First Women Bank Limited

Financial Statements for the year
ended 31 December 2021

First Women Bank Limited
Statement of Financial Position
As at 31 December 2021

	Note	2021	2020
		-------- (Rupees in '000) ---------	
ASSETS			
Cash and balances with treasury banks	5	2,636,980	2,337,454
Balances with other banks	6	181,575	196,224
Lendings to financial institutions	7	1,985,000	1,960,972
Investments	8	23,778,583	21,094,415
Advances	9	9,333,443	11,087,975
Fixed assets	10	666,117	639,710
Intangible assets	11	44,083	51,135
Deferred tax assets	17	-	-
Other assets	12	481,972	645,900
		39,107,753	38,013,785
LIABILITIES			
Bills payable	14	261,585	517,258
Borrowings	15	9,679,443	6,979,684
Deposits and other accounts	16	25,361,624	25,189,064
Deferred tax liabilities	17	83,205	60,148
Other liabilities	18	1,242,644	1,410,724
		36,628,500	34,156,878
NET ASSETS		2,479,253	3,856,907
REPRESENTED BY			
Share capital	19	3,994,113	3,994,113
Reserves - statutory reserve		419,036	419,036
Surplus on revaluation of assets - net of tax	20	215,498	165,460
Accumulated loss		(2,149,394)	(721,702)
		2,479,253	3,856,907
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 45 form an integral part of these financial statements.

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Chief Financial Officer | President / Chief Executive | Director | Director | Director

First Women Bank Limited
Statement of Profit or Loss
For the year ended 31 December 2021

	Note	2021	2020
		(Rupees in '000)	
Mark-up / return / interest earned	23	2,540,241	3,018,500
Mark-up / return / interest expensed	24	1,583,941	1,839,574
Net mark-up / interest income		956,300	1,178,926
NON MARK-UP / INTEREST INCOME			
Fee and commission income	25	76,141	99,982
Dividend income		24,864	4,959
Foreign exchange (loss) / income		(105)	16,652
Income / (loss) from derivatives		-	-
Gain on securities	26	2,445	160,303
Other income	27	32,333	1,036
Total non mark-up / interest income		135,678	282,932
Total Income		1,091,978	1,461,858
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	28	1,055,545	959,173
Other charges	29	32,024	623
Total non-mark-up / interest expenses		(1,087,569)	(959,796)
Profit before provisions		4,409	502,062
Provisions and write offs - net	30	(1,397,728)	(110,206)
Extra ordinary / unusual items		-	-
(LOSS) / PROFIT BEFORE TAXATION		(1,393,319)	391,856
Taxation	31	(23,200)	(159,023)
(LOSS) / PROFIT AFTER TAXATION		(1,416,519)	232,833
		(Rupees)	
Basic and diluted (loss) / earnings per share	32	(3.55)	0.58

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Financial Officer	President / Chief Executive	Director	Director	Director

First Women Bank Limited
Statement of Comprehensive Income
For the year ended 31 December 2021

	Note	2021	2020
		(Rupees in '000)	
(Loss) / profit after taxation for the year		**(1,416,519)**	232,833
Other comprehensive income			
Items that may be reclassified to profit and loss in subsequent periods:			
Deficit on revaluation of investments - net of tax	*8.1 & 20*	**(26,425)**	(12,129)
Items that will not be reclassified to profit and loss in subsequent periods:			
Remeasurement (loss) / gain on defined benefit obligations - net of tax		**(15,909)**	3,861
Surplus on revaluation of fixed assets - net of tax	*20.1*	**84,500**	-
		68,591	3,861
Total comprehensive (loss) / income for the year		**(1,374,353)**	224,565

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Financial Officer	President / Chief Executive	Director	Director	Director

First Women Bank Limited
Statement of Changes in Equity
For the year ended 31 December 2021

	Share capital	Reserve (Statutory reserve)	Surplus / (deficit) on revaluation			Accumulated loss	Total
			Investments	Fixed Assets	Total Surplus on assets		
	(Rupees in '000)						
Opening balance as at 1 January 2020	3,994,113	372,469	17,502	164,830	182,332	(916,572)	3,632,342
Profit after taxation	-	-	-	-	-	232,833	232,833
Other comprehensive (loss) / income - net of tax							
- deficit on revaluation of investments - net of tax	-	-	(12,129)	-	(12,129)	-	(12,129)
- remeasurement gain on defined benefit obligations	-	-	-	-	-	3,861	3,861
Total comprehensive income / (loss)	-	-	(12,129)	-	(12,129)	236,694	224,565
Transfer to statutory reserve	-	46,567	-	-	-	(46,567)	-
Transfer of incremental depreciation from surplus on revaluation - net of tax	-	-	-	(4,743)	(4,743)	4,743	-
Balance as at 31 December 2020	3,994,113	419,036	5,373	160,087	165,460	(721,702)	3,856,907
Loss after taxation	-	-	-	-	-	(1,416,519)	(1,416,519)
Other comprehensive income - net of tax							
- change in surplus on the revaluation of fixed assets - net of tax	-	-	-	84,500	84,500	-	84,500
- deficit on revaluation of investments - net of tax	-	-	(26,425)	-	(26,425)	-	(26,425)
- remeasurement loss on defined benefit obligations	-	-	-	-	-	(15,909)	(15,909)
Total comprehensive income / (loss)	-	-	(26,425)	84,500	58,075	(1,432,428)	(1,374,353)
Impact of rate change in revaluation of fixed assets	-	-	-	(3,301)	(3,301)	-	(3,301)
Transfer of incremental depreciation from surplus on revaluation - net of tax	-	-	-	(4,736)	(4,736)	4,736	-
Balance as at 31 December 2021	3,994,113	419,036	(21,052)	236,550	215,498	(2,149,394)	2,479,253

The annexed notes 1 to 45 form an integral part of these financial statements

KPMG

Chief Financial Officer

President / Chief Executive

Director

Director

Director

First Women Bank Limited
Cash Flow Statement
For the year ended 31 December 2021

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		(Rupees in '000)	
(Loss) / profit before taxation		(1,393,319)	391,856
Less: Dividend income		(24,864)	(4,959)
		(1,418,183)	386,897
Adjustments			
Depreciation on operating fixed assets and right of use assets	*10.1*	141,512	142,304
Amortization	*11.2*	27,542	26,176
Provisions and write offs excluding recovery of written off bad debts	*30*	1,397,728	110,206
Net gain on sale of fixed assets	*27*	(8,102)	(131)
Charge for defined benefit plans	*28.1*	34,090	20,647
Gain on securities	*26*	(2,445)	(160,303)
Interest expense on lease liability	*24*	39,104	46,586
		1,629,429	185,486
		211,246	572,383
(Increase) / decrease in operating assets			
Lendings to financial institutions		(24,028)	1,218,832
Advances		483,417	(897,042)
Other assets		163,927	625,124
		623,316	946,914
Increase / (decrease) in operating liabilities			
Bills payable		(255,673)	137,634
Borrowings from financial institutions		2,699,759	6,567,021
Deposits and other accounts		172,560	7,477,450
Other liabilities (excluding current taxation)		(122,750)	(637,343)
		2,493,895	13,544,762
		3,328,457	15,064,058
Payment made to defined benefit plans		(60,978)	-
Income tax paid		(105,449)	-
Net cash flows from operating activities		3,162,031	15,064,058
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments in available-for-sale securities - net		(2,718,736)	(14,246,294)
Dividend received		24,864	4,959
Purchase of equipment		(32,724)	(35,130)
Additions to intangibles assets		(20,490)	(28,944)
Proceeds from sale of fixed assets		8,102	131
Net cash flows used in investing activities		(2,738,984)	(14,305,277)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liability against right of use assets		(138,169)	(169,027)
Net cash flow used in financing activities		(138,169)	(169,027)
Increase in cash and cash equivalents		284,877	589,754
Cash and cash equivalents at beginning of the year		2,533,678	1,943,924
Cash and cash equivalents at end of the year	*33*	2,818,555	2,533,678

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Financial Officer	President / Chief Executive	Director	Director	Director

1. STATUS AND NATURE OF BUSINESS

1.1 First Women Bank Limited (the Bank) was incorporated under the Companies Act, 2017 on 21 November 1989 in Pakistan as an unquoted public limited company and commenced operations on 02 December 1989. The Bank is engaged in commercial banking and related services. The registered office of the Bank is situated at ground floor, S.T.S.M. Foundation Building, Civil Lines, Karachi. The Bank operates a network of forty two branches as at 31 December 2021 (2020: forty two branches). The short term and long term credit ratings of the Bank rated by PACRA in June 2021 are 'A2' and 'A-' respectively. The Bank is controlled by Government of Pakistan through Ministry of Finance (which holds 82.64 % of the Bank's share capital).

1.2 Being a public sector bank, in terms of the State Bank of Pakistan prescribed minimum capital requirements vide its letter reference BPRD/BA&CP/627/32/2014 dated 01 January 2014, the Bank is required to have a minimum paid up capital (net of losses) (MCR) of Rs. 3 billion and capital adequacy ratio (CAR) of 18% at all times, subject to the condition that MCR level shall remain enforced until the Bank remains a public sector entity, the Bank will not be allowed to pay dividend until its paid-up capital and reserves reach Rs. 6 billion and the per party exposure limit of the Bank will be 50% of the prudential regulation's limits until the Bank's paid-up capital and reserves reach Rs. 6 billion.

The Bank has incurred net loss of Rs. 1.42 billion for the year ended 31 December 2021 and as of this date, the Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 1.84 billion i.e. less than the minimum required amount. Similarly, as at 31 December 2022 and 30 June 2023, the Bank's MCR, as per the unaudited management accounts was Rs. 1.99 billion and 2.18 billion respectively i.e. less than the minimum required amount. MCR for the year 31 December 2022 and 30 June 2023 is based on management accounts and these amounts may vary on the basis of adjustments consequent to audits, if required.

Under BSD Circular No. 19 of 2008 dated 05 September 2008 of the State Bank of Pakistan (SBP) any bank that fails to meet the minimum paid-up capital requirement within the stipulated period shall render itself liable to the following actions:

i) Imposition of such restrictions on its business including restrictions on acceptance of deposits and lending as may be deemed fit by the State Bank.

ii) Descheduling of the bank, thereby converting it into a non-scheduled bank.

iii) Cancellation of the banking license if the State Bank believes that the bank is not in a position to meet the minimum paid up capital requirement or CAR.

1.3 Going concern basis of accounting

The Bank has incurred net loss of Rs. 1.42 billion for the year ended 31 December 2021 primarily due to increase in provision against loans/facilities provided to certain borrowers , and as of this date, the Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 1.84 billion (2020: Rs. 3.27 billion) i.e. less than the minimum required amount by Rs. 1.16 billion (2020: nil).

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Similarly, Bank's management is aware of the fact that based on the un-audited management accounts as of 31 December 2022 and 30 June 2023, the Bank's paid-up capital (net of losses) stood below the MCR of Rs 3 billion prescribed by the SBP (specifically for the Bank) which non-compliance may result in punitive actions by State Bank of Pakistan (SBP) including restrictions on its business, de-scheduling or cancellation of Bank's license.

These financial statements have been prepared on a going concern basis based on the following facts:

- Above fact has already been reported by the Bank to the State Bank of Pakistan and also to the Ministry of Finance (MoF), Government of Pakistan (GoP) as a major shareholder for an arrangement to fill-up the shortage of Bank's MCR and in order to avoid any punitive action, the Bank's management is in continuous liaison with SBP and MoF GoP. Further, to date, the regulator has not taken any adverse action or imposed any restriction that could impact the normal operations of the Bank. Moreover, the Bank is in the privatization list of the Government of Pakistan, and is being actively pursued for this purpose by the Privatization Commission which also adds positively to the above.

- Bank's management and the Board is fully confident that the regulator and the major shareholder (MoF GoP) will extend the due support for meeting the capital requirements, which is also evident from the fact that historically the shareholder has numerously injected capital in the bank whenever there was a shortfall. Despite the losses the Bank is compliant with minimum required Capital Adequacy Ratio of 18% and is expected to maintain this adequacy in periods subsequent to 31 December 2021, which is an indicator of strong asset base of the Bank.

- The Government of Pakistan via the Ministry of Finance (MoF) i.e. bank's major shareholder holding 82.64 % of the Bank's equity is fully committed to supporting the Bank, whenever required, to enable it to continue as going concern, through policy and other intervention. Based on the historical available support and central bank's action and also the fact that Government of Pakistan has assured necessary interventions when required to enable the Bank to continue as a going concern, Management believes that the Bank shall remain a going concern in foreseeable future, however, it may not do so in an adverse eventuality or unexpected events.

These events or conditions along with other matters as set forth in Note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern and, therefore, the Bank may be unable to realize its assets and discharge its liabilities in the normal course of business. However, these financial statements have been prepared on a going concern basis which assumes that the Bank shall operate its business, realize its assets, discharge its liabilities and obtain refinancing (if necessary), in the normal course of business. Accordingly, the financial statements do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate

2. BASIS OF PRESENTATION

2.1 These financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 2, dated 25 January 2018.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (the SBP) has issued various circulars from time to time. Permissible forms of trade related mode of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon.

2.2 Statement of Compliance

These 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;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

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

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" and IAS 40 "Investment Property" for banking companies till further instructions. Further, according to a notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O. No. 411 (1) / 2008 dated 28 April 2008, IFRS 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements.

2.3 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are effective in current year

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after 1 January 2021. These are not considered to be relevant or have any significant effect on the Bank's operations and therefore have not been detailed in these financial statements.

2.4 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2021:

Standard, Interpretation or Amendment		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements	01 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	01 January 2023
IAS 37	Provisions, Contingent Liabilities (Amendments)	01 January 2022
IAS 12	Income Taxes (Amendments)	01 January 2023
IAS 16	Property, Plant and Equipment (Amendments)	01 January 2022
IAS 28	Investments in Associates and Joint Ventures (Amendments)	Not yet finalized
IAS 41	Agriculture (Amendments)	01 January 2022
IFRS 3	Business Combinations (Amendments)	01 January 2022
IFRS 10	Consolidated Financial Statements (Amendments)	Not yet finalized
IFRS 16	Leases (Amendments)	01 January 2022

The above or not expected to have any material impact on the bank's financial statements except in case of IFRS 9. As directed by SBP via BPRD Circular no 7 of 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after 1 January 2024 for all Banks. Moreover, SBP via BPRD circular 3 of 2022 finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

The Bank is currently is process of setting up a mechanism for adoption of the standard and to assess the impact of such adoption on the financial statements.

2.5 Critical accounting estimates and judgements

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

a) Classification of investments

- In classifying investments as 'held-for-trading', the Bank determines the securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

- The investments which have fixed or determinable payments and fixed maturities and the Bank has the positive intent and ability to hold them till maturity.

- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

b) Valuation and impairment of available-for-sale equity investments

The Bank determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This 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 addition, the impairment may be appropriate when there is an evidence of deterioration in the financial health of investee, industry and sector performance, changes in technology and operational and financing cash flows.

c) Provision against non-performing loans and advances and debt securities classified as investments

The Bank reviews its loan portfolio and debt securities classified as investments to assess amount of non-performing loans and advances and debt securities and provision required there against on a regular basis. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower, and the requirements of the Prudential Regulations are considered. The Bank also maintains general provision against consumer and small and medium enterprises advances in accordance with the requirements set out in Prudential Regulations of the SBP. These provisions change due to changes in requirements.

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d) **Income taxes**

In making the estimates for income taxes currently payable by the Bank, the management looks at the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Bank's future taxable profits are taken into account.

e) **Depreciation, amortisation and revaluation of fixed assets / non-banking assets / intangible assets**

The Bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on valuations carried out by independent professional valuers and such valuations are carried out with sufficient regulatory so that the valuation at the year end is close to their fair values. In making estimates of the depreciation / amortisation method and rates, the management uses the method and rates which reflects the pattern in which economic benefits are expected to be consumed by the Bank.

