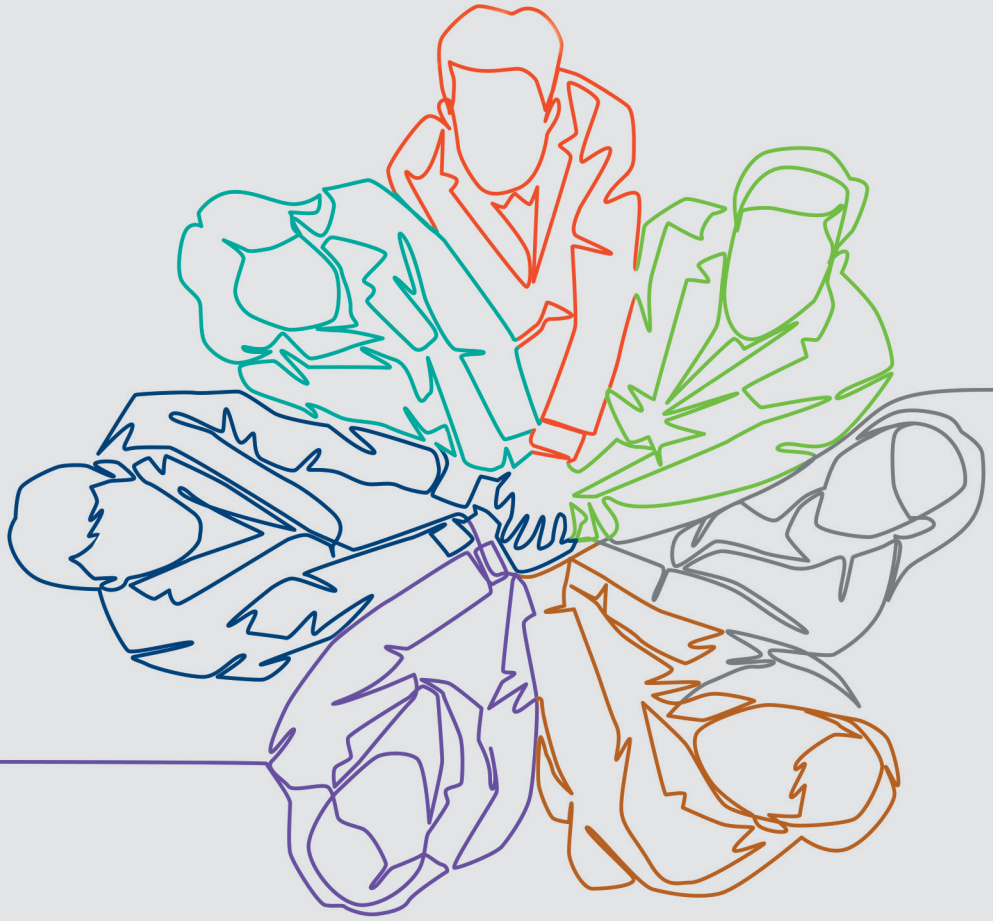


THE BANK OF PUNJAB

ANNUAL REPORT 2023

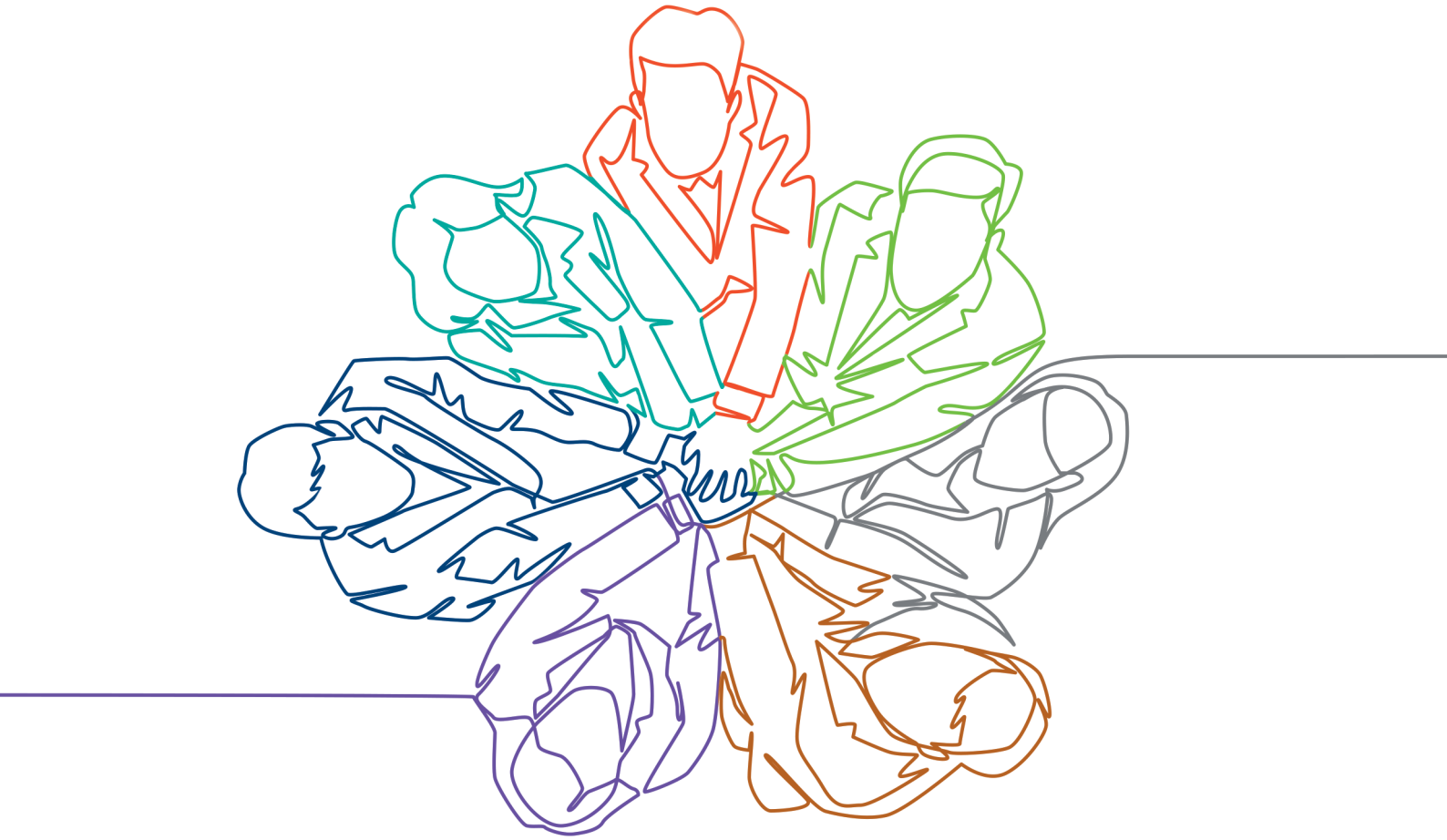
BOUND BY COLLABORATIVE SPIRIT

BOUND BY COLLABORATIVE SPIRIT

At the heart of The Bank of Punjab's (BOP) annual report lies a vivid representation of our core ethos - “Bound by Collaborative Spirit.” The cover image, capturing hands joined in unity, encapsulates the very essence of our success. This year marks a transformative journey, defined by collaboration within and beyond traditional boundaries.

United by a shared vision, our organisational landscape has evolved, breaking down barriers and fostering an environment where collaboration is the driving force behind our achievements. This collaborative synergy extends beyond individuals to embrace the integration of cutting-edge technology, creating a seamless and dynamic ecosystem.

Let us continue to work hand in hand, leveraging the strength of collaboration across departments, individuals, and technology, shaping a future where unity and collaboration are the cornerstones of our journey.



ABOUT THE REPORT 2023

Statement of Adherence with the International Integrated Reporting Framework

The annual report of The Bank of Punjab (BOP) has been prepared in compliance with established reporting standards. BOP integrated report duly explains the value created by the Bank in its normal course of business for its stakeholders. The annual report also describes in detail the Bank's business model, long term & short strategy, risk & opportunities and governing rules & regulations. The annual report has been prepared in accordance with the criteria set out by joint committee of ICAP & ICMAP for Best Corporate Report Awards 2023.

The Bank of Punjab is one of the leading commercial Bank of the Country playing effective role in improving financial inclusion thereby ensuring a sustained and balanced growth of all segment of society. Being a public sector entity with majority shareholding of Government of the Punjab, BOP is also leading all major initiatives of GOPb directed towards poverty alleviation. The Bank with a large network of online branches providing modern banking services to its diverse clientele of over 2 million spread across Country thereby impacting lives of millions of peoples.

With a view to provide details information of its financial & non-financial activities, the Bank has adopted International Integrated Reporting. Going forward, the Bank shall continue to improve upon its reporting in line with growing needs of its stakeholders.

Scope and Boundary of BOP Annual Report 2023

Integrated Reporting

Contents

- Organizational Overview and Operating Environment
- Strategy and Resource Allocation
- Risks and Opportunities
- Sustainability and Corporate Social Responsibility (CSR)
- Governance
- Analysis of the Financial Information
- Business Model
- IT Governance and Cybersecurity
- Stakeholders Relationship and Engagement
- Awards & Achievements
- Fair Treatment of Customers Framework & Consumer Grievance

Scope

- Integrated Reporting Framework
- Banking Companies Ordinance, 1962
- Companies Act, 2017
- Listed Companies (Code of Corporate Governance) Regulations, 2019
- The Bank of Punjab Act 1989

Financial Reporting

Contents

- Standalone Financial Statements of BOP
- Consolidated Financial Statement of BOP Group

Scope

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan (SECP)
- Requirements of The Bank of Punjab Act, 1989
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017

Reporting Period

The annual report of BOP for year 2023 covers all financial and non-financial information about the Bank and its Group of companies for the period 01-01-2023 to 31-12-2023. However, any material event occurred after 31-12-2023 but before approval of Financial Statements by BOD as on 20-02-2024, have also been included in this report.

Assurance by External Auditors

The Financial Statements of BOP for year 2023 have been audited and assured by M/s A.F. Ferguson & Co., Chartered Accountants.

Materiality

Al information presented in annual report has been prepared and incorporated on the basis of concept of materiality.

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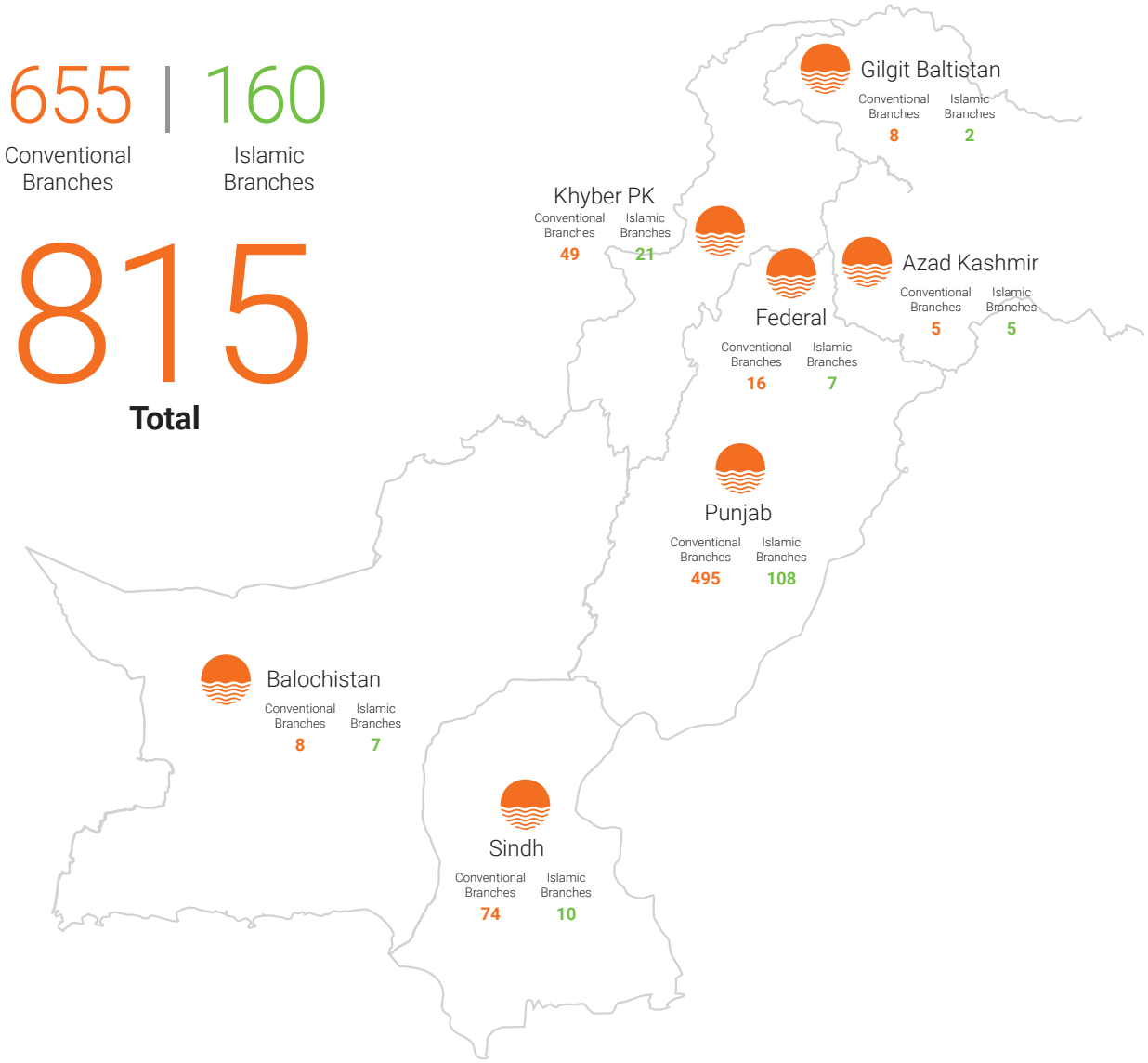
THE BANK OF PUNJAB – A BRIEF PROFILE

The Bank of Punjab was established in 1989 under The Bank of Punjab Act, 1989. The Bank was granted status of a scheduled Bank in 1994 by SBP and currently carries a strong network of 815 online branches across the Country along with ATM network of 794 offering 24/7 banking services to its diverse clientele.

The Bank is also offering Islamic Banking services to its valued clients through 73 Islamic Banking Windows. The Bank's Head Office is located in Lahore whereas Treasury & Capital Market and Corporate & Investment Banking are being managed from state of the art offices established in Karachi.

The Bank of Punjab is the second largest public sector commercial Bank of the Country. The Bank fully adhere to Prudential Regulations of State Bank of Pakistan and all other governing rules & regulations.

Geographical breakdown of Bank's branch network as on December 31, 2023 is as under:



- Including 16 Sub-Branches and - 73 Islamic banking windows

The Government of the Punjab (GOPb) being majority shareholder and sponsor of the Bank, holds 57.47% shares of the Bank. As majority shareholder, Chairman of the Board is appointed by the Government of the Punjab. Further, in terms of section 10(3) of The Bank of Punjab Act, 1989, the Chairman shall preside over meeting of Board of Directors and shall have a casting vote, but he shall not exercise any executive authority or power. The President/CEO, is appointed by the Government of the Punjab. The President shall be the chief executive officer of the Bank and shall, subject to any bye-laws made in this behalf, direct and control, on behalf of the Board, the affairs of the Bank.

The Bank of Punjab is offering range of products and services to its diverse clientele to meet their modern banking needs. The Bank has a very strong footprint in the areas of Corporate & Investment, Commercial, SME, Agriculture and Consumer financing products. The Bank's TAQWA Islamic Banking commenced operations in year 2013 and is currently offering a complete range of Shariah compliant products and services to its valued clients. Additionally, Bank is also offering Credit Card, Branchless Banking, Mobile Banking, Internet Banking and Cash Management services to its clients.

The Bank of Punjab Group has following Subsidiaries:

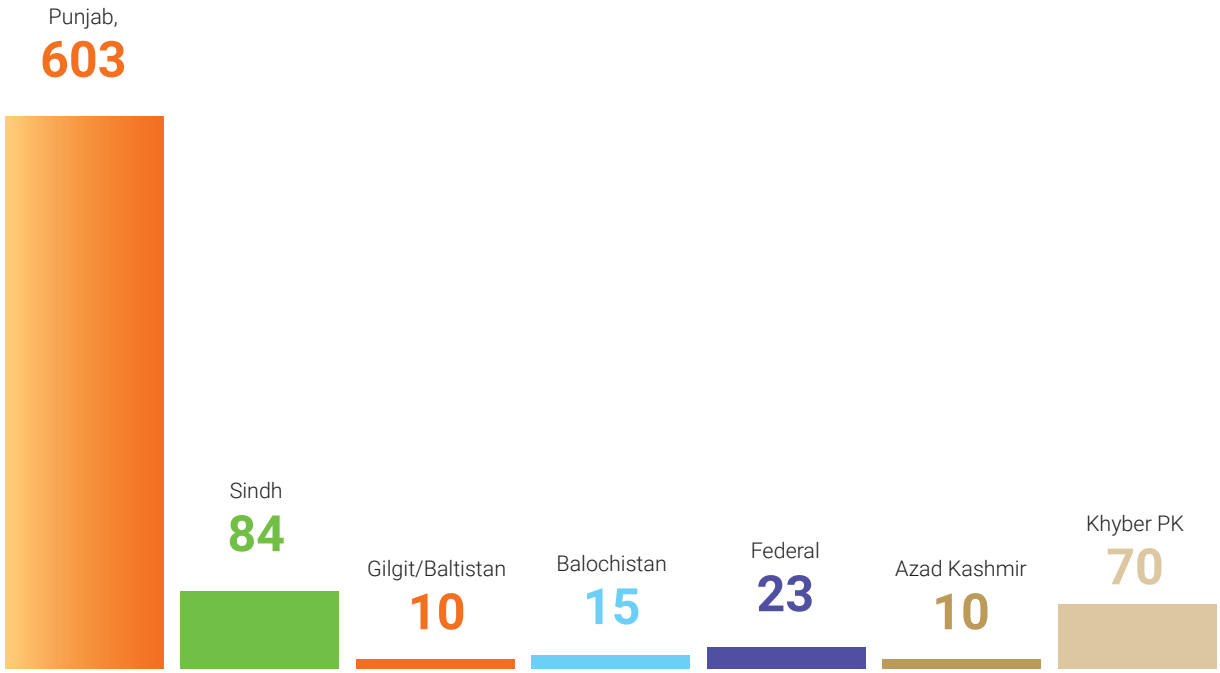
Sr. No.	Name
1	Punjab Modaraba Services (Private) Limited, a modaraba management company
2	First Punjab Modaraba, a modaraba company managed by Bank's wholly owned subsidiary
3	Punjab Capital Securities (Private) Limited, a brokerage company

The subsidiaries are incorporated in Pakistan and operates in Pakistan only.

Detail of Percentage Shareholding in Subsidiaries is As Follows:

Subsidiaries	2023	2022
Punjab Modaraba Services (Private) Limited	100.00%	100.00%
First Punjab Modaraba	39.16%	39.16%
Punjab Capital Securities (Private) Limited	100.00%	39.16%

During the year 2023, the Bank has acquired 100% shares of Punjab Capital Securities (Private) Limited from First Punjab Modaraba to attain 100% control of the company.





ORGANIZATIONAL OVERVIEW AND OPERATING ENVIRONMENT



VISION

“Your banking partner in creating value and improving lives”.

MISSION

“Meet customer needs through innovative technology products/services to drive business growth while promoting financial inclusion, diversity and prosperity across the nation with a motivated team through culture of excellence and empathy”





CORE VALUES "E-TIME".



Empathy



Teamwork



Innovation



Meritocracy



Excellence

to ensure best in class customer service



CREDIT RATING

BOP Credit rating is AA+ for Long term and A1+ for short term by PACRA.

Rating Definition

AA+

LONG TERM RATING AA+: Very High Credit Quality. AA Ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable for foreseeable events.

A1+

SHORT TERM RATING A1+: Obligations supported by the highest capacity for timely repayment

PRODUCTS & SERVICES

Details of some key conventional banking liability products are as under:

Current Deposits	Saving Deposits	Term Deposits
• BOP Tijarat Account • BOP Life Current Account • BOP Salary Plus Account • BOP Youth Education Account • BOP FCY Supreme Current Account • BOP Current Account • BOP Current Direct Pension Credit Account • BOP Basic Banking Account • BOP Asaan Current Account • BOP Asaan Remittance Current Account • BOP Kissan Dost Current Account • BOP GID Business Current Account • BOP FCY Current Account • BOP@Work Current Account • BOP Freelancer Digital Account • BOP NAAZ Current Account • BOP SACA Account	• PLS Saving Bank Account • BOP Behtareen Munafa Account • Corporate Premium Account • BOP FCY Supreme Saving Account • BOP Young Lions Saving Account • BOP PLS Direct Pension Credit Account • BOP Asaan Saving Account • BOP PLS LG Account • Kissan Dost Saving Account • BOP FCY Saving Account • BOP@Work Savings Account • Corporate Premium Plus Account • BOP NAAZ Savings Account	• BOP Bonus Munafa Term Deposit • PLS Term Deposit • Foreign Currency Term Deposit

BOP Roshan Digital Account

Roshan Digital Account is a major initiative of State Bank of Pakistan which provides banking solutions for millions of Non Resident Pakistanis. BOP offers Roshan Digital Account for Non-Resident and Resident Pakistanis (with declared assets held abroad) to invest in Pakistan with ease. Customer can open either Foreign Currency USD/ GBP/EUR or Pak Rupee denominated account, under Conventional Banking and Islamic Banking, with exciting investment opportunities i.e Naya Pakistan Certificates/ Islamic Naya Pakistan Certificate issued by government and Term deposit products/Riba Free Certificates of the Bank.

BOP KHAAS BANKING

- BOP Khaas Current Account - It is a current account for all individual and sole proprietor customers who have relationship balance of PKR 3 million or Clients with monthly salary of PKR 500K or more. These accounts will be allowed to grow in 12-month period to reach minimum threshold of PKR 3million as relationship balance.
- BOP Khaas Saving Account - It is a saving account for all individual and sole proprietor customers who have relationship balance of PKR 3 million or Clients with monthly salary of PKR 500K or more. These accounts will be allowed to grow in 12-month period to reach minimum threshold of PKR 3million as relationship balance.

BANCASSURANCE

"Bancassurance" means distribution of insurance products of insurance companies through bank's distribution channels. The concept of bancassurance in Pakistan took birth in 2003 but this sector got encouragement during 2008-2009. This product attracted a number of banks in Pakistan, especially those with large branch network and extensive clientele. At present, there are more than twenty banks involved in the business of bancassurance with different companies.

PRODUCTS & SERVICES

This business is managed by Life Insurance Companies and falls under the purview of Securities and Exchange Commission of Pakistan (SECP) who has provided comprehensive guidelines for Bancassurance business which are mandatory to be followed by the banks & insurance companies.

The Bank of Punjab is in agency arrangements with two insurance companies i.e. M/s EFU Life Assurance Limited and M/s IGI Life Insurance Limited for Bancassurance plans whereby BOP act as corporate insurance agent for specified insurance products of these companies. It is to be cleared that these plans are underwritten by these insurance companies and the Bank of Punjab is only acting as their corporate distribution agent. These plans are not guaranteed by The Bank of Punjab or its affiliates and are not The Bank of Punjab product.

Conventional Assets Products:

Consumer	Agri & SME	Corporate
• Car Lease - CarGar • Apna Ghar House Financing • Apna Ghar Low Cost Housing Finance • Personal Loan • BOP Solar • Carvaan Fleet Financing • BOP Smart Advance Cash • Apna Rozgar Scheme • Women on Wheels	• Kissan Dost Production Loan • BOP Tractor Lease • Kissan Dost Lease Finance Facility • Kissan Dost Cold Storage Finance Facility • Kissan Dost Livestock Development Scheme • BOP Agri Vehicle Leasing • Financing Facility for Storage of Agriculture Produce (FFSAP) • BOP Agri Vehicle Loan Bilingual Brochure • BOP FFSAP Bilingual Brochure • BOP Non Farm Loan Bilingual Brochure • BOP Production Load Bilingual Brochure • BOP Tractor Load Bilingual Brochure • EWRF Bilingual Brochure • BOP Apni Dokan • BOP Fori Sahulat • BOP Kamyab Karobar • BOP Shamsi Tawanai • BOP Sonay pe Sohaga • BOP Supply Chain Finance • BOP e-Business Qarza	• Project Finance • Debt Syndications and Consortium Financing • Corporate Finance • Long Term/Demand Finance • Working Capital Finance • Letter of Credit, Contracts and Export collection services • FE Loans, Pre and Post Shipment Export Financing • Import Financing • Bills Discounting • Letter of Guarantees • Cash Management Services and etc. • Housing & Construction Finance • Advisory Services • Hospital Finance • Employee Banking

SBP Refinance Schemes

- Export Finance Scheme
- Financing Facility for Storage of Agricultural Produce
- Long-term Financing Facility for Plant & Machinery
- Mark-up & Guarantee Facility for Rice Husking Mills in Sindh
- Refinance Scheme for Modernization of SMEs
- Refinance Scheme for Special Persons
- Refinance Scheme for Women Entrepreneurs
- Refinance Scheme for Working Capital Financing of SEs & low-end MEs
- BOP SME Asaan Finance Scheme (SAAF)

PRODUCTS & SERVICES

Government Initiatives

- Punjab Rozgar Scheme
- Pime Minister Youth Business & Agriculture Loan Scheme
- BOP SME Asaan Finance Scheme (SAAF)

RAAST - Pakistan First Instant Payment Portal

Raast is Pakistan's first instant payment platform which enables end-to-end digital payments between individuals, businesses and government entities. This is a payment gateway developed by State Bank of Pakistan (SBP). It enables the real-time transfer of money without any transaction fees.

Raast payments are made through an alias which is linked to the customers bank account number. A mobile number can become a customer's alias, on which payments are directly processed against their linked bank account. This eliminates the need for exchanging lengthy account numbers when making transactions.

Taqwa Islamic Banking Products

Liability Products:

- Basic Banking Accounts
- Current Accounts
- Profit and Loss Sharing Accounts
- Taqwa Rahat Corporate Account
- Taqwa Rahat Account
- Riba Free Certificates (PKR)
- Riba Free Certificates (Foreign Currency)- RFCs FCY
- Taqwa Asaan Current Account
- Taqwa Asaan Saving Account
- Taqwa Business Account
- Taqwa Meherbaan Certificate
- Taqwa Direct Pension Credit Account
- Taqwa Asaan Remittance Account
- Taqwa Committee Account
- Taqwa Kissan Dost Saving Account
- Taqwa Naaz Account
- Sadqa Jaari'ah Certificates - SJCs
- TAQWA BOP @ WORK

Asset Products:

- Murabahah Financing
- Diminishing Musharakah Financing
- Kafalah (Bank Guarantees)
- Ijarah
- Istisna
- Running Musharakah
- Taqwa Tijarah Finance
- Taqwa Salam Finance

Digital Banking & Cash Management Services

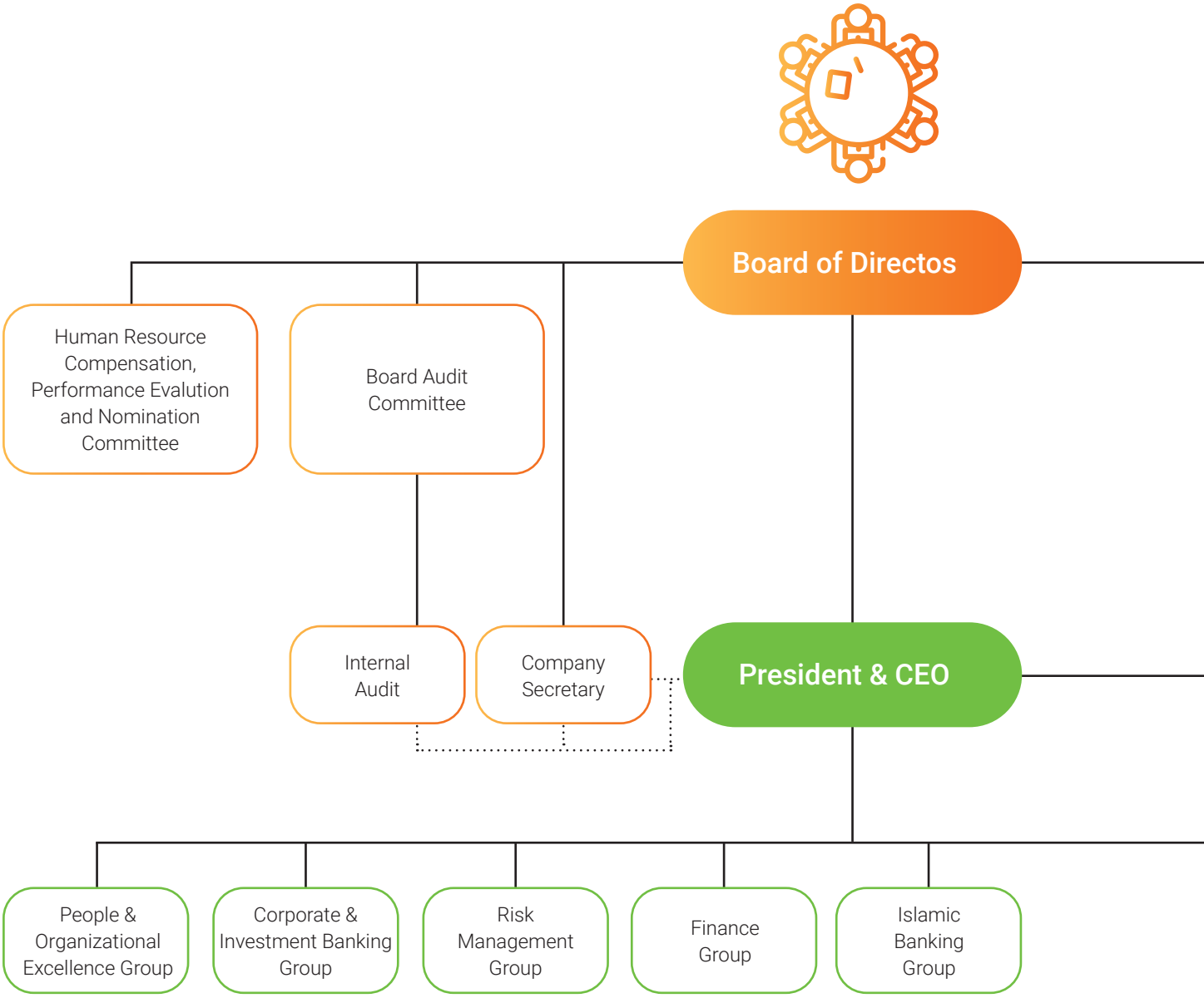
Digital Banking Initiatives

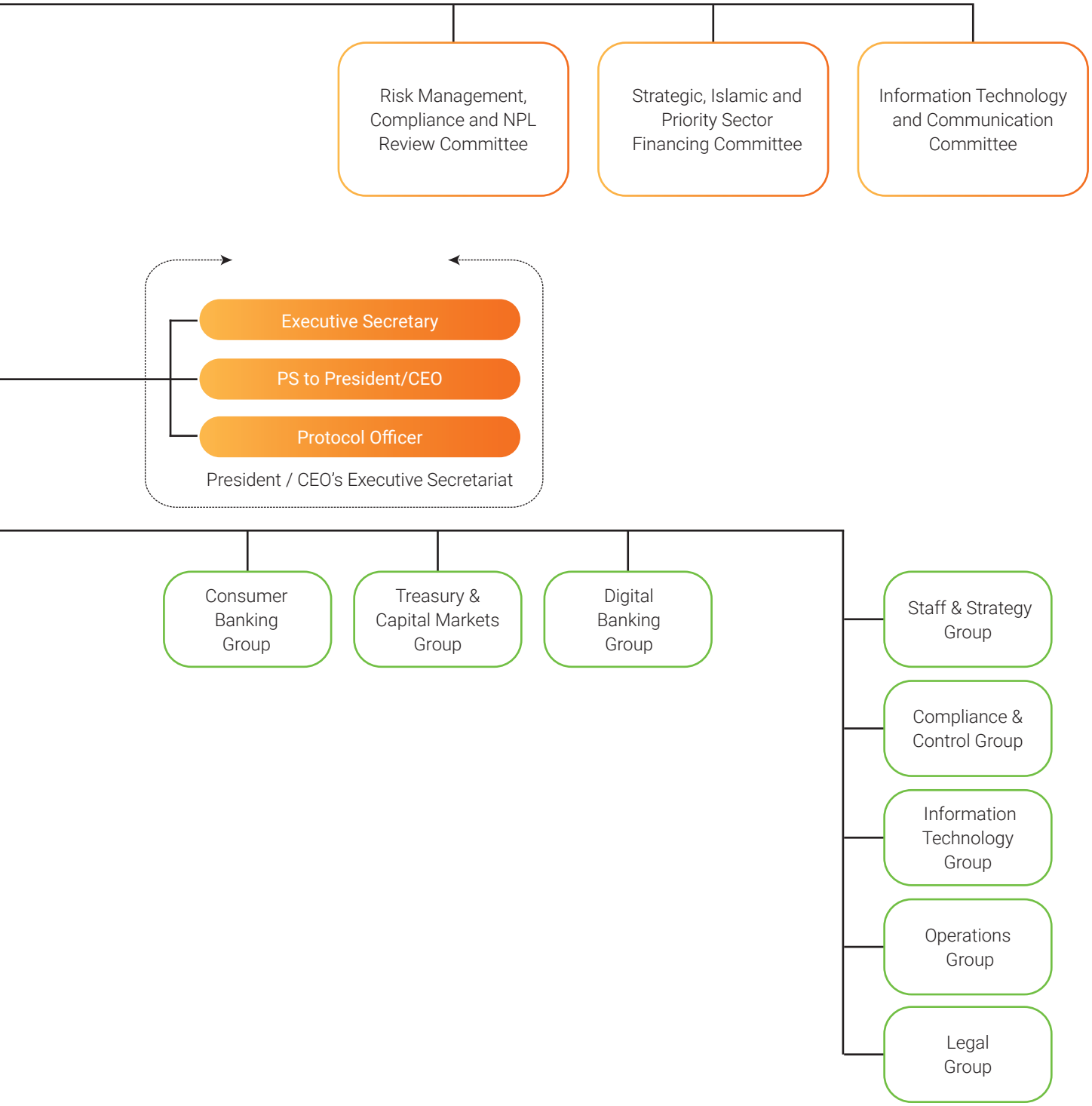
- E-Banking
- Digital Account Onboarding Portal
- Security of Digital Payments
- BOP Sadqah Jariyah
- BOP E-payment Gateway
- Whatsapp Banking
- Mobile Banking
- Debit Cards
- Credit Cards
- BOP Lahore Qalandars Debit Card
- BOP Contact Center
- Security Awareness

Cash Management Initiatives

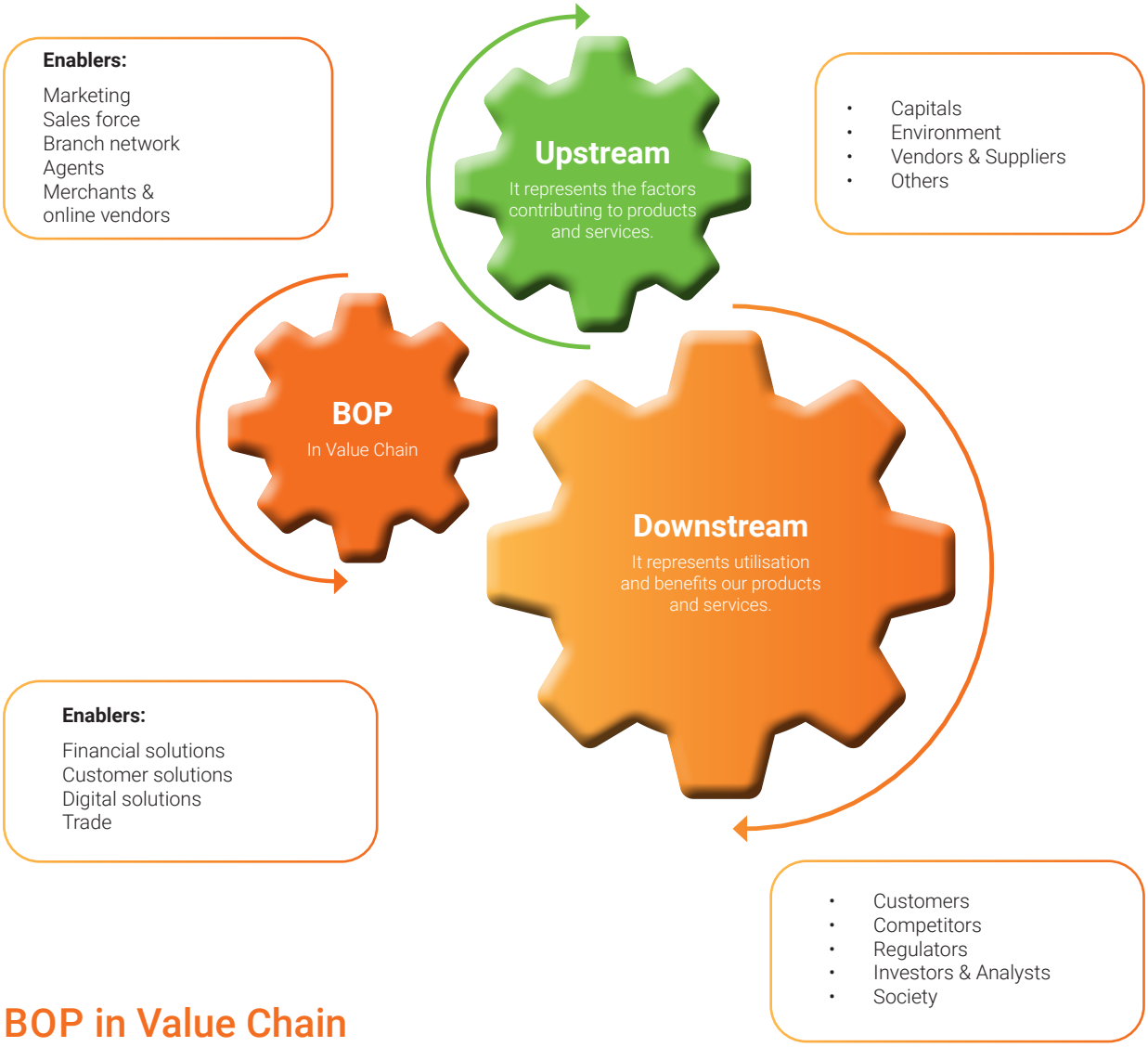
- Khidmat Card Program for poor & marginalized communities
- Disbursement of Scholarships under Punjab Education Endowment Fund
- E-Stamping
- E-Challans
- PESSI
- Customized Collection / Receivable Management
- Payable Management
- Over the Counter Payment Solutions
- Hybrid Payment Solution
- BOP-BIZ – Corporate Portal

THE BANK OF PUNJAB ORGANIZATIONAL STRUCTURE




Risk Management, Compliance and NPL Review Committee
Strategic, Islamic and Priority Sector Financing Committee
Information Technology and Communication Committee
Executive Secretary
PS to President/CEO
Protocol Officer
President / CEO's Executive Secretariat
Consumer Banking Group
Treasury & Capital Markets Group
Digital Banking Group
Staff & Strategy Group
Compliance & Control Group
Information Technology Group
Operations Group
Legal Group

VALUE CHAIN



BOP in Value Chain

Primary activities:

The Bank channels deposits and capital into productive and profitable lending and investment avenues besides providing customers with beneficial return and state of the art services.

Supporting activities:

The Bank thrives to maintain a solid control environment envisaging precise policies and procedures with respect to banking operations. Key support functions include Strategy, Corporate Governance & Compliance, Human resource, Risk Management, Information Technology, Finance & Marketing.

Upstream

Capitals: Human, Financial, Social, Manufactured and Intellectual

Environment: Political, Social, Legal, Technological and Natural

Vendors & Suppliers: Offering of various supplies and services

Others: Regulations under which Bank operates

Downstream

Customers: Core of Bank's business and drive profitability. The Bank looks to enhance customer satisfaction through digitalization.

Competitors: The Bank constantly envision improvement in service quality standards to remain competitive.

Regulators: The Bank continuously endeavor its responsibility towards tax payment and collection

Investors & Analysts: The Bank maintains regular interaction and keep them updated with performance and actions taken in the normal course of business.

Others: The Bank concentrates to contribute to society.

THE LEGITIMATE NEEDS, INTERESTS OF KEY STAKEHOLDERS AND INDUSTRY TRENDS

As a prominent financial institution of Pakistan, we acknowledge the profound reach of our influence, transcending the boundaries of our own operations. The decisions we make regarding financing and the relationships we cultivate play a pivotal role in shaping the broader landscape of our economy and society. Our success is intricately intertwined with the well-being and satisfaction of our investors, the compliance expectations of regulators, the needs and preferences of our diverse customer base, the dedication and contributions of our employees, and the overall prosperity of the communities we serve.

In the year 2023, we surpassed conventional standards, going above and beyond to not only achieve growth but also to advance our progressive agenda. Through innovative practices and strategic initiatives, we propelled ourselves toward a future that aligns with our commitment to positive societal impact. This steadfast dedication echoes through every facet of our operations, emphasizing that our success is not merely measured in financial terms but in the positive transformations we bring to the lives of our stakeholders and the communities in which we operate.

Value Creation for Our Investors

The strategic deployment of our technology led expansion strategy is not only proving highly effective but also delivering substantial and robust returns for our investors. This success concurrently strengthens our financial resilience, positioning us strategically to thrive in the dynamic landscape that lies ahead. Our unwavering dedication to best practice governance serves as the bedrock of our operations, fostering transparency, accountability, and ethical conduct at every level. Complementing this, our robust risk management framework ensures that our growth trajectory is consistently anchored in the most resilient foundations, safeguarding against potential uncertainties and challenges. This steadfast commitment to governance excellence and risk mitigation not only underscores our current success but also fortifies our capabilities for sustained growth and long term value creation for our investors in the years to come.

Enhanced Experience and Customer Satisfaction

Service excellence is paramount to our market standing, and we recognize that maintaining a leading position requires ongoing evolution. To this end, BOP is making substantial investments in innovation, data protection, and talent development. By embracing cutting-edge technologies and forward-thinking approaches, we aim to redefine the banking experience for our customers. Through these strategic investments, we are crafting a banking experience that seamlessly blends personalized service with the power of digital innovation.

Commitment to Community Development

BOP is actively contributing to Pakistan's development agenda by engaging with both underserved economic sectors and social peripheries. This commitment is evident through our strategic involvement in lending, forming partnerships, making investments, and providing sponsorships. At BOP, our dedication to fostering financial inclusion is unwavering, and we leverage digital solutions to extend our banking relationships to an expanding network of micro-businesses and SMEs. This multifaceted commitment underscores our belief in the transformative power of banking not only as a financial service but as a catalyst for positive change and progress. As we continue to actively participate in various development initiatives, our goal remains clear – to contribute meaningfully to the growth and well-being of the communities we serve.

Prioritizing Employee Wellbeing for Collective Growth

At BOP, we aspire to offer more than just a job; we provide a dynamic platform for learning, continuous growth, and thriving in an agile, high-performance environment. Here, individuals are not just part of a team; they are integral contributors to a culture that upholds our core values of integrity, empathy, ambition, inclusiveness, and discipline. We believe in fostering an atmosphere where actions aligned with these values are not only recognized but also rewarded, creating a workplace that nurtures both personal and professional development. We believe that fostering wellbeing and equal opportunities is not just a commitment but a catalyst for our shared success.

For Our Future

We are inspired by Board of Director's vision for an inclusive, sustainable, self-reliant economy. With an open and collaborative culture, BOP is working with diverse partners to ensure that it plays a central role in delivering this ambition. With unwavering commitment, we pledge to deploy our financial strength and expertise to serve the interests of all our stakeholders. This commitment extends beyond the immediate horizon, as we recognize the profound impact our actions can have on future generations. It is our collective responsibility to contribute to the longevity and prosperity of the economy, ensuring that the benefits of our endeavors resonate far into the future. BOP remains steadfast in its dedication to shaping a sustainable and inclusive future, not just in the years to come, but as a lasting legacy for the benefit of generations yet to come.

SWOT ANALYSIS

A SWOT analysis gauges the Bank's strengths, weaknesses, opportunities, and threats. This analysis helps management to focus on Bank's strengths in order to take lead of future business opportunities while remain cognizant of weaknesses and resist threats in order to potentially convert threats in to opportunities and ultimately strength of the Bank.

Strengths

1. Strong affiliation with GoPb
2. Strong brand recognition across Punjab
3. Well-established branch network across Punjab
4. Strong Credit ratings (Long Term: AA+, Short term: A1+)
5. Loyal, stable & diverse workforce
6. Public Sector Risk Appetite with private sector processes

Weaknesses

1. Brand perception of a public sector institution
2. Slow speed to market due to PPRA and other govt. compliances
3. Brand acceptability outside Punjab
4. Limited Digital Footprin
5. Low Efficiency and Asset Utilization Ratios

Opportunities

1. Increase Margin on deposits
2. Enhance Process Efficiency through Robotics and use of AI algorithms & AI Business Analytics
3. Increase share of wallet through cross-sell of products
4. Build digital banking business
5. Increased recoveries from NPL portfolio
6. Penetrating overseas market
7. Penetrate untapped and emerging Market Segments such as Gen X, Gen Y, Gen Z
8. Enhance Market Share of Islamic Banking
9. ESG & Blended Finance
10. Enhancing Scale & Scope of Branchless Banking Payments through acquisition of Person to Person (P2P) Payments License

Threats

1. Global & domestic political and economic uncertainty
2. Public Sector Deposits Concentration Risk
3. Burgeoning of Infection Levels due to high Interest Rates
4. High vulnerability of SME, Agri & Consumer Risk Portfolios to Climate Change
5. Government Influence / Intervention
6. Implementation of Treasury Single Account (TSA) in Provinces
7. Increasing threats of Frauds and Cyber-security
8. Continuity of existing Loss Coverage Government Schemes by subsequent governments

OPERATING ENVIRONMENT AND BANK'S RESPONSE

External Environment

The Bank of Punjab's external environment, including political, economic, social, technological, legal and natural factors have an impact on business performance and achievement of strategic objectives. Impacts of all such factors and Bank's response have been disclosed in the Risks & Opportunities and SWOT analysis sections in annual report 2023.

Legislative and regulatory environment

The Bank of Punjab is established under The Bank of Punjab Act, 1989 and is primarily governed through Bye-laws established under The Bank of Punjab Act, 1989. Legal & regulatory environment also encompasses a comprehensive regulatory framework administered by State Bank of Pakistan and Securities & Exchange Commission of Pakistan being regulators. Further, regulations set by FATF, IMF and other international bodies also impact the Bank.

Interests of key stakeholders and industry trends:

Key Stakeholders	Interests	Interaction process	Industry Trend
GoPb	Keep GoPb updated on all material development about the Bank Adherence to Regulations Maintain Growth trend	Representation at BOD level Frequent Presentations	Practices are aligned with other Public Sector Commercial Banks
Shareholders	Maintain Growth Trend Dividend payouts Timely communication of price sensitive information	AGM EOGM Financial Reports Dissemination of critical information through PSX Corporate Briefing sessions	As per best industry practices
Regulator	Ensure adherence to regulatory regime	Regulatory & Financial reporting On-site & Off-site surveillance	As per best industry practices
Customers	Provision of best possible and competitive services Ensure security, secrecy and integrity of customer information	Formal visit Complaint management Updated information through website and other means	As per best industry practices
Employees	Culture of merit and equal opportunity Career planning Best work environment	Regulator communication Town Halls and Seminars Career counselling	As per best industry practices
Suppliers/Service provides	Transparent process Timely payments	Open bidding process Grievance handling mechanism	As per best industry practices
Society	Corporate Social Initiatives Green Banking	Through media and website	As per best industry practices

Competitive Landscape & Market Positioning

1. **Intense Competition:**

   Owing to microeconomic conditions prevalent in the Country and very high interest rate, intense market competition was faced by the Bank. Beside fierce competition among financial institution for market share of low cost deposits, better investment and lending opportunities at good spread remained scarce.

   Despite very tough competition, the Bank adopted a holistic approach and continued to consolidate its market position. New products & services were also introduced during the year for meeting customer requirements in wake of on-going competition.

2. **Threat of New Entrant:**

   During the year, there was no significant threat of new entrant.

3. **Bargaining power of Customer:**

   Owing to very competitive environment and very high interest rate, bargaining power of customer increased manifold. Besides demand of very high interest rates on deposits, lending & investment opportunities were also scarce.

4. **Bargaining power of Suppliers/ Service Providers:**

   Due to exchange rate volatility and temporary embargo on import of certain goods, bragging power of suppliers'/ services provider also increased. Acquisition of laptops, computers and other such equipment at a suitable rate remained a challenge throughout the year. The Bank utilized its long term relationship with vendors/ suppliers to overcome the issue and its market position remained much better than its competitors in this respect.

Way Forward

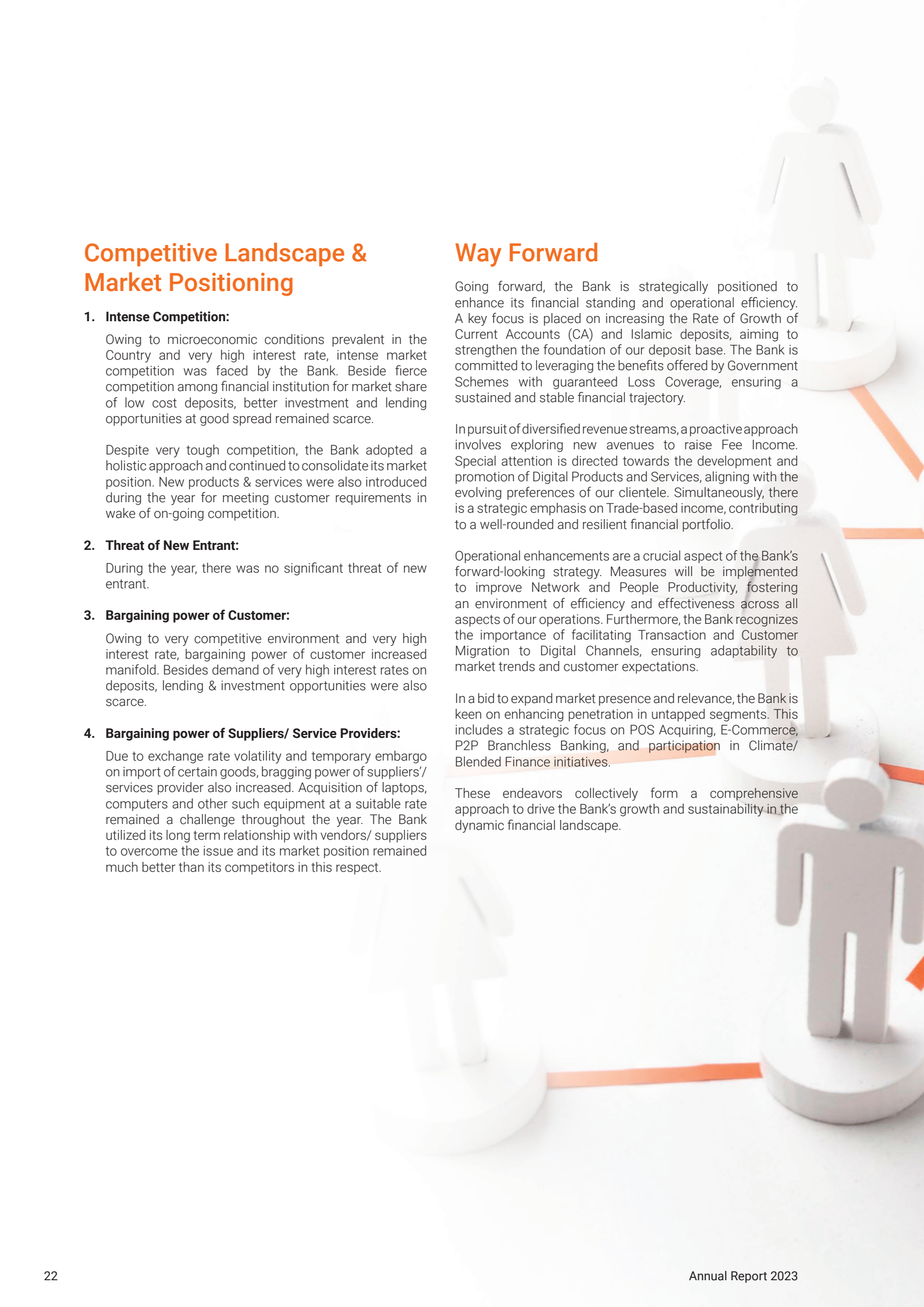
Going forward, the Bank is strategically positioned to enhance its financial standing and operational efficiency. A key focus is placed on increasing the Rate of Growth of Current Accounts (CA) and Islamic deposits, aiming to strengthen the foundation of our deposit base. The Bank is committed to leveraging the benefits offered by Government Schemes with guaranteed Loss Coverage, ensuring a sustained and stable financial trajectory.

In pursuit of diversified revenue streams, a proactive approach involves exploring new avenues to raise Fee Income. Special attention is directed towards the development and promotion of Digital Products and Services, aligning with the evolving preferences of our clientele. Simultaneously, there is a strategic emphasis on Trade-based income, contributing to a well-rounded and resilient financial portfolio.

Operational enhancements are a crucial aspect of the Bank's forward-looking strategy. Measures will be implemented to improve Network and People Productivity, fostering an environment of efficiency and effectiveness across all aspects of our operations. Furthermore, the Bank recognizes the importance of facilitating Transaction and Customer Migration to Digital Channels, ensuring adaptability to market trends and customer expectations.

In a bid to expand market presence and relevance, the Bank is keen on enhancing penetration in untapped segments. This includes a strategic focus on POS Acquiring, E-Commerce, P2P Branchless Banking, and participation in Climate/ Blended Finance initiatives.

These endeavors collectively form a comprehensive approach to drive the Bank's growth and sustainability in the dynamic financial landscape.





HISTORICAL EVENTS TIMELINE

1989 — Establishment of Bank through The Bank of Punjab Act, 1989 as a provincial Bank

1994 — The Bank of Punjab declared a scheduled commercial Bank by SBP

2008 — Provisioning and Capital related issues resulted into non-publishing of Financial Statements from 2009-2011

2012 — Release of Bank's Financial Statements from year 2009-2011 under an LOC arrangements with GoPb and SBP.

2017 — Discharge of LOCs issued by GoPb and achievement of regulatory compliant status.

2018 — Re-starting of payment of Dividends to shareholders.

2022 — Adjudged "Best Bank for Small & Medium Businesses"

2023 — Balance Sheet cross the level of Rs. 2.0 Trillion
Adjudged "Best Bank for Small & Medium Businesses"

SIGNIFICANT EVENTS 2023

29th March 2023

Annual General Meeting of Shareholders

28th April 2023

1st Quarter Financial Results

26th June 2023

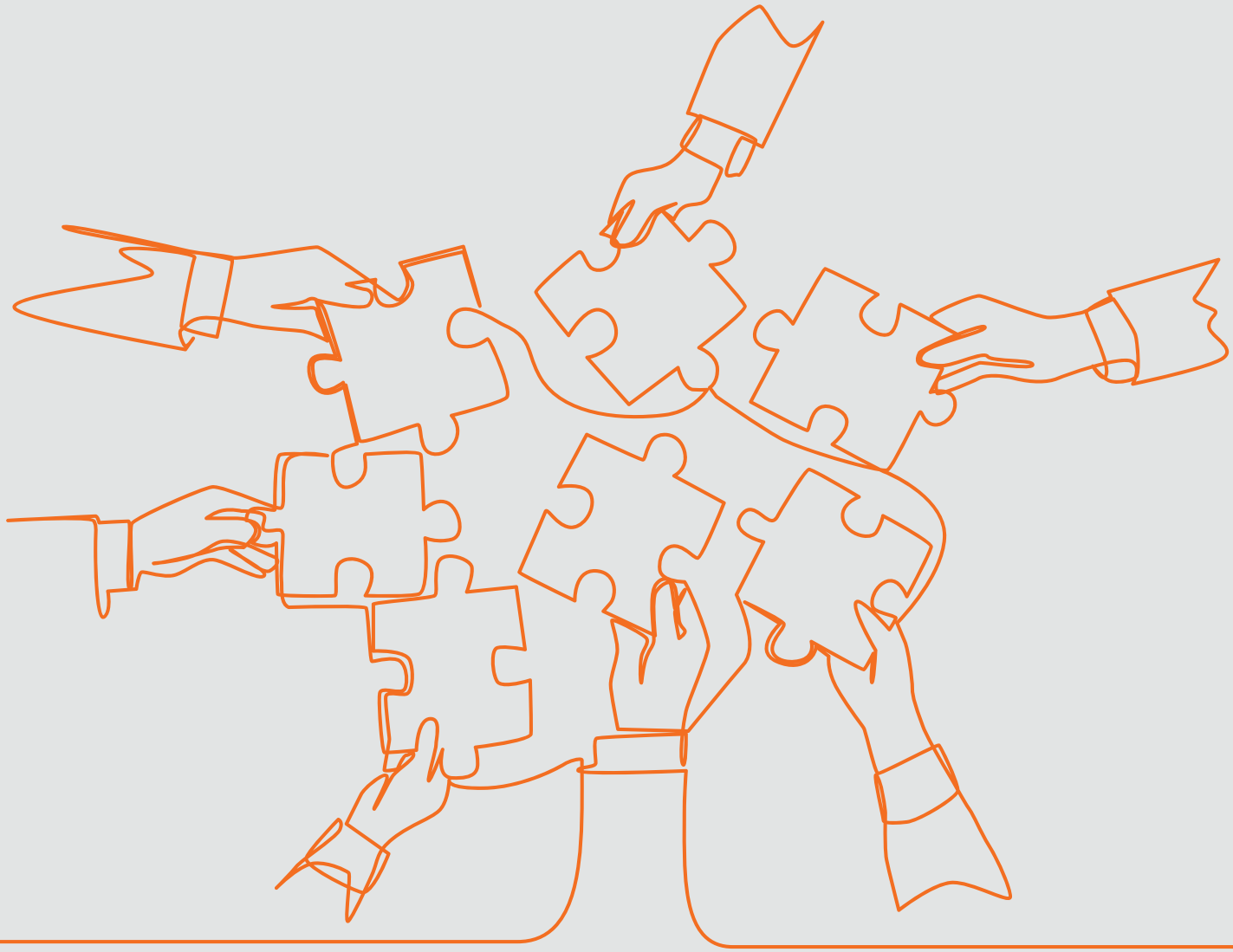
Acquisition of Punjab Capital Securities Pvt Ltd as wholly owned Subsidiary

24th August 2023

2nd Quarter Financial Results

28th October 2023

3rd Quarter Financial Results



STRATEGY AND RESOURCE ALLOCATION

STRATEGIC OBJECTIVES

The Bank of Punjab now shifts focus to BOP's 2024-26 Strategy, its Guiding Principles, and Key Areas of Focus. The Bank now takes stock, and to delineate a coherent series of actions, taking into account macroeconomic considerations, competitive landscape, and progress made so far. There is an opportunity for the Bank to identify Key Focus Areas for the next three years and strive to achieve ambitious yet attainable goals.

For 2024-26 Strategy, the Bank have identified Key Focus Areas, carefully chosen to maximize value / significance. These provide the maximum impact on Profitability, enhance the Bank's Brand Image, and also help the Bank fulfil its role as a public sector owned Commercial Bank. A snapshot of each focus area is produced below.

While formulating goals for these Focus Areas, the Bank has targeted to get to the level of its Peers where lagging and maintain parity and/or advantage where such is the case. Peer Bank universe remains uniform across all businesses except DBG, where many Peer Banks do not have a Digital Offering. We have studied Peer Banks' performance in the last 15 years in Key Focus Areas, and have charted the time taken for them from when they were in a similar position as BOP's, in comparison to their current position.

The next guiding principle of 2024-26 Strategy is that the Bank would like to attain the level of Peer Banks in Key Focus Areas by 2026, or by 2028 in some cases. By doing so, the Bank is setting ambitious targets to reach Peer levels in areas where some Banks might have taken 6-8 years, or even longer. These ambitious targets are being set with the confidence that with all the base work done already, and with a vibrant and committed team available, BOP shall be able to get to the levels of its Peer Banks in shorter time than it took for those Banks.

Finally, for all other business indicators, Bank has targeted to grow at a level of last 3- years CAGR for Peer Banks, so as not to lose market share.

President / CEO video on Bank's performance and future outlook is available on Bank's website:
https://www.bop.com.pk/Media



STRATEGIC PILLARS, CAPABILITIES & RESOURCE ALLOCATION

Brand

Strengthen Brand Image

Navigate away from perception of a provincial Bank

Customer

Customer Service Excellence

Data Analytics Driven Customer segmentation

Financials

Current Account Deposit Growth

Quality of Assets

Galvanize Recoveries

Capital Allocation

People

Become the Employer of Choice

Improve Staff Productivity

Digital

Product Transformation

Multi Channel Revenue Stream Diversification

Environmental & Social Governance (ESG)

Niche Markets

Capitalize on Existing Rural Based Branches to Maximize Agri & SME Business

Growth in Islamic Market Share

Deepening our strategic Partnership with GOPB



KEY PERFORMANCE INDICATORS

The above defined strategic areas of focus shall form broad lines of Bank's Key Performance Indicators to be measured vigorously. The Board also approves and endorse all key significant plans and initiates of the Bank to achieve desired strategic objectives.

The Bank measures its accomplishments in accordance with strategic objectives by using a comprehensive set of balance scorecard for all the positions in the bank that contains Key Performance Indicators (KPIs) and Targets. The objectives and KPIs are strategically aligned, where strategy translates into explicitly defined KPIs for President & CEO and senior management.

In essence, these meticulously selected KPIs collectively provide a comprehensive framework for the Bank to measure and continually enhance its performance across various strategic domains, ensuring the bank's sustained growth and resilience in a dynamic financial landscape.

The objective tracking and monitoring mechanisms have been updated regularly to remain aligned with strategic goals. The bank uses metrics to measure market penetration, customer perception, revenue growth and brand recognition to evaluate its performance.

Our strengths

- **Visionary and Effective Leadership**

  The Bank of Punjab (BOP) thrives under the guidance of a seasoned Board of Directors, complemented by an exceptionally proficient Executive Management. With seasoned leadership at the helm, BOP navigates the intricacies of the financial sector with finesse, ensuring strategic decisions align with long-term goals. The effective management not only promotes operational excellence but also fosters an organizational culture that values transparency, collaboration, and innovation. This cohesive leadership approach trickles down through every level of the bank, creating an environment where expertise, adaptability, and forward-thinking converge. The result is a resilient and well-managed institution, poised for continued growth and sustained success in the ever-evolving financial landscape.

- **Robust Governance Framework**

  The Bank has established a robust governance framework, adhering to the international best practices. This framework not only serves as a cornerstone for long-term success but also stands as a testament to the unwavering integrity and transparency expected by our stakeholders. Encompassing the highest standards, our governance structure ensures the responsible and ethical management of the Bank's affairs. It goes beyond compliance, reflecting our commitment to fostering an environment where accountability, fairness, and transparency prevail. This steadfast dedication to governance excellence not only safeguards the interests of our stakeholders but also reinforces the trust they place in the Bank, laying a solid foundation for sustained growth and ethical business conduct.

- **Continuous Innovation**

  Continuous Innovation is integrated into organizational DNA. At the heart of all our strategies, lies an unwavering commitment to exploring new horizons, embracing cutting-edge technologies, and fostering a culture that thrives on creativity. We believe that innovation is not just a means to adapt; it's the catalyst for transformation and progress. BOP continuously enhances its digital and technological capabilities using advanced data analytics to make banking more accessible and secure, while providing an exceptional customer experience.

- **Resilience**

  We view resilience not merely as a reactive response, but as a proactive strength ingrained in our culture. It empowers us to transform adversity into opportunity, ensuring that we remain steadfast in our pursuit of sustainable growth and unwavering commitment to our stakeholders.

- **Environmental, Social, and Governance**

  Sustainability stands as a cornerstone in the Bank's strategic agenda, reflecting our commitment to being a responsible corporate citizen. Recognizing the pressing global challenges posed by climate change, BOP is dedicated to maximizing its contribution to Pakistan's commitment through an array of Environmental, Social, and Governance (ESG) initiatives. We believe in the power of responsible banking and are actively engaged in developing and implementing sustainable practices that align with international best standards. From integrating eco-friendly technologies into our operations to fostering financial inclusion and community development, our ESG initiatives aim to create a positive impact. By aligning our strategic goals with environmental and social responsibility, we not only fulfill our commitment to sustainable practices but also contribute meaningfully to the broader vision of a greener and more equitable future for Pakistan.

- **Expertise**

  We provide a full range of innovative banking products and services to our customers, supported by an in-depth knowledge of the markets we operate in and detailed economic insights which helps them grow and prosper.

- **Talent**

  Diverse talent is the driving force that propels us towards innovation and success. We recognize the immense value that skilled and motivated individuals bring to our dynamic environment. By fostering a culture that nurtures and celebrates talent, we empower our teams to push boundaries, challenge the norm, and contribute their unique perspectives. Our commitment to attracting, developing, and retaining exceptional talent is reflected in our investment in continuous learning, career growth opportunities, and a collaborative work environment. Through this strategic focus on talent, we not only cultivate expertise within our ranks but also lay the groundwork for a future that thrives on creativity, adaptability, and sustained success. The Bank employs a diverse workforce united by shared values and an inclusive, high-performance culture.

  Investing in the right technology has played a significant role in helping The Bank of Punjab move away from legacy operational styles and go digital, giving us the scale and versatility to meet modern-day banking needs. BOP continuously enhances its digital and technological capabilities using advanced data analytics to make banking more accessible and secure, while providing an exceptional customer experience.

Technological changes

Following the Board's vision, Bank has adopted following technological changes during 2023:

I. Update to the latest version of Core Banking System:

a. A comprehensive IT security policy has been put in place along with risk mitigation protocols. The Bank has successfully implemented and upgraded to latest version of an internationally renowned Oracle based core banking system 'Flexcube" and all branches have been migrated to newly upgraded CBS.

II. Digital Banking Initiatives:

a. The Bank of Punjab has been taking frequent steps towards strategic partnerships with fin-techs to develop culture and support digital innovation by handshaking with other digital players in the market.

- The Bank of Punjab and Knowledge Streams have signed a landmark Memorandum of Understanding (MOU) for championing excellence, innovation, and inclusivity in digital up-skilling. The MOU aims to develop cooperation between BOP and Knowledge Streams, a leading company in digital technology, cybersecurity, and digital skill provision.

Knowledge Streams is a corporate training facility dedicated to face-to-face boot camps for IT professionals to bridge the talent-employment gap in the tech industry. It provides technical and soft skills training with speed and quality that exceeds international standards to help university graduates meet the needs of the IT industry both locally and globally.

The cooperation is a win-win for both organizations as BOP continues on its aggressive journey of digitalization, and Knowledge Streams continues to provide disruptive initiatives in cyber security and digital literacy and up-skilling.

- Moving forward in its mission to empower its digital channels (digiBOP), the Bank of Punjab has been on the forefront to support the digital ecosystem of Pakistan. In its commitment towards digitization, BOP has entered into a partnership with NayaPay to provide an opportunity to BOP to uplift its channels and business utilization. NayaPay, a leading E-Money Institution in Pakistan, enables users to open E-money accounts on their smartphones in a few simple steps and take control of their finances. With this alliance, NayaPay customers can deposit cash into their NayaPay account at any BOP bank branch. Additionally, BOP and NayaPay's mutual customers can link their BOP account to their NayaPay wallet for convenient money transfers between accounts and for merchants to offload funds to their designated BOP account. Customers may also load their NayaPay wallets by simply using the BOP internet banking portal and mobile banking app.

III. ESG Reporting & Challenges:

The State Bank of Pakistan (SBP) issued the Green Banking Guidelines (GBG) in 2017. Based on the SBP GBG, The Bank of Punjab (BOP) has developed the Green Banking policy. The Bank is reporting the Green Banking adoption status to the SBP quarterly through the regulator's defined reporting mechanism. Environmental & Social Risk Management (ESRM) is one of the critical pillars of Green Banking adoption and in light of the SBP ESRM Implementation Manual, The BOP has developed the ESRM Policy & Manual and under BOD's Approval stage. Upon approval of the ESRM Policy & Manual, the Bank will proceed with the integration of ESRM in it's credit portfolio.

IV. Initiatives to Promote Innovation:

During 2023, BOP remained engaged in promoting following initiatives for innovation:

- Establishing a sandbox for digital innovation
- Established Data Analyses wing to serve the Bank wide data need using attest technology
- Use of AI in business, reporting, cyber security and risk assessment
- Collaboration with Incubation Center NICL in LUMS
- Startup hunt to sponsor them to visit Fintech event in Singapore

Our approach towards sustainability is organized along a three-pillar structure to achieve the following objectives:

i. Encourage Sustainable Financing:

The Bank is actively engaged in promoting financing solutions to our customers looking to transform their business processes to be sustainable in the long term.

ii. Digital Transformation:

We encourage customers to use our Alternate Delivery Channels (ADC's) to minimize use of paper, energy and other critical resources.

iii. Responsible Organization:

We are in process of implementing Green & Socially responsible workplace and strengthening our sustainability culture.

Board strategy on liquidity

Board Risk Management Committee (BRMC) also review detailed presentation covering all risk management parameters, market and liquidity position along with Capital projections.
Bank is maintaining sufficient liquidity in the shape of Cash, Balance with other banks and Investment in Government instruments. In this sphere the Bank has a very healthy Liquidity Ratio with sizeable liquid assets to meet any contingencies.

There has been no default in payment during year under review.

RISK MANAGEMENT FRAMEWORK

Following are the significant factors affecting the external environment across various dimensions and their potential impacts on business operations, along with strategies for response.

Political Environment

Short Term: Pakistan's political stability affects investor confidence and economic growth, with changes in government policies impacting business operations and market sentiments.

Medium Term: Bilateral relations with neighboring countries and geopolitical tensions influence trade agreements, foreign investment, and regional stability.

Long Term: Political reforms, governance challenges, and security concerns shape the country's long-term investment climate and regulatory environment.

The bank is closely monitoring political developments, engaging with regulatory authorities, and diversifying its investments to mitigate political risks. Actively participating in industry associations and advocacy for regulatory reforms supporting a conducive business environment and sustainable growth.

Economic Environment

Short Term: Economic cycles, inflation rates, and fiscal policies impact consumer spending, borrowing trends, and business investment in Pakistan's economy.

Medium Term: Structural reforms, infrastructure development, and taxation policies drive economic growth and market competitiveness.

Long Term: Demographic trends, labor market dynamics, and global economic integration influence Pakistan's long-term economic prospects and market opportunities.

The bank has adjusted its lending practices, interest rate policies, and risk management strategies to navigate economic fluctuations and regulatory changes. Investment in key sectors of Pakistan's economy, such as agriculture, manufacturing, and technology, supporting inclusive growth and sustainable development.

Social Environment

Short Term: Social trends, cultural values, and urbanization rates shape consumer behavior, market demand, and product preferences in Pakistan.

Medium Term: Changing demographics, youth population dynamics, and social inequalities impact workforce dynamics and market segmentation.

Long Term: Social development goals, education reforms, and healthcare initiatives drive inclusive growth and social progress in Pakistan.

The bank has tailored its product offerings, marketing strategies, and customer engagement initiatives to address the evolving needs of Pakistani consumers. Investments in financial literacy programs, youth entrepreneurship, and social impact projects will foster economic empowerment and social cohesion.

Technological Environment

Short Term: Technological advancements, digitalization trends, and internet penetration drive innovation, efficiency gains, and market disruption in Pakistan.

Medium Term: Adoption of fintech solutions, e-commerce platforms, and digital payments revolutionize financial services and consumer behavior.

Long Term: Technology infrastructure, cybersecurity risks, and regulatory frameworks shape Pakistan's digital economy and technological competitiveness.

The bank is investing in digital infrastructure, cybersecurity measures, and talent development to capitalize on Pakistan's digital transformation opportunities. Partnerships with digital banking initiatives, and innovation hubs will enhance customer experience and market leadership in the digital era.

Environmental Environment

Short Term: Climate variability, water scarcity, and natural disasters impact agricultural productivity, energy supply, and infrastructure resilience in Pakistan.

Medium Term: Environmental regulations, renewable energy investments, and sustainable development initiatives drive green growth and climate resilience.

Long Term: Climate change impacts, biodiversity conservation, and environmental stewardship shape Pakistan's long-term sustainability goals and development priorities.

The bank has integrated environmental risk assessments into its lending practices, promoting green finance solutions, and support climate adaptation and mitigation projects in Pakistan. Collaboration with government agencies, NGOs, and international partners will advance sustainable development objectives and enhance environmental stewardship.

Legal Environment

Short Term: Changes in regulatory frameworks, legal reforms, and judicial proceedings affect business operations, contractual agreements, and compliance obligations in Pakistan.

Medium Term: Legislative reforms, anti-corruption measures, and corporate governance standards drive regulatory compliance and transparency in Pakistan's business environment.

Long Term: Legal uncertainties, contract enforcement, and dispute resolution mechanisms shape Pakistan's long-term investment climate and legal risk profile.

The bank maintains robust legal and compliance frameworks, conducts regular risk assessments, and ensures adherence to regulatory standards and industry best practices in Pakistan. Engagement with legal counsel, industry associations, and regulatory authorities will mitigate legal risks and support business continuity.

Effect of Seasonality on Business

In Pakistan, seasonal fluctuations impact various sectors such as agriculture, tourism, and retail, affecting consumer spending, business activity, and market demand. For the bank, seasonal variations may influence loan disbursements, deposit levels, and investment portfolios, impacting revenue streams and profitability.

The bank has implemented strong seasonal marketing campaigns, product promotions, and liquidity management strategies to capitalize on peak seasons and mitigate the impact of seasonal variability on financial performance. Diversification of revenue streams, flexible lending products, and proactive risk management will ensure resilience in dynamic market conditions.

Key Risk and Opportunities

Following are the key risks and opportunities (Internal & external) effecting availability, quality and affordability of capitals:

Eminent Risks

There always lie a possibility of an event(s) that could lead to significant unexpected / negative outcome(s) which may impede the Bank's capability in meeting its strategic objective(s). As an on-going practice, the Bank assesses the potential impact of an emerging risk, both from financial and non-financial aspects and takes corrective / remedial measures as necessary. Broadly speaking, eminent risks that could materially affect Pakistan banking system are; macroeconomic conditions, geopolitical risks, regulatory & legal risk and cyber security risks.

Internal Risks

Bank is managing its's internal risk through comprehensive Operational risk management framework in which broadly covers KRI's, RCSA, OPRAP recording of loss database and through other standard tools. Further, Internal Capital Adequacy Assessment Process(ICAAP) under Basel framework has also been implemented on Bank wide portfolio for all major risks. In addition, the Bank has also implemented bank wide risk appetite limits for all major risks to efficiently manage risk versus return of different portfolios. Further, increasing non-performing loans (NPLs) can undermine the bank's capital adequacy and financial stability. To counter it, bank has strengthened credit risk management practices, enhancing loan portfolio diversification, and implementing proactive NPL resolution strategies mitigate credit risks and preserve capital buffers. Market disruptions may impair the bank's ability to meet capital requirements and sustain operations. To counter it, bank has robust liquidity management frameworks, diversified funding sources, and contingency funding plans ensure liquidity resilience and support capital adequacy under various market conditions.

External Risks- Macroeconomic Conditions of Pakistan

Definition and potential impact

Widening gaps in the balance of payments, coupled with persistently high inflation rates and significant policy rate fluctuations, continue to exert pressure on the Pakistan economy. Analyst reports initially forecasted a slowdown in GDP growth, anticipating lower credit expansion and tighter liquidity conditions. However, recent developments, despite these challenges, have

shown signs of resilience, with a forecasted GDP growth of 2.13%. This suggests that Pakistan is making progress in addressing economic challenges and adapting to the evolving financial landscape.

Mitigation Strategy

The Bank of Pakistan (BOP) maintains continuous vigilance over economic developments, diligently assessing their implications. BOP generates various analysis reports and dashboards at the Management Committee and Board levels, meticulously evaluating their impacts on the bank's credit, market, operational, and other risk factors.

Furthermore, the Asset and Liability Management Committee (ALCO) of the bank conducts thorough analyses of ongoing economic developments both domestically and internationally. ALCO closely monitors the escalation of interest rate levels and its effects on the bank's overall portfolio, encompassing both credit and market risks. Periodic stress testing and capital impact analyses are conducted to facilitate informed decision-making within ALCO.

To mitigate risks associated with investments in Government Securities and Bonds, the bank imposes duration limits, adjusting portfolio mix according to prevailing interest rate scenarios. Additionally, diversification strategies, such as investing in equities and lending to diversified groups, transactions, programs, and government initiatives, help mitigate the impact of fluctuating macroeconomic conditions.

The bank maintains a robust capital adequacy position, regularly subjecting itself to stress tests to ensure adequate capital coverage under all circumstances. Proactive measures are undertaken to manage liquidity risk, including daily position monitoring, regular stress testing, and maintaining buffers exceeding Basel/ regulatory requirements

Geopolitical Risk

Definition and potential impact

This risk could stem from sources unrelated to the Bank business. Geopolitical tension has been a persistent issue for this region for last few decades.

Mitigation strategy

Bank monitors geopolitical situations around the globe on an ongoing basis. In particular, Banks' Chief Economist centrally assesses the economic impact of changing geopolitical risks and provides key inputs to drive the Banks' strategy. RMG independently monitors Bank wide Country limits by consolidating all treasury and trade exposures.

Level of Risk Tolerance

While conducting its business activities, a Bank faces various risks, which emanate from its exposure due to external or internal risk factors. Bank of Punjab (BOP), like all businesses, faces uncertainty and the challenge for its management is to determine the acceptable level of uncertainty as it strives to grow stakeholder value and guidance there against is provided by the Board.

Assesment of Risk Faced by Bank

BOP aims to strike an optimal balance between risk and return, and effectively deploy resources to achieve the Bank's strategic goals and objectives. In this regard, the Bank has established the following risk appetite limits for management of various major risks faced by the bank which arise due to its business activities.

S. No.	Limits	Risk
1.	Capital Adequacy Ratio (CAR) Risk Trigger	Balance Sheet Risk
2.	Leverage Ratio (LR) Risk Trigger	Balance Sheet Risk
3.	Obligor Risk Rating (ORR)	Credit Risk
4.	Infection Ratio	Credit Risk
5.	Watch List	Credit Risk
6.	Advance to Deposit Ratio (ADR) (Net)	Liquidity and Credit Risk
7.	Liquidity Risk Appetite	Liquidity Risk
8.	Foreign Exchange Risk Appetite	Market Risk
9.	Money Market Risk Appetite	Market Risk
10.	Risk Appetite related to Fixed income investments	Market Risk
11.	Equity Capita l Market Risk-Appetite	Market Risk
12.	Operational Risk Appetite	Operational Risk
13.	Trade Based Money Laundering	TBML Risk

14.	Cyber Security Risk	Cyber Risk
15.	AML/TF/PF Risk	Money Laundering Risk

Value Addition Through Measurement of Likelihood and Magnitude of Risks

The banks measure /calculates and implemented a number of advance risk measurement tools like RCSA, ORAP, KRI's, Duration, Price value basis point(PVBP), IFRS including PD, LGD, EAD models for ECL calculation. In addition, there are comprehensive bank wide risk policies which includes Risk management, PPM, Credit policy, Cyber risk, AML CFT and others through which it adds value towards its strategic plans and targets.

Other regulatory framework like CAR, LCR, NSFR and leverage ratio under Basel framework also strengthen its risk framework to standardized level.

Risk Management Framework

The Bank's Risk Management Framework is fortified through regular evaluations of its Risk Policies and Procedures to ensure alignment with both international and local regulatory standards, as well as industry best practices. The Risk Management Group of the Bank scrutinizes risk-related Policies and Procedures, facilitating the integration of new controls, thresholds, early warning indicators, and limits, while also bolstering following across various risk domains:

- Identification and assessment of risks.
- Implementation of mitigation measures.
- Continuous monitoring of risk factors.
- Enforcement of controls.
- Comprehensive reporting on risk exposure.

This review encompasses the entire spectrum of risks at the entity level, spanning Credit, Market, Interest Rate, Liquidity, Operational, Technology, Information Security, Cross Border, Settlement, Compliance, Legal, Money Laundering (ML), Terrorist Financing, Proliferation Financing, and Reputational Risks, among others.

Current year was challenging in terms of market conditions, weakening credit performance in certain parts of the market, tightening liquidity and upward pressures on funding costs. However, bank's balance sheet and P&L continued to demonstrate resilience. Some CY 2023 highlights include:

- NPL ratio of 5.99%; lower than last year's 8.76%.
- Provision (Specific) coverage is 83.39% for the CY 2023 as compare to 85.68% CY 2022.
- Capital adequacy ratio of 18.37%, which is robust in line with regulatory requirement of 11.5%.
- LCR is 184% which is higher in reference to regulatory requirement.

With a continued focus on risk management practices alongside enhanced monitoring related to Basel II/III and IFRS-9 framework; bank has managed to improve its' credit quality whilst also maintaining balance sheet growth.

We continue to invest in our risk management capabilities through expanded portfolio-exposure reporting and analytic techniques, standardized stress testing, assessment of ratings migrations, technical trainings, model-development capabilities, and tuning/ calibration. We also continue to monitor the impact of macro-economic developments on domestic front and their impacts on bank portfolio to make changes as appropriate to our underwriting capabilities and policies.

Through continued focus on automation and information management, Bank is aligning itself with anticipated Basel III requirements which State Bank of Pakistan is in process of implementing in near future. Bank is also upgrading its risk infrastructure through projects such as the digitalization of credit approvals (LOS) and rollout of Enterprise Risk Management Systems including Compliance Risk Management System, Basel Engine, IFRS-9 Engine, Internal Credit Risk Rating Models for Corporate/SME, Facility Risk Rating Models, LGD & PD Model etc. to ensure that our risk management practices remain best-in-class. RMG has also designed Bank-wide Risk Register on consolidated level which gives a holistic view of Risk and Controls. For enhanced return to stakeholders with efficient utilization of funds, bank has embarked on developing / implementing Risk Adjusted Return on Capital (RAROC) model.

Steps Taken to Mitigate or Manage Key Risks

Bank has enhanced its risk management framework to identify, assess, and mitigate various risks such as credit risk, market risk, operational risk, and compliance risk. This involves the adoption of advanced risk assessment tools and the implementation of robust risk mitigation strategies. Furthermore, bank has aligned its risk management practices with overarching strategic objectives. This includes ensuring that risk management

efforts are integrated with the bank's mission, vision, and long-term goals, thereby enhancing overall organizational resilience and sustainability. Steps taken by the bank in risk management include following:

1. Credit Risk	
How we performed during the year	- Credit-risk-weighted assets of 441.96 billion. - NPL ratio of 5.99%; lower than last year's 8.76%. - Provision (Specific) coverage is 83.39% for the CY 2023 as compare to 85.68% CY 2022. - Total Specific impairment charges have declined by PKR 1.75 billion which stands at 42.43 billion CY`2023 as compared to 44.18 billion CY`2022. - Top 10 largest funded performing obligors' exposure constituted 7.51% of gross loans (21.34% in CY`2022). Credit Risk Management Committee of the Bank has the mandate to appropriately keep credit risk at acceptable levels and within the risk appetite of the Bank.
Risk Management Process	**Measure** the amount that could be lost in case of eventuality. **Monitor** infection ratio, industry concentration, % watch list portfolio, WAORR, RAROC, Expected Credit Loss, RWA analysis, Regulatory ratios and stress testing. **Manage** portfolio diversification / adherence to credit discipline / underwriting guidelines while ensuring improvement in overall portfolio credit quality. **Outcome** enabled portfolio credit rating improved as weighted average ORR CY'2023 stands at 3.05 as compare to 3.28 CY' 2022.
2. Market Risk	
How we performed during the year	Market Risk of the Bank is well within defined limits (internal and regulatory) as per SBP Risk management guidelines, Bank's Investment and Risk management policy.
Risk Management Process	**Measures** valuation and risk policies for all Level 1 and Level 2 financial instruments in the trading book using measurement tools like Duration and PVBP etc. are used to measure fixed income risk. **Monitoring** is done using standard monitoring tools like mark to market, limit monitoring (both internal and regulatory) and advance Risk measurement tools like Value at Risk (VaR), Duration and Price value basis point (PVBP) etc. **Manage** through daily risk reporting and all material risks highlighted on appropriate forums i.e. ALCO and Board- RMC & NPLRC on periodic basis. Risk Appetite and other all exposure limits are approved by BOD.
3. Information Security Risk	
How we performed during the year	No material loss of confidential data or disruption of processes experienced due to information security breach was reported. During the year we have also added several IS control mechanisms.
Risk Management Process	**Monitor** through real time integrated logs of systems and network; identifying security events and incidents; assessment of security risks in applications and systems via Vulnerability Assessment and Penetration Testing; maintaining and continually updating information-risk register and reporting to concerned units and management. We have acquired threat intelligence from various providers and receive threat advisories from several sources. This intel is used to identify relevant risk by correlating with BOP technology infrastructure. **Manage** through risk reporting and treatment; ensuring that custodians of information assets fix the identified vulnerabilities. In addition, we have deployed preventive technology controls for various threat vectors.

4. Reputational Risk	
How we performed during the year	No instance occurred which may cause/lead to impact on Banks' reputation.
Risk Management Process	**Measure** through number of complaints/red-flags received/media news/electronic and social media etc. **Monitor** through ensuring operational alignment with Bank's mission / strategic objectives and maintenance of stakeholders` confidence. **Manage** through reduction in overall number of complaints received & resolved within defined timeframe amicably under regulatory guidelines.
5. Legal Risk	
How we performed during the year	No instance occurred which places Bank into a Legal battle.
Risk Management Process	**Measure** through number of cases filed against BOP and cases filed by BOP. Decision in favor and against BOP is also a tool to measure legal risk. **Monitor** Bank monitors all filed cases against it on quarterly basis. Further, Bank also allocates Capital Charge as per annual exercise under ICAAP. **Manage** through a dedicated in-house legal unit, panel of advocates and adequate monitoring of different red-flag/alerts raised.
6. Liquidity and Funding Risk	
How we performed during the year	• LCR is 184% as compared to 138% CY`2022 • NSFR is 125% as compared to 123% CY`2022 • *Gross ADR is 55.86% as compared to 51.69% CY`2022 *Gross Advances / Deposits
Risk Management Process	**Measure** using metrics related to Basel III liquidity ratios and internally approved triggers. Liquidity stress tests are carried out using contractual, behavioral and stressed conditions coupled with contingency funding facilities. **Monitor** ALCO oversee the Bank's liquidity and funding risk, stress-test management process and corrective actions. **Manage** Funding from customer deposits (retail & corporate), long-term funding through debt securities & subordinated liabilities. Further, interbank borrowing (both call and secured), FX Swap, borrowing facilities from the State Bank of Pakistan and Liquidity Contingency Funding plan to manage its liquidity risk during normal and liquidity crunch times.

7. Operational Risk	
How we performed during the year	• Operational RWA stood at PKR 81.51 billion for year CY' 2023 as compared to PKR 70.68 Billion in CY`2022.
Risk Management Process	**Measurement** of Operational risk is done in light of SBP risk management guidelines in supplement with BOD approved policy by using above mentioned measurement tools. Further, Bank is using the Basic Indicator approach prescribed by the State Bank of Pakistan (SBP) to calculate Operational Risk Capital Charge and reports as per SBP's predefined frequencies. **Monitor** using key Risk indicators, thresholds, appetite and loss event database. **Manage** through escalation of issues & events for risk transparency across the organization. All employees are responsible for identifying and assessing risks. Further, ORMC is conducted on monthly basis in which all operational risk updates/analysis are presented based on which all key actions are decided for improvement/ implementation on bank wide basis.
8. Capital Risk	
How we performed during the year	• CAR is 18.37% as compared to 13.11% CY`2022 • Leverage is 3.38% as compared to 3.46% CY`2022 Regulatory requirement is of 11.50% and 3.00% respectively.
Risk Management Process	**Measure** using core Tier 1 (CET1) and total capital adequacy ratios following the (Basel III- standardized approach). Leverage is measured through monitoring of Tier 1 capital against average total consolidated assets. **Monitor** through a process of forecasting capital to ensure our capital position is controlled as per Bank's internal planning while safeguarding its strategic objective and goals. Further, a long term road map is also in place to monitor target versus achievements with respect to balance sheet growth and Capital planning. **Manage** employing techniques based on the guidelines developed by the Basel Committee and the State Bank of Pakistan. The Bank also prepares an annual comprehensive ICAAP document, which is a detailed assessment of the Bank's risk profile, approaches to assessing and measuring various material risks, and capital planning under regular and stress scenarios.

Risk of Supply Chain Disruption Due to an Environmental Social or Governance Incident

As a prominent bank in Pakistan, BOP recognizes the significance of environmental, social, and governance (ESG) factors in mitigating operational risks, particularly those related to potential disruptions in the supply chain. We are committed to transparently disclosing our strategy for monitoring and addressing such risks. This involves mapping our supply chain networks, conducting rigorous supplier due diligence, prioritizing risk assessment, diversifying our supplier base, and fostering stakeholder engagement. By continuously monitoring ESG-related developments and promoting responsible business practices, we aim to enhance the resilience and sustainability of our operations while creating long-term value for our stakeholders and the communities we serve.



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITIES

The Bank discharge of its Corporate Social Responsibilities (CSR) with an objective to ensure sustainable growth of society. The Bank's CSR initiatives are aligned with environment social governance regime.

As a responsible corporate body, the Board has approved a comprehensive Green Banking Policy. Green Banking refers to the promotion of environmentally friendly practices that aid banks and their clients in identifying and managing environmental risks, as well as reducing their carbon footprint and related socially adverse actions.

It embraces the primal concept of creating awareness and cognizance of the environmental consequences of Bank's actions, both directly, and indirectly through the plethora of counterparties associated with the Bank's value chain having spillover effects on the upstream and downstream economies.

Through Green Banking, BOP will not only improve its own standards of financial intermediation, but will also play an active role in demanding the same from its stakeholders. This outlines BOP's commitment of contributing its due share towards containment of the wide ranging impacts of climate change and creation of positive externalities to augment the Bank's image as a socially responsible corporate citizen.

The Bank of Punjab fully support National Financial Literacy Program launched by SBP to promote financial inclusion through spreading financial education for inclusive economic growth and stability across the country which is continuing till now. Financial inclusion is defined as access to formal financial services by individuals & firms to use a range of quality payments, savings, credit and insurance services which meet their needs with dignity and fairness.

In pursuit to enhance education in the Country, the Bank has paid charity with a sizeable amount to The Citizen Foundation (TFC) for education empowerment. The partnership between BOP and TCF represent their shared vision and dedication towards uplifting society through education and financial inclusion.

CSR Initiatives: In recent years, the Bank of Punjab (BOP) has emerged as a market leader in Corporate Social Responsibility (CSR), spearheading numerous social and public welfare initiatives. The bank undertook several major initiatives during 2021-23. In 2023, one of our primary endeavors involved supporting literary and cultural activities nationwide, exemplified by its sponsorship of Pakistan Literature Festivals held in different cities. Significant events took place in Lahore, Muzaffarabad (Azad Jammu Kashmir), and Sukkur, drawing participation from thousands of attendees. Furthermore, the bank extended its support to the Lyallpur Literary Council, facilitating the successful organization of the 10th Faisalabad Literary Festival 2023. These initiatives play a crucial role in fostering literary activities beyond major cities.

Demonstrating a belief in Inclusivity, the Bank endorsed the Capital Premier League (CPL) 2023, an event featuring Wheelchair Cricket. Additionally, the Bank collaborated with Lahore Qalandars to champion five emerging women cricketers. Notably, the Bank supported deaf cricketers by organizing the T20 National Deaf Cricket Championship 2023 in Lahore.





In a collaborative effort with WWF-Pakistan, the Bank dedicated its support to maintaining clean and pollution-free air, water, and land resources. This partnership reflects a shared commitment to combating environmental degradation and preserving the natural world for the overall well-being of society.

In the realm of research, the Bank contributed to the Pakistan Agriculture Research Council's project on Healthy Potato Nucleus Seed Production Through Tissue Culture Technology. Additionally, the bank sponsored students from NUST as part of its National Talent Hunt Program.

Addressing environmental concerns, the bank conducted various tree plantation drives across the country through its BOP Madadagar initiatives. Notably, the largest plantation drive occurred in the Ferozepur Road area of Lahore, resulting in the planting of over 5000 trees. A listing of some of the prominent initiatives of 2023 is as follows:

1. Capital Premier League (CPL) 2023 for Wheelchair Crickets
2. Scholarships to 05 Emerging Women Cricketers
3. Pakistan Agriculture Research Council Project on Healthy Potato Nucleus Seed Production Through Tissue Culture Technology
4. IBA Karachi & NUST - National Talent Hunt Program (NHTP) Payment
5. Road Safety Campaign - BOP Branded Helmet
6. Tree Plantation Drive Under BOP Madadgar in Lahore
7. NHTP Under BOP & NUST MOU
8. WWF-Pakistan's Corporate Membership
9. Kar Dalo, Pakistan Ke Liay by MKR
10. Blood Donation Drives Under BOP Madadgar (Pan-Pakistan)
11. 10th Faisalabad Literary Festival 2023
12. BOP T20 National Deaf Cricket Championship 2023
13. Pakistan Literature Festival 2023 (PLF)
    - Karachi
    - Muzaffarabad
    - Lahore
    - Sukkur

BOP achieved ISO 26001:2018 Certification, an international standard for Social Responsibility. The certification is for businesses and organizations which are committed to operating in a socially responsible manner. Moreover, it is viewed as a way of assessing an organization's commitment to sustainability and its overall performance. The certification recognizes and highlights BOP's commitment as a socially responsible entity that is striving for a sustainable future. The Bank also ensure compliance with Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by SECP.

Health & Safety of Employees

In the year 2023, for the first time the Bank introduced free of cost digital healthcare consultation for employees named as **'Sehat Kahani'**, highlighting Bank's dedication to prioritizing the health and well-being of its employees. This app provides robust healthcare consultation 24/7 to employees and their loved once. The primary aim of 'Sehat Kahani' is to provide high-quality healthcare services round the clock without any associated costs, saving the traveling time, cost and energy of employees.

The Bank initiated multiple health related campaigns that aim at creating awareness and sustaining the mental and physical health of employees. In line with the global standards, the month of May was dedicated to **'Mental Health Awareness'**. Multiple sessions were arranged that served as platform for open discussions, reducing stigma, distribution of green ribbon, ensuring a workplace culture that breaks the stereotypes and embrace mental health issues faced by employees. The Bank also offered free consultation with qualified psychologists to facilitate employees with personalized guidance.

The Bank dedicates the month of October to **'Pinktober Campaign'**, organizing multiple awareness sessions, pink ribbon distribution and one-to-one discussion with breast cancer experts and survivors. The bank also supported Pink Ribbon Pakistan's Zakat Collection Campaign and conducted a month-long Breast Cancer Awareness campaign, offering free mammography facilities and educational activities.

The Bank dedicate the month of November to **'Movember Campaign'**, breaking the stigma and recognizing the importance and awareness of men's physical and mental health. The Bank does not only limit to open discussions and ice breaking activities for employees but also offered free consultation with qualified psychologists/ oncologist/physicians.

In Quarter 4 of the year 2023, the Bank set the trend high by organizing biggest corporate **Cricket Tournament** bringing employees from all across Pakistan on one pitch, improvising team building and physical health of employees, providing stress free environment, work-life balance and ultimately sustain enhanced the productivity of employees.

In the year 2023, yet another milestone was successfully achieved by inaugurating **Day Care facility** for its employees. The primary aim of this project was to reduce stress and anxiety of employees by keeping their young once close by and prevent workplace distractions fostering a culture of diversity and inclusion.

The Bank has undertaken noteworthy health and safety initiatives, with a particular focus on the well-being of its staff. A standout program involves the distribution of **BOP branded helmets to employees,** reflecting a commitment to ensuring road safety during commuting. Recognizing the importance of road safety, this initiative not only aligns with the bank's dedication to protecting its workforce but also promotes responsible behavior beyond the workplace.

The Bank regards health and safety of its employees as sole importance and have undertaken multiple initiatives to uplift and sustain the health and related safety standards of people. The bank launched the BOP **Madadgar employee volunteering program,** enabling employees to engage directly in CSR activities. The program actively supported flood affected by assisting in the construction of zero-carbon shelter homes and providing ration bags to victims in South Punjab, accompanied by a significant contribution to the **flood relief fund**. The Bank also organize blood donation camps that drive under BOP MADAGAR scheme, across diverse areas of Pakistan.




BOP
نازر
HarFardKaKhayal


BOP
THE BANK OF PUNJAB
MOVEMBER 2023


BOP
BREAST CANCER AWARENESS MONTH
"CLOSE THE CARE GAP"




BOP
THE BANK OF PUNJAB
POWERED BY
HarFardKaKhayal
"NO STRUGGLE CAN EVER SUCCEED WITHOUT WOMEN
PARTICIPATING SIDE BY SIDE WITH MEN"
PHA


BOP
COLORS OF ART


BOP
THE BANK OF PUNJAB


DAY CARE CENTRE


BREAST CANCER AWARENESS MONTH
"CLOSE THE CARE GAP"






PUNJAB
GAMES
2022
THE BANK OF PUNJAB



Green Banking Policy

BOP's Green Banking Policy has been prepared in light of the "Green Banking Guidelines" issued by SBP vide IH&SMEFD Circular No. 08 dated October 09, 2017. The Green Banking Policy shall run in parallel to other regulatory guidelines and should be read, understood, and governed by all relevant SBP directives issued from time to time.

It provides necessary guidance to protect the natural environment while providing services and financing to our customers as well as to improve in-house environmental management through efficient use of various resources across the bank. This includes the awareness creation and promotion of environmentally friendly & socially responsible projects and practices and reduction of the overall carbon footprint from both our lending and in-house operations. The primary objective here is to inculcate the environmental consciousness as part of the bank's culture, reorientation of banking products, services and operations to reduce environmental impacts. The GB policy is applicable to all business and support functions of the bank.

Through induction of gradual measures aimed towards sustainable development, the Bank would support projects that are environmentally safe and contribute their due share in arresting the adverse impacts of climate change. The BOP Green Banking Policy focuses on the following three components:

i. Environmental Risk Management (EnvRM).

ii. Own Impact Reduction.

iii. Green Business Facilitation.

Environmental & Social Risk Management Policy

The Bank of Punjab is committed to continuously enhancing its Environmental, Social, and Governance (ESG) related principles within its policies and procedures. This demonstrates a proactive approach toward incorporating sustainability and responsible practices into the core of the bank's operations.

The Bank is currently engaged in the formulation of its Environmental & Social Risk Management (ESRM) Policy document that shall also constitutes the Bank's Environmental & Social Management System (ESMS). It serves as a course of action for the bank to strategize, implement, and monitor the Environmental & Social (E&S) risks at all levels of the bank by way of setting out the procedures, roles, and responsibilities for the identification, assessment, mitigation, and monitoring of E&S risks arising from the bank's credit portfolio.

The policy is being prepared in light of the "Green Banking Guidelines" issued by SBP vide IH&SMEFD Circular No. 08 dated October 09, 2017, the SBP ESRM Implementation Manual issued by the SBP vide IH&SMEFD Circular No. 12 dated November 09, 2022, IFC Performance Standards, applicable E&S regulations, and national laws. Relevant to mention that SBP has given three years to all the bank's / FI's for the full implementation of ESRM from the above mentioned issuance date of its ESRM Implementation Manual.

A. Initiatives and plans on Sustainability and CSR:

At The Bank of Punjab (BOP), we are keen to promote a sustainable financial future for our clients, communities, and the planet. Our focus on



sustainability enables us to pursue growing business opportunities while simultaneously managing various environmental and social risks. Our commitment is well-founded to leverage our financial expertise, resources, and influence to drive economic prosperity, social inclusivity, and environmental well-being.

a) Environment related obligations applicable on BOP:

1. SBP Green Banking Guidelines issued by SBP vide IH&SMEFD Circular No. 08 dated October 09, 2017.
2. Code of Corporate Governance and Corporate Social Responsibility (CSR) Voluntary Guidelines issued by the Securities and Exchange Commission of Pakistan (SECP) in 2013.
3. SBP ESRM Implementation Manual issued by the SBP vide IH&SMEFD Circular No. 12 dated November 09, 2022.
4. Compliance against already attained CSR 26001:2021 certification that includes social responsibility recommendations.

b) BOP Progress towards ESG initiatives during the year:

The Bank of Punjab has always remained steadfast in lending a helping hand to the public, particularly its marginalized and disenfranchised segments and concerted efforts are being made to achieve the objective of financial inclusion. Moving forward in ESG journey the year 2023 marked a number of initiatives, including:

- The creation of BOP's ESRM Steering and Working Committee(s) was an important step towards the development of BOP's sustainability governance structure.

- The year 2023 marked the development of BOP Environmental & Social Risk Management (ESRM) Policy. In doing so, BOP will endeavor to mitigate E&S risks and contribute towards sustainable development by supporting clients that seek continuous improvement in environmental and social practices.

- The BOP was given the Best SME Bank 2023 award by Asia Money in recognition of the various green and sustainable financing products launched for the SME sector including BOP e-Business Qarza, Refinance Scheme for Modernization of SMEs and BOP Apni Dokan.

- The BOP played a positive role in the development of the sustainable and climate-smart agriculture sector through various sustainable agriculture financing schemes like the BOP Shamsi Tawanai, BOP Farm Mechanization, BOP Electronic warehouse receipt financing and Punjab Rozgar Scheme PRS. These initiatives are positive steps towards achieving food security and energy conservation in Pakistan.

- BOP took another step towards achieving environmental and social sustainability by launching a green loan scheme for shifting traditional brick kilns to zigzag technology.

- The BOP's Digi BOP was launched to digital



innovative products & services and accelerate our vision of becoming a Digital-First Challenger Bank centered on customers' needs. The shift towards digital financial services will enable BOP to create environmental & social sustainability along with ensuring financial inclusion.

- BOP has sponsored the Pakistan Spelling Bee, a national competition aimed at improving English & Urdu language skills among the country's youth and developing a spirit of teamwork and collaboration.

- A Day Care Center was established in the BOP Head Office in Lahore to facilitate the women workforce. The Day Care Center is equipped with state-of-the-art equipment and competent staff so that the mothers may perform their work obligations in a relaxed environment.

- A Women's Entrepreneur Finance Scheme (WEFS) was launched by The BOP to assist women to launch or expand their business across Punjab. This initiative was aimed towards ensuring women inclusion in the country's economy.

- The BOP prides itself on providing equal employment opportunities, free of gender discrimination; by implementing a methodical merit without gender discrimination selection process. The Bank successfully closed the year 2023 with permanent staff strength of **11,420** employees and **2,239** contractual employees. During the year 2023, **515** female staff members have been hired. The ratio of female staff members stood at **23%** compared to **22%** from the previous year.

- The BOP celebrated Working Women Day to celebrate the spirit of gender equality and financial inclusion.

- The BOP deepened its commitment to major health initiatives throughout the year. The Bank participated in the global Pink Ribbon campaign for raising awareness about breast cancer. The Bank has also collaborated with the Sehat Kahani App to provide online, easy and fast health care solutions for its staff and bank card holders.

- The Bank recognizes the important role played by sports in the well-being and health of the Nation. In this regard, it focused on encouraging local talent and avenues to make Pakistan's name stand out in the world of sports. The BOP sponsored the National Deaf Cricket Championship. The initiative was a positive step towards championing inclusivity and contributing towards the spirit of sports in Pakistan.

- Diversity and inclusion are the essential pillars of BOP's ESG vision. Remaining true to its commitment as an equal opportunity financial institution, the Bank of Punjab has inducted differently abled persons and launched model branches for Persons with Disabilities (PWDs).



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Certification Body of Management Systems
E. P. Voljanskeho 1, 960 01 Zvolen, Slovak Republic

by this

CERTIFICATE

certifies that the Management System of

BOP
THE BANK OF PUNJAB

The Bank of Punjab
BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore, Pakistan

has been established and duly implemented and company applies it in accordance with the standard

CSR 26001:2021

provisions for the following areas:

Commercial Banking

Certified locations:
BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore, Pakistan

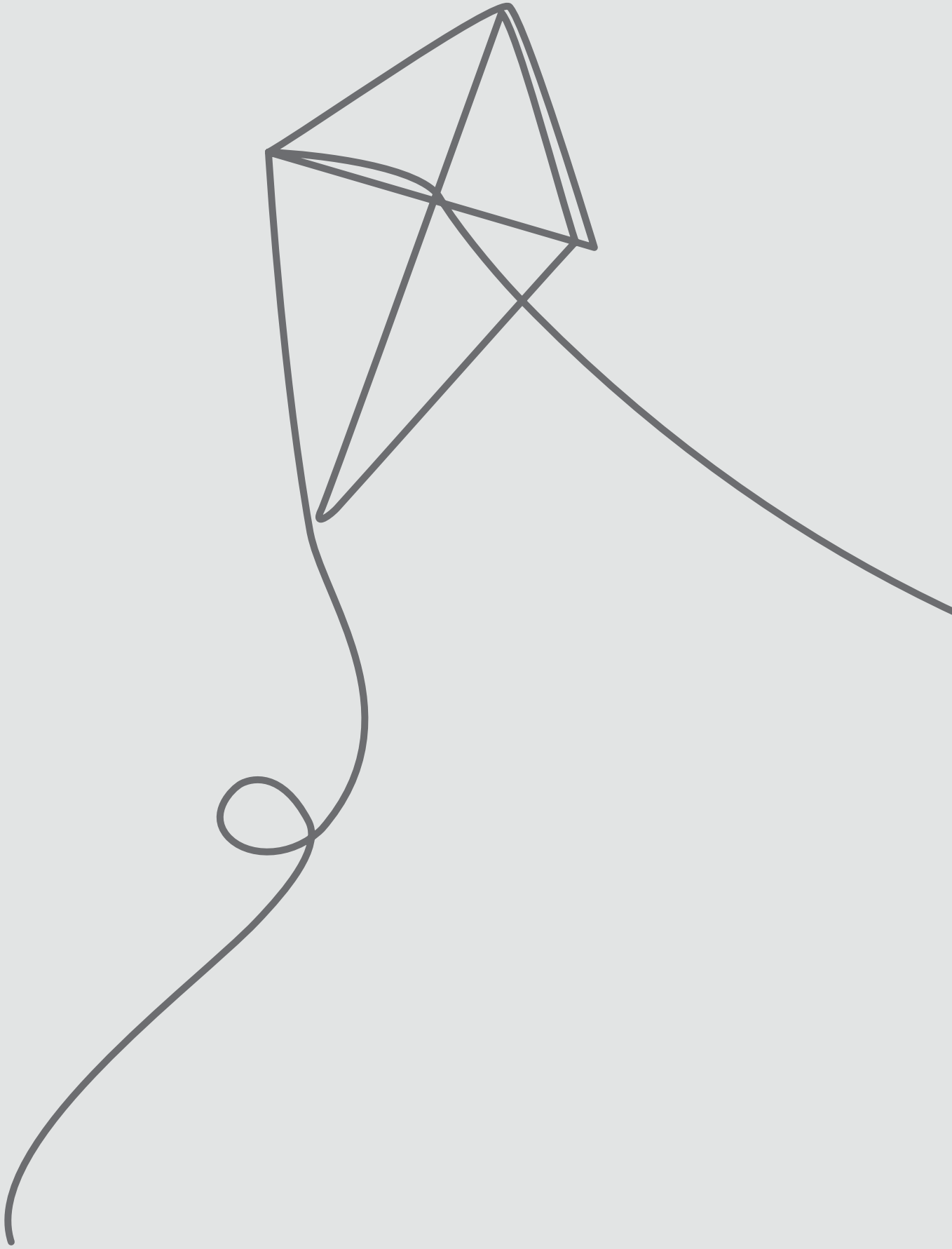
The results of Audit Report No. P-CNT-1068-2022-CSR have proved that the Management System fully complies with the requirements of the aforementioned standard.

Certificate No.:	CSR – 10605/22
Initial certification date :	03.03.2022
Date of Issue:	03.03.2022
Expiry date:	02.03.2025

CERTIFICATION BODY QSCert QUALITY MANAGEMENT SYSTEM

This certificate is valid only if it is published among valid certificates on www.qscert.com

Ing. Marcel Šlúch
Chief executive



GOVERNANCE

CORPORATE INFORMATION

Board of Directors

Dr. Muhammad Amjad Saqib
Director

Syed Ghazanfar Abbas Jilani
Director

Mr. Mujahid Sherdil
Director

Mr. Mohammad Mudassir Amray
Director

Mr. Asif Reza Sana
Director

Mr. Muhammad Naeem Khan
Director

Mr. Zafar Masud
President & CEO

Mr. Kamran Hafeez
Secretary to the Board

Board Audit Committee

Mr. Mohammad Mudassir Amray
Chairman

Syed Ghazanfar Abbas Jilani
Member

Mr. Muhammad Naeem Khan
Member

Mr. Mujahid Sherdil
Member

Risk Management, Compliance and NPL Review Committee (RMC&NRC)

Syed Ghazanfar Abbas Jilani
Chairman

Mr. Mohammad Mudassir Amray
Member

Dr. Muhammad Amjad Saqib
Member

Mr. Muhammad Naeem Khan
Member

Human Resource, Compensation, Performance Evaluation and Nomination Committee (HRCPE&NC)

Mr. Asif Reza Sana
Chairman

Dr. Muhammad Amjad Saqib
Member

Syed Ghazanfar Abbas Jilani
Member

Mr. Mujahid Sherdil
Member

Strategy, Islamic and Priority Sector Financing Committee (SI&PSFC)

Dr. Muhammad Amjad Saqib
Chairman

Mr. Asif Reza Sana
Member

Mr. Muhammad Naeem Khan
Member

Mr. Mujahid Sherdil
Member

Information Technology and Communications Committee (ITCC)

Mr. Asif Reza Sana
Member

Mr. Mohammad Mudassir Amray
Member

Note: A sub committee (Review of BOP Act 1989) was formed to review BOP Act 1989.

Auditors

A.F. Ferguson & Co. Chartered Accountants

Registered Office

BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III, Lahore.
Telephones: +92 42 35783700–10
Fax No. +92 42 35783975
UAN: 111 200 100

Registrar

M/s. Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore.
Telephones: +92 42 35916714, 35916719, 35839182
Fax No +92 42 35869037

Website

www.bop.com.pk

Board of Directors

Dr. Muhammad Amjad Saqib	Director
Syed Ghazanfar Abbas Jilani	Director
Mr. Mujahid Sherdil	Director
Mr. Mohammad Mudassir Amray	Director
Mr. Asif Reza Sana	Director
Mr. Muhammad Naeem Khan	Director
Mr. Zafar Masud	President & CEO
Mr. Kamran Hafeez	Secretary to the Board

Annual Performance Evaluation of the Board

The Board of Directors of the Bank of Punjab are responsible for ensuring compliance with the regulatory regime and devising strategies that enable the Bank in reaching its desired goals and objectives, providing the management with strategic direction and monitor overall performance of the Bank.

In order to protect the interests of shareholders in a timely manner, the Board plays a key role to act as a bridge with the management on their behalf.

Key performance indicators mainly covered in Board's performance evaluation include:

- Input on Bank's strategies & policies and focus on alignment in right direction with the development of new policies encompassing Banks role in areas of emerging scenarios.
- The Board, its individual members, Committees, and independent members discharge their roles in effective and efficient manner in line with regulatory requirements.
- Participation and contribution of all members through effective mechanism of Committees.
- Regular and effective check on Internal Controls, Compliance and Audit Function.
- Appropriate composition, experience and effectiveness of the Board & Sub-Committees, clear understanding of Bank's goals, vision & mission statements.

Accordingly, Board evaluation for the year-2023 is being undertaken through an External independent evaluator and results of which will be shared with the Board.

BRIEF PROFILE OF BOARD MEMBERS



Mr. Zafar Masud

Mr. Zafar Masud is a development and social impact focused banker, entrepreneur and public sector expert having **around 30 years of proven track record** of exceptional success stories in Banking, Development Finance, Energy and Corporate Governance.

He has earned rich banking experience while being at top positions in multinational banks **within and outside Pakistan,** including American Express Bank, Citigroup, Dubai Islamic Bank, and **Barclays Bank PLC, where he had served as Regional Managing Director & CEO for Southern Africa,** managing total balance sheet of US$ 3 Billion and 10,000 people.

Mr. Masud has been the **Member of the Board of Directors of the State Bank of Pakistan (SBP),** appointed in March 2013 for three years. He had served as the Member on the most prestigious and coveted **Constitutionally Independent Monetary Policy Committee** of the Government of Pakistan until his departure from the Board in August 2016. After successfully completing one three year term on the Board of Directors of SBP, was re-appointed on the Board of SBP for another term of three years in April 2016 - a testament of recognition of his **exceptional performance as the Board Member of this most prestigious institution.** He had served as the Chairman of Publications Review Sub-Committee and Members of Human Resources and Investment Sub-Committees of the Board. His contribution on the Board, particularly in the areas of Publications, Monetary Policy, Foreign Remittances/ Investments, Banking and Human Resources, has been recognized and praised, across the board.

He has **contributed in the revitalization & transformation of National Savings, Ministry of Finance (MoF), Government of Pakistan (GoP),** where he remained **as Chief Executive/ Director General for two years (2016-18).** He was instrumental in initiating a digital transformation of the organization with the support of Gates Foundation, Foreign Commonwealth & Development Office (formerly, DFID) Government of UK, USAID and the World Bank. During his tenure at National Savings, he had successfully launched welfare products for Differently-abled Persons and Shuhadah's Families and set in motion the launch of Overseas Pakistanis Savings Certificates and Shariah Compliant Savings Schemes.

Between 2018 and 2020, he **has the honor of being the Founding CEO (Interim) for InfraZamin Pakistan (IZP)** - a **Private Infrastructure Development Group, UK (PIDG)** driven initiative - for setting-up first of **it's kind credit enhancement company in Pakistan for social infrastructure financing** in local currency, working closely with **Securities & Exchange Commission of Pakistan (SECP) in framing the necessary rules and regulations** to allow entry and functioning of such entities into this very important arena of infrastructure financing in Pakistan. He's currently **serving on the Board of Directors of IZP** as nominee director of the main sponsor - InfraCo Asia Singapore.

He also rendered his services as **Director on the Boards** of major public and private sector entities including **Port Qasim Authority (PQA), Quaid-e-Azam Thermal Power (Private) Limited, Gadoon Textile Mills Limited,** etc.

He has remained a member of the **IMF motivated Task Force on Framing State Owned Entities (SOE) Law** set-up by the Ministry of Finance, Government of Pakistan.

Mr. Masud was earlier appointed as **Convener of one of the largest interest free loan programs in Pakistan** — an innovative poverty-alleviation and social-safety project of the Ministry of Finance, Government of Pakistan. In addition to designing the entire program, he was credited for managing it end-to-end, quickest and smoothest execution, with exceptional success, including **getting the program consented from IMF and the World Bank.**

Since April 2020, Mr. Zafar Masud has been serving as **President & CEO of The Bank of Punjab (BOP)** - the second largest public sector bank in the Country with US$ 8 Billion in balance sheet size and around 14,000 staff. He is **spearheading a strategic transformational drive to steer BOP towards cutting-edge digitally motivated financial institution,** to be positioned in industry's top-tier banks with focus on empathy, compassion and the best in class corporate governance practices.

He is **leading the Board of Directors of Oil & Gas Development Company Limited** - the largest entity in Pakistan in terms of market capitalization with foreign listing, as it's **non-executive Chairman.**

Earlier in May 2020, he had **miraculously survived the PK8303 airplane crash in Karachi.** His colleagues dedicated a book to him called "The Miraculous Survivor".

He has been decorated with the **highest civil award of Hungary in August 2021** for spearheading the initiative to furthering Hungarian-Pakistani cross cultural ties, by restoring ~175-years old subcontinental artwork of Hungarian Artist August Schoefft.

Mr. Masud is an **MBA ('93)** with **specialization in Banking** from the most prestigious Institute of Business Administration, University of Karachi **(IBA Karachi)**. He's also an alum of the world renowned business school Insead, Fontainebleau France Campus, qualified in Corporate Governance.

He's a regular **contributor** to **local and international media,** including **Tedtalk,** etc., on the topics of banking, economics and energy and is also an **author of a publication in two volumes titled "Out of the Box"** which is a collection of his various newspaper articles, write-up and presentations on these topics. **Co-authored a publication on pension reforms** with the DfID/ FCDO consultants for KPK. **Featured, the only one outside Western Hemisphere, in 30 Transformative insights from Greatest Minds** by **best-seller author Scott Miller** in his book **"Master Mentors - Volume 2".**

His **latest book - Leased Breath** - based on his **musings as aircrash survivor,** is presently under publication.

Mr. Masud has a **dedicated website** (zafarmasud.com)

BRIEF PROFILE OF BOARD MEMBERS



Mr. Mujahid Sherdil

Mr. Mujahid Sherdil is an officer of Pakistan Administrative Service and is currently posted as Finance Secretary, Government of the Punjab. He joined Civil Service in year 2003 and held various senior positions at federal and provincial level including Secretary, Communication & Works; Secretary, Planning & Development; Deputy Commissioner, Islamabad; Director General, Punjab Disaster Management Authority; Chief Executive Officer, Infrastructure Development Authority of Punjab and Principal Staff Officer to the Prime Minister of Pakistan.

Mr. Mujahid is a versatile, highly adaptable professional and key problem solver with 20 years of proven track record to his credit, providing solutions to optimize operational performance across a broad range of areas with particular focus on national/provincial infrastructure development, financial management, public procurement and public administration. He maintains a reputation for setting high expectations, promotes individual/organizational goal attainment by applying expertise to key aspects for executing organizational goals.

He holds a degree in Master of Architecture from Washington University, St. Louis, MO., USA and Bachelors of Arts with major in Concentration in Mathematics and Pre-Architecture from Grinnell College, Iowa, USA.

Mr. Mujahid remained an outstanding tennis player during his educational career at Aitchison College, Lahore and Grinnell College, USA.



Dr. Muhammad Amjad Saqib

Originally hailing from Civil Service of Pakistan (DMG), Dr. Amjad Saqib is founder and Chairman of Akhuwat, the largest interest-free microfinance program in the world. This program has disbursed over Rs. 194 billion to around 5.7 million poor families in Pakistan and has launched Pakistan's first free 'Akhuwat College University' that is open to talent from impoverished families without regard to gender, religion, or politics.

He is also working as chairman Punjab Development Network (PDN) which is a network of more than 160 development and charity organizations, working for social and economic development especially in areas like clean drinking water and sanitation. He is Executive Director, Fountain house - an Institute of treatment and rehabilitation of mentally challenged people.

His areas of expertise include governance, poverty alleviation, microfinance and rural development. Because of his remarkable achievements in restoring human dignity to Pakistan's most vulnerable communities, including poor women and transgenders, through financial inclusion, education, health care, and provision of shelter and housing, Dr. Saqib has received world-wide recognition, including "Ramon Magsaysay Award 2021", popularly known as "Asia's Nobel Prize", the Islamic Economy Award by His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Thomson Reuters in 2018. He is also recipient of Social Entrepreneur of the year award for 2018 by World Economic Forum (WEF) and Schwab Foundation and Commonwealth's 31st Point of Light award by Queen Elizabeth II in 2018. He has also been awarded Life Time Achievement Award, 2014 by Abu Dhabi Islamic Bank and Thomson Reuters, for his efforts to promote Islamic finance.

President of Pakistan bestowed on him Sitara-a-Imtiaz, one of the coveted civil awards of Pakistan. He is author of nine books and an acclaimed speaker who has spoken at UN, Harvard, Oxford and Cambridge.

BRIEF PROFILE OF BOARD MEMBERS



Syed Ghazanfar Abbas Jilani

Syed Ghazanfar Abbas Jilani joined Pakistan Audit and Accounts Service in 1984 and retired as Federal Secretary, Economic Affairs Division, Ministry of Finance in 2018. During his long and distinguished career he has held various senior positions in the Government and has diversified professional experience to his credit.

He remained posted in Pakistan and USA in various capacities having close interactions with donors like the World Bank, Asian Development Bank, Islamic Development Bank, Asian Infrastructure Investment Bank, United Nations Development Program, European Union and Bilateral Economic Development Partners.

He was on the Board of Directors of Pak-Arab Refinery Company, Pakistan International Airlines Company, Sui Southern Gas Company Limited, Government Holding Private Limited, National Highway Authority, National Engineering Services Pakistan, Pakistan Television and Islamabad Electric Supply Company.

