



Annual Report 2022

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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*

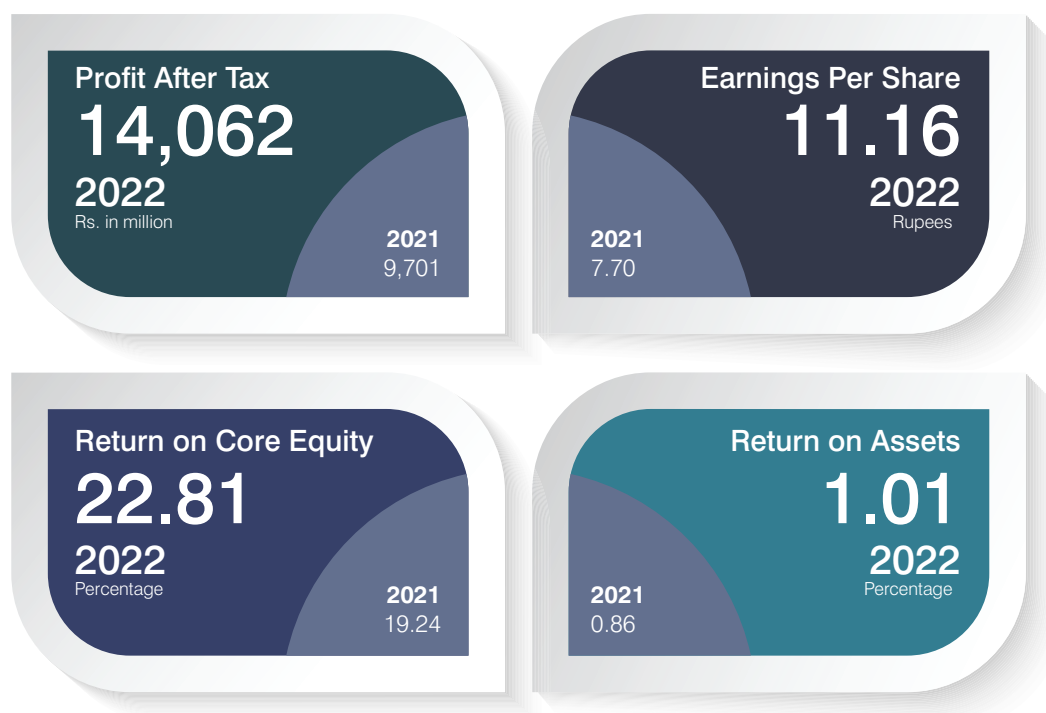
***Fairness:** Exemplary compliance, governess and business ethics*

***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	2022	2021	Growth (%)
Total Assets	1,526,134	1,259,144	21.20
Deposits	1,142,575	1,015,430	12.52
Advances - net	583,811	477,588	22.24
Investments	762,531	616,361	23.71
Shareholders' Equity	73,322	55,902	31.16
Profit before taxation	27,459	15,645	75.51
Profit after taxation	14,062	9,701	44.95
Earnings per share - Rs.	11.16	7.70	
Net book value per share - Rs.	58.18	44.36	
Market value per share - Rs.	20.10	22.02	



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

Syed Bakhtiyar Kazmi
Non-Executive Director

Mr. Manzoor Ahmed
Non-Executive Director / NIT Nominee

Mr. Mohammad Aftab Manzoor
Independent Director

Mr. Mushtaq Malik
Independent Director

Ms. Zoya Mohsin Nathani
Independent Director

Raja Muhammad Abbas
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

M/s 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) 8092624
UAN: (92 51) 111 000 787
Fax: (92 51) 2857448
Email: ir@askaribank.com.pk

BOARD COMMITTEES

AUDIT

Mr. Mohammad Aftab Manzoor - Chairman
Dr. Nadeem Inayat
Syed Bakhtiyar Kazmi
Mr. Manzoor Ahmed
Raja Muhammad Abbas

HUMAN RESOURCE & REMUNERATION

Ms. Zoya Mohsin Nathani - Chairperson
Mr. Sarfaraz Ahmed Rehman
Dr. Nadeem Inayat
Mr. Manzoor Ahmed

RISK MANAGEMENT

Mr. Manzoor Ahmed - Chairman
Dr. Nadeem Inayat
Syed Bakhtiyar Kazmi
Mr. Mushtaq Malik
Ms. Zoya Mohsin Nathani
Mr. Atif R. Bokhari

INFORMATION TECHNOLOGY

Mr. Mohammad Aftab Manzoor - Chairman
Dr. Nadeem Inayat
Mr. Mushtaq Malik
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@cdcsrsl.com
Website: www.cdcsrsl.com


ENTITY RATINGS

Long Term: AA+
Short Term: A1+

By PACRA

WEBSITE & SOCIAL MEDIA

www.askaribank.com

 [askaribankpakistan](https://www.facebook.com/askaribankpakistan)

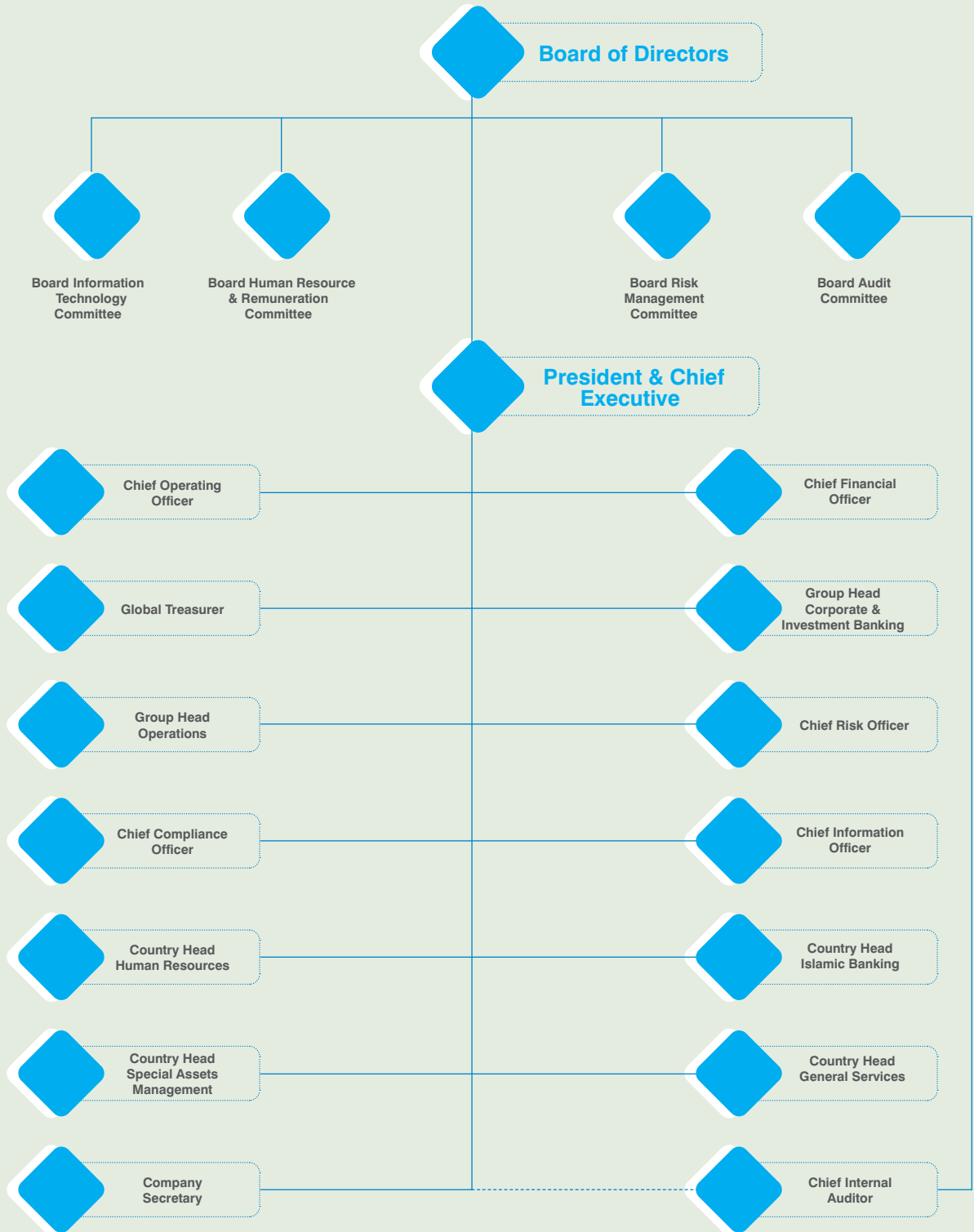
 [Askari_Bank](https://twitter.com/Askari_Bank)

 [askaribankpk](https://www.instagram.com/askaribankpk)

 [askaribanklimited](https://www.linkedin.com/company/askaribanklimited)

 [AskariBankOfficial](https://www.youtube.com/AskariBankOfficial)

ORGANIZATIONAL CHART



PRODUCTS & SERVICES

Corporate, Commercial & Investment Banking

At Askari Bank, we understand the diverse business requirements of our 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 our top priority. Our 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 our customers.

Investment Banking

Investment banking focuses on the origination and execution of 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, our Investment Banking is well positioned to provide due assistance. We tailor the right structured solutions to meet our 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, we remain focused on tapping new markets in Europe apart from our strong presence in 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 customer.

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 our Corporate clients under one resource center, which handles the process through the vast network of our 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 received from round the globe 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 with convenience and care..

Branch Banking

Askari Bank aims to provide its customers with a wide array of financial solutions catering to diverse banking needs. We offer Conventional, Corporate, Consumer, Agriculture and Islamic Banking services through a network of 600 branches / sub-branches in major cities, towns and cantonments across Pakistan.

Current Account

Current Accounts cater to a variety of transactional needs of our diverse customer base with added benefits of Cheque books, ATM/Debit cards, Bankers' cheques, i-Net Banking and much more..

Savings Account

Savings accounts offered by the Bank to both individual and institutional customers include Askari Maximiser, Askari Special Deposit, Askari Waqar, Askari Pensioner Account and normal Savings Account based on profit and loss sharing (PLS). Askari Savings products offer attractive features, competitive returns along with Profit payment flexibility.

Askari Maximiser Term Deposit

Askari Maximiser Term Deposit is specially designed product for individual and corporate customers with a medium to long term investment horizon. It caters to the saving needs of customers who want monthly profits in their Bank Accounts

Value Plus Current Account

Askari Value Plus Current Account offers financial freedom and security with unmatched flexibility. Customers (individuals) can open this account to avail the benefits of free life insurance coverage and host of free banking services for transactional convenience – all with no minimum balance requirements.

Askari Bank also offers Askari Value Plus Business and Askari Value Premium Business Accounts to cater the ever growing needs of Business Segment.

Askari Asaan Account

Askari Bank offers Asaan Account to unbanked / under-banked individuals. The facility is available in Current and Savings account categories. It has hassle-free account opening and operating procedure helps to lower income groups to fulfill 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 offers convenient banking solutions from the comfort of home, office or on the go. Our valued customers needn't wait in long queues for account opening, balance inquiry, statement of accounts, funds transfer, utility bill payment and host of other financial and non-financial activities

Customer Digital On-Boarding

- Askari Digital Onboarding platform provides online account opening to Resident Pakistanis. Our customers can choose to open following accounts via digital onboarding and enjoy banking on the go with Askari Bank's digital solutions:
- Askari Asaan Digital Account
- Askari Asaan Digital Remittance Account
- Askari Freelancer Digital Account
- Range of other AKBL Accounts

Internet Banking

Askari Bank is providing internet banking services to its valued customers absolutely FREE. In addition to account management services, our I-Net banking offers:

- Online Banker's Cheque's delivery at customers doorstep
- Utility bills payment
- Online Insurance premium payment (for select insurance companies)
- Online School fee payment
- Online Shopping E-Commerce payments
- M-Tag recharge
- Hysab Kytāb – Personal Financial Management
- QR Payments
- Donations

PRODUCTS & SERVICES

Mobile Banking

Askari Bank has launched an upgraded version of its Mobile Banking App with friendly user interface and added security features. Salient features are:

- QR / HCE Payments through Virtual Cards
- Apply Online for Consumer Products
- Discounts & Alliances information
- Loan(s) details
- Debit Card Management
- Account Statement
- Book Cinema and Bus Tickets
- Cheque Management
- Manage Daily limits
- Enhanced Security Features through biometric login & PIN
- M-Tag recharge
- Hysab Kytab – Personal Financial Management
- QR Payments
- Donations

SMS Banking

Askari Bank's SMS banking provides our valued customers the ability to undertake several actions using our short messaging service:

- i) New Debit Card Activation
- ii) Debit Card PIN Change
- iii) Block/ Unblock Debit Card
- iv) Balance Inquiry
- v) Mini Statement
- vi) Cheque Book Issuance
- vii) Stop Cheque Payment service:

Cardless Cash Withdrawal

Cardless Cash Withdrawal is a unique and value-added feature of both Askari Mobile Banking as well as I-Net banking. The facility allows cash withdrawal without requiring a Debit Card.

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 700+ Askari Bank ATMs. This network provides ATM service in all major cities of Pakistan. Our 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

Cash Recycler Machine

The Cash Recyclers are one of the best ways to look ahead and digitize the cash as it offers acceptance and dispensing of cash, efficiently and securely. The customers can deposit and withdraw cash seamlessly through this one machine, round the clock at their convenience

Cash and Cheque Deposit Machine

CCDM is an embedded deposit solution for hassle free cash & cheque management, a customers can easily deposit the cash and cheque using Askari Bank's CCDM at their convenience on 24*7 basis.

Call Center

Our Call Center provides a single point of contact to all callers and offers real-time information on products and services. System is empowered for providing efficient self-service banking along with Contact Centre agent assistance round the clock.

Consumer Banking

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

Ask4Car

Askari Ask4Car is an auto financing product for locally manufactured new and used vehicles. It offers competitive mark-up, flexible repayment plan and quick processing without any hidden charges. The product is offered to the customers for a maximum tenure 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 our customers get the most out of their loans. The product tenure ranges from 1 – 4 years and is designed for salaried individuals and businessmen..

Mortgage Finance

Whether our customers plan to construct a house, buy a constructed house, or renovate a house, Askari Mortgage Finance enables them to pursue their goals without any hassle. Askari Mortgage Finance is a premium house financing product 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 Union Pay Debit Card

Askari Bank proudly introduces Pakistan's first EMV & NFC enabled UnionPay Debit Card. Askari UnionPay Debit Card provides enhanced security with EMV and the convenience of NFC which enables to make quick payments directly from AKBL bank account. This card has the acceptance in more than 162 countries over millions of ATMs and merchants for retail and cash withdrawal transactions, and is ideal to carry while travelling abroad or domestically.

Small and Medium Enterprises (SME) Banking

Askari Bank has been playing a significant role in the development of the SME sector by providing customers with opportunity to access credit through strategically located branches across the country.

The bank offers diverse portfolio of lending facilities including SBP initiatives offering discounted loans to specific target segments. Additionally, we also offer trade expertise and awareness on trade related activities through our established access points, where specialized credit resource and empowered relationship management teams are stationed to dedicatedly serving SME at the grass root level.

In order to cater the financial needs of SME segment, we offer 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

Agriculture Banking

Wide range of Products and services 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 harvesting, tunnel farming, construction of storage facilities, floriculture, poultry, fisheries, orchards, purchase of tractors, refrigerated trucks / pickups, value chains and small farmer loan schemes. Following is the list of 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
- Electronic Warehouse Receipt Financing
- Askari Kissan Gulban Finance

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 120 dedicated Islamic banking branches (including 3 sub-branches) and 7 Islamic window branches in 47 cities and towns spread across the country Askari Ikhlas Islamic has managed to increase its share in the banking Industry

PRODUCTS & SERVICES

Islamic Deposit Products

Our 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. Our Ahsan Munafa / Ahsan Munafa Corporate product is a chequing account that offers higher yields, calculated on a daily product basis. Askari Halal Savings Account is tailored to meet all business requirements of our customers and offers a host of value-added services. Askari Islamic PakWatan Remittance account is being offered to potential remittance beneficiaries. Askari Halal Investment Accounts are Mudarabah based term deposit products that allow customers to invest their savings for different tenors ranging from 01 month to 07 years, and earn Halal returns on a periodic basis. Women centric Askari Islamic Sahar Accounts are being offered to females. Askari Islamic Employee Banking Accounts (Smart Salary and Smart Salary Plus) are also being offered to institutional clients/businesses for managing their payroll.

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.
- Shariah compliant solutions are offered to customers who have availed house finance facilities from conventional financial institutions, to transfer their facilities to Askari Ikhlas.

Islamic Corporate Banking

Our 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
- SBP Kamyab Pakistan Program

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 31ST ANNUAL GENERAL MEETING

Notice is hereby given that the 31st Annual General Meeting (AGM) of the shareholders of Askari Bank Limited (“the Bank”) will be held on Wednesday, March 29, 2023 at 11:00 am at Topi Rakh Complex (Galaxy Hall), Army Heritage Foundation, Ayub National Park, Jhelum Road, Rawalpindi and through Zoom to transact the following business:

Ordinary Business:

1. To confirm the minutes of the 30th Annual General Meeting held on March 24, 2022.
2. To receive, consider and, if thought fit, adopt the Annual Audited Financial Statements (consolidated and unconsolidated), Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 of the Bank for the year ended December 31, 2022 together with Chairman’s Review Report, Directors’ Report and Auditors’ Reports thereon.
3. To appoint statutory auditors of the Bank for the year ending December 31, 2023 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 15, 2023.
4. To elect 10 Directors as per the number fixed by the Board of Directors of the Bank under Section 159 (1) of the Companies Act 2017 (the Act) for a period of next three years commencing from March 29, 2023. The total strength of Board of Directors shall be 11 including President & Chief Executive Officer of the Bank, being a deemed Director under Section 188 (3) of the Act. The following are the names of the retiring Directors, who are eligible for re-election:
 1. Mr. Waqar Ahmed Malik – Chairman
 2. Mr. Sarfaraz Ahmed Rehman
 3. Mr. Arif Ur Rehman
 4. Dr. Nadeem Inayat
 5. Syed Bakhtiyar Kazmi
 6. Mr. Manzoor Ahmed – NIT Nominee
 7. Mr. Mohammad Aftab Manzoor
 8. Mr. Mushtaq Malik
 9. Ms. Zoya Mohsin Nathani
 10. Raja Muhammad Abbas

Special Business:

5. To consider and if thought fit, approve as recommended by the Board of Directors, issuance of Bonus Shares for the year ended December 31, 2022 in proportion of 15 ordinary shares for every 100 shares held i.e. 15% to the shareholders of the Bank.

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:

6. 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 8, 2023

Syed Ali Safdar Naqvi
Company Secretary

NOTICE OF THE 31ST 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 31st AGM of AKBL" at ir@askaribank.com.pk. Zoom Link to join the 31st 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, 2023 to March 29, 2023 (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, 2023 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 shareholder, 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 shareholders 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, 2023 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. 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.

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, 2022 have been placed on the Bank's website i.e., 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 2022 have also been dispatched to Shareholders as per their demand.

NOTICE OF THE 31ST ANNUAL GENERAL MEETING

14. Consent for Video Conference Facility

Pursuant to Section 132 (2) of the Companies Act 2017, shareholders may avail video conference facility to attend 31st 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:

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 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. 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 / election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 (1) of the Companies Act, 2017, 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. Detail will be circulated in due course.

Procedure for Election of Directors

Any member desirous to contest the election of Directors shall file the following with Company Secretary, Askari Bank Limited, 4th Floor, NPT Building, F-8 Markaz, Islamabad, not later than 14 days before the day of the 31st AGM:

- a. Notice of his/her intention to offer him/herself for the election to the office of director in terms of Section 159(3) of the Companies Act, 2017 (the Act).
- b. Consent to act as director of the Bank along with consent on Form 28 prescribed under the Act.
- c. Detail profile along with office address as required under SECP's SRO 1196 (I) 2019 dated October 3, 2019.
- d. Declaration under Regulation 3 of the Listed Companies (Code of Corporate Governance) Regulations 2019 and Section 155 of the Act.
- e. Declaration that he/she is not ineligible to become a director of the Bank in terms of Section 153 and 177 of the Act. Neither he/she nor his/her spouse is engaged in the business of brokerage or is a sponsor, director or officer of a corporate brokerage house.
- f. Fit and Proper Test Proforma, Affidavit, Declarations, and Questionnaire as provided in "Corporate Governance Regulatory Framework" issued by State Bank of Pakistan (SBP) vide BPRD Circular No. 5 dated November 22, 2021.
- g. Manner and selection of independent director shall be as per requirements of Section 166 of the Act. Furthermore, a declaration of Independence in terms of Section 166(2) of the Act will be required under clause 6(3) of Listed Companies (Code of Corporate Governance) Regulations, 2019 and SBP's Corporate Governance Regulatory Framework 2021.

- h. An independent director must be holding 500 qualification shares of the Bank at the time of filing of his/her consent to act as director.

In terms of the criteria prescribed by SBP, a person shall not be eligible to become a Director of a Bank, if the person:

- a) is disqualified/ineligible under Banking Companies Ordinance 1962, Companies Act 2017, and other applicable laws, rules and regulations.
- b) is in default of payment of dues owed to any financial institution in personal capacity.
- c) is associated as executive director/sponsor director/nominee of the sponsor and/or President & CEO of a proprietary concern, partnership firm, or corporate body excluding public sector organization, which is in default of dues owed to any financial institution.
- d) has contravened any of the requirements and standards of SBP or equivalent standards/requirements of other local or foreign regulatory authorities, professional bodies, or government bodies/agencies of such a nature that makes such person's association with the bank/DFI undesirable.
- e) is a designated person/proscribed person or is associated directly or indirectly with any designated person/proscribed person.
- f) is convicted of or is associated directly or indirectly with any person convicted of any serious offence, including any Money Laundering/ Terrorism Financing offence or any predicate offence set out in Schedule I of the Anti-Money Laundering Act, 2010.

It should also be noted that under SBP directives, a person is not permitted to be a Director of more than one financial institution, and the Directors will not assume the charge of their respective offices until their appointments are approved in writing by SBP.

NOTICE OF THE 31ST ANNUAL GENERAL MEETING

Statement Under Section 166(3) of the Companies Act, 2017 in respect of the Appointment of Election of Independent Directors

Agenda Item No. 4

Election of Independent Directors

Any person who is eligible under section 153 and meets the criteria under Section 166(2) of the Companies Act, 2017 and the Companies (Manner and Selection of Independent Directors) Regulations 2018, may submit a nomination to be elected as an independent director. However, it is noteworthy to mention here that independent directors shall be elected in the same manner as other directors are elected in terms of section 159 of the Companies Act, 2017 to meet the requirements of Corporate Governance. Final list of the contesting directors will be published in Newspapers not later than seven days before the date of the said meeting in terms of section 159(4). Further, the website of the Bank will also be updated with the required information for each Director.

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

The following statement sets out the material facts pertaining to the special business to be transacted in the 31st Annual General Meeting of the Bank to be held on Wednesday, March 29, 2023:

Item No. 5 of the Notice – Issue of Bonus Shares

The Board of Directors of the Bank in its meeting held on February 15, 2023 has recommended issuance of Bonus Shares for the year ended December 31, 2022 in proportion of 15 ordinary shares for every 100 shares i.e. 15% to the shareholders of the Bank.

In order to give effect to the aforesaid, if thought fit, pass the following resolutions as Special Resolutions:

RESOLVED THAT a sum of Rs. 234.669 million be utilized out of the share premium account of the Bank and a sum of Rs. 1,655.721 million be capitalized out of the reserves of the Bank and applied towards issue of 189,039,027 ordinary shares of Rs. 10 each to be allotted as fully paid bonus shares in proportion of 15 ordinary shares for every 100 shares i.e. 15% held by the shareholder of the Bank.

FURTHER RESOLVED THAT *these Bonus Shares will be issued to those members whose names appear in the register of members at the close of business on March 21, 2023 and that the shares so issued be treated for all purpose as an increase in the paid-up-capital of the Bank.*

FURTHER RESOLVED THAT *these Bonus Shares shall rank pari passu in all respects with the existing ordinary shares of the Bank.*

FURTHER RESOLVED THAT *the members entitled to fractions of shares shall be given sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market.*

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 for the issue, allotment and distribution of bonus shares, and payment of sale proceeds of the fractional shares.*

The present Directors are interested in the Ordinary Business and Special Business to the extent that they are eligible for re-election as Directors of the Bank and Issuance of Bonus Shares.

PROFILE OF DIRECTORS



Mr. Waqar Ahmed Malik
(Chairman / Non-Executive Director)

Mr. Waqar Ahmed Malik is a fellow of the Institute of Chartered Accountants in England and Wales and is also an alumnus of the Harvard Business School and INSEAD.

Earlier, his career with The ICI Plc Group based in the UK spanned over 27 years and then later with Akzo Nobel N.V. based in the Netherlands.

He is the former Chief Executive Officer of ICI Pakistan Limited and also the former Chief Executive Officer and chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). During his career with ICI and AkzoNobel, he worked in Europe and America in Corporate Finance and Strategy.

Mr. Waqar Ahmed Malik joined Fauji Foundation as the Managing Director and Chief Executive Officer on 9th April 2020.

He is also the Chairman of Pakistan Oxygen Limited (formally Linde Pakistan, a subsidiary of Linde AG) acquired by Adira Capital Holdings (Private) that he cofounded, Director on the board of Rafhan Maize Products Company Ltd and on the board of Jazz Pakistan (Veon).

Earlier, Mr. Malik also served on the following prestigious boards:

- Chairman (Non-Executive & Independent) – Pakistan Petroleum Limited
- Director (Non-Executive & Independent) – Engro Corporation Limited
- Director – State Bank of Pakistan
- President - Overseas Chamber of Commerce & Industry (OCCI)
- President – Management Association of Pakistan (MAP)
- Director – Pakistan Business Council (PBC)
- Trustee – I-Care Foundation
- Director (Non-Executive & Independent) – Standard Chartered Bank of Pakistan Limited

Mr. Malik is also a member of the visiting faculty of Pakistan Institute of Corporate Governance, Former Member of Board of Governance of Lahore University of Management Sciences (LUMS) and Former Member of Board of Indus Valley School of Arts.

A trustee of Duke of Edinburgh Trust Pakistan, he was awarded Prince of Wales Medal as a Trustee of the Prince of Wales Pakistan Recovery for the Flood Victims in 2010. Furthermore, he was also awarded with "Sitara-e-Imtiaz" in 2022 for his efforts towards the economy, public service and social welfare.

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 Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Mari Petroleum Company Limited
- Fauji Kabirwala Power Company Limited
- Foundation Power Company Daharki Limited
- Daharki Power Holdings Company Limited
- Fauji Akbar Portia Marine Terminal Limited
- Fauji Fresh n Freeze Limited
- FFBL Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- Fauji Infravest Foods Limited
- Fauji Foods Limited
- FonGrow Private Limited
- Pakistan Maroc Phosphor SA

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 Oct 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

Human Resource & Remuneration Committee

Other Directorships

- Fauji Fertilizer Bin Qasim Limited
- Fauji Foods Limited
- Uniliver Pakistan Foods Limited
- Fauji Fresh n Freeze Limited
- FFC Energy Limited
- OLIVE Technical Services (Pvt) Limited
- Foundation Wind Energy - I Ltd
- Foundation Wind Energy - II Ltd
- 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)



Mr. Arif ur Rehman
(Non-Executive Director)

Mr. Arif ur Rehman was appointed Chief Manufacturing Officer In July 2016, 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 controls 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, he was appointed 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 +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.

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
- Pakistan Maroc Phosphore S.A.
- Fauji Foods Limited
- Fauji Meat Limited
- FFBL Power Company Limited

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
Human Resource & Remuneration Committee
Risk Management Committee
Information Technology Committee

Other Directorships

- Fauji Fertilizer Company Ltd. (FFCL)
- Fauji Fertilizer Bin Qasim Ltd. (FFBL)
- Mari Petroleum Company Ltd. (MPCL)
- Fauji Foods Ltd. (FFL)
- Hub Power Company Ltd. (HUBCO)
- Fauji Cement Company Ltd (FCCL)
- Pakistan Maroc Phosphore, S.A Morocco (PMP)
- Fauji Oil Terminal & Distribution Company Ltd. (FOTCO)
- Fauji Trans Terminal Ltd. (FTTL)
- FFBL Power Company Ltd. (FPCL)
- Fauji Meat Ltd. (FML)
- Fauji Akbar Portia Marine Terminals Ltd. (FAP)
- Fauji Infraavest Foods Ltd. (FIFL)
- Fauji Kabirwala Power Company Ltd. (FKPCL)
- Foundation Power Company Daharki Ltd. (FPCDL)
- Daharki Power Holding Ltd. (DPHL)
- Fauji Fresh n Freeze Ltd. (FFFL)
- Foundation Wind Energy Ltd. (FWEL I & II)
- FonGrow (Private) Ltd



Syed Bakhtiyar Kazmi

(Non-Executive Director)

Mr. Kazmi is a fellow chartered accountant with over 35 years of experience in a diverse range of sectorial and functional strata within national and regional economies. The key areas of his specialization are greenfield and brownfield projects, strategic collaborations, mergers and acquisitions, accounting and finance, strategic level audit and assurance and tax reforms and strategic level advisory.

Term of Office

Joined the Board of Directors on November 18, 2020.

Status

Non-Executive Director

Membership of Board Committees

Audit Committee

Risk Management Committee

Other Directorships

- Fauji Fertilizer Company Limited
- Fauji Fertilizer Bin Qasim Limited
- Fauji Cement Company Limited
- Dhaharki Power Holding Company Limited
- Fauji Akbar Portia Marine Terminal Limited
- Fauji Foods Limited
- Fauji Fresh n Freeze limited
- Fauji Infravest Foods Limited
- Fauji Kabirwala Power Company Limited
- Fauji Oil Terminal & Distribution Company Limited
- Fauji Trans Terminal Limited
- FFC Energy Limited
- Foundation Power Company Daharki Limited
- Foundation Solar Energy Limited
- Foundation Wind Energy Limited – I & II
- Fauji Meat Limited
- FonGrow (Pvt.) Limited
- Olive Technical Services Limited

PROFILE OF DIRECTORS



Mr. Manzoor Ahmed

(Non-Executive Director / NIT Nominee)

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. 95 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, 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.

Mr. Manzoor Ahmed has vast experience of serving on the Boards of various top ranking companies of Pakistan belonging to the diverse sectors of economy.

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).

Currently, he represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.

Term of Office

Joined the Board of Directors on May 20, 2013.

Status

Non-Executive Director

Membership of Board Committees

Risk Management Committee

Audit Committee

Human Resource & Remuneration Committee

Other Directorships

- Hub Power Company Limited
- Soneri Bank Limited
- Sui Northern Gas Pipelines Limited
- Ghandhara Tyre & Rubber Company Limited (Formerly General Tyre & Rubber Company of Pakistan Limited)



Mr. Mohammad Aftab Manzoor
(Independent Director)

A senior banker with over 36 years of banking experience of which 19 years in leadership positions including 10 years as the CEO of 2 "big five" banks in Pakistan. He has an MBA Finance degree and has attended training seminars/certifications at Harvard Business School, MIT and IFC.

His most recent position was at Soneri Bank Ltd. where he served as CEO for 9 years. Prior to that he was CEO at Allied Bank Ltd. for 3 years preceded by a 7 years stint as CEO of MCB Bank Ltd. During his tenure at MCB, the bank received the prestigious EuroMoney award for 6 years in a row as best domestic bank of Pakistan and secured the highest Moody's rating in the country. He started his banking career with Citibank where he worked as Regional Head for Corporate Banking and subsequently as Business Head for the Product Group.

He has twice served as Chairman Pakistan Banks Association (PBA) working closely with State Bank of Pakistan on regulatory and other banking industry related issues.

Earlier he has served on the following Boards:

- MCB Bank Ltd
- Allied Bank Ltd
- Habib Allied Bank UK
- Allied Asset Management Ltd
- Soneri Bank Ltd
- SME Bank Ltd
- Khushhali Bank Ltd
- First Women Bank Ltd
- KASB Bank Ltd
- Trading Corporation of Pakistan (TCP)
- Pakistan Institute of Corporate Governance (PICG)
- Lahore University of Management Sciences (LUMS)
- Institute of Bankers of Pakistan (IBP)
- Pakistan Banks Association (PBA)
- Competitiveness Support Fund

Term of Office

Joined the Board of Directors on April 22, 2020.

Status

Independent Director

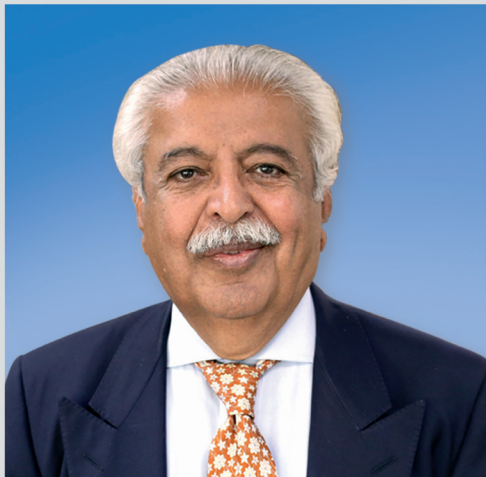
Membership of Board Committees

Audit Committee
Information Technology Committee

Other Directorships

- HSB Pak Ltd
- Security Papers Limited (SPL)
- KICB Kyrgyzstan

PROFILE OF DIRECTORS



Mr. Mushtaq Malik
(Independent Director)

Mr. Mushtaq Malik holds Master's degrees in Economics and in Business Administration from Boston University, USA with specialization in International Business Management and Finance. He has also done Executive course in Project Evaluation and Management from Harvard University and Marketing Management Diploma from Delft University of Netherland.

He has also attended courses on Microeconomic stability and Balance of Payment Management arranged by IMF at Washington DC and Project Planning, Implementation and Monitoring in Manila. He enjoys excellent working relations with all the political as well as bureaucratic elite of Pakistan and has worked at the top most positions in some of the important public sector organizations especially Ministry of Finance. He headed the Board of Investment (BOI) as a Federal Secretary and Pakistan Electronic Media Regulatory Authority (PEMRA) as Chairman. Also has been representing Pakistan at various international forums and has been the Economic Minister and Financial Advisor in the Embassy of Pakistan at Washington, DC.

He was on the Board of HBL and ECO bank for 5 years and 2 years, respectively and has served for 15 years in the Government of Punjab in various positions such as DG Local Government, Director of Industries and Mineral Development, Secretary Excise and Taxation, Secretary Environment Protection Development, Secretary Population Welfare and MD Punjab Mineral Development. Presently he is the advisor to MAS Group of Companies Ltd, Lahore, Byco Petroleum Pakistan Ltd, EPGL, FDH & SPARS Ltd.

Term of Office

Joined the Board of Directors on March 31, 2017.

Status

Independent Director

Membership of Board Committees

Risk Management Committee
Information Technology Committee

Other Directorships

- M M Management Consultants Limited
- HinoPak Motors Limited
- Sindh Insurance Limited
- Awan Foundation of Pakistan (Patron-in-Chief)
- Cnergyico Pk Limited (Advisor)



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

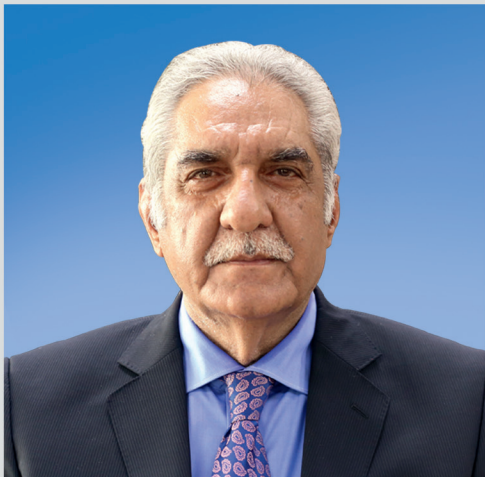
Membership of Board Committees

Human Resource & Remuneration Committee
Risk Management Committee

Other Directorships

- MNZ Ltd.

PROFILE OF DIRECTORS



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



Mr. Atif R. Bokhari
(President & CE / Executive Director)

Mr. Bokhari is a career banker with 32 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 CE 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 CE 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. He also serves on the Board of Governors of Shaukat Khan Memorial Trust (SKMT), Patients' Aid Foundation and Kidney Centre.

Term of Office

Joined the Board of Directors on August 23, 2021.

Status

Executive Director

Membership of Board Committees

Risk Management Committee
Information Technology Committee

Other Directorships

- Board of Governors Shaukat Khanum Memorial Trust
- 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 is a privilege to present my 3rd review report as Chairman of the Board of Directors of Askari Bank.

2022 marked a year of continued momentum in the transformative journey for Askari Bank. As geopolitical and economic factors created greater uncertainty, the Bank demonstrated its strength and resilience with a solid performance despite the challenging operating environment. Askari Bank's purpose-led culture and client-focused strategy guided the efforts of the entire team and created value for all of our stakeholders.

The Board of Directors actively monitors the execution of the Bank's strategies, priorities and the relative performance. The Board is particularly supportive of the Bank's leadership focus towards inclusive and sustainable value creation that has been instrumental in strengthening the foundation of our franchise. The Board with its balanced representation of talent, knowledge and work life experiences continue to provide leadership and strategic direction through structured engagement with the management without indulging in day to day management. The Board is committed to making continued progress on good governance and matters of social importance. I take this opportunity to report that the Bank and its employees remained actively engaged in supporting the relief and resettlement efforts in the areas affected by recent floods.

The four Board committees supervise specialized verticals and assist the Board with strategic insight through an effective policy framework that supports and enables business performance while ensuring compliance and controls. Key areas of focus for the current year were prudent risk management due to continued stress conditions, and an effective talent strategy to ensure a strong and diverse talent pipeline for key business and functional roles. As Chairman of the Board, I continue to ensure that the Board is prioritizing and effectively setting the tasks to deliver strategic direction of the Bank. In line with our commitment to good corporate governance, performance evaluations designed to improve Board's and Board Committees' effectiveness are conducted annually. Each director carries out peer assessment of individual directors as well as the effectiveness of the Board / Board Committees as a whole. The annual appraisal for 2022



was completed in February 2023 and the outcome indicated improvement over previous appraisal and overall performance exceeded expectations.

Askari Bank has gained strong momentum and is well positioned with a clear strategy focused on building client relationships and with a track record of delivering for all stakeholders through business growth and commitment to a more sustainable future. Fostering an inclusive team and advocating for an inclusive economy are priorities for the Bank and I remain confident in Askari Bank's enduring strength and its ability to continue playing its role for access to finance and markets, and facilitating wealth creation.

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 am thankful to the staff and leadership of Askaribankers whose talents and unwavering commitment propels the Bank to its best days ahead.

Waqar Ahmed Malik
Chairman, Board of Directors

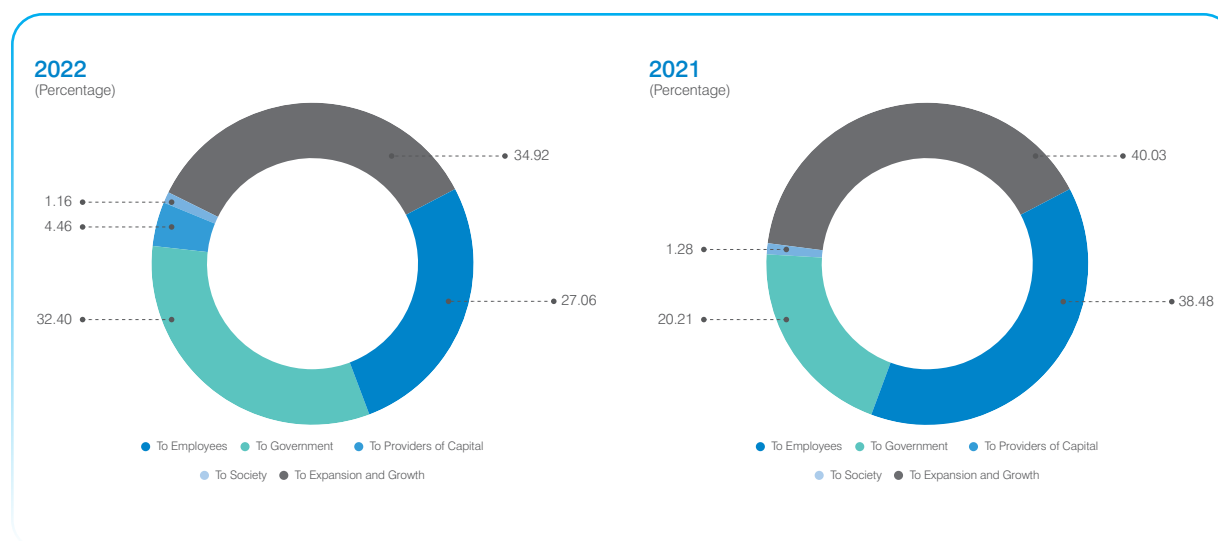
February 15, 2023
Rawalpindi

VALUE ADDED STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	(Rs. in '000)	(Rs. in '000)
Value Added		
Net Interest Income	39,961,553	32,409,721
Non-Interest Income	11,620,005	9,369,650
Operating expenses excluding staff cost, depreciation, amortization, donation and wwf Provisions	(8,136,961) (1,042,136)	(6,378,749) (4,939,950)
	42,402,461	30,460,672

	2022		2021	
	(Rs. in '000)	(%)	(Rs. in '000)	(%)
Value Allocated				
To Employee Compensation / staff costs	11,474,947	27.06	11,720,691	38.48
To Government Income Tax	13,397,858		5,943,887	
Workers Welfare Fund	339,903		213,484	
	13,737,761	32.40	6,157,371	20.21
To Providers of Capital Bonus shares	1,890,390	4.46	–	–
To Society Donations	492,403	1.16	390,527	1.28
To Expansion and Growth Depreciation	2,492,990		2,309,835	
Amortization	142,765		180,862	
Retained Earnings	12,171,205		9,701,386	
	14,806,960	34.92	12,192,083	40.03
	42,402,461	100.00	30,460,672	100.00

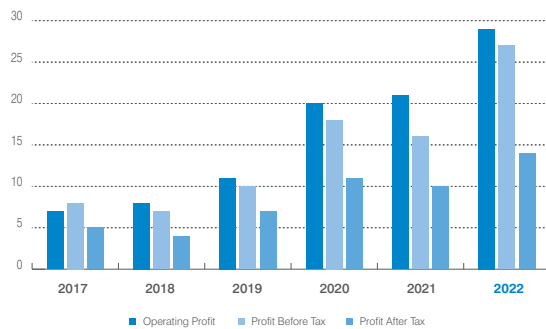


FINANCIAL REVIEW

FOR THE YEAR ENDED DECEMBER 31, 2022

Profit

(Rs. in billion)

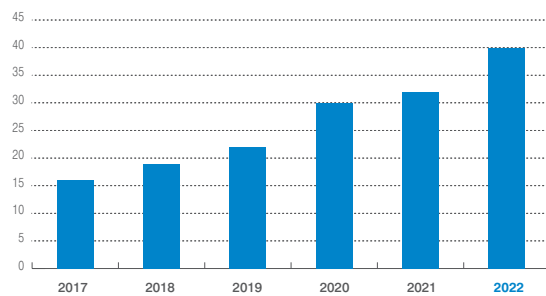


PROFIT

Profit before provisions and taxation (i.e. operating profit) increased by 39 percent YoY as net revenues increased by Rs.9.8 billion while total expenses increased by Rs.1.8 billion; a net growth of Rs.8.0 billion during the year. Profit before taxation recorded an increase of 76 percent YoY as provisions against non-performing assets were contained at 1/5th of the last year's level. Profit after taxation increased by 45 percent YoY due to retrospective application of higher tax levied on banking companies as per Financial Bill.

Net Mark-up / Interest Income

(Rs. in billion)

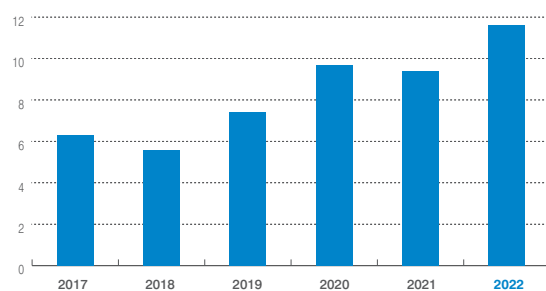


NET MARK-UP / INTEREST INCOME

Net markup / net interest income grew by 23 percent corresponding to a 24 percent growth in average earning assets / liability and improved mix. Bank's investment to deposit and advances to deposit ratios are reported at 67 percent and 54 percent respectively. Investment revenues more than doubled during the year benefiting by short term upward re-pricing on a large portfolio of fixed income bonds. Mark up on loans and advances also increased by 94 percent due to rising benchmark rates. Cost of deposit increased by a relatively higher, 121 percent as the benefit of rising market rates was upfront for customer deposit while asset repricing followed with a time lag.

Non Mark-up / Interest Income

(Rs. in billion)

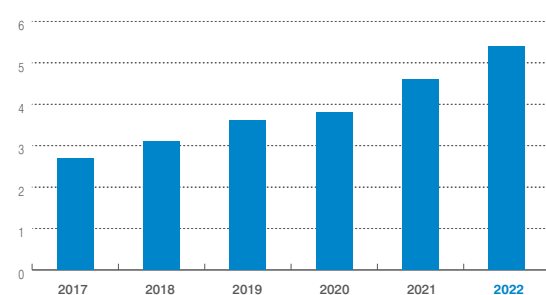


NON MARK-UP / INTEREST INCOME

Non-markup income grew by 24 percent mainly due to increase in foreign exchange income reflecting higher volume of transactions and active participation in swap market. Fee and commission incomes increased by 18 percent while dividend income increased by 16 percent YoY. During the year, certain losses were realized on Bank's equity investments to realign such portfolio with the consistent trends prevalent in the stock market.

Fee and Commission Income

(Rs. in billion)



FEE AND COMMISSION INCOME

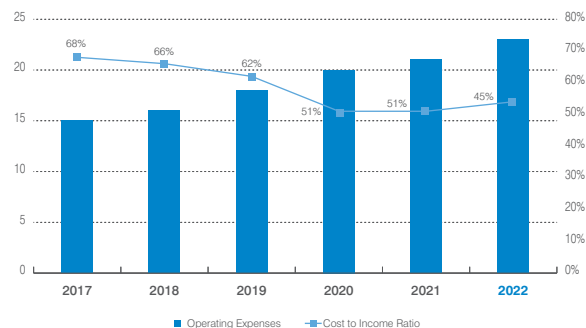
Fee and commission income increased by 18 percent YoY as key revenue lines; trade and guarantee commissions, card related fees and branch banking fee that accounts for almost 80 percent of the total fee income recorded double digit growth during the year.

FINANCIAL REVIEW

FOR THE YEAR ENDED DECEMBER 31, 2022

Operating Expenses

(Rs. in billion) / Percentage

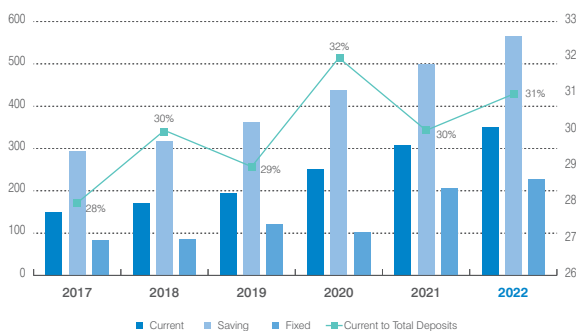


OPERATING EXPENSES

Total operating and other expenses increased by 9 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. Compensation expense declined by 2 percent YoY upon complete implementation of human capital strategy. The overall cost to income ratio improved to 44.7 percent during the year compared to 50.7 percent last year.

Deposits

(Rs. in billion) / Percentage

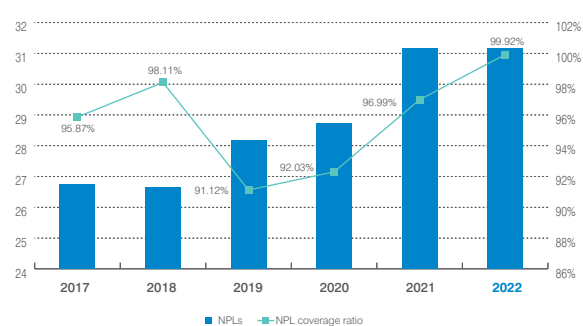


DEPOSITS

Customer deposits increased by 12.5 percent YoY to close at Rs.1.14 trillion. Aggregate current and saving deposit grew by 13 percent and were preferred over fixed deposit that grew by 10 percent during the year. CASA mix was maintained at 80 percent while the current account to total deposit ratio increased to 31 percent as at December 31, 2022.

NPLs and Provision Coverage

(Rs. in billion) / Percentage



NPLs AND PROVISION COVERAGE

Aggregate non-performing loans at December 31, 2022 were recorded at Rs.31.1 billion, showing slight improvement over last year's closing number. The infection ratio improved to 5.07 percent, from 6.14 percent last year mainly due to 21 percent growth in gross advances during the year. Aggregate provision increased by 3 percent YoY, resultantly the coverage ratio improved from 97 percent to 100 percent at December 31, 2022.

