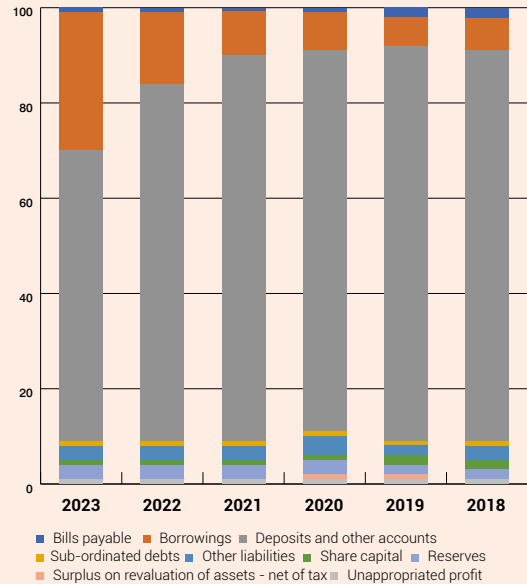
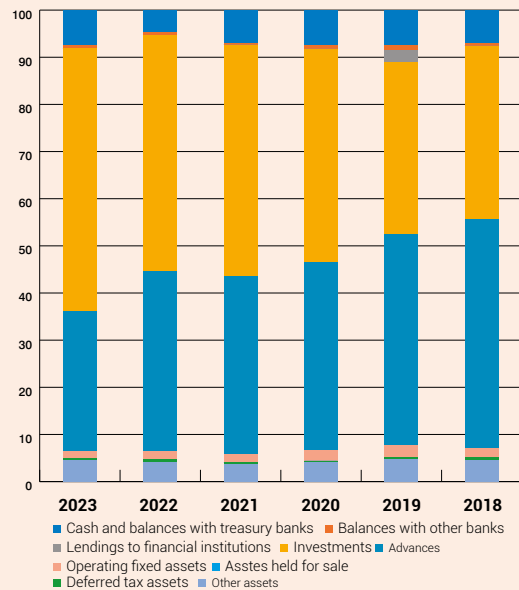
## Balance Sheet Horizontal Analysis

(Cumulative average growth rate for the last six years - % age)



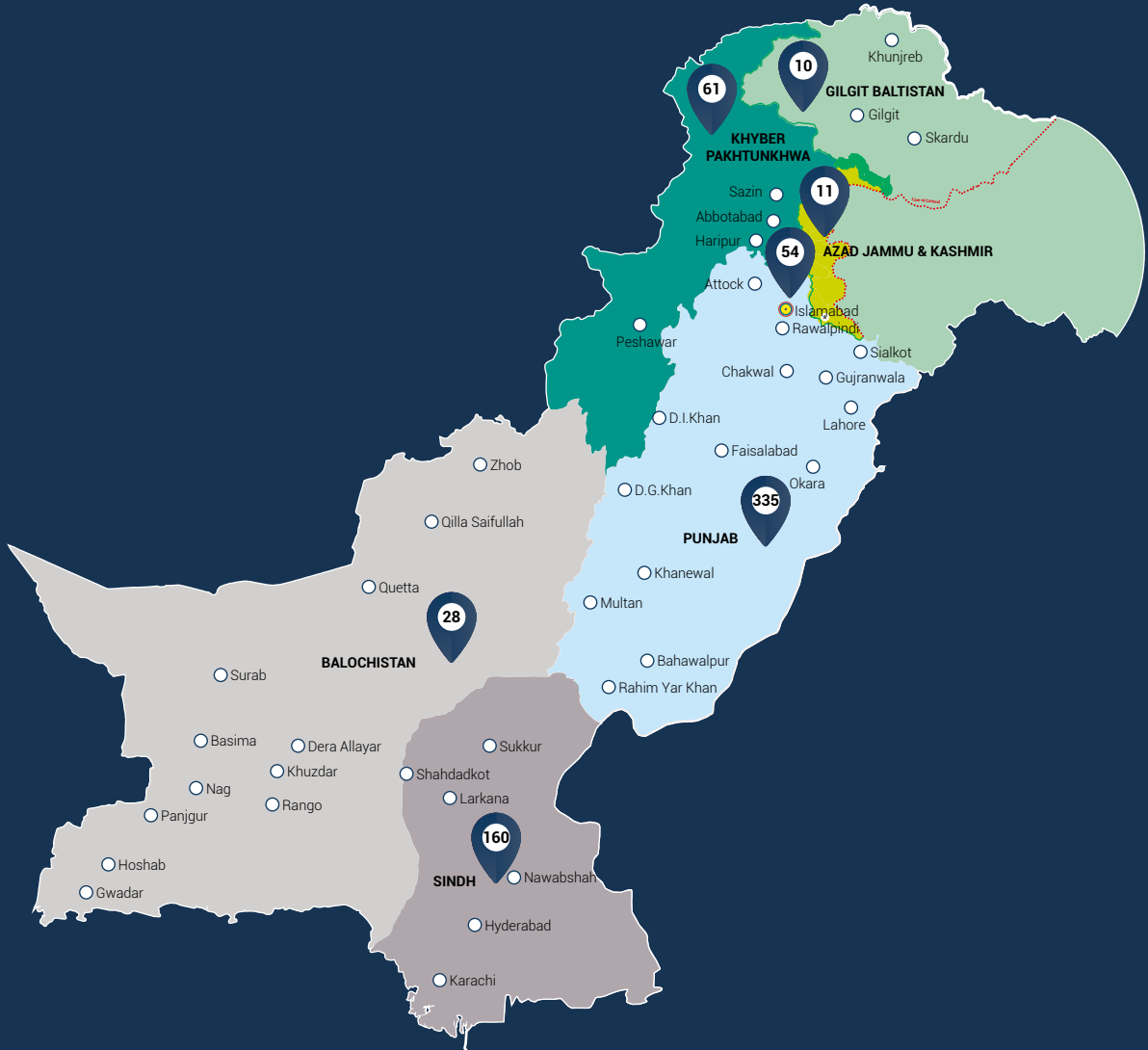
## Balance Sheet Vertical Analysis

(Composition for the last six years - % age)

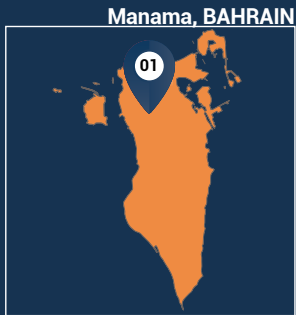


# OUR PRESENCE

Location	No. of Branches	Location	No. of Branches	Location	No. of Branches
<b>Azad Jammu &amp; Kashmir</b>	<b>11</b>	<b>Khyber Pakhtunkhwa – Continued</b>		<b>Punjab – Continued</b>	
Bagh AJK	1	Parachinar	1	Sadiqabad	1
Bhimbar	1	Peshawar	11	Sahiwal	2
Kotli	1	Shangla	1	Sargodha	10
Mirpur AJK	5	Swabi	1	Sheikhupura	5
Muzaffarabad	2	Swat	2	Sialkot	19
Poonch	1	<b>Punjab</b>	<b>335</b>	Taxila	1
<b>Balochistan</b>	<b>28</b>	Attock	11	Toba Tek Singh	4
Gwadar	3	Bahawalnagar	4	Vehari	4
Jaffarabad	1	Bahawalpur	8	Wah Cantt.	1
Kech (At Turbat)	1	Bewal	1	Zafarwal	1
Khuzdar	1	Bhakkar	1	<b>Sindh</b>	<b>160</b>
Killa Abdullah	1	Burewala	1	Babarloi	1
Lasbela (At Uthal)	1	Chakwal	7	Badin	1
Loralai	1	CHINIOT	2	Bholari	1
Panjgur	1	Choha Khalsa	1	Dadu	1
Pishin	1	Daska	1	Ghotki (at Mirpur Mathelo)	3
Quetta	16	Dera Ghazi Khan	3	Hyderabad	10
Zhob	1	Faisalabad	18	Jacobabad	1
<b>Islamabad Capital Territory</b>	<b>54</b>	Fateh Jang	1	Jamshoro	2
<b>Gilgit Baltistan</b>	<b>10</b>	Ghakhar Mandi	1	Kambar Shahdadkot	1
Astore	1	Gujranwala	13	Karachi	114
Gilgit	4	Gujar Khan	1	Kashmore	2
Jaglot	1	Gujrat	12	Khairpur	2
Khaplu	1	Hafizabad	3	Larkana	4
Skardu	3	Jhang	2	Matiali	1
<b>Khyber Pakhtunkhwa</b>	<b>61</b>	Jhelum	5	Mirpur Khas	1
Abbotabad	8	Joharabad	1	Sanghar	2
Bannu	2	Kasur	3	Shaheed Benazirabad	2
Charsadda	2	Khanewal	3	Shikarpur	1
Chitral	1	Khushab	1	Sukkur	4
Dera Ismail Khan	3	Lahore	74	Tando Allahyar	1
Dir	1	Layyah	2	Tando Muhammad Khan	1
Ghazi	1	Lodhran	1	Tharparkar	1
Hangu	1	Mandi Bahauddin	5	Thatta	1
Haripur	4	Mandra	1	Umer Kot	2
Kanju	1	Mianwali	3		
Kohat	1	Multan	10	<b>Bahrain</b>	<b>1</b>
Kohistan	1	Muzaffargarh	2		
Lassan Nawab	1	Nankana Sahib	2	<b>Beijing, China (Rep. office)</b>	<b>1</b>
Lower Dir	1	Narowal	1		
Malakand	3	Okara	5		
Mansehra	6	Pakpattan	3		
Mardan	3	Pir Garatan Syedan	1		
Mingora	1	Rahim Yar Khan	7		
Nowshera	4	Rawalpindi	65		
		Renala Khurd	1		



### Our Presence



- Islamabad Capital Territory
- Punjab
- Sindh
- Khyber Pakhtunkhwa
- Balochistan
- Gilgit Baltistan
- Azad Kashmir
- Bahrain
- China

Conventional Branches / Sub-branches  
**520**

Islamic Branches / Sub-branches  
**140**



# DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present 32<sup>nd</sup> Annual Report of Askari Bank Limited along with the audited unconsolidated and consolidated financial statements of the Bank and Auditors' reports thereon, for the year ended December 31, 2023.

## Economy

The world economy has been shaken up by a series of shocks in recent years; the pandemic, geopolitical tensions, commodity price super cycle and climate disasters. 2023 was yet another year of heightened economic stress as global growth slowed down further amid lagged and ongoing effects of tight monetary policies, restrictive financial conditions, volatile commodity prices and weaker international trade and investment.

The impacts of these and a host of domestic shocks were amplified for Pakistan's economy due to the longstanding structural weaknesses; low tax base, high public debt, weak productivity and competitiveness, that makes our economy less resilient to shocks. The damaging impact of last year's floods on the livelihoods and infrastructure and growing pressures on external account became visible on the exchange rate and inflation outturns. Weighed by the impacts of floods, rising cost of production, lower external demand, FX constraints, elevated inflationary pressures, the GDP growth turned negative 0.2 percent for fiscal year 2023.

The first quarter of the year in review was marked by rising inflation, dollar liquidity crisis, growing energy crisis and devaluation of the rupee that led to economic hardship which further intensified during second quarter of the year. Inflation remained higher than projections rising to a peak of 38 percent in May, declining thereafter to 29.7 percent by the close of the year. Food inflation was a key driver while non-food inflation also followed an upward trajectory driven by increased costs of energy and transport. The scheduled external repayments amid the delay in completion of the 9th review of IMF's Extended Fund Facility program and ensuing dearth of external flows added to the pressures on external account and Pak Rupee. Also, fiscal consolidation did not materialize during first half of the year due to lesser tax revenues despite withdrawal of energy subsidies. The second half of the year saw a gradual stabilization of the exchange rate and an easing of dollar liquidity as imports declined and exports maintained an upward trend. Remittances also increased as a result of moderate economic activity and relative stability.

The current account deficit at USD 831 million for the second half of the year is showing an improvement from USD 3.6 billion for the same period last year contributed by a favourable trade balance. Exports recorded an increase of 7.5 percent whereas imports declined by 14.7 percent. Resultantly, the trade deficit was USD 9.9 billion

as against 15.4 billion last year. During full year 2023, workers' remittances recorded a decline of 12 percent YoY, however latest data for the month of December is showing an increase of 5.4 percent reflecting the impact of structural reforms related to exchange companies and consequent convergence of exchange rates in interbank and open markets.

On the fiscal side, the consolidation measures helped in improving the revenues relative to expenditure as tax collection increased during the second half of 2023, the non-tax revenues also increased amidst substantial growth in petroleum development levy. However, the high policy rate poses a significant challenge in controlling higher markup expense and it is projected to maintain pressure for the remaining current fiscal year, thus warranting restraint on non-essential expenditure and broadening tax base for achieving macroeconomic stability.

As the inflationary pressures and other factors weighing on the economy kept different economic sectors under stress, the financial soundness of the banking sector remained intact. Despite some moderation in deposit growth, the banking sector remained stable and even registered improvement in liquidity coverage, asset quality and capital adequacy. The infection ratio remained unchanged at nearly last year's level partly due to subdued growth of private sector credit impacted by sharp rise in borrowing costs. The stable performance of the banking sector was attributable to various measures initiated by the SBP to strengthen regulatory framework and supervisory effectiveness in line with best practices and changing market dynamics.

Pakistan has recently received a tranche equivalent to USD 706 million from IMF, following the successful completion of the first review under the Stand-by Arrangements (SBA) which is providing market confidence and exchange rate stability. As the inflationary pressures subside and the external environment turns favorable, industrial sector is likely to recover along with better prospects for agriculture. The twin deficit is on a downward trajectory signifying better economic management. Revenue performance is encouraging, however, there is significant pressure on expenditure attributed to higher markup payments. The recent policy decisions have contained the accumulation of circular debt, however broader reform efforts are critical for restoring energy sector viability along with much needed structural reforms for the SOEs through stronger governance, transparency and efficiency. The economic activities are expected to moderately recover contingent on the continuation of sound and prudent economic policies geared toward the target for current fiscal year.

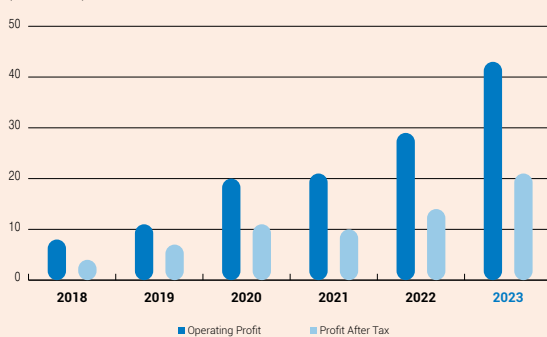
## Bank's Performance

Askari Bank delivered sound financial results for the year 2023 with a profit before tax of Rs.42.0 billion, recording a YoY growth of 53 percent. Profit after tax increased to Rs.21.4 billion, a 52 percent growth over Rs.14.1 billion last year despite excessive taxation levied in the Federal Budget. The Bank is reporting earnings per share of Rs.14.79 for the current year against comparable Rs.9.70 last year.

The notable performance for the current year was contributed by all key activity drivers amidst challenging and evolving environment as the Bank's leadership remained focused on delivering the long-term strategy, clearly connecting and optimizing resources to the goals for accelerated value creation and continued business sustainability.

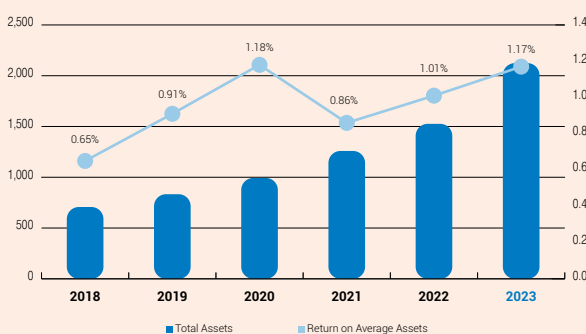
### Profit

(Rs. in billion)



### Return on Assets

(Rs. in billion)

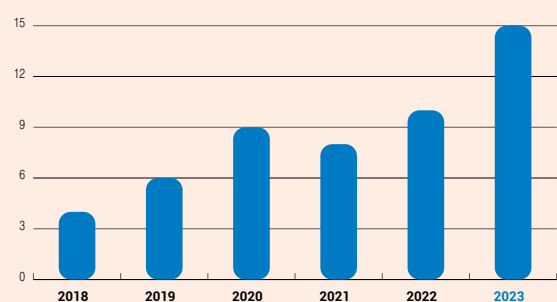


The Bank's balance sheet grew by 39 percent to Rs.2.124 trillion at the close of year. Average earning assets registered a 21 percent growth YoY, mainly funded by a 19 percent increase in average customer deposit. Aggregate current and saving deposit grew by 19 percent as the CASA ratio increased to 84 percent at the close of the year from 80 percent last year. Positive volumetric growth in average earning assets supported by improving spreads and effective duration management enabled the Bank to post a net markup income of Rs.59.4 billion for the year ended December 31, 2023, depicting a growth of 49 percent. Fee and commission income increased by 30 percent mainly contributed by trade,

guarantee and card related fees. Income from foreign exchange income declined by 29 percent, though partly offset by gains on securities and dividend incomes as aggregate non-markup income increased by 11 percent. Operating expenses increased by 27 percent mainly due to inflation related effects, Rupee depreciation, alongside Bank's continued investment in new branches, digital and information technology platforms. Operating costs continue to be managed prudently while focusing on building revenue momentum through expansion without compromising on investments in new ventures. The Bank's cost to income ratio improved to 40.6 percent for the current year from 44.7 percent last year.

### Earnings per share

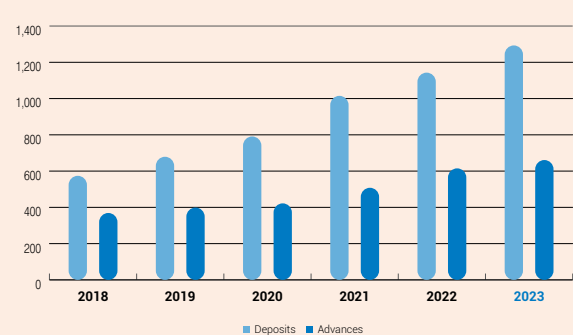
(Rupees)



Gross advances increased by 7.5 percent to Rs.661 billion. Most of the lending was in corporate and commercial segments as consumer lending recorded a net contraction in the face of strong headwinds for this segment. Non-performing loans recorded a net reduction of 6.69 percent as the Bank opted to treat its infected loan portfolio which had hardened for recovery and was cleaned up as permitted by regulations and best practices. At December 31, 2023, the Bank's infection ratio was 4.4 percent while the coverage ratio was 97 percent. ADR ratio is reported at 51.1 percent at December 31, 2023. The Bank will continue to lend prudently under a robust risk management framework while diligently monitoring the asset quality.

### Advances and Deposits

(Rs. in billion)

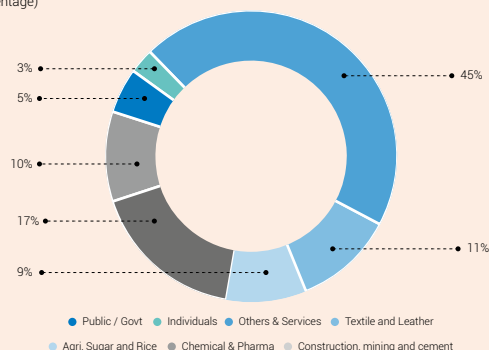


Askari Bank's net assets stood at Rs.97.1 billion compared to Rs.73.3 billion last year, growth of 32.5 percent. Return on equity and return on assets were

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## Advances

(Percentage)



recorded at 25.2 percent and 1.2 percent respectively for the year. At December 31, 2023, the Bank is compliant with the regulatory capital ratios. Capital Adequacy Ratio is reported at 18.35 percent against the regulatory requirement of 11.50 percent (including capital conservation buffer of 1.50 percent of the total Risk Weighted Assets (RWA)). Leverage ratio improved to 3.59 percent from 3.18 percent last year. The Bank is committed to maintain capital ratios well above prescribed thresholds for better risk absorption capacity.

## Appropriations

The Board of Directors recommends the following appropriations for the year ended December 31, 2023:

Rupees in '000

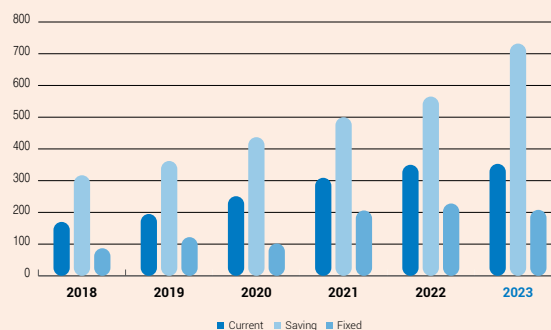
Year Ended December 31,	2023	2022
	Unconsolidated	
Profit after taxation	21,434,659	14,061,595
Effect of recognition of actuarial gains	338,078	61,504
Transfer from surplus on revaluation	802,541	664,502
Profit available for appropriation	22,575,278	14,787,601
Transfer from share premium account	-	234,669
Bonus shares Nil (2022: 15 percent)	-	(1,890,390)
Cash dividend - 25 percent (2022: Nil)	(3,623,248)	-
Transfer to statutory reserve	(2,143,466)	(1,406,160)
Accumulated profit carried forward	16,808,564	11,725,720
Earnings per share - Rupees	14.79	9.70

## Rating

The Bank's entity rating was reaffirmed at 'AA+' (Double A Plus) for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable'. The Bank's strong brand and affiliation with Fauji Foundation are recognized as the key rating drivers, supported by Bank's experienced management team, prudent risk management policies, and deep-rooted relationship with clients. Lately, retention of profits in the bank to bolster the capital structure is also a testimonial

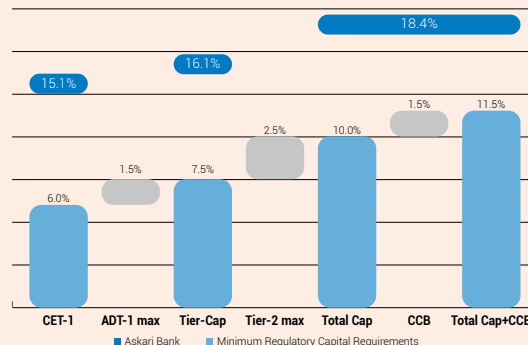
## Deposits

(Rs. in billion)



## Capital Adequacy Ratio

(Percentage)



of support. The short-term rating was maintained at 'A1+' (A One Plus).

## Foundation Securities Limited

As stated in our previous communications, the Bank's wholly owned subsidiary, Askari Securities Limited (ASL) was amalgamated with Foundation Securities (Pvt) Limited (FSL) pursuant to the scheme of amalgamation sanctioned by the Honorable Sindh High Court vide its order dated March 13,

2023 whereby all ASL properties, assets, rights, liabilities, trademarks, patents and obligations as of July 1, 2021 (effective date of scheme) were transferred to FSL against issuance of 27,140,000 ordinary shares of Rs. 10 each of FSL at par value (1.18 shares of FSL) against 1 share of ASL held by the Bank. Earlier, the amalgamation was approved by the State Bank of Pakistan subject to AKBL holding majority equity stake in the merged FSL. Consequently, at December 31, 2023 AKBL held 51 percent equity in FSL. The amalgamation has synergized business and operating platform while extending the suite of financial offerings to a larger customer segment.

### **Askari Exchange Company**

The Bank is in the process of establishing a currency exchange company and is currently acquiring necessary regulatory approvals. The Bank is aiming at leveraging the strengths of a strong understanding of this market and plans to expand its offering menu to capitalize and contribute for the growing demand for currency exchange services.

### **Distribution and Digital Channels**

During the year, the Bank opened 60 new branches across the country of which 20 were Islamic banking branches. At December 31, 2023, Askari Bank was operating with 660 branches / sub branches; 520 conventional and 140 Islamic Banking branches, a wholesale bank branch in Bahrain and a representative office in Beijing, China.

As the nationwide branch footprint enables competitive advantage, digitization remains a key priority being the most impactful and the most resource intensive aspiration for a future ready organization. The Bank is consistently investing in technology to deliver customer solutions aligned with evolving lifestyles with a clear direction and understanding, gaining insight of changing behaviors and customer preferences enabling design and delivery of such solutions. Alongside, attracting and nurturing talent to support digital transformation is recognized as an absolute critical for this new era of banking. The Bank's strategy adhered to the principles of streamlined and swift customer delivery with a clear vision to 'get closer to the customer'.

The Bank established its first Digital Lifestyle Branch at Kakul, Abbottabad. This state-of-the-art facility epitomizes the convergence of cutting-edge technology, providing an immersive banking experience. The first digital branch offers virtual reality VR based banking experience allowing customers to explore services in a virtual space. WhatsApp Banking was also introduced during the year that offers a range of functionalities to the customers, including registration, account management, debit card management and the ability to lodge complaints - all from the convenience of WhatsApp.

As part of digital strategy, the Bank aims to build an inclusive phygital (physical+digital) financial ecosystem for enhanced outreach through strategic partnerships. Digital strategy also focuses on data driven solution using machine learning and

AI capabilities for valuable business insights with business process automation to optimize efficiency and reduced operational cost. The digital transformation of the Bank has underpinned its investment enabling continuous refinement, recalibration of strategic priorities and resource allocation in a dynamic operating landscape.

### **Information Security**

During 2023, the Bank continued its commitment to achieve excellence in IS (information security). While streamlining IS processes for improved governance, risk, and compliance, bolstering the capabilities of our blue and red teams to counter and respond to cybersecurity risks, the Bank implemented data-loss-prevention (DLP) system, aimed at preventing leakages and enhanced capabilities to monitor, detect and prevent unauthorized data transfer. During the year, Bank's compliance was reaffirmed with recertification for PCI-DSS and SWIFT independent security assessment. The Bank's cyber risk score was maintained at the high rank of A+, rated for the third consecutive year by a reputable international cyber security company. The Bank will continue to fine tune its cyber security protocols while spreading awareness amongst staff and customers and investment in tools and applications for proactive management of heightened cyber threats.

### **Ikhlas Islamic Banking**

Askari Ikhlas Islamic banking provides a comprehensive range of products and services in personal banking, corporate banking, treasury, trade services and banca-takaful solutions. Ikhlas serves the banking needs of its valued customers through its 140 dedicated Islamic banking branches including 03 sub-branches, in 55 cities and towns across the country. Islamic banking remains a strategically important segment and all products and service offerings are developed under the guidance of independent Shariah Board, comprising renowned Shariah Scholars namely, Mufti Muhammad Zahid, Mufti Zakir Hassan Naumani, Mufti Dr. Lutfullah Saqib and Dr. Muhammad Tahir Mansoori. Askari Ikhlas strives for an efficient banking system supportive to economic justice and welfare of the society strictly in compliance with Shariah Principles.

In line with SBP strategy to making Islamic banking one third of the overall banking industry by 2025, Askari Ikhlas is pursuing growth momentum. During the year, Askari Ikhlas Islamic banking posted a 156 percent increase in profit to Rs. 7.4 billion from Rs. 2.9 billion last year. Total assets grew by 39 percent, gross financing increased by 38 percent and deposits recorded a growth of 23 percent. Askari Ikhlas will continue to actively pursue and augment this position in the years to come, Insha'Allah.

### **Risk Management and Compliance**

The Bank has established risk management frameworks and processes supported by a prudent risk appetite, inbuilt resilience and strong risk culture. Decisions were made in compliance with risk management policies and procedures and regulatory requirements / guidance mitigating and managing

# DIRECTORS' REPORT TO THE SHAREHOLDERS

risks within defined tolerance. A dedicated committee of the Board of Directors, Board Risk Management Committee maintains oversight, along with multi-tier management supervision, including credit and risk committee and asset liability committee. This approach helps in outlining the Bank's risk tolerance level vis-à-vis its risk appetite in relation to its size, current position and market standing, with a view to refine processes, controls and guidelines to not only mitigate, but also to effectively manage risks.

In 2023, de-risking the loan portfolio was a key area of focus as continuing stressed conditions and macroeconomic developments increased default risk. Obligor level monitoring is pivotal as macro-economic and business environment generally have a varied impact and severity even if the obligors are in the same sector/sub-sector. Therefore, an obligor level monitoring framework has been implemented for regular monitoring. An Enterprise Risk Management Department was set-up to ensure that Bank had well positioned for potential events that could negatively impact its earnings, capital, operations and reputation. Bank will continue to proactively manage credit and market portfolio for remedial actions as and when the need arises.

Promotion of effective compliance culture is Bank's utmost priority. The Bank defines, manages and mitigates compliance risk with the objective of providing best customer and client services, protecting market integrity and ensuring highest ethical standards. In 2023, the Bank reinforced its efforts to further strengthen the Compliance Risk Management Framework (CRMF), which oversees adherence to the applicable laws and regulations. Such process is vital to conduct our operations responsibly, maintain our reputation, protect our customers' interest while adhering to the highest regulatory standards.

The Bank has further improved its financial crime controls by upgrading its Transactions Monitoring System (TMS) with enhanced features and coverage of trade and assets portfolio. Moreover, the practice of adverse media/negative news assessment, Open-Source information gathering and market intelligence has been initiated as part of Enhanced Due-Diligence process. Similarly, arrangements for detection, monitoring and reporting of digital transactions strengthened and controls for identification, due-diligence and onboarding of high-risk customer were also enriched through enhanced review and implementation of an additional and robust automated screening solution. The Bank continued its focus on digitalization of compliance processes including management of regulatory compliance, Law Enforcement Agencies (LEAs), policy and procedure reviews, fraud and enterprise compliance risk management. Regular staff trainings, compliance advisories and awareness through e-learning as well as classroom sessions is a focus area with an objective to improve compliance culture in the bank. Collectively, all these efforts strengthened the compliance and operational resilience, ability to deliver smooth operations and protect bank's interest.

## Human Resource

In pursuit of commitment to foster a positive work culture, the Bank consistently channels resources for growth and well-being of its human capital. A comprehensive policy framework supported by robust processes and procedures for attracting, retaining talent, professional growth and development via structured training programs govern the Bank's human capital ensuring a dynamic work environment for all employees. The human resource function continually aligns strategies to implement best people practices, under the guidance and oversight of the President & CE and the Board's dedicated Human Resource and Remuneration Committee.

Aligned with the Bank's overarching goal of achieving operational efficiency and enhanced productivity; a dedicated emphasis on talent management through succession planning and identification of high potentials and key contributors accustomed with well-thought cross-functional structure are steps towards the development of a lean and proficient organizational structure. The strategic approach not only ensures a seamless transition of skills and responsibilities within the workforce but also enhances adaptability and responsiveness to dynamic business needs.

Embracing a pay-for-performance culture, the Bank remain committed to foster a dynamic and meritocratic work environment where hard work, innovation, and exceptional results are acknowledged through competitive compensation structures aligned with industry rewards and benefits standards.

The Bank fervently champions diversity, equity and inclusion (DE&I) and is unwaveringly committed to spearheading initiatives that align with and bolster the DE&I agenda. The Bank's policy framework acknowledges the value of diverse workforce and warrants that every member of the organization has equal opportunities for growth and success. For the year under review, gender diversity stood at 17 percent, an improvement from 14.7 percent last year. For 2023, the Bank is employing 106 persons with disabilities (PWDs) compared to 63 last year.

The Bank is steadfast to transform as a learning organization by developing future-ready workforce aligned with business strategy and values exhibiting learning agility. A series of structured learning approaches and interventions were offered with a specific focus on line managers capability enhancement, women leadership and incited pay for performance culture throughout the year. In order to develop homegrown talent pipeline and future leaders, the Management Trainee Program was launched with a renewed approach enabling them to foster innovation and achieve bank's strategic aspirations.



## Customer Experience

Evolving market dynamics and rising expectations have made customer experience a key differentiator in an increasingly competitive industry landscape. The Bank continued to strive to make banking with Askari brand an enjoyable experience by combining digital enablement with service excellence and efficient processes. A dedicated customer experience function continued to drive service excellence programs across the Bank through effective communication and gauging the quality of service through various tools placed at customer touch points. During the year, WhatsApp chatbot option was added to further facilitate communication channel. Various awareness campaigns were also rolled out on digital media in national and regional languages on safe usage of banking services. Customer Feedback channels have been enabled at all our touchpoints i.e. contact center, mobile app, i-net banking, WhatsApp chatbot and branches to gather more customer feedback. The Bank upgraded complaint management system and enhanced features were added. A total of 81K complaints were registered during the year with an average resolution time of 4.9 working days.

## Green Banking and Corporate Social Responsibility (CSR)

The Bank strives to create value for communities by setting the standards for responsible corporate behaviour and facilitating sustainable long-term socio-economic growth through a structured CSR program as an important and intrinsic part of the business. The Bank extends on a regular basis, charitable donations as detailed in Note 29.2 of the annexed financial statements. Such donations target various welfare, health and educational activities.

The Bank actively supports initiatives that promote eco-friendly environment. The Bank offers 'Askari Ujala Finance' in collaboration with partners to small medium enterprises and retail customers for sustainable and environmentally responsible energy projects. The Bank regularly organizes CSR activities; tree plantation, blood donations, and also creates awareness to promote wholesome environment. Contribution to the national exchequer by the Bank in way of payment of direct taxes of Rs. 18.6 billion paid to the Government of Pakistan during the year; furthermore, an amount of Rs. 16.9 billion was deducted / collected by the Bank on account of withholding taxes, federal excise duties and sales tax on services, and paid to the Government of Pakistan.

## Corporate Governance

The Board of Directors of Askari Bank is committed to maintain high standards of corporate governance which has underpinned the Bank's long-term competitiveness, growth

and sustainability. The requirements of Code of Corporate Governance as set out in Pakistan Stock Exchange Limited Regulations in the rule book for the year ended December 31, 2023 have been fully adopted and have been duly complied with. A statement to this effect is annexed in annual report.

## Corporate and Financial Reporting Framework:

- The financial statements, prepared by the management of the Bank present its state of affairs fairly, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting, Islamic and Shariah Standards, as applicable to banking companies in Pakistan, have been followed in preparation of these financial statements and there is no departure from the said standards.
- The system of internal control is sound in design and has been effectively implemented and monitored. The management statement on internal control has been endorsed by the Board of Directors.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- Key operating and financial data for the last six years, in a summarized form, is included in this report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as of December 31, 2023, except as disclosed in annexed financial statements.
- Following is the fair value of investments as at December 31, 2023:
  - Provident Fund: Rs. 7,390 million based on un-audited financial statements (December 31, 2022: Rs. 5,804 million, based on audited financial statements)
  - Gratuity Fund: Rs. 3,600 million based on un-audited financial statements (December 31, 2022: Rs. 3,084 million based on audited financial statements)
- The Board consists of ten directors including two female director and the President & CE as deemed director. During the year, six meetings of the Board of Directors were held. The record of the meetings attended by the directors, is as follows:

# DIRECTORS' REPORT TO THE SHAREHOLDERS

	Board of Directors Meeting	Board Audit Committee	Board Human Resource & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee
<b>Total meetings held</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>4</b>
<b>Name of Directors and their attendance in each meeting</b>					
Mr. Waqar Ahmed Malik (Chairman)	6	NA	NA	NA	NA
Mr. Sarfaraz Ahmed Rehman	4	NA	1	NA	NA
Mr. Arif Ur Rehman	5	NA	NA	NA	NA
Dr. Nadeem Inayat	5	2	3	4	3
Syed Bakhtiyar Kazmi	6	4	NA	2	3
Mr. Manzoor Ahmed	6	4	3	5	NA
Mr. Mohammad Aftab Manzoor	1	1	NA	NA	1
Mr. Mushtaq Malik	1	NA	NA	2	1
Ms. Zoya Mohsin Nathani	6	NA	3	5	NA
Raja Muhammad Abbas	6	4	NA	NA	4
Mr. Kamran Yousuf Mirza	4	2	2	NA	NA
Ms. Samina Rizwan	4	NA	2	NA	3
Mr. Atif Riaz Bokhari (President & Chief Executive Officer)	6	NA	NA	5	4

## Board Evaluation

The Board of Directors and its sub-committee members are competent and experienced individuals, representing diverse educational and professional backgrounds and are invaluable for setting and determining the strategic direction of the Bank.

The Board of Directors is keen to ensure that the effectiveness of its performance is periodically evaluated and reviewed. The regulatory guidance prescribes such evaluation on an annual basis, and by an external independent evaluator at least once every three years. During the year, the Bank engaged Pakistan Institute of Corporate Governance (PICG) for this purpose and the evaluation was completed through a comprehensive questionnaire, bifurcated into different sections categories; Board composition, strategic planning, board interactions, control environment, Board and President & CE's effectiveness, chairperson, President & CE, Board information, Board committees, directors' compensation, independent directors, environment, social and governance, and Board procedures, as well as the objective contributions by individual directors. Quantitative techniques were used, where a scaled questionnaire was provided for each director's feedback. Assessments were carried out for the overall Board, Chairman, and President & CE, Board committees and individual directors. A Likert scale from 1 to 6 (1 being strongly disagree and 6 strongly agree) was used to quantify assessment criteria for each section category. Feedback from each director was then collated and analyzed to denote performance in percentage terms against respective categories.

The evaluation of the Board committees is primarily based on the assessment of the compliance with the terms of reference of each committee. The evaluation criteria for individual directors, is based on their

participation, contribution and offering guidance to and understanding of the areas which were relevant to them in their capacity as a Board member. The evaluation criteria for the Chairman of the Board in addition to the general criteria, also encompasses leadership abilities and effective management of meetings.

This exercise in critical self-assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Bank for greater success is discharged effectively and efficiently.

Final results of the annual evaluation of the Board's performance are then presented to Board of Directors for review and actions. Disclosure on the mechanism of the evaluation process adopted by the Bank is published for all the stakeholders in compliance with the BPRD Circular No. 11, dated August 22, 2016. Directors' remuneration details are disclosed in financial statements. The Board's remuneration policy sets out the principles for determining remuneration for attending Board and Board Committee meetings, to value their skills and expertise, in alignment with the market and in compliance with applicable regulatory guidelines.

## Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2023 is included in the annual report.

## Trading in Shares

No trades in the shares of the Bank were carried out by the President & CE, CFO, Company Secretary their spouses and minor children during the year 2023.



### Auditors

The present auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants retire and being eligible, offer themselves for reappointment. As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 the Board and the Audit Committee has recommended the appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants as auditors of the Bank for the year ending December 31, 2024 on mutually agreed fee. The appointment is subject to approval in 32<sup>nd</sup> Annual General Meeting.

### Events after the Date of Statement of Financial Position

There have not been any material events that occurred subsequent to the date of the Statement of Financial Position that require adjustments to the attached financial statements.

### Looking Ahead

With disinflation and steady growth, the global economy is proving to be resilient and the risks to global growth appear broadly balanced. The upsides for the global economic outlook are faster disinflation that could lead to easing of financial conditions and stronger structural reform momentum that could bolster productivity with positive cross-border spillovers, whereas the downside risks are spikes in commodity prices from geopolitical shocks – including continued attacks in Red Sea and supply disruptions / more persistent underlying inflation prolonging tight monetary conditions. As per IMF, global growth is projected at 3.1 percent for 2024, marginally higher than the previous forecasts.

Pakistan's economy has successfully navigated through difficult situations in the past and latest indicators suggest GDP growth in line with estimates. The impact of contractionary monetary policy, improvement in domestic supplies, softer commodity prices and high base effect are expected to moderate inflation in the coming months subject to the trends of energy prices and levies that feeds into market prices of goods and services. Current account deficit is expected to range from 0.5 - 1.5 percent of GDP for fiscal 2024. The likely increase in export earnings and improved growth prospects, both domestic and global, will support foreign exchange reserves. However, long

term economic growth will be driven by effective policy measures including strengthening food and energy supply chain, enhancing productivity, rationalization of government spending, sustainability of public debt and improving tax revenues.

Askari Bank is committed to its long-term strategy and augmenting on a year of sound performance, is eager to move forward selecting right opportunities to pursue while optimizing finite resources available. Risk management will be pivotal in our journey ahead across all lines of defenses and the strategies will focus on being risk aware and not risk wary as challenges remain largely weighed to the downside. The Bank is expanding its footprint, to grow market share in retail segment, particularly low-cost and saving deposits. The Bank will continue to pursue strong governance and compliance discipline. Customer experience remains a key priority aided by continued initiatives in the areas of process improvements, digitization, automation and data analytics. People development will be a key pillar along with technology enablement to provide deeper insights while planned upgrades of enabling systems, payment, cash management system and card system are expected to create considerable enhancements to the Bank's overall customer value proposition.

### Acknowledgements:

On behalf of the Board, we express our sincere appreciation to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for the guidance and support extended to Askari Bank during the year. We also like to place on record our appreciation for the efforts of our Shariah Board for strengthening Shariah compliance and governance framework for Askari Ikhlas Islamic banking. We are indebted to our customers, who continue to entrust us with their business and confidence. Our shareholders have provided steadfast support and to them, and to all our stakeholders, we are deeply grateful. We express our deepest appreciation and gratitude to our staff for their hard work and dedication which has enabled successful delivery of our promise to all our stakeholders.

Atif R. Bokhari  
President & Chief Executive

Waqar Ahmed Malik  
Chairman, Board of Directors

February 21, 2024  
Karachi

# SIX YEARS' FINANCIAL SUMMARY - UNCONSOLIDATED

December 31	2018	2019	2020	2021	2022	2023
<b>Assets</b>						<b>Rupees in million</b>
Advances - net	343,107	372,914	395,374	477,588	583,811	633,133
Investments - net	260,234	305,436	449,687	616,361	762,697	1,182,538
Cash, short term funds and statutory deposits with SBP	53,281	91,332	81,606	92,887	81,034	173,876
Fixed / intangible assets	13,533	20,506	22,357	21,350	25,860	28,867
Other assets	36,377	43,020	43,493	50,957	72,269	105,592
<b>Total assets</b>	<b>706,532</b>	<b>833,208</b>	<b>992,517</b>	<b>1,259,143</b>	<b>1,525,671</b>	<b>2,124,006</b>
Non-performing loans	26,657	28,134	28,736	31,165	31,147	29,064
Provisions for non-performing loans	26,152	25,635	26,446	30,228	31,123	28,175
<b>Liabilities</b>						<b>Rupees in million</b>
Deposits and other accounts	573,636	679,299	791,187	1,015,430	1,142,575	1,293,146
Refinance borrowings from SBP	18,967	19,713	38,644	47,252	49,240	48,448
Sub-ordinated loans	9,994	9,992	12,000	12,000	12,000	12,000
Borrowings / other liabilities	70,426	81,948	96,140	128,560	248,534	673,289
<b>Total liabilities</b>	<b>673,023</b>	<b>790,952</b>	<b>937,971</b>	<b>1,203,242</b>	<b>1,452,349</b>	<b>2,026,883</b>
<b>Shareholders' funds</b>						<b>Rupees in million</b>
Share capital	12,603	12,603	12,603	12,603	12,603	14,493
Reserves	19,257	25,353	34,306	41,336	56,767	78,172
Surplus on revaluation of assets – net of tax	1,649	4,300	7,638	1,964	3,952	4,458
<b>Total shareholders' funds</b>	<b>33,509</b>	<b>42,256</b>	<b>54,546</b>	<b>55,902</b>	<b>73,322</b>	<b>97,123</b>
<b>Profitability</b>						<b>Rupees in million</b>
Interest income	43,670	71,704	79,105	77,550	165,796	305,636
Interest expenditure	25,060	49,569	48,842	45,140	125,834	246,214
Net interest income	18,610	22,136	30,263	32,410	39,962	59,423
Fee and commission income	3,116	3,617	3,851	4,609	5,446	7,085
Other income	2,506	3,787	5,843	4,761	6,174	5,851
Non mark-up expenses	15,892	18,377	20,215	21,194	23,080	29,348
Operating profit	8,340	11,163	19,742	20,585	28,502	43,011
Provision and impairment against non-performing assets	1,461	773	1,975	4,940	1,042	966
Profit before taxation	6,879	10,389	17,767	15,645	27,460	42,045
Taxation	2,448	3,372	6,967	5,944	13,398	20,610
<b>Profit after taxation</b>	<b>4,431</b>	<b>7,017</b>	<b>10,800</b>	<b>9,701</b>	<b>14,062</b>	<b>21,435</b>
<b>Business transacted</b>						<b>Rupees in billion</b>
Imports	394	334	371	541	574	426
Exports	215	248	206	264	279	377
Guarantees	150	156	112	142	110	86

December 31	2018	2019	2020	2021	2022	2023
<b>Profitability ratios</b>						<b>Percentage</b>
Return on average shareholders' core equity (RoE)	14.98	20.10	25.45	19.24	22.81	26.46
Return on average shareholders' total equity (RoE)	13.44	18.52	22.31	17.57	21.76	25.15
Return on average assets (RoA)	0.65	0.91	1.18	0.86	1.01	1.17
Return on average capital employed	11.95	15.63	20.21	15.54	19.09	23.04
Cost to income (CIR)	65.58	62.21	50.59	50.73	44.74	40.56
Gross yield on average earning assets	7.14	10.62	9.44	7.85	12.15	18.59
Weighted average cost of deposits	3.97	6.96	5.54	4.18	7.84	12.80
Net advances to deposits	59.81	54.90	49.97	47.03	51.10	48.96
NPLs to gross advances	7.22	7.06	6.81	6.14	5.07	4.39
NPLs coverage	98.11	91.12	92.03	96.99	99.92	96.94
Current accounts to total deposits	29.56	28.68	31.78	30.46	30.61	27.33
Earning assets to total assets - gross	86.65	85.56	86.53	87.65	89.31	86.43
Capital Adequacy Ratio (CAR)	12.51	13.38	15.48	13.38	15.95	18.35
<b>DuPont analysis</b>						<b>Percentage</b>
Net operating margin (PAT/Net Income)	18.00	23.86	27.21	23.45	27.24	29.62
Net operating margin (PAT/Gross Income)	8.99	8.87	12.16	11.16	7.93	6.73
Asset Turnover (Net Income/ Avg Assets)	3.60	3.82	4.35	3.67	3.70	3.97
Asset Turnover (Gross Income/ Avg Assets)	7.20	10.28	9.73	7.72	12.74	17.46
Equity Multiplier (Avg Assets/ Avg equity) - Times	23.15	22.05	21.51	22.33	22.58	22.52
Return on average shareholders' core equity (RoE)	14.98	20.10	25.45	19.24	22.81	26.46
<b>Share information</b>						<b>Percentage</b>
Price earning (PE) - times	6.80	3.33	2.73	2.86	2.07	1.67
Price to book - times	0.90	0.55	0.54	0.50	0.35	0.37
Dividend yield (%)	4.18	8.09	12.83	-	-	10.11
Dividend payout - times	0.28	0.27	0.35	-	-	0.17
Cash dividends - Final* (%)	10.00	15.00	30.00	-	-	25.00
Stock dividend	-	-	-	-	15.00	-
Earnings per share (EPS) - Rupees	3.52	5.57	8.57	7.70	9.70	14.79
Market value per share - year end - Rupees	23.92	18.54	23.39	22.02	20.10	24.72
Market value per share - high - Rupees	26.49	24.46	23.59	25.70	23.85	26.38
Market value per share - low - Rupees	19.20	15.53	13.00	18.77	16.40	11.99
Net asset per share - Rupees	26.59	33.53	43.28	44.36	58.18	67.01
<b>Other information</b>						<b>Number</b>
Number of employees	7,538	7,848	7,949	7,478	7,348	7,881
Female staff - (%)	12.90	13.70	14.00	13.69	14.67	17.38
Number of branches / sub - branches	516	535	537	560	600	660

\* Post balance sheet event.

## شیر ہولڈنگ کا پیٹرن:

31 دسمبر 2023 کے اختتام پر شیر ہولڈنگ کا پیٹرن سالانہ رپورٹ میں شامل ہے۔

## حصص کی تجارت:

سال 2023 کے دوران صدر اینڈ سی ای، بی ایف او، کینی بیکری اور ان کے شریک حیات و نائبان بچوں کی جانب سے بینک کے حصص میں کسی قسم کا لین دین نہیں کیا گیا۔

## آڈیٹرز:

بورڈ آف ڈائریکٹرز کے جائزہ سے مشروط موجودہ آڈیٹرز میسرز KPMG ٹاٹمیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ ریٹائر ہو چکے ہیں اور اہل ہونے کے ناطے خود کو دوبارہ تقرری کیلئے پیش کرتے ہیں۔ جیسا کہ ایگزیکٹو رپورٹ (گورننگ ڈائریکٹرز اور ایگزیکٹو) 2019 کے تحت ضروری ہے، بورڈ آف ڈائریکٹرز نے میسرز KPMG ٹاٹمیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 31 دسمبر 2024 کو اختتام پذیر ہونے والے سال کیلئے باہمی متفقہ فیصلے کے عوض دوبارہ تعیناتی کی سفارش کی ہے۔ یہ تقرری 32 ویں سالانہ اجلاس عام میں منظوری سے مشروط ہے۔

## مالیاتی پوزیشن کے گوشواروں سے بعد کے واقعات:

مالیاتی پوزیشن کے گوشواروں کی تاریخ کے بعد کوئی ایسا واقعہ رونما نہیں ہوا جسے منسلک مالیاتی گوشواروں میں ظاہر کرنا ضروری ہو۔

## مستقبل کا جائزہ:

عالمی معیشت کی وبا، یوکرین جنگ اور زونگی کے بحران سے بحالی پائیدار ثابت ہو رہی ہے اور عالمی نمو کو پیش نظر رکھتے ہوئے بڑی حد تک متوازن دکھائی دیتے ہیں۔ مستقبل کیلئے مہنگائی میں کمی اور ادارہ جاتی اصلاحات مثبت پہلو ہیں جو باہر تہیب مالی حالات میں آسانی اور سرحد پار شہت پھیلاؤ کے ساتھ پیداوار میں اضافہ کا باعث بن سکتی ہیں۔ جبکہ منفی خطرات میں جغرافیائی دھچکوں بشمول ریڈی میں مسلسل حملوں اور رسد میں رکاوٹوں / طویل دورانیہ تک بنیادی افراتاز کے بدولت کموڈیٹیز کی قیمتوں میں بے پناہ اضافہ سخت مالیاتی حالات کو طویل دے سکتے ہیں۔ آئی ایم ایف کے مطابق 2024 کیلئے شرح نمو 3.1 فیصد رہنے کی توقع ہے جو کہ سابقہ پیش گوئی سے معمولی زیادہ ہے۔

پاکستانی معیشت ماضی میں سخت حالات سے پوری کامیابی سے نبرد آزما ہوئی اور تازہ ترین اعشاریوں سے جی ڈی پی کو متحینے کے مطابق ہونے کی جھلک نظر آتی ہے۔ اختصار شدہ مائیکرو پالیسی کے اثرات، مقامی رسد میں بہتری، کموڈیٹی کی قیمتوں میں نرمی اور ہائی ٹیکس اقلیت کی وجہ سے آنے والے مہینوں میں مہنگائی میں کمی کی توقع ہے۔ مالی سال 2024 کیلئے گرنٹ اکاؤنٹ خسارہ جی ڈی پی کے 0.5 سے 1.5 تک رہنے کی توقع ہے۔ برآمدات کی آمدنی میں ممکنہ اضافے نے ملکی اور عالمی ترقی کے امکانات میں بہتری لائی، جو کہ زرمبادلہ کے ذخائر کو سہارا دے گا۔ تاہم طویل مدتی معاشی نمو کو بڑھانے کے لیے پالیسی اقدامات سے ممکن ہوگی جس میں خوراک اور توانائی کی رسد میں استحکام، پیو اوراری ملاحیت میں اضافہ، حکومتی اخراجات کی معقولی، جموئی قرضوں کی پاسداری اور ٹیکس محصولات میں بہتری شامل ہے۔

مسکری بینک اپنی طویل مدتی سترنگٹی پر عمل پیرا ہے اور سال کی مشروط کارکردگی کی بنیاد پر اپنے دستیاب شدہ وسائل میں بہتری کے سہارے درست مواقعوں کے انتخاب سے ترقی کا سترطے کرنے کیلئے پرجوش ہے۔ مستقبل کے ہمارے سفر میں تمام شعبہ جات میں خطرات سے نمٹنا اہم ترین ہوگا اور حکمت عملی خطرات سے عدم آگاہی نہیں بلکہ آگاہی پر مرکوز ہوگی، کیونکہ چیلنجز کا زیادہ دباؤ ذہنی سمت ہے۔ بینک ڈیجیٹل کے شعبہ بالخصوص کم لاگتی اور سببگ ڈیپازٹس میں مارکیٹ شیئر میں اضافہ کیلئے اپنے تقاضی قدم میں وسعت لارہا ہے۔ بینک مشروط گورننس اور کھیل کے تقم و ضبط پر عملدرآمد جاری رکھے گا۔ طریقہ کار کی بہتری، ڈیجیٹل ٹرانزیشن، آٹومیشن اور ڈیٹا تجزیہ کے اقدامات کی بدولت صارف کا تجربہ کلیدی ترجیح ہے۔ گہری بصیرت کیلئے ٹیکنالوجی کے ساتھ انفرادی ترقی اہم ستون ہوگی۔ جبکہ فعال نظام، ادا جلی کیش مینجمنٹ سسٹم اور کارڈ سسٹم اپ گریڈیشن کی بدولت بینک صارفین کی جموئی و پلیو میں خاطر خواہ اضافہ متوقع ہے۔

## اعتراقات:

بورڈ کی جانب سے ہم سٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کے مسکری بینک کی سال بھر پور رہنمائی اور معاونت کے تہدول سے مسترف ہیں۔ ہم مسکری اخلاص اسامی بینکاری کیلئے شریعی کی تعمیل اور گورننس فریم ورک کو مشروط بنانے کیلئے اپنے شریعی بورڈ کی کاوشوں کو بھی سراہتے ہیں۔ ہم اپنے صارفین کے مشکور ہیں جنہوں نے اپنے کاروبار اور اعتماد کے ذریعے ہم پر بھروسہ کیا۔ ہمارے شیر ہولڈرز پوری ثابت قدمی سے ہمارے ساتھ کھڑے رہے اور ہم ان گراں قدر خدمات پر شیر ہولڈرز اور تمام سٹیک ہولڈرز کے تہدول سے شکر گزار ہیں۔ ہم اپنے ملکی محنت اور گراں کا اعتراف کرتے ہیں اور ان کے ممنون ہیں کیونکہ اس کی بدولت ہی ہم اپنے تمام سٹیک ہولڈرز کیلئے وعدوں کی پاسداری یقینی بنا سکتے۔

دعا راجہ ملک

چیرمین، بورڈ آف ڈائریکٹرز

عاطف ریاض بخاری  
صدر چیف ایگزیکٹو

21 فروری 2024

کراچی



ڈائریکٹرز کے نام اور اجلاس میں ان کی حاضری

ڈائریکٹرز کی کل تعداد	بورڈ آف ڈائریکٹرز میٹنگ	بورڈ آف ڈائریکٹرز کی میٹنگ	بورڈ آف ڈائریکٹرز کی میٹنگ	بورڈ آف ڈائریکٹرز کی میٹنگ
6	4	4	4	4
جناب وقار احمد ملک (چیرمین)	6	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
جناب سرفراز احمد رحمان	5	1	قابل اطلاق نہیں	قابل اطلاق نہیں
جناب عارف الرحمن	5	قابل اطلاق نہیں	قابل اطلاق نہیں	قابل اطلاق نہیں
ڈاکٹر محمد عمیر حناہ	5	3	3	3
سید یحییٰ رکابی	6	4	قابل اطلاق نہیں	2
جناب منظور احمد	6	4	3	5
جناب محمد آفتاب منظور	1	1	قابل اطلاق نہیں	قابل اطلاق نہیں
جناب مشتاق ملک	1	قابل اطلاق نہیں	2	1
محترمہ ڈاکٹر یاسمن عثمانی	6	قابل اطلاق نہیں	5	قابل اطلاق نہیں
جناب راجہ محمد عباس	6	4	قابل اطلاق نہیں	4
جناب کامران یوسف مرزا	6	2	2	قابل اطلاق نہیں
محترمہ شمیمہ رضوان	4	قابل اطلاق نہیں	3	قابل اطلاق نہیں
جناب عاطف ریاض (صدر چیف ایگزیکٹو)	6	قابل اطلاق نہیں	5	4

## بورڈ کی جانچ پڑتال:

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹی کے اراکین قابل اور تجربہ کار ہیں، جو مختلف تعلیمی اور پیشہ وارانہ پس نظر کے حامل ہیں اور یہ بینک کی حکمت عملی کے تعین اور اس کی جانچ کیلئے انمول ہیں۔

اور 6 عمل متفق کیلئے) تک کا انگریجمنٹ سکیول استعمال کیا گیا۔ اس کے بعد ہر ڈائریکٹر کی رائے کو لکھا اور اس کا جائزہ لیا گیا اور ہر متعلقہ کنٹری میں کارکردگی کو فیصد میں ظاہر کیا گیا۔

بورڈ ممبروں کی تعینات بنیادی طور پر برکینی کی شرائط کی تعمیل کی تھیں یعنی ہے۔ جبکہ انفرادی ڈائریکٹرز کی تعینات کامیاب اور بورڈ رکن ان کے حوالے سے متعلقہ شعبوں میں شمولیت، شرکت اور رہنمائی کردار پر مبنی ہے۔ عام معیار کے علاوہ بورڈ چیئر مین کیلئے تعینات کامیاب قائدانہ صلاحیتوں اور اجلاسوں کے موثر انتظام کا احاطہ کرتا ہے۔

بورڈ آف ڈائریکٹرز اس بات کی یقین دہانی کیلئے کو مشاں ہیں کہ کارکردگی کو موثر رکھنے کیلئے وقتاً فوقتاً اس کی تعینات اور جائزہ لیا جاتا ہے۔ قواعد کے مطابق اس طرز کی جانچ پڑتال بیرونی آزاد تعینات کارکنوں سے سالانہ بنیادوں پر ہر تین سال میں کم از کم ایک دفعہ ہونی چاہیے۔ رواں سال کے دوران بینک نے پاکستان انشٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کو اس مقصد کیلئے منتخب کیا اور تعینات کا یہ عمل ایک جامع سوانامہ کے ذریعے مکمل کیا گیا۔ اس سوانامہ کو بورڈ کی ساخت، بجٹنگی حکمت عملی، بورڈ کا عمل، کنٹرول انوائرمینٹ، بورڈ اور سی ای او کی سوانامہ، چیئر پرسن، سی ای او، بورڈ انفارمیشن، بورڈ کمیٹیاں، ڈائریکٹرز کے معاوضے، آزاد ڈائریکٹرز، ماحول، سماجی اور گورننس، اور بورڈ کے طریقہ کار کے ساتھ ساتھ اہداف کے حصول میں انفرادی طور پر ڈائریکٹرز کے کردار پر مبنی مختلف حصوں میں تقسیم کیا گیا تھا۔ کوائٹینٹیک کا استعمال کرتے ہوئے ہر ڈائریکٹر کی آراء کیلئے ایک مختص سوانامہ فراہم کیا گیا تھا۔ مجموعی بورڈ، چیئر مین اور صدر ایگزیکٹو، ای، بورڈ کمیٹیوں اور انفرادی ڈائریکٹرز کیلئے تجویزات عمل میں لائی گئیں۔ ہر سیکشن کنٹری میں تعینات کے معیار کو ظاہر کرنے کیلئے 1 سے 6 (1 سخت اختلاف کیلئے اور 6 عمل متفق کیلئے) تک کا انگریجمنٹ سکیول استعمال کیا گیا۔ اس کے بعد ہر ڈائریکٹر کی رائے کو لکھا اور اس کا جائزہ لیا گیا اور ہر متعلقہ کنٹری میں کارکردگی کو فیصد میں ظاہر کیا گیا۔

خود تعیناتی کی یہ اہم مشق بورڈ کو رنگ آگے لگانے کے مقصد کو مددگار بنانے کیلئے لائحہ عمل کی تیاری، کنٹرول کے طریقہ کار کی تشکیل، مانیٹرنگ اور میٹنگ کا ناکامیوں کی نمائندگی کے ذریعے مارکیٹ رجحانات کا علم اور انتہائی ناسامد حالات میں ردعمل سے متعلق اپنی کارکردگی اور مجموعی موثرگی کی جانچ کا موقع دیتی ہے۔ یہ طریقہ کار اس بات کی یقین دہانی بھی کرتا ہے کہ بورڈ ڈائریکٹرز انفرادی مسائل ترقی کر رہے ہیں اور بینک کی حریف کامیابی کیلئے بہتر اور موثر انداز میں اپنی ذمہ داریاں سرانجام دے رہے ہیں۔

بورڈ کارکردگی کی سالانہ تعینات کے حتمی نتائج بورڈ آف ڈائریکٹرز کے جائزہ اور اقدامات کیلئے انہیں پیش کیے جاتے ہیں۔ بینک کا اختیار کردہ تعیناتی طریقہ کار بی بی پی آر ڈی مرکز نمبر 11، تاریخ 22 اگست 2016 کی تعمیل میں شائع کر کے تمام اسٹیک ہولڈرز کیلئے واضح کر دیا گیا ہے۔ بورڈ کی معاوضہ سے متعلق پالیسی بورڈ اور کمیٹی میٹنگز میں حاضری کے معاوضہ کا تعین کرنے کیلئے اصول وضع کرتی ہے تاکہ مارکیٹ کے مطابق اور نافذ العمل قواعد کے حساب سے ان کی صلاحیتوں اور قابلیت کو ناپا جائے۔

مجموعی بورڈ، چیئر مین اور صدر ایگزیکٹو، ای، بورڈ کمیٹیوں اور انفرادی ڈائریکٹرز کیلئے تجویزات عمل میں لائی گئیں۔ ہر سیکشن کنٹری میں تعینات کے معیار کو ظاہر کرنے کیلئے 1 سے 6 (1 سخت اختلاف کیلئے

عسکری برانڈ کے ساتھ بینکنگ کو ایک پر لطف تجربہ بنانے کیلئے کوشاں رہتا ہے۔ صارف کے تجربے کیلئے وقت کر کے فٹنشن موزوں معاملات اور صارف کیلئے قائم کیے گئے استقبالیہ پروموجیو مختلف نوٹز کے ذریعے سروں کے معیار کا اندازہ لگا کر پورے بینک میں سروں بہتری کے پروگراموں کو آگے بڑھاتا ہے۔ سال کے دوران، مواصلاتی طریقہ کار میں آسانی کیلئے واٹس ایپ چیٹ ہاٹ کا آپشن شامل کیا گیا۔ بینکنگ خدمات کے محفوظ استعمال کیلئے ڈیجیٹل میڈیا پر قومی اور علاقائی زبانوں میں مختلف آگاہی مہمات بھی چلائی گئیں۔ صارفین کی مزید آراء حاصل کرنے کیلئے صارف کے تمام رابطہ مقامات، رابطہ سنٹر، موبائل ایپ، آئی۔ نیٹ بینکنگ، واٹس ایپ چیٹ ہاٹ اور شاخوں کو فعال بنایا گیا۔ بینک نے شکایت مینجمنٹ سسٹم کو اپ گریڈ کیا اور ان میں مزید خصوصیات شامل کی گئیں۔ سال کے دوران 81 ہزار شکایات درج ہوئیں جنہیں حل کرنے کا اوسط دورانیہ 14.98 ایام کار تھا۔

### گرین بینکنگ اور ایس آر:

بینک ذمہ دار کارپوریٹ میجاری روئے مرتب کر کے کیونٹری کیلئے فوائید پیدا کرنے کی کوشش کرتا ہے اور کاروبار کے ایک اہم اور اصلی جزو کے طور پر منظم ایس آر پروگرام کے ذریعے پائیدار طویل مدتی سماجی و اقتصادی ترقی میں معاونت فراہم کر رہا ہے۔ بینک مالی گوشواروں کے نوٹ 29.2 میں بیان کردہ تفصیلات کے مطابق مستقل بنیادوں پر نیراتی عطیات دیتا ہے۔ ایسے عطیات مختلف علاقائی صحت اور تعلیمی سرگرمیوں کے فروغ کا باعث بنتے ہیں۔

