



**Bank Alfalah**  
The Way Forward



Best Digital Banking  
2023



**ANNUAL REPORT 2023**

**REIMAGINING BANKING**





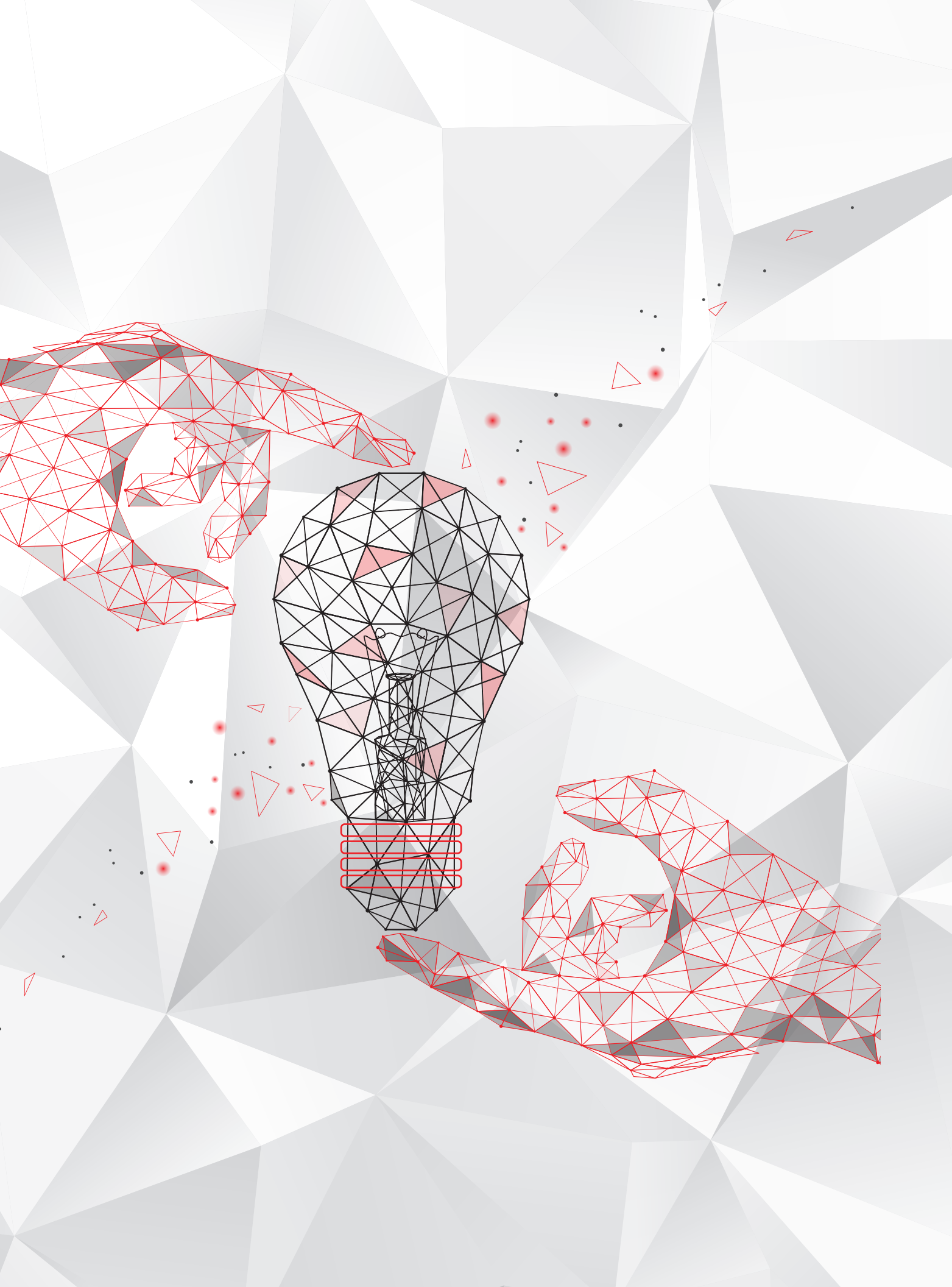
**Bank Alfalah**

**The Way Forward**

# INNOVATION & CUSTOMER-CENTRICITY

We are **reimagining banking** by pledging to place **innovation** and **customer-centricity** at the heart of everything we do. Our strategic focus for the way forward is transforming the banking experience. It is more than just a vision; **it's a promise to you.**

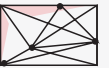
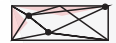


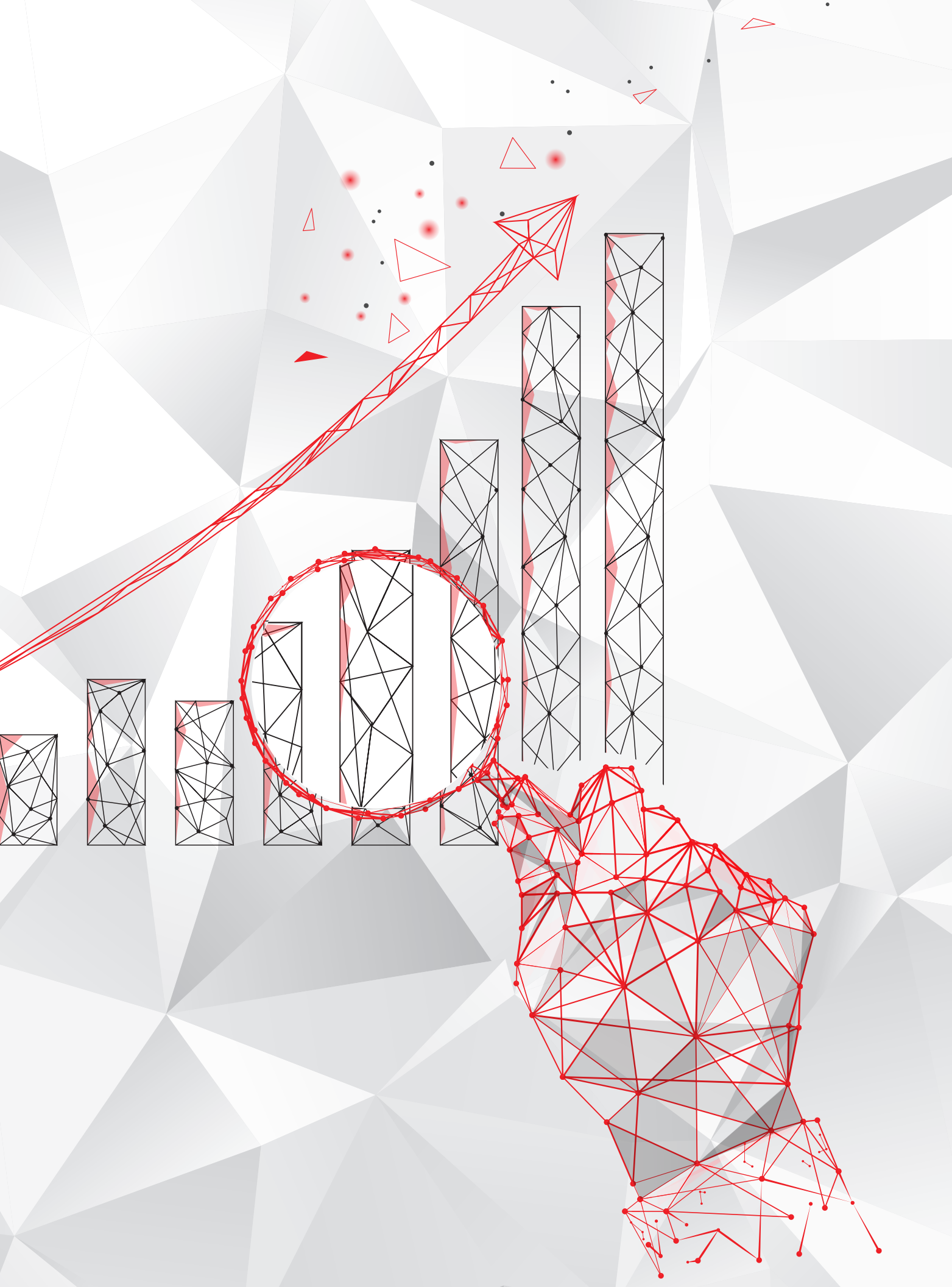


# GROWING BY LEAPS AND BOUNDS

Driving **economic growth** and contributing to **financial inclusion** by expanding our market presence in **branch banking** and **consumer finance**. We are fostering innovative solutions for **small and medium enterprises** and leading the way forward in **digital banking**.

Our commitment to reaching every corner of Pakistan has led us to expand our footprint to over 1000 branches across more than **200 cities**, reinforcing our dedication to serving the diverse needs of our customers throughout the **nation**.





# BOOSTING PAKISTAN'S ECONOMIC PROSPERITY

Building our position as the **leading transaction Bank** in the nation, enhancing international trade, and becoming the preferred choice for remittances are all aimed at boosting **Pakistan's economic progress.**





# NURTURING PEOPLE AND COMMUNITIES

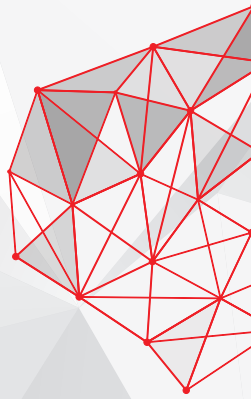
Creating a culture of **One Bank, One Team** is deeply rooted in our mission and values, where our primary focus is nurturing and empowering our most treasured asset, our Human Capital.

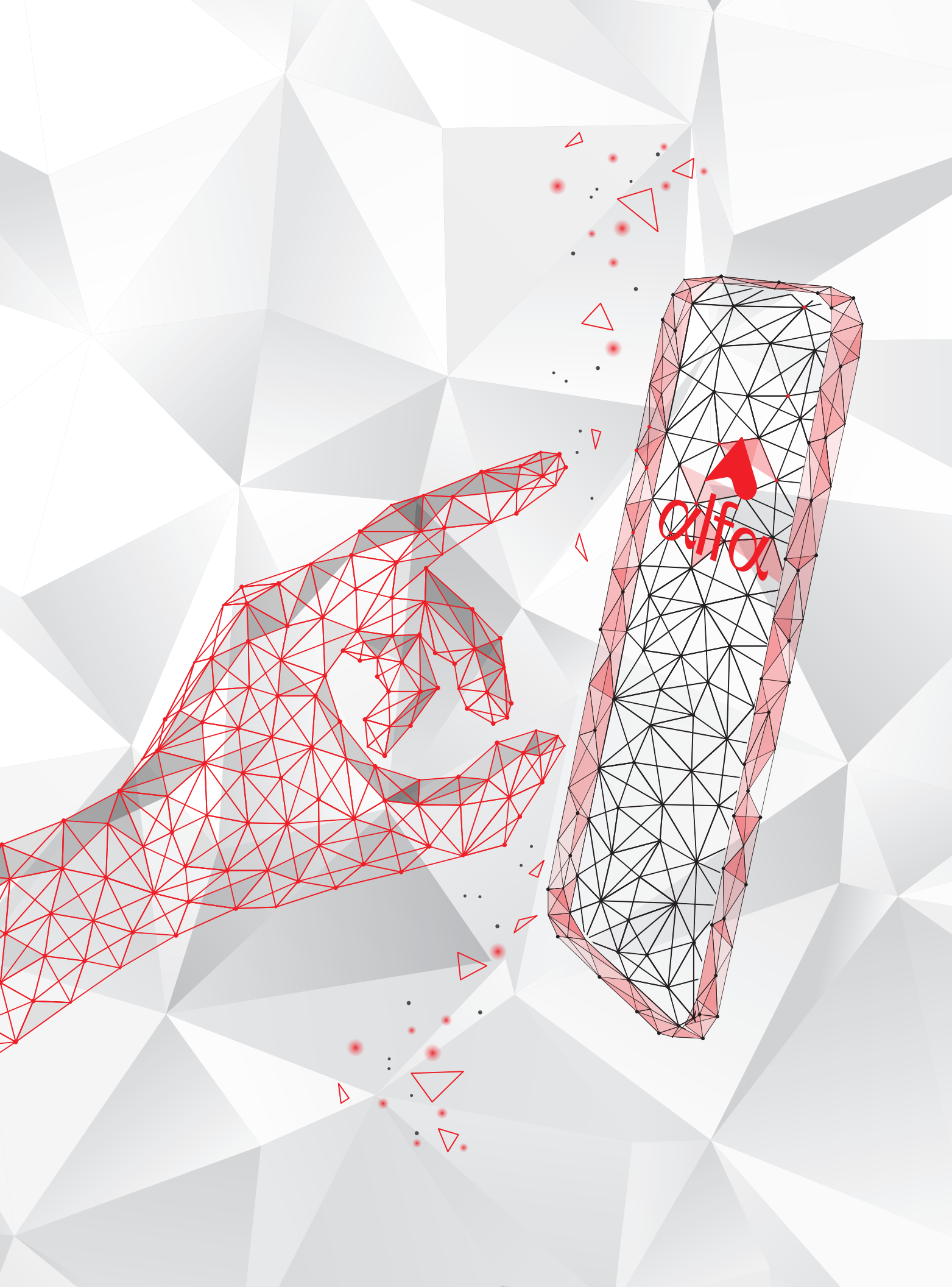
As a '**Caring Bank**', we are **emphasising our** role as doing good and giving back to the community sustainably, fostering positive impacts on **social, economic, and environmental** fronts.



# EMBRACING TECHNOLOGY THAT EMPOWERS

Strategically harnessing the **power of technology**, including **artificial intelligence** and **advanced analytics**, to drive innovation and enhance efficiency across our operations. We are committed to empowering our teams with cutting-edge tools, enabling them to deliver **superior customer service**.

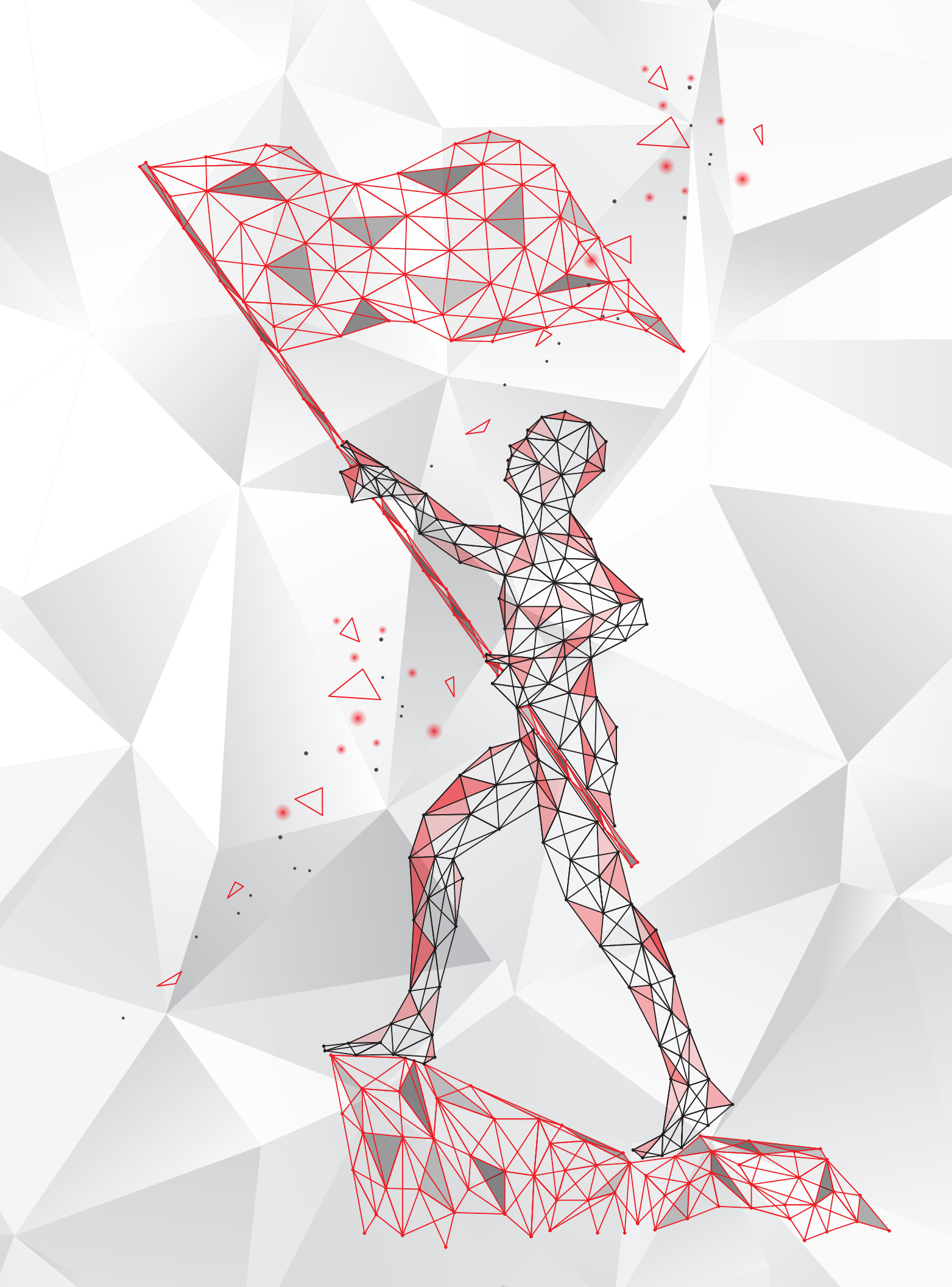




# LEADING FROM THE FRONT

Raising the bar and leveraging our strengths and integrating them in other markets to target a wider range of customers. We will lead from the front by unleashing our competitive edge in **treasury** and **investment banking**, and elevating our regional presence.

Our pledge extends beyond mere transactions; it's about nurturing the landscape of banking for tomorrow and providing indispensable financial services to our esteemed customers.



# AWARDS AND RECOGNITION

We are thankful for the recognition we have received. This inspires us to continue striving for excellence in everything that we do.

## 10 YEARS' SUCCESS STORIES AT A GLANCE

### 2023

#### Pakistan Banking Awards

- Best Digital Bank

#### Top 25 Companies Award

Top 25 Listed Companies Award by the Pakistan Stock Exchange (PSX)

#### Annual Report Awards

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP)
  - Best Corporate Report: First Position in the banking category
  - Sustainability Reporting: Merit Certificate
- South Asian Federation of Accountants (SAFA) Best Presented Annual Report: Second Joint Position in the Banking category at South Asia level

#### CFA Society Pakistan Awards

- Winner: Gender Diversity in FI's
- Winner: Best Investor Relations in FI's
- Winner: Best Reporting in Environment, Social and Governance
- Runner up: Best Bank of the Year (Large)
- Runner up: Best Digital Banking Services

#### Pakistan Digital Awards

- Best Digital Advertiser of the Year
- Best SEO Campaign for Roshan Digital Account
- Best e-commerce website for AlfaMall

#### Global Diversity, Equity and Inclusion Awards (GDEIB)

- Vision, Strategy & Business Impact
- Leadership and Accountability
- DEI Structure and Implementation
- Recruitment
- Advancement & Retention
- Job Design, Classification & Compensation
- Work-Life Integration, Flexibility & Benefits
- Assessment, Measurement and Research

- DEI Communications
- DEI Learning & Development
- Connecting DEI & Sustainability
- Community, Government Relations and Philanthropy
- Services and Product Development
- Marketing and Customer Service
- Responsible Sourcing

#### Management Association of Pakistan

- First prize in Corporate Excellence (Commercial Banking Sector)

#### United Nations Global Compact

- Second Prize: Sustainability Efforts

#### Institute of Chartered Accountants of Pakistan (ICAP)

Second prize for 'Use of Technology in Accounting'

#### Pakistan Remittance Initiative

- Highest Remittance Growth Bank of Pakistan
- Leading Remittance Mobilizing Bank of Pakistan

#### Cambridge IFA - Islamic Retail Banking Awards

- Most Innovative Islamic Retail Banking Window in Pakistan
- Excellence Award: Premier Banking in Pakistan

#### Pakistan Business Council (PBC) & International Finance Corporation (IFC)

- Winner for Top 10 Employer of Choice Awards for Gender Diversity

#### Pakistan Society of Human Resource Management

Best Place to Work for Women  
National Forum for Environment & Health  
Recognition for Remarkable Efforts and Initiatives under Corporate Social Responsibility

#### Mastercard

- Payment Gateway Innovation Award: Recognition for enabling used case for freelancers to receive payments from their customers digitally
- Mastercard MENA East Business Forum: Best Youth Credit Card Proposition Award







**2022**

**Pakistan Banking Awards**

- Best Digital Banking
- Best Bank in Housing Finance

**Top 25 Companies Award**

Top 25 Listed Companies by the Pakistan Stock Exchange (PSX)

**Annual Report Awards**

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - First Joint Position in the banking category
  - Second Joint Position across sectors
- South Asian Federation of Accountants (SAFA) - Best Presented Annual Report
  - Second Joint Position in the Banking category at South Asia level

**CFA Society Pakistan Awards**

- Runner up - Best Bank of the Year
- Best Investor Relations
- Best Transaction of the Year

**Pakistan Digital Awards (PDA)**

- Best High Impact Campaign for Savings Account Campaign
- Best Digital Campaign for Home Remittance Campaign
- Best Payment Technology Solution for Alfa Business App
- Best Mobile Banking App for Alfa App

**Global Diversity, Equity and Inclusion Awards (GDEIB)**

- The Best Place to Work
  - Runner up for the Best Place to in the Financial Services Industry
  - Ranked amongst the top 11 Best Places to work in Pakistan
- Best Practice SC
  - DEI Structure and Implementation
  - DEI Communications
  - Work-Life Integration, Flexibility and Benefits
- Progressive Awards
  - Assessment, Measurement and Research
  - Vision, Strategy and Business Impact

**Effie Award for Home Remittance Campaign**

- Bronze Effie for Home Remittance Campaign

**Global Transaction Innovation Awards 2022**

- Best Bank for Trade Finance
- Best Bank for Cash Management

**2021**

**Pakistan Banking Awards**

- Institute of Bankers of Pakistan
  - Best Customer Franchise

**Annual Report Awards**

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Second Position in the Banking Category
- South Asian Federation of Accountants - Best Presented Annual Report
  - Joint Second Runner-up in the Banking Category

**CFA Society Pakistan Awards**

- Best Investor Relations

**Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards**

- Best Practice
  - DEI Structure and Implementation
  - Work-life Integration, Flexibility and Benefits
  - DEI Communications
- Progressive Awards at GDEIB
  - Vision, Strategy and Business Impact
  - Assessment, Measurement and Research
- Best Place to Work
  - Best Place to Work in Financial Services-Runner Up
  - Ranked amongst the Top 10 Best Places to Work.

**Pakistan Digital Awards**


- Best Lifestyle Application for Alfa App
- Best Digital Campaign for Roshan Digital Account
- Best Digital Innovation for Alfa App

**Global Transaction Banking Innovation Awards**

- Best API Initiative of the Year
- Best Bank for Transaction Banking Services

**2020**

**Annual Report Awards**

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report Award
    - Second Position in the banking category
- 

- South Asian Federation of Accountants Best
  - Presented Annual Report
  - Merit Certificate in the Banking Category

#### **Pakistan Digital Awards**

- Best High Impact Campaign (Alfalah Kifayat Account Campaign)
- Best Content Marketing (for its Alfa World Cup Campaign)

#### **Global Islamic Finance Awards (GIFA)**

- Most Innovative Islamic Banking Window
- Best Islamic Savings Product – Alfalah Islamic Recurring Value Deposit

#### **Effie Award for Remittance Account Campaign**

- Silver Effie by the Pakistan Advertisers Society for Bank's Remittance Account Campaign

### **2019**

#### **Pakistan Banking Awards**

- Best Bank of the year
- Best Customer Franchise

#### **Annual Report Awards**

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Third Position in the banking category
- South Asian Federation of Accountants - Best Presented Annual Report
  - Merit Certificate in the banking category

#### **Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards**

- Best Practice in the following categories:
  - Benefits, Work-life Integration and Flexibility
  - D&I Structure and Implementation

### **2018**

#### **Pakistan Banking Awards**

- Best Customer Franchise
- Best Small and Medium enterprise Bank (SME)

#### **Annual Report Awards**

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Fourth Position in the banking category

### **2017**

#### **Pakistan Banking Awards**

- Best Bank of the year
- Best Customer Franchise

#### **Annual Report Awards**

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Fourth Position in the banking category

#### **CFA Society Pakistan Awards**

- Best Investor Relations

#### **Others**

- Best Website of the Year
- Best Loyalty and Rewards Programme

### **2016**

#### **Pakistan Banking Awards**

- Best Customer Franchise

#### **Annual Report Awards**

- Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost and Management Accountants of Pakistan (ICMAP) - Best Corporate Report
  - Fourth Position in the banking category

#### **Others**

- Best Consumer Choice
- Best International Finance Magazine
- Best Credit Cards Offerings
- Best Corporate Credit Card

### **2015**

#### **Pakistan Banking Awards**

- Best Customer Franchise

#### **Global Islamic Finance Award (GIFA)**

- Best Islamic Banking Window
- Best Shariah Authenticity Award
- Islamic Finance Best Research and Development

#### **Others**

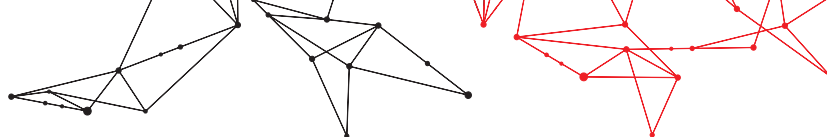
- Corporate Finance House of the Year – Equity and Advisory
- Most Popular Auto Financing Bank
- Most Popular Bank for Conventional Auto Finance

### **2014**

#### **Global Islamic Finance Award (GIFA)**

- Best Islamic Banking Window

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The Bank's financial statements are available at:  
<https://www.bankalfalah.com/financial-reports/>



The President/CEO's video on the Bank's business performance and strategy is available at:  
<https://www.bankalfalah.com/financial-reports/financial-reports-ceo-review/>

# **ANNUAL INTEGRATED REPORT 2023**



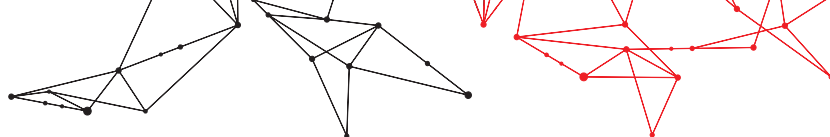


**Sustainable  
Development  
Goals (SDG)**

**International  
Integrated Reporting  
Framework (IR)**

**Environment, Social  
and Governance  
indicators (ESG)**

**Global Reporting  
Initiatives (GRI)**



# About this Annual Integrated Report

## Scope, Contents, Boundaries and Cross Referencing with BCR Criteria

The Bank has published its Annual Integrated Report along with audited financial statements for the year ended December 31, 2023.

### Scope

Annual Integrated Report is the Bank's primary publication for its stakeholders, potential investors, and the public at large. It encapsulates the communication of all financial and non-financial activities of the Bank in the form of a detailed qualitative, quantitative, and visual presentation.

The report has been drafted to present fairly, the state of affairs of the Bank and discusses topics like the Bank's organisational overview, stakeholders, strategy, outlook, risks, governance, sustainability and performance. Further, it shows prospects in the context of external environment and creation of value to achieve short, medium and long-term objectives.

It is the aim of this report to disseminate a 360-degree view about the Bank to customers, investors, and analysts in order to foster their trust in the form of higher investment, increased product and service subscription and more business opportunities for the Bank.

The Bank considers materiality approach for disclosing relevant information in this Annual Integrated Report.

### Contents

The report incorporates items required by the ICAP and ICMAP Best Corporate Rewards Criteria 2023. The sections covered in the report are listed below along with brief description about their contents:

- **Organisational Overview:** This section discusses the foundations of the Bank at length starting from its vision, mission, values, culture, code-of-conduct, and beliefs as a leading organisation in the country. It further explains, products and services, business model and how it derives value for the society and its customers through synergies and gives back to the society as well through value chain mechanism. Further, the Bank's business model describes the inputs, value addition and outputs generated as a result of its operations. This section also covers how the Bank is

making the customers' life easy through innovation.

- **Stakeholders Relationship and Engagement:** This section contains information about stakeholders and how the Bank identifies them. It presents a detailed commentary on the Bank's interaction and connection with customers, employees, shareholders and institutional investors, vendors and service providers, analysts and rating agencies, regulatory bodies, society, and media. The section covers various events and initiatives undertaken by the organisation to strengthen relationships with internal as well as external stakeholders.
- **Strategy, Key Performance Indicators and Resource Allocation:** This section entails the strategic direction which the Bank takes in the form of its short, medium and long term objectives, process for strategy formulation, and the resources it utilises to achieve those objectives. The methods and assumptions used in compiling the Key Performance Indicators, liquidity management and contingency planning, significant plans and decisions are also part of this section. The Bank's resources are its capitals namely Financial, Human, Intellectual, Manufactured, Social/Relationship and Natural.
- **Risks and Opportunities:** This section covers the Bank's risk management framework, risk assessment and risk monitoring / management methodologies. A detailed analysis of the key risks and opportunities, the Bank's ability to mitigate risks and create value from opportunities.
- **Outlook:** The Bank's forward-looking statement for 2023 and performance against last year's forward-looking statement are covered as part of this section. Further, it highlights the Bank's view via its projections and forecasts, prospects going forward with respect to external environment, and how the Bank respond to critical challenges.
- **Sustainability and Corporate Social Responsibility:** This section emphasises the Bank's commitment towards the environment and its people. With sustainability in mind, the Bank takes measures to empower its customers, employees, other stakeholders and the economy through the best possible products, services, benefits, and compliance. The section discusses the contributions of the bank towards education, health, safety, and environment through various philanthropic and responsible initiatives.



The Bank also contributes towards UN's Sustainability Goals, ESG and Green Banking initiatives.

- **Governance:** This section discusses the governance structure of the Bank in terms of its leadership and decision-making process. The Board of Directors (BoD) sets strategic objectives and day-to-day business affairs are performed by the Management. The BoD, its Committees, and the Managements' established policies and controls to safeguard the Bank and its stakeholders are also part of this section. The governance framework also comprises of regulators (SBP, SECP, PSX and FBR) and external auditors (A. F. Ferguson & Co.) of the Bank.
- **Information Technology Governance and Cybersecurity:** This section lays down the IT governance policy and gives details of the Bank's cybersecurity assessment along with preparedness against possible threats. Further, this section mentions about IT advancements that the Bank has made. Moreover, it highlights on Enterprise Resource Planning software and related aspects.
- **Performance and Position:** This section contains a comprehensive analysis of the financial and non-financial performance of the Bank through past and present trend comparisons, financial ratios, financial statements summaries, segmental review of the Bank's businesses and key insights through graphical presentations.
- **Other information:** Various other items are disclosed in addition to the BCR criteria. These include regulatory information including directors' report, chairman's message, statement of compliance with code of corporate governance, Shariah report, external auditors' reports etc.
- **Financial Statements:** The Bank has prepared annual unconsolidated and consolidated financial statements. These financial statements have been audited by the external auditors, A. F. Ferguson & Co.

## Boundaries

The Annual Integrated Report is made for the general public to assess and analyse the Bank's business and performance. The audience of the report, depending upon its interest, can refer to different sections of the report.

The report's limitations extend to external factors, with its boundaries influenced by external parties like analysts who play a role in disseminating their analyses and reports to clients. Further, the information given solely applies to the Bank's areas of geographical operations i.e. Pakistan, Afghanistan, Bahrain, Bangladesh and UAE.

This report exhaustively deals with the Best Corporate Report criteria laid out by ICAP / ICMAP and at the same time, the Bank has kept the presentation user friendly.

- **Corporate Reporting**  
The Bank's applicable financial reporting framework comprises of International Financial Reporting Standards (issued by IAASB), International Financial Accounting Standards (issued by ICAP), Companies

Act, 2017, Banking Companies Ordinance, 1962 and various directives issued by State Bank of Pakistan (SBP). The Bank has prepared its financial statements based on the format prescribed by the SBP.

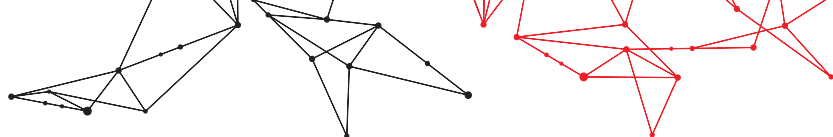
- **International Integrated Reporting Framework (IR), Sustainability Development Goals (SDG), Global Reporting Initiatives (GRI) and Environment, Social and Governance (ESG) disclosures**

The Bank has adopted International Integrated Reporting Framework (IR) and has disclosed statement of adoption under Governance section of this Annual Integrated Report. Further, the Bank has disclosed its contributions towards Sustainability Development Goals (SDGs), Global Reporting Initiatives (GRIs) and Environment, Social and Governance (ESG) frameworks. Please refer 'Sustainability' section of this Annual Integrated Report for these disclosures.



## Best Corporate Report criteria cross referenced with annual report's page numbers

Information disclosed in accordance with BCR criteria as well as beyond BCR criteria is available on our website <https://www.bankalfalah.com/financial-reports/best-corporate-report/best-corporate-report-checklist-2023/>



## **Board of Directors**

**His Highness Sheikh Nahayan Mubarak Al Nahayan**  
Chairman/Director

**Abdulla Nasser Hawaileel Al Mansoori**  
Director

**Abdulla Khalil Al Mutawa**  
Director

**Khalid Mana Saeed Al Otaiba**  
Director

**Khalid Qurashi**  
Director

**Dr. Gyorgy Tamas Ladics**  
Director

**Dr. Ayesha Khan**  
Director

**Atif Aslam Bajwa**  
President/CEO and Director

## Senior Management Team

### Atif Aslam Bajwa

President and Chief Executive Officer

### Aasim Wajid Jawad

Group Head, Strategy, Transformation and Customer Experience

### Anjum Hai

Chief Financial Officer

### Faisal Farooq Khan

Chief Human Resource Officer

### Faisal Rabbani

Chief Risk Officer

### Farooq Ahmed Khan

Group Head, Corporate, Investment Banking and International Business

### Haroon Khalid

Group Head, Compliance and Business Solutions

### Khawaja Muhammad Ahmad

Group Head, Operations and Corporate Services

### Mehreen Ahmed

Group Head, Retail Banking

### Mohib Hasan Khan

Chief Information Officer

### Muhammad Akram Sawleh

Company Secretary, and Group Head, Legal and Corporate Affairs

### Dr. Muhammad Imran

Group Head, Islamic Banking

### Muhammad Yahya Khan

Group Head, Digital Banking

### Pervez Shahbaz Khan

Group Head, Treasury and Capital Markets

### Tahir Khurshid

Group Head, Audit and Inspection

### Zahid Anjum

Group Head, Special Assets Management

### Chief Financial Officer

Anjum Hai

### Company Secretary

Muhammad Akram Sawleh

### Chief Internal Auditor

Tahir Khurshid

### Auditors

A.F. Ferguson & Co.

Chartered Accountants

### Registered/Head Office

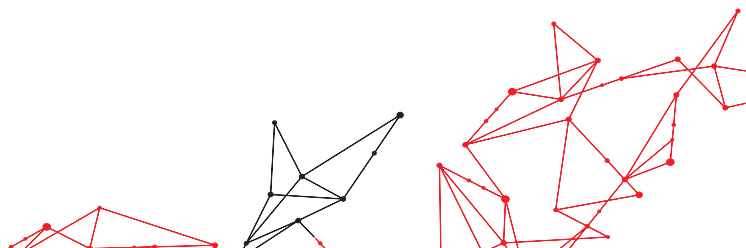
B. A. Building  
I. I. Chundrigar Road  
Karachi, Pakistan  
bankalfalah.com

### Share Registrar

F. D. Registrar Services (Pvt.) Limited  
1705, 17th Floor, Saima Trade Tower-A  
I. I. Chundrigar Road  
Karachi, Pakistan.

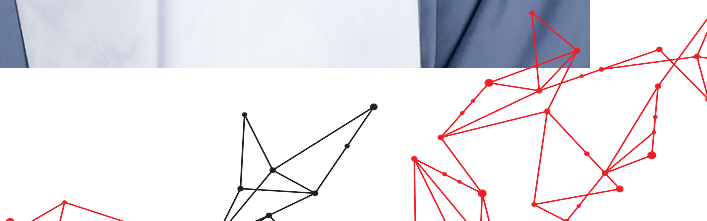
### Legal Advisor

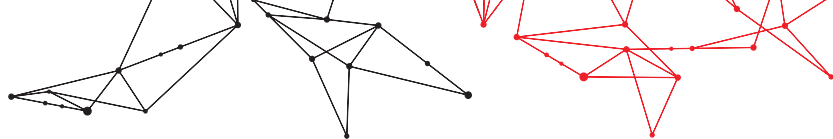
Mandviwalla & Zafar  
Advocates and Legal Consultants



# Chairman's Message







I feel great pride in reflecting upon Bank Alfalah's journey during 2023. Our unwavering dedication to excellence, innovation, and community impact has been the cornerstone of our operations, guiding us through a myriad of challenges and celebrating significant milestones.

In 2023, global growth remained relatively slow, impacting the local economy as well. Key impediments to growth included a worldwide decline in output, the repercussions of climate change, stringent financial conditions and the ripple effects arising from the geo-political uncertainty. Higher-than-expected inflation, and political instability, remained an obstacle to growth in the local environment.

Despite these challenges, the Bank's performance is marked by consistent growth, profitability, and a robust equity base. Focusing on the growth of our deposit franchise has helped position us as a competitive lender. Our strengthened balance sheet and a more resilient business model empowered us to navigate volatile periods and chart a course toward sustained long-term growth and profitability.

### Significant Milestones during 2023

Celebrating two key milestones reflecting the Bank's exceptional growth gives me immense pride and gratitude. These milestones are the inauguration of our **1,000<sup>th</sup> branch** and the surpassing of **PKR 2 trillion** in deposits. The Bank continues its remarkable journey of excellence and its quest to meet the highest expectations of its customers and partners.

We also introduced the country's **First Digital Lifestyle Branch**, redefining the digital banking experience, simplifying banking access, ease of use for customers and contributing to a more financially inclusive and digitally empowered society.

Bank Alfalah also announced the establishment of an Exchange Company as a wholly owned subsidiary. This strategic initiative will provide comprehensive foreign exchange solutions, catering to a diverse range of needs in the market, and support Government initiatives for streamlined foreign exchange management in the country.

These milestones clearly indicate our strong commitment towards growing our presence in Pakistan and providing excellent services in virtually all locations in the country.

### Banking Awards and Significant Accolades

Bank Alfalah, for its efforts and success in introducing innovative and transformative offerings and simplifying and easing customers' banking experience through its digital services, was commemorated by the prestigious Institute of Bankers Pakistan (IBP) at the Pakistan Banking Awards. The Bank was conferred with the **'Best Digital Banking'** award for the second consecutive year. This recognition validates

our dedication to harnessing cutting-edge technology to deliver seamless, accessible, and secure banking solutions to our customers. It was recognised for winning its customers' trust and providing end-to-end banking services and the convenience of financial transactions from the comfort of the customer's location. Our strategic focus and vision remain to innovate and continually evolve our product suite to exceed customer expectations.

Our continuous efforts resulted in a noteworthy recognition as one of the **'Top 25 Companies'** by the Pakistan Stock Exchange. This is a significant achievement for the Bank based on its performance while ensuring regulatory compliances, timely and transparent reporting.