FINANCIAL CALENDER

2022

1st Quarter Results issued on	April 20, 2022
2nd Quarter Results issued on	August 17, 2022
3rd Quarter Results issued on	October 8, 2022
31st Annual Results issued on	February 15, 2023
31st Annual General Meeting scheduled for	March 29, 2023

2021

1st Quarter Results issued on	April 22, 2021
2nd Quarter Results issued on	August 12, 2021
3rd Quarter Results issued on	October 21, 2021
30th Annual Report issued on	February 15, 2022
30th Annual General Meeting held on	March 24, 2022

Summarized Quarterly Financial Results

(Rupees in million)	2022				2021			
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Financial Position								
Assets								
Cash, short term funds & statutory deposits with SBP	105,500	147,485	97,419	81,034	72,854	97,581	108,156	92,887
Investments	615,407	778,747	848,532	762,531	450,334	529,618	573,252	616,361
Advances	465,774	546,910	556,177	583,811	414,399	430,284	449,556	477,588
Operating fixed assets	21,612	21,602	21,629	25,860	22,103	21,553	21,313	21,350
Other assets	54,412	54,554	70,994	72,898	43,896	44,033	44,458	50,958
Total assets	1,262,705	1,549,298	1,594,750	1,526,134	1,003,586	1,123,069	1,196,734	1,259,144
Liabilities								
Borrowings from financial institutions	135,016	327,591	314,216	233,432	78,542	78,313	74,971	123,564
Customers deposits	997,539	1,085,300	1,137,551	1,142,575	802,732	926,925	1,006,021	1,015,430
Sub-ordinated loans	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Other liabilities	59,834	59,403	63,802	64,805	58,760	51,594	47,901	52,248
Total liabilities	1,204,389	1,484,295	1,527,568	1,452,811	952,034	1,068,832	1,140,893	1,203,242
Net Assets	58,315	65,003	67,182	73,322	51,553	54,237	55,842	55,902
Shareholders' funds								
Share capital	12,603	12,603	12,603	12,603	12,603	12,603	12,603	12,603
Reserves and unappropriated profit / (loss)	45,078	48,200	53,119	56,767	33,172	34,691	37,860	41,336
Surplus on revaluation of assets	634	4,200	1,460	3,952	5,778	6,943	5,379	1,964
Total shareholders' funds	58,315	65,003	67,182	73,322	51,553	54,237	55,842	55,902
Profit & Loss								
Total income	29,272	38,034	51,565	58,544	19,657	20,429	22,413	24,420
Mark-up / return / interest earned	26,744	34,978	48,119	55,955	17,062	18,369	20,391	21,728
Mark-up / return / interest expensed	18,291	26,188	36,264	45,091	9,452	10,196	11,645	13,847
Net mark-up / interest income	8,453	8,790	11,855	10,864	7,610	8,173	8,746	7,881
Non - mark-up / interest income	2,528	3,056	3,446	2,590	2,595	2,060	2,022	2,692
Fee, commission and exchange income	2,197	2,959	3,079	2,705	1,668	1,794	1,780	2,491
Other income	331	97	366	(115)	927	266	242	201
Operating expenses	5,056	5,510	6,330	6,184	5,883	5,033	5,068	5,210
Provisions and write offs - net	(172)	282	71	861	(170)	2,950	1,279	881
Operating profit	5,925	6,336	8,971	7,270	4,322	5,200	5,700	5,363
Profit before taxation	6,097	6,054	8,901	6,408	4,492	2,250	4,422	4,481
Taxation	2,492	3,350	4,461	3,096	1,750	881	1,739	1,574
Profit after taxation	3,605	2,704	4,440	3,313	2,743	1,369	2,683	2,907
Ratios (percent)								
Return on average shareholders' funds (RoE)	25.6%	17.6%	26.9%	18.7%	21.0%	10.4%	19.3%	20.6%
Return on average assets (RoA)	1.2%	0.8%	1.1%	0.8%	1.1%	0.5%	0.9%	0.9%

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	
2013	1,260,260,180	18.73	17.64	6,056.51	0.29%	19.69	10.76	14.00	373,297,000
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

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
		1,260,260,180	12,602,601,800

2. Debts Information

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

(Rupees in million)	TFC - VI	TFC - VII
IPO investors	6,000	6,000
General Public	-	-
Underwriters	-	-
	6,000	6,000
Market Symbols / IDs at LSE	AKBLTFC6	AKBLTFC7
Rating by PACRA	AA-	AA
Market Price as at December 31, 2022 (based on marketable lots of Rs.1,000,000)	6,000	6,000
Applicable interest rate (p.a.) as at December 31, 2022	16.85%	18.18%

HORIZONTAL AND VERTICAL ANALYSIS

Horizontal Analysis

	Rupees in million						Variance					
	2022	2021	2020	2019	2018	2017	2022 Vs 2021	2021 Vs 2020	2020 Vs 2019	2019 Vs 2018	2018 Vs 2017	2017 Vs 2016
Balance Sheet												
Cash and balances with treasury banks	70,950	89,432	73,652	63,039	49,188	44,239	-21%	21%	17%	28%	11%	4%
Balances with other banks	9,677	3,455	7,720	7,887	4,093	3,194	180%	-55%	-2%	93%	28%	-45%
Lendings to financial institutions	407	-	-	20,406	-	2,250	-	0%	-100%	0%	-100%	-67%
Investments	762,531	616,361	449,687	305,436	260,234	314,957	24%	37%	47%	17%	-17%	6%
Advances	583,811	477,588	395,374	372,914	343,107	258,693	22%	21%	6%	9%	33%	10%
Operating fixed assets	25,860	21,350	22,357	20,506	13,533	10,729	21%	-5%	9%	52%	26%	-3%
Deferred tax assets	7,546	5,168	1,623	2,490	3,774	101	46%	218%	-35%	-34%	3646%	0%
Other assets	65,352	45,789	42,105	40,532	32,603	22,546	43%	9%	4%	24%	45%	3%
	1,526,134	1,259,144	992,517	833,208	706,532	656,708	21%	27%	19%	18%	8%	6%
Liabilities												
Bills payable	11,879	10,235	12,630	15,769	15,513	10,769	16%	-19%	-20%	2%	44%	26%
Borrowings	233,432	123,564	84,164	51,188	52,702	71,587	89%	47%	64%	-3%	-26%	-20%
Deposits and other accounts	1,142,575	1,015,430	791,187	679,299	573,636	525,808	13%	28%	16%	18%	9%	11%
Sub-ordinated loans	12,000	12,000	12,000	9,992	9,994	4,993	0%	0%	20%	0%	100%	0%
Deferred tax liabilities	-	-	-	-	-	-	0%	0%	0%	0%	0%	-100%
Other liabilities	52,926	42,012	37,990	34,704	21,178	11,115	26%	11%	9%	64%	91%	7%
	1,452,811	1,203,242	937,971	790,952	673,023	624,273	21%	28%	19%	18%	8%	6%
Net Assets	73,322	55,902	54,546	42,256	33,509	32,435	31%	2%	29%	26%	3%	0%
Represented by												
Share capital	12,603	12,603	12,603	12,603	12,603	12,603	0%	0%	0%	0%	0%	0%
Reserves	43,386	32,730	25,632	19,366	15,543	11,948	33%	28%	32%	25%	30%	38%
Surplus on revaluation of assets - net of tax	3,952	1,964	7,638	4,300	1,649	5,035	101%	-74%	78%	161%	-67%	-30%
Unappropriated (loss) / profit	13,381	8,606	8,674	5,987	3,714	2,850	55%	-1%	45%	61%	30%	-30%
	73,322	55,902	54,546	42,256	33,509	32,435	31%	2%	29%	26%	3%	0%
Mark-up / return / interest earned	165,796	77,550	77,322	71,704	43,670	36,267	114%	0%	8%	64%	20%	2%
Mark-up / return / interest expensed	125,834	45,140	47,059	49,569	25,060	20,072	179%	-4%	-5%	98%	25%	-2%
Net mark-up / interest income	39,962	32,410	30,263	22,136	18,610	16,195	23%	7%	37%	19%	15%	8%
Non mark-up/interest income												
Fee and commission income	5,446	4,609	3,851	3,617	3,116	2,707	18%	20%	6%	16%	15%	26%
Dividend income	486	420	273	274	231	303	16%	54%	-1%	19%	-24%	-1%
Foreign exchange income	5,494	3,124	2,673	2,508	1,596	843	76%	17%	7%	57%	89%	32%
Gain on securities	(251)	815	2,556	739	260	2,055	-131%	-88%	246%	184%	-87%	-42%
Other income	444	402	341	266	418	347	11%	18%	28%	-36%	20%	-27%
Total non-markup / interest income	11,620	9,370	9,694	7,404	5,622	6,255	24%	-3%	31%	32%	-10%	-12%
Total income	51,582	41,779	39,957	29,540	24,232	22,451	23%	5%	35%	22%	8%	1%
Non mark-up/interest expenses												
Operating expenses	22,572	20,891	20,123	18,235	16,241	14,949	8%	4%	10%	12%	9%	6%
Workers' welfare fund / other provisions	340	213	43	42	(540)	170	59%	397%	2%	-108%	-418%	0%
Other charges	168	90	48	100	191	24	86%	87%	-52%	-48%	711%	-55%
Total non-markup / interest expenses	23,080	21,194	20,215	18,377	15,892	15,142	9%	5%	10%	16%	5%	6%
Profit before provisions and tax	28,502	20,585	19,742	11,163	8,340	7,309	38%	4%	77%	34%	14%	-7%
Provisions / (reversals)	1,042	4,940	1,975	773	1,461	(1,183)	-79%	150%	155%	-47%	-223%	80%
Profit before taxation	27,459	15,645	17,767	10,389	6,879	8,492	76%	-12%	71%	51%	-19%	0%
Taxation	(13,398)	(5,944)	(6,967)	(3,372)	(2,448)	(3,224)	125%	-15%	107%	38%	-24%	-1%
Profit after taxation	14,062	9,701	10,800	7,017	4,431	5,268	45%	-10%	54%	58%	-16%	1%
Basic and diluted earnings per share - Rupees	11.16	7.70	8.57	5.57	3.52	4.18						

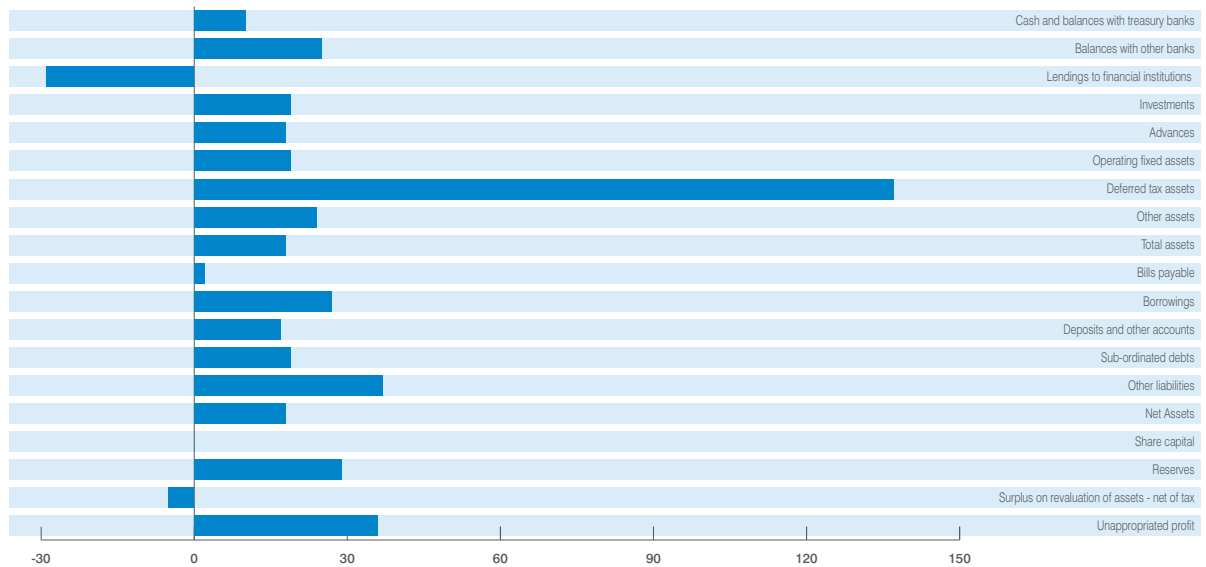
HORIZONTAL AND VERTICAL ANALYSIS

Vertical Analysis

	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
	Rupees in million						Composition					
Balance Sheet												
Assets												
Cash and balances with treasury banks	70,950	89,432	73,652	63,039	49,188	44,239	5%	7%	7%	8%	7%	7%
Balances with other banks	9,677	3,455	7,720	7,887	4,093	3,194	1%	0%	1%	1%	1%	0%
Lendings to financial institutions	407	-	-	20,406	-	2,250	0%	0%	0%	2%	0%	0%
Investments	762,531	616,361	449,687	305,436	260,234	314,957	50%	49%	45%	37%	37%	48%
Advances	583,811	477,588	395,374	372,914	343,107	258,693	38%	38%	40%	45%	49%	39%
Operating fixed assets	25,860	21,350	22,357	20,506	13,533	10,729	2%	2%	2%	2%	2%	2%
Deferred tax assets	7,546	5,168	1,623	2,490	3,774	101	0%	0%	0%	0%	1%	0%
Other assets	65,352	45,789	42,105	40,532	32,603	22,546	4%	4%	4%	5%	5%	3%
	1,526,134	1,259,144	992,517	833,208	706,532	656,708	100%	100%	100%	100%	100%	100%
Liabilities												
Bills payable	11,879	10,235	12,630	15,769	15,513	10,769	1%	1%	1%	2%	2%	2%
Borrowings	233,432	123,564	84,164	51,188	52,702	71,587	15%	10%	8%	6%	7%	11%
Deposits and other accounts	1,142,575	1,015,430	791,187	679,299	573,636	525,808	75%	81%	80%	82%	81%	80%
Sub-ordinated loans	12,000	12,000	12,000	9,992	9,994	4,993	1%	1%	1%	1%	1%	1%
Deferred tax liabilities	0	0	0	-	-	-	0%	0%	0%	0%	0%	0%
Other liabilities	52,926	42,012	37,990	34,704	21,178	11,115	3%	3%	4%	4%	3%	2%
	1,452,811	1,203,242	937,971	790,952	673,023	624,273	95%	96%	95%	95%	95%	95%
Net Assets	73,322	55,902	54,546	42,256	33,509	32,435	5%	4%	5%	5%	5%	5%
Represented by												
Share capital	12,603	12,603	12,603	12,603	12,603	12,603	1%	1%	1%	2%	2%	2%
Reserves	43,386	32,730	25,632	19,366	15,543	11,948	3%	3%	3%	2%	2%	2%
Surplus on revaluation of assets - net of tax	3,952	1,964	7,638	4,300	1,649	5,035	0%	0%	1%	1%	0%	1%
Unappropriated (loss) / profit	13,381	8,606	8,674	5,987	3,714	2,850	1%	1%	1%	1%	1%	0%
	73,322	55,902	54,546	42,256	33,509	32,435	5%	4%	5%	5%	5%	5%
Mark-up / return / interest earned	165,796	77,550	77,322	71,704	43,670	36,267	100%	100%	100%	100%	100%	100%
Mark-up / return / interest expensed	125,834	45,140	47,059	49,569	25,060	20,072	76%	58%	61%	69%	57%	55%
Net mark-up / interest income	39,962	32,410	30,263	22,136	18,610	16,195	24%	42%	39%	31%	43%	45%
Non mark-up/interest income												
Fee and commission income	5,446	4,609	3,851	3,617	3,116	2,707	3%	6%	5%	5%	7%	7%
Dividend income	486	420	273	274	231	303	0%	1%	0%	0%	1%	1%
Foreign exchange income	5,494	3,124	2,673	2,508	1,596	843	3%	4%	3%	3%	4%	2%
Gain on securities	(251)	815	2,556	739	260	2,055	0%	1%	3%	1%	1%	6%
Other income	444	402	341	266	418	347	0%	1%	0%	0%	1%	1%
Total non-markup / interest income	11,620	9,370	9,694	7,404	5,622	6,255	7%	12%	13%	10%	13%	17%
Total income	51,582	41,779	39,957	29,540	24,232	22,451	31%	54%	52%	41%	55%	62%
Non mark-up/interest expenses												
Operating expenses	22,572	20,891	20,123	18,235	16,241	14,949	14%	27%	26%	25%	37%	41%
Workers' welfare fund / other provisions	340	213	43	42	(540)	170	0%	0%	0%	0%	-1%	0%
Other charges	168	90	48	100	191	24	0%	0%	0%	0%	0%	0%
Total non-markup / interest expenses	23,080	21,194	20,215	18,377	15,892	15,142	14%	27%	26%	26%	36%	42%
Profit before provisions and tax	28,502	20,585	19,742	11,163	8,340	7,309	17%	27%	26%	16%	19%	20%
Provisions / (reversals)	1,042	4,940	1,975	773	1,461	(1,183)	1%	6%	3%	1%	3%	-3%
Profit before taxation	27,459	15,645	17,767	10,389	6,879	8,492	17%	20%	23%	14%	16%	23%
Taxation	(13,398)	(5,944)	(6,967)	(3,372)	(2,448)	(3,224)	-8%	-8%	-9%	-5%	-6%	-9%
Profit after taxation	14,062	9,701	10,800	7,017	4,431	5,268	8%	13%	14%	10%	10%	15%

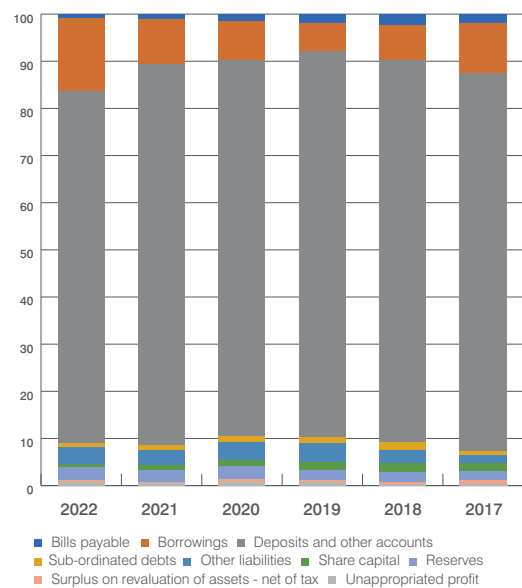
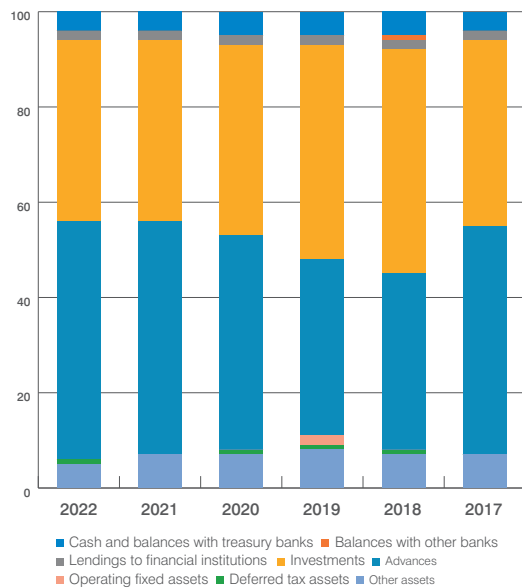
Balance Sheet Horizontal Analysis

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



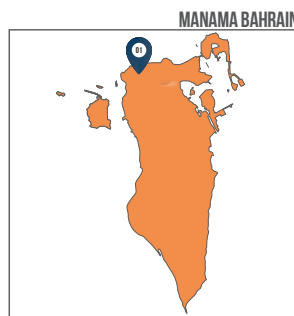
Balance Sheet Vertical Analysis

(Composition for the last six years - % age)



OUR PRESENCE

Location	No. of Branches	Location	No. of Branches	Location	No. of Branches
Azad Jammu & Kashmir	10	Punjab	302	Sindh	152
Bagh AJK	1	Attock	10	Badin	1
Kotli	1	Bahawalnagar	3	Dadu	1
Mirpur AJK	5	Bahawalpur	8	Ghotki (at Mirpur Mathelo)	3
Muzaffarabad	2	Bhakkar	1	Hyderabad	9
Poonch	1	Chakwal	7	Jacobabad	1
Balochistan	28	Chiniot	2	Jamshoro	2
Gwadar	3	Dera Ghazi Khan	3	Kambar Shahdadkot	1
Jaffarabad	1	Faisalabad	16	Karachi	111
Kech (At Turbat)	1	Gujranwala	13	Kashmore	2
Khuzdar	1	Gujrat	12	Khairpur	2
Killa Abdullah	1	Hafizabad	2	Larkana	3
Lasbela (At Uthal)	1	Jhang	1	Matiali	1
Loralai	1	Jhelum	5	Mirpur Khas	1
Panjgur	1	Kasur	3	Sanghar	1
Pishin	1	Khanewal	3	Shaheed Benazirabad	2
Quetta	16	Khushab	1	Shikarpur	1
Zhob	1	Lahore	68	Sukkur	4
Islamabad Capital Territory	50	Layyah	2	Tando Allahyar	1
		Lodhran	1	Tando Muhammad Khan	1
Gilgit Baltistan	4	Mandi Bahauddin	5	Tharparkar	1
Baltistan (At Skardu)	1	Mianwali	3	Thatta	1
Gilgit	3	Multan	10	Umerkot	2
Khyber Pakhtunkhwa	53	Muzaffargarh	2		
Abbottabad	7	Nankana Sahib	2		
Bannu	2	Narowal	1		
Charsadda	2	Okara	5		
Dera Ismail Khan	3	Pakpattan	3		
Hangu	1	Rahim Yar Khan	6		
Haripur	4	Rawalpindi	63		
Kohat	1	Sahiwal	2		
Kohistan	1	Sargodha	10		
Lower Dir	1	Sheikhupura	4		
Malakand	3	Sialkot	17		
Mansehra	5	Toba Tek Singh	4		
Mardan	3	Vehari	4		
Mingora	1				
Nowshera	4				
Peshawar	11				
Shangla	1				
Swabi	1				
Swat	2				
				Bahrain	1
				Beijing, China (Rep. office)	1



Conventional Branches / Sub-branches

480

Islamic Branches / Sub-branches

120

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors present 31st 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, 2022.

Economy

Global economies are facing recession as central banks increased interest rates to counter multi-decade high inflation led by commodity super-cycle and supply chain disruptions post covid-19 recovery. Aggressive tightening by US Federal Reserve created effects beyond borders. As contractionary policy rendered US dollar more appealing to global investors, it created problems for smaller economies making their imports, especially essential items; food and fuel more expensive. A contraction in global GDP appears almost certain amid rapid deterioration of growth prospects coupled with rising inflation and tightening financing conditions.

Pakistan's economy was already grappling with macro-economic developments; fiscal and external imbalances, surging inflation and policy tightening, as the challenges intensified with the impacts of devastating floods caused by unprecedented rainfalls in August last year. Nearly one third of the country was inundated and became focus of a major rescue, relief and rehabilitation effort as Pakistan was added as a latest affectee of climate change. The immediate economic impact of floods on agriculture due to significant crop losses and disruption to crop cycles affected industrial and services activity and caused loss of infrastructure. Concurrently, demand compression policies to address external account and inflation impacted large scale manufacturing sector.

Inflation remained elevated and continued to be broad-based. The combined impact of food inflation, Rupee devaluation and unwinding of energy subsidies have stoked inflation to a 48-year high. CPI inflation was recorded at 27.6 percent YoY in January '23 compared to 24.5 percent in December '22. Average CPI for the full year '22 remained 10.23 percent higher than last year. The recent upward adjustment in fuel prices and concerns of consumer and business inflation expectations poses a major upside risk and indicate inflation will peak in coming months and will require a well-coordinated monetary and fiscal response.

Current account deficit narrowed by ~60 percent during first half of current fiscal year mainly due to sharp contraction in imports, policy tightening and administrative measures. The contraction in imports was recorded in all sectors except food and petroleum. However, despite

reduction in current account deficit, the external sector remained under stress due to delay in realization of official financial inflows, debt repayments and ongoing political uncertainty. The successful completion of ongoing 9th review under the IMF's Extended Fund Facility is decisive for resumption of the program and for reducing uncertainty and unlocking multilateral and bilateral inflows. The resumption of the program will also be a green light for multilateral financing of approx. USD 10 billion pledged in Geneva early this year in response to GoP's effort seeking support for flood victims.

Fiscal deficit widened to 1.4 percent of the GDP during the first five months of current fiscal year. The expectation of further slowdown in economic activity and reduction in imports during second half poses downside risks to maintain growth momentum in tax collection. In the wake of evolving macroeconomic situation, it is important that the fiscal policy achieves planned consolidation to tame inflation and pave the way for sustainable growth.

Pakistan's economy is at an inflection point. A difficult external environment and procyclical domestic policies have exacerbated the challenges manifolds and recovery options are severely limited. Over 40 percent of the fiscal space is consistently consumed by debt servicing and is acutely concerning, particularly under the stressed economic growth. Targeted policies are required to tackle inflationary pressures, protection of foreign currency reserves and to pursue inclusive growth in the short term, while in the long run, the policy makers needs to devise tangible plans to stimulate sustained growth and investment, improve productivity, create employment for local population as well as for Pakistani diaspora and ultimately grow per capita income.

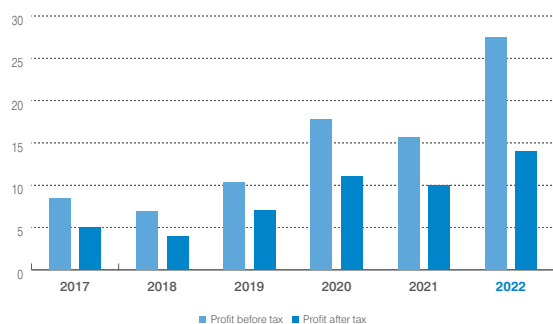
Bank's Performance

Askari Bank's profit before tax of Rs 27.5 billion for 2022 recorded an increase of 76 percent over last year. The record profit was delivered by strong performance on all key activity drivers amidst challenging market fundamentals.

Profit after tax increased by 45 percent, a lesser growth due to higher and excessive taxation on banking companies introduced in the Finance Bill, which also included retrospective application. The Bank is reporting earning per share of Rs.11.16 for 2022 compared to Rs.7.70 last year.

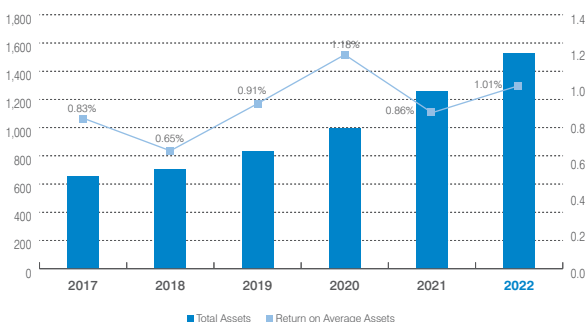
Profit

(Rs. in billion)



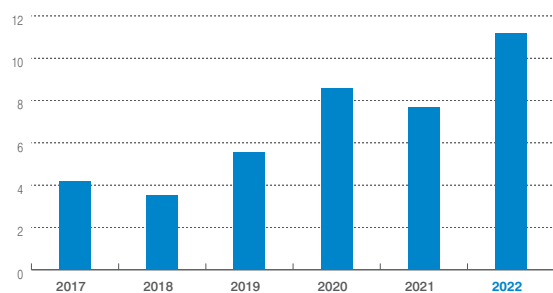
Return on Average Assets

(Rs. in billion) / Percentage



Earnings per share

(Rupees)

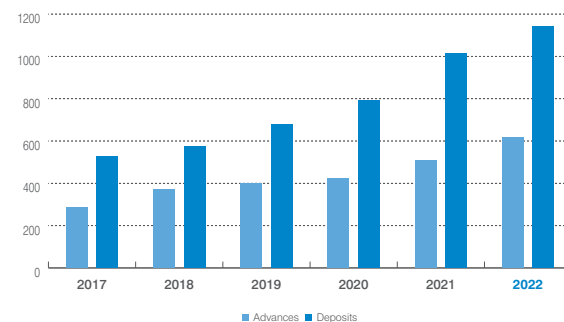


Revenues increased by 23 percent YoY, to Rs.51.6 billion from Rs.41.8 billion last year. Net mark-up income increased to Rs.40.0 billion from Rs.32.4 billion, a 23 percent YoY increase driven by a combination of solid growth in earning assets and well positioned asset liability book aligned with the changes in market rates. Fee, commission and brokerage income increased by 18 percent as the Bank recorded volumetric growth in trade flows while card revenues increased due to higher consumption levels. Foreign exchange income increased to Rs.5.5 billion attributable to increase in volume of large ticket transactions and active participation in interbank swap market. The Bank continues to exercise prudent cost management while focusing on building revenue

momentum through branch expansion and investment in new initiatives. Administrative expenses increased by 8 percent during the year mainly due to the impact of new branches, inflationary upsurge and Rupee devaluation. Compensation expense decreased by 2 percent during the year mainly due to implementation of human capital strategy. Overall cost to income ratio improved to 44.7 percent from 50.7 percent last year.

Advances and Deposits

(Rs. in billion)



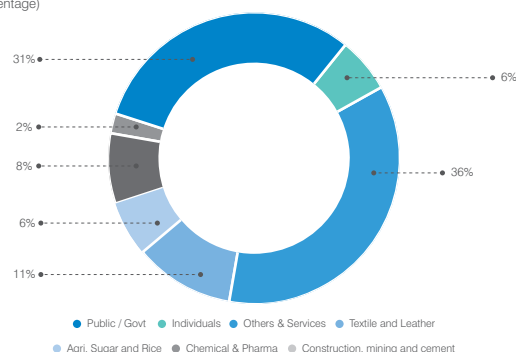
Total assets grew by 21.2 percent to Rs.1.53 trillion. Customer deposits increased by Rs.127 billion during the year and closed at Rs.1.14 trillion, a 12.5 percent growth. Low cost current deposit increased by 13 percent; current account mix was maintained at over 30 percent while CASA mix at 80 percent at December 31, 2022. Advances grew by 21 percent YoY to Rs.615 billion as the Bank capitalized on lending opportunities while maintaining credit discipline and rigorous client selection. At the year end, gross advances to deposits ratio stood at 54 percent comfortably higher than the threshold of 50 percent which attracts higher taxation as levied in the finance bill 2023. Managing asset quality remains a key priority particularly due to higher stress levels and challenging environment and was enabled by increased rigour and effectiveness of credit evaluation processes. Infection ratio improved to 5.07 percent from 6.14 percent last year while coverage against non-performing loans improved from 97 to 100 percent at December 31, 2022.

The elevated market rates driven by inflation, economic stresses and eroding values of GoP Euro bonds, sharply increased the mark-to-market revaluation deficit on investments. Such deficit, coupled with higher taxation and balance sheet growth, had an adverse impact on Bank's capital ratios. The Bank has been allowed a relaxation by the SBP to stagger the unrealized revaluation deficit over the next three quarters. The Bank is confident that sufficient capital will be created well within the prescribed time frame.

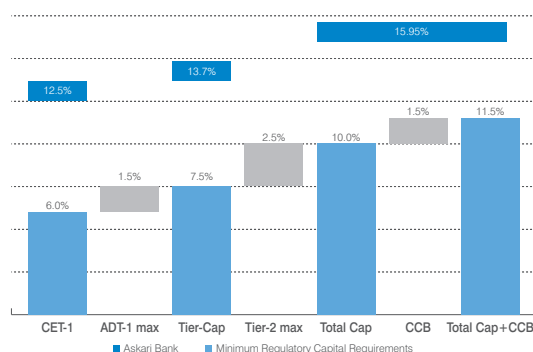
DIRECTORS' REPORT TO THE SHAREHOLDERS

Advances Concentration

(Percentage)



Capital Adequacy Ratio



At December 31, 2022, the Bank is compliant with the regulatory capital ratios. Capital Adequacy Ratio is reported at 15.95 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 is reported at 3.18 percent including the impact of regulatory relaxation.

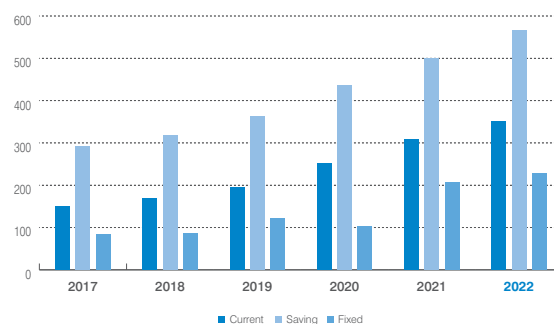
Appropriations

The Board of Directors recommends the following appropriations for the year ended December 31, 2022:

Rupees in '000		Year Ended December 31,		
2022	2021		2022	2021
Consolidated			Unconsolidated	
14,071,786	9,715,733	Profit after taxation	14,061,595	9,701,386
60,830	12,770	Effect of recognition of actuarial gains	61,504	14,858
664,502	830,008	Transfer from surplus on revaluation	664,502	830,008
14,797,118	10,558,511	Profit available for appropriation	14,787,601	10,546,252
234,669	-	Transfer from share premium account	234,669	-
(1,890,390)	-	Bonus shares @ 15%	(1,890,390)	-
(1,406,160)	(1,940,277)	Transfer to statutory reserve	(1,406,160)	(1,940,277)
11,735,237	8,618,234	Accumulated profit carried forward	11,725,720	8,605,975
11.17	7.71	Earnings per share - Rupees	11.16	7.70

Deposits

(Rs. in billion)



The Bank is committed to maintain cushion in capital for increased risk absorption capacity.

Askari Securities Limited

The Bank wholly owned subsidiary Askari Securities Limited (ASL) is in the process of dissolution for which petition is pending in the Sindh High Court. The Board of Directors has already consented to expression of interest received by Askari Securities Limited from Foundation Securities (Pvt) Limited (FSL) to explore possibility of amalgamation of business of ASL into FSL and winding up thereafter for improved synergies and business prospects.

On a consolidated basis (i.e. with inclusion of share of profit from Bank's wholly owned subsidiary ASL) Askari Bank posted profit after tax of Rs.14.07 billion for 2022 (2021: Rs.9.72 billion) translating into consolidated earnings per share of Rs.11.17 against Rs 7.71 last year.

Entity 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 customer confidence, sustainable funding sources and avenues for generating mark-up and non-mark-up based income stream. Lately, retention of profits in the bank to bolster the capital structure is also a testimonial of support. The short-term rating was maintained at 'A1+' (A One Plus).

Distribution and Digital Channels

During the year, the Bank opened 40 new branches across the country; 25 conventional and 15 Islamic banking branches were added to the network. Additionally, based on a customer foot-fall study at strategically select locations, 4 conventional banking branches were converted to Islamic banking branches. At December 31, 2022, Askari Bank was operating with 600 branches / sub branches; 479 conventional and 120 Islamic Banking branches, a wholesale bank branch in Bahrain and a representative office in Beijing, China.

With expanding branch footprint, the Bank continues to invest in digitization, technology infrastructure and capacity building through strengthening technology teams, nurturing talent and supporting their transition to the new era of banking. As a customer-centric organization, the Bank continues to explore opportunities with a clear direction and understanding, gaining insight of the changing behaviors and customer preferences enabling design and delivery of customized solutions.

A number of new features and enhancements were added to the offering menu including those in collaboration with strategic alliances; *hysab kytab* app, *Raast* instant payment, ATM recycler, online M-tag, upgraded corporate internet banking, etc. As part of digital strategy, the Bank aims to build an inclusive physical+digital, phygital financial ecosystem for enhanced outreach through strategic partnership with Fintech's, MFBs and other private / government / semi-government entities. The 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 as a future ready organization enabling continuous refinement, recalibration of strategic priorities and resource allocation in a dynamic operating landscape.

Cyber security risk remains inherently high due to the rising volume of digital transactions and remote working vulnerabilities, particularly post pandemic and external threat levels. During the year, the Bank further strengthened governance structures and enhanced surveillance / monitoring tools to comply with the best cyber security practices. A well-coordinated information security, technology and business processing function, continuous fine-tuning of cyber security protocols, systems and

application upgrades and addition of security layers assured highest level of customer information security. During the year the Bank obtained PCI-DSS certification and also adhered to the swift customer security program (CSP) as required by Swift International. The Bank's 24/7 security operations centre plays a critical role in maintaining a secure environment through various monitoring, detection, and preventive measures. To educate customers and staff about the latest cyber security threats, the bank conducted info-sec awareness campaigns. There were no complaints concerning substantiated breaches of customer privacy or losses of customer data during the year.

Ikhlas Islamic Banking

Askari Ikhlas Islamic banking provides a comprehensive range of products and services in personal banking, corporate banking, Islamic treasury, trade services and *banca-takaful* solutions. Ikhlas serves the banking needs of its valued customers through its 120 dedicated Islamic banking branches including 03 sub-branches, in 47 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, total assets of Islamic banking grew by 18 percent, gross financing increased by 17 percent and deposits posted a growth of 31 percent. Askari Ikhlas will continue to actively pursue and augment this position in the years to come, *Insha'Allah*.

Risk Management and Compliance

Askari Bank has established risk management frameworks and processes supported by a prudent risk appetite, inbuilt resilience and strong risk culture. Decisions are made in compliance with risk management policies and procedures and regulatory requirements / guidance mitigating and managing risks within defined tolerance. A risk management function executes risk strategy and ensures implementation of policies through application of various methodologies and tools aided by efficient systems and clearly articulated risk appetite. 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, asset liability committee, with well-defined terms of reference. 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. The operational risk performs regular control assessment on loss / near-miss incidents for remedial measures.

DIRECTORS' REPORT TO THE SHAREHOLDERS

During the year, de-risking the loan portfolio was a key area of focus as continuing stressed conditions and macroeconomic developments increased default risk. Foreign exchange stress increased exponentially as the reserves declined and continued to pose a challenge for the industry in catering to customers' requirements and management of trade flows. The situation demanded proactive and continuous engagement, factoring quantitative and qualitative impacts of potential threats and stress-testing. A rapid portfolio review of obligors in different business segments was conducted to identify risk severity through such stress-testing on various financial / non-financial factors in addition to a review for the high-risk industry sectors. 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. During the year, Bank reinforced its efforts to further strengthen the compliance risk management framework, which oversees adherence to the applicable laws and regulations. Such process is vital to conduct our operations with responsibly, maintain our reputation, and protect our customers' interest.

Bank has further improved its financial crime controls by upgrading its transactions monitoring system with enhanced features and coverage of trade and assets portfolio. Similarly, controls for identification of politically exposed persons were also enriched with 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, policy and procedure reviews, fraud and enterprise compliance risk management. Regular staff trainings and awareness through e-learning as well as classroom sessions is a focus area with an objective to improve compliance culture in bank as an ongoing drive. Collectively, all these efforts strengthened the compliance and operational resilience, which is the ability to deliver smooth operations and protect Bank's interest.



Human Resource

The Bank remains committed to investing in human resource and creating a great place / of choice to work, to attract and retain talent, enabling a positive and supportive work environment for employee development and well-being. The overall human resource function is managed by human resource division under the guidance and oversight of the President & CE and the Board through Board's Human Resource and Remuneration Committee.

During first quarter of the year in review, the Bank concluded workforce optimization opportunity through the successful closure of a structured staff separation scheme. A cross functional restructuring was also fine-tuned with clear responsibility for business and support verticals and for the need to identify and develop talent pipeline for leadership and for the skills required for a future fit organization. The Bank recognizes the need to understand the mindset of millennials and changing aspirations and assigns priority while recruiting and developing the next generation of employees to man the frontlines. Accordingly, Bank's well-recognized management trainee program was realigned with this objective.

As part of our continuous effort to grow impact as an organization and to promote fairness; the Bank continues to instill pay for performance culture. A number of human resource initiatives were implemented during the year along with continuous refinement of human resource policies aimed at improving staff productivity, enforce discipline and alignment of compensation and benefits with industry.

Training and Development is a key component of our human resource development pillar and the Bank continued to provide learning and development opportunities by adopting innovative virtual and classroom learning solutions. A series of structured learning approaches and interventions were organized with specific focus on capability enhancement and leadership. In the wake of banking on equality policy and regulatory guidance for persons with disabilities, necessary sensitization drives were organized. The Bank is committed to transform as a learning organization by developing future-ready workforce aligned with business strategy and values exhibiting learning agility.

Customer Experience

Evolving market dynamics and rising expectations have made customer experience a key differentiator in an increasingly competitive industry landscape. The Bank continues 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 continues to drive service excellence programmes 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. An independent customer satisfaction survey assigned an encouraging net promoter score of 85 percent. During the year, the Bank upgraded complaint management system and enhanced features were added. A total of 86K complaints were registered during the year with an average resolution time of 3.09 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 28.2 of the annexed financial statements. Such donations target various welfare, health and educational activities. An amount of Rs.150M was allocated during the year to support the relief and rehabilitation effort in the wake of devastating floods.

The Bank actively supports initiatives that promote eco-friendly environment. The Bank offers 'Askari Ujala Finance' in collaboration with partners to small and medium enterprises and retail customers for sustainable and environmentally responsible energy projects. A model branch was established to serve persons with disabilities (PWDs) specially designed for their needs. Also, employment opportunities are also earmarked and provided to PWDs. 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. 13.10 billion paid to the Government of Pakistan during the year; furthermore, an amount of Rs. 9.7 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, 2022 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, 2022, except as disclosed in annexed financial statements.
- Following is the fair value of investments as at December 31, 2022:
 - Provident Fund: Rs. 5,804 million based on un-audited financial statements (December 31, 2021: Rs. 6,698 million, based on audited financial statements)
 - Gratuity Fund: Rs. 3,084 million based on un-audited financial statements (December 31, 2021: Rs. 3,391 million based on audited financial statements)

DIRECTORS' REPORT TO THE SHAREHOLDERS

- The Board consists of ten directors including one female director and the CEO 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:

	Board of Directors Meeting	Board Audit Committee	Board Human Resource & Remuneration Committee	Board Risk Management Committee	Board Information Technology Committee
Total meetings held	6	4	4	5	4
Name of Directors and their attendance in each meeting					
Mr. Waqar Ahmed Malik (Chairman)	6	NA	NA	NA	NA
Mr. Sarfaraz Ahmed Rehman	5	NA	4	NA	NA
Mr. Arif Ur Rehman	5	NA	NA	NA	NA
Dr. Nadeem Inayat	6	4	4	4	2
Syed Bakhtiyar Kazmi	6	4	NA	NA	NA
Mr. Manzoor Ahmed	6	4	4	5	NA
Mr. Mohammad Aftab Manzoor	6	4	NA	NA	4
Mr. Mushtaq Malik	6	NA	NA	5	4
Ms. Zoya Mohsin Nathani	6	NA	4	5	NA
Raja Muhammad Abbas	5	3	NA	NA	4
Mr. Atif Riaz Bokhari (President & Chief Executive)	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. Such evaluation was undertaken through a comprehensive questionnaire, bifurcated into different sections categories; Board of Directors composition, strategic planning, Board interaction, control risk oversight, Control Environment, Board and CEO effectiveness, Chairperson, CEO, Board information, Board Committees, Board and CEO compensation, Independent Directors, Environment, Social & Governance (ESG), 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 & CEO, 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 for 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, 2022 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 2022.

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, 2023 on mutually agreed fee. The appointment is subject to approval in 31st 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

Uncertainty regarding forecasts for 2023 are elevated with the prevailing macroeconomic situation and Rupee devaluation. Pakistan's foreign currency reserves have declined sharply due to debt repayments and lower inflows and are significantly impacting trade flows. In addition, monetary tightening has amplified default risks and will impact credit growth. Sustainable solutions are needed to ease the prevailing situation. At the same time, it important to look ahead with positivity and capitalise on the opportunities.

Atif R. Bokhari
President & Chief Executive

February 15, 2023
Rawalpindi

Given the current situation, the Bank is focusing on heightened risk awareness across all lines of defences, robust engagement with internal and external stakeholders combined with sharp analytics to enable early identification of potential threats, as key imperatives for sustainable performance. The Bank will continue to pursue strong governance and compliance discipline and effective risk management for business growth. The Bank plans to maintain market share with increased focus on retail segment particularly low-cost and saving deposits which aligns well with the branch network expansion. Changes in the macro-environment, inflation and currency pressures will affect the operating cost which will be managed in line with growth revenues. 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.

Waqar Ahmed Malik
Chairman, Board of Directors

SIX YEARS' FINANCIAL SUMMARY - UNCONSOLIDATED

December 31	2017	2018	2019	2020	2021	2022
Assets						Rupees in million
Advances - net	258,693	343,107	372,914	395,374	477,588	583,811
Investments - net	314,957	260,234	305,436	449,687	616,361	762,531
Cash, short term funds and statutory deposits with SBP	49,683	53,281	91,332	81,606	92,887	81,034
Fixed / intangible assets	10,729	13,533	20,506	22,357	21,350	25,860
Other assets	22,647	36,377	43,020	43,493	50,957	72,898
Total assets	656,708	706,532	833,208	992,517	1,259,144	1,526,134
Non-performing loans	26,753	26,657	28,134	28,736	31,165	31,147
Provisions for non-performing loans	25,647	26,152	25,635	26,446	30,228	31,123
Liabilities						Rupees in million
Deposits and other accounts	525,808	573,636	679,299	791,187	1,015,430	1,142,575
Refinance borrowings from SBP	16,839	18,967	19,713	38,644	47,252	49,240
Sub-ordinated loans	4,993	9,994	9,992	12,000	12,000	12,000
Borrowings / other liabilities	76,632	70,426	81,948	96,140	128,559	248,996
Total liabilities	624,273	673,023	790,952	937,971	1,203,242	1,452,811
Shareholders' funds						Rupees in million
Share capital	12,603	12,603	12,603	12,603	12,603	12,603
Reserves	14,798	19,257	25,353	34,306	41,336	56,767
Surplus on revaluation of assets – net of tax	5,035	1,649	4,300	7,638	1,964	3,952
Total shareholders' funds	32,435	33,509	42,256	54,546	55,902	73,322
Profitability						Rupees in million
Interest income	36,267	43,670	71,704	79,105	77,550	165,796
Interest expenditure	20,072	25,060	49,569	48,842	45,140	125,834
Net interest income	16,195	18,610	22,136	30,263	32,410	39,962
Fee and commission income	2,707	3,116	3,617	3,851	4,609	5,446
Other income	3,549	2,506	3,787	5,843	4,761	6,174
Non-markup expenses	15,164	15,892	18,377	20,215	21,194	23,080
Operating profit	7,287	8,340	11,163	19,742	20,585	28,502
(Reversal) / provision and impairment against non-performing assets	(1,205)	1,461	773	1,975	4,940	1,042
Profit before taxation	8,492	6,879	10,389	17,767	15,645	27,460
Taxation	3,224	2,448	3,372	6,967	5,944	13,398
Profit after taxation	5,268	4,431	7,017	10,800	9,701	14,062
Business transacted						Rupees in billion
Imports	358	394	334	371	541	574
Exports	155	215	248	206	264	279
Guarantees	137	150	156	112	142	110

December 31	2017	2018	2019	2020	2021	2022
Profitability ratios						Percentage
Return on average shareholders' core equity (RoE)	19.97	14.98	20.10	25.45	19.24	22.81
Return on average shareholders' total equity (RoE)	16.21	13.44	18.52	22.31	17.57	21.76
Return on average assets (RoA)	0.83	0.65	0.91	1.18	0.86	1.01
Return on average capital employed	16.79	11.95	15.63	20.21	15.54	19.09
Cost to income (CIR)	67.54	65.58	62.21	50.59	50.73	44.74
Gross yield on average earning assets	6.42	7.14	10.62	9.44	7.85	12.15
Weighted average cost of deposits	3.42	3.97	6.96	5.54	4.18	7.84
Net advances to deposits	49.20	59.81	54.90	49.97	47.03	51.10
NPLs to gross advances	9.41	7.22	7.06	6.81	6.14	5.07
NPLs coverage	95.87	98.11	91.12	92.03	96.99	99.92
Current accounts to total deposits	28.37	29.56	28.68	31.78	30.46	30.61
Earning assets to total assets - gross	88.63	86.65	85.56	86.53	87.65	89.27
Capital Adequacy Ratio (CAR)	12.09	12.51	13.38	15.48	13.38	15.95
DuPont analysis						
Net operating margin (PAT/Net Income)	23.83	18.00	23.86	27.21	23.45	27.24
Net operating margin (PAT/Gross Income)	12.43	8.99	8.87	12.16	11.16	7.93
Asset Turnover (Net Income/ Avg Assets)	3.45	3.60	3.82	4.35	3.67	3.71
Asset Turnover (Gross Income/ Avg Assets)	6.61	7.20	10.28	9.73	7.72	12.74
Equity Multiplier Avg Assets/ Avg equity (Times)	24.35	23.15	22.05	21.51	22.33	22.59
Return on average shareholders' core equity (RoE)	19.97	14.98	20.10	25.45	19.24	22.81
Share information						
Price earning (PE) - times	4.62	6.80	3.33	2.73	2.86	1.80
Price to book - times	0.75	0.90	0.55	0.54	0.50	0.35
Cash dividends - Interim (%)	10.00	-	-	-	-	-
- Final (%)	-	10.00	15.00	30.00	-	-
Stock dividend	-	-	-	-	-	15.00
Earnings per share (EPS) - Rupees	4.18	3.52	5.57	8.57	7.70	11.16
Market value per share - year end - Rupees	19.31	23.92	18.54	23.39	22.02	20.10
Market value per share - high - Rupees	28.03	26.49	24.46	23.59	25.70	23.85
Market value per share - low - Rupees	17.75	19.20	15.53	13.00	18.77	16.40
Net asset per share - Rupees	25.74	26.59	33.53	43.28	44.36	58.18
Other information						
Number of employees	7,534	7,538	7,848	7,949	7,478	7,348
Female staff - (%)	12.80	12.90	13.70	14.00	13.69	14.67
Number of branches	516	516	535	537	560	600

نوٹ نمبر 39 میں بیان کی گئی ہیں۔ بورڈ کی معاوضہ سے متعلق پالیسی بورڈ اور کمیٹی میٹنگز کی حاضری سے متعلق معاوضہ کو متعین کرنے کے اصول وضع کرتی ہے تاکہ ان کی مہارت اور قابلیت کی قدر اپنائی جائے معاوضہ کی پالیسی مارکیٹ سے ہم آہنگ بھی ہے اور متعلقہ ریگولیٹری ہدایات کی تعمیل بھی یقینی بناتی ہے۔

شیئر ہولڈنگ کا نمونہ

31 دسمبر 2022 کے اختتام پر شیئر ہولڈنگ کا بیرون سالانہ رپورٹ میں شامل ہے۔

حصص میں تجارت

سال 2022 کے دوران صدر اور سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی شریک حیات اور نابالغ بچوں کے ذریعے بینک کے حصص میں کوئی لین دین نہیں کیا۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز KPMG ٹاڈیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں، اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ لیکوینٹرز (کوڈ آف کارپوریٹ گورننس) ریگولیٹرز، 2019 کے تحت ضرورت کے مطابق بورڈ اور آڈٹ کمیٹی نے میسرز KPMG ٹاڈیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 31 دسمبر 2023 کو ختم ہونے والے سال کے لیے بینک کے آڈیٹرز کے طور پر تعینات کرنے کی سفارش کی ہے۔ باہمی اتفاق شدہ فیس پر تقرری 31 ویں سالانہ جنرل میٹنگ میں منظوری سے شروٹ ہے۔

مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کے واقعات

ایسٹنٹ آف فنانشل پوزیشن کی تاریخ کے بعد کوئی ایسا اہم واقعہ نہیں پزیر نہیں ہوا ہے جس کے لیے منسلک مالیاتی گوشواروں میں ایڈجسٹمنٹ کی ضرورت ہو۔

مستقبل کا جائزہ

موجودہ سیکرہا کتناک صورتحال اور روپے کی قدر میں کمی کے ساتھ 2023 کے لیے پیشین گوئیوں کے حوالے سے غیر یقینی صورتحال مزید بڑھ گئی ہے۔ قرضوں کی ادائیگیوں اور کم آمدن کی وجہ سے پاکستان کے غیر ملکی کرنی کے ذخائر میں تیزی سے کمی ہوئی ہے اور یہ تجارتی بہاؤ کو نمایاں طور پر متاثر کر رہے ہیں۔ اس کے علاوہ، مالیاتی تختی نے پہلے سے طے درپیش خطرات کو بڑھا دیا ہے اور کریڈٹ کی نمو کو متاثر کیا ہے۔ موجودہ صورتحال کو کم کرنے کے لیے پائیدار عمل کی ضرورت ہے۔ یقین وقت، مثبتیت کے ساتھ آگے دیکھنا اور مواقع سے فائدہ اٹھانا ضروری ہے۔