بینک ماحول دوست اقدامات کی فعال انداز میں حمایت کرتا ہے۔ بینک چھوٹے پیمانے کے کاروباری اداروں اور ریٹیل صارفین کو پائیدار ماحول دوست توانائی کے منصوبوں کیلئے پائیز کی شراکت سے "عسکری اچالافٹس" پیش کر رہا ہے۔ بینک ہاتھ دگی سے شجر کاری، خون عطیات کی سرگرمیاں متعلقہ کرداتا ہے اور خوشگوار ماحول کے فروغ کیلئے ان کے بارے میں آگاہی بھی پیدا کرتا ہے۔ سال کے دوران بینک کی جانب سے حکومت پاکستان کے قومی خزانے میں 18.6 بلین روپے براہ راست ٹیکسوں کی صورت میں جمع کروائے گئے؛ مزید برآں 16.9 بلین روپے سرومز پر وہوولڈنگ ٹیکس ریڈرل ایکسائز ڈیوٹی اور سٹریٹجکس کی مدد میں کانے/جمع کیے گئے اور یہ حکومت پاکستان کو ادا کیے گئے۔

### کارپوریٹ گورننس:

عسکری بینک کا بورڈ آف ڈائریکٹرز کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کیلئے پرعزم ہے جس نے بینک کی طویل مدتی ترقی اور پائیداری کو تقویت بخشی ہے۔ 31 دسمبر 2023 کو اختتام

پذیر ہونے والے سال کیلئے پاکستان اسٹاک ایکچینج لیٹڈ ریگولیشنز میں بیان کردہ ضابطہ کے مطابق کوڈ آف کارپوریٹ گورننس کی ضروریات کو مکمل طور پر اپنایا گیا اور ان کی مناسب تعمیل کی گئی ہے۔ اس سلسلہ میں ایک بیان سالانہ رپورٹ میں شامل ہے۔

### کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

- بینک انتظامیہ کی طرف سے تیار کردہ مالی گوشوارے اس کے معاملات، کاروباری سرگرمیوں کے نتائج، یکیش فلوز اور ایکویٹی میں تبدیلی کی مفصلاً عکاسی کرتے ہیں۔
- بینکنگ کمپنی نے ہاشا بطور پراکٹس کا وٹنس کے کھاتے مرتب کر رکھے ہیں۔
- ان مالیاتی گوشواروں کی تیاری میں ضروری اکاؤنٹنگ پالیسیوں کی بیرونی کی گئی ہے اور اکاؤنٹنگ کے تخمینے انتہائی منطقی اور محتاط انداز سے پہنچی ہیں۔
- ان مالیاتی گوشواروں کی تیاری کے دوران بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز اور پاکستان میں بینکنگ کمپنیوں کیلئے نافذ کردہ اسٹاک اور شریعہ معیاری اصولوں کی بیرونی کی گئی ہے اور ان اصولوں سے کسی بھی قسم کی روگردانی نہیں کی گئی۔
- اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا موثر اطلاق اور نگرانی کی جاتی ہے۔ انٹرنل کنٹرول پریمنٹس کے بیانیہ کی بورڈ آف ڈائریکٹرز کی جانب سے توثیق کی گئی ہے۔
- بینک کے مستقبل میں کام جاری رکھنے کی اہلیت پر کوئی شکوک و شبہات نہیں ہیں۔
- گزشتہ چھ سال کے نمایاں آپریشن اور فنانشل ڈیٹا خلاصہ کی صورت میں اس رپورٹ میں شامل کیا گیا ہے۔
- 31 دسمبر 2023 تک میکسس، ڈیویڈنڈ، لیویز اور چارجز کی مدد میں کسی قسم کی قانونی ادائیگیاں نہیں ہیں ماسوائے ان کے جو مالیاتی گوشواروں میں بیان کی گئی ہیں۔
- 31 دسمبر 2023 تک سرمایہ کاری کی حقیقی قدر حسب ذیل ہے:
  - پراویڈنٹ فنڈ: غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 7,390 ملین روپے (31 دسمبر 2022 تک آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 5,804 ملین)
  - گریجویٹ فنڈ: غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 3,600 ملین روپے (31 دسمبر 2022 تک آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر 3,084 ملین)
- بورڈ آف ڈائریکٹرز پر مشتمل ہے جس میں دو خاتون ڈائریکٹرز اور سی ای او بطور ریڈ ڈائریکٹرز شامل ہیں۔ سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے اور ان میں ڈائریکٹرز کی حاضری کا ریکارڈ درج ذیل ہے:



### رسک مینجمنٹ اور تعمیل:

عسکری بینک نے خطرے کے ادراک، سمورٹی پلگ اور مضبوط رسک کلچر یعنی رسک مینجمنٹ فریم ورک اور طریقہ کار تشکیل دیے ہیں۔ مجوزہ عدسہں رہتے ہوئے رسک مینجمنٹ پالیسیوں اور طریقہ کار اور قواعد کی ضروریات/راہنمائی کے مطابق فیصلہ سازی کی گئی۔ رسک مینجمنٹ کا فنکشن خطرے کے مطابق سخت عملی پر عملدرآمد کرتا ہے اور موثر نظام اور واضح طور پر بیان کردہ خطرے کی نشاندہی سے مختلف طریقوں اور ٹولز کے اطلاق سے پالیسیوں کا نفاذ یقینی بناتا ہے۔ بورڈ آف ڈائریکٹرز کی ایک شخص کتبی، بورڈ رسک مینجمنٹ کمیٹی کی سرپرستی کی انتظامی نگرانی کے ساتھ ساتھ کریڈٹ اور رسک کمیٹی، ایسٹ لائٹنی کمیٹی اچھی طرح سے ملے شدہ شرائط کے ساتھ نگرانی کرتی ہے۔ اس نقطہ نظر سے بینک کی رسک نالیٹس لیول کا خفا کر ضمیمہ کرنے میں مدد ملتی ہے اور اس کے ساتھ موجودہ پوزیشن اور مارکیٹ سینڈنگ کے حوالے سے اس کی خطرے کو نصف کم کرنے بلکہ مؤثر انداز میں سدباب کیلئے عمل، کنٹرول اور راہنما اصولوں کو بہتر بنانے کیلئے بھی مدد ملتی ہے۔

طور پر ان تمام کاوشوں نے قبیل اور کاروباری پلگ، امور کی ہموار انداز میں انجام دہی اور بینک کے مفادات کے تحفظ کو استحکام بخشا۔

### ہیومن ریسورس:

کاروباری مقام پر ایک مثبت کلچر کے فروغ کے عزم کے ساتھ بینک اپنی افرادی قوت کی ترقی اور بہبود کیلئے تسلسل سے وسائل کی فراہمی یقینی بناتا ہے۔ تمام ملازمین کیلئے متحرک ماحول یقینی بنانے کیلئے ایک جامع پالیسی فریم ورک مستحکم طریقہ کار اور عمل کی معاونت سے ٹیلنٹ کو راغب کرنے اور برقرار رکھنے، تنظیمی ترقی پر دو گراہ کے ذریعے پیشہ وارانہ ترقی اور ڈویلپمنٹ کی بدولت بینک کی افرادی قوت پر نگاہ رکھتا ہے۔ ہیومن ریسورس صدوری ای ای اور بورڈ کی شخص کردہ ہیومن ریسورس اور ریسورسیشن کمیٹی کی راہنمائی اور نگرانی میں افراد کیلئے بہترین مشقوں کے نفاذ کی حکمت عملی ترتیب دیتی ہے۔

بینک کے آپریشنل استعداد اور بہتر پیداوار تک رسائی کے اہم اہداف کے مطابق کارکنان کی عملی اور زیادہ ممکنات اور موزوں کراس فنکشنل مشرک کے ساتھ غیر معمولی کلیدی شرکت داروں کی نشاندہی پر بھرپور توجہ واضح اور موثر تنظیمی ڈھانچے کی تشکیل کی جانب اہم اقدام ہیں۔ اس سٹیج لاکھ عمل افرادی قوت میں ناصرف مہارتوں اور ذمہ داریوں کی ہموار منتقلی یقینی بناتا ہے بلکہ متحرک کاروباری ضروریات سے موافقت اور رد عمل بھی بڑھاتا ہے۔

کارکردگی کے عوض ادائیگی کی روایت کو فروغ دیتے ہوئے بینک متحرک اور میرٹ پر مبنی ایسے ماحول کی تشکیل کیلئے پر عزم ہے، جہاں سخت محنت، جدت اور غیر معمولی نتائج کو اعتراف و مراعات کے مطابق مساواتی معاوضے کی ادائیگی کے ذریعے جسد راہا جاتا ہے۔

بینک تنوع، مساوات اور شمولیت (ڈی ای و آئی) کیلئے پرجوش انداز میں آواز بلند کرتا ہے اور ڈی ای و آئی ایجنڈے سے ہم آہنگ اور اسے تقویت دینے والے اقدامات کی ترویج کیلئے غیر حزر لاندہ انداز میں پر عزم ہے۔ بینک کا پالیسی فریم ورک متنوع افرادی قوت کی اہمیت کو تسلیم کرتا ہے اور اس بات کی ضمانت دیتا ہے کہ ادارہ کے تمام ممبران کو ترقی کا مابانی کے مساوی مواقع میسر آئیں۔ ذریعہ جائزہ سال کے دوران منتفی تنوع بہتری کے ساتھ 17 فیصد راجہ گزشتہ سال 14.7 فیصد تھا۔ سال 2023 کیلئے بینک نے گزشتہ سال کے 63 کے مقابلہ میں 106 مظہور افراد (پنی ڈیولپمنٹ) کو ملازمت فراہم کی۔

بینک کاروباری حکمت عملی کے مطابق مستقبل کیلئے کمر بستہ افرادی قوت کی تیاری میں ایک لرننگ آرگنائزیشن کے طور پر تبدیلی کیلئے ثابت قدم ہے اور سیکھے کی گمن ظاہر کرنے والوں کی قدر کرتا ہے۔ سال بھر لائن تنگ ذکی صلاحیتوں میں اضافہ خواہنم کی قیادت اور کارکردگی کے عوض بہترین ادائیگی کی روایت پر مبنی سیکھنے کے طریقوں اور مشقوں کی سریر صحتاف کردائی گئیں۔ ادارہ کی اپنی تیار کردہ ہنرمند افرادی قوت اور مستقبل کے راہنماؤں کی تیاری کیلئے ایک تجدیدی لاکھ عمل کے ساتھ مینجمنٹ ٹرینی پروگرام لانچ کیا گیا تاکہ جدت کو فروغ اور بینک کے سٹیج اہداف حاصل کیے جاسکیں۔

### صارفین کا تجربہ:

ترقی پذیر مارکیٹ کے محرکات اور بلاستی قوتات نے انٹرنیٹ کی انتہائی مسابقتی مظہر نے میں صارف کے تجربہ کو بنیادی فرق بنا دیا ہے۔ بینک ڈیجیٹل الیٹ کو بہترین سروں اور موثر طریقہ کار سے ملا کر

سال 2023 میں سخت ہڈاؤ کے حالات اور تیکرو اکنامک ماحول کی وجہ سے دیوالیہ ہونے کا خطرہ بڑھا اس لئے لون پورٹ فولیو کو خطرات سے نکلانا توجہ کار مرکز رہا۔ ضامتی سلج پر نگرانی لازمی ہے کیونکہ تیکرو اکنامک اور کاروباری ماحول میں عمومی طور پر مختلف اقسام کے اثرات اور شدت ہوتی ہے، یہاں تک کہ اگر ضامتی ایک ہی شعبہ ذیلی شعبہ میں ہو۔ اس لئے باقاعدگی سے نگرانی کیلئے ایک ضامتی سلج کا فریم ورک نافذ کیا گیا ہے۔ اس امر کی یقین دہانی کیلئے ایک انٹر پرائز رسک مینجمنٹ ڈیپارٹمنٹ قائم کیا گیا ہے جو اس بات کا عکاس ہے کہ بینک ایسے ممکنہ واقعات جو اس کی آمدنی، سرمایہ، امور اور سٹاک پر منفی اثر مرتب کر سکتے ہیں کیلئے بھرپور انداز میں تیار ہے۔ بینک ہوت ضرورت اصلاحی اقدامات کیلئے کریڈٹ اور مارکیٹ پورٹ فولیو کو فعال انداز میں مظہر کرتا رہے گا۔

موثر تعمیل کلچر کا فروغ بینک کی اولین ترجیح ہے۔ صارف اور کلائنٹ کیلئے بہترین خدمات، مارکیٹ میں سٹاک کی حفاظت اور بلند اخلاقی معیارات کی یقین دہانی کا مقصد لئے بینک تعمیلی خطرات کی وضاحت، عمل اور سدباب کرتا ہے۔ سال 2023 میں بینک نے نافذ عمل قوانین اور ضوابط پر عملدرآمد کی نگرانی کے ذمہ دار کیمپائس رسک مینجمنٹ فریم ورک (سی آر ایم ایف) کو مزید مربوط بنانے کیلئے اپنی کوششوں میں اضافہ کیا۔ یہ طریقہ کار اعلیٰ ترین ضابطہ اخلاقی کے معیارات پر عمل پیرا ہے ہونے اپنے امور کی ذمہ دارانہ انداز میں انجام دہی، سٹاک پر قرار رکھے، صارفین کے مفاد کی حفاظت کیلئے اشد ضروری ہے۔ اس کے علاوہ بینک نے مزید خصوصیات اور فریڈ اور اثا شجاعت کی کوریج کے ساتھ اپنے ٹرانزیکشنز مانیٹرینگ سسٹم (ٹی ایم ایس) کو اپ گریڈ کر کے فیصل کرائم کنٹرول میں بھی بہتری ممکن بنائی ہے۔ مزید برآں، Enhanced Due-Diligence طریقہ کار کے حصہ کے طور پر سٹیم منفی خبروں کی شخصیں، اوپن ذرائع سے معلومات کا حصول اور مارکیٹ سے آگاہی کی مشق کا آغاز کیا گیا ہے۔ اسی طرح ڈیجیٹل لین دین کی کھوج، نگرانی اور پورجھ کیلئے انتظامات کو مضبوط کیا گیا اور زیادہ خطرے کے حامل صارف کی شناخت، اس سے احتیاط اور آن بورڈنگ کیلئے کنٹرولز کو بھی مزید نگرانی اور ایک اضافی مضبوط خود کار سکریننگ سل کے ذریعے زیادہ موثر بنا دیا گیا۔ بینک نے ریگولیٹری قبیل کے انتظام، قانون نافذ کرنے والے اداروں (ایل ای ای)، پالیسی اور طریقہ کار کے جائزہ، دھوکا دہی اور ادارہ جاتی کیمپائس رسک مینجمنٹ پر مشتمل تعمیلی طریقہ کاروں کی ڈیجیٹل ٹرانزیشن پر توجہ مرکوز رکھنے کا عمل جاری رکھا۔ بینک میں تعمیلی کلچر بہتر بنانے کیلئے کلاس روم سیشن کے ساتھ ساتھ بذریعہ ای لرننگ عملی کی باقاعدگی سے تربیت، تعمیلی مشورے اور آگاہی توجہ کی حامل ہے۔ اجتماعی



جس کے تحت اسے ایس ایل کی تمام اہل پر پریز، اٹھانے، حقوق، واجبات، ٹریڈ مارکس، پینشن اور ڈسکونٹس اور ماہی 1 جولائی 2021 (سکیم موثر ہونے کی تاریخ) کو اسے ایس ایل کے بینک کے پاس موجود فی حصص کے بدلے میں ایف ایس ایل کو 10 روپے فی حصص مالیت (ایف ایس ایل کے 1.18 حصص) کے 27,140,000 موی حصص کے عوض منتقل کر دی گئیں۔ قبل ازیں اسٹیت بینک آف پاکستان کی جانب سے اس انضمام کی منظوری دی گئی تھی۔ جس کے تحت اسے کے بی ایل نمٹ شدہ ایف ایس ایل میں اکثریتی ایکویٹی حصص کا حامل ہے۔ نتیجتاً 31 دسمبر 2023 کو ای کے بی ایل، ایف ایس ایل میں 51 فیصد ایکویٹی کا حامل تھا۔ اس انضمام کی بدولت کاروبار اور آپریٹنگ پلیٹ فارم میں ہم آہنگی پیدا ہوئی اور مالیاتی پیشکشوں کو صارفین کے ایک بڑے حصے تک توسیع دی گئی۔

### عسکری ایچ بی سی

بینک ایک عدد کرنسی ایچ بی سی قائم کرنے کے منصوبے پہ عمل چڑا رہا ہے جس کے لئے ضروری قانونی تقاضوں کی منظوری کے لئے کوشاں ہے۔ بینک کا مقصد اس منڈی کی مضبوط تنظیم کی طاقت سے فائدہ اٹھانا ہے اور کرنسی ایچ بی سی کی خدمات کی بڑھتی ہوئی مانگ کو پورا کرنے اور اس میں حصہ ڈالنے کے لئے اپنی پیشکش کی فہرست کو بڑھانے کا ارادہ رکھتا ہے۔

### ڈسٹری بیوشن اور ڈیجیٹل موصول

سال کے دوران بینک نے ملک بھر میں 60 نئی شاخیں قائم کیں جن میں سے 120 اسلامک بینکاری کی شاخیں تھیں۔ 31 دسمبر 2023 تک عسکری بینک 660 شاخوں/ذیلی شاخوں، 520 روایتی اور 140 اسلامی، بحرین میں ایک شاخ اور چینگ چین میں ایک نمائندہ دفتر کے ساتھ فعال تھا۔

جیسا کہ ملک گیر شاخوں کے اثرات کی بدولت مسابقتی فوجیت یقینی بنی۔ مستقبل کیلئے تیار داروہ کیلئے ڈیجیٹل ترقی سب سے موثر اور سب سے زیادہ وسائل کے حامل ہونے کی وجہ سے اہم ترجیح ہے۔ ایک واضح سمت اور کچھ بوجھ کے ساتھ حفریروں کے بارے میں معلومات اور صارفین کی ترجیح کو مد نظر رکھتے ہوئے بینک ارتقاء کی طرز زندگی کے مطابق صارفین کو بہترین سہولیات کی فراہمی کیلئے ٹیکنالوجی میں مسلسل سرمایہ کاری کر رہا ہے۔ اس کے ساتھ ساتھ ڈیجیٹل تبدیلی کو پھرت کرنے کیلئے ٹیلنٹ کو اپنی جانب راغب کرنے اور اس میں بھرتی دہری بینکاری کیلئے انتہائی اہم تصور کیا جاتا ہے۔ بینک کی حکمت عملی 'صارف تک رسائی' کے واضح ویژن کے ساتھ ساتھ اتز اور تیز رفتاری کے سرسروس کے اصولوں پر مبنی ہے۔

بینک نے اپنی پہلی ڈیجیٹل انٹرفیس شاخ کاکول، ایبٹ آباد میں قائم کی ہے۔ یہ جدید ترین شاخ جدت بھری ٹیکنالوجی کا مظہر ہے۔ جو ایک شاندار بینکاری کے تجربے سے روشناس کرواتی ہے۔ یہ پہلی ڈیجیٹل شاخ ورچوئل رئیلٹی (وی آر) پر مبنی بینکنگ کا تجربہ پیش کرتی ہے۔ جس کی بدولت صارفین ورچوئل اسپیس میں بینکنگ سہولیات سے مستفید ہو سکتے ہیں۔ رواں سال وائس ایپ بینکنگ بھی متعارف کروائی گئی۔ جس کے ذریعے صارفین رجسٹریشن، اکاؤنٹ منجمنٹ، ڈیپٹ کارڈ منجمنٹ اور ڈکایات کے اندراج میں سہولت سے بذریعہ وائس ایپ مستفید ہو سکتے ہیں۔

ڈیجیٹل حکمت عملی کے طور پر بینک سبز چٹک پارتنرشپ کے ذریعے بھڑ رسائی کیلئے ایک جامع ٹیکنالوجی (فزیکل + ڈیجیٹل) مہمی ایکوسٹم ترتیب دینے کا خواہشمند ہے۔ ڈیجیٹل سبز چٹک کارکردگی

بہتر بنانے اور لاگت میں کمی کیلئے کاروبار کی خود کاری کے ساتھ قابل قدر کاروباری بصیرت کیلئے مشین لرننگ اور آرٹی فیشل انٹیلی جنس کی صلاحیتوں کے سہارے ڈیٹا پر مبنی حل فراہم کرنے پر توجہ مرکوز کرتی ہے۔ بینک کی ڈیجیٹل تبدیلی نے اس کی سرمایہ کاری کو توجہ بخشی ہے جس کی بدولت مسلسل بہتری، سبز چٹک ترقیات کی از سر نو ترتیب اور متحرک آپریٹنگ منظر نامے میں وسائل کی تقویت ممکن ہے۔

### انٹار مشن سکیورٹی:

سال 2023 کے دوران بینک انٹار مشن سکیورٹی (آئی ایس) میں بہتر کارکردگی یقینی بنانے کے عزم پر کاربند ہے۔ موثر ٹیکنالوجی، خطرات اور تعین، سائبر سکیورٹی کے خطرات سے نبرد آزما ہونے کی خاطر نیلی اور سرخ ٹیموں کی صلاحیتوں میں اضافہ کیلئے بینک نے IS کے طریقہ کار کی راہ ہموار کرتے ہوئے ڈیٹا لاس پریوشن (ڈی ایل پی) سسٹم نافذ کیا ہے۔ جس کا مقصد سائبر روک تھام اور نگرانی، تشخیص اور غیر مجاز ڈیٹا ٹرانسفر روکنے کی استعداد میں اضافہ ہے۔ سال کے دوران بینک بی ای آئی، ڈی ایس ایس اور سوٹ آڈیو سکیورٹی تشخیص میں ری سرٹیکشن کی تعمیل کی دوبارہ تصدیق کی گئی۔ ایک معروف بین الاقوامی سائبر سکیورٹی کمپنی کی جانب سے مسلسل تیسرے سال کیلئے بینک کا سائبر رسک سکور اسے پلس کے اعلیٰ درجہ پر برقرار رکھا گیا۔ بینک اپنے اصرار میں آگاہی اور بڑے سائبر خطرات سے نمٹنے والے فعال ٹولز اور اپنی کیشز میں سرمایہ کاری کے ذریعے اپنے سکیورٹی پروڈکٹوں میں بہتری کا عمل جاری رکھے گا۔

### اخلاص اسلامی بینکاری:

عسکری اخلاص اسلامی بینکاری پر عمل بینکنگ، کارپوریٹ بینکنگ، اسلامی ٹریڈری، تجارتی خدمات اور بینکار کلائنٹ جیسی مفید مصنوعات اور خدمات کی ایک جامع رینج فراہم کرتی ہے۔ اخلاص ملک بھر کے 55 شہروں اور قصبوں میں 30 ذیلی شاخوں سمیت اپنی 140 مخصوص اسلامی بینکاری شاخوں کے ذریعے اپنے قابل قدر صارفین کی بینکنگ ضروریات کو پورا کرتا ہے۔ اسلامی بینکاری سبز چٹک لحاظ سے ایک اہم شعبہ تصور کی جاتی ہے اور تمام مصنوعات اور خدمات کی پیشکش آزاد شریعہ پرور کی راہنمائی میں تیار کی جاتی ہیں۔ جس میں معروف شریعہ اسکالرز مفتی محمد زاہد مفتی ڈاکٹر حسن نعمانی مفتی ڈاکٹر لطف اللہ نقیب اور ڈاکٹر محمد طاہر منسوری شامل ہیں۔ عسکری اخلاص شرعی اصولوں کی سختی سے تعمیل کرتے ہوئے معاشرتی انصاف اور معاشرے کی فلاح و بہبود کیلئے ایک موثر بینکاری نظام کیلئے کوشاں ہے۔

سال 2025 تک اسلامی بینکاری کو مجموعی بینکنگ انڈسٹری کا ایک تہائی بنانے کیلئے اسٹیت بینک کی حکمت عملی کے مطابق عسکری اخلاص ترقی کی رفتار کو آگے بڑھا رہا ہے۔ سال کے دوران عسکری اخلاص اسلامی بینکاری نے منافع میں 156 فیصد اضافہ ریکارڈ کیا جو کہ گزشتہ سال کے 2.9 بلین روپے سے بڑھ کر 7.4 بلین روپے تک پہنچ گیا۔ اسلامی بینکاری کے کل اکاؤنٹوں میں 39 فیصد مجموعی ٹرانسکٹ میں 38 فیصد اور ڈیپازٹس میں 23 فیصد اضافہ ہوا۔ عسکری اخلاص آنے والے سالوں میں بھی اس میں مزید فعالیت اور اضافہ ممکن بنائے گا۔ انشاء اللہ!



## ڈائریکٹرز رپورٹ برائے حصص داران

تعداد اور بہتر طریقہ کار کے مطابق اپنے وصولی کیلئے شدید متاثرہ لون پورٹ فولیو کو مزید موثر اور صاف بنانے کیلئے اقدامات عمل میں لائے۔ 31 دسمبر 2023 تک بینک کا ایکٹو تناسب 4.4 اور گورننگ تناسب 97 فیصد تھا۔ اے ڈی آر (ADR) کا تناسب 31 دسمبر 2023 کو 51.1 فیصد رپورٹ کیا گیا۔ بینک ایک مضبوط رسک مینجمنٹ فریم ورک کے ذریعے ۱۵۱ جات کی مستعد جانچ پڑتال کر کے قرضوں کی فراہمی جاری رکھے گا۔

عسکری بینک کے خالص ۱۵۱ جات 32.46 فیصد اضافہ کے ساتھ 97.1 بلین روپے رہے جو گزشتہ سال 73.3 بلین روپے تھے۔ سال کے دوران ایکٹیو اور اسی جات پر مبنی بازنس 25.2 فیصد اور 1.2 فیصد بیکارڈ کیا گیا۔ 31 دسمبر 2023 تک بینک ریگولیٹری سرمایے کے تناسب کے عین مطابق ہے۔ کنٹریول اینڈ کوئی تناسب قواعد کے مطابق درکار 11.50 فیصد کے مقابلہ میں 18.51 فیصد ہے (بشمول مجموعی رسک ایڈجاسٹڈ آرڈیبلو اے) کے 1.50 فیصد کا کنٹریول کنزرویشن بفر)۔ لیوریج کی شرح گزشتہ سال 3.18 فیصد سے بڑھ کر 3.59 فیصد ہو گئی۔ بنک متعلقہ حدود سے بہتر رسک ایسورینس کی صلاحیت کے لئے مجوزہ حدود سے بہتر کنٹریول ریٹیز کو برقرار رکھتا ہے۔

### تصرقات:

یورڈ آف ڈائریکٹرز نے 31 دسمبر 2023 کو اختتام پذیر ہونے والے سال کیلئے درج ذیل تصدیقات کی سفارش کی ہے۔

ڈیپازٹ میں 19 فیصد اضافے نے کلیدی کردار ادا کیا۔ مجموعی کرنٹ اور سٹوگ ڈیپازٹ میں 19 فیصد اضافہ ہوا کیونکہ کاسا کا تناسب گزشتہ سال کے 80 فیصد سے بڑھ کر 84 فیصد ہو گیا۔ اوسط آمدن والے اثاثوں کے حجم میں اضافہ کی وجہ سے اسپریڈ کی بہتری اور دورانہ کے موثر انتظام کے سہارے بینک 31 دسمبر 2023 کو اختتام پذیر ہونے والے سال کیلئے 59.4 بلین روپے خالص مارک اپ آمدن کے قائل بنایا، جو کہ 49 فیصد اضافے کو ظاہر کرتا ہے۔ ٹریڈ گارنٹی اور کارڈ سے متعلقہ فیصلوں کی بنیادی حصر داری سے فیس اور کمیشن آمدن میں 30 فیصد اضافہ ہوا۔ زر مبادلہ سے حاصل ہونے والی آمدن میں 29 فیصد کمی ہوئی۔ حالانکہ جڑی انداز میں سکیورٹیز اور حصص سے حاصل ہونے والی نان مارک اپ آمدن میں مجموعی طور پر 11 فیصد اضافہ ہوا۔ آپریٹنگ اخراجات میں بنیادی طور پر فراہم کردہ اثرات، روپے کی قدر میں کمی، بینک کی جانب سے نئی برانچوں کے قیام، ڈیجیٹل اور انفارمیشن ٹیکنالوجی پلیٹ فارمز میں مسلسل سرمایہ کاری سے 27 فیصد اضافہ ہوا۔ نئے منصوبوں کیلئے سرمایہ کاری پر مجموعی طور پر بڑھانے کی رفتار میں اضافہ پر توجہ مرکوز کر کے آپریٹنگ اخراجات کا حتمی انداز میں اختتام کیا جاتا ہے۔ بینک کی لاگت سے آمدنی کا تناسب گزشتہ سال کے 44.7 فیصد سے بہتر ہو کر 40.6 فیصد ہو گیا۔

مجموعی ایڈوانسز 7.5 فیصد اضافہ سے 661 بلین روپے ہو گئے۔ زیادہ تر قرضہ جات کارپوریٹ اور کمرشل شعبوں میں تھے۔ کیونکہ صارفین کیلئے قرضوں میں سخت اقدامات کی وجہ سے سکلڈ ریکارڈ کیا گیا۔ غیر فعال قرضوں میں 6.69 فیصد خالص کمی ریکارڈ کی گئی جیسا کہ بینک نے

31 دسمبر کو اختتام شدہ سال	
2022	2023
بھاری ٹیکس منافع	
14,061,595	21,434,659
انجی ریل نو اے اور نقصانات کو تسلیم کرنے کا اثر	
61,504	338,078
ری ویلیویشن پر سبس سے منفعی	
664,502	802,541
تصرقات کے لئے دستیاب منافع	
14,787,601	22,575,278
شیر پر بیمہ کاؤنٹ سے منفعی	
234,669	-
پولس شیئرز @ منر (2022: 15%)	
(1,890,390)	-
نقد منافع 25% (2022: منر)	
-	(3,623,248)
قانونی ریزرو منفعی	
(1,406,160)	(2,143,466)
تبع شدہ منافع	
11,725,720	16,808,564
آمدنی فی حصص روپے	
9.70	14.79

### فاؤنڈیشن سکیورٹیز لینڈ:

جیسا کہ گزشتہ ابلاغ میں بیان کیا گیا، بینک کے مکمل ملکیتی ذیلی ادارے عسکری سکیورٹیز لینڈ (ASD) کو فاؤنڈیشن سکیورٹیز (پرائیویٹ) لمیٹڈ (FSL) کے ساتھ ضم کر دیا گیا ہے۔ اس انضمام کی منظوری محض سندھ ہائیکورٹ کے حکم نامہ بتاریخ 13 مارچ 2023 میں دی گئی۔

### ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (پیکرا) کی جانب سے طویل مدت کیلئے بینک کی ایٹنی ریٹنگ AA+ (ڈبل اے پلس) ہونے کی دوبارہ تصدیق کی گئی۔ جس کا آؤٹ لک محکم تقویس کیا گیا ہے۔ بینک کے مضبوط براڈ اور فوٹی فاؤنڈیشن کے ساتھ وابستگی کو کلیدی وجہ بندی کے اہم جزو کے طور پر تسلیم کیا جاتا ہے۔ جس میں بینک کی تجربہ کار مینجمنٹ ٹیم، موثر رسک مینجمنٹ پالیسی اور کلائنٹس کی گہری وابستگی کی معاونت حاصل ہے۔ مؤخر الذکر کنٹریول کو سہارا دینے کیلئے بینک میں منافع کی برقراری بھی مددگار ثابت ہوئی ہے۔ مختصر وجہ بندی A1+ (اے ون پلس) پر برقرار رہی۔



## ڈائریکٹرز رپورٹ برائے حصص داران

ڈائریکٹرز 31 دسمبر 2023 کو اختتام پذیر ہونے والے سال کیلئے عسکری بینک لیونڈ کی تیسویں سالانہ رپورٹ بیج بینک کے آڈٹ شدہ نمونہ شدہ اور غیر نمونہ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ پیش کر رہے ہیں۔

### معیشت:

حالیہ برسوں میں کرونا وبا، جغرافیائی تناؤ، ایشیائے ضروریہ کی قیمتوں میں اضافہ اور ماحولیاتی آفات کی وجہ سے دنیا کی معیشت گھٹتی سے دوچار ہوئی۔ اسی وجہ سے سال 2023 بھی بلند معاشی وباؤ سے دوچار رہا۔ چونکہ سخت مالیاتی سخت مہمیوں کے تاخیری اور متواتر اثرات عالمی شرح نمو میں رکاوٹ کا باعث بنے۔ محدود مالی وسائل، کم ڈیٹائیڈ غیر منظم قیمتیں اور کمزور عالمی تجارت دوسری کاروباری اہولوں کے اثرات اور مقامی سطح کے مسائل نے پاکستانی معیشت کیلئے مشکلات کو مزید طول دیا۔ دیرینہ تنظیمی کمزوریوں، کم ٹیکس وصولی، بلند قرضہ جات، پیداوار اور مقابلہ میں کمزوری نے ان مسائل کے سامنے ہماری معیشت کو زبوں حال کر دیا۔ لیکن بہن اور انفراسٹرکچر پر گزشتہ سال کے سیلاب کے تباہ کن اثرات اور ایکسٹرنل اکاؤنٹ پر بڑھتا ہوا قرضہ مبادلہ اور مہنگائی پر نگاہ ہو۔ سیلاب کے اثرات، پیداواری لاگت میں اضافہ، بین الاقوامی سطح پر کم طلب، یورپ کی رکاوٹوں، افریقہ کے زیادہ دباؤ کی وجہ سے مالی سال 2023 میں پی ڈی پی کی شرح 0.2 فیصد تباہ تک گئی۔

زیر جائزہ سال کی پہلی سہ ماہی بلند مہنگائی، ڈالر کی بیڑی کے بحران، توانائی کے بحران اور روپے کی قدر میں کمی جیسے مسائل معاشی مشکلات کا باعث بنے۔ جبکہ دوسری سہ ماہی میں یہ صورتحال مزید سنگین ہو گئی۔ مہنگائی گھٹنے سے زیادہ بڑھی اور مئی کے مہینے میں 38 فیصد کی بلند شرح تک پہنچی گئی، جو کہ سال کے اختتام پر 29.7 فیصد ہو گئی۔ غذائی کساد بازاری نمایاں تھی جبکہ توانائی کی قیمتوں اور درجہ آلودگی کے آگست میں اضافہ کی وجہ سے غیر غذائی کساد بازاری بھی بلند شرح تک جا پہنچی۔ آئی ایم ایف کے توسیعی فنڈیشن پر پروگرام کے نوویں جائزہ کی تکمیل میں تاخیر کے دوران ملے شدہ بیرونی ادائیگیوں اور اس سے درپیش بیرونی قرضوں کی نئے بیرونی اکاؤنٹ اور پاکستانی روپیہ پر دباؤ بڑھا گیا۔ علاوہ ازیں توانائی کی سہولت کے خاتمہ کے باوجود کم ٹیکس وصولی کی وجہ سے سال کی پہلی ششماہی میں مالی استحکام ممکن نہ ہو سکا۔ سال کی دوسری ششماہی کے دوران شرح مبادلہ میں بتدریج استحکام اور ڈالر کی بیڑی میں آسانی، درآمدات میں کمی اور برآمدات میں بہتری کا رجحان دیکھنے میں آیا۔ درمیانے پیمانے کی معاشی سرگرمی اور مختلف استحکام کی وجہ سے بیرون ملک سے بھجوائی گئی رقم کی ترسیل میں بھی اضافہ ہوا۔

سال کی دوسری ششماہی میں 831 ملین امریکی ڈالر کارنٹ اکاؤنٹ خسارہ بہتری کا عکاس ہے جو کہ گزشتہ سال کی اسی مدت میں 3.6 بلین امریکی ڈالر تھا۔ یہ اعداد و شمار موزوں تجارتی توازن کی شراکت سے ممکن ہوئے۔ برآمدات میں 7.5 فیصد اضافہ اور درآمدات میں 14.7 فیصد کمی رونما ہوئی۔ نتیجتاً تجارتی خسارہ 9.9 بلین امریکی ڈالر رہا جو کہ گزشتہ سال 15.4 بلین امریکی ڈالر تھا۔ سال 2023 کے دوران بیرون ملک قہم پاکستانیوں کی جانب سے بھجوائی گئی رقم میں گزشتہ سال کی نسبت 12 فیصد کمی واقع ہوئی، البتہ ماہ دسمبر میں 5.4 فیصد اضافہ مشاہدہ میں آیا۔ جو کہ یکپارچہ کمیشن کی تنظیمی اصلاحات اور انٹرنیشنل واپس مارکیٹ میں شرح مبادلہ کی مطابقت قائم ہونے پر منحصر تھا۔

مالی سطح پر عمل میں لائے گئے جامع اقدامات سے اخراجات کے مقابلہ میں آمدن بہتر ہوئی۔ کیونکہ 2023 کی دوسری ششماہی میں ٹیکس وصولی اور پٹرولیم ڈولپمنٹ لیوی میں بہتری

سے نان ٹیکس آمدن میں بھی اضافہ ہوا۔ تاہم زیادہ مارک اپ اخراجات پر قابو پانے کیلئے بلند پالیسی ریت نمایاں چیلنج ہے اور اگلے سال کے دوران بھی اس کا دباؤ قائم رہنے کا خدشہ ہے۔ اس لئے میکرو اکنامک استحکام کیلئے غیر اہم اخراجات پر قابو اور ٹیکس وصولی میں اضافہ لازمی ہے۔

جیسا کہ معاشی طور پر مہنگائی کے دباؤ اور دیگر عوامل کی وجہ سے مختلف معاشی شعبہ جات دباؤ میں رہے، تاہم بینکاری کا شعبہ مالی طور پر منظم رہا۔ ڈیپازٹ نمو میں کمی حد تک استعمال کے باوجود بینکاری کا شعبہ استحکام پذیر رہا، جی کہ لیکویڈیٹی کوریج، اثاثوں کے معیار اور کچھ ایلو کیسی میں بہتری دیکھنے میں آئی۔ انٹیکشن شرح گزشتہ سال کی سطح پر برقرار رہی اور اس کی بنیادی وجہ قرضہ جاتی لاگت میں اضافہ کی بدولت تھی شعبہ کے کریڈٹ میں مناسب نمو تھی۔ بینکاری شعبہ کی منظم کارکردگی اسٹیٹ بینک آف پاکستان کی جانب سے بہتر اقدامات اور مارکیٹ محرکات میں تبدیلی کیلئے آغا کردہ ریگولیٹری فریم ورک کی مقبول اور موثر نگرانی کے مختلف اقدامات کی مرہون منت تھی۔

پاکستان کو اسٹیٹ بینک آف پاکستان (ایس بی اے) کے تحت پہلے جائزے کی تکمیل کے بعد آئی ایم ایف سے 706 ملین امریکی ڈالر کے مساوی قسط موصول ہوئی ہے۔ مہنگائی کے دباؤ میں کمی، زرعی سطح پر بہتر امکانات اور سازگار بیرونی ماحول سے نگاہ پرستی شعبہ کی ممکنہ بحالی کے پیش نظر معاشی نقطہ نظر مثبت محسوس ہو رہا ہے۔ دونوں خسارے کی جانب گامزن ہیں جو کہ بہتر معاشی انتظامات کو ظاہر کرتا ہے۔ آمدن حوصلہ افزا ہے تاہم زیادہ مارک اپ ادائیگیوں کی وجہ سے اخراجات پر خاطر خواہ دباؤ ہے۔ جو کہ مارکیٹ کے اعتماد اور شرح مبادلہ میں استحکام کا باعث بن رہی ہے۔ حالیہ پالیسی فیصلوں کی وجہ سے گروٹی قرضوں کے اضافہ میں کمی ہوئی ہے۔ تاہم وسیع تر اصلاحاتی کاوشیں انتہائی اہم ہیں اور توانائی کے شعبہ کی استعدادی بحالی بشمول مضبوط گورننس، شفافیت اور کارکردگی کے ذریعے SOEs کیلئے انتہائی لازم تنظیمی اصلاحات مستقبل کی حکومت کی اولین ترجیح ہیں۔ توقع ہے کہ موجودہ مالی سال کے اہداف تک رسائی کیلئے تیار کردہ منظم اور آئینہ انداز اقتصادی پالیسیوں کا تسلسل معاشی سرگرمیوں کو معتدل انداز میں بحال کرنے کا سبب بنے گا۔ اس کے بعد اقتصادی سرگرمیوں میں مثبت رفتار سے بہتری کی توقع ہے جو کہ اعلیٰ اور پائیدار معاشی ترقی کی بنیاد ثابت ہوگی۔

### بینک کی کارکردگی:

عسکری بینک نے سال 2023 میں منظم مالی نتائج کا مظاہرہ کرتے ہوئے 4.2 بلین روپے قبل از ٹیکس منافع حاصل کیا، جو کہ گزشتہ سال کے مقابلہ میں 53 فیصد اضافہ ہے۔ بعد از ٹیکس منافع 21.4 بلین روپے رہا جو کہ فیڈرل بجٹ میں ضرورت سے زیادہ ٹیکسیشن کے باوجود گزشتہ سال کے 14.1 بلین روپے سے 52 فیصد زیادہ ہے۔ بینک نے رواں سال 14.79 روپے فی حصص آمدن راج کی جو کہ گزشتہ سال 9.70 روپے فی حصص تھی۔

رواں سال درپیش مشکل چیلنجز اور تیزی سے بدلنے والے ماحول کے باوجود قابل ذکر کارکردگی میں تمام اہم عوامل نے گہرے حصہ ڈالا۔ جبکہ بینک کی قیادت کی توجہ قدر میں تیز اضافہ اور مسلسل کاروباری پائیداری کیلئے طویل مدتی حکمت عملی کی تیاری، وسائل کی اہداف کے مطابق واضح ہم آہنگی اور بہتری پر مرکوز رہی۔

سال کے اختتام پر بینک کی بیلنس شیٹ 39 فیصد اضافہ کے ساتھ 2.1 ٹریلین روپے ہو گئی۔ اوسط آمدنی والے اہل جات نے سال بہ سال 21 فیصد اضافہ راج کیا۔ جس میں بنیادی طور پر اوسط صارف



# STATEMENT ON INTERNAL CONTROLS

The Management of Askari Bank Limited (the Bank) assumes full responsibility for establishing and maintaining effective system of internal controls throughout the Bank to ensure reliable, accurate and fair financial reporting, effectiveness of operations and compliance with the applicable laws and regulations. This system encompasses the policies, procedures, and practices implemented by the Bank to safeguard its assets, ensure accuracy in financial records, and detect and prevent fraud or errors. It consists of comprehensive & strong processes, effective communication, and a resilient monitoring mechanism, all designed to work in tandem to ensure that the information provided in the financial statements is accurate and free from any material misstatement. The responsibility for establishing such a system lies with the Bank's management, aiming to facilitate effective and efficient operations in a well-controlled environment.

The Bank's internal control structure comprises of 'Three Lines of defense (TOD) model', Business / Support units, being the first line of defense, manages business risk 'inherent' in their day-to-day activities, processes and systems for which they are accountable. Compliance division serves as second line of defense and primarily responsible for assisting line managers / departments in designing and implementing adequate controls to manage risks of non-compliance. This involves advising on and overseeing the implementation of regulatory requirements and related policies, including AML / CFT / CPF compliance management. Compliance division works in close collaboration with the business to Identify, assess, monitor and report compliance risk.

The Bank's Compliance & Control Committee of Management (CCM) consisting of the CEO and Senior Executives, plays vital role in ensuring that the Bank operates within a strong control environment, adheres to regulatory requirements, and continuously improves its processes to meet evolving business needs. It oversees the management of Bank wide compliance risks including assistance / facilitation in implementing Compliance Risk Management Framework. The CD function also actively monitors implementation of the corrective / remedial measures to ensure that identified risks are mitigated to safeguard the interest of the Bank.

Internal Audit Division, as the third line of defense, is responsible for providing independent assurance to Board Audit Committee (BAC) on the quality, effectiveness and adequacy of Bank's governance, risk management and control environment including the working of first and second line of defense to achieve risk management and control objectives. Internal audit assesses the Bank's risk management system, identifies potential risks and evaluates the effectiveness of risk mitigation strategies. They examine the adequacy and effectiveness of internal controls in financial, operational and compliance areas to ensure that they are properly designed, implemented and functioning as intended.

In compliance with the SBP's directives, the Bank had completed the implementation of road map regarding Internal Controls over Financial Reporting (ICFR). This included detailed documentation of the existing processes, comprehensive evaluation of controls both at entity as well as activity level, development of detailed remedial action plans for the gaps identified as a result of such evaluation and devising comprehensive testing plans of the controls of all processes. Consequent to grant of exemption by the State Bank of Pakistan (SBP) from the requirement of submission of Long Form Report (LFR), the documentation including the testing results have been reviewed by internal auditors of the Bank, on the basis of which Annual Assessment Report is prepared and submitted to Board Audit Committee for review.

Management understands that the effective maintenance of the internal controls system is an ongoing process. All significant and material findings pointed out by the internal, external auditors and regulators are addressed on priority basis by the management. During the year under review, we have endeavored to follow the guidelines issued by SBP on internal controls for evaluation and management of significant risks and we will continue to endeavor for further improvements in the internal controls system.

While an internal controls system is effectively implemented and monitored; however, due to inherent limitations, internal controls system is designed to manage rather than eliminate the risk of failure to achieve the desired objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has endorsed the management's assessment of internal controls including ICFR in the director's report.

Atif R. Bokhari  
President & Chief Executive  
February 21, 2024  
Rawalpindi

# STATEMENT OF COMPLIANCE

## WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2023

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

- The total number of directors is 11 as per the following detail:

- Male: 09
- Female: 02

- The composition of Board is as follows:

Category	Name
Independent Directors	Raja Muhammad Abbas Ms. Zoya Mohsin Nathani Mr. Kamran Yousuf Mirza Ms. Samina Rizwan
Non-Executive Directors	Mr. Waqar Ahmed Malik - Chairman Mr. Sarfaraz Ahmed Rehman Mr. Arif Ur Rehman Dr. Nadeem Inayat Lt Gen Ghayur Mahmood Awan, HI (M), T Bt (Retd)* Mr. Manzoor Ahmed - Nominee NIT
Executive Director / President & CEO	Mr. Atif R. Bokhari
Female Director	Ms. Zoya Mohsin Nathani Ms. Samina Rizwan

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Askari Bank Limited.
- 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.
- The Board has developed a vision / mission statement, overall corporate strategy and has approved significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with the dates of approval or updating is maintained by the Bank.
- 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.
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
- The Bank is compliant with the requirement of director training program provided in these Regulations. The Bank has also arranged a Directors' Orientation Session during the year.
- The Board has approved the appointments of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- CFO and the President & CEO duly endorsed the financial statements before approval of the Board.
- The Board has formed Committees comprising of members given below:

**a) Board Audit Committee (BAC)**

1	Mr. Kamran Yousuf Mirza	Chairman
2	Dr. Nadeem Inayat	Member
3	Lt Gen Ghayur Mahmood Awan, HI (M), T Bt (Retd)*	Member
4	Mr. Manzoor Ahmed	Member
5	Raja Muhammad Abbas	Member

# STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
FOR THE YEAR ENDED DECEMBER 31, 2023

**b) Board Human Resource & Remuneration Committee (BHR & RC)**

1	Mr. Manzoor Ahmed	Chairman
2	Dr. Nadeem Inayat	Member
3	Ms. Zoya Mohsin Nathani	Member
4	Mr. Kamran Yousuf Mirza	Member
5	Ms. Samina Rizwan	Member

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

1	Ms. Zoya Mohsin Nathani	Chairperson
2	Dr. Nadeem Inayat	Member
3	Mr. Manzoor Ahmed	Member
4	Mr. Atif R. Bokhari	Member

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

1	Ms. Samina Rizwan	Chairperson
2	Dr. Nadeem Inayat	Member
3	Lt Gen Ghayur Mahmood Awan, HI (M), T Bt (Retd)*	Member
4	Raja Muhammad Abbas	Member
5	Mr. Atif R. Bokhari	Member

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

14. The frequency of meetings (quarterly/half yearly/yearly) of the committees were as per following:

<b>Board Committees</b>	<b>Frequency of Meetings</b>
Audit Committee	Quarterly
Risk Management Committee	Quarterly
HR & Remuneration Committee	Twice in a year
Information Technology Committee	Quarterly

15. The Board has set-up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Bank.

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the President & CEO, Chief Financial Officer, Chief Internal Auditor, Company Secretary or Director of the Bank.

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

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

19. The composition of the Board Human Resource & Remuneration Committee (the Committee) is in line with the Corporate Governance Regulatory Framework (CGRF) issued by the State Bank of Pakistan which allows a non-executive director to be the Chairman in case majority members of the Committee are independent directors. The Chairman of the Committee is not an independent director, however, as per CGRF, majority members of the Committee are independent directors.

For and on behalf of the Board

Atif R. Bokhari  
President & Chief Executive

Waqar Ahmed Malik  
Chairman

February 21, 2024  
Karachi

\* Subject to Fit & Proper Test clearance by the State Bank of Pakistan





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# INDEPENDENT AUDITOR'S REVIEW REPORT

## TO THE MEMBERS OF ASKARI BANK LIMITED

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Askari Bank Limited "The Bank" for the year ended 31 December 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 31 December 2023.

We highlight below instance of non-compliance with the requirement of the Regulation as reflected in para 19 where it is stated in the Statement of Compliance:

Sr. No.	Paragraph Reference	Description
1	19	The composition of the Board Human Resource & Remuneration Committee (the Committee) is in line with the Corporate Governance Regulatory Framework (CGRF) issued by the State Bank of Pakistan which allows a non-executive director to be the Chairman in case majority members of the Committee are independent directors. The Chairman of the Committee is not an independent director, however, as per CGRF, majority members of the Committee are independent directors.

Lahore

Date: March 1, 2024

UDIN: CR202310183N2VEQrc9x

KPMG Taseer Hadi & Co.  
Chartered Accountants



**UNCONSOLIDATED**  
FINANCIAL STATEMENTS

**ASKARI BANK LIMITED**

FOR THE YEAR ENDED DECEMBER 31, 2023



KPMG Taseer Hadi & Co.  
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# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

## Opinion

We have audited the annexed unconsolidated financial statements of Askari Bank Limited ("the Bank"), which comprise the unconsolidated statement of financial position as at 31 December 2023 and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, along with unaudited certified returns received from the branches except for 30 branches which have been audited by us and notes to the unconsolidated financial statements, including a summary of 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, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 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 year. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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**Following are the Key Audit Matters:**

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p><b>Provision against advances</b></p> <p>Refer to note 9 and the accounting policies in notes 4.6 to the unconsolidated financial statements.</p> <p>The Bank makes provision against advances on a time-based criteria that involves ensuring that all non-performing loans and advances are classified in accordance with the time based criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the Bank to recognize general provision against advances portfolio.</p> <p>The Bank has recognized a net provision of Rs. 1,242.68 million against advances in the current year. The Bank's advances to the customers represent 29.81% of its total assets as at 31 December 2023 and are stated at Rs. 633.13 billion which is net of provision of Rs. 28.18 billion at the year end.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement, requiring compliance with Prudential Regulations issued by State Bank of Pakistan, requiring significant time and resource to audit because of its significance and inherent risk of material misstatement and the materiality of advances relative to the overall unconsolidated statement of financial position of the Bank , we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures in respect of provision against loans and advances included the following:</p> <ul style="list-style-type: none"> <li>• Assessing the design and implementation of controls over classification of advances including: <ul style="list-style-type: none"> <li>- The accuracy of data input into the system used for disbursement and recovery of credit facilities; and</li> <li>- Controls over identification of non-performing advances on time-based criteria.</li> </ul> </li> <li>• Testing, on a sample basis, credit exposures identified by the management as displaying indicators of impairment, assessed the number of days overdue and assessed appropriateness of amount reported for provision in accordance with the PRs;</li> <li>• Testing, on a sample basis, credit exposure where the management has not identified as displaying indicators of impairment challenged the management's assessment by reviewing the historical performances, account movement and financial ratios and formed our own view whether any impairment indicators are present;</li> <li>• For consumer advances, verifying, on sample basis, repayments of loan / markup installments and checking that performing loans have been correctly classified and categorized;</li> <li>• Checking, on a sample basis, accuracy of specific provision against non-performing advances and of general provision against consumer and SME advances by recomputing the provision made in accordance with the criteria prescribed under the PRs; and</li> <li>• Assessing the adequacy of presentation and disclosure related to provision against advances as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul>



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S. No.	Key Audit Matters	How the matter was addressed in our audit
2	<p><b>Valuation of Investments</b></p> <p>Refer to note 8 and the accounting policies in notes 4.5 to the unconsolidated financial statements.</p> <p>As at 31 December 2023, the Bank has investments in Federal Government Securities and in ordinary shares and units of mutual funds which are classified as "Available-for-sale", amounting to Rs. 1,110.51 billion which in aggregate represent 52.28% of the total assets of the Bank.</p> <p>Investments are carried at cost or fair value in accordance with the Bank's accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Bank which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of these investment as a key audit matter because of their significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment in case of investments in shares and units.</p>	<p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> <li>Assessing the design and tested the operating effectiveness of the automated controls in place relating to valuation of investments;</li> <li>Performing recalculation and checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values;</li> <li>Evaluating the management's assessment of available for sale investments in shares and units for any additional impairment in accordance with the Bank's accounting policies and performed an independent assessment of the assumptions; and</li> <li>Assessing the adequacy of presentation and disclosure requirements under the accounting and reporting standards as applicable in Pakistan.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the Bank's Annual Report but does not include the unconsolidated financial statements and our auditors' report 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.

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## KPMG Taseer Hadi & Co.

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 year 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.





KPMG Taseer Hadi & Co.

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

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

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

KPMG Taseer Hadi & Co.  
Chartered Accountants

Date: March 1, 2024

UDIN: AR202310183nyL35P6bp

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>Assets</b>			
Cash and balances with treasury banks	5	160,087,394	70,950,067
Balances with other banks	6	13,789,031	9,677,123
Lendings to financial institutions	7	–	406,934
Investments	8	1,182,537,688	762,696,638
Advances	9	633,132,827	583,810,931
Fixed assets	10	27,010,884	24,484,412
Intangible assets	11	1,855,607	1,375,625
Assets held for sale	12	1,750,000	1,750,000
Deferred tax assets	13	8,072,702	7,545,677
Other assets	14	95,769,826	62,973,402
		2,124,005,959	1,525,670,809
<b>Liabilities</b>			
Bills payable	15	12,394,336	11,878,563
Borrowings	16	643,362,665	233,432,089
Deposits and other accounts	17	1,293,145,575	1,142,574,606
Liabilities against assets subject to finance lease		–	–
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities		–	–
Other liabilities	19	65,980,562	52,463,298
		2,026,883,138	1,452,348,556
<b>Net Assets</b>			
		97,122,821	73,322,253
<b>Represented By</b>			
Share capital	20	14,492,992	12,602,602
Reserves		57,739,655	43,385,854
Surplus on revaluation of assets – net of tax	21	4,458,362	3,952,356
Unappropriated profit		20,431,812	13,381,441
		97,122,821	73,322,253
<b>Contingencies and Commitments</b>			
	22		

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
Mark-up / return / interest earned	24	305,636,456	165,795,743
Mark-up / return / interest expensed	25	246,213,500	125,834,190
Net mark-up / interest income		59,422,956	39,961,553
<b>Non mark-up / interest income</b>			
Fee and commission income	26	7,084,603	5,446,374
Dividend income		709,093	486,424
Foreign exchange income		3,896,622	5,494,301
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	27	777,042	(251,459)
Other income	28	468,591	444,365
Total non-markup / interest income		12,935,951	11,620,005
Total income		72,358,907	51,581,558
<b>Non mark-up / interest expenses</b>			
Operating expenses	29	28,569,430	22,572,388
Workers' welfare fund	30	533,110	339,903
Other charges	31	245,543	167,678
Total non-markup / interest expenses		29,348,083	23,079,969
<b>Profit before provisions</b>		43,010,824	28,501,589
Provisions and write offs – net	32	966,361	1,042,136
Extraordinary / unusual items		-	-
<b>Profit before taxation</b>		42,044,463	27,459,453
Taxation	33	(20,609,804)	(13,397,858)
<b>Profit after taxation</b>		21,434,659	14,061,595
Rupees			
<b>Basic and diluted earnings per share</b>	34	14.79	9.70

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
Profit after taxation for the year		21,434,659	14,061,595
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Effect of translation of net investment in Foreign Branch		719,284	643,422
Movement in deficit on revaluation of investments – net of tax	21	1,181,832	(2,586,968)
		1,901,116	(1,943,546)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain on defined benefit plan	37.7	273,074	61,504
Reversal of deferred tax liability recognized in previous year	13	65,004	–
Movement in surplus on revaluation of operating fixed assets		–	5,159,821
Movement in surplus on revaluation of non banking assets		126,715	80,386
		464,793	5,301,711
<b>Total comprehensive income</b>		<b>23,800,568</b>	<b>17,419,760</b>

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of			Total
						Investments	Fixed / Non banking assets	Un-appropriated profit / (loss)	
Balance as at January 1, 2022	12,602,602	549,520	234,669	14,198,903	17,747,205	(4,962,187)	6,925,806	8,605,975	55,902,493
Total comprehensive income for the year ended December 31, 2022									
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	14,061,595	14,061,595
Other comprehensive income	-	643,422	-	-	-	(2,586,968)	5,240,207	61,504	3,358,165
Transfer to:									
Statutory reserve	-	-	-	1,406,160	-	-	-	(1,406,160)	-
General reserve	-	-	-	-	8,605,975	-	-	(8,605,975)	-
	-	-	-	1,406,160	8,605,975	-	-	(10,012,135)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	(664,502)	664,502	-
<b>Balance as at January 1, 2023</b>	<b>12,602,602</b>	<b>1,192,942</b>	<b>234,669</b>	<b>15,605,063</b>	<b>26,353,180</b>	<b>(7,549,155)</b>	<b>11,501,511</b>	<b>13,381,441</b>	<b>73,322,253</b>
Total comprehensive income for the year ended December 31, 2023									
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	21,434,659	21,434,659
Other comprehensive income	-	719,284	-	-	-	1,181,832	126,715	338,078	2,365,909
Transfer to:									
Statutory reserve	-	-	-	2,143,466	-	-	-	(2,143,466)	-
General reserve	-	-	-	-	13,381,441	-	-	(13,381,441)	-
	-	-	-	2,143,466	13,381,441	-	-	(15,524,907)	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	-	-	-	-	(802,541)	802,541	-
Transaction with owners, recorded directly in equity									
Bonus shares issued	1,890,390	-	(234,669)	-	(1,655,721)	-	-	-	-
<b>Balance as at December 31, 2023</b>	<b>14,492,992</b>	<b>1,912,226</b>	<b>-</b>	<b>17,748,529</b>	<b>38,078,900</b>	<b>(6,367,323)</b>	<b>10,825,685</b>	<b>20,431,812</b>	<b>97,122,821</b>

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# UNCONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>Cash flow from operating activities</b>			
Profit before taxation		42,044,463	27,459,453
Less: dividend income		(709,093)	(486,424)
		41,335,370	26,973,029
Adjustments:			
Depreciation		990,509	913,636
Amortization		181,584	142,765
Depreciation on ROU assets		1,722,707	1,579,354
Interest expense on lease liability against ROU assets		1,061,886	912,324
Gain on termination of lease contracts under IFRS - 16, Leases		(13,731)	(13,700)
Charge for defined benefit plans		495,046	439,130
Provisions and write offs - net	32	1,093,302	1,126,726
Unrealized gain on revaluation of securities		(18,393)	-
Gain on sale of fixed assets		(25,960)	(52,977)
		5,486,950	5,047,258
		46,822,320	32,020,287
(Increase) / decrease in operating assets			
Lendings to financial institutions		436,656	(406,934)
Held for trading securities		(69,721)	(464,718)
Advances		(50,586,948)	(107,117,592)
Other assets		(36,089,893)	(18,776,213)
		(86,309,906)	(126,765,457)
Increase / (decrease) in operating liabilities			
Bills payable		515,773	1,643,189
Borrowings from financial institutions		409,930,576	109,868,328
Deposits		150,570,969	127,144,538
Other liabilities		12,390,537	11,146,999
		573,407,855	249,803,054
		533,920,269	155,057,884
Payment made to defined benefit plan		(260,241)	(439,344)
Income tax paid		(18,562,856)	(13,102,103)
Net cash flow generated from operating activities		515,097,172	141,516,437
<b>Cash flow from investing activities</b>			
Net investments in available for sale securities		(474,802,208)	(162,775,307)
Net investments in held to maturity securities		56,059,672	10,526,966
Acquisition of subsidiary		(31,081)	-
Dividend received		709,626	482,659
Investments in operating fixed assets		(2,067,983)	(1,402,220)
Investments in intangible assets		(699,951)	(333,279)
Proceeds from non banking assets		751,400	1,237,002
Proceeds from sale of fixed assets		39,285	71,436
Effect of translation of net investment in foreign branch		719,284	643,422
Net cash flow used in investing activities		(419,321,956)	(151,549,321)
<b>Cash flow from financing activities</b>			
Payments against lease liabilities		(2,523,755)	(2,218,190)
Dividends paid		(2,226)	(8,818)
Net cash flow used in financing activities		(2,525,981)	(2,227,008)
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>93,249,235</b>	<b>(12,259,892)</b>
<b>Cash and cash equivalents at beginning of the year</b>	35	<b>80,627,190</b>	<b>92,887,082</b>
<b>Cash and cash equivalents at end of the year</b>	35	<b>173,876,425</b>	<b>80,627,190</b>

The annexed notes 1 to 48 and Annexures I and II form an integral part of these unconsolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

## 1 STATUS AND NATURE OF BUSINESS

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 (2022: 71.91 ) percent shares of the Bank as on December 31, 2023. The ultimate parent of the Bank is Fauji Foundation. The Bank has 660 branches (2022: 600 branches); 659 in Pakistan and Azad Jammu and Kashmir including 137 (2022: 120) Islamic Banking branches and 63 (2022: 57) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

The Board of Directors of the Bank in its meeting held on October 27, 2023 has approved the establishment of a wholly owned Exchange Company with an authorized share capital of Rs. 1,000 million (Rs.1.0 billion), subject to the approval/clearance by the State Bank of Pakistan (SBP), Securities & Exchange Commission of Pakistan (SECP) and completion of other regulatory compliance requirements.

## 2 BASIS OF PRESENTATION

These unconsolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No. 2 dated January 25, 2018.

These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiary are stated at cost and have not been accounted for on the basis of reported results and net assets of the investees which is done in consolidated financial statements.

In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Bank from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facilities actually utilized and the appropriate portion of profit thereon.

The financial results of the Islamic banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure – II to these unconsolidated financial statements.

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pak. Rupee, which is the Bank's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

### 2.1 Statement of Compliance

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

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



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

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. SBP vide BPRD Circular No. 07 of 2023 dated April 13, 2023 extended the date of implementation of IFRS-9 to January 01, 2024 (previously SBP vide BPRD Circular Letter No. 03 of 2022 dated July 5, 2022 has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2023). Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars. The estimated impact of adoption of IFRS-9 – "Financial Instruments" is disclosed in note 2.3.

IFRS10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I) /2016 dated January 28, 2016, that the requirements of consolidation under section 228 of Companies Act 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

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

There are certain new and amended standards, interpretations and amendments that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either not relevant or not to have any significant impact on the Bank's unconsolidated financial statements.

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

Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Bank.

		<b>Effective date (periods ending on or after)</b>
IFRS 16	Lease liability in a sale and lease back arrangement (amendments to IFRS 16 in September 2022).	January 1, 2024
IAS 28	Investments in Associates and Joint Ventures (amendments)	Not yet finalized
IFRS 10	Consolidated Financial Statements (Amendments)	Not yet finalized
IAS 21	Lack of exchangeability (amendments to IAS 21).	January 1, 2025

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, which replaces current accounting and reporting standards which are relevant for financial instruments, is effective for periods beginning on or after 1 January 2024 and was endorsed by State Bank of Pakistan (SBP) in July 2022 via BPRD Circular no 3 of 2022. SBP via same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. IFRS 9, in particular the impairment requirements, will lead to significant changes in the accounting for financial instruments. Wherever the requirements of the application instructions issued by SBP differ with the requirements of IFRS, the requirements of the said application instructions have been followed.