His international exposure comprises as first Secretary in Pakistan's Mission to United Nations, delegate to the UN General Assembly and the focal person for Plenary Session to General Assembly. He held various positions as nominee of the Government of Pakistan i.e. i) Alternate Governor of the World Bank, Washington DC, ii) Alternate Governor of Asian Development Bank, Manila, iii) Asian Infrastructure Investment Bank, Beijing, iv) Alternate Governor and Director of Islamic Development Bank and member of Finance Committee, v) Director Pak-China Investment Company Limited and was Chairman of its Finance Committee.

He was leader of Pakistan's delegation to the Annual meeting of the Islamic Development Bank in Tunisia (2018), Asian Development Bank in Manila, Philippines (2018) and Asian Infrastructure Investment Bank at Mumbai, India (2018). Attended World Bank/IMF Spring Meeting in Washington DC and Annual Meetings of the World Bank/IMF in Bali, Indonesia.

He holds a Masters degree in Business Administration and Bachelors with Major in Economics from Government College Multan. He is also a director in Jilani Organic (Pvt) Limited.



Mr. Mohammad Mudassir Amray

Mudassir is a seasoned banker with well-rounded exposure of over 25 years in senior management roles with proven track record in six geographies (USA, Nigeria, Malaysia, Hong Kong, Singapore, and Pakistan) and multiple roles with local and international banks.
Mudassir held various senior positions, including

1. Managing Director & Chief Executive Officer of Titan Trust Bank in Nigeria
2. Managing Director & Head of Global Capital Management for LATAM at Citibank New York
3. Managing Director & Group Head of Global Corporate & Investment Banking & Business SCO for Citibank Nigeria and Ghana
4. Head of Wholesale Banking at Al-Rajhi Bank in Malaysia
5. Director, Global Network Capital Management at Citibank in Hong Kong
6. Head of Islamic Banking for Asia Pacific at Citibank in Singapore
7. Country Business Head and Business SCO at Citibank in Pakistan
8. Regional Manager & Country Head Structured Finance for Bank Alfalah in Pakistan
9. Corporate Bank Head at United Bank Limited in Pakistan

Mudassir has strong focus on governance and processes and has a balanced approach towards risk and business. He exhibits courage in taking tough decisions and had developed and adopted smart business strategies in different environments. He is also a director in Titan Trust Bank Nigeria.

BRIEF PROFILE OF BOARD MEMBERS



Mr. Asif Reza Sana

Mr. Asif Reza Sana is a banker turned entrepreneur and businessman engaged in multiple governance roles at the corporate level. He is well experienced in restructuring banks and creating financial services brands with a differential. He is also a private equity, banking and finance advisor. His prior career has been with world leader multinationals in the disciplines of finance, general management and marketing. He currently also owns insurance, healthcare and consumer products businesses.

Mr. Sana made his professional career debut in marketing, working for the Irish Dairy Board in 1981; he was then hired by the leading chocolate manufacturing multinational, Mars Inc., in 1982. In 1988, he was headhunted by Philip Morris (PM) then the largest consumer products company in the world. After the collapse of the Soviet Bloc in 1989 he was made a member of the Philip Morris task force, based at the international headquarters in Switzerland. Main assignment of the taskforce was to pioneer establishments of PM businesses in the newly liberated markets of Central and Eastern Europe through mergers and acquisitions, licensing and joint ventures. In 1991 he was appointed to the coveted position of Group head of Philip Morris' legendary flagship brand, Marlboro. He was promoted to a leadership role of managing a profit centre in 1995, responsible for global pricing strategies, financial management across several countries and currencies with complex tax structures and a multinational workforce based in several countries.

On his return to Pakistan, he was appointed advisor to the board of directors of Union Bank in 2000. He conceived, negotiated and closed the acquisition of Emirates Bank in Pakistan and Mashreq Bank in Sri Lanka for Union Bank. He was elected a member of the board of directors of Union Bank and continued to work as the executive director as well as a member of the Management Committee, Alco, and In-Charge of the monthly business performance review of all country group heads. He assisted the HR and Audit committees. The majority shareholders then gave him the sole mandate to implement an exit strategy. He searched, short listed, negotiated and closed the sale of Union Bank to Standard Chartered Bank at a landmark price of US $ 485 million at the highest multiple in the banking industry of Pakistan at that time.

Subsequently, as an advisor to Askari bank he carried out the due diligence to determine the enterprise value of the bank. He steered the recapitalization plan of the bank. On the request of the new shareholders he joined the board of restructured Askari Bank as an independent director and served as the chairman of the audit committee for 6 years. He is currently appointed on the board of governors of Naya Pakistan Housing Authority and also serves on the boards of other public listed companies.

He is the founding trustee of a charity that rehabilitated radicalized youth in the main stream society through a boarding school and vocational training programme supported by the Government of Pakistan in Northern Areas. He is also on the Advisory board of Global Sustainability Network (GSN) of UK, a UN associated charity. He is an avid golfer, skier and sportsman. He is also a director in TPL Life Insurance and Naya Pakistan Housing Authority.



Mr. Muhammad Naeem Khan

Mr. Muhammad Naeem Khan is a senior Director level banking professional with diversified domestic and international Commercial and Investment banking background spanning over a period of 35 years. He started his banking career with United Bank Limited in 1974 and served in various senior level positions at National Bank of Oman, Bank of Credit and Commerce International, American Express Bank, Al Faysal Investment Bank. He also served as Chief Operating Officer of Escorts Investment Bank and Innovative Investment Bank (formerly Crescent Standard Investment Bank).

He represented Government College Lahore and Punjab University and played National Squash Championships in Pakistan representing Punjab. Represented Oman and Luxembourg in Squash in International Championships. Travelled widely in Europe and Asia.

He holds a Bachelor degree from Government College Lahore.

BOARD COMMITTEES COMPOSITION AND TORs

Board Audit Committee (BAC)

Mr. Mohammad Mudassir Amray	Chairman
Syed Ghazanfar Abbas Jilani	Member
Mr. Muhammad Naeem Khan	Member
Mr. Mujahid Sherdil	Member
Mr. Naweed Akhtar Sharif(*)	Member
Ms. Nadia Rehman(*)	Member

(*)Note:

Mr. Naweed Akhtar Sharif, Member and Ms. Nadia Rehman, Member have been denotified by the GoPb on 25.01.2024.

Terms of Reference

TORs of the Committee include ensuring, inter alia:

- Review of annual and interim financial statements of the Bank, prior to their approval by the Board, focusing on major judgmental areas, significant adjustments resulting from the audit, going concern assumption, any changes in accounting policies and practices, compliance with applicable accounting standards, compliance with Regulations and other statutory and regulatory requirements; and all related party transactions;
- Review of preliminary announcements of results prior to external communication and publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Internal audit reports are provided to external auditors for the review and that auditors shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the Board;
- Determination of appropriate measures to safeguard the Bank's assets;
- Coordination between the internal and external auditors of the Bank;
- External auditor (or a person involved in the audit of the bank) is not a close relative (i.e. Spouse, parents, dependents and non-dependent children) of the CEO, the CFO, the CIA, Company Secretary or a Director of the Bank;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- Review of Management Letter issued by external auditors and management's response thereto;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Bank;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Review of summary of quarterly report on frauds/ forgeries/ dacoities;
- The systemic gaps, if any, that facilitated perpetration of fraud have been filled and actions being taken by the management to curb such incidents in the future;
- Identify the reasons for delay in detection and reporting to the senior management of the bank and SBP, if any;
- Monitor progress of investigations, court cases and recoveries position of cases of Rs. 0.5 million and above;
- Review the efficacy of remedial actions taken to prevent recurrence of frauds/ forgeries/ dacoities such as strengthening of internal controls, etc;
- Supervise the Whistle Blowing Unit;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording and the reporting structure are adequate and effective;
- Review of the Bank's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof;
- Monitoring compliance with relevant applicable regulations and identification of significant violations thereof;
- Recommending to the Board the appointment of external auditors, their removal, audit fees and related matters;
- Consideration of any other issue or matter as may be assigned by the Board.

Risk Management, Compliance and NPL Review Committee (RMC&NRC)

Syed Ghazanfar Abbas Jilani	Chairman
Mr. Mohammad Mudassir Amray	Member
Dr. Muhammad Amjad Saqib	Member
Mr. Muhammad Naeem Khan	Member
Mr. Naweed Akhtar Sharif (*)	Member

(*)Note:

Mr. Naweed Akhtar Sharif, Member has been denotified by the GoPb on 25.01.2024.

Terms of Reference

TORs of the Committee include ensuring, inter alia:

- Monitoring and review of all material controls (financial, operational, compliance and risk management);
- Risk mitigation measures are robust and integrity of financial information;
- Appropriate extent of disclosure of Bank's risk framework and internal control system in Directors report;
- In addition to oversight and monitoring of ML/TF/ PF risks posed to the entity, also be responsible for ensuring that entity has implemented effective AML/ CFT controls (preventive measures) including Targeted Financial Sanctions (TFS) related to TF & PF, STR/CTR;
- The Board of Directors of the Bank has the ultimate responsibility of guiding and overseeing the design and implementation of enterprise wide Compliance Risk Management Program in the Bank. The CF should assist the Board / Committee in monitoring the Bank wide implementation of Compliance Program and the level of compliance risk that the Bank is faced with at any given point in time.
- Approve "Compliance Risk Strategy" (as part of Bank's overall risk strategy) and allied Policies of the Bank and oversee its implementation across the entity in letter and spirit;
- Establishment of a robust Compliance Function (CF) compatible with Bank's overall risk management strategy, risk profile and complexity of operations, with required authority, independence, financial resources and quality human resources.
- Approve an end to end compliance program that promotes and supports compliance risk management across the organization, at every hierarchal level of the Bank;
- Discuss compliance issues regularly, ensuring that adequate time and priority is provided in the Board agenda to deliberate compliance issues and that such issues are resolved effectively and expeditiously.
- Evaluate the effectiveness of Bank's overall management of compliance risk, at least annually; keeping in view the regulatory observations in onsite examinations, regulatory enforcement actions, internal assessments/feedback from Internal Audit Function (IAF), compliance reviews, as well as interactions with the Chief Compliance Officer (CCO).
- The Committee shall be responsible to, on advice of CEO, approve the appointment of CCO with sufficient experience, expertise, skills and qualifications to perform CCO's functions in an effective manner and related matter;
- Review the minutes of Compliance Committee of Management meetings to ascertain its effectiveness in managing compliance risk.
- Review the progress in implementing remedial actions taken with respect to instances of non-compliance or control weakness as identified by CF through its regular 'Compliance Reviews' and /or various other sources.
- Review and approve the "Internal Risk Assessment Report" of the Bank;
- Receive and review Bank's standardized report/ MIS on the ML/ TF/ PF risks posed to the Bank and the effectiveness of available AML/ CFT controls (preventive measures), on a Quarterly basis;
- Make recommendations to the Board of Directors in ascertaining Bank's risk appetite, formulating strategy and policies for managing risks and establish adequate systems and controls to ensure that overall risk remain within acceptable level and the reward compensate for the risk taken, make recommendations to the Board of Directors for approval of any material exceptions to the Risk Management Policies and tolerances;
- Recommend to the Board the Bank's Credit Risk Strategy and Significant Policies relating to Credit Risk and its management which should be based on the Bank's overall Business Strategy.
- Recommend to the Board the bank's overall risk tolerance in relation to credit risk.
- Bank's overall credit risk exposure is maintained at prudent levels and consistent with the available capital.
- Top management as well as individuals responsible for credit risk management possess sound expertise and knowledge to accomplish the risk management function;
- Bank implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of credit risk;

- Appropriate plans and procedures for credit risk management are in place.
- Bank's overall market risk exposure is maintained at prudent levels and consistent with the available capital.
- The Bank implements sound fundamental principles that facilitate the identification, measurement, monitoring and control of market risk.
- Adequate resources (technical as well as human) are devoted to market risk management;
- Devise policies and guidelines for identification, measurement, monitoring and control for all major risk categories;
- The Bank has clear, comprehensive and well documented policies and procedural guidelines relating to risk management and the relevant staff fully understands those policies;
- Reviewing and approving market risk limits, including triggers or stop losses for traded and accrual portfolios;
- Robustness of financial models, and the effectiveness of all systems used to calculate market risk, ensure that the Bank has robust Management information system relating to risk reporting;
- Review Policy for management of risks particularly in the areas of Credit, Market, Interest Rate, Liquidity, Operational, Technology, Information / Cyber Security, Shariah Compliance, Legal, Country, Financial Institutions, Conduct, Compliance, Money Laundering, Terrorism Financing, Proliferation Financing, and Reputational Risks;
- Review and recommend to the Board well defined and transparent write-off policy and review and recommend to the Board any write offs of irrecoverable / bad loans;
- There is an effective, integrated Operational Risk Management Framework which should incorporate a clearly defined organizational structure, with defined roles and responsibilities for all aspects of operational risk management/monitoring and appropriate tools that support the identification, assessment, control and reporting of key risks;
- Review and propose to the Board the delegation of adequate and appropriate powers down the line to ensure proper management and supervision of write offs of bad/irrecoverable loans/advances;
- Effective internal control and supervisory mechanism is in place for write offs of bad/irrecoverable loans/ advances;
- Review the report of NPLs and write offs and major rescheduling / restructurings on quarterly basis;
- While the ultimate accountability for Operational Risk Management rests with the Board, and the level of risk that the Bank accepts, together with the basis for managing those risks, is driven from the top down by those charged with overall responsibility for running the business;
- The Committee shall be responsible for oversight of the IFRS 9 implementation process;
- Constitute an IFRS 9 Project Steering Committee to administer the Project;
- Review and approve Bank's transition plan for IFRS 9 implementation;
- Review the progress against the transition plan on a Quarterly basis;
- Smooth implementation of IFRS 9 within the timelines stipulated by State Bank of Pakistan

Human Resource, Compensation, Performance Evaluation and Nomination Committee (HRC,PE&NC)

Mr. Asif Reza Sana	Chairman
Dr. Muhammad Amjad Saqib	Member
Syed Ghazanfar Abbas Jilani	Member
Mr. Mujahid Sherdil	Member
Ms. Nadia Rehman (*)	Member
Mr. Mohammad Jehanzeb Khan (*)	Member

(*)Note:

Mr. Mohammad Jehanzeb Khan, Member and Ms. Nadia Rehman Member have denotified by the GoPb on 25.01.2024.

Terms of Reference

TORs of the Committee include ensuring, inter alia:

- A fair, transparent and competitive remuneration mechanism be developed and put in place that encourages the culture of "pay for performance";
- Consideration and approval of policy framework for determining remuneration of directors;
- Recommending to the Board, the structure of compensation package of Executive Directors, President & CEO, Key Executives and any other employee or group of employees' institution-wide; recommendations will then be approved at appropriate level either by shareholders or by the Board of Directors according to legal and regulatory requirements;
- Approving the appointment, compensation package (including retirement benefits), promotion/demotion and renewal of the employment contracts of Key Executives (as defined in HR Policy except Chief Operating Officer or equivalent, Chief Financial Officer, Company Secretary and Head of Internal Audit);
- Bank wide remuneration policy should take into account all cadres of employees;

- Review the Remuneration Policy and remuneration setting mechanism at least once every three years; Key aspects of Remuneration Policy would be to develop separate structures of remuneration for Material Risk Controllers (MRCs) and Material Risk Takers (MRTs);
- Undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant;
- Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Group Chiefs / SEVP- G, Chief Financial Officer and Company Secretary;
- Consideration and approval on recommendations of the President & Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Group Chiefs / SEVP- G;
- Considering and making recommendations to the Board in respect of the Board's Sub-Committees and the Chairmanship of the Board's Sub-Committees;
- Keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary;
- Additional disclosures on Governance and Remuneration in the Annual Financial Statements of the Bank are made as required by "Revised Guidelines on remuneration Practices" issued vide SBP's BPRD Circular No. 01 of 2017 dated 25.01.2017;
- Oversight of various Human Resource functions including but not limited to review of Bank's organizational structure, training and development, implementation of HR plans, HR MIS, succession planning of key executives etc.

Strategy, Islamic And Priority Sector Financing Committee (SI&PSFC)

Dr. Muhammad Amjad Saqib	Chairman
Mr. Asif Reza Sana	Member
Mr. Muhammad Naeem Khan	Member
Mr. Mujahid Sherdil	Member
Mr. Mohammad Jehanzeb Khan (*)	Member

(*)Note:

Mr. Mohammad Jehanzeb Khan, Member has denotified by the GoPb on 25.01.2024.

Terms of Reference

TORs of the Committee include ensuring, inter alia:

- Review and recommend to the Board the 'Corporate Strategy' of the Bank;
- Review on an annual basis, the Annual Business Plan, Cash flow Projections, Forecasts and Strategic Plan presented by the Management of the Bank and recommend these for the approval of the Board of Directors;
- Making recommendations to the Board of Directors in introducing the necessary mechanisms and risk management systems to safeguard the interests of Investment Account Holders /Profit and Loss Sharing depositors;
- Appointment of Shariah Board to perform the functions as stipulated in the "Shariah Governance Framework for Islamic Banking Institutions" and to take appropriate measures for introducing and implementing an effective Shariah compliance framework;
- Recommending to the Board of Directors the approval of the TORs of the Shariah Board and fix remuneration of the Shariah Board members;
- Review the potential and competitive status of Taqwa Islamic Banking and suggest policy measures for its growth in line with its future vision;
- Review the quarterly accounts of Taqwa Islamic Banking along with comparative analysis of Islamic Banks / Islamic Banking Operations in Pakistan;
- Review the existing Islamic Banking lending and deposit products of the industry and suggest enhancement to such products and / or discuss characteristics of new products;
- Work for promotion of financial inclusion through Islamic Banking under guidelines of the State Bank of Pakistan;
- Oversee Bank's Performance in financing to 'Priority Sectors' i.e. Agriculture, Housing and SME Segments.;
- Periodically review, at least on a half yearly basis, the Business Strategies and their outcome and future business plans;
- Periodically review, at least on a half yearly basis, performance of new initiatives, products etc. introduced for business growth;
- Periodically review, at least on a half yearly basis, portfolio growth trends, exposure concentrations and geographical distribution;
- Periodically review, at least on a half yearly basis, the performance versus internal and regulatory targets;
- Periodically review, at least on a half yearly basis, the measures taken for capacity building of staff through in-house and external training;
- Periodically review, at least on a half yearly basis, the use of technology to strengthen credit appraisal and monitoring

Information Technology And Communications Committee (ITCC)

Mr. Mohammad Jehanzeb Khan (*)	Chairman
Mr. Asif Reza Sana	Member
Mr. Mohammad Mudassir Amray	Member
Ms. Nadia Rehman (*)	Member
Mr. Naweed Akhtar Sharif (*)	Member

(*)Note:

Mr. Mohammad Jehanzeb Khan, Chairman, Mr. Naweed Akhtar Sharif and Ms. Nadia Rehman Members have been denotified by the GoPb on 25.01.2024.

Terms of Reference:

TORs of the Committee include ensuring, inter alia:

- To establish a comprehensive enterprise technology governance framework which defines the leadership, organizational structures and processes to ensure that the Bank's technology sustains and extends the enterprise's strategies and objectives; to make recommendations to the Board to this end;
- Review and approve an IT Governance Framework to ensure that Bank's IT supports and enables the achievement of corporate Strategies and objectives, the Committee shall be responsible to recommend to the Board the IT Governance Framework;
- Review and approve "IT Strategy" and "Digital Strategy" in line with the business strategy of the Bank and monitor and update the same on regular basis keeping in view potential opportunities and threats;
- Establish an efficient and effective IT organization structure in line with the IT governance framework, the Committee shall be responsible to make recommendations to the Board to this end;
- Technology risks are integrated with the enterprise risk management function to achieve security, reliability, resiliency, interoperability and recoverability of data/information and information assets; make recommendations to the Board in this regard;
- Review technology related policies and review the same periodically in light of major technological/ regulatory developments at least after every three (03) years; recommend to the Board the technology related policies.
- Review relevant policies of Digital and Branchless Banking before approval of the Board.
- Review digital products and trends prevalent in the industry along with comparative analysis with peer banks;
- Risk management strategies pertaining to Digital initiatives are designed and implemented to achieve resilience, mitigating risk avenues, and service disruptions.
- Maintenance of an independent and effective Technology Audit Function commensurate with the complexity of Bank's technology risk profile; make recommendations to the Board in this respect;
- Resource gaps (people, process & technology) identified by the management are adequately and timely fulfilled; make recommendations to the Board to this end;
- Skills required for technology governance, service delivery, information security and risk management are sufficient and up to date; make recommendations to the Board in this regard;
- Approve and receive periodic updates on major technology related projects that may have significant impact on Bank's operations, earnings or capital, and shall also define the criteria for major projects; make recommendations to the Board in this respect;
- Risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including Cyber Attacks and attacks on multiple critical infrastructure sectors;
- Technology procurements are aligned with the IT strategy and approved by the Board;
- Formulate a comprehensive policy on due-diligence and risk management of Cloud Service Provider; make recommendations to the Board for approval of this policy;
- Review and recommend to the Board Business Continuity Plan (BCP) based on a comprehensive BIA and risk assessment exercise;
- Reporting and advising to the Board on status of Digital initiatives, and programs;

Note: A sub committee (Review of BOP Act 1989) was formed to review BOP Act 1989.

BOARD REMUNERATION POLICY

The Board of Directors have approved Board's Remuneration Policy-2020 of the Bank for attending the Board and its Committee(s) meetings in Compliance of State Bank of Pakistan BPRD Circular 03 of 2019 dated August 17, 2019.

The salient features of the policy are as under:

1. The Policy ensures a comprehensive and transparent remuneration structure for the Chairman and other Directors.
2. This Policy has been formulated with clear mandate and charter keeping in view the ownership structure, governance mechanism, risk profile, scope of operations and performance of the bank.
3. The Policy aims to set out the methodology for the determination of scale of the remuneration to be paid to the Directors and Chairman other than President/ CEO for attending the Board and its Committee(s) meetings.
4. The Policy is applicable to Non-Executive/ Independent Directors, President/Executive Director and the Chairman of the Board.
5. The terms & conditions of the Chairman shall be presented to the shareholders for approval in the Annual General Meeting on pre or post facto basis.
6. The Bank shall facilitate the directors for travelling, board & lodging relating to the Board and Committee(s) meetings.
7. No consultancy or allied work shall be awarded to a director or to the firm(s), institution(s), or company(ies) etc., in which he individually and/ or in concert with other directors of the Bank hold substantial interest.
8. Proper disclosure of remuneration and other benefits facilities provided to the Board of Directors shall be made in the Annual Financial Statements of the Bank.
9. The Board members shall be accountable for their conduct according to the scope of their responsibilities and Annual Performance Evaluation of the Board as a whole and its Committees will be carried out. Based on the evaluation of performance scale of remuneration may be reviewed/adjusted.
10. A Director shall be remunerated for any additional work assigned by the Board of Directors. The remuneration of a Director performing extra services shall not exceed 20% of the remuneration already set for him / her. In any case, remuneration paid to a Director for performing one such extra service / additional work should not exceed Rs.37,050/- (net of applicable taxes), and the total payments made to one director for performing extra services should not exceed 20% of the total amount paid to a director for attending Board/Sub-Committee meeting, in a year.
11. The remuneration of Board members for attending Board and Sub-Committees meetings shall be Rs. 185,250/- (net of taxes).



SHARIAH ADVISOR BOARD COMPOSITION AND PROFILE

Shariah Board of Taqwa Islamic Banking Group Bank of Punjab comprises of following members:

Muhammad Zahid	(Chairperson)
Dr. Muhammad Mushtaq Ahmed	(Member)
Rafey Ashraf Usmani	(Member)
Muhammad Umar Irfan	(Resident Shariah Board Member (RSBM))

Mufti Muhammad Zahid

(Chairman Shariah Board)

Mufti Muhammad Zahid is a renowned personality in the field of Shariah having a long association of 29 years while serving as a teacher in various branches of Islam & Arabic language, Vice President of Jamia Imdadia Faisalabad and member of its Dar-ul-Ifta since 1989.

Mufti Muhammad Zahid is working as General Secretary Centre for Islamic Economics, Faisalabad, Member Regional Focus Group on Islamic Banking State Bank of Pakistan, Member Shariah advisory cell International Islamic University Islamabad, Member Executive Committee International League of Islamic Literature Pakistan Chapter, External Examiner for viva-voce of thesis of LLM (M. Phil.), Faculty of Sharia & Law, International Islamic University, Islamabad, Member Board of Studies Faculty of Sharia & Law (Dep. Islamic Law) International Islamic University Islamabad, Member Ulema Board PIPS (Pak Institute for Peace studies), Member consultancy group Centre for Islamic Business Riphah International University, Chairman of the Shariah Supervisory Committee of Bank of Khyber and Chairman Shariah Board of Askari Bank Limited and Shariah Board Member of MCB-Arif Habib Islamic Fund.

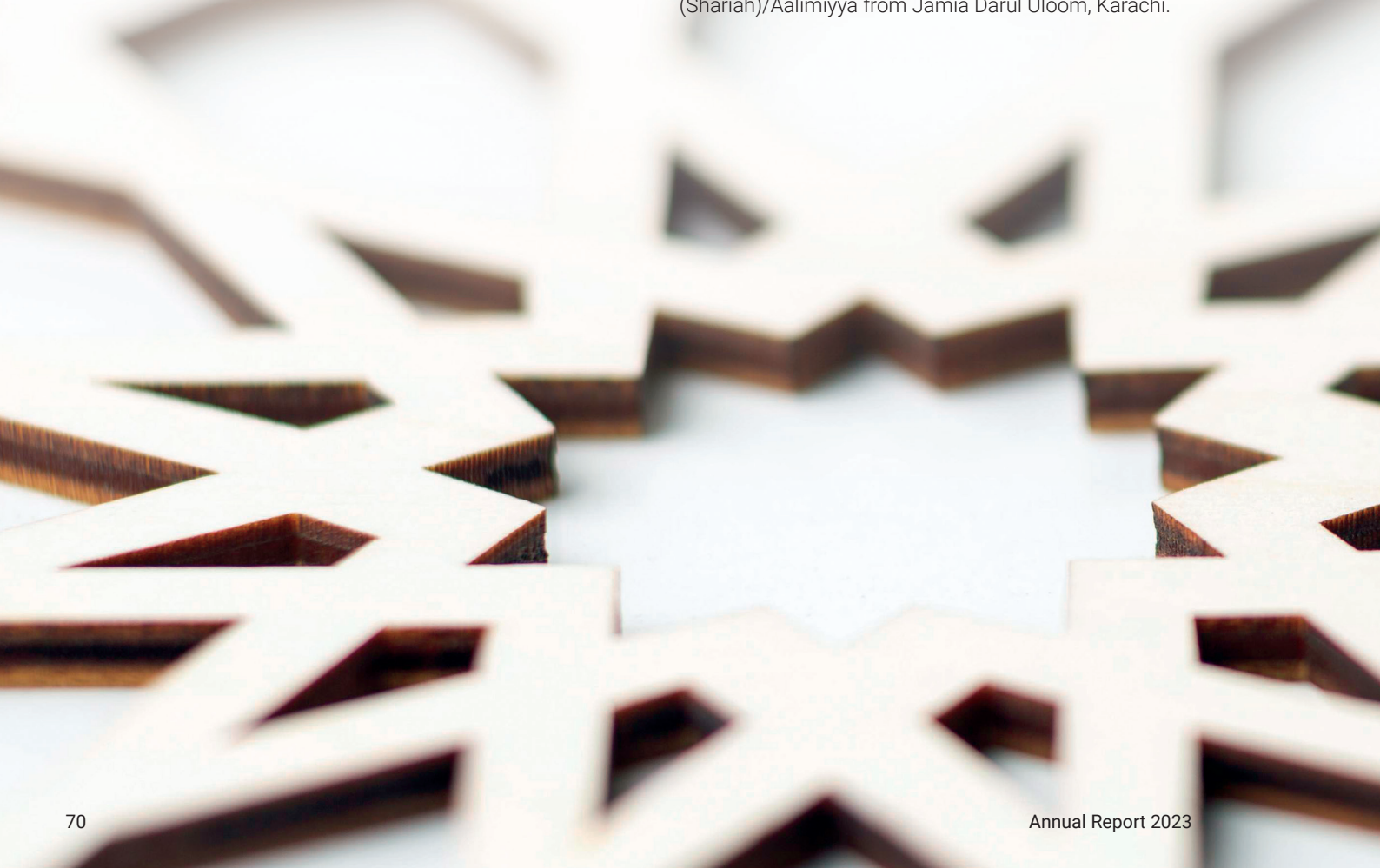
Mufti Muhammad Zahid has authored various publications including (اسلامی بینکاری کی بنیادیں) (translation from English to Urdu of the work of Mufti Muhammad Taqi Usmani).

Mufti Muhammad Zahid holds Shahadh Al-Alamiyyah from Wifaq-ul-Madaris, Al- Arabiyyah Pakistan and Masters Degree in Arabic from International Islamic University, Islamabad.

Dr. Muhammad Mushtaq Ahmed

Member – Shariah Board

Dr. Muhammad Mushtaq Ahmed is a renowned Shariah scholar with proven experience of Islamic Banking and Finance. Dr. Mushtaq has preeminent academic background in Islamic Studies & Islamic Banking and he did his Doctorate (Phd) in Islamic studies/ Shariah with research topic of "Islamic Banking Practices - Shariah Perspective". He specialized in Fiqh, Iftaa and Shariah from Darul Iftaa Wal Irshaad Karachi Pakistan; he has distinction as Gold Medalist in M.A Islamic Studies (Shariah)/Aalimiyya from Jamia Darul Uloom, Karachi.



He is teaching Shariah and Islamic banking courses since 2006. He has delivered lectures in various national and international programs about Islamic Banking, his research papers on Islamic Banking and Finance and social issues have also been published in international research Journals.

Mufti Rafey Ashraf Usmani

Member – Shariah Board

Mufti Rafey Ashraf Usmani is an eminent Shariah Scholar. Mr. Rafey has strong academic background in Islamic Studies, Islamic Jurisprudence and Islamic Economics. He completed his religious qualifications including Takhassus-fi-Iftaa & Shahdat-ul-Aalimiyah from Jamia Darul Uloom, Karachi.

Mr. Rafey has done his MS Islamic Banking and Finance from University of Management and Technology Lahore (UMT). He is visiting faculty member at different academic institutions including Jamia Ashrafiya Lahore, Jamia Usmania Lahore, Minhaj University Lahore and University of Management and Technology Lahore.

He has delivered several lectures at different forums and has written about more than three thousand Fatawas on different Islamic topics including Islamic Finance and family law.

Mufti Muhammad Umar Irfan

Resident Shariah Board Member

Mufti Muhammad Umar Irfan is a prominent Shariah scholar. Mufti Muhammad Umar Irfan has strong academic back ground in Islamic Studies, Islamic jurisprudence and Business & finance. He completed his religious qualification including Takhassus-fi-Iftaa from Jamia Islamia Imdadia Faisalabad & Shahdat-ul-Aalimiyah from Wifaqul Madaris.

Mr. Umar has done MBA Islamic Business and Finance from Riphah International University Islamabad. He is teaching Shariah and Islamic banking & Finance courses since 2012. He has delivered lectures in various institutions including Jamia Arbiya Oloom Sharfia, Alburhan, and National Institute of Banking and Finance. He has written about more than Seven Hundred Fatawas on different Islamic topics including Zakat, Hajj and Financial Issues.



MANAGEMENT



Zafar Masud
President / CEO



Farid Ahmed Khan
Group Chief Corporate & Investment Banking



Asif Riaz
Group Head Consumer Banking



Nadeem Amir
Chief Financial Officer



Nofel Daud
Chief Digital Officer



Ijaz Ur Rehman Qureshi
Group Head Operations



Faisal Ejaz Khan
Chief Information Officer



Alia Zafar
Group Head People & Organizational Excellence



Ahmad Mansoor
Chief Compliance Officer



Arslan Muhammad Iqbal
Chief Risk Officer



Khawar Shahid Ansari
Global Treasurer



Umer Iqbal Sheikh
Group Head Islamic Banking



Hamza Randhawa
Chief Legal Officer



Syed Muhammad Rehan
Chief Internal Auditor



Raza Bashir
Chief of Staff & Strategy



Kamran Hafeez
Secretary to the Board

MANAGEMENT AND ITS COMMITTEES

NAME	DESIGNATION
Mr. Zafar Masud	President & CEO
Mr. Farid Ahmed Khan	Group Chief Corporate & Investment Banking
Mr. Nadeem Amir	Chief Financial Officer
Mr. Asif Riaz	Group Head Consumer Banking
Mr. Nofel Daud	Chief Digital Officer
Mr. Ijaz Ur Rehman Qureshi	Group Head Operations
Mr. Faisal Ejaz Khan	Chief Information Officer
Ms. Alia Zafar	Group Head People & Organizational Excellence
Mr. Ahmad Mansoor	Chief Compliance Officer
Mr. Arslan Muhammad Iqbal	Chief Risk Officer
Mr. Khawar Shahid Ansari	Global Treasurer
Mr. Umer Iqbal Sheikh	Group Head Islamic Banking
Mr. Hamza Randhawa	Chief Legal Officer
Mr. Syed Muhammad Rehan	Chief Internal Auditor
Mr. Raza Bashir	Chief of Staff & Strategy

Key Management Committees

S. No.	COMMITTEE	PURPOSE
1	MANCOM Committee	A discussion forum, constituting of all Group Heads reporting directly to P&CEO, to review performance of the Bank and all its key functions vis-a-vis business strategy & targets. Further, to discuss issues critical for meeting Bank's objectives.
2	Asset & Liability Committee	This constitutes of members from Treasury, Risk, Finance and Business to devise comprehensive strategies and guidelines for measurement, monitoring and control of Market, Interest and Liquidity Risks. It also reviews and approve Bank's investment Strategy.
3	Compliance Management	This comprises of all Group Heads reporting to P&CEO, to oversee of implementation of Bank's Compliance Program.
4	Information Technology Committee	Has representation of IT, Business, Strategy, Finance and Operations to set IT direction and strategies for expansion of technology and related requirements in line with business requirements of the Bank.
5	Property & Premises Committee	To examine, review and approve purchasing, renting, upgradation and shifting etc. of Banks' premises. It consists of members from Business, ASG, Finance and Operations
6	Marketing & Communications Committee	To approve annual Media Budget of the Bank along with periodic media and publicity campaigns. The committee has representation from Strategy function and relevant Group Head
7	Fraud Risk Management Committee	Oversee implementation of Fraud Risk Management Policy and take decisions on the investigative findings of internal & external frauds.
8	Operational Risk Management Committee	Comprises of members from Risk, Business, Strategy, Finance, Operations and HR to Ensure Implementation of Operational Risk Policy and review status of key risk indicators of the Bank.
9	Credit Risk Management Committee	Has representation of Business and Risk to Ensure Implementation of credit risk policy/strategy approved by BOD. Further, monitor credit risk on a bank wide basis and ensure compliance with limits approved by BOD.
10	Business Continuity Planning	The committee consists of members from Treasury, Business, Risk, Operations, Compliance and technology to oversee the effectiveness of Bank's BCP throughout the organization.
11	International Financial Reporting Standards	Has representation from IT, Risk and Finance to ensure smooth implementation of IFRS 9 framework across the Bank.
12	Service Quality Committee	To review & address major and recurring issues related to service delivery through branches.
13	Disciplinary Harassment & Grievance Committee	To investigate/address harassment at workplace and abusive conduct, provide all employees with a platform to address their Grievances & to investigate and address all matters where disciplinary action is warranted.
14	Agriculture Credit Committee	This committee oversees the affairs related to Agriculture Financing at BOP.
15	Digital Banking Management Committee	The Committee shall review the potential and competitive status of Digital Banking Group and suggest policy measures for its growth in line with its future vision, review the existing Digital Banking Services and suggest enhancement to such products and / or discuss characteristics of new products & explore the synergy and cross sell opportunities pertaining to digital network, customer experience, call center, cards and acquiring, transaction banking, compliance, branch banking, operations etc.
16	Environmental & Social Risk Management Committee	Establish and oversee the bank-wide implementation of the ESRM framework, ensuring compliance with regulatory timelines and SBP guidelines & form a Working Committee to develop ESRM policies, transition plans, and automation processes. Review validations, consultant appointments, infrastructure upgrades, and monitor the implementation progress, providing periodic reports to the BRMC & BOD.
17	Islamic Banking Steering Committee	The committee reviews the performance of Taqwa Islamic Banking Group vis-a-vis its Business Plan & Strategy.
18	Steering Committee Internal Banking	The International Banking Committee will monitor, evaluate and lead the process of establishing International Banking Operations for The Bank of Punjab
19	Steering Committee Exchange Company	The exchange company was established as per SBP guidelines to help navigate the establishment of the Money Exchange Company in compliance with regulatory guidelines and achieving the Bank's strategic objectives.
20	Non-Banking Assets	To ensure effective management and/or disposal of Bank's NBAs.
21	Charity Committee	To approve distribution of charity funds of Islamic Banking Group, as per charity policy of the Bank.

BUSINESS CONTINUITY PLAN

The purpose of Business Continuity Plan is to establish procedures whereby critical business processes as identified can be restored timely to operate on interim basis in the case of a disaster. BCP teams and all concerned staff shall use this plan as an action guide in the event of a disruption, for providing a pre-planned response to a disaster event. The document is complimented by a Disaster Recovery Plan ("DRP") to plan for the contingency caused by technology service disruption or information loss or unavailability.

There are many possible causes of service disruption which may affect routine operations of the bank causing financial or reputation damage. To cope with this unavoidable scenarios, alternative measures need to be implemented to maintain an acceptable level of business processing.

Examples of such incidents may include but not necessarily limited to:

- Natural disaster, epidemic, terrorist attack; Fire, flood, extreme weather conditions; Theft of vital records
- Loss of facilities (e.g., one or more floors at Head Office) Loss of utilities, including IT and telephone systems for prolonged time (i.e., exceeding (MTDT) Maximum Tolerable Down Time; and
- Major disruption to staffing; epidemic, transport disruption, industrial action, inability to recruit; mass resignations.

These events may not be mutually exclusive, i.e. extreme weather may lead to loss of electricity, disruption of transport, staff inability to get to work and the like.

The core objectives of Business Continuity Plan, in event of disruption, are:

a Prevention of further damage to assets and information resources

b. Identification of key individuals responsible for restoration activities

c. Identification of key processes, operational areas, equipment and individuals responsible for continuing business

d. To ensure minimum possible down time

e. Rapid restoration of critical business functions at alternate processing site within an agreed period of time following an event

f. Identification of alternate resources for reducing dependence on specific individuals or groups

g. To ensure maximum possible service levels are maintained

h. Protection of human life and safety of all personnel

i. Minimization of economic losses

j. Documentation of the steps necessary to recover from the loss of critical facility and infrastructure resources

1. Disaster Recovery Plan:

The purpose of Disaster Recovery Plan is to establish procedures whereby the critical information assets and technology services at BOP can be restored in a timely and orderly manner. To ensure critical business functions can be operated on an interim basis and critical information assets continue to support in case of a disaster.

The plan provides peace time as well as contingency time activities. The backup strategy for critical information asset shall be devised according to the criticality of business functions in terms of their Recovery Time Objective (RTO) and Recovery Point Objective (RPO).

The Disaster Recovery Plan is intended to be used by BCP teams and all concerned staff, particularly ITD, as an action guide in the event of a disruption, providing a planned response to a disaster event.

The core objectives of Disaster Recovery Plan for BOP are:

- Provide a plan for the capacity and readiness to have the systems available during business hours as per agreed Recovery Time Objectives (RTOs);
- Direct a backup mechanism to meet the RPO for the critical data
- Availability of all key Information Technology (IT) resources required to support critical business processes in various disaster situations; and
- Recovering IT services from the Disaster Recovery Site, in case of any disaster at primary site
- An effective and tested Disaster Recovery Plan to ensure that all critical business processes are not significantly interrupted in disaster conditions

CODE OF CONDUCT

All the Directors of the Bank are expected to read and understand the "Code of conduct" and uphold the standards and policies contained therein by ensuring compliance.

Duties, Power and Responsibilities

All the Directors confirm to the best of their knowledge and belief that as Director of the Bank of Punjab, they are fully aware of their duties, powers and responsibilities under the relevant Law(s).

Compliance with Rules & Regulations

All the Directors shall ensure compliance with the requirements/ instructions embodied in all the regulatory enactments, rules & regulations, code of corporate governance and standards.

Integrity, Honesty, Confidentiality and Reputation

All the Directors shall set up a high standard of integrity and display prudent attitude in dis-charge of their duties. A minimum standard of acceptance would be:

i) Business decisions to be based on professional judgment and prudence.

ii) Professionally tailored and viable strategies shall be followed in pursuit of achieving the Bank's overall objectives.

iii) A good working atmosphere shall be created in ensuring fair dealings, congenial relationship, cooperative and harmony.

iv) Customers' friendly culture shall be promoted by observing the followed norms of business ethics.

- Business needs of the customers shall be given top priority.
- Business affairs of the customers shall be maintained confidential.
- Banker-customer relationship shall not be maintained with those involved in drug trafficking, crimes and terrorist activities.

Ethics and disclosure

Every Director shall confirm to the best of their knowledge and belief that:

i) He is not a Director of more than Five (5) public and listed companies, including the Bank of Punjab.

ii) He is not a Director of any other financial institution.

iii) He is a registered tax payer and not in default of payment of any taxes and/or in de-fault of any loan to a banking company, a DFI or an NBFI or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.

iv) He does not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.

v) He has sufficient means to discharge his financial obligations.

vi) He and his spouse are not engaged in the business of stock brokerage (unless specifically exempted by SECP).

Conflict of Interest

All the Directors shall not engage in any business transactions which might conflict with the interests of the Bank. They shall not accept any gifts, favors or invitation offered by any client, person or Organization with whom the Bank has a business relationship that creates a conflict between the individual's personal interest and the interest of the Bank

Insider Trading

Director shall not deal directly or indirectly in the securities of the bank whether on their own account or their relative's account, if they are in possession of any un-published price sensitive information concerning the Bank. Directors who are in possession of any unpublished price sensitive information shall not communicate directly or indirectly the said information to others who trade on such information.

Where any Director or his/her spouse sells, buys or takes any beneficial position, whether directly or indirectly, in the shares of the Bank, he/she shall immediately notify the Company Secretary in writing. Such Director shall also deliver a written record of the price, number of shares, form of share certificates, (i.e. whether physical or electronic within the Central Depository system), and nature of transaction to the Company Secretary within two days of effecting the transaction. Further, no Di-rector shall, directly or indirectly, deal in the shares of the Bank, in any manner, during the period the closed period.(*)

(*) Closed period is determined prior to the announcement of interim/final results and any business decision, which may materially affect the market price of shares.

Evaluation of the Board

The performance of the overall Board, its Committees and individual Board Members shall be evaluated on annual basis as per mechanism prescribed by the regulator and approved by the Board.

All employees of the Bank of Punjab, hereafter called BOP, are required to follow a Code of Conduct & Business Practices in all areas of professional conduct. They must abide by the following:

CODE OF CONDUCT AND BUSINESS PRACTICES

Laws/Rules

- All employees shall conform to and abide by the Bank rules and obey all lawful orders and directives which may from time to time, be given by any person or persons under whose jurisdiction, superintendence or control they may, for the time being, be placed. They undertake at all times to comply with and observe all applicable laws, regulations and Bank's policies, wherever they operate.
- All employees stand firmly against supporting the activities of any Group or individual that unlawfully threatens public order and safety. They shall not be a member of any political party, take part in, subscribe in aid of, or assist in any way, any political movement in or out side of Pakistan or relating to the affairs of Pakistan. They shall not express views detrimental to the ideology, sovereignty or integrity of Pakistan.
- No employee shall canvass or otherwise interfere or use his influence in connection with or take part in any election as a candidate to a legislative / local body or issue an address to the electorate or in any manner announce or allowed to be announced publicly as a candidate or prospective candidate whether in Pakistan or elsewhere. He /She may, however, exercise his/her right to vote.
- No employee shall bring or attempt to bring political or other pressure / influence directly or indirectly to bear on the authorities / superior officers or indulge in derogatory pamphleteering, contribute, or write letters to the newspapers, anonymously or in his/her own name with an intent to induce the authority/ superior officers to act in a manner inconsistent with rules, in respect of any matter relating to appointment, promotion, transfer, punishment, retirement or for any other conditions of service of employment.

Integrity

- All employees shall conduct their self with the highest standards of ethics, professional integrity and dignity in all dealings with the public, clients, investors and fellow bankers and not engage in acts discreditable to the Bank, profession and nation. If he/she becomes aware of any irregularity that might affect the interests of the Bank, he/she shall inform the senior management immediately.
- Employees shall maintain all books, data, information and records with scrupulous integrity, reflecting in an accurate and timely manner all transactions/reports.
- Employees shall avoid all such circumstances in which there is personal interest conflict, or may appear to be in conflict, with the interest of the Bank or its customers.
- Employee shall not use his/her employment status to seek personal gain from those doing business or seeking to do business with BOP, nor accept such gain if offered, they shall not accept any gift, favor, entertainment or other benefit the size or frequency of which exceeds normal business contacts from a constituent or a subordinate employee of the Bank or from persons likely to have dealings with the Bank and candidates for employment in the Bank.
- Employees shall not accept any benefit from the estate of, or a trust created by a customer, or from an estate or trust of which a Bank's Company or business unit is an executor, administrator or trustee.

Confidentiality

- All employees shall maintain the privacy and confidentiality of all the information acquired during the course of professional activities and refrain from disclosing the same unless otherwise required by statutory authorities of law after consultation with approving authorities, if required in case of any ambiguity about disclosure. All such information will remain as a trust and will only be used for the purpose for which it is intended and will not be used for the personal benefit of any individual(s). Inside information about Bank's customers/affairs shall not be used by them for own gain, or for that of others either directly or indirectly.
- All employees to ensure meticulous compliance of the IT security policy of the Bank.
- No employee shall indulge in "insider trading" as per Securities Act 2015. In case of any staff found involved in violation of the instructions he/she shall be dealt with, in accordance of Bank's Disciplinary Action Policy.

Professionalism

- Employees shall serve the Bank honestly and faithfully and shall strictly serve the Bank's affairs and the affairs of its constituents. They shall use utmost endeavor to promote the interest and goodwill of the Bank and shall show courtesy and attention in all transactions / correspondence with officers of Government, State Bank of Pakistan, other Banks & Financial Institutions, others Establishments dealing with the Bank, the Bank's constituents and the public.
- Employees shall disclose and assign to BOP all interest in any invention, improvement, discovery or work of authorship that he/she may make or conceive and which may arise out of his/her employment with BOP. If his/her employment is terminated, all rights to property and information generated or obtained as part of his/her employment relationship shall remain the exclusive property of BOP.



- Employees shall be truthful in all advertisings and promotional efforts and shall publish only accurate information about the Bank's operations under valid authority.
- No employee shall engage in Money Laundering and will be extremely vigilant in protecting BOP from being misused by anyone to launder money by strictly complying with "Know your customer" (KYC) policies & procedures.

Business / Work Ethics

- All employees will respect fellow colleagues and work as a team. They shall at all times be courteous and not let any personal differences affect their work. They will treat every customer of the Bank with respect and courtesy.
- Employees shall make sure, good attendance and punctuality and demonstrate a consistently good record in this area. For any absence during working hours, he/she will obtain written permission of his/her immediate supervisor. He/she shall not absent himself/herself from his/her duties, nor leave his/her station overnight, without having first obtained the permission of the Competent Authority. In case of emergency, if it is not possible to obtain prior permission, necessary permission confirmation will be obtained from the Competent Authority within 24 hours.
- Employees shall maintain a standard of personal hygiene and dress appropriately for attendance at work. Their appearance must inspire confidence and convey a sense of professionalism.
- All employees shall, as personal responsibility, safeguard both the tangible and intangible assets of BOP and its customer(s) that are under their personal control and shall not use Bank assets for their personal benefits except where permitted by BOP. They shall not use any Bank facilities including a car or telephone to promote trade union activities, or carry weapons into Bank premises unless so authorized by the management, or carry on trade union activities during office hours, or subject Bank officials to physical harassment or abuse.
- Employees shall not indulge in any kind of harassment or intimidation whether committed by or against any senior/junior, co-worker, customer, vendor or visitor. They shall not use language, written or spoken in intra-office communication(s) or communication (s) with individual(s) outside the office that may contain any statement or material that is offensive to others. They shall never use the Bank's system to transmit or receive electronic images or text containing ethnic slurs, social epithets or anything that might be construed as harassing, offensive or insulting to others.
- Employees shall not indulge in any sexual advance, request for sexual favors or other verbal or written communication or physical conduct of a sexual nature or sexually demanding attitudes, causing interference with work performance or creating an intimidating, hostile or offensive work environment.
- Employees to meet their responsibilities to fellow employees, customers and investors they shall help in maintaining a healthy and productive work environment and shall not engage in the selling, manufacturing,



distributing, using, any illegal substance or being under the influence of illegal drugs while on the job. Smoking is allowed only in designated areas.

- Employees shall ensure strict adherence to all health and safety policies as may be implemented from time to time by the Bank.
- Employees shall not give any interview in the print / electronic media or have his/her photograph displayed or act in television / stage plays or in cinema without having permission from the Competent Authority.
- Employees shall intimate Human Resources Management of any changes in the personal circumstances relating to their employment or benefits.
- Employees must raise concerns & suspicions, in confidence, about any actual or operational illegal activity or misconduct complying with the Whistle Blowing policy and Sexual Harassment policy. Failure to do so will result in employee being deemed a party to the irregularity.
- All employees posted at Treasury Functions shall abide by the SBP instructions circulated vide DMMD circular No. 08 of 2014 regarding Code of Conduct for Treasuries of Banks, DFIs & PDs & time to time revisions in instructions by the SBP.

All employees shall also not indulge in any of the following activities except with the prior permission of the Competent Authority:

» Borrow money from or in any way place them self under pecuniary obligation to broker or moneylender or a subordinate employee of the Bank or any firm or person having dealings with the Bank.

» Buy or sell stock, shares or securities, of any description without funds to meet the full cost in the case of purchase or scripts for delivery in the case of sale. However, he/she can make a bona-fide investment of his/her own funds in such stocks, shares and securities as he/she may wish to buy.

» Lend money in his/her private capacity to a constituent of the Bank or have personal dealings with a constituent in the purchase or sale of bills of exchange, Government paper or any other securities.

» Guarantee in his/her private capacity the pecuniary obligation of another person or agree to indemnify in such capacity another person from loss.

» Act as agent for an insurance company, otherwise than as agent for or on behalf of the Bank.

» Be connected with the formation or management of a joint stock company.

» Engage in any other commercial business or pursuit either on his/her own account as agent for another or others.

» Accept or seek any outside employment or office whether stipendiary or honorary.

» Undertake part-time work for a private or public body or private person, or accept fee thereof.

» Open or maintain a Business Current Account with any Bank or Banker of any description including BOP.

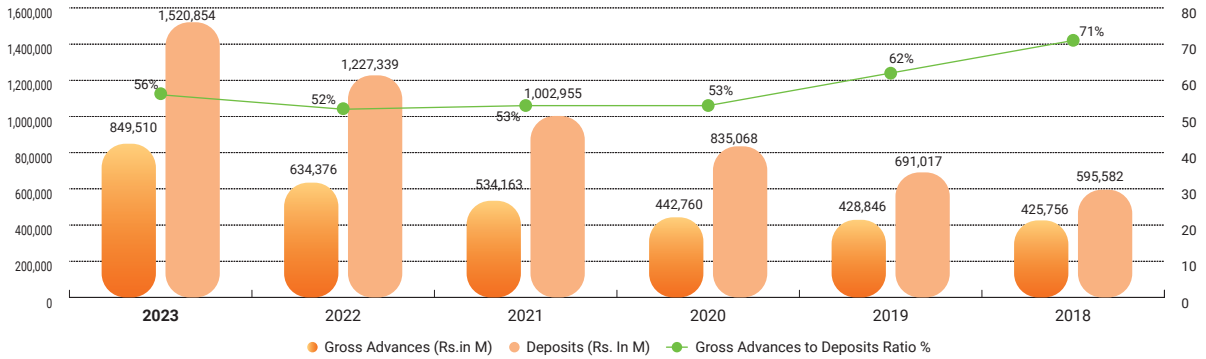


ANALYSIS OF THE FINANCIAL AND NON-FINANCIAL PERFORMANCE

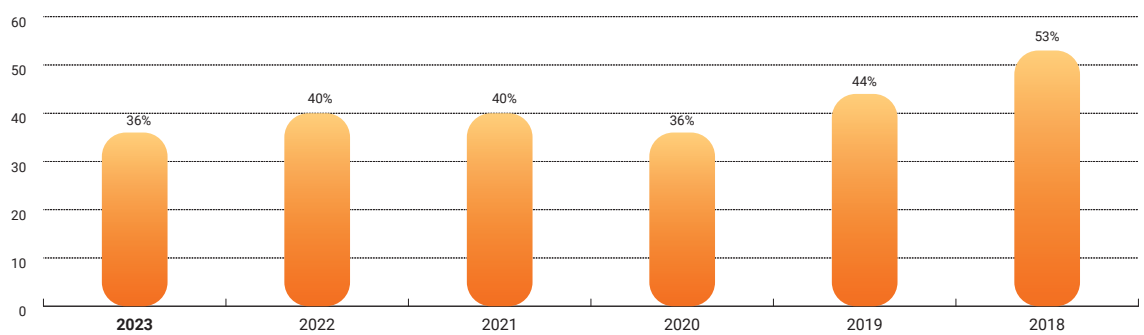
STATEMENT OF FINANCIAL POSITION

	2023	2022	2021	2020	2019	2018
	Rupees in million					
ASSETS						
Cash and balances with treasury banks	100,894	73,203	71,319	69,272	53,415	43,589
Balances with other banks	8,283	4,814	8,718	2,398	10,311	5,802
Lendings to financial institutions	144,961	69,819	30,980	16,087	4,060	27,843
Investments - net	913,191	638,259	531,683	567,789	361,453	210,071
Advances - net	806,387	589,581	484,405	391,161	383,313	381,877
Fixed assets	33,213	30,339	19,832	14,813	15,219	8,788
Intangible assets	2,091	1,768	1,101	689	793	891
Deferred tax assets - net	10,243	14,555	13,696	7,774	6,568	7,965
Other assets - net	196,916	59,551	35,218	25,465	33,797	27,552
	2,216,180	1,481,890	1,196,952	1,095,446	868,928	714,380
LIABILITIES						
Bills payable	5,508	6,324	10,109	4,169	3,421	3,578
Borrowings	453,966	80,820	71,323	154,841	77,045	41,793
Deposits and other accounts	1,520,854	1,227,339	1,002,955	835,068	691,017	595,582
Subordinated debts	30,205	17,204	7,789	6,792	8,794	8,797
Other liabilities	124,893	85,151	49,943	42,315	41,968	26,909
	2,135,425	1,416,838	1,142,119	1,043,185	822,245	676,659
NET ASSETS	80,755	65,052	54,833	52,262	46,682	37,720
REPRESENTED BY						
Share capital - net	32,453	29,478	26,174	26,174	26,174	26,174
Reserves	14,952	12,684	10,517	8,029	6,640	4,991
Surplus/(Deficit) on revaluation of assets - net of tax	1,829	(2,323)	(1,369)	5,955	5,371	3,260
Unappropriated profit	31,522	25,213	19,511	12,103	8,497	3,296
	80,755	65,052	54,833	52,262	46,682	37,720

SIX YEAR ADVANCES & DEPOSIT



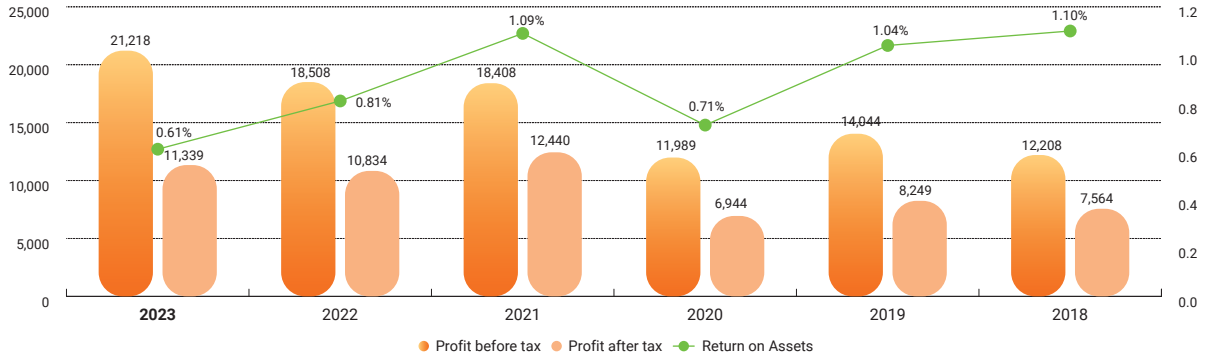
ADVANCES CONCENTRATION LEVEL IN ASSETS

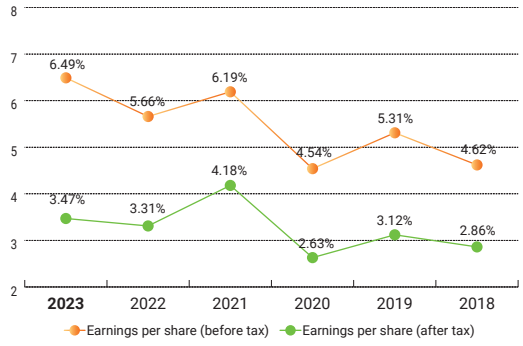


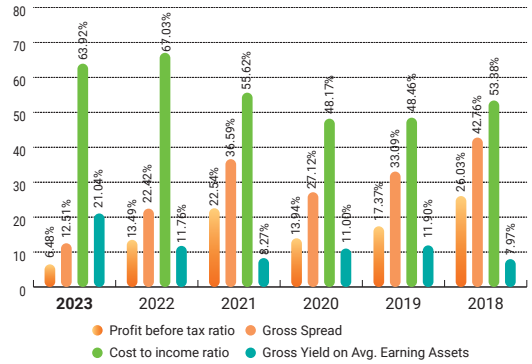
STATEMENT OF PROFIT & LOSS

	2023	2022	2021	2020	2019	2018
	Rupees in million					
Mark-up / return / interest earned	327,194	137,168	81,651	86,019	80,867	46,893
Mark-up / return / interest expensed	286,248	106,410	51,775	62,694	54,110	26,840
Net mark-up / interest income	40,946	30,758	29,876	23,325	26,757	20,053
NON MARK-UP / INTEREST INCOME						
Fee and commission income	7,429	7,332	5,103	3,732	3,530	3,245
Dividend income	568	708	377	137	104	82
Foreign exchange income	298	1,887	577	328	11	227
Gain on securities - net	5,255	343	1,786	8,466	222	28
Other income - net	4,168	306	61	382	73	92
Total non-markup / interest income	17,718	10,576	7,904	13,046	3,940	3,673
Total income	58,663	41,335	37,780	36,371	30,696	23,726
NON MARK-UP / INTEREST EXPENSES						
Operating expenses	37,120	27,374	20,637	16,880	14,453	12,613
Workers welfare fund	324	289	363	335	285	–
Other charges	55	43	13	304	139	54
Total non-markup / interest expenses	37,498	27,705	21,014	17,519	14,876	12,666
Profit before provisions	21,165	13,630	16,766	18,852	15,820	11,060
Provisions and write offs - net	(53)	(4,878)	(1,642)	6,862	1,776	(1,148)
PROFIT BEFORE TAXATION	21,218	18,508	18,408	11,989	14,044	12,208
Taxation - net	9,879	7,673	5,968	5,046	5,795	4,645
PROFIT AFTER TAXATION	11,339	10,834	12,440	6,944	8,249	7,564
Basic earnings per share	3.47	3.31	4.18	2.63	3.12	2.86
Diluted earning per share	3.47	3.31	4.18	2.63	3.12	2.86

SIX YEAR PROFIT ANALYSIS

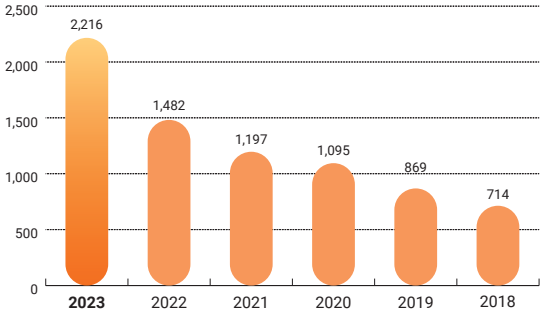




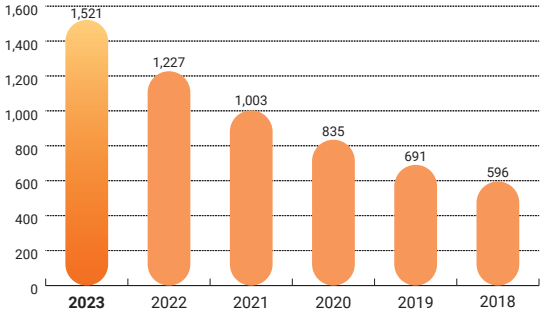


ANALYSIS OF THE FINANCIAL PERFORMANCE

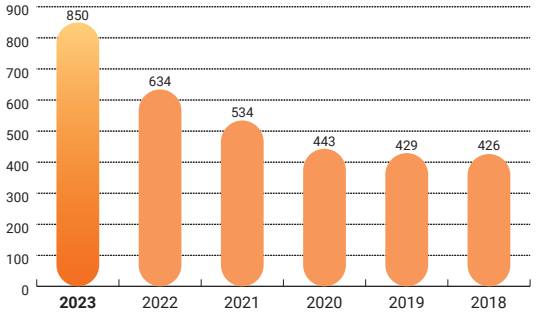
TOTAL ASSETS - CAGR 22%



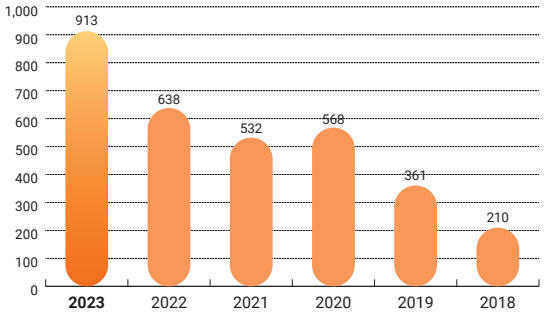
DEPOSITS - CAGR 18%



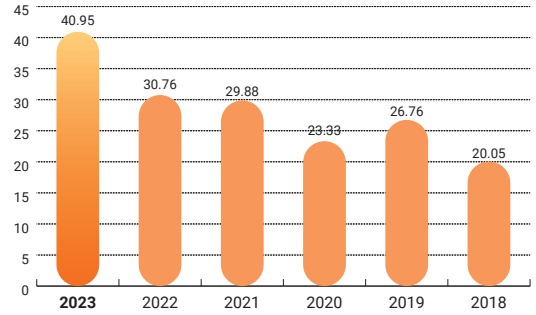
GROSS ADVANCES - CAGR 16%



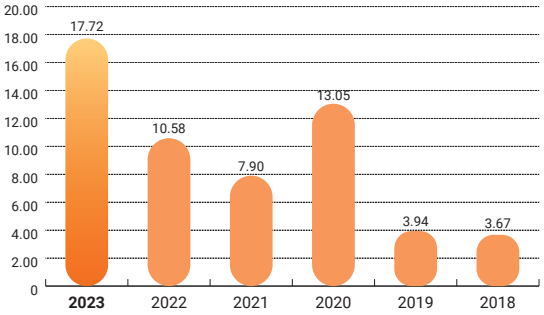
INVESTMENTS - NET - CAGR 25%



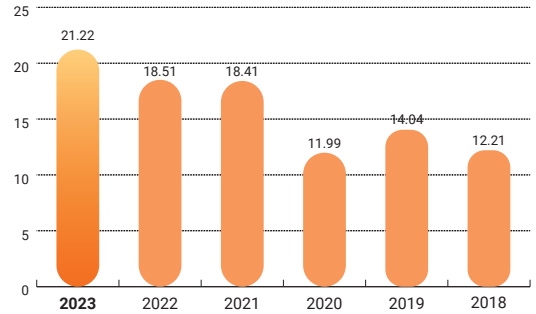
NET INTEREST MARGIN - CAGR 17%



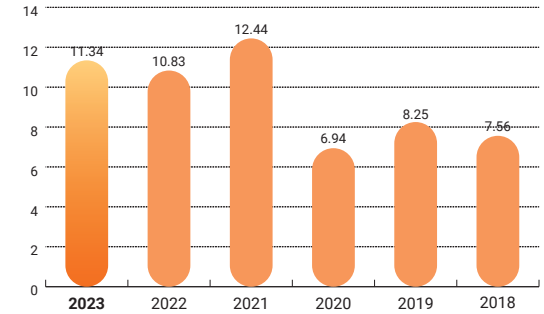
NON MARKUP INCOME - CAGR 25%



PROFIT BEFORE TAX - CAGR* 12%



PROFIT AFTER TAX - CAGR* 8%



* Calculated on the basis of year 2018

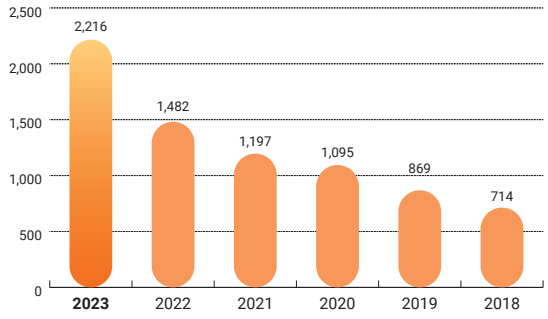
SIX YEARS PERFORMANCE REVIEW

Statement of Financial Position

Total Assets

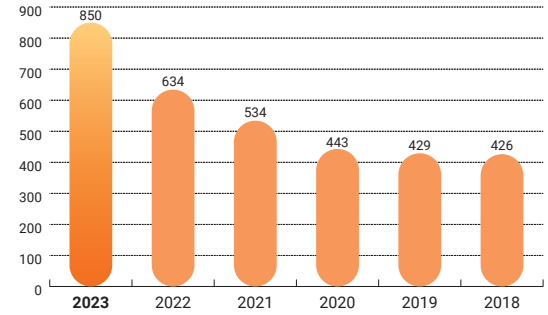
As of December 31, 2023, Bank's Total Assets crossed Rs. 2.0 Trillion mark and stood at Rs. 2,216 Billion as against Rs. 714 Billion as of December 31, 2018 registering a CAGR of 22%. This increase in Bank's assets is mainly due to significant growth in Deposits & Borrowing and resultant growth in Advances and Investments . In order to enhance its footprints in different regions of the country to increase share of wallet, the Bank continued to expand its Branch Network over last six years. During the year 2023, 35 new Branches were opened and the Branch Network now stands at 815 Branches as against 576 Branches as of December 31, 2018.

TOTAL ASSETS - CAGR 22%



Gross Advances

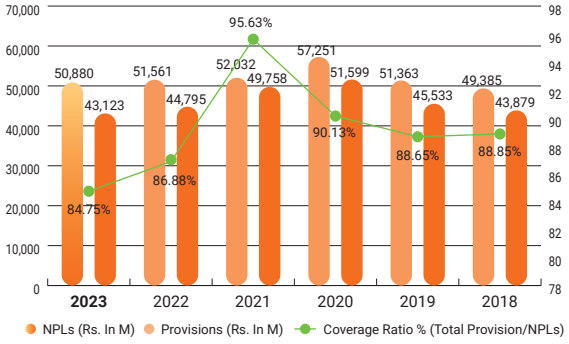
As of December 31, 2023, the Goss Advances touched the level of Rs. 850 Billion as against Rs. 426 Billion as of December 31, 2018 with a CAGR of 16%. Apart from growth in Corporate/Commercial portfolio, the Bank focused on SME, Agriculture, Consumer and Retail Finance. In this regard, new products were introduced, tailored to the specific needs of different segments of customers. The Lending portfolio under Taqwa Islamic Banking has also witnessed significant growth over the years. The Gross Advances to Deposits ratio stood at 56% as against 71% as of December 31, 2018.



NPLs

The Bank has been making all out efforts for recovery of its legacy NPLs portfolio and significant recovery has been made in this regard. In this regard, matter has been taken up at different legal forums for recovery/regularization of NPLs. As on December 31, 2023, NPLs % reduced to 6% as against 12% as of December 31, 2018. Despite significant growth in Advances portfolio, the Bank has been successful in avoiding any major addition in NPLs despite very challenging operating/economic conditions. Further, the Bank is fully compliant with provisioning requirements under Prudential Regulations of SBP.

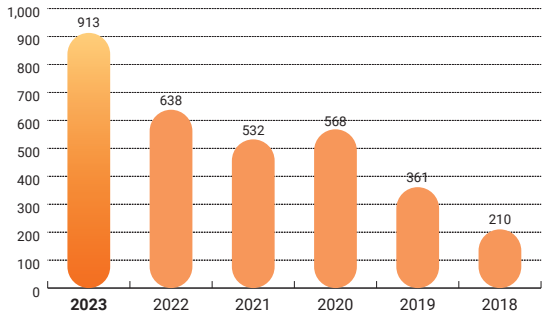
NON PERFORMING LOANS



Net Investments

Bank's Investments have registered significant growth over the years. In line with Bank's strategy to improve the risk profile of assets, major concentration of Bank's Investments has been maintained in Government Securities. As of December 31, 2023, Bank's net Investments stood at Rs. 913 Billion as against Rs. 210 Billion as of December 31, 2018 registering a CAGR of 25%.

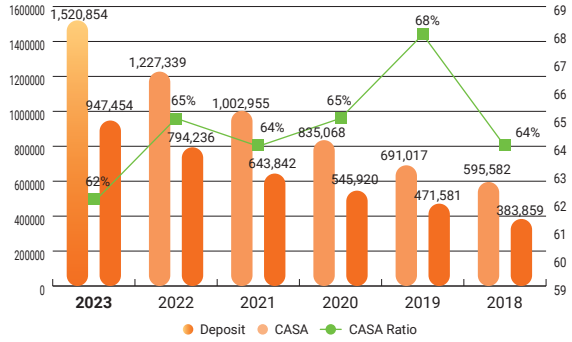
INVESTMENTS - NET - CAGR 25%



SIX YEARS PERFORMANCE REVIEW

Deposits

In order to enhance its presence in untapped areas and improve business volumes, the Bank has continuously focused on expanding its Branch Network and, accordingly, 239 new Branches have been opened across the country during last 6 years. Further, Bank's product lines have been revamped in line with customers' needs while improving upon service quality and efficiency. The Bank has especially focused on introducing new Digital Banking Products like Internet Banking, Mobile Banking etc. As of December 31, 2023 Deposits stood at Rs. 1,521 Billion as against Rs. 596 Billion as of December 31, 2018 registering a CAGR of 18%. The Bank is providing 24/7 Banking Services to its valued clients through its various Digital Banking Products/Services.



Profit And Loss Account

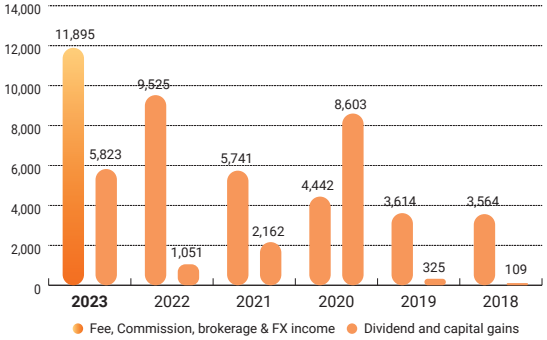
Net Interest Margin

Bank's Strategic Business Plan envisages the strategy to focus on growth in Deposits with a improved mix of low cost CASA Deposits. Further, the Bank has been successful in deploying the funds in different lucrative avenues of Lending and Investments with generation of steady revenue streams. Accordingly, Bank's NIM has significantly improved to Rs. 40.95 billion in year 2023 as against Rs. 20.05 billion during year 2018 thereby registering a CAGR of 17%.

Non Markup Income

In order to improve Non-markup Income, the Bank has been focusing on introducing new products and services along with deepening of relationship with existing clients to procure incremental business. The Fee/FX/Other Income has improved to Rs. 11.9 Billion in year 2023 as against Rs. 3.6 Billion during year 2018 with a CAGR of 25%. Owing to efficient handling of investments portfolio by Bank's Treasury, significant surplus on investments were accrued on the Books. Accordingly, the Bank was able to realize significant capital gains during last 6 years. The Dividend and Capital Gains during year 2023 stood at Rs. 5.8 Billion as against Rs. 0.1 Billion during year 2018.

SIX YEAR - NON MARKUP INCOME



Operating Expenses

During year 2023, the Operating Expenses stood at Rs. 37.1 Billion as against Rs. 12.6 Billion during year 2018. During the period, 239 Branches have been opened to expand the Bank's outreach resulting in rise in Personnel Cost & Property Expenses. The Bank has also invested significantly in new technologies including implementation of new Core Banking System (Flexcube) and other applications in line with Bank's growth strategy. Accordingly, the Information Technology Expenses stood at Rs. 2.6 Billion for year 2023. The Bank has also implemented austerity measures to keep a check on its other operating expenses and keep them in line with inflationary parameters and growth in business volumes.

PROVISIONS & WRITE OFFS

During year 2023, net provision of Rs. (0.05) Billion has been reversed on account of recovery/regularization of NPAs as against provision reversal of Rs. (4.9) billion during year 2022. The Bank is fully compliant with Provisioning requirements under SBP Prudential Regulations.

PROFIT BEFORE TAX

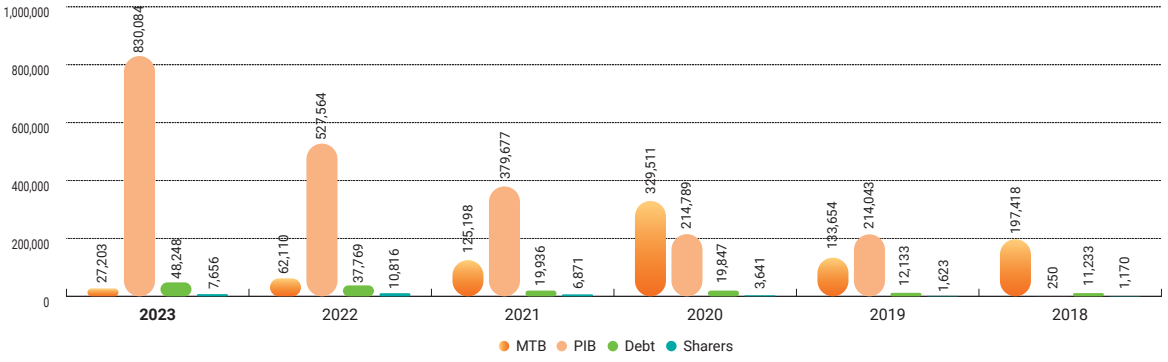
Bank has been successful in posting a consistent growth in Profit Before Tax during 2018-2023. During year 2023, despite extremely challenging operating/economic conditions, the Bank earned Profit Before Tax of Rs. 21.2 Billion as against Rs. 12.2 Billion during year 2018 registering a CAGR of 12%.

INVESTMENTS SEGMENT WISE

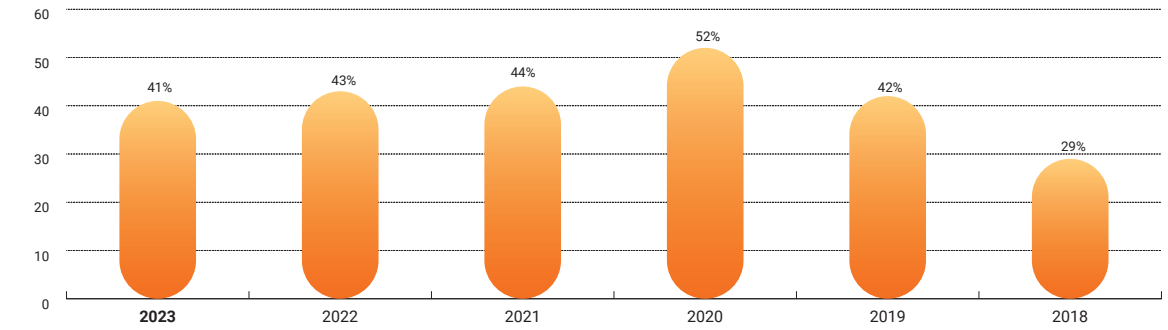
Investment by Category

	2023	2022	2021	2020	2019	2018
			Rs in million			
Investment by Category						
MTB	27,203	62,110	125,198	329,511	133,654	197,418.16
PIB	830,084	527,564	379,677	214,789	214,043	250.33
Debt	48,248	37,769	19,936	19,847	12,133	11,233
Shares	7,656	10,816	6,871	3,641	1,623	1,170
Total	913,191	638,259	531,683	567,789	361,453	210,071
Investment at cost						
Held for trading securities	44,070	6,431	33,507	19,147	9,962	25,088
Available for sale securities	779,709	553,323	451,369	487,557	291,838	187,982
Held to maturity securities	98,548	96,884	61,300	60,484	59,762	251
Subsidiaries	275	165	165	165	165	165
Total investments	922,602	656,803	546,340	567,353	361,727	213,486
Investment at market value						
Held for trading securities	44,125	6,368	33,528	19,148	9,958	25,085
Available for sale securities	770,408	535,007	436,856	488,157	291,733	184,703
Held to maturity securities	98,548	96,884	61,299	60,483	59,762	250
Subsidiaries	110	-	-	-	-	34
Total investments	913,191	638,259	531,683	567,789	361,453	210,071

CATEGORY OF INVESTMENTS



INVESTMENTS TO TOTAL ASSETS %



SIX YEARS' VERTICAL ANALYSIS

	2023		2022		2021		2020		2019		2018	
	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%
Statement of Financial Position												
ASSETS												
Cash and balances with treasury banks	100,894	5%	73,203	5%	71,319	6%	69,272	6%	53,415	6%	43,589	6%
Balances with other banks	8,283	0%	4,814	0%	8,718	1%	2,398	0%	10,311	1%	5,802	1%
Lendings to financial institutions	144,961	7%	69,819	5%	30,980	3%	16,087	1%	4,060	0%	27,843	4%
Investments - net	913,191	41%	638,259	43%	531,683	44%	567,789	52%	361,453	42%	210,071	29%
Advances - net	806,387	36%	589,581	40%	484,405	40%	391,161	36%	383,313	44%	381,877	53%
Fixed assets	33,213	1%	30,339	2%	19,832	2%	14,813	1%	15,219	2%	8,788	1%
Intangible assets	2,091	0%	1,768	0%	1,101	0%	689	0%	793	0%	891	0%
Deferred tax assets - net	10,243	0%	14,555	1%	13,696	1%	7,774	1%	6,568	1%	7,965	1%
Other assets - net	196,916	9%	59,551	4%	35,218	3%	25,465	2%	33,797	4%	27,552	4%
	2,216,180	100%	1,481,890	100%	1,196,952	100%	1,095,446	100%	868,928	100%	714,380	100%
LIABILITIES												
Bills payable	5,508	0%	6,324	0%	10,109	1%	4,169	0%	3,421	0%	3,578	1%
Borrowings	453,966	20%	80,820	5%	71,323	6%	154,841	14%	77,045	9%	41,793	6%
Deposits and other accounts	1,520,854	69%	1,227,339	83%	1,002,955	84%	835,068	76%	691,017	80%	595,582	83%
Subordinated debts	30,205	1%	17,204	1%	7,789	1%	6,792	1%	8,794	1%	8,797	1%
Other liabilities	124,893	6%	85,151	6%	49,943	4%	42,315	4%	41,968	5%	26,909	4%
	2,135,425	96%	1,416,838	96%	1,142,119	95%	1,043,185	95%	822,245	95%	676,659	95%
NET ASSETS	80,755	4%	65,052	4%	54,833	5%	52,262	5%	46,682	5%	37,720	5%
REPRESENTED BY												
Share capital - net	32,453	1%	29,478	2%	26,174	2%	26,174	2%	26,174	3%	26,174	4%
Reserves	14,952	1%	12,684	1%	10,517	1%	8,029	1%	6,640	1%	4,991	1%
Surplus/(Deficit) on revaluation of assets - net of tax	1,829	0%	(2,323)	0%	(1,369)	0%	5,955	1%	5,371	1%	3,260	0%
Unappropriated profit	31,522	1%	25,213	2%	19,511	2%	12,103	1%	8,497	1%	3,296	0%
	80,755	4%	65,052	4%	54,833	5%	52,262	5%	46,682	5%	37,720	5%
Profit & Loss Account												
Mark-up / return / interest earned	327,194	95%	137,168	93%	81,651	91%	86,019	87%	80,867	95%	46,893	93%
Mark-up / return / interest expensed	(286,248)	-83%	(106,410)	-72%	(51,775)	-58%	(62,694)	-63%	(54,110)	-64%	(26,840)	-53%
Net mark-up / interest income	40,946	12%	30,758	21%	29,876	33%	23,325	24%	26,757	32%	20,053	40%
Non mark-up / interest income	17,718	5%	10,576	7%	7,904	9%	13,046	13%	3,940	5%	3,673	7%
Total income	58,663	17%	41,335	28%	37,780	42%	36,371	37%	30,696	36%	23,726	47%
Non mark-up / interest expenses	(37,498)	-11%	(27,705)	-19%	(21,014)	-23%	(17,519)	-18%	(14,876)	-18%	(12,666)	-25%
Profit before provisions	21,165	6%	13,630	9%	16,766	19%	18,852	19%	15,820	19%	11,060	22%
Provisions and write offs - net	53	0%	4,878	3%	1,642	2%	(6,862)	-7%	(1,776)	-2%	1,148	2%
Profit before taxation	21,218	6%	18,508	13%	18,408	21%	11,989	12%	14,044	17%	12,208	24%
Taxation - net	(9,879)	-3%	(7,673)	-5%	(5,968)	-7%	(5,046)	-5%	(5,795)	-7%	(4,645)	-9%
Profit after taxation	11,339	3%	10,834	7%	12,440	14%	6,944	7%	8,249	10%	7,564	15%

Investments & Advances remained major components of Asset Mix of the Bank. The Bank opted to channelize incremental funds in Risk Free Investments and grow Advances Book in a very careful manner. Accordingly, the mix of Advances-net reduced to 36% in 2023 as against 53% in year 2018. The mix of Investments improved to 41% as against 29% in year 2018.

Owing to Branch Expansion and products diversification, the Bank was able to post a steady growth in Deposits with a CAGR of 18%. As of December 31, 2023, the Mix of Deposits and Borrowings stood at 69% & 20%, respectively.

Markup Income has shown a steady growth with main contribution from income on Advances and Investments. The contribution of markup income constitutes 95% of the total revenue for year 2023. Markup Expense has also increased due to growth in Deposit base, change in minimum rate of profit on PLS Deposits and rise in Borrowings/Subordinated Loans. Concentration of Non Markup Income for year 2023 remained at 5% as against 7% during year 2022. The concentration of Non Markup Expense remained at 11% & 19% for the years 2023 & 2022, respectively. The rise in Non-Markup Expenses is in line with Branch Expansion, investment in new technologies and inflationary parameters.

SIX YEARS' HORIZONTAL ANALYSIS

	2023	23 Vs 22	2022	22 Vs 21	2021	21 Vs 20	2020	20 Vs 19	2019	19 Vs 18	2018	18 Vs 17
	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%	Rs Mln	%
Statement of Financial Position												
ASSETS												
Cash and balances with treasury banks	100,894	38%	73,203	3%	71,319	3%	69,272	30%	53,415	23%	43,589	3%
Balances with other banks	8,283	72%	4,814	-45%	8,718	264%	2,398	-77%	10,311	78%	5,802	-5%
Lendings to financial institutions	144,961	108%	69,819	125%	30,980	93%	16,087	296%	4,060	-85%	27,843	13%
Investments - net	913,191	43%	638,259	20%	531,683	-6%	567,789	57%	361,453	72%	210,071	-13%
Advances - net	806,387	37%	589,581	22%	484,405	24%	391,161	2%	383,313	0%	381,877	29%
Fixed assets	33,213	9%	30,339	53%	19,832	34%	14,813	-3%	15,219	73%	8,788	11%
Intangible assets	2,091	18%	1,768	61%	1,101	60%	689	-13%	793	-11%	891	42%
Deferred tax assets - net	10,243	-30%	14,555	6%	13,696	76%	7,774	18%	6,568	-18%	7,965	-26%
Other assets - net	196,916	231%	59,551	69%	35,218	38%	25,465	-25%	33,797	23%	27,552	2%
	2,216,180	50%	1,481,890	24%	1,196,952	9%	1,095,446	26%	868,928	22%	714,380	9%
LIABILITIES												
Bills payable	5,508	-13%	6,324	-37%	10,109	143%	4,169	22%	3,421	-4%	3,578	6%
Borrowings	453,966	462%	80,820	13%	71,323	-54%	154,841	101%	77,045	84%	41,793	7%
Deposits and other accounts	1,520,854	24%	1,227,339	22%	1,002,955	20%	835,068	21%	691,017	16%	595,582	7%
Subordinated debts	30,205	76%	17,204	121%	7,789	15%	6,792	-23%	8,794	0%	8,797	96%
Other liabilities	124,893	47%	85,151	70%	49,943	18%	42,315	1%	41,968	56%	26,909	8%
	2,135,425	51%	1,416,838	24%	1,142,119	9%	1,043,185	27%	822,245	22%	676,659	8%
NET ASSETS	80,755	24%	65,052	19%	54,833	5%	52,262	12%	46,682	24%	37,720	27%
REPRESENTED BY												
Share capital - net	32,453	10%	29,478	13%	26,174	0%	26,174	0%	26,174	0%	26,174	0%
Reserves	14,952	18%	12,684	21%	10,517	31%	8,029	21%	6,640	33%	4,991	43%
Surplus/(Deficit) on revaluation of assets - net of tax	1,829	-179%	(2,323)	70%	(1,369)	-123%	5,955	11%	5,371	65%	3,260	13%
Unappropriated profit	31,522	25%	25,213	29%	19,511	61%	12,103	42%	8,497	158%	3,296	-217%
	80,755	24%	65,052	19%	54,833	5%	52,262	12%	46,682	24%	37,720	27%
Profit & Loss Account												
Mark-up / return / interest earned	327,194	139%	137,168	68%	81,651	-5%	86,019	6%	80,867	72%	46,893	35%
Mark-up / return / interest expensed	(286,248)	169%	(106,410)	106%	(51,775)	-17%	(62,694)	16%	(54,110)	102%	(26,840)	41%
Net mark-up / interest income	40,946	33%	30,758	3%	29,876	28%	23,325	-13%	26,757	33%	20,053	29%
Non mark-up / interest income	17,718	68%	10,576	34%	7,904	-39%	13,046	231%	3,940	7%	3,673	-20%
Total income	58,663	42%	41,335	9%	37,780	4%	36,371	18%	30,696	29%	23,726	18%
Non mark-up / interest expenses	(37,498)	35%	(27,705)	32%	(21,014)	20%	(17,519)	18%	(14,876)	17%	(12,666)	25%
Profit before provisions	21,165	55%	13,630	-19%	16,766	-11%	18,852	19%	15,820	43%	11,060	10%
Provisions and write offs - net	53	-99%	4,878	197%	1,642	-124%	(6,862)	286%	(1,776)	-255%	1,148	-108%
Profit before taxation	21,218	15%	18,508	1%	18,408	54%	11,989	-15%	14,044	15%	12,208	-360%
Taxation - net	(9,879)	29%	(7,673)	29%	(5,968)	18%	(5,046)	-13%	(5,795)	25%	(4,645)	-438%
Profit after taxation	11,339	5%	10,834	-13%	12,440	79%	6,944	-16%	8,249	9%	7,564	-328%

Bank's Asset Base has registered consistent growth during 2018-2023 and it crossed Rs. 2.0 Trillion mark in 2023. During year 2023, Total Assets registered growth of 50% while CAGR for 2018-23 remained at 22%.

Deposits also grew at a steady rate with a CAGR of 18%. Highest growth of 24% was registered in year 2023 . During the period 2018-2023, 239 Branches were opened by the Bank.

Owing to consistent growth in profitability, the Equity registered a steady growth. The YOY growth for year 2023 remained at 24%. On profitability side, Markup Income of the Bank registered a CAGR of 45% during 2018-2023. The main components were Markup earned on Advances & Investments. In line with Bank's strategy to grow Advances portfolio cautiously and divert incremental funds towards investment in risk free Government Securities, the major contribution came from Markup Income on Investments.

Markup Expense also registered a CAGR of 57% due to above stated growth in Deposits. It also includes impact of change in Minimum Profit Rates on PLS Deposits in line with change in SBP Policy Rate.

Non Markup Income registered as CAGR of 25% during 2018-2023. The main contribution was made by Capital Gains realized on Securities during different years. The Fee Based Income also registered as steady growth. Non-Markup Expenses registered a CAGR of 24%. The rise is mainly on account of personnel/property expenses in line with expansion in Branch network (239 Branches added), inflation and investment in new technologies.

Provision Reversal for year 2023 stood at Rs. 0.05 Billion as against Provision Reversal of Rs. 4.9 Billion during year 2022. The Charge of Rs. 6.9 Billion for year 2020 includes General Provision of Rs. 3.3 Billion and Specific Provision of Rs. 1.7 on subjective basis. The Bank is fully compliant with the provisioning requirements under prudential regulations of SBP. As of December 31, 2023, a general provision of Rs. 0.7 Billion has also been maintained by the Bank.

SIX YEARS' FINANCIAL PERFORMANCE

Financial Ratios 2018-2023

		2023	2022	2021	2020	2019	2018
				Rs in million			
Profit and loss account							
Mark-up/ return earned		327,194	137,168	81,651	86,019	80,867	46,893
Mark-up/ return expensed		286,248	106,410	51,775	62,694	54,110	26,840
Net interest margin		40,946	30,758	29,876	23,325	26,757	20,053
Fee, Commission, brokerage, FX and other income		11,895	9,525	5,741	4,442	3,614	3,564
Dividend and capital gains		5,823	1,051	2,162	8,603	325	109
Total income		58,663	41,335	37,780	36,371	30,696	23,726
Total Non markup expenses		37,498	27,705	21,014	17,519	14,876	12,666
Operating profit before tax and provision		21,165	13,630	16,766	18,852	15,820	11,060
WWF		324	289	363	335	285	-
Admin expenses		37,120	27,374	20,637	16,880	14,453	12,613
Provisions / write-offs		(53)	(4,878)	(1,642)	6,862	1,776	(1,148)
Profit before tax		21,218	18,508	18,408	11,989	14,044	12,208
Profit after tax		11,339	10,834	12,440	6,944	8,249	7,564
Cash / stock dividend *		3,272	2,974	3,305	2,644	1,983	1,983
* Included dividends announced after year end							
Statement of Financial Position							
Authorised capital		50,000	50,000	50,000	50,000	50,000	50,000
Paid up capital - net		32,453	29,478	26,174	26,174	26,174	26,174
Reserves		14,952	12,684	10,517	8,029	6,640	4,991
Unappropriated Profit		31,522	25,213	19,511	12,103	8,497	3,296
Shareholder's equity		78,926	67,375	56,202	46,306	41,311	34,460
Surplus on revaluation of assets - net of tax		1,829	(2,323)	(1,369)	5,955	5,371	3,260
Total Assets		2,216,180	1,481,890	1,196,952	1,095,446	868,928	714,380
Earning Assets		1,868,086	1,297,199	1,054,108	972,981	747,797	617,234
Gross Advances		849,510	634,376	534,163	442,760	428,846	425,756
Advances - net of provisions		806,387	589,581	484,405	391,161	383,313	381,877
Non-Performing Loans (NPLs)		50,880	51,561	52,032	57,251	51,363	49,385
Investments		913,191	638,259	531,683	567,789	361,453	210,071
Total Liabilities		2,135,425	1,416,838	1,142,119	1,043,185	822,245	676,659
Deposits		1,520,854	1,227,339	1,002,955	835,068	691,017	595,582
Current & Saving Deposits (CASA)		947,454	794,236	643,842	545,920	471,581	383,859
Borrowings		453,966	80,820	71,323	154,841	77,045	41,793
Interest bearing Liabilities		1,285,253	722,736	596,619	583,269	426,088	362,367
Contingencies and Commitments		542,766	501,638	469,024	213,750	195,225	145,808
Profitability ratios							
Profit before tax ratio	%	6.48%	13.49%	22.54%	13.94%	17.37%	26.03%
Gross Yield on Average Earning Assets	%	20.67%	11.67%	8.06%	10.00%	11.85%	7.95%
Gross Yield on Avg. Earning Assets (incl. dividend & capital gains)	%	21.04%	11.76%	8.27%	11.00%	11.90%	7.97%
Gross Spread	%	12.51%	22.42%	36.59%	27.12%	33.09%	42.76%
Net markup/ interest margin	%	1.85%	2.08%	2.50%	2.13%	3.08%	2.81%
Non interest income to total income	%	5.14%	7.16%	8.83%	13.17%	4.65%	7.26%
Return on average equity (ROE) (without surplus)	%	15.50%	17.53%	24.27%	15.85%	21.77%	24.68%
Return on average assets (ROA)	%	0.61%	0.81%	1.09%	0.71%	1.04%	1.10%
Return on Capital Employed (ROCE)	%	15.50%	17.53%	24.27%	15.85%	21.77%	24.68%
Interest Ratio	%	87.49%	77.58%	63.41%	72.88%	66.91%	57.24%
Non markup/ interest income to total assets	%	0.80%	0.71%	0.66%	1.19%	0.45%	0.51%
Net markup/ interest income(after provision)to total assets	%	1.85%	2.40%	2.63%	1.50%	2.87%	2.97%
Markup/interest expense to markup/interest income	%	87.49%	77.58%	63.41%	72.88%	66.91%	57.24%

		2023	2022	2021	2020	2019	2018
				Rs in million			
Admin expense to profit before tax	(times)	1.75	1.48	1.12	1.41	1.03	1.03
Operating Expense Ratio	(times)	1.77	1.50	1.14	1.46	1.06	1.04
Gain Ratio	%	8.96%	0.83%	4.73%	23.28%	0.72%	0.12%
Net investment in Finance Lease to Total Assets	%	2.13%	2.63%	3.11%	2.87%	3.80%	4.91%
Admin Exp to Profit before Tax	%	174.94%	147.91%	112.11%	140.79%	102.91%	103.31%
Non-markup/ interest expense to total income	%	10.87%	18.75%	23.46%	17.68%	17.54%	25.05%
Admin expense to non- markup income	(times)	2.10	2.59	2.61	1.29	3.67	3.43
Cost to income ratio	%	63.92%	67.03%	55.62%	48.17%	48.46%	53.38%
Cost to income ratio (excluding WWF)	%	63.37%	66.33%	54.66%	47.25%	47.53%	53.38%
Shareholder funds	%	3.56%	4.55%	4.70%	4.23%	4.75%	4.82%
Total shareholder return	%	15.95%	17.40%	22.65%	15.96%	22.40%	24.83%
Return on shareholder funds	%	15.95%	17.40%	22.65%	15.96%	22.40%	24.83%
Investment ratios / Market ratios							
Earnings per share (before tax)	Rs	6.49	5.66	6.19	4.54	5.31	4.62
Earnings per share (after tax)	Rs	3.47	3.31	4.18	2.63	3.12	2.86
Breakup value per share / Net assets per share							
- without surplus on revaluation of fixed assets							
& investments "	Rs	24.125	22.654	21.259	17.516	15.626	13.035
- without surplus on revaluation of fixed assets	Rs	23.461	20.391	19.307	19.051	16.934	13.545
- Including Investment in Related Party at market value							
and also with Surplus on Revaluation of fixed assets	Rs	25.578	24.502	23.179	18.658	16.816	14.272
- with surplus on revaluation of fixed assets & investments	Rs	24.684	21.872	20.741	19.768	17.658	14.268
Cash / stock Dividend	%	10.00%	10.00%	12.50%	10.00%	7.50%	7.50%
Dividend per share	%	1	1	1.25	1	0.75	0.75
Dividend Yield ratio (based on cash dividend)	%	23.23%	16.00%	14.67%	10.19%	6.89%	6.69%
Dividend Payout ratio	%	28.85%	30.20%	29.88%	38.07%	24.04%	26.21%
Price to book value ratio	Times	0.26	0.21	0.41	0.46	0.64	0.84
Price to earning ratio	Times	1.24	1.89	2.04	3.74	3.49	3.92
Dividend cover ratio	Times	3.47	3.31	3.35	2.63	4.16	3.81
Share Information							
Market value per share - Dec 31	Rs	6.48	4.57	8.47	9.14	11.33	11.97
High - during the year	Rs	8.20	8.80	10	14.33	14.57	13.85
Low - during the year	Rs	3.17	4.45	7.61	6.52	6.97	8.1
Market Capitalisation	Rs in million	21,200	13,592	22,392	24,163	29,953	31,645
Asset Quality and Liquidity ratios							
Gross Advances to deposits ratio	%	55.86%	51.69%	53.26%	53.02%	62.06%	71.49%
Gross Advances to deposits & borrowings ratio	%	43.02%	48.49%	49.72%	44.73%	55.83%	66.80%
Net Advances to deposits ratio	%	53.02%	48.04%	48.30%	46.84%	55.47%	64.12%
Investments to deposits ratio	%	60.04%	52.00%	53.01%	67.99%	52.31%	35.27%
Cost of Funds	%	15.95%	8.89%	5.16%	7.09%	7.93%	4.31%
Weighted Average Cost of Deposits	%	14.78%	8.87%	5.12%	7.04%	7.68%	4.17%
Cash flow coverage ratio	times	1.24	1.40	(0.57)	3.77	3.80	(1.35)
CASA to total deposits	%	62.30%	64.71%	64.19%	65.37%	68.24%	64.45%
Advances net to total assets	%	36.39%	39.79%	40.47%	35.71%	44.11%	53.46%
NPLs to Gross advances ratio	%	5.99%	8.13%	9.74%	12.93%	11.98%	11.60%
Provision to Gross advances ratio	%	5.08%	7.06%	9.32%	11.65%	10.62%	10.31%
NPLs to Shareholders Equity	%	64.47%	76.53%	92.58%	123.64%	124.33%	143.31%
Coverage Ratio (specific provision/ NPLs)	%	83.39%	85.68%	89.76%	83.58%	87.84%	88.14%
Coverage Ratio (total provision/ NPLs)	%	84.75%	86.88%	95.63%	90.13%	88.65%	88.85%
Earning assets to total assets ratio	%	84.29%	87.54%	88.07%	88.82%	86.06%	86.40%

SIX YEARS' FINANCIAL PERFORMANCE

Financial Ratios 2018-2023

		2023	2022	2021	2020	2019	2018
				Rs in million			
Investment to deposit ratio	%	60.04%	52.00%	53.01%	67.99%	52.31%	35.27%
Investments to total assets ratio	%	41.21%	43.07%	44.42%	51.83%	41.60%	29.41%
Cash & Cash Equivalents to Total Assets	%	4.92%	5.26%	6.69%	6.54%	7.32%	6.88%
Cash to Current Liabilities	%	5.38%	6.02%	7.70%	7.24%	8.16%	7.66%
Deposits to total assets	%	68.63%	82.82%	83.79%	76.23%	79.53%	83.37%
NPLs write off to NPLs provisions	%	-3.35%	-11.08%	-3.70%	11.76%	3.63%	-4.78%
Total liabilities to total assets	%	96.36%	95.61%	95.42%	95.23%	94.63%	94.72%
Commitments & contingencies to total equity (E5/A) (times)	Times	6.88	7.45	8.35	4.62	4.73	4.23
Earning assets to interest bearing Liabilities	Times	1.45	1.79	1.77	1.67	1.76	1.70
Deposits to shareholder equity	Times	19.27	18.22	17.85	18.03	16.73	17.28
Assets to Equity	Times	27.44	22.78	21.83	20.96	18.61	18.94
Current / Quick Ratio	Times	1.07	1.11	1.12	1.08	1.08	1.08
Efficiency ratio	%	62.38%	59.84%	53.04%	57.81%	51.22%	49.05%
Cash reserve ratio	%	4.15%	3.62%	4.38%	4.20%	3.89%	3.52%
Liquid assets to total assets ratio	%	45.40%	47.32%	49.89%	57.02%	48.08%	35.49%
Gross non performing assets to gross advances	%	6.62%	9.33%	11.09%	14.65%	13.64%	13.24%
Gross non performing assets to gross advances & investments	%	3.17%	4.59%	5.48%	6.42%	7.40%	8.82%
Non-Performing loans to Total Loans	%	5.99%	8.13%	9.74%	12.93%	11.98%	11.60%
Debt to equity ratio (as per market value)	times	0.43	0.35	0.15	0.14	0.17	0.20
Debt to equity ratio (as per book value)	times	0.37	0.26	0.14	0.13	0.19	0.23
Statutory liquidity reserve ratio	%	60.49%	52.41%	52.69%	68.53%	52.88%	35.80%
Risk Adequacy							
Tier I Capital	Rs in million	86,194	61,876	43,994	41,937	37,926	28,931
Total Eligible Capital	Rs in million	102,678	68,272	53,333	57,207	49,669	38,662
Risk Weighted Assets (RWA)	Rs in million	558,951	520,751	434,510	352,514	335,542	293,495
Tier I to RWA	%	15.42%	11.88%	10.12%	11.90%	11.30%	9.86%
Common equity tier 1 capital adequacy ratio	%	13.29%	10.34%	10.12%	11.90%	11.30%	9.86%
RWA to total assets	%	25.22%	35.14%	36.30%	32.18%	38.62%	41.08%
Capital Adequacy Ratio	%	18.37%	13.11%	12.27%	16.23%	14.80%	13.17%
Net Return on Average RWA	%	2.10%	2.27%	3.16%	2.02%	2.62%	5.15%
Capital ratio	%	3.56%	4.55%	4.70%	4.23%	4.75%	4.82%
DuPont Analysis							
Net Operating Margin	%	19.33%	26.21%	32.93%	19.09%	26.87%	31.88%
Asset Utilization	%	3.17%	3.09%	3.30%	3.70%	3.88%	3.46%
Leverage Ratio / Equity Multiplier	%	25.36	22.35	21.41	19.85	18.76	20.34
Industry Share *							
Deposits	%	5.22%	5.23%	4.27%	3.84%	3.73%	3.73%
Advances	%	6.62%	4.99%	4.10%	3.87%	4.62%	4.63%
Investments	%	3.51%	3.47%	2.89%	3.90%	3.03%	2.35%
Total assets	%	4.78%	4.14%	3.34%	3.64%	3.46%	3.25%
Market Capitalisation	Rs in million	21,200	13,592	22,392	24,163	29,953	31,645

* based on economic data released by State Bank of Pakistan

QUALITATIVE PERFORMANCE ANALYSIS

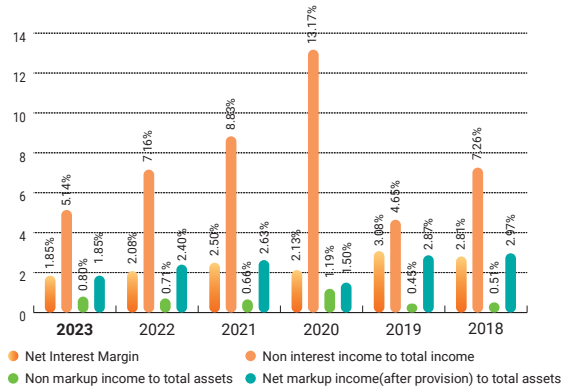
		2023	2022	2021	2020	2019	2018
				Rs in million			
Per Branch							
Gross Advances	Rs. In million	1,042	813	807	696	687	739
Deposits	Rs. In million	1,866	1,574	1,515	1,313	1,107	1,034
CASA	Rs. In million	1,163	1,018	973	858	756	666
PBT	Rs. In million	14	14	19	11	13	13
Others							
No. of accounts	No.	4,204,103	3,664,821	3,014,462	2,673,992	2,635,985	2,722,962
No. of branches	No.	815	780	662	636	624	576
No. of permanent employees	No.	11,420	11,093	9,358	7,930	6,620	4,277
Staff turnover ratio	%	10.81%	9.80%	8.18%	6.47%	9.18%	11.00%
Customer satisfaction index	%	45.00%	58.00%	20.00%	0.00%	0.00%	0.00%
Employee productivity rate							
Deposits per employee	Rs in million	111	94	89	84	72	69
Advances per employee	Rs in million	59	45	43	39	40	44
PBT per employee	Rs in million	2	1	2	1	1	1
Digital Banking							
No. of ATMs	No.	794	706	647	588	557	497
No. of Debit cards / smart cards issued during the year	No.	347,065	294,992	381,267	196,814	172,454	150,884
Internet Banking							
No. of customers	No.	43,296	31,356	-	-	-	-
No. of transactions	No.	142,145	89,999	-	-	-	-
Volume of transactions	Rs in million	4,086	2,622	-	-	-	-
Mobile Banking							
No. of customers	No.	493,642	410,286	337,803	268,178	144,600	89,187
No. of transactions - financial	No.	12,055,406	7,906,404	5,404,907	3,113,437	1,231,952	-
Volume of transactions	Rs in million	310,421	187,551	119,747	64,289	24,766	-
Credit Cards							
No. of new issuance	No.	11,704	94	-	-	-	-
No. of customers	No.	15,525	5,855	-	-	-	-
Total spend (transaction volume)	Rs in million	3,781	306	-	-	-	-
Auto Loan							
No. of loans disbursed	No.	1,158	2,375	4,703	2,944	3,361	5,656
Outstanding volume	Rs in million	17,524	21,722	22,696	17,472	13,432	10,663

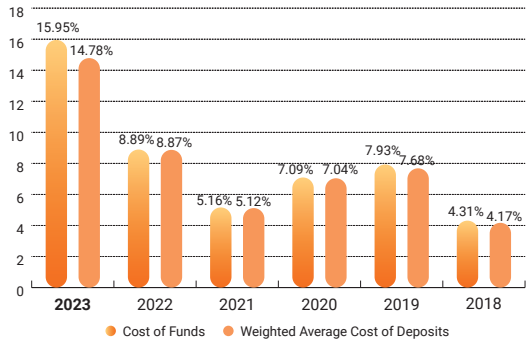
QUALITATIVE PERFORMANCE ANALYSIS

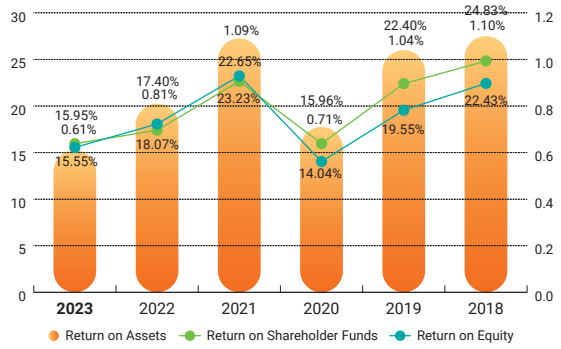
		2023	2022	2021	2020	2019	2018
				Rs in million			
Home Loan							
No. of loans disbursed	No.	182	952	684	24	24	138
Outstanding volume	Rs in million	7,087	7,533	3,687	655	655	705
Personal Loan							
No. of loans disbursed	No.	69,381	53,200	32,540	29,150	29,150	24,858
Outstanding volume	Rs in million	11,574	10,633	9,635	8,191	8,191	6,974
Bancassurance							
No. of customers	No.	30,250	24,879	20,341	16,876	16,579	12,186
No. of new customers	No.	5,371	4,538	3,465	297	4,393	6,790
No. of policies	No.	9,021	4,927	3,863	349	5,518	9,804
Bancassurance premium	Rs in million	548	275	203	18	260	407
Trade							
Imports - volume	Rs	386,696	382,296	310,404	146,235	160,376	160,474
Exports - volume	Rs in million	343,819	250,131	207,337	156,693	209,393	236,067
Home Remittance							
Volume of home remittance	USD	819	940	1,019	809	735	713
Volume of home remittance	Rs in million	105,908	165,535	165,597	135,865	110,442	86,727
Home remittance BOP market share	%	3.11%	3.20%	3.30%	3.10%	3.30%	3.60%
Cash Management							
throughput of cash management	Rs in million	274,026	216,638	116,809	93,398	-	-

SIX YEARS' - GRAPHICAL PRESENTATION

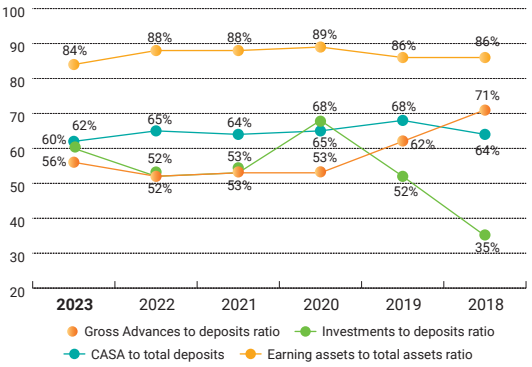
Financial Ratios 2018-2023

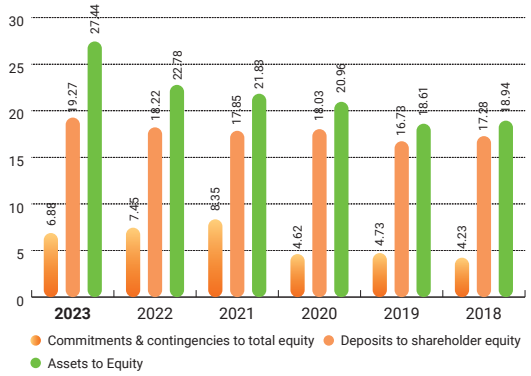


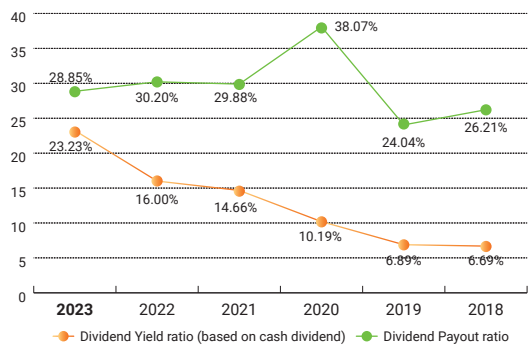


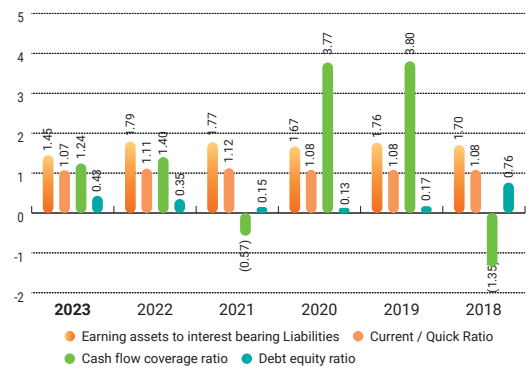








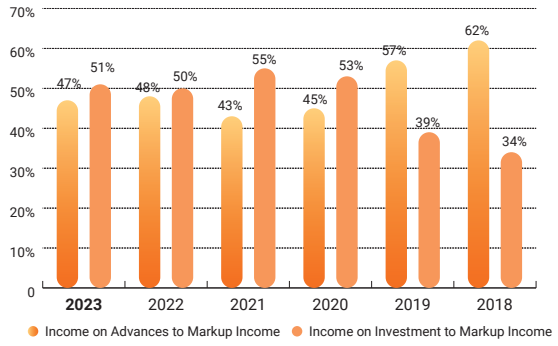




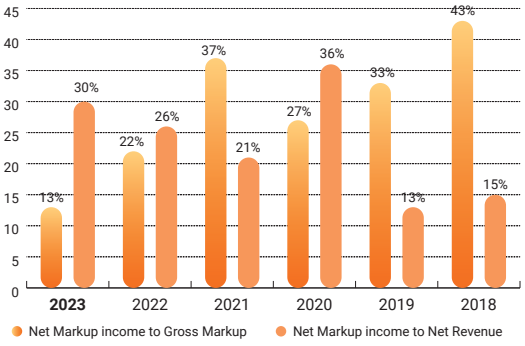
MARKUP & NON MARKUP INCOME

	2023	2022	2021	2020	2019	2018
	Rs in million					
Markup earned						
Mark-up Earned on Advances	155,223	65,667	35,135	38,860	46,190	28,853
Mark-up Earned on Investments	166,747	68,065	44,717	45,754	31,815	15,855
Mark-up Earned on lendings	4,716	3,141	1,763	1,365	2,705	2,159
Mark-up Earned on Balances with Banks	506	295	37	41	157	26
	327,194	137,168	81,651	86,019	80,867	46,893
Markup Expensed						
Mark-up expensed on deposits	190,752	90,692	43,955	52,483	46,984	23,531
Mark-up expensed on borrowings	87,918	12,358	6,168	8,411	5,237	2,697
Mark-up expensed on subordinated debts	5,638	1,863	604	862	1,110	611
Mark-up on lease liability against ROU Assets	1,940	1,496	1,048	937	779	-
	286,248	106,410	51,775	62,694	54,110	26,840
Net Markup Income	40,946	30,758	29,876	23,325	26,757	20,053
Non Markup income						
Fee and commission income	7,429	7,332	5,103	3,732	3,530	3,245
Dividend income	568	708	377	137	104	82
Foreign exchange income	298	1,887	577	328	11	227
Gain on securities - net	5,255	343	1,786	8,466	222	28
Other income - net	4,168	306	61	382	73	92
	17,718	10,576	7,904	13,046	3,940	3,673

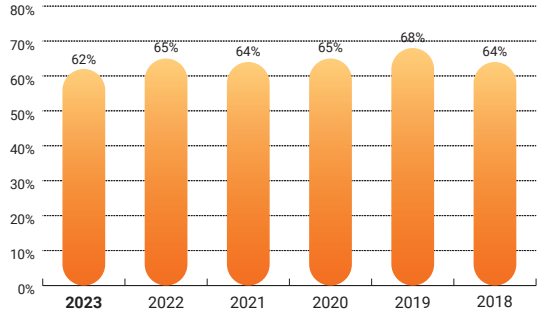
MARKUP INCOME FROM ADVANCES AND INVESTMENT %



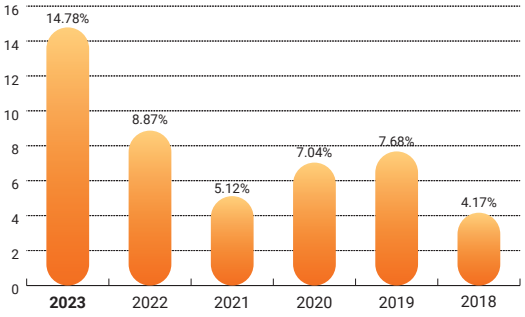
INCOME COMPOSITION %



CASA MIX %



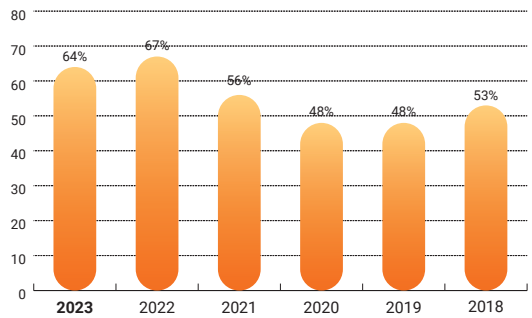
COST OF DEPOSITS %



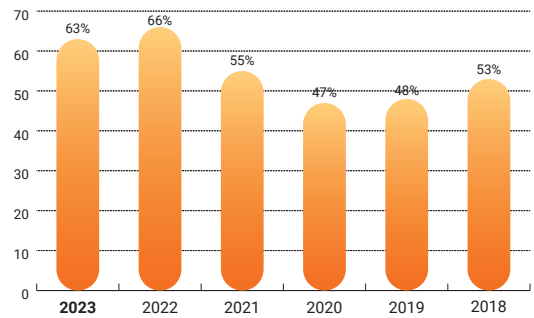
SIX YEARS' OPERATING EXPENSES

	2023	2022	2021	2020	2019	2018
			Rs in million			
Total compensation expense	18,211	14,320	10,631	8,734	7,213	6,139
Property Expense						
Rent and taxes	39	17	22	39	71	970
Insurance	14	10	17	18	19	14
Utilities cost	1,515	1,136	797	664	637	491
Depreciation	774	527	523	589	528	497
Amortization on ROU asset	1,731	1,297	991	891	876	-
Others	127	87	50	45	24	29
	4,200	3,074	2,400	2,247	2,154	2,000
Information technology expenses						
Software maintenance	1,168	597	513	473	376	200
Hardware maintenance	73	71	55	82	107	96
Depreciation	543	425	348	285	230	216
Amortization	342	144	208	198	174	68
Network Charges	522	493	424	355	331	321
	2,648	1,730	1,547	1,393	1,219	901
Other operating expenses						
Directors' fees and allowances	36	58	42	35	9	4
Legal & professional charges	267	222	227	113	105	107
Subscription charges	38	32	39	31	16	16
Outsourced services costs	790	580	438	367	236	362
Traveling & conveyance	2,319	1,738	837	561	584	476
NIFT clearing charges	113	77	68	69	59	50
Depreciation owned assets	596	456	364	307	291	263
Depreciation NBAs	22	33	49	59	74	66
Depreciation Ijarah assets	187	135	119	163	238	360
Training & development	159	148	67	26	37	16
Postage & courier charges	290	246	158	221	144	110
Stationery & printing	600	389	409	265	230	242
Marketing, advertisement & publicity	683	562	650	356	103	139
Donations	-	30	-	10	1	-
Auditors Remuneration	17	13	12	11	12	12
Insurance expense	296	249	245	144	140	101
Deposit protection fee	581	509	443	352	337	160
Repair & Maintenance	529	411	294	180	158	138
Entertainment	291	215	151	112	95	90
Fuel charges - Generator	299	244	100	86	108	95
Commission and Brokerage	315	323	274	244	141	120
Bank charges	48	43	36	42	63	52
SMS Banking Charges	521	177	41	48	39	34
ATM Charges	1,637	357	274	174	140	98
Credit Card Charges	19	10	-	-	-	-
Cash remittance & maintenance charges	644	389	270	200	181	190
Branch License fee	33	28	28	17	15	18
ECIB and CNIC verification charged	308	250	204	71	71	34
Others	422	328	224	242	240	222
	12,060	8,250	6,059	4,506	3,867	3,573
Total operating expenses	37,120	27,374	20,637	16,880	14,453	12,613

COST TO INCOME RATIO %



COST TO INCOME RATIO (EXCLUDING WWF) %



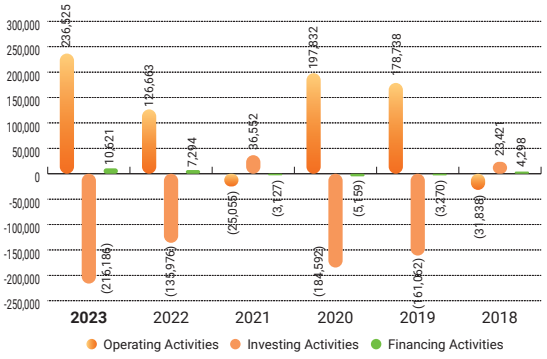
FREE CASH FLOWS

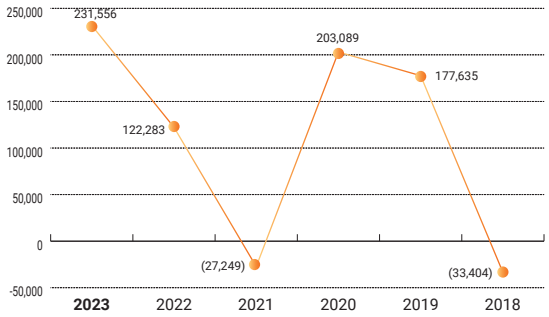
	2023	2022	2021	2020	2019	2018
			Rs in million			
Summary of Cash flows						
Cash flows from operating activities	236,525	126,663	(25,055)	197,832	178,738	(31,838)
Cash flows from investing activities	(216,186)	(135,976)	36,552	(184,592)	(161,062)	23,421
Cash flows from financing activities	10,621	7,294	(3,127)	(5,159)	(3,270)	4,298
Cash and cash equivalents at beginning of the year	78,018	80,036	71,667	63,586	49,181	53,300
Cash and cash equivalents at end of the year	108,978	78,018	80,036	71,667	63,586	49,181
Free Cash Flows						
Profit before taxation	21,218	18,508	18,408	11,989	14,044	12,208
Dividend income	(568)	(708)	(377)	(137)	(104)	(82)
Payment made to gratuity fund	(171)	(268)	(268)	-	-	-
Income tax paid	(7,640)	(5,003)	(6,194)	(4,851)	(3,974)	(2,843)
Adjustment for non-cash items	(10,166)	(5,302)	(659)	(1,340)	2,268	904
Operating assets/ liabilities changes	233,852	119,437	(35,966)	192,170	166,503	(42,027)
Net cash generated from operating activities	236,525	126,663	(25,055)	197,832	178,738	(31,838)
Capital expenditure	(5,140)	(4,648)	(2,461)	(1,162)	(1,102)	(1,566)
Free cash flows	231,385	122,015	(27,517)	196,670	177,635	(33,404)

Summary of Cash Flows

Cash Flow from operating activities mainly represent the core activity of the Bank i.e. mobilization of Deposits. Since 2018, Deposits of the Bank have been growing at a consistent trend with a CAGR of 21%. During year 2023, there was net inflow of Rs. 294 Billion from Deposits, while a net inflow of Rs. 373 Billion in Borrowings was observed. Further, there was net outflow of Rs. 216 billion due to growth in Advances portfolio. The major deployment under investing activities was on account of investment in AFS Securities which resulted in net outflow of Rs. 217 billion. During year 2023, net inflow of Rs. 11 billion in Financing activities was observed due to issuance of subordinated TFCs of Rs. 4.6 billion and ASM for PPTFCs/ADT1 amounting to Rs. 10.9 billion.