موجودہ صورتحال کے پیش نظر، بینک دفاع کے تمام خطوط کے مد نظر خطرے سے متعلق آگاہی کو بڑھانے، اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ مضبوط تجزیات کے ساتھ مل کر ممکنہ خطرات کی جلد شناخت کی فعال اہلیت کو بڑھانے پر توجہ مرکوز کر رہا ہے، جو پائیدار کارکردگی کے لیے ضروری ہیں۔ بینک کاروبار کی ترقی کے لیے مضبوط حکمرانی اور تعمیل کے نظم و ضبط اور مؤثر رسک مینجمنٹ کو جاری رکھے گا۔ بینک خوردہ طبقہ خاص طور پر کم لاگت اور بچت کے ذخائر پر زیادہ توجہ کے ساتھ مارکیٹ شیئر کو برقرار رکھنے کا ارادہ رکھتا ہے جو براؤنچ میٹ ورک کی توسیع کے ساتھ اچھی طرح سے مطابقت رکھتا ہے۔ سیکرو ماحولیات، افراط زر اور کرنی کے دباؤ میں تبدیلی آپریٹنگ لاگت کو متاثر کرے گی جس کا انتظام ترقی کی آمدنی کے مطابق کیا جائے گا۔ عمل میں بہتری، ڈیجیٹائزیشن، آٹومیشن اور ڈیٹا اینالیٹکس کے شعبوں میں مسلسل اقدامات کے ذریعے کسٹمر کا تجربہ ایک اہم ترجیح ہے۔ گہری بصیرت فراہم کرنے کے لیے ٹیکنالوجی کے قابلیت کے ساتھ ساتھ لوگوں کی ترقی ایک کلیدی ستون ہوگی جب کہ فعال کرنے والے نظام، ادائیگی، کمیشن مینجمنٹ سسٹم اور کارڈ سسٹم کے منصوبہ بندی کی تجدید سے بینک کی مجموعی کسٹمر پلیٹو کی تجویز میں خاطر خواہ اضافہ متوقع ہے۔

اعترافات:

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں کی جانب سے عسکری بینک کو سال کے دوران فراہم کی گئی رہنمائی اور معاونت کے لیے تہہ دل سے معترف ہیں۔ ہم عسکری اخلاص اسلامی بینکاری کے لیے شریعی تعمیل اور گورننس فریم ورک کو مضبوط بنانے کے لیے اپنے شریعی بورڈ کی کوششوں کو بھی ریکارڈ میں پیش کرنا چاہتے ہیں۔ ہم اپنے صارفین کے مشکور ہیں، جنہوں نے اپنا کاروبار اور اعتماد ہمیں سونپ رکھا ہے۔ ہمارے شیئر ہولڈرز نے انتظام سے مدد فراہم کی ہے اور ان کے لیے، اور اپنے تمام اسٹیک ہولڈرز کے، ہم تہہ دل سے مشکور ہیں۔ ہم اپنے عمل کی محنت اور لگن کے لیے انتہائی معترف اور شکرگزار ہیں جس نے ہمارے تمام اسٹیک ہولڈرز کو اپنے وعدے کی کامیاب فراہمی کو ممکن بنایا ہے۔

عاطف ریاض بخاری
صدر و چیف ایگزیکٹو

15 فروری 2023
راولپنڈی

دقار احمد ملک

چیئر مین بورڈ آف ڈائریکٹرز

ڈائریکٹرز رپورٹ برائے حصص داران

- بین الاقوامی مالیاتی رپورٹنگ، اسلامی اور شرعی معیارات، جیسا کہ پاکستان میں بینکاری کمپنیوں پر لاگو ہوتا ہے، ان مالیاتی بیانات کی تیاری میں بیرونی کی گئی ہے اور مذکورہ معیارات سے کوئی اخراج نہیں کیا گیا ہے۔
- اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔ بورڈ آف ڈائریکٹرز نے اندرونی کنٹرول سے متعلق انتظامی بیان کی توثیق کی ہے۔
- ایک جاری تشویش کے طور پر جاری رکھنے کی بینک کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- چھپلے چھ سالوں کا گلیڈی آپریٹنگ اور مالیاتی ڈیٹا، خلاصہ شکل میں، اس رپورٹ میں شامل کیا گیا ہے۔
- ٹیکس، ڈیوٹی، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو 31 دسمبر 2022 تک بقایا ہیں، سوائے اس کے کہ منسلک مالی بیانات میں ظاہر کیا گیا ہو۔
- 31 دسمبر 2022 تک سرمایہ کاری کی مناسب قیمت درج ذیل ہے:

ڈائریکٹرز کا نام اور اجلاس میں ان کی حاضری

بورڈ آف ڈائریکٹرز میٹنگ	بورڈ آڈٹ کمیٹی	بورڈ ہونٹن بیسورس اور ریویو پزیشن کمیٹی	بورڈ رسک مینجمنٹ کمیٹی	بورڈ انفارمیشن ٹیکنالوجی کمیٹی	میٹنگز کی کل تعداد
6	4	4	5	4	جناب وقار احمد ملک (چیرمین)
5	4	4	5	4	جناب سرفراز احمد رحمان
5	4	4	5	4	جناب عارف الرحمن
6	4	4	4	2	ڈاکٹر ندیم عنایت
6	4	4	5	4	سید مختار کاظمی
6	4	4	5	4	جناب منظور احمد
6	4	4	5	4	جناب محمد آفتاب منظور
6	4	4	5	4	جناب مشتاق ملک
6	4	4	5	4	محترمہ زویا محسن تھانی
5	3	4	5	4	جناب راجہ محمد عباس
6	4	4	5	4	جناب عاطف ریاض بخاری (صدر چیف ایگزیکٹو)

بورڈ کی جانچ پڑتال

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹی کے اراکین قابل اور تجربہ کار ہیں، جو متنوع تعلیمی اور پیشہ ورانہ پس منظر کے حامل ہیں اور بینک کی حکمت عملی کی سمت کے تعین کے لیے انمول ہیں۔

بورڈ آف ڈائریکٹرز اس امر کو یقینی بنانے کیلئے کوشاں رہتا ہے کہ اس کی کارکردگی کو موثر رکھنے کیلئے وقتاً فوقتاً جانچ پڑتال کا عمل کیا جاتا ہے۔ ریگولیشنز اور تقاضوں کے پیش نظر اس طرح کی جانچ پڑتال آزاد اور غیر متعلقہ ماہر جانچ پڑتال سے سالانہ بنیادوں پر ہر تین سال میں کم از کم ایک بار ضرور کروانی چاہیے اس مقصد کیلئے سال کے دوران پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (پی آئی سی جی) کی خدمات حاصل کی گئیں۔

اس طرح کی تشخیص ایک جامع سوالنامے کے ذریعے کی گئی تھی، جسے مختلف حصوں میں تقسیم کیا گیا تھا؛ بورڈ آف ڈائریکٹرز کی تشکیل، منصوبہ بندی، ردعمل، نگرانی اور طریقہ کار کو کنٹرول کرنے کے ساتھ ساتھ

خودی اہم تشخیص میں یہ مشن بورڈ کو حکمت عملی طے کرنے، کنٹرول کے عمل وضع کرنے، مائیکرو اور میکرو اکنامک عوامل کی نگرانی کر کے مارکیٹ کے رجحانات پر بڑھنے اور سیکھنے والی تنظیم کی وجہ کو آگے بڑھانے کے لئے نامساعد غیر متوقع حالات کا جواب دینے میں اپنی کارکردگی اور مجموعی اثر پذیری کا جائزہ لینے کی اجازت دیتی ہے۔ یہ عمل اس بات کو بھی یقینی بناتا ہے کہ بورڈ فکری طور پر مسلسل ترقی کر رہا ہے اور زیادہ کامیابی کے لئے بینک کو چلانے کی ذمہ داری بہتر اور موثر طریقے سے ادا کی جائے۔

اس کے بعد بورڈ کی کارکردگی کی سالانہ تشخیص کے حتمی نتائج بورڈ آف ڈائریکٹرز کے لئے جائزہ اور اقدامات کے لئے پیش کیے جاتے ہیں۔ بینک کی جانب سے اپنائے گئے تشخیص کے عمل کے طریقہ کار پر انکشاف 22 اگست 2016 کو پی آئی آر ڈی سرکلر نمبر 11 کی تعمیل میں تمام اسٹیک ہولڈرز کے لئے شائع کیا گیا ہے۔ ڈائریکٹرز کے معاوضہ سے متعلق تفصیلات غیر مدغم شدہ مالیاتی گوشواروں کے

انفرادی ڈائریکٹرز کی جانب سے معروضی تعاون۔ مقداری تکنیک استعمال کی گئی تھی، جہاں ہر ڈائریکٹر کے رائے کے لئے ایک بیانہ سوالنامہ فراہم کیا گیا تھا۔ مجموعی بورڈ، چیئرمین اور صدر اور سی ای، بورڈ کمیٹیوں اور انفرادی ڈائریکٹرز کے لئے تشخیصات کی گئیں۔ ہر سیکشن کے لئے تشخیص کے معیاری مقدار بتانے کے لئے 1 سے 6 تک ایک لاکھٹ بیانہ استعمال کیا گیا (1 سخت اختلاف کیا جا رہا ہے اور 6 سختی سے متفق ہیں)۔ اس کے بعد ہر ڈائریکٹر کے رائے کو یکجا کیا گیا اور جانچ کر ہر متعلقہ قسم کے لئے فیصدی مقدار میں کارکردگی کو ظاہر کیا گیا۔

بورڈ کمیٹیوں کی تشخیص بنیادی طور پر ہر کمیٹی کی شرائط کی تعمیل پر مبنی ہے۔ انفرادی ڈائریکٹرز کے لئے تشخیص کا معیار ان کی شرکت، شرکت اور ان شعبوں کی رہنمائی اور تعلیم پر مبنی ہے جو بورڈ کے رکن کی حیثیت سے ان سے متعلق تھے۔ عام معیار کے علاوہ بورڈ کے چیئرمین کے لئے تشخیص کا معیار بھی قائدانہ صلاحیتوں اور اجلاسوں کو موثر انتظام پر مضمحل ہے۔

نافذ کرنے والی ایجنسیاں، پالیسی اور طریقہ کار کے جائزے، فراڈ اور انٹراپرائز کمپلائنس رسک مینجمنٹ شامل ہیں۔ ای آرنگ کے ساتھ ساتھ کلاس روم سیشنز کے ذریعے عملے کی باقاعدہ تربیت اور آگاہی ایک جاری مہم کے طور پر بینک میں تعینات کلرکوں کو بہتر بنانے کے مقصد کے ساتھ ایک فوکس ایریا ہے۔ اجتماعی طور پر، ان تمام کوششوں نے تعین اور آپریشنل چیک کو تقویت بخشی، جو کہ ہموار آپریشنز فراہم کرنے اور بینک کے مفادات کے تحفظ کی صلاحیت ہے۔

ہیومن ریورس

بینک انسانی وسائل میں سرمایہ کاری کرنے اور کام کرنے کے لیے ایک بہترین جگہ/پسند کی تخلیق کرنے، ٹیلنٹ کو راغب کرنے اور برقرار رکھنے کے لیے پرعزم ہے، جس سے ملازمین کی ترقی اور فلاح و بہبود کے لیے ایک مثبت اور معادن کام کے ماحول کو فعال کیا جاسکتا ہے۔ انسانی وسائل کے مجموعی کام کا انتظام ہیومن ریورس ڈویژن نے ذریعے صدر اور ای اور بورڈ کی رہنمائی اور نگرانی میں بورڈ کی ہیومن ریورس اور ریورس مینجمنٹ کمیٹی کے ذریعے کیا جاتا ہے۔

جائزے میں سال کی پہلی سہ ماہی کے دوران، بینک نے عملے کو الگ کرنے کی ایک منظم اسکیم کی کامیاب عمل داری کے ذریعے افرادی قوت کو بہتر کرنے کا موقع یقینی بنایا۔ ایک کراس فنکشنل ری سٹرکچرنگ کا کاروبار اور سپورٹ عمودی کے لیے واضح ذمہ داری کے ساتھ اور قیادت کے لیے ٹیلنٹ پائپ لائن کی شناخت اور ترقی کی ضرورت اور مستقبل کی فٹ تنظیم کے لیے درکار مہارتوں کے لیے بھی ٹھیک بنایا گیا تھا۔ بینک ہزار سالہ ذہنیت اور بدلتی ہوئی امنگوں کو سمجھنے کی ضرورت کو تسلیم کرتا ہے اور ملازمین کی اگلی نسل کی بھرتی اور ترقی کے دوران فرنٹ لائن پر کام کرنے کے لیے ترجیح دیتا ہے۔ اسی مناسبت سے، بینک کے معروف مینجمنٹ ٹرینی پروگرام کو اس مقصد کے ساتھ تشکیل دیا گیا۔

ایک تنظیم کے طور پر اثر بردھانے اور انصاف پسندی کو فروغ دینے کی ہماری مسلسل کوششوں کے حصے کے طور پر، بینک کارکنوں کے کلچر کے لیے ادائیگی جاری رکھے ہوئے ہے۔ سال کے دوران انسانی وسائل کی پالیسیوں کی مسلسل بہتری کے ساتھ متعدد انسانی وسائل کے اقدامات کو نافذ کیا گیا جس کا مقصد عملے کی پیداواری صلاحیت کو بہتر بنانا، نظم و ضبط کو نافذ کرنا اور معاوضے اور فوائد کی صنعت کے ساتھ صف بندی کرنا ہے۔

تربیت اور ترقی ہمارے انسانی وسائل کی ترقی کے ستون کا ایک اہم جزو ہے اور بینک نے جدید رجسٹر اور کلاس روم سے سیکھنے کے حل کو اپنا کر سیکھنے اور ترقی کے مواقع فراہم کرنا جاری رکھا۔ قابلیت میں اضافہ اور قیادت پر خصوصی توجہ کے ساتھ منظم سیکھنے کے طریقوں اور مداخلتوں کا ایک سلسلہ منظم کیا گیا۔ مساوات کی پالیسی پر بینکنگ اور معذور افراد کے لیے ریگولیشنز رہنمائی کے تناظر میں، ضروری حساسیت کی مہمات کا انعقاد کیا گیا۔ بینک کاروباری حکمت عملی اور سیکھنے کی جتنی کو غماہ کرنے والی اقدار کے ساتھ ہم آہنگ مستقبل کے لیے تیار افرادی قوت کو تیار کر کے ایک سیکھنے کی تنظیم کے طور پر تبدیل کرنے کے لیے پرعزم ہے۔

صارفین کا تجربہ

ترقی پذیر مارکیٹ کے محرک اور بڑھتی ہوئی توقعات نے تیزی سے مسابقتی صنعت کے منظر نامے میں گاہک کے تجربے کو ایک اہم فرق بنا دیا ہے۔ بینک عسکری برانڈ کے ساتھ بینکنگ کو ایک پرلطف تجربہ بنانے کے لیے کوشاں رہتا ہے جس کے ذریعے ڈیجیٹل ایلینٹ کو سروس کی عمدہ اور موثر عمل کے ساتھ ملایا جاتا ہے۔ کسٹمر کے تجربے کے لیے وقف کردہ فنکشن پورے بینک میں سروس ایگزیٹو لائنس پروگراموں کو آگے بڑھاتا ہے جس میں مؤثر مواصلات اور کسٹمر چٹ پوائنٹس پر کھڑے گئے مختلف ٹولز کے ذریعے سروس کے معیار کا اندازہ لگایا جاتا ہے۔ سال کے دوران، واٹس ایپ چیٹ بوٹ آپشن کو مواصلاتی چینل کو مزید بھولت فراہم کرنے کے لیے شامل کیا

گیا۔ بینکنگ خدمات کے محفوظ استعمال کے حوالے سے قومی اور علاقائی زبانوں میں ڈیجیٹل میڈیا پر مختلف آگاہی مہمات بھی چلائی گئیں۔ ایک آزاد کسٹمر اطمینان سروس نے 85 فیصد کا حوصلہ افزا خالص پروموتور سکور تقویض کیا۔ سال کے دوران، بینک نے شکایت کے انتظام کے نظام کو اپ گریڈ کیا اور بہتر خصوصیات شامل کی گئیں۔ 3.09 کام کے دنوں کے اوسط طے کے ساتھ سال کے دوران کل 86 ہزار شکایات درج کی گئیں۔

گرین بینکنگ اور سی ایس آر

بینک ذمہ دار کارپوریٹ رویے کے معیارات کو مرتب کرتے ہوئے کاروبار کے ایک اہم اور اندرونی حصے کے طور پر منظم CSR پروگرام کے ذریعے پائیدار طویل مدتی سماجی و اقتصادی ترقی کو آسان بنا کر کمیونٹی کے لیے قدر پیدا کرنے کی کوشش کرتا ہے۔ بینک مستقل بنیادوں پر خیراتی عطیات میں توسیع کرتا ہے جیسا کہ منسلک مالی گوشواروں کے نوٹ 28.2 میں تفصیل سے بتایا گیا ہے۔ اس طرح کے عطیات مختلف فلاحی، صحت اور تعلیمی سرگرمیوں کو ملحوظ خاطر رکھتے ہیں۔ تباہ کن سیلاب کے تناظر میں امداد اور بحالی کی کوششوں میں مدد کے لیے سال کے دوران 150 ملین روپے مختص کیے گئے۔

بینک ماحول دوست ماحول کو فروغ دینے والے اقدامات کی فعال طور پر حمایت کرتا ہے۔ بینک 'عسکری اُجالا فنلنس' کی پیشکش کرتا ہے شراکت داروں کے ساتھ چھوٹے درمیانے درجے کے کاروباری اداروں اور خوردہ صارفین کو پائیدار اور ماحولیاتی طور پر ذمہ دار توانائی کے منصوبوں کے لیے۔ معذور افراد (PWDs) کی خدمت کے لیے ایک ماڈل برانچ قائم کی گئی تھی جو خاص طور پر ان کی ضروریات کے لیے تیار کی گئی تھی۔ نیز، روزگار کے مواقع بھی مختص کیے گئے ہیں اور PWDs کو فراہم کیے گئے ہیں۔ بینک باقاعدگی سے CSR سرگرمیوں کا اہتمام کرتا ہے۔ درخت لگانے، خون کے عطیات دینے اور فروغ دینے کے لیے آگاہی بھی پیدا کرتا ہے۔

صحت مند ماحول، براہ راست نگہیں کی ادا ہونے کے ذریعے بینک کی طرف سے قومی خزانے میں حصہ جیسا کہ سال کے دوران حکومت پاکستان کو 13.10 ملین روپے ادا کیے گئے۔ مزید برآں، روپے کی رقم دو ہولڈنگ نگہیں، فیڈرل ایکسائز ڈیوٹی اور سروسز پریسٹیشننگ کی مدد میں بینک کی طرف سے 9.7 ملین روپے کی کوٹھی / اکٹھی کی گئی، اور حکومت پاکستان کو ادا کی گئی۔

کارپوریٹ گورننس

عسکری بینک کارپوریٹ گورننس کے اعلیٰ معیارات کو برقرار رکھنے کے لیے پرعزم ہے جس نے بینک کی طویل مدتی مسابقت، ترقی اور پائیداری کو تقویت بخشی ہے۔ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے پاکستان اسٹاک ایکسچینج لمیٹڈ ریگولیشنز میں بیان کردہ ضابطہ کارپوریٹ گورننس کے ضابطوں کو مکمل طور پر اپنایا گیا ہے اور ان کی مناسبت تبدیل کی گئی ہے۔ اس سلسلے میں ایک بیان سالانہ رپورٹ میں شامل ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:

- بینک کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کی صورت حال، اس کے کاموں کے نتائج، کیش فلور اور بیلو میں ہونے والی تبدیلیوں کو موزوں طور پر پیش کرتے ہیں۔
- بینک کے کھاتوں کی مناسبت کتابیں رکھی گئی ہیں۔
- ان مالیاتی گوشوارے کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

2025 تک اسلامی بینکاری کو مجموعی بینکنگ انڈسٹری کا ایک تہائی بنانے کے لیے اسٹیٹ بینک کی حکمت عملی کے مطابق، عسکری اخلاص ترقی کی رفتار کو آگے بڑھا رہا ہے۔ سال کے دوران اسلامی بینکاری کے کل اثاثوں میں 18 فیصد اضافہ ہوا، مجموعی فنڈنگ میں 17 فیصد اضافہ ہوا اور ڈپازٹس میں 31 فیصد اضافہ ہوا۔ عسکری اخلاص آنے والے سالوں میں بھی اس مقام کو مزید فعال اور بڑھانے کا، انشاء اللہ۔

رسک مینجمنٹ اور تعیل

عسکری بینک نے رسک مینجمنٹ فریم ورک اور پریسیس قائم کیے ہیں جن کی مدد سے خطرے کا ادراک، اندرونی چک اور مضبوط رسک کلچر شامل ہے۔ خطرے کی پالیسیوں اور طریقہ کار اور ریگولیٹری تقاضوں/ رہنمائی کے مطابق طے شدہ رواداری کے اندر خطرات کو کم کرنے اور ان کا انتظام کرتے ہوئے کیے جاتے ہیں۔ رسک مینجمنٹ کا فنکشن خطرے کی حکمت عملی پر عمل درآمد کرتا ہے اور موثر نظاموں اور واضح طور پر واضح طور پر بیان کردہ خطرے کی بھوک کی مدد سے مختلف طریقوں اور ٹولز کے اطلاق کے ذریعے پالیسیوں کے نفاذ کو یقینی بناتا ہے۔ بورڈ آف ڈائریکٹرز کی ایک وقف کمیٹی، بورڈ رسک مینجمنٹ کمیٹی کثیر درجے کی انتظامی نگرانی کے ساتھ ساتھ کارڈ اور رسک کمیٹی، ایٹ اینجیلیٹی کمیٹی، اچھی طرح سے طے شدہ شرائط کے ساتھ نگرانی کرتی ہے۔ اس نقطہ نظر سے بینک کی رسک ٹائمرس لیول کا خاکہ متعین کرنے میں مدد ملتی ہے اور اس کے سائز، موجودہ پوزیشن اور مارکیٹ سٹینڈنگ کے حوالے سے اس کی بھوک کو نہ صرف کم کرنے بلکہ موثر طریقے سے انتظام کرنے کے لیے عمل، کنٹرول اور رہنما اصولوں کو بہتر بنانے کے لیے بھی مدد ملتی ہے۔ آپریشنل رسک اصلاحی اقدامات کے لیے نقصان/تقریب از نقصان ہونے والے واقعات پر باقاعدہ کنٹرول اسپیسٹ کرتا ہے۔

سال کے دوران، قرض کے پورٹ فولیو کو خطرے سے پاک کرنے کے عوامل توجہ کا مرکز رہے ہیں کیونکہ مسلسل دباؤ والے حالات اور معاشی ترقی نے ڈیفالٹ کے خطرے میں اضافہ کیا۔ زرمبادلہ کے تناؤ میں تیزی سے اضافہ ہوا کیونکہ ذخائر میں کمی آئی اور صارفین کی ضروریات کو پورا کرنے اور تجارتی بہاؤ کے انتظام میں صنعت کے لیے ایک چیلنج بننا رہا۔ صورت حال نے فعال اور مسلسل مصروفیت کا مطالعہ کیا، ممکنہ خطرات اور تناؤ کی جانچ کے مقداری اور معیاری اثرات کو ٹیکسٹنگ کیا۔ مختلف کاروباری طبقوں میں ذمہ داریوں کا ایک تیز رفتار رپورٹ فولیو جائزہ لیا گیا تاکہ اعلیٰ خطرے والے صنعتی شعبوں کے جائزے کے علاوہ مختلف مالی/غیر مالیاتی عوامل پر اس طرح کے دباؤ کی جانچ کے ذریعے خطرے کی شدت کی نشاندہی کی جاسکے۔ ضرورت پڑنے پر بینک اصلاحی اقدامات کے لیے کریڈٹ اور مارکیٹ پورٹ فولیو کو فعال طور پر منظم کرتا رہے گا۔

موثر کمپلائنس کلچر کو فروغ دینا بینک کی اولین ترجیح ہے۔ بینک بہترین کسٹمر اور کلائنٹ کی خدمات فراہم کرنے، مارکیٹ کی سہولت کی حفاظت اور اعلیٰ ترین اخلاقی معیارات کو یقینی بنانے کے مقصد سے تعیل کے خطرے کی وضاحت، انتظام اور تخفیف کرتا ہے۔ سال کے دوران، بینک نے کمپلائنس رسک مینجمنٹ فریم ورک کو مزید مضبوط بنانے کے لیے اپنی کوششوں کو تقویت دی، جو قابل اطلاق قوانین اور ضوابط کی تعمیل کی نگرانی کرتا ہے۔ ایسا عمل ذمہ داری کے ساتھ اپنے آپریشنز کو چلانے، اپنی سادھ کو برقرار رکھنے اور اپنے صارفین کے مفادات کے تحفظ کے لیے بہت ضروری ہے۔

بینک نے اپنے لیبن دین کی نگرانی کے نظام کو بہتر خصوصیات اور تجارت اور اثاثوں کے پورٹ فولیو کی کوریج کے ساتھ ساتھ اسپرڈ کے اپنے مالیاتی جرائم کے کنٹرول کو مزید بہتر بنایا ہے۔ اسی طرح، سیاسی طور پر بے نقاب افرادی شناخت کے لیے کنٹرولز کو بھی ایک اضافی اور مضبوط خود کار اسکریننگ سلوشن کے نفاذ کے ساتھ افزودہ کیا گیا۔ بینک نے تعیل کے عمل کی ڈیجیٹائزیشن پر اپنی توجہ جاری رکھی جس میں ریگولیٹری تعیل کا انتظام، قانون

برانچ کی توسیع کے ساتھ، بینک ٹیکنالوجی ٹیموں کو مضبوط کرنے، ٹیلنٹ کے فروغ اور بینکنگ کے نئے دور میں ان کی منتقلی میں مدد کے ذریعے ڈیجیٹائزیشن، ٹیکنالوجی کی بنیادی ڈھانچے اور صلاحیت سازی میں سرمایہ کاری جاری رکھے ہوئے ہے۔ گاہک مرکوز تنظیم کے طور پر، بینک ایک واضح سمت اور قابل فہم مواقع کی تلاش میں ہے اور بدلتے ہوئے طرز عمل اور کسٹمر کی ترجیحات کے بارے میں بصیرت حاصل کرتا ہے جس سے ڈیزائن اور حسب ضرورت حل کی فراہمی ممکن ہوتی ہے۔

بینکنگ فہرست میں متعدد ذہنی خصوصیات بشمول اسٹریٹجک اتحاد کے تعاون والے ذرائع اور اضافہ شامل کیے گئے ہیں۔ Raast فوری ادائیگی، ATM ری سائیکلر، آن لائن ایم لیگ، hysab kytab ایپ، وغیرہ۔ ڈیجیٹل حکمت عملی کے حصے کے طور پر، بینک کا مقصد ایک جامع فریکویل + ڈیجیٹل، فیکٹیل، مالیاتی ایکوسٹم کی تعمیر کرنا ہے تاکہ اسٹریٹجک پارٹنرشپ کے ذریعے رسائی کو بڑھایا جاسکے۔ Fintech's, MFBs اور دیگر ٹی/سرکاری/بیم سرکاری ادارے۔ حکمت عملی مشین لرننگ اور AI صلاحیتوں کا استعمال کرتے ہوئے ڈیٹا سے چلنے والے حل پر بھی توجہ مرکوز کرتی ہے تاکہ کاروباری عمل آئوٹیشن کے ساتھ قیمتی کاروباری بصیرت کے لیے کارکردگی کو بہتر بنایا جاسکے اور آپریشنل لاگت کو کم کیا جاسکے۔ بینک کی ڈیجیٹل تبدیلی نے مستقبل کے لیے تیار تنظیم کے طور پر اس کی سرمایہ کاری کو تقویت بخشی ہے جو ایک متنحرف آپریٹنگ منظر نامے میں مسلسل بہترین، اسٹریٹجک ترجیحات کی از سر نو ترتیب اور وسائل کی تقسیم کو یقینی بناتی ہے۔

ڈیجیٹل لین دین کے بڑھتے ہوئے حجم اور بہت دورکنگ خدمات، خاص طور پر وبائی امراض کے بعد اور بیرونی خطرے کی سطح کی وجہ سے سائبر سیکیورٹی کا خطرہ فطری طور پر زیادہ ہے۔ سال کے دوران، بینک نے گورننس کے ڈھانچے کو مزید مضبوط کیا اور سائبر سیکیورٹی کے بہترین طریقوں کی تعمیل کرنے کے لیے نگرانی/ نگرانی کے آلات کو بہتر بنایا۔ ایک اچھی طرح سے مربوط انفارمیشن سیکیورٹی، ٹیکنالوجی اور بزنس پروسیجر فنکشن، سائبر سیکیورٹی پروڈکٹس، سسٹمز اور اپیکلیکیشن اسپرڈ کی مسلسل فائن ٹیوننگ اور سیکیورٹی نیرز کا اضافہ صارفین کی معلومات کی اعلیٰ ترین سطح کو یقینی بناتا ہے۔ سال کے دوران بینک نے PCI-DSS سرٹیفیکیشن حاصل کیا اور اسٹریٹجک انفارمیشن کی طرف سے مطلوبہ سٹریٹجی (GSP) پر بھی عمل کیا۔ بینک کا 7/24 سیکیورٹی آپریشن سینٹر مختلف نگرانی، چیلنگ اور احتیاطی تدابیر کے ذریعے ایک محفوظ ماحول کو برقرار رکھنے میں اہم کردار ادا کرتا ہے۔ صارفین اور عملے کو سائبر سیکیورٹی کے تازہ ترین خطرات کے بارے میں آگاہ کرنے کے لیے، بینک نے انفوسیک بیداری مہم چلائی۔ سال کے دوران گاہک کی رازداری کی واضح خلاف ورزیوں یا کسٹمر ڈیٹا کے ضائع ہونے سے متعلق کوئی شکایت نہیں تھی۔

اخلاص اسلامی بینکنگ

عسکری اخلاص اسلامی بینکاری پوسٹل بینکنگ، کارپوریٹ بینکنگ، اسلامی ٹریڈری، تجارتی خدمات اور بینکا تکافل کے حل میں مصنوعات اور خدمات کی ایک جامع رینج فراہم کرتی ہے۔ اخلاص ملک بھر کے 47 شہروں اور قصبوں میں 03 ذیلی شاخوں سمیت اپنی 120 مخصوص اسلامی بینکاری شاخوں کے ذریعے اپنے قابل قدر صارفین کی بینکنگ ضروریات کو پورا کرتا ہے۔ اسلامی بینکاری ترویجی لائحہ عمل سے ایک اہم شعبہ بنی ہوئی ہے اور تمام مصنوعات اور خدمات کی بینکنگ آزاد شریعہ بورڈ کی رہنمائی میں تیار کی جاتی ہیں، جس میں معروف شریعہ اسکالرز، مفتی محمد زاہد، مفتی ڈاکٹر حسن نعمانی، مفتی ڈاکٹر لطف اللہ نقوی اور ڈاکٹر محمد طاہر منصور شامل ہیں۔ عسکری اخلاص شریعی اصولوں کی سختی سے تعمیل کرتے ہوئے معاشی انصاف اور معاشرے کی فلاح و بہبود کے لیے ایک موثر بینکاری نظام کے لیے کوشاں ہے۔

ہے جس میں ریگولیری نری کے اثرات بھی شامل ہیں۔ خطرے کو جذب کرنے کی صلاحیت میں اضافے کے لیے سرمائے میں گنجائش برقرار رکھنے کے لیے پرعزم ہے۔

عسکری سیکورٹیز لمیٹڈ

بینک کی مکمل ملکیت والی ذیلی کمپنی عسکری سیکورٹیز لمیٹڈ (ASL) تحلیل ہونے کے عمل میں ہے جس کے لیے سندھ ہائی کورٹ میں درخواست زیر التوا ہے۔ بورڈ آف ڈائریکٹرز نے پہلے ہی عسکری سیکورٹیز لمیٹڈ کو فاؤنڈیشن سیکورٹیز (پرائیویٹ) لمیٹڈ (ایف ایس ایل) سے موصول ہونے والی دلچسپی کے اظہار پر رضامندی دے دی ہے تاکہ بہتر اشتراکیت اور کاروباری امکانات کے لیے ASL کے ساتھ اور میں CASL کے انضمام کے مزید امکانات کو سامنے لایا جاسکے۔

مستحکم بنیادوں پر (یعنی بینک کی مکمل ملکیتی ذیلی کمپنی ASL سے منافع میں حصہ شامل کرنے کے ساتھ) عسکری بینک نے 2022 کے لیے 14.07 بلین روپے کا بعد از ٹیکس منافع حاصل کیا، جس کا ترجمہ 2021ء میں پچھلے سال 7.71 روپے کے مقابلے میں فی شخص 11.17 روپے کی مجموعی آمدنی میں کیا گیا۔

تصرفات

بورڈ آف ڈائریکٹرز 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے درج ذیل تصرفات کی سفارش کرتا ہے:

2021		2022		31 دسمبر کو اختتام شدہ سال	
درم شدہ		غیر درم شدہ			
9,715,733	14,071,786	9,701,386	14,061,595	بعد از ٹیکس منافع	
12,770	60,830	14,858	61,504	اچھری ریل گواہ اور نقصانات کو تسلیم کرنے کا اثر	
830,008	664,502	830,008	664,502	ری ویلیویشن پر پیس سے منتقلی	
10,558,511	14,797,118	10,546,252	14,787,601	تصرفات کے لئے دستیاب منافع	
-	234,669	-	234,669	شیر پر بیمہ کاؤنٹ سے منتقلی	
-	(1,890,390)	-	(1,890,390)	پونس شیئرز @ 15%	
(1,940,277)	(1,406,160)	(1,940,277)	(1,406,160)	قانونی ریڑروٹ منتقلی	
8,618,234	11,735,237	8,605,975	11,725,720	جمع شدہ منافع	
7.71	11.17	7.70	11.16	آمدنی فی شخص روپے	

ڈسٹری بیوشن اور ڈیویڈنڈ

سال کے دوران، بینک نے ملک بھر میں 40 نئی شاخیں کھولیں۔ نیٹ ورک میں 25 روایتی اور 15 اسلامی بینکاری شاخیں شامل کی گئیں۔ مزید برآں، ہسٹریجک طور پر منتخب مقامات پر کسٹمر فوٹ فال اسٹڈی کی بنیاد پر، 4 روایتی بینکنگ برانچز کو اسلامی بینکنگ برانچز میں تبدیل کیا گیا۔ 31 دسمبر 2022 کو عسکری بینک 600 برانچوں/ذیلی شاخوں کے ساتھ کام کر رہا تھا۔ 479 روایتی اور 120 اسلامی بینکاری شاخیں، بحرین میں ایک بینک کی شاخ اور بیجنگ، چین میں ایک نمائندہ دفتر ہے۔

ہے۔ کم قیمت کرنٹ ڈپازٹ میں 13 فیصد اضافہ ہوا ہے۔ کرنٹ اکاؤنٹ کس 30 فیصد سے زیادہ جبکہ CASA کس 80 فیصد پر 31 دسمبر 2022 کو برقرار رہا۔ ایڈوانسز 21 فیصد سالانہ بڑھ کر 615 بلین روپے ہو گئیں جیسا کہ بینک نے کریڈٹ ڈپلن اور کلائنٹ کے انتخاب کے سخت عمل کو برقرار رکھنے ہونے پر رض دینے کے مواقع سے فائدہ اٹھایا۔ سال کے آخر میں مجموعی قرضہ جات اور ڈپازٹ کا تناسب 54 فیصد رہا جو کہ ایسی متعین کردہ 50 فیصد سے زیادہ ہے جسکے پورا نہ ہونے کی صورت میں فنانس بل 2023 میں اضافی ٹیکس کا دائرہ کار فعال ہو جاتا ہے۔ اضافی اور پیچیدہ مالیاتی ماحول کے مد نظر اثاثہ جات کا معیاری انتظام ہماری اولین ترجیح ہے جو کہ پیچیدہ اور قرضہ جات کے سخت تشخیصی عمل کے ذریعے ممکن ہے۔ انٹیلیجن کا تناسب گزشتہ سال 6.14 فیصد سے بہتر ہو کر 5.07 فیصد ہو گیا جبکہ 31 دسمبر 2022 کو غیر فعال قرضوں کی کوریج 97 سے بڑھ کر 100 فیصد ہو گئی۔

افراط زر، اقتصادی دباؤ اور GoP یورو بانڈز کی قدروں کو ختم کرنے سے کارفرما بلنڈ مارکیٹ ریٹ نے سرمایہ کاری پر مارک ٹو مارکیٹ ری ویلیویشن خسارے میں تیزی سے اضافہ کیا۔ اس طرح کا خسارہ، اضافی ٹیکس لگانے اور ریٹیلنس ٹیٹ میں اضافے کے ساتھ، بینک کے سرمائے کے تناسب پر منفی اثر ڈالتا ہے۔ اگلے تین سہ ماہیوں کے دوران غیر حاصل شدہ خسارے کو کم کرنے کے لیے اسٹیٹ بینک کی جانب سے بینک کو نری کی اجازت دی گئی ہے۔ بینک کو یقین ہے کہ مقررہ مدت کے اندر کافی سرمایہ پیدا کیا جائے گا۔

31 دسمبر 2022 کو، بینک ریگولیری سرمائے کے تناسب کے مطابق ہے۔ 11.50 فیصد کی ریگولیری ضرورت کے مقابلے میں کپٹل ایڈیکسٹی ریٹو 15.95 فیصد پر رپورٹ کیا گیا ہے (بیشول کل رسک ویڈیو اثاثہ جات (RWA) کے 1.50 فیصد کے سرمائے کے تحفظ کا ایئر۔ لیوریج ریٹو 3.18 فیصد رپورٹ کیا گیا

اینٹی ریننگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) کی جانب سے طویل مدت کے لیے بینک کی اینٹی ریننگ AA+ (ڈیل اے پیس) پر دوبارہ تصدیق کی گئی، جس کا آؤٹ لک 'مستحکم' کے طور پر تقویض کیا گیا ہے۔ بینک کے مضبوط برانڈ اور فوجی فاؤنڈیشن کے ساتھ وائٹ لیبل کی درجہ بندی کے ذریعے طور پر تسلیم کیا جاتا ہے، جو صارفین کے اعتماد، پائیدار فنڈنگ کے ذرائع اور مارک اپ اور نان مارک اپ پر مبنی آمدنی کا سلسلہ پیدا کرنے کے راستے سے ہم آہنگ ہے۔ حال ہی میں، سرمائے کے ڈھانچے کو تقویت دینے کے لیے بینک میں منافع کو برقرار رکھنا بھی حمایت کا ثبوت ہے۔ مختصر مدت کی درجہ بندی A1+' (OnePlus A) پر برقرار رکھی گئی۔

ڈائریکٹرز رپورٹ برائے حصص داران

ڈائریکٹرز 31 دسمبر 2022ء کو ختم ہونے والے سال کے لیے عسکری بینک لمیٹڈ کی اکتیسویں سالانہ رپورٹ بعد بینک کی آڈٹ شدہ غیر مدغم اور مدغم شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹس پیش کرتے ہیں۔

معیشت

عالمی معیشتوں کو کساد بازاری کے سانس کی وجہ سے مرکزی بینکوں نے کووڈ-19 کی بحالی کے بعد کووڈ ٹی سپر سائیکل اور پلانی چین میں خلل کی وجہ سے کئی دہائیوں کی بلند افراط زر کا مقابلہ کرنے کے لیے شرح سود میں اضافہ کیا ہے۔ امریکی فیڈرل ریزرو کی طرف سے جارحانہ پالیسی نے سرحد پار بھی اثرات مرتب کیے ہیں۔ جیسا کہ کنٹریکشن کی پالیسی نے امریکی ڈالر کو عالمی سرمایہ کاروں کے لیے مزید بدکش بنا دیا، جسکی وجہ سے چھوٹی معیشتوں کے لیے اپنی درآمدات، خاص طور پر ضروری اشیاء کے لیے مسائل پیدا کیے، جیسا کہ خوراک اور ایندھن کی قیمتوں میں اضافہ، بڑھتی ہوئی افراط زر اور مالیاتی حالات میں سختی کے ساتھ ترقی کے امکانات کے تیزی سے ہکاڑے درمیان عالمی جی ڈی پی میں کمی کی تقریباً نصفی دکھائی دیتی ہے۔

پاکستان کی معیشت پہلے ہی ہیکرو اکنامک مسائل سے دوچار تھی۔ مالی اور بیرونی عدم توازن، بڑھتی ہوئی مہنگائی اور پالیسی میں سختی، جیسا کہ گزشتہ سال اگست میں غیر معمولی بارشوں کی وجہ سے آنے والے تباہ کن سیلاب کے اثرات کے ساتھ چیلنجز میں شدت آئی۔ ملک کا تقریباً ایک تہائی حصہ زیر آب آ گیا اور وہ ایک بڑی ریسکیو، ریلیف اور بحالی کی کوششوں کا مرکز بن گیا تھا کیونکہ پاکستان کو موسمیاتی تبدیلی کے تازہ ترین متاثرین میں شامل کیا گیا تھا۔ فصلوں کے نمایاں نقصانات اور پیداواری سرکل میں خلل کی وجہ سے زراعت پر سیلاب کے فوری معاشی اثرات نے صنعتی اور خدمات کی سرگرمیاں کو متاثر کیا اور بنیادی ڈھانچے کو نقصان پہنچایا۔ بیک وقت بیرونی کھانوں اور افراط زر کے مسائل سے نمٹنے کیلئے طلب میں کمی کی پالیسی پر عمل داری نے بڑے پیمانے پر اشیاء پیدا کرنے والے شعبہ کو متاثر کیا۔

افراط زر بلند اور وسیع پیمانے پر جاری رہا۔ اشیائے خورد و نوش کی افراط زر، روپے کی قدر میں کمی اور توانائی کی سبسڈی کے خاتمے کے مشترکہ اثرات نے افراط زر کو 48 سال کی بلند ترین سطح پر پہنچا دیا ہے۔ سی پی آئی افراط زر جنوری 2023 میں 27.6 فیصد سالانہ ریکارڈ کیا گیا تھا جو دسمبر 2022ء میں 24.5 فیصد تھا۔ پورے سال 2022ء کے لیے اوسط CPI گزشتہ سال کے مقابلے میں 10.23 فیصد زیادہ رہا۔ ایندھن کی قیمتوں میں حالیہ اوپر کی طرف ایڈجسٹمنٹ اور صارفین اور کاروبار کی افراط زر کی توقعات کے بڑے خدشات ہیں اور ظاہر کرتا ہے کہ آنے والے مہینوں میں افراط زر کی انتہائی سطح پر ہونے کی عکاسی کرتا ہے اور اس کے لیے بہترین مربوط ماہیگیری اور مالیاتی ردعمل درکار ہے۔

رواں مالی سال کی پہلی ششماہی کے دوران کرنٹ اکاؤنٹ خسارے میں 60 فیصد کمی واقع ہوئی ہے جس کی بنیادی وجہ درآمدات میں کمی، سخت پالیسی اور انتظامی اقدامات ہیں۔ درآمدات میں کمی خوراک اور پیٹرولیم کے علاوہ تمام شعبوں میں ریکارڈ کی گئی۔ تاہم، کرنٹ اکاؤنٹ خسارے میں کمی کے باوجود، سرکاری مالیاتی رقوم کی وصولی میں تاخیر، قرضوں کی ادائیگی اور جاری سیاسی غیر یقینی صورتحال کی وجہ سے بیرونی شعبہ دباؤ کا شکار رہا۔ آئی ایم ایف کی توسیعی فنڈسہولت کے تحت جاری 9 ویں جازے کے کامیابی سے تکمیل پروگرام کو دوبارہ شروع کرنے اور غیر یقینی صورتحال کو کم کرنے اور کثیر چھٹی اور دو طرفہ رقوم کو کھولنے کے لیے فیصلہ کیا ہے۔ پروگرام کا دوبارہ آغاز تقریباً کثیر چھٹی فنڈنگ کے لیے بھی ایک روشنی کی کرن ہوگا۔ سیلاب زدگان کی امداد کے لیے حکومت پاکستان کی کوششوں کے جواب میں اس سال کے شروع میں جنیوا میں 10 بلین ڈالر دینے کا وعدہ کیا گیا۔

مالیاتی خسارہ رواں مالی سال کے پہلے پانچ ماہ کے دوران جی ڈی پی کے 1.4 فیصد تک بڑھ گیا۔ دوسری ششماہی کے دوران معاشی سرگرمیوں میں مزید سست روی اور درآمدات میں کمی کی توقع کی گئی، وصولی میں ترقی کی رفتار کو برقرار رکھنے کے لیے منفی خطرات کا باعث بنتی ہے۔ ابھرتی ہوئی ہیکرو اکنامک صورتحال کے تناظر میں، یہ ضروری ہے کہ مالیاتی پالیسی مہنگائی پر قابو پانے اور پائیدار ترقی کی راہ ہموار کرنے کے لیے منصوبہ بند استحکام حاصل کرے۔

پاکستان کی معیشت انحطاط کے مقام پر ہے۔ ایک مشکل بیرونی ماحول اور گھریلو پالیسیوں نے چیلنجز کو کئی گنا بڑھا دیا ہے اور بحالی کے آپشنز بہت محدود ہیں۔ مالیاتی جگہ 40 فیصد سے زیادہ مستقل طور پر قرض کی خدمت کے ذریعے استعمال کیا جاتا ہے اور یہ خاص طور پر دباؤ والی معاشی نمو کے تحت شدید تشویش کا باعث ہے۔ مہنگائی کے دباؤ سے نمٹنے، غیر ملکی کرنسی کے ذخائر کے تحفظ اور مختصر مدت میں جامع ترقی کو آگے بڑھانے کے لیے ہدفی پالیسیوں کی ضرورت ہے، جب کہ طویل مدت میں، پالیسی سازوں کو مستقل ترقی اور سرمایہ کاری کو متحرک کرنے، مقامی آبادی کے ساتھ ساتھ پاکستانی تارکین وطن کے لیے اور بالآخر کسی آمدنی میں اضافہ، پیداواری صلاحیت کو بہتر بنانے، روزگار کے مواقع پیدا کرنے کے لیے ٹھوس منصوبے بنانے کی ضرورت ہے۔

بینک کی کارکردگی

عسکری بینک کے 2022 کے لیے 27.5 ارب روپے کے قبل از ٹیکس منافع میں گزشتہ سال کے مقابلے میں 76 فیصد اضافہ ریکارڈ کیا گیا۔ مارکیٹ کو رویش بنیادی چیلنجز کے ہوتے ہوئے تمام اہم سرگرمیوں کی مضبوط کارکردگی کی بدولت ریکارڈ منافع فراہم ہوئی۔

بعد از ٹیکس منافع میں 45 فیصد اضافہ ہوا، جو فنانس بل میں متعارف کرائے گئے بینکنگ کمپنیز پر اضافی اور ضرورت سے زیادہ ٹیکس لگانے کی وجہ سے کم ترقی ہے، جس میں سابقہ اطلاق بھی شامل ہے۔ بینک گزشتہ سال 7.70 روپے کے مقابلے میں 2022 کے لیے 11.16 روپے فی حصص آمدن ہے۔

مصولات میں 23 فیصد سالانہ اضافہ ہوا، جو گزشتہ سال 41.8 بلین روپے سے 51.6 بلین روپے ہو گیا۔ مارک اپ کی خاص آمدنی 32.4 بلین روپے سے بڑھ کر 40.0 بلین روپے ہو گئی، جو کہ کمائی کے اثاثوں میں ٹھوس نمو اور مارکیٹ کی شرحوں میں ہونے والی تبدیلیوں کے ساتھ منسلک واجبات کی کتاب کے مجموعے سے 23 فیصد سالانہ اضافہ ہے۔ فیس، کمیشن اور بروکرئج کی آمدنی میں 18 فیصد اضافہ ہوا کیونکہ بینک نے تجارتی بہاؤ میں جی نمور ریکارڈ کی جبکہ کھپت کی بلند سطحوں کی وجہ سے کارڈ کی آمدنی میں اضافہ ہوا۔ نکلوں کے بڑے لین دین کے حجم میں اضافے اور انٹرنیٹ بینک سوپ مارکیٹ میں فعال شرکت سے غیر ملکی زرمبادلہ کی آمدنی بڑھ کر 5.5 بلین روپے ہو گئی۔ بینک برانچ کی توسیع اور نئے اقدامات میں سرمایہ کاری کے ذریعے آمدنی کی رفتار بڑھانے پر توجہ مرکوز کرتے ہوئے لاگت کے انتظام کو سمجھداری سے کام لے رہا ہے۔ سال کے دوران انتظامی اخراجات میں 8 فیصد اضافہ ہوا جس کی بنیادی وجہ نئے برانچوں کے اثرات، مہنگائی میں اضافے اور روپے کی قدر میں کمی ہے۔ سال کے دوران معاوضے کے اخراجات میں 2 فیصد کمی واقع ہوئی ہے جس کی بنیادی وجہ انسانی سرمائے کی حکمت عملی پر عمل درآمد ہے۔ مجموعی لاگت سے آمدنی کا تناسب گزشتہ سال کے 50.7 فیصد سے بڑھ کر 44.7 فیصد ہو گیا۔

کل اثاثے 21.2 فیصد کے اضافے سے 1.53 ٹریلین روپے ہو گئے۔ سال کے دوران کھاتے داروں کے واجبات میں 127 ارب روپے کا اضافہ ہوا اور 1.14 ٹریلین روپے پر بند ہوا، جو کہ 12.5 فیصد اضافہ

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. Management understands that the effective maintenance of the internal controls system is an ongoing process under the ownership of the management. All significant policies and procedural manuals are in place; and the review, revision, and improvement to keep them updated to cope with latest challenges is actively pursued by the management.

Architecture of the Bank's internal control system involves different levels of monitoring activities i.e. line management, Compliance Division (CD) and Internal Audit Division (IAD). The Bank's IAD is independent from line management and reviews the adequacy and implementation of control activities across the Bank as well as implementation of and compliance with all the prescribed policies and procedures.

All significant and material findings pointed out by the internal, external auditors and regulators are addressed on priority basis by management. 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.

In compliance with the SBP's directives, the Bank had completed the implementation of road map regarding Internal Controls over Financial Reporting (ICFR) on September 30, 2012. 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.

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.