The estimates made are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the estimates are changed to reflect the changed pattern. Such a change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'.

f) **Staff retirement benefits (including compensated absence)**

Liability is determined on the basis of actuarial valuation using the Projected Unit Credit Method. The actuarial assumptions used to determine the liability and related expense are disclosed in note 35 and 37. 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 effect the liability / asset under these plans in those years.

g) **Impairment of non-financial assets (excluding deferred tax asset)**

Non-financial assets are subject to impairment review if there are events or changes in circumstances that indicate that the carrying amount may not be recoverable. If any such indication exists, the Bank estimates the recoverable amount of the asset and the impairment loss, if any. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows from the asset discounted at a rate that reflects market interest rates adjusted for risks specific to the asset. If the recoverable amount of an intangible or tangible asset is less than its carrying value, an impairment loss is recognised immediately in the profit and loss account and the carrying value of the asset is reduced by the amount of the loss. A reversal of an impairment loss on these assets is recognised as it arises provided the increased carrying value does not exceed which it would have been had no impairment loss been recognised.

h) **Right to use asset and lease liability**

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Bank mainly leases properties for its operations. The Bank recognizes a right-of-use asset and lease liability at the lease commencement date.

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The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

i) **Define Benefit plan**

The Bank operates an approved funded gratuity scheme for all its permanent employees. Retirement benefits are payable to the members of the scheme on the completion of prescribed qualifying period of service under the scheme. Contribution is made in accordance with the actuarial recommendation. The actuarial valuation is carried out annually as at the statement of financial position date using the "projected unit credit actuarial cost method". All actuarial gains and losses are recognised in other comprehensive income as they occur. Past service cost resulting from changes to defined benefit plan is recognised in the profit and loss account.

j) **Compensated Absences**

The bank uses actuarial valuation for the determination of its compensated absences liability. This method makes certain assumptions, which may change, there by effecting the profit and loss account of future period.

k) **Going concern assessment**

As fully explained in note 1.3, the management has applied judgement in the assessment of the Bank to continue as going concern.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except that lease hold land and buildings are stated at revalued amounts less accumulated depreciation and impairment losses, if any, available- for-sale and held-for-trading investments and derivative financial instruments are measured at fair values.

3.2 Functional and Presentation Currency

The financial statements are presented in Pakistan Rupees, which is also the Bank's functional currency. Except as indicated, financial information presented in Pakistan Rupees has been rounded to nearest thousand.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

4.1 Cash and cash equivalents

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

4.2 Investments

The Bank classifies its investment portfolio into following categories:

a) **Held-for-trading**

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

b) **Held-to-maturity**

These are securities with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold till maturity.

c) **Available-for-sale**

These are securities that do not fall under the 'held-for-trading' and 'held-to-maturity' categories.

4.2.1 Regular way contracts

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

4.2.2 Initial recognition and measurement

Investments other than those classified as 'held for trading' are initially recognised at cost. Transaction costs associated with these investment are included in cost of investments. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

4.2.3 Subsequent measurement

In accordance with the requirements of State Bank of Pakistan, quoted securities other than those classified as 'held to maturity', are subsequently remeasured to fair value. Surplus / (deficit) arising on revaluation of securities classified as 'available for sale' is included in the statement of comprehensive income. Surplus / (deficit) arising on revaluation of investments classified as 'held for trading' is taken to the profit and loss account. Investments classified as 'held to maturity' are carried at amortised cost.

Investment classified as held to maturity are subsequently measured at amortised cost using the effective interest rate method, less impairment losses, if any

Unquoted equity securities, are valued at lower of cost and the break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements.

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Listed equity shares are valued at rates quoted on the Pakistan Stock Exchange. Government Securities are valued on the basis of PKRV rates. Terms Finance Certificates are valued at the rates quoted by MUFAP.

4.2.4 Impairment

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

Gains or losses on disposal of investments during the year are taken to the profit and loss account.

4.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of borrowing (repurchase) from and lending (reverse repurchase) to financial institutions, at contracted rates for a specified period of time. These are recorded as under:

Sale under repurchase obligation

Securities sold with a simultaneous commitment to repurchase at a specified future date (repo) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments and counter party liability is included in borrowing from financial institutions. The difference between sale and repurchase price is accrued or a time proportionate basis over the period of the contract and recorded as an expense.

Purchase under resale obligation

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the balance sheet and instead amounts paid under these arrangements are included in lendings to financial institutions. The difference between purchase and resale price is accrued on a time proportionate basis over the period of the contract and recorded as income.

Other obligations

Other borrowings including borrowings from SBP are recorded at the proceeds received. Mark-up on such borrowing is charged to the profit and loss account on a time proportion basis.

4.4 Advances

Advances are stated net of specific and general provisions. Specific and general provision is determined on the basis of the Prudential Regulations and other directives issued by the SBP. The net provision made/reversed during the year is charged to profit and loss account and accumulated provision is netted off against advances. Advances are written-off when there is no realistic prospect of recovery.

4.5 Property and equipment

4.5.1 Tangible assets

Except for lease hold land and buildings, other items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Lease hold land is stated at revalued amounts whereas the buildings are stated at revalued amounts less subsequent accumulated depreciation and impairment losses, if any.

Depreciation is charged to the profit and loss account applying straight line method. The rates of depreciation are given in note 10.1 to these financial statements. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each balance sheet date. Depreciation on additions is charged from the month the assets are available for use, while no depreciation is charged in the month in which the assets are disposed off.

Surplus arising on revaluation of land and buildings is credited to the surplus on revaluation of property and equipment account. Deficit arising on subsequent revaluation of fixed assets is charged to Profit and Loss account, as allowed under the provisions of the Companies Act, 2017. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets, is transferred directly to accumulated loss. In case of revalued asset, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. The surplus arising on revaluation is disclosed as surplus on revaluation of property and equipment (as part of equity - refer note 20 also).

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on sale of property and equipment are included in the profit and loss account in the year the asset is de-recognized, except that the related surplus on revaluation of land and buildings (net of deferred tax) is transferred directly to accumulated loss.

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

4.5.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The cost of intangible assets are amortized over their estimated useful lives using the straight line method at the rates stated in note 11. Costs associated with maintaining the software are recognized as expense in the profit and loss account as and when incurred. The useful lives of intangible assets are reviewed and adjusted, if appropriate, at each balance sheet date.

4.5.3 Capital work-in-progress

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

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4.5.4 **Right-of-use assets:**

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Bank mainly leases properties for its operations. The Bank recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

4.6 **Non-banking assets**

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and subsequently carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued by professionally qualified valuators with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of property 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 is charged to the profit and loss account.

Depreciation on assets (other than land) acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Bank's owned fixed assets.

These assets are generally intended for sale. Gains and losses realised on the sale of such assets are disclosed separately from gains and losses realised on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realised on disposal of these assets is transferred directly to unappropriated profit.

If such an asset is subsequently used by the Bank for its own operations, the asset is transferred to fixed assets along with any related surplus.

4.7 **Impairment - non financial assets**

At each balance sheet date, the Bank reviews the carrying amount of its assets (other than deferred tax assets) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the greater of net selling price and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The resulting impairment loss is recognized as an expense immediately, except that the impairment loss on revalued fixed assets is first adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of those assets.

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4.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in other comprehensive income / surplus on revaluation of assets in which case it is recognised in statement of comprehensive income / surplus on revaluation of assets.

4.8.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income earned. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the year. The charge for current tax also includes adjustments where considered necessary, relating to prior years which arise from assessments finalized during the year for such years.

4.8.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences as at the statement of financial position date between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The Bank records deferred tax assets / liabilities using tax rates, enacted or substantially enacted at the statement of financial position date, that are expected to be applicable at the time of their reversal.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The Bank recognizes a deferred tax asset / liability on deficit / surplus on revaluation of assets in accordance with the requirements of IAS 12 "Income Taxes". The related deferred tax asset / liability is adjusted against the related deficit / surplus.

The Bank recognizes a deferred tax asset including on the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilized in accordance with the requirements of IAS 12 "Income Taxes".

4.9 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provision against identified non-funded losses is recognized when intimated and reasonable certainty exists for the Bank to settle the obligation. The loss is charged to the profit and loss account net of expected recovery and is classified under other liabilities.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.10 Lease liability on right - of - use assets

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

4.11 Staff retirement benefits

Approved funded pension scheme (defined benefit plan)

The Bank operates a funded pension scheme for its employees. The fund was granted approval by the Commissioner of Income Tax on 6 March 2000 to take effect from 1 October 1999. Provision is made in these financial statements based on the actuarial valuation (conducted at the balance sheet date - 31 December 2021) using the projected unit credit method. Above benefits are payable to staff at the time of separation / retirement from the Bank's services subject to the completion of qualifying period of service on the basis of basic salaries. Remeasurement component, which is the net of actuarial gains and losses is recognized immediately in other comprehensive income whereas service cost and net interest income / expense are charged to the profit and loss account. Effect of changes in the plan are also recognised currently in the profit and loss account.

Approved funded gratuity scheme (defined benefit plan)

The Bank also operates a funded gratuity scheme for its employees. The fund was granted approval by the Commissioner of Income Tax on 4 December 2018 to take effect from 4th September 2018. Provision is made in these financial statements based on the actuarial valuation (conducted at the balance sheet date - 31 December 2021) using the projected unit credit method. Above benefits are payable to staff at the time of separation / retirement from the Bank's services subject to the completion of qualifying period of service on the basis of basic salaries. Remeasurement component, which is the net of actuarial gains and losses is recognized immediately in other comprehensive income whereas service cost and net interest income / expense are charged to the profit and loss account.

Contributory provident fund

Up to 30 June 2017, the Bank operated a non contributory provident fund in which monthly contributions were made by employees at a rate of 12% of basic salary. However this scheme since then has been discontinued but some dues have to be settled.

Unfunded gratuity scheme

Up to 30 September 2018, the Bank operated an unfunded gratuity scheme for its President (refer note 36). Liability and expense are recorded in accordance with the terms of the scheme. However this scheme since then has been discontinued and the dues have to be settled (after shareholders approval).

4.11 Employees' compensated absences

The Bank recognizes liability in respect of compensated absences of its employees in the period in which these are earned on the basis of actuarial valuation (conducted at the balance sheet date - 31 December 2021) carried out using the Projected Unit Credit Method. Actuarial gains / losses charge for the year are immediately recognised in the profit and loss account.

4.12 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the bank and revenue can be reliably measured. These are recognized as follow:

- Mark-up / return / interest on regular advances and investments is recognized on a time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the profit and loss account over the remaining maturity using the effective interest method. Mark-up income due on non-performing advances are suspended as per the requirements of the Prudential Regulations.
- Mark-up / return / interest recoverable on classified advances and investments is recognized on receipt basis. Mark-up / return / interest on classified rescheduled / restructured advances and investments is recognized as permitted by the regulations of the SBP.
- Dividend income is recognized when the Bank's right to receive dividend is established.
- Gain and loss on sale of investments is recognized to the profit and loss account currently.
- Fees, brokerage and commission are recognized when the services are rendered (and over period of services). Account maintenance and service charges are recognized when realized.

4.13 Foreign currencies

4.13.1 Foreign currency transactions

Transactions in foreign currencies are translated into rupees at the foreign exchange rates prevalent on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the balance sheet date.

4.13.2 Translation gains and losses

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

4.13.3 Commitments

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

4.14 Financial instruments

4.14.1 Financial assets and financial 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 assets and liabilities 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.

4.14.2 Derivative financial instruments

Derivative financial instruments are initially recognized at cost on the date on which a derivative contract is entered into and are subsequently remeasured at their fair values. All derivative financial instruments are carried as assets when the fair value is positive and liability when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account currently.

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4.15 Off-setting

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

4.16 Borrowing / Deposits and their cost

Borrowing / deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is charged to the profit and loss account on a time proportion basis.

4.17 Dividend distribution and appropriations

Bonus dividend, cash dividend and other appropriations (except for the appropriations required by law), declared / approved subsequent to balance sheet date are considered as non-adjusting event and are not recorded in financial statements of the current year. These are recognized in the period in which these are declared / approved.

4.18 Acceptances

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions.

4.19 Earnings per share

The Bank presents basic and diluted earnings per share. Basic earning 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.

4.20 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Segment information is presented as per the Bank's functional structure and guidance of the SBP. The Bank comprises of following main segments:

4.20.1 Business segments

a) Corporate finance and commercial banking

Corporate finance includes syndications and advances to corporate enterprises including deposits therefrom. Commercial banking includes project financing, export financing, other lendings, guarantees and bills of exchange.

b) **Treasury**

It includes fixed income, equity, foreign exchange contracts, lendings to financial institutions and borrowings.

c) **Retail and consumer banking**

It includes retail lending and deposits, banking services, private lending and deposits, retail services offered to the retail customers.

d) **Commercial Banking**

This includes lending and deposits banking services, private lending and deposits offered to the small and medium enterprises.

4.20.2 **Geographical segment**

The Bank operates in Pakistan only.

5. CASH AND BALANCES WITH TREASURY BANKS

	Note	2021	2020
		(Rupees in '000)	
In hand			
Local currency		1,088,377	802,907
Foreign currencies		136,149	149,575
		1,224,526	952,482
With State Bank of Pakistan in			
Local currency current account	5.1	1,123,277	951,672
Foreign currency current account	5.2	30,477	46,193
Foreign currency deposit accounts			
- cash reserve account	5.3	37,244	33,725
- special cash reserve account	5.4	69,908	63,302
		1,260,906	1,094,892
With National Bank of Pakistan in			
Local currency current account		148,578	266,505
National Prize Bonds		2,970	23,575
		2,636,980	2,337,454

5.1 These accounts are maintained with the SBP to comply with the statutory cash reserve requirements.

5.2 This represents US Dollar collection account maintained with SBP.

5.3 This represents account maintained with SBP to comply with cash reserve requirements against foreign currency deposits.

5.4 This represents account maintained with SBP to comply with the special cash reserve requirement against foreign currency deposits. The return on this account is declared by the SBP on a monthly

6. BALANCES WITH OTHER BANKS	Note	2021 (Rupees in '000)	2020
In Pakistan			
In current accounts		279	279
		279	279
Outside Pakistan			
In current accounts		181,296	195,945
		181,575	196,224

7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call / clean money lendings	7.2	139,089	139,089
Repurchase agreement lendings (Reverse Repo)	7.3 &7.3.1	1,985,000	1,960,972
		2,124,089	2,100,061
Less: Provision held against lending to financial institutions	7.2	(139,089)	(139,089)
Lendings to Financial Institutions - net of provision		1,985,000	1,960,972

7.1 Particulars of lendings

In local currency	1,985,000	1,960,972

7.2 This represents financing to two financial institutions that matured on 31 December 2012. Due to default in repayments, full provision has been made against these amounts. Lendings were in local currency.

7.3 Securities held as collateral against lending to financial institutions (Reverse repo)

		2021		
	Note	Held by Bank	Further given as collateral	Total
		(Rupees in '000)		
Market treasury bills	7.3.2	1,985,000	-	1,985,000

	2020		
	Held by Bank	Further given as collateral	Total
	(Rupees in '000)		
Market treasury bills	2,000,000	-	2,000,000

7.3.1 These carry mark-up rates ranging between 10.35% to 10.45% (2020: 6.50% to 7.25%) per annum, with maturity upto 14 January 2022 (2020: Upto 4 January 2021).

7.3.2 Market value of securities held as collateral against lendings to financial institutions is Rs. 1,985 million (2020: Rs. 1,979 million).