CASH FLOWS

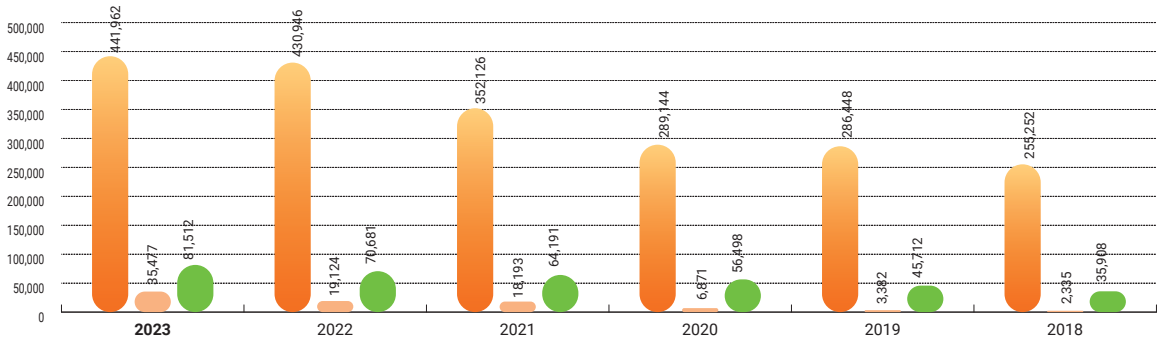




ANALYSIS OF CAPITAL ADEQUACY RATIO

	2023	2022	2021	2020	2019	2018
Capital Structure			Rs. In Million			
Tier 1 Capital						
Shareholders Equity/Assigned Capital	32,453	29,478	26,174	26,174	26,174	26,174
Share Premium	2,215	2,215	2,215	2,215	2,215	2,215
Reserves	12,737	10,469	5,814	5,814	4,425	2,776
Unappropriated Profits	31,522	25,212	21,999	12,103	8,497	3,296
ADT 1 capital	11,918	8,018				
	90,844	75,392	56,202	46,306	41,311	34,460
Deductions:						
Book value of intangible and advances given for intangible assets	2,091	1,768				
Other Deductions	2,559	11,748	12,208	4,370	3,385	5,529
	4,650	13,516	12,208	4,370	3,385	5,529
Total Tier 1 Capital	86,194	61,876	43,994	41,937	37,926	28,931
Tier 2 Capital						
Qualifying Tier 2 Instruments	14,716	5,786	6,289	6,792	7,194	7,597
General Provision subject to 1.25% of Total Risk Weighted Assets	696	615	3,054	3,748	413	348
Revaluation Reserves	1,073	-	-	-	4,140	1,899
	16,485	6,401	9,343	15,371	11,747	9,844
Deductions:						
Other deductions	-	5	4	5	5	5
Tier 2 un recognized	-	-	-	95.754	-	108.218
Total Tier 2 Capital	16,485	6,396	9,339	15,270	11,742	9,731
Total Regulatory Capital Base	102,678	68,272	53,333	57,207	49,669	38,662
Risk Weighted Assets						
Credit Risk	441,962	430,946	352,126	289,144	286,448	255,252
Market Risk	35,477	19,124	18,193	6,871	3,382	2,335
Operational Risk	81,512	70,681	64,191	56,498	45,712	35,908
Total RWA	558,951	520,751	434,510	352,514	335,542	293,495
Capital Adequacy Ratio						
Total Eligible Regulatory Capital Held	102,678	68,272	53,333	57,207	49,669	38,662
Total Risk Weighted Assets	558,951	520,751	434,510	352,514	335,542	293,495
Capital Adequacy Ratio	18.37%	13.11%	12.27%	16.23%	14.80%	13.17%

CAPITAL ADEQUACY RATIO





SIX YEARS MATURITIES OF ASSETS & LIABILITIES

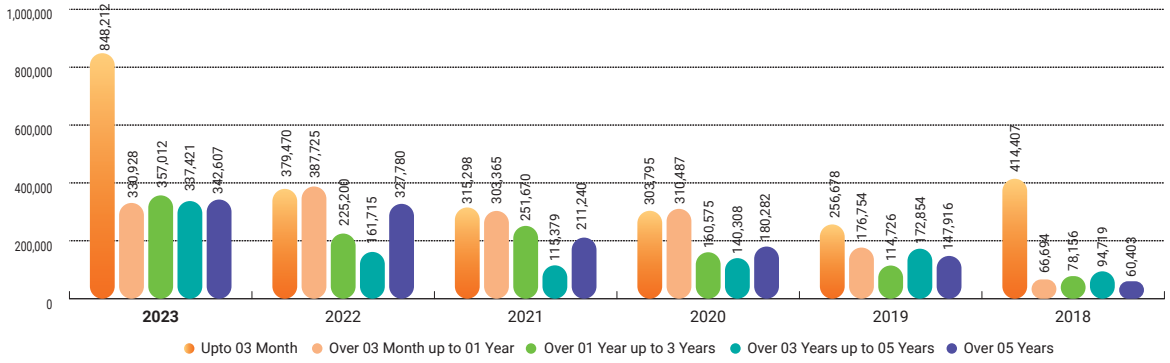
Six Years Maturities of Assets

	2023	2022	2021	2020	2019	2018
			Rs in million			
Upto 03 Month	848,212	379,470	315,298	303,795	256,678	414,407
Over 03 Months up to 01 Year	330,928	387,725	303,365	310,487	176,754	66,694
Over 01 Year up to 3 Years	357,012	225,200	251,670	160,575	114,726	78,156
Over 03 Years up to 05 Years	337,421	161,715	115,379	140,308	172,854	94,719
Over 05 Years	342,607	327,780	211,240	180,282	147,916	60,403

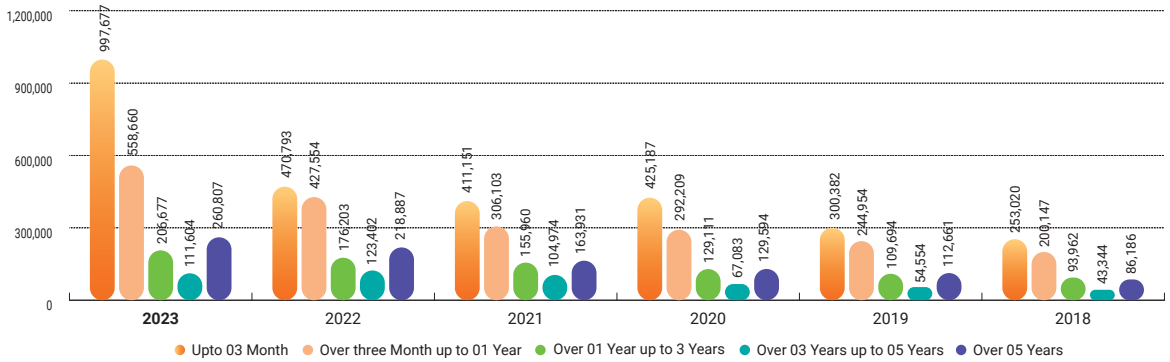
Six Years Maturities of Liabilities

	2023	2022	2021	2020	2019	2018
			Rs in million			
Upto 03 Month	997,677	470,792	411,151	425,187	300,382	253,020
Over three Month up to 01 Year	558,660	427,554	306,103	292,209	244,954	200,147
Over 01 Year up to 3 Years	206,677	176,203	155,960	129,111	109,694	93,962
Over 03 Years up to 05 Years	111,604	123,402	104,974	67,083	54,554	43,344
Over 05 Years	260,806	218,887	163,931	129,594	112,661	86,186

MATURITIES OF ASSETS



MATURITIES OF LIABILITIES

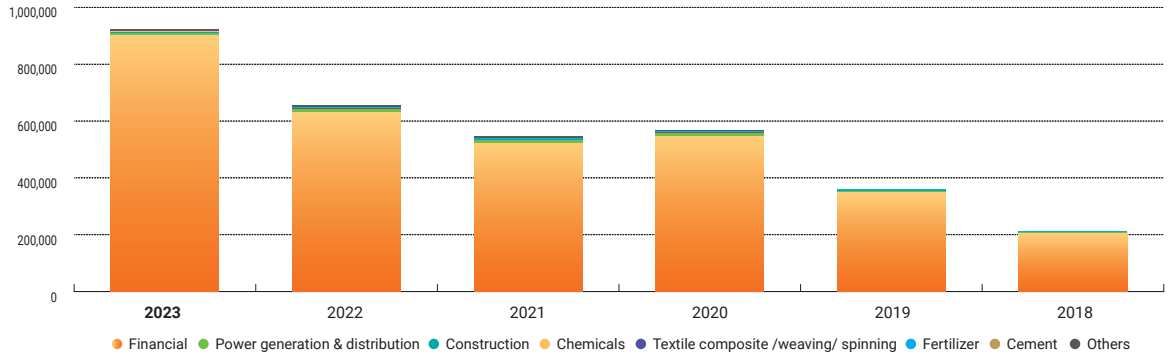


SIX YEARS CONCENTRATION OF ASSETS & LIABILITIES

Investment (at cost)

	2023	2022	2021	2020	2019	2018
	Rs in million					
Financial	900,824	629,195	521,554	545,593	349,960	203,597
Power generation & distribution	10,034	10,582	11,744	11,938	3,848	4,267
Construction	3,211	2,611	47	47	47	47
Chemicals	3,172	2,378	1,945	1,884	1,551	-
Textile composite /weaving/ spinning	986	1,674	1,252	849	689	657
Fertilizer	816	851	2,850	2,665	2,617	2,715
Cement	190	1,322	1,563	218	180	95
Others	3,370	8,190	5,385	4,160	2,834	2,108
Total	922,602	656,803	546,340	567,353	361,727	213,486

SIX YEARS CONCENTRATION OF INVESTMENTS (AT COST)

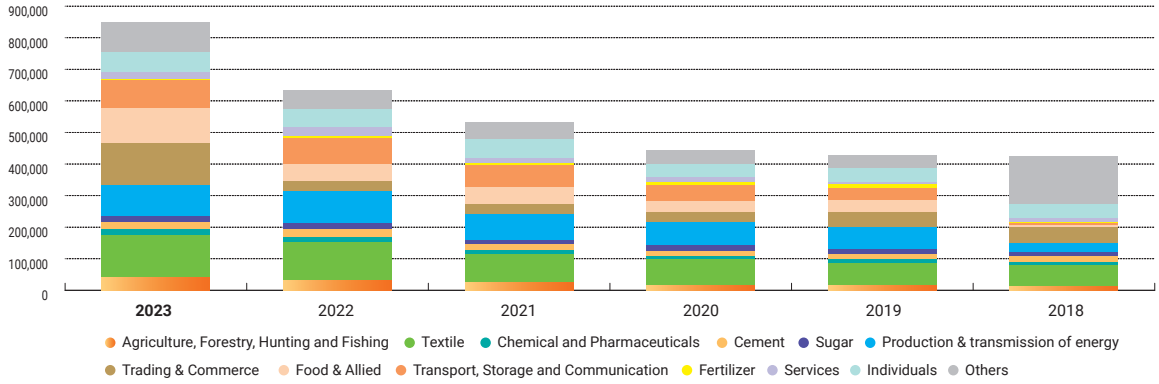


Advances (Gross)

	2023	2022	2021	2020	2019	2018
	Rs in million					
Agriculture, Forestry, Hunting and Fishing	42,011	29,664	23,388	16,241	14,261	12,005
Textile	131,585	121,416	91,037	81,325	72,595	69,375
Chemical and Pharmaceuticals	20,579	18,733	12,037	10,724	9,914	9,049
Cement	22,000	23,952	18,835	16,451	18,241	16,177
Sugar	17,066	18,629	13,717	16,277	14,196	14,035
Production & transmission of energy	98,958	100,934	82,343	74,470	72,264	27,471
Trading & Commerce	135,502	31,366	30,338	31,896	46,286	51,092
Food & Allied	109,860	56,041	54,773	34,253	37,664	8,441
Transport, Storage and Communication	86,312	79,889	68,958	50,370	39,193	4,474
Fertilizer	3,939	7,316	9,159	11,343	10,688	5,253
Services	22,962	27,784	15,199	13,897	8,799	11,733
Individuals	63,989	59,564	57,527	43,088	42,253	42,364
Others	94,747	59,088	56,851	42,425	42,492	154,285
	849,510	634,376	534,163	442,760	428,846	425,756

SIX YEARS CONCENTRATION OF ASSETS & LIABILITIES

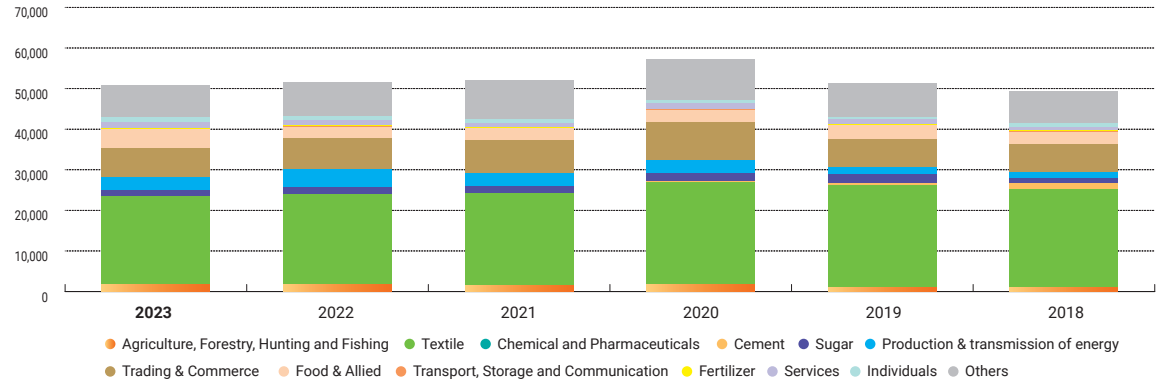
SIX YEARS CONCENTRATION OF GROSS ADVANCES



Non-Performing Loans

	2023	2022	2021	2020	2019	2018
	Rs in million					
Agriculture, Forestry, Hunting and Fishing	1,627	1,634	1,594	1,720	1,104	881
Textile	21,713	22,270	22,595	25,196	25,075	24,225
Chemical and Pharmaceuticals	64	49	42	108	118	69
Cement	-	-	-	93	424	1,490
Sugar	1,596	1,657	1,716	2,021	2,020	1,172
Production & transmission of energy	3,021	4,443	3,119	3,273	1,863	1,563
Trading & Commerce	7,155	7,834	8,227	9,214	6,980	6,900
Food & Allied	4,703	2,600	2,853	3,082	3,242	3,035
Transport, Storage and Communication	234	297	164	176	185	196
Fertilizer	49	49	62	67	72	119
Services	1,576	1,254	1,133	1,383	1,265	977
Individuals	1,170	1,003	835	899	666	749
Others	7,973	8,472	9,692	10,019	8,351	8,010
	50,880	51,562	52,032	57,251	51,363	49,385

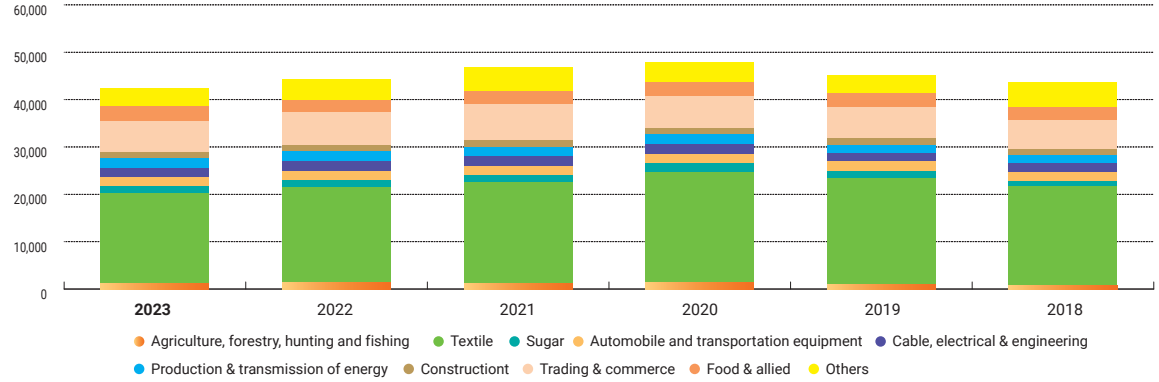
SIX YEARS CONCENTRATION OF NPLS



Provision held against NPL

	2023	2022	2021	2020	2019	2018
	Rs in million					
Agriculture, forestry, hunting and fishing	1,256	1,330	1,275	1,302	856	805
Textile	18,851	20,094	21,176	23,398	22,468	20,807
Sugar	1,501	1,513	1,509	1,759	1,596	1,145
Automobile and transportation equipment	1,980	1,979	1,982	2,012	1,983	1,985
Cable, electrical & engineering	1,925	2,093	2,124	2,103	1,818	1,835
Production & transmission of energy	2,146	2,027	1,906	2,077	1,562	1,555
Construction	1,247	1,274	1,426	1,422	1,593	1,288
Trading & commerce	6,409	7,121	7,615	6,709	6,470	6,274
Food & allied	3,244	2,462	2,803	2,929	3,005	2,734
Others	3,868	4,287	4,888	4,140	3,770	5,103
	42,427	44,180	46,703	47,851	45,120	43,530

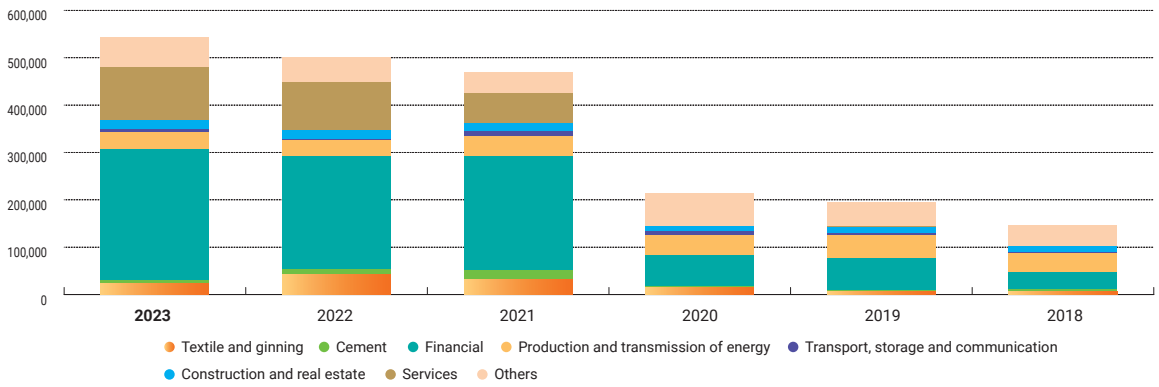
SIX YEARS CONCENTRATION OF PROVISIONS AGAINST NPLS



Contingency and commitments

	2023	2022	2021	2020	2019	2018
	Rs in million					
Textile and ginning	22,634	41,445	32,511	14,185	6,987	6,345
Cement	7,789	11,057	17,697	2,203	1,497	5,853
Financial	275,732	239,505	241,832	67,238	68,808	34,161
Production and transmission of energy	37,136	33,461	42,817	42,076	48,214	42,118
Transport, storage and communication	4,811	2,431	8,485	6,519	4,544	953
Construction and real estate	19,964	18,466	17,707	12,100	11,917	12,849
Services	111,462	102,739	65,410	781	1,564	345
Others	63,237	52,535	42,565	68,647	51,695	43,184
	542,766	501,638	469,024	213,750	195,225	145,808

SIX YEARS CONCENTRATION OF OFF-BALANCE SHEET ITEMS

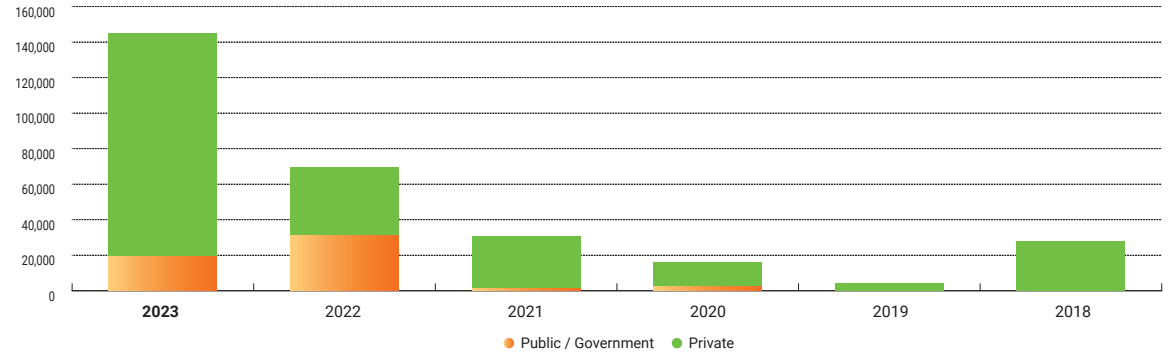


PRIVATE / PUBLIC SECTOR CONCENTRATION OF ASSETS AND LIABILITIES

Lendings to financial institutions

	2023	2022	2021	2020	2019	2018
	Rs in million					
Public / Government	19,217	31,170	1,200	2,500	-	-
Private	125,744	38,649	29,780	13,587	4,060	27,843
	144,961	69,819	30,980	16,087	4,060	27,843

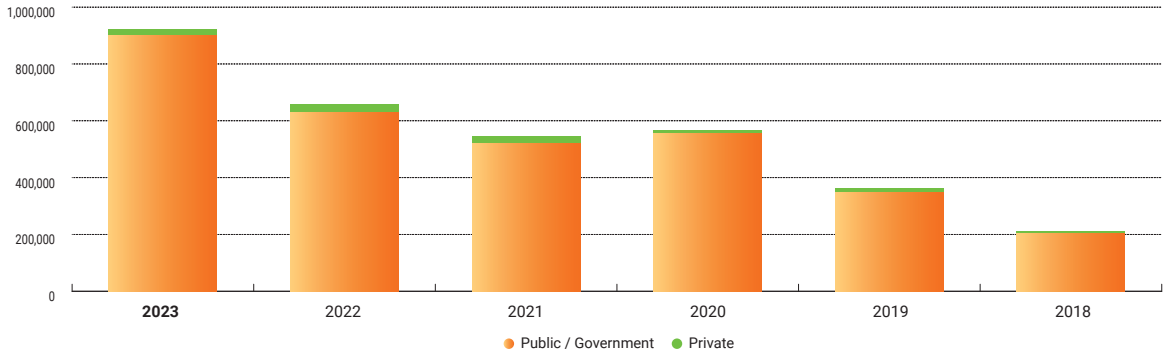
LENDING TO FINANCIAL INSTUTITIONS



Investment (at cost)

	2023	2022	2021	2020	2019	2018
	Rs in million					
Public/ Government	899,513	628,272	520,660	553,891	349,216	203,219
Private	23,089	28,531	25,680	13,462	12,511	10,267
	922,602	656,803	546,340	567,353	361,727	213,486

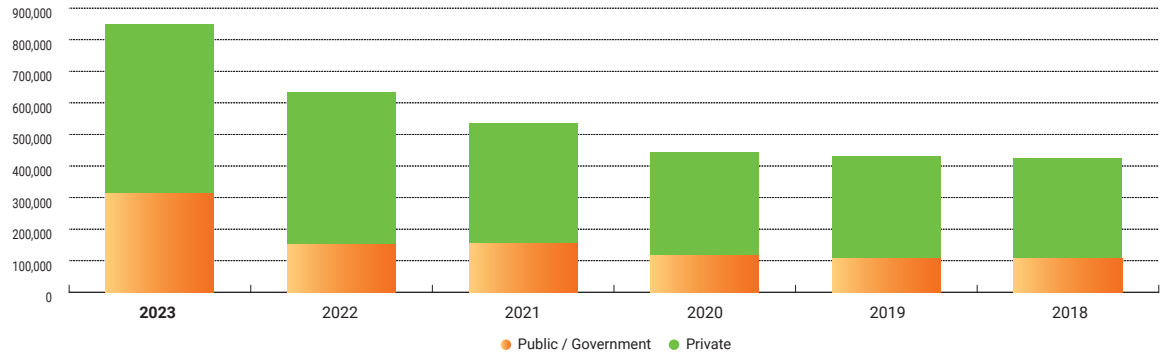
INVESTMENTS AT COST



Gross Advances

	2023	2022	2021	2020	2019	2018
	Rs in million					
Public/ Government	313,225	150,706	153,977	115,265	108,488	107,907
Private	536,285	483,670	380,186	327,495	320,358	317,849
	849,510	634,376	534,163	442,760	428,846	425,756

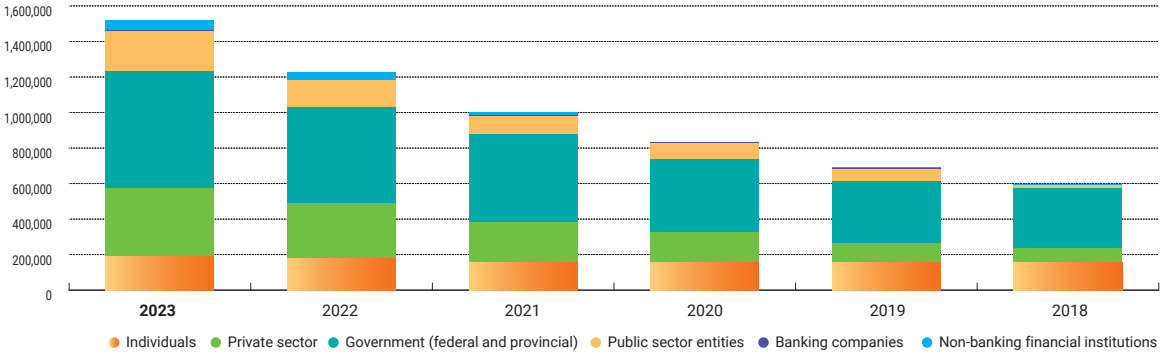
ADVANCES (GROSS)



Deposits

	2023	2022	2021	2020	2019	2018
	Rs in million					
Individuals	189,224	178,492	153,435	157,876	152,925	155,826
Private sector	386,696	311,263	227,189	168,476	107,087	83,341
Government (federal and provincial)	656,444	541,183	496,982	409,081	352,521	335,274
Public sector entities	225,426	150,220	103,988	92,393	68,178	14,239
Banking companies	2,603	3,734	2,898	3,122	5,693	4,547
Non-banking financial institutions	60,460	42,448	18,463	4,119	4,614	2,356
	1,520,854	1,227,339	1,002,955	835,068	691,017	595,582

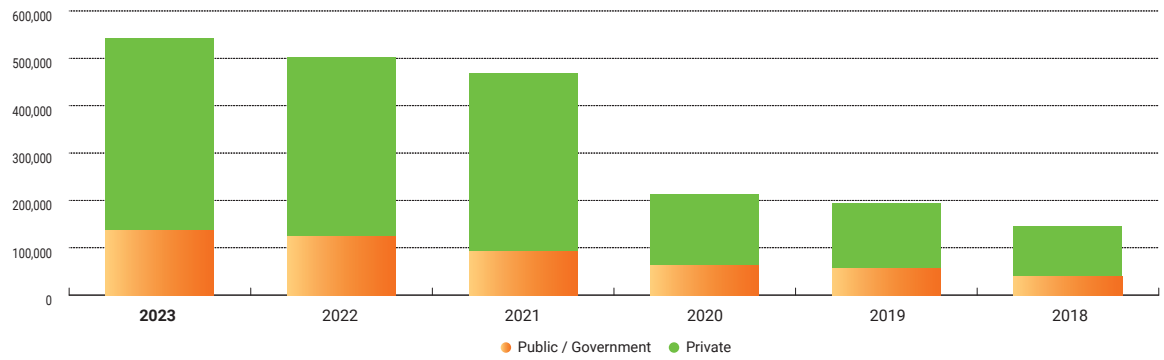
DEPOSITS



Contingencies and commitments

	2023	2022	2021	2020	2019	2018
	Rs in million					
Public/ Government	136,257	124,721	92,791	61,832	56,260	38,890
Private	406,509	376,917	376,233	151,918	138,965	106,918
	542,766	501,638	469,024	213,750	195,225	145,808

CONTINGENCIES & COMMITMENTS



ANALYSIS OF BANKS FINANCIAL PERFORMANCE

Year 2023 Vs 2022

	2023	2022
	Rupees in Million	
ASSETS		
Cash and balances with treasury banks	100,894	73,203
Balances with other banks	8,283	4,814
Lendings to financial institutions	144,961	69,819
Investments - net	913,191	638,259
Advances - net	806,387	589,581
Fixed assets	33,213	30,339
Intangible assets	2,091	1,768
Deferred tax assets - net	10,243	14,555
Other assets - net	196,916	59,551
	2,216,180	1,481,890
LIABILITIES		
Bills payable	5,508	6,324
Borrowings	453,966	80,820
Deposits and other accounts	1,520,854	1,227,339
Subordinated debts	30,205	17,204
Other liabilities - net	124,893	85,151
	2,135,425	1,416,838
NET ASSETS	80,755	65,052
MARK-UP / INTEREST INCOME		
Mark-up / return / interest earned	327,194	137,168
Mark-up / return / interest expensed	286,248	106,410
Net mark-up / interest income	40,946	30,758
NON MARK-UP / INTEREST INCOME		
Fee and commission income	7,429	7,332
Dividend income	568	708
Foreign exchange income	298	1,887
Gain on securities - net	5,255	343
Other income - net	4,168	306
Total non-markup / interest income	17,718	10,576
Total income	58,663	41,335
NON MARK-UP / INTEREST EXPENSES		
Operating expenses	37,120	27,374
Workers welfare fund	324	289
Other charges	55	43
Total non-markup / interest expenses	37,498	27,705
Profit before provisions	21,165	13,630
Reversal of provisions and write offs - net	(53)	(4,878)
PROFIT BEFORE TAXATION	21,218	18,508
Taxation - net	9,879	7,673
PROFIT AFTER TAXATION	11,339	10,834
Cash flow from operating activites	236,525	126,663
Cash flow from investing activites	(216,186)	(135,976)
Cash flow from financing activities	10,621	7,294

Cash And Balances With Treasury Banks

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

Investments - net

Increase is mainly due to purchase of PIB floaters. 97% investments in government securities

Advances - net

Advances are up as compared to previous year mainly driven by growth in commodity financing.

Deposits and other accounts

Deposits are increased resulting an increase in market share.

Subordinated debts

Issued Teir II capital and further under process of issuing a Tier I and Tier II instrument.

Net mark-up / interest income

Volumetric growth resulted from increase in deposits and increase in policy rate.

Total non - mark-up / interest income

Rise in non mark-up is due to increase in gain on sale of securities as well as sale of non banking assets related to legacy non performing portfolio.

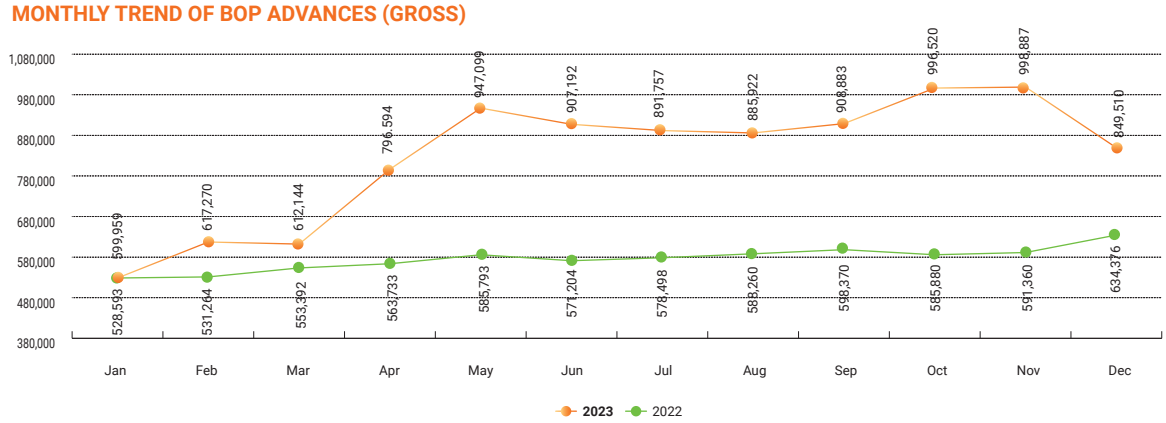
Operating expenses

35% increase in admin expenses pertains to growth in employee compensation i.e fixation of minimum salary of staff and salary adjustments as per market survey. Further, due to hyper inflation, rupee depreciation and branch expansion resulted in growth other administrative expenses.

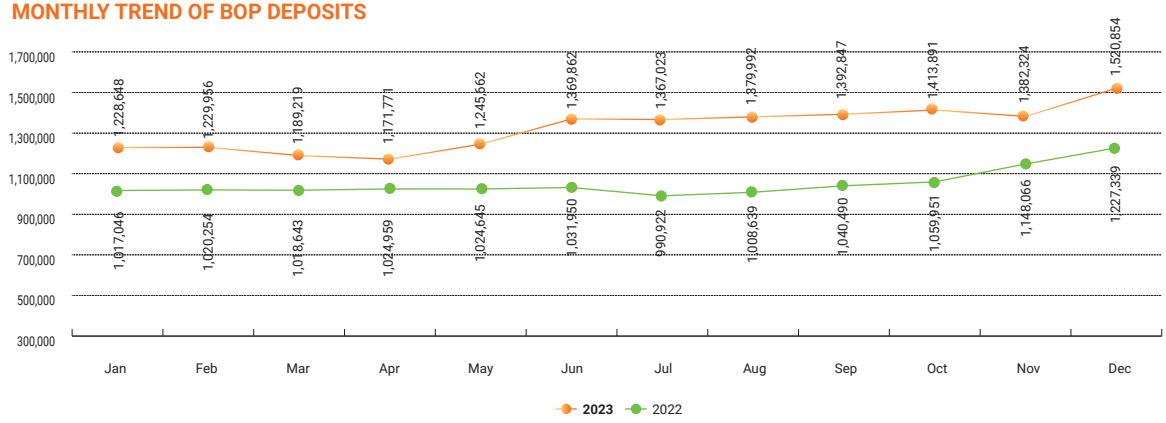
DIRECT CASH FLOW STATEMENT

	2023	2022
	Rupees in Million	
Cash flows from operating activities		
Mark-up / return / interest and commission receipts	286,288	129,954
Mark-up / return / interest payments	(316,961)	(120,951)
Payments to employees, suppliers and others	(32,980)	(24,400)
	(63,653)	(15,397)
Decrease / (increase) in operating assets		
Lendings to financial institutions	(75,142)	(38,839)
Net investments in 'held for trading' securities	(50,537)	21,823
Advances - net	(215,547)	(100,347)
Other assets	(85,916)	(9,475)
	(427,142)	(126,838)
(Decrease) / increase in operating liabilities		
Bills payable	(816)	(3,786)
Borrowings	373,146	9,497
Deposits and other accounts	293,514	224,385
Other liabilities	69,287	44,075
	735,131	274,170
Income tax paid	(7,640)	(5,003)
Payment made to gratuity fund	(171)	(268)
Net cash flows from operating activities	236,525	126,664
Cash flows from investing activities		
Net investments in 'available for sale' securities	(217,092)	(98,707)
Net investment in held to maturity securities	–	(34,221)
Investment in subsidiary company	(110)	–
Dividends received	568	709
Investment in fixed assets	(4,475)	(3,838)
Investments in intangible assets	(665)	(811)
Proceeds from sale of property and equipment	19	159
Proceeds from sale of non banking assets	5,569	731
Net cash flows from investing activities	(216,186)	(135,976)
Cash flows from financing activities		
Payments of Subordinated debt	(2,497)	(3)
Payment of lease liability against right-of-use-assets	(2,380)	(2,121)
Advance subscription money received - privately placed term finance certificates - III	15,498	2,400
Issuance of subordinated perpetual term finance certificates ADT – I	–	7,018
Net cash flows used in financing activities	10,621	7,294
Increase in cash and cash equivalents	30,960	(2,018)
Cash and cash equivalents at beginning of the year	78,018	80,036
Cash and cash equivalents at end of the year	108,978	78,018

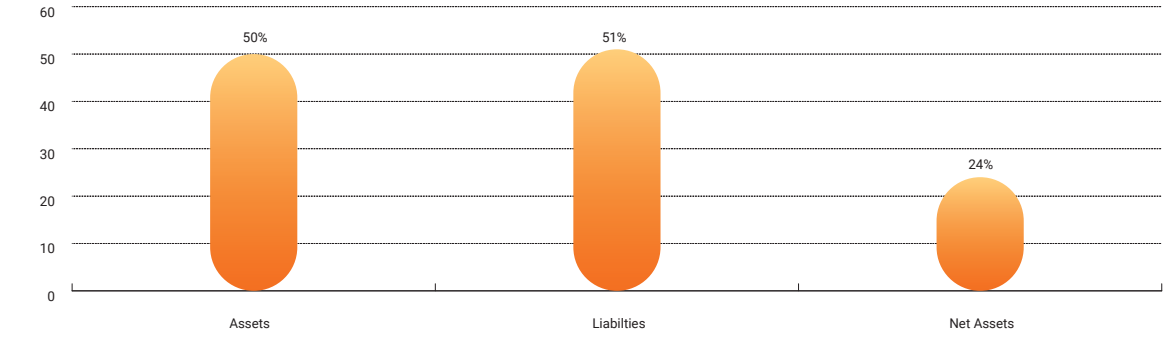
MONTHLY TREND OF BOP ADVANCES (GROSS)



MONTHLY TREND OF BOP DEPOSITS



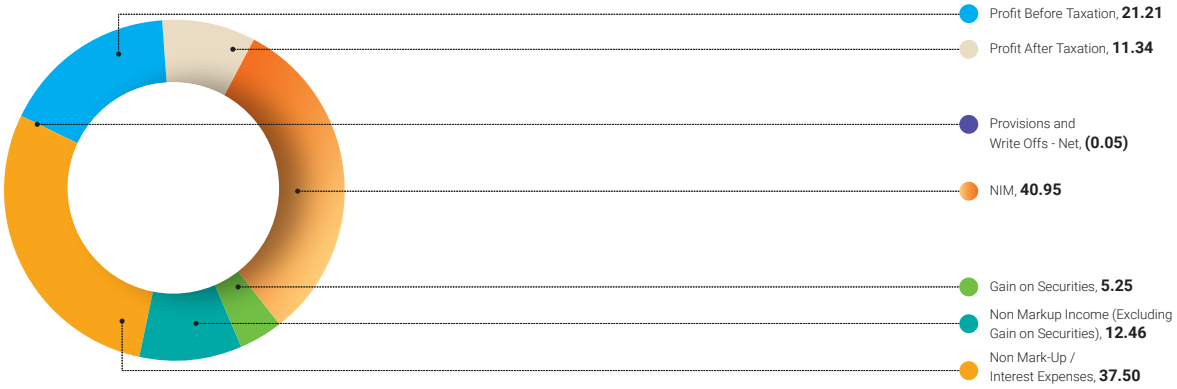
VARIANCE FROM 2022



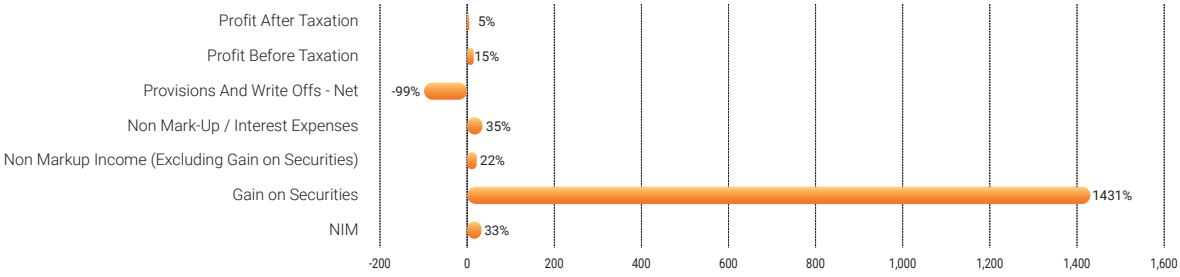
STATEMENT OF FINANCIAL POSITION 2023



PROFIT & LOSS ACCOUNT 2023



VARIANCE FROM 2022



CASH FLOWS 2023



CASH FLOWS 2022



ANALYSIS OF BANKS FINANCIAL PERFORMANCE

Year 2023 Vs 2022

MARKUP/INTEREST EARNED

	2023	2022	variance	%
		Rs. In Million		
Mark-up Earned on Advances	155,223	65,667	89,556	136%
Mark-up Earned on Investments	166,747	68,065	98,683	145%
Mark-up Earned on lendings	4,716	3,141	1,575	50%
Mark-up Earned on Balances with Banks	506	295	212	72%
	327,194	137,168	190,026	139%

During year 2023, Bank's Maarkup/Interest Income increased by Rs. 190 billion (139%) mainly on account of growth in operating volume and increase in SBP Policy Rate (being the benchmark for pricing). Major growth was observed in Income from Investments (increased by 145%) and Income from Advances (increased by 136%). During year 2023, Gross Advances and Investments registered a significant growth of 34% and 43%, respectively.

MARKUP/INTEREST EXPENSED

	2023	2022	variance	%
		Rs. In Million		
Mark-up expensed on deposits	190,752	90,692	100,060	110%
Mark-up expensed on borrowings	87,918	12,358	75,560	611%
Mark-up expensed on subordinated debts	5,638	1,863	3,775	203%
Mark-up expensed on lease liability	1,940	1,496	444	30%
	286,248	106,410	179,838	169%

During year 2023, Bank's Deposits registered a growth of 24%. Concomitantly, the SBP Policy Rate witnessed a rise of 6.00% during the year thereby resulting upward trend in profit rates on Deposits. Accordingly, the Markup/Interest Expense on Deposits increased by Rs. 100 billion (110%). Bank's focus remained on improving mix of low cost CASA Deposits to maximize the contribution to bottom line. Markup Expense on Borrowings also increased by Rs. 75.6 billion (611%) due to significant increase in Money Market Borrowings. Markup Expense on Subordinated loans increased by Rs. 3.8 billion (203%).

NON MARKUP INCOME

	2023	2022	variance	%
		Rs. In Million		
Fee and commission income	7,429	7,332	98	1%
Dividend income	568	708	(140)	-20%
Foreign exchange income	298	1,887	(1,590)	-84%
Gain on securities - net	5,255	343	4,911	1431%
Other income - net	4,168	306	3,861	1260%
	17,718	10,576	7,141	68%

During the year 2023, Bank's Non Markup Income improved to Rs. 17.7 Billion as against Rs. 10.6 Billion during year 2022 registering a significant growth of 68%. During the year, Gain on Securities of Rs. 5.3 Billion was realized thereby registering a growth of Rs. 4.9 Billion over last year. Other Income increased by Rs. 3.9 Billion mainly due to gain on disposal of Non Banking Assets (NBAs). Due to volatility in Exchange Rates, Foreign Exchange Income remained at Rs. 0.3 Billion while Dividend Income remained at Rs. 0.6 Billion. Bank's Fee Based Income remained at Rs. 7.4 Billion.

TOP INVESTMENT IN EQUITY SECURITIES

Year 2023 Vs Year 2022

Comparison of top investments in equity securities

Year 2023

		Rupees in million	
Name of Company	**Shares in Numbers**	**Book Value**	**Market Value**
Hub Power Company Limited	4,341,195	432	508
Fauji Ferterlizer Company Limited	3,544,318	368	401
Faysal Bank Limited	13,099,818	357	427
Pak Petroleum Limited	3,065,672	357	353
Systems Limited	704,181	335	298
Engro Ferterlizer Limited	1,947,792	214	219
Pakistan State Oil Company Limited	1,200,000	208	212
Sui Northern Gas Pipelines Limited	2,498,969	183	184
Engro Corporation Limited	575,000	176	170
Nishat Mills Limited	1,968,078	153	151

Year 2022

		Rupees in million	
Name of Company	**Shares in Numbers**	**Book Value**	**Market Value**
Mughal Iron & Steel Industries Limited	6,967,190	459	337
Meezan Bank Limited	3,550,422	437	353
Attock Refinery Limited	2,429,561	430	349
Fauji Fertilizer Bin Qasim Limited	21,097,500	415	323
Faysal Bank Limited	14,398,739	396	372
Nishat Mills Limited	5,387,676	390	296
Pak Elektron Limited	21,163,940	383	274
Pakistan State Oil Company Limited	1,972,884	375	284
Hub Power Company Limited	4,705,370	359	297
Glaxo Smith Kline Pakistan Limited	2,194,400	299	193

Comparison of investments in susbsidiary companies

	2023	2022
Punjab Modaraba Services (Private) Limited	100.00%	100.00%
First Punjab Modaraba	39.16%	39.16%
Punjab Capital Securities (Private) Limited*	100.00%	39.16%

* Detail has been disclosed in note 9.1.3 of Financial Statements

NON PERFORMING ASSETS AND RELATED PROVISION

	2023		2022	
	Non performing assets	Provision	Non performing assets	Provision
	Rupees in million			
Investments				
Beginning Balance	4,763	4,763	4,111	4,111
Additions / Charged During the period	943	943	1,462	1,462
Reversal	(147)	(147)	(84)	(84)
Disposal / Write-Offs	(1,831)	(1,831)	(726)	(726)
Ending Balance	3,729	3,729	4,763	4,763
Advances				
Beginning Balance	51,561	44,180	52,032	46,703
Additions / Charged During the period	4,036	2,109	3,817	1,427
Reversal	(4,718)	(3,634)	(4,288)	(3,951)
Write-Offs	-	(1)	-	-
Provision transferred from advances to other assets	-	(225)	-	-
Ending Balance	50,880	42,427	51,561	44,180
Other Assets				
Beginning Balance	769	635	3,074	1,914
Additions / Charged During the period	879	835	2	34
Reversal	-	(14)	(2,307)	(1,308)
Write-Offs	-	(4)	-	(5)
Provision transferred from advances to other assets	-	225	-	-
Ending Balance	1,647	1,678	769	635
Total				
Beginning Balance	57,093	49,578	59,217	52,728
Additions / Charged During the period	5,858	3,887	5,281	2,923
Reversal	(4,865)	(3,795)	(6,679)	(5,343)
Write-Offs	(1,831)	(1,835)	(726)	(731)
Ending Balance	56,256	47,834	57,093	49,578

QUARTERLY PERFORMANCE

2023 & 2022

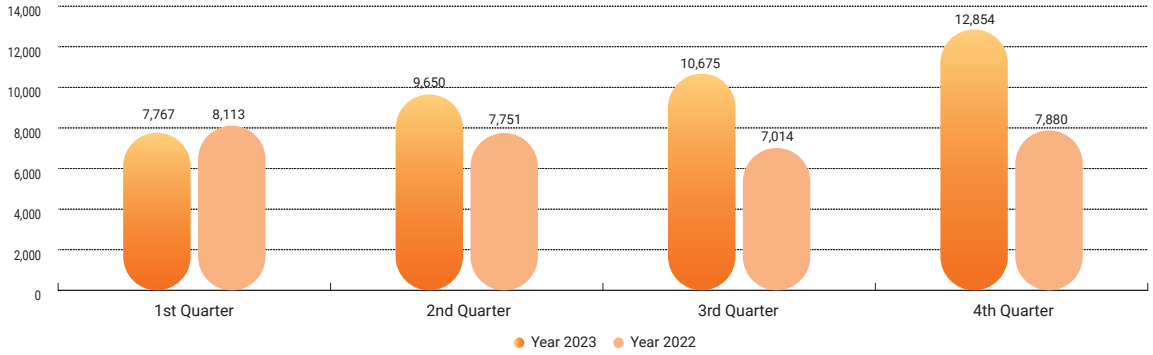
	2023				2022			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
	Rupees in Million							
Profit & Loss Account								
Mark-up / return / interest earned	103,249	97,125	76,144	50,676	42,626	35,662	32,088	26,792
Mark-up / return / interest expensed	90,395	86,450	66,494	42,908	34,746	28,648	24,337	18,680
Net mark-up / interest income	12,854	10,675	9,650	7,767	7,880	7,014	7,751	8,113
Fee and commission income	962	1,931	2,813	1,723	2,331	1,646	1,983	1,371
Dividend income	231	91	109	137	319	167	57	164
Foreign exchange income	675	(1,154)	(4)	780	298	904	557	129
Gain on securities - net	4,918	297	(20)	60	1,155	49	(737)	(124)
Other income - net	2,165	1,870	93	40	99	9	65	133
Total non-markup / interest income	8,952	3,035	2,991	2,741	4,202	2,776	1,925	1,673
Total income	21,805	13,709	12,641	10,508	12,082	9,790	9,676	9,786
Operating expenses	9,642	8,820	10,309	8,348	6,957	6,554	6,562	7,300
Workers welfare fund	204	51	38	31	78	64	85	62
Other charges	46	0	8	1	8	1	30	4
Total non-markup / interest expenses	9,892	8,871	10,355	8,380	7,044	6,618	6,677	7,366
Profit before provisions	11,913	4,838	2,285	2,128	5,038	3,172	3,000	2,420
Provisions and write offs - net	(361)	(187)	475	20	(1,023)	(915)	(1,876)	(1,064)
Profit before taxation	12,275	5,025	1,810	2,109	6,061	4,087	4,876	3,484
Taxation - net	6,919	2,489	(436)	907	2,825	1,910	1,616	1,323
Profit after taxation	5,355	2,535	2,247	1,202	3,236	2,177	3,260	2,161
Statement of Financial Position								
Assets								
Cash and balances with treasury banks	100,894	89,399	117,220	83,608	73,203	78,139	80,708	73,172
Balances with other banks	8,283	1,838	7,017	5,751	4,814	3,211	3,953	9,002
Lendings to financial institutions	144,961	15,985	2,408	27,147	69,819	9,828	36,180	5,663
Investments - net	913,191	1,125,924	920,699	803,222	638,259	576,218	524,191	596,872
Advances - net	806,387	864,715	862,798	567,533	589,581	552,473	524,408	503,627
Fixed assets	33,213	31,433	31,502	30,532	30,339	26,954	25,658	22,978
Intangible assets	2,091	1,893	1,855	1,807	1,768	1,630	1,286	1,175
Deferred tax assets - net	10,243	12,520	17,004	17,373	14,555	13,032	17,376	14,314
Other assets - net	196,916	114,830	93,547	67,388	59,551	48,059	40,643	37,509
	2,216,180	2,258,537	2,054,051	1,604,362	1,481,890	1,309,545	1,254,403	1,264,312
Liabilities								
Bills payable	5,508	8,205	7,633	5,630	6,324	7,449	6,733	6,178
Borrowings	453,966	624,571	476,507	238,388	80,820	112,615	77,888	117,934
Deposits and other accounts	1,520,854	1,392,847	1,369,862	1,189,219	1,227,339	1,040,490	1,031,950	1,018,643
Subordinated debts	30,205	29,494	27,494	18,295	17,204	14,805	14,805	9,956
Other liabilities	124,893	129,700	105,410	90,613	85,151	69,776	66,090	55,716
	2,135,425	2,184,817	1,986,905	1,542,145	1,416,838	1,245,136	1,197,467	1,208,428
Net Assets	80,755	73,720	67,146	62,217	65,052	64,409	56,936	55,884
Represented by								
Share capital - net	32,453	32,453	32,453	29,478	29,478	29,478	29,478	26,174
Reserves	14,952	13,881	13,374	15,898	12,684	12,037	11,601	13,822
Surplus on revaluation of assets - net of tax	1,829	124	(3,756)	(6,396)	(2,323)	477	(4,783)	(2,551)
Unappropriated profit	31,522	27,263	25,076	23,236	25,213	22,417	20,639	18,439
	80,755	73,720	67,146	62,217	65,052	64,409	56,936	55,884

ANALYSIS OF BANK'S QUARTERLY PERFORMANCE

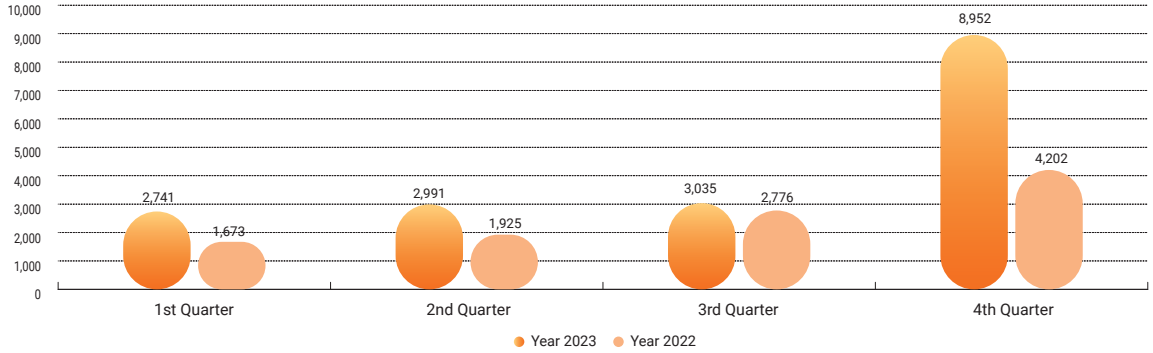
Quarter	NIM	Non-Markup Income	Operating Expenses	Profit Before Tax
1st	During the first quarter of year 2023, Bank's NIM remained at Rs. 7.8 Billion as against Rs. 8.1 Billion during 1st Quarter 2022. During 1st Quarter 2023, SBP Policy Rate was increased by 4% thereby resulting in significant impact on NIM due to time-lag involved in repricing of Lending Portfolio.	During first quarter of year 2023, Bank's Non-Markup Income increased by 64% due to higher level of Foreign Exchange Income. Fee Income also registered a growth of 26% while Gain on Securities increased by 148%.	As result of Bank's expansion strategy, increase in staff strength, annual increments and inflation impacts, Bank's operating expense recorded an increase of 14% during the first quarter of year 2023.	Bank's Profit Before Tax for 1st quarter of 2023 was recorded at Rs. 2.1 billion as compared to Rs. 3.4 billion during 1st quarter of year 2022. The decrease was resultant of reversal of provision of Rs. (1.1) Billion against NPLs during 1st quarter 2022.
2nd	During the 2nd quarter of year 2023, Bank registered a growth of 24% in comparison to year 2022. The resultant growth in NIM was mainly on account of decrease in markup cost of the bank due to procurement of low cost fresh deposits and repricing of lending portfolio. SBP Policy Rate was increased by 2% during 2nd Quarter 2023.	Bank's Non-Markup Income for 2nd quarter of 2023 increased by 55% as compared to 2nd quarter of year 2022. Fee Income increased by Rs. 830 M (42%) while Gain on Securities increased by Rs. 717 M (97%). Foreign Exchange Income decreased by Rs. 561 M (-101%)	Bank's Operating Expenses for 2nd quarter of 2023 were recorded at Rs. 10.3 billion as compared to Rs. 6.6 billion during 2nd quarter of year 2022 showing a rise of 57%. This increase was mainly on account of disbursement of performance bonus to staff, business expansion and inflation impacts.	Bank's Profit Before Tax for 2nd quarter of 2023 was recorded at Rs. 1.8 billion as compared to Rs. 4.9 billion during 2nd quarter of year 2022. The decrease was due to provision charge of Rs. 0.5 Billion as against provision reversal of Rs. (1.9) Billion during 2nd quarter 2022.
3rd	During the 3rd quarter of year 2023, Bank maintained its growth trend and NIM increased by 52% in comparison to year 2022. The resultant growth in NIM was mainly on account of decrease in markup cost of the bank due to procurement of low cost fresh deposits and repricing of lending/investments portfolio.	Bank's Non-Markup Income for 3rd quarter of 2023 registered a growth of 9% as compared to 3rd quarter of year 2021. Foreign Exchange Income decreased by Rs. (2,057) M while Other Income registered a growth of Rs. 1,860 M due to gain on disposal of Non Banking Assets.	Bank's Operating Expenses for 3rd quarter of 2023 were recorded at Rs. 8.8 billion as compared to Rs. 6.6 billion during 3rd quarter of year 2022 showing a rise of 35%. This increase was mainly on account of Branch Expansion and inflation impacts.	Bank's Profit Before Tax for 3rd quarter of 2023 was recorded at Rs. 5.0 billion as compared to Rs. 4.1 billion during 3rd quarter of year 2022 registering a growth of 23%. The rise was mainly due to increase in NIM.
4th	During the 4th quarter of year 2023, NIM significantly increased by 63% in comparison to year 2022. The resultant growth in NIM was mainly on account of decrease in markup cost of the bank due to procurement of low cost fresh deposits and repricing of lending/investments portfolio.	Growth in Bank's Non-Markup Income also continued in 4th quarter 2023 with an impressive growth of 113% over 4th quarter 2022. Gain on Securities increased by Rs. 3,763 M while Other Income increased by Rs. 2,066 M due to gain on disposal of Non Banking Assets. Foreign Exchange Income increased by Rs. 377 M while Fee Income decreased by Rs. (1,369) M due to decrease in Investment Banking Income and commission on Wheat Procurement.	Bank's Operating Expenses for 4th quarter of 2023 were recorded at Rs. 9.6 billion as compared to Rs. 7.0 billion during 4th quarter of year 2022 showing a rise of 39%. This increase was mainly on account Branch expansion, increase in Business Volume and inflation impacts.	Bank's Profit Before Tax for 4th quarter of 2023 was recorded at Rs. 12.3 billion as compared to Rs. 6.1 billion during 4th quarter of year 2022 registering a significant growth of 103%. The rise was mainly due to increase in NIM and Gain on Securities & disposal of Non Banking Assets.

GRAPHICAL PRESENTATION QUARTERLY PERFORMANCE

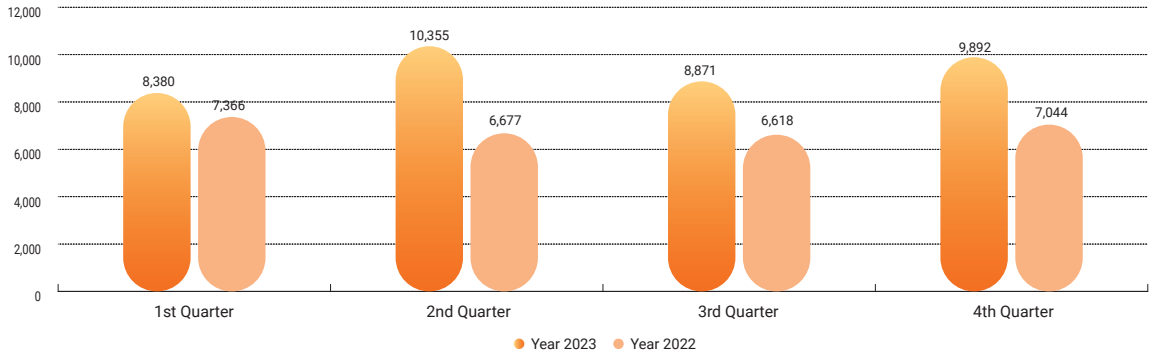
QUARTERLY NET INTEREST MARGIN



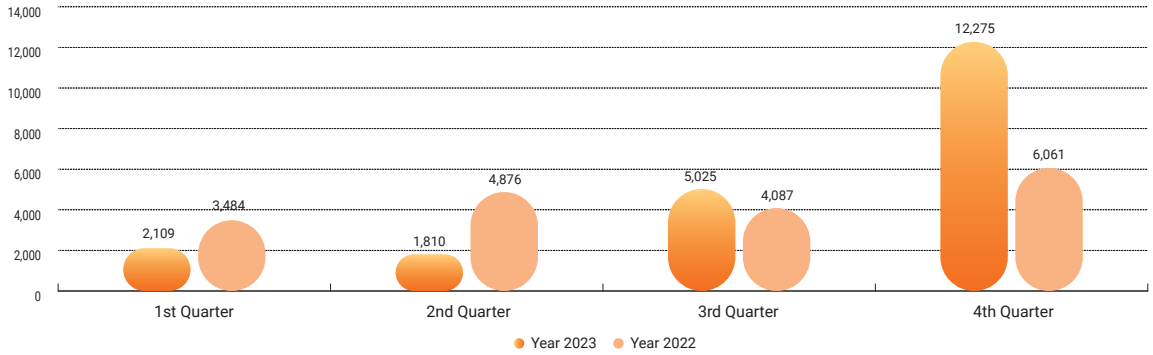
QUARTERLY NON MARKUP INCOME



QUARTERLY NON MARKUP EXPENSE



QUARTERLY PROFIT BEFORE TAX



DUPONT ANALYSIS

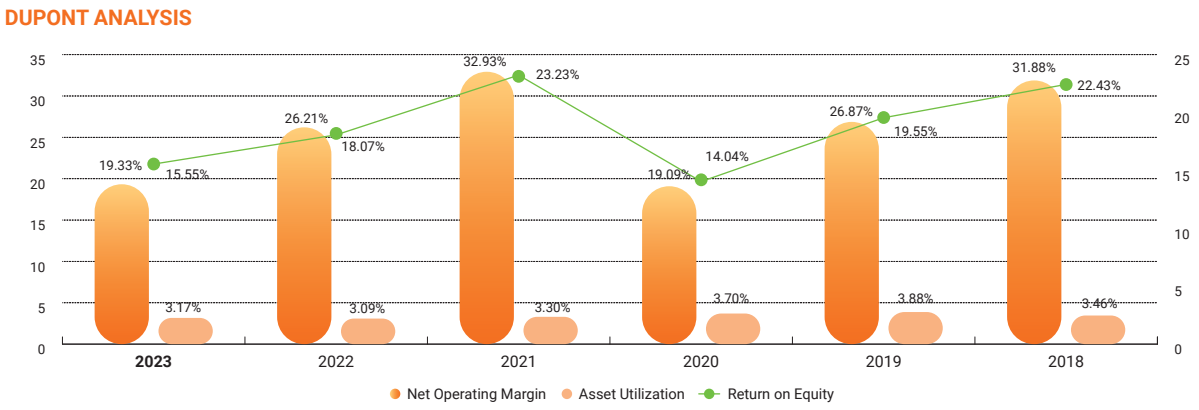
		2023	2022	2021	2020	2019	2018
Net Operating Margin	A	19.33%	26.21%	32.93%	19.09%	26.87%	31.88%
Asset Utilization	B	3.17%	3.09%	3.30%	3.70%	3.88%	3.46%
Return on Assets	C=AxB	0.61%	0.81%	1.09%	0.71%	1.04%	1.10%
Leverage Ratio / Equity Multiplier	D	25.36	22.35	21.41	19.85	18.76	20.34
Return on Equity	E=CxD	15.55%	18.07%	23.23%	14.04%	19.55%	22.43%

Following are the Main Dupont Analysis Highlights:

1. During year 2023, Net Operating Margin remained at 19.33% as against 26.21% during year 2022. Major reason for decrease was reversal of Provision of Rs. (4.9) Billion during year 2022 and increase in effective Tax Rate in year 2023.

2. Asset Utilization has remained in the range of 3.09% - 3.88%. During year 2023, it remained at 3.17%.

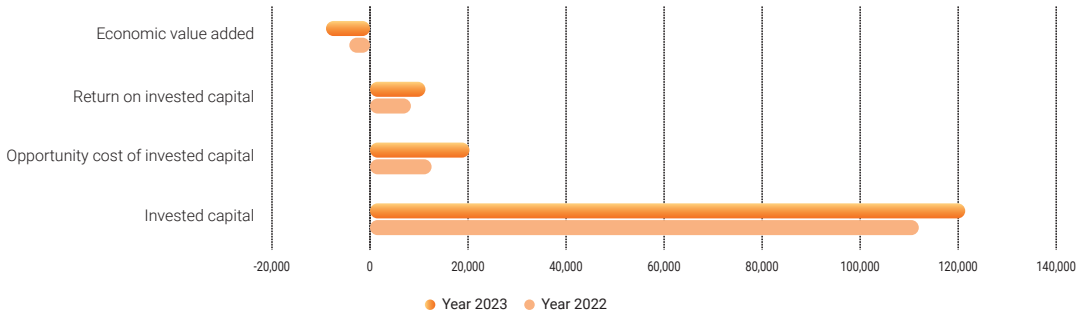
3. Return on Equity for year 2023 remained at 15.55% as against 18.07% during year 2022. The decrease is due to increase in number of shares subsequent to announcement of stock dividend for year 2022.



ECONOMIC VALUE ADDED STATEMENT

During the year 2023, Bank's share was continuously traded below its part value in Pakistan Stock Exchange. Consequently, the average price per share remained little subdued and was recorded as Rs. 4.30 despite continuous improvement in quarterly Earning Per Shares (EPS) with full year EPS improving to Rs. 3.47 per share. Further, cash dividend @ 10% for the year 2023 was announced as against 10.00% stock dividend paid for last year which resultantly increased the economic cost. Accordingly, Economic value Added (EVA) for year 2023 remained adversely skewed as compared to year 2022. Apart from above, the Bank has been recognized on multiple forums and got numerous awards during year 2023. The Bank is "First Choice of Customers" for obtaining loans in Government Schemes which is also recognized by Government/other forums at multiple occasions.

	2023	2022
	(Rupees in Million)	
Invested Capital		
Average shareholder's equity	73,151	61,789
Add: Cumulative provision against assets	48,304	50,193
	121,455	111,981
Return on invested capital		
Profit after taxation	11,339	10,834
Add: Provisions and write offs - net of tax	(27)	(2,488)
Total return on invested capital	11,312	8,346
Economic cost	16.71%	11.22%
Opportunity cost of invested capital	20,294	12,565
Economic value added	(8,982)	(4,219)



Capital Expenditure

Capital expenditure during the year:

The total capital expenditure during 2023 was Rs. 5.1 billion mainly on account of business expansion in Karachi & South Region and for the purpose of improvement in IT infrastructure and Digital Banking.

Capital expenditures planned for next year:

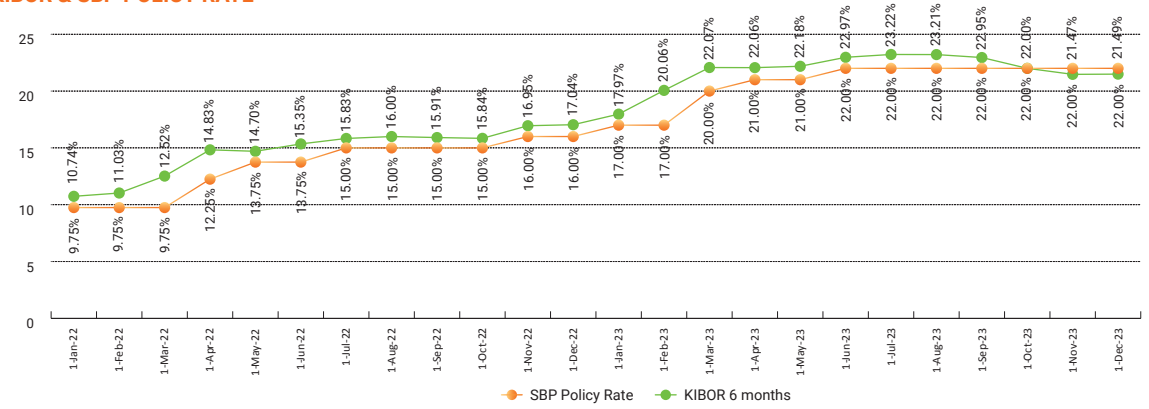
The Bank has budgeted capital expenditure of Rs. 9.6 billion for the year 2024 with major focus on branches expansion, renovation of existing branches & offices, development of IT infrastructure and rolling out new technology based products & services through Digital Banking Channels.

LIQUIDITY GAP ANALYSIS

	Total	Upto 03 Month	Over three Month up to 01 Year	Over 01 Year up to 3 Years	Over 03 Years up to 05 Years	Over 05 Years
			Rs in million			
Assets						
Cash and balances with treasury banks	100,894	100,894	-	-	-	-
Balances with other banks	8,283	8,283	-	-	-	-
Lending to financial institutions	144,961	142,976	-	1,985	-	-
Investments	913,191	49,566	237,512	294,898	218,954	112,261
Advances	806,387	359,828	80,233	55,466	103,394	207,465
Other assets	196,916	185,621	11,295	-	-	-
Operating fixed assets	33,213	974	1,678	4,105	4,272	22,183
Intangible assets	2,091	70	209	558	558	697
Deferred tax assets	10,243	-	-	-	10,243	-
	2,216,180	848,212	330,928	357,012	337,421	342,607
Liabilities						
Bills payable	5,508	5,508	-	-	-	-
Borrowings from financial institutions	453,966	409,331	7,520	2,872	5,272	28,971
Deposits and other accounts	1,520,854	502,534	536,160	196,754	95,915	189,491
Sub-ordinated loans	30,205	-	5	9	4,291	25,900
Other liabilities	124,893	80,305	14,976	7,042	6,126	16,445
	2,135,425	997,677	558,660	206,677	111,604	260,806
Net assets	80,755	(149,465)	(227,732)	150,335	225,816	81,801

	2023			2022		
	Average	Interest rate	Interest	Average	Interest rate	Interest
			Rs in million			
Interest earning assets						
Lendings to financial institutions	24,246.26	19.45%	4,716.50	23,370.84	13.44%	3,141.24
Gross advances (excluding NPLs)	762,624.48	20.35%	155,223.36	503,711.70	13.04%	65,667.20
Gross investments (excluding equity investments)	915,814.62	18.21%	166,747.48	614,362.74	11.08%	68,064.67
Interest bearing liabilities						
Deposits (excluding current deposits)	1,069,141.30	17.83%	190,607.71	831,739.52	10.90%	90,650.09
Borrowings	388,356.07	21.37%	82,989.24	76,081.36	13.60%	10,350.50
Subordinated loan	25,304.57	22.28%	5,638.14	12,065.73	15.44%	1,863.35

KIBOR & SBP POLICY RATE



BUSINESS SEGMENT ANALYSIS

Balance Sheets & Profit/(Loss) Accounts of following Business Segments have been stated in Note 40 to the Annual Audited Financial Statements:

Corporate & Investment Banking (CIBG)

- This includes, loans, project finance, real estate finance, export finance, trade finance, commercial & investment banking, and other banking activities with corporate and public sector customers.

Cards and public sector deposits (CPSD)

- It includes public sector deposits and related banking services including home remittances and card related banking services to customers of the Bank.

Consumer Banking (CBG)

- It includes private sector deposits and loans under retail finance, agriculture customers, small and medium enterprises and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

Treasury

- It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.

Islamic Banking (IB)

- The segment pertains to full scale Islamic Banking operations of the Bank.

Others

- This includes head office related activities, and all other activities not tagged to the segments above.

Key variances during year 2023 are hereunder

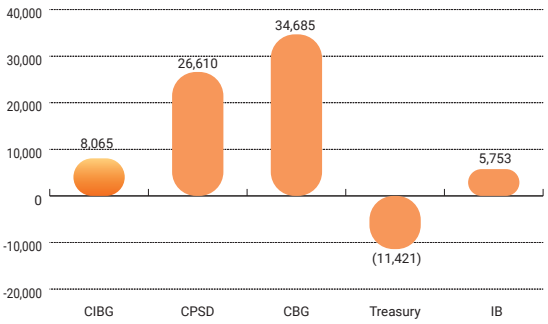
Profit & Loss:

- PBT of CIBG decreased due to reversal of provision against NPLs during year 2022, decrease in Non Markup Income and increase in Non-Markup Expenses.
- PBT of CPSD increased due to growth in Deposits and resultant contribution to Net Interest Margin and growth in Non-Markup Income.
- PBT of CBG increased due to growth in Deposits & Advances and resultant contribution to Net Interest Margin.
- PBT of Treasury decreased due to rise in SBP Policy Rate as the Borrowing Cost of Treasury increased due to high percentage of Transfer Price.
- PBT of IB increased due to higher margins and growth in non-markup income during year 2023.

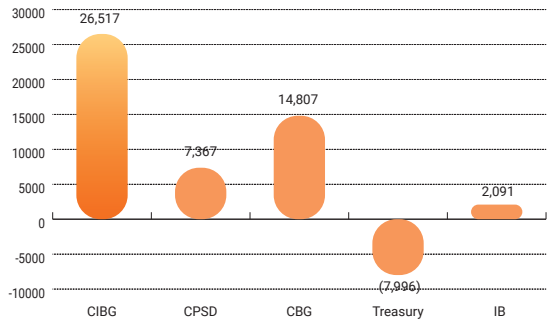
Balance Sheet:

- Movement in Assets & Liabilities of different Business Segments was due to rise in the Level of Deposits & Borrowings and corresponding growth in Advances & Investments.

SEGMENT PROFITIBILITY 2023 (Rs. In M)



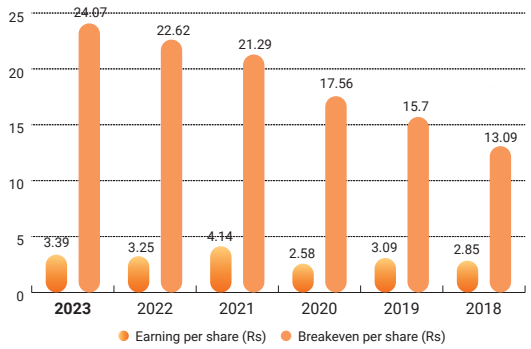
SEGMENT PROFITIBILITY 2022 (Rs. In M)

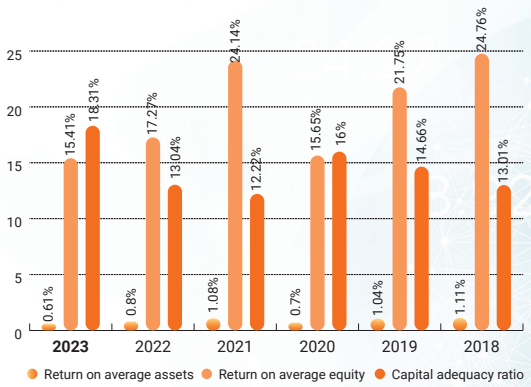


ANALYSIS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

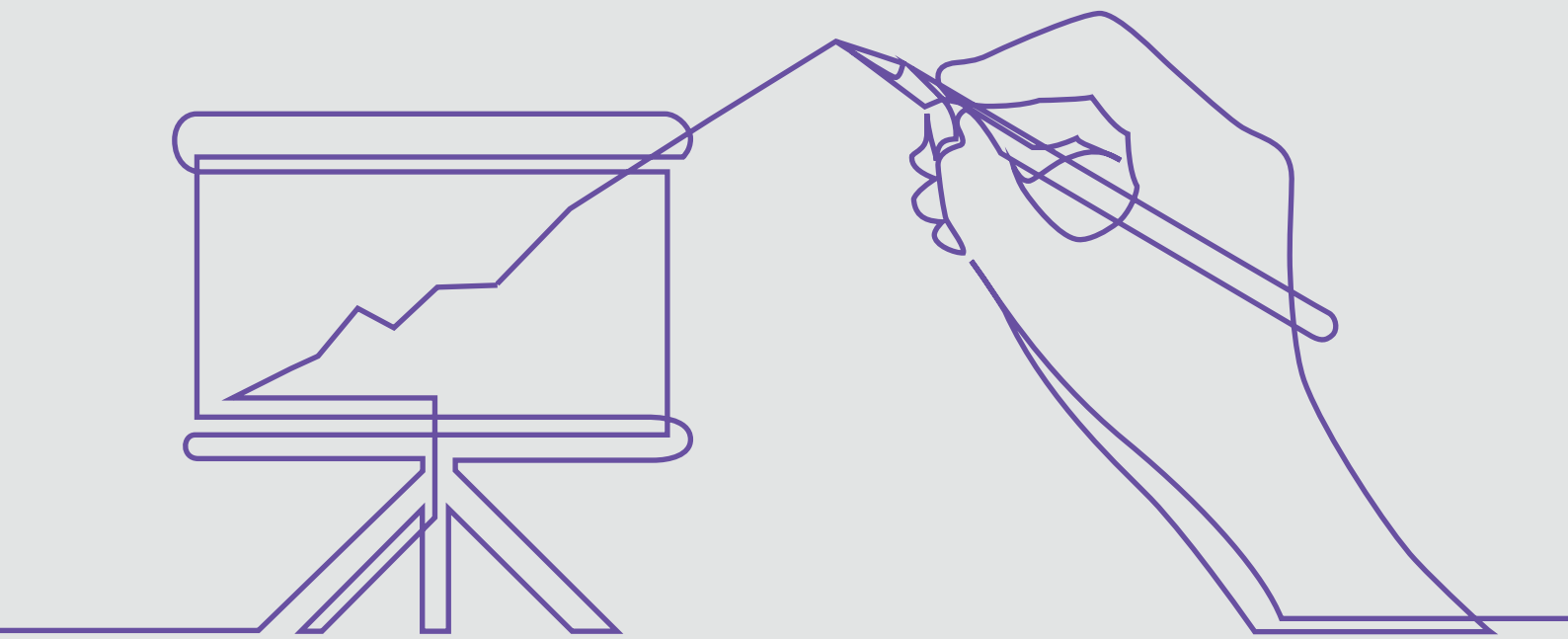
Six Years Maturities of Assets

	2023	2022	2021	2020	2019	2018
			Rs in million			
Total assets	2,216,204	1,481,998	1,197,272	1,095,848	869,682	714,716
Net Assets	80,571	64,964	54,910	52,383	46,867	37,876
Surplus on revaluation of assets	1,819	(2,323)	(1,369)	5,955	5,371	3,260
Shareholder's equity excluding surplus on revaluation	78,753	67,287	56,279	46,427	41,496	34,615
Profit before tax	21,129	18,377	18,371	11,926	14,072	12,272
Profit after tax	11,254	10,669	12,396	6,881	8,278	7,621
Profit attributeable to equity holders	11,081	10,628	12,316	6,819	8,160	7,537
Average assets	1,849,101	1,339,635	1,146,560	982,765	792,199	687,136
Return on average assets	0.61%	0.80%	1.08%	0.70%	1.04%	1.11%
Average equity	73,020	61,783	51,353	43,962	38,056	30,784
Return on average equity	15.41%	17.27%	24.14%	15.65%	21.75%	24.76%
Weighted average number of shares	3,271,569,319	3,271,569,319	2,974,153,927	2,643,692,380	2,643,692,380	2,643,692,380
Earning per sahre	3.39	3.25	4.14	2.58	3.09	2.85
Number of ordinary shares	3,271,569,319	2,974,153,927	2,643,692,380	2,643,692,380	2,643,692,380	2,643,692,380
Breakeven per share	24.07	22.62	21.29	17.56	15.70	13.09
Capital adequacy ratio	18.31%	13.04%	12.22%	16.00%	14.66%	13.01%






1.009
210.95
149.16
23.26
1.41%



BUSINESS MODEL

KEY ELEMENT OF BOP BUSINESS MODEL



Financial Capital

2023

Equity: Rs. 80.75 B
Deposits: Rs. 1,520.90 B
CAR: 18.37%

2022

Equity: Rs. 65.05 B
Deposits: Rs. 1,227.34 B
CAR: 13.11%



Human Capital

2023

Total Staff Strength of 15,157
A blend of experienced and educated youth.
A transparent reward system linked with perfromance.
Training & Development programes

2022

Total Staff Strength of 14,413
A blend of experienced and educated youth.
A transparent reward system linked with perfromance.
Training & Development programes



Business Capital

2023

Branch Network: 815
ATMs: 794
Mobile Banking,
Internet Banking,
Cash Management,
Branchless Banking

2022

Branch Network: 780
ATMs: 706
Mobile Banking,
Internet Banking,
Cash Management,
Branchless Banking

The Bank of Punjab is a financial services company incorporated in Pakistan and is listed on Pakistan Stock Exchange.

The majority shares of the Bank are owned by Government of the Punjab. The Bank is engaged in accepting deposits, providing financing to Individuals, Companies, Government, Public Sector Corporations, Small and Medium Sized Entities for smooth running of businesses. The Bank is also engaged in dealing with debt based financial instruments issued by Government of Pakistan and equity instruments. The Bank of Punjab Group consists of Modaraba and brokerage companies.

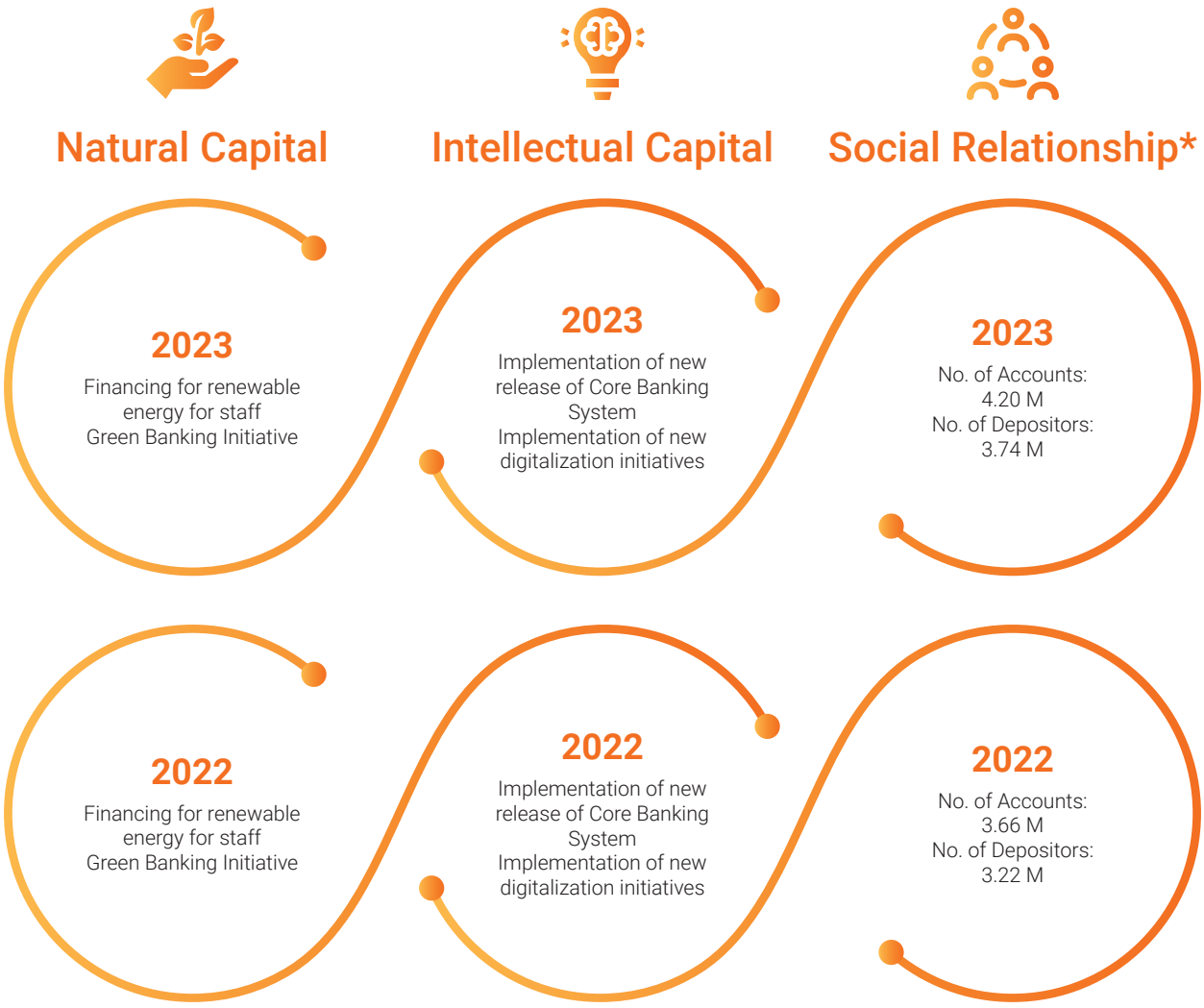
The Bank operates under following business segments:

Corporate and investment banking

- This includes, loans, project finance, real estate finance, export finance, trade finance, commercial & investment banking, and other banking activities with corporate and public sector customers.

Cards and public sector deposits

- It includes public sector deposits and related banking services including home remittances and card related banking services to customers of the Bank.



Consumer banking

It includes private sector deposits and loans under retail finance, agriculture customers, small and medium enterprises and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.

Islamic banking

The segment pertains to full scale Islamic Banking operations of the Bank.

Support Functions

This segment includes all support functions of the Bank.

INFORMATION SECURITY POLICY

Navigating Information & Cybersecurity Excellence - A Comprehensive Overview

In this era of rapid technological change, we recognize the paramount importance of safeguarding customers' information. At BOP we are wholeheartedly dedicated to strengthening our information and cybersecurity measures to align with the ever-evolving landscape of banking. While the digital age brings remarkable advancements, it also introduces risks to the security of information. With cyber threats becoming increasingly sophisticated, we strive to upgrade our capacity and infrastructure to protect our information assets.

We want our valued stakeholders to have a clear understanding of our efforts in information security and cybersecurity. By addressing these challenges proactively, our objective extends beyond protecting sensitive data - to strengthening the trust and confidence you place in BOP. This disclosure underscores our ongoing efforts to create a secure and resilient digital environment, demonstrating our commitment to safeguard the digital trust.

Transparent Insight into Governance

The Board's supervisory policies and examination procedures are designed to mitigate threats to our systems through effective cybersecurity practices. The regulator-directed IT governance framework is fully implemented and tailored to the BOP, regularly deliberated upon, and approved by the Board of Directors. Aligned with industry-specific requirements, our robust cybersecurity framework underscores our dedication to the highest standards in safeguarding sensitive information. The Board has approved this framework, supported by an efficient and results-oriented action plan.

This framework, along with information security policies and integrated SOPs, complements the organization's overall IT governance and information security strategy. The Board receives regular reports on cybersecurity, engaging in discussions regularly with management and subject-matter experts to evaluate the effectiveness of BOP's cybersecurity program.

Board-Level Committee Oversight

The Board receives regular reports on cybersecurity and engages in discussions on regular basis with the management and subject-matter experts on the effectiveness of BOP's overall cybersecurity program. Board's BRMC and IT&CC also review the technology related risk updates on regular basis. The Board also obtains updates on BOP's inherent cybersecurity risks and BOP's road map and progress for addressing these risks. Moreover, BOP's Management committee members receive regular reporting through ITSC and Cyber Security Committee on significant cyber events including response, imminent risks, legal obligations, and notification to regulators, and customers.

Board Responsibility Statement on the Evaluation and Enforcement of Legal and Regulatory Implications of Cyber Risks

At the forefront of our commitment to cybersecurity excellence is the Board's resolute responsibility for evaluating and enforcing the legal and regulatory implications of cyber risks. The Board receives updates on BOP's cybersecurity risks and the roadmap and progress for addressing these risks. In the event of breaches, the Board's defined responsibilities ensure a swift and coordinated response.

Cybersecurity Integration into Risk Oversight

The Board is committed to fostering a positive 'tone at the top' that supports robust cyber risk management, safeguarding key assets. Regular reporting on cybersecurity and breach-related matters is a priority. While acknowledging the inevitability of cyber incidents, the Board emphasizes the importance of minimizing their impact on the Bank and its ecosystem. This is achieved through the implementation of secure, vigilant, and resilient cyber programs, integrating security into every decision made by the management.

Operational Risk Management and Compliance Risk Management Committees of the Bank actively evaluate, anticipate and improvise BOP's risk mitigation practices and capabilities. They address evolving cybersecurity risks and corresponding regulations, collectively monitor and execute strategic cyber threat assessments of new business products.

Proactive Risk Management

BOP seeks to proactively identify and remediate technology and cybersecurity risks before they materialize any incident(s) that negatively affect business operations. Accordingly, the ORM segment of the Bank independently challenges and monitors capabilities in accordance with BOP's defined Technology and Cyber Risk Appetite statements. Our commitment to proactive risk management is also exemplified through the disclosure of controls, solutions, procedures related to the early warning capabilities. The early warning capabilities empowers the BOP to identify, assess, address, and communicate cybersecurity risks and incidents in a timely manner. BOP's cybersecurity risk management program operates on three lines of defense. The office of the Chief Information Security Officer (CISO) in coordination with Information Technology, provides frontline, operational, and technical controls to protect against

cybersecurity risks and respond to incidents. BOP manages these threats through a state-of-the-art Security Operation Center (SOC), which operates 24/7/365 serving as a central command for monitoring and coordinating responses to cyber threats. The Cybersecurity Architecture team is responsible for infrastructure defense and security controls, while also conducting vulnerability assessments to identify weaknesses. The Application Security team performs periodic penetration testing of business applications, ensuring timely fixation of vulnerabilities. Additionally, the Governance, Risk, and Compliance Center is responsible for policies and procedures formulation, coordinating for regulatory compliance, closure of observations during internal and external information security audits, and conducting employee awareness and training programs.

Fortifying Cybersecurity Posture by Independent Comprehensive Security Assessments

In our continuous pursuit of fortifying our cybersecurity posture, we undergo independent security assessments periodically managed by Information Security Division, ensuring a robust and resilient security posture for heightened protection and stakeholder trust. This includes a thorough evaluation of the technology environment, encompassing third-party risks.

Ensuring Business Continuity

We have established a robust Business Continuity Mechanism to outline procedures for the prompt restoration of critical business processes in the event of a disaster, ensuring interim operational continuity. Furthermore, our comprehensive Disaster Recovery Plan acts as an extension and complement to Business Continuity, offering specific strategies and procedures for the recovery of critical information assets. BOP has also acquired and maintains insurance coverage for cyber-crime, and exposure for plastic card and digital channels.

Cultivating a Cyber-Resilient Culture (Education and Training Efforts)

Our dedication to cybersecurity extends beyond technological measures, encompassing extensive education and training initiatives. We have adopted various means and channels to cultivate a cybersecurity-conscious culture, featuring a continually improving security awareness program. Regular targeted training for administrators and security personnel ensures they stay ahead, while ongoing programs empower our workforce to be vigilant and proactive in mitigating cybersecurity risks. Additionally, we observe Information Security Awareness Month educating bank staff and customers as well.

Go Forward Strategy

Aligning with the business and industry evolution our go-forward strategy involves essential strategic considerations that significantly impact Financial Institutes (FIs), particularly in the realms of ongoing digital transformation and artificial intelligence. Key points include:

- Automation of incident response
- Zero Trust Access Controls Mechanism
- Visibility enhancement with Extended Detection & Response tool(s)
- Incorporating and implementing the global security standards like ISO 27001

Pledging to Cybersecurity Excellence (Conclusion)

Through strategic alignment with legal and regulatory standards, seamless integration of cybersecurity into our risk oversight function, and the consistent implementation of proactive measures, we systematically fortify the resilience and security of our dynamic digital ecosystem. Together, we are forging a path towards a cyber-resilient future, exemplifying our proactive approach and fostering innovation to navigate challenges, thereby solidifying BOP's position as a leader in cybersecurity and a trusted custodian of stakeholder trust in the rapidly evolving technological landscape.



INFORMATION TECHNOLOGY

The Bank of Punjab is offering a variety of banking services to its customers. The IT Strategy describes present and future plans which are in line with the bank's business plans.

The IT Strategy is aimed at facilitating business units to take initiatives and to launch new products swiftly in a secure environment.

Nowadays it is essential to provide non-stop banking services to customers and ensure that our critical business continues in case of any disaster.

The main focus of IT strategy is to handle projects, adherence to budgetary limits and derive maximum benefit from the budget spent in a shortest possible time, without compromising on security.

The BOP Network infrastructure advancements in various BOP segments increased noteworthy performance in overall network infrastructure and offered numerous benefits to organizations, contributing to improved performance, security, scalability, and overall efficiency.

The current infrastructure foundation builds on unified data communication, energy efficiency, and better user experience and is ready to support business growth.

The cutting-edge SD-WAN infrastructure offers enhanced performance, and faster speed with remarkable bandwidth expansion to fulfill the bank's future branch-side performance needs.

The advanced firewall implementation complements regulator and PCI/DSS compliances with the provision of evolving cyber threat protection.

The current BOP modernized network infrastructure met the standards of agility & innovation with deep network management /redundancy ability to provide seamless services to the organization's internal and external valuable customers.

The SMS service cost is a new challenge for the Pakistan banking industry. The BOP-ITG team has acquired a CVAS license from PTA to shift the BOP transactional and promotional SMS from M3Tech to Mobile operators. This migration has reduced the SMS cost and allowed savings of around 1.5 Billion in the next three years to BOP.

The FLEXCUBE upgrade, which aimed to remove obsolescence of application, operating system, databases, enhanced system performance to support business growth, new feature and functionalities, increased compatibility with future technologies was completed successfully. This migration activity was glared as a real achievement, since it was completed in 13.5 hours before the SBP intimated time.

The BOP ITG with special focus on enabling business, achieved to implement the following Digital Initiatives:

Branchless Banking

Previously, Branchless Banking was running on vendor-based solution provided by M/s Inova8. In this initiative the solution migrated to new platform i.e. Flexcube Wallet with the capability to integrated with channels Agents network.

Credit Card

Euronet Credit Card System Integration with IRIS enabling a large set of transaction on BOP ATMs for credit card

POS Acquiring

In POS Acquiring enablement, BOP Launched Merchant Acquiring Business Featuring Industry's First 'Buy Now Pay Later' and 'Pay by Link' Solutions

WhatsApp Banking

WhatsApp Banking Phase-1.5, the following features have been added in this phase:

1. Personalized Experience
2. Account Balance Inquiry
3. Mini-statement
4. Main Menu Aesthetics Improvement
5. Addition of Product Visuals: We have added product visuals to help you better understand our product offerings.

The key strategic intent of ITG is to innovate the technology platform, services and enterprise architecture. ITG has planned for the following services and modern technologies to get underway with the view to improve the services on digitalization front and enhance the efficiency of resources with cost effective solutions:

Robotic Process Automation to promote digitization

1. Building a dedicated team with special skillset on AI for process automation.
2. Identification of processes within IT operations that requires intelligence to build
3. Roadmap for bank-wide critical process identification and automation
4. Process Automation

Master Data Management

Master Data Management (MDM) is defined as a set of policies, procedures, and systems that collectively harmonize key data elements empowering the entire organization to operate effectively and reap the following benefits:

- Guaranteed data quality
- Eradicates slow business process
- Promotes business agility
- Avoids duplication and increases data accuracy
- Reduces security risk and ensures better data compliance

National eKYC

National EKYC platform serves as a vehicle for industry-wide compliance and standardization, encouraging collective knowledge sharing among banks and financial institutions. It also allows regulators to derive insights from a shared EKYC repository.

While on one hand a DLT (Distributed Ledger Technology/Block Chain) based National EKYC platform provides an industry-wide vehicle for banks and other financial institutions to maintain KYC compliance and standardization through collective wisdom and knowledge sharing; on the other hand, the regulators have access to a National EKYC distributed repository to derive insights from.



INFORMATION & CYBER SECURITY

The Board's supervisory policies and examination procedures are aimed at reducing the risk of cybersecurity threats to the financial system through effective cybersecurity practices. The Board has approved a cyber-security framework, backed by an efficient and result oriented action plan. In addition to administering the Bank information security program, the Board also oversees the cyber risk management posture of the Bank. The SBP directed Enterprise Technology Risk & Governance Framework is fully implemented and tailored as per the BOP's enterprise. It is regularly deliberated upon and approved by the BoD.

The cyber security framework, information security policy and the integrated SOP's complements the organization's overall IT governance and information security strategy. It Provides a systematic approach to the early identification and management of IS related risks, provide consistent risk assessment criteria, to prepare and present IS risk information that serves as a guiding tool for management to adopt the best risk response, report risk at appropriate level within the Bank, recommend risk treatment strategies that are cost effective & efficient and monitor/review risks to ensure that risk exposure remains within the Board approved risk appetite. The Board also have the mandate to ensure effectiveness of policies, procedures or any other actions with respect to information technology systems, including enterprise cybersecurity and privacy to control cyber risk exposure of the Bank.

Board ensures that the 'tone at the top' is conducive for robust cyber risk management, protecting key assets, and that there is regular reporting to the Board on matters related to cybersecurity and breaches. Even though cyber incidents and breaches cannot be completely eliminated, the level of impact they have on the Bank and its surrounding ecosystem can be minimized through secure, vigilant, and resilient cyber programs, which inculcate the security aspect into every decision that the management takes (secure by design).

Operational Risk Management and Compliance Risk Management Committees of the Bank actively evaluate, anticipate and improvise BOP's risk mitigation practices and capabilities. They address evolving cybersecurity risks and corresponding regulations, collectively monitor and execute strategic cyber threat assessments of new business products.

The Board receives regular reports on cybersecurity and engages in discussions on regular basis with the management and subject-matter experts on the effectiveness of BOP's overall cybersecurity program. Board's BRMC and IT&CC also review the technology related risk updates on regular basis. The Board also obtains updates on BOP's inherent cybersecurity risks and BOP's road map and progress for addressing these risks. Moreover, BOP's Management committee members receive regular reporting through ITSC and Cyber Security Committee on significant cyber events including response, imminent risks, legal obligations, and notification to regulators, and customers.

BOP seeks to proactively identify and remediate technology and cybersecurity risks before they materialize any incident(s) that negatively affect business operations. Accordingly, the ORM segment of the Bank independently challenges and monitors capabilities in accordance with BOP's defined Technology and Cyber Risk Appetite statements. To address evolving cybersecurity risks and corresponding regulations, segment collectively also monitor and execute strategic cyber threat assessments of business products.



BOP-ISD manages security assessments internally or through third party on regular basis. To serve the purpose a state-of-the-art Security Operation Center (SOC), which serve as central command for monitoring and coordinating responses to cyber threats. The Cyber security and infrastructure team is responsible for infrastructure defense and security controls, performing vulnerability assessments. The Application Security Center perform penetration testing of business application on periodic basic and ensure timely fixation of vulnerabilities. Lastly, there is Governance Risk and Compliance center which is responsible to ensure all regulatory compliance, closure of observations during Internal and external Information Security audit(s).

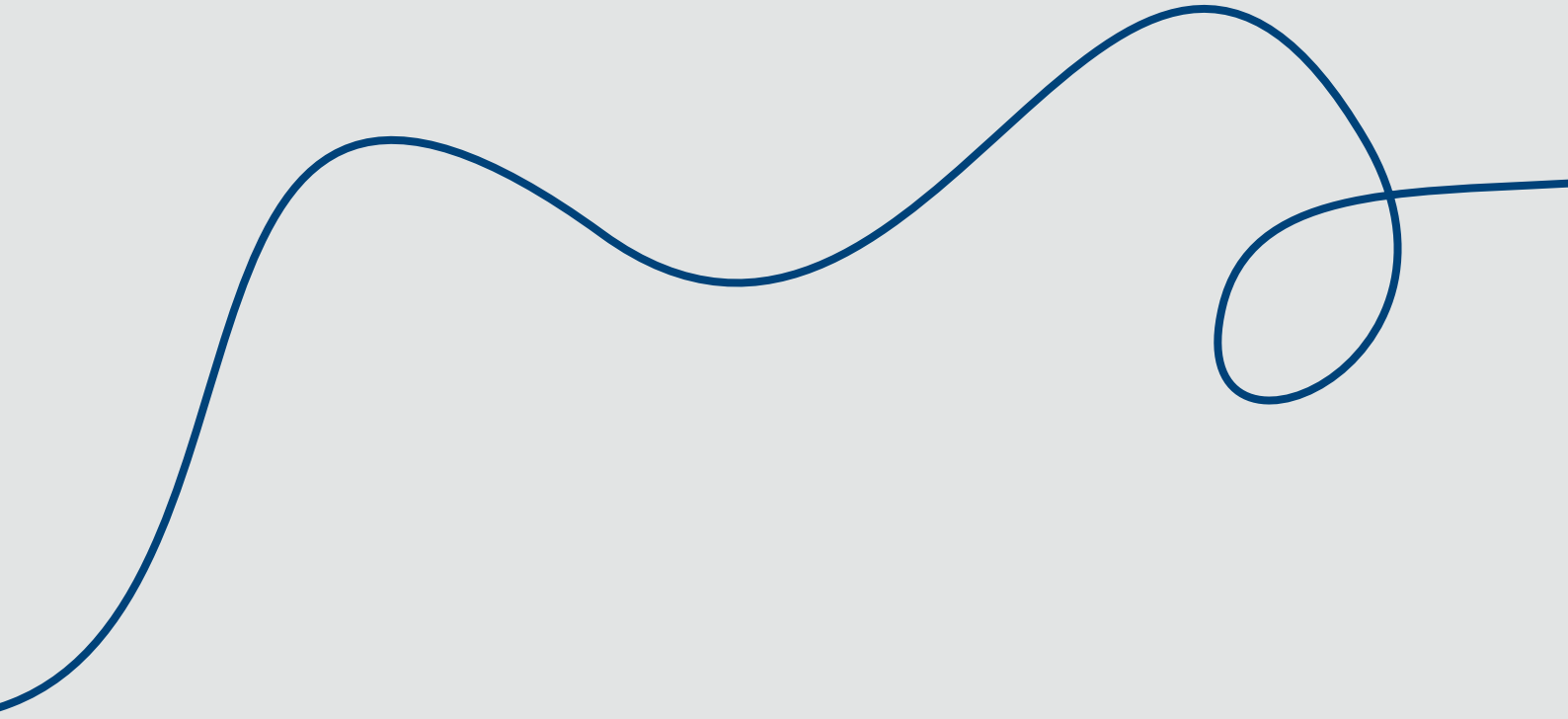
The Disaster Recovery plan provides peace time as well as contingency time activities. The backup strategy for critical information asset is devised according to the criticality of business functions in terms of their Recovery Time Objective (RTO) and Recovery Point Objective (RPO). The Disaster Recovery Plan is intended to be used by Business continuity plan teams and all concerned staff, particularly ITG, as an action guide in the event of a disruption, providing a planned response to a disaster event. BOP has also acquired and maintains insurance coverage for cyber-crime, and exposure for plastic card and digital channels.

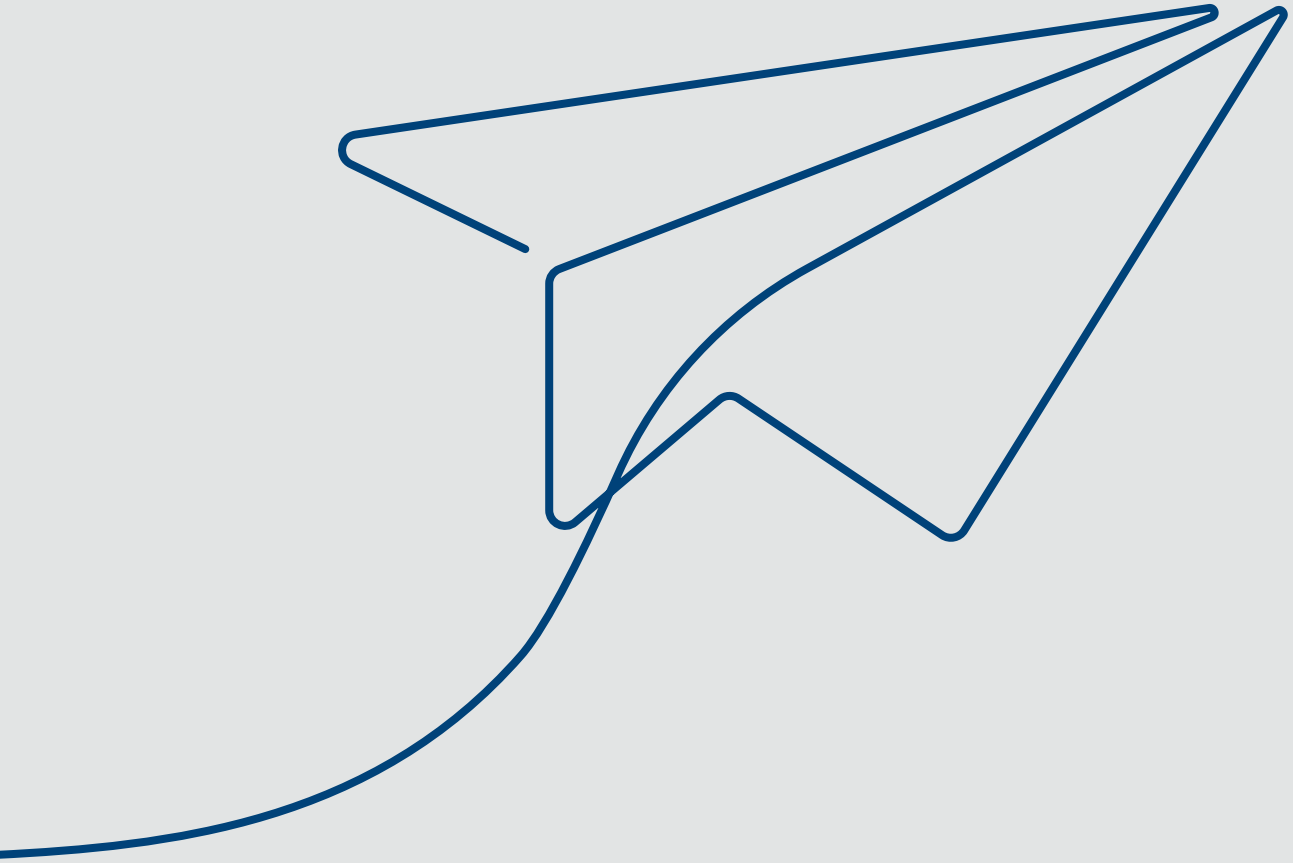
The Bank of Punjab has grown manifolds in the last few years both - in terms of business volume, and number of concurrent channel offerings to its customer base. This has created a flux whereby the bank needs to expedite its transformation onto digital banking sphere rapidly; implying changes not only in digitization of services but also upgrading of service culture to complement the digitization.

The go-forward strategy of the bank needs to consider crucial strategic and technological aspects of the digital transformation:

- Make payments a key part of the larger digital transformation initiative focused on customer.
- Create payment offerings based on an open API infrastructure and a collaborative approach.
- Leverage social, mobile, analytics and cloud (aka SMAC Stack) capabilities.
- Focus on understanding customer payment behavior.
- Create a secure payments environment that also protects consumer privacy.
- Embed design thinking to derive unique customer insights from multiple channels and differentiate offerings.
- Employ an agile approach to product development to enable fast and continuous evolution.
- Build and enhance interoperability of payment channels
- Evaluate and leverage state-of-the-art and emerging technologies

BOP has a continuously evolving and improving security awareness and training program where end-users are trained and made aware of the prevalent related risks. Targeted trainings for admins and security personnel are regularly conducted to equip the team with the required skills and knowledge to remain ahead in the game.





FUTURE OUTLOOK

FORWARD LOOKING STATEMENT

Key Focus Areas for 2024-26 Strategy

1. Current Account Growth:

Analysis of Bank's deposits portfolio shows that BOP's CA account mix is at the bottom of Peer Banks, with the exception of AKBL. Furthermore, Peer Banks' average 3-year CAGR (19-22) of CA growth is 23% as compared to 16% for BOP.

This position is attributable to many historic factors such as dominance of Public Sector deposits being a public sector commercial bank, non-availability of consumer product suite, absence in critical deposit geographies etc. Nonetheless, the Bank is setting a target to catch up with Peer Group's CA mix by 2028. This will be done while maintaining an overall deposit growth rate of 15%, equal to last 3-years deposits CAGR of the Banking Industry. It should be noted that for most Peer Banks, a similar journey of improving CA mix took between 6-8 years.

Strategy for achieving this ambitious target involves all businesses utilizing cross-functional synergies to achieve this target. Relevant enablers have been identified and incorporated into business strategies to make this possible.

2. Digitization:

The Strategy aims to provide greater visibility to DigiBOP brand as a commercial business center with a heavy footfall, offering superior user experience to our existing and future customers. It is envisaged to transform DBG into a business entity which would have its own revenue generation lines.

At present our digital penetration / revenue stream is primarily driven from our Branchless Banking portfolio which comprises Wallets for G2P Payments, and Conversion of Transactions/Customers from the branch banking model to digital avenues. The Bank is in the process of getting a P2P license which would add a new avenue of fresh Account Opening, Collections, Payments, Transfers and Digital Safe Keeping services.

DBG aims to accelerate opening of Branchless Banking Wallets (P2P, G2P, P2G) to reach parity with BAFL's current standing by 2028.
Following are the new lines of business that are projected to gain traction over next 3- year horizon (2024-2026):

- P2P Wallets, Digital Accounts, Payroll & Remotely Opened Accounts
- Float income
- Fee Income
- Digital Lending (Nano / Consumer Lending up to a pre-determined threshold on a Use Case Basis)
- Cost Save from conversion of Branch banking transactions/customers to Digital platform.

3. Other Key Focus Areas for Strategy:

a. ESG

The Strategy aims to adopt, promote and implement a Green & Safe workplace, and fulfill our economic and social responsibilities towards our clients, communities, and the ecosystem. This concept aligns with BOP's organizational Values and adherence to SDG Goals.

The Bank shall continue to make efforts to attract climate driven Funding for on-lending to ESG compliant clients and projects. To reduce the carbon emissions in Punjab specifically, BOP has plans of financing projects including EV Bikes & E-Rickshaws, Water treatment plants, Solid waste management / disposal plant etc.

The Bank will conduct screening of all new loan proposals and credit renewals against required ESG standards, developing sector-specific guidelines, assessing the impact of climate-related risks and opportunities on Businesses, and also assess the resilience of bank's Environmental Strategy. ESG and climate related Risk Management Policies & Procedures shall be integrated into Bank's overall Risk Assessment Policies & Procedures. The Bank will incorporate Green Banking within the scope of Internal Audit and Compliance Functions.

Other Critical Initiatives envisaged under ESG for 2024-2026 are:

- Green Banking Logo & Green Office Certification by WWF.
- Issuance of Sustainability Report.
- Internal Assessment of I.T Systems.
- Conversion of additional branches/officer to Solar Power.

b. Efficient Capital Utilization:

The Strategy envisages to pace up to 3-year CAGR of our Peers Banks in Gross Advances & Fee Income. Most banks have experienced a decline in Gross ADR, falling below to 46% in 2023. This decline was widespread, reported by all banks with the exception of BOP. BOP demonstrated a positive ADR growth showcasing effective management, with a conscious

strategy to lend to obligors attracting a Zero Risk Weight in terms of Capital Allocation.

During 2023, BOP had initiated deployment of Funds Transfer Pricing (FTP), Segment wise Profitability, and Asset Liability Management (ALM) systems which are on a parallel run during the initial phase of their implementation. Going forward, all these Strategic Initiatives shall help us in instituting a robust Capital Allocation Model, and making optimal risk / reward tradeoffs. A prudent Capital Management Strategy shall enable BOP to build adequate buffers above the minimum regulatory requirements of Capital Adequacy Ratio (CAR), Leverage Ratio (LR) and Liquidity Coverage Ratio (LCR), to absorb unexpected / unforeseen losses. The Bank shall proactively manage risks to BOP's Balance Sheet including Liquidity/Debt restructuring, IFRS implementation, Interest Rate Risk & Credit Risk (NPLs).

c. People Focus:

The Bank shall continue to strengthen a Pay for Performance culture that is necessary for motivating employees to achieve their performance goals. The framework is focused on revamping performance bonus structures in line with the market, to increase the variable component as part of total remuneration. We shall continue to participate in Salary Surveys so that the Bank remains within the target percentiles for the identified grades.

Furthermore, the Bank shall use the results of Job Evaluation and Workload Assessment exercises, likely to be concluded in Q1 '24, to properly carve out its HR plan, develop career pathways for Critical Branch Banking positions and Branch Operations Staff to attract, train and retain the best talent from the market.

BOP will strive to establish a state of the art Training Academy in alliance with international or local universities such as LUMS or IBA to continue to foster an ongoing Learning & Service Culture.

d. Niche Markets:

By virtue of our widespread rural presence, BOP is favorably positioned to capitalize in Agri & SME segments, relative to its Peer Banks. BOP already has sizable portfolios which provide a solid base for an upward growth trajectory. BOP's special relationship with GoPb, and availability of a digital platform affords it a unique opportunity to come up with a range of payments & financing options for businesses & farmers at a large scale. Digitalization of Wheat Cycle including procurement & release to Mills, large scale subsidy schemes such as Kissan Dost Credit Cards, expanding EWRF usage and opening wallet accounts for millions of farmers are a few exciting options that the Bank shall work upon.

Islamic Banking shall continue to be a key area of Focus as it offers the potential to substantially increase our outreach, grab a larger share of faith based customers, improve our deposit mix through substantially enhancing share of CA, while offering lucrative returns in comparison to conventional deposits. A major opportunity for upscaling our Islamic banking business vests with GoPb, where there is a sizable potential to open new GoPb deposit accounts, and offer financing solutions, under Shariah compliant mode. BOP shall continue to work closely with SBP for sensitizing GoPb about the change starting from its Commodity Operations Financing to be brought under Islamic mode.

Relationship with GoPb continues to be BOP's strongest asset. Taking forward our existing strategy of being the Bank of first choice for all of GoPb's financial needs, our future intent continues to be the deepening of our strategic partnership in all areas. BOP shall continue to focus on GoPb deposits for liability management. In addition, the Bank shall try and realize opportunities for digitized revenue collection, cash management / payroll management, acquiring large chunks of wallets, Assets, Trade and Fee income.

Finally, Strategic opportunities such as opening of BOP Exchange Company, rebranding and enhancing scope of Punjab Capital and First Punjab Modaraba shall be pursued.

e. The Bank of Punjab (BOP) partners with Benazir Income Support Program (BISP):

With a view to enhance its digital outreach and build upon already in place branchless banking system, The Bank of Punjab (BOP) aims to enter into a partnership with Benazir Income Support Program (BISP) which shall be aimed at facilitating efficient disbursement of cash grant to BISP beneficiaries across Pakistan. Under proposed collaboration, BOP will extend its services to server BISP beneficiaries not only through its extensive network but also through ATMs, partners banks and agent network across all provinces of Pakistan. Through this initiative, BOP will serve approximately 2 million beneficiaries.

REVIEW OF LAST YEAR FORWORD LOOKING STATEMENT

Area	Performance
Brand Building	• Brand building through aggressive media campaign through print & electronic media • Use of digital and social media platforms. • Sponsoring various local and national programs • CSR initiatives • Some of the key initiatives includes: o Capital Premier League (CPL) 2023 for Wheelchair Crickets o Scholarships to 05 Emerging Women Cricketers o Pakistan Agriculture Research Council Project on Healthy Potato Nucleus Seed Production Through Tissue Culture Technology o IBA Karachi & NUST - National Talent Hunt Program (NHTP) Payment o Road Safety Campaign - BOP Branded Helmet o Tree Plantation Drive Under BOP Madadgar in Lahore o NHTP Under BOP & NUST MOU o WWF-Pakistan's Corporate Membership o Kar Dalo, Pakistan Ke Liay by MKR o Blood Donation Drives Under BOP Madadgar (Pan-Pakistan) o 10th Faisalabad Literary Festival 2023 o BOP T20 National Deaf Cricket Championship 2023 o Pakistan Literature Festival 2023 (PLF) • Karachi • Muzaffarabad • Lahore • Sukkur
Customer Centricity & Service Excellence	• Improvement in service quality • Customers feedback • Increase in BOP KHAAS segment offering unique service standards. Deposit from KHAAS Segment increased by 149 %. • Introduction of Corporate Credit Cards

Area	Performance
 **Financials**	• Growth in deposit of 24% on YOY basis • Growth in advances portfolio of 34% YOY basis • Balance sheet size of 2.2 trillion • Increase of 15% in Profit before tax • Increase of 5% in Profit after tax • Strengthening of balance sheet for future growth. Capital adequacy ratio (CAR) stood at 18.37 %, increased by 5.26 % and stable Leverage ratio of 3.38%.
 **People**	• Staff training program • Health care initiatives • Introduction of Daycare centers • Career planning • During the year, BOP won following awards related to HR: o EFP Disability Inclusion Excellence Award o Employer of Choice Award
 **Digital**	• Migration of core banking system to latest upgrade • Euronet Credit Card System Integration with IRIS • BOP Launched Merchant Acquiring Business • WhatsApp Banking Phase-1.5
 **Niche Market**	• Increase in Agri portfolio to 41% billion • Increase in SME portfolio to 43% billion • Adjudged as best SME Banking of Country • Acquisition of Punjab Capital Securities (Private) Limited

STRATEGIC INITIATIVES

4.1 Status of High Priority Initiatives Achieved

#	Description	Detail of Achievements
1	**ABEP 2023**	35 online Conventional & Islamic Banking branches opened and providing services.
2	**Corporate Credit Card**	Product has been launched to facilitate corporate customers.
3	**POS & E-Commerce Acquiring Business** BOP will start POS	Acquiring through different Merchants. Following services have been enabled through this platform: Sales / Purchase Transaction, Sales Transaction, Reversal Transaction, Pre-Authorization Transaction, Pre- Authorization Completion Transaction, Online, Refund Transaction, Offline Refund Transaction.
4	**Brand Survey**	The brand survey conducted by IPSOS will help BOP to tap into new segments and broaden its customer base. The research also provides actionable measures to achieve the potential brand positioning, which will help BOP align its branding efforts with its goals for strategic growth.
5	**Branchless Banking** Micro Bank Migration from to Wallet Platform Development of Customer & Agent APPs and Integration Production Rollout.	After successfully migration, DBG has managed to increase the Bank's beneficiaries base by: ï From 1 Mn to 1.4 Mn in year 2023 ï Having 5.2 Bn deposit in their wallets.
6	**Commercial Launch of Internet Banking**	Commercial launch completed by incorporating additional features including: 1) RAAST 2) RDA services (via redirection link) 3) Signup for RDA users 4) Credit Card summary view and management 5) Donations 6) RAAT Rail- a default payment scheme to be used for IBAN based transactions. New features (regulatory, business driven) will be kept on adding on top of these features.
7	**Mobile Banking - Digi BOP**	In December 2023, DigiBOP achieved 1.16 Million Transaction Milestone. As of December 2023, DBG has on boarded 100% of active customers, about 466,201 users on DigiBOP.
8	**Galaxy Hiring Program**	Induction of fresh MTO's in the bank to fill open positions/ replacements

4.2 Future Strategic Initiatives

#	Initiative Name with Description
1	IFRS 9 Implementation
2	Fund Transfer Pricing (FTP) Implementation
3	Launch of National eKYC
4	Implement ESRM Manual for initiation of portfolio screening
5	Launch of BISP disbursements
6	Cultural Audit
7	Establishment of BOP Exchange Company
8	Onboard Fintechs in EMI, NBFC, direct billing, digital lending/ Insurance/ life style app spaces
9	Pilot Launch of P2P Branchless Banking
10	Initiate RAROC based pricing discipline
11	ABEP-2024 – Opening of branches
12	DigiBOP platform upgrade and revamp UI / UX of the app and internet banking,



STAKEHOLDERS RELATIONSHIP

The Bank's interaction process with its major stakeholders is as under:

1. **Government of the Punjab:**

   Government of the Punjab (GoPb) being majority shareholder of the Bank has presence on Bank's Board of Directors through appointment of nominee Directors and also Chairman of the Board as per BOP Act, 1989. The Bank is also providing various banking services to different departments of GoPb. The Finance Department of GOPb is updated on all key issues related to Bank on frequent basis.

2. **Staff at BOP:**

   The Bank has put in place a comprehensive Human Resource Policy and it is being ensured that pay for performance culture is promoted across organization. The management regularly interact with employees through communications vide email, social media platform and direct meetings. An effective grievance handling mechanism and Whistle blowing program has also been put in place to facilitate staff member. Further, People & Organizational Excellence Group also initiative one stop helpline to resolve staff member's problems in prompt manner.

3. **Account Holders:**

   The Bank ensure provision of personalized banking services to all its accountholders. The accountholders are being updated on Bank's product & services and status of their accounts through mobile banking/phone banking services. The Accountholders are provided statement of their accounts on regular basis. The Bank also maintain and update its website and social media platform for information of all accountholders.

4. **Investors & Shareholders:**

   The Bank maintain an updated investor information data on its website. Further, periodical corporate briefing sessions are also arranged for information of all investors and shareholders. The Bank also arrange an interactive annual general meeting of shareholders and their all questions & queries are duly answered and addressed. All minority shareholders are encouraged through regular communications to attend AGM. Additionally, investor relationship page at BOP corporate website is kept updated. https://www.bop.com.pk/Investor%20Information.