Chief Financial Officer

Chief Compliance Officer

Chief Internal Auditor

President & Chief Executive

February 15, 2023
Rawalpindi

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2022

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

1. The total number of directors is 11 as per the following detail:
 - a. Male: 10
 - b. Female: 01

2. The composition of Board is as follows:

Category	Name
Independent Directors	Mr. Mohammad Aftab Manzoor Mr. Mushtaq Malik Ms. Zoya Mohsin Nathani Raja Muhammad Abbas
Non-Executive Directors	Mr. Waqar Ahmed Malik - Chairman Mr. Sarfaraz Ahmed Rehman Mr. Arif Ur Rehman Dr. Nadeem Inayat Syed Bakhtiyar Kazmi Mr. Manzoor Ahmed - Nominee NIT
Executive Director / President & CEO	Mr. Atif R. Bokhari
Female Director	Ms. Zoya Mohsin Nathani

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Askari Bank Limited.
4. The Bank has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. 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.
10. 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.
11. CFO and the President & CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed Committees comprising of members given below:

a) Board Audit Committee (BAC)

1	Mr. Mohammad Aftab Manzoor	Chairman
2	Dr. Nadeem Inayat	Member
3	Syed Bakhtiyar Kazmi	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, 2022

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

1	Ms. Zoya Mohsin Nathani	Chairperson
2	Mr. Sarfaraz Ahmed Rehman	Member
3	Dr. Nadeem Inayat	Member
4	Mr. Manzoor Ahmed	Member

c) Board Risk Management Committee (BRMC)

1	Mr. Manzoor Ahmed	Chairman
2	Dr. Nadeem Inayat	Member
3	Syed Bakhtiyar Kazmi	Member
4	Mr. Mushtaq Malik	Member
5	Ms. Zoya Mohsin Nathani	Member
6	Mr. Atif R. Bokhari	Member

d) Board Information Technology Committee (BITC)

1	Mr. Mohammad Aftab Manzoor	Chairman
2	Dr. Nadeem Inayat	Member
3	Mr. Mushtaq Malik	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:

Board Committees	Frequency of Meetings
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.

For and on behalf of the Board

February 15, 2023
Rawalpindi

Waqar Ahmed Malik
Chairman



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Chartered Accountants
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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 2022, in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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

Lahore

Date: February 28, 2023

UDIN: CR202210183Cogs9ltdp

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED
FINANCIAL STATEMENTS

ASKARI BANK LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2022



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
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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 2022 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 significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 2022 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>Provision against advances</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 906.83 million against advances in the current year. The Bank's advances to the customers represent 38.27% of its total assets as at 31 December 2022 and are stated at Rs. 583.81 billion which is net of provision of Rs. 31.12 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"> • Assessing the design and operating effectiveness of automated controls over classification of advances including: <ul style="list-style-type: none"> - The accuracy of data input into the system used for disbursement and recovery of credit facilities; and - Controls over correct classification of non-performing advances on time-based criteria. • 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; • 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, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present; • For consumer advances, verifying, on sample basis, repayments of loan / markup installments and checking that performing loans have been correctly classified and categorized; • 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 • Assessing the adequacy of presentation and disclosure related to provision against advances as required under the accounting and reporting standards as applicable in Pakistan.



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S. No.	Key Audit Matters	How the matter was addressed in our audit
2	Valuation of Investments	
	<p>Refer to note 8 and the accounting policies in notes 4.5 to the unconsolidated financial statements.</p> <p>As at 31 December 2022, the Bank has investments classified as “Available-for-sale” and “Held to maturity”, amounting to Rs. 762.12 billion which in aggregate represent 49.93 % of the total assets of the Bank.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. 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 the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> Assessing the design and tested the operating effectiveness of the relevant controls in place relating to valuation of investments; Performing recalculation and checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values; Evaluating the management’s assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Bank’s accounting policies and performed an independent assessment of the assumptions; and Assessing the adequacy of presentation and disclosure requirements under the accounting and reporting standards as applicable in Pakistan.

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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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.



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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

Date: February 28, 2023

UDIN: AR202210183XVSqrMb6B

KPMG Taseer Hadi & Co.
Chartered Accountants

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

Rupees in '000	Note	2022	2021
Assets			
Cash and balances with treasury banks	5	70,950,067	89,432,245
Balances with other banks	6	9,677,123	3,454,829
Lendings to financial institutions	7	406,934	–
Investments	8	762,531,019	616,361,158
Advances	9	583,810,931	477,588,237
Fixed assets	10	24,484,412	20,166,875
Intangible assets	11	1,375,625	1,183,265
Deferred tax assets	12	7,545,677	5,168,183
Other assets	13	65,351,946	45,789,317
		1,526,133,734	1,259,144,109
Liabilities			
Bills payable	14	11,878,563	10,235,374
Borrowings	15	233,432,089	123,563,761
Deposits and other accounts	16	1,142,574,606	1,015,430,068
Liabilities against assets subject to finance lease		–	–
Subordinated debts	17	12,000,000	12,000,000
Deferred tax liabilities		–	–
Other liabilities	18	52,926,223	42,012,413
		1,452,811,481	1,203,241,616
Net Assets			
		73,322,253	55,902,493
Represented By			
Share capital	19	12,602,602	12,602,602
Reserves		43,385,854	32,730,297
Surplus on revaluation of assets - net of tax	20	3,952,356	1,963,619
Unappropriated profit		13,381,441	8,605,975
		73,322,253	55,902,493

Contingencies and Commitments

21

The annexed notes 1 to 47 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, 2022

Rupees in '000	Note	2022	2021
Mark-up / return / interest earned	23	165,795,743	77,549,921
Mark-up / return / interest expensed	24	125,834,190	45,140,200
Net mark-up / interest income		39,961,553	32,409,721
Non mark-up / interest income			
Fee and commission income	25	5,446,374	4,609,146
Dividend income		486,424	420,138
Foreign exchange income		5,494,301	3,123,524
Income / (loss) from derivatives		–	–
(Loss) / gain on securities	26	(251,459)	814,724
Other income	27	444,365	402,118
Total non-markup / interest income		11,620,005	9,369,650
Total income		51,581,558	41,779,371
Non mark-up / interest expenses			
Operating expenses	28	22,572,388	20,890,525
Workers' welfare fund	29	339,903	213,484
Other charges	30	167,678	90,139
Total non-markup / interest expenses		23,079,969	21,194,148
Profit before provisions		28,501,589	20,585,223
Provisions and write offs - net	31	1,042,136	4,939,950
Extraordinary / unusual items		–	–
Profit before taxation		27,459,453	15,645,273
Taxation	32	(13,397,858)	(5,943,887)
Profit after taxation		14,061,595	9,701,386
Rupees			
Basic and diluted earnings per share	33	11.16	7.70

The annexed notes 1 to 47 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, 2022

Rupees in '000	Note	2022	2021
Profit after taxation for the year		14,061,595	9,701,386
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		643,422	264,837
Movement in deficit on revaluation of investments - net of tax	20	(2,586,968)	(5,012,819)
		(1,943,546)	(4,747,982)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain on defined benefit plan - net of tax		61,504	14,858
Movement in surplus on revaluation of operating fixed assets	20.2	5,159,821	–
Movement in surplus on revaluation of non-banking assets	20.3	80,386	168,662
		5,301,711	183,520
Total comprehensive income		17,419,760	5,136,924

The annexed notes 1 to 47 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, 2022

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, 2021	12,602,602	284,683	234,669	12,258,626	12,854,037	50,632	7,587,152	8,673,949	54,546,350
Total comprehensive income for the year ended December 31, 2021									
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	-	-	9,701,386	9,701,386
Other comprehensive income	-	264,837	-	-	-	(5,012,819)	168,662	14,858	(4,564,462)
Transfer to:									
Statutory reserve	-	-	-	1,940,277	-	-	-	(1,940,277)	-
General reserve	-	-	-	-	4,893,168	-	-	(4,893,168)	-
	-	-	-	1,940,277	4,893,168	-	-	(6,833,445)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	(830,008)	830,008	-
Transaction with owners, recorded directly in equity									
Final dividend 2020: Rs. 3 per share	-	-	-	-	-	-	-	(3,780,781)	(3,780,781)
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 on disposal	-	-	-	-	-	-	(664,502)	664,502	-
Balance as at December 31, 2022	12,602,602	1,192,942	234,669	15,605,063	26,353,180	(7,549,155)	11,501,511	13,381,441	73,322,253

The annexed notes 1 to 47 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, 2022

Rupees in '000	Note	2022	2021
Cash flow from operating activities			
Profit before taxation		27,459,453	15,645,273
Less: dividend income		(486,424)	(420,138)
		26,973,029	15,225,135
Adjustments:			
Depreciation		913,636	967,122
Amortization		142,765	180,862
Depreciation on ROU assets		1,579,354	1,342,713
Markup expense on lease liability against ROU assets		912,324	894,286
Termination of lease contracts under IFRS - 16 Leases		(13,700)	250
Charge for defined benefit plans		439,130	391,288
Provisions and write offs - net	31	1,126,726	5,050,329
Gain on sale of fixed assets		(52,977)	(20,501)
		5,047,258	8,806,349
		32,020,287	24,031,484
(Increase) / decrease in operating assets			
Lendings to financial institutions		(406,934)	–
Held for trading securities		(464,718)	–
Advances		(107,117,592)	(85,996,563)
Other assets (excluding advance taxation)		(18,776,213)	(4,479,587)
		(126,765,457)	(90,476,150)
Increase / (decrease) in operating liabilities			
Bills payable		1,643,189	(2,394,622)
Borrowings from financial institutions		109,868,328	39,400,092
Deposits		127,144,538	224,243,185
Other liabilities		11,146,999	4,337,625
		249,803,054	265,586,280
Payment made to defined benefit plan		155,057,884	199,141,614
Income tax paid		(439,344)	(374,161)
		(13,102,103)	(6,433,669)
Net cash flow generated from operating activities		141,516,437	192,333,784
Cash flow from investing activities			
Net investments in available for sale securities		(162,775,307)	(149,515,015)
Net investments in held to maturity securities		10,526,966	(25,559,592)
Dividend received		482,659	426,282
Investments in operating fixed assets		(1,402,220)	(739,812)
Investments in intangible assets		(333,279)	(261,601)
Proceeds from non-banking assets		1,237,002	–
Proceeds from sale of fixed assets		71,436	31,562
Effect of translation of net investment in foreign branch		643,422	264,837
Net cash flow used in investing activities		(151,549,321)	(175,353,339)
Cash flow from financing activities			
Payments against lease liabilities		(2,218,190)	(1,965,692)
Dividends paid		(8,818)	(3,733,683)
Net cash flow used in financing activities		(2,227,008)	(5,699,375)
(Decrease) / increase in cash and cash equivalents		(12,259,892)	11,281,070
Cash and cash equivalents at beginning of the year	34	92,887,082	81,606,012
Cash and cash equivalents at end of the year	34	80,627,190	92,887,082

The annexed notes 1 to 47 and Annexures I and II form an integral part of these unconsolidated financial statements.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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 (2021: 71.91) percent shares of the Bank as on December 31, 2022. The ultimate parent of the Bank is Fauji Foundation. The Bank has 600 branches (2021: 560 branches); 599 in Pakistan and Azad Jammu and Kashmir including 120 (2021: 101) Islamic Banking branches and 57 (2021: 56) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

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. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9 was made applicable to banks for accounting periods beginning on or after January 01, 2022. Subsequently, SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022 extended the date of implementation to January 01, 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.

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 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, 2022. 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.

		Effective date (periods ending on or after)
IAS 1	Presentation of Financial Statements	January 1, 2024
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IFRS 9	Financial Instruments	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 28	Investments in Associates and Joint Ventures (Amendments)	Not yet finalized
IFRS 10	Consolidated Financial Statements (Amendments)	Not yet finalized

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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 2023 for Banks having asset base of more than Rs. 500 billion as at 31 December 2021 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.

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 2023. 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.

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;

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- (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 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 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 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 seven years' data for calculation of PD till 31 December 2022 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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 01 January 2023 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 recognised in retained earnings and reserves as at 1 January 2023.

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated at 31 December 2022 because it will be dependent on the financial instruments that the Bank would hold during 2023 and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022. Although parallel run regulatory reporting has been carried out till third quarter of 2022, 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 31 December 2022, 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 for five years period. Furthermore 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, on a segment level basis, 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 1 January 2023 is approximately Rs. 2.9 billion, representing:

- a reduction of approximately Rs. 4.9 billion related to impairment requirements;
- a reduction of approximately Rs. 97 million related to classification and measurement requirements, other than impairment; and
- an increase of approximately Rs. 2.2 billion related to deferred tax impacts.

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:

Rupees in '000	As per adopted IFRS 9	As per current Accounting and Reporting Standards
Common Equity Tier 1 Capital Adequacy ratio	12.45	12.53
Tier 1 Capital Adequacy Ratio	13.60	13.68
Total Capital Adequacy Ratio	15.86	15.95

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 1, 2023 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 judgments 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)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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 principle.

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 note 10.2 and 11.1 respectively on 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.

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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 recognised 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.

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 36 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 and 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.

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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.

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 of with rental income) over the period of Ijarah using the straight line method.

Profit on Istisna financing is recognised 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.

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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.

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 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Rupees in '000	Note	2022	2021
5			
CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		22,700,376	21,150,705
Foreign currencies		3,407,920	4,059,596
		26,108,296	25,210,301
With the State Bank of Pakistan in:			
Local currency current accounts	5.1	43,901,951	46,087,959
Foreign currency current account	5.1	647,093	4,898,891
Foreign currency deposit account	5.2	–	9,278,909
		44,549,044	60,265,759
With National Bank of Pakistan in:			
Local currency current accounts		260,731	3,833,104
Prize Bonds		31,996	123,081
		70,950,067	89,432,245

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.

Rupees in '000	Note	2022	2021
6			
BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		32,629	455,110
Outside Pakistan			
In current accounts		3,383,544	1,425,930
In deposit accounts	6.1	6,260,952	1,573,797
		9,644,496	2,999,727
Provision held against balances with other banks		(2)	(8)
		9,677,123	3,454,829

6.1 These represent placements with international correspondent banks, carrying interest rates upto 2.25% (2021: upto 0.08%) per annum.

Rupees in '000	Note	2022	2021
7			
LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (reverse repo)	7.2	406,934	–
Purchase under resale arrangement of equity securities		118,886	148,606
		525,820	148,606
Provision held against lending to financial institutions	7.3	(118,886)	(148,606)
Lendings to financial institutions - net of provision		406,934	–
7.1 Particulars of lendings			
In local currency		525,820	148,606

7.2 Securities held as collateral against lending to financial institution

Rupees in '000	2022			2021		
	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	-	-	-

Rupees in '000	2022		2021	
	Classified Lending		Provision Held	
7.3 Category of classification				
Domestic Loss	118,886	118,886	148,606	148,606

8. INVESTMENTS

Rupees in '000	Note	2022				2021			
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type:									
Held for Trading									
Ordinary Shares		464,718	-	(60,647)	404,071	-	-	-	-
Federal Government Securities		-	-	-	-	-	-	-	-
		464,718	-	(60,647)	404,071	-	-	-	-
Available for sale securities									
Federal Government Securities		646,356,442	(526,353)	(13,520,293)	632,309,796	482,298,535	(50,489)	(8,400,351)	473,847,695
Shares		5,109,394	(809,454)	126,617	4,426,557	4,870,194	(432,993)	56,617	4,493,818
Units of open end mutual funds		750,000	(144,205)	37,490	643,285	1,510,609	(140,558)	140,194	1,510,245
Fully paid preference shares		27,314	(11,914)	12,750	28,150	27,314	(11,914)	651	16,051
Non Government Debt Securities		13,085,795	(1,319,740)	99,304	11,865,359	13,316,295	(1,386,785)	62,687	11,992,197
Foreign securities		-	-	-	-	530,691	(3,965)	5,469	532,195
		665,328,945	(2,811,666)	(13,244,132)	649,273,147	502,553,638	(2,026,704)	(8,134,733)	492,392,201
Held to maturity securities									
Federal Government Securities		111,642,002	(585,365)	-	111,056,637	120,213,557	(136,355)	-	120,077,202
Non Government Debt Securities		110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities		1,802,310	(5,146)	-	1,797,164	3,757,721	(31,585)	-	3,726,136
		113,554,312	(700,511)	-	112,853,801	124,081,278	(277,940)	-	123,803,338
Subsidiary									
Askari Securities Limited	13.5.2	-	-	-	-	165,619	-	-	165,619
Total investments		779,347,975	(3,512,177)	(13,304,779)	762,531,019	626,800,535	(2,304,644)	(8,134,733)	616,361,158

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Rupees in '000	Note	2022				2021			
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.2 Investments by segments:									
Federal Government Securities									
Market Treasury Bills		34,689,698	-	(268,588)	34,421,110	237,198,334	-	(290,335)	236,907,999
Pakistan Investment Bonds		669,174,397	-	(8,872,459)	660,301,938	320,877,899	-	(7,718,161)	313,159,738
Euro Bonds		16,916,343	(1,111,718)	(3,263,535)	12,541,090	10,925,079	(129,560)	(16,614)	10,778,905
GOP Bai Mujjal		-	-	-	-	4,215,092	-	-	4,215,092
Naya Pakistan Certificates		3,282,078	-	-	3,282,078	-	-	-	-
Ijarah Sukuks		33,935,928	-	(1,115,711)	32,820,217	29,295,688	(57,284)	(375,241)	28,863,163
		757,998,444	(1,111,718)	(13,520,293)	743,366,433	602,512,092	(186,844)	(8,400,351)	593,924,897
Shares									
Listed companies		4,518,432	(803,774)	65,970	3,780,628	4,514,514	(427,313)	56,617	4,143,818
Unlisted companies		1,055,680	(5,680)	-	1,050,000	355,680	(5,680)	-	350,000
		5,574,112	(809,454)	65,970	4,830,628	4,870,194	(432,993)	56,617	4,493,818
Units of open end mutual funds		750,000	(144,205)	37,490	643,285	1,510,609	(140,558)	140,194	1,510,245
Fully paid preference shares		27,314	(11,914)	12,750	28,150	27,314	(11,914)	651	16,051
Non Government Debt Securities									
Listed		2,704,432	(204,432)	(47,741)	2,452,259	1,641,790	(216,790)	(41,556)	1,383,444
Unlisted		10,491,363	(1,225,308)	147,045	9,413,100	11,784,505	(1,279,995)	104,243	10,608,753
		13,195,795	(1,429,740)	99,304	11,865,359	13,426,295	(1,496,785)	62,687	11,992,197
Foreign Securities									
Government securities		1,802,310	(5,146)	-	1,797,164	4,288,412	(35,550)	5,469	4,258,331
Subsidiary									
Askari Securities Limited	13.5.2	-	-	-	-	165,619	-	-	165,619
Total investments		779,347,975	(3,512,177)	(13,304,779)	762,531,019	626,800,535	(2,304,644)	(8,134,733)	616,361,158

Rupees in '000	2022	2021
8.2.1 Investments given as collateral		
The market value of investments given as collateral is:		
Market Treasury Bills	14,650,739	9,967,040
Pakistan Investment Bonds	163,347,300	31,984,000
Euro Bonds	-	7,386,911
Turkish Euro Bonds	1,797,861	596,977
Ijarah Sukuks	-	4,372,827
Shares	177,855	161,829
	179,973,755	54,469,584
8.3 Provision for diminution in value of investments		
8.3.1 Opening balance	2,304,644	2,116,583
Exchange adjustments	134,098	21,835
Charge / (reversals)		
Charge for the year	560,165	277,764
Charge / (reversal) for the year under IFRS 9 related to WBB	760,372	(38,547)
Reversals for the year	(67,045)	(69,986)
Net charge	1,253,492	169,231
Reversal on disposals	(180,057)	(3,005)
Closing balance	3,512,177	2,304,644

8.3.2 Particulars of provision against debt securities

Rupees in '000	2022		2021	
	NPI	Provision	NPI	Provision
Category of classification				
Domestic				
Loss	1,429,740	1,429,740	1,496,785	1,496,785

8.3.3 Included in the above, Bank's Bahrain branch holds general provision of Rs 1,116,864 thousand (December 31, 2021: Rs 222,394 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	2022		2021	
	Cost		Cost	
Federal Government Securities - Government guaranteed				
Market Treasury Bills		34,689,698		237,198,334
Pakistan Investment Bonds		566,762,426		217,100,181
Euro Bonds		7,686,312		3,642,731
Ijarah Sukuks		33,935,928		24,357,289
Naya Pakistan Certificates		3,282,078		–
		646,356,442		482,298,535
Shares				
Listed				
Auto assembler		42,393		–
Commercial banks		819,973		790,902
Chemicals		414,512		414,475
Cement		348,022		412,499
Engineering		24,398		83,430
Fertilizer		174,211		131,051
Insurance		6,981		46,948
Investment banks and companies		26,560		–
Leasing companies		–		26,560
Oil and gas marketing companies		491,734		668,391
Oil and gas exploration		266,910		187,054
Power generation and distribution		589,142		598,158
Paper and board		69,750		72,800
Pharmaceuticals		97,432		153,693
Refinery		7,799		88,822
Real estate investment trust		383,026		572,760
Textile composite		117,235		243,307
Technology and communication		149,971		–
Transport		23,666		23,664
		4,053,715		4,514,514

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Rupees in '000	2022		2021	
	Cost	Breakup value	Cost	Breakup value
Unlisted				
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	492,500	50,000	312,700
Pakistan Mortgage Refinance Company Limited	300,000	609,370	300,000	527,700
TPL REIT Fund-I	700,000	1,005,521	–	–
	1,055,680	2,107,391	355,680	840,400

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

Rupees in '000	2022	2021
	Cost	Cost
Units of Open end mutual funds		
Listed		
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
Askari Asset Allocation Fund	–	100,846
Askari High Yield Scheme	–	479,137
Askari Sovereign Yield Enhancer Fund	–	100,000
Askari Cash Fund (Formerly Askari Sovereign Cash Fund)	–	37,509
Pak Oman Islamic Asset Allocation Fund	–	42,705
Pak Oman Advantage Islamic Income Fund	–	412
	750,000	1,510,609
Fully Paid Preference Shares		
Listed		
Textile	25,100	25,100
Unlisted		
Commercial Banks	2,214	2,214
	27,314	27,314
Non Government Debt Securities		
Listed		
AAA	750,000	750,000
AA+, AA, AA-	1,475,000	500,000
A+, A, A-	275,000	175,000
Unrated	204,432	216,790
	2,704,432	1,641,790
Unlisted		
AAA	7,642,005	8,798,860
AA+, AA, AA-	716,550	600,650
A+, A, A-	907,500	1,105,000
Unrated	1,115,308	1,169,995
	10,381,363	11,674,505

Rupees in '000	2022		2021	
	Cost	Rating	Cost	Rating
Foreign Securities				
Government of Bahrain securities	–	–	530,691	B+

Rupees in '000	2022		2021	
	Cost		Cost	
8.5 Particulars relating to Held to Maturity securities are as follows:				
Federal Government Securities - Government guaranteed				
Pakistan Investment Bonds		102,411,971		103,777,717
Government of Pakistan Euro Bonds		9,230,031		7,282,348
Ijarah Sukuks		–		4,938,400
GOP Bai Muajjal		–		4,215,092
		111,642,002		120,213,557
Non Government Debt Securities				
Unlisted				
CCC and below		110,000		110,000

Rupees in '000	2022		2021	
	Cost	Rating	Cost	Rating
Foreign Securities - Non-Government				
Turkish Sukuk	–		1,059,422	BB-
Turkish Euro Bonds	1,802,310	B-	1,374,564	BB-
Sri Lanka Euro Bond	–		1,323,735	CCC+
	1,802,310		3,757,721	

8.5.1 Market value of held to maturity securities other than classified investments is Rs. 101,813,767 thousand (December 31, 2021: Rs. 122,430,448 thousand).

8.6 Investments include Government securities which are held by the Bank to comply with statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

9 ADVANCES

Rupees in '000	Note	Performing		Non performing		Total	
		2022	2021	2022	2021	2022	2021
Loans, cash credits, running finances, etc.	9.1	473,649,618	383,720,771	26,450,298	25,413,635	500,099,916	409,134,406
Islamic financing and related assets- note 3 of Annexure II		82,206,609	69,979,661	2,894,335	2,885,460	85,100,944	72,865,121
Bills discounted and purchased		27,931,036	22,950,694	1,802,149	2,866,232	29,733,185	25,816,926
Advances - gross		583,787,263	476,651,126	31,146,782	31,165,327	614,934,045	507,816,453
Provision against advances							
- Specific		–	–	(29,297,528)	(28,518,930)	(29,297,528)	(28,518,930)
- General		(1,825,586)	(1,709,286)	–	–	(1,825,586)	(1,709,286)
		(1,825,586)	(1,709,286)	(29,297,528)	(28,518,930)	(31,123,114)	(30,228,216)
Advances - net of provision		581,961,677	474,941,840	1,849,254	2,646,397	583,810,931	477,588,237

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FOR THE YEAR ENDED DECEMBER 31, 2022

9.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	2022				2021			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	2,864,872	3,986,283	-	6,851,155	2,453,266	2,644,563	-	5,097,829
Residual value	612,030	1,574,293	-	2,186,323	855,053	1,356,416	-	2,211,469
Minimum lease payments	3,476,902	5,560,576	-	9,037,478	3,308,319	4,000,979	-	7,309,298
Financial charges for future periods	(680,319)	(878,511)	-	(1,558,830)	(299,942)	(315,781)	-	(615,723)
Present value of minimum lease payments	2,796,583	4,682,065	-	7,478,648	3,008,377	3,685,198	-	6,693,575

Rupees in '000	2022	2021
9.2 Particulars of advances (Gross)		
In local currency	573,258,877	465,203,559
In foreign currencies	41,675,168	42,612,894
	614,934,045	507,816,453

9.3 Advances include Rs. 31,146,782 thousand (2021: Rs. 31,165,327 thousand) which have been placed under non-performing status as detailed below:

Rupees in '000	2022		2021	
	Non performing loans	Provision	Non performing loans	Provision
Category of classification				
Domestic				
Other Assets Especially Mentioned	122,279	1,437	140,824	445
Substandard	1,596,854	394,848	1,576,529	308,449
Doubtful	844,347	413,258	1,223,288	570,556
Loss	28,583,302	28,487,985	28,012,320	27,616,118
	31,146,782	29,297,528	30,952,961	28,495,568
Overseas				
Not past due but Impaired	-	-	212,366	23,362
	31,146,782	29,297,528	31,165,327	28,518,930

9.4 Particulars of provision against advances

Rupees in '000	Note	2022				2021			
		Specific	General	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
Opening balance		28,518,930	974,026	735,260	30,228,216	24,842,078	887,946	716,026	26,446,050
Exchange adjustments		4,041	36,465	-	40,506	2,207	15,826	-	18,033
Charge for the year		2,675,775	133,850	113,551	2,923,176	6,382,786	76,663	93,912	6,553,361
Reversal under IFRS 9 related to WBB		(27,403)	(112,950)	-	(140,353)	-	(5,555)	-	(5,555)
Reversal for the year		(1,821,378)	(21,391)	(33,225)	(1,875,994)	(2,597,059)	(854)	(74,678)	(2,672,591)
		826,994	(491)	80,326	906,829	3,785,727	70,254	19,234	3,875,215
Amounts written off	9.5	(198)	-	-	(198)	(55,851)	-	-	(55,851)
Amounts charged off- agriculture financing	9.7	(52,239)	-	-	(52,239)	(55,231)	-	-	(55,231)
Closing balance		29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216

9.4.1 Particulars of provision against advances

Rupees in '000	2022				2021			
	Specific	General	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
In local currency	29,297,528	920,457	815,586	31,033,571	28,099,282	807,679	735,260	29,642,221
In foreign currencies	-	89,543	-	89,543	419,648	166,347	-	585,995
	29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216

9.4.2 The net FSV benefit already availed has been reduced by Rs. 471,933 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 471,933 thousand (2021: higher by Rs. 220,594 thousand) and Rs.240,686 thousand (2021: Rs. 134,563 thousand) respectively. Further, at December 31, 2022, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 26,865 thousand (December 31, 2021: Rs. 320,002 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

9.5 Particulars of write-offs

This represents write off against provision amounting to Rs.198 thousands related to domestic advances (2021: Rs. 55,851 thousands).

Rupees in '000	2022	2021
9.5.1 Against Provisions	198	55,851
Write-offs of Rs. 500,000 and above		
- Domestic	-	55,642
Write-offs of below Rs. 500,000	198	209
	198	55,851

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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, 2022 is given in Annexure - I.

9.7 Amounts charged off - Agriculture financing

This represents agriculture loans 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.

Rupees in '000	Note	2022	2021
10 FIXED ASSETS			
Capital work-in-progress	10.1	220,511	111,038
Property and equipment	10.2	17,372,333	13,601,560
Right of use asset - IFRS 16	10.3	6,891,568	6,454,277
		24,484,412	20,166,875

10.1 This represents civil works in progress during the year.

10.2 Property and equipment

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
As at January 1, 2022										
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
Year ended December 31, 2022										
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	-	-	-	-	(735)	(7,544)	(8,094)	-	(2,086)	(18,459)
Depreciation charge	-	-	(34,799)	(24,051)	(213,052)	(164,406)	(268,567)	(185,957)	(22,804)	(913,636)
Other adjustments / transfers	-	-	-	-	-	222	-	78	-	300
Closing net book value	7,118,892	6,119,500	677,593	459,999	429,601	838,234	1,014,103	642,983	71,428	17,372,333
As at December 31, 2022										
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	2,844,184	111,710	10,707,264
Net book value	7,118,892	6,119,500	677,593	459,999	429,601	838,234	1,014,103	642,982	71,428	17,372,333
Rate of depreciation (percentage)	-	-	5	5	20	10-20	10-20	20	20	

Rupees in '000	2021									
	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
As at January 1, 2021										
Cost / Revalued Amount	3,737,141	5,815,489	1,228,823	984,192	3,934,777	1,656,334	3,592,039	3,056,694	181,622	24,187,111
Accumulated Depreciation	-	-	481,313	475,292	3,348,654	830,762	2,620,591	2,649,776	133,177	10,539,565
Net book value	3,737,141	5,815,489	747,510	508,900	586,123	825,572	971,448	406,918	48,445	13,647,546
Year ended December 31, 2021										
Opening net book value	3,737,141	5,815,489	747,510	508,900	586,123	825,572	971,448	406,918	48,445	13,647,546
Additions	-	-	-	-	159,567	139,710	218,671	228,057	47,112	793,117
Transfers from non banking assets	137,350	-	1,449	-	-	-	-	-	-	138,799
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(579)	(5,128)	(3,959)	(139)	(1,256)	(11,061)
Depreciation charge	-	-	(36,567)	(24,850)	(257,291)	(150,225)	(312,009)	(167,442)	(18,738)	(967,122)
Other adjustments / transfers	-	-	-	-	(142)	360	(2,040)	2,103	-	281
Closing 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
As at December 31, 2021										
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
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
2022	-	-	-	-	1,985,108	427,413	2,009,760	2,440,731	64,948	6,927,960
2021	-	-	-	-	1,628,503	413,174	1,771,917	2,279,605	101,687	6,194,886

Rupees in '000

	2022	2021
10.3 Right of use assets		
Opening balance	6,454,277	7,401,820
Additions	2,122,788	499,359
Depreciation	(1,579,354)	(1,342,713)
Terminations/ adjustments	(106,143)	(104,189)
Closing balance	6,891,568	6,454,277

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

10.4 Disposal of assets to related parties:

Particular of assets	Cost	Book Value	Sale Proceed	Mode of Disposal	Particular of Purchaser
Furniture, fixtures and office equipment	119	36	36	As per Bank's policy	Fahd Sardar Khan - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	53	53	-do-	Syed Jafar Raza Rizvi - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	226	226	-do-	Syed Ghaus Ahmad - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	74	74	-do-	Asim Bashir - Ex - Key Management Personnel
Furniture, fixtures and office equipment	140	70	70	-do-	Umar Shahzad - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	85	85	-do-	Syed Taha Afzal - Ex - Key Management Personnel
Machine and equipment	280	243	243	-do-	Mohammed Haroon Zamir Khan - Ex - Key Management Personnel
Machine and equipment	185	90	90	-do-	Faisal Hussain - Ex - Key Management Personnel
Machine and equipment	230	146	146	-do-	Rashid Iqbal Shaikh - Ex - Key Management Personnel
Bank vehicles	1,720	-	2,350	-do-	Zain Ul Abidin - Key Management Personnel
Bank vehicles	1,676	-	2,150	-do-	Irfan Johar - Key Management Personnel
Bank vehicles	2,396	-	2,750	-do-	Rashid Nawaz Tipu - Ex - Key Management Personnel
	7,666	1,023	8,273		

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, 2022 amounts to Rs. 9,384,750 thousand.

Had the freehold and leasehold land not been revalued, the total carrying amounts of revalued properties as at December 31, 2022 would have been Rs. 3,853,642 thousand (2021: Rs. 4,484,063 thousand)

Rupees in '000	Note	2022	2021
11 INTANGIBLE ASSETS			
Computer software	11.1	1,130,815	948,523
Less: Provision against intangibles		-	(1,225)
		1,130,815	947,298
Capital work in progress		244,810	235,967
		1,375,625	1,183,265
11.1 Software			
As at January 1,			
Cost		2,422,602	2,656,322
Accumulated amortization		1,474,079	1,878,627
Net book value		948,523	777,695

Rupees in '000	2022	2021
Year ended December 31,		
Opening net book value	948,523	777,695
Additions		
- directly purchased	324,436	395,745
Charged off	–	(44,292)
Amortization charge	(142,765)	(180,862)
Other adjustments / transfers	621	237
Closing net book value	1,130,815	948,523
As at December 31,		
Cost	2,748,506	2,422,602
Accumulated amortization	1,617,691	1,474,079
Net book value	1,130,815	948,523
Rate of amortization (percentage)	10	10
Useful life	10 years	10 years

11.1.1 Cost of fully amortized intangible assets still in use amounts to Rs. 1,137,662 thousand (2021: Rs. 1,073,017 thousand).

Rupees in '000	2022			
	At January 1, 2022	Recognized in P&L A/C	Recognized in OCI	At December 31, 2022
12 DEFERRED TAX ASSETS				
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

Rupees in '000	2021			
	At January 1, 2021	Recognized in P&L A/C	Recognized in OCI	At December 31, 2021
Deductible Temporary Differences on				
- Post retirement employee benefits	34,162	–	(9,499)	24,663
- Accelerated tax depreciation	48,095	52,742	–	100,837
- Deficit on revaluation of investments	(27,263)	–	3,199,809	3,172,546
- Provision against advances	1,568,007	302,130	–	1,870,137
	1,623,001	354,872	3,190,310	5,168,183

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Rupees in '000	Note	2022	2021
13 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision	13.1	37,216,850	18,861,858
Income / mark-up accrued in foreign currencies		1,241,333	694,389
Advances, deposits, advance rent and other prepayments		1,627,272	441,073
Advance taxation (payments less provisions)		5,983,883	6,224,368
Non-banking assets acquired in satisfaction of claims	13.3	847,462	1,446,968
Assets held for sale	13.5	1,915,619	–
Branch adjustment account		40,219	–
Due from State Bank of Pakistan		–	667,793
Mark to market gain on forward foreign exchange contracts - net		–	341,824
Stationary and stamps in hand		68,093	74,065
Dividend receivable	13.2	4,986	1,221
Acceptances		14,925,859	14,601,271
Switch settlement accounts		–	359,687
Others		527,204	530,756
		64,398,780	44,245,273
Less: Provision held against other assets	13.4	(182,608)	(175,846)
Other assets - net of provision		64,216,172	44,069,427
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,135,774	1,719,890
Other assets - total		65,351,946	45,789,317

13.1 This balance is net of interest in suspense amounting to Rs. 11,348,689 thousand (2021: Rs. 10,474,504 thousand).

13.2 This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2021: Rs. 81,020 thousand).

Rupees in '000	2022	2021
13.3 Market value of Non-banking assets acquired in satisfaction of claims	1,983,236	3,166,858

The Bank's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2022. 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 arisen against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2022 amounts to Rs. 1,135,774 thousand (2021 : Rs. 1,719,890 thousand).

Rupees in '000	2022	2021
13.3.1 Non-banking assets acquired in satisfaction of claims		
Opening balance	3,166,858	4,869,214
Revaluation	80,386	168,662
Disposals	(1,237,002)	(1,704,907)
Transfers to freehold land and building	–	(138,799)
Adjustments	–	(1,720)
Depreciation	(27,006)	(25,592)
Closing balance	1,983,236	3,166,858

Rupees in '000	Note	2022	2021
13.3.2 Gain on disposal of non-banking assets acquired			
in satisfaction of claims			
Disposal proceeds		1,237,002	1,722,458
Less			
- Carrying value		(1,237,002)	(1,704,907)
Gain		–	17,551
13.4 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		4,838	4,838
Others		177,770	171,008
		182,608	175,846
13.4.1 Movement in provision held against other assets			
Opening balance		175,845	209,778
Charge for the year		9,315	415
Reversals for the year		(2,552)	(34,348)
Net charge		6,763	(33,933)
Closing balance		182,608	175,845
13.5 Assets held for sale			
Fixed asset	13.5.1	1,750,000	–
Investment	13.5.2	165,619	–
		1,915,619	–

13.5.1 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.

13.5.2 During the year, the Board of Directors of the Bank, through resolution by circulation dated 10 January, 2022, approved the scheme of arrangement for amalgamation of the wholly owned subsidiary, Askari Securities Limited (ASL) with and into Foundation Securities (Private) Limited (FSL). As per the approved scheme of arrangement, the entire undertaking of ASL inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations of ASL will be transferred to FSL against 27,140,000 shares of FSL (one share of FSL against 1.18 shares of ASL held by the Bank). ASL will be dissolved without winding up. The scheme of arrangement is subject to necessary regulatory approvals.

Rupees in '000	2022	2021
14 BILLS PAYABLE		
In Pakistan	11,878,563	10,235,374

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Rupees in '000	Note	2022	2021
15	BORROWINGS		
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	15.1	22,741,967	20,497,570
Long term financing facility	15.2	9,904,417	9,725,125
Financing facility for storage of agricultural produce	15.3	44,311	73,853
Renewable energy financing facility	15.4	3,944,124	3,672,929
Refinance from SBP			
Credit guarantee scheme for women entrepreneurs		67	606
Payment of wages and salaries	15.5	454,197	7,485,233
Temporary economic relief	15.6	9,680,778	5,506,824
Modernization of SME		12,215	10,743
Combating COVID-19	15.7	563,711	279,357
Askari Ujala		3,117	–
Rupee based discounting of bills / receivable		1,891,099	–
		49,240,003	47,252,240
Repurchase agreement borrowings:			
State Bank of Pakistan	15.8	100,000,000	32,000,000
Financial institutions	15.9	80,826,007	18,910,076
		180,826,007	50,910,076
Refinance from Pakistan Mortgage Refinance Company	15.10	3,366,079	2,372,387
Total secured		233,432,089	100,534,703
Unsecured			
Call borrowings		–	21,713,480
Financial institutions		–	970,824
Overdrawn nostro accounts		–	344,754
Total unsecured		–	23,029,058
		233,432,089	123,563,761

15.1 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 11% (2021: 1% to 2%) per annum payable on a quarterly basis.

15.2 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 0.5% to 8.5% (2021: 0.5% to 8.4%) per annum payable on a quarterly basis.

15.3 These are secured against demand promissory note and carry markup of 2% (2021: 2%) per annum and have maturities upto May 2024.

15.4 These are secured against demand promissory note and carry markup of 2% to 3% (2021: 2% to 3%) per annum and have maturities upto October 2033.

15.5 These are secured against demand promissory note and carry markup of upto 3% (2021: 2%) per annum and have maturities upto April 2023

15.6 These are secured against demand promissory note and carry markup of 1% (2021: 1%) per annum payable on quarterly basis and have maturities upto September 2032.

15.7 These are secured against demand promissory note and carry NIL markup and have maturities upto March 2026.

15.8 These are secured against collateral of Government Securities and carry markup of 16.11% to 16.22% (2021: 9.91% to 9.96%) per annum and have maturities upto 3 months (2021: 6 months). The market value of securities given as collateral is given in note 8.2.1.

15.9 These are secured against collateral of Federal and Foreign Government Securities and carry markup of 5.65% to 16.25% (2021: 0.88% to 10.65%) per annum and have maturities upto 2 months (2021: 3 months). The market value of securities given as collateral is given in note 8.2.1.

15.10 This is secured against mortgage finance portfolio of the Bank and carry markup of 6% to 11.60% (2021: 6% to 8.5%) per annum and has maturity upto 2031 (2021: upto 2031).

Rupees in '000	2022	2021
15.11 Particulars of borrowings with respect to currencies		
In local currency	232,038,128	102,888,997
In foreign currencies	1,393,961	20,674,764
	233,432,089	123,563,761

16 DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
Current accounts	323,359,037	25,268,830	348,627,867	282,967,438	24,864,069	307,831,507
Savings deposits	500,472,663	60,092,675	560,565,338	447,108,954	50,866,257	497,975,211
Fixed deposits	195,530,848	26,160,189	221,691,037	183,802,414	18,794,731	202,597,145
	1,019,362,548	111,521,694	1,130,884,242	913,878,806	94,525,057	1,008,403,863
Financial institutions						
Current accounts	1,047,450	32,749	1,080,199	1,449,604	62,980	1,512,584
Savings deposits	4,517,990	–	4,517,990	1,931,912	–	1,931,912
Fixed deposits	6,092,175	–	6,092,175	3,581,709	–	3,581,709
	11,657,615	32,749	11,690,364	6,963,225	62,980	7,026,205
	1,031,020,163	111,554,443	1,142,574,606	920,842,031	94,588,037	1,015,430,068

Rupees in '000	2022	2021
16.1 Composition of deposits		
- Individuals	357,744,274	336,699,027
- Government (Federal and Provincial)	429,171,969	326,650,675
- Public Sector Entities	86,175,804	86,068,562
- Banking Companies	449	448
- Non-Banking Financial Institutions	11,689,915	7,025,757
- Private Sector	257,792,195	258,985,599
	1,142,574,606	1,015,430,068

16.2 Total deposits include eligible deposits of Rs. 438,949,989 thousand (2021: Rs. 404,645,277 thousand) as required by the Deposit Protection Corporation's (a subsidiary of SBP) vide circular no. 04 of 2018 dated June 22, 2018.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Rupees in '000	2022	2021
17 SUBORDINATED DEBTS		
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

17.1 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.

	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
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.

Rupees in '000	Note	2022	2021
18 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		11,177,244	4,528,899
Mark-up / return / interest payable in foreign currencies		523,791	275,197
Unearned commission and income on bills discounted		2,485,237	2,293,929
Accrued expenses		2,141,323	2,959,114
Advance payments		446,546	396,609
Acceptances		14,925,859	14,601,271
Dividend payable		195,719	204,537
Advance against sale of non-banking assets		494,255	728,009
Mark to market loss on forward foreign exchange contracts		110,688	–
Branch adjustment account		–	361,638
Payable to defined benefit plan	36.4	194,714	280,287
Provision for employees' compensated absences	38.2	635,913	701,725
Security deposit against lease / Ijarah financing		4,145,427	4,395,134
Levies and taxes payable		1,156,266	888,456
Workers' Welfare Fund	29	768,486	428,583
Liability against trading of securities		462,925	–
Switch settlement accounts		2,747,463	–
Provision against off-balance sheet obligations	18.1	134,767	1,143,768
Lease liability against ROU assets as per IFRS - 16 Leases		8,084,073	7,393,878
Islamic pool management reserve		–	51,630
Others		2,095,527	379,749
		52,926,223	42,012,413

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

Rupees in '000	Note	2022	2021
18.1 Provision against off-balance sheet obligations			
Opening balance		1,143,768	100,356
Exchange adjustment		404	163
Charge for the year		–	1,043,249
Reversal for the year	31	(1,009,405)	–
Net charge		(1,009,405)	1,043,249
Closing balance		134,767	1,143,768

19 SHARE CAPITAL

19.1 Authorized capital

2022		2021	2022		2021
Number of shares			Rupees in '000		
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000	

19.2 Issued, subscribed and paid up capital

2022		2021	2022		2021
Number of shares			Rupees in '000		
514,689,096	514,689,096	Ordinary shares of Rs. 10 each	5,146,891	5,146,891	
717,297,769	717,297,769	Fully paid in cash	7,172,978	7,172,978	
28,273,315	28,273,315	Issued as bonus shares	282,733	282,733	
1,260,260,180	1,260,260,180	Issued on Askari Leasing Limited merger	12,602,602	12,602,602	

Number of shares		2022	2021
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19.3 Composition of shares held by the Fauji Consortium is as follows:

Fauji Foundation		90,629,884	90,629,884
Fauji Fertilizer Company Limited		543,768,024	543,768,024
Fauji Fertilizer Bin Qasim Limited		271,884,009	271,884,009
		906,281,917	906,281,917

Rupees in '000	Note	2022	2021
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20. SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of:			
- Available for sale securities	20.1	(13,244,132)	(8,134,733)
- Fixed Assets	20.2	10,365,737	5,205,916
- Non-banking assets acquired in satisfaction of claims	20.3	1,135,774	1,719,890
		(1,742,621)	(1,208,927)
Deferred tax asset on deficit on revaluation of:			
- Available for sale securities		5,694,977	3,172,546
		3,952,356	1,963,619

20.1 Pursuant to relaxation provided by the SBP, the Bank has availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at December 31, 2022. Accordingly, the Bank has reversed an amount of revaluation loss of Rs. 6,486 million upto December 31, 2022 on such PIBs and will recognize the same in accordance with the criteria prescribed by SBP. Had the revaluation loss not been reversed in these unconsolidated financial statements the carrying value of investments as at December 31, 2022 would have been lower by Rs. 6,486 million, other comprehensive income for the year ended December 31, 2022 and surplus on revaluation of assets - net of tax would have been lower by Rs. 3,697 million and deferred tax asset at December 31, 2022 would have been higher by Rs. 2,789 million.

Pursuant to relaxation, the Bank is required to adjust the outstanding staggered amount of revaluation deficit from distributable profits, for declaring cash dividend (if any), during the relaxation period.

Rupees in '000	Note	2022	2021
20.2 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January, 1		5,205,916	5,144,180
Recognised during the year		5,159,821	–
Surplus on non-banking asset transferred to owned property		–	61,736
Surplus on revaluation of fixed assets as at December, 31		10,365,737	5,205,916
20.3 Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January, 1		1,719,890	2,442,972
Recognised during the year		80,386	168,662
Realised on disposal / transfers during the year		(664,502)	(830,008)
Transfer of surplus on non-banking asset to owned property		–	(61,736)
Surplus on revaluation as at December, 31		1,135,774	1,719,890
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	313,699,274	274,886,748
- Commitments	21.2	473,577,812	396,004,041
- Other contingent liabilities	21.3	1,254,927	1,095,098
		788,532,013	671,985,887
21.1 Guarantees			
Financial guarantees		9,494,557	6,015,847
Performance guarantees		180,122,513	155,588,123
Other guarantees		124,082,204	113,282,778
		313,699,274	274,886,748

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Rupees in '000	Note	2022	2021
21.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		187,240,002	190,672,407
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	269,232,712	201,560,195
- forward government securities transactions	21.2.2	15,400,000	–
- forward non government securities transactions	21.2.3	1,366,896	3,639,700
Commitments for acquisition of:			
- operating fixed assets		82,807	31,295
- intangible assets		255,395	100,444
		473,577,812	396,004,041
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		150,899,164	117,506,977
Sale		118,333,548	84,053,218
		269,232,712	201,560,195
The above commitments have maturities falling within one year.			
21.2.2 Commitments in respect of government securities transactions			
Purchase		15,400,000	–
21.2.3 Commitments in respect of non government securities transactions			
Purchase		1,035,290	3,639,700
Sale		331,606	–
		1,366,896	3,639,700
21.3 Other contingent liabilities			
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 and accordingly no provision has been made in these unconsolidated financial statements		1,254,927	1,095,098

21.4 Tax related contingencies are disclosed in note 32.2 to these unconsolidated financial statements.

22 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 Group buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

22.1 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.

22.2 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, 2022

Rupees in '000	Note	2022	2021
23	MARK-UP / RETURN / INTEREST EARNED		
On:			
Loans and advances		63,490,389	32,681,989
Investments		101,062,833	44,305,066
Lendings to financial institutions		194,413	111,572
Balances with banks		134,702	7,260
Securities purchased under resale agreements (reverse repo)		913,406	444,034
		165,795,743	77,549,921
24	MARK-UP / RETURN / INTEREST EXPENSED		
Deposits		81,500,798	36,928,194
Borrowings		39,876,519	3,952,824
Subordinated debts		1,780,223	1,069,673
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,764,326	2,295,223
Interest expense on lease liability against ROU assets		912,324	894,286
		125,834,190	45,140,200
25	FEE AND COMMISSION INCOME		
Branch banking customer fees		820,592	672,207
Consumer finance related fees		107,500	112,553
Card related fees (debit and credit cards)		1,472,764	1,168,379
Credit related fees		435,631	240,649
Investment banking fees		246,097	171,588
Commission on trade		1,011,708	919,680
Commission on guarantees		1,040,629	910,277
Commission on remittances including home remittances		209,259	247,018
Commission on bancassurance		67,923	105,325
Others		34,271	61,470
		5,446,374	4,609,146
26	(LOSS) / GAIN ON SECURITIES		
Realised	26.1	(267,447)	814,724
Unrealised		15,988	–
		(251,459)	814,724

Rupees in '000	Note	2022	2021
26.1 Realised (loss) / gain on:			
Federal Government Securities		12,178	647,146
Shares		(290,281)	164,578
Non Government Debt Securities		(2,200)	3,000
Mutual Funds		12,856	–
		(267,447)	814,724
27 OTHER INCOME			
Rent on property		27	23
Gain on sale of fixed assets		52,977	20,501
Rent of lockers		47,410	50,572
Gain on sale of non banking asset	27.1	–	17,551
Recovery of expenses from customers		330,251	313,721
Gain / (loss) on termination of lease contracts under IFRS - 16, Leases		13,700	(250)
		444,365	402,118

27.1 Gain on sale of non-banking asset in satisfaction of claims

Name of Buyer	2022				
	Cost	Book value	Cash received	Gain on sale	Mode of disposal
Rupees '000					
M/s DHA Islamabad	572,500	1,237,002	1,237,002	–	Tender
Name of Buyer	2021				
	Cost	Book value	Cash received	Gain / (loss) on sale	Mode of disposal
Rupees '000					
M/s S.H Haq Noor & Co.	252,250	300,000	315,000	15,000	Buy-back
Mr Abid Ali	15,190	23,449	26,000	2,551	Tender
M/s DHA Islamabad	608,900	1,381,458	1,381,458	–	Tender
	876,340	1,704,907	1,722,458	17,551	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Rupees in '000	Note	2022	2021
28 OPERATING EXPENSES			
Total compensation expenses	28.1	11,474,947	11,720,691
Property expense			
Rent and taxes		132,833	120,587
Insurance		96,293	87,074
Utilities cost		1,236,922	708,673
Security (including guards)		762,864	515,542
Repair & maintenance		363,373	280,089
Depreciation on ROU assets		1,579,354	1,342,713
Depreciation		274,287	318,708
		4,445,926	3,373,386
Information technology expense			
Software maintenance		603,109	436,397
Hardware maintenance		88,529	47,020
Depreciation		185,497	167,305
Amortisation		142,765	180,862
Network charges		359,255	240,815
		1,379,155	1,072,399
Other operating expenses			
Directors' fees, allowances		38,650	68,513
Fees and allowances to shariah board		9,220	7,453
Rates, taxes, insurance etc.		201,313	201,175
Legal and professional charges		140,711	476,491
Brokerage and commission		165,249	113,679
NIFT clearing charges		80,033	77,642
Repair and maintenance		558,417	304,916
Communications		758,369	527,125
Stationery and printing		409,033	269,334
Marketing, advertisement and publicity		195,159	127,701
Donations	28.2	492,403	390,527
Auditors' remuneration	28.3	39,481	30,816
Travelling, conveyance and entertainment		317,375	220,527
Depreciation		453,852	481,109
Security service charges		419,689	315,547
Training and development		28,516	6,572
Deposit premium expense		647,432	574,980
Outsourced service cost	28.4	135,450	32,324
Other expenditure		182,008	497,618
		5,272,360	4,724,049
		22,572,388	20,890,525

Rupees in '000	Note	2022	2021
28.1 Total compensation expenses			
Managerial remuneration			
i) Fixed		4,143,466	4,579,828
ii) Variable			
- Cash bonus / awards etc.		1,282,746	1,333,157
		5,426,212	5,912,985
Charge for defined benefit plans	28.1.1	439,130	391,288
Contribution to defined contribution plan	37	284,312	312,404
Rent and house maintenance		1,843,157	1,911,671
Utilities		398,626	416,679
Medical		562,021	676,067
Conveyance		1,586,040	1,443,311
Other staff cost	28.1.2	935,449	656,286
		11,474,947	11,720,691

28.1.1 This includes charge for defined benefit plan and compensated absences.

28.1.2 This includes staff incentives, allowances and health coverage etc.

28.2 This represents:

Bank's contribution amounting to Rs. 366,318 thousand (2021: Rs. 376,223 thousand) for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation.