In addition to the above, the Bank achieved various other accolades, ranging across a wide spectrum encompassing quality of financial reporting, sustainability reporting, investor relations, excellence in management practices, innovation in Islamic banking, gender diversity, and others. These awards and acknowledgements are based on the Bank's meritorious performance. These are detailed in this annual report.

### Giving Back to the Community

In 2023, our flood efforts entered an extensive rehabilitation and reconstruction phase. The floods, which caused severe country-wide damages in 2022, led to the mobilisation of rescue and relief efforts by Bank Alfalah. We collaborated with esteemed partners and have channelled approximately PKR 1.175 billion towards critical sectors such as healthcare, emergency aid, housing, and education.

We adopted a dual-pronged strategy to reconstruct communities in a sustainable, fair, and financially inclusive manner. This comprehensive approach not only caters to immediate needs but also helps establish a framework for long-term rehabilitation.

Phase 1 concentrated on immediate relief and rescue efforts, wherein Bank Alfalah partnered with reputable non-governmental organisations (NGOs) nationwide.

Embarking on Phase 2 of its flood relief endeavours, Bank Alfalah focused on rehabilitation and restoring livelihoods this year. This phase encompasses pivotal areas such as sustainable housing, healthcare, education, and livelihood support, demonstrating our commitment to rebuilding lives and ensuring sustainable progress within affected communities.

During the current year, we also revised our Corporate Social Responsibility and philanthropy guidelines, driven by our passion for giving back to the community. The policy seeks to strengthen Bank Alfalah's reputation through strategic donations and philanthropic investments, fostering a positive image among our stakeholders.

## Sustainability and The Green Banking Journey

In our ongoing commitment to a sustainable future, we are dedicated to improving the social, economic, and environmental capital of our community in a sustainable manner. Carrying on from this, in a strategic move towards sustainable banking practices, Bank Alfalah formalised a Green Banking Advisory Agreement with the International Finance Corporation (IFC). This agreement is a testament to our commitment to fostering sustainable and accountable banking operations.

The partnership encompasses a multifaceted approach aimed at enhancing our green banking initiatives. It involves a comprehensive diagnostic assessment conducted by IFC to evaluate our green banking portfolio, focusing on establishing a robust environmental and social risk management system. Moreover, this collaboration will enable us to explore and capitalise on opportunities in green finance, including green bond issuance and sustainable infrastructure financing.

## Economic Opportunities

Bank Alfalah remains committed to navigating Pakistan's strategic economic potential by identifying and capitalising on opportunities that foster inclusive growth. By actively exploring avenues to promote economic resilience and foster financial inclusivity, we aim to play an integral role in establishing a robust economy and attracting increased Foreign Direct Investment (FDI) and remittances. Further, the Bank remains committed to demonstrating consistent and robust financial performance, incorporating socially responsible and environmentally sustainable business practices, ensuring technological competitiveness and maintaining open and transparent communication to build confidence and enable heightened investor interest.

Pakistan's diverse geography presents an array of opportunities, particularly in agriculture. With its varied landscape, the country can support diverse livestock farming, crop cultivation, and the production of food commodities and related products. Strategic investment in the SME and agricultural sectors can potentially aid in tackling vital national issues such as food security, poverty alleviation, and the supply of quality raw materials, notably for industries like textiles. Further, expansion of digital services to cater to unbanked and underbanked segments of the population and contributing financial inclusion goals are the areas where we see potential.

## Forward-Looking Statement

We remain committed to advancing our deposit base, expanding our market share in low-cost deposits, and enhancing our local presence to extend our outreach. Throughout this endeavour, our priority remains to deliver unparalleled services to our esteemed customers. Our strategic focus includes harnessing technological advancements to meet our customers' evolving banking requirements. Our priority remains to grow market share in deposits, consumer lending and SME, become a leading transactional and innovative bank, positively impact the community and introduce new initiatives to enhance franchise value.

To effectively navigate evolving business environments, we are dedicated to accelerating digital transformation and focusing on the re-engineering of business processes. Primarily, our commitment involves investing in our human capital and fostering a culture that encourages collaboration, creativity, and innovation.

The Board's dedication ensures that Bank Alfalah thrives as a forward-thinking and progressive organisation focused on generating long-term value. Our operations are rooted in robust corporate governance and risk management practices, embodying our commitment to being a reliable and trustworthy financial institution.

## Acknowledgement

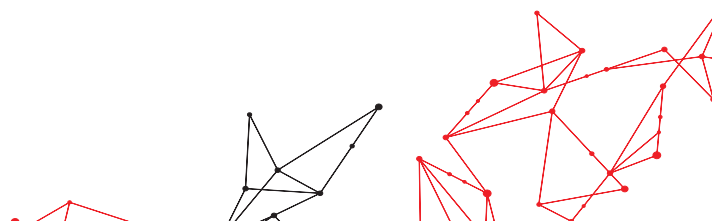
I reiterate our unwavering dedication to the Bank and our commitment to Pakistan's government and its people, as well as to uphold the regulatory framework laid down by the State Bank of Pakistan. Despite facing challenges, we will remain focused on the way forward, aiming to reach new milestones in the years ahead. We will stay devoted to our customers and their needs, and we will continue to provide innovative products and services.

In my capacity as the Chairman of the Board and on behalf of our sponsors, I express my gratitude to our shareholders for their loyal support, extend appreciation to the regulatory authorities for their valuable guidance, recognise the hard work and commitment of the management team and employees, and convey a heartfelt thanks to our customers for placing their trust in Bank Alfalah.

**Nahayan Mabarak Al Nahayan**

Abu Dhabi

1st February, 2024



# President and CEO's Message





It brings me immense pleasure and pride that 2023 was a very positive year for Bank Alfalah, as it marked a pivotal moment in our journey. It's the year we crossed the twin milestones of reaching 1,000 branches and surpassing PKR 2 trillion in deposits. These two impressive milestones are significant as the Bank continues its remarkable journey of excellence and its quest to meet and exceed the expectations of its customers and partners.

In 2023, we all collectively excelled by successfully achieving the vast majority of our 5-year strategic objectives two years ahead of time. Despite encountering challenges on local and global frontiers, the Bank's focus on teamwork, customer-centricity, and innovation has emerged as the foundational attribute towards achieving success.

With these achievements, we have now set our sights on more ambitious goals for the Bank's upcoming Five-Year Strategy until 2028. Going forward, we will seek to continue our growth trajectory and to further concentrate our efforts on customer-centricity and innovation to improve, reimagine and simplify customer journeys and banking services.

The new five-year plan will focus on five key strategic pillars:

- Grow our market share in key businesses by focusing on expanding branch banking in conventional and Islamic segments, remain a dominant player in consumer finance, continue to build Small and Medium Enterprise offerings, and further cement market leadership in Digital Banking.
- Become a leading Transaction Bank in the country by promoting trade flows, enhancing our cash management business, strengthening the employee banking proposition, maintaining market leadership in supply chain financing, and growing our home remittance flows.
- Renew our commitment to the 'One Bank, One Team' culture, which aligns with our mission and values. We want to nurture and develop you, our Human Capital, through strategic initiatives, innovative technology integration, and employee recognition programs.
- Innovate and improve efficiency by utilising cutting-edge tech to empower our teams to deliver enhanced customer service. Embracing artificial intelligence and advanced analytics, we aim to improve operational efficiency.

- Retain and further enhance our competitive advantage in treasury, capital markets and investment banking across domestic and regional markets.

Our core principles, which revolves around prioritising our customers and fostering a caring culture within the Bank while maintaining a sharp focus on innovation, will drive us forward in all our future endeavours.

In 2023, we achieved unprecedented accolades due to our ongoing commitment to innovation. We are at the forefront of redefining the digital banking experience and have introduced diverse services, such as launching the Digital Lifestyle Branch, focusing on an evolving way of life. We have also inaugurated the Digital Payments Sales and Service Centers to meet the needs of merchants and small-scale businesses.

In 2023, we will be confronted with various socio-economic challenges. To overcome these hurdles, we must firmly stand together, be committed to our values and continuously look for opportunities to positively contribute towards finding a better way forward.

Our commitment extends beyond banking. We collaborate with public, private, and civil society stakeholders, reinforcing our role as the 'Caring Bank'. In 2022 and 2023, Bank Alfalah became one of the largest corporate donors to communities affected by devastating floods. This noble initiative aims to facilitate the return to normalcy for those residing in areas severely impacted by flood disasters.

As we enter 2024, our vision extends beyond the current achievements, propelling us to explore new horizons, expand our presence, and deepen our impact on communities. With continued dedication to excellence, we eagerly anticipate the next phase of our journey, where our way of banking becomes a beacon of financial empowerment.

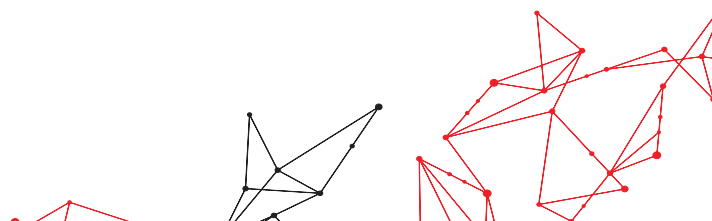
Best wishes and great success to you and your loved ones in 2024

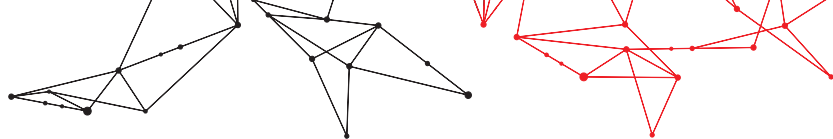
**Atif Bajwa**  
President and CEO



The video on the Bank's overview, business performance, strategy and outlook is uploaded on the website.

<https://www.bankalfalah.com/ceo-review-2023/>





# Directors' Report to the Shareholders

Dear shareholders,

On behalf of the Board of Directors, we are pleased to present the Directors' Report of the Bank along with the audited financial statements and auditor's reports for the year ended December 31, 2023.

## Economic Review

### Global Economy

The year 2023 saw continued focus on curbing inflation, with global central banks maintaining a tight monetary policy stance. US Fed raised benchmark rates by 100bps to 5.5%. The IMF expects global inflation to continue its slide from 8.7% in 2022 to 6.9% in 2023, and 5.8% in 2024. The restrictive stance had an impact on global economic growth, which slowed down from 3.5% in 2022 to 3.0% in 2023, and is expected to further slow down to 2.9% in 2024. Higher rates also had some negative consequences for the global banking sector, with the collapse of multiple regional banks in the US. However, the year was encouraging for the investors as most asset classes (barring commodities) generated positive returns in 2023, reversing the trend seen in 2022.

Going forward, the year 2024 is expected to witness further disinflation and the start of monetary easing by the central banks. The global economy has recovered from the initial supply shocks as a result of the Russia-Ukraine war and commodity prices have declined to pre-war levels, which bode well for global inflation. Key risks for inflation outlook are the geopolitical and climate shocks. 2024 is also the year with elections scheduled in the USA and other key markets like the UK, India, Russia and Pakistan.

### Domestic Economy

For Pakistan, the year 2023 was a tale of two halves. The first half saw a drop in foreign exchange (FX) reserves, sharp currency devaluation, and peak inflation. The second half started off with the approval of a USD 3 bn Stand-By Agreement (SBA) by the IMF, followed by deposits of USD 3 bn by the KSA and UAE. Resultantly, the default situation was averted, and the State Bank of Pakistan's (SBP) FX reserves improved.

As multiple challenges were faced by Pakistan (floods, import restrictions, IMF program suspension, etc.), economic activity suffered, with real GDP growth for FY23 contracting by 0.2% compared to two consecutive years of high growth of 5.8% and 6.2% for FY21 and FY22, respectively. A major drag on GDP growth came from the Industrial sector, which declined by 3.8%. On the other hand, agriculture witnessed growth of 2.3%, while services sector growth was a mere 0.1%. As per the requirement of the new IMF SBA, the Pakistan Bureau of Statistics (PBS) released quarterly national accounts where real GDP growth for the quarter ending September 30, 2023 is reported at 2.1% over the same quarter last year, resulting from a 5.1% growth in agriculture, 2.5% growth in industrials, and 0.8% growth in services.

Pakistan recorded historic high inflation readings, with average headline inflation for 2023 standing at 30.8% compared to 19.9% in 2022. Inflation peaked at 38% in May-23, while declining to 29.7% in Dec-23. Currency devaluation, food supply shocks, and removal/reduction of subsidies on energy prices (electricity, gas and fuel prices), were the key factors contributing to inflation.

To counter inflationary pressures and to slow down aggregate demand, the SBP continued with a tight monetary policy stance. During the year the cumulative increase in policy rate was 600 basis points, with the last hike in June. Since July, after the new IMF SBA, the status quo has been maintained with SBP, highlighting that the real interest rates are positive on a 12-month forward looking basis.

On the balance of payment front, the improvement in the current account continued, with FY23 current account deficit (CAD) at USD 2.2 bn as compared to USD 17.5 bn in FY22. In 1H FY24, the CAD has further improved to USD 0.8 billion as against USD 3.6 billion in the same period of the last fiscal year. This, coupled with flows from bilateral and multilateral sources, improved SBP reserves to USD 8.2 billion in Dec'23) as compared to USD 5.6 billion in Dec'22.

The currency continued to remain under pressure, depreciating by 20% against the

dollar during 2023. The PKR fell to as low as PKR 307.1 in the interbank market, while in the open market, it hovered around PKR 335/USD before the successful operation took place against illegal dollar trade, after which the parity improved, and the exchange rate closed the year at PKR 281.86/USD.

Pakistan posted a fiscal deficit of 7.7% of GDP (PKR 6.5 trillion) in FY23 compared to a deficit of 7.9% of GDP (PKR 5.2 trillion) in FY22. Although FBR tax collection improved 16.7% in FY23, it fell short of the IMF target, and declined from 9.2% of GDP in FY22 to 8.5% of GDP in FY23. Major support to revenues came from the petroleum levy which increased significantly to PKR 60/Liter on both petrol and diesel, the two major fuels consumed in the country. Interest costs amid rising borrowing needs and high interest rates continued to eat up a major portion of revenues. During the first quarter ending September 2023, the deficit stood at PKR 963 billion (0.9% of GDP) compared to PKR 809 billion (1% of GDP) in the same period last year.

The positive developments on the economic front were reflected in the stock market's performance, especially in the latter half of the year. KSE-100 posted a return of 55% in 2023 in local currency and 24% in USD terms. The average daily trading volumes improved by 41% to 323 million shares and value by 45% to PKR 10.1 billion. The foreign investors turned net buyers (net inflow of USD 74 million) after remaining net sellers for the past 3 years.

### Outlook of the economy

The timely SBA with IMF has changed the country's economic landscape. The interim government has also made some tough decisions, in the shape of a reduction in energy subsidies and a crackdown on illegal dollar trade, which bodes well for the economy. The economy is expected to be in better shape next year, with expected disinflation and an expected fall in interest rates. However, the continuation of the IMF program remains the key to sustainability.

## Banking Sector Review

Despite headwinds on the macroeconomic front, Pakistan's banking sector remained resilient with significant improvement in profitability, balance sheet size, provisions coverage, and capital adequacy. During 2023, Policy Rate was jacked up by 600 basis points to 22%. Higher interest rates coupled with healthy deposit growth improved the profitability of the sector. The SBA with IMF also helped remove import restrictions, thereby leading to healthy growth in income derived through trade business.

The Government removed banks from the ADR based tax on investment income for 2023, however, Finance Act 2023

introduced a tax on windfall income which is being contested by the banking industry.

Deposits of scheduled banks improved by 23.2%, mainly led by attractive interest rates and low base effect, as the ADR based taxation led to lower deposit growth in 2022. CASA ratio improved to 77.1% in June 2023 as compared to 76.2% in December 2022.

The Government remained the largest borrower amid elevated fiscal needs, through investment by banks in government securities, particularly shorter tenor T-Bills, where the amount of outstanding OMOs (borrowings by banks from SBP) reached historic high levels during the year. Private sector credit remained subdued with sector ADR and IDR standing around 45% and 92%, respectively compared to 53% and 80%, respectively in December 2022.

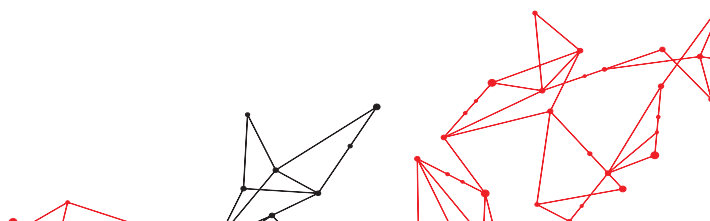
Overall advances in the banking sector increased by only 3.6% compared to a growth of 17.4% in 2022. The slower growth in advances may be attributable to the high fiscal needs of the Government, high borrowing costs with sluggish aggregate demand, and reduction in subsidies in refinancing rates by linking them with the policy rate. Overall asset quality slightly deteriorated with NPL ratio increasing from 7.3% in December 2022 to 7.7% in September 2023, with NPL stock increasing by 4.4%. However, the coverage ratio improved to 95.5% in September 2023 from 89.5% in December 2022.

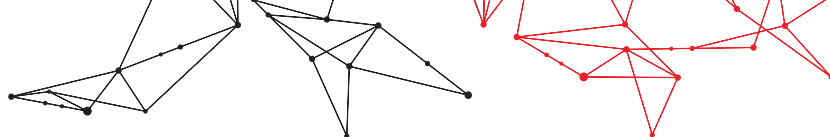
### Outlook of the banking sector

The banking sector outlook for 2024 remains positive. Under the IMF umbrella, the economy is expected to remain stable as compared to 2023. The disinflation is likely to continue, and the interest rates are expected to decline. The timing and magnitude of policy rate changes would set the direction for Net Interest Income. The rally in bond and equity markets could provide capital gain opportunities, which would bode well for the non-markup income.

The continuation of the IMF program, and the reform process initiated by the interim government would be pivotal to the economic sustainability and performance of the banking sector.

The implementation of IFRS-9 will shift the industry's approach to risk-based pricing on loans with pricing based on the likelihood of default. The timely recognition of and provision for credit losses promotes a safe banking system and plays an essential role in supervision.





## The Bank's Performance

The highlights of the financial results for the year ended December 31, 2023, are as follows:

	2023	2022
Rupees in Millions		
<b>Financial Position</b>		
Shareholders' Equity	137,923	100,015
Total Assets	3,345,917	2,253,197
Total Deposits	2,084,997	1,486,845
Advances – net	735,052	732,375
Investments – net	2,067,263	1,114,407
	2023	2022
Rupees in Millions		
<b>Financial Performance</b>		
Net Markup Income	126,070	77,242
Non-Markup Income	28,064	21,883
Non-Markup Expenses	66,497	50,497
<b>Operating Profit</b>	<b>87,637</b>	<b>48,629</b>
Provisions and write-offs (net)	9,462	12,468
<b>Profit before Tax</b>	<b>78,175</b>	<b>36,160</b>
<b>Profit after Tax</b>	<b>36,456</b>	<b>18,206</b>
Basic and Diluted earnings per share – Rupees	23.12	10.27

Bank Alfalah delivered exemplary growth in profit during 2023. Profit after tax stands at Rs. 36.456 billion as compared to Rs. 18.206 billion last year, translating to over 100% growth. The earnings per share (EPS) stands at Rs. 23.12 (2022: Rs. 10.27). Aided by improved profitability, the Bank also continued to make significant investments in network, people and technology.

Revenue increased by 55.5% during the year to close at Rs. 154.134 billion as compared to Rs. 99.126 billion last year. Markup income, which grew by 63.2%, was the key contributor to increased revenue. A combination of net earning assets growth and re-pricing of the asset book at higher rates led to the increase in markup income. Non-markup income stood at Rs. 28.064 billion, higher by 28.2% compared to same period last year (SPLY); increased fee and commission income, and gains from derivatives were the key contributing factors to the positive variance.

The Bank remains vigilant in monitoring expenses and practices prudent cost management, while concentrating on fostering revenue growth through expansion and an increased focus on capturing market share. This commitment is evident through the establishment of new branches, investments in digital and information technology platforms and engagements with

professional consultancies; all without compromising on investments in new ventures. The Bank opened a state-of-the-art Digital Lifestyle branch during 2023, being an industry first. The branch features exciting innovations such as cash and cheque deposit machines, digital lockers and a Buy Now Pay Later (BNPL) store via AlfaMall along with lifestyle features such as upscale dining and workspace sharing. Further, higher marketing and branding costs, PKR depreciation and inflation related effects also led to an increase in operating expenses. The Bank also played its role of corporate social responsibility through providing financial assistance to NGO's for uplift projects encompassing rehabilitation in flood affected areas, healthcare, education etc. During 2023, the Bank established over 100 new branches, which have contributed significantly towards customer acquisition, deposit mobilisation, increased throughput and the consequent revenue growth. Additionally, the Bank is strategically investing in digital technology, with an emphasis on aspects that allow strengthening relationships and gaining market share. This success is underscored by our market share growth over the last three years. The bank's cost to income ratio improved to 41.8% as against 50.0% SPLY, supported by strong revenue growth.

Furthermore, the exceptional efforts of the network, a

diverse product suite and the successful execution of its strategic plan resulted in Bank Alfalah achieving an impressive deposit growth of 40.2% in 2023. The Bank's deposits crossed the landmark barrier of two trillion, closing the year at Rs. 2.085 trillion. The increase is mainly due to the improvements of 19.5% and 61.8% in current and savings accounts, which stood at Rs. 790.359 billion and Rs. 654.179 billion, respectively, as at Dec 31, 2023.

The loan book closed at Rs. 777.287 billion; maintaining credit discipline in the midst of challenging market dynamics. Our underwriting discipline and rigorous client selection continued to serve us well which is reflected in our non-performing loans ratio being 4.8% as at 31 December 2023. This is despite some prudent classifications. Further, non-performing loans remain fully covered with coverage being 112.2%. During the year, Bank took an additional general provision of Rs. 3.153 billion against high risk portfolio due to the economic vulnerability faced by such loans, whereas the provision held for flood impacted portfolio was reversed as headwinds in that portfolio have eased up.

### Capital Structure of the Bank

The Bank remained well-capitalised with a capital base well above regulatory benchmarks and Basel capital requirements. It continues with a policy of sufficient profit retention to increase its risk absorption capacity. The Bank's total Capital Adequacy Ratio is 16.74% against the requirement of 11.50% (including Capital Conservation Buffer of 1.50% of the total Risk Weighted Assets (RWA). Quality of the capital is evident from the Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio, which comes to 11.64% against the regulatory requirement of 7.50% (including CCB of 1.5%). Detailed disclosures on CAR and Risk Management are given in notes 45 and 46 respectively, in the annexed audited unconsolidated financial statements.

## Business Performance Review

Business development, performance and position of the Bank, and its impact on the environment are discussed in detail in the Organisational Review, Outlook, Performance and Position sections of this Annual Report.

Government of Pakistan (GoP) and State Bank of Pakistan (SBP) policies and their impact on the Bank's business performance

Aligned with the Government's vision to foster growth in construction and export oriented industries, and to improve the business environment for local manufacturers, SBP continued with its facilitative role in

supporting government policies for economic development and effective resource utilisation. With a continued emphasis on promoting financial inclusion, financial development and documentation of financial transactions, SBP, in collaboration with local banks and Development Financial Institutions (DFIs), introduced several initiatives. Bank Alfalah consistently demonstrated its dedication towards achieving these developmental goals and has been recognised time and again for its remarkable performance and contribution towards these initiatives.

### 1. Digitisation for financial inclusion

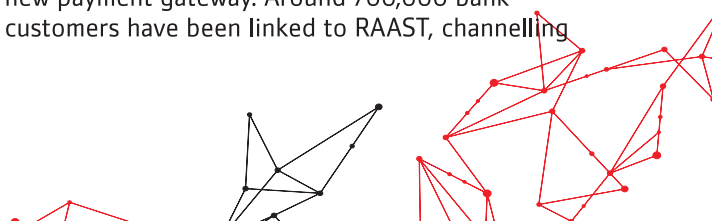
Prioritising digital financial solutions has a direct correlation to financial inclusion. As digital channels serve to enhance the outreach of the financial sector in a more efficient and cost effective manner, the SBP initiated plans on many fronts. Bank's contribution in key areas is given below:

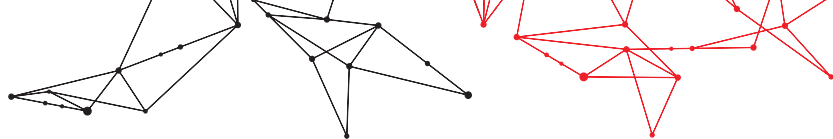
#### a- Digital Products and Initiatives

Being a pioneer in the industry, we intensified our efforts to improve digital banking services and to develop innovative ways to connect with customers, all the while maintaining our commitment to a customer-centric approach. We continue to innovate and invest in our digital capabilities to complement our strong branch network, enabling our customers to bank how and where they want. Our strategy is aligned with SBP objectives to promote financial inclusion; provide credit access to unserved and underserved; and to provide affordable/cost effective digital financial services. Some of the key digital initiatives taken in 2023 include: i) Digital Sales and Service Centres (compact shops housing an ATM, CDM, and CDK, strategically located in cash-heavy market areas in cities and towns), ii) Pakistan's first Digital Lifestyle Branch, Alfa BNPL (Buy Now Pay Later) Islamic for credit card holders, and ATM Modernisation.

#### b- RAAST

SBP launched Pakistan's first instant payment system Raast, to provide instant, reliable and zero-cost digital payment services in Pakistan. Raast is an end-to-end digital payments solution and is targeted to be used to settle small-value retail payments of individuals and small businesses in real time. SBP has now launched a P2M (Person-to-Merchant) service to facilitate digital payment acceptance for merchants and businesses. The P2M service will enable payment acceptance by businesses using Quick Response (QR) Codes, Raast Alias, IBAN and Request to Pay (RTP). Bank Alfalah has been very active in promoting this new payment gateway. Around 700,000 bank customers have been linked to RAAST, channelling





4.2 million transactions at a value of PKR 440 billion during 2023.

## 2. Financial Inclusion and Financial Literacy

The Bank, in line with SBP's vision continued to take measures to improve financial inclusion and financial literacy.

## 3. Roshan Digital Account (RDA)

RDA is the SBP flagship program to bring banking solutions to Non-Resident Pakistanis (NRPs), which has also been helping the country in terms of remittance inflows. Under the scheme, SBP has built many much-needed products around RDA, including i) Naya Pakistan Certificates (NPCs), ii) Roshan Apni Car (RAC), iii) Roshan Apna Ghar (RAG), iv) Roshan Samaaji Khidmat (RSK), and v) Roshan Equity Investments. Through the RDA channel, NRPs can digitally open/operate FCY/LCY accounts through internet banking and mobile apps without lengthy documentation gaining access to a savings tool providing attractive returns through NPCs. Bank Alfalah has successfully opened more than 47 thousand RDAs since inception till Dec 31, 2023, and the balances in RDA accounts is PKR 9.4 billion as at the year end. Total investments made in Naya Pakistan Certificates (NPCs) through Bank Alfalah amounted to PKR 93.4 billion since inception, till Dec 31, 2023

## 36 4. SME Asaan Finance (SAAF) Scheme

Small and Medium Enterprises (SMEs) contribute about 40% of Pakistan's GDP and remain critical to economic development. In this regard, SBP, in collaboration with the Government of Pakistan, launched SAAF which is a refinance and credit guarantee facility for creditworthy SMEs facing challenges in accessing funding. Its features include: i) option for Shariah-compliant products, ii) facility for Working Capital and Term Loans, and iii) acceptance of personal guarantees. Bank Alfalah, already active in this segment and helping towards the ultimate government goal of economic development, remained at the forefront. During 2023, the Bank has processed around 436 loan applications and disbursed more than PKR 1.8 billion under this scheme.

## 5. Refinance Facilities

In order to ensure an adequate supply of financing to industries, especially export-oriented industries, SBP, over the years, has launched various refinance schemes to meet business growth needs. The major refinance facility is the Export Finance Scheme (EFS), under which the Bank has disbursed around PKR 136 billion during 2023.

## The Group's Performance

Bank Alfalah posted consolidated profit after tax (PAT) of Rs. 36.068 billion for the year ended December 31, 2023 (2022: Rs. 18.397 billion). Earnings per share (EPS) attributable to equity holders of the Bank was measured at Rs. 23.15 in comparison to Rs. 10.38 for the last year.

The Bank has a 62.50% shareholding in Alfalah CLSA Securities (Private) Limited, which is engaged in the business of stock brokerage, investment banking, corporate finance and fund placements.

The Bank has incorporated a new exchange company, Alfalah Currency Exchange (Private) Limited, with an authorised capital of Rs. 2 billion. This exchange company will function as a wholly-owned subsidiary of the Bank, and will provide comprehensive foreign exchange solutions. The exchange company is expected to commence operations in the year 2024.

Further, the Bank has associated entities with equity investment of 30% in Alfalah Insurance Limited, 30% in Sapphire Wind Power Limited and 40.2% in Alfalah GHP Investment Management Limited.

### Performance of Subsidiary:

Alfalah CLSA Securities (Private) Limited incurred an operating loss of Rs. 1,091.639 million (2022: Rs. 11.741 million) mainly because of expected credit loss on its trade receivables. Accordingly, loss per share (EPS) for the year was Rs. 28.34 as compared to earnings per share of Rs. 0.19 last year. Due to this loss, the Bank is considering injecting further capital / funding as required to support the subsidiary's operations. This will be approved by shareholders in the upcoming annual general meeting for the year ended December 31, 2023.

## Dividend, Bonus Shares And Other Appropriations

The directors have recommended final cash dividend of Rs. 5.0 per share (50%) for the year ended December 31, 2023, subject to approval of the shareholders in the upcoming Annual General Meeting, bringing the total cash dividend for the year to Rs. 8.0 per share. The Board had earlier declared and paid an interim cash dividend of Rs. 3.0 per share (30%).

### Other appropriations:

The Board has approved an appropriation of Rs. 3.646 billion from the current year's profit to the statutory reserve in compliance with the requirements of the Banking Companies Ordinance, 1962.

## Credit Rating

The Bank has been assigned the following ratings by PACRA:

- Entity rating: 'AA+' (Double A Plus) for the long-term and 'A1+' (A-One Plus) for the short-term, with 'Stable' Outlook.
- Instruments rating: Unsecured Tier 1 Capital instruments (Term Finance Certificate) of the Bank have been awarded a credit rating of 'AA-' (Double A Minus), with 'Stable' Outlook. Medium Term Note (MTN): AAA (Triple-A) rating. The instrument is a Rated, Secured, Listed, and Redeemable Fixed Rate Term Finance Certificate (TFC).

The assigned ratings mirror the Bank's diversified operations, sound financial risk profile, strong sponsors, and established market presence. These ratings signify an extremely low anticipation of credit risk, a robust ability for timely repayment of long term financial commitments and the highest capability for timely repayment in the short term, respectively.

## Corporate Governance

The Bank is in compliance with significant requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The prescribed statement by the Management, together with the Auditor's Review Report thereon, is annexed to this Annual Report.

The Directors are pleased to present the following statements required under Chapter XII – Reporting and Disclosure of the aforementioned regulations:

1. The total number of directors are eight:

- |            |       |
|------------|-------|
| i. Male    | Seven |
| ii. Female | One   |

2. The composition of the Board is as follows:

- |   |       |
|---|-------|
| i. Independent Directors<br>(including a female Director) | Three |
| ii. Non-executive Directors                               | Four  |
| iii. Executive Directors                                  | One   |

3. The Board, from time to time, establishes committees to discharge its responsibilities. For each Board committee, the Board adopts a formal Terms of Reference (ToRs) setting out the matters relevant to composition, roles, functions, responsibilities and administration. The following committees have been constituted by the Board:

- i. Board Audit Committee
- ii. Board Strategy and Finance Committee
- iii. Board Risk Management Committee
- iv. Board Human Resource, Remuneration and

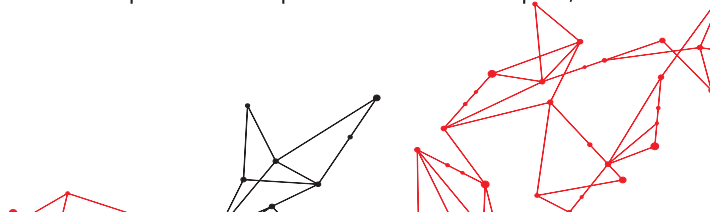
- v. Nomination Committee
- vi. Board Information Technology Committee
- vii. Board Compensation Committee
- viii. Board Crises Management Committee
- ix. Board Real Estate Committee

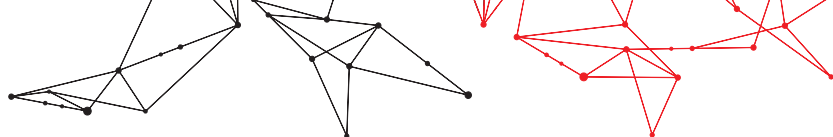
For committees' members and committees' terms of reference, please refer to the Governance section of this Annual Report.

4. The Bank has a formal policy and transparent procedure for remuneration of Directors, in accordance with regulatory requirements. The Policy was initially unanimously approved by the shareholders of the Bank in the 28th Annual General Meeting ("AGM"), held on 27th March 2020 and was subsequently amended in the 30th AGM held on 29th March 2022 to align the same with SBP's Corporate Governance Regulatory Framework. The remuneration policy and framework related disclosures have been given as part of the Governance section of this Annual Report. The payment of Directors' meeting fees, as reported in note 40 of the financial statements, is approved annually by the members along with annual audited financial statements in the AGM.

As a matter of best practice, the Directors are pleased to give the following statements:

- a) The financial statements, prepared by the management, present fairly the state of affairs of the Bank, the result of its operations, cash flows and changes in equity;
- b) Proper books of accounts of the Bank have been maintained;
- c) Appropriate accounting policies, as stated in the notes to the financial statements have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts about the Bank's ability to continue as a going concern;
- g) There has been no material departure from best practices of corporate governance;
- h) Summarised key operating and financial data of last six years has been presented as part of the Annual Report;





i)As at 31st December 2023, the Bank is compliant with respect to the Directors' training requirement provided in the Code of Corporate Governance Regulations;

j)The Pattern of Shareholding, in accordance with The Companies (General Provisions and Forms) Regulations, 2018, is attached as part of this Annual Report;

k)There are no loans, TFCs, sukuk or any other debt instruments in which the Bank is in default or likely to default;

l)Trading patterns in the shares of the Bank, by Directors, substantial shareholders, executives, their spouses and minor children have been disclosed as part of the Annual Report; and

m)The Board's performance for the year 2022 was self-evaluated by the individual directors during 2023.

## Risk Management

The Board, through its Board Risk Management Committee, has carried out a robust assessment of principal risks. Under the governance of the Board, the Bank employs a robust and well organised risk management approach overseen by management committees and a dedicated Risk Management Division. The Bank's risk management framework, risk assessment, risk mitigation methodology, key risks and opportunities have been disclosed in the 'Risk and Opportunities' section of this Annual Report.

## Internal Controls

The management believes that the Bank's existing system of Internal Controls is reasonable in design and is being effectively implemented and monitored. The Bank's control environment, including technological solutions, experiences ongoing enhancements. The Board endorses the management's evaluation of effectiveness of overall Internal Controls, including Internal Controls over Financial Reporting, as detailed in the Statement of Internal Controls in the 'Governance' section of this Annual Report.

## Corporate Social Responsibility

At Bank Alfalah, our success goes hand in hand with the accomplishment of our communities, customers and employees. We aim to conduct business by creating shared values for all our stakeholders. Corporate Social Responsibility (CSR) is an instrument of sustainable change and continues to be one of the most critical aspects of our business.

The Bank continued its flood rehabilitation efforts in light of the commitment set by the Chairman, His Highness Sheikh Nahyan bin Mubarak Al Nahyan, and the Board of Directors in the aftermath of the devastating floods and unprecedented rains across the country in 2022. During the current year, the pledged amount was distributed by the Bank for rebuilding infrastructure in the affected areas. Donations amounting to Rs. 1,174.500 million were made in collaboration with selected NGOs and organisations.

We are firm in our commitment to operate within an ethical framework while contributing to socio-economic development. As we continue to build responsible business practices across the Bank, we ensure that we capture every opportunity, deepening the impact of our Corporate Social Responsibility and philanthropic footprint. The Bank donated Rs. 75.020 million to different educational and other charitable institutions during the year. As a Bank, we are focused on sustainability.

For further details on the Bank's efforts, including collaborations with renowned partners, please refer to the 'Sustainability' section of this Annual Report.

## External Audit

The Bank has received an unqualified audit report for the year ended December 31, 2023, from its external auditors, M/s A. F. Ferguson & Co., Chartered Accountants.

M/S A. F. Ferguson & Co., Chartered Accountants, existing auditors of the Bank, have given consent to continue to act as statutory auditors of the Bank for the year 2024. The Board Audit Committee has recommended their name for re-appointment for the next year.

The firm of auditors 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 that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan, and meet the requirements for appointment under all applicable laws.



## Future Outlook

Moving forward, Bank Alfalah remains strategically positioned for sustainable growth, building on the foundations of our past successes. We will continue to expand our deposit base and cultivate low-cost deposits, while simultaneously broadening our domestic footprint to offer unparalleled services to our customers. Emphasising the consumer space, aiding SMEs in their growth, and harnessing technological advancements to meet evolving banking needs will be key focal points. Boosting trade volumes, enhancing penetration in cash management, and improving our position in supply chain financing and home remittances align with our commitment to adapting to industry and global shifts.

Our culture of 'One Bank, One Team' will persist, fostering collaboration, creativity, and innovation. Human capital development remains central, ensuring a skilled and motivated workforce. The Bank's caring culture extends to the community through intensified Corporate Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) initiatives.

In line with our commitment to innovation and efficiency, we will incorporate new initiatives that will leverage technology, advanced analytics, and AI across various areas within the bank. This approach ensures that we achieve operational efficiencies and stay at the forefront of banking excellence.

As we navigate industry and global trends, Bank Alfalah is poised for adaptability, resilience, and sustained value creation, ensuring enduring shareholder value and continued excellence in the face of evolving challenges.

Uncertainties that could affect the Bank's resources, revenues and operations

All projections are, by nature, subject to risks and uncertainties, some beyond our control. Factors that may potentially affect the Bank's resources, revenues and operations are:

- Global macroeconomic conditions impacting overall economic activity;
- Impact of climate conditions on economic activity and business operations;
- Geopolitical risks and uncertainties across the geographies that we operate in;
- Global AML/CFT compliance in accordance with FATF;
- Trade policies of trade partner countries;
- Economic decisions on discount rate/monetary policy;
- Disciplined fiscal policy and corporate taxation measures;
- Law and order situation/political environment within the country;

- Local government rules and regulations;
- Emergence of disruptive technologies; and
- Risk of cyberattacks.

The Risk Management Group of the Bank routinely conducts stress tests based on diverse pre-determined scenarios to assess the potential impact of any losses and to ascertain whether the Bank possesses enough capital to endure the repercussions of any unfavourable developments. The outcome of these tests have indicated that the Bank possesses sufficient capital, liquidity and profitability to withstand any potential losses.

The Bank vigilantly monitors these uncertainties and risks, and simultaneously implements corrective and protective measures to sustain operating performance and safeguard shareholder interests.

A detailed overview is given in the 'Outlook' and 'Strategy' sections of this Annual Report.