5. **General Public:**

   The Bank is fully aware of its Corporate Social Responsibilities and all possible efforts are made to ensure welfare of common peoples. The general public is being updated about the affairs of the Bank through all available media platforms.

6. **Regulators:**

   The Bank also maintain close liaison with State Bank of Pakistan and Securities & Exchange Commission of Pakistan as regulators. The Bank ensure effective and timely compliance of all regulatory reporting and information requirements.

7. **Analysts & Rating Agencies:**

A detailed corporate briefing session was held on April 13, 2023 wherein detailed presentation was given to shareholders covering following:

- Regulatory Compliance
- Key Performance Highlights
- Historic Growth Trends
- Future Strategy

All questions of shareholders were duly addressed and appropriate system is in place to address investors compliant through Bank's complaint handling mechanism.

- Stakeholder engagement policy
- Stakeholder identification process
- Stakeholder engagement process and Frequency of such engagements



JOURNEY OF AWARDS

Acknowledging with thanks the unyielding support and confidence of our loyal customers



Best Bank for Small & Medium Businesses at Pakistan Banking Awards 2023



Best Bank for SMEs in Pakistan 2023 by Asiamoney



Top Mid-Sized Bank Award for Agriculture Financing-SBP



BOP Ranks Number One on SBP's Banking on Equality Ranking



Employer of Choice Award at Gender Diversity Awards 2023



Best Annual report Award in Public Sector Banking



Best Public Sector Bank for Islamic Retail Banking in Pakistan 2023



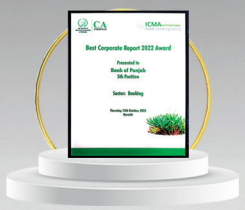
Mastercard Market Leader in the New Segment Award



EFP Disability Inclusion Excellence Award for 2023



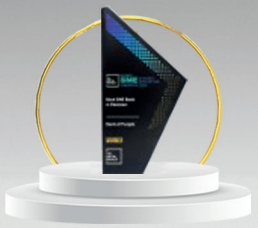
Certificate of Merit for Best Corporate Annual Report 2023 by SAFA



Best Corporate report awards 2022 by ICAP and ICMAP



Mastercard 'Driving Contactless In-Transit Payments' Award



Best SME Bank in Pakistan by the Digital Banker



EFP Women Empowerment & Gender Equality Diamond Award 2024



Champion Bank National Financial literacy Program SBP-Mid Sized Banks

Best Bank for Small & Medium Enterprises

For second year in row, the Bank's contribution for promoting Small & Medium Enterprises in the Country has been recognized as BOP has been adjudged "Best Bank for Small & Medium Businesses" in a joint award ceremony organized by IBP, Dawn Media Group and A.F. Ferguson. This is indeed a true testimony of BOP achievements in this critical area of Country's economy.

Asia Money Award

The Bank of Punjab has been awarded the "Best Bank for SMEs in Pakistan" by Asia money in June 2023.

Top Mid-Sized Bank Award for Agriculture Financing-SBP

The Bank of Punjab has been awarded the "Top Mid- Sized Bank for agriculture financing-SBP in 2023.

No. 01 on SBP's Banking of Equality Rating

BOP ranks Number One on SBP's Banking on Equality Rating. The Bank of Punjab secured the number one position with the highest score and green rating amongst all commercial banks, including large, mid, and small-sized banks in Pakistan, on the State Bank of Pakistan's Banking on Equality Scorecard.

Employer of Choice Award

Employer of Choice Award at Gender Diversity Awards 2023. It is the sole public sector institution among Pakistan's top ten corporations to receive this recognition.

Best Annual Report Award in Public Sector Banking

The Bank of Punjab's Annual Report has been awarded the "Best Annual Report award in public sector banking in 2023.

Best Public Sector Bank

Best Public Sector Bank for Islamic Retail Banking in Pakistan 2023.

MasterCard Awards

MasterCard Market Leader in the New Segment Award.

MasterCard 'Driving Contactless In-Transit Payments' Award. The Bank of Punjab has been honored with the 'Driving Contactless In-Transit Payments' award by MasterCard at the EDGE 2023 event in Dubai, UAE.

EFP Disability Inclusion Excellence Award

In recognition of our commitment to fostering a workplace where everyone belongs, the Bank of Punjab was awarded the "EFP Disability Inclusion Excellence Award" for 2023.

Certificate of Merit awarded to Bank's Annual Report 2022 by South Asian Federation of Accountants (SAFA)

Annual report of Bank for the year 2022 has been awarded "Certificate of Merit" by SAFA in the category of Public Sector Banks. The Awards under different categories are conferred on the basis of evaluation administered by SAFA's Committee for Improvement in Transparency, Accountability & Governance, of the published annual reports from South Asian Countries.

Best Corporate report awards 2022 by ICAP and ICMAP

Last year, the Bank was awarded "Certificate of Merit" in "Best Corporate & Sustainability Report Awards" competition organized by ICAP and ICMAP. For year 2022, the Bank's annual report has been ranked 5th by ICAP and ICMAP among banking sector of the Country.

Best SME Bank in Pakistan

The Bank of Punjab Clinches "Best SME Bank in Pakistan" Title at Global SME Banking Innovation Awards 2024 by The Digital Banker.

EFP Women Empowerment & Gender Equality Award

The Bank of Punjab wins "EFP Women Empowerment & Gender Equality Award 2024" announced by Employers Federation of Pakistan.

Champion Bank National Financial Literacy Program SBP – Mid Sized Bank

The Bank of Punjab effectors towards enhancing Financial Literacy in the Country was recognized by SBP as it declares BOP as " Champion Bank National Financial Literacy Program SBP under category of Mid-Sized Bank".



PRESIDENT/ CEO'S REVIEW

I am pleased to present the Bank of Punjab's Annual Report for the fiscal year 2023. A testament of resilience and strategic prowess in navigating a challenging economic landscape.

Throughout the year, the economy faced considerable headwinds, marked by persistent and unprecedented inflation levels. The State Bank of Pakistan's commitment to a tight Monetary policy, with the policy rate hovering around 20%, further constrained investment and

financing opportunities. Political transition, coupled with delays in the IMF program, contributed to an economic slowdown. This resulted in a scarcity of investment opportunities across all the sectors in the Economy, leading the Bank into intense competition for limited operational space.

In response to these challenges, the Bank prioritized the strengthening of its capital base. Addressing legacy LR & CAR issues, raised PKR 25.2 billion over the last two years. This strategic move positioned the Bank comfortably above regulatory capital limits.

Despite the constrained economic environment, the Bank adopted a comprehensive approach to achieve sustained growth and strengthened its capital position. Remarkably, the Bank achieved robust financial results, with total assets exceeding Rs. 2.0 trillion, officially classifying it amongst the large banks in Pakistan. While profitability growth may seem modest compared to the broader industry due to pending re-pricing of certain investment portfolios, the potential for growth remains substantial.

Our strategic expansion over the past few years has been extraordinary. We added over 185 branches and sub-branches nationwide, significantly expanding our Taqwa Islamic Banking operations and introducing Islamic banking windows alongside conventional banking operations. This strategic move capitalizes on the lucrative and growing market segment of current & Islamic saving deposits. The expansion in Karachi's port city which is repository of 30% of total deposits of the Country, is already yielding positive results, tapping into stable private deposits.

The Bank also made substantial investments in digitalizing the banking system, seamlessly transitioning to the latest release of our core banking solution and our digital platform - Digibop. We are at the verge of commercially launching our branchless banking operations, which has successfully managed several government initiatives for years. The year 2023 saw major system upgrades, migration to new platforms, completion of digital payment rails, and the introduction of new segment offerings and digital onboarding of customers.

Over the last three years, the Bank of Punjab has executed a dynamic strategy that significantly increased its private deposits. This achievement can be attributed to a multi-faceted approach encompassing expansion, human resource development, structural adjustments, and leveraging digital infrastructure. As a result, our private-to-public deposit ratio improved considerably, delivering better deposit margins.

BOP's branch network witnessed growth in the South and the North of the Country, accompanied by an increased ratio of Islamic branches and Islamic Banking Windows (IBWs) in the network. Our commitment to becoming the Employer of Choice has attracted talent for deposit mobilization. Over the past three years, there has been a remarkable improvement in BOP's Non-Performing Loans (NPLs) and overall provisioning. With a recovery rate of up to 5% per annum for the past three years, the Bank successfully revitalized a considerable portion of its NPL portfolio, enhancing asset quality and contributing significantly to the bottom line.

In terms of financial targets, BOP met all 2023 goals set in the 2025 Strategy. Our Pay for Performance culture, structural adjustments, and digital transformation have played pivotal roles in growing private deposits. On the other hand, advances crossed the 1 trillion mark in 2023, closing at approximately 850 billion at the year-end. The Bank's Advances to Deposit Ratio (ADR) is better than the industry average, with a declining Obligor Risk Ratio (ORR), showing an improvement in the portfolio quality. We are well on our way to achieving our target of 1,000 branches by 2025. We are proudly maintaining our top position in SME & Agri sectors.

For the first time, the Bank undertook a Usage & Attitude (U&A) study to understand consumer preferences in the Banking category, revealing an improved perception of the BOP brand over the last three years. Furthermore, the Bank has made a solid start towards implementing Enterprise Security and Risk Management (ESRM) and stands ready for International Financial Reporting Standards (IFRS) implementation in 2024. It also made substantial progress with respect to implementing the Environment, Social & Governance (ESG) framework by establishing its Executive Board ESG sub-committee and securing Euro 50 Million funding from AFD for financing climate compliant projects. As part of our strategic vision, BOP intends to move towards establishing overseas presence going into the future.

Our performance has garnered recognition from stakeholders and market evaluators, earning several local and international awards and accreditations in 2023. These include the "EFP Disability Inclusion Excellence Award," the "Employer of Choice Award" at the Gender Diversity Awards 2023, the "Number One" ranking on the State Bank of Pakistan's Banking on Equality Rating, the "MasterCard Market Leader in the New Segment Award," and the "Best Public Sector Bank for Islamic Retail Banking in Pakistan 2023." We were also recognized as the "Best Bank for Small & Medium Businesses" at the Pakistan Banking Awards in December 2022 and 2023. Additionally, we received the "MasterCard Driving Contactless In-Transit Payments Award" at the EDGE 2023 event in Dubai, UAE, the "Best Bank for SMEs in Pakistan" by Asia Money in June 2023 and the Best Bank for SME award from Digital Banker for the year 2023. In addition, the bank has also secured membership in the IFC SME Financing Forum & is now planning to launch BOP SME index.

The Bank has spearheaded the Government of Pakistan's Youth Business & Agriculture Loan Scheme, contributing to a self-reliant youth and national economy. Our Corporate Social Responsibility initiatives, including efforts to enhance Green Banking in Pakistan, have received widespread acclaim. Through programs such as BOP Madadgar and sponsorship of art and literary festivals, as well as scholarships for underprivileged students, we have demonstrated our commitment to community support.

These achievements are a testament to the concerted efforts of our team, and it is your trust that has steered the Bank in the right direction toward a promising future. Despite a challenging operating environment, BOP continues to make substantial progress in all operational facets, solidifying its industry position.

I extend my gratitude to the Government of the Punjab, the Board of Directors, and the State Bank of Pakistan for their unwavering support and guidance. I am also thankful to our depositors, customers, and shareholders for their confidence and trust in BOP. I am immensely proud of the efforts made by the BOP team, and together, we look forward to achieving even greater milestones in the years ahead.



Zafar Masud
President/CEO

DIRECTORS' REPORT

For the year ended December 31, 2023

The Board of Directors is pleased to present the 34th Annual Report of The Bank of Punjab together with the audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2023.

Performance at a Glance

Despite prevailing stressed economic conditions, the Bank was able to consolidate its position and growth in all facets of operations. The Bank continued to expand its outreach, especially in south and north regions, and now has a network of 815 online branches. The performance of the Bank has remained well aligned with Strategic Business Plan and all new initiatives approved by the Board under on-going business plan are well on track.

As of December 31, 2023, the Deposits of the Bank were recorded at Rs. 1,520.9 billion as against Rs. 1,227.3 billion as of December 31, 2022 showing a significant growth of 24%. During the year, Bank remained focused on procuring low cost CASA deposits with special emphasis on private sector deposits.

As on December 31, 2023, the Gross Advances portfolio stood at of Rs. 849.5 billion as against Rs. 634.4 billion as on December 31, 2022 registering a significant growth of 34%. During the year, reduction in Non-Performing Loans was observed on account of recovery/regularization and the Non-Performing Loans portfolio reduced to Rs. 50.9 billion as against Rs. 51.6 billion as on December 31, 2022. NPLs % reduced to 6% as against 8% as on December 31, 2022. The Bank stands fully compliant with the provisioning requirement under Prudential Regulations of State Bank of Pakistan, while all possible legal measures are being taken to ensure recovery of legacy non-performing portfolio. The Investments & Lending to FIs stood at Rs. 1,058.2 billion mainly comprising of Government Securities (98%). The Total Assets of the Bank surpassed the level of Rs. 2.0 Trillion and stood at Rs. 2,216.18 billion as against Rs. 1,481.9 billion as of December 31, 2022 thereby registering a substantial growth of 50%.

During the year 2023, Net Interest Margin (NIM) improved to Rs. 40.95 billion as against Rs. 30.76 billion during year 2022 registering a significant growth of 33%. Similarly, Non-Markup/ Interest Income increased to Rs. 17.72 billion as against Rs. 10.58 billion during year 2022 showing a commendable growth of 68%.

Non markup/interest expenses stood at Rs. 37.50 billion as against Rs. 27.71 billion during year 2022. The rise in expenses was well within the inflationary parameters and growth in Branch Network/Business Volumes.

During the year 2023, net provision reversal of Rs. (0.05) billion was recorded as against net provision reversal of Rs. (4.88) billion during year 2022. Accordingly, despite very challenging operating and economic conditions, the Profit Before Tax was recorded at Rs. 21.22 billion as against Rs. 18.51 billion during year 2022 with a 15% YOY growth. Profit After Tax also improved to Rs. 11.34 Billion as against Rs. 10.83 Billion during year 2022. It is pertinent to mention that Vide Finance Act 2022, the Government imposed 10% Super Tax (4% for indefinite future periods and one time 6% additional Super Tax), however, vide Finance Act 2023, the said 6% Super Tax was also enacted for indefinite future periods resulting in 49% Effective Tax Rate for calculation of Deferred Tax as against 43% for year 2022. Accordingly, Earnings per Share (EPS) for year 2023 improved to Rs. 3.47 per share as against Rs. 3.31 per share for year 2022.

Keeping in view robust Business Plan envisaging aggressive business growth and CAPEX commitment in the areas of Information Technology & Digitalization, requiring strong capital base, the Board announced and recommended a Cash Dividend of 10% for shareholders for the year 2023 as against 10% Stock Dividend announced for the year 2022.



Financial Highlights 2023

The profit before and after taxation for the year ended December 31,2023 together with appropriations is under:

Rs. In Million

Profit Before Tax	21,218
Taxation - net	9,879
Profit After Taxation	11,339
Un-appropriated profit brought forward	25,213
Other comprehensive (loss)	(257)
Profit available for appropriation	36,295
Transfer to statutory reverse	(2,268)
Transfer from surplus on revaluation of Property & Equipment to unappropriated profit - net of tax	121
Transfer from surplus on revaluation of non banking assets to unappropriated profit - net of tax	5
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	343
Transactions with owners recognized directly in equity :	
Final stock dividend - December 31, 2022 declared subsequent to year end at 10.0% per share	(2,974)
Unappropriated Profit Carried Forward	31,522
Earnings per Share (Rs.)	**3.47**

Capital Adequacy and Minimum Capital Requirements

As on December 31, 2023, paid-up capital (net of losses) amounted to Rs. 34.67 billion and the Bank stands compliant with SBP's minimum capital requirement of Rs. 10.0 billion. Further, the Bank's Capital Adequacy Ratio (CAR) significantly improved to 18.37% as against 13.11% as of December 31, 2022, with a comfortable margin over regulatory requirement of 11.50%. The Bank was also able to raise ADT-1 and Tier-2 capital aggregating to Rs. 15.5 billion during year 2023, exhibiting the faith the market has in BOP's financial strength.

Internal Controls

The Board of Directors of The Bank of Punjab has overall responsibility for ensuring existence of an adequate and effective system of internal controls that is designed to manage the Bank's risks within an acceptable risk profile. The Board is pleased to endorse the Statement on Internal Controls made by the management, which is included in the annual report.

Bank's Board of Directors:

As on December 31, 2023, the Bank's Board of Directors consists of 10 members with 3 independent directors.

Sr. No.	Name of Directors	STATUS	
1.*	Mr. Mohammad Jehanzeb Khan	Chairman	Non-Executive
2.	Dr. Muhammad Amjad Saqib	Director	Non-Executive
3.	Syed Ghazanfar Abbas Jilani	Director	Non-Executive
4.	Mr. Mujahid Sherdil	Director	Non-Executive
5.	Mr. Mohammad Mudassir Amray	Director	Independent
6.	Mr. Asif Reza Sana	Director	Independent
7	Mr. Muhammad Naeem Khan	Director	Independent
8*	Ms. Nadia Rehman	Director	Non-Executive
9*	Mr. Naweed Akhtar Sharif	Director	Non-Executive
10.	Mr. Zafar Masud	President & CEO	Executive

(*) Mr. Mohammad Jehanzeb Khan - Chairman, Mr. Naweed Akhtar Sharif and Ms. Nadia Rehman, Directors have been denotified by the GoPb on 25.01.2024

As of December 31, 2023, there are following 5 Sub-Committees of Board of Directors:

1. Board Audit Committee
2. Risk Management, Compliance & NPL Review Committee
3. Human Resource, Compensation, Performance Evaluation & Nomination Committee
4. Strategy, Islamic & Priority Sector Financing Committee
5. Information Technology & Communications Committee

Board of Directors' and Board Committees' Attendance during year 2023

Sr#	Name of Director	Board of Directors		Sub-Committees of Board of Directors										Total
				BAC		RMC & NRC		HRC, PE & NC		SI&PSFC		ITCC		
		Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	
1	Dr. Muhammad Amjad Saqib	M	8	-	-	M	5	M	7	C	4	-	-	24
2	Syed Ghazanfar Abbas Jilani	M	8	M	5	C	5	M	7	S	2	S	1	28
3	Mr. Mohammad Mudassir Amray	M	8	C	5	M	5	-	-	-	-	M	2	20
4	Mr. Asif Reza Sana	M	8	-	-	-	-	C	7	M	3	M	3	21
5	Ms. Nadia Rehman (*)	M	6	M	-	M	3	M	2	M	2	M	1	14
6	Mr. Muhammad Naeem Khan	M	8	M	5	M	5	-	-	M	4	-	-	22
7	Mr. Mujahid Sherdil (**)	M	6	M	1	-	-	M	1	S	-	-	-	8
8	Mr. Naweed Akhtar Sharif (*)	M	2	S	1	S	1	S	1	S	1	S	1	7
9	Mr. Mohammad Jehanzeb Khan (*)	M	2	S	1	-	-	S/M	1+2=3	S	1	S	1	8
10	Mr. Zafar Masud	M	8	-	-	-	-	-	-	-	-	M	-	8
	Total Number of Meetings held during 2022		8	-	5		5		7		4		3	

C	Chairman
M	Member
S	Special Invitation

BAC	Board Audit Committee
RMC & NRC	Risk Management, Compliance & NPL Review Committee
HRC, PE & NC	Human Resource, Performance Evaluation & Nomination Committee

SI& PSFC	Strategy, Islamic & Priority Sector Financing Committee
ITCC	Information Technology & Communications Committee

(*) Mr. Mohammad Jehanzeb Khan - Chairman, Mr. Naweed Akhtar Sharif and Ms. Nadia Rehman, Directors have denotified by the GoPb on 25.01.2024.

(**) Appointment of Mr. Mujahid Sherdil as Director was cleared by SBP on 08.03.2023.

Note: A sub committee (Review of BOP Act 1989) was formed to review BOP Act 1989.

Statement of compliance with Corporate and Financial Reporting Framework

The Directors are pleased to give the following statement in respect of Code of Corporate Governance:

- The financial statements, together with notes thereon have been prepared in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017. These Statements present fair state of affairs, the result of its operations, cash flows and changes in equity and comprehensive income. Proper books of account of the Bank have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting and Financial Reporting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there-from has been adequately disclosed in the Annual Accounts. The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- All the statutory liabilities, if any, have been adequately disclosed in the financial statements.
- Directors Remuneration Policy is disclosed at page no 69 of Annual Report
- Risk Management Framework has been appropriately disclosed at Page No. 33 of the Annual Report.
- Value of investment of Staff Provident Fund and Gratuity Fund, based on latest audited accounts is Rs.3.30 billion & Rs. 1.80 billion, respectively.
- Statement showing pattern of shareholding as on December 31, 2023 is disclosed at page No. 424 of the Annual Report.

- Statement showing key operating and financial data for the last six years is disclosed at page No. 82 of the Annual Report.
- Statement of compliance with code of corporate governance is presented at page No. 159 of the Annual Report.
- Statement on Corporate Social Responsibility is given at Page No 42 of the Annual Report.
- There has been no interest of directors in any significant contract / arrangement during the year.
- Related party transactions have been disclosed at page No. 257 of the Annual Report.

Credit Rating

While acknowledging the improved risk profile of the Bank, M/s Pakistan Credit Rating Agency (PACRA) has maintained Bank's Long-term Entity Rating to "AA+", while the Short-term Entity Rating has been maintained at "A1+".

As per standard rating scale and definition "AA+" long term rating denotes a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments, not significantly vulnerable to foreseeable events. Similarly, "A1+" short term rating denotes obligations supported by the highest capacity for timely repayment.

Subsidiary

The detail of Bank's subsidiaries are as follows:

Rs. In Million

Sr#	Name	Current Period Net Assets	Comparative Period Net Assets
1.	Punjab Modaraba Services (Private) Limited (September 30, 2023 & December 31, 2022)	(76.183)	(64.273)
2.	First Punjab Modaraba (September 30, 2023 & December 31, 2022)	(38.786)	0.050
3.	Punjab Capital Securities (Private) Limited (December 31, 2023 & December 31, 2022)	97.226	80.256

Outlook for the year 2024

In line with its strategic business plan, the Bank would continue to expand its branch network and strengthen its products and services base. The Bank shall continue to focus on digitalization initiatives to further improve operational oversight and effective monitoring.

Auditors

The retiring auditors' M/s A. F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for reappointment for the year ending December 31, 2024. The Board of Directors, on the suggestions of Board Audit Committee, recommended M/s A. F. Ferguson & Co., Chartered Accountants, as statutory auditors of the Bank for year ending December 31, 2024.

Acknowledgement

The Bank acknowledges valuable support and guidance of State Bank of Pakistan and Government of the Punjab, and is thankful to shareholders and customers for their continued support. The Board also highly appreciate the effort of Bank's management and staff members for achieving good financial results.

For and on behalf of the Board

President/CEO

Chairman

اداراتی اور مالیاتی جائزے کی تعمیل کا بیانیہ:

ڈائریکٹرز کوڈ آف کارپوریٹ گورننس کے تحت درج ذیل بیان دیتے ہوئے خوشی محسوس کر رہے ہیں:

- مالی گوشوارے مع نوٹس بینکنگ کمپنیز آرڈیننس،1962 اوکمپنیز ایکٹ،2017 کے مطابق تیار کیے گئے ہیں۔ یہ گوشوارے معاملات، ان کے امور کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی اور جامع آمدن کی صحیح عکاسی کرتے ہیں۔ بینک کے اکاؤنٹس کی باقاعدہ بکس مرتب کی گئی ہیں۔
- موزوں اکاؤنٹنگ پالیسیوں کو مالیاتی گوشواروں کی تیاری میں مستقل بنیادوں پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے مناسب اور محتاط فیصلوں پر مبنی ہیں۔
- بین الاقوامی اکاؤنٹنگ اور مالیاتی جائزوں کے معیارات اور اسلامک فنانشل اکاؤنٹنگ معیارات جیسا کہ پاکستان میں قابل اطلاق ہیں، کو مالیاتی گوشواروں کی تیاری میں نافذ کیا گیا ہے اور سالانہ اکاؤنٹس میں ان سے کسی بھی قسم کے انحراف کی مناسب طور پر وضاحت کی گئی ہے۔ اندرونی کنٹرول کا نظام ڈیزائن کے لحاظ سے قابل بھروسہ ہے اور مؤثر طور پر نافذ العمل اور زیر نگرانی ہے۔
- بینک کے کاروباری معاملات جاری رہنے کی صلاحیت پر کوئی نمایاں شک وشبہ نہیں
- کارپوریٹ گورننس میں طے کردہ ریگولیشنز کی بہترین عملداری میں کسی قسم کا مادی انحراف نہیں کیا گیا۔ جیسا کہ فہرست سازی کے ضوابط میں تفصیل سے بتایا گیا ہے
- تمام قانونی واجبات، اگر کوئی ہو تو، مالیاتی گوشواروں میں مناسب انداز میں واضح کیے گئے ہیں۔
- سالانہ رپورٹ کے صفحہ نمبر 69 پر ڈائریکٹرز ریمیونریشن پالیسی کی تفصیل دی گئی ہے۔
- رسک مینجمنٹ فریم ورک سالانہ رپورٹ کے صفحہ نمبر 33 پر مناسب انداز میں واضح کیا گیا ہے۔
- حالیہ آڈٹ شدہ اکاؤنٹس کی بنیاد پر شاف پراویڈنٹ فنڈ اور گریجویٹی فنڈ کی سرمایہ کاری کے اعداد و شمار بالترتیب 3.30 بلین اور 1.80 بلین روپے ہیں۔
- 31 دسمبر 2023 تک شیئر ہولڈنگ کے پیٹرن کا بیانہ سالانہ رپورٹ کے صفحہ نمبر 424 پر واضح کیا گیا ہے
- گزشتہ چھ سال کیلئے کلیدی عملی اُمور اور مالی ڈیٹا سالانہ رپورٹ کے صفحہ نمبر 82 پر بیان کیا گیا ہے۔
- کوڈ آف کارپوریٹ گورننس کی تعمیل کا بیان سالانہ رپورٹ کے صفحہ نمبر 159 پر درج ہے۔
- کارپوریٹ سماجی ذمہ داری کا بیان سالانہ رپورٹ کے صفحہ نمبر 42 پر واضح کیا گیا ہے۔
- سال کے دوران کسی بھی نمایاں معاہدہ/انتظام میں ڈائریکٹرز کا کسی قسم کا مفاد شامل نہیں ہے۔
- متعلقہ پارٹیوں سے لین دین سالانہ رپورٹ کے صفحہ نمبر 257 پر بیان کیا گیا ہے۔

کریڈٹ ریٹنگ:

بینک کی بہتر رسک پروفائل کو سراہتے ہوئے میسرز پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے بینک کی طویل مدتی اینٹیٹی ریٹنگ "AA+" برقرار رکھی ہے، جبکہ مختصر مدتی اینٹیٹی ریٹنگ "A1+" پر برقرار رکھی گئی ہے۔

سٹینڈرڈ ریٹنگ سکیل اور تعریف کے مطابق "AA+" کی طویل مدتی ریٹنگ کریڈٹ رسک کے انتہائی کم تخمینہ کو ظاہر کرتی ہے۔ مالی معاہدوں میں بروقت ادائیگی کی مضبوط صلاحیت کی عکاس ہے، متوقع واقعات کیلئے نمایاں طور پر غیر محفوظ نہیں ہے۔ اسی طرح "A1+" مختصر مدتی ریٹنگ بروقت واپس ادائیگی کی بلند استعدادی ذمہ داری کی نشاندہی ہے۔

ذیلی ادارہ:

بینک کے ذیلی اداروں کی تفصیل درج ذیل ہے؛

نمبر شمار	نام	موجودہ دورانیہ کیلئے خالص اثاثہ جات	تقابلی مدت کیلئے خالص اثاثہ جات
1	پنجاب مضاربہ سروسز (پرائیویٹ) لمیٹڈ (30 ستمبر 2023 اور 31 دسمبر 2022)	(76.183)	(64.273)
2	فرسٹ پنجاب مضاربہ (30 ستمبر 2023 اور 31 دسمبر 2022)	(38.786)	(0.050)
3	پنجاب کیپٹل سیکیورٹیز (پرائیویٹ) لمیٹڈ (31 دسمبر 2023 اور 31 دسمبر 2022)	97.226	80.256

سال 2024 کیلئے نقطہ نظر:

اپنے اسٹریٹجک کاروباری منصوبے کے مطابق، بینک اپنے برانچ نیٹ ورک کو وسعت دیتا رہے گا اور اپنی مصنوعات اور خدمات کی بنیاد کو مضبوط بنائے گا۔ بینک آپریشنل نگرانی اور موثر نگرانی کو مزید بہتر بنانے کے لیے ڈیجیٹلائزیشن کے اقدامات پر توجہ دیتا رہے گا۔

آڈیٹرز:

ریٹائر ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کے ناطے 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کے لیے خود کو پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے، بورڈ آڈٹ کمیٹی کی تجویز پر میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے بینک کے قانونی آڈیٹرز کے طور پر تعیناتی کی سفارش کی ہے۔

اظہار تشکر:

بینک اسٹیٹ بینک آف پاکستان اور حکومت پنجاب کی گرانقدر حمایت اور رہنمائی کا اعتراف کرتا ہے اور حصص یافتگان اور صارفین کی مسلسل حمایت کے لیے ان کا بھی شکر گزار ہوں۔ بورڈ اچھے مالیاتی نتائج حاصل کرنے پر بینک کی انتظامیہ اور عملے کے ارکان کی کوششوں کو بھی سراہتا ہے۔

بورڈ کیلئے اور بورڈ کی جانب سے

صدر / سی ای او

چیئرمین

اندرونی کنٹرولز:

بینک آف پنجاب کے بورڈ آف ڈائریکٹرز کی مجموعی ذمہ داری ہے کہ وہ داخلی کنٹرول کے ایک مناسب اور موثر نظام کے وجود کو یقینی بنائے جو کہ قابل قبول رسک پروفائل کے اندر بینک کے خطرات کو منظم کرنے کے لیے ڈیزائن کیا گیا ہے۔ بورڈ انتظامیہ کی طرف سے داخلی کنٹرول سے متعلق بیان کی توثیق کرتے ہوئے خوش ہے، جو سالانہ رپورٹ میں شامل ہے۔

بینک کے بورڈ آف ڈائریکٹرز:

31 دسمبر 2023 تک بینک کا بورڈ آف ڈائریکٹرز 10 ممبران بشمول 3 خودمختار ڈائریکٹرز پر مشتمل ہے۔

نمبر شمار	ڈائریکٹرز کے نام	سٹیٹس	
*1	جناب محمد جہانزیب خان	چیئرمین	نان ایگزیکٹو
2	ڈاکٹر محمد امجد ثاقب	ڈائریکٹر	نان ایگزیکٹو
3	سید غضنفر عباس جیلانی	ڈائریکٹر	نان ایگزیکٹو
4	جناب مجاہد شیر دل	ڈائریکٹر	نان ایگزیکٹو
5	جناب محمد مدثر امرے	ڈائریکٹر	خودمختار
6	جناب آصف رضا ثناء	ڈائریکٹر	خودمختار
7	جناب محمد نعیم خان	ڈائریکٹر	خودمختار
*8	محترمہ نادیہ رحمان	ڈائریکٹر	نان ایگزیکٹو
*9	جناب نوید اختر شریف	ڈائریکٹر	نان ایگزیکٹو
10	جناب ظفر مسعود	صدر اور چیف ایگزیکٹو آفیسر	ایگزیکٹو

(*) GoPb کی جانب سے مورخہ 25-01-2024 کو جناب محمد جہانزیب خان- چیئرمین، جناب نوید اختر شریف اور محترمہ نادیہ رحمان، ڈائریکٹرز کو ڈی نوٹیفائیڈ کر دیا گیا۔

31 دسمبر 2023 تک بورڈ آف ڈائریکٹرز کی درج ذیل 5 ذیلی کمیٹیاں ہیں:

1۔ بورڈ آڈٹ کمیٹی

2۔ رسک مینجمنٹ، کمپلائنس اینڈ این پی ایل ریویو کمیٹی

3۔ ہیومن ریسورس، کمپنسیشن، پرفارمنس ایویلوایشن اینڈ نامینیشن کمیٹی

4۔ سٹریٹجی، اسلامک اینڈ پرائیویٹ بینکر فنانسنگ کمیٹی

5۔ انفارمیشن ٹیکنالوجی اینڈ کمیونیکیشنز کمیٹی

سال 2023 کے دوران بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں کی حاضری کی تفصیل درج ذیل ہے۔

بورڈ آف ڈائریکٹرز کی سب کمیٹیاں

نمبر شمار	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز		بی اے سی		آر ایم سی اینڈ این آر سی		ایچ آر سی، پی ای سی اینڈ این سی		ایس آئی اینڈ پی ایس ایف سی		آئی ٹی سی سی		مجموعی
		ممبر	حاضری	ممبر	حاضری	ممبر	حاضری	ممبر	حاضری	ممبر	حاضری	ممبر	حاضری	
1	ڈاکٹر محمد امجد ثاقب	M	8	-	-	M	5	M	7	C	4	-	-	24
2	سید غضنفر عباس جیلانی	M	8	M	5	C	5	M	7	S	2	S	1	28
3	جناب محمد مدثر امرے	M	8	C	5	M	5	M	-	-	-	M	2	20
4	جناب آصف رضا ثناء	M	8	-	-	-	-	C	7	M	3	M	3	21
5	محترمہ نادیہ رحمان (*)	M	6	M	-	M	3	M	2	M	2	M	1	14
6	جناب محمد نعیم خان	M	8	M	5	M	5	-	-	M	4	-	-	22
7	جناب مجاہد شیر دل (**)	M	6	M	1	-	-	M	1	S	-	-	-	8
8	جناب نوید اختر شریف (*)	M	2	S	1	S	1	S	1	S	1	S	1	7
9	جناب محمد جہانزیب خان (*)	M	2	S	1	-	-	S/M	1+2=3	S	1	S	1	8
10	جناب ظفر مسعود	M	8	-	-	-	-	-	-	-	-	M	-	8
3	2 0 2 2 میں منعقد وکل اجلاس		8	-	5		5		7		4		3	

C	چیئرمین	بی اے سی	بورڈ آڈٹ کمیٹی
M	ممبر	آر ایم سی اینڈ این آر سی	رسک مینجمنٹ، کمپلائنس اینڈ این پی ایل ریویو کمیٹی
S	خصوصی دعوت	ایچ آر سی، پی ای سی اینڈ این سی	ہیومن ریسورس، کمپنسیشن، پرفارمنس ایویلوایشن اینڈ نامینیشن کمیٹی

ایس آئی اینڈ پی ایس ایف سی	سٹریٹجی، اسلامک اینڈ پرائیویٹ بینکر فنانسنگ کمیٹی
آئی ٹی سی سی	انفارمیشن ٹیکنالوجی اینڈ کمیونیکیشنز کمیٹی

(*) GoPb کی جانب سے مورخہ 25-01-2024 کو جناب محمد جہانزیب خان- چیئرمین، جناب نوید اختر شریف اور محترمہ نادیہ رحمان، ڈائریکٹرز کو ڈی نوٹیفائیڈ کر دیا گیا۔

(**) سٹیٹ بینک آف پاکستان کی جانب سے مورخہ 08-03-2023 کو جناب مجاہد شیر دل کی بطور ڈائریکٹر منظوری کلیئر کر دی گئی۔

نوٹ: بینک آف پنجاب ایکٹ 1989 کا جائزہ لینے کے لیے نئی ذیلی کمیٹی (بینک آف پنجاب ایکٹ 1989 کا جائزہ) تشکیل دی گئی۔

ڈائریکٹرز رپورٹ

برائے سال 31 دسمبر 2023ء

بورڈ آف ڈائریکٹرز 31 دسمبر 2023 کو اختتام پذیر ہونے والے سال کے لیے آڈٹ شدہ مالیاتی گوشواروں اور اس پر آڈیٹرز کی رپورٹ کے ساتھ بینک آف پنجاب کی 34ویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کارکردگی پر ایک نظر:

موجودہ تناؤ زدہ معاشی حالات کے باوجود، بینک اپنی پوزیشن اور کاروبار کے تمام پہلوؤں میں مستحکم ترقی برقرار رکھنے میں کامیاب رہا۔ بینک نے اپنی رسائی میں وسعت کا سفر بالخصوص جنوبی اور شمالی علاقوں میں جاری رکھا، اور اب ملک بھر میں اس کا 815 آن لائن برانچوں پر مشتمل نیٹ ورک ہے۔ بینک کی کارکردگی اسٹریٹیجک بزنس پلان سے بھرپور انداز میں ہم آہنگ رہی اور جاری بزنس پلان کے تحت بورڈ کی طرف سے منظور شدہ تمام نئے اقدامات درست طریقے سے چل رہے ہیں۔

31 دسمبر 2023 تک، بینک کے ڈپازٹس 1,520.9 ارب روپے ریکارڈ کیے گئے جو کہ 31 دسمبر 2022 تک 1,227.3 ارب روپے تھے جو کہ 24 فیصد کی نمایاں نمو کو ظاہر کرتا ہے۔ سال کے دوران، بینک نے نجی شعبے کے ڈپازٹس پر خصوصی زور دیتے ہوئے کم لاگت کے CASA ڈپازٹس کی ترقی پر توجہ مرکوز رکھی۔

31 دسمبر 2023 تک، مجموعی ایڈوانسز پورٹ فولیو 849.5 ارب روپے کا تھا جو کہ 31 دسمبر 2022 تک 634.4 ارب روپے تھا جو کہ 34 فیصد کی نمایاں نمو کی نشاندہی ہے۔ سال کے دوران، ریکوری/ ریگولرائزیشن کی وجہ سے نان پرفارمنگ لونز میں کمی دیکھی گئی اور نان پرفارمنگ لونز پورٹ فولیو کم ہو کر 50.9 ارب روپے رہ گیا جو کہ 31 دسمبر 2022 تک 51.6 ارب روپے تھا۔ NPLs% 31 دسمبر 2022 کو 8% کے مقابلے میں 6% کم ہو کر رہ گئی۔ بینک اسٹیٹ بینک آف پاکستان کے پروڈیشیل ریگولیشنز کے تحت پروویژن کی ضروریات کی مکمل تعمیل کرتا ہے، جبکہ نان پرفارمنگ پورٹ فولیو کی بازیابی کو یقینی بنانے کے لیے تمام ممکنہ قانونی اقدامات اٹھائے جا رہے ہیں۔ FIs کو قرضے اور سرمایہ کاری 1,058.2 ارب روپے تھے جو کہ بنیادی طور پر سرکاری سیکیورٹیز (98%) پر مشتمل ہے۔ بینک کے کل اثاثے 2.0 ٹریلین روپے کی سطح کو عبور کر گئے اور 2,216.2 ارب روپے ریکارڈ کیے گئے جو کہ 31 دسمبر 2022 تک 1,481.9 ارب روپے تھے اور اس طرح 50% کی خاطر خواہ ترقی درج کی گئی۔

سال 2023 کے دوران، نیٹ انٹرسٹ مارجن (NIM) بہتر ہو کر 40.95 ارب روپے ہو گیا جو کہ سال 2022 کے دوران 30.76 ارب روپے تھا جو کہ 33 فیصد کی نمایاں نمو دکھاتا ہے۔ اسی طرح نان مارک اپ آمدنی بڑھ کر 17.72 ارب روپے ہو گئی جو کہ سال 2022 کے دوران 10.58 ارب روپے تھی جو 68 فیصد کی قابل ستائش نمو دکھا رہی ہے۔

غیر مارک اپ اخراجات 37.50 ارب روپے پر رہے جو کہ سال 2022 کے دوران 27.71 ارب روپے تھے۔ اخراجات میں اضافہ افراط زر کے پیرامیٹرز اور برانچ نیٹ ورک/ کاروباری حجم میں نمو کے مطابق تھا۔

سال 2023 کے دوران (0.05) ارب روپے کا نیٹ پروویژن ریورسل ریکارڈ کیا گیا جو کہ سال 2022 کے دوران (4.88) ارب روپے تھا۔ ٹیکس سے پہلے منافع YOY15% نمو کے ساتھ 21.22 ارب روپے ریکارڈ کیا گیا جو کہ سال 2022 کے دوران 18.51 ارب روپے تھا۔ بعد از ٹیکس منافع بھی بڑھ کر 11.34 ارب روپے ہو گیا جو کہ سال 2022 کے دوران 10.83 ارب روپے تھا۔ یہ بات قابل ذکر ہے کہ فنانس ایکٹ 2022 کے تحت، حکومت نے 10% سپر ٹیکس (4% غیر معینہ مدت کے لیے اور ایک بار 6% اضافی سپر ٹیکس) نافذ کیا، تاہم، فنانس ایکٹ 2023 کے تحت 6% سپر ٹیکس بھی غیر معینہ مدت کے لیے نافذ کیا گیا جس کے نتیجے میں التوا شدہ ٹیکس کے حساب کے لیے موثر ٹیکس کی شرح 49% رہی جو کہ سال 2022 کے لیے 43% تھی۔ فی شیئر آمدنی 3.47 روپے فی حصص رہی جو کہ سال 2022 کے دوران 3.31 روپے فی حصص تھی۔

انفارمیشن ٹیکنالوجی اور ڈیجیٹلائزیشن کے شعبوں میں جارحانہ کاروباری نمو اور CAPEX کے عزم کو مدنظر رکھتے ہوئے، بورڈ نے 2023 کے لیے حصص یافتگان کے لیے 10.00% کیش ڈیویڈنڈ کا اعلان کیا جبکہ سال 2022 کے لیے 10.00% اسٹاک ڈیویڈنڈ کا اعلان کیا گیا تھا۔

مالی جھلکیاں 2023:

31 دسمبر 2023 کو ختم ہونے والے سال کے لیے قبل از ٹیکس اور بعد از ٹیکس منافع اور تخصیصات درج ذیل ہیں:

	ملین روپے
قبل از ٹیکس منافع	**21,218**
ٹیکسیشن - خالص	9,879
بعد از ٹیکس منافع	**11,339**
آگے لایا گیا غیر مختص منافع	25,213
دیگر جامع (نقصان)	(257)
تخصیص کیلئے دستیاب منافع	**36,295**
قانونی ذخائر میں منتقلی	(2,268)
فکسڈ اثاثوں کی دوبارہ تشخیص پر اضافی سے غیر تقسیم شدہ منافع میں منتقلی - ٹیکس کا خالص	121
غیر بینکنگ اثاثوں کی دوبارہ تشخیص پر سرپلس سے غیر تقسیم شدہ منافع میں منتقلی - ٹیکس کا نیٹ	5
غیر بینکنگ اثاثوں کی دوبارہ تشخیص پر سرپلس سے غیر تقسیم زدہ منافع میں منتقلی فروخت پر	343
ایکویٹی میں براہ راست تسلیم شدہ مالکان کے ساتھ لین دین:	
حتمی اسٹاک ڈیویڈنڈ - 31 دسمبر 2022 کو سال کے آخر میں 10 فیصد فی شیئر پر اعلان کیا گیا	(2,974)
آگے لایا گیا غیر تقسیم شدہ منافع	**31,522**
فی شیئر آمدنی (روپے)	**3.47**

سرمائے کی مناسبیت اور کم سے کم سرمائے کی ضروریات:

31 دسمبر 2023 تک ادا شدہ سرمایہ (نقصانات کا خالص) 34.67 ارب روپے تھا جو کہ اسٹیٹ بینک کی کم از کم سرمائے کی ضرورت 10.0 ارب روپے کے مطابق ہے۔ مزید برآں، بینک کا کیپٹل ایڈیکویسی ریشو (CAR) نمایاں طور پر 18.37% ہو گیا جو کہ 31 دسمبر 2022 تک 13.11% تھا اور بینک 11.50% کی ریگولیٹری ضرورت پر آرام دہ مارجن کے ساتھ تھا۔ سال 2023 کے دوران بینک ADT-1 اور Tier-2 کیپٹل کو مجموعی طور پر 15.5 ارب روپے بڑھانے میں بھی کامیاب رہا جو کہ BOP کی مالی طاقت پر مارکیٹ کے اعتماد کو ظاہر کرتا ہے۔

REVIEW REPORT BY CHAIRMAN OF AUDIT COMMITTEE

The Audit Committee of the Board consists of 03 members and is being headed by an experience independent Director, Mr. Mohammad Mudassir Amray, as Chairman. The members of Audit Committee possess very rich and diverse experience of serving on the Board of various entity besides holding senior management positions in different public and private sector organizations.

Current composition of Audit Committee is as under:

1.	Mr. Mohammad Mudassir Amray	Chairman
2.	Syed Ghazanfar Abbas Jilani	Member
3.	Mr. Muhammad Naeem Khan	Member
4.	Mr. Mujahid Sherdil	Member

During the year 2023, 05 meetings of Audit Committee were held. Major Responsibilities of Board Audit Committee are as under:

- Review of annual and interim financial statements of the Bank, prior to their approval by the Board, focusing on major judgmental areas, significant adjustments resulting from the audit, going concern assumption, any changes in accounting policies and practices, compliance with applicable accounting standards, compliance with Regulations and other statutory and regulatory requirements; and all related party transactions;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by external auditors and management's response thereto;
- Internal audit reports are provided to external auditors for the review and that auditors shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the Board;
- Determination of appropriate measures to safeguard the Bank's assets;
- Coordination between the internal and external auditors of the Bank;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Bank;
- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- Review the efficacy of remedial actions taken to prevent recurrence of frauds/ forgeries/ dacoities such as strengthening of internal controls, etc;
- Supervise the Whistle Blowing Unit;
- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording and the reporting structure are adequate and effective;
- Review of the Bank's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- Determination of compliance with relevant statutory requirements;
- Monitoring compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 and identification of significant violations thereof;
- Monitoring compliance with relevant applicable regulations and identification of significant violations thereof;
- Recommending to the Board the appointment of external auditors, their removal, audit fees and related matters;

During the year 2023, the Audit Committee has reviewed 3 interim financial statements and one annual financial statements of the Bank and recommended the same to BOD for final approval. The Committee also reviewed periodical report on significant and material issues pointed out by the Internal Audit Function and External Auditors. During the year 2023, Bank's Internal Audit Function has performed its role in a very satisfactory manner and furrier necessary measures are being taken improve efficiency of this key function.

It is confirmed that Annual Report is fair, balanced and understandable and also it provides necessary information for shareholders to assess the company's position and performance, business model and strategy.

The Board Audit Committee is fully aware of its responsibilities and shall continue to perform its role in accordance with the regulatory requirements. It shall be ensured that Bank's Internal Audit Function remains fully independent and perform its function in line with regulatory requirements and as per best industry practices.



For & Behalf of Board Audit Committee

REPORT OF SHARIAH BOARD

Taqwa Islamic Banking The Bank of Punjab (TIB Bop)
(For The Financial Year-2023)

بسم اللہ الرحمٰن الرحیم

Alhamdulillah TIB BOP has completed another year of successful banking operations. The Shariah Board (SB) hereby presents its opinion on the affairs of TIB BOP operations. The Board of Directors (BOD) and the management is committed to provide an effective and comprehensive Shariah Governed environment to regulate the overall functions of the bank. During the year, Shariah Board convened various SB meetings to discuss different matters referred to the Shariah Board including Internal/External Shariah audit reports, Shariah compliance review reports, SCD activities report, different policies and procedures, new products/ renewals of existing products, transaction structuring, business and marketing material etc.

Shariah Compliance

- TIB BOP is equipped with a team of qualified personals in its Shariah Compliance Department (SCD), working under the supervision and guidance of the Shariah Board. The prime objective of this function is to ensure Shariah Compliance at various levels and take corrective measures.

- The main modes of financing used for the bank's financing activities during the year consist of Murabaha, Ijarah, Diminishing Musharakah, Istisna, Tijarah, Musawamah, and Running Musharakah.

- The Shariah Board supervised and analyzed various products, concepts, transactions, processes and their Shariah Compliance as an ongoing process to ensure that the transactions are valid and in conformity with Shariah injunctions.

- The Internal Shariah audit unit evaluates the adherence to Shariah guidelines by the Bank. During the year, Shariah Audit of various TIB BOP branches/ departments was conducted that enabled the Bank to improve the Shariah control environment.

- To strengthen and broaden the functions of Shariah control, the Shariah Compliance Department (SCD) of the bank under the supervision of RSBM, facilitated the customers by conducting several industry visits in order to understand the customer's need and to offer best suitable products and formulating customized process flows after assessment of customers' business models. As a part of the departmental responsibilities, SCD also reviewed the process of profit distribution to the depositors on monthly basis. During the course of on-site visit of branches, SCD also guided staff regarding day to day operations while dealing with general banking customers.

Products and Polices

During the year, SB has reviewed various new products along with the review and renewal of existing products including liability and financing side products. Few of the products are already launched by the bank and while remaining shall be launched after system development.

Additionally, the Shariah Board has also reviewed different policies including SOP for Conversion of Conventional Banking Branches into Islamic Banking Branches, Islamic Banking Windows (IBWs) Policy and IBW Operation Manual etc.

Shariah Opinion

After review of reports of the Shariah Compliance Department, Internal and External Shariah Audit reports, we are of the opinion that:

TIB BOP operations are overall satisfactory as per details given below:

- TIB BOP has by and large complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by Shariah Board.

- TIB BOP has by and large complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP.

- TIB BOP has a satisfactory mechanism in place to ensure Shariah compliance in its overall operations.

- TIB BOP has a proper system in place to ensure that any earnings realized from the sources or by the means which are prohibited by Shariah have been credited to charity account and are being properly utilized. Detail of the charity fund is available in the statement of financial position of TIB BOP (annexure I of Annual Report 2023 BOP).

- TIB BOP has an acceptable system of profit / loss distribution and pool management. Profit is being properly distributed to all Mudarabah based accounts according to Mudarabah principles.

- Bank's BoD and management are cognizant of the importance of Shariah compliance in the products and processes of the bank. In this spirit, the bank is continuously focusing on enhancing the Islamic Banking knowledge and skill set of the staff. Islamic Banking Training Unit and SCD with the coordination of Learning & Development Centre of the Bank has imparted training on Islamic banking products.

- The Shariah Board has been provided with adequate resources enabling it to discharge its duties effectively.

Recommendations

There are following significant Shariah related issues which need to be addressed:

Staff/Human Resource related Matters

It is recommended that the Provident Fund of the employees working under Taqwa Islamic banking need to be placed under Islamic arrangements.

While encouraging the efforts of ISAU, keeping in view bank's current business segment growth and overall network expansion plan including opening of Islamic Banking Windows, it is recommended that the strength of ISAU should be further increased.

Awareness Sessions

In order to enhance customer and general public awareness of Islamic Banking, the management has arranged various awareness sessions at different Public Sector Universities / Institutions, Madaris, Chambers of Commerce and other forums on Islamic Banking and Finance. SBP acknowledged and appreciated the efforts of BOP-TIB for conducting several awareness sessions and awarded BOP-TIB with "Certificate of Appreciation" in the recognition of its efforts. We recommend arrangement of similar sessions in the coming years too.

Staff Training

While appreciating the management's efforts and focus on HR development, we recommend management to continue its efforts on capacity building segment with the same zeal and special focus on training to the staff to be appointed at Islamic Banking windows, keeping in view SBP focus on this area.

The Shariah Board of TIB BOP is satisfied with overall performance of Taqwa Islamic Banking - The Bank of Punjab and we expect that the management of the bank will continue adherence to the instructions issued by SBP and the Shariah Board of the bank that will further strengthen Shariah Compliance culture at TIB BOP.

واللہ سبحانہ وتعالیٰ اعلم



Mufti Muhammad Umar Irfan
Resident Member Shariah Board



Mufti Rafey Ashraf Usmani
Member Shariah Board



Dr. Muhammad Mushtaq Ahmed
Resident Member Shariah Board



Mufti Muhammad Zahid
Chairman Shariah Board

- بینک کے بورڈ آف ڈائریکٹرز اور مینجمنٹ بینک کی پراڈکٹس اور پراسسز کو شریعہ کمپلائنٹ کرنے میں سنجیدہ ہے۔ اسی وجہ سے بینک اسلامی بینکاری سے متعلق عملہ کی صلاحیتوں کی بہتری کی طرف مسلسل متوجہ ہے۔"اسلامک بینکنگ ٹریننگ یونٹ "اور"شریعہ کمپلائنس ڈیپارٹمنٹ " نے بینک کے "لرننگ اینڈ ڈویلپمنٹ سنٹر " کے تعاون سے اسلامک بینکنگ کی پراڈکٹس کی ٹریننگ کا انعقاد کروایا ہے۔
- شریعہ بورڈ کو مناسب وسائل مہیا کیے گئے ہیں تا کہ وہ اپنی ذمہ داریوں کو احسن اور موءثر طریقہ سے سرانجام دے سکے۔

سفارشات:

شریعہ سے متعلق مندرجہ ذیل کچھ اہم امور ہیں جن پر توجہ دینے کی ضرورت ہے:

اسٹاف کے متعلق معاملات:

یہ سفارش کی جاتی ہے کہ تقویٰ اسلامی بینکاری کے تحت کام کرنے والے ملازمین کے پراویڈنٹ فنڈ کو اسلامی انتظامات کے تحت رکھا جائے۔

"انٹرنل شریعہ آڈٹ یونٹ " کی کاوشوں کی حوصلہ افزائی کرتے ہوئے، بینک کے موجودہ کاروباری حجم کی نمو، برانچ نیٹ ورک کی توسیع اور اسلامی بینکاری ونڈوز کے اجراء کے منصوبے کو مدنظر رکھتے ہوئے یہ تجویز کی جاتی ہے کہ "انٹرنل شریعہ آڈٹ یونٹ " اور شریعہ کمپلائنس ڈیپارٹمنٹ کی استعداد کو مزید بڑھایا جائے۔

عوامی آگاہی سیمینار:

اسلامی بینکاری کے بارے میں کسٹمرز اور عوام کی آگاہی بڑھانے کے لئے مینجمنٹ نے اسلامی بینکاری اور مالیات کے بارے میں مختلف یونیورسٹیز، اداروں، مدارس، چیمبرز آف کامرس اور دیگر فورم پر متعدد عوامی آگاہی سیمینار کا اہتمام کیا ہے۔ اسٹیٹ بینک آف پاکستان نے متعدد آگاہی سیمینار کے انعقاد پر "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" کی کاوشوں کو سراہتے ہوئے "سندِ تحسین" سے نوازا۔ ہم آنے والے سالوں میں اسی طرح کے مزید سیمینار منعقد کرنے کی بھی سفارش کرتے ہیں۔

اسٹاف ٹریننگ:

ہم اسٹاف کی صلاحیتوں کو بہتر بنانے کے حوالے سے مینجمنٹ کی کاوشوں اور رجحان کی تعریف کرتے ہوئے اس بات کی سفارش کرتے ہیں کہ مینجمنٹ صلاحیتوں کو بہتر بنانے میں اپنی کاوشوں کو جاری رکھے اور اسی جذبہ اور کاوش کیساتھ عملے کی تربیت، بالخصوص اسلامک بینکنگ ونڈوز کیلئے منتخب ہونے والے عملے کی تربیت پر خصوصی توجہ دے اور "اسٹیٹ بینک آف پاکستان " کی ہدایات کو مدنظر رکھتے ہوئے اس شعبے میں مزید توجہ بڑھائے۔

" تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" کا شریعہ بورڈ بینک ہذا کی کارکردگی اور امور سے بحیثیت مجموعی مطمئن ہے اور امید کرتا ہے کہ " تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" کی انتظامیہ شریعہ بورڈ اور "اسٹیٹ بینک آف پاکستان" کی جاری کردہ ہدایات پر عملدرآمد کرتی رہے گی، جو کہ " تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" کے شریعہ کمپلائنس ماحول کی مزید مضبوطی کا سبب بنے گا۔

واللہ سبحانہ وتعالیٰ اعلم



مفتی محمد عمر عرفان

ریزیڈنٹ شریعہ بورڈ ممبر



مفتی رافع اشرف عثمانی

شریعہ بورڈ ممبر



ڈاکٹر محمد مشتاق احمد

ریزیڈنٹ شریعہ بورڈ ممبر



مفتی محمد زاہد

چیئرمین شریعہ بورڈ

شریعہ بورڈ رپورٹ

تقویٰ اسلامک بینکنگ۔دی بینک آف پنجاب(برائے مالی سال۔2023ء)۔

بسم اللہ الرحمٰن الرحیم

الحمدللہ "تقویٰ اسلامک بینکنگ-دی بینک آف پنجاب" نے آپریشنز کا ایک اور سال کامیابی سے مکمل کرلیا ہے۔شریعہ بورڈ "تقویٰ اسلامک بینکنگ-دی بینک آف پنجاب" کے آپریشنز کے متعلق اپنی رائے پیش کرتا ہے۔بورڈ آف ڈائریکٹرز اور مینجمنٹ، بینک کے مجموعی کاموں کو منظّم کرنے کے لئے شرعی اصولوں سے ہم آہنگ، ایک موثر اور جامع ماحول فراہم کرنے کے لئے پرعزم ہے۔رواں سال شریعہ بورڈ نے مختلف امور پر تبادلہ خیال کرنے کے لئے متعدد میٹنگز طلب کیں، ان میں داخلی/ خارجی شریعہ آڈٹ رپورٹس، شریعہ کمپلائنس ریویو رپورٹس، شریعہ کمپلائنس ڈیپارٹمنٹ ایکٹویٹیز رپورٹ، مختلف پالیسیاں، پروسیجرز، نئی پراڈکٹس، موجودہ پراڈکٹس کی تجدید، لین دین کا نظام، بزنس اور مارکیٹنگ کا مواد وغیرہ شامل ہیں۔

شریعہ کمپلائنس:

- "شریعہ کمپلائنس ڈیپارٹمنٹ۔تقویٰ اسلامک بینکنگ دی بینک آف پنجاب" باصلاحیت افراد پر مشتمل ہے، جو شریعہ بورڈ کی نگرانی اور رہنمائی میں کام کررہا ہے،اس شعبے / ڈیپارٹمنٹ کا بنیادی مقصد مختلف مراحل پر شرعی احکامات کی تعمیل کو یقینی بنانا اور اصلاحی اقدامات کرنا ہے۔

- رواں سال بینک نے فائنانسنگ کیلئے بالخصوص مرابحہ، اجارہ، شرکت متناقصہ، استصناع، تجارہ، مساومہ اور رنگ مشارکہ کی پراڈکٹس اختیار کیں۔

- شریعہ بورڈ نے مختلف پراڈکٹس، عقود، اور معاملات کی شریعت سے مطابقت کو برقرار رکھنے کیلئے نگرانی کا عمل مسلسل جاری رکھا تاکہ تمام معاملات شریعت کے اصولوں کے مطابق سرانجام پاتے رہیں۔

- "انٹرنل شریعہ آڈٹ ڈیپارٹمنٹ" بینک کے معاملات میں شرعی اصولوں کی پابندی کو جانچتا ہے۔انٹرنل شریعہ آڈٹ ڈیپارٹمنٹ نے رواں سال "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب" کی برانچوں اور ڈیپارٹمنٹس کا آڈٹ کیا، جس کے نتیجہ میں بینک کے شریعہ کنٹرول کے ماحول کو بہتر بنانے میں مدد ملی۔

- شرعی کنٹرول کے نظام کو مزید موثر اور وسیع بنانے کے لیے، بینک کے "شریعہ کمپلائنس ڈیپارٹمنٹ" نے ریزیڈینٹ شریعہ بورڈ ممبر کی زیرنگرانی، کسٹمر کے بزنس ماڈل اور اس کی ضرورت کو سمجھنے کے لئے کئی صنعتی یونٹس کے دورے کئے تاکہ کسٹمر کی ضرورت کے پیش نظر مناسب پراڈکٹ تجویز کی جائے اور اس کے مطابق پراسس فلو ترتیب دیا جائے۔"شریعہ کمپلائنس ڈیپارٹمنٹ" نے دیگر ذمہ داریوں کے ساتھ کھاتہ داروں کو نفع کی تقسیم کے نظام کو ماہانہ بنیادوں پر جانچا ہے، برانچوں کی جانچ کے دوران "شریعہ کمپلائنس ڈیپارٹمنٹ" نے عملے کو کسٹمرز کے ساتھ روزمرہ معاملات کے متعلق رہنمائی فراہم کی ہے۔

پراڈکٹس اور پالیسی:

شریعہ بورڈ نے رواں سال مختلف نئی پراڈکٹس کے ساتھ موجودہ پراڈکٹس بشمول فائنانسنگ اور ڈپازٹ پراڈکٹس کا جائزہ لیا ہے۔ان میں سے کچھ پراڈکٹس پہلے ہی بینک کی طرف سے متعارف کروائی جاچکی ہیں اور بقیہ پراڈکٹس سسٹم بننے کے بعد متعارف کرائی جائیں گی۔

مزید برآں، شریعہ بورڈ نے مختلف پالیسیز بشمول کنوینشنل برانچوں کی اسلامک بینکنگ برانچوں میں تبدیلی کے ایس او پیز، اسلامک بینکنگ ونڈوز پالیسی، اور آئی بی ڈبلیو آپریشن مینول وغیرہ کا بھی جائزہ لیا۔

شرعی آراء:

شریعہ کمپلائنس ڈیپارٹمنٹ، اندرونی و بیرونی شریعہ آڈٹ رپورٹس کا معائنہ کرنے کے بعد ہماری رائے یہ ہے کہ "تقویٰ اسلامک بینکنگ- دی بینک آف پنجاب" کے آپریشنز بحیثیت مجموعی تسلی بخش ہیں جسکی تفصیل درج ذیل ہے:

- "تقویٰ اسلامک بینکنگ-دی بینک آف پنجاب" نے مجموعی طور پر فتاویٰ، احکامات اور شریعہ بورڈ کی جانب سے دی جانے والی ہدایات کی روشنی میں شرعی اصول وضوابط کی پاسداری کی ہے۔

- "تقویٰ اسلامک بینکنگ - دی بینک آف پنجاب"" اسٹیٹ بینک آف پاکستان" کے شریعہ کمپلائنس سے متعلق جاری کردہ احکامات، قواعد وضوابط، ہدایات اور رہنما اصولوں پر بحیثیت مجموعی کاربند رہا ہے۔

- "تقویٰ اسلامک بینکنگ-دی بینک آف پنجاب" میں آپریشنز کو شریعہ کمپلائنٹ بنانے کیلئے تسلی بخش نظام موجود ہے۔

- ممنوعہ ذرائع سے حاصل ہونے والی آمدن کو خیراتی اکاؤنٹ میں منتقل کرنے اور اسکے موثر استعمال کو یقینی بنانے کے لیے "تقویٰ اسلامک بینکنگ-دی بینک آف پنجاب" میں ایک موثر نظام موجود ہے۔خیراتی رقم کی تفصیل بینک کی ''سالانہ مالیاتی رپورٹ2023'' میں موجود ہے۔

- "تقویٰ اسلامک بینکنگ-دی بینک آف پنجاب" میں نفع ونقصان کو تقسیم کرنے اور پول مینجمنٹ کا ایک قابل قبول نظام موجود ہے، عقد مضاربہ کی بنیاد پر قائم تمام کھاتوں کو مضاربہ کے اصولوں کے مطابق مناسب طریقہ سے نفع تقسیم کیا جارہا ہے۔

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INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF THE BANK OF PUNJAB

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) (both herein referred to as 'Codes') prepared by the Board of Directors of The Bank of Punjab (the Bank) for the year ended December 31, 2023 to comply with the requirements of regulation 36 of the Regulations and provisions of the Rules.

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

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

The Codes require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Codes as reflected in the Statement of Compliance:

Sr. No.	Reference	Description
1.	Rule 8(1)	The performance evaluation of members of the Board including the Chairman and the Chief Executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment. However, no such performance evaluation was undertaken of the above stated personnel.

A. F. Ferguson & Co.,
Chartered Accountants

Lahore:

Date: March 6, 2024

UDIN: CR2023100928yPisZbRf

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STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES

(Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Bank: The Bank of Punjab

Name of the line Ministry: Finance Department (Government of Punjab)

For the year ended: December 31, 2023

I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) issued for the purpose of establishing a framework of good governance, whereby a public sector Bank is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the Regulations, the provisions of the Rules shall prevail.

II. The Bank has complied with the provisions of the Rules in the following manner:

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule No.</th><th>Y</th><th>N</th><th rowspan="2">BOP Remark(s)</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td>1.</td><td>The independent directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>✓</td><td></td><td></td></tr>
<tr><td>2.</td><td>The Board has at least one-third of its total members as independent directors. As at December 31, 2023, the Board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date Of Appointment</th></tr>
<tr><td>Independent Directors</td><td>- Mr. Mohammad Mudassir Amray
- Mr. Asif Reza Sana
- Mr. Mohammad Naeem Khan</td><td>30-12-2021
30-12-2021
17-02-2022</td></tr>
<tr><td>Executive Director</td><td>- Mr. Zafar Masud</td><td>16-04-2020</td></tr>
<tr><td>Non-Executive Directors</td><td>- Syed Ghazanfar Abbas Jilani
- Mr. Muhammad Amjad Saqib
- Mr. Mujahid Sherdil
- Mr. Naweed Akhtar Sharif
- Ms. Nadia Rehman
- Mr. Mohammad Jehanzeb Khan</td><td>28-05-2020
03-03-2016
08-03-2023
09-10-2023
09-10-2023
09-10-2023</td></tr>
</table></td><td>3(2)</td><td>✓</td><td></td><td>The shareholders had elected four independent directors and one of them resigned in May 2023. The fraction one-third number was not rounded up to one as the remaining three independent directors had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, fourth independent director was not warranted.

Subsequent to year end, three nominated directors were de-notified by Government of Punjab thereby removing the anomaly as outlined above.</td></tr>
<tr><td>3.</td><td>The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</td><td>3(5)</td><td>✓</td><td></td><td></td></tr>
</table>

Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)
			Tick the relevant box		
4.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Companies Act, 2017 (the Act).	3(7)	✓		
5.	The chairman of the Board is working separately from the chief executive of the Bank.	4(1)	✓		Subsequent to year end the chairman of the Board has been de-notified in January 2024.
6.	The chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	4(4)	✓		
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable where the chief executive has been nominated by the Government)	5(2)	✓		
8.	(a) The Bank has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures, including posting the same on the Bank's website (www.bop.com.pk). (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓		
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5) (b) (ii)	✓		During the year, a conflict of interest policy has been developed. The policy is under final review and approval process.
11.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the Bank.	5(5) (b) (vi)	✓		

Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)
			Tick the relevant box		
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5) (c) (ii)	✓		
13.	The Board has ensured compliance with the law as well as the Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5) (c) (iii)	✓		
14.	The Board has developed a vision or mission statement and corporate strategy of the Bank.	5(6)	✓		
15.	The Board has developed significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	✓		
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Bank as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓		
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓		
18.	(a) The Board has met at least four times during the year. (b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	6(1) 6(2) 6(3)	✓ ✓ ✓		The Bank follows instructions of SBP as promulgated vide BPRD Circular No. 05 of 2021 dated November 22, 2021 titled 'Corporate Governance Regulatory Framework' (CGRF).
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓		
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	✓		
21.	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (b) The Board has prepared half yearly accounts and undertaken limited scope review by the auditors. (c)The Board has placed the annual financial statements on the Bank's website.	10	✓ ✓ ✓		
22.	All the Board members underwent an orientation course arranged by the Bank to apprise them of the material developments and information as specified in the Rules.	11	✓		

<table>
<tr><th>Sr. No.</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th><th>BOP Remark(s)</th></tr>
<tr><td></td><td></td><td></td><td colspan="2">Tick the relevant box</td><td></td></tr>
<tr><td>23.</td><td>(a) The Board has formed the requisite committees, as specified in the Rules.
(b) The committees were provided with written term of reference defining their duties, authority and composition.
(c) The minutes of the meetings of the committees were circulated to all the Board members.
(d) The committees were chaired by the following non-executive directors:
<table>
<tr><th>Committee</th><th>Number of Members</th><th>Name of Chair</th></tr>
<tr><td>Board Audit Committee</td><td>6</td><td>Mr. Mohammad Mudassir Amray</td></tr>
<tr><td>Risk Management, Compliance and NPL Review Committee</td><td>5</td><td>Syed Ghazanfar Abbas Jilani</td></tr>
<tr><td>Human Resource, Compensation, Performance Evaluation and Nomination Committee</td><td>6</td><td>Mr. Asif Reza Sana</td></tr>
<tr><td>Strategy, Islamic and Priority Sectors' Financing Committee</td><td>5</td><td>Mr. Muhammad Amjad Saqib</td></tr>
<tr><td>Information, Technology and Communication Committee</td><td>5</td><td>Mr. Mohammad Jehanzeb Khan-</td></tr>
<tr><td>Review of BoP Act, 1989 Committee</td><td>3</td><td>Mr Asif Reza Sana</td></tr>
</table></td><td>12</td><td>✓
✓
✓
✓</td><td></td><td>The roles and responsibilities of the Procurement Committee are being currently performed by the Board directly.</td></tr>
<tr><td>24.</td><td>The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.</td><td>13</td><td>✓</td><td></td><td></td></tr>
<tr><td>25.</td><td>The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.</td><td>14</td><td>✓</td><td></td><td></td></tr>
<tr><td>26.</td><td>The Bank has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.</td><td>16</td><td>✓</td><td></td><td></td></tr>
<tr><td>27.</td><td>The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.</td><td>17</td><td>✓</td><td></td><td></td></tr>
</table>

<table>
<tr><th>Sr. No.</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th><th>BOP Remark(s)</th></tr>
<tr><td></td><td></td><td></td><td colspan="2">Tick the relevant box</td><td></td></tr>
<tr><td>28.</td><td>The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Bank except those disclosed to the Bank.</td><td>18</td><td>✓</td><td></td><td></td></tr>
<tr><td>29.</td><td>(a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.
(b) The Annual Report of the Bank contains criteria and details of remuneration of each director.</td><td>19</td><td>✓
✓</td><td></td><td></td></tr>
<tr><td>30.</td><td>The financial statements of the Bank were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the audit committee and the Board.</td><td>20</td><td>✓</td><td></td><td></td></tr>
<tr><td>31.</td><td>The Board has formed an audit committee, with defined and written terms of reference, and having the following members as at December 31, 2023:
<table>
<tr><th>Committee</th><th>Category</th><th>Professional Background</th></tr>
<tr><td>Mr. Mohammad Mudassir Amray</td><td>Independent Director</td><td>Banking</td></tr>
<tr><td>- Syed Ghazanfar Abbas Jilani
- Mr. Mujahid Sherdil
- Mr. Naweed Akhtar Sharif
- Ms. Nadia Rehman</td><td>Non Executive Directors</td><td>Retired Federal Secretary, GoP
Presently, Finance Secretary, GoPb
Retired Banker
Economic Policy Advisor and I.T Professional</td></tr>
<tr><td>Mr. Muhammad Naeem Khan</td><td>Independent Director</td><td>Retired Banker & Agriculturist</td></tr>
</table>
The chief executive and chairman of board are not members of audit committee.</td><td>21 (1)
21(2)</td><td>✓
✓</td><td></td><td></td></tr>
<tr><td>32.</td><td>(a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed.
(b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives.
(c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.</td><td>21(3)</td><td>✓
✓
✓</td><td></td><td></td></tr>
<tr><td>33.</td><td>(a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee.
(b) The chief internal auditor has requisite qualification and experience prescribed in the Rules.
(c) The internal audit reports have been provided to the external auditors for their review.</td><td>22</td><td>✓
✓
✓</td><td></td><td></td></tr>
</table>

Sr. No.	Provision of the Rules	Rule No.	Y	N	BOP Remark(s)
			Tick the relevant box		
34.	The external auditors of the Bank have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓		
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓		

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Bank to seek compliance by the end of next financial year:

Sr. No.	Rule / sub-rule no.	Reasons for non-compliance	Future Course of Action
1	8(1)	The performance evaluation of members of the Board including the chairman and the chief executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment. Hence the compliance to this provision is primarily attributable to the GoPb.	Board evaluation for the year 2023 is being undertaken through an independent external evaluator and results will be shared with Board.

Certain additional disclosure, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (The Regulations)

1. The total number of directors are as follows:
   a. Male: 09
   b. Female: 01

2. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.

3. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

4. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose.

5. The Board has arranged Director's Training Program for the following:
   a) Ms. Nadia Rehman – Director
   b| Mr. Hamza Khalid Randhawa – Chief Legal Officer
   c) Mr. Irfan Rashid – Assistant Secretary to the Board

6. The Board has formed committees comprising of members given below:

a) Board Audit Committee (BAC):

Sr. No.	Names of Director	Status
1	Mr. Mohammad Mudassir Amray	Chairman
2	Syed Ghazanfar Abbas Jilani	Member
3	Mr. Muhammad Naeem Khan	Member
4	Mr. Mujahid Sherdil	Member
5	Mr. Naweed Akhtar Sharif	Member
6	Ms. Nadia Rehman	Member

b) Risk Management, Compliance and NPL Review Committee (RMC&NPLRC):

Sr. No.	Names of Director	Status
1	Syed Ghazanfar Abbas Jilani	Chairman
2	Mr. Mohammad Mudassir Amray	Member
3	Dr. Muhammad Amjad Saqib	Member
4	Mr. Muhammad Naeem Khan	Member
5	Mr. Naweed Akhtar Sharif	Member

c) Human Resource, Compensation, Performance Evaluation and Nomination Committee (HRCPE&NC):

Sr. No.	Names of Director	Status
1	Mr. Asif Reza Sana	Chairman
2	Dr. Muhammad Amjad Saqib	Member
3	Syed Ghazanfar Abbas Jilani	Member
4	Mr. Mujahid Sherdil	Member
5	Mr. Nadia Rehman	Member
6	Mr. Mohammad Jehanzeb Khan	Member

d) Strategy, Islamic and Priority Sectors' Financing Committee (SI&PSFC):

Sr. No.	Names of Director	Status
1	Dr. Muhammad Amjad Saqib	Chairman
2	Mr. Asif Reza Sana	Member
3	Mr. Muhammad Naeem Khan	Member
4	Mr. Mujahid Sherdil	Member
5	Mr. Mohammad Jehanzeb Khan	Member

e) Information Technology and Communication Committee (ITCC):

Sr. No.	Names of Director	Status
1	Mr. Mohammad Jehanzeb Khan	Chairman
2	Mr. Asif Reza Sana	Member
3	Mr. Mohammad Mudassir Amray	Member
4	Mr. Nadia Rehman	Member
5	Mr. Nawaeed Akhtar Sharif	Member

f) Review of BoP Act, 1989 Committee :

Sr. No.	Names of Director	Status
1	Mr. Asif Reza Sana	Chairman
2	Syed Ghazanfar Abbas Jilani	Member
3	Mr. Mohammad Jehanzeb Khan	Member

7. The frequency of Meetings (Quarterly/half yearly/ yearly) of the Committees were as per following:

Sr. No.	Names of Director	Status
1	Board Audit Committee (BAC)	Quarterly
2	Risk Management Compliance & NPL Review Committee (RMC&NPLRC)	Quarterly

Sr. No.	Names of Director	Status
3	Human Resource, Compensation, Performance Evaluation and Nomination Committee (HRCPE&NC)	Quarterly
4	Strategy, Islamic and Priority Sectors' Financing Committee (SI&PSFC)	Quarterly
5	Information, Technology and Communication Committee (ITCC)	Quarterly
6	Review of BoP Act, 1989 Committee	As and when required

8. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or directors of the Bank.

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

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

11. Explanation for non-compliance with the requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are set out below:

i) As per regulation 9(2), The Chairman shall be elected subject to such terms & conditions and responsibilities as provided under Section 192 of the Act and these Regulations. However, The Bank of Punjab Act, 1989, provides specific provision related to the stated regulation.

As per The Bank of Punjab Act, 1989, sections 10(2) and 10(3), the Chairman of the Board shall be nominated by the Government from amongst official Directors. Further, in terms of Section 10(3), the Chairman shall preside over the meetings of the Board and shall have a casting vote, but he shall not exercise any executive authority or powers.

Mr. Mohammad Jehanzeb Khan was appointed/ nominated as Director and Chairman on the Board of the Bank of Punjab by the GoPb on September 25, 2023. His Fit & Proper Test was cleared by the State Bank of Pakistan on October 09, 2023. Government of Punjab has de-notified him as Director/Chairman in January, 2024.

Zafar Masud
President & CEO

Muhammad Naeem Khan
Independent Director

For & on behalf of Board

Syed Ghazanfar Abbas Jilani
Director / Chairman

STATEMENT OF INTERNAL CONTROLS

The Management of the Bank of Punjab (the "Bank") is responsible for establishing Internal Control System for ensuring effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Bank's internal control system is implemented through its policies, procedures, circulars and instructions issued from time to time. Internal Controls are continuously reviewed, refined and improved with the changes in laws & regulations, new risks emanating from bank's customers, products, geography and channels as well as market disruptions. Accordingly, bank has developed required policies and procedural manuals defining adequate controls to manage risks effectively and these are updated regularly. Internal controls also require continuous improvement to align with the changing environment and needs of the business. The Bank continues to place importance on the increasing use of automation to further enhance its evolving control environment.

The Bank's governance structure to implement and monitor internal controls consists of three lines of defense in line with applicable regulations and best practices for financial institutions. First line of defense consists of businesses and Operations functions those are responsible for implementing controls in all activities & transactions handled by the bank. Moreover, they ensure that business risks are properly identified and mitigated, control breaches are identified on a timely basis and corrective actions are efficiently implemented. Their role is to identify design and implementation gaps in processes and ensures that timely remedial actions are undertaken.

Second line of defense consist of Compliance, Risk & Control/ Support functions; those are mandated to ensure that policies & procedures are adequately designed and implementation of these is regularly monitored to mitigate risks faced by the bank. For collaborative review of operational risks, management has formulated committees consisting of senior management from all functions i.e., Compliance Committee of Management (CCM), Operational Risk Management Committee (ORMC) & Fraud Risk Management Committee (FRMC), those focus on managing operational, regulatory & financial risks. All significant and material findings identified by the internal/ external auditors and regulators are addressed on priority basis by concerned functions under oversight of these management committees. Moreover, the Board's Risk Management, Compliance & NPL Review Committee have an oversight responsibility to monitor all significant and material issues related to internal control system of the bank.

Internal Audit Function (IAF) acts as third line of defense, independent from the line management, is entrusted with the supervisory function with respect to the review of internal controls. IAF evaluates, validates, monitors and contributes to ongoing effectiveness of control systems as part of its scope. It periodically reports significant findings, directly to the Board Audit Committee (BAC). The IAF is also entrusted with the function to assess adequacy and effectiveness of control activities and ensure compliance with all the prescribed policies and procedures.

In compliance with SBP's directives, the Bank had completed all stages of SBP roadmap on Internal Control over Financial Reporting (ICFR). The SBP had granted exemption to the Bank from the requirement of submission of Long Form Report (LFR) by the External Auditors. Consequent to the grant of exemption by SBP, the annual assessment of bank's ICFR is performed by the Internal Audit Function and now Bank prepare Annual Assessment Report, on efficacy of ICFR duly endorsed by the Board Audit Committee (BAC).

Internal Controls System evolves continuously and this statement is based on the management's self-assessment towards various aspects of current Internal Controls regime. The Bank's System of Internal Controls is designed to minimize and manage risks as these cannot totally eliminate the risk of failure to achieve the desired objectives; hence it can only provide reasonable assurance, not absolute assurance, against material misstatement or loss. The system of internal control followed by the Bank is considered to be adequate in design and is being implemented and continuously monitored.



Zafar Masud
President/CEO

ECONOMIC REVIEW

In the face of formidable challenges, including the reverberations of a global pandemic and escalating commodity prices, Pakistan's economic landscape is exhibiting resilience. Projections for FY24 suggest a rebound in GDP growth, underscoring the country's ability to navigate complex economic headwinds. The financial sector, a linchpin of economic stability, has actively engaged in supporting businesses and households through strategic credit extensions.

Economic Update

Pakistan's economic growth slowed down to 0.3% in FY2023 due to policy-induced contractionary measures, flood damages, and lower demand in global markets. The growth momentum witnessed in FY21 & 22 led to overheating of the economy as expansionary policies worsened the Balance of Payments and the fiscal position. Macroeconomic conditions remained tough in FY2023 following the suspension of the IMF program in November 2022. SBP reserves declined to US$ 3.9 billion (less than one month of import cover) and PKR remained under pressure, depreciating 40% in FY23. This was the primary cause of high inflation, with inflation accelerating to record-high levels of 38% in May 2023.

The implementation of Finance Supplementary Bill in February 2023, adoption of a market-based exchange rate, and the recovery of petroleum levy paved the way for the US$ 3bn IMF Standby Arrangement (SBA). In July 2023, the first tranche of US$ 1bn under the IMF program was followed by bilateral inflows of US$ 3bn from KSA and UAE, strengthening SBP FX reserves to US$ 8.2bn and alleviating sovereign debt sustainability concerns.

The headline inflation gradually declined to 27.4%y/y in August as base year effects set in, supply chain issues alleviated and import prioritization restrictions were withdrawn. However, CPI headline inflation increased to 29.2% y/y in November from 26.9% y/y in October. Average inflation for FY 2024 is recorded at 28.6% compared to 25.2% in the same period FY 2023. National core inflation 21.5% y/y in November, the second round impact of the hike in gas tariffs is expected to keep core inflation sticky in the remaining half of FY24.

Food inflation continued to decline, easing to 27.5% in Nov, the lowest levels in the last one year. Hike in gas tariffs was the main contributor to the headline inflation housing index increased by 33% y/y. International energy commodity prices have gradually eased in November.

Brent crude dropped to USD 80/bbl due to oversupply concerns amidst low global demand International food prices also continue to drop amidst improving agricultural supplies. International Wheat prices have eased by 5% since Sept 23.

Risks to the inflation outlook remain from currency depreciation and domestic energy tariff hikes. Going forward, inflation is expected to decline sharply in 2024 primarily due to the high base effect, creating room for rate cuts.

PKR continued to remain under pressure recording a high of PKR 307 in interbank market. In open market the exchange rate fell to PKR 330-335 with the gap between two markets reaching almost 9 percent in September. Later, administrative and regulatory measures by SBP have helped contain the illegal and speculative activities in the FX markets resulting in appreciation of the PKR.





The caretaker setup assumed charge of the government in August and was set with the hefty task of fulfilling IMF conditions under the SBA program. Petroleum development levy has been increased to PKR 60/liter on petrol and PKR 50/liter on diesel. Electricity base tariffs have been increased by PKR 7.5/unit with effect from July 2023 and quarterly tariff adjustment of PKR 3.28/unit is expected to be implemented from October 2023 onwards.

Global Economic Conditions

The global economy remains uncertain following the negative shocks of pandemic, Ukraine war, war in Gaza and subsequent tightening of monetary policy to contain high inflation. The banking sector stress in advanced economies has cast a shadow on global growth prospects, despite the swift move by the regulators to contain the fallout through more restrictive credit decisions. The possibility of more widespread bank turmoil and tighter monetary policy could result in even weaker global growth. Global growth as projected by IMF is expected to slow down to 3 percent in 2023 from 3.5 percent last year.

Earlier, China's faster than expected recovery from the pandemic in 2023 and easing of inflation in advanced economies towards the end of 2022 hinted at growth stabilization in 2023. However, weaknesses in China's property sector may impact growth prospects in the region. As a result, ADB has revised slightly down the region's growth forecast for this year to 4.7 percent on slower recovery in South and Southeast Asia.

Record energy prices witnessed in 2022 have gradually softened in this year with average Brent crude prices estimated at $ 84/bbl. in 2023 and $ 86/bbl. in 2024. (World Bank Commodity Price Forecasts April 2023). Similarly, prices of wheat, palm oil and metals have also exhibited a downward trend in this year. Although inflation has started to decelerate globally, underlying price pressures are proving sticky with core inflation remaining consistently high. IMF has projected global headline inflation to fall from 8.7% in 2022 to 6.8% in 2023 on the back of lower commodity prices, but core inflation is likely to decline more slowly.

Despite the global banking sector turmoil, the domestic banking sector continues to remain resilient against the slowdown in economic growth, posting PAT of PKR 284bn in Jun-23 (125% YoY growth). The sector remains well capitalized (CAR 17.8%) and highly liquid (ADR 45%). Despite demand moderation and monetary tightening, NPLs have remained stable at 7.4% in Jun-23 from 7.3% in 2022 with banks adequately provisioning for potential losses. Deposits for the banking sector jumped to PKR 26.8 trillion while banking sector investments increased to PKR 21.5 trillion in Jun-23.

IMF SBA Program

After months of delay in the resumption of IMF EFF program, the government succeeded in securing a $ 3bn nine-month Standby Arrangement in July 2023. Under the SBA program, IMF has recommended steadfast implementation of FY24 budget, restoration of a market based exchange rate, adoption of appropriately tight monetary policy and improving governance of state-owned enterprises.

IMF SBA program highlights tight monetary and fiscal policy conditions aimed at disinflation and creating necessary fiscal space to ensure debt sustainability while protecting critical social spending. IMF has highlighted measures to strengthen energy sector viability by aligning tariffs with costs, reforming the sectors cost base and better targeting of power subsidies. Under the program, government has already raised electricity base tariffs by PKR 7.5/unit from July 2023 with further revisions under the head of Fuel Charges Adjustment (FCA). Petroleum development levy has been increased to PKR 60/liter on petrol and PKR 50/liter on diesel to improve revenue collection.

Climate Change Implications

Pakistan has historically been strongly affected by natural disasters given its extreme and diverse climates and topography. The 2022 floods are the most recent example of Pakistan's high climate vulnerability. The recent floods have caused extensive human and material damage. Thirty-three million people (14 percent of the population) in half of Pakistan's 160 districts were adversely affected. The floods inundated 45 percent of Pakistan's cropland and killed 1.2 million livestock.

The authorities appropriately responded with fiscal support to mitigate the floods' impact. This included a package of flood relief and reconstruction initiatives totaling PKR 452 billion (equivalent to about 0.5 percent of GDP) and a one-off emergency cash transfer of PPKR 25,000 to more than 2 million vulnerable families.

However, estimated aggregate material losses and rebuilding needs are very large. The authorities and the UN estimated that total damage and losses amounted to US$30 billion (about 8.5 percent of GDP) and that

Pakistan faces rebuilding needs of US$16.8 billion (about 4.5 percent of GDP). Donors pledged US$10.9 billion in support at a January 2023 conference on Climate Resilient Pakistan, co-chaired by the UN. These funds would target humanitarian assistance and rehabilitation over the next five years, however, to date, only a small fraction has been disbursed.

Economic Outlook

Fitch projects that economic growth in Pakistan will accelerate from 0.3% in FY2022/23 to 3.1% in FY2023/24. Economic activity in the fiscal year ending June 2023 was disrupted by deadly floods and a sharp spike in inflation. We expect that agricultural output will rise over the coming fiscal year and that inflation will ease.

The World Bank predicts that global headline inflation is expected to steadily decline from its peak of 8.7 percent in 2022 (annual average) to 6.9 percent in 2023 and 5.8 percent in 2024 (Table 1.1). The forecast for 2024 is revised upward by 0.6 percentage point, reflecting higher-than-expected core inflation. On a year-over-year basis, projected global headline inflation peaked at 9.5 percent in the third quarter of 2022 and is projected to reach 5.9 percent by the fourth quarter of 2023 before falling to 4.8 percent in the fourth quarter of 2024, still above the pre-pandemic (2017–19) annual average of about 3.5 percent. Although monetary tightening is starting to bear fruit, a central driver of the fall in headline inflation projected for 2023 is declining international commodity prices

The Macroeconomic environment remains difficult with heightened political uncertainty and volatile global economic conditions. Risks to the outlook are heavily skewed to the downside due to increased uncertainty from the global price shocks and contractionary fiscal and monetary policies.

IMF has projected GDP to grow moderately by 2.5% in FY2024 from 0.3% in FY2023. Base effects from flood recovery will provide a boost in agriculture and textile sectors, however, continuing external challenges and the need for tight macro policies will limit growth.

In our near term outlook, we assume that the general elections will be held in Q1 2024. We assume IMF SBA program to continue together with planned inflows from multilaterals and bilateral. Government targets increase in SBP FX reserves to $ 12bn by June 2024 on higher official inflows and pick up in FDI under the SIFC. Amplified by tense political environment, policy slippages could undermine implementation of reforms stipulated under IMF program.

We assume that global commodity prices will soften in 2024 due to policy actions taken by the global central banks to contain inflation. Brent Crude prices are expected to remain within $80-100/bbl in FY2024. National Consumer price index (CPI) has slowed down to 27.4% in August-23 taking 2MFY2024 average CPI to 27.9%. IMF has projected CPI to average 26% in FY2024 due to pass through impact of fuel and electricity price increases. Inflation is expected to further ease off in 2HFY2024. However, core inflation may prove to be stickier and remain high in the near term.

SBP has raised policy rate by 825bps to 22% in FY2023 due to persistent inflationary pressures. However, with easing off inflation and Current account deficit in 2MFY2024, SBP has maintained status quo in the first two policy meetings of FY2024. As a result, we expect a very gradual decline in policy rate to 20% by end June 2024.

In the medium term, timely and full implementation of policy reforms underpinned by the IMF SBA program will unlock much needed external financing and new disbursements from bilateral partners. As inflation gradually recedes to 5-7% range by end 2025, we expect policy rates to decline and exchange rate to stabilize over the medium term. Hence, we expect a gradual uptick in economic activity in FY2024 with high degree of downside risks due to global macroeconomic shocks.

Navigating a landscape rife with challenges, the financial sector grapples with issues of high inflation, political uncertainty, and an exposure to foreign currency debt. However, amid these challenges, there exist growth opportunities. A burgeoning population and an expanding middle class provide fertile ground for potential sectoral expansion. Moreover, prospects for enhanced financial inclusion underscore the sector's adaptability to evolving market dynamics.

The outlook for Pakistan's financial sector, as reflected by a nuanced interplay of challenges and opportunities, underscores its resilience and enduring role as a linchpin in the nation's economic stability. As the sector continues to navigate complexities, the confluence of challenges and opportunities positions it as a key player in driving economic recovery and fostering sustainability. In this intricate economic tapestry, Pakistan's financial sector stands as a dynamic force, adept at charting a course through uncertainty and contributing to the broader narrative of economic growth and stability.

FAIR TREATMENT OF CUSTOMERS FRAMEWORK & CONSUMER GRIEVANCE

Good business relationship between bank and the Customers is crucial for the success and growth of the Bank. Mutual trust and confidence are imperative factors to lead a bank towards success. To cater to this emerging need/issue, SBP as a regulator has taken its first step through establishment of its own separate financial consumer protection department. SBP has accentuated on financial consumer protection through issuance of many circular instructions.

Broader guiding principles of Bank's Fair Treatment of Customers Framework are as under:

- Instill a culture embedded with Fair Treatment of Customer values across the bank.
- Promote good banking practices by setting the service standards in dealing with customers.
- Create customer awareness and transparency in financial products and services offered by the bank.
- Create awareness among customers about their rights to enhance their confidence in Bank of Punjab.
- Protect customers' rights by ensuring compliance of SBP regulations and relevant laws.
- Increase transparency in the provision of banking services so as to enhance the understanding of customers of what they can reasonably expect of the services provided by the bank.
- Ensure accurate and timely delivery of information to the customer regarding bank's products and services.
- Establish a culture that gives freedom to the customers to choose between services or products offered by the bank.
- Prevent collusive business practices that may result in unfavorable outcomes to consumers.
- Provide customers with a recourse mechanism that is effective, transparent and impartial, offering prompt resolution of customer grievances.

The Bank has established a dedicated Unit for timely, smooth and seamless handling of consumers' complaints. The Management of the Bank ensures that all suggestions, feedbacks and complaints received from customers and general public is duly addressed. Besides handling complaints received from Bank's internal portal, complaints received through other forums such as Pakistan Citizen Portal etc., are also handled in timely manner.

On best efforts basis, complaints received by the Unit are resolved within prescribed Turn Around Time (TAT) as per guidelines of State Bank of Pakistan. During the year 2023, total number of complaints received were 80,320.

The Complaint Types as per SBP's Consumer Grievances Handling Mechanism (CGHM) and average TAT is detailed hereunder:

Product /service Area	Average Time taken to resolve a complaint
Account Maintenance	4WD
Mobile Banking/SMS Banking/ Mobile App	4WD
ATM/Debit Card	6WD
Branchless/ Agent Banking	2WD
Personal Loan	2WD
E-banking	4WD
Branch Level Issues	4WD
Home Loan	2WD
Utility Bills	3WD

*WD = Working Days

DISTRICT WISE SUMMARY OF BRANCHES

Sr. No.	District Name	Conventional	Islamic	Total
1	Bajaur		1	1
2	Khyber Agency	1		1
3	Kurram Agency	1		1
4	Mohmand Agency	2		2
5	Astore	1		1
6	Diamir	1		1
7	Ghizer	1		1
8	Gilgit	3	1	4
9	Hunza	1		1
10	Skardu	1	1	2
11	Gawadar	1		1
12	Turbat		1	1
13	Khuzdar	1		1
14	Qilla Abdullah	1		1
15	Qila Saifullah	1	1	2
16	Loralai	1		1
17	Noshki		1	1
18	Pishin		1	1
19	Quetta	2	2	4
20	Ziarat		1	1
21	Zhob	1		1
22	Abbottabad	1		1
23	Bannu	1	1	2
24	Buner	1	1	2
25	Charsadda	3		3
26	Chitral	2	1	3
27	D.I.Khan	4	1	5
28	Tank	1		1
29	Lower Dir	2	1	3
30	Haripur	1		1
31	Upper Dir		1	1
32	Karak		1	1
33	Kohat	1	1	2
34	Laki Marwat		1	1
35	Malakand	1	2	3
36	Mardan	4	1	5
37	Mansehra		1	1
38	Shangla		1	1
39	Nowshera	2	1	3
40	Peshawar	11	2	13
41	Swabi	1	1	2
42	Swat	9	2	11
43	Attock	9		9
44	Bahawalnagar	7	4	11

Sr. No.	District Name	Conventional	Islamic	Total
45	Bahawalpur	9	1	10
46	Bhakkar	4	1	5
47	Chakwal	11	1	12
48	Chiniot	4	1	5
49	D.G.Khan	15	2	17
50	Faisalabad	28	4	32
51	Gujranwala	30	2	32
52	Gujrat	35	3	38
53	Hafizabad	4	1	5
54	Jhang	9	1	10
55	Jhelum	9	1	10
56	Kasur	14	2	16
57	Khanewal	4	4	8
58	Khushab	4	1	5
59	Lahore	81	25	106
60	Layyah	6	1	7
61	Lodhran	4	1	5
62	Mandi Bahauddin	11	1	12
63	Mianwali	6	1	7
64	Multan	17	8	25
65	Muzaffargarh	15		15
66	Nankana Sahib	6	1	7
67	Narowal	15	1	16
68	Okara	12	6	18
69	Pakpattan	8	2	10
70	Rahim Yar Khan	8	3	11
71	Rajan Pur	10	1	11
72	Rawalpindi	28	12	40
73	Sahiwal	10	5	15
74	Sargodha	10	3	13
75	Sheikhupura	12		12
76	Sialkot	26	2	28
77	Toba Tek Singh	6	4	10
78	Vehari	8	2	10
79	Badin	1		1
80	Ghotki	1	1	2
81	Hyderabad	2	1	3
82	Karachi	60	8	68
83	Kashmore	1		1
84	Khairpur	1		1
85	Larkana	1		1
86	Mirpur Khas	2		2

Sr. No.	District Name	Conventional	Islamic	Total
87	Naushro Feroze	1		1
88	Shaheed Benazirabad	1		1
89	Sanghar	1		1
90	Sukkur	1		1
91	Tando Allahyar	1		1
92	Islamabad	16	7	23
93	Bhimber		1	1
94	Bagh		1	1
95	Kotli	1	1	2
96	Mirpur	3		3
97	Muzaffarabad	1	1	2
98	Poonch		1	1
		655	**160**	**815**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 33rd Annual General Meeting (AGM) of the members of The Bank of Punjab (BOP) will be held on **Thursday, March 28, 2024 at 5:15 p.m.** at **Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore** to transact the following business:

Ordinary Business:

1. To confirm the minutes of 32nd Annual General Meeting held on 29-03-2023.
2. To receive, consider and adopt the Annual Audited Financial Statements of The Bank of Punjab for the year ended December 31, 2023 together with the Director's and Auditors' reports thereon.
3. To consider and approve Cash Dividend @ 10% i.e. Rs.1/- per share on every share of Rs.10/- each as recommended by the Board of Directors.
4. To appoint Auditors for the year ending December 31, 2024 and to fix their remuneration.

Special Business:

5. To consider and approve Establishment of Exchange Company.
6. To consider and approve the Circulation of Bank's Annual Audited Financial Statements through QR enabled Code and Weblink in pursuance of SRO No.389(I)/2023 dated March 21, 2023 of Securities & Exchange Commission of Pakistan as part of notice of Annual General Meeting.
7. Conversion Events in respect of ADT–I TFCs Issue of The Bank of Punjab of up to PKR 5.00 billion.
8. Conversion Events in respect of Tier II TFCs Issue of The Bank of Punjab of up to PKR 10.00 billion.
9. To Increase in Bank's Authorized Capital
10. To consider and approve amendments in the Board's Remuneration Policy of the Bank.

Other Business:

11. To transact any other business with the permission of the Chair.

By order of the Board

Kamran Hafeez
Company Secretary

Lahore: March 07, 2024

Notes:

1. The Share Transfer Books of the Bank shall remain closed for transfer from **22-03-2024 to 28-03-2024** (both days inclusive). Transfers received at **M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore** at the **close of business on Thursday, 21st March 2024** will be treated in time for the purpose of above entitlement to the transferees.
2. All members are entitled to attend the meeting; however, the right of vote is restricted to those who are registered as such for a period of not less than three months prior to the date of the meeting as per Section 17(1) of The Bank of Punjab Act, 1989.
3. Proxies in order to be effective must be deposited at the **Corporate Affairs Department of the Bank, BOP Tower, 10-B, Block-E-II, Main Boulevard, Gulberg-III, Lahore** not less than 48 hours before the meeting. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signatures shall be submitted (unless it has been provided earlier) along with proxy form to the Bank.
4. A member is entitled to appoint another member as proxy to attend the meeting.
5. The members should quote their Folio number in all correspondence with the Bank and at the time of attending the Meeting.
6. Members are requested to promptly notify any change in their addresses to our Registrar **M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore** before book closure so that the above entitlement be dispatched at the correct addresses.
7. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular 01 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan:

A. FOR ATTENDING THE MEETING

i) In case of individual, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors; resolution/power of attorney with specimen signature of the nominee shall have to be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES

i) In case of individual, the account holder or sub-account holder shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the Passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall have to be submitted (unless it has been provided earlier) along with proxy form to the Company.

8. Entry of the member or his/her duly authorized person will be on strict identification as per specimen signature on the Bank's record.

9. Pursuant to SECP Circular No.10 of 2014 dated May 21, 2014, if Bank receives consent form from the members holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to the Corporate Affairs Department, Lahore.

I/We _____ of _____being a member of The Bank of Punjab, holding _____ordinary shares as per registered Folio/CDC Account No._____ hereby opt for video conference facility at_____.

Signature of Member(s)

The Bank will intimate members regarding venue of conference facility at least 5 days before the date of General meeting along with complete information necessary to enable them to access such facility.

Special Notes To The Shareholders

Deduction of Withholding Tax on Dividend

Pursuant to the provisions of the Finance Act, 2017 the rates of deduction of income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

Filer 15%	Non-Filer 30%

All shareholders are advised to check their status on Active Taxpayers List (ATL) available on FBR Website and may, if required, take necessary actions for inclusion of their name in ATL to avail the lower rate of tax deduction.

Deduction of Withholding Tax on Dividend in case of Joint Account Holders

All shareholders who hold shares jointly are requested to provide following information regarding shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar Office M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore latest by **21-03-2024**, otherwise each joint holder shall be assumed to have an equal number of shares.

Name of the Company		The Bank of Punjab
Folio No. / CDS A/c. No.		
No. of Shares Held		
Principal Shareholder	Name & CNIC	
	Shareholding Proportion (No. of Shares)	
Joint Shareholder(s)	Name & CNIC	
	Shareholding Proportion (No. of Shares)	

Signature of Shareholder_____

Exemption of Witholding Tax

Withholding Tax exemption from dividend income, shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar Office M/s. CORPLINK (Pvt.) Limited, Wings Arcade,
1-K, Commercial, Model Town, Lahore upto **21-03-2024**.

Submission of Copy of CNIC (Mandatory)

Individuals including all joint holders holding physical share certificates are requested to submit a copy of their valid CNIC to M/s. CORPLINK (Pvt.) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. The shareholders while sending CNIC must quote their respective Folio numbers. It may be noted that in case of non-receipt the copy of CNIC, the Bank would be constrained to withhold dividend payment.

Zakat Declaration (CZ-50)

Zakat will be deducted from the dividends at source under the Zakat & Usher Laws and will be deposited within the prescribed period with the relevant authority. Please submit your Zakat declarations under Zakat and Usher Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company of Pakistan Limited (in case the shares are held in CDS-Sub Account or CDC Investor Account) or to our Share Registrar, M/s. CORPLINK (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. The shareholders while sending the Zakat Declarations, as the case may be must quote company name and their respective Folio numbers.

Shareholders should also notify our share Registrar M/s. CORPLINK (Pvt) Limited regarding any change in their addresses.

Mandatory Payment of Cash Dividend Through Electronic Mode

The provision of Section 242 of the Companies Act, 2017 requires the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. The shareholders who have not provided their bank account details so far are advised to provide their below electronic dividend mandate information to Bank's Share Registrar **(in case of physical Share)** at the address given above and updates their CDC accounts/ Sub-accounts as the case may be, enabling the Bank to credit your future dividend promptly, if any.

Folio No./Investor Account Number / CDC Sub Account No.	
Title of Account	
IBAN Number	
Bank Name	
Branch	
Branch Address	
Mobile Number	
CNIC No. (Mandatory)	
Email Address	

Signature of Shareholder_____

Replacement of Physical Shares Into CDC Account

Members who hold physical shares, are advised to convert their shares into CDC in terms of Section 72 of the Companies Act, 2017.

Unclaimed Dividend / Shares

Shareholders who could not collect their previous dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

Virtual Participation in the AGM

Members interested to participate in the AGM proceedings via video link are required to provide following details at corporate.affairs@bop.com.pk

Name of Shareholder(s)	CNIC No.	Folio No. / CDC A/c.#	No. of Shares	Cell #	Email Address

Video Link to join the AGM will be shared with only those members whose emails, containing all the required particulars, are received at the above email address by the end of business on March 26, 2024. The Login facility will be opened at 4:45 p.m. on 28th March 2024 enabling the participants to join the proceedings which will start at 5:15 p.m. sharp.

Postal Ballot/E-Voting

Procedure for E-Voting:

a) Details of the e-voting facility will be shared through an e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business of March 21, 2024 by M/s Corplink (Private) Limited (being the e voting service provider).

b) Identity of the Members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.

c) E-Voting lines will start from March 25, 2024 at 09:00 a.m. and shall close on March 27, 2024 at 5:00 p.m.

d) Members can cast their votes any time in this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Bank's registered address, **The Bank of Punjab, BOP Tower, Head Office, Corporate Affairs Department, 10-B, Block-E/II, Main Boulevard, Gulberg-III, Lahore** or email at **corporate.affairs@bop.com.pk** one day before the AGM on March 27, 2024 during working hours. The signature on the ballot paper shall match with the signature on CNIC.

Special Business

A Statement under Bank's Bye-Law # 18-IV(ii) and under Section 134(3) of the Companies Act, 2017.

A statement under Bank's Bye-Laws # 18-IV(ii) and Section 134(3) of the Companies Act, 2017 setting out the details relating to the above Special Business to be transacted in the 33rd Annual General Meeting is being sent to the shareholders along with the Notice of Meeting.

Agenda Item No.05 Establishment Of Exchange Company

In view of the recently introduced structural reforms by State Bank of Pakistan in the Exchange Company's sector leading Banks have been encouraged to establish wholly owned Exchange Companies. Accordingly, the Board of Directors of The Bank of Punjab in its meeting held on October 28, 2023 has approved the establishment of an exchange company with an authorized share capital of Rs.2.50 billion subject to approval / clearance by the State Bank of Pakistan and completion of other regulatory compliance requirements. The Exchange Company would be a wholly owned subsidiary of the Bank and will operate as an exchange company within the framework prescribed by the State Bank of Pakistan.

The shareholders are requested to pass the following resolutions:

"Resolved that subject to approval from SBP and compliance of relevant laws and regulations, establishment of an Exchange Company, as a wholly owned subsidiary of The Bank of Punjab, with an authorized capital of PKR.2.5 billion and paid up capital of PKR. 1.0 billion, be and is hereby approved."

"Further Resolved that proposal for appointment of a legal advisor to facilitate the Bank for establishing the Exchange Company in an effective and timely manner, be and is hereby approved."

"Further Resolved that Mr. Khawar Ansari - SEVP is hereby appointed as Coordinator and authorized signatory on behalf of The Bank of Punjab to execute all requisite formalities along with Mr. Kamran Hafeez, Company Secretary of the Bank, Mr. Farid Ahmad Khan, Group Chief Corporate & Investment Banking and Mr. Nadeem Amir, Chief Financial Officer be and is hereby approved."

Agenda Item No.06 Circulation of Bank's Annual Audited Financial Statements Through QR Enabled Code and Weblink

Circulation of Bank's Annual Audited Financial Statements through QR enabled code and Weblink as part of the notice of Annual General Meeting: SECP vide SRO 389(I)/2023 dated March 21, 2023, has allowed listed companies to circulate the Annual Audited Financial Statements to their members through QR enabled code and Weblink (instead of DVDs), subject to the approval of the shareholders in the general meeting.

In view of the above, following resolution will be placed before the shareholders in Annual General Meeting for approval as special resolution with or without any modifications, additions or deletions:

"Resolved that the approval of the members of the Bank on notice of meeting be and is hereby accorded for transmission of Annual Reports including Annual Audited Financial Statements to the members for future years commencing from the financial year 2024 through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB, as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O.389(I)/2023 dated March 21, 2023, be and is hereby approved."

Agenda Item No.07

Conversion Events in respect of ADT–I TFCs Issue of The Bank of Punjab of up to PKR 5,000,000,000/- (Pak Rupees Five Billion.

Tier-I

In order to contribute towards its Additional Tier 1 Capital, the Bank of Punjab (the "Bank") intends to issue rated, privately placed/ subsequently listed, unsecured, subordinated, perpetual, fully paid-up and non-cumulative Term Finance Certificates ("TFCs") amounting up to PKR 5,000,000,000/- (Pak Rupees Five Billion), inclusive of a green shoe option of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million), in accordance with the Basel III Capital Instructions issued by SBP vide BPRD Circular No. 6 dated August 15, 2013 (the "TFC Issue"). The Bank may, at its option and discretion, have the TFCs subsequently listed on the Pakistan Stock Exchange Limited pursuant to the Privately Placed Debt Securities Listing Regulations of the Pakistan Stock Exchange Limited.

To consider and if thought fit, approve the conversion of TFCs for the proposed TFC Issue of the Bank into common shares if (i) directed by State Bank of Pakistan ("SBP") on the occurrence of a point of non-viability as determined by SBP, or (ii) upon the occurrence of a pre-specified trigger point pursuant to the 'Instructions for Basel III Implementation in Pakistan' ("Basel III Regulations") of SBP, or (iii) due to any inability to exercise the Lock-in Clause or Non-Cumulative features of TFCs, on such terms and conditions as may be determined by SBP, subject to a maximum of 1,122,394,441 (One Billion One Hundred Twenty Two Million Three Hundred Ninety Four Thousand Four Hundred Forty One) additional ordinary shares shall be issued other than by way of rights in accordance with section 83(1)(b) of the Companies Act, 2017 and other applicable laws of Pakistan.

The resolutions to be passed by the members is as under:

"Resolved that the issuance of the proposed Additional Tier-I capital by the Bank of Punjab (the "Bank") in the amount of up to PKR 5,000,000,000/- (Pak Rupees Five Billion), inclusive of a green shoe option of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million) (the "TFC Issue") in the form of rated, privately placed / subsequently listed, unsecured, subordinated, perpetual, fully paid-up and non-cumulative Term Finance Certificates ("TFCs") is approved"

"Further Resolved that in accordance with the directions under the 'Instructions for Basel III Implementation in Pakistan' ("Basel III Regulations") issued by the State Bank of Pakistan ("SBP"), the TFCs may be converted into ordinary shares of the Bank (i) if so directed by SBP on the occurrence of a point of non-viability as determined by SBP, at a price equivalent to the market value of the shares of the Bank on the date of trigger of the point of non-viability as declared by SBP, or (ii) upon the occurrence of a pre-specified trigger point pursuant to Basel III Capital Instructions, at a price equivalent to the market value of the shares of the Bank on the date of occurrence of the pre-specified trigger point, or (iii) due to any inability to exercise the lock-in clause or non-cumulative features of the TFCs, on such terms and conditions as may be determined by SBP, in accordance with the applicable rules and regulations of SBP (collectively the "Conversion Events"), which ordinary shares shall be issued other than by way of rights in accordance with Section 83(1)(b) of the Companies Act, 2017 and other applicable laws of Pakistan."

"Further Resolved that the issuance of such shares upon the occurrence of any of the Conversion Events shall be subject to a cap of 1,122,394,441 (One Billion One Hundred Twenty Two Million Three Hundred Ninety Four Thousand Four Hundred Forty One) additional ordinary shares being issued and shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with section 83(1)(b) of the Companies Act, 2017 and other applicable laws of Pakistan."

"Further Resolved that any two of (i) Mr. Farid Ahmed Khan – Group Chief Corporate & Investment Banking, (ii) Mr. Khawar Ansari – Global Treasurer and (iii) Mr. Nadeem Amir - Chief Financial Officer (the "Authorized Representative"), be and are hereby authorized to take all steps necessary, ancillary, and incidental to the above-mentioned resolutions, as and when required, and

are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned."

The Bank intends to issue rated, privately placed/listed, unsecured, subordinated, perpetual, fully paid-up and non-cumulative Term Finance Certificates ("TFCs") of up to PKR 5,000,000,000/- (Pak Rupees Five Billion), inclusive of a green shoe option of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million), as Additional Tier 1 capital in accordance with the Basel III regulations as implemented vide SBP's Circular BPRD Circular No. 06 dated August 15, 2013 ("SBP Circular"), which prescribes a loss absorption feature for ADT-I capital instruments pursuant to which the TFCs will be converted into ordinary shares of the Bank (i) at the Point of Non-Viability ("PONV") trigger event as determined by SBP, or (ii) upon the occurrence of a pre-specified trigger point pursuant to the SBP Circular, or (iii) due to any inability to exercise the Lock-in Clause or Non-Cumulative features of TFCs, on such terms and conditions as may be determined by SBP (collectively the "Conversion Events"). In accordance with the requirements of the SBP Circular, the Bank has agreed with the SBP for the issuance of up to a maximum of 1,122,394,441 (One Billion One Hundred Twenty Two Million Three Hundred Ninety Four Thousand Four Hundred Forty One) shares against subject ADT-I in case of the occurrence of any Conversion Events.

In light of the above contemplated Conversion Events, the Bank is required to obtain all approvals (in advance) for the issuance of such additional shares, however, it may be noted that issuance of such additional shares shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with S. 83(1)(b) of the Companies Act, 2017.

The information required to be annexed to the notice is set out below:

Name and brief profile of the banks/financial institutions to whom such shares are proposed to be issued	The shares will be issued to the TFC ADT-1 holders (at that time) in accordance with the directions of SBP at the time of trigger of PONV.
Price at which the proposed shares will be issued	The price of the shares shall be issued at the market value of the shares of the Bank, on the relevant date of trigger of PONV as declared by SBP however, total no. of shares to be issued are capped at 1,122,394,441 (One Billion One Hundred Twenty Two Million Three Hundred Ninety Four Thousand Four Hundred Forty One) additional ordinary shares
Purpose of the issue of shares other than right, utilization of the proceeds of the issue and benefits to the Bank and its shareholders with necessary details	To convert the outstanding TFC ADT1 amount (in whole or part) into shares of the Bank, as per the directions of the SBP.
Existing shareholding of the banks / financial institutions to whom the proposed shares will be issued	Not Applicable
Total shareholding of the banks / financial institutions after the proposed issue of shares	Not Applicable
Whether the banks/ financial institutions have provided written consent for purchase of such shares	The terms of the TFC Issuance Agreement for the TFC Issue contain the details regarding such conversion.
Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of the SBP vide its Circular No. 6 of Banking Policy and Regulation Department dated August 15, 2013 and further directions of SBP in this matter.

Justification, with details of the latest available market price and break-up value per share, if such price differs from par value.	Not Applicable
Details of the average market price during the last 3 (three) months and 6 (six) months preceding the board announcement as well as the latest available market price.	Not Applicable

The shares issued will rank pari passu in all respects with the existing shares of the Bank. The issue of shares other than by way of rights is subject to approval from the Securities and Exchange Commission of Pakistan.

The directors of the Bank have no personal interest in the resolutions except in their capacity as shareholders of the Bank to the extent of their respective shareholding.

Agenda Item No.08

Conversion Events in respect of Tier II TFCs Issue of The Bank of Punjab of up to PKR 10,000,000,000/- (Pak Rupees Ten Billion).

Tier-II

In order to contribute towards its Tier 2 Capital, the Bank of Punjab (the "Bank") intends to issue rated, privately placed/subsequently listed, unsecured, subordinated and redeemable Term Finance Certificates ("TFCs") amounting up to PKR 10,000,000,000/- (Pak Rupees Ten Billion), inclusive of a green shoe option of up to PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million), in accordance with the Basel III Capital Instructions issued by SBP vide BPRD Circular No. 6 dated August 15, 2013 (the "TFC Issue"). The Bank may, at its option and discretion, have the TFCs subsequently listed on the Pakistan Stock Exchange Limited pursuant to the Privately Placed Debt Securities Listing Regulations of the Pakistan Stock Exchange Limited.

To consider and if thought fit, approve the conversion of TFCs for the proposed TFC Issue of the Bank into common shares if directed by State Bank of Pakistan ("SBP") on the occurrence of a point of non-viability as determined by SBP, at a price equivalent to the market value of the shares of the Bank on the date of trigger of the point of non-viability as declared by SBP in accordance with the applicable rules and regulations of SBP and Basel III Regulations (the "PONV Event"), subject to a maximum of 2,244,788,883 (Two Billion Two Hundred Forty-Four Million Seven Hundred Eighty-Eight Thousand Eight Hundred Eighty-Three) additional ordinary shares shall be issued other than by way of rights in accordance with section 83(1)(b) of the Companies Act, 2017 and other applicable laws of Pakistan.

The resolutions to be passed by the members is as under:

"Resolved that the issuance of the proposed Tier 2 capital by the Bank of Punjab (the "Bank") in the amount of up to PKR 10,000,000,000/- (Pak Rupees Ten Billion), inclusive of a green shoe option of up to PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million) (the "TFC Issue") in the form of rated, privately placed / subsequently listed, unsecured, subordinated and redeemable Term Finance Certificates ("TFCs") is approved."

"Further Resolved that in accordance with the directions under the 'Instructions for Basel III Implementation in Pakistan' ("Basel III Regulations") issued by the State Bank of Pakistan ("SBP"), the TFCs may be converted into ordinary shares of the Bank if so directed by SBP on the occurrence of a point of non-viability as determined by SBP, at a price equivalent to the market value of the shares of the Bank on the date of trigger of the point of non-viability as declared by SBP in accordance with the applicable rules and regulations of SBP and Basel III Regulations (the "PONV Event"), which ordinary shares shall be issued other than by way of rights in accordance with Section 83(1)(b) of the Companies Act, 2017 and other applicable laws of Pakistan."

"Further Resolved that in case of conversion of the TFC Issue (in part or full) upon the occurrence of the PONV Event, the maximum number of shares shall be subject to a cap of 2,244,788,883 (Two Billion Two Hundred Forty-Four Million Seven Hundred Eighty-Eight Thousand Eight Hundred Eighty-Three) additional ordinary shares being issued and shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with section 83(1)(b) of the Companies Act, 2017 and other applicable laws of Pakistan."

"Further Resolved that any two of (i) Mr. Farid Ahmed Khan – Group Chief Corporate & Investment Banking, (ii) Mr. Khawar Ansari – Global Treasurer and (iii) Mr. Nadeem Amir - Chief Financial Officer (the "Authorized Representative"), be and are hereby authorized to take

all steps necessary, ancillary, and incidental to the above-mentioned resolutions, as and when required, and are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned."

The Bank intends to issue rated, privately placed/ subsequently listed, unsecured, subordinated and redeemable Term Finance Certificates ("TFCs") of up to PKR 10,000,000,000/- (Pak Rupees Ten Billion), inclusive of a green shoe option of up to PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million) as Tier 2 capital, in accordance with the Basel III regulations as implemented vide SBP's Circular BPRD Circular No. 06 dated August 15, 2013 ("SBP Circular"), which prescribes a loss absorption feature for Tier 2 capital instruments pursuant to which the TFCs may be converted into ordinary shares of the Bank if so directed by the State Bank of Pakistan ("SBP") on the occurrence of a point of non-viability as determined by SBP, at a price equivalent to the market value of the shares of the Bank on the date of trigger of the point of non-viability as declared by SBP in accordance with the applicable rules and regulations of SBP and Basel III Regulations ("PONV Event"). In accordance with the requirements of the SBP Circular, the Bank has agreed with the SBP for the issuance of up to a maximum of 2,244,788,883 (Two Billion Two Hundred Forty-Four Million Seven Hundred Eighty-Eight Thousand Eight Hundred Eighty-Three) ordinary shares against subject Tier 2 in case of the occurrence of the PONV Event.

In light of the above contemplated PONV Event, the Bank is required to obtain all approvals (in advance) for the issuance of such additional shares, however, it may be noted that issuance of such additional shares shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with S. 83(1)(b) of the Companies Act, 2017.

The information required to be annexed to the notice is set out below:

Name and brief profile of the banks/financial institutions to whom such shares are proposed to be issued	The shares will be issued to the TFC ADT-1 holders (at that time) in accordance with the directions of SBP at the time of trigger of PONV.
Price at which the proposed shares will be issued	The price of the shares shall be issued at the market value of the shares of the Bank, on the relevant date of trigger of PONV as declared by SBP however, total no. of shares to be issued are capped at 2,244,788,883 (Two Billion Two Hundred Forty Four Million Seven Hundred And Eighty Eight Thousand Eight Hundred Eighty Three) additional ordinary shares
Purpose of the issue of shares other than right, utilization of the proceeds of the issue and benefits to the Bank and its shareholders with necessary details	To convert the outstanding TFC ADT1 amount (in whole or part) into shares of the Bank, as per the directions of the SBP.
Existing shareholding of the banks / financial institutions to whom the proposed shares will be issued	Not Applicable
Total shareholding of the banks / financial institutions after the proposed issue of shares	Not Applicable
Whether the banks/ financial institutions have provided written consent for purchase of such shares	The terms of the TFC Issuance Agreement for the TFC Issue contain the details regarding such conversion.

Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of the SBP vide its Circular No. 6 of Banking Policy and Regulation Department dated August 15, 2013 and further directions of SBP in this matter.
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value.	Not Applicable
Details of the average market price during the last 3 (three) months and 6 (six) months preceding the board announcement as well as the latest available market price.	Not Applicable

The shares issued will rank pari passu in all respects with the existing shares of the Bank. The issue of shares other than by way of rights is subject to approval from the Securities and Exchange Commission of Pakistan.

The directors of the Bank have no personal interest in the resolutions except in their capacity as shareholders of the Bank to the extent of their respective shareholding.

Agenda Item No.09: Increase in Bank's Authorized Capital

The Board of Directors of the Bank in its meeting held on March 29, 2023, has approved the enhancement in Bank's Authorized Capital from Rs. 50.0 billion to Rs. 100.0 billion.

Accordingly, based on Bank's future business expansion plan and potential conversion of TFCs issued by the Bank into ordinary shares if PONV or Lock-in clause trigger in future, it is appropriate to further enhance Bank's authorized capital from Rs. 50.0 billion to Rs. 100.0 billion.

The Shareholders are requested to pass the following resolution:

"Resolved that enhancement in Bank's Authorized Capital to Rs.100.00 billion subject to amendment in Section 04 of The Bank of Punjab Act, 1989, be and is hereby approved."