7.4 Category of classification	2021		2020	
	Classified Lending	Provision held	Classified Lending	Provision held
	(Rupees in '000)			
Domestic				
Loss	139,089	(139,089)	139,089	(139,089)
	139,089	(139,089)	139,089	(139,089)

8. INVESTMENTS

8.1 Investments by types

	Note	2021 Cost / Amortised Cost	2021 Provision for Diminuition note 8.6	2021 Deficit	2021 Carrying Value	2020 Cost / Amortised Cost	2020 Provision for Diminuition note 8.6	2020 Surplus / (Deficit)	2020 Carrying Value
		(Rupees in '000)							
Available-for-sale securities									
Federal Government Securities	8.2	23,813,615	-	(35,986)	23,777,629	21,084,653	-	8,808	21,093,461
Term finance certificates (TFCs)		-	-	-	-	7,781	(7,781)	-	-
Ordinary shares of an unlisted company	8.8	954	-	-	954	954	-	-	954
Preference shares of a listed company	8.9	10,000	(10,000)	-	-	10,000	(10,000)	-	-
Total Investments		23,824,569	(10,000)	(35,986)	23,778,583	21,103,388	(17,781)	8,808	21,094,415

8.2 Investments by segments

Federal government securities									
Market treasury bills	8.3	15,993,685	-	(9,470)	15,984,215	12,666,746	-	17,955	12,684,701
Pakistan investment bonds	8.5	7,819,930	-	(26,516)	7,793,414	8,417,907	-	(9,147)	8,408,760
	8.2.1 & 8.4	23,813,615	-	(35,986)	23,777,629	21,084,653	-	8,808	21,093,461
Fully paid-up preference shares									
Listed company	8.9	10,000	(10,000)	-	-	10,000	(10,000)	-	-
Fully paid-up ordinary shares									
Unlisted company	8.8	954	-	-	954	954	-	-	954
Non government debt securities									
Listed term finance certificates		-	-	-	-	7,781	(7,781)	-	-
Total investments		23,824,569	(10,000)	(35,986)	23,778,583	21,103,388	(17,781)	8,808	21,094,415

8.2.1 Investments given as collateral

	2021	2020
	(Rupees in '000)	
Federal government securities		
Pakistan Investment Bond	6,625,074	6,244,136
Market Treasury Bills	2,395,290	-
	9,020,364	6,244,136

8.3 Market Treasury Bills are for the periods of three months, six months and twelve months. The effective rate of profit on Market Treasury Bills range between 7.38% to 11.50% per annum (2020: 7.00% to 13.13% per annum) with maturities up to December 2022 (2020: Upto June 2021).

8.4 Investments in Federal Government securities include securities which are held by the Bank are eligible for the statutory liquidity requirements determined under section 29 of the Banking Companies Ordinance, 1962.

8.5 Pakistan Investment Bonds (PIBs) are for the period of three years, five years and ten years. The rates of profit range between 7.39% and 11.12% per anum (2020: 7.39% to 13.21% per anum) with maturities upto June 2030 (2020: Upto June 2030).

8.6 Provision for diminution in value of investments	Note	2021	2020
		(Rupees in '000)	
Opening balance		17,781	17,781
Reversal during the year	30	(7,781)	-
Closing balance		10,000	17,781

8.6.1 Particulars of provision against debt securities

Category of classification	2021		2020	
	Non performing investments	Provision	Non performing investments	Provision
Domestic	(Rupees in '000)			
Loss	10,000	10,000	17,781	17,781
	10,000	10,000	17,781	17,781

8.6.2 Provision for diminution in value of investment by type - available-for-sale securities	Note	2021	2020
		(Rupees in '000)	
Preference shares of a listed company	8.9	10,000	10,000
Term Finance Certificates (TFCs)		-	7,781
		10,000	17,781

8.6.3 Provision for diminution in value of investment by segment - available-for-sale securities

Fully paid-up preference shares			
Preference shares of a listed company	8.9	10,000	10,000
Non government debt securities			
Listed term finance certificates		-	7,781

8.7 Quality of available for sale securities

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

8.7.1 Domestic Securities	Note	Amortized Cost 2021	Amortized Cost 2020
		(Rupees in '000)	
8.7.1.1 Federal government securities			
Market Treasury Bills	8.3	15,993,685	12,666,746
Pakistan Investment Bonds	8.5	7,819,930	8,417,907
		23,813,615	21,084,653

8.7.1.2 Shares	Note	2021 Cost	2021 Break value	2020 Cost	2020 Break value
		(Rupees in '000)			
Unlisted Companies					
National Institutional Facilitation Technologies (Private) Limited (NIFT)	8.8	954	11,223	954	32,510

Per share breakup value of NIFT is Rs. 7.92 (2020: Rs. 22.94)

8.7.1.3 Preference shares		Rating		Cost	
Listed Company					
Chenab Limited	8.9	Unrated	Unrated	10,000	10,000

8.8 Ordinary shares of an unlisted company - a related party

This represents investment in 1,416,985 ordinary shares (2020: 1,416,985 ordinary shares) of Rs. 10 each of National Institutional Facilitation Technologies (Private) Limited (NIFT). One employee of the Bank is a Director of NIFT. The Bank has 5.67% (2020: 5.67%) stake in the above company.

8.9 Preference shares of a listed company

This represents 1 million cumulative redeemable preference shares of a listed company (Chenab Limited) having face value of Rs. 10 each, carrying dividend entitlement at 9.25% per annum on the face value.

Market value of these shares at 31 December 2021 was not available as these shares are not being currently traded. Given the fact that the Company is a defaulter, the Bank has made full provision against these preference shares.

9. ADVANCES

	Note	Performing 2021	Performing 2020	Non Performing 2021	Non Performing 2020	Total 2021	Total 2020
		(Rupees in '000)					
Loans, cash credits, running finances, etc. in Pakistan	9.2	9,342,079	10,607,766	2,703,076	1,920,861	12,045,155	12,528,627
Advances - gross		9,342,079	10,607,766	2,703,076	1,920,861	12,045,155	12,528,627
Provision against non-performing advances							
- specific	9.3	-	-	(2,681,152)	(1,420,423)	(2,681,152)	(1,420,423)
- general	9.3	(30,560)	(20,229)	-	-	(30,560)	(20,229)
		(30,560)	(20,229)	(2,681,152)	(1,420,423)	(2,711,712)	(1,440,652)
Advances - net of provisions		9,311,519	10,587,537	21,924	500,438	9,333,443	11,087,975

9.1 Particulars of advances - gross

	2021	2020
	(Rupees in '000)	
In local currency	12,045,155	12,528,627
In foreign currencies	-	-
	12,045,155	12,528,627

9.2 Advances include Rs. 2,703.08 million (2020: Rs. 1,920.86 million) which have been placed under the non-performing status as detailed bel

Category of classification	2021 Non performing loans	2021 Provision	2020 Non performing loans	2020 Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	-	-	3,177	318
Substandard	2,248	562	25,551	885
Doubtful	1,417	708	61,477	20,421
Loss	2,699,411	2,679,882	1,830,656	1,398,799
	2,703,076	2,681,152	1,920,861	1,420,423

9.3 Particulars of provision against advances

	Note	2021 Specific	2021 General	2021 Total	2020 Specific	2020 General	2020 Total
		(Rupees in '000)					
Opening balance		1,420,423	20,229	1,440,652	1,347,060	18,092	1,365,152
Charge for the year		1,378,118	10,331	1,388,449	158,600	2,137	160,737
Reversals		(117,333)	-	(117,333)	(85,237)	-	(85,237)
Net charge for the year	30	1,260,784	10,331	1,271,115	73,363	2,137	75,500
Amount written off	9.4.1	(56)	-	(56)	-	-	-
Closing balance		2,681,152	30,560	2,711,712	1,420,423	20,229	1,440,652

9.3.1 Particulars of provision against advances

	2021 Specific	2021 General	2021 Total	2020 Specific	2020 General	2020 Total
	(Rupees in '000)					
In local currency	2,681,152	30,560	2,711,712	1,420,423	20,229	1,440,652
In foreign currencies	-	-	-	-	-	-
	2,681,152	30,560	2,711,712	1,420,423	20,229	1,440,652

9.3.2 In accordance with BSD Circular No. 1 of 21 October 2011 issued by the SBP, the bank has availed the benefit of Forced Sale Value (FSV) of certain collaterals against non-performing loans. Had this benefit of FSV not been taken by the bank, specific provision against non-performing advances would have been higher by Rs. 17.074 million (2020: Rs. 447.678 million) and loss before tax would have been higher by Rs. 17.074 million (2020: Rs. 447.678). This amount of Rs. 17.074 million (2020: Rs. 447.678 million) is not available for distribution of cash and stock dividend to the shareholders and bonus to employees.

9.3.3 General provision represents provision against consumer and small entities loans. General provision on Consumer loans are maintained at an amount equal to 1% of the fully secured performing portfolio and 4% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. Moreover, general provsion on SE loans are maintained at an amount equal to 1% of unsecured SE loans as per IH&SMEFD Circular No. 09 dated 22 December 2017

		Note	2021	2020
			(Rupees in '000)	
9.4	**Particulars of write offs**			
9.4.1	Against provisions	*9.3*	56	-
	Directly charged to profit and loss account		-	-
			56	-
9.4.2	Write offs of Rs. 500,000/- and above		-	-
	Write offs of below Rs. 500,000/-		56	-
			56	-

9.5 **Details of loan write off of Rs. 500,000/- and above**

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written-off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended 31 December 2021 has not been given as there were no write-offs of individual amount exceeding Rs. 500,000/- during the year.

		Note	2021	2020
			(Rupees in '000)	
10.	FIXED ASSETS			
	Property and equipment	*10.1*	666,117	639,710
			666,117	639,710

10.1 **Property and equipment**

	2021							
	Leasehold land	Building /office premises on Leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvement	Right-of use assets	Total
	(Rupees in '000)							
At January 1, 2021								
Cost	78,527	212,709	70,511	324,146	15,972	53,472	531,649	1,286,987
Accumulated depreciation	-	(38,759)	(64,601)	(283,564)	(14,645)	(48,128)	(197,580)	(647,277)
Net book value	78,527	173,950	5,910	40,582	1,327	5,344	334,070	639,710
Year ended December 2021								
Opening net book value	78,527	173,950	5,910	40,582	1,327	5,344	334,070	639,710
Additions	-	-	3,040	16,867	6,279	6,538	-	32,724
Depreciation charge	-	(9,664)	(2,513)	(23,979)	(1,363)	(2,174)	(101,819)	(141,512)
Disposals								
- Cost	-	-	(420)	(2,070)	(8,001)	-	-	(10,491)
- Accumulated depreciation	-	-	420	2,070	8,001	-	-	10,491
	-	-	-	-	-	-	-	-
Revaluation surplus								
- Cost	13,040	168,149		-	-	-	-	181,189
- Accumulated depreciation	-	(45,994)		-	-	-	-	(45,994)
	13,040	122,155	-	-	-	-	-	135,195
Closing net book value	91,567	286,441	6,437	33,470	6,243	9,708	232,251	666,117
At December 31, 2021								
Cost	91,567	380,858	73,131	338,944	14,250	60,010	531,649	1,490,409
Accumulated depreciation	-	(94,417)	(66,694)	(305,474)	(8,008)	(50,302)	(299,399)	(824,292)
Net book value	91,567	286,441	6,437	33,470	6,243	9,708	232,251	666,117
Rate of depreciation (percentage)	-	5%	20%	33.33%	20%	20%	10%-100%	

	2020							
	Leasehold land	Building /office premises on Leasehold land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Lease hold improvement	Right-of use assets	Total
	(Rupees in '000)							
At January 1, 2020								
Cost	78,527	212,709	67,133	298,784	15,972	49,125	496,341	1,218,592
Accumulated depreciation	-	(29,095)	(62,011)	(262,904)	(13,872)	(45,100)	(96,566)	(509,549)
Net book value	78,527	183,614	5,122	35,880	2,100	4,025	399,775	709,043
Year ended December 2020								
Opening net book value	78,527	183,614	5,122	35,880	2,100	4,025	399,775	709,043
Additions	-	-	3,789	26,994	-	4,347	37,841	72,971
Depreciation charge	-	(9,664)	(3,001)	(22,292)	(773)	(3,028)	(103,546)	(142,304)
Closing net book value	78,527	173,950	5,910	40,582	1,327	5,344	334,070	639,710
At December 31, 2020								
Cost	78,527	212,709	70,511	324,146	15,972	53,472	531,649	1,286,987
Accumulated depreciation	-	(38,759)	(64,601)	(283,564)	(14,645)	(48,128)	(197,580)	(647,277)
Net book value	78,527	173,950	5,910	40,582	1,327	5,344	334,070	639,710
Rate of depreciation (percentage)	-	5%	20%	33.33%	20%	20%	10%-100%	

10.1.1 The leasehold land and buildings of the Bank were revalued on December 31, 2021 by an independent valuer Arsem Private Limited on the market value basis after making independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. The revaluations of the above assets were last carried out in 2018, 2016, 2014, 2011, 2008 and 2006. The resulting surplus has been credited to the revaluation surplus account net of related tax effect

Had the land and buildings not been revalued, total carrying amounts as at 31 December 2021 would have been as follows (at cost less accumulated depreciation):

	2021	2020
	(Rupees in '000)	
Leasehold land	3,287	3,287
Buildings on Leasehold land	32,958	34,858
	36,245	38,145

10.1.2 The total of forced sale values based on the revaluations explained in note 10.1.1 above are as follows:

	Forced sale value (Rupees in '000)
Leasehold land	77,588
Buildings on Leasehold land	245,570
	323,158

10.1.3 The cost of fully depreciated assets that are still in use are as follows:

Building improvements	42,937	40,937
Furniture and fixtures	59,566	56,527
Electrical, office and computer equipment	253,236	236,369
Vehicles	17,750	11,471
	373,489	345,304

10.1.4 **Summarized details of the valuation of properties across the country:**

Location of properties	Note	Original cost			Revalued amount (net of depreciation) / cost*		
		Land	Buildings	Total	Land	Buildings	Total
		(Rupees in '000)			(Rupees in '000)		
Mehdi Tower, Karachi		-	5,167	5,167	-	83,760	83,760
New Town, Karachi		-	1,348	1,348	-	46,053	46,053
Sukkur		-	1,017	1,017	-	21,780	21,780
Faisalabad		-	4,873	4,873	-	15,300	15,300
F.B. Area, Karachi		-	815	815	-	14,840	14,840
Gulshan-e-Iqbal, Karachi		-	1,322	1,322	-	19,438	19,438
P.E.C.H.S., Karachi	10.1.5	3,000	6,760	9,760	91,280	10,750	102,030
Mirpurkhas (Idle Propery)*	10.1.6	162	-	162	162	-	162
Kohat (Idle Propery)	10.1.7	-	708	708	-	-	-
Nawabshah (Idle Propery)*	10.1.8	125	-	125	125	-	125
Regional Office Lahore		-	60,000	60,000	-	74,520	74,520
		3,287	82,010	85,297	91,567	286,441	378,008

* At cost due to the reasons given below. Amounts are not considered to be material.

10.1.5 This property is under litigation as various complaints were lodged against the Bank to Sindh Building Control Authority (SBCA) on the grounds that the property is being used for commercial purpose contrary to its legal status as a residential property and that floor plans of the first and second floors of this property are not approved by the relevant authorities. SBCA issued notice to the Bank for illegal construction & to demolish it. The Bank filed a Suit for Permanent Injunction before a Civil Judge against the SBCA while informing the court that it has taken necessary action for the regularization and bringing the construction existing on the Bank's property within the parameter stipulated by SBCA. However, since the notification for regularization of the construction has been suspended consequent to the Constitutional Petition no. D-408/2012 pending before High Court of Sindh, Karachi, the Bank became a party to the Constitutional Petition and moved a sine-die application before IV-Senior Civil Judge. Consequently, the proceedings of the case pending before IV-Senior Civil Judge were adjourned sine-die till the decision of Constitutional Petition no. D-408/2012 pending before the High Court of Sindh. The Bank's dealing legal counsel has confirmed that the Bank is not likely to suffer any

10.1.6 The property was awarded to the Bank by the Government of Pakistan for the purpose of carrying out Bank's business. The Bank has not utilized this property and is idle. Therefore, the Bank's management had decided to sell the property after obtaining prior approval from the Government of Pakistan. However, the Bank has not been able to secure the approval of Government of Pakistan because of Supreme Court of Pakistan's restraining order in suo moto case no. 16/2011 which prohibits the sale/transfer/mutation of state lands till further order. Suo moto case was initiated by the Supreme Court of Pakistan as multiple cases were reported in which government properties were being illegally transferred in fake deals. Since the property is idle, the Bank has obtained extension in time specified in Section 10 of the Banking Companies Ordinance, 1962 for holding of idle properties from the State Bank of Pakistan (SBP) and the SBP has allowed the Bank to retain the property at Mirpurkhas till the order in suo moto case no. 16/2011 remains effective.