Further, Rs. 28,688 thousand and Rs.97,397 thousand were given to Army Public School Batrasi for expansion and to flood affectees respectively.

Rupees in '000		2022	2021
28.3 Auditors' remuneration			
Statutory auditors of the Bank			
Audit fee		5,875	4,500
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services		12,831	7,735
Tax services		15,000	15,000
Out of pocket expenses		923	-
		34,629	27,235
Auditors of Wholesale Bank Branch, Bahrain			
Audit fee		4,852	3,581
		39,481	30,816

28.4 This represents expenses relating to outsourced activities provided by companies incorporated in Pakistan amounting to Rs. 135,450 thousand (2021: Rs. 32,324 thousand).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Rupees in '000	2022	2021
29 WORKERS' WELFARE FUND		
Opening balance	428,583	215,099
Charge for the year	339,903	213,484
Closing balance	768,486	428,583

30 This represents penalties imposed by the State Bank of Pakistan.

Rupees in '000	Note	2022	2021
31 PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments	8.3.1	1,253,492	169,231
Provision against loans and advances	9.4	906,829	3,875,215
Reversal of provision against other assets	13.4.1	6,763	(33,933)
Reversal of provision against intangible assets (Reversal) / provision against off-balance sheet obligations	18.1	(1,009,405)	1,043,249
Provision against cash and bank balances		(7)	2
Reversal of provision against repurchase agreement lendings		(29,720)	–
Recovery of written off / charged off bad debts		(84,591)	(110,379)
		1,042,136	4,939,950

32 TAXATION			
Current		13,342,588	6,247,648
Prior Years		–	51,111
Deferred		55,270	(354,872)
		13,397,858	5,943,887

32.1 Relationship between tax expense and accounting profit

Profit before taxation		27,459,453	15,645,273
Tax at applicable tax rate of 39 percent (2021: 39 percent)		10,709,187	6,101,656
Effect of:			
- Prior year		–	51,111
- Super tax - current year		2,771,785	–
- Others		(83,114)	(208,880)
		13,397,858	5,943,887

32.2 Tax status

32.2.1 The Bank has filed tax returns for and up to tax year 2022. 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 1,086 million, provision for diminution in the value of investments for Rs 2,425 million, bad debts written off for Rs 127.53 million, provision for substandard advances for Rs 74.95 million, Provision against other assets/fixed assets for Rs 177.43 million, disallowance of employee benefit expenses Rs 330.87 Million and Other disallowances of expenses/credits for Rs 416.97 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.

32.2.2 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 CIR(A) 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	2022	2021
33 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year - Rupees in '000	14,061,595	9,701,386
Weighted average number of Ordinary Shares - numbers	1,260,260,180	1,260,260,180
Basic and diluted earnings per share - Rupees	11.16	7.70

There is no dilutive effect on the basic earnings per share of the Bank, therefore dilutive earnings per share have not been presented separately.

Rupees in '000	2022	2021
34 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	70,950,067	89,432,245
Balances with other banks	9,677,123	3,454,837
	80,627,190	92,887,082

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

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Rupees in '000	2021		
	Liabilities		
	Subordinated loan	Lease liability	Dividend payable
Balances as at January 01, 2021	12,000,000	8,223,995	157,439
Changes from financing cash flows			
Payment of lease liability	–	(1,965,692)	–
Dividend Paid	–	–	(3,733,683)
	–	(1,965,692)	(3,733,683)
Other changes			
Additions / renewals of leases	–	507,715	–
Unwinding of lease liability	–	894,286	–
Termination / other adjustments	–	(266,426)	–
Final cash dividend for the year ended December 31, 2020	–	–	3,780,781
	–	1,135,575	3,780,781
	12,000,000	7,393,878	204,537

	2022	2021
	Number of employees	
35 STAFF STRENGTH		
Permanent	6,743	6,689
On Bank's contract	605	789
Total staff strength	7,348	7,478

Out of total employees, 6 (2021: 6) employees are working abroad.

In addition to the above, 399 domestic employees (2021: 163) 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.

36 DEFINED BENEFIT PLAN

36.1 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.

36.2 The number of employees covered under the defined benefit scheme are 6,741 employees (2021: 6,658 employees).

36.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2022 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

		2022	2021
Discount rate - per annum		14.25%	11.75%
Expected rate of increase in salaries - per annum		13.75%	11.25%
Expected rate of return on plan assets - per annum		11.75%	9.75%
Duration		8 years	9 years
Mortality rate		SLIC 2001 - 2005 mortality table	SLIC 2001 - 2005 mortality table
Rupees in '000	Note	2022	2021
36.4 Reconciliation of payable to defined benefit plan:			
Present value of defined benefit obligation		3,285,070	3,678,851
Fair value of plan assets		(3,090,356)	(3,398,564)
Net liability		194,714	280,287
36.5 Movement in defined benefit obligations			
Obligation at beginning of the year		3,678,851	3,347,076
Current service cost		329,418	313,143
Past service cost		–	(23,627)
Interest cost		378,438	314,271
Re-measurement gain		(162,209)	(10,500)
Benefits paid by the Bank		(916,200)	(247,575)
Benefits due but not paid		(23,228)	(13,937)
Obligation at end of the year		3,285,070	3,678,851
36.6 Movement in fair value of plan assets			
Fair value at beginning of the year		3,398,564	3,036,762
Interest income on plan assets		361,971	299,143
Actuarial (loss) / gain on assets		(11,038)	13,857
Contributions by employer		280,287	310,314
Benefits paid		(916,200)	(247,575)
Benefits due but not paid		(23,228)	(13,937)
Fair value at end of the year		3,090,356	3,398,564
36.7 Movement in payable under defined benefit schemes			
Opening balance		280,287	310,314
Charge for the year		345,885	304,644
Contribution by the Bank		(280,287)	(310,314)
Re-measurement gain recognised in OCI during the year	36.8.2	(151,171)	(24,357)
Closing balance		194,714	280,287
36.8 Charge for defined benefit plan			
36.8.1 Cost recognised in profit and loss			
Current service cost		329,418	313,143
Past service cost		–	(23,627)
Net interest cost on defined benefit liability		16,467	15,128
		345,885	304,644

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Rupees in '000	2022	2021
36.8.2 Re-measurements recognised in OCI during the year		
Gain on obligation		
- Experience adjustment	(175,792)	(23,223)
- Demographic assumptions	–	–
- Financial assumptions	13,583	12,723
	(162,209)	(10,500)
Actuarial loss / (gain) on plan assets	11,038	(13,857)
Total re-measurements recognised in OCI	(151,171)	(24,357)
36.9 Components of plan assets		
Cash and cash equivalents	65,132	2,438,114
Government securities	2,405,567	260,000
Term Finance Certificates	180,937	176,000
Shares	73,961	87,566
Mutual funds	389,057	450,988
Payables	(24,298)	(14,104)
	3,090,356	3,398,564

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.

36.10 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%	(3,029,705)	3,575,078
Salary increase	1.00%	3,578,143	(3,022,529)
Mortality rate change	1 year	(3,283,335)	3,286,950

36.11 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.

36.12 Expected charge for the next financial year is Rs. 334,445 thousand.

36.13 Maturity profile

The average duration of defined benefit obligation is 8 years (2021: 9 years).

36.14 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.

36.15 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.

37 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. 284,312 thousand (2021: Rs. 312,404 thousand) each. The fund covers 5,380 employees (2021: 6,330 employees).

38 COMPENSATED ABSENCES

38.1 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.

38.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2022 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2022 was Rs. 635,913 thousand (2021: Rs. 701,725 thousand). Expense for the year of Rs. 93,245 thousand (2021: Rs 86,644 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

	2022	2021
Discount rate - per annum	14.25%	11.75%
Expected rate of increase in salaries - per annum	13.75%	11.25%
Leave accumulation factor - days	11	11

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39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Items	For the year ended December 31, 2022						
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers	Total
	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
Total	2,100	36,550	9,220	96,192	551,358	349,929	1,045,349
Number of Persons	1	9	4	1	35	45	95

Items	For the year ended December 31, 2021						
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers	Total
	Rupees in '000						
Fees and Allowances etc.							
Managerial Remuneration							
i) Fixed	3,450	65,063	6,950	37,071	195,494	157,161	465,189
ii) Total Variable of which							
a) Cash Bonus / Awards	–	–	–	12,116	50,484	43,008	105,608
Charge for defined benefit plan	–	–	–	3,620	13,872	13,709	31,201
Contribution to defined contribution plan	–	–	–	2,837	12,089	10,998	25,924
Rent & house maintenance	–	–	–	11,779	76,706	63,216	151,701
Utilities	–	–	–	2,577	17,984	14,741	35,302
Medical	–	–	–	1,545	16,889	13,683	32,117
Conveyance	–	–	503	1,788	46,545	58,088	106,924
Others	–	–	–	38	24,915	12,711	37,664
Total	3,450	65,063	7,453	73,371	454,978	387,315	991,630
Number of Persons	1	11	4	1	30	48	95

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.

Total amount of deferred bonus outstanding as at December 31, 2022 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers is Rs. 19,309 thousand (2021: Rs. 8,824 thousand).

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

		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. Mohammad Aftab Manzoor	1,800	-	-	1,400	1,400	4,600
8	Mr. Mushtaq Malik	1,800	-	1,500	-	1,200	4,500
9	Ms. Zoya Mohsin Nathani	1,800	1,400	1,500	-	-	4,700
10	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

		2021					
		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	3,450	-	-	-	-	3,450
2	Mr. Sarfaraz Ahmed Rehman	2,675	3,263	-	-	-	5,938
3	Dr. Nadeem Inayat	3,118	2,999	911	2,698	480	10,206
4	Syed Bakhtiar Kazmi	2,100	-	-	2,100	-	4,200
5	Mr. Manzoor Ahmed	3,118	3,655	2,129	3,016	-	11,918
6	Mr. Mohammad Aftab Manzoor	2,518	-	-	3,857	1,969	8,344
7	Mr. Mushtaq Malik	3,118	-	2,291	-	972	6,381
8	Ms. Zoya Mohsin Nathani	3,118	4,169	2,357	-	-	9,644
9	Raja Muhammad Abbas	2,819	-	-	1,572	1,703	6,094
10	Lt Gen Tariq Khan HI (M) Retd	1,475	-	-	-	-	1,475
11	Mr. Imran Moid	144	-	-	-	-	144
12	Mr. Rehan Laiq	288	-	-	431	-	719
Total amount paid		27,941	14,086	7,688	13,674	5,124	68,513

39.3 Remuneration paid to Shariah Board Members for the year ended December 31,

		For the year ended December 31,					
		2022			2021		
Items		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	2,110	2,110	2,730
Fuel		-	820	-	-	503	-
Total Amount		2,400	3,220	3,600	2,110	2,613	2,730
Total Number of Persons		1	1	2	1	1	2

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40 FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

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:

40.1 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.

40.1.1 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	2022				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	632,309,796	3,896,423	628,413,373	–	632,309,796
Shares	4,184,699	4,184,699	–	–	4,184,699
Units of open end mutual funds	643,285	–	643,285	–	643,285
Fully paid preference shares	28,150	28,150	–	–	28,150
Non Government Debt Securities	11,865,359	–	11,865,359	–	11,865,359
	649,031,289	8,109,272	640,922,017	–	649,031,289
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	1,050,000	–	–	–	–
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
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	53,738,462	–	–	–	–
	832,487,318	10,441,830	102,411,971	–	112,853,801
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	150,899,164	–	419,729	–	419,729
Forward Sale of foreign exchange	118,333,548	–	(530,417)	–	(530,417)

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Rupees in '000	2021				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	473,847,695	4,382,885	469,464,810	–	473,847,695
Shares	4,143,818	4,143,818	–	–	4,143,818
Units of open end mutual funds	1,510,245	–	1,510,245	–	1,510,245
Fully paid preference shares	16,051	16,051	–	–	16,051
Non Government Debt Securities	11,992,197	–	11,992,197	–	11,992,197
Foreign securities	532,195	532,195	–	–	532,195
	492,042,201	9,074,949	482,967,252	–	492,042,201
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	350,000	–	–	–	–
Federal Government Securities	120,077,202	12,393,260	106,453,893	–	118,847,153
Foreign Securities	3,726,136	3,583,295	–	–	3,583,295
Cash and balances with treasury banks	89,432,245	–	–	–	–
Balances with other banks	3,454,829	–	–	–	–
Lendings to financial institutions	–	–	–	–	–
Advances	477,588,237	–	–	–	–
Other assets	35,887,791	–	–	–	–
	730,516,440	15,976,555	106,453,893	–	122,430,448
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	117,506,977	–	736,509	–	736,509
Forward Sale of foreign exchange	84,053,218	–	(394,684)	–	(394,684)

The Bank'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	2022 Level 3	2021 Level 3
40.2 Non-financial assets carried at revalued amounts		
Fixed assets		
Property and equipment (freehold and leasehold land)	13,238,392	9,689,980
Other assets		
Non-banking assets acquired in satisfaction of claims	1,983,236	3,166,858

41 Segment Information

41.1 Segment details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

Rupees in '000	2022							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
Profit and loss								
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	-
Net mark-up / return / profit-inter segment	26,357,410	5,689,359	(3,243,997)	1,313,260	5,261,569	1,135,162	3,448,790	39,961,553
Non mark-up / return / interest income	1,839,912	3,478,365	4,598,277	542,189	569,887	45,057	546,319	11,620,006
Total income / (loss)	28,197,322	9,167,724	1,354,280	1,855,449	5,831,456	1,180,219	3,995,109	51,581,559
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)	-
Total expenses	13,751,444	1,524,042	351,399	1,342,158	2,774,765	148,491	3,187,670	23,079,969
(Reversal of provisions) / provisions	13,010	(507,968)	530,443	89,910	186,312	618,055	112,374	1,042,136
Profit / (loss) before tax	14,432,868	8,151,650	472,438	423,381	2,870,379	413,673	695,065	27,459,454
Statement of financial position								
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	349,996	762,531,019
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	43,442,076	98,757,660
Total assets	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	50,986,891	1,526,133,734
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
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	6,684,620	233,698	11,993,054	64,804,786
Total liabilities	39,469,772	483,499,155	768,465,994	21,869,051	127,043,855	24,790,986	(12,327,332)	1,452,811,481
Equity	-	-	-	-	10,008,030	-	63,314,223	73,322,253
Total equity and liabilities	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	50,986,891	1,526,133,734
Contingencies and commitments	6,295,329	480,881,779	280,146,274	18,089	19,620,329	-	1,570,213	788,532,013

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Rupees in '000	2021							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
Profit and loss								
Net mark-up / return / profit	(23,138,002)	12,779,676	36,338,130	2,642,225	3,863,996	1,417,147	(1,493,451)	32,409,721
Inter segment revenue - net	41,548,785	(9,245,871)	(34,049,166)	(1,560,881)	(147,420)	(87,839)	3,542,392	-
Net mark-up / return / profit-inter segment	18,410,783	3,533,805	2,288,964	1,081,344	3,716,576	1,329,308	2,048,941	32,409,721
Non mark-up / return / interest income	1,930,845	2,659,780	3,696,806	488,405	454,406	16,512	122,896	9,369,650
Total income	20,341,628	6,193,585	5,985,770	1,569,749	4,170,982	1,345,820	2,171,837	41,779,371
Segment direct expenses	11,514,501	754,085	293,661	1,069,556	2,329,818	119,612	5,112,915	21,194,148
Inter segment expense allocation	1,051,525	868,139	10,229	164,265	-	-	(2,094,158)	-
Total expenses	12,566,026	1,622,224	303,890	1,233,821	2,329,818	119,612	3,018,757	21,194,148
(Reversal of provisions) / provisions	307,704	3,599,278	277,761	119,073	642,649	(42,539)	36,024	4,939,950
Profit / (loss) before tax	7,467,898	972,083	5,404,119	216,855	1,198,515	1,268,747	(882,944)	15,645,273
Statement of financial position								
Cash and bank balances	38,294,869	3,233,876	43,286,336	151,401	7,797,848	122,302	442	92,887,074
Lendings to financial institutions	-	-	-	-	-	-	-	-
Investments	-	8,521,775	555,083,246	-	31,274,749	20,725,609	755,779	616,361,158
Advances - performing - net of provision	15,233,937	346,926,181	-	21,054,155	69,933,549	14,986,172	6,807,846	474,941,840
Advances - non-performing - net of provision	463,099	563,226	-	248,084	1,182,984	189,004	-	2,646,397
Others	538,831	19,513,936	8,897,467	541,821	5,537,167	436,039	36,842,379	72,307,640
Total assets	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,406,446	1,259,144,109
Borrowings	1,904,256	40,118,695	42,309,124	2,372,387	16,529,289	20,330,010	-	123,563,761
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	683,963,786	257,131,733	-	4,042	73,585,947	646,139	98,421	1,015,430,068
Net inter segment balances - net	(642,233,536)	61,032,726	564,466,433	18,886,136	11,291,769	12,386,371	(25,829,899)	-
Others	10,896,230	20,475,840	491,492	732,896	6,452,020	3,096,606	10,102,703	52,247,787
Total liabilities	54,530,736	378,758,994	607,267,049	21,995,461	107,859,025	36,459,126	(3,628,775)	1,203,241,616
Equity	-	-	-	-	7,867,272	-	48,035,221	55,902,493
Total equity and liabilities	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,406,446	1,259,144,109
Contingencies and commitments	5,956,056	446,725,804	204,173,657	16,278	13,885,398	6,859	1,221,835	671,985,887

41.2 Segment details with respect to geographical locations

Geographical segment analysis

Rupees in '000	2022		
	Pakistan	Middle East	Total
Profit and loss			
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
Total income	50,401,339	1,180,219	51,581,558
Segment direct expenses	22,931,478	148,491	23,079,969
Inter segment expense allocation	–	–	–
Total expenses	22,931,478	148,491	23,079,969
Provisions	424,081	618,055	1,042,136
Profit before tax	27,045,780	413,673	27,459,453
Statement of financial position			
Cash and bank balances	80,591,981	35,209	80,627,190
Investments	748,192,765	14,338,254	762,531,019
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	98,339,238	418,422	98,757,660
Total Assets	1,501,342,748	24,790,986	1,526,133,734
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	64,571,088	233,698	64,804,786
Total liabilities	1,428,020,495	24,790,986	1,452,811,481
Equity	73,322,253	–	73,322,253
Total Equity and liabilities	1,501,342,748	24,790,986	1,526,133,734
Contingencies and commitments	788,532,013	–	788,532,013

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Rupees in '000	2021		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	30,992,574	1,417,147	32,409,721
Inter segment revenue - net	87,839	(87,839)	–
Non mark-up / return / interest income	9,353,138	16,512	9,369,650
Total income	40,433,551	1,345,820	41,779,371
Segment direct expenses	21,074,536	119,612	21,194,148
Inter segment expense allocation	–	–	–
Total expenses	21,074,536	119,612	21,194,148
Provisions / (reversal)	4,982,489	(42,539)	4,939,950
Profit before tax	14,376,526	1,268,747	15,645,273
Statement of financial position			
Cash and bank balances	92,764,772	122,302	92,887,074
Investments	595,635,549	20,725,609	616,361,158
Lendings to financial institutions	–	–	–
Advances - performing - net of provision	459,955,668	14,986,172	474,941,840
Advances - non-performing - net of provision	2,457,393	189,004	2,646,397
Others	71,871,601	436,039	72,307,640
Total Assets	1,222,684,983	36,459,126	1,259,144,109
Borrowings	103,233,751	20,330,010	123,563,761
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,014,783,929	646,139	1,015,430,068
Net inter segment balances - net	(12,386,371)	12,386,371	–
Others	49,151,181	3,096,606	52,247,787
Total liabilities	1,166,782,490	36,459,126	1,203,241,616
Equity	55,902,493	–	55,902,493
Total Equity and liabilities	1,222,684,983	36,459,126	1,259,144,109
Contingencies and commitments	671,979,028	6,859	671,985,887

42 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

43 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	2022					2021				
	Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Other related parties
Investments										
Opening balance	-	-	-	165,619	1,189,341	-	-	-	165,619	800,478
Investment made during the year	-	-	-	-	44,195	-	-	-	-	500,000
Revaluation adjustment	-	-	-	-	(81,568)	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-	-	(18,449)
Transfer in / (out) - net	-	-	-	(165,619)	13,480	-	-	-	-	(92,688)
Closing balance	-	-	-	-	1,165,448	-	-	-	165,619	1,189,341
Provision for diminution in value of investments	-	-	-	-	87,248	-	-	-	-	5,680
Advances										
Opening balance	4,523,915	43	441,248	-	10,521,710	2,805,786	28,671	423,764	-	4,766,042
Addition during the year	352,713,101	20,581	469,897	-	10,892,307	85,548,230	438	237,240	2,898	12,098,633
Repaid during the year	(327,250,701)	(20,564)	(419,988)	-	(4,430,365)	(83,830,101)	(420)	(150,992)	(2,898)	(9,424,006)
Transfer in / (out) - net	-	-	16,392	-	-	-	(28,646)	(68,764)	-	3,081,041
Closing balance	29,986,315	60	507,549	-	16,983,652	4,523,915	43	441,248	-	10,521,710
Other Assets										
Interest / mark-up receivable	369,907	-	71,132	-	790,833	70,227	-	92,634	-	492,285
Investments- note 13.5.2	-	-	-	165,619	-	-	-	-	-	-
Advance rent	1,254	-	-	-	-	1,144	-	-	-	-
Borrowings										
Opening balance	-	-	-	-	2,372,387	-	-	-	-	1,923,886
Borrowings during the year	-	-	-	-	1,200,000	-	-	-	-	1,500,000
Settled during the year	-	-	-	-	(206,308)	-	-	-	-	(1,051,499)
Closing balance	-	-	-	-	3,366,079	-	-	-	-	2,372,387
Deposits and other accounts										
Opening balance	56,224,390	24,009	211,259	268,208	42,288,557	8,018,104	19,379	186,617	201,796	17,017,129
Received during the year	988,405,154	79,294	2,726,090	1,012,631	992,693,856	768,812,177	84,099	1,971,951	1,232,716	404,528,295
Withdrawn during the year	(1,005,813,179)	(68,689)	(2,683,283)	(1,079,996)	(996,115,195)	(720,605,891)	(76,565)	(1,957,873)	(1,166,304)	(379,499,670)
Transfer in / (out) - net	-	-	(60,959)	-	-	-	(2,904)	10,564	-	242,803
Closing balance	38,816,365	34,614	193,107	200,843	38,867,218	56,224,390	24,009	211,259	268,208	42,288,557
Other Liabilities										
Interest / mark-up payable	625,832	-	3,299	-	361,829	87,473	-	3,413	-	136,012
Payable to staff retirement fund	-	-	-	-	194,714	-	-	-	-	280,287
Security deposits payable	-	-	-	-	470,698	-	-	-	-	308,299
Others	-	-	18,607	-	-	110,128	-	5,884	-	-
Contingencies and Commitments	1,183,172	-	-	40,000	2,447,138	1,233,702	-	42,122	40,000	7,649,153
Others										
Securities held as custodian	3,462,500	-	36,500	100,000	7,105,000	6,790,000	-	-	-	1,219,500
Securities given as collateral	-	-	-	-	177,855	-	-	-	-	188,963

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Rupees in '000	For the year ended December 31, 2022					For the year ended December 31, 2021				
	Parent	Directors	Key management personnel	Subsidiary	Other related parties	Parent	Directors	Key management personnel	Subsidiary	Other related parties
Income										
Mark-up / return / interest earned	832,276	-	19,778	-	1,878,519	216,765	532	17,578	96	691,037
Fee and commission received	634	-	-	39	180,321	51	-	-	158	40,924
Dividend income	-	-	-	-	128,729	-	-	-	-	48,018
Gain on sale of fixed assets	-	-	7,250	-	-	-	-	1,975	-	-
Expense										
Mark-up / return / interest expensed	4,513,452	10	8,994	4,336	3,578,240	1,629,848	318	8,681	709	1,280,812
Charge to defined benefit plan	-	-	-	-	345,885	-	-	-	-	304,644
Contribution to defined contribution plan	-	-	-	-	284,312	-	-	-	-	312,404
Remuneration and allowances	-	-	647,550	-	9,220	-	-	528,349	-	7,453
Rent	2,445	-	-	-	-	1,807	-	-	-	-
Communications	-	-	-	-	83,292	-	-	-	-	56,671
Brokerage and Commission	-	-	-	103	79,470	-	-	-	2,122	48,949
Directors' Fee, Allowances	-	38,650	-	-	-	-	68,513	-	-	-
Dividend paid	-	-	-	-	-	2,718,846	9	225	-	42,350
Donations	416,318	-	-	-	-	376,223	-	-	-	-
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, 2022, certain movable assets were settled against the final settlement of related parties as disclosed in note 10.4.

44 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	2022	2021
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	65,303,243	51,649,517
Eligible Additional Tier 1 (ADT 1) Capital	6,000,000	5,886,339
Total Eligible Tier 1 Capital	71,303,243	57,535,856
Eligible Tier 2 Capital	11,835,110	8,502,535
Total Eligible Capital (Tier 1 + Tier 2)	83,138,353	66,038,391
Risk Weighted Assets (RWAs):		
Credit Risk	412,323,250	397,629,708
Market Risk	27,675,542	28,800,513
Operational Risk	81,324,765	66,981,093
Total	521,323,557	493,411,314
Common Equity Tier 1 Capital Adequacy ratio	12.53%	10.47%
Tier 1 Capital Adequacy Ratio	13.68%	11.66%
Total Capital Adequacy Ratio	15.95%	13.38%

As of December 31, 2022, 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	2022	2021
Leverage Ratio (LR):		
Eligible Tier-1 Capital	71,303,243	57,535,855
Total Exposures	2,243,512,648	1,748,422,535
Leverage Ratio	3.18%	3.29%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	520,361,460	459,883,554
Total Net Cash Outflow	281,841,107	250,932,186
Liquidity Coverage Ratio	184.63%	183.27%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,113,842,290	986,752,063
Total Required Stable Funding	561,351,354	512,579,835
Net Stable Funding Ratio	198.42%	192.51%

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 bank's website at <http://akbl.com.pk>

44.1 As explained in note 20.1, had the relaxation not been availed CAR and leverage ratio of the Bank would have been 14.69% and 3.01% respectively.

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45 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.

45.1 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 38% 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 principle 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.

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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

45.1.1 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	
	2022	2021	2022	2021	2022	2021
45.1.1.1 Lendings to financial institutions						
Credit risk by public / private sector						
Private	525,820	148,606	118,886	148,606	118,886	148,606

Rupees in '000	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
45.1.1.2 Investment in debt securities						
Credit risk by industry sector						
Textile	280,643	280,643	280,643	280,643	280,643	280,643
Chemical and Pharmaceuticals	1,207,164	1,279,352	944,665	999,352	944,665	999,352
Power and energy	6,018,005	7,300,860	–	–	–	–
Telecommunication	204,432	216,790	204,432	216,790	204,432	–
Financial	762,908,994	606,860,741	–	–	–	216,790
Others	2,377,311	4,288,413	–	–	–	–
	772,996,549	620,226,799	1,429,740	1,496,785	1,429,740	1,496,785
Credit risk by public / private sector						
Public/ Government	757,998,445	602,512,092	–	–	–	–
Private	14,998,104	17,714,707	1,429,740	1,496,785	1,429,740	1,496,785
	772,996,549	620,226,799	1,429,740	1,496,785	1,429,740	1,496,785

Rupees in '000	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
45.1.1.3 Advances						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	8,267,350	7,041,920	381,408	393,723	194,873	200,630
Mining and Quarrying	10,108,017	7,935,720	–	–	–	–
Textile	67,579,336	64,650,892	9,091,734	9,573,196	9,077,799	9,462,490
Chemical and Pharmaceuticals	47,900,027	15,521,810	1,124,375	978,988	971,045	845,793
Cement	12,966,848	8,549,176	395	401	395	401
Sugar	17,809,458	14,988,981	11,853	18,203	11,853	9,102
Footwear and Leather garments	1,464,625	1,362,018	221,325	299,115	221,325	299,115
Automobile and transportation equipment	3,752,002	2,778,780	721,305	721,355	721,305	648,427
Electronics and electrical appliances	7,012,635	5,792,865	1,133,813	1,104,739	1,110,792	1,104,739
Food and allied	51,423,906	54,707,437	–	–	–	–
Construction	12,923,924	10,171,702	498,824	840,935	473,824	742,383
Power and energy	75,759,727	60,184,351	3,057,302	3,278,797	2,219,160	2,255,635
Oil and gas	57,922,257	42,835,417	3,164,510	2,199,598	3,134,226	2,124,778
Wholesale and Retail Trade	23,288,986	16,204,353	423,259	450,205	413,859	369,169
Transport, Storage and Communication	40,875,286	30,383,605	410,439	461,390	410,439	461,390
Financial	22,362,877	10,546,091	–	–	–	–
Insurance	182,484	189,162	–	–	–	–
Services	40,268,364	37,091,770	739,382	779,466	739,382	726,186
Individuals	37,633,238	37,608,626	2,450,951	2,569,558	2,272,196	2,257,470
Edible oil and ghee	3,895,381	5,510,139	1,660,483	1,668,682	1,660,483	1,623,118
Rice Processing (husking, semi-wholly milled etc.)	13,566,276	10,441,317	2,530,345	2,511,350	2,530,345	2,490,832
Metal and allied	22,035,008	21,765,266	734,170	767,907	734,170	702,305
Others	35,936,033	41,555,055	2,790,909	2,547,719	2,400,057	2,194,967
	614,934,045	507,816,453	31,146,782	31,165,327	29,297,528	28,518,930
Credit risk by public / private sector						
Public/ Government	188,384,032	156,455,831	–	–	–	–
Private	426,550,013	351,360,622	31,146,782	31,165,327	29,297,528	28,518,930
	614,934,045	507,816,453	31,146,782	31,165,327	29,297,528	28,518,930

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45.1.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	501,647	188,897
Mining and Quarrying	3,283,384	5,800,004
Textile	23,815,578	18,491,294
Chemical and Pharmaceuticals	9,561,755	11,735,915
Cement	3,686,476	7,802,463
Sugar	840,793	689,143
Footwear and Leather garments	1,151,124	1,339,250
Automobile and transportation equipment	307,078	680,769
Electronics and electrical appliances	2,538,207	3,072,967
Real Estate & Construction	30,265,982	27,460,036
Research and development	2,265,632	1,001,757
Power and energy	14,696,403	19,248,478
Wholesale and Retail Trade	9,381,955	7,953,469
Oil and gas	7,234,245	14,750,166
Transport, Storage and Communication	19,405,834	14,063,139
Financial	485,959,432	378,591,274
Insurance	305,417	288,303
Food and allied	5,703,330	6,689,227
Services	10,448,445	8,743,852
Individuals	978,788	818,389
Engineering	79,099,668	60,469,083
Telecommunication	3,112,380	8,922,873
Metal and allied	5,908,902	10,569,058
Others	68,079,558	62,616,081
	788,532,013	671,985,887
Credit risk by public / private sector		
Public / Government	302,760,158	225,305,142
Private	485,771,855	446,680,745
	788,532,013	671,985,887

45.1.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs. 346,047,767 thousand (2021: Rs. 368,943,908 thousand) are as following:

Rupees in '000	2022	2021
Funded	183,510,340	110,509,493
Non Funded	162,537,427	258,434,415
Total Exposure	346,047,767	368,943,908

The sanctioned limits against these top 10 exposures aggregated to Rs. 444,073,755 thousand (2021: Rs. 439,936,880 thousand).

The above does not include any classified exposure.

45.1.1.6 Advances - Province / Region-wise disbursement and utilization

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
Total	2,153,817,735	978,071,379	1,057,950,849	12,499,469	1,937,480	102,503,378	855,180

Province/Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan
Punjab	670,454,107	657,410,763	7,183,401	200,901	25,694	5,622,571	10,777
Sindh	599,248,029	2,122,114	595,435,142	356,750	383,687	948,625	1,711
KPK including FATA	4,012,224	106,693	1,071	3,609,934	1,812	65,694	227,020
Baluchistan	522,060	6,500	4,775	-	510,785	-	-
Islamabad	86,087,636	8,028,458	544,361	4,387,950	29,844	72,867,316	229,707
AJK including Gilgit Baltistan	443,938	15,150	1,000	1,200	-	25,911	400,677
Total	1,360,767,994	667,689,678	603,169,750	8,556,735	951,822	79,530,117	869,892

45.2 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. 2,214,043 thousand (2021: Rs. 2,304,420 thousand).

45.2.1 Balance sheet split by trading and banking books

Rupees in '000	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	70,950,067	–	70,950,067	89,432,245	–	89,432,245
Balances with other banks	9,677,123	–	9,677,123	3,454,829	–	3,454,829
Lendings to financial institutions	406,934	–	406,934	–	–	–
Investments	292,557,015	469,974,004	762,531,019	516,353,183	100,007,975	616,361,158
Advances	583,810,931	–	583,810,931	477,588,237	–	477,588,237
Fixed assets	24,484,412	–	24,484,412	20,166,875	–	20,166,875
Intangible assets	1,375,625	–	1,375,625	1,183,265	–	1,183,265
Deferred tax assets	7,545,677	–	7,545,677	5,168,183	–	5,168,183
Other assets	65,351,946	–	65,351,946	45,789,317	–	45,789,317
	1,056,159,730	469,974,004	1,526,133,734	1,159,136,134	100,007,975	1,259,144,109

45.2.2 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	2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	65,691,952	105,771,498	27,280,245	(12,799,301)
Pound Sterling	604,649	6,537,640	5,854,844	(78,147)
Euro	3,289,971	2,507,599	(799,440)	(17,068)
Other European currencies	14,765	–	67,908	82,673
Other currencies	2,133,491	1,303,405	(53,833)	776,253
	71,734,828	116,120,142	32,349,724	(12,035,590)

Rupees in '000	2021			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	83,087,836	107,540,707	26,606,423	2,153,552
Pound Sterling	1,619,550	5,665,038	3,932,037	(113,451)
Euro	1,772,425	3,675,471	1,636,015	(267,031)
Other European currencies	183,399	–	(181,564)	1,835
Other currencies	863,444	2,069,471	1,460,847	254,820
	87,526,654	118,950,687	33,453,758	2,029,725

Rupees in '000	2022		2021	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	–	323,367	–	337,227
- Other comprehensive income	–	–	–	–

45.2.3 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 2022 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	2022		2021	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
- Profit and loss account	–	4,618	–	–
- Other comprehensive income	–	168,828	–	207,191

45.2.4 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	2022		2021	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Profit and loss account	(1,040,690)	(1,253,738)	422,962	(2,462,303)
- Other comprehensive income	852,746	—	(1,768,929)	—

45.2.5 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 repricing or maturity date and for off-balance sheet instruments is based on settlement date.

Rupees in '000	Effective Yield / Interest rate	2022										Non-interest bearing financial instruments
		Total	Exposed to yield / interest risk									
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	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%	762,531,019	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	5,502,066
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	—	53,738,462	—	—	—	—	—	—	—	—	—	53,738,462
		1,481,114,536	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	133,606,766
Liabilities												
Bills payable	—	11,878,563	—	—	—	—	—	—	—	—	—	11,878,563
Borrowings	12.63%	233,432,089	95,941,683	110,469,568	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
Liabilities against assets subject to finance lease	—	—	—	—	—	—	—	—	—	—	—	—
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
On-balance sheet gap		35,615,489	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)	(273,593,652)
Off-balance sheet financial instruments												
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	—	—	—	—	—	—	—
Off-balance sheet gap		32,565,616	(17,100,622)	25,420,127	24,246,111	—	—	—	—	—	—	—
Total yield / interest risk sensitivity gap			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)	(273,593,652)
Cumulative yield / interest risk sensitivity gap			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	—

Mismatch of interest rate sensitive assets and liabilities

2021													
Exposed to yield / interest risk													
Rupees in '000	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	
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	0.00%	89,432,245	9,278,909	-	-	-	-	-	-	-	-	-	80,153,336
Balances with other banks	0.14%	3,454,829	1,573,798	-	-	-	-	-	-	-	-	-	1,881,031
Lendings to financial institutions	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Investments	8.30%	616,361,158	85,030,665	138,199,283	133,716,127	50,658,621	69,157,563	46,763,978	39,159,440	44,510,380	2,979,368	-	6,185,733
Advances	7.42%	477,588,237	131,965,090	83,013,823	88,869,183	123,897,451	13,509,795	6,115,080	15,245,680	9,724,346	5,247,789	-	-
Other assets	-	35,887,791	-	-	-	-	-	-	-	-	-	-	35,887,791
		1,222,724,260	227,848,462	221,213,106	222,585,310	174,556,072	82,667,358	52,879,058	54,405,120	54,234,726	8,227,157	-	124,107,891
Liabilities													
Bills payable	-	10,235,374	-	-	-	-	-	-	-	-	-	-	10,235,374
Borrowings	6.23%	123,563,761	73,572,263	19,513,580	4,568,715	3,861,787	5,466,629	5,655,687	4,663,566	4,972,791	664,632	-	624,111
Deposits and other accounts	4.18%	1,015,430,068	88,234,745	45,280,935	37,715,900	64,443,902	117,735,757	119,483,803	114,964,883	100,517,231	17,708,822	-	309,344,090
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	8.91%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-	-
Other liabilities	-	34,737,779	-	-	-	-	-	-	-	-	-	-	34,737,779
		1,195,966,982	161,807,008	70,794,515	48,284,615	68,305,689	123,202,386	125,139,490	119,628,449	105,490,022	18,373,454	-	354,941,354
On-balance sheet gap		26,757,278	66,041,454	150,418,591	174,300,695	106,250,383	(40,535,028)	(72,260,432)	(65,223,329)	(51,255,296)	(10,146,297)	-	(230,833,463)
Off-balance sheet financial instruments													
Forward foreign exchange contracts purchase		117,506,976	45,929,501	28,653,368	41,713,292	1,210,815	-	-	-	-	-	-	-
Forward foreign exchange contracts sale		84,053,218	44,943,786	14,829,445	24,171,538	108,449	-	-	-	-	-	-	-
Off-balance sheet gap		33,453,758	985,715	13,823,923	17,541,754	1,102,366	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap			67,027,169	164,242,514	191,842,449	107,352,349	(40,535,028)	(72,260,432)	(65,223,329)	(51,255,296)	(10,146,297)	-	(230,833,463)
Cumulative yield / interest risk sensitivity gap			67,027,169	231,269,684	423,112,113	530,464,882	489,929,854	417,669,422	352,446,093	301,190,797	291,044,500	-	-

45.2.5.1 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

45.2.5.2 Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

45.2.5.3 Assets do not include fixed assets of Rs. 24,484,412 thousand (2021: Rs. 20,166,875 thousand), Intangible assets of Rs. 1,375,625 thousand (2021: Rs. 1,183,265 thousand), deferred tax asset of Rs. 7,545,678 thousand (2021: Rs.5,168,183 thousand) and other assets consisting of advances, prepaid rent and other prepayments, non-banking assets acquired in satisfaction of claims, Branch adjustment account, advance taxation, non-current asset held for sale, Stationary & Stamp and Others of Rs.11,435,714 thousand (2021: Rs. 9,730,518) thousand.

45.2.5.4 Liabilities do not include other liabilities consisting of advance payments, advance against sale of assets, unearned commission, branch adjustment account, workers' welfare fund, payable to defined benefit plans, provision for employees' compensated absences, levies and taxes payable, provision against off-balance sheet items, Islamic pool management reserve and others of Rs. 7,312,434 thousand (2021: Rs. 7,274,634 thousand).

45.3 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.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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.

45.3.1 Operational Risk-Disclosures Basel II specific

Basel II Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

45.4 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.

45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Bank

		2022														
		Upto 1	Over 1	Over 7	Over 14	Over 1	Over 2	Over 3	Over 6	Over 9	Over 1	Over 2	Over 3	Over		
Rupees in '000		Total	day	to 7	to 14	to 1	to 2	to 3	to 6	to 9	months	to 2	to 3	to 5	Over	
						month	months	months	months	months	to 1 year	years	years	years	5 years	
Assets																
Cash and balances with treasury banks	70,950,067	21,285,020	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	762,531,019	161,252	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	102,532,391		
Advances	583,810,931	4,068,879	12,715,307	17,411,575	154,279,779	82,804,973	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		
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	65,351,946	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	9,580,817		
	1,526,133,734	35,269,433	17,705,884	20,864,058	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	237,935,933		
Liabilities																
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	185,191,180	185,118,259	184,140,931		
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000		
Other liabilities	52,926,223	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	4,275,042		
	1,452,811,481	53,061,133	148,155,862	20,046,292	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	207,232,394		
Net assets	73,322,253	(17,791,700)	(130,449,978)	(8,182,174)	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)	30,703,539		
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															

2021

Rupees in '000	Total	Over 1	Over 7	Over 14	Over 1	Over 2	Over 3	Over 6	Over 9	Over 1	Over 2	Over 3	Over 5 years
		Upto 1 day	to 7 days	to 14 days	days to 1 month	to 2 months	to 3 months	to 6 months	to 9 months	months to 1 year	to 2 years	to 3 years	
Assets													
Cash and balances with treasury banks	89,432,245	26,829,674	894,322	-	-	-	-	-	-	15,427,062	15,427,062	15,427,061	15,427,064
Balances with other banks	3,454,829	621,869	315,426	2,418	225,255	113,318	1,160,823	580,411	290,206	145,103	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	616,361,158	168,509	632,724	40,782,499	30,266,403	77,056,480	38,574,039	29,107,444	24,490,391	26,221,525	115,219,086	58,814,670	98,585,171
Advances	477,588,237	4,799,258	6,229,582	9,933,091	109,643,232	36,366,813	35,790,709	63,256,739	13,716,714	16,113,203	36,884,943	26,260,770	48,480,001
Fixed assets	20,166,875	6,613	39,681	46,294	105,839	190,805	190,878	570,404	555,652	555,774	1,988,583	1,631,114	2,058,917
Intangible assets	1,183,265	441	2,643	3,084	7,048	13,204	13,204	39,149	38,081	38,081	150,486	143,286	275,339
Deferred tax assets	5,168,183	105,086	630,518	840,691	1,576,296	-	-	-	103,022	103,022	206,515	591,114	1,011,919
Other assets	45,789,317	5,018,113	931,204	1,001,062	6,804,946	1,402,115	2,852,899	599,252	-	1,422,630	7,090,092	6,159,639	6,347,726
	1,259,144,109	37,549,563	9,676,100	52,609,139	148,829,019	115,142,735	78,582,552	94,153,399	39,194,066	44,599,338	176,966,767	109,027,655	172,186,134
Liabilities													
Bills payable	10,235,374	3,275,320	934,490	-	776,865	2,709,006	1,354,503	677,252	338,626	169,312	-	-	-
Borrowings	123,563,761	2,691,567	62,419,610	4,603,563	4,231,989	9,335,303	10,392,258	4,604,378	1,630,044	2,231,743	5,466,629	5,655,687	4,663,566
Deposits and other accounts	1,015,430,068	33,960,039	33,391,992	23,088,902	107,890,109	33,453,693	23,665,632	37,715,900	23,790,129	40,653,773	164,588,057	166,336,104	161,817,184
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	12,000,000
Other liabilities	42,012,413	6,349,132	7,884,930	1,242,955	6,804,946	1,402,115	2,852,899	599,252	-	1,422,630	4,014,207	3,083,753	3,271,840
	1,203,241,616	46,276,058	104,631,022	28,935,420	119,703,909	46,900,117	38,265,492	43,596,782	25,758,799	44,477,458	174,066,893	175,075,544	169,752,590
Net assets	55,902,493	(8,726,495)	(94,954,922)	23,673,719	28,925,110	68,242,618	40,317,060	50,556,617	13,435,267	121,880	2,897,874	(66,047,889)	2,433,544
Share Capital	12,602,602												
Reserves	32,730,297												
Surplus on revaluation of assets	1,963,619												
Unappropriated profit	8,605,975												
	55,902,493												

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

45.4.2 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
Assets											
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	762,531,019	1,408,881	13,020,100	61,980,179	159,974,095	185,080,768	121,455,289	117,079,316	99,412,134	3,120,257	
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	
Deferred tax assets	7,545,677	4,602,863	-	-	300,830	301,516	863,041	1,477,427	-	-	
Other assets	65,351,946	17,742,134	4,256,806	3,249,248	1,592,403	9,580,817	9,768,904	9,580,817	8,212,129	1,368,688	
	1,526,133,734	238,306,818	120,567,721	140,532,864	198,719,283	234,092,112	171,051,373	184,927,630	186,532,443	51,403,490	
Liabilities											
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	52,926,223	28,455,136	4,256,803	1,333,629	1,592,403	4,275,041	4,463,128	4,275,041	3,664,321	610,721	
	1,452,811,481	318,222,103	176,916,118	36,298,557	127,128,757	195,726,278	195,758,503	195,528,771	173,473,216	33,759,178	
Net assets	73,322,253	(79,915,285)	(56,348,397)	104,234,307	71,590,526	38,365,834	(24,707,130)	(10,601,141)	13,059,227	17,644,312	
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										

		2021									
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
Assets											
Cash and balances with treasury banks	89,432,245	27,723,996	-	-	-	15,427,062	15,427,062	15,427,062	13,223,196	2,203,867	
Balances with other banks	3,454,829	1,164,969	1,274,141	580,411	435,308	-	-	-	-	-	
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	
Investments	616,361,158	71,850,136	115,630,519	29,107,444	50,711,916	115,219,086	58,814,670	98,585,171	73,133,650	3,308,566	
Advances	477,588,237	130,605,162	72,157,522	63,256,739	29,829,918	36,884,943	26,260,770	48,480,001	33,568,607	36,544,575	
Fixed assets	20,166,875	198,427	381,683	570,404	1,111,427	1,988,583	1,631,114	2,058,917	1,698,265	10,528,055	
Intangible assets	1,183,265	13,215	26,407	39,149	76,163	150,486	143,286	275,340	459,219	-	
Deferred tax assets	5,168,183	3,152,592	-	-	206,045	206,515	591,114	1,011,917	-	-	
Other assets	45,789,317	13,755,323	4,255,014	599,252	1,422,630	7,090,092	6,159,639	6,347,726	5,279,690	879,951	
	1,259,144,109	248,463,820	193,725,286	94,153,399	83,793,407	176,966,767	109,027,655	172,186,134	127,362,627	53,465,014	
Liabilities											
Bills payable	10,235,374	4,986,673	4,063,510	677,252	507,939	-	-	-	-	-	
Borrowings	123,563,761	73,946,730	19,727,561	4,604,378	3,861,787	5,466,629	5,655,687	4,663,566	4,972,791	664,632	
Deposits and other accounts	1,015,430,068	198,331,044	57,119,524	37,715,900	64,443,902	164,588,057	166,336,104	161,817,184	140,676,346	24,402,007	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000	
Other liabilities	42,012,413	22,281,963	4,255,014	599,252	1,422,630	4,014,207	3,083,753	3,271,840	2,643,217	440,537	
	1,203,241,616	299,546,410	85,165,609	43,596,782	70,236,258	174,068,893	175,075,544	169,752,590	154,292,354	31,507,176	
Net assets	55,902,493	(51,082,590)	108,559,677	50,556,617	13,557,149	2,897,874	(66,047,889)	2,433,544	(26,929,727)	21,957,838	
Share Capital	12,602,602										
Reserves	32,730,297										
Surplus on revaluation of assets	1,963,619										
Unappropriated profit	8,605,975										
	55,902,493										

45.5 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.

46 GENERAL

46.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 15, 2023 has approved an appropriation to General Reserve of Rs. 13,381,441 thousand. Further in the same meeting the Board of Directors has purposed a bonus issue of 15% (2021: Nil) which will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2022 do not include the effect of the appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2023.

