

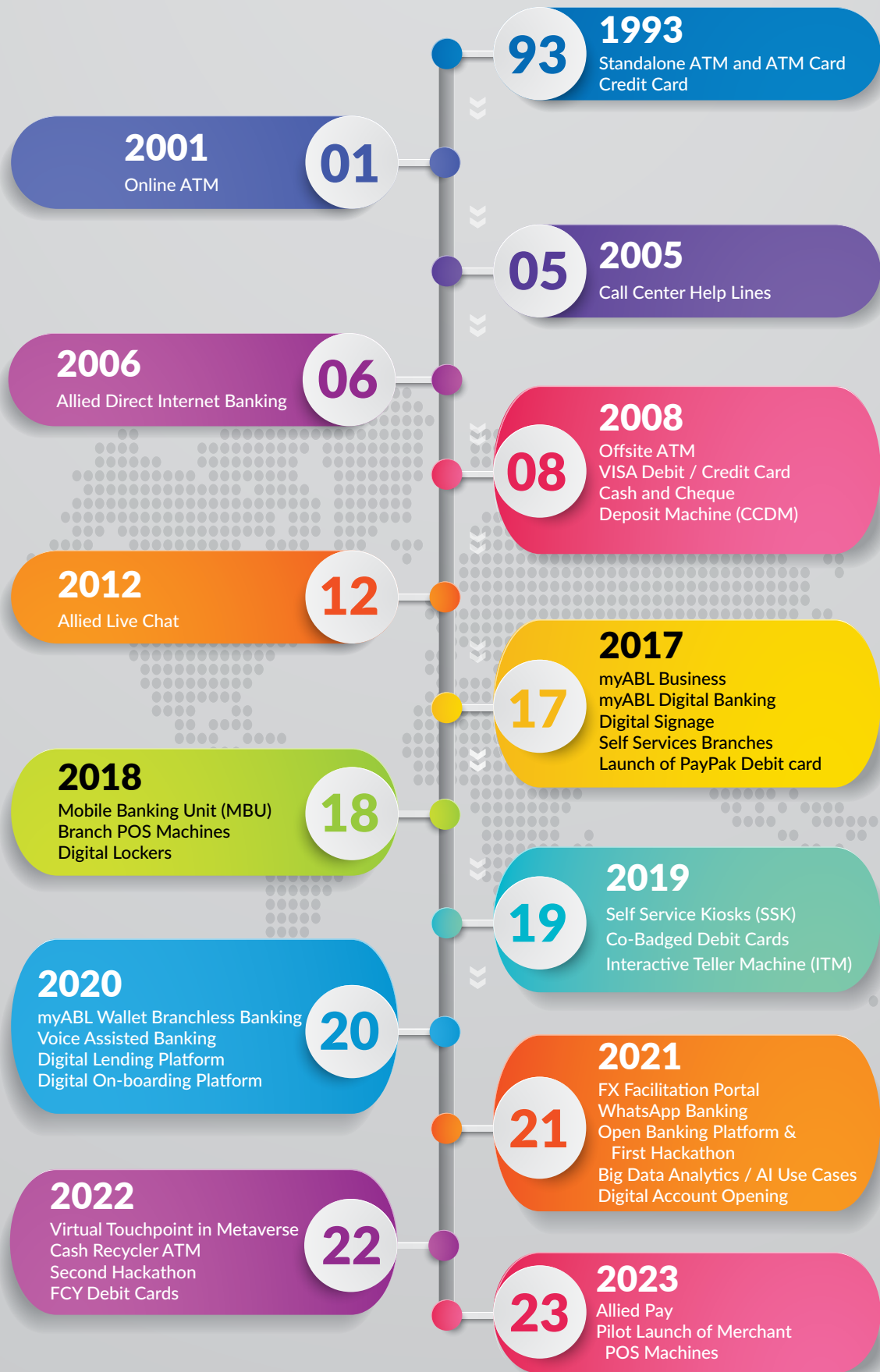


# SCALING DIGITAL GROWTH



Annual Report **2023**

# DIGITAL TRANSFORMATION JOURNEY



# Vision

To become a dynamic and efficient Bank providing integrated solutions in order to be the first choice bank for the customers.

# Mission

To provide value added services to our customers

To provide high tech innovative solutions to meet customers' requirements

To create sustainable value through growth, efficiency and diversity for all stakeholders

To provide a challenging work environment and reward dedicated team members according to their abilities and performance

To play a proactive role in contributing towards the society

# Core Values

Integrity

High Performance

Excellence in Service

Innovation and Growth





## ABOUT THIS REPORT

This Annual Report is prepared in accordance with the following regulations, frameworks and guidelines:

- The International Integrated Reporting <IR> Framework issued in December 2014 by the International Integrated Reporting Council.
- The Banking Companies Ordinance, 1962
- The Companies Act, 2017
- The Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan.
- International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.
- Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan.
- Directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

This report is published within three months of the date of the Statement of Financial Position and is available in three mediums to cater the need of our various readers.

- 📖 A limited number of printed reports have been produced to be dispatched to those who have requested for the same.
- 🖥️ Readers who prefer viewing our report online and on the go can access through <https://www.abl.com/services/downloads/financial-reports/>
- 📄 A soft copy (PDF) version of the report is also available in CD (compact disk) format for those who would like to maintain an easily-portable digital version of the Report.



# ADOPTION OF INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

## Scope

Adoption of International Integrated Reporting Framework assists our readers in assessing our business by providing information about the state of affairs, connection between its financial and non-financial information, overall performance and outlook of the Bank in the form of a detailed qualitative and quantitative analysis. It fairly addresses the material matters pertaining to sustainability of the Bank and its integrated performance and describes the value creation process concisely including the business model, strategies, governance, processes, risks and opportunities. Integrated report benefits all stakeholders interested in the Bank's ability to create value over time, including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy makers. The report provides an overview of the Bank's philosophy and value creation business model which enhances the user's understanding as to how the Bank is working to improve its performance keeping in view the stakeholders' interest.

The Bank has fully adopted the International Integrated Reporting Framework and is providing the information in annual report based on the fundamental concepts and guiding principles of the framework.

There are three fundamental concepts underpinning Integrated Reporting;

There are three fundamental concepts underpinning Integrated Reporting;

- Value creation, preservation or erosion for the Bank and for others.
- The capitals, which are identified in the Framework as financial, manufactured, intellectual, human, social and relationship, and natural capital.
- Process through which value is created, preserved or eroded.

## Contents

The Bank has disclosed following key categories of information as required to be included in the Integrated Report under the Framework;

- Organizational overview and external environment
- Strategy and Resource Allocation
- Risks and Opportunities

- Business Model
- Governance
- Performance
- Outlook
- Basis of Preparation and Presentation

In addition, the Bank has also disclosed regulatory information which includes Directors' Report, Chairman's Message, Statement of Compliance with Code of Corporate Governance, Report of Shariah Board and External auditors' reports.

The Bank has followed the guiding principles of the Integrated Reporting Framework which strengthen the preparation of an Integrated Report, information content of the report and how this information is presented. These guiding principles include;

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

## Boundaries

The Annual Report is made for the general public to assess and analyze the Bank's business and performance. The readers of this report can refer to different sections depending upon their requirements.

The Bank's Annual Report covers the period from January 01, 2023 to December 31, 2023 and is consistent with our annual reporting cycle for financial and integrated reporting. Subsequent events up to the issuance of this report have also been explained in various sections of the Annual Report.

The report also includes the financial statements of the Bank which have been prepared under the Corporate Reporting Framework comprising of International Financial Reporting Standards (IFRS), Islamic Financial Accounting Standards (IFAS), Companies Act 2017, Banking Companies Ordinance 1962, and the directives issued by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan. Independent External Auditors, M/s EY Ford Rhodes Chartered Accountants have provided assurance on the Bank's financial statements and their report is included in the Annual Report.

# CONTENTS

## Overview

This section provides information covering overview of the Bank and also contains message from the Chairman of the Board of Directors, CEO's Review, Directors' Report and our Products and Services.

## Strategy and Resource Allocation

This section contains our strategic objectives, resource allocation plan and value creation model.

## Stakeholders Engagement

This section highlights stakeholders engagement activities.

## Risk Management

This section details our commitment to robust and effective risk management framework.

## Governance

This section highlights our commitment to sound and effective corporate governance practices.

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## **IT Governance and Cybersecurity**

This section outlines the Bank's IT governance and cybersecurity risk management practices.

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## **Performance and Position**

This section presents our analysis of financial and non-financial information.

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## **Outlook**

This section details the challenges and uncertainties that we are likely to face in the future and our strategies in place to overcome those challenges.

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## **Corporate Social Responsibility**

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## **Financial Statements and Other Reports**

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# ABOUT ALLIED BANK

Allied Bank Limited started its operations in Lahore by the name Australasia Bank before independence in 1942; upon nationalization in 1974, it was merged with 3 other banks and the name was changed to Allied Bank of Pakistan Limited. In August 2004, SBP under Scheme of Reconstruction transferred its ownership to a consortium of Ibrahim Group; consequently, the new management renamed the entity as Allied Bank Limited in 2005.

The Bank offers full suite of banking products and services through a large network of 1,483 (Conventional: 1,354; Islamic: 127; Overseas: 1; EPZ: 1) online branches in over 589 cities and towns. The Bank also have vast network of 1,566 ATMs across Pakistan.

While holding on its rich legacy, the Bank embarked on a transformation journey, with a focus on digitization to improve productivity and customer convenience.

The Bank is forging new frontiers in creating sustainable value through high standards of corporate governance, digitization and superior asset quality, consequently, maintaining robust financial position with stable profitability.

## Credit Rating

The Bank is among the league of selected few, which have been awarded highest long-term and short-term entity credit ratings of AAA (Triple A) and A1+ (A One Plus) respectively by PACRA.

## Corporate Governance Rating

VIS Credit Rating Company Limited (VIS) has reaffirmed Corporate Governance Rating of Allied Bank Limited (ABL) at "CGR-9++" out of maximum scale of 10. This Corporate Governance Rating of CGR-9++ signifies very high level of corporate Governance and indicates strong commitment of the Bank towards Governance Framework.

## Parent Company

Ibrahim Holdings (Private) Limited is the parent company of the Bank & its registered office is in Pakistan.

## Subsidiary Company

The Bank holds 100% shareholding of ABL Asset Management Company ABL AMC.

## Exchange Company

During the year, ABL Exchange (Pvt.) Limited is incorporated by Allied Bank Limited which would be wholly owned subsidiary of the Bank. ABL Exchange (Pvt.) Limited is currently in process of fulfilling licensing requirements with State Bank of Pakistan. It will commence business in 2024.

**Pakistan's Widest Network with coverage in**

**128 & 589**  
Districts      Cities/Towns

Province	ATMs	Branches
Azad Kashmir	44	69
Balochistan	42	50
Gilgit Baltistan	12	12
Islamabad	102	72
Khyber Pakhtunkhwa	162	200
Punjab	893	804
Sindh	311	274
Overseas*	-	2
<b>Grand Total</b>	<b>1,566</b>	<b>1,483</b>

\*including branch in Export Processing Zone



# CORPORATE INFORMATION

## Board of Directors

Mohammad Naeem Mukhtar (Chairman)  
Sheikh Mukhtar Ahmad  
Muhammad Waseem Mukhtar  
Abdul Aziz Khan  
Zafar Iqbal  
Nazrat Bashir  
Mubashir A. Akhtar  
Aizid Razzaq Gill (Chief Executive Officer)

## Shariah Board

Mufti Muhammad Iftikhar Baig (Chairman)  
Mufti Mahmood Ahmad  
Mufti Tayyab Amin

## Chief Financial Officer

Muhammad Atif Mirza

## Company Secretary

Adeel Javaid

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Legal Advisor

Mandviwalla & Zafar Advocates

## Share Registrar

CDC Share Registrar Services Limited  
(CDCSRSL)





## Registered and Head Office

3 Tipu Block, New Garden Town  
Lahore 54000  
Pakistan



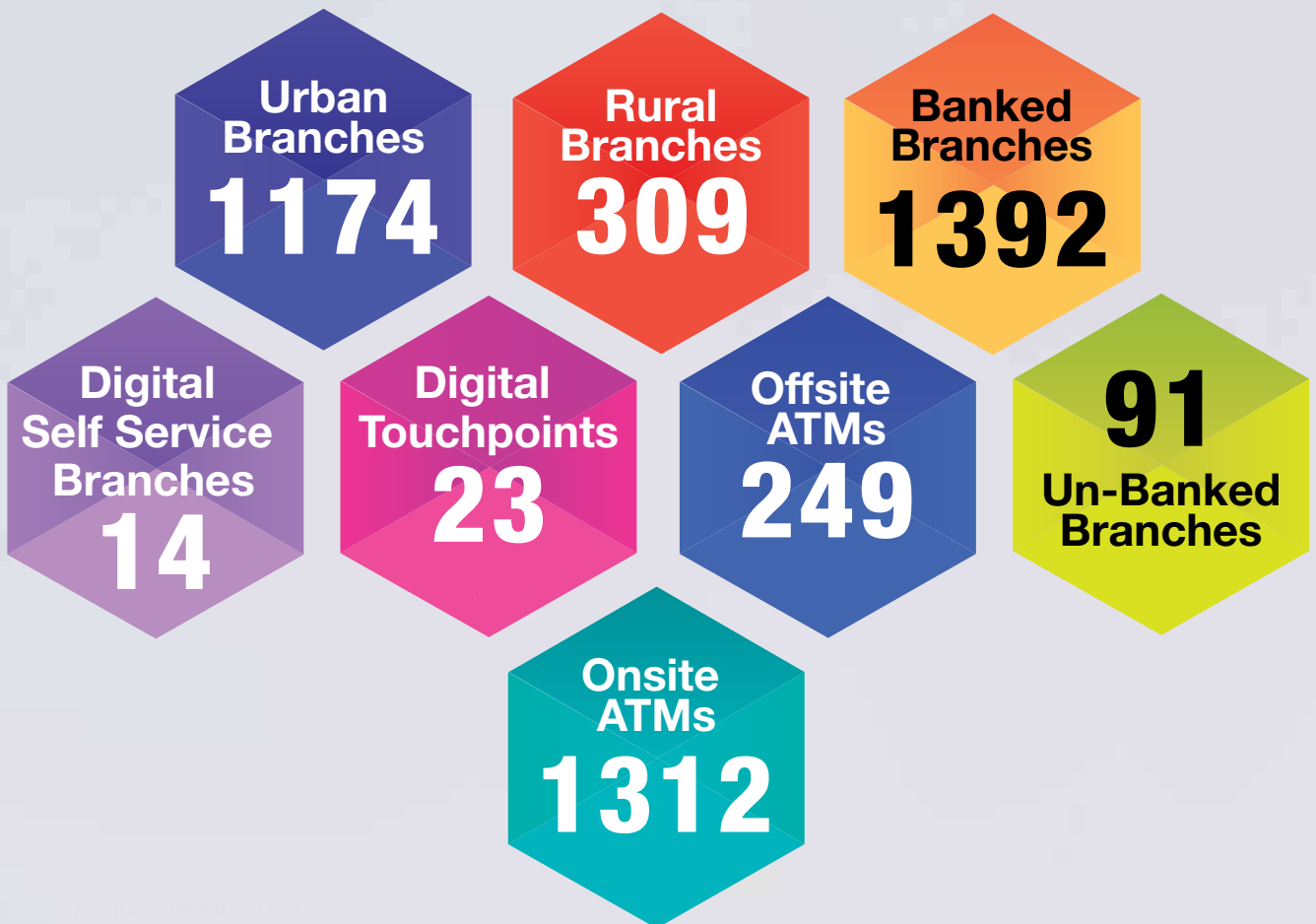
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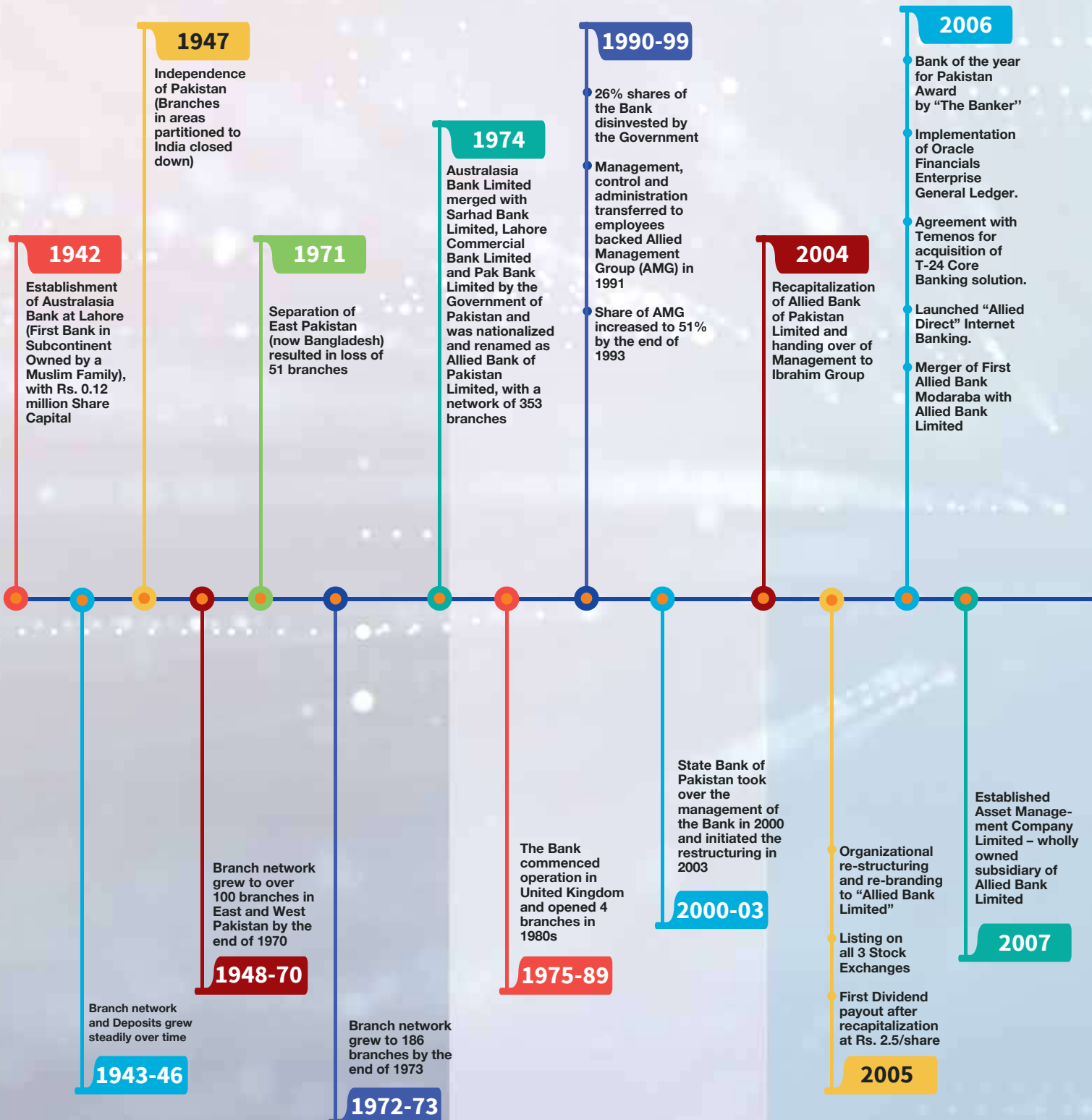
## NETWORK OUTREACH



Allied Bank owes its existence to Australasia Bank, commenced its operations before independence in 1942; merged with three other banks (Sarhad Bank Limited, Lahore Commercial Bank Limited and Pak Bank Limited) upon nationalization in 1974 with the name changed to Allied Bank of Pakistan Limited; recapitalized in 2004 by Ibrahim Group and renamed as Allied Bank Limited in 2005. Its journey from Aiwan Shah Chiragh Building, Lahore to Head Office Building, New Garden Town, Lahore is worth-emulation saga of resilience against odds and obstacles over the decades. It has grown into a towering tree with verdant foliage, blossoms and blooms and has become one of the most prestigious financial institutions of the country and preferred choice of millions who bank with and repose trust in its personalized service excellence to mutually beneficial advantage.



# JOURNEY THROUGH TIME



## ESTABLISHED

1942-1973  
Establishment of Australasia Bank at Lahore

## NATIONALIZED

1974-2003  
Nationalized and renamed as Allied Bank of Pakistan Limited



**2008**

- ATM Network surpassed 500 ATM (Largest ATM Network)
- 1st Offsite ATM installed in Karachi

**2009**

Installation of 5 Cash and Cheque Deposit Machines

- Bank of the year for Pakistan Award by "The Banker"
- Established Representative Office in Dubai, UAE
- Obtained license from Central Bank of Bahrain for "Wholesale Bank Branch"

**2010**

- Implementation of Loan Origination System
- Launch of Pay Anyone domestic remittance service

**2011**

- Established Islamic Banking Group
- Debit Cards issuance surpassed 1 million cards in circulation
- Launched Bank controlled and operated warehouse for Pledge Financing

**2013**

- Upgradation of Oracle Financials Enterprise (Version R-12)

**2014**

- Achieved milestone of opening 1000th branch
- Launched Islamic Banking
- Launched Smartphone enabled "Allied Direct" application
- Successfully migrated all branches to Temenos T-24 core banking application

**2015**

- Achieved milestone of installing 1000th ATM

**2016**

- Total Assets surpassed Rs. 1 trillion
- Deployed EMV capability on chip-based cards

**2017**

- Bank of the year for Pakistan Award by "The Banker"
- Established Representative Office in China
- Rebranded internet banking platform from "Allied Direct" to "myABL"

**2018**

- Achieved highest credit rating of "AAA" by PACRA
- Core banking application Temenos T-24 upgraded to R-16
- Launched multiple digital products including;
- Digital Lockers
- Interactive Teller Machines
- Mobile ATMs
- Point of Sales (POS) machines

**2019**

- Implementation of Robotics Process Automation
- Implementation of IBM Big Data Appliance
- Launched Pakistan's first ever co-badged debit card
- Achieved milestone of installing 1500th ATM
- Deployed Electronic Que Management Systems

**2020**

- Creation of Data Lake to store information
- Implementation of IBM Business Process Manager for internal process optimization
- Deployed Self Service KIOSKS

**2021**

- Launched myABL WhatsApp Banking
- Online Account Opening Facility "my Pakistan Digital Account"

**2022**

- Bank of the year for Pakistan Award by "The Banker"
- Deposits of the Bank surpassed Rs. 1.5 Trillion.
- 1 million subscribers of myABL.
- Pakistan's 1st Bank Branch in Metaverse

**2023**

- Bank of the Year - Pakistan 3<sup>rd</sup> year in a row by The Banker
- WhatsApp banking surpassed 1 million users
- 1.5 million accounts opened
- Crossed milestone of 3 million plus debit cards
- Website revamped with multilingual support

**RECAPITALIZATION**

2004-2023  
Recapitalization of Allied Bank of Pakistan Limited and handing over of Management to Ibrahim Group

# AWARDS AND RECOGNITION

Your Bank won the prestigious **“Bank of the Year 2023 – Pakistan”** award for 3rd year in a row from **“The Banker”**, UK



Your Bank has been acknowledged as the **“Best of the Best Place to Work Company in Pakistan”** along with **“Best Place to Work in Banking Sector”** and **“Best Place to Work in Top 10 Large Organizations”** by **Pakistan Society of Human Resource Management & Engage Consulting** in **Best Place to Work Awards 2023**.



Your Bank has been recognized as **“Best Practice Bank”** in **“Job Design, Classification and Compensation”** category by the **Global Diversity Equity & Inclusion Benchmarks**.

In addition to this, **CFA Society Pakistan** has awarded Your Bank with **“Runner-Up in Best ESG Bank Category”**. Your Bank also achieved **3rd Position** in **“Best Corporate Report 2022 Award”** in Banking Sector from **‘ICAP and ICMA’**.

Your Bank’s Digital Transformations and Innovations have been acknowledged by **Pakistan Digital Awards** and

awarded the Bank with **“App & Web-Enabled Market Awards-myABL Digital Banking App”**.

**The Asset Triple A** awarded Your Bank with **“Telecom Deal of the Year”** and **“Utilities Deal of The Year”** in their **Sustainable Infrastructure Awards 2023** and **“Best Loan Adviser”** and **“Best Syndicated Loan”** in **Country Awards for Sustainable Finance 2022**.

Your Bank has been awarded **“Top Performer Award in Dollar Clearing Quality Recognition - 2023”** by **JP Morgan**.





Your Bank has been honored with **“Best Domestic Bank - Pakistan”** by **‘FinanceAsia – Country Award 2023’** 2nd year in a row and **“Best Bank for Diversity and Inclusion - Pakistan”** by **‘Asiamoney Awards 2023’**.



This would not have been possible without the hardwork and dedication of ABL team members and the continued trust that has been placed upon the Bank by the valued customers.

## BOARD OF DIRECTORS



**Sheikh Mukhtar Ahmad**



**Mohammad Naeem Mukhtar**



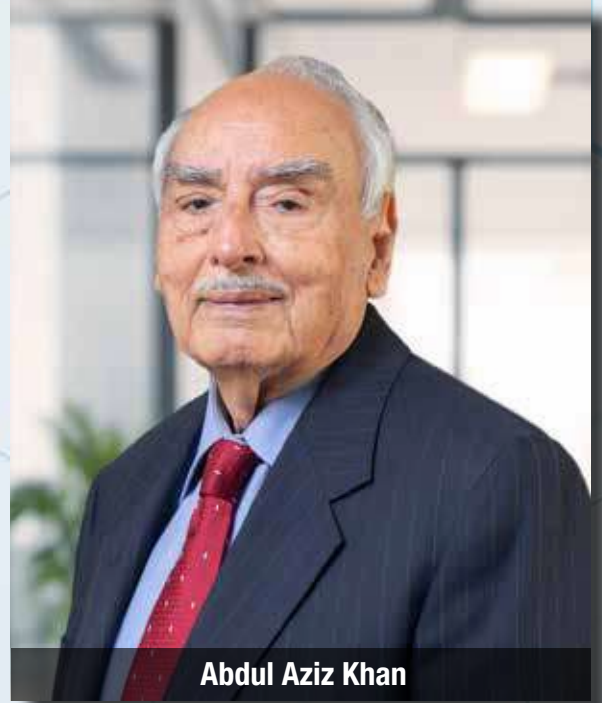
**Zafar Iqbal**



**Nazrat Bashir**



**Muhammad Waseem Mukhtar**



**Abdul Aziz Khan**



**Mubashir A. Akhtar**



**Aizid Razzaq Gill**

# BOARD OF DIRECTORS

## **Mohammad Naeem Mukhtar** Chairman / Non-Executive Sponsor Director

Mr. Mohammad Naeem Mukhtar is the Chairman of Board of Directors of the Bank since 2004. He has a Master of Business Administration degree from Cardiff Business School United Kingdom, Post Graduate diploma in Textiles from United Kingdom and Chartered Textile Engineer (CText ATI) certification from The Textile Institute in Manchester, United Kingdom. He has over thirty-eight years of experience of Finance and Industrial Manufacturing. He is a Chief Executive Officer of Ibrahim Fibres Limited, Ibrahim Holdings (Private) Limited and Ibrahim Welfare Foundation. In addition, he is also on the Board of Directors of Ibrahim Agencies (Private) Limited, ABL Asset Management Company Limited, Karachi Education Initiative and Pakistan German Business Forum. He is a member of the Board of Governors of National Management Foundation, the parent body of Lahore University of Management Sciences (LUMS). He is also representing the Bank at Pakistan Business Council and is Industry Co-Chair Banking Sector of National University of Sciences and Technology (NUST) Corporate Advisory Council as well as Senior Fellow at Global Think Tank Network (GTTN).



## **Sheikh Mukhtar Ahmad** Non-Executive Sponsor Director

Sheikh Mukhtar Ahmad instituted his business career immediately after migrating from the India at the time of independence of Pakistan in 1947 and has contributed to the industrial and business growth of Pakistan through his entrepreneurship skills and business acumen. He has over sixty-two years of experience in establishing and successfully managing various industrial and financial companies. He has been on the Board of Directors of Allied Bank Limited since 2005 and is a "Certified Director" from Pakistan Institute of Corporate Governance. He is Chairman on the Board of Directors of Ibrahim Fibres Limited, Ibrahim Holdings (Private) Limited, Ibrahim Agencies (Private) Limited and ABL Asset Management Company Limited. He is also on the Board of Ibrahim Welfare Foundation.

## **Muhammad Waseem Mukhtar** Non-Executive Sponsor Director

Mr. Muhammad Waseem Mukhtar has served on the Board of Directors of the Bank since 2004. His academic credentials include a Master's degree in Business Administration from the University of Chicago Booth School of Business, Illinois, United States of America and a Master's degree in Total Quality Management (TQM) from the University of Glamorgan, Wales, United Kingdom. With twenty-six years of diverse experience in finance, information technology and industry, he has played a significant role in guiding the Bank's strategic initiatives, especially in technological up-gradation. He is a "Certified Director" from the Pakistan Institute of Corporate Governance. In addition to his role at the Bank, he also serves as a board member for Ibrahim Fibres Limited, Ibrahim Holdings (Private) Limited, Ibrahim Agencies (Private) Limited, Ibrahim Welfare Foundation and ABL Asset Management Company Limited.



## **Abdul Aziz Khan** Non-Executive Director

Mr. Abdul Aziz Khan has enriched and diversified experience of more than sixty years in the fields of General Banking, Credit, Lease Finance, Business Development and Administration including nine years of international banking, holding key positions abroad. In his professional career in the corporate and financial sector, he has remained Chief Executive Officer of Ibrahim Leasing for eleven years. He is the member of Board of Directors of the Bank since 2004.



**Zafar Iqbal**  
Independent Director

Mr. Zafar Iqbal is a Fellow member of Institute of Chartered Accountants in England & Wales (ICAEW) and the Institute of Chartered Accountants of Pakistan (ICAP). He has thirty-eight years of experience in senior management positions in financial and power generation sectors. He was the Managing Director and Chief Executive Officer of Pak Oman Investment Company Limited, a Development Finance Institution owned jointly by the Governments of Pakistan and Sultanate of Oman. During his eight years stay at Pak Oman Investment Company Limited he led the company in becoming the leading Development Financial Institution in its peer group. Over the past twenty-two years, he has served as a Member of the Board of Directors of number of listed and non-listed companies and financial institutions. He is a "Certified Director" from Pakistan Institute of Corporate Governance. He specialized in Investment Banking, Corporate Finance, Capital Markets, Leasing, Aircraft Financing and Energy and Power Generation. He is the member of the Board of Directors of the Bank since August 2015. As an Independent Director, Mr. Iqbal also chairs the Audit Committee of the Bank in addition to member of the Board Committees.

**Nazrat Bashir**  
Independent Director

Ms. Nazrat Bashir belongs to Pakistan Administrative Service. She retired in BPS-22 from the Government service. Her academic qualifications are Master's in Economics from New York University, United States of America and Master's in Psychology from University of Peshawar. She is a "Certified Director" from the Pakistan Institute of Corporate Governance.

She has over thirty-six years of diversified civil service experience to her credit. During her career she served in different ministries. She remained Additional Finance Secretary, Finance Division, Government of Pakistan; Managing Director, Public Procurement Regulatory Authority and Senior Advisor, Wafaqi Mohtasib Secretariat. She also held directorship in various Government and Semi Government Organizations and has attended numerous conferences, workshops, seminars in Pakistan and abroad. Presently, she is Chairperson of Certification Panel of Pakistan Centre for Philanthropy. She is on the Board of Directors of the Bank since August 2018.



**Mubashir A. Akhtar**  
Independent Director

Mr. Mubashir A. Akhtar is a law graduate and has over five decades of banking experience in both local and international markets. His extensive international banking experience includes key assignments in Turkey, Qatar and United Kingdom. He was a Financial Consultant of Asian Development Bank (ADB) and remained actively involved in various assignments of ADB especially on capital markets development and reforms of Non-Bank Financial Institutions (NBFIs) in Pakistan. He is also fellow member of Institute of Bankers in Pakistan, Institute of Chartered Secretaries and Managers and Institute of Marketing Management. He remained on the Board of Directors of Allied Bank Limited from August 2006 to August 2018 and was elected in the year 2021 as Independent Director. He is a "Certified Director" from Pakistan Institute of Corporate Governance.

**Aizid Razzaq Gill**  
Chief Executive Officer

Mr. Aizid Razzaq Gill is a seasoned professional banker with twenty-seven years of experience in Financial Management, Risk Analysis and Research and expertise in Portfolio Management of Corporate and Commercial Banking obligors. He has worked with various financial institutions and held key positions in the Corporate Banking Sector. After joining the Bank in 2005 as Regional Corporate Head, he has held different senior management positions such as Head-Commercial Assets, Head of Commercial and Retail Risk, Head of Operational Risk, Group Head Corporate and Financial Institutions Risk and Group Head Liabilities.

Before becoming Chief Executive Officer at the Bank, he was performing the role of Chief Risk Officer of the Bank.

He is a graduate from University of Engineering and Technology (UET) Lahore and has his Master's degree in Business Administration from California State University, Fullerton (CSUF), United States of America. He is a Chevening Scholar, with a Master's degree in Business Economics from University of Manchester Institute of Science and Technology (UMIST), United Kingdom. He has also attended executive education courses on Leadership and Management from various institutions including Columbia University and London Business School. He has also been nominated by the Bank as a Director on the Board of Directors of ABL Asset Management Company Limited and representative at Management Association of Pakistan (MAP) and Pakistan Business Council (PBC). He is a "Certified Director" from Pakistan Institute of Corporate Governance.





# CHAIRMAN'S MESSAGE

In 2023, global economic activities continued at a moderate pace despite facing several challenges. Factors such as geopolitical instability, high commodity prices, climate-related issues and the implementation of restrictive monetary policies in both developed and emerging economies to tackle rising inflation hindered the global economy's recovery.

However, there are positive developments amidst these challenges. The initial inflationary shocks triggered by the rise in energy and food prices are gradually easing and there are signs of an earlier-than-expected recovery in the global economy. As a result, the International Monetary Fund (IMF) has revised its estimate for global GDP growth in 2023 to 3.1%, slightly higher than its previous projection of 3.0%, but lower compared to the 3.5% growth seen in 2022. Additionally, global headline inflation has steadily decreased from its peak of 8.7% in 2022 (annual average) to 6.8% in 2023.

In recent years, there has been a significant shift in the banking industry towards embracing digital technologies. This transition is largely influenced by the changing needs and behaviors of customers and has been further accelerated by the Covid-19 pandemic. Customers now prioritize speed, immediacy and convenience when selecting financial service providers. As a response, the banking sector has been leveraging technological advancements to improve operational efficiency, enhance customer experiences and strengthen information security measures, while promoting financial inclusion. Key drivers of this innovation include Artificial Intelligence (AI), Application Programming Interface (API), Cloud Computing and Distributed Ledger Technology. These technologies play crucial roles in driving forward the digital transformation of banking services.

AI-based technologies, such as machine learning, natural language processing and computer vision can be utilized to develop personalized financial services, improve operational efficiencies and automate back-office processes. AI-driven tools like virtual assistants and chatbots streamline customer interactions with financial institutions, enhancing user experience and minimizing the need for human intervention.

Advanced Machine Learning (ML) algorithms can be utilized to improve credit scoring models by integrating macroeconomic and financial variables. This empowers banks to develop robust and inclusive business models while evaluating credit lending decisions.

Computer vision-enabled tools streamline document analysis, enabling systems to extract information from digital images, videos and other visual inputs. By deploying this technology, banks can progressively automate and integrate their Know Your Customer (KYC) and customer onboarding processes into the existing systems, achieving synchronization across the banking platform.

APIs enable non-banking entities and third-party developers to seamlessly integrate banking platforms with their apps and services while upholding data integrity and privacy

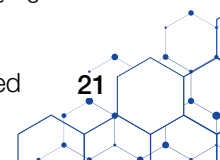
standards. Open banking and APIs support banking-as-a-service (BaaS), enabling financial service providers to reach new customers through intermediary entities. These technologies have broadened access to the financial services by expanding distribution channels, introducing new services products, reducing transaction costs and thereby promoting financial inclusion. Leveraging these new technologies has also empowered financial institutions to increase their revenue streams. Furthermore, it has allowed for deeper customer insights, facilitating personalization of financial services based on individual customer preferences. Blockchain technology, often associated with cryptocurrencies, has advanced highly secure and immutable records of all financial transactions, offering enhanced transparency in transactions. By utilizing blockchain for financial transactions and smart contracts, the need for intermediaries is minimized, enabling peer-to-peer (P2P) payments with the advantage of lower transaction and compliance costs.

Pakistan's economy faced significant challenges both from domestic and external macroeconomic factors, compounded by political unrest and high inflation. These issues contributed to a decline in domestic GDP. However, despite these difficulties, there have been some short-term signs of improvement. The IMF has revised its estimate for negative growth in domestic GDP for FY'23 to -0.2% which is slightly better than previous estimates of -0.5% published in both July and October updates. Persistent high commodity prices and ongoing pressure on the external account have visible impact on the exchange rate and inflation levels. Consequently, annual average inflation rate for FY'23 stood at 29.18%, a significant increase from the 12.15% recorded in FY'22.

Pakistan's Banking Sector remained resilient against macroeconomic and operating challenges and demonstrated a healthy performance. The asset base of the banking sector expanded by 31% by the end of December 31, 2023, reaching Rs. 54,183 billion. This growth trajectory was primarily driven by 41% increase in investments and a 4% rise in advances compared to the previous year. The growth has been further reinforced by a consistent rise in deposits, which increased by 24% over previous year.

Over the last decade, Pakistan's digital payments ecosystem has experienced significant growth particularly during and after the pandemic. There has been a transformative shift from traditional models towards the adoption of advanced technologies. This transition has been facilitated by enabling regulations, increased participation in technology-oriented markets and the introduction of innovative digital products leading to a more progressive financial landscape. During FY'23, digital transactions contributed to 85% of total payments processed by Banks and Microfinance Banks compared to 80% in FY'22. This increase indicates that customers are embracing digital channels for their financial transactions.

The initiatives introduced by State Bank of Pakistan (SBP), including digital onboarding, Raast (instant payment system) and Real-Time Gross Settlement (RTGS), are playing a



# CHAIRMAN'S MESSAGE

crucial role in advancing financial inclusion, promoting innovation and offering affordable digital financial services to individuals and businesses.

The industry wide digital transactions achieved a healthy growth of 28.6% by volume and 21.4% by value in FY'23. The number of users for mobile phone banking and internet banking surpassed 16.1 million and 9.6 million, respectively, marking year-on-year growth of 30.2% and 15.1%, during the FY'23.

Financial service providers are swiftly harnessing new technologies to enhance transactional efficiency through process automation. In line with its digital vision, Your Bank is set to expand its fleet of industry-first Cash Recycling ATMs. These ATMs not only facilitate cash withdrawals but also accept cash deposits, instantly sorting, authenticating, and storing deposited currency notes for disbursement to other customers. Additionally, selected ATMs feature a Talking ATM function specifically designed to assist visually impaired customers. To further augment its ATM fleet, Your Bank has introduced Interactive Teller Machines (ITMs) at strategic locations. ITMs represent an innovative banking technology enabling customers to conduct a wide array of teller-related transactions via video conferencing.

Your Bank has systematically implemented the live electronic journal feature for onsite ATMs. This initiative enables the retrieval of electronic journals and transaction images for each ATM, eliminating the need for paper rolls for journals and promoting paperless banking.

To minimize downtime in ATM services, the ATM Monitoring Unit operates 24/7. This commitment has led to maintaining an average ATM uptime of over 96% in the last five years, solidifying Your Bank's position as a leading acquirer in the banking industry.

Robotic process automation (RPA) software replicates rule-based digital tasks typically performed by humans. In the banking industry, RPA is utilized to eliminate time-consuming and repetitive tasks. Enhanced with improved handwriting recognition, natural language processing and other AI technologies, RPA bots have evolved into intelligent process automation tools capable of managing wide range of banking workflows previously handled by humans. Your Bank has implemented RPA for auto fetching of commodity price data from different websites for its price verification system and extraction of statements of account on daily basis from the system.

Your Bank has deployed Cisco ACI to expedite the application deployment lifecycle, facilitate workload migration across multiple frameworks and proactively address emerging risks. It is the industry's foremost secure, open and comprehensive Software-Defined Networking (SDN) solution for data center networks. Additionally, the Bank has upgraded its Enterprise Service Bus (ESB) to the latest version and infrastructure to support digital transformation initiatives. The ESB enables core applications to communicate with each other resulting in lowering the

number of point-to-point connections necessary to allow communication between applications. It has also facilitated the digital businesses by exposing ABL's services to external clients through an Open API platform.

Your Bank's WhatsApp channel presently caters to one million users, and there is a concerted effort to broaden its reach by integrating additional services. These enrichments aim to enhance customer experiences and offer a more convenient platform for banking transactions. Recent notable additions to the WhatsApp menu include:

- 1- Mobile top up
- 2- Withholding tax certificate
- 3- Account statement.

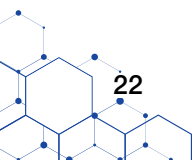
Through continuous improvement of its digital touchpoints and the successful pilot launch of its Point-of-Sale (POS) acquiring business, Your Bank has effectively cultivated an ecosystem that enhances Business to Business (B2B), Business to Person (B2P) and Business to Merchant (B2M) transactions.

The establishment of hybrid/smart branches and onboarding of 1.6 million registered myABL users serve to strengthen the digital ecosystem of Your Bank. This strategic approach has enabled the Bank to improve its Digital vs. Counter Transaction Mix to 81:19 as of December 31, 2023, compared to 74:26 as of December 31, 2022.

Your Bank has demonstrated prudent management of its strong capital position by leveraging consistent growth in low-and-no cost deposits while making reduction in high-cost deposits. This strategy has been complemented by maintaining a superior quality asset base. Notably, the Bank's low infection ratio, high coverage ratio and resilient Capital Adequacy Ratio, reflect positively on its robust risk management framework, continuous enrichment of innovative solutions and well-diversified positioning of earning assets.

Your Bank is committed towards proactive contributions to society. Throughout the year, it has undertaken a series of Corporate Social Responsibility (CSR) initiatives. Emphasizing an agile and professional work environment, the Bank aims to augment gender diversity and uphold principles of equal opportunity. Another key focus is fostering environmental sustainability through green practices and tree plantations. Additionally, Your Bank conducts awareness sessions for customers and obligors, organizes cleanliness drives at public locations and engages in academic and sponsorship activities. These activities demonstrate the Bank's dedication to promoting socially responsible citizenship.

Your Bank's unwavering commitment to providing digitally-led integrated solutions to its customers, supporting the growth of digital ecosystem in the financial sector and promoting environmentally friendly green banking practices as a responsible corporate citizen has received global recognition. The Banker, a world-renowned financial affairs







publication of Financial Times Group, U.K., published since 1926, has awarded Your Bank “Bank of the Year 2023 – Pakistan” accolade for the third consecutive year.

Pakistan’s Credit Rating Agency (PACRA) has re-affirmed Your Bank’s Long Term and Short Term ratings at the highest level of “AAA” (Triple A) and “A1+” (A One plus), respectively. Your Bank has solidified its position as one of the select group of financial institutions in the Country to maintain highest entity credit ratings. This rating reflects, robust capital position, adequate capital buffers to withstand economic and financial shocks and overall financial resilience.

Your Bank’s corporate governance practices undergo annual review by an independent evaluator. VIS Credit Rating Company Limited has maintained Your Bank’s Corporate Governance Rating of ‘CGR-9 ++’. This reaffirms the unwavering commitment of the board and management to maintaining a robust governance framework. The corporate governance framework of Your Bank aims to establish an efficient and strong management structure to effectively translate the Bank’s goals into tangible achievements.

## FUTURE OUTLOOK

The global economy is displaying indications of recovery as risks concerning future outlook are gradually diminishing. As a result, the IMF has revised its estimate of global growth at 3.1% in January 2024, marking an increase of 0.2% from the earlier estimate made in October 2023. Furthermore, the IMF has projected a decrease in global inflation to 5.8% in 2024 and 4.4% for 2025.

On the domestic front, improvements in political and macroeconomic conditions are anticipated. The IMF has projected GDP to grow by 2.0% in FY’24 and 3.5% in FY’25. Similarly, SBP has forecasted domestic growth to be around 2-3% in FY’24 with inflation expected to range between 5-7% by the end of FY’25.

Generative AI tools have the potential to significantly enhance customer satisfaction, optimize decision making processes and reduce risks by enabling better monitoring of fraud and risk. With AI backed anti-money laundering and know-your-customer solutions, it becomes feasible to screen new customers more rapidly and accurately. According to McKinsey, Generative AI could contribute an additional US\$ 200 billion to US\$ 340 billion in revenue to the global banking industry through heightened productivity. As we enter 2024, the banking industry finds itself on the brink of a digital revolution, with AI leading the change. Economic uncertainties and evolving digital needs have elevated technology from a peripheral element to

a cornerstone in the strategies of the financial sector. This new era is not just about adopting technology; it is about integrating AI into the core of banking services to establish resilient, innovative and customer-centric financial ecosystems. AI led cybersecurity solutions are poised to revolutionize security measures in several key areas:

1. Boost Security Operations Center (SCO) analysis
2. Breach risk predictions
3. Enhance cybersecurity posture
4. Assets inventory management
5. Prioritize vulnerability remediations
6. Solutions based on Generative AI
7. Accelerate resolution time

Overall, AI-driven cybersecurity solutions hold the promise of strengthening defenses, mitigating risks, and safeguarding the integrity and trust of banking systems in an increasingly digital landscape.

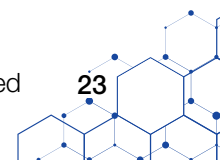
Your Bank’s resilient risk management system will persist in maintaining risk appetite within defined limits, effectively mitigating emerging cybersecurity threats and enhancing data governance.

Your Bank remains dedicated to achieving its vision and creating sustainable value through growth, efficiency and diversity for all stakeholders. With a focus on financial inclusion, low-cost deposit mobilization, high quality advances and enhanced customers’ experience through digitally-led solutions, Your Bank is committed to promoting advancement of digital ecosystem in financial sector. These endeavors reflect Your Bank’s ongoing commitment to innovation, inclusivity, and excellence in serving its customers and contributing to the broader financial community.

On behalf of the Board of Directors, I would like to express my appreciation to the regulatory bodies including State Bank of Pakistan, Securities and Exchange Commission of Pakistan and Federal Board of Revenue for their consistent guidance and assistance. I would also like to commend our esteemed shareholders for having confidence in the Bank’s long-term strategic goals.

Finally, I would like to extend my gratitude to Allied Bank’s management team and over 11,000 Allied Bankers, for their resolute endeavors, unwavering commitment and invaluable contributions in building a resilient and technologically advanced Allied Bank.

**Mohammad Naeem Mukhtar**  
Chairman Board of Directors





# CEO'S REVIEW

The global economy experienced a continued slowdown in 2023, amid ongoing uncertainties from geopolitical conflicts, persistent supply chain disruptions from aftershocks of the pandemic and widespread inflationary pressures. Despite these challenges, the global growth outlook has become slightly more balanced, due to the monetary tightening measures undertaken by central banks worldwide and the easing of pandemic-related restrictions. Early indicators suggest a quicker-than-anticipated recovery, with inflationary pressures beginning to ease.

Taking these macroeconomic factors into account, the International Monetary Fund (IMF) estimated global growth at 3.1% for 2023 and 2024. For 2024, the IMF adjusted its global growth projection up from the previous forecast of 2.9% in its October 2023 outlook, marking a 0.2% increase. The IMF also estimates headline inflation for 2023 at 6.8%, a decline from its peak in 2022.

Domestically, the country has faced numerous challenges, including the global economic slowdown, uncertain political climate, high inflation and weakened business confidence. Despite these obstacles, the economy has shown resilience and short-term signs of improvement. According to the IMF estimates, Pakistan's GDP contracted by 0.2% in 2023 which was earlier projected to contract by 0.5%, in both July and October 2023 updates.

Headline inflation reached a multi-decade high in FY23, averaging 29.7% in December 2023 year-on-year, compared to 24.5% in December 2022. Core inflation was recorded at 20.5% in December 2023, slightly lower than its peak of 22.7% in May 2023. Key drivers included flood-related disruptions to agricultural production and supply chains, adjustments in energy tariffs and petroleum prices and the sharp depreciation of the Pak Rupee. In response to the relatively high inflation, the State Bank of Pakistan (SBP) continued to hike the policy rate, increasing it by a cumulative 825 basis points to reach 22.0% in FY23. Subsequently, SBP estimated the GDP of Pakistan at negative 0.2% in FY'23 and kept the projected growth for FY'24 within the range of 2-3%.

Despite the uncertain and challenging operating environment, the Large-Scale Manufacturing (LSM) sector is showing signs of recovery. Key sectors include Food, Beverages, Petroleum Products, Apparel, Leather, Chemicals, Pharmaceuticals, Non-Metallic Mineral Products, Rubber Products, Wood Products, Machinery & Equipment and Football. In November 2023, the LSM index increased by 1.6% on YoY basis as compared to decrease of 4.9% in the same month last year and increased by 3.6% on MoM basis as compared to decrease of 2.2% in October 2023. However, it declined by 0.8% during Jul-Nov FY'24, which is lower as compared to a contraction of 2.3% in Jul-Nov FY'23.

In the Agriculture sector, the credit disbursements reached Rs. 1,105.8 billion during Jul-Dec FY'24 as compared to Rs. 842.4 billion in the previous year, marking an increase by 31.3%. The farm tractor production and sales showed growth of 67.5% and 103.3%, respectively during Jul-Dec FY'24 compared to the same period last year.

In December 2023, Balance of Payments (BoP) demonstrated improvement as exports of goods and services improved by 14.1% on YoY basis and by 5.1% on MoM basis, respectively. Exports remained constantly above US\$ 3.0 billion per month mark since August 2023 due to increase in economic activity and encouraging foreign demand. Similarly, during Jul-Dec FY'24 exports of goods and services stood at US\$ 19.1 billion as against US\$ 18.1 billion, showing 5.3% growth.

Conversely, imports of goods and services decreased by 6.4% in December 2023 to US\$ 5.0 billion, compared to US\$ 5.3 billion in November 2023. Furthermore, imports contracted by 9.8% during Jul-Dec FY'24 to stand at US\$ 30.4 billion, compared to US\$ 33.7 billion in the comparative period last year. This decline in imports alongside an increase in exports have supported in reducing the trade deficit to US\$ 11.4 billion during Jul-Dec FY'24, lower by 27% as compared to US\$ 15.6 billion during Jul-Dec FY'23.

Current account balance turned to surplus in December 2023 to reach at US\$ 404 million as against deficit of US\$ 365 million in December 2022. Current account balance is expected to remain in manageable limit due to primary and secondary income balance.

During Jul-Dec FY'24, workers' remittances fell to US\$ 13.4 billion, a 6.8% decrease from the US\$ 14.4 billion recorded in the same period previous year. However, on a YoY basis, remittances experienced a 13.4% increase in December 2023.

Total Liquid Foreign Exchange Reserves were US\$ 12.7 billion as on December 31, 2023, compared to US\$ 10.8 billion as on December 31, 2022. Whereas Net Reserves with SBP recorded at US\$ 8.2 billion as on December 31, 2023, against US\$ 5.6 billion as on December 31, 2022. Monetary Policy Committee (MPC) is expecting a stable financial position and inflow of FX reserves as the IMF has completed its first review of Pakistan's economic reform program and disbursement of second tranche of around US\$ 700 million has been received under Stand By Arrangement by the IMF.

During Jul-Dec FY'24, total Foreign Investments were US\$ 933.7 million, compared to an outflow of US\$ 393.3 million in the corresponding period last year. Foreign Direct Investment (FDI) showed a significant increase of 35% and reached at US\$ 862.6 million during Jul-Dec FY'24 as compared to inflow of US\$ 640.0 million during Jul-Dec FY'23. Major inflow of FDI originated from China, Hong Kong, UK, Netherland and Switzerland.

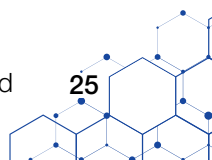
Total revenues during Jul-Dec FY'24 grew by 46%, as compared to the same period last year, reaching Rs.6,854.0 billion. This performance is driven by a healthy increase in non-tax collections by 109% and 30% higher tax collection by Federal Board of Revenue (FBR). Despite of encouraging revenue collection in the first six months of FY'24, the expenditure side remained under pressure attributed to higher mark-up payments. Consequently, fiscal deficit has widened to 2.3% of GDP during Jul-Dec FY'24, in comparison with 2.0% of GDP during Jul-Dec FY'23. However, due to contained growth in non-markup spendings, the primary surplus improved by 1.7% of GDP during Jul-Dec FY'24.

## Banking Sector Performance

Pakistan's banking industry showed resilience against the multiple headwinds including aftershocks of pandemic, record high inflation, economic slowdown, political unrest in the country and higher tax regime.

Total assets of the industry increased by 31% to record at Rs. 45,183 billion as on December 31, 2023, compared to Rs. 34,530 billion as on December 31, 2022. Key drivers behind growth of assets includes appreciation in Cash and Balances with Treasury Banks by 84%, Other Assets by 56%, whereas Investments increased by 41% to stand at Rs. 2,789 billion, Rs. 2,261 billion and Rs. 25,280 billion respectively.

Banking industry faced challenges in expanding loan portfolio of quality advances due to high probability of delinquencies in



# CEO'S REVIEW

loan portfolio on account of higher interest rates and economic slowdown. Moderate growth in loans has been observed during the year. Total Gross advances increased by 4% and stood at Rs. 12,352 billion as on December 31, 2023 as compared to Rs. 11,913 billion as on December 31, 2022. Likewise, total net advances of the banking industry also increased by 4% to Rs. 11,625 billion as on December 31, 2023, compared to Rs. 11,225 billion as on December 31, 2022. Whereas, infection ratio increased to 7.6% as on December 2023, against 7.3% as on December 2022. However, Coverage ratio of the banking industry reached at 92.7% as on December 2023 as compared to 89.5% in December 2022.

On the liability side, total deposits of the industry were Rs. 27,841 billion as on December 31, 2023, against Rs. 22,467 billion in the corresponding period last year, showing an increase by 24%.

## Business Performance

During this challenging year, Your Bank has efficiently optimized its high-quality balance sheet with moderate growth whereas posted significant increase in net profits.

Well framed strategic priorities of Your Bank are displayed in key business activities of lending, mobilizing low-and-no-cost deposits, prudent investing and transactional banking. Resultantly, asset base of Your Bank increased by 3%, to reach at Rs. 2,329,317 million as on December 31, 2023, compared to Rs. 2,250,973 million as on December 31, 2022.

In high interest scenario coupled with other economic uncertainties, Your Bank continued with a prudent approach in deploying funds. Your Bank's net investments increased by 2% and were recorded at Rs. 1,150,318 million as on December 31, 2023, compared to Rs. 1,123,117 million as on December 31, 2022.

During the year under review, Your Bank's gross advances portfolio was optimized, reaching Rs. 794,138 million, a decrease of 7% from Rs. 857,488 million as of December 31, 2022. Meanwhile, net advances amounted to Rs. 781,597 million as of December 31, 2023, representing an 8% reduction compared to Rs. 845,640 million as of December 31, 2022.

Reflecting the quality of its advances portfolio and effective risk management practices, Your Bank has one of the industry's lowest infection ratios. As of December 31, 2023, the Bank's Infection Ratio was recorded at 1.64%. Additionally, the Bank improved its Coverage Ratio to 96.2% by the end of 2023, compared to 90.4% at the end of the previous year.

Driven by customer acquisition drives and marketing campaigns, deposit base of Your Bank increased by 10% to stand at Rs.1,676,623 million as on December 31, 2023, against Rs. 1,522,297 million as on December 31, 2022. Focusing on low-and-no cost deposits, Current Account Saving Account (CASA) mix of Your Bank rose to 85% of total deposits as on December 31, 2023 as against 79% on December 31, 2022.

Total equity of the Bank increased by 52% to stand at Rs. 194 billion as on December 31, 2023, compared to Rs. 128 billion as on December 31, 2022.

Positive growth in average earning assets, improved spreads, and effective investment duration management resulted in healthy growth of 66% in markup income of Your Bank which stood at Rs. 357,307 million for the year ended December 31, 2023.

On the other hand, despite of higher deposit rates owing to average 751 basis points rise in policy rate during the year,

increase in markup expense of Your Bank was restricted to 64% while total markup expense remained at Rs. 244,028 million. Consequently, net interest income (NII) increased by 70% to record at Rs. 113,279 million for the year ended December 31, 2023 as compared with 66,719 million last year.

Non markup income of Your Bank witnessed a healthy growth of 18% during the year under review mainly due to higher fee income, foreign exchange earnings, and dividend income, though partially offset by a reduction in capital gains.

Your Bank upgraded its digital as well as conventional products range which complemented the 31% increase in fee income to stand at Rs. 10,641 million during the year 2023, compared to Rs. 8,147 million during the year 2022. Foreign exchange income saw a rise of 15% resulting from favorable movement in swap curves.

Your Bank's dividend income enhanced by 15% to stand at Rs.3,543 million for the year ended December 31, 2023, against Rs. 3,088 million for the year ended December 31, 2022.

Being fully aware of latest technological transformation in banking sector, Your Bank is prudently investing in its digital ecosystem and along with expansion in the branch outreach. These initiatives coupled with higher inflation and depreciation in US/PKR parity contributed to increase in operating expenses. However, owing to benefits of process automation and enforcing internal controls, the Banks successfully managed to keep rise of expenses in check and restricted the increase to 18%. Operating expenses were recorded at Rs. 46,985 million for the year ended December 31, 2023, compared to Rs. 39,699 million in the previous year.

Notable growth in revenues from both markup and non-markup streams and lower side increase in operating expenses led the Bank to register a pre-tax profit of Rs. 85,757 million for the year ended December 31, 2023 reflecting an 84% increase over previous year's pre-tax profit of Rs. 46,626 million.

Federal Board of Revenue vide SRO No. 1588(I)/2023 dated 21.11.2023 levied an additional tax on Foreign Exchange Income classifying it as windfall income for Tax Year 2022 and 2023 (Income Year 2021 and 2022). Consequently, tax charge for the year increased to Rs. 45,074 million which included the aforesaid tax of Rs. 2,955 million on foreign exchange income, while effective tax rate hiked up to 52.56%.

Profit after tax stood at Rs. 40,683 million for the year ended December 31, 2023 as against Rs. 21,194 million during previous year, denoting a remarkable growth of 92%. EPS of Your Bank was recorded at Rs. 35.53 for the year ended December 31, 2023 as against Rs. 18.51 for the year ended December 31, 2022. The Return on Assets (RoA) and Return on Equity (RoE) stood at 1.8% and 29.4%, respectively, on December 31, 2023. Furthermore, Your Bank's Capital Adequacy Ratio (CAR) was 26.21%, significantly exceeding the regulatory minimum of 11.5%, indicating ABL's strong capital base.

## Digital Banking Initiatives

The banking sector is going through a notable transformation towards digitalization primarily driven by the dynamic and evolving demands of clientele which had been further accelerated by the Covid-19 pandemic. Consumer preferences for expediency, immediacy and convenience in their selection of financial service providers play a key role. Consequently, the banking industry has increased its focus on technological advancements to reinforce operational efficiency, fortify information security protocols and elevate the quality of customer experience.

Your Bank has achieved a significant milestone with over 1.6 million myABL user registrations, indicating its dedication to offering modern and user-friendly banking solutions to the customers. The Bank expanded its range of financial services provided through myABL Digital Banking Platforms. Your Bank introduced a feature that enables customers to update the expiry of their Computerized National Identity Card (CNIC) through the myABL web or mobile application. This eliminates the need for branch visits or email submissions of scanned documents.

Moreover, the Bank's WhatsApp Banking service, with one million registered users, offers convenient features like account inquiries, IBAN generation and financial transaction capabilities like mobile balance top-ups. Additionally, the Bank has launched services like the withholding tax certificate, available in PIN-protected PDF format for specific periods and account statement service for accessing details through WhatsApp.

A significant aspect of ABL's strategic growth has been its active engagement in the expansion of the RAAST payment system. This has resulted in a substantial increase in transaction numbers, reaching 7.5 million with a total transaction volume of Rs. 7 billion. Furthermore, ABL extended its "Payday Advance Salary" loan program to over 100 companies, resulting in disbursement of around 10,000 loans accumulating to Rs. 214 million, demonstrating ABL's commitment to enabling the individuals to manage their financial needs effectively.

By 2023, ABL has expanded digital branches to 14 alongside plans to launch four "Lifestyle Digital Lounges" in major shopping malls across Lahore, Karachi, and Islamabad. These branches and lounges, equipped with state-of-the-art digital facilities like Cash Recycling Machines, Interactive Teller Machines, Cash and Cheque Deposit Machines, Self-Service Kiosks, and Instant Debit Card Printers, offer customers efficient, queue-free transactions and 24/7 access to technology. This shift signifies ABL's commitment to modernizing the banking dynamics.

Further, Your Bank has forged a strategic partnership with Telenor Pakistan to capitalize on the critical role of data in strategic decision-making. This collaboration focuses on using data to enhance decision-making processes, leveraging data variables to identify local trends and patterns. The insights gained are applied in areas such as White Space Analysis, Branch Optimization, Digital Marketing based on Customer Persona, Digital Product Development and Cross Selling. This partnership enables Allied Bank to utilize data-driven insights for refining its strategies and operations, ensuring a more informed and effective approach in its business endeavors.

Over the past year, there has been a significant increase in customer interactions on social media and messaging platforms. In response, Allied Bank is transitioning to Sprinklr's Unified-CXM platform to enhance the effectiveness, humanization, and personalization of communication on its digital channels. Sprinklr's sophisticated AI-driven software is specifically designed to transform Allied Bank's social media and digital customer interactions, offering valuable insights into customer behaviors and preferences.

To realize a cohesive campaign management strategy, Allied Bank has integrated dEngage for its Customer-Driven

Campaigns Management Solution. This integration is intended to efficiently manage diverse channels, including Email, SMS, Web Push, and App Push.

It was a notably successful year for Allied Bank for its 'Card and Acquiring' services, marked by several key advancements and technological upgrades. A prime development was the successful pilot launched of ABL's Point-of-Sale (POS) Acquiring business with deployment of cutting-edge POS machines in major cities of Pakistan to facilitate digital payment acceptance from customers with a vision to drive digital payment adoption in Pakistan.

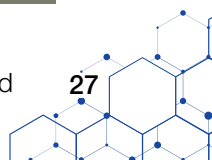
Another key development was the acquisition and integration of new Card Production Machines equipped with UV Cured Graphic Printing Technology, coupled with the modernization of existing equipment. This technology offers multiple benefits, including a print life of 5-7 years, a variety of personalization colors, flexible card design options, expanded branding space and a 30% faster printing speed compared to traditional embossing methods. In 2023, ABL achieved a significant milestone by producing and dispatching over 1.2 million Debit Cards.

Further enhancing its banking services, Allied Bank has launched ABL Foreign Currency Visa Debit Card for Roshan Digital (RDA) and Foreign Currency GBP and Euro Account holders. The Bank also introduced a 'Foreign Currency Debit Card' catering to the needs of IT Exporters and Freelancers, thus, underscoring Allied Bank's dedication to support policies and initiatives that accelerate growth and success of Pakistan's IT industry.

Your Bank presented 'Digital Freelancer Account' and 'Foreign Currency Debit Card' on Export Retention Account in a session organized by Ministry of Information Technology and Telecommunication and Pakistan Software Export Board in collaboration with SBP and Pakistan Software Houses Association (P@SHA).

In line with regulatory compliance, an automated solution for a 30K cross-border transaction limit was implemented. Moreover, the enablement of 3D Secure on UnionPay PayPak Cobadge Debit Cards significantly enhanced e-commerce transaction security.

Allied Bank implemented a series of pivotal initiatives and technological enhancements in its ATM services, demonstrating a strong commitment to improving customer experience and operational efficiency. Allied Bank implemented the advanced ATM



# CEO'S REVIEW

Monitoring Solution, Vynamic View, for its Diebold Nixdorf (DN) ATMs to improve the monitoring and efficiency. Further enhancing its commitment to operational efficiency and environmental sustainability, ABL plans to execute the EJ paper cutover phase across all DN ATMs in 2024, aiming to significantly reduce paper usage and associated costs.

Allied Bank reached a significant milestone in fostering inclusivity through the successful implementation of the Talking ATM feature in selected ATMs, specifically designed to aid visually impaired customers. Adding this feature represents ABL's dedication to creating an inclusive banking environment for all. Your Bank initiated 24/7 ATM Monitoring Unit shift operations, enhancing ATM availability and increasing customer footfall. Allied Bank has commendably sustained an average ATM uptime exceeding 96% over the past five years. This accomplishment highlights ABL's commitment to ensuring optimal ATM availability and reaffirms its position as a leading acquirer in the ATM industry.

## Green Banking and Environment Protection

The Green Banking has remained integral part of the Bank's long-term strategy. Within its Green Banking Policy, Your Bank, with view to augment environmental safety directed its financing towards environment friendly projects and activities within the country. In the year 2023, Your Bank has financed Rs. 880 million to its obligors for installation of Green Energy projects. The total outstanding Green Financing of the Bank, primarily including wind, solar and hydel power and solid waste management projects, stood at Rs. 11.54 billion as on December 31, 2023.

Oversight of this initiative falls under the purview of the Green Banking Office (GBO) and is monitored through the Environmental Risk Management System (EnvRM). The Bank's credit portfolio is assessed on purpose build Environmental Risk Rating (ERR) model to ensure that Bank's financing is Green. Moreover, Environmental Improvement Plans (EIPs) are obtained from obligors, where required. GBO continuously endeavors to enhance capacity building of the staff, and accordingly, total of 819 staff members were trained/sensitized related to Green Banking during the year 2023.

As a part to reduce carbon emission by direct operational impact, your Bank has been investing in installation of solar panels. Resultantly, total internal solar power generation capacity of

the Bank has increased to 622 KW installed at 69 locations. By maintaining a commitment towards process automation, Your Bank has successfully decreased its reliance on paper-based procedures. This reduction in paper consumption has not only lowered the Bank's carbon footprint but also bolstered the efficiency of customer services. Furthermore, administrative initiatives have yielded a notable 4% decrease in electricity consumption, 17% decrease in generator's fuel and 3% decrease in paper consumption in the year 2023.

While continuing the legacy of high value Green CSR contributions, your Bank has achieved various mile stones in Building a Clean and Green Pakistan. Your Bank has conducted various tree plantation campaigns in line with national drive for 'Clean and Green Pakistan 'and has planted 100,293 plants in CY 2023.

A sustainable Olive Tree Plantation has been started in the vicinity of the Babri Banda village, Kohat. Your Bank donated for the olive tree plantation project which includes Establishment of 36 acres orchard, Olive Tree plantation on 15 acres, Installation of Drip Irrigation System, Solar Ground Water Extraction, Construction of Overhead Water Tank and Construction of Loose stones Check Dam.

In a Clean Waste Management drive, the Bank provided two Auto Rickshaw Loaders to community of village Babri Banda, Kohat for efficient and clean waste disposal.

In addition, three cleaning activities were conducted by team ABL at Deosai National Park, Gilgit Baltistan, Sea View Beach, Karachi and Lahore Forte where the non-disposable/ environment hazardous waste was handpicked by ABL staff, local authorities and general public.

## Ozone-Safe Business Practices at ABL Premises

Allied Bank continues to invest in renewable energy and energy efficiency projects to lower our carbon footprint. Following are the green initiatives, which played a pivotal role towards mitigating environmental challenges;

- Extensive use of in-house developed Workflow Automation System (WAS) for approval purposes, replacing paper-based approvals.



- Continued upgradation in Human Resource Management System to Oracle- HRMS providing paperless management of multiple HR related processes.
- Increased usage of In-house Innovation Lab serving as an incubation center to ensure constant technological developments.
- Issuance of SWIFT Based Guarantees – a quick and secure mode of transmission, eliminating manual verification, mitigation of fraud/forgery risk and cost effective in terms of paper, printing and handling.
- Online LG verification is implemented; customers can now verify ABL issued Guarantees online through ABL Website. It will improve Verification TAT, printing & courier cost, mitigation of forgery risk and a step towards paperless environment.
- Discontinuation of ATM Journal Paper Roll on 516 ATMs to augment paperless banking practices, digitalization and cost reduction measures.

### Service Excellence Measures

Service Quality is a strategic priority of Allied Bank to achieve high customer satisfaction to earn retention and loyalty of its customers. By focusing on outstanding service quality practices, Your Bank continue to bring innovation in banking services for its valued customers. These include responding to customers' needs in a courteous and timely manner while interacting with them through face-to-face interactions, on telephone, and through other communication mediums.

Your Bank continuously strives to achieve excellence in customer service by understanding their needs, continually bringing improvement in delivery of services, and consistently surpassing the expectations of customers. Service Quality and Complaint Management (SQ&CM) in line with the organizational goals, remains committed to nurture a service culture across the organization.

As part of the Bank's commitment to achieve excellence in service, Your Bank has introduced flagship top 100 branches to set a new benchmark of customer service by creating a pleasant ambiance for customers, developing the skills of human resources designated at these branches and providing self-service digital banking facilities.

Allied Bank maintains customer trust by striving to deliver fair outcomes for them and redressal of customer grievances in a timely manner. Your Bank has a centralized Complaint Management Division in place, efficiently and effectively resolving customers' grievances and fostering a cordial relationship between the Bank and its customers/stakeholders through effective collaboration with all segments of Your Bank.

Allied Bank implemented a customer-focused Enterprise CRM solution, 'Customer 360', offering a holistic view of customer interactions across all channels. The CRM's unified complaint management system enhances customer satisfaction by streamlining resolutions across various channels, including phone banking, online platforms, and physical branches. Additionally, its integrated CRM Campaign Management optimizes customer engagement and marketing efficiency. Additionally, the CRM's centralized functionality significantly improves sales cycle management, from lead generation to finalization, thereby bolstering Allied Bank's sales strategies and growth potential.

Moreover, customers can lodge their complaints using self-service kiosks and digital signages installed at branches. The lodged complaints are automatically routed to Complaint Management Division, which acknowledges receipt of complaints to the customers, and keeps them informed throughout the complaint resolution process.

With the aim to create awareness among customers about the Bank's complaint lodgment process and available channels, information is disseminated through corporate website, myABL Digital Banking app, SMS, digital signages, and ATMs. During the year 2023, 80,959 complaints were registered and Your Bank achieved 98% resolution rate with an improved average turnaround time of 8.8 working days for resolution of customer complaints.

Allied Bank is committed to enhancing the digital customer experience through the application of advanced analytics and business intelligence (BI) tools. Allied Bank employs both predictive and real-time analytics to anticipate and respond to customer needs effectively, ensuring the delivery of tailored solutions, immediate support, and personalized customer experience. These insights are instrumental in making data-driven decisions that focus on enhancing customer satisfaction and shaping competitive strategies.

To optimize customer service, Allied Phone Banking now registers complaints through chat and social media, aiming for efficient resolution and enhanced customer experiences. Innovations in Interactive Voice Recording (IVR) system, including features like Temporary Debit and Credit Card Blocking and Account Debit Block, empower customers with self-service options, promoting efficiency. Additionally, newly introduced Call Back and Web Call Back features address customer preferences for immediate or scheduled callbacks, enhancing service accessibility. In 2023, Allied Phone Banking achieved a service remarkable level above 95%, denoting excellent efficiency and customer satisfaction.

### Risk Management, Compliance and Controls

Risk Management Group (RMG) is continuously striving towards management of risk through an augmented framework of sound risk principles, reinforced by optimum organizational structure, robust risk assessment models and effective monitoring systems in an automated environment.



# CEO'S REVIEW

Dedicated functions in Risk Management include:

- Corporate and Financial Institutions Risk;
- Commercial, SME and Consumer Risk;
- Credit Administration and Monitoring;
- Technical Appraisal;
- Information Security & Governance and
- Enterprise Risk.

These functions operate cohesively to continuously augment the risk monitoring and assessment architecture, ensuring superior quality of asset portfolio while keeping the aggregate risks well within the Bank's overall risk acceptance criteria.

During 2023, Risk Management continued to refine and innovate its Risk Management practices through use of latest technology and took following key initiatives to further strengthen risk monitoring and assessment processes:

- The Bank has partnership with Karandaz Pakistan (a non-profit organization) for an Innovative Challenge Funds; ICF3 - Transforming SME Financing, Innovative Credit Scoring Model of SMEs. Besides, the Bank is also contributing in lending to SMEs through SBP backed SME Asaan Finance (SAAF) scheme.
- In order to ensure meticulous compliance regarding smooth transition towards the SBP's instructions for implementation of International Financial Reporting Standard - 9, "Financial Instruments" (IFRS-9), the Bank has ensured its readiness through implementation of IFRS-9 system to comply with regulatory requirements and accounting standards. The Bank has been successfully submitting the impact of Expected Credit Loss under IFRS-9 to SBP.
- The Bank has an in-house developed state of the art Risk Assessment and Management System (RAMS) for loans processing and monitoring. The system has enabled effective management of Credit Risk, also reflected by one of the lowest infection ratios in the industry. The Bank follows a continuous process for upgradation in RAMS to enhance its effectiveness.
- The Bank has conducted various security assessment exercises in 2023 on Information assets of the Bank which included Vulnerability Assessment (VA) and Penetration Testing (PT) activities. This included the engagement of Red Team for external penetration testing of critical Information Assets of the Bank.
- Payment Card Industry Data Security Standard (PCI DSS) Certification was also achieved for the 5th year in 2023 along with compliance to Swift Customer Security Program (CSP) as mandated by SWIFT International.
- Major focus of the Bank remained on the Capacity Building and Enhancement of SOC (Security Operations Center) where significant investment was made on the Technology Upgrades, Improvement of Processes and development of Skillset of Human Resources. Major highlights included a dedicated SOC Facility enabled through advanced technologies for Security Information and Event Management system, Threat Intelligence and Digital Risk Protection Platform, Security Orchestration Automation and Response System, End Point Protection and End Point Detection & Response solution. Through use of these systems, the Bank has capacity not only to analyze logs, identify the security incidents, and automate the process of orchestration & escalation for timely countermeasures but also has enriched and timely Threat Intelligence for protection of our Information Assets.
- The Bank implemented security tools to Detect and prevent Behavior based threats and anomalies at end points in order to further strengthen security.
- The Bank has also in place Information Security Risk Management Program for aligning its Governance structure with International Standards and Industry best practices. In this regard, Information Security Strategy and development of Policies, Procedures and Frameworks were the major highlights.
- The Bank conducted Cyber Hygiene and Data Leakage self-assessment exercises for evaluating the overall cyber health and security posture of the Bank. In this context, the Bank has in place a roadmap to further strengthen and improve the security posture.







- The Bank also initiated a project for Implementation of ISO 27001:2022 standard to further strengthen its Information Security Management System.

#### Customer Awareness Sessions

Your Bank remained focused in arranging various awareness sessions and seminars in order to create financial literacy and enhance customer insights on business strategies.

- **Farmers' Financial Literacy program**

To create awareness among the farmers and educate them regarding the availability and usage of ABL's financial services, more than 64 Farmer's Financial Literacy Programs were organized during 2023 by ABL in different areas of Punjab, KPK, AJK and Gilgit Baltistan. More than 1,000 farmers (including Male and female) participated in these awareness sessions.

- **SME's Finance Awareness Session**

ABL has also conducted more than 340 SME Finance awareness sessions held for public educating more than 5,500 persons.

- **Allied Aitebar Islamic Banking Awareness Session**

Under the banner of Allied Aitebar Islamic Banking three focused interactive awareness seminars were arranged for guidance and financial inclusion of faith sensitive clientele,

1. Capacity Building Session for Islamic Bankers of Bahawal Nagar Region, held at Bahawal Nagar, in collaboration with SBP BSC Bahawalpur.
2. Awareness Session on Islamic Banking arranged at Rahim Yar Khan exclusively arranged by ABL.
3. An Awareness Session for Exporters on Islamic Banking Products and SBP Islamic Export Refinance Scheme held in collaboration of SBP BSC Bahawalpur and Rahim Yar Khan Chamber of Commerce.

In continuation of the Bank's distinctive initiative of engaging with the obligors to provide them with latest insight on business management and strategies; four seminars for Corporate, Commercial & SME obligors, were arranged with renowned Speaker Dr. Ishrat Hussain (ex-Governor State Bank) on "Corporate Governance for Sustainable Economic Growth", "Transition from Family-Owned Business Structure to Corporate Structure" and "Enhancing the Share of Sialkot in International Trade".

Various Information Security Awareness campaigns including "Fraud" awareness were conducted for our valued customers. A Cloud based E-Learning platform is also in place for training of

team members to educate and enhance awareness about latest Cyber security threats and trends.

#### Information Technology

Your Bank has consistently made remarkable strides in serving its customers by leveraging state-of-the-art technology and expanding its digital presence. This commitment ensures that customers have access to a comprehensive range of "digital and networked banking services" on the go.

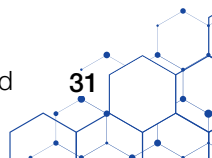
ABL has upgraded its Enterprise Service Bus (ESB) to the latest version, accompanied by an enhanced infrastructure to reduce the need for numerous point-to-point connections traditionally required for inter-application communication. The upgraded ESB is playing a pivotal role in facilitating digital business by enabling the exposure of services to external clients through an Open API platform.

The Digital Lending Platform has introduced a groundbreaking offering – Merchant Lending, representing a significant advancement in micro-lending through digital channels. This achievement is particularly noteworthy as it aligns with the implementation of ICF5 (Innovation Challenge Fund), marking a milestone in fostering innovation within the lending landscape.

In a commitment to providing an enhanced user experience, myABL has introduced a completely revamped user interface (UI) for its mobile app customers, available on both Android and iOS platforms. The new UI layout is designed based on the latest usability conveniences and aligns with current market trends. Moreover, myABL is set to introduce Tap & Pay NFC (Near Field Communication) transactions in collaboration with UPI (Union Pay International), offering customers a convenient and secure payment option.

In its ambitious journey toward digital transformation, ABL has adopted a proactive stance by integrating Robotics Process Automation (RPA) in automating the centralization of cheque clearing through RPA and implementing the core banking password reset feature, offering users a secure and convenient solution. Moreover, ABL has successfully applied RPA in trade finance price benchmarking and the generation of customer account statements, contributing to enhanced accuracy and timeliness.

ABL has implemented a state-of-the-art telephony solution, Genesys, introducing a range of self-service functionalities for customers. Among the frequently utilized options are balance inquiries, card activations, temporary card blockings, and retrievals of myABL User IDs. Furthermore, myABL is seamlessly integrated with the Genesys Robocall module. This integration allows customers to authenticate requested package activations by providing consents through computerized autodialed calls broadcasted to them.



# CEO'S REVIEW

Your Bank has successfully integrated the Azure DevOps platform, designating it as the primary source code repository. This adoption is expected to foster improved collaboration and streamline version control processes.

Your Bank is in the process of deploying the Data Lifecycle Management (DLM) tool for data separation, enhancing efficiency in both online transaction processing (OLTP) and batch processing. The Bank has also initiated an upgrade to the latest release of its Core Banking System, to benefit from technological enhancements made over time, ultimately leading to improved customer services and an enhanced user experience.

Your Bank has acquired the latest generation of Oracle Exadata, namely the X9M-2. This cutting-edge system incorporates the latest CPUs, advanced networking capabilities, and optimized storage hardware, complemented by refined software. The Oracle Exadata X9M-2 is designed to deliver unparalleled performance, availability, and security, contributing to heightened business agility and efficiency.

Allied Bank has implemented Cisco ACI, SD-LAN & SD-WAN Software-Defined Network (SDN) infrastructures in Data Centers, Offices and Branches. Cisco ACI, the industry's most secure, open, and comprehensive application centric SDN solution for Data Centers which enables automation to accelerates infrastructure deployment and governance, also simplifies management to easily move workloads across a multi-fabric and multi-cloud frameworks, and proactively secures against modern day risks.

To ensure the business continuity and availability of critical services to the customers' even in case of a disaster, the Bank annually conducts one-week long Disaster Recovery exercise to assess the strength, availability and monitor the robustness of Disaster Recovery site, during this tenure all operations are served from alternate site and it acts as primary site.

The Bank has deployed enterprise level backup solutions that help to maintain backups of all critical applications and databases along with IT assets & Systems to safeguard the data integrity and availability to cater any unforeseen events or disasters.

## Investment in Human Capital

Your Bank continued to play its dynamic and agile role while positioning itself as lead enabler for business growth. Your Bank reshaped the way for recruiting, developing and retaining talent, to achieve positive work outcomes.

To fulfill the human resource requirement of different functions of the Bank, Your Bank issued 3,100+ offers for appointment to eligible candidates during the year, through both contractual and permanent recruitment practices. In line with approved Manpower Plan 2023, batch of fresh Management Trainee Officers was inducted, consisting of 561 candidates. As per approved career path of Management Trainees, 748 Management Trainees from various batches were awarded biannual increments during the year.

Your Bank offered Career growth opportunities at all hierarchal levels through merit-based elevations of the Bank's own resources to provide cross functional exposures at Chief, Group Head, Divisional Head, Regional Head and Unit Head positions. Through effective career progression at junior management levels, Your Bank made 554 cadre change elevations along with 1,153 grade promotions during the year to provide adequate growth opportunities within the organization.

Your Bank's strategic partnership with 'Coursera' a global online training platform, enhanced the self-learning culture, facilitating substantial upskilling in key areas such as data sciences, computer science, and business skills. Over 250 employees have successfully claimed Coursera licenses, allowing them to partake in these top-tier programs.



In a significant collaboration with Lahore University of Management Science (LUMS) a premier business school, tailored training programs were arranged for middle and senior leadership across various business domains, with a specific emphasis on nurturing a customer-centric organizational culture covering 102 employees. Furthermore, recognizing the transformative impact of artificial intelligence, Your Bank conducted an extensive 'AI for Managers' training program for 30 resources from various functions of the Bank through LUMS, equipping them with essential AI competencies.

Your Bank partnership with Blanchard, a globally renowned training company, facilitated a series of "Legendary Service" workshops. This initiative was instrumental in reinforcing our commitment to unparalleled customer service standards. These sessions were attended by 250 selected employees including all Regional Heads of BSG, Branch Managers and Banking Services Managers of the top 100 branches.

In alignment with the SBP's directives, we focused on capacity-building training in underprivileged regions, contributing substantially to the National Financial Literacy Program (NFLP). Our efforts included over 3,908 sessions across 41 remote districts, impacting over 108,990 local citizens.

Your Bank won the following awards from PSHRM & Engage Consulting:

- Best of the Best Place to Work Company in Pakistan
- Best Place to work in Banking sector
- Best Place to work in top 10 large organizations

These awards were organized By Pakistan Society of Human Resource Management (PSHRM) which represents international body of Human Resource (SHRM) of USA, in Pakistan in collaboration with Engage Consulting.

Global Diversity Equity & Inclusion Benchmarks (GDEIB) is the Global Gold Standard for HR best practices, which facilitates organizations in HR strategy and fostering diversity and inclusion. These awards are based on meeting Global DEI Benchmarks with demonstrated evidence, assessed by an International Jury.

(GDEIB) Awards conducted by HR Metrics has awarded Your Bank as 'Best Practice' award in the following categories:

- Job Design, Classification and Compensation

Employees' wellbeing and mental health is of paramount significance to Your Bank. Hence to counter the post pandemic stress, training sessions and wellness programs on 'Work-life Balance', 'Yoga for Self-Care' and 'Stress Management' were arranged for employees. Your Bank is introducing state-of-the-art gym facility for its employees. Separate gyms for males and females equipped with top-class workout equipment and amenities have been established to cater to various physical fitness needs.

Your Bank has also developed a daycare facility for its employees. This facility is designed to support Your Bank working parents for providing a safe and nurturing environment for their children during working hours.

As part of our diversity and inclusion drive; hiring of female employees was focused during 2023, therefore Your Bank's female population stands at 21.82% at December 2023.

## Outreach Expansion

The evolution of digital technologies is continuously transforming the financial system landscape. Your Bank being at the forefront of such transformation, combines expansive physical presence with digital capabilities, thereby breaking down geographic barriers and deploying innovative ways to take formal banking channels to the last mile.

Geared towards serving the unbanked and under-banked population of the country, in the year under review outreach is expanded to 1,483 branches including 1,340 domestic conventional and 14 digital branches, 127 Islamic branches and 02 overseas branches.

During 2023, 27 new Islamic Banking Windows (IBWs) were established at suitable conventional branches bringing the total number of IBWs to 162 besides. ATM network has been increased to 1,566, inclusive of 1,312 on-site ATMs, 249 offsite ATMs and 05 Mobile Banking Units (MBUs) during the year.

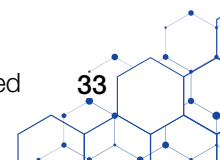
## Awards and Accolades

Your Bank commitment to provide global standard digitally-led integrated solutions to the customers and support the community continues with higher zeal. This has translated into winning various awards and recognitions by multiple national and international prestigious institutions:

- Bank of the year 2023 – (Pakistan) Award by "The Banker", 3<sup>rd</sup> year in a row.
- Pakistan Society for Human Resource Management & Engage Consulting awards:
  1. Best of the Best Place to Work Company in Pakistan
  2. Best Place to work in Banking Sector
  3. Best Place to Work in Top 10 Large Organizations.
- Best Practice Bank award in Job Design, Classification and Compensation by Global Diversity Equity & Inclusion Benchmarks
- Best Domestic Bank in Pakistan for 2023 - FinanceAsia Country Awards, 2<sup>nd</sup> Year in a row.
- Best Bank for Diversity & Inclusion in Pakistan 2023 – Asiamoney.
- Runner-Up in Best ESG Bank Category – CFA Society Pakistan.
- 3<sup>rd</sup> Position in Banking Sector for Best Corporate Report of 2022 - ICAP & ICMA.
- App & Web-Enabled Market Awards-myABL Digital Banking App - Pakistan Digital Awards.
- Telecom Deal of the Year from The Asset Triple A Sustainable Infrastructure Awards 2023.
- Utilities Deal of The Year from The Asset Triple A Sustainable Infrastructure Awards 2023.
- Best loan adviser from The Asset Triple A Country Awards for Sustainable Finance 2022.
- Best syndicated loan from The Asset Triple A Country Awards for Sustainable Finance 2022.
- Top Performer Award in Dollar Clearing Quality Recognition - 2023 by JP Morgan.

## Allied Bank Performance Awards 2023 - The Stars Have Risen

In line with its mission, to reward dedicated team members according to their abilities and performance, Allied Bank's Annual Performance Awards are an initiative to recognize the efforts made by dedicated team members for growth of the Bank and ultimately playing their role in development of the national economy.





Allied Bank Performance Awards 2023 ceremony was held on January 08, 2024. 153 team members were awarded under 83 categories.

ABL has introduced a gender lens through specific measures in key areas, to bring a shift towards women friendly business practices. These measures are targeted to improve institutional diversity, product diversification, customer acquisition and facilitation and better gender-disaggregated data collection for improving women access to financial services. To ensure achievement of these objective efforts of all Women Champions were recognized by awarding 48 winners under 5 main categories.

As part of the ABL Human Resource Function's continuous efforts towards Organizational Development and inculcating transformation enabling environment, 'Employee Recognition Program' for all employees working in business as well as support groups was introduced, with an aim to recognize and honor employees contributing towards organizational growth. Under this category, 16 employees from all 16 Groups were awarded by the title of "Employee of the year 2023".

#### **ABL Asset Management Company Limited**

ABL Asset Management Company Limited (ABL AMC or the Company) is wholly owned subsidiary of the Bank. The Company operates as a Non-Banking Finance Company, holding licenses as an Asset Management Company, Investment Advisor, and Pension Fund Manager. The Company manages Collective Investment Schemes, Voluntary Pension Schemes and offer Investment Advisor Services.

ABL AMC is dedicated to consistently delivering superior investment performance over time while nurturing client relationships and creating value through growth efficiency and a diverse range of product offerings. This commitment ensures long-term sustainable benefits for all our stakeholders. With a portfolio comprising 17 open-ended mutual funds and 2 pension funds, ABL AMC provides innovative investment solutions to a wide array of customers.

The CFA Society Pakistan awarded a "Runner-up Position" in the "Best Asset Management Company-2023" category to ABL AMC.

ABL AMC offers a diverse range of value-added products and digital distribution channels to enhance customer convenience in conducting business transactions. These include the ABL Funds Mobile Application, ABL Funds Web Portal, myABL Digital Banking, WhatsApp Investing Solution, Tele Transactions, and more. These platforms are provided to customers to streamline their business interactions and transactions

ABL AMC clocked a profit after tax of Rs. 618.38 million for the fiscal year ended on December 31, 2023, with earnings of Rs. 12.37 per share. Balance sheet remained healthy and closed at Rs. 3,647 million, increasing by 20.44% on YoY basis. Breakup value is Rs. 71.78 per share.

ABL AMC offers a wide array of Conventional and Islamic funds, including Money Market Funds, Fixed Income Funds, Stock Funds, Fixed Rate Funds, and more. The assets under management closed at Rs. 172.88 billion (including fund of funds of Rs 3.7 billion), with a market share of 7.9%, reflecting a year-over-year growth of 34%. ABL AMC improved its standing in industry from 6th to 5th position. The Separately Managed Assets (SMA) closed at Rs. 121.47 billion, which includes a non-discretionary portfolio of Rs. 112.47 billion.

To secure a significant market share and enhance its competitive positioning, ABL AMC prioritizes digitization throughout the asset management value chain. This involves adopting an integrated platform to oversee all aspects of investment, distribution, operations, and valuation.

ABL AMC plans to launch 5 new open-ended Funds. This includes GOKP Pension Funds, Islamic Sovereign Fund, Asset Allocation Fund, and Islamic Fixed Term Fund, bringing the total number of funds to 24.

#### **Credit and Corporate Governance Ratings**

##### **Entity Ratings**

Your Bank's sustainable and robust financial position, capable of absorbing foreseeable economic cycles, one-off shocks and proficient enough to deliver stable results culminated into Pakistan Credit Rating Agency Limited (PACRA) maintaining the highest long term and short-term entity credit ratings of AAA (Triple A) and A1+ (A One Plus) respectively, reflecting very high credit quality of the organization.

##### **Corporate Governance Rating**

Your Bank's corporate governance aims to instill effective and prudent management to deliver sustainable long-term value. Therefore, Your Bank on yearly basis has its corporate governance practices reviewed by an independent evaluator. VIS Credit Rating Company Limited re-affirmed Your Bank's Corporate Governance Rating of 'CGR- 9++'. This Rating indicates a 'high level of corporate governance; thus, depicting a strong commitment towards governance framework by the Board and management of Your Bank.

### International Rating

Moody's Investors Service downgraded Your Bank's deposit rating from Caa1 to Caa3 (Domestic and Foreign) in 2023, with stable outlook in line with the sovereign rating. This reflects ABL's stable local currency funding and liquidity and resilient earnings-generating capacity that partly mitigate macro and sovereign driven risks.

### Future Outlook

Global economic growth outlook is improving at slow but earlier than expected pace. Recovery from disruption caused by the pandemic, effect of geopolitical conflicts and inflationary pressure giving rise to cost of living are now subsiding as the result of counter measures adopted by most economies in the world. The IMF has adjusted global growth projection at 3.1% and 3.2% for 2024 and 2025 respectively, however, it is still below the historical (2000-19) average of 3.8%.

Advanced economies are expected to see slight decline in growth from 1.6% in 2023 to 1.5% in 2024 before rising to 1.8% in 2025. Emerging market and developing economies are expected to experience growth of 4.1% in 2024 and 4.2% in 2025.

Tight monetary policy stance with elevated policy rates adopted by most of the central banks to pacify the inflation is resulting in lowering down the inflation from its peak gradually. Global headline inflation is expected to fall to 5.8 % in 2024 and to 4.4% in 2025, as estimated by the IMF in the recent World Economic Outlook.

Annual average oil prices are projected to fall by 2.3% in 2024 whereas nonfuel commodity prices are expected to fall by 0.9% as estimated by the IMF. Based on assumptions that fuel and non-fuel commodity prices will decline in 2024 and 2025 with interest rates declining gradually in major economies, the IMF has projected the world trade growth at 3.3% in 2024 and 3.6% in 2025, however, lower than historic average of 4.9%.

On domestic front, the economy is anticipated to be on path of recovery as the result of expected improvements in macroeconomic conditions and political stability. Increased

economic activity, reduction in international oil prices, improved availability of agricultural produce and better business confidence will remain key factors in elevating GDP growth projections. SBP has projected domestic growth around 2-3% in FY'24 and inflation at 5-7% by the end of FY'25 whereas IMF has projected Pakistan's GDP to grow by 2.0% in FY'24 and 3.5% in FY'25.

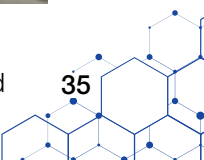
Inflation outlook in Pakistan is expected at moderate level gradually on account of stable exchange rate, confined aggregate demand, improved supply position and contained international prices. SBP projected that average inflation will fall in the range of 23-25% in FY'24 and continue to trend down in FY'25. SBP expects to achieve the inflation target of 5-7% by September 2025 on the back of its continuous tight monetary policy stance, along with fiscal consolidation and timely realization of planned external inflows.

Recognizing the challenges for economy of Pakistan, Your Bank shall continue to take pragmatic measures to ensure effective risk management of the Bank's assets through investments in technology and human resource development.

Your Bank continues its endeavors in achieving its vision and creating sustainable value through growth, efficiency and diversity for all stakeholders. The Bank is focused towards financial inclusion, low-cost deposit mobilization, high quality advances, enhanced customers' experience through digitally-led solutions and promoting advancement of digital eco-system in financial sector.

The Banking industry is going through a transition phase as digital banking gains traction and commercial banks are faced with challenges in adopting new technology to better serve the ever-changing needs of tech-savvy customers. Although, high quality assets and strong profits have strengthened banking sector's books, the magnitude of challenges is equally significant due to higher inflationary environment, increasing regulatory compliance, costs incurred on technological advancement and implications from higher taxation.

Digitalization and automation in Islamic Banking Group has remained an important part of the overall strategy during the year which is evident from the deployment of Allied Aitebar Khanum



# CEO'S REVIEW

Account on myPDA for Digital Account Opening Channel. Further, ABL Aitebar Islamic Banking introduced Allied Aitebar Salary Management Account through Bulk Account opening functionality. ABL Aitebar Islamic Banking envisions to provide a full spectrum of Shariah-compliant services products in the competitive Islamic banking sector while maintaining operational effectiveness and top-notch customer care.

The integration of generative AI and Large Language Models (LLM) will be crucial in delivering world-class customer service and comprehending their evolving needs. In the sphere of digital marketing, the Bank's strategy is to recalibrate its approach, targeting customers based on their personas across all social media platforms.

Allied Bank holds the pioneer status in the industry in launching Allied Freelancer Conventional Account. Keeping in view, the diversified nature of freelancing opportunities, Allied Bank has introduced exclusive Allied Freelancer Digital Account which can be opened digitally through Allied Bank corporate website and can be maintained in both Local Currency as well as in Foreign Currency in saving account or current account categories.

Your Bank's evolving strategy of adaptiveness in lending, exposure to high quality assets, and a solid clientele consisting of top-tier and blue-chip corporates actively contributes to your Bank's sustainable growth. Moreover, accelerated efforts are being made to further strengthen Your Bank's global tie-ups network and enhance remittance flows through digital channels.

Moreover, Your Bank aims to focus at banking on equality and enhancing the scope of female centric products by offering Khanum lending product, Pink Scooty and enhance the features of Allied Khanum Account.

Your Bank's aims to continue the pace of major initiatives taken in 2023 such as effective utilization of the implemented Modules of Oracle Financial Services Analytical Applications (OFSA) and Operational Risk Management Module of Risk Nucleus, process design assessments and control testing, automation of workflows in Risk Assessment and Management System, information security awareness campaigns and augmentation of the Bank maintained warehouses for pledge financing.

Going forward, Your Bank shall continue to augment its inter-connected technological advancement across the Bank to cater financial needs of the Tech Savvy customers while reducing operational cost through automation and optimization of

processes and systems. Your Bank shall continue to invest in revolutionized IT systems for better connectivity with branches, offices and ATMs including the deployment of end-to-end digital payments among individuals, business and government entities.

Emphasis on further strengthening Your Bank's Information Security Posture shall continue along with investments in technology and human resource development to maintain an effective risk management framework across the Bank.

Being cognizant of disruption through digital banking, Risk Management of Your Bank has planned to enhance the scope of existing digital lending platform from consumers to Small Enterprises, Medium Enterprises and commercial businesses by innovating credit scoring models and processes for credit risk assessment, disbursement and monitoring.

In December 2023, ABL Exchange (Pvt.) Limited was incorporated by Allied Bank Limited which would be wholly owned subsidiary of the Bank and would be engaged in foreign exchange business. ABL Exchange (Pvt.) Limited is currently in process of fulfilling licensing requirements with State Bank of Pakistan. It will commence business in 2024.

Your Bank's strong capital positioning is manifested by high Capital Adequacy Ratio of 26.21% as on December 31, 2023, well above the industry ratio of 19.7% as on December 31, 2023, providing adequate buffer to prevent capital adequacy depletion.

## Acknowledgment

I would like to express my deepest appreciation to the Board of Directors for their leadership and guidance. I would also like to acknowledge that the skills, experience and commitment of our team members are the key for realizing our vision. Special praise is due towards our much-valued customers for placing their continuous faith in our products and services. Furthermore, I would extend my sincere appreciation to the State Bank of Pakistan, Securities and Exchange Commission of Pakistan and other regulatory bodies for their direction and ceaseless support.

## Aizid Razzaq Gill

Chief Executive Officer  
Date: February 13, 2024



# CELEBRATING PERFORMANCE AWARDS 2023



# DIRECTORS' REPORT

Dear Shareholders,

On behalf of the board of Directors, we are pleased to present the Annual Report of Your Bank for the year ended December 31, 2023. The operating results and appropriations, as recommended by the Board of Directors are included in the appended table:

	Year ended December 31,		
	2023	2022	Growth
	Rs. In Million		%
Profit after tax for the year	40,683	21,194	92
Accumulated profits brought forward	79,653	69,471	15
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit – net of tax	1	27	(96)
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	69	124	(44)
Re-measurement on defined benefit obligation – net of tax	488	117	317
<b>Profit available for appropriation</b>	<b>120,894</b>	<b>90,932</b>	<b>33</b>
Final cash dividend for the year ended December 31, 2022: Rs. 2.50 per share (2022: Year ended December 31, 2021: Rs. 2.00 per share)	(2,863)	(2,290)	25
First interim cash dividend for the year ended at December 31, 2023: Rs. 2.50 per share (2022: Year ended December 31, 2022: Rs. 2.00 per share)	(2,863)	(2,290)	25
Second interim cash dividend for the year ended at December 31, 2023: Rs. 2.50 per share (2022: Year ended December 31, 2022: Rs. 2.00 per share)	(2,863)	(2,290)	25
Third interim cash dividend for the year ended December 31, 2023: Rs. 3.00 per share (2022: Year ended December 31, 2022: Rs. 2.00 per share)	(3,435)	(2,290)	50
Transfer to Statutory Reserves	(4,068)	(2,119)	92
<b>Accumulated profits carried forward</b>	<b>104,802</b>	<b>79,653</b>	<b>32</b>
<b>Earnings Per Share (EPS) (Rs.)</b>	<b>35.53</b>	<b>18.51</b>	<b>92</b>

The Board of Directors has proposed a final cash dividend of Rs. 4.00 per share (aggregate cash dividend of Rs. 12.00 per share including interim dividends). This, together with the interim cash dividends declared during 2023, will be approved in the forthcoming Annual General Meeting.

## Macro-Economic Developments

In 2023, the global economy faced various challenges stemming from the aftermath of the pandemic and geopolitical tensions. These issues led to significant inflationary pressures in numerous countries, driven by consumer demand, ongoing disruptions to supply chains and escalating commodity prices. International Monetary Fund's (IMF) estimate of average inflation for 2023 remained at 6.8%. The combination of global uncertainties and efforts to curb inflation through monetary tightening measures has contributed to hindering overall global growth.

Despite these challenges, there were signs of a potential earlier-than-anticipated recovery in the global economy. The IMF adjusted its forecast for global growth in 2023 to 3.1%, up from the previous estimate of 3.0% in the World Economic Outlook released in October 2023. This adjustment suggests cautious optimism regarding economic recovery despite the ongoing difficulties.

The prevailing political unrest, challenging macroeconomic conditions and high inflation rates along with external factors exerted pressure on Pakistan's economy. However, there are signs of short-term improvement in economic performance. According to the IMF estimates, Pakistan's GDP contracted by 0.2% in 2023 which was earlier projected to contract by 0.5%, in both July and October 2023 updates.

Notwithstanding challenging economic and political conditions, the Large-Scale Manufacturing (LSM) showed improvement, with the LSM Index increasing by 1.59% on Year-on-Year (YoY) basis. This

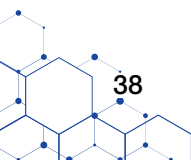
resulted in the index rising from 113.05 in November 2022 to 114.85 in November 2023. The contraction of LSM decreased to 0.8% during Jul-Nov FY'24 compared to contraction of 2.3% during the same period last year. Additionally, out of 22 sectors, 12 sectors experienced growth. These include Food, Beverages, Petroleum Products, Wearing Apparel, Leather, Chemicals, Pharmaceuticals, Non-Metallic Mineral Products, Rubber Products, Wood Products, Machinery & Equipment and Football.

Driven by a rise in export of food items, particularly rice, overall exports of goods and services increased by 5.3% to reach US\$ 19,055 million during Jul-Dec FY'24 as compared to US\$ 18,093 million in Jul-Dec FY'23. Whereas, imports of goods and services stood at US\$ 30,423 million during Jul-Dec FY'24, down by 9.8% from US\$ 33,729 million in Jul-Dec FY'23.

According to the Pakistan Bureau of Statistics (PBS), export commodities that exhibited notable growth include rice, fruits, cotton yarn, raw cotton, towel and plastic materials. On the other hand, the primary imported commodities comprised petroleum products, crude petroleum, LNG, palm oil, plastic materials, iron & steel and medicinal products.

The improvement in exports and reduction in imports have positively impacted the Trade Deficit, which narrowed down to US\$ 11,368 million during Jul-Dec FY'24, compared to US\$ 15,636 million during Jul-Dec FY'23. Correspondingly, Current Account deficit reduced to US\$ 824 million during Jul-Dec FY'24, from a deficit of US\$ 3,629 million during Jul-Dec FY'23.

Workers' remittances showed growth in December 2023 as





compared to the previous month. However, for Jul-Dec FY'24, remittances remained at US\$ 13,435 million indicating a decline of 6.8% as compared to the corresponding period last year.

Constrained inflows through foreign remittances during Jul-Dec FY'24, combined with ongoing debt repayments, have led to a gradual decrease in Foreign Exchange Reserves. By the end of December 2023, Total Liquid Foreign Exchange Reserves and Net Reserves with SBP stood at US\$ 12,674 million and US\$ 8,233 million, respectively as compared to US\$ 14,065 million and US\$ 8,727 million, respectively, as on July 14, 2023 following the disbursement of the first tranche by the IMF.

Foreign Direct Investment (FDI) in July-Dec FY'24 amounted to US\$ 862.6 million, up from US\$ 640.0 million in Jul-Dec FY'23, reflecting a notable increase of 34.8%. The power sector attracted the highest FDI, comprising 50.3% of the total, followed by Oil and Gas exploration at 15.0% and Financial Business at 10.6%. Foreign Portfolio Investment witnessed an inflow of US\$ 71.01 million in Jul-Dec FY'24, compared to an outflow of US\$ 1,033.3 million in Jul-Dec FY'23, indicating a significant increase of 107%.

During Jul-Dec FY'24, Tax Revenues collection reached Rs. 4,469.2 billion while non-tax collections remained at Rs. 2,019.7 billion representing increase of 30% and 109% respectively over the corresponding period last year. However, despite the encouraging revenue performance, the overall fiscal deficit widened by 2.3% of GDP primarily due to higher mark-up payments.

The Pakistan Stock Exchange (PSX) demonstrated remarkable performance, with the benchmark KSE-100 index closing at 62,451 points as of December 29, 2023, compared to 40,420 points as of December 30, 2022. Similarly, market capitalization of PSX settled at Rs. 9,063 billion as of end of December 2023, compared to Rs. 6,501 billion by the end of corresponding last year.

In 2023, inflation levels remained elevated, with CPI inflation recorded at 29.7% on year-on-year basis in December 2023, compared to 24.5% in December 2022. On a month-on-month basis, inflation increased to 0.8% in December 2023 compared to a rise of 2.7% in the previous month. Consequently, the State Bank of Pakistan (SBP) maintained strict policy stance to ensure external account stability, address inflationary pressure and manage demand. Monetary Policy Committee (MPC) of SBP increased the policy rate by 600 basis points since November 2022, reaching 22% in June 2023, and maintained this rate in its recent meeting held in January 2024. However, MPC has estimated that the headline inflation rate will decline in second half of FY'24.

The risks associated with the future outlook are showing some moderation and global growth is expected to gradually improve. Accordingly, the IMF has forecasted global growth at 3.1% in 2024, which is higher by 0.2% from earlier estimate made in October 2023. The IMF has projected global inflation at 5.8% in 2024 and 4.4% for 2025.

On the domestic front, the IMF has projected GDP to grow by 2.0% in FY'24 and 3.5% in FY'25. Simultaneously, SBP has projected domestic growth around 2-3% in FY'24 and inflation at 5-7% by the end of FY'25.

## Financial Performance

Pakistan's banking sector demonstrated strong performance in challenging economic conditions. In the year ended December 31, 2023, the sector's total assets grew by 31%, reaching Rs. 45,183 billion, up from Rs. 34,530 billion in the previous year. This growth was primarily driven by increases in investments and advances. For the year ended December 31, 2023, investments rose by 41%

to Rs. 25,280 billion, and net advances grew by 4% to Rs. 11,625 billion.

Your Bank has demonstrated resilience and achieved significant growth in both its balance sheet and net profits, amid challenging operating conditions and a higher tax regime.

Allied Bank achieved a 66% increase in markup income, reaching Rs. 357,307 million for the year ended December 31, 2023, up from Rs. 215,469 million in the previous year. This was supported by positive growth in average earning assets, improved spreads, and effective investment duration management. Even with a challenging increase in deposit rates due to a 751 basis points average policy rate hike in 2023, Your Bank managed to contain markup expenses at Rs. 244,028 million, a 64% rise from the previous year. Consequently, net markup and interest income surged by 70% to Rs. 113,279 million for the year ended December 31, 2023, compared to Rs. 66,719 million in the prior year.

Your Bank's fee income increased by 31%, reaching Rs. 10,641 million for the year ended December 31, 2023, compared to Rs. 8,147 million in the previous year.

Dividend income improved by 15%, reaching Rs. 3,543 million for the year ended December 31, 2023, from Rs. 3,088 million in the preceding year.

Favorable movement in swap curves contributed to a 15% rise in foreign exchange income, which reached Rs. 9,167 million for the year ended December 31, 2023, up from Rs. 7,948 million in the prior year.

Non-markup and non-interest income rose by 18%, reaching Rs. 24,427 million for the year ended December 31, 2023, compared to Rs. 20,675 million in the previous year.

The increase was primarily due to higher fee income, foreign exchange earnings, and dividend income, though partially offset by a reduction in capital gains.

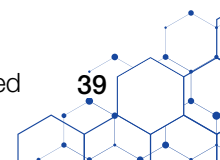
Capital gains decreased by 40%, totaling Rs. 845 million for the year ended December 31, 2023, compared to Rs. 1,400 million in the previous year. Meanwhile, other income reached Rs. 231 million in the year ended December 31, 2023, up from Rs. 93 million in the prior year.

Allied Bank's efforts in expanding branch outreach and advancing technological transformation led to a rise in total operating expenses, influenced by higher inflation and unfavorable US/PKR parity. Nevertheless, Your Bank managed to limit the increase in operating expenses to 18% by continuously automating processes and enforcing internal controls. Operating expenses were recorded at Rs. 46,985 million for the year ended December 31, 2023, compared to Rs. 39,699 million for the previous year.

For the year under review, Allied Bank registered a pre-tax profit of Rs. 85,757 million, an 84% increase from the previous year's Rs. 46,626 million, attributed to notable growth in revenues from both markup and non-markup streams.

The tax charge for the year ended December 31, 2023 increased by 77% over the previous year, reaching Rs. 45,074 million. This included an additional tax of Rs. 2,955 million on Foreign Exchange Income, designated as Windfall Income for Tax Years 2022 and 2023 (Income Years 2021 and 2022), leading to an effective tax rate for the Bank of 52.56%.

With a diversified loan and investments portfolio, a focus on low and no cost deposits, and efficient management of margins and



# DIRECTORS' REPORT

expenses, Your Bank achieved a 92% increase in profit after tax, reaching to Rs. 40,683 million for the year ended December 31, 2023, up from Rs. 21,194 million in the previous year.

Your Bank's strategic emphasis on nurturing low-cost and no-cost deposits resulted in an 18% growth in the average balances of these accounts, while simultaneously reducing the average balances of high-cost deposits by 10%. The Bank's total deposits stood at Rs. 1,676,623 million as of December 31, 2023, compared to Rs. 1,522,297 million as on December 31, 2022, reflecting a growth of 10%.

Gross advances reached at Rs. 794 billion as on December 31, 2023 as compared to Rs. 857 billion as on December 31, 2022, while net advances stood at Rs. 782 billion as on December 31, 2023 as against Rs. 846 billion as on December 31, 2022.

Allied Bank has one of the industry's lowest infection ratios, reflecting the quality of its advances portfolio. During the year under review, Your Bank's infection ratio was 1.64%. The coverage ratio reached 96.2% as of December 31, 2023, up from 90.4% in the prior year. Notably, the Bank chose not to take advantage of the forced sale value of collaterals against non-performing loans, a provision allowed under the State Bank of Pakistan's guidelines, when calculating provisions against NPLs.

Your Bank's investments reached Rs. 1,150,318 million as of December 31, 2023, marking a 2% increase from Rs. 1,123,117 million as of December 31, 2022.

Allied Bank's total assets amounted to Rs. 2,329,317 million as of December 31, 2023, showing a 3% rise from Rs. 2,250,973 million as of December 31, 2022. The Bank's net assets were Rs. 194,254 million as of December 31, 2023, up 52% from Rs. 127,811 million on December 31, 2022. The Return on Assets (RoA) and Return on Equity (RoE) stood at 1.8% and 29.4%, respectively, on December 31, 2023. Furthermore, Your Bank's Capital Adequacy Ratio (CAR) was 26.21%, significantly exceeding the regulatory minimum of 11.5%, indicating ABL's strong capital base.

ABL's nationwide branch network provides a strategic advantage, enhanced by the addition of digital and smart branches and the renovation of current locations to elevate customer experience. Your Bank now operates 1,483 branches, including 1,356 conventional, 127 Islamic branches, and 23 digital touchpoints.

Your Bank is robustly equipped to offer round-the-clock banking services nationwide, leveraging a vast array of channels including numerous branches, ATMs, online and mobile banking platforms, and other digital touchpoints. The Bank's reach is further extended by a large network of 1,566 Automated Teller Machines (ATMs), which includes 1,312 on-site ATMs, 249 off-site ATMs, and 5 Mobile Banking Units (MBUs).

Allied Bank's commitment to digital transformation, robust risk management framework, enhanced product offerings, and corporate social responsibility initiatives has led to its recognition as "Bank of the Year – Pakistan 2023" for the third consecutive year by "The Banker," a globally respected financial publication of the Financial Times Group, UK, that has been in circulation since 1926.

Moving forward, Your Bank is committed to serving its diverse customer base with digitally innovative solutions, while also delivering value to its stakeholders through agility, resilience, and strong governance.

## Risk Management Framework

Risk Management Group (RMG) is continuously striving towards management of risk through an augmented framework of sound risk principles, reinforced by optimum organizational structure, robust risk assessment models and effective monitoring systems in an automated environment to safeguard the strength of the capital base of the Bank while achieving maximum value for the stakeholders.

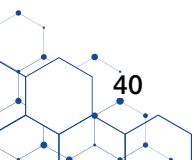
Dedicated functions in Risk Management include

- Corporate and Financial Institutions Risk;
- Commercial, SME and Consumer Risk;
- Credit Administration and Monitoring;
- Technical Appraisal;
- Information Security & Governance and
- Enterprise Risk.

These functions operate cohesively to continuously augment the risk monitoring and assessment architecture, ensuring superior quality of asset portfolio while keeping the aggregate risks well within the Bank's overall risk acceptance criteria.

During 2023, Risk Management continued to refine and innovate its Risk Management practices through use of latest technology and took following key initiatives to further strengthen risk monitoring and assessment processes:

- The Bank has a partnership with Karandaz Pakistan (a non-profit organization) for an Innovative Challenge Funds; ICF3 - Transforming SME Financing, Innovative Credit Scoring Model of SMEs. Besides, the Bank is also contributing in lending to SMEs through SBP backed SME Asaan Finance (SAAF) scheme.
- In order to ensure meticulous compliance regarding smooth transition towards the SBP's instructions for implementation of International Financial Reporting Standard - 9, "Financial Instruments" (IFRS-9), the Bank has ensured its readiness through implementation of IFRS-9 system to comply with regulatory requirements and accounting standards. The Bank has been successfully submitting the impact of Expected Credit Loss under IFRS-9 to SBP.
- The Bank has developed an in-house state of the art Risk Assessment and Management System (RAMS) for loans processing and monitoring. The system has enabled effective management of Credit Risk, also reflected by one of the lowest infection ratios in the industry. The Bank follows a continuous process for upgradation in RAMS to enhance its effectiveness.
- In continuation of the Bank's distinctive initiative of engaging with the obligors to provide them with latest insight on business management and strategies; four seminars for Corporate, Commercial & SME obligors, were arranged with Renowned Speaker Dr. Ishrat Hussain (ex-Governor State Bank) on "Corporate Governance for Sustainable Economic Growth", "Transition from Family-Owned Business Structure to Corporate Structure" and "Enhancing the Share of Sialkot in International Trade" during 2023.
- The Bank has conducted various security assessment exercises in 2023 on Information assets of the Bank which included Vulnerability Assessment (VA) and Penetration Testing (PT) activities. This included the engagement of Red Team/Blue Team for external penetration testing of critical Information Assets of the Bank by a renowned International Cyber Security Consultant.



- Payment Card Industry Data Security Standard (PCI DSS) Certification was also achieved for the 5th year in 2023 along with compliance to Swift Customer Security Program (CSP) as mandated by SWIFT International. Various Information Security Awareness campaigns including Fraud awareness were conducted for our valued customers. A Cloud based E-Learning platform is also in place for training of team members to educate and enhance awareness about latest Cyber security threats and trends.
- Major focus of the Bank remained on the Capacity Building and Enhancement of SOC (Security Operations Center) where significant investment was made on the Technology Upgrades, Improvement of Processes and development of Skillset of Human Resources. Major highlights included a dedicated SOC Facility enabled through advanced technologies for Security Information and Event Management system, Threat Intelligence and Digital Risk Protection Platform, Security Orchestration Automation and Response System, End Point Protection and End Point Detection & Response solution. Through use of these systems, the Bank has capacity not only to analyze logs, identify the security incidents, and automate the process of orchestration & escalation for timely countermeasures but also has enriched and timely Threat Intelligence for protection of Information Assets.
- The Bank implemented security tools to Detect and prevent Behavior based threats and anomalies at end points in order to further strengthen security.
- The Bank has also in place Information Security Risk Management Program for aligning its Governance structure with International Standards and Industry best practices. In this regard, Information Security Strategy and development of Policies, Procedures and Frameworks were the major highlights.
- The Bank conducted Cyber Hygiene and Data Leakage self-assessment exercises for evaluating the overall cyber health and security posture of the Bank. In this context, the Bank has in place a roadmap to further strengthen and improve the security posture.
- The Bank also initiated a project for Implementation of ISO 27001:2022 standard to further strengthen its Information Security Management System.

Risk Management aims to continue the pace of major initiatives in 2023 such as effective utilization of the implemented Modules of Oracle Financial Services Analytical Applications (OFSAA) and Operational Risk Management Module of Risk Nucleus, process design assessments and control testing, automation of workflows in Risk Assessment and Management System, information security awareness campaigns, augmentation of the Bank maintained warehouses for pledge financing.

Emphasis on further strengthening the Bank's Information Security Posture shall continue along with investments in technology and human resource development to maintain an effective risk management framework across the Bank.

Being cognizant of disruption through digital banking, Risk Management has planned to enhance the scope of existing digital lending platform from consumers to Small Enterprises, Medium Enterprises and commercial businesses by innovating credit scoring models and processes for credit risk assessment, disbursement and monitoring.

Collaboration with leading FinTech and Data Analytics companies shall be evaluated to leverage the developments that have taken place with regards to Artificial Intelligence and Machine Learning techniques.

Risk Management recognizes the challenges to the economy and shall continue to take pragmatic measures to ensure effective risk management of assets of the Bank.

### Chief Executive Officer's Review

The Board of Directors fully endorse the Chief Executive Officer's review on the Bank's operational performance for the year ended December 31, 2023.

### Statement of Internal Control

The Board of Directors is pleased to endorse the statement made by management relating to internal controls including management's evaluation of Internal Control over Financial Reporting. The Management's Statement on Internal Control is included in the Annual Report.

### Corporate Sustainability

The Board of Directors is pleased to endorse the Corporate Sustainability initiatives by Your Bank, as disclosed separately in the Annual Report.

### Entity Rating

During the year, Pakistan Credit Rating Agency (PACRA) maintained Bank's long-term and short-term credit rating at the highest level of "AAA" (Triple A) and "A1+" (A One Plus) respectively. These ratings indicate highest credit quality and an exceptionally strong capacity for payment of financial commitments.

### Corporate Governance Rating

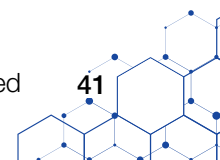
Your Bank's well-established Corporate Governance Framework supported by Board & Management Committees leading to a strong financial transparency has been acknowledged by VIS Credit Rating Company Limited. Resultantly, Corporate Governance Rating (CGR) for 2023 has been maintained at CGR – 9+, which signifies very high level of corporate governance.

### Board of Directors

The profile of all members of the Board of Directors is disclosed separately in overview section of the Annual Report. Composition of the Board of Directors is specified in "Statement of Compliance with Code of Corporate Governance". While Composition of the Board of Directors' committees is also disclosed separately in the Annual Report.

Non-Executive Directors are paid a reasonable and appropriate remuneration for attending the Board of Directors and its committees' meetings, which is disclosed in the Financial Statements note 37.

This remuneration is not at a level that could be perceived to compromise independence and is within the prescribed threshold defined by SBP. No fee is paid to the Directors who do not attend a meeting. Similarly, fee is not paid for the proposals considered through circulation.



# DIRECTORS' REPORT

## Performance Evaluation Mechanism for the Board

The Board of Directors, while ensuring regulatory compliance is also vested with fiduciary responsibility on behalf of the shareholders to protect the Bank's interests, provide strategic direction and monitor the execution of strategic objectives. The Companies Act 2017, Banking Companies Ordinance 1962, SBP's Prudential Regulations, Corporate Governance Regulatory Framework and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Code) describe the role of the Board of Directors along with its responsibilities and functions.

In order to comply with the requirement of the Code, the Board of Directors, in the year 2014, put in place an effective mechanism for the Board of Directors' evaluation.

Subsequently, SBP issued detailed guidelines on performance evaluation of the Board of Directors. As per these guidelines, the Board of Directors decided to opt for in-house approach with quantitative techniques and evaluation by an external independent evaluator every three years. Last independent external-evaluation was conducted for the year 2021 and next such independent evaluation will be carried out for the year 2024.

For the year 2023, as per approved mechanism, performance evaluation of following categories was conducted:

- I. Overall Board of Directors
- II. Chairman of Board of Directors
- III. Sponsor Directors
- IV. Independent Directors
- V. Other Non-Executive Directors
- VI. Board Committees
- VII. Chief Executive Officer

The responses and feedback from the Directors on each of the above-mentioned categories (except Chairman Board of Directors) was compiled and submitted to the Chairman Board of Directors enabling him to discuss the results and findings with each individual member of the Board of Directors, if needed.

The authorized independent director communicated the feedback in respect of the Chairman Board of Directors to the Company Secretary for incorporation in the consolidated performance report. Accordingly, the report comprising of consolidated average evaluation results and action plan forwarded by the Chairman Board of Directors is submitted to the Board of Directors for consideration. The Board of Directors, in its 266th Meeting dated February 13, 2024, noted the contents of Board of Directors Annual Evaluation for the year 2023 and expressed its satisfaction on the results.

## External Auditors

The present auditor M/s EY Ford Rhodes., Chartered Accountants retire and being eligible offer themselves for re-appointment. The Board of Directors, on recommendation of the Audit Committee, has recommended M/s EY Ford Rhodes Chartered Accountants against professional fee of Rs. 23.273 million (excluding taxes), as statutory auditors for the next term.

## Pattern of Shareholding

Pattern of Shareholding is annexed.

## Acknowledgment

On behalf of the Board of Directors and the Management, we would like to place on record our gratitude; to esteemed shareholders and valued customers for placing their trust in Allied Bank; the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan and other regulatory authorities for their consistent direction and oversight. We would also like to extend appreciation to our colleagues for their diligent work towards meeting customer expectations and their dedication towards achieving the Bank's goals and objectives.

For and on behalf of the Board of Directors.