## Subsequent Events

There are no significant post balance sheet events that could materially affect the company's performance as presented in these financials or could have required a disclosure of facts.

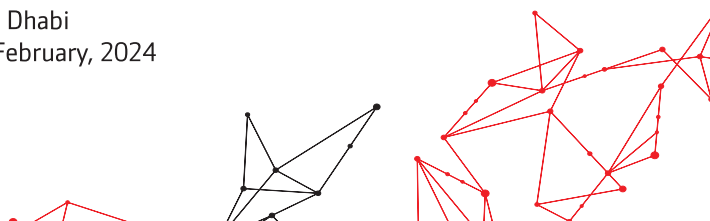
## Acknowledgement

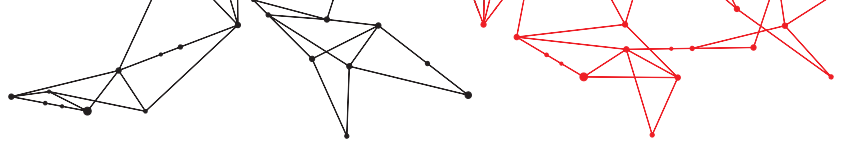
On behalf of the Board, we would like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Ministry of Finance and other regulatory authorities for their valuable counsel and guidance. At the same time, we would like to acknowledge the ongoing and never-ending support of our shareholders, our customers and business partners.

Over the years, we have laid the foundations to deliver great value and service to our customers, simultaneously enhancing profitability and fortifying our balance sheet. As we move forward, we shall remain focused on serving our customers and playing a key role in supporting economic recovery. While pursuing this, we will remain conscientious of our obligations to our employees and the community at large, as well as our commitment to consistently provide substantial returns to our shareholders

**Atif Aslam Bajwa**  
President and Chief Executive Officer  
Abu Dhabi  
1st February, 2024

**Khalid Qurashi**  
Director





## اعتراف

بورڈ کی جانب سے، ہم اسٹیٹ بینک آف پاکستان، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، وزارت خزانہ اور دیگر ریگولیٹری اتھارٹیز کا ان کے قابل قدر مشورے اور رہنمائی کے لیے شکریہ ادا کرنا چاہتے ہیں۔ اس کے ساتھ ساتھ، ہم اپنے شیئر ہولڈرز، اپنے صارفین اور کاروباری شراکت داروں کی جاری اور نہ ختم ہونے والی حمایت کو تسلیم کرنا چاہیں گے۔

سالوں کے دوران، ہم نے اپنے صارفین کو بہترین قیمت اور خدمات فراہم کرنے کے لیے بنیادیں رکھی ہیں، ساتھ ہی منافع میں اضافہ اور اپنی بیلنس شیٹ کو مضبوط بنایا ہے۔ جیسے جیسے ہم آگے بڑھیں گے، ہم اپنے صارفین کی خدمت کرنے اور معاشی بحالی میں کلیدی کردار ادا کرنے پر توجہ مرکوز رکھیں گے۔ اس کی پیروی کرتے ہوئے، ہم اپنے ملازمین اور بڑے پیمانے پر کمیونٹی کے لیے اپنی ذمہ داریوں کے ساتھ ساتھ اپنے حصص یافتگان کو مستقل طور پر خاطر خواہ منافع فراہم کرنے کے عزم کا پابند رہیں گے۔

## خالد قریشی

ڈائریکٹر

## عاطف اسلم باجوہ

صدر اور چیف ایگزیکٹو آفیسر

ابوظہبی

یکم فروری ۲۰۲۲

جیسا کہ ہم صنعت اور عالمی رجحانات پر تشریف لے جاتے ہیں، بینک الفلاح موافقت، لچک، اور پائیدار قدر کی تخلیق کے لیے تیار ہے، جس سے حصص یافتگان کی پائیدار قدر کو یقینی بنایا جا رہا ہے اور ابھرتے ہوئے چیلنجوں کا سامنا کرتے ہوئے شاندار کارکردگی کا سلسلہ جاری ہے۔

غیر یقینی صورتحال جو بینک کے وسائل، محصولات اور آپریشنز کو متاثر کر سکتی ہے۔

تمام تخمینے، فطرت کے مطابق، خطرات اور غیر یقینی صورتحال کے تابع ہیں، کچھ قابو سے باہر ہیں۔ وہ عوامل جو ممکنہ طور پر بینک کے وسائل، محصولات اور آپریشنز کو متاثر کر سکتے ہیں:

- مجموعی اقتصادی سرگرمی پر اثر انداز ہونے والے عالمی معاشی حالات؛
- اقتصادی سرگرمیوں اور کاروباری کاموں پر موسمیاتی حالات کا اثر؛
- تمام جغرافیوں میں جغرافیائی سیاسی خطرات اور غیر یقینی صورتحال جن میں ہم کام کرتے ہیں۔

FATF کے مطابق عالمی CFT/AML تعمیل؛

- تجارتی شراکت دار ممالک کی تجارتی پالیسیاں؛

- ڈسکاؤنٹ ریٹ / مانیٹری پالیسی پر اقتصادی فیصلے؛

- نظم و ضبط مالیاتی پالیسی اور کارپوریٹ ٹیکس کے اقدامات؛

- ملک کے اندر امن و امان کی صورتحال / سیاسی ماحول؛

- مقامی حکومت کے قواعد و ضوابط؛

- خلل ڈالنے والی ٹیکنالوجیز کا ظہور؛ اور

- سانحہ حملوں کا خطرہ۔

بینک کا رسک مینجمنٹ گروپ کسی بھی نقصان کے ممکنہ اثرات کا اندازہ لگانے کے لیے اور یہ معلوم کرنے کے لیے کہ آیا بینک کے پاس اتنا سرمایہ ہے کہ کسی بھی ناگوار پیش رفت کے اثرات کو برداشت کرنے کے لیے مختلف پہلے سے طے شدہ منظرناموں پر مبنی تناؤ کے ٹیسٹ باقاعدگی سے کرتا ہے۔ ان ٹیسٹوں کے نتائج نے اشارہ کیا ہے کہ بینک کے پاس کسی بھی ممکنہ نقصان کو برداشت کرنے کے لیے کافی سرمایہ، لیکویڈٹی اور منافع ہے۔

بینک ان غیر یقینی صورتحال اور خطرات پر چوکسی سے نظر رکھتا ہے، اور ساتھ ہی

آپریٹنگ کارکردگی کو برقرار رکھنے اور شیئر ہولڈر کے مفادات کے تحفظ کے لیے اصلاحی اور حفاظتی اقدامات کو لاگو کرتا ہے۔

اس سالانہ رپورٹ کے 'اؤٹ لک' اور 'حکمت عملی' کے سیکشنز میں ایک تفصیلی جائزہ دیا گیا ہے۔

## بعد کے واقعات

کوئی اہم پوسٹ بیلنس شیٹ واقعات نہیں ہیں جو کمپنی کی کارکردگی کو مادی طور پر متاثر کر سکتے ہیں جیسا کہ ان مالیات میں پیش کیا گیا ہے یا حقائق کے انکشاف کی ضرورت ہو سکتی ہے۔

(ا) انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، بینک کی حالت، اس کے کاموں کے نتائج، تبدیلی کے بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔

(ب) بینک کے کھاتوں کی صحیح کتابیں رکھی گئی ہیں۔

(ج) مناسب اکاؤنٹنگ پالیسیاں، جیسا کہ مالیاتی گوشواروں کے نوٹوں میں بیان کیا گیا ہے، مالی بیانات کی تیاری میں مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں؛

(د) بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں بینکوں پر لاگو ہوتا ہے، مالی بیانات کی تیاری میں پیروی کی گئی ہے۔

(ه) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔

(س) ایک جاری تشویش کے طور پر جاری رکھنے کی بینک کی اہلیت کے بارے میں کوئی خاص شک نہیں ہے؛

(ط) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے۔

(م) گزشتہ چھ سالوں کے کلیدی آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ سالانہ رپورٹ کے حصے کے طور پر پیش کیا گیا ہے۔

(ن) سال ۲۰۲۲ کے دوران منعقدہ بورڈ اور بورڈ کمیٹی کے اجلاسوں کی تعداد اور ہر ڈائریکٹر کی حاضری اس سالانہ رپورٹ کے گورننس سیکشن میں ظاہر کی گئی ہے۔

(ه) کمپنیز (جنرل پروویژن اینڈ فارمز) ریگولیشنز ۲۰۱۸ کے مطابق شیئر ہولڈنگ کا پپٹرن اس سالانہ رپورٹ کے حصے کے طور پر منسلک کیا گیا ہے۔

(د) کوئی قرضہ، TFCs، سکوک یا کوئی دوسرا قرضہ انسٹرومنٹ نہیں ہے جس میں بینک نابدہدہ ہے یا نابدہدہ ہونے کا امکان ہے۔

(ی) بینک کے حصص میں ٹریڈنگ پپٹرن، ڈائریکٹرز، کافی شیئر ہولڈرز، ایگزیکٹوز، ان کی شریک حیات اور نابالغ بچوں کی طرف سے سالانہ رپورٹ کے حصے کے طور پر ظاہر کیا گیا ہے۔ اور

(ے) سال ۲۰۲۲ کے لیے بورڈ کی کارکردگی کا جائزہ ۲۰۲۳ کے دوران انفرادی ڈائریکٹرز کی طرف سے خود کیا گیا۔

## رسک مینجمنٹ

بورڈ نے اپنی بورڈ رسک مینجمنٹ کمیٹی کے ذریعے بنیادی خطرات کا ایک مضبوط جائزہ لیا ہے۔ بورڈ کے نظم و نسق کے تحت، بینک کے پاس انتظامی کمیٹیوں اور رسک مینجمنٹ ڈویژن کے ذریعہ ایک اچھی ساختہ اور مضبوط رسک مینجمنٹ اپروچ ہے۔ ہمارے رسک مینجمنٹ فریم ورک، خطرے کی تشخیص، خطرے میں کمی کا طریقہ کار، اہم خطرات اور مواقع کا انکشاف اس سالانہ رپورٹ کے 'خطرہ اور مواقع' سیکشن میں کیا گیا ہے۔

## اندرونی کنٹرول

انتظامیہ کو یقین ہے کہ بینک کا اندرونی کنٹرول کا موجودہ نظام ڈیزائن کے لحاظ سے معقول ہے اور اسے مؤثر طریقے سے لاگو کیا جا رہا ہے اور اس کی نگرانی کی جا رہی ہے۔ تکنیکی حل سمیت بینک کے کنٹرول کے ماحول میں مسلسل بہتری آرہی ہے۔ بورڈ مجموعی داخلی کنٹرولوں کی تاثیر کے انتظام کے جائزے کی توثیق کرتا ہے، بشمول مالیاتی رپورٹنگ پر اندرونی کنٹرول، جیسا کہ اس سالانہ رپورٹ کے 'گورننس' سیکشن میں اندرونی کنٹرول کے بیان میں تفصیل سے بتایا گیا ہے۔

## کارپوریٹ سماجی ذمہ داری

بینک الفلاح میں، ہماری کامیابی ہماری کمیونٹیز، صارفین اور ملازمین کی کامیابیوں کے ساتھ ہے۔ ہمارا مقصد اپنے تمام اسٹیک ہولڈرز کے لیے مشترکہ اقدار بنا کر کاروبار کرنا ہے۔ کارپوریٹ سماجی ذمہ داری (CSR) پائیدار تبدیلی کا ایک ذریعہ ہے اور یہ ہمارے کاروبار کے سب سے اہم پہلوؤں میں سے ایک ہے۔

بینک نے ۲۰۲۲ میں ملک بھر میں تباہ کن سیلابوں اور بے مثال بارشوں کے بعد چیئرمین عزت مآب شیخ نیہان بن مبارک النہیان اور بورڈ آف ڈائریکٹرز کے عزم کی روشنی میں سیلاب کی بحالی کی کوششوں کو جاری رکھا۔ سال کے دوران، گروی رکھی گئی رقم بینک نے متاثرہ علاقوں میں بنیادی ڈھانچے کی تعمیر نو کے لیے تقسیم کی تھی۔ ۱،۱۴۲،۵۰۰ ملین روپے کے عطیات منتخب این جی اوز اور تنظیموں کے تعاون سے حاصل کیے گئے۔

ہم سماجی و اقتصادی ترقی میں حصہ ڈالنے بونے اخلاقی فریم ورک کے اندر کام کرنے کے اپنے عزم پر پختہ ہیں۔ جیسا کہ ہم پورے بینک میں ذمہ دارانہ کاروباری طرز عمل کی تشکیل جاری رکھتے ہیں، ہم اس بات کو یقینی بناتے ہیں کہ ہم ہر موقع کو حاصل کریں، اپنی کارپوریٹ سماجی ذمہ داری اور انسان دوستی کے اثرات کو گہرا کرتے ہوئے۔ بینک نے سال کے دوران مختلف تعلیمی اور دیگر خیراتی اداروں کو ۴۵،۰۲۰ ملین روپے کا عطیہ دیا۔ ایک بینک کے طور پر، ہماری توجہ پائیداری پر ہے۔

مشہور شراکت داروں کے ساتھ تعاون سمیت بینک کی کوششوں کے بارے میں مزید تفصیلات کے لیے، براہ کرم اس سالانہ رپورٹ کے 'پائیداری' سیکشن کو دیکھیں۔

## بیرونی آڈٹ

بینک کو اپنے بیرونی آڈیٹرز، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس سے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے ایک نااہل آڈٹ رپورٹ موصول ہوئی ہے۔

میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، بینک کے موجودہ آڈیٹرز، نے سال ۲۰۲۳ کے لیے بینک کے قانونی آڈیٹرز کے طور پر کام جاری رکھنے کے لیے رضامندی دی ہے۔ بورڈ آڈٹ کمیٹی نے اگلے سال کے لیے دوبارہ تقرری کے لیے ان کے نام کی سفارش کی۔

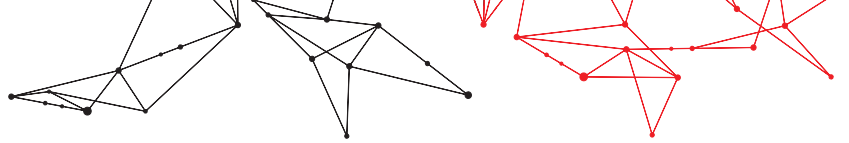
آڈیٹرز کی فرم نے تصدیق کی ہے کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول ریویو پروگرام کے تحت انہیں تسلی بخش درجہ بندی دی گئی ہے، اور یہ کہ فرم اور ان کے تمام شراکت دار انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے رہنما خطوط کے مطابق ہیں۔ کوڈ آف ایٹھکس پر، جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے، اور تمام قابل اطلاق قوانین کے تحت تقرری کے تقاضوں کو پورا کرتے ہیں۔

## مستقبل کا آؤٹ لک

آگے بڑھتے ہوئے، بینک الفلاح ہماری ماضی کی کامیابیوں کی بنیادوں پر استوار کرتے ہوئے، پائیدار ترقی کے لیے اسٹریٹجک طور پر پوزیشن میں ہے۔ ہم اپنے ڈپازٹ بیس کو بڑھانا اور کم لاگت والے ڈپازٹس کو فروغ دینا جاری رکھیں گے، ساتھ ہی ساتھ اپنے صارفین کو بے مثال خدمات پیش کرنے کے لیے اپنے مقامی نقش کو وسیع کرتے رہیں گے۔ صارفین کی جگہ پر زور دینا، ایس ایم ایز کو ان کی ترقی میں مدد کرنا، اور بینکنگ کی ابھرتی ہوئی ضروریات کو پورا کرنے کے لیے تکنیکی ترقی کو بروئے کار لانا کلیدی فوکل پوائنٹس ہوں گے۔ تجارت کے حجم کو بڑھانا، نقدی کے انتظام میں دخول کو بڑھانا، اور سپلائی چین فنانسنگ اور گھریلو ترسیلات میں اپنی پوزیشن کو بہتر بنانا صنعت اور عالمی تبدیلیوں سے ہم آہنگ ہونے کے ہمارے عزم کے مطابق ہے۔

ہماری 'ایک بینک، ایک ٹیم' کی ثقافت برقرار رہے گی، تعاون، تخلیقی صلاحیتوں اور اختراع کو فروغ دے گی۔ ہر مند اور حوصلہ افزا افرادی قوت کو یقینی بناتے ہوئے انسانی سرمائے کی ترقی مرکزی حیثیت رکھتی ہے۔ بینک کی دیکھ بھال کا کلچر تیز کارپوریٹ سماجی ذمہ داری اور ماحولیاتی، سماجی، اور گورننس اقدامات کے ذریعے کمیونٹی تک پھیلا ہوا ہے۔

جدت اور کارکردگی کے لیے اپنے عزم کے مطابق، ہم نئے اقدامات کو شامل کریں گے جو بینک کے اندر مختلف شعبوں میں ٹیکنالوجی، جدید تجزیات اور آئی کا فائدہ اٹھائیں گے۔ یہ نقطہ نظر اس بات کو یقینی بناتا ہے کہ ہم آپریشنل افادیت حاصل کریں اور بینکنگ کی عمدہ کارکردگی میں سب سے آگے رہیں۔



## ۵۔ ری فنانس کی سہولیات

تفویض کردہ ریٹنگ بینک کے متنوع آپریشنز، صحت مند مالیاتی رسک پروفائل، مضبوط اسپانسرز اور موجودہ مارکیٹ میں موجودگی کی عکاسی کرتی ہے۔ یہ ریٹنگز کریڈٹ رسک کی بہت کم توقع، طویل مدت میں مالی وعدوں کی بروقت ادائیگی کی مضبوط صلاحیت اور مختصر مدت میں بروقت ادائیگی کی بلند ترین صلاحیت کو ظاہر کرتی ہیں۔

صنعتوں، خاص طور پر برآمد پر مبنی صنعتوں کو مالی اعانت کی مناسب فراہمی کو یقینی بنانے کے لیے، SBP نے کاروباری ترقی کی ضروریات کو پورا کرنے کے لیے مختلف ری فنانس اسکیمیں شروع کی ہیں۔ ری فنانس کی سب سے بڑی سہولت ایکسپورٹ فنانس اسکیم (EFS) ہے، جس کے تحت بینک نے ۲۰۲۳ کے دوران تقریباً ۱۳۶ ارب روپے تقسیم کیے ہیں۔

## کارپوریٹ گورننس

بینک لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، ۲۰۱۹ کے اہم تقاضوں کی تعمیل کر رہا ہے۔ انتظامیہ کی طرف سے تجویز کردہ بیان اور اس پر آڈیٹر کی جائزہ رپورٹ اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز کو باب XII کے تحت درکار درج ذیل بیانات پیش کرنے پر خوشی ہے - مذکورہ بالا ضوابط کی رپورٹنگ اور انکشاف:

۱۔ ڈائریکٹرز کی کل تعداد آٹھ ہے:

(ا) مرد۔ سات

(ب) خاتون۔ ایک

۲۔ بورڈ کی تشکیل حسب ذیل ہے:

(ا) آزاد ڈائریکٹرز (بشمول ایک خاتون ڈائریکٹر) تین

(ب) نان ایگزیکٹو ڈائریکٹرز چار

(ج) ایگزیکٹو ڈائریکٹرز ایک

۳۔ بورڈ، وقتاً فوقتاً، اپنی ذمہ داریوں کو نبھانے کے لیے کمیٹیاں قائم کرتا ہے۔ بورڈ کی ہر کمیٹی کے لیے، بورڈ ایک باضابطہ ٹرمز آف ریفرنس (TORs) کو اپناتا ہے جس میں تشکیل، کردار، افعال، ذمہ داریوں اور انتظامیہ سے متعلقہ معاملات طے کیے جاتے ہیں۔ بورڈ کی جانب سے درج ذیل کمیٹیاں تشکیل دی گئی ہیں۔

(ا) بورڈ آڈٹ کمیٹی

(ب) بورڈ اسٹریٹیجی اینڈ فنانس کمیٹی

(ج) بورڈ رسک مینجمنٹ کمیٹی

(د) بورڈ ہیومن ریسورس، ریمونیشن اینڈ نویمینیشن کمیٹی

(ه) بورڈ انفارمیشن ٹیکنالوجی کمیٹی

(س) بورڈ کمپینیشن کمیٹی

(ط) بورڈ گرانٹس مینجمنٹ کمیٹی

(م) بورڈ ریل اسٹیٹ کمیٹی

کمیٹیوں کے اراکین اور کمیٹیوں کی شرائط کے لیے، براہ کرم اس سالانہ رپورٹ کے گورننس سیکشن کو دیکھیں۔

۴۔ ریگولیشنری تقاضوں کے مطابق، بینک کے پاس ڈائریکٹرز کے معاوضے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار ہے۔ اس پالیسی کو ابتدائی طور پر ۲۷ مارچ ۲۰۲۰ کو منعقدہ ۲۸ ویں سالانہ جنرل میٹنگ میں بینک کے شیئر ہولڈرز نے متفقہ طور پر منظور کیا تھا اور اس کے بعد ۲۹ مارچ ۲۰۲۲ کو ہونے والی 30 ویں سالانہ جنرل میٹنگ میں اس میں ترمیم کی گئی تھی تاکہ اسے اسٹیٹ بینک آف پاکستان کے کارپوریٹ گورننس کے ساتھ ہم آہنگ کیا جا سکے۔ ریگولیشنری فریم ورک، معاوضے کی پالیسی اور فریم ورک سے متعلق انکشافات اس سالانہ رپورٹ کے گورننس سیکشن کے حصے کے طور پر دیئے گئے ہیں۔ ڈائریکٹرز کی میٹنگ فیس کی ادائیگی، جیسا کہ مالیاتی بیانات کے نوٹ ۳۰ میں بتایا گیا ہے، سالانہ جنرل میٹنگ میں سالانہ آڈٹ شدہ مالیاتی گوشواروں کے ساتھ ممبران کی طرف سے سالانہ منظوری دی جاتی ہے۔

بہترین عمل کے طور پر، ڈائریکٹرز مندرجہ ذیل بیانات دینے میں خوش ہیں:

## گروپ کی کارکردگی

بینک الفلاح نے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے ۳۶،۰۶۸ بلین روپے (۲۰۲۲: ۱۸،۴۹۷ بلین روپے) کا مجموعی منافع بعد از ٹیکس (PAT) پوسٹ کیا۔ بینک کے ایکویٹی ہولڈرز سے منسوب فی حصص آمدنی (EPS) پچھلے سال کے ۱۰،۴۳۸ روپے کے مقابلے میں ۲۳،۱۵ روپے تھی۔

بینک کے پاس الفلاح سی ایل ایس اے سیکورٹیز (پرائیویٹ) لمیٹڈ میں ۶۲،۵۰ فیصد شیئر ہولڈنگ ہے، جو اسٹاک بروکریج، انویسٹمنٹ بینکنگ، کارپوریٹ فنانس اور فنڈ پلیسمنٹ کے کاروبار میں مصروف ہے۔

بینک نے ایک نئی ایکسچینج کمپنی الفلاح کرنسی ایکسچینج (پرائیویٹ) لمیٹڈ کو شامل کیا ہے جس کا مجاز سرمایہ ۲ ارب روپے ہے۔ یہ ایکسچینج کمپنی بینک کے مکمل ملکیتی ذیلی ادارے کے طور پر کام کرے گی، اور زرمبادلہ کے جامع حل فراہم کرے گی۔ توقع ہے کہ ایکسچینج کمپنی سال ۲۰۲۳ میں کام شروع کر دے گی۔

مزید، بینک نے الفلاح انشورنس لمیٹڈ میں ۳۰ فیصد، سفائر ونڈ پاور لمیٹڈ میں ۳۰ فیصد اور الفلاح جی ایچ پی انویسٹمنٹ مینجمنٹ لمیٹڈ میں ۲۰،۴ فیصد کی ایکویٹی سرمایہ کاری کے ساتھ اداروں کو منسلک کیا ہے۔

ذیلی ادارے کی کارکردگی:

الفلاح سی ایل ایس اے سیکورٹیز (پرائیویٹ) لمیٹڈ کو ۲۳،۹۱۰،۶۳۹ ملین روپے کا آپریٹنگ نقصان ہوا (۲۰۲۲: ۱۱،۴۳۱ ملین روپے) بنیادی طور پر اس کی تجارتی وصولیوں پر متوقع کریڈٹ نقصان کی وجہ سے۔ اس کے مطابق، گزشتہ سال ۰،۱۹ روپے کی فی حصص آمدنی کے مقابلے میں سال کے لیے نقصان فی حصص (EPS) ۲۸،۴۳۲ روپے تھا۔ اس نقصان کی وجہ سے، بینک ماتحت ادارے کے کاموں کو سپورٹ کرنے کے لیے ضرورت کے مطابق مزید سرمایہ/فنڈ دینے پر غور کر رہا ہے۔ اس کی منظوری ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے آئندہ سالانہ جنرل میٹنگ میں شیئر ہولڈرز کے ذریعے دی جائے گی۔

## ڈیویڈنڈ، بونس شیئرز اور دیگر تخصیصات

ڈائریکٹرز نے روپے کے فنانل کیش ڈیویڈنڈ کی سفارش کی ہے۔ ۳۱ دسمبر ۲۰۲۲ کو ختم ہونے والے سال کے لیے ۵۰ فی شیئر (۵۰ فیصد)، آئندہ سالانہ جنرل میٹنگ میں حصص یافتگان کی منظوری سے مشروط ہے، جس سے سال کے لیے کل کیش ڈیویڈنڈ ۸۰ روپے فی شیئر ہو جائے گا۔ بورڈ نے اس سے قبل ۳۰ روپے فی حصص (۳۰ فیصد) کے عبوری نقد منافع کا اعلان اور ادائیگی کی تھی۔

دیگر تخصیصات:

بورڈ نے بینکنگ کمپنیز آرڈیننس ۱۹۶۲ کے تقاضوں کی تعمیل کرتے ہوئے رواں سال کے منافع سے قانونی ذخائر کے لیے ۳،۲۶۲ بلین روپے کی تخصیص کی منظوری دی ہے۔

## کریڈٹ ریٹنگ

بینک کو PACRA کی طرف سے درج ذیل ریٹنگ تفویض کی گئی ہے:

۔ اینٹیٹی ریٹنگ: طویل مدتی کے لیے 'AA+' (ڈبل اے پلس) اور مختصر مدت کے لیے 'A1+' (One Plus-A)، آؤٹ لک کو 'مستحکم' کے طور پر تفویض کیا گیا۔

۔ انسٹرومنٹس ریٹنگ: بینک کے غیر محفوظ ٹائر ۱ کیپٹل (ٹرم فنانس سرٹیفکیٹ) کو 'سٹیبل' آؤٹ لک کے ساتھ 'AA-' (ڈبل اے منس) کی کریڈٹ ریٹنگ دی گئی ہے۔

درمیانی مدت کا نوٹ (AAA: (A-Triple) MTN) ریٹنگ: انسٹرومنٹ ایک ریٹیڈ، محفوظ، لسٹڈ، اور ریڈیم ایبل فکسڈ ریٹ ٹرم فنانس سرٹیفکیٹ (TFC) ہے۔

لون بک ۲۸۴ء ۶۶۶ بلین روپے پر بند ہوئی۔ چیلنجنگ مارکیٹ کی حرکیات کے درمیان کریڈٹ ڈسپنس کو برقرار رکھنا۔ ہمارا انٹر رائٹنگ ڈسپنس اور درست کلانٹ کا انتخاب ہمارے لیے بہترین ثابت ہوا جو کہ ۳۱ دسمبر ۲۰۲۳ تک ہمارے غیر فعال قرضوں کا تناسب ۴.۸ فیصد ہے۔ یہ کچھ محتاط درجہ بندی کے باوجود ہے۔ مزید برآں، غیر فعال قرضے ۱۱.۲ فیصد کوریج کے ساتھ مکمل طور پر محیط ہیں۔ سال کے دوران بینک نے روپے کا اضافی عمومی پروویژن لیا۔ اس طرح کے قرضوں سے درپیش معاشی کمزوری کی وجہ سے ہائی رسک پورٹ فولیو کے خلاف ۱۵۳ بلین روپے، جبکہ سیلاب سے متاثرہ پورٹ فولیو کے لیے رکھی گئی پروویژن کو تبدیل دیا گیا کیونکہ اس پورٹ فولیو میں رکاوٹیں کم ہو گئی ہیں۔

#### بینک کے سرمائے کی ساخت

بینک ریگولیٹری بینج مارکس اور بیسل کیٹیٹ کی ضروریات سے کافی اوپر کیٹیٹ بیس کے ساتھ اچھی طرح سے سرمایہ دار رہا۔ یہ اپنی رسک برداشت کرنے کی صلاحیت کو بڑھانے کے لیے کافی منافع برقرار رکھنے کی پالیسی کے ساتھ جاری ہے۔ بینک کا کل کیٹیٹ ایڈیکسی ریشو ۱۱.۵۰ فیصد کے مقابلے میں ۱۲.۴۳ فیصد ہے (جس میں کل رسک ویٹڈ اثاثوں (RWA) کے ۱.۵۰ فیصد کے کیٹیٹ کنزرویشن بفر بھی شامل ہے)۔ سرمائے کا معیار بینک کے کامن ایکویٹی ٹائر-۱ (GET1) سے ظاہر ہوتا ہے۔ کل رسک ویٹڈ اثاثہ جات کے تناسب سے، جو کہ ۵.۵۰ فیصد کی ریگولیٹری ضرورت کے مقابلے میں ۱۱.۲۳ فیصد پر آتا ہے (بشمول ۱.۵ فیصد CAR (CCB) اور رسک مینجمنٹ کے بارے میں تفصیلی انکشافات بالترتیب نوٹ ۳۵ اور ۳۶ میں، منسلک غیر متفقہ مالی بیانات میں دیے گئے ہیں۔

### کاروباری کارکردگی کا جائزہ

اس سالانہ رپورٹ کے تنظیمی جائزہ، آؤٹ لک، کارکردگی اور پوزیشن سیکشنز میں کاروباری ترقی، بینک کی کارکردگی اور پوزیشن اور ماحول پر اس کے اثرات پر تفصیل سے بات کی گئی ہے۔

#### حکومت پاکستان (GoP) اور اسٹیٹ بینک آف پاکستان (SBP) کی پالیسیاں اور بینک کی کاروباری کارکردگی پر ان کے اثرات

تعمیراتی اور برآمدی صنعتوں میں ترقی کو فروغ دینے اور مقامی مینوفیکچررز کے لیے کاروباری ماحول کو بہتر بنانے کے حکومت کے وژن کے مطابق، SBP نے جاری رکھا۔ معاشی ترقی اور وسائل کے موثر استعمال کے لیے حکومتی پالیسیوں کی حمایت میں اپنے سہولت کار کردار کے ساتھ۔ مالی شمولیت، مالیاتی ترقی اور مالیاتی لین دین کی دستاویزات کو فروغ دینے پر مسلسل زور دینے کے ساتھ، SBP نے مقامی بینکوں اور ترقیاتی مالیاتی اداروں (DFIs) کے ساتھ مل کر کئی اقدامات متعارف کرائے ہیں۔ بینک الفلاح نے ان ترقیاتی اہداف کے حصول کے لیے مسلسل اپنی لگن کا مظاہرہ کیا اور ان اقدامات میں نمایاں کارکردگی اور شراکت کے لیے اسے بار بار تسلیم کیا گیا۔

#### ۱. مالی شمولیت کے لیے ڈیجیٹلائزیشن

ڈیجیٹل مالیاتی حل کو ترجیح دینے کا مالی شمولیت سے براہ راست تعلق ہے۔ چونکہ ڈیجیٹل چینلز مالیاتی شعبے کی رسائی کو زیادہ موثر اور لاگت کو کم کرنے کے لیے کام کرتے ہیں، اسٹیٹ بینک نے کئی محاذوں پر منصوبے شروع کیے ہیں۔ اہم شعبوں میں بینک کا تعاون ذیل میں دیا گیا ہے:

#### (i) ڈیجیٹل مصنوعات اور اقدامات

صنعت میں ایک علمبردار ہونے کے ناطے، ہم نے ڈیجیٹل بینکنگ کی خدمات کو بہتر بنانے اور صارفین کے ساتھ جڑنے کے لیے اختراعی طریقے تیار کرنے کے لیے اپنی کوششوں کو تیز کیا، اس کے ساتھ ساتھ صارف پر مبنی نقطہ نظر کے لیے اپنی وابستگی کو برقرار رکھا۔ ہم اپنے مضبوط برانچ نیٹ ورک کی تکمیل کے لیے اپنی ڈیجیٹل صلاحیتوں میں جدت اور سرمایہ کاری کرتے رہتے ہیں، اپنے صارفین کو اس قابل بناتے ہیں کہ وہ کیسے اور کہاں چاہتے ہیں بینک کر سکیں۔ ہماری حکمت عملی مالی شمولیت کو فروغ دینے کے لیے اسٹیٹ بینک کے مقاصد سے ہم آہنگ ہے۔ غیر خدمت شدہ اور غیر محفوظ افراد کو کریڈٹ تک رسائی فراہم کرنا؛ اور سستی / لاگت سے موثر ڈیجیٹل مالیاتی خدمات فراہم کرنا۔ ۲۰۲۳ میں اٹھائے گئے چند

اہم ڈیجیٹل اقدامات میں شامل ہیں: (i) ڈیجیٹل سیلز اور سروس سینٹرز (کمپیکٹ شاپس جن میں اے ٹی ایم، سی ڈی ایم، اور سی ڈی کے ہیں، جو شہروں اور قصبوں میں کیش بیوی مارکیٹ والے علاقوں میں اسٹریٹجک طور پر واقع ہیں)، (ii) پاکستان کا پہلا ڈیجیٹل طرز زندگی۔ برانچ، الفبا بی بی ایل (Buy Now Pay Later) کریڈٹ کارڈ ہولڈرز کے لیے اسلامی، اور اے ٹی ایم ماڈرنائزیشن۔

#### (ب)۔ راست

ایس بی پی نے پاکستان میں فوری، قابل بھروسہ اور صفر لاگت والی ڈیجیٹل ادائیگی کی خدمات فراہم کرنے کے لیے پاکستان کا پہلا فوری ادائیگی کا نظام متعارف کرایا جس کا نام ہے راست۔ راست ایک اینڈ ٹو اینڈ ڈیجیٹل ادائیگیوں کا حل ہے اور اس کا مقصد افراد اور چھوٹے کاروباروں کی چھوٹی قیمت کی خوردہ ادائیگیوں کو حقیقی وقت میں طے کرنے کے لیے استعمال کیا جانا ہے۔ ایس بی پی نے اب تاجروں اور کاروباروں کے لیے ڈیجیٹل ادائیگی کی قبولیت کو آسان بنانے کے لیے ایک P2M (پرسن ٹو مرچنٹ) سروس شروع کی ہے۔ P2M سروس کیو آر کوڈز، الیاز، راست، آئی بی اے اور ریکونسٹ ٹوپے کا استعمال کرتے ہوئے کاروبار کے ذریعے ادائیگی کی منظوری کو قابل بنانے کی۔ بینک الفلاح اس نئے پیمنٹ گیٹ وے کی تشریح کے لیے بہت سرگرم ہے۔ ۲۰۲۳ کے دوران تقریباً ۴۰۰۰۰۰۰ بینک صارفین کو راست سے منسلک کیا گیا ہے، جس نے ۲.۲ ملین ٹرانزیکشنز کی ہیں جن کی مالیت ۲۰۲۳ کے دوران ۳۳۰ بلین روپے ہے۔

#### ۲. مالی شمولیت اور مالی خواندگی

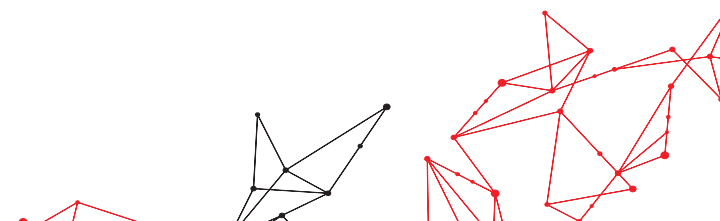
بینک، SBP کے وژن کے مطابق مالی شمولیت اور مالی خواندگی کو بہتر بنانے کے لیے اقدامات کرتا رہا۔

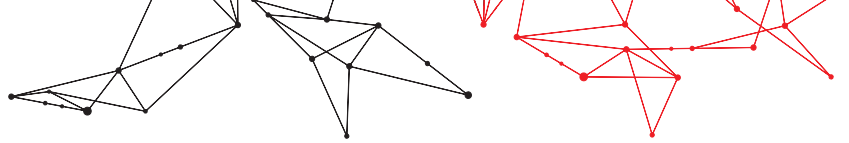
#### ۳. روشن ڈیجیٹل اکاؤنٹ (RDA)

روشن ڈیجیٹل اکاؤنٹ غیر مقیم پاکستانیوں (NRPs) کے لیے بینکنگ سہولت فراہم کرنے کے لیے SBP کا فلیگ شپ پروگرام ہے، جو ترسیلات زر کی آمد کے حوالے سے بھی ملک کی مدد کر رہا ہے۔ اسکیم کے تحت، SBP نے آر ڈی اے کے تحت بہت سی انتہائی ضروری مصنوعات تیار کی ہیں، جن میں (i) نیا پاکستان سرٹیفکیٹس (NPCs)، (ii) روشن اپنی کار (RAC)، (iii) روشن اپنا گھر (RAG)، (iv) روشن سماجی خدمت (RSK)، اور (v) روشن ایکویٹی انویسٹمنٹس۔ آر ڈی اے چینل کے ذریعے، NRPs انٹرنیٹ بینکنگ اور موبائل ایپس کے ذریعے LCY/FCY اکاؤنٹس کو ڈیجیٹل طور پر کھول / آپریٹ کر سکتے ہیں بغیر طویل دستاویزات کے اور NPCs کے ذریعے پیکش منافع فراہم کرنے والے سیونگز کے طریقوں تک رسائی حاصل کر سکتے ہیں۔ بینک الفلاح اپنے آغاز سے لے کر ۳۱ دسمبر ۲۰۲۳ تک کامیابی کے ساتھ ۳۴ ہزار سے زیادہ آر ڈی اے کھول چکا ہے اور سال کے آخر تک آر ڈی اے کے کھاتوں میں بیلنس ۹.۳ بلین روپے ہے۔ بینک الفلاح کے ذریعے نیا پاکستان سرٹیفکیٹس (NPCs) میں کی گئی کل سرمایہ کاری ۳۱ دسمبر ۲۰۲۳ تک ۹۳.۴ بلین روپے تھی۔

#### ۴. ایس ایم ای آسان فنانس (SAAF) اسکیم

چھوٹے اور درمیانے درجے کے کاروباری ادارے (SMEs) پاکستان کے جی ڈی پی میں تقریباً ۴۰ فیصد حصہ ڈالتے ہیں اور اقتصادی ترقی کے لیے اہم ہیں۔ اس سلسلے میں، SBP نے حکومت پاکستان کے ساتھ مل کر SAAF کا آغاز کیا جو کہ قرض کے قابل SMEs کے لیے ری فنانس اور کریڈٹ گارنٹی کی سہولت ہے جنہیں فنڈنگ تک رسائی میں چیلنجز کا سامنا ہے۔ اس کی خصوصیات میں شامل ہیں: (i) شریعت کے مطابق مصنوعات کے لیے اختیار، (ii) ورکنگ کیٹیٹ اور ٹرم لونز کے لیے سہولت، اور (iii) ذاتی ضمانتوں کی منظوری۔ بینک الفلاح، جو پہلے سے ہی اس شعبے میں سرگرم ہے اور معاشی ترقی کے حتمی حکومتی ہدف کی طرف مدد کر رہا ہے، سب سے آگے رہا۔ ۲۰۲۳ کے دوران، بینک نے تقریباً ۳۳۱ قرض کی درخواستوں پر کارروائی کی ہے اور اس اسکیم کے تحت ۱.۴ بلین روپے سے زیادہ کی رقم تقسیم کی ہے۔