10.1.7 This represent temporarily idle property for which extension in time specified in Section 10 of the Banking Companies Ordinance, 1962 for holding of such properties has been obtained by the Bank from State Bank of Pakistan (SBP). Kohat property has been written down to book value of Re. 1 owing to difficulties faced by the Bank in disposing off the said property and the SBP has allowed the Bank to retain the property till the situation is favourable for sale of this property.

10.1.8 The land at Nawabshah was granted to the Bank for the construction of bank building on the directives of Chief Minister Sindh. However, a person (the Party) illegally raised claim on the property and illegally transferred the property to two persons. This was contended by the Bank in the Court of 1st Senior Civil Judge, Nawabshah and the suit was decreed in Bank's favour. The Party filed appeals up to Supreme Court level but all the appeals are dismissed. After dismissal of appeal from the Supreme Court, the Bank's decree attained finality. Consequently, execution application was filed by the Bank to execute the Judgment Decree requiring revenue authorities to demarcate the land and issue title documents in the name of the Bank. No decision has yet been issued in respect of the execution application to date and the Bank does not have possession of this property. The Bank is still pursuing this matter and the Bank's lawyer responsible for the concerned matter is of the view that the Bank's interest is sufficiently secured with no likelihood of any apparent loss. The property is recorded at Rs. 125,000 being the amount of lease money deposited with Municipal Committee, Nawabshah. Accordingly, due to the above reasons, and in view of the uncertainty still involved, the Bank has not revalued the above land.

10.1.9 **Details of disposals of fixed assets during the year**

		Cost	Accumulated depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of buyers
		(Rupees in '000)					
Furniture and fixtures							
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000							
Miscellaneous items		420	420	-	42	Auction / quotation	Various
Electrical, office and computer equipment							
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000		1,066	1,066	-	74	Auction / quotation	Abdul Rasheed, Lahore
Miscellaneous items		1,004	1,004	-	73	Auction / quotation	Various
Furniture and fixtures							
Suzuki Bolan		685	685	-	541	Auction / quotation	Augmentech Business Solution (Pvt) Ltd
Toyota Corolla		1,453	1,453	-	1,470	Auction / quotation	Augmentech Business Solution (Pvt) Ltd
Toyota Corolla		897	897	-	1,102	Auction / quotation	Augmentech Business Solution (Pvt) Ltd
Toyota Corolla		1,690	1,690	-	771	Auction / quotation	Rubina Riaz (Employee)
Super Bike		46	46	-	19	Auction / quotation	Syed Asghar Ali, Karachi
Suzuki Cultus		868	868	-	1,630	Auction / quotation	Augmentech Business Solution (Pvt) Ltd
Toyota Corolla		2,362	2,362	-	2,381	Auction / quotation	Augmentech Business Solution (Pvt) Ltd
	2021	10,491	10,491	-	8,103		

		Note	2021	2020
11.	**INTANGIBLE ASSETS**		(Rupees in '000)	
	Capital work-in-progress	*11.1*	11,219	3,210
	Intangible assets	*11.2*	32,864	47,925
			44,083	51,135
11.1	**Capital work-in-progress**			
	Software up gradation (advance to the consultant)		11,219	3,210
11.2	**At 1 January**			
	Cost		147,547	121,047
	Accumulated amortisation and impairment		(99,622)	(73,446)
	Net book value		47,925	47,601
	Year ended December			
	Opening net book value		47,924.84	47,601
	Additions		12,482.00	26,500
	Amortisation charge	*28*	(27,543)	(26,176)
	Closing net book value		32,864	47,925
	At 31 December			
	Cost		160,029	147,547
	Accumulated amortisation and impairment		(127,165)	(99,622)
	Net book value		32,864	47,925
	Rate of amortisation (percentage)		10-33%	
	Useful life in years		3-10	
12.	**OTHER ASSETS**			
	Income/ mark-up accrued in local currency	*12.1*	307,113	474,308
	Advances, deposits and other prepayments	*12.2*	149,393	142,841
	Branch adjustment account		-	117
	ATM Settlement Account		36,263	41,836
	Receivable against encashment of Government Securites		251	1,621
	Stationary & stamps in hand		4,582	3,965
	Acceptances		5,016	7,516
	Non-banking assets acquired in satisfaction of claims	*12.3*	20,172	15,852
	Others		7,351	6,249
			530,141	694,305
	Provision against other assets	*12.4*	(48,169)	(48,370)
	Other assets (net of provision)		481,972	645,935
	Deficit on revaluation of non-banking assets acquired in satisfaction of claims		-	(35)
			481,972	645,900

12.1. Includes markup receivable of Rs. 12.23 million (2020: Rs. 23.459 million) due from the State Bank of Pakistan on subsidized loans.

12.2 This includes Rs. 123.7 million bid amount deposited by the Bank with the Banking court for the purchase of a mortgaged property located in Karachi in an auction proceeding. The Bank proceeded to purchase the property during an auction conducted by the Banking Court as part of the recovery suit against the property's owner (judgement debtor or JD) who had defaulted on a loan from the Bank amounting to Rs. 43.205 million. Consequent to the deposit of the bid money by the Bank which was based on a valuation submitted by JD & approved by the Court & subsequent conduct valuation of the property on the strength of that valuation, the judgment debtor filed objection against the confirmation of the sale in favor of the Bank on the ground that the property is valued at Rs. 216.92 million whereas it is being sold at previous valuation which is lower. Accordingly, Banking Court through the order dated 24 December 2018, declined to confirm the sale in favor of Bank and directed to return the bid amount Rs. 123.7 million to the Bank and further directed for fresh valuation of the mortgaged property at the cost of judgment debtor. The Bank has filed an appeal in the Sindh High Court against the order of the Banking Court and contends that the mortgaged property be handed over to the Bank. The dealing counsel is hopeful that the outcome of the case will be in Bank's favor. The management in consultation with the Bank's lawyer is hopeful of a positive outcome.

		2021	2020
		(Rupees in '000)	
12.3.	Market value of non-banking assets acquired in satisfaction of claims	20,172	15,817

		Note	2021 (Rupees in '000)	2020
12.3.1	**Non-banking assets acquired in satisfaction of claims**			
	Opening balance		15,817	-
	Additions		13,833	15,853
	Disposal		(9,478)	-
	Depreciation	*28*	-	(1)
	Impairment on non-banking assets	*28*	-	(35)
			20,172	15,817
12.4	**Provision held against other assets**			
	ATM Settlement Account		-	41,836
	Other		48,169	6,534
		12.4.1	48,169	48,370
12.4.1	**Movement in provision held against other assets**			
	Opening balance		48,370	13,664
	Charge for the year		-	34,706
	Amount Written off		(201)	-
			(201)	34,706
	Closing balance		48,169	48,370

13. CONTINGENT ASSETS

There were no contingent assets of the Bank as at 31 December 2021 and 31 December 2020. However several recovery suits have been filed by the bank.

	Note	2021 (Rupees in '000)	2020
14. BILLS PAYABLE			
In Pakistan		257,933	513,606
Outside Pakistan		3,652	3,652
		261,585	517,258
15. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
Under Refinance Wages and Salaries Scheme	*15.2*	976,106	647,056
Under Export Refinance Scheme		-	500,700
Under Small Enterprise Financing and Credit Guarantee Facility for Special persons		1,403	-
Under Temporary Economic Refinance Facility	*15.3*	94,474	-
Under revised Financing Scheme for Renewable Energy	*15.4*	45,113	49,548
Under Refinance & Credit Guarantee Scheme for Women Entrepreneurs in underserved areas	*15.5*	71,653	82,380
		1,188,749	1,279,684
Repurchase agreement borrowing	*15.6*	8,490,694	5,400,000
Pakistan Mortgage Refinance Company		-	300,000
		9,679,443	6,979,684
15.1 Particulars of borrowings in respect of currencies			
In local currency		9,679,443	6,979,684
In foreign currencies		-	-
		9,679,443	6,979,684

15.2 The Bank has entered into arrangement for financing with the State Bank of Pakistan (SBP) for extending Refinance Wages and Salaries Scheme to customers. As per the arrangement, the Bank has granted SBP the right to recover the outstanding amount from the Bank on the date of the maturity of the finance by directly debiting the current account maintained by the Bank with SBP. This carries mark-up rate ranging from 2 to 3% per annum (2020: 1% per annum).

15.3 The Bank has entered into arrangement for financing with the State Bank of Pakistan (SBP) for extending Temporary Economic Refinance Facility to customers. As per the arrangement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. This carries mark-up rate of 3% per annum

15.4 The Bank has entered into arrangement for financing with the State Bank of Pakistan (SBP) under Revised SBP Financing Scheme for Renewable Energy. As per the arrangement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with SBP. This carries mark-up rate of 3% per annum (2020: 2% to 3% per annum). These borrowings are repayable up to November 2025.

15.5 These borrowings have been obtained from SBP under the refinance and credit guarantee scheme for women entrepreneurs in underserved areas for setting up of new units and meet credit needs of business. The borrowings are repayable in equal quarterly installments after grace period if any and does not carry any interest. The rate of markup for end users under the facility is up to 5% per annum. The loss, if any, includes risk coverage of 60% of the outstanding principal by the State Bank of Pakistan.

15.6 This carries mark-up rate up to 10.25% per annum (2020: 7.05%). The borrowing is repayable up to 4 Mar 2022 (2020: 4 Jan 2021). This borrowing is secured against government securities of carrying value Rs. 8,507 million (2020: Rs. 5,404 million).

16. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	(Rupees in '000)					
Customers						
Current accounts - non-remunerative	4,846,659	46,749	4,893,408	4,055,536	47,212	4,102,748
Savings deposits	14,994,786	392,783	15,387,569	13,476,505	425,376	13,901,881
Term deposits	4,565,076	7,305	4,572,381	6,600,843	14,545	6,615,388
Others	472,222	-	472,222	538,295	-	538,295
	24,878,743	446,837	25,325,580	24,671,179	487,133	25,158,312
Financial institutions						
Current accounts - non-remunerative	9,548	-	9,548	8,951	-	8,951
Savings deposits	15,416	-	15,416	10,734	-	10,734
Term deposits	11,000	-	11,000	11,000	-	11,000
Others	80	-	80	67	-	67
	36,044	-	36,044	30,752	-	30,752
	24,914,787	446,837	25,361,624	24,701,931	487,133	25,189,064

16.1 Composition of deposits

	2021	2020
	(Rupees in '000)	
- Individuals	9,921,801	10,116,719
- Government (Federal and Provincial)	10,940,792	8,802,161
- Public Sector Entities	971,660	2,986,867
- Non-Banking Financial Institutions	36,044	30,752
- Private Sector	3,491,327	3,252,565
	25,361,624	25,189,064

16.2 This includes eligible deposits of Rs. 11,215.89 million (2020: Rs. 10,869.87 million) which are covered under deposit protection mechanism as required by the Deposit Protection Corporation circular no 4 of 2018.

17. DEFERRED TAX LIABILITY / (ASSET)

	Balance as at 1 January 2020	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at 31 December 2020	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at 31 December 2021
	(Rupees in '000)						
Deductible/(taxable) temporary differences on:							
Lease liability-net of ROUA	-	-	-	-	(7,073)	-	(7,073)
Tax loss carried forward	(70,344)	70,344	-	-	-	-	-
Unabsorbed depreciation/ amortization	(15,373)	15,373	-	-	-	-	-
Surplus on revaluation of							
- Buildings	57,278	(3,033)	-	54,245	(3,028)	53,996	105,213
- Investments	11,190	-	(7,755)	3,435	-	(18,369)	(14,934)
Remeasurement loss on defined benefit obligations	-	-	2,468	2,468	-	(2,468)	-
Net deferred tax liability	(17,249)	82,684	(5,287)	60,148	(10,101)	33,159	83,205

17.1 Being prudent, deferred tax asset amounted to Rs. 592.91 million have not been recognized during the year. This includes deferred tax asset over unused tax loss for the year of Rs. 138.73 million, provision for advances carry forwarded under Seventh Schedule of Income Tax Ordinance, 2001 not utilized during the year of Rs. 420.93 million and deferred tax asset over minimum tax carryforward under section 113 of Income Tax Ordinance, 2001 amounting Rs. 33.25 million.

18. OTHER LIABILITIES

	Note	2021	2020
		(Rupees in '000)	
Mark-up/ return/ interest payable in local currency		540,675	669,223
Mark-up/ return/ interest payable in foreign currency		97	95
Unearned commission and income		6,887	7,313
Accrued expenses		74,752	61,344
Payable against purchase of fixed assets		4,933	7,603
Acceptances		5,016	7,516
Branch adjustment account		1,777	-
Payable to staff retirement defined benefit plans	35	40,148	58,681
Payable under a defined benefit scheme	36	7,140	7,140
Provision for employees' compensated absences	37	70,819	60,797
Taxation Payment less provision		47,534	91,375
Provident fund payable to the members	18.1	5,670	5,742
Staff Welfare Fund		782	782
Provision against off-balance sheet obligations		106,087	-
Benevolent fund balance (being refunded to the employees)		1,958	2,048
Lease liability against right-of-use assets	18.3	262,150	361,216
Payable against collection and withholding tax		12,826	41,279
Others	18.2	53,393	28,570
		1,242,644	1,410,724

18.1 This represents the provident fund balance payable to the members of the Provident Fund. The Fund was discontinued in a previous year and the balance in its records were transferred to the Bank for onwards settlement to the members.

18.2 This includes security deposits collected by the Bank amounting to Rs. 13.68 million and cash of Rs. 12.12 million received from the State Bank of Pakistan on a replacement for cash held by the Bank for disinfection. Subsequent to the year end the cash so held for disinfection was returned to the State Bank of Pakistan. This also includes Rs. 20.21 million received by the Bank from borrower against settlement of Non-Banking Asset.