### Governance, ownership and responsibilities

The Bank has adopted a governance framework requiring risk management, financial reporting, technology and operational support functions to work together with business lines ensuring effective input. IFRS 9 requires robust credit risk models that can predict PDs, LGDs and EADs and such concerned functions within the Bank will regularly review, test, calibrate and validate methodologies, data as per applicable guidance and best practices for effective ECL computation and appropriate financial disclosure.

### Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at Fair Value Through Profit or Loss (FVTPL) regardless of the business model in which they are held. The entity's business model in which financial assets are held will determine whether the financial assets are measured at Amortised Cost (AC), Fair Value Through Other Comprehensive Income (FVOCI) or FVTPL. The classification of equity instruments is generally measured as FVTPL unless the Bank elects for FVTOCI at initial recognition. Moreover, the decision can be made on a scrip by scrip basis and even on individual purchase basis. Although gains and losses on investments in equity instruments designated at FVOCI will be recognized in other comprehensive income. However, dividends will normally be recognized in profit and loss account. No capital gain will be routed through profit and loss account.

When classifying each financial asset, the Bank will carry out the following tests:

- (a) Business model test reflecting the way in which the financial assets are managed; and
- (b) Contractual Cash Flow Characteristics Test i.e. whether the contractual cash flows from the financial asset represents, on specified dates, SPPI on the principal amount outstanding.

A financial asset will be measured at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognized. In certain circumstances, non-trading equity instruments can be irrevocably designated as FVOCI but both unrealised and realised gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the profit and loss account.

A financial asset will be measured at FVTPL unless it is measured at amortised cost or at fair value through other comprehensive income. Where the objective of a business is to manage financial assets on a fair value basis, the instruments within that business model are measured at FVTPL.

SBP has advised banks to measure investment in unquoted equity securities at lower of cost or breakup value till 31 December 2024. In case where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value will be classified as loss and provided for by charging it to the Profit and Loss account.

Any security which fails the SPPI test would be measured at FVTPL. At present, debt financial instruments at the Bank will be classified at AC, FVOCI or FVTPL. Therefore, simple transition would be as follows:

- (a) Securities classified as Held to Maturity to be reclassified as AC;
- (b) Securities designated as Held for Trading to be classified as FVTPL; and
- (c) Securities designated as Available for Sale to be classified as FVOCI or FVTPL, whatever the case may be.

The process / rationale for choosing a classification category as defined in all cases above is required to be documented and presented to the Board Risk Management Committee (BRMC) for approval.

Any subsequent reclassification of financial assets would be allowed only when, the Bank changes its business model for managing these financial assets. Reclassifications of financial assets will only be made in exceptional cases as they will only occur when the Bank significantly changes the way it does business. The reclassification of financial assets managed under different business models should require valid rationale for the change in the business model that has led to the reclassification and will be effective with prior approval of the Board. However, such reclassifications are expected to be rare.

There has been no change to the requirements in respect of the classification and measurement of financial liabilities.

The derecognition requirements have also been carried forward unchanged from accounting and reporting standards (ARS) currently applicable in Pakistan.

### **Expected credit loss (ECL)**

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether the credit risk of the customer has increased significantly since the exposure was first recognized. The loss allowance for those exposures where the credit risk has not increased significantly ('Stage 1' exposures) is based on 12-months ECLs. The allowance for those exposures that have suffered a significant increase in credit risk (SICR) ('Stage 2' and 'Stage 3' exposures) is based on lifetime ECLs. The assets that are covered under the IFRS 9 impairment requirements, comprises as under:

- (i) Loans and advances that are measured at amortised cost or at fair value through other comprehensive income;
- (ii) Debt instruments that are measured at amortised cost or at fair value through other comprehensive income;
- (iii) Financing commitments that are not measured at fair value through profit and loss; and
- (iv) Financial guarantee contracts that are not measured at fair value through profit and loss.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

The Bank has the following financial asset portfolios that are subject to ECL computations:

- (i) Loans and Advances – which are sub-divided into different segments based on their risk characteristics.
- (ii) Non-funded facilities
- (iii) Investments in debt instruments
- (iv) Lending to financial institutions
- (v) Balances with banks

As per the application instructions issued by SBP, the credit exposure in local currency that has been guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, a two-track approach is required i.e. Stage 1 and Stage 2 provision to be made as per IFRS 9 ECL and stage 3's provision to be made higher of IFRS 9 ECL or PR's requirement.

The Bank will perform ECL calculation of credit exposure of the Bank categorizing in the Regulatory Segments i.e. Corporate Banking, Commercial and Small & Medium Enterprises, Financial Institutions, Agriculture and Consumer Financing. ECLs are not recognized for equity instruments designated at FVOCI.

The credit models that are used to derive ECL have three main components – forward-looking PD, LGD and EAD. These elements are defined as follows:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive/recover, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

The Bank's ECL calculator will incorporate all possible forward-looking macro-economic scenarios for calculations. For this purpose, three scenarios will be considered detailed as under:

- Base Case Scenario: Base case forecasts will be calculated using the externally sourced macroeconomic indicators.
- Improved Case Scenario: Base case data will be adjusted with positive developments in macroeconomic indicators.
- Worst Case Scenario: Base case data will be adjusted with negative developments in macroeconomic indicators.

For the purpose of calculation of ECL, the Bank has used quarterly data from March 2017 to September 2023 for calculation of PD till 31 December 2023 and going forward, one more year's data will be included until the Bank has at least ten years' data. For calculating ECL, the Bank will classify its financial assets under three following categories:

- (a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Bank will recognize an allowance based on the 12-month ECL.
- (b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Bank will recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- (c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Bank will recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9, is compared with regulatory provision required as per Prudential regulations.

Any changes in lifetime expected losses after initial recognition are charged or credited to the profit and loss account through 'Impairment'.

The measurement of ECLs across all stages is required to reflect an unbiased and probability weighted amount that is determined by evaluating a range of reasonably possible outcomes using reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The period considered when measuring ECL is the shorter of the expected life and the contractual term of the financial asset. SBP has advised banks to recognize income on impaired assets (loans classified under PRs i.e. OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PR issued by SBP.

#### **Significant increase in credit risk (SICR)**

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Bank uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Bank will calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Bank will assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

#### **Definition of default**

The definition of default used by the Bank is the same as that mentioned within the Standard and will be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. For determination of default of a financial instrument, qualitative considerations must also be considered. IFRS 9 provides a backstop of 90 days past due after which there is a rebuttable presumption that the financial asset is in default. However, for Trade Bills, the DPD criteria will apply after lapse of 179 days from the due date.

#### **Improvement in credit risk / Curing**

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### Low Credit Risk Assets (LCRAs)

The Bank will develop policies to determine assets that can be considered as 'low credit risk'. The assets with low credit risks include:

- (i) Investments (debt instruments) having rating AA- and above from an external rating agency at the reporting date.
- (ii) All exposures on multilateral development agencies.
- (iii) Sovereign exposures (in foreign currency) having with investment grade rating BBB and above from an external rating agency at the reporting date.

### Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. In accordance with IFRS 9, the Bank will not restate comparative information with respect to impairment changes. Any differences in the carrying amounts of financial assets and financial liabilities consequent to the adoption of IFRS 9 will be recognized in retained earnings and reserves as at 1 January 2024. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated at 31 December 2023 because it will be dependent on the financial instruments that the Bank would hold during 2024 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. Although parallel run regulatory reporting has been carried out till third quarter of 2023, the new systems and associated controls in place have not been operational for a more extended period. Further the Bank is in the process of refining its LGD model. However, for estimating LGD as at December 31, 2023, the Bank has used LGD percentages prescribed under Basel Foundation – Internal Rating Based approach for stage I and stage II financial assets. In case for stage III financial assets, the Bank calculated a percentage by taking an average of the outstanding NPL amount and the recovery covering period of five years. Moreover, for EAD calculation, the bank is in the process of refining its model for Credit Conversion Factors (CCFs) and therefore currently using more conservative CCFs prescribed by Bael Committee on Banking Supervision for calculation of RWA for credit risk. The Bank has recognized ECL on the stage 3 financial assets using the higher off approach, which means that ECL on such financial assets computed under IFRS 9 is compared with the regulatory provision required under Prudential regulations.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 01, 2024 is approximately Rs. 5,108 million.

### Impact on regulatory capital

The banks are allowed to include provisions for Stage 1 and Stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, bank, has chosen to apply transitional arrangement and implementing this arrangement in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in Annexure-B of BPRD Circular no 3 of 2022.

The transitional arrangement will 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") will be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The impact of adoption of IFRS 9 on the capital ratios of the Bank are as follows:

	As per adopted IFRS 9	As per current Accounting and Reporting Framework
Common Equity Tier 1 Capital Adequacy ratio	14.52%	15.11%
Tier 1 Capital Adequacy Ratio	15.49%	16.08%
Total Capital Adequacy Ratio	17.43%	18.35%

The State Bank of Pakistan issued revised formats for annual and quarterly financial statements of interim/ annual financial statements for banks/DFIs and MFBs which is applicable from 1<sup>st</sup> quarter of 2024 and year ending December 31, 2024 respectively.

Apart from impact of IFRS 9 as above, there are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered either not relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.

## 2.4 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgements are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas of assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) classification of investments (note 4.5)
- ii) provision against investments (note 4.5) and advances (note 4.6)
- iii) valuation of available for sale securities (note 4.5)
- iv) impairment of available for sale and held to maturity securities (note 4.5.2 and 4.17)
- v) useful life of property and equipment and intangible assets (note 4.7)
- vi) staff retirement benefits (note 4.13)
- vii) taxation (note 4.16)
- viii) IFRS 16 – Leases (note 4.9)
- ix) Fair value of derivatives (note 4.22)

## 3 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention as modified for certain investments and derivative financial instruments which are carried at fair value, non-banking assets acquired in satisfaction of claims, freehold and leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

### 4.1 Changes in accounting policies

There has been no change in the accounting policies implemented by the Bank during the current year.

### 4.2 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lending.

### 4.3 Lending (reverse repo)

Consideration for securities purchased under resale agreement (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is recognized as mark-up / return earned on a time proportion basis. Reverse repo balances are reflected under lending to financial institutions.

### 4.4 Bai Muajjal receivable from other financial institutions

In Bai Muajjal, the Bank sells sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions. Bai Muajjal with the Federal Government is classified as investment.

### 4.5 Investments

Investments are classified as follows:

#### Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.

#### Available for sale

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories.

#### Held to maturity

These represent securities acquired with the intention and ability to hold them upto maturity.

#### 4.5.1 Initial measurement

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at trade date, which is the date at which the Bank commits to purchase or sell the investments except for money market and foreign exchange contracts, other than ready market transactions, which are recognized at settlement date.

In case of investments classified as held for trading, transaction costs are expensed through profit and loss account. Transaction costs associated with investments other than those classified as held for trading are included in the cost of investments.

#### **4.5.2 Subsequent measurement**

##### **Held for trading**

These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

##### **Available for sale**

In accordance with the requirements of various circulars of SBP, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of comprehensive Income (OCI)" and is shown in the shareholders' equity in the unconsolidated statement of financial position.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee as per the latest audited financial statements. If the break-up value is less than cost the difference is included in profit and loss account. Unquoted debt securities are valued using the market value of secondary market where available.

Investments in other unquoted securities are valued at cost less impairment losses.

##### **Held to maturity**

These are carried at amortized cost less impairment, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

##### **Investment in subsidiaries and associates**

Investments in subsidiaries and associates are carried at cost less impairment, if any.

#### **4.6 Advances**

Advances are stated net of specific and general provisions. Specific provision is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances against consumer and small enterprises in accordance with the requirements of Prudential Regulations and provision based on historical loan experience. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

The provisions against non-performing advances are charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery.

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

##### **4.6.1 Finance lease receivables**

Leases where the Bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 4.6.2 Islamic financing and related assets

Ijarahs booked under Islamic Financial Accounting Standard 2 – Ijarah (IFAS – 2) are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Bank charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

In Salam financing, the Bank pays full in advance to its customer for buying specified goods / commodities to be delivered to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

In Musharakah a relationship is established under a contract by the mutual consent of the Bank and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharaka (DM) is a form of co-ownership in which Bank and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Bank until the title to such tangible asset is completely transferred to the customer. The rental payment is recognized as profit while the assets transfer / sale payments are applied towards reducing the outstanding principal.

In Istisna financing, the Bank acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Bank within an agreed time. The goods are then sold and the amount financed is received back by the Bank along with profit.

In Running Musharaka based financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

### 4.7 Fixed assets and depreciation

#### Capital work-in-progress

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

#### Property and equipment

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated. Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the profit and loss account.



Surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of assets account and is shown under the shareholders' equity in the unconsolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Bank or utilized directly or indirectly by way of dividend or bonus. Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

### **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

### **Depreciation / amortization**

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in notes 10.2 and 11.1 respectively on a monthly basis. The cost of assets is depreciated / amortized on straight line basis, except for buildings which are depreciated on reducing balance method. Depreciation / amortization commences when the related asset is available for use and discontinues when the asset is disposed off or retired from the active use. Maintenance and normal repairs are charged to profit and loss account as and when incurred.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

## **4.8 Assets held for sale**

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are carried at the lower of carrying amount at designation and fair value less costs to sell, if fair value can reasonably be determined.

## **4.9 IFRS 16 – Leases**

A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lease liabilities are initially measured at the present value of lease payment, discounted using the Bank's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related ROU assets after the date of initial recognition.

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

The ROU assets are initially measured based on the initial amount of the lease liability plus any initial direct costs incurred. ROU assets are subsequently stated at cost less any accumulated depreciation. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The estimated useful lives of ROU assets are determined on the same basis as that used for owned assets. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

#### 4.10 Borrowings (Repo)

Consideration received against securities sold under repurchase agreement (repo) are included in borrowings from financial institutions. The difference between sale and repurchase price is recognized as mark-up / return expensed on a time proportion basis.

#### 4.11 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account on a time proportion basis.

The Bank generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

#### 4.12 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up on subordinated debts is charged to the profit and loss account over the period on accrual basis.

#### 4.13 Staff retirement benefits

##### Defined benefit plan

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period of occurrence. Past service cost is recognized as expense when the plan is amended.

Certain actuarial assumptions have been adopted as disclosed in note 37 of these unconsolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

##### Defined contribution plan

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees at the rate of 8.33% of the basic salary of the employee.

##### Compensated absences

The Bank provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to unconsolidated profit and loss account. The amount recognized in the unconsolidated statement of

financial position represents the present value of defined benefit obligations. Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in the profit and loss account in the period of occurrence.

#### **4.14 Foreign currencies**

##### **Foreign currency transactions**

Foreign currency transactions other than results of foreign operations are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the reporting date. Forward transactions in foreign currencies are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in unconsolidated profit and loss account currently.

##### **Foreign operation**

The assets and liabilities of Wholesale Bank Branch are translated to Pak. Rupee at exchange rates prevailing at the date of unconsolidated statement of financial position. The income and expenses of foreign operations are translated at the average rate of exchange for the year.

##### **Translation gains and losses**

Translation gains and losses are included in unconsolidated profit and loss account, except those arising on translation of the Bank's net investment in foreign operations which are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in unconsolidated profit and loss account.

##### **Commitments**

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

#### **4.15 Revenue recognition**

Mark-up / interest on advances and return on investments is recognized on time proportionate basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so.

Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity using effective yield method.

Fees and commission income is recognized at the time of performance of service.

Dividend income is recognized when Bank's right to receive the income is established.

Gains or losses on sale of investments are recognized in unconsolidated profit and loss account.

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of the total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Repossessed vehicles on account of loan default are recorded in memorandum account.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Profit on Murabaha sale transaction not due for the payment is deferred by recording a credit to the "Deferred Murabaha Income" account.

Profits on Musharaka and Diminishing Musharaka financings are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.

Profit on Salam finance is recognized on time proportionate basis.

Rental income from Ijarah financing is recognized on an accrual basis. Depreciation on Ijarah asset is charged to income (net-off rental income) over the period of Ijarah using the straight line method.

Profit on Istisna financing is recognized on a time proportionate basis.

### 4.16 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the unconsolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. In making the estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

#### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates at a tax rate enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

#### Prior years

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

#### Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of unconsolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

#### **4.17 Impairment**

##### **Available for sale**

The Bank determines that available for sale equity investments are impaired 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 judgment. In making this judgment, the Bank evaluates, among other factors, the normal volatility in share price in case of listed securities. Impairment loss on available for sale debt securities is determined in accordance with the requirements of Prudential Regulations issued by SBP.

##### **Non-financial assets**

The carrying amount of the Bank's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the unconsolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **4.18 Non-banking assets acquired in satisfaction of claims**

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

#### **4.19 Other provisions**

Provisions are recognized when there are present, legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to unconsolidated profit and loss account is stated net off expected recoveries.

#### **4.20 Off-setting**

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

#### **4.21 Financial assets and liabilities**

Financial assets and financial liabilities are recognized at the time when the Bank becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 4.22 Derivative financial instruments

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

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the reporting date and the rates contracted.

### 4.23 Appropriations subsequent to date of unconsolidated statement of financial position

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

### 4.24 Dividend distribution and appropriation

Dividends and appropriations (except for the appropriations required by law), made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the year in which these are approved / transfers are made.

### 4.25 Earnings per share

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

### 4.26 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

### 4.27 Business segment

#### Branch banking

This segment consists of loans, deposits and other banking services including branchless banking services to small enterprises, medium enterprises, agriculture and individual customers.

#### Corporate banking

Corporate banking includes deposits, project financing, trade financing and working capital to corporate and commercial customers of the Bank. This segment is also involved in investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

#### Treasury

Treasury function is mainly engaged in money market activities, foreign exchange business and short term lending and borrowings from counterparties.

#### Consumer banking

Consumer banking segment provides both secured and unsecured loans to retail customers.



### Islamic banking

This segment provides banking services to its customers in compliance with Shariah rules and directives, instructions and guidelines issued by SBP.

### Foreign operations

Foreign operations consists of the banking activities performed through its Wholesale Bank Branch in the Kingdom of Bahrain.

### Head office / others

This consists of banking operations not performed by any of above segments.

#### 4.27.1 Geographical segments

The Bank operates in two geographic regions; Pakistan including its allied territories and the Middle East.

#### 4.28 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 in unconsolidated statement of financial position both as assets and liabilities.

#### 4.29 Contingent Liabilities

Contingent liabilities are not recognized in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, it is not disclosed as a contingent liability.

Rupees in '000	Note	2023	2022
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand:</b>			
Local currency		27,760,784	22,700,376
Foreign currencies		4,318,238	3,407,920
		32,079,022	26,108,296
<b>With the State Bank of Pakistan in:</b>			
Local currency current accounts	5.1	104,626,342	43,901,951
Foreign currency current account	5.1	6,885,755	647,093
Foreign currency deposit account	5.2	12,873,026	–
		124,385,123	44,549,044
<b>With National Bank of Pakistan in:</b>			
Local currency current accounts		3,573,496	260,731
<b>Prize Bonds</b>		49,753	31,996
		160,087,394	70,950,067

**5.1** These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

**5.2** This represents special cash reserve maintained with the SBP.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>6</b>			
<b>BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		2,802	32,629
<b>Outside Pakistan</b>			
In current accounts		1,557,101	3,383,544
In deposit accounts	6.1 & 6.2	12,229,132	6,260,952
		13,786,233	9,644,496
Provision held against balances with other banks		(4)	(2)
		13,789,031	9,677,123

**6.1** These represent placements with international correspondent banks, carrying interest rates up to 5.08% (2022: up to 2.25%) per annum.

**6.2** This includes Rs. 832,790 thousand (December 31, 2022: Nil) marked as lien with a correspondent bank against issue of Standby Letter of Credit (SBLC).

Rupees in '000	Note	2023	2022
<b>7.</b>			
<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (reverse repo)		–	406,934
Purchase under resale arrangement of equity securities	7.1	89,164	118,886
		89,164	525,820
Provision held against lending to financial institutions	32	(89,164)	(118,886)
Lendings to financial institutions – net of provision		–	406,934
<b>7.1 Particulars of lending</b>			
In local currency		89,164	525,820

### 7.2 Securities held as collateral against lending to financial institution

Rupees in '000	2023			2022		
	Held by the Bank	Further Given as Collateral	Total	Held by the Bank	Further Given as Collateral	Total
Market Treasury Bills	–	–	–	406,934	–	406,934

### 7.3 Category of classification

Rupees in '000	2023		2022	
	Classified Lending	Provision Held	Classified Lending	Provision Held
<b>Domestic</b>				
Loss	89,164	118,886	89,164	118,886

## 8. INVESTMENTS

Rupees in '000	2023				2022			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
<b>8.1 Investments by type:</b>								
Held for Trading								
Ordinary Shares	534,439	-	18,393	552,832	464,718	-	(60,647)	404,071
	534,439	-	18,393	552,832	464,718	-	(60,647)	404,071
Available for sale securities								
Federal Government Securities	1,117,640,852	(524,796)	(14,605,232)	1,102,510,824	646,356,442	(526,353)	(13,520,293)	632,309,796
Shares	4,752,010	(597,143)	1,885,567	6,040,434	4,026,368	(787,260)	28,824	3,267,932
Units of open end mutual funds	1,874,328	(168,124)	254,392	1,960,596	1,833,026	(166,399)	135,283	1,801,910
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	12,750	28,150
Non Government Debt Securities	15,836,647	(1,355,068)	(32,425)	14,449,154	13,085,795	(1,319,740)	99,304	11,865,359
	1,140,131,151	(2,657,045)	(12,484,948)	1,124,989,158	665,328,945	(2,811,666)	(13,244,132)	649,273,147
Held to maturity securities								
Federal Government Securities	57,384,640	(585,642)	-	56,798,998	111,642,002	(585,365)	-	111,056,637
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	-	-	-	-	1,802,310	(5,146)	-	1,797,164
	57,494,640	(695,642)	-	56,798,998	113,554,312	(700,511)	-	112,853,801
Associate (note 8.6)	-	-	-	-	165,619	-	-	165,619
Subsidiary (note 8.6)	196,700	-	-	196,700	-	-	-	-
<b>Total investments</b>	<b>1,198,356,930</b>	<b>(3,352,687)</b>	<b>(12,466,555)</b>	<b>1,182,537,688</b>	<b>779,513,594</b>	<b>(3,512,177)</b>	<b>(13,304,779)</b>	<b>762,696,638</b>
<b>8.2 Investments by segments:</b>								
Federal Government Securities								
Market Treasury Bills	48,409,706	-	83,982	48,493,688	34,689,698	-	(268,588)	34,421,110
Pakistan Investment Bonds	1,051,926,879	-	(12,440,727)	1,039,486,152	669,174,397	-	(8,872,459)	660,301,938
Euro Bonds	21,058,165	(1,110,438)	(770,240)	19,177,487	16,916,343	(1,111,718)	(3,263,535)	12,541,090
Naya Pakistan Certificates	3,744,996	-	-	3,744,996	3,282,078	-	-	3,282,078
Ijarah Sukuks	49,885,746	-	(1,478,247)	48,407,499	33,935,928	-	(1,115,711)	32,820,217
	1,175,025,492	(1,110,438)	(14,605,232)	1,159,309,822	757,998,444	(1,111,718)	(13,520,293)	743,366,433
Shares								
Listed companies	4,930,769	(591,463)	1,903,960	6,243,266	4,135,406	(781,580)	(31,823)	3,322,003
Unlisted companies	355,680	(5,680)	-	350,000	355,680	(5,680)	-	350,000
	5,286,449	(597,143)	1,903,960	6,593,266	4,491,086	(787,260)	(31,823)	3,672,003
Units of open end mutual funds	1,874,328	(168,124)	254,392	1,960,596	1,833,026	(166,399)	135,283	1,801,910
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	12,750	28,150
Non Government Debt Securities								
Listed	2,529,432	(204,429)	(30,665)	2,294,338	2,704,432	(204,432)	(47,741)	2,452,259
Unlisted	13,417,215	(1,260,639)	(1,760)	12,154,816	10,491,363	(1,225,308)	147,045	9,413,100
	15,946,647	(1,465,068)	(32,425)	14,449,154	13,195,795	(1,429,740)	99,304	11,865,359
Foreign Government Securities	-	-	-	-	1,802,310	(5,146)	-	1,797,164
Associate (note 8.6)	-	-	-	-	165,619	-	-	165,619
Subsidiary (note 8.6)	196,700	-	-	196,700	-	-	-	-
<b>Total investments</b>	<b>1,198,356,930</b>	<b>(3,352,687)</b>	<b>(12,466,555)</b>	<b>1,182,537,688</b>	<b>779,513,594</b>	<b>(3,512,177)</b>	<b>(13,304,779)</b>	<b>762,696,638</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2023	2022
<b>8.2.1 Investments given as collateral</b>		
<b>The market value of investments given as collateral is:</b>		
Market Treasury Bills	13,586,080	14,650,739
Pakistan Investment Bonds	570,673,900	163,347,300
Turkish Euro Bonds	–	1,797,861
Shares	141,491	177,855
	<b>584,401,471</b>	<b>179,973,755</b>
<b>8.3 Provision for diminution in value of investments</b>		
<b>8.3.1 Opening balance</b>	3,512,177	2,304,644
Exchange adjustments	274,611	134,098
(Reversals) / charge		
Charge for the year	180,392	560,165
(Reversal) / charge for the year under IFRS 9 related to WBB	(281,037)	760,372
Reversals for the year	(47,170)	(67,045)
Net (reversal) / charge	(147,815)	1,253,492
Reversal on disposals	(286,286)	(180,057)
Closing balance	3,352,687	3,512,177

### 8.3.2 Particulars of provision against debt securities

Rupees in '000	2023		2022	
	NPI	Provision	NPI	Provision
<b>Category of classification</b>				
<b>Domestic</b>				
Loss	1,547,568	1,465,068	1,429,740	1,429,740

**8.3.3** Included in the above, Bank's Bahrain branch holds general provision of Rs. 1,110,438 thousand (December 31, 2022: Rs. 1,116,864 thousand) against investments in accordance with ECL requirement of IFRS 9.

#### 8.4 Quality of available for sale securities

Details regarding quality of available for sale securities are as follows:

Rupees in '000	2023		2022	
	Cost		Cost	
<b>Federal Government Securities – Government guaranteed</b>				
Market Treasury Bills	48,409,706		34,689,698	
Pakistan Investment Bonds	1,005,884,216		566,762,426	
Euro Bonds	9,716,188		7,686,312	
Ijarah Sukuks	49,885,746		33,935,928	
Naya Pakistan Certificates	3,744,996		3,282,078	
	1,117,640,852		646,356,442	
<b>Shares</b>				
<b>Listed</b>				
Auto assembler	–		42,393	
Commercial banks	982,822		819,973	
Chemicals	403,696		414,512	
Cement	631,322		348,022	
Engineering	87,491		24,398	
Fertilizer	–		174,211	
Insurance	–		6,981	
Investment banks and companies	–		26,560	
Oil and gas marketing companies	550,448		491,734	
Oil and gas exploration	477,638		266,910	
Power generation and distribution	649,903		589,141	
Paper and board	69,750		69,750	
Pharmaceuticals	153,089		97,432	
Refinery	–		7,799	
Textile composite	138,482		117,235	
Technology and communication	251,689		149,971	
Transport	–		23,666	
	4,396,330		3,670,688	
<b>Unlisted</b>				
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	893,500	50,000	537,300
Pakistan Mortgage Refinance Company Limited	300,000	723,052	300,000	609,370
	355,680	1,616,552	355,680	1,146,670

Breakup value has been calculated on the basis of latest available financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2023	2022
	Cost	
<b>Units of Open end mutual funds</b>		
<b>Listed</b>		
National Investment Trust Limited		
National Investment (Unit) Trust Fund	500,000	500,000
Islamic Equity Fund	50,000	50,000
Asset Allocation Fund	100,000	100,000
Islamic Money Market Fund	100,000	100,000
Real Estate Investment Trust	124,328	383,026
	874,328	1,133,026
<b>Unlisted</b>		
Real Estate Investment Trust	1,000,000	700,000
<b>Fully Paid Preference Shares</b>		
<b>Listed</b>		
Textile	25,100	25,100
<b>Unlisted</b>		
Commercial Banks	2,214	2,214
	27,314	27,314
<b>Non Government Debt Securities</b>		
<b>Listed</b>		
AAA	750,000	750,000
AA+, AA, AA-	1,375,000	1,475,000
A+, A, A-	200,000	275,000
Unrated	204,432	204,432
	2,529,432	2,704,432
<b>Unlisted</b>		
AAA	10,140,129	7,642,005
AA+, AA, AA-	1,016,450	716,550
A+, A, A-	867,500	907,500
B+, B, B-	215,000	-
Unrated	1,068,136	1,115,308
	13,307,215	10,381,363



## 8.5 Particulars relating to Held to Maturity securities are as follows:

Rupees in '000	2023		2022	
	Cost		Cost	
Federal Government Securities – Government guaranteed				
Pakistan Investment Bonds	46,042,663		102,411,971	
Government of Pakistan Euro Bonds	11,341,977		9,230,031	
	57,384,640		111,642,002	
Non Government Debt Securities				
Unlisted				
CCC and below	110,000		110,000	

Rupees in '000	2023		2022	
	Cost	Rating	Cost	Rating
<b>Foreign Securities</b>				
Government securities				
Turkish Euro Bonds	–	–	1,802,310	B–

**8.5.1** Market value of held to maturity securities other than classified investments is Rs. 50,430,873 thousand (December 31, 2022: Rs. 101,813,767 thousand).

**8.6** The Honorable Sindh High Court vide its order dated March 13, 2023 approved the scheme of arrangement for amalgamation of Askari Securities Limited (ASL) inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations with and into Foundation Securities (Private) Limited (FSL), wholly owned by Fauji Foundation, as of the effective date of scheme i.e. July 01, 2021 against issuance of 27,140,000 ordinary shares of Rs. 10 each of FSL at par value (1.18 shares of FSL) against 1 share of ASL held by the Bank.

Earlier, the amalgamation was approved by the State Bank of Pakistan subject to the Bank holding at least 51% equity stake in the post amalgamated FSL. Accordingly, subsequent to merger the Bank acquired 2,236,031 ordinary shares of Rs. 10 each of FSL to hold 51% equity stake in FSL.

Since FSL and the Bank are under common control of Fauji Foundation before and after this transaction therefore, the transaction has been recorded by restating the comparative figures in accordance with the requirements of SECP's approved Accounting Standard on "Accounting of Common Control Transactions". However, this restatement has no impact on the net assets, EPS and cash flows presented in these unconsolidated financial statements. As on December 31, 2023 investment in FSL has been classified as investment in subsidiary due to 51% shareholding, while comparative information has been restated and classified as investment in associate being 47.12% interest in FSL under approved scheme of arrangement.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 9 ADVANCES

Rupees in '000	Performing		Non performing		Total	
	2023	2022	2023	2022	2023	2022
Loans, cash credits, running finances, etc. – note 9.1	498,706,097	473,649,618	25,198,876	26,450,298	523,904,973	500,099,916
Islamic financing and related assets– note 2 of Annexure II	114,772,652	82,206,609	2,781,125	2,894,335	117,553,777	85,100,944
Bills discounted and purchased	18,765,713	27,931,036	1,083,586	1,802,149	19,849,299	29,733,185
Advances – gross	632,244,462	583,787,263	29,063,587	31,146,782	661,308,049	614,934,045
Provision against advances						
– Specific	–	–	(25,636,695)	(29,297,528)	(25,636,695)	(29,297,528)
– General	(2,538,527)	(1,825,586)	–	–	(2,538,527)	(1,825,586)
	(2,538,527)	(1,825,586)	(25,636,695)	(29,297,528)	(28,175,222)	(31,123,114)
Advances – net of provision	629,705,935	581,961,677	3,426,892	1,849,254	633,132,827	583,810,931

#### 9.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	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
Lease rentals receivable	2,553,026	2,938,946	–	5,491,972	2,864,872	3,986,283	–	6,851,155
Residual value	691,255	1,276,536	–	1,967,791	612,030	1,574,293	–	2,186,323
Minimum lease payments	3,244,281	4,215,482	–	7,459,763	3,476,902	5,560,576	–	9,037,478
Financial charges for future periods	(698,657)	(767,487)	–	(1,466,144)	(680,319)	(878,511)	–	(1,558,830)
Present value of minimum lease payments	2,545,624	3,447,995	–	5,993,619	2,796,583	4,682,065	–	7,478,648

Rupees in '000

#### 9.2 Particulars of advances (Gross)

In local currency	622,805,589	573,258,877
In foreign currencies	38,502,460	41,675,168
	661,308,049	614,934,045

9.3 Advances include Rs. 29,063,587 thousand (2022: Rs. 31,146,782 thousand) which have been placed under non-performing status as detailed below:

Rupees in '000	2023		2022	
	Non performing loans	Provision	Non performing loans	Provision
<b>Category of classification</b>				
<b>Domestic</b>				
Other Assets Especially Mentioned	133,619	1,423	122,279	1,437
Substandard	2,112,910	523,884	1,596,854	394,848
Doubtful	1,301,511	599,345	844,347	413,258
Loss	25,515,547	24,512,043	28,583,302	28,487,985
	29,063,587	25,636,695	31,146,782	29,297,528

## 9.4 Particulars of provision against advances

Rupees in '000	Note	2023				2022			
		Specific	General	Consumer financing – general	Total	Specific	General	Consumer financing – general	Total
Opening balance		29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216
Exchange adjustments		–	22,369	–	22,369	4,041	36,465	–	40,506
Charge for the year		2,657,741	1,152,111	52,676	3,862,528	2,675,775	133,850	113,551	2,923,176
Reversal under IFRS 9 related to WBB		–	(86,544)	–	(86,544)	(27,403)	(112,950)	–	(140,353)
Reversal for the year		(2,105,630)	(108,551)	(319,120)	(2,533,301)	(1,821,378)	(21,391)	(33,225)	(1,875,994)
		552,111	957,016	(266,444)	1,242,683	826,994	(491)	80,326	906,829
Amounts written off	9.5	(2,505,910)	–	–	(2,505,910)	(198)	–	–	(198)
Amounts charged off	9.7	(1,707,034)	–	–	(1,707,034)	(52,239)	–	–	(52,239)
Closing balance		25,636,695	1,989,385	549,142	28,175,222	29,297,528	1,010,000	815,586	31,123,114

### 9.4.1 Particulars of provision against advances

Rupees in '000	2023				2022			
	Specific	General	Consumer financing – general	Total	Specific	General	Consumer financing – general	Total
In local currency	25,636,695	1,963,699	549,142	28,149,536	29,297,528	920,457	815,586	31,033,571
In foreign currencies	–	25,686	–	25,686	–	89,543	–	89,543
	25,636,695	1,989,385	549,142	28,175,222	29,297,528	1,010,000	815,586	31,123,114

**9.4.2** The net FSV benefit already availed has been increased by Rs. 908,351 thousand, which has resulted in reduced charge for specific provision for the year by the same amount. Had the FSV benefit been not availed, before and after tax profit for the year would have been lower by Rs. 908,351 thousand (2022: higher by Rs. 471,933 thousand) and Rs. 463,259 thousand (2022: higher by Rs. 240,686 thousand) respectively. Further, at December 31, 2023, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 490,116 thousand (December 31, 2022: Rs. 26,865 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and unappropriated profit to that extent are not available for distribution by way of cash or stock dividend.

## 9.5 Particulars of writeoffs

This represents write off against provision amounting to Rs. 2,505,910 thousands related to domestic advances (2022: Rs.198 thousands).

Rupees in '000	2023	2022
<b>9.5.1 Against provisions</b>		
Write offs of Rs. 500,000 and above		
– Domestic	2,505,910	–
Write offs of below Rs. 500,000	–	198
	2,505,910	198

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 9.6 Details of loans written off – 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 in Annexure – I.

### 9.7 Amounts charged off

This includes agriculture loans amounting to Rs. 93,707 thousand (2022: Rs. 52,239 thousand) charged off as per time based criteria prescribed by the State Bank of Pakistan in Annexure – II of Regulation R – 11 of Prudential Regulations for Agriculture Financing. Further, it also includes consumer loans amounting to Rs. 1,614,095 thousand (2022: Nil) charged off as per the Bank's write off, restructuring / rescheduling and settlement policy approved by the Board of Directors.

Rupees in '000	Note	2023	2022
<b>10 FIXED ASSETS</b>			
Capital work-in-progress	10.1	491,050	220,511
Property and equipment	10.2	18,207,022	17,372,333
Right of use asset – IFRS 16	10.3	8,312,812	6,891,568
		27,010,884	24,484,412

**10.1** This represents civil works in progress during the year.

### 10.2 Property and equipment

Rupees in '000	2023									
	Land – freehold	Land – leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>As at January 1, 2023</b>										
Cost / Revalued Amount	7,118,892	6,119,500	1,230,272	984,192	2,889,766	1,941,069	4,125,601	3,487,167	183,138	28,079,597
Accumulated Depreciation	–	–	552,679	524,193	2,460,166	1,102,835	3,111,498	2,844,183	111,710	10,707,264
Net book value	7,118,892	6,119,500	677,593	459,999	429,600	838,234	1,014,103	642,984	71,428	17,372,333
<b>Year ended December 31, 2023</b>										
Opening net book value	7,118,892	6,119,500	677,593	459,999	429,600	838,234	1,014,103	642,984	71,428	17,372,333
Additions	–	–	–	–	366,661	283,164	571,851	513,062	62,706	1,797,444
Disposals	–	–	–	–	(2,522)	(2,009)	(4,885)	–	(3,909)	(13,325)
Depreciation charge	–	–	(33,443)	(22,480)	(192,648)	(178,124)	(293,054)	(241,528)	(29,232)	(990,509)
Other adjustments / transfers	–	–	–	–	(3,561)	90	4,065	40,485	–	41,079
Closing net book value	7,118,892	6,119,500	644,150	437,519	597,530	941,355	1,292,080	955,003	100,993	18,207,022
Cost / Revalued Amount	7,118,892	6,119,500	1,229,926	984,192	2,966,308	2,161,853	4,621,878	3,489,915	235,107	28,927,571
Accumulated Depreciation	–	–	585,776	546,673	2,368,778	1,220,498	3,329,798	2,534,912	134,114	10,720,549
Net book value	7,118,892	6,119,500	644,150	437,519	597,530	941,355	1,292,080	955,003	100,993	18,207,022
<b>Rate of depreciation (percentage)</b>	–	–	5	5	20	10–20	10–20	20	20	

Rupees in '000	2022									
	Land – freehold	Land – leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>As at January 1, 2022</b>										
Cost / Revalued Amount	3,874,491	5,815,489	1,230,272	984,192	2,766,078	1,766,607	3,757,557	3,137,204	208,753	23,540,643
Accumulated Depreciation	-	-	517,880	500,142	2,278,400	956,318	2,885,446	2,667,707	133,190	9,939,083
Net book value	3,874,491	5,815,489	712,392	484,050	487,678	810,289	872,111	469,497	75,563	13,601,560
<b>Year ended December 31, 2022</b>										
Opening net book value	3,874,491	5,815,489	712,392	484,050	487,678	810,289	872,111	469,497	75,563	13,601,560
Additions	138,591	-	-	-	155,710	199,673	418,653	359,365	20,755	1,292,747
Movement in surplus on assets revalued during the year	3,105,810	2,054,011	-	-	-	-	-	-	-	5,159,821
Transfer to assets held for sale – note 13.5	-	(1,750,000)	-	-	-	-	-	-	-	(1,750,000)
Disposals	-	-	-	-	(736)	(7,544)	(8,094)	-	(2,086)	(18,460)
Depreciation charge	-	-	(34,799)	(24,051)	(213,052)	(164,406)	(268,567)	(185,957)	(22,804)	(913,636)
Other adjustments / transfers	-	-	-	-	-	222	-	79	-	301
Closing net book value	7,118,892	6,119,500	677,593	459,999	429,600	838,234	1,014,103	642,984	71,428	17,372,333
<b>As at December 31, 2022</b>										
Cost / Revalued Amount	7,118,892	6,119,500	1,230,272	984,192	2,889,766	1,941,069	4,125,601	3,487,167	183,138	28,079,597
Accumulated Depreciation	-	-	552,679	524,193	2,460,166	1,102,835	3,111,498	2,844,183	111,710	10,707,264
Net book value	7,118,892	6,119,500	677,593	459,999	429,600	838,234	1,014,103	642,984	71,428	17,372,333
Rate of depreciation (percentage)	-	-	5	5	20	10–20	10–20	20	20	

### 10.2.1 Cost of fully depreciated property and equipment still in use of the Bank

Rupees in '000	Land – freehold	Land – leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
2023	-	-	-	-	1,886,712	390,421	2,308,009	1,934,154	67,919	6,587,215
2022	-	-	-	-	1,985,108	427,413	2,009,760	2,440,731	64,948	6,927,960

Rupees in '000

### 10.3 Right of use assets

	2023	2022
Opening balance	6,891,568	6,454,277
Additions	3,227,516	2,122,788
Depreciation	(1,722,707)	(1,579,354)
Terminations/ adjustments	(83,565)	(106,143)
Closing balance	8,312,812	6,891,568

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 10.4 Disposal of assets to related parties:

Particular of assets	Cost	Book Value	Sale Proceed	Mode of Disposal	Particular of Purchaser
	Rupees in '000				
Bank Vehicles	3,733	871	4,800	As per Bank's policy	Khurshid Zafar – Ex – Key Management Personnel
Computer Equipment	195	71	71	-do-	Khurshid Zafar – Ex – Key Management Personnel
Furniture, fixtures and office equipment	280	74	74	-do-	Khurshid Zafar – Ex – Key Management Personnel
Furniture, fixtures and office equipment	230	54	54	-do-	Sher Afgan Khan Zada – Ex – Key Management Personnel
Furniture, fixtures and office equipment	140	-	-	-do-	Faheem Ahmed Qureshi – Ex – Key Management Personnel
	4,578	1,070	4,999		

**10.5** Freehold and leasehold land were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2022. The valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus against revaluation of freehold and leasehold land included in property and equipment as at December 31, 2023 amounts to Rs. 9,384,750 thousand (2022: Rs. 9,384,750 thousand).

Had the freehold and leasehold land included in property and equipment not been revalued, the total carrying amounts of revalued properties as at December 31, 2023 would have been Rs. 3,853,642 thousand (2022: Rs. 3,853,642 thousand)

Rupees in '000	Note	2023	2022
<b>11. INTANGIBLE ASSETS</b>			
Computer software	11.1	1,496,132	1,130,815
Capital work in progress		359,475	244,810
		1,855,607	1,375,625
<b>11.1 Software</b>			
<b>As at January 1,</b>			
Cost		2,748,506	2,422,602
Accumulated amortization		1,617,691	1,474,079
Net book value		1,130,815	948,523
<b>Year ended December 31,</b>			
Opening net book value		1,130,815	948,523
Additions			
– directly purchased		585,286	324,436
Amortization charge		(181,584)	(142,765)
Other adjustments / transfers		(38,385)	621
Closing net book value		1,496,132	1,130,815



Rupees in '000	2023	2022
<b>As at December 31,</b>		
Cost	3,295,407	2,748,506
Accumulated amortization	1,799,275	1,617,691
Net book value	1,496,132	1,130,815
Rate of amortization (percentage)	10	10
Useful life (in years)	10	10

**11.1.1** Cost of fully amortized intangible assets still in use amounts to Rs. 1,195,727 thousand (2022: Rs. 1,137,662 thousand).

Rupees in '000	2023	2022
<b>12 Assets held for sale</b>		
Fixed assets	1,750,000	1,750,000

**12.1** The Bank has entered into a sale agreement to sell its land located at Haider Road, Rawalpindi. Accordingly the same has been classified to non-current asset held for sale. The carrying amount includes revaluation surplus of Rs. 980,987 thousand at which amount the asset was transferred from property and equipment.

Rupees in '000	2023			
	At January 1, 2023	Recognized in P&L A/C	Recognized in OCI	At December 31, 2023
<b>13. DEFERRED TAX ASSETS</b>				
Deductible Temporary Differences on				
– Post retirement employee benefits	(65,004)	–	65,004	–
– Accelerated tax depreciation	36,767	(242,223)	–	(205,456)
– Deficit on revaluation of investments	5,694,978	–	422,647	6,117,625
– Provision against advances	1,878,936	281,597	–	2,160,533
	7,545,677	39,374	487,651	8,072,702

Rupees in '000	2022			
	At January 1, 2022	Recognized in P&L A/C	Recognized in OCI	At December 31, 2022
Deductible Temporary Differences on				
– Post retirement employee benefits	24,663	–	(89,667)	(65,004)
– Accelerated tax depreciation	100,837	(64,070)	–	36,767
– Deficit on revaluation of investments	3,172,546	–	2,522,432	5,694,978
– Provision against advances	1,870,137	8,799	–	1,878,936
	5,168,183	(55,271)	2,432,765	7,545,677

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>14. OTHER ASSETS</b>			
Income / mark-up accrued in local currency net of provision	14.1	73,588,636	37,216,850
Income / mark-up accrued in foreign currencies		2,134,035	1,241,333
Advances, deposits, advance rent and other prepayments		655,949	678,674
Advance taxation (payments less provisions)		3,897,561	5,983,883
Non banking assets acquired in satisfaction of claims	14.3	406,862	847,462
Branch adjustment account		–	40,219
Receivable against trading of securities		46,245	485,673
Stationary and stamps in hand		285,087	68,093
Dividend receivable	14.2	4,453	4,986
Acceptances		14,053,824	14,925,859
Others		422,330	527,204
		95,494,982	62,020,236
Less: Provision held against other assets	14.4	(185,104)	(182,608)
Other assets – net of provision		95,309,878	61,837,628
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		459,948	1,135,774
Other assets – total		95,769,826	62,973,402

**14.1** This balance is net of interest in suspense amounting to Rs. 12,590,468 thousand (2022: Rs. 11,348,689 thousand).

**14.2** This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2022: Rs. 81,020 thousand).

Rupees in '000	2023	2022
<b>14.3</b> Market value of Non banking assets acquired in satisfaction of claims	866,810	1,983,236

The Bank's non banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2023. The latest valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2023 amounts to Rs. 459,948 thousand (2022 : Rs. 1,135,774 thousand).

Rupees in '000	2023	2022
<b>14.3.1 Non banking assets acquired in satisfaction of claims</b>		
Opening balance	1,983,236	3,166,858
Revaluation	126,715	80,386
Disposals	(1,226,540)	(1,237,002)
Depreciation	(16,601)	(27,006)
Closing balance	866,810	1,983,236

Rupees in '000	Note	2023	2022
<b>14.3.2 Gain on disposal of non-banking assets acquired in satisfaction of claims</b>			
Disposal proceeds		1,226,540	1,237,002
Less			
– Carrying value		(1,226,540)	(1,237,002)
Gain / (loss)		–	–
<b>14.4 Provision held against other assets</b>			
Advances, deposits, advance rent and other prepayments		4,838	4,838
Others		180,266	177,770
		185,104	182,608
<b>14.4.1 Movement in provision held against other assets</b>			
Opening balance		182,608	175,845
Charge for the year		2,756	9,315
Reversal for the year		(260)	(2,552)
Net charge		2,496	6,763
Closing balance		185,104	182,608
<b>15. BILLS PAYABLE</b>			
In Pakistan		12,394,336	11,878,563
<b>16. BORROWINGS</b>			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	16.1.1	19,840,120	22,741,967
Long term financing facility	16.1.2	8,610,177	9,904,417
Financing facility for storage of agricultural produce	16.1.3	14,770	44,311
Renewable energy financing facility	16.1.4	3,905,513	3,944,124
Refinance from SBP			
Credit guarantee scheme for women entrepreneurs		12,700	67
Payment of wages and salaries	16.1.5	–	454,197
Temporary economic relief	16.1.6	11,947,741	9,680,778
Modernisation of SME		8,687	12,215
Combating COVID-19	16.1.7	400,459	563,711
Askari Ujala		–	3,117
Rupee based discounting of bills / receivable		3,707,901	1,891,099
		48,448,068	49,240,003
Repurchase agreement borrowings			
State Bank of Pakistan	16.1.8	505,000,000	100,000,000
Financial institutions	16.1.9	86,921,724	80,826,007
		591,921,724	180,826,007
Refinance from Pakistan Mortgage Refinance Company			
Refinance Company	16.1.10	2,992,873	3,366,079
Total		643,362,665	233,432,089

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

- 16.1.1** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 18% (2022: 1% to 11%) per annum payable on a semiannual basis.
- 16.1.2** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 0.7% to 12.5% (2022: 0.5% to 8.5%) per annum payable on a quarterly basis.
- 16.1.3** These are secured against demand promissory note and carry mark-up of up to 2% (2022: 2%) per annum and have maturities upto August 2031.
- 16.1.4** These are secured against demand promissory note and carry mark-up of 2.5% to 5% (2022: 2% to 3%) per annum and have maturities upto January 2036.
- 16.1.5** These are secured against demand promissory note and carry mark-up of up to 2% (2022: 3%) per annum and have maturities up to September 2023.
- 16.1.6** These are secured against demand promissory note and carry mark-up of 2% to 5% (2022: 1%) per annum payable on quarterly basis and have maturities up to June 2035.
- 16.1.7** These are secured against demand promissory note and carry mark-up of nil and have maturities up to March 2026.
- 16.1.8** These are secured against collateral of Government Securities and carry mark-up of 22.07% to 22.10% (2022: 16.11% to 16.22%) per annum and have maturities up to 1 month (2022: 3 months). The market value of securities given as collateral is given in note 8.2.1.
- 16.1.9** These are secured against collateral of Federal and Foreign Government Securities and carry mark-up of 22.00% to 22.95% (2022: 5.65% to 16.25%) per annum and have maturities up to 1 month (2022: 2 months). The market value of securities given as collateral is given in note 8.2.1.
- 16.1.10** This is secured against mortgage finance portfolio of the Bank and carry mark-up of 6.00% to 16.94% (2022: 6.00% to 11.60%) per annum and has maturity up to 2031 (2022: up to 2031).

Rupees in '000	2023	2022
<b>16.2 Particulars of borrowings with respect to currencies</b>		
In local currency	643,362,665	232,038,128
In foreign currencies	–	1,393,961
	643,362,665	233,432,089

## 17. DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Customers</b>						
Current accounts	320,379,384	31,589,438	351,968,822	323,359,037	25,268,830	348,627,867
Savings deposits	667,960,330	61,519,218	729,479,548	500,472,663	60,092,675	560,565,338
Fixed deposits	160,821,348	30,642,438	191,463,786	195,530,848	26,160,189	221,691,037
	1,149,161,062	123,751,094	1,272,912,156	1,019,362,548	111,521,694	1,130,884,242
<b>Financial institutions</b>						
Current accounts	1,149,626	241,191	1,390,817	1,047,450	32,749	1,080,199
Savings deposits	2,144,906	–	2,144,906	4,517,990	–	4,517,990
Fixed deposits	16,697,696	–	16,697,696	6,092,175	–	6,092,175
	19,992,228	241,191	20,233,419	11,657,615	32,749	11,690,364
	1,169,153,290	123,992,285	1,293,145,575	1,031,020,163	111,554,443	1,142,574,606

Rupees in '000	2023	2022
<b>17.1 Composition of deposits</b>		
– Individuals	449,138,203	357,744,274
– Government (Federal and Provincial)	430,201,041	429,171,969
– Public Sector Entities	99,322,124	86,175,804
– Banking Companies	493	449
– Non Banking Financial Institutions	20,283,045	11,689,915
– Private Sector	294,200,669	257,792,195
	1,293,145,575	1,142,574,606

**17.2** Total deposits include eligible deposits of Rs. 536,003,024 thousand (2022: Rs. 438,949,989 thousand) as required by the Deposit Protection Corporation (a subsidiary of SBP) vide Circular no. 04 of 2018 dated June 22, 2018.

Rupees in '000	2023	2022
<b>18. SUBORDINATED DEBTS</b>		
Term Finance Certificates – VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates – VII	6,000,000	6,000,000
	12,000,000	12,000,000

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

**18.1** The Bank has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Bank's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Bank including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates – VI (ADT-1)	Term Finance Certificates – VII
Outstanding amount		
Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109–120th month: 100%
Profit rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.



Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and / or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.
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Rupees in '000	Note	2023	2022
<b>19. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		22,119,508	11,177,244
Mark-up / return / interest payable in foreign currencies		1,267,444	523,791
Unearned commission and income on bills discounted		2,003,160	2,485,237
Accrued expenses		2,593,641	2,141,323
Advance payments		314,319	446,546
Acceptances		14,053,824	14,925,859
Dividend payable		193,493	195,719
Advance against sale of properties		461,535	935,505
Mark to market loss on forward foreign exchange contracts		1,322,589	110,688
Branch adjustment account		525,732	-
Payable to defined benefit plan	37.4	67,468	194,714
Provision for employees' compensated absences	39.2	724,890	635,913
Security deposit against lease / Ijarah financing		3,485,208	4,145,427
Levies and taxes payable		2,087,179	1,156,266
Workers' Welfare Fund	30	1,301,596	768,486
Switch settlement accounts		1,375,528	2,747,463
Provision against off-balance sheet obligations	19.1	160,558	134,767
Lease liability against ROU assets as per IFRS - 16 Leases		9,699,474	8,084,073
Others		2,223,416	1,654,277
		65,980,562	52,463,298

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2023	2022
<b>19.1 Provision against off-balance sheet obligations</b>		
Opening balance	134,767	1,143,768
Exchange adjustment	133	404
Charge for the year	26,319	–
Reversal for the year	(661)	(1,009,405)
Net charge	25,658	(1,009,405)
Closing balance	160,558	134,767

## 20. SHARE CAPITAL

### 20.1 Authorized capital

Rupees in '000	Number of shares		Rupees in '000	
	2023	2022	2023	2022
Ordinary shares of Rs. 10 each	2,000,000,000	2,000,000,000	20,000,000	20,000,000
<b>20.2 Issued, subscribed and paid up capital</b>				
Ordinary shares of Rs. 10 each:				
Fully paid in cash	514,689,096	514,689,096	5,146,891	5,146,891
Issued as bonus shares	906,336,796	717,297,769	9,063,368	7,172,978
Issued on Askari Leasing Limited merger	28,273,315	28,273,315	282,733	282,733
	1,449,299,207	1,260,260,180	14,492,992	12,602,602

Number of Shares	2023	2022
<b>20.3 Composition of shares held by the Fauji Consortium is as follows:</b>		
Fauji Foundation	104,224,366	90,629,884
Fauji Fertilizer Company Limited	625,333,227	543,768,024
Fauji Fertilizer Bin Qasim Limited	312,666,610	271,884,009
	1,042,224,203	906,281,917

Rupees in '000	Note	2023	2022
<b>21. SURPLUS ON REVALUATION OF ASSETS – NET OF TAX</b>			
Surplus / (deficit) on revaluation of:			
– Available for sale securities		(12,484,948)	(13,244,132)
– Fixed Assets	21.1	10,365,737	10,365,737
– Non-banking assets acquired in satisfaction of claims	21.2	459,948	1,135,774
		(1,659,263)	(1,742,621)
Deferred tax asset on deficit on revaluation of:			
– Available for sale securities		6,117,625	5,694,977
		4,458,362	3,952,356
<b>21.1 Surplus on revaluation of fixed assets</b>			
Surplus on revaluation of fixed assets as at January, 1		10,365,737	5,205,916
Recognized during the year		–	5,159,821
Surplus on revaluation of fixed assets as at December, 31		10,365,737	10,365,737
<b>21.2 Surplus on revaluation of non banking assets acquired in satisfaction of claims</b>			
Surplus on revaluation as at January, 1		1,135,774	1,719,890
Recognized during the year		126,715	80,386
Realised on disposal / transfers during the year		(802,541)	(664,502)
Surplus on revaluation as at December, 31		459,948	1,135,774
<b>22 CONTINGENCIES AND COMMITMENTS</b>			
– Guarantees	22.1	350,296,809	313,699,274
– Commitments	22.2	506,769,966	473,577,812
– Other contingent liabilities	22.3	1,429,701	1,720,383
		858,496,476	788,997,469
<b>22.1 Guarantees</b>			
Financial guarantees		7,400,327	9,494,557
Performance guarantees		188,322,832	180,122,513
Other guarantees		154,573,650	124,082,204
		350,296,809	313,699,274

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>22.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
– letters of credit		226,655,650	187,240,002
Commitments in respect of:			
– forward foreign exchange contracts	22.2.1	276,444,892	269,232,712
– forward government securities transactions	22.2.2	2,000,000	15,400,000
– forward non government securities transactions	22.2.3	1,174,056	1,366,896
Commitments for acquisition of:			
– operating fixed assets		255,774	82,807
– intangible assets		239,594	255,395
		506,769,966	473,577,812
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		153,115,769	150,899,164
Sale		123,329,123	118,333,548
		276,444,892	269,232,712
The above commitments have maturities falling within one year.			
<b>22.2.2 Commitments in respect of government securities transactions</b>			
Purchase		–	15,400,000
Sale		2,000,000	–
		2,000,000	15,400,000
<b>22.2.3 Commitments in respect of non government securities transactions</b>			
Purchase		1,168,290	1,035,290
Sale		5,766	331,606
		1,174,056	1,366,896
<b>22.3 Other contingent liabilities</b>			
These represent certain claims by third parties against the Bank, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote		596,911	1,254,927
This represents stand by letters of credit issued by a correspondent bank on behalf of the Bank.		832,790	465,456
		1,429,701	1,720,383
<b>22.4 Tax related contingencies are disclosed in note 33.2 to these unconsolidated financial statements.</b>			

## 23. DERIVATIVE INSTRUMENTS

The Bank at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Bank's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

### 23.1 Forward exchange contracts

FECs is a product offered to clients to hedge FX risk. The traders use this product to hedge themselves from unfavourable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favourable movements in that currency.

FECs is a contract between the obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FECs is entered into (the day on which settlement occurs is called the value date). FECs is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favourably, the Bank will lose money, and obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank manages its exposure by hedging forward position in inter-bank foreign exchange.

### 23.2 Equity futures

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Bank uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange as determined by the Exchange.

Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank, based on prevailing SBP Regulations.

The Risk Management Division monitors the Bank's exposure in equity futures and forward exchange contracts. Positions in equity futures and forward exchange contracts are marked-to-market. Forward contracts are included in measures of portfolio volatility including Value at Risk (VaR). Forward exchange contracts and equity futures are also included in capital charge and Risk Weighted Asset calculation in accordance with SBP Regulations.

The accounting policies used to recognize and disclose derivatives are given in note 4.22.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>			
On:			
Loans and advances		108,555,922	63,490,389
Investments		193,155,418	101,062,833
Lendings to financial institutions		609,615	194,413
Balances with banks		721,040	134,702
Securities purchased under resale agreements (reverse repo)		2,594,461	913,406
		305,636,456	165,795,743
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		157,807,179	81,500,798
Borrowings		81,183,492	39,876,519
Subordinated debts		2,617,101	1,780,223
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,543,842	1,764,326
Interest expense on lease liability against ROU assets		1,061,886	912,324
		246,213,500	125,834,190
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		817,818	820,592
Consumer finance related fees		95,373	107,500
Card related fees (debit and credit cards)		1,645,863	1,472,764
Credit related fees		727,735	435,631
Investment banking fees		282,514	246,097
Commission on trade		1,853,854	1,011,708
Commission on guarantees		1,346,464	1,040,629
Commission on remittances including home remittances		203,845	209,259
Commission on bancassurance		31,228	67,923
Others		79,908	34,271
		7,084,603	5,446,374
<b>27. GAIN / (LOSS) ON SECURITIES</b>			
Realised	27.1	758,649	(190,812)
Unrealised		18,393	(60,647)
		777,042	(251,459)
<b>27.1 Realised gain / (loss) on:</b>			
Federal Government Securities		156,384	12,178
Shares		598,989	(213,646)
Non Government Debt Securities		3,276	(2,200)
Mutual Funds		–	12,856
		758,649	(190,812)



Rupees in '000	Note	2023	2022
<b>28. OTHER INCOME</b>			
Rent of property		–	27
Gain on sale of fixed assets		25,960	52,977
Rent of lockers		50,272	47,410
Recovery of expenses from customers		378,628	330,251
Gain on termination of lease contracts under IFRS – 16, Leases		13,731	13,700
		468,591	444,365
<b>29. OPERATING EXPENSES</b>			
<b>Total compensation expenses</b>	29.1	14,417,616	11,474,947
<b>Property expense</b>			
Rent and taxes		187,061	132,833
Insurance		95,179	96,293
Utilities cost		1,520,269	1,236,922
Security (including guards)		792,101	762,864
Repair & maintenance		502,090	363,373
Depreciation on ROU assets		1,722,707	1,579,354
Depreciation		250,716	274,287
		5,070,123	4,445,926
<b>Information technology expense</b>			
Software maintenance		738,187	603,109
Hardware maintenance		169,335	88,529
Depreciation		239,454	185,497
Amortisation		181,584	142,765
Network charges		752,845	359,255
		2,081,405	1,379,155
<b>Other operating expenses</b>			
Directors' fees, allowances		43,760	38,650
Fees and allowances to shariah board		9,547	9,220
Rates, taxes, insurance etc.		175,227	201,313
Legal and professional charges		107,734	140,711
Brokerage and commission		230,467	165,249
NIFT clearing charges		89,635	80,033
Repair and maintenance		750,639	558,417
Communications		1,057,245	758,369
Stationery and printing		654,765	409,033
Marketing, advertisement and publicity		308,764	195,159
Donations	29.2	524,398	492,403
Auditors' remuneration	29.3	45,778	39,481
Travelling, conveyance and entertainment		439,204	317,375
Depreciation		500,339	453,852
Security service charges		670,421	419,689
Training and development		49,256	28,516
Deposit premium expense		702,320	647,432
Outsourced service cost	29.4	345,348	135,450
Other expenditure		295,439	182,008
		7,000,286	5,272,360
		28,569,430	22,572,388

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>29.1 Total compensation expenses</b>			
Managerial remuneration			
i) Fixed		4,807,897	4,143,466
ii) Variable			
– Cash bonus / awards etc.		1,796,941	1,282,746
		6,604,838	5,426,212
Charge for defined benefit plans	29.1.1	496,574	439,130
Contribution to defined contribution plan	38	340,111	284,312
Rent and house maintenance		2,147,183	1,843,157
Utilities		470,613	398,626
Medical		694,533	562,021
Conveyance		2,019,364	1,586,040
Other staff cost	29.1.2	1,644,400	935,449
		14,417,616	11,474,947

**29.1.1** This includes charge for defined benefit plan and compensated absences.

**29.1.2** This includes staff incentives, allowances and health coverage etc.

**29.2** This includes Bank's contribution amounting to Rs. 524,398 thousand (2022: Rs. 416,318 thousand) for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation, Rawalpindi.