حاصل ہونے والی آمدنی میں صحت مند اضافہ ہوا۔

حکومت نے بینکوں کو ۲۰۲۳ کے لیے سرمایہ کاری کی آمدنی پر آے ڈی آر پر مبنی ٹیکس سے ہٹا دیا، تاہم، فننانس ایکٹ ۲۰۲۳ نے ونڈ فال انکم پر ٹیکس متعارف کرایا جس کا بینکنگ انڈسٹری نے مقابلہ کیا ہے۔

شیڈول بینکوں کے ڈپازٹس میں ۲۳.۴ فیصد بہتری آئی، بنیادی طور پر پرکشش شرح سود اور کم بنیادی اثر کی وجہ سے، کیونکہ آے ڈی آر پر مبنی ٹیکس نے ۲۰۲۲ میں ڈپازٹ کی نمو کو کم کیا۔ CASA کا تناسب جون ۲۰۲۳ میں ۷۷.۴ فیصد تک بہتر ہوا جو دسمبر ۲۰۲۲ میں ۷۶.۴ فیصد تھا۔

حکومت بلند مالیاتی ضروریات کے درمیان، بینکوں کی جانب سے سرکاری سیکورٹیز میں سرمایہ کاری کے ذریعے، خاص طور پر مختصر مدت کے ٹی بلز کے درمیان، جہاں بقایا OMOs کی رقم (SBP سے بینکوں کے قرضے) سال کے دوران تاریخی بلند سطح پر پہنچ گئی۔ دسمبر ۲۰۲۲ میں بالترتیب ۵۳ فیصد اور ۸۰ فیصد کے مقابلے میں نجی شعبے کا کریڈٹ سیکٹر آے ڈی آر اور آئی ڈی آر بالترتیب ۳۵ فیصد اور ۹۲ فیصد کے ارد گرد کھڑا رہا۔

بینکنگ سیکٹر میں مجموعی ایڈوانسز میں ۲۰۲۲ میں ۱۶.۴ فیصد کی شرح نمو کے مقابلے میں صرف ۳.۲ فیصد کا اضافہ ہوا ہے۔ پیش قدمی میں سست نمو حکومت کی اعلیٰ مالی ضروریات، سست مجموعی مانگ کے ساتھ اعلیٰ قرضے لینے کے اخراجات، اور سبسڈی میں کمی کی وجہ سے ہو سکتی ہے۔ ری فنانسنگ کی شرحوں کو پالیسی کی شرح سے جوڑ کر NPL کا تناسب دسمبر ۲۰۲۲ میں ۶.۳ فیصد سے ستمبر ۲۰۲۳ میں ۷.۷ فیصد تک بڑھنے کے ساتھ مجموعی طور پر اثاثوں کا معیار قدرے خراب ہوا، NPL اسٹاک میں ۳.۴ فیصد اضافہ ہوا۔ تاہم، کوریج کا تناسب ستمبر ۲۰۲۳ میں ۹۵.۵ فیصد ہو گیا جو دسمبر ۲۰۲۲ میں ۸۹.۵ فیصد تھا۔

#### بینکنگ سیکٹر کا آؤٹ لک

۲۰۲۳ کے لیے بینکنگ سیکٹر کا آؤٹ لک مثبت رہتا ہے۔ آئی ایم ایف کے تحت، ۲۰۲۳ کے مقابلے میں معیشت کے مستحکم رہنے کی توقع ہے۔ افراط زر جاری رہنے کا امکان ہے، اور شرح سود میں کمی متوقع ہے۔ پالیسی کی شرح میں تبدیلی کا وقت اور شدت خالص سود کی آمدنی کی سمت متعین کرے گی۔ بانڈ اور ایکویٹی مارکیٹوں میں ریلی کیپٹیل گین کے مواقع فراہم کر سکتی ہے، جو کہ نان مارک اپ آمدنی کے لیے اچھی بات ہوگی۔

آئی ایم ایف پروگرام کا تسلسل، اور عبوری حکومت کی جانب سے شروع کیا گیا اصلاحاتی عمل بینکنگ سیکٹر کی معاشی استحکام اور کارکردگی کے لیے اہم ہوگا۔

آئی ایف آر ایس۔ ۹ کا نفاذ صنعت کے نقطہ نظر کو قرضوں پر خطرے کی بنیاد پر قیمتوں کے تعین کی طرف بدل دے گا جس کی قیمت ڈیفالٹ کے امکان کی بنیاد پر ہوگی۔ کریڈٹ کے نقصانات کی بروقت شناخت اور فراہمی ایک محفوظ بینکاری نظام کو فروغ دیتی ہے اور نگرانی میں اہم کردار ادا کرتی ہے۔

#### بینک کی کارکردگی کا جائزہ

۳۱ دسمبر، ۲۰۲۳ کو ختم ہونے والے سال کے لیے بینک کے مالیاتی نتائج کی جھلکیاں مندرجہ ذیل ہیں:

مالیاتی پوزیشن	۲۰۲۳	۲۰۲۲
شیلڈ ہولڈرز کی ایکویٹی	۱۳۷,۹۲۳	۱۰۰,۰۱۵
اثاثوں کی مجموعی مالیت	۲,۳۳۵,۹۱۷	۲,۴۵۳,۱۹۷
جمع شدہ کل رقوم (ڈپازٹس)	۲,۰۸۲,۹۹۷	۱,۴۸۶,۸۳۵
ایڈوانسز - خالص	۷۳۵,۰۵۲	۷۳۴,۳۷۵
سرمایہ کاریاں - خالص	۲,۰۶۷,۲۶۳	۱,۱۱۲,۳۰۷

۲۰۲۳	۲۰۲۲	روپے ملین میں
خالص مارک اپ آمدنی	۱۲۶,۰۷۵	۷۷,۲۳۲
نان مارک اپ آمدنی	۲۸,۰۶۳	۲۱,۸۸۳
نان مارک اپ اخراجات	۶۶,۳۹۷	۵۰,۳۹۷
آپریٹنگ پروفٹ	۸۷,۷۳۷	۴۸,۷۲۹
پرویزن اور رانٹ آفز (خالص)	۹,۳۶۲	۱۲,۳۶۸
قبل از ٹیکس منافع	۷۸,۳۷۵	۳۶,۳۶۱
بعد از ٹیکس منافع	۳۶,۴۵۶	۱۸,۲۰۶
بنیادی اور ڈائیلیو ٹڈ آمدنی فی شیئر - روپے	۲۳.۱۲	۱۰.۲۷

بینک الفلاح نے ۲۰۲۳ کے دوران منافع میں مثالی اضافہ کیا۔ ٹیکس کے بعد منافع ۳۶,۴۵۶ بلین روپے ہے جو کہ پچھلے سال ۱۸,۲۰۶ بلین روپے تھا، جو کہ ۱۰۰ فیصد سے زیادہ نمو ہے۔ فی شیئر آمدنی ۲۳.۱۲ روپے (۲۰۲۲: ۱۰.۲۷ روپے) ہے۔ بہتر منافع کی مدد سے، بینک نے نیٹ ورک، لوگوں اور ٹیکنالوجی میں نمایاں سرمایہ کاری بھی جاری رکھی۔

سال کے دوران ریونیو ۵۵.۵ فیصد بڑھ کر ۱۳۳,۱۳۳ بلین روپے پر بند ہوا جو گزشتہ سال ۹۹,۱۲۶ بلین روپے تھا۔ مارک اپ آمدنی، جس میں ۲۳.۴ فیصد اضافہ ہوا، آمدنی میں اضافے میں کلیدی معاون تھا۔ خالص آمدنی والے اثاثوں میں اضافے اور اثاثے کی کتاب کی اعلیٰ شرحوں پر دوبارہ قیمتوں کا مجموعہ مارک اپ آمدنی میں اضافے کا باعث بنا۔ غیر مارک اپ آمدنی ۲۸,۰۶۳ بلین روپے رہی، جو گزشتہ سال کی اسی مدت کے مقابلے میں ۲۸.۲ فیصد زیادہ ہے۔ بڑھتی ہوئی فیس اور کمیشن کی آمدنی، اور مشتقات سے حاصل ہونے والے فوائد مثبت تغیر میں اہم کردار ادا کرنے والے عوامل تھے۔

بینک اخراجات کی نگرانی میں چونکا رہتا ہے اور لاگت کے محتاط انتظام کی مشق کرتا ہے، جبکہ توسیع کے ذریعے آمدنی میں اضافے اور مارکیٹ شیئر حاصل کرنے پر توجہ مرکوز کرتا ہے۔ یہ عزم نئی شاخوں کے قیام، ڈیجیٹل اور انفارمیشن ٹیکنالوجی پلیٹ فارمز میں سرمایہ کاری اور پیشہ ورانہ مشاورت کے ساتھ مشغولیت سے ظاہر ہوتا ہے۔ تمام نئے منصوبوں میں سرمایہ کاری پر سمجھوتہ کیے بغیر۔ بینک نے ۲۰۲۳ کے دوران ایک جدید ترین ڈیجیٹل لائف اسٹائل برانچ کھولی، ایک صنعت کی حیثیت سے سب سے پہلے۔ برانچ میں دلچسپ اختراعات جیسے کہش اور چیک ڈپازٹ مشینیں، ڈیجیٹل لاکرز اور ایلفا مال کے ذریعے Buy Now Pay Later (BNPL) اسٹور کے ساتھ طرز زندگی کی خصوصیات جیسے اعلیٰ درجے کے کھانے اور ورک اسپیس شیئرنگ شامل ہیں۔ مزید برآں، مارکیٹنگ اور برانڈنگ کے زیادہ اخراجات، پاکستانی روپے کی قدر میں کمی اور افراط زر سے متعلق اثرات بھی آپریٹنگ اخراجات میں اضافے کا باعث بنے۔ بینک نے سیلاب سے متاثرہ علاقوں میں بحالی، صحت کی دیکھ بھال، تعلیم وغیرہ پر مشتمل ترقی کے منصوبوں کے لیے این جی اوز کو مالی مدد فراہم کر کے کارپوریٹ سماجی ذمہ داری کا اپنا کردار بھی ادا کیا۔ ۲۰۲۳ کے دوران، بینک نے ۱۰۰ سے زائد نئی شاخیں قائم کیں، جنہوں نے صارفین کے حصول میں نمایاں کردار ادا کیا، ڈپازٹ سوبلائزیشن، تھرو پٹ میں اضافہ اور اس کے نتیجے میں آمدنی میں اضافہ۔ مزید برآں، بینک حکمت عملی کے ساتھ ڈیجیٹل ٹیکنالوجی میں سرمایہ کاری کر رہا ہے، جس میں ان پھلوؤں پر زور دیا جا رہا ہے جو تعلقات کو مضبوط بنانے اور مارکیٹ شیئر حاصل کرنے کی اجازت دیتے ہیں۔ اس کامیابی کو پچھلے تین سالوں میں ہساری مارکیٹ شیئر کی ترقی سے واضح کیا گیا ہے۔ بینک کی لاگت سے آمدنی کا تناسب ۵۰.۰ فیصد SPLY کے مقابلے میں ۴۱.۸ فیصد تک بہتر ہوا، جس کی مضبوط آمدنی میں اضافہ ہوا۔

مزید برآں، نیٹ ورک کی غیر معمولی کوششوں، ایک متنوع پروڈکٹ سوٹ اور اس کے اسٹریٹجک پلان کی کامیاب تکمیل کے نتیجے میں بینک الفلاح نے ۲۰۲۳ میں ۲۰.۲ فیصد کی شاندار ڈپازٹ ۲,۰۸۵ ٹریلین روپے میں نمو حاصل کی۔ یہ اضافہ بنیادی طور پر کرنٹ اور سیونگ اکاؤنٹس میں ۱۹.۵ فیصد اور ۲۱.۸ فیصد کی بہتری کی وجہ سے ہوا ہے، جو کہ ۳۱ دسمبر ۲۰۲۳ تک بالترتیب ۷۹۰,۳۵۹ بلین روپے اور ۱۵۲,۱۷۹ بلین روپے تھا۔

# ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

معزز شیئر ہولڈرز،

ہم بورڈ آف ڈائریکٹرز کی جانب سے ۳۱ دسمبر ۲۰۲۳ کو ختم ہونے والے سال کے لیے ڈائریکٹرز کی رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرنے میں خوشی محسوس کرتے ہیں۔

## معاشی جائزہ

### عالمی معیشت

سال ۲۰۲۳ میں مہنگائی کو روکنے پر مسلسل توجہ دی گئی، عالمی مرکزی بینکوں نے سخت مالیاتی پالیسی کا موقف برقرار رکھا۔ یو ایس فیڈ نے بینچ مارک کی شرح کو ۱۰۰ بی بی ایس سے بڑھا کر ۵.۵ فیصد کر دیا۔ آئی ایم ایف کو توقع ہے کہ عالمی افراط زر ۲۰۲۲ میں ۸.۷ فیصد سے ۲۰۲۳ میں ۶.۹ فیصد اور ۲۰۲۳ میں ۵.۸ فیصد تک گرے گا۔ محدود موقف کا عالمی معاشی نمو پر اثر پڑا، جو ۲۰۲۲ میں ۳.۵ فیصد سے کم ہو کر ۲۰۲۳ میں ۳.۴ فیصد رہ گئی، اور ۲۰۲۳ میں مزید ۲.۹ فیصد تک سست ہونے کی توقع ہے۔ اعلیٰ شرحوں کے عالمی بینکنگ سیکٹر کے لیے بھی کچھ منفی اثرات مرتب ہوئے، امریکہ میں متعدد علاقائی بینکوں کے خاتمے کے ساتھ۔ تاہم، سال سرمایہ کاروں کے لیے حوصلہ افزا رہا کیونکہ زیادہ تر اثاثہ جات کی کلاسز (اجناس کو چھوڑ کر) نے ۲۰۲۳ میں مثبت منافع حاصل کیا، ۲۰۲۲ میں رجحان دیکھا گیا۔

آگے بڑھتے ہوئے، ۲۰۲۳ میں مرکزی بینکوں کی جانب سے مزید کمی اور مالیاتی نرمی کے آغاز کی توقع ہے۔ روس-یوکرین جنگ کے نتیجے میں عالمی معیشت ابتدائی سپلائی جھٹکوں سے سنبھل گئی ہے اور ایشیا کی قیمتیں جنگ سے پہلے کی سطح تک گر گئی ہیں جو کہ عالمی افراط زر کے لیے اچھا اشارہ ہے۔ افراط زر کے نقطہ نظر کے لیے اہم خطرات جغرافیائی سیاسی اور آب و ہوا کے جھٹکے ہیں۔ ۲۰۲۳ وہ سال بھی ہے جس میں یو ایس اے اور دیگر اہم منڈیوں جیسے یوکر، انڈیا، روس اور پاکستان میں الیکشن شیڈول ہیں۔

### ملکی معیشت

پاکستان کے لیے سال ۲۰۲۳ دو حصوں کی کہانی تھا۔ پہلی ششماہی میں زرمبادلہ کے ذخائر میں کمی، کرنسی کی قدر میں تیز کمی، اور مہنگائی کی بلند ترین شرح دیکھی گئی۔ دوسرے نصف کا آغاز آئی ایم ایف کی طرف سے ۳ بلین امریکی ڈالر کے اسٹیٹڈ بانڈی ایگریمنٹ کی منظوری کے ساتھ ہوا، اس کے بعد کے ایس اے اور یو اے ای کی طرف سے ۳ بلین امریکی ڈالر کے ڈیہازٹ ہوئے۔ نتیجتاً، پہلے سے طے شدہ صورتحال ٹل گئی، اور اسٹیٹ بینک آف پاکستان کے ایف ایکس رییزرو میں بہتری آئی۔

چونکہ پاکستان کو متعدد چیلنجوں کا سامنا تھا (سیلاب، درآمدی پابندیاں، آئی ایم ایف پروگرام کی معطلی، وغیرہ)، معاشی سرگرمیوں کا سامنا کرنا پڑا، مالی سال ۲۳ کے لیے حقیقی جی ڈی پی نمو ۵.۸ فیصد اور ۶.۲ فیصد کی مسلسل دو سالوں کے مقابلے میں ۰.۲ فیصد سکڑ گئی۔ سال ۲۱ اور سال ۲۲ بالترتیب انڈسٹریل سیکٹر کی طرف سے جی ڈی پی کی نمو پر ایک بڑا کھینچاؤ آیا، جس میں ۳.۸ فیصد کمی واقع ہوئی۔ دوسری طرف، زراعت میں ۲.۳ فیصد اضافہ ہوا، جب کہ خدمات کے شعبے کی ترقی محض ۰.۱ فیصد رہی۔ نئے آئی ایم ایف ایس بی اے کی ضرورت کے مطابق، پاکستان بیورو آف اسٹیٹسٹکس (پی بی ایس) نے سہ ماہی قومی اکاؤنٹس جاری کیے جہاں ۳۰ ستمبر ۲۰۲۳ کو ختم ہونے والی سہ ماہی کے لیے حقیقی جی ڈی پی کی نمو گزشتہ سال کی اسی سہ ماہی کے مقابلے میں ۲.۱ فیصد بتائی گئی ہے، جس کے نتیجے میں یہ شرح زراعت میں ۵.۱ فیصد ترقی، صنعتوں میں ۲.۵ فیصد اور خدمات میں ۰.۸ فیصد اضافہ ہوا۔

پاکستان نے تاریخی بلند افراط زر کی ریڈنگز ریکارڈ کیں، ۲۰۲۳ کی اوسط ہیڈ لائن افراط زر ۲۰۲۲ میں ۱۹.۹ فیصد کے مقابلے میں ۳۰.۸ فیصد رہی۔ مئی ۲۳ میں افراط زر ۳۸ فیصد تک پہنچ گئی، جب کہ ۲۳ دسمبر میں گر کر ۲۹.۶ فیصد ہو گئی۔ کرنسی کی قدر میں کمی، خوراک کی فراہمی کے جھٹکے، اور توانائی کی قیمتوں (بجلی، گیس اور ایندھن کی قیمتوں) پر سبسڈی کا خاتمہ/کمی، افراط زر میں اہم کردار ادا کرنے والے عوامل تھے۔

افراط زر کے دباؤ کا مقابلہ کرنے اور مجموعی طلب کو کم کرنے کے لیے، اسٹیٹ بینک نے سخت مالیاتی پالیسی کا موقف جاری رکھا۔ سال کے دوران پالیسی ریٹ میں مجموعی اضافہ ۲۰۰ بیسیس پوائنٹس تھا، جون میں آخری اضافہ کے ساتھ۔ جولائی کے بعد سے، نئے آئی ایم ایف ایس بی اے کے بعد، اسٹیٹ بینک کے ساتھ جمود برقرار ہے، اس بات کو نمایاں کرتے ہوئے کہ حقیقی سود کی شرحیں ۱۲ ماہ کی مستقبل کی بنیاد پر مثبت ہیں۔

ادائیگی کے توازن کے محاذ پر، کرنٹ اکاؤنٹ میں بہتری جاری رہی، مالی سال 23 میں کرنٹ اکاؤنٹ خسارہ سال ۲۰۲۲ میں ۱۷.۵ بلین امریکی ڈالر کے مقابلے میں ۲.۲ بلین امریکی ڈالر رہا۔ سال ۲۰۲۳ کی پہلی سہ ماہی میں، کرنٹ اکاؤنٹ خسارہ پچھلے مالی سال کی اسی مدت میں ۳.۱ بلین امریکی ڈالر کے مقابلے میں مزید بہتر ہو کر ۰.۸ بلین امریکی ڈالر ہو گیا ہے۔ یہ، دو طرفہ اور کثیر جہتی ذرائع سے حاصل ہونے والے بہاؤ کے ساتھ، دسمبر ۲۲ میں ۵.۱ بلین امریکی ڈالر کے مقابلے میں دسمبر ۲۳ میں اسٹیٹ بینک کے ذخائر ۸.۶ بلین امریکی ڈالر تک پہنچ گئے۔

کرنسی مسلسل دباؤ میں رہی، ۲۰۲۳ کے دوران ڈالر کے مقابلے میں ۲۰ فیصد کمی ہوئی۔ انٹربینک مارکیٹ میں پاک روپے کی قدر ۳۰۷.۴ روپے تک گر گئی، جبکہ اوپن مارکیٹ میں، یہ کامیاب غیر قانونی ڈالر کی تجارت کے خلاف آپریشن سے پہلے ۳۳۵ روپے فی امریکی ڈالر کے قریب منڈا رہی تھی۔ جس کے بعد برابری میں بہتری آئی، اور ایکسچینج ریٹ سال ۲۸۱.۸۲ روپے / امریکی ڈالر پر بند ہوا۔

پاکستان نے مالی سال ۲۳ میں جی ڈی پی کا ۷.۷ فیصد (۲.۵ ٹریلین روپے) کا مالیاتی خسارہ سال ۲۲ میں جی ڈی پی کے ۷.۹ فیصد (۵.۲ ٹریلین روپے) کے خسارے کے مقابلے میں پوسٹ کیا۔ اگرچہ ایف بی آر ٹیکس وصولی میں سال ۲۳ میں ۱۲.۷ فیصد بہتری آئی، لیکن یہ آئی ایم ایف کے ہدف سے کم رہی، اور سال ۲۲ میں GDP کے ۹.۴ فیصد سے سال ۲۳ میں GDP کے ۸.۵ فیصد تک گر گئی۔ محصولات کے لیے بڑی مدد پیٹروولیم لیوی سے حاصل ہوئی جو ملک میں استعمال ہونے والے دو بڑے ایندھن پیٹروول اور ڈیزل دونوں پر نمایاں طور پر بڑھ کر ۲۰ روپے / لیٹر ہو گئی۔ قرض لینے کی بڑھتی ہوئی ضروریات اور بلند شرح سود کے درمیان سود کی لاگت آمدنی کا ایک بڑا حصہ کھا رہی ہے۔ ستمبر ۲۰۲۳ کو ختم ہونے والی پہلی سہ ماہی کے دوران، خسارہ ۹۱۳ بلین روپے (GDP کا ۰.۹ فیصد) رہا جو پچھلے سال کی اسی مدت میں ۸۰۹ بلین روپے (GDP کا ۱ فیصد) تھا۔

اقتصادی محاذ پر مثبت پیش رفت اسٹاک مارکیٹ کی کارکردگی سے ظاہر ہوئی، خاص طور پر سال کے آخر میں کے ایس ای ۱۰۰ نے ۲۰۲۳ میں مقامی کرنسی میں ۵۵ فیصد اور امریکی ڈالر کی کرنسی میں ۲۲ فیصد کا منافع پوسٹ کیا۔ اوسط یومیہ تجارتی حجم ۳۱ فیصد سے ۳۲ ملین شیئرز اور قدر ۳۵ فیصد اضافے سے ۱۰۷ بلین روپے ہو گئی۔ غیر ملکی سرمایہ کار پچھلے ۳ سالوں سے خالص فروخت کنندگان کے باقی رہنے کے بعد خالص خریدار (۷۲ ملین امریکی ڈالر کی خالص آمد) بن گئے۔

### معیشت کا آؤٹ لک

آئی ایم ایف کے ساتھ بروقت ایس بی اے نے ملک کا معاشی منظر نامہ تبدیل کر دیا ہے۔ عبوری حکومت نے توانائی کی سبسڈی میں کمی اور ڈالر کی غیر قانونی تجارت کے خلاف کریک ڈاؤن کی شکل میں کچھ سخت فیصلے بھی کیے ہیں، جو معیشت کے لیے اچھا ہے۔ متوقع کمی اور شرح سود میں متوقع کمی کے ساتھ، آگے سال معیشت بہتر حالت میں ہونے کی امید ہے۔ تاہم، آئی ایم ایف پروگرام کا تسلسل پابندی کی کلید ہے۔

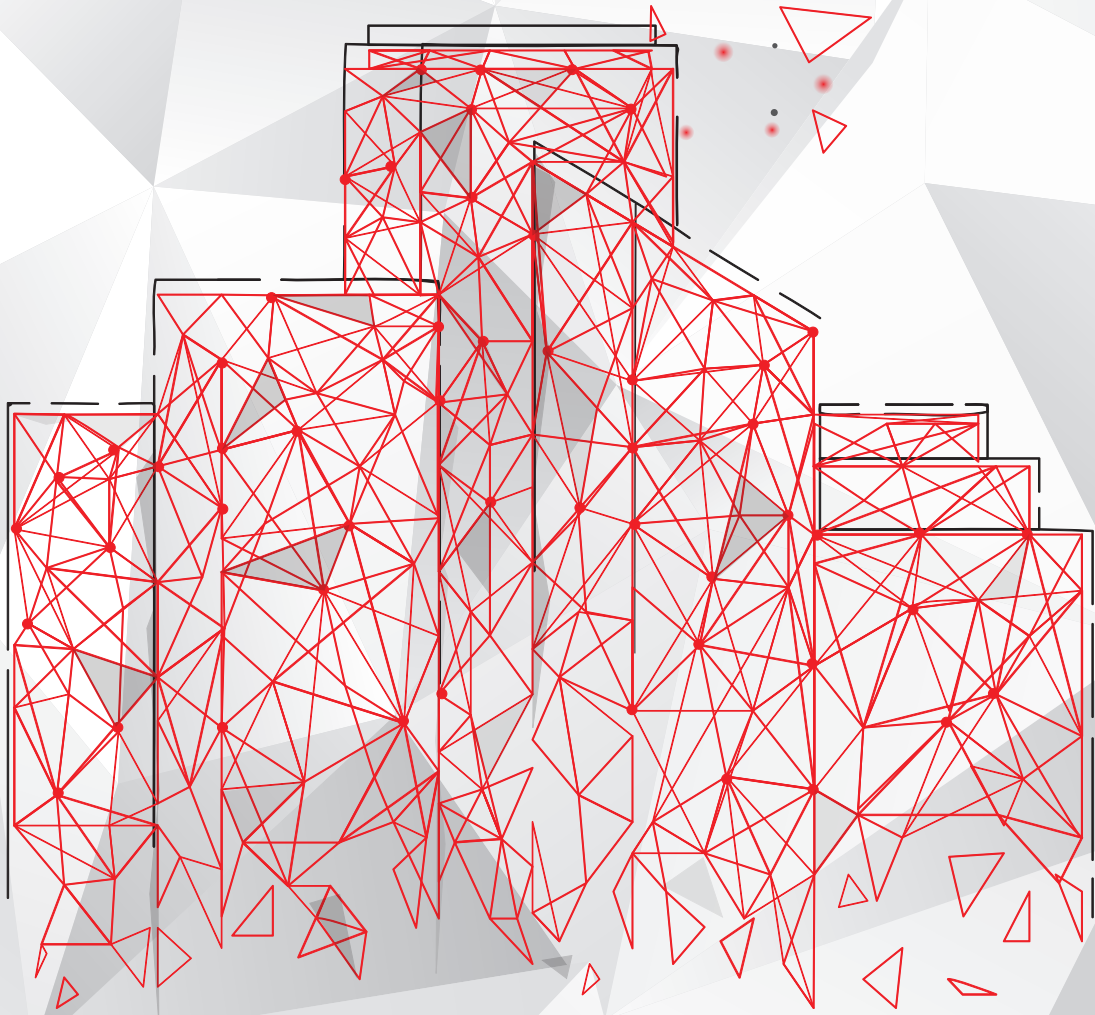
## بینکنگ سیکٹر کا جائزہ

میکرو اکنامک محاذ پر مشکلات کے باوجود، پاکستان کا بینکنگ سیکٹر منافع میں نمایاں بہتری، بیلنس شیٹ کے سائز، پروویژن کوریج، اور سرمائے کی مناسبت کے ساتھ لچکدار رہا۔ ۲۰۲۳ کے دوران، پالیسی کی شرح ۲۰۰ بیسیس پوائنٹس سے ۲۲ فیصد تک بڑھ گئی۔ صحت مند ڈیہازٹ نمو کے ساتھ اعلیٰ شرح سود نے سیکٹر کے منافع کو بہتر بنایا۔ آئی ایم ایف کے ساتھ ایس بی اے نے درآمدی پابندیوں کو ہٹانے میں بھی مدد کی، جس سے تجارتی کاروبار کے ذریعے



# **ORGANISATIONAL OVERVIEW**



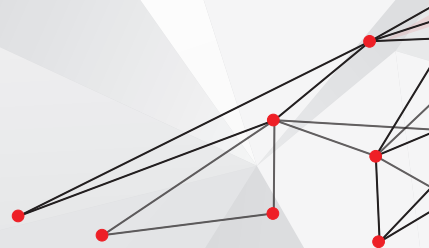


# ABOUT BANK ALFALAH

Bank Alfalah is one of the largest banks in Pakistan, with a network of 1000+ branches across more than 200 cities in the country, and international presence in Afghanistan, Bangladesh, Bahrain and the UAE. The Bank also has a representative office in Abu Dhabi.

Bank Alfalah is owned and operated by the Abu Dhabi Group. Incorporated as a public limited company on 21st June, 1992 under the Companies Act, 2017, Bank Alfalah commenced its banking operations in the same year.

The Bank provides financial solutions to consumers, corporations, institutions and governments through a broad spectrum of products and services, including corporate and investment banking, digital banking, consumer banking, securities brokerage, commercial, SME and agri finance, currency exchange, insurance, asset management Islamic and credit / asset financing solutions.





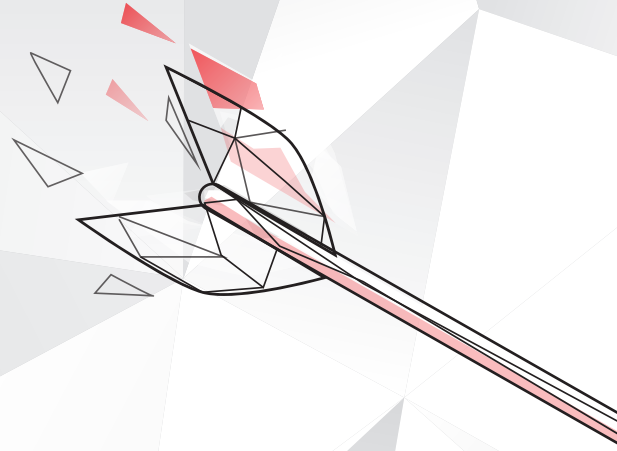
To inspire and empower people to do things differently and shape their own path in life and business.

# VISION

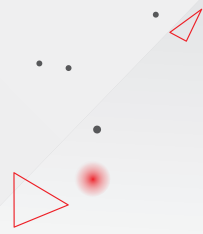
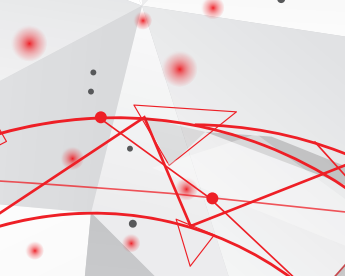
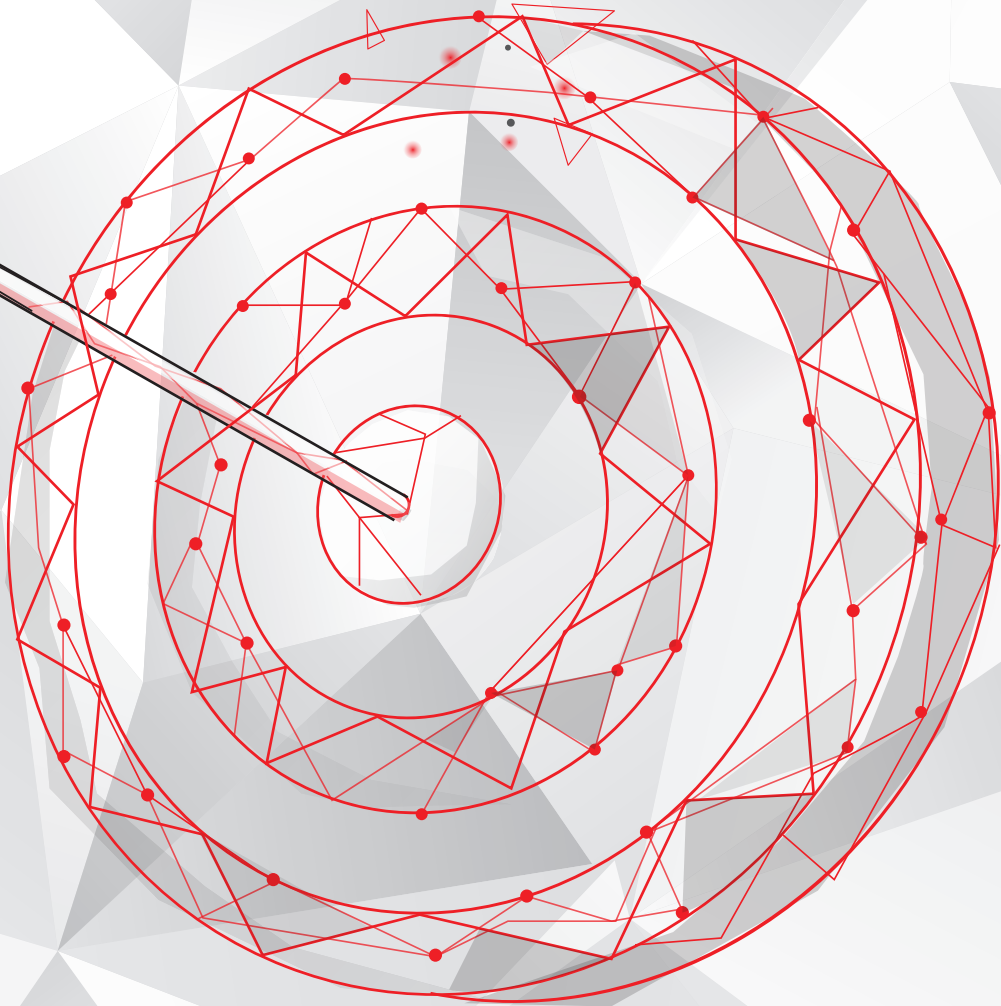
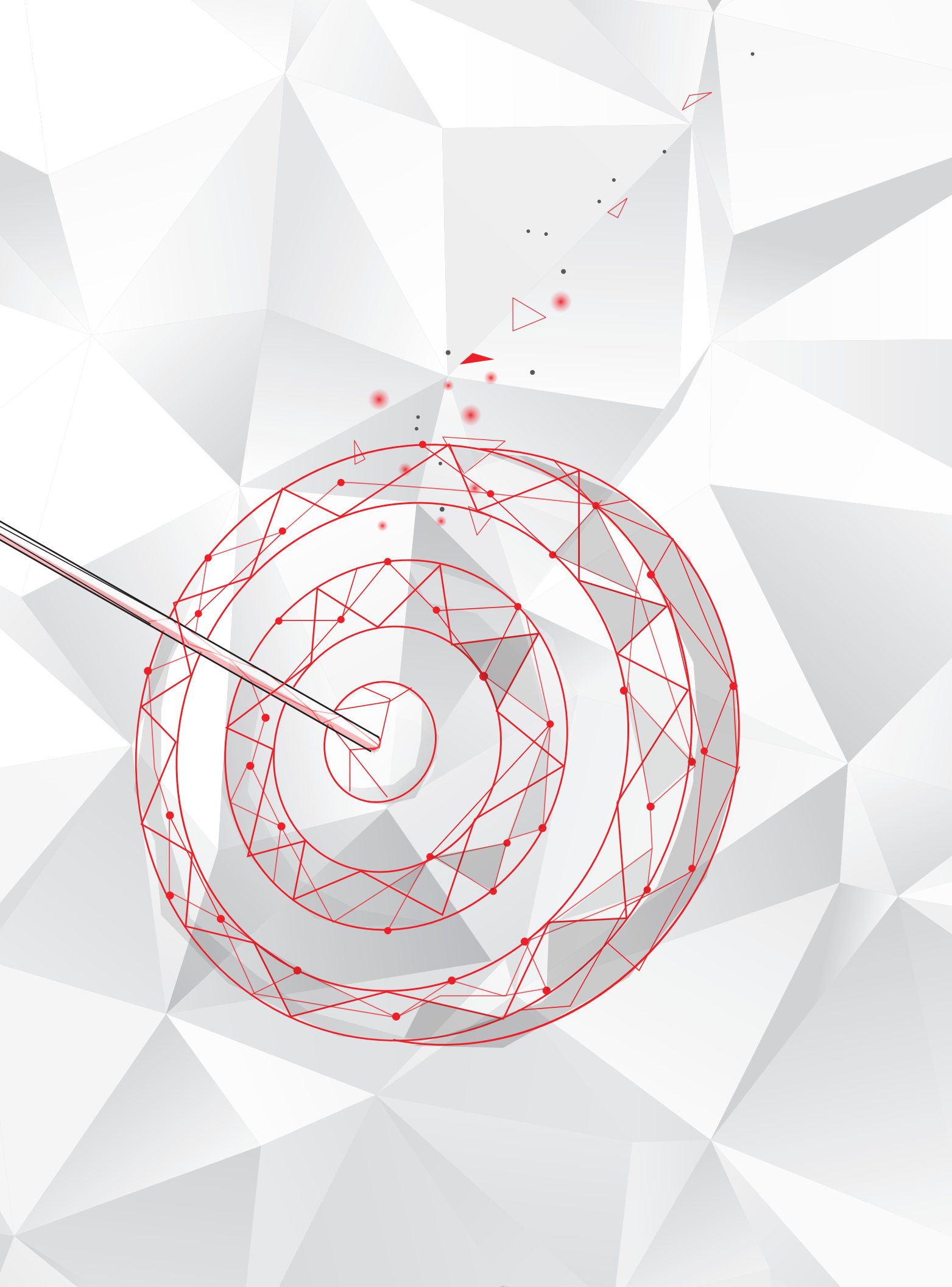




We look at the market with fresh eyes to find new opportunities, and seek new ways of enabling our customers to succeed and advance the world of finance.



**MISSION**



# VALUES

## You – Customer Care

We always put the customer and their needs front and centre.

## Your Needs – Collaboration

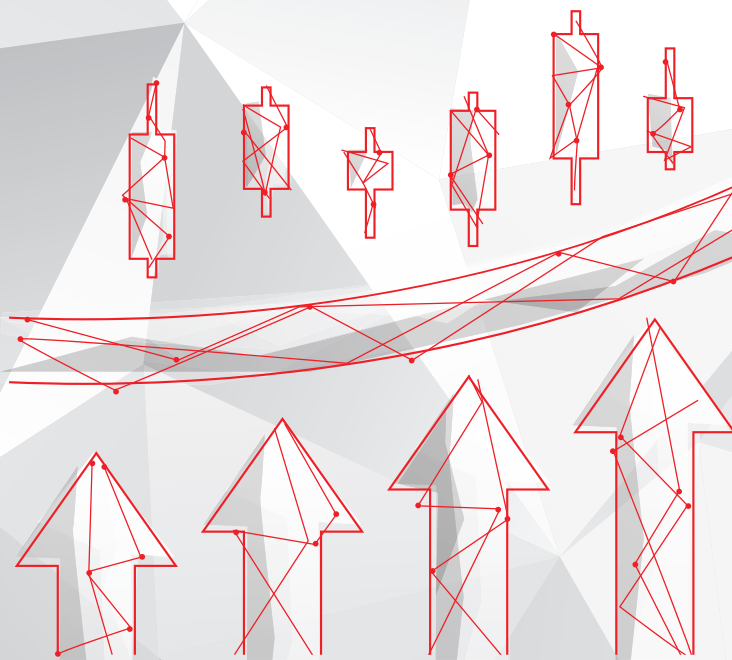
We do all we can to understand and anticipate what will help our customers find their own way and achieve their ambitions.