47 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on February 15, 2023 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 31-12-2022

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, 2022 as referred to in note 9.6 to these financial statements

Rupees in '000

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	Ayaz Builders. a) House No.529, Main Margalla Road, F-10/2, Islamabad. b) 263-B, Street No.42, F-11/3, Islamabad.	Ayaz Khan Mandokhail 42301-6132377-7 Shaikh Muhammad Amir 42301-4362176-9 Shahbaz Khan 42301-6646529-5 Bibi Zuhra 42301-1515406-6 Noman Khan 42301-1926642-3	Shaikh Amir Muhammad K.B.Baz Gul Khan Shaikh Amir Muhammad Ayaz Khan Mandokhail Ayaz Khan Mandokhail	231.187	18.383	-	249.570	-	18.383	222.012	240.395
2	S.B Hosiery Factory (Pvt) Ltd. D-Type Colony, Faisalabad.	Usman Ikram 33100-7368631-7 Shahnaz Ikram 33100-6740898-8 Faisal Saeed Sheikh 33100-1014832-3*	Muhammad Ikram W/o Muhammad Ikram M.Saeed Mahmood Sheikh	79.607	70.454	-	150.061	-	70.400	161.870	232.270
3	Qaim Automotive. D-242, Metroville, S.I.T.E. Karachi.	Abdul Subhan Memon 42401-1394635-1	Ghulam Muhammad Memon (Late).	4.308	73.070	-	77.378	-	73.070	-	73.070
4	Circle net Communications. 263-B, F-10/4, Islamabad.	Muhammad Abdul Qadir 54400-5182771-9 Najam Yousuf 42101-1645620-9 Alay Farooqui 502-66-342350 Ayaz Khan Mandokhail 42301-6132377-7 Ian Alexander PP# GBR-04047612-5 John. Walter Samlithwaite PP# GBR-10107586-5 David Francis Rosalski PP# GBR-02887813-8*	Muhammad Ayub Muhammad Yousuf Ibne Farooq Farooqi Shaikh Amir Muhammad N/A N/A N/A	17.491	24.239	-	41.730	-	24.239	63.071	87.310
5	FAS Tube Mills 119/2 Block-M, Quaid-E-Azam Industrial Estate, Kot Lakhpat Lahore.	Farrukh Mahmood Butt 35201-5379249-3 Ahsan Mahmood Butt 35201-1606258-9 Shahrukh Mahmood Butt 35201-1606263-1	Ashiq Hussain Butt	31.240	8.599	-	39.839	-	8.599	11.095	19.694
6	Abdul Hameed Butt & Brothers. 31- Trunk Market, Landa Bazar, Lahore.	Abdul Hameed Butt 35202-0985841-7 Ahsan Mahmood Butt 35201-1606258-9 Shahrukh Mahmood Butt 35201-1606263-1	Muhammad Ismail Butt Ashiq Hussain Butt Ashiq Hussain Butt	9.135	7.014	-	16.149	-	7.014	8.989	16.003
7	Well Pharmaceuticals. 234-N Model Town Extension, Lahore.	Ch Waheed-ud-Din Ahmad 35202-2404664-7 Aamir Waheed Chaudhry 35202-0713988-9*	Ch. Muhammad Din Ch. Waheed-ud-Din	1.960	4.016	-	5.976	-	4.016	7.524	11.540
8	Razoo Exports. 62- Upper Storey, Grain Market, Sargodha.	Zafar Iqbal 38403-3055854-5 Jamshed Iqbal 37403-8877833-3*	Chaudhry Muhammad Aslam Chaudhry Muhammad Aslam*	-	5.939	-	5.939	-	1.529	8.494	10.023
9	Shujabad Weaving Mills Ltd. Suraj Kund Road, Chowk Shah Abbas, Multan.	Mian Qaiser Shabbir 36302-2202092-5 Mian Muhammad Akram 36304-1645494-3 Abdul Wahid 36302-1764062-5 Mian Wajid Shabbir 36302-4269460-1	Shabbir Ahmed Ghulam Sarwar Haji Muhammad Anwar Shabbir Ahmed	21.171	2.756	-	23.927	-	2.636	6.443	9.079

Outstanding liabilities at beginning of the year											
S. No.	Name & address of the borrower	Name of individuals / partners / directors (with NIC / CNIC No.)	Father's / husband name	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
10	Shahrukh Company, 67-C, Steel Sheet Market, Landa Bazar, Lahore.	Shahrukh Mahmood Butt 35201-1606263-1	Ashiq Hussain Butt	-	7.627	-	7.627	-	7.627	-	7.627
11	Ahsan Brothers, 67-C, Steel Sheet Market, Landa Bazar, Lahore.	Ahsan Mahmood Butt 35201-1606258-9	Ashiq Hussain Butt	-	7.257	-	7.257	-	7.257	-	7.257
12	Zafar Sons, 3/74 A, Satellite Town, Sargodha.	Usman Zafar 38403-6406372-1	Muhammad Zafar	6.201	2.263	-	8.464	-	2.263	4.877	7.140
13	Al Amin Enterprises, 129, Market Road, Saddar, Rawalpindi.	Zahida Amin 37405-5433767-6 Sheikh Mohsin Sadiq 37405-3560510-1	W/o Sheikh Mansur Sadiq Sheikh Mansur Sadiq	-	9.316	-	9.316	-	3.474	-	3.474
14	Daiam Protein, 69-Lalazar Colony, Okara.	Rao Nauman Ahmad 35902-0359850-3	Muhammad Yaseen	3.598	1.003	-	4.601	-	-	2.379	2.379
15	Al Yousaf Trading, Ghalla Mandi, Sheikhpura.	Muhammad Irfan Yousaf 35404-1060877-3	Muhammad Yousaf	-	0.735	-	0.735	-	0.735	0.806	1.541
16	Trade Zone, Bilal Plaza, Near Silk Plaza, Mansehra Road, Abbottabad.	Zahoor Ahmed 13101-4049039-5	Ahmed Din	-	1.496	-	1.496	-	0.688	0.663	1.351
17	Good Luck Fashion (Sheikh Aamir Farooq), Faisal Plaza, Moon Market Lahore.	Sheikh Aamir Farooq 35202-8006711-7	Sheikh Muhammad Farooq	0.368	1.028	-	1.396	-	1.028	0.260	1.288
18	Al Khair Rice Factory, Gagoo Mandi, Burewala.	Muhammad Azhar 36601-0708754-9	Khair Din	18.005	0.104	-	18.109	-	-	1.193	1.193
19	Hassan Enterprises, 129, Market Road Saddar, Rawalpindi.	Zahida Amin 37405-5433767-6 Sheikh Mohsin Sadiq 37405-3560510-1 Ansa Zeb Sadiq 37405-6913369-4	W/o Sheikh Mansur Sadiq Sheikh Mansur Sadiq W/o Sheikh Mohsin Sadiq	-	1.759	-	1.759	-	0.651	-	0.651
20	Saeed Industry G.T. Road Climaxabad, Gujranwala.	Saeed Ahmad 34101-2634896-9	Bashir Ahmad	-	5.431	-	5.431	-	5.431	-	5.431
21	Sahiwal Petroleum Services, 94/6 R Harrapa Road Sahiwal.	Rashad Waheed 36502-5673437-1	Abdul Waheed	4.500	0.563	-	5.063	-	-	1.656	1.656
22	Quality Motors, Old National Highway, Khairpur.	Syed Aqeel Haider Shah 45203-9268524-3	Tamseel Hussain Shah	2.898	3.436	-	6.334	-	3.440	-	3.440
23	Azam Ali, Nangal Kaswala, Tehsil Muridkay, District Sheikhpura.	Azam Ali 35401-1724230-3	Akbar Ali	-	0.697	-	0.697	-	0.697	-	0.697
24	Mrs. Zainab Choudry, H.NO. 120, Alaud Din Road Lahore Cantt. Lahore.	Mrs. Zainab Choudry 35201-8280091-2	D/O Muhammad Umar	-	1.846	-	1.846	-	1.846	-	1.846
25	Mrs. Nafeesa Batool, Gardezi House, H. # B.III-2428, Mohallah Makhdoom Pura, Tehsil & Distt. Bahawalpur.	Mrs. Nafeesa Batool 31202-0219692-0	W/O Syed Ali Nawaz Gardezi	-	0.997	-	0.997	-	0.997	-	0.997

ANNEXURE-1

Statement Showing Written-off Loans or any other Financial Reliefs of Five Hundred Thousand Rupees or Above Provided During the Year Ended 31-12-2022

Rupees in '000											
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				
26	Syed Saim Soulat Shah H. No. 16, Block-1, Civil Lines, Burewala, Distt. Vehari.	Syed Saim Soulat Shah 35202-4121777-3	Syed Soulat Hussain Naqvi	-	1.137	-	1.137	-	1.137	-	1.137
27	Muhammad Saleem. Chak # 20 J.B, Tehsil Chak Jhumra, Distt. Faisalabad.	Muhammad Saleem 33101-2108483-1	Ghulam Haider	-	0.631	-	0.631	-	0.631	-	0.631
28	Abdul Qadir Pitafi. Village Ghanwar Khan Pitafi, PO Ali Mahar Beiri, Taluka Khan Ghar, Distt. Ghotki.	Abdul Qadir Pitafi 45103-1715270-3	Buland Khan Pitafi	-	0.558	-	0.558	-	0.558	-	0.558
29	Muhammad Imran. Village Rakh Katiohi, Tehsil & Distt. Kasur.	Muhammad Imran 35201-1654416-1	Siraj Din Urif Soja	-	1.841	-	1.841	-	1.841	-	1.841
30	Nauman Akhtar / Musarrat Shaheen. H # B-1-KC-4, Qadir Colony, Okara.	Nauman Akhtar 35302-0660541-7 Musarrat Shaheen 35302-1863812-4*	S/O / W/O Rao Khalil Akhtar	1.200	1.597	-	2.797	-	1.118	-	1.118
31	Azmat Hayat Urif Azmat Ullah. Sandhuan Tarar, PO Rasulpur Tarar, Tehsil & Distt. Hafizabad.	Aamat Hayat Urif Azmat Ullah 34302-1188257-1	Sherbaz Khan	-	0.900	-	0.900	-	0.900	-	0.900
32	Muhammad Farooq. Bukharian, PO & Tehsil Chirnot, Distt. Jhang.	Muhammad Farooq 33201-1532707-7	Ahmad Yar	-	0.877	-	0.877	-	0.658	-	0.658
33	Allah Nawaz Maneka. Bonga Saleh, Tehsil Depalpur, Distt. Okara.	Allah Nawaz Maneka 35202-2414882-9	Muhammad Jahangir	1.768	3.446	-	5.214	-	2.584	-	2.584
34	Saleem Akhtar / Sabir Hussain. Village Bhakhraywali, PO Khas, Tehsil Sambrial Distt. Sialkot.	Saleem Akhtar 34601-0772949-5 Sabir Hussain 34601-9691640-5	Bashir Ahmad	-	0.512	-	0.512	-	0.512	-	0.512
35	Abdul Aziz Khan. Model Town, H # 30, Eden Villas Colony, Lahore.	Abdul Aziz Khan 35200-9699984-7	Sardar Khan	1.886	1.155	-	3.041	-	0.809	-	0.809
36	Tasleem Manzoor / Nadeem Manzoor. Rajawal PO Khas, Tehsil Depalpur, Distt. Okara.	Tasleem Manzoor 35301-1909667-1 Nadeem Manzoor 35301-1909667-7	Manzoor Ahmad	-	2.150	-	2.150	-	2.150	-	2.150
37	Muhammad Arshad. Atari Virk PO Sham Kot Nau, Tehsil Chunian Distt. Kasur.	Muhammad Arshad 35101-9382539-1	Sardar Umar Din	-	0.651	-	0.651	-	0.651	-	0.651
38	Muhammad Atzal. Mouza Kund Sargana, PO Qatalpur, Tehsil Kabirwala, Distt. Khanewal.	Muhammad Atzal 36102-1510781-1	Ghulam Hassan	-	0.508	-	0.508	-	0.508	-	0.508
39	Abbas Ahmed. Mouza Barahia Wala, PO Pir Kot, Tehsil & Distt. Sheikhpura.	Abbas Ahmed 35404-8284407-5	Muhammad Ashiq	0.640	1.006	-	1.646	-	0.744	-	0.744
40	Zubair Ali Samo. H. # 626/25, Quaid-E-Azam Colony, Tando Adam.	Zubair Ali Samo 44206-8558683-1	Nawaz Ali Samo	1.250	0.890	0.261	2.401	-	0.890	0.185	1.075

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
41	Ittikhar Ahmed Sheri, H. # 63/11, Commercial Street, Phase-IV, DHA Karachi.	Ittikhar Ahmed Sheri 42301-6981982-5	Ayaz-Ul-Haq Sheri	7.900	5.634	0.257	13.791	-	1.562	0.092	1.654
42	Rawal Institute of Health Sciences, Lehtrar Road, Khanna Dak Islamabad.	Khaqan Waheed Khawaja 37405-1175173-5	Waheed Ud Din Khawaja	0.605	0.010	1.354	1.969	-	-	0.584	0.584
43	Rawal Institute of Health Sciences, Lehtrar Road, Khanna Dak Islamabad.	Khaqan Waheed Khawaja 37405-1175173-5	Waheed Ud Din Khawaja	3.358	0.055	9.184	12.597	-	-	3.959	3.959
44	Humayun Arif 50 Wing Sachal Rangers, Block-06 Shahid Shaheen Park, FB Area Karachi.	Humayun Arif 61101-9017852-7	Muhammad Arif Khan	5.479	2.830	0.150	8.459	-	1.268	0.043	1.310
45	Nayyar Abbas H # 122-B Street # 02, Allama Iqbal Town Gujranwala.	Nayyar Abbas 32203-2052104-5	Sajjad Hussain	7.893	0.447	0.646	8.986	-	0.447	0.558	1.005
Total				463.647	286.863	11.852	762.362	-	264.987	506.752	771.739

PROFILE OF MEMBERS OF SHARIAH BOARD

Mufti Muhammad Zahid <i>(Chairman)</i>	Dr. Muhammad Tahir Mansoori <i>(Resident Member)</i>	Mufti Zakir Hassan Naumani <i>(Member)</i>	Mufti Dr. Lutfullah Saqib <i>(Member)</i>
<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-Ilfta 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>Term of Office Joined the Shariah Board on June 1, 2015</p> <p>Other Membership (s)</p> <ul style="list-style-type: none"> Chairman-Shariah Supervisory Committee, Bank of Khyber Chairman-Shariah Board, Bank of Punjab 	<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 ululoom' 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>Term of Office 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 22 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 & trade.</p> <p>Term of Office 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 academican 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>Term of Office 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	March 31, 2022	June 24, 2022	September 30, 2022	December 26, 2022
Name of Members and their attendance in each meeting					
Mufti Muhammad Zahid (Chairman)	4/4	1	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 Saqib (Member)	4/4	1	1	1	1

REPORT OF SHARIAH BOARD

FOR THE YEAR ENDED DECEMBER 31, 2022

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 2022, 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 orientation sessions / trainings.
- vii. The 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 06, 2023

شریعی بورڈ کی رپورٹ

برائے سال 2022ء

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 2022ء 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، بینول، 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۔

- 1۔ اسلامی بینکاری کی خدمات فراہم کرتے ہوئے عسکری بینک لمیٹڈ شریعی بورڈ کے فتاویٰ اور ہدایات کو ملحوظ رکھا ہے۔
- 2۔ 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۔
- 3۔ شرعی اصولوں کی پاسداری کے حوالے سے عسکری بینک لمیٹڈ میں اسلامی بینکاری سروسز کا ایک جامع اور مربوط نظام رائج ہے۔
- 4۔ 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۔
- 5۔ 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۔
- 6۔ اسٹاف ممبران، انتظامیہ اور بورڈ آف ڈائریکٹرز اسلامی بینکاری کے متعلق مناسب اور معقول آگاہی رکھتے ہیں۔ ہمیں یقین ہے کہ تربیتی پروگرامز کے ذریعے اسے مزید تقویت دی جائے گی۔
- 7۔ 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: 6 فروری 2023

راولپنڈی

ANNEXURE-2

AS AT DECEMBER 31, 2022

The Bank is operating 120 Islamic banking branches (including 3 sub-branches) and 07 Islamic Banking Windows at December 31, 2022 as compared to 101 Islamic banking branches (including 3 sub-branches) and Nil Islamic Banking Windows at year ended December 31, 2021.

Rupees in '000	Note	2022	2021
ASSETS			
Cash and balances with treasury banks		6,747,452	7,149,581
Balances with other banks		114,649	648,268
Investments	1	39,942,674	31,274,749
Islamic financing and related assets - net	2	83,149,636	71,116,539
Fixed assets		1,984,521	1,477,974
Other assets		5,812,116	4,769,976
Total assets		137,751,048	116,437,087
LIABILITIES			
Bills payable		1,425,734	1,769,395
Due to financial institutions	3	4,586,320	16,529,289
Deposits and other accounts	4	96,297,085	73,585,947
Due to head office		20,175,000	12,000,000
Other liabilities		5,258,880	4,659,368
		127,743,019	108,543,999
NET ASSETS		10,008,029	7,893,088
REPRESENTED BY			
Islamic Banking Fund		4,600,000	4,600,000
Reserves	5	–	25,815
(Deficit) on revaluation of assets		(1,115,247)	(385,624)
Unappropriated profit	6	6,523,276	3,652,897
		10,008,029	7,893,088
CONTINGENCIES AND COMMITMENTS	7	19,620,329	13,885,398

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2022 is as follows:

Rupees in '000	Note	2022	2021
Profit / return earned	8	13,761,598	6,489,772
Profit / return expensed	9	8,500,029	2,773,195
Net Profit / return		5,261,569	3,716,577
Other income			
Fee and Commission Income		282,450	266,832
Dividend Income		12,286	1,352
Foreign Exchange Income		168,805	98,235
(Loss) on securities		(2,500)	–
Other Income		108,846	87,987
Total other income		569,887	454,406
Total Income		5,831,456	4,170,983
Other expenses			
Operating expenses		2,772,820	2,323,020
Other charges		1,945	6,798
Total other expenses		2,774,765	2,329,818
Profit before provisions		3,056,691	1,841,165
Provisions and write offs - net		186,312	642,649
Profit before taxation		2,870,379	1,198,516

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Rupees in '000	2022				2021			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
1. INVESTMENTS BY SEGMENTS								
Federal Government Securities								
-Ijarah Sukuks	33,935,928	-	(1,115,711)	32,820,217	23,560,581	-	(385,792)	23,174,789
-Islamic Naya Pakistan Certificates	3,282,078	-	-	3,282,078	-	-	-	-
-GOP Bai Muajjal	-	-	-	-	4,215,092	-	-	4,215,092
	37,218,006	-	(1,115,711)	36,102,295	27,775,673	-	(385,792)	27,389,881
Units of Open ended Mutual Fund	100,000	-	464	100,464	100,000	-	168	100,168
Non Government Debt Securities								
-Unlisted	4,283,463	(543,548)	-	3,739,915	4,344,663	(559,963)	-	3,784,700
Total Investments	41,601,469	(543,548)	(1,115,247)	39,942,674	32,220,336	(559,963)	(385,624)	31,274,749

Rupees in '000	Note	2022	2021
2. ISLAMIC FINANCING AND RELATED ASSETS			
Ijarah	2.1	4,934,290	5,443,351
Murabaha	2.2	5,033,231	6,496,482
Musharaka		32,639,372	29,064,976
Diminishing Musharaka		17,080,337	14,096,303
Salam		7,948,100	6,207,801
Istisna		5,238,318	4,287,613
Receivable against Sale of Istisna/Salam Inventory		585,400	1,511,039
Service Ijarah		2,427,176	1,652,175
Other Islamic Modes (Qard)		2,703,951	102,193
Advances against Islamic assets	2.3	4,539,685	2,618,817
Inventory related to Islamic financing	2.4	1,971,084	1,384,372
Gross Islamic financing and related assets		85,100,944	72,865,122
Less: provision against Islamic financings			
- Specific		1,911,083	1,702,470
- General		40,225	46,113
		1,951,308	1,748,583
Islamic financing and related assets - net of provision		83,149,636	71,116,539

Rupees in '000	2022								
	Cost				Depreciation				Book value as at December 31, 2022
	As at January 1, 2022	Additions	(Deletions)	As at December 31, 2022	As at January 1, 2022	Charge for the year	Adjustments / (Deletions)	As at December 31, 2022	
2.1 Ijarah									
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
Total	7,835,873	1,614,649	(2,215,569)	7,234,953	2,471,610	1,126,289	(1,219,053)	2,378,846	4,856,107

Rupees in '000	2021								Book value as at December 31, 2021
	Cost				Depreciation				
	As at January 1, 2021	Additions	(Deletions)	As at December 31, 2021	As at January 1, 2021	Charge for the year	Adjustments / (Deletions)	As at December 31, 2021	
Plant and machinery	773,792	507,850	(335,492)	946,150	478,547	87,847	(289,424)	276,970	669,180
Vehicles	5,920,217	2,647,805	(1,712,184)	6,855,838	2,075,679	945,099	(835,456)	2,185,322	4,670,516
Equipment	-	33,885	-	33,885	-	9,318	-	9,318	24,567
Total	6,694,009	3,189,540	(2,047,676)	7,835,873	2,554,226	1,042,264	(1,124,880)	2,471,610	5,364,263

Rupees in '000	2022				2021			
	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
	Minimum Ijarah payments	81,824	-	-	81,824	82,729	-	-
Profit for future periods	(3,641)	-	-	(3,641)	(3,641)	-	-	(3,641)
Net Assets / Investments in Ijarah	78,183	-	-	78,183	79,088	-	-	79,088

Rupees in '000	2022				2021			
	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
	Future Ijarah rental receivable							
Ijarah rentals receivable	1,677,480	2,912,183	104,369	4,694,032	1,516,936	3,127,007	94,959	4,738,902

Rupees in '000	Note	2022	2021
2.2 Murabaha			
Murabaha financing	2.2.1	4,078,826	5,546,947
Advances for Murabaha		954,405	949,535
		5,033,231	6,496,482
2.2.1 Murabaha receivable - gross	2.2.3	4,362,909	5,773,617
Less: Deferred murabaha income	2.2.4	110,584	122,995
Profit receivable shown in other assets		173,499	103,675
Murabaha financings		4,078,826	5,546,947
2.2.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		5,546,947	3,981,697
Sales during the year		13,610,709	14,483,731
Adjusted during the year		(15,078,830)	(12,918,481)
Closing balance		4,078,826	5,546,947
2.2.3 Murabaha sale price		4,362,909	5,773,617
Murabaha purchase price		(4,078,826)	(5,546,947)
		284,083	226,670
2.2.4 Deferred murabaha income			
Opening balance		122,995	60,691
Arising during the year		667,854	491,166
Less: Recognised during the year		680,265	428,862
Closing balance		110,584	122,995

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AS AT DECEMBER 31, 2022

Rupees in '000	Ijarah	Musharakah	Diminishing Musharakah	Salam	Istisna	Total
2.3 Advance against islamic assets						
2022	1,524,153	–	3,015,532	–	–	4,539,685
2021	1,356,711	–	1,262,106	–	–	2,618,817
2.4 Inventory related to islamic financing						
2022	–	–	–	226,020	1,745,064	1,971,084
2021	–	–	–	139,095	1,245,277	1,384,372

Rupees in '000	Note	2022	2021
3. DUE TO FINANCIAL INSTITUTIONS			
Secured			
Musharaka from the State Bank of Pakistan under Islamic Export Refinance Facility	3.1	2,909,569	2,776,000
Investment from the State Bank of Pakistan under Islamic Refinance Scheme for Payment of Wages & Salaries	3.2	46,513	939,167
Islamic Temporary Economic Refinance Facility	3.2	1,616,262	1,514,122
Islamic Long Term Financing Facility	3.2	13,976	–
		4,586,320	5,229,289
Unsecured			
Other Musharaka - note 3.3		–	11,300,000
		4,586,320	16,529,289

- 3.1** These Musharaka are on a profit and loss sharing basis maturing between January 2023 to June 2023 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.
- 3.3** These Musharaka are on profit and loss sharing basis with banks. The expected average return on these Musharaka is Nil (2021: 10.08%) per annum. These balances are maturing in Nil (2021: January 2022).

Rupees in '000	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
4. DEPOSITS						
Customers						
Current deposits - non remunerative	34,624,289	1,612,506	36,236,795	31,098,387	1,123,444	32,221,831
Current deposits - remunerative	1,353,496	–	1,353,496	939,863	–	939,863
Savings deposits	22,572,862	726,363	23,299,225	21,640,107	366,588	22,006,695
Term deposits	25,135,675	–	25,135,675	15,152,962	–	15,152,962
Others	1,537,255	52,078	1,589,333	815,129	22,010	837,139
	85,223,577	2,390,947	87,614,524	69,646,448	1,512,042	71,158,490
Financial Institutions						
Current deposits - non remunerative	100,480	829	101,309	5,068	646	5,714
Current deposits - remunerative	131,152	–	131,152	50,001	–	50,001
Savings deposits	2,667,925	–	2,667,925	370,033	–	370,033
Term deposits	5,782,175	–	5,782,175	2,001,709	–	2,001,709
	8,681,732	829	8,682,561	2,426,811	646	2,427,457
	93,905,309	2,391,776	96,297,085	72,073,259	1,512,688	73,585,947

Rupees in '000	2022	2021
4.1 Composition of deposits		
- Individuals	44,611,371	38,521,456
- Government / Public Sector Entities	12,233,167	8,426,460
- Banking Companies	28	28
- Non-Banking Financial Institutions	8,682,533	2,427,429
- Private Sector	30,769,986	24,210,574
	96,297,085	73,585,947

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs . 65,629,309 (2021:Rs.51,430,689).

5. PROFIT EQUALISATION RESERVE

The profit equalisation reserve at the end of December 31, 2022 is Nil (December 31, 2021: Rs.25,815 thousand) which is classified in other liabilities in note 18.

Rupees in '000	2022	2021
6. ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT		
Opening Balance	3,652,897	2,454,381
Add: Islamic Banking profit for the period	2,870,379	1,198,516
Closing Balance	6,523,276	3,652,897
7. CONTINGENCIES AND COMMITMENTS		
-Guarantees	8,971,118	6,325,748
-Commitments	10,649,211	7,559,650
	19,620,329	13,885,398
8. PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT		
Profit earned on:		
Financing	9,612,801	4,770,617
Investments	4,115,086	1,691,674
Placements	33,711	27,481
	13,761,598	6,489,772
9. PROFIT ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	4,807,274	2,015,855
Due to Financial Institutions	329,885	435,848
Due to head office	3,155,774	147,420
Lease liability against right-of-use assets	207,096	174,072
	8,500,029	2,773,195
10. CHARITY FUND		
Opening Balance	24,292	20,529
Additions during the period		
- Received from customers on account of delayed payment	55,203	29,765
- Non-Shariah compliant income	170	-
- Profit on charity saving account	16	8
- Others	449	377
	55,838	30,150
Payments / utilization during the period		
- Education	-	(1,519)
- Natural Disaster	(40,000)	-
- Health	-	(19,447)
- Orphanage	-	(5,421)
	(40,000)	(26,387)
Closing Balance	40,130	24,292

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Rupees in '000	2022	2021
10.1 Charity in excess of Rs. 500,000 was paid to following institutions:		
Army Relief Fund for Flood Affectees	40,000	–
Bali Memorial Trust, Lahore	–	5,420
Cancer Care Hospital & Research Center, Lahore	–	5,421
Dar-us-Shifa Foundation, Karachi	–	6,500
Friends Welfare Trust, Rawalpindi	–	2,000
Hamza Foundation Welfare Hospital, Peshawar	–	1,674
Sundus Foundation, Islamabad / Gujranwala	–	3,503
The Helpline Society, Lahore	–	900
	40,000	25,418

11. POOL MANAGEMENT

11.1 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 its 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 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.

11.2 The Bank managed following General and Specific Pools :

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%	-

2021										
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%	6.86%	3.56%	0.60	1.83	1,127,731,856	3.73%	42,023,807
Financial Institution Pool	PKR	Monthly	90%	6.68%	6.01%	1.00	1.00	186,347	0.00%	-
Foreign Currency Pool	USD	Monthly	50%	0.10%	0.06%	0.40	1.20	309,036	17.46%	53,955

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

2021										
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	*	6.98%-13.44%	4.50%-10.75%	-	-	-	N/A	N/A
IERS pool	PKR	Monthly	*	5.25%	2.08%	-	-	-	N/A	N/A
Special Musharakah Certificate pool	PKR	As required	*	6.98%-13.44%	5.00%-11.00%	-	-	-	N/A	N/A

* The investment ratio and profit sharing ratio varies on case to case/monthly basis

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11.3 Maturity profile of funds mobilised under various modes:

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			2021									
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	1,025,031	1,171,444	1,891,158	2,068,911	49,694	53,644	30,358	-	-	6,290,240
Savings account	PKR	Mudaraba	1,610,002	-	-	-	5,336,001	5,359,000	5,359,000	4,577,001	759,000	23,000,004
Savings account	USD	Mudaraba	25,658	-	-	-	85,048	85,416	85,416	72,952	12,098	366,588
SBP Funds against Various Schemes	PKR	Mudaraba	-	-	-	-	907,024	1,546,265	-	-	-	2,453,289
Musharka funds from HO	PKR	Musharka	12,000,000	-	-	-	-	-	-	-	-	12,000,000
Interbank borrowing	PKR	Musharka	11,300,000	-	-	-	-	-	-	-	-	11,300,000
Special Musharaka Certificate	PKR	Musharka	6,404,196	4,063,646	221,589	175,000	-	-	-	-	-	10,864,431
IERS borrowing from SBP	PKR	Musharka	1,665,600	951,771	158,629	-	-	-	-	-	-	2,776,000
			34,030,487	6,186,861	2,271,376	2,243,911	6,377,767	7,044,325	5,474,774	4,649,953	771,098	69,050,552

Rupees in '000 2022 2021

11.4 Class of assets by sources of financing:

Jointly financed by the Bank and PLS deposit account holders.

Murabaha	4,078,826	5,568,137
Ijarah	7,341,917	7,067,756
Diminishing Musharaka	16,350,954	13,402,874
Salam	8,174,120	6,346,896
Musharaka	32,639,372	29,064,976
Istisna	6,983,383	5,532,890
Receivables against Sale of Salam/Istisna Inventory	585,400	1,511,039
Other Islamic Mode (Qard)	2,579,898	-
Balances with other & treasury Banks	4,845,202	5,155,267
Sukuk	37,675,843	27,293,651
Open end Mutual Fund (NIT-IMMF)	100,464	100,168
Bai Muajjal-GOP	-	4,215,092
Islamic Naya Pakistan Certificates	3,282,078	-
	124,637,457	105,258,746

11.5 Sectors of economy used for deployment of Mudarba based PKR deposits alongwith equity

	2022		2021	
	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture / Agribusiness	2,173,505	3.09	1,418,521	2.28
Automobiles & Allied	585,891	0.83	653,717	1.05
Cables / Electronics	107,315	0.15	348,659	0.56
Cements	1,147,059	1.63	816,918	1.31
Chemicals / Pharmaceuticals	3,216,808	4.57	3,251,799	5.23
Education	256,512	0.36	197,789	0.32
Fertilizers	–	–	–	–
Financial	2,579,898	3.67	–	–
Food and Allied	1,265,168	1.80	630,346	1.01
Fuel / Energy	–	–	–	–
Ghee and Edible Oil	848,437	1.21	1,573,139	2.53
Glass and Ceramics	234,054	0.33	222,842	0.36
GOP Ijarah Sukuk	14,120,973	20.07	7,530,929	12.11
GOP Bai Muajjal	–	–	87,092	0.14
GOP Islamic Naya Pakistan Certificates	1,871,364	2.66	–	–
Hotels and Restaurants	4,615	0.01	13,748	0.02
Individuals	4,801,691	6.83	4,874,832	7.84
Investment Banks / Scheduled Banks	1,273,797	1.81	707,903	1.14
Open end Mutual Funds	100,464	0.14	100,168	0.16
Iron / Steel	1,722,314	2.45	2,116,964	3.40
Leather Products and Shoes	43,030	0.06	39,251	0.06
Modarabas	3,307	0.00	476,926	0.77
Paper and Board	702,755	1.00	561,501	0.90
Plastic products	–	–	498,859	0.80
Production and transmission of energy	3,199,765	4.55	3,052,930	4.91
Real Estate / Construction	2,011,708	2.86	973,177	1.56
Rice Processing and trading	135,000	0.19	250,000	0.40
Services (Other than Financial, Hoteling & Traveling)	228,328	0.32	1,069,345	1.72
Sugar	8,147,222	11.58	5,446,267	8.76
Surgical equipment / Metal Products	–	–	–	–
Textile	5,780,178	8.22	4,686,525	7.54
Transport and communication	2,314,628	3.29	680,342	1.09
Travel Agencies	–	–	–	–
Public sector / Government	8,844,013	12.57	17,869,096	28.73
Others	2,628,593	3.74	2,041,686	3.28
	70,348,392	100.00	62,191,271	100.00

11.6 Sectors of economy used for deployment of Mudarba based USD deposits alongwith equity

	2022		2021	
	Rupees in '000	Percent	Rupees in '000	Percent
Investment Banks / Scheduled Banks	196,666	11.66	834,899	95.39
GOP Islamic Naya Pakistan Certificates	1,410,714	83.61	–	–
Public sector / Government	79,900	4.74	40,324	4.61
	1,687,280	100.00	875,223	100.00

CONSOLIDATED
FINANCIAL STATEMENTS

ASKARI BANK LIMITED

FOR THE YEAR ENDED DECEMBER 31, 2022



KPMG Taseer Hadi & Co.
Chartered Accountants
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Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

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 2022 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 significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit 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>Provision against advances</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 nonperforming 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 906.83 million against advances in the current year. The Group's advances to the customers represent 38.25% of its total assets as at 31 December 2022 and are stated at Rs. 583.81 billion which is net of provision of Rs. 31.12 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"> • Assessing the design and operating effectiveness of automated controls over classification and provisioning of advances including: <ul style="list-style-type: none"> - The accuracy of data input into the system used for disbursement and recovery of credit facilities; - Controls over correct classification of non-performing advances on time-based criteria. • 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; • 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, financial ratios and reports on security maintained and formed our own view whether any impairment indicators are present; • For consumer advances, verifying, on sample basis, repayments of loan / markup installments and checking that performing loans have been correctly classified and categorized; and • 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 • Assessing the adequacy of presentation and disclosure related to provision against advances as required under the accounting and reporting standards as applicable in Pakistan.



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	<p>Valuation of Investments</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 2022, the Group has investments classified as “Available-for-sale” and “Held to maturity”, amounting to Rs. 762.12 billion which in aggregate represent 49.93 % of the total assets of the Group.</p> <p>The significant portion of the investments comprise of equity, debt and government securities. 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 the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment.</p>	<p>Our procedures in respect of valuation of investments included the following:</p> <ul style="list-style-type: none"> Assessing the design and tested the operating effectiveness of the automated controls in place relating to valuation of investments; Performing recalculation and checking, on a sample basis, the valuation of investments to supporting documents, externally quoted market prices and break-up values; Evaluating the management’s assessment of available for sale and held to maturity investments for any additional impairment in accordance with the Group’s accounting policies and performed an independent assessment of the assumptions; and Assessing the adequacy of presentation and disclosure related to provision against advances as required under the accounting and reporting standards as applicable in Pakistan.

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: February 28, 2023

UDIN: AR2022101830RgHxyA1r

KPMG Taseer Hadi & Co.
Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

Rupees in '000	Note	2022	2021
Assets			
Cash and balances with treasury banks	5	70,950,067	89,432,245
Balances with other banks	6	9,677,123	3,556,215
Lendings to financial institutions	7	406,934	–
Investments	8	762,531,019	616,231,172
Advances	9	583,810,931	477,673,022
Fixed assets	10	24,484,412	20,179,222
Intangible assets	11	1,375,625	1,188,985
Deferred tax assets	12	7,545,677	5,161,697
Other assets	13	65,512,059	45,906,052
		1,526,293,847	1,259,328,610
Liabilities			
Bills payable	14	11,878,563	10,235,374
Borrowings	15	233,432,089	123,563,761
Deposits and other accounts	16	1,142,373,763	1,015,162,254
Liabilities against assets subject to finance lease		–	–
Subordinated debts	17	12,000,000	12,000,000
Deferred tax liabilities		–	–
Other liabilities	18	53,138,956	42,326,358
		1,452,823,371	1,203,287,747
Net Assets			
		73,470,476	56,040,863
Represented By			
Share capital	19	12,602,602	12,602,602
Reserves		43,487,608	32,832,051
Surplus on revaluation of assets - net of tax	20	3,975,493	1,987,976
Unappropriated profit		13,404,773	8,618,234
		73,470,476	56,040,863

Contingencies and Commitments

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The annexed notes 1 to 47 and Annexure 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, 2022

Rupees in '000	Note	2022	2021
Mark-up / return / interest earned	23	165,820,008	77,569,443
Mark-up / return / interest expensed	24	125,829,854	45,139,897
Net mark-up / interest income		39,990,154	32,429,546
Non mark-up / interest income			
Fee and commission income	25	5,520,675	4,785,268
Dividend income		488,396	421,964
Foreign exchange income		5,494,301	3,123,524
Income / (loss) from derivatives		–	–
(Loss) / gain on securities	26	(251,459)	814,724
Other income	27	446,440	402,118
Total non-markup / interest income		11,698,353	9,547,598
Total income		51,688,507	41,977,144
Non mark-up / interest expenses			
Operating expenses	28	22,667,888	21,017,376
Workers' welfare fund	29	339,903	213,484
Other charges	30	167,678	90,139
Total non-markup / interest expenses		23,175,469	21,320,999
Profit before provisions		28,513,038	20,656,145
Provisions and write offs - net	31	1,042,136	4,983,944
Extraordinary / unusual items		–	–
Profit before taxation		27,470,902	15,672,201
Taxation	32	(13,398,234)	(5,956,468)
Profit after taxation		14,072,668	9,715,733
Rupees			
Basic and diluted earnings per share	33	11.17	7.71

The annexed notes 1 to 47 and Annexure 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, 2022

Rupees in '000	Note	2022	2021
Profit after taxation for the year		14,072,668	9,715,733
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		643,422	264,837
Movement in deficit on revaluation of investments - net of tax	20	(2,588,189)	(5,021,633)
		(1,944,767)	(4,756,796)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain on defined benefit plan - net of tax		61,504	12,770
Movement in surplus on revaluation of operating fixed assets	20.3	5,159,821	–
Movement in surplus on revaluation of non-banking assets	20.4	80,387	168,662
		5,301,712	181,432
Total comprehensive income		17,429,613	5,140,369

The annexed notes 1 to 47 and Annexure 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, 2022

Rupees in '000	Share capital	Exchange translation reserve	Share premium account	Statutory reserve	General reserve	Surplus / (deficit) on revaluation of		Un-appropriated profit / (loss)	Total
						Investments	Fixed / Non banking assets		
Balance as at January 1, 2021	12,602,602	284,683	234,669	12,270,126	12,912,187	83,804	7,587,151	8,706,053	54,681,275
Total comprehensive income for the year ended December 31, 2021									
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	-	-	9,715,733	9,715,733
Other comprehensive income	-	264,837	-	-	-	(5,021,633)	168,662	12,770	(4,575,364)
Transfer to:									
Statutory reserve	-	-	-	1,940,277	-	-	-	(1,940,277)	-
General reserve	-	-	-	-	4,925,272	-	-	(4,925,272)	-
	-	-	-	1,940,277	4,925,272	-	-	(6,865,549)	-
Transfer from surplus on revaluation of assets to unappropriated profit	-	-	-	-	-	-	(830,008)	830,008	-
Transaction with owners, recorded directly in equity									
Final dividend 2020: Rs. 3 per share	-	-	-	-	-	-	-	(3,780,781)	(3,780,781)
Balance as at January 1, 2022	12,602,602	549,520	234,669	14,210,403	17,837,459	(4,937,829)	6,925,805	8,618,234	56,040,863
Total comprehensive income for the year ended December 31, 2022									
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	14,072,668	14,072,668
Other comprehensive income	-	643,422	-	-	-	(2,588,189)	5,240,208	61,504	3,356,945
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 on disposal	-	-	-	-	-	-	(664,502)	664,502	-
Balance as at December 31, 2022	12,602,602	1,192,942	234,669	15,616,563	26,443,434	(7,526,018)	11,501,511	13,404,773	73,470,476

The annexed notes 1 to 47 and Annexure 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, 2022

Rupees in '000	Note	2022	2021
Cash flow from operating activities			
Profit before taxation		27,470,902	15,672,201
Less: dividend income		(488,396)	(421,964)
		26,982,506	15,250,237
Adjustments:			
Depreciation		917,718	969,838
Amortization		143,204	181,321
Depreciation on ROU assets		1,579,354	1,342,713
Markup expense on lease liability against ROU assets		912,324	894,286
Termination of lease contracts under IFRS - 16 Leases		(13,700)	250
Charge for defined benefit plans		422,843	396,977
Provisions and write offs - net	31	1,126,727	5,094,323
Gain on sale of fixed assets		(52,977)	(20,501)
		5,035,493	8,859,207
		32,017,999	24,109,444
(Increase) / decrease in operating assets			
Lendings to financial institutions		(406,934)	–
Held for trading securities		(464,718)	193
Advances		(107,085,046)	(86,039,133)
Other assets (excluding advance taxation)		(18,652,964)	(4,454,168)
		(126,609,662)	(90,493,108)
Increase / (decrease) in operating liabilities			
Bills payable		1,643,189	(2,394,622)
Borrowings from financial institutions		109,868,328	39,400,092
Deposits		127,211,509	224,179,967
Other liabilities		10,830,483	4,213,141
		249,553,509	265,398,578
		154,961,846	199,014,914
Payment made to defined benefit plan		(440,841)	(383,645)
Income tax paid		(13,100,160)	(6,435,428)
Net cash flow generated from operating activities		141,420,845	192,195,841
Cash flow from investing activities			
Net investments in available for sale securities		(162,770,802)	(149,515,019)
Net investments in held to maturity securities		10,526,966	(25,559,592)
Dividend received		484,631	–
Investments in operating fixed assets		(1,407,425)	428,108
Investments in intangible assets		(334,119)	(745,017)
Proceeds from non-banking assets		1,237,002	(261,995)
Proceeds from sale of fixed assets		65,210	32,809
Effect of translation of net investment in foreign branch		643,422	264,837
Net cash flow used in investing activities		(151,555,115)	(175,355,869)
Cash flow from financing activities			
Payments against lease liabilities		(2,218,190)	(1,965,692)
Dividends paid		(8,818)	(3,733,683)
Net cash flow used in financing activities		(2,227,008)	(5,699,375)
(Decrease) / increase in cash and cash equivalents		(12,361,278)	11,140,597
Cash and cash equivalents at beginning of the year	34	92,988,468	81,847,871
Cash and cash equivalents at end of the year	34	80,627,190	92,988,468

The annexed notes 1 to 47 and Annexure I and II form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1 STATUS AND NATURE OF BUSINESS

The Group consists of Askari Bank Limited, the holding company and Askari Securities Limited, a wholly 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 (2021: 71.91) percent shares of the Bank as on December 31, 2022. The ultimate parent of the Bank is Fauji Foundation. The Bank has 600 branches (2021: 560 branches); 599 in Pakistan and Azad Jammu and Kashmir including 120 (2021: 101) Islamic Banking branches and 57 (2021: 56) sub-branches and a Wholesale Bank Branch (WBB) in the Kingdom of Bahrain.

Askari Securities Limited (ASL) was incorporated in Pakistan on October 1, 1999 under the repealed Companies Ordinance, 1984 as a public limited company. The Group holds 100% Ordinary Shares of ASL. The principal activity includes share brokerage, investment advisory and consultancy services. The registered office of ASL is situated in Islamabad.

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting 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. As per the SBP's BPRD Circular Letter no. 24 dated July 05, 2021, IFRS 9 was made applicable to banks for accounting periods beginning on or after January 01, 2022. Subsequently, SBP vide BPRD Circular No. 03 of 2022 dated July 05, 2022 extended the date of implementation to January 01, 2023. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the 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, 2022. 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.

		Effective date (periods ending on or after)
IAS 1	Presentation of Financial Statements (Amendments)	January 1, 2024
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 1, 2023
IFRS 9	Financial Instruments	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IAS 28	Investments in Associates and Joint Ventures (Amendments)	Not yet finalized
IFRS 10	Consolidated Financial Statements (Amendments)	Not yet finalized

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 2023 for Banks having asset base of more than Rs. 500 billion as at 31 December 2021 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.

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 2023. 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.

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;

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- (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 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 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 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 seven years' data for calculation of PD till 31 December 2022 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 of 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.

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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.

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 01 January 2023 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 recognised in retained earnings and reserves as at 1 January 2023.

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated at 31 December 2022 because it will be dependent on the financial instruments that the Bank would hold during 2023 and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2022. Although parallel run regulatory reporting has been carried out till third quarter of 2022, 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 31 December 2022, 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 for five years period. Furthermore 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, on a segment level basis, 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 1 January 2023 is approximately Rs. 2.9 billion, representing:

- a reduction of approximately Rs. 4.9 billion related to impairment requirements;
- a reduction of approximately Rs. 97 million related to classification and measurement requirements, other than impairment; and
- an increase of approximately Rs. 2.2 billion related to deferred tax impacts.

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:

Rupees in '000	As per adopted IFRS 9	As per current Accounting and Reporting Standards
Common Equity Tier 1 Capital Adequacy ratio	12.47	12.55
Tier 1 Capital Adequacy Ratio	13.62	13.70
Total Capital Adequacy Ratio	15.89	15.97

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 1, 2023 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 judgments 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)

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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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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, ASL with 100% holding (2021: 100%) 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.

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.

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

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 principle.

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 note 10.2 and 11.1 respectively on 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.

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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.

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 Bank and ASL operate 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 36 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 Bank 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.

The ASL operates funded provident fund scheme for all its regular employees for which equal monthly contributions are made both by the ASL and by the employees at the rate of 10% of the basic salary of the employee.

Compensated absences

The Bank and ASL provide 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 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 Group'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.

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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.

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 of with 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

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.

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 Group. 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.

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Rupees in '000	Note	2022	2021
5 CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		22,700,376	21,150,705
Foreign currencies		3,407,920	4,059,596
		26,108,296	25,210,301
With the State Bank of Pakistan in:			
Local currency current accounts	5.1	43,901,951	46,087,959
Foreign currency current account	5.1	647,093	4,898,891
Foreign currency deposit account	5.2	–	9,278,909
		44,549,044	60,265,759
With National Bank of Pakistan in:			
Local currency current accounts		260,731	3,833,104
Prize Bonds		31,996	123,081
		70,950,067	89,432,245

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.

Rupees in '000	Note	2022	2021
6 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		32,629	552,186
In deposit accounts		–	4,310
		32,629	556,496
Outside Pakistan			
In current accounts		3,383,544	1,425,930
In deposit accounts	6.1	6,260,952	1,573,797
		9,644,496	2,999,727
Provision held against balances with other banks		(2)	(8)
		9,677,123	3,556,215

6.1 These represent placements with international correspondent banks, carrying interest rates upto 2.25% (2021: upto 0.08%) per annum.