Rupees in '000	2023	2022
<b>29.3 Auditors' remuneration</b>		
Statutory auditors of the Bank		
Audit fee	6,609	5,875
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services	16,550	12,831
Tax services	15,000	15,000
Out of pocket expenses	951	923
	39,110	34,629
Auditors of Wholesale Bank Branch, Bahrain		
Audit fee	6,668	4,852
	45,778	39,481

**29.4** This represents expenses relating to outsourced activities provided by companies incorporated in Pakistan.

Rupees in '000	2023	2022
<b>30. WORKERS' WELFARE FUND</b>		
Opening balance	768,486	428,583
Charge for the year	533,110	339,903
Closing balance	1,301,596	768,486

**31.** This represents penalties imposed by the State Bank of Pakistan.

Rupees in '000	Note	2023	2022
<b>32. PROVISIONS AND WRITE OFFS – NET</b>			
(Reversal) / provision for diminution in value of investments	8.3.1	(147,815)	1,253,492
Provision against loans and advances	9.4	1,242,683	906,829
Provision against other assets	14.4.1	2,496	6,763
Reversal of provision against intangible assets		–	(1,225)
Provision / (reversal) against off-balance sheet obligations	19.1	25,658	(1,009,405)
Provision / (reversal) against cash and bank balances		2	(7)
Reversal of provision against repurchase agreement lendings		(29,722)	(29,720)
Recovery of written off / charged off bad debts		(126,941)	(84,591)
		966,361	1,042,136
<b>33. TAXATION</b>			
Current		20,649,178	13,342,588
Deferred		(39,374)	55,270
		20,609,804	13,397,858
<b>33.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		42,044,463	27,459,453
Tax at applicable tax rate of 39 percent (2022: 39 percent)		16,397,341	10,709,187
Effect of:			
– Super tax – current year		4,214,118	2,771,785
– Others		(1,655)	(83,114)
		20,609,804	13,397,858

### 33.2 Tax status and contingencies

- i) During the year, the Federal Government issued S.R.O 1588 (I)/2023 on 21 November 2023 under section 99D of the Income Tax Ordinance 2001, whereby the banking sector was specified the sector for the payment of additional tax on windfall income. Through said S.R.O, the Federal Government also specified the method to determine windfall income, tax rate to be applied on such windfall income and tax years under scope. The Bank has challenged the S.R.O through petition before the Honorable Islamabad High Court with regards to retrospective application of Section 99D of the Income Tax Ordinance, 2001 for tax years 2022 and 2023. The Honorable Islamabad High Court through its order dated 30 November 2023 has suspended the operation of S.R.O.1588 (I)/2023 and the said injunctive order continues to operate till date of next hearing for which no date has been fixed yet. Management based on the legal advisor opinion believes that the bank has reasonably good chance to succeed in this case and therefore has not recognized any provision in the financial statements. Additional tax on windfall income for tax years 2022 and 2023 is estimated to be Rs. 2,189 million.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

- ii) The Bank has filed tax returns for and up to tax year 2023. The assessments for and up to tax year 2022 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs. 1,119 million, provision for diminution in the value of investments for Rs. 2,530.22 million, bad debts written off for Rs. 242.892 million, provision for substandard advances for Rs. 74.95 million, Provision against other assets / fixed assets for Rs. 142.493 million, disallowance of employee benefit expenses Rs. 228.680 Million and Other disallowances of expenses/credits for Rs. 370.4 million. Bank's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Bank are confident that these matters will be decided in favor of the Bank and consequently no provision has been made thereon. Tax payments by the Bank against certain matters are being carried forward as receivable, as management and tax advisor of the Bank are confident of their realization.
- iii) Consequent upon the amalgamation with and into the Bank, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by ALL, partial relief was provided by the Commissioner Inland Revenue (Appeals) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002–2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

Rupees in '000	2023	2022 Restated
<b>34. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year – Rupees in '000	21,434,659	14,061,595
Weighted average number of Ordinary Shares – numbers	1,449,299,207	1,449,299,207
Basic and diluted earnings per share – Rupees	14.79	9.70

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately. Further, the prior period earnings per share has been restated for the effect of bonus shares issued @15% during the year.

Rupees in '000	2023	2022
<b>35. CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	160,087,394	70,950,067
Balances with other banks	13,789,031	9,677,123
	173,876,425	80,627,190

Rupees in '000	2023		
	Liabilities		
	Subordinated loan	Lease liability	Dividend payable
<b>35.1 Balances as at January 01, 2023</b>	12,000,000	8,084,073	195,719
<b>Changes from financing cash flows</b>			
Payment of lease liability	-	(2,523,755)	-
Dividend Paid	-	-	(2,226)
	-	(2,523,755)	(2,226)
<b>Other changes</b>			
Additions / renewals of leases	-	3,227,516	-
Unwinding of lease liability	-	1,061,886	-
Termination / other adjustments	-	(150,246)	-
	-	4,139,156	-
Total equity related other changes	-	-	-
<b>Balances as at December 31, 2023</b>	12,000,000	9,699,474	193,493

Rupees in '000	2022		
	Liabilities		
	Subordinated loan	Lease liability	Dividend payable
<b>Balances as at January 01, 2022</b>	12,000,000	7,393,878	204,537
<b>Changes from financing cash flows</b>			
Payment of lease liability	-	(2,218,190)	-
Dividend Paid	-	-	(8,818)
	-	(2,218,190)	(8,818)
<b>Other changes</b>			
Additions / renewals of leases	-	2,122,788	-
Unwinding of lease liability	-	912,324	-
Termination / other adjustments	-	(126,727)	-
	-	2,908,385	-
<b>Balances as at December 31, 2022</b>	12,000,000	8,084,073	195,719

	2023	2022
	Number of employees	
<b>36. STAFF STRENGTH</b>		
Permanent	7,475	6,743
On Bank's contract	406	605
Total staff strength	7,881	7,348

Out of total employees, 6 (2022: 6) employees are working abroad.

In addition to the above, 848 domestic employees (2022: 399) of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 37. DEFINED BENEFIT PLAN

#### 37.1 General description

The Bank operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

**37.2** The number of employees covered under the defined benefit scheme are 7,469 employees (2022: 6,741 employees).

#### 37.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2023 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	2023	2022
Discount rate – per annum	16.00%	14.25%
Expected rate of increase in salaries – per annum	15.50%	13.75%
Expected rate of return on plan assets – per annum	14.25%	11.75%
Duration	8 years	8 years
Mortality rate	SLIC 2001 – 2005 mortality table	SLIC 2001 – 2005 mortality table

Rupees in '000

#### 37.4 Reconciliation of payable to defined benefit plan:

	2023	2022
Present value of defined benefit obligation	3,671,301	3,285,070
Fair value of plan assets	(3,603,833)	(3,090,356)
Net liability	67,468	194,714

#### 37.5 Movement in defined benefit obligations

	2023	2022
Obligation at beginning of the year	3,285,070	3,678,851
Current service cost	326,669	329,418
Interest cost	448,069	378,438
Re-measurement gain	(84,538)	(162,209)
Benefits paid by the Bank	(281,452)	(916,200)
Benefits due but not paid	(22,517)	(23,228)
Obligation at end of the year	3,671,301	3,285,070

#### 37.6 Movement in fair value of plan assets

	2023	2022
Fair value at beginning of the year	3,090,356	3,398,564
Interest income on plan assets	434,196	361,971
Actuarial gain / (loss) on assets	188,536	(11,038)
Contributions by employer	194,714	280,287
Benefits paid	(281,452)	(916,200)
Benefits due but not paid	(22,517)	(23,228)
Fair value at end of the year	3,603,833	3,090,356

Rupees in '000	Note	2023	2022
<b>37.7 Movement in payable under defined benefit schemes</b>			
Opening balance		194,714	280,287
Charge for the year		340,542	345,885
Contribution by the Bank		(194,714)	(280,287)
Re-measurement gain recognized in OCI during the year	37.8.2	(273,074)	(151,171)
Closing balance		67,468	194,714
<b>37.8 Charge for defined benefit plan</b>			
<b>37.8.1 Cost recognized in profit and loss</b>			
Current service cost		326,669	329,418
Net interest cost on defined benefit liability		13,873	16,467
		340,542	345,885
<b>37.8.2 Re-measurements recognized in OCI during the year</b>			
Gain on obligation			
– Experience adjustment		(94,555)	(175,792)
– Financial assumptions		10,017	13,583
		(84,538)	(162,209)
Actuarial (gain) / loss on plan assets		(188,536)	11,038
Total re-measurements recognized in OCI		(273,074)	(151,171)
<b>37.9 Components of plan assets</b>			
Cash and cash equivalents		215,948	65,132
Government securities		2,678,284	2,405,567
Term Finance Certificates		182,392	180,937
Shares		81,386	73,961
Mutual funds		468,740	389,057
Payables		(22,917)	(24,298)
		3,603,833	3,090,356

The fund primarily invests in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

### 37.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

Assumptions	Change in assumption	Impact on Defined Benefit Obligations	
		Increase in assumption	Decrease in assumption
Rupees in '000			
Discount rate	1.00%	3,396,325	3,982,288
Salary increase	1.00%	3,985,522	3,388,725
Mortality rate change	1 year	3,669,254	3,673,516



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

**37.11** The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Bank may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount.

**37.12** Expected charge for the next financial year is Rs. 374,304 thousand.

### 37.13 Maturity profile

The average duration of defined benefit obligation is 8 years (2022: 8 years).

### 37.14 Funding Policy

The Bank carries out the actuarial valuation of its defined benefit plan on periodic basis using "Projected Unit Credit Method". Contributions are made annually in accordance with the actuarial recommendation.

### 37.15 Significant risk associated with the staff retirement benefit scheme:

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.

## 38 DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. Contribution to the fund made by the Bank and the employees during the year amounts to Rs. 686,158 thousand (2022: Rs. 577,691 thousand) each. The fund covers 6,550 employees (2022: 5,380 employees).

## 39. COMPENSATED ABSENCES

### 39.1 General description

The Bank grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, all employees of Askari Bank Limited are entitled to take 24 days of earned leaves every year which can be accumulated up to a maximum of 45 days. Leave encashment is made on the basis of gross salaries and paid to members on separation from service.

### 39.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2023 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2023 was Rs. 724,890 thousand (2022: Rs. 635,913 thousand). Expense for the year of Rs. 154,504 thousand (2022: Rs 93,245 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

	2023	2022
Discount rate – per annum	16.00%	14.25%
Expected rate of increase in salaries – per annum	15.50%	13.75%
Leave accumulation factor – days	11	11

#### 40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

##### 40.1 Total Compensation Expense

Items	For the year ended December 31, 2023						
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Other Risk Takers / Controllars	Total
	Rupees in '000						
<b>Fees and Allowances etc.</b>							
Managerial Remuneration							
i) Fixed	2,620	41,140	8,400	65,401	303,405	100,871	521,837
ii) Total Variable of which							
a) Cash Bonus / Awards	–	–	–	41,000	142,765	39,033	222,798
Charge for defined benefit plan	–	–	–	5,031	25,434	8,652	39,117
Contribution to defined contribution plan	–	–	–	5,029	20,714	7,277	33,020
Rent & house maintenance	–	–	–	12,845	123,448	40,575	176,868
Utilities	–	–	–	9,150	29,230	9,646	48,026
Medical	–	–	–	–	28,282	9,017	37,299
Conveyance	–	–	1,147	5,796	159,128	61,312	227,383
Others	–	–	–	302	109,746	13,434	123,482
<b>Total</b>	<b>2,620</b>	<b>41,140</b>	<b>9,547</b>	<b>144,554</b>	<b>942,152</b>	<b>289,817</b>	<b>1,429,830</b>
Number of Persons	1	9	4	1	50	36	101

Items	For the year ended December 31, 2022						
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Other Risk Takers / Controllars	Total
	Rupees in '000						
<b>Fees and Allowances etc.</b>							
Managerial Remuneration							
i) Fixed	2,100	36,550	8,400	58,166	217,277	138,431	460,924
ii) Total Variable of which							
a) Cash Bonus / Awards	–	–	–	8,917	45,950	30,017	84,884
Charge for defined benefit plan	–	–	–	4,574	25,544	13,943	44,061
Contribution to defined contribution plan	–	–	–	4,552	13,801	9,494	27,847
Rent & house maintenance	–	–	–	11,535	88,487	55,734	155,756
Utilities	–	–	–	2,733	20,591	12,905	36,229
Medical	–	–	–	–	19,392	12,033	31,425
Conveyance	–	–	820	5,565	83,558	66,029	155,972
Others	–	–	–	150	36,758	11,343	48,251
<b>Total</b>	<b>2,100</b>	<b>36,550</b>	<b>9,220</b>	<b>96,192</b>	<b>551,358</b>	<b>349,929</b>	<b>1,045,349</b>
Number of Persons	1	9	4	1	35	45	95

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Total amount of deferred bonus outstanding as at December 31, 2023 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers is Rs. 50,922 thousand (2022: Rs. 19,309 thousand).

The President & CE and certain executives are provided with the Bank maintained cars in accordance with their respective entitlements.

Others mainly include cost of living allowance (COLA) given to certain executives.

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

		2023					
		Meeting fees and allowances paid					
		For Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Mr. Waqar Ahmed Malik	2,620	–	–	–	–	2,620
2	Mr. Sarfaraz Ahmed Rehman	1,400	300	–	–	–	1,700
3	Mr. Arif Ur Rehman	1,800	–	–	–	–	1,800
4	Dr. Nadeem Inayat	1,800	1,100	1,400	700	1,100	6,100
5	Syed Bakhtiar Kazmi	2,200	–	600	1,400	1,100	5,300
6	Mr. Manzoor Ahmed	2,200	1,260	1,800	1,400	–	6,660
7	Mr. Kamran Yousuf Mirza	1,600	800	–	960	–	3,360
8	Mrs. Zoya Mohsin Nathani	2,200	1,150	1,910	–	–	5,260
9	Ms. Samina Rizwan	1,600	830	–	–	1,280	3,710
10	Mr. Raja Muhammad Abbas	2,200	–	–	1,450	1,400	5,050
11	Mr. Muhammad Aftab Manzoor	300	–	–	350	350	1,000
12	Mr. Mushtaq Malik	300	–	600	–	300	1,200
Total amount paid		20,220	5,440	6,310	6,260	5,530	43,760

		2022					
		Meeting fees and allowances paid					
		For Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Mr. Waqar Ahmed Malik	2,100	–	–	–	–	2,100
2	Mr. Sarfaraz Ahmed Rehman	1,500	1,200	–	–	–	2,700
3	Mr. Arif Ur Rehman	1,500	–	–	–	–	1,500
4	Dr. Nadeem Inayat	1,800	1,200	1,200	1,200	600	6,000
5	Syed Bakhtiar Kazmi	1,800	–	–	1,200	–	3,000
6	Mr. Manzoor Ahmed	1,800	1,200	1,750	1,200	–	5,950
7	Mr. Muhammad Aftab Manzoor	1,800	–	–	1,400	1,400	4,600
8	Mr. Mushtaq Malik	1,800	–	1,500	–	1,200	4,500
9	Mrs. Zoya Mohsin Nathani	1,800	1,400	1,500	–	–	4,700
10	Mr. Raja Muhammad Abbas	1,500	–	–	900	1,200	3,600
Total amount paid		17,400	5,000	5,950	5,900	4,400	38,650

### 40.3 Remuneration paid to Shariah Board Members

Items	For the year ended December 31,					
	2023			2022		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
	Rupees in '000					
Meeting fees and allowances	-	-	-	-	-	-
Managerial remuneration fixed	2,400	2,400	3,600	2,400	2,400	3,600
Fuel	-	1,147	-	-	820	-
Total amount	2,400	3,547	3,600	2,400	3,220	3,600
Total Number of Persons	1	1	2	1	1	2

### 41. FAIR VALUE MEASUREMENTS

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

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such 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 they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

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### 41.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

#### Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of change 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

The table below analysis the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

Rupees in '000	2023				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>					
<b>Financial assets – measured at fair value</b>					
Investments					
Federal Government Securities	1,102,510,824	8,421,152	1,094,089,672	–	1,102,510,824
Shares	6,243,266	6,243,266	–	–	6,243,266
Units of open end mutual funds	960,596	–	960,596	–	960,596
Fully paid preference shares	28,150	28,150	–	–	28,150
Non Government Debt Securities	14,449,154	–	14,449,154	–	14,449,154
	1,124,191,990	14,692,568	1,109,499,422	–	1,124,191,990
<b>Financial assets – disclosed but not measured at fair value</b>					
Investments					
Federal Government Securities	56,798,998	10,756,335	46,042,663	–	56,798,998
Unlisted shares	350,000	–	–	–	–
Units of open end mutual funds	1,000,000	–	–	–	–
Subsidiary	196,700	–	–	–	–
Cash and balances with treasury banks	160,087,394	–	–	–	–
Balances with other banks	13,789,031	–	–	–	–
Advances	633,132,827	–	–	–	–
Other assets	89,909,874	–	–	–	–
	955,264,824	10,756,335	46,042,663	–	56,798,998
	2,079,456,814	25,448,903	1,155,542,085	–	1,180,990,988
<b>Off-balance sheet financial instruments – measured at fair value</b>					
Forward purchase of foreign exchange	153,115,769	–	(2,798,564)	–	(2,798,564)
Forward Sale of foreign exchange	123,329,123	–	1,475,975	–	1,475,975

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## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2022				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>					
<b>Financial assets – measured at fair value</b>					
Investments					
Federal Government Securities	632,309,796	3,896,423	628,413,373	–	632,309,796
Shares	3,322,003	3,322,003	–	–	3,322,003
Units of open end mutual funds	1,101,910	–	1,101,910	–	1,101,910
Fully paid preference shares	28,150	28,150	–	–	28,150
Non Government Debt Securities	11,865,359	–	11,865,359	–	11,865,359
	648,627,218	7,246,576	641,380,642	–	648,627,218
<b>Financial assets – disclosed but not measured at fair value</b>					
Investments					
Unlisted shares	350,000	–	–	–	–
Units of open end mutual funds	700,000	–	–	–	–
Federal Government Securities	111,056,637	8,644,666	102,411,971	–	111,056,637
Foreign Securities	1,797,164	1,797,164	–	–	1,797,164
Associate	165,619	–	–	–	–
Cash and balances with treasury banks	70,950,067	–	–	–	–
Balances with other banks	9,677,123	–	–	–	–
Lendings to financial institutions	406,934	–	–	–	–
Advances	583,810,931	–	–	–	–
Other assets	53,890,117	–	–	–	–
	832,804,592	10,441,830	102,411,971	–	112,853,801
	1,481,431,810	17,688,406	743,792,613	–	761,481,019
<b>Off-balance sheet financial instruments – measured at fair value</b>					
Forward purchase of foreign exchange	150,899,164	–	419,729	–	419,729
Forward Sale of foreign exchange	118,333,548	–	(530,417)	–	(530,417)

The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer to takes place. There were no transfers between levels 1 and 2 during the year.

Rupees in '000	2023	2022
	Level 3	Level 3
<b>41.2 Non-financial assets carried at revalued amounts</b>		
<b>Fixed assets</b>		
Property and equipment (freehold and leasehold land)	13,238,392	13,238,392
<b>Assets held for sale</b>		
	1,750,000	1,750,000
<b>Other assets</b>		
Non-banking assets acquired in satisfaction of claims	866,810	1,983,236



## 42. SEGMENT INFORMATION

### 42.1 Segment details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

Rupees in '000	2023							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
<b>Profit and loss</b>								
Net mark-up / return / profit	(92,875,094)	29,317,122	106,068,776	4,479,764	13,440,875	2,159,966	(3,168,453)	59,422,956
Inter segment revenue – net	127,496,474	(23,606,351)	(107,933,374)	(3,468,895)	(3,454,540)	(1,485,911)	12,452,597	–
Non mark-up / return / interest income	2,074,719	4,695,721	4,211,306	624,337	751,360	31,788	546,720	12,935,951
Total income	36,696,099	10,406,492	2,346,708	1,635,206	10,737,695	705,843	9,830,864	72,358,907
Segment direct expenses	15,747,650	1,028,769	487,985	1,661,652	3,368,335	216,745	6,836,947	29,348,083
Inter segment expense allocation	1,273,695	1,021,616	21,969	47,131	–	–	(2,364,411)	–
Total expenses	17,021,345	2,050,385	509,954	1,708,783	3,368,335	216,745	4,472,536	29,348,083
Provisions / (reversal of provisions)	77,318	1,363,318	68,172	(232,768)	13,830	(368,242)	44,733	966,361
<b>Profit before tax</b>	19,597,436	6,992,789	1,768,582	159,191	7,355,530	857,340	5,313,595	42,044,463
<b>Statement of financial position</b>								
Cash and bank balances	33,208,938	–	129,715,500	832,790	10,058,919	60,278	–	173,876,425
Investments	–	9,252,065	1,102,004,077	–	51,493,187	19,177,486	610,873	1,182,537,688
Lendings to financial institutions	–	–	–	–	–	–	–	–
Advances – performing – net of provision	13,991,028	469,123,014	–	20,306,104	114,745,256	2,876,637	8,663,896	629,705,935
Advances – non-performing – net of provision	259,102	2,237,228	–	74,662	855,900	–	–	3,426,892
Others	1,084,252	30,473,445	48,204,707	915,181	10,533,982	405,421	42,842,031	134,459,019
<b>Total assets</b>	48,543,320	511,085,752	1,279,924,284	22,128,737	187,687,244	22,519,822	52,116,800	2,124,005,959
Borrowings	1,574,075	41,338,149	591,921,725	2,992,873	5,535,843	–	–	643,362,665
Subordinated debts	–	–	–	–	–	–	12,000,000	12,000,000
Deposits and other accounts	879,682,209	293,376,734	–	250	118,670,004	1,416,378	–	1,293,145,575
Net inter segment balances – net	(852,178,144)	149,992,534	677,830,555	18,475,360	38,253,559	16,939,831	(49,313,695)	–
Others	19,465,180	26,378,335	10,172,004	660,254	8,249,821	4,163,613	9,285,691	78,374,898
<b>Total liabilities</b>	48,543,320	511,085,752	1,279,924,284	22,128,737	170,709,227	22,519,822	(28,028,004)	2,026,883,138
Equity	–	–	–	–	16,978,017	–	80,144,804	97,122,821
<b>Total equity and liabilities</b>	48,543,320	511,085,752	1,279,924,284	22,128,737	187,687,244	22,519,822	52,116,800	2,124,005,959
<b>Contingencies and commitments</b>	6,016,566	548,078,423	276,081,620	832,790	26,459,326	–	1,027,751	858,496,476

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Rupees in '000	2022							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
<b>Profit and loss</b>								
Net mark-up / return / profit	(51,590,180)	23,975,977	55,722,511	3,619,366	8,417,343	1,973,508	(2,156,972)	39,961,553
Inter segment revenue – net	77,947,590	(18,286,618)	(58,966,508)	(2,306,106)	(3,155,774)	(838,346)	5,605,762	–
Non mark-up / return / interest income	1,839,912	3,478,365	4,598,277	542,189	569,887	45,057	546,318	11,620,005
<b>Total income</b>	<b>28,197,322</b>	<b>9,167,724</b>	<b>1,354,280</b>	<b>1,855,449</b>	<b>5,831,456</b>	<b>1,180,219</b>	<b>3,995,108</b>	<b>51,581,558</b>
Segment direct expenses	12,680,736	623,773	340,807	1,234,642	2,774,765	148,491	5,276,755	23,079,969
Inter segment expense allocation	1,070,708	900,269	10,592	107,516	–	–	(2,089,085)	–
<b>Total expenses</b>	<b>13,751,444</b>	<b>1,524,042</b>	<b>351,399</b>	<b>1,342,158</b>	<b>2,774,765</b>	<b>148,491</b>	<b>3,187,670</b>	<b>23,079,969</b>
Provisions / (reversal of provisions)	13,010	(507,968)	530,443	89,910	186,312	618,055	112,374	1,042,136
<b>Profit before tax</b>	<b>14,432,868</b>	<b>8,151,650</b>	<b>472,438</b>	<b>423,381</b>	<b>2,870,379</b>	<b>413,673</b>	<b>695,064</b>	<b>27,459,454</b>
<b>Statement of financial position</b>								
Cash and bank balances	24,540,132	–	49,189,748	–	6,862,101	35,209	–	80,627,190
Lendings to financial institutions	–	–	406,934	–	–	–	–	406,934
Investments	–	8,125,443	699,774,652	–	39,942,674	14,338,254	515,615	762,696,638
Advances – performing – net of provision	13,644,831	447,812,623	–	21,143,917	82,166,386	9,999,101	7,194,819	581,961,677
Advances – non-performing – net of provision	281,669	453,499	–	130,836	983,250	–	–	1,849,254
Others	1,003,140	27,107,590	19,094,660	594,298	7,097,474	418,422	42,813,532	98,129,116
<b>Total assets</b>	<b>39,469,772</b>	<b>483,499,155</b>	<b>768,465,994</b>	<b>21,869,051</b>	<b>137,051,885</b>	<b>24,790,986</b>	<b>50,523,966</b>	<b>1,525,670,809</b>
Borrowings	1,744,212	42,909,471	179,432,046	3,366,079	4,586,320	1,393,961	–	233,432,089
Subordinated debts	–	–	–	–	–	–	12,000,000	12,000,000
Deposits and other accounts	751,762,235	293,324,608	–	3,686	96,297,085	1,094,507	92,485	1,142,574,606
Net inter segment balances – net	(731,928,308)	122,512,889	586,421,413	17,862,227	19,475,830	22,068,820	(36,412,871)	–
Others	17,891,633	24,752,187	2,612,535	637,059	6,684,621	233,698	11,530,128	64,341,861
<b>Total liabilities</b>	<b>39,469,772</b>	<b>483,499,155</b>	<b>768,465,994</b>	<b>21,869,051</b>	<b>127,043,856</b>	<b>24,790,986</b>	<b>(12,790,258)</b>	<b>1,452,348,556</b>
Equity	–	–	–	–	10,008,029	–	63,314,224	73,322,253
<b>Total equity and liabilities</b>	<b>39,469,772</b>	<b>483,499,155</b>	<b>768,465,994</b>	<b>21,869,051</b>	<b>137,051,885</b>	<b>24,790,986</b>	<b>50,523,966</b>	<b>1,525,670,809</b>
<b>Contingencies and commitments</b>	<b>6,295,329</b>	<b>480,881,779</b>	<b>280,146,274</b>	<b>483,545</b>	<b>19,620,329</b>	<b>–</b>	<b>1,570,213</b>	<b>788,997,469</b>

## 42.2 Segment details with respect to geographical locations

### Geographical segment analysis

Rupees in '000	2023		
	Pakistan	Middle East	Total
<b>Profit and loss</b>			
Net mark-up / return / profit	57,262,990	2,159,966	59,422,956
Inter segment revenue – net	1,485,911	(1,485,911)	–
Non mark-up / return / interest income	12,904,163	31,788	12,935,951
<b>Total income</b>	<b>71,653,064</b>	<b>705,843</b>	<b>72,358,907</b>
Segment direct expenses	29,131,338	216,745	29,348,083
Inter segment expense allocation	–	–	–
<b>Total expenses</b>	<b>29,131,338</b>	<b>216,745</b>	<b>29,348,083</b>
Provisions / (reversals)	1,334,603	(368,242)	966,361
<b>Profit before tax</b>	<b>41,187,123</b>	<b>857,340</b>	<b>42,044,463</b>
<b>Statement of financial position</b>			
Cash and bank balances	173,816,147	60,278	173,876,425
Investments	1,163,360,202	19,177,486	1,182,537,688
Advances – performing – net of provision	626,829,298	2,876,637	629,705,935
Advances – non-performing – net of provision	3,426,892	–	3,426,892
Others	134,053,598	405,421	134,459,019
<b>Total Assets</b>	<b>2,101,486,137</b>	<b>22,519,822</b>	<b>2,124,005,959</b>
Borrowings	643,362,665	–	643,362,665
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,291,729,197	1,416,378	1,293,145,575
Net inter segment balances – net	(16,939,831)	16,939,831	–
Others	74,211,285	4,163,613	78,374,898
<b>Total liabilities</b>	<b>2,004,363,316</b>	<b>22,519,822</b>	<b>2,026,883,138</b>
Equity	97,122,821	–	97,122,821
<b>Total Equity and liabilities</b>	<b>2,101,486,137</b>	<b>22,519,822</b>	<b>2,124,005,959</b>
<b>Contingencies and commitments</b>	<b>858,496,476</b>	<b>–</b>	<b>858,496,476</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2022		
	Pakistan	Middle East	Total
<b>Profit and loss</b>			
Net mark-up / return / profit	37,988,045	1,973,508	39,961,553
Inter segment revenue – net	838,346	(838,346)	–
Non mark-up / return / interest income	11,574,948	45,057	11,620,005
<b>Total income</b>	<b>50,401,339</b>	<b>1,180,219</b>	<b>51,581,558</b>
Segment direct expenses	22,931,478	148,491	23,079,969
Inter segment expense allocation	–	–	–
<b>Total expenses</b>	<b>22,931,478</b>	<b>148,491</b>	<b>23,079,969</b>
Provisions	424,081	618,055	1,042,136
<b>Profit before tax</b>	<b>27,045,780</b>	<b>413,673</b>	<b>27,459,453</b>
<b>Statement of financial position</b>			
Cash and bank balances	80,591,981	35,209	80,627,190
Investments	748,358,384	14,338,254	762,696,638
Lendings to financial institutions	406,934	–	406,934
Advances – performing – net of provision	571,962,576	9,999,101	581,961,677
Advances – non-performing – net of provision	1,849,254	–	1,849,254
Others	97,710,694	418,422	98,129,116
<b>Total Assets</b>	<b>1,500,879,823</b>	<b>24,790,986</b>	<b>1,525,670,809</b>
Borrowings	232,038,128	1,393,961	233,432,089
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,141,480,099	1,094,507	1,142,574,606
Net inter segment balances – net	(22,068,820)	22,068,820	–
Others	64,108,163	233,698	64,341,861
<b>Total liabilities</b>	<b>1,427,557,570</b>	<b>24,790,986</b>	<b>1,452,348,556</b>
Equity	73,322,253	–	73,322,253
<b>Total Equity and liabilities</b>	<b>1,500,879,823</b>	<b>24,790,986</b>	<b>1,525,670,809</b>
<b>Contingencies and commitments</b>	<b>788,997,469</b>	<b>–</b>	<b>788,997,469</b>

#### 43. TRUST ACTIVITIES

The Bank acts as custodian and holds the securities on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Bank and, therefore, are not included in the unconsolidated statement of financial position

#### 44. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the year end. Accordingly all the subsidiaries and associates of Fauji consortium are the related parties of the Bank. The Bank also has related party relationships with its directors, key management personnel and employees' funds.

The bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuation / 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 and balances are as follows:

Rupees in '000	2023					2022				
	Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Associate Restated Note - 8.6	Other related parties
<b>Investments</b>										
Opening balance	-	-	-	165,619	1,159,768	-	-	-	165,619	1,183,661
Investment made during the year	-	-	-	31,081	-	-	-	-	-	44,195
Revaluation adjustment	-	-	-	-	262,947	-	-	-	-	(81,568)
Investment redeemed / disposed off during the year	-	-	-	-	(2,664)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	13,480
Closing balance	-	-	-	196,700	1,420,051	-	-	-	165,619	1,159,768
Provision for diminution in value of investments	-	-	-	-	82,113	-	-	-	-	87,248
<b>Advances</b>										
Opening balance	29,986,315	60	507,549	200,000	16,783,652	4,523,915	43	441,248	298,858	10,222,852
Addition during the year	1,377,976,167	15,000	533,437	1,469,178	209,693,144	352,713,101	20,581	469,897	1,603,142	9,289,165
Repaid during the year	(1,399,853,601)	(15,060)	(544,300)	(1,582,500)	(213,910,777)	(327,250,701)	(20,564)	(419,988)	(1,702,000)	(2,728,365)
Transfer in / (out) - net	-	-	-	-	12,437,575	-	-	16,392	-	-
Closing balance	8,108,881	-	496,686	86,678	25,003,594	29,986,315	60	507,549	200,000	16,783,652
<b>Other Assets</b>										
Interest / mark-up receivable	171,099	-	68,627	-	886,474	369,907	-	71,132	241	790,592
Advance rent	1,380	-	-	-	-	1,254	-	-	-	-
Others	106	-	-	-	-	-	-	-	-	-
<b>Borrowings</b>										
Opening balance	-	-	-	-	3,366,079	-	-	-	-	2,372,387
Borrowings during the year	-	-	-	-	1,000,000	-	-	-	-	1,200,000
Settled during the year	-	-	-	-	(1,373,206)	-	-	-	-	(206,308)
Closing balance	-	-	-	-	2,992,873	-	-	-	-	3,366,079
<b>Deposits and other accounts</b>										
Opening balance	38,816,364	34,614	193,107	612,265	38,455,796	56,224,390	24,009	211,259	758,395	41,798,370
Received during the year	1,786,530,029	556,261	1,843,093	4,596,769	988,872,329	988,405,154	79,294	2,726,090	4,643,211	989,063,276
Withdrawn during the year	(1,786,245,169)	(521,157)	(1,707,626)	(4,858,165)	(978,274,385)	(1,005,813,179)	(68,689)	(2,683,283)	(4,789,342)	(992,405,849)
Transfer in / (out) - net	-	(6,216)	(29,154)	-	6,216	-	-	(60,959)	-	-
Closing balance	39,101,224	63,502	299,420	350,869	49,059,956	38,816,365	34,614	193,107	612,264	38,455,797
<b>Other Liabilities</b>										
Interest / mark-up payable	2,574,737	7	2,964	-	715,559	625,832	-	3,299	492	361,337
Payable to staff retirement fund	-	-	-	-	67,468	-	-	-	-	194,714
Security deposits payable	-	-	-	-	462,570	-	-	18,607	-	470,698
Others	25	1,667	58,608	-	71,818	-	-	-	-	-
<b>Contingencies and Commitments</b>	225,219	-	-	-	4,476,687	1,183,172	-	-	40,000	2,447,138
<b>Others</b>										
Securities held as custodian	13,699,456	-	48,821	-	10,493,034	3,462,500	-	36,500	100,000	7,105,000
Securities given as collateral	-	-	-	-	-	-	-	-	-	177,855

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	For the year ended December 31, 2023					For the year ended December 31, 2022				
	Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Associate	Other related parties
<b>Income</b>										
Mark-up / return / interest earned	658,163	-	19,551	2,304	4,677,348	832,276	-	19,778	1,382	1,877,137
Fee and commission received	1,818	-	-	-	163,027	634	-	-	39	180,321
Dividend income	-	-	-	-	178,346	-	-	-	-	128,729
Gain on sale of fixed assets	-	-	3,929	-	-	-	-	7,250	-	-
<b>Expense</b>										
Mark-up / return / interest expensed	10,540,080	3,231	41,107	29,274	6,810,283	4,513,452	10	8,994	15,063	3,567,513
Charge to defined benefit plan	-	-	-	-	342,070	-	-	-	-	345,885
Contribution to defined contribution plan	-	-	-	-	340,111	-	-	-	-	284,312
Remuneration and allowances	-	-	1,086,706	-	9,547	-	-	647,550	-	9,220
Rent	2,847	-	-	-	-	2,445	-	-	-	-
Communications	-	-	-	-	139,094	-	-	-	-	83,292
Brokerage and Commission	-	-	-	-	92,518	-	-	-	103	79,470
Directors' Fee, Allowances	-	43,760	-	-	-	-	38,650	-	-	-
Donations	524,398	-	-	-	-	416,318	-	-	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

The term 'key management personnel' has the same meaning as defined in IAS 24 – Related party disclosures.

During the year ended December 31, 2023, certain movable assets were settled against the final settlement of related parties as disclosed in note 10.4.

#### 45. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Bank to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Bank recognizes the need to maintain a balance between the higher returns that might be possible with greater exposure and the advantages and security afforded by a sound capital position.

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Bank from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Bank is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Bank also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

Rupees in '000	2023	2022
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	14,492,992	12,602,602
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	88,193,637	65,303,243
Eligible Additional Tier 1 (ADT 1) Capital	5,649,000	6,000,000
Total Eligible Tier 1 Capital	93,842,637	71,303,243
Eligible Tier 2 Capital	13,220,036	11,835,110
Total Eligible Capital (Tier 1 + Tier 2)	107,062,673	83,138,353
Risk Weighted Assets (RWAs):		
Credit Risk	451,392,577	412,323,250
Market Risk	29,300,677	27,675,542
Operational Risk	102,809,844	81,324,765
Total	583,503,098	521,323,557
Common Equity Tier 1 Capital Adequacy ratio	15.11%	12.53%
Tier 1 Capital Adequacy Ratio	16.08%	13.68%
Total Capital Adequacy Ratio	18.35%	15.95%

As of December 2023, the Bank must meet a Tier 1 to RWA ratio and CAR, including CCB, of 9% and 11.50% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Rupees in '000	2023	2022
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	93,842,637	71,303,243
Total Exposures	2,611,849,837	2,243,512,648
Leverage Ratio	3.59%	3.18%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	649,069,790	520,361,460
Total Net Cash Outflow	322,740,993	281,841,107
Liquidity Coverage Ratio	201.11%	184.63%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,314,070,873	1,113,842,290
Total Required Stable Funding	610,829,100	561,351,354
Net Stable Funding Ratio	215.13%	198.42%

The full disclosure on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure can be accessed through the Bank's website at <http://akbl.com>



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 46. RISK MANAGEMENT

The Bank believes that effective risk management is key to achieving desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve the Bank's overall objectives through a well thought out strategy, which enables the Bank to effectively manage Credit, Market, Operational and Liquidity risk in a proactive manner.

The Bank's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Bank. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Bank continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Bank has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Bank's Risk Management Group. BRMC is responsible for reviewing the extent of design and adequacy of the risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Bank.

#### 46.1 Credit Risk:

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The Bank takes necessary measures to control such risk by establishing minimum standards and rules for booking credit exposures and subsequently, by monitoring these exposures – limiting transactions with specific counter parties with increased likelihood of default and continually assessing creditworthiness of its obligors.

The Bank has built and maintains a sound loan portfolio in line with a well defined Credit Policy approved by the Board of Directors. Its credit evaluation system comprises well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 30% of the total asset base and is also the largest source of credit risk for the Bank. The Bank's advances portfolio is well diversified across various business segments and industries.

Risk mitigants have been put in place at all stages of credit risk cycle i.e. identification, measurement, monitoring, controlling and reporting for effective credit risk management. Accordingly, portfolio monitoring function is in place with dedicated resources to ensure that the risk is effectively monitored and reported.

Credit Risk Review is conducted at obligor as well as at portfolio level to ensure adherence to regulatory requirement as well as internal policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Bank. Credit is approved under the 4 eye principal with equal ownership from both Business functions and Risk Management Group (RMG). Audit (Risk Assets Review) division reviews the advances portfolio on a post approval basis.

The Bank has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor and facility) for the portfolio for respective segments, and transition and migration matrices to study the realized default rates and performance of the risk rating models over the years.

Keeping in view the deteriorating economic situation, Rapid Portfolio Reviews are performed to identify vulnerable accounts and decide account specific strategies with respect to exposure and to estimate possible additional provisioning. Results of the Rapid Portfolio Reviews are shared with senior management and Board Risk Management Committee (BRMC).

Provision for credit portfolio is determined in accordance with the SBP's relevant Prudential Regulations. The Bank also maintains additional provision on subjective classification basis in line with its prudent approach.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non – performing loans and to ensure that CAR is maintained at sufficient level to meet regulatory requirement and business needs.

The Bank has implemented an Enterprise Risk Management solution and Loan Origination System. These systems not only enhance operational efficiency in the risk management processes, but also promote integrated risk assessment.

Risk Asset Review (RAR) performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, efficacy of processes for acquisition of risk assets, regulatory/policy compliance and appropriateness of classification and risk rating.

A centralized Credit Administration Division (CAD) under Operations Group is working to ensure that terms and conditions of approval of credit sanctions are complied, all documentation is complete and fully enforceable, all disbursements of approved facilities are made only after necessary authorization by CAD and collateral is monitored on regular basis.

To handle the specific needs of managing classified accounts, the Bank has a separate Special Asset Management Division (SAMD) to negotiate settlement of the non–performing exposure, including pursuing litigation, if required, to protect the interests of the depositors and shareholders.

#### **Credit risk – General disclosures**

The Bank follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Bank selects particular ECAIs for each type of exposure. The Bank utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR–VIS), Fitch, Moody's and Standard & Poors (S&P).

#### Types of exposure and ECAIs used

	FITCH	Moody's	S & P	PACRA	JCR–VIS	ECA Scores
Corporates	√	√	√	√	√	√
Banks	√	√	√	√	√	√
Public sector enterprises	–	–	–	√	√	√

\* FITCH, Moody's and S&P ratings (as applicable) are used where sovereign exposures are denominated in USD.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

### Long Term Rating Grades mapping

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

Particulars of the Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

Rupees in '000	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
<b>46.1.1.1 Lendings to financial institutions</b>						
<b>Credit risk by public / private sector</b>						
Private	89,164	525,820	89,164	118,886	89,164	118,886

Rupees in '000	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
<b>46.1.2 Investment in debt securities</b>						
<b>Credit risk by industry sector</b>						
Textile	279,681	280,643	279,678	280,653	279,678	280,653
Chemical and Pharmaceuticals	1,090,958	1,207,164	898,458	944,655	898,458	944,655
Power and energy	8,416,126	6,018,005	-	-	-	-
Telecommunication	204,432	204,432	204,432	204,432	204,432	204,432
Metal and allied	500,000	-	-	-	-	-
Financial	1,179,980,942	762,908,994	165,000	-	82,500	-
Others	500,000	2,377,311	-	-	-	-
	1,190,972,139	772,996,549	1,547,568	1,429,740	1,465,068	1,429,740
<b>Credit risk by public / private sector</b>						
Public / Government	1,175,025,492	757,998,445	204,432	-	204,432	-
Private	15,946,647	14,998,104	1,343,136	1,429,740	1,260,636	1,429,740
	1,190,972,139	772,996,549	1,547,568	1,429,740	1,465,068	1,429,740
Rupees in '000	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
<b>46.1.3 Advances</b>						
<b>Credit risk by industry sector</b>						
Agriculture, Forestry, Hunting and Fishing	8,110,464	8,267,350	322,237	381,408	135,249	194,873
Mining and Quarrying	11,107,074	10,108,017	-	-	-	-
Textile	72,951,683	67,579,336	8,654,320	9,091,734	8,165,544	9,077,799
Chemical and Pharmaceuticals	46,493,823	47,900,027	727,772	1,124,375	706,933	971,045
Cement	15,236,900	12,966,848	395	395	395	395
Sugar	35,656,630	17,809,458	6,453	11,853	6,453	11,853
Footwear and Leather garments	1,413,043	1,464,625	168,582	221,325	168,582	221,325
Automobile and transportation equipment	2,701,484	3,752,002	814,919	721,305	814,919	721,305
Electronics and electrical appliances	5,101,528	7,012,635	1,021,105	1,133,813	902,937	1,110,792
Food and allied	75,000,000	51,423,906	1,334,570	-	613,445	-
Construction	15,409,186	12,923,924	1,793,076	498,824	761,092	473,824
Power and energy	58,594,300	75,759,727	393,206	3,057,302	348,967	2,219,160
Oil and gas	66,211,253	57,922,257	-	3,164,510	-	3,134,226
Wholesale and Retail Trade	17,792,073	23,288,986	338,679	423,259	338,679	413,859
Transport, Storage and Communication	39,604,834	40,875,286	-	410,439	-	410,439
Financial	26,395,992	22,362,877	-	-	-	-
Insurance	121,025	182,484	413,531	-	413,531	-
Services	44,742,814	40,268,364	663,141	739,382	563,801	739,382
Individuals	34,857,892	37,633,238	1,623,098	2,450,951	1,623,098	2,272,196
Edible oil and ghee	6,037,236	3,895,381	2,527,867	1,660,483	2,527,867	1,660,483
Rice Processing (husking, semi-wholly milled etc.)	14,872,454	13,566,276	3,147,841	2,530,345	3,117,557	2,530,345
Metal and allied	21,362,992	22,035,008	734,170	734,170	734,170	734,170
Others	41,533,369	35,936,033	4,378,625	2,790,909	3,693,476	2,400,057
	661,308,049	614,934,045	29,063,587	31,146,782	25,636,695	29,297,528
<b>Credit risk by public / private sector</b>						
Public/ Government	247,411,197	188,384,032	-	-	-	-
Private	413,896,852	426,550,013	29,063,587	31,146,782	25,636,695	29,297,528
	661,308,049	614,934,045	29,063,587	31,146,782	25,636,695	29,297,528

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2023	2022
<b>46.1.4 Contingencies and Commitments</b>		
<b>Credit risk by industry sector</b>		
Agriculture, Forestry, Hunting and Fishing	1,801,299	501,647
Mining and Quarrying	6,023,341	3,283,384
Textile	14,785,574	23,815,578
Chemical and Pharmaceuticals	13,497,070	9,561,755
Cement	2,189,928	3,686,476
Sugar	2,249,530	840,793
Footwear and Leather garments	1,272,469	1,151,124
Automobile and transportation equipment	646,516	307,078
Electronics and electrical appliances	4,928,772	2,538,207
Real Estate & Construction	38,728,391	30,265,982
Research and development	3,018,764	2,265,632
Power and energy	13,279,750	14,696,403
Wholesale and Retail Trade	13,137,036	9,381,955
Oil and gas	9,324,183	7,234,245
Transport, Storage and Communication	29,753,116	19,405,834
Financial	505,173,111	485,959,432
Insurance	356,172	305,417
Food and allied	13,034,536	5,703,330
Services	12,077,385	10,448,445
Individuals	302,569	978,788
Engineering	98,451,727	79,099,668
Telecommunication	3,237,360	3,112,380
Metal and allied	9,105,410	5,908,902
Others	62,122,467	68,545,014
	<b>858,496,476</b>	<b>788,997,469</b>
<b>Credit risk by public / private sector</b>		
Public / Government	242,420,504	302,760,158
Private	616,075,972	486,237,311
	<b>858,496,476</b>	<b>788,997,469</b>

### 46.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs. 446,883,893 thousand (2022: Rs. 346,047,767 thousand) are as following:

Rupees in '000	2023	2022
Funded	173,321,907	183,510,340
Non Funded	273,561,986	162,537,427
Total Exposure	<b>446,883,893</b>	<b>346,047,767</b>

The sanctioned limits against these top 10 exposures aggregated to Rs. 570,620,020 thousand (2022: Rs. 444,073,755 thousand).

The above does not include any classified exposure.

#### 46.1.6 Advances – Province / Region-wise disbursement and utilization

Province / Region	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan
Punjab	1,333,843,562	1,317,615,884	4,330,448	146,893	6,730	11,735,324	8,283
Sindh	1,165,558,110	3,449,372	1,161,709,366	37,575	230,264	127,634	3,900
KPK including FATA	5,187,340	168,355	16,464	4,391,963	2,250	587,013	21,296
Balochistan	680,059	2,982	5,010	700	665,891	5,276	200
Islamabad	125,780,328	13,858,353	8,270,344	13,188,547	41,206	90,383,886	37,992
AJK including Gilgit Baltistan	825,077	76,966	200	3,225	-	7,945	736,741
<b>Total</b>	<b>2,631,874,476</b>	<b>1,335,171,912</b>	<b>1,174,331,832</b>	<b>17,768,903</b>	<b>946,341</b>	<b>102,847,078</b>	<b>808,412</b>

Province/Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan
Punjab	977,755,576	965,008,442	2,478,854	1,420,450	4,201	8,836,667	6,962
Sindh	1,046,523,386	2,074,309	1,043,696,064	2,364	479,484	266,330	4,835
KPK including FATA	4,769,555	196,039	1,861	4,351,903	1,430	104,383	113,939
Baluchistan	1,431,013	2,428	8,121	300	1,419,864	-	300
Islamabad	122,843,449	10,743,802	11,764,149	6,717,191	32,501	93,284,853	300,953
AJK including Gilgit Baltistan	494,756	46,359	1,800	7,261	-	11,145	428,191
<b>Total</b>	<b>2,153,817,735</b>	<b>978,071,379</b>	<b>1,057,950,849</b>	<b>12,499,469</b>	<b>1,937,480</b>	<b>102,503,378</b>	<b>855,180</b>

#### 46.2 Market Risk:

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads, resulting in a loss to earnings and capital.

The Bank is exposed to market risk from both its banking and trading books. Trading book for the Bank includes all Held for Trading ( HFT ) assets along with Available for Sale (AFS) securities that are held with intention of short term trade. All assets not included in trading book are included in the Banking book.

The Bank's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. Risk Management Group has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk.

The Bank makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk. Additionally, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures, such as fixed income securities and equity capital market instruments.

Further, stress testing is used to analyze the impact of abnormal market movements across different portfolios to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Bank's traded portfolios is evaluated through the use of risk / return analysis. Risk is assessed through the revaluation of all traded market risk exposed positions on a daily basis, and monitored by ensuring that these positions do not breach any regulatory limits as well as any internally established risk tolerance limits.

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Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 29,300,677 thousand (2022: Rs. 27,675,542 thousand).

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

Rupees in '000	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	160,087,394	-	160,087,394	70,950,067	-	70,950,067
Balances with other banks	13,789,031	-	13,789,031	9,677,123	-	9,677,123
Lendings to financial institutions	-	-	-	406,934	-	406,934
Investments	453,843,322	728,694,366	1,182,537,688	292,722,634	469,974,004	762,696,638
Advances	633,132,827	-	633,132,827	583,810,931	-	583,810,931
Fixed assets	27,010,884	-	27,010,884	24,484,412	-	24,484,412
Intangible assets	1,855,607	-	1,855,607	1,375,625	-	1,375,625
Assets held for sale	1,750,000	-	1,750,000	1,750,000	-	1,750,000
Deferred tax assets	8,072,702	-	8,072,702	7,545,677	-	7,545,677
Other assets	95,769,826	-	95,769,826	62,973,402	-	62,973,402
	1,395,311,593	728,694,366	2,124,005,959	1,055,696,805	469,974,004	1,525,670,809

### 46.2.2 Foreign Exchange Risk

Foreign exchange risk, or the risk that the Bank's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out of the Bank's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Bank's Wholesale Bank Branch, foreign currency lendings / deposits and capital investments in offshore operations.

The Bank's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

Rupees in '000	2023			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	100,057,331	133,407,202	(21,110,855)	(54,460,726)
Pound Sterling	1,159,587	8,594,795	(7,412,731)	(14,847,939)
Euro	1,851,281	4,001,522	(1,565,484)	(3,715,725)
Other European currencies	2,481	-	-	2,481
Other currencies	1,603,397	906,278	302,424	999,543
	104,674,077	146,909,797	(29,786,646)	(72,022,366)

Rupees in '000	2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	65,691,952	105,771,498	(29,448,724)	(69,528,270)
Pound Sterling	604,649	6,537,640	(6,128,871)	(12,061,862)
Euro	3,289,971	2,507,599	3,082,549	3,864,921
Other European currencies	14,765	-	(73,260)	(58,495)
Other currencies	2,133,491	1,303,405	2,690	832,776
	71,734,828	116,120,142	(32,565,616)	(76,950,930)



Rupees in '000	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on				
– Profit and loss account	422,357	297,866	443,853	325,656

#### 46.2.3 Equity position risk

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. Equity positions are monitored on daily basis through management action triggers.

The Bank classifies its direct equity investments into held for trading, available for sale, and Held to Maturity. Held for trading equity exposures are of a short term nature and are undertaken to earn profit by exploiting market conditions and short term price fluctuations. Equities held in the available for sale portfolio are kept with the intent of earning profit due to underlying fundamental strength of each security. Strategic investments are undertaken in line with the long-term strategy of the Bank, i.e. to build strategic interest in other concerns. The Bank may also carry indirect equity exposure through financing against shares and reverse repos against shares.

At the end of FY 2023 Bank's equity investment portfolio was classified as held for trading and available for sale. Pretax impact of 5% decrease in equity prices are provided below;

Rupees in '000	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
– Profit and loss account	–	(27,644)	(766)	(3,852)
– Other comprehensive income	(35,149)	(249,372)	(27,985)	(140,843)

#### 46.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)–Basel III Specific

The Bank's interest rate exposure arises out of its investment, lending and borrowing activities. Interest Rate Risk in the Banking Book (IRRBB) in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Bank's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. The Market Risk Management Department monitors interest rate in the banking book from an earnings and economic value perspective.

##### Key IRRBB measures include:

1. Interest Earnings at Risk (IAR): the rolling 12-month impact of a parallel shift in interest rates on Net Interest Margin.
2. Change in Economic Value of Equity (EVE): the impact of a parallel shift in interest rates on the present value of the Bank's cash flows.
3. Repricing Gaps: mismatch between the Bank's assets and liabilities in terms of repricing time bands based on residual maturity for repricing or actual maturity which ever is earlier. Repricing assumptions for non-contractual assets and liabilities have been set based on a behavioral study.

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Rupees in '000	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
– Profit and loss account	(180,183)	(1,387,869)	(1,040,690)	(1,253,738)
– Other comprehensive income	129,062	–	852,746	–

### 46.2.5 Mismatch of interest rate sensitive assets and liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

Rupees in '000	Effective Yield / Interest rate	Exposed to yield / interest risk										Non-interest bearing financial instruments
		Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks		160,087,394	12,873,026	–	–	–	–	–	–	–	–	147,214,368
Balances with other banks	5.24%	13,789,031	12,229,132	–	–	–	–	–	–	–	–	1,559,899
Lendings to financial institutions	21.16%	–	–	–	–	–	–	–	–	–	–	–
Investments	18.73%	1,182,537,688	304,993,035	335,255,801	285,016,573	90,799,857	40,914,741	47,961,711	39,491,310	21,043,410	8,282,544	8,778,706
Advances	18.61%	633,132,827	255,323,490	179,012,129	96,782,356	26,081,357	24,756,765	14,365,184	19,459,226	12,047,379	3,330,161	1,974,780
Other assets		89,909,874	–	–	–	–	–	–	–	–	–	89,909,874
		2,079,456,814	585,418,683	514,267,930	381,798,929	116,881,214	65,671,506	62,326,895	58,950,536	33,090,789	11,612,705	249,437,627
<b>Liabilities</b>												
Bills payable		12,394,336	–	–	–	–	–	–	–	–	–	12,394,336
Borrowings	19.97%	643,362,665	606,543,301	8,543,464	1,530,759	161,802	6,823,565	6,724,701	6,194,752	5,983,279	857,042	–
Deposits and other accounts	12.80%	1,293,145,575	59,636,449	32,190,546	46,584,030	77,250,104	170,961,784	170,547,972	212,512,364	145,802,302	24,300,384	353,359,640
Sub-ordinated loans	21.81%	12,000,000	–	6,000,000	6,000,000	–	–	–	–	–	–	–
Other liabilities		56,110,709	–	–	–	–	–	–	–	–	–	56,110,709
		2,017,013,285	666,179,750	46,734,010	54,114,789	77,411,906	177,785,349	177,272,673	218,707,116	151,785,581	25,157,426	421,864,685
<b>On-balance sheet gap</b>		62,443,529	(80,761,067)	467,533,920	327,684,140	39,469,308	(112,113,843)	(114,945,778)	(159,756,580)	(118,694,792)	(13,544,721)	(172,427,058)
<b>Off-balance sheet financial instruments</b>												
Forward foreign exchange contracts purchase		153,115,769	3,038,994	2,615,067	4,969,835	142,491,873	–	–	–	–	–	–
Forward foreign exchange contracts sale		123,329,123	75,672,704	38,886,171	8,770,248	–	–	–	–	–	–	–
Off-balance sheet gap		29,786,646	(72,633,710)	(36,271,104)	(3,800,413)	142,491,873	–	–	–	–	–	–
<b>Total yield / interest risk sensitivity gap</b>			(153,394,777)	431,262,816	323,883,727	181,961,181	(112,113,843)	(114,945,778)	(159,756,580)	(118,694,792)	(13,544,721)	(172,427,058)
<b>Cumulative yield / interest risk sensitivity gap</b>			(153,394,777)	277,868,039	601,751,766	783,712,947	671,599,104	556,653,326	396,896,746	278,201,954	264,657,233	–

## Mismatch of interest rate sensitive assets and liabilities

		2022										
		Exposed to yield / interest risk										
Rupees in '000	Effective Yield / Interest rate	Total	Upto 1 to 3 to 6 Months to 1 Year					Over 1 to 2 to 3 to 5 Years			Above 10 Years	Non-interest bearing financial instruments
			Month	Months	Months	Year	Years	Years	Years	Years		
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks		70,950,067	-	-	-	-	-	-	-	-	-	70,950,067
Balances with other banks	1.64%	9,677,123	6,260,952	-	-	-	-	-	-	-	-	3,416,171
Lendings to financial institutions	13.98%	406,934	406,934	-	-	-	-	-	-	-	-	-
Investments	12.37%	762,696,638	193,871,304	118,178,169	215,704,285	74,509,378	48,289,765	31,744,872	26,477,008	42,780,223	5,473,949	5,667,685
Advances	11.94%	583,810,931	336,343,802	117,946,217	56,427,591	14,848,490	10,802,276	10,414,720	18,630,863	6,384,584	12,012,388	-
Other assets		53,890,117	-	-	-	-	-	-	-	-	-	53,890,117
		1,481,431,810	536,882,992	236,124,386	272,131,876	89,357,868	59,092,041	42,159,592	45,107,871	49,164,807	17,486,337	133,924,040
<b>Liabilities</b>												
Bills payable		11,878,563	-	-	-	-	-	-	-	-	-	11,878,563
Borrowings	12.63%	233,432,089	95,941,683	110,469,558	1,536,997	243,333	6,184,411	6,104,215	6,135,471	5,990,916	825,505	-
Deposits and other accounts	7.84%	1,142,574,606	55,447,835	38,301,787	23,782,422	124,175,800	133,196,739	133,121,261	152,770,413	75,457,330	56,612,953	349,708,066
Sub-ordinated loans	14.84%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-
Other liabilities		45,613,789	-	-	-	-	-	-	-	-	-	45,613,789
		1,445,499,047	151,389,518	154,771,345	31,319,419	124,419,133	139,381,150	139,225,476	158,905,884	81,448,246	57,438,458	407,200,418
<b>On-balance sheet gap</b>		35,932,763	385,493,474	81,353,041	240,812,457	(35,061,265)	(80,289,109)	(97,065,884)	(113,798,013)	(32,283,439)	(39,952,121)	(273,276,378)
<b>Off-balance sheet financial instruments</b>												
Forward foreign exchange contracts purchase		150,899,164	57,918,668	65,867,344	27,113,152	-	-	-	-	-	-	-
Forward foreign exchange contracts sale		118,333,548	75,019,290	40,447,217	2,867,041	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		32,565,616	(17,100,622)	25,420,127	24,246,111	-	-	-	-	-	-	-
<b>Total yield / interest risk sensitivity gap</b>			368,392,852	106,773,168	265,058,568	(35,061,265)	(80,289,109)	(97,065,884)	(113,798,013)	(32,283,439)	(39,952,121)	(273,276,378)
<b>Cumulative yield / interest risk sensitivity gap</b>			368,392,852	475,166,020	740,224,588	705,163,323	624,874,214	527,808,330	414,010,317	381,726,878	341,774,757	-

**46.2.5.1** Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

**46.2.5.2** Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

**46.2.5.3** Assets do not include fixed assets of Rs. 27,010,885 thousand (2022: Rs. 24,484,412 thousand), Intangible assets of Rs. 1,855,607 thousand (2022: Rs. 1,375,625 thousand), deferred tax asset of Rs. 8,072,702 thousand (2022: Rs. 7,545,677 thousand), assets held for sale of Rs. 1,750,000 thousand (2022: Rs. 1,750,000 thousand) and other assets consisting of advances, prepaid rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, Stationary & Stamp and Others of Rs. 5,859,952 thousand (2022: Rs. 9,083,285 thousand).

**46.2.5.4** Liabilities do not include other liabilities consisting of advance payments, advance against sale of properties, unearned commission, branch adjustment account, workers' welfare fund, payable to defined benefit plan, provision for employees' compensated absences, levies and taxes payable, provision against off-balance sheet items, Islamic pool management reserve and others of Rs. 9,869,853 thousand (2022: Rs. 6,849,509 thousand).

### 46.3 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Bank strives to manage operational risk within acceptable levels through sound operational risk management practices.

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Board Risk Management Committee defines the operational risk appetite and tolerance limits. Operational risk governance structure adopted by Bank is embedded with three lines of defense: Strategic, Macro and Micro.

Bank already has in place an Operational Risk Management framework which is aligned with global best market practices. Bank has dedicated functions to manage Operational Risk, Business Continuity Risk and Information Security Risk governed through comprehensive frameworks in line with international best practices.

### 46.3.1 Operational Risk–Disclosures Basel II specific

Basel II Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

### 46.4 Liquidity Risk

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Bank's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position, liquidity ratios, depositors concentration both in terms of the overall funding mix and to avoid undue reliance on large individual deposits. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Bank's overall funding and significant importance is attached to the stability and growth of these deposits.

The Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

#### 46.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Bank

		2023													
Rupees in '000		Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
<b>Assets</b>															
Cash and balances with treasury banks	160,087,394	48,026,218	1,600,874	-	-	-	-	-	-	-	27,615,075	27,615,075	27,615,075	27,615,077	
Balances with other banks	13,789,031	2,482,026	1,258,939	9,652	899,045	452,280	4,633,116	2,316,558	1,158,274	579,141	-	-	-	-	
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investments	1,182,537,688	253,601	223,196,210	627,144	83,064,197	139,236,395	196,536,828	285,251,845	42,562,888	48,354,601	42,218,132	49,265,102	41,086,274	30,884,471	
Advances	633,132,827	1,362,182	18,419,478	23,897,691	201,414,895	62,284,013	32,356,652	74,845,825	16,541,338	5,516,758	28,615,270	28,125,923	44,232,277	95,520,525	
Fixed assets	27,010,884	-	-	215,595	215,595	188,180	188,180	552,736	538,293	538,293	1,854,976	1,367,188	1,498,028	19,853,820	
Intangible assets	1,855,607	-	-	14,811	14,811	12,928	12,928	37,972	36,980	36,980	127,434	93,924	102,912	1,363,927	
Assets held for sale	1,750,000	-	-	-	-	-	-	1,750,000	-	-	-	-	-	-	
Deferred tax assets	8,072,702	164,145	984,870	1,313,160	2,462,174	-	-	-	160,920	160,919	322,576	923,320	1,580,618	-	
Other assets	95,769,826	13,200,162	1,847,709	2,466,685	10,962,899	1,904,819	222,529	421,295	-	-	16,326,997	16,138,910	16,138,910	16,138,911	
	2,124,005,959	65,488,334	247,308,080	28,544,738	299,033,616	204,078,615	233,950,233	365,176,231	60,998,693	55,186,692	117,080,460	123,529,442	132,254,094	191,376,731	
<b>Liabilities</b>															
Bills payable	12,394,336	3,966,188	1,131,603	-	940,730	3,280,421	1,640,210	820,105	410,053	205,026	-	-	-	-	
Borrowings	643,362,665	2,156,506	163,556,035	420,399,459	20,431,301	5,805,043	2,738,421	1,530,759	-	161,802	6,823,565	6,724,701	6,194,752	6,840,321	
Deposits and other accounts	1,293,145,575	64,651,017	115,105,020	4,962,441	2,834,160	42,048,040	3,570,172	46,584,030	53,650,958	23,599,146	223,965,730	223,551,918	265,516,310	223,106,633	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000	
Other liabilities	65,980,562	12,084,247	14,524,918	2,304,736	10,962,899	1,904,819	222,523	421,295	-	-	6,029,851	5,841,758	5,841,758	5,841,758	
	2,026,893,138	82,857,958	294,317,576	427,666,636	35,169,090	53,038,324	8,171,326	49,356,189	54,061,011	23,965,974	236,819,146	236,118,377	277,552,820	247,788,712	
Net assets	97,122,821	(17,369,624)	(47,009,496)	(399,121,898)	263,864,526	151,040,292	225,778,907	315,820,042	6,937,682	31,220,718	(119,738,686)	(112,588,935)	(145,298,726)	(56,411,981)	
Share Capital	14,492,992														
Reserves	57,739,655														
Surplus on revaluation of assets	4,458,362														
Unappropriated profit	20,431,812														
	97,122,821														

#### 46.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Bank

		2022													
		Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Rupees in '000															
<b>Assets</b>															
Cash and balances with treasury banks	70,950,067	21,286,020	709,501	-	-	-	-	-	-	-	-	12,238,887	12,238,887	12,238,887	12,238,885
Balances with other banks	9,677,123	1,741,882	883,521	6,774	630,948	317,410	3,251,513	1,625,757	812,878	406,440	-	-	-	-	-
Lendings to financial institutions	406,934	-	406,934	-	-	-	-	-	-	-	-	-	-	-	-
Investments	762,696,638	181,252	488,459	450,881	288,289	11,141,826	1,878,274	61,980,179	73,877,560	86,096,535	185,080,768	121,455,289	117,079,316	102,698,010	
Advances	583,810,931	4,068,879	12,715,307	17,411,575	154,279,779	62,804,973	36,556,595	73,148,494	8,925,498	25,676,425	25,114,183	25,416,315	43,116,981	94,575,927	
Fixed assets	24,484,412	-	-	195,430	195,430	170,578	170,578	501,036	487,943	487,943	1,681,470	1,239,308	1,357,910	17,996,786	
Intangible assets	1,375,625	-	-	10,980	10,980	9,584	9,584	28,150	27,414	27,414	94,471	69,629	76,292	1,011,127	
Assets held for sale	1,750,000	-	-	-	-	-	-	1,750,000	-	-	-	-	-	-	
Deferred tax assets	7,545,677	153,429	920,573	1,227,430	2,301,431	-	-	-	150,415	150,415	301,516	863,041	1,477,427	-	
Other assets	62,973,402	7,838,971	1,581,589	1,560,988	6,760,586	1,652,699	2,604,107	3,249,248	-	1,592,403	9,580,817	9,768,904	9,580,817	7,202,273	
	1,525,670,809	35,269,433	17,705,894	20,864,058	164,467,443	76,097,070	44,470,651	142,282,864	84,281,708	114,437,575	234,092,112	171,051,373	184,927,630	235,723,008	
<b>Liabilities</b>															
Bills payable	11,878,563	3,801,140	1,084,513	-	901,583	3,143,911	1,571,955	785,978	392,989	196,494	-	-	-	-	
Borrowings	233,432,089	2,416,278	91,324,368	1,543,256	657,781	81,670,785	28,798,773	1,536,997	83,333	160,000	6,184,411	6,104,215	6,135,471	6,816,421	
Deposits and other accounts	1,142,574,606	38,007,092	44,640,870	25,751,160	79,638,926	41,791,360	15,682,531	32,641,953	44,451,695	80,251,843	185,266,826	185,191,160	185,118,259	184,140,931	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000	
Other liabilities	52,463,298	8,836,623	11,106,111	1,751,816	6,760,586	1,652,698	2,604,107	1,333,629	-	1,592,403	4,275,041	4,463,128	4,275,041	3,812,117	
	1,452,348,556	53,061,133	148,155,862	29,046,232	87,958,876	128,258,752	48,657,366	36,298,557	44,928,017	82,200,740	195,726,278	195,758,503	195,528,771	206,769,469	
Net assets	73,322,253	(17,791,700)	(130,449,978)	(8,182,174)	76,508,567	(52,161,682)	(4,186,715)	105,984,307	39,353,691	32,236,835	38,365,834	(24,707,130)	(10,601,141)	28,953,539	
Share Capital	12,602,602														
Reserves	43,385,654														
Surplus on revaluation of assets	3,952,356														
Unappropriated profit	13,381,441														
	73,322,253														

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

## 46.4.2 Maturities of Assets and Liabilities – based on expected maturity of assets and liabilities of the Bank

		2023									
Rupees in '000		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
<b>Assets</b>											
Cash and balances with treasury banks	160,087,394	49,627,092	-	-	-	27,615,075	27,615,075	27,615,075	23,670,064	3,945,013	-
Balances with other banks	13,789,031	4,649,663	5,085,396	2,316,558	1,737,414	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-
Investments	1,182,537,688	307,141,152	335,773,223	285,251,845	90,917,488	42,218,132	49,265,102	41,086,274	22,379,282	8,505,190	
Advances	633,132,827	245,094,245	94,640,665	74,845,825	22,058,097	28,615,270	28,125,923	44,232,277	80,034,403	15,486,122	
Fixed assets	27,010,884	431,191	376,359	552,736	1,076,586	1,854,976	1,367,188	1,498,028	1,446,139	18,407,681	
Intangible assets	1,855,607	29,622	25,855	37,972	73,960	127,434	93,924	102,912	99,348	1,264,580	
Assets held for sale	1,750,000	-	-	1,750,000	-	-	-	-	-	-	
Deferred tax assets	8,072,702	4,924,348	-	-	321,841	322,576	923,320	1,580,617	-	-	
Other assets	95,769,826	28,477,455	2,127,348	421,295	-	16,326,997	16,138,910	16,138,910	13,834,520	2,304,390	
	2,124,005,959	640,374,768	438,028,846	365,176,231	116,185,386	117,080,460	123,529,442	132,254,094	141,463,756	49,912,977	
<b>Liabilities</b>											
Bills payable	12,394,336	6,038,520	4,920,631	820,105	615,080	-	-	-	-	-	
Borrowings	643,362,665	606,543,301	8,543,464	1,530,759	161,802	6,823,565	6,724,701	6,194,752	5,983,279	857,042	
Deposits and other accounts	1,293,145,575	187,552,638	45,618,212	46,584,030	77,250,104	223,965,730	223,551,918	265,516,310	190,611,913	32,494,720	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000	
Other liabilities	65,980,562	39,876,801	2,127,342	421,295	-	6,029,851	5,841,758	5,841,758	5,841,757	-	
	2,026,883,138	840,011,260	61,209,649	49,356,189	78,026,985	236,819,146	236,118,377	277,552,820	208,436,949	39,351,761	
Net assets	97,122,821	(199,636,492)	376,819,197	315,820,042	38,158,401	(119,738,686)	(112,588,935)	(145,298,726)	(66,973,193)	10,561,213	
Share Capital	14,492,992	-	-	-	-	-	-	-	-	-	
Reserves	57,739,655	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	4,458,362	-	-	-	-	-	-	-	-	-	
Unappropriated profit	20,431,812	-	-	-	-	-	-	-	-	-	
	97,122,821	-	-	-	-	-	-	-	-	-	

		2022									
Rupees in '000		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
<b>Assets</b>											
Cash and balances with treasury banks	70,950,067	21,994,521	-	-	-	12,238,887	12,238,887	12,238,887	10,490,474	1,748,411	
Balances with other banks	9,677,123	3,263,125	3,568,923	1,625,757	1,219,318	-	-	-	-	-	
Lendings to financial institutions	406,934	406,934	-	-	-	-	-	-	-	-	
Investments	762,696,638	1,408,881	13,020,100	61,980,179	159,974,095	185,080,768	121,455,289	117,079,316	99,412,134	3,285,876	
Advances	583,810,931	188,475,540	99,361,568	73,148,494	34,601,923	25,114,183	25,416,315	43,116,981	67,033,182	27,542,745	
Fixed assets	24,484,412	390,860	341,156	501,036	975,886	1,681,470	1,239,308	1,357,910	1,310,874	16,685,912	
Intangible assets	1,375,625	21,960	19,168	28,150	54,828	94,471	69,629	76,292	73,650	937,477	
Assets held for sale	1,750,000	-	-	1,750,000	-	-	-	-	-	-	
Deferred tax assets	7,545,677	4,602,863	-	-	300,830	301,516	863,041	1,477,427	-	-	
Other assets	62,973,402	17,742,134	4,256,806	3,249,248	1,592,403	9,580,817	9,768,904	9,580,817	5,833,585	1,368,688	
	1,525,670,809	238,306,818	120,567,721	142,282,864	198,719,283	234,092,112	171,051,373	184,927,630	184,153,899	51,569,109	
<b>Liabilities</b>											
Bills payable	11,878,563	5,787,236	4,715,866	785,978	589,483	-	-	-	-	-	
Borrowings	233,432,089	95,941,683	110,469,558	1,536,997	243,333	6,184,411	6,104,215	6,135,471	5,990,917	825,504	
Deposits and other accounts	1,142,574,606	188,038,048	57,473,891	32,641,953	124,703,538	185,266,826	185,191,160	185,118,259	157,817,978	26,322,953	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000	
Other liabilities	52,463,298	28,455,136	4,256,803	1,333,629	1,592,403	4,275,041	4,463,128	4,275,041	3,201,396	610,721	
	1,452,348,556	318,222,103	176,916,118	36,298,557	127,128,757	195,726,278	195,758,503	195,528,771	173,010,291	33,759,178	
Net assets	73,322,253	(79,915,285)	(56,348,397)	105,984,307	71,590,526	38,365,834	(24,707,130)	(10,601,141)	11,143,608	17,809,931	
Share Capital	12,602,602	-	-	-	-	-	-	-	-	-	
Reserves	43,385,854	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets	3,952,356	-	-	-	-	-	-	-	-	-	
Unappropriated profit	13,381,441	-	-	-	-	-	-	-	-	-	
	73,322,253	-	-	-	-	-	-	-	-	-	

#### 46.5 Derivative Risk

The Bank at present does not offer structured derivative products such as interest rate swaps, forward rate swap, forward rate agreements or foreign exchange options nor does it deal in market making and foreign exchange hedging.

Bank's derivative exposure is limited to hedging transactions undertaken by Treasury in instruments such as forward exchange contracts.

The Risk Management Group monitors Bank's overall derivative exposure in forward exchange contracts, which are marked to market and are included in Banks overall portfolio measures of volatility including value at risk (VaR). Further, value at risk (VaR) is separately monitored for forward exchange contracts. Derivative exposures are also included in Bank's capital charge and risk weighted asset calculation in accordance with SBP regulations.

#### 47. GENERAL

##### 47.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 21, 2024 has proposed the following appropriations, which 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 the appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2024.

Rupees in '000	2023	2022
Proposed final cash dividend - Rs. 2.5 per share (2022: Nil)	3,623,248	–
Bonus issue – Nil (2022: 15%)	–	1,890,390
Transfer to General reserve	16,808,564	11,725,720

#### 48 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on February 21, 2024 by the Board of Directors of the Bank.

Chief Financial Officer

President & CE

Director

Director

Chairman



# ANNEXURE-1

## Statement Showing Written-off Loans or any other Financial Reliefs of Five Hundred Thousand Rupees or Above Provided During the Year Ended December 31, 2023

Statement in terms of sub-section (3) of section 33-A of Banking Companies Ordinance, 1962 in respect of written off loans or any other financial reliefs of Rs. 500,000 or above allowed to a person(s) during the year ended December 31, 2023 as referred to in note 9.6 to these financial statements

Rupees in million											
S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark - up waived-off /written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
1	Eleganze (Pvt) Limited. Village Kamahan, Lahore.	Adil Azam Khawaja 35202-4267913-5 Azam Khawaja (Director) 35202-1616053-9 Zahid Afzal Daha (Mortgagor) 35202-2639146-9*	Mustansar Hassan Khawaja Mustansar Hassan Khawaja Muhammad Afzal Khan	-	2,310	6,682	8,992	-	2,310	4,753	7,063
2	ACE Institute of Health Sciences. H.# 618, Block-X, DHA-III, Lahore.	Brig. (R) Muhammad Afzal (Late) 35201-1700993-3 Muhammad Naveed Afzal 35201-1700957-7 Muhammad Muneeb Afzal 35201-1700990-9	Chaudhry Nadir Ali Brig. (R) Muhammad Afzal (Late) Brig. (R) Muhammad Afzal (Late)	11,800	8,557	7,319	27,676	-	-	5,489	5,489
3	Feroze Rice Mills. Ghala Mandi, Kotli Faqeer Chand, Daska Pasrur Road, Daska.	Maqbool Ahmad 34602-1018393-1	Feroze Din	3,450	0,493	1,754	5,697	-	-	1,685	1,685
4	Subhan Traders. House # 173/10, Mohallah Rajgan, Gujjar Khan, District Rawalpindi.	Sallah-Ud-Din 61101-4186859-1	Mushtaq Ahmed	-	0,651	0,512	1,163	-	0,651	0,512	1,163
5	Unique Poultry International Pvt Ltd. Khasra # 502, Dhoke Budhal, Chakbelli Khan Road, Rawalpindi.	Lt.Gen Ahmed Shuja Pasha (Retrd) 34101-8806715-3 Ahmed Ali Khan(CEO) 86058-6821813-3 Shakeel Ahmed 42301-1577320-3	Nazir Ahmed Qureshi Shakeel Ahmed Muhammad Jamil	98,500	41,233	-	139,733	-	21,444	-	21,444
6	Al-Rizwan Dyeing Industry. Stop # 25, Mouza Jia Musa, Near WASA Disposal, Shahdara, Lahore.	Suleman Younas (Late) 35201-1401869-1 Imran Younas 35201-1287499-7 Rizwan Younas 35201-1241608-7 Irfan Younas 35201-1587178-7	Muhammad Younas Muhammad Younas Muhammad Younas Muhammad Younas	5,731	1,038	7,783	14,552	-	-	1,942	1,942
7	Ali Raza Enterprises. Chak # 226 R.B, Sammundri Road Behind Coca Cola Factory Faisalabad.	Mian Muhammad Ali Raza 33100-0646786-1 Farooq Ishaq 33100-0649120-3 Ch. Muhammad Ishaq 33100-9094296-1	Muhammad Ishaq Muhammad Ishaq Khair Din	9,600	1,645	6,342	17,587	-	0,898	3,805	4,703
8	Regent Travels. 1-UGF, Century Towers, Main Boulevard, Gulberg, Lahore.	Col (R) Mumtaz Ahsan Cheema 35201-1636513-9 Mst. Usma Mumtaz Cheema 35201-1413348-6 Mst. Saleema Bibi 36501-1756117-0	Ghulam Muhammad Mumtaz Ahsan Cheema Nabi Buksh	9,989	0,799	5,316	16,104	-	-	3,712	3,712
9	Skylord Travels. 76/2 Q - Block DHA, Lahore	Mst. Anna Ahmad 35201-1512902-4	Muhammad Ahmed	7,656	0,349	4,075	12,080	-	-	2,439	2,439
10	Umer Trading Company. Near Pul Rakh Canal Road, Pakpattan.	Muhammad Ramzan 36402-0238835-7	Bashir Ahmad	24,611	5,845	4,821	35,277	-	-	3,616	3,616
11	Rana Brothers. 43 - A Circular Road, Lahore.	Muhammad Ayub Rana 35202-9777387-5	Ch. Mehdi Khan	-	3,707	9,967	13,674	-	0,219	9,970	10,189

S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark-up waived-off /written off	Other financial relief provided	Total
12	Ishaq Corporation. P 47 Street 3 Block X Mainda Town Faisalabad.	Muhammad Jaffar 33100-7571386-9	Muhammad Ishaq	5.000	1.309	4.427	10.736	-	-	4.428	4.428
13	Muhammad Arif Warraich. Rahwali, G.T. Road, Gujranwala.	Muhammad Arif Warraich 34101-2575537-9	Ch. Khadim Hussain	1.115	0.782	0.877	2.774	-	-	0.877	0.877
14	Al-Afzal Security Company (Pvt) Ltd. Suit No.C-3, 3rd Floor, Rahat Jo Dero, 172/L, Main Tariq Road, PECHS, Block-2, Karachi.	Ms. Khadija Shafiq 42301-0773349-8 Ms. Sabin Shafiq 42301-0772494-8	Shafiq Ahmed	1.938	1.231	-	3.169	-	0.152	0.511	0.663
15	Arsalan Sarwar / Zeeshan Brothers. Khairpur Daha Road, Uch Shareef.	Arsalan Sarwar 36601-6225827-9	Muhammad Sarwar Shad	4.096	0.910	0.899	5.905	-	0.570	0.899	1.469
16	Al-Amin Weaving (Pvt) Ltd. 9 K.M. Raiwind Road, Munnu Chowk, Defence Road. Lahore.	Salman Shahid Malik 35201-7258394-5 Aiza Shahid 35201-4505951-6	M.Salman Malik Salman Shahid Malik	4.460	0.483	3.183	8.126	-	-	2.527	2.527
17	Khalid Enterprises. Plot # ST-17, Sector 7-A, Korangi Industrial Area, Karachi.	Muhammad Khalid 42301-3111565-9	Inayat Ali	-	1.498	-	1.498	-	1.098	-	1.098
18	Al Karim Steels (Zafar Iqbal). 80-Inside Sarai Sultan, Loha Market, Landa Bazar, Lahore.	Zafar Iqbal 35201-8454932-5	Mian Mubarak Ali	30.000	5.253	4.812	40.065	-	2.366	3.224	5.590
19	Ali Babar Rice Mills. 15/A Vehari Bazar, Burewala.	Malik Nazim Hussain 36601-1561080-5 Babar Khadim 36601-1549925-1 Nadir Khadim 36601-8397103-9	Malik Allah Bakhsh Malik Khadim Hussain Malik Khadim Hussain	2.729	2.006	1.398	6.133	-	1.654	1.047	2.701
20	Globex Safety (Pvt) Ltd. Bahria Orchard, Phase IV, Gate # 4 Adjacent Rupafab Factory , 18-Km Raiwind Road, Lahore.	Mahmood Ahmad 35202-2683994-1 Mah Jabeen 35200-1479145-6	Sultan Ahmad Mahmood Ahmad	-	10.138	14.667	24.805	-	7.532	-	7.532
21	River Ravi Filling Station. 02 KM, Faisalabad Road, Chichawatni.	Tariq Hameed 36502-8589236-9 Kashif Hameed 36501-9941306-1	Abdul Hameed	15.000	1.857	1.411	18.268	-	-	1.268	1.268
22	Friends Corporation. Jugitpir, Hasilpur Road, Khairpur Tamewali, Distt. Bahawalpur.	Hassan Pervaiz Joyia 31202-1367740-5	Muhammad Khan	0.782	0.302	1.012	2.096	-	-	0.505	0.505
23	Pan Gold Enterprises. 04 Km, Burewala Road, Vehari.	Ch. Khurshid Ahmed (Managing Partner, Deceased). Waheed 36601-115515-6 Naveed Anwar 35202-379807-6 Kaneez Akhtar 35202-638270-6	Shah Muhammad Khurshid Ahmed Khurshid Ahmed Khurshid Ahmed	14.000	1.924	3.345	19.269	-	-	2.836	2.836

# ANNEXURE-1

## Statement Showing Written-off Loans or any other Financial Reliefs of Five Hundred Thousand Rupees or Above Provided During the Year Ended December 31, 2023

Rupees in million

S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark-up waived-off /written off	Other financial relief provided	Total
24	Bukhari Gold Collection. Shop #0, Madina Centre, Zaib-un-Nisa Road, Saddar, Karachi.	Muhammad Hussain (Late) 42301-7164183-9	Syed Ibrahim	6.343	1.496	1.294	9.133	-	1.496	1.294	2.790
25	HA's International (Pvt) Ltd. Muhammadi Trade Tower, Room#1710, Plot#5, New Challi, Karachi.	Tahir Saeed Paracha 42301-9105453-9	Ahmed Saeed Paracha	12.653	7.819	2.285	22.757	-	5.864	2.285	8.149
26	Wateen Telecom Ltd. Main Walton Road, Opposite Bab-e Pakistan, Lahore.	Edward Phillip Hurt PP# 510759964 Matthew Williams Hollis PP# 707533167 Adil Rashid 37405-0223625-3	Wayne Paul Hurt Peter Leslie Seymour Hollis Azmat Rashid	121.892	102.720	-	224.612	82.131	107.150	-	189.281
27	Wateen Wimax (Pvt) Ltd. Main Walton Road, Opposite Bab-e Pakistan, Lahore.	Edward Phillip Hurt PP# 510759964 Matthew Williams Hollis PP# 707533167 Adil Rashid 37405-0223625-3	Wayne Paul Hurt Peter Leslie Seymour Hollis Azmat Rashid	-	6.821	-	6.821	-	6.821	-	6.821
28	Japan Power Generation Ltd.* Jia Bagga Raiwind Road Lahore.	1) Mohammad Zalmi Rahmanuddin Khan - Chairman (Nominee Pak Oman Investment Syndicate Ltd) CNIC # 13101-3276277-1 2) Muhammad Arshad Tahir (National Logistics Cell) CNIC # 37405-0237885-7 3) Habib-ur-Rehman (National Logistics Cell) CNIC # 61101-2024173-3 4) Mir Munib Javed (Nominee Saudi Pak Industrial and Agricultural Investment Syndicate Ltd) CNIC # 35201-1340925-7 5) Muhammad Azam (Nominee Saudi Pak Industrial and Agricultural Investment Syndicate Ltd) CNIC # 61101-1938567-3 6) Nafees Ahmad (Nominee Pak Oman Investment Syndicate Ltd) CNIC # 35202-2509192-7 7) Zahid Anjum (Creditors Nominee, Faysal Bank Limited) CNIC # 35202-8770034-3 Please note that the company is already in liquidation and the Board is no longer functional. No BoD meeting is taking place. The Liquidator, Mr. Amir Sana is presently managing the affairs of the Syndicate*	1)Muhammad Salah -id-Din 2)Muhammad Tahir 3)Rehman 4)Mir Javed Asghar 5)Abdul Razzaq 6)Shokat Ali 7)Muhammad Shabbir	914.547	589.525	716.808	2,220.880	914.547	-	-	914.547
29	Shaheen Air International Ltd.* Terminal 1, Jinnah International Airport, Karachi.	Ehsan Khalid Sehbai 91506-0142853-7 Kashif Mehmud Sehbai 91506-0142852-3	Khalid Mehmud Sehbai	486.479	18.946	183.012	688.437	486.479	-	-	486.479

S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark-up waived-off /written off	Other financial relief provided	Total
30	Dewan Salman Fibre Ltd.* 2nd Floor Tower A, Finance & Trade Centre, Main Shakra-e-Faisal Karachi.	Dewan Muhammad Yousuf Farooqui 42301-6948978-9 Dewan Asim Mushfiq Farooqui 42301-4927084-9 Dewan Abdullah Ahmed Farooqui 42301-7511974-1 Dewan Abdul Baqi Farooqui 42301-7130155-5 Haroon Iqbal 42301-9916370-5 Mansoor Ul Haque 35202-9928995-7 Aziz Ul Haq 42301-8514003-5	Dewan Mohammad Umer Farooque Dewan Mohammad Umer Farooque Dewan Mohammad Umer Farooque Dewan Mohammad Umer Farooque Mian Muhammad Sharif Abdul Haque Noor Ul Haq	722.853	232.027	729.884	1,684.764	722.853	-	-	722.853
31	Southern Electric Power Company Ltd.* 1) 1 Salim Omer Road, off Korang Road, Banigala, Islamabad. 2) 6th Floor, Razia Sharif Plaza, Blue Area, Islamabad.	Yahia Awod Idris (USA48899091) M. Khalid Rashid 37405-0478046-5 Salman Rahim 61101-7883533-1 Grasso Lousia (UK094403076) Osama Salik 37405-3509229-7 Carolyne Khan M. Rashid Mirza 42301-5026134-7 Lynn Margaret	Awod Idris Abdul Rashid S.A. Rahim Sig. Grasso Salik Ahmed Jameed Khan Muhammad Ifrikhar	299.900	87.170	283.566	670.636	299.900	-	-	299.900
32	Abdul Rehman Sandrana. Kachehri Road Mohallah Kapayan Wala, Tehsil & District Jhang.	Abdul Rehman Sandrana 33202-3816804-7	Khan Muhammad Sandrana	1.490	0.731	-	2.221	-	0.548	-	0.548
33	Muhammad Hassan / Muhammad Shafique. 42-SP Sumandri P/O Haveli Lakha, Tehsil Depalpur, District Okara.	Muhammad Hassan 35301-2818719-9 Muhammad Shafique 35301-9622682-7	Jan Muhammad	-	0.852	-	0.852	-	0.852	-	0.852
34	Muhammad Moosa. Village Sher Muhammad Kalhoro Taluka, Ghotki.	Muhammad Moosa 45102-1426549-7	Mian Jeal	-	0.530	-	0.530	-	0.530	-	0.530
35	Mst. Hameeda Begum. P O Garh Maharaja Tehsil Shorkot, District Jhang.	Mst. Hameeda Begum 35202-7267315-6	Muhammad Zulfiqar Khan	1.000	1.285	-	2.285	-	0.964	-	0.964
36	Zia Ur Rehman. Rattan Pura P/O Muridke, Tehsil Ferozwala, District Sheikhupura.	Zia Ur Rehman 35401-3558810-7	Rana Muhammad Yasin	2.000	3.517	-	5.517	-	2.637	-	2.637
37	Rana Muhammad Imran Qaiser. Rattan Pura P/O Muridke, Tehsil Ferozwala, District Sheikhupura.	Rana Muhammad Imran Qaiser 35401-18391238-9	Atta Ullah	3.000	4.087	-	7.087	-	3.065	-	3.065
38	Adnan Atta. H # 2, ST # 3, Ahmad Pura, Noor Park Muridke, District Sheikhupura.	Adnan Atta 35405-0411673-7	Atta Ullah	2.125	3.379	-	5.504	-	2.534	-	2.534

# ANNEXURE-1

## Statement Showing Written-off Loans or any other Financial Reliefs of Five Hundred Thousand Rupees or Above Provided During the Year Ended December 31, 2023

Rupees in million

S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Interest / mark-up waived-off /written off	Other financial relief provided	Total	
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
39	Muhammad Shabbir / Muhammad Siddique. Chak # 47 Ucc, Tehsil Muridke, District Sheikhpura.	Muhammad Shabbir 35401-8353180-1 Muhammad Siddique 35401-3595323-9	Ghulam Qadir	3.750	2.428	-	6.178	-	1.821	-	1.821
40	Ali Raza Naseer. P O Khas, Chak 92 SB, Tehsil & District Sargodha.	Ali Raza Naseer 38403-0593944-9	Naseer Hussain	2.549	1.352	-	3.901	-	0.941	-	0.941
41	Sohail Abbas. Pandore, P.O Khas, Tehsil Muridke, District Sheikhpura.	Sohail Abbas 35401-5448291-9	Abbas Ali	0.410	0.751	-	1.161	-	0.563	-	0.563
42	Khawaja Muhammad Javed. H # 35 FCC Maratab Ali Road, Gulberg Lahore.	Khawaja Muhammad Javed 37201-1646142-1	Khawaja Muhammad Yousaf	2.000	2.331	-	4.331	-	1.748	-	1.748
43	Amir Shahzad. Mirpur Bhattian, P.O Hussain Khan Tehsil & District Nankana.	Amir Shahzad 35402-7967742-5	Anwar Khan	2.426	4.916	-	7.342	-	3.687	-	3.687
44	Abu Bakar Siddique. Doraranwala Malyan P.O Chak Chaudhary Tehsil Noshara, District Gujranwala.	Abu Bakar Siddique 34103-7096278-3	Muhammad Arshad	2.048	1.701	-	3.749	-	1.003	-	1.003
45	Asif Ali. Dera Charagh Din, Kharianwala Tehsil & District Sheikhpura.	Asif Ali 35404-8008571-1	Barkat Ali	0.495	1.093	-	1.588	-	0.678	-	0.678
46	Muhammad Atif Akram. Chak # 659 G.B, Chughalpora, Tehsil & District Faisalabad.	Muhammad Atif Akram 33100-0698079-5	Muhammad Akram	2.000	4.149	-	6.149	-	2.871	-	2.871
47	Aourang Zaib. Mehdi Abad P.O Vanikay Tarrar Tehsil & District Hafizabad.	Aourang Zaib 34301-8707635-9	Inayat Ullah	-	1.528	-	1.528	-	1.146	-	1.146
48	Sultan Mehmood. Koe K Bhalwal, P.O Khas, Tehsil Depalpur, District Okara.	Sultan Mehmood 35301-6960894-1	Mian Muhammad Amin Khan	2.997	5.005	-	8.002	-	3.685	-	3.685
49	Sayed Aoun Muhammad. Chak # 434 G.B, Tehsil Jaranwala, District Faisalabad.	Sayed Aoun Muhammad 33104-3765394-3	Syed Zahid Hussain	0.950	1.806	-	2.756	-	1.264	-	1.264
50	Hassan Manzoor. Near Govt. Girls High School, Old Narang Road, Muridke, District Sheikhpura.	Hassan Manzoor 35401-4340046-9	Manzoor Ahmad	-	1.349	-	1.349	-	1.011	-	1.011
51	Ghulam Mustafa Rashid. Alpan Kalan, PO Khas, Tehsil Pattoki, District Kasur.	Ghulam Mustafa Rashid 35103-1332834-1	Ghulam Rasool	-	4.758	-	4.758	-	3.565	-	3.565
52	Rasheed Ahmad & Nazir Ahmad. Mouza Kul, PO Khas Tehsil Chunion District Kasur.	Rasheed Ahmad 35101-9858805-9 Nazir Ahmad 35102-0400929-9	Nazir Ahmad Khushi Muhammad	-	1.454	-	1.454	-	1.061	-	1.061

Rupees in million

S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year							
				Principal	Interest / mark-up	Other than interest / mark-up	Total	Principal written-off	Interest / mark-up waived-off / written off	Other financial relief provided	Total
53	Faisal Farid Khan & Qaiser Farid Khan. Al-Fareed House, Ahsan Street, Gojra Road, Jhang.	Faisal Farid Khan 33202-1205234-5 Qaiser Farid Khan 33202-1205231-3	Mehar Ghulam Farid Khan	-	0.040	-	0.040	-	1.890	-	1.890
54	Najam Nadeem Abbas Chak 244-RB, Tehsil & District, Faisalabad.	Najam Nadeem Abbas 33100-1751976-1	Anwar Ejaz	-	0.966	-	0.966	-	0.526	-	0.526
55	Arshad Aziz. PO Phullanwan Thatti Noor, Tehsil Bhalwal, District Sargodha.	Arshad Aziz 38401-0290236-1	Mehmand Khan	-	0.907	-	0.907	-	0.635	-	0.635
56	Muhammad Ali. Chak # 256-R.B. Dheengawala, PO Abbas Pur, Tehsil & District Faisalabad.	Muhammad Ali 33100-1974636-7	Allah Ditta	0.024	1.360	-	1.384	-	0.952	-	0.952
57	Fatima Umar. House # 120, Muhallah Allaudin Road, Lahore.	Fatima Umar 35201-6447498-4	Muhammad Umar Azam	0.000	1.785	-	1.785	-	0.714	-	0.714
58	Sahibzada Mohammad Usman Khan. House BV111-65 Dera Nawab Sahib, Ahmed Pur East District Bahawalpur.	Sahibzada Mohammad Usman Khan 31201-9619026-3	Sahibzada Muhammad Dawood Khan Abbasi	3.000	3.900	-	6.900	-	2.670	-	2.670
59	Muhammad Nawaz. Mitha Zari Farm, Qari Wala Jaghir Tehsil Depalpur, District Okara.	Muhammad Nawaz 35301-2460048-3	Shahadat Ali	1.950	1.635	-	3.585	-	0.818	-	0.818
60	Asad Ullah (Deceased). Chak # 47-NB, Tehsil & District Sargodha.	Asad Ullah (Late) 38403-9833374-3	Muhammad Akram Kharal	3.000	2.548	-	5.548	-	1.911	-	1.911
61	Muhammad Boota. Street # 06, Muhallah Chang Road, Sheikhpura.	Muhammad Boota 35404-6079278-7	Karam Din	1.500	1.021	-	2.521	-	0.510	-	0.510
62	Qurban Ali. Beharwal Kalan, PO. Khas Tehsil Patoki District Kasur.	Qurban Ali 35103-2292105-3	Hakim Ali	0.747	1.587	-	2.334	-	1.190	-	1.190
63	Muhammad Ahmed. Ahata Jawar Singh, Chak # 52/2, Tehsil & District Nankana Sahib.	Muhammad Ahmed 35402-9106056-3	Dil Muhammad	1.499	3.185	-	4.684	-	2.389	-	2.389
64	Abid Ali. Kot Tahir PO Chhind Pur, Tehsil & District Nankana Sahib.	Abid Ali 35402-8847186-5	Dil Muhammad	2.000	4.246	-	6.246	-	3.185	-	3.185
65	Muhammad Maalik. PO Beharwal Tehsil Patoki District Kasur.	Muhammad Maalik 35103-8264691-3	Dil Muhammad	1.498	3.183	-	4.681	-	2.388	-	2.388
66	Syed Ali Arsalan Bukhari. Chah Bahawal Shah Wala, Din Pur, Tehsil Kehror Pakka District Lodhran.	Syed Ali Arsalan Bukhari 36302-4503210-1	Syed Khurshid Alam Bukhari	1.991	0.416	-	2.407	-	0.523	-	0.523
67	Ahsan Sarwar. H # 138, Block K, Wapda City, Canani Road Faisalabad.	Ahsan Sarwar 33100-4607104-7	Shafi Sarwar	7.437	2.468	0.533	10.438	-	1.405	0.533	1.938

# ANNEXURE-1

## Statement Showing Written-off Loans or any other Financial Reliefs of Five Hundred Thousand Rupees or Above Provided During the Year Ended December 31, 2023

Rupees in million

S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	Outstanding liabilities at beginning of the year				Principal written-off	Interest / mark-up waived-off /written off	Other financial relief provided	Total
				Principal	Interest / mark-up	Other than interest / mark-up	Total				
68	The Imaging, Opposite Doger Market Hassan Parwana Road Multan.	Muhammad Akhtar 36302-3990596-1	Muhammd Anwar Parvaiz	0.489	0.112	4.032	4.634	-	-	3.965	3.965
69	Imran Hafeez, H # 458/1, Steet # 3, New Iqbal Park Lahore Cantt.	Imran Hafeez 35201-1508453-7	Jamil Akhtar	-	1.346	0.624	1.970	-	0.796	0.624	1.420
70	Sajjad Hussain, H # 45, Usman Block New Garden Town Lahore.	Sajjad Hussain 35200-1577732-3	Khadim Hussain	17.921	5.553	1.940	25.415	-	1.487	1.027	2.514
71	Mushtaq Hussain, Flat # B-204, Pearl Residency, Block 14, Gulshan e Iqbal Karachi.	Mushtaq Hussain 42201-1235027-5	Gul Reham Khan	18.053	1.603	0.019	19.675	-	0.734	0.019	0.753
72	Nasir Mehboob, House # A-450, 1st Floor, Block-L, North Nazimabad, Karachi.	Nasir Mehboob 42101-5057819-9	Mehboob Elahi	1.272	1.531	0.150	2.954	-	0.766	0.142	0.908
73	Shehnaz Iqbal, Haveli Sheikh Raja, P.O. Khas Tehsil & District Jhang.	Shehnaz Iqbal 33202-4509300-4	Muhammad Iqbal	0.091	0.393	0.170	0.654	-	0.393	0.169	0.562
74	Mukesh Kumar, Flat # 704, Creek Vista Apartment DHA Phase VIII Karachi.	Mukesh Kumar 42301-2914237-5	Hargun Das	32.425	3.866	2.038	38.328	-	-	1.790	1.790
75	Askari Gas & Petroleum Services, Khasra # 22/1/2/2, Khewat # 264, Khatoni # 411, Chak # 194/RB, Tehsil Jaranwala, District Faisalabad.	M. Safdar Khan 61101-8185435-9 Khalil Ur Rehman 33100-8525976-9 Abdul Nasir 36501-7726756-5 Jalil Ur Rehman 33100-2566075-3	M. Yamin Khan Ch. Habib Ur Rehman Ch. Fazal Karim Ch. Habib Ur Rehman	14.076	5.694	1.189	20.959	-	5.694	-	5.694
TOTAL				2,953.338	1,239.191	2,018.147	6,210.676	2,505.910	227.975	67.892	2,801.778



# PROFILE OF SHARIAH BOARD MEMBERS

<b>Mufti Muhammad Zahid</b> (Chairman)	<b>Dr. Muhammad Tahir Mansoori</b> (Resident Member)	<b>Mufti Zakir Hassan Naumani</b> (Member)	<b>Mufti Dr. Lutfullah Saqib</b> (Member)
<p>Mufti Muhammad Zahid is a notable figure in the field of Shariah and has been teaching Quran, Hadith, Fiqh and Arabic language for over 30 years, besides being the Vice President of Jamia Imdadia, Faisalabad and a member of its Dar-ul-Ifta since 1989. Mufti Muhammad Zahid has also authored various publications. He holds Shahadh Al-Alamiyyah from Wifaq-ul-Madaris, Al-Arabiyyah Pakistan and Master's Degree in Arabic from International Islamic University, Islamabad.</p> <p><b>Term of Office</b> Joined the Shariah Board on June 1, 2015</p> <p><b>Other Membership (s)</b></p> <ul style="list-style-type: none"> <li>Chairman-Shariah Supervisory Committee, Bank of Khyber</li> <li>Chairman-Shariah Board, Bank of Punjab</li> </ul>	<p>Dr. Muhammad Tahir Mansoori is an eminent scholar and recipient of the President of Pakistan's Medal for Pride of Performance. Dr. Mansoori holds Moulvi Alim and Moulvi Fazil degrees from 'Dar ul uloom' Mansoorah, LLM Shariah from International Islamic University, Islamabad and PhD in Islamic Studies from Punjab University, Lahore. Dr. Mansoori has taught and written on Fiqh and Usool-e-Fiqh matters for over three decades. He is the author of numerous publications including, Al-Madkhal-Al-Masrafi (Introduction to Islamic Banking) in Arabic, Islamic Law of Contracts and Business Transactions, and Shariah Maxims on Financial Matters.</p> <p><b>Term of Office</b> Joined the Shariah Board on June 1, 2015</p>	<p>Mufti Zakir Hassan Naumani holds Master Degrees in Islamiyat and Arabic from University of Peshawar and Shahadh Al-Alamiyyah from Wifaqul Madaris Al-Arabiyyah, Multan. Mufti Zakir possesses over 35 years of research experience and has authored 24 books in the field of Islamic economics, Tafseer, Fiqhi Masayel, Travelogue etc. Mufti Zakir is currently serving as Sheikh-ul-Hadith, Jamia Usmania, Peshawar. He has been teaching Quran, Hadith and Fiqh for over 30 years and has issued over 3,000 fatawa for various issues pertaining to the field of Islamic Jurisprudence, Islamic economics, Islamic law of contract, Social issues, Muslim Family law Islamic Finance and Islamic business &amp; trade.</p> <p><b>Term of Office</b> Joined the Shariah Board on June 25, 2021</p>	<p>Mufti Dr. Lutfullah Saqib is an expert in the domain of "Islamic Law and Jurisprudence". He holds Takhasus fil Fiqh wal Ifta from Wifaqul Madaris Al-Arabiyyah, Mardan. He has also done his LLB (Hons), LLM (Islamic commercial law), PhD (Shariah) and post doctorate in Islamic law from International Islamic University, Islamabad. Mufti Dr. Lutfullah Saqib has authored several books and research articles in the areas of Islamic commercial law/ Islamic law. As an academician and trainer, he has delivered numerous lectures, talks and training in Pakistan and abroad. Mufti Dr. Lutfullah is also serving as Chairman of Department of Law and Shariah, University of Swat.</p> <p><b>Term of Office</b> Joined the Shariah Board on June 25, 2021</p>

## Shariah Board (SB) - Brief Terms of Reference and Attendance

The SB is empowered to consider, decide and supervise all Shariah related matters of Askari Ikhlas Islamic banking and advises and assists the Board of Directors in introducing and implementing an effective Shariah compliance framework. All SB's decisions / rulings / fatawa are binding on the Ikhlas Islamic banking business of the Bank, whereas, the Shariah Board is responsible and accountable for all its Shariah decisions. The Resident Shariah Board Member (RSBM) oversees the procedures to be adopted for implementation of the resolutions, pronouncements and fatawa of the SB and provide guidance thereon. The SB ensures that all the procedure manuals, product programs / structures, process flows, related agreements, marketing advertisements, sales illustrations and brochures are in conformity with the rules and Principles of Shariah.

Shariah Board Members	Date of Meeting				
	Attendance / Total Meetings	February 15, 2023	June 23, 2023	September 28, 2023	December 22, 2023
<b>Name of Members and their attendance in each meeting</b>					
Mufti Muhammad Zahid (Chairman)	3/4	-	1	1	1
Dr. Muhammad Tahir Mansoori (RSBM)	4/4	1	1	1	1
Mufti Zakir Hassan Naumani (Member)	4/4	1	1	1	1
Mufti Dr. Lutfullah (Member)	4/4	1	1	1	1

# REPORT OF SHARIAH BOARD

FOR THE YEAR ENDED DECEMBER 31, 2023

In the name of Allah, the Beneficent, the Merciful

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Askari Ikhlas Islamic Banking are conducted in a manner that comply with Shariah Principles at all times, we are required by the SBP's Shariah Governance Framework to submit a report on the overall Shariah compliance environment of Askari Ikhlas Islamic Banking.

During the year 2023, four mandatory meetings of Shariah Board were held to review various Shariah matters, which predominantly include new products, existing product modifications, re-alignment of manuals & policies, Shariah reports etc. Apart from the mandatory quarterly meetings, the Shariah Board continually remained involved with all the Shariah affairs of the Bank, by reviewing different proposals / matters, by way of circulation.

To form our opinion as expressed in this report, the Shariah Compliance Department of the bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the Shariah audit reports.

Based on above, we are of the view that:

- i. Askari Ikhlas Islamic Banking has complied with the Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- ii. Askari Ikhlas Islamic Banking has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
- iii. Askari Ikhlas Islamic Banking has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations.
- iv. Askari Ikhlas Islamic Banking has a well-defined system in place, which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
- v. Askari Ikhlas Islamic Banking has complied with the SBP instructions on profit and loss distribution and pool management.
- vi. The level of awareness, capacity and sensitization of the staff, management and the BOD in appreciating the importance of Shariah compliance in the products and processes of the bank is adequate and shall be further strengthened through the on-going orientation sessions / trainings.
- vii. Shariah Board has been provided adequate resources enabling it to discharge its duties, effectively.

Dr. Muhammad Tahir Mansoori  
Resident Shariah Board Member

Mufti Dr. Lutfullah Saqib  
Member Shariah Board

Mufti Zakir Hassan Naumani  
Member Shariah Board

Mufti Muhammad Zahid  
Chairman Shariah Board

Date of Report: February 2, 2024

# شریعی بورڈ کی رپورٹ

برائے سال 2023ء

بسم اللہ الرحمن الرحیم!

اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات کی رو سے یہ بورڈ آف ڈائریکٹرز اور انتظامیہ کی ذمہ داری ہے کہ وہ اس بات کو یقینی بنائے کہ عسکری بینک لمیٹڈ اسلامی بینکاری سروسز کی تمام سرگرمیاں شریعت کے اصولوں کے مطابق ہیں۔ اسی طرح شریعی بورڈ کی ذمہ داری ہے کہ وہ بورڈ آف ڈائریکٹرز کو اسلامی بینکاری سروسز کی شرعی اصولوں کی مطابقت کے حوالے سے آگاہی فراہم کرے۔

سال 2023 کے دوران شریعی بورڈ کے چار اجلاس منعقد ہوئے جن میں شریعی سے متعلق مختلف اہم امور زیر بحث آئے۔ ان امور میں نئی پراڈکٹس کا اجراء موجودہ پراڈکٹس میں تبدیلیاں، مینول، پالیسیوں کو دوبارہ مرتب کرنا اور رپورٹس وغیرہ شامل ہیں۔ سہ ماہی میٹنگ کے علاوہ شریعی بورڈ اس عرصہ میں اسلامی بینکاری کے معاملات کی نگرانی کے عمل میں بھی مسلسل شامل رہا۔

شریعی بورڈ نے اپنی رپورٹ مرتب کرنے کے لیے شریعی ڈیپارٹمنٹ اور آڈٹ ڈیپارٹمنٹ کی رپورٹس کا بغور جائزہ لیا ہے۔ ان حقائق و معلومات سے ہم نے درج ذیل نتائج اخذ کیے ہیں۔

- ۱۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لمیٹڈ شریعی بورڈ کے فتاویٰ اور ہدایات کو ملحوظ رکھا ہے۔
- ۲۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لمیٹڈ نے اسٹیٹ بینک آف پاکستان اور اس کے شریعی بورڈ کی جاری کردہ ہدایات اور احکامات کی پاسداری کی ہے۔
- ۳۔ شرعی اصولوں کی پاسداری کے حوالے سے عسکری بینک لمیٹڈ میں اسلامی بینکاری سروسز کا ایک جامع اور مربوط نظام رائج ہے۔
- ۴۔ عسکری بینک لمیٹڈ اسلامی بینکاری سروسز کے پاس ایک ایسا واضح اور جامع نظام موجود ہے جس کے تحت غیر شرعی ذرائع سے حاصل شدہ آمدن صرف خیراتی مقاصد میں استعمال ہوتی ہے اور وہ بینک کی آمدن کا حصہ نہیں بنتی۔
- ۵۔ اس سارے عرصے میں رب المال (کھاتہ داران) کو نفع کی تقسیم اسٹیٹ بینک آف پاکستان کی جاری کردہ ہدایات اور احکامات کے مطابق ہوئی۔
- ۶۔ اسٹاف ممبران، انتظامیہ اور بورڈ آف ڈائریکٹرز اسلامی بینکاری کے متعلق مناسب اور معقول آگاہی رکھتے ہیں۔ ہمیں یقین ہے کہ ترقیاتی پروگرامز کے ذریعے اسے مزید تقویت دی جائے گی۔
- ۷۔ بینک انتظامیہ نے شریعی بورڈ کو اسکے فرائض کی انجام دہی کے لیے مطلوبہ وسائل مہیا کر رکھے ہیں۔

ڈاکٹر محمد طاہر منصور  
ریزیڈنٹ شریعی بورڈ ممبر

مفتی ڈاکٹر لطف اللہ نقاب  
ممبر شریعی بورڈ

مفتی ڈاکٹر حسن نعمانی  
ممبر شریعی بورڈ

مفتی محمد زاہد  
چیئرمین شریعی بورڈ

مورخہ: 2 فروری 2024

## ANNEXURE-2

### AS AT DECEMBER 31, 2023

The Bank is operating 140 Islamic banking branches (including 3 sub-branches) and Nil Islamic Banking Windows at December 31, 2023 as compared to 120 Islamic banking branches (including 3 sub-branches) and 07 Islamic Banking Windows at year ended December 31, 2022.

Rupees in '000	Note	2023	2022
<b>ASSETS</b>			
Cash and balances with treasury banks		9,944,209	6,747,452
Balances with other banks		114,710	114,649
Investments	1	51,493,187	39,942,674
Islamic financing and related assets - net	2	115,601,156	83,149,636
Fixed assets		2,074,852	1,984,521
Other assets		11,787,572	5,812,116
Total assets		191,015,686	137,751,048
<b>LIABILITIES</b>			
Bills payable		1,206,806	1,425,734
Due to financial institutions	3	5,535,843	4,586,320
Deposits and other accounts	4	118,670,004	96,297,085
Due to head office		41,500,000	20,175,000
Other liabilities		7,125,016	5,258,880
		174,037,669	127,743,019
<b>NET ASSETS</b>		16,978,017	10,008,029
<b>REPRESENTED BY</b>			
Islamic Banking Fund		4,600,000	4,600,000
(Deficit) on revaluation of assets		(1,500,789)	(1,115,247)
Unappropriated profit	5	13,878,806	6,523,276
		16,978,017	10,008,029
<b>CONTINGENCIES AND COMMITMENTS</b>	6	26,459,326	19,620,329

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

Rupees in '000	Note	2023	2022
Profit / return earned	7	25,921,748	13,761,598
Profit / return expensed	8	15,935,413	8,500,029
Net Profit / return		9,986,335	5,261,569
Other income			
Fee and Commission Income		354,543	282,450
Dividend Income		19,017	12,286
Foreign Exchange Income		263,320	168,805
Gain/(Loss) on securities		7,449	(2,500)
Other Income		107,031	108,846
Total other income		751,360	569,887
Total Income		10,737,695	5,831,456
Other expenses			
Operating expenses		3,364,115	2,772,820
Other charges		4,220	1,945
Total other expenses		3,368,335	2,774,765
Profit before provisions		7,369,360	3,056,691
Provisions and write offs - net		13,830	186,312
Profit before taxation		7,355,530	2,870,379

Rupees in '000	2023				2022			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
<b>1. INVESTMENTS BY SEGMENTS</b>								
<b>Federal Government Securities</b>								
–Ijarah Sukuks	43,883,854	–	(1,483,551)	42,400,303	33,935,928	–	(1,115,711)	32,820,217
–Islamic Naya Pakistan Certificates	3,744,996	–	–	3,744,996	3,282,078	–	–	3,282,078
	47,628,850	–	(1,483,551)	46,145,299	37,218,006	–	(1,115,711)	36,102,295
Units of Open end Mutual Fund	100,000	–	802	100,802	100,000	–	464	100,464
<b>Non Government Debt Securities</b>								
–Unlisted	5,794,805	(529,679)	(18,040)	5,247,086	4,283,463	(543,548)	–	3,739,915
<b>Total Investments</b>	<b>53,523,655</b>	<b>(529,679)</b>	<b>(1,500,789)</b>	<b>51,493,187</b>	<b>41,601,469</b>	<b>(543,548)</b>	<b>(1,115,247)</b>	<b>39,942,674</b>

Rupees in '000	Note	2023	2022
<b>2. ISLAMIC FINANCING AND RELATED ASSETS</b>			
Ijarah	2.1	4,681,429	4,934,290
Murabaha	2.2	6,138,282	5,033,231
Musharaka		55,026,157	32,639,372
Diminishing Musharaka		22,818,065	17,080,337
Salam		10,275,161	7,948,100
Istisna		9,883,300	5,238,318
Receivable against Sale of Istisna / Salam Inventory		809,800	585,400
Service Ijarah		2,364,132	2,427,176
Wakalah		780,967	–
Other Islamic Modes (Qard)		1,927,577	2,703,951
Advances against Islamic assets	2.3	1,509,338	4,539,685
Inventory related to Islamic financing	2.4	1,339,568	1,971,084
<b>Gross Islamic financing and related assets</b>		<b>117,553,776</b>	<b>85,100,944</b>
Less: provision against Islamic financings			
– Specific		1,925,225	1,911,083
– General		27,395	40,225
		1,952,620	1,951,308
<b>Islamic financing and related assets – net of provision</b>		<b>115,601,156</b>	<b>83,149,636</b>

Rupees in '000	2023								Book value as at December 31, 2023
	Cost				Depreciation				
	As at January 1, 2023	Additions	(Deletions)	As at December 31, 2023	As at January 1, 2023	Charge for the year	Adjustments / (Deletions)	As at December 31, 2023	
<b>2.1 Ijarah</b>									
Plant and machinery	725,956	1,635,396	(668,626)	1,692,726	213,005	223,308	(142,622)	293,691	1,399,035
Vehicles	6,475,112	638,324	(1,872,803)	5,240,633	2,146,357	811,327	(917,026)	2,040,658	3,199,975
Equipment	33,885	–	–	33,885	19,484	10,165	–	29,649	4,236
<b>Total</b>	<b>7,234,953</b>	<b>2,273,720</b>	<b>(2,541,429)</b>	<b>6,967,244</b>	<b>2,378,846</b>	<b>1,044,800</b>	<b>(1,059,648)</b>	<b>2,363,998</b>	<b>4,603,246</b>

# ANNEXURE-2

## AS AT DECEMBER 31, 2023

Rupees in '000	2022								Book value as at December 31, 2022
	Cost				Depreciation				
	As at January 1, 2022	Additions	(Deletions)	As at December 31, 2022	As at January 1, 2022	Charge for Adjustments / the year	(Deletions)	As at December 31, 2022	
Plant and machinery	946,150	57,330	(277,524)	725,956	276,970	138,462	(202,427)	213,005	512,951
Vehicles	6,855,838	1,557,319	(1,938,045)	6,475,112	2,185,322	977,661	(1,016,626)	2,146,357	4,328,755
Equipment	33,885	-	-	33,885	9,318	10,166	-	19,484	14,401
<b>Total</b>	<b>7,835,873</b>	<b>1,614,649</b>	<b>(2,215,569)</b>	<b>7,234,953</b>	<b>2,471,610</b>	<b>1,126,289</b>	<b>(1,219,053)</b>	<b>2,378,846</b>	<b>4,856,107</b>

Rupees in '000	2023				2022			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
<b>Net investment under Ijarah</b>								
Minimum Ijarah payments	81,824	-	-	81,824	81,824	-	-	81,824
Profit for future periods	(3,641)	-	-	(3,641)	(3,641)	-	-	(3,641)
<b>Net assets / investments in Ijarah</b>	<b>78,183</b>	<b>-</b>	<b>-</b>	<b>78,183</b>	<b>78,183</b>	<b>-</b>	<b>-</b>	<b>78,183</b>

Rupees in '000	2023				2022			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
<b>Future Ijarah rental receivable</b>								
Ijarah rentals receivable	150,961	3,675,379	607,652	4,433,992	1,677,480	2,912,183	104,369	4,694,032

Rupees in '000	Note	2023	2022
<b>2.2 Murabaha</b>			
Murabaha financing Advances for Murabaha	2.2.1	5,688,574 449,708	4,078,826 954,405
		<b>6,138,282</b>	<b>5,033,231</b>
<b>2.2.1</b> Murabaha receivable - gross	2.2.3	6,199,015	4,362,909
Less: Deferred murabaha income	2.2.4	207,365	110,584
Profit receivable shown in other assets		303,076	173,499
<b>Murabaha financings</b>		<b>5,688,574</b>	<b>4,078,826</b>
<b>2.2.2 The movement in Murabaha financing during the year is as follows:</b>			
Opening balance		4,078,826	5,546,947
Sales during the year		13,945,555	13,610,709
Adjusted during the year		(12,335,807)	(15,078,830)
<b>Closing balance</b>		<b>5,688,574</b>	<b>4,078,826</b>
<b>2.2.3</b> Murabaha sale price		6,199,015	4,362,909
Murabaha purchase price		(5,688,574)	(4,078,826)
		<b>510,441</b>	<b>284,083</b>
<b>2.2.4 Deferred murabaha income</b>			
Opening balance		110,584	122,995
Arising during the year		1,210,296	667,854
Less: Recognized during the year		1,113,515	680,265
<b>Closing balance</b>		<b>207,365</b>	<b>110,584</b>

Rupees in '000	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
<b>2.3 Advance against islamic assets</b>						
2023	40,657	-	1,468,681	-	-	1,509,338
2022	1,524,153	-	3,015,532	-	-	4,539,685
<b>2.4 Inventory related to islamic financing</b>						
2023	-	-	-	593,003	746,565	1,339,568
2022	-	-	-	226,020	1,745,064	1,971,084

Rupees in '000	Note	2023	2022
<b>3. DUE TO FINANCIAL INSTITUTIONS</b>			
<b>Secured</b>			
Musharaka from the State Bank of Pakistan under Islamic Export Refinance Facility	3.1	2,538,667	2,909,569
Investment from the State Bank of Pakistan under:			
Islamic Refinance Scheme for Payment of Wages & Salaries	3.2	1,705	46,513
Islamic Temporary Economic Refinance Facility	3.2	2,433,936	1,616,262
Islamic Long Term Financing Facility	3.2	561,535	13,976
		5,535,843	4,586,320

**3.1** These Musharaka are on a profit and loss sharing basis maturing between January 2024 to June 2024 and are secured against demand promissory notes executed in favour of SBP.

**3.2** These Investment are on profit and loss sharing basis which has been invested in general pool of the Bank and are secured against demand promissory notes executed in favor of SBP.

Rupees in '000	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>4. DEPOSITS</b>						
<b>Customers</b>						
Current deposits – non remunerative	40,084,970	1,381,403	41,466,373	34,624,289	1,612,506	36,236,795
Current deposits – remunerative	1,210,897	-	1,210,897	1,353,496	-	1,353,496
Savings deposits	22,836,826	1,098,397	23,935,223	22,572,862	726,363	23,299,225
Term deposits	34,422,882	-	34,422,882	25,135,675	-	25,135,675
Others	1,169,148	342,825	1,511,973	1,537,255	52,078	1,589,333
	99,724,723	2,822,625	102,547,348	85,223,577	2,390,947	87,614,524
<b>Financial Institutions</b>						
Current deposits – non remunerative	114,330	-	114,330	100,480	829	101,309
Current deposits – remunerative	32,474	-	32,474	131,152	-	131,152
Savings deposits	333,656	-	333,656	2,667,925	-	2,667,925
Term deposits	15,642,196	-	15,642,196	5,782,175	-	5,782,175
	16,122,656	-	16,122,656	8,681,732	829	8,682,561
	115,847,379	2,822,625	118,670,004	93,905,309	2,391,776	96,297,085



## ANNEXURE-2

### AS AT DECEMBER 31, 2023

Rupees in '000	2023	2022
<b>4.1 Composition of deposits</b>		
- Individuals	49,912,193	44,611,371
- Government / Public Sector Entities	17,388,269	12,233,167
- Banking Companies	74	28
- Non-Banking Financial Institutions	16,122,582	8,682,533
- Private Sector	35,246,886	30,769,986
	118,670,004	96,297,085

**4.2** This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 73,963,451 thousand (2022: Rs. 65,629,309 thousand).

Rupees in '000	2023	2022
<b>5. ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT</b>		
Opening Balance	6,523,276	3,652,897
Add: Islamic Banking profit for the period	7,355,530	2,870,379
Closing Balance	13,878,806	6,523,276
<b>6. CONTINGENCIES AND COMMITMENTS</b>		
-Guarantees	9,704,484	8,971,118
-Commitments	16,754,842	10,649,211
	26,459,326	19,620,329
<b>7. PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT</b>		
Profit earned on:		
Financing	18,894,324	9,612,801
Investments	6,976,119	4,115,086
Placements	51,305	33,711
	25,921,748	13,761,598
<b>8. PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	11,397,157	4,807,274
Due to Financial Institutions	870,554	329,885
Due to head office	3,454,540	3,155,774
Lease liability against right-of-use assets	213,162	207,096
	15,935,413	8,500,029
<b>9. CHARITY FUND</b>		
Opening Balance	40,130	24,292
Additions during the period		
- Received from customers on account of delayed payment	39,463	55,203
- Non-Shariah compliant income	-	170
- Profit on charity saving account	32	16
- Others	690	449
	40,185	55,838
Payments / utilization during the period		
- Education	(5,468)	-
- Natural Disaster	-	(40,000)
- Health	(24,661)	-
- Orphanage	(4,123)	-
	(34,252)	(40,000)
Closing Balance	46,063	40,130

Rupees in '000	2023	2022
<b>9.1 Charity in excess of Rs. 500,000 was paid to following institutions:</b>		
Army Relief Fund for Flood Affectees	–	40,000
Bali Memorial Trust, Lahore	3,123	–
Bin Qutab Foundation, Lahore	4,400	–
Dar-us-Shifa Foundation, Karachi	5,000	–
Hamza Foundation Welfare Hospital, Peshawar	4,154	–
International Islamic University, Islamabad	5,000	–
Markaz Islah Darul Aytam, Mardan	1,000	–
Pakistan Thalassemia Welfare Society, Rawalpindi	4,125	–
Sundus Foundation, Islamabad	4,632	–
The Life Care Foundation (Trust), Lahore	2,350	–
	33,784	40,000

## 10. POOL MANAGEMENT

### 10.1 Bank generates deposit on the basis of following two modes:

1. Qard
2. Mudaraba

Deposits taken on Qard Basis are classified as 'Current Account' and deposits generated on Mudaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

The Bank also accepted / acquired customer and inter-bank funds, for short term liquidity requirement under Musharaka mode. Profits realized in Musharaka pools are distributed in pre agreed profit sharing ratio. Besides above, the bank also accept funds from State Bank of Pakistan in Islamic Export Refinance pool under Musharaka mode. The features, risk and reward of this Musharaka pool are in accordance with the SBP IERS scheme and circulars issued from time to time.

Asset pools are created at the Bank's discretion and the Bank can add, amend, and transfer an asset to any other pool in the interest of deposit holders. During the year following two Mudaraba based customer pools were maintained by the Bank having below mentioned key features::

#### a. General Pool

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal on a Gross Mudarabah Basis. As required under regulatory instructions, SBP funds obtained under it's various schemes are also made part of General pool. In this pool, portfolio diversification strategy has been used to mitigate the risk of loss. Diversification may marginally reduce returns but it also spreads risk by reducing chances of loss.

#### b. Foreign Currency Pool

The objective of the pool is to invest funds on a Shariah Compliant basis and maximize profits for the Rabb-ul-Mal i.e. depositors in foreign currency: US dollars on a Gross Mudaraba Basis. Due to dearth and limitations of foreign denominated investment opportunities available to Islamic Banks operating in Pakistan, the returns would be linked with an earning assets pool comprising of Shariah compliant assets, with reliance mainly on placement(s) with other known Islamic Financial Institutions.

Under the above Mudaraba based pools, the Bank accepted funds on Mudaraba basis from depositors (Rabb-ul-Mal) where the Bank acted as Manager (Mudarib) and invested the funds in Shariah Compliant modes of financings, investments and placements. Also, as allowed, the Bank at its discretion comingled its own funds including current accounts as equity with the depositor's funds in all the pools. However, for investment purposes, Rabb-ul-Mal's funds were given priority over own funds (equity). Furthermore, funds of Profit Equalisation Reserve Pool were entirely invested in SLR eligible Securities.

The net profit of each deposit pool is calculated on all the remunerative assets booked by utilizing the funds from the pool after deduction of direct expenses as approved by Shariah Board, if any. The directly related costs comprise of depreciation on Ijarah assets, Wakalah tul Istismar fee, Brokerage fee paid for placement of funds under Islamic modes, Takaful / Insurance expense, Registration expense and Commission to car ijarah dealers, staff & others. The general and specific provisions created against non-performing financings and diminution in

## ANNEXURE-2

### AS AT DECEMBER 31, 2023

the value of investments shall be borne by the Bank as Mudarib. However, write-offs of financings and loss on sale of investments shall be charged to respective pool(s) along with other direct expenses. Provisions/write offs shall revert to Mudarib / pool(s) to which it was originally charged. From the net return, profit is paid to the Mudarib in the ratio of Mudarib's equity in the pool to the total pool. The Mudarib's share is deducted from this profit to calculate distributable profit. Rabb-ul-Mal's share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

In order to remain competitive in the industry and to retain existing customer / mobilize deposits from new customers, the Bank as a Mudarib distributed part of its share of profit to Rabb-ul-Mal as HIBA.

Income generated from banking operations (e.g. fee and commission income etc.) is not shared with depositors.

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.