## Your Way – Creativity and Innovation

We do things differently, challenging the status quo to find new and better ways to move ourselves and our customers forward.

## The Right Way – Conduct and Integrity

We always act with integrity and transparency in everything we do. It is the cornerstone of our business and brand.







# ETHICS AND CODE OF CONDUCT

Integrity and honesty are at the heart of our business and brand. Our internal ethical standards and code of business conduct are the results of shared moral convictions. The objectives of our underlying policies are to ensure that the Bank is recognised as a professionally run and successfully managed institution with high ethical standards.

A detailed statement of the Code of Ethics and Business Practices is in place and is signed by every employee and submitted to the Bank's Human Resource and Learning Group (HRLG) on an annual basis. The Code of Ethics is available on the Bank's website. The Code contains detailed guidelines, which aim to facilitate the Bank's employees to:

- Conduct business with honesty, transparency and integrity in a professional manner
- Understand and comply with legal/regulatory requirements and internal policies and procedures of the Bank
- Exhibit exemplary personal conduct towards the Bank, its employees and customers, and maintain the desired decorum both during office hours and at other times

Besides emphasising adherence to legal/regulatory requirements and internal policies and procedures of the Bank, the Code contains specific guidelines with reference to managing conflicts of interest, political affiliations, conduct, KYC, gifts and entertainment, corporate ethical policies, fraud, theft, illegal activities, etc.



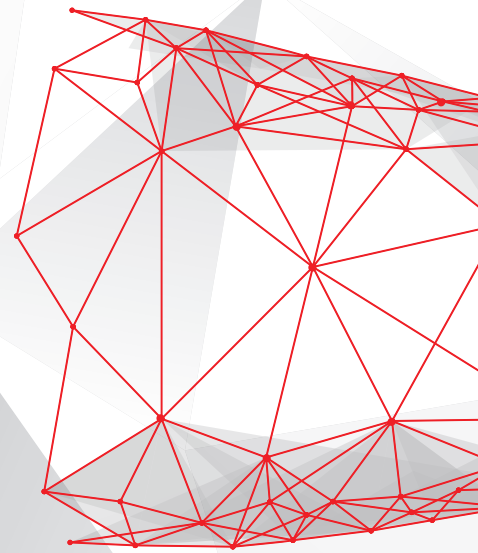
# CULTURE

Bank Alfalah firmly holds the belief that a supportive culture can effectively communicate its strategic objectives through its core values and principles. This fosters a more varied and inclusive setting, enabling employees to discover their meaningful contributions.

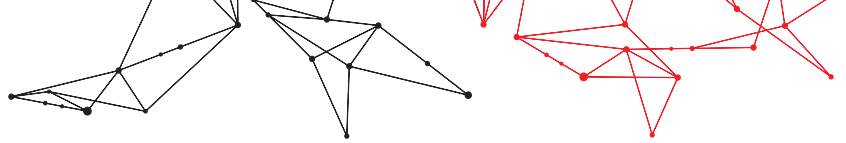
The Bank has embraced a culture that embeds its values, synchronising them with its strategy.

The foundation of Bank's Cultural Strategy lies on the following principles:

- One Bank, One Team
- Focus on Customers
- Inspire and Empower our People







## Financial Calendar

### 2023

1st Quarter results approved on	27th April 2023
2nd Quarter results approved on	10th August 2023
3rd Quarter results approved on	26th October 2023
Annual budget approved on	26th October 2023
4th Quarter results approved on	01st February 2024
Annual Accounts to be approved in	
32nd Annual General Meeting scheduled on	20th March 2024

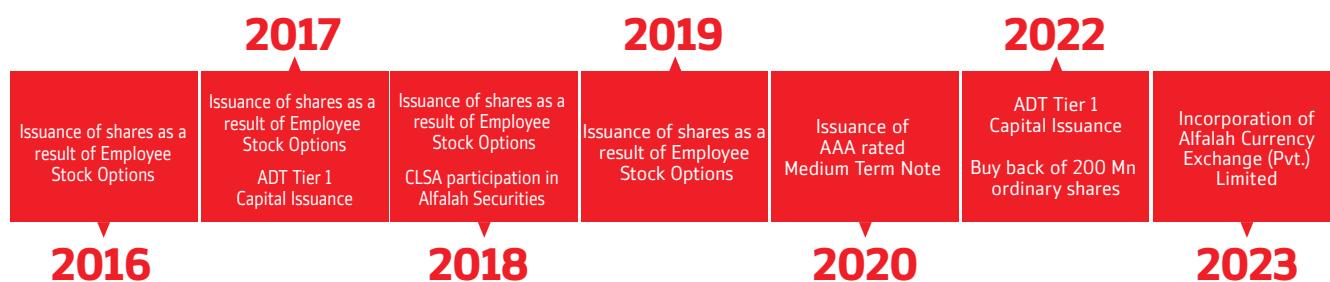
### 2022

1st Quarter Results approved on	26th April, 2022
2nd Quarter Results approved on	28th July, 2022
3rd Quarter Results approved on	17th October, 2022
Annual budget approved on	17th October, 2022
4th Quarter Results approved on	2nd February, 2023
Annual Accounts to be approved in	
31st Annual General Meeting scheduled on	20th March, 2023

### 2021

1st Quarter Results approved on	22nd April, 2021
2nd Quarter Results approved on	25th August, 2021
3rd Quarter Results approved on	24th October, 2021
Annual Budget approved on	24th October, 2021
4th Quarter Results approved on	2nd February, 2022
Annual Accounts approved on	
30th Annual General Meeting held on	15th March, 2022

# Major Corporate Events



## 2020

1st Quarter Results approved on	26th April, 2020
2nd Quarter Results approved on	25th August, 2020
3rd Quarter Results approved on	21st October, 2020
Annual Budget approved on	21st October, 2020
4th Quarter Results approved on	3rd February, 2021
Annual Accounts approved in	
29th Annual General Meeting held on	9th March, 2021

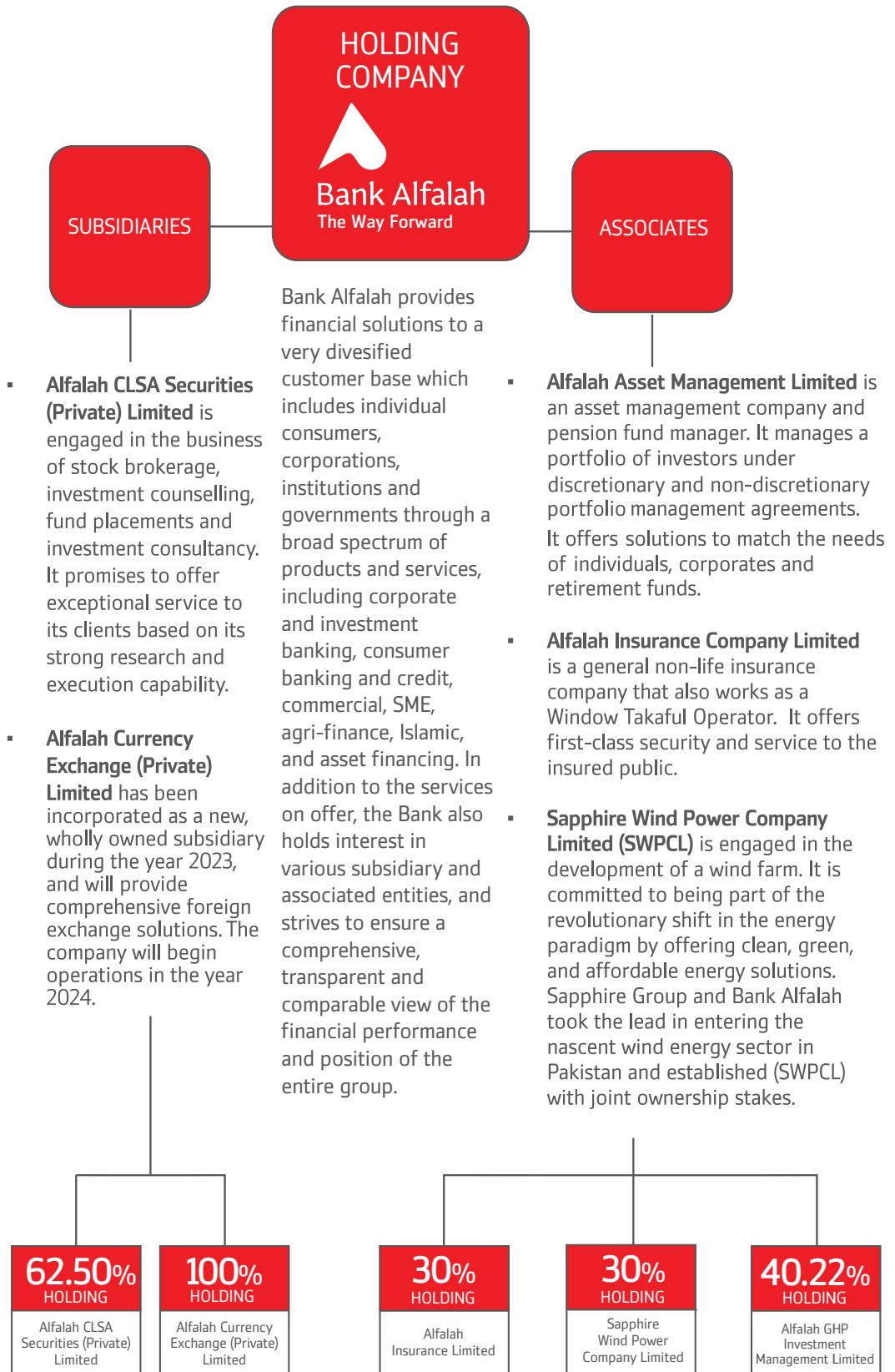
## 2019

1st Quarter Results approved on	25th April, 2019
2nd Quarter Results approved on	18th August, 2019
3rd Quarter Results approved on	18th October, 2019
Annual Budget approved on	6th December, 2019
4th Quarter Results approved on	13th February, 2020
Annual Accounts approved in	
28th Annual General Meeting held on	27th March, 2020

## 2018

1st Quarter Results approved on	19th April, 2018
Election of Directors held on	27th May, 2018
2nd Quarter Results approved on	26th August, 2018
3rd Quarter Results approved on	25th October, 2018
Annual Budget approved on	6th December, 2018
4th Quarter Results approved on	21st February, 2019
Annual Accounts approved in	
27th Annual General Meeting held on	28th March, 2019

# Group Ownership Structure



**Nature of relationship:** Shareholding and nomination of directors on the boards of subsidiaries and associates.  
**Country of origin:** Holding, subsidiaries and associates are companies incorporated in Pakistan.



# Our Presence

Bank Alfalah is connected with you via 80,000+ touchpoints.

Domestic Branches: **1,013** (including Digital Lifestyle branch and Premier Lounges)

Overseas Branches: **11**

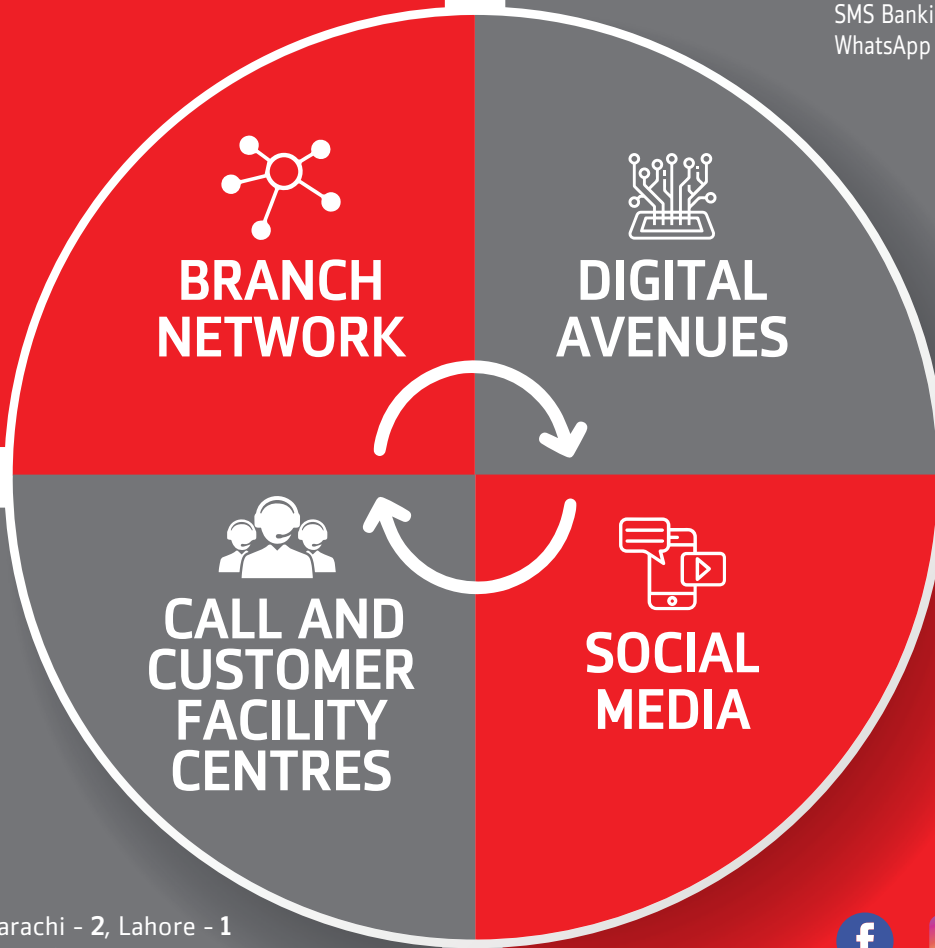
Booths: **17**

Representative Offices: **1**

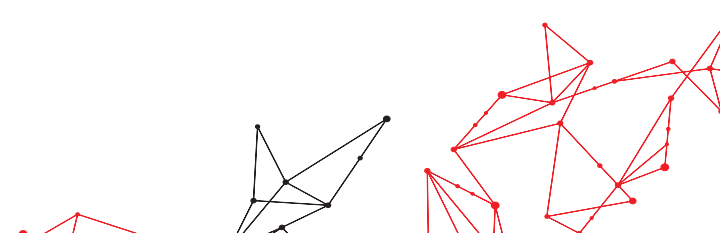
Digital Sales & Service Centre: **2**

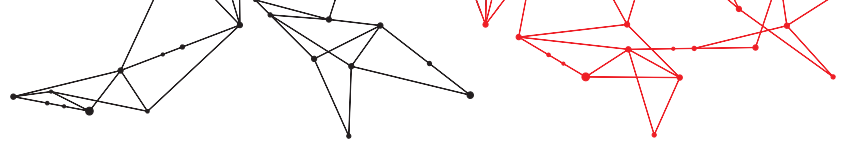
ATMs: **1,132**  
 Cash Deposit Machines: **350**  
 Cash and Cheque Deposit Machines: **48**  
 QR Merchants: **27,657**

Alfa App (Android & iOS): **2**  
 Internet Banking : **1**  
 Agent Network : **26,014**  
 eCommerce Merchants : **2,792**  
 POS Machines : **26,577**  
 Payment Gateways : **2**  
 SMS Banking Gateway : **1**  
 WhatsApp Banking Gateway : **1**



Call Centres: Karachi - 2, Lahore - 1  
 Consumer Finance Centres: **7**  
 Consumer Finance Helpdesks: **4**  
 Complaint Management Unit: **1**  
 Complaint Boxes: **1,704**  
 Credit Card Bill Collection Boxes: **40**  
 Digital Facilitation Desks: **10**





# Branch Network

## PAKISTAN

Bank Alfalah is one of the largest private banks in Pakistan with a network of 1,013 branches in more than 200 cities across Pakistan.

## AFGHANISTAN

### Branch Banking Operations

Services offered to clients include retail and wholesale banking.

## BAHRAIN

### Offshore Banking Unit

Services offered to corporate clients include deposits, trade finance, advances, treasury and foreign exchange services.

## UAE

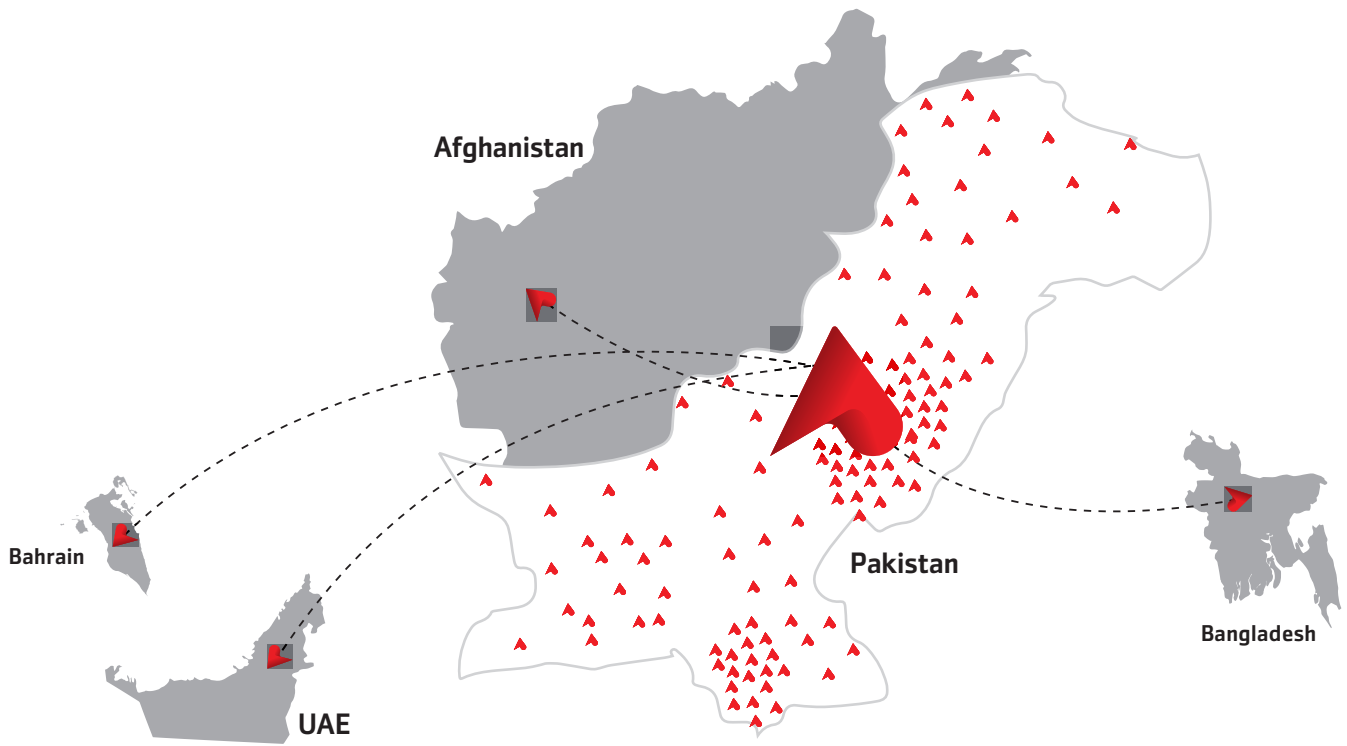
### Wholesale Banking Branch in Dubai and One Representative Office in Abu Dhabi.

Services offered to corporate clients include deposits, trade finance, advances, treasury and foreign exchange services.

## BANGLADESH

### Branch Banking Operations

The branches provide financial solutions to consumers, corporates, and the government through a broad spectrum of products and services, including deposit accounts, self-service banking and wholesale banking.



**CATEGORIES AND TYPES OF BRANCHES**

Category	Branch & Sub-Branch
Conventional	654
Corporate	5
Islamic	354
<b>Domestic</b>	<b>1013</b>
Overseas	11
<b>Grand Total</b>	<b>1024</b>

**OVERSEAS OPERATIONS-COUNTRIES**

Country	Branch & Sub-Branch
Bangladesh	7
Afghanistan	2
Bahrain	1
UAE	1
<b>Total</b>	<b>11</b>

Country	Representative office
UAE (Abu Dhabi)	1

**PAKISTAN OPERATIONS-PROVINCES**

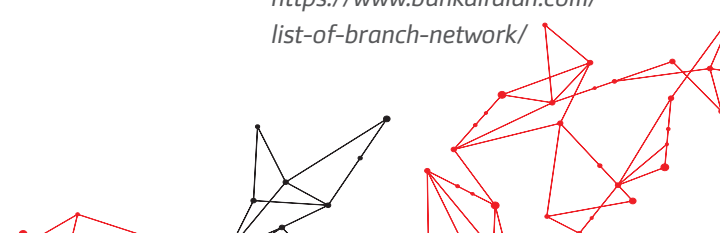
Province	Branch & Sub-Branch
Punjab	601
Sindh	204
KPK	93
ICT	60
Balochistan	41
Gilgit Baltistan	7
AJK	7
<b>Grand Total</b>	<b>1013</b>

**PAKISTAN OPERATIONS-REGIONS\***

Regions	Branch & Sub-Branch
<b>Conventional</b>	
North	177
South	171
East	151
West	155
<b>Corporate</b>	<b>5</b>
<b>Islamic</b>	
North	97
South	73
East	96
West	88
<b>Grand Total</b>	<b>1013</b>

\*Bank's internal categorisation

Pakistan Operations – Cities:  
Please visit the Bank's website  
for branch network -  
[https://www.bankalfalah.com/  
list-of-branch-network/](https://www.bankalfalah.com/list-of-branch-network/)



# Our Business Model

Bank Alfalah Limited is a financial services company incorporated in Pakistan with the purpose of fulfilling financial needs of its customers. The Bank is owned and operated by the Abu Dhabi Group. The Bank offers solutions, with integrity and transparency, to consumers, corporations, institutions, and governments through a wide array of financial products, and empower them by building lasting relationships with care. We engage in trading financial instruments, accepting deposits, and extending lines of credit to our various customer segments through a large network of branches and digital channels. The Bank operates with an experienced and diversified Board. The management team drives the operations of the Bank under guidance of the Board.

Bank Alfalah, being a holding company maintains investments in subsidiaries and associated companies operating in varied business platforms i.e., securities brokerage, asset management, insurance services and delivering energy solutions. Our subsidiary companies include Alfalah CLSA Securities (Private) Limited, engaged in the business of brokerage and investment advisory; and Alfalah Currency Exchange (Private) Limited, with a business mandate of foreign exchange solutions. Our associated companies include Alfalah Asset Management Limited, Alfalah Insurance Limited and Sapphire Wind Power Company Limited. Our international operations include banking activities in Afghanistan, Bangladesh, Bahrain and the UAE.

Bank Alfalah always puts its customers' needs first through its progressive, customer-centric business model, serving clients across Pakistan, and internationally, through more than 80,000+ digital, electronic and corporeal touchpoints. The Bank generates revenue and delivers value through integrated business functions, including retail banking, digital banking, corporate banking and financial institutions, treasury and Islamic banking. Each wing has its own cohesive management team, that demonstrates extraordinary passion for innovation and customer experience. Retail Banking portfolio includes deposit

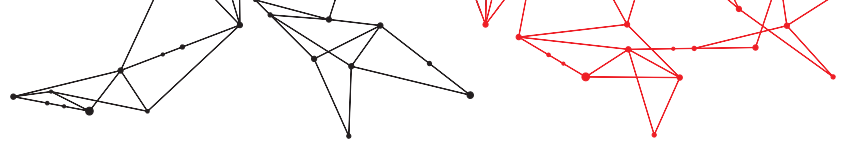
products, asset products, consumer finance, premier banking and wealth management, and it is one of the largest in terms of consumer finance in Pakistan. The business follows a two-fold model comprising direct sales in branches and a telesales network. Multiple products and services are offered to SME clients. This group conducts deposit-taking and lending activities for individual consumers, SMEs as well as commercial segment.

Shariah compliant Islamic Banking solutions cover deposit products, investment services, payment solutions and financing facilities. This group extends financing and takes deposits across all sectors for both retail and corporate clients. It has its own distinct financing solutions Shariah compliant Islamic Banking products. The group activities are monitored by a dedicated Shariah Board.

Corporate Banking Group consists of three functions; credits, investment banking and transaction banking. The solutions offered are for funding, advising, and creating structures for corporate clients' operations and trade. The business also facilitates home remittances into Pakistan. The transaction banking services include trade finance, cash management and supply chain following a global model for a centralised approach towards trade. Investment banking offers solutions for project finance and syndication while credits provide loans and fee-based products and services.

Treasury and Financial Markets is a primary dealer for trading activities in the interbank money and FX markets, and offers equity solutions in-house as well as for external clients. With a strong market presence, we have treasury sales desks across Pakistan. These work for us to deploy money into profitable avenues to earn lucrative returns for shareholders.

Digital Banking services, the best in class, make banking effortless for our customers, ensuring that their evolving financial needs are constantly met through innovative digital solutions. Our portfolio covers digital



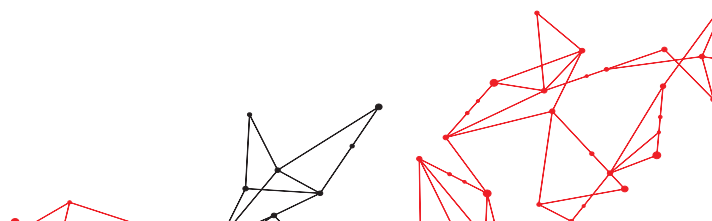
deposits, lending channels, lifestyle features and corporate solutions for our customers, offered through the unique banking app 'Alfa'.

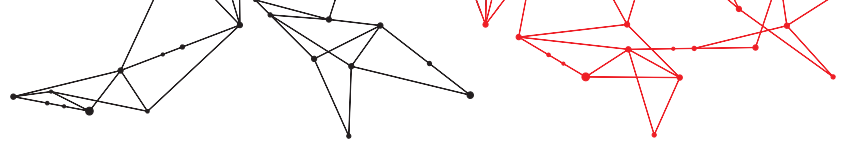
All of these business groups are supported by various support functions that help them execute day-to-day operational activities. Support functions include Risk Management, Finance, Compliance, Marketing, Legal and Corporate Affairs, Internal Audit, Human Capital Group and Corporate Services and Operations Group.

The Bank invests capital to generate value through core business activities for its key stakeholders including shareholders, investors, customers, employees, regulators, vendors, media, analysts, rating agencies and the society as a whole. Our capital comprises financial, human, manufactured, intellectual, social and relationship, as well as natural capital. The engine driving the core business activities consists of our Board, Senior Management, and employees who drive growth through strategy and outlook, governance, performance, risk management and stakeholder management.

## Material changes in Business Model

During the year, no significant changes have occurred in our Business Model, except the incorporation of a new subsidiary with a business mandate of providing foreign exchange solutions.





## Business Model in accordance with International Integrated Reporting (IR) Framework

The business model diagram highlights key elements and illustrates the relationship of the Bank's capital resources, which are inputs for the Bank's business, with its various business activities that are upheld through the Bank's engine, value and growth drivers, key activities and principles of operation in order to produce outputs and outcomes for shareholders, customers, employees, regulators, rating agencies, investors, media and the society.

### Stakeholders

The Bank's key stakeholders are shareholders, investors, customers, regulators, rating agencies, media, vendors and suppliers, the Board of Directors, Senior Management, employees, potential customers and the society in which it operates.

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### Factors affecting External Environment

For details on the external environment affecting the Bank, please refer to the Outlook section of this Annual Report.

### Inputs

Key inputs for the Bank are its financial, intellectual, human, manufactured, natural, social and relationship capital. They are a source of differentiation for the organisation due to their strengths and capabilities. The organisation largely depends on these capitals to add value and provide outputs for its stakeholders. They play a key role in the robustness and resilience of the business model.

### Business Activities

- The Bank's business model adapts to continuous changes in the external environment. Business activities evolve, and in turn, outputs and outcomes are improved.
- The differentiating factors are business strategy, product suite, focused market segmentation, delivery channels, marketing, and cutting-edge technology to provide better services to customers and other stakeholders.
- The Bank targets long-term success through process improvements, employee training, relationship management, product innovation and fostering culture of collaboration.

### Outputs

The Bank's products and services to its customers serve as the outputs of the business model.

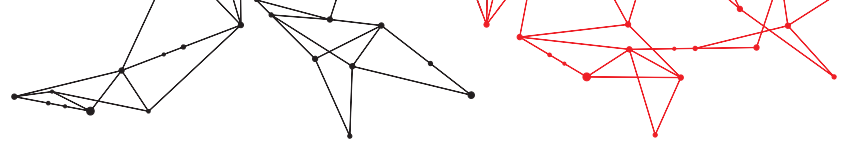
Please refer to our products and services on the coming pages within this section of the Annual Report.

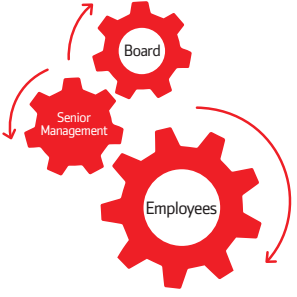

### Outcomes

Our internal outcomes (e.g. employee morale, organisational reputation, revenue, cash flows, etc.) and external outcomes (customer satisfaction, tax payments, brand loyalty, social and environmental effects, etc.) are part of the Bank's business model, and are an outcome of top-notch services and products offered by the Bank. We focus on improving our services and operation standards to produce positive outcomes for customers and other stakeholders.

# Linkage of Our Business Model with the SDGs

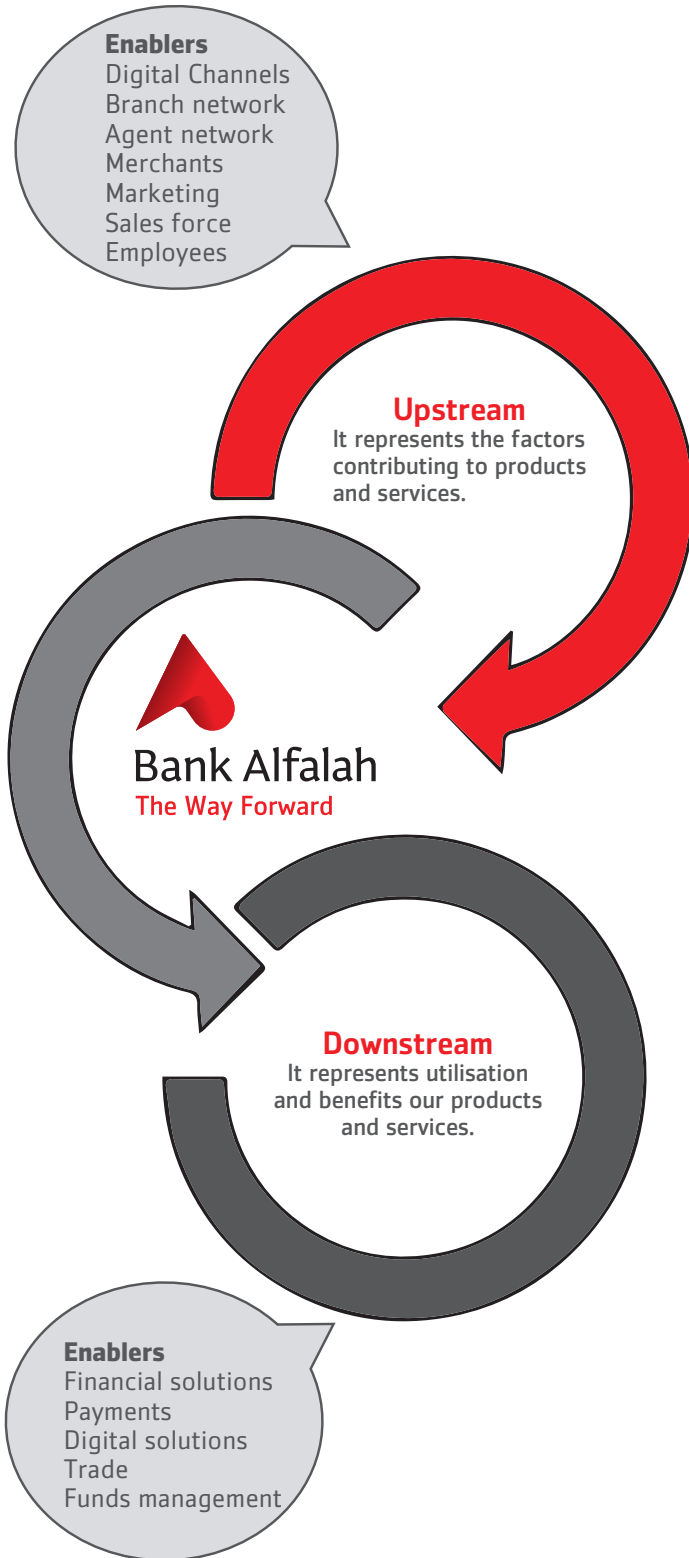




CAPITALS		CREATING VALUE		VALUE ADDITION																																	
INPUTS		CORE BUSINESS ACTIVITIES		OUTPUTS AND OUTCOMES																																	
<b>Financial Capital</b> Share Capital <b>Rs. 15.8 Bn</b> Total Equity <b>Rs. 138 Bn</b> Deposits <b>Rs. 2.1 Trn</b> Subordinated Debt <b>Rs. 14.0 Bn</b> Medium Term Note (MTN) <b>Rs. 11.0 Bn</b>		<b>Our Engine</b> 		<b>Shareholders</b> Profit after Tax <b>Rs. 36.5 Bn</b> Earnings per Share <b>Rs. 23.12</b> Dividend per Share <b>Rs. 8.0</b> Return on Assets <b>1.36 %</b> Return on Equity <b>31.7 %</b> Cost to Income Ratio <b>41.8 %</b> Capital Adequacy Ratio <b>16.74 %</b>																																	
<b>Human Capital</b> Head Count <b>14,738</b> Employer of Choice for Diversity and Inclusion		<b>Value and Growth Drivers</b> 		<b>Customers</b> Deposits Growth <b>40.2 %</b> Advances Growth <b>1.5 %</b> Trade Growth <b>8.5 %</b> NPL Ratio <b>4.8 %</b> ATM Uptime <b>97.0 %</b> CASA Mix <b>69.3 %</b> CA Mix <b>37.9 %</b>																																	
<b>Manufactured Capital</b> Branches and Sub-branches <b>1,024</b> ATMs and CDMs <b>1,400+</b> Intangible Assets <b>Rs. 1.3 Bn</b> Property and Equipment <b>Rs. 61.8 Bn</b>		<b>Core activities through products and services</b> Generating maximum shareholder returns through efficient fund generation and effective fund management. Deliver superior customer experience through product innovation. Focus on growth through optimising low cost deposits, High Net Worth clients, consumer lending, SME, trade, cash management and home remittances. Perpetual adaptation to the disruptive digital landscape in order to keep pace with the industry. Continue to uphold a strong capital base and efficient risk management policies in order to maintain a sound liquidity profile.		<b>Employees</b> Salaries and Benefits <b>Rs. 28.7 Bn</b> Trainings <b>Rs.135.0 Mn</b> Employee Attrition Rate <b>17.5 %</b>																																	
Additional Touchpoints: POS Machines, Social Media Platforms, QR Scanners, Booths, Representative Offices, Call Centres, Drop Boxes and Complaint Centres		<b>Principles to Operate</b>		<b>Vendors and Suppliers</b> Timely Payments against Supplies and Services																																	
<b>Intellectual Capital</b> Experienced Board Competent Management Strong Risk Management Secured and Updated IT Infrastructure Compliance Framework Policies and Procedures Brand Image Secured Systems		<table border="1"> <tr> <td>Customer Experience</td> <td>Managed Risk</td> <td>IT &amp; Digital Advancement</td> <td>Health and Safety</td> </tr> <tr> <td>Depositors' Protection</td> <td>Compliance with Laws</td> <td>Reputation Management</td> <td>Digital Innovation</td> </tr> <tr> <td>Governance</td> <td>Strategy</td> <td>Maximising Shareholder Returns</td> <td>Service Agility</td> </tr> <tr> <td>Digital Solutions</td> <td>Regulator Facilitation</td> <td>Data Analytics</td> <td>Green Banking</td> </tr> <tr> <td>CSR</td> <td>Transparency</td> <td>Profitability</td> <td>Ethics &amp; Culture</td> </tr> <tr> <td>Employee Happiness and talent retention</td> <td>Market Share</td> <td>Record Safety</td> <td>Data Security</td> </tr> <tr> <td>Secured Lending</td> <td>Staff Training</td> <td>Gender Diversity</td> <td>Preferred Employer</td> </tr> <tr> <td>Asset Security</td> <td>Environment Protection</td> <td>Sustainability</td> <td>Process Improvement</td> </tr> </table>		Customer Experience	Managed Risk	IT & Digital Advancement	Health and Safety	Depositors' Protection	Compliance with Laws	Reputation Management	Digital Innovation	Governance	Strategy	Maximising Shareholder Returns	Service Agility	Digital Solutions	Regulator Facilitation	Data Analytics	Green Banking	CSR	Transparency	Profitability	Ethics & Culture	Employee Happiness and talent retention	Market Share	Record Safety	Data Security	Secured Lending	Staff Training	Gender Diversity	Preferred Employer	Asset Security	Environment Protection	Sustainability	Process Improvement	<b>Regulators</b> - Compliant Financial Statements and Periodical Returns to the Regulators - Trusted Partner of the Regulators - Compliant Regulatory Limits and Ratios - Timely Tax Payments	
Customer Experience	Managed Risk	IT & Digital Advancement	Health and Safety																																		
Depositors' Protection	Compliance with Laws	Reputation Management	Digital Innovation																																		
Governance	Strategy	Maximising Shareholder Returns	Service Agility																																		
Digital Solutions	Regulator Facilitation	Data Analytics	Green Banking																																		
CSR	Transparency	Profitability	Ethics & Culture																																		
Employee Happiness and talent retention	Market Share	Record Safety	Data Security																																		
Secured Lending	Staff Training	Gender Diversity	Preferred Employer																																		
Asset Security	Environment Protection	Sustainability	Process Improvement																																		
<b>Social and Relationship Capital</b> Number of customers <b>6.8 Mn +</b> Trade partners (merchants and agents)		<b>Investors and other Lenders</b> - High and Sustainable Returns - Credit Worthiness and Timely Repayments - Informed Shareholder		<b>Media</b> - Responsible and Honest Communication - Full Disclosure and Transparency																																	
<b>Natural Capital</b> Solar Branches/ATMs/Inverters Health and safety considerations at all premises Green banking initiatives Responsible renewable energy financing		<b>Rating Agencies</b> Long-term Rating <b>AA+</b> Short-term Rating <b>A1+</b> Outlook <b>Stable</b>		<b>Analysts</b> - Regular Correspondence - Fair and Open Investor Calls																																	
		<b>Society/Local Community</b> Contribution to Local Society / CSR (including Flood Relief) Customer Relations Job Creation Improved Workplace Protected Natural Environment Improved Environmental Effects through Renewable Energy Financing		<b>1.25 Bn</b>																																	



# Bank Alfalah and the Value Chain



## Upstream

- **Capitals:** Financial, Human, Intellectual, Social, Manufactured and Natural
- **Environment:** Economic, Political, Legal, Social, Tecnological, Natural Environment and Commercial
- **Vendors and Suppliers:** Entities offering various supplies and services in order to enable the Bank to optimally offer all of its products and services
- **Others:** Set of regulations within which the Bank operates, brand loyalty, and customers' trust

## Bank Alfalah in the Value Chain

**Primary Activities:** The Bank aims to channel its customer deposits into lucrative lending and investments in order to gain from the mobilisation of deposits. In return, the Bank offers returns in the form of interest/profit to its customers through various products and service offerings.