## Aizid Razzaq Gill

Chief Executive Officer

## Mohammad Naeem Mukhtar

Chairman Board of Directors

Lahore

Date: February 13, 2024

# ڈائریکٹرز رپورٹ

محترم حصص مالکان

بورڈ آف ڈائریکٹرز کی جانب سے ہم آپ کے بینک کے 31 دسمبر 2023ء کو اختتام پذیر ہونے والے سال کی سالانہ رپورٹ پیش کرتے ہوئے نہایت مسرت محسوس کر رہے ہیں۔  
بورڈ کی طرف سے سفارش کردہ کاروباری نتائج اور تخصیص مندرجہ ذیل ہیں

سال پر اختتام 31 دسمبر			
اضافہ	2022	2023	
فی صد	ملین روپے		
92%	21,194	40,683	سال کا منافع بعد از ٹیکس
15%	69,471	79,653	گزشتہ جمع شدہ منافع
(96%)	27	1	غیر بینکنگ اثاثہ جات کی قدر و پیمائش سے غیر تخصیص شدہ کو منتقلی۔ نیٹ آف ٹیکس
(44%)	124	69	پائیدار اثاثہ جات کی قدر و پیمائش سے منتقلی۔ نیٹ آف ٹیکس
317%	117	488	معیّن شدہ مفید منصوبوں کی تخصیص ثانی کے اثرات۔ نیٹ آف ٹیکس
33%	90,932	120,894	تخصیص کے لیے دستیاب منافع
25%	(2,290)	(2,863)	حتی کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2022 @ 2.50 روپے فی عام حصص (2022: سال مختتمہ 31 دسمبر 2021 - 2.00 @ روپے فی عام حصص)
25%	(2,290)	(2,863)	پہلا عبوری کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2023 @ 2.50 روپے فی عام حصص (2022: سال مختتمہ 31 دسمبر 2022 - 2.00 روپے فی عام حصص)
25%	(2,290)	(2,863)	دوسرا عبوری کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2023 @ 2.50 روپے فی عام حصص (2022: سال مختتمہ 31 دسمبر 2022 - 2.00 روپے فی عام حصص)
50%	(2,290)	(3,435)	تیسرا عبوری کیش ڈیویڈنڈ برائے سال مختتمہ 31 دسمبر 2023 @ 3 روپے فی عام حصص (2022: سال مختتمہ 31 دسمبر 2022 - 2.00 روپے فی عام حصص)
92%	(2,119)	(4,068)	ضوابطی ریزرو میں منتقلی
32%	79,653	104,802	آگے منتقل کیا گیا جمع شدہ منافع
92%	18.51	35.53	فی حصص آمدنی (EPS) روپے

افراط زر کے نمایاں دباؤ دیکھے گئے۔ عالمی مالیاتی فنڈز (آئی ایم ایف) کے تخمینے کے مطابق سال 2023ء کے لیے اوسط افراط زر 6.8 فیصد پر برقرار رہے گا۔ عالمی غیر یقینیوں اور مالیاتی سختی کے ذریعے افراط زر پر قابو پانے کے اقدامات کے استخراج نے مجموعی عالمی نمو میں دشواریاں پیدا کی ہیں۔

بورڈ آف ڈائریکٹرز 4.00 روپے فی شیئر کا حتی کیش ڈیویڈنڈ تجویز کی ہے۔ (مجموعی کیش ڈیویڈنڈ 12.00 روپے فی شیئر بشمول عبوری ڈیویڈنڈز) اس تجویز کردہ اور سال 2023ء کے دیگر مجوزہ ڈیویڈنڈز کی منظوری آنے والی سالانہ جنرل میٹنگ (عام اجلاس) میں کی جائے گی۔

ان مشکلات کے باوجود، عالمی معیشت کی بحالی کے رجحان میں توقع سے کہیں زیادہ بہتری کے روشن امکانات نظر آ رہے ہیں۔ آئی ایم ایف نے اکتوبر 2023ء میں جاری کردہ ورلڈ ایکٹو آؤٹ لک (عالمی معاشی پیش بینی) میں عالمی نمو کی 3 فیصد کی اپنی سابقہ پیش بینی میں مطابقت پیدا کرتے ہوئے سال 2023ء کے لیے اسکی شرح کو 3.1 فیصد پر تجویز کیا ہے۔ یہ مطابقت، ان

کلاں معاشی پیش رفت :  
سال 2023ء میں عالمی معیشت کو جغرافیائی و سیاسی تنازعوں، عالمگیر دہائے کے نتائج اور زندگی گزارنے کی لاگت میں مسلسل اضافے جیسے ابھرتے مسائل کا سامنا رہا۔ ان عوامل نے صارفین کی مضبوط طلب، رسد کی ترسیل میں حائل رکاوٹیں اور اجناس کی بڑھتی قیمتوں کی بنیادی وجوہ کی بدولت متعدد ممالک میں

پلاسٹک خام مال شامل ہے۔ دوسری طرف بنیادی درآمدی اشیاء میں پٹرولیم پراڈکٹس، کڑوڈ (خام) پیٹرولیم، ایل این جی، پام آئل، پلاسٹک خام مال، لوہے و اسٹیل اور ادویات و طبی پراڈکٹس شامل ہیں۔

برآمدات کی بہتری اور درآمدات میں کمی نے تجارتی خسارے پر مثبت اثرات مرتب کیے جو کہ مالی سال 2023ء کے جولائی تا دسمبر کی مدت کے دوران 15,636 ملین امریکی ڈالرز کے حجم کی نسبت مالی سال 2024ء کے جولائی تا دسمبر کے عرصے میں کم ہوتا ہوا 11,368 ملین امریکی ڈالرز پر رپورٹ ہوا۔ اسی تناسب میں، کرنٹ اکاؤنٹ کا خسارہ مالی سال 2023ء کے جولائی تا دسمبر کی مدت کے 3,629 ملین امریکی ڈالرز کے مقابلے میں مالی سال 2024ء کے جولائی تا دسمبر کے عرصے میں کم ہوتا ہوا 824 ملین امریکی ڈالرز پر درج ہوا۔

دسمبر 2023ء کے دوران، افرادی ترسیلات زر میں پچھلے مہینے کی نسبت بہتری نظر آئی، تاہم، مالی سال 2024ء کے جولائی تا دسمبر کے عرصے میں گزشتہ سال کے اسی تقابلی مدت سے 6.8 فیصد کمی برقرار رکھنے ہوئے ترسیلات زر 13,435 ملین امریکی ڈالرز پر ریکارڈ کی گئیں۔

مالی سال 2024ء کے جولائی تا دسمبر کے عرصے میں غیر ملکی ترسیلات زر میں کمی اور قرضوں و بیرونی ادائیگیوں کے تسلسل سے غیر ملکی زر مبادلہ کے ذخائر میں بتدریج کمی پیدا ہوئی۔ دسمبر 2023ء کے اختتام تک ملک کے کل دستیاب غیر ملکی زر مبادلہ کے ذخائر اور اسٹیٹ بینک آف پاکستان کے خالص ذخائر تقابلی مدت کے 14,065 ملین امریکی ڈالرز اور 8,727 ملین امریکی ڈالرز کے مقابلے میں آئی ایم ایف کی جانب سے پہلی قسط کے اجراء کے بعد 14 جولائی 2023ء تک بالترتیب 12,674 ملین امریکی ڈالرز اور 8,233 ملین امریکی ڈالرز پر درج کیے گئے۔

غیر ملکی براہ راست سرمایہ کاری، مالی سال 2023ء کے جولائی تا دسمبر کے 640.0 ملین امریکی ڈالرز کے تناسب میں مالی سال 2024ء کے جولائی تا دسمبر کی مدت میں 34.8 فیصد اضافے کے ساتھ 862.6 ملین امریکی ڈالرز پر پہنچ گئی۔ توانائی کے شعبے نے سب سے زیادہ براہ راست غیر ملکی سرمایہ کاری راغب کی جس کی شرح کُل میں سے 50.3 فیصد رہی۔ اس کے بعد تیل و گیس کی تلاش میں 15 فیصد اور مالیاتی کاروبار میں 10.6 فیصد کی شرح رہی۔ غیر ملکی پورٹ فولیو سرمایہ کاری میں مالی سال 2023ء کے جولائی تا دسمبر کے

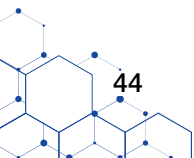
جاری خدشات کے باوجود معاشی بحالی کے بارے میں محتاط امید پسنی کی عکاسی ہے۔

موجودہ سیاسی بے چینی، مشکل کلاں معاشی صورتحال اور افراط زر کی بلند شرح نے بیرونی عوامل کے ساتھ مل کر پاکستان کی معیشت پر دباؤ پیدا کئے ہیں۔ تاہم، معاشی کارکردگی کے قلیل مدت میں بہتری کے اشاریے دیکھے جا رہے ہیں۔ آئی ایم ایف کے اندازے کے مطابق پاکستان کا جی ڈی پی سال 2023ء کے دوران 0.2 فیصد سکڑ گیا۔ جبکہ اس سے پہلے جولائی اور اکتوبر 2023ء کے دونوں اپ ڈیٹس میں اس سکڑاؤ کے بارے میں 0.5 فیصد کی شرح کا اندازہ کیا گیا تھا۔

اس معاشی و سیاسی صورتحال سے قطع نظر، بڑے پیمانے کی پیداوار (ایل ایس ایم) میں بہتری دیکھی گئی۔ جس میں ایل ایس ایم انڈیکس میں، سال بہ سال کی بنیاد پر، 1.59 فیصد کا اضافہ ہوا۔ جس کے نتیجے میں یہ انڈیکس نومبر 2022ء کے 113.05 سے نومبر 2023ء تک بڑھ کر 114.85 پر پہنچ گیا۔ ایل ایس ایم کا سکڑاؤ گزشتہ سال کے مماثلہ عرصہ کے 2.3 فیصد کی شرح کی نسبت مالی سال 2024ء کے جولائی تا نومبر کی مدت میں کم ہوتا ہوا 0.8 فیصد کی سطح پر درج ہوا۔ مزید برآں، 22 شعبوں میں سے 12 شعبوں میں بہتری دیکھی گئی۔ ان میں خوراک، مشروبات، پیٹرولیم پراڈکٹس، ملبوسات، چمچے، کیمیکلز، فارماسیوٹیکلز، غیر دھاتی معدنی پراڈکٹس، ربڑ کی پراڈکٹس، کڑی کی پراڈکٹس، مشینری و آلات اور فٹ بال شامل ہیں۔

خوراک کی اشیاء کی درآمدات کے بڑھنے، خاص طور پر چاول، کے باعث اشیاء و خدمات کی مجموعی برآمدات میں اضافہ ہوا۔ جس کی شرح مالی سال 2023ء کے جولائی تا دسمبر کے عرصے کی 18,093 ملین امریکی ڈالرز کی نسبت مالی سال 2024ء کے جولائی تا دسمبر کی مدت میں 5.3 فیصد کے اضافے کے ساتھ 19,055 ملین امریکی ڈالرز پر پہنچ گئی۔ جبکہ، اشیاء و خدمات کی درآمدات، مالی سال 2023ء کے جولائی تا دسمبر کے عرصے کے 33,729 ملین امریکی ڈالرز کے حجم کے مقابلے میں مالی سال 2024ء کے جولائی تا دسمبر کی مدت میں 9.8 فیصد کمی کے ساتھ 30,423 امریکی ڈالرز پر درج ہوئیں۔

پاکستان کے ادارہ شماریات کے مطابق، جن برآمدی اشیاء میں بڑھتی نظر آئی ان میں چاول، پھل، کاٹن یارن، خام کاٹن، تولیے اور



عرصے میں کم ہونے والے 1,033.3 بلین امریکی ڈالر کی نسبت مالی سال 2024ء کے جولائی تا دسمبر کی مدت میں 107 فیصد کی نمایاں بہتری کے اندراج کے ساتھ 71.01 بلین امریکی ڈالر کی وصولی درج ہوئی۔

مالی سال 2024ء کے جولائی تا دسمبر کے عرصے میں ٹیکس آمدنی کی وصولیاں 4,469.2 بلین روپے پر پہنچ گئیں۔ جبکہ ٹیکس کے علاوہ دیگر وصولیاں 2,019.7 بلین روپے پر درج ہوئیں۔ جو کہ گزشتہ سال کی تقابلی مدت سے بالترتیب 30 فیصد اور 109 فیصد کے اضافے کی مظہر ہیں۔ تاہم، آمدنی کے حوالے سے حوصلہ افزاء صورتحال کے باوجود مجموعی مالی خسارہ بلند مارک اپ کی ادائیگیوں کے باعث مزید بڑھتے ہوئے جی ڈی پی 2.3 فیصد کی شرح تک پہنچ گیا۔

عالمی نمونہ بتدریج بہتری کی توقع ہے۔ لہذا، آئی ایم ایف نے اکتوبر 2023ء میں اندازہ کی گئی عالمی نمو کی شرح میں 0.2 فیصد کا اضافہ کرتے ہوئے، سال 2024ء کے لیے اس کی شرح کو 3.1 فیصد پر تجویز کیا ہے۔ آئی ایم ایف نے عالمی افراط زر کی شرح کو سال 2024ء میں 5.8 فیصد اور سال 2025ء میں 4.4 فیصد پر تخمینہ کیا ہے۔

داخلی محاذ پر، آئی ایم ایف نے جی ڈی پی کی نمو کو مالی سال 2024ء کے لیے 2 فیصد اور سال 2025ء کے لیے 3.5 فیصد پر اندازہ کیا ہے۔ اس تناظر میں اسٹیٹ بینک آف پاکستان نے داخلی نمو کو مالی سال 2024ء کے لیے 2 سے 3 فیصد کی شرح اور افراط زر کی شرح کو مالی سال 2025ء کے آخر تک 5 سے 7 فیصد پر توقع کیا ہے۔

#### مالیاتی کارکردگی :

پاکستان کی بینکنگ کے شعبے نے مشکل معاشی حالات کے باوجود مضبوط کارکردگی کا مظاہرہ کیا ہے۔ 31 دسمبر 2023ء کو اختتام پذیر سال میں اس شعبہ کے کل اثاثہ جات گزشتہ سال کے 34,530 بلین روپے سے 31 فیصد کے اضافے کے ساتھ 45,183 بلین روپے تک جا پہنچے۔ اس اضافے میں سرمایہ کاری اور قرضہ جات کے اضافے کا بنیادی کردار تھا۔ 31 دسمبر 2023ء کو اختتام پذیر سال کے دوران سرمایہ کاری 41 فیصد کے اضافے کے ساتھ 5,280 بلین روپے اور خالص قرضہ جات 4 فیصد کے اضافے کے ساتھ 11,625 بلین روپے تک بڑھ گئے۔

آپ کے بینک نے مشکل کاروباری صورتحال اور بلند شرح کے ٹیکسوں کے مابین بہترین کارکردگی کا مظاہرہ کرتے ہوئے اپنی بیلنس شیٹ اور خالص نفع دونوں میں نمایاں بڑھوتی حاصل کی ہے۔

الائیڈ بینک نے مارک اپ آمدنی میں 66 فیصد کی نمو حاصل کی جو کہ 31 دسمبر 2023ء کو اختتام پذیر سال تک گزشتہ سال کی 215,469 بلین روپے کی سطح سے بڑھ کر 357,307 بلین روپے پر پہنچ گئی۔ اس اضافے کو اوسط پیداواری اثاثہ جات، بہتر ہوتے سپریڈز اور سرمایہ کاری کے مدت کے موثر انتظام میں ہونے والی مثبت نمو کی مدد بھی حاصل رہی۔ سال 2023ء میں اوسط پالیسی ریٹ میں 751 بیس پوائنٹس کے اضافے کے باعث ڈیپازٹ ریٹس کے بڑھنے سے پیدا ہونے والی مشکل صورتحال کے باوجود آپ کے بینک نے اپنے مارک اپ اخراجات کو 244,028 بلین روپے، جو کہ پچھلے سال سے 4

پاکستان اسٹاک ایکسچینج (پی ایس ایکس) نے شاندار کارکردگی کا مظاہرہ کیا اور 29 دسمبر 2023ء تک کے ایس ای-100 انڈیکس 62,451 پوائنٹس پر بند ہوا جبکہ اس کے تناسب میں 30 دسمبر 2022ء کو اسکی سطح 40,420 پوائنٹس تھی۔ اس مماثلت میں پی ایس ایکس کی مارکیٹ کیپٹلائزیشن دسمبر 2023ء کے اختتام تک گزشتہ سال کی تقابلی مدت کے 6,501 بلین روپے کے حجم کے مقابلے میں 9,063 بلین روپے پر درج ہوئی۔

سال 2023ء کے دوران، افراط زر کی شرح میں بلندی کا رجحان برقرار رہا۔ جس میں سی پی آئی افراط زر دسمبر 2022ء کے 24.5 فیصد شرح کے مقابلے میں دسمبر 2023ء تک، سال بہ سال کی بنیاد پر، 29.7 فیصد پر ریکارڈ کیا گیا۔ ماہانہ بنیاد پر، افراط زر میں دسمبر 2023ء کے دوران، گزشتہ مہینے کی 2.7 فیصد کی شرح سے 0.8 فیصد تک بڑھا۔ چنانچہ، اسٹیٹ بینک آف پاکستان نے افراط زر کے دباؤ سے نپٹنے، بیرونی اکاؤنٹ میں استحکام کو یقینی بنانے اور طلب کا انتظام کرنے کے لیے اپنے کڑے مالیاتی بیانیے کو جاری رکھا۔ اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی (ایم پی سی) نے نومبر 2022ء سے پالیسی ریٹ میں 600 بیس پوائنٹس کا اضافہ کرتے ہوئے جون 2023ء تک اس کی شرح کو 22 فیصد پر مقرر کیا اور جنوری 2024ء میں اپنے حالیہ منعقد کردہ اجلاس میں بھی اس شرح کو برقرار رکھا۔ تاہم ایم پی سی نے مالی سال 2024ء کی دوسری ششماہی میں ہیڈلائن افراط زر کی شرح میں کمی کا امکان کی توقع کا اظہار کیا ہے۔

مستقبل کی پیش بینی کو لاحق خدشات کی شدت میں کمی کے آثار ہیں اور

اور پاکستانی روپے اور امریکی ڈالر کی ناموافق شرح تبادلہ کے دباؤ کا شکار تھے، بڑھ گئے۔ تاہم، آپکے بینک نے انٹرنل کنٹرول کے نفاذ اور خود کاریت کے تسلسل سے کاروباری اخراجات کے اضافے کو 18 فیصد کی شرح پر محدود رکھا۔ کاروباری اخراجات گزشتہ سال کی 39,699 ملین روپے کی سطح کے تناسب میں 31 دسمبر 2023ء کو اختتام پذیر سال تک 46,985 ملین روپے پر درج ہوئے۔

اس زیر تجزیہ سال کے دوران، الائیڈ بینک نے مارک اپ اور نان مارک اپ دونوں حوالوں سے قابل رشک نمو کے حصول کی بدولت 85,757 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ گزشتہ سال کے 46,626 ملین روپے کی حاصل شدہ سطح سے 84 فیصد کے اضافے کو ظاہر کرتا ہے۔

31 دسمبر 2023ء کو اختتام پذیر سال کے دوران، ٹیکس چارج گزشتہ سال سے 77 فیصد کے اضافے کے ساتھ 45,074 ملین روپے پر درج کیا گیا۔ جس میں فارن ایکسچینج آمدنی، جس کو ونڈ فال (Windfall) آمدنی کا نام دیا گیا ہے، پرنیکس سال 2022ء اور 2023ء (کیلنڈر سال 2021ء اور 2022ء) کے عائد شدہ اضافی ٹیکس کے 2,955 ملین روپے شامل ہیں۔ جس سے بینک کے موثر ٹیکس ریٹ کی شرح 52.56 فیصد پر پہنچ گئی۔

سرمایہ کاری اور قرضہ جات کے ایک متنوع پورٹ فولیو، کم لاگت کے ڈیپازٹس کے حصول پر مرکوز توجہ اور مارجنز اور اخراجات کے بہتر انتظام کے ساتھ آپکے بینک نے منافع بعد از ٹیکس میں 92 فیصد کا اضافہ کیا جو کہ گزشتہ سال کی 21,194 ملین روپے کی سطح کے تناسب میں 31 دسمبر 2023ء کو اختتام پذیر سال تک 40,683 ملین روپے پر درج ہوا۔

آپکے بینک کی کم یا بغیر لاگت کے ڈیپازٹس کے حصول پر توجہ کے نتیجے میں ان اکاؤنٹس کے اوسط بیلنسز میں 18 فیصد کی نمو ہوئی۔ جبکہ اسی مطابقت میں زیادہ لاگت کے ڈیپازٹس کے اوسط بیلنسز میں 10 فیصد کی کمی دیکھی گئی۔ بینک کے کل ڈیپازٹس 31 دسمبر 2022ء کے 1,522,297 ملین روپے کے حجم سے 10 فیصد کے اضافے کے ساتھ 31 دسمبر 2023ء کے 1,676,623 ملین روپے پر جا پہنچے۔

کل قرضہ جات 31 دسمبر 2022ء کے 857 بلین روپے کے حجم کی نسبت 31 دسمبر 2023ء تک 794 بلین روپے پر درج ہوئے۔ جبکہ خالص قرضہ جات 31 دسمبر 2022ء کے 846 بلین روپے کے حجم سے کم ہو کر 31 دسمبر

فیصد زیادہ ہے، پر محدود رکھا۔ چنانچہ، خالص مارک اپ اور انٹرسٹ آمدنی 70 فیصد کے ساتھ گزشتہ سال کی 66,719 ملین روپے کی سطح کے مقابلے میں 31 دسمبر 2023ء کو اختتام پذیر سال کے دوران 113,279 ملین روپے پر پہنچ گئی۔

آپکے بینک کی فیس آمدنی گزشتہ سال کی 8,147 ملین روپے کی سطح کے تناسب میں 31 دسمبر 2023ء کو اختتام پذیر سال تک 31 فیصد کے اضافے کے ساتھ 10,641 ملین روپے پر جا پہنچی۔

ڈیوڈینٹ کی آمدنی گزشتہ سال کی 3,543 ملین روپے کی سطح کے تناسب میں 31 دسمبر 2023ء کو اختتام پذیر سال تک 15 فیصد کے اضافے کے ساتھ 3,088 ملین روپے پر جا پہنچی۔

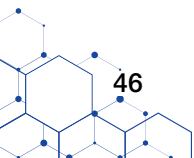
سواپ کے خطوط (SWAP Curves) میں مثبت تحریک کے باعث غیر ملکی زرمبادلہ کی آمدنی گزشتہ سال کی 7,948 ملین روپے کی سطح کے تناسب میں 31 دسمبر 2023ء کو اختتام پذیر سال تک 15 فیصد کے اضافے کے ساتھ 9,167 ملین روپے پر جا پہنچی۔

نان مارک اپ اور نان انٹرسٹ آمدنی گزشتہ سال کی 20,675 ملین روپے کی سطح کے تناسب میں 31 دسمبر 2023ء کو اختتام پذیر سال تک 18 فیصد کے اضافے کے ساتھ 24,427 ملین روپے پر درج ہوئی۔

اس اضافے کی بنیادی وجوہ میں فیس آمدنی، فارن ایکسچینج آمدنی اور ڈیوڈینٹ آمدنی کی بڑھوتی تھی۔ اگرچہ، کیپٹل گینز میں ہونے والی کمی سے اس میں جزوی تھپہر ہوئی۔

کیپٹل گین آمدنی، گزشتہ سال کی 1,400 ملین روپے کی سطح کے تناسب میں 31 دسمبر 2023ء کو اختتام پذیر سال تک 40 فیصد کی کمی کے ساتھ 845 ملین روپے پر درج ہوئی۔ جبکہ دیگر آمدنی گزشتہ سال کی 93 ملین روپے کی سطح کے مقابلے میں 31 دسمبر 2023ء کو اختتام پذیر سال تک 231 ملین روپے پر ریکارڈ کی گئی۔

الائیڈ بینک کے اپنی برانچوں میں توسیع اور ٹیکنالوجیکل ہیبت سازی میں پیش قدمی کے باعث اس کے کل کاروباری اخراجات، جو بلند افراط زر





2023ء تک 782 بلین روپے پر ریکارڈ کیے گئے۔

ٹچ پوائنٹس (Touch Points) شامل ہیں۔

ذرائع کی ایک وسیع رینج، جس میں ان گنت برانچیں، اے ٹی ایبز، آن لائن اور موبائل بینکنگ پلیٹ فارمز اور دیگر ڈیجیٹل ٹچ پوائنٹس شامل ہیں، کی مدد سے آپ کے بینک کو ملک بھر میں ہر روز 24 گھنٹے بینکنگ کی خدمات فراہم کرنے کی مضبوط صلاحیت موجود ہے۔ 1,566 آٹومیٹڈ ٹیلر مشینز (اے ٹی ایبز۔ Automated Teller Machines) کے مضبوط نیٹ ورک جس میں 1,312 آن سائٹ، 249 آف سائٹ اے ٹی ایبز اور 5 موبائل بینکنگ یونٹس (ایم بی یوز) شامل ہیں، سے بینک تک رسائی کو مزید تقویت دی گئی۔

الائیڈ بینک، اپنی ڈیجیٹل ہیبت سازی، خدشات کے تدارک کے مضبوط نظام، فراہم کردہ پراڈکٹس میں مزید اضافے اور کارپوریٹ معاشرتی ذمہ داریوں سے عہدہ براء ہونے کے لیے پرعزم ہے۔ جس کی بدولت اس کو عالمی شہرت یافتہ فنانشل ٹائمز گروپ کی برطانیہ میں 1926ء سے ہونے والی مالیاتی اشاعت "دی بینکرز" کی جانب سے مسلسل تیسرے سال کے لیے بینک آف دی ایئر پاکستان-2023 (Bank of the Year Pakistan - 2023) ایوارڈ سے نوازا گیا۔

مستقبل میں آپکا بینک اپنے متنوع صارفین کو جدید ڈیجیٹل سہولتوں کی فراہمی کے لیے پرعزم ہے۔ جبکہ اپنے اسٹیک ہولڈرز کو بھی تیز رفتاری، چلک اور مضبوط گورننس کے ذریعے قدر کی فراہمی کا اعادہ رکھتا ہے۔

#### رسک مینجمنٹ فریم ورک:

رسک مینجمنٹ گروپ (آر ایم جی)، مضبوط اصولوں پر مبنی ایک وسیع فریم ورک، موزوں ادارتی ڈھانچے کی مدد، خدشات کے تعین کے مضبوط نمونوں اور ایک خود کار ماحول میں نظام کی موثر نگرانی کے ذریعے خدشات کے تدارک کے لیے کوشاں ہے تاکہ تمام متعلقہ لوگوں کے لیے حتی الامکان قدر کے حصول کے ساتھ بینک کے سرمائے کی اساس کی قوت کا تحفظ کیا جاسکے۔

رسک مینجمنٹ کے مختص افعال میں مندرجہ ذیل شامل ہیں:

- کارپوریٹ اور مالیاتی اداروں کے خدشات
- کمرشل، ایس ایم ای (SME) اور صارفین کے خدشات
- قرضوں کے انتظام اور نگرانی

الائیڈ بینک، صنعت کی کم ترین افیکشن کی شرحوں کے حامل اداروں میں سے ایک ہے۔ جو اس کے قرضہ جات کے پورٹ فولیو کے اعلیٰ معیار کو ظاہر کرتا ہے۔ اس زیر تجزیہ سال کے دوران، آپ کے بینک کی افیکشن شرح 1.64 فیصد تھی۔ کوریج کی شرح 31 دسمبر 2023ء تک گزشتہ سال کی 90.4 فیصد کی شرح سے بڑھ کر 96.2 فیصد پہنچ گئی۔ یہ امر قابل ذکر ہے کہ اسٹیٹ بینک آف پاکستان کے فراہم کردہ رہنمائی کے اصولوں میں اجازت کے باوجود، بینک نے اپنے غیر فعال قرضہ جات سے متعلقہ اخراجات (پروویژن) کا تعین کرتے ہوئے ان غیر فعال قرضہ جات کے لیے دستیاب / رہن شدہ اثاثہ جات کی جبری فروخت کے فوائد کو شمار نہیں کیا۔

آپکے بینک کی سرمایہ کاری 31 دسمبر 2022ء کے 1,123,117 بلین روپے کے حجم سے 2 فیصد کے اضافے کے اندراج کے ساتھ 31 دسمبر 2023ء تک 1,150,318 بلین روپے پر جا پہنچی۔

آپکے بینک کے کل اثاثہ جات 31 دسمبر 2022ء کے 2,250,973 بلین روپے کے حجم سے 3 فیصد کے اضافے کے ساتھ 31 دسمبر 2023ء تک 2,329,317 بلین روپے پر درج ہوئے۔ بینک کے خالص اثاثہ جات دسمبر 2022ء کے 127,811 بلین روپے کے حجم میں 52 فیصد کے اضافے کے ساتھ 31 دسمبر 2023ء تک 194,254 بلین روپے پر درج ہوئے۔

31 دسمبر 2023ء تک اثاثہ جات کی آمدنی اور ایکویٹی کی آمدنی کی شرحیں بالترتیب 1.8 فیصد اور 29.4 فیصد پر رہیں۔ مزید برآں، آپ کے بینک کے سرمائے کی مقبولیت کی شرح، کم از کم 11.5 فیصد کی مطلوبہ ضوابط کی شرح سے نمایاں بلندی کے ساتھ، 26.21 فیصد پر درج ہوئی جو کہ اے بی ایل کے سرمائے کی مضبوط بنیاد کو ظاہر کرتی ہے۔

اے بی ایل کا ملک بھر میں پھیلا ہوا نیٹ ورک جس میں ڈیجیٹل اور اسارٹ برانچوں کے اضافے اور صارفین کی سہولت اور خوشگوار تجربے کے لیے موجودہ لوکیشنز کی تزئین و آرائش سے اس میں ہونے والی بہتری بینک کو ایک اسٹریٹیجک فائدہ فراہم کرتی ہے۔ آپکا بینک اب 1,483 برانچوں سے کاروبار کر رہا ہے جس میں 1,356 روایتی برانچیں، 127 اسلامک برانچیں اور 23 ڈیجیٹل

## تکنیکی تشخیص

- انفارمیشن سیکورٹی اور گورننس؛ اور

- انٹرپرائز خدشات

میں مسلسل طور پر مصروف ہے۔

- بینک نے سال 2023ء کے دوران اپنے امتیازی قدم، جس کے ذریعے اوپلیگرز سے رابطے میں رہتے ہوئے ان کو کاروباری انتظام اور حکمت عملیوں کے بارے میں معلومات فراہم کی جاتی ہیں، کو جاری رکھتے ہوئے اپنے کارپوریٹ، کمرشل اور ایس ایم ایز اوپلیگرز کے لیے ڈاکٹر عشرت حسین (سابق گورنر اسٹیٹ بینک) جو کہ ایک معروف اسپیکر ہیں کے ساتھ "پائیدار اقتصادی نمو کے لیے کارپوریٹ گورننس" (Corporate Governance) for sustainable economic growth، "ٹرانزیشن فرام فیملی اونڈ بزنس سٹرکچر ٹو کارپوریٹ سٹرکچر" (Transition from Family-Owned Business Structure to Corporate Structure) اور "عالمی تجارت میں سیالکوٹ کے حصہ میں اضافہ" (Enhancing the Share of Sialkot in International Trade) کے عنوان سے چارسیمیناروں کا انعقاد کیا۔

- آپکے بینک نے سال 2023ء کے دوران بینک کے معلوماتی اثاثوں کے تحفظ کے لیے بہت سی حفاظتی جانچ کی تدابیر اختیار کی ہیں اس میں دلہرا سیٹیلیٹی ایسیسمنٹ (VA) ایڈوانسڈ پینٹریشن ٹیسٹنگ (Vulnerability (PT) and Panetration Testing)، کی سرگرمیاں شامل ہیں۔ اس میں بینک کے اہم معلوماتی اثاثہ جات کے بیرونی رسائی کی جانچ کے لیے ریڈ ٹیم (RED TEAM / BLUE TEAM) کی شمولیت بھی شامل ہے۔

- پیمنٹ کارڈ انڈسٹری ڈیٹا سیکورٹی اسٹینڈرڈ (Payment Card Industry Data Security Standard - PCI-DSS) سرٹیفیکیشن جس کو سال 2023ء میں مسلسل پانچویں مرتبہ حاصل کیا گیا، اور اس کے ساتھ سوئفٹ (SWIFT) انٹرنیشنل سے تفویض شدہ سوئفٹ کسٹمر سیکورٹی پروگرام کی تعمیل بھی کی گئی۔ اپنے معزز صارفین کی معلومات کے لیے انفارمیشن سیکورٹی بشمول فراڈ سے آگہی کی مختلف تجارتی کا انعقاد کیا گیا۔ اپنے ٹیم ممبران کو سائبر سیکورٹی سے متعلقہ تازہ ترین خطرات اور رجحانات سے آگاہ اور انکی تربیت کرنے کے لیے کلاؤڈ (cloud) پر مبنی ایک ای-لرننگ پلیٹ فارم (e-learning platform) بھی دستیاب ہے

- بینک کی زیادہ تر توجہ اپنی صلاحیت کی تعمیر اور سیکورٹی آپریشن سینٹرز کی وسعت پر رہی اور ٹیکنالوجی کے درجات، طریقہ کار میں

یہ افعال، اثاثہ جات کے بلند معیار کو یقینی بناتے اور کل خدشات کو بینک کی مجموعی قابل قبول سطح میں رکھتے ہوئے نگرانی اور جانچنے کے نظام میں مسلسل وسعت کے لیے ہم آہنگی کے ساتھ کام کرتے ہیں۔

سال 2023ء میں رسک مینجمنٹ جدید ٹیکنالوجی کے استعمال اور اپنے رسک کی نگرانی اور تعین کے نظام کو مزید تقویت دینے کے لیے مندرجہ ذیل اہم اقدامات کے ذریعے اپنے خدشات کے تدارک کے عمل کو مضبوط اور جدید بنانے کے لیے کوشاں ہے:

- بینک نے کارانداز پاکستان (جو ایک غیر منافع بخش ادارہ ہے) کے تعاون سے ایک جدید چیلنج فنڈ، آئی سی ایف 3 (ICF3)۔ ایس ایم ای فنانسنگ کی ہیٹ میں تبدیلی، ایس ایم ایز کے جدید کریڈٹ سکورنگ ماڈل کے قیام کے لیے شراکت داری کی ہے۔ علاوہ ازیں، بینک، اسٹیٹ بینک آف پاکستان ضامن شدہ اور متعارف کردہ ایس ایم ای آسان فنانس سکیم (ساف) کے ذریعے ایس ایم ای کے شعبے کو قرض کی فراہمی میں بھی بھرپور شمولیت کر رہا ہے۔

- اسٹیٹ بینک آف پاکستان کی انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ 9 "فنانشل انٹرومیٹنس" (IFRS - 9) کے نفاذ کی ہدایات کے پیش نظر اس کی تعمیل کو یقینی بنانے اور اس منتقلی کو ہموار اور بلا رکاوٹ بنانے کے لیے بینک نے اس ضوابطی مطلوبات اور اکاؤنٹنگ اسٹینڈرڈ کی تعمیل کے لیے آئی ایف آر ایس-9 (IFRS-9) سسٹم کے نفاذ کے ذریعے اپنی تیاری کو یقینی بنایا ہے۔ بینک اسٹیٹ بینک آف پاکستان کو آئی ایف آر ایس 9 کے تحت متوقع کریڈٹ کے نقصان کے اثرات کا مابانی سے جمع کروا چکا ہے۔

- بینک کے پاس اپنے قرضوں کی پراسسنگ اور نگرانی کے لیے خود کار تیار کردہ ایک جدید ترین رسک ایسیسمنٹ اور مینجمنٹ سسٹم (آر اے ایم ایس) (RAMS) موجود ہے۔ اس نظام سے کریڈٹ رسک کے موزوں انتظام کی صلاحیت پیدا ہوئی جس کا اظہار صنعت میں ایک کم ترین انٹیکشن کی شرح کے حامل بینک کی حیثیت سے ہوتا ہے۔ بینک RAMS کی افادیت میں اضافہ کرنے کے غرض سے اس کو جدید تقاضوں سے ہم آہنگ رکھنے کے عمل

Oracle Financial Services Analytical - (OFSAA) اینٹیلیجنس (Application) کے نافذ شدہ موڈیولز کے موزوں ترین استعمال اور بیج میٹریکس پراسس ڈیزائن (Bench Matrix Process Design) کی جانچ اور کنٹرول ٹیسٹنگ، خدشات کی تشخیص اور مینجمنٹ سسٹم کے ورک فلوز (کام کے طریقہ کار) کی خود کاریت، انفارمیشن سیکورٹی کی آگاہی سے متعلقہ مہم، بینک کے زیر انتظام رہن اور گروئی قرضہ جات کے لیے گوداموں کو مضبوط بنانے کے اقدامات وغیرہ کو سال 2023ء میں بھی جاری رکھنے کا ارادہ رکھتا ہے۔

بینک اپنی معلوماتی محافظت (انفارمیشن سیکورٹی) کے نظام کو مزید مضبوط بنانے اور اس کے ساتھ ٹیکنالوجی اور افرادی وسائل کے فروغ میں سرمایہ کاری پر خصوصی توجہ مرکوز کیے ہوئے ہے تاکہ پورے بینک میں خدشات کے انتظام کا ایک موثر نظام قائم کیا جاسکے۔

ڈیجیٹل بینکنگ کے ذریعے پیدا ہونے والی رکاوٹوں کا ادراک رکھتے ہوئے، رسک مینجمنٹ نے قرضوں کے مروجہ ڈیجیٹل پلیٹ فارم کے دائرہ کار کو جدید کریڈٹ سکورنگ ماڈلز اور کریڈٹ رسک کی تشخیص کے طریقہ کار، انکی تقسیم اور نگرانی کے عمل کے ذریعے صارفین سے چھوٹے اور درمیانی کاروباروں اور کمرشل کاروباروں تک وسعت دینے کی منصوبہ بندی کی ہے۔ معروف ٹرن یک اور ڈیٹا کا تجزیہ کرنے والے اداروں کے تعاون سے مصنوعی ذہانت (آرٹیفیشل انٹیلیجنس - Artificial Intelligence) اور مشین لرننگ (Machine Learning) میں ہونے والی جدید اور تازہ ترین تکنیکی عوامل کا جائزہ لیا جائے گا۔

رسک مینجمنٹ پاکستان کی معیشت کو درپیش چیلنجز سے مکمل طور پر آگاہ ہے اور بینک کے اثاثہ جات کے خدشات کے مؤثر انتظام کو یقینی بنانے کے لیے تمام عملی اور ضروری اقدامات جاری رکھے گا۔

#### چیف ایگزیکٹو آفیسر کا تجزیہ:

بورڈ آف ڈائریکٹرز، چیف ایگزیکٹو آفیسر کے 31 دسمبر 2023ء کو اختتام پذیر سال میں بینک کی کاروباری کارکردگی کے بارے میں تجزیہ کی مکمل تصدیق کرتے ہیں۔

بہتری اور افرادی وسائل کی صلاحیتوں کی ترقی میں نمایاں سرمایہ کاری کی گئی۔ ان اقدامات کی اہم جھلکیوں میں سیکورٹی انفارمیشن اور ایویٹ مینجمنٹ سسٹم کے لیے جدید ٹیکنالوجی سے مزین اور ایک مخصوص ایس او سی (SOC) کی سہولت، تھریٹ انٹیلیجنس اینڈ ڈیجیٹل رسک پلیٹ فارم (Threat Intelligence and Digital Risk Platform) کا قیام، سیکورٹی آرکیٹریچر آؤٹیشن اینڈ رسپانس سولوشن (Security Orchestration and Response Solution) اور اینڈ پوائنٹ ڈیٹیکشن اور اینڈ پوائنٹ پروٹیکشن (End Point Protection & Response System) شامل ہیں۔ ان سسٹمز کے ذریعے بینک کو ناصر اپنی لاگز (LOGS) کے جائزے، سیکورٹی سے متعلقہ واقعات کی نشاندہی اور آرکیٹریچر کے عمل کی خود کاریت اور بروقت تدارک کے لیے اس میں اضافہ کرنے کی صلاحیت پیدا ہوگی بلکہ خطرات کی بروقت اور بھرپور نشاندہی کے ذریعے بینک کے معلوماتی اثاثہ جات کو تحفظ فراہم کیا جاسکے گا۔

- رویوں پر مشتمل خطرات اور بے قاعدگیوں کی نشاندہی اور تدارک کے لیے بینک نے سیکورٹی اقدامات کا نفاذ کیا ہے۔

- بینک میں اپنی گورننس کے ڈھانچے کو انٹرنیشنل اسٹینڈرڈز اور صنعت کی بہترین پریکٹسز سے ہم آہنگ کرنے کے لیے انفارمیشن سیکورٹی رسک مینجمنٹ پروگرام کے ایک پروجیکٹ کام کر رہا ہے۔ انفارمیشن سیکورٹی کی حکمت عملی اور پالیسیوں، طریقہ کار اور فریم ورکس کی تشکیل اس پروجیکٹ کے نمایاں عناصر ہیں۔

- بینک نے اپنی مجموعی سائبر محافظت اور سیکورٹی کے نظام کی جانچ کے لیے سائبر ہائجین اینڈ ڈیٹا لیکیج (Cyber Hygiene & Data Leakage) کی خود تشخیصی مشقوں کا بھی انعقاد کیا ہے۔ اس کے تناظر میں، بینک نے اپنی سیکورٹی صورتحال کو مزید محفوظ اور بہتر بنانے کے لیے باقاعدہ لائحہ عمل بھی تیار کیا ہوا ہے۔

- بینک نے اپنے انفارمیشن سیکورٹی مینجمنٹ سسٹم کو مضبوط کرنے کے لیے آئی ایس او 27001:2022 اسٹینڈرڈ کے نفاذ کے پراجیکٹ کا آغاز بھی کیا۔

رسک مینجمنٹ اپنے اہم اقدامات جیسا کہ اوریکل فنانشل سرو سز اینڈ اینڈ

## اندرونی انضباط کا بیانیہ :

مالیاتی گوشواروں کے نوٹ نمبر 37 میں کیا گیا ہے۔

بورڈ انتظامیہ کے اندرونی انضباط کے بارے میں بیانیہ بشمول ICFR کی قدر و پیمائی کی بخوشی تصدیق کرتا ہے۔ اندرونی انضباط کے بارے میں انتظامیہ کا بیانیہ سالانہ رپورٹ میں شامل ہے۔

## کارپوریٹ پائیداری :

بورڈ آف ڈائریکٹرز آپ کے بینک کے کارپوریٹ پائیداری (Sustainability) کے لیے اٹھائے گئے اقدامات کی بخوشی توثیق کرتا ہے جو کہ سالانہ رپورٹ میں الگ طور پر مذکور ہیں۔

## بورڈ کی کارکردگی کا جائزہ لینے کا طریقہ کار :

بورڈ آف ڈائریکٹرز انضباطی تکمیل کو یقینی بناتے ہوئے حصص یافتگان کی جانب سے بینک کے مفادات کا تحفظ، حکمت عملی کی سمت کا تعین اور اہداف کے حصول کے عمل کو چلانے کی ذمہ داری کے بھی امین ہیں۔ کمپنیز ایکٹ 2017، بینکنگ کمپنیز آرڈیننس 1962 اور اسٹیٹ بینک کے پروڈینشل ریگولیشنز، کارپوریٹ گورننس ریگولیشنز فریم ورک اینڈ سٹیٹ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019، (دی کوڈ) میں بورڈ آف ڈائریکٹرز کے کردار اور اس کے ساتھ ساتھ انکی ذمہ داریوں اور کارگزاری کو واضح اور احسن طریقہ سے بیان کیا گیا ہے۔

## اینٹی ریننگ :

دی پاکستان کریڈٹ ریننگ ایجنسی لمیٹڈ (PACRA) نے اس سال کے دوران الائڈ بینک کی طویل المدتی ریننگ کو "AAA" (ٹرپل اے) کی سطح پر برقرار رکھا ہے۔ جبکہ قلیل المدتی ریننگ کی "A1+" (اے ون پلس) کی اعلیٰ سطح بھی برقرار رہی۔ یہ درجہ بندیوں بینک کی مضبوط حصصی سرمایہ کی بنیاد اور سیال پذیری کے اعلیٰ معیار کو ظاہر کرتی ہیں۔

## کارپوریٹ گورننس ریننگ :

آپ کے بینک کے بہترین تشکیل کردہ کارپوریٹ گورننس فریم ورک کا بورڈ اور مینجمنٹ کمیٹیوں کی جانب سے موثر استعمال اور مضبوط مالیاتی شفافیت کا اعتراف دی آئی ایس (VIS) کریڈٹ ریننگ کمپنی لمیٹڈ نے کیا ہے۔ جس کے نتیجے میں سال 2023ء کے لیے کارپوریٹ گورننس کی ریننگ کو سی جی آر۔ ++9 (CGR-9++) کی سطح پر برقرار رکھا ہے۔ جو کہ کارپوریٹ گورننس کے اعلیٰ ترین معیار کی عکاس ہے۔

## بورڈ آف ڈائریکٹرز :

بورڈ آف ڈائریکٹرز کے تمام ممبران کی پروفائل کو سالانہ رپورٹ کے کارپوریٹ پروفائل کے سیکشن میں علیحدہ طور پر درج کیا گیا ہے۔ بورڈ آف ڈائریکٹرز کی بناوٹ کو کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیانیہ میں درج کیا گیا ہے۔ جبکہ بورڈ کی کمیٹیوں کی بناوٹ کو بھی سالانہ رپورٹ میں الگ طور پر واضح کیا گیا ہے۔

اسی کوڈ کے تحت بورڈ نے سال 2014 میں اپنی کارکردگی کو موثر انداز میں جانچنے کے لیے ایک نظام رائج کیا ہے۔

بعد میں اسٹیٹ بینک نے بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ لینے کے لیے رہنمائی کے تفصیلی اصول وضع کیے ہیں۔ جس کی روشنی میں بورڈ نے مقداری تکنیک کے ساتھ بینک کے اندرونی نقطہ نظر اور ہر تین سال بعد ایک آزاد تھمبہ ساز سے اس کی جانچ کو اختیار کرنے کا فیصلہ کیا ہے۔ اس سلسلے میں، آخری آزادانہ بیرونی تھمبہ سال 2021ء میں کیا گیا، جبکہ ایسا اگلا آزاد تھمبہ سال 2024ء میں کیا جائے گی۔

سال 2023ء کے دوران، ایک منظور شدہ نظام پر کاربند رہتے ہوئے مندرجہ ذیل اقسام کی کارکردگی کو جانچا ہے:

- ۱- مجموعی بورڈ آف ڈائریکٹرز
- ۲- چیئرمین بورڈ آف ڈائریکٹرز
- ۳- ضامن ڈائریکٹرز
- ۴- آزاد ڈائریکٹرز

غیر انتظامی ڈائریکٹرز کو بورڈ یا اور اسکی کمیٹی کے اجلاس میں شریک ہونے کے لیے ایک مناسب اور موزوں معاوضہ دیا جاتا ہے۔ جس کا ذکر

معزز شیئر ہولڈرز کے الائیڈ بینک پرانکے اعتماد، سکیورٹی اینڈ ایکسیج کمیٹی  
آف پاکستان، اسٹیٹ بینک آف پاکستان اور دیگر انتظامی اداروں کا ان  
کی مسلسل رہنمائی اور تعاون پر مشکور ہیں۔ ہم صارفین کی توقعات پر پورا  
اُترنے کے لیے اپنے سٹاف ممبرز کی انتھک محنت اور بینک کے اغراض و  
مقاصد کے حصول کے لیے ان کی لگن پر بھی نہایت شکر گزار ہیں۔

منجانب و برائے بورڈ آف ڈائریکٹرز

ایزد رزاق بگل  
چیف ایگزیکٹو آفیسر

محمد نعیم مختار  
چیزمین بورڈ آف ڈائریکٹرز

لاہور

13 فروری 2024ء

۵۔ دیگر نان ایگزیکٹو (غیر انتظامی) ڈائریکٹرز

۶۔ بورڈ کی کمیٹیاں

۷۔ چیف ایگزیکٹو آفیسر

مندرجہ بالا ہر درجہ (سوائے چیزمین بورڈ آف ڈائریکٹرز) کے  
بارے میں ڈائریکٹرز کے خیالات نقطہ نظر کو اکٹھا کر کے چیزمین بورڈ  
آف ڈائریکٹرز کو پیش کیا گیا تاکہ وہ، اگر چاہیں تو، ان نتائج/تجاویز پر  
ہر ممبر سے انفرادی طور رائے زنی کر سکیں۔

جواز آزاد ڈائریکٹر اس بارے میں چیزمین بورڈ آف ڈائریکٹرز  
کی رائے سے کمپنی سیکریٹری کو آگاہ کیا تاکہ اس کو مجموعی کارکردگی کی رپورٹ کا  
حصہ بنایا جاسکے۔

چنانچہ، چیزمین بورڈ آف ڈائریکٹرز کی جانب سے مجموعی اوسط  
جائزے کے نتائج اور ایکشن پلان کو بورڈ آف ڈائریکٹرز کے ملاحظے اور  
تجربے کے لیے پیش کیا گیا۔ بورڈ آف ڈائریکٹرز نے اپنے 266 ویں  
اجلاس مورخہ 13 فروری 2024ء میں بورڈ آف ڈائریکٹرز کی سال  
2023ء کی سالانہ جانچ کے مندرجات اور سفارشات کا جائزہ لیا اور نتائج  
پر اطمینان کا اظہار کیا۔

بیرونی آڈیٹرز:

موجودہ آڈیٹرز میسرز ای وائے (EY) فورڈ رھوڈز، چارٹرڈ  
اکاؤنٹنٹس ریٹائرڈ دوبارہ تعیناتی کی اہلیت رکھتے ہیں۔

بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی کی سفارش پر میسرز ای وائے  
(EY) فورڈ رھوڈز، چارٹرڈ اکاؤنٹنٹس کو 23.273 ملین روپے کی پیشہ ورانہ  
فیس کے عوض، اگلی مدت کے لیے، بینک کا قانونی آڈیٹرز مقرر کرنے کی تجویز  
دیتے ہیں۔

حصص کی ملکیت کا نمونہ :

حصص کی ملکیت کا نمونہ ساتھ منسلک ہے۔

تسلیم و تحسین :

ہم، بورڈ اور مینجمنٹ کی جانب سے، اپنے قابل قدر صارفین اور

# PRODUCTS AND SERVICES

## COMMERCIAL AND RETAIL BANKING

Commercial and Retail Banking is providing enriched and comprehensive product suite, supported by digital platforms and an extensive network of customer touch points.

### Deposit Products

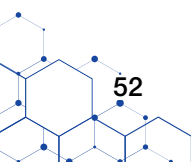
A comprehensive range of deposit products is being offered to our customers with various services ranging from structured saving products to term deposits, foreign currency products and basic current accounts, giving customers the choice which best suits their banking requirements.

Current Deposit Products	Saving Deposit Products	Term Deposit Products
<ul style="list-style-type: none"> <li>Allied Khanum Current Account (Regular &amp; Asaan)</li> <li>Easy Current Account</li> <li>Basic Banking Account</li> <li>Current Account</li> <li>Allied Asaan Current Account</li> <li>Allied Youth Current Account (Regular &amp; Asaan)</li> <li>Allied Express Account</li> <li>Allied Business Account</li> <li>Allied Roshan Digital Current Account (RDA)</li> <li>Allied Asaan Digital Current Account</li> <li>Asaan Digital Remittance Current Account (ADRA).</li> <li>Freelancer Digital Current Account</li> <li>Allied Freelancer Current Account</li> <li>Allied Senior Citizen Current Account (Regular &amp; Asaan)</li> <li>Allied Asaan Remittance Current Account</li> <li>Allied Salary Management Current Account (Regular &amp; Asaan)</li> <li>Low Income Roshan Digital account</li> </ul>	<ul style="list-style-type: none"> <li>Allied Khanum Saving Account (Regular &amp; Asaan)</li> <li>Platinum Rewarding Profit Account</li> <li>PLS Saving Account</li> <li>Allied Asaan Saving Account</li> <li>Allied Rising Star Account</li> <li>Allied Roshan Digital Saving Account (RDA)</li> <li>Allied Asaan Digital Saving Account</li> <li>Asaan Digital Remittance Saving Account (ADRA)</li> <li>Freelancer Digital Saving Account</li> <li>Allied Freelancer Saving Account</li> <li>Allied Senior Citizen Saving Account (Regular &amp; Asaan)</li> <li>Allied Asaan Remittance Saving Account</li> <li>Allied Salary Management Saving Account (Regular &amp; Asaan)</li> <li>Low Income Roshan Digital account</li> </ul>	<ul style="list-style-type: none"> <li>Allied Term Plus Deposits</li> <li>Allied Express Plus 1 Term Deposit</li> <li>Behtar Munafa Term Deposit</li> <li>Allied Advance Profit Plus Payment</li> <li>Foreign Currency Term Deposits</li> </ul>

### Asset Products

Consumer banking offers a full range of consumer lending products which enhance the overall experience of our customers and provide them with state-of-the-art value-added services to ensure that the Bank operates in the best interest of its customers.

Consumer Banking Products	Agri based Products	SME based Products
<ul style="list-style-type: none"> <li>VISA Credit Card</li> <li>Allied Personal Finance</li> <li>Allied Car Finance</li> <li>Allied Home Finance / MPMG</li> <li>Allied Solar System Finance</li> <li>Allied Roshan Apna Ghar</li> <li>Allied Roshan Apni Car</li> <li>Allied Commercial Lease</li> </ul>	<ul style="list-style-type: none"> <li>Hari Bhari Agriculture Revolving Credit Scheme</li> <li>Agriculture Financing for Dairy Farming</li> <li>Agriculture Financing for Poultry Farming and Allied Activities</li> <li>Allied Kashtkar (Tractor Financing)</li> <li>Allied Aabayari (Irrigation Solution)</li> <li>Allied Farm Mechanization</li> <li>Electronic Warehouse Receipt Financing</li> </ul>	<ul style="list-style-type: none"> <li>Allied Business Finance.</li> <li>Allied Easy Finance</li> <li>ABL Fast Finance</li> <li>Refinance and Credit Guarantee Scheme for Women Entrepreneurs</li> <li>ABL Warehouse Financing</li> <li>Prime Minister Youth Business &amp; Agri Loan Scheme</li> <li>SME Asaan Finance Scheme (SAAF)</li> <li>Refinance Scheme for Working Capital Financing of SEs &amp; Low-End MEs</li> <li>SBP Financing Scheme for Renewable Energy</li> <li>Refinance Facility for Modernization of SMEs</li> <li>Financing Facility for Storage of Agricultural Produce</li> <li>Allied Digital Merchant Financing</li> <li>RDA-Roshan Equity Investment</li> <li>RDA- Roshan Pension Plan</li> <li>RDA-Naya Pakistan Certificate Investment</li> <li>RDA- Roshan Samaaji Khidmat</li> </ul>



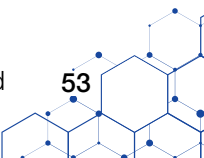
## Other Allied Products and Services

Branch Banking Services	Bancassurance Products
<ul style="list-style-type: none"> <li>• Safe Deposit Lockers</li> <li>• Allied Pay Anyone</li> <li>• Allied Banker Cheque / Call Deposit Receipt</li> <li>• Real Time Gross Settlement / SBP and NBP cheques</li> <li>• Inter Branch Online Transactions</li> <li>• Inland Letter of Credit including Bills Discounting</li> <li>• Guarantees</li> <li>• Allied Bank Call Center</li> </ul>	<ul style="list-style-type: none"> <li>• ALSURANCE (EFU General)</li> <li>• EFU Savings and Retirement Plan</li> <li>• EFU Accelerated Savings Plan</li> <li>• EFU ILM &amp; Anmol Rishtey</li> <li>• JLI Asaan Zindagi Plan</li> <li>• JLI Virasat Plan</li> <li>• IGI Invest Max Plan with Vitality</li> <li>• IGI Smart Future Plan with Vitality</li> <li>• IGI Suhana Mustaqbil Plan</li> </ul>

## DIGITAL BANKING

Digital Banking is supporting the strategic focus on broad based digitization to augment its service and products suite by offering personalized and innovative solutions catering to the evolving needs of different customer segments.

Debit Cards	Apps and Internet Banking	Digital Touchpoints
<p><b>Allied UPI PayPak co-badged Debit Cards</b></p> <ul style="list-style-type: none"> <li>• Basic Debit Card</li> <li>• UPI &amp; PayPak Classic</li> <li>• UPI &amp; PayPak Classic Plus</li> <li>• UPI &amp; PayPak Gold &amp; Visa Sapphire</li> <li>• UPI &amp; PayPak Allied Rising Star- Minor</li> </ul> <p><b>Allied Visa Debit Cards</b></p> <ul style="list-style-type: none"> <li>• Classic</li> <li>• Platinum Debit Card &amp; Visa Sapphire 200</li> <li>• Premium Debit Card</li> <li>• Virtual Debit Card</li> </ul> <p><b>Visa Debit Card Foreign Currency</b></p> <ul style="list-style-type: none"> <li>• Visa Classic Card</li> <li>• Visa Platinum Card</li> <li>• Visa Premium Card</li> </ul>	<ul style="list-style-type: none"> <li>• myABL Personal Internet Banking</li> <li>• myABL Business Internet Banking</li> <li>• myABL WhatsApp Banking</li> <li>• Voice-Assisted Banking</li> <li>• myABL Wallet</li> <li>• myABL Asaan Mobile Account (AMA) Wallet</li> <li>• myPakistan Digital Account (myPDA)</li> <li>• Roshan Digital Account (RDA)</li> <li>• E-Commerce transactions on VISA Debit Card</li> <li>• QR Codes on myABL</li> <li>• Allied Payday Finance</li> <li>• Allied Pay</li> <li>• Voice Assisted Banking</li> <li>• Point of Sale (POS) Acquiring Business</li> </ul>	<ul style="list-style-type: none"> <li>• Allied Bank Metaverse</li> <li>• Self Service Branch</li> <li>• Hybrid Digital Branch</li> <li>• Digital Locker</li> <li>• Cash Recycler ATM</li> <li>• ATMs and CCDMs (Cash and Cheque Deposit Machines)</li> <li>• Mobile Banking Unit</li> <li>• Digital Lounges</li> </ul>



# PRODUCTS AND SERVICES

## ISLAMIC BANKING

Islamic Banking endeavors to attract and retain the faith driven customers by offering a complete range of Shariah' compliant products and services. Thereby, ensuring operational efficiency and superior customer service through promoting the Islamic banking and contributing toward achieving the financial inclusion.

### Deposit Products

Current Deposit Products	Savings Deposit Products	Term Deposit Products	Digital Products
<ul style="list-style-type: none"> <li>Allied Islamic Current Account</li> <li>Allied Islamic Basic Banking Account</li> <li>Allied Islamic Asaan Current Account</li> <li>Allied Islamic Special Foreign Currency (STZ) Account</li> <li>Allied Aitebar Foreign Currency Value Account (FCVA)</li> </ul>	<ul style="list-style-type: none"> <li>Allied Islamic Saving Account</li> <li>Allied Aitebar Khanum Account (Regular &amp; Asaan)</li> <li>Allied Aitebar Salary Management Account (Regular &amp; Asaan)</li> <li>Allied Aitebar Senior Citizen Account (Regular &amp; Asaan)</li> <li>Allied Islamic Youth Account (Regular &amp; Asaan)</li> <li>Allied Aitebar Institutions Account</li> <li>Allied Aitebar Premium Account</li> <li>Allied Islamic Anmol Plus Account</li> <li>Allied Islamic Khalis Munafa Account</li> <li>Allied Aitebar Express Account</li> <li>Allied Islamic Business Plus Account</li> <li>Allied Islamic Sahulat Account</li> <li>Allied Islamic Asaan Saving Account</li> <li>Allied Aitebar Waseela e Hajj &amp; Umrah Account</li> <li>Allied Islamic Special Foreign Currency (STZ) Account</li> <li>Allied Aitebar Foreign Currency Value Account (FCVA)</li> </ul>	<ul style="list-style-type: none"> <li>Allied Islamic Investment Certificates</li> <li>Allied Aitebar Notice Period Certificate</li> <li>Allied Islamic Express Plus1 AIC</li> <li>Allied Aitebar Behtar Munafa Certificate</li> </ul>	<ul style="list-style-type: none"> <li>Allied Aitebar Roshan Digital Account</li> <li>Simplified Low income Islamic RDA</li> <li>Allied Islamic Asaan Digital Account</li> <li>Allied Aitebar Asaan Digital Remittance Account</li> <li>Allied Aitebar Freelancer Digital Account-PKR</li> </ul>

### Asset Products

Corporate / Commercial / SME	Consumer Finance	Agriculture Finance	Trade / Treasury
<ul style="list-style-type: none"> <li>Murabaha Finance</li> <li>Musawamah Finance</li> <li>Salam Finance</li> <li>Istisna Finance</li> <li>Ijarah Finance</li> <li>Diminishing Musharakah Finance</li> <li>Business Musharakah Finance</li> <li>Islamic Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises (IWCF)</li> <li>Islamic Long Term Financing Facility (ILTFF)</li> <li>Islamic Refinance Facility for Modernization of SMEs (IRFMS)</li> <li>Islamic Financing Facility for Renewable Energy (IFRE)</li> <li>Islamic SME Asaan Finance (I-SAAF)</li> <li>Allied Aetbar Prime Minister's Youth Business &amp; Agriculture Finance Scheme</li> <li>Allied Aitebar Business Finance</li> </ul>	<ul style="list-style-type: none"> <li>Allied Aitebar Car Ijarah</li> <li>Allied Aitebar Home Musharakah/MPMG</li> <li>Allied Aitebar Solar System Finance</li> <li>Roshan Apna Ghar/ MPMG</li> <li>Roshan Apni Car</li> <li>Islamic Financing Facility for Low-Cost Housing for Special Segments</li> </ul>	<ul style="list-style-type: none"> <li>Allied Aitebar Tractor Financing</li> <li>Allied Aitebar Hari Bhari Agriculture Financing</li> <li>Allied Aitebar Agriculture Finance for Dairy Farming</li> <li>Islamic Financing Facility for Storage of Agricultural Produce (IFFSAP)</li> </ul>	<ul style="list-style-type: none"> <li>Forward Cover</li> <li>Bai-Muajjal</li> <li>Letter of Guarantee</li> <li>Letter of Credit</li> <li>Islamic Export Refinance Scheme (IERS)</li> </ul>



## **CORPORATE AND INVESTMENT BANKING**

Corporate Banking aims to foster long-term customers relationships with the primary objective of meeting all business requirements of corporate and institutional obligors while offering tailored and cost-effective banking solutions with highly personalized services. Corporate Banking array of services are augmented with investment banking solutions catering complex business needs, global institutional banking relationships to support trade, treasury, home remittance and foreign exchange payments and fully customizable and highly scalable Cash Management services offered through online branch network.

### **Investment Banking**

Investment banking strives to meet complex financial needs of its clientele by providing a full suite of financing solutions to corporate clients including debt syndications, capital markets, project financing and advisory services.

### **Corporate Banking**

Corporate banking provides a single point within the Bank to cater to all business requirements of corporate and institutional customers with the primary objective of enhancing customer service, delivering a combination of major lending products including working capital, term loans and trade finance facilities on individualized basis.

### **Emerging Corporates**

Middle market caters to all business requirements of our top tier commercial obligors with wide range of products including Working Capital Facilities, Term Loans, Trade Financing, Letters of Guarantee, Letters of Credit and Export Financing.

### **Home Remittances**

Home remittances provide seamless inflow of foreign remittance credited in the beneficiary accounts and over the counter payments.

### **Financial Institutions**

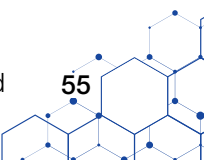
Financial Institutions & International Division aims to strengthen ABL's global institutional banking relationship base with reputed financial institutions spread across USA, Europe, Asia and Africa to support Bank's trade, treasury and foreign exchange payments.

### **Cash Management**

Cash management is a state-of-the-art real-time service providing customers with efficient liquidity management solutions across the robust ABL network.

### **Allied Share Financing**

ASF is specifically designed for business entities and individuals for immediate availability of medium-term financing to bridge liquidity needs, with maximum loan ticket size of up to Rs. 100 million and tenor up to 3 years.



# PRODUCTS AND SERVICES

**Allied Bank** ایف ایڈ بینک

## Allied BASIC PLUS Saving ACCOUNT

SIX MONTHLY PROFITS ON PLS SAVING RATE

**Allied Bank** ایف ایڈ بینک

## Allied EXPRESS PLUS TERM DEPOSIT

GET PROFIT ON FOREIGN HOME REMITTANCES MORE THAN NORMAL TERM DEPOSIT

Fixed Rate with 12.25%\*

**Allied Bank** ایف ایڈ بینک

## Allied Visa

A Card that Matches your Persona

**Allied Bank** ایف ایڈ بینک

## Digital Banking Solution for Overseas Pakistanis

**Allied Bank** ایف ایڈ بینک

## کاشتکار Tractor Financing

**Allied Bank** ایف ایڈ بینک

## Allied Car Finance

Ab Har Safar Shandar!

**Allied Bank** ایف ایڈ بینک

## Allied Commercial Lease

From Highways to Hightech

**Allied Bank** ایف ایڈ بینک

## Allied Islamic SME Financing

**Allied Bank** ایف ایڈ بینک

## Allied Digital Lockers

ON DISCOUNTED RATES\*

at your service 24/7

**Allied Bank** ایف ایڈ بینک

## Introducing Pakistan's First Voice Assisted Banking with IVR

**Allied Bank** ایف ایڈ بینک

## MyABL BUSINESS

Now on your smartphone with an amazing user experience!



# **STRATEGY AND RESOURCE ALLOCATION**

# STRATEGIC OBJECTIVES

<b>Short Term</b>	<ul style="list-style-type: none"> <li>Enhance competitive edge through the deployment of digitally driven initiatives based on Artificial Intelligence, Machine Learning and process automation through RPA to enhance efficiency and reduce cost to income ratio.</li> <li>Accumulate quality assets while consistently reducing the NPLs of the Bank.</li> <li>Accelerate deposit mobilization by enhanced focus on low or no cost deposits.</li> <li>Augment diversified revenue streams to navigate the challenges of volatile interest rate environment.</li> <li>Increase profitability while optimizing the operating expenses.</li> <li>Deliver digitally led “customer-centric” solutions and develop innovative products to cater wide array of customer segments.</li> </ul>
<b>Medium Term</b>	<ul style="list-style-type: none"> <li>Conserve robust profitability trend.</li> <li>Continuously enhance operational efficiencies.</li> <li>Foster a sustainable culture of integrity, transparency and ethics.</li> <li>Sustain a resilient capital and asset base.</li> </ul>
<b>Long Term</b>	<ul style="list-style-type: none"> <li>Enhance a brand image and create a shareholders’ value.</li> <li>Augmenting Financial Inclusion.</li> <li>Being a top stakeholder value generator in Pakistan’s banking sector while remaining a socio-environmentally conscious citizen.</li> <li>Aspire to be the preferred employer for top professionals by becoming the “Employer of Choice”.</li> </ul>

## Effect of operating environment on the Bank’s strategy

Allied Bank places significant emphasis on the transformative capabilities of digital technologies, considering it a top priority to provide digitally led innovative financial solutions to the customers. The Bank continuously improves its operating processes and systems to enhance the customers’ experience. Use of Artificial Intelligence (AI), Robotic Process Automation, Generative AI, Workflow Automation, introducing self-service smart branches and digital lobbies are contributing factors in providing the cost-effective seamless services to the customers.

The Bank recognizes the importance of professional development aligned with the latest technological advancements to enhance the digital proficiency of its employees. Therefore, the Bank strives to build and retain an agile and dynamic workforce by onboarding tech-savvy talent, providing appropriate trainings, upgrading remuneration structure, awarding performance led incentives and assigning the career path and development through its Leadership Talent Pipeline programs.

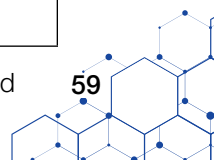
The Bank continued to invest in energy conservation initiatives and environment friendly projects during the year under review and invested significant amounts toward energy-efficient solutions.

Through continuous focus on automation of processes, the Bank has been able to reduce paper-based processes, which assists in reducing the paper consumption and lowering the carbon footprint as well as enhancing the efficiency in customer services. In order to promote Green Banking, the Bank through its Green Advisory Services advocated the Green Business Practices, participated in green campaigns and collaborated in tree plantation drives. The Bank is further committed to enhance tree plantation efforts, in line with national target for “Clean and Green Pakistan”.

## STRATEGIES TO ACHIEVE STRATEGIC OBJECTIVES, KPIs AND THEIR FUTURE RELEVANCE

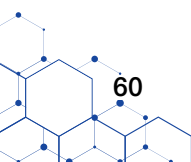
Strategic Objective	Key Operational Milestones	Key Performance Indicators	Future Relevance
Augmenting Financial Inclusion	<ul style="list-style-type: none"> <li>Enhanced Pakistan’s first myABL WhatsApp Banking service, serving to around 1 million users, by adding new features including:                             <ul style="list-style-type: none"> <li>Mobile Top-up;</li> <li>Withholding Tax Certificate;</li> <li>Account Statement.</li> </ul> </li> <li>Introduced industry-first Allied Freelancer Account to cater needs of freelancers.</li> <li>Expanded e-Commerce payments and alliances with leading merchants.</li> <li>RAAST Payment P2M “Person-to-Merchant” feature is incorporated in myABL app.</li> <li>Revamped myPDA (myPakistan Digital Account) journey in terms of adding new technologies i.e., Optical Character Recognition (OCR) and Artificial Intelligence (AI), reduced number of clicks for customer’s convenience and extended product.</li> <li>Payday loan feature (Advance Salary) has been extended to over 100 companies, during the year ended December 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Innovative digital products and services to increase in outreach</li> <li>Simplified customer onboarding process</li> <li>Customer acquisition</li> <li>Enhance customer experience</li> <li>Increased market share</li> </ul>	Shall remain relevant in future

Strategic Objective	Key Operational Milestones	Key Performance Indicators	Future Relevance
	<ul style="list-style-type: none"> <li>• Opened 30 Branches and 27 Islamic Banking Windows (Total Branches 1,483 and Islamic Banking Windows 162).</li> <li>• 48 new Automated Teller Machines (ATMs) added (Total: 1566).</li> <li>• Total Mobile Banking Units are 05.</li> <li>• Opened 1,530,000+ new accounts during the period to reach the total at 7,972,000+ as on December 31, 2023 including mobile wallets.</li> </ul>		
Enhancing Brand Image & Shareholders' Value	<ul style="list-style-type: none"> <li>• Total assets surpassed Rs. 2 trillion.</li> <li>• Stable dividend stream and increasing equity.</li> <li>• One of the lowest infection ratio.</li> <li>• One of the highest capital adequacy ratio.</li> <li>• Bank of the year 2023 – (Pakistan) Award by “The Banker”, 3rd year in a row.</li> <li>• Pakistan Society for Human Resource Management &amp; Engage Consulting award for: <ol style="list-style-type: none"> <li>1. Best of the Best Place to Work Company in Pakistan.</li> <li>2. Best Place to Work – “Winner” in Banking Industry.</li> <li>3. Best Place to Work in Top 10 Large Organizations.</li> </ol> </li> <li>• Global Diversity Equity &amp; Inclusion Benchmarks award - Best Practice Bank in Job Design, Classification and Compensation.</li> <li>• FinanceAsia Country Awards – Best Domestic Bank in Pakistan, 2nd year in a row.</li> <li>• Asiamoney - Best Bank for Diversity &amp; Inclusion in Pakistan 2023.</li> <li>• CFA Society Pakistan – Runner-up for Best Bank in ESG 2023.</li> <li>• ICAP &amp; ICMA International - 3rd Position in Banking Sector for Best Corporate Report of 2022.</li> <li>• App &amp; Web-Enabled Market Awards-myABL Digital Banking App – Pakistan Digital Awards 2023.</li> <li>• The Asset Triple A awards for: <ol style="list-style-type: none"> <li>1. Telecom Deal of the Year from The Asset Triple A Sustainable Infrastructure Awards 2023.</li> <li>2. Utilities Deal of The Year from The Asset Triple A Sustainable Infrastructure Awards 2023.</li> <li>3. Best loan adviser from The Asset Triple A Country Awards for Sustainable Finance 2022.</li> <li>4. Best syndicated loan from The Asset Triple A Country Awards for Sustainable Finance 2022.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>• Profitability</li> <li>• Stakeholders' trust</li> <li>• Sustainability</li> </ul>	Shall remain relevant in future
Employer of Choice for top Professionals	<ul style="list-style-type: none"> <li>• Conducted Allied Leadership Talent Pipeline (ALTP) Phase-2 to ensure effective succession planning at the senior management level.</li> <li>• RISE program has been completed to ensure effective succession planning at the Middle level management.</li> <li>• Signed an MOU with Blanchard Pakistan and conducted a series of sessions on 'Legendary Service' by Mr. Antony Demetriou, the Global Partner/Trainer of Blanchard, in Lahore, Islamabad and Karachi.</li> <li>• Conducted a customized three-day training program at LUMS on 'Leading and Developing a Customer-Centric Culture'.</li> <li>• Conducted a customized four-day training program on Artificial Intelligence (AI) for managers at LUMS, involving 30 selected resources (DH/UH level) from various functions of the bank.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced employee satisfaction</li> <li>• High employee retention ratio</li> <li>• Reduced employee turnover</li> <li>• Operational efficiency.</li> </ul>	Shall remain relevant in future

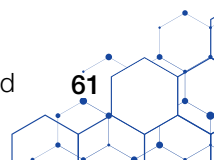


# STRATEGIC OBJECTIVES

Strategic Objective	Key Operational Milestones	Key Performance Indicators	Future Relevance
	<ul style="list-style-type: none"> <li>• Subscription of 'Coursera for Teams' licenses for 500 employees including all Group Heads, Divisional Heads, Regional Heads and selected individuals from ITG and DBG.</li> <li>• The Knowledge at Sight (KAS) feature was launched on the mLearning app.</li> <li>• Conducted a series of DEI (Diversity, Equity &amp; Inclusion) sessions in 2023 that covered 3,634 employees.</li> <li>• Conducted Women Leadership Development Program for 30 high potential female employees from MG-8 to MG-4.</li> <li>• Employee Excellence Awards and Recognition Program 2023: As part of ABL Human Resource Group (HRG)'s continuous efforts towards Organizational Development (OD) and inculcating transformation enabling environment, HRG has carefully chalked out 'Employee Excellence Awards &amp; Recognition Program'. This recognition program comprises of the following Award categories:               <ul style="list-style-type: none"> <li>o Employee of The Quarter – (Business &amp; Support Functions);</li> <li>o Employee of the Year – 16 employees (Business &amp; Support Functions).</li> </ul> </li> <li>• HRG successfully developed and implemented quarterly performance bonus program, in Information Technology Group and Digital Banking Group, based on healthy competition and to reward accelerated performance, in timely manner.</li> <li>• To counter the post-pandemic stress, training sessions and wellness programs on 'Work-life Balance', 'Yoga for Self-Care' and 'Stress Management' were arranged for employees. Special awareness sessions related to 'Pink Ribbon'/ 'Pinktober' were conducted for our female employees. In addition to this, female employees were also facilitated to undergo mammography scans at the Bank's expense pan Pakistan.</li> <li>• Introduction of Blue Ribbon (for male employees' health), along with expansion of Pink Ribbon related initiatives to cover whole population.</li> <li>• In line with the Bank's vision for being an equal opportunity employer and to facilitate our female colleagues, we initiated 'Employee Pink Scooty Loan' facility for female employees of the Bank in Management Grade 8 to 12.</li> <li>• Center for Assessment Research &amp; Employees performed, "Periodic Evaluation of MTIT's" in 2023. This periodic evaluation assessed Management Trainee Information Technology (MTIT) employees after the interval of six months over the period of two years.</li> <li>• Psychological assessment for elevation for the position of Regional Heads 2023 was carried out, similarly for junior cadre (BDOs, Tellers &amp; CSOs) assessment was also carried out involving 1122 candidates.</li> <li>• Learnability assessment and personality profiling of 801 candidates from various MTO batches.</li> <li>• Competency assessment conducted during the induction process of a batch of MTOs conducted for 1876 candidates throughout the year 2023.</li> </ul>		



Strategic Objective	Key Operational Milestones	Key Performance Indicators	Future Relevance
Operating Effectiveness	<ul style="list-style-type: none"> <li>• Completed installation of additional “177” Digital Signage Machines (Total DSMS: 1,452).</li> <li>• Robotic Process Automation is being developed to cater repetitive file processing tasks; particularly to limit the interaction with multiple systems and reduction in turnaround time.</li> <li>• The Bank has developed cross-platform Android &amp; iOS based Mobile application that has the capability to monitor ATM Network in real time.</li> <li>• Incorporation of Static QR Code at Letter of Thanks (LoT) &amp; Half Yearly SoA/eSoA.</li> <li>• Inclusion of Credit Worthiness Reports (CWR) on the Bank’s portal to reduce TAT of Trade transactions &amp; being cost effective for the obligors.</li> <li>• Issuance of SWIFT Based Guarantees – a quick and secure mode of transmission, eliminating manual verification, mitigation of fraud/forgery risk and cost effective in terms of paper, printing and handling.</li> <li>• Online LG verification is implemented; customers can now verify ABL issued Guarantees online through ABL Website. It will improve Verification TAT, printing &amp; courier cost, mitigation of forgery risk and a step towards paperless environment.</li> <li>• Discontinuation of ATM Journal Paper Roll on 516 ATMs to augment paperless banking practices, digitalization and cost reduction measures.</li> <li>• One of the highest ATM transactions as acquirer; ATM uptime 95%.</li> </ul>	<ul style="list-style-type: none"> <li>• Operational efficiency</li> <li>• Profitability</li> <li>• Reduced cost to income ratio</li> </ul>	Shall remain relevant in future
Enhanced Focus on Digitization	<ul style="list-style-type: none"> <li>• Established 14 Digital Branches.</li> <li>• Enrich the “myABL Personal Internet Mobile Banking App” with enhanced features.</li> <li>• Roshan Digital Account (RDA) enhanced with the additional features.</li> <li>• Biometrically enabled ATM network of 1566 ATMs.</li> <li>• ABL has upgraded the Enterprise Service Bus with latest version and infrastructure, which has helped ABL to support digital transformation.</li> <li>• Allied Bank introduced QR codes for sending money through myABL instead of inputting lengthy account numbers.</li> <li>• Upgraded the financial switch IRIS with latest infrastructure along with the compatibility of Oracle 19c database, which has helped to maintain a 95% ATM uptime.</li> </ul>	<ul style="list-style-type: none"> <li>• Customer Onboarding</li> <li>• Increase in fee income market share</li> <li>• Operational efficiency</li> <li>• Increase in Digital Vs. Counter Transaction Mix</li> </ul>	Shall remain relevant in future



## RESOURCE ALLOCATION PLAN

Nature of Capital	Resource Allocation Plan
Manufactured capital	Augmenting branch and ATM network with improved Branch layout entailing smart branches strategy with enhanced technological infrastructure.
Natural capital	Increased commitment towards financing the renewable energy projects to promote green banking. Expand paperless environment and augment the number of branches and offices using energy efficient solutions.
Financial Capital	Elevated investment on infrastructure including buildings and equipment. Capitalize on process automation and IT network improvements. Expand in high quality asset base with sustainable yield.
Human capital	Human capital development and capability building by focusing on targeted trainings, talent management and right talent acquisition & retention. Recruit and retain tech-savvy employees.
Intellectual Capital	Continuous improvement in governance culture by utilizing strong institutionalized knowledge. Formulate new products focusing diverse range of customer base.
Social and Relationship Capital	Enhance brand image through public awareness campaigns and ongoing dialogue with customers.

## Strategic decisions formulation

The Bank systematically and continuously evaluates its operational and macroeconomic environment to prudently formulate strategic initiatives. In pursuit of its strategic objectives, the Bank adheres to the following methodologies:

- Prepare a 10 Years' Rolling Strategic Plan, encompassing short to long term strategies, which is reviewed annually to align with changes in the operating environment.
- Conduct a SWOT analysis to assess the Bank's competitive positioning in short to medium term and assists in capitalizing on emerging opportunities while mitigating potential risks.
- Focus on Peer Bank analysis to understand the Bank's position in the industry landscape.
- Implement and update the Business Continuity Plan (BCP) for effective disaster management.
- Oversight and monitoring of overall objectives, strategic goals, business plans, risk acceptance criteria, control frameworks and culture of the Bank through Board of Directors, Board Committees and Management Committees. Review of budget during the year to align with unusual changes in macroeconomic assumptions.

## KEY RESOURCES AND CAPABILITIES

The Bank strives to exceed the expectations of its esteemed customer base while maintaining the credit quality within the defined risk appetite. To attain its strategic objectives, the Bank has following key resources and capabilities:

Key resources and capabilities	Descriptions
Brand Recognition	<ul style="list-style-type: none"> <li>• The Bank strong brand image; serving the customers for 8 decades.</li> <li>• Strongest possible long-term and short-term entity credit ratings of "AAA" and "A1+" respectively by Pakistan Credit Rating Agency.</li> <li>• Bank of the year 2023 – (Pakistan) Award by "The Banker", 3rd year in a row.</li> <li>• Ranks among top banks in term of total assets footing.</li> </ul>
Technological Infrastructure	<ul style="list-style-type: none"> <li>• State of the art technological platform – Temenos T24 core banking software, Oracle based ERP and Analytical Applications.</li> <li>• Use of AI tools, Data Lake, Business Intelligence Dashboards, and Robotic Process Automation.</li> </ul>
Robust Risk Management Framework	<ul style="list-style-type: none"> <li>• Strong and resilient capital positioning.</li> <li>• High capital adequacy ratio.</li> <li>• Low infection ratio and high coverage ratio.</li> </ul>
Country-wide out reach	<ul style="list-style-type: none"> <li>• Vast branch network.</li> <li>• 1560+ ATMs with continuous enrichment via digitization.</li> <li>• One of the leading ATM &amp; Branch uptime in the industry.</li> </ul>
Low-cost deposit base	<ul style="list-style-type: none"> <li>• Total deposit base surpassed Rs. 1.6 trillion.</li> <li>• Current deposit to stand at Rs. 702 billion.</li> <li>• CASA mix stood at 85%.</li> </ul>



## Value creation

The Bank effectively allocates and strengthens its resources to maximize value for its stakeholders. Value creation is achieved through strategic initiatives and their persistent applications by implementing policies, procedures and processes including business models. These processes leverage key resources to transform inputs into business activities; thus, generating the value for various stakeholders. As a result, the Bank maintains a stable payout ratio, acts as a significant contributor to the national exchequer and maximizes shareholders' return.

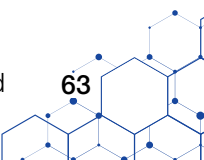
## Bank's sustainability strategy with measurable targets

ABL has embedded its sustainability strategy into the core objectives of the Bank. This strategic approach has enabled the Bank to effectively manage the Bank's impact on environmental, economic and social systems. These initiatives are fundamental to the Bank's success and have the potential to augment profitability, facilitate expansion and enhance stakeholder satisfaction.

The Bank has established a set of targets to assess its progress towards achieving its sustainable goals. These targets include initiatives such as promoting financial inclusion, continued guidance to obligors for better practices, green financing, undertaking tree plantations campaigns, sponsorships and donations, solar financing including the installation of solar panels at the Bank's premises and own impact reduction with respect to use of energy and consumables.

## Significant changes in objectives and strategies

The Bank's objectives and strategies are well calibrated with its vision. These strategies are implemented through policies, procedures and processes to ensure achievement of the objectives of the Bank. No significant change occurred during the year that would impact the Bank's objectives and business strategies.



# PESTEL ANALYSIS



Emerging challenges and risks are effectively managed through strategic business planning, systematic framework of procedures and prudent decision-making.

Diligent monitoring of developments in the Political (P), Economic (E), Social (S), Technological (T), Environmental (E) and Legal (L) spheres, which have implications on the Bank's strategy, is an integral part the Bank's strategy. These factors are described in detail, as follow:

## Political

- Uncertain political environment continued to be major factor affecting the economic activities of the country. A range of fiscal and monetary policy measures were implemented to address the macroeconomic imbalances and mitigate external account risks.

Impact	Response
Negative impact of repricing lag on Net Interest Margin (NIM).	Effective repricing and duration management.
Low credit demand and its impact on bottom-line.	Diversify fee-based income.

## Economic

- The prevailing political unrest, difficult macroeconomic environment and elevated inflation accompanied with external factors kept Pakistan's economy under pressure. However, performance of the economy has started improvement in short-term.
- As per IMF estimates, GDP witnessed contraction of 0.2% in 2023 which was earlier estimated at 0.5% in July and October 2023 updates.

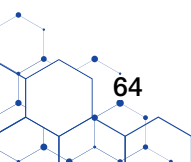
**Outlook:** The IMF has projected GDP to grow by 2.0% in FY'24 and 3.5% in FY'25. Simultaneously, SBP has projected domestic growth around 2-3% in FY'24 and inflation at 5-7% by the end of FY'25.

Impact	Response
Increased volatility of exchange rate.	Effective hedging of assets and liabilities denominated in foreign currency.
Anticipated rise in capital and recurrent spending on training and development in short and medium-term.	Sustaining employees to propel the Bank's growth and digital ambitions through appropriate interventions.

## Social

- Securing and retaining the right talent equipped with proficient knowledge of emerging technologies and automated systems at present is a considerable challenge.
- Effectively onboarding digital adept customers emerge as a critical factor, given that younger customers engage with the convenience of enhanced technological and e-banking services.

Impact	Response
Bank's strong reputation for good employer practices.	Agile and dynamic work place environment.
Anticipated rise increase in capital and recurrent spending on training and development in short and medium-term.	Sustaining employees to propel the Bank's growth and digital ambitions through appropriate training interventions.



## Technological

- Technology is transforming the entire banking landscape converging it towards digitally led solutions providing seamless banking and enhanced customer experience.
- Implementation of cutting edge technologies like application of Artificial Intelligence (AI), Generative AI and Robotic Process Automation (RPA) have been pivotal; contributing towards a sustainable decline in cost-to-income ratios.

Impact	Response
Enhanced risk of breach in cyber security; leading to reputational risk.	The Bank has in place robust Info-Sec setup with emerging controls and continuous updates in line with best industry practices.
Leveraging on digital and e-banking products to cater digital fluent customer base.	The Bank has in-house innovation lab to ensure delivery of digitized solutions to the diverse customer base. The Bank has launched Self-service branches which have revamped the dynamics of conventional brick and mortar branch network.

## Environmental

- Environmental risks persist as one of the most significant challenges, with extreme weather, global warming, scarce resources and ozone depletion, continuing to impact the environment in most hazardous ways.
- Banks, by adopting responsible lending practices and policies, can conserve the environment for future generations. Banks have more powerful means of influencing customers towards more environment friendly solutions.

Impact	Response
Implications on climate change and sustainable environment.	<ul style="list-style-type: none"> <li>• Bank has in place green policy ensuring green financing, green business facilitation and its own impact reduction.</li> <li>• Green banking financing has been embedded in the Bank's lending criteria.</li> <li>• Processes automation to reduce use of paper.</li> <li>• Tree plantation campaigns.</li> </ul>

## Legal

- Potential losses to earnings and reputational damage arising from non-compliance with regulations/statute are mitigated through consistent compliance with the applicable laws and regulations.

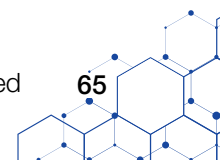
Impact	Response
Increased penalties, fines and litigations.	<ul style="list-style-type: none"> <li>• The Bank has in place procedures, policies and guidelines to adapt to ever-changing regulatory requirements.</li> <li>• The Bank maintains zero tolerance towards non-compliance with legal and regulatory requirements.</li> </ul>

## STRATEGY TO OVERCOME LIQUIDITY PROBLEM

Asset-liability management (ALM) plays a critical role in managing crucial components of liquidity and the balance sheet while ensuring viability of the financial institution. The Bank maintains strong liquidity position. Asset Liability Committee (ALCO) is responsible to monitor and maintain liquidity. The liquidity ratios together with high Coverage Ratio and low Non-Performing Loan ratio indicate strong liquidity position of the Bank.

## SIGNIFICANT PLANS AND DECISIONS

The Bank's objectives and strategies are well calibrated with its vision and are implemented through policies, procedures and processes. No significant change occurred during the year to affect the objectives and business strategies.



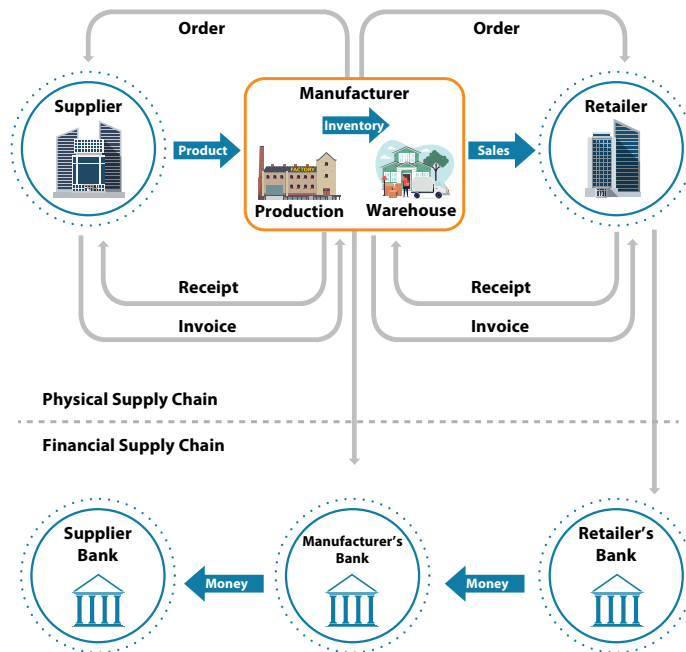
# ROLE OF BANK IN VALUE CHAIN

## Financial Supply Chain

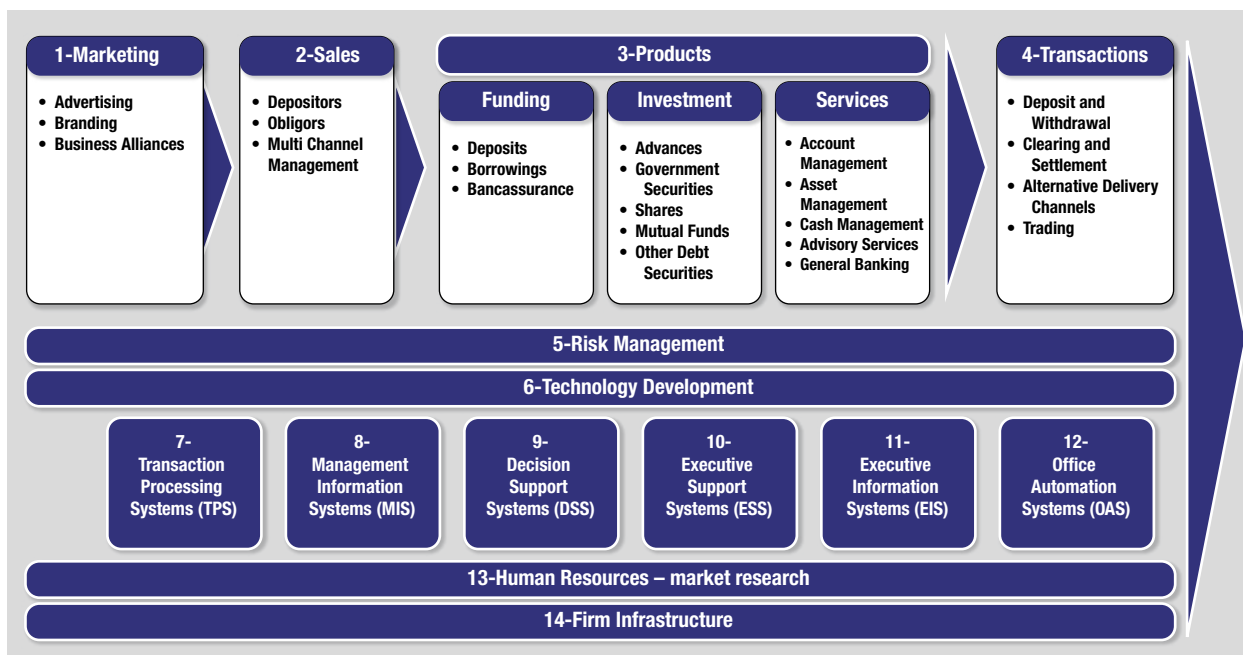
Allied Bank Limited being a financial institution manages money flows in partnering supply chain organizations, by developing innovative methods for streamlining their financial distribution networks. The role of the Bank in value chain is to improve inter-organization money flows. The Banks provides a set of financial and technological tools to help companies improve working capital management and free up cash trapped in supply chain processes and transactions. Furthermore, the Bank's role as an intermediary between suppliers and buyers facilitates in strengthening their ties.

- Supplier prefers to get money for delivered products or services sooner whereas,
- Buyers want to extend payment terms.

Banks offer services to improve the financial health of the supply chain by reducing both buyer and seller working capital.



# BUSINESS MODEL



BEST BANK FOR  
**DIVERSITY**  
& **INCLUSION** PAKISTAN



Allied Bank is honored to be recognized as  
"Best Bank for Diversity & Inclusion Pakistan 2023" by Asiamoney.

Allied Bank in its journey to become "First Choice Bank" with highest level of focus on digital innovations and technologies is creating sustainable value for all the stakeholders.

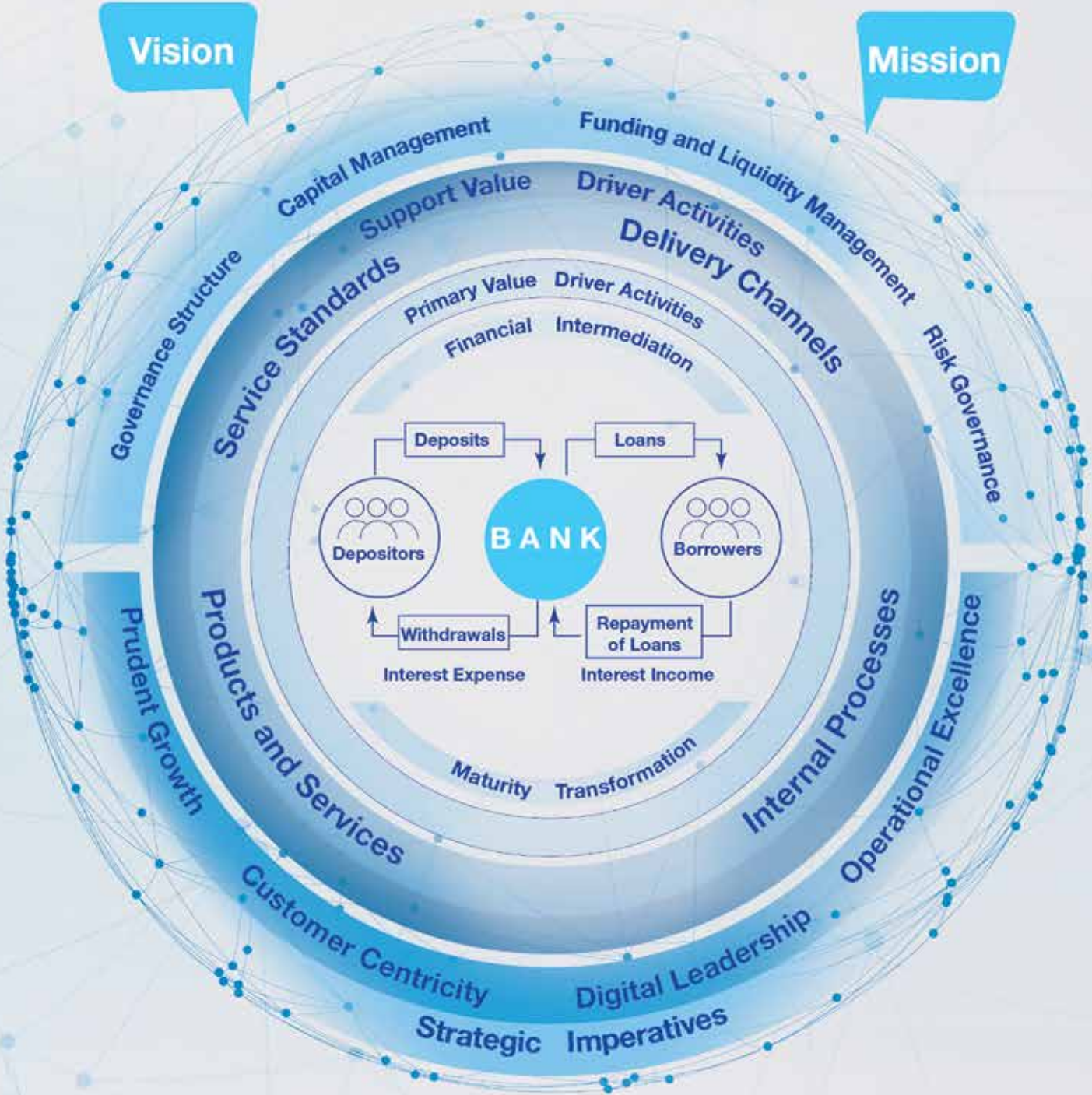
With over 80 years of banking experience Allied Bank offers world class financial services and high-tech digital solutions through nationwide network of over 1,450 online branches, 1,550 plus biometrically enabled ATMs and 20 digital touchpoints.

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

**Value Driver      Activities**



**OUTPUTS**

Loans & advances, investments, deposits, remittance services, fee based services, Trade related products & services, unfunded facilities, REPO transactions, advisory services.

# OUR VALUE CREATION BUSINESS MODEL



## Geopolitical Environment Affecting the Banking Industry

Pakistan is located at a region which has great political, economic and strategic importance. Pakistan has the potential to develop transit economy due to its strategic location by offering direct and shorter trade routes to China, Central Asian States and Afghanistan with Middle East, Africa and Europe. However, the economic potential is still largely untapped mainly due to unstable security situation and conditions in Afghanistan, trade restrictions on Iran and due to political tensions between Pakistan and its eastern neighbor India. Improvement in the security condition in Afghanistan, lifting or easing of trade restrictions on Iran, and progress in relations with India has the potential to increase the trade volumes and to bring the mutual economic benefits resulting into establishing formal banking channels and offering related banking services.

The economic problems of Pakistan were further aggravated due to its inclusion in the grey list of Financial Action Task Force in 2018. This resulted in widespread reforms in the financial sector including the implementation of Anti Money Laundering, Combating the Financing of Terrorism and Counter Proliferation Financing (AML/CFT/CPF) guidelines by updating the policies and procedures of the Banks in line with the regulations issued by the State Bank of Pakistan. The removal of Pakistan from the grey list of FATF in 2022 has brought financial ease to some extent and has helped in securing much needed economic support from the global financial institutions.

The Bank continuously realigns its strategies keeping in view all economic, legal and geopolitical factors with an objective of maximizing long-term shareholder value.

## Legislative and Regulatory Environment of the Bank

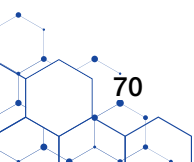
The Banking industry is highly regulated by governments across the globe, as banks play a vital role in implementing the government's monetary policy. The banks operate as the engine of the economic growth due to their core function involving large amounts of money flows. The main rationale of regulating Banking industry is to ensure safety of customers' deposits, stability of the financial system, and to prevent financial crime.

Allied Bank Limited being a scheduled bank engaged in commercial banking and related services, and also listed on the Pakistan Stock Exchange is primarily regulated by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

Under the regulatory framework, the State Bank of Pakistan has been entrusted with powers and mandate mainly under the State Bank of Pakistan Act, 1956, the Banking Companies Ordinance, 1962, and the Foreign Exchange Regulation Act, 1947 to regulate and supervise the Banking Industry. Moreover, the Securities and Exchange Commission of Pakistan regulates primarily through Companies Act, 2017 for protecting the interests of various stakeholders and inculcating principles of corporate governance.

The regulatory framework of State Bank of Pakistan comprises of a set of policies, guidelines, prudential standards, and allied processes & procedures covering the following key areas;

- Licensing Regime
- Prudential Regulations
- Corporate Governance Regime
- Capital Adequacy Regime
- Anti-money laundering and Counter Financing of Terrorism (AML/CFT) Regime
- Policy Environment and Market Discipline
- Financial Consumer Protection Framework







# **STAKEHOLDERS ENGAGEMENT**

# IDENTIFICATION OF STAKEHOLDERS

The Bank remains committed towards preserving the interests of its stakeholders and strives to maximize the value through achieving sustainable growth and delivering performance that exceeds market and stakeholders' expectations. The stakeholders' inputs are considered as an integral part of the Bank's core strategy. The Bank's processes and procedures are formulated to generate long-term value for the stakeholders.

Stakeholder Group	Description	Identification of Stakeholders
Customers	The Bank aspires to build and maintain a strong brand image through long-term relationships with the customers through customer-centric sustainable solutions.	<ul style="list-style-type: none"> <li>• Individuals</li> <li>• Institutions</li> <li>• Corporates</li> <li>• Entrepreneurs</li> </ul>
Shareholders / Institutional Investors	The Bank upholds transparent relations with its investors by delivering consistent and sustainable investment returns and providing accessible information on financial and non-financial performance.	<ul style="list-style-type: none"> <li>• Sponsors</li> <li>• Minority Shareholders</li> <li>• Individual Investors</li> <li>• Institutional Investors</li> </ul>
Regulators	The Bank complies with all legal and regulatory requirements with aim to maintain transparent relationships with regulators and other supervisory bodies on an ongoing basis.	<ul style="list-style-type: none"> <li>• State Bank of Pakistan</li> <li>• Federal Board of Revenue</li> <li>• Provincial Revenue Authorities</li> <li>• Securities &amp; Exchange Commission of Pakistan</li> <li>• Pakistan Stock Exchange</li> <li>• Credit Rating Agencies</li> <li>• Other public offices and regulatory bodies</li> </ul>
Employees	The Bank is committed towards investing in personal and professional development of its employees. The Bank provides an environment where employees are cared, diversity and differences are valued and growth opportunities are provided without any discrimination.	<ul style="list-style-type: none"> <li>• Permanent Employees</li> <li>• Contractual Employees</li> <li>• Outsourced Personnel</li> <li>• Employees' Union</li> </ul>
Society and Environment	The Bank plays a vital role in addressing the environmental and social issues in the communities by being a responsible corporate citizen.	<ul style="list-style-type: none"> <li>• Non-Profit Organizations</li> <li>• Non-Government Organizations</li> <li>• Media</li> <li>• Society at large</li> </ul>

## SUMMARY OF THE ANALYST BRIEFINGS

Analyst briefings provide an interactive forum for engaging with the Bank's stakeholders to apprise them about:

- major economic indicators and their probable impact on the Bank's financial position;
- the business performances;
- competitive environment in which the Bank operates;
- the Bank's achievements; and
- investment and business outlook.

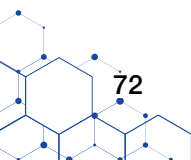
Analyst briefings and investors conference calls were conducted, following the announcements of annual, quarterly and half yearly financial results in February, May, August and October 2023, respectively. These were attended by various research organizations, local and foreign investor services, bankers, asset management companies and brokerage houses. Detailed investor presentations were uploaded at the Bank's website before briefings and were also discussed in detail during the conference calls. After the presentation, participants' queries were duly discussed and explained in connection to the Bank's performance.

Investor presentations are available at Bank's website <https://www.abl.com/investor-relations/financials/financial-presentations/>.

Corporate Briefing Session is conducted once a year to enlighten the shareholders and analysts with the Bank's strategic, operational and financial developments. This session was conducted in December 2023 and was attended by over 90 participants including shareholders, investors and brokers.

## REDRESSAL OF INVESTORS' COMPLAINTS

Investors can approach at [investor.relations@abl.com](mailto:investor.relations@abl.com) for the redressal of their grievances and complaints. The Bank ensures resolution of any grievances within statutory timelines.



## INVESTORS' RELATIONS SECTION ON THE CORPORATE WEBSITE

The Bank regularly updates all information on its corporate website regarding financial performance, important information, elections of directors, upcoming events etc. The investor relation section is being maintained on corporate website which can be accessed through the link; <https://www.abl.com/investor-relations>.

## MAPPING OF BEST CORPORATE REPORT CRITERIA

This Annual Report is prepared under the guidelines of International Integrated Reporting Framework as outlined in Best Corporate Report criteria developed by joint evaluation committee of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The mapping of the Best Corporate Report criteria cross referred with page numbers of this Annual Report are available on the Investor Relations section of the corporate website of the Bank.

## STEPS TO ENCOURAGE MINORITY SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

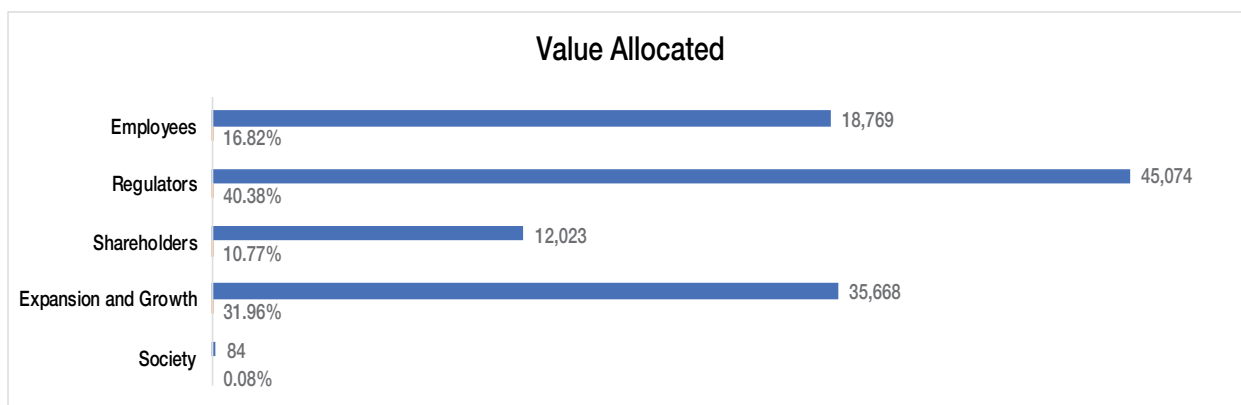
The Bank ensures equitable treatment of all shareholders including minority shareholders to attend, contribute and vote at the General Meetings. The Bank takes following measures to ensure maximum participation of minority shareholders in Annual General Meeting and in election of Board of Directors:

- Notice of General Meetings is sent to every member of the Bank at least 21 days before the meeting. The notice is also published in newspapers (both English & Urdu) having nationwide circulation.
- The Bank timely updates its website with respect to all notices of general meetings.
- Annual Report of the Bank is sent to each member of the Bank 21 days before Annual General Meeting (AGM) through CD/DVD on the available address(es) of the shareholders or by email wherever available.
- Members are entitled to appoint proxy to attend, speak and vote at the meeting on their behalf.
- Members are entitled with right to vote through electronic voting facility and voting by post on all businesses classified as special business.
- Members can attend and participate in the AGM through video-link.
- The shareholders are encouraged to raise queries and give suggestions relating to the Bank's operations.

## STATEMENT OF VALUE ADDED


VALUE ADDED	Rs. In Million
Net interest income	113,279
Non interest Income	24,427
Operating cost excluding staff costs, depreciation and amortization	(23,110)
Provision charge against non-performing assets	(2,977)
<b>Total Value Added</b>	<b>111,619</b>

## Value Allocated

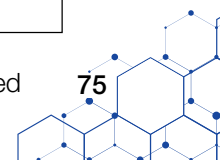


# STAKEHOLDERS ENGAGEMENT



Your Bank believes in connecting with its various stakeholder groups to create a better understanding of stakeholder perspectives on key issues and consequently realize business value through informed decision making. Your Bank maintains formal mechanisms to engage with each group of stakeholders and the responsibility for such engagement is shared across the organization at every stakeholder touch point. The key stakeholder groups and their related engagements as a means of creating value are noted below:

	Stakeholder Group	Methods of Engagement	Frequency of Engagement				Needs & Expectations
			Occasionally	Regularly	Periodically	Continuously	
  Customers	Individuals Institutions Corporates Entrepreneurs	<ul style="list-style-type: none"> <li>• Video Mystery Shopping</li> <li>• Customer Access Points</li> <li>• Corporate Website</li> <li>• SMS &amp; Email Alerts</li> <li>• CSR Activities</li> <li>• Customer Awareness Seminars</li> <li>• Road Shows</li> <li>• Promotional Campaigns</li> <li>• Print and Electronic Media</li> <li>• Social Media</li> <li>• WhatsApp</li> </ul>	●			● ● ●	Excellent customer service, convenient access across the country, less complexity and improved flexibility, innovative financial services & solutions, value for money banking, responsible banking services, confidentiality, integrity and accountability, security for customers investments, ambience in touch points.

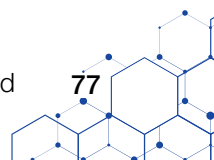
Why do they Matter	How We Create Value for Stakeholders	Activities
<p>Customers are at the centre of our business strategy and customer focused products and services provide the basis to win and maintain customers and achieve a sustainable business model.</p>	<p>Understanding evolving customer needs to roll out more efficient channels thereby delivering competitive, convenient, technology driven, artificial intelligence based and innovative banking solutions.</p>	<ul style="list-style-type: none"> <li>• Video mystery shopping is regularly conducted to assess service delivery standards and understand customers' experience and level of satisfaction when using banking services and service channels.</li> <li>• Launched various innovative solutions to make banking more convenient and to meet the clients' need.</li> <li>• Expansion in Bank's footprint; branch network added 30 new branches during the year to reach at 1,483; ATM network reached to 1,566 (including On-site and Off-site ATMs), while providing Internet banking.</li> <li>• Increased deposits by Rs.154,326 million.</li> <li>• ABL actively contributed towards various initiatives launched by Government of Pakistan including Prime Minister Youth Business Loan and Agriculture Loan Scheme and has duly achieved its Month on Month targets .</li> <li>• The Bank executed various campaigns throughout the year on social media on products and services e.g. WhatsApp Banking, myPakistan Digital Account, Premium &amp; Platinum Debit Cards, RAAST through myABL, myABL Wallet, Enhanced ATM Withdrawal Limit, Self-service banking services on Kiosks as well as on different dining &amp; lifestyle discounts posts to raise maximum awareness &amp; promote products which ensure customer convenience.</li> </ul>
	<p>Safeguarding deposits and investments while growing returns.</p>	<ul style="list-style-type: none"> <li>• Your Bank paid Rs. 169,412 million, interest / profit to its depositors which increased significantly by 69.9% amounting to Rs. 69,670 million.</li> <li>• Continued investment in technological infrastructure to improve data security and maintain customer privacy.</li> <li>• Conducted Vulnerability Assessment, Penetration Testing and Comprehensive Security Risk Assessments to ensure controlled environment for customer related information.</li> <li>• Implemented CISCO SD WAN to upgrade existing traditional branch network technology to latest software defined network industrial adopted technology. This technology offers fully intelligent &amp; integrated security services to optimize the performance, controlling, monitoring and reporting capabilities across the entire network.</li> <li>• SMS Alerts of all digital banking transactions to customers.</li> </ul>
	<p>Timely communication of relevant information on products and services.</p>	<ul style="list-style-type: none"> <li>• Undertook marketing communications through various advertising activities and social media channels to extend outreach to customers and public at large.</li> <li>• Your Bank arranged awareness seminars and road shows to engage customers and disseminate information regarding Banks' services portfolio.</li> <li>• Your Bank has taken initiative for new metaverse branch for customers which is the next evolution of internet experience and enables to move beyond browsing the web. Built on technologies such as augmented reality (AR), virtual reality (VR) and the blockchain, the metaverse is a place where people can meet, interact and have a truly immersive experience.</li> <li>• Your Bank has become the pioneering bank in Pakistan to adopt Sprinklr for all its digital communication channels including Facebook, Instagram, Twitter, YouTube, LinkedIn, and App Stores. This integration establishes a cohesive approach to customer interaction, engagement and feedback especially with Sprinklr's Modern Research, Modern Care and Modern Engagement modules being implemented company-wide.</li> <li>• myABL web portal underwent a redesign for an improved user experience, enabling seamless navigation and accessibility to a range of services. In addition, myABL was continuously updated with key features such as Credit Cards Management, RAAST expansion and Update of CNIC expiry by customer digitally.</li> </ul>
	<p>Upholding highest standards of service quality across the Bank.</p>	<ul style="list-style-type: none"> <li>• Efficiently and effectively achieved 98% resolution of customers' complaints.</li> <li>• High ATM uptime at 95%.</li> </ul>



# STAKEHOLDERS ENGAGEMENT

	Stakeholder Group	Methods of Engagement	Frequency of Engagement				Needs & Expectations
			Occasionally	Regularly	Periodically	Continuously	
 Shareholders / Institutional Investors	Sponsors Minority Shareholders Individual Investors Institutional Investors Analysts	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Interim Financial Statements</li> <li>Corporate Website</li> <li>Annual General Meeting</li> <li>Extra Ordinary General Meetings</li> <li>Analyst Briefings</li> <li>Corporate Briefing Sessions</li> <li>Press Releases / Media Announcements</li> </ul>	●	●	●	●	Sustainable performance, dividend payout, return on equity, return on assets, earning per share, future growth strategy, corporate governance, risk management, compliance with laws and regulations.
 Regulators	State Bank of Pakistan (SBP) Federal Board of Revenue (FBR) Securities and Exchange Commission of Pakistan Pakistan Stock Exchange (PSX) Credit Rating Agencies Other Public Offices and Regulatory Bodies	<ul style="list-style-type: none"> <li>Directives and Circulars</li> <li>Financial Statements</li> <li>Statutory Examination</li> <li>Regulatory Reporting</li> <li>Filing of Income Tax Federal Excise and Sales Tax Returns</li> <li>Filing of Corporate Return</li> <li>Interviews and Meetings with Representatives of Regulators, Pakistan Banking Association, Business Council</li> </ul>	●	●	●	●	Compliance with all legal and regulatory requirements, remain responsible tax payer, corporate governance practices, adherence to reporting requirements, risk management, sustainable business practices, timely withholding taxes and deposit, income tax, FED & sales tax payment including advance tax.

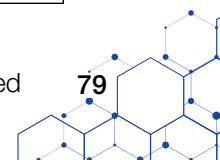
Why do they Matter	How We Create Value for Stakeholders	Activities
<p>To ensure long term shareholder value and uphold the rights of shareholders to ensure their wealth maximization.</p>	<p>Generating sustainable financial returns, enabled by growing revenues and dividends. Managing and reducing risks while optimizing our cost base.</p>	<ul style="list-style-type: none"> <li>Generated a sustainable ROE and ROA at 29.40% and 1.78% respectively; Increased dividend yield ratio to 14.46%.</li> </ul>
	<p>Maintaining a strong balance sheet and safeguarding asset quality which contribute towards sustainable performance.</p>	<ul style="list-style-type: none"> <li>Financial position improved by 3.5% to Rs. 2,329,317 million; Your Bank's Equity base stood at the robust level of Rs. 194,254 million;</li> <li>Infection ratio of 1.64% which is significantly lower than industry ratio of 7.4%.</li> </ul>
	<p>Delivering existing and potential shareholders relevant and timely information.</p>	<ul style="list-style-type: none"> <li>Annual Audited Financial statements together with the Auditors' and Director's report were circulated to all shareholders along with the Notice of AGM.</li> <li>Abridged Annual Audited Financial Statements along with Auditors' and Directors Report were published in the newspaper.</li> <li>Analyst briefings and investors conference calls were conducted, following the announcements of quarterly, half yearly and annual financial results.</li> <li>Corporate Briefing Session is conducted once a year to enlighten the shareholders and analysts with the Bank's strategic, operational and financial developments. This session in 2023 was attended by over 90 participants including shareholders, investors and brokers.</li> <li>Quarterly, Half Yearly and Annual Financial Statements, Investors' Presentations and Major financial information is disclosed under a separate section of "Investors Relations" on Corporate Website of the Bank.</li> </ul>
	<p>Ensuring equitable treatment of all shareholders including minority shareholders to attend, contribute and vote at the General Meetings.</p>	<ul style="list-style-type: none"> <li>All required support is being provided to minority shareholders for participation in election of Directors.</li> </ul>
<p>To ensure meticulous compliance with legal and regulatory directives.</p>	<p>Embracing prudent banking practices and regulatory compliance that enables a safe and stable banking system.</p>	<ul style="list-style-type: none"> <li>Maintained highest credit ratings from Pakistan Credit Rating Agency Limited:               <ul style="list-style-type: none"> <li>Long-term rating "AAA"</li> <li>Short-term rating "A1+"</li> </ul> </li> </ul>
	<p>Ensuring regulator confidence in the Bank and reducing potential for reputational risk.</p>	<ul style="list-style-type: none"> <li>Maintained Corporate Governance rating of CGR-9++. This rating indicates a high level of corporate governance ; thus, depicting a very high level commitment towards corporate governance.</li> </ul>
	<p>Providing timely and detailed regulatory updates and reporting disclosures.</p>	<ul style="list-style-type: none"> <li>On-time submission of statutory returns and statutory payments.</li> <li>Adherence to PSX requirements for disclosure of key information.</li> </ul>
	<p>Record Management</p>	<ul style="list-style-type: none"> <li>The Bank has a record management program that ensures maintenance, protection, retention and disposal of records in accordance with applicable regulations, operations, fiscal and legal requirements.</li> </ul>







Why do they Matter	How We Create Value for Stakeholders	Activities
<p>Skills, experience and activities that our employees carry out during day to day operations of the bank resulting in achievement of strategic goals and objectives. How our staff think and feel about work are directly connected with customer satisfaction levels.</p>	<p>Retaining "Employer of Choice" status by providing a safe, inspiring and challenging work environment.</p>	<ul style="list-style-type: none"> <li>Total permanent and contractual workforce of 12,528 employees with female representation increased to 22%.</li> </ul>
	<p>Inducting and retaining quality human resource in all functions of the Bank.</p>	<ul style="list-style-type: none"> <li>2,346 recruitments for permanent and contractual positions.</li> </ul>
	<p>Offering competitive remuneration and rewarding performance. Motivating and inspiring our work force.</p>	<ul style="list-style-type: none"> <li>Rs. 18,769 million in terms of salaries, allowance and other benefits to employees.</li> <li>Rewarded performance through 1,153 grade promotions.</li> </ul>
	<p>Skills training and development initiatives to align workforce with strategic objectives of the Bank.</p>	<ul style="list-style-type: none"> <li>Invested Rs 231 million on staff training and development programs.</li> <li>Training coverage of 11,000+ employees during the year.</li> </ul>
	<p>Understanding and responding to the needs and concerns of Bank's staff along with equal opportunity and culture of empathy.</p>	<ul style="list-style-type: none"> <li>Won various awards form Pakistan Society for Human Resource Management &amp; Engage Consulting for HR best practices under the following categories: <ul style="list-style-type: none"> <li>Best of the Best Place to Work Company in Pakistan</li> <li>Best Place to Work in Top 10 Large Organizations</li> <li>Best Place to Work in Banking Sector</li> </ul> </li> <li>Won Best Practice Bank award in Job Design, Classification and Compensation by Global Diversity Equity &amp; Inclusion Benchmarks (GDEIB).</li> </ul>
<p>Working in tandem with global and local mandates which safeguard the environment and promote community empowerment.</p>	<p>Community capacity building and empowerment. Social welfare of community.</p>	<ul style="list-style-type: none"> <li>Your Bank plays a proactive role in contributing towards the society. Detailed CSR report is included in the Annual Report.</li> </ul>



# BUSINESS AT LAST ANNUAL GENERAL MEETING

The 77th Annual General Meeting of the shareholders of Allied Bank Limited was held on Tuesday, March 28, 2023 at 11:00 A.M at Palace Hall, Pearl Continental Hotel, Lahore, physically as well as virtually through Zoom facility.

Mr. Mohammad Naeem Mukhtar, Chairman Board of Directors of the Bank, chaired the Meeting via Zoom, other directors also attended the Meeting virtually from remote locations. Leave of absence was granted to Mr. Abdul Aziz Khan who could not attend the Meeting due to indisposition.

The Company Secretary and Chief Financial Officer were present in person at the venue of the Meeting.

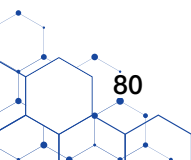
Engagement Partner of the statutory Auditors M/s. EY Ford Rhodes Chartered Accountants attended the meeting in person, whereas, representatives of Bank's Shares Registrar M/s. CDC Share Registrar Services Limited, (CDCSRSL) were also present in person at the venue of the Meeting. Representatives of Balloter (CDCSRSL) were also present physically for Balloting of Special Business.

Following agenda items were discussed in the Meeting which were approved by the Shareholders:

1. Confirmation of the minutes of 76th Annual General Meeting of Allied Bank Limited held on March 24, 2022.
2. Receive, consider and adopt Annual Audited Financial Statements of the Bank (consolidated and unconsolidated) for the year ended December 31, 2022 together with the Auditors' Report, Directors' Report and Chairman's Review Report thereon.
3. Approval of Final Cash Dividend @ 25% (i.e., Rs. 2.50 per share) as recommended by the Board of Directors. This Final Cash Dividend was in addition to 60% Interim Cash Dividends (i.e., Rs. 6.00 per share) already paid to the shareholders for the year ended December 31, 2022.
4. Appointment of M/s. EY Ford Rhodes Chartered Accountants as Statutory Auditors of the Bank for the year ending December 31, 2023 and fixation of their remuneration.
5. Full Scope Review of "Board Remuneration Policy" as recommended by the Board of Directors by passing an ordinary resolution.

## FINANCIAL CALENDAR

2023	
1st Quarter results issued on	April 27, 2023
2nd Quarter results issued on	August 17, 2023
3rd Quarter results issued on	October 26, 2023
Recommendation of Annual Results by the Board of Directors	February 13, 2024
78th Annual General Meeting scheduled for approval of Annual Results	March 28, 2024





# **RISK AND OPPORTUNITIES**

# RISK MANAGEMENT FRAMEWORK

Risk Management Framework is the collection of fundamental elements like Risk Governance, Risk Architecture and Risk Organization that are implemented in the Bank to identify and manage material risks.

The Board of Directors is responsible for the overall effective risk management of the Bank. The Bank has in place a comprehensive risk management and governance framework.

Risk Governance includes risk strategy, risk culture, risk structures, risk acceptance criteria, risk policies & procedures, and roles and responsibilities of different stakeholders.

The Board of Directors is responsible for approval of risk strategy, risk management policies, providing guidance for sound and informed decision-making and effective allocation of resources. The Board of Directors also oversees appointment of senior management personnel capable of managing the risk activities conducted by the Bank.

The Board Risk Management Committee (BRMC) is responsible for ensuring that the overall risk strategy and risk acceptance criteria of the Bank is appropriately defined in the Strategic Plan and recommends the same to the Board of Directors for approval. The BRMC monitors the quality of asset portfolio and suggest measures to keep the infected portfolio at minimum level. The Committee also approves risk limits.

Risk architecture of the Bank includes risk processes, systems, tools and methodologies for identifying, assessing and monitoring risks. The risk policies and procedures developed are consistent with the Bank's Risk Management Strategy and Risk Acceptance Criteria and are reviewed on a periodic basis to reflect changes in internal and external environment.

Risk organization includes the set-up for an independent, resourceful and effective risk management group. Risk Management Functions at the Bank include Corporate & Financial Institution Risk, Commercial, Small & Medium Enterprises & Consumer Risk, Enterprise Risk, Credit Administration, Information Security & Governance and Technical Appraisal.

The Chief Executive Officer and Group Chiefs are responsible for collective risk management through their membership of various Management Committees i.e., Management Committee (MANCO), Asset and Liability Committee (ALCO), Compliance Committee (CC) and Risk Management Committee (RMC). Independent supervision of risk management activities is provided by the Audit Committee of the Board and Audit & Risk Review Group.

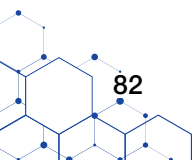
## RISK MANAGEMENT POLICIES

The Board of Directors have put in place an effective and robust risk management system to identify, evaluate and mitigate all risks undertaken in the achievement of long-term strategic objectives of the Bank. Risk Management and Governance Framework of the Bank is calibrated on below parameters.

### Risk Management Process



The Board of Directors monitors the implementation of risk strategy and approves the risk policies and risk acceptance criteria to ensure that risks are managed within tolerance level.



The Bank's comprehensive and integrated risk management framework is focused on monitoring and governance over various categories of risk. The Bank has in place Risk Policies for all material risks faced by the Bank, which includes:

- Credit Policy
- Strategic Risk Management Policy
- Country Risk Management Framework
- Market & Liquidity Risk Policy
- Information Security Policy
- Reputational Risk Management Framework
- Operational Risk Management Policy
- Green Banking Policy

The Risk Acceptance Criteria Statement (RACS) is part of the Risk Management Strategy and is used to quantify the aggregate risk the Bank is prepared to carry across the key risk types i.e., Credit Risk, Market & Liquidity Risk, Operational Risk, Strategic Risk, Regulatory Risk, Legal Risk, Reputational Risk etc.

## ASSESSMENT OF THE PRINCIPAL RISKS FACING THE BANK

Innovation, new business models, political and economic changes and rapidly evolving technologies are transforming competitive industry landscape. These trends are continuously monitored and assessed by the Board of Directors vis-à-vis their impact on the long-term strategic plans of the Bank for sustainable value creation.

Bank's strategy, risk management policies and procedures are updated on a proactive basis in sync with the evolving business environment. Further, Board of Directors ensure that necessary steps are taken to foster a bank-wide risk management culture including appropriate risk awareness and mitigation at all levels of the organization.

The principal risks being faced by the Bank are categorized below.

### Allied Bank's Risk Universe

Credit Risk	Market Risk	Operational Risk	Liquidity Risk	Capital Adequacy Risk	Strategic Risk	Technology Risk	Reputational Risk	Shariah Non-Compliance Risk
Risk that the Bank will incur losses owing to the failure of an obligor or counterparty to meet its obligation to settle outstanding amounts.	Risk of a potential decrease in stakeholders' value due to adverse changes in market prices and rates, negatively impacting assets and liabilities.	Risk of direct or indirect losses resulting from inadequate or failed internal Processes, People, Systems or External Events.	Risk that the Bank is unable to meet its financial liabilities as they fall due.	Risk that the Bank has insufficient capital to support its growth or is not able to meet the statutory defined capital requirements.	Risk of an adverse impact on strategic goals.	Risk arising from non-availability of IT systems and disruptions due to Cyber threats.	Risk to the Business caused by negative effects, public perceptions and customer opinions and the damage caused to the Brand by failure to manage Public Relations.	Risk of loss that arise from the failure to comply with Shariah Rules and Principles determined by the Shariah Board of the Bank and the Regulator.

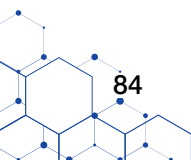
The Board of Directors ensure that in-depth assessment of principal risks faced by the Bank is undertaken through effective operation of following processes.

Risk Acceptance Criteria	Implementation of risk acceptance criteria framework and monitoring of Bank's exposure on a continuous basis for optimized returns. Clearly defined risk acceptance criteria of the Bank with appropriate and quantified thresholds.
Risk Identification, Assessment and Monitoring	Identification of the principal risks, their probability of occurrence and their potential impact to formulate appropriate risk mitigation strategy.
Residual risk	Understanding the nature and quantum of residual risk which remains after efforts to identify and mitigate all key risk types. Ongoing monitoring and management of net residual risk to bring it within the Bank's risk tolerance threshold.
Stress Testing and its Integration into Business Planning	Continuous assessment of the Bank's resilience to severe but plausible stress scenarios. Results of stress testing exercises are analyzed to make necessary changes in Risk Strategy and Business Planning. Integrated Risk Management along with strategic planning decision making processes to respond to existing as well as emerging risks.

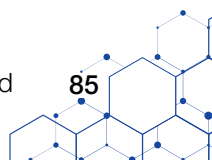
# RISK EVALUATION AND MANAGEMENT STRATEGIES

Risk and opportunities and the related mitigating factors are summarized below;

Risk	Source	Likelihood	Key Source of Risk	Mitigating Strategy	Impact Area
Credit Risk	External	Low	Sovereign credit risk on exposure to Public sector Enterprises (PSE)	<ul style="list-style-type: none"> <li>- Oversight is kept through Board of Directors and its sub-committee "Board Risk Management Committee" as well as through management committee – "Risk Management Committee (RMC)".</li> <li>- Public sector advances are generally secured by sovereign guarantee or the equivalent from the Government of Pakistan (GoP).</li> <li>- Certain PSEs have a well-defined cash flow stream and appropriate business model, based on which the lending may be secured through collaterals other than GoP guarantee.</li> </ul>	Financial Capital
	External	High	Counterparty credit risk on exposure to Private sector advances and Interbank limits	<ul style="list-style-type: none"> <li>- Board of Directors approved Credit Risk Policy and Credit Procedural Manual provide guidelines in line with internal policy, State Bank of Pakistan's Prudential Regulations and industry best practices.</li> <li>- Bank's Risk Assessment and Management System (RAMS) uses risk rating models, based on qualitative and quantitative factors, to assign credit risk ratings to various categories of borrowers.</li> <li>- Credit worthiness of borrowers is analyzed on work-flow based RAMS, with focus towards balanced assessment of credit risk and identification of related proper mitigates.</li> <li>- In respect of interbank borrowers, Your Bank maintains eligibility criteria that links exposure limits to counterparty credit ratings (minimum credit rating of 'A').</li> <li>- Concentration risk is monitored with respect to obligor, group and sector exposure limits and risk profile benchmarks.</li> <li>- Automated 'Watch-List' categorization system facilitates to identify deterioration in quality of loans.</li> <li>- Country risk exposure limits are in place that broadly capture direct exposure on sovereigns and foreign domiciled counter parties; limits linked to the sovereign ratings.</li> <li>- Specialized team comprising of engineers and industry experts' conducts technology assessments of obligors' plant and machinery and reviews the technical feasibility of projects and valuation reports.</li> </ul>	Financial Capital
Market Risk	External	High	Risk associated with fluctuations in interest rates, foreign currency rates, credit spreads, equity prices and commodity prices	<ul style="list-style-type: none"> <li>- Oversight is kept through Board and its sub-committee "Board Risk Management Committee" as well as through management committee – "Asset &amp; Liability Committee (ALCO)".</li> <li>- Comprehensive structure is in place aimed at ensuring that Your Bank does not exceed its qualitative and quantitative tolerance for market risk.</li> <li>- Balanced approach towards risk taking in the market risk area while keeping exposures within the defined risk acceptance criteria.</li> </ul>	Financial Capital

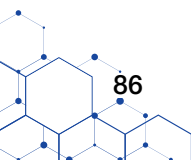


Risk	Source	Likelihood	Key Source of Risk	Mitigating Strategy	Impact Area
				<ul style="list-style-type: none"> <li>- Tools like Value at Risk methodologies, sensitivity measures, intraday exposure limits, notional limits and loss triggers are monitored at a detailed portfolio level.</li> <li>- Periodic repricing gap analysis to re-profile the earning asset mix in accordance with interest rate expectations.</li> <li>- Extensive stress testing is performed to capture and report the multi-dimensional aspects of market risk using automated solutions.</li> </ul>	
Operational Risk	Internal and External	Low to Medium	Risk of inadequate or failed internal processes and losses caused by external events	<ul style="list-style-type: none"> <li>- Oversight kept through Board and its sub-committee "Board Risk Management Committee" as well as through management committee – "Risk Management Committee (RMC)".</li> <li>- Board of Directors approved Operational Risk Management (ORM) Policy.</li> <li>- Detailed Operational Risk Management (ORM) Procedures approved by Risk Management Committee.</li> <li>- Adequate system of internal controls designed to keep operational risk at appropriate levels.</li> <li>- Risk assessment of each operational risk incident.</li> <li>- Monitoring of risk through Key Risk Indicators (KRIs).</li> <li>- Assessment of risk through Risk and Control Self-Assessment (RCSA) for material processes of the Bank.</li> <li>- Business Continuity Policy and Plan driven towards ensuring provision of un-interrupted banking services in case of any unforeseen emergency and/or natural calamities. .</li> <li>- Disaster recovery and evacuation plans testing.</li> <li>- IT disaster recovery plans testing on ongoing basis.</li> <li>- Insurance coverages are in place for theft and damage to physical assets.</li> </ul>	Financial Capital
	Internal and External	Low	Risk arising due to the unauthorized or inappropriate employee activity and failure to adhere to staff policies	<ul style="list-style-type: none"> <li>- Board of Directors' oversight along with its sub committees "Human Resource and Remuneration Committee" as well as through management committees of "Human Resource Committee" and "Central Administrative Action Committee".</li> <li>- Recruitment, pre-employment screening, employer feedback and exit interviews.</li> <li>- Proactive staff engagement.</li> </ul>	Human and Intellectual Capital



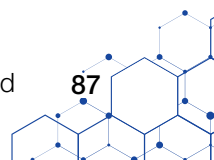
# RISK EVALUATION AND MANAGEMENT STRATEGIES

Risk	Source	Likelihood	Key Source of Risk	Mitigating Strategy	Impact Area
				<ul style="list-style-type: none"> <li>- Strong staff development programs in place combining e-learning, in-house and external trainings programs.</li> <li>- Insurance coverages are held for fraud and fidelity incidents.</li> <li>- Whistle blowing mechanism is in place.</li> </ul>	
	Internal and External	Medium	Risk arising from non-compliance with statutory or regulatory provisions applicable to the Bank	<ul style="list-style-type: none"> <li>- Independent Compliance Group to ensure compliance with specific regulatory, statutory and internal requirements.</li> <li>- Compliance Policies and procedures are in place.</li> </ul>	Financial Capital
Liquidity Risk	Internal and External	Medium	Risks emanating from nature of the Banking business, from the macro factors exogenous to the Bank as well as from internal financing and operational policies	<ul style="list-style-type: none"> <li>- Oversight kept through Board and its sub-committee "Board Risk Management Committee" as well as through management committee – "Asset &amp; Liability Committee (ALCO)".</li> <li>- ALCO oversees the activities of treasury, which operates in terms of an approved ALM policy.</li> <li>- Exposures are monitored by ALCO against well-defined ALM triggers and limits.</li> <li>- Detailed Recovery Plan is in place which highlights the strategy and critical tools for effective monitoring, escalation, planning, and execution of recovery actions in the event of a financial crisis situation.</li> <li>- Your Bank regularly performs liquidity stress tests as part of its liquidity monitoring activities.</li> <li>- Periodic maturity gap analysis is performed to keep asset and liability mismatch within acceptable limits.</li> <li>- Maintenance of appropriate marketable securities portfolio that can be realized in the event of a liquidity stress.</li> </ul>	Financial Capital





Risk	Source	Likelihood	Key Source of Risk	Mitigating Strategy	Impact Area
Capital Adequacy Risk	Internal and External	Medium to High	Undertaking higher risks in view of more volatile and competitive financial markets	<ul style="list-style-type: none"> <li>- Oversight kept through Board and its sub-committee "Board Risk Management Committee" (BRMC) as well as through management committees – "Risk Management Committee" (RMC) and "Asset &amp; Liability Committee (ALCO)".</li> <li>- Bank assesses capital adequacy on a quarterly basis, including historical and future capital positioning review</li> <li>- Stress tests on capital adequacy in line with SBP requirements are performed on a regular basis and resulted are reported to BRMC / BoD.</li> <li>- The Internal Capital Adequacy Assessment Process (ICAAP) Framework is updated and reviewed annually.</li> <li>- Focus on sufficient profit retention.</li> </ul>	Financial Capital
Strategic Risk	Internal and External	Medium	Improper implementation of decisions, or lack of responsiveness to evolving industry, economic or technological changes	<ul style="list-style-type: none"> <li>- Oversight kept through Board and its sub-committee "Strategic Planning &amp; Monitoring Committee" as well as through Management Committees – "Management Committee" (MANCO), "Risk Management Committee" (RMC), "Compliance Committee" (CC) and "Asset &amp; Liability Committee" (ALCO).</li> <li>- 10-year's Rolling strategic plan is reviewed on annual basis along with operational plan to account for the evolving economic and business dynamics; duly in consideration of the peer banks.</li> <li>- The impact of events on the future direction of the business and forecasted results are constantly monitored and quantified.</li> </ul>	Financial Capital
Technological Risk	Internal and External	High	Risk arising from non-availability of IT systems, and disruptions due to Cyber threats	<ul style="list-style-type: none"> <li>- Oversight kept through Board and its sub-committees "E-Vision Committee" and "IT Steering Committee" (ITSC).</li> <li>- IT and Information Security planning is conducted as part of Bank's strategic and operational planning process.</li> <li>- Systems audits, IT Security &amp; Risk Assessments are performed for systems before and after the deployment into production environment.</li> <li>- Significant ongoing investments in Technology and Processes to protect customer data as part of the information security posture.</li> <li>- Security Operation Center (SOC) utilizes a combination of People, Process and Technology to proactively monitor and respond to cyber threats.</li> <li>- Countermeasures against cyber threats included regular Penetration Testing and Vulnerability Assessment exercises.</li> <li>- Continuous awareness programs for Customers and Staff about cyber threats.</li> </ul>	Financial Capital



# RISK EVALUATION AND MANAGEMENT STRATEGIES

Risk	Source	Likelihood	Key Source of Risk	Mitigating Strategy	Impact Area
Reputational Risk	Internal and External	Low	Risk arising from any action or inaction perceived by any stakeholder to be inappropriate, unethical or inconsistent with the Bank's values and beliefs	<ul style="list-style-type: none"> <li>- Oversight kept through Board and its sub-committee "Board Risk Management Committee" as well as through management committee – "Risk Management Committee" (RMC).</li> <li>- Formal customer grievance redressal policy, including policy and procedures on receiving customer complaints and resolution mechanism.</li> <li>- Timely and efficient communications among all stakeholders.</li> <li>- Policies and procedures in place for securing digital payments including protection of customers' data.</li> </ul>	Social and Relational Capital
Shariah Non-Compliance Risk	Internal	Low	Risk arising from the failure to comply with Shariah rules and principles determined by Shariah Board of the Bank and the Regulator	<ul style="list-style-type: none"> <li>- Oversight kept through Board and its sub-committee "Board Risk Management Committee" as well as through management committees – "Management Committee" (MANCO) and "Risk Management Committee" (RMC).</li> <li>- Policies and procedures in place duly reviewed by Shariah Board.</li> <li>- Review of transactions by Shariah Compliance.</li> <li>- Periodic External Shariah Audit.</li> </ul>	Financial Capital

## OPPORTUNITIES

Source	Opportunity	Strategies in Place
Internal	New to Bank customer onboarding transformation and cross sell to existing customers in the digital era.	Addition of digital touchpoints including Interactive Teller Machines, Kiosks, Cash Deposit Machines, Self Service Branches and Branchless Banking.
External	Technological advancements including Big Data, Artificial Intelligence, Machine Learning, Integrated Ledgers, Virtual Currencies and Blockchains.	Continuous investment in Information Technology Infrastructure of the Bank for adopting new technologies and upgrading existing technological base.
External	Augment remittance business from untapped markets.	Working on Government of Pakistan initiatives to provide nonresidents with ease of doing Banking with lower requirements.
External	Government of Pakistan and State Bank of Pakistan initiatives for economic revival.	Product Development and working closely with Business teams to attract and retain new customers.
External	Over 80% unbanked population in the country; opportunity to enhance financial inclusion.	Branch expansion plan, Road shows and Seminars and Digital Products for untapped segments, increasing outreach through Social Media.
Internal	Developing a new stream of deposit products to strengthen the product portfolio and targeting branchless and digital banking opportunities.	Introduce new products considering the requirements of various segments of the society and also increase focus on automation and digitalization solutions.
External	Increasing the digital footprint by expanding the e-commerce facilities to provide state of the art digital financial services to the customers.	Continuous improvement in services provided through myABL platform including card activation / deactivation, enabling e-commerce and International use of debit card to facilitate customers in availing these services hassle free.
External	Augment Financial Inclusion through Digital Lending Platform.	Introduce new products for digital lending considering the requirements of various segments like Consumers, Small and Medium Enterprises using Artificial Intelligence and Machine Learning Techniques

## INADEQUACY IN CAPITAL STRUCTURE

The Bank has in place adequate capital which is well above the regulatory limits set under the Basel Capital Adequacy Framework. Bank's Capital Adequacy Ratio stood at 26.21% against regulatory requirement of 12.5% (currently reduced by SBP under COVID-19 relief measures to 11.5% including capital conservation buffer of 1.5%). Common Equity Tier 1 Capital Adequacy Ratio is 19.78% against regulatory requirement of 6%. Leverage ratio of the Bank is 5.52% as compared to regulatory limit of 3%.

## INITIATIVES TAKEN BY THE BANK IN PROMOTING AND ENABLING INNOVATION

To meet the challenges in the evolving digital age and to provide customers with innovative solutions and seamless services, Bank continues to invest in cutting-edge technologies to upgrade its systems and processes.

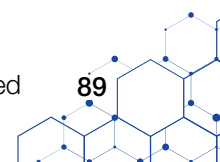
Allied Bank reached a significant milestone in fostering inclusivity through the successful implementation of the Talking ATM feature in select ATMs, specifically designed to aid visually impaired customers. This initiative is in line with the Bank's commitment to supporting individuals with disabilities. The introduction of this feature represents a crucial advancement in ensuring that banking services are accessible to all segments of the community, furthering ABL's dedication to creating an inclusive banking environment.