Agenda Item No.10 Approval of Amendments in Board's Remuneration Policy of the Bank

The Board of Directors in their 306th meeting have recommended for approval of the shareholders the amendments in Board's Remuneration Policy of the Bank for attending the Board and its Committee(s) meetings in Compliance of State Bank of Pakistan BPRD Circular 05 of 2021 dated November 22,2021 (G-14).

The Board of Directors have decided that keeping in view the stature of the Board and the time allotted by each member the remuneration fee at present is not in line with the market which was substantiated through review report on Board remuneration by M/s. KPMG. The Bank of Punjab is now considered as a large Bank due to its Balance Sheet size, therefore, it is recommended that approval to the shareholders be requested to increase the Board and Committees meeting fee to Rs.295,000/- (net of tax). It is also recommended to revive 20% of the remuneration for additional work performed (including performing duties as Chairmen of the Board and its Sub-Committees) which was previously, voluntarily foregone for a period of one year.

Accordingly, following amendments have been proposed in the Board Remuneration Policy on pre-facto basis by passing the following resolutions:

"Resolved that increase in scale of Directors' remuneration including remuneration paid to Chairman for attending Board and Sub - Committee meetings, other than the President & CEO, to Rs. 295,000/- net of taxes, be and is hereby recommended to the shareholders for approval."

"Further resolved that the Board's Remuneration Policy-2020 be amended as follows:

Clause 4.1.2:

The remuneration of Board members for attending a Board meeting shall be Rs. 295,000/- (net of taxes).

Clause 4.3.1:

A Director shall be remunerated for any additional work assigned by the Board of Directors. The remuneration of a Director performing extra services shall not exceed 20% of the remuneration already set for him / her. In any case, remuneration paid to a Director for performing one such extra service / additional work should not exceed Rs. 59,000/- (net of applicable taxes), and the total payments made to one director for performing extra services should not exceed 20% of the total amount paid to a director for attending Board/Sub-Committee meeting, in a year.

A director will be provided Protocol and Car services, if required, for attending Board & Committee meetings.

Clause 4.3.2:

A director shall be remunerated additionally upto 20% of the remuneration set for him for holding the position of Chairman of the Board and Committee for attending Board and Sub-Committee meetings other than President & CEO.

Clause 5.1.2:

The remuneration of members of Board's Sub Committees for attending a Board's Committee meeting shall be Rs. 295,000/- (net of taxes).

Clause 5.1.4:

The remuneration of Director(s) for attending a Board's Sub-Committee meeting on Special Invitation shall be Rs. 295,000/- (net of taxes).

Clause 6.13.1:

The remuneration of Chairman for attending Board and Sub-Committee(s) meetings shall be Rs. 295,000/- (net of taxes)."

"Further resolved that amendments placed above in the Board's Remuneration Policy, be and are hereby recommended to the shareholders on pre-facto basis."

The subject revisions shall be effective from the date of approval of the shareholders in the General Meeting.



UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

pwc

A·F·FERGUSON&CO.

INDEPENDENT AUDITOR'S REPORT

To the members of The Bank of Punjab

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of The Bank of Punjab (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 25 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

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

Basis for Opinion

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

Key Audit Matter(s)

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

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Provision against advances** (Refer notes 4.2, 5.4 and 10.4 to the unconsolidated financial statements). The Bank makes provision against advances on a time–based criteria that involves ensuring that all non–performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP). In addition to the above time–based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances. The PRs also require the creation of general provision for certain categories of advances. As at December 31, 2023, the Bank holds a total provision of Rs. 43,122.945 million against advances in the unconsolidated financial statements of the Bank. The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall unconsolidated statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.	Our audit procedures to verify provision against advances included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non–performing advances. The testing of controls included testing of: • controls over correct classification of non–performing advances on time–based criteria; • controls over monitoring of advances with higher risk of default and correct classification of non–performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of loan accounts and performed the following substantive procedures: • checked repayments of loan / mark–up installments and tested classification of non–performing advances based on the number of days overdue; and • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non–performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. We checked the accuracy of specific provision made against non–performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs.

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

   a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

   b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

   c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

   d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.

A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 6, 2024

UDIN: AR202310092Jb8jVrHE2

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023	2022
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	6	100,894,255	73,203,096
Balances with other banks	7	8,283,392	4,814,454
Lendings to financial institutions	8	144,960,933	69,819,342
Investments – net	9	913,191,416	638,258,636
Advances – net	10	806,386,880	589,581,439
Fixed assets	11	33,212,981	30,339,290
Intangible assets	12	2,091,021	1,767,987
Deferred tax assets – net	13	10,242,767	14,554,517
Other assets – net	14	196,916,345	59,551,375
		2,216,179,990	1,481,890,136
LIABILITIES			
Bills payable	16	5,507,855	6,323,641
Borrowings	17	453,965,991	80,820,212
Deposits and other accounts	18	1,520,853,642	1,227,339,490
Liabilities against assets subject to finance lease		–	–
Subordinated debts	19	30,204,640	17,203,760
Deferred tax liabilities		–	–
Other liabilities – net	20	124,893,250	85,151,020
		2,135,425,378	1,416,838,123
NET ASSETS		80,754,612	65,052,013
REPRESENTED BY			
Share capital – net	21	32,452,535	29,478,381
Reserves		14,951,729	12,683,892
Surplus / (deficit) on revaluation of assets – net of tax	22	1,828,553	(2,323,430)
Unappropriated profit		31,521,795	25,213,170
		80,754,612	65,052,013
CONTINGENCIES AND COMMITMENTS	23		

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

	Note	2023	2022
		Rupees in '000'	
Mark–up / return / interest earned	24	327,193,801	137,167,964
Mark–up / return / interest expensed	25	286,248,218	106,409,754
Net mark–up / interest income		40,945,583	30,758,210
NON MARK–UP / INTEREST INCOME			
Fee and commission income	26	7,429,415	7,331,732
Dividend income		568,187	707,730
Foreign exchange income		297,507	1,887,347
Income / (loss) from derivatives		–	–
Gain on securities – net	27	5,254,622	343,156
Other income – net	28	4,167,800	306,405
Total non–markup / interest income		17,717,531	10,576,370
Total income		58,663,114	41,334,580
NON MARK–UP / INTEREST EXPENSES			
Operating expenses	29	37,119,633	27,373,551
Workers welfare fund		323,580	288,535
Other charges	30	54,909	42,931
Total non–markup / interest expenses		37,498,122	27,705,017
Profit before provisions		21,164,992	13,629,563
Reversal of provisions and write offs – net	31	(52,925)	(4,877,957)
Extra ordinary / unusual items		–	–
PROFIT BEFORE TAXATION		21,217,917	18,507,520
Taxation – net	32	9,878,732	7,673,313
PROFIT AFTER TAXATION		11,339,185	10,834,207
			(Restated)
Basic earnings per share (Rs.)	33	3.47	3.31
Diluted earnings per share (Rs.)	34	3.47	3.31

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at December 31, 2023

	Note	2023	2022
		Rupees in '000'	
Profit after taxation for the year		11,339,185	10,834,207
Other comprehensive income / (loss) :			
Items that may be reclassified to profit and loss account			
in subsequent periods:			
Movement in surplus / (deficit) on revaluation of			
investments – net of tax	22	4,893,259	(1,373,101)
Items that will not be reclassified to profit and loss			
account in subsequent periods:			
Remeasurement (loss) / gain on defined			
benefit obligation	37.1.7.2	(257,339)	169,420
Movement in surplus on revaluation of property			
and equiment – net of tax	22.1	(285,427)	(138,107)
Movement in surplus on revaluation of			
non–banking assets – net of tax	22.2	6,121	724,933
		(536,645)	756,246
Total comprehensive income for the year		15,695,799	10,217,352

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Share capital	Discount on issue of shares	Share capital – net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Surplus / (Deficit) – net of tax on revaluation of		Unappropriated profit	Total
							Investments	Fixed and non banking assets		
	Rupees in '000'									
Balance as at January 01, 2022	26,436,924	(263,158)	26,173,766	2,215,040	–	8,302,011	(6,446,164)	5,077,454	19,510,769	54,832,876
Profit after taxation for the year	–	–	–	–	–	–	–	–	10,834,207	10,834,207
Other comprehensive (loss) / income – net of tax	–	–	–	–	–	–	(1,373,101)	586,826	169,420	(616,855)
Total comprehensive (loss) / income for the year ended December 31, 2022	–	–	–	–	–	–	(1,373,101)	586,826	11,003,627	10,217,352
Transfer to statutory reserve	–	–	–	–	–	2,166,841	–	–	(2,166,841)	–
Transfer from surplus on revaluation of property and equipment to unappropriated profit – net of tax	–	–	–	–	–	–	–	(123,660)	123,660	–
Transfer from surplus on revaluation of non banking assets to unappropriated profit – net of tax	–	–	–	–	–	–	–	(5,298)	5,298	–
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	–	–	–	–	–	–	–	(39,487)	41,272	1,785
Transactions with owners, recognized directly in equity :										
Final stock dividend – December 31, 2021 declared subsequent to year end at 12.5% per share	–	–	–	–	3,304,615	–	–	–	(3,304,615)	–
Issuance of bonus shares during the year	3,304,615	–	3,304,615	–	(3,304,615)	–	–	–	–	–
	3,304,615	–	3,304,615	–	–	–	–	–	(3,304,615)	–
Balance as at December 31, 2022	29,741,539	(263,158)	29,478,381	2,215,040	–	10,468,852	(7,819,265)	5,495,835	25,213,170	65,052,013
Profit after taxation for the year	–	–	–	–	–	–	–	–	11,339,185	11,339,185
Other comprehensive income / (loss) – net of tax	–	–	–	–	–	–	4,893,259	(279,306)	(257,339)	4,356,614
Total comprehensive income / (loss) for the year ended December 31, 2023	–	–	–	–	–	–	4,893,259	(279,306)	11,081,846	15,695,799
Transfer to statutory reserve	–	–	–	–	–	2,267,837	–	–	(2,267,837)	–
Transfer from surplus on revaluation of property and equipment to unappropriated profit – net of tax	–	–	–	–	–	–	–	(121,306)	121,306	–
Transfer from surplus on revaluation of non banking assets to unappropriated profit – net of tax	–	–	–	–	–	–	–	(4,871)	4,871	–
Transfer from surplus on revaluation of non banking assets to unappropriated profit on disposal	–	–	–	–	–	–	–	(335,793)	342,593	6,800
Transactions with owners, recognized directly in equity :										
Final stock dividend – December 31, 2022 declared subsequent to year end at 10% per share	–	–	–	–	2,974,154	–	–	–	(2,974,154)	–
Issuance of bonus shares during the year	2,974,154	–	2,974,154	–	(2,974,154)	–	–	–	–	–
	2,974,154	–	2,974,154	–	–	–	–	–	(2,974,154)	–
Balance as at December 31, 2023	32,715,693	(263,158)	32,452,535	2,215,040	–	12,736,689	(2,926,006)	4,754,559	31,521,795	80,754,612

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

UNCONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2023

	Note	2023	2022
		Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		21,217,917	18,507,520
Less: Dividend income		(568,187)	(707,730)
		20,649,730	17,799,790
Adjustments:			
Depreciation on property and equipment	11.3	1,912,246	1,408,416
Depreciation on non banking assets acquired in satisfaction of claims	14.1.1	22,134	32,879
Depreciation on ijarah assets under IFAS – 2	29	186,585	134,532
Depreciation on right–of–use assets	29	1,730,876	1,297,050
Amortization on intangible assets	12.1	342,207	143,742
Amortization of discount on debt securities – net		(7,639,065)	(4,979,780)
Markup on lease liability against right–of–use assets	25	1,939,763	1,496,059
Unrealized (gain) / loss on revaluation of investments classified as held for trading	9.1	(55,003)	63,509
Unrealized loss on revaluation of deliverable future contracts	27	7,887	–
Reversal of provisions and write offs – net	31	(52,925)	(4,877,957)
Workers welfare fund		323,580	288,535
Gain on termination of lease liability against right–of–use assets	28	(238,561)	(9,631)
Gain on sale of property and equipment – net	28	(8,606)	(149,065)
Gain on sale of non banking assets – net	28	(3,882,298)	(114,420)
Realized gain on sale of securities – net	27.1	(5,207,506)	(406,665)
Provision for employees compensated absences	29.1	12,421	23,343
Provision for gratuity	29.1	440,539	347,012
		(10,165,726)	(5,302,441)
		10,484,004	12,497,349
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(75,141,591)	(38,838,954)
Held for trading securities		(37,643,704)	27,146,306
Advances		(215,546,947)	(100,347,321)
Others assets		(139,641,470)	(26,286,091)
		(467,973,712)	(138,326,060)
Increase / (decrease) in operating liabilities:			
Bills payable		(815,786)	(3,785,818)
Borrowings from financial institutions		372,945,654	9,496,724
Deposits and other accounts		293,514,152	224,384,823
Other liabilities (excluding current taxation and gratuity fund)		36,181,655	27,667,326
		701,825,675	257,763,055
Payment made to gratuity fund		(171,152)	(268,144)
Income tax paid		(7,639,610)	(5,002,727)
		(7,810,762)	(5,270,871)
Net cash flow from operating activities		236,525,205	126,663,473

	Note	2023	2022
		Rupees in '000'	
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		(217,092,316)	(98,706,672)
Net investment in held to maturity securities		–	(34,220,612)
Dividends received		568,187	709,190
Investment in fixed assets		(4,474,807)	(3,837,503)
Investment in intangible assets		(665,241)	(810,717)
Proceeds from sale of property and equipment		19,452	158,509
Proceeds from sale of non banking assets acquired			
in satisfaction of claims	14.1.2	5,568,719	731,319
Investment in subsidiary company		(110,487)	–
Net cash used in investing activities		(216,186,493)	(135,976,486)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated debts		(2,497,120)	(2,720)
Payment of lease liability against right–of–use assets		(2,379,620)	(2,120,592)
Subscription received – privately placed term			
finance certificates – III	19.5	4,600,000	2,400,000
Advance subscription money received – privately placed			
term finance certificates – IV	19.6	6,998,000	–
Advance subscription money received – Subordinated perpetual			
term finance certificates ADT – I 2nd issue	19.2	3,900,000	–
Issuance of subordinated perpetual term			
finance certificates ADT – I		–	7,017,500
Net cash flow from financing activities		10,621,260	7,294,188
Increase / (decrease) in cash and cash equivalents		30,959,972	(2,018,825)
Cash and cash equivalents at beginning of the year		78,017,550	80,036,375
Cash and cash equivalents at end of the year	35	108,977,522	78,017,550

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1 STATUS AND NATURE OF BUSINESS

The Bank of Punjab (the Bank) was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10–B, Block E–II, Main Boulevard, Gulberg III, Lahore. The Bank has 815 branches including 16 sub branches and 160 Islamic banking branches (2022: 780 branches including 16 sub branches and 140 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank also has 73 Islamic banking windows (December 31, 2022 : 40 Islamic banking windows). The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb). The Pakistan Credit Rating Agency (PACRA) assigned long term rating of AA+ with stable outlook and short term rating of A1+ to the Bank.

2 BASIS OF PRESENTATION

In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade–related modes of financing include purchase of goods by the Banks from their customers and immediate resale to them at appropriate marked–up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark–up thereon.

These unconsolidated financial statements are separate financial statements of the Bank in which the investment in subsidiaries are stated at cost less impairment losses (if any) and has not been accounted for on the basis of reported results and net assets of the investee. Consolidated financial statements of the Group are being issued separately.

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

2.1 Statement Of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP);
- Requirements of The Bank of Punjab Act, 1989; and
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

Wherever the requirements of the directives issued by the SBP and SECP, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 differ with the requirements of the IFRS or IFAS, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 take precedence.

2.1.2 SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the 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 unconsolidated financial statements.

2.1.3 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards – 3 for (IFAS) 3 "Profit & Loss Sharing on Deposits" issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in these unconsolidated financial statements of the Bank.

2.1.4 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted (IFRS) 10 "Consolidated Financial Statements" effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

2.1.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2023

During the year, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the standards, amendments, interpretations and improvements did not have any material effect on these unconsolidated financial statements of the Bank.

2.1.6 New accounting standards and IFRS interpretations that are not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its unconsolidated financial statements in the period of initial application other than (IFRS) 9 "Financial Instruments".

	Standard or Interpretations	'Effective date (accounting periods beginning on or after)
IAS 1	Amendments to IAS 1 – Non current liabilities with convenants	January 01, 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	January 01, 2024
IAS 21	Amendments to IAS 21 – Lack of Exchangeability	January 01, 2025

IFRS 9 Financial Instruments

As directed by SBP via BPRD Circular letter no. 7 of 2023 dated April 13, 2023, IFRS 9 is effective for periods beginning on or after January 01, 2024 for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Further, SBP vide Circular no. 03 of 2022 dated July 05, 2022 has also finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the year 2023, the management of the Bank has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. In addition, the Bank will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP.

Governance, ownership and responsibilities

The Bank has developed models / methodologies for Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factor (CCF). These models shall be validated on an annual basis considering the following aspects:

– Quantitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.

– Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

Further, the Bank will perform back testing of ECL at least on yearly basis and will be responsible for the independent validation of the risk parameters / risk models; including PD, LGD and CCF etc., that are used to compute the ECL which would be carried out as per the policy.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Sole Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, Fair Value Through Other Comprehensive Income ('FVTOCI') or Fair Value Through Profit or Loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised. Further financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

The classification of equity instruments is generally measured as FVTPL unless the Bank elects for FVTOCI at initial recognition. However dividends received are recognised in the profit and loss account. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity securities

The Bank expects to continue measuring at fair value all financial assets currently held at fair value.

Equity shares currently held as Available For Sale (AFS) with gains and losses recorded in OCI, the Bank will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact on adoption. However, in accordance with IFRS 9 requirements, fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

Unquoted equity securities are required to be measured at fair value under IFRS 9, however, SBP has allowed relaxation to banks till one year to carry these investments under the current PR regime.

Debt securities and Loans and advances

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

Impairment

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

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

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

– PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

– LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.

– EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre–payments and forward–looking information where relevant.

For the purpose of calculation of ECL, the Bank has used 5 years data till December 31, 2023 and going forward, one more year's data shall be included until the Bank has at least 10 years data. For calculating ECL, the Bank shall classify its financial assets under three following categories:

a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Bank shall recognize an allowance based on the 12–month ECL.

b) Stage 2: Under–Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Bank shall recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.

c) Stage 3: Non–Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Bank shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per prudential regulations issued by SBP and higher of the two is maintained.

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

Significant increase in credit risk (SICR)

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

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

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

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

Presentation and disclosure

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

The SBP vide Circular No. 02 of 2023 dated February 09, 2023 issued a revised format for financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan. The SBP vide BPRD Circular letter no. 07 of 2023 dated April 13, 2023 also extended the timeline for preparation of annual / interim financial statements on revised format to the 1st quarter of 2024.

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Impairment

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 01, 2024 is reduction in equity net of tax of approximately Rs. 7,449,278 thousand, representing corresponding impact of an increase of approximately Rs. 15,579,407 thousand related to impairment requirements.

The Bank continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption. the new systems and associated controls in place have not been operational for a more extended period.

Impact on regulatory capital

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

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

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

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	12.35%	13.29%
Tier 1 Capital Adequacy Ratio	14.50%	15.42%
Total Capital Adequacy Ratio	17.59%	18.37%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.35%	7.29%

3 BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention, except for revaluation of freehold land and buildings on freehold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value, right–of–use assets, lease liabilities and certain staff retirement benefits at present value.

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

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

4.1 Classification of investments

In classifying investments as "held for trading", the Bank has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity", the Bank follows the guidance provided in SBP circulars on classifying non–derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.

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

4.2 Provision against non–performing advances and debt securities classified as investments

Apart from the provision determined on the basis of time–based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances and debt securities is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

4.3 Impairment of available for sale investments

The Bank considers that available for sale equity investments are impaired when there has been a significant and prolonged decline in the fair value below its cost. Other factors will also need to be considered before deciding the permanent impairment of investment. This determination of what is significant and prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the statement of financial position date, the management has determined an impairment loss on available for sale securities, held to maturity securities and subsidiary companies as disclosed in note 9.3 to these unconsolidated financial statements.

4.4 Depreciation, amortization and revaluation of fixed assets and intangibles

Estimates of useful life of property and equipment are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is 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 method is changed to reflect the change in pattern. Further, the Bank estimates the revalued amount of freehold land and buildings on freehold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

4.5 Income taxes

In making estimates for income taxes currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Bank's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

4.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long–term nature of these plans, such estimates are subject to significant uncertainty.

4.7 Non banking assets acquired in satisfaction of claims

The Bank estimates the revalued amounts of non banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

4.8 Lease liability on right–of–use assets

In making estimates, the Bank uses following practical expedients and significant judgments, as permitted by the standard:

- Use of a single discount rate for leases with similar characteristics; and
- Lease term as the non–cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

5 MATERIAL ACCOUNTING POLICY INFORMATION

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

5.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

5.2 Lendings / borrowings from financial institutions

The Bank enters into transactions of sale under repurchase obligations (repo) and purchase under resale obligations (reverse repo) at contracted rates for a specified period of time. These are recorded as under:

5.2.1 Sale under repurchase obligations

Securities sold subject to a repurchase agreement (repo) are retained in the unconsolidated financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

5.2.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the unconsolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is accrued using effective yield method and recorded as interest income.

5.3 Investments

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

All regular way purchase / sale of investment are recognized on the trade date, i.e., the date the Bank commits to purchase / sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Investment in subsidiary is stated at cost less provision for impairment (if any). Other investments are classified as follows:

Held for trading

These are securities which are acquired with the intention to trade by taking advantage of short–term market/ interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account. These are measured at subsequent reporting dates at fair value.

Held to maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost. These are subsequently measured at amortised cost, less any impairment loss recognized to reflect irrecoverable amount.

Available for sale

These are investments, other than those in subsidiaries and associates, which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus / (deficit) on revaluation taken to 'Surplus / (deficit) on revaluation of assets' shown in equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break–up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time–based criteria as per the SBP's Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortised using the effective yield method.

On de–recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as "Surplus / (Deficit) on revaluation of assets" in equity is included in the profit and loss account for the year.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

5.4 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for non performing loans. Provision for non performing loans is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

Under Ijarah financing, the Bank transfers the rights to use an asset to the customer for an agreed period for an agreed consideration. Assets given under Ijarah are stated at cost less accumulated depreciation, residual value and impairment losses, if any. The depreciation is calculated on a straight–line basis over the term of the Ijarah after taking into account the estimated residual value.

Istisna is a mode of resale at an agreed price, whereby the buyer places an order to or cause to manufacture, assemble or construct anything to be delivered at a future date. The funds disbursed under Istisna are recorded as "Advance against Istisna". After the manufacturing of goods, the same are recorded as inventories at the statement of financial position and after the sale of goods by customer to its ultimate buyers, Istisna financing is recognized.

For Running Musharakah, the Bank and the customer enter a Musharakah (transaction or business partnership arrangement) where the Bank agrees to finance the operating activities of the customer's business and share the profit or loss at a pre agreed ratio. Profit is provisionally recognised on an accrual basis and is adjusted once the customer declares the final profit after issuance of audited financial statements.

In Murabaha transactions, the Bank purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remained unsold at the statement of financial position date are recorded as inventories. Deferred income on Murabaha financing is adjusted against Murabaha receivable.

In Diminishing Musharaka based financing, the Bank enters into Musharaka based on partnership for financing and agreed share of fixed assets with its customers and enters into period profit payment agreement for the utilization of the Bank's Musharaka share by the customer.

5.5 Fixed assets and depreciation

5.5.1 Property and equipment

Property and equipment, other than freehold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount.

Depreciation on property and equipment is charged to profit and loss account using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles, leasehold improvements and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 11.3 to these unconsolidated financial statements. Impairment loss or its reversal, if any, is charged to profit and loss account. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

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.

Surplus arising on revaluation of freehold land and buildings on freehold land is credited to the "Surplus on revaluation of assets" in equity and any deficit arising on revaluation is taken to profit and loss account directly. Revaluation by independent professionally qualified valuers, is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un–appropriated profit / accumulated loss.

Gains and losses on sale of fixed assets are charged to profit and loss account currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

5.5.2 Capital work–in–progress

Capital work–in–progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

5.5.3 Right–of–use assets

The right–of–use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right–of–use assets are subsequently depreciated over the lease term using a straight line basis as it closely reflects the expected pattern of consumption of future economic benefits. The right–of–use assets are to be reduced by impairment losses, if any, and adjusted for certain re–measurements of lease liability. Right–of–use assets are recognized using cost model.

5.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses (if any). The cost of intangible assets is amortised over their useful lives, using the straight line method as per the rates given in note 12.1 to these unconsolidated financial statements. Amortisation on additions is charged from the month the assets are available for use while no amortisation is charged in the month in which the assets are disposed.

Intangible–in–progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

5.7 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

5.8 Subordinated debts

Subordinated loans are initially recorded at the amount of proceeds received. Mark–up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

5.9 Employee retirement and other benefits

Defined contribution plan – Provident fund

The Bank operates an approved provident fund scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Bank are charged to profit and loss account.

Defined benefit plan – Gratuity scheme

The Bank operates an approved funded gratuity scheme for all its permanent employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to profit to loss account. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

Defined benefit plan – Employees' compensated absences

The Bank makes annual provision in the unconsolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to profit and loss account in the year in which they occur.

5.10 Non–banking assets acquired in satisfaction of claims

Non–banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation except land which is carried at revalued amount. The non–banking assets are depreciated over useful life on reducing balance method. Revaluation by independent professionally qualified valuers, is carried

out with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of non banking assets is credited to the 'surplus on revaluation of 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 profit and loss account and not capitalized.

5.11 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

5.12 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized:

Mark–up / return / interest income

Mark–up / return / interest on advances and return on investments are recognized in profit and loss account on an accrual basis, except mark–up on non–performing advances which is recognized when received.

Dividend income

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

Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to profit and loss account over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain / loss on termination of lease contracts, documentation charges and other lease income are recognized through profit and loss account when these are realized.

Fees and commission income

Fee commission is recognized at amount that reflects consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognizes fees earned on transaction based arrangements at point in time, when the Bank has provided the services to customer. Where the contract requires services to be provided over time, income is recognized on systematic basis over the period of arrangement.

5.13 Lease liabilities against right–of–use assets

The lease liability is initially measured at present value of lease payments to be made over lease term, discounted using the Bank's incremental weighted average borrowing rate. The lease liability shall be subsequently measured at amortised cost using the effective interest rate method i.e. increase by interest cost on lease liability and decrease by lease payments made.

5.13.1 Short–term leases and leases of low–value asset

The bank applies the short–term lease recognition exemption to its short–term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low–value assets recognition exemption to leases that are low value. Lease payments on short–term leases and leases of low–value assets are recognized as expense on a straight–line basis over the lease term.

5.14 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

5.15 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

5.16 Provisions

Provisions are recorded when the Bank has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

5.17 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

5.18 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the equity.

5.19 Acceptances

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

5.20 Financial instruments

5.20.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lending to financial institutions, investments, advances, certain receivables, bills payable, borrowing from financial institutions, deposits and other accounts, subordinated debts and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.20.2 Off setting

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

5.21 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product 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.

5.21.1 Business segments

Corporate and investment banking

This includes, loans, project finance, real estate finance, export finance, trade finance, commercial & investment banking, and other banking activities with corporate and public sector customers.

Cards and public sector deposits

It includes public sector deposits and related banking services including home remittances and card related banking services to customers of the Bank.

Consumer banking group

It includes private sector deposits and loans under retail finance, agriculture customers, small and medium enterprises and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.

Islamic

The segment pertains to full scale Islamic Banking operations of the Bank.

Others

This includes head office related activities, and all other activities not tagged to the segments above.

5.21.2 Geographical segments

The Bank operates only in Pakistan.

5.22 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the unconsolidated financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

5.23 Earnings per share

The Bank presents Earnings Per Share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by 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 effect of all dilutive potential ordinary shares (if any).

	Note	2023	2022
		Rupees in '000'	
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		22,977,714	26,710,371
Foreign currencies		4,254,423	1,491,640
		27,232,137	28,202,011
With SBP in:			
Local currency current account	6.1	53,549,120	38,888,327
Foreign currency current account	6.2	2,931,351	1,797,861
Foreign currency deposit accounts	6.3	6,592,100	3,734,458
		63,072,571	44,420,646
With National Bank of Pakistan in:			
Local currency current accounts		10,307,990	519,449
Prize bonds		281,557	60,990
		100,894,255	73,203,096

6.1 This represents current account maintained with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

6.2 This represents mandatory reserves maintained in respect of foreign currency deposits under FE–25 scheme, as prescribed by the SBP.

6.3 This includes Special Cash Reserve Account maintained with SBP. This account carries mark–up at the rate ranging from 3.39% to 4.34% per annum (2022: 0.00% to 3.14% per annum) as announced by SBP on monthly basis.

	Note	2023	2022
		Rupees in '000'	
7 BALANCES WITH OTHER BANKS			
In Pakistan:			
Current accounts		32,515	69,188
Deposit accounts	7.1	1,579	1,710
		34,094	70,898
Outside Pakistan:			
Current accounts		3,821,143	2,233,769
Deposit accounts	7.2	4,428,155	2,509,787
		8,249,298	4,743,556
		8,283,392	4,814,454

7.1 These carry mark–up at rates ranging from 8.45% to 20.50% per annum (2022: 5.50% to 14.50% per annum).

7.2 These carry mark–up at rates ranging from 4.38% to 5.03% per annum (2022: 4.03% to 4.08% per annum).

	Note	2023	2022
		Rupees in '000'	
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	8.2	137,025,933	52,244,342
Placements	8.3	7,935,000	17,575,000
		144,960,933	69,819,342
8.1 Particulars of lending			
In local currency		144,960,933	69,819,342
In foreign currencies		–	–
		144,960,933	69,819,342

8.2 Securities held as collateral against lending to financial institutions

	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000'					
Market treasury bills	38,042,797	–	38,042,797	52,244,342	–	52,244,342
Pakistan investment bonds	98,983,136	–	98,983,136	–	–	–
Total	137,025,933	–	137,025,933	52,244,342	–	52,244,342

Market value of securities held as collateral as at December 31, 2023 amounted to Rs. 147,815,674 thousand (2022: Rs. 52,351,059 thousand). These carry mark–up at rate ranging from 22.05% to 22.98% per annum (2022: 16.00% to 16.40% per annum) with maturities upto January 05, 2024.

8.3 These carry profit at rate ranging from 18.61% to 22.95% per annum (2022: 14.65% to 16.20% per annum) with maturities upto December 01, 2026. Further the placement amounting to Rs. 4,000,000 thousand (2022: Nil) is secured against GOP ijara sukuk amounting to Rs. 4,000,000 thousand (2022: Nil).

9 INVESTMENTS – NET

		Note	2023 Cost / Amortised cost	2023 Provision for diminution	2023 Surplus / (Deficit)	2023 Carrying value	2022 Cost / Amortised cost	2022 Provision for diminution	2022 Surplus / (Deficit)	2022 Carrying value
			Rupees in '000'							
9.1	**Investments by type:**									
	Held for trading securities									
	Federal government securities	9.1.1	44,069,917	–	55,003	44,124,920	6,048,429	–	(1,471)	6,046,958
	Ordinary shares		–	–	–	–	383,064	–	(62,038)	321,026
			44,069,917	–	55,003	44,124,920	6,431,493	–	(63,509)	6,367,984
	Available for sale securities									
	Federal government securities	9.1.1 & 9.2.1	756,146,695	–	(6,307,576)	749,839,119	524,597,694	–	(12,526,946)	512,070,748
	Shares		4,827,848	(982,532)	547,733	4,393,049	11,148,229	(2,156,597)	(1,144,246)	7,847,386
	Mutual funds & investment trust units		3,228,680	–	22,283	3,250,963	2,628,680	–	6,458	2,635,138
	Non government debt securities		15,493,496	(2,580,709)	292	12,913,079	14,936,247	(2,441,149)	(53,276)	12,441,822
	Foreign securities		11,957	–	–	11,957	11,957	–	–	11,957
			779,708,676	(3,563,241)	(5,737,268)	770,408,167	553,322,807	(4,597,746)	(13,718,010)	535,007,051
	Held to maturity securities									
	Federal government securities	9.1.1 & 9.6.1	98,547,842	–	–	98,547,842	96,883,601	–	–	96,883,601
	WAPDA bonds		400	(400)	–	–	400	(400)	–	–
			98,548,242	(400)	–	98,547,842	96,884,001	(400)	–	96,883,601
	Subsidiaries	9.1.3	275,432	(164,945)	–	110,487	164,945	(164,945)	–	–
	Total investments		922,602,267	(3,728,586)	(5,682,265)	913,191,416	656,803,246	(4,763,091)	(13,781,519)	638,258,636

9.1.1 Market treasury bills and Pakistan investment bonds are eligible for re–discounting with SBP.

9.1.2 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities.

9.1.3 During the year, the Bank made direct investment of Rs. 85,487 thousand through acquisition of 100% shares of Punjab Capital Securities (Private) Limited (a group company) from First Punjab Modaraba, being managed by a subsidiary company of the Bank, in accordance with applicable laws and regulations. Further, in order to support capital base of Punjab Capital Securities (Private) Limited, the Bank made additional investment of Rs. 25,000 thousand.

The Bank has three subsidiary companies i.e. Punjab Modaraba Services (Private) Limited (PMSL), First Punjab Modaraba (FPM) and Punjab Capital Securities (Private) Limited (PCS). The wholly owned subsidiary company of the Group, PMSL exercises control over FPM, as its management company and also has a direct economic interest in it. The country of incorporation of all subsidiary companies is Pakistan. Key financial results of subsidiary companies are as follows:

	2023	2022
	Rupees in '000'	
Investment in subsidiaries		
Punjab Modaraba Services (Private) Limited	164,945	164,945
Punjab Capital Securities (Private) Limited	110,487	–
Provision for diminution held against Punjab Modaraba Services (Private) Limited	275,432	164,945
Closing balance	(164,945)	(164,945)
	110,487	–

	PMSL		FPM		PCS	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Un–audited	Audited	Un–audited	Audited	Un–audited	Audited
	Rupees in '000'					
Total assets	26,669	38,414	2,160,750	2,040,725	146,688	106,259
Total liabilities	102,852	102,687	2,199,536	2,040,675	49,462	26,003
Equity	(76,183)	(64,273)	(38,786)	50	97,226	80,256

	PMSL		FPM		PCS	
	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	Un–audited	Audited	Un–audited	Audited	Un–audited	Audited
	'Rupees in '000'					
Revenue	–	–	253,126	194,495	31,789	18,562
(Loss) / profit after tax	(6,320)	(6,910)	(38,836)	(18,217)	8,290	3,067
Total comprehensive (loss) / income	(12,047)	(16,501)	(38,836)	(18,217)	(8,468)	(873)

			2023				2022			
		Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
			Rupees in '000'							
9.2	Investments by segments:									
	Federal government securities:									
	Market treasury bills	9.2.1	27,197,863	–	5,330	27,203,193	62,645,538	–	(535,430)	62,110,108
	Pakistan investment bonds	9.2.1	835,207,415	–	(5,123,491)	830,083,924	538,887,924	–	(11,323,483)	527,564,441
	Ijarah sukuks		30,812,638	–	(1,134,412)	29,678,226	21,243,759	–	(669,504)	20,574,255
	Naya Pakistan certificates		5,546,538	–	–	5,546,538	4,752,503	–	–	4,752,503
	WAPDA bonds		400	(400)	–	–	400	(400)	–	–
			898,764,854	(400)	(6,252,573)	892,511,881	627,530,124	(400)	(12,528,417)	615,001,307
	Shares:									
	Listed companies		4,721,490	(897,434)	547,733	4,371,789	11,424,935	(2,069,205)	(1,206,284)	8,149,446
	Unlisted companies		106,358	(85,098)	–	21,260	106,358	(87,392)	–	18,966
			4,827,848	(982,532)	547,733	4,393,049	11,531,293	(2,156,597)	(1,206,284)	8,168,412
	Mutual funds & investment trust units		3,228,680	–	22,283	3,250,963	2,628,680	–	6,458	2,635,138
			3,228,680	–	22,283	3,250,963	2,628,680	–	6,458	2,635,138
	Non government debt securities:									
	Listed		8,730,532	(5,488)	292	8,725,336	9,216,742	(15,321)	(53,276)	9,148,145
	Unlisted		6,762,964	(2,575,221)	–	4,187,743	5,719,505	(2,425,828)	–	3,293,677
			15,493,496	(2,580,709)	292	12,913,079	14,936,247	(2,441,149)	(53,276)	12,441,822
	Foreign securities:									
	Equity securities	9.5	11,957	–	–	11,957	11,957	–	–	11,957
	Subsidiaries:									
	Punjab Modaraba Services (Private) Limited		164,945	(164,945)	–	–	164,945	(164,945)	–	–
	Punjab Capital Securities (Private) Limited		110,487	–	–	110,487	–	–	–	–
	Total investments		922,602,267	(3,728,586)	(5,682,265)	913,191,416	656,803,246	(4,763,091)	(13,781,519)	638,258,636

		Note	2023	2022
			Rupees in '000'	
9.2.1	**Investments given as collateral – at cost / amortized cost**			
	Market treasury bills		–	1,380,412
	Pakistan investment bonds		379,071,721	506,634
			379,071,721	1,887,046
9.3	**Provision for diminution in value of investments**			
9.3.1	Opening balance		4,763,091	4,110,937
	Charge / reversals :			
	Charge for the year		943,086	1,462,220
	Reversals for the year		(147,044)	(84,414)
		31	796,042	1,377,806
	Reversal on disposals		(1,830,547)	(725,652)
	Closing balance		3,728,586	4,763,091

		2023		2022	
		NPI	Provision	NPI	Provision
		Rupees in '000'			
9.3.2	**Particulars of provision against debt securities**				
	Domestic				
	Other assets especially mentioned	–	–	–	–
	Substandard	–	–	–	–
	Doubtful	–	–	–	–
	Loss	2,581,109	2,581,109	2,441,549	2,441,549
	Total	2,581,109	2,581,109	2,441,549	2,441,549

9.4 Quality of available for sale securities

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

	2023	2022
	Cost / Amortised cost	
	Rupees in '000'	
Federal government securities – government guaranteed		
Market treasury bills	–	62,607,729
Pakistan investment bonds	719,787,519	435,993,702
Naya Pakistan certificates	5,546,538	4,752,503
Ijarah sukuks	30,812,638	21,243,760
	756,146,695	524,597,694

	2023	2022
	Cost	
	Rupees in '000'	
Shares		
Listed Companies		
Automobile assembler / parts & accessories	–	262,541
Cable & electrical goods	150,224	529,938
Cement	170,187	1,091,514
Chemicals	921,623	911,022
Commercial banks	505,332	942,258
Engineering	–	704,284
Fertilizer	815,613	850,960
Glass & ceramics	–	230,448
Insurance	–	111,637
Investment banks / investment companies / securities companies	–	45,066
Oil & gas exploration companies	356,602	393,552
Oil & gas marketing companies	391,409	722,663
Paper & board	–	190,967
Pharmaceuticals	144,455	938,317
Power generation & distribution	653,948	718,043
Refinery	47,743	364,659
Technology & telecommunication	335,211	844,819
Textile composite /weaving/ spinning	225,542	1,102,177
Transport	–	70,019
Others	3,601	16,987
	4,721,490	11,041,871

	2023		2022	
Unlisted Companies	**Cost**	**Breakup value**	**Cost**	**Breakup value**
	Rupees in '000'			
Al – Baraka Bank Pakistan Limited	25,000	21,260	25,000	19,527
Al – Arabia Sugar Mills Limited	81,358	–	81,358	–
	106,358	21,260	106,358	19,527

	2023	2022
	Cost	
	Rupees in '000'	
Mutual funds & investment trust units		
NIT Social Impact Fund	65,000	65,000

	2023		2022	
	Cost	**Breakup value**	**Cost**	**Breakup value**
	Rupees in '000'			
TPL REIT Limited	3,163,680	3,872,000	2,563,680	2,693,600

		2023	2022
		Cost	
		Rupees in '000'	
	Non government debt securities		
	Listed		
	– AAA	–	20,833
	– AA+, AA, AA–	390,000	706,667
	– A+, A, A–	–	75,000
	– B+, B, B–	4,985	–
	– CCC and below	–	4,985
	– Unrated	8,335,547	8,409,257
		8,730,532	9,216,742
	Unlisted		
	– AAA	1,550,000	1,970,000
	– A+, A, A–	1,484,973	1,073,878
	– BBB+, BBB, BBB–	–	249,800
	– BB+, BB, BB–	780,515	–
	– B+, B, B–	399,800	–
	– Unrated	2,547,676	2,425,827
		6,762,964	5,719,505
		15,493,496	14,936,247
9.5	**Foreign equity securities**		
	SWIFT shares	11,957	11,957

This represents 13 shares (2022: 13 shares) of SWIFT purchased by the Bank as per mandatory requirement of the SWIFT by–laws requiring its members to purchase shares allocated on the basis of financial contributions payable to SWIFT.

9.6 Particulars relating to held to maturity securities are as follows:

	2023	2022
	Cost / Amortised cost	
	Rupees in '000'	
Federal government securities – government guaranteed		
Pakistan investment bonds	98,547,842	96,883,601
WAPDA bonds	400	400
	98,548,242	96,884,001

9.6.1 Market value of held to maturity investments amounted to Rs. 84,546,226 thousand (2022: Rs. 87,756,050 thousand)

10 ADVANCES – NET

	Note	Performing		Non performing		Total	
		2023	2022	2023	2022	2023	2022
		Rupees in '000'					
Loans, cash credits, running finances, etc.	10.1	675,092,112	496,499,192	47,728,513	48,468,065	722,820,625	544,967,257
Net book value of assets in ijarah under IFAS 2 – In Pakistan		2,232,425	2,272,312	218,735	189,245	2,451,160	2,461,557
Islamic financing and related assets		103,213,341	52,397,637	2,915,399	2,886,934	106,128,740	55,284,571
Bills discounted and purchased		18,092,079	31,645,333	17,221	17,221	18,109,300	31,662,554
Advances – gross		798,629,957	582,814,474	50,879,868	51,561,465	849,509,825	634,375,939
Provision against advances							
– Specific		–	–	(42,427,214)	(44,179,521)	(42,427,214)	(44,179,521)
– General		(695,731)	(614,979)	–	–	(695,731)	(614,979)
		(695,731)	(614,979)	(42,427,214)	(44,179,521)	(43,122,945)	(44,794,500)
Advances – net of provision		797,934,226	582,199,495	8,452,654	7,381,944	806,386,880	589,581,439

10.1 Includes net investment in finance lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and less than five than five	Over five years	Total	Not later than one year	Later than one and less than five than five	Over five years	Total
	Rupees in '000'							
Lease rentals receivable	3,118,954	28,350,411	7,646,459	39,115,824	2,688,101	25,151,072	3,413,478	31,252,651
Residual value	1,937,329	11,438,163	2,330,980	15,706,472	1,995,676	10,349,417	1,039,806	13,384,899
Minimum lease payments	5,056,283	39,788,574	9,977,439	54,822,296	4,683,777	35,500,489	4,453,284	44,637,550
Financial charges for future periods	1,635,779	5,614,544	373,096	7,623,419	952,483	4,517,966	234,204	5,704,653
Present value of minimum lease payments	3,420,504	34,174,030	9,604,343	47,198,877	3,731,294	30,982,523	4,219,080	38,932,897

	2023	2022
	Rupees in '000'	
10.2 Particulars of advances (gross)		
In local currency	841,674,065	628,970,208
In foreign currencies	7,835,760	5,405,731
	849,509,825	634,375,939

10.3 Advances include Rs. 50,879,868 thousand (2022: Rs. 51,561,465 thousand) which have been placed under non–performing status as detailed below:

Category of Classification	2023 Non performing loans	2023 Provision	2022 Non performing loans	2022 Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	334,350	9,041	258,462	5,390
Substandard	1,735,654	330,681	2,394,414	109,910
Doubtful	4,718,746	1,973,455	2,872,452	982,934
Loss	44,091,118	40,114,037	46,036,137	43,081,287
Total	50,879,868	42,427,214	51,561,465	44,179,521

			2023			2022		
			Specific	General	Total	Specific	General	Total
			Rupees in '000'					
10.4	**Particulars of provision against advances**							
	Opening balance		44,179,521	614,979	44,794,500	46,702,829	3,054,945	49,757,774
	Charge for the year		2,108,556	80,752	2,189,308	1,427,397	60,034	1,487,431
	Reversals for the year		(3,634,387)	–	(3,634,387)	(3,950,705)	(2,500,000)	(6,450,705)
		31	(1,525,831)	80,752	(1,445,079)	(2,523,308)	(2,439,966)	(4,963,274)
	Amounts written off	10.5.1	(1,138)	–	(1,138)	–	–	–
	Provision transferred from advances to other assets	14.3.1	(225,338)	–	(225,338)	–	–	–
	Closing balance		42,427,214	695,731	43,122,945	44,179,521	614,979	44,794,500
10.4.1	**Particulars of provision against advances**							
	In local currency		42,427,214	695,731	43,122,945	44,179,521	614,979	44,794,500
	In foreign currencies		–	–	–	–	–	–
			42,427,214	695,731	43,122,945	44,179,521	614,979	44,794,500

10.4.2 This includes general provision against consumer, SME financing portfolio and credit cards as required by Prudential Regulations issued by the SBP.

10.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non–performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non–performing advances by Rs. 3,563,768 thousand (2022: Rs. 3,115,010 thousand). The FSV benefit availed is not available for cash or stock dividend.

		Note	2023	2022
			Rupees in '000'	
10.5	**Particulars of write offs:**			
10.5.1	**Against provisions**	10.4	1,138	–
	Directly charged to profit and loss account	31	–	–
			1,138	–

		Note	2023	2022
			Rupees in '000'	
10.5.2	**Domestic**			
	Write offs of Rs. 500,000 and above	10.6	1,138	–
	Write offs of below Rs. 500,000		–	–
			1,138	–

10.6 Details of loan write–off of Rs. 500,000/– and above

In terms of sub–section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written–off loans or any other financial relief of Rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given in Annexure–I.

		Note	2023	2022
			Rupees in '000'	
11	**FIXED ASSETS**			
	Capital work–in–progress	11.1	750,114	980,802
	Right–of–use assets	11.2	12,424,136	12,102,160
	Property and equipment	11.3	20,038,731	17,256,328
			33,212,981	30,339,290
11.1	**Capital work–in–progress**			
	Civil works		709,037	980,802
	Advances to suppliers		41,077	–
			750,114	980,802
11.2	**Right–of–use assets**			
	At January 01:			
	Cost		15,806,579	10,550,616
	Accumulated depreciation		(3,704,419)	(2,658,682)
	Net book value		12,102,160	7,891,934
	Opening net book value		12,102,160	7,891,934
	For the year ended December 31:			
	Additions		2,355,595	5,612,987
	Terminations – at cost		(462,721)	(357,024)
	Depreciation on terminations		159,978	251,313
	Terminations – at book value		(302,743)	(105,711)
	Depreciation charge	11.2.1	(1,730,876)	(1,297,050)
	Closing net book value		12,424,136	12,102,160
	At December 31:			
	Cost		17,699,453	15,806,579
	Accumulated depreciation		(5,275,317)	(3,704,419)
	Net book value		12,424,136	12,102,160

11.2.1 Right–of–use assets are depreciated over their respective lease term.

		2023							
		Freehold land	Buildings on freehold land	Furniture and fixtures	Lease hold improvements	Electrical and office equipments	Computer equipments	Vehicles	Total
		Rupees in '000'							
11.3	**Property and equipment**								
	At January 01, 2023:								
	Cost / Revalued amount	2,644,624	10,177,849	1,226,149	3,439,735	2,768,347	3,324,087	727,120	24,307,911
	Accumulated depreciation	–	(422,125)	(450,961)	(2,317,288)	(1,513,764)	(1,916,880)	(430,565)	(7,051,583)
	Net book value	2,644,624	9,755,724	775,188	1,122,447	1,254,583	1,407,207	296,555	17,256,328
	Year ended December 31, 2023:								
	Opening net book value	2,644,624	9,755,724	775,188	1,122,447	1,254,583	1,407,207	296,555	17,256,328
	For the year ended December 31, 2023:								
	Additions	–	68,061	366,756	1,479,188	716,001	1,875,213	200,276	4,705,495
	Disposals – at cost	–	–	(18,618)	(22,441)	(47,921)	(21,689)	(31,731)	(142,400)
	Depreciation on disposal	–	–	13,637	22,441	42,531	21,214	31,731	131,554
	Disposals – at book value	–	–	(4,981)	–	(5,390)	(475)	–	(10,846)
	Depreciation charge	–	(490,684)	(95,846)	(283,284)	(323,389)	(542,589)	(176,454)	(1,912,246)
	Transfers / adjustments – at cost / revalued amount	–	–	–	(23,367)	23,367	–	–	–
	Depreciation on transfers / adjustments	–	–	–	8,602	(8,602)	–	–	–
		–	–	–	(14,765)	14,765	–	–	–
	Closing net book value	2,644,624	9,333,101	1,041,117	2,303,586	1,656,570	2,739,356	320,377	20,038,731
	At December 31, 2023:								
	Cost / Revalued amount	2,644,624	10,245,910	1,574,287	4,873,115	3,459,794	5,177,611	895,665	28,871,006
	Accumulated depreciation	–	(912,809)	(533,170)	(2,569,529)	(1,803,224)	(2,438,255)	(575,288)	(8,832,275)
	Net book value	2,644,624	9,333,101	1,041,117	2,303,586	1,656,570	2,739,356	320,377	20,038,731
	Rate of depreciation (percentage)	–	5%	10%	13.33%	20%–33.33%	20%	33.33%	

	2022							
	Freehold land	Buildings on freehold land	Furniture and fixtures	Lease hold improvements	Electrical and office equipments	Computer equipments	Vehicles	Total
	Rupees in '000'							
At January 01, 2022:								
Cost / Revalued amount	2,619,024	6,145,459	872,894	3,429,026	2,295,378	2,348,043	655,330	18,365,154
Accumulated depreciation	–	–	(395,496)	(2,983,886)	(1,335,948)	(1,498,690)	(402,531)	(6,616,551)
Net book value	2,619,024	6,145,459	477,398	445,140	959,430	849,353	252,799	11,748,603
Year ended December 31, 2022:								
Opening net book value	2,619,024	6,145,459	477,398	445,140	959,430	849,353	252,799	11,748,603
For the year ended December 31, 2022 :								
Additions	–	178,620	359,992	784,555	543,999	983,288	197,680	3,048,134
Disposals – at cost / revalued amount	–	–	(6,737)	–	(71,030)	(7,244)	(125,890)	(210,901)
Depreciation on disposal	–	–	4,645	–	64,063	6,859	125,890	201,457
Disposals – at book value	–	–	(2,092)	–	(6,967)	(385)	–	(9,444)
Depreciation charge	–	(420,206)	(60,110)	(107,248)	(241,879)	(425,049)	(153,924)	(1,408,416)
Transfers / adjustments – at cost / revalued amount	25,600	3,853,770	–	(773,846)	–	–	–	3,105,524
Depreciation on transfers / adjustments	–	(1,919)	–	773,846	–	–	–	771,927
	25,600	3,851,851	–	–	–	–	–	3,877,451
Closing net book value	2,644,624	9,755,724	775,188	1,122,447	1,254,583	1,407,207	296,555	17,256,328
At December 31, 2022 :								
Cost / Revalued amount	2,644,624	10,177,849	1,226,149	3,439,735	2,768,347	3,324,087	727,120	24,307,911
Accumulated depreciation	–	(422,125)	(450,961)	(2,317,288)	(1,513,764)	(1,916,880)	(430,565)	(7,051,583)
Net book value	2,644,624	9,755,724	775,188	1,122,447	1,254,583	1,407,207	296,555	17,256,328
Rate of depreciation (percentage)	–	5%	10%	13.33%	20%–33.33%	20%	33.33%	

		2023	2022
		Rupees in '000'	
11.3.1	**Break–up of depreciation charge for the year is as follows:**		
	Property expense:		
	Buildings on freehold land	490,684	420,206
	Lease hold improvements	283,284	107,248
		773,968	527,454
	Information technology expenses:		
	Computer equipments	542,589	425,049
	Other operating expenses:		
	Furniture and fixtures	95,846	60,110
	Electrical and office equipments	323,389	241,879
	Vehicles	176,454	153,924
		595,689	455,913

11.3.2 Freehold land and buildings on freehold land were revalued on December 31, 2021 by PBA approved independent valuer, on the basis of fair market value. The revaluation surplus as on December 31, 2023 stood at Rs. 1,693,948 thousand and Rs. 4,519,337 thousand in respect of freehold land and buildings on freehold land respectively. Detailed particulars as on December 31, 2023 are as follows:

	Revalued / net book amount	
	2023	2022
	Rupees in '000'	
Freehold land	2,644,624	2,644,624
Buildings on freehold land	9,333,101	9,755,724

11.3.3 Had the freehold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2023	2022
	Rupees in '000'	
Freehold land	950,676	950,676
Buildings on freehold land	4,813,764	4,998,610

11.3.4 The gross carrying amount (cost) of fully depreciated assets that are still in use is as follows:

Furniture and fixtures	20	20
Lease hold improvements	2,180,698	2,194,699
Electrical and office equipments	340	61
Computer equipments	1,385,327	1,137,916
Vehicles	302,516	198,221
	3,868,901	3,530,917

11.3.5 Detail of fixed assets disposed off to related parties is as follows:

Description	Cost	Book value	Sale price	Gain / (loss)	Mode of disposal	Particulars of purchaser
	'Rupees in '000'					
Vehicle – Toyota Land Cruiser	31,051	–	–	–	Bank's policy	Mr. Zafar Masud (President / CEO)
Laptop	85	21	21	–	Bank's policy	Mr. Umer Sami (ex–employee)
Mobile phone	150	96	96	–	Bank's policy	Mr. Umer Sami (ex–employee)
Mobile phone	150	96	96	–	Bank's policy	Mr. Shahzad Shahid (ex–employee)
Mobile phone	250	167	167	–	Bank's policy	Mr. Samih Khan (ex–employee)

In addition to above, in terms of Bank's policy certain executives of the Bank are entitled to retain mobile phones at the end of useful life or expiry of atleast 2 years at book value. Accordingly, during the year assets having book value of Rs. 172 thousand (2022: Nil) were retained by the employees.

		Note	2023	2022
			Rupees in '000'	
12	**INTANGIBLE ASSETS**			
	Intangible in progress		635,072	370,152
	Software and long term licenses	12.1	1,455,949	1,397,835
			2,091,021	1,767,987

		2023				2022			
		Core banking software	Other softwares	Licenses	Total	Core banking software	Other softwares	Licenses	Total
		Rupees in '000'							
12.1	**Software and long term licenses**								
	At January 01								
	Cost	471,900	1,732,561	–	2,204,461	471,900	823,425	–	1,295,325
	Accumulated amortization	(201,847)	(604,779)	–	(806,626)	(154,657)	(563,342)	–	(717,999)
	Net book value	270,053	1,127,782	–	1,397,835	317,243	260,083	–	577,326
	Year ended December 31								
	Opening net book value	270,053	1,127,782	–	1,397,835	317,243	260,083	–	577,326
	Purchased / capitalized during the year	–	160,883	239,438	400,321	–	964,251	–	964,251
	Adjustments – at cost	–	–	–	–	–	(55,115)	–	(55,115)
	Amortization on adjustments	–	–	–	–	–	55,115	–	55,115
		–	–	–	–	–	–	–	–
	Amortization charge	(47,190)	(177,852)	(117,165)	(342,207)	(47,190)	(96,552)	–	(143,742)
	Closing net book value	222,863	1,110,813	122,273	1,455,949	270,053	1,127,782	–	1,397,835
	At December 31								
	Cost	471,900	1,893,444	239,438	2,604,782	471,900	1,732,561	–	2,204,461
	Accumulated amortization	(249,037)	(782,631)	(117,165)	(1,148,833)	(201,847)	(604,779)	–	(806,626)
	Net book value	222,863	1,110,813	122,273	1,455,949	270,053	1,127,782	–	1,397,835
	Rate of amortization (percentage)	10.00%	13.33%	License term		10.00%	13.33%	License term	
	Useful life	10 years	7.5 years	License term		10 years	7.5 years	License term	

12.1.1 The gross carrying amount (cost) of fully amortized other softwares that are still in use is Rs. 428,845 thousand (2022: Rs. 373,730 thousand).

13 DEFERRED TAX ASSETS – NET

	2023				
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
– Deficit on revaluation of investments	5,898,745	–	–	(3,087,483)	2,811,262
– Right–of–use assets	967,786	–	650,744	–	1,618,530
– Workers welfare fund	424,296	–	217,759	–	642,055
– Provision against advances	9,894,016	–	(1,477,572)	–	8,416,444
	17,184,843	–	(609,069)	(3,087,483)	13,488,291
Taxable temporary differences on:					
– Surplus on revaluation of fixed assets	(2,045,558)	–	116,511	(285,427)	(2,214,474)
– Accelerated tax depreciation	(500,433)	–	(435,755)	–	(936,188)
– Surplus on revaluation of non banking assets	(84,335)	–	4,718	(15,245)	(94,862)
	(2,630,326)	–	(314,526)	(300,672)	(3,245,524)
	14,554,517	–	(923,595)	(3,388,155)	10,242,767

	2022				
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
– Deficit on revaluation of investments	4,121,318	–	–	1,777,427	5,898,745
– Right–of–use assets	619,234	–	348,552	–	967,786
– Workers welfare fund	–	300,225	124,071	–	424,296
– Provision against advances	10,699,622	–	(805,606)	–	9,894,016
	15,440,174	300,225	(332,983)	1,777,427	17,184,843
Taxable temporary differences on:					
– Surplus on revaluation of fixed assets	(1,346,545)	–	93,288	(792,301)	(2,045,558)
– Accelerated tax depreciation	(230,256)	–	(270,177)	–	(500,433)
– Surplus on revaluation of non banking assets	(167,322)	–	3,996	78,991	(84,335)
	(1,744,123)	–	(172,893)	(713,310)	(2,630,326)
	13,696,051	300,225	(505,876)	1,064,117	14,554,517

		Note	2023	2022
			Rupees in '000'	
14	**OTHER ASSETS – NET**			
	Income / mark–up accrued in local currency		89,515,734	35,599,543
	Income / mark–up accrued in foreign currencies		11,858	2,639
	Receivable from the Government of Pakistan		85,200,400	–
	Advances, deposits, advance rent and other prepayments		1,257,571	1,292,514
	Non–banking assets acquired in satisfaction of claims	14.1	1,177,222	2,533,555
	Acceptances	20	15,888,469	17,268,248
	Branch adjustment account		27,927	27,811
	Stock of stationery		375,089	279,117
	Suspense account		37,187	51,416
	Zakat recoverable from National Investment Trust Limited (NITL)	14.2	36,790	36,790
	Unrealized gain on revaluation of foreign bills and trade loans		–	105,884
	Receivable against fraud and forgeries		399,468	246,077
	Auto Teller Machine and point of sale receivable – net		650,830	200,131
	Inter bank fund transfer and RAAST receivable – net		1,761,393	554,701
	Receivable against settlement arrangements		225,337	–
	Receivable against litigation expenses		312,218	312,218
	Others		641,137	501,082
			197,518,630	59,011,726
	Less: Provision held against other assets	14.3	(1,452,895)	(635,017)
	Other assets (net of provision)		196,065,735	58,376,709
	Surplus on revaluation of non–banking assets acquired in satisfaction of claims	22.2	850,610	1,174,666
	Other assets – total		196,916,345	59,551,375
14.1	**Market value of non–banking assets acquired in satisfaction of claims – net of provision**		1,996,956	3,677,345

The carrying and revalued amounts have been determined based on prudence, expected legal enforceability, ease of realization and current market conditions etc. These include assets which are in the process of sale

and are stated at their respective sale prices. Latest valuations are carried out by PBA approved independent valuer as on December 31, 2023.

		Note	2023	2022
			Rupees in '000'	
14.1.1	**Non–banking assets acquired in satisfaction of claims**			
	Opening balance		3,677,345	5,848,593
	Surplus on revaluation during the year	22.2	28,166	1,301,921
	Disposals during the year – net book value	14.1.2	(1,686,421)	(616,899)
	Transfer to fixed assets – net book value		–	(3,877,451)
	Depreciation charged during the year	29	(22,134)	(32,879)
	Impairment reversed during the year		–	1,054,060
	Closing balance		1,996,956	3,677,345

14.1.2 Gain on disposal of non–banking assets acquired in satisfaction of claims

	2023	2022
	Rupees in '000'	
Disposal proceeds	5,568,719	731,319
Less:		
– Cost / revalued amount	1,694,024	623,166
– Depreciation	(7,603)	(6,267)
	1,686,421	616,899
Gain on sale recognized during the year	3,882,298	114,420

14.2 This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NITL at the court of law, the claim amount has been fully provided for.

		Note	2023	2022
			Rupees in '000'	
14.3	**Provision held against other assets**			
	Income accrued in local currency		500,000	–
	Advances, deposits, advance rent & other prepayments		35,723	35,723
	Non banking assets acquired in satisfaction of claims		30,876	30,876
	Zakat recoverable from NITL		36,790	36,790
	Fraud and forgeries	14.3.2	311,952	219,411
	Receivable against settlement arrangements		225,337	–
	Receivable against litigation expenses		312,217	312,217
			1,452,895	635,017
14.3.1	**Movement in provision held against other assets**			
	Opening balance		635,017	1,914,474
	Charge for the year		610,065	33,619
	Reversals during the year		(13,953)	(1,307,908)
		31	596,112	(1,274,289)
	Amount written off		(3,572)	(5,168)
	Provisions transferred from advances to other assets	10.4	225,338	–
	Closing balance		1,452,895	635,017

14.3.2 This includes provision amounted to Rs. 4,795 thousand (2022: Rs. 4,795 thousand) maintained against certain closed cases as per approval of the management.

		2023	2022
		Rupees in '000'	
15	**CONTINGENT ASSETS**		
	Contingent assets	Nil	Nil
16	**BILLS PAYABLE**		
	In Pakistan	5,507,855	6,323,641
	Outside Pakistan	–	–
		5,507,855	6,323,641

		Note	2023	2022
			Rupees in '000'	
17	**BORROWINGS**			
	Secured			
	Borrowings from SBP under:			
	Export refinance scheme (ERF)	17.1	29,950,587	31,180,373
	Long term financing facility (LTFF)	17.2	11,368,117	13,668,052
	Finance facility for storage of agricultural produce (FFSAP)	17.3	183,985	224,873
	Finance facility for renewable energy performance platform (REPP)	17.4	6,435,548	6,693,669
	Refinancing facility for payment of salaries and wages	17.5	–	969,351
	Refinance facility for Combating COVID–19 (RFCC)	17.6	814,386	1,042,632
	Refinancing facility for modernization of small and medium enterprises	17.7	137,300	175,343
	Finance facility for working capital of small and medium enterprises	17.8	39,891	69,000
	Finance facility for temporary economic refinance scheme (TERF)	17.9	19,310,908	19,889,392
	Finance facility for women entrepreneurs	17.10	900	1,300
	Finance facility for shamsi tawanai	17.11	47,312	50,981
	Finance facility for SAAF rozgar reimbursement credit	17.12	6,954,080	3,840,524
			75,243,014	77,805,490
	Repurchase agreement borrowings	17.13	377,025,018	1,379,807
	Borrowings from Pakistan Mortgage Refinance Company Limited	17.14	1,497,834	1,634,915
	Total secured		453,765,866	80,820,212
	Unsecured			
	Overdrawn nostro accounts		200,125	–
			453,965,991	80,820,212

17.1 These are secured against the Bank's cash and security balances held with the SBP. Mark–up on these borrowings is payable quarterly at rates ranging from 1.00% to 18.00% per annum (2022: 1.00% to 12.00% per annum) with maturities upto June 26, 2024.

17.2 This amount has been obtained for providing long term finance to customers. The Bank has granted the SBP right to recover outstanding amount from the Bank at date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark–up on these borrowings is payable quarterly at rates ranging from 2.00% to 16.00% per annum (2022: 1.00% to 7.00% per annum) with maturities upto June 16, 2032.

17.3 These represent borrowings under scheme of financing facility for storage of agricultural produce. Mark–up on these borrowings is payable quarterly at rates ranging from 2.00% to 2.50% per annum (2022: 2.00% to 2.50% per annum) with maturities upto July 01, 2029.

17.4 These represent borrowings under scheme of financing facility for renewable energy performance platform. Mark–up on these borrowings is payable quarterly at rate of 2.00% to 3.00% per annum (2022: 2.00% to 3.00% per annum) with maturities upto June 15, 2034.

17.5 These represent borrowings under scheme of financing facility for payment of salaries and wages. Mark–up on these borrowings was payable quarterly at rate of Nil (2022: Nil).

17.6 These represent borrowings under scheme of financing facility for combating COVID–19. Mark–up on these borrowings is payable quarterly at rate of Nil (2022: Nil) with maturities upto June 23, 2027.

17.7 These represent borrowings under scheme of financing facility for modernization of small and medium enterprises (SMEs). Mark–up on these borrowings is payable quarterly at rate of 2.00% per annum (2022: 2.00% per annum) with maturities upto November 11, 2030.

17.8 These represent borrowings under scheme of financing facility for working capital financing of small and medium enterprises. Mark–up on these borrowings is payable quarterly at rate of 2.00% per annum (2022: 2.00% per annum) with maturities upto June 13, 2024.

17.9 These represent borrowings under scheme of temporary economic refinance facility (TERF). Mark–up on these borrowings is payable quarterly at rate of 1.00% per annum (2022: 1.00% per annum) with maturities upto October 14, 2032.

17.10 These represent borrowings under scheme of financing for women entrepreneurs. Mark–up on these borrowings is payable quarterly at rate of Nil (2022: Nil) with maturities upto January 01, 2026.

17.11 These represent borrowings under scheme of financing for shamsi tawanai. Mark–up on these borrowings is payable quarterly at rate of 2.00% per annum (2022: 2.00% per annum) with maturities upto December 05, 2031.

17.12 These represent borrowings under scheme of financing for SAAF rozgar reimbursement credit. Mark–up on these borrowings is payable quarterly at rate of 1.00% per annum (2022: 1.00% per annum) with maturities upto March 29, 2024.

17.13 These are secured against Pakistan investment bonds (PIBs), carrying mark–up at rate ranging from 22.06% to 23.00% per annum (2022: Market treasury bills at the rate of 16.00% per annum). The carrying value of PIBs given as collateral against these borrowings is Rs. 378,567,017 thousand (2022: Market treasury bills Rs. 1,380,412 thousand).

17.14 These are secured against PIBs and hypothecation charge over mortgage loan portfolio, carrying markup at rates ranging from 6.50% to 8.10% per annum (2022: 6.50% to 8.10% per annum) maturing on June 30, 2031. The carrying value of PIBs given as collateral against these borrowings is Rs. 504,704 thousand (2022: Rs. 506,634 thousand).

		2023	2022
		Rupees in '000'	
17.15	**Particulars of borrowings with respect to currencies**		
	In local currency	453,765,866	80,820,212
	In foreign currencies	200,125	–
		453,965,991	80,820,212

18 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	247,207,834	10,577,445	257,785,279	207,308,574	4,661,424	211,969,998
Savings deposits	622,556,998	5,554,561	628,111,559	553,914,328	3,861,179	557,775,507
Term deposits	497,160,082	41,494,976	538,655,058	361,810,847	25,430,470	387,241,317
Others	33,238,862	–	33,238,862	24,170,731	–	24,170,731
	1,400,163,776	57,626,982	1,457,790,758	1,147,204,480	33,953,073	1,181,157,553
Financial institutions:						
Current deposits	2,203,132	975,218	3,178,350	2,481,448	1,375,936	3,857,384
Savings deposits	58,373,600	5,150	58,378,750	20,629,277	3,785	20,633,062
Term deposits	1,463,890	–	1,463,890	21,643,000	–	21,643,000
Others	41,894	–	41,894	48,491	–	48,491
	62,082,516	980,368	63,062,884	44,802,216	1,379,721	46,181,937
	1,462,246,292	58,607,350	1,520,853,642	1,192,006,696	35,332,794	1,227,339,490

		2023	2022
		Rupees in '000'	
18.1	**Composition of deposits:**		
	– Individuals	189,224,459	178,491,874
	– Private sector	386,696,309	311,262,955
	– Government (federal and provincial)	656,444,030	541,183,119
	– Public sector entities	225,425,960	150,219,605
	– Banking companies	2,602,799	3,733,991
	– Non–banking financial institutions	60,460,085	42,447,946
		1,520,853,642	1,227,339,490

18.2 Deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounted to Rs. 468,135,929 thousand (2022: Rs. 363,142,227 thousand).

		Note	2023	2022
			Rupees in '000'	
19	**SUBORDINATED DEBTS**			
	Subordinated perpetual term finance certificates			
	– listed	19.1	8,017,500	8,017,500
	Advance subscription money – subordinated perpetual			
	term finance certificates – ADT I 2nd Issue	19.2	3,900,000	–
	Privately placed term finance certificates – I	19.3	–	2,494,000
	Privately placed term finance certificates – II	19.4	4,290,540	4,292,260
	Privately placed term finance certificates – III	19.5	6,998,600	2,400,000
	Advance subscription money – privately placed term			
	finance certificates – IV	19.6	6,998,000	–
			30,204,640	17,203,760

19.1 Subordinated perpetual term finance certificates

The Bank issued listed, unsecured, subordinated, perpetual and non cumulative term finance certificates in the form of Additional Tier –I capital under section 66 (1) of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs. 8,017,500 thousand
Issue date:	June 20, 2022
Maturity date:	Perpetual
Rating:	"AA–" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	Perpetual
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits except common shares.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount, on a non–cumulative basis.
Profit rate:	Floating rate of return at base rate plus 200 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	Not applicable.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non–viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

19.2 Advance subscription money – subordinated perpetual term finance certificates – ADT I – 2nd Issue

Prior to close of year ended December 31, 2023, the Bank received Rs. 3,900,000 thousand under formal investor agreement from potential investors as advance subscription money against rated, privately placed / may be subsequently lisited, unsecured, subordinated, perpetual and non cumulative debt instrument in the nature of additional Tier I capital term finance certificates. These TFCs are subordinated to all other debts of the Bank including deposits but superior to equity. The advance subscription money carries mark–up at rate of 6 month KIBOR plus spread of 200 bps per annum.

19.3 Privately placed term finance certificates – I

During the year, the Bank exercised call option for premature redemption of privately placed term finance certificates – I after obtaining approval from the State Bank of Pakistan, and repaid outstanding principal amount of Rs. 2,494,000 thousand to the respective investors. Accordingly, the total liability of the Bank against privately placed term finance certificates – I stands fully settled. The salient features of the TFC's issue were as follows:

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi–annually in the first 09 years after the issue and the remaining issue amount in two equal semi–annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non–viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

19.4 Privately placed term finance certificates – II

The Bank issued rated, unsecured and subordinated term finance certificates under section 66 of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi–annually in the first 09 years after the issue and the remaining issue amount in two equal semi–annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non–viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

19.5 Privately placed term finance certificates – III

During the year, the Bank issued rated, unsecured and subordinated term finance certificates under section 66 of the Companies Act, 2017, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs. 7,000,000 thousand
Issue date:	April 17, 2023
Maturity date:	April 17, 2033
Rating:	"AA" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi–annually in the first 09 years after the issue and the remaining issue amount in two equal semi–annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non–viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

19.6 Advance subscription money – privately placed term finance certificates – IV

Prior to close of year ended December 31, 2023, the Bank received Rs. 6,998,000 thousand under formal investor agreement from potential investors as advance subscription money against rated, privately placed / may be subsequently lisited, unsecured and subordinated debt instrument in the nature of Tier II capital term finance certificates. The instrument will be unsecured and subordinated as to payment of principal and profit to other indebtedness of the Bank, including deposits, but will rank pari passu with other Tier II instruments and superior to Additional Tier I instruments. The instrument will be structured to redeem 0.36% of the issue amount during the first 9 years after the issue date and the remaining issue amount of 99.64% in two (2) equal semi – annual installments of 49.82% each in the last year. The advance subscription money carries mark–up at rate of 6 month KIBOR plus spread of 125 bps per annum.

		Note	2023	2022
			Rupees in '000'	
20	**OTHER LIABILITIES**			
	Mark–up / return / interest payable in local currency		60,632,166	29,550,942
	Mark–up / return / interest payable in foreign currency		1,341,354	644,270
	Mark–up payable on subordinated debts		1,080,725	206,610
	Provision for taxation (provisions less payments)		4,535,927	3,220,400
	Sundry creditors and accrued expenses		2,728,412	1,546,987
	Lease key money		15,706,472	13,384,899
	Lease liability against right–of–use assets	20.2	15,727,259	14,352,825
	Acceptances	14	15,888,469	17,268,248
	Payable to gratuity fund	37.1.3	690,633	171,152
	Gratuity payable to key management personnel		19,435	12,190
	Provision for employees compensated absences	37.2.3	163,363	153,884
	Mark to market loss on forward foreign exchange		26,020	112,585
	Mark to market loss on deliverable future contracts		7,887	–
	Unrealized loss on revaluation of foreign bills and trade loans		153,786	–
	Provision against off–balance sheet obligations	20.1	43,983	43,983
	Taxes / zakat / import fee payable		2,115,471	1,770,460
	Unclaimed dividends		2,585	2,586
	Payable to charity fund		850	195
	Insurance payable against consumer assets financing		584,365	573,538
	Payable against purchase of shares		384,367	–
	Workers welfare fund	20.3	1,595,273	1,271,693
	Others		1,464,448	863,573
			124,893,250	85,151,020

20.1	**Movement in provision held against off–balance sheet obligations**			
	Opening balance		43,983	62,183
	Charge for the year		–	109,542
	Reversals during the year		–	(127,742)
		31	–	(18,200)
	Amount written off		–	–
	Closing balance		43,983	43,983

The above provision has been made against letters of guarantee issued by the Bank.

		2023	2022
		Rupees in '000'	
20.2	**Lease liability against right–of–use assets**		
	Not later than one year	84,722	85,033
	Later than one year and less than five years	1,435,423	1,453,118
	Over five years	14,207,114	12,814,674
		15,727,259	14,352,825

20.3 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund (WWF) were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.

21 SHARE CAPITAL – NET

21.1 Authorized capital

2023	2022		2023	2022
Number of shares			Rupees in '000'	
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Bank is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each. The Board of Directors have approved the increase in authorized share capital of the Bank to 10,000,000 thousand shares amounting to Rs. 100,000,000 thousand. The Bank has initiated the process for necessary amendments in the Bank of Punjab Act, 1989 through the Provincial Assembly of Punjab.

21.2 Issued, subscribed and paid up capital – net

2023	2022		2023	2022
Number of shares			Rupees in '000'	
		Opening balance		
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125	16,079,125
		Ordinary shares of Rs. 10 each issued		
526,315,789	526,315,789	at discount	5,263,158	5,263,158
839,925,583	509,464,036	Issued as bonus shares	8,399,256	5,094,641
2,974,153,927	2,643,692,380		29,741,539	26,436,924
		Movement during the year		
297,415,392	330,461,547	Issued as bonus shares	2,974,154	3,304,615
		Closing balance		
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125	16,079,125
		Ordinary shares of Rs. 10 each issued		
526,315,789	526,315,789	at discount	5,263,158	5,263,158
1,137,340,975	839,925,583	Issued as bonus shares	11,373,410	8,399,256
3,271,569,319	2,974,153,927		32,715,693	29,741,539
–	–	Less: Discount on issue of shares	(263,158)	(263,158)
3,271,569,319	2,974,153,927		32,452,535	29,478,381

GoPb held 57.47% shares in the Bank as at December 31, 2023 (December 31, 2022: 57.47%).

		Note	2023	2022
			Rupees in '000'	
22	**SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS – NET OF TAX**			
	Surplus / (deficit) on revaluation of:			
	– Available for sale securities	9.1	(5,737,268)	(13,718,010)
	– Property and equipment	22.1	6,213,285	6,451,062
	– Non–banking assets acquired in satisfaction of claims	22.2	850,610	1,174,666
			1,326,627	(6,092,282)
	Deferred tax on surplus / (deficit) on revaluation of:			
	– Available for sale securities	13	2,811,262	5,898,745
	– Property and equipment	22.1	(2,214,474)	(2,045,558)
	– Non–banking assets acquired in satisfaction of claims	22.2	(94,862)	(84,335)
			501,926	3,768,852
			1,828,553	(2,323,430)
22.1	**Surplus on revaluation of property and equipment – net of tax**			
	At January 01		6,451,062	5,137,390
	Surplus on land and building transferred from non banking assets during the year		–	1,530,620
	Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year – net of deferred tax		(121,306)	(123,660)
	Related deferred tax liability on incremental depreciation charged during the year		(116,550)	(93,288)
	Adjustment in surplus on asset transferred from NBA to fixed assets		79	–
	At December 31		6,213,285	6,451,062
	Less: related deferred tax liability on:			
	– surplus as at January 01		(2,045,558)	(1,346,545)
	– account of change in deferred tax due to tax rate change		(285,427)	(138,107)
	– surplus transferred from non banking asset during the year		–	(654,194)
	– incremental depreciation charged during the year		116,550	93,288
	– adjustment in surplus on asset transferred from NBA to fixed assets		(39)	–
		13	(2,214,474)	(2,045,558)
			3,998,811	4,405,504

		Note	2023	2022
			Rupees in '000'	
22.2	**Surplus on revaluation of non–banking assets acquired in satisfaction of claims – net of tax**			
	At January 01		1,174,666	1,453,931
	Surplus recognized during the year	14.1.1	28,166	1,301,921
	Surplus realized on disposal during the year		(342,593)	(41,272)
	Surplus on land and building transferred to fixed assets during the year		–	(1,530,620)
	Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year – net of deferred tax		(4,871)	(5,298)
	Related deferred tax liability on incremental depreciation charged during the year		(4,679)	(3,996)
	Adjustment in surplus on asset transferred from NBA to fixed assets		(79)	–
	At December 31		850,610	1,174,666
	Less: related deferred tax liability on:			
	– surplus as at January 01		(84,335)	(167,322)
	– surplus recognized during the year		(10,277)	(559,824)
	– account of change in deferred tax due to tax rate change		(11,768)	(17,164)
	– surplus transferred to fixed assets during the year		–	654,194
	– surplus realized on disposal during the year		6,800	1,785
	– incremental depreciation charged during the year		4,679	3,996
	– adjustment in surplus on asset transferred from NBA to fixed assets		39	–
		13	(94,862)	(84,335)
			755,748	1,090,331
23	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	23.1	135,621,749	99,484,058
	Commitments	23.2	406,852,140	401,862,159
	Other contingent liabilities	23.3	291,951	291,951
			542,765,840	501,638,168
23.1	**Guarantees:**			
	Financial guarantees		34,797,867	22,805,891
	Performance guarantees		23,965,466	22,031,727
	Other guarantees			
	Back to back guarantee		54,320,270	36,584,087
	Mobilization and bid bond guarantee		9,184,433	5,756,757
	Other guarantee		13,353,713	12,305,596
			76,858,416	54,646,440
			135,621,749	99,484,058

		Note	2023	2022
			Rupees in '000'	
23.2	**Commitments:**			
	Documentary credits and short–term trade–related transactions			
	– letters of credit		172,670,983	170,302,819
	Commitments in respect of:			
	– forward foreign exchange contracts	23.2.1	217,833,716	198,951,177
	– deliverable future contracts	23.2.2	128,320	–
	– forward lending	23.2.3	15,817,173	32,465,327
	Commitments for acquisition of:			
	– fixed assets		240,693	23,097
	– intangible assets		161,255	119,739
			406,852,140	401,862,159
23.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		121,124,664	105,509,624
	Sale		96,709,052	93,441,553
			217,833,716	198,951,177
23.2.2	**Commitments in respect of deliverable future contracts**		128,320	–
23.2.3	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.3.1	15,817,173	32,465,327

23.2.3.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

		2023	2022
		Rupees in '000'	
23.3	**Other contingent liabilities**	291,951	291,951

For tax years 2014 – 2022, the tax department disputed the Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums. Such issues inter alia principally include disallowance of expenses for initial depreciation allowances, non deduction of withholding tax on profit, non availability of underlying records and provision for non performing loans.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in these unconsolidated financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the tax department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities.

23.4 Claims against the Bank not acknowledged as debts

An amount of Rs. 46,313,295 thousand (2022: Rs. 51,158,973 thousand) involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to the Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

		2023	2022
		Rupees in '000'	
24	**MARK–UP / RETURN / INTEREST EARNED**		
	On loans and advances	155,223,358	65,667,198
	On investments:		
	Available for sale securities	151,680,848	56,091,928
	Held for trading securities	3,373,886	1,316,865
	Held to maturity securities	11,692,749	10,655,872
	On lendings to financial institutions:		
	Securities purchased under resale agreements	3,398,370	2,048,543
	Call lending	8,951	45,273
	Letters of placement	1,309,176	1,047,422
	On balances with banks	506,463	294,863
		327,193,801	137,167,964
25	**MARK–UP / RETURN / INTEREST EXPENSED**		
	On deposits	190,752,083	90,692,011
	On borrowings:		
	Securities sold under repurchase agreements	82,910,330	10,338,046
	Call borrowings	78,914	12,455
	SBP borrowings	4,810,871	1,868,034
	Borrowing from Pakistan Mortgage Refinance Company Limited	118,115	131,197
	Other borrowing	–	8,607
	On subordinated debts:		
	Subordinated perpetual term finance certificates	2,364,357	905,033
	Privately placed term finance certificates	3,273,785	958,312
	On lease liability against right–of–use assets	1,939,763	1,496,059
		286,248,218	106,409,754

		Note	2023	2022
			Rupees in '000'	
26	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		361,899	380,635
	Consumer finance related fees		551,785	491,468
	Card related fees (debit and credit cards)		1,258,975	1,262,380
	Credit related fees		853,251	860,905
	Investment banking fees		401,547	1,002,443
	Branchless banking fees		112,901	186,134
	Commission on trade		1,341,346	1,050,568
	Commission on guarantees		254,497	455,484
	Commission on cash management		269,291	263,892
	Commission on remittances including home remittances		501,669	423,068
	Commission on bancassurance		229,378	124,173
	Commission on wheat financing		678,640	336,207
	SMS banking income		614,236	494,375
			7,429,415	7,331,732
27	**GAIN ON SECURITIES – NET**			
	Realized gain on sale of securities – net	27.1	5,207,506	406,665
	Unrealized gain / (loss) – held for trading	9.1	55,003	(63,509)
	Unrealized loss – deliverable future contracts	20	(7,887)	–
			5,254,622	343,156
27.1	**Realized gain on sale of securities – net:**			
	Gain / (loss) on federal government securities		3,849,080	(712,262)
	Gain on shares / units		1,358,426	1,118,927
			5,207,506	406,665
28	**OTHER INCOME – NET**			
	Gain on termination of lease liability against right–of–use assets		238,561	9,631
	Gain on sale of property and equipment – net		8,606	149,065
	Gain on disposal of non banking assets acquired in satisfaction of claims – net	14.1.2	3,882,298	114,420
	Notice pay on resignations		38,335	33,289
			4,167,800	306,405

		Note	2023	2022
			Rupees in '000'	
29	**OPERATING EXPENSES**			
	Total compensation expense	29.1	18,211,133	14,320,274
	Property expense:			
	Rent and taxes		38,890	17,221
	Insurance		14,333	9,690
	Utilities cost		1,514,632	1,135,579
	Security		7,198	4,190
	Repair and maintenance (including janitorial charges)		119,760	82,594
	Depreciation		773,968	527,454
	Depreciation on right–of–use assets	11.2	1,730,876	1,297,050
			4,199,657	3,073,778
	Information technology expenses:			
	Software maintenance		1,168,002	596,967
	Hardware maintenance		73,114	70,808
	Depreciation		542,589	425,049
	Amortization	12.1	342,207	143,742
	Network charges		522,466	493,117
			2,648,378	1,729,683
	Other operating expenses:			
	Directors' fees and allowances	38.2	36,294	57,623
	Fees and allowances to shariah board	38.3	8,735	9,260
	Legal and professional charges		258,285	212,960
	Subscription charges		38,134	32,393
	Outsourced staff services costs	36.1	789,534	579,638
	Travelling and conveyance		2,319,214	1,738,026
	NIFT clearing charges		112,920	76,572
	Depreciation		595,689	455,913
	Depreciation on non banking assets	14.1.1	22,134	32,879
	Depreciation on ijarah assets		186,585	134,532
	Training and development		159,452	147,978
	Postage and courier charges		289,782	245,871
	Credit card charges		19,074	9,512
	Stationery and printing		600,086	388,547
	Marketing, advertisement and publicity		683,317	561,623
	Donations	29.2	–	30,000
	Auditors remuneration	29.3	17,241	13,007
	Insurance		296,032	249,335
	Deposit protection fee		581,028	509,281
	Repair and maintenance		529,352	410,687
	Entertainment expenses		291,329	215,498
	Fuel for generator		298,571	243,747
	Commission and brokerage		314,825	323,399
	Bank charges		48,025	42,672
	SMS banking charges		520,595	176,563
	ATM charges including ATM maintenance charges		1,636,742	357,027
	Cash remittance charges		644,441	389,442
	Branch license fee		32,923	28,040
	CNIC verification / ECIB charges		308,375	250,141
	COVID – 19 related expenses		589	6,514
	Miscellaneous expenses		421,162	321,136
			12,060,465	8,249,816
			37,119,633	27,373,551

Total cost for the year included in other operating expenses relating to outsourced activities is Rs.1,899,986 thousand (2022: Rs. 1,082,333 thousand). This expense represents payments made to companies incorporated in Pakistan. The Bank has material outsourcing arrangement with "Abacus ELS Private Limited" for third party staff hiring.

		Note	2023	2022
			Rupees in '000'	
29.1	**Total compensation expense**			
	Managerial remuneration:			
	Fixed		14,653,226	11,464,982
	Variable cash bonus / awards etc.		1,799,414	1,591,559
	Provision for gratuity	37.1.7.1	433,294	340,572
	Gratuity expense of key management personnel		7,245	6,440
	Provision for compensated absences	37.2.4	12,421	23,343
	Contribution to defined contribution plans		501,543	375,115
	Utilities		–	660
	Medical		530,314	335,349
	Conveyance		208,411	136,889
	Liveries		50,857	33,838
	Scholarship		12,647	7,669
	Sub total		18,209,372	14,316,416
	Sign–on bonus		1,761	3,858
	Grand total		18,211,133	14,320,274

During the year sign–on bonus was paid to 03 employees (2022: 18 employees).

29.2 In year 2022, donation was paid for installation of solar system at Akhuwat University Kasur amounting to Rs. 30,000 thousand in accordance with the approval of Board of Directors of the Bank. None of the directors had any interest in the donee, except for Dr. Amjad Saqib (Non Executive Director) who is Founder / CEO in Akhuwat.

		2023	2022
		Rupees in '000'	
29.3	**Auditors remuneration**		
	Audit fee	4,800	3,850
	Fee for half year review and other statutory certifications	6,290	5,210
	Special certifications	4,398	2,422
	Out of pocket expenses	1,753	1,525
		17,241	13,007
30	**OTHER CHARGES**		
	Penalties imposed by SBP	50,719	42,931
	Operational loss	4,190	–
		54,909	42,931

		Note	2023	2022
			Rupees in '000'	
31	**REVERSAL OF PROVISIONS AND WRITE OFFS – NET**			
	Provision for diminution in value of investments	9.3.1	796,042	1,377,806
	Reversal of provision against advances – net	10.4	(1,445,079)	(4,963,274)
	Provision / (reversal of provisions) against other assets – net	14.3.1	596,112	(1,274,289)
	Reversal of provision against off balance sheet obligations	20.1	–	(18,200)
			(52,925)	(4,877,957)
32	**TAXATION – NET**			
	Current	32.1	8,086,265	7,168,986
	Prior years		868,872	(1,549)
	Deferred		923,595	505,876
		32.3	9,878,732	7,673,313

32.1 This includes provision for super tax for the year in accordance with Income Tax Ordinance, 2001.

32.2 The Government vide Finance Act 2023, has enacted super tax at the rate of 10% for indefinite future period of time. Accordingly, the effect of change in deferred tax rate has been recognized in these unconsolidated financial statements.

		2023	2022
		Rupees in '000'	
32.3	**Relationship between tax expense and accounting profit**		
	Accounting profit before tax for the year	21,217,917	18,507,520
	Tax on income @ 39%	8,274,988	7,217,933
	Super tax @ 10%	2,121,792	1,471,527
	Effective tax rate @ 49%	10,396,780	8,689,460
	Tax effect of permanent differences	24,852	16,743
	Tax effect of prior year	868,872	(1,549)
	Cumulative tax effect of change in tax rate	(1,473,488)	(890,808)
	Others	61,716	(140,533)
	Tax charge for the year	9,878,732	7,673,313
33	**BASIC EARNINGS PER SHARE**		
	Profit after tax for the year (Rs in '000')	11,339,185	10,834,207
			(Restated)
	Weighted average number of ordinary shares (No.).	3,271,569,319	3,271,569,319
	Basic earnings per share (Rs).	3.47	3.31

34 DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

		Note	2023	2022
			Rupees in '000'	
35	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	6	100,894,255	73,203,096
	Balance with other banks	7	8,283,392	4,814,454
	Overdrawn nostro accounts	17	(200,125)	–
			108,977,522	78,017,550

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

	2023				2022			
	Liabilities		Equity		Liabilities		Equity	
	Subordinated debts	Other liabilities	Unappropriated profit	Total	Subordinated debts	Other liabilities	Unappropriated profit	Total
	Rupees in '000'							
Balance as at January 01,	17,203,760	85,151,020	25,213,170	127,567,950	7,788,980	49,942,521	19,510,769	77,242,270
Changes from financing cash flows								
Repayment of subordinated debts	(2,497,120)	–	–	(2,497,120)	(2,720)	–	–	(2,720)
Subordinated perpetual term finance certificates – ADT 1	–	–	–	–	7,017,500	–	–	7,017,500
Advance subscription money received – Subordinated perpetual term finance certificates ADT – I 2nd issue	3,900,000	–	–	3,900,000	–	–	–	–
Subscription received – privately placed term finance certificates – III	4,600,000	–	–	4,600,000	2,400,000	–	–	2,400,000
Advance subscription money received – privately placed term finance certificates – IV	6,998,000	–	–	6,998,000	–	–	–	–
Payment of lease liability against right–of–use–assets	–	(2,379,620)	–	(2,379,620)	–	(2,120,592)	–	(2,120,592)
Total changes from financing cash flows	13,000,880	(2,379,620)	–	10,621,260	9,414,780	(2,120,592)	–	7,294,188
Liability related								
Changes in Other liabilities								
Cash based	–	36,010,503	–	36,010,503	–	27,399,182	–	27,399,182
Non cash based	–	6,111,347	–	6,111,347	–	9,929,909	–	9,929,909
Total liability related other changes	–	42,121,850	–	42,121,850	–	37,329,091	–	37,329,091
Total equity related other changes	–	–	6,308,625	6,308,625	–	–	5,702,401	5,702,401
Balance as at December 31	30,204,640	124,893,250	31,521,795	186,619,685	17,203,760	85,151,020	25,213,170	127,567,950

		2023	2022
		Number	
36	**STAFF STRENGTH**		
	Permanent	11,420	11,093
	On Bank contract	2,239	1,954
	Bank's own staff strength at the end of the year	13,659	13,047

36.1 In addition to the above, 1,498 (2022: 1,366) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

37 EMPLOYEE BENEFITS

37.1 Defined benefit plan – gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement / resignation which is equal to one month's last drawn basic salary for each year of eligible service or part thereof, with effect from January 01, 2008 or date of joining whichever is later, subject to minimum of five years of service. The Bank makes annual provision in these unconsolidated financial statements for its liabilities on the basis of actuarial valuation.

37.1.1 Number of employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2023	2022
	Number	
– Eligible employees under gratuity scheme	11,420	11,093

37.1.2 Principal actuarial assumptions

The latest valuation was carried out at December 31, 2023 using the "Projected Unit Credit Method". The mortality rates used for active employees are based on SLIC (2001–05) Mathematical Table. The principal assumptions used in the valuation were as follows:

	2023	2022
	Per annum	
Discount rate	16.75%	14.50%
Expected rate of return on plan assets	16.75%	14.50%
Expected rate of salary increase	14.75%	13.50%
Average expected remaining working life (years)	10	10

	Note	2023	2022
		Rupees in '000'	
37.1.3 Reconciliation of payable to defined benefit plan			
Present value of obligations	37.1.4	3,232,365	2,478,352
Fair value of plan assets	37.1.5	(2,561,319)	(2,354,676)
Benefits payable		19,587	47,476
Payable to defined benefit plan		690,633	171,152

		Note	2023	2022
			Rupees in '000'	
37.1.4	**Movement in present value of defined benefit obligations**			
	Obligations at the beginning of the year		2,478,352	1,918,269
	Current service cost		425,748	328,759
	Interest cost		352,706	219,021
	Benefits paid during the year		(91,794)	(108,519)
	Re–measurement loss – other comprehesive income		67,353	120,822
	Obligations at the end of the year		3,232,365	2,478,352
37.1.5	**Movement in fair value of plan assets**			
	Fair value at the beginning of the year		2,354,676	1,669,712
	Interest income on plan assets		345,160	207,208
	Contribution by the Bank during the year		171,152	268,144
	Benefits paid during the year		(119,683)	(80,630)
	Remeasurement : return on plan assets excluding interest income		(189,986)	290,242
	Fair value at the end of the year		2,561,319	2,354,676
37.1.6	**Movement in payable under defined benefit scheme**			
	Opening balance		171,152	268,144
	Charge for the year	37.1.7.1	433,294	340,572
	Contribution by the Bank during the year		(171,152)	(268,144)
	Re–measurement loss / (gain) recognized in other comprehensive income during the year	37.1.7.2	257,339	(169,420)
	Closing balance		690,633	171,152
37.1.7	**Charge for defined benefit plans**			
37.1.7.1	**Cost recognized in profit and loss**			
	Current service cost		425,748	328,759
	Net interest on defined benefit plan		7,546	11,813
			433,294	340,572
37.1.7.2	**Re–measurements recognized in other comprehensive income during the year**			
	Actuarial loss due to changes in financial assumptions		(249,247)	–
	Loss on obligation due to experience adjustments		316,600	120,822
	Return on plan assets over interest income		189,986	(290,242)
	Total remeasurement loss / (gain) recognized in other comprehensive income		257,339	(169,420)
37.1.8	**Components of plan assets**			
	Cash and cash equivalents – net		311,319	219,692
	Government securities		1,275,000	1,248,000
	Shares / units		–	11,984
	Non–Government debt securities		975,000	875,000
			2,561,319	2,354,676

These assets are mostly contained in the form of cash and cash equivalents and government securities so there is no significant risk associated with it. However, investments may be adversely affected by movement in equity and interest rate markets.

37.1.9 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations. The increase / (decrease) in the present value of defined benefit obligations as a result of change in discount rate and salary growth is summarized below:

	2023	2022
	Rupees in '000'	
1% increase in discount rate	(2,955,516)	(2,311,632)
1% decrease in discount rate	3,535,225	2,657,155
1 % increase in expected rate of salary increase	3,535,147	2,657,096
1 % decrease in expected rate of salary increase	(2,955,480)	(2,311,604)
37.1.10 Expected contributions to be paid to the fund in the next financial year	690,633	171,152
37.1.11 Expected charge for the next financial year	608,867	445,558
37.1.12 Maturity profile		
The weighted average duration of the obligation (in years)	9	9

37.1.13 Funding policy

There are no statutory minimum funding requirements. However, contributions to the scheme are made on the basis of actuarial valuations carried in each year.

The Bank's gratuity scheme is mainly subject to following risks:

Asset volatility	The majority of the gratuity fund assets are invested in cash or cash–equivalent, government securities and non goverment debt securities. Therefore, there is investment risk to the scheme due to fluctuation in interest rate environment or changes in bond yields of debt securities. Also, there is no liquidity investment risk to the scheme. However, investments may be adversely affected by movement in equity and interest rate markets.
Inflation risk	Higher than expected growth in inflation may result in higher than assumed salary increases which will lead to increase in liability. However, assets of the scheme may not be at significant risk due to changes in inflation rate.
Life expectancy / Withdrawal rate	Actuarial valuation assumes heavy withdrawals for younger ages but moderate withdrawal rates are used for older ages. Significant withdrawals of employees having reasonable years of service would cause large benefit payments. Consequently, deficit position of the scheme would deteriorate further. However, availability of cash for benefit payments will not be an issue due to the liquid nature of assets of the Gratuity Fund.

37.2 Defined benefit plan – compensated absences

The Bank makes annual provision in these unconsolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The employees of the Bank are entitled to take leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un–utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump–sum cash amount equal to 180 days basic salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored

37.2.1 Principal actuarial assumptions

The latest valuation was carried out at December 31, 2023 using the "Projected Unit Credit Method". The principal assumptions used in the valuation were as follows:

	2023	2022
	Per annum	
Discount rate	16.75%	14.50%
Expected rate of eligible salary increase in future years	14.75%	13.50%
Average number of leaves accumulated per annum by the employees (days)	18	18

	2023	2022
	Rupees in '000'	
37.2.2 Movement in present value of defined benefit obligations		
Obligations at the beginning of the year	153,884	133,629
Current service cost	4,944	4,889
Interest cost	22,100	15,520
Benefits paid during the year	(2,942)	(3,088)
Re–measurement gain	(14,623)	2,934
Obligations at the end of the year	163,363	153,884
37.2.3 Movement in payable to defined benefit plan		
Opening balance	153,884	133,629
Charge for the year	12,421	23,343
Benefit paid	(2,942)	(3,088)
Closing balance	163,363	153,884
37.2.4 Charge for defined benefit plan		
Current service cost	4,944	4,889
Interest cost	22,100	15,520
Actuarial (gain) / loss recognized	(14,623)	2,934
	12,421	23,343

37.2.5 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit plan. The increase / (decrease) in the present value of defined benefit plan as a result of change in discount rate and salary growth is summarized below:

	2023	2022
	Rupees in '000'	
Increase in discount rate by 1%	(149,368)	(140,701)
Decrease in discount rate by 1%	178,666	168,299
Increase in expected future increment in salary by 1%	178,670	168,303
Decrease in expected future increment in salary by 1%	(149,370)	(140,702)

37.2.6 Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2023	2022	2021	2020	2019
	Rupees in '000'				
Opening net liability	153,884	133,629	123,506	111,612	102,294
Net charge for the year	9,479	20,255	10,123	11,894	9,318
	163,363	153,884	133,629	123,506	111,612
Actuarial gain / (loss) on obligation	14,623	(2,934)	4,024	2,068	(1,175)

37.3 Defined contribution plan

The Bank operates and approved provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Bank and employees at the rate of 8.33% of basic salary.

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total compensation expense

		2023				
	Note	Chairman	Members Shariah Board	President / CEO	Key management personnel	Other material risk takers / controllers
		Rupees in '000'				
Fees and allowances etc.	38.3	–	8,735	–	–	–
Managerial remuneration						
Fixed		–	2,916	116,645	284,894	586,825
Variable cash bonus / awards	38.1.3	–	–	51,520	60,407	122,107
Charge for defined benefit plan		–	–	7,245	12,061	23,071
Contribution to defined contribution plan		–	–	–	11,050	23,291
Relocation allowance		–	–	–	–	960
Servant salary		–	–	720	5,154	19,969
Furnishing allowance		–	–	750	–	–
Club membership		–	–	285	517	700
Fuel		–	829	–	20,219	61,112
Others		–	–	300	489	1,866
Total		–	12,480	177,465	394,791	839,901
Number of persons		1	4	1	16	62

	Note	2022 Chairman	Members Shariah Board	President / CEO	Key management personnel	Other material risk takers / controllers
		Rupees in '000'				
Fees and allowances etc.	38.3	–	9,260	–	–	–
Managerial remuneration						
Fixed		–	2,121	103,684	270,960	486,632
Variable cash bonus / awards	38.1.3	–	–	69,000	70,417	102,887
Charge for defined benefit plan		–	–	6,440	9,281	12,602
Contribution to defined contribution plan		–	–	–	11,219	17,255
Relocation allowance		–	–	–	–	–
Servant salary		–	–	720	4,289	14,393
Furnishing allowance		–	–	–	–	
Club membership		–	–	558	1,551	1,313
Fuel		–	641	–	15,377	40,095
Others		–	–	670	456	987
Total		–	12,022	181,072	383,550	676,164
Number of persons		0	4	1	16	58

38.1.1 During the year, in terms of section 10 (2) of the Bank of Punjab Act, 1989, the GoPb appointed the Chairman of the Board of Directors of the Bank. However subsequent to year end the GoPb de–notified the Chairman.

38.1.2 In terms of service agreement of President / CEO, certain benefits including provision of Bank maintained cars, medical insurance cover etc. are also available to him. Further, certain executives are also entitled for Bank maintained car along with driver, corporate club membership and mobile phone as per Bank's policy.

38.1.3 Variable cash bonus / awards includes deferred cash bonus for President / CEO, key management personnel and other material risk takers / controllers. Deferred cash bonus as on December 31, 2023 stood at Rs. 90,145 thousand (2022: Rs. 58,282 thousand).

38.2 Remuneration paid to directors for participation in Board and Committee meetings

Name of Director	2023 For Board Committees: Board Meetings	Strategy, Islamic & Priority Sector's Financing Committee	Board Audit Committee	Human Resource, Compensation, Performance Evaluation & Nomination Committee	Information Technology & Communications Committee	Risk Management, Compliance & NPL Review Committee	Review of BOP Act 1989 Committee	Total amount paid
	Rupees in '000'							
Dr. Muhammad Amjad Saqib	1,877	951	–	1,657	–	1,182	–	5,667
Mr. Asif Reza Sana	1,877	719	–	1,657	707	–	719	5,679
Mr. Mohammad Jehanzeb Khan	462	232	232	694	232	–	232	2,084
Mr. Mohammad Mudassir Amray	1,402	–	1,182	–	475	1,182	–	4,241
Mr. Muhammad Naeem Khan	1,877	951	1,182	–	–	1,182	–	5,192
Mr. Mujahid Sherdil	694	–	232	232	–	–	–	1,158
Mr. Naweed Akhtar Sharif	462	232	232	232	232	232	–	1,622
Ms. Nadia Rehman	1,414	488	–	462	244	719	–	3,327
Mr. Syed Ghazanfar Abbas Jilani	1,877	475	1,182	1,657	232	1,182	719	7,324
Total	11,942	4,048	4,242	6,591	2,122	5,679	1,670	36,294

Name of Director	2022							
	For Board Committees							
	Board Meetings	Strategy, Islamic & Priority Sector's Financing Committee	Board Audit Committee	Human Resource, Compensation, Performance Evaluation & Nomination Committee	Information Technology & Communications Committee	Risk Management, Compliance & NPL Review Committee	Review of BOP Act 1989 Committee	Total amount paid
	Rupees in '000'							
Dr. Muhammad Amjad Saqib	2,438	1,706	–	1,950	–	1,462	–	7,556
Mr. Asif Reza Sana	2,437	1,706	244	1,950	1,219	244	244	8,044
Mr. Iftikhar Amjad	975	244	731	975	–	–	–	2,925
Mr. Mohammad Jehanzeb Khan	2,194	488	1,706	1,950	1,219	244	243	8,044
Mr. Mohammad Mudassir Amray	2,437	731	1,950	–	975	1,219	–	7,312
Mr. Muhammad Naeem Khan	1,950	1,463	1,462	–	–	1,219	–	6,094
Mr. Wasif Khurshid	244	243	244	–	–	244	–	975
Ms. Nadia Rehman	2,438	1,706	–	–	1,219	1,462	–	6,825
Mr. Syed Ghazanfar Abbas Jilani	2,437	1,219	1,951	1,950	487	1,462	244	9,750
Total	17,550	9,506	8,288	8,775	5,119	7,556	731	57,525

In addition to above, Mr. Syed Ghazanfar Abbas Jilani (Director) was paid Rs. 98 thousand for hearing Bank's disciplinary and grievance cases of employees as per Bank's policy.

38.3 Remuneration paid to Shariah board members

	2023				2022			
	Chairman	Resident member	Non–resident member	Total amount paid	Chairman	Resident member	Non–resident member	Total amount paid
	Rupees in '000'							
Meeting fee and allowances	3,265	–	5,470	8,735	3,480	–	5,780	9,260
Salary & festival bonus paid to resident member through Bank's payroll	–	3,745	–	3,745	–	2,762	–	2,762
Total amount	3,265	3,745	5,470	12,480	3,480	2,762	5,780	12,022
Number of persons	1	1	2		1	1	2	

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Bank categorizes fair value measurements within the following fair value hierarchy.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in subsidiaries, is determined on the basis of the break–up value of these investments as per their latest available financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short–term in nature or, in the case of customer loans and deposits, are frequently repriced.

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly. (i.e. derived from prices).

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

39.1.1 Valuation techniques used in determination of fair values within level 2 and level 3

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP).
Non–Government debt securities	The fair value of non–government debt securities is determined using the prices / rates available on MUFAP
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published at the close of reporting date.
Forward foreign exchange contracts	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Unlisted shares	Break–up value determined on the basis of net assets value of the company using the latest available audited financial statements.
Property & equipment and non–banking assets acquired in satisfaction of claims	Land, buildings on freehold land and non–banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

39.2 Fair value of financial assets

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

	2023				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	793,964,039	–	793,964,039	–	793,964,039
Shares	4,393,049	4,371,789	21,260	–	4,393,049
Non–Government debt securities	8,725,336	–	8,725,336	–	8,725,336
Mutual funds & investment trust units	3,250,963	–	3,250,963	–	3,250,963
Foreign securities	11,957	–	–	11,957	11,957
Subsidiary companies	110,487	–	–	110,487	110,487
Financial assets disclosed but not measured at fair value :					
Government securities	98,547,842	–	84,546,226	–	84,546,226
Unlisted term finance certificates and sukuks	4,187,743	–	4,187,743	–	4,187,743
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	118,317,903	–	118,317,903	–	118,317,903
Forward sale of foreign exchange contracts	93,928,311	–	93,928,311	–	93,928,311
Purchase of deliverable future contracts	120,433	–	120,433	–	120,433

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	518,117,706	–	518,117,706	–	518,117,706
Shares	8,168,412	8,148,885	19,527	–	8,168,412
Non–Government debt securities	8,856,478	–	8,856,478	–	8,856,478
Mutual funds & investment trust units	2,635,138	–	2,635,138	–	2,635,138
Foreign securities	11,957	–	–	11,957	11,957
Subsidiary Company	–	–	–	–	–
Financial assets disclosed but not measured at fair value :					
Government securities	96,883,601	–	87,756,050	–	87,756,050
Unlisted term finance certificates and sukuks	3,585,344	–	3,585,344	–	3,585,344
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	105,808,826	–	105,808,826	–	105,808,826
Forward sale of foreign exchange contracts	93,853,340	–	93,853,340	–	93,853,340

39.3 Fair value of non financial assets

	2023				
	Carrying value/ Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
Non Financial assets measured at fair value :					
Property and equipment (land & building)	11,977,725	–	11,977,725	–	11,977,725
Non banking assets acquired in satisfaction of claims	1,996,956	–	1,996,956	–	1,996,956

	2022				
	Carrying value/ Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
Non Financial assets measured at fair value :					
Property and equipment (land & building)	12,400,348	–	12,400,348	–	12,400,348
Non banking assets acquired in satisfaction of claims	3,677,345	–	3,677,345	–	3,677,345

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2023						
	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark–up / return / profit	117,926,088	72,447	20,594,438	165,010,201	22,723,664	866,963	327,193,801
Inter segment revenue – net	(76,156,079)	127,619,621	73,357,009	(98,865,583)	(1,907,971)	(24,046,997)	–
Non mark–up / return / interest income	2,286,041	2,152,232	1,101,090	6,688,089	470,982	5,019,097	17,717,531
Total income	44,056,050	129,844,300	95,052,537	72,832,707	21,286,675	(18,160,937)	344,911,332
Segment total expenses	37,452,548	103,234,295	60,533,247	83,436,030	15,325,207	23,765,013	323,746,340
Profit before provisions	6,603,502	26,610,005	34,519,290	(10,603,323)	5,961,468	(41,925,950)	21,164,992
Provisions / (reversals)	(1,461,856)	–	(166,123)	818,168	208,702	548,184	(52,925)
Profit / (loss) before tax	8,065,358	26,610,005	34,685,413	(11,421,491)	5,752,766	(42,474,134)	21,217,917
Balance sheet							
Cash & bank balances	–	186,246	34,672,274	64,895,673	9,423,454	–	109,177,647
Investments – net	2,756,908	–	–	868,721,723	41,712,785	–	913,191,416
Net inter segment lending	–	645,860,735	416,690,196	–	–	57,079,680	1,119,630,611
Lendings to financial institutions	–	–	–	141,025,933	3,935,000	–	144,960,933
Advances – performing	530,870,534	758,612	138,987,419	–	105,445,766	21,871,895	797,934,226
Advances – non–performing – net	5,274,559	–	1,843,961	–	1,326,535	7,599	8,452,654
Others	52,959,233	75,427	10,743,167	124,519,862	12,103,448	42,061,977	242,463,114
Total assets	591,861,234	646,881,020	602,937,017	1,199,163,191	173,946,988	121,021,151	3,335,810,601
Borrowings	73,019,677	–	1,497,834	377,225,143	2,223,337	–	453,965,991
Subordinated debts	–	–	–	–	–	30,204,640	30,204,640
Deposits & other accounts	245,281,536	634,070,009	528,169,599	–	113,332,498	–	1,520,853,642
Net inter segment borrowing	258,755,695	–	–	821,938,048	38,936,868	–	1,119,630,611
Others	14,804,326	12,811,011	73,269,584	–	7,991,360	21,524,824	130,401,105
Total liabilities	591,861,234	646,881,020	602,937,017	1,199,163,191	162,484,063	51,729,464	3,255,055,989
Equity							80,754,612
Total equity & liabilities							3,335,810,601
Contingencies & commitments	290,616,339	–	14,715,236	217,962,036	18,778,330	693,899	542,765,840

	2022						
	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark–up / return / profit	47,375,056	11,823	11,611,868	67,165,591	10,396,220	607,406	137,167,964
Inter segment revenue – net	(26,185,820)	68,600,173	36,158,211	(66,479,080)	(324,987)	(11,768,497)	–
Non mark–up / return / interest income	2,910,323	1,552,524	1,271,709	3,413,252	257,565	1,170,997	10,576,370
Total income	24,099,559	70,164,520	49,041,788	4,099,763	10,328,798	(9,990,094)	147,744,334
Segment total expenses	2,602,856	62,797,092	34,553,880	10,717,865	8,069,690	15,373,388	134,114,771
Profit before provisions	21,496,703	7,367,428	14,487,908	(6,618,102)	2,259,108	(25,363,482)	13,629,563
Provisions / (reversals)	(5,020,030)	–	(319,011)	1,377,806	168,466	(1,085,188)	(4,877,957)
Profit / (loss) before tax	26,516,733	7,367,428	14,806,919	(7,995,908)	2,090,642	(24,278,294)	18,507,520
Balance sheet							
Cash & Bank balances	–	147,504	26,232,485	42,779,915	8,857,646	–	78,017,550
Investments – net	2,877,025	–	–	602,990,890	32,390,721	–	638,258,636
Net inter segment lending	–	539,643,961	303,941,430	–	2,723,384	27,952,943	874,261,718
Lendings to financial institutions	–	–	–	52,244,342	17,575,000	–	69,819,342
Advances – performing	396,470,662	123,805	115,139,152	–	54,669,949	15,795,928	582,199,496
Advances – non–performing	4,585,725	–	1,296,104	–	1,477,233	22,881	7,381,943
Others	32,434,475	6,016	6,943,631	12,742,007	8,088,570	45,998,470	106,213,169
Total assets	436,367,887	539,921,286	453,552,802	710,757,154	125,782,503	89,770,222	2,356,151,854
Borrowings	76,278,779	–	1,634,915	1,379,807	1,526,711	–	80,820,212
Subordinated debts	–	–	–	–	–	17,203,760	17,203,760
Deposits & other accounts	149,447,572	532,370,160	433,874,995	–	111,646,763	–	1,227,339,490
Net inter segment borrowing	165,487,254	–	–	708,774,464	–	–	874,261,718
Others	45,154,282	7,551,126	18,042,892	602,883	6,570,925	13,552,553	91,474,661
Total liabilities	436,367,887	539,921,286	453,552,802	710,757,154	119,744,399	30,756,313	2,291,099,841
Equity							65,052,013
Total equity & liabilities							2,356,151,854
Contingencies & commitments	274,997,186	–	8,969,055	198,951,177	18,285,963	434,787	501,638,168

Due to change in reportable business segments, the figures of comparative period are realigned for the purposes of comparison.

41 TRUST ACTIVITIES

The Bank act as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. The are not the assets of the Bank and , therefore, not included in these unconsolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

	2023						
		Securities Held (Face Value)					
Category	Count of IPS accounts	Market treasury bills	Pakistan investment bonds	Government ijarah sukuks	Naya Pakistan certificates	Islamic naya Pakistan certificates	Total
		Rupees in '000'					
Asset Management Companies	13	2,190,000	–	–	–	–	2,190,000
Corporate	36	7,072,000	425,000	13,300	–	–	7,510,300
Employees Funds	16	16,540,500	3,187,000	75,000	–	–	19,802,500
Individuals	486	753,160	47,800	–	841,670	122,409	1,765,039
Others	33	13,417,100	2,905,000	6,500	–	–	16,328,600
	584	39,972,760	6,564,800	94,800	841,670	122,409	47,596,439

	2022						
		Securities Held (Face Value)					
Category	Count of IPS accounts	Market treasury bills	Pakistan investment bonds	Government ijarah sukuks	Naya Pakistan certificates	Islamic naya Pakistan certificates	Total
		Rupees in '000'					
Asset Management Companies	9	2,000,000	2,550,000	–	–	–	4,550,000
Corporate	18	131,000	2,024,300	13,300	–	–	2,168,600
Employees Funds	15	4,853,300	8,151,500	–	–	–	13,004,800
Individuals	286	405,620	–	–	739,583	85,742	1,230,945
Others	8	65,000	–	–	–	–	65,000
	336	7,454,920	12,725,800	13,300	739,583	85,742	21,019,345

42 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its subsidiaries, employee benefit plans, Directors and Key Management Personnel. The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Remuneration of Directors, key management personnel, Shariah Board and fixed assets sold to related parties are disclosed in Note 38.1, 38.2, 38.3 & Note 11.3.5 respectively. In addition key management personnel are paid terminal and short–term terminal benefits.

	2023					2022				
	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee funds	Other related parties	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee funds	Other related parties
	Rupees in '000'									
Lendings to financial institutions										
Opening balance	–	–	1,825,000	–	–	–	–	1,600,000	–	–
Addition during the year	–	–	7,085,000	–	–	–	–	7,775,000	–	–
Repaid during the year	–	–	(6,925,000)	–	–	–	–	(7,550,000)	–	–
Closing balance	–	–	1,985,000	–	–	–	–	1,825,000	–	–
Investments										
Opening balance	–	–	164,945	–	–	–	–	164,945	–	–
Investment made during the year	–	–	110,487	–	–	–	–	–	–	–
Investment disposed off during the year	–	–	–	–	–	–	–	–	–	–
Closing balance	–	–	275,432	–	–	–	–	164,945	–	–
Provision for diminution in value of investments	–	–	164,945	–	–	–	–	164,945	–	–
Advances										
Opening balance	–	362,721	–	–	–	–	269,016	132,431	–	1,318,019
Addition during the year	–	232,127	–	–	–	–	250,149	156,395	–	804,387
Repaid during the year	–	128,387	–	–	–	–	156,444	288,826	–	2,122,406
Closing balance	–	466,461	–	–	–	–	362,721	–	–	–
Other assets – advance deposits and prepayments	–	403	100,000	–	–	–	8,992	100,000	–	–
Other assets – markup receivable	–	20,018	103,301	–	–	–	16,720	28,097	–	–
Right–of–use assets	–	–	–	–	62,610	–	–	–	–	67,036
Lease liability against right–of–use assets	–	–	–	–	15,208	–	–	–	–	13,302

	2023					2022				
	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee funds	Other related parties	Directors	Key management personnel	Subsidiary companies and managed modaraba	Employee funds	Other related parties
	Rupees in '000'									
Deposits and other accounts:										
Opening balance	239	30,825	40,067	1,036,847	26,391	902	26,795	36,387	374,772	1,558,999
Received during the year	69,369	1,530,820	3,548,294	8,849,409	465,652	7,764	833,334	2,518,801	3,805,306	70,813,694
Withdrawn during the year	60,072	1,465,784	3,570,907	8,700,657	377,650	8,427	829,304	2,515,121	3,143,231	72,346,302
Closing balance	9,536	95,861	17,454	1,185,599	114,393	239	30,825	40,067	1,036,847	26,391
Other liabilities	217	2,721	1,058	690,633	3,466	8	108	259	171,152	–
Contingencies (non funded exposure)	–	–	–	–	49,822	–	–	–	–	49,822
Income										
Mark–up / return / interest earned	–	21,064	358,078	–	–	–	17,032	220,928	–	5,678
Fee and commission income	–	1,618	126	–	–	–	–	–	–	8,470
Expense										
Mark–up / return / interest paid	1,228	564	4,264	352,942	6,551	60	353	1,973	96,370	157,850
Mark–up on lease liability against right–of–use assets	–	–	–	–	1,906	–	–	–	–	3,061
Depreciation on right–of–use assets	–	–	–	–	4,426	–	–	–	–	3,926
Non markup expense	–	–	8,677	–	–	–	–	4,568	–	–

42.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance. The same are accounted for through movement presented above.

42.2 The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities. The detail of transactions are as follows:

	2023	2022
	Rupees in '000'	
Advances - net	99,445,479	52,906,885
Deposits and other accounts	649,339,057	549,974,639
Bills payable	157,468	208,525
Subordinated debt	12,314,304	1,414,613
Acceptances	71,929	71,929
Contingencies and commitments	26,885,973	31,495,126
Mark-up / return / interest receivable	17,065,985	5,578,460
Mark-up payable on subordinated debts	506,774	14,530
Mark-up / return / interest payable	37,615,613	19,952,701
Mark-up / return / interest earned	52,859,220	7,788,589
Mark-up / return / interest expensed	107,913,754	55,534,566
Income on contingencies	208,159	217,054

42.3 The Bank made contribution of Rs. 501,543 thousand and Rs. 171,152 thousand (December 31, 2022: Rs. 375,115 thousand and 268,144 thousand) to employees provident fund and gratuity fund during the year respectively.

42.4 First Punjab Modaraba and Punjab Modaraba Services (Private) Limited are using premises owned by The Bank of Punjab free of cost.

42.5 Advances to employees as at December 31, 2023, other than key management personnel, amounted to Rs. 24,467,885 thousand (December 31, 2022: Rs. 17,649,987 thousand) with markup receivable of Rs. 831,158 thousand (December 31, 2022: Rs.634,330 thousand) and markup income of Rs.990,346 thousand (December 31, 2022: Rs. 636,822 thousand) and fee & commission income of Rs. 22,861 thousand.

42.6 During the year, the Bank acquired 100% shares of Punjab Capital Securities (Private) Limited from First Punjab Modaraba, as explained in note 9.1.3 of these unconsolidated financial statements.

42.7 The Bank held government securities in fudicary capacity for its employee funds in IPS accounts amounting to Rs. 5,275,500 thousand (2022: Rs. 3,572,500 thousand).

		2023	2022
		Rupees in '000'	
43	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**		
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	34,667,575	31,693,421
	Capital Adequacy Ratio (CAR):		
	Eligible common equity tier 1 (CET 1) capital	74,275,763	53,858,265
	Eligible additional tier 1 (ADT 1) capital	11,917,500	8,017,500
	Total eligible tier 1 capital	86,193,263	61,875,765
	Eligible tier 2 capital	16,484,562	6,396,254
	Total eligible capital (Tier 1 + Tier 2)	102,677,825	68,272,019
	Risk Weighted Assets (RWAs):		
	Credit risk	441,962,289	430,945,557
	Market risk	35,476,704	19,124,408
	Operational risk	81,512,110	70,680,644
	Total	558,951,103	520,750,609
	Common equity tier 1 capital adequacy ratio	13.29%	10.34%
	Tier 1 CAR (%)	15.42%	11.88%
	Total CAR (%)	18.37%	13.11%

The SBP vide letter No. SBHOK-BPRD-BACPD-BOP-613933, dated February 01, 2024, allowed the Bank to include advance subscription money of Rs. 3,900,000 thousand against ADT - I and vide letter No. BPRD-BA&CP-614556 Rs. 4,285,000 thousand Tier - II respectively, as of December 31, 2023, for CAR and LR purposes. Had the advance subscription money of Rs. 3,900,000 thousand and Rs. 4,285,000 thousand not been taken, the CAR, LR and NSFR would stand at 16.91%, 3.22% and 123.79% respectivley.