#### 10.2 The Bank managed following General and Specific Pools :

2023										
Mudaraba Pool	Pool Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
								Rupees		Rupees
General Pool	PKR	Monthly	50%	16.95%	10.55%	0.57	1.95	3,071,027,977	25.62%	786,931,234
Profit Equalization Reserve Pool	PKR	Monthly	90%	-	-	1.00	1.00	-	-	-
Foreign Currency Pool	USD	Monthly	50%	4.88%	2.46%	0.40	2.11	25,431,369	0.00%	-

2022										
Mudaraba Pool	Pool Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
								Rupees		Rupees
General Pool	PKR	Monthly	50%	10.86%	6.45%	0.67	2.11	1,739,022,769	19.07%	331,680,160
Profit Equalization Reserve Pool	PKR	Monthly	90%	7.53%	6.78%	1.00	1.00	9,871	0.00%	-
Foreign Currency Pool	USD	Monthly	50%	2.76%	1.41%	0.40	1.20	7,231,938	0.00%	-

2023										
Musharakah Pool	Pool Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
Interbank borrowing pool	PKR	As required	*	9.70% - 25.84%	13.75% - 22.00%	-	-	-	N/A	N/A
IERS pool	PKR	Monthly	*	17.91%	14.68%	-	-	-	N/A	N/A
Special Musharakah Certificate pool	PKR	As required	*	9.70% - 25.84%	3.30% - 21.50%	-	-	-	N/A	N/A

2022										
Musharakah Pool	Pool Currency	Profit rate and weightage announcement period	Profit sharing ratio	Profit rate / return earned	Profit rate / return distributed	Minimum weightage during the year	Maximum weightage during the year	Mudarib share	Percentage of mudarib share transferred through hiba	Amount of mudarib share transferred through hiba
Interbank borrowing pool	PKR	As required	*	6.15% - 17.63%	9.10% - 15.50%	-	-	-	N/A	N/A
IERS pool	PKR	Monthly	*	8.93%	4.60%	-	-	-	N/A	N/A
Special Musharakah Certificate pool	PKR	As required	*	7.85% - 18.69%	6.00% - 16.00%	-	-	-	N/A	N/A

\* The investment ratio and profit sharing ratio varies on case to case/monthly basis

### 10.3 Maturity profile of funds mobilised under various modes:

Rupees in '000			2023									
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 years upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total
Fixed deposit account	PKR	Mudaraba	1,055,818	868,449	692,559	5,503,720	32,076	16,511	61,128	-	-	8,230,261
Savings account	PKR	Mudaraba	1,708,970	-	-	-	5,676,221	5,676,221	5,676,221	4,865,331	810,889	24,413,853
Savings account	USD	Mudaraba	76,889	-	-	-	255,377	255,377	255,377	218,895	36,482	1,098,397
SBP Funds against Various Schemes	PKR	Mudaraba	31,282	29,969	365	-	733,890	733,890	733,890	629,049	104,841	2,997,176
Musharka funds from HO	PKR	Musharka	41,500,000	-	-	-	-	-	-	-	-	41,500,000
Interbank borrowing	PKR	Musharka	-	-	-	-	-	-	-	-	-	-
Special Musharaka Certificate	PKR	Musharka	17,840,230	19,285,044	2,589,602	2,119,941	-	-	-	-	-	41,834,817
IERS borrowing from SBP	PKR	Musharka	1,523,200	870,400	145,067	-	-	-	-	-	-	2,538,667
			63,736,389	21,053,862	3,427,593	7,623,661	6,697,564	6,681,999	6,726,616	5,713,275	952,212	122,613,171

Rupees in '000			2022									
Type	Currency	Mode	Upto 1 month	Over 1 month upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 years upto 3 years	Over 3 years upto 5 years	Over 5 years upto 10 years	Over 10 years	Total
Fixed deposit account	PKR	Mudaraba	1,304,524	960,713	742,392	3,111,771	31,821	40,137	90,521	-	-	6,281,879
Savings account	PKR	Mudaraba	1,870,783	-	-	-	6,213,663	6,213,663	6,213,663	5,325,998	887,665	26,725,435
Savings account	USD	Mudaraba	50,844	-	-	-	168,880	168,880	168,880	144,753	24,126	726,363
SBP Funds against Various Schemes	PKR	Mudaraba	52,481	16,685	9,952	-	399,408	399,408	399,408	342,350	57,059	1,676,751
Musharka funds from HO	PKR	Musharka	20,175,000	-	-	-	-	-	-	-	-	20,175,000
Interbank borrowing	PKR	Musharka	-	-	-	-	-	-	-	-	-	-
Special Musharaka Certificate	PKR	Musharka	9,778,947	5,665,172	8,548,352	643,500	-	-	-	-	-	24,635,971
IERS borrowing from SBP	PKR	Musharka	1,745,741	997,566	166,262	-	-	-	-	-	-	2,909,569
			34,978,320	7,640,136	9,466,958	3,755,271	6,813,772	6,822,088	6,872,472	5,813,101	968,850	83,130,968

Rupees in '000 2023 2022

### 10.4 Class of assets by sources of financing:

Jointly financed by the Bank and PLS deposit account holders.

Murabaha	5,688,574	4,078,826
Ijarah	7,034,127	7,341,917
Diminishing Musharaka	21,996,181	16,350,954
Salam	10,868,164	8,174,120
Musharaka	55,026,157	32,639,372
Istisna	10,629,866	6,983,383
Wakalah	780,967	-
Receivables against Sale of Salam/Istisna Inventory	809,800	585,400
Other Islamic Mode (Qard)	1,732,065	2,579,898
Balances with other & treasury Banks	7,494,287	4,845,202
Sukuk	49,148,983	37,675,843
Open end Mutual Fund (NIT-IMMF)	100,802	100,464
Islamic Naya Pakistan Certificates	3,744,996	3,282,078
	175,054,969	124,637,457

## 10.5 Sectors of economy used for deployment of Mudarba based PKR deposits alongwith equity

	2023		2022	
	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture / Agribusiness	1,712,963	2.14	2,173,505	3.09
Automobiles & Allied	1,460,122	1.82	585,891	0.83
Cables / Electronics	626,438	0.78	107,315	0.15
Cements	467,287	0.58	1,147,059	1.63
Chemicals / Pharmaceuticals	4,127,054	5.16	3,216,808	4.57
Education	250,000	0.31	256,512	0.36
Fertilizers	23,871	0.03	–	–
Financial	2,513,036	3.14	2,579,898	3.67
Food and Allied	7,062,712	8.82	1,265,168	1.80
Fuel / Energy	92,106	0.12	–	–
Ghee and Edible Oil	–	–	848,437	1.21
Glass and Ceramics	152,809	0.19	234,054	0.33
GOP Ijarah Sukuk	14,080,990	17.59	14,120,973	20.07
GOP Bai Muajjal	–	–	–	–
GOP Islamic Naya Pakistan Certificates	2,130,235	2.66	1,871,364	2.66
Hotels and Restaurants	–	–	4,615	0.01
Individuals	3,486,543	4.36	4,801,691	6.83
Investment Banks / Scheduled Banks	847,140	1.06	1,273,797	1.81
Open end Mutual Funds	100,802	0.13	100,464	0.14
Iron / Steel	3,427,319	4.28	1,722,314	2.45
Leather Products and Shoes	20,700	0.03	43,030	0.06
Modarabas	113,252	0.14	3,307	0.00
Paper and Board	555,592	0.69	702,755	1.00
Plastic products	–	–	–	–
Production and transmission of energy	2,396,405	2.99	3,199,765	4.55
Real Estate / Construction	6,996,689	8.74	2,011,708	2.86
Rice Processing and trading	–	–	135,000	0.19
Services (Other than Financial, Hotelling & Traveling)	20,674	0.03	228,328	0.32
Sugar	11,157,840	13.94	8,147,222	11.58
Surgical equipment / Metal Products	–	–	–	–
Textile	8,277,139	10.34	5,780,178	8.22
Transport and communication	336,049	0.42	2,314,628	3.29
Travel Agencies	–	–	–	–
Public sector / Government	7,464,265	9.32	8,844,013	12.57
Others	149,312	0.19	2,628,593	3.74
	80,049,344	100.00	70,348,392	100.00

## 10.6 Sectors of economy used for deployment of Mudarba based USD deposits alongwith equity

	2023		2022	
	Rupees in '000	Percent	Rupees in '000	Percent
Investment Banks / Scheduled Banks	291,741	14.39	196,666	11.66
GOP Islamic Naya Pakistan Certificates	1,614,761	79.65	1,410,714	83.61
Public sector / Government	120,824	5.96	79,900	4.74
	2,027,326	100.00	1,687,280	100.00

**CONSOLIDATED**  
FINANCIAL STATEMENTS  
**ASKARI BANK LIMITED**  
FOR THE YEAR ENDED DECEMBER 31, 2023



KPMG Taseer Hadi & Co.  
Chartered Accountants  
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Lahore 54000 Pakistan  
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# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASKARI BANK LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Opinion

We have audited the annexed consolidated financial statements of Askari Bank Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of 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 31 December 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.

## 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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





KPMG Taseer Hadi & Co.

**Following are the Key Audit Matters:**

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p><b>Provision against advances</b></p> <p>Refer to note 9 and the accounting policies in notes 4.7 to the consolidated financial statements.</p> <p>The Group makes provision against advances on a time-based criteria that involves ensuring that all non-performing loans and advances are classified in accordance with the time based criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time-based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the Group to recognize general provision against advances portfolio.</p> <p>The Group has recognized a net provision of Rs. 1,242.68 million against advances in the current year. The Group's advances to the customers represent 29.78% of its total assets as at 31 December 2023 and are stated at Rs. 633.05 billion which is net of provision of Rs. 28.18 billion at the year end.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement, requiring compliance with Prudential Regulations issued by State Bank of Pakistan, requiring significant time and resource to audit because of its significance and inherent risk of material misstatement and the materiality of advances relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures in respect of provision against loans and advances included the following:</p> <ul style="list-style-type: none"> <li>• Assessing the design and implementation of controls over classification of advances including: <ul style="list-style-type: none"> <li>– The accuracy of data input into the system used for disbursement and recovery of credit facilities; and</li> <li>– Controls over identification of non-performing advances on time-based criteria.</li> </ul> </li> <li>• Testing, on a sample basis, credit exposures identified by the management as displaying indicators of impairment, assessed the number of days overdue and assessed appropriateness of amount reported for provision in accordance with the PRs;</li> <li>• Testing, on a sample basis, credit exposure where the management has not identified as displaying indicators of impairment challenged the management's assessment by reviewing the historical performances, account movement and financial ratios and formed our own view whether any impairment indicators are present;</li> <li>• For consumer advances, verifying, on sample basis, repayments of loan / markup installments and checking that performing loans have been correctly classified and categorized;</li> <li>• Checking, on a sample basis, accuracy of specific provision against non-performing advances and of general provision against consumer and SME advances by recomputing the provision made in accordance with the criteria prescribed under the PRs; and</li> <li>• Assessing the adequacy of presentation and disclosure related to provision against advances as required under the accounting and reporting standards as applicable in Pakistan.</li> </ul>



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	<p><b>Valuation of Investments</b></p> <p>Refer to note 8 and the accounting policies in notes 4.6 to the consolidated financial statements.</p> <p>As at 31 December 2023, the Group has investments in Federal Government Securities and in ordinary shares and units of mutual funds which are classified as "Available-for-sale", amounting to Rs. 1,110.56 billion which in aggregate represent 52.24% of the total assets of the Group.</p> <p>Investments are carried at cost or fair value in accordance with the Group's accounting policy relating to their recognition and measurement. Provision against investments is made based on impairment policy of the Group which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of these investment as a key audit matter because of their significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment in case of investments in shares and units.</p>	<p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> <li>Assessing the design and tested the operating effectiveness of the automated controls in place relating to valuation of investments;</li> <li>Performing recalculation and checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values;</li> <li>Evaluating the management's assessment of available for sale investments in shares and units for any additional impairment in accordance with the Group's accounting policies and performed an independent assessment of the assumptions; and</li> <li>Assessing the adequacy of presentation and disclosure requirements under the accounting and reporting standards as applicable in Pakistan.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the Group's Annual Report but does not include the consolidated financial statements and our auditors' report 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.



## KPMG Taseer Hadi & Co.

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.



## KPMG Taseer Hadi & Co.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is M. Rehan Chughtai.

Lahore

Date: March 1, 2024

UDIN: AR202310183WdV7NjJf3

KPMG Taseer Hadi & Co.  
Chartered Accountants

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>Assets</b>			
Cash and balances with treasury banks	5	160,087,467	70,950,067
Balances with other banks	6	14,761,177	9,677,123
Lendings to financial institutions	7	–	406,934
Investments	8	1,182,497,658	762,706,808
Advances	9	633,046,149	583,810,931
Fixed assets	10	27,020,255	24,484,412
Intangible assets	11	1,860,747	1,375,625
Assets held for sale	12	1,750,000	1,750,000
Deferred tax assets	13	8,065,412	7,545,677
Other assets	14	96,684,170	62,973,402
		2,125,773,035	1,525,680,979
<b>Liabilities</b>			
Bills payable	15	12,394,336	11,878,563
Borrowings	16	643,362,665	233,432,089
Deposits and other accounts	17	1,292,794,706	1,142,574,606
Liabilities against assets subject to finance lease		–	–
Subordinated debts	18	12,000,000	12,000,000
Deferred tax liabilities		–	–
Other liabilities	19	67,525,667	52,463,298
		2,028,077,374	1,452,348,556
<b>Net assets</b>			
		97,695,661	73,332,423
<b>Represented By</b>			
Share capital	20	14,492,992	12,602,602
Reserves		57,855,752	43,373,595
Surplus on revaluation of assets – net of tax		4,458,455	3,952,356
Unappropriated profit		20,511,764	13,403,870
Non-controlling interest		376,698	–
		97,695,661	73,332,423
<b>Contingencies and Commitments</b>			
	22		

The annexed notes 1 to 48 and Annexures I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
Mark-up / return / interest earned	24	305,634,875	165,795,743
Mark-up / return / interest expensed	25	246,184,226	125,834,190
Net mark-up / interest income		59,450,649	39,961,553
<b>Non mark-up / interest income</b>			
Fee and commission income	26	7,310,000	5,446,374
Dividend income		711,930	486,424
Foreign exchange income		3,896,622	5,494,301
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	27	780,698	(251,459)
Other income	28	564,383	443,129
Total non-markup / interest income		13,263,633	11,618,769
Total income		72,714,282	51,580,322
<b>Non mark-up / interest expenses</b>			
Operating expenses	29	28,786,370	22,572,388
Workers' welfare fund	30	533,110	339,903
Other charges	31	245,543	167,678
Total non-markup / interest expenses		29,565,023	23,079,969
<b>Profit before provisions</b>		43,149,259	28,500,353
Provisions and write offs – net	32	966,361	1,042,136
Extraordinary / unusual items		-	-
<b>Profit before taxation</b>		42,182,898	27,458,217
Taxation	33	(20,642,489)	(13,397,858)
<b>Profit after taxation</b>		21,540,409	14,060,359
Profit attributable to			
Non-controlling interest		51,817	-
Equity holders of the Bank		21,488,592	14,060,359
		21,540,409	14,060,359
Rupees			
<b>Basic and diluted earnings per share</b>	34	14.83	9.70

The annexed notes 1 to 48 and Annexures I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
Profit after taxation for the year		21,540,409	14,060,359
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Effect of translation of net investment in Foreign Branch		719,284	643,422
Movement in deficit on revaluation of investments – net of tax	21	1,184,212	(2,586,968)
		1,903,496	(1,943,546)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain on defined benefit plan	37.8	277,917	61,504
Reversal of deferred tax liability recognized in previous year	13	65,004	–
Movement in surplus on revaluation of operating fixed assets		–	5,159,821
Movement in surplus on revaluation of non banking assets		126,715	80,386
		469,636	5,301,711
<b>Total comprehensive income</b>		<b>23,913,541</b>	<b>17,418,524</b>
Total comprehensive income attributable to			
Non-controlling interest		55,356	–
Equity holders of the Bank		23,858,185	17,418,524
		23,913,541	17,418,524

The annexed notes 1 to 48 and Annexures I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Merger reserve	Statutory reserve	Surplus / (deficit) on revaluation of			Un-appropriated profit / (loss)	Non-Controlling interest	Total
						General reserve	Investments	Fixed / Non banking assets			
Balance as at January 1, 2022	12,602,602	549,520	234,669	-	14,210,403	17,837,459	(4,937,829)	6,925,806	8,618,234	-	56,040,864
Adjustment on disposal of subsidiary - note 8.6	-	-	-	-	(11,500)	(90,254)	(24,358)	-	(853)	-	(126,965)
Balance as at January 1, 2022 (Restated)	12,602,602	549,520	234,669	-	14,198,903	17,747,205	(4,962,187)	6,925,806	8,617,381	-	55,913,899
Total comprehensive income for the year ended December 31, 2022											
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	-	14,060,359	-	14,060,359
Other comprehensive income	-	643,422	-	-	-	-	(2,586,968)	5,240,207	61,504	-	3,358,165
Transfer to:											
Statutory reserve	-	-	-	-	1,406,160	-	-	-	(1,406,160)	-	-
General reserve	-	-	-	-	-	8,593,716	-	-	(8,593,716)	-	-
	-	-	-	-	1,406,160	8,593,716	-	-	(9,999,876)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	-	(664,502)	664,502	-	-
Balance as at January 1, 2023	12,602,602	1,192,942	234,669	-	15,605,063	26,340,921	(7,549,155)	11,501,511	13,403,870	-	73,332,423
Total comprehensive income for the year ended December 31, 2023											
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	-	21,488,592	51,817	21,540,409
Other comprehensive income	-	719,284	-	-	-	-	1,181,925	126,715	341,669	3,539	2,373,132
Transfer to:											
Statutory reserve	-	-	-	-	2,143,466	-	-	-	(2,143,466)	-	-
General reserve	-	-	-	-	-	13,381,442	-	-	(13,381,442)	-	-
	-	-	-	-	2,143,466	13,381,442	-	-	(15,524,908)	-	-
Transfer from surplus on revaluation of assets to unappropriated profit on disposal	-	-	-	-	-	-	-	(802,541)	802,541	-	-
Transaction with owners, recorded directly in equity											
Bonus shares issued	1,890,390	-	(234,669)	-	-	(1,655,721)	-	-	-	-	-
Acquisition of subsidiary	-	-	-	128,355	-	-	-	-	-	321,342	449,697
Balance as at December 31, 2023	14,492,992	1,912,226	-	128,355	17,748,529	38,066,642	(6,367,230)	10,825,685	20,511,764	376,698	97,695,661

The annexed notes 1 to 48 and Annexures I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>Cash flow from operating activities</b>			
Profit before taxation		42,182,898	27,458,217
Less: dividend income		(711,930)	(486,424)
		41,470,968	26,971,793
Adjustments:			
Depreciation		990,509	913,636
Amortization		181,584	142,765
Depreciation on ROU assets		1,722,707	1,579,354
Markup expense on lease liability against ROU assets		1,061,886	912,324
Termination of lease contracts under IFRS – 16 Leases		(13,731)	(13,700)
Charge for defined benefit plans		501,872	439,130
Provisions and write offs – net	32	1,093,302	1,126,726
Unrealized gain on revaluation of securities		(22,049)	–
Gain on sale of fixed assets		(25,960)	(52,977)
		5,490,120	5,047,258
		46,961,088	32,019,051
(Increase) / decrease in operating assets			
Lendings to financial institutions		436,656	(406,934)
Held for trading securities		(69,721)	(464,718)
Advances		(50,500,270)	(107,117,592)
Other assets (excluding advance taxation)		(36,533,025)	(18,774,977)
		(86,666,360)	(126,764,221)
Increase / (decrease) in operating liabilities			
Bills payable		515,773	1,643,189
Borrowings from financial institutions		409,930,576	109,868,328
Deposits		150,220,100	127,144,538
Other liabilities (excluding current taxation)		13,296,611	11,146,999
		573,963,060	249,803,054
		534,257,788	155,057,884
Payment made to defined benefit plan		(275,748)	(439,344)
Income tax paid		(18,582,802)	(13,102,103)
Net cash flow generated from operating activities		515,399,238	141,516,437
<b>Cash flow from investing activities</b>			
Net investments in available for sale securities		(474,811,526)	(162,775,307)
Net investments in held to maturity securities		56,059,165	10,526,966
Acquisition of subsidiary		585,750	–
Dividend received		712,463	482,659
Investments in operating fixed assets		(2,007,985)	(1,402,220)
Investments in intangible assets		(699,639)	(333,279)
Proceeds from non banking assets		751,400	1,237,002
Proceeds from sale of fixed assets		39,285	71,436
Effect of translation of net investment in foreign branch		719,284	643,422
Net cash flow used in investing activities		(418,651,803)	(151,549,321)
<b>Cash flow from financing activities</b>			
Payments against lease liabilities		(2,523,755)	(2,218,190)
Dividends paid		(2,226)	(8,818)
Net cash flow used in financing activities		(2,525,981)	(2,227,008)
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>94,221,454</b>	<b>(12,259,892)</b>
<b>Cash and cash equivalents at beginning of the year</b>	35	<b>80,627,190</b>	<b>92,887,082</b>
<b>Cash and cash equivalents at end of the year</b>	35	<b>174,848,644</b>	<b>80,627,190</b>

The annexed notes 1 to 48 and Annexures I and II form an integral part of these consolidated financial statements.

Chief Financial Officer

President & CE

Director

Director

Chairman

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

## 1 STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company and Foundation Securities Limited, a 51% owned subsidiary.

Askari Bank Limited (the Bank) was incorporated in Pakistan on October 9, 1991 as a Public Limited Company and is listed on the Pakistan Stock Exchange. The registered office of the Bank is situated at AWT Plaza, the Mall, Rawalpindi. The Bank is a scheduled commercial Bank and is principally engaged in the business of banking as defined in the Banking Companies Ordinance, 1962. The Fauji Consortium: comprising of Fauji Foundation (FF), Fauji Fertilizer Company Limited (FFCL) and Fauji Fertilizer Bin Qasim Limited (FFBL) collectively owned 71.91 (2022: 71.91) percent shares of the Bank as on December 31, 2023. The ultimate parent of the Group is Fauji Foundation. The Bank has 660 branches (2022: 600 branches); 659 in Pakistan and Azad Jammu and Kashmir including 137 (2022: 120) Islamic Banking branches and 63 (2022: 57) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

Foundation Securities (Private) Limited (FSL) was incorporated in Pakistan on January 18, 2005 under the repealed Companies Ordinance, 1984 as a private limited company. The Group holds 51% Ordinary Shares of FSL. The principal activity includes equity and commodity brokerage, equity research and corporate financial advisory services. The registered office of FSL is situated in Karachi.

The Board of Directors of the Group in its meeting held on October 27, 2023 has approved the establishment of a wholly owned Exchange Company with an authorized share capital of Rs. 1,000 million (Rs.1.0 billion), subject to the approval/clearance by the State Bank of Pakistan (SBP), Securities & Exchange Commission of Pakistan (SECP) and completion of other regulatory compliance requirements.

## 2 BASIS OF PRESENTATION

These consolidated financial statements have been presented in accordance with the requirements of format prescribed by the State Bank of Pakistan's BPRD Circular No. 2 dated January 25, 2018.

In accordance with the directives of the Federal Government regarding shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. One permissible form of trade related mode of financing comprises of purchase of goods by the Group from its customers and resale to them at appropriate mark-up in price on a deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facilities actually utilized and the appropriate portion of profit thereon.

The financial results of the Islamic banking branches have been consolidated in these consolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key figures of the Islamic banking branches are disclosed in Annexure - II to these consolidated financial statements.

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak. Rupee, which is the Group's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

### 2.1 Statement Of Compliance

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

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

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The State Bank of Pakistan has deferred the applicability of IFAS 3 'Profit and Loss Sharing on Deposits', vide BPRD Circular No.04 dated February 25, 2015, International Accounting Standard 39, "Financial Instruments: Recognition and Measurement" (IAS 39) and International Accounting Standard 40, Investment Property, vide BSD Circular Letter no. 10 dated August 26, 2002, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. SBP vide BPRD Circular No. 07 of 2023 dated April 13, 2023 extended the date of implementation of IFRS-9 to January 01, 2024 (previously SBP vide BPRD Circular Letter No. 03 of 2022 dated July 5, 2022 has deferred the applicability of IFRS 9 to banks to accounting periods beginning on or after January 1, 2023). Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirement prescribed by the SBP through various circulars. The estimated impact of adoption of IFRS-9 - "Financial Instruments" is disclosed in note 2.3.

IFRS-10 Consolidated Financial Statements was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I)/2016 dated January 28, 2016, that the requirements of consolidation under section 228 of Companies Act 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under Trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

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

There are certain new and amended standards, interpretations and amendments that have become applicable to the Group for accounting periods beginning on or after January 1, 2023. These are considered either not relevant or not to have any significant impact on the Group's consolidated financial statements.

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

Following standards and amendments to published accounting standards will be effective in future periods and have not been early adopted by the Group.

		<b>Effective date (periods ending on or after)</b>
IFRS 16	Lease liability in a sale and lease back arrangement (amendments to IFRS 16 in September 2022).	January 1, 2024
IAS 28	Investments in Associates and Joint Ventures (amendments)	Not yet finalized
IFRS 10	Consolidated Financial Statements (Amendments)	Not yet finalized
IAS 21	Lack of exchangeability (amendments to IAS 21).	January 1, 2025

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments, which replaces current accounting and reporting standards which are relevant for financial instruments, is effective for periods beginning on or after 1 January 2024 and was endorsed by State Bank of Pakistan (SBP) in July 2022 via BPRD Circular no 3 of 2022. SBP via same circular has finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. IFRS 9, in particular the impairment requirements, will lead to significant changes in the accounting for financial instruments. Wherever the requirements of the application instructions issued by SBP differ with the requirements of IFRS, the requirements of the said application instructions have been followed.

### **Governance, ownership and responsibilities**

The Group has adopted a governance framework requiring risk management, financial reporting, technology and operational support functions to work together with business lines ensuring effective input. IFRS 9 requires robust credit risk models that can predict PDs, LGDs and EADs and such concerned functions within the Group will regularly review, test, calibrate and validate methodologies, data as per applicable guidance and best practices for effective ECL computation and appropriate financial disclosure.

### **Classification and measurement**

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and interest (SPPI) criteria are measured at Fair Value Through Profit or Loss (FVTPL) regardless of the business model in which they are held. The entity's business model in which financial assets are held will determine whether the financial assets are measured at Amortised Cost (AC), Fair Value Through Other Comprehensive Income (FVOCI) or FVTPL. The classification of equity instruments is generally measured as FVTPL unless the Group elects for FVTOCI at initial recognition. Moreover, the decision can be made on a scrip by scrip basis and even on individual purchase basis. Although gains and losses on investments in equity instruments designated at FVOCI will be recognized in other comprehensive income. However, dividends will normally be recognized in profit and loss account. No capital gain will be routed through profit and loss account.

When classifying each financial asset, the Group will carry out the following tests:

- (a) Business model test reflecting the way in which the financial assets are managed; and
- (b) Contractual Cash Flow Characteristics Test i.e. whether the contractual cash flows from the financial asset represents, on specified dates, SPPI on the principal amount outstanding.

A financial asset will be measured at amortised cost if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely based on payments of principal and interest on the principal amount outstanding.

A financial asset will be measured at FVTOCI if both of the following conditions are met:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely based on payments of principal and interest on the principal amount outstanding.

Financial asset debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised. In certain circumstances, non-trading equity instruments can be irrevocably designated as FVOCI but both unrealised and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the profit and loss account.

A financial asset will be measured at FVTPL unless it is measured at amortised cost or at fair value through other comprehensive income. Where the objective of a business is to manage financial assets on a fair value basis, the instruments within that business model are measured at FVTPL.

SBP has advised banks to measure investment in unquoted equity securities at lower of cost or breakup value till 31 December 2024. In case where the breakup value of such securities is less than the cost, the difference of the cost and the breakup value will be classified as loss and provided for by charging it to the Profit and Loss account.

Any security which fails the SPPI test would be measured at FVTPL. At present, debt financial instruments at the Group will be classified at AC, FVOCI or FVTPL. Therefore, simple transition would be as follows:

- (a) Securities classified as Held to Maturity to be reclassified as AC;
- (b) Securities designated as Held for Trading to be classified as FVTPL; and
- (c) Securities designated as Available for Sale to be classified as FVOCI.

The process / rationale for choosing a classification category as defined in all cases above is required to be documented and presented to the Board Risk Management Committee (BRMC) for approval.

Any subsequent reclassification of financial assets would be allowed only when, the Group changes its business model for managing these financial assets. Reclassifications of financial assets will only be made in exceptional cases as they will only occur when the Group significantly changes the way it does business. The reclassification of financial assets managed under different business models should require valid rationale for the change in the business model that has led to the reclassification and will be effective with prior approval of the Board. However, such reclassification are expected to be rare.

There has been no change to the requirements in respect of the classification and measurement of financial liabilities.

The derecognition requirements have also been carried forward unchanged from accounting and reporting standards (ARS) currently applicable in Pakistan.

### **Expected credit loss (ECL)**

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether the credit risk of the customer has increased significantly since the exposure was first recognized. The loss allowance for those exposures where the credit risk has not increased significantly ('Stage 1' exposures) is based on 12-months ECLs. The allowance for those exposures that have suffered a significant increase in credit risk (SICR) ('Stage 2' and 'Stage 3' exposures) is based on lifetime ECLs. The assets that are covered under the IFRS 9 impairment requirements, comprises as under:

- (i) Loans and advances that are measured at amortised cost or at fair value through other comprehensive income;

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

- (ii) Debt instruments that are measured at amortised cost or at fair value through other comprehensive income;
- (iii) Financing commitments that are not measured at fair value through profit and loss; and
- (iv) Financial guarantee contracts that are not measured at fair value through profit and loss.

The Group has the following financial asset portfolios that are subject to ECL computations:

- (i) Loans and Advances – which are sub-divided into different segments based on their risk characteristics.
- (ii) Non-funded facilities
- (iii) Investments in debt instruments
- (iv) Lending to financial institutions
- (v) Balances with banks

As per the application instructions issued by SBP, the credit exposure in local currency that has been guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, a two-track approach is required i.e. Stage 1 and Stage 2 provision to be made as per IFRS 9 ECL and stage 3's provision to be made higher of IFRS 9 ECL or PR's requirement.

The Group will perform ECL calculation of credit exposure of the Group categorizing in the Regulatory Segments i.e. Corporate Banking, Commercial and Small & Medium Enterprises, Financial Institutions, Agriculture and Consumer Financing. ECLs are not recognised for equity instruments designated at FVOCI.

The credit models that are used to derive ECL have three main components – forward-looking PD, LGD and EAD. These elements are defined as follows:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Group expects to receive/recover, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

The Group's ECL calculator will incorporate all possible forward-looking macro-economic scenarios for calculations. For this purpose, three scenarios will be considered detailed as under:

- Base Case Scenario: Base case forecasts will be calculated using the externally sourced macroeconomic indicators.
- Improved Case Scenario: Base case data will be adjusted with positive developments in macroeconomic indicators.
- Worst Case Scenario: Base case data will be adjusted with negative developments in macroeconomic indicators.

For the purpose of calculation of ECL, the Group has used quarterly data from March 2017 to September 2023 for calculation of PD till 31 December 2023 and going forward, one more year's data will be included until the Group has at least ten years' data. For calculating ECL, the Group will classify its financial assets under three following categories:

- (a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Group will recognize an allowance based on the 12-month ECL.
- (b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Group will recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.
- (c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Group will recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9, is compared with regulatory provision required as per Prudential regulations.

Any changes in lifetime expected losses after initial recognition are charged or credited to the profit and loss account through 'Impairment'.

The measurement of ECLs across all stages is required to reflect an unbiased and probability weighted amount that is determined by evaluating a range of reasonably possible outcomes using reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The period considered when measuring ECL is the shorter of the expected life and the contractual term of the financial asset. SBP has advised banks to recognize income on impaired assets (loans classified under PRs i.e. OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of PR issued by SBP.

#### **Significant increase in credit risk (SICR)**

A SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL. The Group uses a number of qualitative and quantitative measures in assessing SICR. Quantitative measures relate to deterioration of Obligor Risk Ratings (ORR) or where principal and / or interest payments are 60 days or more past due. Qualitative factors include unavailability of financial information and pending litigations.

Based on the level of increase in credit risk, the Group will calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Group will assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

#### **Definition of default**

The definition of default used by the Group is the same as that mentioned within the Standard and will be applied consistently to all financial instruments unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial instrument. For determination of default of a financial instrument, qualitative considerations must also be considered. IFRS 9 provides a backstop of 90 days past due after which there is a rebuttable presumption that the financial asset is in default. However, for Trade Bills, the DPD criteria will apply after lapse of 179 days from the due date.

#### **Improvement in credit risk / Curing**

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### Low Credit Risk Assets (LCRAs)

The Group will develop policies to determine assets that can be considered as 'low credit risk'. The assets with low credit risks include:

- (i) Investments (debt instruments) having rating AA- and above from an external rating agency at the reporting date.
- (ii) All exposures on multilateral development agencies.
- (iii) Sovereign exposures (in foreign currency) having with investment grade rating BBB and above from an external rating agency at the reporting date.

### Impact of adoption of IFRS 9

The Group will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. In accordance with IFRS 9, the Group will not restate comparative information with respect to impairment changes. Any differences in the carrying amounts of financial assets and financial liabilities consequent to the adoption of IFRS 9 will be recognised in retained earnings and reserves as at 1 January 2024.

The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2024 may not be accurately estimated at December 31, 2023 because it will be dependent on the financial instruments that the Group would hold during 2024 and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023. Although parallel run regulatory reporting has been carried out till third quarter of 2023, the new systems and associated controls in place have not been operational for a more extended period. Further the Group is in the process of refining its LGD model. However, for estimating LGD as at December 31, 2023, the Group has used LGD percentages prescribed under Basel Foundation - Internal Rating Based approach for stage I and stage II financial assets. In case for stage III financial assets, the Group calculated a percentage by taking an average of the outstanding NPL amount and the recovery covering period of five years. Moreover, for EAD calculation, the Group is in the process of refining its model for Credit Conversion Factors (CCFs) and therefore currently using more conservative CCFs prescribed by Basel Committee on Banking Supervision for calculation of RWA for credit risk. The Group has recognized ECL on the stage 3 financial assets using the higher off approach, which means that ECL on such financial assets computed under IFRS 9 is compared with the regulatory provision required under Prudential regulations.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at January 01, 2024 is approximately Rs. 5,108 million.

### Impact on regulatory capital

The banks are allowed to include provisions for Stage 1 and Stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, the Group, has chosen to apply transitional arrangement and implementing this arrangement in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in Annexure-B of BPRD Circular No. 3 of 2022.

The transitional arrangement will 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") will be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The impact of adoption of IFRS 9 on the capital ratios of the Group are as follows:

	As per adopted IFRS 9	As per current Accounting and Reporting Framework
Common Equity Tier 1 Capital Adequacy ratio	14.53%	15.12%
Tier 1 Capital Adequacy Ratio	15.50%	16.09%
Total Capital Adequacy Ratio	17.44%	18.35%

The State Bank of Pakistan issued revised formats for annual and quarterly financial statements of interim/ annual financial statements for banks/DFIs and MFBs which is applicable from 1<sup>st</sup> quarter of 2024 and year ending 31 December 2024 respectively.

Apart from impact of IFRS 9 as above, there are other new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 01, 2024 but are considered either not relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

#### 2.4 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas of assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- i) classification of investments (note 4.6)
- ii) provision against investments (note 4.6) and advances (note 4.7)
- iii) valuation of available for sale securities (note 4.6)
- iv) impairment of available for sale and held to maturity securities (note 4.6.2 and 4.18)
- v) useful life of property and equipment and intangible assets (note 4.8)
- vi) staff retirement benefits (note 4.14)
- vii) taxation (note 4.17)
- viii) IFRS 16 - Leases (note 4.10)
- ix) Fair value of derivatives (note 4.23)

### 3 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention as modified for certain investments and derivative financial instruments which are carried at fair value, non-banking assets acquired in satisfaction of claims, freehold and leasehold land which are shown at revalued amounts and staff retirement gratuity and compensated absences which are carried at present value.

### 4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 4.1 Changes in accounting policies

There has been no change in the accounting policies implemented by the Group during the current year.

### 4.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary company, FSL with 51% holding (2022: 47.12%) collectively referred to as "the Group".

Subsidiary is that enterprise in which the holding company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has the power to elect and appoint more than 50% of its directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date that control ceases.

Material intra-group balances and transactions have been eliminated.

Non-controlling interests are part of net results of the operations and of net assets of the subsidiary attributable to interests which are not owned by the Group. Non-controlling interests are presented as separate item in the consolidated financial statements.

### 4.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash and balances with treasury banks, balances with other banks and call money lending.

### 4.4 Lending (reverse repo)

Consideration for securities purchased under resale agreement (reverse repo) are included in lending to financial institutions. The difference between purchase and resale price is recognized as mark-up / return earned on a time proportion basis. Reverse repo balances are reflected under lending to financial institutions.

### 4.5 Bai Muajjal receivable from other financial institutions

In Bai Muajjal, the Group sells sukuk on deferred payment basis to other financial institutions. The deferred price is agreed at the time of sale and such proceeds are received at the end of the credit period. Bai Muajjal balances are reflected under lending to financial institutions. Bai Muajjal with the Federal Government is classified as investment.

### 4.6 Investments

Investments are classified as follows:

#### Held for trading

These represent securities acquired with the intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.

#### Available for sale

These represent securities which do not fall under 'held for trading' or 'held to maturity' categories.

#### Held to maturity

These represent securities acquired with the intention and ability to hold them upto maturity.

#### **4.6.1 Initial measurement**

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at trade date, which is the date at which the Group commits to purchase or sell the investments except for money market and foreign exchange contracts, other than ready market transactions, which are recognized at settlement date.

In case of investments classified as held for trading, transaction costs are expensed through profit and loss account. Transaction costs associated with investments other than those classified as held for trading are included in the cost of investments.

#### **4.6.2 Subsequent measurement**

##### **Held for trading**

These are marked to market and surplus / deficit arising on revaluation of 'held for trading' investments is taken to profit and loss account in accordance with the requirements prescribed by the SBP through various circulars.

##### **Available for sale**

In accordance with the requirements of various circulars of SBP, available for sale securities for which ready quotations are available on Reuters Page (PKRV) or Stock Exchanges are valued at market value and the resulting surplus / deficit is taken through "Statement of comprehensive Income (OCI)" and is shown in the shareholders' equity in the consolidated statement of financial position.

Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee as per the latest audited financial statements. If the break-up value is less than cost the difference is included in profit and loss account. Unquoted debt securities are valued using the market value of secondary market where available.

Investments in other unquoted securities are valued at cost less impairment losses.

##### **Held to maturity**

These are carried at amortized cost less impairment, determined in accordance with the requirements of Prudential Regulations issued by the SBP.

##### **Investment in associates**

Investment in associates is accounted for under the equity method. It is initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

#### **4.7 Advances**

Advances are stated net of specific and general provisions. Specific provision is determined in accordance with the requirements of the Prudential Regulations issued by the SBP from time to time. In addition, a general provision is maintained for advances against consumer and small enterprises in accordance with the requirements of Prudential Regulations and provision based on historical loan experience. General and specific provisions pertaining to overseas advances are made in accordance with the requirements of the regulatory authorities of the respective countries.

The provisions against non-performing advances are charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

The Group reviews its loan portfolio to assess the amount of non-performing advances and provision required there against on regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers and the requirements of the Prudential Regulations are considered.

### 4.7.1 Finance lease receivables

Leases where the Group transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value. Finance lease receivables are included in advances to the customers.

### 4.7.2 Islamic financing and related assets

Ijarahs booked under Islamic Financial Accounting Standard 2 - Ijarah (IFAS - 2) are stated at cost less accumulated depreciation and impairment if any, and are shown under advances.

Depreciation on Ijarah assets is charged to profit and loss account by applying the straight line method whereby the depreciable value of Ijarah assets is written off over the Ijarah period. The Group charges depreciation from the date of delivery of respective assets to Mustajir upto the date of maturity / termination of Ijarah agreement. Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction. Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories.

In Salam financing, the Group pays full in advance to its customer for buying specified goods / commodities to be delivered to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Musharakah a relationship is established under a contract by the mutual consent of the Group and the customer for sharing of profits and losses arising from a joint enterprise or venture.

Diminishing Musharaka (DM) is a form of co-ownership in which Group and the customer share the ownership of a tangible asset in an agreed proportion and customer undertakes to buy in periodic installments the proportionate share of the Group until the title to such tangible asset is completely transferred to the customer. The rental payment is recognized as profit while the assets transfer / sale payments are applied towards reducing the outstanding principal.

In Istisna financing, the Group acquires the described goods to be manufactured by the customer from raw material of its own and deliver to the Group within an agreed time. The goods are then sold and the amount financed is received back by the Group along with profit.

In Running Musharaka based financing, the Group enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's operating business where the funds can be withdrawn or refunded during the Musharakah period.

## 4.8 Fixed assets and depreciation

### Capital work-in-progress

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

## **Property and equipment**

Fixed assets are stated at cost less impairment losses and accumulated depreciation except for freehold / leasehold land. Land is carried at revalued amounts which is not depreciated. Land is revalued by professionally qualified valuers with sufficient regularity to ensure that the carrying amount does not differ materially from their fair value. Major renewals and improvements are capitalized. Gains and losses on disposal of operating fixed assets are taken to the profit and loss account.

Surplus arising on revaluation of fixed assets is credited to the surplus on revaluation of assets account and is shown under the shareholders' equity in the consolidated statement of financial position. Except to the extent actually realized on disposal of land which are revalued, the surplus on revaluation of land shall not be applied to set-off or reduce any deficit or loss, whether past, current or future, or in any manner applied, adjusted or treated so as to add to the income, profit or surplus of the Group or utilized directly or indirectly by way of dividend or bonus. Surplus on revaluation of fixed assets (net of associated deferred tax) to the extent of the incremental depreciation charged on the related assets is transferred to unappropriated profit.

## **Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the cost of the intangible assets are amortized over its estimated useful lives over which economic benefits are expected to flow to the Group. The useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

## **Depreciation / amortization**

Depreciation / amortization is computed on monthly basis over the estimated useful lives of the related assets at the rates set out in notes 10.2 and 11.1 respectively on a monthly basis. The cost of assets is depreciated / amortized on straight line basis, except for buildings which are depreciated on reducing balance method. Depreciation / amortization commences when the related asset is available for use and discontinues when the asset is disposed off or retired from the active use. Maintenance and normal repairs are charged to profit and loss account as and when incurred.

In making estimates of the depreciation / amortization, the management uses useful life and residual value which reflects the pattern in which economic benefits are expected to be consumed by the Group. The useful life and the residual value are reviewed at each financial year end and any change in these estimates in future years might effect the carrying amounts of the respective item of operating fixed assets with the corresponding effect on depreciation / amortization charge.

### **4.9 Assets held for sale**

Non-current assets and associated liabilities are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than continuing use and a sale is highly probable. Assets designated as held for sale are carried at the lower of carrying amount at designation and fair value less costs to sell, if fair value can reasonably be determined.

### **4.10 IFRS 16 - Leases**

A lessee recognizes a right-of-use (ROU) asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Lease liabilities are initially measured at the present value of lease payment, discounted using the Group's contract wise incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related ROU assets after the date of initial recognition.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

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

The ROU assets are initially measured based on the initial amount of the lease liability plus any initial direct costs incurred. ROU assets are subsequently stated at cost less any accumulated depreciation. The ROU assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The estimated useful lives of ROU assets are determined on the same basis as that used for owned assets. The ROU assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

### 4.11 Borrowings (Repo)

Consideration received against securities sold under repurchase agreement (repo) are included in borrowings from financial institutions. The difference between sale and repurchase price is recognized as mark-up / return expensed on a time proportion basis.

### 4.12 Deposits

Deposits are recorded at the fair value of proceeds received. Markup accrued on deposits is recognized separately as part of other liabilities and is charged to profit and loss account on a time proportion basis.

The Group generates deposits in two modes i.e. "Qard" and "Modaraba" under Islamic Banking Operations. Deposits taken on Qard basis are classified as 'Current Accounts' and deposits generated on Modaraba basis are classified as 'Saving Accounts' and 'Fixed Deposit Accounts'.

### 4.13 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up on subordinated debts is charged to the profit and loss account over the period on accrual basis.

### 4.14 Staff retirement benefits

#### Defined benefit plan

The Group operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation. The actuarial valuation is carried out periodically using "Projected Unit Credit Method".

Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in other comprehensive income in the period of occurrence. Past service cost is recognized as expense when the plan is amended.

Certain actuarial assumptions have been adopted as disclosed in note 37 of these consolidated financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are entity's best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

#### Defined contribution plan

The Group operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Group and by the employees at the rate of 8.33% of the basic salary of the employee.

### **Compensated absences**

The Group provides compensated absences to all its regular employees. Liability for unfunded scheme is recognized on the basis of actuarial valuation using the "Projected Unit Credit Method". Provision for the year is charged to consolidated profit and loss account. The amount recognized in the consolidated statement of financial position represents the present value of defined benefit obligations. Actuarial gain / losses arising from experience adjustment and changes in actuarial assumptions are recognized in the profit and loss account in the period of occurrence.

## **4.15 Foreign currencies**

### **Foreign currency transactions**

Foreign currency transactions other than results of foreign operations are translated into Pak. Rupee at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated to Pak. Rupee at the exchange rates prevailing at the reporting date. Forward transactions in foreign currencies and are valued at the rates applicable to the remaining maturities. Exchange gains and losses are included in consolidated profit and loss account currently.

### **Foreign operation**

The assets and liabilities of Wholesale Bank Branch are translated to Pak. Rupee at exchange rates prevailing at the date of consolidated statement of financial position. The income and expenses of foreign operations are translated at the average rate of exchange for the year.

### **Translation gains and losses**

Translation gains and losses are included in consolidated profit and loss account, except those arising on translation of the Bank's net investment in foreign operations which are taken to equity under "Exchange Translation Reserve" through other comprehensive income and on disposal are recognized in consolidated profit and loss account.

### **Commitments**

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the statement of financial position date.

## **4.16 Revenue recognition**

Mark-up / interest on advances and return on investments is recognized on time proportionate basis except on classified advances and investments which is recognized on receipt basis. Mark-up / interest on rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP or overseas regulatory authority of the country where branch operates, except where in the opinion of the management it would not be prudent to do so.

Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity using effective yield method.

Fees and commission income is recognized at the time of performance of service.

Dividend income is recognized when Group's right to receive the income is established.

Gains or losses on sale of investments are recognized in consolidated profit and loss account.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of the total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Repossessed vehicles on account of loan default are recorded in memorandum account.

Unrealized lease income is suspended on classified leases, in accordance with the requirements of the Prudential Regulations issued by the SBP. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

Profit on Murabaha sale transaction not due for the payment is deferred by recording a credit to the "Deferred Murabaha Income" account.

Profits on Musharaka and Diminishing Musharaka financings are recognized on accrual basis. Profit required to be suspended in compliance with the Prudential Regulations issued by SBP is recorded on receipt basis.

Profit on Salam finance is recognized on time proportionate basis.

Rental income from Ijarah financing is recognised on an accrual basis. Depreciation on Ijarah asset is charged to income (net-off rental income) over the period of Ijarah using the straight line method.

Profit on Istisna financing is recognised on a time proportionate basis.

### 4.17 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the consolidated profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income. In making the estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past.

#### Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credits and rebates at a tax rate enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

#### Prior years

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

#### Deferred

Deferred tax is provided for by using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the date of consolidated statement of financial position. A deferred tax asset is recognized only to the extent that it is probable that the future taxable profit will be available and credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

Deferred tax, on revaluation of investments, if any, is recognized as an adjustment to surplus / (deficit) arising on such revaluation.

#### **4.18 Impairment**

##### **Available for sale**

The Group determines that available for sale equity investments are impaired 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 judgment. In making this judgment, the Group evaluates, among other factors, the normal volatility in share price in case of listed securities. Impairment loss on available for sale debt securities is determined in accordance with the requirements of Prudential Regulations issued by SBP.

##### **Non-financial assets**

The carrying amount of the Group's assets are reviewed at the reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the consolidated profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **4.19 Non-banking assets acquired in satisfaction of claims**

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

#### **4.20 Other provisions**

Provisions are recognized when there are present, legal or constructive obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amounts can be made. Provision for guarantee claims and other off balance sheet obligations is recognized when intimated and reasonable certainty exists to settle the obligations. Expected recoveries are recognized by debiting customer accounts. Charge to consolidated profit and loss account is stated net off expected recoveries.

#### **4.21 Off-setting**

Financial assets and financial liabilities are only set-off and the net amount is reported in the consolidated financial statements when there is a legally enforceable right to set-off the recognized amount and the Group expects either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

#### **4.22 Financial assets and liabilities**

Financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specific in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period. The particular recognition and subsequent measurement methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 4.23 Derivative financial instruments

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

The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant interest rates in effect at the reporting date and the rates contracted.

### 4.24 Appropriations subsequent to date of consolidated statement of financial position

Appropriations subsequent to year end are recognized during the year in which those appropriations are made.

### 4.25 Dividend distribution and appropriation

Dividends and appropriations (except for the appropriations required by law), made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the year in which these are approved / transfers are made.

### 4.26 Earnings per share

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

### 4.27 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments.

#### 4.27.1 Business segment

##### Branch banking

This segment consists of loans, deposits and other banking services including branchless banking services to small enterprises, medium enterprises, agriculture and individual customers.

##### Corporate banking

Corporate banking includes deposits, project financing, trade financing and working capital to corporate and commercial customers of the Bank. This segment is also involved in investment banking activities such as mergers and acquisition, underwriting, privatization, securitization, IPO's related activities and secondary private placements.

##### Treasury

Treasury function is mainly engaged in money market activities, foreign exchange business and short term lending and borrowings from counterparties.

##### Consumer banking

Consumer banking segment provides both secured and unsecured loans to retail customers.

### Islamic banking

This segment provides banking services to its customers in compliance with Shariah rules and directives, instructions and guidelines issued by SBP.

### Foreign operations

Foreign operations consists of the banking activities performed through its Wholesale Bank Branch in the Kingdom of Bahrain.

### Head office / others

This consists of banking operations not performed by any of above segments.

## 4.27.2 Geographical segments

The Group operates in two geographic regions; Pakistan including its allied territories and the Middle East.

## 4.28 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 in consolidated statement of financial position both as assets and liabilities.

## 4.29 Contingent Liabilities

Contingent liabilities are not recognised in the statement of financial position as they are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic resources to settle the obligation, will arise. In cases where the probability of an outflow of economic resources is considered remote, it is not disclosed as a contingent liability.

Rupees in '000	Note	2023	2022
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand:</b>			
Local currency		27,760,857	22,700,376
Foreign currencies		4,318,238	3,407,920
		32,079,095	26,108,296
<b>With the State Bank of Pakistan in:</b>			
Local currency current accounts	5.1	104,626,342	43,901,951
Foreign currency current account	5.1	6,885,755	647,093
Foreign currency deposit account	5.2	12,873,026	–
		124,385,123	44,549,044
<b>With National Bank of Pakistan in:</b>			
Local currency current accounts		3,573,496	260,731
<b>Prize Bonds</b>		49,753	31,996
		160,087,467	70,950,067

**5.1** These represent current accounts maintained with the SBP to comply with the statutory cash reserve requirements.

**5.2** This represents special cash reserve maintained with the SBP.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>6. BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		191,224	32,629
In saving accounts		783,724	-
		974,948	32,629
<b>Outside Pakistan</b>			
In current accounts		1,557,101	3,383,544
In deposit accounts	6.1 & 6.2	12,229,132	6,260,952
		13,786,233	9,644,496
Provision held against balances with other banks		(4)	(2)
		14,761,177	9,677,123

**6.1** These represent placements with international correspondent banks, carrying interest rates up to 5.08% (2022: up to 2.25%) per annum.

**6.2** This includes Rs. 832,790 thousand (December 31, 2022: Nil) marked as lien with a correspondent bank against issue of Standby Letter of Credit (SBLC).

Rupees in '000	Note	2023	2022
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (reverse repo)		-	406,934
Purchase under resale arrangement of equity securities	7.1	89,164	118,886
		89,164	525,820
Provision held against lending to financial institutions	32	(89,164)	(118,886)
Lendings to financial institutions - net of provision		-	406,934

## 7.1 Particulars of lending

In local currency		89,164	525,820
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## 7.2 Securities held as collateral against lending to financial institution

Rupees in '000	2023			2022		
	Held by the Bank	Further Given as Collateral	Total	Held by the Bank	Further Given as Collateral	Total
Market Treasury Bills	-	-	-	406,934	-	406,934

## 7.3 Category of classification

Rupees in '000	2023		2022	
	Classified Lending	Provision Held	Classified Lending	Provision Held
<b>Domestic</b>				
Loss	89,164	118,886	89,164	118,886

## 8. INVESTMENTS

Rupees in '000	2023				2022			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
<b>8.1 Investments by type:</b>								
Held for Trading								
Ordinary Shares	544,494	-	22,049	566,543	464,718	-	(60,647)	404,071
	544,494	-	22,049	566,543	464,718	-	(60,647)	404,071
Available for sale securities								
Federal Government Securities	1,117,640,852	(524,796)	(14,605,232)	1,102,510,824	646,356,442	(526,353)	(13,520,293)	632,309,796
Shares	4,752,010	(597,143)	1,885,567	6,040,434	4,026,368	(787,260)	28,824	3,267,932
Units of open end mutual funds	1,913,994	(168,124)	259,059	2,004,929	1,833,026	(166,399)	135,283	1,801,910
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	12,750	28,150
Non Government Debt Securities	15,836,647	(1,355,068)	(32,425)	14,449,154	13,085,795	(1,319,740)	99,304	11,865,359
	1,140,170,817	(2,657,045)	(12,480,281)	1,125,033,491	665,328,945	(2,811,666)	(13,244,132)	649,273,147
Held to maturity securities								
Federal Government Securities	57,483,266	(585,642)	-	56,897,624	111,642,002	(585,365)	-	111,056,637
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	-	-	-	-	1,802,310	(5,146)	-	1,797,164
	57,593,266	(695,642)	-	56,897,624	113,554,312	(700,511)	-	112,853,801
Associate (note 8.6)	-	-	-	-	175,789	-	-	175,789
<b>Total investments</b>	<b>1,198,308,577</b>	<b>(3,352,687)</b>	<b>(12,458,232)</b>	<b>1,182,497,658</b>	<b>779,523,764</b>	<b>(3,512,177)</b>	<b>(13,304,779)</b>	<b>762,706,808</b>
<b>8.2 Investments by segments:</b>								
Federal Government Securities								
Market Treasury Bills	48,409,706	-	83,982	48,493,688	34,689,698	-	(268,588)	34,421,110
Pakistan Investment Bonds	1,052,025,505	-	(12,440,727)	1,039,584,778	669,174,397	-	(8,872,459)	660,301,938
Euro Bonds	21,058,165	(1,110,438)	(770,240)	19,177,487	16,916,343	(1,111,718)	(3,263,535)	12,541,090
Naya Pakistan Certificates	3,744,996	-	-	3,744,996	3,282,078	-	-	3,282,078
Ijarah Sukuks	49,885,746	-	(1,478,247)	48,407,499	33,935,928	-	(1,115,711)	32,820,217
	1,175,124,118	(1,110,438)	(14,605,232)	1,159,408,448	757,998,444	(1,111,718)	(13,520,293)	743,366,433
Shares								
Listed companies	4,940,824	(591,463)	1,907,616	6,256,977	4,135,406	(781,580)	(31,823)	3,322,003
Unlisted companies	355,680	(5,680)	-	350,000	355,680	(5,680)	-	350,000
	5,296,504	(597,143)	1,907,616	6,606,977	4,491,086	(787,260)	(31,823)	3,672,003
Units of open end mutual funds	1,913,994	(168,124)	259,059	2,004,929	1,833,026	(166,399)	135,283	1,801,910
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	12,750	28,150
Non Government Debt Securities								
Listed	2,529,432	(204,429)	(30,665)	2,294,338	2,704,432	(204,432)	(47,741)	2,452,259
Unlisted	13,417,215	(1,260,639)	(1,760)	12,154,816	10,491,363	(1,225,308)	147,045	9,413,100
	15,946,647	(1,465,068)	(32,425)	14,449,154	13,195,795	(1,429,740)	99,304	11,865,359
Foregin Government Securities	-	-	-	-	1,802,310	(5,146)	-	1,797,164
Associate (note 8.6)	-	-	-	-	175,789	-	-	175,789
<b>Total investments</b>	<b>1,198,308,577</b>	<b>(3,352,687)</b>	<b>(12,458,232)</b>	<b>1,182,497,658</b>	<b>779,523,764</b>	<b>(3,512,177)</b>	<b>(13,304,779)</b>	<b>762,706,808</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2023	2022
<b>8.2.1 Investments given as collateral</b>		
<b>The market value of investments given as collateral is:</b>		
Market Treasury Bills	13,586,080	14,650,739
Pakistan Investment Bonds	570,673,900	163,347,300
Turkish Euro Bonds	–	1,797,861
Shares	141,491	177,855
	<b>584,401,471</b>	<b>179,973,755</b>
<b>8.3 Provision for diminution in value of investments</b>		
<b>8.3.1 Opening balance</b>	3,512,177	2,304,644
Exchange adjustments (Reversals) / charge	274,611	134,098
Charge for the year (Reversal) / charge for the year under IFRS 9 related to WBB	180,392	560,165
Reversals for the year	(281,037)	760,372
Net (reversal) / charge	(47,170)	(67,045)
Reversal on disposals	(147,815)	1,253,492
	(286,286)	(180,057)
Closing balance	3,352,687	3,512,177

### 8.3.2 Particulars of provision against debt securities

Rupees in '000	2023		2022	
	NPI	Provision	NPI	Provision
<b>Category of classification</b>				
<b>Domestic</b>				
Loss	1,547,568	1,465,068	1,429,740	1,429,740

**8.3.3** Included in the above, Group's Bahrain branch holds general provision of Rs. 1,110,438 thousand (December 31, 2022: Rs. 1,116,864 thousand) against investments in accordance with ECL requirement of IFRS 9.

#### 8.4 Quality of available for sale securities

Details regarding quality of available for sale securities are as follows:

Rupees in '000	2023		2022	
	Cost		Cost	
<b>Federal Government Securities - Government guaranteed</b>				
Market Treasury Bills	48,409,706		34,689,698	
Pakistan Investment Bonds	1,005,884,216		566,762,426	
Euro Bonds	9,716,188		7,686,312	
Ijarah Sukuks	49,885,746		33,935,928	
Naya Pakistan Certificates	3,744,996		3,282,078	
	1,117,640,852		646,356,442	
<b>Shares</b>				
<b>Listed</b>				
Auto assembler	–		42,393	
Commercial banks	982,823		819,973	
Chemicals	403,696		414,512	
Cement	631,322		348,022	
Engineering	87,491		24,398	
Fertilizer	–		174,211	
Insurance	–		6,981	
Investment banks and companies	–		26,560	
Oil and gas marketing companies	550,448		491,734	
Oil and gas exploration	477,638		266,910	
Power generation and distribution	649,903		589,141	
Paper and board	69,750		69,750	
Pharmaceuticals	153,089		97,432	
Refinery	–		7,799	
Textile composite	138,482		117,235	
Technology and communication	251,689		149,971	
Transport	–		23,666	
	4,396,330		3,670,688	

Rupees in '000	2023		2022	
	Cost	Breakup value	Cost	Breakup value
<b>Unlisted</b>				
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	893,500	50,000	537,300
Pakistan Mortgage Refinance Company Limited	300,000	723,052	300,000	609,370
	355,680	1,616,552	355,680	1,146,670

Breakup value has been calculated on the basis of latest available financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2023	2022
	Cost	
<b>Units of Open end mutual funds</b>		
<b>Listed</b>		
National Investment Trust Limited		
National Investment (Unit) Trust Fund	500,000	500,000
Islamic Equity Fund	50,000	50,000
Asset Allocation Fund	100,000	100,000
Islamic Money Market Fund	100,000	100,000
Real Estate Investment Trust	124,328	383,026
	874,328	1,133,026
<b>Unlisted</b>		
Real Estate Investment Trust	1,039,666	700,000
<b>Fully Paid Preference Shares</b>		
<b>Listed</b>		
Textile	25,100	25,100
<b>Unlisted</b>		
Commercial Banks	2,214	2,214
	27,314	27,314
<b>Non Government Debt Securities</b>		
<b>Listed</b>		
AAA	750,000	750,000
AA+, AA, AA-	1,375,000	1,475,000
A+, A, A-	200,000	275,000
Unrated	204,432	204,432
	2,529,432	2,704,432
<b>Unlisted</b>		
AAA	10,140,129	7,642,005
AA+, AA, AA-	1,016,450	716,550
A+, A, A-	867,500	907,500
B+, B, B-	215,000	-
Unrated	1,068,136	1,115,308
	13,307,215	10,381,363

## 8.5 Particulars relating to Held to Maturity securities are as follows:

Rupees in '000	2023		2022	
	Cost		Cost	
Federal Government Securities - Government guaranteed				
Pakistan Investment Bonds	46,141,289		102,411,971	
Government of Pakistan Euro Bonds	11,341,977		9,230,031	
	57,483,266		111,642,002	
Non Government Debt Securities				
Unlisted				
CCC and below	110,000		110,000	

Rupees in '000	2023		2022	
	Cost	Rating	Cost	Rating
<b>Foreign Securities</b>				
Government securities				
Turkish Euro Bonds	-	-	1,802,310	B-

**8.5.1** Market value of held to maturity securities other than classified investments is Rs. 50,529,523 thousand (December 31, 2022: Rs. 101,813,767 thousand).

**8.6** The Honorable Sindh High Court vide its order dated March 13, 2023 approved the scheme of arrangement for amalgamation of Askari Securities Limited (ASL) inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations with and into Foundation Securities (Private) Limited (FSL), wholly owned by Fauji Foundation, as of the effective date of scheme i.e. July 01, 2021 against issuance of 27,140,000 ordinary shares of Rs. 10 each of FSL at par value (1.18 shares of FSL) against 1 share of ASL held by the Bank.

Earlier, the amalgamation was approved by the State Bank of Pakistan subject to the Bank holding atleast 51% equity stake in the post amalgamated FSL. Accordingly, subsequent to merger the Bank acquired 2,236,031 ordinary shares of Rs. 10 each of FSL on 26 June 2023 to hold 51% equity stake in FSL.

The Bank lost the control on 1 July 2021 and derecognized the assets and liabilities of ASL against the consideration received in the form of shares of FSL as per requirements of IFRS. The impact of this disposal as at 01 January 2022 on consolidated equity is Rs. 126,965 thousand.

Subsequently investment in FSL is measured using the equity method of accounting by adding share of profit of FSL till the group acquired the controlling interest in FSL on 26 June 2023. Group's share of profit of FSL till December 31, 2021 has been accounted for by restating the opening balances as of January 1, 2022.

At reporting date, assets and liabilities of FSL have been consolidated line by line in the financial statements. The impact of net assets on consolidated equity upon acquisition date as subsidiary is Rs. 128,355 thousand.

Since FSL and the Bank are under common control of Fauji Foundation before and after this transaction therefore, the transaction has been recorded by restating the comparative figures in accordance with the requirements of SECP's approved Accounting Standard on "Accounting of Common Control Transactions".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

## 9. ADVANCES

Rupees in '000	Performing		Non performing		Total	
	2023	2022	2023	2022	2023	2022
Loans, cash credits, running finances, etc. - note 9.1	498,619,419	473,649,618	25,198,876	26,450,298	523,818,295	500,099,916
Islamic financing and related assets- note 2 of Annexure II	114,772,652	82,206,609	2,781,125	2,894,335	117,553,777	85,100,944
Bills discounted and purchased	18,765,713	27,931,036	1,083,586	1,802,149	19,849,299	29,733,185
Advances - gross	632,157,784	583,787,263	29,063,587	31,146,782	661,221,371	614,934,045
Provision against advances						
– Specific	–	–	(25,636,695)	(29,297,528)	(25,636,695)	(29,297,528)
– General	(2,538,527)	(1,825,586)	–	–	(2,538,527)	(1,825,586)
	(2,538,527)	(1,825,586)	(25,636,695)	(29,297,528)	(28,175,222)	(31,123,114)
Advances - net of provision	629,619,257	581,961,677	3,426,892	1,849,254	633,046,149	583,810,931

### 9.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	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
Lease rentals receivable	2,553,026	2,938,946	–	5,491,972	2,864,872	3,986,283	–	6,851,155
Residual value	691,255	1,276,536	–	1,967,791	612,030	1,574,293	–	2,186,323
Minimum lease payments	3,244,281	4,215,482	–	7,459,763	3,476,902	5,560,576	–	9,037,478
Financial charges for future periods	(698,657)	(767,487)	–	(1,466,144)	(680,319)	(878,511)	–	(1,558,830)
Present value of minimum lease payments	2,545,624	3,447,995	–	5,993,619	2,796,583	4,682,065	–	7,478,648

Rupees in '000

### 9.2 Particulars of advances (Gross)

In local currency	622,718,911	573,258,877
In foreign currencies	38,502,460	41,675,168
	661,221,371	614,934,045

### 9.3 Advances include Rs. 29,063,587 thousand (2022: Rs. 31,146,782 thousand) which have been placed under non-performing status as detailed below:

Rupees in '000	2023		2022	
	Non performing loans	Provision	Non performing loans	Provision
<b>Category of classification</b>				
<b>Domestic</b>				
Other Assets Especially Mentioned	133,619	1,423	122,279	1,437
Substandard	2,112,910	523,884	1,596,854	394,848
Doubtful	1,301,511	599,345	844,347	413,258
Loss	25,515,547	24,512,043	28,583,302	28,487,985
	29,063,587	25,636,695	31,146,782	29,297,528

## 9.4 Particulars of provision against advances

Rupees in '000	Note	2023				2022			
		Specific	General	Consumer financing – general	Total	Specific	General	Consumer financing – general	Total
Opening balance		29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216
Exchange adjustments		–	22,369	–	22,369	4,041	36,465	–	40,506
Charge for the year		2,657,741	1,152,111	52,676	3,862,528	2,675,775	133,850	113,551	2,923,176
Reversal under IFRS 9 related to WBB		–	(86,544)	–	(86,544)	(27,403)	(112,950)	–	(140,353)
Reversal for the year		(2,105,630)	(108,551)	(319,120)	(2,533,301)	(1,821,378)	(21,391)	(33,225)	(1,875,994)
		552,111	957,016	(266,444)	1,242,683	826,994	(491)	80,326	906,829
Amounts written off	9.5	(2,505,910)	–	–	(2,505,910)	(198)	–	–	(198)
Amounts charged off	9.7	(1,707,034)	–	–	(1,707,034)	(52,239)	–	–	(52,239)
Closing balance		25,636,695	1,989,385	549,142	28,175,222	29,297,528	1,010,000	815,586	31,123,114

### 9.4.1 Particulars of provision against advances

Rupees in '000	2023				2022			
	Specific	General	Consumer financing – general	Total	Specific	General	Consumer financing – general	Total
In local currency	25,636,695	1,963,699	549,142	28,149,536	29,297,528	920,457	815,586	31,033,571
In foreign currencies	–	25,686	–	25,686	–	89,543	–	89,543
	25,636,695	1,989,385	549,142	28,175,222	29,297,528	1,010,000	815,586	31,123,114

**9.4.2** The net FSV benefit already availed has been increased by Rs. 908,351 thousand, which has resulted in reduced charge for specific provision for the year by the same amount. Had the FSV benefit been not availed, before and after tax profit for the year would have been lower by Rs. 908,351 thousand (2022: higher by Rs. 471,933 thousand) and Rs. 463,259 thousand (2022: higher by Rs. 240,686 thousand) respectively. Further, at December 31, 2023, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 490,116 thousand (December 31, 2022: Rs. 26,865 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and unappropriated profit to that extent are not available for distribution by way of cash or stock dividend.