## COMPETITIVE LANDSCAPE AND MARKET POSITIONING

The Bank operates in a highly competitive environment in which it must evolve and adapt to the significant changes as a result of financial regulatory reform, technological advances, increased public scrutiny, evolving customer expectations and prevailing economic conditions. The Bank expects that competition in the financial services industry will continue to be intense and shall impact on the Bank's future business, results of operations, financial condition and prospects.

New competitors in the financial services industry continue to emerge. Technological advances and the growth of e-commerce have made it possible for non-banks to offer products and services that traditionally were banking products such as payments processing. Furthermore, payments processing and other services could be significantly disrupted by technologies, such as blockchain which may be subject to lower levels of regulatory oversight. Shifting customers trends towards digital channels have caused data breaches become prevalent and made privacy concerns intense, thus regulatory and compliance requirements are becoming more restrictive as a result. Furthermore, introduction of Digital Banks by the regulator could potentially have significant impacts on the banking system and the role of commercial banks within it by disrupting the current provision of banking products and services. It could allow new competitors, some previously hindered by banking regulations (such as FinTechs), to provide customers with access to banking facilities and decrease the intermediation role of banks. Further to aforesaid, customer demands are evolving as they seek round-the-clock personalized services.

The Bank having an appropriate mix of brick-and-mortar model of branches along with robust digital infrastructure base, is positioned in right place to meet the diverse requirements of its existing customers and to attract the new customers. Furthermore, the Bank's operational support base including staff is fully equipped with appropriate skills mix, competence and infrastructure to address the challenges posed by changes in regulatory regime, technological advances, evolving customer expectations and behaviors.



# RISK EVALUATION AND MANAGEMENT STRATEGIES

## SWOT ANALYSIS

The Bank consistently performs SWOT analysis to navigate the ever-changing operational landscape. The Bank employs a comprehensive strategy to capitalize its inherent strengths including robust market positioning to cultivate a competitive advantage. This approach is pivotal for seizing opportunities and effectively addressing potential threats within rapidly evolving business environment.

### Identifying existing strengths (where we are now)

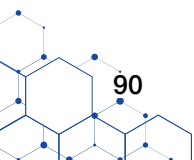
The Bank has attained and cultivated a range of skills that can be classified as strengths in pursuit of its strategic objectives. Major strengths of the Bank include::

- Strong brand image – Serving customers for more than 8 decades.
- Total Assets exceeding Rs. 2 trillion; large number of branches with country-wide outreach.
- Strongest possible long-term and short-term entity credit ratings of “AAA” and “A1+” respectively by Pakistan Credit Rating Agency.
- Strong capital positioning – among the highest Capital Adequacy Ratio in the industry.
- Low infection ratio and high coverage ratio.
- Extensive network of Branches, Automated Teller Machines (ATMs) with continuous enrichment by digitalization.
- One of the leading ATM / Branch Up-time in the industry.
- One of the highest ATM transactions as acquirer.
- Launched Pakistan’s first virtual touchpoint in Metaverse.
- State of the art technological platform – Temenos T24 supported by Oracle Financials, Oracle Human Resource Management System, Oracle Financial Services Analytical Applications, use of Data Lake, Business Intelligence Dashboards, and AI tools.
- Robust Risk Management framework in place, industry innovation leaders in terms of obligor assessment and technical understanding along with Environmental and Social Risk Assessment, resulting in solid asset quality.
- Growing digital banking platform catering from Corporate Business Internet Banking to Personal banking needs (myABL).
- Human capital geared towards e-banking era.
- Maintained top level of Corporate Governance rating of CGR-9++; depicting a strong commitment towards governance framework by the Board and management of the Bank.

### Realizing potential opportunities (where we want to be)

The SWOT analysis provides a tool to the Bank to highlight the potential opportunities in which the Bank can excel and grow. Major opportunities include:

- Large number of unbanked population in the country; opportunity to enhance financial inclusion.
- Build market share in all segments including retail banking and trade business.
- Exploit opportunities to increase private sector credit; diversify interest income mix
- Penetrate in Islamic Banking – niche market segment especially for low-cost funding.
- Use of Artificial Intelligence (AI) and Generative AI to augment operational efficiency and enhance decision making process.
- Cross sell opportunities with the Bank’s existing customers – deepening of relationships.
- Augment remittance business from untapped markets.
- Expansion in digital led financial solution and collaboration with emerging FinTech.
- Explore new avenues to increase fee-based income including acquiring business and innovative digital service products.
- Enhance Green Banking practices within the Bank and for the customers.



## Assessing possible threats

The Bank analyses its internal and external operating environment to highlight areas which can impact the Bank's ability to achieve its strategic objectives. Notable threats having potential impact are as under:

- Data governance, standardization and Information Security challenges and threats – Cyber risks.
- Rising compliance related cost amidst Anti Money Laundering and Combating Financing of Terrorism requirements.
- Economic challenges leading to possible adverse impact on credit off take and loan repayments – high interest rate scenario.
- US\$-PKR parity – prospects of devaluation and higher tax regime for the banks.
- Increase in cost of doing business amid rising inflation.
- Emerging Digital Banks, FinTech and rapidly evolving technology might disrupt traditional brick and mortar banking system in near future as these are more convenient for millennials.

## Addressing areas of improvement

The SWOT analysis serves as a planning framework, assisting the Bank in identifying the areas of improvements related to cost optimization, optimal utilization of earning assets and enhancing the market shares. This enables the Bank to become more competitive and resilient in advancing towards its strategic objectives. These areas are incorporated and monitored at various levels in the Bank and form an integral part of the Bank's Rolling Strategic Plan.

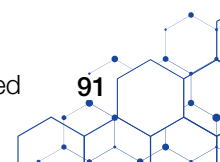
## SENSITIVITY ANALYSIS

The Pak Rupee witnessed high volatility during the year and, on year-on-year basis, depreciated by around 24.48% against US Dollar in Inter Bank Exchange Market.

Foreign Exchange Risk exposes the Bank to changes in the value of exposure denominated in foreign currencies due to the exchange rate fluctuations and volatility. The types of the instruments exposed to this risk are mainly investments in foreign branches, advances and deposits denominated in foreign currency, cash flows in foreign currencies arising from foreign exchange transactions etc.

The Bank monitors different limits like Foreign Exchange Exposure Limit (FEEL), Currency-Wise Limits, NOSTRO Limits and intra-day Net Open Position for effective risk management. The Bank also conducts stress testing of the foreign exchange, equity and fixed income portfolio which is reviewed by the Bank's senior management and Board Risk Management Committee (BRMC).

The Bank's Foreign Exchange Risk is largely mitigated by following a matched funding policy, whereas, for any mismatched exposures, the Bank utilizes appropriate derivative instruments such as Forwards and Swaps. The Bank maintains adequate regulatory capital to cover against foreign exchange risk.



Long Term Credit Rating

**AAA**

Short Term Credit Rating

**A1+**

(By Pakistan Credit Rating Agency)

Corporate Governance Rating

**CGR 9++**

(By VIS Credit Rating Company)



# **CORPORATE GOVERNANCE**

# MANAGEMENT TEAM



**Aizid Razzaq Gill**  
Chief Executive Officer



**Owais Shahid**  
Chief Corporate & Investment Banking



**Ahmad Faheem Khan**  
Chief Treasury



**Abid Anwar**  
Chief Commercial & Retail Banking North



**Jamil Khan**  
Chief Commercial & Retail Banking South



**Mujahid Ali**  
Chief Technology & Digital Transformation



**Shahid Amir**  
Chief Islamic Banking





**Saira Shahid Hussain**  
Chief Human Resource



**Zubair Sharif**  
Chief Banking Services



**Mohsin Mithani**  
Chief Digital Banking



**Nauman-ul-Haq Qureshi**  
Chief Information Technology



**Moin Khalid**  
Chief Risk Management



**Muhammad Atif Mirza**  
Chief Financial Officer



**Asif Bashir**  
Chief Special Assets Management



**Tariq Mehmood Shahid**  
Chief Compliance



**Imran Maqsood**  
Chief General Services & Real Estate



**Adeel Javaid**  
Chief Corporate Affairs / Company Secretary



**Shaffa Hussain**  
Chief Audit & Risk Review

# GROUP STRUCTURE

## Ibrahim Holdings (Private) Limited

Ibrahim Holdings owns  
90% shares of ABL

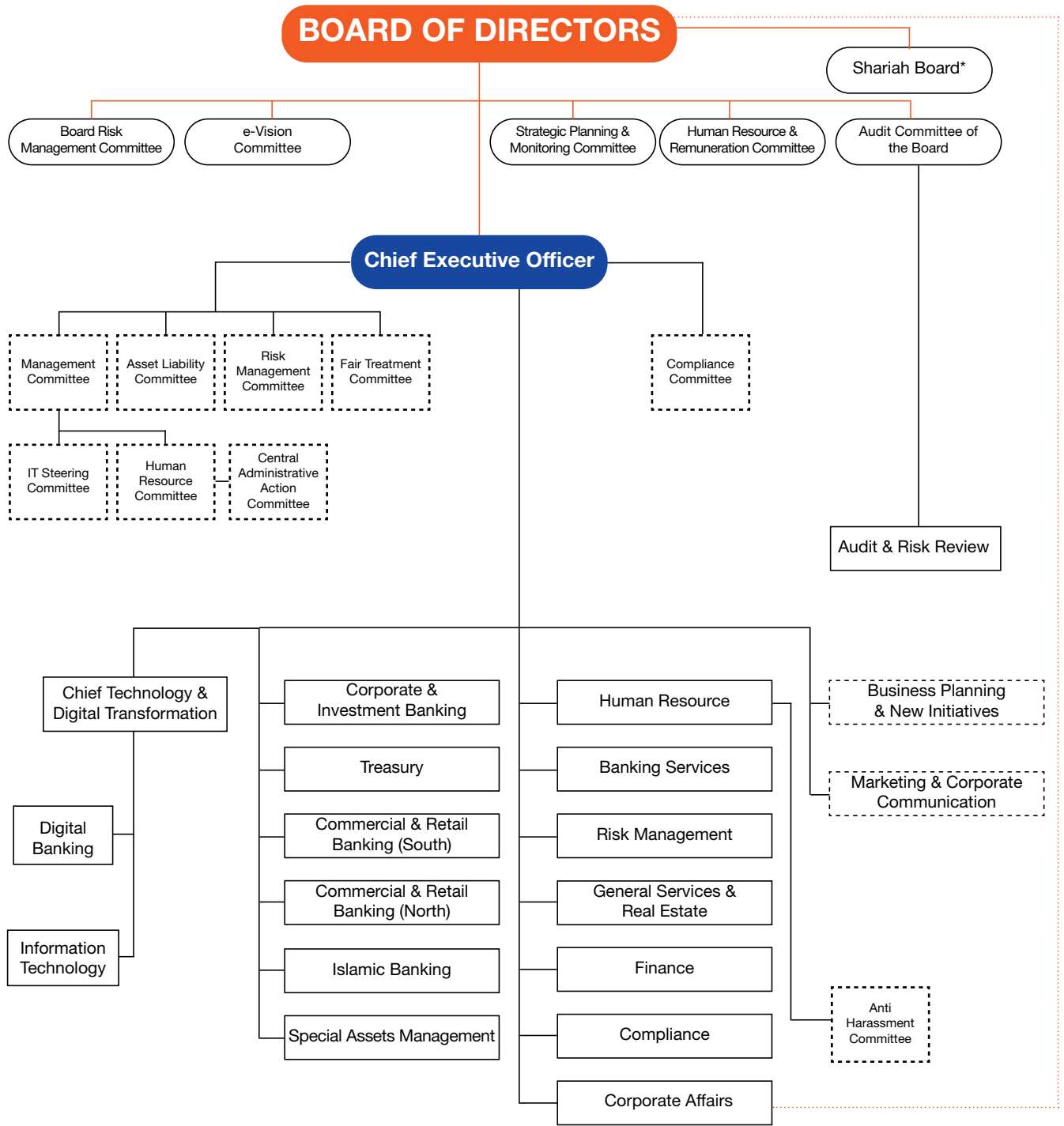
## Allied Bank Limited (ABL)

ABL holds 100% beneficial  
ownership of ABL AMC

## ABL Asset Management Company Limited

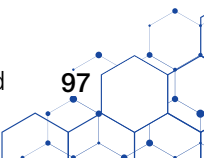
During the year, ABL Exchange (Pvt.) Limited is incorporated by Allied Bank Limited which would be wholly owned subsidiary of the Bank. ABL Exchange (Pvt.) Limited is currently in process of fulfilling licensing requirements with State Bank of Pakistan.

# CORPORATE STRUCTURE



○ Board Committee    □ Management Committee    □ Group    □ Function

\* Independent Shariah Board oversees Islamic banking operations



# BOARD COMMITTEES

## Audit Committee of the Board

Constitution:

Zafar Iqbal  
Chairman

Mubashir A. Akhtar  
Member

Nazrat Bashir  
Member

## Terms of Reference

Primary responsibilities of Audit Committee of the Board are to determine appropriateness of measures taken by the Management to safeguard the Bank's assets, review financial statements focusing on major judgmental areas, significant adjustments, going concern assumption, any change in accounting policies, compliance with applicable statutory and regulatory requirements and related party transactions. The Committee recommends appointment of the external auditors and also coordinates with them to fulfill statutory and Code of Corporate Governance requirements. The Committee is inter-alia responsible to ascertain the effectiveness of the Internal Control System including financial and operational controls, ensuring adequate and effective accounting and reporting structure and monitoring compliance with the best practices of the corporate governance. The Committee is also responsible to facilitate Board of the Directors in establishing an unambiguous and observable 'tone at the top' for strong and effective system of internal controls based on and supported by strong ethical practices, culture, comprehensive policies, procedures, processes and technological systems; keeping an oversight and quarterly review of the Internal Controls over Financial Reporting and review of all findings of State Bank of Pakistan (SBP) Inspection Report, Management Letter by external auditors and weaknesses identified in internal controls by Audit and Risk Review along with review of Bank's Statement of Internal Controls prior to endorsement by the Board of Directors. The other function of the Committee includes assurance that an independent and effective internal audit function is in place.

## Board Risk Management Committee

Constitution:

Sheikh Mukhtar Ahmad  
Chairman

Abdul Aziz Khan  
Member

Nazrat Bashir  
Member

Aizid Razzaq Gill  
Member

## Terms of Reference

The primary functions of Board Risk Management Committee include monitoring of Management's adherence to prudent and sound risk policies, assessing the everchanging risk profile and determining Risk Acceptance Criteria (RAC) of the Bank. The Committee ensures development of risk management principles to build stakeholders confidence, safeguard and enhance reputation. The Committee also monitors quality of asset portfolio and suggest measures to keep the infected portfolio at the minimum level. The Committee approves risk limits for credit, market and operational risks, credit approval grid and proposals regarding write-offs above certain limits. The Committee approves acquisition of properties against settlement of Non-Performing Loans (NPLs) and their resale. It also reviews and approve acquisition, development and upgrade of Risk Management Systems except InfoSec Systems. Overseeing of Asset Liability Committee, Risk Management Committee, Compliance Committee, Risk Management, Special Asset Management and Compliance functions is also undertaken by the Committee. The Committee also monitors the risk profile of the Bank and reviews various risk reports including loss event reports, Stress test Results, NPLs and provisions. In addition, it reviews compliance status of Anti-Money Laundering, Combating the Financing of Terrorism and Countering Proliferation Financing Regulations, especially the major threats and vulnerabilities emanating from the assessment of Money Laundering, Terror Financing and Proliferation Financing threats based on the risk criteria and the findings of National Risk Assessment. It also oversees the Bank's transition to IFRS-9.

## Strategic Planning & Monitoring Committee

Constitution:

Muhammad Waseem Mukhtar  
Chairman

Abdul Aziz Khan  
Member

Nazrat Bashir  
Member

Aizid Razzaq Gill  
Member

## Terms of Reference

Strategic Planning and Monitoring Committee is responsible to review medium to long term strategic plans, operational plan and budget of the Bank before Board of Director's consideration and approval. The Committee monitors progress against above referred plans and budget. The Committee is also responsible to approve capital expenditure over Rs. 30 million and donations of over Rs. 1 million up to Rs. 5 million. It approves disposal and write-off of fixed assets as per amount and limits prescribed in Expenditure Policy of the Bank; and write-off pertaining to other assets (other than Loans & Fixed Assets) exceeding Rs. 1.5 million and up to Rs. 5 million. The Committee is also responsible to assist the Board of Directors on corporate development activities and new initiatives including, but not limited to acquisitions, mergers, alliances, joint ventures and divestitures. The Committee also oversees performance of Management Committee and Fair Treatment of Customers Committee, Corporate Investment Banking, Commercial and Retail Banking, Islamic Banking, Treasury, Finance, Banking Services, Corporate Affairs, Digital Banking, General Services and Real-Estate functions of the Bank.

## e-Vision Committee

Constitution:

Mohammad Naeem Mukhtar  
Chairman

Muhammad Waseem Mukhtar  
Member

Zafar Iqbal  
Member

Aizid Razzaq Gill  
Member

## Terms of Reference

Major functions of e-Vision Committee are to review and recommend IT, Information Security and Digital Banking related policies/ frameworks/ product programs to the Board of Directors for approval and to provide strategic direction for digital banking and adoption of evolving technologies for providing new products and better services to its customers and to improve internal control environment. In addition to it, Committee also reviews and recommends strategic plans of the Bank for Information Technology, Information Security & Digital Banking to the Board of Directors. Automation of processes and systems including alternate digital channels are within the scope of the responsibilities of the e-Vision Committee. The Committee provides assistance to the Board of Directors with insights regarding international developments in the field of digital banking adoption; keeping in view the Bank's requirements. It also oversees performance of IT Steering Committee, Information Technology and Digital Banking Groups. The Committee also periodically reviews information security governance initiatives, risk and security assessments to ensure that Risk Management strategies are designed and implemented to achieve resilience, respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructure. The Committee also decides in principle on matters related to acquiring, replacing / upgrading of technology, software and hardware relating to banking solutions.

Committee reviews and approves outsourcing arrangements related to IT, Information Security, Digital Banking & cloud-based outsourcing. Besides, it also monitors the status of technology activities, digital initiatives and recommends to the Board of Directors for consideration. The Committee is also assigned with the responsibility to review Information Security Solutions Products Procurement, Service Level Agreements (SLAs) with vendors/third party service providers and get updates on Bank wide Information Security Awareness program and Cyber Security Action Plan in accordance with Information Security Policy.

## Human Resource & Remuneration Committee

Constitution:

Mubashir A. Akhtar  
Chairman

Muhammad Waseem Mukhtar  
Member

Abdul Aziz Khan  
Member

Aizid Razzaq Gill  
(Permanent Invitee)

## Terms of Reference

Human Resource and Remuneration Committee defines the organizational structure and functional responsibilities of all areas of the Bank. It approves staff strength, key appointments, salary revisions, bonuses and special allowances and recommends to the Board of Directors regarding appointment, remuneration, bonuses and performance awards, terms and conditions of employment and other benefits of the Chief Financial Officer and Company Secretary. The Committee also monitors the utilization of training and development budget and implementation of approved training and development policy. The Committee nominates the Bank's Directors and management personnel on the Board of Directors of other companies and subsidiaries. The Committee also recommends Remuneration Policy formulated for Employees, Directors and other Human Resource related policies to the Board of Directors, besides monitoring performance of Human Resource Committee and Human Resource function. In addition to the above, the Committee also ensures that a fair, transparent and competitive remuneration mechanism is developed and put in place to encourage the culture of 'pay for performance'.

## Board of Directors' and Board Committees' Attendance for the year 2023

Name	Board of Directors	Audit Committee of the Board	Board Risk Management Committee	Strategic Planning & Monitoring Committee	e-Vision Committee	Human Resource & Remuneration Committee
Mohammad Naeem Mukhtar	3/5	x	x	x	4/4	x
Sheikh Mukhtar Ahmad	5/5	x	4/4	x	x	x
Muhammad Waseem Mukhtar	5/5	x	x	12/12	3/4	4/4
Abdul Aziz Khan	5/5	x	4/4	12/12	x	4/4
Zafar Iqbal	5/5	5/5	x	x	4/4	x
Nazrat Bashir	5/5	5/5	4/4	12/12	x	x
Mubashir A. Akhtar	5/5	5/5	x	x	x	4/4
Aizid Razzaq Gill	5/5	x	4/4	10/12	4/4	x
<b>Total Number of meetings held as of December 31, 2023</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>12</b>	<b>4</b>	<b>4</b>

## Board Meetings held outside Pakistan

None of the Board meeting held outside Pakistan during the year.

# OUR GOVERNANCE PHILOSOPHY

## BOARD COMPOSITION

The Board of the Directors of the Bank comprises of 7 Non-Executive Directors including 3 Independent Directors and 1 Executive Director. The composition of the Board of Directors is as follows:

Category	Names
Non-Executive Directors	Mohammad Naeem Mukhtar
	Sheikh Mukhtar Ahmad
	Muhammad Waseem Mukhtar
	Abdul Aziz Khan
Independent Directors	Zafar Iqbal
	Nazrat Bashir
	Mubashir A. Akhtar
Female Director	Nazrat Bashir
Executive Director	Aizid Razzaq Gill (Chief Executive Officer)

The profile of each Director including engagement in other entities is presented in the Board of Directors area under Overview section.

The Board of Directors has formed five committees of the Board to assist the Board in discharging its fiduciary responsibilities. The details of committees of the Board including the Members and Terms of References are disclosed in Board Committees section.

### Independent Directors and their Independence

The Board has three (03) Independent Directors who meet the criteria of Independence under the Companies Act, 2017 and directives issued by the State Bank of Pakistan (SBP).

### Modus Operandi of the Board of Directors

The Board of Directors of the Bank carry out its fiduciary duties in compliance with the regulatory requirements and Articles of Association of the Bank, with a sense of objective judgment and independence in the best interests of the Bank and its stakeholders. The Board takes decisions for good governance, financial performance and sustainability of the Bank.

The Board approves policies and ensure their implementation as required under laws and regulations. The Board also approves and monitors the objectives, strategies and overall business plans on long term and yearly basis and oversees that the affairs of the Bank are carried out prudently within the framework of laws, regulations and business ethics.

The Board focuses in achieving the Bank's vision and targets through holistic, integrated, consultative and coordinated approach. For this and to strengthen governance mechanism and oversight, the Board has formed following specialized Committees with well-defined objectives, responsibilities and tenure. These Committees support the Board in various important areas with a focus on strategic planning, risk & compliance management, technology, human resource, audit and internal control:

- i. Strategic Planning and Monitoring Committee
- ii. Board Risk Management Committee
- iii. e-Vision Committee
- iv. Human Resource and Remuneration Committee
- v. Audit Committee of the Board

As part of the overall stewardship responsibility, the Board and its Committees do not take part in the Bank's day-to-day affairs which is mandate of the Management.

Chief Executive Officer performs a key role in managing the day-to-day affairs of the Bank and ensures that the policies approved by the Board of Directors are effectively implemented and monitored.

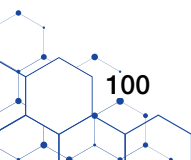
Chief Executive Officer is responsible for all matters affecting the operations, performance and strategy of the Bank not otherwise expressly reserved to the Board of Directors. He is also responsible for the leadership of the business and for managing overall affairs within the responsibilities delegated by the Board of Directors.

### Review report by the Chairman on overall performance of the Board

Primary objectives of the Board of Directors, apart from carrying out its fiduciary duties as required under relevant regulations, includes providing strategic direction, oversight and supervision of the affairs and business of the Bank and to ensure compliance with applicable laws & regulations and ethical conduct.

The Bank has formalized an in-house approach with quantitative techniques and evaluation by an external independent evaluator every three years for reviewing the Board of Directors' overall performance including performance of Chairman of the Board of Directors, individual Directors including Chief Executive Officer and Board Committees as per the requirements set out in the Companies Act, 2017, Listed Companies (Codes of Corporate Governance) Regulation, 2019, SBP Corporate Governance Framework and SBP guidelines on performance evaluation of Board of Directors.

The evaluation process concluded that the Board of Directors performed their duties diligently and effectively in the best interest of all stakeholders, despite challenging operating and regulatory environment, whilst upholding the vision, mission and core values of the Bank. Board of Directors is committed to enhance shareholders' value while continuing to transform the Bank to cater the evolving needs of the Bank's valued customers. The Bank's Board of Directors are committed in carrying out its duties diligently and professionally while maintaining focus on sustainable growth of the Bank.



### Annual Evaluation of Board, Committees and Individual Directors' Performance

Board composition is a significant contributing factor to the performance of Board of Directors. An appropriate experience, skill-mix and competencies are crucial for the effective functioning of the Bank. The Board of Directors of Allied Bank Limited comprises of 7 Non-Executive Directors (including 3 Independent Directors) and CEO being the Executive Director, bringing vast experience in diverse fields, appropriate skillset, independence and diversity. The Board of Directors is assisted by five Board Committees. The rationale of Board Committees is to enhance the efficiency and share the workload of the Board.

Performance evaluation of Board of Directors, Committees, Individual Members and CEO is imperative to determine their strengths and weaknesses in order to increase their overall effectiveness and to ensure the compliance with the responsibilities under The Companies Act 2017, Banking Companies Ordinance 1962, SBP's Prudential Regulations, Corporate Governance Regulatory Framework, Listed Companies (Code of Corporate Governance) Regulations, 2019 and other laws and regulations.

In order to comply with the requirement of the Code of Corporate Governance Regulations, the Board of Directors, in the year 2014, put in place an effective mechanism for the evaluation of Board of Directors. Subsequently, SBP vide BPRD Circular No. 11 dated August 22, 2016, issued detailed Guidelines on Performance Evaluation of Board of Directors.

As per these Guidelines, Board decided to opt for in-house approach with quantitative techniques and evaluation by an external independent evaluator every three years.

As per approved mechanism, performance evaluation of following categories is conducted:

- I. Chairman of Board of Directors
- II. Overall Board of Directors
- III. Sponsor Directors
- IV. Independent Directors
- V. Other Non-Executive Directors
- VI. Board Committees
- VII. Chief Executive Officer

### Criteria for Annual Evaluation of Performance

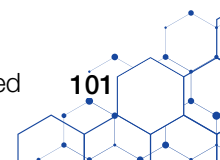
The Bank uses SBP criteria for in house annual performance evaluation of Overall Board of Directors, Chairman, Members of the Board, Board Committees and CEO. Following are the main attributes of the performance evaluation criteria:

Category	Particulars
Overall Board of Directors	<ul style="list-style-type: none"> <li>• Responsibilities</li> <li>• Composition</li> <li>• Structure and Committees</li> <li>• Working Procedures</li> <li>• Duties and Liabilities</li> </ul>
Chairman	<ul style="list-style-type: none"> <li>• Effective Leadership</li> <li>• Relationship with other Members, Management and shareholders</li> <li>• Conflict Resolution</li> <li>• Promoting constructive debate and effective participation in decision making</li> <li>• Shareholders' confidence in Board</li> </ul>
Members of the Board	<ul style="list-style-type: none"> <li>• Attendance at the Meetings</li> <li>• Contribution at Board / Committee Meetings</li> <li>• Commitment to the Bank</li> <li>• Relationship with other Members and Management</li> <li>• Integrity and Confidentiality</li> </ul>
Board Committees	<ul style="list-style-type: none"> <li>• Size, Structure and Skillset of Committees</li> <li>• Performance against Terms of Reference</li> <li>• Frequency of Committee Meetings</li> <li>• Open communication and meaningful participation of Members</li> </ul>
CEO	<ul style="list-style-type: none"> <li>• Performance against Financial / Business Targets set by the Board</li> <li>• Leadership Qualities</li> <li>• Communication with Stakeholders</li> </ul>

The responses and feedback from the directors on each of the above-mentioned categories (except Chairman) is compiled and submitted to the Chairman enabling him to discuss the results and findings with each individual member of the Board of Directors, if needed.

The authorized independent director communicates the feedback in respect of the Chairman Board of Directors to the Company Secretary for incorporation in the consolidated performance report.

Consolidated results of Board Evaluation Process along with Performance Report and actionable plan was placed before Board of Directors for review and consideration in its 266th Meeting dated February 13, 2024. The Board of Directors noted the contents of Board of Directors Annual Evaluation for the year 2023 and expressed its satisfaction on the results.



# OUR GOVERNANCE PHILOSOPHY

## Board of Directors' Performance Evaluation Carried Out by External Consultant

An external evaluation is being carried out once in every three years to further augment the process with evaluation findings through independent source for continuous improvement and refinement. An independent external evaluation was arranged for the year 2021 and next such independent evaluation will be carried out for the year 2024.

## Directors' Training Program

All the Members of the Board of Directors are required to attend Directors Training Program as provided in Securities and Exchange Commission of Pakistan's Listed Companies (Code of Corporate Governance) Regulations, 2019, and Corporate Governance Regulatory Framework 2021 issued by the State Bank of Pakistan.

The Board of Directors is fully adhered to the Directors training arrangements under the regulations.

The following Directors have attended Directors Training Program from Securities and Exchange Commission of Pakistan's approved institutions:

1. Sheikh Mukhtar Ahmad
2. Mr. Muhammad Waseem Mukhtar
3. Mr. Zafar Iqbal
4. Ms. Nazrat Bashir
5. Mr. Mubashir A. Akhtar
6. Mr. Aizid Razzaq Gill

The following directors are exempted from Directors' training Certification requirement due to their educational qualification and experience:

1. Mr. Mohammad Naeem Mukhtar
2. Mr. Abdul Aziz Khan

During the year 2023, the Bank also arranged a Seminar on "Global Megatrends and decision-making calculus" for its Board Members. This Seminar was conducted by Dr. Ishrat Hussain (Former Governor SBP).

## Directors' Orientation Program

The Bank has put in place a formal procedure to make appropriate arrangements to carry out orientation of the Directors to acquaint them with the Code of Corporate Governance Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the Bank. Members of the Board of Directors were regularly updated on changes in law and regulations and important news relating to financial sector and economic environment of the Country.

## Board's Remuneration Policy

The Bank's Board Remuneration Policy, formulated in accordance with SBP's guidelines, was approved by the Bank's Shareholders. The scale of remuneration to be paid to Chairman of the Board of Directors and Non-Executive

Directors including Independent Directors (excluding CEO) for attending the Board and its Committees meetings is determined keeping in view the responsibilities, governance structure and expertise, in accordance with the approved policy.

Full scope review of policy was presented and approved in 77<sup>th</sup> AGM of the Bank held on March 28, 2023.

The salient features of the Board's Remuneration Policy are as under:

- No Director is involved in deciding his/her own remuneration.
- No fee is paid if any of the Directors does not attend a meeting. Similarly, fee is not paid for the proposals considered through circulation.
- The administrative expenses pertaining to the office and staff allocated to the Chairman of the Board of Directors are determined rationally.
- Directors may be provided with certain facilities incidental to the performance of their role as Members of the Board of Directors depending on the need and as approved by the Board of Directors.

## Policy for Nomination on the Board of Directors of other Companies

Board's Human Resource and Remuneration Committee approves nominations of the Bank's Executives and Directors on the Board of other Companies on behalf of the Bank. Nominee Directors are advised to surrender the fee paid by the said companies for attending the Board and Board Committee meetings to the Bank.

## Security Clearance of Foreign Directors

Foreign Directors, if any, elected on the Board of Directors requires security clearance from the Ministry of Interior Affairs through Securities and Exchange Commission of Pakistan. Currently, there is no foreign Director elected on the Board of the Bank.

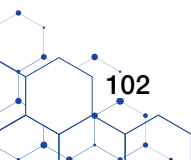
## Executive Directors and their Directorship

Mr. Aizid Razzaq Gill, being CEO, is the only Executive Director on the Board (Deemed Director). He is serving as a Non-Executive Director on the Board of ABL Asset Management Company Limited. He is also the Bank's Representative on the following:

1. Management Association of Pakistan (MAP) – Representative.
2. Pakistan Business Council (PBC) – Alternate Representative.

## Roles and Responsibilities of the Chairman of the Board of Directors and the Chief Executive Officer

The respective roles and responsibilities of the Chairman of the Board of Directors and Chief Executive Officer are defined by the Board of the Directors in accordance with the guidelines of the Companies Act, 2017, Code of Corporate Governance and laws and regulations presently in vogue. The Bank being rated





with very high Corporate Governance Rating 9++ has ensured that respective roles and responsibilities are clearly defined, communicated and practiced. However, for the purpose of information to the stakeholders these are summarized hereunder:

### **Roles and Responsibilities of the Chairman of the Board of Directors**

The Chairman of the Board of Directors is responsible for leadership of the Board and ensures that the Board plays an effective role in fulfilling its responsibilities. The Chairman plays a leading role in defining the "Vision" and "Mission" statements of the Bank and ensuring the implementation of the same by developing strategies through the Board of Directors. The roles and responsibilities of the Chairman of the Board of Directors encompasses:

- **Strategic Direction of the Bank**  
Ensuring that the Board of Directors plays its role in setting the Bank's strategies and policies and monitoring that these strategies and policies are implemented by the Chief Executive Officer and the Management team.
- **Responsibility towards members of the Board of Directors**  
The Chairman of the Board of Directors shall, at the beginning of term of the Board, issue letter to each director setting out their role, obligations and responsibilities in accordance with the Companies Act, 2017 and the Bank's Articles of Association including their remuneration and entitlement.
- **Meeting of the Board of Directors and General Meeting**  
Convening and setting the agenda of the meetings of the Board of Directors and ensuring that all the significant issues are placed before the Board of Directors in a timely and accurate manner, presiding over the Board of Directors and General meetings and ensuring that adequate time is given to the agenda items and proper minutes of the meetings are kept in record in accordance with the requirements of the Companies Act, 2017.
- **Meeting the Regulatory and Legal Requirements**  
Promoting the best corporate governance practices particularly at Board of Directors level and ensuring that the Board of Directors is functioning effectively in accordance with the applicable laws, regulations and rules.

### **Roles and Responsibilities of the Chief Executive Officer**

Chief Executive Officer plays a pivotal role in implementing the Board of Directors vision, strategic and business plans. Chief Executive Officer leads the management in day-to-day operations of the Bank in accordance with the roles and responsibilities vested by the Board of Directors. The roles and responsibilities of the Chief Executive Officer encompasses:

- Implement the strategies and policies approved by the Board of Directors in pursuit of the Bank's vision.
- Place all significant issues in a timely and accurate manner before the Board of Directors for information, consideration and decision.

- Conduct the day-to-day affairs of the Bank in accordance with the business norms and approved procedures, promote highest standards of corporate governance and compliance with applicable laws, regulations and rules.
- Maintain effective communication with all the stakeholders including Board of Directors, Shareholders, Employees, Customers and Regulatory bodies.
- Develop performance standards both quantitative and qualitative for the management and monitoring performance there against.

### **External Oversight of Functions**

Banks need to have robust governance arrangements to ensure sound and effective decision making and functioning. Oversight is a critical governance function and is being performed by the Board of Directors, Committees, and also through External Specialists.

Oversight refers to the action taken to review and monitor public interest companies and their policies, plans, functions and procedures to ensure that they:

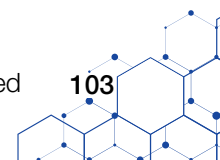
- are achieving expected results
- represent good value for money
- are in compliance with applicable policies, laws, regulations and ethical standards

### **External Oversight at the Bank**

The Bank regularly undertakes external oversight assignments of its systems and various functions through external specialists as per regulatory requirements and otherwise, to assess the efficacy of their operations and security of the IT assets. Notable oversight assignments carried out during recent years are as under;

- Development of Information Security Risk Management Program aligned with SBP regulations & guidelines and global best practices
- Review and Validation of ECL Model under IFRS 9
- External Assessment of the Bank's Internal Audit Function to review compliance with the requirements of SBP guidelines and International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors (IIA)
- Validation and Back Testing Process of Obligor's Risk Rating Models
- Assessment of e-CIB Data Reporting Mechanism
- External Penetration Testing exercise
- PCI DSS (Payment Card Industry Data Security Standard) compliance assessment

The results of these oversight assignments are shared with management for calibrations of existing processes and systems to address any associated operational, technological or reputational risk.



# OUR GOVERNANCE PHILOSOPHY

## Authorization of Financial Statements

In compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019, the financial statements were duly endorsed by the Chief Financial Officer and Chief Executive Officer before circulating these for consideration and approval of the Board of the Directors.

These annual financial statements were authorized for issue on February 13, 2024 by the Board of Directors of the Bank.

## Presence of the Chairman of Audit Committee of the Board at Annual General Meeting

Chairman of Audit Committee of the Board attended the 77th Annual General Meeting held on March 28, 2023 to answer questions on the activities and matters within the scope of Audit Committee of the Board's responsibilities.

## Appointment of Non-Executive Directors through an External Search Consultancy

The selection of independent directors as members of the Bank's Board of Directors is carried out from a list maintained by the Pakistan Institute of Corporate Governance (PICG) under the Companies (Manner and Selection of Independent Directors) Regulations, 2018. Non-Executive Directors are elected through election of Directors at the General Meeting. The last election took place in Year 2021. No external search consultancy services were obtained for appointment of the Non-Executive Directors, at the time of election.

## Key Governance Practices

- The Board of Directors comprises of an appropriate mix of Directors in terms of experience, competence and financial acumen.
- Six members of the Board of Directors are certified directors, whereas two directors are exempted from the requirement based on their experience.

- Three members of the Board of Directors are independent directors.
- Board of Directors has constituted five Board committees to assist in the governance of the Bank i.e., Audit Committee, e-Vision Committee, Board Risk Management Committee, Strategic Planning & Monitoring Committee and Human Resources & Remuneration Committee.
- Corporate Governance rating of the Bank also depicts a strong commitment towards governance framework by the Board of Directors and management of the Bank.

## Governance Practices exceeding Legal Requirements

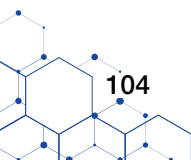
The Bank is fully committed in inculcating the best Corporate Governance practices throughout the organization and accordingly has been awarded the Corporate Governance Rating of 9++ (out of maximum scale of 10) by the VIS Credit Rating Company Limited. This rating signifies a very high level of Corporate Governance.

## Shares held by Sponsors, Directors and Executives

Shares held by Sponsors, Directors and Executives and respective percentage shareholding as on December 31, 2023 is disclosed in detail under Pattern of Shareholding section of the Annual Report.

## Impact of Government's Policies on Banking Sector

The impact of Government's policies on the performance of the Banking industry is discussed in detail under the Macroeconomic Development and Financial Performance section of the Directors' Report.



# STATEMENT ON INTERNAL CONTROL

The Bank's management is responsible for establishing the Internal Control System with the main objectives of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

The Bank's Compliance policy and procedures further strengthened by a comprehensive Control Review and Testing Framework (CRTF), approved by the Board of Directors, outline the Bank's overall control objectives and approach towards implementation and testing of the Bank's Internal Control System.

Under the aforementioned CRTF, the Bank's Internal Control System is being evolved, reviewed and improved on an ongoing basis to minimize risks which are inherent in banking business and operations; with continuous monitoring by the Compliance Group and independent review by Audit and Risk Review Group (A&RRG).

A&RRG works under direct supervision of Audit Committee of the Board of Directors (hereafter referred as the Committee). The Committee is chaired by an Independent Director and comprises entirely of Independent Directors.

A&RRG assists the Committee and the Board of Directors in discharge of their responsibility in respect of Internal Control System. A&RRG reviews, assesses adequacy and monitors the effectiveness of control systems on an ongoing basis.

All significant and material findings are reported to the Committee; which actively monitors that the identified risks and observations are properly mitigated to safeguard the interests of the Bank. The Board of Directors, acting through the Committee, provides supervision and overall guidance in improving the effectiveness of the Internal Control System.

The Compliance Group is entrusted with the responsibility to minimize compliance risk with reference to regulatory framework; internal, external & regulatory audit compliance; control self-assessment, compliance review of material/high risk processes, monitoring completeness and maintaining up to date inventory of the Bank's policies, procedures and controls. The Bank has implemented an effective document life cycle management mechanism necessitating timely review and updation of documentation to incorporate material regulatory requirements and enhance control environment. In order to prevent and detect control lapses, concerted efforts are made, in coordination with all functions of the Bank to improve the control environment through continuous review and streamlining of policy and procedures. In order to further strengthen the control environment, the Bank has automated the related compliance processes through state of the art & internationally recognized Transaction Monitoring System and Name Screening utility to mitigate the risks associated with Anti Money Laundering and Combatting the Financing of Terrorism and to ensure compliance with the local and international regulations. The management has also established Compliance Committee to strengthen oversight role on the compliance environment.

Risk Management Group is entrusted with implementation of effective operational risk management framework. Risk Control Self-Assessment (RCSA) is carried out to assess design of controls

and to evaluate the operational effectiveness of controls. Incidents of loss data are gathered for analysis, reporting and suggesting improvements in existing control structure. Further, Key Risk Indicators on bank-wide basis are defined in coordination with the stakeholders for effective monitoring of potential risks and taking proactive measures for mitigating these risks.

Furthermore, compliance status of all irregularities identified during various audits and inspections is reported to the Committee, while other significant compliance risk related matters are reported to the Board Risk Management Committee as per approved Terms of Reference.

The Bank's Internal Control System is designed to provide reasonable assurance to the Bank's Management and Board of the Directors about the aforementioned objectives.

While the Internal Control System is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure and circumvention or overriding of controls.

Control activities are an ongoing process that includes continuous identification, evaluation and management of significant risks faced by the Bank.

As part of CRTF relating to financial reporting, the Bank has documented and mapped As-Is processes and controls, identified gaps and requisite recommendations, developed remediation initiatives and management testing plans.

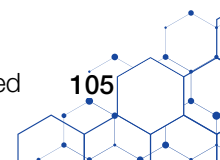
The Bank has completed all the stages of Internal Control over Financial Reporting as specified by the SBP which has granted exemption from the requirement of preparation of Long Form Report by the External Auditors. As a result, A&RRG is preparing "Annual Assessment Report on Efficacy of Bank's Internal Controls over Financial Reporting (ICFR)" under ICFR framework which is approved by the Committee.

The Bank's management considers that the existing Internal Control System is adequate and has been effectively implemented and monitored, based upon the results derived through ongoing testing of financial reporting controls and internal audits carried out during the year. However, the management, adopting a prudent approach, would be continuously evaluating procedures and processes to further augment the Internal Control System.

Based on the above, the Board of Directors has duly endorsed the Management's evaluation of internal controls including ICFR in the attached Director's report.

**Aizid Razaq Gill**  
Chief Executive Officer

Lahore.  
Date: February 13, 2024



# REPORT OF AUDIT COMMITTEE

## Composition of Audit Committee

The Audit Committee of the Board of Directors (hereinafter referred to as the Committee) comprises of three non-executive independent directors. The members of the Committee bring years of diversified rich experience at senior management/ administrative positions and strategic roles in commercial banking, investment banking, planning, energy and financing sectors. Detailed profile of the respective members is included in the Annual Report.

## Role of Audit Committee

During the year under review, the Committee diligently performed its duties and responsibilities in accordance with its Charter approved by the Board of Directors while remaining compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations issued by SECP and other relevant regulatory instructions issued by the State Bank of Pakistan (SBP).

The Chief Audit and Risk Review Group (A&RRG) reports directly to the Committee. A&RRG assists the Committee and the Board of Directors in discharging their responsibility in respect of Internal Control System.

The Committee oversees the functions of A&RRG and ensures independence of A&RRG in the organizational structure, independence and objectivity of internal auditors, optimal utilization of audit resources, effectiveness of A&RRG in the Bank's overall governance and internal control framework and constructive engagement of A&RRG with the senior management and auditee units.

The Committee ensures that A&RRG has adequate financial, technological and operational resources along with appropriate human resources having required skill-sets, expertise and trainings necessary to perform A&RRG's responsibilities independently, effectively and objectively.

The Committee reviews and recommends to Board of Directors the Internal Audit policy and Whistle Blowing policy for approval, periodically or as and when any amendment is required.

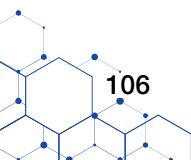
The Committee reviews the annual and interim financial statements of the Bank and recommends for the approval of the Board of Directors.

The Committee recommends to the Board of Directors appointment and retention of the external auditors of the Bank (including overseas operations), their removal, audit fees, the provision of any service permissible to be rendered to the Bank by the external auditors in addition to audit of its financial statements taking into account the applicable regulatory requirements, measures for redressal and rectification of non-compliances with the regulations.

## Audit Committee Meetings

The meetings of the Committee are designed to facilitate and encourage communication between the Committee, A&RRG, the Bank's senior management and the external auditors. During the year 2023, five meetings of the Committee were held and among others following agenda items were deliberated in the meetings:

- Review of the Bank's annual and interim financial statements prior to their approval by the Board of Directors. That included detailed discussions with the Banks' senior management, external auditors and A&RRG by focusing on major judgmental areas, significant adjustments and issues resulting from audit, going concern assumption, any changes in accounting policies and practices, compliance with applicable accounting standards, listing regulations and other statutory and regulatory requirements and related party transactions.
- Review of quarterly Consolidated Reports on Testing of Financial Reporting Controls.
- Review of significant issues highlighted by A&RRG during audits and reviews of branches and other functions of the Bank, external auditors and SBP's inspection reports and status of compliance including regular updates on the rectification actions taken by the management.
- Review of A&RRG's assessment on overall internal controls of the Bank for the year 2022.
- Approval of Annual Assessment Report on Efficacy of Internal Controls over Financial Reporting (ICFR) 2022.
- Monitoring of compliance status of observations highlighted in SBP's inspection reports.
- Review of Annual report on Periodic Self-Assessments conducted by A&RRG under Quality Assurance & Improvement Program.
- Review and approval of Strategic Plan of A&RRG (2024-2033) for inclusion in the overall Strategic Plan of the Bank.
- Review and approval of Internal Audit Procedures Manual.
- Review and approval of revised Charter of Audit & Risk Review Group.
- Review of analysis related to frauds, forgeries and dacoities incidents in the Bank; with specific focus on nature and reasons along with management action(s) thereof.
- Review and approval of risk based annual audit plan 2024 and related enablers and budget along with resource requirements of A&RRG.
- Review of resolution status of complaints lodged under the Bank's Whistle Blowing Policy.
- Review of periodic activity review reports of A&RRG.
- In addition to above, the Committee also reviewed and recommended the following to the Board of Directors:
  - o Statement of Internal Controls, prior to endorsement by the Board of Directors;



- o Activity review report of the Committee for the year 2022;
- o Re-appointment of Statutory Auditors of the Bank, Bahrain Branch and China Office for the year ending December 31, 2023 along with fixation of their remuneration;
- o Appointment of approved audit firm for inspection of records of Allied Bank Limited shares relating to CDS transactions;
- o Annual Compliance Review for the year 2022 of ABL wholesale Banking Branch, Bahrain;
- o Management Letter by external auditors along with the Action Plan submitted by the Management;
- o Revised Internal Audit Policy;
- o Islamic Banking Group (IBG) & External Shari'ah Audit Report and compliance status
- o Accounting, Disclosure and Related Party Transaction policy of the Bank, accounting policies for Islamic Banking and Bahrain Branch.

The Committee in accordance with the requirements of Code of Corporate Governance met with the external auditors with and without presence of management to discuss the results of auditors' examination and evaluation of internal controls and the overall quality of the Bank's financial reporting. Furthermore, the Committee ensured efficient supervision of the internal control system by steering separate meetings with Chief A&RRG and internal audit staff.

The Committee also recommends the scope and appointment of external auditors, including finalization of audit and other fees. The Committee evaluates the qualifications, performance and independence of the external auditors. In doing so, the Committee considers the quality and efficiency of the services provided by the external auditors, the external auditors' capabilities, technical expertise and knowledge of the Bank's operations and industry. The Committee ensures compliance with relevant regulations with regard to tenure of external auditors and provisions of non-audit services by external auditors to ensure independence and objectivity of external auditors.

The Committee recommended to the Board of Directors re-appointment of M/s EY Ford Rhodes Chartered Accountants, as statutory auditors of the Bank for the year ending December 31, 2024, subject to approval of the Bank's shareholders in the forthcoming Annual General Meeting.

#### **Performance Evaluation of the Committee**

The Committee evaluates its own performance on annual basis thereby assessing the targets achieved, performance initiatives and whistle blowing actions (if any) taken and submits the report to the Board of Directors.

#### **Internal Controls Framework and Role of A&RRG**

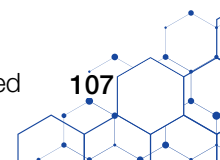
The Bank's internal control structure comprises of the Board of Directors, the Committee, Management including Compliance Group & Risk Management Group and A&RRG. Roles of all the functionaries have been defined in the Management's Statement of Internal Controls, as part of the Annual Report which is duly endorsed by the Board of Directors.

#### **Zafar Iqbal**

Chairman Audit Committee of the Board

Lahore

Date: February 12, 2024



# STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2019

Allied Bank Limited for the year ended December 31, 2023

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

1. The total number of directors are (08) including the Chief Executive Officer (Deemed Director) as per the following;

- a. Male: Seven (07)
- b. Female: One (01)

2. The Composition of the Board of Directors is as follows:

Category	Names
Independent Directors	Zafar Iqbal
	Nazrat Bashir
	Mubashir A. Akhtar
Non-Executive Directors	Mohammad Naeem Mukhtar
	Sheikh Mukhtar Ahmad
	Muhammad Waseem Mukhtar
	Abdul Aziz Khan
Executive Director	Aizid Razzaq Gill, (Chief Executive Officer)
Female Director	Nazrat Bashir

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies including Allied Bank Limited.

4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.

5. The Board of Directors has developed a vision and mission statement, overall corporate strategy and significant policies of the Bank. The Board of Directors has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Bank.

6. All the responsibilities of the Board of Directors have been duly exercised and decisions on relevant matters have been taken by the Board of Directors or shareholders as empowered by the relevant provisions of the Companies Act 2017 and these Regulations.

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

complied with the requirements of Companies Act 2017, and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board of Director.

8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Companies Act 2017, State Bank of Pakistan's Corporate Governance Regulatory Framework and these Regulations.

9. Appropriate arrangements were made for orientation of Directors on their election with a view to acquaint them with their duties and responsibilities. Six members of the Board of Directors (including the Chief Executive Officer) are Certified Directors from The Pakistan Institute of Corporate Governance. Whereas, two Directors are exempted from such requirement on account of their experience and qualifications.

10. The Board has approved appointment of the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with the relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board of Directors.

12. The Board of Directors has formed five Committees. The names and composition of the Committees along with the details of its Members, as at December 31, 2023, are as follows:

#### A) Audit Committee of the Board

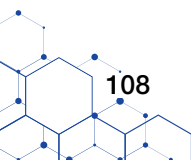
- a. Zafar Iqbal, Chairman
- b. Mubashir A. Akhtar, Member
- c. Nazrat Bashir, Member

#### B) Board Risk Management Committee

- a. Sheikh Mukhtar Ahmad, Chairman
- b. Abdul Aziz Khan, Member
- c. Nazrat Bashir, Member
- d. Aizid Razzaq Gill, Member

#### C) e-Vision Committee

- a. Mohammad Naeem Mukhtar, Chairman
- b. Muhammad Waseem Mukhtar, Member
- c. Zafar Iqbal, Member
- d. Aizid Razzaq Gill, Member



#### D) Strategic Planning & Monitoring Committee

- a. Muhammad Waseem Mukhtar, Chairman
- b. Abdul Aziz Khan, Member
- c. Nazrat Bashir, Member
- d. Aizid Razzaq Gill, Member

#### E) Human Resource & Remuneration Committee

- a. Mubashir A. Akhtar, Chairman
- b. Muhammad Waseem Mukhtar, Member
- c. Abdul Aziz Khan, Member
- d. Aizid Razzaq Gill, Permanent Invitee

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

14. The frequency of meetings of each Committee is given below:

Name of Committee	No. of Meetings held during 2023
Audit Committee of the Board	Five
Board Risk Management Committee	Four
e-Vision Committee	Four
Strategic Planning & Monitoring Committee	Twelve
Human Resource & Remuneration Committee	Four

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

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and are registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.

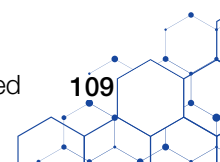
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

**Mohammad Naeem Mukhtar**

Chairman

Lahore

Date: February 13, 2024



# INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Allied Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Allied Bank Limited** (the Bank) for the year ended 31 December 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

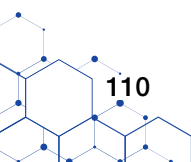
The Regulations require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of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

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

EY Ford Rhodes  
Chartered Accountants

Place: Lahore  
Date: 6 March 2024

UDIN: CR202310191DCLU2BRxY





# SHARIAH BOARD

## Terms of Reference

The primary function of Shariah Board is to supervise and advise the management of the Bank on all Shariah related matters, develop comprehensive Shariah compliance framework and is responsible for all Shariah related decision. The Shariah Board approves all Islamic Banking related policies, procedures, services and related agreements and contracts in conformity with the rules and principles of Shariah. The Shariah Board is responsible to review Internal Shariah Audit review report, external Shariah Audit, State Bank of Pakistan Shariah Inspection and Shariah compliance reviews and prescribes appropriate remedial measures. Shariah Board meetings are held at least quarterly and it also meets with Board of Directors at least on half yearly basis.

## Process of Appointment and Nomination

The appointment of members of the Shariah Board is approved by the Board of Directors, of the Bank, upon recommendation of the Human Resource and Remuneration Committee. The appointment is subject to prior clearance of State Bank of Pakistan and pursuant to Fit and Proper Criteria (FAPC) and regulation of State Bank of Pakistan.

## Profile of Shariah Advisors

### Mufti Muhammad Iftikhar Baig

#### Chairman Shariah Board

Muhammad Iftikhar Baig is serving Allied Bank Limited as Chairman Shariah Board. He is a qualified Mufti from the Jamia Darul-Uloom Karachi, which is one of the most reputed and prestigious religious institution in the country. He is also a Law graduate from University of Karachi (KU).

He has been serving for more than 17 years at different local and international banks/Mudarabah Companies/Insurance Companies (WTO) as Shariah Advisor/ Shariah Board Member. Moreover, he regularly delivers lectures on Islamic Economics and Finance at different forums and educational institutions. He is also a visiting faculty member of renowned Islamic university – Jamia Al Ashrafia Lahore.

### Mufti Mahmood Ahmad

#### Member Shariah Board

Mufti Mahmood Ahmad is serving as Member Shariah Board of Allied Bank Limited. He graduated as a scholar in Shahadatul-Almiah (Masters in Arabic and Islamic studies) from Wifaq-ul-Almadaris Alarabia. He also has completed his Master in Arabic from University of the Punjab, Lahore. Takhassus-Fi-Alifta in Islamic Fiqh and fatwa from Jamia Darul-Uloom, Karachi.

He has also completed his M. Phil in Islamic Banking. He has experience of more than eight years as member Shariah Board with Allied Bank Limited and has eight years of experience as a Shariah consultant with Islamic Micro-Finance and other organizations. He is a Mufti and lecturer in renowned Islamic university – Al Jamia Al Ashrafia Lahore.

### Mufti Tayyab Amin

#### Resident Shariah Board Member

Mufti Tayyab Amin is serving as Resident Shariah Board Member (RSBM) of Allied Bank Limited. He has done his Al-Aalamiyyah (a degree recognized by the HEC Pakistan as a Master in Arabic & Islamic Studies) and specialization in Islamic Jurisprudence from Jamia Darul-Uloom Karachi, which is most reputed and prestigious religious institution. He has also done his Masters from University of the Punjab Lahore and completed his M. Phil in Islamic studies from University of Sargodha.

He has served to First Elite Capital Mudarabah as Shariah Advisor for six years and First Punjab Mudarabah for three years. He also has experience in Alfalah Insurance (Window Takaful Operation) as Shariah Compliance Officer for three years.

He has overall experience of more than ten years as a Shariah consultant for various business sectors including Islamic Micro-Finance.

None of the members of Shariah Board of the Bank are member of Shariah Board of any other financial institution.

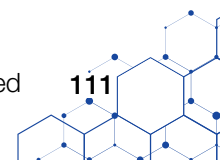
**Number of Meetings Attended:** Four Shariah Board meetings were held last year and all Members attended all the meetings

## Remuneration Framework for Shariah Board Members

Fixed remuneration is paid to Chairman Shariah Board as well as Non-resident Shariah Board Member in line with employment contracts including monthly salary, medical benefit and fuel reimbursement.

No variable remuneration (performance bonus) is paid to Chairman Shariah Board and Non-resident Shariah Board Member.

Resident Shariah Board Members are paid fixed remuneration which includes monthly salary and allowances as per terms of contract and post-employment benefits. Variable remuneration (performance bonus) is paid on the basis of performance assessment carried out annually through performance appraisal process.



# REPORT OF SHARIAH BOARD

For the year ended December 31, 2023

In the name of Allah, the Beneficent, the Merciful

By the grace of Almighty Allah, the year under review was the 12th year of Islamic Banking Operations of Allied Bank Limited (ABL-Aitebar Islamic Banking). The scope of this report is to cover the affairs of ABL-Aitebar Islamic Banking, from Shariah perspective as stipulated under para 3 (b) of the revised Shariah Governance Framework issued by the State Bank of Pakistan vide its IBD Circular No. 01 of 7th June, 2018.

Shariah Board is pleased to submit their report on the overall Shariah compliance environment of ABL-Aitebar Islamic Banking.

The Board of Directors and Executive Management are solely responsible to ensure that the operations of ABL-Aitebar Islamic Banking are conducted in compliance with Shariah principles at all times. Shariah Board asserts that it has performed their duties independently with courteous relationship among the SB members and management of Bank.

To form basis of our opinion as expressed in this report, Internal Shariah Audit reports, on test check basis, of each class of transactions, the relevant documentation and process flows on sample basis was carried out. Besides, we have also reviewed the reports of the Shariah compliance review and external Shariah Audit of ABL-Aitebar Islamic Banking operations conducted during the year.

Based on the above, we are of the view that:

The business affairs of ABL-Aitebar Islamic Banking, especially with reference to transactions, relevant documentation and procedures, performed during the year 2023 are in conformity with the principles and guidelines of Shariah issued by Shariah Board (SB) and State Bank of Pakistan.

The Bank primarily used Business Musharkah and Diminishing Musharakah for its financing activities during the year.

ABL-Aitebar Islamic Banking has put a mechanism in place in the form of Internal Shariah Audit and Shariah Compliance reviews to ensure Shariah compliance in its overall operations that will keep its focus on continuous improvement for catering to the large branches/windows network over the coming years. The system within the Bank is sound enough to ensure that amounts realized from prohibited sources, if any, are not made a part of the income. During the Shariah Review and audit of the financing portfolio, no Shariah non-compliant transaction was observed. The Bank received an amount of Rs. 3.65 million from the clients in respect of charity on delays in payments in various financial transactions and credited these payments to the Charity Account.

Since the charity funds are kept under Mudharabah base account, the accrued Mudarabah profit of Rs. 0.51 million was also credited to the charity account. An amount of Rs. 4.00 million was granted to approved charitable institutions.

The Internal Shariah Audit Function (ISAF) plays a vital role in achieving the objective of ensuring Shariah compliance by evaluating the adherence to Shariah guidelines prescribed by SB, Resident Shariah Board Member (RSBM) and Shariah guidelines of Islamic Banking Division of SBP, in every activity under taken by the ABL-Aitebar Islamic Banking, on sample basis. ISAF submits periodical reports to RSBM /Shariah Board for information, review and determination of appropriate corrective actions.

Shariah Compliance Department (SCD) of the Bank is working under the guidance of SB. The main objective of this department is to facilitate and ensure Shariah compliance in all the new researches, conducting Islamic banking trainings, Shariah-compliance review of each class of transactions, relevant documentation and process flows. SCD has conducted the review of branches on sample basis to evaluate the Shariah knowledge of staff.

## Review and Development:

ABL-Aitebar Islamic Banking has completed yet another successful year. Upon achieving a branch network of 127 dedicated Islamic branches and 162 Islamic Banking windows. Significant growth in assets, Investments, deposit, trade and other business avenues have been registered.

## Asset Review:

During the year, financing portfolio has increased by 19.25% to Rs79,620 million as compared to 66,768 million in preceding year, which mainly constitutes of Business Musharkah (76.01%) and Diminishing Musharkah (19.34%).

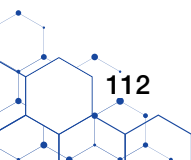
Besides, the investment portfolio has also risen by 35.80% to Rs. 38,360 million as compared to 28,248 million in last year, which mainly constituting Government Ijarah Sukuk, Corporate Sukuks and Islamic Naya Pakistan Certificates.

## Deposit Review:

The total deposits of ABL-Aitebar Islamic Banking have increased by 32.65% during the year reaching to Rs. 95,334 million by December 31, 2023 as compared to Rs. 71,870 million as of last year.

## Other Key Activities:

SB also reviewed different policies and manuals during the year.



### Profit Distribution Policy:

SCD also conducted review of the process of profit distribution on monthly basis and ensured that the distribution is in line with instructions of SB and SBP. Moreover, internal Shariah audit of pool management has been conducted on quarterly basis, which has further improved the process of pool management, profit and loss distribution and strengthened the compliance of Shariah guidelines.

### Shariah Board Meetings:

During the year 2023, four Shariah Board meetings were held wherein multiple issues were discussed and resolved. SCD remained in close coordination with the Shariah Board and management in order to implement Shariah Board decisions. The ongoing involvement of SB not only ensured that it constantly remained on board with all the Shariah affairs of the Bank but it also enabled them to engage in order to approve different matters by way of circulation.

### Staff Training

In order to enhance the Islamic banking knowledge and expertise, training on Islamic Banking concepts as well as on Islamic banking products were imparted to the staff of the Islamic Banking Group. Management Development Centers of ABL with the assistance of SCD, arranged various mandatory and refresher training sessions and 2552 employees attended these sessions. Moreover, 13 employees attended training session conducted by NIBAF and other reputed Islamic banking training institutes.

### BOD and Shariah Board Training/Orientation

In order to enhance Islamic banking knowledge and acumen, an orientation session for BOD was conducted by the Shariah Board. Further an orientation was arranged for executive management. Moreover, different trainings were attended by the members of Shariah Board.

In order to create awareness of Islamic banking in the general public, the Bank conducted different seminars for general public.

### Recommendations:

Following are some areas, which require continuous focus:

1. Bank's increased focus on creating awareness regarding Islamic banking by conducting seminars / programs and awareness sessions is well appreciated. It is recommended that such programs should also be continued in future at mass level.
2. Bank's policy of appointing new staff members for Islamic banking branches with inclination /commitment towards the cause of Islamic banking should be continued during

the process of hiring of new staff.

3. The Bank should initiate and support SME & Agriculture financing to alleviate poverty currently prevailing in the rural areas of the country. The Bank shall encourage energy projects which are environmental friendly such as solar panels.
4. Bank is actively pursuing training of its human resources about various aspects of Islamic Banking & Finance through training sessions. However, continuous focus should be maintained to improve the level of awareness through practical nature Islamic Banking refresher, certification and Shariah documentation courses.
5. State Bank of Pakistan is focusing on Islamic banking training. Therefore, it is suggested that in order to cope with the increasing requirement of training in the Bank, a dedicated team of Islamic banking trainers should be available in the Bank.
6. Conventional insurance is not permissible from Shariah perspective. Therefore, it is recommended to convert IBG's assets to Takaful as soon as possible.

We pray to almighty ALLAH to provide us guidance to adhere to the Shariah principles in day-to-day operations, to absolve our mistakes and for the success of Islamic banking in Pakistan.

**Mufti Tayyab Amin**

Resident Shari'ah Board Member

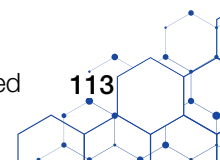
**Mufti Mahmood Ahmad**

Member Shari'ah Board

**Mufti Muhammad Iftikhar Baig**

Chairman Shari'ah Board

Date of Report: February 13, 2024



# شریعی بورڈ کی رپورٹ برائے اختتام سال 31 دسمبر 2023

شروع اللہ کے نام سے جو بڑا مہربان اور نہایت رحم کرنے والا ہے۔

طریقہ کار، شریعی بورڈ اور اسٹیٹ بینک لمیٹڈ کے فراہم کردہ شرعی اصولوں اور ضوابط سے مکمل مطابقت رکھتے ہیں۔

اللہ سبحانہ و تعالیٰ کے فضل و کرم سے، ال ایٹڈ بینک لمیٹڈ کے اسلامی بینکاری کے کاروبار (اے بی ایل - اعتبار اسلامک بینکنگ) نے اس زیر تجزیہ مدت کے ساتھ اپنے 12 سال مکمل کر لیے ہیں۔ اس رپورٹ کا مقصد اے بی ایل - اعتبار اسلامک بینکنگ میں، اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ سرکل نمبر 01 بتاریخ 07 جون 2018، میں نظر ثانی شدہ شریعی گورننس فریم ورک کے پیراگراف (b) کے تحت، اسلامی بینکاری کے معاملات کا شرعی نقطہ نظر سے جائزہ لینا ہے۔

بینک نے اس سال کے دوران زیادہ تر کاروباری مشارکہ اور شرکت متناقصہ کی مصنوعات کو تمویلی سرگرمیوں کے لیے استعمال کیا۔

اے بی ایل - اعتبار اسلامک بینکنگ نے اپنے مجموعی کاروبار کی شریعی کمپلائنس کو یقینی بنانے کے لیے انٹرنل شریعی آڈٹ اور شریعی کمپلائنس کے تجزیے کی شکل میں ایک نظام تشکیل دیا ہے۔ اور آنے والے سالوں میں ایک وسیع برانچ/ونڈوز نیٹ ورک کی ضروریات کو پورا کرنے کے لیے اس نظام میں مسلسل بہتری کے عمل پر اپنی توجہ مرکوز رکھے گا۔ بینک کے موجودہ نظام میں اس بات کو یقینی بنانے کی صلاحیت ہے کہ کسی بھی ممنوع ذرائع سے حاصل ہونے والی رقم (بالفرض، اگر ہوں) کو آمدنی کا حصہ بننے سے روک سکے۔ تمویلات کے پورٹ فولیو کے شرعی جائزے اور آڈٹ میں کوئی غیر شرعی لین دین نہیں پایا گیا۔ بینک نے مختلف مالی لین دین کی تاخیری ادائیگیوں کی وجہ سے چیرٹی (خیرات) کی مد میں 3.65 ملین روپے وصول کیے اور اس رقم کو چیرٹی کے اکاؤنٹ میں جمع کروایا۔

شریعی بورڈ کے لیے یہ امر باعث مسرت ہے کہ وہ اے بی ایل - اعتبار اسلامک بینکنگ کے کاروبار کی شریعی کمپلائنس کے حوالے سے وضع کردہ مجموعی نظام پر اپنی رپورٹ پیش کر رہا ہے۔

بورڈ آف ڈائریکٹرز اور ایگزیکٹو مینجمنٹ پر یہ ذمہ داری عائد ہوتی ہے کہ اے بی ایل - اعتبار اسلامک بینکنگ کا کاروبار ہمہ وقت شرعی اصولوں کے تابع رہے۔ شریعی بورڈ اس امر کا اعادہ کرتا ہے کہ اس نے اپنی تمام تر ذمہ داریاں، شریعی بورڈ کے ممبران اور بینک کی انتظامیہ کے مابین مکمل ہم آہنگی اور تعاون کے ساتھ، آزادانہ طور پر ادا کی ہیں۔

چونکہ، چیرٹی کی رقم مضاربہ اکاؤنٹ کے تحت رکھی جاتی ہے، لہذا، 0.51 ملین روپے کا جمع شدہ مضاربہ منافع بھی چیرٹی کے اکاؤنٹ میں کریڈٹ کیا گیا۔ منظور شدہ فلاحی اداروں کو 4.00 ملین روپے کی گرانٹ دی گئی۔

ہم نے اپنی مذکورہ رائے کو قائم کرنے کے لیے، جیسا کہ اس رپورٹ میں اظہار کیا گیا ہے، ہر قسم کے لین دین اور اس سے متعلقہ دستاویزات اور انکی انجام دہی کے طریقہ کار کا نمونوں کی بنیاد پر تجزیہ کیا ہے۔ علاوہ ازیں، ہم نے انٹرنل شریعی آڈٹ اور اس سال کے دوران ہونے والے اے بی ایل - اعتبار اسلامک بینکنگ کے کاروبار کی شریعی کمپلائنس رپورٹ اور ایکسٹرنل آڈٹ رپورٹوں کا بھی جائزہ لیا ہے۔

**مندرجہ بالا امور کی بنیاد پر ہماری رائے یہ ہے کہ:**

انٹرنل شریعی آڈٹ (آئی ایس اے ایف) (Internal Shariah Audit Function - ISAF)، اے بی ایل - اعتبار اسلامک بینکنگ کی جانب سے اختیار کی گئی ہر سرگرمی میں سے منتخب شدہ نمونوں کی بنیاد پر شریعی بورڈ، ریویژنٹ شریعی بورڈ ممبر (RSBM) اور اسٹیٹ بینک آف پاکستان کے اسلامی بینکاری ڈویژن کی طرف سے جاری کردہ شرعی ضوابط و ہدایات کی مکمل پاسداری کے ساتھ شریعی کمپلائنس کو یقینی بنانے کا اہم کردار ادا کرتا ہے۔ آئی ایس اے ایف (ISAF)، آرائس بی ایم (RSBM) شریعی بورڈ کو انکی معلومات، تجزیے اور اصلاحات

اے بی ایل - اعتبار اسلامک بینکنگ، کے سال 2023ء کے دوران کاروباری معاملات، خصوصاً لین دین اور اس سے متعلقہ دستاویزات اور

کے تعین کے لیے وقتاً فوقتاً رپورٹس فراہم کرتا ہے۔

31 دسمبر 2023ء تک 95,334 ملین روپے تک جانچے۔

### دیگر کلیدی سرگرمیاں:

سال کے دوران، بینک کے شریعہ بورڈ نے مختلف پالیسیوں اور مینولز (Manuals) کا بھی جائزہ لیا۔

### منافع کی تقسیم کی پالیسی:

شریعہ کمپلائنس کے شعبے نے منافع کی ماہانہ بنیاد پر تقسیم کے عمل کا بھی جائزہ لیا اور اس امر کو یقینی بنایا کہ یہ تقسیم شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان کی ہدایات کے عین مطابق ہو۔ مزید یہ کہ، پول مینجمنٹ کا سہ ماہی بنیاد پر انٹرنل شریعہ آڈٹ کیا گیا جس سے پول مینجمنٹ، نفع و نقصان کی تقسیم کے طریقہ کار میں بہتری اور شرعی نگرانی کا نظام مزید مضبوط ہوا ہے۔

### شریعہ بورڈ کے اجلاس (میٹنگز):

سال کے دوران، شریعہ بورڈ کے چار اجلاس منعقد ہوئے جن میں مختلف معاملات پر بحث اور انکی منظوری دی گئی۔ شریعہ کمپلائنس کا ڈیپارٹمنٹ، شریعہ بورڈ اور انتظامیہ کے ساتھ مسلسل رابطے میں رہتا ہے تاکہ شریعہ بورڈ کے فیصلوں پر عمل درآمد کروایا جاسکے۔ شریعہ بورڈ کی اس مسلسل شمولیت سے ناصرف اس کو بینک کے تمام شرعی معاملات سے آگہی رہتی ہے بلکہ دیگر معاملات میں بھی، سرکولیشن کے ذریعے، اسکی شرکت اور فیصلہ سازی میں مدد ملتی ہے۔

### عملہ کی تربیت (ٹرییننگ):

اسلامک بینکنگ کی معلومات اور مہارت میں اضافہ کے پیش نظر، اسلامک بینکنگ گروپ کے سٹاف کی اسلامک بینکنگ کے نظریات اور اس کی پراڈکٹس کے بارے اسلامک بینکنگ کے تمام عملے کو تربیت فراہم کی گئی۔ اے بی ایل کے مینجمنٹ ڈیپارٹمنٹ سینئرز نے شریعہ کمپلائنس ڈیپارٹمنٹ کے تعاون سے ٹرییننگ کی متعدد لازمی اور تجدیدی نشستوں کا انعقاد کیا جس میں 2,552 ملازمین نے شرکت کی۔ اس کے علاوہ 13 ملازمین نے NIBAF اور دیگر معتبر اسلامک بینکنگ کی تربیت کے اداروں کی فراہم کردہ تربیتی نشستوں میں حصہ لیا۔

بینک کا شریعہ کمپلائنس کا شعبہ شریعہ بورڈ کی زیر نگرانی کام کرتا ہے۔ اس شعبے کا بنیادی مقصد جدید تحقیقات میں معاونت اور شریعہ کمپلائنس کو یقینی بنانا، اسلامی بینکاری کی تربیت (Trainings) کا انعقاد، ہر طرح کے لین دین، دستاویزات اور انکی انجام دہی کے طریقہ کار میں شریعہ کمپلائنس کا جائزہ لینا شامل ہے۔ شریعہ کمپلائنس کے شعبے نے سٹاف کی شرعی معلومات کا جائزہ لینے کے لیے منتخب شدہ برانچز کا دورہ بھی کیا ہے۔

### ریپو ایڈ ڈیولپمنٹ:

126 مستقل بنیادوں پر کام کرنے والی برانچوں کے نیٹ ورک اور 162 اسلامک بینکنگ ونڈوز کے حصول کے بعد اے بی ایل - اعتبار اسلامک بینکنگ نے ایک اور کامیاب سال مکمل کر لیا ہے۔ اسی مماثلت میں اثاثہ جات، سرمایہ کاری، ڈیپازٹ، ٹریڈ (تجارت) اور دیگر کاروباری شعبوں میں بھی نمایاں بہتری حاصل کی گئی ہے۔

### اثاثہ جات کا تجزیہ:

اس سال کے دوران تمویل کا مجموعی حجم گزشتہ سال کے 66,768 ملین روپے کی سطح سے 19.25 فیصد کے اضافے کے ساتھ 79,620 ملین روپے تک بڑھ گیا جس میں بزنس مشارکہ - (76.01%) اور شرکت متناقصہ - (19.34%) کا نمایاں کردار رہا۔

### ڈیپازٹ کا تجزیہ:

علاوہ ازیں، سرمایہ کاری کا مجموعی حجم حکومتی اجارہ صکوک، کارپوریٹ صکوک اور اسلامک نیا پاکستان سرٹیفکیٹ کی وجہ سے، گزشتہ سال کے 28,248 ملین روپے کی سطح سے 35.80 فیصد کے اضافے کے ساتھ 38,360 ملین روپے تک بڑھ گیا۔

**بورڈ آف ڈائریکٹرز، ایگزیکٹو مینجمنٹ اور شریعہ بورڈ کی ٹریننگ/تعارفی پروگرام:**  
 5- اسٹیٹ بینک آف پاکستان اسلامک بینکنگ کی تربیت پر خصوصی توجہ شریعہ بورڈ نے بورڈ آف ڈائریکٹرز کی اسلامک بینکاری کی فہم اور معلومات میں اضافہ کے لیے ایک تربیتی نشست کا اہتمام کیا گیا۔ علاوہ ازیں، ایگزیکٹو مینجمنٹ کے لیے ایک تعارفی پروگرام منعقد ہوا۔ مزید برآں، شریعہ بورڈ کے ممبران نے مختلف تربیتی نشستوں میں شرکت کی۔

6- شرعی نقطہ نظر سے روایتی انشورنس جائز نہیں ہے لہذا آئی بی جی (IBG) کے اثاثوں کو جلد از جلد تکافل (Takaful) پر منتقل کرنے کی سفارش کی جاتی ہے۔ عام لوگوں میں اسلامک بینکنگ کی واقفیت کو بڑھانے کے لیے بینک نے متعدد سیمینارز کا بھی انعقاد کیا۔

**تجاویز / سفارشات :**  
 مندرجہ ذیل چند عوامل مسلسل توجہ طلب ہیں۔  
 ہم اللہ رب العزت سے دعا گو ہیں کہ وہ ہمیں روزمرہ معاملات میں شرعی اصولوں پر عمل پیرا ہونے کی توفیق عطا فرمائے، ہماری لغزشوں سے درگزر فرمائے اور پاکستان میں اسلامی بینکنگ کو کامیابی عطا فرمائے (آمین)

1- اسلامک بینکنگ سے واقفیت پیدا کرنے کے لیے سیمیناروں، پروگراموں اور آگاہی کی نشستوں کے انعقاد پر بینک کی بڑھتی توجہ قابل ستائش ہے۔ مستقبل میں، ایسے پروگراموں کو بڑے پیمانے پر جاری رکھنے کی تجویز دی جاتی ہے۔

**مفتی طیب امین**  
 ریزیڈنٹ شریعہ بورڈ ممبر

2- نئے ملازمین کی بھرتی کے دوران، اسلامی بینکاری کے نظریہ سے وابستگی کی بنیاد پر، اسلامک بینکنگ کی برانچوں میں نئے عملہ کی تقرری کی بینک کی پالیسی کو جاری رکھنا چاہیے۔

**مفتی محمود احمد**

ممبر شریعہ بورڈ

**مفتی محمد افتخار بیگ**

چیئرمین شریعہ بورڈ

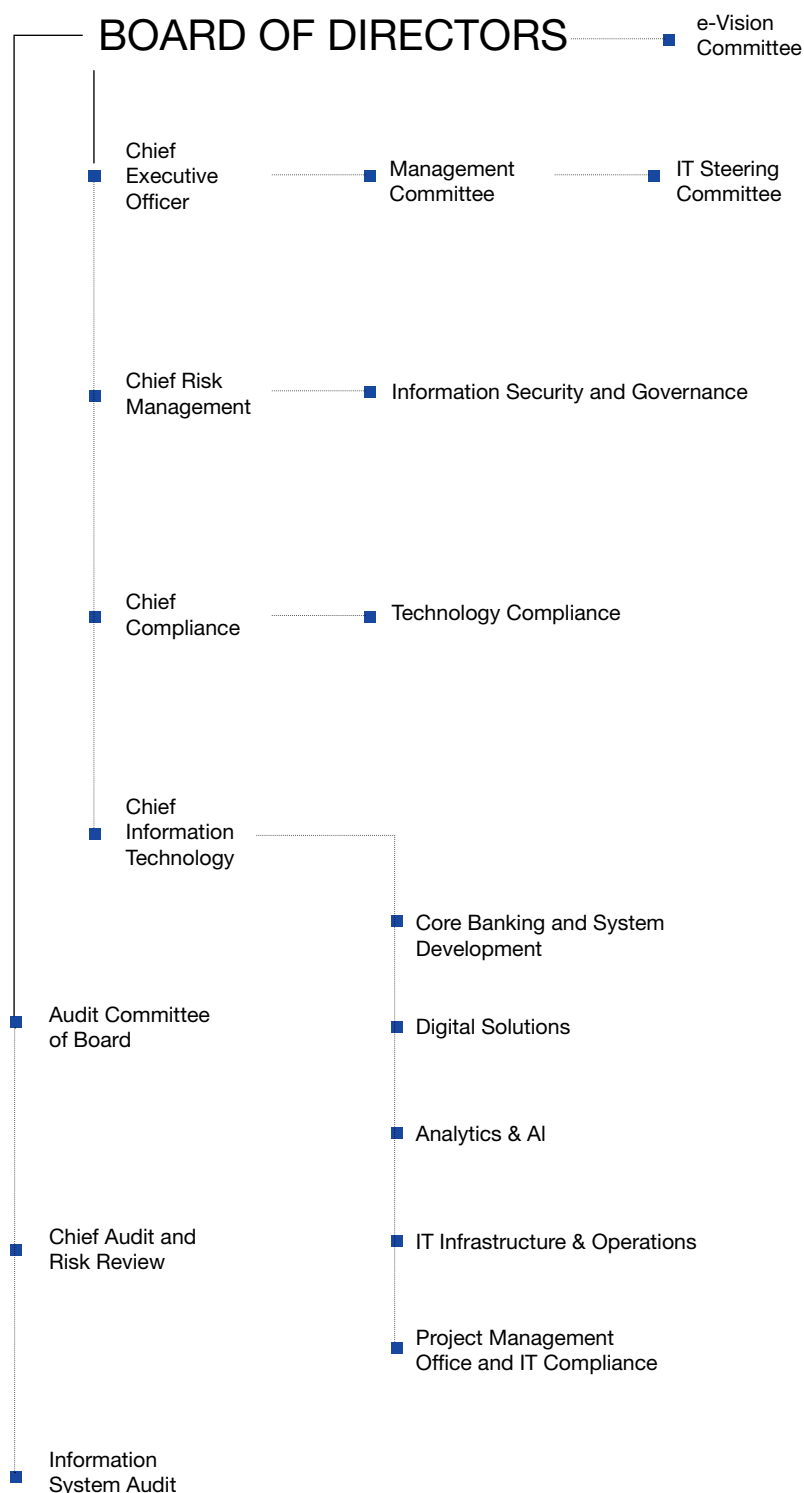
3- ملک کے دیہی علاقوں میں موجود غربت کے خاتمے کے لیے، بینک کو ایس ایم ای اور زراعت کے شعبوں میں قرضوں کی فراہمی کا آغاز اور مدد فراہم کرنی چاہیے۔ بینک کو توانائی کے ماحول دوست پراجیکٹس، جیسا کہ سولر پینل (شمسی توانائی)، کی حوصلہ افزائی کرنی چاہیے۔

رپورٹ کی تاریخ:

13 فروری 2024ء

4- بینک، مختلف نشستوں اور سیمینارز کے انعقاد کے ذریعے، اپنے سٹاف کو اسلامی بینکنگ اور فنانس کے مختلف پہلوؤں کے بارے میں تربیت فراہم کر رہا ہے۔ تاہم اس سلسلے میں ہمہ وقت توجہ مبذول رکھنے کی ضرورت ہے۔ اور عملی نوعیت کے اسلامک بینکنگ کے ریفریشر، سرٹیفیکیشن اور شرعی دستاویزات سے متعلق کورسز کے ذریعے اس کی آگاہی بڑھانے کی ضرورت ہے۔

# INFORMATION TECHNOLOGY (IT) GOVERNANCE



IT Governance framework, policies and procedures ensure that the Bank's significant investment in IT infrastructure is duly aligned with the long-term strategies and objectives of the Bank; while ensuring conformity with industry's best practices.

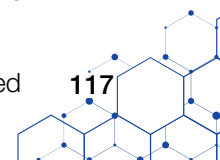
IT Governance of the Bank is regulated by the IT Governance Policy approved by the Board of Directors, which focuses on following principles:

- To maintain clear understanding of ITG roles and responsibilities.
- Plan ITG to best support the Bank ensuring that IT Strategic plan fit the current and ongoing needs.
- All ITG acquisitions will follow the necessary approvals as per GS&RE procurement policy ensuring that there is an appropriate balance between costs, risks, long-term and short-term benefits.
- Ensure that ITG performs (meet the Business Requirements where technology permits) well, whenever services are required.
- Ensure ITG conforms to statutory and regulatory requirements and also complies with all the Bank's policies and procedures.
- Ensure ITG will design, specify and maintain systems by keeping users in mind and will ensure that IT is a service to the Bank and to its staff.
- Identify resources gap related to IT (people, process & technology) and take appropriate steps to fill the gaps.

IT Governance of the Bank comprises monitoring by:

**e-Vision Committee of board** supervises the IT Governance in the Bank and provides strategic direction for adoption/upgrading of evolving technologies in order to provide new customer centric products and services and to improve internal control environment. The Committee reviews the strategic plan of the Bank to improve IT infrastructure and automation of processes and systems including alternate delivery channels. The Committee extends assistance to the Board with insights regarding evolving technologies in the field of e-banking and digital platforms. It also oversees performance of Information Technology Group of the Bank.

**IT Steering Committee (ITSC)** assists MANCO in implementing IT and Digital strategies approved by the Board of Directors and also plays an advisory role to MANCO in all technology-related matters. ITSC is entrusted to review and recommend technology initiatives and prioritize projects for their implementation along with recommendation for required infrastructure to MANCO. The Committee ensures an efficient IT operating environment that supports the institution's goals and objectives. ITSC also reviews the results of vulnerability and IT risk



# INFORMATION TECHNOLOGY (IT) GOVERNANCE

assessment exercises and ascertains measures taken to mitigate identified risks.

**Information Technology Group (ITG)** is headed by Chief ITG, reporting to CEO through Chief Technology and Digital Transformation of the Bank. ITG is responsible for development and delivery of technology driven services in line with the Board of Directors and its committees under the strategic guidance of ITSC. Chief ITG is responsible to:

- Formulate an annual Strategic and Operational technology plan on the basis of business needs in consultation with the Bank's other stakeholders.
- Implement the formulated plan, including as appropriate any special tasks or projects assigned by the CEO and the various Management & Board level committees.
- Keep the Management & Board level committees informed about emerging trends and developments in Information Technologies and give recommendations for necessary revisions in the Bank's Information Technology roadmap.
- Ensure that the Group complies with sound Information Technology principles, industry best practices and regulatory guidelines.
- To keep ITG abreast with the emerging Information Security Technologies.

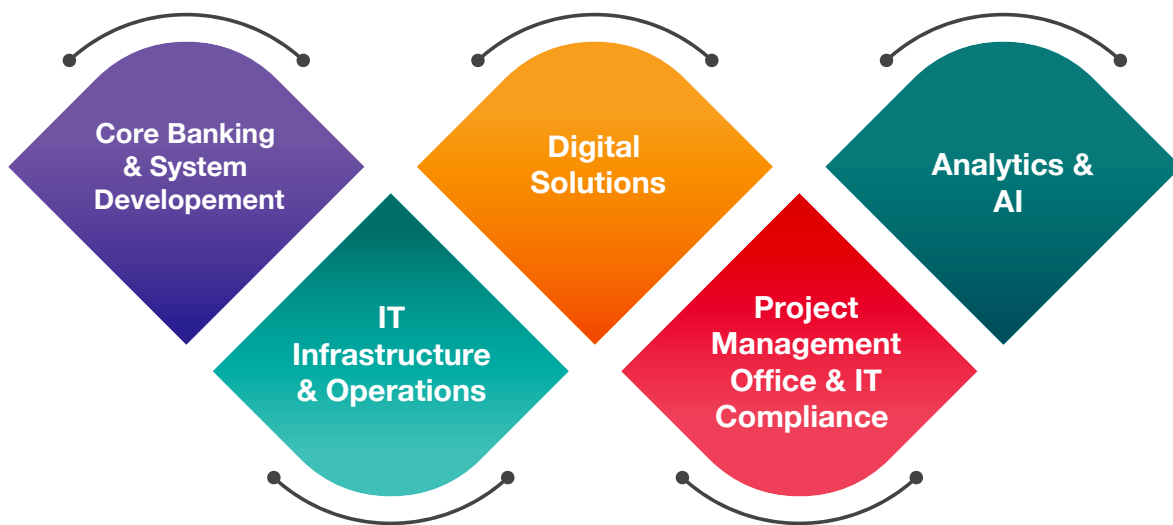
ITG of the Bank is strengthened by the following functions which are headed by committed professionals, providing innovative and efficient solutions to achieve organizational objectives.

- Core Banking and System Development
- Digital Solutions
- Analytics & AI
- IT Infrastructure & Operations
- Project Management Office & IT Compliance

**Information Security and Governance** functioning under the umbrella of Risk Management Group, is primarily responsible to develop and implement information security guidelines through a set of policies, procedures and frameworks and conduct Security Risk Assessment as per policy guidelines. The function is also mandated to develop information security policies in line with regulatory requirements and based on best industry practices. This function also manages the information security awareness campaigns across the Bank.

**Technology Compliance** under Compliance Group performs technology compliance review of Information Security Policies and Procedures to ensure that they are compliant with the State Bank of Pakistan (SBP) guidelines and regulations. Furthermore, it also ensures compliance against the recommendations of SBP inspection report, external auditors' management letter and internal audit reports of Audit and Risk Review (A&RR).

**Information System Audit** function under A&RR is entrusted to perform systems audit across the Bank; testing desired functionality and integrity while providing recommendations where necessary.





# WHISTLE BLOWING POLICY (WBP)

## Preamble

The purpose of WBP is to create an environment at Allied Bank Limited (the Bank) whereby the employees / vendors / service providers / concerned are encouraged to reveal and report, without any fear of retaliation, subsequent discrimination and of being disadvantaged in any way, about any fraudulent, immoral, unethical or any malicious activity or conduct, which in their opinion may cause financial or reputational loss to the Bank. Bank's WBP provides assurance to the Whistleblowers about secrecy and protection of their legitimate personal interests besides offering incentives for the Whistleblowers on reporting of suspicious activities.

## Objectives

The intended objectives of this policy are:

- To strengthen culture of transparency and trust in the Bank by encouraging all employees, vendors, service providers and concerned persons to blow whistle where they may genuinely know or suspect any immoral, unethical, fraudulent act of any current or former employees, vendors, contractors, service providers and customers which may have potential to cause financial or reputational risk or loss to the Bank;
- To create awareness amongst employees and stakeholders regarding the Whistle Blowing Function;
- To enable Management to be informed at an early stage about fraudulent, immoral, unethical or malicious activities or misconduct and take appropriate actions; and
- Provide a swift and confidential process for rectifying malfeasance wherever and whenever it occurs in the Bank.

## Scope

The scope of this policy includes, without limitation all types of unlawful acts / orders, fraud, corruption/bribery, misconduct, collusive practices, falsification of books of accounts/related documents, endangerment of health or safety, or any other activity which undermines the Bank's operations, reputation and mission.

## Independence of Whistle Blowing Function

An operationally independent Whistle Blowing function has been established under supervision of ACOB, for handling and monitoring allegations, complaints and concerns raised by the complainant /whistleblower under the WBP.

## Protection of Whistleblowers

All matters are dealt with confidentiality and the identification of the Whistleblower is not disclosed except for inevitable situations, where disclosure of identity of the Whistleblower is essential.

The Bank stands committed to protect Whistleblowers for Whistle Blowing and any subsequent harassment or victimization of the Whistleblower is not tolerated. Indemnity from disciplinary action is provided to the Whistleblower employee, against actions/ involvement in the activity against which whistle is blown, based on the merits of each case.

## Incentives for Whistle Blowing

On the recommendation of the ACOB, the Whistleblower may be suitably awarded according to the significance of the information he / she had provided and impact of losses averted as a result.

## Process of Whistle Blowing

The Bank has established the following communication channels for whistle blowing complaints:

- A dedicated e-mail address for whistle blowing (whistle.blowing@abl.com) accessible by the Chairman ACOB.
- Whistle blowing form available on the Bank's corporate website.
- Post / courier addressed to Chairman ACOB, Allied Bank Limited, Head Office, 3 Tipu Block, New Garden Town, Lahore.

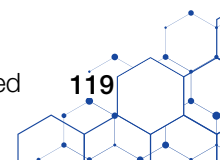
## Number of instances reported to ACOB

Number of Whistle Blowing incidences reported to ACOB in year 2023: Ten (10).

## INVESTOR GRIEVANCE

Your Bank has put in place comprehensive guidelines for Investors and Shareholders to address their grievances. The guidelines conform to the Bank's internal policy to address the Investor grievances as well as statutory requirements stipulated under SECP's SRO # 1196(I)/2019 dated 03.10.2019.

- For all shares related issues, shareholders are advised to contact Shares Registrar of the Bank with contact details available on the Bank's corporate website.
- In order to facilitate the shareholders who, intend to register a complaint, the contact details of the focal person of ABL Shares Department are given on the Bank's corporate website for this purpose.
- In addition, if Shareholder's grievances are not resolved by the Shares Registrar of the Bank, as well as Bank's Shares Department, they may escalate their complaints to the Company Secretary of the Bank.
- If any complaint still remains unsatisfied, the same can be forwarded to Securities and Exchange Commission of Pakistan (SECP); using the link of SECP website which is available in "Investor Complaints and Grievances" section of the Bank's corporate website.
- Furthermore, queries with respect to financial results of the Bank can be directed to 'Investor Relations' department, which is headed by Chief Financial Officer, at the email address investor.relations@abl.com (which is available on corporate website as well).



# MANAGING CONFLICT OF INTEREST

## Overview

A Director owes certain fiduciary duties, including the duties of loyalty, diligence, and confidentiality to the Bank, which require that a Director must act in good faith and exercise his or her powers for shareholders' interests and not for his / her own or others' interest. The Board of Directors and the Management of the Bank are committed towards transparent disclosure, management and constant monitoring of potential conflicts of interest to ensure that no undue benefit is passed on. The Board of Director recognizes the responsibility to adhere to the defined policies and procedures and avoid perceived conflicts of interest that may arise during the course of business. Directors of the Board shall immediately report to the Chairman of the Board about any conflict of interest or potential conflict of interest that may arise and shall provide all relevant information in this regard.

## Disclosure of Interest by Director:

- Every Director (including parents, spouse and minor children) of the Bank who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank shall disclose the nature of his concern or interest at a meeting of the Directors.
- For the purpose of consideration and decision by the Board of Directors on any agenda item, or in respect of any other matter, if any Director has an existing or perceived conflict of interest or concern, he/she shall disclose the nature of his concern or potential interest at a meeting of the Board and the Board would take appropriate steps in accordance with the regulatory requirements in this regard and the details should be recorded in the minutes.
- Where any Director or his or her spouse sells, buys or takes any beneficial position, whether directly or indirectly, in the shares of the Bank, he or she shall immediately notify the Company Secretary in writing. Further, no Director shall, directly or indirectly, deal in the shares of the Bank, in any manner, during the closed period as determined by the Board of Directors.

## Abidance of Laws and Rules:

- Conform to and abide by all the legal and standing requirements while performing their duties and obey all lawful orders and directives. All Board of Directors members shall comply with and observe all applicable laws, rules, regulations, related statutory requirements, regulatory directives and the Bank's policies.
- Shall not bring or attempt to bring political or other pressure or influence directly or indirectly on the Bank.
- Bring to the notice of the Board, any non-compliance or violation of law or policy.

## Integrity:

- Conduct themselves with the highest standards of ethics, professional integrity and dignity in all dealings with all stakeholders and not engage in acts discreditable to the Bank, their profession and the nation. If they become aware of

any irregularity that might affect the interests of the Bank, they shall inform the Board of Directors immediately.

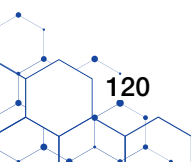
- Maximum utilization of their abilities, experience and expertise for achieving set goals, maintain high standards of professional conduct, protect the Bank's assets and respect interest of all the stakeholders. Practice transparency in all acts and deeds related to the business of the Bank.
- Reject corruption in all forms - direct, indirect, public or private and do not directly or indirectly engage in bribery, kick-backs, payoffs, or any other corrupt practices.
- Remain loyal to the Bank, keeping its interest above own personal interests at all times.

## Confidentiality:

- Maintain the privacy and confidentiality of all the information acquired being Member of the Board of Directors of the Bank or come into their knowledge and refrain from disclosing the same unless otherwise required by statutory authorities or law and Bank's own policies. All such information will remain with them as a trust and will only be used for the purpose for which it is intended and will not be used for personal benefits. Inside information about the Bank's affairs shall not be used for their own gains or for that of others either directly or indirectly.
- Directors of the Bank are strictly prohibited to disclose the fact (comes into their knowledge) to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required under the law.

## Conflict of Interest:

- All appointments in the Board as well as President/CEO and Key Executives in the bank shall not create any conflict-of-interest situation.
- Directors, President/CEO and Sponsor Shareholders shall avoid conflict of interest in their activities with the Bank, and commitments to other organizations.
- All Directors shall not involve in a situation in which they may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Bank.
- The Directors shall not achieve or attempt to achieve any undue gain or advantage either to themselves or to their relatives, partners, or associates and if any Director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Bank.
- Any Director shall not assign his/her office and any assignment so made shall be void.
- Directors shall avoid all such circumstances in which there is personal interest conflict, or may appear to be in conflict with any of the stakeholder as prescribed by the statutes and in probable case their interest conflicts with any of the stakeholder, they would immediately declare such interest before the Board of Directors.



- No Director shall exploit for their own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the opportunity is disclosed fully in writing to the Board of Directors of the Bank and the Board allow him to avail such opportunity.
- Interested Directors shall not participate in the discussion or vote in the Board's proceedings or participate in any other manner in the conduct or supervision of such dealings.
- Directors shall avoid any dealing with Contractors or Suppliers of the Bank that compromises the ability to transact business on a professional, impartial and competitive basis or that may influence discretionary decision to be made by the Board Members / Bank.
- No Director shall hold any position or job or engage in outside business or other interest that is prejudicial to the interests of the Bank.

- Directors shall not make any statement which has the effect of adverse criticism of any policy or action of the Bank or which is capable of embarrassing the relations between the Bank and the public including all the stakeholders. Provided that nothing in this clause shall apply to any statement made or views expressed by a Board Member, which are purely factual in nature and are not considered as confidential, in his / her official capacity or in due performance of the duties assigned to him.
- Directors shall refrain from accepting gifts, personal favors or preferential treatment, that could, in any way, influence or appear to influence, business decisions in favor of any person or organization with whom or with which the Bank has or is likely to have business dealings.
- No person can become a Director/CEO of the Bank if he/she is:

- A Director of any other Bank / DFI;
- Holding substantial interest or is working as Chairman, Director, CEO, CFO, Chief Internal Auditor, Financial Advisor, Research Analyst, Trader or member (by whatever name/designation called) of a:
  - Exchange Company.
  - Stock Exchange.
  - Corporate Brokerage Firm/ Entity.
  - Credit Information Bureau.
  - Any company/entity owned and controlled by the person mentioned at (a) to (d) above.

However, an independent Director of Pakistan Stock Exchange (PSX) can become Board Member of the Bank if he/she does not have any association with other categories mentioned above.

- Acting, either in personal capacity and/or through firm/ company where he has substantial interest, as consultant /advisor to Bank.
- Member of Senate, National/ Provincial Assembly or Local bodies.
- Office bearer of any political party.

- No sponsor shareholder shall be appointed in the Bank in any capacity except as Director, CEO and/or Executive Director of the bank, subject to compliance with FPT Criteria and other regulatory requirements.
- For the purpose of consideration and decision by the Board of Directors on any agenda item, or in respect of any other matter, if any Director has an existing or perceived conflict of interest or concern, he/she shall disclose the nature of his concern or potential interest at a meeting of the Board and the Board would take appropriate steps in accordance with the regulatory requirements in this regard and the details should be recorded in the minutes.

#### Insider Trading:

- No director shall trade, directly or indirectly for shares of the Bank considering the 'price sensitive information' which they may have direct access / influence and exposure to by virtue of their fiduciary position or office of profit.

## OTHER POLICIES AND GUIDELINES

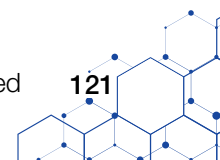
### RELATED PARTY TRANSACTIONS POLICY

The Board of Directors of the Bank has approved Related Party Transaction Policy which aims to set-up a framework, in line with the applicable laws and regulations, that not only addresses approval requirements, limitations, potential risks and pricing policy but also ensures proper and timely identification, monitoring, record maintenance, reporting and disclosure of transactions by the Bank with those persons deemed "Related Party" under the policy. The governance framework for Related Party Transaction Policy is derived from;

- o The Companies Act, 2017;
- o The Banking Companies Ordinance, 1962;
- o Related Party Transactions and Maintenance of Related Records (RPT) Regulations – 2018;
- o Listed Companies (Code of Corporate Governance) Regulations – 2019;
- o State Bank of Pakistan (SBP) Prudential Regulations for Corporate and Commercial Banking;
- o SBP Corporate Governance Regulatory Framework for Banks / DFIs
- o SBP Prudential Returns Regarding Details of Related Parties Exposures and Transactions;
- o International Financial Reporting Standards (IFRS); International Accounting Standard (IAS) 24 'Related Party Disclosures'; and
- o Any other applicable law and regulations issued by SBP, Securities and Exchange Commission of Pakistan (SECP) or other authorities from time to time.

#### Disclosure of Interest by Directors:

Every Director who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement entered into, or to be entered into, by or on behalf of the Bank shall disclose the nature of his/her concern or interest at a meeting of



# OTHER POLICIES AND GUIDELINES

the Board of Directors:

Provided that a Director shall also be deemed to be interested or concerned if any of his spouse, children and parents, are so interested or concerned.

## List of Related Parties

List of related parties and the nature of their relationships with the Bank as identified under the Related Party Transactions Policy are as under;

- All Directors of the Bank
- Group Companies including Parent, Subsidiary and Associate Companies as disclosed under Group Structure
- Key Executives of the Bank as disclosed under the Management Team section
- Close family members including spouse, children, dependents, siblings and lineal ascendants and descendants of Directors and Key Executives of the Bank
- All funds managed by the ABL Asset Management Company Limited as disclosed under the Status and Nature disclosure of the consolidated financial statements and employee funds maintained by the Bank
- Organizations controlled or jointly controlled or under significant influence of the Directors or Key Executives of the Bank or their close family members including those mentioned under the Directors' Profile section of the Annual Report.

## Related Party Transactions

The details of the related party transactions of the Bank are disclosed under relevant sections of the Financial Statements. The reference to these transactions is as under;

- Note 28.3 of the Financial Statements presenting the Donations made during the year 2023 to the related parties.
- Note 40 of the Financial Statements presenting the related party transactions during the year 2023.
- Annexure III of the Financial Statements presenting the details of the fixed assets disposed of during the year 2023 to the related parties.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

### Our Philosophy

CSR vision of Your Bank "To be a socially responsible corporate citizen" delineated in its CSR policy outlines Corporate Social Responsibility objectives of Your Bank. The Policy stipulates that CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

### Policy Objectives

Objective of the policy is to provide guidelines to align business objectives and entity's roles as responsible corporate citizen. Your Bank recognizes its obligations as responsible corporate citizen and aims to achieve following broader objectives:

- Establish a "WORKPLACE" environment to maintain balanced work life with healthcare facilities along with high ethical standards, equal employment opportunities, aided social interaction among employees and encouraged employment

of persons with different abilities.

- Our working style should have positive impact on "ENVIRONMENT" promoting green banking, use of renewable energy sources, reducing carbon omissions, promoting tree plantation and change of working style, on best effort basis, from paper based to computer based and promoting green culture.
- Make our "COMMUNITY" feel our presence not only by our business interactions but also by sharing and caring, especially during the times of adversities and natural calamities and pandemics as well as expansion of the Bank's branch network to rural areas, which will help in rural development and ensuring financial inclusion.
- Strengthen "CUSTOMER RELATIONS" by ensuring satisfaction and privacy.
- Protecting Human rights, ensuring transparency, taking anti-corruption measures & curtailing money laundering, terrorist financing and proliferation financing, adopting best business practices and improving stakeholder relations through "GOVERNANCE".
- Our "BRAND" and slogans such as, "Aap kai dil main hamara account" should be known as community caring organization and not just for the profit.

The Bank's contributions towards these areas is mentioned in Corporate Sustainability Report

## RECORDS MANAGEMENT AND SAFETY POLICY

The Bank has a comprehensive records management program that ensures maintenance, protection, retention and disposal of records in accordance with applicable regulations, operational needs and fiscal/legal requirements.

Record management is an organizational function to control the maintenance and disposition of organization's record. Record management ensures the valuable record evidence of an organization's activities that have legal, financial, administrative or historical value are protected and accessible while expired record is systematically destroyed.

The Bank's records are maintained in soft form as well as hard copies. The Data Backup and Recovery policy is in place for all applications and databases processing transactions and maintaining records to ensure the availability and integrity of data at all times.

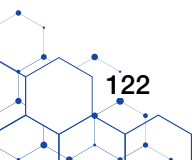
The physical records are maintained both in house and at specialized external warehousing facilities as well.

## HUMAN RESOURCE MANAGEMENT POLICIES

### Succession Planning

Allied Leadership Talent Pipeline (ALTP) was introduced to ensure effective succession at the senior-level management. Under this program, based on individual leadership potential, young leaders were categorized in three echelons: High potential successor, Intrinsic potential successor and Extrinsic potential successor. A comprehensive training cycle based on identified individual needs in each echelon was delivered to enhance employee leadership skills and build their capacity for senior level assignments, in coming years. Focused learning interventions were executed under ALTP through engaging in-house mentors, and external industry experts.

The scope of this program was further enhanced with the introduction of Allied Leadership Recognition and Investment in Sustaining Employees (ABL RISE Program). Under ABL-RISE



program, employees from Middle Management grades were assessed to identify and develop pool of future leaders. ABL-RISE program is envisioned to expand the sphere of growth of these employees and their personal development as potential leaders. Customized learning and development opportunities are provided to the selected employees under this program, to enhance their professional skills to bring excellence to their work.

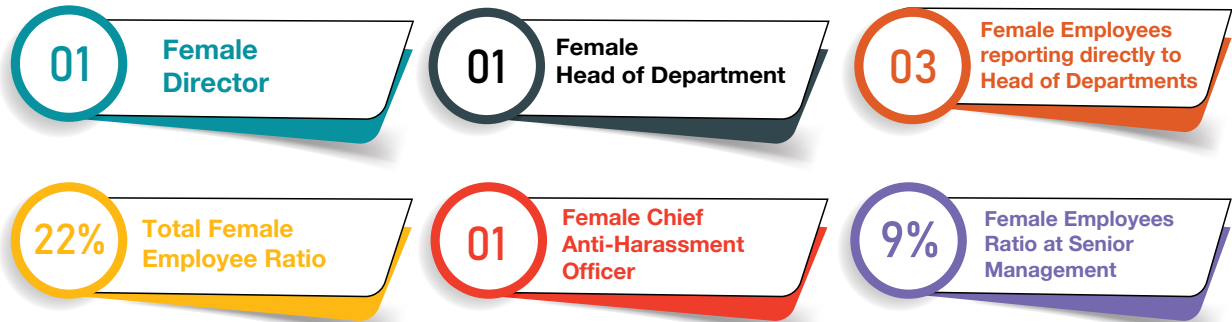
### Human Resource Diversity

Allied Bank recognises its responsibility towards sustainable economic and social development and role of a diverse human resource in achieving these goals which is also reflected in the Mission statement of the Bank.

### Gender Equality

Gender Equality has always been the corner stone of Allied Bank from the time of the Banks inception it was the torch bearer on being an equal opportunity employer to help women achieve their goals. Allied Bank has always been at the fore front to promote the female employee inclusion and supporting new initiatives that support them in general areas of life as well. Human Resource function of the Bank has taken multiple initiatives, to narrow down the gender gap and establish a conducive, harmonized gender sensitive work environment.

The commitment towards bringing diversity is further augmented by the following statistics.



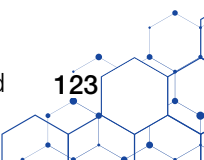
### Differently Abled Persons

Allied Bank as an equal opportunity employer and has always made sure that there is no room for discrimination against any Gender, Race or Person with Different abilities in line with its approved policy. A specially designed internship program leading towards permanent employment was initiated by the Human Resource function in coordination with the relevant stakeholders to improve employment experience for any person with different abilities.

Furthermore, Human Resource function has conducted a comprehensive training for all employees to interact with Persons with Different Abilities (PWD). The curriculum is designed such as to explain the meaning and reasons of PWD, general guidelines to serve PWD, priority services to PWD, sign language communication with deaf persons and guidelines to deal with visually impaired/blind persons.

### EMPLOYEE HEALTH, SAFETY AND PROTECTION

The Board of the Directors of the Bank have approved Emergency Response and Evacuation Plan document which is designed to provide a safe workplace for the Bank's employees, customers and visitors and to respond to an emergency in a secure and orderly manner. The document covers various types of emergencies situations both natural and manmade and provides guidelines on measures to be followed in different situations. All the locations of the Bank are equipped with required infrastructural support depending upon the type of locations including different types of Fire Extinguishers, Fire Alarm Systems, Emergency Exits, Escape Signs, First Aid Box and Hydrant and Hose System. In compliance of the approved document, a Crisis Management Team (CMT) headed by Chief General Services and Real Estate is formed to consider all matters pertaining to safety and security including but not limited to external / internal hazards, evacuation plan, medical emergencies and firefighting. An Emergency Response Team (ERT) has also been formed, reporting to CMT, responsible for alerting building occupants of an emergency, firefighting in case of fire, providing First Aid and evacuating the building to address the emergency situation.



# REMUNERATION REPORT

## Compensation Governance

Employee compensation plays an integral role in the successful delivery of the Bank's strategic objectives. Attracting and retaining the capable employees is key to the Bank's compensation strategy. The cornerstone is the concept of pay for performance within a sound risk management and governance framework and with due consideration of market factors and social values. The Bank regularly reviews and aligns human resource policies encompassing all aspects of the remuneration to the ever evolving internal and external dynamics.

The Human Resource and Remuneration Committee of the Board of Directors is entrusted with the overall governance of all areas of the Human Resource including remuneration.

## Total Remuneration Structure

As part of the compensation strategy, the Bank employs a total compensation philosophy, which comprises fixed pay, variable compensation and benefits.

Element	Purpose
Fixed Pay	<ul style="list-style-type: none"><li>Attract and retain employees by paying market competitive pay for the role, skills and experience required.</li><li>This include base pay and allowances as part of monthly salary as per terms of employment.</li></ul>
Variable Compensation	<ul style="list-style-type: none"><li>Drive and reward performance based on annual financial and non-financial measures consistent with the medium to long-term strategy, stakeholder interests and adherence to the Bank's values.</li><li>Awards vary with performance achievement and the Bank has the discretion to assess the extent to which performance has been achieved.</li><li>Awards are in monetary terms. A portion of the annual incentive award may be deferred and vests over a period of three years. All deferred awards are subject to malus.</li><li>This include annual performance award, cash award on passing Institute of Bankers Pakistan diploma and any other reward for target achievement or extraordinary performance.</li></ul>
Benefits	<ul style="list-style-type: none"><li>Ensure market competitiveness and provide benefits in accordance with market practice.</li><li>This include but not limited to medical benefits, education assistance and post-employment benefits.</li></ul>

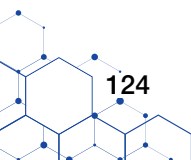
Bank employees are graded into 12 salary grades, from MG1 to MG12, with MG1 being the senior most and MG 12, being the junior most. The management of the Bank is further classified in the following four levels according to salary grades:

Management level	Salary Grades
Executive Management	MG1 to MG3
Senior Management	MG4 to MG6
Middle Management	MG7 to MG9
Junior Management	MG10 to MG12

The above categories may include, from time to time, Material Risk Takers (MRTs) and Material Risk Controllers (MRCs). The remuneration of employees categorized as such is based on risk-based pay structure which is referred to as 'risk-based employee's remuneration pool'. The remuneration of employees other than such categories have pay structure which is referred to as 'general employee's remuneration pool'

## Classification of Material Risk Takers (MRT) and Material Risk Controllers (MRC)

Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) of the Bank are identified as functions and designations having appropriate level of authority and control within the Bank either working as regular or contractual employees. No third-party employee is designated as either MRT or MRC. Identification of MRTs or MRCs is based on designations or functions involved in critical business decision making, i.e. Chief Executive Officer, direct reportees of Chief Executive Officer, members of critical Management committees involved in business decision making and risk management. Further, relevant Group Heads and other senior level positions managing critical areas, and meeting the risk materiality and threshold criteria as approved by the Board of Directors are also designated as MRTs or MRCs respectively.



## Remuneration of Material Risk Takers (MRT) and Material Risk Controllers (MRC)

Fixed pay of MRTs and MRCs is decided based on fixed pay determination criteria for overall bank's employees and includes same components.

Variable remuneration (performance bonus) is based upon performance score calculated against defined key performance indicators and rating scores achieved by each individual. Furthermore, rating assigned to MRTs or MRCs through annual performance appraisal process against their managerial capabilities and personal traits is then clubbed together against predefined weightages to reach consolidated performance score which is used as basis for deciding variable remuneration which is adjusted against underlying risks specifically for MRTs.

MRCs are identified as functions and designations having appropriate level of authority and control duly governed by approved organograms having clearly defined independent reporting lines from the function they oversee. Organizational hierarchy of the Bank ensures segregation of roles and independence among Business, Operational support as well as Risk management.

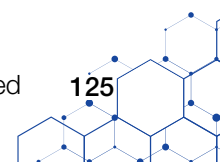
### Basis of deferral of payment

Quantum of associated risk is considered while deciding deferred portion of variable remuneration of MRTs. Percentage as per following grid is withheld and deferred from variable remuneration of MRTs for a period of 3 years:

	High Risk	Medium Risk	Low Risk
CEO, Chiefs & Executive Management	25 %	20 %	15 %
Senior Management	20 %	15 %	12.5 %
Middle Management	15 %	12.5 %	10 %

### Assessment of Risk Factors

Risk Matrices encompassing Key Risk Indicators (KRIs) are used for assessment of major types of risks undertaken by identified MRTs. Percentage of variable remuneration of identified MRTs which has been deferred is based on quantum of respective current and future risks undertaken, assessed using Risk Matrices based on data for the current year.



# ERP ENVIRONMENT OF THE BANK

Allied Bank Limited has always been at the forefront in innovations and deploying digital technologies to increase organizational efficiency and enhancing the customers' experience. In 2006, the Bank signed an agreement with Temenos for implementation of core banking software solution to provide integrated banking solutions to the valued customers. The implementation and phased wise rollover of T24 core banking software was initiated in 2009 and completed in 2014 after successful migration of all branches. With branch network over 1,450 branches and over 7.9 million accounts across Pakistan, T24 implementation has enabled the Bank to improve the transaction time with efficiency & transparency while maintaining the security and confidentiality requirements intact. The Bank started implementation of Oracle Enterprise Business Suite in 2006 which is an integrated set of business applications for automating Customer Relationship Management (CRM), Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) processes within the Bank.

Oracle E-Business Suite is being utilized to optimize internal processes by providing streamlined and effective workflows for various procurement & payment processes, fixed assets and inventory management, and the general ledger function to generate the financial statements of the Bank. Oracle Human Resource Management System is managing Human Resource activities along with access control in T24 core banking application through integration based on employee's assignment.

Regulatory controls are observed through application like Oracle Financial Crime and Compliance Management and Name Screening and Customer relationships are being managed through Oracle Customer Relationship Management.

Oracle Financials and Oracle Business Intelligence implemented over Data Lake and Central Database assist in integrated reporting and decision making.

## Continuous Updation of ERP Applications

Regularly updating the ERP systems in rapidly changing technologies is an important tool in ensuring that the software is adding value to the business and the objectives of bringing efficiency in the business processes are being achieved. Cognizant to this fact, the Bank has always adopted a robust approach to keep all applications upgraded to latest versions.

IT Steering Committee (ITSC) of the management is entrusted to review and recommend technology upgradation initiatives and prioritize projects for their implementation along with the required infrastructure. The capital expenditure outlay is incorporated in the annual capital expenditure budget of the Bank. Major upgradation of the ERP applications includes upgrade of Temenos T-24 core banking software to Release 16 and Oracle E-Business Suite Applications to Release 12.

## User Trainings of ERP Applications

Training and Development of employees is of utmost importance to realize the maximum benefits of investments in ERP applications. Management Development Centers (MDC) equipped with latest technologies and qualified & experienced trainers have been established to facilitate continuous training and development of the team members.

In order to facilitate the new employees in getting familiar with the Bank's technological environment including major ERP applications, tailor-made "on-boarding" programs have been designed to ensure the development of required skillset.

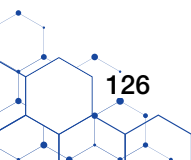
After placement at respective positions, the Bank provides various learning opportunities to new and existing team members through the following channels

- Internal trainings at MDCs
- External trainings by local or foreign training providers
- E-Learning resources through Bank's Portal and Mobile App.

## Management of Risk factors on ERP Projects

Enterprise Resource Planning (ERP) projects are strategic and capital intensive, so failure can be costly and may result in the waste of valuable resources including time. Because ERP is interdisciplinary (involving change management, project management and information technology management), it warrants a customized approach to enable managing the risks throughout the life cycle of implementation and operation. In order to mitigate these risks, the Bank has established a dedicated Project Management Office (PMO) division under Information Technology Group, responsible for overseeing the implementation of approved project management methodology during delivery of major technology related projects. Project Management Office works in liaison with all functions/groups initiating the request for any major technology project and assists in evaluation, approval and completion of the project ensuring the compliance with timelines. The project management methodology is implemented by the Bank which specifies processes to be adopted for acquisition and implementation of IT Systems covering the processes required for successful delivery of major technology-related projects throughout its lifecycle. This methodology covers the detailed guidelines for following broad phases of project management;

- Project Initiation
- Project Planning
- Project Execution
- Project Monitoring & Control
- Project Closure





Project Steering Committee (PSC) is also formed for larger projects comprising of Senior Officials of the concerned Groups to monitor Project Progress and Deliverables Status at periodic intervals.

Control over ERP projects is further exercised through periodic monitoring of all major technology related projects by the IT Steering Committee of the management which is responsible to ensure an efficient IT operating environment that supports the institution's goals and objectives.

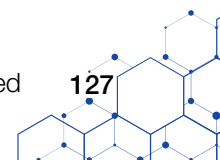
## Assessment of System Security

The Bank has developed and implemented detailed policies and procedure guidelines for Information Assets Security Risk Management with an objective to provide an effective and efficient process for conducting Information Asset Risk Assessments and mitigating risks identified for Information Assets of the Bank as per Information Security Policy.

The Information Security Policy approved by the Board of Directors and Information Asset Risk Management Procedure Manual approved by the Risk Management Committee of the management clearly outline the scope of Information Technology resources covered and roles and responsibilities of each of the function of the Bank. The Information Security Policy of the Bank provides detailed guidance on Secure use of Information Assets, Passwords, High Privilege User IDs, Access Control, Data Backup and Retention, Network and System Security, Log Review and other related matters on Information Security Management.

In order to ensure that related controls as outlined by the approved policies and procedure manuals, are working effectively as per design, continuous monitoring and periodical assignments are carried out by internal functions and external consultants. List of major activities include;

- Continuous monitoring of Application Logs and reporting of Information Security Incident through dedicated Security Operations Center (SOC).
- Periodically performing Vulnerability Scanning and Penetration Testing both internally and externally.
- Conducting Security Risk Assessment exercise and maintaining Risk Register of all information assets held by the Bank.
- Information Systems Audit by Internal Audit Function.



# LEADING THROUGH INNOVATION

**BANK OF THE YEAR 2023 – PAKISTAN**  
**“THIRD YEAR IN A ROW”**  
**BY THE BANKER, UK**

Our unwavering commitment to delivering world class, digitally integrated solutions to customers, passion for innovative thinking, mission to create sustainable value for all stakeholders and enthusiasm to support the community and society continues with even greater zeal.



The Banker is a monthly international financial affairs publication of Financial Times Group of UK since 1926.



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# **IT GOVERNANCE AND CYBERSECURITY**

# IT GOVERNANCE AND CYBERSECURITY

## Board of Directors' Policy Statement on IT Governance and Information Security

The responsibility for the IT Governance and Information Security at the Bank rests with the Board of Directors. The E-Vision Committee of the Board assists the Board of Directors to discharge its responsibilities related to addressing Cybersecurity Risks and overall Information Technology Governance. The Board of Directors sets the tone and direction for the Bank's use of technology. Board of Directors are responsible for the following;

- Review and approve an IT governance framework to ensure that the Bank's IT supports and enables the achievement of the corporate strategies and objectives.
- Review and approve "IT Strategy", Cyber Security Strategy and "Digital Strategy" in line with the business strategy of the Bank and monitor & 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.
- Ensure that technology risks are integrated with the enterprise risk management function to achieve security, reliability, resiliency, interoperability and recoverability of data/information and information assets.
- Approve all technology-related policies and review the same periodically in light of major technological/regulatory developments at least after every three (03) years.
- Ensure maintenance of an independent and effective technology audit function commensurate with the complexity of the Bank's technology risk profile.
- Ensure that resource gaps (people, process & technology) identified by the management are adequately and timely fulfilled.
- Ensure that the skills required for technology governance, service delivery, information security and risk management are sufficient and up-to-date.
- Approve and receive periodic updates on major technology-related projects that may have significant impact on the Bank's operations, earnings or capital. Further, the Board of Directors also defines the criteria for major projects.

## IT Governance and Cybersecurity Programs and Policies

Information Technology governance is an integral part of the Bank's Corporate Governance Framework consisting of the leadership and organizational structures to ensure the alignment of IT strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives. The purpose of the IT Governance is to ensure the safety of the Bank's information assets and technological infrastructure from internal and external threats including the cybersecurity risks. The technology framework of the Bank is governed by the SBP guidelines contained in the Enterprise Technology Governance & Risk Management Framework for Financial Institutions issued vide BPRD Circular No. 05 dated May 30, 2017. The Bank has formulated Information Technology Governance Policy and Information Security Policy which are reviewed and updated at least after every three (03) years and Business Continuity Plan which is reviewed and updated at least annually. These policies and plans cover the following areas:

- Information / Cybersecurity
- Services delivery & operations management
- Project management, acquisition, development & implementation of technology solutions/systems
- Business Continuity and Disaster Recovery

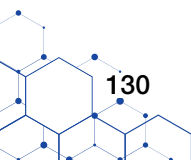
The Bank's Information Security Policy has laid down detailed guidelines on use of various technology mediums and covers the following;

- Information/cyber security awareness and training
- Audit and accountability
- System configuration management
- Identification, authentication, access management
- Information security incident management / incident response
- System maintenance
- Information and data protection
- Risk management
- Security assessment
- Information systems and communications security
- Cryptographic controls
- Information integrity
- IT asset management
- System acquisition development & maintenance
- Information security policy for outsourcing
- Business continuity and disaster recovery

## Risk Oversight Function on Cybersecurity

Cybersecurity and cyber risks have become a corporate governance issue as financial institutions have come under scrutiny of regulators on the backdrop of increased threat to data, processes and systems. Apart from the financial cost of cybercrime, a cyber incident can damage corporate reputation, brands and market value. Therefore, cybersecurity is an integral component of the Bank's broader enterprise-wide risk management structure. The Board of Directors is charged with overseeing the Bank's cybersecurity risk.

The Board of Directors plays an active oversight role to understand emerging and constantly changing legal and regulatory environments. The Board of Directors has put in place an appropriate Management Information System (MIS) to oversee the management's effort for implementation of IT strategy and business plan, exception from board-approved IT policies and progress on major IT projects. The Management's IT Steering Committee has been tasked to periodically report to the Board of Directors on the latest developments on cyber security action plan, its implementation status, a summary report on major threats, attacks faced by the Bank and their estimated impact on its operations. IT Steering Committee also reports Information / Cybersecurity related matter to the E-Vision Committee of the Board for their review. Information Security Function of Risk Management Group is responsible to record and document all security breach incidents and report these to the Management and the Board of Directors.



## Administration of IT Governance and Cybersecurity matters

E-Vision Committee of the Board assists the Board of Directors to discharge their responsibilities related to oversight of IT Governance and Cyber Security matters. The committee's terms of reference include;

- To ensure that Risk Management strategies are designed and implemented to achieve resilience, respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructure.
- To periodically review the information security governance initiatives and risk assessments.

The role of Board of Directors in IT Governance not only involves providing leadership direction for IT in the Bank but also ensuring that given directions are being followed in true spirit. In order to ensure good IT Governance, the Board performs the following:

- Review and approve "IT Strategy", "Cyber Security 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.
- Ensure that technology risks are integrated with the enterprise risk management function to achieve security, reliability, resilience, interoperability and recoverability of data/information and information assets.
- Approve all technology-related policies and review the same periodically in light of major technological/regulatory developments at least after every three (03) years.
- Ensure maintenance of an independent and effective technology audit function commensurate with the complexity of Bank's technology risk profile.
- Ensure that resource gaps (people, process & technology) identified by the management are adequately and timely fulfilled.
- Ensure that skills required for technology governance, service delivery, information security and risk management are sufficient and up-to-date.
- Define criteria for major projects and approve and receive periodic updates on major technology-related projects that may have significant impact on the Bank's operations, earnings or capital.

## Management of Cybersecurity Risks and Incidents

As the potential for cyber-attacks against the banking sector grows, the importance of an Early Warning System, as part of overall Information Security Control environment, that enables to prevent cyber issues such as security breaches before they happen, has grown manifold over recent years. The early warning system of Allied Bank comprises of;

- Development of cyber security action plan to proactively address the likely cyber-attacks in order to anticipate, withstand, detect, and respond to cyber-attacks in line with international standards and best practices.

- Implementation of automated solutions to monitor and proactively track cyber-attacks.
- Log reviews comprising reviews of actions of privileged users, invalid logical access attempts and changes to identification and authentication mechanisms.
- Penetration testing (inhouse and external) periodically and upon any significant change in infrastructure.
- Vulnerability assessments (inhouse and external) periodically and upon any significant change in infrastructure.
- Change detection mechanism for Cardholder Data Environment and other critical systems to alert personnel to unauthorized modification of critical system files, configuration files.
- Collaboration with industry for the purpose of collecting and exchanging timely information that may facilitate in detection, response, resumption and recovery of systems.
- Establishment of Security Operations Center which works round the clock to monitor and detect any threats or breaches on the Information Assets of the Bank.

Employees are made responsible to report Security Incidents to their line management, Information Technology function, and Information Security function as soon as they know about the incident. Security breach incidents are monitored, documented and reported to the Board of Directors, senior management and to the regulator as per regulatory requirement on prescribed reporting template.

## Independent Comprehensive Security Assessment

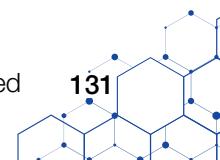
The Bank undertakes independent third-party cybersecurity risk assessment to protect its information and information systems from cyber threats. The purpose of an independent cybersecurity risk assessment is to identify, assess, and prioritize risks to information and information systems by engaging external consultants having sufficient experience in Information Security Assessment and Penetration Testing. The Bank's policy on independent security assessments are;

- For Cardholder data environment, quarterly external network vulnerability scans shall be performed by an Approved Scanning Vendor (ASV) qualified by Payment Card Industry (PCI) Data Security Standard (DSS).
- Bank shall arrange 3rd party penetration testing once in a year or upon any significant change in infrastructure.

## Contingency and Disaster Recovery Plan

Businesses across the globe cannot deny the importance of having an effective well tested business continuity and disaster recovery plan in order to recover from severe disruptions either manmade or natural, and ensure the recovery of critical business processes to safeguard its infrastructure and its customers interests. Cognizant to this fact, the Bank has prepared a Business Continuity and Disaster Recovery Plan for its business-critical systems including;

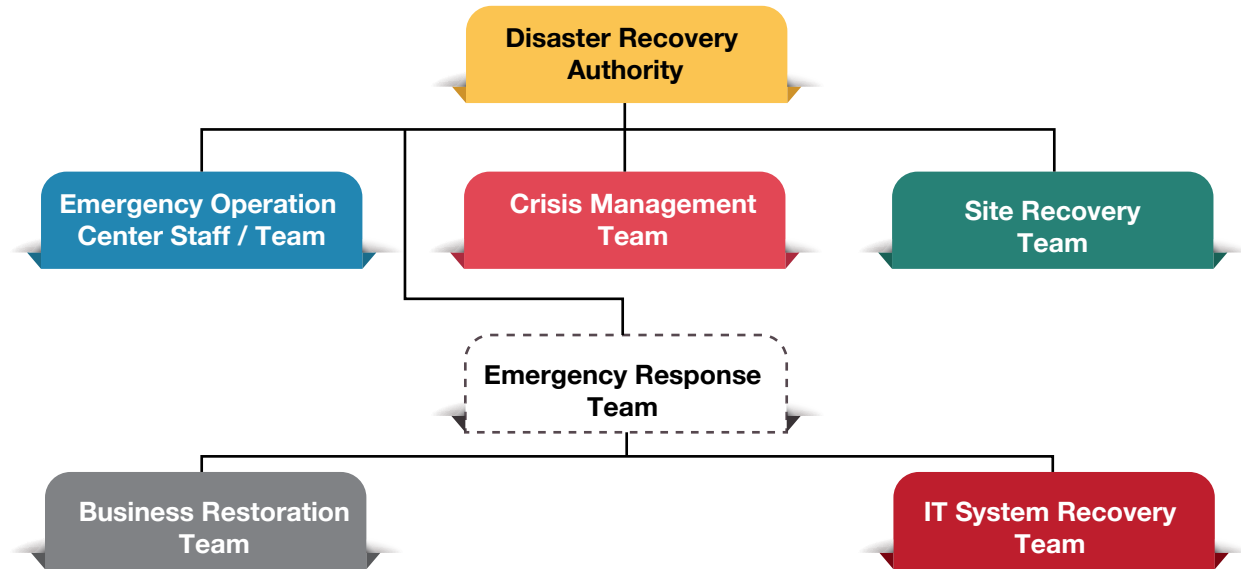
- Core Banking Systems
- Digital Banking Channels



# IT GOVERNANCE AND CYBERSECURITY

- Hardware Security Module, Communications and other necessary infrastructure including system and storages.

The Business Continuity and Disaster Recovery Plan outlines specific preparation prior to the disaster and response procedures immediately after the disaster. The Bank has formed a Disaster Recovery Authority responsible for allocating resources for recovery planning, supervising the recovery initiative and recovery procedure after the activation of Disaster Recovery Plan. The Disaster Recovery Authority is organized in a manner to coordinate the recovery efforts with clearly defined roles and responsibilities.



The Bank has also established its Disaster Recovery / Alternate site for providing Information Technology related services. To review the efficacy of its disaster recovery procedure, the Bank annually conducts one-week long DR exercise to assess the strength, availability and monitor the robustness of Disaster Recovery site. During this tenure all operations are served from alternate site which acts as a primary site.

## Augmentation of Technological Advances

The Bank has continued to make significant advancement in fulfilling the requirements of its stakeholders using state of the art technology and by enhancing its digital footprint so that stakeholders are provided with all “digital and networked banking services” in transparent and secure way.

In order to support data driven business decisions for customers, the Bank by using Big Data technologies has created Data Lake comprising of structured and unstructured data. The Bank is also working with multiple Data Science companies to capitalize on the investment of Big Data for implementing multiple use cases through machine learning models, and in turn, improve and personalize customer experiences.

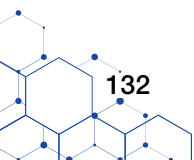
The Bank has already implemented multiple use cases on “Robotic Process Automation Solution” and is exploring further use cases for automation to for improve operational efficiency, control and cost saving.

Allied Bank is among the first 3 banks who have volunteered for Pakistan Banking Association initiative in implementing blockchain based e-KYC, which is customer information sharing platform among the member banks. In the first phase, shared information will be transparently viewed and updated by the banks to perform customer KYC.