43.1 Capital adequacy framework

The Basel Framework for a capital adequacy is applicable to the Bank both at the consolidated level (including the Subsidiary) and on a standalone basis. The Bank's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratio compares the amount of eligible capital with the total of risk-weighted assets. The Bank monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Banks and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated banks should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The paid-up capital requirement (net of losses) as at December 31, 2023 is Rs. 10 billion.

The SBP requires that banks doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% plus capital conservation buffer of 2.50% of the risk weighted assets of the Bank. However, in order to dampen the effects of COVID - 19, SBP vide Circular No 12 of 2020 dated March 26, 2020, provided relaxation to maintain capital conversion buffer CCB of 1.5% from March, 2020 till further instructions. Accordingly, capital adequacy ratio requirement stood at 11.50% as at December 31, 2023.

Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2023. The Bank is fully compliant with prescribed ratios as the Bank's CAR is 18.37% whereas CET 1 and Tier 1 ratios stood at 13.29% and 15.42% respectively.

The SBP's regulatory capital as managed by the Bank is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.

- Additional Tier I capital (ADT-I), which includes instrument meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

  The deductions from Tier 1 capital include mainly:

  i) Book value of goodwill / intangibles;
  ii) Shortfall in provision;
  iii) Deficit on revaluation of available for sale investments - AFS and fixed assets;
  iv) Defined benefit pension fund asset;
  v) Investment in own shares;
  vi) Reciprocal cross holdings in equity capital instruments of other banks, financial institutions and insurance companies;
  vii) Investment in mutual funds above a prescribed ceiling;
  viii) Threshold deductions applicable from 2014 on deferred tax assets and certain investments; and
  ix) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position during transition phase.

- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves, exchange translation reserves after all regulatory adjustments applicable on Tier-II.

  The deductions from Tier 2 include mainly

  i) Reciprocal cross holdings in other capital instruments of other banks, financial institution and insurance companies;

  ii) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

The Bank calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank.

		2023	2022
		Rupees in '000'	
43.2	**Leverage Ratio (LR):**		
	Eligible Tier-1 Capital	86,193,263	61,875,765
	Total Exposures	2,553,544,800	1,787,497,376
	LR (%)	3.38%	3.46%
43.3	**Liquidity Coverage Ratio (LCR):**		
	Total High Quality Liquid Assets	633,492,844	646,611,725
	Total Net Cash Outflow	345,059,142	469,412,209
	LCR (%)	183.59%	137.75%
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	1,136,308,900	838,164,000
	Total Required Stable Funding	911,331,400	683,105,000
	NSFR (%)	124.69%	122.70%

43.4 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time are available at http://bop.com.pk.

44 RISK MANAGEMENT

The Bank has implemented a 360-degree end-to-end risk management framework based on prudent and best banking practices. The framework covers all verticals of Risk Management including Credit, Market, Liquidity, Operational, AML / CFT, Environmental, Social & Governance (ESG) and Information Security. In addition, the Bank has in-place consolidated risk appetite statement which helps the Bank steer its strategic direction. The entire risk management process is governed by the Board and its risk committees which are responsible for approving the risk framework including policies and setting effective risk controls thereby safeguarding the Bank from any unforeseen event. The implementation of all such controls and highlighting any red flag in timely manner is ensured by strong governance vis-a-vis Banks' management committees like Asset and Liability Committee (ALCO) and Credit Risk Management Committee (CRMC).

44.1 Credit risk

Credit Risk exposes the Bank to a potential financial loss due to its obligor and/or counterparty(ies) failure to meet the contractual obligations. Credit risk can arise from direct lending to Consumer/Retail, Agriculture, SME, Corporate/Commercial clientele, trade finance products and credit derivatives. The Bank assesses the credit risk of its clientele on the basis of a well documented and robust credit policy/product manuals and procedures duly approved by the Board along with strict compliance to SBP Prudential regulations, regulatory and industry specific guidelines issued from time to time. The Bank has deployed an economic and statistically balanced Obligor Risk Rating (ORR) model which captures both qualitative (corporate structuring, account behavior, relationship with Bank, market check, internal quality and buyer / supplier

concentration etc.) and quantitative (financials, economics & industry specific) factors of the clients to define credit rating which further complement the in-place credit assessment and management process(es). To further beef up the credit evaluation process Facility Risk Ratings (FRR) are also assessed to ensure that the Bank's credit exposure is maintained within the pre-defined Board approved appetite at all times. The Bank has a very strong pre & post credit monitoring and collateral management framework thereby ensuring the Banks' interest is safeguarded. The Bank monitors its credit portfolio on an ongoing basis by applying various analytical and statistical techniques / methodologies with findings presented in CRMC and the Board's Risk Management, Compliance and NPL Review Committee (RMC&NPLRC). The Bank also continuously monitors the credit ratings via rating migration matrix analysis; in terms of both number of accounts & exposure to identify any credit deterioration that can expose the Bank to current and / or potential credit risk.

The Bank's risk management involves the identification, measurement, monitoring, mitigation and controlling of risks to ensure that following primary objectives at minimum are adhered to :

a. Individuals who take or manage risks clearly understand it in the entire credit value chain;
b. The Bank's risk exposure is within the risk appetite limits duly defined by the regulator or established by Board of Directors;
c. Risk taking decisions are in line with business strategy and objectives set by the management;
d. Business decisions optimize the risk-reward trade-off;
e. Risk taking decisions are explicit and clear; and
f. Sufficient capital as a buffer is available to take risk.

The risk management function of the Bank is regularly conducting assessments of the Bank's credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment.

Further, assessment of following Obligor Risk Rating (ORR) factors are also in place for effective risk management:

Leverage ratio, Debt-EBITDA ratio, Net profit margin, Return on Capital Employed, Turnover ratios, Cash Conversion Cycle (CCC), external rating, industry volatility, relationship with the Bank, quality of financial reporting, account behavior, internal quality and buyer / supplier concentration etc.

Stress tests (sensitivity analysis & / or scenario analysis) helps in identifying and analyzing the risks which might be quiescent, but if triggered, can have far-fetching implications for the financial institution. The Bank has implemented a very effective stress testing program and stress testing has been made a regular feature of periodic risk assessment and reporting framework.

44.1.1 Lendings to financial institutions

Credit Risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000'					
Public / Government	19,217,031	31,170,278	–	–	–	–
Private	125,743,902	38,649,064	–	–	–	–
	144,960,933	69,819,342	–	–	–	–

		Gross Investments		Non-performing Investments		Provision held	
		2023	2022	2023	2022	2023	2022
		Rupees in '000'					
44.1.2	**Investment in debt securities**						
	Refinery	–	20,833	–	–	–	–
	Textile	760,464	571,632	760,464	571,632	760,464	571,632
	Cement	20,000	20,000	20,000	20,000	20,000	20,000
	Sugar	308,606	308,606	308,606	308,606	308,606	308,606
	Electronics and electrical appliances	19,362	25,862	19,362	25,862	19,362	25,862
	Construction	47,387	47,387	47,387	47,387	47,387	47,387
	Power (electricity), gas, water, sanitary	9,380,459	9,864,336	400	400	400	400
	Transport, storage and communication	220,488	420,488	5,488	5,488	5,488	5,488
	Financial	900,471,119	628,928,085	54,453	26,908	54,453	26,908
	Services	780,515	823,876	–	–	–	–
	Chemical and pharmaceuticals	2,249,950	1,435,266	1,364,949	1,435,266	1,364,949	1,435,266
		914,258,350	642,466,371	2,581,109	2,441,549	2,581,109	2,441,549
	Credit risk by public / private sector						
	Public / Government	898,764,854	627,530,124	400	400	400	400
	Private	15,493,496	14,936,247	2,580,709	2,441,149	2,580,709	2,441,149
		914,258,350	642,466,371	2,581,109	2,441,549	2,581,109	2,441,549

		Gross advances		Non-performing advances		Provision held	
		2023	2022	2023	2022	2023	2022
		Rupees in '000'					
44.1.3	**Advances**						
	Agriculture, forestry, hunting and fishing	42,010,760	29,663,843	1,626,594	1,634,188	1,256,145	1,330,373
	Oil & gas	23,677,026	4,365,494	–	657,886	–	416,714
	Textile	131,585,270	121,416,387	21,712,884	22,269,503	18,851,394	20,093,783
	Chemical and pharmaceuticals	20,578,673	18,733,268	64,172	49,253	33,935	49,253
	Cement	21,999,835	23,952,118	–	–	–	–
	Sugar	17,066,102	18,629,267	1,596,353	1,657,014	1,500,623	1,513,419
	Footwear and leather garments	3,801,057	3,939,150	432,871	515,617	342,666	515,617
	Automobile and transportation equipment	3,995,755	4,098,743	1,980,218	1,979,192	1,980,218	1,979,040
	Electronics and electrical appliances	1,089,762	2,231,634	22,640	–	22,640	–
	Cable, electrical & engineering	16,970,204	15,427,548	2,290,620	2,324,060	1,925,448	2,092,541
	Production & transmission of energy	98,958,233	100,934,380	3,021,217	4,442,591	2,146,346	2,026,751
	Construction	10,482,914	11,091,250	1,522,399	1,585,064	1,247,225	1,274,433
	Trading & commerce	135,502,219	31,366,102	7,154,791	7,834,101	6,408,508	7,120,987
	Food & allied	109,860,033	56,040,854	4,702,582	2,599,752	3,243,617	2,461,615
	Transport, storage and communication	86,311,871	79,888,673	233,969	297,178	180,707	199,074
	Financial	13,358,344	7,978,669	725,054	954,205	725,054	954,205
	Fertilizer	3,938,623	7,315,875	49,008	48,938	49,008	48,938
	Services	22,962,427	27,783,645	1,575,745	1,253,987	921,955	1,049,856
	Individuals	63,989,273	59,563,880	1,169,596	1,002,996	731,458	614,815
	Others	21,371,444	9,955,159	999,155	455,940	860,267	438,107
		849,509,825	634,375,939	50,879,868	51,561,465	42,427,214	44,179,521
	Credit risk by public / private sector						
	Public / Government	313,224,653	150,706,380	–	–	–	–
	Private	536,285,172	483,669,559	50,879,868	51,561,465	42,427,214	44,179,521
		849,509,825	634,375,939	50,879,868	51,561,465	42,427,214	44,179,521

		2023	2022
		Rupees in '000'	
44.1.4	**Contingencies and commitments**		
	Textile and ginning	22,633,891	41,444,705
	Cement	7,789,329	11,057,471
	Sugar	1,359,002	1,057,506
	Financial	275,732,306	239,505,160
	Construction and real estate	19,964,138	18,465,729
	Oil and gas	16,836,922	5,539,381
	Auto and allied	2,291,968	2,537,824
	Food and allied	1,409,156	3,016,569
	Chemical and pharmaceuticals	3,568,301	4,233,531
	Fertilizers	8,298,034	4,540,227
	Cable, electrical and engineering	5,183,162	3,022,214
	Production and transmission of energy	37,135,573	33,460,658
	Transport, storage and communication	4,811,246	2,430,511
	Trading and commerce	7,703,598	9,493,386
	Services	111,462,384	102,738,665
	Others	16,586,830	19,094,631
		542,765,840	501,638,168
	Credit risk by public / private sector		
	Public / Government	136,257,043	124,720,788
	Private	406,508,797	376,917,380
		542,765,840	501,638,168

44.1.5 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 410,050,854 thousand (2022: Rs. 253,731,060 thousand).

	2023	2022
	Rupees in '000'	
Funded	296,794,801	137,285,810
Non funded	113,256,053	116,445,250
Total exposure	410,050,854	253,731,060

The sanctioned limits against these top 10 exposures aggregated to Rs. 641,436,230 thousand (2022: Rs. 355,346,250 thousand).

	2023		2022	
	Amount	Provision held	Amount	Provision held
	Rupees in '000'			
Total funded classified therein				
Other assets specially mentioned	–	–	–	–
Substandard	–	–	–	–
Doubtful	–	–	–	–
Loss	–	–	–	–
Total	–	–	–	–

For the purpose of this note, exposure means outstanding funded facilities and utilized non-funded facilities as at the reporting date.

44.1.6 Advances – province / region–wise disbursement and utilization

	2023						
	Disbursements	Utilization					
Province / Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000'						
Punjab	739,176,587	695,382,707	37,404,907	2,529,014	41,534	3,527,996	290,429
Sindh	330,088,442	22,022,996	305,450,905	1,322,252	400,138	892,151	–
KPK including FATA	239,683	–	–	239,683	–	–	–
Baluchistan	93,308	–	–	–	93,308	–	–
Islamabad	43,536,088	59,927	–	3,177,873	–	40,298,288	–
AJK including Gilgit–Baltistan	35,223	–	–	–	–	–	35,223
Total	1,113,169,331	717,465,630	342,855,812	7,268,822	534,980	44,718,435	325,652

	2022						
	Disbursements	Utilization					
Province / Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000'						
Punjab	333,257,890	308,750,745	15,949,397	3,113,489	259,964	5,056,855	127,440
Sindh	146,699,949	10,947,465	133,289,348	1,184,224	1,039,421	239,491	–
KPK including FATA	767,173	375	–	766,798	–	–	–
Baluchistan	–	–	–	–	–	–	–
Islamabad	34,978,263	2,572,634	–	1,807,811	–	30,597,818	–
AJK including Gilgit–Baltistan	16,670	–	–	–	–	–	16,670
Total	515,719,945	322,271,219	149,238,745	6,872,322	1,299,385	35,894,164	144,110

44.1.7 Credit risk - general disclosures

The Bank follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Bank utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), VIS (Vital Information Systems), Fitch Moody's and Standard & Poors. Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

Type of exposures & ECAIs used

Exposures	Fitch	Moody's	S&P	PACRA	VIS
Corporate				√	√
Banks	√	√	√	√	√
Sovereigns			√		
PSEs				√	√
SMEs				√	√

Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

Long term ratings grades mapping

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

Short term rating grades mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

Credit exposures subject to standardized approach

		2023			2022		
Exposures	**Rating**	**Amount outstanding**	**Deduction CRM**	**Net amount**	**Amount outstanding**	**Deduction CRM**	**Net amount**
				Rupees in '000'			
Corporate	1	95,870,166	(12,144,243)	83,725,923	67,509,496	(5,998,878)	61,510,618
	2	158,099,997	2,260,192	160,360,189	162,449,833	(7,169,546)	155,280,287
	3,4	21,175,945	(1,813,372)	19,362,573	13,185,379	(39,000)	13,146,379
	5,6	-	-	-	-	-	-
	Unrated-100%	47,596,681	494,330	48,091,011	58,435,131	(1,980,807)	56,454,324
	Unrated-125%	40,203,008	(2,268,710)	37,934,298	38,146,591	(2,721,231)	35,425,360
Bank	1	152,117,320	(126,436,378)	25,680,942	70,869,414	(52,089,304)	18,780,110
	2,3	2,482,143	58,897	2,541,040	4,812,402	-	4,812,402
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Public sector enterprises in Pakistan	1	44,275,571	(18,973,231)	25,302,340	33,031,884	(6,463,022)	26,568,862
	2,3	14,548,679	(2,366,388)	12,182,291	6,875,000	(2,875,000)	4,000,000
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	175,925,467	(167,508,702)	8,416,765	70,568,988	(70,554,954)	14,034
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	1,109,504,060	(155,204,749)	954,299,311	722,974,480	(40,394,369)	682,580,111
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	5,408,881	-	5,408,881	53,464	-	53,464
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	1,152,919	-	1,152,919	867,079	-	867,079
Un-listed equity investments	150%	21,260	-	21,260	18,966	-	18,966
Non performing loans	150%	3,791,712	-	3,791,712	4,637,699	-	4,637,699
	100%	3,670,690	-	3,670,690	2,007,171	-	2,007,171
	50%	990,253	-	990,253	737,073	-	737,073
Mortgage	35%	20,091,547	470,071	20,561,618	15,858,978	-	15,858,978
Low Cost Housing	25%	6,027,767	406,212	6,433,979	5,575,718	-	5,575,718
Retail	75%	112,349,568	(20,817,516)	91,532,052	83,865,269	(5,622,256)	78,243,013
Fixed assets	100%	33,212,984	-	33,212,984	30,339,299	-	30,339,299
Deferred tax assets	100%	-	-	-	-	-	-
Deferred tax assets	250%	7,793,990	-	7,793,990	6,219,245	-	6,219,245
Significant investments	250%	-		-	-	-	-
Others	100%	107,752,511	(95,151,602)	12,600,909	59,551,370	(23,128,690)	36,422,680
Total		2,164,063,119	(598,995,189)	1,565,067,930	1,458,589,929	(219,037,057)	1,239,552,872

44.1.8 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Bank has adopted comprehensive approach of credit risk mitigation for banking book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Bank's exposure to an obligor is secured by eligible collaterals, the Bank reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

44.1.8.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

44.1.8.2 Equity position risk in the banking book

The Bank takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2023 the composition of equity investments, is as follows:

	Held for trading	Available for sale	Total
	Rupees in '000'		
Ordinary shares (listed) - net of impairment held	–	3,985,489	3,985,489
Ordinary shares (un-listed) - net of impairment held	–	143,704	143,704
Preference shares - net of impairment held	–	386,300	386,300
Total	–	4,515,493	4,515,493

The Bank classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments - Held for trading
- Investments - Available for Sale
- Investments in subsidiaries

44.2 Market risk

Market Risk exposes the Bank to a potential financial loss due to adverse movement in systematic risk factors like interest rates, foreign exchange, equity and debt market, credit spreads, commodity prices and overall market's volatility which can hamper the value of Banks investment position(s).

Interest rate risk is the potential negative impact on Banks profitability and/or assets market value due to uncertain movement in interest rates. Interest rate risk can be broadly categorized into the following categories:

a. Yield curve risk (parallel, steepness and/or curvature)
b. Repricing risk
c. Basis risk
d. Options risk

Equity price risk arises from an uncertain decline in value of a security and/or portfolio in the future. Adverse movement in equity market or index can have a negative impact on Banks' earnings and/or capital due to Banks investment position in the market.

Foreign exchange risk arises from adverse movement in a Bank direct/indirect exposure on a currency. From Banks perspective Forex movement also expose bank to potential credit risk.

Foreign exchange risk can arise from two factors: i. currency mismatches in an institution's assets and liabilities (both on- and off-balance sheet) that are not subject to a fixed exchange rate, and/or ii. currency cash flow mismatches. Such risk continues until the foreign exchange position is fully hedged.

The Bank's market risk management structure consists of Risk Management, Compliance and NPL Review Committee (RMC&NPLRC), Assets and Liabilities Committee (ALCO) and independent Enterprise Risk Management (ERM) division. Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Bank and to define market risk policies and procedures. ERM division seeks to facilitate efficient risk / return decisions, reduce volatility in operating performance and provide transparency in reporting the Bank's market risk profile to the senior management, the Board of Directors and the SBP.

The Bank is using following techniques for mitigation of market risk:

- Hedging the open positions i.e. taking offsetting positions;
- Portfolio diversification; and
- Limits setting, monitoring and reporting.

The Bank is using following techniques for measurement of market risk and all the reports along with suggestive strategies which are escalated to senior management for their review and corrective actions:

- Daily mark to market revaluation of equity, foreign exchange and bonds portfolio;
- Estimated value at risk on equity and foreign exchange exposures;
- Interest rate gap analysis;
- Duration analysis;
- Stress testing of market risk exposures; and
- Scenarios based analysis.

44.2.1 Balance sheet split by trading and banking book

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000'					
Cash and balances with treasury banks	100,894,255	–	100,894,255	73,203,096	–	73,203,096
Balances with other banks	8,283,392	–	8,283,392	4,814,454	–	4,814,454
Lendings to financial institutions	144,960,933	–	144,960,933	69,819,342	–	69,819,342
Investments - net	150,454,695	762,736,721	913,191,416	624,451,694	13,806,942	638,258,636
Advances - net	806,386,880	–	806,386,880	589,581,439	–	589,581,439
Fixed assets	33,212,981	–	33,212,981	30,339,290	–	30,339,290
Intangible assets	2,091,021	–	2,091,021	1,767,987	–	1,767,987
Deferred tax assets - net	10,242,767	–	10,242,767	14,554,517	–	14,554,517
Other assets	196,916,345	–	196,916,345	59,551,375	–	59,551,375
	1,453,443,269	762,736,721	2,216,179,990	1,468,083,194	13,806,942	1,481,890,136

44.2.2 Foreign exchange risk

The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities. Foreign exchange exposure and nostro balances are managed within the statutory limits, as fixed by SBP. Counter parties limits are also fixed to limit risk concentration. Market risk charge calculates on Foreign Exchange Exposure Limit (FEEL) and forward contracts (interest rate) and credit risk charge manage by Bank on all forward contracts.

	2023				2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000'							
United States Dollar	25,235,781	48,209,557	18,773,772	(4,200,004)	14,441,549	28,600,969	8,623,084	(5,536,336)
Great Britain Pound Sterling	1,651,203	7,323,124	5,313,319	(358,602)	1,627,244	4,703,619	2,772,645	(303,730)
Euro	2,432,273	3,239,790	395,200	(412,317)	746,521	1,979,409	751,569	(481,319)
Japanese Yen	56,000	1,869	–	54,131	91,748	1,610	(172,170)	(82,032)
Other currencies	499,632	33,135	(92,697)	373,800	278,141	47,187	(19,641)	211,313
	29,874,889	58,807,475	24,389,594	(4,542,992)	17,185,203	35,332,794	11,955,487	(6,192,104)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	–	(7,263)	–	(24,486)
- Other comprehensive income	–	–	–	–

44.2.3 Equity position risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behavior similar to equities. The Bank's strategy is to invest in equity securities for increase in dividend income and capital gains through market volatility.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 5% change in equity prices on				
- Profit and loss account	–	(199,274)	–	(387,999)
- Other comprehensive income	(184,684)	–	(21,019)	–

44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II specific

Interest rate risk is the potential that the value of the on-balance sheet and the off-balance sheet positions of the bank would be negatively affected with the change in the market interest rates. The vulnerability of the Bank towards the adverse movements of the interest rate can be gauged by using duration GAP analysis.

Interest rate risk in the banking book is the risk to interest income arising from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. The banking book activities that give rise to interest rate risk include lending activities, balance sheet funding and capital management. Interest rate risk in banking book can be measured by both, changes in net interest income and changes in market value of interest bearing AFS investments. This also refers to the non-trading market risk. To adjust the effective rate sensitivity, the Bank is using following strategies after proper analysis of the Bank's gaps and prevailing interest rate:

- Reduced asset sensitivity
- Increased asset sensitivity
- Reduced liability sensitivity
- Increased liability sensitivity

The Bank's interest rate risk management policy includes following techniques to mitigate potential risks:

a) Monitoring and management of interest rate volatility in terms of percentage change in net income through interest sensitive gaps.
b) Key consideration in investing in interest rate driven financial instruments.
c) Managing volatility in the trading on category / instrument wise basis.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in interest rates on				
- Profit and loss account	(1,466,857)	(7,588,266)	(6,240,313)	(60,470)
- Other comprehensive income	–	–	–	–

44.2.5 Mismatch of interest rate sensitive assets and liabilities

	2023											
			Exposed to yield/ Interest risk									
	Effective yield/ Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
	Rupees in '000'											
On–balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		100,894,255	6,592,100	–	–	–	–	–	–	–	–	94,302,155
Balances with other banks	18.85%	8,283,392	4,429,734	–	–	–	–	–	–	–	–	3,853,658
Lending to financial institutions	19.45%	144,960,933	142,975,933	–	1,985,000	–	–	–	–	–	–	–
Investments - net	18.31%	913,191,416	5,404,739	52,273,507	34,788,089	236,712,072	108,403,037	161,878,572	203,392,184	103,046,331	–	7,292,885
Advances - net	18.75%	806,386,880	200,958,752	604,842,658	–	–	–	–	–	–	–	585,470
Other assets		193,221,615	–	–	–	–	–	–	–	–	–	193,221,615
		2,166,938,491	360,361,258	657,116,165	36,773,089	236,712,072	108,403,037	161,878,572	203,392,184	103,046,331	–	299,255,783
Liabilities												
Bills payable		5,507,855	–	–	–	–	–	–	–	–	–	5,507,855
Borrowings	21.37%	453,965,991	379,800,830	30,325,890	6,994,536	26,637	614,150	2,252,101	5,263,021	28,092,412	396,290	200,124
Deposits and other accounts	14.78%	1,520,853,642	59,813,609	822,470,280	143,412,527	193,474,736	2,580,957	4,034,500	822,648	–	–	294,244,385
Subordinated debts	22.28%	30,204,640	–	–	30,204,640	–	–	–	–	–	–	–
Other liabilities		124,849,267	1,919	10,611	3,046	69,146	298,429	258,718	878,276	7,145,780	7,061,334	109,122,008
		2,135,381,395	439,616,358	852,806,781	180,614,749	193,570,519	3,493,536	6,545,319	6,963,945	35,238,192	7,457,624	409,074,372
On-balance sheet gap		31,557,096	(79,255,100)	(195,690,616)	(143,841,660)	43,141,553	104,909,501	155,333,253	196,428,239	67,808,139	(7,457,624)	(109,818,589)
Off-balance sheet financial instruments												
Documentary credits and guarantees		308,292,732	–	–	–	–	–	–	–	–	–	308,292,732
Commitments in respect of:												
– forward foreign exchange contracts – net		24,415,612	–	–	–	–	–	–	–	–	–	24,415,612
– forward lending		15,817,173	–	–	–	–	–	–	–	–	–	15,817,173
Off–balance sheet gap		348,525,517	–	–	–	–	–	–	–	–	–	348,525,517
Total yield / interest risk sensitivity gap			(79,255,100)	(195,690,616)	(143,841,660)	43,141,553	104,909,501	155,333,253	196,428,239	67,808,139	(7,457,624)	238,706,928
Cumulative yield / interest risk sensitivity gap			(79,255,100)	(274,945,716)	(418,787,376)	(375,645,823)	(270,736,322)	(115,403,069)	81,025,170	148,833,309	141,375,685	380,082,613

	2022											
			Exposed to yield/ Interest risk									
	Effective yield/ Interest rate	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
			Rupees in '000'									
On–balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		73,203,096	3,734,458	–	–	–	–	–	–	–	–	69,468,638
Balances with other banks	11.42%	4,814,454	2,511,497	–	–	–	–	–	–	–	–	2,302,957
Lending to financial institutions	13.44%	69,819,342	67,794,342	1,825,000	200,000	–	–	–	–	–	–	–
Investments - net	11.08%	638,258,636	7,435,180	18,596,445	56,458,059	248,918,986	98,694,171	56,284,562	40,601,627	100,926,977	–	10,342,629
Advances - net	11.56%	589,581,439	83,546,592	505,638,178	–	–	–	–	–	–	–	396,669
Other assets		54,223,172	–	–	–	–	–	–	–	–	–	54,223,172
		1,429,900,139	165,022,069	526,059,623	56,658,059	248,918,986	98,694,171	56,284,562	40,601,627	100,926,977	–	136,734,065
Liabilities												
Bills payable		6,323,641	–	–	–	–	–	–	–	–	–	6,323,641
Borrowings	13.47%	80,820,212	4,045,106	16,178,866	16,371,777	202,162	4,038,295	976,788	5,689,865	32,913,649	403,704	–
Deposits and other accounts	8.87%	1,227,339,490	41,111,853	698,119,681	64,956,610	151,457,830	2,658,706	2,581,502	26,406,705	–	–	240,046,603
Subordinated debts	15.40%	17,203,760	–	–	17,203,760	–	–	–	–	–	–	–
Other liabilities		85,107,037	5,206	3,167	19,774	56,886	180,971	452,049	820,098	3,019,681	9,794,993	70,754,212
		1,416,794,140	45,162,165	714,301,714	98,551,921	151,716,878	6,877,972	4,010,339	32,916,668	35,933,330	10,198,697	317,124,456
On-balance sheet gap		13,105,999	119,859,904	(188,242,091)	(41,893,862)	97,202,108	91,816,199	52,274,223	7,684,959	64,993,647	(10,198,697)	(180,390,391)
Off-balance sheet financial instruments												
Documentary credits and guarantees		269,786,877	–	–	–	–	–	–	–	–	–	269,786,877
Commitments in respect of:												
– forward foreign exchange contracts		12,068,071	–	–	–	–	–	–	–	–	–	12,068,071
– forward lending		32,465,327	–	–	–	–	–	–	–	–	–	32,465,327
Off–balance sheet gap		314,320,275	–	–	–	–	–	–	–	–	–	314,320,275
Total yield / interest risk sensitivity gap			119,859,904	(188,242,091)	(41,893,862)	97,202,108	91,816,199	52,274,223	7,684,959	64,993,647	(10,198,697)	133,929,884
Cumulative yield / interest risk sensitivity gap			119,859,904	(68,382,187)	(110,276,049)	(13,073,941)	78,742,258	131,016,481	138,701,440	203,695,087	193,496,390	327,426,274

Reconciliation of financial assets and liabilities with total assets and liabilities:

	2023	2022
	Rupees in '000'	
Financial assets	2,166,938,491	1,429,900,139
Non financial assets:		
Fixed assets	33,212,981	30,339,290
Intangibles	2,091,021	1,767,987
Deferred tax assets - net	10,242,767	14,554,517
Other assets	3,694,730	5,328,203
	49,241,499	51,989,997
Total assets as per statement of financial position	2,216,179,990	1,481,890,136
Financial liabilities	2,135,381,395	1,416,794,140
Non financial liabilities:		
Other liabilities	43,983	43,983
Total liabilities as per statement of financial position	2,135,425,378	1,416,838,123

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes & controls, people and system or from external events. Potential losses arising out of Operational Risk may not be brought down to zero, however, the Bank strive to minimize the operational risk impact through efficient controls & framework, monitoring and responding to any potential risk in a timely manner. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff training and appraisal procedures, including the use of internal audit function. The Bank has established a comprehensive Business Continuity Plan (BCP) to deal with the risk of any financial loss and damage to reputation arising from operational risk factors.

The Bank uses Risk Control Self Assessment and monitoring of Key Risk Indicators to mitigate operational losses. The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by Board of Directors, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

In accordance with the operational risk policy and framework, a database covering losses, control breaches and near misses is being maintained. Major risk events are analyzed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. quarterly updates on operational risk events are presented to senior management and the Risk Management, Compliance and NPL Review Committee (RMC&NPLRC).

44.3.1 Operational risk disclosures Basel-II specific

Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Bank took a number of initiatives with respect to operational risk management. The Bank will initiate further steps for improvement in operational risk management to adopt next approach of capital charge i.e. Alternative Standardized Approach (ASA).

44.4 Liquidity risk

Liquidity risk is the potential loss to a Bank arising from either its inability to meet obligation(s) or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Bank's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk by filling in the Asset-Liability gap. The Bank manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium-sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Bank are given significant importance. Bank liquidity risk framework enables management in identification of key drivers of liquidity risk (on/off balance) and developing mitigants there against.

The Bank is using following strategies for mitigation of liquidity risk:

- Invest key liquid deposit providers in liquid investment;
- Contingency funding plan;
- Monitoring of advances to deposits ratio;
- Diversification of portfolio;
- Maintaining desirable level of currency wise liquidity; and
- Identify situations or events that may trigger a crisis situation in terms of liquidity.

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

	2023													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 ot 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	100,894,255	100,894,255	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	8,283,392	8,283,392	–	–	–	–	–	–	–	–	–	–	–	–
Lendings to financial institutions	144,960,933	–	142,975,933	–	–	–	–	–	–	–	–	1,985,000	–	–
Investments - net	913,191,416	4,055,267	–	73,856	143,090	5,013,730	40,279,769	308,335	212,846,497	24,357,500	112,845,318	182,052,225	218,954,439	112,261,390
Advances - net	806,386,880	56,651,057	3,364,025	8,134,163	132,809,507	25,754,734	133,114,683	53,318,592	24,333,832	2,580,734	22,109,611	33,356,597	103,393,947	207,465,398
Fixed assets	33,212,981	17,067	102,399	119,469	292,047	217,229	225,805	588,947	536,795	552,514	2,057,508	2,047,975	4,272,027	22,183,199
Intangible assets	2,091,021	749	4,494	5,243	12,748	23,234	23,234	69,702	69,702	69,702	278,808	278,808	557,616	696,981
Deferred tax assets - net	10,242,767	–	–	–	–	–	–	–	–	–	–	–	10,242,767	–
Other assets - net	196,916,345	137,582,501	511,647	2,605,322	41,156,654	1,836,482	1,928,477	8,736,965	266,662	2,291,635	–	–	–	–
	2,216,179,990	307,484,288	146,958,498	10,938,053	174,414,046	32,845,409	175,571,968	63,022,541	238,053,488	29,852,085	137,291,245	219,720,605	337,420,796	342,606,968
Liabilities														
Bills payable	5,507,855	5,507,855	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings	453,965,991	200,987	177,489,416	656,996	201,654,418	7,693,967	21,635,004	7,492,345	6,341	21,346	616,692	2,255,341	5,272,381	28,970,757
Deposits and other accounts	1,520,853,642	981,765,730	10,229,831	14,496,119	34,056,623	56,490,558	68,712,504	149,239,420	116,815,615	80,614,281	2,812,886	4,450,739	1,169,336	–
Subordinated debts	30,204,640	–	–	–	–	–	–	2,260	–	2,260	4,520	4,520	4,290,980	25,900,100
Other liabilities - net	124,893,250	66,598,105	708,095	2,569,395	4,687,171	1,710,897	4,031,153	8,870,427	399,765	5,705,519	2,738,841	4,302,848	6,126,228	16,444,806
	2,135,425,378	1,054,072,677	188,427,342	17,722,510	240,398,212	65,895,422	94,378,661	165,604,452	117,221,721	86,343,406	6,172,939	11,013,448	16,858,925	71,315,663
Net assets	80,754,612	(746,588,389)	(41,468,844)	(6,784,457)	(65,984,166)	(33,050,013)	81,193,307	(102,581,911)	120,831,767	(56,491,321)	131,118,306	208,707,157	320,561,871	271,291,305
Share capital - net	32,452,535													
Reserves	14,951,729													
Surplus / (deficit) on revaluation of assets	1,828,553													
Unappropriated profit	31,521,795													
	80,754,612													

	2022													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 ot 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	73,203,096	73,203,096	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	4,814,454	4,814,454	–	–	–	–	–	–	–	–	–	–	–	–
Lendings to financial institutions	69,819,342	–	54,744,342	4,050,000	9,000,000	1,000,000	825,000	200,000	–	–	–	–	–	–
Investments - net	638,258,636	2,568,665	–	1,237,488	20,833	14,547,855	2,393,002	27,086,291	139,417,495	109,834,851	100,634,767	60,730,791	70,390,685	109,395,913
Advances - net	589,581,439	40,471,213	6,517,007	5,427,612	31,130,760	24,072,059	59,865,485	60,857,562	19,104,666	12,536,543	24,740,513	35,312,587	72,826,402	196,719,030
Fixed assets	30,339,290	19,669	118,014	145,629	334,514	203,193	201,866	538,916	537,250	382,376	1,555,260	1,754,350	3,472,197	21,076,056
Intangible assets	1,767,987	634	3,804	4,438	10,768	19,644	19,644	58,932	58,932	58,932	235,728	235,728	471,456	589,347
Deferred tax assets - net	14,554,517	–	–	–	–	–	–	–	–	–	–	–	14,554,517	–
Other assets - net	59,551,375	23,851,893	365,168	614,956	14,821,196	2,236,529	609,510	12,789,314	298,694	3,964,115	–	–	–	–
	1,481,890,136	144,929,624	61,748,335	11,480,123	55,318,071	42,079,280	63,914,507	101,531,015	159,417,037	126,776,817	127,166,268	98,033,456	161,715,257	327,780,346
Liabilities														
Bills payable	6,323,641	6,323,641	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings	80,820,212	129,081	1,394,152	1,749,273	772,600	7,937,502	6,650,815	16,417,321	117,469	132,295	5,038,499	979,330	5,697,234	33,804,641
Deposits and other accounts	1,227,339,490	818,826,063	5,633,482	10,294,365	24,813,114	36,010,811	63,502,994	82,468,642	46,608,601	106,324,111	3,146,629	2,827,378	26,883,300	–
Subordinated debts	17,203,760	–	–	–	–	–	–	1,360	–	1,360	2,720	2,720	4,635,840	12,559,760
Other liabilities - net	85,151,020	34,033,526	394,664	549,418	4,254,261	2,125,627	1,362,742	12,124,320	470,779	4,040,070	2,237,130	3,121,733	6,762,472	13,674,278
	1,416,838,123	859,312,311	7,422,298	12,593,056	29,839,975	46,073,940	71,516,551	111,011,643	47,196,849	110,497,836	10,424,978	6,931,161	43,978,846	60,038,679
Net assets	65,052,013	(714,382,687)	54,326,037	(1,112,933)	25,478,096	(3,994,660)	(7,602,044)	(9,480,628)	112,220,188	16,278,981	116,741,290	91,102,295	117,736,411	267,741,667
Share capital - net	29,478,381													
Reserves	12,683,892													
Surplus / (deficit) on revaluation of assets	(2,323,430)													
Unappropriated profit	25,213,170													
	65,052,013													

44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000'									
Assets										
Cash and balances with treasury banks	100,894,255	100,894,255	–	–	–	–	–	–	–	–
Balances with other banks	8,283,392	8,283,392	–	–	–	–	–	–	–	–
Lendings to financial institutions	144,960,933	142,975,933	–	–	–	–	1,985,000	–	–	–
Investments - net	913,191,416	4,272,213	45,293,499	308,335	237,203,997	112,845,318	182,052,225	218,954,439	112,261,390	–
Advances - net	806,386,880	200,958,752	158,869,417	53,318,592	26,914,566	22,109,611	33,356,597	103,393,947	183,038,571	24,426,827
Fixed assets	33,212,981	530,982	443,034	588,947	1,089,309	2,057,508	2,047,975	4,272,027	15,257,055	6,926,144
Intangible assets	2,091,021	23,234	46,468	69,702	139,404	278,808	278,808	557,616	696,981	–
Deferred tax assets - net	10,242,767	–	–	–	–	–	–	10,242,767	–	–
Other assets - net	196,916,345	181,856,124	3,764,959	8,736,965	2,558,297	–	–	–	–	–
	2,216,179,990	639,794,885	208,417,377	63,022,541	267,905,573	137,291,245	219,720,605	337,420,796	311,253,997	31,352,971
Liabilities										
Bills payable	5,507,855	5,507,855	–	–	–	–	–	–	–	–
Borrowings	453,965,991	380,001,817	29,328,971	7,492,345	27,687	616,692	2,255,341	5,272,381	28,574,467	396,290
Deposits and other accounts	1,520,853,642	235,212,462	267,321,152	243,984,814	292,175,291	97,558,280	99,196,133	95,914,730	94,745,394	94,745,386
Subordinated debts	30,204,640	–	–	2,260	2,260	4,520	4,520	4,290,980	25,900,100	–
Other liabilities - net	124,893,250	74,562,766	5,742,050	8,870,427	6,105,284	2,738,841	4,302,848	6,126,228	9,373,221	7,071,585
	2,135,425,378	695,284,900	302,392,173	260,349,846	298,310,522	100,918,333	105,758,842	111,604,319	158,593,182	102,213,261
Net assets	80,754,612	(55,490,015)	(93,974,796)	(197,327,305)	(30,404,949)	36,372,912	113,961,763	225,816,477	152,660,815	(70,860,290)
Share capital - net	32,452,535									
Reserves	14,951,729									
Surplus / (deficit) on revaluation of assets - net of tax	1,828,553									
Unappropriated profit	31,521,795									
	80,754,612									

Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

	2022									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000'									
Assets										
Cash and balances with treasury banks	73,203,096	73,203,096	–	–	–	–	–	–	–	–
Balances with other banks	4,814,454	4,814,454	–	–	–	–	–	–	–	–
Lendings to financial institutions	69,819,342	67,794,342	1,825,000	200,000	–	–	–	–	–	–
Investments - net	638,258,636	3,826,986	16,940,857	27,086,291	249,252,346	100,634,767	60,730,791	70,390,685	109,395,913	–
Advances - net	589,581,439	83,546,592	83,937,544	60,857,562	31,641,209	24,740,513	35,312,587	72,826,402	167,330,609	29,388,421
Fixed assets	30,339,290	617,826	405,059	538,916	919,626	1,555,260	1,754,350	3,472,197	9,651,757	11,424,299
Intangible assets	1,767,987	19,644	39,288	58,932	117,864	235,728	235,728	471,456	589,347	–
Deferred tax assets - net	14,554,517	–	–	–	–	–	–	14,554,517	–	–
Other assets - net	59,551,375	39,653,213	2,846,039	12,789,314	4,262,809	–	–	–	–	–
	1,481,890,136	273,476,153	105,993,787	101,531,015	286,193,854	127,166,268	98,033,456	161,715,257	286,967,626	40,812,720
Liabilities										
Bills payable	6,323,641	6,323,641	–	–	–	–	–	–	–	–
Borrowings	80,820,212	4,045,106	14,588,317	16,417,321	249,764	5,038,499	979,330	5,697,234	33,400,937	403,704
Deposits and other accounts	1,227,339,490	184,466,459	218,649,198	161,892,238	232,356,308	82,570,225	82,250,974	106,306,896	79,423,596	79,423,596
Subordinated debts	17,203,760	–	–	1,360	1,360	2,720	2,720	4,635,840	12,559,760	–
Other liabilities - net	85,151,020	39,231,869	3,488,369	12,124,320	4,510,849	2,237,130	3,121,733	6,762,472	3,880,527	9,793,751
	1,416,838,123	234,067,075	236,725,884	190,435,239	237,118,281	89,848,574	86,354,757	123,402,442	129,264,820	89,621,051
Net assets	65,052,013	39,409,078	(130,732,097)	(88,904,224)	49,075,573	37,317,694	11,678,699	38,312,815	157,702,806	(48,808,331)
Share capital - net	29,478,381									
Reserves	12,683,892									
Surplus / (deficit) on revaluation of assets - net of tax	(2,323,430)									
Unappropriated profit	25,213,170									
	65,052,013									

45 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Bank in its meeting held on 20th February 2024 has proposed a cash dividend of 10 percent (2022: bonus issue @ 10%). These appropriations will be approved in the forthcoming Annual General Meeting. These unconsolidated financial statements for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2024.

46 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 20th February 2024 by the Board of Directors of the Bank.

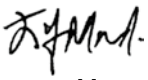
47 GENERAL

47.1 Figures have been rounded off to the nearest thousand rupees.

47.2 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.



Chief Financial Officer



President



Chairman



Director



Director

Annexure - I

Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees Five Hundred Thousand or Above Provided During the year ended December 31, 2023

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
				Rupees in '000'								
1	Syed Kazim Ali (Kot Talib, Post Office Abbas Nagar, Chiniot)	Syed Kazim Ali (33201-6625086-1)	Syed Talib Hussain	-	3,844	-	3,844	-	-	3,839	-	3,839
2	Asif Mehmood Hotiana (Chak Hotta Post Office Same Tehsil - District Pakpattan)	Asif Mehmood Hotiana (36402-6971279-3)	Maqbool Qadir	1,401	2,405	-	3,806	-	-	1,899	-	1,899
3	Ahmed Ali (Mouza Tahir Khurd Tehsil Depalpur District. Okara Depalpur)	Ahmed Ali (35301-9350000-5)	Noor Ahmed	-	1,883	-	1,883	-	-	1,883	-	1,883
4	Abdul Rehman & Mohammad Akram (Depalpur Dalmain Gunj Post Office Same Depalpur)	Abdul Rehman (35301-5566634-5) Mohammad Akram (35301-0312791-5)	Muhammad Saddique Muhammad Saddique	-	24,876	-	24,876	-	-	3,686	-	3,686
5	Muhammad Nawazish Ali Khan (Garh Maharaja Post Office Same Tehsil Shorkot District. Jhang)	Muhammad Nawazish Ali Khan (33203-0157891-1)	Muhammad Muzaffar Ali Khan	3,500	7,959	-	11,459	-	-	7,871	-	7,871
6	Abdullah Poultry Breeders (201- Circular Road Chowk Urdu Bazar Lahore)	Noor Ahmad (35202-0884433-1)	Mian Aziz Ahmad	1,675	4,991	-	6,666	-	-	5,340	-	5,340
7	Shahid Nawaz (Ghari Gulla Post Office Kot Ratta Tehsil Wazirabad District Gujranwala)	Shahid Nawaz (34104-3353717-3)	Shah Nawaz	-	516	-	516	-	-	518	-	518
8	Muhammad Ijaz Ahmed (Adda Ghali Pur Dool Garh Maharaja Ahmed Pur Sial Jhang)	Muhammad Ijaz Ahmed (33203-5565058-3)	Ghulam Ali	-	1,091	-	1,091	-	-	1,091	-	1,091
9	Shahbaz Azam (Basti Kundha Badh Rajbana Post Office Same Tehsil Ahmed Pur Sial Jhang)	Shahbaz Azam (33204-0460978-9)	Mumtaz Ali Khan	5,111	7,156	-	12,267	-	-	7,280	-	7,280
10	Mian Muhammad Ijaz (Gulchand Shaheed Kot Muzaffar Mailsi)	Mian Muhammad Ijaz (36602-2538204-5)	Haji Mian Ghulam Mustafa	2,000	828	-	2,828	-	-	888	-	888
11	Ghulam Muhammad (Chak-125/6-R, Post Office Faqirwali Tehsil Haroonabad District Bahawalnagar)	Ghulam Muhammad (31104-1707227-5)	Sher Muhammad	1,577	3,158	-	4,735	-	-	3,170	-	3,170
12	Siddiq Shah (Sahiwal Moza Jeevan Shah Ghaga Sahiwal)	Siddiq Shah (36502-1351387-7)	Jafar Shah	325	622	-	947	-	-	633	-	633

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
13	Chaudhry Tariq Mehmood Manais (Halla Manais Tehsil Pattoki District Kasur)	Chaudhry Tariq Mehmood Manais (35103-2722931-7)	Chaudhry Dinar Ahmed Manais	1,669	3,633	-	5,302	-	-	3,477	-	3,477
14	Muhammad Ibrar Zahid & Beenish Almas (House - 32-B Block Model Town Lahore)	Muhammad Ibrar Zahid (35202-2673112-9) Beenish Almas (35301-6112931-2)	S/O Munawar Ahmad Khan W/O Muhammad Ibrar Zahid	-	1,630	-	1,630	-	-	1,310	-	1,310
15	Chaudhry Noor Hassan (Arain Model Farm Pattoki)	Chaudhry Noor Hassan (35103-8982482-7) (00279-7780592-0)	Liaqat Ali Javed	7,066	11,133	-	18,199	-	-	11,133	-	11,133
16	Chaudhry Noor Hassan (Arain Model Farm Pattoki)	Chaudhry Noor Hassan (35103-8982482-7) (00279-7780592-0)	Liaqat Ali Javed	2,688	4,724	-	7,412	-	-	4,724	-	4,724
17	Chaudhry Noor Hassan (Arain Model Farm Pattoki)	Chaudhry Noor Hassan (35103-8982482-7) (00279-7780592-0)	Liaqat Ali Javed	2,340	4,903	-	7,243	-	-	5,182	-	5,182
18	Zameer Qamar (House No. 257 Street No.2 Ward No14 Rasool Abad Colony Hasilpur)	Zameer Qamar (35202-4426924-7)	Rana Qamar Hussain	527	823	-	1,350	-	-	693	-	693
19	Masood Akhtar (Town Hazrat Wala Post Office Fazil Pur Rajanpur)	Masood Akhtar (32403-6096884-1)	Malik Muhammad Akhtar	1,451	1,105	-	2,556	-	-	1,299	-	1,299
20	Muhammad Jamshed & Rana Muhammad Javaid (House - 114-C, Block 13 Bagh-E-Umar Sargodha)	Muhammad Jamshed (38403-6089283-9) Rana Muhammad Javaid (38403-2659814-1)	Rana Hakim Khan Rana Hakim Khan	4,680	4,380	-	9,060	-	-	4,380	-	4,380
21	Muhammad Jamshed & Rana Muhammad Javaid (House - 114-C, Block 13 Bagh-E-Umar Sargodha)	Muhammad Jamshed (38403-6089283-9) Rana Muhammad Javaid (38403-2659814-1)	Rana Hakim Khan Rana Hakim Khan	2,156	4,324	-	6,480	-	-	4,588	-	4,588
22	Muhammad Asif Iqbal (Jamsher Kalan Chunian Kasur)	Muhammad Asif Iqbal (35101-3221181-9)	Roz Din	-	625	-	625	-	-	500	-	500
23	Muhammad Yousaf (Roheela Meetal Post Office Hujra Shah Muqeem Tehsil Depalpur District Okara)	Muhammad Yousaf (35301-5109217-5)	Muhammad Ilyas	1,995	834	-	2,829	-	-	1,030	-	1,030
24	Abdul Rauf Daula (Post Office Daula Pukhta Tehsil Depalpur)	Abdul Rauf Daula (35201-4097995-9)	Abdul Wahab Daula	33,994	1,127	-	35,121	-	-	4,285	-	4,285

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
								Rupees in '000'				
25	Maitla Brothers Cold Storage (Roheela Maitla, Post Office Hujra Shah Muqeem Tehsil Depalpur)	Muhammad Nawaz (35301-1970321-1)	Muhammad Nawaz	-	4,161	-	4,161	-	-	3,329	-	3,329
26	Sardar Faisal Zaib (Kaiser Garh Post Office Kasur Tehsil/District Kasur)	Sardar Faisal Zaib (35102-3082974-1)	Sardar Aurang Zaib	1,421	2,242	-	3,663	-	-	1,832	-	1,832
27	Muhammad Sannan Ashiq (Mouza Jhandeer Post Office Sardarpur Tehsil Mailsi District Vehari)	Muhammad Sannan Ashiq (36602-5285225-7)	Mian Dost Muhammad	1,016	867	-	1,883	-	-	833	-	833
28	Mian Mehboob Ali Khan Wattoo (Dhool Faqeer Bukhsh Tehsil Depalpur District Okara)	Mian Mehboob Ali Khan Wattoo (35301-5852152-9)	Mian Rajab Ali	449	683	-	1,132	-	-	614	-	614
29	Khan Tractors (House-256/1-B Zia Shaheed Colony Railway Road Multan)	Rashid Ullah Khan (32304-0158809-1)	Aman Ullah Khan	2,534	4,096	-	6,630	-	-	4,096	-	4,096
30	Muhammad Asif ul Zaman (Darul Sakeena Road Mohallah Ghazi Abad Jhang)	Muhammad Asif ul Zaman (33202-9483483-9)	Rai Amir Abdullah Khan	501	108	-	609	-	-	108	613	721
31	Ahmad Raza Bhulla (Jalal Pura Post Office Dala Wahgah Muridke Sheikhupura)	Ahmad Raza Bhulla (35401-1854840-1)	Rehmat Ali Bhulla	1,172	141	-	1,313	-	-	52	509	561
32	Mumtaz Khan (House No 35-E-2, Street No 1, Dogar Road Near Noor Masjid, Fateh Garh Lahore)	Mumtaz Khan (36103-3978359-5)	Natthoo Khan	1,351	256	-	1,607	-	-	291	294	585
33	Tariq Mehmood (Adha Bahadershah 58/ G-D, Sahiwal.)	Tariq Mehmood (36502-2744740-1)	Zahoor Ahmad	2,262	392	-	2,654	-	-	657	555	1,212
34	Muhammad Ishfaq (Asif Medical Store, 17-Kassi Budhla Road, Post Office Mumtazabad Bhani, Tehsil/ District Multan)	Muhammad Ishfaq (36302-9974769-5)	Abdul Razzaq	1,097	95	-	1,192	-	-	277	279	556
35	Nabeel Taufiq Khan (House No. Cb-216/A, Sirsyed Colony Shah Bibi Road, Rawalpindi)	Nabeel Taufiq Khan (37405-5249493-7)	Taufiq Waqi	2,793	140	-	2,933	-	-	736	438	1,174
36	The Awan Mini Goods Transport Co. (House # 511/B New Civil Lines Road Sahiwal)	Muhammad Usman Malik (36302-9047141-7)	Malik Mansab Ali	4,872	1,500	-	6,372	-	-	1,006	4,523	5,529

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
								Rupees in '000'				
37	Zulfiqar Ali (Shop No 4, Zamzam Plaza, Main Bazar, Dhoke Abbasi, Tarnol, Islamabad)	Zulfiqar Ali (35202-1062345-9)	Abdul Sattar	3,163	603	-	3,766	-	-	769	1,189	1,958
38	Khalid Hussain (Alpa Sadhari Post Office Khas Tehsil Pattoki)	Khalid Hussain (35103-2182194-3)	Muhammad Soba Sardar	1,652	239	-	1,891	-	-	328	477	805
39	Abid Goods (Main Road Ahmed Pur Sial District Jhang)	Abid Ali (33203-1346105-7)	Ghulam Dastgeer	5,424	908	-	6,332	-	-	838	1,564	2,402
40	Muhammad Umar (Mujahid Road House No 19/427 Mohallah Wazir Pura Sialkot)	Muhammad Umar (34603-5361236-7)	Muhammad Zulfiqar	1,911	355	-	2,266	-	-	503	463	966
41	Muhammad Irfan (Masjid Roshan Ali Shah House No. Bii-346 Muhalla Aam Khas Bahawalpur)	Muhammad Irfan (31202-3580149-1)	Allah Dewaya	2,631	404	-	3,035	-	-	685	608	1,293
42	Muhammad Imran Afzal (House #24/4 Muhala Purani Mandi Adhan Road Pattoki District Kasur)	Muhammad Imran Afzal (35103-9036223-1)	Muhammad Afzal	2,716	375	-	3,091	-	-	652	592	1,244
43	Ali Raza (Gali Chiragh Din Streat #7 Muhala Purani Mandi Basti Bagh Ali Pattoki District Kasur)	Ali Raza (35103-2748559-7)	Muhammad Amin	2,682	337	-	3,019	-	-	605	553	1,158
44	Muhammad Saeed (Mangowal Gharbi Post Office Khas Gujrat)	Muhammad Saeed (34201-2362035-7)	Gulzar Ahmad	1,788	291	-	2,079	-	-	437	652	1,089
45	Naveed Ahmad (Shop # 316-A Makha Center Main Bazar Near Doctor Mukhtar Wali Gali Chungi Amar Sidhu Lahore)	Naveed Ahmad (35201-2800745-7)	Abdul Hameed	1,518	143	-	1,661	-	-	212	408	620
46	Rizwan Majeed Khan (House No 16 Street # 22 Peoples Colony Block X Gujranwala)	Rizwan Majeed Khan (34101-2505739-3)	Muhammad Majeed Khan	2,081	493	-	2,574	-	-	611	1,195	1,806
47	Sheikh Muhammad Sajjad (Shah Rukn E Alam Electronics Near Bank Al Habibi Hussain Agahi Road Multan)	Sheikh Muhammad Sajjad (36302-8731082-9)	Sheikh Muhammad Sajid	2,133	378	-	2,511	-	-	588	968	1,556
48	Syed Jawad Hussain Shah Bukhari (House # 32-A Gulfishan Colony Samanabad Lahore)	Syed Jawad Hussain Shah Bukhari (35202-7962572-9)	Syed Jamil Hussain Shah Bukhari	866	65	-	931	-	-	186	362	548

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
49	Sohail Abbas (Chah Kalian Wala Lillan, Mankera Bhakar)	Sohail Abbas (38104-9008533-9)	Ghulam Sarwar	1,022	104	-	1,126	-	-	137	646	783
50	Kashif Butt (Office No 2,Wazir Center,Ameer Ali Building,70 Railway Road Lahore)	Kashif Butt (35202-6342958-3)	Muhammad Arshad	1,795	110	-	1,905	-	-	466	310	776
51	Rana Muhammad Adnan (Basti Qasim Wala Gogran Khas Tehsil & District Lodhran)	Rana Muhammad Adnan (36203-6793327-3)	Ahmad Yar	981	78	-	1,059	-	-	237	365	602
52	Almas Bibi (House # 108-C-1 Valencia Town,Lahore)	Almas Bibi (35202-0733135-6)	Muhammad Akram Shakir	2,426	225	-	2,651	-	-	676	610	1,286
53	Khalid Mahmood (Basement Mediacom Trade City ,Jaranwala Road,Faisalabad)	Khalid Mahmood (33100-1779296-3)	Shaukat Ali	2,022	111	-	2,133	-	-	458	401	859
54	Imran Hassan Chishti (Zia Rice Mills Sahiwal Road Pakpattan)	Imran Hassan Chishti (36402-5776226-3)	Muhammad Hassan Chishti	2,443	108	-	2,551	-	-	557	448	1,005
55	Abdul Rehman (Peoples Colony Underpass, The Pakistan School Near Ajwa Rent A Car, Gujranwala)	Abdul Rehman (34101-0847155-1)	Shabbir Ahmad	1,928	135	-	2,063	-	-	537	344	881
56	Irfan Ul Haq (Post Office Khas Chak No 17/1-Al Tehsil Renala Khurd District Okara)	Irfan Ul Haq (35303-7761674-5)	Chaudhry Muhammad Shafqat	2,357	157	-	2,514	-	-	517	493	1,010
57	H.J.Textiles (P 4043 Street No. 5 Ashrafabad Hajiabad Faisalabad)	Hammad Ashfaq (33100-2270928-9)	Muhammad Ashfaq	-	3,775	-	3,775	-	-	1,679	-	1,679
58	S.K.S. Rice (Pvt) Limited (Flat # 7 Floor # 4, Central Plaa, Barkat Market, Garden Town, Lahore. , Lahore.)	Sikandar Hameed (42301-6852534-3) Mrs. Zuhra Sikanar (42301-2052891-4)	S/O Abdul Hameed W/O Sikandar Hameed	3,256	10,962	-	14,218	-	-	4,524	-	4,524
59	New Angola Enterprise (Pvt)Ltd (11-B/2 Shami Road, Lahore Cantt.)	Agha Najeeb Raza (35202-2421604-3) Sarfraz Ahmed (35202-2391281-5) Syed Zaigham Abbass Naqvi (35202-2345257-7)	Agha Nasir Ali Khan Abdul Raheem Syed Muhammad Saqlain Naqvi	1,534	24,626	-	26,160	-	-	13,653	-	13,653

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
60	Chenab Traders (Madina Chowk Alipur Chatah, Tehsil Wazirabad, District Gujranwala)	Amjad Perwaiz (34104-9836256-9)	Ashiq Ali	-	2,813	-	2,813	-	-	811	-	811
61	Hassan Sardar Rice Traders (Macca Rice Mills G.T.Road Kala Shah Kaku Tehsil Ferozewala)	Sardar Ahmed (35202-2520095-7)	Muhammad Tufail	400	6,872	-	7,272	-	-	3,508	-	3,508
62	Abbas Brothers (Adda Pull Khara Jalalpur Road, Shujabad)	Muhammad Raza Abbas (36302-0588559-3)	Sheikh Umar Ali	916	1,710	-	2,626	-	-	827	-	827
63	Data Ali Hajvery Provision & General (48-Awais Karni Road Islampura Lahore.)	Sheikh Muhammad Anwar (35202-7005299-5)	Mian Fazal Karim	3,220	4,772	-	7,992	-	-	1,293	-	1,293
64	Al-Mashhood Enterprises (Highway Road Haroonabad, Dist. Bahawal Nagar.)	Muhammad Ahmad (31104-8689347-1)	Akber Ali	1,592	2,520	-	4,112	-	-	830	-	830
65	City Developers (H. # 692-E Shah Rukn-E-Alam Colony, Multan)	Tanveer Ahmad (36302-9062756-5)	Zaheer ud Din	14,460	33,823	-	48,283	-	-	13,782	-	13,782
66	Rana Traders (Approach Road Farooqabad)	Ishtiaq Ahmed (35404-1710751-1)	Mohammad Din	712	1,719	-	2,431	-	-	745	-	745
67	Sakhi Lal Shahbaz Corporation (Chak # 461/Eb Ludden Road Burewala)	Muhammad Shahbaz (36601-0523699-7)	Muhammad Tufail	956	5,617	-	6,573	-	-	2,168	-	2,168
68	Khan Agro Traders (Saif Nagar Alipur Road, Khangarh, Teh. & Dist. Muzaffargarh)	Nawabzada Imran Ahmad Khan (32304-1652121-3)	Nawabzad Iftikhar Ahmad Khan	5,339	13,411	-	18,750	-	-	4,599	-	4,599
69	Ch. Adil Iqbal Cheema (Agrimall Mouza Gunian Wala Tehsil Wazirabad, Dist. Gujranwalac)	Ch. Adil Iqbal Cheema (37405-5900127-3)	Ch. Muhammad Sarwar	-	28,842	-	28,842	-	-	10,826	-	10,826
70	Mian Brothers Oil Mills (Haroonabad Road Dahranwala.)	Muhammad Saeed (31102-2230192-1) Muhammad Irshad Khalid (31102-1296206-1)	Ch.Muhammad Saleem	5,067	3,205	-	8,272	-	-	1,801	-	1,801
71	H.S.Cotton Ginning Pressing / Oil Mill (Haroonabad Road Dahranwala)	Muhammad Saeed (31102-2230192-1) Muhammad Irshad Khalid (31102-1296206-1)	Ch.Muhammad Saleem	10,089	6,411	-	16,500	-	-	3,504	-	3,504
72	Ghazi Traders (Shah Saddar Din D. G. Khan)	Syed Husnain Raza (32102-7238923-9)	Nazir Hussain Shah	2,166	28,048	-	30,214	-	-	14,419	-	14,419

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
73	Malik Mohd. & Brothers (Dunyapur Road Road Kahrorpacca)	Sh. Maqbool Ahmed (36202-3685941-5)	Malik Muhammad	1,622	5,120	-	6,742	-	-	1,578	-	1,578
74	Syed Imdad Hussain (Shahzaman Park 17 K.M. Kot Abdul Malik Tehsil Ferozwala.)	Syed Imdad Hussain (35401-5759380-9)	Syed Gulzar Hussain Shah	723	4,356	-	5,079	-	-	1,694	-	1,694
75	Al-Saeed Cotton Industries (Chak # 79/M Galey Wal Road, Jalalpur Porwala)	Mian Saeed Ahmad (36301-0899977-5) Malik Ashiq Hussain (36301-2710654-9)	Mian Allah Wasaya Faiz Bux	14,876	32,871	-	47,747	-	-	15,747	-	15,747
76	Kwangmi Enterprises (Pansera Road Behind Gojra Floor Mills, Gojra)	Mrs.Farah Saeed (33301-2044906-6)	W/O Saeed Ahmed	1,122	2,486	-	3,608	-	-	978	-	978
77	F.A. Flour Mills (126-D Temple Road Lahore)	M.Mohad Hassan (35202-2486955-3)	Ata Muhammad	6,270	8,821	-	15,091	-	-	5,252	-	5,252
78	Choudhry Rice Export Processing Mil (Ittefaq Market Session/Station Chowk Civil Line Jhang Sadar)	Muhammad Abbas (33203-1468669-7) Nazia Sultana (33202-1247082-6) Imran Amir (38405-0271043-9)	Rasheed Khan Anwar ul Haq Inayat Ullah Khan	15,000	6,251	-	21,251	-	-	3,785	-	3,785
79	Farooq Murtaza Cotton Factory (Mochi Wala Road Gojra)	Ghulam Murtaza Khan (33301-3769154-9) Muhammad Aslam Khan (Deceased) Muhammad Latif Khan (33301-4488534-1)	Rasheed Khan Anwar ul Haq Inayat Ullah Khan	7,131	23,912	-	31,043	-	-	10,920	-	10,920
80	Abdul Aziz (Raneewal Syedan Fateh Pur Gujrat)	Abdul Aziz (34201-0647461-3)	Muhammad Khan	-	1,576	-	1,576	-	-	533	-	533
81	Sheikh Brothers Flour Mills (45-C Mohani Road Lahore)	Mohsin Akbar (35202-8371949-3)	Mian Muhammad Akbar	586	6,955	-	7,541	-	-	2,414	-	2,414
82	Super Trunk House (Civil Hospital Road Tehsil Kahuta Dist. Rawalpindi.)	Muhammad Pervaiz (37402-5570806-5)	Muhammad Ibrahim	1,138	2,053	-	3,191	1,138	-	2,275	-	3,413
83	Chishti Traders (Grain Market Bahawalnagar)	Ali Hassan Chishti (31101-2196246-3)	Ghulam Rasool Chishti	1,485	1,901	-	3,386	-	-	707	-	707
84	Siddiqui Engineering Works (A/7, House# 202, Karim Block Allama Iqbal Town, Lahore)	Muhammad Kamran Siddiqui (35202-9072393-3)	Muhammad Imran Siddiqui	5,836	9,935	-	15,771	-	-	4,093	-	4,093
85	Saqib Zulfiqar Commission Shop (New Ghalla Mandi Kamoke)	Zulfiqar Ahmad (34102-5175935-5)	Mahmood Khan	25	1,725	-	1,750	-	-	739	-	739

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
86	Irfan Packages (Opposite Chohan Road Telephone Exchange Near Shaheen Pvc 1/2 K.M. West Of Sagiyan Bridge Bund Road, Lahore.)	Zeeshan Butt (35201-9809395-1)	Muhammad Irfan Butt	7,585	5,054	-	12,639	-	-	1,992	-	1,992
87	Muhammad Asif (Nai Abadi Kulala Saidan, District Mandi Bahaudin.)	Muhammad Asif (34402-7133679-9)	Abdul Khaliq	7,500	3,468	-	10,968	-	-	2,046	-	2,046
88	Jaffar (Jaffar Agrimall Kalsian Bhattian, District Sheikhupura)	Jaffar Hussain (34540-3567873-9)	Muhammad Yaar	16,333	31,320	-	47,653	-	-	14,810	-	14,810
89	City Agro (102-104 Mall Plaza Multan Cantt.)	Syed Hammad Raza (36302-6934612-9) Azhar Nawaz (36302-6132586-1) Athar Nawaz (36302-0469516-7)	Syed Murtaza Shah Mazhar Nawaz Mazhar Nawaz	5,559	17,323	-	22,882	-	-	5,296	-	5,296
90	Ahmad Rizwan Ahmed (Akbar-E-Azam Marriage Hall 31-A, 32-B, Urdu Nagar Main Boulevard Gulshan-E-Ravi, Lahore.)	Ahmad Rizwan Ahmed (Deceased) (35202-7208879-1)	Khushnood Ahmed	1,785	2,792	-	4,577	-	-	1,685	-	1,685
91	Khosa Tractors (D. G. Khan Road Jampur)	Siddique Akber Khan Khosa (32102-3807078-1)	Haji Karam Khan	4,543	7,566	-	12,109	-	-	3,749	-	3,749
92	Husnain Traders (Shah Saddar Din D.G. Khan)	Syed Nazir Hussain Shah (32102-4032884-3)	Muhammad Hayat Shah	2,475	5,462	-	7,937	-	-	2,419	-	2,419
93	M.Ashraf / Bros (Chak # 40 Jaggoo Pattoki Distt. Kasur)	Muhammad Ashraf (35301-1854202-7)	Muhammad Shafi	1,649	1,486	-	3,135	-	-	823	-	823
94	Evernew Entertainment (Pvt) Ltd (Evernew Studios Multan Road, Lahore)	Sajjad Ahmed Gul (35202-2165023-1) Ghulam Ahmed Gul (35202-7305559-5) Salman Ahmed Gul (35202-0701455-9)	Ghulam Ahmed Gul Sajjad Ahmed Gul Sajjad Ahmed Gul	-	96,934	-	96,934	-	-	24,549	-	24,549
95	Chimera (Pvt) Ltd (1) 32/i-A, Lawrence Road, Lhr., (2) 93-D-1, Main Boulevard Gulberg, Lhr.	Aamir Saleem Anwar Khan (35202-3418643-7) Tahir saleem Anwar Khan (35202-2713059-1) Nasir Saleem Anwar Khan (35200-6304912-5)	Muhammad Anwar Khan Muhammad Anwar Khan Muhammad Anwar Khan	443,362	1,169,181	-	1,612,543	-	-	1,251,893	-	1,251,893

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
								Rupees in '000'				
96	Haider Electrical Industry Plot # 51-A, SIE # 01, Gujaranwala	Ghulam Haider (34101-6867377-1) Rizwan Ahmad (34101-2538434-5) Hassan Mahmood (34101-4978073-3)	Muhammad Younas Muhammad Younas Muhammad Younas	42,579	26,120	-	68,699	-	-	16,867	-	16,867
97	Rana Fabrics Pvt. Limited (25-Km Sheikhupura Road, Faisalabad)	Rana Zahid Tauseef (33100-0672286-7) Rana Asif Tauseef (33100-0672190-5) Rana Arif Tauseef (Deceased) (33100-0708556-3) Rana Atif Tauseef (Deceased) (33100-0695537-3) Daniyal Abid (33100-5976024-1) Shariq Ahmed (33100-3791126-9)	Rana Tauseef Ali Khan Rana Tauseef Ali Khan Rana Tauseef Ali Khan Rana Tauseef Ali Khan Rana Atif Tauseef Rana Arif Tauseef	6,001	44,595	-	50,596	-	-	41,226	-	41,226
98	Lahore Chatkhara 14- First Floor, Main Block, Fortress Stadium, Lahore	Shah Shamyl Alam (35201-2889730-7) Shah Qublali Alam (35200-1469061-1) Tameez-un-Nisa (35201-1223695-2)	Shah Rafi Alam Shah Rafi Alam Shah Rafi Alam	48,513	97,658	-	146,171	-	-	38,509	-	38,509
				830,567	1,914,917	-	2,745,484	1,138	-	1,640,077	19,859	1,661,074

ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the December 31, 2023, the Bank is operating 160 Islamic banking branches (2022: 140 Islamic banking branches) and 73 Islamic banking windows (2022: 40 Islamic banking windows).

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023	2022
		Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		8,872,231	8,122,079
Balances with other banks		551,223	735,567
Due from financial institutions	1	3,935,000	17,575,000
Investments	2	41,712,785	32,390,721
Islamic financing and related assets - net	3	106,772,301	56,147,182
Fixed assets		3,770,389	3,209,170
Intangible assets		9,416	6,298
Due from Head Office		–	2,723,384
Other assets		8,323,643	4,873,102
Total assets		173,946,988	125,782,503
LIABILITIES			
Bills payable		710,834	647,861
Due to financial institutions	4	2,223,337	1,526,711
Deposits and other accounts	5	113,332,498	111,646,763
Due to head office		38,936,868	–
Subordinated debt		–	–
Other liabilities		7,280,526	5,923,064
		162,484,063	119,744,399
NET ASSETS		11,462,925	6,038,104
REPRESENTED BY			
Islamic banking fund		2,000,000	2,000,000
Reserves		98,651	26,464
Deficit on revaluation of assets		(1,029,266)	(629,134)
Unappropriated profit	6	10,393,540	4,640,774
		11,462,925	6,038,104
CONTINGENCIES AND COMMITMENTS	7		

ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

	Note	2023	2022
		Rupees in '000'	
Profit / return earned	8	22,723,664	10,396,220
Profit / return expensed	9	13,680,296	5,734,502
Net profit / return		9,043,368	4,661,718
Fee and commission income		451,079	263,998
Dividend income		–	–
Foreign exchange loss		(9,775)	(11,228)
Income / (loss) from derivatives		–	–
Gain on securities		5,914	3
Other income		23,764	4,792
		470,982	257,565
Total income		9,514,350	4,919,283
Other expenses			
Operating expenses		3,552,815	2,660,175
Workers welfare fund		–	–
Other charges		67	–
		3,552,882	2,660,175
Profit before provisions		5,961,468	2,259,108
Provisions and write offs - net		208,702	168,466
Profit before taxation		5,752,766	2,090,642
Taxation	10	–	–
Profit after taxation		5,752,766	2,090,642

ISLAMIC BANKING BUSINESS - CASH FLOW STATEMENT

For the year ended December 31, 2023

	Note	2023	2022
		Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		5,752,766	2,090,642
Less: dividend income		–	–
		5,752,766	2,090,642
Adjustments for:			
Depreciation on fixed assets		154,048	104,472
Amortization on intangible assets		1,386	880
Depreciation on ijarah assets under IFAS - 2		186,585	134,532
Depreciation right-of-use assets		305,643	239,669
Markup on lease liability against right-of-use assets		369,291	272,798
Amortization of premium on debt securities - net		95,371	92,254
(Gain) / Loss on termination of lease liability against right-of-use assets		(17,318)	1,198
Gain on sale of property and equipment - net		(207)	(2,307)
Provision and write-offs-net		208,702	168,466
		1,303,501	1,011,962
		7,056,267	3,102,604
(Increase) / decrease in operating assets:			
Lendings to financial institutions		13,640,000	(13,075,000)
Advances		(51,020,357)	(7,417,736)
Others assets		(727,205)	(5,753,950)
		(38,107,562)	(26,246,686)
Increase in operating liabilities:			
Bills payable		62,973	259,262
Due to financial institutions		696,626	615,302
Deposits and other accounts		1,685,735	32,440,667
Other liabilities		39,966,086	2,484,723
		42,411,420	35,799,954
Net cash flow from operating activities		11,360,125	12,655,872
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(9,817,568)	(16,539,855)
Investments in fixed assets & intangible assets		(525,245)	(470,533)
Net cash used in investing activities		(10,342,813)	(17,010,388)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(451,504)	(375,380)
Net cash used in financing activities		(451,504)	(375,380)
Net increase / (decrease) in cash and cash equivalents		565,808	(4,729,896)
Cash and cash equivalents at beginning of the year		8,857,646	13,587,542
Cash and cash equivalents at end of the year		9,423,454	8,857,646

1 DUE FROM FINANCIAL INSTITUTIONS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Unsecured	3,935,000	–	3,935,000	17,575,000	–	17,575,000

2 INVESTMENTS BY SEGMENTS

	2023				2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	'Rupees in '000'							
Federal government securities:								
– Ijarah sukuks	30,812,638	–	(1,134,412)	29,678,226	21,243,759	–	(669,504)	20,574,255
– Naya Pakistan Certificates	478,145	–	–	478,145	682,588	–	–	682,588
	31,290,783	–	(1,134,412)	30,156,371	21,926,347	–	(669,504)	21,256,843
Non government debt securities								
– Listed	8,330,059	–	10,840	8,340,899	8,393,936	–	(53,935)	8,340,001
– Unlisted	3,215,515	–	–	3,215,515	2,793,877	–	–	2,793,877
	11,545,574	–	10,840	11,556,414	11,187,813	–	(53,935)	11,133,878
Total investments	42,836,357	–	(1,123,572)	41,712,785	33,114,160	–	(723,439)	32,390,721

	Note	2023	2022
		Rupees in '000'	
3 ISLAMIC FINANCING AND RELATED ASSETS - NET			
Ijarah	3.1	2,451,160	2,461,557
Murabaha	3.2	977,303	4,870,837
Musharaka		47,100,860	14,045,205
Diminishing musharaka		40,720,767	27,207,841
Waqala		5,155,929	3,203,972
Istisna		7,001,913	5,209,531
Payment against documents		305,304	55,304
Musawamah financing		4,530,852	574,056
Tijarah financing		335,812	117,825
Gross islamic financing and related assets		108,579,900	57,746,128
Less: provision against islamic financings			
- Specific		1,807,599	1,598,946
- General		–	–
		1,807,599	1,598,946
Islamic financing and related assets - net of provision		106,772,301	56,147,182

		2023							
		Cost			Depreciation				Book value as at Dec 31, 2023
		As at Jan 01, 2023	Additions	Deletion/ adjustment	As at Dec 31, 2023	As at Jan 01, 2023	Deletion/ adjustment	Charge for the year	As at Dec 31, 2023
		Rupees in '000'							
3.1	Ijarah								
	Plant and machinery	29,766	–	–	29,766	10,296	–	8,155	18,451	11,315
	Vehicles	1,055,336	698,528	(319,414)	1,434,450	237,656	(203,176)	178,430	212,910	1,221,540
	Equipment	176,597	–	–	176,597	176,597	–	–	176,597	–
	Service Ijarah	1,624,407	–	(406,102)	1,218,305	–	–	–	–	1,218,305
	Total	2,886,106	698,528	(725,516)	2,859,118	424,549	(203,176)	186,585	407,958	2,451,160

	2022								
	Cost				Depreciation				Book value as at Dec 31, 2022
	As at Jan 01, 2022	Additions	Deletion/ adjustment	As at Dec 31, 2022	As at Jan 01, 2022	Deletion/ adjustment	Charge for the year	As at Dec 31, 2022	
	Rupees in '000'								
Plant and machinery	46,820	26,946	(44,000)	29,766	14,761	(15,006)	10,541	10,296	19,470
Vehicles	740,864	568,364	(253,892)	1,055,336	341,265	(227,600)	123,991	237,656	817,680
Equipment	123,084	–	53,513	176,597	103,391	73,206	–	176,597	–
Service Ijarah	1,624,407	–	–	1,624,407	–	–	–	–	1,624,407
Total	2,535,175	595,310	(244,379)	2,886,106	459,417	(169,400)	134,532	424,549	2,461,557

3.1.1 Future ijarah payments receivable

	2023				2022			
	Not later than 1 year	Later than 1 year & less than five years	Over five years	Total	Not later than 1 year	Later than 1 year & less than five years	Over five years	Total
	'Rupees in '000'							
Ijarah rental receivables	601,756	1,843,057	6,347	2,451,160	308,729	2,123,251	29,577	2,461,557

		Note	2023	2022
			Rupees in '000'	
3.2	Murabaha			
	Murabaha financing	3.2.1	918,310	4,361,463
	Advances for murabaha		58,993	509,374
			977,303	4,870,837
3.2.1	Murabaha receivable - gross	3.2.2	1,000,684	4,893,318
	Deferred murabaha income	3.2.4	(45,018)	(144,463)
	Profit receivable shown in other assets		(37,356)	(387,392)
	Murabaha financings		918,310	4,361,463

		2023	2022
		Rupees in '000'	
3.2.2	The movement in murabaha financing during the year is as follows:		
	Opening balance	4,893,318	2,137,662
	Sales during the year	4,563,331	8,213,223
	Adjusted during the year	(8,455,965)	(5,457,567)
	Closing balance	1,000,684	4,893,318
3.2.3	Murabaha sale price	1,113,329	5,210,163
	Murabaha purchase price	(918,310)	(4,361,463)
		195,019	848,700
3.2.4	Deferred murabaha income		
	Opening balance	144,463	43,890
	Arising during the year	366,571	500,993
	Recognized during the year	(466,016)	(400,420)
	Closing balance	45,018	144,463

3.3 Islamic financing and related assets include Rs. 3,170,176 thousand (2022: Rs. 3,076,179 thousand) which have been placed under non-performing status.

		Note	2023	2022
			Rupees in '000'	
4	**DUE TO FINANCIAL INSTITUTIONS**			
	Islamic export refinance scheme (IERF)	4.1	720,000	–
	Islamic long term financing facility (ILTFF)	4.2	106,636	50,000
	Finance Facility for Islamic Temporary Economic Refinance Facility (ITERF)	4.3	1,396,701	1,476,711
			2,223,337	1,526,711

4.1 These represent borrowings made under the scheme for providing financing to exporters for adoption of new technologies and modernizaton of plant and machinery. These borrowings carry profit payable quarterly at 18.0% per annum (2022: nil per annum) with maturities upto May 20, 2024.

4.2 This amount has been obtained for providing islamic long term finance to customers. The Bank has granted the SBP right to recover outstanding amount from the Bank at date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 4.00% to 16.00% per annum (2022: 4.00% per annum) with maturities upto January 14, 2024.

4.3 These represent borrowings under scheme of temporary relief refinance facility (TERF). Mark-up on these borrowings is payable quarterly at rate of 1.00% per annum (2022: 1.00% per annum) with maturities upto Februray 26, 2024.

5 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000'					
Customers:						
Current deposits	19,828,751	567,074	20,395,825	16,598,382	513,205	17,111,587
Savings deposits	66,146,832	562,048	66,708,880	55,880,913	289,392	56,170,305
Term deposits	14,863,624	913,660	15,777,284	15,066,050	–	15,066,050
Others	5,824,378	–	5,824,378	1,499,138	–	1,499,138
	106,663,585	2,042,782	108,706,367	89,044,483	802,597	89,847,080
Financial institutions						
Current deposits	31,400	19,425	50,825	100,316	71,130	171,446
Savings deposits	4,574,897	239	4,575,136	2,753,014	223	2,753,237
Term deposits	–	–	–	18,875,000	–	18,875,000
Others	170	–	170	–	–	–
	4,606,467	19,664	4,626,131	21,728,330	71,353	21,799,683
	111,270,052	2,062,446	113,332,498	110,772,813	873,950	111,646,763

		2023	2022
		Rupees in '000'	
5.1	**Composition of deposits**		
	- Individuals	17,037,291	18,701,425
	- Private sector	49,316,768	35,325,095
	- Government	40,787,855	33,778,545
	- Public sector entities	1,564,453	2,042,015
	- Banking companies	108,459	56,896
	- Non-banking financial institutions	4,517,672	21,742,787
		113,332,498	111,646,763

5.2 This includes deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounted to Rs. 58,910,608 thousand (2022: Rs 46,855,769 thousand).

		2023	2022
		Rupees in '000'	
6	**ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT**		
	Opening balance	4,640,774	2,550,132
	Islamic banking profit for the year	5,752,766	2,090,642
	Closing balance	10,393,540	4,640,774
7	**CONTINGENCIES AND COMMITMENTS**		
	- Guarantees	2,109,817	2,049,966
	- Commitments	16,668,513	16,235,997
		18,778,330	18,285,963
7.1	**Guarantees:**		
	Financial guarantees	18,200	43,200
	Performance guarantees	877,740	926,842
	Other guarantees	1,213,877	1,079,924
		2,109,817	2,049,966

		Note	2023	2022
			Rupees in '000'	
7.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions - letters of credit		5,782,258	4,822,785
	Commitments in respect of - forward lending	7.2.1	10,886,255	11,413,212
			16,668,513	16,235,997
7.2.1	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend		10,886,255	11,413,212

7.2.1.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

7.2.3 Claims against the Bank not acknowledged as debts

An amount of Nil (2022: Nil) involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

		2023	2022
		Rupees in '000'	
8	**PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT**		
	Profit earned on:		
	Financing	16,060,426	6,373,930
	Investments	5,777,055	3,175,181
	Placements	886,173	665,625
	Deposits with financial institutions	10	181,484
		22,723,664	10,396,220
9	**PROFIT ON DEPOSITS AND OTHER DUES EXPENSED**		
	Deposits and other accounts	11,349,364	5,124,753
	Markup on lease liability against right-of-use assets	369,291	272,798
	Markup on borrowings from SBP	53,668	11,963
	Profit on deposits from conventional Head Office	1,907,973	324,988
		13,680,296	5,734,502

10 The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional net tax charge for Islamic Banking is expected to be Rs. 2,678,488 thousand (2022: Rs. 866,780 thousand).

		Note	2023	2022
			Rupees in '000'	
11	**CHARITY FUND**			
	Opening balance		4,207	–
	Additions during the year :			
	Received from customers on account of delayed payment		45,531	14,019
	Profit on charity saving account		1,455	188
			46,986	14,207
	Payments / utilization during the year :			
	Welfare works	11.1	(6,872)	(10,000)
	Health		(5,000)	–
			(11,872)	(10,000)
	Closing balance		39,321	4,207

11.1 The Islamic Banking Division of the Bank paid Rs. Nil (2022: Rs. 10,000) to CM flood relief fund.

12 POOL MANAGEMENT

12.1 maintaining following pools for profit

i) General pool	xv) Special pool-XXI	xxix) Special pool-XXXV
ii) Special pool-I (Equity)	xvi) Special pool-XXII	xxx) Special pool-XXXVI
iii) Special pool-II	xvii) Special pool-XXIII	xxxi) Special pool-XXXVII
iv) Special pool-IV	xviii) Special pool-XXIV	xxxii) Special pool-XXXVIII
v) Special pool-VII (PER)	xix) Special pool-XXV	xxxiii) Special pool-XXXIX
vi) Special pool-IX	xx) Special pool-XXVI	xxxiv) Special pool-XXXX
vii) Special pool-XIII	xxi) Special pool-XXVII (IERS Pool)	xxxv) Taqwa Foreign Currency USD Pool
viii) Special pool-XIV	xxii) Special pool-XXVIII	xxxvi) Taqwa Foreign Currency GBP Pool
ix) Special pool-XV	xxiii) Special pool-XXIX	xxxvii) Taqwa Foreign Currency EURO Pool
x) Special pool-XVI	xxiv) Special pool-XXX	xxxviiii) USD special pool-I
xi) Special pool-XVII	xxv) Special pool-XXXI	xxxix) USD special pool-II
xii) Special pool-XVIII	xxvi) Special pool-XXXII	xxxx) USD special pool-III
xiii) Special pool-XIX	xxvii) Special pool-XXXIII	xxxxi) USD special pool-IV
xiv) Special pool-XX	xxviii) Special pool-XXXIV	xxxxii) EURO special pool-I

12.2 General pool

The general pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as fund manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-Islamic Banking Division (IBD) as Mudarib.

a) Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in Mudaraba based depositors' accounts and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit / fund
- Payment cycle of profit on such deposit / fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment.
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

12.3 Special pools

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP-TAQWA as Mudarib.

a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.
While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit / fund.
- Payment cycle of profit on such deposit / fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP-IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, islamic banking institutions and shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

12.4 Avenues / sectors of economy / business where mudaraba based deposits have been deployed:

	2023	2022
	Rupees in '000'	
Federal and provincial governments	26,620,408	14,201,310
Placement with Financial Institutions	3,935,000	17,575,000
Ijara sukuk	29,678,226	21,243,759
Transport, storage, logistics and communication	129,533	1,169,085
Manufacturing and trading of food items	3,010,253	2,030,328
Manufacture of pesticides and other agro-chemical product	762,060	–
Power generation	22,444,837	18,069,018
Manufacture of paper, paperboard and products thereof	33,000	397,963
Consumer car Ijarah	826,285	533,690
Consumer Housing / LCH	1,808,064	1,263,074
Textile composite / other	7,635,217	4,298,199
Cement & allied	4,190,510	2,639,386
Iron & steel industry	1,980,277	1,892,511
Rubber / plastic products etc.	104,550	–
Others	51,620,688	23,857,534
	154,778,908	109,170,857

12.5 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

	2023	2022
	Rupees in '000'	
Provisions		
Murabaha	1,732	32,150
Istisna	–	–
Ijarah	199,023	179,760
Diminishing Musharika	1,606,844	1,387,036
	1,807,599	1,598,946

12.6 Mudarib share (in amount and percentage of distributable income):

	2023		2022	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
Rabbul mal	12,953,960	68.30%	5,433,763	65.90%
Mudarib	6,011,837	31.70%	2,811,914	34.10%
Distributable income	18,965,797	100.00%	8,245,677	100.00%

12.7 Amount & percentage of mudarib share transferred to depositors through Hiba:

	2023	2022
	Rupees in '000'	
Mudarib share	6,011,837	2,811,914
Hiba	69,886	180,413
Hiba percentage of mudarib share	1.16%	6.42%

This is not a special hiba as such. This hiba has been distributed across the Board to all the account holders.

12.8 Profit rate earned vs. profit rate distributed to the depositors during the year:

	2023	2022
	'Rupees in '000'	
Profit rate earned	18.21%	11.79%
Profit rates distributed to depositors	11.37%	6.53%



CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

pwc

A·F·FERGUSON&CO.

INDEPENDENT AUDITOR'S REPORT

To the members of The Bank of Punjab

Opinion

We have audited the annexed consolidated financial statements of The Bank of Punjab and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter(s)

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

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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▪ KARACHI ▪ LAHORE ▪ ISLAMABAD

Following is the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	**Provision against advances** (Refer notes 4.2, 5.4 and 10.4 to the consolidated financial statements). The Group makes provision against advances on a time-based criteria that involves ensuring that all non-performing advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP). In addition to the above time-based criteria, the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances. The PRs also require the creation of general provision for certain categories of advances. As at December 31, 2023, the Group holds a total provision of Rs. 43,364.135 million against advances in the consolidated financial statements of the Group. The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall consolidated statement of financial position of the Group, we considered the area of provision against advances as a key audit matter.	Our audit procedures to verify provision against advances included, amongst others, the following: We obtained an understanding of the design and tested the operating effectiveness of relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances. The testing of controls included testing of: • controls over correct classification of non-performing advances on time-based criteria; • controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; • controls over accurate computation and recording of provisions; and • controls over the governance and approval process related to provisions, including continuous reassessment by the management. We selected a sample of loan accounts and performed the following substantive procedures: • checked repayments of loan / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and • evaluated the management's assessment for classification of a borrower's loan facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management. We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances in accordance with the requirements of PRs by recomputing the provision amount in accordance with the criteria prescribed under the PRs.

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Hammad Ali Ahmad**.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: March 6, 2024

UDIN: AR202310092R8KI5vFrQ

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023	2022
		'Rupees in '000'	
ASSETS			
Cash and balances with treasury banks	6	100,894,627	73,203,963
Balances with other banks	7	8,560,478	4,842,758
Lendings to financial institutions	8	143,325,933	68,194,342
Investments - net	9	913,088,050	638,276,903
Advances - net	10	807,544,892	590,934,509
Fixed assets	11	33,219,002	30,344,086
Intangible assets	12	2,099,217	1,776,940
Deferred tax assets - net	13	10,314,627	14,584,059
Other assets - net	14	197,156,815	59,840,459
		2,216,203,641	1,481,998,019
LIABILITIES			
Bills payable	16	5,507,855	6,323,641
Borrowings	17	453,965,991	80,820,212
Deposits and other accounts	18	1,520,836,189	1,227,299,424
Liabilities against assets subject to finance lease		–	–
Subordinated debts	19	30,204,640	17,203,760
Deferred tax liabilities		–	–
Other liabilities - net	20	125,117,800	85,387,012
		2,135,632,475	1,417,034,049
NET ASSETS		80,571,166	64,963,970
REPRESENTED BY			
Share capital - net	21	32,452,535	29,478,381
Reserves		15,035,135	12,769,424
Surplus / (deficit) on revaluation of assets - net of tax	22	1,818,506	(2,323,430)
Non controlling interest		762,170	627,811
Unappropriated profit		30,502,820	24,411,784
		80,571,166	64,963,970
CONTINGENCIES AND COMMITMENTS	23		

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

	Note	2023	2022
		'Rupees in '000'	
Mark-up / return / interest earned	24	327,235,740	137,297,645
Mark-up / return / interest expensed	25	286,243,908	106,407,334
Net mark-up / interest income		40,991,832	30,890,311
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	7,460,079	7,356,373
Dividend income		568,777	708,954
Foreign exchange income		297,507	1,887,347
Income / (loss) from derivatives		–	–
Gain on securities - net	27	5,254,622	343,156
Other income - net	28	4,172,011	306,755
Total non-markup / interest income		17,752,996	10,602,585
Total income		58,744,828	41,492,896
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	37,304,167	27,663,459
Workers welfare fund		323,580	288,535
Other charges	30	54,909	42,931
Total non-markup / interest expenses		37,682,656	27,994,925
Profit before provisions		21,062,172	13,497,971
Reversal of provisions and write offs - net	31	(67,230)	(4,879,430)
Extra ordinary / unusual items		–	–
PROFIT BEFORE TAXATION		21,129,402	18,377,401
Taxation - net	32	9,875,573	7,708,765
PROFIT AFTER TAXATION		11,253,829	10,668,636
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Bank		11,080,731	10,628,404
Non controlling interest		173,098	40,232
		11,253,829	10,668,636
			(Restated)
Basic earnings per share (Rs.)	33	3.39	3.25
Diluted earnings per share (Rs.)	34	3.39	3.25

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2023

	Note	2023	2022
		'Rupees in '000'	
Profit after taxation for the year		11,253,829	10,668,636
Other comprehensive income / (loss) :			
Items that may be reclassified to profit and loss account			
in subsequent periods:			
Movement in surplus / (deficit) on revaluation			
of investments - net of tax	22	4,883,212	(1,373,101)
Items that will not be reclassified to profit and loss			
account in subsequent periods:			
Remeasurement (loss) / gain on defined			
benefit obligation	37.1.7.2	(257,339)	169,420
Movement in surplus on revaluation of property			
and equiment - net of tax	22.1	(285,427)	(138,107)
Movement in surplus on revaluation of			
non-banking assets - net of tax	22.2	6,121	724,933
		(536,645)	756,246
Total comprehensive income for the year		15,600,396	10,051,781
Total comprehensive income attributable to:			
Equity holders of the Bank		15,427,298	10,011,549
Non controlling interest		173,098	40,232
		15,600,396	10,051,781

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2023

	Share capital	Discount on issue of shares	Share capital – net	Share premium	Reserve for issuance of bonus shares	Statutory reserve	Surplus / (Deficit) – net of tax on revaluation of		Non controlling interest	Unappropriated profit	Total
							Investments	Fixed and non banking assets			
	'Rupees in '000'										
Balance as at January 01, 2022	26,436,924	(263,158)	26,173,766	2,215,040	–	8,387,543	(6,446,164)	5,077,454	587,579	18,915,186	54,910,404
Profit after taxation for the year	–	–	–	–	–	–	–	–	40,232	10,628,404	10,668,636
Other comprehensive (loss) / income – net of tax	–	–	–	–	–	–	(1,373,101)	586,826	–	169,420	(616,855)
Total comprehensive (loss) / income for											
the year ended December 31, 2022	–	–	–	–	–	–	(1,373,101)	586,826	40,232	10,797,824	10,051,781
Transfer to statutory reserve	–	–	–	–	–	2,166,841	–	–	–	(2,166,841)	–
Transfer from surplus on revaluation of property and											
equipment to unappropriated profit – net of tax	–	–	–	–	–	–	–	(123,660)	–	123,660	–
Transfer from surplus on revaluation of non banking											
assets to unappropriated profit – net of tax	–	–	–	–	–	–	–	(5,298)	–	5,298	–
Transfer from surplus on revaluation of non banking											
assets to unappropriated profit on disposal	–	–	–	–	–	–	–	(39,487)	–	41,272	1,785
Transactions with owners, recognized directly in equity :											
Final stock dividend – December 31, 2021 declared											
subsequent to year end at 12.5% per share	–	–	–	–	3,304,615	–	–	–	–	(3,304,615)	–
Issuance of bonus shares during the year	3,304,615	–	3,304,615	–	(3,304,615)	–	–	–	–	–	–
	3,304,615	–	3,304,615	–	–	–	–	–	–	(3,304,615)	–
Balance as at December 31, 2022	29,741,539	(263,158)	29,478,381	2,215,040	–	10,554,384	(7,819,265)	5,495,835	627,811	24,411,784	64,963,970
Profit after taxation for the year	–	–	–	–	–	–	–	–	173,098	11,080,731	11,253,829
Other comprehensive income / (loss) – net of tax	–	–	–	–	–	–	4,883,212	(279,306)	–	(257,339)	4,346,567
Total comprehensive income / (loss) for											
the year ended December 31, 2023	–	–	–	–	–	–	4,883,212	(279,306)	173,098	10,823,392	15,600,396
Transfer to statutory reserve	–	–	–	–	–	2,265,711	–	–	–	(2,265,711)	–
Acquistion of Punjab Capital Secuities (Private) Limited	–	–	–	–	–	–	–	–	(38,739)	38,739	–
Transfer from surplus on revaluation of property and											
equipment to unappropriated profit – net of tax	–	–	–	–	–	–	–	(121,306)	–	121,306	–
Transfer from surplus on revaluation of non banking											
assets to unappropriated profit – net of tax	–	–	–	–	–	–	–	(4,871)	–	4,871	–
Transfer from surplus on revaluation of non banking											
assets to unappropriated profit on disposal	–	–	–	–	–	–	–	(335,793)	–	342,593	6,800
Transactions with owners, recognized directly in equity :											
Final stock dividend – December 31, 2022 declared											
subsequent to year end at 10% per share	–	–	–	–	2,974,154	–	–	–	–	(2,974,154)	–
Issuance of bonus shares during the year	2,974,154	–	2,974,154	–	(2,974,154)	–	–	–	–	–	–
	2,974,154	–	2,974,154	–	–	–	–	–	–	(2,974,154)	–
Balance as at December 31, 2023	32,715,693	(263,158)	32,452,535	2,215,040	–	12,820,095	(2,936,053)	4,754,559	762,170	30,502,820	80,571,166

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2023

	Note	2023	2022
		'Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		21,129,402	18,377,401
Less: Dividend income		(568,777)	(708,954)
		20,560,625	17,668,447
Adjustments:			
Depreciation on property and equipment	11.3	1,913,826	1,409,926
Depreciation on non banking assets acquired in satisfaction of claims	14.1.1	22,134	32,879
Depreciation on ijarah assets under IFAS - 2	29	270,000	340,594
Depreciation on right-of-use assets	29	1,730,876	1,297,050
Amortization on intangible assets	12.1	342,874	143,742
Amortization of discount on debt securities - net		(7,639,065)	(4,979,780)
Markup on lease liability against right-of-use assets	25	1,939,763	1,496,059
Unrealized (gain) / loss on revaluation of investments classified as held for trading	9.1	(55,003)	63,509
Unrealized loss on revaluation of deliverable future contracts	27	7,887	–
Reversal of provisions and write offs - net	31	(67,230)	(4,879,430)
Workers welfare fund		323,580	288,535
Gain on termination of lease liability against right-of-use assets	28	(238,561)	(9,631)
Gain on sale of property and equipment - net	28	(9,610)	(149,415)
Gain on sale of non banking assets - net	28	(3,882,298)	(114,420)
Realized gain on sale of securities - net	27.1	(5,207,506)	(406,665)
Provision for employees compensated absences	29.1	12,421	23,343
Provision for gratuity	29.1	440,539	347,012
		(10,095,373)	(5,096,692)
		10,465,252	12,571,755
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(75,131,591)	(38,613,954)
Held for trading securities		(37,643,704)	27,146,306
Advances		(215,420,999)	(100,733,853)
Others assets		(139,592,856)	(26,258,181)
		(467,789,150)	(138,459,682)
Increase / (decrease) in operating liabilities:			
Bills payable		(815,786)	(3,785,818)
Borrowings from financial institutions		372,945,654	9,496,724
Deposits and other accounts		293,536,765	224,381,143
Other liabilities (excluding current taxation and gratuity fund)		36,170,213	27,624,242
		701,836,846	257,716,291
Payment made to gratuity fund		(171,152)	(268,144)
Income tax paid		(7,678,769)	(5,003,335)
		(7,849,921)	(5,271,479)
Net cash flow from operating activities		236,663,027	126,556,885

	Note	2023	2022
		'Rupees in '000'	
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available for sale securities		(217,091,217)	(98,710,047)
Net investment in held to maturity securities		–	(34,220,612)
Dividends received		568,777	710,414
Investment in fixed assets		(4,477,612)	(3,839,349)
Investment in intangible assets		(665,151)	(812,530)
Proceeds from sale of property and equipment		20,456	158,859
Proceeds from sale of non banking assets acquired			
in satisfaction of claims	14.1.2	5,568,719	731,319
Net cash used in investing activities		(216,076,028)	(135,981,946)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of subordinated debts		(2,497,120)	(2,720)
Payment of lease liability against right-of-use assets		(2,379,620)	(2,120,592)
Subscription received - privately placed term			
finance certificates - III	19.5	4,600,000	2,400,000
Advance subscription money received - privately placed			
term finance certificates - IV	19.6	6,998,000	–
Advance subscription money received - Subordinated perpetual			
term finance certificates ADT - I 2nd issue	19.2	3,900,000	–
Issuance of subordinated perpetual term			
finance certificates ADT - I		–	7,017,500
Net cash flow from financing activities		10,621,260	7,294,188
Increase / (decrease) in cash and cash equivalents		31,208,259	(2,130,873)
Cash and cash equivalents at beginning of the year		78,046,721	80,177,594
Cash and cash equivalents at end of the year	35	109,254,980	78,046,721

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

Chief Financial Officer **President** **Chairman** **Director** **Director**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

1 STATUS AND NATURE OF BUSINESS

1.1 The Bank of Punjab Group ("the Group") comprises of The Bank of Punjab ("the Bank"), ("the Parent"), Punjab Modaraba Services (Private) Limited (the Management Company), First Punjab Modaraba ("the Modaraba"), Punjab Capital Securities (Private) Limited (100% owned by The Bank of Punjab). For the purpose of these consolidated financial statements, The Bank of Punjab and consolidated subsidiaries are referred to as the Group.

The Group consists of :

Parent

The Bank of Punjab

	% age of holding 2023	% age of holding 2022
	Rupees in '000'	
Subsidiaries		
Punjab Modaraba Services (Private) Limited	100.00%	100.00%
First Punjab Modaraba	39.16%	39.16%
Punjab Capital Securities (Private) Limited	100.00%	39.16%

The subsidiary company of the Group, Punjab Modaraba Services (Private) Limited exercises control over First Punjab Modaraba, as its management company and also has a direct economic interest in it. During the year, the Bank made direct investment of Rs. 85,487 thousand through acquisition of 100% shares of Punjab Capital Securities (Private) Limited (a group company) from First Punjab Modaraba, being managed by a subsidiary company of the Bank, in accordance with applicable laws and regulations. Further, in order to support capital base of Punjab Capital Securities (Private) Limited, the Bank made additional investment of Rs. 25,000 thousand. The Group is principally engaged in commercial banking, modaraba management, leasing, brokerage, etc. Brief profile of the Bank and subsidiaries is as follows :

The Bank was constituted pursuant to The Bank of Punjab Act, 1989. It was given the status of a scheduled bank by the State Bank of Pakistan (SBP) on September 19, 1994. It is principally engaged in commercial banking and related services with its registered office at BOP Tower, 10-B, Block E-II, Main Boulevard, Gulberg III, Lahore. The Bank has 815 branches including 16 sub branches and 160 Islamic banking branches (2022: 780 branches including 16 sub branches and 140 Islamic banking branches) in Pakistan and Azad Jammu and Kashmir at the year end. The Bank also has 73 Islamic banking windows (December 31, 2022 : 40 Islamic banking windows). The Bank is listed on Pakistan Stock Exchange. The majority shares of the Bank are held by Government of the Punjab (GoPb). The Pakistan Credit Rating Agency (PACRA) assigned long term rating of AA+ with stable outlook and short term rating of A1+ to the Bank.

Punjab Modaraba Services (Private) Limited

Punjab Modaraba Services (Private) Limited ("PMSL") was incorporated in Pakistan on October 19, 1991 under the Companies Ordinance, 1984 as a private limited company. It is wholly owned by the Bank and is primarily engaged in the business of floating and managing Modarabas.

PMSL has accumulated losses as at December 31, 2022. Further, the Company's current liabilities exceeded its current assets. These losses are mainly due to drying up of revenue streams. The management fee and dividend from First Punjab Modaraba (the Managed Modaraba) are the main sources of revenue of the Company. The financial statements of PMSL, however, have been prepared under the going concern assumption due to the reason that with continued support of the Bank, the Modaraba management company is expected to show better performance going forward yielding returns for the Bank.

First Punjab Modaraba

First Punjab Modaraba ("FPM") , ("the Modaraba"), was formed under the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 and rules framed there under and is managed by PMSL (wholly owned subsidiary of the Bank).The registered office of the Modaraba is situated at Office No 100, 3rd floor, National Tower 28-Edgerton Road, Lahore. The Modaraba commenced its operations on December 23, 1992. The Modaraba is listed on the Pakistan Stock Exchange.

During the year ended December 31, 2022, the Modaraba has incurred operating loss which has contributed to the continued erosion of equity reserves of the Modaraba. The accumulated losses - net of capital reserves, as at December 31, 2022 exceeds fifty percent of the total amount subscribed by the holders of the Modaraba Certificates, which is a non-compliance of Section 23 of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (the Modaraba Ordinance). The current liabilities of the Modaraba has exceeded its current assets as at December 31, 2022.

In order to address going concern issue in terms of section 23 of the Modaraba Ordinance, the Bank being the parent company of the Modaraba Management Company is providing enduring support and shall continue to provide financial support to the Modaraba in order to mitigate liquidity risks. In assessing the status of the Modaraba, management has carefully assessed a number of factors covering the performance of the business, future business prospects and appetite of majority shareholder to continue financial support.

Punjab Capital Securities (Private) Limited

Punjab Capital Securities (Private) Limited ("PCSL") is registered under the Companies Ordinance, 1984 as company limited by shares from November 29, 2016. PCSL is mainly engaged in business of brokerage services, portfolio management and consultancy services. The registered office of the company is situated at Room No 319, 3rd Floor, LSE Building, Lahore. The Company is wholly-owned subsidiary of the Bank.

1.2 Basis of Consolidation

Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Parent controls another entity. The Bank also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Bank's voting rights relative to the size and dispersion of holdings of other shareholders give the Bank the power to govern the financial and operating policies etc.

The Group financial statements include the financial statements of the Bank and its subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Bank. They are deconsolidated from the date that control ceases to exist. The financial statements of subsidiaries have been consolidated on line by line basis. All significant inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling

interest in the acquiree on an acquisition by acquisition basis, at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. The financial statements of the Bank and its subsidiaries are prepared upto the same reporting date using consistent accounting policies.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated profit and loss account.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized either in consolidated profit and loss account or as a change to consolidated statement of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill, if any, is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in consolidated profit and loss account. After initial recognition, is measured at carrying value i.e. cost at the date of acquisition less any accumulated impairment.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in consolidated profit and loss account. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in consolidated statement of comprehensive income are reclassified to consolidated profit and loss account.

2 BASIS OF PRESENTATION

These financial statements are the consolidated financial statements of the Group in which investments in subsidiaries is accounted for on the basis of acquisitions method. Standalone financial statements of the Bank and its subsidiaries are prepared separately.

In accordance with the directives of the Government of Pakistan regarding the conversion of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the Groups from their customers and immediate resale to them at appropriate marked-up price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.

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

2.1 Statement Of Compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Directives issued by the SBP and the Securities Exchange Commission of Pakistan (SECP);
- Requirements of The Bank of Punjab Act, 1989; and
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017.

Wherever the requirements of the directives issued by the SBP and SECP, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 differ with the requirements of the IFRS or IFAS, the requirements of the said directives, The Bank of Punjab Act, 1989, the Banking Companies Ordinance, 1962 and the Companies Act, 2017 take precedence.

2.1.2 SBP as per BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standard (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to the notification of SECP dated April 28, 2008, the 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 consolidated financial statements.

2.1.3 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standards - 3 for (IFAS) 3 "Profit & Loss Sharing on Deposits" issued by the Institute of Chartered Accountants of Pakistan and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in these consolidated financial statements of the Group.

2.1.4 The SECP vide its notification SRO 633 (I)/2014 dated 10 July 2014, adopted (IFRS) 10 "Consolidated Financial Statements" effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS 10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under trust structure.

2.1.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2023

During the year, certain amendments to standards, interpretations and improvement to accounting standards became effective; however, the standards, amendments, interpretations and improvements did not have any material effect on these consolidated financial statements of the Group.

2.1.6 New accounting standards and IFRS interpretations that are not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. The Bank considers that the following standards and interpretations are either not relevant or will not have any material impact on its consolidated financial statements in the period of initial application other than (IFRS) 9 "Financial Instruments".

Standard or Interpretations		'Effective date (accounting periods beginning on or after)
IAS	Amendments to IAS 1 - Non current liabilities with convenants	January 01, 2024
IFRS 16	Amendment to IFRS 16 – Leases on sale and leaseback	January 01, 2024
IAS 21	Amendments to IAS 21 - Lack of Exchangeability	January 01, 2025

IFRS 9 Financial Instruments

As directed by SBP via BPRD Circular letter no. 7 of 2023 dated April 13, 2023, IFRS 9 is effective for periods beginning on or after January 01, 2024 for banks having asset base of more than Rs. 500 billion as at December 31, 2022. Further, SBP vide Circular no. 03 of 2022 dated July 05, 2022 has also finalized the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

During the year 2023, the management of the Group has performed an impact assessment of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group at the time of finalizing the impact for initial application of IFRS 9. In addition, the Group will implement changes in classification of certain financial instruments.

An overview of the IFRS 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP.

Governance, ownership and responsibilities

The Bank has developed models / methodologies for Probability of Default (PD), Loss Given Default (LGD) and Credit Conversion Factor (CCF). These models shall be validated on an annual basis considering the following aspects:

– Quantitative Validation: Expected credit loss (ECL) model design validation, data quality validation and benchmarking with external best practices.

– Quantitative Validation: Calibration testing which ensures the accuracy of the observed PDs.

Further, the Group will perform back testing of ECL at least on yearly basis and will be responsible for the independent validation of the risk parameters / risk models; including PD, LGD and CCF etc., that are used to compute the ECL which would be carried out as per the policy.

Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Sole Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, Fair Value Through Other Comprehensive Income ('FVTOCI') or Fair Value Through Profit or Loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and interest (SPPI). Assets may be sold out of 'hold to collect' portfolios where there is an increase in credit risk. Disposals for other reasons are permitted but such sales should be insignificant in value or infrequent in nature.

Debt instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with unrealised gains or losses deferred in reserves until the asset is derecognised. Further financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

The classification of equity instruments is generally measured as FVTPL unless the Group elects for FVTOCI at initial recognition. However dividends received are recognised in the profit and loss account. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

Equity securities

The Bank expects to continue measuring at fair value all financial assets currently held at fair value.

Equity shares currently held as Available For Sale (AFS) with gains and losses recorded in OCI, the Group will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a significant impact on adoption. However, in accordance with IFRS 9 requirements, fair value gain or losses recognized in OCI will not be recycled to profit and loss account on derecognition of these securities.

Unquoted equity securities are required to be measured at fair value under IFRS 9, however, SBP has allowed relaxation to banks till one year to carry these investments under the current PR regime.

Debt securities and Loans and advances

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

Impairment

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

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

Based on the requirement of IFRS 9 and SBP's IFRS 9 application instructions, the Group has performed an ECL assessment taking into account the key elements such as assessment of Significant Increase in Credit Risk (SICR), Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

– PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

– LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Group expects to receive, including any form of collateral.

– EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortization, pre-payments and forward-looking information where relevant.

For the purpose of calculation of ECL, the Group has used 5 years data till December 31, 2023 and going forward, one more year's data shall be included until the Group has at least 10 years data. For calculating ECL, the Group shall classify its financial assets under three following categories:

a) Stage 1: Performing Assets: Financial assets where there has not been a SICR since initial recognition, the Group shall recognize an allowance based on the 12-month ECL.

b) Stage 2: Under-Performing Assets: Financial assets where there has been a SICR since initial recognition, but they are not credit impaired, the Group shall recognize an allowance for the lifetime ECL for all exposures categorized in this stage based on the actual maturity profile.

c) Stage 3: Non-Performing Assets: Financial assets which have objective evidence of impairment at the reporting date. The Group shall recognize ECL on these financial assets using the higher off approach, which means that lifetime ECL computed under IFRS 9 is compared with regulatory provision required as per prudential regulations issued by SBP and higher of the two is maintained.

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

Significant increase in credit risk (SICR)

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

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

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

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

Presentation and disclosure

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

The SBP vide Circular No. 02 of 2023 dated February 09, 2023 issued a revised format for financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan. The SBP vide BPRD Circular letter no. 07 of 2023 dated April 13, 2023 also extended the timeline for preparation of annual / interim financial statements on revised format to the 1st quarter of 2024.

Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Group's financial statements in the year 2023 may not be accurately estimated because it will be dependent on the financial instruments that the Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Group has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Impairment

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at January 01, 2024 is reduction in equity net of tax of approximately Rs. 7,548,846 thousand, representing corresponding impact of an increase of approximately Rs. 15,883,696 thousand related to impairment requirements.

The Bank continues to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption. the new systems and associated controls in place have not been operational for a more extended period.

Impact on regulatory capital

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

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

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

	As per adopted IFRS 9	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	12.25%	13.24%
Tier 1 Capital Adequacy Ratio	14.40%	15.37%
Total Capital Adequacy Ratio	17.49%	18.31%
CET1 available to meet buffers (as a percentage of risk weighted assets)	6.25%	7.24%

3 BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of freehold land and buildings on freehold land, revaluation of non banking assets acquired in satisfaction of claims, valuation of certain investments and commitments in respect of forward exchange contracts at fair value, right-of-use assets, lease liabilities and certain staff retirement benefits at present value.

3.2 These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experiences, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in the application of accounting policies are as follows:

4.1 Classification of investments

In classifying investments as "held for trading", the Group has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements and are to be sold within 90 days.

In classifying investments as "held to maturity", the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

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

4.2 Provision against non-performing advances and debt securities classified as investments

Apart from the provision determined on the basis of time-based criteria given in Prudential Regulations issued by the SBP, the management also applies the subjective criteria of classification and, accordingly, the classification of advances and debt securities is downgraded on the basis of credit worthiness of the borrower, its cash flows, operations in account and adequacy of security in order to ensure accurate measurement of the provision.

4.3 Impairment of available for sale investments

The Bank considers that available for sale equity investments are impaired when there has been a significant and prolonged decline in the fair value below its cost. Other factors will also need to be considered before deciding the permanent impairment of investment. This determination of what is significant and prolonged requires judgment. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance. As of the statement of financial position date, the management has determined an impairment loss on available for sale securities and held to maturity securities as disclosed in note 9.3 to these consolidated financial statements.

4.4 Depreciation, amortization and revaluation of fixed assets and intangibles

Estimates of useful life of property and equipment are based on management's best estimate. In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Group. The method applied is 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 method is changed to reflect the change in pattern. Further, the Group estimates the revalued amount of freehold land and buildings on freehold land on a regular basis. The estimates are based on valuations carried out by an independent valuation expert under the market conditions.

4.5 Income taxes

In making estimates for income taxes currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. There are certain matters where the Group's view differs with the view taken by the income tax authorities and such amounts are shown as a contingent liability.

4.6 Staff retirement benefits

The amount of provision for gratuity and compensated absences is determined using actuarial valuation. The valuation involves making use of assumptions about discount rates, mortality, expected rate of salary increases, retirement rates, and average leave utilization per year. Due to the degree of subjectivity involved and long-term nature of these plans, such estimates are subject to significant uncertainty.

4.7 Non banking assets acquired in satisfaction of claims

The Bank estimates the revalued amounts of non banking assets acquired in satisfaction of claims on a regular basis. The estimates are based on expected legal enforceability, ease of realization and valuations carried out by an independent valuation expert under the market conditions.

4.8 Lease liability on right-of-use assets

In making estimates, the Group uses following practical expedients and significant judgments, as permitted by the standard:

- Use of a single discount rate for leases with similar characteristics; and
- Lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

5 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of previous financial year.

5.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks, balances with other banks and call money lendings less over drawn nostro accounts and other overdrawn bank accounts.

5.2 Lendings / borrowings from financial institutions

The Group enters into transactions of sale under repurchase obligations (repo) and purchase under resale obligations (reverse repo) at contracted rates for a specified period of time. These are recorded as under:

5.2.1 Sale under repurchase obligations

Securities sold subject to a repurchase agreement (repo) are retained in the consolidated financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and repurchase price is accrued using effective yield method and recorded as interest expense over the term of the related repo agreement.

5.2.2 Purchase under resale obligations

Securities purchased under agreement to resell (reverse repo) are not recognized in the consolidated financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The differential between the contracted price and resale price is accrued using effective yield method and recorded as interest income.

5.3 Investments

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

All regular way purchase / sale of investment are recognized on the trade date, i.e., the date the Group commits to purchase / sell the investments. Regular way purchase or sale of investment requires delivery of securities within the time frame generally established by regulation or convention in the market place.

Held for trading

These are securities which are acquired with the intention to trade by taking advantage of short-term market/ interest rate movements. These are carried at market value, with the related surplus / (deficit) on revaluation being taken to profit and loss account. These are measured at subsequent reporting dates at fair value.

Held to maturity

These are securities with fixed or determinable payments and fixed maturity that are held with the intention and ability to hold to maturity. These are carried at amortised cost. These are subsequently measured at amortised cost, less any impairment loss recognized to reflect irrecoverable amount.

Available for sale

These are investments which do not fall under the held for trading or held to maturity categories. These are carried at market value with the surplus / (deficit) on revaluation taken to 'Surplus / (deficit) on revaluation of assets' shown in equity, except available for sale investments in unquoted shares, debentures, bonds, participation term certificates, term finance certificates, federal, provincial and foreign government securities (except for Treasury Bills and Pakistan Investment Bonds) which are stated at cost less provision for diminution in value of investments, if any.

Provision for diminution in the value of investments is made after considering impairment, if any, in their value and charged to profit and loss account. Provision for diminution in value of investments in respect of unquoted shares is calculated with reference to break-up value. Provision for diminution in value of investments for unquoted debt securities is calculated with reference to the time-based criteria as per the SBP's Prudential Regulations.

Premium or discount on debt securities classified as available for sale and held to maturity securities are amortised using the effective yield method.

On de-recognition or impairment in quoted available for sale securities the cumulative gain or loss previously reported as "Surplus / (Deficit) on revaluation of assets" in equity is included in the profit and loss account for the year.

Gain and loss on disposal of investments are dealt with through the profit and loss account in the year in which they arise.

5.4 Advances including net investment in finance lease

Advances and net investments in finance lease are stated net of provision for non performing loans. Provision for non performing loans is made in accordance with the Prudential Regulations prescribed by the SBP and charged to profit and loss account.

Leases where risks and rewards incidental to ownership are substantially transferred to lessee are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments including any guaranteed residual value.

Under Ijarah financing, the Group transfers the rights to use an asset to the customer for an agreed period for an agreed consideration. Assets given under Ijarah are stated at cost less accumulated depreciation, residual value and impairment losses, if any. The depreciation is calculated on a straight-line basis over the term of the Ijarah after taking into account the estimated residual value.

Istisna is a mode of resale at an agreed price, whereby the buyer places an order to or cause to manufacture, assemble or construct anything to be delivered at a future date. The funds disbursed under Istisna are recorded as "Advance against Istisna". After the manufacturing of goods, the same are recorded as inventories at the statement of financial position and after the sale of goods by customer to its ultimate buyers, Istisna financing is recognized.

For Running Musharakah, the Group and the customer enter a Musharakah (transaction or business partnership arrangement) where the Group agrees to finance the operating activities of the customer's business and share the profit or loss at a pre agreed ratio. Profit is provisionally recognised on an accrual basis and is adjusted once the customer declares the final profit after issuance of audited financial statements.

In Murabaha transactions, the Group purchases the goods through its agent or client and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

Under Murabaha financing, funds disbursed for purchase of goods are recorded as 'Advance against Murabaha finance'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financing are recorded at the deferred sale price. Goods purchased but remained unsold at the statement of financial position date are recorded as inventories. Deferred income on Murabaha financing is adjusted against Murabaha receivable.

In Diminishing Musharaka based financing, the Group enters into Musharaka based on partnership for financing and agreed share of fixed assets with its customers and enters into period profit payment agreement for the utilization of the Group's Musharaka share by the customer.

5.5 Fixed assets and depreciation

5.5.1 Property and equipment

Property and equipment, other than freehold land which is not depreciated, are stated at cost or revalued amounts less accumulated depreciation and accumulated impairment losses (if any). Freehold land is carried at revalued amount.

Depreciation on property and equipment is charged to profit and loss account using the diminishing balance method so as to write off the historical cost / revalued amount of the asset over its estimated useful life, except motor vehicles, leasehold improvements and computer equipment on which depreciation is charged using the straight line basis. The rates at which the depreciation is charged are given in note 11.3 to these

consolidated financial statements. Impairment loss or its reversal, if any, is charged to profit and loss account. When an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

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.

Surplus arising on revaluation of freehold land and buildings on freehold land is credited to the "Surplus on revaluation of assets" in equity and any deficit arising on revaluation is taken to profit and loss account directly. Revaluation by independent professionally qualified valuers, is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of buildings (net of deferred taxation) is transferred directly to un-appropriated profit / accumulated loss.

Gains and losses on sale of fixed assets are charged to profit and loss account currently.

Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to the profit and loss account as and when incurred.

5.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

5.5.3 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are subsequently depreciated over the lease term using a straight line basis as it closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are to be reduced by impairment losses, if any, and adjusted for certain re-measurements of lease liability. Right-of-use assets are recognized using cost model.

5.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses (if any). The cost of intangible assets is amortised over their useful lives, using the straight line method as per the rates given in note 12.1 to these consolidated financial statements. Amortisation on additions is charged from the month the assets are available for use while no amortisation is charged in the month in which the assets are disposed.

Intangible-in-progress is stated at cost less accumulated impairment losses (if any). These are transferred to specific assets as and when assets are available for use.