**Supporting Activities:** The Bank ensures that the right processes and policies are in place with regards to the banking operations. The Bank supports activities that enable it to provide primary services to its cusomters.

## Downstream

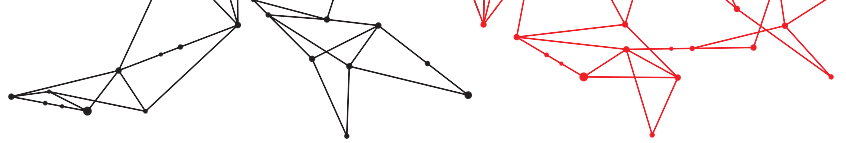
**Customers:** They are the core of the Bank's business and drive profitability. The Bank is customer-centric in product development and looks to retain and gain customers through research, feedback and digitisation at all times.

**Competitors:** Healthy competition keeps the Bank updated. The Bank constantly innovates and emphasises on quality service standards.

**Regulators:** The Bank acts as a trusted partner of the regulators. The Bank also aims at being a responsible tax paying and collection agent.

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

**Society:** The Bank prioritises giving back to the society.



# Business, Products and Services

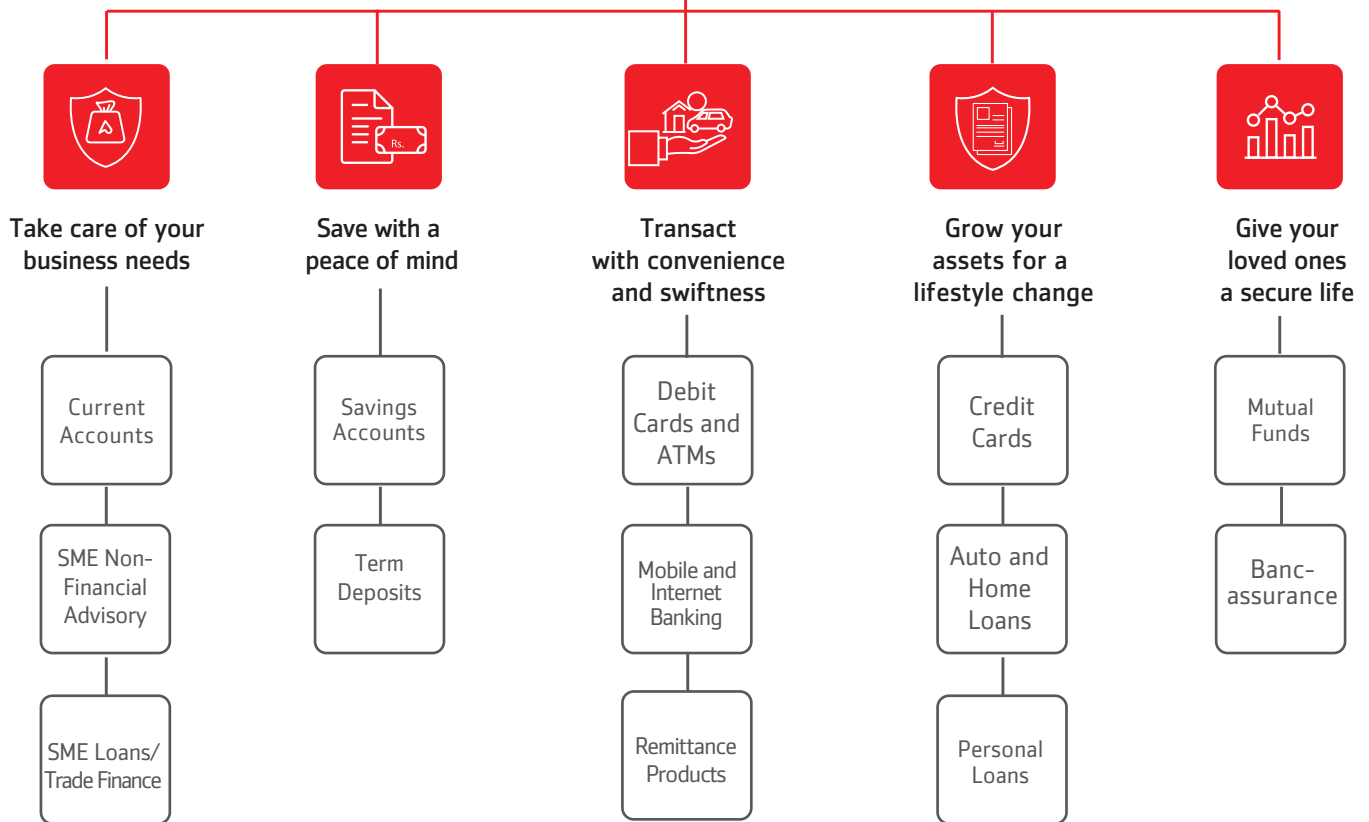


## Retail Banking (Conventional)

Bank Alfalah offers one of the most extensive personal banking and SME product propositions in the market through its retail network consisting of branches, ATMs, Cash and Cheque Deposit Machines, state-of-the-art call centres and digital banking solutions. Diverse range of services and products includes deposit accounts, consumer loans, SME loans, wealth management products, and other payment solutions.

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### Retail Banking Portfolio



RETAIL DEPOSITS  
PKR **1.2** TRILLION

RETAIL ADVANCES (NET)  
PKR **210.8** BILLION

## Deposit Products

Bank Alfalah offers a comprehensive deposit product suite, which is complemented through its vast branch network and digital banking solutions. From transactional current accounts, structured savings products to basic banking accounts, term deposits and foreign currency products, customers can choose the option that best suits their banking requirements.

Current Deposit Products	Savings Deposit Products	Term Deposit Products
<ul style="list-style-type: none"> <li>PKR Current Account</li> <li>Alfalah Kamyab Karobar Account</li> <li>Basic Banking Account</li> <li>Alfalah Asaan Current Account</li> <li>Alfalah Asaan Remittance Current Account</li> <li>Alfalah Pehchaan Current Account</li> <li>Alfalah FCY Current Account</li> <li>Alfalah-at-Work Current Account</li> <li>Roshan Digital Account (NRVA and FCVA)</li> <li>Asaan Digital Current Account</li> <li>Asaan Digital Remittance Current Account</li> <li>Freelancer Digital Current Account</li> <li>Alfalah Pehchaan FCY Current Account</li> <li>Alfalah Kashtkaar Current Account</li> </ul>	<ul style="list-style-type: none"> <li>Alfalah PLS Savings Account</li> <li>Alfalah Care Account</li> <li>Alfalah Royal Profit Account</li> <li>Alfalah Kifayat Account</li> <li>Alfalah Asaan Savings Account</li> <li>Alfalah Asaan Remittance Savings Account</li> <li>Alfalah Pehchaan Savings Account</li> <li>Alfalah SnaPack (Kids Account)</li> <li>Alfalah Remitter Savings Account</li> <li>FCY Savings Account</li> <li>FCY Monthly Savings Account</li> <li>Alfalah at Work Savings Account</li> <li>FCY Pehchaan Savings Account</li> <li>Roshan Digital Account (NRVA and FCVA)</li> <li>Asaan Digital Savings Account</li> <li>Asaan Digital Remittance Savings Account</li> <li>Freelancer Digital Savings Account</li> <li>Asaan Pehchaan Digital Savings Account</li> </ul>	<ul style="list-style-type: none"> <li>PKR Term Deposit</li> <li>Alfalah Mahana Amdan Account</li> <li>Alfalah Mahana Amdan Account-Care Senior Citizen</li> <li>Floating Term Deposit</li> <li>FCY Term Deposit</li> <li>Alfa Term Deposit</li> </ul>

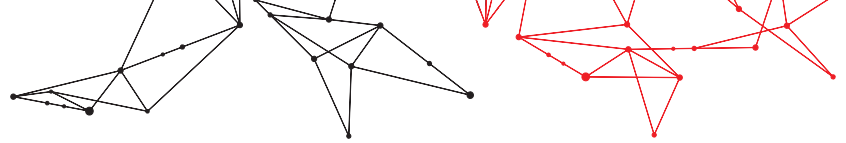
## Asset Products

The Bank continues to evolve in light of evolving customers' needs, emerging technologies, rising middle-class and demographic changes, social behaviour and the economic scenario.

## Consumer Financing

The Bank's Consumer Finance business strives to be a world-class consumer lending business by demonstrating financial responsibility through prudent lending and strong risk architecture. The business has gone from strength to strength, and in the last few years has focused on sustainable strategy planning, instituting robust operational and credit risk programmes, strengthening product offerings, and introducing digital transformation in our processes. The business consists of one of the most diverse product propositions in the market on both the secured and unsecured side, including industry leading credit cards, auto loans, personal loans and home loans, all of which are renowned in the market. The payment products and services comprise of debit cards, credit cards, travel currency cards and Point-of-Sale (POS) terminals.

Consumer Financing Product Offerings			
Alfalah Cards	Alfalah Personal Loans	Alfalah Auto Loans	Alfalah Home Finance
<ul style="list-style-type: none"> <li>Classic</li> <li>Gold</li> <li>Platinum</li> <li>Ultra Cashback</li> <li>Optimus</li> <li>Titanium</li> <li>American Express</li> <li>Platinum Premier</li> <li>Corporate Card</li> </ul>	<ul style="list-style-type: none"> <li>Cash Loan</li> <li>Purchase Loan</li> <li>Balance Transfer Facility</li> <li>Top Up Loans</li> </ul>	<ul style="list-style-type: none"> <li>Residual Value Product</li> <li>Vehicle Replacement Option</li> <li>Fixed and Variable Pricing Option</li> <li>Co-Borrower Facility</li> <li>Roshan Apni Car</li> </ul>	<ul style="list-style-type: none"> <li>Home Purchase</li> <li>Home Construction</li> <li>Plot Purchase + Construction</li> <li>Home Balance Transfer Facility</li> <li>Home Renovation</li> <li>Alfalah Ghar Asaan (Mera Pakistan Mera Ghar)</li> <li>Roshan Apna Ghar</li> </ul>



## SME Lending/Agricultural Financing/Trade

Bank Alfalah's strives to provide the best possible lending solutions to the customers. The Bank's goal is to increase SME advances, and in doing so support financial inclusion, onboard new customers, reach out to maximum SMEs, engage with new business sectors, and empower and educate its customers. The SME division aims at growing the SME portfolio by providing market standard services to all existing and new customers.

### SME and Agri Loan Product Offerings

SME	Agri Loans
<ul style="list-style-type: none"> <li>Alfalah Bill and Cash</li> <li>Alfalah Fleet Finance</li> <li>Alfalah Merchant Line</li> <li>Alfalah Quick Finance</li> <li>Alfalah Karobar Finance</li> <li>Alfalah Value Chain Financing</li> <li>Alfalah Milkiat Finance</li> <li>Alfalah Green Energy</li> <li>SBP Financing Scheme for Renewable Energy</li> <li>Refinance Facility for Modernization of SMEs</li> <li>Refinance Scheme for Working Capital Financing of Small Enterprises and Low-End Medium Enterprises</li> <li>Refinance and Credit Guarantee Scheme for Women Entrepreneurs</li> <li>Small Enterprise (SE) Financing and Credit Guarantee Scheme for Special Persons</li> <li>Temporary Economic Refinance Facility</li> <li>Prime Minister Youth Business and Agriculture Loan Scheme</li> <li>SME Asaan Finance Scheme (SAAF)</li> </ul>	<ul style="list-style-type: none"> <li>Alfalah Agriculture Loans</li> <li>Alfalah Paidawari Zarie Sahulat</li> <li>Alfalah Musalsal Zarie Sahulat</li> <li>Alfalah Tractor and Transport Zarie Sahulat</li> <li>Alfalah Machinery and Equipment Zarie Sahulat</li> <li>Alfalah Aabpaash Zarie Sahulat</li> <li>Alfalah Islah-e-Araazi Zarie Sahulat</li> <li>Alfalah Poultry Zarie Sahulat</li> <li>Alfalah Dairy and Livestock Zarie Sahulat</li> <li>Alfalah Fisheries Zarie Sahulat Inland</li> <li>Alfalah Silos/Storage Zarie Sahulat</li> <li>Alfalah Marketing Zarie Sahulat</li> <li>Alfalah Agri Industrial Zarie Sahulat</li> <li>Alfalah Bills/Guarantees Zarie Sahulat</li> <li>Alfalah Lease Zarie Sahulat</li> <li>Financing Facility for Storage of Agriculture Produce</li> <li>Mark-up Subsidy and Guarantee Facility for Rice Husking Mills in Sindh</li> </ul>



## Bank Alfalah

Premier

### Premier Banking

At Bank Alfalah Premier, we are committed to exceeding our clients' expectations through best-in-class services and innovative product offerings designed exclusively for the customers. Bank Alfalah Premier offers an unparalleled banking experience with a key element of its strategy of introducing industry-firsts including:

- Seamless onboarding (instant account opening and debit card issuance)
- Personalised management with dedicated Relationship Managers
- Premium & wide spread lounge network across the country
- Differentiated Premier Card offerings
- Access to Premier Proposition at all branches in over 57 cities across the country

- Bank Alfalah Premier is now available in all major cities, including Karachi, Islamabad, Lahore, Sialkot, Rawalpindi, Abbottabad, Faisalabad, Multan, Peshawar, Quetta, Wah Cantt, Jhelum, Gujranwala, Hyderabad, Mandi Bahauddin, Mardan, Rahim Yar Khan, Jhang, Gujrat, Bahawalpur, Okara, Bhurewala and Dera Ghazi Khan.

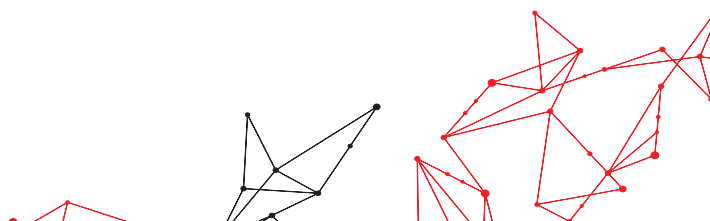
## Investment Services

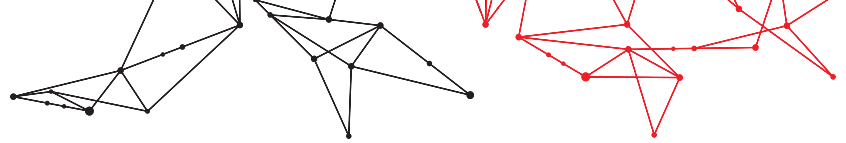
Bank Alfalah through its Investment Services division offers a variety of financial solutions managed by professional, reputable and seasoned Asset Management company. Bank Alfalah Investment Services includes the distribution of mutual funds, structured products, government securities/bonds/bills, equities and fixed income instruments to the Retail, Corporate and SME segments. Working with a reputable AMC, Alfalah GHP Investment Management Limited's Investment Services helps the Bank's clients protect, grow and manage their finances.

All these funds are managed by Alfalah GHP Investments Management Limited, and the Bank acts as the distributor of these products.

Investment Product Offerings	
Conventional	Islamic
<p><b>Money Market Funds</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Money Market Fund</li> <li>Alfalah GHP Money Cash Fund</li> </ul> <p><b>Income Funds</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Fixed Income Fund</li> <li>Alfalah GHP Sovereign Fund</li> <li>Alfalah GHP Income Multiplier Fund</li> </ul> <p><b>Asset Allocation Funds</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Value Fund</li> </ul> <p><b>Equity</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Equity Fund</li> <li>Alfalah GHP Stock Fund</li> </ul> <p><b>Stable Return Funds</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Stable Return Fund-I</li> </ul>	<p><b>Islamic Money Market Funds</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Islamic Rozana Amdani Fund</li> </ul> <p><b>Income Funds</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Islamic Income Fund</li> </ul> <p><b>Asset Allocation Funds</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Islamic Value Funds</li> </ul> <p><b>Equity</b></p> <ul style="list-style-type: none"> <li>Alfalah GHP Islamic Stock Fund</li> </ul> <p><b>Funds of Funds Schemes/CPPI</b></p> <ul style="list-style-type: none"> <li>AGHP Islamic Active Allocation Plan-II</li> <li>AGHP Islamic Active Allocation Plan-III</li> <li>AGHP Islamic Balance Allocation Plan</li> <li>AGHP Islamic Moderate Allocation Plan</li> <li>AGHP Islamic Capital Preservation Plan IV</li> <li>AGHP Islamic Capital Preservation Plan V</li> <li>AGHP Islamic Capital Preservation Plan VI</li> </ul>

In addition, the Bank offers **IPS Accounts for Govt Securities** – PIBs, Tbills and sukuk.





## Bancassurance

Bank Alfalah's Bancassurance solutions are especially designed to help customers protect and secure a stable future for themselves and their loved ones. Partnering with leading insurance and Takaful companies in the country, the Bank offers a diverse range of solutions, customised to meet protection and saving needs of its customers at every stage of their life.

Bank Alfalah's Bancassurance product suite comprises need-based solutions for both conventional and Islamic clientele, including unit linked and bonus linked savings and protection plans, health plans, term life plans and general insurance plans.

All these plans are underwritten and owned by Insurance/Takaful companies, and the Bank acts as the distributor of these products.

### Bancassurance Product Offerings

Insurance Plans	Takaful Plans
<b>Unit Linked Life Insurance Plans</b> <ul style="list-style-type: none"> <li>Rida Marriage Plan</li> <li>Roshni Education Plan</li> <li>Sahara Retirement Plan</li> <li>Rahat Savings and Protection Plan</li> <li>Kohsar Plan</li> <li>Mukammal Savings and Insurance Plan</li> <li>Ujala Insurance Plan</li> <li>Jubilee Imperial Plan</li> </ul>	<b>Unit Linked Takaful Plans</b> <ul style="list-style-type: none"> <li>Uroos Marriage Plan</li> <li>Danish Education Plan</li> <li>Tadbeer Multi-Purpose Savings Plan</li> <li>Zeenat Takaful Plan</li> <li>Zindagi Premier Takaful Savings Plan</li> <li>Zindagi Zindagi Plus Takaful Savings Plan</li> <li>Saholat Takaful Savings Plan</li> <li>Kaamil Takaful Savings Plan</li> <li>Shama Takaful Savings Plan</li> <li>Tayyab Takaful Plan</li> <li>5th Pillar Family Takaful Amanat Savings Plan</li> <li>5th Pillar Family Takaful Bulawa Hajj Savings Plan</li> </ul>
<b>Bonus Linked / Traditional Life Insurance Plans</b> <ul style="list-style-type: none"> <li>Endowment Plan</li> <li>Sadabahar Plan</li> <li>3 Payment Plan</li> <li>Misaal Plan</li> </ul>	<b>Term Life Takaful Plan</b> <ul style="list-style-type: none"> <li>Taskeen Takaful Plan</li> </ul>
<b>Health Insurance Plans</b> <ul style="list-style-type: none"> <li>Kafeel Plan</li> <li>Azmat Health Insurance Plan</li> <li>Hikmat Insurance Plan</li> <li>GlobalCare Health Insurance Plan</li> </ul>	<b>Health Takaful Plan</b> <ul style="list-style-type: none"> <li>Shifa Takaful Plan</li> </ul>
<b>General Insurance Plans</b> <ul style="list-style-type: none"> <li>Car a Vaan Motor Insurance Plan</li> <li>Nighaban Insurance Plan (Wallet Insurance)</li> </ul>	<b>General Takaful Plan</b> <ul style="list-style-type: none"> <li>Zaamin Takaful Plan (Wallet Takaful)</li> </ul>

## Retail Payment Solutions

Bank Alfalah provides comprehensive retail payments solution services to all customer segments. The key services include:

- Point of Sales Acceptance – Network of over 26,500 machines including big fleet of android machines (first bank to launch android machines in the market);
- Online Payment Acceptance – 7 aggregators (85Bn+) majority market share, androids 17,000 multiple market places and 500+ merchants;
- Bank at Work – Employee Banking – catering 2,850+ companies & 266,000+ employee accounts;
- Standard Cash Management Services – Payments and Collections of 700+ mandates;
- Customisable solutions for payments and collections; and

- Ecosystem and partnerships - Providing a suite of banking and payment services to 150+ clients; including 10 EMIs, 40+ Fintechs and 103+ Startups.

## Orbit Rewards Programme

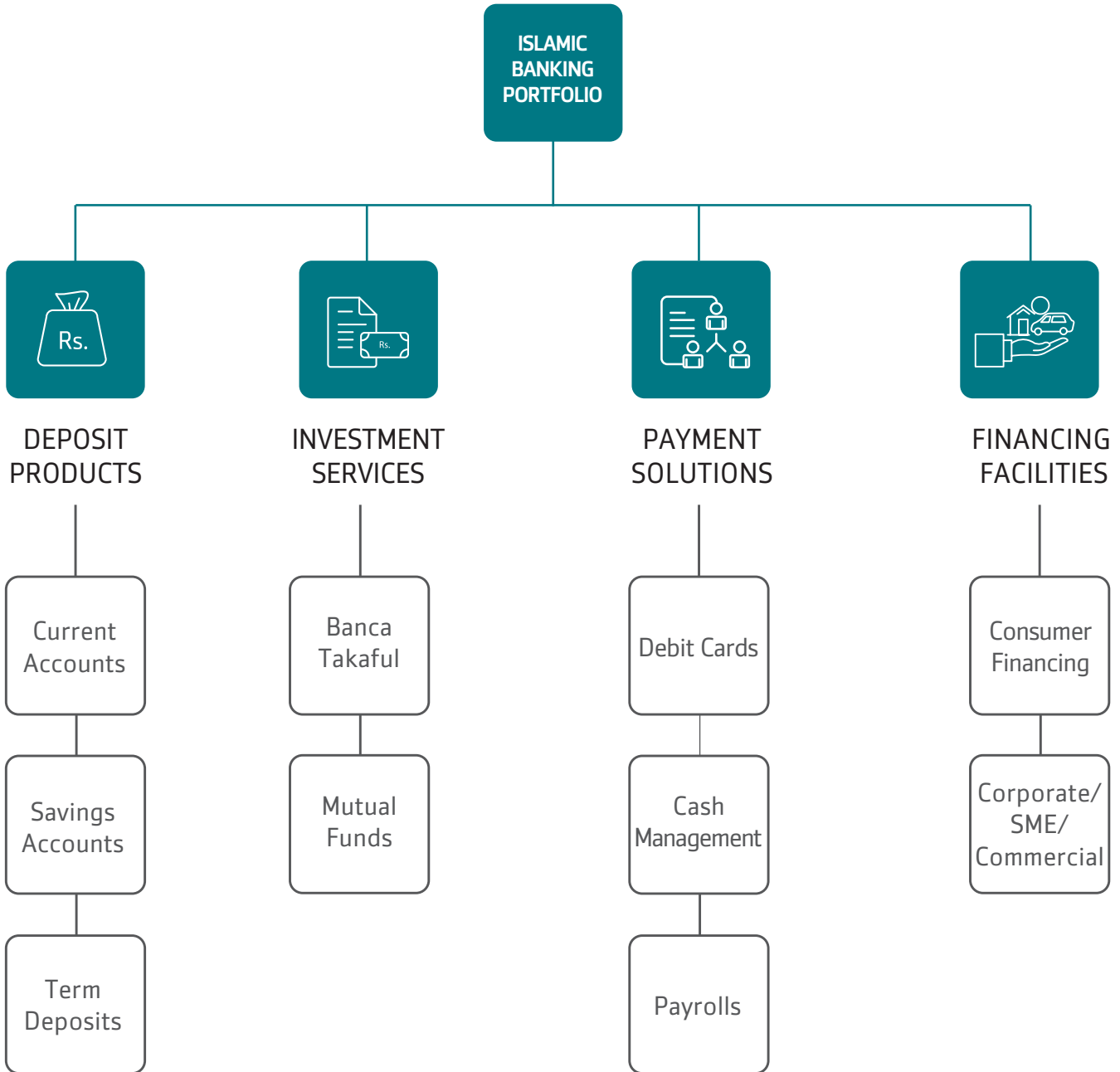


Bank Alfalah's award winning Alfalah Orbit Rewards Programme is the first enterprise-wide loyalty programme launched by the Bank in January 2017. Under its umbrella, the Bank's customers can earn Orbits (points) across various products, and redeem these against multiple options like telco bill payments, utility bill payments, QR transactions, donations, Orbit Mall (e-commerce portal), POS merchants, and much more



# Islamic Banking

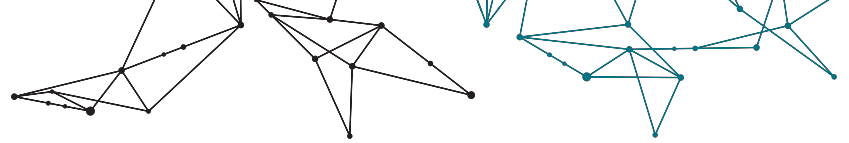
With a full range of Shariah compliant Islamic banking solutions for corporate, commercial, SME, retail , treasury, trade and consumer banking customers, Bank Alfalah is geared towards exploring new markets with a view to diversify its client base and provide one-stop innovative and convenient financial solutions.



ISLAMIC DEPOSITS  
PKR **365.4** BILLION

ISLAMIC ADVANCES (NET)  
PKR **162.6** BILLION





## Deposit Products

Bank Alfalah Islamic offers a wide choice of deposit accounts that are Shariah compliant, i.e. designed with strict adherence to Shariah principles. Through current deposits, savings deposits, instalment-based term deposits and regular term deposits, daily banking services can easily be disseminated through the Bank's vast branch network and self-service banking solutions. Moreover, to keep up with the era of digitization, the product suite has numerous digital accounts for different customer segments.

### Current Accounts

Based on the concept of Qardh, current accounts have been developed to cater to liquidity and daily transaction requirements of our customers in a Shariah compliant manner.

### Savings Accounts

Bank Alfalah Islamic savings accounts are based on the concept of Mudarabah, and aim at providing necessary saving solutions for various segments of the consumer market, including individuals, sole proprietors, traders, businessmen, government entities, corporate clients and commercial customers to facilitate their banking activities nationwide.

### Term Deposits

Based on the concept of Mudarabah, TDRs offer attractive short-term, mid-term and long-term investment options with flexibility and convenience. With various tenor options available for different target markets, combined with different profit pay-out options, customers can choose the term deposit that best suits their needs. Shariah compliant instalment based TDRs offered by bank Alfalah Islamic enable customers to opt for their choice of customised savings plan.

Current Deposit Products	Savings Deposit Products	Term Deposit Products
<ul style="list-style-type: none"> <li>Falah Islamic Current Account</li> <li>Falah Islamic Basic Banking Account</li> <li>Alfalah Islamic FCY Current Account</li> <li>Alfalah Islamic Asaan Current Account</li> <li>Alfalah Islamic Asaan Remittance Current Account</li> <li>Alfalah Islamic Special Foreign Currency Current Account</li> <li>Islamic Roshan Digital Current Account</li> <li>Alfalah Islamic Business Way and Payroll</li> <li>Alfalah Islamic Asaan Digital Current Account</li> <li>Alfalah Islamic Freelancer Digital Current Account</li> <li>Alfalah Islamic Asaan Digital Remittance Savings Account</li> <li>Asaan Islamic Roshan Digital Current Account- PKR</li> <li>Asaan Islamic Roshan Digital Current Account- FCY</li> <li>Islamic Roshan Digital Business Current Account – FCY</li> <li>Islamic Roshan Digital Business Current Account – PKR</li> </ul>	<ul style="list-style-type: none"> <li>Falah Classic Savings Account</li> <li>Alfalah Islamic Musharakah Savings Account</li> <li>Falah Business Account</li> <li>Falah Mahana Amdani Account</li> <li>Alfalah Islamic Asaan Savings Account</li> <li>Alfalah Islamic Asaan Remittance Savings Account</li> <li>Alfalah Islamic Collection Savings Account</li> <li>Alfalah Islamic Special Foreign Currency Savings Account</li> <li>FCY Savings Account</li> <li>Alfalah Islamic Profex Account</li> <li>Falah Senior Citizens Savings Account</li> <li>Islamic Roshan Digital Savings Account</li> <li>Islamic Home Remittance Account</li> <li>Alfalah Islamic Asaan Digital Savings Account</li> <li>Alfalah Islamic Asaan Digital Remittance Savings Account</li> <li>Alfalah Islamic Freelancer Digital Savings Account</li> <li>Falah Asaan Women Digital Savings Account</li> <li>Asaan Islamic Roshan Digital Savings Account- PKR</li> <li>Asaan Islamic Roshan Digital Savings Account- FCY</li> <li>Islamic Roshan Digital Business Saving Account – FCY</li> <li>Islamic Roshan Digital Business saving Account – PKR</li> </ul>	<ul style="list-style-type: none"> <li>Alfalah Islamic Premium Deposits</li> <li>Falah Mahana Munafa Term Deposit</li> <li>Falah Term Deposits</li> <li>Foreign Currency Term Deposits</li> <li>Alfalah Islamic Recurring Value Deposit</li> <li>Falah Senior Citizens Term Deposit</li> <li>Target Savings Deposit</li> <li>Falah 3 Year Term Deposit (Monthly Income Certificate)</li> <li>Alfa Term Deposit- Islamic</li> </ul>



## Asset Products

On the asset side, a number of financing/investment solutions are available for corporate/commercial/ SME as well as retail customers.

### Consumer Financing

We provide our retail / consumer segment with the option to avail financing facilities, including Alfalah Islamic Auto Finance and Alfalah Islamic Home Musharakah with multiple variants including Roshan Digital Accounts, Residual Value and Solar & Hybrid financing.

### SME/Commercial/Corporate Financing

Small and Medium Enterprises (SMEs) are considered the engine of growth for developing countries like Pakistan. In order to efficiently cater to their needs and thus enhance economic growth and increase economic activity in the country, Bank Alfalah Islamic offers various financing products for the SME segment. The Bank also offers financing facilities for different customer requirements like purchase of goods/raw materials, manufacturing, construction, working capital needs, finished goods financing, trade financing and financing of corporate and commercial assets.

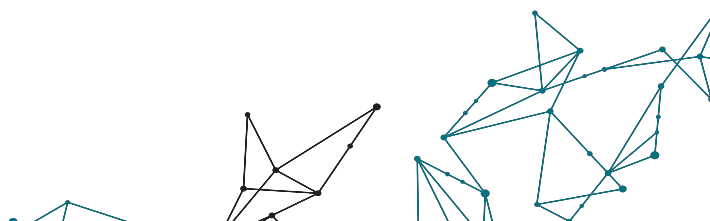
Corporate/Commercial	SME	Trade	Consumer
<ul style="list-style-type: none"> <li>Alfalah Running Musharakah</li> <li>Murabaha/Import Murabaha</li> <li>Alfalah Musawamah/Import</li> <li>Musawamah</li> <li>Falah Tijarah</li> <li>Alfalah Istisna</li> <li>Commodity Salam</li> <li>Diminishing Musharakah</li> <li>Ijarah</li> <li>Islamic Temporary Economic Refinance Facility</li> <li>Islamic Financing Facility for Storage of Agriculture Produce</li> <li>Islamic Financing Facility for Renewable Energy</li> </ul>	<ul style="list-style-type: none"> <li>Alfalah Islamic Karobar Finance</li> <li>Alfalah Islamic Fleet Finance</li> <li>Alfalah Islamic Milkiat Finance</li> <li>Alfalah Islamic Distributor Financing – Supply Chain Financing</li> <li>Islamic Refinance Facility for Modernisation of SME</li> <li>Islamic SME Asaan Finance (ISAAF)</li> <li>Prime Minister Youth Business and Agriculture Financing</li> <li>Agri Financing</li> <li>Islamic Refinance &amp; Credit Guarantee Scheme for Women Entrepreneurship (IRCGS-WE)</li> <li>Electronic Warehouse Receipt Financing (EWRF)</li> <li>Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM)</li> </ul>	<ul style="list-style-type: none"> <li>Islamic Export Refinance Scheme (IERS)</li> <li>Currency Salam</li> <li>Forward Contracts</li> <li>Guarantee</li> <li>Letters of Credit</li> <li>Islamic Long-Term Financing Facility (ILTFF)</li> <li>FCY Import / Export Financing</li> <li>Shariah compliant alternatives to Bill Discounting</li> </ul>	<ul style="list-style-type: none"> <li>Alfalah Islamic Auto Finance (Standard, and RV)</li> <li>Alfalah Islamic Roshan Apni Car (RAC)</li> <li>Alfalah Islamic Home Musharakah (Standard)</li> <li>Alfalah Islamic Hybrid Home Financing including Solar</li> <li>Alfalah Green Finance (Solar Solutions - Standard &amp; under SBP IFRE)</li> <li>Alfalah Islamic Ghar Asaan MPMG/GSS</li> <li>Alfalah Islamic Roshan Apna Ghar</li> </ul>

### Islamic Treasury

Bank Alfalah Islamic offers variety of facilities under the ambit of treasury, including but not limited to, Shariah compliant Placements / Acceptance through Mudarabah / Musharakah/ Wakalah with other Financial Institutions, Forward (Wa'ad) transactions, Currency Salam, Sale & Purchase of Sukuk as Primary Dealer, Placements through Bai-Muajjal of Sukuk etc. Mudarabah based financing facility (MFF) & Open Market Operations (OMO) - Injections with SBP are also available with Treasury.

### Wealth Management

We offer investment services whereby we enable customers to manage their investment needs through investment in Alfalah GHP's Shariah compliant funds.





**Bank Alfalah**  
Islamic Premier

## Islamic Premier Banking

Bank Alfalah Islamic Banking Group has launched Bank Alfalah Islamic Premier proposition and expanding its footprints across the nation. Within a span of three years, we have inaugurated 26 state of the art designer Islamic Premier lounges in renowned cities such as Karachi, Lahore, Islamabad, Multan, Rawalpindi, Faisalabad, Peshawar, Gujranwala and Swat. Our lounges have also opened gates for establishment of non – lounge strategy through which accessibility of Islamic Premier proposition is provided to over 300 branches in these respective cities.

Under this versatile proposition, high net worth customers of the bank are dealt with priority and benefit from exclusive facilities, including but not limited to:

- a. Up to 50% offers, locally and internationally, at top notch outlets through Islamic Premier Debit Card
- b. Key to Islamic Premier benefits – our Islamic Premier Debit Card that offers higher spending and transaction limits, access to over 1,100 global airport lounges across 300 cities through LoungeKey, unmatched benefits at hotels worldwide, concierge services and a lot more!
- c. Up to PKR 2,000,000 worth of complimentary Takaful coverage for various uncertainties through Islamic Premier deposit accounts
- d. Fee waivers on banking products and services
- e. Fast tracked services and system functionalities supporting expedited turnaround time for all banking service requests
- f. Dedicated and highly skilled Islamic Premier relationship management team at all Islamic Premier lounges
- g. Up to 8 times accelerated Orbit reward program
- h. Dedicated helpline for fast tracked complaint resolution
- i. Bank Alfalah Islamic Premier customers across the nation, also have accessibility to designer Islamic Premier lounges which are exclusively tailored to meet their individual needs. The lounge provides with conference room facility for customer's business meetings which is very well appreciated by our customers. We also enrich our customers' banking experience by ensuring they are facilitated by a dedicated teller counter, snacks and refreshments, and a lot more for a premium banking experience
- j. With the world moving towards digital innovations, Bank Alfalah Islamic Premier has also kept a strong presence digitally by launching Alfa Islamic Premier application with an appealing UX/ UI enhancement and new features such as the nearest lounge locator, nearest alliances locator and Call my Premier Relationship Manager option. Further, we have launched Islamic Premier SMS banking and an Islamic Premier WhatsApp forum.

## Takaful Coverage

We offer Free Takaful Coverage for accidental death and permanent disability on all Bank Alfalah Islamic Current and Savings Accounts upon maintaining monthly average balance of Rs. 10,000 or more. With all these accounts, customers can qualify for coverage of up to PKR 2 million as per the coverage plan. Along with that, Islamic Account holders can also get Mobile Phone coverage of up to PKR 60,000/- upon maintaining monthly average balance of PKR 500,000 or more. In addition to this coverage, Islamic account holders and debit card holders also get Household Takaful Coverage, ATM Cash Withdrawal, Wallet and Cash over Counter Takaful Coverage. Through the support of Takaful service provider, Bank Alfalah Islamic extends a virtual outpatient department (OPD) service to its accountholders.

## Orbit Rewards



Bank Alfalah Islamic not only values, but also rewards every relationship that the Bank builds as an affirmation of its commitment to finding new and innovative ways to create value for customers.

Every product, whether it is a debit card, deposit account, home musharakah, auto finance, internet banking, mobile application, bancatakaful, or an investment policy, it allows customers to earn Orbits, a revolutionary reward currency. Customers can use Orbits to redeem items from the Bank's extensive online rewards catalogue and make bill payments through internet banking and Alfa mobile application. Customers can even transfer Orbits to other Bank Alfalah Islamic customers. The more Bank Alfalah Islamic products a customer holds, the greater is the potential to earn Orbits across all products in the form of a tier bonus every month.



## Corporate Banking

Bank Alfalah's Corporate Banking offers a comprehensive array of financing solutions to its corporate clients. The product offering includes long-term and short-term funded solutions with flexibility for structured products, including, but not limited to, working capital, import-export refinance, commodity finance, long-term finance, bill discounting, documentary credits, guarantees and foreign exchange. Strong corporate relationships form the basis for bringing mandates related to project financing, syndicates, large scale public sector lending, digital solutions and trade based solutions. Deposit mobilisation from various corporate clients is also part of its product offering. Corporate banking synergises with other groups within the Bank to capitalise on cross-sell opportunities like cash management solutions, payroll, vendor/dealer financings, digital offerings, etc.

## Investment Banking

The Investment Banking Division leads with a diverse range of meticulously crafted financial solutions to cater to the needs of our esteemed clients. Our team, led by industry experts, engages and collaborates with a broad spectrum of clients to offer tailored Project Finance, Debt Syndications, and Equity & Capital Market related advisory services. The bank has extended its footprint across various sectors, including infrastructure, renewable energy, real estate, water and steel. We also provide mergers and acquisitions (M&A) advisory, green financing, shareholder engagement, and more.

The Banks' success is rooted in a robust client base, characterized by a client-centric approach and top-tier business operations with unparalleled precision. Bank Alfalah is committed to forging trusted, long-term partnerships, driven by a vision of leaving a lasting impact on the industry, the aim is to continue actively contributing to economic development via government and private sector credit initiatives in order to align with the goals of fostering sustainable development growth and prosperity.

## Financial Institutions and Home Remittance Business

The Financial Institutions (FI) Unit manages relationships with local and foreign banks, prioritising customer facilitation to meet their trade and other banking needs. FI offers traditional trade (LC Advising, Confirmation, Negotiation, Discounting, and Letter of Guarantees) as well as structured trade solutions, i.e. Swift Trade Loans, UPAS LCs, and secondary market trade transactions, with the idea of strengthening our relationship with counterparty banks. FI maintains 60+ NOSTRO accounts in various currencies as well as 700+ unique Relationship Management Applications (RMA) with banks globally.