## Education and Training on Cybersecurity Risks

Cybersecurity risks are continuously evolving as the constant focus on digitalization of the financial sector has resulted in shift of financial transaction from conventional means to digital channels. These ever-evolving cyber risks requires continuous education and training of relevant stakeholders specially employees and customers to address these risks. The Management’s IT Steering Committee reviews and determines the adequacy of the Bank’s training plan including information / cyber security training for the employees. Major initiatives taken during the year for training of employees, customers and general public, are;

- Issuance of monthly “Security News Bulletin” for education of employees
- Training programs for employees on Information Security Awareness
- SMS Alerts to customers on security of Confidential Information
- Social Media campaigns for general public on Security Awareness





# **PERFORMANCE AND POSITION**

# HIGHLIGHTS OF 2023

**"Bank of the Year  
- Pakistan"  
The Banker,  
UK**

**Credit Rating  
Maintained  
Long Term AAA  
Short Term A1+**

**CGR Rating  
Maintained at  
CGR9++**

**Addition in  
Digital  
Touch Point  
3**

**Addition in  
Branch  
Network 30**

**Assets  
Rs. 2,329 billion  
Up by 3%**

**Profit after Tax  
Rs. 40.68 billion  
Up by 92%**

**Profit before Tax  
Rs. 85.76 billion  
Up by 84%**

**Return on  
Equity  
29.40%**

**Equity  
Rs. 194.25 billion  
Up By 52%**

**Deposits  
Rs. 1,676.62 billion  
Up by 10%**

**Earnings  
per Share  
Rs. 35.53**

**Increase in  
POS  
Transactions  
54%**

**Increase in  
E-Commerce  
Transactions  
11%**

**Digital to  
Counter  
Transaction  
81:19**

**New accounts  
Opened  
1.5 Million +**

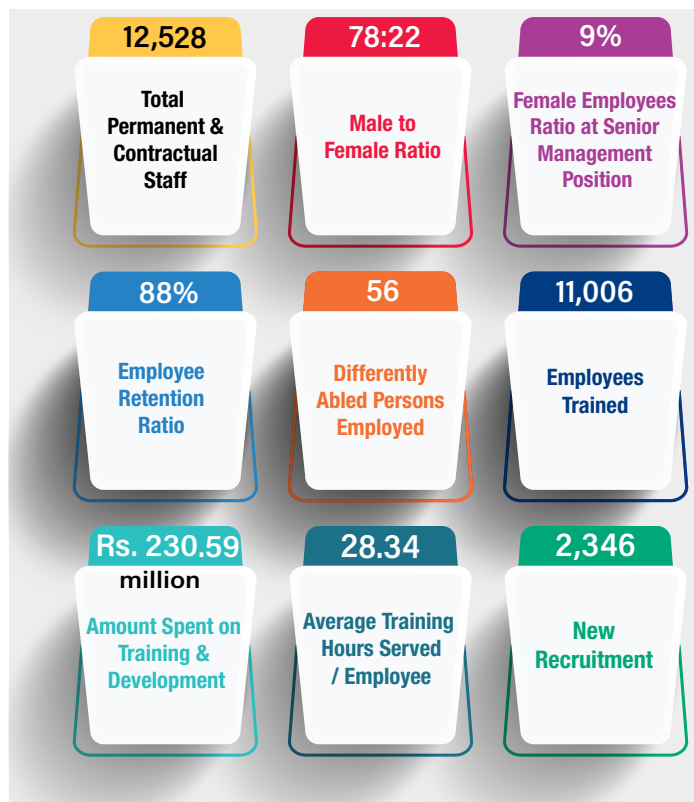
**Capital  
Adequacy  
Ratio  
26.21%**

**Dormant  
accounts revived  
370,000 +**



# NON-FINANCIAL INFORMATION

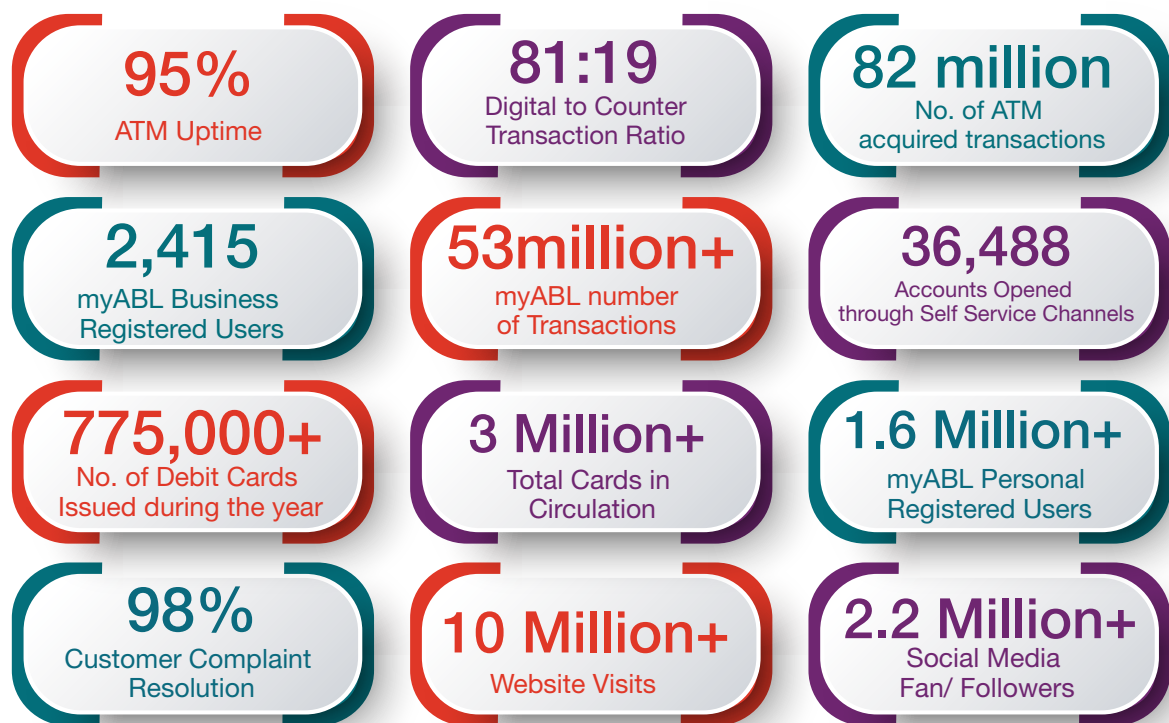
## HUMAN RESOURCE ATTRIBUTES



## GEOGRAPHICAL POSITIONING OF HUMAN RESOURCE CAPITAL



## DIGITAL TRANSACTIONS ATTRIBUTES



# ANALYSIS OF NON-FINANCIAL PERFORMANCE

## Human Capital

Human resource capital remains the key asset to our success. Human resource management continues to be the top priority for the Bank and is designed in such a way to motivate our employees to pursue goals that will enable the Bank to achieve its strategic goals. Key statistics of our human resource as compared to last year are as under:

	2023	2022
Staff Strength	12,528	11,929
New Recruitment	2,346	2,334
Number of Employees Trained	11,006	11,719
Investment in Training & Development	Rs. 230.59 million	Rs. 147.8 million
Promotions	1,153	1,757
Number of Female Staff	2,734	2,468
Female Staff to Total Staff Ratio	22%	21%

## Intellectual Capital

8 decades of banking services	Strong Governance	Trustworthy Brand Name
-------------------------------	-------------------	------------------------

Intangibles associated with the Bank – culture, ethics, values, organizational knowledge, systems, procedures and brand value. These intangibles, while not reflected in the balance sheet, are indeed the real assets of the Bank.

	2023	2022
Governance Rating	CGR 9++	CGR 9++
Technology Infrastructure	<ul style="list-style-type: none"> <li>Talking ATM for visually impaired customers.</li> <li>Introduced FCY debit card for exporters.</li> <li>Financial transactions through WhatsApp Banking.</li> <li>World class Customer Relationship Management (CRM)</li> </ul>	Digital footprint expansion with Pakistan's 1st bank branch in Metaverse

## Manufactured Capital

Capital Expenditure	Branches including sub-branches	ATMs
Rs. 14,010 million	1,483	1,566

Manufactured capital consists of our physical branch network and other tangible and intangible items that support our operations outreach such as equipment, IT systems and network.

During the year, the Bank has expanded its network by 30 branches.

The banking model is in gradual transformation from traditional banking to digital era. Hence, to cater to the growing segment of millennials among our customers, the Bank has been continuously investing in the digital banking platforms. We are increasing our digital touch points at a steady pace, providing our customers transactional convenience while ensuring financial security.

	2023	2022
Branches	1,483	1,453
ATMs – Onsite	1,312	1,296
ATMs – Offsite	249	271
Mobile ATMs	5	5

## Social and Relationship Capital

No. of Customers	Dividend to Shareholders (Rs. in million)	CSR Funds (Rs. in million)
7.9 million+	13,741	140

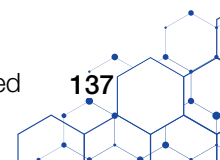
Bank values its stakeholders and remained cognizant of its responsibilities towards the society. Analysis of social and relationship capital as compared to last year is as follows:

	2023	2022
No of Customers	7.9 million+	6.5 million+
Complaint Resolution	98%	97%
Website Visits	10 million+	10 million+
Social Media Fan Following / Subscribers	2.2 million+	1.5 million+
Internet Banking Customers	1.6 million+	1.3 million
Tree Plantation	100,000+	75,000

# SIX YEARS VERTICAL ANALYSIS

## Statement of Financial Position

	2023		2022		2021		2020		2019		2018	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
<b>ASSETS</b>												
Cash & Balances with Treasury & Other Banks	158,592	7%	91,353	4%	125,310	6%	135,628	9%	120,546	8%	101,763	8%
Lending to financial institutions	9,418	1%	28,222	1%	45,453	3%	17,996	1%	13,607	1%	53,780	4%
Investments - Net	1,150,318	49%	1,123,117	50%	1,064,495	53%	829,621	52%	757,957	51%	671,228	50%
Advances - Net	781,597	33%	845,640	38%	652,890	32%	496,432	31%	485,016	33%	438,317	32%
Operating Fixed assets	125,475	5%	84,442	4%	80,871	4%	76,246	5%	64,084	4%	52,128	4%
Other assets	103,916	5%	78,198	3%	41,138	2%	34,535	2%	39,911	3%	33,382	2%
<b>Total Assets</b>	<b>2,329,316</b>	<b>100%</b>	<b>2,250,972</b>	<b>100%</b>	<b>2,010,157</b>	<b>100%</b>	<b>1,590,458</b>	<b>100%</b>	<b>1,481,121</b>	<b>100%</b>	<b>1,350,598</b>	<b>100%</b>
<b>LIABILITIES</b>												
Bills payable	9,322	1%	14,160	1%	10,060	1%	9,622	1%	7,879	1%	7,753	1%
Borrowings	373,674	16%	530,414	24%	420,006	21%	193,928	12%	266,448	18%	225,883	17%
Deposits	1,676,623	72%	1,522,297	68%	1,413,295	70%	1,216,678	76%	1,049,043	71%	984,475	73%
Other liabilities	75,443	3%	56,290	3%	39,551	2%	38,670	2%	42,400	2%	25,183	1%
<b>Total Liabilities</b>	<b>2,135,062</b>	<b>92%</b>	<b>2,123,161</b>	<b>94%</b>	<b>1,882,912</b>	<b>94%</b>	<b>1,458,898</b>	<b>92%</b>	<b>1,365,770</b>	<b>92%</b>	<b>1,243,294</b>	<b>92%</b>
<b>NET ASSETS</b>	<b>194,254</b>	<b>8%</b>	<b>127,811</b>	<b>6%</b>	<b>127,245</b>	<b>6%</b>	<b>131,560</b>	<b>8%</b>	<b>115,351</b>	<b>8%</b>	<b>107,304</b>	<b>8%</b>
<b>EQUITY</b>												
Share capital	11,451	1%	11,451	1%	11,451	1%	11,451	1%	11,451	1%	11,451	1%
Reserves	37,961	1%	31,435	1%	26,784	1%	24,277	1%	22,270	1%	20,276	1%
Un - appropriated profit	104,802	4%	79,653	4%	69,471	3%	66,995	4%	55,821	4%	52,500	4%
Surplus on revaluation of assets	40,040	2%	5,272	0%	19,539	1%	28,837	2%	25,809	2%	23,077	2%
	<b>194,254</b>	<b>8%</b>	<b>127,811</b>	<b>6%</b>	<b>127,245</b>	<b>6%</b>	<b>131,560</b>	<b>8%</b>	<b>115,351</b>	<b>8%</b>	<b>107,304</b>	<b>8%</b>
<b>Profit and Loss Account</b>												
<b>Interest / Return / Non Interest Income earned</b>												
Markup / Return / Interest earned	357,307	94%	215,469	91%	118,649	88%	110,547	90%	122,637	92%	73,274	87%
Fee, Commission & Brokerage	10,641	3%	8,147	3%	6,811	5%	5,441	4%	5,092	4%	4,361	5%
Foreign Exchange Income	9,167	2%	7,948	3%	1,973	2%	1,664	2%	1,992	1%	1,504	2%
Gain on securities and Dividend income	4,388	1%	4,487	2%	6,485	5%	5,076	4%	3,404	3%	5,172	6%
Other income	231	0%	93	0%	669	0%	362	0%	403	0%	252	0%
Non-markup Income	24,427	6%	20,675	9%	15,938	12%	12,543	10%	10,891	8%	11,289	13%
<b>Total Income</b>	<b>381,734</b>	<b>100%</b>	<b>236,144</b>	<b>100%</b>	<b>134,587</b>	<b>100%</b>	<b>123,090</b>	<b>100%</b>	<b>133,528</b>	<b>100%</b>	<b>84,563</b>	<b>100%</b>
<b>Markup / Return / Interest and Non Interest Expense</b>												
Markup / Return / Interest expensed	(244,028)	-64%	(148,750)	-63%	(73,062)	-54%	(62,126)	-50%	(81,130)	-61%	(41,159)	-49%
Operating expenses	(48,888)	-13%	(40,923)	-17%	(33,886)	-25%	(30,472)	-26%	(27,555)	-21%	(23,365)	-28%
Donations	(84)	0%	(107)	0%	(60)	0%	(133)	0%	(55)	0%	(113)	0%
Non-markup Expense	(48,972)	-13%	(41,030)	-17%	(33,946)	-25%	(30,605)	-25%	(27,610)	-20%	(23,478)	-27%
(Provisions) / Reversals	(2,977)	-1%	262	0%	812	1%	(844)	-1%	(547)	0%	1,090	1%
Taxation	(45,074)	-11%	(25,433)	-11%	(11,077)	-8%	(11,486)	-9%	(10,129)	-8%	(8,136)	-9%
Total expense - percentage of total income	(341,051)	-89%	(214,950)	-91%	(117,274)	-87%	(105,061)	-85%	(119,416)	-89%	(71,683)	-85%
<b>Profit / (Loss) after taxation</b>	<b>40,683</b>	<b>11%</b>	<b>21,194</b>	<b>9%</b>	<b>17,313</b>	<b>13%</b>	<b>18,029</b>	<b>15%</b>	<b>14,112</b>	<b>11%</b>	<b>12,880</b>	<b>15%</b>



# SIX YEARS HORIZONTAL ANALYSIS

## Statement of Financial Position

	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. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
<b>ASSETS</b>												
Cash & Balances with Treasury & Other Banks	158,592	74%	91,353	-27%	125,310	-8%	135,628	13%	120,546	18%	101,763	18%
Lendings to financial institutions	9,418	-67%	28,222	-38%	45,453	153%	17,996	32%	13,607	-75%	53,780	519%
Investments - Net	1,150,318	2%	1,123,117	6%	1,064,495	28%	829,621	9%	757,957	13%	671,228	-4%
Advances - Net	781,597	-8%	845,640	30%	652,890	32%	496,432	2%	485,016	11%	438,317	18%
Operating Fixed assets	125,475	49%	84,442	4%	80,871	6%	76,246	19%	64,084	23%	52,128	8%
Other assets	103,916	33%	78,198	90%	41,138	19%	34,535	-13%	39,911	20%	33,382	-9%
<b>Total Assets</b>	<b>2,329,316</b>	<b>3%</b>	<b>2,250,972</b>	<b>12%</b>	<b>2,010,157</b>	<b>26%</b>	<b>1,590,458</b>	<b>7%</b>	<b>1,481,121</b>	<b>10%</b>	<b>1,350,598</b>	<b>8%</b>
<b>LIABILITIES</b>												
Bills payable	9,322	-34%	14,160	41%	10,060	5%	9,622	22%	7,879	2%	7,753	-1%
Borrowings	373,674	-30%	530,414	26%	420,006	117%	193,928	-27%	266,448	18%	225,883	1%
Deposits	1,676,623	10%	1,522,297	8%	1,413,295	16%	1,216,678	16%	1,049,043	7%	984,475	11%
Other liabilities	75,443	34%	56,290	42%	39,551	2%	38,670	-9%	42,400	68%	25,183	-9%
<b>Total Liabilities</b>	<b>2,135,062</b>	<b>1%</b>	<b>2,123,161</b>	<b>13%</b>	<b>1,882,912</b>	<b>29%</b>	<b>1,458,898</b>	<b>7%</b>	<b>1,365,770</b>	<b>10%</b>	<b>1,243,294</b>	<b>9%</b>
<b>NET ASSETS</b>	<b>194,254</b>	<b>52%</b>	<b>127,811</b>	<b>0%</b>	<b>127,245</b>	<b>-3%</b>	<b>131,560</b>	<b>14%</b>	<b>115,351</b>	<b>7%</b>	<b>107,304</b>	<b>1%</b>
<b>EQUITY</b>												
Share capital	11,451	0%	11,451	0%	11,451	0%	11,451	0%	11,451	0%	11,451	0%
Reserves	37,961	21%	31,435	17%	26,784	10%	24,277	9%	22,270	10%	20,276	13%
Un - appropriated profit	104,802	32%	79,653	15%	69,471	4%	66,995	20%	55,821	6%	52,500	7%
Surplus on revaluation of assets	40,040	659%	5,272	-73%	19,539	-32%	28,837	12%	25,809	12%	23,077	-18%
	<b>194,254</b>	<b>52%</b>	<b>127,811</b>	<b>0%</b>	<b>127,245</b>	<b>-3%</b>	<b>131,560</b>	<b>14%</b>	<b>115,351</b>	<b>7%</b>	<b>107,304</b>	<b>1%</b>
<b>Profit and Loss Account</b>												
<b>Interest / Return / Non Interest Income earned</b>												
Markup / Return / Interest earned	357,307	66%	215,469	82%	118,649	7%	110,547	-10%	122,637	67%	73,274	12%
Fee, Commission & Brokerage	10,641	31%	8,147	20%	6,811	25%	5,441	7%	5,092	17%	4,361	11%
Foreign Exchange Income	9,167	15%	7,948	303%	1,973	19%	1,664	-16%	1,992	32%	1,504	97%
Gain on securities and Dividend income	4,388	-2%	4,487	-31%	6,485	28%	5,076	49%	3,404	-34%	5,172	34%
Other income	231	148%	93	-86%	669	85%	362	-10%	403	60%	252	-22%
Non-markup Income	24,427	18%	20,675	30%	15,938	27%	12,543	15%	10,891	-4%	11,289	27%
<b>Total Income</b>	<b>381,734</b>	<b>62%</b>	<b>236,144</b>	<b>75%</b>	<b>134,587</b>	<b>9%</b>	<b>123,090</b>	<b>-8%</b>	<b>133,528</b>	<b>58%</b>	<b>84,563</b>	<b>13%</b>
<b>Markup / Return / Interest and Non Interest Expense</b>												
Markup / Return / Interest expensed	(244,028)	64%	(148,750)	104%	(73,062)	18%	(62,126)	-23%	(81,130)	97%	(41,159)	21%
Operating expenses	(48,888)	19%	(40,923)	21%	(33,886)	11%	(30,472)	11%	(27,555)	18%	(23,365)	7%
Donations	(84)	-21%	(107)	78%	(60)	-55%	(133)	142%	(55)	-51%	(113)	109%
Non-markup Expense	(48,972)	19%	(41,030)	21%	(33,946)	11%	(30,605)	11%	(27,610)	18%	(23,478)	7%
(Provisions) / Reversals	(2,977)	-1236%	262	-68%	812	-196%	(844)	54%	(547)	-150%	1,090	-54%
Taxation	(45,074)	77%	(25,432)	130%	(11,077)	-4%	(11,486)	13%	(10,129)	24%	(8,136)	0%
Total expense - percentage of total income	(341,051)	59%	(214,950)	83%	(117,274)	12%	(105,061)	-12%	(119,416)	67%	(71,683)	16%
<b>Profit / (Loss) after taxation</b>	<b>40,683</b>	<b>92%</b>	<b>21,194</b>	<b>22%</b>	<b>17,313</b>	<b>-4%</b>	<b>18,029</b>	<b>28%</b>	<b>14,112</b>	<b>10%</b>	<b>12,880</b>	<b>1%</b>

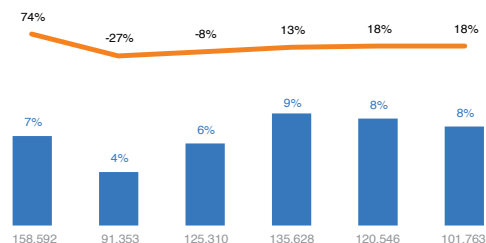
# STATEMENT OF FINANCIAL POSITION

## Six Years **Horizontal** & Vertical Performance Highlights

2023	2022	2021	2020	2019	2018
Rs. in Million					

### ASSETS

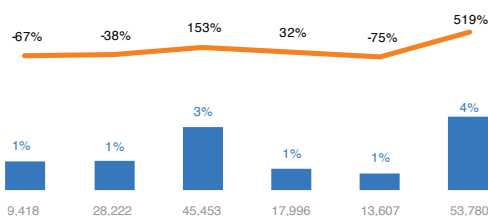
#### Cash & Balances with Treasury & Other Banks



CAGR for the last six years-annualized is 11%

Cash and Balances with Treasury Banks and other Banks increased by Rs. 67,239 million or 74%, mainly on account of higher Current account balances maintained with SBP and NBP and Cash in hand by Rs. 59,382 million and Rs. 8,841 million respectively.

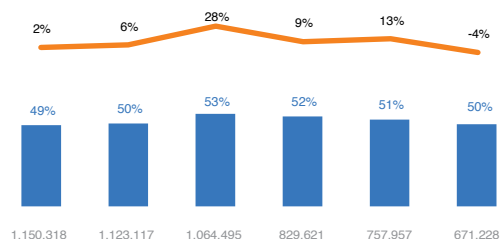
#### Lendings to Financial Institutions



CAGR for the last six years-annualized is 1%

Lendings to financial institutions decreased by Rs. 18,804 million from December 31, 2022 mainly due to decrease in Reverse Repo lendings, Musharaka lendings and Call money lendings by Rs. 13,181 million, Rs. 3,000 million and Rs. 2,623 million respectively.

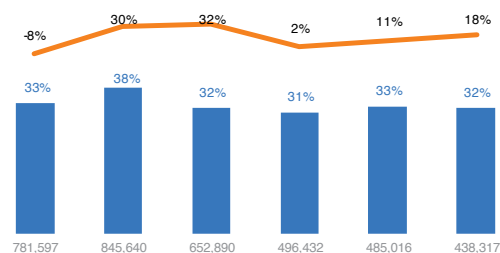
#### Investments - Net



CAGR for the last six years-annualized is 9%

Increase in investments by 2% mainly pertains to increase in Pakistan investments bonds by Rs. 36,657 million and lower Revaluation deficit by Rs. 15,812 million, partially offset by lower Treasury bills by Rs. 37,129 million.

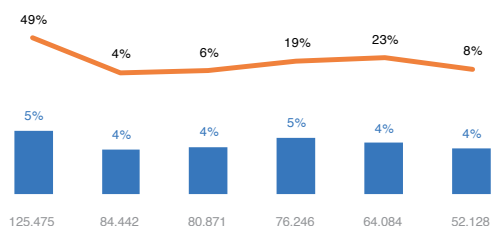
#### Advances - Net



CAGR for the last six years-annualized is 13%

Decrease in net Advances by 8% mainly pertains to lower Money market advances by Rs. 156,045 million, partially offset by higher Demand finance and Term finance by Rs. 49,024 million and 44,903 million respectively.

#### Fixed Assets (including Intangible Assets)



CAGR for the last six years-annualized is 17%

Fixed Assets, including intangibles and Right-of-Use asset, increased by Rs. 41,033 million. During the year, surplus on assets revalued amounts to Rs. 25,972 million along with major additions in Electrical, office and computer equipment amounting to Rs. 5,329 million.

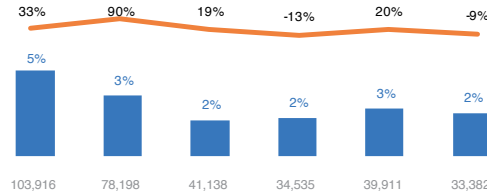
# STATEMENT OF FINANCIAL POSITION

## Six Years Horizontal & Vertical Performance Highlights

2023	2022	2021	2020	2019	2018
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Rs. in Million

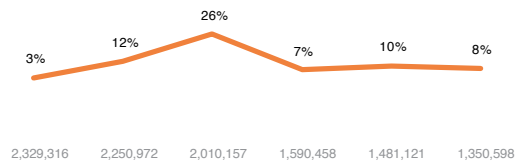
### Other Assets (Including Deferred Tax Assets)



CAGR for the last six years-annualized is 19%

There is 33% increase in the Other Assets mainly on account of Markup accrued which increased by Rs. 19,735 million.

### Total Assets

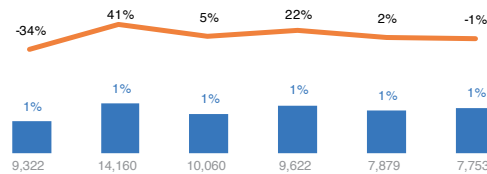


CAGR for the last six years-annualized is 11%

Total Assets of the Bank have increased by Rs. 78,344 million or 3% from December 31, 2022 position. Main increase is witnessed in Cash & balances with treasury banks, Operating fixed assets (including Intangible assets), Other assets, and Investments.

### LIABILITIES

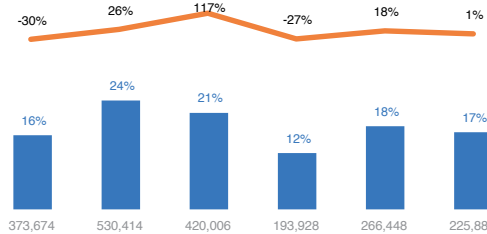
#### Bills Payable



CAGR for the last six years-annualized is 3%

34% YoY decrease.

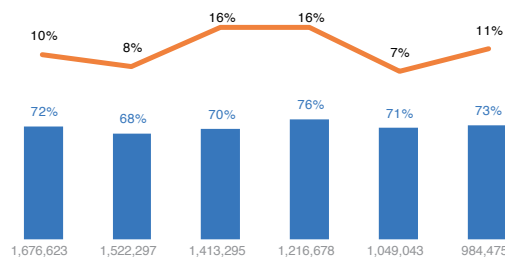
#### Borrowings



CAGR for the last six years-annualized is 9%

Bank Borrowings have Decreased by Rs. 156,740 million or 30% mainly due to Decrease in Repurchase agreement borrowings from SBP and Repurchase agreement borrowing from Financial Institution by Rs. 130,000 million and Rs. 10,656 million respectively.

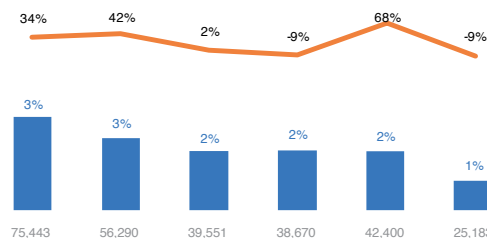
#### Deposits and other accounts



CAGR for the last six years-annualized is 11%

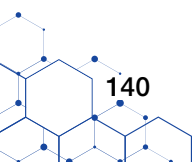
Growth of 10% in outstanding deposits as at December 31, 2023 as compared to December 31, 2022, was directed towards robust growth of 16% in Current Account. Percentage of high-cost Corporate deposits was reduced to 18% from December 31, 2022 position of 24%.

#### Other Liabilities (Including Deferred Tax Liabilities)



CAGR for the last six years-annualized is 18%

YOY increase is of Rs. 19,153 million or 34% which is primarily due to increase in Provision of Taxation, WHT Payable and Acceptances which increased by Rs. 5,211 million, Rs. 3,373 million, and Rs. 4,195 million respectively.

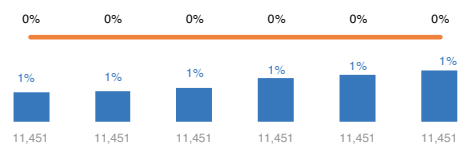


## Six Years Horizontal & Vertical Performance Highlights

2023	2022	2021	2020	2019	2018
Rs. in Million					

### EQUITY

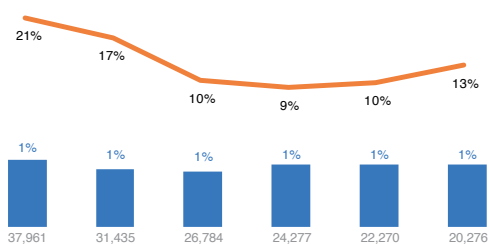
#### Share Capital



CAGR for the last six years-annualized is 0%

Compliant with the regulatory requirement.

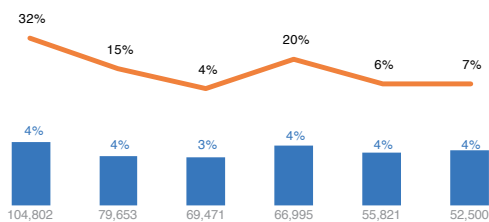
#### Reserves



CAGR for the last six years-annualized is 13%

21% YOY growth is on account of exchange translation of net investment in foreign branches & statutory reserve transfer from un-appropriated profits.

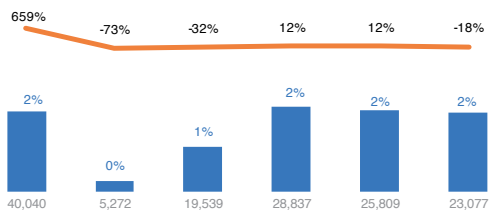
#### Unappropriated Profits



CAGR for the last six years-annualized is 13%

32% YOY growth is on account of current year's profit after payment of last year cumulative dividend.

#### Surplus on revaluation of assets - net



CAGR for the last six years-annualized is 6%

YOY increase of Rs. 34,768 million is due to Surplus in revaluation of fixed assets.

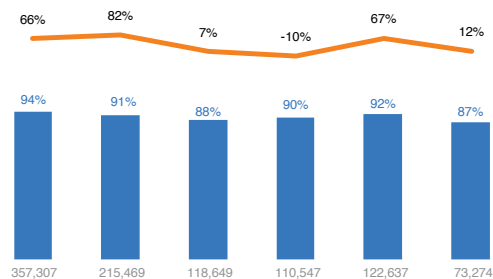
# PROFIT AND LOSS ACCOUNT

## Six Years **Horizontal** & Vertical Performance Highlights

2023	2022	2021	2020	2019	2018
Rs. in Million					

### INCOME

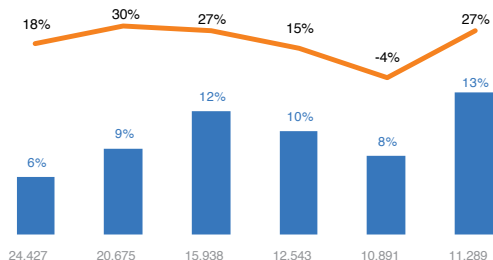
#### Markup Income



**CAGR for the last six years-annualized is 33%**

Mark-up income has increased by Rs. 141,838 million or 66% to reach at Rs. 357,307 million for the year ended December 31, 2023 as compared to Rs. 215,469 million for the corresponding year ended December 31, 2022

#### Non-Markup Income

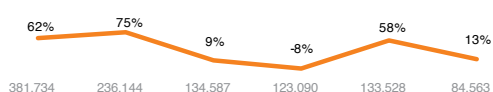


**CAGR for the last six years annualized is 18%**

Non-mark-up and interest income increased by Rs. 3,752 million or 18% and amounted to Rs. 24,427 million for the year ended December 31, 2023 as compared to Rs. 20,675 million in corresponding year ended December 31, 2022.

The increase is mainly attributable to higher Fee Income, Foreign exchange income, Dividend income and Other income by Rs. 2,494 million, Rs. 1,219 million, Rs. 455 million and Rs. 138 million respectively, partially offset by lower Capital gain on disposal of investments by Rs. 555 million.

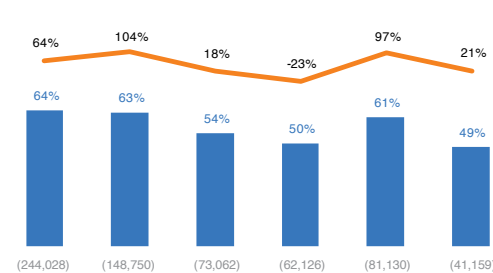
#### Total Income



**CAGR for the last six years annualized is 31%**

### EXPENSES

#### Markup Expense

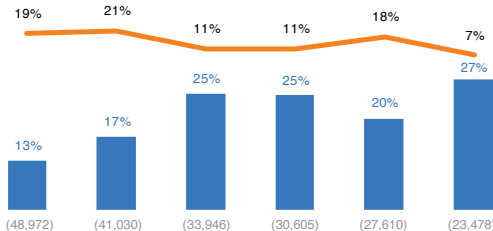


**CAGR for the last six years annualized is 39%**

Markup, Interest expense for the year ended December 31, 2023 has increased to Rs. 244,028 million as compared to Rs. 148,750 million in corresponding year ended December 31, 2022, showing an increase of Rs. 95,278 million or 64%.

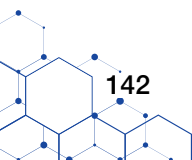
The increase is on account of higher cost of deposits (including swap cost) by Rs. 71,505 million, borrowing expense by Rs. 23,584 million and interest expense on Right of use Asset by Rs. 189 million.

#### Non-Markup Expense



**CAGR for the last six years annualized is 14%**

Overall administrative expenses have increased by Rs. 7,942 million or 19% compared to corresponding year ended December 31, 2022; mainly due to higher Salary & Benefits by Rs. 1,659 million, IT expenses by Rs. 1,228 million, Card Related expense by Rs. 850 million, Fee & subscription by Rs. 804 million, Worker's welfare fund by Rs. 779 million, Depreciation by Rs. 698 million, Utilities expense by Rs. 501 million and Security service charges by Rs. 343 million.

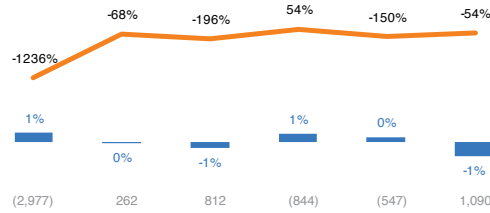




## Six Years Horizontal & Vertical Performance Highlights

2023	2022	2021	2020	2019	2018
Rs. in Million					

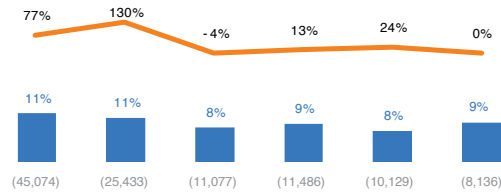
(Provisions) / Reversals



Infection ratio (NPLs to Gross advances) has increased to 1.64% at December 31, 2023 as compared to 1.53% at December 31, 2022.

Loan loss coverage including general provision as at December 31, 2023 has increased to 96.18% as compared to 90.42% at December 2022 mainly due to subjective downgrades of non-performing loans. Infection ratio is significantly better than the industry's Infection ratio of 7.4%, whereas Coverage ratio is slightly lower than industry ratio recorded at 97.4% as at September 30, 2023.

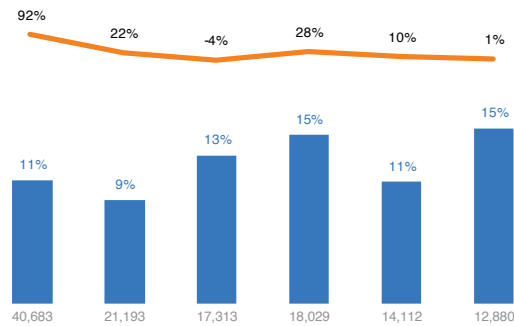
Taxation



**CAGR for the last six years annualized is 33%**

Effective Income Tax rate for the year ended December 31, 2023 is 52.56%, as compared to 54.55% for the corresponding year 2022. Provision for tax includes Rs. 2,955 million as prior year charge against tax on windfall foreign exchange income, whereas FY 2022 included prior year tax charge on income attributable to Investments in Federal Government Securities amounting to Rs.2,007 million.

Profit after Taxation



**CAGR for the last six years annualized is 21%**

Profit after taxation for the year ended December 31, 2023 amounted to Rs. 40,683 million, higher by Rs. 19,489 million as compared to the corresponding year ended December 31, 2022.

Earnings Per Share (EPS) of the Bank has increased to Rs. 35.53 per share for the year ended December 31, 2023 as compared to Rs. 18.51 per share for the corresponding year ended December 31, 2022.

# FINANCIAL RATIOS

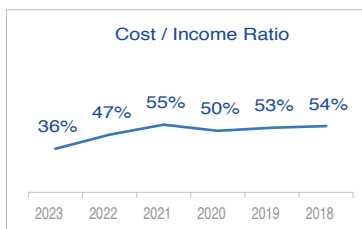
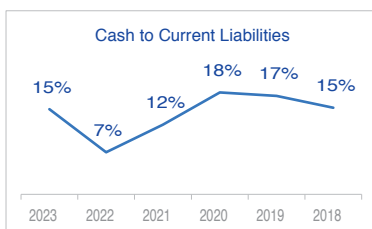
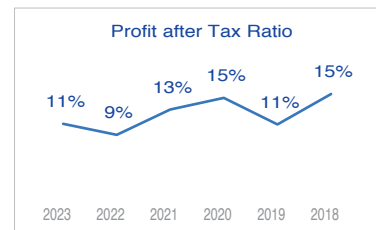
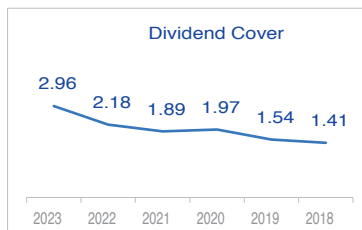
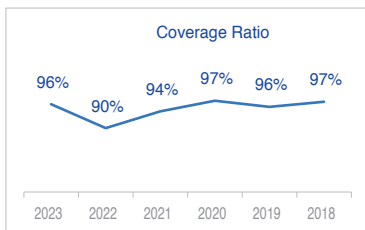
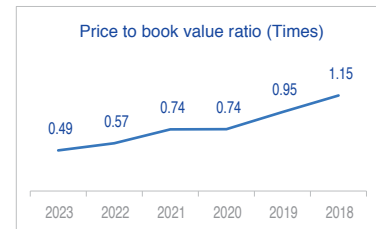
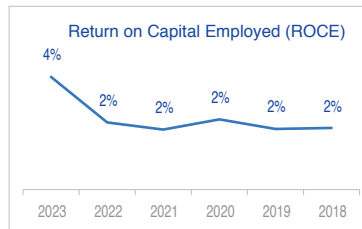
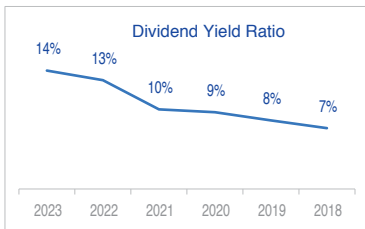
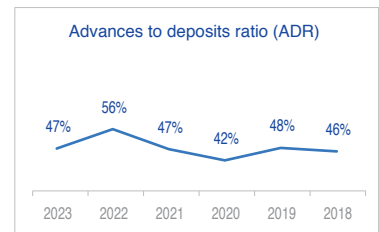
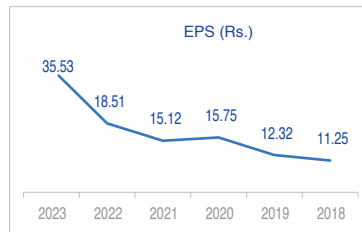
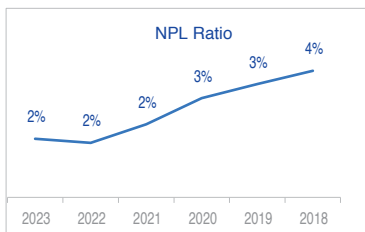
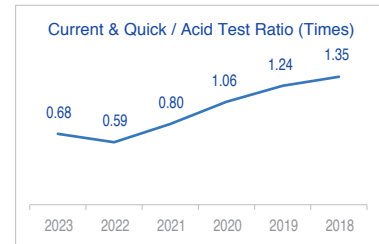
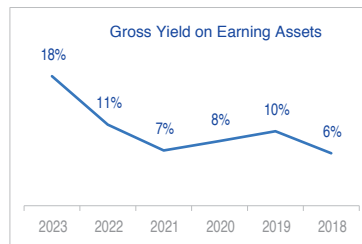
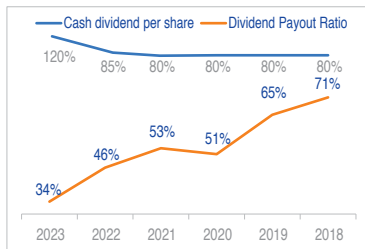
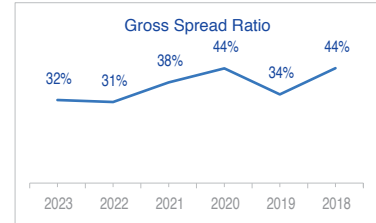
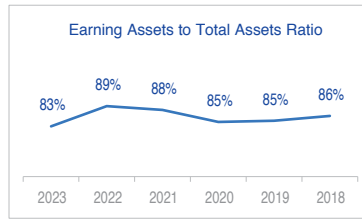
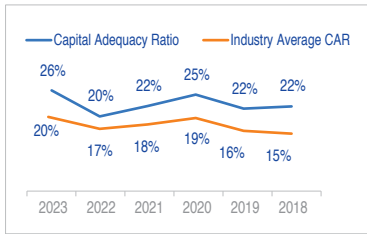
## A Strong Balance Sheet Enabled An Attractive Dividend Payout

Our CET1 or Tier 1 and Capital Adequacy ratios of 19.78 % and 26.21% respectively, Liquidity Coverage Ratio of 181.56% and Net Stable Funding Ratio of 161.01 % on a pro forma basis, are all Basel III-compliant and are a reflection of a strong balance sheet. On the back of solid earnings growth in operations and a strong capital position, a final dividend of Rs. 4.00 was declared. Our full-year dividend cover was 2.96 times.

## Financial Ratios

For the year ended		2023	2022	2021	2020	2019	2018
<b>Profitability Ratios</b>							
Profit before tax Ratio	%	22.46%	19.74%	21.09%	23.98%	18.15%	24.85%
Gross yield on earning assets	%	18.41%	10.79%	6.73%	8.22%	9.76%	6.30%
Gross spread ratio	%	31.70%	30.96%	38.42%	43.80%	33.85%	43.83%
Cost to Income ratio	%	35.50%	46.83%	55.08%	49.98%	52.59%	53.83%
Return on Equity	%	29.40%	18.41%	16.46%	18.75%	16.24%	15.82%
Return on capital employed	%	3.65%	2.18%	1.95%	2.27%	1.97%	1.99%
Shareholders' Funds	Rs. Mn	194,254	127,811	127,245	131,560	115,351	107,305
Return on Shareholders' Funds	%	20.94%	16.58%	13.61%	13.70%	12.23%	12.00%
<b>Liquidity Ratios</b>							
Advances to deposits ratio	%	47.37%	56.33%	47.11%	41.93%	47.68%	46.10%
Current, Quick or Acid test ratio	Times	0.68	0.59	0.80	1.06	1.24	1.35
Cash to current liabilities	%	14.64%	7.22%	11.96%	17.54%	16.95%	14.88%
Coverage Ratio (Specific Provisions /NPLs)	%	94.61%	89.58%	93.75%	96.27%	95.32%	96.69%
Coverage Ratio (Specific and general provisions /NPLs)	%	96.18%	90.42%	94.49%	97.04%	95.58%	96.79%
Net interest income as a percentage of working funds	%	5.53%	2.36%	2.49%	3.43%	3.16%	2.65%
<b>Operating cost - Efficiency ratio</b>							
Liquid Asset ratio - LCR	%	181.56%	167.46%	186.17%	179.27%	167.84%	151.54%
Gross Non-Performing assets to gross advances	%	4.13%	3.30%	2.24%	3.64%	4.03%	5.79%
Non-Performing loans to gross loan	%	1.64%	1.53%	2.04%	2.78%	3.17%	3.54%
<b>Investment Ratios</b>							
Earnings per share	Rs.	35.53	18.51	15.12	15.75	12.32	11.25
Price earnings ratio	Times	2.34	3.46	5.44	5.42	7.76	9.55
Price to book ratio	Times	0.49	0.57	0.74	0.74	0.95	1.15
Dividend yield ratio	%	14.46%	13.29%	9.72%	9.37%	8.37%	7.44%
Dividend payout ratio	%	33.78%	45.92%	52.91%	50.81%	64.91%	71.12%
Cash dividend per share	%	120.00%	85.00%	80.00%	80.00%	80.00%	80.00%
Market value per share at the end of year	Rs.	82.99	63.97	82.27	85.37	95.60	107.47
Break-up value per share without surplus	Rs.	134.68	107.01	94.06	89.71	78.20	73.56
Break-up value per share with surplus	Rs.	169.64	111.62	111.12	114.89	100.74	93.71
Breakup value per share including investment in related party at fair value with surplus	Rs.	170.11	112.08	111.58	115.35	101.20	94.17
<b>Capital Structure</b>							
Capital Adequacy ratio	%	26.21%	19.74%	22.32%	25.20%	21.69%	22.23%
Earnings assets to total assets	%	83.34%	88.72%	87.70%	84.51%	84.84%	86.13%
Cost of deposit	%	10.10%	6.55%	3.07%	4.02%	5.61%	3.06%
Net asset per share	Rs.	169.64	111.62	111.12	114.89	100.74	93.71
<b>Non-Financial Ratios</b>							
Staff turnover ratio	%	12%	14%	10%	10%	7%	6%
Counter Transactions Productivity per day (No. of Transactions)	No.	76	77	78	67	-	-
Customer Satisfaction Index	%		80%		78%		85%

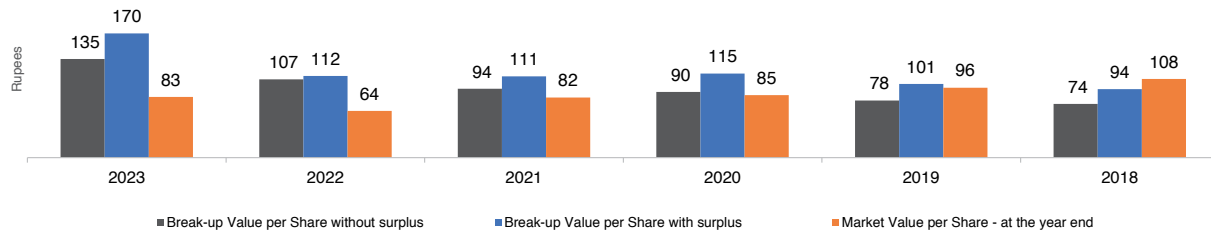
# GRAPHICAL PRESENTATION OF FINANCIAL RATIOS



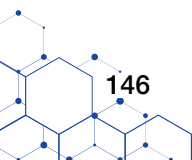
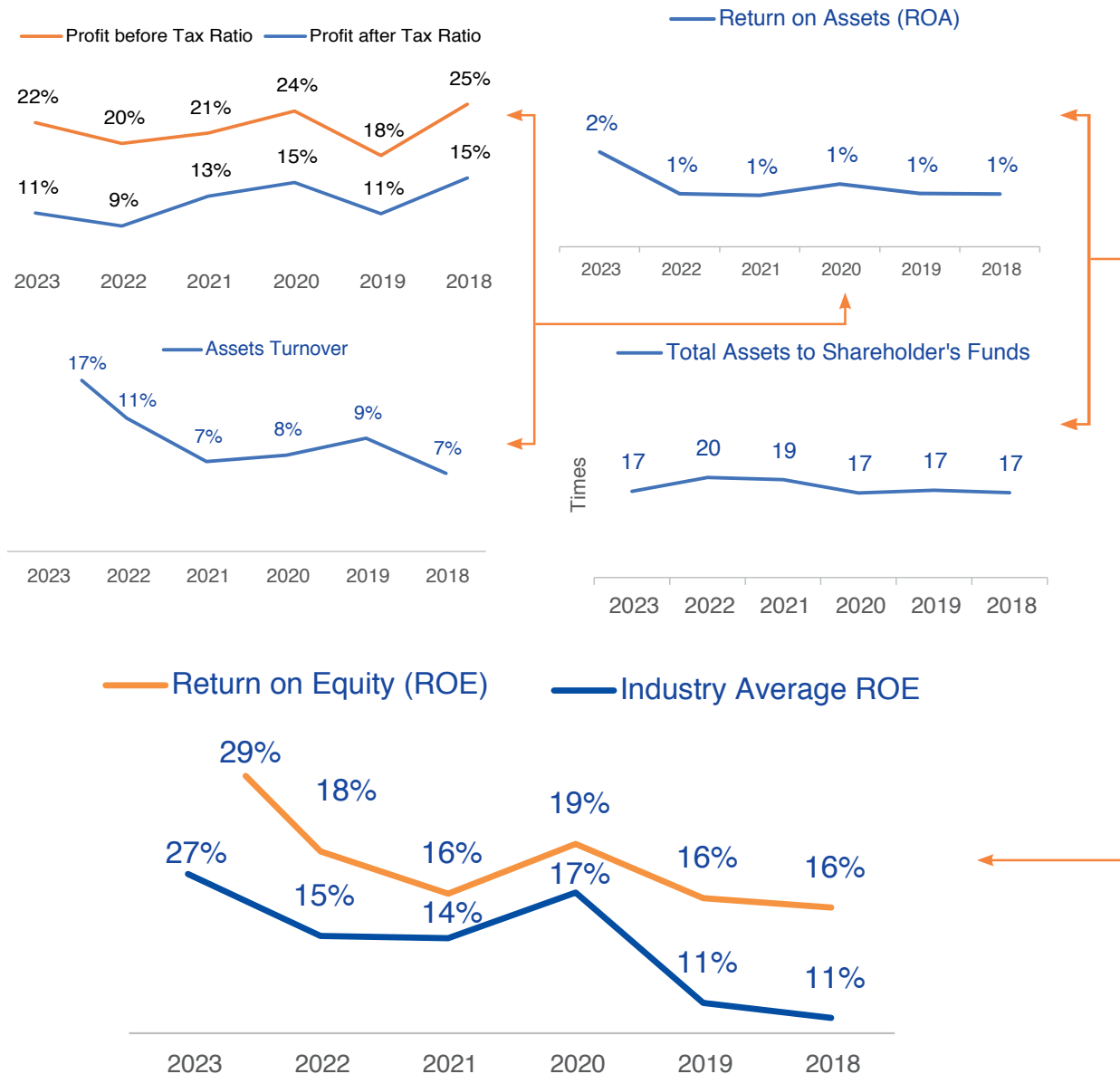
# VALUE CREATION FOR SHAREHOLDERS

Through our financial performance we demonstrate our commitment to delivering long-term value for our shareholders. Over the last six years the bank increased its break-up value per share without surplus at a Compounded Annual Growth Rate of 12%. Growing "Total assets to shareholder's funds" coupled with Return on Assets also contributed in achieving higher Return on Equity from respective average ratio of the industry.

Breakup Value vs Market Price

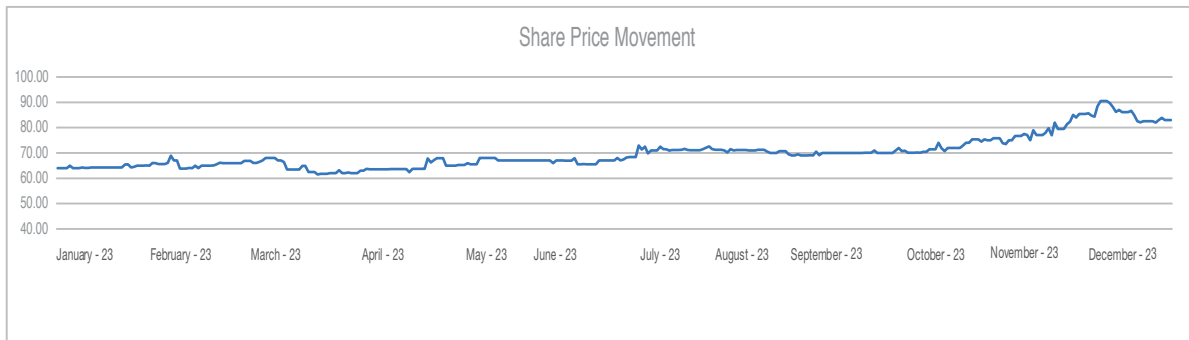


## Dupont Analysis



# SENSITIVITY ANALYSIS

	High	Low	Closing	Market Capitalization	
	Rupees			Capital (Rs. in Million)	Value (Rs. in Million)
December 31, 2023	84.00	83.00	83.00	11,451	95,042
September 30, 2023	71.90	70.00	70.01	11,451	80,168
June 30, 2023	67.00	67.00	67.00	11,451	76,722
March 31, 2023	62.00	61.80	62.00	11,451	70,996

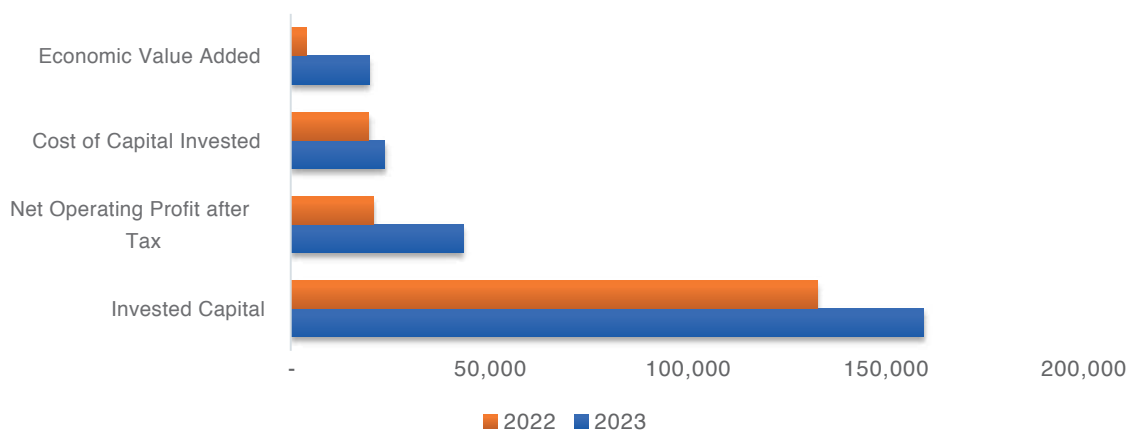


Regularly recurring matters (such as financial results and dividends) have a temporary impact on the share price of Allied Bank Limited. However, Government and Regulatory policy changes such as inflation, discount rate, monetary policy, political and environment situation of the country are the key determinant for ascertaining in profitability of the Bank ultimately having an impact on share prices.

# ECONOMIC VALUE ADDED STATEMENT

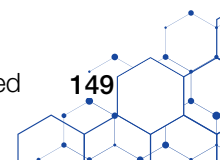
	December 31, 2023	December 31, 2022
Rupees in Million		
<b>Invested Capital</b>		
Average Shareholders Equity	138,377	115,123
Provisions against assets:		
- Investments	3,537	2,321
- Advances	12,541	756
- Other Assets	996	14,925
<b>Invested Capital - A</b>	<b>155,451</b>	<b>133,125</b>
Net Operating Profit after Tax		
Profit after tax	40,683	21,194
Provisions / (reversals) for the year	2,977	(262)
<b>Net Operating Profit after Tax - B</b>	<b>43,660</b>	<b>20,932</b>
Economic Cost - C	21.85%	14.86%
Cost of Capital Invested - D - (A x C)	33,966	19,782
<b>Economic Value Added (B - D)</b>	<b>9,694</b>	<b>1,149</b>

Statement of Economic Value Added

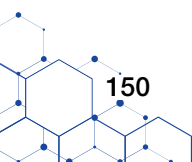
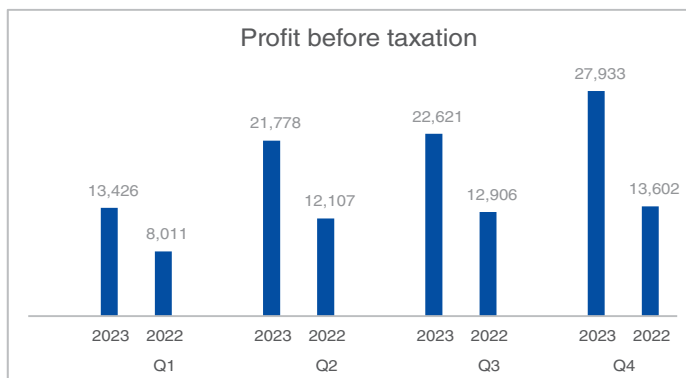
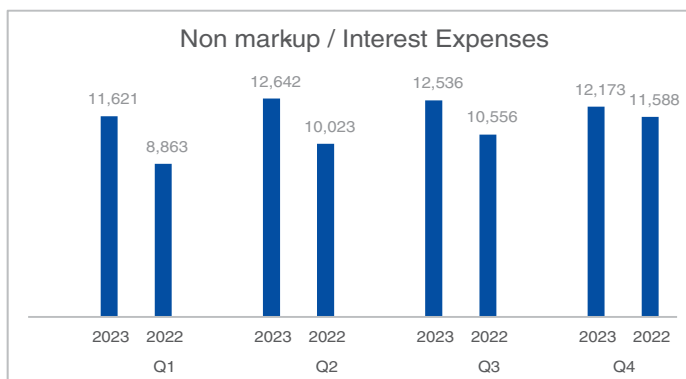
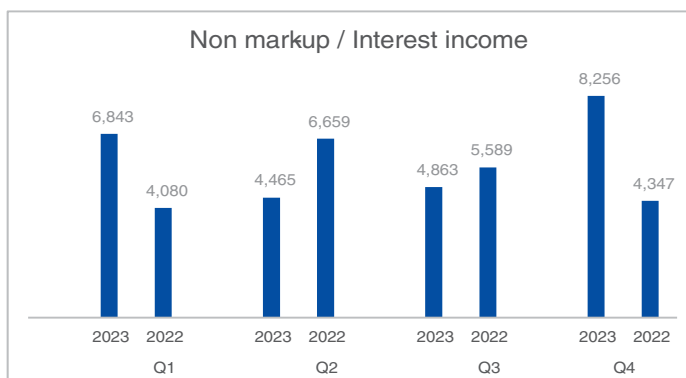
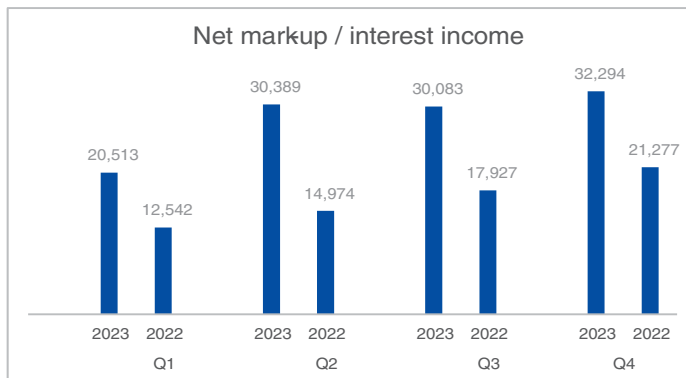


# QUARTERLY PERFORMANCE - 2023 & 2022

	2023				2022			
	Rupees in '000							
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
<b>Profit and Loss Account</b>								
Mark-up / return / interest earned	92,966,907	95,209,785	95,090,511	74,040,237	67,917,037	59,984,524	48,504,712	39,062,377
Mark-up / return / interest expensed	60,672,508	65,127,284	64,701,150	53,527,186	46,640,283	42,057,835	33,530,999	26,520,704
Net mark-up / interest income	32,294,399	30,082,501	30,389,361	20,513,051	21,276,754	17,926,689	14,973,713	12,541,673
Non mark-up / Interest income	8,255,838	4,863,164	4,464,559	6,843,480	4,347,364	5,588,752	6,659,040	4,080,228
Total Income	40,550,237	34,945,665	34,853,920	27,356,531	25,624,118	23,515,441	21,632,753	16,621,901
Non mark-up / Interest Expenses	12,172,780	12,536,162	12,642,306	11,620,962	11,587,783	10,556,477	10,022,652	8,863,276
Profit before provisions	28,377,457	22,409,503	22,211,614	15,735,569	14,036,335	12,958,964	11,610,101	7,758,625
(Reversals) / provisions and write offs - net	444,733	-211,384	433,847	2,309,777	434,588	52,611	(496,749)	(252,443)
Profit before taxation	27,932,724	22,620,887	21,777,767	13,425,792	13,601,747	12,906,353	12,106,850	8,011,068
Taxation	15,911,314	11,402,342	11,923,552	5,836,975	5,036,142	7,164,744	10,048,117	3,183,194
<b>Profit after taxation</b>	<b>12,021,410</b>	<b>11,218,545</b>	<b>9,854,215</b>	<b>7,588,817</b>	<b>8,565,605</b>	<b>5,741,609</b>	<b>2,058,733</b>	<b>4,827,874</b>
<b>Statement of financial position</b>								
<b>Assets</b>								
Cash and balances with treasury banks	156,136,308	132,109,132	159,387,421	138,872,983	87,913,426	117,508,311	132,694,057	108,774,852
Balances with other banks	2,455,601	1,437,729	11,549,629	943,027	3,439,468	3,002,905	5,003,217	8,918,411
Lendings to financial institutions - net	9,418,003	99,120,861	21,521,771	33,266,602	28,222,195	14,031,532	53,562,570	24,047,885
Investments - net	1,150,318,089	1,046,971,926	1,138,509,023	1,130,714,207	1,123,117,088	1,088,683,381	1,154,387,509	1,057,977,492
Advances - net	781,597,230	757,225,582	817,355,036	782,862,123	845,640,176	673,687,318	646,476,773	625,507,621
Fixed assets	122,065,722	88,759,592	86,233,686	83,796,507	81,478,561	80,615,855	80,428,402	78,780,365
Intangible assets	3,409,291	3,133,182	3,077,015	3,103,363	2,963,902	2,921,956	3,002,526	3,068,876
Deferred tax assets - net	3,821,594	17,316,636	22,790,139	20,961,871	13,001,349	10,547,401	6,311,356	2,430,114
Other assets - net	100,094,817	117,138,089	93,259,832	75,564,308	65,196,693	69,825,526	52,215,465	49,338,839
	2,329,316,655	2,263,212,729	2,353,683,552	2,270,084,991	2,250,972,858	2,060,824,185	2,134,081,875	1,958,844,455
<b>Liabilities</b>								
Bills payable	9,322,405	9,759,133	7,982,568	9,561,703	14,159,643	9,308,069	9,329,349	12,193,678
Borrowings	373,674,042	308,986,319	470,666,734	526,623,665	530,414,493	309,351,447	372,526,298	352,523,324
Deposits and other accounts	1,676,623,075	1,704,478,770	1,665,118,472	1,529,648,342	1,522,297,479	1,551,229,590	1,575,072,081	1,417,498,729
Other liabilities	75,442,669	89,430,711	73,265,731	78,809,167	56,289,835	66,290,560	49,415,662	47,698,247
	2,135,062,191	2,112,654,933	2,217,033,505	2,144,642,877	2,123,161,450	1,936,179,666	2,006,343,390	1,829,913,978
<b>Net Assets</b>	<b>194,254,464</b>	<b>150,557,796</b>	<b>136,650,047</b>	<b>125,442,114</b>	<b>127,811,408</b>	<b>124,644,519</b>	<b>127,738,485</b>	<b>128,930,477</b>
<b>Represented by:</b>								
Share capital	11,450,739	11,450,739	11,450,739	11,450,739	11,450,739	11,450,739	11,450,739	11,450,739
Reserves	37,961,636	37,092,306	36,272,857	35,191,530	31,435,453	30,687,573	28,900,017	27,611,126
Surplus on revaluation of assets - net of tax	40,039,632	5,058,516	-778,224	-4,840,148	5,272,401	8,386,385	13,885,366	18,309,517
Unappropriated profit	104,802,457	96,956,235	89,704,675	83,639,993	79,652,815	74,119,822	73,502,363	71,559,095
	194,254,464	150,557,796	136,650,047	125,442,114	127,811,408	124,644,519	127,738,485	128,930,477



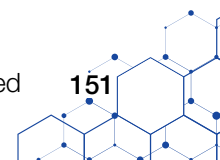
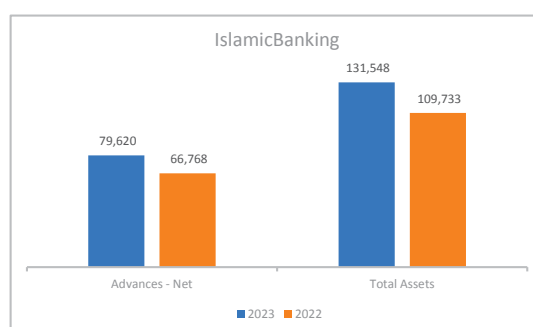
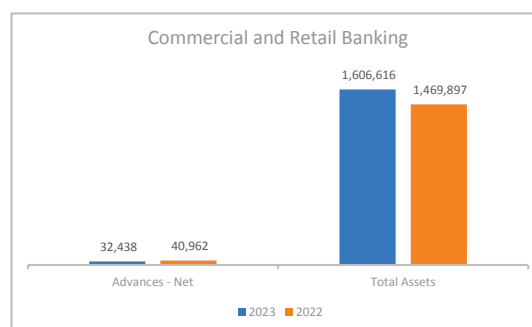
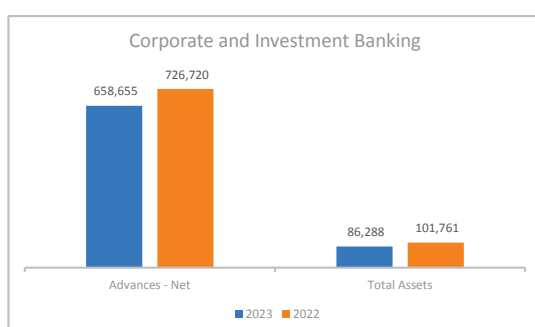
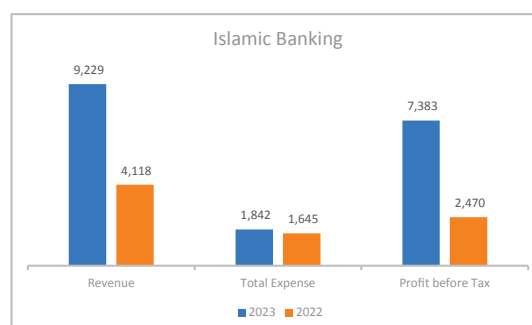
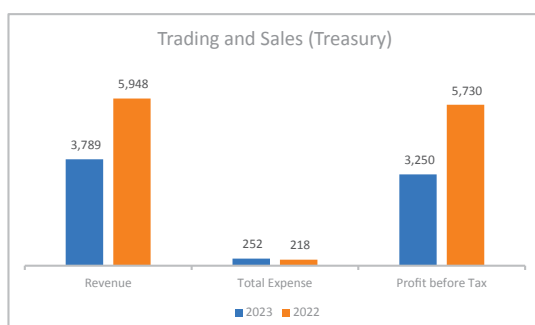
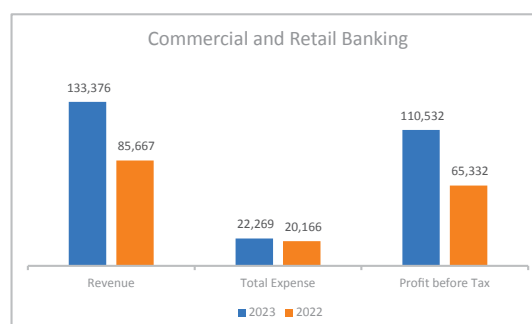
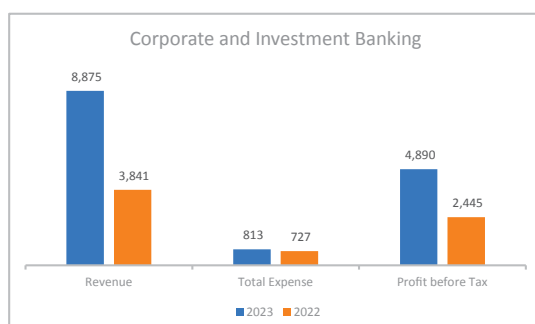
# QUARTERLY PERFORMANCE GRAPHICAL PRESENTATION- 2023 & 2022





# SEGMENT ANALYSIS

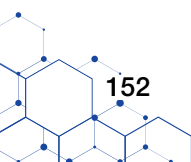
	Corporate and Investment Banking		Commercial and Retail Banking		Trading and Sales (Treasury)		Islamic Banking	
	2023	2022	2023	2022	2023	2022	2023	2022
Rs. in million								
Revenue	8,875	3,841	133,376	85,667	3,789	5,948	9,229	4,118
Total expenses	813	727	22,269	20,166	252	218	1,842	1,645
Profit before tax	4,890	2,445	110,532	65,332	3,250	5,730	7,383	2,470
Advances - net	658,655	726,720	32,438	40,962	-	-	79,620	66,768
Total Assets	86,288	101,761	1,606,616	1,469,897	279,049	414,034	131,548	109,733



# CASH FLOW STATEMENT

## Direct Method

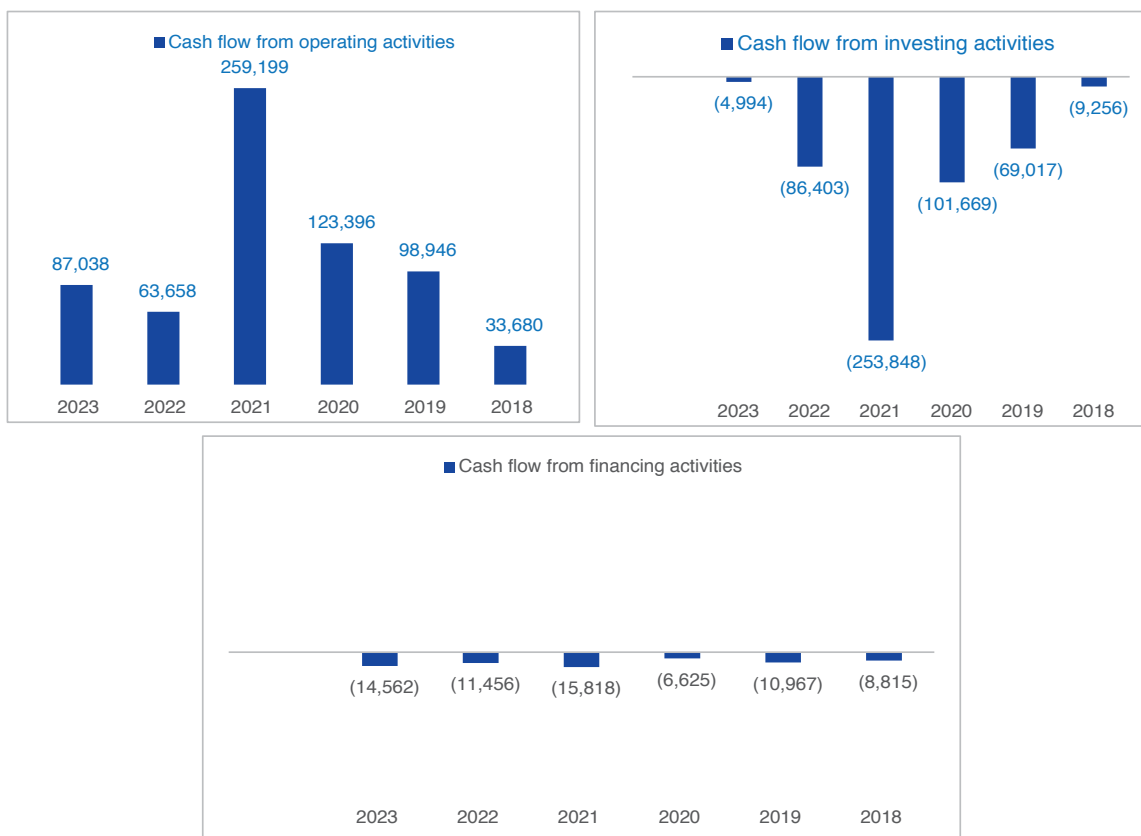
	2023	2022
	Rs. In Million	
<b>STATEMENT FOR THE YEAR</b>		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Mark-up / return / interest and commission receipts	361,769	207,095
Mark-up / return / interest payments	(243,204)	(138,167)
Cash payments to employees, suppliers and others	(23,088)	(16,836)
	95,477	52,092
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	18,804	17,231
Held for trading securities	(19,975)	(13)
Advances	63,360	(192,276)
Other assets (excluding advance taxation)	(39,630)	(31,495)
	22,559	(206,554)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(4,837)	4,100
Borrowings	(156,498)	110,165
Deposits	154,326	109,002
Other liabilities (excluding current taxation)	17,195	15,450
	10,186	238,717
<b>Cash flow from operating activities before tax</b>	<b>128,222</b>	<b>84,254</b>
Income tax paid	(40,674)	(20,052)
Defined benefits paid	(510)	(544)
<b>Net cash flow generated from operating activities</b>	<b>87,038</b>	<b>63,658</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net realization / (investments) in 'available-for-sale' securities	9,316	(81,051)
Net investments in 'held-to-maturity' securities	(344)	(2,903)
Dividend income received	3,476	3,088
Investments in operating fixed assets	(19,945)	(8,126)
Proceeds from sale of fixed assets	45	58
Effect of translation of net investment in foreign wholesale branch	2,458	2,532
<b>Net cash used in investing activities</b>	<b>(4,994)</b>	<b>(86,403)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid	(2,580)	(2,310)
Payment of lease liability against right of use assets	(11,982)	(9,146)
<b>Net cash used in financing activities</b>	<b>(14,562)</b>	<b>(11,456)</b>
Increase / (Decrease) in cash and cash equivalents during the year	67,482	(34,201)
<b>Cash and cash equivalents at beginning of the year</b>	<b>91,751</b>	<b>125,636</b>
Effect of exchange rate changes on opening cash and cash equivalents	(833)	(517)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>158,400</b>	<b>90,918</b>



## Summary of Cash Flow Statement

	2023	2022	2021	2020	2019	2018
	Rs. In Million					
Cash flows from operating activities	87,038	63,658	259,199	123,396	98,946	33,680
Cash flows used in investing activities	(4,994)	(86,403)	(253,848)	(101,669)	(69,017)	(9,256)
Cash flows used in financing activities	(14,562)	(11,456)	(15,818)	(6,625)	(10,967)	(8,815)
Cash and cash equivalents at the beginning of the year	90,918	125,118	135,585	120,482	101,520	85,911
Cash and cash equivalents at the end of the year	158,400	90,918	125,118	135,585	120,482	101,520

## SIX YEARS CASH FLOW ANALYSIS



## Free Cash Flow Statement

	2023	2022	2021	2020	2019	2018
	Rupees in Million					
Profit before taxation	85,757	46,626	28,391	29,515	24,242	21,016
Adjustment for non-cash items	9,720	5,466	4,371	6,109	3,947	(1,377)
Operating assets/ liabilities changes	(8,439)	11,567	226,437	88,084	70,757	14,041
Net cash generated from operating activities	87,038	63,658	259,198	123,708	98,946	33,680
Capital expenditure	(19,946)	(8,126)	(8,857)	(8,116)	(7,409)	(6,912)
Free cash flows	67,093	55,532	250,341	115,592	91,537	26,768

# OTHER INFORMATION

## Defaults in payment of any debts and reason thereof

There is no default by the Bank in payments of any debts during the year.

## History of major events

- The Bank was recognized as “Bank of the year – Pakistan” by The Banker Magazine U.K. for 3<sup>rd</sup> year in a row.
- Corporate Governance Rating maintained at CGR 9++.
- Deposit volume surpassed Rs. 1.6 trillion.

## Method and Assumptions in Compiling Indicators

The Bank identifies its indicators which correctly reflect the Bank’s performance and analyses its market standing, competitors and overall market conditions while compiling its indicators. The Bank considers deposits, advances, capital adequacy ratios, profit after tax and EPS on a regular basis to measure its performance. These are the basic indicators of Bank’s financial performance and profitability.

Market price is a measure of Bank’s sensitivity in the market.

The bank regularly analyses its cash flows and strives to keep it on positive side.

## Dividend Payout and Future Prospects of Dividend

The Board of Directors declared a final cash dividend of Rs. 4.00 per share for the year ended December 31, 2023, which is in addition to the Rs. 8.00 per share of interim dividend already paid to the shareholders for the quarter ended March 31, 2023, June 30, 2023 and September 30, 2023 taking the dividend payout ratio to 33.78%.

Dividend payout is also expected to be streamlined for the year 2024 as the Bank manages its profitability while ensuring that sufficient capital buffers are available to meet regulatory requirements.

## Management’s Assessment of Sufficiency of Tax

The Bank maintains sufficient provision for taxation as required under the accounting standards and the relevant regulations. Contingencies with respect to the direct or indirect taxation have been disclosed in the Note 21 to these financial statements. It is our assessment that tax provision recognized in the financial statements is satisfactory.

## Performance versus Budget

During 2023, the Bank performed well and surpassed its deposits and profitability budgeted targets.

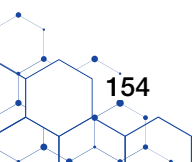
## Capital Expenditures Rationale

During the year ended December 31, 2023; Your Bank invested Rs. 14,010 million for business expansion and Information Technology infrastructure to ensure seamless services across the geographical diversity of the country.

Your Bank is committed to continue its focus on prudent investments in business expansion and technological infrastructure; keeping itself aligned with developing business needs and updated information technology enhancements for digital transformation.

## CEO’s REVIEW

The CEO’s video message on the Banks business performance and strategy is available at:  
<https://www.abl.com/investor-relations/financials/financial-presentations>



# GROUP REVIEWS

## CORPORATE AND INVESTMENT BANKING

Capitalizing on its key strengths, Allied Bank's Corporate and Investment Banking Group (CIBG) has matured over the years, upholding its premiership as one of the prominent wholesale banking platforms in Pakistan. With an unyielding grit to build and nurture client relationships, CIBG takes a holistic and progressive approach in understanding the unique needs of clients. Understanding the breadth and depth of its valued clientele, CIBG's forte lies in being customer-centric and market-driven, offering a wide array of well-thought-out financing solutions, with a strong emphasis on service excellence and customer satisfaction. CIBG's product portfolio spans across all modes of funding and trade services, cash management, home remittance and bespoke investment banking solutions. Its pool also covers capital markets portfolio, featuring exposure to superior quality stocks with a steady and resilient dividend stream. Furthermore, CIBG is responsible for Operations of overseas branch of ABL in Bahrain, ABL's overseas representative offices in Dubai and China and also manages goods working relationships with both overseas and local Financial Institutions.

Amidst yet another turbulent year, the banking industry, in general, faced challenges in expanding the portfolio of quality advances due to high probability of delinquencies in loan portfolio. The pace of disbursements under the SBP's concessionary financing schemes also tapered off during the year. CIBG remained cautious of inherent risks, and prudently continued lending momentum, with focus on selected sectors and essential commodities. Credit deployment strategy encompassed largely confined to time tested corporates and business conglomerates having sound financial standing, adequate debt repayment capacity, extensive learning curve, and strong resilience to market volatility and adverse economic conditions.

Corporate Banking (CB) functions with a strategic objective of developing and maintaining a strong clientele of top-tier corporate and institutional customers offers a one-window solution for a wide range of wholesale banking needs. CB offers a combination of major lending products including working capital, term loans, and trade finance facilities on individualized basis., CB continued its penetration in lending space with prime focus on growth sustainability, while maintaining high quality portfolio through prudent lending and enhanced credit monitoring. CB also generated decent trade volumes from corporate relationships, even though the market remained depressed due to import restrictions during the year.

Emerging Corporate (EC) segment continues to serve as supporting lending function within CIBG primarily covering the mid-tier segments including emerging corporates and budding commercial entities, with rich growth potential. Given the nature and inherent risks, EC's portfolio is developed with major focus on structured financing and active risk management. To supplement Bank's advances, EC continued to extend small ticket loans for share financing under its flagship product 'Allied Share Financing'.

Financial Institutions & International Division continued to strengthen ABL's global institutional banking relationship base with reputed financial institutions spread across Europe, Asia and Africa to support Bank's trade, treasury and foreign exchange payments. ABL currently has more than 500 international correspondents located in 77 countries, providing global coverage and acceptability. In addition, our partnerships with various multilateral agencies and



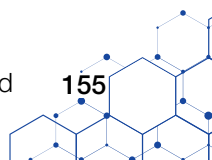
global banks continued to facilitate smooth execution of customers' growing and diversifying international banking requirements.

Bahrain (Wholesale Banking Branch) and Dubai (Representative Office) remained engaged in exploring business growth opportunities in the Gulf region. Our Representative Office in Beijing, China, continued to focus on developing relationships with leading Chinese Banks and corporates to explore potential business opportunities for trade and investment flows between China and Pakistan. Through vigilant approach and prudent risk management, the Bank remained fully compliant with home and host country regulations.

Home Remittance Business (HRB) continued to mobilize remittance inflows by strengthening relationships with existing correspondent partners and adding new tie-ups globally. During 2023, new tie-up relationships were established with correspondent partners from USA, UK and the UAE, while relationship was also activated with multiple tie-ups from USA and UK to support sustainability and growth in remittance volumes. Moreover, digitalization of remittance services through product upgradation and system integration initiatives remained the prime focus area during the year. Additionally, HRB diligently carried out marketing and promotion campaigns in source countries during the year to boost remittances, and for brand visibility of ABL and 'Allied Express' service. ABL sponsored the 3rd Pakistan Remittance Summit which was organized in Malaysia, in collaboration with SBP and other peer banks, to further promote mobile remittance inflows through legal channels.

The Cash Management Division (CMD) continued to expand its horizons with ongoing new client acquisition and marketing efforts, while focusing to enhance throughput for earning maximization. Leveraging on ABL's strong transaction banking capabilities and real-time online branch network, CMD continues to offer cost effective collection & payment solutions to its diversified client base. Additionally, our state-of-the-art core banking system provides our customers with an excellent platform for present and future transactional banking requirements.

Investment Banking (IB) takes pride in its long-standing relationships and bespoke product offerings. IB retains a diverse suite of clients, consisting of corporations, institutions and government entities. It aims to meticulously offer strategic support to our valued clientele under the functional domains of 'Debt Syndication and Advisory' & 'Project Finance', with wide range of product/services including advising on IPOs, underwritings, divestments, debt restructurings, merger & acquisitions, and advisory and funding arrangement for greenfield/brownfield projects with appropriate risk management.



# GROUP REVIEWS

Our countrywide presence gives us added advantage to offer full coverage to clients with extensive range of financial solutions and seamless execution. During 2023, Investment Banking advised and financed multiple transactions covering diverse sectors including power generation, oil and gas, electrical goods, textile, and developmental financial institutions.

ABL's Investment Banking has won numerous local and international awards for the Bank over the last 15 years. During the year, ABL won the following awards from The Asset Triple A:

- 1- Telecom Deal of the Year.
- 2- Utilities Deal of The Year.
- 3- Best Syndicated Loan.
- 4- Best Loan Adviser.

The Capital Markets division maintains a carefully selected portfolio of superior stocks, underpinned by sound fundamentals. The key forte of Bank's Investment Portfolio lies in prudent stock selection based on investment quality, diversification and stable dividend payout. Despite a gloomy year for capital markets, wherein market sentiments remained largely bearish in the face of deteriorating economic landscape, ABL's equity portfolio showed resilience, yielding decent capital gain and dividend income during the outgoing year.

## Future Outlook

Moving ahead, CIBG is committed to upholding its adaptive lending strategy, prioritizing top-tier and blue-chip corporate clients to bolster its portfolio with high-quality assets. Simultaneously, the institution is actively exploring viable opportunities within the mid-tier corporate segment to diversify its revenue streams sustainably.

In addition to fortifying its position within the banking landscape, CIBG is dedicated to enhancing the Bank's overall profitability. This involves leveraging established corporate partnerships and international operations to cross-sell financial products, while also delving into avenues for expanding fee-based and ancillary business income. Furthermore, there is a concerted focus on accelerating efforts to tap into new channels for remittance business and harnessing synergies across the Bank's domestic and international networks.

## TREASURY

Inflation remained in the center stage in year 2023 as central banks across the globe maintained a tight monetary policy stance in a bid to dampen inflationary expectations and bring inflation down to their target levels. Persistent and historically high inflation had forced the global central banks to aggressively increase interest rates in 2022. As a result, by late 2022 many analysts hoped for a soft landing (a weak recession) of the world economy and this was supported by subdued growth forecast for 2023.

Despite rapidly increasing interest rates and economic forecasts of weak 2023 economic growth, the global economy remained resilient in 2023 led by US, India and China with GDP growth beating earlier forecasts and inflation remaining stubbornly elevated. As a result, most of the central banks kept increasing interest rates (four hikes by FED, five by BoE and six by ECB) to tame inflation and cool down aggregate demand. Towards the end of 2023, most of the economists believed the growth to slow down in 2024 and markets are pricing a reversal in central bank stance from Q2 2024.

Pakistan's economy, like other emerging and developing economies, faced multiple challenges as depleting FX reserves and delay in IMF bailout resulted in PKR losing its value by over 35% against the greenback as inflation touched a historic high of 38%. As Pakistan secured an IMF bailout, PKR regained some of its lost ground as sentiments improved and authorities came down hard against speculative sentiments that helped in bringing the parity in the open market in line with interbank market.

During these turbulent times, ABL Treasury continued to play a significant role in preserving and enhancing the stakeholders' value during the challenging year. The Bank timely anticipated policy shifts and kept the portfolio duration in check while enhancing the return. This was achieved by gradually adding floating-rate bonds to the portfolio. Moreover, the bank kept the leverage positions in check as T-Bills spread over short term rates turned negative by September 2023.

In the FX market, as the volatility increased manifolds (particularly in Jan-Jun 2023), the Bank played its role in close coordination with the stakeholders and ensured that the market continues to function. Amid highly disruptive FX liquidity conditions, the Bank played its role by ensuring that basic essentials like POL, fertilizer and food are in regular supply and provided continuous market access to its customers. Our sales desk continued to support the Bank's customers and kept them abreast of market developments for effectively managing their risks.

After a year of turbulence, Pakistan's economy exhibited some early signs of improvement towards the end of 2023. The country was able to secure a US\$ 3.0 billion Stand-By Arrangement (SBA) from IMF in the 2nd half of 2023, which to some extent helped in alleviating immediate risks. The initial disbursement of US\$ 1.2 billion under the SBA in July 2023, alongside US\$ 3 billion bilateral inflows, helped reverse the declining trend in the SBP FX reserves and opened the doors for multilateral and bilateral creditors.

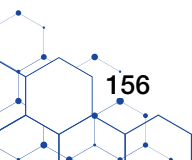
In 2024, developed economies are likely to continue the consolidation phase as policy makers will hope for a soft landing. Any reversal in interest rate cycle will largely depend on the strength of labor markets and consumption demand. A sharp drop in the prices of POL and soft commodities may allow central banks to cut rates earlier than expected, chances however are slim of any major change before June 2024.

On the domestic front, there are early signs of recovery as the current account is now largely under control and inflation is also expected to go down gradually on the back of stabilization measures. There is some revival in economic activity as LSM growth and private sector credit is picking up. Despite the high interest rates, going forward, the Bank expects further signs of improvement in domestic economic activity.

## Future Outlook

Investor confidence will remain dependent mostly on formation of a stable government and successful completion of IMF SBA and negotiation of a new IMF program. Managing its external financing requirement for the FY'24-25 will remain a tedious task.

In the coming year ABL Treasury will continue to closely monitor the changing economic and political landscape. In particular, the change in direction and the pace of change in the economic indicators will determine the portfolio strategy. As we expect interest rates to change course by Q3 2024, any decision to add





duration to the portfolio will be driven by the structure of the yield curve and by balancing the expected future returns against the cost of carry.

#### COMMERCIAL AND RETAIL BANKING

Commercial and Retail Banking Group (CRBG) continued its legacy of providing enriched and comprehensive product suite, supported by digital platforms and an extensive network of customer touch points by providing increased access to financial services; at the time and convenience of our valued customers.

The Bank capitalized on its digital strategy and was able to provide uninterrupted banking services to the account holders and obligors; providing financial access and business continuity.

Additionally, the Bank achieved a milestone of surpassing the total deposit of Rs. 1,677 billion in year ended December 31, 2023 complemented by improvement in zero cost Current Account Deposit mix from 40% to 42% and 10% growth in total deposits.

The Bank continued to expand its outreach; resulting in the overall branch network to reach at 1,483 including 127 Islamic branches and 162 exclusive Islamic windows to support business expansion in new demographics. Remaining focused on boarding New to Bank relationships, the Bank added 1.5 million plus accounts to the existing account base during the year.

In line with the objectives of National Financial Inclusion strategy of State Bank of Pakistan (SBP), the Bank continued to play a pivotal role. Unique segment specific offerings like Allied Youth Account, Allied Senior Citizen Account, Allied Khanum Account, Allied Freelancer Account and Allied Asaan Account continued to contribute towards financial inclusion of relatively un-banked, low-income segments of the society and also adding to deposit base of the Bank.

Furthermore, in line with digital on boarding framework of SBP; customers can open account through website / mobile app without visiting the branch. The Bank remained amongst the industry leaders to facilitate customers and to support the economy by increasing the inflow of foreign remittances. In this regard, RDA

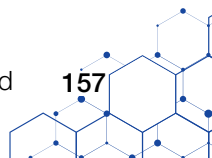
campaign was launched which resulted in a significant growth in inflow of foreign remittances and customer base.

The Bank has continued its support to SMEs sector in challenging times by extending financing facilities and has exhibited decent growth in this segment. The Bank was also selected as participating bank in the revived SBP SME ASAAN finance scheme for collateral free lending up to Rs. 10 million. Moreover, the Bank has contributed towards government initiatives like Prime Minister's Youth Business and Agriculture Loan Scheme and has duly achieved its Month on Months targets.

Allied Bank is also playing its part by providing consulting and non-financial advisory services by way of imparting knowledge through Financial Planning Advice, Economic Insight & Business Intelligence to more than 2000 customer; thereby, generating more than 550 borrowers in the process. CRBG has also conducted more than 340 SME Finance awareness sessions in which more than 5500 attendees participated from diverse background.

On consumer finance front, Allied Bank remained active in facilitating customers with a robust Consumer Products Suite including Allied Visa Credit Card, Allied Personal Finance, Allied Car Finance, Allied Home Finance and Allied Solar System Finance. In addition, two new products, namely, Allied Scooty Finance and Allied Electric Bike Finance are introduced in 2023. The Allied Scooty Finance is specifically designed to empower women by reducing their dependence on others with regards to their transportation needs; whereas Allied Electric Bike Finance is explicitly developed as a green banking initiative to cater to the transportation needs of middle and low-income segment of the society by contributing in low carbon emissions for a healthy environment.

Allied bank recognizes the importance of staying ahead in the rapidly evolving digital landscape. As a result, bank has implemented a series of strategic measures to provide customers with cutting-edge digital banking services such as ABL enhanced the scope of a digital variant of personal loan "Allied Payday Finance" by adding more corporates and institutions and their employees maintaining salary accounts with the Bank, providing instant access to financing round the clock.



# GROUP REVIEWS



ABL believes in the power of innovation and customer-centric solutions. The Bank has introduced a groundbreaking program to recognize and reward their customers who have demonstrated exceptional engagement and performance on ABL digital platforms. By acknowledging their dedication and loyalty, Your Bank has not only fostered a sense of pride and satisfaction among its valued customers but also incentivized others to actively participate in ABL's digital banking ecosystem.

The roadshows and product awareness programs, including Farmer Literacy/awareness seminars were conducted by the Bank across Pakistan for creating awareness on different products of the Bank and usage of financial services among general public and Farmers.

## Future Outlook

Moving into 2024, in addition to building relationships with new customers and obligors, the Bank will also concentrate on strengthening relationships with existing customers/ depositors by offering a complete suite of attractive consumer products.

Amidst uncertainty and unanticipated challenges, the Bank aspires to continuously focus on volumetric deposit growth through augmentation of account opening run-rates, low costs deposit mobilization, quality credit expansion, introduction of innovative offerings and enhance digital banking services.

Moreover, Your Bank aims to focus at banking on equality and enhancing the scope of female centric products by offering Khanum lending product, Pink Scooty and enhance the features of Allied Khanum Account.

## ISLAMIC BANKING

The Bank has successfully completed ten years of its operations in the Islamic banking space. ABL Aitebar Islamic Banking posted annual profit of Rs. 7,383 million (2022: Rs. 2,470 million) for the year 2023. While total assets closed at Rs. 131,976 million and deposits registered a growth from Rs. 71,870 million to Rs. 95,334 million. The Islamic advances and investment amounts were recorded at Rs. 79,620 million and Rs. 38,360 million, respectively.

With the opening of additional branches and Islamic Banking

Windows (IBW) at conventional branches, Islamic Banking Group has expanded its network to 127 Islamic Branches and 162 IBWs in 2023. Strengthening of the product suite; Islamic Banking launched segment-based Shariah Compliant financing products for SME and Agriculture segments. Following the initiative of SBP, the Islamic Banking launched Prime Minister's Youth Business & Agriculture Finance Scheme.

Digitalization and automation in Islamic Banking Group has remained an important part of the overall strategy; Allied Aitebar Khanum Account deployed on myPDA for Digital Account Opening Channel. Further, ABL Aitebar Islamic Banking introduced Allied Aitebar Salary Management Account through Bulk Account opening functionality.

ABL-IBG launched Allied Aitebar Asaan Remittance Account being a variant of Allied Aitebar Asaan Digital Remittance Account, for account opening through branches. Moreover, ABL-IBG launched Allied Aitebar Behtar Munafa Certificate for short-term investors with tenors ranging from 1 to 12 months, which offers attractive profit rates with monthly and at maturity payment options.

Under the banner of Allied Aitebar Islamic Banking three focused interactive awareness seminars were arranged for guidance and financial inclusion of faith sensitive clientele.







### Future Outlook

ABL Aitebar Islamic Banking envisions to provide a full spectrum of Shariah-compliant services products in the competitive Islamic banking sector while maintaining operational effectiveness and top-notch customer care.

Customer awareness workshops would continue to be a top priority and promotion of Islamic banking in Pakistan as a means of increasing the country's financial inclusion would be given substantial weight. Along with increase in network, automation and digitization would continue to play a major role in the expansion and development of Islamic banking.

### DIGITAL BANKING

This year marked a significant stride in the journey toward digital transformation. In a substantial move, the Digital Banking Group underwent strategic reorganization, integrating Digital Operations and Customer Experience functions to form a cohesive unit. The Group's unwavering focus has been on providing a seamless, secure, and user-friendly digital banking experience for the customers.

Allied Bank has achieved a significant milestone with over 1.6 million myABL user registrations, indicating its dedication to offering modern, user-friendly banking solutions that simplify customers' financial lives. The Bank expanded its range of financial services provided through myABL Digital Banking Platforms. ABL introduced a feature that enables customers to update the expiry of their Computerized National Identity Card (CNIC) via the ABL web or mobile application. This eliminates the need for branch visits or email submissions of scanned documents. Additionally, ABL is fostering inclusivity in its digital banking services by inviting Afghan Nationals with Proof of Registration (POR) Cards to register for myABL, offering them a comprehensive digital banking experience. A key addition is the Credit Card Management within myABL Mobile App is a key addition which allows users to manage their card features independently.

Moreover, the Bank's WhatsApp Banking service, with 1 million registered users, offers convenient features like account inquiries, IBAN generation, and financial transaction capabilities for topping

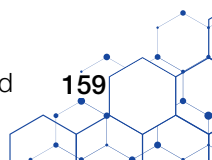
up prepaid numbers. Additionally, the Bank has launched services like the withholding tax certificate, available in PIN-protected PDF format for specific periods, and the Detailed Account Statement service for accessing transaction details through WhatsApp.

A significant aspect of ABL's strategic growth has been its active engagement in the expansion of the RAAST payment system. This has resulted in a substantial increase in transaction numbers, reaching 7.5 million with a total transaction volume of PKR 7 billion. Furthermore, ABL extended its "Payday Advance Salary" loan program to over 100 companies, resulting in disbursement of around 10,000 loans accumulating to Rs. 214 million, demonstrating ABL's commitment to helping individuals manage their financial needs effectively. Owing to the expansion of myABL services, myABL Digital Banking Application secured a significant achievement by winning the 'App & Web-Enabled Market' Award at the Pakistan Digital Awards 2023.

By 2023, ABL successfully established 14 digital branches alongside plans to launch four "Lifestyle Digital Lounges" in major shopping malls across Lahore, Karachi, and Islamabad. These branches and lounges, equipped with state-of-the-art digital facilities like Cash Recycling Machines, Interactive Teller Machines, Cash and Cheque Deposit Machines, Self-Service Kiosks, and Instant Debit Card Printers, offer customers efficient, queue-free transactions and 24/7 access to technology. This shift signifies ABL's commitment to modernizing banking dynamics.

Another step in this direction is the implementation of Jira Software, utilized by the Digital Banking and Information Technology teams. Jira Software offers a comprehensive platform for agile project management, bug tracking, and issue tracking. This integration is pivotal in streamlining workflows, prioritizing tasks, and maintaining transparency in project progress, thereby aligning Allied Bank with contemporary industry standards in project management.

Further, Your Bank has forged a strategic partnership with Telenor Pakistan to capitalize on the critical role of data in strategic decision-making. This collaboration focuses on using data to enhance decision-making processes, leveraging data variables to identify local trends and patterns. The insights gained are applied in areas such as White Space Analysis, Branch Optimization, Digital Marketing based on Customer Persona, Digital Product Development, and Cross Selling. This partnership enables Allied



# GROUP REVIEWS



Bank to utilize data-driven insights for refining its strategies and operations, ensuring a more informed and effective approach in its business endeavors.

Allied Bank has distinguished itself as the first bank in Pakistan to adopt Sprinklr for managing all its digital communication channels, encompassing Facebook, Instagram, Twitter, YouTube, LinkedIn, and App Stores. This adoption signifies a unified approach towards customer interaction, engagement, and feedback, particularly with the implementation of Sprinklr's Modern Research, Modern Care, and Modern Engagement modules across the organization. Sprinklr's sophisticated AI-driven software is specifically designed to transform Allied Bank's social media and digital customer interactions, offering valuable insights into customer behaviours and preferences.

To realize a cohesive campaign management strategy, Allied Bank has integrated dEngage for its Customer-Driven Campaigns Management Solution. This integration is intended to efficiently manage diverse channels, including Email, SMS, Web Push, and App Push.

It was a notably successful year for Allied Bank for its 'Card and Acquiring' services, marked by several key advancements and technological upgrades. A prime development was the successful pilot launched of ABL's Point-of-Sale (POS) Acquiring business with deployment of cutting-edge POS machines in major cities of Pakistan to facilitate digital payment acceptance from customers with a vision to drive digital payment adoption in Pakistan.

Another key development was the acquisition and integration of new Card Production Machines equipped with UV Cured Graphic Printing Technology, coupled with the modernization of existing equipment. This technology offers multiple benefits, including a print life of 5-7 years, a variety of personalization colours, flexible card design options, expanded branding space, and a 30% faster printing speed compared to traditional embossing methods. In 2023, ABL achieved a significant milestone by producing and dispatching over 1.2 million Debit Cards.

Further enhancing its banking services, Allied Bank launched the ABL Foreign Currency Visa Debit Card for Roshan Digital (RDA)

and Foreign Currency GBP & Euro Account holders, enabling global transactions such as fund withdrawals, bill payments, and online shopping. The bank also introduced a 'Foreign Currency Debit Card' catering to the needs of IT Exporters and Freelancers, thus, underscoring Allied Bank's dedication to support policies and initiatives that accelerate growth and success of Pakistan's IT industry.

Your Bank presented 'Digital Freelancer Account' and 'Foreign Currency Debit Card' on Export Retention Account in a session organized by MoITT and PSEB in collaboration with SBP and P@SHA. Moreover, the enablement of 3D Secure on UnionPay PayPak Cobadge Debit Cards significantly enhanced e-commerce transaction security. This year also saw the expansion of ABL's Debit Card Portfolio to over 3.0 million, including a Visa Premium Signature Debit Card Portfolio of 15,000. Collectively, these initiatives represent a substantial progression in ABL's service offerings.

Allied Bank implemented a customer-focused Enterprise CRM solution, 'Customer 360', offering a holistic view of customer interactions across all channels. This system efficiently addresses service requests and complaints, empowering staff with tools for robust client relationship management and identifying sales and service personalization opportunities.

The CRM's unified complaint management system enhances customer satisfaction by streamlining resolutions across various channels, including phone banking, online platforms, and physical branches. Additionally, its integrated CRM Campaign Management optimizes customer engagement and marketing efficiency, while the CRM's centralized functionality significantly improves sales cycle management, from lead generation to finalization, thereby bolstering Allied Bank's sales strategies and growth potential.

Allied Bank is committed to enhancing the digital customer experience through the application of advanced analytics and business intelligence (BI) tools. Allied Bank employs both predictive and real-time analytics to anticipate and respond to customer needs effectively, ensuring the delivery of tailored solutions, immediate support, and personalized customer experience. These insights are instrumental in making data-driven decisions that



focus on enhancing customer satisfaction and shaping competitive strategies.

To optimize customer service, Allied Phone Banking now registers complaints through chat and social media, aiming for efficient resolution and enhanced customer experiences. Innovations in Interactive Voice Recording (IVR) system, including features like Temporary Debit and Credit Card Blocking and Account Debit Block, empower customers with self-service options, promoting efficiency. Additionally, newly introduced Call Back and Web Call Back features address customer preferences for immediate or scheduled callbacks, enhancing service accessibility. Allied Phone Banking achieved a service level above 95% on the strength to call centre efficiency and higher service standards resulting in enhanced customer satisfaction.

Allied Bank implemented a series of pivotal initiatives and technological enhancements in its ATM services, demonstrating a strong commitment to improving customer experience and operational efficiency. Allied Bank implemented the advanced ATM Monitoring Solution, Vynamic View, for its Diebold Nixdorf (DN) ATMs. This sophisticated system features customizable dashboards, detailed component-level monitoring, comprehensive inventory management, real-time Electronic Journal (EJ) access, enhanced command and log tracking, efficient incident management, and robust alert management capabilities. ABL plans to execute the EJ paper cutover phase across all DN ATMs in 2024, aiming to significantly reduce paper usage and associated costs.

Allied Bank reached a significant milestone in fostering inclusivity through the successful implementation of the Talking ATM feature in selected ATMs, specifically designed to aid visually impaired customers. In an initiative to augment ATM service uptime, ABL initiated 24/7 ATM Monitoring Unit shift operations, enhancing ATM service availability and increasing customer footfall. Allied Bank has commendably sustained an average ATM uptime exceeding 96% over the past five years reaffirms its position as a leading acquirer in the ATM industry.

#### Future Outlook:

As we move forward into 2024, our primary objective is to enhance customer experiences across various channels, including physical branches, while simultaneously focusing on augmenting the bank's revenue growth and optimizing expenses. The integration of generative AI and Large Language Models (LLM) will be crucial in delivering world-class customer service and comprehending their evolving needs.

In the sphere of digital marketing, our strategy is to recalibrate our approach, targeting customers based on their personas across all social media platforms. Your Bank plan to collaborate with industry leaders in Payment-Initiator-Service-Provider (PISP) and Person-to-Merchant (P2M) payments as part of our initiative to drive innovation in the payment sector.

Furthermore, Your Bank plan to implement automated solutions for dispute resolution and enhance Cash Deposit Machines (CDMs) to improve operational efficiency and streamline processes.

#### INFORMATION TECHNOLOGY

The Bank has consistently made remarkable strides in serving its customers by leveraging state-of-the-art technology and expanding its digital presence. This commitment ensures that customers have access to a comprehensive range of "digital and networked banking services" on the go.

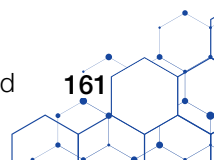
The Bank has reached a noteworthy milestone through the recent introduction of its POS and Merchant Acquiring System. This represents a crucial advancement in the expansion of the digital payment infrastructure, empowering merchants to engage in transactions with unparalleled ease. The system enables transactions through both card-based and NFC-based methods, offering a versatile and modernized platform for secure and efficient electronic payments. This strategic initiative enables the Bank to foster a contemporary and seamless payment experience for both merchants and customers alike.

RAAST, an initiative by the SBP, is poised to elevate financial inclusion and drive digitalization in the economy by offering instant fund transfer options for individual and corporate customers. SBP has recently introduced a new use case under RAAST: Person to Merchant payments through QR and Request to Pay services.

ABL has recently upgraded its Enterprise Service Bus (ESB) to the latest version, accompanied by an enhanced infrastructure, a move that has proven instrumental in supporting digital transformation initiatives. By incorporating an ESB into the Enterprise Service Architecture, ABL has established a streamlined communication framework where core applications interact with each other through the bus. This approach significantly reduces the need for numerous point-to-point connections traditionally required for inter-application communication. Moreover, the upgraded ESB is playing a pivotal role in facilitating digital business by enabling the exposure of services to external clients through an Open API platform.

The Digital Lending Platform has introduced Merchant Lending, representing a significant advancement in micro-lending through digital channels. This achievement is particularly noteworthy as it aligns with the implementation of ICF5 (Innovation Challenge Fund), marking a milestone in fostering innovation within the lending landscape. The inclusion of Merchant Lending not only expands the scope of digital lending but also exemplifies a commitment to pushing the boundaries of financial services through innovative solutions.

In a commitment to providing an enhanced user experience, myABL has introduced a completely revamped user interface for its mobile app customers, available on both Android and iOS platforms. The new UI layout is designed based on the latest usability conveniences and aligns with current market trends. Moreover, myABL is set to introduce Tap & Pay NFC (Near Field



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Communication) transactions in collaboration with UPI (Union Pay International), offering customers a convenient and secure payment option.

A significant step forward in customer engagement is the introduction of a complaint and refund claim lodgement feature through myABL, allowing customers to voice their concerns digitally and facilitating a prompt resolution. Meeting the evolving needs of users in the digital banking space the myABL app has pioneered Person to Merchant transactions in the industry under the guidance of the State Bank of Pakistan (SBP),.

The Bank has strategically established a Data Lake as a centralized repository for both structured and unstructured data. This enables the Bank to leverage Big Data technologies effectively, fostering data-driven decision-making. Through collaborative efforts with multiple Data Science companies, the bank strengthens this initiative, facilitating the implementation of diverse use cases utilizing machine learning models.

A key aspect of the Bank's strategy involves the implementation of a comprehensive data strategy program. This program not only guides the management and utilization of data within the organization but also plays a crucial role in enhancing and personalizing customer experiences. The concerted efforts in

data strategy, Data Lake implementation, and partnerships with Data Science companies collectively underscore the bank's commitment to maximizing its investments in Big Data for superior decision-making and innovative, customer-centric solutions.

In its journey toward digital transformation, ABL has adopted a proactive stance by integrating Robotics Process Automation (RPA) to automate various operational scenarios. A significant ongoing effort involves the centralization of cheque clearing through RPA, promising a more streamlined and expedited process. Simultaneously, ABL is implementing RPA to automate the identification of inactive application IDs, ensuring the efficient management of user accounts.

The Enterprise CRM project at ABL encompasses a comprehensive strategy to transform into a customer-centric organization, with a key focus on cultivating an enhanced sales culture through the implementation of sales process automation. This initiative has empowered the Bank to systematically measure performance and execute targeted campaigns more effectively. A crucial feature of this project is the integration of a customer 360 view within the enterprise CRM, enabling ABL staff to access customer details more efficiently. This holistic approach reflects ABL's commitment to leveraging technology to not only enhance sales processes but also to prioritize a customer-centric approach across its operations.





ABL has implemented a state-of-the-art telephony solution, Genesys, introducing a range of self-service functionalities for customers. The automated contact centre feature not only delivers an exceptional customer experience but also minimizes direct interactions with call centre agents. Among the frequently utilized options are balance inquiries, card activations, temporary card blockings, and retrievals of myABL User IDs.

Furthermore, myABL is seamlessly integrated with the Genesys Robocall module. This integration allows customers to authenticate requested package activations by providing consents through computerized autodialed calls broadcasted to them.

Allied Bank is dedicated to enhancing customer experience and fostering customer loyalty by onboarding numerous corporate entities, utility companies, telcos, educational institutions, and government departments onto its bill payment system to seamlessly settle their bills through various channels, including branch counters and e-banking channels.

The impact of these efforts is reflected in the significant increase



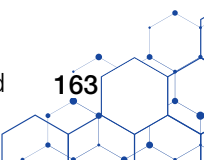
in bill payments processed in the year 2023. over 18 million bill payments have been processed, reflecting a substantial growth compared to the 15 million in 2022. Thereby, improving the Bank bill payment system and contributing to a more efficient and customer-friendly banking experience.

ABL's Network infrastructure for branches and ATMs are on redundant media having ample foot print of fiber optic across the country. Due to its 'robust design, ABL branch Connectivity uptime remained above 99% despite having infrastructural issues including flood disaster countrywide specifically in south and north regions. Furthermore, the Bank has developed cross platform Android & iOS based Mobile application that has the capability to monitor ATM Network in real time. The application has derived following benefits:

- Optimization of Field force staff and Workload Management
- Real time visibility of ATM Cash Status
- Improved Service Level Turn Around Times (TATs)

The bank has successfully deployed IBM Business Process Manager (BPM), aiming to automate and streamline internal processes through digitized workflows. The primary goal of BPM is to identify, document, automate, and iteratively enhance business processes, ultimately enhancing organizational efficiency and reducing costs. Additionally, BPM provides a native connector facilitating seamless integration with Robotics Process Automation (RPA), ensuring the incorporation of RPA use cases wherever deemed necessary.

The Core Banking System serves as the central hub within a Bank's software infrastructure, overseeing both customer financial and non-financial/historical data. This centralization complements all front-end applications and channels, facilitating swift transaction processing. To ensure uninterrupted service, the Bank has implemented various measures, leveraging state-of-the-art infrastructure and optimizing system development techniques in line with global best practices, maintaining a 100% up-time for the Core Banking System. Additionally, the bank is in the process of deploying the Data Lifecycle Management (DLM) tool for data separation, enhancing efficiency in both online transaction processing (OLTP) and batch processing. The bank has also



# GROUP REVIEWS



initiated an upgrade to the latest release of its Core Banking System, poised to benefit from technological enhancements made over time, ultimately leading to improved customer services and an enhanced user experience.

The bank has strategically chosen Oracle Exadata, renowned as the fastest database platform, to power its core and critical banking systems. In a recent procurement move, the bank has acquired the latest generation of Oracle Exadata, namely the X9M-2. This cutting-edge system incorporates the latest CPUs, advanced networking capabilities, and optimized storage hardware, complemented by refined software. The Oracle Exadata X9M-2 is designed to deliver unparalleled performance, availability, and security, contributing to heightened business agility and efficiency. This investment underscores optimal performance and robust security in the critical banking operations.

In order to provide centralized, reliable, safe and secure business services, ABL has two state-of-the-art mission critical Data Center facilities. These facilities are designed, built and operated to meet international standards, and make sure the availability of banking services round the clock for customers.

ABL has deployed enterprise level backup solutions that help to maintain backups of all critical applications and databases along with IT assets & Systems to safeguard the data integrity and availability to cater any unforeseen or disasters.

## Future Outlook:

Going forward, ITG shall continue to augment its inter-connected technological advancement across the Bank to cater financial needs of the Tech Savvy customers while reducing operational cost through automation and optimization of processes and systems.

The Bank continues to implement robust system in order to safeguard from upcoming cyber security threats. The Bank shall continue to invest in revolutionized IT systems for better connectivity with branches, offices and ATMs including the deployment of end-to-end digital payments among individuals, business and government entities.

## RISK MANAGEMENT

Risk Management Group (RMG) is continuously striving towards management of risk through an augmented framework of sound risk principles, reinforced by optimum organizational structure, robust risk assessment models and effective monitoring systems in an automated environment to safeguard the strength of the capital base of the Bank while achieving maximum value for the stakeholders.

Dedicated functions in Risk Management include:

- Corporate and Financial Institutions Risk;
- Commercial, SME and Consumer Risk;
- Credit Administration and Monitoring;
- Technical Appraisal;
- Information Security & Governance and
- Enterprise Risk

These functions operate cohesively to continuously augment the risk monitoring and assessment architecture, ensuring superior quality of asset portfolio while keeping the aggregate risks well within the Bank's overall risk acceptance criteria.

During 2023, Risk Management continued to refine and innovate Risk Management practices through use of latest technology and took following key initiatives to further strengthen risk monitoring and assessment processes:

- The Bank has partnership with Karandaaz Pakistan (a non-profit organization) for an Innovative Challenge Funds; ICF3 - Transforming SME Financing, Innovative Credit Scoring Model of SMEs. Besides, bank is also contributing in lending to SMEs through SBP backed SME Asaan Finance (SAAF) scheme.
- In order to ensure meticulous compliance regarding smooth transition towards the SBP's instructions for implementation of International Financial Reporting Standard 9, "Financial Instruments" (IFRS9), the Bank has ensured its readiness through implementation of IFRS-9 system to comply with regulatory requirements and accounting standards. The Bank has been successfully submitting the impact of Expected Credit Loss under IFRS9 to SBP.
- The Bank has an in-house developed state of the art Risk Assessment and Management System (RAMS) for loans processing and monitoring. The system has enabled effective management of Credit Risk, also reflected by one of the lowest infection ratios in the industry. The Bank follows a continuous process for upgradation in RAMS to enhance its effectiveness.
- In continuation of the Bank's distinctive initiative of engaging with the obligors to provide them with latest insight on business management and strategies; four seminars for Corporate, Commercial & SME obligors, were arranged with Renowned Speaker Dr. Ishrat Hussain (ex-Governor State Bank) on "Corporate Governance for Sustainable Economic Growth", "Transition from Family-Owned Business Structure to Corporate Structure" and "Enhancing the Share of Sialkot in International Trade" during 2023.

The Bank has conducted various security assessment exercises in 2023 on Information assets of the Bank which included Vulnerability Assessment (VA) and Penetration Testing (PT) activities. This included the engagement of Red Team for external penetration testing of critical Information Assets of the Bank.



Payment Card Industry Data Security Standard (PCI DSS) Certification was also achieved for the 5th year in 2023 along with compliance to Swift Customer Security Program (CSP) as mandated by SWIFT International. Various Information Security Awareness campaigns including Fraud awareness were conducted for our valued customers. A Cloud based E-Learning platform is also in place for training of team members to educate and enhance awareness about latest Cyber security threats and trends.

Major focus of the Bank remained on the Capacity Building and Enhancement of SOC (Security Operations Center) where significant investment was made on the Technology Upgrades, Improvement of Processes and development of Skillset of Human Resources. Major highlights included a dedicated SOC Facility enabled through advanced technologies for Security Information and Event Management system, Threat Intelligence and Digital Risk Protection Platform, Security Orchestration Automation and Response System, End Point Protection & End Point Detection & Response solution. Through use of these systems, the Bank has capacity not only to analyze logs, identify the security incidents, and automate the process of orchestration & escalation for timely countermeasures but also enriched and timely Threat Intelligence for protection of our Information Assets.

The Bank implemented security tools to detect and prevent Behavior based threats and anomalies at end points in order to further strengthen security.

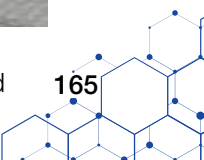
The Bank has also in place Information Security Risk Management Program for aligning its Governance structure with International Standards and Industry best practices. In this regard, Information Security Strategy and development of Policies, Procedures and Frameworks were the major highlights.

The bank conducted Cyber Hygiene and Data Leakage self-assessment exercises for evaluating the overall cyber health and Security Posture of the bank. In this context, the Bank has in place a roadmap to further strengthen and improve the security posture. The Bank also initiated a project for Implementation of ISO 27001:2022 standard to further strengthen its Information Security Management System.

#### Future Outlook

Risk Management aims to continue the pace of major initiatives in 2023 such as effective utilization of the implemented Modules of Oracle Financial Services Analytical Applications (OFSAA) and Operational Risk Management Module of Risk Nucleus, process design assessments and control testing, automation of workflows in Risk Assessment and Management System, information security awareness campaigns, augmentation of the Bank maintained warehouses for pledge financing.

Emphasis on further strengthening the Bank's Information Security Posture shall continue along with investments in technology



# GROUP REVIEWS



and human resource development to maintain an effective risk management framework across the Bank.

Being cognizant of disruption through digital banking, Risk Management has planned to enhance the scope of existing digital lending platform from consumers to Small Enterprises, Medium Enterprises and commercial businesses by innovating credit scoring models and processes for credit risk assessment, disbursement and monitoring.

Collaboration with leading FinTech and Data Analytics companies shall be evaluated to leverage the developments taken place with regards to Artificial Intelligence and Machine Learning techniques. Risk Management recognizes the challenges to the economy and shall continue to take pragmatic measures to ensure effective risk management of assets of the Bank.

## HUMAN RESOURCE GROUP

Human Resource Group continued to play its dynamic and agile role while positioning itself as lead enabler for business growth. HRG reshaped the way for recruiting, developing and retaining talent, to achieve positive work outcomes. HRG has been the driving force in keeping the workforce and organization engaged, productive and resilient during the hardships of the time.

### Talent Acquisition

In line with approved policy and to meet human resource requirement of the Bank, career opportunities have been offered to external candidates and our existing employees at all hierarchal levels through approved talent acquisition procedures of the Bank.

To fulfill the human resource requirement of different functions of the Bank, 3100+ offers for appointment have been issued to

eligible candidates during the year 2023, through both contractual and permanent recruitment practices.

In line with approved Manpower Plan 2023, batch of fresh Management Trainee Officers was inducted, consisting of 561 candidates. As per approved career path of Management Trainees, 748 Management Trainees from various batches were awarded biannual increments during the year 2023.

With special focus on Trade & Advances business; the Human Resource Group has taken the initiative to induct a batch of 100 MTOs-Trade & MTOs-Credit.

### Employee Career Path Development

Career growth opportunities were offered at all hierarchal levels through merit-based elevations of the Bank's own resources to provide cross functional exposures at Chief, Group Head, Divisional Head, Regional Head and Unit Head positions. Through effective career progression at junior management levels, 554 cadre change elevations were made along with 1,153 grade promotions during the year 2023 to provide adequate growth opportunities within the organization.

### Learning & Development

In the fiscal year 2023, the Human Resources Group continued to strengthen its strategic alignment, emphasizing a holistic approach to empower our workforce. This was achieved through a suite of thoughtfully curated learning and development initiatives covering more than 11,000 employees. These programs were tailored to support our ongoing commitment to enhancing the personal and professional growth of our employees, a testament to our established strategic focus in human resource development.



Central to our strategy was the implementation of the Allied Leadership Talent Pipeline (ALTP) Phase-2 and the Allied Leadership Recognition and Investment In Sustaining Employees (ABL RISE Program). These programs were pivotal in cultivating leadership acumen at multiple organizational tiers, reinforcing our dedication to leadership development. Notably, 120 participants were covered in the ALTP Program, while 1,174 participants were part of the RISE Program.

In a significant collaboration with LUMS a premier business school, we tailored training programs for our middle and senior leadership across various business domains, with a specific emphasis on nurturing a customer-centric organizational culture covering 102 employees. Furthermore, recognizing the transformative impact of artificial intelligence, we conducted an extensive 'AI for Managers' training program for 30 selected resources from various functions of the bank through LUMS, equipping our management team with essential AI competencies.

Our partnership with Blanchard, a globally renowned training company, facilitated a series of "Legendary Service" workshops. This initiative was instrumental in reinforcing our commitment to unparalleled customer service standards. These sessions were attended by 250 selected employees including all Regional Heads of BSG, Branch Managers and Banking Services Managers of the top 100 branches.

The year also witnessed an extensive scope of training programs covering vital themes such as diversity, inclusiveness, equity, ethics, service excellence, compliance, and personal wellness. These programs were delivered leveraging cutting-edge learning technologies including mobile learning (mLearning), Massively Open Online Courses (MOOCs) and generative Artificial Intelligence (AI) ensuring a dynamic and engaging learning experience.

A standout accomplishment was the Comprehensive Product Knowledge Challenge Competition achieving an impressive 99.17% participation rate. This competition marked a significant stride in promoting a culture of self-learning challenge through an innovative pull strategy, engaging employees with interactive live scoreboards.

Our strategic partnership with 'Coursera' a global online training platform, enhanced the self-learning culture, facilitating substantial upskilling in key areas such as data sciences, computer science, and business skills. This initiative was particularly beneficial for our Information Technology and Digital Banking Group. Over 250

employees have successfully claimed Coursera licenses, allowing them to partake in these top-tier programs.

In alignment with the State Bank of Pakistan's directives, we focused on capacity-building training in underprivileged regions, contributing substantially to the National Financial Literacy Program (NFLP). Our efforts included over 3,908 sessions across 41 remote districts, impacting over 108,990 local citizens.

A key focus area was the cultivation of digital fluency and agility, essential in navigating the rapidly evolving digital landscape. We conducted numerous upskilling sessions across our Management Development Centers, enhancing the digital proficiency of our employees.

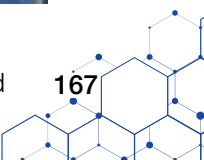
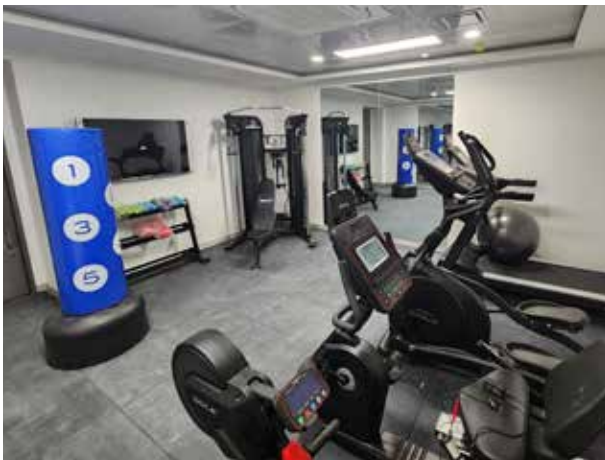
Our collaborations with esteemed national and international academic institutions have yielded fruitful results, significantly enhancing our training capabilities. The bank nominated 20 employees in world class foreign training programs as a testament to our commitment to shape up our employee workforce with global exposure.

The development of advanced training infrastructure, including new Management Development Centers in major cities and MDC sub office-Faisalabad, lays a robust foundation for our ongoing and future learning and development endeavors, thus perfectly aligning with our strategic vision of holistic employee empowerment. These centers boast world class infrastructure including spacious auditoriums, class rooms, computer labs, discussion rooms and dining facilities. The centers are also equipped with latest learning instruments and equipment. This comprehensive approach underscores our unwavering commitment to fostering an environment of continuous learning and development pivotal in our organizational growth and success. Further, these learning centers are also equipped with board games to sharpen mental prowess of our workforce.

### Employee Welfare

In line with the Bank's vision, HRG at ABL is rigorously making efforts to make the Bank an "Employer by Choice" through constantly bringing new initiatives, introducing market leading strategies, and customized product lines for our employees.

To increase the buying power and bringing financial ease to the employees, 'Car Finance and Motorcycle Loan' limits and financing repayment tenures were enhanced to minimize the debt burden.



# GROUP REVIEWS



During the year 2023, HRG took several measures to minimize the soaring effect of prevalent inflation. The revision in 'Employee Travel Entitlements' were announced, pertaining to hotel stay entitlements and increased on-duty daily allowances for our employees.

HRG has strong focus on employee's health and wellbeing and to avail continuous medical facility at renowned hospitals across Pakistan, a revision in employee 'Medical Benefits Entitlements' were carried out in the year 2023 with enhancement hospitalization treatment (IPD), prolonged ailments, maternity and daily room limits.

To provide and avail premium club services, HRG has revised 'Executive Club Membership Entitlements' to promote health, wellness and work-life balance.

Further, focusing daily need and convenience for our female employees, HRG has introduced 'Employee Pink Scooty Loan'. This facility of electric bikes is not limited only to female travel requirement but also augments our social responsibility stance of green environment to reduce global carbon footprint associated with daily commutes.

Awareness seminar on Breast Cancer 'Pink-Ribbon' was organized in the month of October. ABL has joined hands with Shaukat Khanum Memorial Cancer Hospital & Research Centre for an in-house awareness session with the assurance of necessary preventive measures against this dreaded disease, conducted by a medical specialist at ABL Head Office, Lahore.

HR organized an awareness session on Prostate Cancer, symbolized by the 'Blue Ribbon' Campaign. The aim of this session was to enhance awareness among male employees regarding self-monitoring and early detection of prostate cancer symptoms.

Medical Department at HRG has arranged 'Corporate Discount Offerings' with 'Chughtai Lab and Healthcare, Lahore'. The purpose of this arrangement is to enable all Regular/Bank contract ABL employees and their family members to get medical services on special discounted prices through Chughtai Lab and Healthcare, 'Blue Card' which has been issued to all ABL employees, free of cost.

## Employee Well-Being and Mental Health

Employees' wellbeing and mental health is of paramount significance to us. Hence to counter the post pandemic stress, training sessions and wellness programs on 'Work-life Balance',

'Yoga for Self-Care' and 'Stress Management' were arranged for employees.

## Gym Facility

ABL is introducing state-of-the-art gym facility for its employees. Separate gyms for males and females equipped with top-class workout equipment and amenities have been established to cater to various physical fitness needs. It shall provide employees with a convenient and accessible space to engage in physical activities, fostering a culture of health and wellness within the workplace.

## Day Care Facility

ABL has also developed a daycare facility for its employees. This facility is designed to support ABL working parents for providing a safe and nurturing environment for their children during working hours.

Equipped with qualified and caring staff, the first daycare facility at Lahore will ensure that employees can focus on their work, with children in safe and caring environment.

## Sustainable Development Goals – Gender Equality

Gender Equality has always been the corner stone of Allied Bank from the time of the Banks inception it was the torch bearer on being an equal opportunity employer to help women achieve their goals. HR has always been at the fore front to promote the female employee inclusion and supporting new initiatives that support them in general areas of life as well. HR has taken multiple initiatives, to narrow down the gender gap and establish a conducive, harmonized gender sensitive work environment.

As part of our diversity & inclusion drive hiring of female employees was focused this year, therefore our female population stands at 22% at December 2023.

The commitment towards bringing diversity is further augmented by the following statistics.

Female Director	1
Female Head of Department	1
Female Employees – Reporting directly to Head of Departments	3
Total Female Employee Ratio	22%
Female Chief Anti-Harassment Officer	1
Female Employee Ratio at Senior Management	9%

### Differently Abled Persons

Allied Bank as an equal opportunity employer has prudently ensured that there is no room for discrimination against any Gender, Race or Person with Different abilities in line with its approved policy. A specially designed internship program, realizing into Bank's permanent employment was initiated by HRG in coordination with the relevant stake holders to improve employment experience for differently abled persons.

Furthermore, Human Resource Group has conducted a comprehensive training for all employees to interact with Persons with Different Abilities (PWDs). The curriculum content of this module was carefully designed to explain the concept of PWD, general guidelines to serve PWD, priority services to PWD, sign language communication with deaf persons and guidelines to deal with visually impaired/blind persons.

### Stakeholder Engagement Process

Due to the economic conditions and rising inflation rate of the country, year 2023, has been very challenging where Talent Acquisition and employee retention were major points of concern. Despite these challenging circumstances, our commitment to attract and recruit top tier resources remained unwavering. In the year 2023, the Bank continued with robust talent acquisition strategy through collaboration with reputable educational institutions, to provide employment opportunities to Pakistani Youth. Under our Recruitment Strategy, The Bank participated in Job Fairs, Campus recruitment drives and number of related collaborative initiatives through partnering with esteemed academic institutions based in the major cities as well as far flung areas, such as Lahore University of Management Sciences (LUMS), Lahore School of Economics (LSE), University Of Management and Technology (UMT), Ghulam Ishaq Khan University (GIKI), Sawabi, Karakoram International University (KIK), Gilgit, University Of Lahore, University Of Central Punjab (UCP), Hindu Council, University Of Punjab, Institute of Business and Information Technology (PU-IBIT), Government College University (GCU), Lahore, Capital University Of Science and Technology (CUST) and Institute of Chartered

Accountants Pakistan (ICAP). The Bank aims to bridge the gap between academia and industry, providing platforms for graduates to access real-world data relevant to their respective fields.

### Succession Planning

The Human Resource Group of ABL has continuously evolved and implemented Employee and Organizational Development strategies. Under this, the CARE department is aligned with the strategic role of HRG to achieve transparency, meritocracy and objectivity in recruitment, succession planning, leadership planning, recognition of employees and sustainable development of its human resources. The CARE has altogether conducted the assessments of 5184 candidates FTY 2023. The CARE has also been managing the following activities of past projects:

1. MTO's induction test: 1876 candidates
2. Learnability assessments and personality profiling: 1872 candidates
3. Change of Cadre, Junior Grade Promotion (BDOs, Tellers & CSOs) assessment: 1,122 candidates
4. Psychological assessment for the position of Regional Head(s): 80 candidates.
5. Psychometrics for the Senior Grade Promotion assessments from MG-7 to MG-6: 190 candidates.
6. MTIT Periodic Evaluation: 44 MTIT candidates
7. As per the approved program of ABL-RISE, the CARE has identified candidates with different tiers: 1560 candidates were provided with learning and development opportunities.

### BANKING SERVICES

With unwavering dedication to sustainable growth, exceptional customer experiences, and operational excellence, the Banking Services Group (BSG) leverages technology as its catalyst. Robust controls, optimized resources, and seamless digital transformation empower us to deliver unparalleled customer satisfaction – the cornerstone of building new relationships and strengthening existing ones.



# GROUP REVIEWS

By simplifying processes, automating tasks and embracing digitization enable the Bank to achieve the significant strides in operational efficiency and team empowerment; thereby, paving the way for even greater customer focus and sustained success.

The Bank continued its journey towards process simplification, automation and digitization; consequently:

- During the year, the Bank achieved account base of 7.9 million by opening additional 1.5 million accounts in 2023.
- The Bank crossed the milestone of:
  - Debit Cards surpassed 3 million.
  - Registered myABL users surpassed 1.6 million.
  - 980,000+ myABL WhatsApp User.
  - 2,185,000+ E-SOA subscribers.
  - US\$ 4.0+ Billion Trade Business
- Life date update through Biometric verification to facilitate the pensioner.
- Installation of DSMS – Additional 177 DSMS have been installed in branches during 2023; thus, making a total of 1452 DSMS.
- Bulk issuance of Form 7 has been introduced which enable branches to issue Certificate of Security Deposit for Overseas Employment (Form 7) in bulk which reduce the workload of branches and improve process efficiency.
- Teller one window authorization limit has been enhanced to improve TAT and customer experience.
- Inter Branch Fund Transfer from Remote Branch charges has been automated; eliminating the chances of error and improving the efficiency.
- Measures taken for effective Cash Management which resulted in significant amount saving in CIT expense despite radical fluctuations in fuel prices.
- New Flatbed Printers installed to support in cheque security features, validations, digital archiving, operational efficiency, off-site monitoring & audits in the period; thus, making a total inventory of 1800 printers deployed in 400 branches.
- Discontinuation of 2<sup>nd</sup> copy of scroll which is now being provided through email resulted in saving in operational expenses.
- Remote trainings using DSMS – Digital Signage machines are being utilized to conduct awareness sessions on customer centric services, Account opening, Fake Letter of Guarantees, Fake Statement of Accounts, Debit cards, ABL AMC, Home Remittances, branch upkeep.
- Verification of customer's identity document process has been simplified, now branches can carry out verification of customers' identity documents by accessing NADRA Verisys directly instead of through CAPU.
- Stop payment of the cheque made available in T24 system to record cheque stop payment during Call Back Confirmation in order to improve effectiveness of control.