5.7 Borrowings / deposits

Borrowings / deposits are recorded at the proceeds received. The cost of borrowings / deposits is recognized as an expense in the period in which this is incurred.

5.8 Subordinated debts

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognized separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

5.9 Employee retirement and other benefits

Defined contribution plan – Provident fund

The Bank operates an approved provident fund scheme, covering all permanent employees. Contributions are made monthly by the Bank and the employees at the rate of 8.33% of basic salary. Contributions by the Group are charged to profit and loss account.

Defined benefit plan - Gratuity scheme

The Bank operates an approved funded gratuity scheme for all its permanent employees. Contributions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to profit to loss account. Actuarial gains and losses are charged or credited to other comprehensive income in the year in which they occur.

Defined benefit plan - Employees' compensated absences

The Bank makes annual provision in the consolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. Actuarial gains and losses are charged to profit and loss account in the year in which they occur.

5.10 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation except land which is carried at revalued amount. The non-banking assets are depreciated over useful life on reducing balance method. Revaluation by independent professionally qualified valuers, is carried out with sufficient regularity to ensure that their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of non banking assets is credited to the 'surplus on revaluation of 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 profit and loss account and not capitalized.

5.11 Foreign currencies

Transactions in foreign currency are translated to Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities and commitments for letters of credit and acceptances in foreign currencies are translated at the exchange rates prevailing at the statement of financial position date except assets and liabilities for which there are forward contracts which are translated at the contracted rates. Forward exchange contracts and foreign bills purchased are valued at forward rates applicable to their respective maturities.

All exchange differences are charged to profit and loss account.

5.12 Revenue recognition

Revenue is recognized to the extent that the economic benefits will flow to the Group and the revenue can be reliably measured. The following recognition criteria must be met before revenue is recognized:

Mark-up / return / interest income

Mark-up / return / interest on advances and return on investments are recognized in profit and loss account on an accrual basis, except mark-up on non-performing advances which is recognized when received.

Dividend income

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

Lease finance income

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to profit and loss account over the term of the lease periods so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealized lease income is suspended, where necessary, in accordance with the requirements of the SBP. Gain / loss on termination of lease contracts, documentation charges and other lease income are recognized through profit and loss account when these are realized.

Fees and commission income

Fee commission is recognized at amount that reflects consideration to which the Group expects to be entitled in exchange for providing the services. The Group recognizes fees earned on transaction based arrangements at point in time, when the Group has provided the services to customer. Where the contract requires services to be provided over time, income is recognized on systematic basis over the period of arrangement.

5.13 Lease liabilities against right-of-use assets

The lease liability is initially measured at present value of lease payments to be made over lease term, discounted using the Group's incremental weighted average borrowing rate. The lease liability shall be subsequently measured at amortised cost using the effective interest rate method i.e. increase by interest cost on lease liability and decrease by lease payments made.

5.13.1 Short-term leases and leases of low-value asset

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

5.14 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments / changes in laws and changes in estimates made during the current year.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is charged or credited in income statement, except in the case of items credited or charged to equity in which case it is included in equity.

The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and available for sale securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS)12, 'Income Taxes'.

5.15 Impairment

The carrying amounts of assets (other than deferred tax assets) are reviewed for impairment at each statement of financial position date whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

5.16 Provisions

Provisions are recorded when the Group has a present obligation as a result of a past event when it is probable that it will result in an outflow of economic benefits and a reliable estimate can be made of the amount of the obligation.

5.17 Provision for off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations are made when the Group has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

5.18 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the equity.

5.19 Acceptances

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

5.20 Financial instruments

5.20.1 Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lending to financial institutions, investments, advances, certain receivables, bills payable, borrowing from financial institutions, deposits and other accounts, subordinated debts and other payables. The particular recognition criteria adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.20.2 Off setting

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

5.21 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing product 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.

5.21.1 Business segments

Corporate and investment banking

This includes, loans, project finance, real estate finance, export finance, trade finance, commercial & investment banking, and other banking activities with corporate and public sector customers.

Cards and public sector deposits

It includes public sector deposits and related banking services including home remittances and card related banking services to customers of the Group.

Consumer banking group

It includes private sector deposits and loans under retail finance, agriculture customers, small and medium enterprises and financing under government initiatives. Products offered to customers include transport finance, house finance, livestock finance, dairy finance etc.

Treasury

It includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lending and repos and brokerage debt.

Islamic

The segment pertains to full scale Islamic Banking operations of the Group.

Others

This includes head office related activities, and all other activities not tagged to the segments above.

5.21.2 Geographical segments

The Group operates only in Pakistan.

5.22 Dividend distribution and appropriations

Dividend distributions and appropriation to reserves are recognized as a liability in the consolidated financial statements in the period in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which they relate.

5.23 Earnings per share

The Group presents Earnings Per Share (EPS) for its ordinary shares which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by 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 effect of all dilutive potential ordinary shares (if any).

		Note	2023	2022
			Rupees in '000'	
6	**CASH AND BALANCES WITH TREASURY BANKS**			
	In hand:			
	Local currency		22,977,986	26,710,456
	Foreign currencies		4,254,423	1,491,640
			27,232,409	28,202,096
	With SBP in:			
	Local currency current account	6.1	53,549,220	38,889,109
	Foreign currency current account	6.2	2,931,351	1,797,861
	Foreign currency deposit accounts	6.3	6,592,100	3,734,458
			63,072,671	44,421,428
	With National Bank of Pakistan in:			
	Local currency current accounts		10,307,990	519,449
	Prize bonds		281,557	60,990
			100,894,627	73,203,963

6.1 This includes current account maintained by the Bank with the SBP under the requirements of section 22 "Cash Reserve Requirement" of the Banking Companies Ordinance, 1962.

6.2 This represents mandatory reserves maintained in respect of foreign currency deposits under FE-25 scheme, as prescribed by the SBP.

6.3 This includes Special Cash Reserve Account maintained with SBP. This account carries mark-up at the rate ranging from 3.39% to 4.34% per annum (2022: 0.00% to 3.14% per annum) as announced by SBP on monthly basis.

		Note	2023	2022
			Rupees in '000'	
7	**BALANCES WITH OTHER BANKS**			
	In Pakistan:			
	Current accounts		105,437	94,452
	Deposit accounts	7.1	205,743	4,750
			311,180	99,202
	Outside Pakistan:			
	Current accounts		3,821,143	2,233,769
	Deposit accounts	7.2	4,428,155	2,509,787
			8,249,298	4,743,556
			8,560,478	4,842,758

7.1 These carry mark-up at rates ranging from 8.45% to 20.50% per annum (2022: 5.50% to 14.50% per annum).

7.2 These carry mark-up at rates ranging from 4.38% to 5.03% per annum (2022: 4.03% to 4.08% per annum).

		Note	2023	2022
			Rupees in '000'	
8	**LENDINGS TO FINANCIAL INSTITUTIONS**			
	Repurchase agreement lendings (Reverse Repo)	8.2	137,025,933	52,244,342
	Placements	8.3	6,300,000	15,950,000
			143,325,933	68,194,342

		2023	2022
		Rupees in '000'	
8.1	**Particulars of lending**		
	In local currency	143,325,933	68,194,342
	In foreign currencies	–	–
		143,325,933	68,194,342

8.2 Securities held as collateral against lending to financial institutions

	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000'					
Market treasury bills	38,042,797	–	38,042,797	52,244,342	–	52,244,342
Pakistan investment bonds	98,983,136	–	98,983,136	–	–	–
Total	137,025,933	–	137,025,933	52,244,342	–	52,244,342

Market value of securities held as collateral as at December 31, 2023 amounted to Rs. 147,815,674 thousand (2022: Rs. 52,351,059 thousand). These carry mark-up at rate ranging from 22.05% to 22.98% per annum (2022: 16.00% to 16.40% per annum) with maturities upto January 05, 2024.

8.3 These carry profit at rate ranging from 20.80% to 24.15% per annum (2022: 14.65% to 16.20% per annum) with maturities upto August 31, 2024. Further the placement amounting to Rs. 4,000,000 thousand (2022: Nil) is secured against GOP ijara sukuk amounting to Rs. 4,000,000 thousand (2022: Nil).

9 INVESTMENTS - NET

		Note	2023				2022			
			Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
			Rupees in '000'							
9.1	**Investments by type:**									
	Held for trading securities									
	Federal government securities	9.1.1	44,069,917	–	55,003	44,124,920	6,048,429	–	(1,471)	6,046,958
	Ordinary shares		–	–	–	–	383,064	–	(62,038)	321,026
			44,069,917	–	55,003	44,124,920	6,431,493	–	(63,509)	6,367,984
	Available for sale securities									
	Federal government securities	9.1.1 & 9.2.1	756,146,695	–	(6,307,576)	749,839,119	524,597,694	–	(12,526,946)	512,070,748
	Shares		4,845,016	(982,532)	537,686	4,400,170	11,166,496	(2,156,597)	(1,144,246)	7,865,653
	Mutual funds & investment trust units		3,228,680	–	22,283	3,250,963	2,628,680	–	6,458	2,635,138
	Non government debt securities		15,493,496	(2,580,709)	292	12,913,079	14,936,247	(2,441,149)	(53,276)	12,441,822
	Foreign securities		11,957	–	–	11,957	11,957	–	–	11,957
			779,725,844	(3,563,241)	(5,747,315)	770,415,288	553,341,074	(4,597,746)	(13,718,010)	535,025,318
	Held to maturity securities									
	Federal government securities	9.1.1 & 9.6.1	98,547,842	–	–	98,547,842	96,883,601	–	–	96,883,601
	WAPDA bonds		400	(400)	–	–	400	(400)	–	–
			98,548,242	(400)	–	98,547,842	96,884,001	(400)	–	96,883,601
	Total investments		922,344,003	(3,563,641)	(5,692,312)	913,088,050	656,656,568	(4,598,146)	(13,781,519)	638,276,903

9.1.1 Market treasury bills and Pakistan investment bonds are eligible for re-discounting with SBP.

9.1.2 Certain approved / Government securities are kept with the SBP to meet statutory liquidity requirements calculated on the basis of domestic demand and time liabilities for the Bank.

		2023				2022			
	Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
		Rupees in '000'							
9.2 Investments by segments:									
Federal government securities:									
Market treasury bills	9.2.1	27,197,863	–	5,330	27,203,193	62,645,538	–	(535,430)	62,110,108
Pakistan investment bonds	9.2.1	835,207,415	–	(5,123,491)	830,083,924	538,887,924	–	(11,323,483)	527,564,441
Ijarah sukuks		30,812,638	–	(1,134,412)	29,678,226	21,243,759	–	(669,504)	20,574,255
Naya Pakistan certificates		5,546,538	–	–	5,546,538	4,752,503	–	–	4,752,503
WAPDA bonds		400	(400)	–	–	400	(400)	–	–
		898,764,854	(400)	(6,252,573)	892,511,881	627,530,124	(400)	(12,528,417)	615,001,307
Shares:									
Listed companies		4,738,658	(897,434)	537,686	4,378,910	11,424,935	(2,069,205)	(1,206,284)	8,149,446
Unlisted companies		106,358	(85,098)	–	21,260	124,625	(87,392)	–	37,233
		4,845,016	(982,532)	537,686	4,400,170	11,549,560	(2,156,597)	(1,206,284)	8,186,679
Mutual funds & investment trust units		3,228,680	–	22,283	3,250,963	2,628,680	–	6,458	2,635,138
		3,228,680	–	22,283	3,250,963	2,628,680	–	6,458	2,635,138
Non government debt securities:									
Listed		8,730,532	(5,488)	292	8,725,336	9,216,742	(15,321)	(53,276)	9,148,145
Unlisted		6,762,964	(2,575,221)	–	4,187,743	5,719,505	(2,425,828)	–	3,293,677
		15,493,496	(2,580,709)	292	12,913,079	14,936,247	(2,441,149)	(53,276)	12,441,822
Foreign securities:									
Equity securities	9.5	11,957	–	–	11,957	11,957	–	–	11,957
Total investments		922,344,003	(3,563,641)	(5,692,312)	913,088,050	656,656,568	(4,598,146)	(13,781,519)	638,276,903

		Note	2023	2022
			Rupees in '000'	
9.2.1	**Investments given as collateral - at cost / amortized cost**			
	Market treasury bills		–	1,380,412
	Pakistan investment bonds		379,071,721	506,634
			379,071,721	1,887,046
9.3	**Provision for diminution in value of investments**			
9.3.1	**Opening balance**		4,598,146	3,945,992
	Charge / reversals :			
	Charge for the year		943,086	1,462,220
	Reversals for the year		(147,044)	(84,414)
		31	796,042	1,377,806
	Reversal on disposals		(1,830,547)	(725,652)
	Closing balance		3,563,641	4,598,146

Category of Classification	2023 NPI	2023 Provision	2022 NPI	2022 Provision
	Rupees in '000'			
9.3.2 Particulars of provision against debt securities				
Domestic				
Other assets especially mentioned	–	–	–	–
Substandard	–	–	–	–
Doubtful	–	–	–	–
Loss	2,581,109	2,581,109	2,441,549	2,441,549
Total	2,581,109	2,581,109	2,441,549	2,441,549

9.4 Quality of available for sale securities

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

	2023	2022
	Cost / Amortised cost	
	Rupees in '000'	
Federal government securities - government guaranteed		
Market treasury bills	–	62,607,729
Pakistan investment bonds	719,787,519	435,993,702
Naya Pakistan certificates	5,546,538	4,752,503
Ijarah sukuks	30,812,638	21,243,760
	756,146,695	524,597,694

	2023	2022
	Cost	
	Rupees in '000'	
Shares		
Listed Companies		
Automobile assembler / parts & accessories	–	262,541
Cable & electrical goods	150,224	529,938
Cement	170,187	1,091,514
Chemicals	921,623	911,022
Commercial banks	505,332	942,258
Engineering	–	704,284
Fertilizer	815,613	850,960
Glass & ceramics	–	230,448
Insurance	–	111,637
Investment banks / investment companies / securities companies	12,711	45,066
Oil & gas exploration companies	356,602	393,552
Oil & gas marketing companies	391,409	722,663
Paper & board	–	190,967
Pharmaceuticals	144,455	938,317
Power generation & distribution	653,948	718,043
Refinery	47,743	364,659
Technology & telecommunication	339,668	844,819
Textile composite /weaving/ spinning	225,542	1,102,177
Transport	–	70,019
Others	3,601	16,987
	4,738,658	11,041,871

	2023		2022	
Unlisted Companies	Cost	Breakup value	Cost	Breakup value
	Rupees in '000'			
Al – Baraka Bank Pakistan Limited	25,000	21,260	25,000	19,527
Al – Arabia Sugar Mills Limited	81,358	–	81,358	–
LSE Financial Services Limited	–	–	18,267	22,970
	106,358	21,260	124,625	42,497

	2023	2022
	Cost	
	Rupees in '000'	
Mutual funds & investment trust units		
NIT Social Impact Fund	65,000	65,000

	2023		2022	
	Cost	Breakup value	Cost	Breakup value
	'Rupees in '000'			
TPL REIT Limited	3,163,680	3,872,000	2,563,680	2,693,600

	2023	2022
	Cost	
	Rupees in '000'	
Non government debt securities		
Listed		
– AAA	–	20,833
– AA+, AA, AA–	390,000	706,667
– A+, A, A–	–	75,000
– B+, B, B–	4,985	–
– CCC and below	–	4,985
– Unrated	8,335,547	8,409,257
	8,730,532	9,216,742
Unlisted		
– AAA	1,550,000	1,970,000
– A+, A, A–	1,484,973	1,073,878
– BBB+, BBB, BBB–	–	249,800
– BB+, BB, BB–	780,515	–
– B+, B, B–	399,800	–
– Unrated	2,547,676	2,425,827
	6,762,964	5,719,505
	15,493,496	14,936,247
9.5 Foreign equity securities		
SWIFT shares	11,957	11,957

This represents 13 shares (2022: 13 shares) of SWIFT purchased by the Bank as per mandatory requirement of the SWIFT by–laws requiring its members to purchase shares allocated on the basis of financial contributions payable to SWIFT.

9.6 Particulars relating to held to maturity securities are as follows:

	2023	2022
	Cost / Amortised cost	
	Rupees in '000'	
Federal government securities – government guaranteed		
Pakistan investment bonds	98,547,842	96,883,601
WAPDA bonds	400	400
	98,548,242	96,884,001

9.6.1 Market value of held to maturity investments amounted to Rs. 84,546,226 thousand (2022: Rs. 87,756,050 thousand)

10 ADVANCES - NET

	Note	Performing		Non performing		Total	
		2023	2022	2023	2022	2023	2022
		Rupees in '000'					
Loans, cash credits, running finances, etc.	10.1	675,933,777	497,749,289	48,286,050	48,826,533	724,219,827	546,575,822
Net book value of assets in ijarah under IFAS 2 - In Pakistan		2,232,425	2,272,312	218,735	189,245	2,451,160	2,461,557
Islamic financing and related assets		103,213,341	52,397,637	2,915,399	2,886,934	106,128,740	55,284,571
Bills discounted and purchased		18,092,079	31,645,333	17,221	17,221	18,109,300	31,662,554
Advances - gross		799,471,622	584,064,571	51,437,405	51,919,933	850,909,027	635,984,504
Provision against advances							
- Specific		–	–	(42,668,404)	(44,435,016)	(42,668,404)	(44,435,016)
- General		(695,731)	(614,979)	–	–	(695,731)	(614,979)
		(695,731)	(614,979)	(42,668,404)	(44,435,016)	(43,364,135)	(45,049,995)
Advances - net of provision		798,775,891	583,449,592	8,769,001	7,484,917	807,544,892	590,934,509

10.1 Includes net investment in finance lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and less than five than five	Over five years	Total	Not later than one year	Later than one and less than five than five	Over five years	Total
	Rupees in '000'							
Lease rentals receivable	3,118,954	28,350,411	7,646,459	39,115,824	2,688,101	25,151,072	3,413,478	31,252,651
Residual value	1,937,329	11,438,163	2,330,980	15,706,472	1,995,676	10,349,417	1,039,806	13,384,899
Minimum lease payments	5,056,283	39,788,574	9,977,439	54,822,296	4,683,777	35,500,489	4,453,284	44,637,550
Financial charges for future periods	1,635,779	5,614,544	373,096	7,623,419	952,483	4,517,966	234,204	5,704,653
Present value of minimum lease payments	3,420,504	34,174,030	9,604,343	47,198,877	3,731,294	30,982,523	4,219,080	38,932,897

	2023	2022
	Rupees in '000'	
10.2 Particulars of advances (gross)		
In local currency	843,073,267	630,578,773
In foreign currencies	7,835,760	5,405,731
	850,909,027	635,984,504

10.3 Advances include Rs. 51,437,405 thousand (2022: Rs. 51,919,933 thousand) which have been placed under non-performing status as detailed below:

Category of Classification	2023 Non performing loans	2023 Provision	2022 Non performing loans	2022 Provision
	Rupees in '000'			
Domestic				
Other assets especially mentioned	388,638	9,041	342,812	5,390
Substandard	1,776,865	330,681	2,394,414	109,910
Doubtful	4,721,891	1,974,548	2,891,075	992,245
Loss	44,550,011	40,354,134	46,291,632	43,327,471
Total	51,437,405	42,668,404	51,919,933	44,435,016

		2023 Specific	2023 General	2023 Total	2022 Specific	2022 General	2022 Total
		Rupees in '000'					
10.4	**Particulars of provision against advances**						
Opening balance		44,435,016	614,979	45,049,995	46,959,797	3,054,945	50,014,742
Charge for the year		2,108,556	80,752	2,189,308	1,427,397	60,034	1,487,431
Reversals for the year		(3,648,692)	–	(3,648,692)	(3,952,178)	(2,500,000)	(6,452,178)
	31	(1,540,136)	80,752	(1,459,384)	(2,524,781)	(2,439,966)	(4,964,747)
Amounts written off	10.5.1	(1,138)	–	(1,138)	–	–	–
Provision transferred from advances to other assets	14.3.1	(225,338)	–	(225,338)	–	–	–
Closing balance		42,668,404	695,731	43,364,135	44,435,016	614,979	45,049,995
10.4.1	**Particulars of provision against advances**						
In local currency		42,668,404	695,731	43,364,135	44,435,016	614,979	45,049,995
In foreign currencies		–	–	–	–	–	–
		42,668,404	695,731	43,364,135	44,435,016	614,979	45,049,995

10.4.2 This includes general provision against consumer, SME financing portfolio and credit cards as required by Prudential Regulations issued by the SBP.

10.4.3 The Bank has availed the benefit of Forced Sale Value (FSV) of collateral against non-performing advances as allowed vide BSD Circular No.1 dated October 21, 2011. This has resulted in decrease in provision against non-performing advances by Rs. 3,563,768 thousand (2022: Rs. 3,115,010 thousand). The FSV benefit availed is not available for cash or stock dividend.

	Note	2023	2022
		Rupees in '000'	
10.5 Particulars of write offs:			
10.5.1 Against provisions	10.4	1,138	–
Directly charged to profit and loss account	31	–	–
		1,138	–

		Note	2023	2022
			Rupees in '000'	
10.5.2	**Domestic**			
	Write offs of Rs. 500,000 and above	10.6	1,138	–
	Write offs of below Rs. 500,000		–	–
			1,138	–

10.6 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 by the Bank to a person(s) during the year ended December 31, 2023 is given in Annexure-I.

		Note	2023	2022
			Rupees in '000'	
11	**FIXED ASSETS**			
	Capital work-in-progress	11.1	750,114	980,802
	Right-of-use assets	11.2	12,424,136	12,102,160
	Property and equipment	11.3	20,044,752	17,261,124
			33,219,002	30,344,086
11.1	**Capital work-in-progress**			
	Civil works		709,037	980,802
	Advances to suppliers		41,077	–
			750,114	980,802
11.2	**Right-of-use assets**			
	At January 01:			
	Cost		15,806,579	10,550,616
	Accumulated depreciation		(3,704,419)	(2,658,682)
	Net book value		12,102,160	7,891,934
	Opening net book value		12,102,160	7,891,934
	For the year ended December 31:			
	Additions		2,355,595	5,612,987
	Terminations - at cost		(462,721)	(357,024)
	Depreciation on terminations		159,978	251,313
	Terminations - at book value		(302,743)	(105,711)
	Depreciation charge	11.2.1	(1,730,876)	(1,297,050)
	Closing net book value		12,424,136	12,102,160
	At December 31:			
	Cost		17,699,453	15,806,579
	Accumulated depreciation		(5,275,317)	(3,704,419)
	Net book value		12,424,136	12,102,160

11.2.1 Right-of-use assets are depreciated over their respective lease term.

		2023							
		Freehold land	Buildings on freehold land	Furniture and fixtures	Lease hold improvements	Electrical and office equipments	Computer equipments	Vehicles	Total
		Rupees in '000'							
11.3	**Property and equipment**								
	At January 01, 2023:								
	Cost / Revalued amount	2,644,624	10,177,849	1,229,551	3,439,735	2,774,545	3,325,471	729,572	24,321,347
	Accumulated depreciation	–	(422,125)	(453,212)	(2,317,288)	(1,517,126)	(1,917,959)	(432,513)	(7,060,223)
	Net book value	2,644,624	9,755,724	776,339	1,122,447	1,257,419	1,407,512	297,059	17,261,124
	Year ended December 31, 2023:								
	Opening net book value	2,644,624	9,755,724	776,339	1,122,447	1,257,419	1,407,512	297,059	17,261,124
	For the year ended December 31, 2023:								
	Additions	–	68,061	366,777	1,479,188	716,001	1,875,385	202,888	4,708,300
	Disposals – at cost	–	–	(18,618)	(22,441)	(47,921)	(21,689)	(32,463)	(143,132)
	Depreciation on disposal	–	–	13,637	22,441	42,531	21,214	32,463	132,286
	Disposals – at book value	–	–	(4,981)	–	(5,390)	(475)	–	(10,846)
	Depreciation charge	–	(490,684)	(96,197)	(283,284)	(324,157)	(542,712)	(176,792)	(1,913,826)
	Transfers / adjustments – at cost / revalued amount	–	–	–	(23,367)	23,367	–	–	–
	Depreciation on transfers / adjustments	–	–	–	8,602	(8,602)	–	–	–
		–	–	–	(14,765)	14,765	–	–	–
	Closing net book value	2,644,624	9,333,101	1,041,938	2,303,586	1,658,638	2,739,710	323,155	20,044,752
	At December 31, 2023:								
	Cost / Revalued amount	2,644,624	10,245,910	1,577,710	4,873,115	3,465,992	5,179,167	899,997	28,886,515
	Accumulated depreciation	–	(912,809)	(535,772)	(2,569,529)	(1,807,354)	(2,439,457)	(576,842)	(8,841,763)
	Net book value	2,644,624	9,333,101	1,041,938	2,303,586	1,658,638	2,739,710	323,155	20,044,752
	Rate of depreciation (percentage)	–	5%	10%–15%	13.33%	15%–33.33%	20%–30%	33.33%	

	2022							
	Freehold land	Buildings on freehold land	Furniture and fixtures	Lease hold improvements	Electrical and office equipments	Computer equipments	Vehicles	Total
	Rupees in '000'							
At January 01, 2022:								
Cost / Revalued amount	2,619,024	6,145,459	875,842	3,429,026	2,300,419	2,349,285	657,782	18,376,837
Accumulated depreciation	–	–	(397,433)	(2,983,886)	(1,338,719)	(1,499,686)	(404,050)	(6,623,774)
Net book value	2,619,024	6,145,459	478,409	445,140	961,700	849,599	253,732	11,753,063
Year ended December 31, 2022:								
Opening net book value	2,619,024	6,145,459	478,409	445,140	961,700	849,599	253,732	11,753,063
For the year ended December 31, 2022 :								
Additions	–	178,620	360,446	784,555	545,249	983,430	197,680	3,049,980
Disposals – at cost / revalued amount	–	–	(6,737)	–	(71,123)	(7,244)	(125,890)	(210,994)
Depreciation on disposal	–	–	4,645	–	64,156	6,859	125,890	201,550
Disposals – at book value	–	–	(2,092)	–	(6,967)	(385)	–	(9,444)
Depreciation charge	–	(420,206)	(60,424)	(107,248)	(242,563)	(425,132)	(154,353)	(1,409,926)
Transfers / adjustments – at cost / revalued amount	25,600	3,853,770	–	(773,846)	–	–	–	3,105,524
Depreciation on transfers / adjustments	–	(1,919)	–	773,846	–	–	–	771,927
	25,600	3,851,851	–	–	–	–	–	3,877,451
Closing net book value	2,644,624	9,755,724	776,339	1,122,447	1,257,419	1,407,512	297,059	17,261,124
At December 31, 2022 :								
Cost / Revalued amount	2,644,624	10,177,849	1,229,551	3,439,735	2,774,545	3,325,471	729,572	24,321,347
Accumulated depreciation	–	(422,125)	(453,212)	(2,317,288)	(1,517,126)	(1,917,959)	(432,513)	(7,060,223)
Net book value	2,644,624	9,755,724	776,339	1,122,447	1,257,419	1,407,512	297,059	17,261,124
Rate of depreciation (percentage)	–	5%	10%–15%	13.33%	15%–33.33%	20%–30%	33.33%	

		2023	2022
		Rupees in '000'	
11.3.1	**Break–up of depreciation charge for the year is as follows:**		
	Property expense:		
	Buildings on freehold land	490,684	420,206
	Lease hold improvements	283,284	107,248
		773,968	527,454
	Information technology expenses:		
	Computer equipments	542,712	425,132
	Other operating expenses:		
	Furniture and fixtures	96,197	60,424
	Electrical and office equipments	324,157	242,563
	Vehicles	176,792	154,353
		597,146	457,340

11.3.2 Freehold land and buildings on freehold land were revalued on December 31, 2021 by PBA approved independent valuer, on the basis of fair market value. The revaluation surplus as on December 31, 2023 stood at Rs. 1,693,948 thousand and Rs. 4,519,337 thousand in respect of freehold land and buildings on freehold land respectively. Detailed particulars as on December 31, 2023 are as follows:

	Revalued / net book amount	
	2023	2022
	Rupees in '000'	
Freehold land	2,644,624	2,644,624
Buildings on freehold land	9,333,101	9,755,724

11.3.3 Had the freehold land and buildings on freehold land not been revalued, their carrying amounts would have been as follows:

	2023	2022
	Rupees in '000'	
Freehold land	950,676	950,676
Buildings on freehold land	4,813,764	4,998,610

11.3.4 The gross carrying amount (cost) of fully depreciated assets that are still in use is as follows:

	2023	2022
	Rupees in '000'	
Furniture and fixtures	20	20
Lease hold improvements	2,180,698	2,194,699
Electrical and office equipments	340	61
Computer equipments	1,385,327	1,137,916
Vehicles	302,516	198,221
	3,868,901	3,530,917

11.3.5 Detail of fixed assets disposed off to related parties is as follows:

Description	Cost	Book value	Sale price	Gain / (loss)	Mode of disposal	Particulars of purchaser
	Rupees in '000'					
Vehicle - Toyota Land Cruiser	31,051	-	-	-	Bank's policy	Mr. Zafar Masud (President / CEO)
Laptop	85	21	21	-	Bank's policy	Mr. Umer Sami (ex-employee)
Mobile phone	150	96	96	-	Bank's policy	Mr. Umer Sami (ex-employee)
Mobile phone	150	96	96	-	Bank's policy	Mr. Shahzad Shahid (ex-employee)
Mobile phone	250	167	167	-	Bank's policy	Mr. Samih Khan (ex-employee)

In addition to above, in terms of Bank's policy certain executives of the Bank are entitled to retain mobile phones at the end of useful life or expiry of atleast 2 years at book value. Accordingly, during the year assets having book value of Rs. 172 thousand (2022: Nil) were retained by the employees.

		Note	2023	2022
			Rupees in '000'	
12	**INTANGIBLE ASSETS**			
	Intangible in progress		635,072	370,152
	Software and long term licenses	12.1	1,464,145	1,406,788
			2,099,217	1,776,940

		2023				2022			
		Core banking software	Other softwares	Licenses	Total	Core banking software	Other softwares	Licenses	Total
		Rupees in '000'							
12.1	**Software and long term licenses**								
	At January 01								
	Cost	471,900	1,770,698	–	2,242,598	471,900	859,749	–	1,331,649
	Accumulated amortization	(201,847)	(633,963)	–	(835,810)	(154,657)	(592,526)	–	(747,183)
	Net book value	270,053	1,136,735	–	1,406,788	317,243	267,223	–	584,466
	Year ended December 31								
	Opening net book value	270,053	1,136,735	–	1,406,788	317,243	267,223	–	584,466
	Purchased / capitalized during the year	–	160,883	239,438	400,321	–	966,064	–	966,064
	Adjustments – at cost	–	(90)	–	(90)	–	(55,115)	–	(55,115)
	Amortization on adjustments	–	–	–	–	–	55,115	–	55,115
		–	(90)	–	(90)	–	–	–	–
	Amortization charge	(47,190)	(178,519)	(117,165)	(342,874)	(47,190)	(96,552)	–	(143,742)
	Closing net book value	222,863	1,119,009	122,273	1,464,145	270,053	1,136,735	–	1,406,788
	At December 31								
	Cost	471,900	1,931,491	239,438	2,642,829	471,900	1,770,698	–	2,242,598
	Accumulated amortization	(249,037)	(812,482)	(117,165)	(1,178,684)	(201,847)	(633,963)	–	(835,810)
	Net book value	222,863	1,119,009	122,273	1,464,145	270,053	1,136,735	–	1,406,788
	Rate of amortization (percentage)	10.00%	13.33%	License term		10.00%	13.33%	License term	
	Useful life	10 years	7.5 years	License term		10 years	7.5 years	License term	

12.1.1 The gross carrying amount (cost) of fully amortized other softwares that are still in use is Rs. 428,845 thousand (2022: Rs. 373,730 thousand).

13 DEFERRED TAX ASSETS - NET

	2023				
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible a differences on:					
– Deficit on revaluation of investments	5,898,745	–	–	(3,087,483)	2,811,262
– Right–of–use assets	967,786	–	650,744	–	1,618,530
– Workers welfare fund	424,296	–	217,759	–	642,055
– Provision against advances	9,894,016	–	(1,477,572)	–	8,416,444
– Business losses in subsidiary	29,555	–	42,950	–	72,505
	17,214,398	–	(566,119)	(3,087,483)	13,560,796
Taxable temporary differences on:					
– Surplus on revaluation of fixed assets	(2,045,558)	–	116,511	(285,427)	(2,214,474)
– Accelerated tax depreciation	(500,446)	–	(436,387)	–	(936,833)
– Surplus on revaluation of non banking assets	(84,335)	–	4,718	(15,245)	(94,862)
	(2,630,339)	–	(315,158)	(300,672)	(3,246,169)
	14,584,059	–	(881,277)	(3,388,155)	10,314,627

	2022				
	At January 01	Prior year adjustments	Recognized in P&L	Recognized in OCI	At December 31
	Rupees in '000'				
Deductible temporary differences on:					
– Deficit on revaluation of investments	4,121,318	–	–	1,777,427	5,898,745
– Right–of–use assets	619,234	–	348,552	–	967,786
– Workers welfare fund	–	300,225	124,071	–	424,296
– Provision against advances	10,699,622	–	(805,606)	–	9,894,016
– Business losses in subsidiary	64,399	–	(34,844)	–	29,555
	15,504,573	300,225	(367,827)	1,777,427	17,214,398
Taxable temporary differences on:					
– Surplus on revaluation of fixed assets	(1,346,545)	–	93,288	(792,301)	(2,045,558)
– Accelerated tax depreciation	(230,269)	–	(270,177)	–	(500,446)
– Surplus on revaluation of non banking assets	(167,322)	–	3,996	78,991	(84,335)
	(1,744,136)	–	(172,893)	(713,310)	(2,630,339)
	13,760,437	300,225	(540,720)	1,064,117	14,584,059

		Note	2023	2022
			Rupees in '000'	
14	**OTHER ASSETS - NET**			
	Income / mark-up accrued in local currency		89,618,189	35,908,260
	Income / mark-up accrued in foreign currencies		11,858	2,639
	Receivable from the Government of Pakistan		85,200,400	–
	Advances, deposits, advance rent and other prepayments		1,427,101	1,359,139
	Non-banking assets acquired in satisfaction of claims	14.1	1,177,222	2,533,555
	Acceptances	20	15,888,469	17,268,248
	Branch adjustment account		27,927	27,811
	Stock of stationery		375,089	279,117
	Suspense account		37,187	51,416
	Zakat recoverable from National Investment Trust Limited (NITL)	14.2	36,790	36,790
	Unrealized gain on revaluation of foreign bills and trade loans		–	105,884
	Receivable against fraud and forgeries		399,468	246,077
	Auto Teller Machine and point of sale receivable - net		650,830	200,131
	Inter bank fund transfer and RAAST receivable - net		1,761,393	554,701
	Receivable against settlement arrangements		225,337	–
	Receivable against litigation expenses		312,218	312,218
	Others		707,725	566,973
			197,857,203	59,452,959
	Less: Provision held against other assets	14.3	(1,550,998)	(787,166)
	Other assets (net of provision)		196,306,205	58,665,793
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	22.2	850,610	1,174,666
	Other assets - total		197,156,815	59,840,459
14.1	**Market value of non-banking assets acquired in satisfaction of claims - net of provision**		1,996,956	3,677,345

The carrying and revalued amounts have been determined based on prudence, expected legal enforceability, ease of realization and current market conditions etc. These include assets which are in the process of sale

and are stated at their respective sale prices. Latest valuations are carried out by PBA approved independent valuer as on December 31, 2023.

		Note	2023	2022
			Rupees in '000'	
14.1.1	**Non-banking assets acquired in satisfaction of claims**			
	Opening balance		3,677,345	5,848,593
	Surplus on revaluation during the year	22.2	28,166	1,301,921
	Disposals during the year - net book value	14.1.2	(1,686,421)	(616,899)
	Transfer to fixed assets - net book value		–	(3,877,451)
	Depreciation charged during the year	29	(22,134)	(32,879)
	Impairment reversed during the year		–	1,054,060
	Closing balance		1,996,956	3,677,345

14.1.2 Gain on disposal of non-banking assets acquired in satisfaction of claims

	2023	2022
	Rupees in '000'	
Disposal proceeds	5,568,719	731,319
Less:		
- Cost / revalued amount	1,694,024	623,166
- Depreciation	(7,603)	(6,267)
	1,686,421	616,899
Gain on sale recognized during the year	3,882,298	114,420

14.2 This represents zakat deducted on dividends by NITL. The Bank has filed suit against NITL for recovery of the amount. The case was decided in favour of the Bank in 1993 and intra court appeal was filed by the Zakat and Ushr Department against the decision which is still pending. As a matter of prudence, though without prejudice to the Bank's claim against NITL at the court of law, the claim amount has been fully provided for.

		Note	2023	2022
			Rupees in '000'	
14.3	**Provision held against other assets**			
	Income accrued in local currency		500,000	–
	Advances, deposits, advance rent & other prepayments		35,723	35,723
	Non banking assets acquired in satisfaction of claims		30,876	30,876
	Zakat recoverable from NITL		36,790	36,790
	Fraud and forgeries	14.3.2	311,952	219,411
	Receivable against settlement arrangements		225,337	–
	Receivable against litigation expenses		312,217	312,217
	Others		98,103	152,149
			1,550,998	787,166
14.3.1	**Movement in provision held against other assets**			
	Opening balance		787,166	1,914,474
	Charge for the year		610,065	33,619
	Reversals during the year		(13,953)	(1,307,908)
		31	596,112	(1,274,289)
	Amount written off		(3,572)	(5,168)
	Provisions transferred from advances to other assets	10.4	225,338	–
	Other adjustments		(54,046)	152,149
	Closing balance		1,550,998	787,166

14.3.2 This includes provision amounted to Rs. 4,795 thousand (2022: Rs. 4,795 thousand) maintained against certain closed cases as per approval of the management.

		Note	2023	2022
			Rupees in '000'	
15	**CONTINGENT ASSETS**			
	Contingent assets		Nil	Nil
16	**BILLS PAYABLE**			
	In Pakistan		5,507,855	6,323,641
	Outside Pakistan		–	–
			5,507,855	6,323,641
17	**BORROWINGS**			
	Secured			
	Borrowings from SBP under:			
	Export refinance scheme (ERF)	17.1	29,950,587	31,180,373
	Long term financing facility (LTFF)	17.2	11,368,117	13,668,052
	Finance facility for storage of agricultural produce (FFSAP)	17.3	183,985	224,873
	Finance facility for renewable energy performance platform (REPP)	17.4	6,435,548	6,693,669
	Refinancing facility for payment of salaries and wages	17.5	–	969,351
	Refinance facility for Combating COVID-19 (RFCC)	17.6	814,386	1,042,632
	Refinancing facility for modernization of small and medium enterprises	17.7	137,300	175,343
	Finance facility for working capital of small and medium enterprises	17.8	39,891	69,000
	Finance facility for temporary economic refinance scheme (TERF)	17.9	19,310,908	19,889,392
	Finance facility for women entrepreneurs	17.10	900	1,300
	Finance facility for shamsi tawanai	17.11	47,312	50,981
	Finance facility for SAAF rozgar reimbursement credit	17.12	6,954,080	3,840,524
			75,243,014	77,805,490
	Repurchase agreement borrowings	17.13	377,025,018	1,379,807
	Borrowings from Pakistan Mortgage Refinance Company Limited	17.14	1,497,834	1,634,915
	Total secured		453,765,866	80,820,212
	Unsecured			
	Overdrawn nostro accounts		200,125	–
			453,965,991	80,820,212

17.1 These are secured against the Bank's cash and security balances held with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 1.00% to 18.00% per annum (2022: 1.00% to 12.00% per annum) with maturities upto June 26, 2024.

17.2 This amount has been obtained for providing long term finance to customers. The Bank has granted the SBP right to recover outstanding amount from the Bank at date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 2.00% to 16.00% per annum (2022: 1.00% to 7.00% per annum) with maturities upto June 16, 2032.

17.3 These represent borrowings under scheme of financing facility for storage of agricultural produce. Mark-up on these borrowings is payable quarterly at rates ranging from 2.00% to 2.50% per annum (2022: 2.00% to 2.50% per annum) with maturities upto July 01, 2029.

17.4 These represent borrowings under scheme of financing facility for renewable energy performance platform. Mark-up on these borrowings is payable quarterly at rate of 2.00% to 3.00% per annum (2022: 2.00% to 3.00% per annum) with maturities upto June 15, 2034.

17.5 These represent borrowings under scheme of financing facility for payment of salaries and wages. Mark-up on these borrowings was payable quarterly at rate of Nil (2022: Nil).

17.6 These represent borrowings under scheme of financing facility for combating COVID-19. Mark-up on these borrowings is payable quarterly at rate of Nil (2022: Nil) with maturities upto June 23, 2027.

17.7 These represent borrowings under scheme of financing facility for modernization of small and medium enterprises (SMEs). Mark-up on these borrowings is payable quarterly at rate of 2.00% per annum (2022: 2.00% per annum) with maturities upto November 11, 2030.

17.8 These represent borrowings under scheme of financing facility for working capital financing of small and medium enterprises. Mark-up on these borrowings is payable quarterly at rate of 2.00% per annum (2022: 2.00% per annum) with maturities upto June 13, 2024.

17.9 These represent borrowings under scheme of temporary economic refinance facility (TERF). Mark-up on these borrowings is payable quarterly at rate of 1.00% per annum (2022: 1.00% per annum) with maturities upto October 14, 2032.

17.10 These represent borrowings under scheme of financing for women entrepreneurs. Mark-up on these borrowings is payable quarterly at rate of Nil (2022: Nil) with maturities upto January 01, 2026.

17.11 These represent borrowings under scheme of financing for shamsi tawanai. Mark-up on these borrowings is payable quarterly at rate of 2.00% per annum (2022: 2.00% per annum) with maturities upto December 05, 2031.

17.12 These represent borrowings under scheme of financing for SAAF rozgar reimbursement credit. Mark-up on these borrowings is payable quarterly at rate of 1.00% per annum (2022: 1.00% per annum) with maturities upto March 29, 2024.

17.13 These are secured against Pakistan investment bonds (PIBs), carrying mark-up at rate ranging from 22.06% to 23.00% per annum (2022: Market treasury bills at the rate of 16.00% per annum). The carrying value of PIBs given as collateral against these borrowings is Rs. 378,567,017 thousand (2022: Market treasury bills Rs. 1,380,412 thousand).

17.14 These are secured against PIBs and hypothecation charge over mortgage loan portfolio, carrying markup at rates ranging from 6.50% to 8.10% per annum (2022: 6.50% to 8.10% per annum) maturing on June 30, 2031. The carrying value of PIBs given as collateral against these borrowings is Rs. 504,704 thousand (2022: Rs. 506,634 thousand).

		Note	2023	2022
			Rupees in '000'	
17.15	**Particulars of borrowings with respect to currencies**			
	In local currency		453,765,866	80,820,212
	In foreign currencies		200,125	–
			453,965,991	80,820,212

18 DEPOSITS AND OTHER ACCOUNTS

		2023			2022		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		Rupees in '000'					
	Customers:						
	Current deposits	247,207,834	10,577,445	257,785,279	207,308,574	4,661,424	211,969,998
	Savings deposits	622,556,998	5,554,561	628,111,559	553,914,328	3,861,179	557,775,507
	Term deposits	497,160,082	41,494,976	538,655,058	361,810,847	25,430,470	387,241,317
	Others	33,238,862	–	33,238,862	24,170,731	–	24,170,731
		1,400,163,776	57,626,982	1,457,790,758	1,147,204,480	33,953,073	1,181,157,553
	Financial institutions:						
	Current deposits	2,190,540	975,218	3,165,758	2,479,212	1,375,936	3,855,148
	Savings deposits	58,368,739	5,150	58,373,889	20,595,447	3,785	20,599,232
	Term deposits	1,463,890	–	1,463,890	21,639,000	–	21,639,000
	Others	41,894	–	41,894	48,491	–	48,491
		62,065,063	980,368	63,045,431	44,762,150	1,379,721	46,141,871
		1,462,228,839	58,607,350	1,520,836,189	1,191,966,630	35,332,794	1,227,299,424

		2023	2022
		Rupees in '000'	
18.1	**Composition of deposits:**		
	– Individuals	189,224,459	178,491,874
	– Private sector	386,696,309	311,262,955
	– Government (federal and provincial)	656,444,030	541,183,119
	– Public sector entities	225,425,960	150,219,605
	– Banking companies	2,602,799	3,733,991
	– Non-banking financial institutions	60,442,632	42,407,880
		1,520,836,189	1,227,299,424

18.2 Deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounted to Rs. 468,135,929 thousand (2022: Rs. 363,142,227 thousand).

		Note	2023	2022
			Rupees in '000'	
19	**SUBORDINATED DEBTS**			
	Subordinated perpetual term finance certificates – listed	19.1	8,017,500	8,017,500
	Advance subscription money – subordinated perpetual term finance certificates – ADT I 2nd Issue	19.2	3,900,000	–
	Privately placed term finance certificates – I	19.3	–	2,494,000
	Privately placed term finance certificates – II	19.4	4,290,540	4,292,260
	Privately placed term finance certificates – III	19.5	6,998,600	2,400,000
	Advance subscription money – privately placed term finance certificates – IV	19.6	6,998,000	–
			30,204,640	17,203,760

19.1 Subordinated perpetual term finance certificates

The Bank issued listed, unsecured, subordinated, perpetual and non cumulative term finance certificates in the form of Additional Tier -I capital under section 66 (1) of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs. 8,017,500 thousand
Issue date:	June 20, 2022
Maturity date:	Perpetual
Rating:	"AA–" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	Perpetual
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits except common shares.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount, on a non–cumulative basis.
Profit rate:	Floating rate of return at base rate plus 200 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	Not applicable.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non–viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

19.2 Advance subscription money - subordinated perpetual term finance certificates - ADT I - 2nd Issue

Prior to close of year ended December 31, 2023, the Bank received Rs. 3,900,000 thousand under formal investor agreement from potential investors as advance subscription money against rated, privately placed / may be subsequently lisited, unsecured, subordinated, perpetual and non cumulative debt instrument in the nature of additional Tier I capital term finance certificates. These TFCs are subordinated to all other debts of the Bank including deposits but superior to equity. The advance subscription money carries mark-up at rate of 6 month KIBOR plus spread of 200 bps per annum.

19.3 Privately placed term finance certificates - I

During the year, the Bank exercised call option for premature redemption of privately placed term finance certificates - I after obtaining approval from the State Bank of Pakistan, and repaid outstanding principal amount of Rs. 2,494,000 thousand to the respective investors. Accordingly, the total liability of the Bank against privately placed term finance certificates - I stands fully settled. The salient features of the TFC's issue were as follows:

Issue amount:	Rupees 2,500,000 thousand
Issue date:	December 23, 2016
Maturity date:	December 22, 2026
Rating:	AA
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 100 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi–annually in the first 09 years after the issue and the remaining issue amount in two equal semi–annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non–viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

19.4 Privately placed term finance certificates - II

The Bank issued rated, unsecured and subordinated term finance certificates under section 66 of the Companies Act, 2017, in a set of twenty (20) scrips, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rupees 4,300,000 thousand
Issue date:	April 23, 2018
Maturity date:	April 23, 2028
Rating:	AA
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi–annually in the first 09 years after the issue and the remaining issue amount in two equal semi–annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non–viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV as declared by the SBP.

19.5 Privately placed term finance certificates - III

During the year, the Bank issued rated, unsecured and subordinated term finance certificates under section 66 of the Companies Act, 2017, corresponding to the redemption dates of the TFC and representing the TFC Holders entitlement to the redemption amount on the each such redemption date and registered book entry securities in accordance with the CDC regulations, as outlined by SBP under BPRD Circular No. 06 dated August 15, 2013 with each TFC having a face value of PKR 100,000 or multiples thereof.

Issue amount:	Rs. 7,000,000 thousand
Issue date:	April 17, 2023
Maturity date:	April 17, 2033
Rating:	"AA" by Pakistan Credit Rating Agency Limited (PACRA)
Tenor:	10 Years.
Security:	Unsecured and subordinated to all other indebtedness of the Bank including deposits.
Profit payment & frequency:	Profit payable on half yearly basis in arrears on the outstanding principal amount.
Profit rate:	Floating rate of return at base rate plus 125 bps p.a. (Base rate will be the average rate 'Ask side of the six month Karachi Inter Bank Offered Rate set at 1 (one business) day prior to the redemption date for the redemption amount payable on the immediately following redemption date).
Repayment:	The TFC has been structured to redeem 0.02% of the issue amount semi–annually in the first 09 years after the issue and the remaining issue amount in two equal semi–annual installments of 49.82% each, in the 10th year.
Call / Put option:	Callable after a period of 05 years. However no put option is available to the investors.
Lock in clause:	Neither profit nor principal may be paid (even at maturity) if such payments would result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or increase any existing shortfall in MCR or CAR.
Loss absorbency clause:	May be converted into ordinary shares or written off immediately (either partially or in full) at the discretion of the SBP, upon the occurrence of a point of non–viability ("PONV") event as defined in the Basel III guidelines, at the market value of the shares on the date of trigger of PONV on sole discretion of the SBP.

19.6 Advance subscription money - privately placed term finance certificates - IV

Prior to close of year ended December 31, 2023, the Bank received Rs. 6,998,000 thousand under formal investor agreement from potential investors as advance subscription money against rated, privately placed / may be subsequently lisited, unsecured and subordinated debt instrument in the nature of Tier II capital term finance certificates. The instrument will be unsecured and subordinated as to payment of principal and profit to other indebtedness of the Bank, including deposits, but will rank pari passu with other Tier II instruments and superior to Additional Tier I instruments. The instrument will be structured to redeem 0.36% of the issue amount during the first 9 years after the issue date and the remaining issue amount of 99.64% in two (2) equal semi - annual installments of 49.82% each in the last year. The advance subscription money carries mark-up at rate of 6 month KIBOR plus spread of 125 bps per annum.

		Note	2023	2022
			Rupees in '000'	
20	**OTHER LIABILITIES**			
	Mark-up / return / interest payable in local currency		60,632,166	29,650,291
	Mark-up / return / interest payable in foreign currency		1,341,354	644,270
	Mark-up payable on subordinated debts		1,080,725	206,610
	Provision for taxation (provisions less payments)		4,535,927	3,220,400
	Sundry creditors and accrued expenses		2,912,244	1,679,976
	Lease key money		15,706,472	13,384,899
	Lease liability against right-of-use assets	20.2	15,727,259	14,352,825
	Acceptances	14	15,888,469	17,268,248
	Payable to gratuity fund	37.1.3	690,633	171,152
	Gratuity payable to key management personnel		19,435	12,190
	Provision for employees compensated absences	37.2.3	163,363	153,884
	Mark to market loss on forward foreign exchange		26,020	112,585
	Mark to market loss on deliverable future contracts		7,887	–
	Unrealized loss on revaluation of foreign bills and trade loans		153,786	–
	Provision against off-balance sheet obligations	20.1	43,983	43,983
	Taxes / zakat / import fee payable		2,115,471	1,770,460
	Unclaimed dividends		2,585	2,586
	Payable to charity fund		850	195
	Insurance payable against consumer assets financing		584,365	573,538
	Payable against purchase of shares		384,367	–
	Workers welfare fund	20.3	1,595,273	1,271,693
	Others		1,505,166	867,227
			125,117,800	85,387,012

20.1	**Movement in provision held against off-balance sheet obligations**			
	Opening balance		43,983	62,183
	Charge for the year		–	109,542
	Reversals during the year		–	(127,742)
		31	–	(18,200)
	Amount written off		–	–
	Closing balance		43,983	43,983

The above provision has been made against letters of guarantee issued by the Bank.

		2023	2022
		Rupees in '000'	
20.2	**Lease liability against right-of-use assets**		
	Not later than one year	84,722	85,033
	Later than one year and less than five years	1,435,423	1,453,118
	Over five years	14,207,114	12,814,674
		15,727,259	14,352,825

20.3 Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund (WWF) were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank maintained its provision in respect of WWF.

21 SHARE CAPITAL - NET

21.1 Authorized capital

2023	2022		2023	2022
Number of shares			Rupees in '000'	
5,000,000,000	5,000,000,000	Ordinary / Preference shares of Rs. 10 each	50,000,000	50,000,000

The authorized capital of the Group is fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each. The Board of Directors have approved the increase in authorized share capital of the Group to 10,000,000 thousand shares amounting to Rs. 100,000,000 thousand. The Group has initiated the process for necessary amendments in the Bank of Punjab Act, 1989 through the Provincial Assembly of Punjab.

21.2 Issued, subscribed and paid up capital - net

2023	2022		2023	2022
Number of shares			Rupees in '000'	
		Opening balance		
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125	16,079,125
		Ordinary shares of Rs. 10 each issued		
526,315,789	526,315,789	at discount	5,263,158	5,263,158
839,925,583	509,464,036	Issued as bonus shares	8,399,256	5,094,641
2,974,153,927	2,643,692,380		29,741,539	26,436,924
		Movement during the year		
297,415,392	330,461,547	Issued as bonus shares	2,974,154	3,304,615
		Closing balance		
1,607,912,555	1,607,912,555	Ordinary shares of Rs. 10 each paid in cash	16,079,125	16,079,125
		Ordinary shares of Rs. 10 each issued		
526,315,789	526,315,789	at discount	5,263,158	5,263,158
1,137,340,975	839,925,583	Issued as bonus shares	11,373,410	8,399,256
3,271,569,319	2,974,153,927		32,715,693	29,741,539
-	-	Less: Discount on issue of shares	(263,158)	(263,158)
3,271,569,319	2,974,153,927		32,452,535	29,478,381

GoPb held 57.47% shares in the Bank as at December 31, 2023 (December 31, 2022: 57.47%).

		Note	2023	2022
			Rupees in '000'	
22	**SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX**			
	Surplus / (deficit) on revaluation of:			
	- Available for sale securities	9.1	(5,747,315)	(13,718,010)
	- Property and equipment	22.1	6,213,285	6,451,062
	- Non-banking assets acquired in satisfaction of claims	22.2	850,610	1,174,666
			1,316,580	(6,092,282)
	Deferred tax on surplus / (deficit) on revaluation of:			
	- Available for sale securities	13	2,811,262	5,898,745
	- Property and equipment	22.1	(2,214,474)	(2,045,558)
	- Non-banking assets acquired in satisfaction of claims	22.2	(94,862)	(84,335)
			501,926	3,768,852
			1,818,506	(2,323,430)
22.1	**Surplus on revaluation of property and equipment - net of tax**			
	At January 01		6,451,062	5,137,390
	Surplus on land and building transferred from non banking assets during the year		–	1,530,620
	Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(121,306)	(123,660)
	Related deferred tax liability on incremental depreciation charged during the year		(116,550)	(93,288)
	Adjustment in surplus on asset transferred from NBA to fixed assets		79	–
	At December 31		6,213,285	6,451,062
	Less: related deferred tax liability on:			
	– surplus as at January 01		(2,045,558)	(1,346,545)
	– account of change in deferred tax due to tax rate change		(285,427)	(138,107)
	– surplus transferred from non banking asset during the year		–	(654,194)
	– incremental depreciation charged during the year		116,550	93,288
	– adjustment in surplus on asset transferred from NBA to fixed assets		(39)	–
		13	(2,214,474)	(2,045,558)
			3,998,811	4,405,504

		Note	2023	2022
			Rupees in '000'	
22.2	**Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net of tax**			
	At January 01		1,174,666	1,453,931
	Surplus recognized during the year	14.1.1	28,166	1,301,921
	Surplus realized on disposal during the year		(342,593)	(41,272)
	Surplus on land and building transferred to fixed assets during the year		–	(1,530,620)
	Surplus transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(4,871)	(5,298)
	Related deferred tax liability on incremental depreciation charged during the year		(4,679)	(3,996)
	Adjustment in surplus on asset transferred from NBA to fixed assets		(79)	–
	At December 31		850,610	1,174,666
	Less: related deferred tax liability on:			
	– surplus as at January 01		(84,335)	(167,322)
	– surplus recognized during the year		(10,277)	(559,824)
	– account of change in deferred tax due to tax rate change		(11,768)	(17,164)
	– surplus transferred to fixed assets during the year		–	654,194
	– surplus realized on disposal during the year		6,800	1,785
	– incremental depreciation charged during the year		4,679	3,996
	– adjustment in surplus on asset transferred from NBA to fixed assets		39	–
		13	(94,862)	(84,335)
			755,748	1,090,331
23	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees	23.1	135,621,749	99,484,058
	Commitments	23.2	406,852,140	401,862,159
	Other contingent liabilities	23.3	291,951	291,951
			542,765,840	501,638,168
23.1	**Guarantees:**			
	Financial guarantees		34,797,867	22,805,891
	Performance guarantees		23,965,466	22,031,727
	Other guarantees			
	Back to back guarantee		54,320,270	36,584,087
	Mobilization and bid bond guarantee		9,184,433	5,756,757
	Other guarantee		13,353,713	12,305,596
			76,858,416	54,646,440
			135,621,749	99,484,058

		Note	2023	2022
			Rupees in '000'	
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	– letters of credit		172,670,983	170,302,819
	Commitments in respect of:			
	– forward foreign exchange contracts	23.2.1	217,833,716	198,951,177
	– deliverable future contracts	23.2.2	128,320	-
	– forward lending	23.2.3	15,817,173	32,465,327
	Commitments for acquisition of:			
	– fixed assets		240,693	23,097
	– intangible assets		161,255	119,739
			406,852,140	401,862,159
23.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		121,124,664	105,509,624
	Sale		96,709,052	93,441,553
			217,833,716	198,951,177
23.2.2	**Commitments in respect of deliverable future contracts**		128,320	–
23.2.3	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.3.1	15,817,173	32,465,327

23.2.3.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

		2023	2022
		Rupees in '000'	
23.3	**Other contingent liabilities**	291,951	291,951

For tax years 2014 - 2022, the tax department disputed the Bank's treatment on certain issues, where the Bank's appeals are pending at various appellate forums. Such issues inter alia principally include disallowance of expenses for initial depreciation allowances, non deduction of withholding tax on profit, non availability of underlying records and provision for non performing loans.

The Bank has filed appeals which are pending at various appellate forums. In addition, certain decisions made in favour of the Bank are being contested by the department at higher forums. No provision has been made in these consolidated financial statements regarding the aforesaid additional tax demand and already issued favourable decisions where the tax department is in appeal, as the management is of the view that the issues will be decided in the Bank's favour as and when these are taken up by the Appellate Authorities. The appeals of subsidaries of the Bank are also pending at various appellate forums and the issues will be decided in the their favour.

23.4 Claims against the Bank not acknowledged as debts

An amount of Rs. 46,313,295 thousand (2022: Rs. 51,158,973 thousand) involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to the Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

		2023	2022
		Rupees in '000'	
24	**MARK-UP / RETURN / INTEREST EARNED**		
	On loans and advances	155,554,596	65,985,078
	On investments:		
	Available for sale securities	151,680,848	56,091,928
	Held for trading securities	3,373,886	1,316,865
	Held to maturity securities	11,692,749	10,655,872
	On lendings to financial institutions:		
	Securities purchased under resale agreements	3,398,370	2,048,543
	Call lending	8,951	45,273
	Letters of placement	951,098	826,494
	On balances with banks	575,242	327,592
		327,235,740	137,297,645
25	**MARK-UP / RETURN / INTEREST EXPENSED**		
	On deposits	190,747,773	90,689,591
	On borrowings:		
	Securities sold under repurchase agreements	82,910,330	10,338,046
	Call borrowings	78,914	12,455
	SBP borrowings	4,810,871	1,868,034
	Borrowing from Pakistan Mortgage Refinance Company Limited	118,115	131,197
	Other borrowing	–	8,607
	On subordinated debts:		
	Subordinated perpetual term finance certificates	2,364,357	905,033
	Privately placed term finance certificates	3,273,785	958,312
	On lease liability against right-of-use assets	1,939,763	1,496,059
		286,243,908	106,407,334

		Note	2023	2022
			Rupees in '000'	
26	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		385,750	385,876
	Consumer finance related fees		558,598	506,966
	Card related fees (debit and credit cards)		1,258,975	1,262,380
	Credit related fees		853,251	864,807
	Investment banking fees		401,547	1,002,443
	Branchless banking fees		112,901	186,134
	Commission on trade		1,341,346	1,050,568
	Commission on guarantees		254,497	455,484
	Commission on cash management		269,291	263,892
	Commission on remittances including home remittances		501,669	423,068
	Commission on bancassurance		229,378	124,173
	Commission on wheat financing		678,640	336,207
	SMS banking income		614,236	494,375
			7,460,079	7,356,373
27	**GAIN ON SECURITIES - NET**			
	Realized gain on sale of securities - net	27.1	5,207,506	406,665
	Unrealized gain / (loss) - held for trading	9.1	55,003	(63,509)
	Unrealized loss - deliverable future contracts	20	(7,887)	–
			5,254,622	343,156
27.1	**Realized gain on sale of securities - net:**			
	Gain / (loss) on federal government securities		3,849,080	(712,262)
	Gain on shares / units		1,358,426	1,118,927
			5,207,506	406,665
28	**OTHER INCOME - NET**			
	Gain on termination of lease liability against right-of-use assets		238,561	9,631
	Gain on sale of property and equipment - net		9,610	149,415
	Gain on disposal of non banking assets acquired in satisfaction of claims - net	14.1.2	3,882,298	114,420
	Notice pay on resignations		38,335	33,289
	Others		3,207	–
			4,172,011	306,755

		Note	2023	2022
			Rupees in '000'	
29	**OPERATING EXPENSES**			
	Total compensation expense	29.1	18,282,136	14,384,769
	Property expense:			
	Rent and taxes		39,876	18,152
	Insurance		14,333	9,690
	Utilities cost		1,519,179	1,139,326
	Security		7,198	4,190
	Repair and maintenance (including janitorial charges)		119,760	82,594
	Depreciation		773,968	527,454
	Depreciation on right-of-use assets	11.2	1,730,876	1,297,050
			4,205,190	3,078,456
	Information technology expenses:			
	Software maintenance		1,168,002	596,967
	Hardware maintenance		73,114	70,808
	Depreciation		542,712	425,132
	Amortization	12.1	342,874	143,742
	Network charges		522,466	493,117
			2,649,168	1,729,766
	Other operating expenses:			
	Directors' fees and allowances	38.2	36,294	57,623
	Fees and allowances to shariah board	38.3	8,735	9,260
	Legal and professional charges		264,505	216,761
	Subscription charges		44,208	35,603
	Outsourced staff services costs	36.1	789,534	579,638
	Travelling and conveyance		2,320,849	1,738,680
	NIFT clearing charges		112,920	76,572
	Depreciation		597,146	457,340
	Depreciation on non banking assets	14.1.1	22,134	32,879
	Depreciation on ijarah assets		270,000	340,594
	Training and development		159,452	147,978
	Postage and courier charges		289,782	245,871
	Credit card charges		19,074	9,512
	Stationery and printing		602,372	389,939
	Marketing, advertisement and publicity		684,492	562,176
	Donations	29.2	-	30,000
	Auditors remuneration	29.3	17,241	13,007
	Insurance		300,664	251,207
	Deposit protection fee		581,028	509,281
	Repair and maintenance		532,964	413,797
	Entertainment expenses		293,060	216,559
	Fuel for generator		298,571	243,747
	Commission and brokerage		306,148	318,831
	Bank charges		48,025	42,672
	SMS banking charges		520,595	176,563
	ATM charges including ATM maintenance charges		1,636,742	357,027
	Cash remittance charges		644,441	389,442
	Branch license fee		32,923	28,040
	CNIC verification / ECIB charges		308,375	250,141
	COVID - 19 related expenses		589	6,514
	Miscellaneous expenses		424,810	323,214
			12,167,673	8,470,468
			37,304,167	27,663,459

Total cost for the year included in other operating expenses relating to outsourced activities is Rs.1,899,986 thousand (2022: Rs. 1,082,333 thousand). This expense represents payments made to companies incorporated in Pakistan. The Bank has material outsourcing arrangement with "Abacus ELS Private Limited" for third party staff hiring.

		Note	2023	2022
			Rupees in '000'	
29.1	**Total compensation expense**			
	Managerial remuneration:			
	Fixed		14,724,229	11,529,477
	Variable cash bonus / awards etc.		1,799,414	1,591,559
	Provision for gratuity	37.1.7.1	433,294	340,572
	Gratuity expense of key management personnel		7,245	6,440
	Provision for compensated absences	37.2.4	12,421	23,343
	Contribution to defined contribution plans		501,543	375,115
	Utilities		–	660
	Medical		530,314	335,349
	Conveyance		208,411	136,889
	Liveries		50,857	33,838
	Scholarship		12,647	7,669
	Sub total		18,280,375	14,380,911
	Sign-on bonus		1,761	3,858
	Grand total		18,282,136	14,384,769

During the year sign-on bonus was paid to 03 employees (2022: 18 employees).

29.2 In year 2022, donation was paid for installation of solar system at Akhuwat University Kasur amounting to Rs. 30,000 thousand in accordance with the approval of Board of Directors of the Bank. None of the directors had any interest in the donee, except for Dr. Amjad Saqib (Non Executive Director) who is Founder / CEO in Akhuwat.

		2023	2022
		Rupees in '000'	
29.3	**Auditors remuneration**		
	Audit fee	4,800	3,850
	Fee for half year review and other statutory certifications	6,290	5,210
	Special certifications	4,398	2,422
	Out of pocket expenses	1,753	1,525
		17,241	13,007
30	**OTHER CHARGES**		
	Penalties imposed by SBP	50,719	42,931
	Operational loss	4,190	–
		54,909	42,931

		Note	2023	2022
			Rupees in '000'	
31	**REVERSAL OF PROVISIONS AND WRITE OFFS - NET**			
	Provision for diminution in value of investments	9.3.1	796,042	1,377,806
	Reversal of provision against advances - net	10.4	(1,459,384)	(4,964,747)
	Provision / (reversal of provisions) against other assets - net	14.3.1	596,112	(1,274,289)
	Reversal of provision against off balance sheet obligations	20.1	–	(18,200)
			(67,230)	(4,879,430)
32	**TAXATION - NET**			
	Current	32.1	8,125,424	7,169,594
	Prior years		868,872	(1,549)
	Deferred		881,277	540,720
		32.3	9,875,573	7,708,765

32.1 This includes provision for super tax for the year in accordance with Income Tax Ordinance, 2001.

32.2 The Government vide Finance Act 2023, has enacted super tax for Bank's at the rate of 10% for indefinite future period of time. Accordingly, the effect of change in deferred tax rate has been recognized in these consolidated financial statements.

		2023	2022
		Rupees in '000'	
32.3	**Relationship between tax expense and accounting profit**		
	Accounting profit before tax for the year	21,129,402	18,377,401
	Tax on income @ 39%	8,240,467	7,167,186
	Super tax @ 10%	2,112,940	1,471,527
	Effective tax rate @ 49%	10,353,407	8,638,713
	Tax effect of permanent differences	24,852	16,743
	Tax effect of prior year	868,872	(1,549)
	Cumulative tax effect of change in tax rate	(1,473,488)	(890,808)
	Others	101,930	(54,334)
	Tax charge for the year	9,875,573	7,708,765

		Note	2023	2022
33	**BASIC EARNINGS PER SHARE**			
	Profit after tax for the year (Rs in '000')		11,080,731	10,628,404
				(Restated)
	Weighted average number of ordinary shares (No.).	21.2	3,271,569,319	3,271,569,319
	Basic earnings per share (Rs).		3.39	3.25

34 DILUTED EARNINGS PER SHARE

There is no dilution effect on basic earnings per share.

		Note	2023	2022
			Rupees in '000'	
35	**CASH AND CASH EQUIVALENTS**			
	Cash and balances with treasury banks	6	100,894,627	73,203,963
	Balance with other banks	7	8,560,478	4,842,758
	Overdrawn nostro accounts	17	(200,125)	–
			109,254,980	78,046,721

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

	2023				2022			
	Liabilities		Equity		Liabilities		Equity	
	Subordinated debts	Other liabilities	Unappropriated profit	Total	Subordinated debts	Other liabilities	Unappropriated profit	Total
	Rupees in '000'							
Balance as at January 01,	17,203,760	85,387,012	24,411,784	127,002,556	7,788,980	50,221,597	18,915,186	76,925,763
Changes from financing cash flows								
Repayment of subordinated debts	(2,497,120)	–	–	(2,497,120)	(2,720)	–	–	(2,720)
Subordinated perpetual term finance certificates – ADT 1	–	–	–	–	7,017,500	–	–	7,017,500
Advance subscription money received – Subordinated perpetual term finance certificates ADT – I 2nd issue	3,900,000	–	–	3,900,000	–	–	–	–
Subscription received – privately placed term finance certificates – III	4,600,000	–	–	4,600,000	2,400,000	–	–	2,400,000
Advance subscription money received – privately placed term finance certificates – IV	6,998,000	–	–	6,998,000	–	–	–	–
Payment of lease liability against right–of–use–assets	–	(2,379,620)	–	(2,379,620)	–	(2,120,592)	–	(2,120,592)
Total changes from financing cash flows	13,000,880	(2,379,620)	–	10,621,260	9,414,780	(2,120,592)	–	7,294,188
Liability related								
Changes in Other liabilities								
Cash based	–	35,999,061	–	35,999,061	–	27,356,098	–	27,356,098
Non cash based	–	6,111,347	–	6,111,347	–	9,929,909	–	9,929,909
Total liability related other changes	–	42,110,408	–	42,110,408	–	37,286,007	–	37,286,007
Total equity related other changes	–	–	6,091,036	6,091,036	–	–	5,496,598	5,496,598
Balance as at December 31	30,204,640	125,117,800	30,502,820	185,825,260	17,203,760	85,387,012	24,411,784	127,002,556

		2023	2022
		Number	
36	**STAFF STRENGTH**		
	Permanent	11,481	11,150
	On Bank contract	2,239	1,954
	Group's own staff strength at the end of the year	13,720	13,104

36.1 In addition to the above, 1,498 (2022: 1,366) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding and janitorial services.

37 Employee benefits

37.1 Defined benefit plan – gratuity

The Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the scheme are payable on retirement / resignation which is equal to one month's last drawn basic salary for each year of eligible service or part thereof, with effect from January 01, 2008 or date of joining whichever is later, subject to minimum of five years of service. The Bank makes annual provision in these consolidated financial statements for its liabilities on the basis of actuarial valuation.

37.1.1 Number of employees under the scheme

The number of employees covered under the following defined benefit scheme are:

	2023	2022
	Number	
– Eligible employees under gratuity scheme	11,420	11,093

37.1.2 Principal actuarial assumptions

The latest valuation was carried out at December 31, 2023 using the "Projected Unit Credit Method". The mortality rates used for active employees are based on SLIC (2001–05) Mortality Table. The principal assumptions used in the valuation were as follows:

	2023	2022
	Per annum	
Discount rate	16.75%	14.50%
Expected rate of return on plan assets	16.75%	14.50%
Expected rate of salary increase	14.75%	13.50%
Average expected remaining working life (years)	10	10

	Note	2023	2022
		Rupees in '000'	
37.1.3 Reconciliation of payable to defined benefit plan			
Present value of obligations	37.1.4	3,232,365	2,478,352
Fair value of plan assets	37.1.5	(2,561,319)	(2,354,676)
Benefits payable		19,587	47,476
Payable to defined benefit plan		690,633	171,152

		Note	2023	2022
			Rupees in '000'	
37.1.4	**Movement in present value of defined benefit obligations**			
	Obligations at the beginning of the year		2,478,352	1,918,269
	Current service cost		425,748	328,759
	Interest cost		352,706	219,021
	Benefits paid during the year		(91,794)	(108,519)
	Re–measurement loss – other comprehensive income		67,353	120,822
	Obligations at the end of the year		3,232,365	2,478,352
37.1.5	**Movement in fair value of plan assets**			
	Fair value at the beginning of the year		2,354,676	1,669,712
	Interest income on plan assets		345,160	207,208
	Contribution by the Bank during the year		171,152	268,144
	Benefits paid during the year		(119,683)	(80,630)
	Remeasurement : return on plan assets excluding interest income		(189,986)	290,242
	Fair value at the end of the year		2,561,319	2,354,676
37.1.6	**Movement in payable under defined benefit scheme**			
	Opening balance		171,152	268,144
	Charge for the year	37.1.7.1	433,294	340,572
	Contribution by the Bank during the year		(171,152)	(268,144)
	Re–measurement loss / (gain) recognized in other comprehensive income during the year	37.1.7.2	257,339	(169,420)
	Closing balance		690,633	171,152
37.1.7	**Charge for defined benefit plans**			
37.1.7.1	**Cost recognized in profit and loss**			
	Current service cost		425,748	328,759
	Net interest on defined benefit plan		7,546	11,813
			433,294	340,572
37.1.7.2	**Re–measurements recognized in other comprehensive income during the year**			
	Actuarial loss due to changes in financial assumptions		(249,247)	–
	Loss on obligation due to experience adjustments		316,600	120,822
	Return on plan assets over interest income		189,986	(290,242)
	Total remeasurement loss / (gain) recognized in other comprehensive income		257,339	(169,420)
37.1.8	**Components of plan assets**			
	Cash and cash equivalents – net		311,319	219,692
	Government securities		1,275,000	1,248,000
	Shares / units		–	11,984
	Non–Government debt securities		975,000	875,000
			2,561,319	2,354,676

These assets are mostly contained in the form of cash and cash equivalents and government securities so there is no significant risk associated with it. However, investments may be adversely affected by movement in equity and interest rate markets.

37.1.9 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations. The increase / (decrease) in the present value of defined benefit obligations as a result of change in discount rate and salary growth is summarized below:

	2023	2022
	Rupees in '000'	
1% increase in discount rate	(2,955,516)	(2,311,632)
1% decrease in discount rate	3,535,225	2,657,155
1 % increase in expected rate of salary increase	3,535,147	2,657,096
1 % decrease in expected rate of salary increase	(2,955,480)	(2,311,604)
37.1.10 Expected contributions to be paid to the fund in the next financial year	690,633	171,152
37.1.11 Expected charge for the next financial year	608,867	445,558
37.1.12 Maturity profile		
The weighted average duration of the obligation (in years)	9	9

37.1.13 Funding policy

There are no statutory minimum funding requirements. However, contributions to the scheme are made on the basis of actuarial valuations carried in each year.

The Bank's gratuity scheme is mainly subject to following risks:

Asset volatility	The majority of the gratuity fund assets are invested in cash or cash-equivalent, government securities and non government debt securities. Therefore, there is investment risk to the scheme due to fluctuation in interest rate environment or changes in bond yields of debt securities. Also, there is no liquidity investment risk to the scheme. However, investments may be adversely affected by movement in equity and interest rate markets.
Inflation risk	Higher than expected growth in inflation may result in higher than assumed salary increases which will lead to increase in liability. However, assets of the scheme may not be at significant risk due to changes in inflation rate.
Life expectancy / Withdrawal rate	Actuarial valuation assumes heavy withdrawals for younger ages but moderate withdrawal rates are used for older ages. Significant withdrawals of employees having reasonable years of service would cause large benefit payments. Consequently, deficit position of the scheme would deteriorate further. However, availability of cash for benefit payments will not be an issue due to the liquid nature of assets of the Gratuity Fund.

37.2 Defined benefit plan – compensated absences

The Bank makes annual provision in these consolidated financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of actuarial valuation. The employees of the Bank are entitled to take leave as Leave Preparatory to Retirement (LPR) immediately before retirement. These leaves are subject to retirees' un–utilized privilege leave balance with an upper limit of 180 days. Alternatively, the retiree may receive a lump–sum cash amount equal to 180 days basic salary at the time of retirement in lieu of LPR of 180 days. Privilege leave accrues at the rate of 30 days per year. Moreover, any unutilized privilege leaves over 180 days are ignored.

37.2.1 Principal actuarial assumptions

The latest valuation was carried out at December 31, 2023 using the "Projected Unit Credit Method". The principal assumptions used in the valuation were as follows:

	2023	2022
	Per annum	
Discount rate	16.75%	14.50%
Expected rate of eligible salary increase in future years	14.75%	13.50%
Average number of leaves accumulated per annum by the employees (days)	18	18

	2023	2022
	Rupees in '000'	
37.2.2 Movement in present value of defined benefit obligations		
Obligations at the beginning of the year	153,884	133,629
Current service cost	4,944	4,889
Interest cost	22,100	15,520
Benefits paid during the year	(2,942)	(3,088)
Re–measurement gain	(14,623)	2,934
Obligations at the end of the year	163,363	153,884
37.2.3 Movement in payable to defined benefit plan		
Opening balance	153,884	133,629
Charge for the year	12,421	23,343
Benefit paid	(2,942)	(3,088)
Closing balance	163,363	153,884
37.2.4 Charge for defined benefit plan		
Current service cost	4,944	4,889
Interest cost	22,100	15,520
Actuarial (gain) / loss recognized	(14,623)	2,934
	12,421	23,343

37.2.5 Sensitivity analysis

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit plan. The increase / (decrease) in the present value of defined benefit plan as a result of change in discount rate and salary growth is summarized below:

	2023	2022
	Rupees in '000'	
Increase in discount rate by 1%	(149,368)	(140,701)
Decrease in discount rate by 1%	178,666	168,299
Increase in expected future increment in salary by 1%	178,670	168,303
Decrease in expected future increment in salary by 1%	(149,370)	(140,702)

37.2.6 Reconciliation of net liability recognized for compensated absences for the five years is as follows:

	2023	2022	2021	2020	2019
	Rupees in '000'				
Opening net liability	153,884	133,629	123,506	111,612	102,294
Net charge for the year	9,479	20,255	10,123	11,894	9,318
	163,363	153,884	133,629	123,506	111,612
Actuarial gain / (loss) on obligation	14,623	(2,934)	4,024	2,068	(1,175)

37.3 Defined contribution plan

The Bank operates and approved provident fund scheme for all its permanent employees. Equal monthly contributions are made by the Bank and employees at the rate of 8.33% of basic salary.

38 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

38.1 Total compensation expense

	Note	2023				
		Chairman	Members Shariah Board	President / CEO	Key management personnel	Other material risk takers / controllers
		Rupees in '000'				
Fees and allowances etc.	38.3	–	8,735	–	–	–
Managerial remuneration						
Fixed		–	2,916	116,645	306,023	586,825
Variable cash bonus / awards	38.1.3	–	–	51,520	60,407	122,107
Charge for defined benefit plan		–	–	7,245	12,061	23,071
Contribution to defined contribution plan		–	–	–	11,050	23,291
Relocation allowance		–	–	–	–	960
Servant salary		–	–	720	5,154	19,969
Furnishing allowance		–	–	750	–	–
Club membership		–	–	285	517	700
Fuel		–	829	–	20,219	61,112
Others		–	–	300	489	1,866
Total		–	12,480	177,465	415,920	839,901
Number of persons		1	4	1	19	62

	Note	2022				
		Chairman	Members Shariah Board	President / CEO	Key management personnel	Other material risk takers / controllers
		Rupees in '000'				
Fees and allowances etc.	38.3	–	9,260	–	–	–
Managerial remuneration						
Fixed		–	2,121	103,684	288,036	486,632
Variable cash bonus / awards	38.1.3	–	–	69,000	71,325	102,887
Charge for defined benefit plan		–	–	6,440	9,281	12,602
Contribution to defined contribution plan		–	–	–	11,913	17,255
Relocation allowance		–	–	–	–	–
Servant salary		–	–	720	4,289	14,393
Furnishing allowance		–	–	–	–	
Club membership		–	–	558	1,551	1,313
Fuel		–	641	–	15,377	40,095
Others		–	–	670	552	987
Total		–	12,022	181,072	402,324	676,164
Number of persons		0	4	1	19	58

38.1.1 During the year, in terms of section 10 (2) of the Bank of Punjab Act, 1989, the GoPb appointed the Chairman of the Board of Directors of the Bank. However subsequent to year end the GoPb de–notified the Chairman.

38.1.2 In terms of service agreement of President / CEO, certain benefits including provision of Bank maintained cars, medical insurance cover etc. are also available to him. Further, certain executives are also entitled for Bank maintained car along with driver, corporate club membership and mobile phone as per Bank's policy.

38.1.3 Variable cash bonus / awards includes deferred cash bonus for President / CEO, key management personnel and other material risk takers / controllers. Deferred cash bonus as on December 31, 2023 stood at Rs. 90,145 thousand (2022: Rs. 58,282 thousand).

38.2 Remuneration paid to directors for participation in Board and Committee meetings

	2023							
	For Board Committees							
Name of Director	Board Meetings	Strategy, Islamic & Priority Sector's Financing Committee	Board Audit Committee	Human Resource, Compensation, Performance Evaluation & Nomination Committee	Information Technology & Communications Committee	Risk Management, Compliance & NPL Review Committee	Review of BOP Act 1989 Committee	Total amount paid
	Rupees in '000'							
Dr. Muhammad Amjad Saqib	1,877	951	–	1,657	–	1,182	–	5,667
Mr. Asif Reza Sana	1,877	719	–	1,657	707	–	719	5,679
Mr. Mohammad Jehanzeb Khan	462	232	232	694	232	–	232	2,084
Mr. Mohammad Mudassir Amray	1,402	–	1,182	–	475	1,182	–	4,241
Mr. Muhammad Naeem Khan	1,877	951	1,182	–	–	1,182	–	5,192
Mr. Mujahid Sherdil	694	–	232	232	–	–	–	1,158
Mr. Naweed Akhtar Sharif	462	232	232	232	232	232	–	1,622
Ms. Nadia Rehman	1,414	488	–	462	244	719	–	3,327
Mr. Syed Ghazanfar Abbas Jilani	1,877	475	1,182	1,657	232	1,182	719	7,324
Total	11,942	4,048	4,242	6,591	2,122	5,679	1,670	36,294

Name of Director	2022							
	For Board Committees							
	Board Meetings	Strategy, Islamic & Priority Sector's Financing Committee	Board Audit Committee	Human Resource, Compensation, Performance Evaluation & Nomination Committee	Information Technology & Communications Committee	Risk Management, Compliance & NPL Review Committee	Review of BOP Act 1989 Committee	Total amount paid
	Rupees in '000'							
Dr. Muhammad Amjad Saqib	2,438	1,706	–	1,950	–	1,462	–	7,556
Mr. Asif Reza Sana	2,437	1,706	244	1,950	1,219	244	244	8,044
Mr. Iftikhar Amjad	975	244	731	975	–	–	–	2,925
Mr. Mohammad Jehanzeb Khan	2,194	488	1,706	1,950	1,219	244	243	8,044
Mr. Mohammad Mudassir Amray	2,437	731	1,950	–	975	1,219	–	7,312
Mr. Muhammad Naeem Khan	1,950	1,463	1,462	–	–	1,219	–	6,094
Mr. Wasif Khurshid	244	243	244	–	–	244	–	975
Ms. Nadia Rehman	2,438	1,706	–	–	1,219	1,462	–	6,825
Mr. Syed Ghazanfar Abbas Jilani	2,437	1,219	1,951	1,950	487	1,462	244	9,750
Total	17,550	9,506	8,288	8,775	5,119	7,556	731	57,525

In addition to above, Mr. Syed Ghazanfar Abbas Jilani (Director) was paid Rs. 98 thousand for hearing Bank's disciplinary and grievance cases of employees as per Bank's policy.

38.3 Remuneration paid to Shariah board members

	2023				2022			
	Chairman	Resident member	Non–resident member	Total amount paid	Chairman	Resident member	Non–resident member	Total amount paid
	Rupees in '000'							
Meeting fee and allowances	3,265	–	5,470	8,735	3,480	–	5,780	9,260
Salary & festival bonus paid to resident member through Bank's payroll	–	3,745	–	3,745	–	2,762	–	2,762
Total amount	3,265	3,745	5,470	12,480	3,480	2,762	5,780	12,022
Number of persons	1	1	2		1	1	2	

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group categorizes fair value measurements within the following fair value hierarchy.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities is determined on the basis of the break-up value of these investments as per their latest available financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

39.1 The Group measures fair vale using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurement using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly. (i.e. derived from prices).

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

39.1.1 Valuation techniques used in determination of fair values within level 2 and level 3

Item	Valuation approach and input used
Federal Government securities	The fair value of Federal Government securities is determined using the prices / rates available on Mutual Funds Association of Pakistan (MUFAP).
Non–Government debt securities	The fair value of non–government debt securities is determined using the prices / rates available on MUFAP
Mutual Fund units	The fair values of investments in mutual fund units are determined based on their net asset values as published at the close of reporting date.
Forward foreign exchange contracts	The fair values of forward foreign exchange contracts and forward Government securities transactions are determined using forward pricing calculations.
Unlisted shares	Break–up value determined on the basis of net assets value of the company using the latest available audited financial statements.
Property & equipment and non–banking assets acquired in satisfaction of claims	Land, buildings on freehold land and non–banking assets acquired in satisfaction of claims are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets.

39.2 Fair value of financial assets

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

	2023				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	793,964,039	–	793,964,039	–	793,964,039
Shares	4,400,170	4,378,910	21,260	–	4,400,170
Non–Government debt securities	8,725,336	–	8,725,336	–	8,725,336
Mutual funds & investment trust units	3,250,963	–	3,250,963	–	3,250,963
Foreign securities	11,957	–	–	11,957	11,957
Financial assets disclosed but not measured at fair value :					
Government securities	98,547,842	–	84,546,226	–	84,546,226
Unlisted term finance certificates and sukuks	4,187,743	–	4,187,743	–	4,187,743
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	118,317,903	–	118,317,903	–	118,317,903
Forward sale of foreign exchange contracts	93,928,311	–	93,928,311	–	93,928,311
Purchase of deliverable future contracts	120,433	–	120,433	–	120,433

	2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
On balance sheet financial instruments					
Financial assets measured at fair value :					
Government securities	518,117,706	–	518,117,706	–	518,117,706
Shares	8,168,412	8,144,182	42,497	–	8,186,679
Non–Government debt securities	8,856,478	–	8,856,478	–	8,856,478
Mutual funds & investment trust units	2,635,138	–	2,635,138	–	2,635,138
Foreign securities	11,957	–	–	11,957	11,957
Financial assets disclosed but not measured at fair value :					
Government securities	96,883,601	–	87,756,050	–	87,756,050
Unlisted term finance certificates and sukuks	3,585,344	–	3,585,344	–	3,585,344
Off balance sheet financial instruments:					
Forward purchase of foreign exchange contracts	105,808,826	–	105,808,826	–	105,808,826
Forward sale of foreign exchange contracts	93,853,340	–	93,853,340	–	93,853,340

39.3 Fair value of non financial assets

	2023				
	Carrying value/ Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
Non Financial assets measured at fair value :					
Property and equipment (land & building)	11,977,725	–	11,977,725	–	11,977,725
Non banking assets acquired in satisfaction of claims	1,996,956	–	1,996,956	–	1,996,956

	2022				
	Carrying value/ Notional value	Fair value			
		Level 1	Level 2	Level 3	Total
	Rupees in '000'				
Non Financial assets measured at fair value :					
Property and equipment (land & building)	12,400,348	–	12,400,348	–	12,400,348
Non banking assets acquired in satisfaction of claims	3,677,345	–	3,677,345	–	3,677,345

40 SEGMENT INFORMATION

40.1 Segment details with respect to business activities

	2023						
	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark–up / return / profit	117,926,088	72,447	20,594,438	165,010,201	22,723,664	908,902	327,235,740
Inter segment revenue – net	(76,156,079)	127,619,621	73,357,009	(98,865,583)	(1,907,971)	(24,046,997)	–
Non mark–up / return / interest income	2,286,041	2,152,232	1,101,090	6,688,089	470,982	5,054,562	17,752,996
Total income	44,056,050	129,844,300	95,052,537	72,832,707	21,286,675	(18,083,533)	344,988,736
Segment total expenses	37,452,548	103,234,295	60,533,247	83,436,030	15,325,207	23,945,237	323,926,564
Profit before provisions	6,603,502	26,610,005	34,519,290	(10,603,323)	5,961,468	(42,028,770)	21,062,172
Provisions / (reversals)	(1,461,856)	–	(166,123)	818,168	208,702	533,879	(67,230)
Profit / (loss) before tax	8,065,358	26,610,005	34,685,413	(11,421,491)	5,752,766	(42,562,649)	21,129,402
Balance sheet							
Cash & bank balances	–	186,246	34,672,274	64,895,673	9,423,454	277,458	109,455,105
Investments – net	2,756,908	–	–	868,618,357	41,712,785	–	913,088,050
Net inter segment lending	–	645,860,735	416,690,196	–	–	55,358,767	1,117,909,698
Lendings to financial institutions	–	–	–	139,390,933	3,935,000	–	143,325,933
Advances – performing	530,870,534	758,612	138,987,419	–	105,445,766	22,713,560	798,775,891
Advances – non–performing – net	5,274,559	–	1,843,961	–	1,326,535	323,946	8,769,001
Others	52,959,233	75,427	10,743,167	124,519,862	12,103,448	42,388,524	242,789,661
Total assets	591,861,234	646,881,020	602,937,017	1,197,424,825	173,946,988	121,062,255	3,334,113,339
Borrowings	73,019,677	–	1,497,834	377,225,143	2,223,337	–	453,965,991
Subordinated debts	–	–	–	–	–	30,204,640	30,204,640
Deposits & other accounts	245,264,083	634,070,009	528,169,599	–	113,332,498	–	1,520,836,189
Net inter segment borrowing	258,773,148	–	–	820,199,682	38,936,868	–	1,117,909,698
Others	14,804,326	12,811,011	73,269,584	–	7,991,360	21,749,374	130,625,655
Total liabilities	591,861,234	646,881,020	602,937,017	1,197,424,825	162,484,063	51,954,014	3,253,542,173
Equity							80,571,166
Total equity & liabilities							3,334,113,339
Contingencies & commitments	290,616,339	–	14,715,236	217,962,036	18,778,330	693,899	542,765,840

	2022						
	Corporate and investment banking	Cards and public sector deposits	Consumer banking group	Treasury	Islamic	Others including Head Office	Total
	Rupees in '000'						
Profit & loss							
Net mark–up / return / profit	47,375,056	11,823	11,611,868	67,165,591	10,396,220	737,087	137,297,645
Inter segment revenue – net	(26,185,820)	68,600,173	36,158,211	(66,479,080)	(324,987)	(11,768,497)	–
Non mark–up / return / interest income	2,910,323	1,552,524	1,271,709	3,413,252	257,565	1,197,212	10,602,585
Total income	24,099,559	70,164,520	49,041,788	4,099,763	10,328,798	(9,834,198)	147,900,230
Segment total expenses	2,602,856	62,797,092	34,553,880	10,717,865	8,069,690	15,660,876	134,402,259
Profit before provisions	21,496,703	7,367,428	14,487,908	(6,618,102)	2,259,108	(25,495,074)	13,497,971
Provisions / (reversals)	(5,020,030)	–	(319,011)	1,377,806	168,466	(1,086,661)	(4,879,430)
Profit / (loss) before tax	26,516,733	7,367,428	14,806,919	(7,995,908)	2,090,642	(24,408,413)	18,377,401
Balance sheet							
Cash & Bank balances	–	147,504	26,232,485	42,779,915	8,857,646	29,171	78,046,721
Investments – net	2,877,025	–	–	603,009,157	32,390,721	–	638,276,903
Net inter segment lending	–	539,643,961	303,941,430	–	2,723,384	26,386,276	872,695,051
Lendings to financial institutions	–	–	–	50,619,342	17,575,000	–	68,194,342
Advances – performing	396,470,662	123,805	115,139,152	–	54,669,949	17,148,998	583,552,566
Advances – non–performing	4,585,725	–	1,296,104	–	1,477,233	22,881	7,381,943
Others	32,434,475	6,016	6,943,631	12,742,007	8,088,570	46,330,845	106,545,544
Total assets	436,367,887	539,921,286	453,552,802	709,150,421	125,782,503	89,918,171	2,354,693,070
Borrowings	76,278,779	–	1,634,915	1,379,807	1,526,711	–	80,820,212
Subordinated debts	–	–	–	–	–	17,203,760	17,203,760
Deposits & other accounts	149,407,506	532,370,160	433,874,995	–	111,646,763	–	1,227,299,424
Net inter segment borrowing	165,527,320	–	–	707,167,731	–	–	872,695,051
Others	45,154,282	7,551,126	18,042,892	602,883	6,570,925	13,788,545	91,710,653
Total liabilities	436,367,887	539,921,286	453,552,802	709,150,421	119,744,399	30,992,305	2,289,729,100
Equity							64,963,970
Total equity & liabilities							2,354,693,070
Contingencies & commitments	274,997,186	–	8,969,055	198,951,177	18,285,963	434,787	501,638,168

Due to change in reportable business segments, the figures of comparative period are realigned for the purposes of comparison.

41 TRUST ACTIVITIES

The Group act as a custodian for securities held in Investor Portfolio Securities (IPS) accounts. The are not the assets of the Group and , therefore, not included in these consolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

	2023						
		Securities Held (Face Value)					
Category	Count of IPS accounts	Market treasury bills	Pakistan investment bonds	Government ijarah sukuks	Naya Pakistan certificates	Islamic naya Pakistan certificates	Total
		Rupees in '000'					
Asset Management Companies	13	2,190,000	–	–	–	–	2,190,000
Corporate	36	7,072,000	425,000	13,300	–	–	7,510,300
Employees Funds	16	16,540,500	3,187,000	75,000	–	–	19,802,500
Individuals	486	753,160	47,800	–	841,670	122,409	1,765,039
Others	33	13,417,100	2,905,000	6,500	–	–	16,328,600
	584	39,972,760	6,564,800	94,800	841,670	122,409	47,596,439

	2022						
		Securities Held (Face Value)					
Category	Count of IPS accounts	Market treasury bills	Pakistan investment bonds	Government ijarah sukuks	Naya Pakistan certificates	Islamic naya Pakistan certificates	Total
		Rupees in '000'					
Asset Management Companies	9	2,000,000	2,550,000	–	–	–	4,550,000
Corporate	18	131,000	2,024,300	13,300	–	–	2,168,600
Employees Funds	15	4,853,300	8,151,500	–	–	–	13,004,800
Individuals	286	405,620	–	–	739,583	85,742	1,230,945
Others	8	65,000	–	–	–	–	65,000
	336	7,454,920	12,725,800	13,300	739,583	85,742	21,019,345

42 RELATED PARTY TRANSACTIONS

The Group has related party transactions with its employee benefit plans, Directors and Key Management Personnel. The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment. Remuneration of Directors, Key management personnel, Shariah Board and fixed assets sold to related parties are disclosed in Note 38.1, 38.2, 38.3 & Note 11.3.5 respectively. In addition Key management personnel are paid terminal and short-term terminal benefits.

	2023				2022			
	Directors	Key management personnel	Employee funds	Other related parties	Directors	Key management personnel	Employee funds	Other related parties
	Rupees in '000'							
Advances								
Opening balance	–	368,701	–	–	–	276,599	–	1,318,019
Addition during the year	–	237,145	–	–	–	250,149	–	804,387
Repaid during the year	–	(131,091)	–	–	–	(158,047)	–	2,122,406
Closing balance	–	474,755	–	–	–	368,701	–	–
Other assets – advance deposits and prepayments	–	403	–	–	–	8,992	–	–
Other assets – markup receivable	–	20,062	–	–	–	16,720	–	–
Right–of–use assets	–	–	–	62,610	–	–	–	67,036
Lease liability against right–of–use assets	–	–	–	15,208	–	–	–	13,302
Deposits and other accounts:								
Opening balance	239	32,751	1,036,847	26,391	902	28,390	374,772	1,558,999
Received during the year	69,369	1,560,580	8,849,409	465,652	7,764	850,875	3,805,306	70,813,694
Withdrawn during the year	60,072	1,486,133	8,700,657	377,650	8,427	846,514	3,143,231	72,346,302
Closing balance	9,536	107,198	1,185,599	114,393	239	32,751	1,036,847	26,391
Other liabilities	217	2,852	690,633	3,466	8	124	171,152	–
Contingencies (non funded exposure)	–	–	–	49,822	–	–	–	49,822
Income								
Mark–up / return / interest earned	–	23,100	–	–	–	17,784	–	5,678
Fee and commission income	–	1,618	–	–	–	364	–	8,470
Expense								
Mark–up / return / interest paid	1,228	580	352,942	6,551	60	388	96,370	157,850
Mark–up on lease liability against right–of–use assets	–	–	–	1,906	–	–	–	3,061
Depreciation on right–of–use assets	–	–	–	4,426	–	–	–	3,926
Non markup expense	–	–	–	–	–	–	–	–

42.1 Balances pertaining to parties that were related at the beginning of the year but ceased to be so related during any part of the current year are not reflected as part of the closing balance. The same are accounted for through movement presented above.

42.2 The GoPb holds controlling interest (57.47% shareholding) in the Bank and therefore entities which are owned and / or controlled by the GoPb, or where the GoPb may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government- related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities. The detail of transactions are as follows:

	2023	2022
	Rupees in '000'	
Advances - net	99,445,479	52,906,885
Deposits and other accounts	649,339,057	549,974,639
Bills payable	157,468	208,525
Subordinated debt	12,314,304	1,414,613
Acceptances	71,929	71,929
Contingencies and commitments	26,885,973	31,495,126
Mark-up / return / interest receivable	17,065,985	5,578,460
Mark-up payable on subordinated debts	506,774	14,530
Mark-up / return / interest payable	37,615,613	19,952,701
Mark-up / return / interest earned	52,859,220	7,788,589
Mark-up / return / interest expensed	107,913,754	55,534,566
Income on contingencies	208,159	217,054

42.3 The Bank made contribution of Rs. 501,543 thousand and Rs. 171,152 thousand (December 31, 2022: Rs. 375,115 thousand and 268,144 thousand) to employees provident fund and gratuity fund during the year respectively.

42.4 Advances to employees as at December 31, 2023, other than key management personnel, amounted to Rs. 24,476,686 thousand (December 31, 2022: Rs. 17,649,987 thousand) with markup receivable of Rs. 831,158 thousand (December 31, 2022: Rs.634,330 thousand) and markup income of Rs.993,416 thousand (December 31, 2022: Rs. 636,822 thousand) and fee & commission income of Rs. 22,861 thousand.

42.5 The Group held government securities in fudicary capacity for its employee funds in IPS accounts amounting to Rs. 5,275,500 thousand (2022: Rs. 3,572,500 thousand).

		2023	2022
		Rupees in '000'	
43	**CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**		
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	34,667,575	31,693,421
	Capital Adequacy Ratio (CAR):		
	Eligible common equity tier 1 (CET 1) capital	74,004,137	53,722,311
	Eligible additional tier 1 (ADT 1) capital	11,917,500	8,017,500
	Total eligible tier 1 capital	85,921,637	61,739,811
	Eligible tier 2 capital	16,474,516	6,396,254
	Total eligible capital (Tier 1 + Tier 2)	102,396,153	68,136,065
	Risk Weighted Assets (RWAs):		
	Credit risk	442,180,669	432,338,314
	Market risk	35,234,308	19,160,942
	Operational risk	81,726,967	70,922,353
	Total	559,141,944	522,421,609
	Common equity tier 1 capital adequacy ratio	13.24%	10.28%
	Tier 1 CAR (%)	15.37%	11.82%
	Total CAR (%)	18.31%	13.04%

The SBP vide letter No. SBHOK-BPRD-BACPD-BOP-613933, dated February 01, 2024, allowed the Bank to include advance subscription money of Rs. 3,900,000 thousand against ADT - I and vide letter No. BPRD-BA&CP-614556 Rs. 4,285,000 thousand Tier - II respectively, as of December 31, 2023, for CAR and LR purposes. Had the advance subscription money of Rs. 3,900,000 thousand and Rs. 4,285,000 thousand not been taken, the CAR, LR and NSFR would stand at 16.85%, 3.21% and 123.79% respectivley.

43.1 Capital adequacy framework

The Basel Framework for a capital adequacy is applicable to the Group both at the consolidated level (including the Subsidiary) and on a standalone basis. The Group's policy is to maintain strong capital base so as to maintain, investor, creditor and market confidence and to sustain future business developments. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the SBP. The ratio compares the amount of eligible capital with the total of risk-weighted assets. The Group monitors and reports its capital ratios under SBP rules, which ultimately determine the regulatory capital required to be maintained by Groups and DFIs.

In addition, the SBP requires that the paid up capital of locally incorporated Groups should be raised to Rs. 10 billion by December 31, 2013 in a phased manner. The paid-up capital requirement (net of losses) as at December 31, 2023 is Rs. 10 billion.

The SBP requires that Groups doing business in Pakistan should maintain regulatory capital for credit, market, and operational risks, the amount of which should at least be equal to 10% plus capital conservation buffer of 2.50% of the risk weighted assets of the Group. However, in order to dampen the effects of COVID - 19, SBP vide Circular No 12 of 2020 dated March 26, 2020, provided relaxation to maintain capital conversion buffer CCB of 1.5% from March, 2020 till further instructions. Accordingly, capital adequacy ratio requirement stood at 11.50% as at December 31, 2023.

Further, under Basel III instructions, Groups are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.0% and 7.5%, respectively, as at December 31, 2023. The Group is fully compliant with prescribed ratios as the Group's CAR is 18.31% whereas CET 1 and Tier 1 ratios stood at 13.24% and 15.37% respectively.

The SBP's regulatory capital as managed by the Group is analyzed into following tiers:

- Tier I capital (CET1), which comprises of highest quality capital element and include fully paid up capital, share premium, reserve for bonus shares, general reserves and accumulated losses.

- Additional Tier I capital (ADT-I), which includes instrument meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares and its premium after all regulatory adjustments applicable on ADT-I.

  The deductions from Tier 1 capital include mainly:

  i) Book value of goodwill / intangibles;
  ii) Shortfall in provision;
  iii) Deficit on revaluation of available for sale investments - AFS and fixed assets;
  iv) Defined benefit pension fund asset;
  v) Investment in own shares;
  vi) Reciprocal cross holdings in equity capital instruments of other Groups, financial institutions and insurance companies;
  vii) Investment in mutual funds above a prescribed ceiling;
  viii) Threshold deductions applicable from 2014 on deferred tax assets and certain investments; and
  ix) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position during transition phase.

- Tier II capital, which includes subordinated debt / instruments and its premium, general reserve for loan losses (up to a maximum of 1.25% of CRWA), net of tax revaluation reserves, exchange translation reserves after all regulatory adjustments applicable on Tier-II.

The deductions from Tier 2 include mainly

i) Reciprocal cross holdings in other capital instruments of other Groups, financial institution and insurance companies;

ii) 10% of investments in majority capital instruments or other financial subsidiaries not consolidated in the statement of financial position, during transition phase.

The Group calculates capital requirement as per regulatory framework, using the following approaches:

Credit risk	Standardized Approach
Market risk	Standardized Approach
Operational risk	Basic Indicator Approach

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Group.

		2023	2022
		Rupees in '000'	
43.2	**Leverage Ratio (LR):**		
	Eligible Tier-1 Capital	85,921,637	61,739,811
	Total Exposures	2,553,341,907	1,787,557,305
	LR (%)	3.37%	3.45%
43.3	**Liquidity Coverage Ratio (LCR):**		
	Total High Quality Liquid Assets	633,492,844	646,611,725
	Total Net Cash Outflow	345,059,142	469,412,209
	LCR (%)	183.59%	137.75%
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	1,136,308,900	838,164,000
	Total Required Stable Funding	911,331,400	683,105,000
	NSFR (%)	124.69%	122.70%

43.4 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time are available at http://bop.com.pk.

44 RISK MANAGEMENT

The Group has implemented a 360-degree end-to-end risk management framework based on prudent and best Grouping practices. The framework covers all verticals of Risk Management including Credit, Market, Liquidity, Operational, AML / CFT, Environmental, Social & Governance (ESG) and Information Security. In addition, the Group has in-place consolidated risk appetite statement which helps the Group steer its strategic direction. The entire risk management process is governed by the Board and its risk committees which are responsible for approving the risk framework including policies and setting effective risk controls thereby safeguarding the Group from any unforeseen event. The implementation of all such controls and highlighting any red flag in timely manner is ensured by strong governance vis-a-vis Groups' management committees like Asset and Liability Committee (ALCO) and Credit Risk Management Committee (CRMC).

44.1 Credit risk

Credit Risk exposes the Group to a potential financial loss due to its obligor and/or counterparty(ies) failure to meet the contractual obligations. Credit risk can arise from direct lending to Consumer / Retail, Agriculture, SME, Corporate / Commercial clientele, trade finance products and credit derivatives. The Group assesses the credit risk of its clientele on the basis of a well documented and robust credit policy/product manuals and procedures duly approved by the Board along with strict compliance to SBP Prudential regulations, regulatory and industry specific guidelines issued from time to time. The Group has deployed an economic and statistically balanced Obligor Risk Rating (ORR) model which captures both qualitative (corporate structuring, account behavior, relationship with Group, market check, internal quality and buyer / supplier concentration.

etc.) and quantitative (financials, economics & industry specific) factors of the clients to define credit rating which further complement the in-place credit assessment and management process(es). To further beef up the credit evaluation process Facility Risk Ratings (FRR) are also assessed to ensure that the Group's credit exposure is maintained within the pre-defined Board approved appetite at all times. The Group has a very strong pre & post credit monitoring and collateral management framework thereby ensuring the Groups' interest is safeguarded. The Group monitors its credit portfolio on an ongoing basis by applying various analytical and statistical techniques / methodologies with findings presented in CRMC and the Board's Risk Management, Compliance and NPL Review Committee (RMC&NPLRC). The Group also continuously monitors the credit ratings via rating migration matrix analysis; in terms of both number of accounts & exposure to identify any credit deterioration that can expose the Group to current and / or potential credit risk.

The Group's risk management involves the identification, measurement, monitoring, mitigation and controlling of risks to ensure that following primary objectives at minimum are adhered to :

a. Individuals who take or manage risks clearly understand it in the entire credit value chain;
b. The Group's risk exposure is within the risk appetite limits duly defined by the regulator or established by Board of Directors;
c. Risk taking decisions are in line with business strategy and objectives set by the management;
d. Business decisions optimize the risk-reward trade-off;
e. Risk taking decisions are explicit and clear; and
f. Sufficient capital as a buffer is available to take risk.

The risk management function of the Group is regularly conducting assessments of the Group's credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment.

Further, assessment of following Obligor Risk Rating (ORR) factors are also in place for effective risk management:

Leverage ratio, Debt-EBITDA ratio, Net profit margin, Return on Capital Employed, Turnover ratios, Cash Conversion Cycle (CCC), external rating, industry volatility, relationship with the Group, quality of financial reporting, account behavior, internal quality and buyer / supplier concentration etc.

Stress tests (sensitivity analysis & / or scenario analysis) helps in identifying and analyzing the risks which might be quiescent, but if triggered, can have far-fetching implications for the financial institution. The Group has implemented a very effective stress testing program and stress testing has been made a regular feature of periodic risk assessment and reporting framework.

44.1.1 Lendings to financial institutions

Credit Risk by public / private sector	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	Rupees in '000'					
Public / Government	19,217,031	31,170,278	–	–	–	–
Private	125,743,902	37,024,064	–	–	–	–
	144,960,933	68,194,342	–	–	–	–

		Gross Investments		Non-performing Investments		Provision held	
		2023	2022	2023	2022	2023	2022
		Rupees in '000'					
44.1.2	**Investment in debt securities**						
	Refinery	–	20,833	–	–	–	–
	Textile	760,464	571,632	760,464	571,632	760,464	571,632
	Cement	20,000	20,000	20,000	20,000	20,000	20,000
	Sugar	308,606	308,606	308,606	308,606	308,606	308,606
	Electronics and electrical appliances	19,362	25,862	19,362	25,862	19,362	25,862
	Construction	47,387	47,387	47,387	47,387	47,387	47,387
	Power (electricity), gas, water, sanitary	9,380,459	9,864,336	400	400	400	400
	Transport, storage and communication	220,488	420,488	5,488	5,488	5,488	5,488
	Financial	900,471,119	628,928,085	54,453	26,908	54,453	26,908
	Services	780,515	823,876	–	–	–	–
	Chemical and pharmaceuticals	2,249,950	1,435,266	1,364,949	1,435,266	1,364,949	1,435,266
		914,258,350	642,466,371	2,581,109	2,441,549	2,581,109	2,441,549
	Credit risk by public / private sector						
	Public / Government	898,764,854	627,530,124	400	400	400	400
	Private	15,493,496	14,936,247	2,580,709	2,441,149	2,580,709	2,441,149
		914,258,350	642,466,371	2,581,109	2,441,549	2,581,109	2,441,549

		Gross Advances		Non-performing Advances		Provision held	
		2023	2022	2023	2022	2023	2022
		Rupees in '000'					
44.1.3	**Advances**						
	Agriculture, forestry, hunting and fishing	42,020,466	29,663,843	1,660,494	1,634,188	1,256,145	1,330,373
	Oil & gas	23,685,053	4,365,494	3,263	657,886	–	416,714
	Textile	131,730,768	121,603,799	21,860,993	22,456,915	18,994,634	20,239,358
	Chemical and pharmaceuticals	20,593,264	18,810,545	64,172	55,930	33,935	49,253
	Cement	21,999,835	23,952,118	–	–	–	–
	Sugar	17,066,102	18,661,267	1,596,353	1,657,014	1,500,623	1,513,419
	Footwear and leather garments	3,802,276	3,939,150	432,871	515,617	342,666	515,617
	Automobile and transportation equipment	3,995,755	4,098,743	1,980,218	1,979,192	1,980,218	1,979,040
	Electronics and electrical appliances	1,089,762	2,244,758	22,640	11,351	22,640	11,351
	Cable, electrical & engineering	17,160,884	15,427,548	2,504,352	2,324,060	1,993,280	2,092,541
	Production & transmission of energy	98,958,233	100,934,380	3,021,217	4,442,591	2,146,346	2,026,751
	Construction	10,540,389	11,276,378	1,522,399	1,585,064	1,247,225	1,325,369
	Trading & commerce	135,765,792	31,366,102	7,164,791	7,834,101	6,408,508	7,120,987
	Food & allied	109,907,514	56,069,621	4,735,082	2,656,860	3,248,817	2,474,322
	Transport, storage and communication	86,819,648	80,284,690	350,002	372,580	189,195	199,281
	Financial	13,358,344	7,978,669	725,054	954,205	725,054	954,205
	Fertilizer	3,938,623	7,315,875	49,008	48,938	49,008	48,938
	Services	23,022,062	27,783,645	1,575,745	1,253,987	921,955	1,049,856
	Individuals	64,048,051	59,845,677	1,169,596	1,023,514	731,458	626,097
	Others	21,406,206	10,362,202	999,155	455,940	876,697	461,544
		850,909,027	635,984,504	51,437,405	51,919,933	42,668,404	44,435,016
	Credit risk by public / private sector						
	Public / Government	313,224,653	150,706,380	–	–	–	–
	Private	537,684,374	485,278,124	51,437,405	51,919,933	42,668,404	44,435,016
		850,909,027	635,984,504	51,437,405	51,919,933	42,668,404	44,435,016

		2023	2022
		Rupees in '000'	
44.1.4	**Contingencies and commitments**		
	Textile and ginning	22,633,891	41,444,705
	Cement	7,789,329	11,057,471
	Sugar	1,359,002	1,057,506
	Financial	275,732,306	239,505,160
	Construction and real estate	19,964,138	18,465,729
	Oil and gas	16,836,922	5,539,381
	Auto and allied	2,291,968	2,537,824
	Food and allied	1,409,156	3,016,569
	Chemical and pharmaceuticals	3,568,301	4,233,531
	Fertilizers	8,298,034	4,540,227
	Cable, electrical and engineering	5,183,162	3,022,214
	Production and transmission of energy	37,135,573	33,460,658
	Transport, storage and communication	4,811,246	2,430,511
	Trading and commerce	7,703,598	9,493,386
	Services	111,462,384	102,738,665
	Others	16,586,830	19,094,631
		542,765,840	501,638,168
	Credit risk by public / private sector		
	Public / Government	136,257,043	124,720,788
	Private	406,508,797	376,917,380
		542,765,840	501,638,168

44.1.5 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non–funded exposures) aggregated to Rs. 410,050,854 thousand (2022: Rs. 253,731,060 thousand).

	2023	2022
	Rupees in '000'	
Funded	296,794,801	137,285,810
Non funded	113,256,053	116,445,250
Total exposure	410,050,854	253,731,060

The sanctioned limits against these top 10 exposures aggregated to Rs. 641,436,230 thousand (2022: Rs. 355,346,250 thousand).

	2023		2022	
	Amount	Provision held	Amount	Provision held
	Rupees in '000'			
Total funded classified therein				
Other assets specially mentioned	–	–	–	–
Substandard	–	–	–	–
Doubtful	–	–	–	–
Loss	–	–	–	–
Total	–	–	–	–

For the purpose of this note, exposure means outstanding funded facilities and utilized non–funded facilities as at the reporting date.

44.1.6 Advances – province / region–wise disbursement and utilization

	2023						
	Disbursements	Utilization					
Province / Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000'						
Punjab	740,557,315	696,638,135	37,404,907	2,654,314	41,534	3,527,996	290,429
Sindh	330,088,442	22,022,996	305,450,905	1,322,252	400,138	892,151	–
KPK including FATA	239,683	–	–	239,683	–	–	–
Baluchistan	93,308	–	–	–	93,308	–	–
Islamabad	43,536,088	59,927	–	3,177,873	–	40,298,288	–
AJK including Gilgit–Baltistan	35,223	–	–	–	–	–	35,223
Total	1,114,550,059	718,721,058	342,855,812	7,394,122	534,980	44,718,435	325,652

	2022						
	Disbursements	Utilization					
Province / Region		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	Rupees in '000'						
Punjab	333,884,647	309,377,502	15,949,397	3,113,489	259,964	5,056,855	127,440
Sindh	146,708,804	10,956,320	133,289,348	1,184,224	1,039,421	239,491	–
KPK including FATA	767,173	375	–	766,798	–	–	–
Baluchistan	–	–	–	–	–	–	–
Islamabad	34,978,263	2,572,634	–	1,807,811	–	30,597,818	–
AJK including Gilgit–Baltistan	16,670	–	–	–	–	–	16,670
Total	516,355,557	322,906,831	149,238,745	6,872,322	1,299,385	35,894,164	144,110

44.1.7 Credit risk - general disclosures

The Group follows the standardized approach for its credit risk exposures, which sets out fixed risk weights corresponding to external credit rating or type of exposure, whichever is applicable.

Under standardized approach, the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognized by SBP for capital adequacy purposes. Group utilizes, wherever available, the credit ratings assigned by the SBP recognized ECAIs, viz. PACRA (Pakistan Credit Rating Agency), VIS (Vital Information Systems), Fitch Moody's and Standard & Poors. Credit rating data for advances is obtained from recognized ECAIs and then mapped to SBP's rating grades.

Type of exposures & ECAIs used

Exposures	Fitch	Moody's	S&P	PACRA	VIS
Corporate				√	√
Banks	√	√	√	√	√
Sovereigns			√		
PSEs				√	√
SMEs				√	√

Mapping to SBP rating grades

For all credit exposures, the selected ratings are translated to the standard rating grades given by the SBP. The mapping tables used for converting ECAI ratings to SBP rating grades are given below:

Long term ratings grades mapping

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

Short term rating grades mapping

SBP rating grade	Fitch	Moody's	S&P	PACRA	VIS
S1	F1	P-1	A-1+	A-1+	A-1+
S1	F1	P-1	A-1	A-1	A-1
S2	F2	P-2	A-2	A-2	A-2
S3	F3	P-3	A-3	A-3	A-3
S4	Others	Others	Others	Others	Others

Credit exposures subject to standardized approach

		2023			2022		
Exposures	**Rating**	**Amount outstanding**	**Deduction CRM**	**Net amount**	**Amount outstanding**	**Deduction CRM**	**Net amount**
				Rupees in '000'			
Corporate	1	95,870,166	(12,144,243)	83,725,923	67,509,496	(5,998,878)	61,510,618
	2	156,465,008	2,260,181	158,725,189	162,189,400	(1,948,919)	160,240,481
	3,4	21,159,379	(1,796,806)	19,362,573	13,185,379	(39,000)	13,146,379
	5,6	-	-	-	-	-	-
	Unrated-100%	49,012,429	494,330	49,506,759	38,446,591	(2,721,232)	35,725,359
	Unrated-125%	40,203,026	(2,268,728)	37,934,298	58,123,631	(1,980,807)	56,142,824
Bank	1	152,394,406	(126,436,378)	25,958,028	70,897,718	(52,089,304)	18,808,414
	2,3	2,482,143	58,897	2,541,040	4,812,402	-	4,812,402
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Public sector enterprises in Pakistan	1	44,275,571	(18,973,231)	25,302,340	33,031,884	(6,463,022)	26,568,862
	2,3	14,548,679	(2,366,388)	12,182,291	6,875,000	(2,875,000)	4,000,000
	4,5	-	-	-	-	-	-
	6	-	-	-	-	-	-
	Unrated	175,925,467	(167,508,702)	8,416,765	70,568,988	(70,554,954)	14,034
Sovereigns and on Government of Pakistan or Provisional Government or SBP or Cash	0	1,109,504,432	(26,266,749)	1,083,237,683	722,975,347	(40,394,369)	682,580,978
	1	-	-	-	-	-	-
	2	-	-	-	-	-	-
	3	-	-	-	-	-	-
	4,5	5,408,881	-	5,408,881	53,464	-	53,464
	6	-	-	-	-	-	-
	Unrated	-	-	-	-	-	-
Listed equity investments	100%	1,152,919	-	1,152,919	867,079	-	867,079
Un-listed equity investments	150%	21,260	-	21,260	37,238	-	37,238
Non performing loans	150%	3,552,156	-	3,552,156	4,637,699	-	4,637,699
	100%	3,670,690	-	3,670,690	2,007,171	-	2,007,171
	50%	988,619	-	988,619	737,073	-	737,073
Mortgage	35%	20,091,547	470,071	20,561,618	15,858,978	-	15,858,978
Low Cost Housing	25%	6,027,767	406,212	6,433,979	5,575,718	-	5,575,718
Retail	75%	112,349,558	(20,817,506)	91,532,052	83,865,269	(5,622,256)	78,243,013
Fixed assets	100%	33,218,995	-	33,218,995	30,344,088	-	30,344,088
Deferred tax assets	100%	-	-	-	-	-	-
Deferred tax assets	250%	7,665,343	-	7,665,343	6,209,670	-	6,209,670
Significant investments	250%	-	-	-	-	-	-
Others	100%	107,992,983	(95,151,602)	12,841,381	59,840,459	(23,128,685)	36,711,774
Total		2,163,981,424	(470,040,642)	1,693,940,782	1,458,649,742	(213,816,426)	1,244,833,316

44.1.8 Credit risk: Disclosures with respect to credit risk mitigation for standardized approach

The Group has adopted comprehensive approach of credit risk mitigation for Grouping book. Under this approach cash, lien on deposits, government securities, and eligible securities etc. are consolidated as eligible collateral. Where the Group's exposure to an obligor is secured by eligible collaterals, the Group reduces its exposure for the calculation of the capital requirement by the realizable amount of the collateral, adjusted for any applicable haircuts.

44.1.8.1 Credit risk: Disclosures for portfolio subject to the standardized approach

No credit risk mitigation benefit is taken in the trading book. For each asset class, the risk weights as specified by the SBP or corresponding to the SBP rating grades are applied to the net amount for the calculation of risk weighted assets.

44.1.8.2 Equity position risk in the banking book

The Group takes proprietary equity positions for both short term and long term trading purposes. As of December 31, 2023 the composition of equity investments, is as follows:

	Held for trading	Available for sale	Total
		Rupees in '000'	
Ordinary shares (listed) - net of impairment held	–	3,992,610	3,992,610
Ordinary shares (un-listed) - net of impairment held	–	33,217	33,217
Preference shares - net of impairment held	–	386,300	386,300
Total	–	4,412,127	4,412,127

The Group classify its equity investment portfolio in accordance with the directives of the SBP as follows:

- Investments - Held for trading
- Investments - Available for Sale
- Investments in subsidiaries

44.2 Market risk

Market Risk exposes the Group to a potential financial loss due to adverse movement in systematic risk factors like interest rates, foreign exchange, equity and debt market, credit spreads, commodity prices and overall market's volatility which can hamper the value of Groups investment position(s).

Interest rate risk is the potential negative impact on Groups profitability and / or assets market value due to uncertain movement in interest rates. Interest rate risk can be broadly categorized into the following categories:

a. Yield curve risk (parallel, steepness and / or curvature)
b. Repricing risk
c. Basis risk
d. Options risk

Equity price risk arises from an uncertain decline in value of a security and / or portfolio in the future. Adverse movement in equity market or index can have a negative impact on Groups' earnings and/or capital due to Groups investment position in the market.

Foreign exchange risk arises from adverse movement in a Group direct / indirect exposure on a currency. From Groups perspective Forex movement also expose Group to potential credit risk.