18.3 This represents the liability recognised against right of use assets. The liability balance has been discounted at weighted average rate of 13.23% per annum. Other relevant details are as follows:

Particulars	31 December 2021		
	Minimum lease payments	Financial charges for future periods	Principal outstanding
		(Rupees in '000)	
Not later than one year	107,138	26,742	80,396
Later than one year and upto five years	198,533	37,919	160,614
Over five years	22,951	1,810	21,140
	328,622	66,471	262,150

Particulars	31 December 2020		
	Minimum lease payments	Financial charges for future periods	Principal outstanding
		(Rupees in '000)	
Not later than one year	139,111	39,120	99,746
Later than one year and upto five years	283,188	60,968	222,220
Over five years	44,815	5,565	39,250
	467,114	105,653	361,216

19. SHARE CAPITAL

19.1 Authorised capital

2021 (Number of shares)	2020 (Number of shares)		2021 (Rupees in '000)	2020 (Rupees in '000)
600,000,000	600,000,000	Ordinary shares of Rs. 10/- each	6,000,000	6,000,000

19.2 Issued, subscribed and paid-up-capital

2021 (Number of shares)	2020 (Number of shares)	Ordinary shares of Rs 10/- each	2021 (Rupees in '000)	2020 (Rupees in '000)
334,365,000	334,365,000	- Fully paid in cash	3,343,650	3,343,650
65,046,250	65,046,250	- Issued as bonus shares	650,463	650,463
399,411,250	399,411,250		3,994,113	3,994,113

19.3 Shareholders (associated undertakings)

	2021		2020	
	Number of shares held	Percentage of shareholding %	Number of shares held	Percentage of shareholding %
Federal Government of Pakistan through Ministry of Finance	330,088,793	82.64	330,088,793	82.64
MCB Bank Limited	23,095,324	5.78	23,095,324	5.78
Habib Bank Limited	23,095,324	5.78	23,095,324	5.78
Allied Bank Limited	7,734,927	1.94	7,734,927	1.94
National Bank of Pakistan	7,698,441	1.93	7,698,441	1.93
United Bank Limited	7,698,441	1.93	7,698,441	1.93
	399,411,250	100.00	399,411,250	100.00

20. SURPLUS ON REVALUATION OF ASSETS - NET

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
(Deficit) / surplus on revaluation of			
- Available for sale securities	8.1	(35,986)	8,808
- Property and equipment	20.1	341,763	214,332
		305,777	223,140
Less: Deferred tax on surplus on revaluation of			
- Available for sale securities	17	(14,934)	3,435
- Property and equipment	20.1	105,213	54,245
		90,279	57,680
Surplus arising on revaluation (net of tax)		215,498	165,460

20.1 Surplus on revaluation of property and equipment	Note	2021	2020
		(Rupees in '000)	
Surplus on revaluation of property and equipment as at January 1		214,332	222,108
Revaluation surplus for the year recognized during the year	10.1	135,195	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(4,736)	(4,743)
Related deferred tax liability on incremental depreciation charged during the year		(3,028)	(3,033)
Surplus on revaluation of property and equipment as at 31 December		341,763	214,332
Less: related deferred tax liability on:			
- revaluation as at January 1		54,245	57,278
- revaluation surplus for the year recognized during the year		50,695	-
- effect of change in tax rate		3,301	-
- incremental depreciation charged during the year		(3,028)	(3,033)
		105,213	54,245
		236,550	160,087

21. CONTINGENCIES AND COMMITMENTS

Guarantees	21.1	1,188,363	2,552,264
Commitments	21.2	1,058,554	715,394
Other Contingent Liabilities	21.3	2,681,428	2,284,473
		4,928,345	5,552,131

21.1 Guarantees

Performance Guarantee	1,146,697	2,552,264
Other guarantees	41,666	-
	1,188,363	2,552,264

21.2 Commitments

Documentary credits and short-term trade-related transactions:			
Letters of credit		1,055,879	710,782
Commitments in respect of:			
Forward exchange contracts	21.2.1	-	-
Forward government securities transactions	21.2.2	-	-
Acquisition of Intangibles		2,675	4,612
Forward Swaps	21.2.2	-	-
		1,058,554	715,394

21.2.1 Commitments in respect of forward exchange contracts

Sale - Banks	-	-
Purchase - Banks	-	-

21.2.2 Commitments in respect of forward Swaps

Sale - Banks	-	-

21.3 Other Contingent Liabilities

These mainly represent counter claims by borrowers for damages due to the legal action and reputational damages they face while proceedings of recovery and related criminal suits on them and other claims against the Bank. Management is confident that the matters will be decided in the Bank's favour. Accordingly, no provision has been made in financial statements.

21.4 Commitments to extend lendings

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

21.5 Tax

Refer notes 31.3 to 31.4 for tax related contingencies.

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Bank, as a policy does not enter into derivatives except for forward foreign exchange contracts and foreign exchange currency swaps, with Banks to manage its net open position, and liquidity.

	2021	2020
23. MARK-UP / RETURN / INTEREST EARNED	**(Rupees in '000)**	
Loans and advances	999,927	1,287,790
Investments	1,476,960	1,657,389
Lending to financial institutions	63,354	73,105
Balance with treasury Bank	-	216
	2,540,241	3,018,500
24. MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	1,155,007	1,594,019
Borrowings	389,830	183,161
Foreign currency swaps	-	15,808
Lease liability against right-of-use assets	39,104	46,586
	1,583,941	1,839,574
25. FEE & COMMISSION INCOME		
Branch banking customer fees	28,230	27,547
Credit related fees	578	2,731
Consumer Finance and credit related fees	3,166	8,237
Card related fees	10,422	10,268
Commission on trade	6,055	18,058
Commission on guarantees	21,849	28,931
Commission on bancassurance	3,718	957
Others	2,123	3,253
	76,141	99,982
26. GAIN ON SECURITIES		
Realised		
Federal Government securities	2,445	160,303
	2,445	160,303

		Note	2021	2020
			(Rupees in '000)	
27.	**OTHER INCOME**			
	Gain on sale of fixed assets-net		8,102	131
	Tender fee received		156	82
	Recovered from employees against unserved notice period		856	19
	Others		23,219	804
			32,333	1,036
28.	**OPERATING EXPENSES**			
	Total compensation expense	*28.1*	515,880	471,218
	Property expense			
	Rent & taxes		7,518	2,395
	Insurance (including deposit protection)		31,282	28,458
	Utilities cost		47,156	38,430
	Security (including guards)		43,015	38,693
	Repair & maintenance		20,886	29,365
	Depreciation on right-of-use assets	*10.1*	101,819	103,546
	Depreciation on owned fixed assets	*10.1*	11,838	12,692
	Impairment on Non-banking assets	*12.3.1*	-	35
	Depreciation on Non-banking assets	*12.3.1*	-	1
			263,514	253,615
	Information technology expenses			
	Software maintenance		22,889	18,788
	Hardware maintenance		38,199	20,660
	Depreciation (IT related)	*10.1*	23,979	22,292
	Amortisation	*11.2*	27,542	26,176
			112,609	87,916
	Other operating expenses			
	Directors' fees and allowances	*38.1*	2,582	-
	Legal & professional charges		15,801	12,482
	Outsourced services costs	*34.1*	27,813	22,669
	Travelling & conveyance		5,557	8,022
	NIFT clearing charges		4,611	15,799
	Depreciation	*10.1*	3,876	3,776
	Training & development		123	207
	Postage & courier charges		8,269	8,941
	Communication		40,526	36,549
	Stationery & printing		14,852	13,762
	Marketing, advertisement & publicity		6,172	230
	Entertainment		6,707	6,815
	Membership and subscriptions		1,662	2,188
	Auditors Remuneration	*28.2*	11,500	9,950
	Others		13,491	5,034
			163,542	146,424
			1,055,545	959,173
28.1	**Total compensation expense**			
	Managerial remuneration		463,676	431,722
	Charge for defined benefit plan	*28.1.1*	34,090	20,647
	Conveyance		10,057	9,953
	Others		8,057	8,896
			515,880	471,218

28.1.1 **Charge for defined benefit plan - net**

This represents provision for pension amounting to Rs. 7.243 million (2020: Rs. 7.646 million), charges for gratuity amounting to Rs 14.528 million (2020: Rs. 13.674 million) and charge for compensated absences amounting to Rs 12.319 million (2020: Rs. (0.673) million)

		Note	2021	2020
28.2	**Auditors' remuneration**		(Rupees in '000)	
	Audit fee		10,000	9,000
	Fee for other statutory certifications		-	250
	Out-of-pocket expenses		1,500	700
			11,500	9,950
29.	**OTHER CHARGES**			
	Penalties imposed by the SBP		32,024	623
30.	**PROVISIONS & WRITE OFFS - NET**			
	Provision against advances - net	9.3	1,271,115	75,500
	Provision against off balance sheet obligations		106,087	-
	Reversal of provision against diminution in value of investments	8.6	(7,781)	-
	Provision against other assets		-	34,706
	Provision against tax cases		28,307	-
			1,397,728	110,206
31.	**TAXATION**			
	Current tax		33,301	76,339
	Prior year tax		-	-
	Deferred tax	17	(10,101)	82,684
			23,200	159,023

31.1 Reconciliation of tax charge to the accounting income is as follows:

Accounting Profit / (loss) before tax for the year	(1,393,319)	391,856
Taxable liability / (asset) at 37.5% (2020: 35%)	(522,495)	137,150
Super tax@ 4%	-	16,658
Deferred tax asset for the year not recognized	592,910	-
Deferred tax asset not recognized earlier	(10,587)	-
Permanent difference	10,615	5,215
Others	(47,243)	-
	23,200	159,023

31.2 Income tax return for the tax year 2022 (financial year ended 31 December 2021) have been filed which is deemed to have been assessed under Section 120 of the Income Tax Ordinance, 2001 (unless selected for audit).

31.3 While finalizing the assessments for tax years from 1997 to 2000 and from 2004 to 2008 (financial years ended from 31 December 1996 to 31 December 1999 and from 31 December 2003 to 31 December 2007 respectively), the tax authorities, from time to time, made certain disallowances of nostro account balances written off, apportionment of expenses, interest suspended etc., against which appeals were filed by the Bank at the Appellate Tribunal Inland Revenue (ATIR).

The ATIR vide its order dated 31 May 2012 decided all the matters (except disallowance of written off of nostro balances, interest suspended and apportionment of expenses) for tax years from 2004 to 2008 in favor of the Bank against which CIR had filed an appeal in the Sindh High Court (SHC) which is pending for hearing. Further, the matter of nostro balances written off was remanded back by ATIR to the CIR whereas the matter of apportionment of expenses and interest suspension have been disallowed against which the Bank has filed an appeal in SHC, which is pending adjudication. Tax amount involved is Rs. 10.769 million. The management is confident that the decision in appeals (including those filed by CIR as explained above) would be in its favour. However, for abundant caution, provision of aforesaid amount is being maintained by the Bank.

31.4 The Income Tax department has issued orders under sections 161 and 205, raising demands due to the non-deduction of tax on profit payments on certain deposits for the tax years 2014, 2015, 2016, and 2017, respectively. In accordance with prudent accounting practices, provisions have been established for the tax years for which decisions are pending.

32. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE

	2021	2020
	(Rupees in '000)	
(Loss) / profit after taxation	(1,416,519)	232,833
	(Number in '000)	
Weighted average number of ordinary shares	399,411	399,411
	(Rupees)	
Basic and diluted (loss) / earnings per share	(3.55)	0.58

33. CASH AND CASH EQUIVALENTS

	Note	2021	2020
		(Rupees in '000)	
Cash and balances with treasury banks	5	2,636,980	2,337,454
Balances with other banks	6	181,575	196,224
		2,818,555	2,533,678

33.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Lease liabilities	
	2021	2020
	(Rupees in '000)	
Balance as at 1 January	361,216	396,077
Total changes from financing cash flows	(138,169)	(169,027)
Other changes	39,104	134,166
Balance as at 31 December	262,150	361,216

34. STAFF STRENGTH

	2021	2020
	(Number)	
Permanent	464	468
Temporary / on contractual basis	4	10
Bank's own staff strength at end of the year	468	478

34.1 In addition to above, 62 (2020: 63) employees of an outsourcing services company were assigned to the Bank as at 31 December 2021.

35. DEFINED BENEFIT PLAN

35.1 General description

The Bank operates an approved pension fund and an approved gratuity fund for its employees as explained in note 4.10 to these financial statements.

35.2 Number of employees under the scheme

	2021	2020
	(Number)	
Pension fund	43	46
Gratuity fund	425	432

35.3 Principal actuarial assumptions

The actuarial valuations were carried out as at 31st December 2021 using the following significant assumptions:

	2021	2020
Discount rate	11.75%	9.75%
Expected rate of return on plan assets	15.00%	11.25%
Expected rate of salary increase	9.75%	5.00%
Expected rate of increase in pension	3.75%	1.75%
Mortality rate	(SLIC (2001-05)-1 Light	(SLIC (2001-05)-1 Light
Rate of employee turnover		

35.4 Reconciliation of payable to defined benefit plan

	Note	2021		2020		2021	2020
		Pension fund	Gratuity fund	Pension fund	Gratuity fund	Total	
		(Rupees in '000)					
Present value of defined benefit obligations		181,058	59,138	163,689	43,857	240,196	207,546
Fair value of plan assets		(158,307)	(41,741)	(123,213)	(25,652)	(200,048)	(148,865)
Net payable	35.7	22,751	17,397	40,476	18,205	40,148	58,681

		Note	2021		2020		2021	2020
			Pension fund	Gratuity fund	Pension fund	Gratuity fund	Total	
			(Rupees in '000)					
35.5	**Movement in payable to defined benefit plan**							
	Obligations at the beginning of the year		163,689	43,857	166,988	38,590	207,546	205,578
	Current service cost		3,272	13,877	3,711	14,217	17,149	17,928
	Interest cost		15,652	3,807	18,331	3,499	19,459	21,830
	Benefits paid during the year by the Fund		(13,702)	(4,591)	(24,425)	(7,109)	(18,293)	(31,534)
	Re-measurement loss / (gain)	*35.8.2*	12,147	2,188	(916)	(5,340)	14,335	(6,256)
	Obligations at the end of the year		181,058	59,138	163,689	43,857	240,196	207,546
35.6	**Movement in fair value of plan assets**							
	Fair value at the beginning of the year		123,213	25,652	132,307	29,591	148,865	161,898
	Interest income on plan assets		11,681	3,156	14,396	4,032	14,837	18,428
	Benefits paid during the year by the Fund		(13,702)	(4,591)	(24,425)	(7,109)	(18,293)	(31,534)
	Actual contribution by Employer		40,475	18,206	-	-	58,681	-
	Re-measurement (loss) / gain	*35.8.2*	(3,360)	(682)	935	(862)	(4,042)	73
	Fair value at the end of the year	*35.9*	158,307	41,741	123,213	25,652	200,048	148,865
35.7	**Movement in net defined benefit obligation**							
	Opening balance		40,476	18,205	34,681	8,999	58,681	43,680
	Charge for the year	*35.8.1*	7,243	14,528	7,646	13,684	21,771	21,330
	Net Contribution to Fund		(40,475)	(18,206)	-	-	(58,681)	-
	Re-measurement loss / (gain) recognised in OCI during the year	*35.8.2*	15,507	2,870	(1,851)	(4,478)	18,377	(6,329)
	Closing balance		22,751	17,397	40,476	18,205	40,148	58,681
35.8	**Charge for defined benefit plans**							
35.8.1	**Cost recognised in profit and loss**							
	Service cost		3,272	13,877	3,711	14,217	17,149	17,928
	Interest income on plan asset		(11,681)	(3,156)	(14,396)	(4,032)	(14,837)	(18,428)
	Interest on defined benefit obligation		15,652	3,807	18,331	3,499	19,459	21,830
			3,971	651	3,935	(533)	4,622	3,402
			7,243	14,528	7,646	13,674	21,771	21,330
35.8.2	**Re-measurements recognised in OCI during the year**							
	Net loss / (gain) on obligation							
	Financial assumptions		5,967	2,764	(3,420)	(1,192)	8,731	(4,612)
	Experience adjustment		6,180	(576)	2,504	(4,148)	5,604	(1,644)
			12,147	2,188	(916)	(5,340)	14,335	(6,256)
	Actuarial loss / (gain) on plan assets		3,360	682	(935)	862	4,042	(73)
	Total re-measurements recognised in OCI		15,507	2,870	(1,851)	(4,478)	18,377	(6,329)

		2021		2020	
		Pension fund	Gratuity fund	Pension fund	Gratuity fund
	Note	(Rupees in '000)			
35.9 Components of plan assets					
Bank balances		6,618	3,980	8,368	2,937
Debt Instruments (T-bills / PIBs)		151,689	37,751	114,845	22,705
		158,307	41,731	123,213	25,642

35.10 Sensitivity analysis

Sensitivity analysis should be disclosed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the various employee benefit schemes. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption should be summarised as illustrated below:

	2021		2020	
	Pension fund	Gratuity fund	Pension fund	Gratuity fund
	(Rupees in '000)		(Rupees in '000)	
1% increase in discount rate	164,770	56,786	148,656	42,091
1% decrease in discount rate	200,209	61,661	181,436	45,758
1 % increase in expected rate of salary increase	187,379	61,583	169,294	45,706
1 % decrease in expected rate of salary increase	175,329	56,838	158,646	42,123
1% increase in expected rate of pension increase	194,206	-	179,209	-
1% decrease in expected rate of pension increase	169,592	-	152,807	-

35.11 Expected charge for the next financial year	6,700	14,528	7,243	14,528

	2021		2020	
	Pension fund	Gratuity fund	Pension fund	Gratuity fund
35.12 Maturity profile				
The weighted average duration of the obligation (in years)	9.00	10.20	9.18	11.21
Distribution of timing of benefit payments (time in years)				
1	10,028	2,182	9,728	754
2	10,872	2,545	9,894	2,292
3	10,749	3,244	10,420	2,894
4	17,987	7,048	12,604	3,768
5	19,087	9,281	16,128	6,872
6-10	103,817	109,138	88,847	88,433
11-15	176,391	-	129,156	-

35.13 Funding Policy

The Bank has the policy to make annual contributions to the fund based on actuarial report.