- Issuance of SWIFT Based Guarantees which is quick & secure mode of transmission, eliminating manual verification, mitigation of fraud/forgery risk and cost effective in terms of paper, printing and handling of manual LGs.
- LOT for Asaan Accounts & Other Low Risk accounts have been replaced with SMS. Through this process, account opening TAT is improved, dependency over issuance of cheque book is removed, furthermore printing & cost is also reduced

Guarantee beneficiaries can now verify ABL Issued Guarantees Online through ABL Website. It has not only impacted Verification TAT, printing & courier cost but also mitigated "Fake LGs" risk.

Availability of remittance transaction enquiry screen/menu in T24 system enabling branches to check the remittance transaction status at their end for instant customer guidance.

- Implemented ILS system at branch level for raising PRC request to have better control to respond customer's request within TAT, effective customer facilitation and curtail down PRC related complaints ratio

## Future Outlook

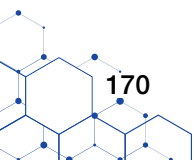
Going forward, BSG will pursue automation and simplification of processes using technologies like Robotics Process Automation (RPA), machine learning, artificial intelligence and adding service channels like customer facilitation portal on ABL's website to enhance customer experience.

Synergy with business teams shall be heightened to achieve further business growth. Customer centric culture shall be focused and customer service shall be used as the main tool for business growth.

## SPECIAL ASSETS MANAGEMENT

Special Assets Management Group (SAMG) is one of vibrant constituent of bank's risk management committee. SAMG is responsible for providing specialized services in (03) functional areas of the bank that includes:

- The recovery and management of non-performing assets,
- Handling and applying of available measures/ tools for controlling, minimizing and remedying the damage(s)/ losses occasioning on account of undesirable acts of fraud, forgery and dacoity; and
- Provision of legal support across the Bank.





Despite the rise in policy rate, high inflation and challenges to the macroeconomic stability; SAMG exhibited a consistent growth in recovery from classified portfolio through coordinated team efforts and by taking timely remedial measures.

SAMG by adopting multipronged strategies with special emphasis on negotiated settlements including cash settlements, debt property swap arrangements, restructuring/rescheduling of complex non-performing loans was able to post historic recovery.

Bank's infection ratio (NPL to Gross advances) has been recorded at 1.64% in 2023. Meanwhile, loan loss coverage (including general provision) was recorded at 96.2% as on December 31, 2023 (90.4% as on December 31, 2022).

During 2023, legal affairs has successfully maintained its track of professional support to all functions of Bank in timely and efficiently manner. From the desk of FRM&RR several system controls were suggested to help control and curtail the digital banking frauds specially related to myABL & e-Commerce channels. As part of staff awareness, multiple training sessions for field offices were conducted for awareness of general public in respect of usage of digital banking channels. FRM- Acquiring, a leg of FRMU was established in 2023 for monitoring, investigations and reporting of ABL acquiring business.

#### Future Outlook

SAMG will continue to play proactive role to maximize the recovery efforts while providing the legal support across the bank. In order to further strengthen fraud monitoring function, FRMU in coordination with ITG & DBG is evaluating Enterprise Fraud Management System. This will enhance the capabilities of FRMU to respond to new digital fraud trends in proactive manner.

#### COMPLIANCE

Compliance Group (CG) functions as a key component of the Bank's second line of defense for managing Regulatory and Money Laundering / Terrorism Financing risks with primary role to ensure that the Bank operates and adheres to all applicable laws and regulations by building necessary controls within Internal Policies & Procedures. The management of the Bank is committed to fostering a strong compliance culture in collaboration with all

stakeholders through the effective adoption of regulatory guidance and continuously striving for an integrated and robust risk mitigation framework.

CG ensures a sound compliance environment through:

- Performing compliance reviews;
- Ensuring timely compliance of internal and external audit observations;
- Enhancing stakeholder awareness;
- Continuous skill enhancement of the compliance staff;
- Ensuring technology driven controls for effective implementation of Anti Money Laundering (AML), Combating Finance of Terrorism (CFT), Countering Proliferation Financing (CPF), Trade Based Money Laundering (TBML) and within the Bank; and
- Structured oversight of Compliance Committee of the management with respect to relevant regulations, policies & procedures and initiatives of the Bank for both domestic and overseas operations.

Pressure on the financial sector to adhere to regulatory requirements further increased in the year 2023 along-with ensuring its effective and efficient handling especially in the areas of TBML, AML, CFT and CPF requirements in line with the FATF expectations. CG has not only ensured that all regulatory requirements are timely communicated and implemented on bank-wide basis but has also played a key role in instilling a compliance culture within the Bank via continuous monitoring, training, learning and automation. In addition to carrying out various "Compliance Risk" mitigation tasks, the following remained the key areas for effective management and oversight of Compliance Risk:

- Augmenting Entity and Process level controls to avoid Money Laundering (ML), Terrorism Financing (TF), Proliferation Financing (PF) and Trade Based Money Laundering (TBML);
- Continuous and consistent adherence to regulatory promulgations and frameworks ensuring documentation development and implementation, where required;

# GROUP REVIEWS

- Maintaining and updating bank-wide documentation and process flow charts inventory;
- Carrying out regulatory compliance reviews of the Bank's critical and high-risk areas to assess compliance with regulations and the effectiveness of implementation;
- Key Risk Indicators (KRIs) are used to identify, evaluate, and track compliance risk;
- Coordination with the regulator along with ensuring accurate and timely regulatory reporting;
- Enhanced and Effective Stakeholder Management and Organization wide outreach by Recurring and Significant Training & Education through online tools;
- Effective technology utilization and upgradation to monitor out-of-pattern transactions to detect possible Money Laundering, Terrorism Financing and Proliferation Financing activities; and
- Resolution of internal and external reviews and audits observations by conducting root cause analysis and emphasis on the process improvement.

The Bank also enhanced the effective monitoring of Trade-Based Money Laundering (TBML) and Harmonized e-KYC (Know Your Customer) mechanisms with the integration of critical trade due diligence parameters, as well as development of Trade Customer Risk Profiling Model, to mitigate trade-based Money Laundering related risks especially pertinent to dual use of goods and vessel tracking. The Bank has also reorganized the e-KYC functionality, which has been harmonized with the core banking System. In order to access, identify and evaluate the inherent AML, CFT, CPF and TBML risks at the entity level, the Bank also updated its Entity Level Internal Risk Assessment (IRA) in accordance with regulatory requirements and the National Risk Assessment (NRA) of Pakistan. The Compliance Group also carried out various regulatory

compliance reviews to ensure compliance with the prerequisites and also conducted Gap Analysis of significant regulatory changes, amendments and updates viz a viz existing banks documentations and implementations to ensure effective regulatory compliance.

With the aim to create awareness among customers about the Bank's complaint lodgment process and available channels, information was disseminated through corporate website, myABL Digital Banking app, SMS, digital signages, and ATMs. During the year 2023, 80,959 complaints were registered and the Bank achieved 98% resolution rate with an improved average turnaround time of 8.8 working days for resolution of customer complaints.

## Future Outlook

Compliance function will continue its concerted efforts in strengthening compliance culture, reducing the compliant resolution time and enhancement of skills through trainings, certifications and awareness sessions on areas like AML, KYC, CFT, CPF, TBML and latest regulatory requirements for Staff and Customers. Compliance function will roll out artificial intelligence-based solutions for streamlining transaction monitoring and rationalizing sanction screening workload in conjunction with ensuring effectiveness of these systems.

The Compliance function of the Bank is at center point of implementation of Block Chain driven eKYC project in the Bank. This is an industry level initiative which will help in improvement of quality of KYC and reducing compliance risk.

As part of implementation for Trade-Based Money Laundering framework; upgradation of Name Screening Solution, Vessel tracking and Transaction Monitoring System will remain key priority of CG. Further, to comply with SBP TBML framework, Compliance Function through its risk-based approach will deploy and implement Trade Customer and Entity wide Risk Profiling Model to mitigate Trade-Based Money Laundering related risks along with implementation of Liability Customer Risk Profiling Model.





# OUTLOOK

# FORWARD LOOKING STATEMENT

Forward-looking statements are used in different sections of the annual report of Allied Bank Limited (ABL). These statements are based on assumptions and expectations that are subject to inherent uncertainties and, as a consequence, prone to the risk that the predictions, forecasts, projections, estimates or conclusions may deviate from actual results. Therefore, should be read in conjunction with prevailing economic parameters including applicable fiscal and monetary pronouncements for decision making purposes.

## Economic outlook

The prevailing political unrest, challenging macroeconomic conditions and high inflation rates along with external factors exerted pressure on Pakistan's economy. However, there are signs of short-term improvement in economic performance. According to the IMF estimates, Pakistan's GDP contracted by 0.2% in 2023 which was earlier projected to contract by 0.5%, in both July and October 2023 updates.

In 2023, inflation levels remained elevated, with CPI inflation recorded at 29.7% on year-on-year basis in December 2023, compared to 24.5% in December 2022. On a month-on-month basis, inflation increased to 0.8% in December 2023 compared to a rise of 2.7% in the previous month. Consequently, the State Bank of Pakistan (SBP) maintained strict policy stance to ensure external account stability, address inflationary pressure and manage demand. Monetary Policy Committee (MPC) of SBP increased the policy rate by 600 basis points since November 2022, reaching 22% in June 2023, and maintained this rate in its recent meeting held in January 2024. However, MPC has estimated that the headline inflation rate will decline in second half of FY'24.

## Future outlook

The Bank is prudently progressing ahead to shape a successful future by investing more in generative AI applications, autonomous technologies and digitally led innovative solutions, while also delivering value to its stakeholders through agility, resilience, and strong governance.

Going forward, the Bank is determined to achieve the following key strategic objectives:

## Enhanced digitization

ABL aims to improve digital and counter transaction mix through enhancing and introducing digitally-led financial solutions, augment smart branches and deploying and utilizing Open Banking Platform, Artificial Intelligence (AI) and Generative AI.

## Process enrichment through robotic automation

The Bank continues to implement "Robotic Process Automation Solution" for improving operational efficiency, control and cost saving. Automation of manual processes will result in turn-around time improvement and strengthening of operating effectiveness.

## New-to-bank customer onboarding

One of the primary strategic goals of ABL is to develop an easy-to-use digital onboarding process. The Bank is expanding its customer base through new services and business models by adopting hybrid strategy to augment new customer base.

## Financial inclusion

Financial inclusion plays major role in economic growth and poverty alleviation. By providing access to formal financial services, individuals in underserved communities can participate in the formal economy, leading to improved livelihoods. Going forward, ABL targets to penetrate into large unbanked segment of population groups through innovation and promotion of youth and customer-centric products and services.

## Information security

With enhanced digitization, agile and pro-active information security is of paramount importance to combat with cyber threats. The Bank plans to expand continuously its robust Info-Sec set-up by adopting the industry best practices and embeds its systems with emerging controls.

## Human resource and intellectual capital

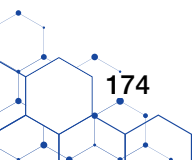
Technology Savvy Human Capital is essential for successful digital transformation in progressively complex and competitive environment. Along with induction of Technology Savvy resources, emphasis is being laid on traditional as well as e-learning techniques to upskill and develop workforce in line with ever-changing banking dynamics.

## Fee Based Income

Amid fluctuating interest rate environment; diversification, base broadening and optimization of revenue streams will remain pertinent. The Bank intends to exploit opportunities in e-banking services, trade finance and remittances to enhance fee-based income.

## Outreach

Keeping in mind the evolving digital trends together with traditional banking to cater diversified population base of the country, the Bank focuses on hybrid banking strategy involving a mix of conventional and digital channels.





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

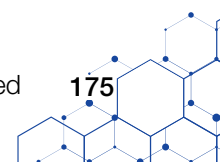
The Bank appraises readers regarding multiple factors beyond its control, which may cause the actual results to differ materially from the expectations expressed in these statements.

Following factors may affect the Bank's strategy going forward:

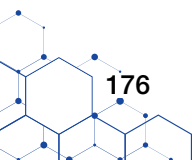
- Fiscal and Monetary measures;
- Geo-political risks;
- Regulatory changes and taxation;
- Political stability; and
- Exchange rate volatility & inflation

## PERFORMANCE MEETING THE FORWARD-LOOKING DISCLOSURES

Strategic Objective	Key Operational Milestones
Enhance Operational Effectiveness to provide customer centric Experience	<ul style="list-style-type: none"> <li>• Completed installation of additional "177" Digital Signage Machines (Total DSMs: 1,452).</li> <li>• Robotic Process Automation is being developed to cater repetitive file processing tasks; particularly to limit the interaction with multiple systems and reduction in turnaround time.</li> <li>• The Bank has developed cross-platform Android &amp; iOS based Mobile application that has the capability to monitor ATM Network in real time.</li> <li>• Incorporation of Static QR Code at Letter of Thanks (LoT) &amp; Half Yearly SoA/eSoA.</li> <li>• Inclusion of Credit Worthiness Reports (CWR) on the Bank's portal to reduce TAT of Trade transactions &amp; being cost effective for the obligors.</li> <li>• Issuance of SWIFT Based Guarantees – a quick and secure mode of transmission, eliminating manual verification, mitigation of fraud/forgery risk and cost effective in terms of paper, printing and handling.</li> <li>• Online LG verification is implemented; customers can now verify ABL issued Guarantees online through ABL Website. It will improve Verification TAT, printing &amp; courier cost, mitigation of forgery risk and a step towards paperless environment.</li> <li>• Discontinuation of ATM Journal Paper Roll on 516 ATMs to augment paperless banking practices, digitalization and cost reduction measures.</li> <li>• One of the highest ATM transactions as acquirer; ATM uptime 95%.</li> </ul>
Augmenting financial inclusion	<ul style="list-style-type: none"> <li>• Enhanced Pakistan's first myABL WhatsApp Banking service, serving to around 1 million users, by adding new features including:               <ol style="list-style-type: none"> <li>1. Mobile Top-up;</li> <li>2. Withholding Tax Certificate; and</li> <li>3. Account Statement.</li> </ol> </li> <li>• Introduced industry-first Allied Freelancer Account to cater needs of freelancers.</li> <li>• Expanded e-Commerce payments and alliances with leading merchants.</li> <li>• RAAST Payment P2M "Person-to-Merchant" feature is incorporated in myABL app.</li> <li>• Revamped myPDA (myPakistan Digital Account) journey in terms of adding new technologies i.e., Optical Character Recognition (OCR) and Artificial Intelligence (AI), reduced number of clicks for customer's convenience and extended product.</li> <li>• Payday loan feature (Advance Salary) has been extended to over 100 companies, during the year ended December 2023.</li> <li>• Opened 30 Branches and 27 Islamic Banking Windows (Total Branches 1,483 and Islamic Banking Windows 162).</li> <li>• 48 new Automated Teller Machines (ATMs) added (Total: 1566).</li> <li>• Total Mobile Banking Units are 05.</li> <li>• Opened 1,530,000+ new accounts during the period to reach the total at 7,972,000+ as on December 31, 2023 including mobile wallets.</li> </ul>



<p>Enhancing Brand Image &amp; Shareholders' Value</p>	<ul style="list-style-type: none"> <li>• Total assets surpassed Rs. 2 trillion.</li> <li>• Stable dividend stream and increasing equity.</li> <li>• One of the lowest Infection Ratio</li> <li>• One of the highest Capital Adequacy Ratio</li> <li>• Bank of the year 2023 – (Pakistan) Award by “The Banker”, 3rd year in a row.</li> <li>• Pakistan Society for Human Resource Management &amp; Engage Consulting award for:             <ol style="list-style-type: none"> <li>1. Best of the Best Place to Work Company in Pakistan.</li> <li>2. Best Place to Work – “Winner” in Banking Industry.</li> <li>3. Best Place to Work in Top 10 Large Organizations.</li> </ol> </li> <li>• Global Diversity Equity &amp; Inclusion Benchmarks award - Best Practice Bank in Job Design, Classification and Compensation.</li> <li>• FinanceAsia Country Awards – Best Domestic Bank in Pakistan, 2nd year in a row.</li> <li>• Asiamoney - Best Bank for Diversity &amp; Inclusion in Pakistan 2023.</li> <li>• CFA Society Pakistan – Runner-up for Best Bank in ESG 2023.</li> <li>• ICAP &amp; ICMA International - 3rd Position in Banking Sector for Best Corporate Report of 2022.</li> <li>• App &amp; Web-Enabled Market Awards-myABL Digital Banking App – Pakistan Digital Awards 2023.</li> <li>• The Asset Triple A awards for:             <ol style="list-style-type: none"> <li>1. Telecom Deal of the Year from The Asset Triple A Sustainable Infrastructure Awards 2023.</li> <li>2. Utilities Deal of The Year from The Asset Triple A Sustainable Infrastructure Awards 2023.</li> <li>3. Best loan adviser from The Asset Triple A Country Awards for Sustainable Finance 2022.</li> <li>4. Best syndicated loan from The Asset Triple A Country Awards for Sustainable Finance 2022.</li> </ol> </li> </ul>
<p>Employer of Choice for top Professionals</p>	<ul style="list-style-type: none"> <li>• Conducted Allied Leadership Talent Pipeline (ALTP) Phase-2 to ensure effective succession planning at the senior management level.</li> <li>• RISE program has been completed to ensure effective succession planning at the Middle level management.</li> <li>• Signed an MOU with Blanchard Pakistan and conducted a series of sessions on ‘Legendary Service’ by Mr. Antony Demetriou, the Global Partner/Trainer of Blanchard, in Lahore, Islamabad, and Karachi.</li> <li>• Conducted a customized three-day training program at LUMS on ‘Leading and Developing a Customer-Centric Culture’.</li> <li>• Conducted a customized four-day training program on Artificial Intelligence (AI) for managers at LUMS, involving 30 selected resources (DH/UH level) from various functions of the bank.</li> <li>• Subscription of ‘Coursera for Teams’ licenses for 500 employees including all Group Heads, Divisional Heads, Regional Heads and selected individuals from ITG and DBG.</li> <li>• The Knowledge at Sight (KAS) feature was launched on the mLearning app.</li> <li>• Conducted a series of DEI (Diversity, Equity &amp; Inclusion) sessions in 2023 that covered 3,634 employees.</li> <li>• Conducted Women Leadership Development Program for 30 high potential female employees from MG-8 to MG-4.</li> <li>• Employee Excellence Awards and Recognition Program 2023: As part of ABL Human Resource Group (HRG)’s continuous efforts towards Organizational Development (OD) and inculcating transformation enabling environment, HRG has carefully chalked out ‘Employee Excellence Awards &amp; Recognition Program’. This recognition program comprises of the following Award categories:             <ol style="list-style-type: none"> <li>1. Employee of The Quarter – (Business &amp; Support Functions);</li> <li>2. Employee of the Year – 16 employees (Business &amp; Support Functions).</li> </ol> </li> <li>• HRG successfully developed and implemented quarterly performance bonus program, in Information Technology Group and Digital Banking Group, based on healthy competition and to reward accelerated performance, in timely manner.</li> <li>• To counter the post-pandemic stress, training sessions and wellness programs on ‘Work-life Balance’, ‘Yoga for Self-Care’ and ‘Stress Management’ were arranged for employees. Special awareness sessions related to ‘Pink Ribbon’/ ‘Pinktober’ were conducted for our female employees. In addition to this, female employees were also facilitated to undergo mammography scans at the Bank’s expense pan Pakistan.</li> <li>• Introduction of Blue Ribbon (for male employees’ health), along with expansion of Pink Ribbon related initiatives to cover whole population.</li> <li>• In line with the Bank’s vision for being an equal opportunity employer and to facilitate our female colleagues, we initiated ‘Employee Pink Scooty Loan’ facility for female employees of the Bank in Management Grade 8 to 12.</li> <li>• Center for Assessment Research &amp; Employees performed, “Periodic Evaluation of MTIT’s” in 2023. This periodic evaluation assessed Management Trainee Information Technology (MTIT) employees after the interval of six months over the period of two years.</li> <li>• Psychological assessment for elevation for the position of Regional Heads 2023 was carried out, similarly for junior cadre (BDOs, Tellers &amp; CSOs) assessment was also carried out involving 1122 candidates.</li> <li>• Learnability assessment and personality profiling of 801 candidates from various MTO batches.</li> <li>• Competency assessment conducted during the induction process of a batch of MTOs conducted for 1876 candidates throughout the year 2023.</li> </ul>



Enhanced Focus on Digitization	<ul style="list-style-type: none"> <li>Established 14 Digital Branches.</li> <li>Enrich the “myABL Personal Internet Mobile Banking App” with enhanced features.</li> <li>Roshan Digital Account (RDA) enhanced with the additional features.</li> <li>Biometrically enabled ATM network of 1566 ATMs.</li> <li>ABL has upgraded the Enterprise Service Bus with latest version and infrastructure, which has helped ABL to support digital transformation.</li> <li>Allied Bank introduced QR codes for sending money through myABL instead of inputting lengthy account numbers.</li> <li>Upgraded the financial switch IRIS with latest infrastructure along with the compatibility of Oracle 19c database, which has helped to maintain a 95% ATM uptime.</li> </ul>
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## STATUS OF PROJECTS

The Bank undertook various projects during the year to augment its customer services, regulatory compliance and to expand information technology infrastructure.

List of Projects completed are detailed below:

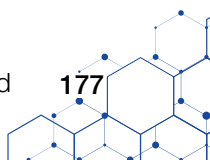
Projects	Status
Implementation of T24 system based report for Prize Bonds replacing Manual registers.	Completed
Data Center (DR Site) in Faisalabad (Phase-1) completed to provide centralized, reliable and secure business services to cater any unforeseen and disastrous situations.	Completed
Cisco Umbrella Enterprise edition procured and deployed which offers multiple security features under a Single Cloud Security Service to secure internet accesses and controls cloud app usage for public and private network users.	Completed
Oracle Exadata upgrade completed which has latest CPUs, networking, storage hardware and optimized software to deliver extreme performance and security that result in greater business agility and efficiency.	Completed
Implementation of 1LINK / VISA – Direct Settlement, enabling ABL customers to settle its Debit Card transactions through NOSTRO.	Completed
Issuance of SWIFT based guarantees; a quick & secure mode of transmission, eliminating manual verification and mitigation of fraud / forgery risk.	Completed
RAAST Payment P2M “Person-to-Merchant” Feature is incorporated in myABL app.	Completed
Online LG Verification - customers can now verify ABL issued Guarantees online through ABL Website.	Completed
Implementation of Electronic Verification of PRC “Proceeds Realization Certificate” for Govt. Authority, resulting in improved TAT and cost saving.	Completed
Inclusion of Pakistan Origin Card (POC)/ Alien Registration Card (ARC) in biometric verification at time of account opening and dormant activation.	Completed

## SOURCE OF INFORMATION AND ASSUMPTIONS USED FOR PROJECTIONS AND FORECASTS

The Bank prudently analyses market dynamics to formulate its projections and forecasts. The Bank also uses assumptions and forecasts provided by International Monetary Fund, World Bank, Asian Development Bank, State Bank of Pakistan, Ministry of Finance and Pakistan Bureau of Statistics.

## BANK’S RESPONSE TO CRITICAL CHALLENGES AND UNCERTAINTIES

The Bank’s robust Risk Management Framework together with strong technological and intellectual infrastructure enables the Bank to address impending risks and uncertainties. The Bank’s distinctive positioning; combined with capital buffer, liquidity cushion and well-established systems and processes, instill confidence in the Bank’s ability to thrive the year 2024 and beyond.



# Celebrating Legacy of Excellence

Allied Bank continues its winning streak and is honored to win 3 prestigious awards at Best Place to Work 2023 Awards Gala





# **CORPORATE SOCIAL RESPONSIBILITY**

# CORPORATE SUSTAINABILITY REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

Allied Bank Limited (Your Bank) being a socially responsible citizen remains committed towards Corporate Social Responsibility (CSR) which forms an integral part of Your Bank's long-term strategy.

Your Bank believes in continued efforts for creating positive impact on our society and works to sustain the trust of the customers and communities in which it operates.

## Our Philosophy of CSR

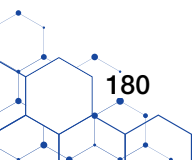
Your Bank adopted globally recognized ecological and social practices through its endorsed CSR policy. The key CSR objectives of the policy are aligned with the rolling strategic plan of Your Bank; ensuring close adherence to the global Sustainable Development Goals (SDGs).

Under the CSR Policy, Your Bank aims to achieve following broader objectives:



## Regulatory Compliance of CSR Policy

Your Bank's CSR policy ensures compliance of all regulatory requirements including the adoption of Corporate Social Responsibility (Voluntary) Guidelines, 2013 issued by Securities and Exchange Commission of Pakistan as well as Corporate Regulatory Framework issued by State Bank of Pakistan.



# CSR HIGHLIGHTS



## CUSTOMER RELATIONS

Your Bank continuously endeavors to achieve excellence in customer services by consistently surpassing the expectations of customers, understanding their needs, disrupting the industry and continuously bringing improvement in delivery of services to set the bar high, in-line with the organizational goals, and remains committed to nurture a service culture across the organization.

Customer service in Your Bank is one of the most important tools to enhance the Bank's market share. It includes responding to customers' needs and addressing their feedback in a 'thorough and timely' manner by interacting with customers through multiple communication mediums including Allied Phone Banking, Social Media platforms and Live Chat facility at Corporate Website and on WhatsApp; resulting in service efficiency and customer empowerment.

Your Bank is continuously expanding its digital footprint to augment the existing conventional branch banking experience by launching innovative digital solution to cater the ever-evolving customer needs. Your Bank's excellence in digital platforms was acknowledged in Pakistan Digital Awards 2023 with the award for "App & Web Enabled Market" for myABL Digital Banking.

### Allied Exclusive Lounge

Your Bank inaugurated its first Exclusive Lounge at DHA Phase 8, Lahore branch, equipped with premium amenities, with an aim to offer exceptional services and to redefine the banking experience for our niche customer base requiring personalized services. This lounge houses dedicated relationship managers for customers' convenience.

### Allied Pay

Your Bank introduced another innovative product namely "Allied Pay" for customers to make digital payments effortlessly and

cost-effectively. Allied Pay is a voucher-based digital payment model whereby customers can fill in their billing information through ABL corporate website to generate a unique voucher number which will then be used to make payment using any ABL channel or 1Bill service.

### Point of Sale Acquiring Business

As a leading banking institution, Your Bank constantly strives to solidify its position in the financial sector by prioritizing convenience and seeking out new opportunities for its customers. In line with the efforts to facilitate customers in the digital space, Your Bank launched its Merchant Acquiring suite, which aims to simplify the process of merchant onboarding and payment for its customers.

### myABL Digital Banking

Your Bank constantly strives to provide innovative solutions to its customers through its digital platforms. This year, a new feature named "Update CNIC Expiry" has been introduced using which ABL customers can update their CNIC Expiry in the Bank's record via myABL without visiting the Branch.

Your Bank enhanced the myABL WhatsApp Banking features enabling the customers to access account information on their preferred messaging platform. The number of registered users of myABL WhatsApp Banking have increased over 987,513 since launched.

### VISA FCY Debit Cards

Your Bank introduced VISA Debit Cards against foreign currency and Roshan Digital USD accounts in order to provide a wide range of debit card types with features to satisfy the changing demands of customers. With this expansion, ABL FCY (USD) and RDA (USD & PKR) customers now have the choice to avail the debit card that best fits their lifestyle and spending needs 24/7 around the globe.

# CORPORATE SUSTAINABILITY REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

## Biometric Access Facility

All ATMs in Your Bank are equipped with biometric access facility to allow round-the-clock transactions without using cards, coupled with anti-skimming devices to enhance security of transactions.

## Self Service Branches

Identifying the impact of digitalization and focusing on banking needs for the millennials, Your Bank added to its network, Self Service branches at further 6 locations, reaching the total number of these Branches at 14 including one at Head Office for employees' facilitation.

Self Service branch offers fully automated 24/7 banking services covering a wide array of banking services, including account opening, instant debit card issuance, fund transfers, fee payments, deposits and withdrawals.

## Cash Recycler Automated Teller Machine (ATM)

Your Bank, believing in new-age technologies to enhance our valued customer experience, launched Pakistan's first Cash Recycler ATM where deposited cash is recycled automatically for cash withdrawals, resulting in operational efficiency for ATM maintenance including reduced Cash-in-Transit (CIT) overheads.

## ATM Network and Uptime

Your Bank has one of the largest networks of 1,566 ATMs deployed across the country to fulfill the needs of the Customers round the clock throughout the year. Your Bank continued its legacy of un-interrupted 99%+ ATM uptime during the occasions of Eid-ul-Fitr and Eid-ul-Adha holidays; processing around 1.8 million transactions involving Cash Withdrawals of approximately Rs. 24.57 billion.



## Electronic Queue Management System and Self-Service Kiosk

Your Bank installed Electronic Queue Management Systems in 435 branches with total cost Rs. 229.150 million, facilitating the customers to conduct transactions conveniently. In continuation of the Bank's journey towards digitalization, 108 Self Service Kiosks worth Rs. 51.717 million are installed to improve customer experience at branches. These Kiosks enable customers to perform banking services including account opening of Allied Asaan Accounts, performing balance inquiry, mini statement of account, cheque book requests and subscribing to alerts and e-statement of account. All these services are biometrically authenticated and can be performed in a completely secure environment at customer's convenience. Customers now can activate Dormant Account through Self Service Kiosks without the assistance of branch staff.

## Web Call Back Feature

Allied Phone Banking always believes in providing exceptional and seamless customer services to its valued customers. To continue the legacy, a new feature called Web Call Back was launched to facilitate the corporate website visitors to schedule a call-back request which is served by a dedicated team.

## Customer Awareness and Financial Literacy Seminars

Your Bank remained focused in arranging seminars to create financial literacy and awareness among the customers and general public.

Your Bank organized awareness Seminars on "Corporate Governance for Sustainable Business Growth", and "Transition from Family Owned Structure to Corporate Structure" for a diverse range of attendees including existing and potential obligors, representatives from State Bank of Pakistan, members of Women Chamber of Commerce and other local organizations. These events featured Dr. Ishrat Husain, an esteemed economist and former Governor of the State Bank of Pakistan, as the keynote speaker. The primary objective of these event was to enlighten participants about the significance of Corporate Governance, effective management of family businesses, the role of professionals, succession planning and the importance of selecting the appropriate legal entity type for long-term business sustainability and continuity.

Moreover, another seminar on "Enhancing the Share of Sialkot in International Trade" was arranged where Dr. Ishrat Hussain enlightened the participants about focusing on strategies to enhance the Sialkot city's share in international trade. The platform served as a medium for sharing insights, fostering collaborations, enhancing governance standards, devising innovative solutions through automation, use of technology including robots, to propel Sialkot's businesses onto the global stage.







Your Bank also organized Agri awareness sessions in different rural areas of Punjab, KPK, AJK and Gilgit Baltistan to create the awareness among the farmers about Agri finance products offered.

Your Bank's Human Resource function arranged 482 National Financial Literacy Program (NFLP) sessions in the rural districts with an aim of financial inclusion of unbanked segments of the society. These sessions, attended by 16,000+ citizens (65% Females), improved the financial awareness levels, which was appreciated by all the participants.

#### Islamic Banking Awareness Session

Your Bank organized a seminar on the subject of Islamic Banking in Rahim Yar Khan, attended by the notables from all walks of life including renowned businessmen.

#### Customer Protection and Quality Assurance

##### Deposit Protection Insurance

Your Bank spent Rs.1,528 million towards deposit protection insurance, complying with SBP initiative to provide protection to small depositors across the banking industry.

##### Customer Data Protection

In this Digital era, customer information is more vulnerable than ever before. Cognizant to this fact, Your Bank continued to safeguard Data and Information Technology assets including compliance of PCI DSS and Customer Security Program (CSP) by SWIFT.

Your Bank conducted assessment exercises including Vulnerability Assessment (VA) and Penetration Testing (PT); ensuring a controlled environment for customers' related information.

Information Security Risk Management Program was one initiative undertaken by the Bank to revamp and align its Information Security Governance Structure with International Standards and Industry Best Practices.

##### Information Security Awareness Campaigns

Information Security Awareness campaigns were conducted for valued Customers and Staff via Short Messaging Service (SMS) and emails to educate and enhance awareness about latest Cyber security threats.

##### Social Media Presence

Social Media followers increased significantly during the year, enabling Your Bank to keep our customers updated on products and stay connected. Your Bank maintains profiles on LinkedIn, Facebook, Twitter, Instagram and YouTube and actively interacts with the customers on a variety of topics. This engagement is providing significant enhancement to the Bank's presence on the social media platforms, especially with the millennial segment of the society.



#### Contribution towards Financial Inclusion

During the year under review, Your Bank continued to work towards financial inclusion in rural areas and providing quality financial services at grass root level by expanding the Rural Branch network to 310.

#### Agricultural Financing

In order to play an operative role in the development of agricultural economy of the country, Your Bank is extending agricultural financing across the country and offers vast range of agricultural finance products through 261 Agri designated branches.

#### WORKPLACE

Your Bank, acting as Responsible Organization, places special significance in employee empowerment by building an engaged, healthy and inclusive team to accomplish the business strategies while meeting the ever-evolving external challenges of the 'Digital Era'.

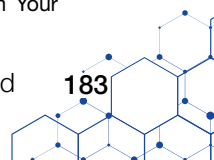
Your Bank adopts the best Business Continuity Plan which has shown its resilience in recent testing times of global pandemic.

#### Awards & Accolades

Your Bank is continually employing the skilled staff while at the same time tapping resources into appropriate trainings to improve their ability and giving the best culture to thrive. In recognition of its efforts towards nurturing the best human capital and creating an inclusive environment, Your Bank won multiple awards during the year 2023.

#### Best Place to Work Awards 2023

Your Bank has an enduring commitment to recruiting, developing and promoting the best talent available with widest range backgrounds, experiences and perspectives. Your Bank was presented with three (03) Awards at Best Place to Work in Pakistan Awards arranged by the Pakistan Society of Human Resource Management (PSHRM) and Engage Consulting, including the most prestigious award "Best of the Best Place to Work Company" 2023 in Pakistan along with the "Best Place to Work in Banking Sector" 2023 and "Best Place to Work in Top 10 Large Organization" 2023. These awards reaffirm Your



# CORPORATE SUSTAINABILITY REPORT FOR THE YEAR ENDED DECEMBER 31, 2023



Bank's position as an empathetic employer and caring leader in the financial industry, setting new benchmarks for success.

#### Best Bank for Diversity and Inclusion – Pakistan by Asiamoney

Your Bank was honored with the prestigious “Best Bank for Diversity and Inclusion Pakistan” award 2023 from Asiamoney to acknowledge its strong commitment to diversity and financial inclusion.

#### Global Diversity Equity & Inclusion Benchmarks (GDEIB) Awards

Your Bank has won Best Practice award by HR Global Diversity, Equity & Inclusion Benchmarks (GDEIB) award organized by Diversity Hub HR Metrics in “Job Design, Classification and Compensation” category.

These awards are manifestation and recognition of Your Bank's unwavering professional resolve and progress towards inducting, retaining and nurturing the best human capital as well as successfully managing all functions of human resource management in line with the core values, mission and vision of Your Bank.

#### Allied Family Festival

Employees' engagement plays an important role in creating a great workplace culture which is vital for shaping the future of an organization. Your Bank also believes in engagement of staff and their family members through social interaction and



healthy activities. Accordingly, Rs. 30 million were spent on staff cricket tournaments held at Lahore, Karachi, Islamabad and Multan respectively; which were well participated by staff and their family members who thoroughly enjoyed the festive environment.

#### Equal opportunity employer and employment of Differently Abled Persons

Your Bank has created direct and indirect employment which is currently exceeding 18,000 employees, who represent diverse geographical areas of Pakistan; thereby positively impacting the broad-based economy and society at large.

Your Bank being an equal opportunity employer, encourages employment of differently abled persons and currently 56 such persons are honorably earning their livelihood while serving Your Bank with pride.

#### Diversity

Simultaneously 2,734 - females, representing 22% of total permanent staff members, are diligently performing their duties. Among the senior management positions, Your Bank's Gender diversity ratio is 9%.

Further, Your Bank celebrated the National Working Women's Day in recognition of its women workforce and acknowledged their positive contributions made towards the Bank's progress.



### Occupational Health and Safety

Your Bank continued its endeavor, exhibiting commitment for occupational health and safety. During the year; 1,969 employees availed medical facility worth Rs. 226 million under the approved medical expense policy.

Adhering to responsibility towards eligible ex-employees, Your Bank paid Rs. 122 million during the year, towards the health of 463 ex-employees, from the platform of "Post-retirement Medical Fund".

Your Bank ensures that necessary security standards are met at all the premises. For training and awareness of the employees on how to act during any emergency, 32 safety drills were conducted at major buildings in Lahore, Karachi, Islamabad, Rawalpindi, Faisalabad, Gujranwala, Abbottabad, Peshawar, Quetta and Multan.

Your Bank ensured availability of emergency lights, fire and smoke detection equipment, alarm systems, portable fire extinguishers, periodic evacuation, safety drills in order to enhance staff security at the workplace.

### Training and Development of the staff

Your Bank firmly believes in educational well-being of the staff empowering them to excel in their current roles and thrive in the future. Your Bank has already launched mobile application "m-Learning" providing access to learning sources around the clock, further bolstering Your Bank's aim of educational well-being of staff.

In addition, Your Bank has established four (04) dedicated state of the art Management Development Centers at Lahore, Karachi, Islamabad and Faisalabad to cater the professional development needs of staff. During the year 2023, 552 Management Trainee Officers (MTO) graduated successfully by completing rigorous training program.

Your Bank spent Rs. 231 million on trainings to 11,000+ employees and Rs. 26 million towards employee's education.

### Benevolent Grants

During the year, Your Bank through its platform of "Staff Welfare Fund" spent Rs. 19.59 million to assist 43 employees by financially enabling them in important social events like marriage ceremony of their daughters, special medical financial



assistance and to meet the burial expense of their departed loved ones.

### Hajj Assistance

Keeping in view the religious sentiments of our employees, Your Bank is fully committed to sponsor its clerical, non-clerical and executive staff to perform Hajj. An amount of Rs. 43 million was spent during the year, on sponsoring the Hajj of 35 employees (15 employees from Management Grades and 20 employees from Clerical and Non - Clerical) selected through balloting.

### Employee Code of Ethics

Code of Ethics and Conduct signed by all employees acts as a guide for them in discharging their duties and sets out the standards of good practice. Management's Central Administration Action Committee (CAAC) takes action on any violation of policies and procedures, act of fraud and forgery, breach of discipline, code of conduct, ethics and business practices. Appeal of the staff against whom CAAC has already taken disciplinary action is reviewed by Human Resource Committee of the Bank.

### Training Session on Mindfulness

Your Bank arranged Mindfulness Hour Sessions in order to promote awareness among employees about mental health and wellness. These wellness sessions entail breathing techniques and Yoga to reduce stress, bring mental alertness, awareness and clarity. This initiative has been undertaken to equip the employees with tools to deal with everyday pressures of professional and personal lives.



# CORPORATE SUSTAINABILITY REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

## Training sessions on Legendary Service

In a significant stride towards service excellence, Your Bank organized a series of seven 'Legendary Service' training sessions. These sessions held in Lahore, Islamabad, and Karachi, engaged 250 employees from diverse segments within the Bank. Trainer of Blanchard, the 'Legendary Service' program instills a mindset and skillset for delivering exceptional service consistently. This initiative aims to cultivate collaborative support among colleagues, ensuring customer loyalty and fortifying Your Bank's competitive edge.

## Training Session on First Aid

Your Bank, prioritizing the health and safety of employees, arranged a specialized training session on First Aid to staff. Handling critical situations and providing first aid to accident victims were imparted during the training.

## ENVIRONMENT

Global warming and Climate change are the most complicated issue that the world is facing today. Relentless efforts are being made across the globe, to measure and mitigate this climate change risks. Pakistan is one of the several nations to have made a commitment to controlling such threats. To supplement the Government efforts, Your Bank has taken strides forward in setting out a series of targets to assist in the global transition to a low-carbon economy.

## Green Banking / Environmental & Social Risk Governance

### Green Banking Office (GBO)

Oversight of Green Banking initiative falls under the purview of the GBO and is monitored through the Environmental Risk Management System. The Bank's credit portfolio is assessed on purpose build Environmental Risk Rating (ERR) model to ensure that Bank's financing is Green. Moreover, Environmental Improvement Plans (EIPs) are obtained from obligors, where required. GBO continuously endeavors to enhance capacity building of the staff, and accordingly, total of 819 staff members were trained/sensitized related to Green Banking during the year 2023.

### Green Advisory Services Desk

A Green Advisory Services Desk is established within GBO to facilitate prospective/existing obligors for their enquiry(s) relating to Green Technology/Investments and various alternatives for efficient resource planning.

### Environment and Social Risk Management System

As part of Green Banking Policy, Your Bank is committed to enhance the impact of Green Financing in the overall environment



safety and has developed an Environment Risk Management System, which is monitored by GBO. The Environmental Risk Management System ensures that financing of the Bank is directed towards environment friendly projects / activities in the country.

Environmental Risk Rating (ERR) of obligors is calculated to assess environmental implications and their effects on credit quality of a particular financing transaction. The obligors with potential environmental risks are required to provide Environmental Improvement Plan (EIP) with specific timelines. An annual report on the status of inherent environmental risks in the Bank's portfolio is presented annually to Risk Management Committee/Board.

Social Risk Rating (SRR) of the obligor is also calculated to assess obligors with respect to compliance of widely accepted standards of business ethics.

The Bank is resolute to fully comply, the 'Environmental and Social Risk Management (ESRM) Implementation Manual' recently issued by State Bank of Pakistan.

## ENVIRONMENT PROTECTION

### Low Carbon Footprints

As a part to reduce carbon emission by direct operational impact, your Bank has been investing in installation of solar panels. Resultantly, total internal solar power generation capacity of the Bank has increased to 622 KW installed at 67 locations. By maintaining a relentless commitment to process automation, Your Bank has successfully decreased its reliance on paper-based procedures. This reduction in paper consumption has not only lowered the Bank's carbon footprint but also bolstered the efficiency of customer services. Furthermore, administrative initiatives have yielded a notable 4% decrease in electricity



consumption, 14% decrease in generator's fuel and 3% decrease in paper consumption in the year 2023.

#### Waste Disposal Management

In order to facilitate the local Waste Management Authorities in their efforts for sustainable waste disposal process, Your Bank offered financial help by providing two waste collection vehicles to Welfare Association Babri Banda, Kohat.

#### Tree Plantation

During the year, Your Bank conducted a tree plantation campaign, wherein around 100,000 trees/sapling were planted at various locations across the country. Your Bank is firmly committed to enhance tree plantation efforts, in line with national target for "Clean and Green Pakistan". Tree plantation campaigns are being organized at schools, universities and public places.

A sustainable Olive Tree Plantation has been started in the vicinity of the Babri Banda village, Kohat. Your Bank donated for the olive tree plantation project which includes Establishment of 36 acres orchard, Olive Tree plantation on 15 acres, installation of Drip Irrigation System, Solar Ground Water Extraction, construction of overhead Water Tank and construction of Loose Stones Check Dam.

#### Green Financing

In year 2023, Your Bank has financed Rs. 880 million to its obligors for installation of Green energy projects.

Total outstanding Green Financing of the Bank stood at Rs.11,538 million at the end of FY-2023.

(Rs. in Million)

Wind Power	2,277
Solar Power	6,292
Hydel	1,050
Others (Effluent Treatment Plant, WHR Boiler, Solid Waste Management and Bagasse)	1,919
<b>Total</b>	<b>11,538</b>

### COMMUNITY AND BRAND IMAGE

The Bank as a trusted member of the community is playing an active role in following CSR activities and community engagements.

#### Health

Your Bank recognizes the challenges faced by society-at-large in health sector and always focuses for uplift of health



infrastructure through contribution towards renowned health providers.

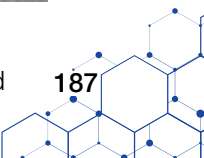
Your Bank contributed Rs. 29 million to healthcare facilities across various cities of the country, focusing on treatment of cancer, arthritis, therapy for thalassemia patients, impaired vision and mental health of the under-privileged.

Your Bank contributed to provide financial support to Layton Rahmatulla Benevolent Trust (LRBT) with the purpose to provide treatment to improve patients quality of life. These funds were raised for the people who could not afford the treatment.

Further, Your Bank also conducted Breast Cancer awareness program -Pinktober by arranging an inhouse awareness session to educate the female employees to take better care of



themselves. In addition, Your Bank also organized an insightful awareness session for its male employees, on the significance of the Blue Ribbon, particularly focusing on its association with prostate cancer awareness.





### Education

During the year, Rs. 30 million was contributed to The Lahore University of Management Sciences (LUMS) towards the construction of Hostel.

Your Bank contributed Rs. 10 million to TNF Akhuwat Boarding School Faisalabad for the construction of school to support the under privileged in the outskirts of Faisalabad city.

Perceiving the significance of information technology, Your Bank proceeded with its arrangement to donate personal computers to educational institutions; particularly supporting under privileged sections of the general public. Your Bank donated personal computers to educational institution during 2023.

### Contribution to Educational Institutes in Rural Areas

Your Bank recognizes the significance of power of education to transform lives for which it has sponsored operations of two schools located in the under privileged areas; The Citizens Foundation – Allied Bank Campus school located in Quetta and Million Smiles Foundation – Allied Bank Campus school located in Mardan. Your Bank's dedicated and continued support has enabled hundreds of children to receive quality education at these Allied Bank Campuses.

Furthering its commitment, Your Bank continued to sponsor 4 Years education of five under-privileged students at Institute of Business Administration (IBA) University, Sukkur.

### Science & Art Research and Awareness

Keeping in mind the importance of science in education, Your Bank sponsored Lahore Science Mela (Festival), the annual event organized by LUMS Science Department and Khwarizmi Science Society (KSS), at the Crescent Model Higher Secondary School. The event showcased science exhibits, live experiments, science games, and technological demonstrations designed for children, students of all ages, and general public.

Your Bank sponsored the annual "LUMS Model United Nations (LUMUN) Conference" which provides a platform where young

people from diverse backgrounds can come together and engage in debate regarding the international issues that plague the world.

Your Bank sponsored the 'Globus Grandeur Digenite' Mega Event at Beaconhouse Liberty Lahore Campus. This educational event aimed to invite students from various educational institutions in Lahore to engage in a vast arena of educational enlightenment and develop interpersonal extracurricular skills.

## Community

### Cleanliness Drives

Your Bank has always remained at the forefront for environmental health, sustainability of eco system and supported the noble cause through various channels. Your Bank, being responsible corporate citizen has taken the initiative for cleanliness and awareness drives across the country. With the objective of raising awareness about environmental conservation, reducing litter and promoting responsible tourism, cleanliness drives at three different locations during 2023 were conducted.

Cleanliness drive was conducted in collaboration with Forests, Parks & Wildlife authorities of Gilgit Baltistan (GB), at Deosai National Park. Another cleanliness drive was conducted at Clifton Beach-Karachi where over 100 participants from Your Bank joined hands to clean more than 2 kilometres of the beach. While taking this initiative forward, a cleanliness drive campaign in collaboration with the Lahore Walled City Management was conducted at Lahore Fort, Allama Iqbal Monument and Hazoori Bagh Area, Lahore.

### Art Festivals

The Faiz Festival is an annual cultural festival held in Lahore to honor the life and literary work of renowned Urdu poet Faiz Ahmed Faiz. The festival commemorates Faiz's contributions to Urdu literature and social and political activism. Your Bank proudly sponsored the event and contributed Rs. 2 million to promote cultural activities through Faiz Festival.





Your Bank also sponsored the 10th anniversary edition of the Lahore Literary Festival held at the Alhamra Arts Centre, Lahore. The festival annually celebrates, produces, and archives provocative dialogues and insights from some of the brightest minds of the 21st century. The three-day event featured acclaimed thinkers from home and abroad whose works and voices resonate across borders.

#### Differently Abled Persons

Your Bank established 29 model branches to make banking easy and convenient for differently abled persons through supportive physical infrastructure, accessible products and services, assistive technologies and supportive staff interactions. These branches are equipped with customized stationery forms/documents in Braille Script, accessible branch entrance, washrooms, ATM cabins and counters.

Your Bank organized specialized trainings for employees to serve Differently Abled Persons. The sessions were attended by employees of various branches, including special designated branches. During the training sessions, the participants were made sensitive towards the special needs, by breaking many societal myths and helping them develop the right set of etiquettes for Differently Abled Persons.

#### Session with National Forum of Women with Disability

A session in collaboration with the National Forum of Women with Disability & STEP was conducted to create awareness about the Bank's initiatives for financial inclusion of persons with disabilities. The main purpose of the session was the capacity building of Differently Abled Persons for their financial inclusion. This financial literacy and awareness session focused on the usage of accessible digital banking platforms such as internet banking and customized facilities offered by Your Bank for Differently Abled Persons.



#### Sports

Your Bank sponsored for Pakistan's Women Beach Volleyball team for Pakistan team's first ever participation in CAZA Beach volleyball tournament held in Bangladesh.

Your Bank sponsored 4-day student-organized festival organized by NUST EME. The Olympiad not only focused on sports, but also covered social events such as talent hunt, carnival, qawwali night and a concert.

Your Bank contributed for Chenab Club Sports Festival to promote healthy and physical activities. Your Bank sponsored various other sports events including Golf, Cricket and Tennis and cumulatively contributed Rs. 7.7 million towards sports promotion during 2023

#### Community Welfare

Your Bank continued its efforts in serving the community through contribution to well-reputed welfare organizations including Saylani Welfare International Trust, Jamia Ashrafia, Anjuman Himayat-e-Islam and Edhi Foundation; which worked for provision of food to deserving segments of the society.

During the year, Your Bank funded a food meal program which aimed to provide nutrition to the underprivileged children in schools through Fortify Education Foundation. In addition, Your Bank joined hands with I-Care Foundation and World Wide Fund for Nature to provide ration bags to hardworking fishermen in the areas of Thatta, Sindh and flour bags to deserving families in Orangi Town, Karachi.

#### Women Empowerment

Your Bank is fully committed towards supporting the initiatives aimed at empowering women to exploit their full potential for prosperous and sustainable society. Your Bank contributed towards the initiative undertaken by the Women Chamber of Commerce and Industry - Gilgit Division to support the



# CORPORATE SUSTAINABILITY REPORT FOR THE YEAR ENDED DECEMBER 31, 2023



entrepreneurial skills of talented women, living in the high mountain area of Gilgit-Baltistan facing financial constraints that hinder in their progress and self-reliance, with an objective to leverage their talents and contribute not only to their families but also the development of the community.

In order to channelize the potential of women, Your Bank sponsored Faisalabad Women Chamber of Commerce and Industry for International Conference on “Excel Women Economy” wherein presidents of different women chambers of commerce, corporate leaders of different public sector organizations as well as International Organizations participated. [Contribution to National Exchequer](#)

Your Bank is one of the leading institutions in its contribution towards the national exchequer. During the year, Your Bank paid Rs. 40,674 million as Income Tax (inclusive of Super Tax), deposited Rs. 25,595 million as withholding tax agent and contributed Rs. 1,862 million on account of Federal Excise duty and Sales Tax to the national exchequer. Further, the Bank



collected Rs. 384 million Zakat from 35,428 account holders and deposited to the national exchequer.

## GOVERNANCE

### Business Ethics and Anti-Corruption Measures

Your Bank nurtures a culture of excellence, good governance, transparency, integrity and accountability. Controls and Compliance being an integral function; Your Bank encourages high business ethics while promoting positive compliance culture.

Your Bank is committed to the best industry practices for compliance with all regulatory frameworks including anti-money laundering practices, so that the interests of all stakeholders are protected.

Your Bank’s commitment to highest level of Governance standards is also reflected in its Corporate Governance Rating of “CGR 9++” (out of maximum scale of 10) given by VIS Credit Rating Company Limited.





# ADOPTION OF INTERNATIONAL STANDARDS FOR CORPORATE SOCIAL RESPONSIBILITY

Your Bank is committed towards achieving the targets assigned under Sustainable Development Goals of United Nations. Key contributions are presented below against respective Goals:

## Goals

## Bank's Contribution



- Provision of food supplies to the deserving segment of the society through contributions to renowned charitable organizations.



- Contributions towards various healthcare institutions for treatment of diseases and infrastructure development.
- Conducted awareness session on Breast Cancer for women employees and Prostate Cancer for male employees.
- Mindfulness Hour Sessions to promote mental health and wellness awareness among employees.
- Comprehensive Medical Policy to cater the medical needs of current and ex-employees.



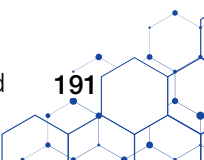
- Donated to various foundations including The Noorani Foundation Trust, Million Smiles Foundation (MSF) and The Citizen Foundation for education of under privileged students.
- Contributions towards construction of Hostel at Lahore University of Management Sciences.
- Sponsored Science & Educational Events at various educational institutions.



- Gradually increasing female participation in workforce including management positions.
- Interactive sessions with female employees for strategy formulation on empowering women.
- Healthy participation of females at National Financial Literacy Program (NFLP) organized in coordination with State Bank of Pakistan.
- Contributions to Women Chambers of Commerce and Industry for their initiatives to empower the women.



- Green Financing facilities worth Rs. 11,538 million.
- Solar energy usage at 67 locations.
- Reduction in fossil fuel consumption.



## 8 DECENT WORK AND ECONOMIC GROWTH



- Continuous investment in training and development needs of employees through access to learning resources.
- Internship opportunities for professional and academic students.
- Management Trainee Officers Development Program for fresh graduates recruited by the Bank.
- Employment of Differently Abled Persons, enabling them to honorably earn their livelihood.
- Educational support to staff, clerical and non-clerical employees.

## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



- Awareness seminars on Financial Literacy, Islamic Banking and Agri products for general public, businessmen and farmers for increased access to financial services.
- Seminars for business community on Corporate Governance and Sustainable Business Practices.
- Continuous growth in Digital Touchpoints.
- Model Branches for Differently Abled Persons.
- Expansion in Rural and Agri designated Branches.

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- Launching Digital channels for banking services.
- Processes automation to reduce paper-based consumption.

## 13 CLIMATE ACTION



- Plantation of 100,000+ tree saplings at business premises, schools and public parks.
- Cleanliness drives at various locations to promote awareness about environment conservation.

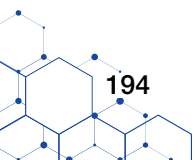
## 17 PARTNERSHIPS FOR THE GOALS



- Collaboration with Technology Partners to leverage the use of Data Sciences for business growth.
- Acting as Withholding Tax agent to facilitate tax and other revenue collections on behalf of Revenue authorities.



**UNCONSOLIDATED  
FINANCIAL STATEMENTS**  
For the year ended December 31, 2023



# Independent Auditor's Report

## To the members of Allied Bank Limited

### Report on the Audit of the Unconsolidated Financial Statements

#### Opinion

We have audited the annexed unconsolidated financial statements of Allied Bank Limited ("the Bank"), which comprise the unconsolidated statement of financial position as at 31 December 2023, and the unconsolidated profit and loss account and 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 37 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, 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 together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2023 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

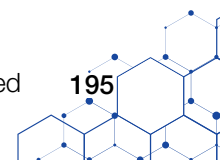
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities For the Audit of the Financial Statements section of our report. We are independent of the 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

Following are the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<b>Provision against non-performing advances</b>	
	<p>The Bank's advances to the customers represent 33.6% of its total assets as of 31 December 2023 which is spread across various branches. The advances mainly includes corporate financing to several public sector entities and large to small size businesses operating in the private sector.</p> <p>As per the Bank's accounting policy (refer note 4.4 to the unconsolidated financial statements), the Bank determines provisions against non-performing advances in accordance with the requirements of Prudential Regulations (PRs) of State Bank of Pakistan (SBP) and also maintains general provision as required by PRs. The PRs require specific provisioning against advances on the basis of an age-based criteria which is supplemented by a subjective evaluation by the Bank of its portfolio of advances. The determination of subjective provision against advances involves use of management judgment, on a case-to-case basis, considering factors such as the borrower's economic, financial and business conditions, repayment behaviors and credit worthiness.</p> <p>In view of the magnitude of advances in the unconsolidated financial statements and the level of involvement of management's judgment, we identified provision against advances as a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non-performing advances are included in note 4.4 and 9 respectively to the unconsolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <p>We reviewed the Bank's process for identification and classification of non-performing advances, monitoring of advances with higher risk of default and migration of these advances to non-performing advances category and accurate computation and recording of provisions.</p> <p>We performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired advances and declassification of accounts from non-performing to regular and vice versa, as the case may be.</p> <p>We performed independent checks on test basis for the computations of provisions to assess that the same is in line with the requirements of the applicable Prudential Regulations.</p> <p>In addition, we selected a representative sample of borrowers from the portfolio of advances including individually significant credit facilities and performed tests and procedures such as review of credit documentation, repayment history and past due status and financial condition as depicted by the borrowers' financial statements and nature of collateral held by the Bank.</p> <p>In respect of the level of general provision maintained by the Bank, we discussed the approach and policy followed by the Bank with the management.</p>



	<p>We also assessed adequacy of disclosures as included in note 9 to the unconsolidated financial statements regarding the non-performing advances and provisions made for the same in the unconsolidated financial statements in accordance with the requirements of the applicable financial reporting framework.</p>
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### Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

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

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

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

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

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

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

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

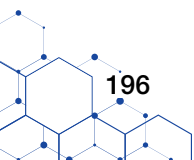
### Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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:**

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

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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.

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 partners on the audit resulting in this independent auditors' report is Arslan Khalid.

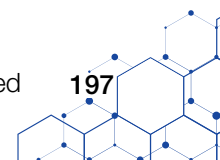
#### **EY Ford Rhodes**

Chartered Accountants

Place: Lahore

Date: 6 March 2024

UDIN: AR2023101915TtevHbsy



# Unconsolidated Statement of Financial Position

as at December 31, 2023

December 31, 2023	December 31, 2022		Note	December 31, 2023	December 31, 2022
US \$ in '000				Rupees in '000	
<b>ASSETS</b>					
553,948	311,904	Cash and balances with treasury banks	5	156,136,308	87,913,426
8,712	12,203	Balances with other banks	6	2,455,601	3,439,468
33,414	100,128	Lendings to financial institutions	7	9,418,003	28,222,195
4,081,159	3,984,654	Investments - net	8	1,150,318,089	1,123,117,088
2,772,991	3,000,206	Advances - net	9	781,597,230	845,640,176
433,071	289,074	Fixed assets	10	122,065,722	81,478,561
12,096	10,515	Intangible assets	11	3,409,291	2,963,902
13,558	46,127	Deferred tax assets	12	3,821,594	13,001,349
355,122	231,307	Other assets - net	13	100,094,817	65,196,693
8,264,071	7,986,118			2,329,316,655	2,250,972,858
<b>LIABILITIES</b>					
33,075	50,236	Bills payable	15	9,322,405	14,159,643
1,325,740	1,881,832	Borrowings	16	373,674,042	530,414,493
5,948,410	5,400,885	Deposits and other accounts	17	1,676,623,075	1,522,297,479
-	-	Liabilities against assets subject to finance lease		-	-
-	-	Sub-ordinated debt		-	-
-	-	Deferred tax liabilities		-	-
267,659	199,708	Other liabilities	18	75,442,669	56,289,835
7,574,884	7,532,661			2,135,062,191	2,123,161,450
689,187	453,457	<b>NET ASSETS</b>		194,254,464	127,811,408
<b>REPRESENTED BY</b>					
40,626	40,626	Share capital	19	11,450,739	11,450,739
134,682	111,529	Reserves		37,961,636	31,435,453
142,055	18,706	Surplus on revaluation of assets - net of tax	20	40,039,632	5,272,401
371,824	282,596	Unappropriated profit		104,802,457	79,652,815
689,187	453,457			194,254,464	127,811,408

## CONTINGENCIES AND COMMITMENTS

21

The annexed notes 1 to 45 and annexures I to III form an integral part of these unconsolidated financial statements.

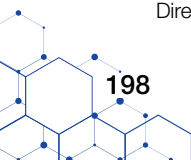
Muhammad Atif Mirza  
Chief Financial Officer

Azid Razzaq Gill  
President and Chief Executive

Mubashir A. Akhtar  
Director

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman





# Unconsolidated Profit and Loss Account

for the year ended December 31, 2023

December 31, 2023	December 31, 2022	Note	December 31, 2023	December 31, 2022	
US \$ in '000			Rupees in '000		
1,267,674	764,451	Mark-up / return / interest earned	23	357,307,440	215,468,650
865,775	527,742	Mark-up / return / interest expensed	24	244,028,128	148,749,821
401,899	236,709	<b>Net mark-up / interest income</b>		113,279,312	66,718,829
<b>NON MARK-UP / INTEREST INCOME</b>					
37,754	28,904	Fee and commission income	25	10,641,276	8,147,016
12,570	10,955	Dividend income		3,543,033	3,087,693
32,523	28,199	Foreign exchange income		9,167,089	7,948,096
-	-	Income from derivatives		-	-
2,997	4,966	Gain on securities - net	26	844,772	1,399,781
819	329	Other income	27	230,871	92,798
86,663	73,353	<b>Total non-markup / interest income</b>		24,427,041	20,675,384
488,562	310,062	<b>Total income</b>		137,706,353	87,394,213
<b>NON MARK-UP / INTEREST EXPENSES</b>					
166,695	140,845	Operating expenses	28	46,984,827	39,698,532
6,217	3,454	Workers welfare fund - net		1,752,270	973,650
834	1,270	Other charges	29	235,113	358,006
173,746	145,569	<b>Total non-markup / interest expenses</b>		48,972,210	41,030,188
314,816	164,493	<b>Profit before provisions</b>		88,734,143	46,364,025
10,562	(930)	Provisions and write offs - net	30	2,976,973	(261,993)
-	-	Extra-ordinary / unusual items		-	-
304,254	165,423	<b>PROFIT BEFORE TAXATION</b>		85,757,170	46,626,018
159,917	90,230	Taxation	31	45,074,183	25,432,197
144,337	75,193	<b>PROFIT AFTER TAXATION</b>		40,682,987	21,193,821
<b>In US \$</b>			<b>In Rupees</b>		
0.13	0.07	<b>Basic and diluted earnings per share</b>	32	35.53	18.51

The annexed notes 1 to 45 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Atif Mirza  
Chief Financial Officer

Zafar Iqbal  
Director

Aizid Razzaq Gill  
President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Mubashir A. Akhtar  
Director

# Unconsolidated Statement of Comprehensive Income

for the year ended December 31, 2023

December 31, 2023		December 31, 2022			
US \$ in '000				December 31, 2023	
				December 31, 2022	
				Rupees in '000	
144,337	75,193	<b>Profit after taxation for the year</b>		40,682,987	21,193,821
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>					
8,720	8,983	Effect of translation of net investment in foreign branches		2,457,884	2,532,005
		Movement in surplus / (deficit) on revaluation of			
39,935	(49,713)	investments - net of tax		11,256,117	(14,012,029)
48,655	(40,730)			13,714,001	(11,480,024)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>					
		Remeasurement gain on defined benefit			
1,731	416	obligations - net of tax		487,850	117,222
		Movement in surplus / (deficit) on revaluation of			
83,323	(618)	fixed assets - net of tax		23,485,406	(174,267)
		Movement in surplus on revaluation of			
341	251	non-banking assets - net of tax		96,088	70,709
85,395	49			24,069,344	13,664
278,387	34,512	<b>Total Comprehensive Income</b>		<b>78,466,332</b>	<b>9,727,461</b>

The annexed notes 1 to 45 and annexures I to III form an integral part of these unconsolidated financial statements.

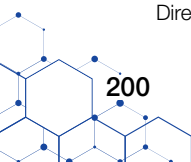
Muhammad Atif Mirza  
Chief Financial Officer

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Mubashir A. Akhtar  
Director

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman



# Unconsolidated Statement of Changes in Equity

for the year ended December 31, 2023

	Capital reserve		Revenue reserve		Surplus / (Deficit) on revaluation of			Un-appropriated profit	Total
	Share capital	Exchange translation reserve	Statutory reserve*	General reserve	Investments	Fixed assets	Non-banking assets		
	Rupees in '000								
<b>Balance as at January 01, 2022</b>	11,450,739	2,801,235	23,976,831	6,000	(4,121,836)	22,721,787	939,176	69,470,607	127,244,539
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	21,193,821	21,193,821
<b>Other Comprehensive Income - net of tax</b>									
Deficit on revaluation of investments - net of tax	-	-	-	-	(14,012,029)	-	-	-	(14,012,029)
Effect of change in tax rate on revaluation surplus of fixed assets - net of tax	-	-	-	-	-	(174,267)	-	-	(174,267)
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	70,709	-	70,709
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	117,222	117,222
Effect of translation of net investment in foreign branches	-	2,532,005	-	-	-	-	-	-	2,532,005
	-	2,532,005	-	-	(14,012,029)	(174,267)	70,709	117,222	(11,466,360)
Transfer to statutory reserve	-	-	2,119,382	-	-	-	-	(2,119,382)	-
Transfer of revaluation surplus on change in use - net of tax	-	-	-	-	-	100,467	(100,467)	-	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	(124,171)	-	124,171	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(1,193)	1,193	-
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(25,775)	25,775	-
<b>Transactions with owners recognized directly in equity</b>									
Final cash dividend for the year ended December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
First interim cash dividend for the year ended December 31, 2022 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Second interim cash dividend for the year ended December 31, 2022 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
Third interim cash dividend for the year ended December 31, 2022 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)
	-	-	-	-	-	-	-	(9,160,592)	(9,160,592)
<b>Balance as at December 31, 2022</b>	11,450,739	5,333,240	26,096,213	6,000	(18,133,865)	22,523,816	882,450	79,652,815	127,811,408
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	40,682,987	40,682,987
<b>Other Comprehensive Income - net of tax</b>									
Surplus on revaluation of investments - net of tax	-	-	-	-	11,256,117	-	-	-	11,256,117
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	23,485,406	-	-	23,485,406
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	96,088	-	96,088
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	487,850	487,850
Effect of translation of net investment in foreign branches	-	2,457,884	-	-	-	-	-	-	2,457,884
	-	2,457,884	-	-	11,256,117	23,485,406	96,088	487,850	37,783,345
Transfer to statutory reserve	-	-	4,068,299	-	-	-	-	(4,068,299)	-
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	(69,093)	-	69,093	-
Transferred from surplus in respect of incremental depreciation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(1,287)	1,287	-
<b>Transactions with owners recognized directly in equity</b>									
Final cash dividend for the year ended December 31, 2022 (Rs. 2.5 per ordinary share)	-	-	-	-	-	-	-	(2,862,685)	(2,862,685)
First interim cash dividend for the year ended December 31, 2023 (Rs. 2.5 per ordinary share)	-	-	-	-	-	-	-	(2,862,685)	(2,862,685)
Second interim cash dividend for the year ended December 31, 2023 (Rs. 2.5 per ordinary share)	-	-	-	-	-	-	-	(2,862,685)	(2,862,685)
Third interim cash dividend for the year ended December 31, 2023 (Rs. 3 per ordinary share)	-	-	-	-	-	-	-	(3,435,221)	(3,435,221)
	-	-	-	-	-	-	-	(12,023,276)	(12,023,276)
<b>Balance as at December 31, 2023</b>	11,450,739	7,791,124	30,164,512	6,000	(6,877,748)	45,940,129	977,251	104,802,457	194,254,464

The annexed notes 1 to 45 and annexures I to III form an integral part of these unconsolidated financial statements.

Muhammad Atif Mirza  
Chief Financial Officer

Zafar Iqbal  
Director

Aizid Razzaq Gill  
President and Chief Executive

Mohammad Naem Mukhtar  
Chairman

Mubashir A. Akhtar  
Director

# Unconsolidated Cash Flow Statement

for the year ended December 31, 2023

December 31, 2023	December 31, 2022	Note	December 31, 2023	December 31, 2022
US \$ in '000			Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
304,254	165,423		85,757,170	46,626,018
(12,570)	(10,955)		(3,543,033)	(3,087,693)
291,684	154,468		82,214,137	43,538,325
<b>Adjustments:</b>				
16,825	14,575	10.2	4,742,290	4,108,196
39	29		11,113	8,166
6,261	6,103		1,764,838	1,720,161
4,221	3,551		1,189,821	1,000,788
2,076	1,850		585,272	521,326
10,623	(623)	30	2,994,078	(175,630)
229	-		64,599	134
6,217	3,454		1,752,270	973,650
649	1,452		182,978	409,234
(85)	(55)		(24,033)	(15,628)
-	11		-	3,063
47,055	30,347		13,263,226	8,553,460
338,739	184,815		95,477,363	52,091,785
<b>Decrease or (increase) in operating assets</b>				
66,714	61,132		18,804,192	17,230,715
(70,868)	(47)		(19,974,980)	(13,386)
224,792	(682,167)		63,359,897	(192,276,103)
(140,602)	(111,741)		(39,630,147)	(31,495,339)
80,036	(732,823)		22,558,962	(206,554,113)
<b>Increase or (decrease) in operating liabilities</b>				
(17,162)	14,545		(4,837,238)	4,099,764
(555,230)	390,849		(156,497,535)	110,164,916
547,524	386,724		154,325,596	109,002,218
61,007	54,813		17,195,526	15,449,699
36,139	846,931		10,186,349	238,716,597
454,914	298,923		128,222,674	84,254,269
(144,307)	(71,142)		(40,674,477)	(20,052,036)
(1,810)	(1,929)		(510,074)	(543,810)
308,797	225,852		87,038,123	63,658,423
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
33,053	(287,559)		9,316,431	(81,051,490)
(1,219)	(10,299)		(343,591)	(2,902,904)
12,331	10,955		3,475,756	3,087,652
(70,764)	(28,831)		(19,945,579)	(8,126,464)
161	207		45,349	58,406
8,720	8,983		2,457,884	2,532,005
(17,718)	(306,544)		(4,993,750)	(86,402,795)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
(9,155)	(8,197)		(2,580,364)	(2,310,331)
(42,511)	(32,448)		(11,982,078)	(9,145,863)
(51,666)	(40,645)		(14,562,442)	(11,456,194)
239,413	(121,337)		67,481,931	(34,200,566)
325,517	445,735		91,750,779	125,635,541
(2,956)	(1,835)		(833,156)	(517,352)
322,561	443,900		90,917,623	125,118,189
561,974	322,563	33	158,399,554	90,917,623

The annexed notes 1 to 45 and annexures I to III form an integral part of these unconsolidated financial statements.

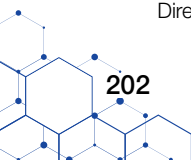
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Chief Financial Officer

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President and Chief Executive

Mubashir A. Akhtar  
Director

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 1 STATUS AND NATURE OF BUSINESS

Allied Bank Limited ("the Bank"), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,481 (2022: 1,451) branches in Pakistan including 127 (2022: 117) Islamic banking branches, 1 branch (2022: 1) in Karachi Export Processing Zone and 1 Wholesale banking branch (2022: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is 'AAA'. Short term rating of the Bank is 'A1+'.

Ibrahim Holdings (Private) Limited is the parent company of the Bank and it's registered office is in Pakistan.

The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated at 3 - Tipu Block, New Garden Town, Lahore.

## 2 BASIS OF PRESENTATION

These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Bank are being issued separately.

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

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

These unconsolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates. The amounts are rounded to nearest thousand of rupees unless otherwise stated.

The US\$ Dollar amounts presented in the Statement of Financial Position, Profit and Loss Account, Statement of Comprehensive Income and Statement of Cash Flow are stated as additional information, solely for the convenience of the users of financial statements. For the purpose of translation to US\$, spot rate of Rs. 281.8607 per US\$ has been used for 2023 and 2022, as it was the prevalent rate on reporting date.

### 2.1 STATEMENT OF COMPLIANCE

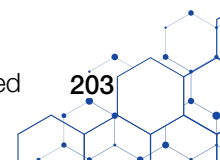
These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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

**2.1.2** The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), 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. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

**2.1.3** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of International Financial Reporting Standard 10 'Consolidated Financial Statements' (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.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

**2.1.4** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard 3 'Profit & Loss Sharing on Deposits' (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (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 the financial statements of the Bank.

## **2.2 STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR**

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements, except as disclosed below.

### **IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (Amendments)**

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's unconsolidated financial statements.

## **2.3 STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE**

### **IFRS 9 'Financial Instruments'**

As per SBP BPRD Circular No 7 of 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP had earlier issued BPRD Circular No 3 of 2022 where detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.

The IFRS 9 application instructions and guidelines that have been issued as part of the circular include the following key components:

- Basis for classification and measurement of debt and equity securities;
- Framework for determination of "Expected Credit Losses (ECL)" under the requirements of IFRS 9, including required risk management policies;
- Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities have been exempted from the application of the above ECL Framework;
- In respect of non-performing exposures (Stage 3 exposures) provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRRs' requirements;
- In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital and fully described in Annexure B to the aforementioned circular.

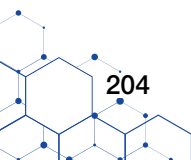
The State Bank of Pakistan vide its BPRD circular No. 2 dated February 9, 2023 has issued revised formats for interim and annual financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures on adoption of IFRS 9 as applicable in Pakistan.

### **Impact on equity and regulatory capital on adoption of IFRS 9**

During 2023, the Bank has performed an impact assessment after applying the SBP's IFRS 9 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.

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with a modified retrospective approach for restatement. As permitted by IFRS-9, the Bank will not be restating comparatives on initial application. The cumulative impact of the initial application will be recorded as an adjustment to opening equity as at January 1, 2024.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity as at January



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

01, 2024 would be a reduction in equity of approximately Rs. 2,722.8 million, with corresponding impacts as follows:

- A decrease of approximately Rs. 3,115.641 million net of tax related to impairment requirements;
- An increase of approximately Rs. 392.841 million net of tax related to classification and measurement changes.

In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply this transitional arrangement, may implement this in accordance with SBP's Guideline for absorption of ECL for CAR purposes as mentioned in Annexure-B of BPRD Circular no 3 of 2022.

The estimated impact of initial adoption of IFRS 9 on the Bank's capital ratios, without accounting for the allowed transitional arrangement, would be as follows:

- Common Equity Tier 1 Capital Adequacy ratio - 19.74%
- Tier 1 Capital Adequacy Ratio - 19.74%
- Total Capital Adequacy Ratio - 26.18%

These unconsolidated financial statements have been prepared in accordance with the applicable prudential regulations to the Bank's domestic operations, whereas the requirements of this standard have been incorporated for the overseas jurisdiction where IFRS 9 has already been adopted.

The following amendments with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standard and Amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - (Amendments)	January 01, 2024
- IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements - Amendments	
- IFRS 16 - Lease Liability in a Sale and Leaseback - Amendments	
- IAS 21 - Lack of exchangeability - Amendments	January 01, 2025
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor	Not yet announced

The above standards, amendments and improvements are not expected to have any material impact on the unconsolidated financial statements of the Bank for the futures periods.

Further, following new standard has been issued by IASB which is yet to be notified by SECP for the purpose of applicability in Pakistan.

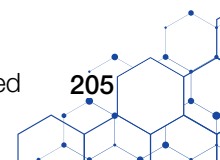
Standard	IASB effective date
- IFRS 1 - First time adoption of International Financial Reporting Standards	January 01, 2024

## 2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

### 2.4.1 Provision against non-performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower and the requirements of the Prudential Regulations are considered. The amount of general provision is determined in accordance with the requirements set out in Prudential Regulations.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 2.4.2 Valuation and impairment of 'available-for-sale' equity investments

The Bank determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant and prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Other areas where judgments are exercised in application of accounting policies are as follows:

## 2.4.3 Defined benefit plans

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method. The actuarial assumptions used to determine the liability and related expense are disclosed in note 35.

## 2.4.4 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 or 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, other than those in subsidiary, which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

## 2.4.5 Depreciation, amortization and revaluation of operating fixed assets

In making estimates of the depreciation and amortization, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank and estimates the useful life. The method applied and useful lives estimated are reviewed at each financial year end and if there is a change in the expected pattern or timing of consumption of the future economic benefits embodied in the assets, the estimate would be changed to reflect the change in pattern. Such a change is accounted for as change in accounting estimates in accordance with International Accounting Standard 8 - Accounting Policies, 'Changes in Accounting Estimates and Errors'. Further, the bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on the valuations carried out by independent professional valuers under the market conditions.

## 2.4.6 Fair value hierarchy of assets and liabilities

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:

### a) Level 1

These are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

### b) Level 2

These are inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly or indirectly.

### c) Level 3

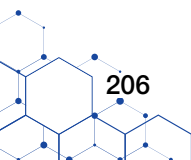
These are input for the assets or liabilities that are not based on observable market data (unobservable Inputs).

## 2.4.7 Lease term

The Bank applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

## 2.4.8 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.





# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 3 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for the following which are stated at revalued amounts or fair values or present values:

- Certain investments (Note 4.3);
- Certain operating fixed assets (Note 4.5);
- Lease liability and related right of use assets (Note 4.6).
- Staff retirement and other benefits (Note 4.8);
- Non-banking assets acquired in satisfaction of claims (Note 4.9);
- Derivative financial instruments (Note 4.14.2).

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these unconsolidated financial statements have been applied consistently to all periods presented in these unconsolidated financial statements of the Bank. Material accounting policies are enumerated as follows:

### 4.1 Cash and cash equivalents

For the purpose of Cash Flow Statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

### 4.2 Lendings to or borrowings from financial institutions

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

#### a. Sale under re-purchase agreements

Securities sold subject to a re-purchase agreement are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and re-purchase value is accrued on a pro rata basis and recorded as mark-up expense.

#### b) Purchase under resale agreements

Securities purchased under agreement to resell (reverse re-purchase) are included in lendings to financial institutions. The differential between the contracted price and resale price is accrued on pro rata basis over the period of the contract and recorded as mark-up income.

Securities held as collateral are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

In Bai Muajjal, the Bank purchases and sells Shariah Compliant instruments including sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. Expected profit / expense is recognized on accrual basis.

In Musharaka and Mudaraba, the Bank invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio. Expected profit is recognized on accrual basis.

Other borrowings including borrowings from SBP are recorded at the proceeds received. Mark-up on such borrowings is charged to the Profit and Loss Account on a time proportion basis.

Lendings are stated net of provision. Return on such lending is accrued to the Profit and Loss Account on a time proportion basis except mark-up on impaired or delinquent lendings, which is recognized on receipt basis.

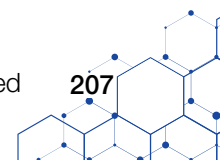
### 4.3 Investments

#### Investments

ABL Asset Management Company Limited is a subsidiary of the Bank. This investment is stated at cost less provision for impairment, if any.

#### Held-for-trading

These are investments acquired principally for the purpose of generating profits from short-term fluctuations in price or dealer's margin or are securities included in a portfolio in which a pattern of short-term trading exists.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## Held-to-maturity

These are investments with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold till maturity.

In Bai Muajjal, the Bank sells sukuk on credit to Government of Pakistan. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

## Available-for-sale

These are investments which do not fall under held for trading and held to maturity categories.

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

Investments (other than held for trading) are initially measured at fair value plus transaction cost associated with the investment. Investments classified as held for trading are initially measured at fair value, and transaction costs are expensed in the profit and loss account.

After initial recognition, quoted securities (other than those classified as held to maturity) are carried at market value. Unquoted securities are valued at cost less impairment in value, if any. Held to maturity securities are carried at amortised cost.

Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available-for-sale', is included in the statement of comprehensive income and is shown in the statement of financial position as part of equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealised surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account.

Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

Details of valuation techniques used in determination of fair value is included in note 38 of unconsolidated financial statements.

## 4.4 Advances

### a. Loans and advances

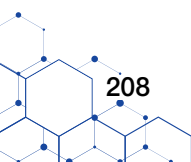
Loans and advances are stated net of general and specific provisions. Specific provision against loans is determined in accordance with the requirements of the Prudential Regulations and other directives issued by SBP and charged to the Profit and Loss Account. General provision is maintained in accordance with the requirements of Prudential Regulations issued by SBP. The provision and reversal is charged to the Profit and Loss Account. Advances are written off when there are no realistic prospects of recovery.

### b. Net investment in finance lease

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

### c. Islamic financing and related assets

The Bank provides Islamic financing and related assets mainly through Murabaha, Ijarah, Istisna, Diminishing Musharakah, Business Musharakah, Salam and Musawamah. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The profit on such financings is recognised in accordance with the principles of Islamic Shariah. The Bank determines specific and general provisions against Islamic financing and related assets in accordance with the requirements of the Prudential Regulations issued by the SBP. The net provision made or reversed during the year is charged to Profit and Loss Account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 4.5 Fixed assets and depreciation

### a. Property and equipment - owned

Land is measured at cost at the time of initial recognition and is subsequently carried at revalued amount less impairment, if any. Buildings are initially measured at cost and upon revaluation, are carried at revalued amount less accumulated depreciation and impairment, if any. All other operating fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account on straight line basis so as to charge the assets over their expected useful lives at the rates specified in note 10.2. Depreciation is charged on prorata basis, i.e., full month charge in the month of purchase and no charge in the month of disposal.

Land and buildings are revalued by independent professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value. The valuations involve estimates / assumptions and various market factors and conditions. The Bank accounts for revaluation surplus / deficit in accordance with the requirements of IAS 16 "Property, Plant and Equipment".

Gains and losses on disposal of fixed assets are included in income currently, except that the related surplus on revaluation of land and buildings (net of deferred tax) is transferred directly to unappropriated profit.

### b. Intangible assets

Intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. The cost of intangible assets is amortized over their estimated useful lives, using the straight line method. Amortization is charged from the month the assets are available for use at the rate stated in note 11.2. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

### c. Capital work-in-progress

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

## 4.6 Lease liability and right of use asset

### Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental lending rate to measure lease liabilities.

### Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 10 fixed assets.

### Bank as a lessee

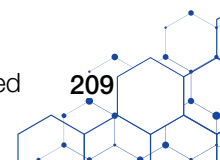
The Bank enters into lease arrangements principally in respect of office space for its operations. The Bank assesses at contract inception whether a contract is, or contains, a lease.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## 4.7 Taxation

### a. Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the year.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## b. Prior

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments or changes in laws and changes in estimates made during the current year.

## c. Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences, at the reporting date between the amounts attributed to assets and liabilities for financial reporting purpose and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the difference will reverse, based on tax rates that have been enacted or substantially enacted at the reporting date.

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

The Bank also recognizes a deferred tax asset or liability on deficit or surplus on revaluation of fixed assets, non-banking assets and investments which is adjusted against the related deficit or surplus in accordance with the requirements of IAS-12 'Income Taxes'.

## 4.8 Staff retirement and other benefits

### 4.8.1 Staff retirement schemes

#### a. For employees who opted for the 2002 scheme introduced by the management

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary, service length and age as on June 30, 2002 are payable to all employees whose date of joining the Bank is on or before July 01, 1992, i.e., who have completed ten years of continuous service as on June 30, 2002.

An approved gratuity scheme (defined benefit scheme) under which the benefits are payable as under:

- i. For members whose date of joining the Bank is on or before July 01, 1992, their services would be calculated starting from July 01, 2002 for gratuity benefit purposes.
- ii. For members whose date of joining the Bank is after July 01, 1992 their services would be taken at actual for the purpose of calculating the gratuity benefit. This rule will be applicable upon retirement or in service death only, in case of resignation gratuity will be payable from July 01, 2002, even if he or she had joined the Bank before July 01, 2002.

A contributory provident fund scheme in which the employee has the option to contribute 8.33%, 12% or 15% of their basic salary every month. The Bank's contribution is fixed at 8.33% of the basic salary of the employee every month.

#### b. For employees who did not opt for 2002 scheme

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary as on June 30, 2002 are payable to all employees opting continuation of the previous scheme and whose date of joining the Bank is on or before July 01, 1992, i.e., who had completed ten years of continuous service as on June 30, 2002.

In the light of decision of Honorable Supreme Court of Pakistan in SMC No. 20/2016 dated 13th February 2018 read with Order dated 3rd April 2018 passed in CRP No.72/2018 and Order dated 7th August 2018 in CrI.O.No. 98 and 99 of 2018 and after consultation with Bank's legal counsel, the monthly pension of eligible pensioners has been fixed with indexation levels for eligible pensioners effective from February 13, 2018.

#### c. Post-retirement medical benefits

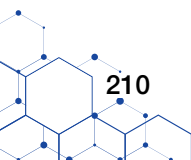
The Bank provides post-retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out using the Projected Unit Credit Method.

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in Other Comprehensive Income in the period of occurrence.

### 4.8.2 Other long term benefit

#### a. Employees' compensated absences

Employees' entitlement to annual leave is recognized when they accrue to employees, upto a maximum of 60 days. A provision is made for estimated liability for annual leaves as a result of services rendered by the employee against un-availed leaves, as per terms of service contract, up to the reporting date, based on actuarial valuation using Projected



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

Unit Credit Method. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in Profit and Loss Account in the period of occurrence.

## b. Compensation to certain class of employees

Bank has revised its retirement policy by reducing the retirement age to 58 years for class of employees effective January 01, 2018. Consequent to the revision, these employees shall be compensated with gross salary along with employer's contribution on provident fund and gratuity for the remaining period up to 60 years in addition to already defined post-employment benefits, payable at the time of retirement, if any.

## 4.9 Non-banking assets acquired in satisfaction of claims

Non-banking assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation (excluding land). 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 NBA is credited to the 'surplus on revaluation of assets' account through statement of comprehensive income and any deficit arising on revaluation is taken to Profit and Loss Account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to Profit and Loss Account and not capitalised.

## 4.10 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is accrued to the Profit and Loss Account on time proportion basis. Deposits mobilized under Islamic Banking operations are generated under two modes i.e. 'Qard' and 'Mudaraba'. Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Saving deposits or Fixed deposits'.

## 4.11 Impairment

### a. Available-for-sale equity securities

The Bank determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal volatility in share price in the case of listed equity securities. In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the investee, industry and sector performance and changes in technology.

## 4.12 Provisions

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

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

Provisions are reviewed at the reporting date and are adjusted to reflect the current best estimate.

## 4.13 Acceptances

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.

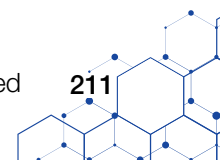
## 4.14 Financial instruments

### 4.14.1 Financial assets and liabilities

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

### 4.14.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the Profit and Loss Account.

## 4.15 Revenue recognition

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

### a. Advances and investments

Mark-up, return on regular loans and advances and investments is recognized on a time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the Profit and Loss Account using the effective interest rate method.

Interest or mark-up recoverable on classified loans, advances and investments is recognized on receipt basis. Interest, return or mark-up on classified, rescheduled or restructured loans and advances and investments is recognized as permitted by the regulations of the State Bank of Pakistan.

Dividend income is recognized when the right to receive the dividend is established.

Gains and losses on sale of investments are recognized in the Profit and Loss Account.

### b. Lease financing

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 income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealised income on classified leases is recognized on receipt basis.

Gains or losses on termination of lease contracts and other lease income are recognized when realized.

### c. Islamic financing and related assets

Profit on Business Musharakah financing is booked on accrual basis and is adjusted upon declaration of profit by Musharakah partners.

Ijarah and Diminishing Musharakah income is recognised on an accrual basis as and when the rental becomes due.

Murabaha, Musawamah and Salam income is recognised on deferred income basis.

Profit on Istisna financing is recognized on an accrual basis commencing from time of sale of goods till the realization of sale proceeds by the Bank.

### d. Fees, brokerage and commission

Fee, Commission and Brokerage income is recognized on an accrual basis except where, in the opinion of management, it would not be prudent to do so.

## 4.16 Business Segment reporting

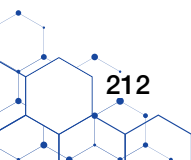
A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional and management reporting structure. The Bank's primary segment reporting is based on following business segments:

### a. Corporate & investment banking

This segment offers a wide range of financial services to medium and large sized public and private sector entities and also covers overseas operation of the Bank. These services include, providing and arranging tenured financing, corporate advisory, underwriting, cash management, trade products, corporate finance products and customer services on all bank related matters.

### b. Trading and sales (Treasury)

This segment undertakes the Bank's treasury and money market activities.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

**c. Commercial & retail banking**

Commercial and retail banking provides services to commercial and retail customers including agriculture sector. It includes loans, deposits and other transactions with commercial and retail (conventional and Islamic) customers.

**d. Islamic Banking**

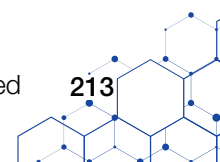
Islamic banking provides Shariah compliant services to customers including loans, deposits and other transactions.

**e. Others**

Others includes functions which cannot be classified in any of the above segments.

**4.17 Geographical segment reporting**

Geographically the Bank operates in Pakistan, Middle East and China.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		34,479,516	28,208,976
Foreign currencies		3,877,058	974,226
		38,356,574	29,183,202
<b>Remittances in transit</b>		384,744	1,102,799
<b>With State Bank of Pakistan (SBP) in</b>			
Local currency current accounts	5.1	73,799,188	56,627,616
Foreign currency current account	5.2	149,569	77,448
Foreign currency deposit accounts (non-remunerative)	5.1	5,580,842	36,908
Foreign currency deposit accounts (remunerative)	5.3	11,695,327	59,118
		91,224,926	56,801,090
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		25,519,660	561,719
<b>National Prize Bonds</b>			
		650,404	264,616
		156,136,308	87,913,426

**5.1** Deposits with the State Bank of Pakistan (SBP) are maintained to comply with the cash reserve requirement, under section 22 of the Banking Companies Ordinance, 1962 and State Bank of Pakistan statutory requirements issued from time to time.

**5.2** This represents US\$ settlement account maintained with the State Bank of Pakistan (SBP).

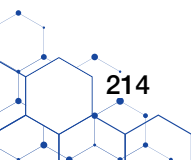
**5.3** This represents special cash reserve maintained with the State Bank of Pakistan (SBP). The return on this account is declared by SBP on a monthly basis and carries mark-up at the rate of 3.39% to 4.34% (2022: 0% to 3.14%) per annum.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			

## 6 BALANCES WITH OTHER BANKS

<b>In Pakistan</b>			
In current accounts		7,500	7,500
<b>Outside Pakistan</b>			
In current accounts		1,931,547	3,209,391
In deposit accounts	6.1	516,554	222,577
		2,455,601	3,439,468

**6.1** Balances with other banks outside Pakistan in deposit account carry interest rates of 0% to 0.25% (2022: 0% to 0.25%) per annum.





# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>7</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings - local currency	7.1	1,000,000	-
Call money lendings - foreign currency		-	3,622,894
Repurchase agreement lendings (Reverse Repo)	7.2 & 7.5	8,418,003	21,599,301
Musharaka lendings		-	3,000,000
Certificates of investment	7.3	70,000	70,000
		9,488,003	28,292,195
Less: Provision held against lendings to financial institutions	7.3 & 7.6	(70,000)	(70,000)
Lendings to financial institutions - net of provision		9,418,003	28,222,195

**7.1** These represent local currency call money lendings to financial institutions at the mark-up rate of 22.50% (2022: Nil) per annum, maturing on January 02, 2024.

**7.2** These are short-term local currency lendings to financial institutions against government securities as shown in note 7.5 below. These carry mark-up at the rate of 21.90% to 22.95% (2022: 16% to 16.1%) per annum, maturing latest by January 09, 2024.

**7.3** This represents local currency classified certificates of investment and related provisioning, amounting to Rs. 70 million (2022: Rs. 70 million).

	December 31, 2023	December 31, 2022
Rupees in '000		
<b>7.4</b>	<b>Particulars of lending</b>	
In local currency	9,488,003	24,669,301
In foreign currencies	-	3,622,894
	9,488,003	28,292,195

	December 31, 2023			December 31, 2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Rupees in '000						
<b>7.5</b>	<b>Securities held as collateral against lending to financial institutions</b>					
Pakistan Investment Bonds	8,418,003	-	8,418,003	-	-	-
Market Treasury Bills	-	-	-	21,599,301	-	21,599,301
	8,418,003	-	8,418,003	21,599,301	-	21,599,301

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023		December 31, 2022	
	Classified Lending	Provision Held	Classified Lending	Provision Held

Rupees in '000

## 7.6 Category of classification

Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	70,000	70,000	70,000	70,000
	70,000	70,000	70,000	70,000

Note	December 31, 2023				December 31, 2022			
	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value

Rupees in '000

## 8 INVESTMENTS

### 8.1 Investments by type:

#### Held-for-trading securities

Federal Government Securities	20,114,447	-	(64,599)	20,049,848	139,467	-	(134)	139,333
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#### Available-for-sale securities

Federal Government Securities*	1,047,943,332	(2,452,459)	(19,702,262)	1,025,788,611	1,051,634,469	(309,078)	(32,350,404)	1,018,974,987	
Shares	13,329,302	(760,822)	6,228,739	18,797,219	18,642,536	(1,670,628)	573,308	17,545,216	
Non Government Debt Securities	25,391,300	(21,071)	(21,711)	25,348,518	26,593,534	(21,071)	(34,153)	26,538,310	
Foreign securities	1,770	-	-	1,770	1,770	-	-	1,770	
Open Ended Mutual Funds	25,000	-	9,454	34,454	25,000	-	(2,549)	22,451	
	8.4	1,086,690,704	(3,234,352)	(13,485,780)	1,069,970,572	1,086,897,309	(2,000,777)	(31,813,798)	1,063,082,734

#### Held-to-maturity securities

Federal Government Securities	59,797,669	-	-	59,797,669	59,395,021	-	-	59,395,021
Non Government Debt Securities	302,920	(302,920)	-	-	320,637	(320,637)	-	-
	8.5	60,100,589	(302,920)	-	59,797,669	59,715,658	(320,637)	59,395,021

Subsidiaries	500,000	-	-	500,000	500,000	-	-	500,000
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<b>Total Investments</b>	<b>1,167,405,740</b>	<b>(3,537,272)</b>	<b>(13,550,379)</b>	<b>1,150,318,089</b>	<b>1,157,252,434</b>	<b>(2,321,414)</b>	<b>(31,813,932)</b>	<b>1,123,117,088</b>
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### 8.2 Investments by segments:

#### Federal Government Securities\*

Market Treasury Bills	63,107,685	-	16,839	63,124,524	100,236,514	-	(970,586)	99,265,928
Pakistan Investment Bonds	1,009,785,089	-	(17,781,318)	992,003,771	973,127,649	-	(19,875,770)	953,251,879
GOP Ijarah Sukuks	24,141,346	-	273,079	24,414,425	13,075,605	-	(67,540)	13,008,065
Naya Pakistan Certificate	1,555,196	-	-	1,555,196	2,021,081	-	-	2,021,081
Foreign Currency Bonds (US\$)	29,266,132	(2,452,459)	(2,275,461)	24,538,212	22,708,108	(309,078)	(11,436,642)	10,962,388
	1,127,855,448	(2,452,459)	(19,766,861)	1,105,636,128	1,111,168,957	(309,078)	(32,350,538)	1,078,509,341

#### Shares:

Listed Companies	12,956,909	(728,410)	6,228,739	18,457,238	18,239,796	(1,646,464)	573,308	17,166,640
Unlisted Companies	372,393	(32,412)	-	339,981	402,740	(24,164)	-	378,576
	13,329,302	(760,822)	6,228,739	18,797,219	18,642,536	(1,670,628)	573,308	17,545,216

#### Non Government Debt Securities

Listed	13,929,920	(62,159)	(21,711)	13,846,050	13,642,997	(79,876)	(34,153)	13,528,968
Unlisted	11,764,300	(261,832)	-	11,502,468	13,271,174	(261,832)	-	13,009,342
	25,694,220	(323,991)	(21,711)	25,348,518	26,914,171	(341,708)	(34,153)	26,538,310

#### Foreign Securities

Equity securities	1,770	-	-	1,770	1,770	-	-	1,770
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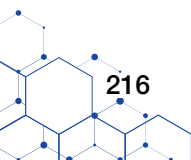
Units of open-ended mutual funds	25,000	-	9,454	34,454	25,000	-	(2,549)	22,451
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#### Subsidiaries

ABL - Asset Management Company	500,000	-	-	500,000	500,000	-	-	500,000
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<b>Total Investments</b>	<b>1,167,405,740</b>	<b>(3,537,272)</b>	<b>(13,550,379)</b>	<b>1,150,318,089</b>	<b>1,157,252,434</b>	<b>(2,321,414)</b>	<b>(31,813,932)</b>	<b>1,123,117,088</b>
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\* Provision for diminution against federal government securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to overseas branch.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	

## 8.2.1 Investments given as collateral - at market value

Market Treasury Bills	-	9,885,340
Pakistan Investment Bonds	268,646,617	402,614,187
<b>Total Investments given as collateral</b>	<b>268,646,617</b>	<b>412,499,527</b>

## 8.3 Provision for diminution in value of investments

Opening balance	2,321,414	2,093,298
Exchange adjustments	69,221	3,795
<b>Charge and reversals</b>		
Charge for the year	2,082,408	312,389
Reversals for the year	(17,717)	(23,622)
	2,064,691	288,767
Reversal on disposals	(918,054)	(64,446)
<b>Closing Balance</b>	<b>3,537,272</b>	<b>2,321,414</b>

	December 31, 2023		December 31, 2022	
	NPI*	Provision	NPI*	Provision
	Rupees in '000			

### 8.3.1 Particulars of provision against debt securities

#### Category of classification

#### Domestic

Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	323,991	323,991	341,708	341,708
	323,991	323,991	341,708	341,708

#### Overseas

Not past due but impaired**	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>323,991</b>	<b>323,991</b>	<b>341,708</b>	<b>341,708</b>

\* NPI stands for Non Performing Investments.

\*\* Provision represents expected credit loss provisioning in overseas branch.

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 8.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	December 31, 2023		December 31, 2022	
	Cost			
	Rupees in '000			
<i>Federal Government Securities – Government guaranteed</i>				
Market Treasury Bills	62,362,158		100,119,411	
Pakistan Investment Bonds	930,618,501		913,710,264	
Naya Pakistan Certificate	1,555,195		2,021,081	
Foreign Currency Bonds (US\$)	29,266,132		22,708,108	
GOP Ijarah Sukuks	24,141,346		13,075,605	
	<b>1,047,943,332</b>		<b>1,051,634,469</b>	
<i>Shares</i>				
<i>Listed Companies</i>				
Power Generation and Distribution	1,650,810		2,045,970	
Oil & Gas Exploration Companies	2,222,232		4,817,258	
Fertilizer	2,680,900		3,063,144	
Commercial Banks	4,686,843		5,757,304	
Oil & Gas Marketing Companies	561,076		1,043,460	
Real Estate Investment Trust	997,589		997,589	
Chemical	55,218		323,508	
Close-end Mutual Funds	51,603		51,603	
Investment Banks	50,000		139,322	
Cement	638		638	
	<b>12,956,909</b>		<b>18,239,796</b>	
<i>Unlisted Companies</i>				
	December 31, 2023		December 31, 2022	
	Cost	Breakup value	Cost	Breakup value
	Rupees in '000			
Pakistan Mortgage Refinance Co. Limited	200,000	482,035	200,000	354,320
1 Link Private Limited	50,000	733,214	50,000	537,279
Central Depository Company of Pakistan Limited.	40,300	67,639	40,300	61,941
ISE Towers REIT Management Company Limited	-	-	30,346	52,988
First Women Bank Limited	21,200	74,692	21,200	64,219
SME Bank Limited	5,250	-	5,250	-
Arabian Sea Country Club Limited	5,000	-	5,000	-
Eastern Capital Limited	5,000	-	5,000	-
SWIFT	1,770	18,782	1,770	13,500
NIFT	1,526	52,914	1,527	44,622
PASSCO	1,000	645,805	1,000	645,805
Pakistan Corporate Restructuring Company	43,117	25,955	43,117	34,203
	<b>374,163</b>	<b>2,101,036</b>	<b>404,510</b>	<b>1,808,877</b>

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Cost			
Rupees in '000			
<b>Non Government Debt Securities</b>			
<i>Listed</i>			
- AAA		1,299,840	500,000
- AA+, AA, AA-		4,067,920	4,188,121
- A+, A, A-		-	375,000
- Unrated		8,500,000	8,500,000
	8.4.1	<u>13,867,760</u>	<u>13,563,121</u>
<i>Unlisted</i>			
- AAA		5,596,320	9,316,740
- AA+, AA, AA-		2,530,000	3,135,000
- A+, A, A-, BB		876,150	557,602
- Unrated		2,521,070	21,071
	8.4.2	<u>11,523,540</u>	<u>13,030,413</u>

**8.4.1** This includes listed non-government debt securities amounting to Rs. 8,500 million (2022: Rs. 8,500 million) guaranteed by the Government.

**8.4.2** This includes unlisted non-government debt securities amounting to Rs. 1,050 million (2022: Rs. 1,470 million) guaranteed by the Government.

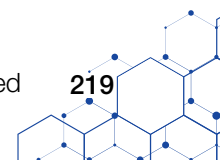
	December 31, 2023	December 31, 2022
Rupees in '000		
<b>Open Ended Mutual Funds</b>		
Allied Finergy Fund	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

## Foreign Securities

<i>Equity Securities – Unlisted</i>		
SWIFT	1,770	1,770
	<u>1,770</u>	<u>1,770</u>

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

<b>Federal Government Securities – Government guaranteed</b>		
Pakistan Investment Bonds	59,797,669	59,395,021
	<u>59,797,669</u>	<u>59,395,021</u>
<b>Non Government Debt Securities</b>		
<i>Listed</i>		
- Unrated	62,159	79,876
<i>Unlisted</i>		
- Unrated	240,761	240,761



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

**8.5.1** The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 51,778 million (December 31, 2022: Rs. 51,708.9 million). This represents the market value of Pakistan Investment Bonds.

<b>Subsidiary</b>	
<b>Asset Management Company</b>	
<b>Rupees in '000</b>	

## 8.6 Details regarding subsidiary company:

Country of incorporation	Pakistan
Percentage holding	100%
Assets	5,942,030
Liabilities	2,295,319
Revenue	685,138
Profit after taxation	618,377
Total comprehensive income	618,674

	Note	Performing		Non Performing		Total	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022

Rupees in '000

## 9 ADVANCES

Loans, cash credits, running finances, etc.	9.1	699,211,949	774,934,098	11,713,507	11,718,805	710,925,456	785,277,940
Islamic financing and related assets	A-II. 3	79,621,981	66,762,206	5,729	9,675	79,627,710	66,771,881
Bills discounted and purchased		2,264,978	2,688,351	1,319,793	1,375,202	3,584,771	5,438,516
<b>Advances – gross</b>	9.2	<b>781,098,908</b>	<b>844,384,655</b>	<b>13,039,029</b>	<b>13,103,682</b>	<b>794,137,937</b>	<b>857,488,337</b>
<b>Provision against advances</b>							
Specific	9.3 & 9.4	-	-	(12,335,688)	(11,738,558)	(12,335,688)	(11,738,558)
General	9.4	(205,019)	(109,603)	-	-	(205,019)	(109,603)
		(205,019)	(109,603)	(12,335,688)	(11,738,558)	(12,540,707)	(11,848,161)
<b>Advances – net of provision</b>		<b>780,893,889</b>	<b>844,275,052</b>	<b>703,341</b>	<b>1,365,124</b>	<b>781,597,230</b>	<b>845,640,176</b>

	December 31, 2023				December 31, 2022			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total

Rupees in '000

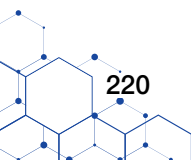
## 9.1 Includes net investment in finance lease as described below

Lease rentals receivable	1,749,938	1,694,447	32,915	3,477,300	785,930	1,266,673	106,622	2,159,225
Residual value	305,104	591,527	43,199	939,830	301,075	570,039	52,399	923,513
Minimum lease payments	2,055,042	2,285,974	76,114	4,417,130	1,087,005	1,836,712	159,021	3,082,738
Financial charges for future periods	(429,973)	(237,176)	(2,712)	(669,861)	(195,928)	(157,909)	(3,150)	(356,987)
Present value of minimum lease payments	1,625,069	2,048,798	73,402	3,747,269	891,077	1,678,803	155,871	2,725,751

**December 31, 2023**      **December 31, 2022**  
**Rupees in '000**

## 9.2 Particulars of advances (Gross)

In local currency	753,527,904	825,136,275
In foreign currencies	40,610,033	32,352,062
	<b>794,137,937</b>	<b>857,488,337</b>



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

- 9.3 Advances include Rs. 13,039.029 million (2022: Rs. 13,103.682 million) which have been placed under non-performing status as detailed below:

	December 31, 2023		December 31, 2022	
	Non Performing Loans	Specific Provision	Non Performing Loans	Specific Provision
Rupees in '000				
<b>Category of Classification</b>				
<b>Domestic</b>				
Other Assets Especially Mentioned	31,765	250	307,993	237
Substandard	361,480	90,154	133,674	33,222
Doubtful	46,947	23,473	1,159,780	579,890
Loss	12,598,837	12,221,811	11,502,235	11,125,209
	13,039,029	12,335,688	13,103,682	11,738,558

	Note	December 31, 2023			December 31, 2022		
		Specific	General	Total	Specific	General	Total
Rupees in '000							

## 9.4 Particulars of provision against advances

Opening balance		11,738,558	109,603	11,848,161	12,750,397	100,355	12,850,752
Exchange adjustments		-	9,497	9,497	-	13,589	13,589
Charge for the year		1,694,691	241,205	1,935,896	528,225	75,430	603,655
Reversals	9.5	(1,097,561)	(155,286)	(1,252,847)	(998,280)	(79,771)	(1,078,051)
		597,130	85,919	683,049	(470,055)	(4,341)	(474,396)
Amounts written off	9.6	-	-	-	(541,784)	-	(541,784)
Closing balance		12,335,688	205,019	12,540,707	11,738,558	109,603	11,848,161
9.4.1 In local currency		11,692,901	60,461	11,753,362	11,222,179	70,156	11,292,335
In foreign currencies		642,787	144,558	787,345	516,379	39,447	555,826
		12,335,688	205,019	12,540,707	11,738,558	109,603	11,848,161

- 9.4.2 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non-performing loans as allowed under BSD circular No. 01 dated October 21, 2011.

- 9.5 This includes reversal of provision on account of non performing loans, classified as loss, settled against Debt Property Swap amounting to Rs. 141.36 million (2022: Rs. 103 million). Moreover, another Debt Property Swap arrangement amounting to Rs. 300 million was settled through court auction.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			

## 9.6 Particulars of write-offs

9.6.1 Against provisions		-	541,784
Directly charged to Profit and Loss account		-	-
		-	541,784
9.6.2 Write-offs of Rs. 500,000 and above – Domestic	9.7	-	541,784
Write-offs of below Rs. 500,000		-	-
		-	541,784

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 9.7 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 five hundred thousand rupees and above allowed to a person(s) during the year ended December 31, 2023 is given in Annexure-'I'. However, these write-offs do not affect the Bank's right to recover debts from these customers.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>10 FIXED ASSETS</b>			
Capital work-in-progress	10.1	9,779,743	4,317,914
Property and equipment	10.2	103,998,924	69,337,253
Right-of-Use Assets	10.3	8,287,055	7,823,394
		<u>122,065,722</u>	<u>81,478,561</u>

## 10.1 CAPITAL WORK-IN-PROGRESS

Civil works		7,759,247	3,304,808
Equipment		89,246	44,592
Advances to suppliers		1,931,250	968,514
		<u>9,779,743</u>	<u>4,317,914</u>

	December 31, 2023								
	Freehold Land	Leasehold Land	Building on Freehold Land	Building on Leasehold Land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Building Improvements (Leased Premises)	Total
Rupees in '000									

## 10.2 Property and Equipment

<b>At January 1, 2023</b>									
Cost or Revalued amount	29,391,257	12,686,611	13,394,912	5,247,888	2,873,083	20,451,560	1,684,105	7,297,400	93,026,816
Accumulated depreciation	-	-	(1,161,582)	(459,461)	(1,736,071)	(14,116,406)	(1,033,148)	(5,182,895)	(23,689,563)
<b>Net book value</b>	<u>29,391,257</u>	<u>12,686,611</u>	<u>12,233,330</u>	<u>4,788,427</u>	<u>1,137,012</u>	<u>6,335,154</u>	<u>650,957</u>	<u>2,114,505</u>	<u>69,337,253</u>
<b>Year ended December 31, 2023</b>									
Opening net book value	29,391,257	12,686,611	12,233,330	4,788,427	1,137,012	6,335,154	650,957	2,114,505	69,337,253
Additions	1,097,092	3,949,782	1,065,849	72,137	513,848	5,329,384	649,284	805,934	13,483,310
Movement in surplus on assets revalued during the year	17,064,078	4,339,867	2,120,445	2,447,798	-	-	-	-	25,972,188
Net disposal (book value)	-	-	-	-	(2,214)	(14,115)	(538)	-	(16,867)
Depreciation charge	-	-	(629,051)	(241,395)	(268,875)	(2,513,784)	(311,776)	(777,409)	(4,742,290)
Exchange rate adjustments	-	-	80	674	(233)	1,175	(24)	(16)	1,656
Other adjustments	(33,181)	(2,678)	(63,725)	66,670	-	3	(2)	(3,413)	(36,326)
<b>Closing net book value</b>	<u>47,519,246</u>	<u>20,973,582</u>	<u>14,726,928</u>	<u>7,134,311</u>	<u>1,379,538</u>	<u>9,137,817</u>	<u>987,901</u>	<u>2,139,601</u>	<u>103,998,924</u>
<b>At December 31, 2023</b>									
Cost or Revalued amount	47,519,246	20,973,582	14,851,259	7,277,734	3,364,511	25,170,822	2,323,290	8,095,171	129,575,615
Accumulated depreciation	-	-	(124,331)	(143,423)	(1,984,973)	(16,033,005)	(1,335,389)	(5,955,570)	(25,576,691)
<b>Net book value</b>	<u>47,519,246</u>	<u>20,973,582</u>	<u>14,726,928</u>	<u>7,134,311</u>	<u>1,379,538</u>	<u>9,137,817</u>	<u>987,901</u>	<u>2,139,601</u>	<u>103,998,924</u>
<b>Rate of depreciation (percentage)</b>	-	-	5%	5%	10%	14.28% -50%	20%	20%	





# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022								
	Freehold Land	Leasehold Land	Building on Freehold Land	Building on Leasehold Land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Building Improvements (Leased Premises)	Total
	Rupees in '000								
<b>At January 1, 2022</b>									
Cost or Revalued amount	28,315,144	12,319,030	11,689,482	4,972,177	2,669,577	18,622,559	1,648,261	6,313,132	86,549,362
Accumulated depreciation	-	-	(553,107)	(217,537)	(1,546,874)	(12,380,102)	(746,811)	(4,435,879)	(19,880,310)
<b>Net book value</b>	<b>28,315,144</b>	<b>12,319,030</b>	<b>11,136,375</b>	<b>4,754,640</b>	<b>1,122,703</b>	<b>6,242,457</b>	<b>901,450</b>	<b>1,877,253</b>	<b>66,669,052</b>
<b>Year ended December 31, 2022</b>									
Opening net book value	28,315,144	12,319,030	11,136,375	4,754,640	1,122,703	6,242,457	901,450	1,877,253	66,669,052
Additions	1,340,650	363,224	1,760,861	300,963	229,977	2,098,891	45,241	980,028	7,119,835
Net disposal (book value)	-	-	(12,290)	(13,752)	(561)	(10,418)	(1,396)	(6)	(38,423)
Depreciation charge	-	-	(610,512)	(244,023)	(215,095)	(1,995,906)	(294,314)	(748,346)	(4,108,196)
Exchange rate adjustments	-	-	(7)	-	(12)	130	(24)	(24)	63
Other adjustments	(260,180)	-	(37,388)	(7,510)	-	-	-	-	(305,078)
Other transfers	(4,357)	4,357	(3,709)	(1,891)	-	-	-	5,600	-
<b>Closing net book value</b>	<b>29,391,257</b>	<b>12,686,611</b>	<b>12,233,330</b>	<b>4,788,427</b>	<b>1,137,012</b>	<b>6,335,154</b>	<b>650,957</b>	<b>2,114,505</b>	<b>69,337,253</b>
<b>At December 31, 2022</b>									
Cost or Revalued amount	29,391,257	12,686,611	13,394,912	5,247,888	2,873,083	20,451,560	1,684,105	7,297,400	93,026,816
Accumulated depreciation	-	-	(1,161,582)	(459,461)	(1,736,071)	(14,116,406)	(1,033,148)	(5,182,895)	(23,689,563)
<b>Net book value</b>	<b>29,391,257</b>	<b>12,686,611</b>	<b>12,233,330</b>	<b>4,788,427</b>	<b>1,137,012</b>	<b>6,335,154</b>	<b>650,957</b>	<b>2,114,505</b>	<b>69,337,253</b>
<b>Rate of depreciation (percentage)</b>	<b>-</b>	<b>-</b>	<b>5%</b>	<b>5%</b>	<b>10%</b>	<b>14.28% -50%</b>	<b>20%</b>	<b>20%</b>	

### 10.3 Movement in Right-of-use Assets is as follows:

	December 31, 2023	December 31, 2022
	Rupees in '000	
Opening Balance	7,823,394	7,703,056
Additions / Adjustments	2,457,404	1,972,441
Derecognition	(235,706)	(138,815)
Depreciation	(1,764,838)	(1,720,161)
Exchange Rate Adjustment	6,801	6,873
<b>Closing Net Book Value</b>	<b>8,287,055</b>	<b>7,823,394</b>

10.4 Bank arranged for valuation of all Land and Buildings as at December 31, 2023 from six independent valuers {Sadruddin Associates (Private) Limited, Hamid Mukhtar & Co (Private) Limited, Indus Surveyors (Private) Limited, A1 Warda Engineering Services, Tristar International Consultant (Private) Limited and Harvester Services (Private) Limited}. The revalued amounts of properties have been determined on the basis of market value. Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	December 31, 2023	December 31, 2022
	Rupees in '000	
- Land (Freehold and leasehold)	26,924,337	21,913,322
- Building	13,289,397	12,882,687

10.5 Fair value of property and equipment excluding land and buildings is not expected to be materially different from their carrying amount.

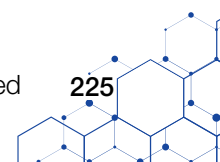
	Note	December 31, 2023	December 31, 2022
		Rupees in '000	
10.6 Incremental depreciation charged during the year transferred to unappropriated profit	20.1	135,473	217,844
10.7 Restriction or discrepancy in the title of property having a net book value of		205,384	200,085
10.8 The cost of fully depreciated assets that are still in use:			
Furniture and fixtures		1,007,413	885,784
Electrical, office and computer equipments		9,139,158	7,618,368
Vehicles		675,194	233,226
Leasehold Improvements		4,015,416	3,445,686



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022		
	Computer software	Others	Total
Rupees in '000			
<b>At January 1, 2022</b>			
Cost	5,301,851	-	5,301,851
Accumulated amortisation and impairment	(2,663,123)	-	(2,663,123)
<b>Net book value</b>	<b>2,638,728</b>	<b>-</b>	<b>2,638,728</b>
<b>Year ended December 31, 2022</b>			
Opening net book value	2,638,728	-	2,638,728
Additions:			
Directly purchased	571,273	-	571,273
Amortization charges	(521,326)	-	(521,326)
Disposals accumulated depreciation	2,688,675	-	2,688,675
<b>At December 31, 2022</b>			
Cost	5,873,124	-	5,873,124
Accumulated amortisation and impairment	(3,184,449)	-	(3,184,449)
<b>Net book value</b>	<b>2,688,675</b>	<b>-</b>	<b>2,688,675</b>
<b>Rate of amortisation (percentage)</b>	5% to 14.28%		
<b>Useful life</b>	7 to 20 Years		
<b>December 31, 2023      December 31, 2022</b>			
<b>Rupees in '000</b>			
<b>11.3</b> The cost of fully amortized assets that are still in use:			
Intangible assets – software	894,732		613,068



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

December 31, 2023				
	At January 1, 2023	Recognised in profit and loss account	Recognised in other comprehensive Income	At December 31, 2023

Rupees in '000

## 12 DEFERRED TAX ASSETS

Deductible Temporary Differences on

Provision against:

- Investments	19,093	-	-	19,093
- Other assets	38,959	-	-	38,959
- Off balance sheet obligations	14,824	-	-	14,824
- Advances	360,393	132,076	-	492,469
- Deficit on revaluation of investments	13,679,933	-	(7,071,901)	6,608,032
- Post retirement medical benefits	42,980	-	-	42,980
- Workers welfare fund	1,578,570	1,078,878	-	2,657,448
	15,734,752	1,210,954	(7,071,901)	9,873,805

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets	(1,779,800)	66,380	(2,486,782)	(4,200,202)
- Surplus on revaluation of non banking assets	(19,347)	1,237	(48,141)	(66,251)
- Actuarial gains	308,029	-	(384,442)	(76,413)
- Accelerated tax depreciation or amortization	(1,229,079)	(467,060)	-	(1,696,139)
- Excess of investment in finance lease over written down value of leased assets	(13,206)	-	-	(13,206)
	(2,733,403)	(399,443)	(2,919,365)	(6,052,211)
	13,001,349	811,511	(9,991,266)	3,821,594

December 31, 2022

	At January 1, 2022	Recognised in profit and loss account	Recognised in other comprehensive Income	At December 31, 2022
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Rupees in '000

Deductible Temporary Differences on

Provision against:

- Investments	19,093	-	-	19,093
- Other assets	38,959	-	-	38,959
- Off balance sheet obligations	14,824	-	-	14,824
- Advances	261,344	99,049	-	360,393
- Deficit on revaluation of investments	2,635,272	-	11,044,661	13,679,933
- Post retirement medical benefits	42,980	-	-	42,980
- Actuarial losses	336,000	-	(27,971)	308,029
- Workers welfare fund	1,052,003	526,567	-	1,578,570
	4,400,475	625,616	11,016,690	16,042,781

Taxable Temporary Differences on

- Surplus on revaluation of fixed assets	(1,699,102)	93,673	(174,371)	(1,779,800)
- Surplus on revaluation of non banking assets	(16,780)	1,709	(4,276)	(19,347)
- Accelerated tax depreciation / amortization	(1,183,100)	(45,979)	-	(1,229,079)
- Excess of investment in finance lease over written down value of leased assets	(13,206)	-	-	(13,206)
	(2,912,188)	49,403	(178,647)	(3,041,432)
	1,488,287	675,019	10,838,043	13,001,349

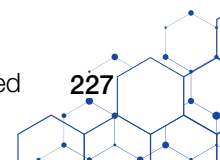
# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>13 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency - net of provision		69,602,045	49,451,768
Income / Mark-up accrued in foreign currency - net of provision		953,413	1,368,623
Advances, deposits, advance rent and other prepayments		3,081,606	1,857,960
Non-banking assets acquired in satisfaction of claims	13.1	1,038,270	603,545
Branches adjustment account		1,701,578	22,909
Mark to market gain on forward foreign exchange contracts		80,674	88,177
Mark to market gain on forward government securities transactions		-	5,613
Acceptances		8,444,550	4,249,363
Due from the employees' retirement benefit schemes - Pension fund	35.4	6,185,041	4,943,030
Fraud and forgeries		544,824	508,935
Stationery and stamps in hand		863,475	554,145
Overdue foreign bills negotiated or discounted		302,470	213,136
Home Remittance Cell agent receivable		1,749	3,511
Receivable from State Bank of Pakistan		4,375	29,684
Charges receivable		29,873	40,497
ATM / Point of Sale settlement account		7,075,342	1,041,549
Suspense account		295	122
Others		137,755	68,137
		100,047,335	65,050,704
Less: Provision held against other assets	13.2	(996,020)	(755,808)
Other assets (net of provision)		99,051,315	64,294,896
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,043,502	901,797
Other assets - net		100,094,817	65,196,693
<b>13.1 Market value of non-banking assets acquired in satisfaction of claims</b>		<b>2,081,772</b>	<b>1,505,342</b>

Full-scope revaluation was carried out at December 31, 2023 through four independent valuers approved by Pakistan Banks' Association (Tristar International Consultant Private Limited, A-1 Warda Engineering Services, Indus Surveyors and Harvester Services Private Limited). The revalued amounts of properties have been determined on the basis of market rates depending upon physical verification and general appearance of the site.

	December 31, 2023	December 31, 2022
Rupees in '000		
<b>13.1.1 Non banking assets acquired in satisfaction of claims</b>		
Opening balance	1,505,342	1,527,302
Additions	443,214	103,000
Constructions	100	2,164
Revaluation	144,229	74,985
Disposals	-	(26,823)
Transfers	-	(167,120)
Depreciation	(11,113)	(8,166)
Closing balance	2,081,772	1,505,342



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
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Rupees in '000

## 13.1.2 Gain/(Loss) on Disposal of Non banking assets acquired in satisfaction of claims

Disposal proceeds		-	23,760
Less:			
Cost		-	(26,857)
Impairment or Depreciation		-	34
		-	(26,823)
(Loss) / gain		-	(3,063)

**13.1.3** These include three properties with a carrying value of Rs. 1,428 million, held for more than seven years, for which the Bank is making its best efforts to dispose of, as required by the Banking Companies Ordinance 1962.

	Note	December 31, 2023	December 31, 2022
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Rupees in '000

## 13.2 Provision held against other assets

Advances, deposits, advance rent and other prepayments		213,329	131,125
Provision against fraud and forgeries		444,282	508,935
Overdue Foreign Bills Negotiated / Discounted		302,470	24,295
Charges receivable		29,840	39,600
Others		6,099	51,853
		996,020	755,808

### 13.2.1 Movement in provision held against other assets

Opening balance		755,808	760,152
Charge for the year		505,416	111,279
Reversals		(259,078)	(101,280)
Net charge		246,338	9,999
Amounts written off		(6,126)	(14,343)
Closing balance		996,020	755,808

## 14 CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2023 and December 31, 2022.

## 15 BILLS PAYABLE

In Pakistan		9,296,223	14,138,478
Outside Pakistan		26,182	21,165
		9,322,405	14,159,643

## 16 BORROWINGS

### Secured

Borrowings from State Bank of Pakistan			
Repurchase agreement borrowings	16.1	270,000,000	400,000,000
Under export refinance scheme	16.2	28,652,901	36,313,038
Under payroll refinance scheme		-	58,349
Under long term financing facility	16.3	28,265,781	35,586,853
Under financing scheme for renewable energy	16.4	7,253,956	3,455,619
Under Temporary Economic Refinance Scheme	16.5	12,741,909	13,273,360
Under refinance scheme for modernization of SMEs	16.6	8,182	16,364
Refinance and credit guarantee scheme for women entrepreneurs		13,517	11,018
Under refinance scheme for combating COVID-19	16.7	133,325	163,580
		347,069,571	488,878,181
Repurchase agreement borrowings from Financial Institutions			
	16.8	1,843,392	12,499,527
Trading liability		7,541,047	-

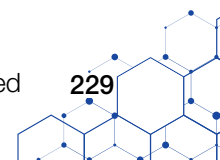
# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>Unsecured</b>			
Call borrowings	16.9	2,677,677	5,524,914
Overdrawn nostro accounts		192,355	435,271
Musharaka borrowing	16.10	14,350,000	23,050,000
Other borrowings		-	26,600
		17,220,032	29,036,785
		373,674,042	530,414,493

- 16.1** This represents local currency borrowing from the State Bank of Pakistan against government securities, carrying mark-up at the rate of 22.08% to 22.09% (2022: 16.16% to 16.19%) per annum, maturing on various dates latest by January 26, 2024.
- 16.2** The Bank has entered into various agreements for financing with the State Bank of Pakistan for extending export finance to customers. As per agreements, the Bank has granted to State Bank of Pakistan the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. The borrowing carries mark-up at the rate of 1.00% to 2.00% (2022: 1.00% to 2.00%) per annum. These borrowings are repayable within six months from the deal date.
- 16.3** This represents Long Term Financing facility availed by the Bank for further extending the same to its customers, for a maximum period of 10 years. The borrowing carries mark-up at the rate of 16% to 17.5% (2022: 1.50%, 2.50% and 3.00%) per annum for financing up-to 3 years, 5 years & 10 years respectively.
- 16.4** These represent borrowings from the State Bank of Pakistan availed by the Bank for financing power projects and facilities using alternative and renewable energy (solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel) for a maximum period of 12 years under Category I and for a maximum period of 10 years under Category II and III. The borrowing carries mark-up at the rate of 3% for Category I, 2% for Category II and 3% for Category III.
- 16.5** These borrowings have been obtained from the State Bank of Pakistan for providing concessionary refinancing facility to the industry for purchase of new imported and locally manufactured plant & machinery to set up new projects. These borrowings are repayable within a period of ten years including a grace period of upto 2 years. These carry mark up rate of 1% per annum.
- 16.6** These borrowings have been obtained from the State Bank of Pakistan for providing refinancing facility to wide range of SME clusters / sectors for purchase of new and imported / local plant and machinery for BMR of existing units and setting up new SME units. These borrowings are repayable for a maximum period of 10 years. These carry mark up rate ranging from 6% per annum.
- 16.7** These borrowings have been obtained from the State Bank of Pakistan to provide emergency financing to hospitals and medical centres to develop capacity for the treatment of COVID-19 patients. The maximum financing under the facility is Rs. 500 million per hospital / medical centre with a tenor of 5 years, including a grace period of upto 6 months. These carry mark-up at a rate of 0% to 2% per annum.
- 16.8** These represent borrowings in local currency from local interbank markets against government securities, carrying mark-up at the rate of 22% (2022: 16% to 16.05%) per annum, maturing on January 09, 2024.
- 16.9** These represent unsecured borrowings in foreign currency from foreign interbank markets, carrying mark-up at the rate of 9.80% to 11.90% (2022: 5% to 11%) per annum. These borrowings are maturing on various dates, latest by February 14, 2024.
- 16.10** This represents unsecured local currency borrowings by Islamic banking business under Musharaka agreement at profit of 21.75% to 22.5% (2022: 14% to 16.25%) per annum, maturing on various dates, latest by January 05, 2024.
- 16.11** Note 8.2.1 includes the carrying amount of investments given as collateral against re-purchase agreement borrowings.

	December 31, 2023	December 31, 2022
Rupees in '000		
<b>16.12 Particulars of borrowings with respect to currencies</b>		
In local currency	370,804,011	524,454,308
In foreign currencies	2,870,031	5,960,185
	373,674,042	530,414,493



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

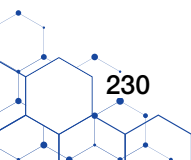
	December 31, 2023			December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
<b>Rupees in '000</b>						
<b>17 DEPOSITS AND OTHER ACCOUNTS</b>						
<b>Customers</b>						
Current deposits	616,041,518	44,460,629	660,502,147	536,148,071	30,632,327	566,780,398
Savings deposits	652,715,228	19,697,405	672,412,633	543,310,268	16,749,608	560,059,876
Term deposits	201,318,101	51,084,504	252,402,605	233,500,164	87,679,953	321,180,117
Others	30,467,120	61,278	30,528,398	32,935,164	65,036	33,000,200
	<u>1,500,541,967</u>	<u>115,303,816</u>	<u>1,615,845,783</u>	<u>1,345,893,667</u>	<u>135,126,924</u>	<u>1,481,020,591</u>
<b>Financial Institutions</b>						
Current deposits	14,062,494	853,715	14,916,209	8,621,516	567,020	9,188,536
Savings deposits	44,978,314	-	44,978,314	31,906,055	-	31,906,055
Term deposits	819,350	63,419	882,769	131,350	50,947	182,297
Others	-	-	-	-	-	-
	<u>59,860,158</u>	<u>917,134</u>	<u>60,777,292</u>	<u>40,658,921</u>	<u>617,967</u>	<u>41,276,888</u>
	<u>1,560,402,125</u>	<u>116,220,950</u>	<u>1,676,623,075</u>	<u>1,386,552,588</u>	<u>135,744,891</u>	<u>1,522,297,479</u>
				<b>December 31, 2023</b>	<b>December 31, 2022</b>	
				<b>Rupees in '000</b>		

## 17.1 Composition of deposits

Individuals	952,116,476	779,517,842
Private Sector	312,948,519	354,883,559
Government (Federal and Provincial)	209,285,511	193,216,182
Public Sector Entities	141,495,277	153,403,008
Non-Banking Financial Institutions	46,767,016	34,165,016
Banking Companies	14,010,276	7,111,872
	<u>1,676,623,075</u>	<u>1,522,297,479</u>

**17.2** This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 1,138,708 million (2022: 955,218 million).

**17.3** Net outstanding value against prepaid cards is Rs. 25.328 million as at reporting date (2022: 46.907 million).





# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>18 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		14,143,930	14,142,993
Mark-up / return / interest payable in foreign currencies		1,762,006	939,083
Present value of lease liability	33.2	10,632,854	9,787,444
Accrued expenses		3,920,388	2,642,962
Provision for taxation (provisions less payments)		7,730,026	2,518,808
Retention money payable		679,647	526,630
Deferred income		855,132	667,168
Unearned commission and income on bills discounted		759,785	360,705
Acceptances		8,444,550	4,249,363
Unclaimed dividends		442,049	406,721
Dividend payable		26,343	20,473
Unrealized loss on forward government securities transactions		13,812	-
Provision for:			
Gratuity	35.4	806,365	804,194
Employees' medical benefits	35.4	1,473,496	1,508,820
Employees' compensated absences	35.4	1,200,318	1,124,542
Payable to defined contribution plan		117,158	46,506
Provision against off-balance sheet obligations	18.1	298,904	298,904
Security deposits against lease		941,987	920,097
Charity fund balance		1,000	828
Home Remittance Cell overdraft		794,027	789,995
With-holding tax payable		8,608,289	5,234,909
Sundry deposits		4,162,588	3,491,981
Workers welfare fund payable	18.2	5,423,363	3,671,093
Others		2,204,652	2,135,616
		<b>75,442,669</b>	<b>56,289,835</b>

## 18.1 Provision against off-balance sheet obligations

Opening balance		298,904	298,904
Charge for the year		-	-
Reversals		-	-
Net reversal		-	-
Closing balance		<b>298,904</b>	<b>298,904</b>

The above provision includes provisions made against letters of guarantee issued by the Bank.

## 18.2 Workers Welfare Fund

Supreme Court of Pakistan vide order dated November 10, 2016 held that the amendments made in the law through Finance Act 2008, introduced by the Federal Government for the levy of Worker Welfare Fund (WWF) were unlawful. Federal Board of Revenue filed review petition against the subject order, which is currently pending for adjudication.

WWF provision from 2014 has been maintained conservatively based on tax advisor's opinion in view of provincial levy of WWF by the provinces with effect from 2014, including levy by Sindh which is under litigation.

Punjab Government promulgated Punjab Workers Welfare Fund Act 2019 (PWWF) with effect from December 13, 2019, therefore, provision related to Punjab and pertaining to the period from 2014 till the date of promulgation of PWWF was reversed.

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 19 SHARE CAPITAL

### 19.1 Authorized capital

December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022
No. of shares			Rupees in '000	
1,500,000,000	1,500,000,000	Ordinary shares of Rs.10/- each	15,000,000	15,000,000

### 19.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10/- each

December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 ordinary shares of Rs. 10 each, held by Ibrahim		
9,148,550	9,148,550	Leasing Limited on the cut-off date (September 30, 2004)	91,486	91,486
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modarabah with Allied Bank Limited in accordance with the share swap ratio stipulated therein.		
8,400,000	8,400,000		84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 1,030,566,368 (90.00%) [2022: 1,030,566,368 (90.00%)] ordinary shares of Rs. 10 each respectively, as at reporting date.