Foreign exchange risk can arise from two factors: i. currency mismatches in an institution's assets and liabilities (both on- and off-balance sheet) that are not subject to a fixed exchange rate, and/or ii. currency cash flow mismatches. Such risk continues until the foreign exchange position is fully hedged.

The Bank's market risk management structure consists of Risk Management, Compliance and NPL Review Committee (RMC&NPLRC), Assets and Liabilities Committee (ALCO) and independent Enterprise Risk Management (ERM) division. Market risk is an independent risk management function that works in close partnership with the business segments to identify and monitor market risks throughout the Group and to define market risk policies and procedures. ERM division seeks to facilitate efficient risk / return decisions, reduce volatility in operating performance and provide transparency in reporting the Group's market risk profile to the senior management, the Board of Directors and the SBP.

The Group is using following techniques for mitigation of market risk:

- Hedging the open positions i.e. taking offsetting positions;
- Portfolio diversification; and
- Limits setting, monitoring and reporting.

The Group is using following techniques for measurement of market risk and all the reports along with suggestive strategies which are escalated to senior management for their review and corrective actions:

- Daily mark to market revaluation of equity, foreign exchange and bonds portfolio;
- Estimated value at risk on equity and foreign exchange exposures;
- Interest rate gap analysis;
- Duration analysis;
- Stress testing of market risk exposures; and
- Scenarios based analysis.

44.2.1 Balance sheet split by trading and banking book

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000'					
Cash and balances with treasury banks	100,894,627	–	100,894,627	73,203,963	–	73,203,963
Balances with other banks	8,560,478	–	8,560,478	4,842,758	–	4,842,758
Lendings to financial institutions	143,325,933	–	143,325,933	68,194,342	–	68,194,342
Investments – net	150,351,329	762,736,721	913,088,050	624,451,694	13,825,209	638,276,903
Advances – net	807,544,892	–	807,544,892	590,934,509	–	590,934,509
Fixed assets	33,219,002	–	33,219,002	30,344,086	–	30,344,086
Intangible assets	2,099,217	–	2,099,217	1,776,940	–	1,776,940
Deferred tax assets – net	10,314,627	–	10,314,627	14,584,059	–	14,584,059
Other assets	197,156,815	–	197,156,815	59,840,459	–	59,840,459
	1,453,466,920	762,736,721	2,216,203,641	1,468,172,810	13,825,209	1,481,998,019

44.2.2 Foreign exchange risk

The Bank's foreign exchange exposure comprises of forward contracts, purchases of foreign bills, foreign currency cash in hand, balances with banks abroad, foreign currency placements with foreign commercial banks and foreign currency deposits. The Bank manages its foreign exchange exposure by matching foreign currency assets and liabilities. Foreign exchange exposure and nostro balances are managed within the statutory limits, as fixed by SBP. Counter parties limits are also fixed to limit risk concentration. Market risk charge calculates on Foreign Exchange Exposure Limit (FEEL) and forward contracts (interest rate) and credit risk charge manage by Bank on all forward contracts.

	2023				2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000'							
United States Dollar	25,235,781	48,209,557	18,773,772	(4,200,004)	14,441,549	28,600,969	8,623,084	(5,536,336)
Great Britain Pound Sterling	1,651,203	7,323,124	5,313,319	(358,602)	1,627,244	4,703,619	2,772,645	(303,730)
Euro	2,432,273	3,239,790	395,200	(412,317)	746,521	1,979,409	751,569	(481,319)
Japanese Yen	56,000	1,869	–	54,131	91,748	1,610	(172,170)	(82,032)
Other currencies	499,632	33,135	(92,697)	373,800	278,141	47,187	(19,641)	211,313
	29,874,889	58,807,475	24,389,594	(4,542,992)	17,185,203	35,332,794	11,955,487	(6,192,104)

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in foreign exchange rates on				
– Profit and loss account	–	(7,263)	–	(24,486)
– Other comprehensive income	–	–	–	–

44.2.3 Equity position risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behavior similar to equities. The Bank's strategy is to invest in equity securities for increase in dividend income and capital gains through market volatility.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 5% change in equity prices on				
– Profit and loss account	–	(199,274)	–	(388,913)
– Other comprehensive income	(184,684)	–	(21,019)	–

44.2.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)–Basel II specific

Interest rate risk is the potential that the value of the on–balance sheet and the off–balance sheet positions of the Group would be negatively affected with the change in the market interest rates. The vulnerability of the Group towards the adverse movements of the interest rate can be gauged by using duration GAP analysis.

Interest rate risk in the Grouping book is the risk to interest income arising from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. The Grouping book activities that give rise to interest rate risk include lending activities, balance sheet funding and capital management. Interest rate risk in Grouping book can be measured by both, changes in net interest income and changes in market value of interest bearing AFS investments. This also refers to the non–trading market risk. To adjust the effective rate sensitivity, the Group is using following strategies after proper analysis of the Group's gaps and prevailing interest rate:

- Reduced asset sensitivity
- Increased asset sensitivity
- Reduced liability sensitivity
- Increased liability sensitivity

The Group's interest rate risk management policy includes following techniques to mitigate potential risks:

a) Monitoring and management of interest rate volatility in terms of percentage change in net income through interest sensitive gaps.
b) Key consideration in investing in interest rate driven financial instruments.
c) Managing volatility in the trading on category / instrument wise basis.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000'			
Impact of 1% change in interest rates on				
– Profit and loss account	(1,466,857)	(7,588,266)	(6,240,313)	(60,470)
– Other comprehensive income	–	–	–	–

44.2.5 Mismatch of interest rate sensitive assets and liabilities

	2023											
			Exposed to yield/ Interest risk									
	Effective yield/ Interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 year	Non-interest bearing financial instruments
			Rupees in '000'									
On–balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		100,894,627	6,592,100	–	–	–	–	–	–	–	–	94,302,527
Balances with other banks	18.85%	8,560,478	4,633,898	–	–	–	–	–	–	–	–	3,926,580
Lending to financial institutions	19.45%	143,325,933	143,325,933	–	–	–	–	–	–	–	–	–
Investments – net	18.31%	913,088,050	5,404,739	52,273,507	34,788,089	236,712,072	108,403,037	161,878,572	203,392,184	103,046,331	–	7,189,519
Advances – net	18.75%	807,544,892	200,958,752	606,000,670	–	–	–	–	–	–	–	585,470
Other assets		193,292,555	–	–	–	–	–	–	–	–	–	193,292,555
		2,166,706,535	360,915,422	658,274,177	34,788,089	236,712,072	108,403,037	161,878,572	203,392,184	103,046,331	–	299,296,651
Liabilities												
Bills payable		5,507,855	–	–	–	–	–	–	–	–	–	5,507,855
Borrowings	21.37%	453,965,991	379,800,830	30,325,890	6,994,536	26,637	614,150	2,252,101	5,263,021	28,092,412	396,290	200,124
Deposits and other accounts	14.78%	1,520,836,189	59,796,156	822,470,280	143,412,527	193,474,736	2,580,957	4,034,500	822,648	–	–	294,244,385
Subordinated debts	22.28%	30,204,640	–	–	30,204,640	–	–	–	–	–	–	–
Other liabilities		125,073,817	1,919	10,611	3,046	69,146	298,429	258,718	878,276	7,145,780	7,061,334	109,346,558
		2,135,588,492	439,598,905	852,806,781	180,614,749	193,570,519	3,493,536	6,545,319	6,963,945	35,238,192	7,457,624	409,298,922
On–balance sheet gap		31,118,043	(78,683,483)	(194,532,604)	(145,826,660)	43,141,553	104,909,501	155,333,253	196,428,239	67,808,139	(7,457,624)	(110,002,271)
Off–balance sheet financial instruments												
Documentary credits and guarantees		308,292,732	–	–	–	–	–	–	–	–	–	308,292,732
Commitments in respect of:												
– forward foreign exchange contracts – net		24,415,612	–	–	–	–	–	–	–	–	–	24,415,612
– forward lending		15,817,173	–	–	–	–	–	–	–	–	–	15,817,173
Off–balance sheet gap		348,525,517	–	–	–	–	–	–	–	–	–	348,525,517
Total yield / interest risk sensitivity gap			(78,683,483)	(194,532,604)	(145,826,660)	43,141,553	104,909,501	155,333,253	196,428,239	67,808,139	(7,457,624)	238,523,246
Cumulative yield / interest risk sensitivity gap			(78,683,483)	(273,216,087)	(419,042,747)	(375,901,194)	(270,991,693)	(115,658,440)	80,769,799	148,577,938	141,120,314	379,643,560

	2022											
			Exposed to yield/ Interest risk									
	Effective yield/ Interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 year	Non-interest bearing financial instruments
			Rupees in '000'									
On–balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		73,203,963	3,734,458	–	–	–	–	–	–	–	–	69,469,505
Balances with other banks	11.42%	4,842,758	2,514,537	–	–	–	–	–	–	–	–	2,328,221
Lending to financial institutions	13.44%	68,194,342	67,794,342	200,000	200,000	–	–	–	–	–	–	–
Investments – net	11.08%	638,276,903	7,435,180	18,596,445	56,458,059	248,918,986	98,694,171	56,284,562	40,601,627	100,926,977	–	10,360,896
Advances – net	11.56%	590,934,509	83,546,592	506,991,248	–	–	–	–	–	–	–	396,669
Other assets		54,473,442	–	–	–	–	–	–	–	–	–	54,473,442
		1,429,925,917	165,025,109	525,787,693	56,658,059	248,918,986	98,694,171	56,284,562	40,601,627	100,926,977	–	137,028,733
Liabilities												
Bills payable		6,323,641	–	–	–	–	–	–	–	–	–	6,323,641
Borrowings	13.47%	80,820,212	4,045,106	16,178,866	16,371,777	202,162	4,038,295	976,788	5,689,865	32,913,649	403,704	–
Deposits and other accounts	8.87%	1,227,299,424	41,078,023	698,115,681	64,956,610	151,457,830	2,658,706	2,581,502	26,406,705	–	–	240,044,367
Subordinated debts	15.40%	17,203,760	–	–	17,203,760	–	–	–	–	–	–	–
Other liabilities		85,343,029	5,206	3,167	19,774	56,886	180,971	452,049	820,098	3,019,681	9,794,993	70,990,204
		1,416,990,066	45,128,335	714,297,714	98,551,921	151,716,878	6,877,972	4,010,339	32,916,668	35,933,330	10,198,697	317,358,212
On–balance sheet gap		12,935,851	119,896,774	(188,510,021)	(41,893,862)	97,202,108	91,816,199	52,274,223	7,684,959	64,993,647	(10,198,697)	(180,329,479)
Off–balance sheet financial instruments												
Documentary credits and guarantees		269,786,877	–	–	–	–	–	–	–	–	–	269,786,877
Commitments in respect of:												
– forward foreign exchange contracts		12,068,071	–	–	–	–	–	–	–	–	–	12,068,071
– forward lending		32,465,327	–	–	–	–	–	–	–	–	–	32,465,327
Off–balance sheet gap		314,320,275	–	–	–	–	–	–	–	–	–	314,320,275
Total yield / interest risk sensitivity gap			119,896,774	(188,510,021)	(41,893,862)	97,202,108	91,816,199	52,274,223	7,684,959	64,993,647	(10,198,697)	133,990,796
Cumulative yield / interest risk sensitivity gap			119,896,774	(68,613,247)	(110,507,109)	(13,305,001)	78,511,198	130,785,421	138,470,380	203,464,027	193,265,330	327,256,126

Reconciliation of financial assets and liabilities with total assets and liabilities:

	2023	2022
	Rupees in '000'	
Financial assets	2,166,706,535	1,429,925,917
Non financial assets:		
Fixed assets	33,219,002	30,344,086
Intangibles	2,099,217	1,776,940
Deferred tax assets – net	10,314,627	14,584,059
Other assets	3,864,260	5,367,017
	49,497,106	52,072,102
Total assets as per statement of financial position	2,216,203,641	1,481,998,019
Financial liabilities	2,135,588,492	1,416,990,066
Non financial liabilities:		
Other liabilities	43,983	43,983
Total liabilities as per statement of financial position	2,135,632,475	1,417,034,049

44.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes & controls, people and system or from external events. Potential losses arising out of Operational Risk may not be brought down to zero, however, the Group strive to minimize the operational risk impact through efficient controls & framework, monitoring and responding to any potential risk in a timely manner. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff training and appraisal procedures, including the use of internal audit function. The Group has established a comprehensive Business Continuity Plan (BCP) to deal with the risk of any financial loss and damage to reputation arising from operational risk factors.

The Group uses Risk Control Self Assessment and monitoring of Key Risk Indicators to mitigate operational losses. The Group's operational risk management framework, as laid down in the operational risk policy, duly approved by Board of Directors, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Group. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

In accordance with the operational risk policy and framework, a database covering losses, control breaches and near misses is being maintained. Major risk events are analyzed from the control breach perspective and mitigating controls are assessed on design and operating effectiveness. quarterly updates on operational risk events are presented to senior management and the Risk Management, Compliance and NPL Review Committee (RMC&NPLRC).

44.3.1 Operational risk disclosures Basel–II specific

Currently, the Group is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Group took a number of initiatives with respect to operational risk management. The Group will initiate further steps for improvement in operational risk management to adopt next approach of capital charge i.e. Alternative Standardized Approach (ASA).

44.4 Liquidity risk

Liquidity risk is the potential loss to a Group arising from either its inability to meet obligation(s) or to fund increase in assets as they fall due without incurring unacceptable cost or losses. The Group's ALCO is primarily responsible to ensure adequate maintenance and monitoring of liquidity and minimization of liquidity risk by filling in the Asset–Liability gap. The Group manages its liquidity risk by continuous monitoring of the maturity profiles of its assets and liabilities, strengthening of its credit recovery procedures by focusing on retail and medium–sized customers and managing open positions through effective treasury operations. Allocation of funds towards various business prepositions and pricing of assets and liabilities of the Group are given significant importance. Group liquidity risk framework enables management in identification of key drivers of liquidity risk (on / off balance) and developing mitigants there against.

The Group is using following strategies for mitigation of liquidity risk:

- Invest key liquid deposit providers in liquid investment;
- Contingency funding plan;
- Monitoring of advances to deposits ratio;
- Diversification of portfolio;
- Maintaining desirable level of currency wise liquidity; and
- Identify situations or events that may trigger a crisis situation in terms of liquidity.

44.4.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

	2023													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 ot 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 month 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	100,894,627	100,894,627	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	8,560,478	8,560,478	–	–	–	–	–	–	–	–	–	–	–	–
Lendings to financial institutions	143,325,933	–	143,325,933	–	–	–	–	–	–	–	–	–	–	–
Investments – net	913,088,050	4,055,267	–	73,856	143,090	5,013,730	40,279,769	308,335	212,846,497	24,357,500	112,845,318	182,052,225	218,851,073	112,261,390
Advances – net	807,544,892	56,821,261	3,372,989	8,144,810	132,821,851	25,777,232	133,144,605	53,368,937	24,347,978	2,603,683	22,327,735	33,484,266	103,672,539	207,657,006
Fixed assets	33,219,002	17,067	102,399	119,469	292,047	217,229	225,805	588,947	536,795	552,514	2,063,529	2,047,975	4,272,027	22,183,199
Intangible assets	2,099,217	749	4,494	5,243	12,748	23,234	23,234	69,702	69,702	69,702	287,004	278,808	557,616	696,981
Deferred tax assets – net	10,314,627	–	–	–	–	–	–	–	–	–	–	–	10,314,627	–
Other assets – net	197,156,815	137,822,972	511,647	2,605,322	41,156,654	1,836,482	1,928,477	8,736,965	266,662	2,291,634	–	–	–	–
	2,216,203,641	308,172,421	147,317,462	10,948,700	174,426,390	32,867,907	175,601,890	63,072,886	238,067,634	29,875,033	137,523,586	217,863,274	337,667,882	342,798,576
Liabilities														
Bills payable	5,507,855	5,507,855	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings	453,965,991	200,987	177,489,416	656,996	201,654,418	7,693,967	21,635,004	7,492,345	6,341	21,346	616,692	2,255,341	5,272,381	28,970,757
Deposits and other accounts	1,520,836,189	981,748,277	10,229,831	14,496,119	34,056,623	56,490,558	68,712,504	149,239,420	116,815,615	80,614,281	2,812,886	4,450,739	1,169,336	–
Subordinated debts	30,204,640	–	–	–	–	–	–	2,260	–	2,260	4,520	4,520	4,290,980	25,900,100
Other liabilities – net	125,117,800	66,822,655	708,095	2,569,395	4,687,171	1,710,897	4,031,153	8,870,427	399,765	5,705,519	2,738,841	4,302,848	6,126,228	16,444,806
	2,135,632,475	1,054,279,774	188,427,342	17,722,510	240,398,212	65,895,422	94,378,661	165,604,452	117,221,721	86,343,406	6,172,939	11,013,448	16,858,925	71,315,663
Net assets	80,571,166	(746,107,353)	(41,109,880)	(6,773,810)	(65,971,822)	(33,027,515)	81,223,229	(102,531,566)	120,845,913	(56,468,373)	131,350,647	206,849,826	320,808,957	271,482,913
Share capital – net	32,452,535													
Reserves	15,035,135													
Surplus / (deficit) on revaluation														
of assets – net of tax	1,818,506													
Non controlling interest	762,170													
Unappropriated profit	30,502,820													
	80,571,166													

	2022													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 ot 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 month 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	73,203,963	73,203,963	–	–	–	–	–	–	–	–	–	–	–	–
Balances with other banks	4,842,758	4,842,758	–	–	–	–	–	–	–	–	–	–	–	–
Lendings to financial institutions	68,194,342	–	54,744,342	3,500,000	8,750,000	1,000,000	–	200,000	–	–	–	–	–	–
Investments – net	638,276,903	2,568,665	–	1,237,488	20,833	14,547,855	2,393,002	27,086,291	139,417,495	109,834,851	100,634,767	60,730,791	70,408,952	109,395,913
Advances – net	590,934,509	40,534,754	6,520,406	5,431,259	31,146,104	24,091,557	59,885,407	60,927,907	19,158,812	12,589,492	24,958,637	35,460,256	73,309,957	196,919,961
Fixed assets	30,344,086	19,669	118,014	145,629	334,514	203,193	201,866	538,916	537,250	382,376	1,560,056	1,754,350	3,472,197	21,076,056
Intangible assets	1,776,940	634	3,804	4,438	10,768	19,644	19,644	58,932	58,932	58,932	244,681	235,728	471,456	589,347
Deferred tax assets – net	14,584,059	–	–	–	–	–	–	–	–	–	–	–	14,584,059	–
Other assets – net	59,840,459	24,141,101	365,168	614,956	14,821,196	2,236,529	609,510	12,789,314	298,694	3,963,991	–	–	–	–
	1,481,998,019	145,311,544	61,751,734	10,933,770	55,083,415	42,098,778	63,109,429	101,601,360	159,471,183	126,829,642	127,398,141	98,181,125	162,246,621	327,981,277
Liabilities														
Bills payable	6,323,641	6,323,641	–	–	–	–	–	–	–	–	–	–	–	–
Borrowings	80,820,212	129,081	1,394,152	1,749,273	772,600	7,937,502	6,650,815	16,417,321	117,469	132,295	5,038,499	979,330	5,697,234	33,804,641
Deposits and other accounts	1,227,299,424	818,785,997	5,633,482	10,294,365	24,813,114	36,010,811	63,502,994	82,468,642	46,608,601	106,324,111	3,146,629	2,827,378	26,883,300	–
Subordinated debts	17,203,760	–	–	–	–	–	–	1,360	–	1,360	2,720	2,720	4,635,840	12,559,760
Other liabilities – net	85,387,012	34,269,642	394,664	549,418	4,254,261	2,125,627	1,362,742	12,124,320	470,779	4,039,946	2,237,130	3,121,733	6,762,472	13,674,278
	1,417,034,049	859,508,361	7,422,298	12,593,056	29,839,975	46,073,940	71,516,551	111,011,643	47,196,849	110,497,712	10,424,978	6,931,161	43,978,846	60,038,679
Net assets	64,963,970	(714,196,817)	54,329,436	(1,659,286)	25,243,440	(3,975,162)	(8,407,122)	(9,410,283)	112,274,334	16,331,930	116,973,163	91,249,964	118,267,775	267,942,598
Share capital – net	29,478,381													
Reserves	12,769,424													
Surplus / (deficit) on revaluation														
of assets – net of tax	(2,323,430)													
Non controlling interest	627,811													
Unappropriated profit	24,411,784													
	64,963,970													

44.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000'									
Assets										
Cash and balances with treasury banks	100,894,627	100,894,627	–	–	–	–	–	–	–	–
Balances with other banks	8,560,478	8,560,478	–	–	–	–	–	–	–	–
Lendings to financial institutions	143,325,933	143,325,933	–	–	–	–	–	–	–	–
Investments – net	913,088,050	4,272,213	45,293,499	308,335	237,203,997	112,845,318	182,052,225	218,851,073	112,261,390	–
Advances – net	807,544,892	201,160,911	158,921,837	53,368,937	26,951,661	22,327,735	33,484,266	103,672,539	183,230,179	24,426,827
Fixed assets	33,219,002	530,982	443,034	588,947	1,089,309	2,063,529	2,047,975	4,272,027	15,257,055	6,926,144
Intangible assets	2,099,217	23,234	46,468	69,702	139,404	287,004	278,808	557,616	696,981	–
Deferred tax assets – net	10,314,627	–	–	–	–	–	–	10,314,627	–	–
Other assets – net	197,156,815	182,096,595	3,764,959	8,736,965	2,558,296	–	–	–	–	–
	2,216,203,641	640,864,973	208,469,797	63,072,886	267,942,667	137,523,586	217,863,274	337,667,882	311,445,605	31,352,971
Liabilities										
Bills payable	5,507,855	5,507,855	–	–	–	–	–	–	–	–
Borrowings	453,965,991	380,001,817	29,328,971	7,492,345	27,687	616,692	2,255,341	5,272,381	28,574,467	396,290
Deposits and other accounts	1,520,836,189	235,195,009	267,321,152	243,984,814	292,175,291	97,558,280	99,196,133	95,914,730	94,745,394	94,745,386
Subordinated debts	30,204,640	–	–	2,260	2,260	4,520	4,520	4,290,980	25,900,100	–
Other liabilities – net	125,117,800	74,787,316	5,742,050	8,870,427	6,105,284	2,738,841	4,302,848	6,126,228	9,373,221	7,071,585
	2,135,632,475	695,491,997	302,392,173	260,349,846	298,310,522	100,918,333	105,758,842	111,604,319	158,593,182	102,213,261
Net assets	80,571,166	(54,627,024)	(93,922,376)	(197,276,960)	(30,367,855)	36,605,253	112,104,432	226,063,563	152,852,423	(70,860,290)
Share capital – net	32,452,535									
Reserves	15,035,135									
Surplus / (deficit) on revaluation of assets – net of tax	1,818,506									
Non controlling interest	762,170									
Unappropriated profit	30,502,820									
	80,571,166									

Deposit account without contractual maturities have been classified by taking into account historical trend of their withdrawal pattern, which shows that 15% of such deposits mature in each of the first two categories mentioned above and 10% mature in each of the remaining seven categories.

	2022									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	Rupees in '000'									
Assets										
Cash and balances with treasury banks	73,203,963	73,203,963	–	–	–	–	–	–	–	–
Balances with other banks	4,842,758	4,842,758	–	–	–	–	–	–	–	–
Lendings to financial institutions	68,194,342	67,794,342	200,000	200,000	–	–	–	–	–	–
Investments – net	638,276,903	3,826,986	16,940,857	27,086,291	249,252,346	100,634,767	60,730,791	70,408,952	109,395,913	–
Advances – net	590,934,509	83,632,523	83,976,964	60,927,907	31,748,304	24,958,637	35,460,256	73,309,957	167,531,540	29,388,421
Fixed assets	30,344,086	617,826	405,059	538,916	919,626	1,560,056	1,754,350	3,472,197	9,651,757	11,424,299
Intangible assets	1,776,940	19,644	39,288	58,932	117,864	244,681	235,728	471,456	589,347	–
Deferred tax assets – net	14,584,059	–	–	–	–	–	–	14,584,059	–	–
Other assets – net	59,840,459	39,942,421	2,846,039	12,789,314	4,262,685	–	–	–	–	–
	1,481,998,019	273,880,463	104,408,207	101,601,360	286,300,825	127,398,141	98,181,125	162,246,621	287,168,557	40,812,720
Liabilities										
Bills payable	6,323,641	6,323,641	–	–	–	–	–	–	–	–
Borrowings	80,820,212	4,045,106	14,588,317	16,417,321	249,764	5,038,499	979,330	5,697,234	33,400,937	403,704
Deposits and other accounts	1,227,299,424	184,430,393	218,645,198	161,892,238	232,356,308	82,570,225	82,250,974	106,306,896	79,423,596	79,423,596
Subordinated debts	17,203,760	–	–	1,360	1,360	2,720	2,720	4,635,840	12,559,760	–
Other liabilities – net	85,387,012	39,467,985	3,488,369	12,124,320	4,510,725	2,237,130	3,121,733	6,762,472	3,880,527	9,793,751
	1,417,034,049	234,267,125	236,721,884	190,435,239	237,118,157	89,848,574	86,354,757	123,402,442	129,264,820	89,621,051
Net assets	64,963,970	39,613,338	(132,313,677)	(88,833,879)	49,182,668	37,549,567	11,826,368	38,844,179	157,903,737	(48,808,331)
Share capital – net	29,478,381									
Reserves	12,769,424									
Surplus / (deficit) on revaluation of assets – net of tax	(2,323,430)									
Non controlling interest	627,811									
Unappropriated profit	24,411,784									
	64,963,970									

45 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Bank in its meeting held on 20th February 2024 has proposed a cash dividend of 10 percent (2022: bonus issue @ 10%). These appropriations will be approved in the forthcoming Annual General Meeting. These consolidated financial statements for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for in the consolidated financial statements for the year ending December 31, 2024.

46 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 20th February 2024 by the Board of Directors of the Bank.

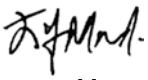
47 GENERAL

47.1 Figures have been rounded off to the nearest thousand rupees.

47.2 Corresponding figures have been re-arranged and re-classified wherever necessary, for the purpose of comparison. However, no significant reclassification has been made.



Chief Financial Officer



President



Chairman



Director



Director

Annexure - I

Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees Five Hundred Thousand or Above Provided

During the year ended December 31, 2023

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
1	Syed Kazim Ali (Kot Talib, Post Office Abbas Nagar, Chiniot)	Syed Kazim Ali (33201-6625086-1)	Syed Talib Hussain	-	3,844	-	3,844	-	-	3,839	-	3,839
2	Asif Mehmood Hotiana (Chak Hotta Post Office Same Tehsil - District Pakpattan)	Asif Mehmood Hotiana (36402-6971279-3)	Maqbool Qadir	1,401	2,405	-	3,806	-	-	1,899	-	1,899
3	Ahmed Ali (Mouza Tahir Khurd Tehsil Depalpur District. Okara Depalpur)	Ahmed Ali (35301-9350000-5)	Noor Ahmed	-	1,883	-	1,883	-	-	1,883	-	1,883
4	Abdul Rehman & Mohammad Akram (Depalpur Dalmain Gunj Post Office Same Depalpur)	Abdul Rehman (35301-5566634-5) Mohammad Akram (35301-0312791-5)	Muhammad Saddique Muhammad Saddique	-	24,876	-	24,876	-	-	3,686	-	3,686
5	Muhammad Nawazish Ali Khan (Garh Maharaja Post Office Same Tehsil Shorkot District. Jhang)	Muhammad Nawazish Ali Khan (33203-0157891-1)	Muhammad Muzaffar Ali Khan	3,500	7,959	-	11,459	-	-	7,871	-	7,871
6	Abdullah Poultry Breeders (201- Circular Road Chowk Urdu Bazar Lahore)	Noor Ahmad (35202-0884433-1)	Mian Aziz Ahmad	1,675	4,991	-	6,666	-	-	5,340	-	5,340
7	Shahid Nawaz (Ghari Gulla Post Office Kot Ratta Tehsil Wazirabad District Gujranwala)	Shahid Nawaz (34104-3353717-3)	Shah Nawaz	-	516	-	516	-	-	518	-	518
8	Muhammad Ijaz Ahmed (Adda Ghali Pur Dool Garh Maharaja Ahmed Pur Sial Jhang)	Muhammad Ijaz Ahmed (33203-5565058-3)	Ghulam Ali	-	1,091	-	1,091	-	-	1,091	-	1,091
9	Shahbaz Azam (Basti Kundha Badh Rajbana Post Office Same Tehsil Ahmed Pur Sial Jhang)	Shahbaz Azam (33204-0460978-9)	Mumtaz Ali Khan	5,111	7,156	-	12,267	-	-	7,280	-	7,280
10	Mian Muhammad Ijaz (Gulchand Shaheed Kot Muzaffar Mailsi)	Mian Muhammad Ijaz (36602-2538204-5)	Haji Mian Ghulam Mustafa	2,000	828	-	2,828	-	-	888	-	888
11	Ghulam Muhammad (Chak-125/6-R, Post Office Faqirwali Tehsil Haroonabad District Bahawalnagar)	Ghulam Muhammad (31104-1707227-5)"	Sher Muhammad	1,577	3,158	-	4,735	-	-	3,170	-	3,170
12	Siddiq Shah (Sahiwal Moza Jeevan Shah Ghaga Sahiwal)	"Siddiq Shah (36502-1351387-7)"	Jafar Shah	325	622	-	947	-	-	633	-	633

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off	Interest/ Mark-up waived	Other financial relief provided	Total (9+10+ 11+12)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
13	Chaudhry Tariq Mehmood Manais (Halla Manais Tehsil Pattoki District Kasur)	Chaudhry Tariq Mehmood Manais (35103-2722931-7)	Chaudhry.Dinar Ahmed Manais	1,669	3,633	-	5,302	-	-	3,477	-	3,477
14	Muhammad Ibrar Zahid & Beenish Almas (House - 32-B Block Model Town Lahore)	Muhammad Ibrar Zahid (35202-2673112-9) Beenish Almas (35301-6112931-2)	S/O Munawar Ahmad Khan W/O Muhammad Ibrar Zahid	-	1,630	-	1,630	-	-	1,310	-	1,310
15	Chaudhry Noor Hassan (Arain Model Farm Pattoki)	Chaudhry Noor Hassan (35103-8982482-7) (00279-7780592-0)	Liaqat Ali Javed	7,066	11,133	-	18,199	-	-	11,133	-	11,133
16	Chaudhry Noor Hassan (Arain Model Farm Pattoki)	Chaudhry Noor Hassan (35103-8982482-7) (00279-7780592-0)	Liaqat Ali Javed	2,688	4,724	-	7,412	-	-	4,724	-	4,724
17	Chaudhry Noor Hassan (Arain Model Farm Pattoki)	Chaudhry Noor Hassan (35103-8982482-7) (00279-7780592-0)	Liaqat Ali Javed	2,340	4,903	-	7,243	-	-	5,182	-	5,182
18	Zameer Qamar (House No. 257 Street No.2 Ward No14 Rasool Abad Colony Hasilpur)	Zameer Qamar (35202-4426924-7)	Rana Qamar Hussain	527	823	-	1,350	-	-	693	-	693
19	Masood Akhtar (Town Hazrat Wala Post Office Fazil Pur Rajanpur)	Masood Akhtar (32403-6096884-1)	Malik Muhammad Akhtar	1,451	1,105	-	2,556	-	-	1,299	-	1,299
20	Muhammad Jamshed & Rana Muhammad Javaid (House - 114-C, Block 13 Bagh-E-Umar Sargodha)	Muhammad Jamshed (38403-6089283-9) Rana Muhammad Javaid (38403-2659814-1)	Rana Hakim Khan Rana Hakim Khan	4,680	4,380	-	9,060	-	-	4,380	-	4,380
21	Muhammad Jamshed & Rana Muhammad Javaid (House - 114-C, Block 13 Bagh-E-Umar Sargodha)	Muhammad Jamshed (38403-6089283-9) Rana Muhammad Javaid (38403-2659814-1)	Rana Hakim Khan Rana Hakim Khan	2,156	4,324	-	6,480	-	-	4,588	-	4,588
22	Muhammad Asif Iqbal (Jamsher Kalan Chunian Kasur)	Muhammad Asif Iqbal (35101-3221181-9)	Roz Din	-	625	-	625	-	-	500	-	500
23	Muhammad Yousaf (Roheela Meetal Post Office Hujra Shah Muqeem Tehsil Depalpur District Okara)	Muhammad Yousaf (35301-5109217-5)	Muhammad Ilyas	1,995	834	-	2,829	-	-	1,030	-	1,030
24	Abdul Rauf Daula (Post Office Daula Pukhta Tehsil Depalpur)	Abdul Rauf Daula (35201-4097995-9)	Abdul Wahab Daula	33,994	1,127	-	35,121	-	-	4,285	-	4,285

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				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
25	Maitla Brothers Cold Storage (Roheela Maitla, Post Office Hujra Shah Muqeem Tehsil Depalpur)	Muhammad Nawaz (35301-1970321-1)	Muhammad Nawaz	-	4,161	-	4,161	-	-	3,329	-	3,329
26	Sardar Faisal Zaib (Kaiser Garh Post Office Kasur Tehsil/District Kasur)	Sardar Faisal Zaib (35102-3082974-1)	Sardar Aurang Zaib	1,421	2,242	-	3,663	-	-	1,832	-	1,832
27	Muhammad Sannan Ashiq (Mouza Jhandeer Post Office Sardarpur Tehsil Mailsi District Vehari)	Muhammad Sannan Ashiq (36602-5285225-7)	Mian Dost Muhammad	1,016	867	-	1,883	-	-	833	-	833
28	Mian Mehboob Ali Khan Wattoo (Dhool Faqeer Bukhsh Tehsil Depalpur District Okara)	Mian Mehboob Ali Khan Wattoo (35301-5852152-9)	Mian Rajab Ali	449	683	-	1,132	-	-	614	-	614
29	Khan Tractors (House-256/1-B Zia Shaheed Colony Railway Road Multan)	Rashid Ullah Khan (32304-0158809-1)	Aman Ullah Khan	2,534	4,096	-	6,630	-	-	4,096	-	4,096
30	Muhammad Asif ul Zaman (Darul Sakeena Road Mohallah Ghazi Abad Jhang)	Muhammad Asif ul Zaman (33202-9483483-9)	Rai Amir Abdullah Khan	501	108	-	609	-	-	108	613	721
31	Ahmad Raza Bhulla (Jalal Pura Post Office Dala Wahgah Muridke Sheikhupura)	Ahmad Raza Bhulla (35401-1854840-1)	Rehmat Ali Bhulla	1,172	141	-	1,313	-	-	52	509	561
32	Mumtaz Khan (House No 35-E-2, Street No 1, Dogar Road Near Noor Masjid, Fateh Garh Lahore)	Mumtaz Khan (36103-3978359-5)	Natthoo Khan	1,351	256	-	1,607	-	-	291	294	585
33	Tariq Mehmood (Adha Bahadershah 58/ G-D, Sahiwal.)	Tariq Mehmood (36502-2744740-1)	Zahoor Ahmad	2,262	392	-	2,654	-	-	657	555	1,212
34	Muhammad Ishfaq (Asif Medical Store, 17-Kassi Budhla Road, Post Office Mumtazabad Bhani, Tehsil/ District Multan)	Muhammad Ishfaq (36302-9974769-5)	Abdul Razzaq	1,097	95	-	1,192	-	-	277	279	556
35	Nabeel Taufiq Khan (House No. Cb-216/A, Sirsyed Colony Shah Bibi Road, Rawalpindi)	Nabeel Taufiq Khan (37405-5249493-7)	Taufiq Waqi	2,793	140	-	2,933	-	-	736	438	1,174
36	The Awan Mini Goods Transport Co. (House # 511/B New Civil Lines Road Sahiwal)	Muhammad Usman Malik (36302-9047141-7)	Malik Mansab Ali	4,872	1,500	-	6,372	-	-	1,006	4,523	5,529

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				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
37	Zulfiqar Ali (Shop No 4, Zamzam Plaza, Main Bazar, Dhoke Abbasi, Tarnol, Islamabad)	Zulfiqar Ali (35202-1062345-9)	Abdul Sattar	3,163	603	-	3,766	-	-	769	1,189	1,958
38	Khalid Hussain (Alpa Sadhari Post Office Khas Tehsil Pattoki)	Khalid Hussain (35103-2182194-3)	Muhammad Soba Sardar	1,652	239	-	1,891	-	-	328	477	805
39	Abid Goods (Main Road Ahmed Pur Sial District Jhang)	Abid Ali (33203-1346105-7)	Ghulam Dastgeer	5,424	908	-	6,332	-	-	838	1,564	2,402
40	Muhammad Umar (Mujahid Road House No 19/427 Mohallah Wazir Pura Sialkot)	Muhammad Umar (34603-5361236-7)	Muhammad Zulfiqar	1,911	355	-	2,266	-	-	503	463	966
41	Muhammad Irfan (Masjid Roshan Ali Shah House No. Bii-346 Muhalla Aam Khas Bahawalpur)	Muhammad Irfan (31202-3580149-1)	Allah Dewaya	2,631	404	-	3,035	-	-	685	608	1,293
42	Muhammad Imran Afzal (House #24/4 Muhala Purani Mandi Adhan Road Pattoki District Kasur)	Muhammad Imran Afzal (35103-9036223-1)	Muhammad Afzal	2,716	375	-	3,091	-	-	652	592	1,244
43	Ali Raza (Gali Chiragh Din Streat #7 Muhala Purani Mandi Basti Bagh Ali Pattoki District Kasur)	Ali Raza (35103-2748559-7)	Muhammad Amin	2,682	337	-	3,019	-	-	605	553	1,158
44	Muhammad Saeed (Mangowal Gharbi Post Office Khas Gujrat)	Muhammad Saeed (34201-2362035-7)	Gulzar Ahmad	1,788	291	-	2,079	-	-	437	652	1,089
45	Naveed Ahmad (Shop # 316-A Makha Center Main Bazar Near Doctor Mukhtar Wali Gali Chungi Amar Sidhu Lahore)	Naveed Ahmad (35201-2800745-7)	Abdul Hameed	1,518	143	-	1,661	-	-	212	408	620
46	Rizwan Majeed Khan (House No 16 Street # 22 Peoples Colony Block X Gujranwala)	Rizwan Majeed Khan (34101-2505739-3)	Muhammad Majeed Khan	2,081	493	-	2,574	-	-	611	1,195	1,806
47	Sheikh Muhammad Sajjad (Shah Rukn E Alam Electronics Near Bank Al Habibi Hussain Agahi Road Multan)	Sheikh Muhammad Sajjad (36302-8731082-9)	Sheikh Muhammad Sajid	2,133	378	-	2,511	-	-	588	968	1,556
48	Syed Jawad Hussain Shah Bukhari (House # 32-A Gulfishan Colony Samanabad Lahore)	Syed Jawad Hussain Shah Bukhari (35202-7962572-9)	Syed Jamil Hussain Shah Bukhari	866	65	-	931	-	-	186	362	548

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				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
49	Sohail Abbas (Chah Kalian Wala Lillan, Mankera Bhakar)	Sohail Abbas (38104-9008533-9)	Ghulam Sarwar	1,022	104	-	1,126	-	-	137	646	783
50	Kashif Butt (Office No 2,Wazir Center,Ameer Ali Building,70 Railway Road Lahore)	Kashif Butt (35202-6342958-3)	Muhammad Arshad	1,795	110	-	1,905	-	-	466	310	776
51	Rana Muhammad Adnan (Basti Qasim Wala Gogran Khas Tehsil & District Lodhran)	Rana Muhammad Adnan (36203-6793327-3)	Ahmad Yar	981	78	-	1,059	-	-	237	365	602
52	Almas Bibi (House # 108-C-1 Valencia Town,Lahore)	Almas Bibi (35202-0733135-6)	Muhammad Akram Shakir	2,426	225	-	2,651	-	-	676	610	1,286
53	Khalid Mahmood (Basement Mediacom Trade City ,Jaranwala Road,Faisalabad)	Khalid Mahmood (33100-1779296-3)	Shaukat Ali	2,022	111	-	2,133	-	-	458	401	859
54	Imran Hassan Chishti (Zia Rice Mills Sahiwal Road Pakpattan)	Imran Hassan Chishti (36402-5776226-3)	Muhammad Hassan Chishti	2,443	108	-	2,551	-	-	557	448	1,005
55	Abdul Rehman (Peoples Colony Underpass, The Pakistan School Near Ajwa Rent A Car, Gujranwala)	Abdul Rehman (34101-0847155-1)	Shabbir Ahmad	1,928	135	-	2,063	-	-	537	344	881
56	Irfan Ul Haq (Post Office Khas Chak No 17/1-Al Tehsil Renala Khurd District Okara)	Irfan Ul Haq (35303-7761674-5)	Chaudhry Muhammad Shafqat	2,357	157	-	2,514	-	-	517	493	1,010
57	H.J.Textiles (P 4043 Street No. 5 Ashrafabad Hajiabad Faisalabad)	Hammad Ashfaq (33100-2270928-9)	Muhammad Ashfaq	-	3,775	-	3,775	-	-	1,679	-	1,679
58	S.K.S. Rice (Pvt) Limited (Flat # 7 Floor # 4, Central Plaa, Barkat Market, Garden Town, Lahore. , Lahore.)	Sikandar Hameed (42301-6852534-3) Mrs. Zuhra Sikanar (42301-2052891-4)	S/O Abdul Hameed W/O Sikandar Hameed	3,256	10,962	-	14,218	-	-	4,524	-	4,524
59	New Angola Enterprise (Pvt)Ltd (11-B/2 Shami Road, Lahore Cantt.)	Agha Najeeb Raza (35202-2421604-3) Sarfraz Ahmed (35202-2391281-5) Syed Zaigham Abbass Naqvi (35202-2345257-7)	Agha Nasir Ali Khan Abdul Raheem Syed Muhammad Saqlain Naqvi	1,534	24,626	-	26,160	-	-	13,653	-	13,653

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				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
60	Chenab Traders (Madina Chowk Alipur Chatah, Tehsil Wazirabad, District Gujranwala)	Amjad Perwaiz (34104-9836256-9)	Ashiq Ali	-	2,813	-	2,813	-	-	811	-	811
61	Hassan Sardar Rice Traders (Macca Rice Mills G.T.Road Kala Shah Kaku Tehsil Ferozewala)	Sardar Ahmed (35202-2520095-7)	Muhammad Tufail	400	6,872	-	7,272	-	-	3,508	-	3,508
62	Abbas Brothers (Adda Pull Khara Jalalpur Road, Shujabad)	Muhammad Raza Abbas (36302-0588559-3)	Sheikh Umar Ali	916	1,710	-	2,626	-	-	827	-	827
63	Data Ali Hajvery Provision & General (48-Awais Karni Road Islampura Lahore.)	"Sheikh Muhammad Anwar (35202-7005299-5)	Mian Fazal Karim	3,220	4,772	-	7,992	-	-	1,293	-	1,293
64	Al-Mashhood Enterprises (Highway Road Haroonabad, Dist. Bahawal Nagar.)	Muhammad Ahmad (31104-8689347-1)	Akber Ali	1,592	2,520	-	4,112	-	-	830	-	830
65	City Developers (H. # 692-E Shah Rukn-E-Alam Colony, Multan)	Tanveer Ahmad (36302-9062756-5)	Zaheer ud Din	14,460	33,823	-	48,283	-	-	13,782	-	13,782
66	Rana Traders (Approach Road Farooqabad)	Ishtiaq Ahmed (35404-1710751-1)	Mohammad Din	712	1,719	-	2,431	-	-	745	-	745
67	Sakhi Lal Shahbaz Corporation (Chak # 461/Eb Ludden Road Burewala)	Muhammad Shahbaz (36601-0523699-7)	Muhammad Tufail	956	5,617	-	6,573	-	-	2,168	-	2,168
68	Khan Agro Traders (Saif Nagar Alipur Road, Khangarh, Teh. & Dist. Muzaffargarh)	Nawabzada Imran Ahmad Khan (32304-1652121-3)	Nawabzad Iftikhar Ahmad Khan	5,339	13,411	-	18,750	-	-	4,599	-	4,599
69	Ch. Adil Iqbal Cheema (Agrimall Mouza Gunian Wala Tehsil Wazirabad, Dist. Gujranwalac)	Ch. Adil Iqbal Cheema (37405-5900127-3)	Ch. Muhammad Sarwar	-	28,842	-	28,842	-	-	10,826	-	10,826
70	Mian Brothers Oil Mills (Haroonabad Road Dahranwala.)	Muhammad Saeed (31102-2230192-1) Muhammad Irshad Khalid (31102-1296206-1)	Ch.Muhammad Saleem	5,067	3,205	-	8,272	-	-	1,801	-	1,801
71	H.S.Cotton Ginning Pressing / Oil Mill (Haroonabad Road Dahranwala)	Muhammad Saeed (31102-2230192-1) Muhammad Irshad Khalid (31102-1296206-1)	Ch.Muhammad Saleem	10,089	6,411	-	16,500	-	-	3,504	-	3,504
72	Ghazi Traders (Shah Saddar Din D. G. Khan)	Syed Husnain Raza (32102-7238923-9)	Nazir Hussain Shah	2,166	28,048	-	30,214	-	-	14,419	-	14,419

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				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
73	Malik Mohd. & Brothers (Dunyapur Road Road Kahrorpacca)	Sh. Maqbool Ahmed (36202-3685941-5)	Malik Muhammad	1,622	5,120	-	6,742	-	-	1,578	-	1,578
74	Syed Imdad Hussain (Shahzaman Park 17 K.M. Kot Abdul Malik Tehsil Ferozwala.)	Syed Imdad Hussain (35401-5759380-9)	Syed Gulzar Hussain Shah	723	4,356	-	5,079	-	-	1,694	-	1,694
75	Al-Saeed Cotton Industries (Chak # 79/M Galey Wal Road, Jalalpur Porwala)	Mian Saeed Ahmad (36301-0899977-5) Malik Ashiq Hussain (36301-2710654-9)	Mian Allah Wasaya Faiz Bux	14,876	32,871	-	47,747	-	-	15,747	-	15,747
76	Kwangmi Enterprises (Pansera Road Behind Gojra Floor Mills, Gojra)	Mrs.Farah Saeed (33301-2044906-6)	W/O Saeed Ahmed	1,122	2,486	-	3,608	-	-	978	-	978
77	F.A. Flour Mills (126-D Temple Road Lahore)	M.Mohad Hassan (35202-2486955-3)	Ata Muhammad	6,270	8,821	-	15,091	-	-	5,252	-	5,252
78	Choudhry Rice Export Processing Mil (Ittefaq Market Session/Station Chowk Civil Line Jhang Sadar)	Muhammad Abbas (33203-1468669-7) Nazia Sultana (33202-1247082-6) Imran Amir (38405-0271043-9)	Rasheed Khan Anwar ul Haq Inayat Ullah Khan	15,000	6,251	-	21,251	-	-	3,785	-	3,785
79	Farooq Murtaza Cotton Factory (Mochi Wala Road Gojra)	Ghulam Murtaza Khan (33301-3769154-9) Muhammad Aslam Khan (Deceased) Muhammad Latif Khan (33301-4488534-1)	Rasheed Khan Anwar ul Haq Inayat Ullah Khan	7,131	23,912	-	31,043	-	-	10,920	-	10,920
80	Abdul Aziz (Raneewal Syedan Fateh Pur Gujrat)	Abdul Aziz (34201-0647461-3)	Muhammad Khan	-	1,576	-	1,576	-	-	533	-	533
81	Sheikh Brothers Flour Mills (45-C Mohani Road Lahore)	Mohsin Akbar (35202-8371949-3)	Mian Muhammad Akbar	586	6,955	-	7,541	-	-	2,414	-	2,414
82	Super Trunk House (Civil Hospital Road Tehsil Kahuta Dist. Rawalpindi.)	Muhammad Pervaiz (37402-5570806-5)	Muhammad Ibrahim	1,138	2,053	-	3,191	1,138	-	2,275	-	3,413
83	Chishti Traders (Grain Market Bahawalnagar)	Ali Hassan Chishti (31101-2196246-3)	Ghulam Rasool Chishti	1,485	1,901	-	3,386	-	-	707	-	707
84	Siddiqui Engineering Works (A/7, House# 202, Karim Block Allama Iqbal Town, Lahore)	Muhammad Kamran Siddiqui (35202-9072393-3)	Muhammad Imran Siddiqui	5,836	9,935	-	15,771	-	-	4,093	-	4,093
85	Saqib Zulfiqar Commission Shop (New Ghalla Mandi Kamoke)	Zulfiqar Ahmad (34102-5175935-5)	Mahmood Khan	25	1,725	-	1,750	-	-	739	-	739

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1	2	3	4	5	6	7	8	9	10	11	12	13
							Rupees in '000'					
86	Irfan Packages (Opposite Chohan Road Telephone Exchange Near Shaheen Pvc 1/2 K.M. West Of Sagiyan Bridge Bund Road, Lahore.)	Zeeshan Butt (35201-9809395-1)	Muhammad Irfan Butt	7,585	5,054	-	12,639	-	-	1,992	-	1,992
87	Muhammad Asif (Nai Abadi Kulala Saidan, District Mandi Bahaudin.)	Muhammad Asif (34402-7133679-9)	Abdul Khaliq	7,500	3,468	-	10,968	-	-	2,046	-	2,046
88	Jaffar (Jaffar Agrimall Kalsian Bhattian, District Sheikhupura)	Jaffar Hussain (34540-3567873-9)	Muhammad Yaar	16,333	31,320	-	47,653	-	-	14,810	-	14,810
89	City Agro (102-104 Mall Plaza Multan Cantt.)	Syed Hammad Raza (36302-6934612-9) Azhar Nawaz (36302-6132586-1) Athar Nawaz (36302-0469516-7)	Syed Murtaza Shah Mazhar Nawaz Mazhar Nawaz	5,559	17,323	-	22,882	-	-	5,296	-	5,296
90	Ahmad Rizwan Ahmed (Akbar-E-Azam Marriage Hall 31-A, 32-B, Urdu Nagar Main Boulevard Gulshan-E-Ravi, Lahore.)	Ahmad Rizwan Ahmed (Deceased) (35202-7208879-1)	Khushnood Ahmed	1,785	2,792	-	4,577	-	-	1,685	-	1,685
91	Khosa Tractors (D. G. Khan Road Jampur)	Siddique Akber Khan Khosa (32102-3807078-1)	Haji Karam Khan	4,543	7,566	-	12,109	-	-	3,749	-	3,749
92	Husnain Traders (Shah Saddar Din D.G. Khan)	Syed Nazir Hussain Shah (32102-4032884-3)	Muhammad Hayat Shah	2,475	5,462	-	7,937	-	-	2,419	-	2,419
93	M.Ashraf / Bros (Chak # 40 Jaggoo Pattoki Distt. Kasur)	Muhammad Ashraf (35301-1854202-7)	Muhammad Shafi	1,649	1,486	-	3,135	-	-	823	-	823
94	Evernew Entertainment (Pvt) Ltd (Evernew Studios Multan Road, Lahore)	Sajjad Ahmed Gul (35202-2165023-1) Ghulam Ahmed Gul (35202-7305559-5) Salman Ahmed Gul (35202-0701455-9)	Ghulam Ahmed Gul Sajjad Ahmed Gul Sajjad Ahmed Gul	-	96,934	-	96,934	-	-	24,549	-	24,549
95	Chimera (Pvt) Ltd (1) 32/i-A, Lawrence Road, Lhr., (2) 93-D-1, Main Boulevard Gulberg, Lhr.	Aamir Saleem Anwar Khan (35202-3418643-7) Tahir saleem Anwar Khan (35202-2713059-1) Nasir Saleem Anwar Khan (35200-6304912-5)	Muhammad Anwar Khan Muhammad Anwar Khan Muhammad Anwar Khan	443,362	1,169,181	-	1,612,543	-	-	1,251,893	-	1,251,893

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				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
				Rupees in '000'								
96	Haider Electrical Industry Plot # 51-A, SIE # 01, Gujaranwala	Ghulam Haider (34101-6867377-1) Rizwan Ahmad (34101-2538434-5) Hassan Mahmood (34101-4978073-3)	Muhammad Younas Muhammad Younas Muhammad Younas	42,579	26,120	-	68,699	-	-	16,867	-	16,867
97	Rana Fabrics Pvt. Limited (25-Km Sheikhupura Road, Faisalabad)	Rana Zahid Tauseef (33100-0672286-7) Rana Asif Tauseef (33100-0672190-5) Rana Arif Tauseef (Deceased) (33100-0708556-3) Rana Atif Tauseef (Deceased) (33100-0695537-3) Daniyal Abid (33100-5976024-1) Shariq Ahmed (33100-3791126-9)	Rana Tauseef Ali Khan Rana Tauseef Ali Khan Rana Tauseef Ali Khan Rana Tauseef Ali Khan Rana Atif Tauseef Rana Arif Tauseef	6,001	44,595	-	50,596	-	-	41,226	-	41,226
98	Lahore Chatkhara 14- First Floor, Main Block, Fortress Stadium, Lahore	Shah Shamyl Alam (35201-2889730-7) Shah Qublali Alam (35200-1469061-1) Tameez-un-Nisa (35201-1223695-2)	Shah Rafi Alam Shah Rafi Alam Shah Rafi Alam	48,513	97,658	-	146,171	-	-	38,509	-	38,509
				830,567	1,914,917	-	2,745,484	1,138	-	1,640,077	19,859	1,661,074

ISLAMIC BANKING BUSINESS

The Bank has started Islamic banking operations in the year 2013. As at close of the December 31, 2023, the Bank is operating 160 Islamic banking branches (2022: 140 Islamic banking branches) and 73 Islamic banking windows (2022: 40 Islamic banking windows).

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	Note	2023	2022
		'Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		8,872,231	8,122,079
Balances with other banks		551,223	735,567
Due from financial institutions	1	3,935,000	17,575,000
Investments	2	41,712,785	32,390,721
Islamic financing and related assets - net	3	106,772,301	56,147,182
Fixed assets		3,770,389	3,209,170
Intangible assets		9,416	6,298
Due from Head Office		–	2,723,384
Other assets		8,323,643	4,873,102
Total assets		173,946,988	125,782,503
LIABILITIES			
Bills payable		710,834	647,861
Due to financial institutions	4	2,223,337	1,526,711
Deposits and other accounts	5	113,332,498	111,646,763
Due to head office		38,936,868	–
Subordinated debt		–	–
Other liabilities		7,280,526	5,923,064
		162,484,063	119,744,399
NET ASSETS		11,462,925	6,038,104
REPRESENTED BY			
Islamic banking fund		2,000,000	2,000,000
Reserves		98,651	26,464
Deficit on revaluation of assets		(1,029,266)	(629,134)
Unappropriated profit	6	10,393,540	4,640,774
		11,462,925	6,038,104
CONTINGENCIES AND COMMITMENTS	7		

ISLAMIC BANKING BUSINESS PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2023

	Note	2023	2022
		'Rupees in '000'	
Profit / return earned	8	22,723,664	10,396,220
Profit / return expensed	9	13,680,296	5,734,502
Net profit / return		9,043,368	4,661,718
Fee and commission income		451,079	263,998
Dividend income		–	–
Foreign exchange loss		(9,775)	(11,228)
Income / (loss) from derivatives		–	–
Gain on securities		5,914	3
Other income		23,764	4,792
		470,982	257,565
Total income		9,514,350	4,919,283
Other expenses			
Operating expenses		3,552,815	2,660,175
Workers welfare fund		–	–
Other charges		67	–
		3,552,882	2,660,175
Profit before provisions		5,961,468	2,259,108
Provisions and write offs – net		208,702	168,466
Profit before taxation		5,752,766	2,090,642
Taxation	10	–	–
Profit after taxation		5,752,766	2,090,642

ISLAMIC BANKING BUSINESS - CASH FLOW STATEMENT

For the year ended December 31, 2023

	2023	2022
	'Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,752,766	2,090,642
Less: dividend income	–	–
	5,752,766	2,090,642
Adjustments for:		
Depreciation on fixed assets	154,048	104,472
Amortization on intangible a	1,386	880
Depreciation on ijarah assets under IFAS – 2	186,585	134,532
Depreciation right–of–use assets	305,643	239,669
Markup on lease liability against right–of–use assets	369,291	272,798
Amortization of premium on debt securities – net	95,371	92,254
(Gain) / Loss on termination of lease liability against right–of–use assets	(17,318)	1,198
Gain on sale of property and equipment – net	(207)	(2,307)
Provision and write–offs – net	208,702	168,466
	1,303,501	1,011,962
	7,056,267	3,102,604
(Increase) / decrease in operating assets:		
Lendings to financial institutions	13,640,000	(13,075,000)
Advances	(51,020,357)	(7,417,736)
Others assets	(727,205)	(5,753,950)
	(38,107,562)	(26,246,686)
Increase in operating liabilities:		
Bills payable	62,973	259,262
Due to financial institutions	696,626	615,302
Deposits and other accounts	1,685,735	32,440,667
Other liabilities	39,966,086	2,484,723
	42,411,420	35,799,954
Net cash flow from operating activities	11,360,125	12,655,872
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(9,817,568)	(16,539,855)
Investments in fixed assets & intangible assets	(525,245)	(470,533)
Net cash used in investing activities	(10,342,813)	(17,010,388)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right–of–use assets	(451,504)	(375,380)
Net cash used in financing activities	(451,504)	(375,380)
Net increase / (decrease) in cash and cash equivalents	565,808	(4,729,896)
Cash and cash equivalents at beginning of the year	8,857,646	13,587,542
Cash and cash equivalents at end of the year	9,423,454	8,857,646

1 DUE FROM FINANCIAL INSTITUTIONS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	'Rupees in '000'					
Unsecured	3,935,000	–	3,935,000	17,575,000	–	17,575,000

2 INVESTMENTS BY SEGMENTS

	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
	'Rupees in '000'							
Federal government securities:								
– Ijarah sukuks	30,812,638	–	(1,134,412)	29,678,226	21,243,759	–	(669,504)	20,574,255
– Naya Pakistan Certificates	478,145	–	–	478,145	682,588	–	–	682,588
	31,290,783	–	(1,134,412)	30,156,371	21,926,347	–	(669,504)	21,256,843
Non government debt securities								
– Listed	8,330,059	–	10,840	8,340,899	8,393,936	–	(53,935)	8,340,001
– Unlisted	3,215,515	–	–	3,215,515	2,793,877	–	–	2,793,877
	11,545,574	–	10,840	11,556,414	11,187,813	–	(53,935)	11,133,878
Total investments	42,836,357	–	(1,123,572)	41,712,785	33,114,160	–	(723,439)	32,390,721

	Note	2023	2022
		'Rupees in '000'	
3 ISLAMIC FINANCING AND RELATED ASSETS - NET			
Ijarah	3.1	2,451,160	2,461,557
Murabaha	3.2	977,303	4,870,837
Musharaka		47,100,860	14,045,205
Diminishing musharaka		40,720,767	27,207,841
Waqala		5,155,929	3,203,972
Istisna		7,001,913	5,209,531
Payment against documents		305,304	55,304
Musawamah financing		4,530,852	574,056
Tijarah financing		335,812	117,825
Gross islamic financing and related assets		108,579,900	57,746,128
Less: provision against islamic financings			
- Specific		1,807,599	1,598,946
- General		–	–
		1,807,599	1,598,946
Islamic financing and related assets - net of provision		106,772,301	56,147,182

		2023							
		Cost			Depreciation				Book value as at Dec 31, 2023
		As at Jan 01, 2023	Additions	Deletion/ adjustment	As at Dec 31, 2023	As at Jan 01, 2023	Deletion/ adjustment	Charge for the year	As at Dec 31, 2023
		'Rupees in '000'							
3.1	Ijarah								
	Plant and machinery	29,766	–	–	29,766	10,296	–	8,155	18,451	11,315
	Vehicles	1,055,336	698,528	(319,414)	1,434,450	237,656	(203,176)	178,430	212,910	1,221,540
	Equipment	176,597	–	–	176,597	176,597	–	–	176,597	–
	Service Ijarah	1,624,407	–	(406,102)	1,218,305	–	–	–	–	1,218,305
	Total	2,886,106	698,528	(725,516)	2,859,118	424,549	(203,176)	186,585	407,958	2,451,160

		2022							
		Cost			Depreciation				Book value as at Dec 31, 2023
		As at Jan 01, 2023	Additions	Deletion/ adjustment	As at Dec 31, 2023	As at Jan 01, 2023	Deletion/ adjustment	Charge for the year	As at Dec 31, 2023
		'Rupees in '000'							
	Plant and machinery	46,820	26,946	(44,000)	29,766	14,761	(15,006)	10,541	10,296	19,470
	Vehicles	740,864	568,364	(253,892)	1,055,336	341,265	(227,600)	123,991	237,656	817,680
	Equipment	123,084	–	53,513	176,597	103,391	73,206	–	176,597	–
	Service Ijarah	1,624,407	–	–	1,624,407	–	–	–	–	1,624,407
	Total	2,535,175	595,310	(244,379)	2,886,106	459,417	(169,400)	134,532	424,549	2,461,557

3.1.1 Future ijarah payments receivable

	2023				2022			
	Not later than one year	Later than one and less than five than five	Over five years	Total	Not later than one year	Later than one and less than five than five	Over five years	Total
	'Rupees in '000'							
Ijarah rental receivables	601,756	1,843,057	6,347	2,451,160	308,729	2,123,251	29,577	2,461,557

		Note	2023	2022
			'Rupees in '000'	
3.2	**Murabaha**			
	Murabaha financing	3.2.1	918,310	4,361,463
	Advances for murabaha		58,993	509,374
			977,303	4,870,837
3.2.1	**Murabaha receivable - gross**	3.2.2	1,000,684	4,893,318
	Deferred murabaha income	3.2.4	(45,018)	(144,463)
	Profit receivable shown in other assets		(37,356)	(387,392)
	Murabaha financings		918,310	4,361,463

		2023	2022
		'Rupees in '000'	
3.2.2	**The movement in murabaha financing during the year is as follows:**		
	Opening balance	4,893,318	2,137,662
	Sales during the year	4,563,331	8,213,223
	Adjusted during the year	(8,455,965)	(5,457,567)
	Closing balance	1,000,684	4,893,318
3.2.3	**Murabaha sale price**	1,113,329	5,210,163
	Murabaha purchase price	(918,310)	(4,361,463)
		195,019	848,700
3.2.4	**Deferred murabaha income**		
	Opening balance	144,463	43,890
	Arising during the year	366,571	500,993
	Recognized during the year	(466,016)	(400,420)
	Closing balance	45,018	144,463

3.3 Islamic financing and related assets include Rs. 3,170,176 thousand (2022: Rs. 3,076,179 thousand) which have been placed under non-performing status.

		Note	2023	2022
			'Rupees in '000'	
4	**DUE TO FINANCIAL INSTITUTIONS**			
	Islamic export refinance scheme (IERF)	4.1	720,000	–
	Islamic long term financing facility (ILTFF)	4.2	106,636	50,000
	Finance Facility for Islamic Temporary Economic Refinance Facility (ITERF)	4.3	1,396,701	1,476,711
			2,223,337	1,526,711

4.1 These represent borrowings made under the scheme for providing financing to exporters for adoption of new technologies and modernizaton of plant and machinery. These borrowings carry profit payable quarterly at 18.0% per annum (2022: nil per annum) with maturities upto May 20, 2024.

4.2 This amount has been obtained for providing islamic long term finance to customers. The Bank has granted the SBP right to recover outstanding amount from the Bank at date of maturity of finance by directly debiting current account maintained by the Bank with the SBP. Mark-up on these borrowings is payable quarterly at rates ranging from 4.00% to 16.00% per annum (2022: 4.00% per annum) with maturities upto January 14, 2024.

4.3 These represent borrowings under scheme of temporary relief refinance facility (TERF). Mark-up on these borrowings is payable quarterly at rate of 1.00% per annum (2022: 1.00% per annum) with maturities upto Februray 26, 2024.

5 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	'Rupees in '000'					
Customers:						
Current deposits	19,828,751	567,074	20,395,825	16,598,382	513,205	17,111,587
Savings deposits	66,146,832	562,048	66,708,880	55,880,913	289,392	56,170,305
Term deposits	14,863,624	913,660	15,777,284	15,066,050	–	15,066,050
Others	5,824,378	–	5,824,378	1,499,138	–	1,499,138
	106,663,585	2,042,782	108,706,367	89,044,483	802,597	89,847,080
Financial institutions						
Current deposits	31,400	19,425	50,825	100,316	71,130	171,446
Savings deposits	4,574,897	239	4,575,136	2,753,014	223	2,753,237
Term deposits	–	–	–	18,875,000	–	18,875,000
Others	170	–	170	–	–	–
	4,606,467	19,664	4,626,131	21,728,330	71,353	21,799,683
	111,270,052	2,062,446	113,332,498	110,772,813	873,950	111,646,763

		2023	2022
		'Rupees in '000'	
5.1	**Composition of deposits**		
	– Individuals	17,037,291	18,701,425
	– Private sector	49,316,768	35,325,095
	– Government	40,787,855	33,778,545
	– Public sector entities	1,564,453	2,042,015
	– Banking companies	108,459	56,896
	– Non–banking financial institutions	4,517,672	21,742,787
		113,332,498	111,646,763

5.2 This includes deposits eligible to be covered under insurance arrangements of Deposit Protection Corporation amounted to Rs. 58,910,608 thousand (2022: Rs 46,855,769 thousand).

		2023	2022
		'Rupees in '000'	
6	**ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT**		
	Opening balance	4,640,774	2,550,132
	Islamic banking profit for the year	5,752,766	2,090,642
	Closing balance	10,393,540	4,640,774
7	**CONTINGENCIES AND COMMITMENTS**		
	– Guarantees	2,109,817	2,049,966
	– Commitments	16,668,513	16,235,997
		18,778,330	18,285,963
7.1	**Guarantees:**		
	Financial guarantees	18,200	43,200
	Performance guarantees	877,740	926,842
	Other guarantees	1,213,877	1,079,924
		2,109,817	2,049,966

		Note	2023	2022
			'Rupees in '000'	
7.2	**Commitments:**			
	Documentary credits and short–term trade–related transactions – letters of credit		5,782,258	4,822,785
	Commitments in respect of – forward lending	7.2.1	10,886,255	11,413,212
			16,668,513	16,235,997
7.2.1	**Commitments in respect of forward lending**			
	Undrawn formal standby facilities, credit lines and other commitments to lend		10,886,255	11,413,212

7.2.1.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. In addition, the Bank makes revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

7.2.3 Claims against the Bank not acknowledged as debts

An amount of Nil (2022: Nil) involved in the claims filed against the Bank are yet to be adjudicated by the concerned Courts as the same have been filed as outburst to Bank's recovery suits. Uptill now, in no case, any claim has been adjudicated, determined or decreed by the Courts against the Bank. Moreover, there is no likelihood of decreeing the suits against the Bank because, the claims are frivolous.

		2023	2022
		'Rupees in '000'	
8	**PROFIT / RETURN EARNED OF FINANCING, INVESTMENTS AND PLACEMENT**		
	Profit earned on:		
	Financing	16,060,426	6,373,930
	Investments	5,777,055	3,175,181
	Placements	886,173	665,625
	Deposits with financial institutions	10	181,484
		22,723,664	10,396,220
9	**PROFIT ON DEPOSITS AND OTHER DUES EXPENSED**		
	Deposits and other accounts	11,349,364	5,124,753
	Markup on lease liability against right–of–use assets	369,291	272,798
	Markup on borrowings from SBP	53,668	11,963
	Profit on deposits from conventional Head Office	1,907,973	324,988
		13,680,296	5,734,502

10 The Bank calculates and files a single corporate tax return as per the requirements of Income Tax Ordinance, 2001. Segmental calculation is not required for filing. However, considering the format requirement of the financial statements to disclose Islamic Banking segment's tax charge separately, a notional net tax charge for Islamic Banking is expected to be Rs. 2,688,843 thousand (2022: Rs. 866,780 thousand).

		Note	2023	2022
			'Rupees in '000'	
11	**CHARITY FUND**			
	Opening balance		4,207	–
	Additions during the year :			
	Received from customers on account of delayed payment		45,531	14,019
	Profit on charity saving account		1,455	188
			46,986	14,207
	Payments / utilization during the year :			
	Welfare works	11.1	(6,872)	(10,000)
	Health		(5,000)	–
			(11,872)	(10,000)
	Closing balance		39,321	4,207

11.1 The Islamic Banking Division of the Bank paid Rs. Nil (2022: Rs. 10,000) to CM flood relief fund.

12 POOL MANAGEMENT

12.1 maintaining following pools for profit

i) General pool	xv) Special pool–XXI	xxix) Special pool–XXXV
ii) Special pool–I (Equity)	xvi) Special pool–XXII	xxx) Special pool–XXXVI
iii) Special pool–II	xvii) Special pool–XXIII	xxxi) Special pool–XXXVII
iv) Special pool–IV	xviii) Special pool–XXIV	xxxii) Special pool–XXXVIII
v) Special pool–VII (PER)	xix) Special pool–XXV	xxxiii) Special pool–XXXIX
vi) Special pool–IX	xx) Special pool–XXVI	xxxiv) Special pool–XXXX
vii) Special pool–XIII	xxi) Special pool–XXVII (IERS Pool)	xxxv) Taqwa Foreign Currency USD Pool
viii) Special pool–XIV	xxii) Special pool–XXVIII	xxxvi) Taqwa Foreign Currency GBP Pool
ix) Special pool–XV	xxiii) Special pool–XXIX	xxxvii) Taqwa Foreign Currency EURO Pool
x) Special pool–XVI	xxiv) Special pool–XXX	xxxviiii) USD special pool–I
xi) Special pool–XVII	xxv) Special pool–XXXI	xxxix) USD special pool–II
xii) Special pool–XVIII	xxvi) Special pool–XXXII	xxxx) USD special pool–III
xiii) Special pool–XIX	xxvii) Special pool–XXXIII	xxxxi) USD special pool–IV
xiv) Special pool–XX	xxviii) Special pool–XXXIV	xxxxii) EURO special pool–I

12.2 General pool

The general pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as fund manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre–defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP–Islamic Banking Division (IBD) as Mudarib.

a) Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in Mudaraba based depositors' accounts and paid as per pre defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit / fund
- Payment cycle of profit on such deposit / fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP–IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment.
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

12.3 Special pools

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from BOP head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre–defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by BOP–TAQWA as Mudarib.

a) Weightages for distribution of profit in special pools

Profit is calculated on daily product basis and paid as per pre defined weightages.
While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit / fund.
- Payment cycle of profit on such deposit / fund, i.e. monthly, quarterly or on maturity
- Magnitude of risk

b) Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by BOP–IBD as Mudarib.

c) Parameters associated with risk and rewards

Following are the consideration attached with risk & reward of general pool:

- Period, return, safety, security and liquidity of investment
- Financing proposals under process at various stages and likely to be extended in the near future.
- Expected withdrawals of deposits according to the maturities affecting the deposit base.
- Maturities of funds obtained from principal office, islamic banking institutions and shariah compliant organizations as regulated in Pakistan.
- Element of risk attached to various types of investments.
- SBP rules & shariah clearance.

12.4 Avenues / sectors of economy / business where mudaraba based deposits have been deployed:

	2023	2022
	'Rupees in '000'	
Federal and provincial governments	26,620,408	14,201,310
Placement with Financial Institutions	3,935,000	17,575,000
Ijara sukuk	29,678,226	21,243,759
Transport, storage, logistics and communication	129,533	1,169,085
Manufacturing and trading of food items	3,010,253	2,030,328
Manufacture of pesticides and other agro–chemical product	762,060	–
Power generation	22,444,837	18,069,018
Manufacture of paper, paperboard and products thereof	33,000	397,963
Consumer car Ijarah	826,285	533,690
Consumer Housing / LCH	1,808,064	1,263,074
Textile composite / other	7,635,217	4,298,199
Cement & allied	4,190,510	2,639,386
Iron & steel industry	1,980,277	1,892,511
Rubber / plastic products etc.	104,550	–
Others	51,620,688	23,857,534
	154,778,908	109,170,857

12.5 Charging expenses

The direct expenses are being charged to the pool, while indirect expenses including the establishment cost is being borne by BOP IBD as Mudarib. The direct expenses to be charged to the pool may include cost of sales of inventories, insurance / takaful expenses of pool assets, stamp fee or documentation charges, brokerage fee for purchase of securities/commodities etc.

	2023	2022
	'Rupees in '000'	
Provisions		
Murabaha	1,732	32,150
Istisna	–	–
Ijarah	199,023	179,760
Diminishing Musharika	1,606,844	1,387,036
	1,807,599	1,598,946

12.6 Mudarib share (in amount and percentage of distributable income):

	2023		2022	
	Rupees in '000'	Percentage %	Rupees in '000'	Percentage %
Rabbul mal	12,953,960	68.30%	5,433,763	65.90%
Mudarib	6,011,837	31.70%	2,811,914	34.10%
Distributable income	18,965,797	100.00%	8,245,677	100.00%

12.7 Amount & percentage of mudarib share transferred to depositors through Hiba:

	2023	2022
	'Rupees in '000'	
Mudarib share	6,011,837	2,811,914
Hiba	69,886	180,413
Hiba percentage of mudarib share	1.16%	6.42%

This is not a special hiba as such. This hiba has been distributed across the Board to all the account holders.

12.8 Profit rate earned vs. profit rate distributed to the depositors during the year:

	2023	2022
	'Rupees in '000'	
Profit rate earned	18.21%	11.79%
Profit rates distributed to depositors	11.37%	6.53%



STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

PATTERN OF SHAREHOLDING OF SHARES

As on 31-12-2023

No. of Shareholders			Shareholding				Total Shares Held			Percentage
			From		To					
Physical	CDC	Total					Physical	CDC	Total	
935	1,299	2,234	FROM	1	TO	100	32,906	45,131	78,037	0.0024
1,412	1,427	2,839	FROM	101	TO	500	373,104	418,753	791,857	0.0242
646	1,564	2,210	FROM	501	TO	1,000	463,613	1,136,646	1,600,259	0.0489
1,073	4,454	5,527	FROM	1,001	TO	5,000	2,292,583	11,425,941	13,718,524	0.4193
178	1,669	1,847	FROM	5,001	TO	10,000	1,234,396	12,485,267	13,719,663	0.4194
54	879	933	FROM	10,001	TO	15,000	673,907	11,075,023	11,748,930	0.3591
30	501	531	FROM	15,001	TO	20,000	520,648	8,997,223	9,517,871	0.2909
22	400	422	FROM	20,001	TO	25,000	499,445	9,330,433	9,829,878	0.3005
15	267	282	FROM	25,001	TO	30,000	407,442	7,456,787	7,864,229	0.2404
45	241	286	FROM	30,001	TO	35,000	1,459,542	7,818,888	9,278,430	0.2836
3	206	209	FROM	35,001	TO	40,000	113,746	7,832,155	7,945,901	0.2429
6	114	120	FROM	40,001	TO	45,000	252,550	4,876,698	5,129,248	0.1568
3	218	221	FROM	45,001	TO	50,000	144,988	10,685,942	10,830,930	0.3311
2	92	94	FROM	50,001	TO	55,000	103,968	4,852,514	4,956,482	0.1515
1	88	89	FROM	55,001	TO	60,000	59,944	5,088,977	5,148,921	0.1574
2	130	132	FROM	60,001	TO	65,000	123,397	8,110,172	8,233,569	0.2517
1	68	69	FROM	65,001	TO	70,000	65,116	4,613,946	4,679,062	0.1430
2	60	62	FROM	70,001	TO	75,000	146,392	4,397,185	4,543,577	0.1389
	60	60	FROM	75,001	TO	80,000		4,675,359	4,675,359	0.1429
1	40	41	FROM	80,001	TO	85,000	84,748	3,298,392	3,383,140	0.1034
	51	51	FROM	85,001	TO	90,000		4,463,588	4,463,588	0.1364
	49	49	FROM	90,001	TO	95,000		4,553,536	4,553,536	0.1392
1	129	130	FROM	95,001	TO	100,000	98,766	12,820,265	12,919,031	0.3949
	36	36	FROM	100,001	TO	105,000		3,669,263	3,669,263	0.1122
	47	47	FROM	105,001	TO	110,000		5,093,471	5,093,471	0.1557
2	29	31	FROM	110,001	TO	115,000	223,875	3,270,719	3,494,594	0.1068
	26	26	FROM	115,001	TO	120,000		3,059,415	3,059,415	0.0935
	79	79	FROM	120,001	TO	125,000		9,765,023	9,765,023	0.2985
	28	28	FROM	125,001	TO	130,000		3,571,310	3,571,310	0.1092
	26	26	FROM	130,001	TO	135,000		3,440,964	3,440,964	0.1052
	26	26	FROM	135,001	TO	140,000		3,583,010	3,583,010	0.1095
1	18	19	FROM	140,001	TO	145,000	141,728	2,573,996	2,715,724	0.0830
	41	41	FROM	145,001	TO	150,000		6,109,927	6,109,927	0.1868
	19	19	FROM	150,001	TO	155,000		2,913,372	2,913,372	0.0891
	16	16	FROM	155,001	TO	160,000		2,542,878	2,542,878	0.0777
	20	20	FROM	160,001	TO	165,000		3,255,785	3,255,785	0.0995
	10	10	FROM	165,001	TO	170,000		1,675,322	1,675,322	0.0512
	11	11	FROM	170,001	TO	175,000		1,902,385	1,902,385	0.0581
	16	16	FROM	175,001	TO	180,000		2,853,895	2,853,895	0.0872
	10	10	FROM	180,001	TO	185,000		1,824,005	1,824,005	0.0558
	17	17	FROM	185,001	TO	190,000		3,176,523	3,176,523	0.0971
	10	10	FROM	190,001	TO	195,000		1,927,986	1,927,986	0.0589
	44	44	FROM	195,001	TO	200,000		8,774,188	8,774,188	0.2682

No. of Shareholders			Shareholding						Percentage
			From		To			Total Shares Held	
Physical	CDC	Total				Physical	CDC	Total	
	13	13	FROM	200,001	TO	205,000	2,631,235	2,631,235	0.0804
	5	5	FROM	205,001	TO	210,000	1,046,280	1,046,280	0.0320
	12	12	FROM	210,001	TO	215,000	2,553,325	2,553,325	0.0780
	13	13	FROM	215,001	TO	220,000	2,845,718	2,845,718	0.0870
	8	8	FROM	220,001	TO	225,000	1,778,577	1,778,577	0.0544
	10	10	FROM	225,001	TO	230,000	2,283,346	2,283,346	0.0698
1	4	5	FROM	230,001	TO	235,000	234,679	934,620	1,169,299	0.0357
	4	4	FROM	235,001	TO	240,000	953,692	953,692	0.0292
	5	5	FROM	240,001	TO	245,000	1,221,212	1,221,212	0.0373
	36	36	FROM	245,001	TO	250,000	8,937,425	8,937,425	0.2732
	8	8	FROM	250,001	TO	255,000	2,020,625	2,020,625	0.0618
	7	7	FROM	255,001	TO	260,000	1,809,969	1,809,969	0.0553
	8	8	FROM	260,001	TO	265,000	2,105,476	2,105,476	0.0644
	5	5	FROM	265,001	TO	270,000	1,339,325	1,339,325	0.0409
	9	9	FROM	270,001	TO	275,000	2,457,743	2,457,743	0.0751
	11	11	FROM	275,001	TO	280,000	3,054,045	3,054,045	0.0934
	7	7	FROM	280,001	TO	285,000	1,981,407	1,981,407	0.0606
	3	3	FROM	285,001	TO	290,000	867,100	867,100	0.0265
	7	7	FROM	290,001	TO	295,000	2,044,705	2,044,705	0.0625
	27	27	FROM	295,001	TO	300,000	8,078,604	8,078,604	0.2469
	11	11	FROM	300,001	TO	305,000	3,331,353	3,331,353	0.1018
	16	16	FROM	305,001	TO	310,000	4,943,637	4,943,637	0.1511
	3	3	FROM	310,001	TO	315,000	943,025	943,025	0.0288
	5	5	FROM	315,001	TO	320,000	1,583,429	1,583,429	0.0484
	8	8	FROM	320,001	TO	325,000	2,580,003	2,580,003	0.0789
	3	3	FROM	325,001	TO	330,000	983,772	983,772	0.0301
	7	7	FROM	330,001	TO	335,000	2,322,760	2,322,760	0.0710
	3	3	FROM	335,001	TO	340,000	1,009,014	1,009,014	0.0308
	5	5	FROM	340,001	TO	345,000	1,713,592	1,713,592	0.0524
	9	9	FROM	345,001	TO	350,000	3,142,105	3,142,105	0.0960
	2	2	FROM	350,001	TO	355,000	708,000	708,000	0.0216
	2	2	FROM	355,001	TO	360,000	713,617	713,617	0.0218
	12	12	FROM	370,001	TO	375,000	4,472,315	4,472,315	0.1367
	5	5	FROM	375,001	TO	380,000	1,883,459	1,883,459	0.0576
	1	1	FROM	380,001	TO	385,000	383,005	383,005	0.0117
	3	3	FROM	385,001	TO	390,000	1,161,385	1,161,385	0.0355
	4	4	FROM	390,001	TO	395,000	1,576,087	1,576,087	0.0482
	8	8	FROM	395,001	TO	400,000	3,197,535	3,197,535	0.0977
	4	4	FROM	400,001	TO	405,000	1,603,862	1,603,862	0.0490
	6	6	FROM	405,001	TO	410,000	2,447,909	2,447,909	0.0748
	5	5	FROM	410,001	TO	415,000	2,066,819	2,066,819	0.0632
	3	3	FROM	420,001	TO	425,000	1,271,875	1,271,875	0.0389
	3	3	FROM	425,001	TO	430,000	1,280,452	1,280,452	0.0391
	5	5	FROM	430,001	TO	435,000	2,165,513	2,165,513	0.0662

No. of Shareholders			Shareholding				Percentage		
			From		To				
Physical	CDC	Total				Physical	CDC	Total Shares Held	
	3	3	FROM	435,001	TO	440,000	1,319,230	1,319,230	0.0403
	4	4	FROM	440,001	TO	445,000	1,768,923	1,768,923	0.0541
	4	4	FROM	445,001	TO	450,000	1,799,479	1,799,479	0.0550
	8	8	FROM	450,001	TO	455,000	3,618,927	3,618,927	0.1106
	1	1	FROM	460,001	TO	465,000	465,000	465,000	0.0142
	2	2	FROM	465,001	TO	470,000	935,687	935,687	0.0286
	2	2	FROM	470,001	TO	475,000	945,068	945,068	0.0289
	2	2	FROM	475,001	TO	480,000	952,524	952,524	0.0291
	2	2	FROM	485,001	TO	490,000	978,035	978,035	0.0299
	7	7	FROM	490,001	TO	495,000	3,460,100	3,460,100	0.1058
	24	24	FROM	495,001	TO	500,000	11,991,665	11,991,665	0.3665
	3	3	FROM	500,001	TO	505,000	1,508,812	1,508,812	0.0461
	2	2	FROM	505,001	TO	510,000	1,013,576	1,013,576	0.0310
	1	1	FROM	510,001	TO	515,000	513,562	513,562	0.0157
	1	1	FROM	515,001	TO	520,000	519,987	519,987	0.0159
	5	5	FROM	520,001	TO	525,000	2,619,326	2,619,326	0.0801
	4	4	FROM	525,001	TO	530,000	2,110,087	2,110,087	0.0645
	1	1	FROM	530,001	TO	535,000	535,000	535,000	0.0164
	1	1	FROM	540,001	TO	545,000	540,168	540,168	0.0165
	3	3	FROM	545,001	TO	550,000	1,648,600	1,648,600	0.0504
	2	2	FROM	550,001	TO	555,000	1,105,805	1,105,805	0.0338
	4	4	FROM	555,001	TO	560,000	2,229,437	2,229,437	0.0681
	2	2	FROM	565,001	TO	570,000	1,134,037	1,134,037	0.0347
	2	2	FROM	575,001	TO	580,000	1,154,000	1,154,000	0.0353
	3	3	FROM	580,001	TO	585,000	1,746,383	1,746,383	0.0534
	2	2	FROM	585,001	TO	590,000	1,175,500	1,175,500	0.0359
	2	2	FROM	590,001	TO	595,000	1,188,500	1,188,500	0.0363
	6	6	FROM	595,001	TO	600,000	3,600,000	3,600,000	0.1100
	1	1	FROM	600,001	TO	605,000	600,600	600,600	0.0184
	2	2	FROM	605,001	TO	610,000	1,220,000	1,220,000	0.0373
	4	4	FROM	610,001	TO	615,000	2,450,154	2,450,154	0.0749
	10	10	FROM	615,001	TO	620,000	6,188,669	6,188,669	0.1892
	2	2	FROM	620,001	TO	625,000	1,245,251	1,245,251	0.0381
	1	1	FROM	625,001	TO	630,000	628,500	628,500	0.0192
	1	1	FROM	635,001	TO	640,000	639,000	639,000	0.0195
	1	1	FROM	640,001	TO	645,000	645,000	645,000	0.0197
	4	4	FROM	645,001	TO	650,000	2,590,955	2,590,955	0.0792
	1	1	FROM	650,001	TO	655,000	654,500	654,500	0.0200
	4	4	FROM	655,001	TO	660,000	2,634,500	2,634,500	0.0805
	2	2	FROM	660,001	TO	665,000	1,326,180	1,326,180	0.0405
	1	1	FROM	675,001	TO	680,000	675,551	675,551	0.0206
	4	4	FROM	680,001	TO	685,000	2,726,345	2,726,345	0.0833
	2	2	FROM	690,001	TO	695,000	1,387,000	1,387,000	0.0424
	6	6	FROM	695,001	TO	700,000	4,200,000	4,200,000	0.1284

No. of Shareholders			Shareholding				Total Shares Held		Percentage
Physical	CDC	Total	From		To	Physical	CDC	Total	
	2	2	FROM	700,001	TO	705,000	1,405,956	1,405,956	0.0430
	2	2	FROM	710,001	TO	715,000	1,425,562	1,425,562	0.0436
	1	1	FROM	720,001	TO	725,000	725,000	725,000	0.0222
	1	1	FROM	725,001	TO	730,000	727,950	727,950	0.0223
	1	1	FROM	730,001	TO	735,000	735,000	735,000	0.0225
	4	4	FROM	740,001	TO	745,000	2,970,000	2,970,000	0.0908
	1	1	FROM	745,001	TO	750,000	750,000	750,000	0.0229
	2	2	FROM	750,001	TO	755,000	1,503,250	1,503,250	0.0459
	1	1	FROM	765,001	TO	770,000	770,000	770,000	0.0235
	2	2	FROM	770,001	TO	775,000	1,545,866	1,545,866	0.0473
	1	1	FROM	790,001	TO	795,000	790,625	790,625	0.0242
	3	3	FROM	795,001	TO	800,000	2,398,313	2,398,313	0.0733
	3	3	FROM	800,001	TO	805,000	2,404,247	2,404,247	0.0735
	1	1	FROM	815,001	TO	820,000	819,062	819,062	0.0250
	1	1	FROM	825,001	TO	830,000	825,500	825,500	0.0252
	1	1	FROM	830,001	TO	835,000	830,325	830,325	0.0254
	1	1	FROM	840,001	TO	845,000	844,500	844,500	0.0258
	1	1	FROM	865,001	TO	870,000	866,250	866,250	0.0265
	2	2	FROM	875,001	TO	880,000	1,757,242	1,757,242	0.0537
	3	3	FROM	895,001	TO	900,000	2,700,000	2,700,000	0.0825
	1	1	FROM	905,001	TO	910,000	905,230	905,230	0.0277
	1	1	FROM	910,001	TO	915,000	910,662	910,662	0.0278
	1	1	FROM	915,001	TO	920,000	915,750	915,750	0.0280
	1	1	FROM	920,001	TO	925,000	921,900	921,900	0.0282
	2	2	FROM	925,001	TO	930,000	1,857,900	1,857,900	0.0568
	1	1	FROM	935,001	TO	940,000	935,991	935,991	0.0286
	1	1	FROM	940,001	TO	945,000	940,562	940,562	0.0287
	1	1	FROM	945,001	TO	950,000	950,000	950,000	0.0290
	2	2	FROM	960,001	TO	965,000	1,928,000	1,928,000	0.0589
	1	1	FROM	965,001	TO	970,000	969,704	969,704	0.0296
	2	2	FROM	985,001	TO	990,000	1,980,000	1,980,000	0.0605
	12	12	FROM	995,001	TO	1,000,000	12,000,000	12,000,000	0.3668
	2	2	FROM	1,000,001	TO	1,005,000	2,003,287	2,003,287	0.0612
	2	2	FROM	1,005,001	TO	1,010,000	2,013,600	2,013,600	0.0615
	1	1	FROM	1,020,001	TO	1,025,000	1,020,937	1,020,937	0.0312
	1	1	FROM	1,040,001	TO	1,045,000	1,044,450	1,044,450	0.0319
	1	1	FROM	1,065,001	TO	1,070,000	1,066,187	1,066,187	0.0326
	5	5	FROM	1,095,001	TO	1,100,000	5,500,000	5,500,000	0.1681
	1	1	FROM	1,110,001	TO	1,115,000	1,111,000	1,111,000	0.0340
	1	1	FROM	1,115,001	TO	1,120,000	1,118,555	1,118,555	0.0342
	1	1	FROM	1,135,001	TO	1,140,000	1,137,400	1,137,400	0.0348
	1	1	FROM	1,140,001	TO	1,145,000	1,143,804	1,143,804	0.0350
	2	2	FROM	1,155,001	TO	1,160,000	2,318,384	2,318,384	0.0709
	1	1	FROM	1,160,001	TO	1,165,000	1,165,000	1,165,000	0.0356

No. of Shareholders			Shareholding				Total Shares Held		Percentage
Physical	CDC	Total	From		To	Physical	CDC	Total	
	2	2	FROM 1,170,001	TO	1,175,000		2,342,875	2,342,875	0.0716
	1	1	FROM 1,180,001	TO	1,185,000		1,184,000	1,184,000	0.0362
	1	1	FROM 1,195,001	TO	1,200,000		1,200,000	1,200,000	0.0367
	1	1	FROM 1,210,001	TO	1,215,000		1,214,332	1,214,332	0.0371
	1	1	FROM 1,215,001	TO	1,220,000		1,217,500	1,217,500	0.0372
	1	1	FROM 1,225,001	TO	1,230,000		1,229,353	1,229,353	0.0376
	7	7	FROM 1,235,001	TO	1,240,000		8,662,237	8,662,237	0.2648
	1	1	FROM 1,250,001	TO	1,255,000		1,251,836	1,251,836	0.0383
	3	3	FROM 1,295,001	TO	1,300,000		3,897,533	3,897,533	0.1191
	2	2	FROM 1,300,001	TO	1,305,000		2,605,950	2,605,950	0.0797
	3	3	FROM 1,330,001	TO	1,335,000		3,994,962	3,994,962	0.1221
	1	1	FROM 1,335,001	TO	1,340,000		1,338,974	1,338,974	0.0409
	1	1	FROM 1,345,001	TO	1,350,000		1,347,500	1,347,500	0.0412
	1	1	FROM 1,355,001	TO	1,360,000		1,360,000	1,360,000	0.0416
	1	1	FROM 1,375,001	TO	1,380,000		1,377,000	1,377,000	0.0421
	1	1	FROM 1,390,001	TO	1,395,000		1,390,625	1,390,625	0.0425
	3	3	FROM 1,395,001	TO	1,400,000		4,195,280	4,195,280	0.1282
	1	1	FROM 1,400,001	TO	1,405,000		1,401,598	1,401,598	0.0428
	1	1	FROM 1,430,001	TO	1,435,000		1,434,561	1,434,561	0.0438
	1	1	FROM 1,435,001	TO	1,440,000		1,435,979	1,435,979	0.0439
	1	1	FROM 1,465,001	TO	1,470,000		1,470,000	1,470,000	0.0449
	5	5	FROM 1,495,001	TO	1,500,000		7,500,000	7,500,000	0.2292
	1	1	FROM 1,500,001	TO	1,505,000		1,500,303	1,500,303	0.0459
	1	1	FROM 1,560,001	TO	1,565,000		1,563,100	1,563,100	0.0478
	3	3	FROM 1,595,001	TO	1,600,000		4,800,000	4,800,000	0.1467
	1	1	FROM 1,600,001	TO	1,605,000		1,601,600	1,601,600	0.0490
	3	3	FROM 1,605,001	TO	1,610,000		4,826,218	4,826,218	0.1475
	1	1	FROM 1,645,001	TO	1,650,000		1,647,125	1,647,125	0.0503
	1	1	FROM 1,670,001	TO	1,675,000		1,670,625	1,670,625	0.0511
	1	1	FROM 1,695,001	TO	1,700,000		1,700,000	1,700,000	0.0520
	1	1	FROM 1,715,001	TO	1,720,000		1,720,000	1,720,000	0.0526
	1	1	FROM 1,725,001	TO	1,730,000		1,725,625	1,725,625	0.0527
	1	1	FROM 1,745,001	TO	1,750,000		1,750,000	1,750,000	0.0535
	1	1	FROM 1,795,001	TO	1,800,000		1,800,000	1,800,000	0.0550
	1	1	FROM 1,805,001	TO	1,810,000		1,810,000	1,810,000	0.0553
	1	1	FROM 1,825,001	TO	1,830,000		1,825,844	1,825,844	0.0558
	1	1	FROM 1,870,001	TO	1,875,000		1,874,812	1,874,812	0.0573
	1	1	FROM 1,895,001	TO	1,900,000		1,900,000	1,900,000	0.0581
	2	2	FROM 1,905,001	TO	1,910,000		3,813,555	3,813,555	0.1166
	1	1	FROM 1,930,001	TO	1,935,000		1,934,580	1,934,580	0.0591
	1	1	FROM 1,960,001	TO	1,965,000		1,960,950	1,960,950	0.0599
	1	1	FROM 1,985,001	TO	1,990,000		1,985,100	1,985,100	0.0607
	3	3	FROM 1,995,001	TO	2,000,000		5,996,362	5,996,362	0.1833
	1	1	FROM 2,020,001	TO	2,025,000		2,023,000	2,023,000	0.0618

No. of Shareholders			Shareholding					Percentage
			From		To	Total Shares Held		
Physical	CDC	Total				Physical	CDC	Total	
	2	2	FROM	2,045,001	TO	2,050,000	4,095,625	4,095,625	0.1252
	1	1	FROM	2,060,001	TO	2,065,000	2,062,090	2,062,090	0.0630
	1	1	FROM	2,100,001	TO	2,105,000	2,103,750	2,103,750	0.0643
	1	1	FROM	2,105,001	TO	2,110,000	2,108,358	2,108,358	0.0644
	1	1	FROM	2,135,001	TO	2,140,000	2,140,000	2,140,000	0.0654
	1	1	FROM	2,195,001	TO	2,200,000	2,200,000	2,200,000	0.0672
	1	1	FROM	2,200,001	TO	2,205,000	2,200,075	2,200,075	0.0672
	1	1	FROM	2,280,001	TO	2,285,000	2,280,059	2,280,059	0.0697
	1	1	FROM	2,295,001	TO	2,300,000	2,300,000	2,300,000	0.0703
	1	1	FROM	2,325,001	TO	2,330,000	2,328,312	2,328,312	0.0712
	2	2	FROM	2,415,001	TO	2,420,000	4,835,875	4,835,875	0.1478
	1	1	FROM	2,420,001	TO	2,425,000	2,421,046	2,421,046	0.0740
	1	1	FROM	2,455,001	TO	2,460,000	2,458,500	2,458,500	0.0751
	2	2	FROM	2,470,001	TO	2,475,000	4,950,000	4,950,000	0.1513
	1	1	FROM	2,480,001	TO	2,485,000	2,485,000	2,485,000	0.0760
	5	5	FROM	2,495,001	TO	2,500,000	12,500,000	12,500,000	0.3821
	1	1	FROM	2,535,001	TO	2,540,000	2,540,000	2,540,000	0.0776
	1	1	FROM	2,615,001	TO	2,620,000	2,618,750	2,618,750	0.0800
	1	1	FROM	2,665,001	TO	2,670,000	2,668,500	2,668,500	0.0816
	1	1	FROM	2,695,001	TO	2,700,000	2,700,000	2,700,000	0.0825
	1	1	FROM	2,745,001	TO	2,750,000	2,750,000	2,750,000	0.0841
	1	1	FROM	2,950,001	TO	2,955,000	2,953,625	2,953,625	0.0903
	1	1	FROM	2,955,001	TO	2,960,000	2,959,061	2,959,061	0.0904
	2	2	FROM	2,995,001	TO	3,000,000	6,000,000	6,000,000	0.1834
	1	1	FROM	3,050,001	TO	3,055,000	3,052,907	3,052,907	0.0933
	1	1	FROM	3,175,001	TO	3,180,000	3,180,000	3,180,000	0.0972
	1	1	FROM	3,235,001	TO	3,240,000	3,240,000	3,240,000	0.0990
	1	1	FROM	3,245,001	TO	3,250,000	3,250,000	3,250,000	0.0993
	1	1	FROM	3,400,001	TO	3,405,000	3,403,125	3,403,125	0.1040
	1	1	FROM	3,425,001	TO	3,430,000	3,428,329	3,428,329	0.1048
	1	1	FROM	3,475,001	TO	3,480,000	3,480,000	3,480,000	0.1064
	1	1	FROM	3,480,001	TO	3,485,000	3,482,875	3,482,875	0.1065
	1	1	FROM	3,510,001	TO	3,515,000	3,510,856	3,510,856	0.1073
	1	1	FROM	3,565,001	TO	3,570,000	3,567,075	3,567,075	0.1090
	1	1	FROM	3,650,001	TO	3,655,000	3,652,914	3,652,914	0.1117
	1	1	FROM	3,710,001	TO	3,715,000	3,713,656	3,713,656	0.1135
	1	1	FROM	3,765,001	TO	3,770,000	3,769,737	3,769,737	0.1152
	1	1	FROM	4,000,001	TO	4,005,000	4,000,250	4,000,250	0.1223
	1	1	FROM	4,180,001	TO	4,185,000	4,180,587	4,180,587	0.1278
	1	1	FROM	4,255,001	TO	4,260,000	4,256,462	4,256,462	0.1301
	1	1	FROM	4,640,001	TO	4,645,000	4,642,976	4,642,976	0.1419
	1	1	FROM	4,720,001	TO	4,725,000	4,720,625	4,720,625	0.1443
	1	1	FROM	4,770,001	TO	4,775,000	4,773,425	4,773,425	0.1459
	1	1	FROM	4,795,001	TO	4,800,000	4,800,000	4,800,000	0.1467

No. of Shareholders			Shareholding				Total Shares Held		Percentage
			From		To				
Physical	CDC	Total				Physical	CDC	Total	
	1	1	FROM 4,835,001	TO	4,840,000		4,838,000	4,838,000	0.1479
	1	1	FROM 4,870,001	TO	4,875,000		4,875,000	4,875,000	0.1490
	2	2	FROM 4,945,001	TO	4,950,000		9,900,000	9,900,000	0.3026
	1	1	FROM 5,025,001	TO	5,030,000		5,029,900	5,029,900	0.1537
	1	1	FROM 5,470,001	TO	5,475,000		5,474,124	5,474,124	0.1673
	1	1	FROM 5,815,001	TO	5,820,000		5,816,250	5,816,250	0.1778
	1	1	FROM 6,000,001	TO	6,005,000		6,004,739	6,004,739	0.1835
	1	1	FROM 6,230,001	TO	6,235,000		6,230,224	6,230,224	0.1904
	1	1	FROM 6,540,001	TO	6,545,000		6,541,250	6,541,250	0.1999
	1	1	FROM 7,545,001	TO	7,550,000		7,550,000	7,550,000	0.2308
	1	1	FROM 7,700,001	TO	7,705,000		7,703,284	7,703,284	0.2355
	1	1	FROM 7,945,001	TO	7,950,000		7,950,000	7,950,000	0.2430
	1	1	FROM 8,055,001	TO	8,060,000		8,060,000	8,060,000	0.2464
	1	1	FROM 8,355,001	TO	8,360,000		8,359,561	8,359,561	0.2555
	1	1	FROM 8,670,001	TO	8,675,000		8,675,000	8,675,000	0.2652
	1	1	FROM 9,450,001	TO	9,455,000		9,409,950	9,409,950	0.2876
	1	1	FROM 9,815,001	TO	9,820,000		9,817,500	9,817,500	0.3001
	1	1	FROM 9,995,001	TO	10,000,000		10,000,000	10,000,000	0.3057
	1	1	FROM 10,145,001	TO	10,150,000		10,147,000	10,147,000	0.3102
	1	1	FROM 10,520,001	TO	10,525,000		10,523,173	10,523,173	0.3217
	1	1	FROM 11,045,001	TO	11,050,000		11,048,873	11,048,873	0.3377
	1	1	FROM 12,250,001	TO	12,255,000		12,250,146	12,250,146	0.3744
	1	1	FROM 12,305,001	TO	12,310,000		12,309,000	12,309,000	0.3762
	1	1	FROM 12,370,001	TO	12,375,000		12,375,000	12,375,000	0.3783
	1	1	FROM 14,780,001	TO	14,785,000		14,784,000	14,784,000	0.4519
	1	1	FROM 14,790,001	TO	14,795,000		14,795,000	14,795,000	0.4522
	1	1	FROM 14,995,001	TO	15,000,000		15,000,000	15,000,000	0.4585
	1	1	FROM 18,060,001	TO	18,065,000		18,060,500	18,060,500	0.5520
	1	1	FROM 21,415,001	TO	21,420,000		21,420,000	21,420,000	0.6547
	1	1	FROM 24,665,001	TO	24,670,000		27,665,210	27,665,210	0.8456
	1	1	FROM 40,330,001	TO	40,335,000		40,333,569	40,333,569	1.2329
	1	1	FROM 59,275,001	TO	59,280,000		59,276,250	59,276,250	1.8119
	1	1	FROM 87,485,001	TO	87,490,000		87,488,112	87,488,112	2.6742
	1	1	FROM 143,680,001	TO	143,685,000		143,684,623	143,684,623	4.3919
	1	1	FROM 1,880,260,001	TO	1,880,265,000	1,880,263,495		1,880,263,495	57.4728
4,437	15,254	19,691				1,890,014,978	1,381,554,341	3,271,569,319	100.0000

CATEGORIES OF SHAREHOLDERS

As on 31-12-2023

Shareholder Category	No. of Shareholders			Total No. of Shares Held			%Age
	Physical	CDC	Total	Physical	CDC	Total	
DIRECTORS	1	3	4	3,390	9,279	12,669	0.0004%
PROVINCIAL GOVERNMENT	1	0	1	1,880,263,495	0	1,880,263,495	57.4728%
ASSOCIATED COMPANIES	0	0	0	0	0	0	0.0000%
FOREIGN FUNDS	29	6	35	78,104	31,758,601	31,836,705	0.9731%
INDIVIDUALS (FOREIGN)	0	17	17	0	1,815,002	1,815,002	0.0555%
INDIVIDUALS (LOCAL)	4,373	15,023	19,396	9,477,395	958,266,469	967,743,864	29.5804%
BANK/NBFI/FIN.INST./INSURANCE							
CO./MODARABAS MUTUAL FUNDS	18	27	45	108,561	111,333,463	111,442,024	3.4064%
LEASING COMPANIES	0	2	2	0	3,928	3,928	0.0001%
CHARITABLE TRUSTS	0	4	4	0	321,203	321,203	0.0098%
COOPERATIVE SOCIETIES	0	0	0	0	0	0	0.0000%
NIT	0	3	3	0	2,532,467	2,532,467	0.0774%
ICP	1	0	1	1,205	0	1,205	0.0000%
JOINT STOCK COMPANIES	14	154	168	82,828	183,157,250	183,240,078	5.6010%
OTHERS	0	15	15	0	92,356,679	92,356,679	2.8230%
TOTAL	4,437	15,254	19,691	1,890,014,978	1,381,554,341	3,271,569,319	100.0000%

CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG)

As on 31-12-2023

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC - TRUSTEE AKD INDEX TRACKER FUND	426,515	0.0130%
2	CDC - TRUSTEE AL HABIB ASSET \ALLOCATION FUND	225,000	0.0069%
3	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	413,994	0.0127%
4	CDC - TRUSTEE FAYSAL MTS FUND - MT	12,309,000	0.3762%
5	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	50,000	0.0015%
6	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	2,500,000	0.0764%
7	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	14,795,000	0.4522%
8	CDC - TRUSTEE HBL INCOME FUND - MT	2,458,500	0.0751%
9	CDC - TRUSTEE JS GLOBAL BANKING SECTOR EXCHANGE TRADED FUND	2,108,358	0.0644%
10	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND	694,000	0.0212%
11	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND FUND	150,000	0.0046%
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MISS. NADIA REHMAN	3,390	0.0001%
2	MR. MUHAMMAD NAEEM KHAN (CDC)	3,093	0.0001%
3	MR. ASIF REZA SANA (CDC)	3,093	0.0001%
4	MR. MOHAMMAD MUDASSIR AMRAY (CDC)	3,093	0.0001%
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		75,315,585	2.5323%

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

Sr. No.	Name	Holding	Percentage
1	GOVERNMENT OF THE PUNJAB	1,880,263,495	57.4728%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Sr. No.	Name	Sale	Purchase

BALLOT PAPER FOR VOTING THROUGH POST

For poll at the Annual General Meeting of The Bank of Punjab to be held on Thursday, March 28, 2024 at 5 : 15 p.m. at Avari Hotel, Shahrah-e-Quaid-e-Azam, Lahore at.

Designated email address of the Chairman at which the duly filled in ballot paper may be sent:
corporate.affairs@bop.com.pk

Name of shareholder/ joint shareholders	
Registered Address	
Folio No. / CDC Participant / Investor ID with sub-account No	
Number of shares held	
CNIC, NICOP/Passport No. (in case of foreigner) (Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	
Name of Authorized Signatory:	
CNIC, NICOP/Passport No. (In case of foreigner) of Authorized Signatory - (Copy to be attached)	

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

Special Resolutions

Agenda No. 5 : To consider and approve Establishment of Exchange Company.

"Resolved that subject to approval from SBP and compliance of relevant laws and regulations, establishment of an Exchange Company, as a wholly owned subsidiary of The Bank of Punjab, with an authorized capital of PKR.2.5 billion and paid up capital of PKR. 1.0 billion, be and is hereby approved."

"Further Resolved that proposal for appointment of a legal advisor to facilitate the Bank for establishing the Exchange Company in an effective and timely manner, be and is hereby approved."

"Further Resolved that Mr. Khawar Ansari - SEVP is hereby appointed as Coordinator and authorized signatory on behalf of The Bank of Punjab to execute all requisite formalities along with Mr. Kamran Hafeez, Company Secretary of the Bank, Mr. Farid Ahmad Khan, Group Chief Corporate & Investment Banking and Mr. Nadeem Amir, Chief Financial Officer be and is hereby approved."

Agenda No. 6: To consider and approve the Circulation of Bank's Annual Audited Financial Statements through QR enabled Code and Weblink in pursuance of SRO No.389(I)/2023 dated March 21, 2023 of Securities & Exchange Commission of Pakistan as part of notice of Annual General Meeting.

"Resolved that the approval of the members of the Bank on notice of meeting be and is hereby accorded for transmission of Annual Reports including Annual Audited Financial Statements to the members for future years commencing from the financial year 2024 through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB, as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O.389(I)/2023 dated March 21, 2023, be and is hereby approved."

Agenda No. 7: Conversion event applicable in respect of Additional Tier-I TFC Issue of The Bank of Punjab.

"Resolved that the issuance of the proposed Additional Tier-I capital by the Bank of Punjab (the "Bank") in the amount of up to PKR 5,000,000,000/- (Pak Rupees Five Billion), inclusive of a green shoe option of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million) (the "TFC Issue") in the form of rated, privately placed / subsequently listed, unsecured, subordinated, perpetual, fully paid-up and non-cumulative Term Finance Certificates ("TFCs") is approved"

"Further Resolved that in accordance with the directions under the 'Instructions for Basel III Implementation in Pakistan' ("Basel III Regulations") issued by the State Bank of Pakistan ("SBP"), the TFCs may be converted into ordinary shares of the Bank (i) if so directed by SBP on the occurrence of a point of non-viability as determined by SBP, at a price equivalent to the market value of the shares of the Bank on the date of trigger of the point of non-viability as declared by SBP, or (ii) upon the occurrence of a pre-specified trigger point pursuant to Basel III Capital Instructions, at a price equivalent to the market value of the shares of the Bank on the date of occurrence of the pre-specified trigger point, or (iii) due to any inability to exercise the lock-in clause or non-cumulative features of the TFCs,

on such terms and conditions as may be determined by SBP, in accordance with the applicable rules and regulations of SBP (collectively the "Conversion Events"), which ordinary shares shall be issued other than by way of rights in accordance with Section 83(1) (b) of the Companies Act, 2017 and other applicable laws of Pakistan."

"Further Resolved that the issuance of such shares upon the occurrence of any of the Conversion Events shall be subject to a cap of 1,122,394,441 (One Billion One Hundred Twenty Two Million Three Hundred Ninety Four Thousand Four Hundred Forty One) additional ordinary shares being issued and shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with section 83(1)(b) of the Companies Act, 2017 and other applicable laws of Pakistan."

"Further Resolved that any two of (i) Mr. Farid Ahmed Khan – Group Chief Corporate & Investment Banking, (ii) Mr. Khawar Ansari – Global Treasurer and (iii) Mr. Nadeem Amir - Chief Financial Officer (the "Authorized Representative"), be and are hereby authorized to take all steps necessary, ancillary, and incidental to the above-mentioned resolutions, as and when required, and are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned."

Agenda No. 8: Conversion event applicable in respect of Additional Tier-II TFC Issue of The Bank of Punjab.

"Resolved that the issuance of the proposed Tier 2 capital by the Bank of Punjab (the "Bank") in the amount of up to PKR 10,000,000,000/- (Pak Rupees Ten Billion), inclusive of a green shoe option of up to PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million) (the "TFC Issue") in the form of rated, privately placed / subsequently listed, unsecured, subordinated and redeemable Term Finance Certificates ("TFCs") is approved."

"Further Resolved that in accordance with the directions under the 'Instructions for Basel III Implementation in Pakistan' ("Basel III Regulations") issued by the State Bank of Pakistan ("SBP"), the TFCs may be converted into ordinary shares of the Bank if so directed by SBP on the occurrence of a point of non-viability as determined by SBP, at a price equivalent to the market value of the shares of the Bank on the date of trigger of the point of non-viability as declared by SBP in accordance with the applicable rules and regulations of SBP and Basel III Regulations (the "PONV Event"), which ordinary shares shall be issued other than by way of rights in accordance with Section 83(1) (b) of the Companies Act, 2017 and other applicable laws of Pakistan."

"Further Resolved that in case of conversion of the TFC Issue (in part or full) upon the occurrence of the PONV Event, the maximum number of shares shall be subject to a cap of 2,244,788,883 (Two Billion Two Hundred Forty-Four Million Seven Hundred Eighty-Eight Thousand Eight Hundred Eighty-Three) additional ordinary shares being issued and shall further be subject to approval of the Securities and Exchange Commission of Pakistan in accordance with section 83(1)(b) of the Companies Act, 2017 and other applicable laws of Pakistan."

"Further Resolved that any two of (i) Mr. Farid Ahmed Khan – Group Chief Corporate & Investment Banking, (ii) Mr. Khawar Ansari – Global Treasurer and (iii) Mr. Nadeem Amir - Chief Financial Officer (the "Authorized Representative"), be and are hereby authorized to take all steps necessary, ancillary, and incidental to the above-mentioned resolutions, as and when required, and are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned."

Agenda No. 9: To Increase in Bank's Authorized Capital

"Resolved that enhancement in Bank's Authorized Capital to Rs.100.00 billion subject to amendment in Section 04 of The Bank of Punjab Act, 1989, be and is hereby approved."

Agenda No. 10: To consider and approve amendments in the Board's Remuneration Policy of the Bank.

"Resolved that increase in scale of Directors' remuneration including remuneration paid to Chairman for attending Board and Sub - Committee meetings, other than the President & CEO, to Rs. 295,000/- net of taxes, be and is hereby recommended to the shareholders for approval."

"Further Resolved that the Board's Remuneration Policy-2020 be amended as follows:

Clause 4.1.2:
The remuneration of Board members for attending a Board meeting shall be Rs. 295,000/- (net of taxes).

Clause 4.3.1:
A Director shall be remunerated for any additional work assigned by the Board of Directors. The remuneration

of a Director performing extra services shall not exceed 20% of the remuneration already set for him / her. In any case, remuneration paid to a Director for performing one such extra service / additional work should not exceed Rs. 59,000/- (net of applicable taxes), and the total payments made to one director for performing extra services should not exceed 20% of the total amount paid to a director for attending Board/Sub-Committee meeting, in a year.

A director will be provided Protocol and Car services, if required, for attending Board & Committee meetings.

Clause 4.3.2:
A director shall be remunerated additionally upto 20% of the remuneration set for him for holding the position of Chairman of the Board and Committee for attending Board and Sub-Committee meetings other than President & CEO.

Clause 5.1.2:
The remuneration of members of Board's Sub Committees for attending a Board's Committee meeting shall be Rs. 295,000/- (net of taxes).

Clause 5.1.4:
The remuneration of Director(s) for attending a Board's Sub-Committee meeting on Special Invitation shall be Rs. 295,000/- (net of taxes).

Clause 6.13.1:
The remuneration of Chairman for attending Board and Sub-Committee(s) meetings shall be Rs. 295,000/- (net of taxes)."

"Further resolved that amendments placed above in the Board's Remuneration Policy, be and are hereby recommended to the shareholders on pre facto basis." The subject revisions shall be effective from the date of approval of the shareholders in the General Meeting.

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1	Special Resolution as per Agenda # 5 (as given above)			
2	Special Resolution as per Agenda # 6 (as given above)			
3	Special Resolution as per Agenda # 7 (as given above)			
4	Special Resolution as per Agenda # 8 (as given above)			
5	Special Resolution as per Agenda # 9 (as given above)			
6	Special Resolution as per Agenda # 10 (as given above)			

Signature of shareholder(s)

NOTES:

1. Duly filled postal ballot should be sent to the **Chairman of the meeting at The Bank of Punjab, BOP Tower, Head Office, Corporate Affairs Department, 10-B, Block-E/II, Main Boulevard, Gulberg-III, Lahore.** or through email at **corporate.affairs@bop.com.pk.**
2. Copy of CNIC, NICOP/Passport No. (In case of foreigner) should be enclosed with the postal ballot form
3. Postal ballot forms should reach chairman of the meeting **till 5.00 p.m. March 27, 2024.** Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (In case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

FORM OF PROXY

I/We_____S/o D/o W/o _____ of_____ _____ being a member of The Bank of Punjab and holder of _____ ordinary shares as per share Registered Folio No._____ _____and/or CDC Participant ID No._____ and Account/Sub-Account No._____ do hereby appoint Mr./Mrs./Miss_____ Folio No./CDC No._____ CNIC #_____of _____ as my/our proxy and to attend, speak and vote for me/us on my/our behalf at the Annual General Meeting of the Bank to be held on Thursday, 28th March 2024 at 5:15 p.m. at Avari Hotel, Shahra-e-Quaid-e-Azam, Lahore and at any adjournment thereof in the same manner as I/we myself/ourselves would vote if personally present at such meeting.

Signed this_____day of _____2024

WITNESSES:

1. Signature: _____

   Name: _____

   Address: _____

   _____

   CNIC or Passport No. _____

2. Signature: _____

   Name: _____

   Address: _____

   _____

   CNIC or Passport No. _____

Affix Revenue Stamp of Rs.50/-

Signature

The signature should agree with the specimen registered with the Company

IMPORTANT NOTES:

1. A member entitled to attend and vote at a meeting is entitled to appoint another person as a proxy to attend, speak and vote for him/her. The proxy appointed should be a member of The Bank of Punjab.
2. For additional copies of the instrument of proxy, the shareholder may use photocopies of the instrument.
3. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Registered Office of the Bank not less than 48 hours before the time of the meeting. In calculating the 48 hours, no account shall be taken of any part of the day that is not a working day.
4. For CDC Account holders/Corporate Entities:

i) Attested copies of Computerized National Identity Cards (CNIC) or the Passport of the beneficial owners and the proxy shall be provided with proxy form.

ii) The proxy shall produce his/her original CNIC or Passport at the time of meeting.

iii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures shall be submitted along with proxy form to the company.

5. If a member appoints more than one proxy and more than one instrument of proxies are deposited with the Share Registrar, all such instruments of proxy shall be rendered invalid.
6. Members are requested to immediately notify changes in their registered address, if any, to Bank's Share Registrar M/s. CORPLINK (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore before start of the book closure so that entitlement, if any, be dispatched at the correct address.

AFFIX
CORRECT
POSTAGE

The Company Secretary
THE BANK OF PUNJAB
BOP Tower, 10-B, Block-E-II,
Main Boulevard, Gulberg-III,
Lahore.
Ph: 35783700-10

پراکسی فارم

میں/ہم _____ ولد/بنت/زوجہ _____ ساکن _____ بحیثیت بینک آف پنجاب کے ممبر/مالک _____
عدد عام حصص بمطابق شیئرز رجسٹر فولیو نمبر CDC / اکاؤنٹ نمبر/ ذیلی اکاؤنٹ نمبر _____ بحیثیت ممبر بینک آف پنجاب محترم/محترمہ _____ فولیو نمبر CDC / اکاؤنٹ نمبر _____ شناختی کارڈ نمبر _____ ساکن _____ کو اپنی/اپنے ایماء پر بطور مختار (پراکسی) مقرر کرتا/کرتی/کرتے ہیں/تا کہ میری/ہماری جگہ میری/ہماری طرف سے بینک کے سالانہ اجلاس عام (A G M) میں جو بروز جمعرات مورخہ 28 مارچ 2024 کو شام 5:15 بجے بمقام آواری ہوٹل، شاہراہِ قائداعظم، لاہور مختار (پراکسی) شرکت کرے، بولے اور حق رائے دہی استعمال کرے۔

دستخط بتاریخ _____ 2024

گواہان:

1. دستخط _____
   نام: _____
   پتہ: _____
   شناختی کارڈ نمبر: _____

پچاس روپے کا ریونیو سٹمپ

دستخط بنک میں رجسٹرڈ نمونہ سے
مطابقت رکھنے چاہئیں

2. دستخط _____
   نام: _____
   پتہ: _____
   شناختی کارڈ نمبر: _____

اہم نوٹ:

۱۔ میٹنگ میں شرکت کرنے اور ووٹ کا حقدار رکن کسی دوسرے حصص دار کو شرکت کرنے، بولنے اور ووٹ دینے کیلئے پراکسی مقرر کرنے کا حقدار ہے۔

۲۔ شیئر ہولڈر پراکسی کے لیے اضافی فوٹو کاپیاں استعمال کرسکتا ہے۔

۳۔ پراکسی پاور آف اٹارنی یا دیگر اتھارٹی (اگر کوئی ہے) جس کے تحت اس پر دستخط کیے گئے ہیں۔ یا اس طرح کے پاور آف اٹارنی کی درست نوٹرائزڈ کاپی اجلاس کے مقرر کردہ وقت سے 48 گھنٹے قبل بینک کے رجسٹرڈ آفس میں جمع کروانا ضروری ہوگا۔

۴۔ CDC اکاؤنٹ ہولڈرز/کارپوریٹ اداروں کے لیے:

i۔ Beneficial Owner کی CNIC یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ مہیا کی جائے گی۔

ii۔ اجلاس میں شرکت کے لیے پراکسی کے ساتھ اصل کمپیوٹرائزڈ شناختی کارڈ یا اصل پاسپورٹ مہیا کرنا ہوگا۔

iii۔ کارپوریٹ ممبر کی صورت میں بورڈ آف ڈائریکٹرز کی ریزولیشن/ پاور آف اٹارنی اور نمائندہ کے دستخط کے نمونے بمع پراکسی فارم بینک میں جمع کروانا ضروری ہوں گے۔

iv۔ اگر کوئی ممبر ایک سے زیادہ پراکسی مقرر کرتا ہے اور پراکسی کے ایک یا زیادہ فارم جمع کرواتا ہے تو اس طرح کے تمام پراکسیوں کو مسترد کر دیا جائے گا۔

v۔ ممبران سے التماس ہے کہ انکے پتہ میں اگر کوئی تبدیلی ہو تو اسے فوری طور پر ہمارے رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ واقع ونگز آرکیڈ K-1 کمرشل ماڈل ٹاؤن لاہور کو مطلع کریں تا کہ ان کی ہر قسم کی ڈاک کی ترسیل کو یقینی بنایا جائے۔

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The Company Secretary
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