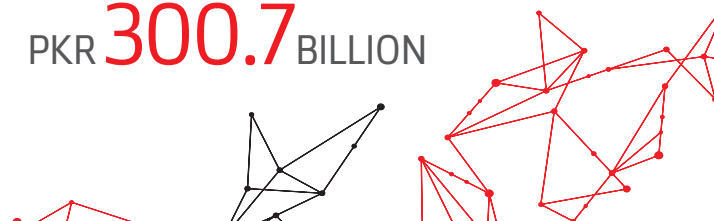
This unit aims to enhance the infrastructure established with their correspondent banks, facilitating the financing and refinancing of trade and commercial transactions between Asia, the Middle East, the European Union and Africa through their network. The NBF1 desk offers bespoke solutions catering to sectoral needs by providing structured finance and cash management solutions to meet the capital and liquidity requirements of clients. The desk is further venturing into various agreements with the development sector and is partnering with key players, aligning the Bank with the national initiative of financial inclusion and poverty alleviation.

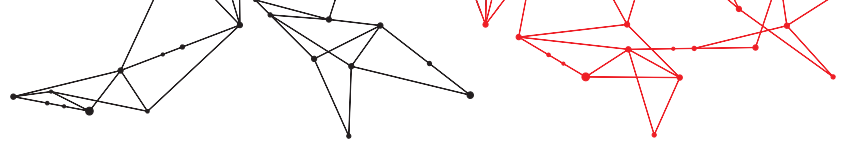
CORPORATE DEPOSITS

PKR **305.6** BILLION

CORPORATE ADVANCE (NET)

PKR **300.7** BILLION





Engaging in remittance flows under the State Bank of Pakistan's Pakistan Remittance Initiative remains a significant priority for the Bank. Beyond contributing to the economy, the inflow of home remittances serves as an important source of family support for numerous households nationwide. Bank Alfalah is proud to be a key participant in this national cause, overseeing payouts through its extensive domestic branch network.

Recognising the substantial impact of home remittances on the nation's economy, the Bank remains committed to ensuring that its remittance solutions are safe, efficient, reliable and best-in-class. In pursuit of this goal, Bank Alfalah has taken various initiatives, including investing in technology, system capacity, personnel and marketing, aimed at enhancing the flow of home remittances through banking channels.

## Transaction Banking

Transaction Banking offers Cash Management, Trade and Supply Chain Financing solutions that support our clients' working capital requirements and maximise business opportunities, while focusing on management, development, delivery and sales of transactional products, channels and services across all segments.

### Cash Management

Leveraging its core strengths, Bank Alfalah's Cash Management business has experienced substantial growth in recent years, establishing itself as a premier solution provider for customers across different segments of the industry. A structured and optimum corporate internet banking solution, 'Alfalah Transact', is offered, backed by the Bank's vast branch network and digital touchpoints, allowing corporate, SME and institutional clients to conveniently carry out transactions anywhere and anytime. Real-time connectivity is on offer, utilising the power and convenience of the internet. Its objective is to maintain uninterrupted banking services to clients in a personalised, cost-effective, efficient and, most significantly, secure manner.

The solution stands as a fully integrated, end-to-end platform featuring a single access point for all payment and collection transactions and information needs. This setup empowers clients to streamline their workflow processes, and can be scaled according to their preferences for product simplicity and sophistication. It transforms the way our clients do business and extends their reach to new markets, and at the same time, lowers transaction costs and reduces processing time.

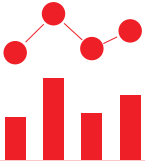
The business is positioned to build scalability, aligning with the Bank's commitment to offer smarter and better solutions. The objective is to continue positively impacting clients and their overall financial well-being.

### Trade Financing

International and domestic trade is highly complex and involves a web of intricate transactions. Trade Finance provides swift, efficient, reliable and holistic solutions for each phase of a client's trade value chain supporting their trade activities. The specialists in Trade Finance possess a deep understanding of both local and international business dynamics, and are therefore well-equipped to capture complete end-to-end trade flows of clients by providing an extensive array of trade products and services.

### Supply Chain Financing

Bank Alfalah's Supply Chain Financing (SCF) business is based on global best practices and was initiated under the road map and advisory from IFC. The anchor led and non-collateralized nature of programs stand as the corner stone of the Bank's unique selling proposition, positing Bank Alfalah as a leader in the supply chain finance space in Pakistan. The Bank's objective is to facilitate easy access to working capital without requiring formal collateral, fostering financial inclusion and empowering SME's to actively contribute in the country's economic activity. Acknowledging emerging challenges, the bank continues to engage with the SBP for introduction of SCF guidelines, products, MIS and technology to develop this market according to its potential. The eSCF platform enables corporates and their supply chain partners to perform transactions digitally creating ease of business, and is a testament of Bank Alfalah's digital roadmap. Fully aware that the SME sector is the growth engine of the economy, and based on anchor led programs, Bank Alfalah intends to increase market share and create product offerings suitable for this segment.



## Treasury and Financial Markets

Treasury and Financial Markets is responsible for managing Bank Alfalah's market and liquidity risk along with providing a complete suite of financial market products to its local and global clients. The Bank aims to leverage market positioning and global footprint to serve its clients' specific business needs. Treasury has an experienced, diversified and energetic team enabling us to be competitive and efficient in their dealing activities.

### Treasury Front Office

Treasury Front Office is responsible for managing the Bank's interest rate, foreign exchange, liquidity and equity price risk under a comprehensive framework approved by the Board. It manages these risks through its core functions, which include Assets and Liabilities Management (ALM), Trading, and Sales for both Conventional and Islamic banking. At all times, Treasury maintains a flexible approach, responsive to changes in the market environment, in order to ensure robust performance. Being a key player in the financial market and a leading primary dealer in government securities, Bank Alfalah's Treasury aspires to provide the best services to its customers dealing in foreign exchange business and investments in government securities.

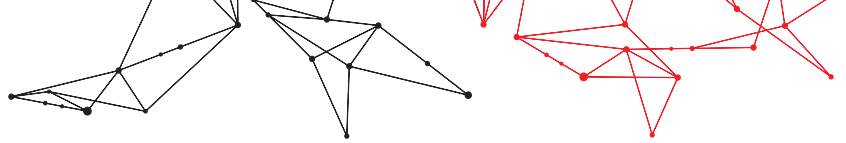
With an experienced team, the trading desk plays a critical role in both foreign exchange and fixed income markets. The treasury and institutional sales desks provide optimal solutions with respect to interest rates and foreign exchange exposures for its diverse customer base. The desks also conduct roadshows to market government debt and securities to foreign investors. Treasury endeavours to provide our clients with a wide range of conventional and Islamic solutions catering to their specific business needs. It also offer structured treasury products to meet the investment and hedging needs of a diverse clientele. For two consecutive years in 2022 and 2023, Bank Alfalah has been ranked No. 1 Primary Dealer in Pakistan by the State Bank of Pakistan (SBP).

### Capital Markets

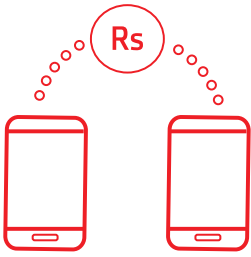
The Bank's Capital Markets desk is an active player in the equity market and works under a comprehensive framework approved by the Board. Leveraging its active role in Capital Markets and their development, the Bank has established an award winning equity advisory and investor relations franchise.

## FX EARNINGS

PKR **9.6** BILLION

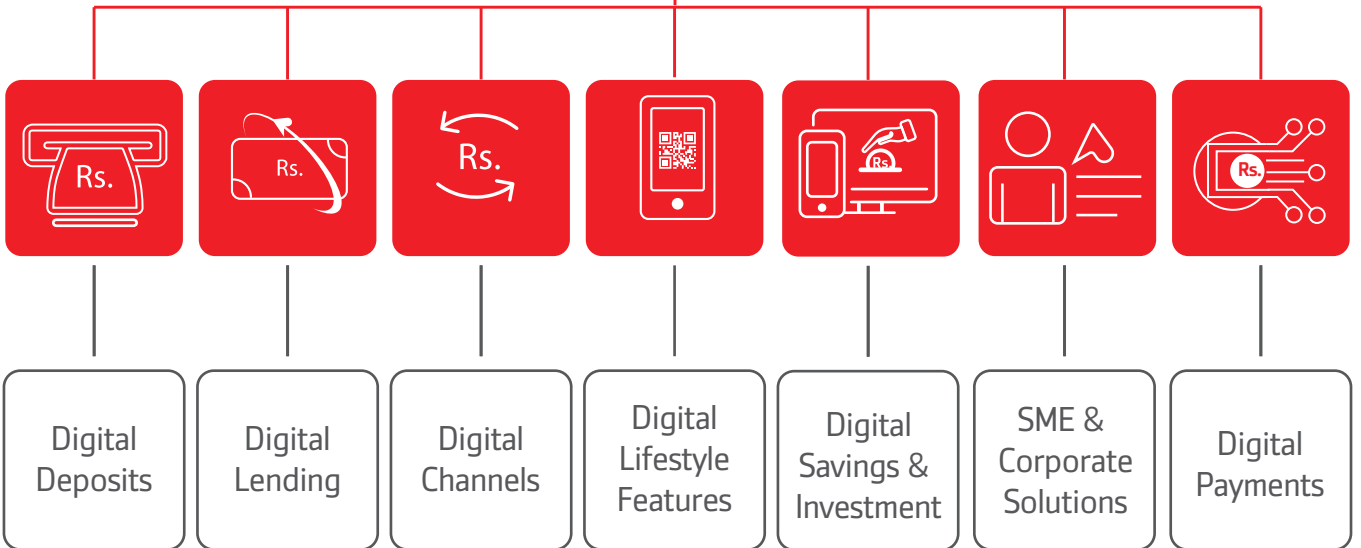


# Digital Banking



As a leading financial institution, Bank Alfalah's unwavering commitment to innovation, customer-centricity, and cutting-edge technology has propelled itself to the forefront of the digital banking landscape. With a wide array of financial products and channels catering to both conventional and Islamic customers, including the Alfa app, digital payments and lending solutions, ATMs, cheque and cash deposit machines, payroll wallet accounts, digital savings products, agent network and as one of the largest banks providing Government to Person (G2P) disbursements in both rural and urban areas, the Bank has successfully positioned itself at the forefront of digital expansion by providing best-in-class digital banking solutions in Pakistan. As a result, the Bank has been awarded the coveted 'Best Digital Banking' award by the Institute of Bankers Pakistan, the country's most prestigious Banking awards body.

## Digital Banking Portfolio



## Digital Deposits & Investments

### ● Digital Account Opening (Alfa RAPID)

Bank Alfalah, through SBP's Digital Onboarding Framework, allows for customers to open their accounts in a variety of variants without the need to visit the branches.

Diverse accounts type, covering both conventional and Islamic variants, with rates up to the regulatory maximum allowable limit, can be easily opened from Alfa and RAPID portal.

This functionality mirrors the wallet account opening facility but results in a full-fledged account being opened in a user friendly approach. The entire process is digital, culminating in in-app biometric verification.

### ● Alfa Wallet Accounts

Bank Alfalah offers a variety of wallet accounts (current, savings, in both conventional and Islamic) that can be directly opened through the Alfa Application. All fund transfers (FT), utility bill payment (UBP) and Airtime transactions are accessible for the mobile wallet users.

### ● Roshan Digital Account

Bank Alfalah introduced a new real-time digital service for overseas Pakistanis with the option to open an account in multiple currencies, including PKR, USD, GBP, EUR, AED and SAR, allowing customers to invest in Naya Pakistan Certificate, Pakistan Stock Exchange (PSX) and Real Estate, and repatriation of funds from abroad without any regulatory approval. RDA holders can also apply for car and house loans under Roshan Apni Car and Roshan Apna Ghar products. Customers also enjoy 24/7 access to funds through alternate channels accessible globally (free Internet Banking, mobile banking app, debit card), and easily perform basic financial transactions such as bills payment, e-commerce, fee payments, QR payments, goal-based savings, etc.

### ● Alfa Term Deposit (Conventional and Islamic)

Alfa Term Deposit allows customers to book a Term Deposit for as low as PKR 500 with just a few taps for tenors ranging: 7 days, 1 Month, 3 Months, 6

Months & 1 Year. It offers all the convenient features from Term Deposit booking to early encashment, change of maturity instructions and downloading WHT certificate digitally. All it takes is just 10 seconds to start saving and earning higher profits. Alfa Term Deposits can be booked by both Conventional and Islamic customers.

Bank Alfalah The Way Forward

Bank Alfalah The Way Forward

Bank Alfalah The Way Forward

Alfa

Get the freedom to choose payout & duration for your Alfa Term Deposit!

Available tenures:

7 Days 1 Month 3 Months

6 Months 1 Year

Alfa > Save & Invest > Alfa Term Deposit

Scan QR Code to Access Bank Alfalah Whatsapp | www.bankalfalah.com

### ● Digital Investments

Alfa is the first mobile banking app in Pakistan that allows customers to invest in Mutual Funds from their Account in just a few taps, without the hassle of any branch visit or tedious paperwork.

The entire process is easy to manage as the customer can invest, redeem, reinvest and switch between 12+ mutual funds through an end-to-end digital process without compromising personal financial information; with the initial investment as low as Rs. 500 and can be supplemented with higher amounts, as and when the customer wishes. The funds offered cover both conventional and Islamic variants and can be invested via both Sarmayakaari and Sahulat Sarmayakaari Accounts.

### ● Digital Insurance

Bank Alfalah has introduced an end-to-end paperless insurance purchasing process, making available an entire set of insurance options within Alfa including Term Life, Health Insurance, Accidental Insurance and more under both conventional and Takaful variants.

## ● Goal-based Savings

'Alfa Goal-based Savings' offers a systematic savings facility with an auto-debit option to help customers save a designated amount at regular intervals to achieve their savings goal in a hassle-free manner.

## ● Digital Home Remittances Account (HRA)

Bank Alfalah launched its Home Remittance Account (HRA) wallet whereby the customer can open HRA wallet on the go and subsequently receive remittance in wallet account via Alfa app without visiting branch and avail free airtime of PKR 2 against each USD remitted into the beneficiary's HRA wallet. The Bank is also actively working on converting Cash-over-the-Counter (CoC) transactions to HRA wallet credits.

## ● Asaan Mobile Account

Asaan Mobile Account (AMA) platform is a revolutionary initiative undertaken by branchless banking (BB) providers and State Bank of Pakistan. The AMA platform has been launched under the National Financial Inclusion Strategy (NFIS).

Asaan Mobile Account is designed to allow individuals an easy gateway to mobile payments in Pakistan without having a smartphone or internet connectivity. The aim is to facilitate general masses, especially the low income segments, to digitally open their BB accounts and use the available financial services in a swift, easy and affordable manner.



## Digital Savings and Investments

Putting customer convenience at the forefront of our strategy, Bank Alfalah has digitised various wealth management solutions for its customers. A suite of wealth management products along with on-the-go tracking of transactions are now available on the Alfa App. Alfa customers now have various options to invest their money securely, and insure their life and health against unforeseen circumstances.

## Digital Lending

### ● Merchant Financing

This unique product offering helps Small and Medium Enterprises (SMEs) to digitise their day-to-day payments and meet their business needs. Through Merchant Financing, merchants are offered digital loans of up to Rs. 250,000, offered as a value-added credit facility to merchants against their payments through Alfa Business App, applied digitally and disbursed instantly.

### ● Alfa Overdraft

'Alfa Overdraft' is the first-ever digital overdraft facility in Pakistan that provides a credit line of up to PKR 100,000 to payroll customers to manage and overcome their monthly financial need.

### ● Agent Financing

Bank Alfalah has enabled the agents (enrolled with Bank Alfalah Agent Network) with a credit facility of up to PKR 100,000 based on their average throughput volumes to meet short-term working capital requirements to carry out Branchless Banking transactions.

### ● Instant Credit Card

Bank Alfalah introduced a real-time credit card approval feature whereby the consumer may select their preferred limit and card variant through the journey and get it approved. The entire procedure takes less than five minutes, and there is no physical documentation. Delivery of the physical card takes 3 to 5 business days. With this feature, existing to bank consumers may now apply for a credit card on the Alfa app without having to visit a bank.





## • Instant Loan

The Alfa app enables instant personal loan application and approval, eradicating the necessity for branch visits and ensuring rapid disbursement. The Existing-to-bank customer base goes through an algorithm for eligibility, which can then apply for personal loans through Alfa.

## • Alfa Islamic BNPL

With Alfa BNPL, customers having credit cards of any bank, with debit card coming soon, can enjoy shopping from Alfa Mall and/or Bank Alfalah registered online merchants and pay in easy Riba-free instalments with 0% processing fee and enjoy seamless and paperless onboarding. The product is further equipped with instant credit decision where by customers are assigned a separate unsecured financing limit of up to PKR 750k which can be utilized in multiple EMI purchases with credit card used as a source of payment.

enables the customers to open new accounts, keep track of their accounts & credit cards, transfer funds, pay utility bills, purchase air time and mobile top-ups, invest in Digital TDRs and Mutual Funds, apply for digital loans and perform numerous other payment including taxes and school fees and perform banking services on the go. Various other non-financial services including account and profile maintenance services such as CNIC Expiry update, Withholding Tax Certificate generation, enablement and disablement of debit and credit cards for use across various domestic or international digital channels, Cheque Book & Banker's Cheque issuance request and Debit Card Maintenance are all within the reach of the customers with just a few taps.

## • Internet Banking

Bank Alfalah continuously strives to make lives of its customers simpler than ever before. Internet Banking facilitates customers to use our convenient and swift digital banking services round-the-clock from anywhere in the world. Customers can use Internet Banking to carryout financial transactions like utility bill payments, mobile top-ups, credit card bill payments, funds transfers, etc. Additionally, customers can also access value added services like requests for cheque book, banker's cheque, SMS alerts, etc.

## • WhatsApp Banking

Through Bank Alfalah WhatsApp Banking customers can get information related to Banking Services, Roshan Digital Account, Premier Banking, Loans, Offers & Discounts, Transact, Credit & Debit Card Activation instantly. Further, live chat agents are available for customer enquiries on the services searched on WhatsApp.

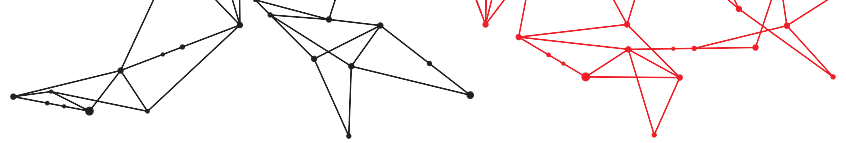
## Digital Channels

### • Alfa

Bank Alfalah's proprietary mobile application - Alfa, enables it users to utilise a platform for easy access to not just financial transactions but also to an array of lifestyle related services, empowering the customers to utilise the application as a "one window operation" tool for both, their daily and specific requirements.

It is one of the safest modes of digital banking, deploying biometrics, customer-to-device binding and autofetch technology in order to safeguard against cyber and social engineering fraud. Alfa





Chat with Agent is open for all customers which makes us one and only in the industry. Interactions per month are responded through Rule based BOT and Live Chat assistance, agents provide support that establishes a convenient customer experience. Customers can also conduct selected financial transactions on whatapp including sending money to already created beneficiaries and balance inquiries.

## ● SMS Banking

SMS Banking is a Pull-based service where customers are able to send pre-defined codes on bank's registered short code to do their financial

transactions and fetch enquiry-based information. This is a subscription-based service.

By subscribing to this service, customers can get their Account Balance, Last 5 transactions, Credit Card information, process Permanent Blocking of Debit Card, Temporary Blocking of Internet Banking and ALFA, Activation and Deactivation of E-Commerce transactions, initiate Cheque book requests, inquire about Orbits points, pay off the bill of their registered mobile number and Credit Card through their Bank Alfalah account by sending predefined texts to Bank Alfalah short code 8287.

## ● ATM Network

Bank Alfalah has been in remarkable transformation in its capability of handling their cash properly, to provide ease to their customers for quick and easy transactions. Customer can withdraw their funds easily at any time and from anywhere across Pakistan from the span of 1,100+ ATMs placed around the country.

Bank has recently launched Pakistan's first App look-alike ATMs with provision of Rs. 200K cash out in single transaction, and Rs 1 Mn in a day, the highest ever limits in the country.

## ● AlfaChat

The first of-its-kind facility in Pakistan, a P2P chat platform in banking was launched in May 2019, with a wide array of features from user-to-user chat, group chat, stories and picture uploading, voice notes, picture sharing as well as likes and viewing features. In addition, it provides money transfer and mobile balance top-up functionality in chat, making it a holistic banking and financial communications platform within Alfa. 'AskAlfa' is a feature in

AlfaChat where customers can communicate their queries and grievances as well as share files and documents to update their account credentials 24/7. This feature enabled remote submission of documents without visiting branches.

## ● CDMs and CCDMs

Bank Alfalah has the largest network of around 400 CDMs & CCDMs placed in the ATM lobbies of various branches in multiple cities throughout the country. This facility is available 24/7 for any walk-in-customer and offers a variety of transactions on the go, including:

- Instant cash or cheque deposit into Bank Alfalah or any other bank account
- Card-less experience
- Cash Management
- Wallet Account Opening
- Bill Payments and Airtime Purchase

Bank Alfalah has been at the forefront of OTC migration from tellers to vestibules for Cash deposits, giving its customers convenience and its operations efficiency. That is where the Bank lead in the industry, with almost half of all Cash Deposits being conducted through indigenously developed Cash Deposit Machines (CDM).

## Digital Payments

### ● Proximity Payments

Alfa Business has aced the universe of proximity payments in Pakistan with top position in market share, being one of the only few mobile apps accepting QR payments schemes i.e. MasterCard and VISA. Being the first in the industry with QR interoperability on both the issuing and the acquiring side. Alfa Business is embedded with instant financing offering for merchants along with business-to-business large payments for manufacturers and distributors. The Bank has also launched RAAST Person-to-Merchant (P2M) EMVCO standard QR. This is a step towards revolutionising merchant payments by offering lower MDR and embedded financing on payment throughput.

Customers can also buy goods instantly and pay the due amount with ease in installments (BNPL) through Alfa App.

### ● Digital Merchant Onboarding

Bank Alfalah has launched digital merchant

onboarding, allowing small merchants to open merchant accounts without visiting a branch. This is to enable online and retail merchants to instantly open merchant accounts and accept payments digitally from customers.

## ● Alfa Business App

Bank Alfalah has launched Alfa Business App - an exceptional, out-of-the-box experience for business merchants with digital onboarding - allowing them to accept QR payments from any MasterCard and VISA app, enabling them:

1. Real-time reporting
2. Activity dashboards
3. Dynamic QR
4. Virtual e-Shop
5. Embedded Financing

The B2B Digital Platform seeks to make business-to-business transactions simpler. Retailers and cash handlers can transfer up to PKR 50 million per day in real-time using Bank Alfalah's B2B Digital Payments, a novel solution that digitizes the cash management process without the burden of visiting bank branch or carrying cash. In addition, this solution offers both parties real-time alerts through email and text message, as well as a 24/7 access for reviewing transactions, history, and account statements.

## ● Virtual debit card

In order to enable the growing e-commerce industry, Bank Alfalah under the umbrella of Digital Banking of Bank Alfalah, envisioned to provide its customer a Virtual Debit Card (VDC) used instantly for Online Shopping / transactions, while offering convenience, security and more control over limits.

**Virtual Debit Card**  
Your access to the world

Now shop online at any international website in a convenient manner

Instant    Easy    Secure

Login on Alfa App & get your Virtual Debit Card instantly!

**How to create your Virtual Debit Card?**  
Login to Alfa App → Go to Cards option → Select Virtual Debit Card → Generate your VDC

**Scan QR Code to Access**  
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021 111 225 111 | www.bankalfalah.com

**Important notes:**  
• International transactions are enabled for Bank Alfalah Rewards Banking customers only.  
• Active Debit Card holders are eligible for Virtual Debit Card.  
• Bank Alfalah Terms & Conditions Apply.

## ● AlfaMall

AlfaMall offers e-Commerce products to Online

shoppers on "lower than market prices" with Buy Now Pay Later feature, that too with 0% markup, free shipping and easy return and refund policy. AlfaMall offering revolves around 'Building Trust' by offering following benefits to both customers and merchants. AlfaMall has enabled digital transformation of customers from conventional order booking channels to book products on installment. The digital platform has converted many non-digital banked customers who had been ordering their products through call center, Branches, social media pages etc.

## ● School Fee Payment

The digital fee payment feature enables parents to pay school fee digitally, 24/7, and in few minutes. Fee collection service is also enabled on our agent network and CDMs to provide multiple collection channels to customers.

## ● Alfa Payment Gateway

Alfa Payment Gateway digitises payments made by consumers to various businesses, enabling sellers to receive and manage payments online through website, mobile application, or by using pay-by-link feature. A notable accomplishment was the successful launch of the Card on Delivery feature. An additional mode of payment allowing customers to make the payment conveniently when their purchase arrives at their doorstep.

## ● Orbits Loyalty Program

With one of a kind loyalty program in the industry, Bank Alfalah's Orbit Rewards has continued to engage plethora of customers, strengthen and diversify the current customer relationships, and has managed to entice new customers on Bank's digital platform.

**Bank Alfalah**  
The Way Forward

**AlfaMall**

**Alfalah Orbit**  
REWARDS

**Have Bank Alfalah Orbit Rewards?  
Then redeem them!**

AlfaMall

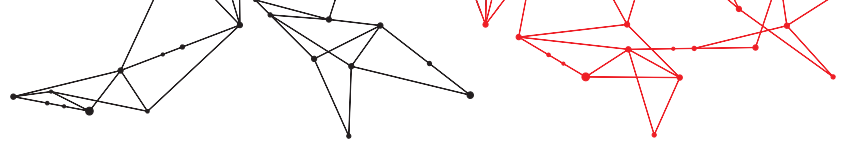
POS Machines

Utility Bills

Mobile Top up

QR payments

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Moreover, the Orbits program is being used as an instrumental tool to increase customer digital footprint on Alfa via introduction of various campaigns such as: K-Electric Bill Payment Rewards, Alfa Term Deposit Campaign, RAAST Account Linking, etc.

## Government-to-persons (G2P) Corporate and Micro / SME solutions

### • Employee Old Age Benefits (EOBI) Pension Wallets

In collaboration with the venerable Employees' Old-Age Benefits Institution, the Bank provides secure ATM debit cards to facilitate the expeditious and transparent transfer of retirement benefits, thereby enhancing the well-being and financial security of our revered elderly citizens, who have dutifully contributed to the nation's growth over the years.

### • Digital Payroll Account

Alfa Payroll Solution is a secure, reliable and cost-effective digital solution by Bank Alfalah that primarily targets the corporates. It allows these entities to disburse salaries directly into mobile accounts of hundreds of employees, mainly blue-collar workers who are generally paid in cash.

Bank Alfalah Corporate Portal enables companies to run their salaries with flexibility at their own time as per their own convenience. The maker/checker model allows a two-way check to ensure smooth processing and minimizes chances of error.

### • Benazir Income Support Programme (BISP)

Bank Alfalah has been entrusted with a significant mandate, secured through a rigorous competitive bidding process, to execute secure and biometric-based disbursements to beneficiaries across Khyber Pakhtunkhwa, Azad Jammu & Kashmir, and Gilgit Baltistan, as part of the esteemed government-led Benazir Income Support Programme (BISP). The scale of this mandate highlights Bank Alfalah's unequivocal dedication to effectuating financial inclusion and uplifting the marginalized and underprivileged communities within the territorial bounds of Pakistan.

Within the ambit of the disbursement portfolio, Bank Alfalah has registered beneficiaries belonging to the unbanked and underprivileged communities of Pakistan, with additional beneficiaries registered for BISP Emergency Cash Programme 2020 & 2021, belonging to the most affected sections of the society in the COVID-19 lockdown.

### • Agent Network (Branchless Banking Network)

Bank Alfalah has embarked on an ambitious mission to enhance financial accessibility and outreach by establishing an expansive network, strategically dispersed across prominent towns in every region of Pakistan.

The agency banking services encompass a diverse selection of conventional, digital, and Islamic banking products and services.

Customers can benefit from

- Seamless Wallet Registration & Upgrade
- Hassle-free Cash-In/Out transactions
- Secure Money Transfer Services
- Instant Mobile Top-ups
- Convenient Utility Bill Payments
- Fee Collection Services for Schools, Institutions, Micro-Finance Institutions
- G2P Disbursement and Collections
- Pulling Home Remittances
- QR Purchases with BNPL Option

### • Digital Cash Management and Digitization Solutions

Bank Alfalah is at the forefront of providing customized digital solutions to leading Fintechs and start-ups in Pakistan, by offering them a 360-degree solution for both collection and disbursement which includes Interbank Funds Transfers, Cash Deposit Machines, Alfa Payment Gateway QR and branchless banking agents, thereby, promoting the agenda of cash less transactions and shifting from traditional banking to digital banking.

# Making Customers' Lives Easy Through Innovation

Innovating the customer experience means adding more value to the customer's relationship with bank's business. While there are many ways to do this, Bank Alfalah remains at the forefront of digital innovation and technological advancement. It is our priority to provide best-in-class services to our customers. Given below are the initiatives that the Bank has taken to enable and promote innovation to make customers' lives easy.

## DIGITAL BANKING

Through its digital brand, Bank Alfalah has expanded its reach far beyond traditional banking hours through its "PHYGITAL" proposition which includes the indigenously designed Cash Deposit Machines, an Agent Network, Digital Lifestyle branch with a Buy Now Pay Later (BNPL) Store, Self-pick Services through Alfa Mall and QR & POS Network. This innovative concept not only redefines traditional banking but also sets new standards for customer-centricity and convenience.

### Pakistan's 1st Digital Lifestyle Branch:

#### A Hub of Convenience and Innovation:

Bank Alfalah's Digital Branch is not just another bank branch; it's a dynamic and versatile space designed to cater to the multifaceted needs of the modern customer. The branch combines the functionality of a bank with the comfort and vibrancy of a restaurant, co-working space, and a 'Buy Now, Pay Later' (BNPL) store. This is the essence of Bank Alfalah's vision - to create an ecosystem where banking seamlessly integrates with your lifestyle.

#### The All-In-One Experience:

Here are some of the standout features of this digital wonderland:

- 1. Digital Lobby with Account Opening:** Experience the future of banking in our digital lobby, where customers can open accounts seamlessly through Virtual Services Machine.

- 2. Cash and Cheque Deposits:** With advanced machines that make transactions quick and straightforward, the customers are allowed to get on with their day and deposit money in any bank account of Pakistan. Bank Alfalah has not kept this service for its Customers only
- 3. Digital Financial Services Desk:** A dedicated digital financial services desk provides personalized assistance, helping you make the most of our digital offerings, from online banking to mobile apps and more. Previously, these were only offered through contact center / phone banking helpline.
- 4. BNPL Store:** Explore a dedicated Buy Now, Pay Later store within the branch. Shop for your favourite items and conveniently spread the cost over time with flexible payment options on your any banks Card.
- 5. Digital Locker:** Store your valuables securely with Bank Alfalah's state-of-the-art digital locker service, ensuring peace of mind and accessibility when needed. This is 24/7 facility with your biometric as a key to open locker along with the Debit Card authorisation. .
- 6. Higher ATM Withdrawal Limits:** Enjoy the convenience of higher ATM withdrawal limits of up to PKR 1 million, ensuring that you have access to your funds when you need them the most.



7. **Restaurant-Style Comfort:** The Digital Branch has partnered with an upscale dining establishment to provide an inviting and relaxed atmosphere, where customers can savour a coffee or meal while conducting their banking transactions. Say goodbye to the conventional bank queues; instead, enjoy a pleasant dining experience as you manage your finances.
8. **Co-Working Space:** The co-working space offers a productive environment with high-speed Wi-Fi, charging stations, and comfortable seating, making it an ideal spot for professionals on the go. This initiative bridges barriers between startups/ fintechs and commercial bank activities.

## Stateless ATM

An Application looking UI/UX is implemented on the ATMs to provide a better experience to the customers, which is both user friendly as well as easy on the eye.

## ATM Bio Product

Bank Alfalah has introduced a new product on its ATM channels, where customers can subscribe to the Bio product where withdrawals can be made using thumb impressions scan at the ATMs, allowing customers to withdraw up to PKR 1 Million daily and PKR 200,000 in a single transaction.

## Digital Sales and Services Centers with Digital Self Account Opening

Bank Alfalah is taking significant strides in the digitisation of cash and banking, and to accelerate this vision, the Bank is introducing the Sales and Service Center (SnSC). These centers are compact shops housing an ATM, CDM, and CDK, strategically located in cash-heavy market areas in cities and towns, with a particular focus on serving MSMEs and business owners.

Each SnSC has a dedicated relationship manager present to assist local business owners and customers in opening digital accounts and guide them through the array of digital services available on each terminal, making it a Payments' Hub.

## Alfa BNPL Islamic

Alfa BNPL also allows an Islamic option where customers can use credit cards of other banks and enjoy shopping from Alfa Mall and/or Bank Alfalah registered online merchants and pay in easy Riba-free instalments with 0% processing fee and enjoy seamless and paperless onboarding. The product is further equipped with instant credit decision where by customers are assigned

a separate unsecured financing limit of up to PKR 750 K which can be utilized in multiple EMI purchases with credit card used as a source of payment.

## CUSTOMER EXPERIENCE AND TRANSFORMATION

### Service Culture Innovation

The Bank's focus has been on fostering a transformative organizational culture, designating it as the Year of Service.

- The unveiling of "At Your Service 2.0" has revitalized commitment to customer-centricity, grounded in three core pillars: Empathy, Generosity, and Responsibility.
- A pivotal aspect of this cultural shift is the Service Culture Enablement program within SQMP, aimed at equipping the frontline with the right mindset through targeted training.
- Recognizing exceptional service, the Smile-O-Meter program, an initiative that recognizes and rewards frontline staff for their positive interactions, was introduced.
- The Bank's dedication to instilling a service culture remains unwavering, with regular Branch Manager Morning Huddles to ensure the staff is motivated and embodies the right mindset.

## INNOVATIVE AND DIVERSIFIED PRODUCT SUITE

Our diverse product suite of Current, Savings and Term Deposits is one of the best in the industry with respect to pricing, various processing, and accessibility. Our featured products are specially designed for various consumer segments such as businesses, self employed individuals, females, senior citizens, agriculturalists, and minors for customised banking services to fulfill the needs of the targeted segments in an optimal way. The Bank offers an easier documentation process for customer onboarding, encourage home remittances, advocate gender diversity, and promote financial inclusion in the country. The Bank also launched a new and exciting product this year in order to meet our customers' needs and reach underserved segments, Bank Alfalah Kashtkaar Current Account. It is designed for agriculturists and farmers. The account features rate breaks and financial facilities, farm advisory services and technical guidance to farmers at their doorstep making it the perfect product to cater to our customers agri-segments banking needs.

**Now Invest in Digital Mutual Funds via Alfa**

Open your Digital Mutual Fund Account via Alfa and start making profitable investments from the comfort of your home.

- > Login on Alfa app and go to "Save and Invest"
- > Click on "Mutual Fund Investments"
- > Select from "Sarmayakari" or "Sahulat Sarmayakari"

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Disclaimer: Investments in Alfalah Investments' Products are subject to market risks. Past Performance should not be taken as a guarantee of future performance and no representation or warranty, express or implied, is made regarding future performance. Please read the Terms & Conditions carefully to understand the investment policy and the risks involved. Bank Alfalah Limited is only the "Distributor" of these Investment Products in Pakistan. Bank Alfalah Limited disclaims any customer responsibility for any liability for any consequences, financial or otherwise, arising from the subscription or acquisition of these investment products. Investors should make their own decisions, approval and consult their own financial, legal, taxation and other professional advisors prior to any subscriptions.

**Cash on Tap, Dreams in a Snap!**

Apply for Personal Loan through Rapid and experience convenience and flexibility like never before.

Visit: [https://rapid.bankalfalah.com/AlfalahRapidPROD/Personal\\_Loan\\_Request.aspx](https://rapid.bankalfalah.com/AlfalahRapidPROD/Personal_Loan_Request.aspx)

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## CONSUMER BANKING

### Home Finance

Increase in its market share of Housing Finance business, solidifying Bank Alfalah's position as a leading player in the housing finance market and attracting a larger customer base seeking reliable and competitive home finance solutions. Bank Alfalah maintains a leading role by introducing 08 innovative products in the Housing Finance product suite in last 3 years. To support the Housing Finance eco-system, the Bank has entered into partnerships with renowned builders and digital real estate aggregators, conducted various road shows, awareness sessions on housing finance, on-boarded Solar vendors for Green Homes and launched campaign for financial inclusion of women.

Bank Alfalah provides quick and convenient solutions at affordable monthly instalments, enabling customers to fulfil their dream of owning a home. Furthermore, the bank has embraced digital transformation by digitising Home Finance product offerings to enhance customer experience and streamline its services. Through this initiative, customers enjoyed faster, more efficient process flows during their home finance journey. To update the customers about the status of their loan application for housing finance, Bank Alfalah has introduced an online E-Tracking application. Further evidence of enhancing the Banks digital outreach was seen when the digital journey for overseas Pakistanis was broadened through the enablement of Roshan Appa

Ghar application solicitation via Alfa mobile app.

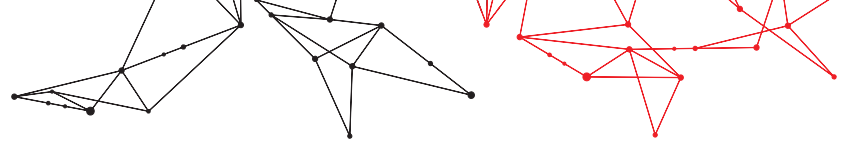
Bank Alfalah's outstanding achievements and accomplishments have reinforced its position as a market leader in the housing finance sector in Pakistan. By embracing innovation, digitisation, and catering to diverse customer needs, the bank continues to strengthen its role by delivering affordable housing finance solutions to customers across the country.

## Auto Finance

Bank Alfalah established an online channel to facilitate non-resident Pakistanis under "Alfalah Roshan Apni Car" facility. Through our Digital Rapid Portal overseas Pakistani's can avail auto loan facility for their relatives in Pakistan from anywhere in the world. Further, Bank Alfalah Auto Loan in collaboration with Leading Auto Manufacturers offers financing through unique digital portals and is an exclusive alliance partner in some of these collaborations since inception. These channels enable a tri-party connect bringing Bank, Original Equipment Manufacturers (OEM) & the customer on one platform.

The end-to-end digital auto financing model is now available for the Bank's customers as Rapid Auto Loan.

**94** The digital financing model ensures speed and transparency. Customers can now initiate their Auto Financing request through Rapid portal from anywhere, anytime and share application and supporting documents through this platform.