35.14 **Significant risk associated with the staff retirement benefit schemes include:**

Asset volatility

Almost all the Fund is in a liquid position with the Bank giving rise to significant reinvestment risk. There is no equity or corporate bond exposure. Thus, no equity or settlement risk.

Changes in bond yields

The valuation for all retirement benefit is discounted with reference to the bond yields. So, any increase in Bond yields will lower the Liability and vice versa, but, it will also lower the Asset values if they are invested in the bonds.

Inflation risk

The salary inflation (especially the final salary risk) is the major risk that the retirement benefit liability carries. In a general economic sense and in a longer view, there is a case that if bond yields increase, the change in salary inflation generally offsets the gains from the decrease in discounted gratuity liability. But viewed with the fact that, asset values will also decrease; the salary inflation does, as an overall affect, increases the net liability of the Bank.

Further, there is also a risk of pension increases on pension liability, however, this is a controlled risk as annual pension increases are allotted by the Bank and the Trustees.

Mortality rate

The risk that the actual mortality experience is different than the assumed mortality. This effect depends on the beneficiaries' service / age distribution and the benefits.

Withdrawal rate

The risk of higher or lower withdrawl experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

36. UNFUNDED GRATUITY

The bank used to operate an unfunded gratuity arrangement for one of its ex-President. The liability determined in accordance with the terms of the arrangement as at 31 December 2021 was Rs. 7.140 million (2020: Rs 7.140 million).

37. EMPLOYEES COMPENSATED ABSENCES

The liability of the Bank in respect of employees compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit Method. The liability of the Bank as per the latest actuarial valuation carried out as at 31 December 2021 amounted to Rs. 70.819 million (2020: Rs. 60.797 million) which has been fully provided by the Bank. Charge for the year in respect of these absences is Rs. 12.319 million (reversal for the year 2020: Rs. 0.683 million) which is included in note 28 to these financial statements. Discount rate of 11.75% (2020: 9.75%) and salary increase of 9.75% (2020: 5%) per annum have been used for the above valuation.

37.1. The actuarial valuation was carried out as at 31 December 2021 using the following significant assumptions:

	2021	2020
Discount rate	11.75%	9.75%
Expected Long Term return	Not Applicable	Not Applicable
Salary increase		
First year	15.00%	5.00%
Second year and onwards	9.75%	7.75%
Withdrawal before Normal Retirement Age	Light	Light
Death in services	SLIC (2001-05)-01	SLIC (2001-05)-01

38. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total Compensation Expense

	2021				
	Acting President / CEO	Directors			Key Management Personnel
		Chairman	Executive	Non- Executive	
	(Rupees in '000)				
Fees and Allowances	-	325	-	1,265	-
Managerial Remuneration					
i) Fixed	2,696	-	-	-	37,608
ii) Variable	210	-	-	-	3,140
Rent & house maintenance	612	-	-	-	11,097
Utilities	153	-	-	-	2,774
Medical	191	-	-	-	3,468
Conveyance	-	-	-	-	57
Charge for defined benefit plan	259	-	-	-	3,892
Others	-	-	-	-	923
Total	4,121	325	-	1,265	62,959
Number of persons	1	1	-	5	15

	2020				
	Acting President / CEO	Directors			Key Management Personnel
		Chairman	Executive	Non- Executive	
	(Rupees in '000)				
Fees and Allowances	-	-	-	-	-
Managerial Remuneration					
i) Fixed	3,842	-	-	-	38,447
ii) Variable	369	-	-	-	2,488
Rent & house maintenance	990	-	-	-	11,077
Utilities	257	-	-	-	2,769
Medical	265	-	-	-	3,462
Conveyance	-	-	-	-	29
Charge for defined benefit plan	259	-	-	-	1,833
Others	155	-	-	-	417
Total	6,137	-	-	-	60,522
Number of persons	1	-	-	-	17

38.2 The acting Chief Executive was also provided with free use of the Bank's maintained car and household equipment in accordance with the terms of employment.

Sr. N	Name of Director	Meeting Fees and Allowances Paid					
		For Board Meetings	For Board Committees				Total Amount Paid
			HR & Remuneration Committee	Risk Management Committee	Audit Committee	Information Technology Committee	
		(Rupees in '000)					
1	Mr. Najeeb Agrawal	200	100	-	-	25	325
2	Ms. Sabiha Sultan	80	-	-	-	-	80
3	Ms. Naghmana Alamgir	200	100	-	-	25	325
4	Ms. Bushra Ehsan	200	100	-	50	-	350
5	Ms. Sumbul Munir	160	-	25	50	-	235
6	Mr. Wahjahat Rasul Khan	200	-	25	50	-	275
		1,040	300	50	150	50	1,590

Due to non existence of the Board of Directors from January 2019 to August 2021, no meeting was held in prior year. Therefore, no remuneration was paid to Directors in prior year.

39. FAIR VALUE MEASUREMENTS

The fair value of traded investments are based on quoted market prices. The fair value of unquoted equity securities is determined on the basis of the break-up value of the investee company. The fair value of unquoted debt securities, fixed term loans, other assets and fixed term deposits and borrowings 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 management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since they are short term in nature or in case of customer advances and deposits are repriced frequently.

All assets for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement.

39.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets (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. The fair values of Federal Government Securities are determined on the basis of rates / prices sourced from Reuters.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

39.2 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2021				
		Fair value			
	Carrying / notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
-Federal Government Securities	23,777,629	-	23,777,629	-	23,777,629
Financial assets not measured at fair value					
Investments					
- Shares of an unlisted company	954	-	-	-	-
Cash and balances with treasury banks	2,636,980	-	-	-	-
Balances with other banks	181,575	-	-	-	-
Lending to financial instruments	1,985,000	-	-	-	-
Advances	9,333,443	-	-	-	-
Other assets	355,995	-	-	-	-
	14,493,947	-	-	-	-
Off-balance sheet financial instruments	-	-	-	-	-

	2020				
		Fair value			
	Carrying / notional value	Level 1	Level 2	Level 3	Total
	(Rupees in '000)				
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
-Federal Government Securities	21,093,461	-	21,093,461	-	21,093,461
Financial assets not measured at fair value					
Investments					
- Shares of an unlisted company	954	-	-	-	-
Cash and balances with treasury banks	2,337,454	-	-	-	-
Balances with other banks	196,224	-	-	-	-
Lending to financial instruments	1,960,972	-	-	-	-
Advances	11,087,975	-	-	-	-
Other assets	485,996	-	-	-	-
	16,069,575	-	-	-	-
Off-balance sheet financial instruments	-	-	-	-	-

		2021	2020
		(Rupees in '000)	
39.3	**Non Financial assets carried at revalued amounts**	**Level 3**	**Level 3**
	Fixed assets		
	Property and equipment (freehold and leasehold land)	**378,008**	252,477
	Other assets		
	Non banking assets acquired in satisfaction of claims	**20,172**	15,852

Land and Building acquired are valued on a periodic basis using professional valuers. The valuation is based on their assessments of the market value of the assets as explained in note 10.1.1. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these financial statements.

40. SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	For the year ended 31 December 2021				
	Corporate Finance	Treasury	Retail and Consumer banking	Commercial Banking	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	73,202	1,171,763	(347,188)	58,523	956,300
Inter segment (expense) / revenue - net	920,133	(1,087,077)	63,356	103,588	-
Non mark-up / return / interest income	57,108	27,204	47,734	3,632	135,678
Total Income	1,050,443	111,890	(236,098)	165,743	1,091,978
Segment direct expenses	822,228	20,229	80,722	164,390	1,087,569
Inter segment expense allocation	135,186	(60,062)	(29,655)	(45,469)	-
Total expenses	957,414	(39,833)	51,067	118,921	1,087,569
Provisions and write-offs - net	(1,182,611)	(9,383)	(7,668)	(198,066)	(1,397,728)
Loss before tax	(1,089,582)	142,340	(294,833)	(151,244)	(1,393,319)
Balance Sheet					
Cash & Bank balances	1,379,519	1,439,036	-	-	2,818,555
Investments	-	23,778,583	-	-	23,778,583
Net intersegment receivable/(payable)	18,789,716	(18,724,041)	(51,321)	(14,354)	-
Lending to financial institutions	-	1,985,000	-	-	1,985,000
Advances - performing	7,250,208	-	886,007	1,175,304	9,311,519
- non-performing net of provision	13,378	-	233	8,313	21,925
Others	847,399	109,443	102,130	133,199	1,192,172
Total Assets	28,280,220	8,588,021	937,050	1,302,462	39,107,753
Borrowings	1,115,693	8,490,694	73,055	-	9,679,443
Deposits & other accounts	11,948,495	-	9,921,801	3,491,327	25,361,624
Others	1,060,606	61,604	311,446	153,779	1,587,434
Total Liabilities	14,124,794	8,552,298	10,306,302	3,645,106	36,628,500
Equity	14,155,426	35,723	(9,369,252)	(2,342,644)	2,479,253
Total Equity & liabilities	28,280,220	8,588,021	937,050	1,302,462	39,107,753
Contingencies and Commitments	4,928,345	-	-	-	4,928,345

	For the year ended 31 December 2020				
	Corporate Finance	Treasury	Retail and Consumer banking	Commercial Banking	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	(722,331)	1,537,837	166,945	196,475	1,178,926
Inter segment (expense) / revenue - net	1,548,032	(1,358,785)	(34,064)	(155,183)	-
Non mark-up / return / interest income	104,299	170,150	8,483	-	282,932
Total Income	930,000	349,202	141,364	41,292	1,461,858
Segment direct expenses	641,840	(1,369)	247,137	72,188	959,796
Inter segment expense allocation	212,740	(139,679)	(56,545)	(16,516)	-
Total expenses	854,580	(141,048)	190,592	55,672	959,796
Provisions and write-offs - net	(110,206)	-	-	-	(110,206)
Profit / (loss) before tax	(34,786)	490,250	(49,228)	(14,380)	391,856
Balance Sheet					
Cash & Bank balances	1,413,343	1,120,335	-	-	2,533,678
Investments	-	21,094,415	-	-	21,094,415
Net inter segment lending	18,439,953	(18,194,303)	(44,219)	(201,432)	-
Lending to financial institutions	-	1,960,972	-	-	1,960,972
Advances - performing	8,152,263	-	482,028	1,953,246	10,587,537
- non-performing net of provision	175,091	-	47	325,300	500,438
Others	1,105,324	91,188	82,555	57,678	1,336,745
Total Assets	29,285,974	6,072,608	520,410	2,134,793	38,013,785
Borrowings	1,197,304	5,700,000	-	82,380	6,979,684
Deposits & other accounts	25,189,064	-	-	-	25,189,064
Others	5,448,614	15,725	(2,690,361)	(785,847)	1,988,130
Total Liabilities	31,834,982	5,715,725	(2,690,361)	(703,467)	34,156,878
Equity	(2,549,008)	356,883	3,210,771	2,838,260	3,856,907
Total Equity & liabilities	29,285,974	6,072,608	520,410	2,134,793	38,013,785
Contingencies and Commitments	5,552,131	-	-	-	5,552,131

41. TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities. However, the Bank is holding investments of other entities in its IPS account maintained with the State Bank of Pakistan.

Category	As of 31 December 2021 Securities Held (Face Value)				As of 31 December 2020 Securities Held (Face Value)			
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Total	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Total
	(Rupees in '000)				(Rupees in '000)			
Government Entity	3	88,000	110,000	198,000	3	35,000	110,000	145,000

42. RELATED PARTY TRANSACTIONS

The Bank has related party relationships significantly with employee benefits, directors and key management personnel. Government of Pakistan through Ministery of Finance holds 82.64 % of the Bank's share capital.

Transactions with key management personnel are as per the terms of their employment. Contributions to and accruals in respect of staff retirement benefit plans are in accordance with the actuarial valuations. Remuneration of the key management personnel are disclosed in notes 38 to these financial statements. Other transactions are at agreed rates. Details of transactions and balances with related parties, except as disclosed elsewhere in the financial statements, are as follows:

Details of balances and transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements are as follows:

A - BALANCES	Note	2021				2020			
		Director (Acting President)	Other Key management personnel	Other related parties	Total	Director (President)	Other Key management personnel	Other related parties	Total
		(Rupees in '000)							
Un-listed shares	*8.8*	-	-	954	954	-	-	954	954
Advances									
Opening balance		735	24,941	-	25,676	3,688	10,751	-	14,439
Addition during the year		-	17,745	-	17,745	-	12,919	-	12,919
Repaid during the year		(375)	(22,130)	-	(22,505)	(1,373)	(5,262)	-	(6,635)
Transfer in / (out)		-	(15)	-	(15)	(1,580)	6,533	-	4,953
Closing balance		360	20,541	-	20,901	735	24,941	-	25,676

	2021				2020			
	Directors	Other Key management personnel	Other related parties	Total	Directors	Other Key management personnel	Other related parties	Total
	(Rupees in '000)							
Other Assets								
Interest / mark-up accrued	-	209	-	209	-	172	-	172
ATM settlement account	-	-	36,263	36,263	-	-	-	-
	-	209	36,263	36,472	-	172	-	172
Deposits and other accounts								
Opening balance	165	12,987	9,059	22,211	1,753	6,049	3,061	10,863
Received during the year	47,781	84,329	343,415	475,525	40,150	58,420	476,952	575,522
Withdrawn during the year	(36,893)	(89,853)	(341,914)	(468,660)	(42,139)	(57,884)	(470,954)	(570,977)
Transfer in / (out) - net	7,652	330	-	7,982	401	6,402	-	6,803
Closing balance	18,705	7,793	10,560	37,058	165	12,987	9,059	22,211
Other Liabilities								
Interest / mark-up payable	125	171	147	443	13	201	136	350
Payable to staff retirement fund	-	-	40,148	40,148	-	-	58,682	58,682
Retirement benefit payable	383	7,338	-	7,721	7,395	3,773	-	11,168

B - TRANSACTIONS	2021				2020			
	Directors	Other Key management personnel	Other related parties	Total	Directors	Other Key management personnel	Other related parties	Total
	(Rupees in '000)							
Income								
Mark-up / return / interest earned	5	1,232	-	1,237	116	871	-	987
Dividend income	-	-	24,864	24,864	-	-	4,959	4,959
Expense								
Mark-up / return / interest expensed	557	408	597	1,563	68	603	975	1,646
Operating expenses	-	-	5,140	5,140	-	-	4,943	4,943
Charge to defined benefit plan	-	-	21,771	21,771	-	-	21,320	21,320
Remuneration and allowances	5,711	62,959	-	68,671	5,878	58,689	-	64,567

43. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	Note	2021	2020
		(Rupees in '000)	
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)	43.2	1,844,719	3,272,411
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		2,219,672	3,643,522
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		2,219,672	3,643,522
Eligible Tier 2 Capital		246,058	185,689
Total Eligible Capital (Tier 1 + Tier 2)		2,465,730	3,829,211
Risk Weighted Assets (RWAs):			
Credit Risk		6,296,313	6,783,659
Market Risk		777,111	1,719,860
Operational Risk		2,214,238	2,073,931
Total		9,287,662	10,577,450
Common Equity Tier 1 capital adequacy ratio		23.90%	34.45%
Tier 1 capital adequacy ratio		23.90%	34.45%
Total capital adequacy ratio		26.55%	36.20%
Minimum capital requirements prescribed by SBP			
Common Equity Tier 1 Capital Adequacy ratio		6.00%	6.00%
Tier 1 Capital Adequacy Ratio		7.50%	7.50%
Total Capital Adequacy Ratio		18.00%	18.00%

	2021	2020
	(Rupees in '000)	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	2,219,672	3,643,522
Total Exposures	39,704,099	41,230,307
Leverage Ratio	5.59%	8.84%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	9,190,958	19,359,060
Total Net Cash Outflow	3,619,822	8,755,741
Liquidity Coverage Ratio	254%	221%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	25,758,726	35,756,666
Total Required Stable Funding	17,052,052	15,632,203
Net Stable Funding Ratio	151%	229%

43.1 Banks uses simple, maturity method and basic indicator approach for credit risk, market risk and operational risk exposures respectively in the capital adequacy calculation.