Rupees in '000	Note	2022	2021
7 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (reverse repo)	7.2	406,934	–
Purchase under resale arrangement of equity securities		118,886	148,606
		525,820	148,606
Provision held against lending to financial institutions	7.3	(118,886)	(148,606)
Lendings to financial institutions - net of provision		406,934	–
7.1 Particulars of lendings			
In local currency		525,820	148,606

7.2 Securities held as collateral against lending to financial institution

Rupees in '000	2022			2021		
	Held by the Bank	Further Given as Collateral	Total	Held by the Group	Further Given as Collateral	Total
Market Treasury Bills	406,934	-	406,934	-	-	-

Rupees in '000	2022		2021	
	Classified Lending		Provision Held	
7.3 Category of classification				
Domestic Loss	118,886	118,886	148,606	148,606

8 INVESTMENTS

Rupees in '000	2022				2021			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.1 Investments by type:								
Held for Trading								
Ordinary Shares	464,718	-	(60,647)	404,071	-	-	-	-
Federal Government Securities	-	-	-	-	-	-	-	-
	464,718	-	(60,647)	404,071	-	-	-	-
Available for sale securities								
Federal Government Securities	646,356,442	(526,353)	(13,520,293)	632,309,796	482,298,535	(50,489)	(8,400,351)	473,847,695
Shares	5,109,394	(809,454)	126,617	4,426,557	4,874,699	(432,993)	87,745	4,529,451
Units of open end mutual funds	750,000	(144,205)	37,490	643,285	1,510,609	(140,558)	140,194	1,510,245
Fully paid preference shares	27,314	(11,914)	12,750	28,150	27,314	(11,914)	651	16,051
Non Government Debt Securities	13,085,795	(1,319,740)	99,304	11,865,359	13,316,295	(1,386,785)	62,687	11,992,197
Foreign securities	-	-	-	-	530,691	(3,965)	5,469	532,195
	665,328,945	(2,811,666)	(13,244,132)	649,273,147	502,558,143	(2,026,704)	(8,103,605)	492,427,834
Held to maturity securities								
Federal Government Securities	111,642,002	(585,365)	-	111,056,637	120,213,557	(136,355)	-	120,077,202
Non Government Debt Securities	110,000	(110,000)	-	-	110,000	(110,000)	-	-
Foreign securities	1,802,310	(5,146)	-	1,797,164	3,757,721	(31,585)	-	3,726,136
	113,554,312	(700,511)	-	112,853,801	124,081,278	(277,940)	-	123,803,338
Total investments	779,347,975	(3,512,177)	(13,304,779)	762,531,019	626,639,421	(2,304,644)	(8,103,605)	616,231,172

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Rupees in '000	Note	2022				2021			
		Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
8.2 Investments by segments:									
Federal Government Securities									
Market Treasury Bills		34,689,698	-	(268,588)	34,421,110	237,198,334	-	(290,335)	236,907,999
Pakistan Investment Bonds		669,174,397	-	(8,872,459)	660,301,938	320,877,899	-	(7,718,161)	313,159,738
Euro Bonds		16,916,343	(1,111,718)	(3,263,535)	12,541,090	10,925,079	(129,560)	(16,614)	10,778,905
GOP Bai Mujjal		-	-	-	-	4,215,092	-	-	4,215,092
Naya Pakistan Certificates		3,282,078	-	-	3,282,078	-	-	-	-
Ijarah Sukuks		33,935,928	-	(1,115,711)	32,820,217	29,295,688	(57,284)	(375,241)	28,863,163
		757,998,444	(1,111,718)	(13,520,293)	743,366,433	602,512,092	(186,844)	(8,400,351)	593,924,897
Shares									
Listed companies		4,518,432	(803,774)	65,970	3,780,628	4,514,514	(427,313)	56,617	4,143,818
Unlisted companies		1,055,680	(5,680)	-	1,050,000	360,185	(5,680)	31,128	385,633
		5,574,112	(809,454)	65,970	4,830,628	4,874,699	(432,993)	87,745	4,529,451
Units of open end mutual funds		750,000	(144,205)	37,490	643,285	1,510,609	(140,558)	140,194	1,510,245
Fully paid preference shares		27,314	(11,914)	12,750	28,150	27,314	(11,914)	651	16,051
Non Government Debt Securities									
Listed		2,704,432	(204,432)	(47,741)	2,452,259	1,641,790	(216,790)	(41,556)	1,383,444
Unlisted		10,491,363	(1,225,308)	147,045	9,413,100	11,784,505	(1,279,995)	104,243	10,608,753
		13,195,795	(1,429,740)	99,304	11,865,359	13,426,295	(1,496,785)	62,687	11,992,197
Foreign Securities									
Government securities		1,802,310	(5,146)	-	1,797,164	4,288,412	(35,550)	5,469	4,258,331
Total investments		779,347,975	(3,512,177)	(13,304,779)	762,531,019	626,639,421	(2,304,644)	(8,103,605)	616,231,172

Rupees in '000 2022 2021

8.2.1 Investments given as collateral

The market value of investments given as collateral is:

Market Treasury Bills	14,650,739	9,967,040
Pakistan Investment Bonds	163,347,300	31,984,000
Euro Bonds	-	7,386,911
Turkish Euro Bonds	1,797,861	596,977
Ijarah Sukuks	-	4,372,827
Shares	177,855	161,829
	179,973,755	54,469,584

8.3 Provision for diminution in value of investments

8.3.1 Opening balance

Exchange adjustments	134,098	21,836
Charge / (reversals)		
Charge for the year	560,165	277,764
Charge / (reversal) for the year under IFRS 9 related to WBB	760,372	(38,547)
Reversals for the year	(67,045)	(35,919)
Net charge	1,253,492	203,298
Reversal on disposals	(180,057)	(3,005)
Closing balance	3,512,177	2,304,644

8.3.2 Particulars of provision against debt securities

Rupees in '000	2022		2021	
	NPI	Provision	NPI	Provision
Category of classification				
Domestic				
Loss	1,429,740	1,429,740	1,496,785	1,496,785

8.3.3 Included in the above, Group's Bahrain branch holds general provision of Rs 1,116,864 thousand (December 31, 2021: Rs 222,394 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	2022		2021	
	Cost		Cost	
Federal Government Securities - Government guaranteed				
Market Treasury Bills		34,689,698		237,198,334
Pakistan Investment Bonds		566,762,426		217,100,181
Euro Bonds		7,686,312		3,642,731
Ijarah Sukuks		33,935,928		24,357,289
Naya Pakistan Certificates		3,282,078		–
		646,356,442		482,298,535
Shares				
Listed				
Auto assembler		42,393		–
Commercial banks		819,973		790,902
Chemicals		414,512		414,475
Cement		348,022		412,499
Engineering		24,398		83,430
Fertilizer		174,211		131,051
Insurance		6,981		46,948
Investment banks and companies		26,560		–
Leasing companies		–		26,560
Oil and gas marketing companies		491,734		668,391
Oil and gas exploration		266,910		187,054
Power generation and distribution		589,142		598,158
Paper and board		69,750		72,800
Pharmaceuticals		97,432		153,693
Refinery		7,799		88,822
Real estate investment trust		383,026		572,760
Textile composite		117,235		243,307
Technology and communication		149,971		–
Transport		23,666		23,664
		4,053,715		4,514,514

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Rupees in '000	2022		2021	
	Cost	Breakup value	Cost	Breakup value
Unlisted				
Pakistan Export Finance Guarantee Agency Limited	5,680	–	5,680	–
1Link (Pvt) Limited	50,000	492,500	50,000	312,700
Pakistan Mortgage Refinance Company Limited	300,000	609,370	300,000	527,700
TPL REIT Fund-I	700,000	1,005,521	–	–
ISE REIT Management Company Limited	–	–	4,505	50,902
	1,055,680	2,107,391	360,185	891,302

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

Rupees in '000	2022	2021
	Cost	Cost
Units of Open end mutual funds		
Listed		
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
Askari Asset Allocation Fund	–	100,846
Askari High Yield Scheme	–	479,137
Askari Sovereign Yield Enhancer Fund	–	100,000
Askari Cash Fund (Formerly Askari Sovereign Cash Fund)	–	37,509
Pak Oman Islamic Asset Allocation Fund	–	42,705
Pak Oman Advantage Islamic Income Fund	–	412
	750,000	1,510,609
Fully Paid Preference Shares		
Listed		
Textile	25,100	25,100
Unlisted		
Commercial Banks	2,214	2,214
	27,314	27,314
Non Government Debt Securities		
Listed		
AAA	750,000	750,000
AA+, AA, AA-	1,475,000	500,000
A+, A, A-	275,000	175,000
Unrated	204,432	216,790
	2,704,432	1,641,790
Unlisted		
AAA	7,642,005	8,798,860
AA+, AA, AA-	716,550	600,650
A+, A, A-	907,500	1,105,000
Unrated	1,115,308	1,169,995
	10,381,363	11,674,505

Rupees in '000	2022		2021	
	Cost	Rating	Cost	Rating
Foreign Securities				
Government of Bahrain securities	–	–	530,691	B+

Rupees in '000	2022		2021	
	Cost		Cost	
8.5 Particulars relating to Held to Maturity securities are as follows:				
Federal Government Securities - Government guaranteed				
Pakistan Investment Bonds		102,411,971		103,777,717
Government of Pakistan Euro Bonds		9,230,031		7,282,348
Ijarah Sukuks		–		4,938,400
GOP Bai Muajjal		–		4,215,092
		111,642,002		120,213,557
Non Government Debt Securities				
Unlisted				
CCC and below		110,000		110,000

Rupees in '000	2022		2021	
	Cost	Rating	Cost	Rating
Foreign Securities - Non-Government				
Turkish Sukuk	–		1,059,422	BB-
Turkish Euro Bonds	1,802,310	B-	1,374,564	BB-
Sri Lanka Euro Bond	–		1,323,735	CCC+
	1,802,310		3,757,721	

8.5.1 Market value of held to maturity securities other than classified investments is Rs. 101,813,767 thousand (December 31, 2021: Rs. 122,430,448 thousand).

8.6 Investments include Government securities which are held by the Group to comply with statutory liquidity requirements as set out under Section 29 of the Grouping Companies Ordinance, 1962.

9 ADVANCES

Rupees in '000	Note	Performing		Non performing		Total	
		2022	2021	2022	2021	2022	2021
Loans, cash credits, running finances, etc.	9.1	473,649,618	383,805,556	26,450,298	25,413,635	500,099,916	409,219,191
Islamic financing and related assets- note 3 of Annexure II		82,206,609	69,979,661	2,894,335	2,885,460	85,100,944	72,865,121
Bills discounted and purchased		27,931,036	22,950,694	1,802,149	2,866,232	29,733,185	25,816,926
Advances - gross		583,787,263	476,735,911	31,146,782	31,165,327	614,934,045	507,901,238
Provision against advances							
- Specific		–	–	(29,297,528)	(28,518,930)	(29,297,528)	(28,518,930)
- General		(1,825,586)	(1,709,286)	–	–	(1,825,586)	(1,709,286)
		(1,825,586)	(1,709,286)	(29,297,528)	(28,518,930)	(31,123,114)	(30,228,216)
Advances - net of provision		581,961,677	475,026,625	1,849,254	2,646,397	583,810,931	477,673,022

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9.1 Includes net investment in finance lease as disclosed below:

Rupees in '000	2022				2021			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Lease rentals receivable	2,864,872	3,986,283	-	6,851,155	2,453,266	2,644,563	-	5,097,829
Residual value	612,030	1,574,293	-	2,186,323	855,053	1,356,416	-	2,211,469
Minimum lease payments	3,476,902	5,560,576	-	9,037,478	3,308,319	4,000,979	-	7,309,298
Financial charges for future periods	(680,319)	(878,511)	-	(1,558,830)	(299,942)	(315,781)	-	(615,723)
Present value of minimum lease payments	2,796,583	4,682,065	-	7,478,648	3,008,377	3,685,198	-	6,693,575

Rupees in '000	2022	2021
9.2 Particulars of advances (Gross)		
In local currency	573,258,877	465,288,344
In foreign currencies	41,675,168	42,612,894
	614,934,045	507,901,238

9.3 Advances include Rs. 31,146,782 thousand (2021: Rs. 31,165,327 thousand) which have been placed under non-performing status as detailed below:

Rupees in '000	2022		2021	
	Non performing loans	Provision	Non performing loans	Provision
Category of classification				
Domestic				
Other Assets Especially Mentioned	122,279	1,437	140,824	445
Substandard	1,596,854	394,848	1,576,529	308,449
Doubtful	844,347	413,258	1,223,288	570,556
Loss	28,583,302	28,487,985	28,012,320	27,616,118
	31,146,782	29,297,528	30,952,961	28,495,568
Overseas				
Not past due but Impaired	-	-	212,366	23,362
Overdue by 181 to 365 days	-	-	-	-
	-	-	212,366	23,362
	31,146,782	29,297,528	31,165,327	28,518,930

9.4 Particulars of provision against advances

Rupees in '000	Note	2022				2021			
		Specific	General	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
Opening balance		28,518,930	974,026	735,260	30,228,216	24,842,078	887,946	716,026	26,446,050
Exchange adjustments		4,041	36,465	-	40,506	2,207	15,826	-	18,033
Charge for the year		2,675,775	133,850	113,551	2,923,176	6,382,786	76,663	93,912	6,553,361
Reversal under IFRS 9 related to WBB		(27,403)	(112,950)	-	(140,353)	-	(5,555)	-	(5,555)
Reversal for the year		(1,821,378)	(21,391)	(33,225)	(1,875,994)	(2,597,059)	(854)	(74,678)	(2,672,591)
		826,994	(491)	80,326	906,829	3,785,727	70,254	19,234	3,875,215
Amounts written off	9.5	(198)	-	-	(198)	(55,851)	-	-	(55,851)
Amounts charged off- agriculture financing	9.7	(52,239)	-	-	(52,239)	(55,231)	-	-	(55,231)
Closing balance		29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216

9.4.1 Particulars of provision against advances

Rupees in '000	2022				2021			
	Specific	General	Consumer financing - general	Total	Specific	General	Consumer financing - general	Total
In local currency	29,297,528	920,457	815,586	31,033,571	28,099,282	807,679	735,260	29,642,221
In foreign currencies	-	89,543	-	89,543	419,648	166,347	-	585,995
	29,297,528	1,010,000	815,586	31,123,114	28,518,930	974,026	735,260	30,228,216

9.4.2 The net FSV benefit already availed has been reduced by Rs. 471,933 thousand, which has resulted in increased charge for specific provision for the year by the same amount. Had the FSV benefit not reduced, before and after tax profit for the year would have been higher by Rs. 471,933 thousand (2021: higher by Rs. 220,594 thousand) and Rs. 240,686 thousand (2021: Rs. 134,563 thousand) respectively. Further, at December 31, 2022, cumulative net of tax benefit availed for Forced Sales Value (FSV) was Rs. 26,865 thousand (December 31, 2021: Rs. 320,002 thousand) under BSD circular No. 1 of 2011 dated October 21, 2011. Reserves and un-appropriated profit to that extent are not available for distribution by way of cash or stock dividend.

9.5 Particulars of write-offs

This represents write-off against provision amounting to Rs.198 thousands related to domestic advances (2021: Rs. 55,851 thousands).

Rupees in '000	2022	2021
9.5.1 Against Provisions	198	55,851
Write-offs of Rs. 500,000 and above		
- Domestic	-	55,642
Write-offs of below Rs. 500,000	198	209
	198	55,851

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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, 2022 is given in Annexure - I.

9.7 Amounts charged off - Agriculture financing

This represents agriculture loans 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.

Rupees in '000	Note	2022	2021
10 FIXED ASSETS			
Capital work-in-progress	10.1	220,511	111,038
Property and equipment	10.2	17,372,333	13,613,907
Right of use asset - IFRS 16	10.3	6,891,568	6,454,277
		24,484,412	20,179,222

10.1 This represents civil works in progress during the year.

10.2 Property and equipment

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
As at January 1, 2022										
Cost / Revalued Amount	3,874,490	5,815,489	1,230,272	989,962	2,766,078	1,774,926	3,758,220	3,148,684	208,806	23,566,927
Accumulated Depreciation	-	-	517,880	506,226	2,278,400	958,407	2,885,446	2,673,454	133,207	9,953,020
Net book value	3,874,490	5,815,489	712,392	483,736	487,678	816,519	872,774	475,230	75,599	13,613,907
Year ended December 31, 2022										
Opening net book value	3,874,490	5,815,489	712,392	483,736	487,678	816,519	872,774	475,230	75,599	13,613,907
Additions	138,591	-	-	-	155,710	199,968	418,916	364,012	20,755	1,297,952
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	-	(1,750,000)	-	-	-	-	-	-	-	(1,750,000)
Transfer to assets held for sale - note 13.5.2	-	-	-	(2,214)	(2,558)	(30)	(3,135)	(4,296)	-	(12,233)
Disposals	-	-	-	-	(735)	(7,609)	(8,117)	(26)	(3,209)	(19,696)
Depreciation charge	-	-	(34,799)	(25,431)	(213,052)	(164,719)	(269,481)	(187,274)	(22,962)	(917,718)
Other adjustments / transfers	-	-	-	-	-	222	-	78	-	300
Closing net book value	7,118,891	6,119,500	677,593	456,091	427,043	844,351	1,010,957	647,724	70,183	17,372,333
As at December 31, 2022										
Cost / Revalued Amount	7,118,891	6,119,500	1,230,272	982,951	2,917,679	1,967,454	4,163,876	3,501,747	226,352	28,228,722
Accumulated Depreciation	-	-	552,679	526,860	2,490,636	1,123,103	3,152,919	2,854,023	156,169	10,856,389
Net book value	7,118,891	6,119,500	677,593	456,091	427,043	844,351	1,010,957	647,724	70,183	17,372,333
Rate of depreciation (percentage)	-	-	5	5	20	10-20	10-20	20	20	

Rupees in '000	2021									
	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
As at January 1, 2021										
Cost / Revalued Amount	3,737,140	5,815,489	1,228,823	996,238	3,934,777	1,663,906	3,592,039	3,063,566	183,582	24,215,560
Accumulated Depreciation	-	-	481,313	479,254	3,348,654	831,787	2,619,928	2,654,218	133,819	10,548,973
Net book value	3,737,140	5,815,489	747,510	516,984	586,123	832,119	972,111	409,348	49,763	13,666,587
Year ended December 31, 2021										
Opening net book value	3,737,140	5,815,489	747,510	516,984	586,123	832,119	972,111	409,348	49,763	13,666,587
Additions	-	-	-	-	159,567	140,268	218,671	232,704	47,112	798,322
Transfers from non banking assets	137,350	-	1,449	-	-	-	-	-	-	138,799
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(579)	(5,216)	(3,959)	(165)	(2,379)	(12,298)
Depreciation charge	-	-	(36,567)	(25,303)	(257,291)	(151,012)	(312,009)	(168,759)	(18,897)	(969,838)
Other adjustments / transfers	-	-	-	(7,945)	(142)	360	(2,040)	2,103	-	(7,664)
Closing net book value	3,874,490	5,815,489	712,392	483,736	487,678	816,519	872,774	475,231	75,599	13,613,908
As at December 31, 2021										
Cost / Revalued Amount	3,874,490	5,815,489	1,230,272	989,962	2,766,078	1,774,926	3,758,220	3,148,685	208,806	23,566,928
Accumulated Depreciation	-	-	517,880	506,226	2,278,400	958,407	2,885,446	2,673,454	133,207	9,953,020
Net book value	3,874,490	5,815,489	712,392	483,736	487,678	816,519	872,774	475,231	75,599	13,613,908
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
2022	-	-	-	-	1,985,108	427,413	2,009,760	2,440,731	64,948	6,927,960
2021	-	-	-	-	1,628,503	413,174	1,771,917	2,279,605	101,687	6,194,886

Rupees in '000	2022		2021
10.3 Right of use assets			
Opening balance	6,454,277		7,401,820
Additions	2,122,788		499,359
Depreciation	(1,579,354)		(1,342,713)
Terminations / adjustments	(106,143)		(104,189)
Closing balance	6,891,568		6,454,277

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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				
Furniture, fixtures and office equipment	119	36	36	as per Bank's Policy	Fahd Sardar Khan - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	53	53	-do-	Syed Jafar Raza Rizvi - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	226	226	-do-	Syed Ghaus Ahmad - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	74	74	-do-	Asim Bashir - Ex - Key Management Personnel
Furniture, fixtures and office equipment	140	70	70	-do-	Umar Shahzad - Ex - Key Management Personnel
Furniture, fixtures and office equipment	230	85	85	-do-	Syed Taha Afzal - Ex - Key Management Personnel
Machine and equipment	280	243	243	-do-	Mohammed Haroon Zamir Khan - Ex - Key Management Personnel
Machine and equipment	185	90	90	-do-	Faisal Hussain - Ex - Key Management Personnel
Machine and equipment	230	146	146	-do-	Rashid Iqbal Shaikh - Ex - Key Management Personnel
Bank vehicles	1,720	-	2,350	-do-	Zain Ul Abidin - Key Management Personnel
Bank vehicles	1,676	-	2,150	-do-	Irfan Johar - Key Management Personnel
Bank vehicles	2,396	-	2,750	-do-	Rashid Nawaz Tipu - Ex - Key Management Personnel
	7,666	1,023	8,273		

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, 2022 amounts to Rs. 9,384,750 thousand.

Had the freehold and leasehold land not been revalued, the total carrying amounts of revalued properties as at December 31, 2022 would have been Rs. 3,853,642 thousand (2021: Rs. 4,484,063 thousand)

Rupees in '000	Note	2022	2021
11 INTANGIBLE ASSETS			
Computer software	11.1	1,131,936	949,243
Pakistan Mercantile Exchange - Membership Card		2,500	2,500
Trading Right Entitlement Certificates		2,500	12,426
Transfer to held for sale	13.5.2	(6,121)	-
Less: Provision against intangibles		-	(11,151)
		1,130,815	953,018
Capital work in progress		244,810	235,967
		1,375,625	1,188,985
11.1 Software			
As at January 1,			
Cost		2,425,825	2,658,212
Accumulated amortization		1,476,582	1,879,732
Net book value		949,243	778,480

Rupees in '000	2022	2021
Year ended December 31,		
Opening net book value	949,243	778,480
Additions		
- directly purchased	325,276	396,139
Charged off	–	(44,292)
Amortization charge	(143,204)	(181,321)
Other adjustments / transfers	621	237
Closing net book value	1,131,936	949,243
As at December 31,		
Cost	2,752,568	2,425,825
Accumulated amortization	1,620,632	1,476,582
Net book value	1,131,936	949,243
Rate of amortization (percentage)	10	10-20
Useful life	10 years	5-10 years

11.1.1 Cost of fully amortized intangible assets still in use amounts to Rs. 1,137,662 thousand (2021: Rs. 1,073,017 thousand).

Rupees '000	2022				
	At January 1, 2022	Recognized in P&L A/C	Recognized in OCI	Transfer to held for sale (note 13.5.2)	At December 31, 2022
12 DEFERRED TAX ASSETS					
Deductible Temporary Differences on					
- Post retirement employee benefits	24,663	–	(89,667)	–	(65,004)
- Accelerated tax depreciation	101,121	(64,149)	(204)	–	36,768
- Deficit on revaluation of investments	3,165,776	–	2,519,867	9,334	5,694,977
- Provision against advances	1,870,137	8,799	–	–	1,878,936
	5,161,697	(55,350)	2,429,996	9,334	7,545,677

Rupees '000	2021				
	At January 1, 2021	Recognized in P&L A/C	Recognized in OCI	Transfer to held for sale (note 13.5.2)	At December 31, 2021
Deductible Temporary Differences on					
- Post retirement employee benefits	34,162	–	(9,499)	–	24,663
- Accelerated tax depreciation	31,649	69,472	–	–	101,121
- Deficit on revaluation of investments	(36,484)	–	3,202,260	–	3,165,776
- Provision against advances	1,568,007	302,130	–	–	1,870,137
	1,597,334	371,602	3,192,761	–	5,161,697

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Rupees in '000	Note	2022	2021
13 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision	13.1	37,216,850	18,861,858
Income / mark-up accrued in foreign currencies		1,241,333	694,389
Advances, deposits, advance rent and other prepayments		1,627,272	547,562
Advance taxation (payments less provisions)		5,983,883	6,226,607
Non-banking assets acquired in satisfaction of claims	13.3	847,462	1,446,968
Assets held for sale	13.5	2,076,683	–
Branch adjustment account		40,219	–
Due from State Bank of Pakistan		–	667,793
Mark to market gain on forward foreign exchange contracts - net		–	341,824
Stationary and stamps in hand		68,093	74,065
Dividend receivable	13.2	4,986	1,221
Acceptances		14,925,859	14,601,271
Switch settlement accounts		–	359,687
Others		526,253	538,764
		64,558,893	44,362,009
Less: Provision held against other assets	13.4	(182,608)	(175,846)
Other assets - net of provision		64,376,285	44,186,163
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,135,774	1,719,889
Other assets - total		65,512,059	45,906,052

13.1 This balance is net of interest in suspense amounting to Rs. 11,348,689 thousand (2021: Rs. 10,474,504 thousand).

13.2 This balance is net of dividend in suspense amounting to Rs. 81,020 thousand (2021: Rs. 81,020 thousand).

Rupees in '000	2022	2021
13.3 Market value of Non-banking assets acquired in satisfaction of claims	1,983,236	3,166,858

The Group's non-banking assets were revalued by the valuers approved by the Pakistan Banks' Association on December 31, 2022. 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 arisen against revaluation of non-banking asset acquired in satisfaction of claims as at December 31, 2022 amounts to Rs. 1,135,774 thousand (2021 : Rs. 1,719,890 thousand).

Rupees in '000	Note	2022	2021
13.3.1 Non-banking assets acquired in satisfaction of claims			
Opening balance		3,166,858	4,869,214
Revaluation		80,386	168,662
Disposals		(1,237,002)	(1,704,907)
Transfers to freehold land and building		–	(138,799)
Adjustments		–	(1,720)
Depreciation		(27,006)	(25,592)
Closing balance		1,983,236	3,166,858
13.3.2 Gain on disposal of non-banking assets acquired			
in satisfaction of claims			
Disposal proceeds		1,237,002	1,722,458
Less			
- Carrying value		(1,237,002)	(1,704,907)
Gain		–	17,551
13.4 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		4,838	4,838
Others		177,770	171,008
		182,608	175,846
13.4.1 Movement in provision held against other assets			
Opening balance		175,845	209,778
Charge for the year		9,315	415
Reversals for the year		(2,552)	(34,348)
Net charge		6,763	(33,933)
Closing balance		182,608	175,845
13.5 Assets held for sale			
Fixed assets	13.5.1	1,750,000	–
ASL	13.5.2	326,683	–
		2,076,683	–

13.5.1 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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13.5.2 Disposal group held for sale

During the year, the Board of Directors of the Bank, through resolution by circulation dated 10 January, 2022, approved the scheme of arrangement for amalgamation of the wholly owned subsidiary, Askari Securities Limited (ASL) with and into Foundation Securities (Private) Limited (FSL). As per the approved scheme of arrangement, the entire undertaking of ASL inclusive of all properties, assets, rights, liabilities, trademarks, patents and obligations of ASL will be transferred to FSL against 27,140,000 shares of FSL (one share of FSL against 1.18 shares of ASL held by the Bank). ASL will be dissolved without winding up. The scheme of arrangement is subject to necessary regulatory approvals.

Assets and liabilities of disposal group held for sale

At 31 December 2022, the disposal group included in the consolidated financial statements after intra-group eliminations comprises the following assets and liabilities:

Rupees in '000	2022
Property and equipment	12,233
Intangible assets	6,121
Long term investments	136,218
Long term deposits	7,677
Trade and other receivables - net	19,526
Advances, deposits and prepayments	56,312
Investment in margin financing system	5,022
Advance tax	5,196
Cash and bank balances	78,379
Assets held for sale - total	326,684
Deferred tax liability	9,334
Employees benefit obligations - note 36.4.1	2,568
Provision for staff compensated absences - note 36.3	1,460
Trade and other payables	199,418
Liabilities held for sale - total	212,780

Total income of Rs. 107,091 thousand and expenses of Rs. 96,899 thousand related to ASL for the year ended 31 December, 2022 are included in consolidated profit and loss account. Further deficit on revaluation of investment (net of tax) of Rs. 1,220 thousand for the year ended 31 December, 2022 is included in consolidated other comprehensive income.

Rupees in '000	2022	2021
14 BILLS PAYABLE		
In Pakistan	11,878,563	10,235,374

Rupees in '000	Note	2022	2021
15	BORROWINGS		
Secured			
Borrowings from the State Bank of Pakistan under:			
Export refinance scheme	15.1	22,741,967	20,497,570
Long term financing facility	15.2	9,904,417	9,725,125
Financing facility for storage of agricultural produce	15.3	44,311	73,853
Renewable energy financing facility	15.4	3,944,124	3,672,929
Credit guarantee scheme for women entrepreneurs		67	606
Payment of wages and salaries	15.5	454,197	7,485,233
Temporary economic relief	15.6	9,680,778	5,506,824
Modernization of SME		12,215	10,743
Combating COVID-19	15.7	563,711	279,357
Askari Ujala		3,117	–
Rupee based discounting of bills / receivable		1,891,099	–
		49,240,003	47,252,240
Repurchase agreement borrowings:			
State Bank of Pakistan	15.8	100,000,000	32,000,000
Financial institutions	15.9	80,826,007	18,910,076
		180,826,007	50,910,076
Refinance from Pakistan Mortgage Refinance Company	15.10	3,366,079	2,372,387
Total secured		233,432,089	100,534,703
Unsecured			
Call borrowings		–	21,713,480
Financial institutions		–	970,824
Overdrawn nostro accounts		–	344,754
Total unsecured		–	23,029,058
		233,432,089	123,563,761

15.1 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 1% to 11% (2021: 1% to 2%) per annum payable on a quarterly basis.

15.2 This facility is secured against demand promissory note executed in favour of the SBP. The effective mark-up rate is 0.5% to 8.5% (2021: 0.5% to 8.4%) per annum payable on a quarterly basis.

15.3 These are secured against demand promissory note and carry markup of 2% (2021: 2%) per annum and have maturities upto May 2024.

15.4 These are secured against demand promissory note and carry markup of 2% to 3% (2021: 2% to 3%) per annum and have maturities upto October 2033.

15.5 These are secured against demand promissory note and carry markup of upto 3% (2021: 2%) per annum and have maturities upto April 2023

15.6 These are secured against demand promissory note and carry markup of 1% (2021: 1%) per annum payable on quarterly basis and have maturities upto September 2032.

15.7 These are secured against demand promissory note and carry Nil markup and have maturities upto March 2026.

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15.8 These are secured against collateral of Government Securities and carry markup of 16.11% to 16.22% (2021: 9.91% to 9.96%) per annum and have maturities upto 3 months (2021: 6 months). The market value of securities given as collateral is given in note 8.2.1.

15.9 These are secured against collateral of Federal and Foreign Government Securities and carry markup of 5.65% to 16.25% (2021: 0.88% to 10.65%) per annum and have maturities upto 2 months (2021: 3 months). The market value of securities given as collateral is given in note 8.2.1.

15.10 This is secured against mortgage finance portfolio of the Group and carry markup of 6% to 11.60% (2021: 6% to 8.5%) per annum and has maturity upto 2031 (2021: upto 2031).

Rupees in '000	2022	2021
15.11 Particulars of borrowings with respect to currencies		
In local currency	232,038,128	102,888,997
In foreign currencies	1,393,961	20,674,764
	233,432,089	123,563,761

16 DEPOSITS AND OTHER ACCOUNTS

Rupees in '000	2022			2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Customers						
Current accounts	323,233,968	25,268,830	348,502,798	282,967,438	24,864,069	307,831,507
Savings deposits	500,396,889	60,092,675	560,489,564	447,108,954	50,866,257	497,975,211
Fixed deposits	195,530,848	26,160,189	221,691,037	183,802,414	18,794,731	202,597,145
	1,019,161,705	111,521,694	1,130,683,399	913,878,806	94,525,057	1,008,403,863
Financial institutions						
Current accounts	1,047,450	32,749	1,080,199	1,228,216	62,980	1,291,196
Savings deposits	4,517,990	-	4,517,990	1,885,486	-	1,885,486
Fixed deposits	6,092,175	-	6,092,175	3,581,709	-	3,581,709
	11,657,615	32,749	11,690,364	6,695,411	62,980	6,758,391
	1,030,819,320	111,554,443	1,142,373,763	920,574,217	94,588,037	1,015,162,254

Rupees in '000	2022	2021
16.1 Composition of deposits		
- Individuals	357,744,274	336,699,027
- Government (Federal and Provincial)	429,171,969	326,650,675
- Public Sector Entities	86,175,804	86,068,562
- Banking Companies	449	448
- Non-Banking Financial Institutions	11,689,915	7,025,757
- Private Sector	257,591,352	258,717,785
	1,142,373,763	1,015,162,254

16.2 Total deposits include eligible deposits of Rs. 438,949,989 thousand (2021: Rs. 404,645,277 thousand) as required by the Deposit Protection Corporation's (a subsidiary of SBP) vide circular no. 04 of 2018 dated June 22, 2018.

Rupees in '000	2022	2021
17 SUBORDINATED DEBTS		
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

17.1 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 Group'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 Group'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 Group being in compliance with the requirement of Leverage Ratio or Minimum Capital Requirement or Capital Adequacy Ratio.

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	Term Finance Certificates - VI (ADT-1)	Term Finance Certificates - VII
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 Group'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 Group 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 Group'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.

Rupees in '000	Note	2022	2021
18 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		11,177,244	4,528,899
Mark-up / return / interest payable in foreign currencies		523,791	275,197
Unearned commission and income on bills discounted		2,485,237	2,293,929
Accrued expenses		2,141,323	2,960,939
Advance payments		446,546	396,609
Acceptances		14,925,859	14,601,271
Dividend payable		195,719	204,537
Advance against sale of non-banking assets		494,255	728,009
Mark to market loss on forward foreign exchange contracts		110,688	–
Branch adjustment account		–	361,638
Payable to defined benefit plan	36.4	194,714	282,866
Provision for employees' compensated absences	38.2	635,913	703,222
Security deposit against lease / Ijarah financing		4,145,427	4,395,134
Liabilities against asset held for sale	13.5.2	212,780	–
Levies and taxes payable		1,156,266	888,456
Workers' Welfare Fund	29	768,486	428,583
Liability against trading of securities		462,925	–
Switch settlement accounts		2,747,463	–
Provision against off-balance sheet obligations	18.1	134,767	1,143,768
Lease liability against ROU assets as per IFRS - 16 Leases		8,084,073	7,393,878
Islamic pool management reserve		–	51,630
Others		2,095,480	687,793
		53,138,956	42,326,358

Rupees in '000	Note	2022	2021
18.1 Provision against off-balance sheet obligations			
Opening balance		1,143,768	100,356
Exchange adjustment		404	163
Charge for the year		–	1,043,249
Reversal for the year	31	(1,009,405)	–
Net charge		(1,009,405)	1,043,249
Closing balance		134,767	1,143,768

19 SHARE CAPITAL

19.1 Authorized capital

2022		2021	2022		2021
Number of shares			Rupees in '000		
2,000,000,000	2,000,000,000	Ordinary shares of Rs. 10 each	20,000,000	20,000,000	

19.2 Issued, subscribed and paid up capital

2022		2021	2022		2021
Number of shares			Rupees in '000		
514,689,096	514,689,096	Ordinary shares of Rs. 10 each	5,146,891	5,146,891	
717,297,769	717,297,769	Fully paid in cash	7,172,978	7,172,978	
28,273,315	28,273,315	Issued as bonus shares			
		Issued on Askari Leasing			
		Limited merger	282,733	282,733	
1,260,260,180	1,260,260,180		12,602,602	12,602,602	

2022		2021
Number of shares		

19.3 Composition of shares held by the Fauji Consortium is as follows:

Fauji Foundation	90,629,884	90,629,884
Fauji Fertilizer Company Limited	543,768,024	543,768,024
Fauji Fertilizer Bin Qasim Limited	271,884,009	271,884,009
	906,281,917	906,281,917

Rupees in '000	Note	2022	2021
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20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation of:			
- Available for sale securities	20.1 & 20.2	(13,220,995)	(8,103,605)
- Fixed Assets	20.3	10,365,737	5,205,916
- Non-banking assets acquired in satisfaction of claims	20.4	1,135,774	1,719,889
		(1,719,484)	(1,177,800)
Deferred tax asset on deficit on revaluation of:			
- Available for sale securities		5,694,977	3,165,776
		3,975,493	1,987,976

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20.1 Pursuant to relaxation provided by the SBP, the Group has availed the benefit of staggering the unrealized loss on PIBs having aggregate face value of Rs 85,168 million at December 31, 2022. Accordingly, the Group has reversed an amount of revaluation loss of Rs. 6,486 million upto December 31, 2022 on such PIBs and will recognize the same in accordance with the criteria prescribed by SBP. Had the revaluation loss not been reversed in these unconsolidated financial statements the carrying value of investments as at December 31, 2022 would have been lower by Rs. 6,486 million, other comprehensive income for the year ended December 31, 2022 and surplus on revaluation of assets - net of tax would have been lower by Rs. 3,697 million and deferred tax asset at December 31, 2022 would have been higher by Rs. 2,789 million.

Pursuant to relaxation, the Group is required to adjust the outstanding staggered amount of revaluation deficit from distributable profits, for declaring cash dividend (if any), during the relaxation period.

20.2 This includes Rs. 23,137 thousand on account of surplus on revaluation of investment related to ASL.

Rupees in '000	Note	2022	2021
20.3 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at January, 1		5,205,916	5,144,180
Recognised during the year		5,159,821	–
Surplus on non-banking asset transferred to owned property		–	61,736
Surplus on revaluation of fixed assets as at December, 31		10,365,737	5,205,916
20.4 Surplus on revaluation of non-banking assets acquired			
in satisfaction of claims			
Surplus on revaluation as at January, 1		1,719,889	2,442,971
Recognised during the year		80,387	168,662
Realised on disposal / transfers during the year		(664,502)	(830,008)
Transfer of surplus on non-banking asset to owned property		–	(61,736)
Surplus on revaluation as at December, 31		1,135,774	1,719,889
21 CONTINGENCIES AND COMMITMENTS			
- Guarantees	21.1	313,699,274	274,886,748
- Commitments	21.2	473,610,641	396,110,413
- Other contingent liabilities	21.3	1,254,927	1,095,098
		788,564,842	672,092,259
21.1 Guarantees			
Financial guarantees		9,494,557	6,015,847
Performance guarantees		180,122,513	155,588,123
Other guarantees		124,082,204	113,282,778
		313,699,274	274,886,748

Rupees in '000	Note	2022	2021
21.2 Commitments			
Documentary credits and short-term trade-related transactions			
- letters of credit		187,240,002	190,672,407
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	269,232,712	201,560,195
- forward government securities transactions	21.2.2	15,400,000	–
- forward non government securities transactions	21.2.3	1,366,896	3,639,700
- operating fixed assets		82,807	31,295
- intangible assets		255,395	100,444
Commitments in respect of future contract transactions of equity securities		32,829	106,372
		473,610,641	396,110,413
21.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		150,899,164	117,506,977
Sale		118,333,548	84,053,218
		269,232,712	201,560,195
The above commitments have maturities falling within one year.			
21.2.2 Commitments in respect of government securities transactions			
Purchase		15,400,000	–
21.2.3 Commitments in respect of non government securities transactions			
Purchase		1,035,290	3,639,700
Sale		331,606	–
		1,366,896	3,639,700
21.3 Other contingent liabilities			
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 unconsolidated financial statements		1,254,927	1,095,098

21.4 Tax related contingencies are disclosed in note 32.2 to these consolidated financial statements.

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22 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 buy and sell derivative instruments such as Forward Exchange Contracts (FECs) and Equity Futures (EFs).

22.1 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-Group foreign exchange.

22.2 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 Division 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.

Rupees in '000	Note	2022	2021
23	MARK-UP / RETURN / INTEREST EARNED		
On:			
Loans and advances		63,496,700	32,688,171
Investments		101,069,667	44,316,288
Lendings to financial institutions		194,413	111,572
Balances with banks		145,822	9,378
Securities purchased under resale agreements (reverse repo)		913,406	444,034
		165,820,008	77,569,443
24	MARK-UP / RETURN / INTEREST EXPENSED		
Deposits		81,496,462	36,927,485
Borrowings		39,876,519	3,953,230
Subordinated debts		1,780,223	1,069,673
Cost of foreign currency swaps against foreign currency deposits / borrowings		1,764,326	2,295,223
Interest expense on lease liability against ROU assets		912,324	894,286
		125,829,854	45,139,897
25	FEE AND COMMISSION INCOME		
Branch banking customer fees		820,592	672,049
Consumer finance related fees		107,500	112,553
Card related fees (debit and credit cards)		1,472,764	1,168,379
Credit related fees		435,631	240,649
Investment banking fees		246,097	171,588
Commission on trade		1,011,708	919,680
Commission on guarantees		1,040,629	910,277
Commission on remittances including home remittances		209,259	247,018
Commission on bancassurance		67,923	105,325
Others		108,572	237,750
		5,520,675	4,785,268
26	(LOSS) / GAIN ON SECURITIES		
Realised	26.1	(267,447)	814,724
Unrealised		15,988	–
		(251,459)	814,724

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Rupees in '000	Note	2022	2021
26.1 Realised (loss) / gain on:			
Federal Government Securities		12,178	647,146
Shares		(290,281)	164,578
Non Government Debt Securities		(2,200)	3,000
Mutual Funds		12,856	–
		(267,447)	814,724
27 OTHER INCOME			
Rent on property		27	23
Gain on sale of fixed assets		52,977	20,501
Rent of lockers		47,410	50,572
Gain on sale of non banking asset	27.1	–	17,551
Recovery of expenses from customers		332,326	313,721
Gain / (loss) on termination of lease contracts under IFRS - 16, Leases		13,700	(250)
		446,440	402,118

27.1 Gain on sale of non-banking asset in satisfaction of claims

Name of Buyer	2022				
	Cost	Book value	Cash received	Gain on sale	Mode of disposal
Rupees '000					
M/s DHA Islamabad	572,500	1,237,002	1,237,002	–	Tender
Name of Buyer	2021				
	Cost	Book value	Cash received	Gain / (loss) on sale	Mode of disposal
Rupees '000					
M/s S.H Haq Noor & Co.	252,250	300,000	315,000	15,000	Buy-back
Mr Abid Ali	15,190	23,449	26,000	2,551	Tender
M/s DHA Islamabad	608,900	1,381,458	1,381,458	–	Tender
	876,340	1,704,907	1,722,458	17,551	

Rupees in '000	Note	2022	2021
28 OPERATING EXPENSES			
Total compensation expenses	28.1	11,537,576	11,810,712
Property expense			
Rent and taxes		137,900	125,222
Insurance		96,293	87,074
Utilities cost		1,239,331	710,562
Security (including guards)		762,864	515,542
Repair & maintenance		364,720	281,484
Depreciation on ROU assets		1,579,354	1,342,713
Depreciation		274,717	318,708
		4,455,179	3,381,305
Information technology expense			
Software maintenance		603,109	436,397
Hardware maintenance		88,529	47,020
Depreciation		185,497	167,305
Amortisation		143,204	181,321
Network charges		359,255	240,815
		1,379,594	1,072,858
Other operating expenses			
Directors' fees, allowances		38,650	68,513
Fees and allowances to shariah board		9,220	7,453
Rates, taxes, insurance etc.		201,313	201,209
Legal and professional charges		143,510	480,657
Brokerage and commission		165,249	111,557
NIFT clearing charges		80,033	77,642
Repair and maintenance		558,417	304,916
Communications		762,522	530,849
Stationery and printing		409,424	270,819
Marketing, advertisement and publicity		195,159	127,701
Donations	28.2	492,403	390,527
Auditors' remuneration	28.3	40,795	31,934
Travelling, conveyance and entertainment		320,645	223,225
Depreciation		455,708	483,825
Security service charges		419,689	315,547
Training and development		28,516	6,572
Deposit premium expense		647,432	574,980
Outsourced service cost	28.4	135,450	32,324
Other expenditure		191,404	512,251
		5,295,539	4,752,501
		22,667,888	21,017,376

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Rupees in '000	Note	2022	2021
28.1 Total compensation expenses			
Managerial remuneration			
i) Fixed		4,200,675	4,662,046
ii) Variable			
- Cash bonus / awards etc.		1,282,746	1,333,157
		5,483,421	5,995,203
Charge for defined benefit plans	28.1.1	442,549	396,977
Contribution to defined contribution plan		286,313	314,518
Rent and house maintenance		1,843,157	1,911,671
Utilities		398,626	416,679
Medical		562,021	676,067
Conveyance		1,586,040	1,443,311
Other staff cost	28.1.2	935,449	656,286
		11,537,576	11,810,712

28.1.1 This includes charge for defined benefit plan and compensated absences.

28.1.2 This includes staff incentives, allowances and health coverage etc.

28.2 This represents:

Group's contribution amounting to Rs. 366,318 thousand (2021: Rs. 376,223 thousand) for Fauji Foundation Group CSR activities where common directors interest is limited to the extent of their employment with Fauji Foundation.

Further, Rs. 28,688 thousand and Rs.97,397 thousand were given to Army Public School Batrasi for expansion and to flood affectees respectively.

Rupees in '000	2022	2021
28.3 Auditors' remuneration		
Statutory auditors of the Bank		
Audit fee	5,875	4,500
Special certifications, half year review, audit of consolidated financial statements and sundry advisory services	12,831	7,735
Tax services	15,000	15,000
Out of pocket expenses	923	-
	34,629	27,235
Auditors of Wholesale Bank Branch, Bahrain		
Audit fee	4,852	3,581
	39,481	30,816
Statutory auditors of ASL		
Audit fee	690	600
Other assurance and non assurance services	569	463
Out of pocket expenses	55	55
	40,795	31,934

28.4 This represents expenses relating to outsourced activities provided by companies incorporated in Pakistan amounting to Rs. 135,450 thousand (2021: Rs. 32,324 thousand).

Rupees in '000	2022	2021
29 WORKERS' WELFARE FUND		
Opening balance	428,583	215,099
Charge for the year	339,903	213,484
Closing balance	768,486	428,583

30 This represents penalties imposed by the State Bank of Pakistan.

Rupees in '000	Note	2022	2021
31 PROVISIONS AND WRITE OFFS - NET			
Provision for diminution in value of investments	8.3.1	1,253,492	203,298
Provision against loans and advances	9.4	906,829	3,875,215
Reversal of provision against other assets	13.4.1	6,763	(33,932)
Reversal of provision against intangible assets (Reversal) / provision against off-balance sheet obligations	18.1	(1,009,405)	1,043,249
Provision against cash and bank balances		(7)	2
Reversal of provision against repurchase agreement lendings		(29,720)	-
Recovery of written off / charged off bad debts		(84,591)	(110,379)
		1,042,136	4,983,944
32 TAXATION			
Current		13,342,884	6,258,135
Prior Years		-	51,927
Deferred		55,350	(353,594)
		13,398,234	5,956,468
32.1 Relationship between tax expense and accounting profit			
Profit before taxation		27,470,902	15,672,201
Tax at applicable tax rate of 39 percent (2021: 39 percent)		10,713,652	6,112,149
Effect of:			
- Prior year		-	51,927
- Super tax - current year		2,771,785	-
- Others		(87,203)	(207,608)
		13,398,234	5,956,468

32.2 Tax status

32.2.1 The Group has filed tax returns for and up to tax year 2022. 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 1,086 million, provision for diminution in the value of investments for Rs 2,425 million, bad debts written off for Rs 127.53 million, provision for substandard advances for Rs 74.95 million, Provision against other assets/ fixed assets for Rs 177.43 million, disallowance of employee benefit expenses Rs 330.87 Million and Other disallowances of expenses/credits for Rs 416.97 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.

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32.2.2 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 CIR(A) 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	2022	2021
33 BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year - Rupees in '000	14,072,668	9,715,733
Weighted average number of Ordinary Shares - numbers	1,260,260,180	1,260,260,180
Basic and diluted earnings per share - Rupees	11.17	7.71

There is no dilutive effect on the basic earnings per share of the Group, therefore dilutive earnings per share have not been presented separately.

Rupees in '000	2022	2021
34 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	70,950,067	89,432,245
Balances with other banks	9,677,123	3,556,223
	80,627,190	92,988,468

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

Rupees in '000	2021		
	Liabilities		
	Subordinated loan	Lease liability	Dividend payable
Balances as at January 01, 2021	12,000,000	8,223,995	157,439
Changes from financing cash flows			
Payment of lease liability	–	(1,965,692)	–
Dividend Paid	–	–	(3,733,683)
	–	(1,965,692)	(3,733,683)
Other changes			
Additions / renewals of leases	–	507,715	–
Unwinding of lease liability	–	894,286	–
Termination / other adjustments	–	(266,426)	–
Final cash dividend for the year ended December 31, 2020	–	–	3,780,781
	–	1,135,575	3,780,781
	12,000,000	7,393,878	204,537

	2022	2021
	Number of employees	
35 STAFF STRENGTH		
Permanent	6,779	6,737
On Group's contract	605	789
Total staff strength	7,384	7,526

Out of total employees, 6 (2021: 6) employees are working abroad.

In addition to the above, 399 domestic employees (2021: 163) 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.

36 DEFINED BENEFIT PLAN

36.1 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.

36.2 The number of employees covered under the defined benefit scheme are 6,741 employees (2021: 6,658 employees).

36.3 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2022 using "Projected Unit Credit Method". The main assumptions used for actuarial valuation are as follows:

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	2022	2021
Discount rate - per annum	14.25%	11.75%
Expected rate of increase in salaries - per annum	13.75%	11.25%
Expected rate of return on plan assets - per annum	11.75%	9.75%
Duration	8 years	9 years
Mortality rate	SLIC 2001 - 2005 mortality table	SLIC 2001 - 2005 mortality table

Rupees in '000	2022	2021
36.4 Reconciliation of payable to defined benefit plan:		
Present value of defined benefit obligation	3,285,070	3,678,851
Fair value of plan assets	(3,090,356)	(3,398,564)
Net liability	194,714	280,287

36.4.1 In addition, the net liability in respect of defined benefit plan of ASL is Rs. 2,568 thousand (2021: Rs. 2,579 thousand) and expense for the year is Rs. 3,419 thousand (2021: Rs. 1,855 thousand).

Rupees in '000	Note	2022	2021
36.5 Movement in defined benefit obligations			
Obligation at beginning of the year		3,678,851	3,347,076
Current service cost		329,418	313,143
Past service cost		–	(23,627)
Interest cost		378,438	314,271
Re-measurement gain		(162,209)	(10,500)
Benefits paid by the Bank		(916,200)	(247,575)
Benefits due but not paid		(23,228)	(13,937)
Obligation at end of the year		3,285,070	3,678,851
36.6 Movement in fair value of plan assets			
Fair value at beginning of the year		3,398,564	3,036,762
Interest income on plan assets		361,971	299,143
Actuarial (loss) / gain on assets		(11,038)	13,857
Contributions by employer		280,287	310,314
Benefits paid		(916,200)	(247,575)
Benefits due but not paid		(23,228)	(13,937)
Fair value at end of the year		3,090,356	3,398,564
36.7 Movement in payable under defined benefit schemes			
Opening balance		280,287	310,314
Charge for the year		345,885	304,644
Contribution by the Bank		(280,287)	(310,314)
Re-measurement gain recognised in OCI during the year	36.8.2	(151,171)	(24,357)
Closing balance		194,714	280,287

Rupees in '000	2022	2021
36.8 Charge for defined benefit plan		
36.8.1 Cost recognised in profit and loss		
Current service cost	329,418	313,143
Past service cost	–	(23,627)
Net interest cost on defined benefit liability	16,467	15,128
	345,885	304,644
36.8.2 Re-measurements recognised in OCI during the year		
Gain on obligation		
- Experience adjustment	(175,792)	(23,223)
- Demographic assumptions	–	–
- Financial assumptions	13,583	12,723
	(162,209)	(10,500)
Actuarial loss / (gain) on plan assets	11,038	(13,857)
Total re-measurements recognised in OCI	(151,171)	(24,357)
36.9 Components of plan assets		
Cash and cash equivalents	65,132	2,438,114
Government securities	2,405,567	260,000
Term Finance Certificates	180,937	176,000
Shares	73,961	87,566
Mutual funds	389,057	450,988
Payables	(24,298)	(14,104)
	3,090,356	3,398,564

In addition to above Rs. 4,914 thousand were kept in cash & cash equivalent (2021: Rs. 17,562 thousand in cash & cash equivalent and Rs. 11,470 thousand in equity) by ASL.

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.

36.10 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	Impact on Defined Benefit Obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.00%	(3,029,705)	3,575,078
Salary increase	1.00%	3,578,143	(3,022,529)
Mortality rate change	1 year	(3,283,335)	3,286,950

36.11 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.

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36.12 Expected charge for the next financial year is Rs. 334,445 thousand.

36.13 Maturity profile

The average duration of defined benefit obligation is 8 years (2021: 9 years).

36.14 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.

36.15 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.

37 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 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 Group and the employees during the year amounts to Rs. 284,312 thousand (2021: Rs. 312,404 thousand) each. The fund covers 5,380 employees (2021: 6,330 employees).

38 COMPENSATED ABSENCES

38.1 General description

The Group 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.

38.2 Principal actuarial assumptions

The actuarial valuation was carried out for the year ended December 31, 2022 using "Projected Unit Credit Method". Present value of obligation as at December 31, 2022 was Rs. 635,913 thousand (2021: Rs. 701,725 thousand). Expense for the year of Rs. 93,245 thousand (2021: Rs 86,644 thousand) has been included in operating expenses. The main assumptions used for actuarial valuation are as follows:

	2022	2021
Discount rate - per annum	14.25%	11.75%
Expected rate of increase in salaries - per annum	13.75%	11.25%
Leave accumulation factor - days	11	11

38.3 In addition, the net liability in respect of staff compensated absences of ASL is Rs. 1,460 thousand (2021: Rs. 1,497 thousand) and expense for the year is Rs. 2,831 thousand (2021: Rs. 3,834 thousand)

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

Items	For the year ended December 31, 2022							Total
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers		
	Rupees in '000							
Fees and Allowances etc.								
Managerial Remuneration								
i) Fixed	2,100	36,550	8,400	58,166	222,403	138,431	466,050	
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	14,304	9,494	28,350	
Rent & house maintenance	–	–	–	11,535	90,685	55,734	157,954	
Utilities	–	–	–	2,733	21,079	12,905	36,717	
Medical	–	–	–	–	19,392	12,033	31,425	
Conveyance	–	–	820	5,565	83,558	66,029	155,972	
Others	–	–	–	150	40,228	11,343	51,721	
Total	2,100	36,550	9,220	96,192	563,143	349,929	1,057,134	
Number of Persons	1	9	4	1	38	45	98	

Items	For the year ended December 31, 2021							Total
	Chairman	Non Executive Directors	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers		
	Rupees in '000							
Fees and Allowances etc.								
Managerial Remuneration								
i) Fixed	3,450	65,063	6,950	37,071	199,428	157,161	469,123	
ii) Total Variable of which								
a) Cash Bonus / Awards	–	–	–	12,116	50,484	43,008	105,608	
Charge for defined benefit plan	–	–	–	3,620	13,872	13,709	31,201	
Contribution to defined contribution plan	–	–	–	2,837	12,482	10,998	26,317	
Rent & house maintenance	–	–	–	11,779	78,475	63,216	153,470	
Utilities	–	–	–	2,577	18,377	14,741	35,695	
Medical	–	–	–	1,545	16,889	13,683	32,117	
Conveyance	–	–	503	1,788	46,545	58,088	106,924	
Others	–	–	–	38	28,845	12,711	41,594	
Total	3,450	65,063	7,453	73,371	465,397	387,315	1,002,049	
Number of Persons	1	11	4	1	33	48	98	

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.