	Note	December 31, 2023	December 31, 2022
		Rupees in '000	

## 20 SURPLUS ON REVALUATION OF ASSETS – NET OF TAX

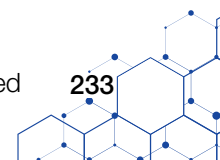
Surplus / (deficit) arising on revaluation of:

Fixed assets	20.1	50,140,331	24,303,616
Non-banking assets acquired in satisfaction of claims	20.2	1,043,502	901,797
Available-for-sale securities	8.1	(13,485,780)	(31,813,798)
		37,698,053	(6,608,385)
Deferred tax on surplus / (deficit) on revaluation of:			
Fixed assets	20.1	(4,200,202)	(1,779,800)
Non-banking assets acquired in satisfaction of claims	20.2	(66,251)	(19,347)
Available-for-sale securities	12	6,608,032	13,679,933
		2,341,579	11,880,786
		40,039,632	5,272,401

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>20.1 Surplus on revaluation of fixed assets</b>			
Surplus as at January 1, 2023		24,303,616	24,420,889
Surplus on revaluation during the year		25,972,188	-
Surplus related to transfer or adjustments		-	100,571
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(69,093)	(124,171)
Related deferred tax liability		(66,380)	(93,673)
	10.6	(135,473)	(217,844)
Surplus on revaluation as at December 31, 2023		50,140,331	24,303,616
Less: Related deferred tax liability on :			
Revaluation surplus as at January 1, 2023		(1,779,800)	(1,699,102)
Deferred tax liability on revaluation surplus / change in tax rate		(2,486,782)	(174,267)
Deferred tax liability related to transfer or adjustments		-	(104)
Deferred tax on incremental depreciation transferred to unappropriated profit		66,380	93,673
		(4,200,202)	(1,779,800)
		45,940,129	22,523,816
<b>20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b>			
Surplus as at January 1, 2023		901,797	955,956
Surplus on revaluation during the year		144,229	74,985
Surplus related to transfer or adjustments		-	(100,571)
Surplus realised on disposal during the year		-	(26,480)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year – net of deferred tax		(1,287)	(1,193)
Related deferred tax liability		(1,237)	(900)
		(2,524)	(2,093)
Surplus on revaluation as at December 31, 2023		1,043,502	901,797
Less: Related deferred tax liability on :			
Revaluation surplus as at January 1, 2023		(19,347)	(16,780)
Deferred tax liability on revaluation surplus / change in tax rate		(48,141)	(4,276)
Deferred tax liability related to transfer or adjustments		-	104
Deferred tax on surplus on disposal during the year		-	705
Deferred tax on incremental depreciation transferred to unappropriated profit		1,237	900
		(66,251)	(19,347)
		977,251	882,450



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022	
Rupees in '000				
<b>21</b>	<b>CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	21.1	66,315,450	49,109,776	
Commitments	21.2	495,953,754	408,196,152	
Other contingent liabilities	21.3	6,987,410	7,005,967	
		<u>569,256,614</u>	<u>464,311,895</u>	
<b>21.1</b>	<b>Guarantees</b>			
Financial guarantees		5,603,283	5,225,364	
Performance guarantees		13,503,642	11,296,136	
Other guarantees		47,208,525	32,588,276	
		<u>66,315,450</u>	<u>49,109,776</u>	
<b>21.2</b>	<b>Commitments</b>			
Documentary credits and short term trade related transactions:				
letters of credit		153,136,140	139,083,930	
Commitments in respect of:				
- forward foreign exchange contracts	21.2.1	322,127,301	238,516,233	
- forward government securities transactions	21.2.2	11,439,221	24,046,280	
- operating leases	21.2.3	298,754	231,174	
Commitments for acquisition of:				
- fixed assets		8,054,382	5,672,996	
- intangible assets		897,956	645,539	
		<u>495,953,754</u>	<u>408,196,152</u>	
<b>21.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>			
Purchase		180,292,360	160,636,134	
Sale		141,834,941	77,880,099	
		<u>322,127,301</u>	<u>238,516,233</u>	
<b>21.2.2</b>	<b>Commitments in respect of forward government securities transactions</b>			
Purchase		10,053,843	22,219,131	
Sale		1,385,378	1,827,149	
		<u>11,439,221</u>	<u>24,046,280</u>	
<b>21.2.3</b>	<b>Commitments in respect of operating leases</b>			
Not later than one year		112,416	58,039	
Later than one year and not later than five years		162,545	128,510	
Later than five years		23,793	44,625	
		<u>298,754</u>	<u>231,174</u>	
<b>21.3</b>	<b>Other contingent liabilities</b>			
<b>21.3.1</b>	Claims against the Bank not acknowledged as debt	21.3.1.1	<u>6,987,410</u>	<u>7,005,967</u>

**21.3.1.1** This represent certain claims by third parties against the Bank, which are being contested in Courts of law. The management is of the view that these relate to the normal course of the business and the possibility of an outflow of economic resource is remote.

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

**21.3.2** The income tax assessments of the Bank have been finalized upto and including tax year 2022 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2022, income tax authorities made certain add backs with aggregate tax impact of Rs. 34,841 million (2022: 32,741 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Bank on aggregate sum of Rs.34,841 million (2022: 32,741 million). The management is confident that the outcome of these appeals / references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2018 and created an arbitrary demand of Rs. 2,029 million (2022: 1,700 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 2,029 million (2022: 1,700 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act, 1990 and Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2017 thereby creating arbitrary aggregate demand of Rs. 1,144 million (2022: 1,144 million). The Bank's appeals before CIR(A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 1,144 million (2022: 1,144 million).

**21.3.3** While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court (FEAC) of the State Bank of Pakistan (SBP) has arbitrarily adjudicated penalties against various banks including Rs.2,173 million in aggregate against Allied Bank Limited (the Bank). Against the said judgments, the Bank had filed appeals before the Appellate Board and Constitutional Petitions (CP) in the High Court of Sindh, Karachi. The Honorable High Court granted relief to the Bank by way of interim orders. Meanwhile, alongwith other banks, Bank filed a further CP whereby vires of section 23C of the FE Regulations Act, 1947 was sought to be declared ultra vires. On November 8, 2018, the Honorable Court was pleased to Order that the Appellate Board shall not finally decide the appeals. Subsequently, the earlier CP was disposed of vide order dated 15.01.2019 with a direction to the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department has been restrained from taking any coercive action against the Bank. Moreover, on 04.01.2023, the Appellate Board has ordered that ABL's appeals now stand adjourned sine die till the final disposal of ABL's constitutional petitions which are pending before the Sindh High Court. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

## 22 DERIVATIVE INSTRUMENTS

The Bank at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the Bank buys and sells derivative instruments such as:

- Forward Exchange Contracts
- Foreign Exchange Swaps
- Equity Futures
- Forward Contracts for Government Securities

### Forward Exchange Contracts

Forward Exchange Contract (FEC) is a product which is offered to the obligor who transact internationally. These obligor use this product to hedge themselves from unfavorable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favorable movements in that currency.

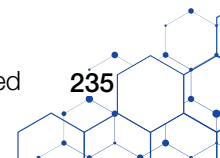
An FEC is a contract between the Obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FEC is entered into (the day on which settlement occurs is called the value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

If the relevant exchange rate moves un-favorably, Obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank hedges its exposure by taking opposite forward position in inter-bank FX.

### Foreign Exchange Swaps

A Foreign Exchange Swap (FX Swap) is used by the Bank if it has a need to exchange one currency for another currency on one day and then re-exchange those currencies at a later date. Exchange rates and forward margins are determined in the "inter-bank" market and fluctuate according to supply and demand.

An FX Swap prevents the Bank from gaining any benefit resulting from a favorable exchange rate movement in the relevant currency pair between the time Bank enters into the transaction deal and when settlement occurs. Cancellation of the swap may also result in exposure to market movements. The key advantage of an FX swap is that it provides the Bank with protection against unfavorable currency movements between the time it enters into the transaction and settlement. The term and amounts for FX Swap can also be tailored to suit the Bank's particular needs.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## Equity Futures

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

The Bank may use equity futures as a hedging instrument to hedge its equity portfolio, in both 'held-for-trading' and 'available-for-sale', against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates. Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank, based on prevailing SBP regulations.

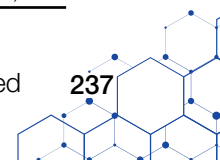
The accounting policies used to recognize and disclose derivatives are given in Note 4.14.2. The risk management framework of derivative instruments is given in note 42.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>23</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
On:			
Loans and advances		139,746,443	72,858,808
Investments		211,082,510	138,446,873
Lendings to financial institutions		5,275,814	3,987,887
Balances with banks		1,202,673	175,082
		<u>357,307,440</u>	<u>215,468,650</u>
<b>24</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
On:			
Deposits		169,411,629	99,742,057
Borrowings		67,798,698	44,214,479
Cost of foreign currency swaps against foreign currency deposits		5,627,980	3,792,497
Interest expense on lease liability		1,189,821	1,000,788
		<u>244,028,128</u>	<u>148,749,821</u>
<b>25</b>	<b>FEE AND COMMISSION INCOME</b>		
On:			
Card related fees (debit and credit cards)		5,430,362	3,581,312
Branch banking customer fees		2,344,003	1,853,852
Commission on remittances including home remittances		978,648	866,346
Investment banking fees		599,387	711,823
Commission on trade		616,940	537,713
Commission on cash management		413,797	340,292
Commission on guarantees		167,752	143,233
Commission on bancassurance		17,237	63,358
Credit related fees		45,094	28,559
Consumer finance related fees		28,056	20,528
		<u>10,641,276</u>	<u>8,147,016</u>
	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>26</b>	<b>GAIN ON SECURITIES</b>		
Realised - net	26.1	928,795	1,394,302
Unrealised - held for trading	8.1	(64,599)	(134)
Unrealised - forward government securities		(19,424)	5,613
		<u>844,772</u>	<u>1,399,781</u>
<b>26.1</b>	<b>Realised gain / (loss) on:</b>		
Federal government securities		546,524	222,262
Shares		382,256	1,172,056
Non Government debt securities		15	(16)
		<u>928,795</u>	<u>1,394,302</u>

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
<b>Rupees in '000</b>			
<b>27</b>	<b>OTHER INCOME</b>		
	Recovery of written off mark-up and charges	125,221	27,820
	Gain on sale of fixed assets - net	24,033	15,628
	Other assets disposal	8,580	8,905
	Loss on sale of non-banking assets	13.1.2	-
	SBP reimbursement of incentive amount	-	2
	Rent on property	21,518	16,681
	Fee for attending Board meetings	1,557	1,696
	Income from data center hosting service	17,716	17,716
	Gain on disposal of Islamic financing and related assets	32,246	7,413
		<b>230,871</b>	<b>92,798</b>
<b>28</b>	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	28.1	18,769,464
	<b>Property expense:</b>		
	Depreciation	5,049,881	4,686,588
	Rent and taxes	396,589	357,492
	Utilities cost	2,558,057	2,057,509
	Security (including guards)	1,672,869	1,383,117
	Repair and maintenance (including janitorial charges)	1,608,133	1,297,990
	Insurance	104,083	112,261
		<b>11,389,612</b>	<b>9,894,957</b>
	<b>Information technology expenses:</b>		
	Network charges	890,938	804,805
	Depreciation	1,145,471	847,457
	Amortization	585,272	521,326
	Software maintenance	2,302,538	1,381,699
	Hardware maintenance	487,420	358,213
	Others	5,414	4,973
		<b>5,417,053</b>	<b>3,918,473</b>
	<b>Other operating expenses:</b>		
	Marketing, advertisement and publicity	1,236,632	1,208,029
	Insurance	1,715,984	1,609,531
	Outsourced service costs	34.1	1,303,938
	Cash in Transit service charge	458,322	405,083
	Stationery and printing	715,103	420,900
	Travelling and conveyance	383,174	326,229
	Legal and professional charges	246,839	260,609
	Postage and courier charges	202,610	184,036
	Depreciation	311,776	294,312
	Donations	28.3	84,104
	NIFT clearing charges	182,323	179,792
	Communication	174,676	155,042
	Directors fees and allowances	72,011	51,906
	Fees and allowances to Shariah Board	8,913	8,552
	Training and development	230,589	148,339
	Brokerage expenses	77,613	73,111
	Card related expenses	2,117,582	1,289,313
	Auditors remuneration	28.2	29,478
	Others	1,857,031	968,491
		<b>11,408,698</b>	<b>8,691,706</b>
		<b>46,984,827</b>	<b>39,698,532</b>



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>28.1 Total compensation expense</b>		
Salaries	11,514,962	10,763,581
Fees and allowances etc.	2,097,946	2,276,900
Bonus and awards		
Variable	2,149,556	1,235,814
Fixed	738,454	704,136
Charge for defined benefit plan	182,978	409,234
Contribution to defined contribution plan	532,840	674,640
Conveyance expense	895,567	637,858
Medical expense	225,698	195,453
Insurance	92,648	86,439
Education subsidy	25,573	29,927
Hajj expenses	43,088	44,620
Staff uniform	10,399	13,291
Executive club membership	23,449	6,737
Verification charges educational documents	8,655	5,000
Recruitment charges	5,883	2,702
Social Security Contribution - China	4,381	2,646
Others	22	34
Sub-Total	18,552,099	17,089,012
Voluntary retirement scheme	217,365	104,384
<b>Grand Total</b>	<b>18,769,464</b>	<b>17,193,396</b>

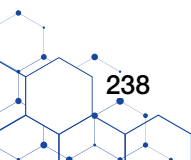
**28.1.1** The Bank announced the Voluntary Retirement Scheme (VRS) for its employees. Twenty (20) employees (2022: 13) of the Bank opted for retirement under this scheme.

**28.1.2** Total cost for the year included in Other Operating Expenses relating to outsourced activities is Rs. 1,599.215 million (2022: Rs. 1,122.612 million). This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is nil.

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>28.2 Auditors' remuneration</b>		
Audit fee	10,292	7,624
Fee for other statutory certifications	6,745	4,648
Annual audit overseas business unit*	5,128	3,455
Half year review	4,050	3,000
Special certifications and miscellaneous services	203	150
Sales tax	960	713
Out-of-pocket expenses	2,100	1,740
	29,478	21,330

\*This includes audit fee amounting to Bahraini Dinar 6,000 (2022: 5,500) & Chinese Yuan 3,000 (2022: 3,000) relating to Wholesale Bahrain Branch & China Representative Office respectively.

**28.3** None of the directors, executives and their spouses had any interest in the donees, except Mr. Mohammad Naeem Mukhtar (Chairman and Non-Executive Sponsor Director) is director in National Management Foundation (LUMS).





# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
Special Olympics Pakistan		-	14,000
Anjuman Himayat-i-Islam	28.3.1	1,968	1,009
IBA Karachi Centre of Excellence in Islamic Finance (CEIF)		-	700
Chaman (Center for Mentally Challenged Children)		-	1,500
Aziz Jehan Begum Trust For The Blind		2,500	2,500
Saylani Welfare International Trust	28.3.1	927	1,998
The Citizens Foundation		4,470	8,600
Million Smiles Foundation		-	3,600
National Management Foundation (LUMS)		30,000	33,000
Jamia Ashrafia Lahore	28.3.1	1,355	1,009
Liver Foundation Trust		2,500	-
Abdul Sattar Edhi Foundation		2,180	854
Fatimid Foundation		1,000	-
Fortify Education Foundation		500	-
Hunza Public School & Degree College		94	-
Million Smiles Foundation (MSF)		1,980	-
The I Care Foundation		2,000	-
The Kidney Centre Post Graduate Training Institute		15,000	-
The Patients Behbud Society (PBS)		5,000	-
The Layton Rahmatulla Benevolent Trust		1,000	500
National University of Sciences and Technology		-	1,000
Kashif Iqbal Thalassaemia Care Centre Trust		-	2,000
Government Girls Model School Turbat		-	616
Balochistan Rural Support Programme Gurantee Limited		-	10,000
Sindh Rural Support Organization		-	5,000
Sukkur IBA University		1,630	1,632
Sundas Foundation		-	500
The Medical Aid Foundation		-	980
Pakistan Navy - Welfare Center		-	135
Arthritis Care Foundation		-	3,000
Quetta Bankers Club		-	500
The Noorani Foundation Trust		10,000	12,586
		84,104	107,219

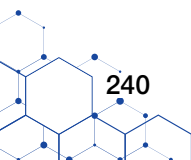
**28.3.1** This represents charitable expenses on account of sadqa & feeding to under privileged.

	December 31, 2023	December 31, 2022
Rupees in '000		
<b>29 OTHER CHARGES</b>		
Penalties imposed by State Bank of Pakistan	173,381	294,011
Education cess	50,004	55,766
Depreciation - non-banking assets	11,113	8,166
Other assets written off	7	-
Others	608	63
	235,113	358,006

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>30</b>	<b>PROVISIONS AND WRITE OFFS – NET</b>		
Provision for diminution in the value of investments	8.3	2,064,691	288,767
Provision / (reversal) against loans and advances	9.4	683,049	(474,396)
Provision against other assets	13.2.1	246,338	9,999
		2,994,078	(175,630)
Recovery of written off bad debts		(17,105)	(86,363)
		<u>2,976,973</u>	<u>(261,993)</u>
<b>31</b>	<b>TAXATION</b>		
Current – for the year including super tax		42,931,029	24,099,798
– for prior year	31.2	2,954,666	2,007,418
		45,885,695	26,107,216
Deferred – current		(811,512)	(675,019)
		<u>45,074,183</u>	<u>25,432,197</u>
<b>31.1</b>	<b>Relationship between tax expense and accounting profit</b>		
Accounting profit for the year		85,757,170	46,626,018
Tax on income @ 39% (2022: 39%)		33,445,296	18,184,147
Super Tax @ 10%		8,761,435	4,918,601
Windfall Income Tax / Prior year		2,954,666	2,007,418
Others		(87,214)	322,031
Tax charge for the year		<u>45,074,183</u>	<u>25,432,197</u>
<b>31.2</b>	In relation to Section 99D of the Income Tax Ordinance, 2001, Federal Government levied an additional tax on Foreign Exchange Income of Banks declaring it as windfall income for Tax Year 2022 and 2023 (Income Year 2021 and 2022). This levy has been challenged by the Bank before Lahore High Court where stay was granted to the Bank. However, the Bank has recorded provision against this tax in 2023.		
	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>32</b>	<b>EARNINGS PER SHARE – BASIC AND DILUTED</b>		
Profit after taxation		40,682,987	21,193,821
		<b>Number of Shares</b>	
Weighted average number of ordinary shares outstanding during the year		1,145,073,830	1,145,073,830
		<b>Rupees</b>	
Earnings per share – basic and diluted		35.53	18.51
There is no dilution effect on basic earnings per share.			



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>33 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	33.1	156,136,308	87,913,426
Balances with other banks		2,455,601	3,439,468
Overdrawn nostro accounts		(192,355)	(435,271)
		<u>158,399,554</u>	<u>90,917,623</u>

**33.1** This includes balances with SBP amounting to Rs. 91,125.620 million (2022: Rs. 56,958.573 million) related to statutory cash reserve to comply with SBP requirements.

### 33.2 Reconciliation of movement of liabilities and equity to cash flows arising from financing activities

	December 31, 2023				December 31, 2022			
	Liabilities		Equity		Liabilities		Equity	
	Lease Liabilities	Dividend payable	Unappropriated Profit	Total	Lease Liabilities	Dividend payable	Unappropriated Profit	Total
Rupees in '000								
<b>Balance as at January 01</b>	9,787,444	427,194	79,652,815	89,867,453	9,252,665	412,465	69,470,607	79,135,737
Changes from Financing cash flows								
Payment of lease liability against right-of-use-assets	(2,580,364)	-	-	(2,580,364)	(2,310,331)	-	-	(2,310,331)
Dividend Paid	-	(11,982,078)	-	(11,982,078)	-	(9,145,863)	-	(9,145,863)
Total changes from financing cash flows	(2,580,364)	(11,982,078)	-	(14,562,442)	(2,310,331)	(9,145,863)	-	(11,456,194)
<b>Liability related</b>								
Changes in Other liabilities								
- Dividend announced	-	12,023,276	(12,023,276)	-	-	9,160,592	(9,160,592)	-
- Lease liability recognised	3,425,774	-	-	3,425,774	2,845,110	-	-	2,845,110
Total liability related other changes	3,425,774	12,023,276	(12,023,276)	3,425,774	2,845,110	9,160,592	(9,160,592)	2,845,110
Total equity related other changes	-	-	37,172,918	37,172,918	-	-	19,342,800	19,342,800
<b>Balance as at December 31</b>	<u>10,632,854</u>	<u>468,392</u>	<u>104,802,457</u>	<u>115,903,703</u>	<u>9,787,444</u>	<u>427,194</u>	<u>79,652,815</u>	<u>89,867,453</u>

**33.3** Markup receipts and markup payments during the year amounted to Rs. 361,768.543 million and Rs. 243,204.268 million respectively. (2022: Rs. 186,512.53 million and Rs. 138,167.037 million respectively).

### Numbers

<b>34 STAFF STRENGTH</b>		
Permanent	11,991	11,404
Temporary / on contractual basis / trainee	537	525
Bank's own staff strength at the end of the year	<u>12,528</u>	<u>11,929</u>
Average number of employees	<u>12,229</u>	<u>11,764</u>

**34.1** In addition to the above, 800 (2022: 706) 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. Further, 7 (2022: 9) employees were posted abroad. The rest were working domestically.

### 35 DEFINED BENEFIT PLANS

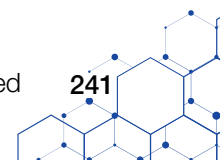
#### 35.1 General description

The Bank operates a funded gratuity scheme for all employees who opted for the staff retirement benefit scheme introduced by the management with effect from July 1, 2002. For those employees who did not opt for the new scheme, the Bank continues to operate a funded pension scheme.

The Bank also provides post retirement medical benefits (unfunded scheme) to eligible retired employees.

#### 35.2 Number of employees and beneficiaries under the schemes

The number of employees covered under the following defined benefit scheme or plans are:



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	<b>Numbers</b>	
– Pension fund	141	357
– Gratuity fund	12,077	11,498
– Post retirement medical benefits	12,528	11,928
– Employees' compensated absences	12,524	11,928
In addition, the number of beneficiaries covered under the following defined benefit scheme / plans are:		
– Pension fund	1,997	1,991
– Post retirement medical benefits	1,610	1,610

### 35.3 Principal actuarial assumptions

The actuarial valuations were carried out for December 31, 2023 based on the Projected Unit Credit Method, using the following significant assumptions:

	Sources of estimation	December 31, 2023	December 31, 2022
<b>Withdrawal rate</b>			
Pension fund		Age Based	Moderate
Gratuity fund		Moderate	Moderate
Post retirement medical benefits		Age Based	Moderate
Employees' compensated absences		Age Based	High
<b>Mortality rate</b>		Adjusted SLIC 2001–2005	Adjusted SLIC 2001–2005
<b>Discount rate</b>	Yield on investments in Government Bonds	15.50%	14.50%
<b>Expected rate of return on plan assets</b>			
Pension fund	Yield on investments in Government Bonds	15.50%	14.50%
Gratuity fund	Yield on investments in Government Bonds	15.50%	14.50%
<b>Expected rate of salary increase</b>	Rate of salary increase	13.50%	12.5%

The expected return on plan assets is based on the market expectations and depends on the asset portfolio of the Bank, at the beginning of the period, for returns over the entire life of the related obligation.

### 35.4 Reconciliation of (receivable from) and payable to defined benefit plans

	Note	December 31, 2023				December 31, 2022			
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
		Rupees in '000				Rupees in '000			
Present value of defined benefit obligations	35.6	879,630	4,868,996	1,473,496	1,200,318	1,067,361	4,421,505	1,508,820	1,124,542
Fair value of plan's and scheme's assets	35.7	(7,064,671)	(4,062,631)	-	-	(6,010,391)	(3,617,311)	-	-
Net (asset) / liability		(6,185,041)	806,365	1,473,496	1,200,318	(4,943,030)	804,194	1,508,820	1,124,542
Net (asset) / liability		(6,185,041)	806,365	1,473,496	1,200,318	(4,943,030)	804,194	1,508,820	1,124,542

### 35.5 Movement in (receivable from) / payable to defined benefit plans.

	Note	December 31, 2023				December 31, 2022			
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
		Rupees in '000				Rupees in '000			
Opening balance		(4,943,030)	804,194	1,508,820	1,124,542	(4,379,974)	716,131	1,515,000	923,138
(Reversal) / charge for the year	35.9	(539,516)	502,221	235,577	169,122	(442,817)	454,253	201,198	278,610
Other comprehensive (income) / losses		(702,495)	(20,952)	(148,845)	-	(120,239)	74,498	(99,452)	-
Contribution to the fund and benefits paid		-	(479,098)	(122,056)	(93,346)	-	(440,688)	(107,926)	(77,206)
Closing balance		(6,185,041)	806,365	1,473,496	1,200,318	(4,943,030)	804,194	1,508,820	1,124,542

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 35.6 Movement in defined benefit obligations

	Note	December 31, 2023			
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000					
Opening balance		1,067,361	4,421,505	1,508,820	1,124,542
Current service cost		-	417,946	24,216	62,517
Interest cost		122,331	602,367	209,930	156,291
Benefits paid		(447,396)	(534,493)	(122,056)	(93,346)
VRS settlement loss / (gain)	35.6.1	177,223	2,402	1,431	3,370
Re-measurement loss / (gain)		(39,889)	(40,731)	(148,845)	(53,056)
Closing balance		879,630	4,868,996	1,473,496	1,200,318

	Note	December 31, 2022			
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000					
Opening balance		1,389,295	4,083,960	1,515,000	923,138
Current service cost		-	393,288	25,426	52,957
Interest cost		133,687	454,728	171,672	103,933
Benefits paid		(503,071)	(427,861)	(107,926)	(77,206)
VRS settlement loss		71,830	2,710	4,100	3,370
Re-measurement loss / (gain)		(24,380)	(85,320)	(99,452)	118,350
Closing balance		1,067,361	4,421,505	1,508,820	1,124,542

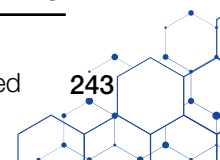
**35.6.1** During the year, the active pensioners and in-service pensionable employees were given a voluntary option to settle their monthly pension with a lump sum payment. Those who will not opt for the lump sum option, will continue to receive monthly pension (defined benefit scheme).

## 35.7 Movement in fair value of plan assets

	Note	December 31, 2023			
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000					
Opening balance		6,010,391	3,617,311	-	-
Expected return on plan assets		839,070	520,494	-	-
Bank's contribution		-	479,098	-	-
Benefits paid		(447,396)	(534,493)	-	-
Re-measurement gain / (loss)		662,605	(19,779)	-	-
Closing balance		7,064,670	4,062,631	-	-

	Note	December 31, 2022			
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000					
Opening balance		5,769,269	3,367,829	-	-
Expected return on plan assets		648,334	396,473	-	-
Bank's contribution		-	440,688	-	-
Benefits paid		(503,071)	(427,861)	-	-
Re-measurement gain / (loss)		95,859	(159,818)	-	-
Closing balance		6,010,391	3,617,311	-	-



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 35.8 Composition of plan assets

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Equity securities	1,766,592	-	-	-
Government securities	5,067,523	3,549,409	-	-
Cash and cash equivalents	230,553	513,221	-	-
	<u>7,064,668</u>	<u>4,062,630</u>	-	-

### 35.8.1 Fair value of Bank's financial instruments included in plan assets

Shares of ABL	-	-	-	-
Term deposit receipts	-	406,844	-	-
Government securities	5,067,523	3,549,409	-	-
Bank balances with ABL	230,553	106,377	-	-
	<u>5,298,076</u>	<u>4,062,630</u>	-	-

	December 31, 2022			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Equity securities	1,370,166	95,712	-	-
Government securities	4,185,712	3,487,867	-	-
Cash and cash equivalents	454,513	33,732	-	-
	<u>6,010,391</u>	<u>3,617,311</u>	-	-

### 35.8.2 Fair value of Bank's financial instruments included in plan assets

Shares of ABL	136,640	-	-	-
Term deposit receipts	-	-	-	-
Government securities	-	-	-	-
Bank balances with ABL	454,513	33,732	-	-
	<u>591,153</u>	<u>33,732</u>	-	-

35.8.3 Investment in term deposit receipts are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

## 35.9 Charge for defined benefit plan

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Current service cost	-	417,946	24,216	62,517
Interest cost	-	-	-	-
Net interest	(716,739)	81,873	209,930	156,291
VRS loss	177,223	2,402	1,431	3,370
Re-measurement loss recognised	-	-	-	(53,056)
	<u>(539,516)</u>	<u>502,221</u>	<u>235,577</u>	<u>169,122</u>

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Current service cost	-	393,288	25,426	52,957
Interest cost	-	-	-	-
Net interest	(514,647)	58,255	171,672	103,933
VRS loss or gain	71,830	2,710	4,100	3,370
Re-measurement loss recognised	-	-	-	118,350
	(442,817)	454,253	201,198	278,610

## 35.10 Re-measurements recognized in other comprehensive income

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Re-measurement (loss) / gain on obligations				
- Demographic assumptions	-	-	-	-
- Financial assumptions	42,020	(27,490)	-	-
- Experience adjustments	(2,131)	68,225	148,845	53,056
Re-measurement gain / (loss) on assets	662,605	(19,779)	-	-
Re-measurement gain / (loss) or gain in OCI	702,494	20,956	148,845	53,056

	December 31, 2022			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Re-measurement (loss) / gain on obligations				
- Demographic assumptions	-	21,377	-	-
- Financial assumptions	(121,099)	(71,230)	-	-
- Experience adjustments	145,479	135,174	99,542	(118,350)
Re-measurement gain / (loss) on assets	95,859	(159,819)	-	-
Re-measurement (loss) or gain in OCI	120,239	(74,498)	99,542	(118,350)

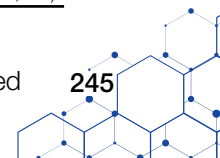
	December 31, 2023	December 31, 2022
	Rupees in '000	

## 35.11 Actual return on plan assets

- Pension fund	1,501,675	744,193
- Gratuity fund	500,715	236,655

## 35.12 Five year data of defined benefit plan and experience adjustments

	Pension fund				
	2023	2022	2021	2020	2019
	Rupees in '000				
Present value of defined benefit obligation	879,630	1,067,361	1,389,295	1,707,213	1,661,826
Fair value of plan assets	(7,064,671)	(6,010,391)	(5,769,269)	(5,493,653)	(6,102,237)
	(6,185,041)	(4,943,030)	(4,379,974)	(3,786,440)	(4,440,411)
<b>Experience adjustments on plan obligations and assets</b>					
Re-measurement gain / (loss) on obligation	39,889	24,380	259,608	(87,632)	(221,183)
Re-measurement gain / (loss) on assets	662,605	95,859	(35,118)	(1,063,774)	(506,563)



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

Gratuity fund					
	2023	2022	2021	2020	2019
Rupees in '000					
Present value of defined benefit obligation	4,868,996	4,421,505	4,083,960	3,655,868	3,351,328
Fair value of plan assets	(4,062,631)	(3,617,311)	(3,367,829)	(3,046,593)	(2,744,422)
	806,365	804,194	716,131	609,275	606,906
Experience adjustments on plan obligations / assets					
Re-measurement gain and (loss) on obligation	40,731	85,320	(76,096)	130,088	(15,945)
Re-measurement (loss) and gain on assets	(19,779)	(159,818)	(21,713)	(118,061)	(74,792)
Post retirement medical					
	2023	2022	2021	2020	2019
Rupees in '000					
Present value of defined benefit obligation	1,473,496	1,508,820	1,515,000	1,514,300	1,365,237
Fair value of plan assets	-	-	-	-	-
	1,473,496	1,508,820	1,515,000	1,514,300	1,365,237
Experience adjustments on plan obligations					
Re-measurement (loss) and gain on obligation	148,845	99,452	52,599	(95,729)	44,640
Employees' compensated absences					
	2023	2022	2021	2020	2019
Rupees in '000					
Present value of defined benefit obligation	1,200,318	1,124,542	923,138	774,381	668,547
Fair value of plan assets	-	-	-	-	-
	1,200,318	1,124,542	923,138	774,381	668,547
Experience adjustments on plan obligations					
Re-measurement (loss) and gain on obligation	53,056	(118,350)	(131,808)	(120,571)	(59,950)

### 35.13 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the gratuity fund as per actuarial expected charge for the next financial year. No contributions are being made to pension fund due to surplus of fair value of plan's assets over present value of defined obligation. Based on actuarial advice, management estimates that the charge or (reversal) in respect of defined benefit plans for the year ending December 31, 2024 would be as follows:

	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000				
Expected (reversal) and charge for the next year	(869,610)	540,341	250,068	227,241

### 35.14 Sensitivity analysis

Description	+1% Discount Rate	-1% Discount Rate	+1% Salary Increase Rate	-1% Salary Increase Rate	+10% Withdrawal Rate	-10% Withdrawal Rate	1Year Mortality age set back	1Year Mortality age set forward
	Rupees in '000							
Pension fund	841,418	921,651	-	-	879,636	879,625	875,091	884,508
Gratuity fund	4,522,457	5,267,539	5,239,890	4,494,477	4,856,287	4,881,274	4,871,499	4,866,480
Post retirement medical	1,440,770	1,510,531	1,473,496	1,473,496	1,473,496	1,473,496	1,473,496	1,473,496
Leave compensated absences	1,131,570	1,277,750	1,278,469	1,129,843	1,193,412	1,207,396	1,202,285	1,198,343



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit obligation recognized within the statement of financial position.

## 35.15 Maturity Profile

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
The weighted average duration of the obligation (in years)	4.00	7.85	6.46	6.64

## 35.16 Funding Policy

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

## 35.17 Risk associated with defined benefit plans

The defined benefit plans may expose the bank to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below;

### Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

### Investment risks:

The risk arises when the actual performance level of investment levels is lower than expectation and thus creating a shortfall in the funding objectives.

### Salary increase risk:

The most common type of retirement benefit is one where the final benefit is linked with final salary. The risk arises when the actual increases are higher than expectations and impact the liability accordingly.

### Withdrawal Rate:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

## 36 DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 9,471 (2022: 9,400) employees where contributions are made by the Bank at 8.33% per annum (2022: 8.33% per annum), whereas employees have the option to contribute at 8.33%, 12% or 15% per annum (2022: 8.33%, 12% or 15% per annum) of the basic salary every month.

# Notes to the Unconsolidated Financial Statements

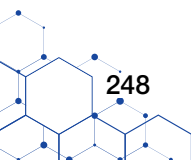
for the year ended December 31, 2023

## 37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

	December 31, 2023						
	Directors			Members Shariah Board	President / CEO*	Key Man- agement Personnel	Other Ma- terial Risk Takers / Controllers
	Chairman	Executive (other than CEO)*	Non- Executives				
	Rupees in '000						
<b>37.1 Total compensation expense</b>							
Fees and allowances etc.	4,200	-	67,200	-	-	-	-
Managerial remuneration							
- Fixed (including Eid bonus)	-	-	-	3,947	30,000	135,294	209,435
- Total Variable	-	-	-	895	30,500	165,990	140,804
of which							
a. Cash Bonus / awards	-	-	-	895	30,500	165,990	140,804
b. Bonus and awards in Shares	-	-	-	-	-	-	-
Charge for defined benefit plans	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	303	2,499	11,221	16,019
Rent and house maintenance	-	-	-	2,186	18,735	80,827	121,585
Utilities	-	-	-	728	6,245	26,943	40,528
Medical	-	-	-	728	6,245	27,962	43,005
Conveyance	-	-	-	1,316	5,850	86,550	88,039
Others	-	-	-	743	1,717	26,877	91,500
<b>Total</b>	<b>4,200</b>	<b>-</b>	<b>67,200</b>	<b>10,846</b>	<b>101,791</b>	<b>561,664</b>	<b>750,915</b>
Number of persons	1	-	6	3	1	21	75

	December 31, 2022						
	Directors			Members Shariah Board	President / CEO*	Key Man- agement Personnel	Other Ma- terial Risk Takers / Controllers
	Chairman	Executive (other than CEO)*	Non- Executives				
	Rupees in '000						
Fees and allowances etc.	4,200	-	47,200	-	-	-	-
Managerial remuneration	-	-	-	-	-	-	-
- Fixed (including Eid bonus)	-	-	-	3,853	14,800	123,513	196,710
- Total Variable	-	-	-	505	21,250	131,606	96,710
of which							
a. Cash Bonus / awards	-	-	-	505	21,250	131,606	96,710
b. Bonus and awards in Shares	-	-	-	-	-	-	-
Charge for defined benefit plans	-	-	-	349	1,340	21,381	36,439
Contribution to defined contribution plan	-	-	-	296	1,233	10,289	15,784
Rent and house maintenance	-	-	-	2,133	8,880	74,107	113,693
Utilities	-	-	-	711	2,960	24,701	37,898
Medical	-	-	-	711	2,960	27,352	42,163
Conveyance	-	-	-	1,299	5,400	86,635	84,303
Others	-	-	-	749	1,604	22,181	67,465
<b>Total</b>	<b>4,200</b>	<b>-</b>	<b>47,200</b>	<b>10,606</b>	<b>60,427</b>	<b>521,765</b>	<b>691,165</b>
Number of persons	1	-	6	3	1	19	71

\* CEO stands for Chief Executive Officer



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

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

Sr. No.	Name of Director	December 31, 2023						Total Amount Paid
		Board Committees						
		Board Meetings	Audit Committee of Board	Human Resource & Remuneration Committee	Board Risk Management Committee	E-Vision	Strategic Planning and Monitoring Committee	
Rupees in '000								
1	Mohammad Naeem Mukhtar	1,800	-	-	-	2,400	-	4,200
2	Sheikh Mukhtar Ahmad	3,000	-	-	2,400	-	-	5,400
3	Muhammad Waseem Mukhtar	3,000	-	2,400	-	1,800	7,200	14,400
4	Abdul Aziz Khan	3,000	-	2,400	2,400	-	7,200	15,000
5	Zafar Iqbal	3,000	3,000	-	-	2,400	-	8,400
6	Mubashir A. Akhtar	3,000	3,000	2,400	-	-	-	8,400
7	Nazrat Bashir	3,000	3,000	-	2,400	-	7,200	15,600
		19,800	9,000	7,200	7,200	6,600	21,600	71,400

Sr. No.	Name of Director	December 31, 2022						Total Amount Paid
		Board Committees						
		Board Meetings	Audit Committee of Board	Human Resource & Remuneration Committee	Board Risk Management Committee	E-Vision	Strategic Planning and Monitoring Committee	
Rupees in '000								
1	Mohammad Naeem Mukhtar	2,600	-	-	-	1,600	-	4,200
2	Sheikh Mukhtar Ahmad	2,600	-	-	1,600	-	-	4,200
3	Muhammad Waseem Mukhtar	2,600	-	1,600	-	1,200	4,800	10,200
4	Abdul Aziz Khan	2,200	-	1,200	1,600	-	4,400	9,400
5	Zafar Iqbal	2,600	2,000	-	-	1,600	-	6,200
6	Mubashir A. Akhtar	2,600	2,000	1,600	-	-	-	6,200
7	Nazrat Bashir	2,600	2,000	-	1,600	-	4,800	11,000
		17,800	6,000	4,400	4,800	4,400	14,000	51,400

## 37.3 Remuneration paid to Shariah Board Members

Items	December 31, 2023			December 31, 2022		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
	Rupees in '000					
Salaries and allowances	6,042	2,544	2,260	5,795	2,406	2,405
Total Number of Persons	1	1	1	1	1	1

37.4 Deferred cash bonus and remuneration for MRTs for the year 2023 is Rs. 23,607,733 (2022: 19,672,850).

## 38 FAIR VALUE OF FINANCIAL INSTRUMENTS

### 38.1 Fair value of financial assets

The fair value of traded investments is based on quoted market prices other than those classified as "held to maturity". Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 to these unconsolidated financial statements.

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities. Financial instruments included in level 1 comprise of investments in Listed Ordinary Shares.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments included in level 2 comprise of Sukuk Bonds, Units of Mutual Funds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and Forward Government & Exchange Contracts.
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs). Currently, no financial instruments are classified in level 3.

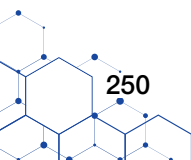
The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

## Valuation Techniques used in determination of Fair Valuation of Financial Instruments within Level 2

Item	Valuation approach and input used
Federal Government Securities	Marked to Market on the basis of PKRV & PKFRV rates.
Non-Government Debt Securities	Marked to Market on the basis of MUFAP rates.
Foreign exchange contracts	Marked to Market on the basis of SBP rates.
Open ended mutual funds	Marked to Market on the basis of MUFAP rates.
Operating fixed assets (land & building) & NBA	The valuation is based on their assessment of market value of the properties.

On-Balance sheet Financial Instruments	December 31, 2023				Total
	Carrying Value	Level 1	Level 2	Level 3	
	Rupees in '000				
<b>Financial assets – measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	1,044,283,263	-	1,044,283,263	-	1,044,283,263
Shares	18,491,692	18,457,238	34,454	-	18,491,692
Non-Government Debt Securities	13,274,049	-	13,274,049	-	13,274,049
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (Federal Government Securities, unlisted ordinary shares, term certificates, sukus, subsidiaries, Bai muajjal)					
	74,269,085	-	-	-	-
Cash and balances with treasury banks	156,136,308	-	-	-	-
Balances with other banks	2,455,601	-	-	-	-
Lendings	9,418,003	-	-	-	-
Advances	781,597,230	-	-	-	-
Other assets	88,096,252	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets	90,354,067	-	90,354,067	-	90,354,067
Non-banking assets	2,081,772	-	2,081,772	-	2,081,772
<b>Off-balance sheet financial instruments – measured at fair value</b>					
Forward purchase of foreign exchange	180,292,360	-	180,292,360	-	180,292,360
Forward sale of foreign exchange	141,834,941	-	141,834,941	-	141,834,941
Forward purchase of government securities transactions	10,053,843	-	10,053,843	-	10,053,843
Forward sale of government securities transactions	1,385,378	-	1,385,378	-	1,385,378

On-Balance sheet Financial Instruments	December 31, 2022				Total
	Carrying Value	Level 1	Level 2	Level 3	
	Rupees in '000				
<b>Financial assets – measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	1,017,093,239	-	1,017,093,239	-	1,017,093,239
Shares	17,189,092	17,166,641	22,451	-	17,189,092
Non-Government Debt Securities	13,134,767	-	13,134,767	-	13,134,767
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (Federal Government Securities, unlisted ordinary shares, term certificates, sukus, subsidiaries, Bai muajjal)					
	75,699,990	-	-	-	-
Cash and balances with treasury banks	87,913,426	-	-	-	-
Balances with other banks	3,439,468	-	-	-	-
Lendings	28,222,195	-	-	-	-
Advances	845,640,176	-	-	-	-
Other assets	56,467,341	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets	59,099,625	-	59,099,625	-	59,099,625
Non-banking assets	1,505,342	-	1,505,342	-	1,505,342
<b>Off-balance sheet financial instruments – measured at fair value</b>					
Forward purchase of foreign exchange	160,636,134	-	160,636,134	-	160,636,134
Forward sale of foreign exchange	77,880,099	-	77,880,099	-	77,880,099
Forward purchase of government securities transactions	22,219,131	-	22,219,131	-	22,219,131
Forward sale of government securities transactions	1,827,149	-	1,827,149	-	1,827,149



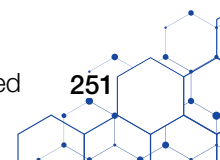
# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 39 SEGMENT INFORMATION

### 39.1 Segment Details with respect to Business Activities

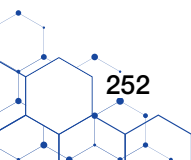
	December 31, 2023					Total
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Other	
Rupees in '000						
<b>Profit &amp; Loss</b>						
Net mark-up / return / profit	119,873,099	(156,066,479)	140,324,432	8,561,048	587,212	113,279,312
Inter segment revenue - net	(117,178,022)	281,976,540	(146,027,805)	-	(18,770,713)	-
Non mark-up / return / interest income	6,179,654	7,465,828	9,492,779	667,832	620,948	24,427,041
<b>Total Income</b>	<b>8,874,731</b>	<b>133,375,889</b>	<b>3,789,406</b>	<b>9,228,880</b>	<b>(17,562,553)</b>	<b>137,706,353</b>
Segment direct expenses	812,765	22,269,329	251,608	1,842,413	23,796,095	48,972,210
Total expenses	812,765	22,269,329	251,608	1,842,413	23,796,095	48,972,210
Provisions	(3,171,735)	(574,914)	(287,719)	(3,451)	1,060,846	(2,976,973)
Profit before tax	4,890,231	110,531,646	3,250,079	7,383,016	(40,297,802)	85,757,170
<b>Statement of Financial Position</b>						
Cash & Bank balances	63,911	52,567,988	87,420,356	7,981,515	10,558,139	158,591,909
Investments	56,323,830	-	1,055,128,295	38,360,057	505,907	1,150,318,089
Net inter segment lending	(637,179,804)	1,431,073,958	(920,483,266)	(427,931)	127,017,043	-
Lendings to financial institutions	-	-	16,191,116	-	(6,773,113)	9,418,003
Advances - performing	658,585,879	32,393,352	-	79,621,981	10,497,696	781,098,908
Advances - non-performing	296,254	174,347	-	5,729	12,562,699	13,039,029
Provision against advances	(226,742)	(129,247)	-	(7,338)	(12,177,380)	(12,540,707)
Advances - net	658,655,391	32,438,452	-	79,620,372	10,883,015	781,597,230
Operating fixed assets	152,919	74,579,541	5,707	887,783	49,849,063	125,475,013
Others	8,271,993	15,956,021	40,787,167	5,126,241	33,774,989	103,916,411
<b>Total Assets</b>	<b>86,288,240</b>	<b>1,606,615,960</b>	<b>279,049,375</b>	<b>131,548,037</b>	<b>225,815,043</b>	<b>2,329,316,655</b>
Borrowings	80,418,586	3,160,687	279,576,794	17,276,361	(6,758,386)	373,674,042
Deposits & other accounts	3,332,467	1,573,043,102	-	95,333,605	4,913,901	1,676,623,075
Others	2,537,187	30,412,171	(527,419)	3,904,191	48,438,944	84,765,074
<b>Total liabilities</b>	<b>86,288,240</b>	<b>1,606,615,960</b>	<b>279,049,375</b>	<b>116,514,157</b>	<b>46,594,459</b>	<b>2,135,062,191</b>
Equity and Reserves	-	-	-	15,033,880	179,220,584	194,254,464
<b>Total Equity and Liabilities</b>	<b>86,288,240</b>	<b>1,606,615,960</b>	<b>279,049,375</b>	<b>131,548,037</b>	<b>225,815,043</b>	<b>2,329,316,655</b>
<b>Contingencies &amp; Commitments</b>	<b>192,589,491</b>	<b>20,824,987</b>	<b>333,566,522</b>	<b>5,984,115</b>	<b>16,291,499</b>	<b>569,256,614</b>



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022					
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Other	Total
Rupees in '000						
<b>Profit &amp; Loss</b>						
Net mark-up, return, profit	59,927,883	(91,934,132)	94,434,395	3,734,291	556,392	66,718,829
Inter segment revenue - net	(62,503,949)	172,253,651	(96,578,957)	-	(13,170,745)	-
Non mark-up, return, interest income	6,417,491	5,347,758	8,092,109	383,640	434,386	20,675,384
<b>Total Income / (Loss)</b>	<b>3,841,425</b>	<b>85,667,277</b>	<b>5,947,547</b>	<b>4,117,931</b>	<b>(12,179,967)</b>	<b>87,394,213</b>
Segment direct expenses	726,506	20,165,543	217,956	1,644,684	18,275,499	41,030,188
Total expenses	726,506	20,165,543	217,956	1,644,684	18,275,499	41,030,188
Provisions	(669,701)	(169,362)	-	(3,653)	1,104,709	261,993
Profit before tax	2,445,218	65,332,372	5,729,591	2,469,594	(29,350,757)	46,626,018
<b>Statement of Financial Position</b>						
Cash & Bank balances	118,949	23,235,294	52,356,522	9,172,647	6,469,482	91,352,894
Investments	41,851,146	-	1,052,517,808	28,248,134	500,000	1,123,117,088
Net inter segment lending	(677,012,766)	1,338,867,914	(744,862,684)	(2,112,619)	85,120,155	-
Lendings to financial institutions	3,622,894	-	25,361,758	3,000,000	(3,762,457)	28,222,195
Advances - performing	726,427,837	40,639,969	-	66,762,206	10,554,643	844,384,655
Advances - non-performing	632,538	506,437	-	9,675	11,955,032	13,103,682
Provision against advances	(340,782)	(184,235)	-	(3,886)	(11,319,258)	(11,848,161)
Advances - net	726,719,593	40,962,171	-	66,767,995	11,190,417	845,640,176
Operating fixed assets	146,400	51,949,842	8,416	1,222,069	31,115,736	84,442,463
Others	6,314,510	14,881,391	28,651,784	3,434,983	24,915,374	78,198,042
<b>Total Assets</b>	<b>101,760,726</b>	<b>1,469,896,612</b>	<b>414,033,604</b>	<b>109,733,209</b>	<b>155,548,707</b>	<b>2,250,972,858</b>
Borrowings	89,126,377	4,761,729	412,961,398	27,105,292	(3,540,303)	530,414,493
Deposits & other accounts	10,383,466	1,436,908,922	-	71,870,126	3,134,965	1,522,297,479
Others	2,250,883	28,225,961	1,072,206	3,445,447	35,454,981	70,449,478
<b>Total liabilities</b>	<b>101,760,726</b>	<b>1,469,896,612</b>	<b>414,033,604</b>	<b>102,420,865</b>	<b>35,049,643</b>	<b>2,123,161,450</b>
Equity and Reserves	-	-	-	7,312,344	120,499,064	127,811,408
<b>Total Equity &amp; liabilities</b>	<b>101,760,726</b>	<b>1,469,896,612</b>	<b>414,033,604</b>	<b>109,733,209</b>	<b>155,548,707</b>	<b>2,250,972,858</b>
<b>Contingencies &amp; Commitments</b>	<b>166,531,969</b>	<b>18,581,086</b>	<b>262,562,513</b>	<b>3,027,651</b>	<b>13,608,676</b>	<b>464,311,895</b>

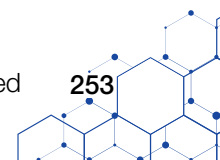


# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 39.2 GEOGRAPHICAL SEGMENT ANALYSIS

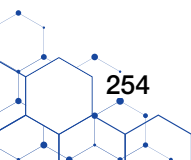
	December 31, 2023			
	Domestic Operations	Middle East	China	Total
	Rupees in '000			
<b>Profit and Loss Account</b>				
Net mark-up, return, profit	111,733,893	1,545,419	-	113,279,312
Inter segment revenue - net	483,113	(483,113)	-	-
Non mark-up / return / interest income	24,421,011	6,030	-	24,427,041
Total Income	136,638,017	1,068,336	-	137,706,353
Segment direct expenses	(48,737,065)	(202,793)	(32,352)	(48,972,210)
Total expenses	(48,737,065)	(202,793)	(32,352)	(48,972,210)
Provisions	(833,592)	(2,143,381)	-	(2,976,973)
Profit / (loss) before tax	87,067,360	(1,277,838)	(32,352)	85,757,170
<b>Statement of Financial Position</b>				
Cash & Bank balances	158,589,094	2,815	-	158,591,909
Investments	1,136,641,091	13,676,998	-	1,150,318,089
Net inter segment lendings	6,716,740	-	-	6,716,740
Lendings to financial institutions	2,701,263	-	-	2,701,263
Advances - performing	779,877,512	1,221,396	-	781,098,908
Advances - non-performing	13,039,029	-	-	13,039,029
Provision against advances	(12,396,149)	(144,558)	-	(12,540,707)
Advances - net	780,520,392	1,076,838	-	781,597,230
Operating fixed assets	125,392,111	82,902	-	125,475,013
Others	103,505,071	411,340	-	103,916,411
<b>Total Assets</b>	2,314,065,762	15,250,893	-	2,329,316,655
Borrowings	364,279,625	2,677,677	-	366,957,302
Subordinated debt	-	-	-	-
Deposits & other accounts	1,673,290,608	3,332,467	-	1,676,623,075
Net inter segment borrowing	-	6,716,740	-	6,716,740
Others	84,572,361	192,713	-	84,765,074
<b>Total liabilities</b>	2,122,142,594	12,919,597	-	2,135,062,191
Equity	191,923,168	2,331,296	-	194,254,464
<b>Total Equity and liabilities</b>	2,314,065,762	15,250,893	-	2,329,316,655
<b>Contingencies and commitments</b>	569,256,614	-	-	569,256,614



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022			Total
	Domestic Operations	Middle East	China	
Rupees in '000				
<b>Profit and Loss Account</b>				
Net mark-up, return, profit	65,420,995	1,297,834	-	66,718,829
Inter segment revenue - net	602,279	(602,279)	-	-
Non mark-up, return, interest income	20,471,974	203,410	-	20,675,384
<b>Total Income</b>	<b>86,495,248</b>	<b>898,965</b>	<b>-</b>	<b>87,394,213</b>
Segment direct expenses	(40,835,266)	(162,894)	(32,028)	(41,030,188)
<b>Total expenses</b>	<b>(40,835,266)</b>	<b>(162,894)</b>	<b>(32,028)</b>	<b>(41,030,188)</b>
Provisions	526,190	(264,197)	-	261,993
<b>Profit or (loss) before tax</b>	<b>46,186,172</b>	<b>471,874</b>	<b>(32,028)</b>	<b>46,626,018</b>
<b>Statement of Financial Position</b>				
Cash & Bank balances	91,260,654	92,240	-	91,352,894
Investments	1,115,975,700	7,141,388	-	1,123,117,088
Net inter segment lendings	2,762,457	-	-	2,762,457
Lendings to financial institutions	25,459,738	-	-	25,459,738
Advances - performing	839,581,925	4,802,730	-	844,384,655
Advances - non-performing	13,103,682	-	-	13,103,682
Provision against advances	(11,808,714)	(39,447)	-	(11,848,161)
Advances - net	840,876,893	4,763,283	-	845,640,176
Operating fixed assets	84,375,864	66,599	-	84,442,463
Others	74,214,992	3,983,050	-	78,198,042
<b>Total Assets</b>	<b>2,234,926,298</b>	<b>16,046,560</b>	<b>-</b>	<b>2,250,972,858</b>
Borrowings	522,896,987	4,755,049	-	527,652,036
Subordinated debt	-	-	-	-
Deposits & other accounts	1,511,914,013	10,383,466	-	1,522,297,479
Net inter segment borrowing	-	2,762,457	-	2,762,457
Others	70,317,922	131,556	-	70,449,478
<b>Total liabilities</b>	<b>2,105,128,922</b>	<b>18,032,528</b>	<b>-</b>	<b>2,123,161,450</b>
Equity	129,797,376	(1,985,968)	-	127,811,408
<b>Total Equity and liabilities</b>	<b>2,234,926,298</b>	<b>16,046,560</b>	<b>-</b>	<b>2,250,972,858</b>
<b>Contingencies and commitments</b>	<b>464,311,895</b>	<b>-</b>	<b>-</b>	<b>464,311,895</b>





# Notes to the Unconsolidated Financial Statements

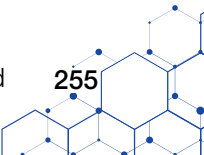
for the year ended December 31, 2023

## 40 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with its parent, subsidiary, companies with common directorship, directors, employee benefit plans and key management personnel including their associates.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation and terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	December 31, 2023					December 31, 2022								
	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Joint venture	Other related parties
	Rupees in '000													
<b>Balances with other banks</b>														
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lendings to financial institutions</b>														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>														
Opening balance	-	-	-	500,000	-	-	25,000	-	-	-	500,000	-	-	25,000
Investment made during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment redeemed and disposed off during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	500,000	-	-	25,000	-	-	-	500,000	-	-	25,000
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Advances</b>														
Opening balance	-	66,875	358,217	1,672,000	961,476	-	2,935	-	63,811	301,793	-	-	-	1,242
Addition during the year	-	90,791	202,400	1,500,000	81,408,541	-	17,264	-	66,521	163,059	1,672,000	18,724,508	-	20,000
Repaid during the year	-	(40,882)	(224,519)	(1,672,000)	(82,370,017)	-	(19,074)	-	(63,457)	(106,635)	-	(17,763,032)	-	(18,307)
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	116,784	336,098	1,500,000	-	-	1,125	-	66,875	358,217	1,672,000	961,476	-	2,935
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023						December 31, 2022							
	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates*	Joint venture	Other related parties
Rupees in '000														
<b>Other Assets</b>														
Interest or mark-up accrued	-	13,464	94,881	3,616	8,660	-	-	-	5,128	93,943	-	11,489	-	-
Receivable from staff retirement fund	-	-	-	-	-	-	5,236,086	-	-	-	-	-	-	4,228,764
Other receivable	-	-	-	66,547	-	-	-	-	-	60,679	-	-	-	-
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowings</b>														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subordinated debt</b>														
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issued or Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Redemption and Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>														
Opening balance	1,716	53,731	51,333	21,629	111,965	-	2,128,234	100,304	391,278	46,188	17,578	60,450	-	38,313,174
Received during the year	21,592,782	510,062	1,116,106	10,886,205	9,933,381	-	292,662,647	14,706,290	376,987	801,274	3,598,102	246,176	-	425,704,709
Withdrawn during the year	(21,571,535)	(516,899)	(1,132,339)	(10,674,436)	(10,008,221)	-	(286,951,418)	(14,804,878)	(714,534)	(796,129)	(3,594,051)	(193,661)	-	(461,889,649)
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	12,963	46,894	35,100	33,398	37,125	-	7,839,463	1,716	53,731	51,333	21,629	111,965	-	2,128,234
<b>Other Liabilities</b>														
Interest or mark-up payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Contingencies and Commitments</b>														
Other contingencies	-	-	-	-	1,842,309	-	-	-	-	-	-	-	50,931	-



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>41 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	11,450,739	11,450,739
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	136,415,747	106,760,942
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	136,415,747	106,760,942
Eligible Tier 2 Capital	44,340,488	7,092,854
Total Eligible Capital (Tier 1 + Tier 2)	180,756,235	113,853,796
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	473,684,877	419,653,095
Market Risk	40,606,084	31,359,204
Operational Risk	175,308,026	125,820,001
Total	689,598,987	576,832,300
Common Equity Tier 1 Capital Adequacy ratio	19.78%	18.51%
Tier 1 Capital Adequacy Ratio	19.78%	18.51%
Total Capital Adequacy Ratio	26.21%	19.74%

The SBP through its BSD Circular No. 07 dated April 15, 2009 prescribed the minimum paid up capital (net of losses) for all locally incorporated banks of Rs. 10 billion. The paid up capital of the Bank stood at Rs. 11.451 billion as at 31 December, 2023 and is in compliance with the SBP requirements.

Further, SBP vide its BPRD Circular # 6 of 2013 dated August 15, 2013 required the Banks to maintain the minimum Capital Adequacy Ratio (CAR) of 12.5% inclusive of Capital Conservation Buffer (CCB) of 2.5% on standalone as well as on consolidated basis. To support the banking sector in extending financing or credit facilities to their customers during COVID-19, SBP vide BPRD Circular # 12 of 2020 relaxed the CAR requirement to 11.5% by reducing the Capital Conservation Buffer (CCB) from 2.5% to 1.5% till further instructions.

Bank's CAR as at December 31, 2023 stood at 26.21% of its total risk weighted assets and complied with all externally imposed capital requirements. Standardized Approach is used for calculating the Credit and Market risk, whereas, Basic Indicator Approach is used for Operational Risk in the Capital Adequacy calculation.

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	136,415,747	106,760,942
Total Exposures	2,470,110,831	2,387,468,058
Leverage Ratio	5.52%	4.47%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	673,797,912	670,660,455
Total Net Cash Outflow	371,108,564	400,489,567
Liquidity Coverage Ratio	181.56%	167.46%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,679,029,185	1,444,409,109
Total Required Stable Funding	1,042,804,071	967,845,390
Net Stable Funding Ratio	161.01%	149.24%

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

41.1 The link to the full disclosure is available at <https://www.abl.com/investor-relations/>

## 42 RISK MANAGEMENT

The principal risks associated with the Bank's business are Credit Risk, Market Risk, Liquidity Risk, Reputational Risk, Operational Risk, Information Security & Governance Risk and Shariah Non-Compliance Risk. The Risk Management Framework (henceforth to be referred to as 'The Framework') provides principles for identifying, assessing, and monitoring risk within the Bank. The Framework specifies the key elements of the risk management process in order to maximize opportunities, minimize adversities and to achieve improved outputs based on informed decision making.

The Bank performs risk measurement, monitoring and control functions through use of various risk procedures and models. To give it a formal structure, all the policies and guidelines are approved by the Board and relevant management committees.

### Categories of Risk

**Credit Risk** This risk is defined as the possibility of loss due to unexpected default or a deterioration of credit worthiness of a business partner.

Credit Risk includes Country Risk i.e., the risks that counterparty is unable to meet its foreign currency obligations as a result of adverse economic conditions or actions taken by governments in the relevant country.

**Market Risk** The risk that the value of on and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and / or commodity prices, resulting in a loss to earnings and capital.

**Liquidity Risk** The risk that the Bank is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn without incurring unacceptable cost or losses.

**Operational Risk** Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. The definition includes legal risk but excludes strategic risk and reputational risk.

**Reputational Risk** The Reputational risk arises from the negative perception on the part of stakeholders that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding.

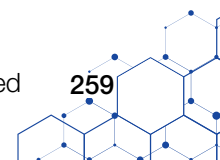
**Information Security & Governance Risk** Information Security and Governance Risk Management involves the identification of an organization's information assets and the development, documentation, and implementation of policies, standards, procedures and controls that ensure confidentiality, integrity and availability of the information.

**Strategic Risk** Risk of an adverse impact on strategic goals. Strategic risk mainly arises from strategic decisions, improper implementation of those decisions, or lack of responsiveness of Bank to industry, economic or technological changes.

**Shariah Non-Compliance Risk** Shariah Non Compliance Risk arises from the failure to comply with shariah rules and principles determined by the Shariah Board of the Bank and the Regulator.

### Risk Responsibilities

- The Board of Directors shall oversee the risk management process. The Board of Directors is responsible for determining the manner in which risk authorities are set, as well as the approval of all risk policies and ensuring that these are properly implemented. Further, the Board of Directors shall also seek appointment of senior management personnel capable of managing the risk activities conducted by the Bank.
- The Board Risk Management Committee (BRMC) is responsible for ensuring that the overall risk strategy and risk acceptance criteria of the Bank is appropriately defined in the Strategic Plan and recommend the same to the Board of Directors.
- The Chief Executive Officer and Group Chiefs shall be responsible for the management of risk collectively through their membership of various committees i.e. Management Committee (MANCO), Asset & Liability Committee (ALCO), Compliance Committee (CC) and Risk Management Committee (RMC). Independent supervision of risk management activities is provided by the Audit Committee of the Board.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

- The Risk Management Group is headed by a Group Chief responsible for set-up and implementation of the Risk Management Strategy of the Bank.

## Risk Management Group Organization

Risk management functions have been segregated by business specialization, i.e., Credit Risk, Credit Administration, Technical Appraisal, Information Security and Enterprise Risk which interalia includes Policy and Procedures, Risk Architecture, Operational Risk and Market & Liquidity Risk. All these functions are operating in tandem to monitor the health of assets and liabilities, while ensuring risk mitigants against cyber and information system threats.

### 42.1 Credit Risk

Credit risk, the potential default of one or more debtors, is a major source of risk for the Bank. The Bank is exposed to credit risk through its lending and investment activities. The Bank's credit risk function is divided into Corporate and Financial Institutions Risk and Commercial, SME and Consumer Risk. The functions operate within an integrated framework of credit policies, guidelines and processes. The credit risk management activities are governed by the Credit Policy of the Bank that defines the respective roles and responsibilities, the credit risk management principles and the Bank's credit risk strategy. The policy is supported by a comprehensive Credit Procedures Manual.

The Bank manages three principal sources of credit risk:

- i) Sovereign credit risk on its public sector advances
- ii) Counterparty credit risk on its private sector advances
- iii) Counterparty credit risk on interbank limits

#### Sovereign Credit Risk

When the Bank lends to public sector borrowers, it prefers obtaining a full sovereign guarantee or the equivalent from the Government of Pakistan (GOP). However, certain public sector enterprises have a well defined cash flow stream and appropriate business model, based on which the lending is secured through collaterals other than GOP guarantee.

#### Counterparty credit risk on its private sector advances

Each borrower's credit worthiness is analyzed on the Credit Application Package that incorporates a formalized and structured approach for credit analysis and directs the focus of evaluation towards a balanced assessment of credit risk with identification of proper mitigants. These risks include Industry Risk, Business Risk, Financial Risk, Security Risk and Account Performance Risk.

Financial analysis is further strengthened through use of separate financial spread sheet templates that have been designed for manufacturing / trading concerns, financial institutions and insurance companies.

#### Counter Party Credit Risk on Interbank Limits

In the normal course of its business, the Bank's Treasury utilizes products such as Reverse Repo and Call Lending to meet the needs of interbank borrowers and manage its exposure to fluctuations in market, interest and currency rates. Further, these products are also used to temporarily invest Bank's liquidity prior to disbursement.

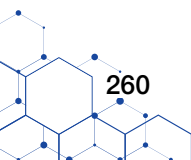
All of these financial instruments involve, to varying degrees, the risk that the counterparty in the transaction may be unable to meet its obligation to the Bank. Reflecting a preference for minimizing exposure to counterparty credit risk, the Bank maintains eligibility criteria that link the exposure limits to counterparty credit ratings by external rating agencies.

#### A. Country Risk

The Bank has in place a Country Risk Management Framework which has been approved by the Board. This framework focuses on providing detailed roles and responsibilities with respect to country risk assessment as well as limit setting, exposure management and reporting of cross border exposure undertaken by the Bank. The Bank utilizes S&P, Fitch and Moody's country ratings as well as other macroeconomic and external risk factors in assigning a country risk limit. The Financial Institutions Division is responsible for monitoring of country exposure limits.

#### Credit Administration

Credit Administration is involved in minimizing losses that could arise due to security and documentation deficiencies. The Credit Administration Function constantly monitors the security and documentation risks inherent in the existing credit portfolio through four regional credit administration departments located in major cities. Further, Credit Monitoring Division ensures implementation of all post disbursement activities as per bank guidelines to safeguard interests of the Bank through its three units i.e. Classification & Monitoring, Vigilance and Warehouse Management.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Gross lendings		Non-performing lendings		Provision held	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022

Rupees in '000

## 42.1.1 Lendings to financial institutions

### Credit risk by public and private sector

Public and Government	3,502,103	9,691,830	-	-	-	-
Private	5,985,900	18,600,365	70,000	70,000	70,000	70,000
	9,488,003	28,292,195	70,000	70,000	70,000	70,000

	Gross Investments		Non-performing Investments		Provision held	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022

Rupees in '000

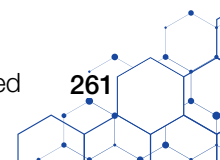
## 42.1.2 Investment in debt securities

### Credit risk by industry sector

Basic metals (iron, steel)	340,000	375,000	-	-	-	-
Financial	14,184,080	14,559,860	-	-	-	-
Hotel, restaurant and clubs	386,150	407,603	-	-	-	-
Power, gas, water and sanitary	910,000	11,230,000	-	-	-	-
Sugar	10,487	10,486	10,487	10,486	10,487	10,486
Textile - Spinning	51,345	51,345	51,345	51,345	51,345	51,345
Textile - Weaving	200,000	200,000	200,000	200,000	200,000	200,000
Government	1,137,405,450	1,111,168,957	19,392,275	14,772,409	2,429,689	309,078
Others	62,159	79,877	62,159	79,877	62,159	79,877
	1,153,549,671	1,138,083,128	19,716,266	15,114,117	2,753,680	650,786

### Credit risk by public and private sector

Public and Government	1,137,405,450	1,121,138,958	19,392,275	14,772,409	2,429,689	309,078
Private	16,144,221	16,944,170	323,991	341,708	323,991	341,708
	1,153,549,671	1,138,083,128	19,716,266	15,114,117	2,753,680	650,786



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Gross advances		Non-performing advances		Provision held	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022

Rupees in '000

## 42.1.3 Advances

### Credit risk by industry sector

Agriculture, Forestry and Hunting	178,932,397	158,241,072	1,141,052	492,235	917,675	464,711
Basic metals (iron, steel)	3,466,684	6,653,386	671,679	662,689	287,160	285,663
Cement, clay and ceramics	37,021,595	36,975,354	69,791	69,791	69,791	69,791
Chemical and pharmaceutical	31,855,433	44,800,210	308,487	340,431	308,487	340,431
Construction	15,198,147	15,849,588	167,168	200,023	167,168	154,080
Education	119,231	82,416	1,445	123	1,445	123
Financial	99,964,826	212,951,287	12,154	24,254	12,154	24,254
Footwear and leather garments	3,202,145	3,664,732	8,472	15,173	8,473	15,173
Furniture and sports goods	716,601	1,398,468	116,147	174,147	116,147	174,147
Grains, food and beverages	20,900,865	23,360,005	1,726,564	2,274,385	1,726,564	1,971,582
Health and social welfare	33,614	39,553	599	1,599	599	1,599
Hotel, restaurant and clubs	4,500	-	6,686	7,110	6,686	7,110
Individuals	20,033,249	21,736,129	677,014	605,993	649,375	310,724
Machinery and equipment	2,594,385	4,240,883	9,399	9,399	9,399	9,399
Manufacture of transport equipment	6,188,907	4,411,975	133,073	129,499	130,003	129,499
Paper and paper boards	20,642,488	13,620,427	199,906	202,414	199,906	202,414
Petroleum products	55,953,186	39,772,498	8,366	11,859	8,366	10,521
Power, gas, water and sanitary	137,742,145	109,716,568	-	-	-	-
Printing, publishing and allied	80,560	358,598	378	738	378	738
Real estate, renting, and business activities	4,567,044	7,006,746	-	-	-	-
Rubber and plastic	795,219	985,000	205,413	166,990	176,596	166,990
Sugar	6,747,863	7,042,924	-	-	-	-
Textile - Manufacture of made up & ready made garments	44,776,101	42,309,527	2,492,454	2,351,170	2,492,454	2,351,170
Textile - Finishing	18,590,819	17,792,294	2,629,435	2,686,933	2,629,435	2,686,933
Textile - Spinning	25,702,953	26,906,742	933,855	1,023,077	933,855	1,023,077
Textile - Weaving	2,456,362	2,640,048	443,280	445,079	443,280	240,242
Transport, storage and communication	40,873,418	34,728,657	46,392	77,038	30,150	47,873
Wholesale and retail trade	4,624,396	5,812,673	589,761	674,744	574,748	642,290
Others	10,352,804	14,390,577	440,059	456,789	435,394	408,024
	794,137,937	857,488,337	13,039,029	13,103,682	12,335,688	11,738,558

### Credit risk by public and private sector

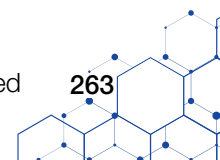
Public and Government	418,389,947	431,370,665	377,026	377,026	-	-
Private	375,747,990	426,117,672	12,662,003	12,726,656	12,335,688	11,738,558
	794,137,937	857,488,337	13,039,029	13,103,682	12,335,688	11,738,558



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>42.1.4 Contingencies and Commitments</b>		
<b>Credit risk by industry sector</b>		
Agriculture, Forestry and Hunting	1,625,127	257,496
Basic metals (iron, steel)	5,231,217	3,310,163
Cement, clay and ceramics	5,880,882	5,449,084
Chemical & pharmaceutical	12,074,183	3,803,170
Construction	6,035,868	3,382,725
Education	113,513	76,697
Financial	356,605,851	279,943,310
Footwear & leather garments	354,617	182,784
Furniture & sports goods	194,641	186,788
Grains, food and beverages	2,530,777	3,930,505
Health & social welfare	983,547	590,829
Hotel, restaurant & clubs	9,659	7,859
Individuals	6,472,528	7,399,405
Machinery & equipment	27,781,520	27,807,007
Manufacture of transport equipment	1,464,789	1,035,644
Paper & paper boards	1,015,764	357,374
Petroleum products	63,956,935	64,582,403
Power, gas, water & sanitary	26,924,683	30,987,020
Printing, publishing & allied	537,428	297,274
Rubber and plastic	1,223,224	1,455,794
Services	531,997	-
Sugar	1,540,675	598,261
Textile - Manufacture of madeup & ready made garments	747,973	1,388,840
Textile - Finishing	4,030,324	4,925,124
Textile - Spinning	2,310,642	2,148,913
Textile - Weaving	1,201,162	3,006,369
Transport, storage and communication	6,630,863	4,617,416
Wholesale & retail trade	23,561,167	6,582,502
Others	7,685,058	6,001,139
	<b>569,256,614</b>	<b>464,311,895</b>
<b>Credit risk by public and private sector</b>		
Public and Government	175,408,741	173,637,473
Private	393,847,873	290,674,422
	<b>569,256,614</b>	<b>464,311,895</b>



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 42.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregating to Rs.428,530.37 million (December 31, 2022: Rs. 427,826.14 million) are as following:

	December 31, 2023	December 31, 2022
Rupees in '000		
Funded	361,618,685	376,037,108
Non Funded	66,911,684	51,789,029
Total Exposure	428,530,369	427,826,137

The sanctioned limits against these top 10 exposures aggregated to Rs. 472,100 million (December 31, 2022: Rs. 464,566 million).

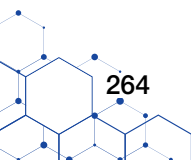
## 42.1.6 Advances – Province/Region-wise Disbursement and Utilization

During the year ended December 31, 2023

Province and Region	Disbursements		Utilization				AJK including Gilgit-Baltistan
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad		
Rupees in '000							
Punjab	1,314,725,318	1,013,930,187	288,909,408	9,429,631	183,977	1,761,673	510,442
Sindh	1,688,018,427	27,829,287	1,660,189,140	-	-	-	-
KPK including FATA	3,796,745	-	-	3,796,745	-	-	-
Balochistan	1,605,872	-	-	-	1,605,872	-	-
Islamabad	746,899,662	166,822,965	23,368,139	-	-	556,708,558	-
AJK including Gilgit-Baltistan	414,912	-	-	-	-	-	414,912
Total	3,755,460,936	1,208,582,439	1,972,466,687	13,226,376	1,789,849	558,470,231	925,354

During the year ended December 31, 2022

Province and Region	Disbursements		Utilization				AJK including Gilgit-Baltistan
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad		
Rupees in '000							
Punjab	1,096,008,500	1,017,117,260	76,674,265	193,973	18,243	1,920,494	84,265
Sindh	1,599,768,166	16,508,791	1,583,259,375	-	-	-	-
KPK including FATA	7,430,014	-	-	7,430,014	-	-	-
Balochistan	1,477,717	-	-	-	1,477,717	-	-
Islamabad	630,892,857	311,919,364	33,537,164	-	-	285,436,329	-
AJK including Gilgit-Baltistan	519,102	-	-	-	-	-	519,102
Total	3,336,096,356	1,345,545,415	1,693,470,804	7,623,987	1,495,960	287,356,823	603,367



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 42.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates / rate of return, foreign exchange rates, equity prices and market conditions. Thus market risk can be further described into Interest Rate Risk / Rate of Return Risk, Foreign Exchange Risk and Equity Position. Risk.

Market Risk performs risk measurement, monitoring and control functions through the use of various risk procedures and models. To give it a formal structure, all the policies and guidelines are approved by the Board of Directors and the relevant management committees.

The Bank uses three types of risk management tools to measure the Bank's Market Risk: Value-at Risk (VaR), Expected Shortfall (ES) and Stress Testing. In addition, control limits are utilized to maintain the risks within acceptable levels.

The Bank maintains adequate regulatory capital to cover all interest rate risks falling under the "Trading Book" as well as "Banking Book", as defined by Basel capital accord. The Bank uses Standardized Approach in determining credit risk, market risk and operational risk exposures in the capital adequacy calculation. In Market risk exposures, Maturity method is used to calculate charge on Interest rate risk and FX risk.

In its pursuit of automation, the Bank has successfully implemented Oracle Financial Services Analytical Application (OFSAA) Market Risk Module to automate the risk monitoring and reporting activities pertaining to Market Risk, which allows for more efficient risk monitoring and increased focus on risk analysis to help in making more informed decisions.

### 42.2.1 Market Risk Pertaining to the Trading Book

#### Trading Book

The Trading Book of the Bank consists of positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book. To be eligible for trading book, financial instruments must be held with the intent of trading and free of any restrictive covenants on their tradability. In addition, positions need to be frequently and accurately valued and the portfolio should be actively monitored and managed accordingly.

The Bank's trading book includes securities classified as 'Held-For-Trading', 'Open Ended Mutual Fund' and non-strategic listed equity placed in 'Available-for-Sale' category. These positions are exposed to all forms of market risk and are managed actively.

#### Risk Pertaining to Banking Book Investment Portfolio

All investments excluding trading book are considered as part of banking book. Banking book includes:

- i) Available-for-sale securities – (other than non-strategic listed equity)
- ii) Held-to-maturity securities

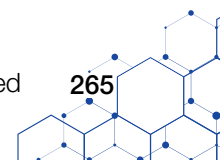
Treasury investments parked in the banking book include:

- i) Government securities
- ii) Capital market investments
- iii) Investments in bonds, debentures, etc.

Due to the diversified nature of investments in banking book, it is subject to interest rate risk, equity price risk and FX risk.

#### Stress Testing

The Bank also conducts Stress Testing of the Bank's investment portfolio to ascertain the impact of various scenarios on the capital adequacy and sustainability of the Bank. The exercise assumes various stress conditions, with respect to Interest Rate Risk, Equity Price Risk, FX Risk and Liquidity Risk. Stress testing is also conducted on various macro-economic scenarios to test the resilience of the Bank.



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023			December 31, 2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in '000						
<b>42.2.2 Balance sheet split by trading and banking books</b>						
Cash and balances with treasury banks	156,136,308	-	156,136,308	87,913,426	-	87,913,426
Balances with other banks	2,455,601	-	2,455,601	3,439,468	-	3,439,468
Lendings to financial institutions	9,418,003	-	9,418,003	28,222,195	-	28,222,195
Investments	1,114,769,066	35,549,023	1,150,318,089	1,108,465,894	14,651,194	1,123,117,088
Advances	781,597,230	-	781,597,230	845,640,176	-	845,640,176
Fixed assets	122,065,722	-	122,065,722	81,478,561	-	81,478,561
Intangible assets	3,409,291	-	3,409,291	2,963,902	-	2,963,902
Deferred tax assets	3,821,594	-	3,821,594	13,001,349	-	13,001,349
Other assets	100,094,817	-	100,094,817	65,196,693	-	65,196,693
	2,293,767,632	35,549,023	2,329,316,655	2,236,321,664	14,651,194	2,250,972,858

## 42.2.3 Foreign Exchange Risk

Foreign exchange risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates.

The majority of the Bank's net foreign currency exposure is in US\$ and the Bank uses system-based monitoring of its intra-day Net Open Position for effective risk management.

The Bank's FX Risk is largely mitigated by following a matched funding policy, whereas, for any mismatched exposures, the Bank utilizes appropriate derivative instruments such as Forwards and Swaps. The Bank maintains adequate regulatory capital to cover against foreign exchange risk.

	December 31, 2023				December 31, 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								
Pakistani Rupee	2,232,259,069	2,007,251,840	(38,717,162)	186,290,067	2,192,631,782	1,977,669,970	(82,632,091)	132,329,721
United States Dollar	94,220,315	114,802,807	28,468,225	7,885,734	57,311,840	134,705,503	72,832,904	(4,560,759)
Great Britain Pound Sterling	1,603,410	7,402,006	5,805,160	6,564	620,648	6,519,345	5,897,070	(1,627)
Japanese Yen	65,116	563	(59,685)	4,867	32,164	975	(30,845)	344
Euro	1,009,639	5,456,835	4,449,161	1,965	348,397	4,217,190	3,877,167	8,374
Other currencies	159,106	148,140	54,301	65,267	28,027	48,467	55,795	35,355
	97,057,586	127,810,351	38,717,162	7,964,397	58,341,076	145,491,480	82,632,091	(4,518,313)
	2,329,316,655	2,135,062,191	-	194,254,464	2,250,972,858	2,123,161,450	-	127,811,408

	December 31, 2023		December 31, 2022	
	Banking book	Trading book	Banking book	Trading book
Rupees in '000				
After tax Impact of 1% change in foreign exchange rates on:				
- Profit and loss account	-	609,276	-	(345,651)
- Other comprehensive income	-	-	-	-
	-	609,276	-	(345,651)

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 42.2.4 Equity position Risk

Equity Price Risk is risk to earnings or capital that results from adverse changes in stock prices (single stocks, or a basket of stocks, or overall stock market). ABL holds a diversified portfolio of equity investments in order to minimize non-systematic risk while retaining acceptable systematic risk. ALCO ensures that equity price risk is mitigated through prudent portfolio management.

The Bank maintains adequate regulatory capital to cover against equity price risk. Equity investments classified as "Held-for-Trading" as well as listed non-strategic equity investments classified as "Available-for-Sale" are part of the "Trading Book" and are subject to market risk change as specified by the Basel Framework. Un-listed and listed strategic equity investment are part of the "Banking Book" and are subject to credit risk charge as specified by the Basel Framework.

	December 31, 2023		December 31, 2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
After tax Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(45,564)	(425,974)	(68,269)	(368,663)

## 42.2.5 Yield and Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

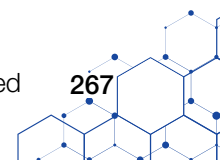
Interest rate and Rate of return risk is the current or prospective risk of losses, to both the Bank's capital and earnings, arising from movements in interest rates and rates of return. The Bank has a robust system in place to monitor Interest rate risk and ALCO regularly analyses the interest rate scenario and devises strategies to minimize adverse impact of interest rate risk on the Bank's equity and profits.

Interest rate risk is measured through "duration" of an instrument. To assess the interest rate risk at Balance Sheet and Income Statement level, gap analysis on "re-pricing schedule" is utilized. Re-pricing schedule is a distribution of interest-sensitive assets, liabilities, and Off-Balance Sheet positions into a number of predefined time bands according to their maturity (if fixed-rate) or time remaining to their next re-pricing (if floating-rate), and is calculated in compliance with SBP instructions. For non-contractual assets and liabilities, an ALCO approved methodology is utilized to place these assets and liabilities in the re-pricing schedule. This methodology is based on the results of a behavioural analysis which statistically models the historical trends of the last 5 years.

Government securities (PIBs & T-Bills, Sukuks), Bonds, Debentures, etc. and other money market investments are subject to interest rate / rate of return risk. To capture the risk associated with these securities, extensive modeling is being done with respect to duration analysis. Stress testing and scenario-based models are also in place to capture the sensitivity of the portfolio to adverse movement in interest rates. For prudent risk management, all money market investments are marked to market to assess changes in the market value of investments due to interest rate movements. Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

In accordance with BSD Circular No.03 of 2011, issued by the SBP, Bank is required to report interest rate sensitivity gap of assets and liabilities on the basis of an objective and systematic behavioural study which is approved by ALCO.

	December 31, 2023		December 31, 2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
After tax Impact of increase in interest rates by 1%				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(3,033,157)	(89,924)	(3,940,223)	(291)



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 42.2.6 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield/ Interest rate	December 31, 2023										Non-interest bearing financial instruments		
		Total	Exposed to Yield/ Interest risk											
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 Years			
Rupees in '000														
<b>On-balance sheet financial instruments</b>														
<b>Assets</b>														
Cash and balances with treasury banks		156,136,308	-	-	-	-	-	-	-	-	-	-	-	144,440,981
Balances with other banks		2,455,601	-	-	-	-	-	-	-	-	-	-	-	2,455,601
Lending to financial institutions	16.23%	9,418,003	-	-	-	-	-	-	-	-	-	-	-	-
Investments	18.80%	1,150,318,089	325,183,736	264,218,798	278,566,146	124,950,563	46,255,958	20,828,688	37,303,174	33,677,582	-	-	-	19,333,444
Advances	18.31%	781,597,230	370,211,941	25,224,840	48,640,591	76,784,011	58,664,843	58,825,919	78,562,616	52,780,171	10,298,952	-	-	1,603,346
Other assets		95,063,983	-	-	-	-	-	-	-	-	-	-	-	95,063,983
		2,194,989,214	716,509,007	289,443,638	327,206,737	201,734,574	104,920,801	79,654,607	115,865,790	86,457,753	10,298,952	-	-	262,897,355
<b>Liabilities</b>														
Bills payable		9,322,405	-	-	-	-	-	-	-	-	-	-	-	9,322,405
Borrowings	16.90%	373,674,042	303,794,850	25,747,205	9,315,624	108,908	976,050	1,693,268	5,217,638	24,749,949	2,070,550	-	-	-
Deposits and other accounts	10.98%	1,676,623,075	209,955,594	387,537,760	430,268,963	123,185,620	20,543,026	278,898	112,337	226,035	-	-	-	504,514,842
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities		75,143,765	-	-	-	-	-	-	-	-	-	-	-	75,143,765
		2,134,763,287	513,750,444	413,284,965	439,584,587	123,294,528	21,519,076	1,972,166	5,329,975	24,975,984	2,070,550	-	-	588,981,012
<b>On-balance sheet gap</b>		60,225,927	202,758,563	(123,841,327)	(112,377,850)	78,440,046	83,401,725	77,682,441	110,535,815	61,481,769	8,228,402	(326,083,657)	-	-
<b>Off-balance sheet financial instruments</b>														
<b>Documentary credits and short-term trade-related transactions</b>														
		219,451,590	21,624,350	40,083,125	106,547,001	24,968,342	13,940,846	1,074,789	2,560,048	26,484	8,626,605	-	-	-
<b>Commitments in respect of purchase of:</b>														
- forward foreign exchange contracts		180,292,361	83,314,378	83,304,827	12,294,899	1,378,257	-	-	-	-	-	-	-	-
- forward government securities transactions		10,054,607	10,054,607	-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-	-	-
		190,346,968	93,368,985	83,304,827	12,294,899	1,378,257	-	-	-	-	-	-	-	-
<b>Commitments in respect of sale of:</b>														
- forward foreign exchange contracts		141,834,941	51,661,105	47,713,484	41,295,657	1,164,695	-	-	-	-	-	-	-	-
- forward government securities transactions		1,385,378	1,385,378	-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-	-	-
		143,220,319	53,046,483	47,713,484	41,295,657	1,164,695	-	-	-	-	-	-	-	-
<b>Other commitments</b>														
		16,237,946	1,353,162	2,706,324	4,059,487	8,118,973	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		282,816,185	63,300,014	78,380,792	81,605,730	33,300,877	13,940,846	1,074,789	2,560,048	26,484	8,626,605	-	-	-
<b>Total Yield and Interest Risk Sensitivity Gap</b>		343,042,112	266,058,577	(45,460,535)	(60,772,120)	111,740,923	97,342,571	78,757,230	113,095,863	61,508,253	16,855,007	(326,083,657)	-	-
<b>Cumulative Yield and Interest Risk Sensitivity Gap</b>		343,042,112	266,058,577	220,598,042	189,825,922	301,566,845	398,909,416	477,666,646	590,762,509	652,270,762	689,125,769	343,042,112	-	-

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

	Effective Yield/ Interest rate	December 31, 2022										Non-interest bearing financial instruments	
		Exposed to Yield/ Interest risk											
		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													
<b>On-balance sheet financial instruments</b>													
<b>Assets</b>													
Cash and balances with treasury banks		87,913,426	59,118	-	-	-	-	-	-	-	-	-	87,854,308
Balances with other banks		3,439,468	-	-	-	-	-	-	-	-	-	-	3,439,468
Lending to financial institutions	8.79%	28,222,195	25,505,024	2,717,171	-	-	-	-	-	-	-	-	-
Investments	12.66%	1,123,117,088	395,551,859	193,389,624	329,276,994	2,977,907	69,318,498	39,462,557	25,116,060	49,954,151	-	-	18,069,438
Advances	11.21%	845,640,176	438,908,791	131,554,800	108,868,655	53,997,718	3,349,551	4,230,639	17,012,733	76,876,144	8,660,000	-	2,161,145
Other assets		62,035,054	-	-	-	-	-	-	-	-	-	-	62,035,054
		2,150,367,407	860,024,792	327,661,595	438,145,649	56,975,625	72,668,049	43,693,196	42,128,793	126,830,295	8,660,000	-	173,559,413
<b>Liabilities</b>													
Bills payable		14,159,643	-	-	-	-	-	-	-	-	-	-	14,159,643
Borrowings	10.38%	530,414,493	53,123,453	425,405,191	13,493,627	41,156	474,937	1,511,271	4,548,455	27,770,454	4,045,949	-	-
Deposits and other accounts	7.33%	1,522,297,479	265,141,579	273,837,446	417,148,187	143,133,325	27,207,093	447,006	222,441	245,456	-	-	394,914,946
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities		55,990,932	-	-	-	-	-	-	-	-	-	-	55,990,932
		2,122,862,547	318,265,032	699,242,637	430,641,814	143,174,481	27,682,030	1,958,277	4,770,896	28,015,910	4,045,949	-	465,065,621
<b>On-balance sheet gap</b>		27,504,860	541,759,760	(371,581,042)	7,503,835	(66,198,856)	44,986,019	41,734,919	37,357,897	98,814,385	4,634,051	(291,506,106)	-
<b>Off-balance sheet financial instruments</b>													
Documentary credits and short-term trade-related transactions		190,988,809	35,923,286	25,517,291	84,364,880	9,959,609	20,283,721	3,025,145	646,193	25,110	11,244,574	-	-
Commitments in respect of purchase of:													
- forward foreign exchange contracts		160,636,134	95,802,505	58,447,501	6,248,051	138,077	-	-	-	-	-	-	-
- forward government securities transactions		22,219,651	22,219,651	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-	-
		182,855,785	118,022,156	58,447,501	6,248,051	138,077	-	-	-	-	-	-	-
Commitments in respect of sale of:													
- forward foreign exchange contracts		77,880,099	34,449,194	29,894,172	13,536,733	-	-	-	-	-	-	-	-
- forward government securities transactions		1,827,149	1,827,149	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-	-
		79,707,248	36,276,343	29,894,172	13,536,733	-	-	-	-	-	-	-	-
Other commitments		11,933,119	994,427	1,988,853	2,983,280	5,966,559	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		306,070,464	118,663,525	56,059,473	80,059,478	16,064,245	20,283,721	3,025,145	645,193	25,110	11,244,574	-	-
<b>Total Yield and Interest Risk Sensitivity Gap</b>		333,575,324	660,423,285	(315,521,569)	87,563,313	(70,134,611)	65,269,740	44,760,064	38,003,090	98,839,495	15,878,625	(291,506,106)	-
<b>Cumulative Yield and Interest Risk Sensitivity Gap</b>		333,575,324	660,423,285	344,901,716	432,465,029	362,330,418	427,600,158	472,360,222	510,363,312	609,202,807	625,081,432	333,575,324	-

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

Reconciliation to total assets	December 31, 2023	December 31, 2022	Reconciliation to total liabilities	December 31, 2023	December 31, 2022
	(Rupees in '000)	(Rupees in '000)		(Rupees in '000)	(Rupees in '000)
<b>Balance as per balance sheet</b>	2,329,316,655	2,250,972,858	<b>Balance as per balance sheet</b>	2,135,062,191	2,123,161,450
<b>Less: Non financial assets</b>			<b>Less: Non financial liabilities</b>		
<b>Fixed assets</b>	125,475,013	84,442,463	<b>Deferred tax liabilities</b>	-	-
<b>Deferred Tax Assets</b>	3,821,594	13,001,349	<b>Other liabilities</b>	298,904	298,904
<b>Other assets</b>	5,030,834	3,161,638		298,904	298,904
	134,327,441	100,605,450			
<b>Total financial assets</b>	2,194,989,214	2,150,367,408	<b>Total financial liabilities</b>	2,134,763,287	2,122,862,546

## 42.3 Operational Risk

The Bank, like all financial institutions, is exposed to different types of operational risks, including the potential losses arising from internal activities or external events caused by breakdowns in information, communication, physical safeguards, business continuity, supervision, transaction processing, settlement systems and the execution of legal, fiduciary and agency responsibilities.

In accordance with the BoD approved Operational Risk Management Policy (ORM), Bank maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the bank's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to industry best practices.

The Bank has implemented workflow based system "Risk Nucleus" for Operational Risk Loss Data Collection & Reporting, Risk Control & Self Assessment (RCSA) and Key Risk Indicators (KRIs) monitoring. Further, major Operational Risk events are also analyzed from the control breaches perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are presented to senior management and Board's Risk Management Committee & BoD.

The Bank has a BoD approved BCP policy and Business Continuity Plan applicable to all its functional areas. The Bank updates functional BCPs on annual basis or at any process change.

The Bank is also implementing internationally accepted Integrated Framework on Internal Control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), with a view to consolidate and enhance the existing internal control processes.

The Bank is reporting Operational Risk Capital Charge on Basic Indicator Approach. Also calculating impact under Alternate Standardized Approach (ASA) of Basel II. The Bank shall adopt "The Standardized Approach" under Basel-III once implemented by the Regulator.

Outbreak of COVID 19 and continuous resurgence of the pandemic waves due to mutation of the virus has been a cause of concern for the banking industry and required continuous monitoring and transformation in the existing way of doing business. The operating procedures of the Bank were transformed and business continuity plan were updated in line with the guidelines issued by the Government, Health Care and Regulatory Authorities, in a timely manner to minimize the impact of disruption on business activities and on service delivery to the customers without compromise to the safety of all the stakeholders including customers and employees in particular.

## 42.4 Liquidity Risk

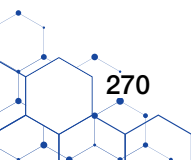
Liquidity Risk is the risk that the Bank is unable to fund its current obligations and operations in the most cost efficient manner. The Bank's Board of Directors has delegated the responsibility to Asset and Liability Committee (ALCO) for ensuring that Bank's policy for liquidity management is adhered to on a continual basis. ALCO uses gap analysis based on "maturity schedule" to assess the Bank's liquidity risk and devise strategy accordingly. The Bank has various limits and triggers in place to monitor liquidity risk on a periodic basis, while it also utilizes stress testing to assess adequacy of Bank's liquid assets. The Bank complies with State Bank of Pakistan's instructions on Liquidity Standards as prescribed under the Basel III Framework.

### Liquidity Management Framework

Daily liquidity management is carried out centrally by the Asset and Liability Management (ALM) Desk in Treasury Group which manages the day to day liquidity needs of the Bank. Funding and liquidity management strategies are regularly discussed during Asset and Liability Committee (ALCO) meetings. The discussions include analysis on composition of deposits and tenure, funding gaps and concentration, monitoring of short and long-term liquidity ratios (including Liquidity Coverage Ratio and Net Stable Funding Ratio). The Bank utilizes internal Management Action Triggers and Limits which act as early warning indicators and safeguards to ensure sufficient liquidity buffers at all times. Additionally, stress tests are performed to evaluate available liquidity under a range of adverse scenarios and to identify potential vulnerabilities in portfolios. The Bank also has in place contingency funding plan that identifies specific management actions that can be invoked in times of liquidity crisis.

### Liquidity Risk Management

The Bank has in place a robust Recovery Plan in place to deal with any liquidity crisis in the most efficient and effective manner. SBP initiatives such as deferral of principal and rescheduling and restructuring of loans may have an adverse effect on liquidity and maturity profile of the Bank, however the Bank holds sufficient liquidity buffer to absorb any unforeseen shocks during the prevailing situation. Moreover, the Asset and Liability Committee (ALCO) of the Bank continues to regularly monitor the liquidity position of the Bank in view of emerging risks.





# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## Liquidity Risk Mitigation Techniques

The Bank uses the following tools to identify and mitigate Liquidity Risk:

- Gap Analysis
- Liquidity Ratio
- Liquidity Stress Testing
- Contingency Funding Plan
- Risk Control Limits (RCLs)

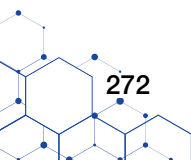
### 42.4.1 Maturities of Assets and Liabilities – based on contractual maturity of the assets and liabilities of the Bank

	December 31, 2023													
	Total	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 Month	Upto 2 Months	Upto 3 Months	Upto 6 Months to 6 Months	Over 6 Months to 9 Months	Upto 1 year	Upto 2 years	Upto 3 years	Over 3 to 5 years	Over 5 years
<b>Assets</b>														
Cash and balances with treasury banks	156,136,308	156,136,308	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,455,601	2,455,601	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	9,419,003	-	5,450,803	1,967,200	2,000,000	-	-	-	-	-	-	-	-	-
Investments – net	1,150,316,089	19,333,443	-	13,916	492,659	-	25,068,535	3,025,203	99,985,413	214,463,544	294,835,401	186,342,208	149,235,263	157,522,504
Advances – net	781,597,230	2,16,796,140	1,762,611	23,538,295	25,309,214	10,181,335	82,018,432	56,473,549	17,471,337	71,020,834	59,309,542	60,478,384	81,946,011	69,291,546
Fixed assets	122,065,722	40,289	241,734	282,023	684,913	1,248,959	1,248,959	3,746,876	3,746,876	3,746,876	5,132,393	5,060,791	4,374,261	92,510,772
Intangible assets	3,409,291	1,309	7,652	9,161	22,248	40,571	40,571	121,712	121,712	121,712	486,847	486,847	973,693	975,056
Deferred tax assets	3,821,594	5,417	32,504	37,921	92,095	166,399	360,250	553,823	1,058,176	1,764,051	1,551,594	930,624	688,070	-3,421,330
Other assets – net	100,094,817	1,346,287	8,069,721	9,438,009	22,920,878	3,703,189	7,594,782	13,285,426	3,627,739	2,017,806	5,483,009	5,523,216	9,592,260	7,470,495
	2,329,316,655	396,116,794	15,686,225	41,286,525	51,522,007	15,342,453	116,331,529	77,206,599	126,011,253	293,134,823	366,798,786	258,822,070	246,809,558	324,349,043
<b>Liabilities</b>														
Bills payable	9,322,405	9,322,405	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	373,674,042	210,005	15,054,652	2,233,142	286,297,052	5,129,658	20,617,547	9,315,624	29,395	79,513	976,050	1,683,265	5,217,638	26,820,498
Deposits and other accounts	1,676,623,075	1,423,337,700	9,898,130	10,957,841	28,811,017	15,569,953	25,915,012	59,257,692	28,643,971	74,306,557	307,983	278,898	112,337	226,034
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities – net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	75,442,669	1,318,497	7,910,883	9,229,480	22,428,262	2,415,622	2,415,622	3,326,514	3,326,478	3,326,478	5,575,886	2,121,198	3,442,185	8,605,464
	2,135,062,191	1,434,188,607	32,863,765	22,420,463	337,536,331	23,115,233	48,948,181	70,899,830	31,999,844	77,712,548	6,859,869	4,093,954	8,772,160	35,651,996
<b>Net assets</b>	<b>194,254,464</b>	<b>(1,038,071,813)</b>	<b>(17,278,540)</b>	<b>18,866,062</b>	<b>(286,014,324)</b>	<b>(7,772,780)</b>	<b>67,383,348</b>	<b>6,306,759</b>	<b>94,011,409</b>	<b>215,422,275</b>	<b>359,938,917</b>	<b>254,728,706</b>	<b>238,037,398</b>	<b>288,697,047</b>
Share capital	11,450,739													
Reserves	37,961,636													
Unappropriated profit	104,802,457													
Surplus on revaluation of assets – net of tax	40,039,632													
	<b>194,254,464</b>													

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

December 31, 2022												
	Total	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 Month	Upto 2 Months	Upto 3 Months	Upto 6 Months to 9 Months	Upto 1 year	Upto 2 years	Upto 3 years	Over 3 to 5 years
	Rupees in '000											
<b>Assets</b>												
Cash and balances with treasury banks	87,913,426	87,913,426	-	-	-	-	-	-	-	-	-	-
Balances with other banks	3,439,468	3,439,468	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	28,222,195	70,000	24,599,301	-	835,724	-	2,717,170	-	-	-	-	-
Investments - net	1,123,117,088	18,069,438	-	-	330,526	3,731,649	804,947	137,371,405	111,879,347	250,498,271	227,715,161	185,548,597
Advances - net	845,640,176	204,978,925	5,133,435	1,528,359	104,891,145	24,759,192	144,541,452	57,107,856	45,331,954	74,194,148	37,512,654	78,643,350
Fixed assets	81,478,561	22,875	137,251	160,126	388,878	709,131	709,131	2,127,392	2,127,392	3,869,984	3,811,176	61,662,787
Intangible assets	2,963,902	1,138	6,828	7,964	19,343	35,270	35,270	105,811	105,811	423,245	423,245	847,676
Deferred tax assets	15,019,227	16,257	97,544	113,801	276,373	164,225	183,805	2,023,778	1,697,896	3,051,971	2,760,176	2,094,626
Other assets - net	65,196,693	881,467	5,288,804	6,170,272	14,990,559	3,887,037	9,601,090	12,868,988	479,628	1,593,069	970,504	2,878,272
	2,252,990,736	315,392,994	35,263,163	7,980,522	121,732,548	33,286,504	158,592,865	211,605,230	161,622,028	333,630,688	273,192,916	243,763,582
<b>Liabilities</b>												
Bills payable	14,159,643	14,159,643	-	-	-	-	-	-	-	-	-	-
Borrowings	530,414,493	478	34,057	1,737	53,087,181	261,553,131	163,852,060	13,488,627	40,906	474,937	1,511,271	4,548,455
Deposits and other accounts	1,522,297,479	1,203,036,465	22,834,141	3,486,290	31,980,763	28,795,039	24,439,090	81,076,211	60,046,402	4,889,172	447,006	222,441
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	2,017,878	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	56,289,835	992,096	5,952,517	6,944,603	16,865,465	1,461,441	1,461,441	1,741,397	1,741,362	4,446,640	1,945,692	3,141,668
	2,125,179,328	1,218,188,672	28,820,715	10,442,630	101,933,409	291,809,611	189,752,591	96,311,235	61,828,670	9,820,749	3,903,959	7,912,564
<b>Net assets</b>	<b>127,811,408</b>	<b>(902,795,679)</b>	<b>6,442,448</b>	<b>(2,462,108)</b>	<b>19,799,139</b>	<b>(268,523,107)</b>	<b>(31,159,726)</b>	<b>115,293,995</b>	<b>99,793,358</b>	<b>323,809,939</b>	<b>269,288,957</b>	<b>235,841,018</b>
Share capital	11,450,739	-	-	-	-	-	-	-	-	-	-	-
Reserves	31,435,453	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	79,652,815	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	5,272,401	-	-	-	-	-	-	-	-	-	-	-
	<b>127,811,408</b>	-	-	-	-	-	-	-	-	-	-	-



# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 42.4.2 Maturities of assets and liabilities – based on expected maturities of the assets and liabilities of the Bank

	December 31, 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										
<b>Assets</b>										
Cash and balances with treasury banks	156,136,308	46,501,594	8,701,418	7,704,789	9,090,311	3,494,877	7,064,531	-	-	73,578,788
Balances with other banks	2,455,601	2,455,601	-	-	-	-	-	-	-	-
Lending to financial institutions	9,418,003	9,418,003	-	-	-	-	-	-	-	-
Investments – net	1,150,318,089	506,575	25,068,535	3,025,203	314,448,957	303,187,831	194,694,639	149,235,263	157,425,243	2,725,843
Advances – net	781,597,230	79,002,567	93,874,905	79,312,874	93,789,391	114,173,546	115,342,388	136,810,015	57,922,457	11,369,087
Fixed assets	122,065,722	1,248,959	2,497,918	3,746,876	7,493,753	5,132,393	5,060,791	4,374,261	5,967,048	86,543,723
Intangible assets	3,409,291	40,571	81,141	121,712	243,423	486,847	486,847	973,693	975,057	-
Deferred tax assets	3,821,594	167,938	528,649	553,823	2,822,226	1,551,594	930,624	688,070	622,547	(4,043,877)
Other assets – net	100,094,817	41,796,895	11,297,971	13,285,426	5,645,545	5,483,009	5,523,216	9,592,260	7,143,867	326,628
	2,329,316,655	181,138,703	142,050,537	107,750,703	433,533,606	433,510,097	329,103,036	301,673,562	230,056,219	170,500,192
<b>Liabilities</b>										
Bills payable	9,322,405	9,322,405	-	-	-	-	-	-	-	-
Borrowings	373,674,042	303,794,850	25,747,205	9,315,624	108,908	976,050	1,693,268	5,217,638	24,749,949	2,070,550
Deposits and other accounts	1,676,623,075	209,955,595	160,097,617	141,760,607	167,252,865	64,610,271	130,259,391	112,337	226,035	802,348,357
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities – net	-	-	-	-	-	-	-	-	-	-
Other liabilities	75,442,669	40,887,222	4,831,244	3,326,514	6,652,956	5,575,886	2,121,198	3,442,185	8,605,462	2
	2,135,062,191	563,960,072	190,676,066	154,402,745	174,014,729	71,162,207	134,073,857	8,772,160	33,581,446	804,418,909
<b>Net assets</b>	<b>194,254,464</b>	<b>(382,821,369)</b>	<b>(48,625,529)</b>	<b>(46,652,042)</b>	<b>259,518,877</b>	<b>362,347,890</b>	<b>195,029,179</b>	<b>292,901,402</b>	<b>196,474,773</b>	<b>(633,918,717)</b>
Share capital	11,450,739									
Reserves	37,961,636									
Unappropriated profit	104,802,457									
Surplus on revaluation of assets net of tax	40,039,632									
	<b>194,254,464</b>									

	December 31, 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										
<b>Assets</b>										
Cash and balances with treasury banks	87,913,426	28,238,495	5,429,667	5,050,644	6,537,451	2,018,010	2,664,030	-	-	37,975,129
Balances with other banks	3,439,468	3,439,468	-	-	-	-	-	-	-	-
Lending to financial institutions	28,222,195	25,505,024	2,717,171	-	-	-	-	-	-	-
Investments – net	1,123,117,088	330,526	4,536,596	137,371,405	118,864,958	257,754,201	234,971,092	180,182,136	188,582,447	523,727
Advances – net	845,640,176	130,427,456	174,266,237	58,600,083	54,877,898	135,191,260	98,509,767	115,124,125	66,625,780	12,017,570
Fixed assets	81,478,561	709,131	1,418,261	2,127,392	4,254,784	3,869,985	3,811,176	3,625,046	4,900,945	56,761,841
Intangible assets	2,963,902	35,270	70,541	105,811	211,624	423,245	423,245	846,490	847,676	-
Deferred tax assets	15,019,227	503,975	348,030	2,023,777	2,091,962	3,051,972	2,760,176	2,094,626	2,144,709	-
Other assets – net	65,196,693	27,331,102	13,488,125	12,868,988	1,428,486	1,593,069	970,504	2,878,272	4,638,147	-
	2,252,990,736	216,520,447	202,274,628	218,148,100	188,267,163	403,901,742	344,109,990	304,750,695	267,739,704	107,278,267
<b>Liabilities</b>										
Bills payable	14,159,643	14,159,643	-	-	-	-	-	-	-	-
Borrowings	530,414,493	53,123,453	425,405,191	13,493,627	41,156	474,937	1,511,271	4,548,455	27,770,454	4,045,949
Deposits and other accounts	1,522,297,479	265,141,579	145,159,926	135,026,891	174,776,086	58,849,853	71,668,760	222,441	245,456	671,206,487
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities – net	2,017,878	-	-	-	-	-	-	-	-	2,017,878
Other liabilities	56,289,835	30,754,670	2,922,883	1,741,397	3,482,724	4,446,640	1,945,682	3,141,668	7,854,171	-
	2,125,179,328	363,179,345	573,488,000	150,261,915	178,299,966	63,771,430	75,125,713	7,912,564	35,870,081	677,270,314
<b>Net assets</b>	<b>127,811,408</b>	<b>(146,658,898)</b>	<b>(371,213,372)</b>	<b>67,886,185</b>	<b>9,967,197</b>	<b>340,130,312</b>	<b>268,984,277</b>	<b>296,838,131</b>	<b>231,869,623</b>	<b>(569,992,047)</b>
Share capital	11,450,739									
Reserves	31,435,453									
Unappropriated profit	79,652,815									
Surplus on revaluation of assets net of tax	5,272,401									
	<b>127,811,408</b>									

# Notes to the Unconsolidated Financial Statements

for the year ended December 31, 2023

## 42.5 Derivative Risk

Market & Liquidity Risk Division under Risk Management Group is responsible for assessing and monitoring the derivative risk emanating from Bank's exposures.

The Bank buys and sells derivative instruments, for hedging and market making purposes, such as:

- Forward Exchange Contracts
- Foreign Exchange Swaps
- Equity Futures
- Forward Contracts for Government Securities

The Bank's Risk Management Group, Asset and Liability Committee (ALCO) and Board Risk Management Committee monitor the derivative risk and utilize Off-Balance Sheet gap analysis to implement prudent asset liability management of the Bank's derivative exposures.

## 43 NON ADJUSTING EVENT AFTER THE REPORTING DATE

**43.1** The Board of Directors of the Bank in its meeting held on February 13, 2024 has proposed a final cash dividend in respect of 2023 of Rs. 4.00 per share (2022: cash dividend Rs. 2.50 per share). This appropriation will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements of the Bank for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

## 44 GENERAL

**44.1** Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

**44.2** Corresponding figures have been rearranged or reclassified where considered necessary, for the purpose of better presentation. However, no material restatement have been made.

## 45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 13, 2024 by the Board of Directors of the Bank.

Muhammad Atif Mirza  
Chief Financial Officer

Aizid Razzaq Gill  
President and Chief Executive

Mubashir A. Akhtar  
Director

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman

## STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND OR ABOVE FROM (JANUARY 1, 2023 TO DECEMBER 31, 2023)

Amount in Million

Sr. No.	NAME AND ADDRESS OF BORROWER	NAME OF INDIVIDUALS/PARTNERS/DIRECTORS		FATHER'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE PERIOD				PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL 9+10+11
		NAME OF DIRECTORS	NIC NOS.		PRINCIPAL	INTEREST/ MARK-UP	OTHER	TOTAL				
1	2	3	4	5	6	7	8	9	10	11	12	
1	DISTIL INDUSTRIES Distil Industries Near Otwok Sheikhupura Defence Road Sialkot	MUHAMMAD SHAFIQ TAHIR	34603-5270213-9	MUHAMMAD SIDDIQUE	4.592	0.670	2.004	7.266	-	-	1.674	1.674
2	RAFIQUE TRADERS 608 Block 4 Sector A-II Township Lahore	MUHAMMAD RAFIQUE	35202-6539254-1	CHAUDRY GHULAM RASOOL	0.999	0.099	0.729	1.827	-	-	0.711	0.711
3	SUMAIRA RABBANI 752 C, Sher Shari Colony, Raiwind Road, Lahore	SUMAIRA RABBANI	35202-9665001-2	GHULAM RABBANI	1.100	0.660	0.254	2.014	-	-	0.514	0.514
4	HAROON AND CO 24 Shekuan Wali Ahmed Pura Shekhupura	HAROON MEHMOOD	35404-0205436-7	SHEIKH MEHMOOD AHMED	2.286	0.568	1.472	4.326	-	-	1.786	1.786
5	SHEKH MUNIR & CO., More Khunda Gujranwala	SH MUNIR AHMED	35402-9056427-7	MUHAMMAD SIDDIQUE	2.095	-	1.658	3.753	-	-	1.402	1.402
6	ZUBAIR AZHAR House No.10, Mohallah Nashaman Colony, Bosen Road Multan.	ZUBAIR AZHAR	36302-0286721-3	AZHAR HUSSAIN	4.997	-	2.552	7.549	-	-	1.090	1.090
7	MEHBOOB ALI SOOMRO Azseem Petrolum Service Ratt Ghotkidist, Ghotki	MEHBOOB ALI SOOMRO	45105-3442800-5	MOHAMMAD AZEEM	0.784	0.155	1.525	2.464	-	-	1.664	1.664
8	ORBIT CONSTRUCTION House No.46/11,23-Street, Khayaban-e-shamsler, DHA, Karachi	ZULFIQAR ALI SHAKOOR	42301-7523731-7	ABDUL SHAKOOR KHAN	14.996	2.476	12.318	29.790	-	-	12.314	12.314
9	AMMAR STEEL House No-837, Goolmar, Latifabad No.2, Nawabshah	ISHTIYAQ AHMED	45402-2023885-9	MUHAMMAD BUX ARAIN	2.493	0.657	1.487	4.637	-	-	1.749	1.749
10	FAIZ MUHAMMAD P/O Basir Pur Kalasan Hameed Teh Deppdepal Pur	FAIZ MUHAMMAD	35301-1855999-7	NOOR MUHAMMAD	4.995	1.800	1.711	8.506	-	-	2.679	2.679
11	SAJID GROUP Sajid Rice Mills Milat Care Malik Trading Shanzab Trading Luddan Road, Vehari.	MALIK GHOUS MUHAMMAD SHAMA NAZAR SAJID MEHMOOD SAJID MEHMOOD	36603-9578736-3 36603-1392240-6 36603-6356310-9 36603-6356310-9	MALIK SALEH MUHAMMAD MALIK SAJID MEHMOOD MALIK GHOUS MUHAMMAD MALIK GHOUS MUHAMMAD	15.383	2.984	27.390	45.757	-	-	25.000	25.000
12	SHARIF RICE MILLS Ghalla Mandi, Simanwali, Tehsil, Daska	GHULAM FAROOQ RIFAAT IFTIKHAR ISHRAT BIBI ROBINA KAUSAR	34601-9026951-1 34601-2888496-8 34601-4139732-2 34601-7234620-8	MUHAMMAD SHARIF MUHAMMAD IFTIKHAR HABIB UR REHMAN ASHFAQ AHMAD	2.995	0.217	1.400	4.612	-	-	1.225	1.225
13	ASHER SALEEM BRICKS CO., Chak No.909-L,Arifwala Road, Sahiwal	MUHAMMAD LATIF GULSHAN	36502-5665475-5	GHULAM NABI	1.980	0.196	1.655	3.831	-	-	1.331	1.331
14	KHALID & CO., Sheedan Colony Pattoki, District Kasur.	KHALID HASSAN	35103-1716744-7	MUHAMMAD HASSAN	8.999	1.632	3.366	13.997	-	-	2.332	2.332
15	SYED IRFAN HUSSAIN RIZVI	IRFAN HUSSAIN RIZVI	35202-9603113-5	SYED NASIR HUSSAIN RIZVI	1.560	0.969	0.044	2.573	-	-	0.885	0.885
16	ASHRAF UL RAHIM H.No. 2, St. No 34, Atzaal Rd, Sanda Kalan, Lahore.	ASHRAF UR RAHIM	41308-1148732-7	ABDUL RAHIM KATTYAR	2.798	0.308	1.996	5.102	-	-	2.263	2.263
17	ASIF TRADERS House No. 87 Modeli Town Main Road, Chak No.437/EB, Burewala.	MUHAMMAD AZAM MUHAMMAD ASIF	*36601-6780875-7 36601-1007632-1	REHMAT ALI	1.200	0.227	0.952	2.379	-	-	0.678	0.678
18	PAK PANSY (PVT) LTD. House # 104-D, Nazimabad, Block-B, Karachi	MUHAMMAD ATHAR NUZHAT ATHAR	42101-4593499-1 42101-6646171-8	SHARIF AHMED MUHAMMAD ATHAR	12.852	-	18.798	31.650	-	-	18.450	18.450
19	SHAHBAZ FLOUR MILLS Haroon-Abad Road, Bahawal Nagar	SYED MUSHTAQ AHMED SHAH	31101-7199479-3	SYED MUHAMMAD HUSSAIN SHAH	4.991	2.669	3.554	11.214	-	-	3.293	3.293

Sr. No.	NAME AND ADDRESS OF BORROWER	NAME OF INDIVIDUALS/PARTNERS/DIRECTORS		FATHER'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE PERIOD					PRINCIPAL WRITTEN-OFF	INTEREST/ MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL 9+10+11
		NAME OF DIRECTORS	NIC NOS.		PRINCIPAL	INTEREST/ MARK-UP	OTHER	TOTAL					
1		2	3	4	5	6	7	8	9	10	11	12	
20	MALIK BROTHERS ZARI SERVICE Near Old Post Office, Gillani Mohallah, Loh Gillani.	ALLAH BAKHSH	31201-0590524-9	JINDWADA	3,476	1,256	1,931	6,663	-	-	-	1,557	
21	IRSHAD & SONS Chak No.87/9-L, By Pass Road, Sahiwal.	IRSHAD AKHTER	36502-1342208-7	CH. MUHAMMAD ALI	2,487	-	2,065	4,552	-	-	-	1,552	
22	REHMAN SHOE COMPANY Gole Cloth Bazar, Faisalabad	ABDUL REHMAN	33102-1762563-3	SHEKH MUHAMMAD IHSAN	-	0.993	-	0.993	-	-	-	0.993	
23	HAMZA AGRO SERVICES Mehervey Road, Near Slaughter House, Shujababad.	FAYAZ UD DIN	36304-2168067-5	ISLAM UD DIN	4,000	0.825	1,815	6,640	-	-	-	1,351	
24	WELCOME TRADING COMPANY Burglow No. F-69, Block-B, North Nazimabad, Karachi.	MUHAMMAD NISAR	42101-7515372-1	MUHAMMAD MIAN	18,399	0.162	7,639	26,200	-	-	-	6,538	
25	R G M WEAVING FACTORY T T K, M. Jaranwala Road, Faisalabad	RAJIA AMIR SALEEM	37405-2321150-1	RAJIA MUHAMMAD SALEEM	0.999	0.351	1,455	2,805	-	-	-	1,304	
26	HAMZA INTERNATIONAL 163 West Wood Colony Lahore	TARIQ RAFIQUE	272-62-600151	MUHAMMAD RAFIQUE	4,374	0.618	6,849	11,841	-	-	-	6,841	
27	UNILINK INTERNATIONAL S T E Ujok Road, Sakot	NAVEED ZAFAR	34601-7275721-7	ZAFAR IQBAL	8,555	0.545	8,501	17,601	-	-	-	7,055	
28	THREE STAR FILLING STATION Pasur Road, Meza Sheikh Rajadah, Gujranwala.	MUHAMMAD ASHRAF	34101-0497722-9	SHAH MUHAMMAD	1,450	-	1,454	2,904	-	-	-	1,304	
29	JUTT BROTHERS Noor Ghalla Mandi Bucheki	TAJ MUHAMMAD	35402-8651804-3	FATEH MUHAMMAD	1,999	0.396	0,788	3,183	-	-	-	0,851	
30	JET MEDICAL HALL Muslim Bazar Gujrat	AAMIR JAVED	34201-5237526-1	ALLAH DITTA	0,800	0.182	0,798	1,780	-	-	-	0,763	
31	SHEIKH ABDUL KARIM Shop No.31 Inayat Market Ral Bazar Faisalabad	SHEIKH ABDUL KARIM	33102-1775279-3	SHEKH ABDUL LATIF	1,601	0.133	1,269	3,003	-	-	-	1,402	
32	SHALA CHICKS Plot # 55, P8V Scheme III, Kahuta Road, Shala.	MIAN MUHAMMAD YACOUB	37405-8718108-9	MUHAMMAD DIN	-	-	18,660	18,660	-	-	-	5,660	
33	DANISH TRADERS Shop No.23, Grain Market, Multan	Farooq Ahmad	36302-3995490-9	BASHIR AHMAD	42,800	23,653	73,128	139,581	-	-	-	94,481	
34	ABDULLAH COMMISSION SHOP Farida Ratta Khanna Road, Depalpur, PO Depalpur, District Okara.	Muhammad Ameer Hamza	35301-1912963-1	ATTA MUHAMMAD	3,995	0.749	1,469	6,213	-	-	-	1,103	
35	RIAZ AHMED Main Road Moro Noushero Feroze	RIAZ AHMED	45303-1240010-3	BASHIR AHMED SOLANGI	1,500	0.944	1,058	3,502	-	-	-	1,058	
36	SALEEMI TRAVELS & TOUR OPERATION St-6, Seabreeze Plaza, Flat 502-A, Shahr-ah - E - Faisal, Karachi	Bashir Ahmed Saleemi	42201-9995773-9	AZEEMULLAH	0.997	-	1,353	2,350	-	-	-	1,320	
37	BISMILLAH AGRO SERVICES Village P.O. Adhu Ray, Gujranwala.	ZAHID HAYAT RANUHA	34101-2629898-5	UMER HAYAT	0.798	-	0.634	1,432	-	-	-	0,632	
38	CHEEMA BROTHER BRICKS COMPANY Pathanke Cheema P O Ahmed Nagar ,Gujranwala	AHMED BILAL	34104-3406413-1	MUHAMMAD ANWAR	1,887	-	2,119	4,006	-	-	-	1,605	
39	ARUS PROTENS Rizwan Street, Jail Road Opposite, S.S.P Patrolling Police Office, Faisalabad	MIAN MUHAMMAD ARSHAD SHAHIDA PERVEEN MIAN REHAN ARSHAD MIAN USMAN ARSHAD	33100-7854634-1 33100-4211069-2 33100-4564665-3 33100-5978888-3	TAJ DIN QAMAR AFTAB MIAN ARSHAD MIAN MUHAMMAD ARSHAD	-	1,467	1,460	2,927	-	-	-	2,927	

Sr. No.	NAME AND ADDRESS OF BORROWER	NAME OF INDIVIDUALS/PARTNERS/DIRECTORS		FATHER'S NAME	OUTSTANDING LIABILITIES AT THE BEGINNING OF THE PERIOD					INTEREST MARK-UP WRITTEN-OFF	OTHER FINANCIAL RELIEF PROVIDED	TOTAL 9+10+11
		NAME OF DIRECTORS	NIC NOS.		PRINCIPAL	INTEREST/ MARK-UP	OTHER	TOTAL	PRINCIPAL WRITTEN-OFF			
1	2	3	4	5	6	7	8	9	10	11	12	
40	AFRUS INTERNATIONAL Rizwan Street, Jilf Road Opposite, S.S.P. Patrolling Police Office, Faisalabad	MIAN MUHAMMAD ARSHAD SHAHIDA PERVEEN MIAN REHAN ARSHAD MIAN USMAN ARSHAD MUHAMMAD SHOAB	33100-7854634-1 33100-4211064-2 33100-4564665-3 33100-5978888-3 33100-1995504-7	TAJ DIN AMAR AFTAB MIAN ARSHAD MIAN MUHAMMAD ARSHAD SARFAR MUHAMMAD	98.560 3.462	33.581	135.603	-	-	37.043	37.043	
41	AMINI TITFAO RICE MILLS 53, Grain Market, Nankana Sahib, Sheikhupura	MUHAMMAD DIN MUHAMMAD AMIN MUHAMMAD YACOUB MUHAMMAD HUSSAIN MUHAMMAD SHARIF MAJBOOL AHMED TARIQ SHAH AHMED MUHAMMAD DIN	35402-1988101-1 35402-1977883-9 35402-1975940-3 35402-1990245-9 35402-4024831-3 35402-4726462-1 35402-8021511-9 296-15-085129	MUHAMMAD IBRAHIM MUHAMMAD IBRAHIM MUHAMMAD IBRAHIM MUHAMMAD DIN MUHAMMAD DIN MUHAMMAD DIN MUHAMMAD DIN HAJI MUHAMMAD	300.000 7.166	115.632	422.798	-	-	107.698	107.698	
42	Muhammad Tariq Aziz and Ruhana Tariq Aziz, Haidar colony House # 1, street # 1, Pakpattan	Muhammad Tariq Aziz, Ruhana Tariq Aziz	36402-0777407-3 36402-0745044-2	CH MUHAMMAD DIN, MU- HAMMAD TARIQ AZIZ	4.599 0.400	-	4.999	-	-	1.050	1.050	
43	BABAR SALEEM & CO, Gali Masjid Tariqa, Mohallah Shaheen Abad, Gujranwala.	BABAR SALEEM	34101-4552810-9	MUHAMMAD SALEEM SHEKH	1.399 0.539	1.898	3.836	-	-	0.568	0.568	
44	GUL AHMED FABRICS 1/79 Kachi Abadi Mughal Pura Lahore	MUHAMMAD JAMSHAD KHAN	35201-7415455-9	MUHAMMAD AYAZ KHAN	2.500	2.032	4.532	-	-	1.532	1.532	
					599.270	372.453	1,031.851	-	-	369.228	369.228	



## ISLAMIC BANKING BUSINESS

The Bank is operating 127 (2022: 117) Islamic Banking Branches and 162 (2022: 135) Islamic Banking Windows at the end of the year.

### Statement of Financial Position

As at December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>ASSETS</b>			
Cash and balances with treasury banks		7,728,461	6,801,281
Balances with other banks		253,054	2,371,366
Due from financial institutions	1	-	3,000,000
Investments	2	38,360,057	28,248,134
Islamic financing and related assets - net	3	79,620,372	66,767,995
Fixed assets		886,405	1,220,562
Intangible assets		1,378	1,507
Due from Head Office	4	-	-
Other assets		5,126,241	3,434,983
<b>Total Assets</b>		<b>131,975,968</b>	<b>111,845,828</b>
<b>LIABILITIES</b>			
Bills payable		363,436	233,943
Due to financial institutions		17,276,361	27,105,292
Deposits and other accounts	5	95,333,605	71,870,126
Due to Head Office	4	427,931	2,112,619
Subordinated debt		-	-
Other liabilities		3,540,755	3,211,504
		116,942,088	104,533,484
<b>NET ASSETS</b>		<b>15,033,880</b>	<b>7,312,344</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		4,100,000	4,100,000
Reserves		-	-
Surplus on revaluation of assets		351,709	13,189
Unappropriated profit	7	10,582,171	3,199,155
		15,033,880	7,312,344
<b>CONTINGENCIES AND COMMITMENTS</b>	8		



## Profit and Loss Account

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
Profit / return earned	9	19,720,920	11,621,652
Profit / return expensed	10	11,159,872	7,887,361
Net Profit / return		8,561,048	3,734,291
<b>OTHER INCOME</b>			
Fee and commission income		440,191	278,601
Dividend income		-	-
Foreign Exchange Income		194,686	97,642
Gain / (loss) on securities		15	(16)
Other Income		32,940	7,413
Total other income		667,832	383,640
<b>TOTAL INCOME</b>		<b>9,228,880</b>	<b>4,117,931</b>
<b>OTHER EXPENSES</b>			
Operating expenses		1,842,144	1,644,578
Workers welfare fund		-	-
Other charges		269	106
Total other expenses		1,842,413	1,644,684
<b>PROFIT BEFORE PROVISIONS</b>		<b>7,386,467</b>	<b>2,473,247</b>
Provisions and write offs - net		3,451	3,653
<b>PROFIT BEFORE TAXATION</b>		<b>7,383,016</b>	<b>2,469,594</b>
Taxation		-	-
<b>PROFIT AFTER TAXATION</b>		<b>7,383,016</b>	<b>2,469,594</b>

# ISLAMIC BANKING BUSINESS

## Notes to the Annexure II

for the year ended December 31, 2023

	December 31, 2023			December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
<b>1 DUE FROM FINANCIAL INSTITUTIONS</b>						
Musharaka Lending	-	-	-	3,000,000	-	3,000,000
	-	-	-	3,000,000	-	3,000,000

	December 31, 2023				December 31, 2022			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								

## 2 INVESTMENTS BY SEGMENTS

### Federal Government Securities:

- Ijarah Sukuks	24,141,346	-	273,079	24,414,425	13,075,605	-	(67,540)	13,008,065
- Islamic Naya Pakistan Certificate	1,555,196	-	-	1,555,196	2,021,081	-	-	2,021,081
	25,696,542	-	273,079	25,969,621	15,096,686	-	(67,540)	15,029,146

### Non Government Debt Securities

- Listed	8,950,000	-	9,287	8,959,287	9,445,000	-	11,386	9,456,386
- Unlisted	3,431,149	-	-	3,431,149	3,762,602	-	-	3,762,602
	12,381,149	-	9,287	12,390,436	13,207,602	-	11,386	13,218,988
<b>Total Investments</b>	38,077,691	-	282,366	38,360,057	28,304,288	-	(56,154)	28,248,134

	Note	December 31, 2023	December 31, 2022
Rupees in '000			

## 3 ISLAMIC FINANCING AND RELATED ASSETS

Ijarah Financing	3.1	344,512	584,319
Murabaha Financing	3.2	155,607	643,374
Advance Against Murabaha	3.2	-	128,347
Diminishing Musharakah		14,886,737	13,393,139
Diminishing Musharakah - Islamic Re-Finance Against Renewable Energy		466,733	525,291
Advance Against Diminishing Musharakah		42,130	152,644
Advance Against Diminishing Musharakah - Islamic Re-Finance Against Renewable Energy		-	2,000
Business Musharakah Financing		59,298,890	47,183,573
Business Musharakah - Islamic Export Re-Finance		1,230,000	1,230,000
Istisna - Financing Under Islamic Export Re-Finance		407,268	1,000,000
Advance Against Istisna		-	69,997
Advance Against Istisna - Financing Under Islamic Export Re-Finance		1,200,000	555,000
Musawamah Financing		136,708	42,534
Advance Against Musawamah		42,147	-
Salam Financing		40,933	-
Advance Against Salam		127,474	109,932
Ijarah Financing - Staff		677,652	615,692
Diminishing Musharakah Financing - Staff		442,928	346,327
Advance Against Ijarah - Staff		83,114	107,857
Advance Against Diminishing Musharakah - Staff		44,877	81,855
Gross		79,627,710	66,771,881
Less: provision against Islamic financings			
- Specific		5,729	2,419
- General		1,609	1,467
		7,338	3,886
Islamic financing and related assets - net of provision		79,620,372	66,767,995

# ISLAMIC BANKING BUSINESS

## Notes to the Annexure II

for the year ended December 31, 2023

December 31, 2023							Book Value as at 31 Dec 2023
Cost			Accumulated Depreciation				
As at Jan 01, 2023	Additions / (deletions)	As at Dec 31, 2023	As at Jan 01, 2023	Charge for the year	As at Dec 31, 2023		

Rupees in '000

### 3.1 Ijarah

	751,862	(210,768)	541,094	174,549	22,033	196,582	344,512
Vehicles	751,862	(210,768)	541,094	174,549	22,033	196,582	344,512
Equipment	22,230	-	22,230	15,224	7,006	22,230	-
Total	774,092	(210,768)	563,324	189,773	29,039	218,812	344,512

December 31, 2022							Book Value as at 31 Dec 2022
Cost			Accumulated Depreciation				
As at Jan 01, 2022	Additions / (deletions)	As at Dec 31, 2022	As at Jan 01, 2022	Charge for the year	As at Dec 31, 2022		

Rupees in '000

Vehicles	534,874	216,988	751,862	234,840	(60,291)	174,549	577,313
Equipment	22,230	-	22,230	12,112	3,112	15,224	7,006
Total	557,104	216,988	774,092	246,952	(57,179)	189,773	584,319

	December 31, 2023				December 31, 2022			
	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total	Not later than 1 year	Later than 1 year & less than 5 years	Over Five years	Total

Rupees in '000

Future Ijarah payments receivable

Ijarah rental receivables	125,726	218,786	-	344,512	194,226	389,362	731	584,319
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Note December 31, December 31,  
2023 2022  
Rupees in '000

### 3.2 Murabaha

Murabaha financing	3.2.2	158,542	661,318
Inventory for Murabaha		-	-
Advances for Murabaha		-	128,347
		158,542	789,665

3.2.1 Murabaha receivable - gross	3.2.2	158,542	661,318
Less: Deferred murabaha income	3.2.4	(2,935)	(17,944)
Profit receivable shown in other assets		-	-
Murabaha financings		155,607	643,374

#### 3.2.2 The movement in Murabaha financing during the year is as follows:

Opening balance	661,318	548,285
Sales during the year	376,256	1,318,547
Adjusted during the year	(879,032)	(1,205,514)
Closing balance	158,542	661,318

3.2.3 Murabaha sale price	376,256	1,318,547
Murabaha purchase price	(350,103)	(1,237,634)
	26,153	80,913

# ISLAMIC BANKING BUSINESS

## Notes to the Annexure II

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	

3.2.4 Deferred Murabaha income		
Opening balance		17,944
Arising during the year	3.2.3	26,153
Less: Recognised during the year		(41,162)
Closing balance		2,935
		17,944

### 4 DUE FROM AND (DUE TO) HEAD OFFICE

Daily settlement with Head Office	(427,931)	(2,112,619)
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	December 31, 2023			December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees in '000					

### 5 DEPOSITS

#### Customers

Current deposits	20,495,221	980,018	25,024,904	15,487,232	511,253	15,998,485
Savings deposits	26,716,291	367,991	23,534,617	20,417,381	174,049	20,591,430
Term deposits	4,675,610	28,186	4,703,796	3,198,250	-	3,198,250
Others	2,664,074	-	2,664,074	4,025,263	-	4,025,263
	54,551,196	1,376,195	55,927,391	43,128,126	685,302	43,813,428

#### Financial Institutions

Current deposits	459,525	-	459,525	262,459	-	262,459
Savings deposits	38,946,689	-	38,946,689	27,794,239	-	27,794,239
Term deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
	39,406,214	-	39,406,214	28,056,698	-	28,056,698
	93,957,410	1,376,195	95,333,605	71,184,824	685,302	71,870,126

	December 31, 2023	December 31, 2022
	Rupees in '000	

#### 5.1 Composition of deposits

- Individuals	29,252,546	22,903,364
- Government	7,324,434	2,661,580
- Public Sector Entities	155,559	3,994
- Banking Companies	4,940	254,457
- Non-Banking Financial Institutions	39,416,361	27,927,236
- Private Sector	19,179,765	18,119,495
	95,333,605	71,870,126

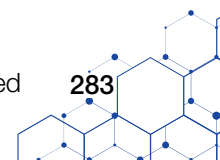
5.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 41,639 million. (2022: 31,227 million)

# ISLAMIC BANKING BUSINESS

## Notes to the Annexure II

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>6 CHARITY FUND</b>		
Opening Balance	828	46
Additions during the period:		
Received from customers on account of delayed payment	3,653	5,615
Dividend purification amount	-	-
Other Non-Shariah compliant income	-	-
Profit on charity saving account	506	263
Others	13	4
	<u>4,172</u>	<u>5,882</u>
Payments and utilization during the period:		
Education	-	1,000
Health	1,500	1,100
Other	2,500	3,000
	<u>4,000</u>	<u>5,100</u>
Closing Balance	1,000	828
<b>6.1</b> During the year charity exceeding Rs 0.5 million		
Akhuwat Islamic Microfinance	2,000	2,500
Sundas Foundation	1,000	-
International Islamic University (IIU) Endowment Fund	-	1,000
	<u>3,000</u>	<u>3,500</u>
<b>6.2</b> During the year charity to related party is Nil. (2022: Nil)		
<b>7 ISLAMIC BANKING BUSINESS UNAPPROPRIATED PROFIT</b>		
Opening Balance	3,199,155	729,561
Add: Islamic Banking profit / (loss) for the period	7,383,016	2,469,594
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	<u>10,582,171</u>	<u>3,199,155</u>
<b>8 CONTINGENCIES AND COMMITMENTS</b>		
-Guarantees	2,278,575	1,249,848
-Commitments	2,989,376	930,995
-Other contingent liabilities	716,164	846,808
	<u>5,984,115</u>	<u>3,027,651</u>
<b>9 PROFIT/RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS</b>		
Profit earned on:		
Financings	13,534,311	7,982,044
Investments	6,042,279	3,596,038
Placements	144,330	43,570
	<u>19,720,920</u>	<u>11,621,652</u>
<b>10 PROFIT ON DEPOSITS AND OTHER DUES EXPENSED</b>		
Deposits and other accounts	8,763,328	4,460,504
Due to Financial Institutions	2,253,852	3,402,697
Other Expenses (IFRS-16)	142,692	24,160
	<u>11,159,872</u>	<u>7,887,361</u>



# ISLAMIC BANKING BUSINESS

## Notes to the Annexure II

for the year ended December 31, 2023

### 11 POOL MANAGEMENT

Allied Bank Limited – Islamic Banking is maintaining general and specific pools for depositors on Mudarabah basis, and Financial Institution pools are maintained for interbank funds on Musharakah / Mudarabah basis.