43.2 Being a public sector Bank, and in terms of the State Bank of Pakistan prescribed minimum capital requirements vide its letter reference BPRD/BA&CP/627/32/2014 dated 01 January 2014, the Bank is required to have a minimum paid up capital (net of losses) (MCR) of Rs. 3 billion and capital adequacy ratio of 18% at all times, subject to the condition that MCR level shall remain enforced until the Bank remains a public sector entity, the Bank will not be allowed to pay dividend until its paid up capital and reserves reach Rs. 6 billion and the per party exposure limit of the Bank will be 50% of the prudential regulations limits until the Bank's paid up capital and reserves reach Rs. 6 billion. At 31 December 2021, Bank's MCR (representing paid up capital net of accumulated losses) was Rs. 1.84 billion.

The full disclosures on the capital adequacy, leverage ratio & liquidity requirements as per the SBP instructions issued from time to time are placed on the bank's website. The link to the full disclosures is available at http://www.fwbl.com.pk/public-documents Basel-statements.

44. RISK MANAGEMENT

Risk management aspects are embedded in the Bank's strategy, organization structure and processes. The Bank has adopted a cohesive risk management structure for credit, operations, liquidity, market risk with an integrated approach to strengthen the process and system as controls are more effective and valuable when built into the process. Effective risk management is considered essential in the preservation of the assets and long-term profitability of the Bank. Clear guidelines and limits, which are under regular review, are backed by a system of internal controls and independent audit inspections. Internal reporting / MIS are additional tools for measuring and controlling risks. Separation of duties is also embedded in the Bank's system and organization.

44.1 Credit risk

Credit risk is the risk that a customer or counterparty may not settle an obligation for full value, either when due or at any time thereafter. This risk arises from the potential that a customer's or counterparty's willingness or ability to meet such an obligation is impaired, resulting in an economic loss to the Bank.

The credit risk management process is driven by the Bank's Risk Management Policy , Credit Policy for Corporate, Commercial, SME & Agri, Collateral Management Policy, Credit Policy and Credit Manual, which provides policies and procedures in relation to credit initiation, approval, documentation and disbursement, credit maintenance and remedial management.

Individual credit authorities are delegated to credit officers by the Group Executive - Risk & Credit Policy (authorized by BoD) , according to their seasoning / maturity. Approvals for Consumer loans are centralized, while approval authorities for International, Corporate, Commercial, SME and Agri exposures are delegated at a Country / Regional level. Furthermore, credit authorities are also delegated to business teams in various regions for Commercial, SME & Agri lending. All credit policy functions domestic & international are centrally organized.

Concentrations of credit risk exist if clients are engaged in similar activities, or are located in the same geographical region, or have comparable economic characteristics such that their ability to meet contractual obligations would be similarly affected by changes in economic, political or other conditions. The Bank manages, limits and controls concentrations of credit risk to individual counterparties and groups, and to industries, where appropriate. Limits are also applied to portfolios or sectors where the Bank considers it appropriate to restrict credit risk concentrations, or to areas of higher risk, or to control the rate of portfolio growth.

The Bank uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on-balance sheet and off-balance sheet exposures. The methodology applied for using External Credit Assessment Institutions (ECAI's) inclusive of the alignment of alpha numeric scale of each agency used with risk bucket is as per SBP guidelines as is given below:

Types of Exposures and ECAI's used

	2021				
Exposures	**JCR - VIS**	**PACRA**	**S & P**	**Fitch**	**Moody's**
Corporate	✓	✓	-	-	-
Banks	✓	✓	-	-	-
Sovereign	-	-	-	-	-
SME's	✓	✓	-	-	-

**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	ECA Scores	JCR-VIS	PACRA	S&P	Fitch	Moody's
1	0, 1	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3
2	2	A+ A A-	A+ A A-	A+ A A-	A+ A A-	A1 A2 A3
3	3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-	Baa1 Baa2 Baa3
4	4	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	BB+ BB BB-	Ba1 Ba2 Ba3
5	5, 6	B+ B B-	B+ B B-	B+ B B-	B+ B B-	B1 B2 B3
6	7	CCC+ and below	CCC+ and below	CCC+ and below	CCC+ and below	Caa1 and below

44.1.1 **Lending to financial institutions**

Credit risk by public / private sector

	Gross lending		Non-performing lending		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public / Government	75,602	75,602	75,602	75,602	75,602	75,602
Private	2,048,487	2,024,459	63,487	63,487	63,487	63,487
	2,124,089	2,100,061	139,089	139,089	139,089	139,089

44.1.2 **Investment in debt securities**

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public / Government (T-bills and PIBs)	23,814,569	21,085,607	-	-	-	-
Telecommunication	-	7,781	-	7,781	-	7,781
Textile	10,000	10,000	10,000	10,000	10,000	10,000
	23,824,569	21,103,388	10,000	17,781	10,000	17,781

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public / Government	23,814,569	21,085,607	-	-	-	-
Private	10,000	17,781	10,000	17,781	10,000	17,781
	23,824,569	21,103,388	10,000	17,781	10,000	17,781

44.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Agriculture, Forestry, Hunting and Fishing	3,358,781	109,887	4,049	1,236	449	267
Textile	1,766,103	1,929,555	670,346	670,346	670,346	659,768
Chemical & Pharmaceuticals	257,674	69,765	-	-	-	-
Cement	-	-	-	-	-	-
Food and Beverages	709,748	5,526,570	-	-	-	-
Footwear and Leather garments	39,295	64,945	-	23,550	-	23,550
Automobile and transportation equipment	97,633	-	-	-	-	-
Electronics and electrical Appliances	120,061	93,385	-	-	-	-
Construction	632,416	557,934	596,918	-	583,260	-
Power (electricity), Gas, Water, Sanitary	386,392	331,325	101,500	122,452	101,500	60,430
Wholesale and Retail Trade	1,136,226	1,029,561	676,276	-	674,779	-
Transport, Storage and Communication	4,658	-	-	-	-	-
Services	1,697,791	108,608	79,963	-	64,596	-
Individuals	916,542	654,056	1,599	968	1,367	923
Others	921,835	2,053,036	572,425	1,102,309	584,855	675,485
	12,045,155	12,528,627	2,703,076	1,920,861	2,681,152	1,420,423

Credit risk by public / private sector	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Public/ Government	3,926,291	4,548,195	-	1,920,861	-	-
Private	8,118,864	7,980,432	2,703,076	-	2,681,152	1,420,423
	12,045,155	12,528,627	2,703,076	1,920,861	2,681,152	1,420,423

44.1.4 Contingencies and Commitments

	2021	2020
	(Rupees in '000)	
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	4,135	2,000
Textile	122,270	278,811
Chemical and Pharmaceuticals	145,312	7,106
Sugar	-	55,427
Electronics and electrical appliances	-	55,463
Construction	2,973,722	1,379,550
Power (electricity), Gas, Water, Sanitary	274,434	1,931,627
Wholesale and Retail Trade	1,067,930	522,137
Exports/Imports	3,732	-
Transport, Storage and Communication	152,303	18,595
Financial	-	-
Services	170,329	82,215
Individuals	-	44,630
Others	14,178	1,174,570
	4,928,345	5,552,131
Credit risk by public / private sector		
Public/ Government	-	-
Private	4,928,345	5,552,131
	4,928,345	5,552,131

44.1.5 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 8,756 million (2020: Rs 8,982 million) are as following:

	2021	2020
	(Rupees in '000)	
Funded	6,551,060	6,270,831
Non Funded	2,205,480	2,711,790
Total Exposure	8,756,540	8,982,621

The sanctioned limits against these top 10 exposures aggregated to Rs 12,340 million (2020: Rs 12,416 million).

Total Funded Classified therein	2021		2020	
	Amount	Provision Held	Amount	Provision Held
	(Rupees in '000)			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	944,269	944,269	279,123	279,123
	944,269	944,269	279,123	279,123

44.1.6 Advances - Province/Region-wise Disbursement & Utilization

Province / Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Punjab	7,987,756	7,987,756	-	-	-	-	-
Sindh	5,300,826	-	5,300,826	-	-	-	-
KPK including FATA	86,279	-	-	86,279	-	-	-
Balochistan	18,805	-	-	-	18,805	-	-
Islamabad	1,243,067	-	-	-	-	1,243,067	-
AJK including Gilgit-Baltistan	33,596	-	-	-	-	-	33,596
Total	14,670,329	7,987,756	5,300,826	86,279	18,805	1,243,067	33,596

Province / Region	2020						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000)					
Punjab	9,864,721	9,864,721	-	-	-	-	-
Sindh	7,776,993	-	7,776,993	-	-	-	-
KPK including FATA	39,719	-	-	39,719	-	-	-
Balochistan	21,410	-	-	-	21,410	-	-
Islamabad	406,132	-	-	-	-	406,132	-
AJK including Gilgit-Baltistan	18,250	-	-	-	-	-	18,250
Total	18,127,225	9,864,721	7,776,993	39,719	21,410	406,132	18,250

44.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. Each of these components of market risk consists of a general market risk and a specific market risk that is driven by the nature and composition of the portfolio.

Measuring and controlling market risk is usually carried out at a portfolio level. However, certain controls are applied, where necessary, to individual risk types, to particular books and to specific exposures. Controls are also applied to prevent any undue risk concentrations in trading books, taking into account variations in price, volatility, market depth and liquidity. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors and issuers.

Trading activities are centered in the Treasury and Capital Markets Group which facilitates clients and also runs proprietary positions. The Bank is active in the cash and derivative markets for equity, interest rate and foreign exchange.

The Market and Treasury Risk division performs market risk management activities. Within this division, the Market Risk Management unit is responsible for the development and review of market risk policies and processes, and is involved in research, financial modeling and testing / implementation of risk management systems, while Treasury Middle Office is responsible for implementation and monitoring of market risk and other policies, escalation of deviations to senior management, and MIS reporting.

The functions of the Market Risk Management unit are as follows:

- To keep the market risk exposure within the Bank's risk appetite as assigned by the BoD and the BRCC.
- To develop, review and upgrade procedures for the effective implementation of market risk management policies approved by the BoD and BRCC.
- To review new product proposals and propose / recommend / approve procedures for the management of their market risk. Various limits are assigned to different businesses on a product / portfolio basis. The products are approved through product programs, where risks are identified and limits and parameters are set. Any transactions / products falling outside these product programs are approved through separate transaction / product memos.
- To maintain a comprehensive database for performing risk analysis, stress testing and scenario analysis. Stress testing activities are performed on a quarterly basis on both the Banking and Trading books.

44.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	2,636,980	-	2,636,980	2,337,454	-	2,337,454
Balances with other banks	181,575	-	181,575	196,224	-	196,224
Lending to financial institutions	1,985,000	-	1,985,000	1,960,972	-	1,960,972
Investments	23,778,583	-	23,778,583	21,094,415	-	21,094,415
Advances	9,333,443	-	9,333,443	11,087,975	-	11,087,975
Fixed assets	666,117	-	666,117	639,710	-	639,710
Intangible assets	44,083	-	44,083	51,135	-	51,135
Other assets	481,972	-	481,972	645,900	-	645,900
	39,107,753	-	39,107,753	38,013,785	-	38,013,785

44.2.2 Foreign Exchange Risk

Foreign Exchange Risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. Exposures are monitored by currency to ensure that they remain within the established limits for each currency. Exposures are also monitored on an overall basis to ensure compliance with the Bank's SBP approved Foreign Exchange Exposure Limit.

The Bank is an active participant in the cash and derivatives markets for currencies and carries currency risk from these trading activities, conducted primarily by the Treasury and Capital Markets Group (TCM). These trading exposures are monitored through prescribed stress tests and sensitivity analyses.

The Bank's reporting currency is the Pakistan Rupee, but its assets, liabilities, income and expenses are denominated in multiple currencies. From time to time, TCM proactively hedges foreign currency exposures resulting from its market making activities, subject to pre-defined limits.

	2021				2020			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)							
United States Dollar	430,873	432,319	-	(1,446)	465,683	470,579	-	(4,896)
Great Britain Pound Sterling	6,314	6,231	-	83	8,075	8,245	-	(170)
Euro	17,414	11,939	-	5,475	17,666	15,759	-	1,907
Japanese Yen	369	-	-	369	374	-	-	374
Other currencies	103	-	-	103	506	-	-	506
	455,073	450,489	-	4,584	492,304	494,583	-	(2,280)

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account				
+1% change	46	-	(23)	-
-1% change	(46)	-	23	-
- Other comprehensive income				
+1% change	-	-	-	-
-1% change	-	-	-	-

44.2.3 *Yield / Interest Rate Risk*

Interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Interest rate risk is also controlled through flexible credit pricing mechanism and variable deposit rates. Duration analysis and stress testing are being carried out regularly to estimate the impact of adverse changes in the interest rates on bank's fixed income portfolio. Optimization of yield is achieved through the Bank's strategy which aims on attaining a balance between yield and liquidity under the strategic guidance of ALCO. The advances and deposits of the Bank are repriced on a periodic basis based on interest rates scenario. Details of the interest rate profile of the Bank based on the earlier of contractual repricing or maturity date is as follows:

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	19,290	-	32,262	-
- Other comprehensive income	-	-	-	-

44.2.4 *Mismatch of Interest Rate Sensitive Assets and Liabilities*

Interest rate sensitivity gaps for assets and liabilities has been reported based on earlier of the repricing and maturity date.