Total amount of deferred bonus outstanding as at December 31, 2022 for the President & CE, Key Management Personnel and other Material Risk Takers / Material Risk Controllers is Rs. 19,309 thousand (2021: Rs. 8,824 thousand).

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The key management personnel includes the compensation to chief executive of ASL amounts to Rs. 4,245 thousand (2021: Rs. 5,796 thousand) and two executives amounting to Rs. 7,539 thousand (2021: 4,624 thousand).

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

		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. Mohammad Aftab Manzoor	1,800	–	–	1,400	1,400	4,600
8	Mr. Mushtaq Malik	1,800	–	1,500	–	1,200	4,500
9	Ms. Zoya Mohsin Nathani	1,800	1,400	1,500	–	–	4,700
10	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

		2021					
		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	3,450	–	–	–	–	3,450
2	Mr. Sarfaraz Ahmed Rehman	2,675	3,263	–	–	–	5,938
3	Dr. Nadeem Inayat	3,118	2,999	911	2,698	480	10,206
4	Syed Bakhtiar Kazmi	2,100	–	–	2,100	–	4,200
5	Mr. Manzoor Ahmed	3,118	3,655	2,129	3,016	–	11,918
6	Mr. Mohammad Aftab Manzoor	2,518	–	–	3,857	1,969	8,344
7	Mr. Mushtaq Malik	3,118	–	2,291	–	972	6,381
8	Ms. Zoya Mohsin Nathani	3,118	4,169	2,357	–	–	9,644
9	Raja Muhammad Abbas	2,819	–	–	1,572	1,703	6,094
10	Lt Gen Tariq Khan HI (M) Retd	1,475	–	–	–	–	1,475
11	Mr. Imran Moid	144	–	–	–	–	144
12	Mr. Rehan Laiq	288	–	–	431	–	719
Total amount paid		27,941	14,086	7,688	13,674	5,124	68,513

39.3 Remuneration paid to Shariah Board Members for the year ended December 31,

		For the year ended December 31,					
		2022			2021		
Items		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	2,110	2,110	2,730
Fuel		–	820	–	–	503	–
Total Amount		2,400	3,220	3,600	2,110	2,613	2,730
Total Number of Persons		1	1	2	1	1	2

40 FAIR VALUE MEASUREMENTS

The fair values of traded investments are based on quoted market prices. The fair values of unquoted equity investments are estimated using the break-up value of the investee company.

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:

40.1 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.

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40.1.1 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	2022				
	Carrying / Notional Value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	632,309,796	3,896,423	628,413,373	–	632,309,796
Shares	4,184,699	4,184,699	–	–	4,184,699
Units of open end mutual funds	643,285	–	643,285	–	643,285
Fully paid preference shares	28,150	28,150	–	–	28,150
Non Government Debt Securities	11,865,359	–	11,865,359	–	11,865,359
	649,031,289	8,109,272	640,922,017	–	649,031,289
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	1,050,000	–	–	–	–
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
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	53,984,332	–	–	–	–
	832,733,188	10,441,830	102,411,971	–	112,853,801
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	150,899,164	–	419,729	–	419,729
Forward Sale of foreign exchange	118,333,548	–	(530,417)	–	(530,417)

Rupees in '000	Carrying / Notional Value	2021			Total
		Level 1	Level 2	Level 3	
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	473,847,695	4,382,885	469,464,810	–	473,847,695
Shares	4,179,451	4,143,818	35,633	–	4,179,451
Units of open end mutual funds	1,510,245	–	1,510,245	–	1,510,245
Fully paid preference shares	16,051	16,051	–	–	16,051
Non Government Debt Securities	11,992,197	–	11,992,197	–	11,992,197
Foreign securities	532,195	532,195	–	–	532,195
	492,077,834	9,074,949	483,002,885	–	492,077,834
Financial assets - disclosed but not measured at fair value					
Investments					
Unlisted shares	350,000	–	–	–	–
Federal Government Securities	120,077,202	12,393,260	106,453,893	–	118,847,153
Foreign Securities	3,726,136	3,583,295	–	–	3,583,295
Cash and balances with treasury banks	89,432,245	–	–	–	–
Balances with other banks	3,556,215	–	–	–	–
Lendings to financial institutions	–	–	–	–	–
Advances	477,673,022	–	–	–	–
Other assets	35,228,006	–	–	–	–
	730,042,826	15,976,555	106,453,893	–	122,430,448
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	117,506,977	–	736,508	–	736,508
Forward Sale of foreign exchange	84,053,218	–	(394,684)	–	(394,684)

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	2022 Level 3	2021 Level 3
40.2 Non-financial assets carried at revalued amounts		
Fixed assets		
Property and equipment (freehold and leasehold land)	13,238,391	9,689,979
Other assets		
Non-banking assets acquired in satisfaction of claims	1,983,236	3,166,858

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41 Segment Information

41.1 Segment details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

Rupees in '000	2022							Total
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	
Profit and loss								
Net mark-up / return / profit	(51,590,180)	23,975,977	55,722,511	3,619,366	8,417,343	1,973,508	(2,128,371)	39,990,154
Inter segment revenue - net	77,947,590	(18,286,618)	(58,966,508)	(2,306,106)	(3,155,774)	(838,346)	5,605,762	-
Net mark-up / return / profit-inter segment	26,357,410	5,689,359	(3,243,997)	1,313,260	5,261,569	1,135,162	3,477,391	39,990,154
Non mark-up / return / interest income	1,839,912	3,478,365	4,598,277	542,189	569,887	45,057	624,666	11,698,353
Total income / (loss)	28,197,322	9,167,724	1,354,280	1,855,449	5,831,456	1,180,219	4,102,057	51,688,507
Segment direct expenses	12,680,736	623,773	340,807	1,234,642	2,774,765	148,491	5,372,255	23,175,469
Inter segment expense allocation	1,070,708	900,269	10,592	107,516	-	-	(2,089,085)	-
Total expenses	13,751,444	1,524,042	351,399	1,342,158	2,774,765	148,491	3,283,170	23,175,469
(Reversal of provisions) / provisions	13,010	(507,968)	530,443	89,910	186,312	618,055	112,374	1,042,136
Profit / (loss) before tax	14,432,868	8,151,650	472,438	423,381	2,870,379	413,673	706,513	27,470,902
Statement of financial position								
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	349,996	762,531,019
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	43,602,189	98,917,773
Total assets	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	51,147,004	1,526,293,847
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	751,561,392	293,324,608	-	3,686	96,297,085	1,094,507	92,485	1,142,373,763
Inter segment balances - net	(731,727,465)	122,512,889	586,421,413	17,862,227	19,475,831	22,068,820	(36,613,715)	-
Others	17,891,633	24,752,187	2,612,535	637,059	6,684,620	233,698	12,205,787	65,017,519
Total liabilities	39,469,772	483,499,155	768,465,994	21,869,051	127,043,856	24,790,986	(12,315,443)	1,452,823,371
Equity	-	-	-	-	10,008,029	-	63,462,447	73,470,476
Total equity and liabilities	39,469,772	483,499,155	768,465,994	21,869,051	137,051,885	24,790,986	51,147,004	1,526,293,847
Contingencies and commitments	6,295,329	480,881,779	280,146,274	18,089	19,620,329	-	1,603,042	788,564,842

Rupees in '000	2021							
	Branch banking	Corporate banking	Treasury	Consumer banking	Islamic banking	Foreign operations	Head office / others	Total
Profit and loss								
Net mark-up / return / profit	(23,138,002)	12,779,676	36,338,130	2,642,225	3,863,996	1,417,147	(1,473,626)	32,429,546
Inter segment revenue - net	41,548,785	(9,245,871)	(34,049,166)	(1,560,881)	(147,420)	(87,839)	3,542,392	-
Net mark-up / return / profit-inter segment	18,410,783	3,533,805	2,288,964	1,081,344	3,716,576	1,329,308	2,068,766	32,429,546
Non mark-up / return / interest income	1,930,845	2,659,780	3,696,806	488,405	454,406	16,512	300,844	9,547,598
Total income	20,341,628	6,193,585	5,985,770	1,569,749	4,170,982	1,345,820	2,369,610	41,977,144
Segment direct expenses	11,514,501	754,085	293,661	1,069,556	2,329,818	119,612	5,239,766	21,320,999
Inter segment expense allocation	1,051,525	868,139	10,229	164,265	-	-	(2,094,158)	-
Total expenses	12,566,026	1,622,224	303,890	1,233,821	2,329,818	119,612	3,145,608	21,320,999
(Reversal of provisions) / provisions	307,704	3,599,278	277,761	119,073	642,649	(42,539)	80,018	4,983,944
Profit / (loss) before tax	7,467,898	972,083	5,404,119	216,855	1,198,515	1,268,747	(856,016)	15,672,201
Statement of financial position								
Cash and bank balances	38,294,869	3,233,876	43,286,336	151,401	7,797,848	122,302	101,828	92,988,460
Investments	-	8,521,775	555,083,246	-	31,274,749	20,725,609	625,793	616,231,172
Lendings to financial institutions	-	-	-	-	-	-	-	-
Advances - performing - net of provision	15,233,937	346,926,181	-	21,054,155	69,933,549	14,986,172	6,892,631	475,026,625
Advances - non-performing - net of provision	463,099	563,226	-	248,084	1,182,984	189,004	-	2,646,397
Others	538,831	19,513,936	8,897,467	541,821	5,537,167	436,039	36,970,695	72,435,956
Total assets	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,590,947	1,259,328,610
Borrowings	1,904,256	40,118,695	42,309,124	2,372,387	16,529,289	20,330,010	-	123,563,761
Subordinated debts	-	-	-	-	-	-	12,000,000	12,000,000
Deposits and other accounts	683,963,786	257,131,733	-	4,042	73,585,947	646,139	(169,393)	1,015,162,254
Net inter segment balances - net	(642,233,536)	61,032,726	564,466,433	18,886,136	11,291,769	12,386,371	(25,829,899)	-
Others	10,896,230	20,475,840	491,492	732,896	6,452,020	3,096,606	10,416,648	52,561,732
Total liabilities	54,530,736	378,758,994	607,267,049	21,995,461	107,859,025	36,459,126	(3,582,644)	1,203,287,747
Equity	-	-	-	-	7,867,272	-	48,173,591	56,040,863
Total equity and liabilities	54,530,736	378,758,994	607,267,049	21,995,461	115,726,297	36,459,126	44,590,947	1,259,328,610
Contingencies and commitments	5,956,056	446,725,804	204,173,657	16,278	13,885,398	6,859	1,328,207	672,092,259

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41.2 Segment details with respect to geographical locations

Geographical segment analysis

Rupees in '000	2022		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	38,016,646	1,973,508	39,990,154
Inter segment revenue - net	838,346	(838,346)	–
Non mark-up / return / interest income	11,653,296	45,057	11,698,353
Total income	50,508,288	1,180,219	51,688,507
Segment direct expenses	23,026,978	148,491	23,175,469
Inter segment expense allocation	–	–	–
Total expenses	23,026,978	148,491	23,175,469
Provisions	424,081	618,055	1,042,136
Profit before tax	27,057,229	413,673	27,470,902
Statement of financial position			
Cash and bank balances	80,591,981	35,209	80,627,190
Investments	748,192,765	14,338,254	762,531,019
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	98,499,351	418,422	98,917,773
Total Assets	1,501,502,861	24,790,986	1,526,293,847
Borrowings	232,038,128	1,393,961	233,432,089
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,141,279,256	1,094,507	1,142,373,763
Net inter segment balances - net	(22,068,820)	22,068,820	–
Others	64,783,821	233,698	65,017,519
Total liabilities	1,428,032,385	24,790,986	1,452,823,371
Equity	73,470,476	–	73,470,476
Total Equity and liabilities	1,501,502,861	24,790,986	1,526,293,847
Contingencies and commitments	788,564,842	–	788,564,842

Rupees in '000	2021		
	Pakistan	Middle East	Total
Profit and loss			
Net mark-up / return / profit	31,012,399	1,417,147	32,429,546
Inter segment revenue - net	87,839	(87,839)	–
Non mark-up / return / interest income	9,531,086	16,512	9,547,598
Total income	40,631,324	1,345,820	41,977,144
Segment direct expenses	21,201,387	119,612	21,320,999
Inter segment expense allocation	–	–	–
Total expenses	21,201,387	119,612	21,320,999
Provisions / (reversal)	5,026,483	(42,539)	4,983,944
Profit before tax	14,403,454	1,268,747	15,672,201
Statement of financial position			
Cash and bank balances	92,866,158	122,302	92,988,460
Investments	595,505,563	20,725,609	616,231,172
Lendings to financial institutions	–	–	–
Advances - performing - net of provision	460,040,453	14,986,172	475,026,625
Advances - non-performing - net of provision	2,457,393	189,004	2,646,397
Others	71,999,917	436,039	72,435,956
Total Assets	1,222,869,484	36,459,126	1,259,328,610
Borrowings	103,233,751	20,330,010	123,563,761
Subordinated debts	12,000,000	–	12,000,000
Deposits and other accounts	1,014,516,115	646,139	1,015,162,254
Net inter segment balances - net	(12,386,371)	12,386,371	–
Others	49,465,126	3,096,606	52,561,732
Total liabilities	1,166,828,621	36,459,126	1,203,287,747
Equity	56,040,863	–	56,040,863
Total Equity and liabilities	1,222,869,484	36,459,126	1,259,328,610
Contingencies and commitments	672,085,400	6,859	672,092,259

42 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 unconsolidated statement of financial position

43 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 Group'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.

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Details of transactions with related parties and balances are as follows:

Rupees in '000	2022				2021			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
Investments								
Opening balance	-	-	-	1,189,341	-	-	-	800,478
Investment made during the year	-	-	-	44,195	-	-	-	500,000
Revaluation adjustment	-	-	-	(81,568)	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	(18,449)
Transfer in / (out) - net	-	-	-	13,480	-	-	-	(92,688)
Closing balance	-	-	-	1,165,448	-	-	-	1,189,341
Advances								
Opening balance	4,523,915	43	441,248	10,521,710	2,805,786	28,671	423,764	4,766,042
Addition during the year	352,713,101	20,581	469,897	10,892,307	85,548,230	438	237,240	12,098,633
Repaid during the year	(327,250,701)	(20,564)	(419,988)	(4,430,365)	(83,830,101)	(420)	(150,992)	(9,424,006)
Transfer in / (out) - net	-	-	16,392	-	-	(28,646)	(68,764)	3,081,041
Closing balance	29,986,315	60	507,549	16,983,652	4,523,915	43	441,248	10,521,710
Other Assets								
Interest / mark-up receivable	369,907	-	71,132	790,833	70,227	-	92,634	492,285
Advance rent	1,254	-	-	-	1,144	-	-	-
Borrowings								
Opening balance	-	-	-	2,372,387	-	-	-	1,923,886
Borrowings during the year	-	-	-	1,200,000	-	-	-	1,500,000
Settled during the year	-	-	-	(206,308)	-	-	-	(1,051,499)
Closing balance	-	-	-	3,366,079	-	-	-	2,372,387
Deposits and other accounts								
Opening balance	56,224,390	24,009	211,259	42,288,557	8,018,104	19,379	186,617	17,017,129
Received during the year	988,405,154	79,294	2,726,090	992,693,856	768,812,177	84,099	1,971,951	404,528,295
Withdrawn during the year	(1,005,813,179)	(68,689)	(2,683,283)	(996,115,195)	(720,605,891)	(76,565)	(1,957,873)	(379,499,670)
Transfer in / (out) - net	-	-	(60,959)	-	-	(2,904)	10,564	242,803
Closing balance	38,816,365	34,614	193,107	38,867,218	56,224,390	24,009	211,259	42,288,557
Other Liabilities								
Interest / mark-up payable	625,832	-	3,299	361,829	87,473	-	3,413	136,012
Payable to staff retirement fund	-	-	-	194,714	-	-	-	282,866
Security deposits payable	-	-	-	470,698	-	-	-	308,299
Others	-	-	18,607	-	110,128	-	5,884	-
Contingencies and Commitments	1,183,172	-	-	2,447,138	1,233,702	-	42,122	7,649,153
Others	-							
Securities held as custodian	3,462,500	-	36,500	7,105,000	6,790,000	-	-	1,219,500
Securities given as collateral	-	-	-	177,855	-	-	-	188,963

Rupees in '000	For the year ended December 31, 2022				For the year ended December 31, 2021			
	Parent	Directors	Key management personnel	Other related parties	Parent	Directors	Key management personnel	Other related parties
Income								
Mark-up / return / interest earned	832,276	-	19,778	1,878,519	216,765	532	17,578	691,037
Fee and commission received	634	-	-	180,321	51	-	158	40,924
Dividend income	-	-	-	128,729	-	-	-	48,018
Gain on sale of fixed assets	-	-	7,250	-	-	-	1,975	-
Expense								
Mark-up / return / interest expensed	4,513,452	10	8,994	3,578,240	1,629,848	318	8,681	1,280,812
Charge to defined benefit plan	-	-	-	345,885	-	-	-	306,499
Contribution to defined contribution plan	-	-	-	284,312	-	-	-	314,518
Remuneration and allowances	-	-	659,335	9,220	-	-	538,768	7,453
Rent	2,445	-	-	-	1,807	-	-	-
Communications	-	-	-	83,292	-	-	-	56,671
Brokerage and Commission	-	-	-	79,470	-	-	-	48,949
Directors' Fee, Allowances	-	38,650	-	-	-	68,513	-	-
Dividend paid	-	-	-	-	2,718,846	9	225	42,350
Donations	416,318	-	-	-	376,223	-	-	-
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, 2022, certain movable assets were settled against the final settlement of related parties as disclosed in note 10.4.

44 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 Groups 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 Groups 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.

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Rupees in '000	2022	2021
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,602,602	12,602,602
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	65,440,838	51,760,746
Eligible Additional Tier 1 (ADT 1) Capital	6,000,000	5,886,339
Total Eligible Tier 1 Capital	71,440,838	57,647,085
Eligible Tier 2 Capital	11,858,247	8,526,893
Total Eligible Capital (Tier 1 + Tier 2)	83,299,085	66,173,978
Risk Weighted Assets (RWAs):		
Credit Risk	412,266,206	397,474,330
Market Risk	27,675,542	28,800,513
Operational Risk	81,515,216	67,104,701
Total	521,456,964	493,379,544
Common Equity Tier 1 Capital Adequacy ratio	12.55%	10.49%
Tier 1 Capital Adequacy Ratio	13.70%	11.68%
Total Capital Adequacy Ratio	15.97%	13.41%

As of December 31, 2022, the Group must meet a Tier 1 to RWA ratio and CAR, including CCB, of 10% 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	2022	2021
Leverage Ratio (LR):		
Eligible Tier-1 Capital	71,440,838	57,647,085
Total Exposures	2,243,477,307	1,749,233,676
Leverage Ratio	3.18%	3.30%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	520,361,460	459,883,554
Total Net Cash Outflow	281,841,107	250,932,186
Liquidity Coverage Ratio	184.63%	183.27%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	1,113,890,911	986,776,859
Total Required Stable Funding	561,560,640	512,679,784
Net Stable Funding Ratio	198.36%	192.47%

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 Bank's website at <http://akbl.com.pk>

44.1 As explained in note 20.1, had the relaxation not been availed CAR and leverage ratio of the Group would have been 14.71% and 3.02% respectively.

45 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.

45.1 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 38% 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 principle 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.

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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.

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

45.1.1 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	
	2022	2021	2022	2021	2022	2021
45.1.1.1 Lendings to financial institutions						
Credit risk by public / private sector						
Private	525,820	148,606	118,886	148,606	118,886	148,606

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Rupees in '000	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
45.1.1.2 Investment in debt securities						
Credit risk by industry sector						
Textile	280,643	280,643	280,643	280,643	280,643	280,643
Chemical and Pharmaceuticals	1,207,164	1,279,352	944,665	999,352	944,665	999,352
Power and energy	6,018,005	7,300,860	–	–	–	–
Telecommunication	204,432	216,790	204,432	216,790	204,432	–
Financial	762,908,994	606,860,741	–	–	–	216,790
Others	2,377,311	4,288,413	–	–	–	–
	772,996,549	620,226,799	1,429,740	1,496,785	1,429,740	1,496,785
Credit risk by public / private sector						
Public/ Government	757,998,445	602,512,091	–	–	–	–
Private	14,998,104	17,714,708	1,429,740	1,496,785	1,429,740	1,496,785
	772,996,549	620,226,799	1,429,740	1,496,785	1,429,740	1,496,785

Rupees in '000	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
45.1.1.3 Advances						
Credit risk by industry sector						
Agriculture, Forestry, Hunting and Fishing	8,267,350	7,041,920	381,408	393,723	194,873	200,630
Mining and Quarrying	10,108,017	7,935,720	–	–	–	–
Textile	67,579,336	64,650,892	9,091,734	9,573,196	9,077,799	9,462,490
Chemical and Pharmaceuticals	47,900,027	15,521,810	1,124,375	978,988	971,045	845,793
Cement	12,966,848	8,549,176	395	401	395	401
Sugar	17,809,458	14,988,981	11,853	18,203	11,853	9,102
Footwear and Leather garments	1,464,625	1,362,018	221,325	299,115	221,325	299,115
Automobile and transportation equipment	3,752,002	2,778,780	721,305	721,355	721,305	648,427
Electronics and electrical appliances	7,012,635	5,792,865	1,133,813	1,104,739	1,110,792	1,104,739
Food and allied	51,423,906	54,707,437	–	–	–	–
Construction	12,923,924	10,171,702	498,824	840,935	473,824	742,383
Power and energy	75,759,727	60,184,351	3,057,302	3,278,797	2,219,160	2,255,635
Oil and gas	57,922,257	42,835,417	3,164,510	2,199,598	3,134,226	2,124,778
Wholesale and Retail Trade	23,288,986	16,204,353	423,259	450,205	413,859	369,169
Transport, Storage and Communication	40,875,286	30,383,605	410,439	461,390	410,439	461,390
Financial	22,362,877	10,546,091	–	–	–	–
Insurance	182,484	189,162	–	–	–	–
Services	40,268,364	37,091,770	739,382	779,466	739,382	726,186
Individuals	37,633,238	37,608,626	2,450,951	2,569,558	2,272,196	2,257,470
Edible oil and ghee	3,895,381	5,510,139	1,660,483	1,668,682	1,660,483	1,623,118
Rice Processing (husking, semi-wholly milled etc.)	13,566,276	10,441,317	2,530,345	2,511,350	2,530,345	2,490,832
Metal and allied	22,035,008	21,765,266	734,170	767,907	734,170	702,305
Others	35,936,033	41,639,840	2,790,909	2,547,719	2,400,057	2,194,967
	614,934,045	507,901,238	31,146,782	31,165,327	29,297,528	28,518,930
Credit risk by public / private sector						
Public/ Government	188,384,032	156,455,831	–	–	–	–
Private	426,550,013	351,445,407	31,146,782	31,165,327	29,297,528	28,518,930
	614,934,045	507,901,238	31,146,782	31,165,327	29,297,528	28,518,930

Rupees in '000	2022	2021
45.1.1.4 Contingencies and Commitments		
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	501,647	188,897
Mining and Quarrying	3,283,384	5,800,004
Textile	23,815,578	18,491,294
Chemical and Pharmaceuticals	9,561,755	11,735,915
Cement	3,686,476	7,802,463
Sugar	840,793	689,143
Footwear and Leather garments	1,151,124	1,339,250
Automobile and transportation equipment	307,078	680,769
Electronics and electrical appliances	2,538,207	3,072,967
Real Estate & Construction	30,265,982	27,460,036
Research and development	2,265,632	1,001,757
Power and energy	14,696,403	19,248,478
Wholesale and Retail Trade	9,381,955	7,953,469
Oil and gas	7,234,245	14,750,166
Transport, Storage and Communication	19,405,834	14,063,139
Financial	485,959,432	378,591,274
Insurance	305,417	288,303
Food and allied	5,703,330	6,689,227
Services	10,448,445	8,743,852
Individuals	978,788	818,389
Engineering	79,099,668	60,469,083
Telecommunication	3,112,380	8,922,873
Metal and allied	5,908,902	10,569,058
Others	68,112,387	62,722,453
	788,564,842	672,092,259
Credit risk by public / private sector		
Public / Government	302,760,158	225,305,142
Private	485,804,684	446,787,117
	788,564,842	672,092,259

45.1.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregated to Rs. 346,047,767 thousand (2021: Rs. 368,943,908 thousand) are as following:

Rupees in '000	2022	2021
Funded	183,510,340	110,509,495
Non Funded	162,537,427	258,434,413
Total Exposure	346,047,767	368,943,908

The sanctioned limits against these top 10 exposures aggregated to Rs. 444,073,755 thousand (2021: Rs. 439,936,880 thousand).

The above does not include any classified exposure.

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45.1.1.6 Advances - Province / Region-wise disbursement and utilization

Province / Region	2022						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan
Rupees in '000							
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
Total	2,153,817,735	978,071,379	1,057,950,849	12,499,469	1,937,480	102,503,378	855,180

Province/Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Baluchistan	Islamabad	AJK including Gilgit Baltistan
Rupees in '000							
Punjab	670,454,107	657,410,763	7,183,401	200,901	25,694	5,622,571	10,777
Sindh	599,248,029	2,122,114	595,435,142	356,750	383,687	948,625	1,711
KPK including FATA	4,012,224	106,693	1,071	3,609,934	1,812	65,694	227,020
Baluchistan	522,060	6,500	4,775	-	510,785	-	-
Islamabad	86,087,636	8,028,458	544,361	4,387,950	29,844	72,867,316	229,707
AJK including Gilgit Baltistan	443,938	15,150	1,000	1,200	-	25,911	400,677
Total	1,360,767,994	667,689,678	603,169,750	8,556,735	951,822	79,530,117	869,892

45.2 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.

Basel III Standardized Approach is used for calculating the Capital Adequacy for Market Risk.

Total capital charge for market risk is Rs. 2,214,043 thousand (2021: Rs. 2,304,420 thousand).

45.2.1 Balance sheet split by trading and banking books

Rupees in '000	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Cash and balances with treasury banks	70,950,067	-	70,950,067	89,432,245	-	89,432,245
Balances with other banks	9,677,123	-	9,677,123	3,556,215	-	3,556,215
Lendings to financial institutions	406,934	-	406,934	-	-	-
Investments	292,557,015	469,974,004	762,531,019	516,223,197	100,007,975	616,231,172
Advances	583,810,931	-	583,810,931	477,673,022	-	477,673,022
Fixed assets	24,484,412	-	24,484,412	20,179,222	-	20,179,222
Intangible assets	1,375,625	-	1,375,625	1,188,985	-	1,188,985
Deferred tax assets	7,545,677	-	7,545,677	5,161,697	-	5,161,697
Other assets	65,512,059	-	65,512,059	45,906,052	-	45,906,052
	1,056,319,843	469,974,004	1,526,293,847	1,159,320,635	100,007,975	1,259,328,610

45.2.2 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	2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	65,691,952	105,771,498	27,280,245	(12,799,301)
Pound Sterling	604,649	6,537,640	5,854,844	(78,147)
Euro	3,289,971	2,507,599	(799,440)	(17,068)
Other European currencies	14,765	-	67,908	82,673
Other currencies	2,133,491	1,303,405	(53,833)	776,253
	71,734,828	116,120,142	32,349,724	(12,035,590)

Rupees in '000	2021			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
United States Dollar	83,087,836	107,540,707	26,606,423	2,153,552
Pound Sterling	1,619,550	5,665,038	3,932,037	(113,451)
Euro	1,772,425	3,675,471	1,636,015	(267,031)
Other European currencies	183,399	-	(181,564)	1,835
Other currencies	863,444	2,069,471	1,460,847	254,820
	87,526,654	118,950,687	33,453,758	2,029,725

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Rupees in '000	2022		2021	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	–	323,367	–	337,227
- Other comprehensive income	–	–	–	–

45.2.3 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 Group, 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 2022 Group'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	2022		2021	
	Banking book	Trading book	Banking book	Trading book
Impact of 5% change in equity prices on				
- Profit and loss account	–	4,618	–	–
- Other comprehensive income	–	168,828	–	207,191

45.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel III Specific

The Group'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 Group'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 Group'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.

Rupees in '000	2022		2021	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% change in interest rates on				
- Profit and loss account	(1,040,690)	(1,253,738)	422,962	(2,462,303)
- Other comprehensive income	852,746	–	(1,768,929)	–

45.2.5 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	Over 1	Over 3	Over 6	Over 1	Over 2	Over 3	Over 5	Above 10	Years	
			Upto 1 Month	to 3 Months	to 6 Months	Months to 1 Year	to 2 Years	to 3 Years	to 5 Years			
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	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%	762,531,019	193,871,304	118,178,170	215,704,285	74,509,377	48,289,765	31,744,872	26,477,008	42,780,223	5,473,949	5,502,066
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	–	53,984,331	–	–	–	–	–	–	–	–	–	53,984,332
		1,481,360,405	536,882,992	236,124,387	272,131,876	89,357,867	59,092,041	42,159,592	45,107,871	49,164,807	17,466,337	133,852,636
Liabilities												
Bills payable	–	11,878,563	–	–	–	–	–	–	–	–	–	11,878,563
Borrowings	12.63%	233,432,089	95,941,684	110,469,559	1,536,997	243,333	6,184,411	6,104,215	6,135,471	5,990,805	825,614	–
Deposits and other accounts	7.84%	1,142,373,763	55,460,609	38,296,518	23,776,611	124,145,459	133,180,895	133,105,436	152,749,747	113,172,654	18,882,061	349,603,773
Liabilities against assets subject to finance lease	–	–	–	–	–	–	–	–	–	–	–	–
Sub-ordinated loans	14.84%	12,000,000	–	6,000,000	6,000,000	–	–	–	–	–	–	–
Other liabilities	–	45,813,490	–	–	–	–	–	–	–	–	–	45,813,490
		1,445,497,905	151,402,293	154,766,077	31,313,608	124,388,792	139,365,306	139,209,651	158,885,218	119,163,459	19,707,675	407,295,826
On-balance sheet gap		35,862,500	385,480,699	81,358,310	240,818,267	(35,030,925)	(80,273,265)	(97,050,059)	(113,777,347)	(69,998,652)	(2,221,338)	(273,443,190)
Off-balance sheet financial instruments												
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	–	–	–	–	–	–	–
Off-balance sheet gap		32,565,616	(17,100,622)	25,420,127	24,246,111	–	–	–	–	–	–	–
Total yield / interest risk sensitivity gap			368,380,077	106,778,437	265,064,378	(35,030,925)	(80,273,265)	(97,050,059)	(113,777,347)	(69,998,652)	(2,221,338)	(273,443,190)
Cumulative yield / interest risk sensitivity gap			368,380,077	475,158,514	740,222,892	705,191,967	624,918,702	527,868,643	414,091,296	344,092,644	341,871,306	

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Mismatch of interest rate sensitive assets and liabilities

		2021											
		Exposed to yield / interest risk											
Rupees in '000	Effective Yield / Interest rate	Total	Upto 1 Month		Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-interest bearing financial instruments
On-balance sheet financial instruments													
Assets													
Cash and balances with treasury banks	0.00%	89,432,245	9,278,909	-	-	-	-	-	-	-	-	-	80,153,336
Balances with other banks	0.14%	3,556,215	1,578,107	-	-	-	-	-	-	-	-	-	1,978,108
Lendings to financial institutions	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Investments	8.30%	616,231,172	85,030,667	138,199,283	133,716,127	50,658,621	69,157,563	46,763,978	39,159,440	44,510,380	2,979,368	6,055,745	
Advances	7.41%	477,673,022	132,049,874	83,013,823	88,869,183	123,897,451	13,509,795	6,115,080	15,245,680	9,724,346	5,247,790	-	
Other assets	-	35,895,799	-	-	-	-	-	-	-	-	-	-	35,895,799
		1,222,788,453	227,937,557	221,213,106	222,585,310	174,556,072	82,667,358	52,879,058	54,405,120	54,234,726	8,227,158	124,082,988	
Liabilities													
Bills payable	-	10,235,374	-	-	-	-	-	-	-	-	-	-	10,235,374
Borrowings	6.23%	123,563,761	73,572,263	19,513,580	4,568,715	3,861,787	5,466,629	5,655,687	4,663,566	4,972,791	664,632	624,111	
Deposits and other accounts	4.18%	1,015,162,254	90,394,668	45,915,350	38,125,967	65,140,960	119,506,180	121,272,584	105,459,784	102,030,479	18,193,579	309,122,703	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	8.91%	12,000,000	-	6,000,000	6,000,000	-	-	-	-	-	-	-	-
Other liabilities	-	35,047,648	-	-	-	-	-	-	-	-	-	-	35,047,648
		1,196,009,037	163,966,931	71,428,930	48,694,682	69,002,747	124,972,809	126,928,271	110,123,350	107,003,270	18,858,211	355,029,836	
On-balance sheet gap		26,779,416	63,970,626	149,784,176	173,890,628	105,553,325	(42,305,451)	(74,049,213)	(55,718,230)	(52,768,544)	(10,631,053)	(230,946,848)	
Off-balance sheet financial instruments													
Forward foreign exchange contracts purchase		117,506,976	45,929,502	28,653,368	41,713,292	1,210,814	-	-	-	-	-	-	-
Forward foreign exchange contracts sale		84,053,218	44,943,786	14,829,445	24,171,538	108,449	-	-	-	-	-	-	-
Off-balance sheet gap		33,453,758	985,716	13,823,923	17,541,754	1,102,365	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		64,956,342	163,608,099	191,432,382	106,655,690	(42,305,451)	(74,049,213)	(55,718,230)	(52,768,544)	(10,631,053)	(230,946,848)		
Cumulative yield / interest risk sensitivity gap		64,956,342	228,564,441	419,996,823	526,652,513	484,347,062	410,297,849	354,579,619	301,811,075	291,180,022			

45.2.5.1 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve.

45.2.5.2 Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates.

45.2.5.3 Assets do not include fixed assets of Rs. 24,484,412 thousand (2021: Rs. 20,179,222 thousand), Intangible assets of Rs. 1,375,625 thousand (2021: Rs. 1,188,985 thousand), deferred tax asset of Rs. 7,545,677 thousand (2021: Rs. 5,161,697 thousand), held for sale asset of Rs. 79,863 thousand and other assets consisting of advances, prepaid rent and other prepayments, non-banking assets acquired in satisfaction of claims, Branch adjustment account, advance taxation, Stationary & Stamp and Others of Rs.11,447,865 thousand (2021: Rs. 10,010,253) thousand.

45.2.5.4 Liabilities do not include other liabilities consisting of advance payments, advance against sale of assets, unearned commission, branch adjustment account, workers' welfare fund, payable to defined benefit plans, provision for employees' compensated absences, levies and taxes payable, provision against off-balance sheet items, Islamic pool management reserve and others of Rs. 7,325,467 thousand (2021: Rs. 7,278,710 thousand).

45.3 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.

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.

45.3.1 Operational Risk-Disclosures Basel II specific

Basel II Basic Indicator Approach is used for calculating the Capital Adequacy for Operational Risk.

45.4 Liquidity Risk

Liquidity risk reflects an enterprises inability in raising funds to meet commitments. The Group'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 Group'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.

45.4.1 Maturities of Assets and Liabilities - based on contractual maturity of assets and liabilities of the Group

		2022													
		Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets															
Cash and balances with treasury banks	70,950,067	21,285,020	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	762,531,019	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	102,532,391	
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	1,881,470	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	
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	65,512,080	7,838,971	1,581,589	1,560,988	6,760,586	1,652,699	2,604,107	3,409,362	-	1,592,403	9,580,817	9,768,904	9,580,817	9,580,817	
	1,526,293,848	35,269,433	17,705,894	20,864,068	164,467,443	76,097,070	44,470,651	140,692,978	84,281,708	114,437,575	234,092,112	171,051,373	184,927,630	237,935,933	
Liabilities															
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	1,142,373,763	38,000,411	44,633,025	25,746,635	79,624,926	41,784,017	15,679,776	32,636,219	44,443,884	80,237,737	185,234,256	185,158,604	185,085,714	184,108,559	
Liabilities against assets subject to															
finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000	
Other liabilities	53,138,957	8,836,623	11,106,111	1,751,816	6,760,586	1,652,696	2,604,107	1,546,363	-	1,592,403	4,275,041	4,463,128	4,275,041	4,275,042	
	1,452,823,372	53,054,452	148,148,017	29,041,707	87,944,876	128,251,409	48,654,611	36,505,557	44,920,206	82,186,634	195,699,708	195,725,947	195,496,226	207,200,022	
Net assets	73,470,476	(17,785,019)	(130,442,133)	(8,177,649)	76,522,567	(52,154,339)	(4,183,960)	104,187,421	39,361,502	32,250,941	38,398,404	(24,674,574)	(10,568,596)	30,735,911	
Share Capital	12,602,602														
Reserves	43,487,608														
Surplus on revaluation of assets	3,975,493														
Unappropriated profit	13,404,773														
	73,470,476														

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

2021

Rupees in '000	Total	2021												
		Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets														
Cash and balances with treasury banks	89,432,245	26,829,674	894,322	-	-	-	-	-	-	-	15,427,062	15,427,062	15,427,062	15,427,063
Balances with other banks	3,556,215	640,119	324,682	2,489	231,865	116,644	1,194,888	597,444	298,722	149,362	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	616,231,172	168,509	632,724	40,782,499	30,266,403	77,056,480	38,574,039	29,107,444	24,490,391	26,221,525	115,219,086	58,914,670	98,515,945	76,381,557
Advances	477,673,022	4,799,258	6,229,582	9,933,091	109,643,232	36,451,598	35,790,709	63,256,739	13,716,714	16,113,203	36,684,943	26,260,770	48,490,001	70,113,182
Fixed assets	20,179,222	6,613	39,681	46,294	105,839	190,805	190,878	570,404	555,652	555,774	1,988,583	1,631,114	2,058,917	12,238,668
Intangible assets	1,188,985	441	2,643	3,084	7,048	13,204	13,204	39,149	38,081	38,081	150,486	143,286	275,339	464,939
Deferred tax assets	5,161,697	104,955	629,727	839,637	1,574,319	-	-	-	102,893	102,893	206,255	590,372	1,010,646	-
Other assets	45,906,052	5,036,872	933,760	1,004,260	6,804,946	1,402,115	2,852,899	599,252	-	1,422,630	7,113,148	6,182,694	6,370,781	6,182,695
	1,259,328,610	37,586,441	9,687,121	52,611,354	148,633,652	115,230,846	78,616,617	94,170,432	39,202,453	44,603,468	176,989,563	109,049,968	172,138,591	180,808,104
Liabilities														
Bills payable	10,235,374	3,275,320	934,490	-	776,865	2,709,006	1,354,503	677,252	338,626	169,312	-	-	-	-
Borrowings	123,563,761	2,691,567	62,419,610	4,603,563	4,231,989	9,335,303	10,392,258	4,604,378	1,630,044	2,231,744	5,466,629	5,655,687	4,663,566	5,637,423
Deposits and other accounts	1,015,162,254	34,326,838	33,752,028	23,338,711	109,073,389	33,822,303	23,931,637	38,125,967	24,048,025	41,092,934	166,358,481	168,124,885	152,312,085	166,854,971
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	-	-	-	-	-	12,000,000
Other liabilities	42,326,358	6,421,779	7,972,395	1,255,513	6,804,946	1,402,115	2,852,899	599,252	-	1,422,630	4,049,526	3,119,072	3,307,159	3,119,072
	1,203,287,747	46,715,504	105,078,523	29,197,787	120,887,189	47,268,727	38,531,297	44,006,849	26,016,695	44,916,620	175,674,636	176,899,644	180,282,810	187,611,466
Net assets	56,040,863	(9,129,063)	(95,391,402)	23,413,567	27,746,463	67,962,119	40,085,320	50,163,583	13,185,758	(313,152)	1,114,927	(67,849,676)	11,855,781	(6,803,362)
Share Capital	12,602,602													
Reserves	32,632,051													
Surplus on revaluation of assets	1,987,976													
Unappropriated profit	8,618,234													
	56,040,863													

45.4.2 Maturities of Assets and Liabilities - based on expected maturity of assets and liabilities of the Group

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
Assets										
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	762,531,019	1,408,881	13,020,100	61,980,179	159,974,095	185,080,768	121,455,289	117,079,316	99,412,134	3,120,257
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
Deferred tax assets	7,545,677	4,602,863	-	-	300,830	301,516	863,041	1,477,427	-	-
Other assets	65,512,059	17,742,134	4,256,806	3,409,362	1,592,403	9,580,817	9,768,904	9,580,817	8,212,129	1,368,688
	1,526,293,847	238,306,818	120,567,721	140,692,978	198,719,283	234,092,112	171,051,373	184,927,630	186,532,443	51,403,490
Liabilities										
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	1,142,373,763	188,004,997	57,463,793	32,636,219	124,681,621	185,234,256	185,085,714	185,085,714	157,785,606	26,322,953
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000
Other liabilities	53,138,956	28,455,136	4,256,803	1,546,363	1,592,403	4,275,041	4,463,128	4,275,041	3,664,321	610,721
	1,452,823,371	318,189,052	176,906,020	36,505,557	127,106,840	195,693,708	195,725,947	195,496,226	173,440,844	33,759,178
Net assets	73,470,476	(79,882,234)	(56,338,299)	104,187,421	71,612,443	38,398,404	(24,674,574)	(10,568,596)	13,091,599	17,644,312
Share Capital	12,602,602									
Reserves	43,487,608									
Surplus on revaluation of assets	3,975,493									
Unappropriated profit	13,404,773									
	73,470,476									

2021										
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
Assets										
Cash and balances with treasury banks	89,432,245	27,723,996	-	-	-	15,427,062	15,427,062	15,427,062	13,223,196	2,203,867
Balances with other banks	3,556,215	1,199,156	1,311,532	597,444	448,083	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	616,231,172	71,850,135	115,630,519	29,107,444	50,711,916	115,219,086	58,814,670	98,515,845	73,081,656	3,299,901
Advances	477,673,022	130,605,163	72,242,307	63,256,739	29,829,918	36,884,943	26,260,770	48,480,001	33,568,607	36,544,574
Fixed assets	20,179,222	198,427	381,683	570,404	1,111,427	1,988,583	1,631,114	2,058,917	1,698,265	10,540,402
Intangible assets	1,188,985	13,215	26,407	39,149	76,163	150,486	143,286	275,340	464,939	-
Deferred tax assets	5,161,697	3,148,637	-	-	205,786	206,255	590,372	1,010,647	-	-
Other assets	45,906,052	13,779,839	4,255,014	599,252	1,422,630	7,113,148	6,182,694	6,370,780	5,299,452	883,243
	1,259,328,610	248,518,568	193,847,462	94,170,432	83,805,923	176,989,563	109,049,968	172,138,592	127,336,115	53,471,987
Liabilities										
Bills payable	10,235,374	4,986,674	4,063,510	677,252	507,938	-	-	-	-	-
Borrowings	123,563,761	73,946,729	19,727,561	4,604,378	3,861,787	5,466,629	5,655,687	4,663,566	4,972,791	664,633
Deposits and other accounts	1,015,162,254	200,490,966	57,753,939	38,125,967	65,140,960	166,358,481	168,124,885	152,312,085	142,189,594	24,665,377
Sub-ordinated loans	12,000,000	-	-	-	-	-	-	-	6,000,000	6,000,000
Other liabilities	42,326,358	22,454,633	4,255,014	599,252	1,422,630	4,049,526	3,119,072	3,307,159	2,673,491	445,581
	1,203,287,747	301,879,002	85,800,024	44,006,849	70,933,315	175,874,636	176,899,644	160,282,810	155,635,876	31,775,591
Net assets	56,040,863	(53,360,434)	108,047,438	50,163,583	12,872,608	1,114,927	(67,849,676)	11,855,782	(28,499,761)	21,696,396
Share Capital	12,602,602									
Reserves	32,832,051									
Surplus on revaluation of assets	1,987,976									
Unappropriated profit	8,618,234									
	56,040,863									

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

45.5 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.

46 GENERAL

46.1 Non-adjusting events after the balance sheet date

The Board of Directors in its meeting held on February 15, 2023 has approved an appropriation to General Reserve of Rs. 13,381,441 thousand. Further in the same meeting the Board of Directors has purposed a bonus issue of 15% (2021: Nil) which will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2022 do not include the effect of the appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2023.

47 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on February 15, 2023 by the Board of Directors of the Bank.

Chief Financial Officer

President & CE

Director

Director

Chairman

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

Number of shareholders	Shareholding		Total shares held
	From	To	
1,916	1	100	75,845
2,805	101	500	807,955
1,866	501	1,000	1,432,199
3,929	1,001	5,000	9,914,976
1,702	5,001	10,000	12,520,029
833	10,001	15,000	10,518,112
766	15,001	50,000	19,941,829
358	50,001	500,000	49,038,141
22	500,001	1,000,000	20,834,315
18	1,025,001	2,000,000	28,963,467
14	2,085,001	5,000,000	63,509,141
7	5,555,001	10,635,000	50,176,500
5	22,925,001	271,885,000	448,759,647
1	543,765,001	543,770,000	543,768,024
14,242			1,260,260,180

Categories of Shareholders Particulars	Numbers of shareholders	Shares Held	Percentage
Directors, CEO, Children	6	3,000	0.0002
Associated Companies & Related Parties	7	920,398,417	73.0324
Executives/Employees of the Bank	5	57,275	0.0045
Banks, DFI & NBFIs, Insurance Companies, Takaful, modarabas, Pension Funds	27	2,720,915	0.2159
ICP	1	3,737	0.0003
Insurance Companies	8	24,101,153	1.9124
Mutual Funds & Mudarabas	15	35,153,576	2.7894
General Public (Local)	13,993	198,349,635	15.7388
General Public (Foreign)	26	53,627	0.0043
Others	162	74,194,568	5.8872
Foreign investors (Foreign Companies)	4	5,224,277	0.4145
Total	14,254	1,260,260,180	100.0000
Associated Companies & Related Parties:	7	920,398,417	73.0324
Fauji Foundation Group			
Fauji Foundation	1	90,629,884	7.1914
Fauji Fertilizer Company Limited	1	543,768,024	43.1473
Fauji Fertilizer Bin Qasim Limited	1	271,884,009	21.5736
Related Parties			
Trustees of FFC Employees Gratuity Fund	1	4,954,500	0.3931
Trustees Of FFC Mgnt Staff Pension Fund	1	1,332,000	0.1057
Trustees of Askari Bank Limited Employees Gratuity Fund	1	915,000	0.0726
Trustees of Askari Bank Limited Employees Provident Fund	1	6,915,000	0.5487
Modarabas & Mutual Funds	15	35,153,576	2.7894
Safeway Fund (Pvt) Limited	1	496	0.0000
First Tri-Star Modaraba Management	1	89	0.0000
Investec Mutual Fund Limited	1	61	0.0000
Asian Stocks Fund Limited	1	2,893	0.0002
Investec Mutual Fund Limited	1	1	0.0000
First U.D.L. Modaraba	1	359	0.0000
CDC - Trustee Akd Index Tracker Fund	1	98,213	0.0078
Tri-Star Mutual Fund Limited	1	166	0.0000

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2022

Categories of Shareholders Particulars	Numbers of shareholders	Shares Held	Percentage
CDC - Trustee NBP Stock Fund	1	5,656,000	0.4488
CDC - Trustee Alfalah GHP Alpha Fund	1	305,633	0.0243
CDC - Trustee NIT-Equity Market Opportunity Fund	1	4,657,442	0.3696
CDC - Trustee National Investment (Unit) Trust	1	23,319,356	1.8504
CDC - Trustee NBP Financial Sector Fund	1	1,028,500	0.0816
CDC - Trustee NIT Asset Allocation Fund	1	70,000	0.0056
CDC - Trustee Alfalah GHP Dedicated Equity Fund	1	14,367	0.0011
Board of Directors Shareholding	6	3,000	0.0002
Mr. Arif Ur Rehman	1	500	0.0000
Dr. Nadeem Inayat	1	500	0.0000
Mr. Mohammad Aftab Manzoor	1	500	0.0000
Mr. Mushtaq Malik	1	500	0.0000
Ms. Zoya Mohsin Nathani	1	500	0.0000
Raja Muhammad Abbas	1	500	0.0000
Executives/Employees of the Bank	5	57,275	0.0045
ICP	1	3,737	0.0003
Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies,	35	26,822,068	2.1283
General Public (Local) - Individuals	13,993	198,349,635	15.7388
General Public (Foreign) - Individuals	26	53,627	0.0043
Foreign Companies	4	5,224,277	0.4145
Others	162	74,194,568	5.8872
	14,185	277,822,107	22.0448
Total	14,254	1,260,260,180	100.0000

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.

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FORM OF PROXY

ASKARI BANK LIMITED

31ST 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 31st Annual General Meeting of the Bank to be held on Wednesday, March 29, 2023 at 11:00 am at Topi Rakh Complex (Galaxy Hall), Army Heritage Foundation, Ayub National Park, Jhelum Road, Rawalpindi and through Zoom and at any adjournment thereof.

Signed this _____ day of March 2023.

(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, 4th 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 submitted along with proxy form to the Bank.

The Company Secretary
ASKARI BANK LIMITED
4th 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 شیئر زہ مطابق فولیو / سی ڈی سی اکاؤنٹ نمبر _____، مسٹر / مسز / ماس _____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ شہر _____ اسکی ناکامی کی صورت میں، مسٹر / مسز / ماس _____ فولیو / سی ڈی سی اکاؤنٹ نمبر _____ شہر _____ کو اپنے اہم اہل پر بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری طرف سے بینک کے 31 ویں سالانہ اجلاس عام جو بتاریخ 29 مارچ 2023ء بروز بدھ دن بوقت 11:00 بجے برہم مقام ٹوپی رکھ کمپلیکس (گلکسی ہال)، آری بہریشیج فاؤنڈیشن، ایوب نیشنل پارک، جہلم روڈ، راولپنڈی میں اور زوم لنک کے ذریعے منعقد ہونے والے یا اس کے کسی ملتی شدہ اجلاس میں شرکت کرے، بات کرے اور حق رائے دہی استعمال کرے۔

آج بروز _____ بتاریخ _____ مارچ 2023ء 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

اہم 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 بااختیار 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 آفس عسکری بینک لمیٹڈ، فورٹھ فلور، این پی ٹی بلڈنگ، ایف-8 مرکز، اسلام آباد کو اجلاس سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانا چاہیے۔
- 4- پراکسی فارم دو گواہان سے تصدیق شدہ ہونا چاہیے۔ جن کے نام، پتے اور سی این آئی سی 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 اہم 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
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