## 9.5 Particulars of writeoffs

This represents write off against provision amounting to Rs. 2,505,910 thousands related to domestic advances (2022: Rs.198 thousands).

Rupees in '000	2023	2022
<b>9.5.1 Against provisions</b>		
Write offs of Rs. 500,000 and above		
– Domestic	2,505,910	–
– Overseas	–	–
Write offs of below Rs. 500,000	–	198
	2,505,910	198

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 9.6 Details of loans written off – 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 in Annexure – I.

### 9.7 Amounts charged off

This includes agriculture loans amounting to Rs. 93,707 thousand (2022: Rs. 52,239 thousand) charged off as per time based criteria prescribed by the State Bank of Pakistan in Annexure II of Regulation R – 11 of Prudential Regulations for Agriculture Financing. Further, it also includes consumer loans amounting to Rs. 1,614,095 thousand (2022: Nil) charged off as per the Group's write off, restructuring / rescheduling and settlement policy approved by the Board of Directors.

Rupees in '000	Note	2023	2022
<b>10. FIXED ASSETS</b>			
Capital work-in-progress	10.1	491,050	220,511
Property and equipment	10.2	18,216,393	17,372,333
Right of use asset – IFRS 16	10.3	8,312,812	6,891,568
		27,020,255	24,484,412

**10.1** This represents civil works in progress during the year.

### 10.2 Property and equipment

Rupees in '000	2023									
	Land – freehold	Land – leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>As at January 1, 2023</b>										
Cost / Revalued Amount	7,118,892	6,119,500	1,230,272	984,192	2,889,766	1,941,069	4,125,601	3,487,167	183,138	28,079,597
Accumulated Depreciation	-	-	552,679	524,193	2,460,166	1,102,835	3,111,498	2,844,183	111,710	10,707,264
Net book value	7,118,892	6,119,500	677,593	459,999	429,600	838,234	1,014,103	642,984	71,428	17,372,333
<b>Year ended December 31, 2023</b>										
Opening net book value	7,118,892	6,119,500	677,593	459,999	429,600	838,234	1,014,103	642,984	71,428	17,372,333
Additions	-	-	-	-	366,661	283,164	571,851	513,062	62,706	1,797,444
Disposals	-	-	-	-	(2,522)	(2,009)	(4,885)	-	(3,909)	(13,325)
Depreciation charge	-	-	(33,443)	(22,480)	(192,648)	(178,124)	(293,054)	(241,528)	(29,232)	(990,509)
Other adjustments / transfers	-	-	-	-	(3,561)	5,716	4,065	44,209	21	50,450
Closing net book value	7,118,892	6,119,500	644,150	437,519	597,530	946,981	1,292,080	958,727	101,014	18,216,393
<b>As at December 31, 2023</b>										
Cost / Revalued Amount	7,118,892	6,119,500	1,229,926	984,192	2,966,308	2,198,379	4,621,878	3,532,425	237,167	29,008,667
Accumulated Depreciation	-	-	(585,776)	(546,673)	(2,368,778)	(1,251,398)	(3,329,798)	(2,573,698)	(136,153)	(10,792,274)
Net book value	7,118,892	6,119,500	644,150	437,519	597,530	946,981	1,292,080	958,727	101,014	18,216,393
<b>Rate of depreciation (percentage)</b>	-	-	5	5	20	10-20	10-20	20	20	

Rupees in '000	2022									
	Land – freehold	Land – leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
<b>As at January 1, 2022</b>										
Cost / Revalued Amount	3,874,491	5,815,489	1,230,272	984,192	2,766,078	1,766,607	3,757,557	3,137,204	208,753	23,540,643
Accumulated Depreciation	-	-	517,880	500,142	2,278,400	956,318	2,885,446	2,667,707	133,190	9,939,083
Net book value	3,874,491	5,815,489	712,392	484,050	487,678	810,289	872,111	469,497	75,563	13,601,560
<b>Year ended December 31, 2022</b>										
Opening net book value	3,874,491	5,815,489	712,392	484,050	487,678	810,289	872,111	469,497	75,563	13,601,560
Additions	138,591	-	-	-	155,710	199,673	418,653	359,365	20,755	1,292,747
Movement in surplus on assets revalued during the year	3,105,810	2,054,011	-	-	-	-	-	-	-	5,159,821
Transfer to assets held for sale	-	(1,750,000)	-	-	-	-	-	-	-	(1,750,000)
Disposals	-	-	-	-	(736)	(7,544)	(8,094)	-	(2,086)	(18,460)
Depreciation charge	-	-	(34,799)	(24,051)	(213,052)	(164,406)	(268,567)	(185,957)	(22,804)	(913,636)
Other adjustments / transfers	-	-	-	-	-	222	-	79	-	301
Closing net book value	7,118,892	6,119,500	677,593	459,999	429,600	838,234	1,014,103	642,984	71,428	17,372,333
<b>As at December 31, 2022</b>										
Cost / Revalued Amount	7,118,892	6,119,500	1,230,272	984,192	2,889,766	1,941,069	4,125,601	3,487,167	183,138	28,079,597
Accumulated Depreciation	-	-	552,679	524,193	2,460,166	1,102,835	3,111,498	2,844,183	111,710	10,707,264
Net book value	7,118,892	6,119,500	677,593	459,999	429,600	838,234	1,014,103	642,984	71,428	17,372,333
Rate of depreciation (percentage)	-	-	5	5	20	10-20	10-20	20	20	

### 10.2.1 Cost of fully depreciated property and equipment still in use of the Bank

Rupees in '000	Land – freehold	Land – leasehold	Buildings on freehold land	Buildings on leasehold land	Renovation of premises	Furniture, fixtures and office equipment	Machine and equipment	Computer equipment	Vehicles	Total
2023	-	-	-	-	1,886,712	390,421	2,308,009	1,934,154	67,919	6,587,215
2022	-	-	-	-	1,985,108	427,413	2,009,760	2,440,731	64,948	6,927,960

Rupees in '000	2023		2022
<b>10.3 Right of use assets</b>			
Opening balance	6,891,568		6,454,277
Additions	3,227,516		2,122,788
Depreciation	(1,722,707)		(1,579,354)
Terminations/ adjustments	(83,565)		(106,143)
Closing balance	8,312,812		6,891,568

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 10.4 Disposal of assets to related parties:

Particular of assets	Cost	Book Value	Sale Proceed	Mode of Disposal	Particular of Purchaser
	Rupees in '000				
Bank Vehicles	3,733	871	4,800	As per Bank's policy	Khurshid Zafar - Ex - Key Management Personnel
Computer Equipment	195	71	71	-do-	Khurshid Zafar - Ex - Key Management Personnel
Furniture, fixtures and office equipment	280	74	74	-do-	Khurshid Zafar - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	54	54	-do-	Sher Afgan Khan Zada - Ex - Key Management Personnel
Furniture, fixtures and office equipment	140	-	-	-do-	Faheem Ahmed Qureshi - Ex - Key Management Personnel
	4,578	1,070	4,999		

**10.5** Freehold and leasehold land were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2022. The valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus against revaluation of freehold and leasehold land included in property and equipment as at December 31, 2023 amounts to Rs. 9,384,750 thousand (2022: Rs. 9,384,750 thousand).

Had the freehold and leasehold land included in property and equipment not been revalued, the total carrying amounts of revalued properties as at December 31, 2023 would have been Rs. 3,853,642 thousand (2022: Rs. 3,853,642 thousand)

Rupees in '000	Note	2023	2022
<b>11. INTANGIBLE ASSETS</b>			
Computer software	11.1	1,501,272	1,130,815
Capital work in progress		359,475	244,810
		1,860,747	1,375,625
<b>11.1 Software</b>			
<b>As at January 1,</b>			
Cost		2,748,506	2,422,602
Accumulated amortization		1,617,691	1,474,079
Net book value		1,130,815	948,523
<b>Year ended December 31,</b>			
Opening net book value		1,130,815	948,523
Additions			
– directly purchased		585,286	324,436
Amortization charge		(181,584)	(142,765)
Other adjustments / transfers		(33,245)	621
Closing net book value		1,501,272	1,130,815

Rupees in '000	2023	2022
<b>As at December 31,</b>		
Cost	3,300,547	2,748,506
Accumulated amortization	1,799,275	1,617,691
Net book value	1,501,272	1,130,815
Rate of amortization (percentage)	10	10
Useful life (in years)	10	10

**11.1.1** Cost of fully amortized intangible assets still in use amounts to Rs. 1,195,727 thousand (2022: Rs. 1,137,662 thousand).

Rupees in '000	2023	2022
<b>12 ASSETS HELD FOR SALE</b>		
Fixed assets	1,750,000	1,750,000

**12.1** The Group has entered into a sale agreement to sell its land located at Haider Road, Rawalpindi. Accordingly the same has been classified to non-current asset held for sale. The carrying amount includes revaluation surplus of Rs. 980,987 thousand at which amount the asset was transferred from property and equipment.

Rupees in '000	2023			
	At January 1, 2023	Recognized in P&L A/C	Recognized in OCI	At December 31, 2023
<b>13. DEFERRED TAX ASSETS</b>				
Deductible Temporary Differences on				
– Post retirement employee benefits	(65,004)	–	65,004	–
– Accelerated tax depreciation	36,767	(242,223)	–	(205,456)
– Deficit on revaluation of investments	5,694,978	–	420,360	6,115,338
– Provision against advances	1,878,936	281,597	–	2,160,533
– Others	–	(2,360)	(2,643)	(5,003)
	7,545,677	37,014	482,721	8,065,412

Rupees in '000	2022			
	At January 1, 2022	Recognized in P&L A/C	Recognized in OCI	At December 31, 2022
Deductible Temporary Differences on				
– Post retirement employee benefits	24,663	–	(89,667)	(65,004)
– Accelerated tax depreciation	100,837	(64,070)	–	36,767
– Deficit on revaluation of investments	3,172,546	–	2,522,432	5,694,978
– Provision against advances	1,870,137	8,799	–	1,878,936
	5,168,183	(55,271)	2,432,765	7,545,677



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>14. OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net of provision	14.1	73,588,636	37,216,850
Income / mark-up accrued in foreign currencies		2,134,035	1,241,333
Advances, deposits, advance rent and other prepayments		1,064,788	678,674
Advance taxation (payments less provisions)		3,966,205	5,983,883
Trade debts - unsecured - considered good		461,827	–
Non banking assets acquired in satisfaction of claims	14.3	406,862	847,462
Branch adjustment account		–	40,219
Receivable against trading of securities		46,245	485,673
Stationary and stamps in hand		285,087	68,093
Dividend receivable	14.2	4,453	4,986
Acceptances		14,053,824	14,925,859
Others		425,248	527,204
		96,437,210	62,020,236
Less: Provision held against other assets	14.4	(212,988)	(182,608)
Other assets - net of provision		96,224,222	61,837,628
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		459,948	1,135,774
Other assets - total		96,684,170	62,973,402

**14.1** This balance is net of interest in suspense amounting to Rs. 12,590,468 thousand (2022: Rs. 11,348,689 thousand).

**14.2** This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2022: Rs. 81,020 thousand).

Rupees in '000	2023	2022
<b>14.3</b> Market value of Non-banking assets acquired in satisfaction of claims	866,810	1,983,236

The Group's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2023. The latest valuation was carried out by M/s SMASCO on the basis of their professional assessment of the present market value. The total surplus against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2023 amounts to Rs. 459,948 thousand (2022 : Rs. 1,135,774 thousand).

Rupees in '000	Note	2023	2022
<b>14.3.1 Non-banking assets acquired in satisfaction of claims</b>			
Opening balance		1,983,236	3,166,858
Revaluation		126,715	80,386
Disposals	14.3.2	(1,226,540)	(1,237,002)
Depreciation		(16,601)	(27,006)
Closing balance		866,810	1,983,236

Rupees in '000	Note	2023	2022
<b>14.3.2 Gain on disposal of non-banking assets acquired in satisfaction of claims</b>			
Disposal proceeds		1,226,540	1,237,002
Less			
– Carrying value		(1,226,540)	(1,237,002)
Gain / (loss)		–	–
<b>14.4 Provision held against other assets</b>			
Advances, deposits, advance rent and other prepayments		4,838	4,838
Others		208,150	177,770
		212,988	182,608
<b>14.4.1 Movement in provision held against other assets</b>			
Opening balance		182,608	175,845
Charge for the year		2,756	9,315
Reversal for the year		(260)	(2,552)
Net charge		2,496	6,763
Transfers / Other adjustments		27,884	–
Closing balance		212,988	182,608
<b>15. BILLS PAYABLE</b>			
In Pakistan		12,394,336	11,878,563
<b>16. BORROWINGS</b>			
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	16.1.1	19,840,120	22,741,967
Long term financing facility	16.1.2	8,610,177	9,904,417
Financing facility for storage of agricultural produce	16.1.3	14,770	44,311
Renewable energy financing facility	16.1.4	3,905,513	3,944,124
Refinance from SBP			
Credit guarantee scheme for women entrepreneurs		12,700	67
Payment of wages and salaries	16.1.5	–	454,197
Temporary economic relief	16.1.6	11,947,741	9,680,778
Modernisation of SME		8,687	12,215
Combating COVID-19	16.1.7	400,459	563,711
Askari Ujala		–	3,117
Rupee based discounting of bills / receivable		3,707,901	1,891,099
		48,448,068	49,240,003
Repurchase agreement borrowings			
State Bank of Pakistan	16.1.8	505,000,000	100,000,000
Financial institutions	16.1.9	86,921,724	80,826,007
		591,921,724	180,826,007
Refinance from Pakistan Mortgage Refinance Company			
Refinance Company	16.1.10	2,992,873	3,366,079
Total		643,362,665	233,432,089

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

- 16.1.1** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 18% (2022: 1% to 11%) per annum payable on a semiannual basis.
- 16.1.2** This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 0.7% to 12.5% (2022: 0.5% to 8.5%) per annum payable on a quarterly basis.
- 16.1.3** These are secured against demand promissory note and carry mark-up of up to 2% (2022: 2%) per annum and have maturities upto August 2031.
- 16.1.4** These are secured against demand promissory note and carry mark-up of 2.5% to 5% (2022: 2% to 3%) per annum and have maturities upto January 2036.
- 16.1.5** These are secured against demand promissory note and carry mark-up of up to 2% (2022: 3%) per annum and have maturities up to September 2023.
- 16.1.6** These are secured against demand promissory note and carry mark-up of 2% to 5% (2022: 1%) per annum payable on quarterly basis and have maturities up to June 2035.
- 16.1.7** These are secured against demand promissory note and carry mark-up of nil and have maturities up to March 2026.
- 16.1.8** These are secured against collateral of Government Securities and carry mark-up of 22.07% to 22.10% (2022: 16.11% to 16.22%) per annum and have maturities up to 1 month (2022: 3 months). The market value of securities given as collateral is given in note 8.2.1.
- 16.1.9** These are secured against collateral of Federal and Foreign Government Securities and carry mark-up of 22.00% to 22.95% (2022: 5.65% to 16.25%) per annum and have maturities up to 1 month (2022: 2 months). The market value of securities given as collateral is given in note 8.2.1.
- 16.1.10** This is secured against mortgage finance portfolio of the Bank and carry mark-up of 6.00% to 16.94% (2022: 6.00% to 11.60%) per annum and has maturity up to 2031 (2022: up to 2031).

Rupees in '000	2023	2022
<b>16.2 Particulars of borrowings with respect to currencies</b>		
In local currency	643,362,665	232,038,128
In foreign currencies	–	1,393,961
	643,362,665	233,432,089

## 17. DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
<b>Customers</b>						
Current accounts	320,346,322	31,589,438	351,935,760	323,359,037	25,268,830	348,627,867
Savings deposits	667,642,523	61,519,218	729,161,741	500,472,663	60,092,675	560,565,338
Fixed deposits	160,821,348	30,642,438	191,463,786	195,530,848	26,160,189	221,691,037
	1,148,810,193	123,751,094	1,272,561,287	1,019,362,548	111,521,694	1,130,884,242
<b>Financial institutions</b>						
Current accounts	1,149,626	241,191	1,390,817	1,047,450	32,749	1,080,199
Savings deposits	2,144,906	–	2,144,906	4,517,990	–	4,517,990
Fixed deposits	16,697,696	–	16,697,696	6,092,175	–	6,092,175
	19,992,228	241,191	20,233,419	11,657,615	32,749	11,690,364
	1,168,802,421	123,992,285	1,292,794,706	1,031,020,163	111,554,443	1,142,574,606

Rupees in '000	2023	2022
<b>17.1 Composition of deposits</b>		
– Individuals	449,138,203	357,744,274
– Government (Federal and Provincial)	430,201,041	429,171,969
– Public Sector Entities	99,322,124	86,175,804
– Banking Companies	493	449
– Non Banking Financial Institutions	20,283,045	11,689,915
– Private Sector	293,849,800	257,792,195
	1,292,794,706	1,142,574,606

**17.2** Total deposits include eligible deposits of Rs. 536,003,024 thousand (2022: Rs. 438,949,989 thousand) as required by the Deposit Protection Corporation (a subsidiary of SBP) vide Circular no. 04 of 2018 dated June 22, 2018.

Rupees in '000	2023	2022
<b>18. SUBORDINATED DEBTS</b>		
Term Finance Certificates - VI (ADT-1)	6,000,000	6,000,000
Term Finance Certificates - VII	6,000,000	6,000,000
	12,000,000	12,000,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

**18.1** The Group has raised unsecured sub-ordinated loans through issuance of Term Finance Certificates to improve the Group's capital adequacy. Liability to the TFC holders is subordinated to and rank inferior to all other indebtedness of the Group including deposits and is not redeemable before maturity without prior approval of the SBP. The salient features of outstanding issues are as follows:

	Term Finance Certificates – VI (ADT-1)	Term Finance Certificates – VII
Outstanding amount		
Rupees in '000	6,000,000	6,000,000
Issue amount	Rupees 6,000 million	Rupees 6,000 million
Issue date	July 03, 2018	March 17, 2020
Maturity date	Perpetual	March 16, 2030
Rating	AA-	AA
Security	Unsecured	Unsecured
Listing	Listed	Listed
Profit payment frequency	Payable six monthly	Payable quarterly
Redemption	Perpetual	109–120th month: 100%
Profit rate	Base Rate plus 1.50%	Base Rate plus 1.20%
	Base Rate is the simple average of the ask rate of six month KIBOR prevailing on the base rate setting date.	Base Rate is the simple average of the ask rate of three month KIBOR prevailing on the base rate setting date.
Call option	Exercisable after 60 months from the date of issue subject to approval by the SBP.	Exercisable after 60th month from the date of issue subject to approval by the SBP.
Lock-in-clause	Payment of profit will be subject to the condition that such payment will not result in breach of the Bank's regulatory Minimum Capital Requirement or Capital Adequacy Ratio set by SBP from time to time. Any inability to exercise lock-in clause or the non-cumulative features will subject these TFCs to mandatory conversion into common shares / write off at the discretion of SBP.	As per the lock-in requirement for Tier II Issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall or increase in an existing shortfall in the Bank's Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio. That is, any payment (profit and/or principal) in respect of the TFC would be made, subject to the Bank being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.

Loss absorption clause	The Instrument will be subject to loss absorption and / or any other requirements of SBP upon the occurrence of a Point of Non-Viability event as per Section A-5-3 of Annexure 5 of the Circular, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger event as declared by SBP, subject to a specified cap.	As per Loss Absorbency Clause requirement for Tier II capital purpose, the instrument will be subject to loss absorbency and / or any other requirements under SBP's instructions on the subject. Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP subject to a cap of 245,042,630 shares.
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Rupees in '000	Note	2023	2022
<b>19. OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		22,119,508	11,177,244
Mark-up / return / interest payable in foreign currencies		1,267,444	523,791
Unearned commission and income on bills discounted		2,003,160	2,485,237
Accrued expenses		2,653,259	2,141,323
Trade payables		1,461,674	-
Advance payments		314,319	446,546
Acceptances		14,053,824	14,925,859
Dividend payable		193,493	195,719
Advance against sale of properties		461,535	935,505
Mark to market loss on forward foreign exchange contracts		1,322,589	110,688
Branch adjustment account		525,732	-
Payable to defined benefit plan	37.4	67,468	194,714
Provision for employees' compensated absences	39.2	724,890	635,913
Security deposit against lease / Ijarah financing		3,485,208	4,145,427
Levies and taxes payable		2,087,179	1,156,266
Workers' Welfare Fund	30	1,301,596	768,486
Switch settlement accounts		1,375,528	2,747,463
Provision against off-balance sheet obligations	19.1	160,558	134,767
Lease liability against ROU assets as per IFRS - 16 Leases		9,699,474	8,084,073
Others		2,247,229	1,654,277
		<b>67,525,667</b>	<b>52,463,298</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2023	2022
<b>19.1 Provision against off-balance sheet obligations</b>		
Opening balance	134,767	1,143,768
Exchange adjustment	133	404
Charge for the year	26,319	–
Reversal for the year	(661)	(1,009,405)
Net charge	25,658	(1,009,405)
Closing balance	160,558	134,767

## 20. SHARE CAPITAL

### 20.1 Authorized capital

Rupees in '000	Number of shares		Rupees in '000	
	2023	2022	2023	2022
Ordinary shares of Rs. 10 each	2,000,000,000	2,000,000,000	20,000,000	20,000,000
<b>20.2 Issued, subscribed and paid up capital</b>				
Ordinary shares of Rs. 10 each:				
Fully paid in cash	514,689,096	514,689,096	5,146,891	5,146,891
Issued as bonus shares	906,336,796	717,297,769	9,063,368	7,172,978
Issued on Askari Leasing Limited merger	28,273,315	28,273,315	282,733	282,733
	1,449,299,207	1,260,260,180	14,492,992	12,602,602

Number of Shares	2023	2022
<b>20.3 Composition of shares held by the Fauji Consortium is as follows:</b>		
Fauji Foundation	104,224,366	90,629,884
Fauji Fertilizer Company Limited	625,333,227	543,768,024
Fauji Fertilizer Bin Qasim Limited	312,666,610	271,884,009
	1,042,224,203	906,281,917

Rupees in '000	Note	2023	2022
<b>21. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus / (deficit) on revaluation of:			
- Available for sale securities		(12,480,281)	(13,244,132)
- Fixed Assets	21.1	10,365,737	10,365,737
- Non banking assets acquired in satisfaction of claims	21.2	459,948	1,135,774
		(1,654,596)	(1,742,621)
Deferred tax asset on deficit on revaluation of:			
- Available for sale securities		6,115,338	5,694,977
		4,460,742	3,952,356
<b>21.1 Surplus on revaluation of fixed assets</b>			
Surplus on revaluation of fixed assets as at January, 1		10,365,737	5,205,916
Recognised during the year		-	5,159,821
Realised on disposal during the year		-	-
Surplus on revaluation of fixed assets as at December, 31		10,365,737	10,365,737
<b>21.2 Surplus on revaluation of non banking assets acquired in satisfaction of claims</b>			
Surplus on revaluation as at January, 1		1,135,774	1,719,890
Recognised during the year		126,715	80,386
Realised on disposal / transfers during the year		(802,541)	(664,502)
Surplus on revaluation as at December, 31		459,948	1,135,774
<b>22. CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	22.1	350,296,809	313,699,274
- Commitments	22.2	506,769,966	473,577,812
- Other contingent liabilities	22.3	1,429,701	1,720,383
		858,496,476	788,997,469
<b>22.1 Guarantees</b>			
Financial guarantees		7,400,327	9,494,557
Performance guarantees		188,322,832	180,122,513
Other guarantees		154,573,650	124,082,204
		350,296,809	313,699,274



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>22.2 Commitments</b>			
Documentary credits and short-term trade-related transactions			
– letters of credit		226,655,650	187,240,002
Commitments in respect of:			
– forward foreign exchange contracts	22.2.1	276,444,892	269,232,712
– forward government securities transactions	22.2.2	2,000,000	15,400,000
– forward non government securities transactions	22.2.3	1,174,056	1,366,896
Commitments for acquisition of:			
– operating fixed assets		255,774	82,807
– intangible assets		239,594	255,395
		506,769,966	473,577,812
<b>22.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		153,115,769	150,899,164
Sale		123,329,123	118,333,548
		276,444,892	269,232,712
The above commitments have maturities falling within one year.			
<b>22.2.2 Commitments in respect of government securities transactions</b>			
Purchase		–	15,400,000
Sale		2,000,000	–
		2,000,000	15,400,000
<b>22.2.3 Commitments in respect of non government securities transactions</b>			
Purchase		1,168,290	1,035,290
Sale		5,766	331,606
		1,174,056	1,366,896
<b>22.3 Other contingent liabilities</b>			
These represent certain claims by third parties against the Group, which are being contested in the Courts of law. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Group's favour and the possibility of any outcome against the Group is remote and accordingly no provision has been made in these consolidated financial statements		596,911	1,254,927
This represent stand by letters of credit issued by a correspondent bank on behalf of the Group.		832,790	465,456
		1,429,701	1,720,383
<b>22.4 Tax related contingencies are disclosed in note 33.2 to these consolidated financial statements.</b>			

## **23. DERIVATIVE INSTRUMENTS**

The Group at present does not offer derivative products such as Interest Rate Swaps, Cross Currency Swaps, Forward Rate Agreements or Foreign Exchange Options. The Group's Treasury and Investment Banking Groups buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

### **23.1 Forward exchange contracts**

FECs is a product offered to clients to hedge FX risk. The traders use this product to hedge themselves from unfavourable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favourable movements in that currency.

FECs is a contract between the obligor and the Group in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FECs is entered into (the day on which settlement occurs is called the value date). FECs is entered with those obligors whose credit worthiness has already been assessed, and they have underlined trade transactions.

If the relevant exchange rate moves un-favourably, the Group will lose money, and obligor will benefit from that movement because the Group must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Group manages its exposure by hedging forward position in inter-bank foreign exchange.

### **23.2 Equity futures**

An equity futures contract is a standardized contract, traded on a futures counter of the stock exchange, to buy or sell a certain underlying scrip at a certain date in the future, at a specified price.

The Group uses equity futures as a hedging instrument to hedge its equity portfolio against equity price risk. Only selected shares are allowed to be traded on futures exchange as determined by the Exchange.

Equity futures give flexibility to the Group either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates.

Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Group, based on prevailing SBP Regulations.

The Risk Management Group monitors the Group's exposure in equity futures and forward exchange contracts. Positions in equity futures and forward exchange contracts are marked-to-market. Forward contracts are included in measures of portfolio volatility including Value at Risk (VaR). Forward exchange contracts and equity futures are also included in capital charge and Risk Weighted Asset calculation in accordance with SBP Regulations.

The accounting policies used to recognize and disclose derivatives are given in note 4.23.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>24. MARK-UP / RETURN / INTEREST EARNED</b>			
On:			
Loans and advances		108,554,341	63,490,389
Investments		193,155,418	101,062,833
Lendings to financial institutions		609,615	194,413
Balances with banks		721,040	134,702
Securities purchased under resale agreements (reverse repo)		2,594,461	913,406
		305,634,875	165,795,743
<b>25. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		157,777,905	81,500,798
Borrowings		81,181,911	39,876,519
Subordinated debts		2,617,101	1,780,223
Cost of foreign currency swaps against foreign currency deposits / borrowings		3,543,842	1,764,326
Interest expense on lease liability against ROU assets		1,061,886	912,324
Others		1,581	–
		246,184,226	125,834,190
<b>26. FEE AND COMMISSION INCOME</b>			
Branch banking customer fees		817,818	820,592
Consumer finance related fees		95,373	107,500
Card related fees (debit and credit cards)		1,645,863	1,472,764
Credit related fees		727,735	435,631
Investment banking fees		282,514	246,097
Commission on trade		1,853,854	1,011,708
Commission on guarantees		1,346,464	1,040,629
Commission on remittances including home remittances		203,845	209,259
Commission on bancassurance		31,228	67,923
Others		305,306	34,271
		7,310,000	5,446,374
<b>27. GAIN / (LOSS) ON SECURITIES</b>			
Realised	27.1	758,649	(190,812)
Unrealised		22,049	(60,647)
		780,698	(251,459)
<b>27.1 Realised gain / (loss) on:</b>			
Federal Government Securities		156,384	12,178
Shares		598,989	(213,646)
Non Government Debt Securities		3,276	(2,200)
Mutual Funds		–	12,856
		758,649	(190,812)

Rupees in '000	Note	2023	2022
<b>28. OTHER INCOME</b>			
Rent of property		–	27
Gain on sale of fixed assets		25,960	52,977
Rent of lockers		50,272	47,410
Recovery of expenses from customers		378,628	330,251
Gain on termination of lease contracts under IFRS - 16, Leases		13,731	13,700
Others		95,792	(1,236)
		564,383	443,129
<b>29. OPERATING EXPENSES</b>			
<b>Total compensation expenses</b>	29.1	14,529,211	11,474,947
<b>Property expense</b>			
Rent and taxes		187,061	132,833
Insurance		95,179	96,293
Utilities cost		1,526,884	1,236,922
Security (including guards)		792,101	762,864
Repair & maintenance		502,090	363,373
Depreciation on ROU assets		1,722,707	1,579,354
Depreciation		250,716	274,287
		5,076,738	4,445,926
<b>Information technology expense</b>			
Software maintenance		753,433	603,109
Hardware maintenance		169,335	88,529
Depreciation		239,454	185,497
Amortisation		181,584	142,765
Network charges		752,845	359,255
		2,096,651	1,379,155
<b>Other operating expenses</b>			
Directors' fees, allowances		43,760	38,650
Fees and allowances to shariah board		9,547	9,220
Rates, taxes, insurance etc.		188,096	201,313
Legal and professional charges		124,333	140,711
Brokerage and commission		253,833	165,249
NIFT clearing charges		89,635	80,033
Repair and maintenance		752,500	558,417
Communications		1,059,094	758,369
Stationery and printing		656,049	409,033
Marketing, advertisement and publicity		309,106	195,159
Donations	29.2	524,398	492,403
Auditors' remuneration	29.3	46,724	39,481
Travelling, conveyance and entertainment		441,871	317,375
Depreciation		500,339	453,852
Security service charges		670,421	419,689
Training and development		49,256	28,516
Deposit premium expense		702,320	647,432
Outsourced service cost	29.4	345,348	135,450
Other expenditure		317,140	182,008
		7,083,770	5,272,360
		28,786,370	22,572,388

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	Note	2023	2022
<b>29.1 Total compensation expenses</b>			
Managerial remuneration			
i) Fixed		4,919,492	4,143,466
ii) Variable			
– Cash bonus / awards etc.		1,796,941	1,282,746
		6,716,433	5,426,212
Charge for defined benefit plans	29.1.1	496,574	439,130
Contribution to defined contribution plan	38	340,111	284,312
Rent and house maintenance		2,147,183	1,843,157
Utilities		470,613	398,626
Medical		694,533	562,021
Conveyance		2,019,364	1,586,040
Other staff cost	29.1.2	1,644,400	935,449
		14,529,211	11,474,947

**29.1.1** This includes charge for defined benefit plan and compensated absences.

**29.1.2** This includes staff incentives, allowances and health coverage etc.

**29.2** This includes Group's contribution amounting to Rs. 524,398 thousand (2022: Rs. 416,318 thousand) for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation.

Rupees in '000	2023	2022
<b>29.3 Auditors' remuneration</b>		
Statutory auditors of the Group		
Audit fee	6,609	5,875
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services	16,550	12,831
Tax services	15,000	15,000
Out of pocket expenses	950	923
	39,109	34,629
Auditors of Wholesale Bank Branch, Bahrain		
Audit fee	6,668	4,852
Auditors of subsidiary	947	–
	46,724	39,481

**29.4** This represents expenses relating to outsourced activities provided by companies incorporated in Pakistan.

Rupees in '000	2023	2022
<b>30. WORKERS' WELFARE FUND</b>		
Opening balance	768,486	428,583
Charge for the year	533,110	339,903
Closing balance	1,301,596	768,486

**31.** This represents penalties imposed by the State Bank of Pakistan.

Rupees in '000	Note	2023	2022
<b>32. PROVISIONS AND WRITE OFFS - NET</b>			
(Reversal) / provision for diminution in value of investments	8.3.1	(147,815)	1,253,492
Provision against loans and advances	9.4	1,242,683	906,829
Provision against other assets	14.4.1	2,496	6,763
Reversal of provision against intangible assets		–	(1,225)
Provision / (reversal) against off-balance sheet obligations	19.1	25,658	(1,009,405)
Provision / (reversal) against cash and bank balances		2	(7)
Reversal of provision against repurchase agreement lendings		(29,722)	(29,720)
Recovery of written off / charged off bad debts		(126,941)	(84,591)
		966,361	1,042,136
<b>33. TAXATION</b>			
Current		20,679,503	13,342,588
Deferred		(37,014)	55,270
		20,642,489	13,397,858
<b>33.1 Relationship between tax expense and accounting profit</b>			
Profit before taxation		42,182,898	27,458,217
Tax at applicable tax rate of 39 percent (2022: 39 percent)		16,451,330	10,708,705
Effect of:			
– Super tax - current year		4,221,489	2,771,785
– Others		(30,330)	(82,632)
		20,642,489	13,397,858

### 33.2 Tax status and contingencies

- i) During the year, the Federal Government issued S.R.O 1588 (I)/2023 on 21 November 2023 under section 99D of the Income Tax Ordinance 2001 whereby the banking sector was specified the sector for the payment of additional tax on windfall income. Through said S.R.O, the Federal Government also specified the method to determine windfall income, tax rate to be applied on such windfall income and tax years under scope. The Bank has challenged the S.R.O through petition before the Honorable Islamabad High Court with regards to retrospective application of Section 99D of the Income Tax Ordinance, 2001 for tax years 2022 and 2023. The Honorable Islamabad High Court through its order dated 30 November 2023 has suspended the operation of S.R.O.1588 (I)/2023 and the said injunctive order continues to operate till date of next hearing for which no date has been fixed yet. Management based on the legal advisor opinion believes that the bank has reasonably good chance to succeed in this case and therefore has not recognized any provision in the financial statements. Additional tax on windfall income for tax years 2022 and 2023 is estimated to be Rs. 2,189 million.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

- ii) The Group has filed tax returns for and up to tax year 2023. The assessments for and up to tax year 2022 were amended by the tax authorities creating accumulated additional tax demand, mainly in the matters of admissibility of recoveries against doubtful debts for Rs. 1,119 million, provision for diminution in the value of investments for Rs. 2,530.22 million, bad debts written off for Rs. 242.892 million, provision for substandard advances for Rs. 74.95 million, Provision against other assets/fixed assets for Rs. 142.493 million, disallowance of employee benefit expenses Rs. 228.680 Million and Other disallowances of expenses/credits for Rs. 370.4 million. Group's Appeals against these orders are currently pending before Commissioner Appeals, Appellate Tribunal and Islamabad High Court. The management and tax advisor of the Group are confident that these matters will be decided in favor of the Group and consequently no provision has been made thereon. Tax payments by the Group against certain matters are being carried forward as receivable, as management and tax advisor of the Group are confident of their realization.
- iii) Consequent upon the amalgamation with and into the Group, the outstanding tax issues relating to Askari Leasing Limited (ALL) are as follows:

Tax returns of ALL have been filed for and up to tax year 2010. The returns for the tax years 2003 to 2010 were amended by the tax authorities mainly in the matter of admissibility of initial allowance claimed on leased vehicles. On appeals filed by All, partial relief was provided by the Commissioner Inland Revenue (Appeals) by allowing initial allowance on commercial vehicles. Re-assessment has not yet been carried out by the tax department. A tax demand is however not likely to arise after re-assessment.

For and up to the assessment years 2002-2003, reference applications filed by the tax authorities in the matter of computation of lease income are pending decisions by the High Court. However, the likelihood of an adverse decision is considered low due to a favorable decision of the High Court in a parallel case.

Rupees in '000	2023	2022 Restated
<b>34. BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit for the year - Rupees in '000	21,488,592	14,060,359
Weighted average number of Ordinary Shares - numbers	1,449,299,207	1,449,299,207
Basic and diluted earnings per share - Rupees	14.83	9.70

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately. Further, the prior period earnings per share has been restated for the effect of bonus shares issued @15% during the year.

Rupees in '000	2023	2022
<b>35. CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	160,087,467	70,950,067
Balances with other banks	14,761,177	9,677,123
	174,848,644	80,627,190

Rupees in '000	2023		
	Liabilities		
	Subordinated loan	Lease liability	Dividend payable
<b>35.1 Balances as at January 01, 2023</b>	12,000,000	8,084,073	195,719
<b>Changes from financing cash flows</b>			
Payment of lease liability	-	(2,523,755)	-
Dividend Paid	-	-	(2,226)
	-	(2,523,755)	(2,226)
<b>Other changes</b>			
Additions / renewals of leases	-	3,227,516	-
Unwinding of lease liability	-	1,061,886	-
Termination / other adjustments	-	(150,246)	-
	-	4,139,156	-
Total equity related other changes	-	-	-
<b>Balances as at December 31, 2023</b>	12,000,000	9,699,474	193,493

Rupees in '000	2022		
	Liabilities		
	Subordinated loan	Lease liability	Dividend payable
<b>Balances as at January 01, 2022</b>	12,000,000	7,393,878	204,537
<b>Changes from financing cash flows</b>			
Payment of lease liability	-	(2,218,190)	-
Dividend Paid	-	-	(8,818)
	-	(2,218,190)	(8,818)
<b>Other changes</b>			
Additions / renewals of leases	-	2,122,788	-
Unwinding of lease liability	-	912,324	-
Termination / other adjustments	-	(126,727)	-
	-	2,908,385	-
<b>Balances as at December 31, 2022</b>	12,000,000	8,084,073	195,719

	2022	2021
	Number of employees	
<b>36. STAFF STRENGTH</b>		
Permanent	7,589	6,743
On Bank's contract	406	605
Total staff strength	7,995	7,348

Out of total employees, 6 (2022: 6) employees are working abroad.

In addition to the above, 848 domestic employees (2022: 399) of outsourcing services companies were assigned to the Group as at the end of the year to perform services other than guarding and janitorial services.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 37. DEFINED BENEFIT PLAN

#### 37.1 General description

The Group operates an approved funded gratuity scheme for all its regular employees. Contributions are made in accordance with the actuarial recommendation.

The benefits under the gratuity scheme are payable on retirement at the age of 60 years or earlier cessation of service in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service or part thereof.

**37.2** The number of employees covered under the defined benefit scheme are 7,469 employees (2022: 6,741 employees).

#### 37.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2023 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

	2023	2022
Discount rate - per annum	16.00%	14.25%
Expected rate of increase in salaries - per annum	15.50%	13.75%
Expected rate of return on plan assets - per annum	14.25%	11.75%
Duration	8 years	8 years
Mortality rate	SLIC 2001 – 2005 mortality table	SLIC 2001 – 2005 mortality table

Rupees in '000

#### 37.4 Reconciliation of payable to defined benefit plan:

	2023	2022
Present value of defined benefit obligation	3,666,458	3,285,070
Fair value of plan assets	(3,598,990)	(3,090,356)
Net liability	67,468	194,714

#### 37.5 Movement in defined benefit obligations

	2023	2022
Obligation at beginning of the year	3,285,070	3,678,851
Current service cost	326,669	329,418
Interest cost	448,069	378,438
Re-measurement gain	(89,381)	(162,209)
Benefits paid	(281,452)	(916,200)
Benefits due but not paid	(22,517)	(23,228)
Obligation at end of the year	3,666,458	3,285,070

#### 37.6 Movement in fair value of plan assets

	2023	2022
Fair value at beginning of the year	3,090,356	3,398,564
Interest income on plan assets	434,196	361,971
Actuarial gain / (loss) on assets	188,536	(11,038)
Contributions by employer	189,871	280,287
Benefits paid	(281,452)	(916,200)
Benefits due but not paid	(22,517)	(23,228)
Fair value at end of the year	3,598,990	3,090,356

Rupees in '000	Note	2023	2022
<b>37.7 Movement in payable under defined benefit schemes</b>			
Opening balance		194,714	280,287
Charge for the year		340,542	345,885
Contribution made during the year		(189,871)	(280,287)
Re-measurement gain recognised in OCI during the year	37.8.2	(277,917)	(151,171)
Closing balance		67,468	194,714
<b>37.8 Charge for defined benefit plan</b>			
<b>37.8.1 Cost recognised in profit and loss</b>			
Current service cost		326,669	329,418
Net interest cost on defined benefit liability		13,873	16,467
		340,542	345,885
<b>37.8.2 Re-measurements recognised in OCI during the year</b>			
Gain on obligation			
– Experience adjustment		(99,398)	(175,792)
– Financial assumptions		10,017	13,583
		(89,381)	(162,209)
Actuarial (gain) / loss on plan assets		(188,536)	11,038
Total re-measurements recognised in OCI		(277,917)	(151,171)
<b>37.9 Components of plan assets</b>			
Cash and cash equivalents		215,948	65,132
Government securities		2,678,284	2,405,567
Term Finance Certificates		182,392	180,937
Shares		81,386	73,961
Mutual funds		468,740	389,057
Payables		(27,761)	(24,298)
		3,598,990	3,090,356

The fund primarily invests in Government securities which do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities are subject to price risk whereas non-Government debt securities are subject to both credit risk and interest rate risk. These risks are regularly monitored by the Trustees of the employee funds.

### 37.10 Sensitivity analysis

Sensitivity analysis is performed by changing only one assumption at a time while keeping the other assumptions constant. Sensitivity analysis of key assumptions is given below:

Assumptions	Change in assumption	Impact on Defined Benefit Obligations	
		Increase in assumption	Decrease in assumption
Rupees in '000			
Discount rate	1.00%	3,396,325	3,982,288
Salary increase	1.00%	3,985,522	3,388,725
Mortality rate change	1 year	3,669,254	3,673,516

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

**37.11** The expected contribution for the next one year should take into account the maximum annual contribution limit set by the Income Tax Rules, 2002 i.e. the basic payroll of the last month of the financial year end. If the contribution exceeds the limit defined in the Income Tax Rules, the Bank may apply to the Commissioner of Inland Revenue (CIR) for special contribution for the excess amount.

**37.12** Expected charge for the next financial year is Rs. 374,304 thousand.

### 37.13 Maturity profile

The average duration of defined benefit obligation is 8 years (2022: 8 years).

### 37.14 Funding Policy

The Group carries out the actuarial valuation of its defined benefit plan on periodic basis using "Projected Unit Credit Method". Contributions are made annually in accordance with the actuarial recommendation.

### 37.15 Significant risk associated with the staff retirement benefit scheme:

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.

## 38 DEFINED CONTRIBUTION PLAN

The Bank operates a recognized provident fund scheme for all its regular employees for which equal monthly contributions are made both by the Bank and by the employees to the fund at the rate of 8.33% of basic salary of the employee. Payments are made to the employees as specified in the rules of the fund. Contribution to the fund made by the Bank and the employees during the year amounts to Rs. 686,158 thousand (2022: Rs. 577,691 thousand) each. The fund covers 6,550 employees (2022: 5,380 employees).

## 39. COMPENSATED ABSENCES

### 39.1 General description

The Bank grants compensated absences to all its regular employees as per effective Service Rules. Provisions are recorded in accordance with the actuarial recommendation.

Under this unfunded scheme, all employees of Askari Bank Limited are entitled to take 24 days of earned leaves every year which can be accumulated up to a maximum of 45 days. Leave encashment is made on the basis of gross salaries and paid to members on separation from service.

### 39.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2023 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2023 was Rs. 724,890 thousand (2022: Rs. 635,913 thousand). Expense for the year of Rs. 154,504 thousand (2022: Rs. 93,245 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

	2023	2022
Discount rate - per annum	16.00%	14.25%
Expected rate of increase in salaries - per annum	15.50%	13.75%
Leave accumulation factor - days	11	11

#### 40. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

##### 40.1 Total Compensation Expense

Items	For the year ended December 31, 2023							Total
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Other Risk Takers /	Material Risk Takers / Controllers	
	Rupees in '000							
Fees and Allowances etc. Managerial Remuneration								
i) Fixed	2,620	41,140	8,400	65,401	319,738	100,871	538,170	
ii) Total Variable of which								
a) Cash Bonus / Awards	-	-	-	41,000	142,765	39,033	222,798	
Charge for defined benefit plan	-	-	-	5,031	25,434	8,652	39,117	
Contribution to defined contribution plan	-	-	-	5,029	21,711	7,277	34,017	
Rent & house maintenance	-	-	-	12,845	123,448	40,575	176,868	
Utilities	-	-	-	9,150	29,230	9,646	48,026	
Medical	-	-	-	-	28,282	9,017	37,299	
Conveyance	-	-	1,147	5,796	159,128	61,312	227,383	
Others	-	-	-	302	116,157	13,434	129,893	
<b>Total</b>	<b>2,620</b>	<b>41,140</b>	<b>9,547</b>	<b>144,554</b>	<b>965,893</b>	<b>289,817</b>	<b>1,453,571</b>	
Number of Persons	1	9	4	1	60	36	111	

Items	For the year ended December 31, 2022							Total
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Other Risk Takers /	Material Risk Takers / Controllers	
	Rupees in '000							
Fees and Allowances etc. Managerial Remuneration								
i) Fixed	2,100	36,550	8,400	58,166	217,277	138,431	460,924	
ii) Total Variable of which								
a) Cash Bonus / Awards	-	-	-	8,917	45,950	30,017	84,884	
Charge for defined benefit plan	-	-	-	4,574	25,544	13,943	44,061	
Contribution to defined contribution plan	-	-	-	4,552	13,801	9,494	27,847	
Rent & house maintenance	-	-	-	11,535	88,487	55,734	155,756	
Utilities	-	-	-	2,733	20,591	12,905	36,229	
Medical	-	-	-	-	19,392	12,033	31,425	
Conveyance	-	-	820	5,565	83,558	66,029	155,972	
Others	-	-	-	150	36,758	11,343	48,251	
<b>Total</b>	<b>2,100</b>	<b>36,550</b>	<b>9,220</b>	<b>96,192</b>	<b>551,358</b>	<b>349,929</b>	<b>1,045,349</b>	
Number of Persons	1	9	4	1	35	45	95	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Total amount of deferred bonus outstanding as at December 31, 2023 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers is Rs. 50,922 thousand (2022: Rs. 19,309 thousand).

The President & CE and certain executives are provided with the Bank maintained cars in accordance with their respective entitlements.

Others mainly include cost of living allowance (COLA) given to certain executives.

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

		2023					
		Meeting fees and allowances paid for Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Mr. Waqar Ahmed Malik	2,620	-	-	-	-	2,620
2	Mr. Sarfaraz Ahmed Rehman	1,400	300	-	-	-	1,700
3	Mr. Arif Ur Rehman	1,800	-	-	-	-	1,800
4	Dr. Nadeem Inayat	1,800	1,100	1,400	700	1,100	6,100
5	Syed Bakhtiar Kazmi	2,200	-	600	1,400	1,100	5,300
6	Mr. Manzoor Ahmed	2,200	1,260	1,800	1,400	-	6,660
7	Mr. Kamran Yousuf Mirza	1,600	800	-	960	-	3,360
8	Mrs. Zoya Mohsin Nathani	2,200	1,150	1,910	-	-	5,260
9	Ms. Samina Rizwan	1,600	830	-	-	1,280	3,710
10	Mr. Raja Muhammad Abbas	2,200	-	-	1,450	1,400	5,050
11	Mr. Muhammad Aftab Manzoor	300	-	-	350	350	1,000
12	Mr. Mushtaq Malik	300	-	600	-	300	1,200
Total amount paid		20,220	5,440	6,310	6,260	5,530	43,760

		2022					
		Meeting fees and allowances paid for Board Committees					
S.No	Name of Director	Board meetings	Human resource and remuneration committee	Risk management committee	Audit committee	Information technology committee	Total amount paid
Rupees in '000							
1	Mr. Waqar Ahmed Malik	2,100	-	-	-	-	2,100
2	Mr. Sarfaraz Ahmed Rehman	1,500	1,200	-	-	-	2,700
3	Mr. Arif Ur Rehman	1,500	-	-	-	-	1,500
4	Dr. Nadeem Inayat	1,800	1,200	1,200	1,200	600	6,000
5	Syed Bakhtiar Kazmi	1,800	-	-	1,200	-	3,000
6	Mr. Manzoor Ahmed	1,800	1,200	1,750	1,200	-	5,950
7	Mr. Muhammad Aftab Manzoor	1,800	-	-	1,400	1,400	4,600
8	Mr. Mushtaq Malik	1,800	-	1,500	-	1,200	4,500
9	Mrs. Zoya Mohsin Nathani	1,800	1,400	1,500	-	-	4,700
10	Mr. Raja Muhammad Abbas	1,500	-	-	900	1,200	3,600
Total amount paid		17,400	5,000	5,950	5,900	4,400	38,650

### 40.3 Remuneration paid to Shariah Board Members

Items	For the year ended December 31,					
	2023			2022		
	Chairman	Resident member	Non-resident member	Chairman	Resident member	Non-resident member
	Rupees in '000					
Meeting fees and allowances	-	-	-	-	-	-
Managerial remuneration fixed	2,400	2,400	3,600	2,400	2,400	3,600
Fuel	-	1,147	-	-	820	-
Total amount	2,400	3,547	3,600	2,400	3,220	3,600
Total Number of Persons	1	1	2	1	1	2

### 41. FAIR VALUE MEASUREMENTS

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

The fair value of unquoted debt securities, fixed term advances, fixed term deposits and borrowings, other assets and other liabilities cannot be calculated with sufficient reliability due to the absence of a current and active market for such 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 they are either short-term in nature or, in the case of customer advances, deposits and certain long term borrowings, are frequently repriced.

All assets and liabilities for which fair value is measured or disclosed in these consolidated financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 41.1 Fair value of financial assets

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (Pakistan Stock Exchange) 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) available at MUFAP and Reuters page.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

#### Valuation techniques used in determination of fair values within level 2 and level 3

Federal Government Securities	The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.
Non Government Debt Securities	Non Government Debt Securities are valued on the basis of rates announced by Mutual Fund Association of Pakistan (MUFAP).
Foreign Government Debt Securities	Foreign Government Debt Securities are valued on the basis of rates taken from custodian of the securities which are usually drawn from Bloomberg.
Unit of Mutual Funds	Fair values of mutual funds are determined based on their net asset values as published at the close of reporting period.
Forward foreign exchange contracts and Forward Government securities transactions	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Fixed Assets and Non Banking Assets Acquired in Satisfaction of Claims	Land and Non Banking assets acquired in satisfaction of claims are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets. The effect of change 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

The table below analyses the financial assets carried at fair values, by valuation methods. Valuation of investments is carried out as per guidelines specified by the SBP.

Rupees in '000	2023				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>					
<b>Financial assets – measured at fair value</b>					
Investments					
Federal Government Securities	1,102,510,824	8,421,152	1,094,089,672	–	1,102,510,824
Shares	6,256,977	6,256,977	–	–	6,256,977
Units of open end mutual funds	960,596	–	960,596	–	960,596
Fully paid preference shares	28,150	28,150	–	–	28,150
Non Government Debt Securities	14,449,154	–	14,449,154	–	14,449,154
	1,124,205,701	14,706,279	1,109,499,422	–	1,124,205,701
<b>Financial assets – disclosed but not measured at fair value</b>					
Investments					
Federal Government Securities	56,897,624	10,756,335	46,141,289	–	56,897,624
Unlisted shares	350,000	–	–	–	–
Units of open end mutual funds	1,044,333	–	–	–	–
Cash and balances with treasury banks	160,087,467	–	–	–	–
Balances with other banks	14,761,177	–	–	–	–
Advances	633,046,149	–	–	–	–
Other assets	90,346,735	–	–	–	–
	956,533,485	10,756,335	46,141,289	–	56,897,624
	2,080,739,186	25,462,614	1,155,640,711	–	1,181,103,325
<b>Off-balance sheet financial instruments – measured at fair value</b>					
Forward purchase of foreign exchange	153,115,769	–	(2,798,564)	–	(2,798,564)
Forward Sale of foreign exchange	123,329,123	–	1,475,975	–	1,475,975



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## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2022				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>					
<b>Financial assets – measured at fair value</b>					
Investments					
Federal Government Securities	632,309,796	3,896,423	628,413,373	–	632,309,796
Shares	3,322,003	3,322,003	–	–	3,322,003
Units of open end mutual funds	1,101,910	–	1,101,910	–	1,101,910
Fully paid preference shares	28,150	28,150	–	–	28,150
Non Government Debt Securities	11,865,359	–	11,865,359	–	11,865,359
	648,627,218	7,246,576	641,380,642	–	648,627,218
<b>Financial assets – disclosed but not measured at fair value</b>					
Investments					
Unlisted shares	350,000	–	–	–	–
Units of open end mutual funds	700,000	–	–	–	–
Federal Government Securities	111,056,637	8,644,666	102,411,971	–	111,056,637
Foreign Securities	1,797,164	1,797,164	–	–	1,797,164
Associate	175,789	–	–	–	–
Cash and balances with treasury banks	70,950,067	–	–	–	–
Balances with other banks	9,677,123	–	–	–	–
Lendings to financial institutions	406,934	–	–	–	–
Advances	583,810,931	–	–	–	–
Other assets	53,890,117	–	–	–	–
	832,814,762	10,441,830	102,411,971	–	112,853,801
	1,481,441,980	17,688,406	743,792,613	–	761,481,019
<b>Off-balance sheet financial instruments – measured at fair value</b>					
Forward purchase of foreign exchange	150,899,164	–	419,729	–	419,729
Forward Sale of foreign exchange	118,333,548	–	(530,417)	–	(530,417)

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused such transfer to takes place. There were no transfers between levels 1 and 2 during the year.

Rupees in '000	2023	2022
	Level 3	Level 3
<b>41.2 Non-financial assets carried at revalued amounts</b>		
<b>Fixed assets</b>		
Property and equipment (freehold and leasehold land)	13,238,392	13,238,392
<b>Assets held for sale</b>		
	1,750,000	1,750,000
<b>Other assets</b>		
Non-banking assets acquired in satisfaction of claims	866,810	1,983,236

## 42. SEGMENT INFORMATION

### 42.1 Segment details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

Rupees in '000	2023							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
<b>Profit and loss</b>								
Net mark-up / return / profit	(92,875,094)	29,317,122	106,068,776	4,479,764	13,440,875	2,159,966	(3,140,760)	59,450,649
Inter segment revenue – net	127,496,474	(23,606,351)	(107,933,374)	(3,468,895)	(3,454,540)	(1,485,911)	12,452,597	–
Non mark-up / return / interest income	2,074,719	4,695,721	4,211,306	624,337	751,360	31,788	874,402	13,263,633
<b>Total income</b>	<b>36,696,099</b>	<b>10,406,492</b>	<b>2,346,708</b>	<b>1,635,206</b>	<b>10,737,695</b>	<b>705,843</b>	<b>10,186,239</b>	<b>72,714,282</b>
Segment direct expenses	15,747,650	1,028,769	487,985	1,661,652	3,368,335	216,745	7,053,887	29,565,023
Inter segment expense allocation	1,273,695	1,021,616	21,969	47,131	–	–	(2,364,411)	–
<b>Total expenses</b>	<b>17,021,345</b>	<b>2,050,385</b>	<b>509,954</b>	<b>1,708,783</b>	<b>3,368,335</b>	<b>216,745</b>	<b>4,689,476</b>	<b>29,565,023</b>
Provisions / (reversal of provisions)	77,318	1,363,318	68,172	(232,768)	13,830	(368,242)	44,733	966,361
<b>Profit before tax</b>	<b>19,597,436</b>	<b>6,992,789</b>	<b>1,768,582</b>	<b>159,191</b>	<b>7,355,530</b>	<b>857,340</b>	<b>5,452,030</b>	<b>42,182,898</b>
<b>Statement of financial position</b>								
Cash and bank balances	33,208,938	–	129,715,500	832,790	10,058,919	60,278	972,219	174,848,644
Investments	–	9,252,065	1,102,004,077	–	51,493,187	19,177,486	570,843	1,182,497,658
Lendings to financial institutions	–	–	–	–	–	–	–	–
Advances – performing – net of provision	13,991,028	469,036,336	–	20,306,104	114,745,256	2,876,637	8,663,896	629,619,257
Advances – non-performing – net of provision	259,102	2,237,228	–	74,662	855,900	–	–	3,426,892
Others	1,084,252	30,473,445	48,204,707	915,181	10,533,982	405,421	43,763,596	135,380,584
<b>Total assets</b>	<b>48,543,320</b>	<b>510,999,074</b>	<b>1,279,924,284</b>	<b>22,128,737</b>	<b>187,687,244</b>	<b>22,519,822</b>	<b>53,970,554</b>	<b>2,125,773,035</b>
Borrowings	1,574,075	41,338,149	591,921,725	2,992,873	5,535,843	–	–	643,362,665
Subordinated debts	–	–	–	–	–	–	12,000,000	12,000,000
Deposits and other accounts	879,331,340	293,376,734	–	250	118,670,004	1,416,378	–	1,292,794,706
Net inter segment balances – net	(851,827,275)	149,905,856	677,830,555	18,475,360	38,253,559	16,939,831	(49,577,886)	–
Others	19,465,180	26,378,335	10,172,004	660,254	8,249,821	4,163,613	10,830,796	79,920,003
<b>Total liabilities</b>	<b>48,543,320</b>	<b>510,999,074</b>	<b>1,279,924,284</b>	<b>22,128,737</b>	<b>170,709,227</b>	<b>22,519,822</b>	<b>(26,747,090)</b>	<b>2,028,077,374</b>
Equity	–	–	–	–	16,978,017	–	80,717,644	97,695,661
<b>Total equity and liabilities</b>	<b>48,543,320</b>	<b>510,999,074</b>	<b>1,279,924,284</b>	<b>22,128,737</b>	<b>187,687,244</b>	<b>22,519,822</b>	<b>53,970,554</b>	<b>2,125,773,035</b>
<b>Contingencies and commitments</b>	<b>6,016,566</b>	<b>548,078,423</b>	<b>276,081,621</b>	<b>832,790</b>	<b>26,459,326</b>	<b>–</b>	<b>1,027,750</b>	<b>858,496,476</b>

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Rupees in '000	2022							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
<b>Profit and loss</b>								
Net mark-up / return / profit	(51,590,180)	23,975,977	55,722,511	3,619,366	8,417,343	1,973,508	(2,156,972)	39,961,553
Inter segment revenue – net	77,947,590	(18,286,618)	(58,966,508)	(2,306,106)	(3,155,774)	(838,346)	5,605,762	-
Non mark-up / return / interest income	1,839,912	3,478,365	4,598,277	542,189	569,887	45,057	545,082	11,618,769
<b>Total income</b>	<b>28,197,322</b>	<b>9,167,724</b>	<b>1,354,280</b>	<b>1,855,449</b>	<b>5,831,456</b>	<b>1,180,219</b>	<b>3,993,872</b>	<b>51,580,322</b>
Segment direct expenses	12,680,736	623,773	340,807	1,234,642	2,774,765	148,491	5,276,755	23,079,969
Inter segment expense allocation	1,070,708	900,269	10,592	107,516	-	-	(2,089,085)	-
<b>Total expenses</b>	<b>13,751,444</b>	<b>1,524,042</b>	<b>351,399</b>	<b>1,342,158</b>	<b>2,774,765</b>	<b>148,491</b>	<b>3,187,670</b>	<b>23,079,969</b>
Provisions / (reversal of provisions)	13,010	(507,968)	530,443	89,910	186,312	618,055	112,374	1,042,136
<b>Profit before tax</b>	<b>14,432,868</b>	<b>8,151,650</b>	<b>472,438</b>	<b>423,381</b>	<b>2,870,379</b>	<b>413,673</b>	<b>693,828</b>	<b>27,458,217</b>
<b>Statement of financial position</b>								
Cash and bank balances	24,540,132	-	49,189,748	-	6,862,101	35,209	-	80,627,190
Lendings to financial institutions	-	-	406,934	-	-	-	-	406,934
Investments	-	8,125,443	699,774,652	-	39,942,674	14,338,254	525,785	762,706,808
Advances – performing – net of provision	13,644,831	447,812,623	-	21,143,917	82,166,386	9,999,101	7,194,819	581,961,677
Advances – non-performing – net of provision	281,669	453,499	-	130,836	983,250	-	-	1,849,254
Others	1,003,140	27,107,590	19,094,660	594,298	7,097,474	418,422	42,813,532	98,129,116
<b>Total assets</b>	<b>39,469,772</b>	<b>483,499,155</b>	<b>768,465,994</b>	<b>21,869,051</b>	<b>137,051,885</b>	<b>24,790,986</b>	<b>50,534,136</b>	<b>1,525,680,979</b>
Borrowings	1,744,212	42,909,471	179,432,046	3,366,079	4,586,320	1,393,961	-	233,432,089
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	751,762,235	293,324,608	-	3,686	96,297,085	1,094,507	92,485	1,142,574,606
Net inter segment balances – net	(731,928,308)	122,512,889	586,421,413	17,862,227	19,475,830	22,068,820	(36,412,871)	-
Others	17,891,633	24,752,187	2,612,535	637,059	6,684,621	233,698	11,530,128	64,341,861
<b>Total liabilities</b>	<b>39,469,772</b>	<b>483,499,155</b>	<b>768,465,994</b>	<b>21,869,051</b>	<b>127,043,856</b>	<b>24,790,986</b>	<b>(12,790,258)</b>	<b>1,452,348,556</b>
Equity	-	-	-	-	10,008,029	-	63,324,394	73,332,423
<b>Total equity and liabilities</b>	<b>39,469,772</b>	<b>483,499,155</b>	<b>768,465,994</b>	<b>21,869,051</b>	<b>137,051,885</b>	<b>24,790,986</b>	<b>50,534,136</b>	<b>1,525,680,979</b>
<b>Contingencies and commitments</b>	<b>6,295,329</b>	<b>480,881,779</b>	<b>280,146,274</b>	<b>483,545</b>	<b>19,620,329</b>	<b>-</b>	<b>1,570,213</b>	<b>788,997,469</b>

## 42.2 Segment details with respect to geographical locations

Geographical segment analysis

Rupees in '000	2023		
	Pakistan	Middle East	Total
<b>Profit and loss</b>			
Net mark-up / return / profit	57,290,683	2,159,966	59,450,649
Inter segment revenue – net	1,485,911	(1,485,911)	–
Non mark-up / return / interest income	13,231,845	31,788	13,263,633
<b>Total income</b>	72,008,439	705,843	72,714,282
Segment direct expenses	29,348,278	216,745	29,565,023
Inter segment expense allocation	–	–	–
<b>Total expenses</b>	29,348,278	216,745	29,565,023
Provisions / (reversals)	1,334,603	(368,242)	966,361
<b>Profit before tax</b>	41,325,558	857,340	42,182,898
<b>Statement of financial position</b>			
Cash and bank balances	174,788,366	60,278	174,848,644
Investments	1,163,320,172	19,177,486	1,182,497,658
Advances – performing – net of provision	626,742,620	2,876,637	629,619,257
Advances – non-performing – net of provision	3,426,892	–	3,426,892
Others	134,975,163	405,421	135,380,584
<b>Total Assets</b>	2,103,253,213	22,519,822	2,125,773,035
Borrowings	643,362,665	–	643,362,665
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,291,378,328	1,416,378	1,292,794,706
Net inter segment balances – net	(16,939,831)	16,939,831	–
Others	75,756,390	4,163,613	79,920,003
<b>Total liabilities</b>	2,005,557,552	22,519,822	2,028,077,374
Equity	97,695,661	–	97,695,661
<b>Total Equity and liabilities</b>	2,103,253,213	22,519,822	2,125,773,035
<b>Contingencies and commitments</b>	858,496,476	–	858,496,476

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Rupees in '000	2022		
	Pakistan	Middle East	Total
<b>Profit and loss</b>			
Net mark-up / return / profit	37,988,045	1,973,508	39,961,553
Inter segment revenue – net	838,346	(838,346)	–
Non mark-up / return / interest income	11,573,712	45,057	11,618,769
<b>Total income</b>	<b>50,400,103</b>	<b>1,180,219</b>	<b>51,580,322</b>
Segment direct expenses	22,931,478	148,491	23,079,969
Inter segment expense allocation	–	–	–
<b>Total expenses</b>	<b>22,931,478</b>	<b>148,491</b>	<b>23,079,969</b>
Provisions	424,081	618,055	1,042,136
<b>Profit before tax</b>	<b>27,044,544</b>	<b>413,673</b>	<b>27,458,217</b>
<b>Statement of financial position</b>			
Cash and bank balances	80,591,981	35,209	80,627,190
Investments	748,368,554	14,338,254	762,706,808
Lendings to financial institutions	406,934	–	406,934
Advances – performing – net of provision	571,962,576	9,999,101	581,961,677
Advances – non-performing – net of provision	1,849,254	–	1,849,254
Others	97,710,694	418,422	98,129,116
<b>Total Assets</b>	<b>1,500,889,993</b>	<b>24,790,986</b>	<b>1,525,680,979</b>
Borrowings	232,038,128	1,393,961	233,432,089
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,141,480,099	1,094,507	1,142,574,606
Net inter segment balances – net	(22,068,820)	22,068,820	–
Others	64,108,163	233,698	64,341,861
<b>Total liabilities</b>	<b>1,427,557,570</b>	<b>24,790,986</b>	<b>1,452,348,556</b>
Equity	73,332,423	–	73,332,423
<b>Total Equity and liabilities</b>	<b>1,500,889,993</b>	<b>24,790,986</b>	<b>1,525,680,979</b>
<b>Contingencies and commitments</b>	<b>788,997,469</b>	<b>–</b>	<b>788,997,469</b>

#### 43. TRUST ACTIVITIES

The Group acts as custodian and holds the securities on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not assets of the Group and, therefore, are not included in the consolidated statement of financial position.