- 1- General Pool for Local Currency Depositors (Mudarabah)
- 2- General Pool for Foreign Currency (US\$, Great Britain Pound and EURO) depositors (Mudarabah)
- 3- Specific Pools (Mudarabah)
- 4- Treasury related FI Pools (Mudarabah, Musharakah)
- 5- Islamic Export Refinance Pool (Musharakah)
- 6- Equity Pool (Mudarabah)
- 7- Charity Pool (Mudarabah)

#### 1- General Pool for Local Currency Depositors (Mudarabah)

Funds generated from the general depositors are invested in different assets under this pool category. The Bank acts as Manager (Mudarib) and accepts funds in local currency from general depositors (Rab-ul-Maal) on the principals of Mudarabah and invests the same in Shariah compliant modes of financings, investments and placements. Bank as a manager of this pool, can add amend and transfer an asset to any other pool in the interest of the depositors. As required under regulatory instructions, SBP funds obtained under its various schemes are also made part of the general pool. Further, the Bank may also commingle its own equity in this pool.

The profit of General Pool is calculated after deducting the directly incurred expenses, if any, from the income earned on all the remunerative assets managed by the pool. No provision against any non-performing asset of the pool are passed on to the pool except on the actual loss / write-off of such non-performing asset as per SBP guidelines. The profit of the pool is shared between equity and other members of the pool at gross level (before charging of mudarib fee) as per the investment ratios. After charging of agreed mudarib fee, The profit of the pool is shared among the members of the pool on profit weightages i.e. announced before start of profit calculation period.

#### 2- General Pool for Foreign Currency (US\$, Great Britain Pound and EURO) depositors (Mudarabah)

ABL Islamic is maintaining foreign currency pools for customers maintaining Mudarabah based deposit in US\$, Great Britain Pound and EURO currencies. The objective of these pools are to effectively manage the FCY deposits of customers to earn and distribute returns, generally from FCY denominated assets. However, in case FCY denominated assets are not available, the Bank may invest these funds in local currency assets by converting the funds to local currency assets.

#### 3- Specific Pools (Mudarabah)

Specific pool(s) are created where the customers desire to invest in high yielding assets. Profit rates of these pool(s) are usually different from the general pool depending on the assets. In case of loss in special pool, the loss will be borne by the Special pool members. The distributable profit is calculated as direct costs from the gross return earned on the pool. From the net return, profit is paid to the Mudarib in the ratio of the Mudarib's equity in the pool to the total pool. Specific pool deposits are invested in assets yielding relatively higher rate of return, as relative high risk investments are involved in these pools, hence bearing relative more risk than the general pool depositors.

#### 4- Treasury related FI Pools (Mudarabah, Musharakah)

Treasury Pools are generally created, to meet the liquidity requirements of the Bank, on the basis of Musharakah, Mudarabah, wherein Allied Bank Limited-Islamic Banking Group and Financial Institutions share actual return earned by the pool according to pre-defined profit sharing ratio. The FI pool assets generally comprise of sukuks and financings under business Musharakah and diminishing Musharakah modes.

#### 5- Islamic Export Refinance Pool (Musharakah)

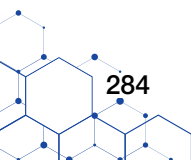
Islamic Export Refinance Pool is created with SBP, to manage export refinance customers, on the basis of Musharakah, IERS Pool generally comprises of blue chip companies and exporters as allowed under the applicable rules and regulations of the scheme.

#### 6- Equity Pool

Funds from banks own sources and current deposit (Qard basis) from customers are tagged to this pool, all fixed assets, subsidized financing to the Bank's employees are part of the equity pool. further, all admin costs and cost of assets such as land, building, furniture, fixtures, computers and Information Technology system are born by bank through equity pool.

#### 7- Charity Pool (Mudarabah)

Funds from charity collection on delayed payments from customers etc. are tagged to this pool. Gross Income, after deducting Bank's equity share, is distributed to charity account without charging any mudarib fee.



# ISLAMIC BANKING BUSINESS

## Notes to the Annexure II

for the year ended December 31, 2023

### Parameters associated with risk and rewards:

The risk & reward characteristics of each pool mainly depends on the assets and liability profile of each pool.

Following are the considerations attached with risk & reward of Mudaraba based pools:

### RISK:

- Period, rate of return, security and liquidity of investment.
- Risk annexed to investments and financings tagged to pools
- Market volatility risk relates to the current and future volatility of market values of specific assets and of foreign exchange rates.
- Change in deposit base due to early withdrawals of deposits
- Maturity mismatch of assets and deposits
- Limited avenues for Liquidity deployment, may decline profit earning rates
- SBP rules, guidelines
- Sharia Non compliance risk

### REWARDS:

- Shariah compliant Halal Profit earnings.
- Profit distribution according to predetermined weightages / PSR.
- Sharing of gross profit after direct expenses related to pool, bank bears admin cost.
- Investments risk mitigation through Portfolio management.
- Transparency through regulator's control and periodic audits.
- Profit equalization reserve and Investment risk reserve to stream line profits.
- Mitigation of Shariah Non compliance risk through Shariah reviews and Shariah audits.

The deposits and funds accepted under the above mentioned pools are invested in diversified sectors and avenues of the economy and business along with investment in Government of Pakistan backed Ijarah Sukuks and other Shariah Compliant assets.

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>11.1 Avenues and sectors where Mudarabah/Musharakah based funds have been deployed;</b>		
Production & Transmission of Energy	8,884,498	10,919,128
Manufacturing of Miscellaneous Plastic Products	179,694	482,901
Chemicals & Allied Products	5,734,563	4,540,530
Petroleum and Gas	453,125	500,125
Leather / Leather products	300,000	300,258
Financial Institutions	340,031	629,027
Agriculture & Food Products	55,091,376	42,429,712
Transportation & Logistics	300,182	408,138
Auto & Allied Products	-	6,841
Metal products - Steel Foundries	155,606	487,199
Cement	1,000,000	1,000,000
Textile - Knitting	404,880	632,300
Textile - Ginning	44,235	20,692
Retail Chain	50,000	600,000
Communication	3,249,738	620,793
Construction & real estate	968,840	647,891
Rice Processing	-	-
Flour Processing	-	10,214
Shipping Companies	688,795	872,474
Others	1,782,147	1,663,658
<b>Total Gross Financing and Related Assets</b>	<b>79,627,710</b>	<b>66,771,881</b>
GOP Ijarah Sukuks	24,414,711	13,008,065
GOP - Islamic Naya Pakistan Certificates	1,555,196	2,021,081.00
Power and Energy Generation	10,469,000	11,241,386
Financial Institutions	1,195,000	1,195,000
Chemicals	386,150	-
Hotel Business	340,000	407,602
Steel Processing	-	375,000
<b>Total Investments and Placements</b>	<b>38,360,057</b>	<b>28,248,134</b>
<b>Total Invested Funds</b>	<b>117,987,767</b>	<b>95,020,015</b>

# ISLAMIC BANKING BUSINESS

## Notes to the Annexure II

for the year ended December 31, 2023

### 11.2 Profit and (loss) distribution to mudaraba based depositor's pool

Remunerative Depositor's Pool	No of Pools maintained during 2023	Profit rate and weightage announcement period	Mudarib share Percentage of Distributable income	Mudarib share Amount	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba	Profit rate return earned on earning assets	Profit rate return distributed to remunerative deposits
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Rupees in '000'

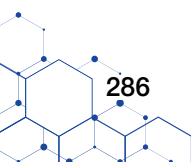
General Pool	1	Monthly	50.00%	3,761,969	30.06%	1,131,009	20.99%	13.03%
Foreign Currency Pool - USD	1	Monthly	99.00%	19,156	0.35%	66.67	7.81%	0.10%
Foreign Currency Pool - GBP	1	Monthly	99.00%	50	1.23%	0.61	4.04%	0.10%
Foreign Currency Pool - EUR	1	Monthly	99.00%	464	0.00%	-	19.51%	0.19%
Charity Pool	1	Monthly	0.00%	-	0.00%	-	20.44%	20.44%
Specific pools for interbank, Investment certificates and remunerative accounts	13	Monthly	22.06%	971,899	42.25%	410,607	21.63%	17.80%

### 11.3 Profit and (loss) distribution to Musharkah Based pools

Pools	Profit rate and weightage announcement period	Average rate of return earned	Average PSR to Musharkah Partner	Average rate of return distributed to fund provider
-------	---	-------------------------------	----------------------------------	---

Islamic Export Refinance (IERS) Musharka Pool	1	Monthly	16.12%	34.63%	14.33%
InterBank Musharka Pools	506	As required	19.74%	95.05%	19.14%

\*Profit sharing ratios varies from month on month and case to case basis





## Details of Disposal of Fixed Assets to Related Parties

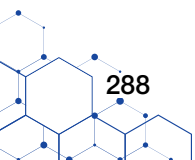
for the year ended December 31, 2023

### Annexure III

The particulars of disposal of fixed assets to related parties are given below:

Description	Original Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of Disposal	Particulars of purchaser
Rupees in '000						
Electrical and Computer Equipments						
	340	340	-	34	As Per Bank Policy	Ahmad Faheem Khan
	285	285	-	29	As Per Bank Policy	Shahid Amir
	347	347	-	35	As Per Bank Policy	Mujahid Ali
	441	441	-	44	As Per Bank Policy	Asif Bashir
	262	262	-	26	As Per Bank Policy	Owais Shahid
	382	382	-	38	As Per Bank Policy	Ahmad Faheem Khan
	273	273	-	27	As Per Bank Policy	Moin Khalid
	249	249	-	25	As Per Bank Policy	Atif Mirza
	75	75	-	8	As Per Bank Policy	Jamil Khan
	412	412	-	41	As Per Bank Policy	Owais Shahid
	452	452	-	45	As Per Bank Policy	Owais Shahid
	65	65	-	7	As Per Bank Policy	Zubair Sharif
	362	362	-	36	As Per Bank Policy	Abid Anwar
	25	25	-	3	As Per Bank Policy	Abid Anwar
	25	25	-	3	As Per Bank Policy	Abid Anwar
	70	70	-	7	As Per Bank Policy	Tariq Mehmood
	475	475	-	48	As Per Bank Policy	Moin Khalid
	250	250	-	25	As Per Bank Policy	Zubair Sharif
	<b>4,790</b>	<b>4,790</b>	-	<b>479</b>		

\*They are Key Management Personnel of the Bank.





**CONSOLIDATED  
FINANCIAL STATEMENTS**  
For the year ended December 31, 2023

# Directors' Report on Consolidated Financial Statements

For the year ended December 31, 2023

On behalf of the Board of Directors, we are pleased to present the consolidated Annual Report of Allied Bank Limited (holding company) and ABL Asset Management Company Limited (subsidiary company) for the year ended December 31, 2023.

The operating results and appropriations, as recommended by the Board of Directors are included in the appended table:

	Year ended December 31,		
	2023	2022	Growth
	Rs. In Million		%
<b>Profit after tax for the year</b>	41,301	21,247	94
Accumulated profits brought forward	82,059	71,823	14
Transferred from surplus on revaluation of non-banking assets to un-appropriated profit – net of tax	1	27	-96
Transferred from surplus on revaluation of fixed assets to un-appropriated profit – net of tax	69	124	-44
Re-measurement on defined benefit plans – net of tax	488	118	314
<b>Profit available for appropriation</b>	123,919	93,339	33
Final cash dividend for the year ended December 31, 2022: Rs. 2.50 per share (2022: Year ended December 3, 2021: Rs. 2.00 per share)	(2,863)	(2,290)	25
First interim cash dividend for the year ended at December 31, 2023: Rs. 2.50 per share (2022: year ended December 31, 2022: Rs. 2.00 per share)	(2,863)	(2,290)	25
Second interim cash dividend for the year ended at December 31, 2023: Rs. 2.50 per share (2022: year ended December 31, 2022: Rs. 2.00 per share)	(2,863)	(2,290)	25
Third interim cash dividend for the year ended December 31, 2023: Rs. 3.00 per share (2022: year ended December 31, 2022: Rs. 2.00 per share)	(3,435)	(2,290)	50
Transfer to Statutory Reserves	(4,068)	(2,119)	92
<b>Accumulated profits carried forward</b>	107,827	82,059	31
<b>Earnings Per Share (EPS) (Rs.)</b>	36.07	18.56	94

## Pattern of shareholding

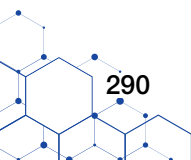
Pattern of Shareholding as at December 31, 2023 is included in the Annual Report.

For and on behalf of the board

**Aizid Razzaq Gill**  
Chief Executive Officer

**Mohammad Naeem Mukhtar**  
Chairman Board of Directors

Lahore  
Dated: February 13, 2024



# Independent Auditor's Report

## To the members of Allied Bank Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the annexed consolidated financial statements of Allied Bank Limited and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated profit and loss account and 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 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 consolidated statement of financial position, 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 together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

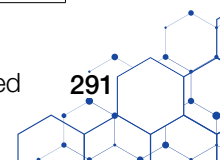
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities For the Audit of the Financial Statements section of our report. We are independent of the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

#### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter was 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 this matter.

Following are the Key Audit Matter:

S. No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Provision against non-performing advances</b></p> <p>The Group's advances to the customers represent 33.45% of its total assets as of 31 December 2023 which is spread across various branches. The advances mainly includes corporate financing to several public sector entities and large to small size businesses operating in the private sector.</p> <p>As per the Group's accounting policy (refer note 4.4 to the consolidated financial statements), the Group determines provisions against non-performing advances in accordance with the requirements of Prudential Regulations (PRs) of State Bank of Pakistan (SBP) and also maintains general provision as required by PRs. The PRs require specific provisioning against advances on the basis of an age-based criteria which is supplemented by a subjective evaluation by the Group of its portfolio of advances. The determination of subjective provision against advances involves use of management judgment, on a case-to-case basis, considering factors such as the borrower's economic, financial and business conditions, repayment behaviors and credit worthiness.</p> <p>In view of the magnitude of advances in the consolidated financial statements and the level of involvement of management's judgment, we identified provision against advances as a key audit matter.</p> <p>The accounting policy and disclosures relating to provisioning against non- performing advances are included in note 4.4 and 9 respectively to the consolidated financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <p>We reviewed the Group's process for identification and classification of non-performing advances, monitoring of advances with higher risk of default and migration of these advances to non-performing advances category and accurate computation and recording of provisions.</p> <p>We performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired advances and declassification of accounts from non-performing to regular and vice versa, as the case may be.</p> <p>We performed independent checks on test basis for the computations of provisions to assess that the same is in line with the requirements of the applicable Prudential Regulations.</p> <p>In addition, we selected a representative sample of borrowers from the portfolio of advances including individually significant credit facilities and performed tests and procedures such as review of credit documentation, repayment history and past due status and financial condition as depicted by the borrowers' financial statements and nature of collateral held by the Group.</p> <p>In respect of the level of general provision maintained by the Group, we discussed the approach and policy followed by the Group with the management.</p> <p>We also assessed adequacy of disclosures as included in note 9 to the consolidated financial statements regarding the non-performing advances and provisions made for the same in the consolidated financial statements in accordance with the requirements of the applicable financial reporting framework.</p>



# Independent Auditor's Report

## To the members of Allied Bank Limited

### Report on the Audit of the Consolidated Financial Statements

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

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

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

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

#### Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

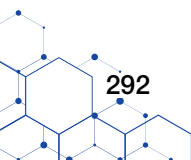
The Board of directors is responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



# Independent Auditor's Report

## To the members of Allied Bank Limited

### Report on the Audit of the Consolidated Financial Statements

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

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

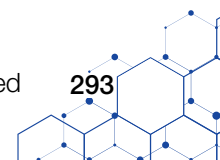
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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 partners on the audit resulting in this independent auditors' report is Arslan Khalid.

**EY Ford Rhodes**  
Chartered Accountants

Place: Lahore  
Date: 6 March 2024

UDIN: AR2023101915s3MXSkNU



# Consolidated Statement of Financial Position

as at December 31, 2023

December 31, 2023	December 31, 2022		Note	December 31, 2023	December 31, 2022
US \$ in '000				Rupees in '000	
<b>ASSETS</b>					
553,906	311,873	Cash and balances with treasury banks	5	156,124,352	87,904,863
8,712	12,203	Balances with other banks	6	2,455,601	3,439,468
33,414	100,128	Lendings to financial institutions	7	9,418,003	28,222,195
4,096,340	3,997,423	Investments - net	8	1,154,597,203	1,126,716,510
2,768,376	2,995,163	Advances - net	9	780,296,455	844,218,560
434,240	290,299	Fixed assets	10	122,395,241	81,823,836
12,122	10,548	Intangible assets	11	3,416,652	2,973,145
13,418	46,254	Deferred tax assets	12	3,781,881	13,037,316
356,788	232,514	Other assets - net	13	100,564,585	65,536,679
8,277,316	7,996,405			2,333,049,973	2,253,872,572
<b>LIABILITIES</b>					
33,075	50,236	Bills payable	15	9,322,405	14,159,643
1,325,740	1,881,832	Borrowings	16	373,674,042	530,414,493
5,948,292	5,400,809	Deposits and other accounts	17	1,676,589,677	1,522,275,850
-	-	Liabilities against assets subject to finance lease		-	-
-	-	Sub-ordinated debt		-	-
-	-	Deferred tax liabilities - net		-	-
270,126	201,370	Other liabilities	18	76,137,811	56,758,278
7,577,233	7,534,247			2,135,723,935	2,123,608,264
700,083	462,158	<b>NET ASSETS</b>		<b>197,326,038</b>	<b>130,264,308</b>
<b>REPRESENTED BY</b>					
40,626	40,626	Share capital	19	11,450,739	11,450,739
134,682	111,528	Reserves		37,961,636	31,435,453
142,220	18,871	Surplus on revaluation of assets - net of tax	20	40,086,369	5,319,137
382,555	291,133	Unappropriated profit		107,827,294	82,058,979
700,083	462,158			197,326,038	130,264,308

## CONTINGENCIES AND COMMITMENTS

21

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

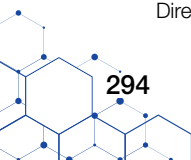
Muhammad Atif Mirza  
Chief Financial Officer

Azid Razzaq Gill  
President and Chief Executive

Mubashir A. Akhtar  
Director

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman





# Consolidated Profit and Loss Account

for the year ended December 31, 2023

December 31, 2023	December 31, 2022	Note	December 31, 2023	December 31, 2022	
US \$ in '000			Rupees in '000		
1,266,615	764,483	Mark-up / return / interest earned	23	357,008,968	215,477,711
866,018	527,807	Mark-up / return / interest expensed	24	244,096,459	148,768,136
400,597	236,676	<b>Net mark-up and interest income</b>		112,912,509	66,709,575
<b>NON MARK-UP / INTEREST INCOME</b>					
42,016	31,765	Fee and commission income	25	11,842,546	8,953,314
12,570	10,955	Dividend income		3,543,033	3,087,693
32,523	28,198	Foreign exchange income		9,167,089	7,948,096
-	-	Income from derivatives		-	-
2,997	4,966	Gain on securities - net	26	844,772	1,399,781
708	221	Other income	27	199,649	62,281
90,814	76,105	<b>Total non-markup / interest income</b>		25,597,089	21,451,165
491,411	312,781	<b>Total income</b>		138,509,598	88,160,740
<b>NON MARK-UP / INTEREST EXPENSES</b>					
169,164	142,818	Operating expenses	28	47,680,724	40,254,537
6,293	3,472	Workers welfare fund - net		1,773,735	978,733
834	1,270	Other charges	29	235,113	358,006
176,291	147,560	<b>Total non-markup / interest expenses</b>		49,689,572	41,591,276
3,427	(172)	Share of profit / (loss) of associates		965,906	(48,468)
318,547	165,049	<b>Profit before provisions</b>		89,785,932	46,520,996
10,562	(926)	Provisions and write offs - net	30	2,976,973	(260,893)
-	-	Extra-ordinary / unusual items		-	-
307,985	165,975	<b>PROFIT BEFORE TAXATION</b>		86,808,959	46,781,889
161,454	90,592	Taxation	31	45,507,595	25,534,404
146,531	75,383	<b>PROFIT AFTER TAXATION</b>		41,301,364	21,247,485
<b>In US \$</b>			<b>In Rupees</b>		
0.13	0.07	<b>Basic and diluted earnings per share</b>	32	36.07	18.56

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

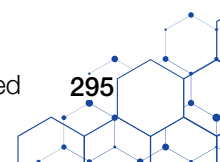
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Zafar Iqbal  
Director

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President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Mubashir A. Akhtar  
Director



# Consolidated Statement of Comprehensive Income

for the year ended December 31, 2023

December 31, 2023		December 31, 2022			
US \$ in '000				December 31, 2023	
				December 31, 2022	
				Rupees in '000	
146,531	75,383	<b>Profit after taxation for the year</b>		41,301,364	21,247,485
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit and loss account in subsequent periods:</i>					
8,720	8,983	Effect of translation of net investment in foreign branches		2,457,884	2,532,005
39,935	(49,713)	Movement in surplus / (deficit) on revaluation of investments - net of tax		11,256,117	(14,012,029)
48,655	(40,730)			13,714,001	(11,480,024)
<i>Items that will not be reclassified to profit and loss account in subsequent periods:</i>					
		Remeasurement gain on defined benefit obligations - net of tax		488,147	117,811
1,732	418				
		Movement in surplus on revaluation of fixed assets - net of tax		23,485,406	(174,267)
83,323	(618)				
		Movement in surplus on revaluation of non-banking assets - net of tax		96,088	70,709
341	251				
85,396	51			24,069,641	14,253
280,582	34,704	<b>Total comprehensive income</b>		<b>79,085,006</b>	<b>9,781,714</b>

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

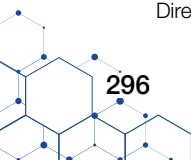
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Chief Financial Officer

Aizid Razzaq Gill  
President and Chief Executive

Mubashir A. Akhtar  
Director

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Director

Mohammad Naeem Mukhtar  
Chairman



# Consolidated Statement of Changes in Equity

for the year ended December 31, 2023

	Share capital	Capital reserve		Revenue reserve		Surplus/(deficit) on revaluation of			Un-appropriated profit	Total
		Exchange translation reserve	Statutory reserve	General reserve	Investments	Fixed assets	Non-banking assets			
Rupees in '000										
<b>Balance as at January 01, 2022</b>	11,450,739	2,801,235	23,976,831	6,000	(4,121,836)	22,768,523	939,176	71,822,518	129,643,186	
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	-	21,247,485	21,247,485	
<b>Other Comprehensive Income - net of tax</b>										
Deficit on revaluation of investments - net of tax	-	-	-	-	(14,012,029)	-	-	-	(14,012,029)	
Effect of change in tax rate on revaluation surplus of fixed assets - net of tax	-	-	-	-	-	(174,267)	-	-	(174,267)	
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	70,709	-	70,709	
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	117,811	117,811	
Effect of translation of net investment in foreign branches	-	2,532,005	-	-	-	-	-	-	2,532,005	
	-	2,532,005	-	-	(14,012,029)	(174,267)	70,709	117,811	(11,465,771)	
Transfer to statutory reserve	-	-	2,119,382	-	-	-	-	(2,119,382)	-	
Transfer of revaluation surplus on change in use - net of tax	-	-	-	-	-	100,467	(100,467)	-	-	
Transfer from surplus in respect of incremental Depreciation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	(124,171)	-	124,171	-	
Surplus realised on disposal of revalued fixed assets - net of tax	-	-	-	-	-	-	-	-	-	
Transferred from surplus in respect of incremental depreciation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(1,193)	1,193	-	
Surplus realised on disposal of revalued non-banking assets - net of tax	-	-	-	-	-	-	(25,775)	25,775	-	
<b>Transactions with owners recognized directly in equity</b>										
Final cash dividend for the year ended										
December 31, 2021 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)	
First interim cash dividend for the year ended										
December 31, 2022 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)	
Second interim cash dividend for the year ended										
December 31, 2022 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)	
Third interim cash dividend for the year ended										
December 31, 2022 (Rs. 2 per ordinary share)	-	-	-	-	-	-	-	(2,290,148)	(2,290,148)	
	-	-	-	-	-	-	-	(9,160,592)	(9,160,592)	
<b>Balance as at December 31, 2022</b>	11,450,739	5,333,240	26,096,213	6,000	(18,133,865)	22,570,552	882,450	82,058,979	130,264,308	
Profit after taxation for the year ended December 31, 2023	-	-	-	-	-	-	-	41,301,364	41,301,364	
<b>Other Comprehensive Income - net of tax</b>										
Surplus on revaluation of investments - net of tax	-	-	-	-	11,256,117	-	-	-	11,256,117	
Surplus on revaluation of fixed assets - net of tax	-	-	-	-	-	23,485,406	-	-	23,485,406	
Surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	96,088	-	96,088	
Remeasurement gain on defined benefit obligation - net of tax	-	-	-	-	-	-	-	488,147	488,147	
Effect of translation of net investment in foreign branches	-	2,457,884	-	-	-	-	-	-	2,457,884	
	-	2,457,884	-	-	11,256,117	23,485,406	96,088	488,147	37,783,642	
Transfer to statutory reserve	-	-	4,068,299	-	-	-	-	(4,068,299)	-	
Transferred from surplus in respect of incremental depreciation of fixed assets to un-appropriated profit - net of tax	-	-	-	-	-	(69,092)	-	69,092	-	
Transferred from surplus in respect of incremental depreciation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	-	(1,287)	1,287	-	
<b>Transactions with owners recognized directly in equity</b>										
Final cash dividend for the year ended										
December 31, 2022 (Rs. 2.5 per ordinary share)	-	-	-	-	-	-	-	(2,862,685)	(2,862,685)	
First interim cash dividend for the year ended										
December 31, 2023 (Rs. 2.5 per ordinary share)	-	-	-	-	-	-	-	(2,862,685)	(2,862,685)	
Second interim cash dividend for the year ended										
December 31, 2023 (Rs. 2.5 per ordinary share)	-	-	-	-	-	-	-	(2,862,685)	(2,862,685)	
Third interim cash dividend for the year ended										
December 31, 2023 (Rs. 3 per ordinary share)	-	-	-	-	-	-	-	(3,435,221)	(3,435,221)	
	-	-	-	-	-	-	-	(12,023,276)	(12,023,276)	
<b>Balance as at December 31, 2023</b>	11,450,739	7,791,124	30,164,512	6,000	(6,877,748)	45,986,866	977,251	107,827,294	197,326,038	

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

Muhammad Atif Mirza  
Chief Financial Officer

Zafar Iqbal  
Director

Aizid Razzaq Gill  
President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Mubashir A. Akhtar  
Director

# Consolidated Cash Flow Statement

for the year ended December 31, 2023

December 31, 2023	December 31, 2022	Note	December 31, 2023	December 31, 2022
US \$ in '000			Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
307,985	165,975		86,808,959	46,781,889
(15,997)	(10,783)		(4,508,939)	(3,039,225)
291,988	155,192		82,300,020	43,742,664
<b>Adjustments:</b>				
16,879	14,698	10.2	4,757,467	4,142,803
39	29		11,113	8,166
6,319	6,103		1,781,018	1,720,161
4,246	3,573		1,196,683	1,007,059
2,086	1,851		587,995	521,644
10,623	(619)	30	2,994,078	(174,530)
229	324		64,599	91,419
6,293	3,472		1,773,735	978,733
649	1,452		182,978	409,234
(85)	(69)		(23,924)	(19,508)
-	11		-	3,063
47,278	30,825		13,325,742	8,688,244
339,266	186,017		95,625,762	52,430,908
<b>Decrease or (increase) in operating assets</b>				
66,714	61,132		18,804,192	17,230,715
(72,784)	(6,368)		(20,514,918)	(1,794,751)
224,363	(677,123)		63,239,056	(190,854,487)
(159,387)	(111,989)		(44,924,971)	(31,565,345)
58,906	(734,348)		16,603,359	(206,983,868)
<b>(Decrease) or increase or in operating liabilities</b>				
(17,162)	14,545		(4,837,238)	4,099,764
(555,230)	390,849		(156,497,535)	110,164,916
547,483	386,709		154,313,827	108,998,167
64,610	57,728		18,211,108	16,271,361
39,701	849,831		11,190,162	239,534,208
437,873	301,500		123,419,283	84,981,248
(127,292)	(71,893)		(35,878,542)	(20,263,692)
(1,712)	(2,359)		(482,599)	(665,025)
308,869	227,248		87,058,142	64,052,531
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
33,263	(287,563)		9,375,488	(81,052,590)
(1,429)	(10,299)		(402,648)	(2,902,904)
12,331	10,955		3,475,756	3,087,652
(70,823)	(30,214)		(19,962,277)	(8,516,005)
161	208		45,497	58,540
8,720	8,983		2,457,884	2,532,005
(17,777)	(307,930)		(5,010,300)	(86,793,302)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
(9,179)	(8,219)		(2,587,226)	(2,316,602)
(42,511)	(32,448)		(11,982,078)	(9,145,863)
(51,690)	(40,667)		(14,569,304)	(11,462,465)
239,402	(121,349)		67,478,538	(34,203,236)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>				
325,487	445,714		91,742,216	125,629,648
(2,956)	(1,835)		(833,156)	(517,352)
322,531	443,879		90,909,060	125,112,296
561,933	322,530	33	158,387,598	90,909,060

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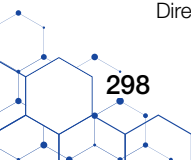
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President and Chief Executive

Mubashir A. Akhtar  
Director

Zafar Iqbal  
Director

Mohammad Naeem Mukhtar  
Chairman



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 1 STATUS AND NATURE OF BUSINESS

The “Group” consist of:

### Holding Company

Allied Bank Limited (“the Bank”), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Pakistan Stock Exchange Limited. The Bank operates a total of 1,481 (2022: 1,451) branches in Pakistan including 127 (2022: 117) Islamic banking branches, 1 branch (2022: 1) in Karachi Export Processing Zone and 1 Wholesale banking branch (2022: 1) in Bahrain. The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is ‘AAA’. Short term rating of the Bank is ‘A1+’.

The long term credit rating of the Bank assigned by the Pakistan Credit Rating Agency Limited (PACRA) is ‘AAA’. Short term rating of the Bank is ‘A1+’.

Ibrahim Holdings (Private) Limited is the parent company of the Bank and it’s registered office is in Pakistan.

The Bank is the holding company of ABL Asset Management Company Limited.

The registered office of the Bank is situated at 3 - Tipu Block, New Garden Town, Lahore.

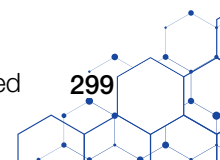
### Subsidiary Company

ABL Asset Management Company Limited (“the Company”) is a public unlisted company, incorporated in Pakistan as a limited liability company on 12 October 2007 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017). The Company has obtained licenses from the Securities and Exchange Commission of Pakistan (SECP) to carry on Asset Management Services and Investment Advisory Services as a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 as amended through S.R.O.1131[I] 2007 (“the NBFC Rules”) S.R.O 1233(I) / 2019. The Company received certificate of commencement of business on 31 December 2007. The Company has also obtained license to carry out business as Pension Fund Manager, under the Voluntary Pension System Rules, 2005. The registered office of the Company is situated at Plot no. 14, Main Boulevard, DHA Phase VI, Lahore. The Company is a wholly owned subsidiary of Allied Bank Limited (“the holding Company”).

The Company has been assigned an Asset Manager rating of ‘AM1’ by Pakistan Credit Rating Agency Limited dated October 26, 2023 (2022: ‘AM1’ dated October 26, 2022).

ABL Asset Management Company is managing the following funds:

– ABL Income Fund	Launched on September 20, 2008
– ABL Stock Fund	Launched on June 28, 2009
– ABL Cash Fund	Launched on July 30, 2010
– ABL Islamic Income Fund	Launched on July 30, 2010
– ABL Government Securities Fund	Launched on November 30, 2011
– ABL Islamic Stock Fund	Launched on June 12, 2013
– ABL Pension Fund	Launched on August 20, 2014
– ABL Islamic Pension Fund	Launched on August 20, 2014
– ABL Islamic Financial Planning Fund	Launched on December 22, 2015
– ABL Financial Planning Fund	Launched on December 31, 2015
– ABL Islamic Dedicated stock fund	Launched on December 19, 2016
– ABL Islamic Asset Allocation Fund	Launched on May 31, 2018
– Allied Finergy Fund	Launched on November 30, 2018
– ABL Special Saving Fund	Launched on September 19, 2019
– ABL Islamic Cash Fund	Launched on February 10, 2020
– ABL Financial Sector Fund	Launched on August 01, 2023
– ABL Fixed Rate Fund	Launched on October 20, 2023
– ABL Money Market Fund	Launched on November 16, 2023
– ABL Islamic Money Market Fund	Launched on December 23, 2023



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 2 BASIS OF PRESENTATION

These consolidated financial statements consists of holding company and its subsidiary company for the year ended December 31, 2023.

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

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

These consolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates. The amounts are rounded to nearest thousand of rupees unless otherwise stated.

The US\$ Dollar amounts presented in the Statement of Financial Position, Profit and Loss Account, Statement of Comprehensive Income and Statement of Cash Flow are stated as additional information, solely for the convenience of the users of financial statements. For the purpose of translation to US\$, spot rate of Rs. 281.8607 per US\$ has been used for 2023 and 2022, as it was the prevalent rate on reporting date.

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investment in subsidiary held by the Group is eliminated against the shareholders' equity in the consolidated financial statements.

### 2.1 STATEMENT OF COMPLIANCE

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

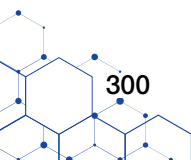
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies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

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

**2.1.2** The SBP, vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39 'Financial Instruments: Recognition and Measurement' (IAS 39) and International Accounting Standard 40 'Investment Property' (IAS 40) for banking companies till further instructions. Further, according to a notification of Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, International Financial Reporting Standard 7 'Financial Instruments Disclosure' (IFRS 7), 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. However, investments have been classified and disclosed in accordance with the requirements prescribed by SBP through various circulars.

**2.1.3** The Securities and Exchange Commission of Pakistan (SECP) vide SRO 56 (1) / 2016 dated January 28, 2016, has notified that the requirements of International Financial Reporting Standard 10 'Consolidated Financial Statements' (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.

**2.1.4** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard 3 'Profit & Loss Sharing on Deposits' (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities & Exchange Commission of Pakistan (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 the financial statements of the Bank.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 2.2 STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE IN THE CURRENT YEAR

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements, except as disclosed below.

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

## 2.3 STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

### IFRS 9 'Financial Instruments'

As per SBP BPRD Circular No 7 of 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP had earlier issued BPRD Circular No 3 of 2022 where detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.

The IFRS 9 application instructions and guidelines that have been issued as part of the circular include the following key components:

The State Bank of Pakistan vide its BPRD circular No. 2 dated February 9, 2023 has issued revised formats for interim and annual financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures on adoption of IFRS 9 as applicable in Pakistan.

- Basis for classification and measurement of debt and equity securities;
- Framework for determination of "Expected Credit Losses (ECL)" under the requirements of IFRS 9, including required risk management policies;
- Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities have been exempted from the application of the above ECL Framework;
- In respect of non-performing exposures (Stage 3 exposures) provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements;
- In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital and fully described in Annexure B to the aforementioned circular.

The State Bank of Pakistan vide its BPRD circular No. 2 dated February 9, 2023 has issued revised formats for interim and annual financial statements of the banks for the accounting periods starting from January 01, 2023, which shall include the presentation and disclosures on adoption of IFRS 9 as applicable in Pakistan.

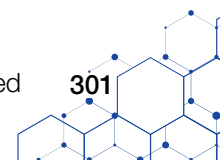
### Impact on equity and regulatory capital on adoption of IFRS 9

During 2023, the Bank has performed an impact assessment after applying the SBP's IFRS 9 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.

The Bank will adopt IFRS 9 in its entirety effective January 01, 2024 with a modified retrospective approach for restatement. As permitted by IFRS-9, the Bank will not be restating comparatives on initial application. The cumulative impact of the initial application will be recorded as an adjustment to opening equity as at January 1, 2024.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity as at January 01, 2024 would be a reduction in equity of approximately Rs. 2,722.8 million, with corresponding impacts as follows:

- A decrease of approximately Rs. 3,115.641 million net of tax related to impairment requirements;
- An increase of approximately Rs. 392.841 million net of tax related to classification and measurement changes.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply this transitional arrangement, may implement this in accordance with SBP's Guideline for absorption of ECL for CAR purposes as mentioned in Annexure-B of BPRD Circular no 3 of 2022.

The estimated impact of initial adoption of IFRS 9 on the Bank's capital ratios, without accounting for the allowed transitional arrangement, would be as follows:

- Common Equity Tier 1 Capital Adequacy ratio - 19.74%
- Tier 1 Capital Adequacy Ratio - 19.74%
- Total Capital Adequacy Ratio - 26.18%

These consolidated financial statements have been prepared in accordance with the applicable prudential regulations to the Group's domestic operations, whereas the requirements of this standard have been incorporated for the overseas jurisdiction where IFRS 9 has already been adopted.

The following amendments with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below. The Bank intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Standards and Amendments	Effective date (annual periods beginning on or after)
- IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - (Amendments)	January 01, 2024
- IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements - Amendments	January 01, 2024
- IFRS 16 - Lease Liability in a Sale and Leaseback - Amendments	January 01, 2024
- IAS 21 - Lack of exchangeability - Amendments	January 01, 2025
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments	Not yet announced

The above standards, amendments and improvements are not expected to have any material impact on the consolidated financial statements of the Bank for the futures periods.

Further, following new standard has been issued by IASB which is yet to be notified by SECP for the purpose of applicability in Pakistan.

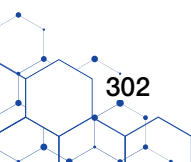
Standard	IASB effective date (accounting periods beginning on or after)
- IFRS 1 - First time adoption of International Financial Reporting Standards	January 01, 2024

## 2.4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

### 2.4.1 Provision against non-performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and advances and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the borrower and the requirements of the Prudential Regulations are considered. The amount of general provision is determined in accordance with the requirements set out in Prudential Regulations.





# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 2.4.2 Valuation and impairment of 'available-for-sale' equity investments

The Bank determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant and prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Other areas where judgments are exercised in application of accounting policies are as follows:

## 2.4.3 Defined benefit plans

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method. The actuarial assumptions used to determine the liability and related expense are disclosed in note 35.

## 2.4.4 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 or 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, other than those in subsidiary, which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

## 2.4.5 Depreciation and amortization and revaluation of operating fixed assets

In making estimates of the depreciation and amortization, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Bank and estimates the useful life. The method applied and useful lives estimated are reviewed at each financial year end and if there is a change in the expected pattern or timing of consumption of the future economic benefits embodied in the assets, the estimate would be changed to reflect the change in pattern. Such a change is accounted for as change in accounting estimates in accordance with International Accounting Standard 8 - Accounting Policies, 'Changes in Accounting Estimates and Errors'. Further, the bank estimates the revalued amount of land and buildings on a regular basis. The estimates are based on the valuations carried out by independent professional valuers under the market conditions.

## 2.4.6 Fair value hierarchy of assets and liabilities

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:

### a) Level 1

These are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank can access at the measurement date.

### b) Level 2

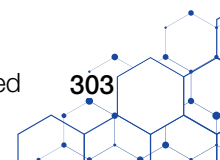
These are inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly or indirectly.

### c) Level 3

These are input for the assets or liabilities that are not based on observable market data (unobservable Inputs).

## 2.4.7 Lease term

The Bank applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 2.4.8 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.

## 3 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for the following which are stated at revalued amounts or fair values or present values:

- Certain investments (Note 4.3);
- Certain operating fixed assets (Note 4.5);
- Lease liability and related right of use assets (Note 4.6).
- Staff retirement and other benefits (Note 4.8);
- Non-banking assets acquired in satisfaction of claims (Note 4.9);
- Derivative financial instruments (Note 4.14.2).

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently to all periods presented in these consolidated financial statements of the Bank. Material accounting policies are enumerated as follows:

### 4.1 Cash and cash equivalents

For the purpose of Cash Flow Statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks (net of overdrawn nostro balances) in current and deposit accounts.

### 4.2 Lendings to or borrowings from financial institutions

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

#### a) Sale under re-purchase agreements

Securities sold subject to a re-purchase agreement are retained in the financial statements as investments and the counter party liability is included in borrowings from financial institutions. The differential in sale and re-purchase value is accrued on a pro rata basis and recorded as mark-up expense.

#### b) Purchase under resale agreements

Securities purchased under agreement to resell (reverse re-purchase) are included in lendings to financial institutions. The differential between the contracted price and resale price is accrued on pro rata basis over the period of the contract and recorded as mark-up income.

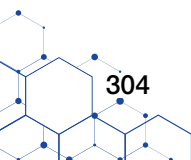
Securities held as collateral are not recognized in the financial statements, unless these are sold to third parties, in which case the obligation to return them is recorded at fair value as a trading liability under borrowings from financial institutions.

In Bai Muajjal, the Bank purchases and sells Shariah Compliant instruments including sukuks on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. Expected profit / expense is recognized on accrual basis.

In Musharaka and Mudaraba, the Bank invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio. Expected profit is recognized on accrual basis.

Other borrowings including borrowings from SBP are recorded at the proceeds received. Mark-up on such borrowings is charged to the Profit and Loss Account on a time proportion basis.

Lendings are stated net of provision. Return on such lending is accrued to the Profit and Loss Account on a time proportion basis except mark-up on impaired or delinquent lendings, which is recognized on receipt basis.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 4.3 Investments

### Investment in Subsidiary

ABL Asset Management Company Limited is a subsidiary of the Bank. This investment is stated at cost less provision for impairment, if any.

### Held-for-trading

These are investments acquired principally for the purpose of generating profits from short-term fluctuations in price or dealer's margin or are securities included in a portfolio in which a pattern of short-term trading exists.

### Held-to-maturity

These are investments with fixed or determinable payments and fixed maturities which the Bank has the intention and ability to hold till maturity.

In Bai Muajjal, the Bank sells sukuk on credit to Government of Pakistan. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

### Available-for-sale

These are investments which do not fall under held for trading and held to maturity categories.

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

Investments (other than held for trading) are initially measured at fair value plus transaction cost associated with the investment. Investments classified as held for trading are initially measured at fair value, and transaction costs are expensed in the profit and loss account.

After initial recognition, quoted securities (other than those classified as held to maturity) are carried at market value. Unquoted securities are valued at cost less impairment in value, if any. Held to maturity securities are carried at amortised cost.

Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available-for-sale', is included in the statement of comprehensive income and is shown in the statement of financial position as part of equity. The surplus / (deficit) arising on these securities is taken to the profit and loss account when actually realised upon disposal or in case of impairment of securities. The unrealised surplus / (deficit) arising on revaluation of quoted securities which are classified as held for trading is taken to the profit and loss account.

Premium or discount on debt securities classified as available for sale and held to maturity is amortised using effective interest method and taken to the profit and loss account.

Details of valuation techniques used in determination of fair value is included in note 38 of consolidated financial statements.

## 4.4 Advances

### a. Loans and advances

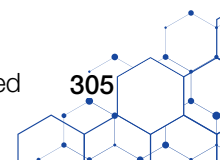
Loans and advances are stated net of general and specific provisions. Specific provision against loans is determined in accordance with the requirements of the Prudential Regulations and other directives issued by SBP and charged to the Profit and Loss Account. General provision is maintained in accordance with the requirements of Prudential Regulations issued by SBP. The provision and reversal is charged to the Profit and Loss Account. Advances are written off when there are no realistic prospects of recovery.

### b. Net investment in finance lease

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

### c. Islamic financing and related assets

The Bank provides Islamic financing and related assets mainly through Murabaha, Ijarah, Istisna, Diminishing Musharakah, Business Musharakah, Salam and Musawamah. The purchases and sales arising under these arrangements are



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The profit on such financings is recognised in accordance with the principles of Islamic Shariah. The Bank determines specific and general provisions against Islamic financing and related assets in accordance with the requirements of the Prudential Regulations issued by the SBP. The net provision made or reversed during the year is charged to Profit and Loss Account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

## 4.5 Fixed assets and depreciation

### a. Property and equipment - owned

Land is measured at cost at the time of initial recognition and is subsequently carried at revalued amount less impairment, if any. Buildings are initially measured at cost and upon revaluation, are carried at revalued amount less accumulated depreciation and impairment, if any. All other operating fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account on straight line basis so as to charge the assets over their expected useful lives at the rates specified in note 10.2. Depreciation is charged on prorata basis, i.e., full month charge in the month of purchase and no charge in the month of disposal.

Land and buildings are revalued by independent professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value. The valuations involve estimates / assumptions and various market factors and conditions. The Bank accounts for revaluation surplus / deficit in accordance with the requirements of IAS 16 "Property, Plant and Equipment".

Gains and losses on disposal of fixed assets are included in income currently, except that the related surplus on revaluation of land and buildings (net of deferred tax) is transferred directly to unappropriated profit.

### b. Intangible assets

Intangible assets are carried at cost less any accumulated amortization and impairment losses, if any. The cost of intangible assets is amortized over their estimated useful lives, using the straight line method. Amortization is charged from the month the assets are available for use at the rate stated in note 11.2. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

### c. Capital work-in-progress

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

## 4.6 Lease liability and right of use asset

### Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental lending rate to measure lease liabilities.

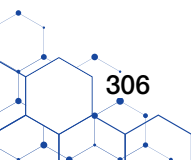
### Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within note 10 fixed assets.

### Bank as a lessee

The Bank enters into lease arrangements principally in respect of office space for its operations. The Bank assesses at contract inception whether a contract is, or contains, a lease.

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 4.7 Taxation

### a. Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits for the year.

### b. Prior

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments or changes in laws and changes in estimates made during the current year.

### c. Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences, at the reporting date between the amounts attributed to assets and liabilities for financial reporting purpose and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the periods when the difference will reverse, based on tax rates that have been enacted or substantially enacted at the reporting date.

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

The Bank also recognizes a deferred tax asset or liability on deficit or surplus on revaluation of fixed assets, non-banking assets and investments which is adjusted against the related deficit or surplus in accordance with the requirements of IAS-12 'Income Taxes'.

## 4.8 Staff retirement and other benefits

### 4.8.1 Staff retirement schemes

#### a. For employees who opted for the 2002 scheme introduced by the management

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary, service length and age as on June 30, 2002 are payable to all employees whose date of joining the Bank is on or before July 01, 1992, i.e., who have completed ten years of continuous service as on June 30, 2002.

An approved gratuity scheme (defined benefit scheme) under which the benefits are payable as under:

- i. For members whose date of joining the Bank is on or before July 01, 1992, their services would be calculated starting from July 01, 2002 for gratuity benefit purposes.
- ii. For members whose date of joining the Bank is after July 01, 1992 their services would be taken at actual for the purpose of calculating the gratuity benefit. This rule will be applicable upon retirement or in service death only, in case of resignation gratuity will be payable from July 01, 2002, even if he or she had joined the Bank before July 01, 2002.

A contributory provident fund scheme in which the employee has the option to contribute 8.33%, 12% or 15% of their basic salary every month. The Group's contribution is fixed at 8.33% of the basic salary of the employee every month.

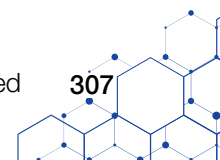
#### b. For employees who did not opt for 2002 scheme

An approved pension scheme (defined benefit scheme) under which the benefits on the basis of frozen basic salary as on June 30, 2002 are payable to all employees opting continuation of the previous scheme and whose date of joining the Bank is on or before July 01, 1992, i.e., who had completed ten years of continuous service as on June 30, 2002.

In the light of decision of Honorable Supreme Court of Pakistan in SMC No. 20/2016 dated 13th February 2018 read with Order dated 3rd April 2018 passed in CRP No.72/2018 and Order dated 7th August 2018 in Crl.O.No. 98 and 99 of 2018 and after consultation with Bank's legal counsel, the monthly pension of eligible pensioners has been fixed with indexation levels for eligible pensioners effective from February 13, 2018.

#### c. Post-retirement medical benefits

The Bank provides post-retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out using the Projected Unit Credit Method.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

Annual contributions towards the defined benefit schemes are made on the basis of actuarial valuation carried out using the Projected Unit Credit Method. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in Other Comprehensive Income in the period of occurrence.

## 4.8.2 Other long term benefit

### a. Employees' compensated absences

Employees' entitlement to annual leave is recognized when they accrue to employees, upto a maximum of 60 days. A provision is made for estimated liability for annual leaves as a result of services rendered by the employee against un-availed leaves, as per terms of service contract, up to the reporting date, based on actuarial valuation using Projected Unit Credit Method. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized in Profit and Loss Account in the period of occurrence.

### b. Compensation to certain class of employees

Bank has revised its retirement policy by reducing the retirement age to 58 years for class of employees effective January 01, 2018. Consequent to the revision, these employees shall be compensated with gross salary along with employer's contribution on provident fund and gratuity for the remaining period up to 60 years in addition to already defined post-employment benefits, payable at the time of retirement, if any.

## 4.9 Non-banking assets acquired in satisfaction of claims

Non-banking assets (NBA) acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation (excluding land). 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 NBA is credited to the 'surplus on revaluation of assets' account through statement of comprehensive income and any deficit arising on revaluation is taken to Profit and Loss Account directly. Legal fees, transfer costs and direct costs of acquiring title to property are charged to Profit and Loss Account and not capitalised.

## 4.10 Deposits

Deposits are initially recorded at the amount of proceeds received. Mark-up accrued on deposits is recognized separately as part of other liabilities and is accrued to the Profit and Loss Account on time proportion basis. Deposits mobilized under Islamic Banking operations are generated under two modes i.e. 'Qard' and 'Mudaraba'. Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Saving deposits or Fixed deposits'.

## 4.11 Impairment

### a. Available-for-sale equity securities

The Bank determines that 'available-for-sale' equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates, among other factors, the normal volatility in share price in the case of listed equity securities. In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the investee, industry and sector performance and changes in technology.

## 4.12 Provisions

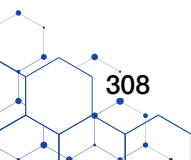
Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

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

Provisions are reviewed at the reporting date and are adjusted to reflect the current best estimate.

## 4.13 Acceptances

Acceptances comprise of undertakings by the Bank to pay bills of exchange drawn on customers. Acceptances are recognised as financial liability in the statement of financial position with a contractual right of reimbursement from the customer as a financial asset. Therefore, commitments in respect of acceptances have been accounted for as financial assets and financial liabilities.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 4.14 Financial instruments

### 4.14.1 Financial assets and liabilities

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

### 4.14.2 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the Profit and Loss Account.

## 4.15 Revenue recognition

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

### a. Advances and investments

Mark-up, return on regular loans and advances and investments is recognized on a time proportion basis. Where debt securities are purchased at premium or discount, the same is amortized through the Profit and Loss Account using the effective interest rate method.

Interest or mark-up recoverable on classified loans, advances and investments is recognized on receipt basis. Interest, return or mark-up on classified, rescheduled or restructured loans and advances and investments is recognized as permitted by the regulations of the State Bank of Pakistan.

Dividend income is recognized when the right to receive the dividend is established.

Gains and losses on sale of investments are recognized in the Profit and Loss Account.

### b. Lease financing

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 income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Unrealised income on classified leases is recognized on receipt basis.

Gains or losses on termination of lease contracts and other lease income are recognized when realized.

### c. Islamic financing and related assets

Profit on Business Musharakah financing is booked on accrual basis and is adjusted upon declaration of profit by Musharakah partners.

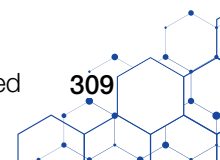
Ijarah and Diminishing Musharakah income is recognised on an accrual basis as and when the rental becomes due.

Murabaha, Musawamah and Salam income is recognised on deferred income basis.

Profit on Istisna financing is recognized on an accrual basis commencing from time of sale of goods till the realization of sale proceeds by the Bank.

### d. Fees, brokerage and commission

Fee, Commission and Brokerage income is recognized on an accrual basis except where, in the opinion of management, it would not be prudent to do so.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 4.16 Business Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment. Segment information is presented as per the Bank's functional and management reporting structure. The Bank's primary segment reporting is based on following business segments:

### a. Corporate & investment banking

This segment offers a wide range of financial services to medium and large sized public and private sector entities and also covers overseas operation of the Bank. These services include, providing and arranging tenured financing, corporate advisory, underwriting, cash management, trade products, corporate finance products and customer services on all bank related matters.

### b. Trading and sales (Treasury)

This segment undertakes the Bank's treasury and money market activities.

### c. Commercial & retail banking

Commercial and retail banking provides services to commercial and retail customers including agriculture sector. It includes loans, deposits and other transactions with commercial and retail (conventional and Islamic) customers.

### d. Islamic Banking

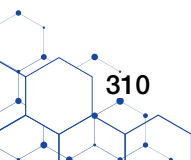
Islamic banking provides Shariah compliant services to customers including loans, deposits and other transactions.

### e. Others

Others includes functions which cannot be classified in any of the above segments.

## 4.17 Geographical Segment Reporting

Geographically the Bank operates in Pakistan, Middle East and China.





# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		34,480,540	28,210,054
Foreign currencies		3,877,058	974,226
		38,357,598	29,184,280
<b>Remittances in transit</b>		371,764	1,093,158
<b>With State Bank of Pakistan (SBP) in</b>			
Local currency current accounts	5.1	73,799,188	56,627,616
Foreign currency current account	5.2	149,569	77,448
Foreign currency deposit accounts (non-remunerative)	5.1	5,580,842	36,908
Foreign currency deposit accounts (remunerative)	5.3	11,695,327	59,118
		91,224,926	56,801,090
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		25,519,660	561,719
<b>Prize Bonds</b>		650,404	264,616
		156,124,352	87,904,863

**5.1** Deposits with the State Bank of Pakistan (SBP) are maintained to comply with the cash reserve requirement, under section 22 of the Banking Companies Ordinance, 1962 and State Bank of Pakistan statutory requirements issued from time to time.

**5.2** This represents US\$ settlement account maintained with the State Bank of Pakistan (SBP).

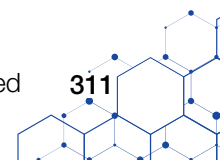
**5.3** This represents special cash reserve maintained with the State Bank of Pakistan (SBP). The return on this account is declared by SBP on a monthly basis and carries mark-up at the rate of 3.39% to 4.34% (2022: 0% to 3.14%) per annum.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			

## 6 BALANCES WITH OTHER BANKS

<b>In Pakistan</b>			
In current accounts		7,500	7,500
<b>Outside Pakistan</b>			
In current accounts		1,931,547	3,209,391
In deposit accounts	6.1	516,554	222,577
		2,455,601	3,439,468

**6.1** Balances with other banks outside Pakistan in deposit account carry interest rates of 0% to 0.25% (2022: 0% to 0.25%) per annum.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>7</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings - local currency	7.1	1,000,000	-
Call money lendings - foreign currency		-	3,622,894
Repurchase agreement lendings (Reverse Repo)	7.2 & 7.5	8,418,003	21,599,301
Musharaka lendings		-	3,000,000
Certificates of investment	7.3	70,000	70,000
		<u>9,488,003</u>	<u>28,292,195</u>
Less: Provision held against lendings to financial institutions	7.3 & 7.6	(70,000)	(70,000)
Lendings to financial institutions - net of provision		<u>9,418,003</u>	<u>28,222,195</u>

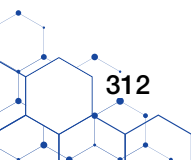
**7.1** These represent local currency call money lendings to financial institutions at the mark-up rate of 22.50% (2022: Nil) per annum, maturing on January 02, 2024.

**7.2** These are short-term local currency lendings to financial institutions against government securities as shown in note 7.5 below. These carry mark-up at the rate of 21.90% to 22.95% (2022: 16% to 16.1%) per annum, maturing latest by January 09, 2024.

**7.3** This represents local currency classified certificates of investment and related provisioning, amounting to Rs. 70 million (2022: Rs. 70 million).

	December 31, 2023	December 31, 2022
Rupees in '000		
<b>7.4</b>	<b>Particulars of lending</b>	
In local currency	9,488,003	24,669,301
In foreign currencies	-	3,622,894
	<u>9,488,003</u>	<u>28,292,195</u>

	December 31, 2023			December 31, 2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
Rupees in '000						
<b>7.5</b>	<b>Securities held as collateral against lending to financial institutions</b>					
Pakistan Investment Bonds	8,418,003	-	8,418,003	-	-	-
Market Treasury Bills	-	-	-	21,599,301	-	21,599,301
	<u>8,418,003</u>	<u>-</u>	<u>8,418,003</u>	<u>21,599,301</u>	<u>-</u>	<u>21,599,301</u>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023		December 31, 2022	
	Classified Lending	Provision Held	Classified Lending	Provision Held
Rupees in '000				
<b>7.6 Category of classification</b>				
<b>Domestic</b>				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	70,000	70,000	70,000	70,000
	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>	<b>70,000</b>

## 8 INVESTMENTS

	December 31, 2023				December 31, 2022				
	Note	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortized cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000									
<b>8.1 Investments by type:</b>									
<b>Held-for-trading securities</b>									
Federal Government Securities		20,114,446	-	(64,599)	20,049,847	139,467	-	(134)	139,333
		20,114,446	-	(64,599)	20,049,847	139,467	-	(134)	139,333
<b>Available-for-sale securities</b>									
Federal Government Securities*		1,047,943,333	(2,452,459)	(19,702,262)	1,025,788,612	1,051,634,469	(309,078)	(32,350,404)	1,018,974,987
Shares		13,329,302	(760,822)	6,228,739	18,797,219	18,642,536	(1,670,628)	573,308	17,545,216
Non Government Debt Securities		25,391,300	(21,071)	(21,711)	25,348,518	26,593,534	(21,071)	(34,153)	26,538,310
Foreign Securities		1,770	-	-	1,770	1,770	-	-	1,770
	8.4	1,086,665,705	(3,234,352)	(13,495,234)	1,069,936,119	1,096,872,309	(2,000,777)	(31,811,249)	1,063,060,283
<b>Held-to-maturity securities</b>									
Federal Government Securities		59,797,669	-	-	59,797,669	59,395,021	-	-	59,395,021
Non Government Debt Securities		302,920	(302,920)	-	-	320,637	(320,637)	-	-
	8.5	60,100,589	(302,920)	-	59,797,669	59,715,658	(320,637)	-	59,395,021
<b>Associates</b>	8.7	4,813,568	-	-	4,813,568	4,122,973	(1,100)	-	4,121,873
<b>Total Investments</b>		<b>1,171,694,308</b>	<b>(3,537,272)</b>	<b>(13,559,833)</b>	<b>1,154,597,203</b>	<b>1,160,850,407</b>	<b>(2,322,514)</b>	<b>(31,811,383)</b>	<b>1,126,716,510</b>

### 8.2 Investments by segments:

<b>Federal Government Securities</b>									
Market Treasury Bills		63,107,685	-	16,839	63,124,524	100,236,514	-	(970,586)	99,265,928
Pakistan Investment Bonds		1,009,785,089	-	(17,781,318)	992,003,771	973,127,649	-	(19,875,770)	953,251,879
GOP Ijarah Sukuks		24,141,346	-	273,079	24,414,425	13,075,605	-	(67,540)	13,008,065
GOP Sukuks (USS)		1,555,196	-	-	1,555,196	2,021,081	-	-	2,021,081
Naya Pakistan Certificate		29,266,132	(2,452,459)	(2,275,461)	24,538,212	22,708,108	(309,078)	(11,436,642)	10,962,388
		1,127,855,448	(2,452,459)	(19,766,861)	1,105,636,128	1,111,168,957	(309,078)	(32,350,538)	1,078,509,341
<b>Shares</b>									
Listed Companies		12,956,909	(728,410)	6,228,739	18,457,238	18,239,796	(1,646,464)	573,308	17,166,640
Unlisted Companies		372,393	(32,412)	-	339,981	402,740	(24,164)	-	378,576
		13,329,302	(760,822)	6,228,739	18,797,219	18,642,536	(1,670,628)	573,308	17,545,216
<b>Non Government Debt Securities</b>									
Listed		13,697,920	(62,159)	(21,711)	13,614,050	13,642,997	(79,876)	(34,153)	13,528,968
Unlisted		11,996,300	(261,832)	-	11,734,468	13,271,174	(261,832)	-	13,009,342
		25,694,220	(323,991)	(21,711)	25,348,518	26,914,171	(341,708)	(34,153)	26,538,310
<b>Foreign Securities</b>									
Equity securities		1,770	-	-	1,770	1,770	-	-	1,770
<b>Associates</b>									
Units of open-ended mutual funds	8.7	4,813,568	-	-	4,813,568	4,122,973	(1,100)	-	4,121,873
<b>Total Investments</b>		<b>1,171,694,308</b>	<b>(3,537,272)</b>	<b>(13,559,833)</b>	<b>1,154,597,203</b>	<b>1,160,850,407</b>	<b>(2,322,514)</b>	<b>(31,811,383)</b>	<b>1,126,716,510</b>

\* Provision for diminution against federal government securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to overseas branch.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
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Rupees in '000

## 8.2.1 Investments given as collateral

Market Treasury Bills		-	9,885,340
Pakistan Investment Bonds		268,646,617	402,614,187
<b>Total Investments given as collateral</b>		<b>268,646,617</b>	<b>412,499,527</b>

## 8.3 Provision for diminution in value of investments

Opening balance		2,322,514	2,093,298
Exchange adjustments		69,221	3,795
<b>Charge and reversals</b>			
Charge for the year		2,082,408	313,489
Reversals for the year		(18,817)	(23,622)
		2,063,591	289,867
Reversal on disposals		(918,054)	(64,446)
<b>Closing Balance</b>		<b>3,537,272</b>	<b>2,322,514</b>

	December 31, 2023		December 31, 2022	
	NPI*	Provision	NPI*	Provision

Rupees in '000

### 8.3.1 Particulars of provision against debt securities

#### Category of classification

#### Domestic

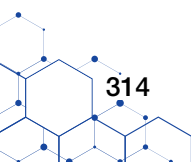
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	323,991	323,991	341,708	341,708
	<b>323,991</b>	<b>323,991</b>	<b>341,708</b>	<b>341,708</b>

#### Overseas

Not past due but impaired**	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
<b>Total</b>	<b>323,991</b>	<b>323,991</b>	<b>341,708</b>	<b>341,708</b>

\* NPI stands for Non Performing Investments.

\*\* Provision represents expected credit loss provisioning in overseas branch.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Cost	
	Rupees in '000	

## 8.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

### Federal Government Securities - Government guaranteed

Market Treasury Bills	62,362,158	100,119,411
Pakistan Investment Bonds	930,618,501	913,710,264
Naya Pakistan Certificate	1,555,196	2,021,081
Foreign Currency Bonds (US\$)	29,266,132	22,708,108
GOP Ijarah Sukuks	24,141,346	13,075,605
	<u>1,047,943,333</u>	<u>1,051,634,469</u>

### Shares

#### Listed Companies

Power Generation and Distribution	1,650,810	2,045,970
Oil & Gas Exploration Companies	2,222,232	4,817,258
Fertilizer	2,736,118	3,063,144
Commercial Banks	4,686,843	5,757,304
Oil & Gas Marketing Companies	561,076	1,043,460
Real Estate Investment Trust	997,589	997,589
Chemical	-	323,508
Close-end Mutual Funds	51,603	51,603
Investment Banks	50,000	139,322
Cement	638	638
	<u>12,956,909</u>	<u>18,239,796</u>

	December 31, 2023		December 31, 2022	
	Cost	Breakup value	Cost	Breakup value
	Rupees in '000			

#### Unlisted Companies

Pakistan Mortgage Refinance Co. Limited	200,000	482,035	200,000	354,320
1 Link Private Limited	50,000	733,214	50,000	537,279
Central Depository Company of Pakistan Limited	40,300	67,639	40,300	61,941
ISE Towers REIT Management Company Limited	-	-	30,346	52,988
First Women Bank Limited	21,200	74,692	21,200	64,219
SME Bank Limited	5,250	-	5,250	-
Arabian Sea Country Club Limited	5,000	-	5,000	-
Eastern Capital Limited	5,000	-	5,000	-
SWIFT	1,770	18,782	1,770	13,500
NIFT	1,526	52,914	1,527	44,622
PASSCO	1,000	645,805	1,000	645,805
Pakistan Corporate Restructuring Company	43,117	25,955	43,117	34,203
	<u>374,163</u>	<u>2,101,036</u>	<u>404,510</u>	<u>1,808,877</u>

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Cost			
Rupees in '000			
<b>Non Government Debt Securities</b>			
<i>Listed</i>			
- AAA		1,299,840	500,000
- AA+, AA, AA-		4,067,920	4,188,121
- A+, A, A-		-	375,000
- <i>Unrated</i>		8,500,000	8,500,000
	8.4.1	<u>13,867,760</u>	<u>13,563,121</u>
<i>Unlisted</i>			
- AAA		5,596,320	9,316,740
- AA+, AA, AA-		2,530,000	3,135,000
- A+, A, A-		876,150	557,602
- <i>Unrated</i>		2,521,070	21,071
	8.4.2	<u>11,523,540</u>	<u>13,030,413</u>

**8.4.1** This includes listed non-government debt securities amounting to Rs. 8,500 million (2022: Rs. 8,500 million) guaranteed by the Government.

**8.4.2** This includes unlisted non-government debt securities amounting to Rs. 1,050 million (2022: Rs. 1,470 million) guaranteed by the Government.

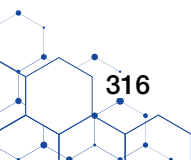
<b>Open Ended Mutual Funds</b>		
Allied Finergy Fund	25,000	25,000
	<u>25,000</u>	<u>25,000</u>

<b>Foreign Securities</b>		
<i>Equity Securities - Unlisted</i>		
SWIFT	1,770	1,770
	<u>1,770</u>	<u>1,770</u>

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

<b>Federal Government Securities - Government guaranteed</b>		
Pakistan Investment Bonds	59,797,669	59,395,021
	<u>59,797,669</u>	<u>59,395,021</u>
<b>Non Government Debt Securities</b>		
<i>Listed</i>		
- Unrated	62,159	79,876
<i>Unlisted</i>		
- Unrated	240,761	240,761

**8.5.1** The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 51,778 million (December 31, 2022: Rs. 51,708.9 million). This represents the market value of Pakistan Investment Bonds.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Subsidiary Asset Management Company
Rupees in '000	

## 8.6 Details regarding subsidiary company:

Country of incorporation	Pakistan
Percentage holding	100%
Assets	5,942,030
Liabilities	2,295,319
Revenue	685,138
Profit after taxation	618,377
Total comprehensive income	618,674

8.7 Investment of the Group in open ended mutual funds has been accounted for under the equity method of accounting in accordance with the treatment specified in International Accounting Standard 28, (IAS 28) 'Accounting for Investments in Associates'. The market value of this investment as at December 31, 2023 amounted to Rs. 4,813.568 million. (2022: Rs. 4,121.873 million).

	December 31, 2023	December 31, 2022
Rupees in '000		
Opening Balance	4,121,873	2,419,316
Share of profit / (loss) for the year	965,906	(48,468)
Dividend from Associate	(206,443)	(94,743)
Investment / (Redemption) during the year	(67,768)	1,845,768
Closing Balance	4,813,568	4,121,873

	Note	Performing		Non Performing		Total	
		December 31,2023	December 31,2022	December 31,2023	December 31,2022	December 31,2023	December 31,2022
Rupees in '000							

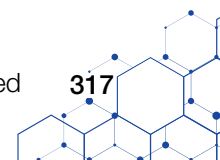
## 9 ADVANCES

Loans, cash credits, running finances, etc.	9.1	699,230,728	773,528,741	11,713,507	11,718,805	710,944,235	785,247,546
Islamic financing and related assets	A-II. 3	79,621,981	66,745,947	5,729	9,675	79,627,710	66,755,622
Bills discounted and purchased		945,424	2,688,351	1,319,793	1,375,202	2,265,217	4,063,553
<b>Advances - gross</b>	9.2	779,798,133	842,963,039	13,039,029	13,103,682	792,837,162	856,066,721
<b>Provision against advances</b>							
Specific	9.3 & 9.4	-	-	(12,335,688)	(11,738,558)	(12,335,688)	(11,738,558)
General	9.4	(205,019)	(109,603)	-	-	(205,019)	(109,603)
		(205,019)	(109,603)	(12,335,688)	(11,738,558)	(12,540,707)	(11,848,161)
<b>Advances - net of provision</b>		779,593,114	842,853,436	703,341	1,365,124	780,296,455	844,218,560

	December 31, 2023				December 31, 2022			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
Rupees in '000								

## 9.1 Includes Net investment in finance lease as described below

Lease rentals receivable	1,749,938	1,694,447	32,915	3,477,300	785,930	1,266,673	106,622	2,159,225
Residual value	305,104	591,527	43,199	939,830	301,075	570,039	52,399	923,513
Minimum lease payments	2,055,042	2,285,974	76,114	4,417,130	1,087,005	1,836,712	159,021	3,082,738
Financial charges for future periods	(429,973)	(237,176)	(2,712)	(669,861)	(195,928)	(157,909)	(3,150)	(356,987)
Present value of minimum lease payments	1,625,069	2,048,798	73,402	3,747,269	891,077	1,678,803	155,871	2,725,751



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	

## 9.2 Particulars of advances (Gross)

In local currency	791,183,849	850,542,324
In foreign currencies	1,653,313	5,524,397
	<u>792,837,162</u>	<u>856,066,721</u>

9.3 Advances include Rs. 13,039.029 million (2021: Rs. 13,600.760 million) which have been placed under non-performing status as detailed below:

	December 31, 2023		December 31, 2022	
	None Performing Lons	Specific Provision	None Performing Lons	Specific Provision
	Rupees in '000			

### Category of Classification

#### Domestic

Other Assets Especially Mentioned	31,765	250	307,993	237
Substandard	361,480	90,154	133,674	33,222
Doubtful	46,947	23,473	1,159,780	579,890
Loss	12,598,837	12,221,811	11,502,235	11,125,209
	<u>13,039,029</u>	<u>12,335,688</u>	<u>13,103,682</u>	<u>11,738,558</u>

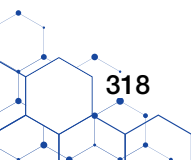
## 9.4 Particulars of provision against advances

	Note	December 31, 2023			December 31, 2022		
		Specific	General	Total	Specific	General	Total
		Rupees in '000					

Opening balance		11,738,558	109,603	11,848,161	12,750,397	100,355	12,850,752
Exchange adjustments		-	9,497	9,497	-	13,589	13,589
Charge for the year		1,694,691	241,205	1,935,896	528,225	75,430	603,655
Reversals	9.5	(1,097,561)	(155,286)	(1,252,847)	(998,280)	(79,771)	(1,078,051)
		597,130	85,919	683,049	(470,055)	(4,341)	(474,396)
Amounts written off	9.6	-	-	-	(541,784)	-	(541,784)
Closing balance		<u>12,335,688</u>	<u>205,019</u>	<u>12,540,707</u>	<u>11,738,558</u>	<u>109,603</u>	<u>11,848,161</u>
9.4.1 In local currency		11,692,901	60,461	11,753,362	11,222,179	70,156	11,292,335
In foreign currencies		642,787	144,558	787,345	516,379	39,447	555,826
		<u>12,335,688</u>	<u>205,019</u>	<u>12,540,707</u>	<u>11,738,558</u>	<u>109,603</u>	<u>11,848,161</u>

9.4.2 No benefit of forced sale value of the collaterals held by the Bank has been taken while determining the provision against non-performing loans as allowed under BSD circular No. 01 dated October 21, 2011.

9.5 This includes reversal of provision on account of non performing loans, classified as loss, settled against Debt Property Swap amounting to Rs. 141.36 million (2022: Rs. 103 million). Moreover, another Debt Property Swap arrangement amounting to Rs. 300 million was settled through court auction.





# Notes to the Consolidated Financial Statements

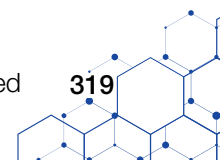
for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>9.6</b>	<b>Particulars of write-offs</b>		
<b>9.6.1</b>	Against provisions	-	541,784
	Directly charged to Profit and Loss account	-	-
		-	541,784
<b>9.6.2</b>	Write-offs of Rs. 500,000 and above - Domestic	9.7	541,784
	Write-offs of below Rs. 500,000	-	-
		-	541,784

## 9.7 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 five hundred thousand rupees and above allowed to a person(s) during the year ended December 31, 2023 is given in Annexure-'I'. However, these write-offs do not affect the Bank's right to recover debts from these customers.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>10</b>	<b>FIXED ASSETS</b>		
	Capital work-in-progress	10.1	9,779,743
	Property and equipment	10.2	104,286,036
	Right-of-Use Assets	10.3	8,329,462
		122,395,241	81,823,836
<b>10.1</b>	<b>CAPITAL WORK-IN-PROGRESS</b>		
	Civil works	7,759,247	3,304,808
	Equipment	89,246	44,592
	Advances to suppliers	1,931,250	968,514
		9,779,743	4,317,914



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

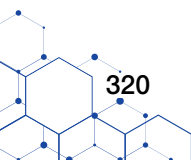
	December 31, 2023								
	Freehold Land	Leasehold Land	Building on Freehold Land	Building on Leasehold Land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Building Improvements (Leased Premises)	Total
	Rupees in '000								
<b>10.2 Property and Equipment</b>									
<b>At January 1, 2023</b>									
Cost / Revalued amount	29,654,594	12,686,611	13,394,912	5,247,888	2,877,350	20,469,424	1,685,325	7,297,400	93,313,504
Accumulated depreciation	-	-	(1,161,582)	(459,461)	(1,736,071)	(14,116,406)	(1,033,148)	(5,182,895)	(23,689,563)
<b>Net book value</b>	<b>29,654,594</b>	<b>12,686,611</b>	<b>12,233,330</b>	<b>4,788,427</b>	<b>1,141,279</b>	<b>6,353,018</b>	<b>652,177</b>	<b>2,114,505</b>	<b>69,623,941</b>
<b>Year ended December 31, 2023</b>									
Opening net book value	29,654,594	12,686,611	12,233,330	4,788,427	1,141,279	6,353,018	652,177	2,114,505	69,623,941
Additions	1,097,092	3,949,782	1,065,849	72,137	513,848	5,345,240	649,284	805,934	13,499,166
Movement in surplus on assets revalued during the year	17,064,078	4,339,867	2,120,445	2,447,798	-	-	-	-	25,972,188
Net disposal (book value)	-	-	-	-	(2,214)	(14,369)	(538)	-	(17,121)
Depreciation charge	-	-	(629,051)	(241,395)	(269,599)	(2,527,600)	(312,413)	(777,409)	(4,757,467)
Exchange rate adjustments	-	-	80	674	(233)	1,175	(25)	(16)	1,655
Other adjustments	(33,181)	(2,678)	(63,725)	66,670	-	3	(1)	(3,414)	(36,326)
<b>Closing net book value</b>	<b>47,782,583</b>	<b>20,973,582</b>	<b>14,726,928</b>	<b>7,134,311</b>	<b>1,383,081</b>	<b>9,157,467</b>	<b>988,484</b>	<b>2,139,600</b>	<b>104,286,036</b>
<b>At December 31, 2023</b>									
Cost / Revalued amount	47,782,583	20,973,582	14,851,259	7,277,734	3,375,452	25,295,671	2,329,458	8,095,171	129,980,910
Accumulated depreciation	-	-	(124,331)	(143,423)	(1,992,371)	(16,138,206)	(1,340,973)	(5,955,570)	(25,694,874)
<b>Net book value</b>	<b>47,782,583</b>	<b>20,973,582</b>	<b>14,726,928</b>	<b>7,134,311</b>	<b>1,383,081</b>	<b>9,157,465</b>	<b>988,485</b>	<b>2,139,601</b>	<b>104,286,036</b>
<b>Rate of depreciation (percentage)</b>	-	-	5%	5%	10%	14.28% -50%	20%	20%	

	December 31, 2022								
	Freehold Land	Leasehold Land	Building on Freehold Land	Building on Leasehold Land	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Building Improvements (Leased Premises)	Total
	Rupees in '000								
<b>At January 1, 2022</b>									
Cost / Revalued amount	28,315,144	12,319,030	11,689,482	4,972,177	2,669,577	18,622,559	1,648,261	6,313,132	86,549,362
Accumulated depreciation	-	-	(553,107)	(217,537)	(1,546,874)	(12,380,102)	(746,811)	(4,435,879)	(19,880,310)
<b>Net book value</b>	<b>28,315,144</b>	<b>12,319,030</b>	<b>11,136,375</b>	<b>4,754,640</b>	<b>1,122,703</b>	<b>6,242,457</b>	<b>901,450</b>	<b>1,877,253</b>	<b>66,669,052</b>
<b>Year ended December 31, 2022</b>									
Opening net book value	28,578,481	12,319,030	11,136,375	4,754,640	1,126,970	6,260,321	902,670	1,877,253	66,955,740
Additions	1,340,650	363,224	1,760,861	300,963	229,977	2,098,891	45,241	980,028	7,119,835
Net disposal (book value)	-	-	(12,290)	(13,752)	(561)	(10,418)	(1,396)	(6)	(38,423)
Depreciation charge	-	-	(610,512)	(244,023)	(215,095)	(1,995,906)	(294,314)	(748,346)	(4,108,196)
Exchange rate adjustments	-	-	(7)	-	(12)	130	(24)	(24)	63
Other adjustments / transfers	(260,180)	-	(37,388)	(7,510)	-	-	-	-	(305,078)
Other transfers	(4,357)	4,357	(3,709)	(1,891)	-	-	-	5,600	-
<b>Closing net book value</b>	<b>29,654,594</b>	<b>12,686,611</b>	<b>12,233,330</b>	<b>4,788,427</b>	<b>1,141,279</b>	<b>6,353,018</b>	<b>652,177</b>	<b>2,114,505</b>	<b>69,623,941</b>
<b>At December 31, 2022</b>									
Cost / Revalued amount	29,654,594	12,686,611	13,394,912	5,247,888	2,877,350	20,469,424	1,685,325	7,297,400	93,313,504
Accumulated depreciation	-	-	(1,161,582)	(459,461)	(1,736,071)	(14,116,406)	(1,033,148)	(5,182,895)	(23,689,563)
<b>Net book value</b>	<b>29,654,594</b>	<b>12,686,611</b>	<b>12,233,330</b>	<b>4,788,427</b>	<b>1,141,279</b>	<b>6,353,018</b>	<b>652,177</b>	<b>2,114,505</b>	<b>69,623,941</b>
<b>Rate of depreciation (percentage)</b>	-	-	5%	5%	10%	14.28% -50%	20%	20%	

	Note	December 31, 2023	December 31, 2022
Rupees in '000			

### 10.3 Movement in Right-of-use Assets is as follows:

Opening Balance		7,881,981	7,757,831
Additions / Adjustments		2,457,404	1,976,253
Derecognition		(235,706)	(138,815)
Depreciation		(1,781,018)	(1,720,161)
Exchange Rate Adjustment		6,801	6,873
<b>Closing Net Book Value</b>		<b>8,329,462</b>	<b>7,881,981</b>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

- 10.4** Bank arranged for valuation of all Land and Buildings as at December 31, 2023 from six independent valuers (Sadruddin Associates (Private) Limited, Hamid Mukhtar & Co (Private) Limited, Indus Surveyors (Private) Limited, A1 Warda Engineering Services, Tristar International Consultant (Private) Limited and Harvester Services (Private) Limited). The revalued amounts of properties have been determined on the basis of market value. Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	December 31, 2023	December 31, 2022
Rupees in '000		
- Land (Freehold and leasehold)	26,924,337	21,913,322
- Building	13,289,397	12,882,687

- 10.5** Fair value of property and equipment excluding land and buildings is not expected to be materially different from their carrying amount.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			

<b>10.6</b> Incremental depreciation charged during the year transferred to unappropriated profit	20.1	135,473	217,844
<b>10.7</b> Restriction / discrepancy in the title of property having a net book value of		205,384	200,085
<b>10.8</b> The cost of fully depreciated assets that are still in use:			
Furniture and fixtures		1,007,413	885,784
Electrical, office and computer equipments		9,139,158	7,618,368
Vehicles		675,194	233,226
Leasehold Improvements		4,015,416	3,445,686

	Note	December 31, 2023	December 31, 2022
Rupees in '000			

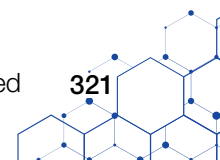
- |   |  |           |        |
|---|--|-----------|--------|
| <b>10.9</b> The carrying amount of property and equipment that have retired from active use and held for disposal |  | 2,175,252 | 96,200 |
|---|--|-----------|--------|

## 11 INTANGIBLE ASSETS

Capital work in progress	11.1	778,871	275,227
Intangible Assets	11.2	2,637,781	2,697,918
		<u>3,416,652</u>	<u>2,973,145</u>

### 11.1 Capital work in progress

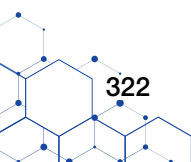
Softwares		775,996	272,353
Advances for softwares to suppliers		2,875	2,874
		<u>778,871</u>	<u>275,227</u>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023		
	Computer software	Others	Total
	Rupees in '000		
<b>11.2 Intangible Assets</b>			
<b>At January 1, 2023</b>			
Cost	5,882,367	-	5,882,367
Accumulated amortisation and impairment	(3,184,449)	-	(3,184,449)
<b>Net book value</b>	<b>2,697,918</b>	<b>-</b>	<b>2,697,918</b>
<b>Year ended December 31, 2023</b>			
Opening net book value	2,688,676	-	2,697,918
Additions:			
Directly purchased	527,015	-	527,015
Amortisation charge	(587,152)	-	(587,152)
<b>Closing net book value</b>	<b>2,628,539</b>	<b>-</b>	<b>2,637,781</b>
<b>At December 31, 2023</b>			
Cost	6,409,382	-	6,409,382
Accumulated amortisation and impairment	(3,771,601)	-	(3,771,601)
<b>Net book value</b>	<b>2,637,781</b>	<b>-</b>	<b>2,637,781</b>
<b>Rate of amortisation (percentage)</b>	<b>5% to 14.28%</b>		
<b>Useful life</b>	<b>7 to 20 Years</b>		



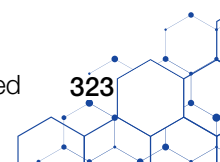
# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022		
	Computer software	Others	Total
Rupees in '000			
<b>At January 1, 2022</b>			
Cost	5,311,094	-	5,311,094
Accumulated amortisation and impairment	(2,663,123)	-	(2,663,123)
<b>Net book value</b>	<b>2,647,971</b>	<b>-</b>	<b>2,647,971</b>
<b>Year ended December 31, 2022</b>			
Opening net book value	2,647,971	-	2,647,971
Additions:			
Directly purchased	571,273	-	571,273
Amortisation charge	(521,326)	-	(521,326)
<b>Closing net book value</b>	<b>2,697,918</b>	<b>-</b>	<b>2,697,918</b>
<b>At December 31, 2022</b>			
Cost	5,882,367	-	5,882,367
Accumulated amortisation and impairment	(3,184,449)	-	(3,184,449)
<b>Net book value</b>	<b>2,697,918</b>	<b>-</b>	<b>2,697,918</b>
<b>Rate of amortisation (percentage)</b>		5% to 14.28%	
<b>Useful life</b>		7 to 20 Years	
		<b>December 31, 2023</b>	<b>December 31, 2022</b>
		Rupees in '000	

### 11.3 The cost of fully amortized assets that are still in use:

Intangible assets - software	894,732	613,068
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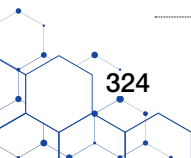


# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023			
	At January 1, 2023	Recognised in profit and loss account	Recognised in other comprehensive Income	At December 31, 2023
Rupees in '000				
<b>12 DEFERRED TAX ASSETS</b>				
Deductible Temporary Differences on				
Provision against:				
- Investments	19,093	-	-	19,093
- Other assets	38,959	-	-	38,959
- Off balance sheet obligations	14,824	-	-	14,824
- Advances	360,393	132,076	-	492,469
- Deficit on revaluation of investments	13,679,933	-	(7,071,901)	6,608,032
- Post retirement medical benefits	49,639	-	-	49,639
- Investment in finance lease liabilities	2,531	-	-	2,531
- Workers welfare fund	1,578,570	1,078,878	-	2,657,448
	15,743,942	1,210,954	(7,071,901)	9,882,995
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(1,779,800)	66,380	(2,486,782)	(4,200,202)
- Surplus on revaluation of non banking assets	(19,347)	1,237	(48,141)	(66,251)
- Actuarial gains	308,029	2,992	(384,632)	(73,611)
- Investments in associated undertaking	21,981	(81,744)	-	(59,763)
- Accelerated tax depreciation or amortization	(1,228,559)	(460,578)	-	(1,689,137)
- Excess of investment in finance lease over written down value of leased assets	(13,206)	1,056	-	(12,150)
	(2,710,902)	(470,657)	(2,919,555)	(6,101,114)
	13,033,040	740,297	(9,991,456)	3,781,881

	December 31, 2022			
	At January 1, 2022	Recognised in profit and loss account	Recognised in other comprehensive Income	At December 31, 2022
Rupees in '000				
Deductible Temporary Differences on				
Provision against:				
- Investments	19,093	-	-	19,093
- Other assets	38,959	-	-	38,959
- Off balance sheet obligations	14,824	-	-	14,824
- Advances	261,344	99,049	-	360,393
- Deficit on revaluation of investments	2,635,272	-	11,044,661	13,679,933
- Investments in associated undertaking	9,407	12,574	-	21,981
- Post retirement gratuity benefits	49,639	-	-	49,639
- Investment in finance lease liabilities	2,531	-	-	2,531
- Actuarial losses	336,000	-	(27,970)	308,030
- Workers welfare fund	1,052,003	526,567	-	1,578,570
	4,419,072	638,190	11,016,691	16,073,953
Taxable Temporary Differences on				
- Surplus on revaluation of fixed assets	(1,699,102)	93,673	(174,371)	(1,779,800)
- Surplus on revaluation of non banking assets	(16,780)	1,709	(4,276)	(19,347)
- Accelerated tax depreciation / amortization	(1,182,579)	(41,705)	-	(1,224,284)
- Excess of investment in finance lease over written down value of leased assets	(13,206)	-	-	(13,206)
	(2,911,667)	53,677	(178,647)	(3,036,637)
	1,507,405	691,867	10,838,044	13,037,316



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>13 OTHER ASSETS</b>			
Income / Mark-up accrued in local currency - net of provision		69,598,428	49,449,867
Income / Mark-up accrued in foreign currency - net of provision		953,413	1,368,623
Advances, deposits, advance rent and other prepayments		3,554,991	2,199,847
Advance taxation (payments less provisions)		-	-
Non-banking assets acquired in satisfaction of claims	13.1	1,038,270	603,545
Branches adjustment account		1,701,578	22,909
Prepaid exchange risk fee		-	-
Mark to market gain on forward foreign exchange contracts		80,674	88,177
Mark to market gain on forward government securities transactions		-	5,613
Acceptances		8,444,550	4,249,363
Due from the employees' retirement benefit schemes			
- Pension fund	35.4	6,185,041	4,943,030
Fraud and forgeries		544,824	508,935
Stationery and stamps in hand		863,475	554,145
Overdue foreign bills negotiated or discounted		302,470	213,136
Home Remittance Cell agent receivable		1,749	3,511
Receivable from State Bank of Pakistan		4,375	29,684
Charges receivable		29,873	40,497
ATM / Point of Sale settlement account		7,075,342	1,041,549
Suspense account		295	122
Others		137,755	68,137
		100,517,103	65,390,690
Less: Provision held against other assets	13.2	(996,020)	(755,808)
Other assets (net of provision)		99,521,083	64,634,882
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		1,043,502	901,797
Other assets - net		100,564,585	65,536,679

## 13.1 Market value of non-banking assets acquired in satisfaction of claims

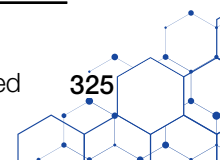
2,081,772      1,505,342

Full-scope revaluation was carried out at December 31, 2023 through four independent valuers approved by Pakistan Banks' Association (Tristar International Consultant Private Limited, A-1 Warda Engineering Services, Indus Surveyors and Harvester Services Private Limited). The revalued amounts of properties have been determined on the basis of market rates depending upon physical verification and general appearance of the site.

	December 31, 2023	December 31, 2022
Rupees in '000		

### 13.1.1 Non banking assets acquired in satisfaction of claims

Opening balance	1,505,342	1,527,302
Constructions / additions	443,215	103,000
Revaluation	100	2,164
Disposals	144,229	74,985
Transfers	-	(26,823)
Depreciation	-	(167,120)
Closing balance	(11,113)	(8,166)
	2,081,773	1,505,342



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

Note	December 31, 2023	December 31, 2022
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Rupees in '000

## 13.1.2 Loss / Gain on Disposal of Non banking assets acquired in satisfaction of claims

Disposal proceeds	-	23,760
Less:		
Cost	-	(26,857)
Impairment / Depreciation	-	34
	-	(26,823)
(Loss) / gain	-	(3,063)

**13.1.3** These include three properties with a carrying value of Rs. 1,428 million, held for more than seven years, for which the Bank is making its best efforts to dispose of, as required by the Banking Companies Ordinance 1962.

Note	December 31, 2023	December 31, 2022
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Rupees in '000

## 13.2 Provision held against other assets

Advances, deposits, advance rent and other prepayments	213,329	131,125
Provision against fraud and forgeries	444,282	508,935
Overdue Foreign Bills Negotiated and Discounted	302,470	24,295
Charges receivable	29,840	39,600
Others	6,099	51,853
	<u>996,020</u>	<u>755,808</u>

### 13.2.1 Movement in provision held against other assets

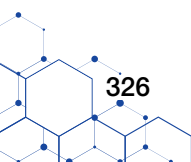
Opening balance	755,808	760,152
Charge for the year	505,416	111,279
Reversals	(259,078)	(101,280)
Net charge	246,338	9,999
Written off and adjusted	(6,126)	(14,343)
Closing balance	<u>996,020</u>	<u>755,808</u>

## 14 CONTINGENT ASSETS

There were no contingent assets of the Bank as at December 31, 2023 and December 31, 2022.

## 15 BILLS PAYABLE

In Pakistan	9,296,223	14,138,478
Outside Pakistan	26,182	21,165
	<u>9,322,405</u>	<u>14,159,643</u>



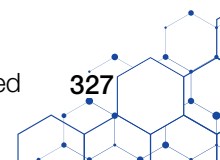


# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>16</b>	<b>BORROWINGS</b>		
	<b>Secured</b>		
	Borrowings from State Bank of Pakistan		
	Repurchase agreement borrowings	270,000,000	400,000,000
	Under export refinance scheme	28,652,901	36,313,038
	Under payroll refinance scheme	-	58,349
	Under long term financing facility	28,265,781	35,586,853
	Under financing scheme for renewable energy	7,253,956	3,455,619
	Under Temporary Economic Refinance Scheme	12,741,909	13,273,360
	Under refinance scheme for modernization of SMEs	8,182	16,364
	Refinance and credit guarantee scheme for women entrepreneurs	13,517	11,018
	Under refinance scheme for combating COVID-19	133,325	163,580
		347,069,571	488,878,181
	Repurchase agreement borrowings from financial institutions	1,843,392	12,499,527
	Trading liability	7,541,047	-
	<b>Unsecured</b>		
	Call borrowings	2,677,677	5,524,914
	Overdrawn nostro accounts	192,355	435,271
	Musharaka borrowing	14,350,000	23,050,000
	Other borrowings	-	26,600
		17,220,032	29,036,785
		373,674,042	530,414,493

- 16.1** This represents local currency borrowing from the State Bank of Pakistan against government securities, carrying mark-up at the rate of 22.08% to 22.09% (2022: 16.16% to 16.19%) per annum, maturing on various dates latest by January 26, 2024.
- 16.2** The Bank has entered into various agreements for financing with the State Bank of Pakistan for extending export finance to customers. As per agreements, the Bank has granted to State Bank of Pakistan the right to recover the outstanding amount from the Bank at the date of maturity of the finance by directly debiting the current account maintained by the Bank with the SBP. The borrowing carries mark-up at the rate of 1.00% to 2.00% (2022: 1.00% to 2.00%) per annum. These borrowings are repayable within six months from the deal date.
- 16.3** This represents Long Term Financing facility availed by the Bank for further extending the same to its customers, for a maximum period of 10 years. The borrowing carries mark-up at the rate of 16.00%, 17.5% and 3.00% (2022: 1.50%, 2.50% and 3.00%) per annum for financing up-to 3 years, 5 years & 10 years respectively.
- 16.4** These represent borrowings from the State Bank of Pakistan availed by the Bank for financing power projects and facilities using alternative and renewable energy (solar, wind, hydro, biogas, bio-fuels, bagasse cogeneration, and geothermal as fuel) for a maximum period of 12 years under Category I and for a maximum period of 10 years under Category II and III. The borrowing carries mark-up at the rate of 3% for Category I, 2% for Category II and 3% for Category III.
- 16.5** These borrowings have been obtained from the State Bank of Pakistan for providing concessionary refinancing facility to the industry for purchase of new imported and locally manufactured plant & machinery to set up new projects. These borrowings are repayable within a period of ten years including a grace period of upto 2 years. These carry mark up rate of 1% per annum.
- 16.6** These borrowings have been obtained from the State Bank of Pakistan for providing refinancing facility to wide range of SME clusters / sectors for purchase of new and imported / local plant and machinery for BMR of existing units and setting up new SME units. These borrowings are repayable for a maximum period of 10 years. These carry mark up rate ranging from 6% per annum.
- 16.7** These borrowings have been obtained from the State Bank of Pakistan to provide emergency financing to hospitals and medical centres to develop capacity for the treatment of COVID-19 patients. The maximum financing under the facility is Rs. 500 million per hospital / medical centre with a tenor of 5 years, including a grace period of upto 6 months. These carry mark-up at a rate of 0% to 2% per annum.
- 16.8** These represent borrowings in local currency from local interbank markets against government securities, carrying mark-up at the rate of 22% (2022: 16% to 16.05%) per annum, maturing on January 09, 2024.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

- 16.9** These represent unsecured borrowings in foreign currency from foreign interbank markets, carrying mark-up at the rate of 9.80% to 11.90% (2022: 5% to 11%) per annum. These borrowings are maturing on various dates, latest by February 14, 2024.
- 16.10** This represents unsecured local currency borrowings by Islamic banking business under Musharaka agreement at profit of 21.75% to 22.5% (2022: 14% to 16.25%) per annum, maturing on various dates, latest by January 05, 2024.
- 16.11** This represents unsecured local currency borrowings by Islamic banking business under Musharaka agreement at profit of 21.75% to 22.5% (2022: 14% to 16.25%) per annum, maturing on various dates, latest by January 05, 2024.

Note	December 31, 2023	December 31, 2022
Rupees in '000		

## 16.13 Particulars of borrowings with respect to currencies

In local currency	370,804,011	524,889,579
In foreign currencies	2,870,031	5,524,914
	<b>373,674,042</b>	<b>530,414,493</b>

	December 31, 2023			December 31, 2022		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						

## 17 DEPOSITS AND OTHER ACCOUNTS

### Customers

Current deposits	616,041,518	44,460,629	660,502,147	536,126,442	30,632,327	566,758,769
Savings deposits	652,681,830	19,697,405	672,379,235	543,310,268	16,749,608	560,059,876
Term deposits	201,318,101	51,084,504	252,402,605	233,500,164	87,679,953	321,180,117
Others	30,467,120	61,278	30,528,398	32,935,164	65,036	33,000,200
	<b>1,500,508,569</b>	<b>115,303,816</b>	<b>1,615,812,385</b>	<b>1,345,872,038</b>	<b>135,126,924</b>	<b>1,480,998,962</b>

### Financial Institutions

Current deposits	14,062,494	853,715	14,916,209	8,621,516	567,020	9,188,536
Savings deposits	44,978,314	-	44,978,314	31,906,055	-	31,906,055
Term deposits	819,350	63,419	882,769	131,350	50,947	182,297
Others	-	-	-	-	-	-
	<b>59,860,158</b>	<b>917,134</b>	<b>60,777,292</b>	<b>40,658,921</b>	<b>617,967</b>	<b>41,276,888</b>
	<b>1,560,368,727</b>	<b>116,220,950</b>	<b>1,676,589,677</b>	<b>1,386,530,959</b>	<b>135,744,891</b>	<b>1,522,275,850</b>

	December 31, 2023	December 31, 2022
Rupees in '000		

## 17.1 Composition of deposits

Individuals	952,116,476	779,517,842
Private Sector	312,948,519	354,883,559
Government (Federal and Provincial)	209,285,511	193,216,182
Public Sector Entities	141,495,277	153,403,007
Non-Banking Financial Institutions	46,767,016	34,143,387
Banking Companies	14,010,276	7,111,873
	<b>1,676,623,075</b>	<b>1,522,275,850</b>

**17.2** This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 1,138,708 million (2022: 955,218 million).

**17.3** Net outstanding value against prepaid cards is Rs. 25.328 million as at reporting date (2022: 46.907 million).



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>18 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		14,143,930	14,142,993
Mark-up / return / interest payable in foreign currencies		1,762,006	939,083
Present value of lease liability	33.2	10,686,438	9,856,040
Accrued expenses		4,127,256	2,809,173
Provision for taxation (provisions less payments)		7,915,956	2,524,609
Retention money payable		679,647	526,630
Deferred income		855,132	667,168
Unearned commission and income on bills discounted		759,785	360,705
Acceptances		8,444,550	4,249,363
Unclaimed dividends		442,049	406,721
Dividend payable		26,343	20,473
Unrealized loss on forward government securities transactions		13,812	-
Provision for:			
Gratuity	35.4	806,365	804,194
Employees' medical benefits	35.4	1,500,971	1,532,798
Employees' compensated absences	35.4	1,200,318	1,124,542
Payable to defined contribution plan		117,158	46,506
Provision against off-balance sheet obligations	18.1	298,904	298,904
Security deposits against lease		941,987	920,097
Charity fund balance		1,000	828
Home Remittance Cell overdraft		794,027	789,995
With-holding tax payable		8,610,249	5,238,560
Sundry deposits		4,162,588	3,491,981
Workers welfare fund payable	18.2	5,478,333	3,717,187
Others		2,369,007	2,289,728
		<b>76,137,811</b>	<b>56,758,278</b>
		December 31, 2023	December 31, 2022
		Rupees in '000	

## 18.1 Provision against off-balance sheet obligations

Opening balance	298,904	298,904
Charge for the year	-	-
Reversals	-	-
Net reversal	-	-
Closing balance	298,904	298,904

The above provision includes provisions made against letters of guarantee issued by the Bank.

## 18.2 Workers Welfare Fund

Supreme Court of Pakistan vide order dated November 10, 2016 held that the amendments made in the law through Finance Act 2008, introduced by the Federal Government for the levy of Worker Welfare Fund (WWF) were unlawful. Federal Board of Revenue filed review petition against the subject order, which is currently pending for adjudication.

WWF provision from 2014 has been maintained conservatively based on tax advisor's opinion in view of provincial levy of WWF by the provinces with effect from 2014, including levy by Sindh which is under litigation.

Punjab Government promulgated Punjab Workers Welfare Fund Act 2019 (PWWF) with effect from December 13, 2019, therefore, provision related to Punjab and pertaining to the period from 2014 till the date of promulgation of PWWF was reversed.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 19 SHARE CAPITAL

### 19.1 Authorized capital

December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022
No. of shares			Rupees in '000	
1,500,000,000	1,500,000,000	Ordinary shares of Rs.10/- each	15,000,000	15,000,000

### 19.2 Issued, subscribed and paid-up capital

Fully paid-up Ordinary shares of Rs. 10/- each

December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022
No. of shares			Rupees in '000	
406,780,094	406,780,094	Fully paid in cash	4,067,801	4,067,801
720,745,186	720,745,186	Issued as bonus shares	7,207,452	7,207,452
1,127,525,280	1,127,525,280		11,275,253	11,275,253
		18,348,550 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation in accordance with the swap ratio stipulated therein less 9,200,000 ordinary shares of Rs. 10 each, held by Ibrahim Leasing Limited on the cut-off date (September 30, 2004)	91,486	91,486
		8,400,000 Ordinary shares of Rs. 10 each, determined pursuant to the Scheme of Amalgamation of First Allied Bank Modaraba with Allied Bank Limited in accordance with the share swap ratio stipulated therein.	84,000	84,000
1,145,073,830	1,145,073,830		11,450,739	11,450,739

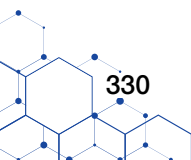
Ibrahim Holdings (Private) Limited (holding company of the Bank), holds 1,030,566,368 (90.00%) [2022: 1,030,566,368 (90.00%)] ordinary shares of Rs. 10 each respectively, as at reporting date.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			

## 20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) arising on revaluation of:

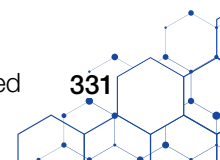
- Fixed assets	20.1	50,187,068	24,350,352
- Non-banking assets acquired in satisfaction of claims	20.2	1,043,502	901,797
- Available-for-sale securities	8.1	(13,485,780)	(31,813,798)
		37,744,790	(6,561,649)
Deferred tax on surplus / (deficit) on revaluation of:			
- Fixed assets	20.1	(4,200,202)	(1,779,800)
- Non-banking assets acquired in satisfaction of claims	20.2	(66,251)	(19,347)
- Available-for-sale securities	12	6,608,032	13,679,933
		2,341,579	11,880,786
		40,086,369	5,319,137



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>20.1 Surplus on revaluation of fixed assets</b>			
Surplus as at January 1, 2023		24,350,352	24,467,625
Surplus on revaluation during the year		-	-
Surplus related to transfer / adjustments		25,972,188	100,571
Surplus realised on disposal during the year		-	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year – net of deferred tax		(69,092)	(124,171)
Related deferred tax liability	10.6	(135,472)	(217,844)
Surplus on revaluation as at December 31, 2023		50,187,068	24,350,352
Less: Related deferred tax liability on :			
Revaluation surplus as at January 1, 2023		(1,779,800)	(1,699,102)
Deferred tax liability due to change in tax rate		(2,486,782)	(174,267)
Deferred tax liability related to transfer or adjustments		-	(104)
Deferred tax on surplus on disposal during the year		-	-
Deferred tax on incremental depreciation transferred		-	-
Deferred tax on incremental depreciation transferred to unappropriated profit		66,380	93,673
		(4,200,202)	(1,779,800)
		45,986,866	22,570,552
<b>20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b>			
Surplus as at January 1, 2023		901,797	955,956
Surplus on revaluation during the year		144,229	74,985
Surplus related to transfer or adjustments		-	(100,571)
Surplus realised on disposal during the year		-	(26,480)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year – net of deferred tax		(1,287)	(1,193)
Related deferred tax liability		(1,237)	(900)
		(2,524)	(2,093)
Surplus on revaluation as at December 31, 2023		1,043,502	901,797
Less: Related deferred tax liability on :			
Revaluation surplus as at January 1, 2023		(19,347)	(16,780)
Deferred tax liability on revaluation surplus / change in tax rate		(48,141)	(4,276)
Deferred tax liability related to transfer or adjustments		-	104
Deferred tax on surplus on disposal during the year		-	705
Deferred tax on incremental depreciation transferred to unappropriated profit		1,237	900
		(66,251)	(19,347)
		977,251	882,450
<b>21 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	21.1	66,315,450	49,109,776
Commitments	21.2	495,953,754	408,199,232
Other contingent liabilities	21.3	6,987,410	7,005,967
		569,256,614	464,314,975



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
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Rupees in '000

## 21.1 Guarantees

Financial guarantees		5,603,283	5,225,364
Performance guarantees		13,503,642	11,296,136
Other guarantees		47,208,525	32,588,276
		<u>66,315,450</u>	<u>49,109,776</u>

## 21.2 Commitments

Documentary credits and short term trade related transactions:			
letters of credit		153,136,140	139,083,930
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	322,127,301	238,516,233
- forward government securities transactions	21.2.2	11,439,221	24,046,280
- operating leases	21.2.3	298,754	231,174
Commitments for acquisition of:			
fixed assets		8,054,382	5,676,076
intangible assets		897,956	645,539
		<u>495,953,754</u>	<u>408,199,232</u>

### 21.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		180,292,360	160,636,134
Sale		141,834,941	77,880,099
		<u>322,127,301</u>	<u>238,516,233</u>

### 21.2.2 Commitments in respect of forward government securities transactions

Purchase		10,053,843	22,219,131
Sale		1,385,378	1,827,149
		<u>11,439,221</u>	<u>24,046,280</u>

### 21.2.3 Commitments in respect of operating leases

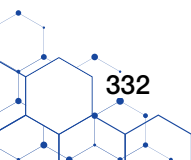
Not later than one year		112,416	58,039
Later than one year and not later than five years		162,545	128,510
Later than five years		23,793	44,625
		<u>298,754</u>	<u>231,174</u>

## 21.3 Other contingent liabilities

21.3.1	Claims against the Bank not acknowledged as debt	21.3.1.1	6,987,410	7,005,967
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**21.3.1.1** This represent certain claims by third parties against the Bank, which are being contested in Courts of law. The management is of the view that these relate to the normal course of the business and the possibility of an outflow of economic resource is remote.

**21.3.2** The income tax assessments of the Bank have been finalized upto and including tax year 2022 for local, Azad Kashmir and Gilgit Baltistan operations. While finalizing income tax assessments upto tax year 2022, income tax authorities made certain add backs with aggregate tax impact of Rs. 34,841 million (2022: 32,741 million). As a result of appeals filed by the Bank before appellate authorities, most of the add backs have been deleted. However, the Bank and Tax Department are in appeals / references before higher forums against unfavorable decisions. Pending finalization of appeals / references no provision has been made by the Bank



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

on aggregate sum of Rs.34,841 million (2022: 32,741 million). The management is confident that the outcome of these appeals / references will be in favor of the Bank.

Tax Authorities have conducted proceedings of withholding tax audit under section 161/205 of Income Tax Ordinance, 2001 for tax year 2003 to 2006 and tax year 2008 to 2018 and created an arbitrary demand of Rs. 2,029 million (2022: 1,700 million). The Bank's appeals before CIR(A)/Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that these appeals will be decided in favor of the Bank; therefore, no provision has been made against the said demand of Rs. 2,029 million (2022: 1,700 million).

Tax authorities have also issued orders under Federal Excise Act, 2005 / Sales Tax Act, 1990 and Sindh Sales Tax on Services Act, 2011 for the year 2008 to 2017 thereby creating arbitrary aggregate demand of Rs. 1,144 million (2022: 1,144 million). The Bank's appeals before CIR(A) / Appellate Tribunal Inland Revenue (ATIR) are pending for adjudication. The management is confident that aforesaid demand will be deleted by appellate authorities and therefore no provision has been made against the said demand of Rs. 1,144 million (2022: 1,144 million).

**21.3.3** While adjudicating foreign exchange repatriation cases of exporter namely: Fateh Textile Mills Limited, the Foreign Exchange Adjudicating Court (FEAC) of the State Bank of Pakistan (SBP) has arbitrarily adjudicated penalties against various banks including Rs.2,173 million in aggregate against Allied Bank Limited (the Bank). Against the said judgments, the Bank had filed appeals before the Appellate Board and Constitutional Petitions (CP) in the High Court of Sindh, Karachi. The Honorable High Court granted relief to the Bank by way of interim orders. Meanwhile, alongwith other banks, Bank filed a further CP whereby vires of section 23C of the FE Regulations Act, 1947 was sought to be declared ultra vires. On November 8, 2018, the Honorable Court was pleased to Order that the Appellate Board shall not finally decide the appeals. Subsequently, the earlier CP was disposed of vide order dated 15.01.2019 with a direction to the Appellate Board to first decide the stay application of the Bank and till then, the Foreign Exchange Regulation Department has been restrained from taking any coercive action against the Bank. Moreover, on 04.01.2023, the Appellate Board has ordered that ABL's appeals now stand adjourned sine die till the final disposal of ABL's constitutional petitions which are pending before the Sindh High Court. Based on merits of the appeals, the management is confident that these appeals shall be decided in favor of the Bank and therefore no provision has been made against the impugned penalty.

## 22 DERIVATIVE INSTRUMENTS

The Bank at present does not offer structured derivative products such as Interest Rate Swaps, Forward Rate Agreements or FX Options. However, the Bank buys and sells derivative instruments such as:

- Forward Exchange Contracts
- Foreign Exchange Swaps
- Equity Futures
- Forward Contracts for Government Securities

### Forward Exchange Contracts

Forward Exchange Contract (FEC) is a product which is offered to the obligor who transact internationally. These obligor use this product to hedge themselves from unfavorable movements in a foreign currency, however, by agreeing to fix the exchange rate, they do not benefit from favorable movements in that currency.

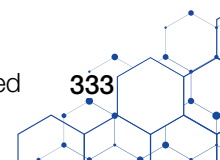
An FEC is a contract between the Obligor and the Bank in which both agree to exchange an amount of one currency for another currency at an agreed forward exchange rate for settlement over more than two business days after the FEC is entered into (the day on which settlement occurs is called the value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

If the relevant exchange rate moves un-favorably, Obligor will benefit from that movement because the Bank must exchange currencies at the FEC rate. In order to mitigate this risk of adverse exchange rate movement, the Bank hedges its exposure by taking opposite forward position in inter-bank FX.

### Foreign Exchange Swaps

A Foreign Exchange Swap (FX Swap) is used by the Bank if it has a need to exchange one currency for another currency on one day and then re-exchange those currencies at a later date. Exchange rates and forward margins are determined in the "inter-bank" market and fluctuate according to supply and demand.

An FX Swap prevents the Bank from gaining any benefit resulting from a favorable exchange rate movement in the relevant currency pair between the time Bank enters into the transaction deal and when settlement occurs. Cancellation of the swap may also result in exposure to market movements. The key advantage of an FX swap is that it provides the Bank with protection



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

against unfavorable currency movements between the time it enters into the transaction and settlement. The term and amounts for FX Swap can also be tailored to suit the Bank's particular needs.

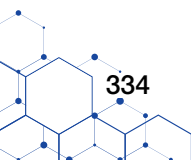
## Equity Futures

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

The Bank may use equity futures as a hedging instrument to hedge its equity portfolio, in both 'held-for-trading' and 'available-for-sale', against equity price risk. Only selected shares are allowed to be traded on futures exchange. Equity futures give flexibility to the Bank either to take delivery on the future settlement date or to settle it by adjusting the notional value of the contract based on the current market rates. Maximum exposure limit to the equity futures is 10% of Tier I Capital of the Bank, based on prevailing SBP regulations.

The accounting policies used to recognize and disclose derivatives are given in Note 4.14.2. The risk management framework of derivative instruments is given in note 42.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>23</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>		
	On:		
	Loans and advances	139,449,883	72,867,887
	Investments	211,082,510	138,446,873
	Lendings to financial institutions	5,275,814	3,987,888
	Balances with banks	1,200,761	175,063
		<b>357,008,968</b>	<b>215,477,711</b>
<b>24</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>		
	On:		
	Deposits	169,398,878	99,736,088
	Borrowings	67,872,918	44,232,492
	Cost of foreign currency swaps against foreign currency deposits	5,627,980	3,792,497
	Interest expense on lease liability	1,196,683	1,007,059
		<b>244,096,459</b>	<b>148,768,136</b>
<b>25</b>	<b>FEE AND COMMISSION INCOME</b>		
	On:		
	Card related fees (debit and credit cards)	5,430,362	3,581,312
	Branch banking customer fees	3,545,273	2,660,150
	Commission on remittances including home remittances	978,648	866,346
	Investment banking fees	599,387	711,823
	Commission on trade	616,940	537,713
	Commission on cash management	413,797	340,292
	Commission on guarantees	167,752	143,233
	Commission on bancassurance	17,237	63,358
	Credit related fees	45,094	28,559
	Consumer finance related fees	28,056	20,528
		<b>11,842,546</b>	<b>8,953,314</b>
<b>26</b>	<b>GAIN ON SECURITIES</b>		
	Realised - net	26.1	928,795
	Unrealised - held for trading	8.1	(64,599)
	Unrealised - forward government securities		(19,424)
			<b>844,772</b>
<b>26.1</b>	<b>Realised gain / (loss) on:</b>		
	Federal government securities		546,524
	Shares		382,256
	Non Government debt securities		15
			<b>928,795</b>
			<b>1,394,302</b>

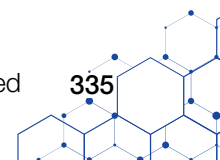




# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>27 OTHER INCOME</b>			
Recovery of written off mark-up and charges		125,221	27,820
Gain on sale of fixed assets - net		23,924	19,508
Loss on sale of non-banking assets	13.1.2	-	(3,063)
Other assets disposal		16,701	8,905
SBP reimbursement of incentive amount		-	2
Fee for attending Board meetings		1,557	1,696
Gain on disposal of Islamic financing and related assets		32,246	7,413
		<u>199,649</u>	<u>62,281</u>
<b>28 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	28.1	19,221,520	17,588,676
<b>Property expense:</b>			
Depreciation		5,070,263	4,708,044
Rent and taxes		375,296	341,624
Utilities cost		2,571,122	2,066,390
Security (including guards)		1,672,869	1,383,117
Repair and maintenance (including janitorial charges)		1,648,930	1,327,714
Insurance		110,889	117,424
		11,449,369	9,944,313
<b>Information technology expenses:</b>			
Network charges		890,938	804,805
Depreciation		1,145,471	847,457
Amortization		587,995	521,644
Software maintenance		2,302,538	1,381,699
Hardware maintenance		487,420	358,213
Others		5,414	4,973
		5,419,776	3,918,791
<b>Other operating expenses:</b>			
Marketing, advertisement and publicity		1,252,963	1,215,460
Insurance		1,715,984	1,609,531
Outsourced service costs	34.1	1,303,938	979,882
Cash in Transit service charge		458,322	405,083
Stationery and printing		718,209	422,636
Travelling and conveyance		389,212	328,328
Legal and professional charges		250,081	263,470
Postage and courier charges		202,610	184,036
Depreciation		322,751	307,464
Donations	28.3	84,104	107,219
NIFT clearing charges		182,323	179,792
Communication		182,179	161,214
Directors fees and allowances		75,211	55,506
Fees and allowances to Shariah Board		8,913	8,552
Training and development		230,589	148,339
Brokerage expenses		77,646	73,111
Card related expenses		2,139,728	1,289,313
Auditors remuneration	28.2	30,587	22,353
Others		1,964,709	1,041,468
		11,590,059	8,802,757
		<u>47,680,724</u>	<u>40,254,537</u>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>28.1 Total compensation expense</b>		
Salaries	11,967,018	11,158,861
Fees And Allowances etc.	2,097,946	2,276,900
Bonus and Awards:		
Variable	2,149,556	1,235,814
Fixed	738,454	704,136
Charge For Defined Benefit Plan	182,978	409,234
Contribution To Defined Contribution Plan	532,840	674,640
Conveyance expense	895,567	637,858
Medical expense	225,698	195,453
Insurance	92,648	86,439
Education Subsidy	25,573	29,927
Haji Expenses	43,088	44,620
Staff Uniform	10,399	13,291
Executive Club Membership	23,449	6,737
Verification Charges Educational Documents	8,655	5,000
Recruitment Charges	5,883	2,702
Social Security Contribution - China	4,381	2,646
Others	22	34
Sub-Total	19,004,155	17,484,292
Voluntary Retirement Scheme	217,365	104,384
<b>Grand Total</b>	<b>19,221,520</b>	<b>17,588,676</b>

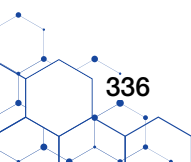
**28.1.1** The Bank announced the Voluntary Retirement Scheme (VRS) for its employees. Twenty (20) employees (2022: 13) of the Bank opted for retirement under this scheme.

**28.1.2** Total cost for the year included in Other Operating Expenses relating to outsourced activities is Rs. 1,599.215 million (2022: Rs. 1,122.612 million). This includes payments other than outsourced services costs, which are disclosed above. Total cost of outsourced activities for the year given to related parties is nil.

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>28.2 Auditors' remuneration</b>		
Audit fee	11,401	8,647
Fee for other statutory certifications	6,745	4,648
Annual audit overseas business unit*	5,128	3,455
Half year review	4,050	3,000
Special certifications and miscellaneous services	203	150
Sales tax	960	713
Out-of-pocket expenses	2,100	1,740
	<b>30,587</b>	<b>22,353</b>

\*This includes audit fee amounting to Bahraini Dinar 6,000 (2022: 5,500) & Chinese Yuan 3,000 (2022: 3,000) relating to Wholesale Bahrain Branch & China Representative Office respectively.

**28.3** None of the directors, executives and their spouses had any interest in the donees, except Mr. Mohammad Naeem Mukhtar (Chairman and Non-Executive Sponsor Director) is director in National Management Foundation (LUMS).



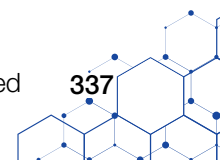
# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
Special Olympics Pakistan		-	14,000
Anjuman Himayat-i-Islam	28.3.1	1,968	1,009
IBA Karachi Centre of Excellence in Islamic Finance (CEIF)		-	700
Chaman (Center for Mentally Challenged Children)		-	1,500
Aziz Jehan Begum Trust For The Blind		2,500	2,500
Saylani Welfare International Trust	28.3.1	927	1,998
The Citizens Foundation		4,470	8,600
Million Smiles Foundation		-	3,600
National Management Foundation (LUMS)		30,000	33,000
Jamia Ashrafia Lahore	28.3.1	1,355	1,009
Liver Foundation Trust		2,500	-
Abdul Sattar Edhi Foundation	28.3.1	2,180	854
Fatimid Foundation		1,000	-
Fortify Education Foundation		500	-
Hunza Public School & Degree College		94	-
Million Smiles Foundation (MSF)		1,980	-
The I Care Foundation		2,000	-
The Kidney Centre Post Graduate Training Institute		15,000	-
The Patients Behbud Society (PBS)		5,000	-
The Layton Rahmatulla Benevolent Trust		1,000	500
National University of Sciences and Technology		-	1,000
Kashif Iqbal Thalassaemia Care Centre Trust		-	2,000
Government Girls Model School Turbat		-	616
Balochistan Rural Support Programme Gurantee Limited		-	10,000
Sindh Rural Support Organization		-	5,000
Sukkur IBA University		1,630	1,632
Sundas Foundation		-	500
The Medical Aid Foundation		-	980
Pakistan Navy - Welfare Center		-	135
Arthritis Care Foundation		-	3,000
Quetta Bankers Club		-	500
The Noorani Foundation Trust		10,000	12,586
		<b>84,104</b>	<b>107,219</b>

**28.3.1** This represents charitable expenses on account of sadqa & feeding to under privileged.

	December 31, 2023	December 31, 2022
Rupees in '000		
<b>29 OTHER CHARGES</b>		
Penalties imposed by State Bank of Pakistan	173,381	294,011
Education cess	50,004	55,766
Depreciation - non-banking assets	11,113	8,166
Other assets written off	7	-
Others	608	63
	<b>235,113</b>	<b>358,006</b>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>30</b>	<b>PROVISIONS AND WRITE OFFS – NET</b>		
Provision / (reversal) for diminution in the value of investments	8.3	2,064,691	289,867
Reversal against loans and advances	9.4	683,049	(474,396)
Provision against other assets	13.2.1	246,338	9,999
Reversal against off balance sheet obligations	18.1	-	-
		2,994,078	(174,530)
Recovery of written off bad debts		(17,105)	(86,363)
		2,976,973	(260,893)
<b>31</b>	<b>TAXATION</b>		
Current – for the year including super tax		43,364,441	24,214,578
– for prior year	31.2	2,954,666	2,007,418
		46,319,107	26,221,996
Deferred – current		(811,512)	(687,592)
		45,507,595	25,534,404

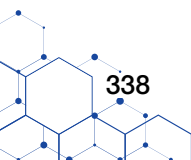
## 31.1 Relationship between tax expense and accounting profit

Accounting profit for the year		86,808,959	46,781,889
Tax on income @ 39% (2022: 39%)		33,855,494	18,244,937
Super Tax @ 10%		8,761,435	4,918,252
Windfall Income Tax / Prior year		2,954,666	2,007,418
Others		(64,000)	363,797
Tax charge for the year		45,507,595	25,534,404

**31.2** In relation to Section 99D of the Income Tax Ordinance, 2001, Federal Government levied an additional tax on Foreign Exchange Income of Banks declaring it as windfall income for Tax Year 2022 and 2023 (Income Year 2021 and 2022). This levy has been challenged by the Bank before Lahore High Court where stay was granted to the Bank. However, the Bank has recorded provision against this tax in 2023.

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>32</b>	<b>EARNINGS PER SHARE – BASIC AND DILUTED</b>		
Profit after taxation		41,301,364	21,247,485
		Number of Shares	
Weighted average number of ordinary shares outstanding during the year		1,145,073,830	1,145,073,830
		Rupees	
Earnings per share – basic and diluted		36.07	18.56

There is no dilution effect on basic earnings per share.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
Rupees in '000			
<b>33 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	33.1	156,124,352	87,904,863
Balances with other banks		2,455,601	3,439,468
Overdrawn nostro accounts		(192,355)	(435,271)
		<u>158,387,598</u>	<u>90,909,060</u>

**33.1** This includes balances with SBP amounting to Rs. 91,125.620 million (2022: Rs. 56,958.573 million) related to statutory cash reserve to comply with SBP requirements.

### 33.2 Reconciliation of movement of liabilities and equity to cash flows arising from financing activities

	December 31, 2023				December 31, 2022			
	Liabilities		Equity		Liabilities		Equity	
	Lease Liabilities	Dividend payable	Unappropriated Profit	Total	Lease Liabilities	Dividend payable	Unappropriated Profit	Total
Rupees in '000								
<b>Balance as at January 01,</b>	10,061,402	457,395	82,058,979	92,577,776	9,316,166	442,666	71,822,518	81,581,350
Changes from Financing cash flows								
Payment of lease liability against right-of-use-assets	(2,587,226)	-	-	(2,587,226)	(2,316,602)	-	-	(2,316,602)
Dividend Paid	-	(11,982,078)	-	(11,982,078)	-	(9,145,863)	-	(9,145,863)
Total changes from financing cash flows	(2,587,226)	(11,982,078)	-	(14,569,304)	(2,316,602)	(9,145,863)	-	(11,462,465)
<b>Liability related</b>								
Changes in Other liabilities								
- Dividend announced	-	12,023,276	(12,023,276)	-	-	9,160,592	(9,160,592)	-
- Lease liability recognised	3,425,774	-	-	3,425,774	3,061,838	-	-	3,061,838
Total liability related other changes	3,425,774	12,023,276	(12,023,276)	3,425,774	3,061,838	9,160,592	(9,160,592)	3,061,838
Total equity related other changes	-	-	37,791,591	37,791,591	-	-	19,397,053	19,397,053
Balance as at December 31, 2023	<u>10,899,950</u>	<u>498,593</u>	<u>107,827,294</u>	<u>119,225,837</u>	<u>10,061,402</u>	<u>457,395</u>	<u>82,058,979</u>	<u>92,577,776</u>

**33.3** Markup receipts and markup payments during the year amounted to Rs. 361,768.543 million and Rs. 243,204.268 million respectively. (2022: Rs. 186,512.53 million and Rs. 138,167.037 million respectively).

	Numbers	
<b>34 STAFF STRENGTH</b>		
Permanent	12,228	11,612
Temporary / on contractual basis / trainee	537	525
Bank's own staff strength at the end of the year	<u>12,765</u>	<u>12,137</u>
Average number of employees	<u>12,451</u>	<u>11,969</u>

**34.1** In addition to the above, 800 (2022: 706) 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. Further, 7 (2022: 9) employees were posted abroad. The rest were working domestically.

### 35 DEFINED BENEFIT PLANS

#### 35.1 General description

The Bank operates a funded gratuity scheme for all employees who opted for the staff retirement benefit scheme introduced by the management with effect from July 1, 2002. For those employees who did not opt for the new scheme, the Bank continues to operate a funded pension scheme.