			2021									
	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		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.00%	2,636,980	107,152	-	-	-	-	-	-	-	-	2,529,828
Balances with other banks		181,575	-	-	-	-	-	-	-	-	-	181,575
Lending to financial institutions	10.35% - 10.45%	1,985,000	1,985,000	-	-	-	-	-	-	-	-	-
Investments	7.38% to 11.50%	23,778,583	6,808,247	5,530,944	9,195,370	2,243,068	-	-	-	-	-	954
Advances	0% - 20.50%	9,333,443	1,542,354	3,421,710	1,021,255	644,787	437,298	412,697	1,200,764	640,211	-	12,367
Other assets		307,826	-	-	-	-	-	-	-	-	-	307,826
		38,223,407	10,442,753	8,952,654	10,216,625	2,887,855	437,298	412,697	1,200,764	640,211	-	3,032,550
Liabilities												
Bills payable		261,585	-	-	-	-	-	-	-	-	-	261,585
Borrowings	0% - 10.25%	9,679,443	4,505,861	3,989,086	-	976,106	52,098	52,098	52,098	52,098	-	-
Deposits and other accounts	0% - 12.75%	25,361,623	2,873,562	1,820,178	477,903	4,316,008	544,431	5,402,259	2,611,247	1,293,851	646,925	5,375,258
Other liabilities		991,787	-	-	-	-	-	-	-	-	-	991,787
		36,294,438	7,379,423	5,809,264	477,903	5,292,114	596,529	5,454,357	2,663,345	1,345,949	646,925	6,628,630
On-balance sheet gap		1,928,969	3,063,330	3,143,390	9,738,722	(2,404,259)	(159,231)	(5,041,660)	(1,462,581)	(705,738)	(646,925)	(3,596,080)
Non Financial Net Assets		550,284										
Total Net Assets		2,479,253										
Off-balance sheet financial instruments												
Forward foreign exchange contracts - Purchase		-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts -Sale		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total Yield/Interest Risk Sensitivity Gap		1,928,969	3,063,330	3,143,390	9,738,722	(2,404,259)	(159,231)	(5,041,660)	(1,462,581)	(705,738)	(646,925)	(3,596,080)
Cumulative Yield/Interest Risk Sensitivity Gap			3,063,330	6,206,720	15,945,442	13,541,183	13,381,952	8,340,292	6,877,711	6,171,973	5,525,048	1,928,968

	2020											
	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		(Rupees in '000)										
Assets												
Cash and balances with treasury banks	0.70%	2,337,454	63,302	-	-	-	-	-	-	-	-	2,274,152
Balances with other banks		196,224	-	-	-	-	-	-	-	-	-	196,224
Lending to financial institutions	6.5% - 7.25%	1,960,972	1,960,972	-	-	-	-	-	-	-	-	-
Investments	7.0% - 13.13%	21,094,413	2,939,836	5,661,967	4,082,930	600,224	407,007	5,902,195	-	1,499,300	-	954
Advances	0% - 22.93%	11,087,977	1,351,246	5,119,899	999,473	965,236	962,184	252,036	1,206,759	218,777	-	12,367
Other assets		645,900	-	-	-	-	-	-	-	-	-	645,900
		37,322,940	6,315,356	10,781,866	5,082,403	1,565,460	1,369,191	6,154,231	1,206,759	1,718,077	-	3,129,597
Liabilities												
Bills payable		517,258	-	-	-	-	-	-	-	-	-	517,258
Borrowings	0% - 7%	6,979,684	6,109,594	300,700	200,000	300,058	915	1,084	67,333	-	-	-
Deposits and other accounts	0% - 13.50%	25,189,064	14,478,932	1,186,269	2,342,213	1,974,435	35,825	195,636	14,940	-	-	4,960,814
Other liabilities		1,410,724	-	-	-	-	-	-	-	-	-	1,410,724
		34,096,730	20,588,526	1,486,969	2,542,213	2,274,493	36,740	196,720	82,273	-	-	6,888,796
On-balance sheet gap		3,226,210	(14,273,170)	9,294,897	2,540,190	(709,033)	1,332,451	5,957,511	1,124,486	1,718,077	-	(3,759,199)
Non Financial Net Assets		630,697										
Total Net Assets		3,856,907										
Off-balance sheet financial instruments												
Forward foreign exchange contracts - Purchase		-	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts -Sale		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		3,226,210	(14,273,170)	9,294,897	2,540,190	(709,033)	1,332,451	5,957,511	1,124,486	1,718,077	-	(3,759,199)
Cumulative yield / interest risk sensitivity gap			(14,273,170)	(4,978,273)	(2,438,083)	(3,147,116)	(1,814,665)	4,142,846	5,267,332	6,985,409	6,985,409	3,226,210

44.2.4.1 The details given above are on the basis of earlier of repricing or maturity / redemption

Reconciliation of Assets and Liabilities exposed to Yield/Interest Rate Risk with Total Assets and Liabilities

Reconciliation to total assets

	2021	2020
	(Rupees in '000)	
Total financial assets	**38,223,407**	37,322,940
Add: Non financial assets		
Operating fixed assets	**666,117**	639,710
Intangible assets	**44,083**	51,135
Other assets	**174,146**	-
	884,346	690,845
Balance as per statement of financial position	**39,107,753**	38,013,785

Reconciliation to total liabilities

	2021	2020
	(Rupees in '000)	
Total financial liabilities	**36,294,438**	34,096,730
Add: Non financial liabilities		
Other liabilities	**250,857**	-
Deferred tax liabilities	**83,205**	60,148
	334,062	60,148
Balance as per statement of financial position	**36,628,500**	34,156,878

44.2.4.2 Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Bank is exposed to various risks associated with the effects of fluctuation in the prevailing levels of market interest rates on its financial position and cash flows. The Bank manages this risk by matching the re-pricing of assets and liabilities and off-balance sheet instruments.

44.3 Operational Risk

The Bank operates in a controlled manner and operational risk is generally managed effectively. With the evolution of operation risk management into a separate distinct discipline, the Bank's strategy is to further strengthen risk management system along new industry standards.

The Bank's operational risk management strategy takes guidance from Basel – II, Committee of Sponsoring Organization of Treadway Commission (COSO) publications, the SBP guidelines and standard industry practices. The operational risk management manual addresses enterprise wide risk drivers inclusive of technology infrastructure, software hardware and I.T. security.

The Bank's ORM framework includes Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRIs), Operational Risk Events Management, and Operational Risk Reporting. The ORM unit engages with Bank's business / support units and regularly collaborates in determining and reviewing the risks, and assessment of residual risk leading to improved quality of control infrastructure and strengthening of the processes (sub processes) & management information.

The Bank's business continuity plan includes risk management strategies to mitigate inherent risk and prevent interruption of mission critical services caused by disaster event. The Bank's operational risk management infrastructure has been further strengthened through the establishment of a separate operational and risk control unit.

The Bank uses Basic Indicator Approach (BIA) for regulatory capital at risk calculation for operational risk. Under BIA the capital charge for operational risk is a fixed percentage of average positive annual gross income of the Bank over the past three years. Figures of capital charge of operation risk for the year is Rs. 177.14 million (2020: Rs. 122.67 million).

44.4 Liquidity Risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments.

Governance of Liquidity risk management

ALCO manages the liquidity position on a continuous basis.

Liquidity and related risks are managed through standardized processes established in the Bank. The management of liquidity risk within the Bank is undertaken within limits and other parameters set by BoD. The Bank's treasury function has the primary responsibility for assessing, monitoring and managing the Bank's liquidity and funding strategy while overall compliance is monitored and coordinated by the ALCO. Board and senior management are apprised of Bank's liquidity profile to ensure proactive liquidity management. Treasury Middle Office being part of the risk management division is responsible for the independent identification, monitoring and analysis of intrinsic risks of treasury business. The Bank has in place duly approved Treasury investment policy and strategy along with liquidity risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Bank.

Funding Strategy

The Bank's liquidity model is based on "self-reliance" with an extensive branch network to diversify the Bank deposit base. Further, the Bank can also generate liquidity from Interbank market against government securities to fund its short term requirement, if any. The Bank as a policy invests significantly in highly liquid government securities that can be readily converted into cash to meet unforeseen liquidity requirements, besides yielding attractive returns. Furthermore, long term loans are generally kept at an amount lower than the Bank's capital / reserves.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios which are monitored regularly against approved triggers and communicated to senior management and ALCO. Further, Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. The Bank also ensures that statutory cash and liquidity requirements are maintained at all times.

Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, Liquidity stress testing is being conducted under well-defined stress scenarios. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Bank.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the Bank which defines and identifies the factors that can instigate a liquidity crisis and the actions to be taken to manage the crisis. The Bank has a comprehensive liquidity contingency funding plan in place, which highlights liquidity management strategy to be followed under stress conditions. Contingency Event Management parameters and responsibilities are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources focusing on self-reliance, in case of a liquidity crisis.

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

	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
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	2,636,980	2,636,980	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	181,575	181,575	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	1,985,000	-	985,000	1,000,000	-	-	-	-	-	-	-	-	-	-
Investments	23,778,583	-	-	1,993,408	4,567,064	1,679,311	2,847,734	3,994,510	393,713	903,143	5,894,950	-	-	1,504,750
Advances	9,333,443	69,211	294,420	343,739	834,984	365,138	3,056,572	1,021,255	436,381	208,406	437,298	412,697	1,200,764	652,578
Fixed assets	666,117	146	874	1,020	2,477	4,080	4,517	13,259	13,404	13,404	53,180	53,184	84,049	422,523
Intangible assets	44,083	24	143	166	404	666	737	2,164	7,798	7,798	8,681	8,681	1,950	4,870
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	481,972	4,027	24,163	28,191	64,721	116,727	113,043	36,841	36,841	37,246	-	-	-	20,172
	39,107,753	2,891,962	1,304,600	3,366,524	5,469,650	2,165,922	6,022,603	5,068,029	888,137	1,169,997	6,394,109	474,562	1,286,763	2,604,893
Liabilities														
Bills payable	261,585	261,585	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	9,679,443	69	4,504,146	480	1,166	1,488,023	2,501,063	-	-	976,106	52,098	52,098	52,098	52,098
Deposits and other accounts	25,361,624	1,918,527	1,793,442	2,887,087	1,649,764	728,071	1,092,107	477,903	1,726,403	2,589,605	544,431	5,402,259	2,611,247	1,940,776
Deferred tax liabilities	83,204	18	109	127	309	510	564	1,656	1,674	1,674	6,643	6,643	10,499	52,778
Other liabilities	1,242,644	22,856	61,483	70,883	447,178	63,627	38,768	86,782	34,201	32,781	73,586	51,233	84,805	174,461
	36,628,500	2,203,055	6,359,180	2,958,577	2,098,417	2,280,230	3,632,502	566,341	1,762,279	3,600,166	676,758	5,512,233	2,758,618	2,220,113
Net assets	2,479,253	688,907	(5,054,580)	407,947	3,371,233	(114,308)	2,390,101	4,501,688	(874,142)	(2,430,169)	5,717,352	(5,037,671)	(1,471,855)	384,780
Share capital	3,994,113													
Reserves	419,036													
Surplus on revaluation of assets	215,498													
Accumulated loss	(2,149,394)													
	2,479,253													

	Total	2020													
		Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	2,337,454	2,337,454	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	196,224	196,224	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	1,960,972	-	1,960,972	-	-	-	-	-	-	-	-	-	-	-
Investments	21,094,415	-	-	1,895,272	1,044,563	3,452,725	2,209,243	4,082,898	600,229	954	407,036	5,902,195	-	1,499,300
Advances	11,087,975	488,934	3,179	59,743	446,981	368,767	4,751,663	993,048	488,643	475,056	957,896	262,491	1,083,956	707,618
Fixed assets	639,710	161	956	1,115	2,708	4,461	4,928	14,497	14,656	14,656	58,147	58,150	89,241	376,024
Intangible assets	51,135	26	154	181	439	723	800	2,349	2,375	2,375	9,423	9,423	16,705	6,162
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	645,900	32,204	96,597	112,697	273,692	10,958	12,132	35,612	36,004	36,004	-	-	-	-
	38,013,785	3,055,003	2,061,858	2,069,008	1,768,383	3,837,634	6,978,776	5,128,404	1,141,907	529,045	1,432,502	6,232,259	1,189,902	2,589,104
Liabilities														
Bills payable	517,258	517,258	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	6,979,684	709,593	5,400,000	-	-	300,000	700	200,000	-	300,058	915	455	67,963	-
Deposits and other accounts	25,189,064	55,168	43,455	454,007	471,022	625,566	824,025	2,391,349	903,334	1,820,885	1,054,737	1,527,705	6,694,234	8,323,577
Deferred tax liabilities	60,148	1,295	522	918	1,650	770	590	1,341	781	683	2,779	2,712	5,424	40,683
Other liabilities	1,410,724	709,092	138,988	162,153	393,800	621	601	1,803	1,843	1,823	-	-	-	-
	34,156,878	1,992,406	5,582,965	617,078	866,472	926,957	825,916	2,594,493	905,958	2,123,449	1,058,431	1,530,872	6,767,621	8,364,260
Net assets	3,856,907	1,062,597	(3,521,107)	1,451,930	901,911	2,910,677	6,152,860	2,533,911	235,949	(1,594,404)	374,071	4,701,387	(5,577,719)	(5,775,156)
Share capital	3,994,113													
Reserves	419,036													
Surplus on revaluation of assets	165,460													
Accumulated loss	(721,702)													
	3,856,907													

All demand assets and liabilities such as running finance, current accounts and saving accounts are shown as having a maturity up to one month. However, based on historical behavior, management is of the opinion that the possibility of these inflows / outflows actually occurring entirely within one month is remote, as these flows normally occur over a longer period of time.

44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank (as per the workings prepared by the Asset and liability Management Committee (ALCO) of the bank)

	Total	2021								
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	2,636,980	2,636,980	-	-	-	-	-	-	-	-
Balances with other banks	181,575	181,575	-	-	-	-	-	-	-	-
Lending to financial institutions	1,985,000	1,985,000	-	-	-	-	-	-	-	-
Investments	23,778,583	6,560,472	4,527,045	3,994,510	1,296,856	5,894,950	-	-	1,504,750	-
Advances	9,333,443	1,542,354	3,421,710	1,021,255	644,787	437,298	412,697	1,200,764	652,578	-
Fixed assets	666,117	4,517	8,596	13,259	26,809	53,180	53,184	84,049	422,523	-
Intangible assets	44,083	737	1,403	2,164	15,596	8,681	8,681	1,950	4,871	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	481,972	121,101	229,770	36,841	74,088	-	-	-	20,172	-
	39,107,753	13,032,736	8,188,524	5,068,029	2,058,135	6,394,109	474,562	1,286,763	2,604,894	-
Liabilities										
Bills payable	261,585	261,585	-	-	-	-	-	-	-	-
Borrowings	9,679,443	4,505,861	3,989,086	-	976,106	52,098	52,097	52,097	52,098	-
Deposits and other accounts	25,361,624	8,248,820	1,820,178	477,903	4,316,008	544,431	5,402,259	2,611,247	1,293,851	646,925
Deferred tax liabilities	83,205	564	1,074	1,656	3,349	6,643	6,643	10,499	52,777	-
Other liabilities	1,242,644	602,401	102,394	86,782	66,982	73,586	51,233	84,805	174,461	-
	36,628,500	13,619,231	5,912,732	566,341	5,362,445	676,758	5,512,232	2,758,648	1,573,187	646,925
Net assets	2,479,253	(586,495)	2,275,792	4,501,688	(3,304,310)	5,717,351	(5,037,670)	(1,471,884)	1,031,708	(646,925)
Share capital	3,994,113									
Reserves	419,036									
Surplus on revaluation of assets	215,498									
Accumulated loss	(2,149,394)									
	2,479,253									

	Total	2020								
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	2,337,454	2,337,454	-	-	-	-	-	-	-	-
Balances with other banks	196,224	196,224	-	-	-	-	-	-	-	-
Lending to financial institutions	1,960,972	1,960,972	-	-	-	-	-	-	-	-
Investments	21,094,415	2,939,835	5,661,968	4,082,898	601,183	407,036	5,902,195	-	1,499,300	-
Advances	11,087,975	998,837	5,120,430	993,048	963,699	957,896	262,491	1,083,956	707,618	-
Fixed assets	639,710	4,940	9,399	14,497	29,312	58,147	58,150	89,241	376,024	-
Intangible assets	51,135	800	1,523	2,349	4,750	9,423	9,423	16,705	6,162	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	645,900	515,190	23,090	35,612	72,008	-	-	-	-	-
	38,013,785	8,954,252	10,816,410	5,128,404	1,670,952	1,432,502	6,232,259	1,189,902	2,589,104	-
Liabilities										
Bills payable	517,258	517,258	-	-	-	-	-	-	-	-
Borrowings	6,979,684	6,109,593	300,700	200,000	300,058	915	455	67,963	-	-
Deposits and other accounts	25,189,064	1,023,652	1,449,591	2,391,349	2,724,219	1,054,737	1,527,705	6,694,234	8,323,577	-
Deferred tax liabilities	60,148	4,385	1,360	1,341	1,464	2,779	2,712	5,424	40,683	-
Other liabilities	1,410,724	1,404,033	1,222	1,803	3,666	-	-	-	-	-
	34,156,878	9,058,921	1,752,873	2,594,493	3,029,407	1,058,431	1,530,872	6,767,621	8,364,260	-
Net assets	3,856,907	(104,669)	9,063,537	2,533,911	(1,358,455)	374,071	4,701,387	(5,577,719)	(5,775,156)	-
Share capital	3,994,113									
Reserves	419,036									
Surplus on revaluation of assets	165,460									
Accumulated loss	(721,702)									
	3,856,907									

45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on 29 DEC 2023.

Chief Financial Officer	President / Chief Executive	Director	Director	Director