#### 44. RELATED PARTY TRANSACTIONS

Fauji Consortium comprising of Fauji Foundation, Fauji Fertilizer Company Limited and Fauji Fertilizer Bin Qasim Limited (the Parent) holds 71.91% of the Bank's share capital at the year end. Accordingly all the subsidiaries and associates of Fauji consortium are the related parties of the Group. The Group also has related party relationships with its directors, key management personnel and employees' funds.

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 valuation / 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 and balances are as follows:

Rupees in '000	2023				2022				
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Associate Restated Note - 8.6	Other related parties
<b>Investments</b>									
Opening balance	-	-	-	1,159,768	-	-	-	175,789	1,183,661
Investment made during the year	-	-	-	-	-	-	-	-	44,195
Revaluation adjustment	-	-	-	262,947	-	-	-	-	(81,568)
Investment redeemed / disposed off during the year	-	-	-	(2,664)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-	-	-	13,480
Closing balance	-	-	-	1,420,051	-	-	-	175,789	1,159,768
Provision for diminution in value of investments	-	-	-	82,113	-	-	-	-	87,248
<b>Advances</b>									
Opening balance	29,986,315	60	507,549	16,783,652	4,523,915	43	441,248	298,858	10,222,852
Addition during the year	1,377,976,167	15,000	533,437	209,693,144	352,713,101	20,581	469,897	1,603,142	9,289,165
Repaid during the year	(1,399,853,601)	(15,060)	(544,300)	(213,910,777)	(327,250,701)	(20,564)	(419,988)	(1,702,000)	(2,728,365)
Transfer in / (out) - net	-	-	-	12,437,575	-	-	16,392	-	-
Closing balance	8,108,881	-	496,686	25,003,594	29,986,315	60	507,549	200,000	16,783,652
<b>Other Assets</b>									
Interest / mark-up receivable	171,099	-	68,627	886,474	369,907	-	71,132	241	790,592
Advance rent	1,380	-	-	-	1,254	-	-	-	-
Others	106	-	-	-	-	-	-	-	-
<b>Borrowings</b>									
Opening balance	-	-	-	3,366,079	-	-	-	-	2,372,387
Borrowings during the year	-	-	-	1,000,000	-	-	-	-	1,200,000
Settled during the year	-	-	-	(1,373,206)	-	-	-	-	(206,308)
Closing balance	-	-	-	2,992,873	-	-	-	-	3,366,079
<b>Deposits and other accounts</b>									
Opening balance	38,816,364	34,614	193,107	38,455,796	56,224,390	24,009	211,259	758,395	41,798,370
Received during the year	1,786,530,029	556,261	1,843,093	988,872,329	988,405,154	79,294	2,726,090	4,643,211	989,063,276
Withdrawn during the year	(1,786,245,169)	(521,157)	(1,707,626)	(978,274,385)	(1,005,813,179)	(68,689)	(2,683,283)	(4,789,342)	(992,405,849)
Transfer in / (out) - net	-	(6,216)	(29,154)	6,216	-	-	(60,959)	-	-
Closing balance	39,101,224	63,502	299,420	49,059,956	38,816,365	34,614	193,107	612,264	38,455,797
<b>Other Liabilities</b>									
Interest / mark-up payable	2,574,737	7	2,964	715,559	625,832	-	3,299	492	361,337
Payable to staff retirement fund	-	-	-	67,468	-	-	-	-	194,714
<b>Security deposits payable</b>	-	-	-	462,570	-	-	18,607	-	470,698
<b>Others</b>	25	1,667	58,608	71,818	-	-	-	-	-
Contingencies and Commitments	225,219	-	-	4,476,687	1,183,172	-	-	40,000	2,447,138
Others	-	-	-	-	-	-	-	-	-
Securities held as custodian	13,699,456	-	48,821	10,493,034	3,462,500	-	36,500	100,000	7,105,000
Securities given as collateral	-	-	-	-	-	-	-	-	177,855

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Rupees in '000	2023				2022				
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Associate	Other related parties
<b>Income</b>									
Mark-up / return / interest earned	658,163	-	19,551	4,677,348	832,276	-	19,778	1,382	1,877,137
Fee and commission received	1,818	-	-	163,027	634	-	-	39	180,321
Dividend income	-	-	-	178,346	-	-	-	-	128,729
Gain on sale of fixed assets	-	-	3,929	-	-	-	7,250	-	-
<b>Expense</b>									
Mark-up / return / interest expensed	10,540,080	3,231	41,107	6,810,283	4,513,452	10	8,994	15,063	3,567,513
Charge to defined benefit plan	-	-	-	342,070	-	-	-	-	345,885
Contribution to defined contribution plan	-	-	-	340,111	-	-	-	-	284,312
Remuneration and allowances	-	-	1,110,447	9,547	-	-	647,550	-	9,220
Rent	2,847	-	-	-	2,445	-	-	-	-
Communications	-	-	-	139,094	-	-	-	-	83,292
Brokerage and Commission	-	-	-	92,518	-	-	-	103	79,470
Directors' Fee, Allowances	-	43,760	-	-	-	38,650	-	-	-
Donations	524,398	-	-	-	416,318	-	-	-	-
Others	-	-	-	-	-	-	-	-	-

In addition to above, rent free sub-branches are operating at FFC Sona Tower, FFBL Tower and Foundation University (along with booth and Atm).

The term 'key management personnel' has the same meaning as defined in IAS 24 – Related party disclosures.

During the year ended December 31, 2023, certain movable assets were settled against the final settlement of related parties as disclosed in note 10.4.

#### 45. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

The objective of managing capital is to safeguard the Group's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. It is the policy of the Group to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group recognises the need to maintain a balance between the higher returns that might be possible with greater exposure and the advantages and security afforded by a sound capital position.

Under the current scenario, the banks are under pressure to extend further credit to its borrowers, while overall deteriorating credit risk and increased NPL may also put additional pressures on the Group from Capital Adequacy Ratio perspective. The SBP has relaxed the Capital Conversion Buffer (CCB) requirements for the banks to 1.5%, resulting in an overall CAR requirement of 11.5%. In addition to the measures by SBP, the Group is continuously monitoring the impacts of various decisions of its CAR and taking further lending decisions based on the overall impacts on RWA. The Group also believes that it has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

Rupees in '000	2023	2022
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	14,492,992	12,602,602
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	88,384,546	65,303,243
Eligible Additional Tier 1 (ADT 1) Capital	5,649,000	6,000,000
Total Eligible Tier 1 Capital	94,033,546	71,303,243
Eligible Tier 2 Capital	13,222,417	11,835,110
Total Eligible Capital (Tier 1 + Tier 2)	107,255,963	83,138,353
Risk Weighted Assets (RWAs):		
Credit Risk	452,108,198	412,323,250
Market Risk	29,328,100	27,675,542
Operational Risk	103,031,181	81,324,765
Total	584,467,479	521,323,557
Common Equity Tier 1 Capital Adequacy ratio	15.12%	12.53%
Tier 1 Capital Adequacy Ratio	16.09%	13.68%
Total Capital Adequacy Ratio	18.35%	15.95%

As of December 2023, the Group must meet a Tier 1 to RWA ratio and CAR, including CCB, of 9% and 11.50% respectively.

Standardized Approach is used for calculating the Capital Adequacy for Market and Credit Risk while Basic Indicator Approach (BIA) is used for Operational Risk.

Rupees in '000	2023	2022
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	94,033,546	71,303,243
Total Exposures	2,612,438,645	2,243,512,648
Leverage Ratio	3.60%	3.18%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	649,069,803	520,361,460
Total Net Cash Outflow	322,735,094	281,841,107
Liquidity Coverage Ratio	201.12%	184.63%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,314,647,752	1,113,842,290
Total Required Stable Funding	612,059,002	561,351,354
Net Stable Funding Ratio	214.79%	198.42%

The full disclosure on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per SBP instructions issued from time to time have been placed on the website. The link to the full disclosure can be accessed through the Group's website at <http://akbl.com>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

### 46. RISK MANAGEMENT

The Group believes that effective risk management is key to achieving desired level of return while maintaining acceptable level of risk exposure. Robust risk management processes and framework are in place to achieve the Group's overall objectives through a well thought out strategy, which enables the Group to effectively manage Credit, Market, Operational and Liquidity risk in a proactive manner.

The Group's approach is to ensure that risk management is deeply and firmly embedded in the culture of the Group. All employees are therefore considered responsible for identification, measurement, monitoring and controlling risks within the scope of their assigned responsibilities. As a result of changing risk environment, the Group continuously monitors and conducts holistic assessment of complex transactions on an integrated basis.

The Group has a Board Risk Management Committee (BRMC) in place and is updated regularly by the Group's Risk Management Group. BRMC is responsible for reviewing the extent of design and adequacy of the risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Group.

#### 46.1 Credit Risk:

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Group. The Group takes necessary measures to control such risk by establishing minimum standards and rules for booking credit exposures and subsequently, by monitoring these exposures - limiting transactions with specific counter parties with increased likelihood of default and continually assessing creditworthiness of its obligors.

The Group has built and maintains a sound loan portfolio in line with a well defined Credit Policy approved by the Board of Directors. Its credit evaluation system comprises well-designed credit appraisal, sanctioning and review procedures for the purpose of emphasizing prudence in its lending activities and ensuring quality of asset portfolio. Advances portfolio constitutes around 30% of the total asset base and is also the largest source of credit risk for the Group. The Group's advances portfolio is well diversified across various business segments and industries.

Risk mitigants have been put in place at all stages of credit risk cycle i.e. identification, measurement, monitoring, controlling and reporting for effective credit risk management. Accordingly, portfolio monitoring function is in place with dedicated resources to ensure that the risk is effectively monitored and reported.

Credit Risk Review is conducted at obligor as well as at portfolio level to ensure adherence to regulatory requirement as well as internal policies and procedures. The review process ensures that a sound and proactive risk management culture is maintained across the Group. Credit is approved under the 4 eye principal with equal ownership from both Business functions and Risk Management Group (RMG). Audit (Risk Assets Review) division reviews the advances portfolio on a post approval basis.

The Group has undertaken a number of initiatives to strengthen its credit risk management framework including in-house development of internal risk rating models (obligor and facility) for the portfolio for respective segments, and transition and migration matrices to study the realized default rates and performance of the risk rating models over the years.

Keeping in view the deteriorating economic situation, Rapid Portfolio Reviews are performed to identify vulnerable accounts and decide account specific strategies with respect to exposure and to estimate possible additional provisioning. Results of the Rapid Portfolio Reviews are shared with senior management and Board Risk Management Committee (BRMC).

Provision for credit portfolio is determined in accordance with the SBP's relevant Prudential Regulations. The Group also maintains additional provision on subjective classification basis in line with its prudent approach.

Stress testing for credit risk is carried out regularly to estimate the impact of increase in non - performing loans and to ensure that CAR is maintained at sufficient level to meet regulatory requirement and business needs.

The Group has implemented an Enterprise Risk Management solution and Loan Origination System. These systems not only enhance operational efficiency in the risk management processes, but also promote integrated risk assessment.

Risk Asset Review (RAR) performs an independent review of the credit portfolio. It provides an independent assessment of portfolio quality, efficacy of processes for acquisition of risk assets, regulatory/policy compliance and appropriateness of classification and risk rating.

A centralized Credit Administration Division (CAD) under Operations Group is working to ensure that terms and conditions of approval of credit sanctions are complied, all documentation is complete and fully enforceable, all disbursements of approved facilities are made only after necessary authorization by CAD and collateral is monitored on regular basis.

To handle the specific needs of managing classified accounts, the Group has a separate Special Asset Management Division (SAMD) to negotiate settlement of the non-performing exposure, including pursuing litigation, if required, to protect the interests of the depositors and shareholders.

#### **Credit risk - General disclosures**

The Group follows the Standardized Approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit ratings or type of exposure, whichever is applicable.

Under the Standardized Approach, the capital requirement is based on the credit rating assigned to counterparties by External Credit Assessment Institutions (ECAIs) duly recognized by the SBP. The Group selects particular ECAIs for each type of exposure. The Group utilizes the credit ratings assigned by Pakistan Credit Rating Agency (PACRA), Japan Credit Rating Company Limited – Vital Information Systems (JCR-VIS), Fitch, Moody's and Standard & Poors (S&P).

#### Types of exposure and ECAIs used

	FITCH	Moody's	S & P	PACRA	JCR-VIS	ECA Scores
Corporates	√	√	√	√	√	√
Banks	√	√	√	√	√	√
Public sector enterprises	–	–	–	√	√	√

\* FITCH, Moody's and S&P ratings (as applicable) are used where sovereign exposures are denominated in USD.

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### Mapping to SBP Rating Grades

For all exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to the SBP rating grades are given below:

### Long Term Rating Grades mapping

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

Particulars of the Group's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

Rupees in '000	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
<b>46.1.1 Lendings to financial institutions</b>						
<b>Credit risk by public / private sector</b>						
Private	89,164	525,820	89,164	118,886	89,164	118,886
	89,164	525,820	89,164	118,886	89,164	118,886

Rupees in '000	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
<b>46.1.2 Investment in debt securities</b>						
<b>Credit risk by industry sector</b>						
Textile	279,681	280,643	279,678	280,653	279,678	280,653
Chemical and Pharmaceuticals	1,090,958	1,207,164	898,458	944,655	898,458	944,655
Power and energy	8,416,126	6,018,005	-	-	-	-
Telecommunication	204,432	204,432	204,432	204,432	204,432	204,432
Metal and allied	500,000	-	-	-	-	-
Financial	1,180,079,568	762,908,994	165,000	-	82,500	-
Others	500,000	2,377,311	-	-	-	-
	1,191,070,765	772,996,549	1,547,568	1,429,740	1,465,068	1,429,740
<b>Credit risk by public / private sector</b>						
Public / Government	1,175,124,118	757,998,445	204,432	-	204,432	-
Private	15,946,647	14,998,104	1,343,136	1,429,740	1,260,636	1,429,740
	1,191,070,765	772,996,549	1,547,568	1,429,740	1,465,068	1,429,740
Rupees in '000	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
<b>46.1.3 Advances</b>						
<b>Credit risk by industry sector</b>						
Agriculture, Forestry, Hunting and Fishing	8,110,464	8,267,350	322,237	381,408	135,249	194,873
Mining and Quarrying	11,107,074	10,108,017	-	-	-	-
Textile	72,951,683	67,579,336	8,654,320	9,091,734	8,165,544	9,077,799
Chemical and Pharmaceuticals	46,493,823	47,900,027	727,772	1,124,375	706,933	971,045
Cement	15,236,900	12,966,848	395	395	395	395
Sugar	35,656,630	17,809,458	6,453	11,853	6,453	11,853
Footwear and Leather garments	1,413,043	1,464,625	168,582	221,325	168,582	221,325
Automobile and transportation equipment	2,701,484	3,752,002	814,919	721,305	814,919	721,305
Electronics and electrical appliances	5,101,528	7,012,635	1,021,105	1,133,813	902,937	1,110,792
Food and allied	75,000,000	51,423,906	1,334,570	-	613,445	-
Construction	15,409,186	12,923,924	1,793,076	498,824	761,092	473,824
Power and energy	58,594,300	75,759,727	393,206	3,057,302	348,967	2,219,160
Oil and gas	66,211,253	57,922,257	-	3,164,510	-	3,134,226
Wholesale and Retail Trade	17,792,073	23,288,986	338,679	423,259	338,679	413,859
Transport, Storage and Communication	39,604,834	40,875,286	-	410,439	-	410,439
Financial	26,395,992	22,362,877	-	-	-	-
Insurance	121,025	182,484	413,531	-	413,531	-
Services	44,742,814	40,268,364	663,141	739,382	563,801	739,382
Individuals	34,857,892	37,633,238	1,623,098	2,450,951	1,623,098	2,272,196
Edible oil and ghee	6,037,236	3,895,381	2,527,867	1,660,483	2,527,867	1,660,483
Rice Processing (husking, semi-wholly milled etc.)	14,872,454	13,566,276	3,147,841	2,530,345	3,117,557	2,530,345
Metal and allied	21,362,992	22,035,008	734,170	734,170	734,170	734,170
Others	41,446,691	35,936,033	4,378,625	2,790,909	3,693,476	2,400,057
	661,221,371	614,934,045	29,063,587	31,146,782	25,636,695	29,297,528
<b>Credit risk by public / private sector</b>						
Public/ Government	247,411,197	188,384,032	-	-	-	-
Private	413,810,174	426,550,013	29,063,587	31,146,782	25,636,695	29,297,528
	661,221,371	614,934,045	29,063,587	31,146,782	25,636,695	29,297,528

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Rupees in '000	2023	2022
<b>46.1.4 Contingencies and Commitments</b>		
<b>Credit risk by industry sector</b>		
Agriculture, Forestry, Hunting and Fishing	1,801,299	501,647
Mining and Quarrying	6,023,341	3,283,384
Textile	14,785,574	23,815,578
Chemical and Pharmaceuticals	13,497,070	9,561,755
Cement	2,189,928	3,686,476
Sugar	2,249,530	840,793
Footwear and Leather garments	1,272,469	1,151,124
Automobile and transportation equipment	646,516	307,078
Electronics and electrical appliances	4,928,772	2,538,207
Real Estate & Construction	38,728,391	30,265,982
Research and development	3,018,764	2,265,632
Power and energy	13,279,750	14,696,403
Wholesale and Retail Trade	13,137,036	9,381,955
Oil and gas	9,324,183	7,234,245
Transport, Storage and Communication	29,753,116	19,405,834
Financial	505,173,111	485,959,432
Insurance	356,172	305,417
Food and allied	13,034,536	5,703,330
Services	12,077,385	10,448,445
Individuals	302,569	978,788
Engineering	98,451,727	79,099,668
Telecommunication	3,237,360	3,112,380
Metal and allied	9,105,410	5,908,902
Others	62,122,467	68,545,014
	858,496,476	788,997,469
<b>Credit risk by public / private sector</b>		
Public / Government	242,420,504	302,760,158
Private	616,075,972	486,237,311
	858,496,476	788,997,469

### 46.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs. 446,883,893 thousand (2022: Rs. 346,047,767 thousand) are as following:

Rupees in '000	2023	2022
Funded	173,321,907	183,510,340
Non Funded	273,561,986	162,537,427
Total Exposure	446,883,893	346,047,767

The sanctioned limits against these top 10 exposures aggregated to Rs. 570,620,020 thousand (2022: Rs. 444,073,755 thousand).

The above does not include any classified exposure.

#### 46.1.6 Advances - Province / Region-wise disbursement and utilization

Province/Region	2023						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan
Punjab	1,332,424,390	1,317,615,884	2,911,276	146,893	6,730	11,735,324	8,283
Sindh	1,165,558,110	3,449,372	1,161,709,366	37,574	230,264	127,634	3,900
KPK including FATA	5,187,340	168,355	16,464	4,391,963	2,250	587,012	21,296
Balochistan	680,059	2,982	5,010	700	665,891	5,276	200
Islamabad	125,780,328	13,858,353	8,270,344	13,188,547	41,206	90,383,886	37,992
AJK including Gilgit Baltistan	825,077	76,966	200	3,225	-	7,945	736,741
<b>Total</b>	<b>2,630,455,304</b>	<b>1,335,171,912</b>	<b>1,172,912,660</b>	<b>17,768,902</b>	<b>946,341</b>	<b>102,847,077</b>	<b>808,412</b>

Province/Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan
Punjab	977,755,576	965,008,442	2,478,854	1,420,450	4,201	8,836,667	6,962
Sindh	1,046,523,386	2,074,309	1,043,696,064	2,364	479,484	266,330	4,835
KPK including FATA	4,769,555	196,039	1,861	4,351,903	1,430	104,383	113,939
Baluchistan	1,431,013	2,428	8,121	300	1,419,864	-	300
Islamabad	122,843,449	10,743,802	11,764,149	6,717,191	32,501	93,284,853	300,953
AJK including Gilgit Baltistan	494,756	46,359	1,800	7,261	-	11,145	428,191
<b>Total</b>	<b>2,153,817,735</b>	<b>978,071,379</b>	<b>1,057,950,849</b>	<b>12,499,469</b>	<b>1,937,480</b>	<b>102,503,378</b>	<b>855,180</b>

#### 46.2 Market Risk:

Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and credit spreads, resulting in a loss to earnings and capital.

The Group is exposed to market risk from both its banking and trading books. Trading book for the Group includes all Held for Trading (HFT) assets along with Available for Sale (AFS) securities that are held with intention of short term trade. All assets not included in trading book are included in the Banking book.

The Group's Risk Management Process seeks to identify, measure, monitor, and control market risks in order to shield against adverse movements in market factors and to attain an efficient risk / return profile of its open positions. Risk Management Group has developed and implemented market risk policy and risk measurement / monitoring methodology for review and reporting of market risk.

The Group makes use of the globally established Value-at-Risk (VaR) methodology to measure traded market risk. Additionally, sensitivity analysis is carried out to gauge the impact of extreme market movements on traded exposures, such as fixed income securities and equity capital market instruments.

Further, stress testing is used to analyze the impact of abnormal market movements across different portfolios to assess non-traded market risk, in particular interest rate risk in the banking book. The performance of the Group's traded portfolios is evaluated through the use of risk / return analysis. Risk is assessed through the revaluation of all traded market risk exposed positions on a daily basis, and monitored by ensuring that these positions do not breach any regulatory limits as well as any internally established risk tolerance limits.

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Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 29,328,100 thousand (2022: Rs. 27,675,542 thousand).

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

Rupees in '000	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	160,087,467	-	160,087,467	70,950,067	-	70,950,067
Balances with other banks	14,761,177	-	14,761,177	9,677,123	-	9,677,123
Lendings to financial institutions	-	-	-	406,934	-	406,934
Investments	453,789,581	728,708,077	1,182,497,658	292,732,804	469,974,004	762,706,808
Advances	633,046,149	-	633,046,149	583,810,931	-	583,810,931
Fixed assets	27,020,255	-	27,020,255	24,484,412	-	24,484,412
Intangible assets	1,860,747	-	1,860,747	1,375,625	-	1,375,625
Assets held for sale	1,750,000	-	1,750,000	1,750,000	-	1,750,000
Deferred tax assets	8,065,412	-	8,065,412	7,545,677	-	7,545,677
Other assets	96,684,170	-	96,684,170	62,973,402	-	62,973,402
	1,397,064,958	728,708,077	2,125,773,035	1,055,706,975	469,974,004	1,525,680,979

### 46.2.2 Foreign Exchange Risk

Foreign exchange risk, or the risk that the Bank's earnings and / or capital can fluctuate due to changes in foreign exchange rates, arises out of the Bank's foreign exchange exposure which consists of foreign currency cash in hand, nostro / vostro accounts, forward contracts, forward bookings with exporters, foreign bills purchased, foreign currency placements with SBP and the Bank's Wholesale Group Branch, foreign currency lendings / deposits and capital investments in offshore operations.

The Bank's treasury manages consolidated foreign exchange exposure by matching foreign currency assets and liabilities in spot and forward. The foreign exchange exposure and nostro balances are maintained within regulatory limits and VaR is calculated for consolidated foreign exchange exposure on a daily basis. The impact of a change in USD / PKR parity on the net open position is also determined through daily sensitivity analysis.

Rupees in '000	2023			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	100,057,331	133,407,202	(21,110,855)	(54,460,726)
Pound Sterling	1,159,587	8,594,795	(7,412,731)	(14,847,939)
Euro	1,851,281	4,001,522	(1,565,484)	(3,715,725)
Other European currencies	2,481	-	-	2,481
Other currencies	1,603,397	906,278	302,424	999,543
	104,674,077	146,909,797	(29,786,646)	(72,022,366)

Rupees in '000	2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	65,691,952	105,771,498	(29,448,724)	(69,528,270)
Pound Sterling	604,649	6,537,640	(6,128,871)	(12,061,862)
Euro	3,289,971	2,507,599	3,082,549	3,864,921
Other European currencies	14,765	-	(73,260)	(58,495)
Other currencies	2,133,491	1,303,405	2,690	832,776
	71,734,828	116,120,142	(32,565,616)	(76,950,930)

Rupees in '000	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on				
– Profit and loss account	422,357	297,866	443,853	325,656

#### 46.2.3 Equity position risk

Equity position risk is the risk that the value of equity positions inside the trading book and banking book will change as a result of general and specific equity market movements. Equity positions are monitored on daily basis through management action triggers.

The Group classifies its direct equity investments into held for trading, available for sale, and Held to Maturity. Held for trading equity exposures are of a short term nature and are undertaken to earn profit by exploiting market conditions and short term price fluctuations. Equities held in the available for sale portfolio are kept with the intent of earning profit due to underlying fundamental strength of each security. Strategic investments are undertaken in line with the long-term strategy of the Bank, i.e. to build strategic interest in other concerns. The Group may also carry indirect equity exposure through financing against shares and reverse repos against shares.

At the end of FY 2023 Bank's equity investment portfolio was classified as held for trading and available for sale. Pretax impact of 5% change in equity prices are provided below;

Rupees in '000	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
– Profit and loss account	–	(28,329)	(766)	(3,852)
– Other comprehensive income	(35,149)	(249,372)	(27,985)	(140,843)

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

The Bank's interest rate exposure arises out of its investment, lending and borrowing activities. Interest Rate Risk in the Banking Book (IRRBB) in its various forms is the risk of adverse changes in earnings and/or capital due to (i) timing differences or mismatches in the maturity/repricing period of financial assets and liabilities (repricing risk), (ii) differences in the basis used for calculating interest rates received and paid (basis risk), (iii) and options implicit or explicit in the Bank's financial assets and liabilities (options risk). The Asset and Liability Management Committee of the Group monitors and controls mismatch of interest rate sensitive assets and liabilities on an ongoing basis through its regular meetings. The Market Risk Management Department monitors interest rate in the banking book from an earnings and economic value perspective.

##### Key IRRBB measures include:

1. Interest Earnings at Risk (IAR): the rolling 12-month impact of a parallel shift in interest rates on Net Interest Margin.
2. Change in Economic Value of Equity (EVE): the impact of a parallel shift in interest rates on the present value of the Bank's cash flows.
3. Repricing Gaps: mismatch between the Bank's assets and liabilities in terms of repricing time bands based on residual maturity for repricing or actual maturity which ever is earlier. Repricing assumptions for non-contractual assets and liabilities have been set based on a behavioral study.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2023

Rupees in '000	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Profit and loss account	(180,183)	(1,387,869)	(1,040,690)	(1,253,738)
- Other comprehensive income	129,062	-	852,746	-

### 46.2.5 Mismatch of interest rate sensitive assets and liabilities

Yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

Rupees in '000	2023											
	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
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks		160,087,467	12,873,026	-	-	-	-	-	-	-	-	147,214,441
Balances with other banks	5.24%	14,761,177	13,012,856	-	-	-	-	-	-	-	-	1,748,321
Investments	18.73%	1,182,497,658	304,993,034	335,255,801	285,016,573	90,799,857	41,013,367	47,961,711	39,491,310	21,043,410	8,282,544	8,640,051
Advances	18.61%	633,046,149	255,236,812	179,012,129	96,782,356	26,081,357	24,756,765	14,365,184	19,459,226	12,047,379	3,330,161	1,974,780
Other assets		90,346,735	-	-	-	-	-	-	-	-	-	90,346,735
		2,080,739,186	586,115,728	514,267,930	381,798,929	116,881,214	65,770,132	62,326,895	58,950,536	33,090,789	11,612,705	249,924,328
<b>Liabilities</b>												
Bills payable		12,394,336	-	-	-	-	-	-	-	-	-	12,394,336
Borrowings	19.97%	643,362,665	606,543,301	8,543,464	1,530,759	161,802	6,823,565	6,724,701	6,194,752	5,983,279	857,042	-
Deposits and other accounts	12.80%	1,292,794,706	59,614,202	32,190,546	46,584,030	77,250,104	170,887,894	170,474,082	212,438,474	145,738,968	24,289,828	353,326,578
Sub-ordinated loans	21.81%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-
Other liabilities		57,629,799	-	-	-	-	-	-	-	-	-	57,629,799
		2,018,181,506	666,157,503	46,734,010	54,114,789	77,411,906	177,711,459	177,198,783	218,633,226	151,722,247	25,146,870	423,350,713
<b>On-balance sheet gap</b>		62,557,680	(80,041,775)	467,533,920	327,684,140	39,469,308	(111,941,327)	(114,871,888)	(159,682,690)	(118,631,458)	(13,534,165)	(173,426,385)
<b>Off-balance sheet financial instruments</b>												
Forward foreign exchange contracts purchase		153,115,769	3,038,994	2,615,067	4,969,835	142,491,873	-	-	-	-	-	-
Forward foreign exchange contracts sale		123,329,123	75,672,704	38,886,171	8,770,248	-	-	-	-	-	-	-
Off-balance sheet gap		29,786,646	(72,633,710)	(36,271,104)	(3,800,413)	142,491,873	-	-	-	-	-	-
<b>Total yield / interest risk sensitivity gap</b>			(152,675,485)	431,262,816	323,883,727	181,961,181	(111,941,327)	(114,871,888)	(159,682,690)	(118,631,458)	(13,534,165)	(173,426,385)
<b>Cumulative yield / interest risk sensitivity gap</b>			(152,675,485)	278,587,331	602,471,058	784,432,239	672,490,912	557,619,024	397,936,334	279,304,876	265,770,711	

## Mismatch of interest rate sensitive assets and liabilities

		2022											
		Exposed to yield / interest risk											
Rupees in '000	Effective Yield / Interest rate	Total	Upto 1					Over 1			Over 5		Non-interest bearing financial instruments
			Month	Months	to 3 Months	to 6 Months	Months to 1 Year	to 2 Years	to 3 Years	to 5 Years	to 10 Years	Above 10 Years	
<b>On-balance sheet financial instruments</b>													
<b>Assets</b>													
		70,950,067	-	-	-	-	-	-	-	-	-	70,950,067	
	1.64%	9,677,123	6,260,952	-	-	-	-	-	-	-	-	3,416,171	
	13.98%	406,934	406,934	-	-	-	-	-	-	-	-	-	
	12.37%	762,696,638	193,871,304	118,178,169	215,704,285	74,509,378	48,289,765	31,744,872	26,477,008	42,780,223	5,473,949	5,667,685	
	11.94%	583,810,931	336,343,802	117,946,217	56,427,591	14,848,490	10,802,276	10,414,720	18,630,863	6,384,584	12,012,388	-	
		53,890,117	-	-	-	-	-	-	-	-	-	53,890,117	
		1,481,431,810	536,882,992	236,124,386	272,131,876	89,357,868	59,092,041	42,159,592	45,107,871	49,164,807	17,486,337	133,924,040	
<b>Liabilities</b>													
		11,878,563	-	-	-	-	-	-	-	-	-	11,878,563	
	12.63%	233,432,089	95,941,683	110,469,558	1,536,997	243,333	6,184,411	6,104,215	6,135,471	5,990,916	825,505	-	
	7.84%	1,142,574,606	55,447,835	38,301,787	23,782,422	124,175,800	133,196,739	133,121,261	152,770,413	75,457,330	56,612,953	349,708,066	
	14.84%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-	
		45,613,789	-	-	-	-	-	-	-	-	-	45,613,789	
		1,445,499,047	151,389,518	154,771,345	31,319,419	124,419,133	139,381,150	139,225,476	158,905,884	81,448,246	57,438,458	407,200,418	
<b>On-balance sheet gap</b>		35,932,763	385,493,474	81,353,041	240,812,457	(35,061,265)	(80,289,109)	(97,065,884)	(113,798,013)	(32,283,439)	(39,952,121)	(273,276,378)	
<b>Off-balance sheet financial instruments</b>													
		150,899,164	57,918,668	65,867,344	27,113,152	-	-	-	-	-	-	-	
		118,333,548	75,019,290	40,447,217	2,867,041	-	-	-	-	-	-	-	
<b>Off-balance sheet gap</b>		32,565,616	(17,100,622)	25,420,127	24,246,111	-	-	-	-	-	-	-	
<b>Total yield / interest risk sensitivity gap</b>			368,392,852	106,773,168	265,058,568	(35,061,265)	(80,289,109)	(97,065,884)	(113,798,013)	(32,283,439)	(39,952,121)	(273,276,378)	
<b>Cumulative yield / interest risk sensitivity gap</b>			368,392,852	475,166,020	740,224,588	705,163,323	624,874,214	527,808,330	414,010,317	381,726,878	341,774,757	-	

**46.2.5.1** Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

**46.2.5.2** Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

**46.2.5.3** Assets do not include fixed assets of Rs. 27,020,255 thousand (2022: Rs. 24,484,412 thousand), Intangible assets of Rs. 1,860,747 thousand (2022: Rs. 1,375,625 thousand), deferred tax asset of Rs. 8,065,412 thousand (2022: Rs. 7,545,677 thousand), assets held for sale of Rs. 1,750,000 thousand (2022: Rs. 1,750,000 thousand) and other assets consisting of advances, prepaid rent and other prepayments, advance taxation, non-banking assets acquired in satisfaction of claims, Stationary & Stamp and Others of Rs. 6,337,435 thousand (2022: Rs. 9,083,285 thousand).

**46.2.5.4** Liabilities do not include other liabilities consisting of advance payments, advance against sale of properties, unearned commission, branch adjustment account, workers' welfare fund, payable to defined benefit plan, provision for employees' compensated absences, levies and taxes payable, provision against off-balance sheet items, Islamic pool management reserve and others of Rs. 9,895,868 thousand (2022: Rs. 6,849,509 thousand).

### 46.3 OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. The Group strives to manage operational risk within acceptable levels through sound operational risk management practices.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Board Risk Management Committee defines the operational risk appetite and tolerance limits. Operational risk governance structure adopted by Group is embedded with three lines of defense: Strategic, Macro and Micro.

Group already has in place an Operational Risk Management framework which is aligned with global best market practices. Group has dedicated functions to manage Operational Risk, Business Continuity Risk and Information Security Risk governed through comprehensive frameworks in line with international best practices.

## 46.3.1 Operational Risk–Disclosures Basel II specific

Basel II Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

## 46.4 Liquidity Risk

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Bank's liquidity position is managed by the Asset and Liability Management Committee (ALCO). ALCO monitors the maintenance of financial position, liquidity ratios, depositors concentration both in terms of the overall funding mix and to avoid undue reliance on large individual deposits. Moreover, core retail deposits (current accounts and saving accounts) form a considerable part of the Bank's overall funding and significant importance is attached to the stability and growth of these deposits.

The Group is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

### 46.4.1 Maturities of Assets and Liabilities – based on contractual maturity of assets and liabilities of the Bank

		2023													
Rupees in '000		Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
<b>Assets</b>															
Cash and balances with treasury banks	160,087,467	48,026,240	1,600,875	-	-	-	-	-	-	-	27,615,088	27,615,088	27,615,088	27,615,088	
Balances with other banks	14,761,177	2,657,013	1,347,696	10,333	962,429	484,167	4,959,757	2,479,878	1,239,934	619,970	-	-	-	-	
Investments	1,182,497,658	254,212	223,206,111	628,515	83,065,020	139,237,355	196,538,601	285,257,165	42,564,218	48,355,935	42,325,414	49,273,758	40,990,023	30,801,331	
Advances	633,046,149	1,362,182	18,419,478	23,897,691	201,328,218	62,284,013	32,356,652	74,845,825	16,541,338	5,516,759	28,615,270	28,125,923	44,232,277	95,520,525	
Fixed assets	27,020,255	-	-	215,670	215,670	188,245	188,245	552,928	538,480	538,479	1,855,619	1,367,663	1,498,548	19,860,708	
Intangible assets	1,860,747	-	-	14,852	14,852	12,963	12,963	38,077	37,082	37,084	127,787	94,184	103,197	1,367,706	
Assets held for sale	1,750,000	-	-	-	-	-	-	1,750,000	-	-	-	-	-	-	
Deferred tax assets	8,065,412	163,997	983,980	1,311,974	2,459,951	-	-	-	160,775	160,775	322,284	922,486	1,579,190	-	
Other assets	96,684,170	13,347,097	1,867,733	2,491,738	10,962,899	1,904,819	222,529	421,295	-	-	16,507,581	16,319,493	16,319,493	16,319,493	
	2125,773,035	65,810,741	247,425,873	28,570,773	299,009,039	204,111,562	234,278,747	365,345,168	61,081,827	55,229,002	117,369,043	123,718,595	132,337,817	191,484,849	
<b>Liabilities</b>															
Bills payable	12,394,336	3,966,188	1,131,603	-	940,730	3,280,421	1,640,210	820,105	410,053	205,026	-	-	-	-	
Borrowings	643,362,665	21,56,507	163,556,035	420,399,459	20,431,301	5,805,043	2,738,421	1,530,759	-	161,802	6,823,565	6,724,701	6,194,752	6,840,320	
Deposits and other accounts	1,292,794,706	64,637,493	115,084,396	4,962,375	2,834,160	42,046,784	3,570,172	46,584,030	53,650,958	23,599,146	223,886,881	223,473,068	265,437,461	223,027,782	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000	
Other liabilities	67,525,667	12,441,785	14,955,384	2,366,540	10,962,899	1,904,819	222,524	421,295	-	-	6,203,674	6,015,582	6,015,582	6,015,583	
	2,028,077,374	83,201,973	294,727,418	427,728,374	35,169,090	53,037,067	8,171,327	49,356,189	54,061,011	23,965,974	236,914,120	236,213,351	277,647,795	247,883,685	
Net assets	97,695,661	(17,391,232)	(47,301,545)	(399,157,601)	263,839,949	151,074,495	226,107,420	315,988,979	7,020,816	31,263,028	(119,545,077)	(112,494,756)	(145,309,979)	(56,398,836)	
Share Capital	14,492,992														
Reserves	57,855,752														
Unappropriated profit	4,458,455														
Surplus on revaluation of assets	20,511,764														
Non-Controlling interest	376,698														
	97,695,661														

#### 46.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Bank

		2022													
		Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
<b>Assets</b>															
Cash and balances with treasury banks	70,950,067	21,286,020	709,501	-	-	-	-	-	-	-	-	12,238,887	12,238,887	12,238,887	12,238,885
Balances with other banks	9,677,123	1,741,882	883,521	6,774	630,948	317,410	3,251,513	1,625,757	812,878	406,440	-	-	-	-	-
Lendings to financial institutions	406,934	-	406,934	-	-	-	-	-	-	-	-	-	-	-	-
Investments	762,706,808	191,422	488,459	450,881	288,289	11,141,826	1,878,274	61,980,179	73,877,560	86,096,535	185,080,768	121,455,289	117,079,316	102,698,010	
Advances	583,810,931	4,068,879	12,715,307	17,411,575	154,279,779	62,804,973	36,556,595	73,148,494	8,925,498	25,676,425	25,114,183	25,416,315	43,116,981	94,575,927	
Fixed assets	24,484,412	-	-	195,430	195,430	170,578	170,578	501,036	487,943	487,943	1,681,470	1,239,308	1,357,910	17,996,786	
Intangible assets	1,375,625	-	-	10,980	10,980	9,584	9,584	28,150	27,414	27,414	94,471	69,629	76,292	1,011,127	
Assets held for sale	1,750,000	-	-	1,750,000	-	-	-	-	-	-	-	-	-	-	
Deferred tax assets	7,545,677	153,429	920,573	1,227,430	2,301,431	-	-	-	150,415	150,415	301,516	863,041	1,477,427	-	
Other assets	62,973,402	7,838,971	1,581,589	1,560,988	6,760,586	1,652,699	2,604,107	3,249,248	-	1,592,403	9,580,817	9,768,904	9,580,817	7,202,273	
	1,525,680,979	35,279,603	17,705,894	22,614,058	164,467,443	76,097,070	44,470,651	140,532,864	84,281,708	114,437,575	234,092,112	171,051,373	184,927,630	235,723,008	
<b>Liabilities</b>															
Bills payable	11,878,563	3,801,140	1,084,513	-	901,583	3,143,911	1,571,955	785,978	392,989	196,494	-	-	-	-	
Borrowings	233,432,089	2,416,278	91,324,368	1,543,256	657,781	81,670,785	28,798,773	1,536,997	83,333	160,000	6,184,411	6,104,215	6,135,471	6,816,421	
Deposits and other accounts	1,142,574,606	38,007,092	44,640,870	25,751,160	79,638,926	41,791,360	15,682,531	32,641,953	44,451,695	80,251,843	185,266,826	185,191,160	185,118,259	184,140,931	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000	
Other liabilities	52,463,298	8,836,623	11,106,111	1,751,816	6,760,586	1,652,696	2,604,107	1,333,629	-	1,592,403	4,275,041	4,463,128	4,275,041	3,812,117	
	1,452,348,556	53,061,133	148,155,862	29,046,232	87,958,876	128,258,752	48,657,366	36,298,557	44,928,017	82,200,740	195,726,278	195,758,503	195,528,771	206,769,469	
Net assets	73,332,423	(17,781,530)	(130,449,978)	(6,432,174)	76,508,567	(52,161,682)	(4,186,715)	104,234,307	39,353,691	32,236,835	38,365,834	(24,707,130)	(10,601,141)	28,953,539	
Share Capital	12,602,602														
Reserves	43,373,595														
Surplus on revaluation of assets	3,952,356														
Unappropriated profit	13,403,870														
	73,332,423														

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

## 46.4.2 Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Bank

		2023									
Rupees in '000		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
<b>Assets</b>											
Cash and balances with treasury banks	160,087,467	49,627,115	-	-	-	27,615,088	27,615,088	27,615,088	23,670,075	3,945,013	-
Balances with other banks	14,761,177	4,977,470	5,443,924	2,479,874	1,859,909	-	-	-	-	-	-
Investments	1,182,497,658	307,153,855	335,775,956	285,257,165	90,920,152	42,325,414	49,273,758	40,990,023	22,308,022	8,493,313	-
Advances	633,046,149	245,007,568	94,640,665	74,845,825	22,058,097	28,615,270	28,125,923	44,232,277	80,034,403	15,486,121	-
Fixed assets	27,020,255	431,341	376,490	552,928	1,076,958	1,855,619	1,367,663	1,498,548	1,446,641	18,414,067	-
Intangible assets	1,860,747	29,704	25,927	38,077	74,165	127,787	94,184	103,197	99,623	1,268,083	-
Assets held for sale	1,750,000	-	-	1,750,000	-	-	-	-	-	-	-
Deferred tax assets	8,065,412	4,919,901	-	-	321,551	322,284	922,486	1,579,190	-	-	-
Other assets	96,684,170	28,669,467	2,127,348	421,295	-	16,507,580	16,319,493	16,319,493	13,989,318	2,330,176	-
	2,125,773,035	640,816,421	438,390,310	365,345,164	116,310,832	117,369,042	123,718,595	132,337,816	141,548,082	49,936,772	-
<b>Liabilities</b>											
Bills payable	12,394,336	6,038,520	4,920,631	820,106	615,079	-	-	-	-	-	-
Borrowings	643,362,665	606,543,301	8,543,464	1,530,759	161,803	6,823,565	6,724,701	6,194,752	5,983,279	857,041	-
Deposits and other accounts	1,292,794,706	187,518,423	45,616,956	46,584,030	77,250,105	223,886,881	223,473,068	265,437,461	191,166,670	31,861,112	-
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000	-
Other liabilities	67,525,667	40,726,608	2,127,343	421,294	-	6,203,674	6,015,582	6,015,582	5,156,214	859,370	-
	2,028,077,374	840,826,852	61,208,394	49,356,189	78,026,987	236,914,120	236,213,351	277,647,795	208,306,163	39,577,523	-
Net assets	97,695,661	(200,010,431)	377,181,916	315,988,975	38,283,845	(119,545,078)	(112,494,756)	(145,309,979)	(66,758,081)	10,359,250	-
Share Capital	14,492,992	-	-	-	-	-	-	-	-	-	-
Reserves	57,855,752	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	4,458,455	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	20,511,764	-	-	-	-	-	-	-	-	-	-
Non-Controlling interest	376,698	-	-	-	-	-	-	-	-	-	-
	97,695,661	-	-	-	-	-	-	-	-	-	-

## Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Bank

		2022									
Rupees in '000		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
<b>Assets</b>											
Cash and balances with treasury banks	70,950,067	21,994,521	-	-	-	12,238,887	12,238,887	12,238,887	10,490,474	1,748,411	-
Balances with other banks	9,677,123	3,263,125	3,568,923	1,625,757	1,219,318	-	-	-	-	-	-
Lendings to financial institutions	406,934	406,934	-	-	-	-	-	-	-	-	-
Investments	762,706,808	1,419,051	13,020,100	61,980,179	159,974,095	185,080,768	121,455,289	117,079,316	99,412,134	3,285,876	-
Advances	583,810,931	188,475,540	99,361,568	73,148,494	34,601,923	25,114,183	25,416,315	43,116,981	67,033,182	27,542,745	-
Fixed assets	24,484,412	390,860	341,156	501,036	975,886	1,681,470	1,239,308	1,357,910	1,310,874	16,685,912	-
Intangible assets	1,375,625	21,960	19,168	28,150	54,828	94,471	69,629	76,292	73,650	937,477	-
Assets held for sale	1,750,000	-	-	1,750,000	-	-	-	-	-	-	-
Deferred tax assets	7,545,677	4,602,863	-	-	300,830	301,516	863,041	1,477,427	-	-	-
Other assets	62,973,402	17,742,134	4,256,806	3,249,248	1,592,403	9,580,817	9,768,904	9,580,817	5,833,585	1,368,688	-
	1,525,680,979	238,316,988	120,567,721	142,282,864	198,719,283	234,092,112	171,051,373	184,927,630	184,153,899	51,569,109	-
<b>Liabilities</b>											
Bills payable	11,878,563	5,787,236	4,715,866	785,978	589,483	-	-	-	-	-	-
Borrowings	233,432,089	95,941,683	110,469,558	1,536,997	243,333	6,184,411	6,104,215	6,135,471	5,990,917	825,504	-
Deposits and other accounts	1,142,574,606	188,038,048	57,473,891	32,641,953	124,703,538	185,266,826	185,191,160	185,118,259	157,817,978	26,322,953	-
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000	-
Other liabilities	52,463,298	28,455,136	4,256,803	1,333,629	1,592,403	4,275,041	4,463,128	4,275,041	3,201,396	610,721	-
	1,452,348,556	318,222,103	176,916,118	36,298,557	127,128,757	195,726,278	195,758,503	195,528,771	173,010,291	33,759,178	-
Net assets	73,332,423	(79,905,115)	(56,348,397)	105,984,307	71,590,526	38,365,834	(24,707,130)	(10,601,141)	11,143,608	17,809,931	-
Share Capital	12,602,602	-	-	-	-	-	-	-	-	-	-
Reserves	43,373,595	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	3,952,356	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	13,403,870	-	-	-	-	-	-	-	-	-	-
	73,332,423	-	-	-	-	-	-	-	-	-	-

#### 46.5 Derivative Risk

The Group at present does not offer structured derivative products such as interest rate swaps, forward rate swap, forward rate agreements or foreign exchange options nor does it deal in market making and foreign exchange hedging.

Group's derivative exposure is limited to hedging transactions undertaken by Treasury in instruments such as forward exchange contracts.

The Risk Management Group monitors Group's overall derivative exposure in forward exchange contracts, which are marked to market and are included in Group's overall portfolio measures of volatility including value at risk (VaR). Further, value at risk (VaR) is separately monitored for forward exchange contracts. Derivative exposures are also included in Group's capital charge and risk weighted asset calculation in accordance with SBP regulations.

#### 47. GENERAL

##### 47.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 21, 2024 has proposed the following appropriations, which 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 the appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2024 as follows:

Rupees in '000	2023	2022
Proposed final cash dividend - Rs. 2.5 per share (2022: Nil)	3,623,248	–
Bonus issue – Nil (2022: 15%)	–	1,890,390
Transfer to General reserve	16,808,564	11,725,720

#### 48 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on February 21, 2024 by the Board of Directors of the Group.

Chief Financial Officer

President & CE

Director

Director

Chairman

# PATTERN OF SHAREHOLDING

## AS AT DECEMBER 31, 2023

Number of shareholders	Shareholding		Total shares held
	From	To	
1,748	1	100	63,500
2,614	101	500	708,369
1,772	501	1,000	1,280,836
4,069	1,001	5,000	10,095,641
1,604	5,001	10,000	11,773,130
1,039	10,001	15,000	13,450,935
848	15,001	50,000	22,160,055
404	50,001	500,000	55,675,788
33	500,001	1,000,000	22,169,247
25	1,000,001	2,000,000	33,120,709
18	2,012,500	5,000,000	50,314,362
14	5,344,100	14,992,000	103,267,373
5	17,255,500	312,666,610	499,886,035
1	625,000,000	625,333,227	625,333,227
<b>14,194</b>			<b>1,449,299,207</b>

Categories of Shareholders	Numbers of shareholders	Shares held	Percentage
Directors, CEO, Children	6	83,375	0.0057
Associated Companies & Related Parties	6	1,052,602,428	72.6284
Executives/Employees of the Bank	4	59,100	0.0041
Banks, DFI & NBFIs, Insurance Companies, Takaful, modarabas and Pension Funds	28	18,838,813	1.2999
ICP	1	4,297	0.0003
Insurance Companies	5	1,132,111	0.0781
Mutual Funds & Mudarabas	29	59,721,981	4.1207
General Public (Local)	13,906	218,456,699	15.0733
General Public (Foreign)	31	138,844	0.0096
Others	174	92,253,641	6.3654
Foreign investors (Foreign Companies)	4	6,007,918	0.4145
<b>Total</b>	<b>14,194</b>	<b>1,449,299,207</b>	<b>100.0000</b>

Particulars	Numbers of shareholders	Shares held	Percentage
<b>Associated Companies &amp; Related Parties:</b>	<b>6</b>	<b>1,052,602,428</b>	<b>72.6284</b>
<b>Fauji Foundation Group</b>			
Fauji Foundation	1	104,224,366	7.1914
Fauji Fertilizer Company Limited	1	625,333,227	43.1473
Fauji Fertilizer Bin Qasim Limited	1	312,666,610	21.5736
<b>Related Parties</b>			
Trustees of FFC Employees Gratuity Fund	1	5,344,175	0.3687
Trustees Of FFC Mgnt Staff Pension Fund	1	1,081,800	0.0746
Trustees of Askari Bank Limited Employees Provident Fund	1	3,952,250	0.2727
<b>Modarabas &amp; Mutual Funds</b>	<b>29</b>	<b>59,721,981</b>	<b>4.1207</b>
Safeway Fund (Pvt) Limited	1	570	0.0000
First Tri-Star Modaraba Management	1	102	0.0000
Investec Mutual Fund Limited	1	70	0.0000
Asian Stocks Fund Limited	1	3,326	0.0002
Investec Mutual Fund Limited	1	1	0.0000
First U.D.L. Modaraba	1	359	0.0000

Particulars	Numbers of shareholders	Shares held	Percentage
CDC – Trustee HBL Investment Fund	1	260,000	0.0179
CDC – Trustee AKD Index Tracker Fund	1	126,544	0.0087
Tri–Star Mutual Fund Limited	1	190	0.0000
CDC – Trustee UBL Stock Advantage Fund	1	4,696,500	0.3241
CDC – Trustee NBP Stock Fund	1	17,255,550	1.1906
CDC – Trustee NBP Balanced Fund	1	426,975	0.0295
CDC – Trustee HBL – Stock Fund	1	160,000	0.0110
CDC – Trustee HBL Multi – Asset Fund	1	100,000	0.0069
CDC – Trustee Alfalah Ghp Alpha Fund	1	93,152	0.0064
CDC – Trustee NIT–Equity Market Opportunity Fund	1	5,506,058	0.3799
CDC – Trustee Al Habib Stock Fund	1	165,000	0.0114
CDC – Trustee NBP Sarmaya Izafa Fund	1	339,000	0.0234
CDC – Trustee HBL Pf Equity Sub Fund	1	68,000	0.0047
CDC – Trustee UBL Asset Allocation Fund	1	155,000	0.0107
BRR Guardian Limited	1	19,500	0.0013
CDC – Trustee UBL Retirement Savings Fund – Equity Sub Fund	1	795,000	0.0549
CDC – Trustee National Investment (Unit) Trust	1	24,239,259	1.6725
CDC – Trustee Faysal Mts Fund – Mt	1	2,166,000	0.1495
CDC – Trustee NBP Financial Sector Fund	1	642,825	0.0444
CDC – Trustee UBL Financial Sector Fund	1	1,055,000	0.0728
CDC – Trustee Golden Arrow Stock Fund	1	1,000,000	0.0690
CDC – Trustee NIT Asset Allocation Fund	1	5,500	0.0004
CDC – Trustee HBL Financial Sector Income Fund Plan I – Mt	1	442,500	0.0305
<b>Board of Directors</b>	<b>6</b>	<b>83,375</b>	<b>0.0058</b>
Mr. Arif Ur Rehman	1	575	0.0000
Dr. Nadeem Inayat	1	575	0.0000
Raja Muhammad Abbas	1	575	0.0000
Ms. Zoya Mohsin Nathani	1	575	0.0000
Mr. Kamran Yousuf Mirza	1	80,500	0.0058
Ms. Samina Rizwan	1	575	0.0000
<b>Executives/Employees of the Bank</b>	<b>4</b>	<b>59,100</b>	<b>0.0041</b>
<b>ICP</b>	<b>1</b>	<b>4,297</b>	<b>0.0003</b>
<b>Banks, Development Financial Institutions, Non–Banking Financial Institutions, Insurance Companies,</b>	<b>33</b>	<b>19,970,924</b>	<b>1.3780</b>
<b>General Public (Local) – Individuals</b>	<b>13,906</b>	<b>218,456,699</b>	<b>15.0733</b>
<b>General Public (Foreign) – Individuals</b>	<b>31</b>	<b>138,844</b>	<b>0.0096</b>
<b>Foreign Companies</b>	<b>4</b>	<b>6,007,918</b>	<b>0.4145</b>
<b>Others</b>	<b>174</b>	<b>92,253,641</b>	<b>6.3654</b>
<b>Total</b>	<b>14,194</b>	<b>1,449,299,207</b>	<b>100.0000</b>

**Note 1:** For the purpose of reporting trades in the shares of the Bank, as per requirement of 5.6.4 of Rule Book of Pakistan Stock Exchange Limited, Executive(s) mean person(s), who have access to price sensitive information.

**Note 2:** During the year, there have been no trades in the shares of the Bank by its Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children.





# FORM OF PROXY

## ASKARI BANK LIMITED

### 32<sup>ND</sup> ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ S/o/ D/o/ W/o \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Askari Bank Limited (the Bank), hold \_\_\_\_\_ ordinary shares vide Folio/CDC Account No. \_\_\_\_\_, do hereby appoint Mr./Mrs./Ms. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_ failing him/ her, Mr./Mrs./Ms. \_\_\_\_\_ Folio/CDC Account No. \_\_\_\_\_ of \_\_\_\_\_, as my/our proxy in my/our absence to attend and vote on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Bank to be held on Thursday, March 28, 2024 at 10:00 am at Kehkashan One Hall, Serena Hotel, Islamabad and through Zoom and at any adjournment thereof.

Signed this \_\_\_\_\_ day of March 2024.

(Please affix revenue stamp of Rs. 5)

\_\_\_\_\_  
Signature of Member  
(The signature should agree with the specimen registered with the Bank)

Witnesses No. 1: \_\_\_\_\_  
Name: \_\_\_\_\_  
C.N.I.C. No.: \_\_\_\_\_  
Address: \_\_\_\_\_

Witnesses No. 2: \_\_\_\_\_  
Name: \_\_\_\_\_  
C.N.I.C. No.: \_\_\_\_\_  
Address: \_\_\_\_\_

#### IMPORTANT NOTES:

##### A. General:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as a proxy, who is not a member of the Bank corporate entity may appoint a person who is not a member.
2. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided.
3. The Proxy Form, duly completed and signed, must be received at the Company Secretary Office, Askari Bank Limited, 4<sup>th</sup> Floor, NPT Building, F-8 Markaz, Islamabad at least 48 hours before the time of holding the meeting.

4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. If a member appoints more than one proxy, and more than one instrument of proxy is deposited by a member, all such instruments of proxy shall be rendered invalid.

##### B. For CDC Account Holders

1. Copies of the CNIC or passport of the beneficial owners shall be furnished with the proxy form.
2. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
3. In case of Corporate entity, certified true copy of the instrument authorizing the person to act as proxy shall be provided shall be submitted along with proxy form to the Bank.

The Company Secretary  
**ASKARI BANK LIMITED**  
4<sup>th</sup> Floor, NPT Building  
F-8 Markaz  
Islamabad – Pakistan

# پراکسی کا فارم عسکری بینک لمیٹڈ

میں / ہم \_\_\_\_\_ ولدیت / بنت / زوجہ \_\_\_\_\_ شہر \_\_\_\_\_ بحیثیت ممبر عسکری بینک لمیٹڈ، حامل عام شیئرز بہ مطابق فولیو ای ڈی سی اکاؤنٹ نمبر \_\_\_\_\_  
 ممبر / مسز / مس \_\_\_\_\_ فولیو ای ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ شہر \_\_\_\_\_ اسکی ناکامی کی صورت میں، ممبر / مسز / مس \_\_\_\_\_ فولیو ای ڈی سی اکاؤنٹ  
 نمبر \_\_\_\_\_ شہر \_\_\_\_\_ کو اپنے / ہمارے ایماء پر بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری طرف سے بینک کے 32 ویں سالانہ اجلاس عام جو بتاریخ 28 مارچ 2024ء بروز  
 جمعرات دن بوقت 10:00 بجے بمقام کہکشاں ون حال، سرینا ہوٹل، اسلام آباد، میں اور زوم کے ذریعے منعقد ہونے والے ایس کے کسی مائٹری شدہ اجلاس میں شرکت کرے، بات کرے اور حق رائے دہی استعمال کرے۔  
 آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ مارچ 2024ء کو بطور گواہ دستخط کیے

دستخط ممبر  
(پارنچ روپے کارسیدی ٹکٹ)

_____ گواہ نمبر 1	_____ گواہ نمبر 2
_____ نام	_____ نام
_____ شناختی کارڈ نمبر	_____ شناختی کارڈ نمبر
_____ پتہ	_____ پتہ

نوٹس:-

الف - عام

- 1- جو ممبر اجلاس میں شرکت اور ووٹ ڈالنے کا اہل ہے وہ اپنی جگہ اجلاس میں شرکت اور ووٹ ڈالنے کے لئے پراکسی مقرر کر سکتا ہے۔ کاروباری ادارے کے علاوہ کوئی ایسا شخص پراکسی کے طور پر کام نہیں کر سکتا، اگر وہ بینک کا ممبر نہیں ہے۔
- 2- پراکسی مقرر کرنے کی دستاویز ممبر یا اُس کے تحریری طور پر یا اختیار اٹارنی سے دستخط شدہ ہونی چاہیے۔ اگر ممبر ایک کاروباری ادارہ ہے تو تصدیق شدہ انسٹرومنٹ کی کاپی جس کے تحت متعلقہ شخص کو پراکسی مقرر کیا گیا ہے جمع کروانی ہوگی۔
- 3- پراکسی مقرر کیے جانے سے متعلق دستاویزات کمپنی سیکریٹری عسکری بینک لمیٹڈ، فورٹ فلور، این پی ٹی بلڈنگ، ایف-8 مرکز، اسلام آباد کو اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہئے۔
- 4- پراکسی فارم دو گواہان سے تصدیق شدہ ہونا چاہیے۔ جن کے نام پتہ اور سی این آئی نمبر فارم کے اوپر درج ہوں۔
- 5- اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرے گا اور ایک سے زیادہ پراکسی کے دستاویز جمع کروائے گا تو پراکسی کی تمام دستاویزات کا عدم قرار دی جائیں گی۔

ب- سی ڈی سی اکاؤنٹ رکھنے والوں کے لئے

- 1- مستفید مالکان کے سی این آئی سی یا پاسپورٹ کی نقول پراکسی فارم کے ساتھ فراہم کی جانی چاہئیں۔
- 2- پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ فراہم کرنا ہوگا۔
- 3- کارپوریٹ ادارے کی صورت میں تصدیق شدہ انسٹرومنٹ کی کاپی جس کے تحت متعلقہ شخص کو مقرر کیا گیا ہے پراکسی فارم کے ساتھ جمع کروانی ہوگی۔

The Company Secretary  
**ASKARI BANK LIMITED**  
4<sup>th</sup> Floor, NPT Building  
F-8 Markaz  
Islamabad – Pakistan





**ASKARI BANK LIMITED**