The Bank also provides post retirement medical benefits (unfunded scheme) to eligible retired employees.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 35.2 Number of employees and beneficiaries under the schemes

The number of employees covered under the following defined benefit scheme or plans are:

	December 31, 2023	December 31, 2022
	Numbers	
– Pension fund	141	357
– Gratuity fund	12,077	11,498
– Post retirement medical benefits	12,528	11,928
– Employees' compensated absences	12,524	11,928

In addition, the number of beneficiaries covered under the following defined benefit scheme or plans are:

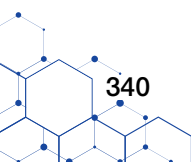
– Pension fund	1,997	1,991
– Post retirement medical benefits	1,610	1,610

## 35.3 Principal actuarial assumptions

The actuarial valuations were carried out for December 31, 2023 based on the Projected Unit Credit Method, using the following significant assumptions:

	Sources of estimation	December 31, 2023	December 31, 2022
<b>Withdrawal rate</b>			
Pension fund		Moderate	Moderate
Gratuity fund		Moderate	Moderate
Post retirement medical benefits		Moderate	Moderate
Employees' compensated absences		High	High
<b>Mortality rate</b>			
		Adjusted SLIC 2001–2005	Adjusted SLIC 2001–2005
<b>Discount rate</b>	Yield on investments in Government Bonds	15.50%	14.50%
<b>Expected rate of return on plan assets</b>			
Pension fund	Yield on investments in Government Bonds	15.50%	14.50%
Gratuity fund	Yield on investments in Government Bonds	15.50%	14.50%
<b>Expected rate of salary increase</b>	Rate of salary increase	13.50%	12.50%

The expected return on plan assets is based on the market expectations and depends on the asset portfolio of the Group, at the beginning of the period, for returns over the entire life of the related obligation.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 35.4 Reconciliation of (receivable from) / payable to defined benefit plans

	Note	December 31, 2023				December 31, 2022			
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
		Rupees in '000				Rupees in '000			
Present value of defined benefit obligations	35.6	879,630	4,896,472	1,473,496	1,200,318	1,067,361	4,446,359	1,508,820	1,124,542
Fair value of plan's and scheme's assets	35.7	(7,064,670)	(4,062,631)	-	-	(6,010,391)	(3,617,311)	-	-
Net (asset) and liability		(6,185,040)	833,841	1,473,496	1,200,318	(4,943,030)	829,048	1,508,820	1,124,542
Net (asset) and liability		(6,185,040)	833,841	1,473,496	1,200,318	(4,943,030)	829,048	1,508,820	1,124,542

## 35.5 Movement in (receivable from) / payable to defined benefit plans

	Note	December 31, 2023				December 31, 2022			
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
		Rupees in '000				Rupees in '000			
Opening balance		(4,943,030)	829,048	1,508,820	1,124,542	(4,379,974)	716,131	1,515,000	923,138
(Reversal) / charge for the year	35.9	(539,516)	509,690	235,577	169,122	(442,817)	461,560	201,198	278,610
Other comprehensive (income) / losses		(702,494)	21,439	(148,845)	-	(224,490)	97,809	(99,452)	-
Contribution to the fund and benefits paid		-	(526,336)	(122,056)	(93,346)	-	(446,452)	(107,926)	(77,206)
Closing balance		(6,185,040)	833,841	1,473,496	1,200,318	(5,047,281)	829,048	1,508,820	1,124,542

## 35.6 Movement in defined benefit obligations

	Note	December 31, 2023				
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences	
		Rupees in '000				
Opening balance			1,067,361	4,446,359	1,508,820	1,124,542
Current service cost			-	422,254	24,216	62,517
Interest cost			122,331	605,528	209,930	156,291
Benefits paid			(447,396)	(538,853)	(122,056)	(93,346)
VRS settlement loss / (gain)	35.6.1		177,223	2,402	1,431	3,370
Re-measurement loss / (gain)			(39,889)	(41,218)	(148,845)	(53,056)
Closing balance			879,630	4,896,472	1,473,496	1,200,318

	Note	December 31, 2022				
		Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences	
		Rupees in '000				
Opening balance			1,389,295	4,107,800	1,515,000	923,138
Current service cost			-	397,339	25,426	52,957
Interest cost			133,687	457,154	171,672	103,933
Benefits paid			(503,071)	(432,494)	(107,926)	(77,206)
VRS settlement loss			71,830	2,710	4,100	3,370
Re-measurement loss and (gain)			(24,380)	(86,150)	(99,452)	118,350
Closing balance			1,067,361	4,446,359	1,508,820	1,124,542

**35.6.1** During the year, the active pensioners and in-service pensionable employees were given a voluntary option to settle their monthly pension with a lump sum payment. Those who will not opt for the lump sum option, will continue to receive monthly pension (defined benefit scheme).

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 35.7 Movement in fair value of plan assets

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000				
Opening balance	6,010,391	3,617,311	-	-
Expected return on plan assets	839,070	520,494	-	-
Group's contribution	-	479,098	-	-
Benefits paid	(447,396)	(534,493)	-	-
Re-measurement loss	662,605	(19,779)	-	-
Closing balance	7,064,670	4,062,631	-	-

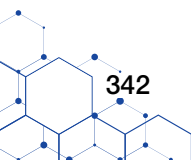
	December 31, 2022			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000				
Opening balance	5,769,269	3,367,829	-	-
Expected return on plan assets	648,334	396,473	-	-
Group's contribution	-	440,688	-	-
Benefits paid	(503,071)	(427,861)	-	-
Re-measurement loss	95,859	(159,818)	-	-
Closing balance	6,010,391	3,617,311	-	-

## 35.8 Composition of plan assets

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000				
Equity securities	1,766,592	-	-	-
Government securities	5,067,523	3,549,409	-	-
Cash and cash equivalents	230,553	513,221	-	-
	7,064,668	4,062,630	-	-

### 35.8.1 Fair value of Group's financial instruments included in plan assets

Shares of ABL	-	-	-	-
Term deposit receipts	-	406,844	-	-
Government securities	5,067,523	3,549,409	-	-
Bank balances with ABL	230,553	106,377	-	-
	5,298,076	4,062,630	-	-





# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Equity securities	1,370,166	95,712	-	-
Government securities	4,185,712	3,487,867	-	-
Cash and cash equivalents	454,513	33,731	-	-
	<u>6,010,391</u>	<u>3,617,310</u>	-	-

## 35.8.2 Fair value of Group's financial instruments included in plan assets

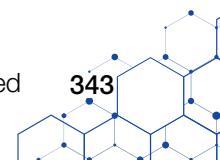
Shares of ABL	136,640	-	-	-
Term deposit receipts	-	-	-	-
Government securities	-	-	-	-
Bank balances with ABL	454,513	33,732	-	-
	<u>591,153</u>	<u>33,732</u>	-	-

**35.8.3** Investment in term deposit receipts are subject to credit risk and interest rate risks, while equity securities are subject to price risk. These risks are regularly monitored by Trustees of the employee funds.

## 35.9 Charge for defined benefit plan

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Current service cost	-	422,254	24,216	62,517
Interest cost	-	-	-	-
Net interest	(716,739)	85,034	209,930	156,291
VRS loss	177,223	2,402	1,431	3,370
Re-measurement loss recognised	-	-	-	(53,056)
	<u>(539,516)</u>	<u>509,690</u>	<u>235,577</u>	<u>169,122</u>

	December 31, 2022			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Current service cost	-	397,339	25,426	52,957
Interest cost	-	-	-	-
Net interest	(514,647)	60,681	171,672	103,933
VRS loss	71,830	3,540	4,100	3,370
Re-measurement loss recognised	-	-	-	118,350
	<u>(442,817)</u>	<u>461,560</u>	<u>201,198</u>	<u>278,610</u>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 35.10 Re-measurements recognized in other comprehensive income

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Re-measurement (loss) / gain on obligations				
- Demographic assumptions	-	-	-	-
- Financial assumptions	42,020	(27,490)	-	-
- Experience adjustments	(2,131)	68,225	148,845	53,056
Re-measurement loss on assets	662,605	(19,779)	-	-
Re-measurement (loss) or gain in OCI	702,494	20,956	148,845	53,056

	December 31, 2022			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
	Rupees in '000			
Re-measurement (loss) / gain on obligations				
- Demographic assumptions	-	21,377	-	-
- Financial assumptions	(121,099)	(71,230)	-	-
- Experience adjustments	145,479	135,174	99,542	(118,350)
Re-measurement loss on assets	95,859	(159,230)	-	-
Re-measurement (loss) or gain in OCI	120,239	(73,909)	99,542	(118,350)

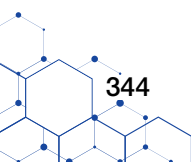
	December 31, 2023	December 31, 2022
	Rupees in '000	

## 35.11 Actual return / (loss) on plan assets

- Pension fund	1,501,675	744,193
- Gratuity fund	500,715	236,655

## 35.12 Five year data of defined benefit plan and experience adjustments

	2023	2022	Pension fund		
			2021	2020	2019
	Rupees in '000				
Present value of defined benefit obligation	879,630	1,067,361	1,389,295	1,707,213	1,661,826
Fair value of plan assets	(7,064,670)	(6,010,391)	(5,769,269)	(5,493,653)	(6,102,237)
	(6,185,040)	(4,943,030)	(4,379,974)	(3,786,440)	(4,440,411)
<b>Experience adjustments on plan obligations and assets</b>					
Re-measurement (loss) / gain on obligation	39,889	24,380	259,608	(87,632)	(221,183)
Re-measurement (loss) / gain on assets	662,605	95,859	(35,118)	(1,063,774)	(506,563)



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Gratuity fund				
	2023	2022	2021	2020	2019
Rupees in '000					
Present value of defined benefit obligation	4,896,472	4,446,359	4,083,960	3,655,868	3,351,328
Fair value of plan assets	(4,062,631)	(3,617,311)	(3,367,829)	(3,046,593)	(2,744,422)
	833,841	829,048	716,131	609,275	606,906
<b>Experience adjustments on plan obligations and assets</b>					
Re-measurement gain / (loss) on obligation	41,218	86,150	(76,096)	130,088	(15,945)
Re-measurement gain / (loss) on assets	(19,779)	(159,818)	(21,713)	(118,061)	(74,792)
	Post retirement medical				
	2023	2022	2021	2020	2019
Rupees in '000					
Present value of defined benefit obligation	1,473,496	1,508,820	1,515,000	1,514,300	1,365,237
Fair value of plan assets	-	-	-	-	-
	1,473,496	1,508,820	1,515,000	1,514,300	1,365,237
<b>Experience adjustments on plan obligations and assets</b>					
Re-measurement (loss) and gain on obligation	148,845	99,452	52,599	(95,729)	44,640
	Employees' compensated absences				
	2023	2022	2021	2020	2019
Rupees in '000					
Present value of defined benefit obligation	1,200,318	1,124,542	923,138	774,381	668,547
Fair value of plan assets	-	-	-	-	-
	1,200,318	1,124,542	923,138	774,381	668,547
<b>Experience adjustments on plan obligations</b>					
Re-measurement (loss) and gain on obligation	53,056	(118,350)	(131,808)	(120,571)	(59,950)

### 35.13 Expected contributions to be paid to the funds in the next financial year

The Bank contributes to the gratuity fund as per actuarial expected charge for the next financial year. No contributions are being made to pension due to surplus of fair value of plan's assets over present value of defined obligation. Based on actuarial advice, management estimates that the charge or (reversal) in respect of defined benefit plans for the year ending December 31, 2024 would be as follows:

	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
Rupees in '000				
Expected (reversal) and charge for the next year	(869,610)	540,341	250,068	227,241

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 35.14 Sensitivity analysis

Description	+1% Discount Rate	-1% Discount Rate	+1% Salary Increase Rate	-1% Salary Increase Rate	+10% Withdrawal Rate	-10% Withdrawal Rate	1Year Mortality age set back	1Year Mortality age set forward
	Rupees in '000							
Pension fund	841,418	921,651	-	-	879,636	879,625	875,091	884,508
Gratuity fund	4,522,457	5,267,539	5,239,890	4,494,477	4,856,287	4,881,274	4,871,499	4,866,480
Post retirement medical	1,440,770	1,510,531	1,473,496	1,473,496	1,473,496	1,473,496	1,473,496	1,473,496
Leave compensated absences	1,131,570	1,277,750	1,278,469	1,129,843	1,193,412	1,207,396	1,202,285	1,198,343

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the defined benefit obligation recognized within the statement of financial position.

	December 31, 2023			
	Pension fund	Gratuity fund	Post retirement medical	Employees' compensated absences
The weighted average duration of the obligation (in years)	4	7.85	6.46	6.64

## 35.15 Maturity Profile

## 35.16 Funding Policy

The Bank endeavors to ensure that liabilities under the various employee benefit schemes are covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the fund, projected increase in liability associated with future service and the projected investment income of the Fund.

## 35.17 Risk associated with defined benefit plans

The defined benefit plans may expose the group to actuarial risks such as longevity risk, investment risk, salary increase risk and withdrawal rate risk as described below;

### Longevity risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

### Investment risks:

The risk arises when the actual performance level of investment levels is lower than expectation and thus creating a shortfall in the funding objectives.

### Salary increase risk:

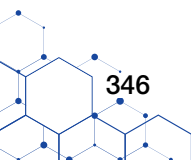
The most common type of retirement benefit is one where the final benefit is linked with final salary. The risk arises when the actual increases are higher than expectations and impact the liability accordingly.

### Withdrawal Rate:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

## 36 DEFINED CONTRIBUTION PLAN

The Bank operates an approved contributory provident fund for 9,471 (2022: 9,400) employees where contributions are made by the Bank at 8.33% per annum (2022: 8.33% per annum), whereas employees have the option to contribute at 8.33%, 12% or 15% per annum (2022: 8.33%, 12% or 15% per annum) of the basic salary every month.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

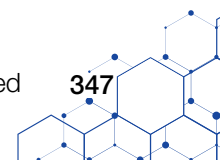
### 37.1 Total compensation expense

	December 31, 2023						
	Directors			Members Shariah Board	President / CEO*	Key Man- agement Personnel	Other Ma- terial Risk Takers / Controllers
	Chairman	Executive (other than CEO)*	Non- Executives				
	Rupees in '000						
Fees and allowances etc.	4,200	-	70,400	-	-	-	-
Managerial remuneration							
- Fixed (including Eid bonus)	-	-	-	3,947	30,000	143,794	209,435
- Total Variable	-	-	-	895	30,500	182,206	140,804
of which							
a. Cash Bonus and awards	-	-	-	895	30,500	182,206	140,804
b. Bonus and awards in Shares	-	-	-	-	-	-	-
Charge for defined benefit plans	-	-	-	-	-	-	-
Contribution to defined contribution plan	-	-	-	303	2,499	11,221	16,019
Rent and house maintenance	-	-	-	2,186	18,735	80,827	121,585
Utilities	-	-	-	728	6,245	26,943	40,528
Medical	-	-	-	728	6,245	27,962	43,005
Conveyance	-	-	-	1,316	5,850	87,847	88,039
Others	-	-	-	743	1,717	27,638	91,500
<b>Total</b>	<b>4,200</b>	<b>-</b>	<b>70,400</b>	<b>10,846</b>	<b>101,791</b>	<b>588,438</b>	<b>750,915</b>
Number of persons	1	-	8	3	1	22	75

\* CEO stands for Chief Executive Officer

	December 31, 2022						
	Directors			Members Shariah Board	President / CEO*	Key Man- agement Personnel	Other Ma- terial Risk Takers / Controllers
	Chairman	Executive (other than CEO)*	Non- Executives				
	Rupees in '000						
Fees and allowances etc.	4,200	-	47,200	-	-	-	-
Managerial remuneration							
- Fixed (including Eid bonus)	-	-	-	3,853	14,800	132,013	196,710
- Total Variable	-	-	-	505	21,250	143,319	96,710
of which							
a. Cash Bonus and awards	-	-	-	505	21,250	143,319	102,766
b. Bonus and awards in Shares	-	-	-	-	-	-	-
Charge for defined benefit plans	-	-	-	349	1,340	21,381	36,439
Contribution to defined contribution plan	-	-	-	296	1,233	11,948	15,784
Rent and house maintenance	-	-	-	2,133	8,880	74,107	113,693
Utilities	-	-	-	711	2,960	24,701	37,898
Medical	-	-	-	711	2,960	27,352	42,163
Conveyance	-	-	-	1,299	5,400	87,596	84,303
Others	-	-	-	749	1,604	33,823	67,465
<b>Total</b>	<b>4,200</b>	<b>-</b>	<b>47,200</b>	<b>10,606</b>	<b>60,427</b>	<b>556,240</b>	<b>697,221</b>
Number of persons	1	-	8	3	1	20	71

\* CEO stands for Chief Executive Officer



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

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

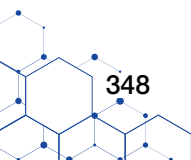
Sr. No.	Name of Director	December 31, 2023						Total Amount Paid
		Board Meetings	Audit Committee of Board	Human Resource Remuneration Committee	Board Risk Management Committee	E-Vision	Strategic Planning and Monitoring Committee	
Rupees in '000								
1	Mohammad Naeem Mukhtar	1,800	-	-	-	2,400	-	4,200
2	Sheikh Mukhtar Ahmad	3,000	-	-	2,400	-	-	5,400
3	Muhammad Waseem Mukhtar	3,000	-	2,400	-	1,800	7,200	14,400
4	Abdul Aziz Khan	3,000	-	2,400	2,400	-	7,200	15,000
5	Zafar Iqbal	3,000	3,000	-	-	2,400	-	8,400
6	Mubashir A. Akhtar	3,000	3,000	2,400	-	-	-	8,400
7	Nazrat Bashir	3,000	3,000	-	2,400	-	7,200	15,600
8	Pervaiz Iqbal Butt	1,600	-	-	-	-	-	1,600
9	Muhammad Kamran Shehzad	1,600	-	-	-	-	-	1,600
		23,000	9,000	7,200	7,200	6,600	21,600	74,600

Sr. No.	Name of Director	December 31, 2022						Total Amount Paid
		Board Meetings	Audit Committee of Board	Human Resource Remuneration Committee	Board Risk Management Committee	E-Vision	Strategic Planning and Monitoring Committee	
Rupees in '000								
1	Mohammad Naeem Mukhtar	2,600	-	-	-	1,600	-	4,200
2	Sheikh Mukhtar Ahmad	2,600	-	-	1,600	-	-	4,200
3	Muhammad Waseem Mukhtar	2,600	-	1,600	-	1,200	4,800	10,200
4	Abdul Aziz Khan	2,200	-	1,200	1,600	-	4,400	9,400
5	Zafar Iqbal	2,600	2,000	-	-	1,600	-	6,200
6	Mubashir A. Akhtar	2,600	2,000	1,600	-	-	-	6,200
7	Nazrat Bashir	2,600	2,000	-	1,600	-	4,800	11,000
8	Pervaiz Iqbal Butt	1,800	-	-	-	-	-	1,800
9	Muhammad Kamran Shehzad	1,800	-	-	-	-	-	1,800
		21,400	6,000	4,400	4,800	4,400	14,000	55,000

## 37.3 Remuneration paid to Shariah Board Members

Items	December 31, 2023			December 31, 2022		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
Rupees in '000						
Salaries and allowances	6,042	2,544	2,260	5,795	2,406	2,405
Total Number of Persons	1	1	1	1	1	1

37.4 Deferred cash bonus and remuneration for MRTs for the year 2023 is Rs. 23,607,733 (2022: 19,672,850).



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 38 FAIR VALUE OF FINANCIAL INSTRUMENTS

### 38.1 Fair value of financial assets

The fair value of traded investments is based on quoted market prices other than those classified as “held to maturity”. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group’s accounting policy as stated in note 4.4 to these consolidated financial statements.

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities. Financial instruments included in level 1 comprise of investments in Listed Ordinary Shares.

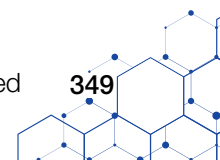
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Financial instruments included in level 2 comprise of Sukuk Bonds, Units of Mutual Funds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and Forward Government & Exchange Contracts.

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs). Currently, no financial instruments are classified in level 3.

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:

#### Valuation Techniques used in determination of Fair Valuation of Financial Instruments within Level 2

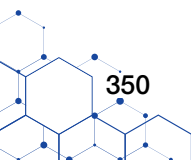
Item	Valuation approach and input used
Federal Government Securities	Marked to Market on the basis of PKRV & PKFRV rates.
Non-Government Debt Securities	Marked to Market on the basis of MUFAP rates.
Foreign Exchange Contracts	Marked to Market on the basis of SBP rates.
Open Ended Mutual Funds	Marked to Market on the basis of MUFAP rates.
Operating Fixed Assets (Land & Building) & NBA	The valuation is based on their assessment of market value of the properties.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023				
	Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	1,044,283,263	-	1,044,283,263	-	1,044,283,263
Shares	23,270,806	18,457,238	4,813,568	-	23,270,806
Non-Government Debt Securities	13,274,049	-	13,274,049	-	13,274,049
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (Federal government securities, unlisted ordinary shares, term certificates, sukuks, subsidiaries, Bai muajjal)					
	73,769,085	-	-	-	-
Cash and balances with treasury banks	156,124,352	-	-	-	-
Balances with other banks	2,455,601	-	-	-	-
Lendings	9,418,003	-	-	-	-
Advances	780,296,455	-	-	-	-
Other assets	88,092,635	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets	90,617,404	-	90,617,404	-	90,617,404
Non-banking assets	2,081,772	-	2,081,772	-	2,081,772
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	180,292,360	-	180,292,360	-	180,292,360
Forward sale of foreign exchange	141,834,941	-	141,834,941	-	141,834,941
Forward purchase of government securities transactions	10,053,843	-	10,053,843	-	10,053,843
Forward sale of government securities transactions	1,385,378	-	1,385,378	-	1,385,378
Rupees in '000					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
Investments					
Federal Government Securities	1,017,093,238	-	1,017,093,238	-	1,017,093,238
Shares	21,288,515	17,166,642	4,121,873	-	21,288,515
Non-Government Debt Securities	13,381,967	-	13,381,967	-	13,381,967
<b>Financial assets - disclosed but not measured at fair value</b>					
Investments (Federal government securities, unlisted ordinary shares, term certificates, sukuks, subsidiaries, Bai muajjal)					
	74,952,790	-	-	-	-
Cash and balances with treasury banks	87,913,426	-	-	-	-
Balances with other banks	3,439,468	-	-	-	-
Lendings	28,222,195	-	-	-	-
Advances	845,640,176	-	-	-	-
Other assets	56,467,341	-	-	-	-
<b>Non - Financial Assets measured at fair value</b>					
Operating fixed assets	59,099,625	-	59,099,625	-	59,099,625
Non-banking assets	1,505,342	-	1,505,342	-	1,505,342
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	160,636,134	-	160,636,134	-	160,636,134
Forward sale of foreign exchange	77,880,099	-	77,880,099	-	77,880,099





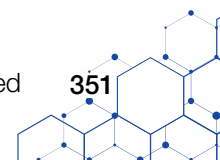
# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 39 SEGMENT INFORMATION

### 39.1 Segment Details with respect to Business Activities

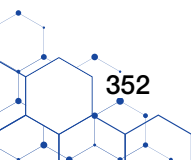
	December 31, 2023						
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Asset Management Company	Others	Total
	Rupees in '000						
<b>Profit &amp; Loss Account</b>							
Net mark-up, return, profit	119,873,099	(156,066,479)	140,324,432	8,561,047	(366,804)	587,214	112,912,509
Inter segment revenue - net	(117,178,022)	281,976,540	(146,027,805)	-	-	(18,770,713)	-
Non mark-up / return / interest income	6,179,654	7,465,828	9,492,779	641,564	2,183,009	600,161	26,562,995
<b>Total Income</b>	<b>8,874,731</b>	<b>133,375,889</b>	<b>3,789,406</b>	<b>9,202,611</b>	<b>1,816,205</b>	<b>(17,583,338)</b>	<b>139,475,504</b>
Segment direct expenses	812,765	22,269,329	251,608	1,905,712	764,416	23,685,742	49,689,572
Total expenses	812,765	22,269,329	251,608	1,905,712	764,416	23,685,742	49,689,572
Provisions	(3,171,735)	(574,914)	(287,719)	(3,451)	-	1,060,846	(2,976,973)
<b>Profit before tax</b>	<b>4,890,231</b>	<b>110,531,646</b>	<b>3,250,079</b>	<b>7,293,448</b>	<b>1,051,789</b>	<b>(40,208,234)</b>	<b>86,808,959</b>
<b>Statement of Financial Position</b>							
Cash & Bank balances	63,911	52,567,988	87,420,356	7,981,515	21,442	10,524,741	158,579,953
Investments	56,323,830	-	1,055,128,295	38,360,057	4,779,114	5,907	1,154,597,203
Net inter segment lending	(637,179,804)	1,431,073,958	(920,483,266)	(427,931)	-	127,017,043	-
Lendings to financial institutions	-	-	16,191,116	-	-	(6,773,113)	9,418,003
Advances - performing	658,585,879	32,393,352	-	79,621,981	199,225	8,997,696	779,798,133
Advances - non-performing	296,254	174,347	-	5,729	-	12,562,699	13,039,029
Provision against advances	(226,742)	(129,247)	-	(7,338)	-	(12,177,380)	(12,540,707)
Advances - net	658,655,391	32,438,452	-	79,620,372	199,225	9,383,015	780,296,455
Operating fixed assets	152,919	74,579,541	5,707	887,783	412,017	49,773,926	125,811,893
Others	8,271,993	15,956,021	40,787,167	5,126,241	530,232	33,674,812	104,346,466
<b>Total Assets</b>	<b>86,288,240</b>	<b>1,606,615,960</b>	<b>279,049,375</b>	<b>131,548,037</b>	<b>5,942,030</b>	<b>223,606,331</b>	<b>2,333,049,973</b>
Borrowings	80,418,586	3,160,687	279,576,794	17,276,361	-	(6,758,386)	373,674,042
Deposits & other accounts	3,332,467	1,573,043,102	-	95,333,605	-	4,880,503	1,676,589,677
Others	2,537,187	30,412,171	(527,419)	3,904,191	2,295,319	46,838,767	85,460,216
<b>Total liabilities</b>	<b>86,288,240</b>	<b>1,606,615,960</b>	<b>279,049,375</b>	<b>116,514,157</b>	<b>2,295,319</b>	<b>44,960,884</b>	<b>2,135,723,935</b>
Equity and Reserves	-	-	-	15,033,880	3,646,711	178,645,447	197,326,038
<b>Total Equity and Liabilities</b>	<b>86,288,240</b>	<b>1,606,615,960</b>	<b>279,049,375</b>	<b>131,548,037</b>	<b>5,942,030</b>	<b>223,606,331</b>	<b>2,333,049,973</b>
<b>Contingencies and Commitments</b>	<b>192,589,491</b>	<b>20,824,987</b>	<b>333,566,522</b>	<b>5,984,115</b>	<b>-</b>	<b>16,291,499</b>	<b>569,256,614</b>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022						
	Corporate & Investment Banking	Commercial and Retail Banking	Trading & Sale (Treasury)	Islamic Banking	Asset Management Company	Others	Total
	Rupees in '000						
<b>Profit &amp; Loss Account</b>							
Net mark-up, return, profit	59,927,883	(91,934,132)	94,434,395	3,734,291	(9,255)	556,393	66,709,575
Inter segment revenue - net	(62,503,949)	172,253,651	(96,578,957)	-	-	(13,170,745)	-
Non mark-up, return, interest income	6,417,491	5,347,758	8,092,109	383,640	769,690	392,009	21,402,697
<b>Total Income</b>	<b>3,841,425</b>	<b>85,667,277</b>	<b>5,947,547</b>	<b>4,117,931</b>	<b>760,435</b>	<b>(12,222,343)</b>	<b>88,112,272</b>
Segment direct expenses	726,506	20,165,543	217,956	1,644,684	603,464	18,233,123	41,591,276
Total expenses	726,506	20,165,543	217,956	1,644,684	603,464	18,233,123	41,591,276
Provisions	(669,701)	(169,362)	-	(3,653)	(1,100)	1,104,709	260,893
<b>Profit before tax</b>	<b>2,445,218</b>	<b>65,332,372</b>	<b>5,729,591</b>	<b>2,469,594</b>	<b>155,871</b>	<b>(29,350,757)</b>	<b>46,781,889</b>
<b>Statement of Financial Position</b>							
Cash & Bank balances	118,949	23,235,294	52,356,522	9,172,647	13,066	6,447,853	91,344,331
Investments	41,851,146	-	1,052,517,808	28,248,134	4,099,422	-	1,126,716,510
Net inter segment lending	(677,012,766)	1,338,867,914	(744,862,684)	(2,112,619)	-	85,120,155	-
Lendings to financial institutions	3,622,894	-	25,361,758	3,000,000	-	(3,762,457)	28,222,195
Advances - performing	726,427,837	40,639,969	-	66,762,206	250,384	8,882,643	842,963,039
Advances - non-performing	632,538	506,437	-	9,675	-	11,955,032	13,103,682
Provision against advances	(340,782)	(184,235)	-	(3,886)	-	(11,319,258)	(11,848,161)
Advances - net	726,719,593	40,962,171	-	66,767,995	250,384	9,518,417	844,218,560
Operating fixed assets	146,400	51,949,842	8,416	1,222,069	429,655	31,040,599	84,796,981
Others	6,314,510	14,881,391	28,651,784	3,434,983	436,631	24,854,696	78,573,995
<b>Total Assets</b>	<b>101,760,726</b>	<b>1,469,896,612</b>	<b>414,033,604</b>	<b>109,733,209</b>	<b>5,229,158</b>	<b>153,219,263</b>	<b>2,253,872,572</b>
Borrowings	89,126,377	4,761,729	412,961,398	27,105,292	-	(3,540,303)	530,414,493
Deposits & other accounts	10,383,466	1,436,908,922	-	71,870,126	-	3,113,336	1,522,275,850
Others	2,250,883	28,225,961	1,072,206	3,445,447	2,201,121	33,722,303	70,917,921
<b>Total liabilities</b>	<b>101,760,726</b>	<b>1,469,896,612</b>	<b>414,033,604</b>	<b>102,420,865</b>	<b>2,201,121</b>	<b>33,295,336</b>	<b>2,123,608,264</b>
Equity and Reserves	-	-	-	7,312,344	3,028,037	119,923,927	130,264,308
<b>Total Equity and Liabilities</b>	<b>101,760,726</b>	<b>1,469,896,612</b>	<b>414,033,604</b>	<b>109,733,209</b>	<b>5,229,158</b>	<b>153,219,263</b>	<b>2,253,872,572</b>
<b>Contingencies and Commitments</b>	<b>166,531,969</b>	<b>18,581,086</b>	<b>262,562,513</b>	<b>3,027,651</b>	<b>3,080</b>	<b>13,608,676</b>	<b>464,314,975</b>

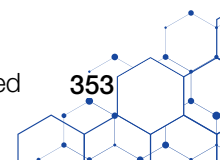


# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 39.2 GEOGRAPHICAL SEGMENT ANALYSIS

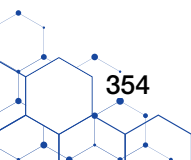
	December 31, 2023			
	Domestic Operations	Middle East	China	Total
	Rupees in '000			
<b>Profit &amp; Loss Account</b>				
Net mark-up, return, profit	111,367,090	1,545,419	-	112,912,509
Inter segment revenue - net	483,113	(483,113)	-	-
Non mark-up / return / interest income	26,556,965	6,030	-	26,562,995
Total Income	138,407,168	1,068,336	-	139,475,504
Segment direct expenses	(49,454,427)	(202,793)	(32,352)	(49,689,572)
Total expenses	(49,454,427)	(202,793)	(32,352)	(49,689,572)
Provisions	(833,592)	(2,143,381)	-	(2,976,973)
Profit / (loss) before tax	88,119,149	(1,277,838)	(32,352)	86,808,959
<b>Statement of Financial Position</b>				
Cash & Bank balances	158,577,138	2,815	-	158,579,953
Investments	1,140,920,205	13,676,998	-	1,154,597,203
Net inter segment lendings	6,716,740	-	-	6,716,740
Lendings to financial institutions	2,701,263	-	-	2,701,263
Advances – performing	778,576,737	1,221,396	-	779,798,133
Advances - non-performing	13,039,029	-	-	13,039,029
Provision against advances	(12,396,149)	(144,558)	-	(12,540,707)
Advances - net	779,219,617	1,076,838	-	780,296,455
Operating fixed assets	125,728,991	82,902	-	125,811,893
Others	103,935,126	411,340	-	104,346,466
<b>Total Assets</b>	<b>2,317,799,080</b>	<b>15,250,893</b>	<b>-</b>	<b>2,333,049,973</b>
Borrowings	364,279,625	2,677,677	-	366,957,302
Subordinated debt	-	-	-	-
Deposits & other accounts	1,673,257,210	3,332,467	-	1,676,589,677
Net inter segment borrowing	-	6,716,740	-	6,716,740
Others	85,267,503	192,713	-	85,460,216
<b>Total liabilities</b>	<b>2,122,804,338</b>	<b>12,919,597</b>	<b>-</b>	<b>2,135,723,935</b>
Equity	194,994,742	2,331,296	-	197,326,038
<b>Total Equity &amp; liabilities</b>	<b>2,317,799,080</b>	<b>15,250,893</b>	<b>-</b>	<b>2,333,049,973</b>
<b>Contingencies and commitments</b>	<b>569,256,614</b>	<b>-</b>	<b>-</b>	<b>569,256,614</b>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2022			
	Domestic Operations	Middle East	China	Total
Rupees in '000				
<b>Profit &amp; Loss Account</b>				
Net mark-up, return, profit	65,411,741	1,297,834	-	66,709,575
Inter segment revenue - net	602,279	(602,279)	-	-
Non mark-up, return, interest income	21,199,287	203,410	-	21,402,697
<b>Total Income</b>	<b>87,213,307</b>	<b>898,965</b>	<b>-</b>	<b>88,112,272</b>
Segment direct expenses	(41,396,354)	(162,894)	(32,028)	(41,591,276)
<b>Total expenses</b>	<b>(41,396,354)</b>	<b>(162,894)</b>	<b>(32,028)</b>	<b>(41,591,276)</b>
Provisions	525,090	(264,197)	-	260,893
<b>Profit or (loss) before tax</b>	<b>46,342,043</b>	<b>471,874</b>	<b>(32,028)</b>	<b>46,781,889</b>
<b>Statement of Financial Position</b>				
Cash & Bank balances	91,252,091	92,240	-	91,344,331
Investments	1,119,575,122	7,141,388	-	1,126,716,510
Net inter segment lendings	2,762,457	-	-	2,762,457
Lendings to financial institutions	25,459,738	-	-	25,459,738
Advances - performing	838,160,309	4,802,730	-	842,963,039
Advances - non-performing	13,103,682	-	-	13,103,682
Provision against advances	(11,808,714)	(39,447)	-	(11,848,161)
Advances - net	839,455,277	4,763,283	-	844,218,560
Operating fixed assets	84,730,382	66,599	-	84,796,981
Others	74,590,945	3,983,050	-	78,573,995
<b>Total Assets</b>	<b>2,237,826,012</b>	<b>16,046,560</b>	<b>-</b>	<b>2,253,872,572</b>
Borrowings	522,896,987	4,755,049	-	527,652,036
Subordinated debt	-	-	-	-
Deposits & other accounts	1,511,892,384	10,383,466	-	1,522,275,850
Net inter segment borrowing	-	2,762,457	-	2,762,457
Others	70,786,365	131,556	-	70,917,921
<b>Total liabilities</b>	<b>2,105,575,736</b>	<b>18,032,528</b>	<b>-</b>	<b>2,123,608,264</b>
Equity	132,250,276	(1,985,968)	-	130,264,308
<b>Total Equity &amp; liabilities</b>	<b>2,237,826,012</b>	<b>16,046,560</b>	<b>-</b>	<b>2,253,872,572</b>
<b>Contingencies and commitments</b>	<b>464,314,975</b>	<b>-</b>	<b>-</b>	<b>464,314,975</b>



# Notes to the Consolidated Financial Statements

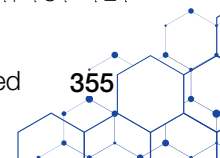
for the year ended December 31, 2023

## 40 RELATED PARTY TRANSACTIONS

The Group has related party relationships with its parent, subsidiary, companies with common directorship, directors, employee benefit plans and key management personnel including their associates.

Contributions to the accounts in respect of staff retirement benefits are made in accordance with actuarial valuation and terms of the contribution plan. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

	December 31, 2023					December 31, 2022						
	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties
	Rupees in '000											
<b>Balances with other banks</b>												
In current accounts	-	-	-	-	-	-	-	-	-	-	-	-
In deposit accounts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Lendings to financial institutions</b>												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	-	-	-	-	-	-	-
Repaid during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>												
Opening balance	-	-	-	4,099,423	-	-	-	-	-	2,395,097	-	-
Investment made during the year	-	-	-	36,608,802	-	-	-	-	-	3,702,562	-	-
Investment redeemed and disposed off during the year	-	-	-	(36,688,574)	-	-	-	-	-	(1,855,025)	-	-
Share of profit/(loss) from associate	-	-	-	965,906	-	-	-	-	-	(48,468)	-	-
Dividend income	-	-	-	(206,443)	-	-	-	-	-	(94,743)	-	-
Closing balance	-	-	-	4,779,114	-	-	-	-	-	4,099,423	-	-
Provision for diminution in value of investments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Advances</b>												
Opening balance	-	66,875	416,615	961,477	-	2,935	-	63,811	360,191	-	-	1,242
Addition during the year	-	90,791	202,400	81,408,541	-	17,264	-	66,521	163,059	18,724,509	-	20,000
Repaid during the year	-	(40,882)	(224,519)	(82,370,017)	-	(19,074)	-	(63,457)	(106,635)	(17,763,032)	-	(18,307)
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	116,784	394,496	1	-	1,125	-	66,875	416,615	961,477	-	2,935
Provision held against advances	-	-	-	-	-	-	-	-	-	-	-	-



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023					December 31, 2022						
	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties
	Rupees in '000											
<b>Other Assets</b>												
Interest or mark-up accrued	-	13,464	94,881	8,660	-	-	-	5,128	93,943	11,489	-	-
Receivable from staff retirement fund	-	-	-	-	-	5,238,086	-	-	-	-	-	4,228,764
Other receivable	-	-	-	-	-	222,164	-	64,669	-	-	-	212,908
Provision against other assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowings</b>												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-	-	-	-	-	-	-
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subordinated debt</b>												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Issued or Purchased during the year	-	-	-	-	-	-	-	-	-	-	-	-
Redemption and Sold during the year	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
<b>Deposits and other accounts</b>												
Opening balance	1,716	53,731	51,333	111,965	-	2,128,234	100,304	391,278	46,188	60,450	-	38,313,174
Received during the year	21,582,782	510,062	1,116,106	9,933,381	-	292,662,647	14,706,290	376,987	801,274	245,176	-	425,704,709
Withdrawn during the year	(21,571,535)	(516,899)	(1,132,339)	(10,008,221)	-	(286,951,418)	(14,804,878)	(714,534)	(796,129)	(193,661)	-	(461,889,649)
Transfer in and (out) - net	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance	12,963	46,894	35,100	37,125	-	7,839,463	1,716	53,731	51,333	111,965	-	2,128,234
<b>Other Liabilities</b>												
Interest or mark-up payable	-	2,165	1,089	50	-	209,873	-	-	-	-	-	-
Payable to staff retirement fund	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	15,161	-	-	-	-
<b>Contingencies and Commitments</b>												
Other contingencies	-	-	-	1,842,309	-	-	-	-	-	50,931	-	-

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 40.1 RELATED PARTY TRANSACTIONS

	December 31, 2023					December 31, 2022						
	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties	Parent	Directors	Key management personnel	Associates*	Joint venture	Other related parties
	Rupees in '000											
<b>Income</b>												
Mark-up, return, interest earned	-	9,918	17,155	38,444	-	197	-	4,198	17,598	11,504	-	60
Sales Commission	-	-	-	-	-	58,653	-	-	-	-	-	41,767
Fee and commission income	4	83	277	3,579	-	620,393	6	55	295	62	-	424,695
Share of Profit from Associate	-	-	-	965,906	-	-	-	-	-	-	-	94,740
Net gain / (loss) on sale of securities	-	-	(94)	-	-	18,057	-	-	-	-	-	12,535
Rental Income	-	-	-	-	-	-	-	-	-	-	-	-
Other Income**	-	20	58	-	-	-	-	-	712	-	-	-
<b>Expense</b>												
Mark-up, return, interest paid	-	10,154	4,099	1,275	-	851,330	-	11,662	1,193	519	-	1,220,467
Directors meeting fee	-	71,400	-	-	-	-	-	55,000	-	-	-	-
Remuneration	-	99,292	507,353	-	-	-	-	57,630	476,511	-	-	-
Charge for defined benefit plans	-	2,662	23,669	-	-	-	-	1,340	18,561	-	-	-
Contribution to defined contribution plan	-	2,499	10,094	-	-	-	-	1,233	10,178	-	-	-
Other expenses***	-	-	-	7,806	-	-	-	224	944	41,993	-	325,235
Rent expense****	-	-	-	20,396	-	-	-	-	-	18,581	-	-
Charge in respect of staff retirement benefit funds	-	-	-	-	-	189,812	-	-	-	-	-	-
Insurance premium paid	-	394	1,268	-	-	-	-	-	-	-	-	-
Insurance claims settled	-	-	-	-	-	-	-	-	-	-	-	-

Shares held by the holding company, outstanding at the end of year are included in note 20 to these consolidated financial statements.

\* Associated companies are as per IAS 24 'Related Party Disclosures'.

\*\*Other income includes income from data hosting services provided to ABL AMC at agreed terms.

\*\*\*Other expenses mainly include donation of Rs. 30 million to National Management Foundation for construction of hostel building.

\*\*\*\*Rent expense of ABL Branch with associated companies (Ibrahim Fibres Limited & Ibrahim Agencies Pvt. Limited) was carried out on agreed terms with prior permission of State Bank of Pakistan.

During the year ended December 31, 2023, certain moveable assets which have been fully depreciated were disposed off for Rs. 478,981 to the Key Management Personnel of the Bank.

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>41 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	11,450,739	11,450,739
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	137,272,038	107,746,226
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	137,272,038	107,746,226
Eligible Tier 2 Capital	44,070,701	6,381,466
Total Eligible Capital (Tier 1 + Tier 2)	181,342,739	114,127,692
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	472,828,682	418,485,475
Market Risk	41,288,208	32,571,828
Operational Risk	177,359,474	127,315,019
Total	691,476,364	578,372,322
Common Equity Tier 1 Capital Adequacy ratio	19.85%	18.63%
Tier 1 Capital Adequacy Ratio	19.85%	18.63%
Total Capital Adequacy Ratio	26.23%	19.73%

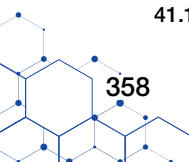
The SBP through its BSD Circular No. 07 dated April 15, 2009 prescribed the minimum paid up capital (net of losses) for all locally incorporated banks of Rs. 10 billion. The paid up capital of the Bank stood at Rs. 11.451 billion as at 31 December, 2023 and is in compliance with the SBP requirements.

Further, SBP vide its BPRD Circular # 6 of 2013 dated August 15, 2013 required the Banks to maintain the minimum Capital Adequacy Ratio (CAR) of 12.5% inclusive of Capital Conservation Buffer (CCB) of 2.5% on standalone as well as on consolidated basis. To support the banking sector in extending financing or credit facilities to their customers during COVID-19, SBP vide BPRD Circular # 12 of 2020 relaxed the CAR requirement to 11.5% by reducing the Capital Conservation Buffer (CCB) from 2.5% to 1.5% till further instructions.

Bank's CAR as at December 31, 2023 stood at 26.23% of its total risk weighted assets and complied with all externally imposed capital requirements. Standardized Approach is used for calculating the Credit and Market risk, whereas, Basic Indicator Approach is used for Operational Risk in the Capital Adequacy calculation.

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	137,272,038	107,746,226
Total Exposures	2,473,204,725	2,381,055,186
Leverage Ratio	5.55%	4.53%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	729,610,915	670,660,455
Total Net Cash Outflow	395,703,808	400,489,567
Liquidity Coverage Ratio	184.38%	167.46%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	1,682,223,313	1,444,409,109
Total Required Stable Funding	1,046,798,062	967,845,390
Net Stable Funding Ratio	160.70%	149.24%

41.1 The link to the full disclosure is available at <https://www.abl.com/investor-relations/>





# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42 RISK MANAGEMENT

The principal risks associated with the Bank's business are Credit Risk, Market Risk, Liquidity Risk, Reputational Risk, Operational Risk, and Information Security & Governance Risk and Shariah Non-Compliance Risk. The Risk Management Framework (henceforth to be referred to as 'The Framework') provides principles for identifying, assessing, and monitoring risk within the Bank. The Framework specifies the key elements of the risk management process in order to maximize opportunities, minimize adversities and to achieve improved outputs based on informed decision making.

The Bank performs risk measurement, monitoring and control functions through use of various risk procedures and models. To give it a formal structure, all the policies and guidelines are approved by the Board and relevant management committees.

### Categories of Risk

**Credit Risk** This risk is defined as the possibility of loss due to unexpected default or a deterioration of credit worthiness of a business partner.

Credit Risk includes Country Risk i.e., the risks that counterparty is unable to meet its foreign currency obligations as a result of adverse economic conditions or actions taken by governments in the relevant country.

**Market Risk** The risk that the value of on and off-balance sheet positions of the Bank will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and / or commodity prices, resulting in a loss to earnings and capital.

**Liquidity Risk** The risk that the Bank is unable to meet its payment obligations when they fall due and to replace funds when they are withdrawn without incurring unacceptable cost or losses.

**Operational Risk** Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events. The definition includes legal risk but excludes strategic risk and reputational risk.

**Reputational Risk** The Reputational risk arises from the negative perception on the part of stakeholders that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding.

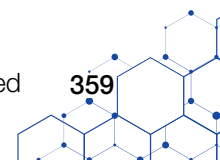
**Information Security & Governance Risk** Information Security and Governance Risk Management involves the identification of an organization's information assets and the development, documentation, and implementation of policies, standards, procedures and controls that ensure confidentiality, integrity and availability of the information.

**Strategic Risk** Risk of an adverse impact on strategic goals. Strategic risk mainly arises from strategic decisions, improper implementation of those decisions, or lack of responsiveness of Bank to industry, economic or technological changes.

**Shariah Non-Compliance Risk** Shariah Non Compliance Risk arises from the failure to comply with shariah rules and principles determined by the shariah board of the Bank and the Regulator.

### Risk Responsibilities

- The Board of Directors shall oversee the risk management process. The Board of Directors is responsible for determining the manner in which risk authorities are set, as well as the approval of all risk policies and ensuring that these are properly implemented. Further, the Board of Directors shall also seek appointment of senior management personnel capable of managing the risk activities conducted by the Bank.
- The Board Risk Management Committee (BRMC) is responsible for ensuring that the overall risk strategy and risk acceptance criteria of the Bank is appropriately defined in the Strategic Plan and recommend the same to the Board of Directors.
- The Chief Executive Officer and Group Chiefs shall be responsible for the management of risk collectively through their membership of various committees i.e. Management Committee (MANCO), Asset & Liability Committee (ALCO), Compliance Committee (CC) and Risk Management Committee (RMC). Independent supervision of risk management activities is provided by the Audit Committee of the Board.
- The Risk Management Group is headed by a Group Chief responsible for set-up and implementation of the Risk Management Strategy of the Bank.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## Risk Management Group Organization

Risk management functions have been segregated by business specialization, i.e., Credit Risk, Credit Administration, Technical Appraisal, Information Security and Enterprise Risk which interalia includes Policy and Procedures, Risk Architecture, Operational Risk and Market & Liquidity Risk. All these functions are operating in tandem to monitor the health of assets and liabilities, while ensuring risk mitigants against cyber and information system threats.

### 42.1 Credit Risk

Credit risk, the potential default of one or more debtors, is a major source of risk for the Bank. The Bank is exposed to credit risk through its lending and investment activities. The Bank's credit risk function is divided into Corporate and Financial Institutions Risk and Commercial, SME and Consumer Risk. The functions operate within an integrated framework of credit policies, guidelines and processes. The credit risk management activities are governed by the Credit Policy of the Bank that defines the respective roles and responsibilities, the credit risk management principles and the Bank's credit risk strategy. The policy is supported by a comprehensive Credit Procedures Manual.

The Bank manages three principal sources of credit risk:

- i) Sovereign credit risk on its public sector advances
- ii) Counterparty credit risk on its private sector advances
- iii) Counterparty credit risk on interbank limits

#### Sovereign Credit Risk

When the Bank lends to public sector borrowers, it prefers obtaining a full sovereign guarantee or the equivalent from the Government of Pakistan (GOP). However, certain public sector enterprises have a well defined cash flow stream and appropriate business model, based on which the lending is secured through collaterals other than GOP guarantee.

#### Counterparty credit risk on its private sector advances

Each borrower's credit worthiness is analyzed on the Credit Application Package that incorporates a formalized and structured approach for credit analysis and directs the focus of evaluation towards a balanced assessment of credit risk with identification of proper mitigants. These risks include Industry Risk, Business Risk, Financial Risk, Security Risk and Account Performance Risk.

Financial analysis is further strengthened through use of separate financial spread sheet templates that have been designed for manufacturing / trading concerns, financial institutions and insurance companies.

#### Counter Party Credit Risk on Interbank Limits

In the normal course of its business, the Bank's Treasury utilizes products such as Reverse REPO and call lending to meet the needs of interbank borrowers and manage its exposure to fluctuations in market, interest and currency rates. Further, these products are also used to temporarily invest Bank's liquidity prior to disbursement. All of these financial instruments involve, to varying degrees, the risk that the counterparty in the transaction may be unable to meet its obligation to the Bank.

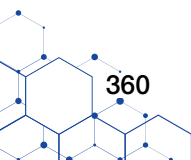
Reflecting a preference for minimizing exposure to counterparty credit risk, the Bank maintains eligibility criteria that link the exposure limits to counterparty credit ratings by external rating agencies.

#### A. Country Risk

The Bank has in place a Country Risk Management Framework which has been approved by the Board. This framework focuses on providing detailed roles and responsibilities with respect to country risk assessment as well as limit setting, exposure management and reporting of cross border exposure undertaken by the Bank. The Bank utilizes S&P, Fitch and Moody's country ratings as well as other macroeconomic and external risk factors in assigning a country risk limit. The Financial Institutions Division is responsible for monitoring of country exposure limits.

#### Credit Administration

Credit Administration is involved in minimizing losses that could arise due to security and documentation deficiencies. The Credit Administration Function constantly monitors the security and documentation risks inherent in the existing credit portfolio through four regional credit administration departments located in major cities. Further, Credit Monitoring Division ensures implementation of all post disbursement activities as per bank guidelines to safeguard interests of the Bank through its three units i.e. Classification & Monitoring, Vigilance and Warehouse Management.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42.1.1 Lendings to financial institutions

### Credit risk by public and private sector

	Gross lendings		Non-performing lendings		Provision held	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Rupees in '000						
Public / Government	3,502,103	9,691,830	-	-	-	-
Private	5,985,900	18,600,365	70,000	70,000	70,000	70,000
	<u>9,488,003</u>	<u>28,292,195</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>

## 42.1.2 Investment in debt securities

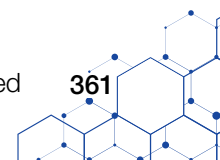
### Credit risk by industry sector

	Gross Investments		Non-performing Investments		Provision held	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Rupees in '000						
Basic metals (iron, steel)	340,000	375,000	-	-	-	-
Financial	14,184,080	14,559,860	-	-	-	-
Hotel, restaurant and clubs	386,150	407,603	-	-	-	-
Power, gas, water and sanitary	910,000	11,230,000	-	-	-	-
Sugar	10,487	10,486	10,487	10,486	10,487	10,486
Textile - Spinning	51,345	51,345	51,345	51,345	51,345	51,345
Textile - Weaving	200,000	200,000	200,000	200,000	200,000	200,000
Government	1,137,405,450	1,111,168,957	19,392,275	14,772,409	2,429,689	309,078
Others	62,159	79,877	62,159	79,877	62,159	79,877
	<u>1,153,549,671</u>	<u>1,138,083,128</u>	<u>19,716,266</u>	<u>15,114,117</u>	<u>2,753,680</u>	<u>650,786</u>

	Gross Investments		Non-performing Investments		Provision held	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Rupees in '000						

### Credit risk by public and private sector

Public and Government	1,137,405,450	1,121,138,958	19,392,275	14,772,409	2,429,689	309,078
Private	16,144,221	16,944,170	323,991	341,708	323,991	341,708
	<u>1,153,549,671</u>	<u>1,138,083,128</u>	<u>19,716,266</u>	<u>15,114,117</u>	<u>2,753,680</u>	<u>650,786</u>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	Gross advances		Non-performing advances		Provision held	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022

Rupees in '000

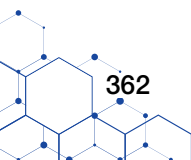
## 42.1.3 Advances

### Credit risk by industry sector

Agriculture, Forestry and Hunting	178,932,397	158,241,072	1,141,052	492,235	917,675	464,711
Basic metals (iron, steel)	3,466,684	6,653,386	671,679	662,689	287,160	285,663
Cement, clay and ceramics	37,021,595	36,975,354	69,791	69,791	69,791	69,791
Chemical and pharmaceutical	31,855,433	44,800,210	308,487	340,431	308,487	340,431
Construction	15,198,147	15,849,588	167,168	200,023	167,168	154,080
Education	119,231	82,416	1,445	123	1,445	123
Financial	99,964,826	211,529,671	12,154	24,254	12,154	24,254
Footwear and leather garments	3,202,145	3,664,732	8,472	15,173	8,473	15,173
Furniture and sports goods	716,601	1,398,468	116,147	174,147	116,147	174,147
Grains, food and beverages	20,900,865	23,360,005	1,726,564	2,274,385	1,726,564	1,971,582
Health and social welfare	33,614	39,553	599	1,599	599	1,599
Hotel, restaurant and clubs	4,500	-	6,686	7,110	6,686	7,110
Individuals	20,033,249	21,736,129	677,014	605,993	649,375	310,724
Machinery and equipment	2,594,385	4,240,883	9,399	9,399	9,399	9,399
Manufacture of transport equipment	6,188,907	4,411,975	133,073	129,499	130,003	129,499
Paper and paper boards	20,642,488	13,620,427	199,906	202,414	199,906	202,414
Petroleum products	55,953,186	39,772,498	8,366	11,859	8,366	10,521
Power, gas, water and sanitary	137,742,145	109,716,568	-	-	-	-
Printing, publishing and allied	80,560	358,598	378	738	378	738
Real estate, renting, and business activities	4,567,044	7,006,746	-	-	-	-
Rubber and plastic	795,219	985,000	205,413	166,990	176,596	166,990
Sugar	6,747,863	7,042,924	-	-	-	-
Textile - Manufacture of made up and ready made garments	44,776,101	42,309,527	2,492,454	2,351,170	2,492,454	2,351,170
Textile - Finishing	18,590,819	17,792,294	2,629,435	2,686,933	2,629,435	2,686,933
Textile - Spinning	25,702,953	26,906,742	933,855	1,023,077	933,855	1,023,077
Textile - Weaving	2,456,362	2,640,048	443,280	445,079	443,280	240,242
Transport, storage and communication	40,873,418	34,728,657	46,392	77,038	30,150	47,873
Wholesale and retail trade	4,624,396	5,812,673	589,761	674,744	574,748	642,290
Others	9,075,886	14,390,577	440,059	456,789	435,394	408,024
	<b>792,861,019</b>	<b>856,066,721</b>	<b>13,039,029</b>	<b>13,103,682</b>	<b>12,335,688</b>	<b>11,738,558</b>

### Credit risk by public and private sector

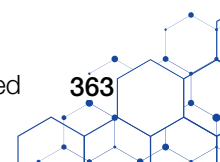
Public and Government	418,389,947	431,370,665	377,026	377,026	-	-
Private	374,471,072	424,696,056	12,662,003	12,726,656	12,335,688	11,738,558
	<b>792,861,019</b>	<b>856,066,721</b>	<b>13,039,029</b>	<b>13,103,682</b>	<b>12,335,688</b>	<b>11,738,558</b>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rupees in '000	
<b>42.1.4 Contingencies and Commitments</b>		
<b>Credit risk by industry sector</b>		
Agriculture, Forestry and Hunting	1,625,127	257,496
Basic metals (iron, steel)	5,231,217	3,310,163
Cement, clay and ceramics	5,880,882	5,449,084
Chemical & pharmaceutical	12,074,183	3,803,170
Construction	6,035,868	3,382,725
Education	113,513	76,697
Financial	356,605,851	279,943,310
Footwear & leather garments	354,617	182,784
Furniture & sports goods	194,641	186,788
Grains, food and beverages	2,530,777	3,930,505
Health & social welfare	983,547	590,829
Hotel, restaurant & clubs	9,659	7,859
Individuals	6,472,528	7,399,405
Machinery & equipment	27,781,520	27,807,007
Manufacture of transport equipment	1,464,789	1,035,644
Paper & paper boards	1,015,764	357,374
Petroleum products	63,956,935	64,582,403
Power, gas, water & sanitary	26,924,683	30,987,020
Printing, publishing & allied	537,428	297,274
Rubber and plastic	1,223,224	1,455,794
Services	531,997	-
Sugar	1,540,675	598,261
Textile - Manufacture of madeup & ready made garments	747,973	1,388,840
Textile - Finishing	4,030,324	4,925,124
Textile - Spinning	2,310,642	2,148,913
Textile - Weaving	1,201,162	3,006,369
Transport, storage and communication	6,630,863	4,617,416
Wholesale & retail trade	23,561,167	6,582,502
Others	7,685,058	6,004,219
	<b>569,256,614</b>	<b>464,314,975</b>
<b>Credit risk by public and private sector</b>		
Public and Government	175,408,741	173,637,473
Private	393,847,873	290,677,502
	<b>569,256,614</b>	<b>464,314,975</b>



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42.1.5 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded) exposures aggregating to Rs.428,530.37 million (December 31, 2022: Rs. 427,826.14 million) are as following:

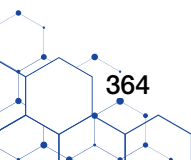
	December 31, 2023	December 31, 2022
Rupees in '000		
Funded	361,618,685	376,037,108
Non Funded	66,911,684	51,789,029
Total Exposure	428,530,369	427,826,137

The sanctioned limits against these top 10 exposures aggregated to Rs. 472,100 million (December 31, 2022: Rs. 464,566 million).

## 42.1.6 Advances – Province/Region-wise Disbursement & Utilization

Province/Region	During the year ended December 31, 2023						
	Disbursements			Utilization			
	Punjab	Sindh	Khyber Pakhtunkhwa including FATA	Balochistan	Islamabad	Azad Jammu and Kashmir including Gilgit- Baltistan	
Rupees in '000							
Punjab	1,314,725,318	1,013,930,187	288,909,408	9,429,631	183,977	1,761,673	510,442
Sindh	1,688,018,427	27,829,287	1,660,189,140	-	-	-	-
KPK including FATA	3,796,745	-	-	3,796,745	-	-	-
Balochistan	1,605,872	-	-	1,605,872	-	-	-
Islamabad	746,899,662	166,822,965	23,368,139	-	-	556,708,558	-
AJK including Gilgit-Baltistan	414,912	-	-	-	-	-	414,912
Total	3,755,460,936	1,208,582,439	1,972,466,687	13,226,376	1,789,849	558,470,231	925,354

Province/Region	During the year ended December 31, 2022						
	Disbursements			Utilization			
	Punjab	Sindh	Khyber Pakhtunkhwa including FATA	Balochistan	Islamabad	Azad Jammu and Kashmir including Gilgit- Baltistan	
Rupees in '000							
Punjab	1,096,008,500	1,017,117,260	76,674,265	193,973	18,243	1,920,494	84,265
Sindh	1,599,768,166	16,508,791	1,583,259,375	-	-	-	-
KPK including FATA	7,430,014	-	-	7,430,014	-	-	-
Balochistan	1,477,717	-	-	1,477,717	-	-	-
Islamabad	630,892,857	311,919,364	33,537,164	-	-	285,436,329	-
AJK including Gilgit-Baltistan	519,102	-	-	-	-	-	519,102
Total	3,336,096,356	1,345,545,415	1,693,470,804	7,623,987	1,495,960	287,356,823	603,367



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Thus market risk can be further described into Interest Rate Risk, Foreign Exchange Risk and Equity Position Risk.

Market Risk performs risk measurement, monitoring and control functions through the use of various risk procedures and models. To give it a formal structure, all the policies and guidelines are approved by the Board of Directors and the relevant management committees.

The Bank uses three types of risk management tools to measure the Bank's Market Risk: Value-at Risk (VaR), Expected Shortfall (ES) and Stress Testing. In addition, control limits are utilized to maintain the risks within acceptable levels.

The Bank maintains adequate regulatory capital to cover all interest rate risks falling under the "Trading Book" as well as "Banking Book", as defined by Basel capital accord. The Bank uses Standardized Approach in determining credit risk, market risk and operational risk exposures in the capital adequacy calculation. In Market risk exposures, Maturity method is used to calculate charge on Interest rate risk and FX risk.

In its pursuit of automation, the Bank has successfully implemented Oracle Financial Services Analytical Application (OFSAA) Market Risk Module to automate the risk monitoring and reporting activities pertaining to Market Risk, which allows for more efficient risk monitoring and increased focus on risk analysis to help in making more informed decisions.

### 42.2.1 Market Risk Pertaining to the Trading Book

#### Trading Book

The Trading Book of the Bank consists of positions in financial instruments held either with trading intent or in order to hedge other elements of the trading book. To be eligible for trading book, financial instruments must be held with the intent of trading and free of any restrictive covenants on their tradability. In addition, positions need to be frequently and accurately valued and the portfolio should be actively monitored and managed accordingly.

The Bank's trading book includes securities classified as 'Held-For-Trading', 'Open Ended Mutual Fund' and non-strategic listed equity placed in 'Available-for-Sale' category. These positions are exposed to all forms of market risk and are managed actively.

#### Risk Pertaining to Banking Book Investment Portfolio

All investments excluding trading book are considered as part of banking book. Banking book includes:

- i) Available-for-Sale Securities - (other than non-strategic listed equity)
- ii) Held-to-maturity securities

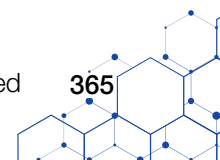
Treasury investments parked in the banking book include:

- i) Government securities
- ii) Capital market investments
- iii) Investments in bonds, debentures, etc.

Due to the diversified nature of investments in banking book, it is subject to interest rate risk, equity price risk and FX risk.

#### Stress Testing

The Bank also conducts Stress Testing of the Bank's investment portfolio to ascertain the impact of various scenarios on the capital adequacy and sustainability of the Bank. The exercise assumes various stress conditions, with respect to Interest Rate Risk, Equity Price Risk, FX Risk and Liquidity Risk. Stress testing is also conducted on various macro-economic scenarios to test the resilience of the Bank.



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42.2.2 Balance sheet split by trading and banking books

	December 31, 2023			December 31, 2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
Rupees in '000						
Cash and balances with treasury banks	156,124,352	-	156,124,352	87,904,863	-	87,904,863
Balances with other banks	2,455,601	-	2,455,601	3,439,468	-	3,439,468
Lendings to financial institutions	9,418,003	-	9,418,003	28,222,195	-	28,222,195
Investments	1,114,269,066	40,328,137	1,154,597,203	1,107,965,894	18,750,616	1,126,716,510
Advances	780,296,455	-	780,296,455	844,218,560	-	844,218,560
Fixed assets	122,395,241	-	122,395,241	81,823,836	-	81,823,836
Intangible assets	3,416,652	-	3,416,652	2,973,145	-	2,973,145
Deferred tax assets	3,781,881	-	3,781,881	13,037,316	-	13,037,316
Other assets	100,564,585	-	100,564,585	65,536,679	-	65,536,679
	2,292,721,836	40,328,137	2,333,049,973	2,235,121,956	18,750,616	2,253,872,572

## 42.2.3 Foreign Exchange Risk

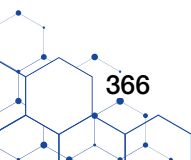
Foreign exchange risk is the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates.

The majority of the Group's net foreign currency exposure is in US\$ and the Group uses system-based monitoring of its intra-day Net Open Position for effective risk management.

The Group's FX Risk is largely mitigated by following a matched funding policy, whereas, for any mismatched exposures, the Group utilizes appropriate derivative instruments such as Forwards and Swaps. The Group maintains adequate regulatory capital to cover against foreign exchange risk.

	December 31, 2023				December 31, 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								
Pakistani Rupee	2,235,992,387	2,007,913,584	(38,717,163)	189,361,640	2,195,531,496	1,978,116,784	(82,632,091)	134,782,621
United States Dollar	94,220,315	114,802,807	28,468,225	7,885,733	57,311,840	134,705,503	72,832,904	(4,560,759)
Great Britain Pound Sterling	1,603,410	7,402,006	5,805,160	6,564	620,648	6,519,345	5,897,070	(1,627)
Japanese Yen	65,116	563	(59,685)	4,868	32,164	975	(30,845)	344
Euro	1,009,639	5,456,835	4,449,161	1,965	348,397	4,217,190	3,877,167	8,374
Other currencies	159,106	148,140	54,301	65,267	28,027	48,467	55,795	35,355
	97,057,586	127,810,351	38,717,163	7,964,398	58,341,076	145,491,480	82,632,091	(4,518,313)
	2,333,049,973	2,135,723,935	-	197,326,038	2,253,872,572	2,123,608,264	-	130,264,308

	December 31, 2023		December 31, 2022	
	Banking book	Trading book	Banking book	Trading book
Rupees in '000				
After tax Impact of 1% change in foreign exchange rates on:				
- Profit and loss account	-	609,276	-	(345,651)
- Other comprehensive income	-	-	-	-
	-	609,276	-	(345,651)





# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42.2.4 Equity position Risk

Equity Price Risk is risk to earnings or capital that results from adverse changes in stock prices (single stocks, or a basket of stocks, or overall stock market). ABL holds a diversified portfolio of equity investments in order to minimize non-systematic risk while retaining acceptable systematic risk. ALCO ensures that equity price risk is mitigated through prudent portfolio management.

The Bank maintains adequate regulatory capital to cover against equity price risk. Equity investments classified as "Held-for-Trading" as well as listed non-strategic equity investments classified as "Available-for-Sale" are part of the "Trading Book" and are subject to market risk change as specified by the Basel Framework. Un-listed and listed strategic equity investment are part of the "Banking Book" and are subject to credit risk charge as specified by the Basel Framework.

	December 31, 2023		December 31, 2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
After tax Impact of 5% change in equity prices on				
– Profit and loss account	-	-	-	-
– Other comprehensive income	(76,309)	(517,096)	(68,269)	(368,663)

## 42.2.5 Yield and Interest Rate Risk in the Banking Book (IRRBB)–Basel II Specific

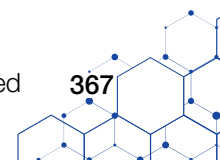
Interest rate and Rate of return risk is the current or prospective risk of losses, to both the Bank's capital and earnings, arising from movements in interest rates and rates of return. The Bank has a robust system in place to monitor Interest rate risk and ALCO regularly analyses the interest rate scenario and devises strategies to minimize adverse impact of interest rate risk on the Bank's equity and profits.

Interest rate risk is measured through "duration" of an instrument. To assess the interest rate risk at Balance Sheet and Income Statement level, gap analysis on "re-pricing schedule" is utilized. Re-pricing schedule is a distribution of interest-sensitive assets, liabilities, and Off-Balance Sheet positions into a number of predefined time bands according to their maturity (if fixed-rate) or time remaining to their next re-pricing (if floating-rate), and is calculated in compliance with SBP instructions. For non-contractual assets and liabilities, an ALCO approved methodology is utilized to place these assets and liabilities in the re-pricing schedule. This methodology is based on the results of a behavioural analysis which statistically models the historical trends of the last 5 years.

Government securities (PIBs & T-Bills, Sukuks), Bonds, Debentures, etc. and other money market investments are subject to interest rate / rate of return risk. To capture the risk associated with these securities, extensive modeling is being done with respect to duration analysis. Stress testing and scenario-based models are also in place to capture the sensitivity of the portfolio to adverse movement in interest rates. For prudent risk management, all money market investments are marked to market to assess changes in the market value of investments due to interest rate movements. Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date.

In accordance with BSD Circular No.03 of 2011, issued by the SBP, Bank is required to report interest rate sensitivity gap of assets and liabilities on the basis of an objective and systematic behavioural study which is approved by ALCO.

	December 31, 2023		December 31, 2022	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
After tax Impact of increase in interest rates by 1%				
– Profit and loss account	-	-	-	-
– Other comprehensive income	(3,050,921)	(89,924)	(3,940,223)	(291)



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42.2.6 Mismatch of Interest Rate Sensitive Assets and Liabilities

	Effective Yield/ Interest rate	Total	December 31, 2023										Non-interest bearing financial instruments	
			Exposed to Yield/ Interest risk											
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
Rupees in '000														
<b>On-balance sheet financial instruments</b>														
<b>Assets</b>														
Cash and balances with treasury banks		156,124,352	11,695,327	-	-	-	-	-	-	-	-	-	-	144,429,025
Balances with other banks		2,455,601	-	-	-	-	-	-	-	-	-	-	-	2,455,601
Lending to financial institutions	8.79%	9,418,003	9,418,003	-	-	-	-	-	-	-	-	-	-	-
Investments	12.66%	1,154,597,203	325,183,736	264,218,798	278,566,146	124,950,563	46,255,958	20,828,688	37,303,174	33,677,582	-	-	-	23,612,558
Advances	11.21%	780,296,455	368,711,941	25,224,840	48,640,591	76,983,236	58,664,843	58,825,919	78,562,616	52,780,171	10,298,952	-	-	1,603,347
Other assets		95,060,366	-	-	-	-	-	-	-	-	-	-	-	95,060,366
		2,197,951,980	715,009,007	289,443,638	327,206,737	201,933,798	104,920,801	79,654,607	115,865,790	86,457,753	10,298,952	-	-	267,160,897
<b>Liabilities</b>														
Bills payable		9,322,405	-	-	-	-	-	-	-	-	-	-	-	9,322,405
Borrowings	10.38%	373,674,042	303,794,850	25,747,205	9,315,624	108,908	976,050	1,693,268	5,217,638	24,749,949	2,070,550	-	-	-
Deposits and other accounts	7.33%	1,676,589,677	209,955,594	387,537,760	430,235,566	123,185,620	20,543,026	278,898	112,337	226,035	-	-	-	504,514,842
Liabilities against assets subject to finance lease		-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt		-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities		75,838,908	-	-	-	-	-	-	-	-	-	-	-	75,838,908
		2,135,425,032	513,750,444	413,284,965	439,551,189	123,294,528	21,519,076	1,972,166	5,329,975	24,975,984	2,070,550	-	-	589,676,155
<b>On-balance sheet gap</b>		<b>62,526,948</b>	<b>201,258,563</b>	<b>(123,841,327)</b>	<b>(112,344,452)</b>	<b>78,639,270</b>	<b>83,401,725</b>	<b>77,682,441</b>	<b>110,535,815</b>	<b>61,481,769</b>	<b>8,228,402</b>	<b>(922,515,258)</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet financial instruments</b>														
Documentary credits and short-term trade-related transactions		219,451,590	21,624,350	40,083,125	106,547,001	24,968,342	13,940,846	1,074,789	2,560,048	26,484	8,626,605	-	-	-
Commitments in respect of purchase of:		-	-	-	-	-	-	-	-	-	-	-	-	-
- forward foreign exchange contracts		290,946,460	83,314,378	83,304,827	122,948,998	1,378,257	-	-	-	-	-	-	-	-
- forward government securities transactions		10,054,607	10,054,607	-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-	-	-
		301,001,067	93,368,985	83,304,827	122,948,998	1,378,257	-	-	-	-	-	-	-	-
Commitments in respect of sale of:		-	-	-	-	-	-	-	-	-	-	-	-	-
- forward foreign exchange contracts		141,834,941	51,661,105	47,713,484	41,295,657	1,164,695	-	-	-	-	-	-	-	-
- forward government securities transactions		1,385,378	1,385,378	-	-	-	-	-	-	-	-	-	-	-
- derivatives		-	-	-	-	-	-	-	-	-	-	-	-	-
- forward lending		-	-	-	-	-	-	-	-	-	-	-	-	-
		143,220,319	53,046,483	47,713,484	41,295,657	1,164,695	-	-	-	-	-	-	-	-
Other commitments		16,237,946	1,353,162	2,706,324	4,059,487	8,118,973	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		<b>393,470,284</b>	<b>63,300,014</b>	<b>78,380,792</b>	<b>192,259,829</b>	<b>33,300,877</b>	<b>13,940,846</b>	<b>1,074,789</b>	<b>2,560,048</b>	<b>26,484</b>	<b>8,626,605</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Yield and Interest Risk Sensitivity Gap</b>		<b>455,997,232</b>	<b>264,558,577</b>	<b>(45,460,555)</b>	<b>79,915,377</b>	<b>111,940,147</b>	<b>97,342,571</b>	<b>78,757,230</b>	<b>113,065,863</b>	<b>61,508,253</b>	<b>16,855,007</b>	<b>(622,515,258)</b>	<b>-</b>	<b>-</b>
<b>Cumulative Yield and Interest Risk Sensitivity Gap</b>		<b>455,997,232</b>	<b>595,643,062</b>	<b>289,376,167</b>	<b>375,117,397</b>	<b>305,088,958</b>	<b>370,358,698</b>	<b>415,118,762</b>	<b>453,121,852</b>	<b>551,961,347</b>	<b>567,839,971</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

		December 31, 2022										
		Exposed to Yield/ Interest risk										
Effective Yield/ Interest rate	Total	Over 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										
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
	Cash and balances with treasury banks	59,117	-	-	-	-	-	-	-	-	-	87,845,746
	Balances with other banks	-	-	-	-	-	-	-	-	-	-	3,439,468
8.79%	Lending to financial institutions	25,505,024	2,717,171	-	-	-	-	-	-	-	-	-
12.66%	Investments	1,126,716,510	395,551,859	329,276,994	2,977,907	69,318,498	39,462,557	25,116,060	49,954,151	-	-	21,668,860
11.21%	Advances	844,218,560	437,487,175	131,554,800	53,997,718	3,349,551	4,230,639	17,012,733	76,876,144	8,680,000	-	2,161,145
	Other assets	62,375,040	-	-	-	-	-	-	-	-	-	62,375,040
		2,152,876,636	858,603,175	438,145,649	56,975,625	72,668,049	43,693,196	42,128,793	126,830,295	8,680,000	-	177,490,259
<b>Liabilities</b>												
	Bills payable	14,159,643	-	-	-	-	-	-	-	-	-	14,159,643
10.38%	Borrowings	53,123,453	425,405,191	13,493,627	41,156	474,937	1,511,271	4,548,455	27,770,454	4,045,949	-	-
7.33%	Deposits and other accounts	265,119,950	273,837,446	417,148,187	143,133,325	27,207,093	447,006	222,441	245,456	-	-	394,914,946
	Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-
	Subordinated debt	-	-	-	-	-	-	-	-	-	-	-
	Other liabilities	56,459,375	-	-	-	-	-	-	-	-	-	56,459,375
		2,123,309,361	318,243,403	699,242,637	143,174,481	27,682,030	1,958,277	4,770,896	28,015,910	4,045,949	-	466,533,964
	<b>On-balance sheet gap</b>	29,567,275	540,359,772	(371,581,042)	7,503,835	(86,198,856)	44,986,019	41,734,919	37,357,897	98,814,385	4,634,051	(288,043,705)
<b>Off-balance sheet financial instruments</b>												
Documentary credits and short-term trade-related transactions												
		190,988,809	35,923,286	25,517,291	84,364,880	9,959,609	20,283,721	645,193	25,110	11,244,574	-	-
Commitments in respect of purchase of:												
	- forward foreign exchange contracts	160,636,134	95,802,505	58,447,501	138,077	-	-	-	-	-	-	-
	- forward government securities transactions	22,219,651	22,219,651	-	-	-	-	-	-	-	-	-
	- derivatives	-	-	-	-	-	-	-	-	-	-	-
	- forward lending	-	-	-	-	-	-	-	-	-	-	-
		182,855,785	118,022,156	58,447,501	138,077	-	-	-	-	-	-	-
Commitments in respect of sale of:												
	- forward foreign exchange contracts	77,860,099	34,449,194	29,894,172	-	-	-	-	-	-	-	-
	- forward government securities transactions	1,827,149	1,827,149	-	-	-	-	-	-	-	-	-
	- derivatives	-	-	-	-	-	-	-	-	-	-	-
	- forward lending	-	-	-	-	-	-	-	-	-	-	-
		79,707,248	36,276,343	29,894,172	-	-	-	-	-	-	-	-
	Other commitments	11,933,119	994,427	1,988,853	2,983,280	5,966,559	-	-	-	-	-	-
	<b>Off-balance sheet gap</b>	306,070,464	118,663,525	56,059,473	16,064,245	20,283,721	3,025,145	645,193	25,110	11,244,574	-	-
	<b>Total Yield and Interest Risk Sensitivity Gap</b>	335,637,740	659,023,299	(315,521,570)	87,563,312	(70,134,611)	65,269,740	44,760,064	38,003,090	98,839,495	15,878,625	(288,043,704)
	<b>Cumulative Yield and Interest Risk Sensitivity Gap</b>	335,637,740	659,023,299	343,501,729	431,065,041	360,930,430	426,200,170	470,960,234	508,963,324	607,802,819	623,681,444	335,637,740

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

Reconciliation to total assets	December 31, 2023	December 31, 2022	Reconciliation to total liabilities	December 31, 2023	December 31, 2022
	(Rupees in '000)	(Rupees in '000)		(Rupees in '000)	(Rupees in '000)
Balance as per balance sheet	2,333,049,973	2,253,872,572	Balance as per balance sheet	2,135,723,936	2,123,608,264
<b>Less: Non financial assets</b>			<b>Less: Non financial liabilities</b>		
Fixed assets	125,811,893	84,796,981	Deferred tax liabilities	-	-
Deferred tax assets	3,781,881	13,037,316	Other liabilities	298,904	298,904
Other assets	5,504,219	3,161,639		298,904	298,904
	135,097,993	100,995,936			
<b>Total financial assets</b>	<b>2,197,951,980</b>	<b>2,152,876,636</b>	<b>Total financial liabilities</b>	<b>2,135,425,032</b>	<b>2,123,309,360</b>

## 42.3 Operational Risk

The Bank, like all financial institutions, is exposed to different types of operational risks, including the potential losses arising from internal activities or external events caused by breakdowns in information, communication, physical safeguards, business continuity, supervision, transaction processing, settlement systems and the execution of legal, fiduciary and agency responsibilities.

In accordance with the BoD approved Operational Risk Management Policy (ORM), Group maintains a system of internal controls designed to keep operational risk at appropriate levels, in view of the Group's financial strength and the characteristics of the activities and market in which it operates. These internal controls are periodically updated to conform to industry best practices.

The Bank has implemented workflow based system "Risk Nucleus" for Operational Risk Loss Data Collection & Reporting, Risk Control & Self Assessment (RCSA) and Key Risk Indicators (KRIs) monitoring. Further, major Operational Risk events are also analyzed from the control breaches perspective and mitigating controls are assessed on design and operating effectiveness. Quarterly updates on Operational Risk events are presented to senior management and Board's Risk Management Committee & BoD.

The Bank has a BoD approved BCP policy and Business Continuity Plan applicable to all its functional areas. The Bank updates functional BCPs on annual basis or at any process change.

The Bank is also implementing internationally accepted Integrated Framework on Internal Control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), with a view to consolidate and enhance the existing internal control processes.

The Bank with permission of SBP is conducting a parallel run for Alternate Standardized Approach (ASA) for Basel II – Operational Risk Capital Charge Reporting, which signifies readiness of the Bank to move to advance approach.

Outbreak of COVID 19 and continuous resurgence of the pandemic waves due to mutation of the virus has been a cause of concern for the banking industry and required continuous monitoring and transformation in the existing way of doing business. The operating procedures of the Bank were transformed and business continuity plan were updated in line with the guidelines issued by the Government, Health Care and Regulatory Authorities, in a timely manner to minimize the impact of disruption on business activities and on service delivery to the customers without compromise to the safety of all the stakeholders including customers and employees in particular.

## 42.4 Liquidity Risk

Liquidity Risk is the risk that the Bank is unable to fund its current obligations and operations in the most cost efficient manner. The Bank's Board of Directors has delegated the responsibility to Asset and Liability Committee (ALCO) for ensuring that Bank's policy for liquidity management is adhered to on a continual basis. ALCO uses gap analysis based on "maturity schedule" to assess the Bank's liquidity risk and devise strategy accordingly. The Bank has various limits and triggers in place to monitor liquidity risk on a periodic basis, while it also utilizes stress testing to assess adequacy of Bank's liquid assets. The Bank complies with State Bank of Pakistan's instructions on Liquidity Standards as prescribed under the Basel III Framework.

### Liquidity Management Framework

Daily liquidity management is carried out centrally by the Asset and Liability Management (ALM) Desk in Treasury Group which manages the day to day liquidity needs of the Bank. Funding and liquidity management strategies are regularly discussed during Asset and Liability Committee (ALCO) meetings. The discussions include analysis on composition of deposits and tenure, funding gaps and concentration, monitoring of short and long-term liquidity ratios (including Liquidity Coverage Ratio and Net Stable Funding Ratio). The Bank utilizes internal Management Action Triggers and Limits which act as early warning indicators and safeguards to ensure sufficient liquidity buffers at all times. Additionally, stress tests are performed to evaluate available liquidity under a range of adverse scenarios and to identify potential vulnerabilities in portfolios. The Bank also has in place contingency funding plan that identifies specific management actions that can be invoked in times of liquidity crisis.

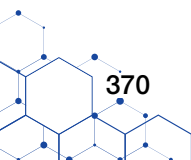
### Liquidity Risk Management

The Bank has in place a robust Recovery Plan in place to deal with any liquidity crisis in the most efficient and effective manner. SBP initiatives such as deferral of principal and rescheduling and restructuring of loans may have an adverse effect on liquidity and maturity profile of the Bank, however the Bank holds sufficient liquidity buffer to absorb any unforeseen shocks during the prevailing situation. Moreover, the Asset and Liability Committee (ALCO) of the Bank continues to regularly monitor the liquidity position of the Bank in view of emerging risks.

### Liquidity Risk Mitigation Techniques

The Group uses the following tools to identify and mitigate Liquidity Risk:

- Gap Analysis
- Liquidity Ratios
- Liquidity Stress Testing
- Contingency Funding Plan
- Risk Control Limits (RCLs)





# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

December 31, 2022												
Total	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 Month	Upto 2 Months	Upto 3 Months	Over 3 to 6 Months	Upto 1 year	Upto 2 years	Upto 3 years	Over 3 to 5 years	Over 5 years
Rupees in '000												
<b>Assets</b>												
Cash and balances with treasury Groups	87,904,863											
Balances with other Groups	3,439,468											
Lending to financial institutions	28,222,195	70,000	24,399,301	835,724		2,717,170						
Investments - net	1,126,716,510	21,668,860		330,526	3,731,649	804,947	137,371,405	111,879,347	250,498,271	227,715,161	180,182,136	185,548,597
Advances - net	844,218,560	203,557,309	5,133,435	1,528,359	24,759,192	144,541,452	57,107,856	45,331,954	74,194,148	37,512,654	54,127,012	78,643,350
Fixed assets	81,823,836	22,875	137,251	160,126	388,878	709,131	2,127,392	2,127,392	3,669,985	3,811,176	3,625,046	62,008,061
Intangible assets	2,973,143	1,138	6,827	7,964	19,342	35,270	105,811	105,811	423,245	423,245	846,490	866,919
Deferred tax assets	15,065,194	52,224	97,544	113,801	276,373	164,225	2,023,778	394,066	1,697,896	2,760,176	2,094,626	2,144,709
Other assets - net	65,536,678	882,325	5,293,951	6,176,276	15,005,140	3,915,527	12,954,460	1,084,330	1,593,069	970,504	2,878,272	4,638,145
	2,255,890,447	317,599,062	35,268,309	7,986,526	121,747,128	33,314,994	211,690,702	23,537,904	333,630,689	273,192,916	243,753,592	333,839,781
<b>Liabilities</b>												
Bills payable	14,159,643	14,159,643										
Borrowings	530,414,493	478	34,057	1,737	53,087,181	261,553,131	13,493,627	40,906	474,937	1,511,271	4,548,455	31,816,403
Deposits and other accounts	1,522,275,860	1,203,014,836	22,834,141	3,406,230	31,980,763	28,795,039	81,076,211	60,046,402	4,898,172	447,006	222,441	245,456
Liabilities against assets subject to finance lease												
Subordinated debt												
Deferred tax liabilities - net	2,017,878											2,017,878
Other liabilities	56,758,275	999,095	5,994,389	6,993,454	16,984,103	1,520,020	1,750,923	1,750,888	4,478,945	1,954,939	3,160,183	7,900,458
	2,125,626,139	1,218,174,022	28,862,587	10,491,481	102,052,047	291,868,190	96,320,761	62,530,141	9,853,054	3,913,216	7,931,079	41,980,195
<b>Net assets</b>	<b>130,264,308</b>	<b>(90,574,960)</b>	<b>6,405,722</b>	<b>(2,504,965)</b>	<b>19,695,081</b>	<b>(258,553,196)</b>	<b>(31,189,816)</b>	<b>115,369,941</b>	<b>323,777,635</b>	<b>269,279,700</b>	<b>235,822,503</b>	<b>291,859,586</b>
Share capital	11,450,739											
Reserves	31,435,453											
Unappropriated profit	82,058,979											
Surplus on revaluation of assets net of tax	5,319,137											
	130,264,308											

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

December 31, 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									
<b>Assets</b>										
Cash and balances with treasury banks	156,124,352	46,501,594	8,701,418	7,704,789	9,090,311	3,494,877	7,064,531	-	-	73,566,832
Balances with other banks	2,455,601	2,455,601	-	-	-	-	-	-	-	-
Lending to financial institutions	9,418,003	9,418,003	-	-	-	-	-	-	-	-
Investments - net	1,154,597,203	506,575	25,068,535	3,025,203	314,448,957	305,577,388	197,084,195	149,235,263	157,425,243	2,225,844
Advances - net	780,296,455	77,513,052	93,895,876	79,344,330	93,852,304	114,184,031	115,352,873	136,830,986	69,323,003	-
Fixed assets	122,395,241	1,250,332	2,500,664	3,750,995	7,501,990	5,148,045	5,075,660	4,401,806	6,024,728	86,741,021
Intangible assets	3,416,652	40,658	81,316	121,975	243,950	487,898	487,898	975,796	977,161	-
Deferred tax assets	3,781,881	172,351	527,453	554,271	2,801,541	1,543,701	930,703	677,657	609,497	(4,035,293)
Other assets - net	100,564,585	41,836,303	11,376,787	13,403,661	5,881,856	5,482,254	5,522,378	9,591,198	7,143,579	326,569
	2,333,049,973	179,694,469	142,152,049	107,905,224	433,820,909	435,918,194	331,518,238	301,712,706	241,503,211	158,824,973
<b>Liabilities</b>										
Bills payable	9,322,405	9,322,405	-	-	-	-	-	-	-	-
Borrowings	373,674,042	303,794,850	25,747,205	9,315,624	108,908	976,050	1,693,268	5,217,638	24,749,949	2,070,550
Deposits and other accounts	1,676,589,677	209,955,594	160,097,617	141,760,607	167,252,865	64,610,271	130,259,391	112,337	226,035	802,314,960
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-	-
Other liabilities	76,137,811	41,140,953	5,006,076	3,381,884	6,763,716	5,611,477	2,129,304	3,458,397	8,645,994	-
	2,135,723,935	564,213,802	190,850,898	154,456,125	174,125,489	71,197,798	134,081,963	8,786,372	33,621,978	804,385,510
<b>Net assets</b>	<b>197,326,038</b>	<b>(384,519,333)</b>	<b>(48,698,849)</b>	<b>(46,552,901)</b>	<b>259,695,420</b>	<b>364,720,396</b>	<b>197,436,275</b>	<b>292,924,334</b>	<b>207,881,233</b>	<b>(645,560,537)</b>
Share capital	11,450,739									
Reserves	37,961,636									
Unappropriated profit	40,086,369									
Surplus on revaluation of assets net of tax	107,827,294									
	197,326,038									

# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

December 31, 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									
<b>Assets</b>										
Cash and balances with treasury banks	87,904,863	28,238,495	5,429,667	5,050,644	6,537,451	2,018,010	2,864,030	-	-	37,966,566
Balances with other banks	3,439,468	3,439,468	-	-	-	-	-	-	-	-
Lending to financial institutions	28,222,195	25,505,024	2,717,171	-	-	-	-	-	-	-
Investments - net	1,126,716,510	330,526	4,536,596	137,371,405	118,864,958	259,803,912	237,020,803	180,182,136	188,582,447	23,727
Advances - net	844,218,560	129,005,840	174,266,237	58,600,063	54,877,898	135,191,260	98,509,767	115,124,125	66,625,780	12,017,570
Fixed assets	81,823,836	709,131	1,418,261	2,127,392	4,254,784	3,869,985	3,811,176	3,625,046	5,246,220	56,761,841
Intangible assets	2,973,144	35,270	70,541	105,811	211,623	423,245	423,245	846,490	856,919	-
Deferred tax assets	15,055,193	539,942	348,030	2,023,777	2,091,962	3,051,971	2,760,176	2,094,626	2,144,709	-
Other assets - net	65,536,680	27,357,692	13,545,107	12,954,460	1,599,430	1,593,069	970,504	2,878,272	4,638,146	-
	2,255,690,449	215,161,388	202,331,610	218,233,572	188,438,106	405,951,452	346,159,701	304,750,695	268,094,221	106,769,704
<b>Liabilities</b>										
Bills payable	14,159,643	14,159,643	-	-	-	-	-	-	-	-
Borrowings	530,414,493	53,123,453	425,405,191	13,493,627	41,156	474,937	1,511,271	4,548,455	27,770,454	4,045,949
Deposits and other accounts	1,522,275,850	265,119,950	145,159,926	135,026,881	174,776,086	58,849,853	71,668,760	222,441	245,456	671,206,487
Subordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	2,017,878	-	-	-	-	-	-	-	-	2,017,878
Other liabilities	56,758,277	30,971,012	3,040,041	1,750,923	3,501,776	4,478,945	1,954,939	3,160,183	7,900,458	-
	2,125,626,141	363,374,058	573,605,158	150,271,441	178,319,018	63,803,735	75,134,970	7,931,079	35,916,368	677,270,314
<b>Net assets</b>	130,264,308	(148,212,670)	(371,273,548)	67,962,131	10,119,088	342,147,717	271,024,731	296,819,616	232,177,853	(570,500,610)
Share capital	11,450,739									
Reserves	31,435,453									
Unappropriated profit	82,058,979									
Surplus on revaluation of assets net of tax	5,319,137									
	130,264,308									



# Notes to the Consolidated Financial Statements

for the year ended December 31, 2023

## 42.5 Derivative Risk

Market & Liquidity Risk Division under Risk Management Group is responsible for assessing and monitoring the derivative risk emanating from Bank's exposures.

The Bank buys and sells derivative instruments, for hedging and market making purposes, such as:

- Forward Exchange Contracts
- Foreign Exchange Swaps
- Equity Futures
- Forward Contracts for Government Securities

The Bank's Risk Management Group, Asset and Liability Committee (ALCO) and Board Risk Management Committee monitor the derivative risk and utilize Off-Balance Sheet gap analysis to implement prudent asset liability management of the Bank's derivative exposures.

## 43 NON ADJUSTING EVENT AFTER THE REPORTING DATE

- 43.1 The Board of Directors of the Bank in its meeting held on February 13, 2024 has proposed a final cash dividend in respect of 2023 of Rs. 4.00 per share (2022: cash dividend Rs. 2.50 per share). This appropriation will be approved in the forthcoming Annual General Meeting. The consolidated financial statements of the Bank for the year ended December 31, 2023 do not include the effect of these appropriations which will be accounted for subsequent to the year end.

## 44 GENERAL

- 44.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 44.2 Corresponding figures have been rearranged or reclassified where considered necessary, for the purpose of better presentation. However, no material restatement have been made.

## 45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on February 13, 2024 by the Board of Directors of the Bank.

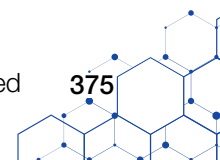
Muhammad Atif Mirza  
Chief Financial Officer

Zafar Iqbal  
Director

Aizid Razzaq Gill  
President and Chief Executive

Mohammad Naeem Mukhtar  
Chairman

Mubashir A. Akhtar  
Director



# Pattern of Shareholding

As at December 31, 2023

## 1 Issued, Subscribed and Paid-up Capital

Ordinary Shares	As on December 31, 2023		As on December 31, 2022	
	No. of Shares	Amount (Rs.)	No. of Shares	Amount (Rs.)
Fully paid in Cash	406,780,094	4,067,800,940	406,780,094	4,067,800,940
Increase in Share Capital	-	-	-	-
Issued as Bonus Shares	720,745,186	7,207,451,860	720,745,186	7,207,451,860
Issued for consideration other than cash	17,548,550	175,485,500	17,548,550	175,485,500
	<b>1,145,073,830</b>	<b>11,450,738,300</b>	<b>1,145,073,830</b>	<b>11,450,738,300</b>

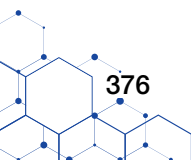
## 2 Major Shareholding

Holding more than 5% of the total paid-up capital

Name of Shareholder	No. of Shares	Percentage
Ibrahim Holdings (Private) Limited	1,030,566,368	90.0000
<b>Total</b>	<b>1,030,566,368</b>	<b>90.0000</b>

## 3 Pattern of Shareholding

No. of Shareholders	Shareholdings' Slab			Total Shares
	From		To	
6,169	1	to	100	233,189
8,919	101	to	500	2,479,717
1,099	501	to	1,000	807,362
1,968	1,001	to	5,000	4,204,641
333	5,001	to	10,000	2,468,660
255	10,001	to	25,000	4,075,739
86	25,001	to	50,000	3,036,054
36	50,001	to	100,000	2,700,539
25	100,001	to	200,000	3,581,975
15	200,001	to	500,000	4,720,301
4	500,001	to	1,000,000	3,505,025
7	1,000,001	to	2,000,000	9,586,477
1	2,000,001	to	3,000,000	2,118,250
2	3,000,001	to	5,000,000	8,014,547
4	5,000,001	to	10,000,000	31,974,986
1	10,000,001	to	50,000,000	31,000,000
1	50,000,001	&	Above	1,030,566,368
<b>18,925</b>				<b>1,145,073,830</b>



# Categories of Shareholders

As at December 31, 2023

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES	PERCENTAGE
<b>DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN</b>			
MOHAMMAD NAEEM MUKHTAR	1	2,500	0.0002
SHEIKH MUKHTAR AHMAD	1	2,500	0.0002
MUHAMMAD WASEEM MUKHTAR	1	2,500	0.0002
ABDUL AZIZ KHAN	1	30,000	0.0026
ZAFAR IQBAL	1	2,500	0.0002
MUBASHIR A. AKHTAR & TAQDEES AKHTAR	1	1,500	0.0001
NAZRAT BASHIR	1	100	0.0000
<b>SUB-TOTAL</b>	<b>7</b>	<b>41,600</b>	<b>0.0036</b>
<b>PARENT, ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>			
IBRAHIM HOLDINGS (PRIVATE) LIMITED	1	1,030,566,368	90.0000
TRUSTEES OF ABL EMPLOYEES SUPERANNUATION (PENSION) FUND A/C	1	9,501,182	0.8297
<b>SUB-TOTAL</b>	<b>2</b>	<b>1,040,067,550</b>	<b>90.8297</b>
<b>EXECUTIVES*</b>			
	1	10,035	0.0009
<b>EMPLOYEES</b>			
	333	387,972	0.0339
<b>SUB-TOTAL</b>	<b>334</b>	<b>398,007</b>	<b>0.0348</b>
<b>NIT AND ICP</b>			
	3	14,438	0.0013
<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS</b>			
	10	7,932,822	0.6928
<b>INSURANCE COMPANIES</b>			
	7	10,104,274	0.8824
<b>MODARABAS AND MUTUAL FUNDS</b>			
M/S. FIRST TAWAKKAL MODARABA	1	347	0.0000
M/S. MODARABA AL MALI	1	116	0.0000
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	35,339	0.0031
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	1,067,614	0.0932
CDC - TRUSTEE NBP FINANCIAL SECTOR FUND	1	93,500	0.0082
<b>SUB-TOTAL</b>	<b>5</b>	<b>1,196,916</b>	<b>0.1045</b>
<b>GENERAL PUBLIC</b>			
LOCAL	18,414	42,354,683	3.6989
FOREIGN	13	72,212	0.0063
<b>SUB-TOTAL</b>	<b>18,427</b>	<b>42,426,895</b>	<b>3.7052</b>
<b>FOREIGN COMPANIES</b>			
	1	1	0.0000
<b>OTHERS</b>			
	129	42,891,327	3.7457
<b>GRAND TOTAL</b>	<b>18,925</b>	<b>1,145,073,830</b>	<b>100.0000</b>

\*CEO, all Chiefs and Group Heads are termed as Executives

There was no trade in shares carried out by the Sponsors, Directors, Executives, their Spouses and Minor Children during the year 2023.

# NOTICE OF 78<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that 78<sup>th</sup> Annual General Meeting of Allied Bank Limited (the "Bank") will be held physically as well virtually (through Zoom) on Thursday, March 28, 2024 at 11:00 a.m. at Palace Hall, Pearl Continental Hotel, Lahore, Pakistan to transact the following business:

## Ordinary Business:

1. To confirm the minutes of 77<sup>th</sup> Annual General Meeting of Allied Bank Limited held on March 28, 2023.
2. To receive, consider and adopt Annual Audited Financial Statements of the Bank (consolidated and unconsolidated) for the year ended December 31, 2023 together with the Auditors' Report, Directors' Report and Chairman's Review Report thereon.

Financial Statements of the Bank are being dispatched through CD/DVD and are also uploaded on corporate website of the Bank which can be downloaded from the following link;

<https://www.abl.com/investor-relations/financials/financial-presentations/>

3. To consider and approve Final Cash Dividend @ 40% (i.e. Rs. 4.00 per share) as recommended by the Board of Directors. This Final Cash Dividend would be in addition to 80% Interim Cash Dividend (i.e., Rs. 8.00 per share) already paid to the shareholders for the year ended December 31, 2023.
4. To appoint Statutory Auditors of the Bank for the year ending December 31, 2024 and fix their remuneration. The retiring Auditors, M/s. EY Ford Rhodes Chartered Accountants, being eligible has offered themselves for reappointment. The audit firm appointed will hold office till conclusion of the next Annual General Meeting (AGM) to be held in the year 2025.

## Special Business:

5. To consider and approve circulation of Annual Audited Financial Statements of the Bank to its shareholders through QR enabled code and weblink instead of circulation through CD/DVD/USB by passing the Ordinary Resolution:

Statement of Material Facts under Section 134(3) of the Companies Act, 2017 along-with draft resolution pertaining to the abovementioned Special Business is annexed to this Notice.

## Other Business:

6. To transact any other business with the permission of the Chair.

Date: March 07, 2024  
(Lahore)

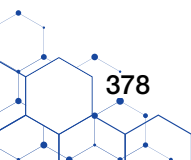
By Order of the Board  
**Adeel Javaid**  
Company Secretary

## NOTES:

1. Copy of 77<sup>th</sup> AGM minutes held on March 28, 2023 is being provided to the shareholders through DVD / email along with the notice. Minutes of AGM are also available for inspection of Members at registered office of the Bank.
2. Share Transfer Books of the Bank will remain closed from **Thursday, March 21, 2024 to Thursday, March 28, 2024 (both days inclusive)**. Share transfer requests received at Bank's Share Registrar **M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S, Main Shakra-e-Faisal, Karachi** before the close of business on **Wednesday, March 20, 2024** will be treated in time for the purpose of transfer of shares, for determining entitlement of the dividend, and to attend & vote in the AGM.
3. All members are entitled to attend and vote at the Meeting.
4. A member entitled to attend and vote at the Meeting may appoint another member as a proxy to attend, speak and vote on his/her behalf; and the proxy appointed should be a member of Allied Bank Limited.

A corporate entity, being a member, may authorize through resolution of its Board / power of attorney or other governing body, an individual to act as its representative and the individual so authorized shall be entitled to exercise the same powers on behalf of the corporate entity which he represents.

5. CDC Account Holders will follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
6. Requirements for attending the Annual General Meeting are as below:
  - i) In case of individuals, the Account Holder or Sub-account Holder and / or the person whose securities are in group account and their registration details are uploaded as per Central Depository Company of Pakistan Limited (CDC) Regulations, shall authenticate their identity by showing original valid Computerized National Identity Card (CNIC) or original Passport at the time of attending the Meeting.
  - ii) In case of corporate entity, the resolution of Board of Directors / Power of Attorney with specimen signature of the nominee shall be produced (if not provided earlier) at the time of attending the Meeting.
7. Requirements for appointing proxies are as below:
  - i) In case of individuals, the Account Holder or Sub-account Holder and / or the person whose securities are in group account and their registration details are uploaded as per CDC's Regulations, shall submit proxy form.
  - 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 valid 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 resolution of Board of Directors / Power of Attorney with specimen signature shall be produced along with the proxy form of the Company.
8. Proxy Form is being sent to the Members along with Notice of AGM. The form of proxy can also be downloaded from the following link on Bank's website: <https://www.abl.com/investor-relations/shareholder-information/shareholder-notice/>
  9. The instrument of proxy duly completed and signed as per above mentioned requirements must be deposited at the Registered Office of the Bank i.e. **3-Tipu Block, New Garden Town, Lahore** not less than 48 hours before the start 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.
  10. If a member appoints more than one proxy, all such instruments of proxy shall be rendered invalid.
  11. Members are requested to immediately notify changes in their registered addresses, if any, to the Bank's Shares Registrar before start of the book closure period.
  12. As per guidelines issued by SECP, arrangements have also been made by the Bank to facilitate maximum participation of the shareholders in the Meeting through online platform/ facility (i.e., zoom). Those shareholders who are interested to participate in the meeting virtually are requested to forward their following particulars along with snapshot of their valid CNIC (both sides) at least 48 hours before the time of AGM at WhatsApp # +92 321 9472547 / +92 300 0458140 or email at [Shahbaz.ahmed@abl.com](mailto:Shahbaz.ahmed@abl.com) / [Farhan.ali2@abl.com](mailto:Farhan.ali2@abl.com):

Name	CNIC Number (Please attach snapshot of valid CNIC)	Folio Number / CDC Account Number	Cell Number	Email Address

On receipt of the request, link/credentials to join the meeting through zoom will be sent to the said shareholders on the given email address or through WhatsApp messages.

13. In accordance with the Companies (Postal Ballot) Regulation, 2018, ("Regulations"), the right to vote through electronic voting facility ("e-Voting") and voting by Post ("Postal Ballot") shall be provided to members of the Bank for "Special Business" in the manner and subject to the conditions contained in the Regulations.

As Agenda Item No. 5 is a special business, therefore, facility of e-Voting and Postal Ballot is arranged for the members through our Share Registrar M/s. CDC Share Registrar Services Limited as per following procedures:

**a) For e-Voting:**

- i. Detail of e-voting facility will be shared through e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the Register of Members of the Bank by the close of business on **March 20, 2024**.

- ii. The web address, login details and password will be communicated to members via email and the security codes will be communicated to members through SMS from the web portal of M/s. CDC Share Registrar Services Limited (being an e-Voting Service Provider).
- iii. Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- iv. Members shall cast their vote online at any time from **March 25, 2024, 9:00 a.m. to March 27, 2024 till 5:00 pm**.
- v. Once the vote on the resolution is casted by a Member, he/she shall not be allowed to change it subsequently.

**b) For voting through Postal Ballot Paper**

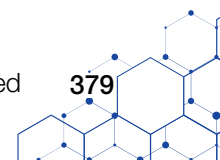
- i. Members may alternatively opt for voting through postal ballot, which has been made available; (a) as attachment to this Notice and (b) on Banks's website link: [www.abl.com/investor-relations/shareholder-information/shareholder-notice/](http://www.abl.com/investor-relations/shareholder-information/shareholder-notice/)
- ii. The members shall ensure that the duly filled and signed ballot paper along with a copy of legible Computerized National Identity Card (CNIC) and/or Board Resolution should reach the Chairman of the meeting through post at the Bank's registered address i.e. The Chairman, Allied Bank Limited, Mezzanine Floor, 3-Tipu Block, New Garden Town, Lahore, Pakistan, one day before the date of AGM i.e., **March 27, 2024**, during working hours.
- iii. The members may also email the scanned copy of duly filled and signed ballot paper along with legible copy of CNIC and/or Board Resolution at [ChairmanAGM@abl.com](mailto:ChairmanAGM@abl.com) as per timeline given above.
- iv. The signature on the Ballot Paper should match with signature on the CNIC.
- v. In case of foreign members and representatives of a body corporate, corporation and Federal Government, acceptability of other identification documents in lieu of CNIC should be approved by the board of that body corporate/company.
- vi. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot papers will be rejected.

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

**FOR SHAREHOLDERS' ATTENTION:**

**Transmission of Annual Report 2023:**

In compliance with the Section 223(6) of Companies Act, 2017 (the "Act") the Bank has transmitted the Annual Report 2023 through email to those shareholders whose email addresses are available with the Bank's Share Registrar. Besides, in accordance with the shareholders' approval accorded in 71<sup>st</sup> Annual General Meeting held on March 28, 2017; DVDs have been dispatched to those shareholders whose email addresses are not available with the Share Registrar, however, the Bank would provide hard copies of the Annual Report to the shareholders on their demand at their registered addresses, free of cost, within one week of such request. In this regard, a standard request form has been placed on the Bank's website which can be downloaded directly from the link; <https://www.abl.com/investor-relations/financials/financial-reports/>



# NOTICE OF 78<sup>th</sup> ANNUAL GENERAL MEETING

## Deposit/Conversion of Physical Shares into Book-Entry Form:

The Securities and Exchange Commission of Pakistan ("SECP") through its letter No. CSD/ED/Misc./2016-639-640 dated March 26, 2021 has advised listed companies to adhere with the provisions of the Section 72 of the Act requiring all companies to replace shares issued by them in Physical Form with shares into Book-Entry Form from the date notified by the SECP but not exceeding four years from the date of the promulgation of the Act. Therefore, the Shareholders having physical shareholding are requested to open Investor Account directly with Central Depository Company of Pakistan Limited ("CDC") or CDC Sub-account with any of the brokers to place their physical shares into book-entry form. It would facilitate the shareholders in many ways including safe custody of shares, no loss of shares, and avoidance of formalities required for the issuance of duplicate shares and readily availability for sale / purchase in stock market at better rates. The Shareholders may contact the Share Registrar and Transfer Agent of the Bank, i.e., CDC Share Registrar Services Limited (address given above) for the conversion of Physical shares into Book-Entry Form.

## Mandatory Requirement for Provision of Registration details, IBAN and CNIC (Withholding of Dividend):

In accordance with Section 119 of the Act and Regulation 19 of the Companies (General Provisions and Forms) Regulation 2018, all physical shareholders are advised to provide their mandatory information such as CNIC number, address, email address, contact details (Mobile/telephone numbers), International Bank Account Number (IBAN) etc., to our Share Registrar at the above given address immediately to avoid any inconvenience in future.

Further, in compliance with the requirements of the Act and Companies (Distribution of Dividends) Regulations, 2017, the Bank has withheld dividend(s) of those shareholders who have not yet provided their CNIC(s) along with correct and complete bank account details including valid IBAN of their own bank accounts.

In order to receive cash dividend(s) withheld by the Bank, shareholders are requested to contact the Bank's Share Registrar or Participant/ Investor Account Services of Central Depository Company of Pakistan (as the case may be) along with a legible copy of their respective valid CNIC(s) and provide their complete and correct bank account details including valid IBAN by filling the form available at the Bank's website link: <https://www.abl.com/investor-relations/shareholder-information/shareholder-useful-documents/>

## Deduction of Withholding Tax:

Please note that withholding tax will be deducted on the basis of latest "Active Taxpayers List" (ATL) available at FBR website as per following rates:

Persons appearing in Active Taxpayers List (ATL):	15%
Persons not appearing in Active Taxpayers List (ATL):	30%

Further, in respect of joint shareholders tax will be deducted as per their respective ratio / share (if any) intimated by the shareholder to the Bank's Share Registrar, otherwise their shareholding will be treated as equal.

## Requirement of Valid Tax Exemption Certificate for Claim of Exemption U/S 150 of the Income Tax Ordinance, 2001:

If the entity is available with valid exemption certificate issued u/s 159 of the Income Tax Ordinance, 2001 or has filed a petition against the FBR for acquiring exemption certificate, in any relevant court, a copy of valid exemption certificate or certified true copy of the Stay Order of Honorable Court along with latest court proceedings (if any) would be required latest by **March 20, 2024** in lieu of valid exemption certificate for non-deduction of withholding tax. In case of non-availability of valid tax exemption certificate or relevant court order, tax under the relevant sections shall be deducted accordingly.

## 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 the Zakat and Usher Ordinance, 1980 & Rule 4 of the Zakat (Collection and Refund) Rules, 1981, 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 Book-Entry Form) or to Bank's Share Registrar and Transfer Agent (in case the shares are held in Physical Form) at above mentioned address.

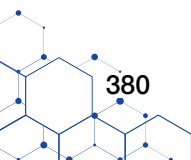
## Claiming of Unclaimed / Unpaid Dividends and Share Certificates:

In compliance of Section 244 of the Act, the Bank has already requested through individual letters to shareholders who have not yet claimed their outstanding cash dividends, right and bonus shares. (Detail available at <https://www.abl.com/investor-relations/shareholder-information/unclaimed-shares-dividends-and-tfcs/>)

Shareholders are once again requested to lodge their claims for cash dividends, right / bonus shares kept with the Share Registrar and Transfer Agent of the Bank, on the address given above.

## Merger of Different Folios into one Folio:

As per Member's Register, some of the shareholders are maintaining more than one folio under the same particulars. Carrying two or more different folios may be hassle for the shareholders to reconcile and receiving different benefits in the shape of dividends / bonus etc. In order to provide better services and convenience such shareholders are requested to send requests to the Bank's Share Registrar to merge their folios into one folio.



**Consent for Video Conference Facility:**

In accordance with Section 132(2) of the Act, the members may avail video conference facility for AGM, provided that at least 7 days prior to the date of meeting, on a demand of members residing in a city who hold at least 10% of the total paid up capital, the bank would provide the facility of video-link to such members enabling them to participate in Annual General Meeting. To avail this facility, please provide following information and submit to the Share Registrar office (address mentioned above):

I/We _____ of _____ being member of Allied Bank Limited, holder of _____ ordinary share(s) as per Registered Folio / CDC Investor / Participant Account No. _____ hereby opt for video conference facility at _____ (please specify name of the city).	
Date _____	Signature of Member _____

**Statement of Material Facts under section 134 (3) of the Companies Act, 2017:**

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of Allied Bank Limited.

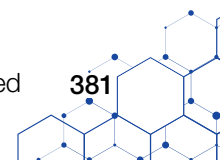
Pursuant to Securities and Exchange Commission of Pakistan's (SECP) SRO # 389(I)/2023 dated March 21, 2023, listed companies are allowed to circulate the Annual Balance Sheet and Profit and Loss Account, Auditor's Report and Directors Report etc., (i.e., "Annual Audited Financial Statements / Annual Report") to its Shareholders/ Members through QR enabled code and weblink subject to the approval of the Members in the Annual General Meeting.

Considering technological advancements and old technology becoming obsolete, the circulation of annual financial statements / Annual Report through CD/DVD/USB may be discontinued.

In this respect, following Ordinary Resolution is proposed to be adopted by the Shareholders:

*"RESOLVED that the shareholders of Allied Bank Limited do hereby approve and authorize the Bank for transmission of Annual Audited Financial Statements / Annual Report, including but not limited to the Annual Balance Sheet, Profit and Loss Account, Auditor's Report, Directors' Report, Chairman's Review Report etc., to its shareholders through QR-enabled Code and Weblink, instead of transmitting the same through CD/DVD/USB."*

This notice along with Proxy Form has been sent to all members of the Company in accordance with Section 134(1) of the Companies Act, 2017.



## Postal Ballot Paper

Ballot Paper for voting through Post for Poll to be held on Thursday, March 28, 2024  
At 11:00 a.m. at Palace Hall, Pearl Continental Hotel, Lahore, Pakistan

Postal Address: 3-Tipu Block, New Garden Town, Lahore, Pakistan ([www.abl.com](http://www.abl.com))  
 Designated email address of the Chairman at which the duly filled in ballot paper may be sent: [ChairmanAGM@abl.com](mailto:ChairmanAGM@abl.com)

Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and Folio Number	
CNIC Number (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	

I/we hereby exercise my/our vote in respect of the following resolution through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (√) mark in the appropriate box below:

Sr. No.	Nature and Description of Resolution	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1	<b>Ordinary Resolution:</b>  <i>“RESOLVED that the shareholders of Allied Bank Limited do hereby approve and authorize the Bank for transmission of Annual Audited Financial Statements / Annual Report, including but not limited to the Annual Balance Sheet, Profit and Loss Account, Auditor’s Report, Directors’ Report, Chairman’s Review Report etc., to its shareholders through QR-enabled Code and Weblink, instead of transmitting the same through CD/DVD/USB.”</i>			

\_\_\_\_\_  
 Signature of shareholder(s) / Proxy Holder / Authorized Signatory

Place: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTES:**

1. Duly filled postal ballot should be sent to Chairman at “The Chairman, Allied Bank Limited, Mezzanine Floor, 3-Tipu Block, New Garden Town, Lahore, Pakistan” or email scan copy of the postal ballot at [ChairmanAGM@abl.com](mailto:ChairmanAGM@abl.com)
2. Copy of CNIC should be enclosed with the postal ballot form.
3. Postal ballot forms should reach chairman of the meeting on or before March 27, 2024 during working hours. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC.
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.



# Glossary of Financial & Banking Terms

## Accrual Basis

Recognizing the effects of transactions and other events when they occur without waiting for receipt or payment of cash or its equivalent.

## Automated Teller Machine (ATM)

ATM is an e-banking delivery channel that enables the customers to perform financial transactions 24/7.

## Alternate Delivery Channels (ADCs)

ADCs are those access points that expand the reach of banking services beyond the traditional over the counter banking and traditional over the counter banking and includes internet banking, mobile banking, Point of Sale (POS) transactions, ATM, SMS and Phone banking.

## Basis point

One hundredth of a per cent i.e. 0.01 percent. 100 basis points is 1 per cent. Used when quoting movements in interest rates or yields on securities.

## Bonus Issue (Scrip Issue)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is a process for converting a company's reserves (in whole or part) into issued capital and hence does not involve an infusion of cash.

## Cash Equivalents

Short-term highly liquid investments that are readily convertible to known amounts of cash.

## Capital Adequacy Ratio

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan and Basel Committee.

## Call Money Rate

Interbank clean (without collateral) lending and borrowing rates are called Call Money Rates.

## Common Equity Tier (CET)

Capital CET capital is sum of fully paid share capital, reserves and un-appropriated profit adjusted by regulatory adjustments as specified in Basel III.

## Consumer Price Index (CPI)

The CPI measure changes in the cost of buying a representative fixed basket of goods and generally indicates inflation rate in the country. (Source: Pakistan Bureau of Statistics)

## Coupon Rate

Coupon rate is interest rate payable on bond's par value at specific regular periods. In PIBs they are paid on bi-annual basis.

## Call Deposits

These include short notice and special notice deposits

## Current Deposits

Non-remunerative Chequing account deposits wherein withdrawals and deposit of funds can be made frequently by the account holders.

## Contingencies

A condition or situation existing at date of Statement of Financial Position where the outcome will be confirmed only by occurrence of one or more future events.

## CAGR

An abbreviation for Compound Annual Growth Rate.

## Corporate Governance

It is "the system by which companies are directed and controlled" by the Securities and Exchange Commission of Pakistan. It involves regulatory and market mechanisms, which govern the roles and relationships between a company's management, its board, its shareholders and other stakeholders.

## Defined Contribution

A post-employment benefit plan under which entity and employee pays fixed contribution into a separate entity (a fund) and will have no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to pay all the employee benefits relating to employee service in the current and prior periods.

## Derivatives

A financial instrument or a contract where;

- Its value is dependent upon or derived from one or more underlying assets.
- Requires no or very little initial net investment
- It is settled at a future date.

## Defined Benefits

In a defined benefit plan, an employer typically guarantees a worker a specific lifetime annual retirement benefit, based on years of service, final rate of pay, age and other factors. The risks of paying for the plan rest entirely with the plan.

## Deferred Taxation

Sum set aside for tax in financial statements that will become payable or receivable in a financial year other than current financial year due to differences in accounting policies and applicable taxation legislations.

## Discount rate

Discount is the rate at which SBP provides three-day Repo facility to banks, acting as the lender of last resort.

## Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation.

## Euro-pay, Master-card and Visa (EMV)

EMV is a global standard for cards equipped with computer chips and the technology used to authenticate chip-card transactions.

## Finance Lease

Finance lease is the one in which risk and rewards incidental to the ownership of the leased asset is transferred to lessee but not the actual ownership.

## Financial Capital

Financial Capital represent shareholder's equity.

## Fixed Deposits

Deposits having fixed maturity dates and a rate of return.

## Forced Sale Value (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged or pledged assets in a forced or distressed sale conditions.

## Forward Exchange Contract

Forward contracts are agreements between two parties to exchange two designated currencies at a specific time in the future.

## Gross Domestic Product (GDP)

GDP is a monetary value of all the finished goods and services produced in a country in a specified time period. GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a country.

## Guarantees

A promise to answer for the payment of some debt, or the performance of some duty, in case of the failure of another person, who is, in the first instance, liable to such payment or performance.

## Historical Cost Convention

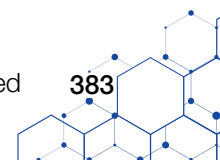
Recording transactions at the actual value received or paid.

## Human Capital

The collective skills, knowledge, and other intangible assets of individuals that can be used to create economic value for our customers.

## Impairment

Impairment of an asset is an abrupt decrease of its fair value and measured in accordance with applicable regulations.



# Glossary of Financial & Banking Terms

## Intellectual Capital

Brand value, research and development, innovation capacity, reputation and strategic partnerships.

## Interest Rate Swap (IRS)

An Interest Rate Swap (the swap) is a financial contract between two parties exchanging or swapping a stream of interest payments for a 'Notional Principal' amount on multiple occasions during a specified period. The swap is usually "fixed to floating" or "floating to floating" exchanges of interest rate. As per the contract, on each payment date during the swap period, the cash payments based on difference in fixed or floating or floating and floating rates are exchanged by the parties from one another. The party incurring a negative interest. The party incurring a negative interest rate differential for that leg pays the other counter-party.

## Interest Spread

Represents the difference between the average interest rate earned and the average interest rate paid on funds.

## Interest in Suspense

Interest suspended on non-performing loans and advances.

## KIBOR – (Karachi Interbank Offered Rate)

KIBOR is the interbank lending rate between banks in Pakistan and is used as a benchmark for lending.

## LIBOR (London Interbank Offered Rate)

An interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market. The LIBOR is fixed on a daily basis by the British Bankers' Association.

## Liquid Assets

An asset that can be converted into cash quickly and with minimal impact to the price received.

## Market Capitalization

Number of ordinary shares in issue multiplied by the market value of share as at any cutoff date.

## Market Treasury bills (MTBs)

MTBs are negotiable debt instrument issued by State Bank of Pakistan on behalf of Government of Pakistan with tenors available in 3 months, 6 months and one year maturities.

## Manufactured Capital

It includes business structure and operational processes, including physical, digital and IT Infrastructure, Product and Services that provides the framework and mechanics of

how the bank does business and create values.

## Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

## Natural Capital

Impact on natural resources through operations and business activities.

## Non-Performing Loan

A non-performing loan is a loan that is in default or close to being in default. Loans become non-performing in accordance with provision of prudential regulations issued by SBP.

## Non-Performing Loan Substandard Category

Where mark-up or interest or principal is overdue by 90 days or more from the due date. Non-Performing Loan-Doubtful Category Where mark-up or interest or principal is overdue by 180 days or more from the due date.

## Non-Performing Loan-Loss Category

Where mark-up or interest or principal is overdue by one year or more from the due date and Trade Bill (Import or Export or Inland Bills) are not paid or adjusted within 180 days of the due date.

## Nostro Account

An account held with a bank outside Pakistan.

## Net Interest Income

The difference between what a bank earns on interest bearing assets such as loans and securities and what it pays on interest bearing liabilities such as deposits, refinance funds and inter-bank borrowings.

## Off Balance Sheet Transactions

Transactions that are not recognized as assets or liabilities in the statement of financial position but which give rise to contingencies and commitments.

## Organization of the Petroleum Exporting Countries (OPEC)

OPEC is a permanent intergovernmental Organization whose objective is to coordinate and unify petroleum policies among member Countries.

## Pakistan Investment Bonds (PIBs)

They are the long term coupon yielding instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 years.

## Prudence

Inclusion of degree of caution in the exercise of judgment needed in making the estimates required under conditions of uncertainty, so that assets or income are not overstated and liabilities or expenses are not understated.

## Risk Weighted Assets

On Balance Sheet assets and the credit equivalent of off Balance Sheet assets multiplied by the relevant risk weighting factors.

## Repurchase Agreement

Contract to sell and subsequently repurchase securities at a specified date and price.

## Reverse Repurchase Agreement

Transaction involving the purchase of securities by a bank or dealer and resale back to the seller at a future date and specified price.

## Related Parties Parties

where one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

## Revenue Reserve

Reserves set aside for future distribution and investment.

## Subsidiary Company

A company is a subsidiary of another company if the parent company holds more than 50% of the nominal value of its equity capital or holds some share in it and controls the composition of its Board of Directors.

## Shareholders' Funds

Total of Issued and fully paid share capital and revenue reserves.

## Statutory Reserve Funds

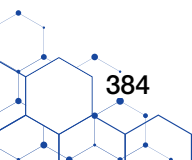
A capital reserve created as per the provisions of the Banking Companies Ordinance, 1962.

## Social & Relationship Capital

Strong stakeholder relationships, including the communities in which we operate. Building a strong and thriving society as well as financial and digital ecosystem.

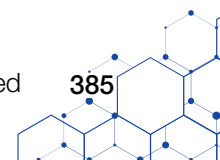
## YOY

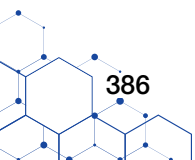
Year on Year (2023 vs 2022)



## Financial Ratios Formulas

Profit before Tax Ratio	=	$\frac{\text{Profit before Tax}}{\text{Interest Income} + \text{Non-Interest Income}}$
Gross Spread Ratio	=	$\frac{\text{Net markup Income}}{\text{Gross Markup Income}}$
Cost / Income Ratio	=	$\frac{\text{Operating expenses}}{\text{Gross Income}}$
Return on Equity	=	$\frac{\text{Net Income}}{\text{Shareholder's Equity-CET1}}$
Profit Margin	=	$\frac{\text{Net Profit}}{\text{Markup} + \text{Non Markup Income}}$
Advances to Deposits Ratio (Net)	=	$\frac{\text{Loans \& Advances (Net)}}{\text{Deposits}}$
Total Asset to Shareholder Fund (Tier 1)	=	$\frac{\text{Total Assets}}{\text{Shareholder's Equity-CET1}}$
NPL Ratio	=	$\frac{\text{Non-Performing Loans}}{\text{Gross Advances}}$
Net Infection Ratio	=	$\frac{\text{Non-performing Loans} - \text{Provision on NPL's}}{\text{Net Advances}}$
Earnings Per Share (EPS)	=	$\frac{\text{Profit after Tax}}{\text{Weighted Average Number of Ordinary Shares}}$
Price Earnings Ratio	=	$\frac{\text{Market value of share at Year End}}{\text{EPS}}$
Dividend Yield Ratio	=	$\frac{\text{Annual Dividends per Ordinary Share}}{\text{Market Price of Share at Year End}}$
Dividend Payout Ratio	=	$\frac{\text{Dividend per Share}}{\text{EPS}}$
Dividend Cover Ratio	=	$\frac{\text{Basic EPS}}{\text{Annual Total Dividend per Share}}$
Break-up Value per share without Surplus	=	$\frac{\text{Total Equity} - \text{Revaluation Surplus}}{\text{Total Ordinary Shares Outstanding}}$
Break-up Value per share including Surplus	=	$\frac{\text{Total Shareholders' Equity}}{\text{Total Ordinary Shares Outstanding}}$
Capital Adequacy Ratio	=	$\frac{\text{Tier One Capital} + \text{Tier Two Capital}}{\text{Risk Weighted Assets}}$
Earning Assets to Total Assets Ratio	=	$\frac{\text{Earning Assets}}{\text{Total Assets}}$
Net Assets per Share	=	$\frac{\text{Net Assets}}{\text{Number of Shares outstanding}}$
Assets Turnover	=	$\frac{\text{Mark-up Income} + \text{Non mark-up Income}}{\text{Total Assets}}$
Price to Book Ratio	=	$\frac{\text{Market value of share at Year End Net Assets}}{\text{No of Shares}}$
NPL Coverage Ratio	=	$\frac{\text{Provision against NPL's}}{\text{Non-performing Loans}}$





## Form of Proxy

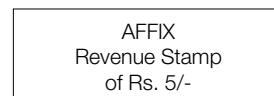
78<sup>th</sup> Annual General Meeting  
Allied Bank Limited

I/We \_\_\_\_\_ S/o, D/o, W/o \_\_\_\_\_  
resident of \_\_\_\_\_ being a member of **Allied Bank Limited** and holder of \_\_\_\_\_  
ordinary shares as per Folio/CDC Account No. \_\_\_\_\_ do hereby appoint Mr./Ms. \_\_\_\_\_  
Folio No./ CDC Account No. \_\_\_\_\_ having CNIC \_\_\_\_\_ failing him/her, Mr./Ms. \_\_\_\_\_  
Folio No./ CDC Account No. \_\_\_\_\_ having CNIC \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy  
and to attend, act and vote on my / our behalf at the 78<sup>th</sup> Annual General Meeting of the Bank to be held on **Thursday, the March 28, 2024**, at 11:00 a.m. at **Palace Hall, Pearl Continental Hotel, Lahore, Pakistan** and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

### Witness

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC# \_\_\_\_\_  
Address \_\_\_\_\_



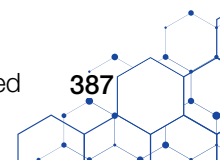
Signature of Member (s) \_\_\_\_\_  
[The signature should agree with the specimen registered with the Company]

### Witness

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
CNIC# \_\_\_\_\_  
Address \_\_\_\_\_

### IMPORTANT NOTES:

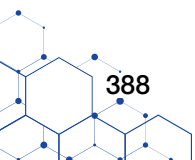
1. A member entitled to attend and vote at the Meeting may appoint another member as a proxy to attend, speak and vote on his/her behalf; and the proxy appointed should be a member of Allied Bank Limited.
2. A corporate entity, being a member, may authorize through resolution of its Board / power of attorney or other governing body, an individual to act as its representative and the individual so authorized shall be entitled to exercise the same powers on behalf of the corporate entity which he represents.
3. Requirements for appointing proxies are as below:
  - i) In case of individuals, the Account Holder or Sub-account Holder and / or the person whose securities are in group account and their registration details are uploaded as per CDC's Regulations, shall submit proxy form.
  - 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 valid 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 resolution of Board of Directors / Power of Attorney with specimen signature shall be produced along with the proxy form of the Company.
4. The instrument of proxy duly completed and signed as per above mentioned requirements must be deposited at the Registered Office of the Bank i.e., **3-Tipu Block, New Garden Town, Lahore** not less than 48 hours before the start 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.
5. If a member appoints more than one proxy, all such instruments of proxy shall be rendered invalid.
6. Members are requested to immediately notify changes in their registered addresses, if any, to the Bank's Shares Registrar M/s. CDC Share Registrar Services Limited at **CDC House, 99-B, Block-B, S.M.C.H.S, Main Shahrah-e-Faisal, Karachi** before start of the book closure period



AFFIX  
CORRECT  
POSTAGE

**Company Secretary  
Allied Bank Limited**

Head Office / Registered Office  
3 Tipu Block, Main Boulevard  
New Garden Town  
Lahore – Pakistan.  
Postal Code: 54000  
Phone: +92 42 35880043  
Website: [www.abl.com](http://www.abl.com)



میں / ہم \_\_\_\_\_ ولد / زوجہ \_\_\_\_\_ ساکن \_\_\_\_\_  
 بحیثیت ممبر الائیڈ بینک لمیٹڈ اور ملکیتی \_\_\_\_\_ عام حصص برطابق فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ محترم / محترمہ \_\_\_\_\_  
 فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ اور قومی شناختی کارڈ نمبر \_\_\_\_\_ عدم دستیابی کی صورت میں محترم / محترمہ \_\_\_\_\_  
 فولیو نمبر اسی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ اور قومی شناختی کارڈ نمبر \_\_\_\_\_ ساکن \_\_\_\_\_ کو پراکسی مقرر کرتا کرتی / کرتے ہیں  
 تاکہ وہ میری / ہماری جگہ میری / ہماری طرف سے بینک کے 78 ویں سالانہ اجلاس عام جو مورخہ 28 مارچ 2024ء بروز جمعرات، بوقت 11 بجے صبح، بمقام پیلس ہال، پریل کانسٹیٹیوشنل ہوٹل، لاہور، پاکستان منعقد ہو رہا ہے میں اور / یا اس کے کسی ملٹوی شدہ اجلاس میں شرکت کرے، بات کرے اور حق رائے دہی استعمال کرے۔

گواہ نمبر 1

میرے دستخط بتاریخ \_\_\_\_\_ 2024ء

دستخط \_\_\_\_\_

نام \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

پانچ روپے کاربونیوسٹیپ

گواہ نمبر 2

دستخط ممبر \_\_\_\_\_

دستخط بینک میں رجسٹرڈ نمونے

سے مطابقت رکھنے چاہیے۔

نام \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

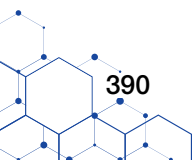
اہم نوٹ:-

- 1) اجلاس میں شرکت کرنے، ووٹ دینے کا اہل رکن کسی اور کو اپنی جگہ پراکسی مقرر کر سکتا ہے، جس کو شرکت کرنے، بولنے اور ووٹ دینے کا حق حاصل ہوگا۔ مقرر پراکسی کو الائیڈ بینک لمیٹڈ کا ممبر ہونا چاہیے۔
- 2) ایک کارپوریٹ ادارہ، رکن ہونے کے ناطے، اپنے بورڈ / پاور آف اٹارنی یا دیگر گورننگ باڈی کی قرارداد کے ذریعے کسی ایک فرد کو اختیار دے سکتا ہے کہ وہ اس کے نمائندے کے طور پر کام کرے اور مجاز فرد کارپوریٹ ادارے کی جانب سے وہی اختیارات استعمال کرنے کا حقدار ہوگا، جس کی وہ نمائندگی کرتا ہے۔
- 3) پراکسی کے تقرر کے لئے تقاضے درج ذیل ہیں:
  - 1- ایسا فرد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور / یا ایسے شخص کو جس کے حصص گروپ اکاؤنٹ کی شکل میں ہوں اور ان کی رجسٹریشن کی تفصیلات، CDC کے ضوابط کے مطابق جمع کروائی گئی ہوں، اجلاس میں شرکت کے لئے پراکسی فارم جمع کرانا ہوگا۔
  - 2- پراکسی فارم پر دو گواہوں کے دستخط نام، پتہ اور کیپیوٹرائزڈ قومی شناختی کارڈ نمبر ثبت ہونا چاہیے۔
  - 3- پراکسی فارم کے ساتھ تینٹیفیکیشنل آنر اور پراکسی کے کیپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی منسلک ہونا چاہئیں۔
  - 4- اجلاس کے وقت پراکسی کو اصل کیپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
  - 5- کارپوریٹ ادارے کی صورت میں کمپنی کے پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع اس کے دستخط کے نمونے (Specimen) بھی منسلک ہونا چاہئیں۔
- 4) مذکورہ بالا تقاضوں کے مطابق مکمل اور دستخط شدہ پراکسی لازمی طور پر بینک کے رجسٹرڈ آفس 3 - ٹیپو بلاک، نیو گارڈن ٹاؤن، لاہور میں میٹنگ کے آغاز کے وقت سے کم از کم 48 گھنٹے پہلے جمع کرایا جائے۔ واضح رہے کہ 48 گھنٹوں میں چھٹی کا دن شامل نہیں ہوگا۔
- 5) اگر ایک رکن ایک سے زیادہ پراکسی مقرر کرتا ہے تو پراکسی کی ایسی تمام دستاویزات کا عدم تصور ہوں گی۔
- 6) ممبران سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتہ میں تبدیلی سے متعلق بینک کے شیئرز رجسٹرار، ممبرز CDC شیئرز رجسٹرار سرورسز لمیٹڈ، CDC ہاؤس، B-99، بلاک - S.M.C.H.S، مین شاہراہ فیصل، کراچی، کو فوری طور پر کتب کی بندش سے قبل مطلع کریں۔

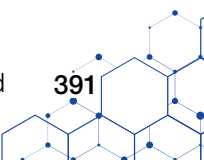
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