Bank Alfalah  
The Way Forward

Bank Alfalah  
Best Digital Banking 2022

Bank Alfalah  
Best Bank - Pakistan Finance 2022

Bank Alfalah  
**AUTO LOAN**

BORN IN UK

MG

Navigate the Road  
to Your Dream Car and  
**finance MG with  
Bank Alfalah Auto Loan**

Free 1st Fuel Tank

Preferred Markup &  
Insurance Rates

One year  
Free Periodic Maintenance  
by MG

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Limited Time Offer



## Personal Loan

Bank Alfalah is providing Fast, Affordable and Easy option to meet immediate financing needs for its customers in shape of personal loan. As a result of digitisation, the process of obtaining personal loans is now streamlined, paperless, more cost effective, and simplified for customers.

Convenience features are as follows:

### i. Bank Alfalah Personal Loan Webpage

Bank Alfalah developed Personal Loan Webpage having product awareness to facilitate its customers. It includes:

- Basic product features
- FAQs
- Query / lead generation
- Loan instalment Calculator
- Apply for Top up loan
- Eligibility criteria
- Product offerings
- Schedule of charges

### ii. Dedicated Email IDs for customer queries and facilitations - Personal loan

For customer facilitations, BAFL has created dedicated email IDs for Personal loans where customers can directly share the queries as well as solicitation of personal loan application. This is a more convenient way for the customers to interact directly with the relevant personal loan staff and get their queries attended at the earliest.

[personalloan@bankalfalah.com](mailto:personalloan@bankalfalah.com)

### iii. Systematic Customer Services & Complaint Management

Bank Alfalah has enterprise level system that is used for centralised capturing of customer service requests & complaints. All Personal loan service requests are captured in the system.

### iv. BPM Personal Loan Application initiation through branches to facilitate customers

- Real time case login
- Document upload option on system to process application on fast track.
- Better customer experience

### v. Purchase loans

Bank Alfalah is the first to finance Electric bikes & has collaborated with different vendors for electric bikes.

### vi. Launch of Digital Rapid Portal

It is a digital solicitation channel. RAPID portal enabled customers to apply for consumer products digitally from anywhere in Pakistan without contacting to bank's representative.

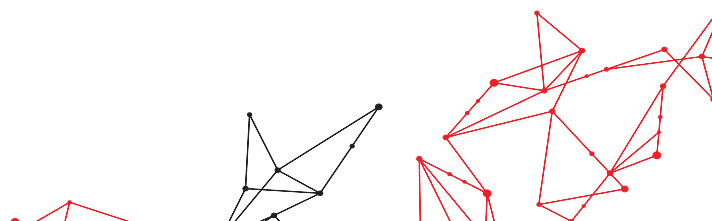
### Digital Solicitation of Personal Loan through Instant Cash Loan

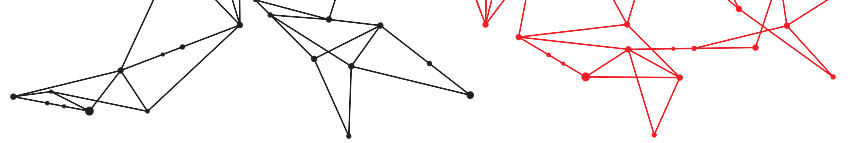
Bank Alfalah is leading by offering Instant Loan Product which is the loan solicitation through Digital Channel. Instant loans are given instantly to the customers through Alfa app. It is end to end digital process. There is no branch visit or physical documentation required, and it takes a minute to complete the journey and get loan amount into the account. It fulfils customer needs of loan amount immediately.

This unique product brings solution and hassle free method to obtain loan through few clicks but through prudent solicitation. Bank Alfalah allows it's existing pre-screened customers to digitally apply and get disburse in their accounts within less than a minute time. Instant Loan is easy to access through ALFA application, obtain and repay.

Dedicated Email IDs for customer queries and facilitations

[instant.loan@bankalfalah.com](mailto:instant.loan@bankalfalah.com)





## Cards

### Digital Solicitation of Credit Card through Instant Credit Card

Bank Alfalah offers Instant Credit Card via its mobile banking application "ALFA" to pre-screened existing customers of branch relationship. It is an end-to-end digital journey to enhance customer's experience which directly enable them to enjoy banking services with ease and comfort.

Customer can select any card from the 5 types of credit cards i.e., Visa Classic, Visa Gold, Visa Ultra, Visa Platinum, Master Optimus and can chose desired credit limit from the available options appearing at Alfa. It takes less than 5 minutes to complete the journey in few simple steps and customers' meeting the eligibility criteria gets card approval instantly without any physical documentation and physical hassle of branch visit. Card gets delivery at customer's given address within 1-2 days.

Dedicated Email IDs for customer queries and facilitations - Cards

96

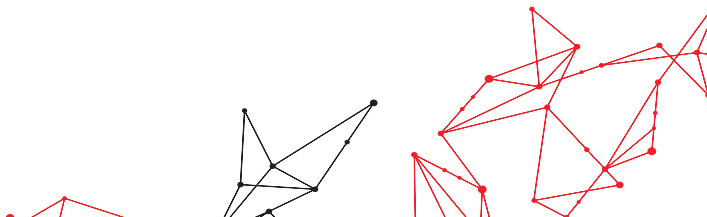
For customer facilitations, Bank Alfalah has created dedicated email IDs for Instant Credit Card where customers can directly share the queries as well as solicitation of instant credit card application. This is a more convenient way for the customers to interact directly with the relevant instant credit card staff and get their queries attended at the earliest.  
instant.card@bankalfalah.com

## ISLAMIC BANKING

ATM Notes Denomination choosing facility: The Key objective of this value-addition is to facilitate Islamic Premier customers to dispense cash from ATM in desired denomination of notes. This specific customer segment of BAFL will have an option where customers can self-select the denomination in which they want to have their cash withdrawal.

# Significant Events/Changes in Organisation

- There are no significant changes from prior year with respect to:
- the ownership and
  - business model of the Bank; except the incorporation of a new exchange company.





# **STAKEHOLDER RELATIONSHIP & ENGAGEMENT**



# Stakeholders' Information

## Customers

Bank Alfalah recognises that customers' have become increasingly financially savvy and attuned to their needs over time. Consequently, the principle of Customer Centricity serves as both a guiding tool and a moral compass for us as a bank. This philosophy directs the bank to enhance its customers' experience with its services, noting that excellence in quality is critical in achieving unprecedented service levels. In a strategic shift, the Bank has transitioned from having achieved operational excellence to a deliberate emphasis on culture and service during the year, demonstrating our commitment to not only meeting but exceeding customer expectations. Recognising their changing needs and preferences, we provide innovative products and seamless processes guided by insights from customer feedback, complaints, regulatory research, global market research, and industry best practices.

Our dedication is reflected in our offerings that bring the most benefit to our customers. The Bank underscores its commitment to customer-centricity through a varied product portfolio, encompassing branch banking, consumer finance products, corporate and SME products, wealth management services, Islamic banking operations, and digital banking platforms.

To ensure a comprehensive understanding of customer needs, we have fortified our feedback mechanisms. In fostering stronger customer relationships, we conduct relationship management assessments, evaluating the outreach efforts of our relationship managers and gauging customer satisfaction with the services received. This multifaceted approach underscores our unwavering commitment to elevating the customer experience and maintaining a service culture. The Voice of Customer (VOC) program serves as a dynamic tool for gathering real-time insights. Simultaneously, our Voice of Employee surveys assess the support levels provided by our units, enabling us to address thematic issues. This approach extends to senior management, ensuring

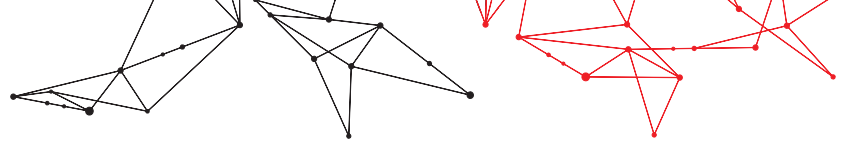
that improvements are enacted at every organisational level. Moreover, our customer interactions involve multiple channels, including call centers, social media platforms, surveys, awareness sessions, roadshows, and various advertising campaigns.

## Employees

Bank Alfalah firmly believes that investing in human capital is the key to achieving its strategic objectives. The Bank ensures that employees are kept motivated and committed through productive capacity building programs, appreciation via various platforms, and engagement in activities other than core business operations. Besides developing professional skills of the team, the Bank promotes an environment of learning and a well-rounded lifestyle through initiatives such as:

- Periodic 'Employee Happiness' surveys
- Sharing of success stories of individuals
- A platform for employees to express gratitude towards each other
- Sponsorship Programme to seek guidance for mentorship from senior leaders
- Year round learning and development programs
- Financial assistance schemes for professional qualifications / tertiary education for top performers
- Sabbatical leave for employees who wish to pursue higher education
- Access to a variety of learning material on the Bank's Learning Management System
- Awareness campaigns and activities to keep employees engaged

The Bank acknowledges the contributions of its employees, particularly female staff and employees with disabilities. Bank Alfalah is proud to be an equal-opportunity employer.



## Shareholders/Institutional Investors

One of the Bank's significant goals is to deliver long-term value to its shareholders. Shareholders' trust sets the strategic direction of any institution, and their support further facilitates the achievement of key objectives. Engagement through AGMs and EOGMs certify that shareholders actively participate to ensure that the business remains sustainable in the years to come. Press releases and financial reports (quarterly, semi-annually, and annually) are disseminated promptly to ensure shareholders' engagement at all times.

## Suppliers, Service Providers and Vendors

Bank Alfalah considers suppliers at every stage of the product lifecycle as they have a significant role in providing end-to-end services, ranging from sourcing raw materials to help ramping up production and finding better options for the organisations. When the market starts becoming saturated, companies need to work closely with their suppliers to get the best out of their products for fulfilling their requirements.

The goal of suppliers is to ensure that they meet or exceed the buyer's expectations in terms of quality, delivery, and cost. There are many benefits of effective supplier management, including improved quality and delivery of goods and services, reduced costs, and strategic relationships with suppliers.

## Analysts and Rating Agencies

The Bank regularly engages with analysts on details of projects already disclosed to the regulators, with due regard for regulatory restrictions imposed on inside information and/or trading to avoid any impact on the Bank's reputation or share price. The Bank organises Analyst briefings / conference calls to apprise the attendees on operational and financial performance. The Bank also engages with Credit Rating Agencies, which assign ratings to the Bank's equity as well as its financing arrangements (ADT1 and Medium Term Note).

## Regulatory Bodies

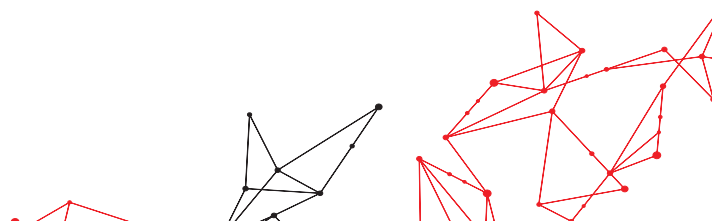
To ensure sound business operations, regulatory compliance, and a transparent legal environment, engagement at the regulators' level is carried out frequently throughout the year. Engagement channels include periodic reporting and meetings held with the regulators, both locally as well as overseas, or their authorised representatives. The Bank has always appreciated the support of the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Pakistan Stock Exchange, and other regulatory bodies of our local and international operations.

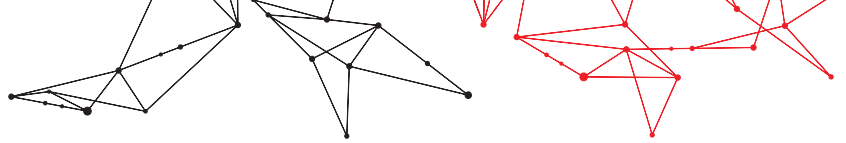
## Community/Society

The Bank engages with the general public through CSR initiatives. This helps us identify the need for intervention in sectors such as education, health, welfare, environmental sustainability, leadership development, and promotion of sports, arts, and culture.

## Media and Marketing

Media and Marketing play a pivotal role in in shaping the brand's narrative, enhancing brand visibility, and fostering a deep connection with its target audience. Be it conventional or social media platforms, quick communication and widespread reach of media have become the need of the time. The Bank remains abreast of developments in marketing and visibility channels to maintain its digital footprint and public reach, and promote a positive brand image.







# Stakeholders' Engagement Policy

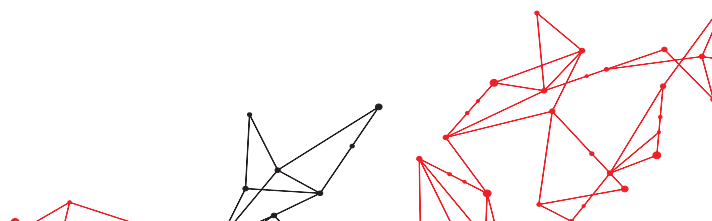
## Board's Focus on Stakeholders' Engagement

The Board has set a framework and guiding principles for the Management to ensure transparency and regular interaction with stakeholders, particularly shareholders, and investors. The Bank's Management strives, through various platforms such as branches, digital channels, media, and social media platforms, to understand the views and sentiments of its stakeholders.

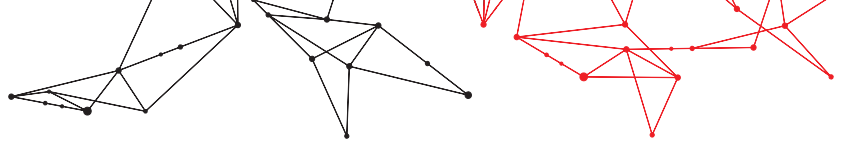
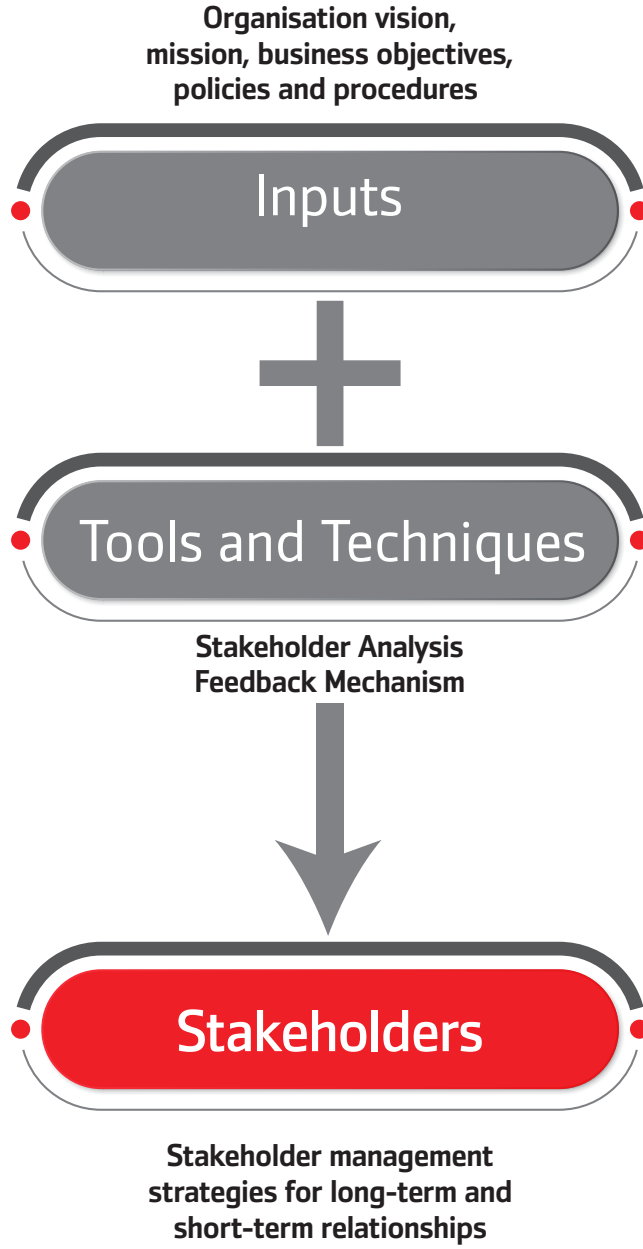
## Managing the Relationships

The Bank holds its key stakeholders in high regard and follows an end-to-end engagement process to keep them informed and involved. Internal as well as external stakeholders are engaged regularly or as and when needed. The Bank continually improves its offerings and services, aiming to meet and exceed stakeholders' expectations.

Please refer to the 'Governance' section of this Annual Report for disclosure on this policy.



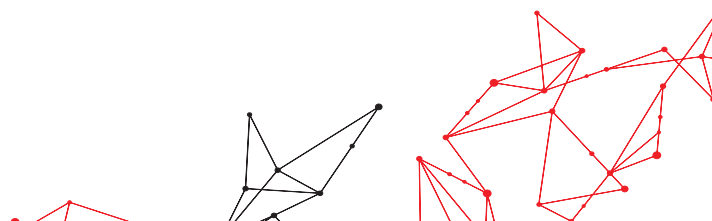
# Stakeholders' Identification Process







## Legitimate needs, interests of key stakeholders, and industry trends

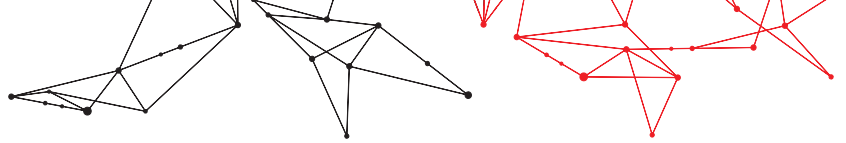
Stakeholder	Legitimate needs and interests	Industry trends
<b>Customers</b>	Best-in-class products and services	Innovation; Digital platforms for providing services; Service agility
<b>Employees</b>	Career progression; Work-life balance; Belonging needs; Transparency	Timely pay; Training; Swift on & off-boarding; Health and Well being
<b>Shareholders and investors</b>	Maximised returns and regular dividends; Timely dissemination of all material information in accordance with the regulatory requirements	Profitability; ongoing engagement
<b>Vendors, suppliers and service providers</b>	<ul style="list-style-type: none"> <li>Fair and transparent competition among the vendors.</li> <li>Timely payments.</li> <li>Long-term relationship via strategic sourcing deals and agreements.</li> <li>Preserve the confidentiality of vendor information.</li> <li>Highest professional and ethical standard and absolute business integrity at all times.</li> </ul>	<ul style="list-style-type: none"> <li>Transparent competitive bidding process</li> <li>Robust enlistment process of vendors who have sound track record of service delivery</li> </ul>
<b>Analysts and Rating agencies</b>	Accurate information; Regular connectivity	Forward-looking opinion on credit worthiness of underlying entity or instrument
<b>Regulatory Bodies</b>	Compliance with laws and regulations;	Trusted partner
<b>Community / Society</b>	Social welfare and community support	Sustainability; Corporate Social Responsibility
<b>Media and Marketing</b>	Timely and accurate information	Timely and accurate information

The Bank takes care of all legitimate needs of its stakeholders, aligns itself with industry trends and also remains upto the benchmark.



# Stakeholder Engagement Process and Frequency of Such Engagements

 <b>CUSTOMERS</b>	 <b>EMPLOYEES</b>	 <b>SHAREHOLDERS AND INSTITUTIONAL INVESTORS</b>	 <b>VENDORS, SUPPLIERS AND SERVICE PROVIDERS</b>
<p><b>Engagement</b></p> <ul style="list-style-type: none"> <li>• Branch Banking</li> <li>• Internet / Mobile Banking</li> <li>• Call Centres</li> <li>• Complaints</li> <li>• Social Media</li> <li>• Advertisements</li> <li>• Feedback surveys</li> </ul>	<p><b>Engagement</b></p> <ul style="list-style-type: none"> <li>• Trainings, employee policies, awards and awareness</li> <li>• Services to the customers through customer touchpoints</li> <li>• Grievances</li> <li>• Awareness about employee benefits</li> <li>• Sessions with senior management through townhalls</li> <li>• Compensation and benefits</li> </ul>	<p><b>Engagement</b></p> <ul style="list-style-type: none"> <li>• Financial Statements</li> <li>• AGM/EOGM</li> <li>• Press Releases/ Announcements</li> <li>• Corporate Briefings</li> <li>• Grievances</li> <li>• Dividend Distribution</li> <li>• Investments</li> <li>• Feedback surveys</li> </ul>	<p><b>Engagement</b></p> <ul style="list-style-type: none"> <li>• Procurement of goods and Services</li> <li>• Staff and other outsourcing arrangements</li> <li>• Health and Safety trainings provided to vendors</li> </ul>
<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>• As and when need arises</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>• Daily</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>• Quarterly</li> <li>• Half yearly</li> <li>• Annual</li> <li>• As and when need arises</li> </ul>	<p><b>Frequency</b></p> <ul style="list-style-type: none"> <li>• Daily</li> <li>• As and when need arises</li> </ul>
<p><b>Their importance to us</b></p> <ul style="list-style-type: none"> <li>• Brand reputation</li> <li>• Customer satisfaction</li> </ul>	<p><b>Their importance to us</b></p> <ul style="list-style-type: none"> <li>• Engine to run our business</li> <li>• Ambassador to the customers</li> </ul>	<p><b>Their importance to us</b></p> <ul style="list-style-type: none"> <li>• Value increase</li> <li>• Good returns</li> <li>• Reputation</li> </ul>	<p><b>Their importance to us</b></p> <ul style="list-style-type: none"> <li>• Good business relationships</li> <li>• Cost-effectiveness</li> <li>• Quality output/service</li> </ul>





**ANALYSTS AND RATING AGENCIES**

**Engagement**

- Ratings Reports
- Results Release

**Frequency**

- Quarterly

**Their importance to us**

- Independent view providers for our customers
- Build trust
- Support credibility



**REGULATORY BODIES**

**Engagement**

- Compliance with Laws and Regulators
- Proactive Engagement and Connection with various Regulatory Agencies
- Meetings and Regular Discussions with regulators

**Frequency**

- As per regulatory timelines

**Their importance to us**

- Transparency
- Check and balance



**COMMUNITY/ SOCIETY**

**Engagement**

- Employment
- Health
- Safety
- Welfare
- Education
- Economic Empowerment
- Environmental Sustainability
- Leadership Development
- Promotion of Sports, Arts and Culture

**Frequency**

- As and when need arises

**Their importance to us**

- Socially responsible citizenship
- Sustainability



**MARKETING, MEDIA AND VISIBILITY CHANNELS**

**Engagement**

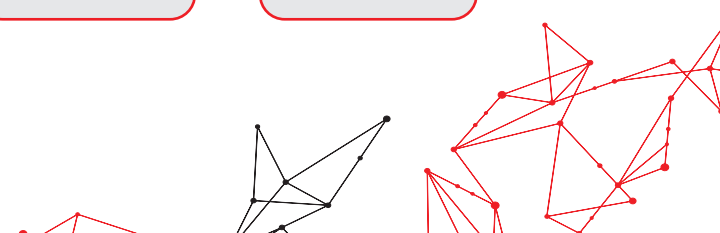
- Products and Services Outreach
- Regulatory Information
- Awareness through Advertisements and Promotions

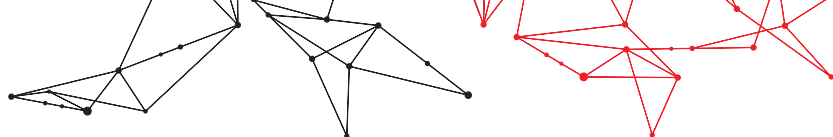
**Frequency**

- As and when need arises

**Their importance to us**

- Public image
- Brand awareness





## Relationships Affecting the Bank's Performance and Value

The Bank's key stakeholders are at the core of its strategy. We set our objectives in accordance with their requirements, protecting and promoting their interests, and aligning our operations, ensuring strict compliance with regulatory requirements, through stakeholder relationship management. The diagram below depicts how stakeholders are linked to our performance and value-addition process.



## Customers

### Customer Experience and Complaint Management

The Customer Experience Unit functions as the center point for promoting customer interests and serves the customer-centric agenda of the Bank which majorly revolves around the following:

- the Bank's conduct with customers
- improving our service levels
- pushing service innovation
- understanding the customer via consistent research
- service culture evolution within the Bank

Specifically, the Customer Experience Unit works on the following to promote customer centric culture:

#### Consumer Protection Policy

Bank Alfalah has a robust consumer protection policy that covers a wide range of guidelines to oversee customers at every stage of their interaction with the bank. This includes areas such as product development, sales practices, marketing activities, communication protocols, and customer handling. Additionally, the Live Service Monitoring (LSM) Unit ensures prompt resolution at branches by addressing immediate concerns through corrective measures in real-time.

#### Promoting a Service-Oriented Culture (in collaboration with HCG)

The Bank has had a key focus on driving cultural change throughout the organisation during the year, encompassing this as the Year of Service for us. The launch of "At Your Service 2.0" has reinstated the vision of customer centricity and a service oriented culture through 3 key pillars of Empathy, Generosity, and Responsibility. Additionally, we have been focusing on empowering our frontline and have introduced a Service Culture Enablement program through SQMP which aims to provide frontline with the right mindset through trainings. We have initiated a smile-o-meter program that aims to reward frontline who are seen serving with a smile through our monitoring avenues, like Video Mystery Shopping, Live Service Monitoring, Physical Visits,

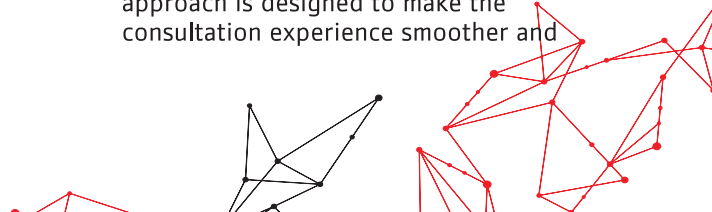
Service Appreciation, and WOW stories. We have been continuously emphasising the importance of instilling a service culture and have been enabling this through Branch Manager morning huddles and floor times. This ensures that our colleagues always keep customers at the highest priority and maintain the highest servicing attitudes. Furthermore, the Customer Experience team creates campaigns to help employees understand how to better serve customers. We have a campaign called "ABC of Business Etiquettes" that talks about how employees should look, behave, and communicate with customers. Another campaign, "Workplace Ethics," focuses on greetings, body language, soft skills, and customer confidentiality. We also educate frontline on how to cater to various customer and provide personalised consulting experiences through our "Customer Diversification" program.

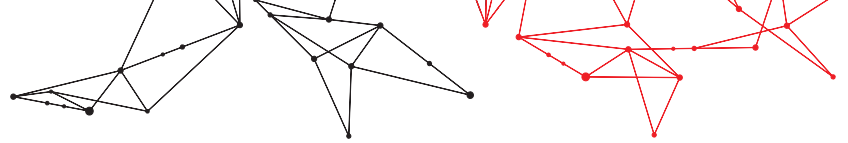
#### Quality Assurance

The bank has a thorough Quality Assurance framework that covers a range of products and channels, encompassing digital channels, branch banking, consumer finance, centralised operations, corporate payroll accounts, contact center, and support segments. The primary objective is to identify deficiencies leading to prolonged turnaround times and proactively work towards meeting the established service standards. To broaden our monitoring capabilities, we have introduced additional indicators throughout the year, bringing the total to 152 indicators, with 96 being unique.

#### Knowledge Initiatives

The enhancement of staff awareness is a key focus of our comprehensive knowledge improvement program which aims to increase understanding not only of products, processes, and services but also of essential soft skills and interaction basics at the branch level. In our commitment to instill a customer-centric approach, we employ various campaigns such Live By Values, Sales Via Service, WOW Stories, and BSL Champions. Our Knowledge Portal serves as a convenient one-stop shop, offering easy access to all product knowledge. This streamlined approach is designed to make the consultation experience smoother and





easier for both frontline staff and customers. Another ambit within which we monitor employee knowledge is through monthly Basic Fact Awareness (BFA) tests that are included as KPIs for all branches Pan Pakistan and ensure that staff stays updated.

### Customer Insights

The Customer Insights department is dedicated to the systematic collection of customer feedback across various channels, including ROBO calls, manual calls, SMS, and digital surveys. Through rigorous monitoring, we have initiated over 40 campaigns, overseeing multiple business areas and significantly expanding our outreach. Our efforts have resulted in a 100% increase in surveying activities, engaging with approximately 400,000 customers. We prioritise strategic surveys to gauge both customer and employee engagement levels, ensuring a holistic understanding of our stakeholders. Furthermore, our department actively participates in global and local research initiatives, exploring emerging and best practices. The expanded focus group scope enables us to conduct open market research on a larger scale, providing valuable insights into competitors and driving continuous improvement within our organisation.

PO addresses thematic issues that negatively impact the customer and employee journey through the use of technological avenues and collaboration. This year for PO has revolved around increasing efficiency through digital means. More than 3500 Branchless banking requests have been shifted to a digital avenue which has reduced TATs and enhanced tracking. Moreover, Projects carried by this unit include Paperless Banking where prior 17 paper based processes have been digitalised.

### Complaint Management Unit

At Bank Alfalah, customer satisfaction is treated as the foundation for success. That's why the Bank embraces a customer-centric culture, fueled by a robust complaint handling mechanism based on fairness, transparency, promptness, and accessibility.

Multiple channels are offered for convenient complaint registration: a dedicated call center, a user-friendly website, direct emails, a Mobile App, and drop boxes at branches. Every complaint is promptly logged in our advanced complaint management system. To ensure timely resolution, an escalation matrix which has been defined that ensures priority attention. Root cause analyses are actively conducted, and insights shared with Senior Management and Business Segments, enabling a proactive and timely issue addressal to minimise grievances.

In 2023, the Bank received 79,010 complaints, which were resolved with an impressive average turnaround time of 3.6 working days.

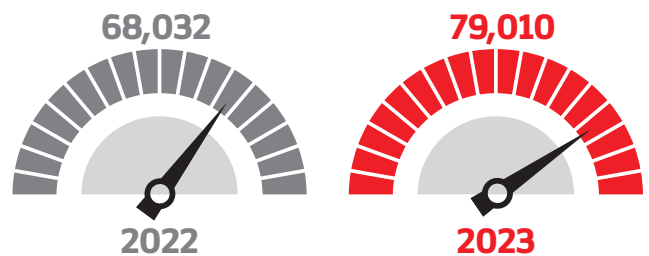


### Attrition Management Unit

Our Attrition Management Unit (AMU) has been providing invaluable insights into exit customers and making efforts towards retention since its establishment in 2022. The analyses being carried out through AMU allows the Bank to adequately assess, evaluate and improve its offerings to ensure that customer concerns are effectively addressed at a deep dive is done into the reasons of product cancellation and exits.

### Process Optimisation

The Process Optimisation (PO) Unit serves as a constant improvement hub where operational inefficiencies are evaluated and eliminated to drive progress and innovation through the organisation.



### Video Mystery Shopping Programme

The Bank continuously strives to monitor the customer's experience and through our Video Mystery Shopping programme we can measure the customer journey and map gaps in our service attributes, rating Branches, Premier Lounges, and Consumer Finance Service Centers across 80 unique indicators. Initially, this programme was run twice in a quarter, but we have now enhanced our coverage and monitoring scope by conducting VMS Pan Pakistan four times in a quarter. This has doubled our monitoring coverage and allowed us to enact more stringent service controls.



# Employees

## Culture at Bank Alfalah

Bank Alfalah, is an ardent advocator for culture change in the banking industry. The Bank actively promotes the belief that we strongly believe that a conducive culture leads to create a satisfied workforce, which opens the doorway to results in a more diverse and inclusive environment. The end objective is for where employees to find their purpose and to love coming to work.

Bank Alfalah has devised a Culture Strategy that rests on the following pillars:

- One Bank, One Team
- Focus on Customers
- Inspiring and Empowering our People

The Bank's Values are a subcategory of our Culture with which all our employees are mandated to align themselves:

- You (Customer Care)
- Your Needs (Collaboration)
- Your Way (Creativity & Innovation)
- The Right Way (Conduct and Integrity)

All values have been well-defined by allotting behaviors and competencies to them, to help personnel develop a holistic understanding of them. This facilitates an alignment with the Bank's values leading to a positive culture and a workplace that provides a conducive environment for everyone, irrespective of an employee's age, race, religion, gender, ability, and other attributes.

All initiatives proposed are a product of the feedback received from staff, and as a result have a direct impact on the business, behavioral aspects, and customer loyalty. The organisation's devised strategy has been inculcated into the Bank's overarching 5-year strategy, evidencing our senior management's commitment and zeal toward ensuring a positive Culture for all employees.

Bank Alfalah embarked upon a journey to clearly define its Culture and Values, and create subsequent awareness of them within the organisation. To achieve this, HCG dedicated each month of the year to a Value or Cultural pillar, structured with the following elements:

- Engage
- Embed
- Empower

# Talent Acquisition and Advisory

## Talent Acquisition

To maintain an uninterrupted talent pipeline and to support our diverse business operations, the Bank inducts mid-level and fresh graduates through hiring programs. All prospective candidates are evaluated through a structured recruitment process. This year, the Bank onboarded 3,501 individuals through lateral and batch programs with our primary focus on ramping up the frontline workforce.

## Human Capital Group Advisory

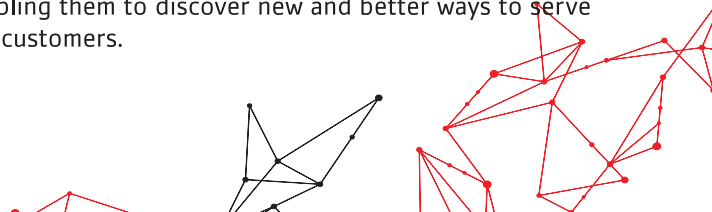
The Human Capital Group (HCG) Advisory function continues to support all business functions in areas such as employee retention, handling grievances, conducting employee engagement sessions, and so on. As part of this function, the talent classification exercise is carried out for critical positions to maintain bench strength of senior talent. There is a focused approach to building a talent pipeline through succession planning to ensure successors at all leadership levels and critical positions. Development plans are devised for high performers, which include their training and coaching needs.

# Learning and Development

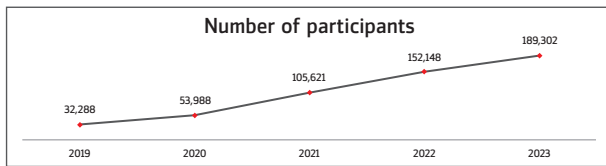
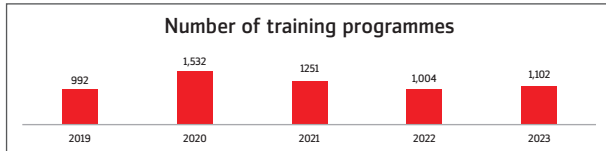
'Opportunities to Learn and Grow' is one of the main pillars of the Bank's 'People Happiness' charter. The Bank aims to invest in employee development and training opportunities so that our employees continue to hone their skills and advance their careers. Specific focus is placed on job role enrichment, upskilling employees, and professional development to enhance the skillset of the workforce.

Strengthening the employee induction programs is another focus area to ensure a smooth transition of new joiners by equipping them with knowledge about the Code of Conduct, Culture, Systems, Policies and compliance. The Bank hosts two programs by the name of Start Right – for all new joiners, and Ready to Perform – for front-line employees.

Carrying forward the momentum from the year before year, 2023 remained an exceptional year for learning and development. The year witnessed a digital transformation of learning methodologies, revamping our physical learning spaces. From virtual infrastructure up-gradation to extending innovative learning opportunities, the Learning Division made concerted efforts to equip employees with the best skill set, enabling them to discover new and better ways to serve our customers.



In line with the Employee Happiness Charter to extend opportunities to learn and grow, learning interventions were offered virtually as well as in person. Training interventions and e-Learning modules were offered in various disciplines. Given below is a glimpse of learning quantum during the last 5 years:



The Banks extended focus remained on capacity-building in line with regulatory frameworks and global compliance obligations, with several initiatives undertaken in this regard. With the help of in-house and external subject-matter experts, various learning programs were arranged on Anti-Money Laundering, TF Risk Assessment, and CFT Obligations, Trade-Based Money Laundering and Cyber Security Awareness. Realising contemporary trends and future-proofing our employees, learning initiatives have been taken to increase their digital quotient. Frontline teams were upskilled in product and process knowledge, and enhanced levels of customer service.

In line with the Bank's strategy to create a client-focused culture, Bank Alfalah launched its Customer Loyalty Programme, "**At Your Service 2.0**," this year. The program aims to enable staff to become loyalty leaders by embodying three essential behaviors: Empathy, Responsibility, and Generosity, whether interacting with external or internal customers. The Learning and Development team devised a comprehensive training plan to ensure that the entire workforce, including senior officials, undergoes this program.

The training module was designed to equip employees with the skills, knowledge, and techniques to enhance customer loyalty by exhibiting these behaviors in their interactions with customers and colleagues. This initiative aims to instill a customer-centric culture by sharing and praising best practices. The Bank Alfalah Learning team conducted a series of sessions across the country to introduce customer loyalty pillars and will continue this effort into the next year. This

transformative experience will not only equip Bank Alfalah with cutting-edge insight into service excellence but will also instill a profound appreciation for continuous improvement.

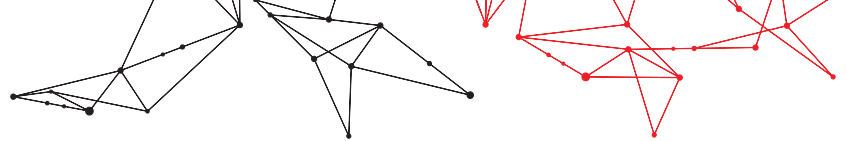
To upskill Premier Banking Staff, the Bank Alfalah Learning team devised a comprehensive **Premier Banking Bootcamp**. This tailored program is meticulously designed to elevate investment product knowledge and enhance financial market understanding among premier staff. The training content encourages participants to think creatively and propose scenario-based wealth and investment plans according to client needs. Premier Boot Camps were conducted across the country, and the first cohort of Relationship Managers (RMs) have successfully graduated.

Through this Premier Banking certification, Premier RMs were trained and assessed on Product Knowledge, Control and Compliance, ensuring a high standard of service to clients. The Learning team is steadfast in its commitment to continuous upskilling and empowering staff to operate at their fullest potential, enthusiastic about propelling this initiative to the next level. This advanced phase is designed to further enrich RMs' expertise in the capital market, refine risk assessment skills, and cultivate portfolio-building proficiency. Successful RMs will have the opportunity to pursue professional certifications such as IFMP and CFA.

To align with the Bank's agenda for Islamic Banking, the Learning Division signed an MoU with NIBAF to bring the industry's best Islamic Banking Certification Course (IBCC) to Bank Alfalah premises. This in-house facility provides an opportunity for maximum staff to benefit from the course, comprising 16 comprehensive modules on a wide range of Islamic banking concepts and practices. This program aims to upskill Bank Alfalah staff to become Islamic Banking specialists, playing a role in devising Shariah-compliant products and services for customers. The first cohort completed their certification in March 2023.

In continuation of the **Bank's Diversity, Equity, and Inclusion** initiatives, **Project Uraan** was launched this year. The project aims to empower and equip women at the grassroots level with the necessary tools to strengthen themselves in a formidable position in the workplace. The Learning team devised a customised training program for junior and mid-level female staff to upskill them and enhance their capabilities for career progression, empowering them to capitalise on their leadership abilities.

A skill gap analysis was conducted, and customised learning modules were introduced to develop cognitive thinking and socio-emotional skills, breaking internal bias to lead their career progression. This was followed by 1-1 coaching sessions with designated mentors, who would meet with targeted female staff at a set frequency, assessing their progress on the goals set during and post-completion of programs, and creating visibility in front of stakeholders. Human Capital Group



(HCG) developed a talent pool of females who went through this program and kept track of their progress via nominated coaches. HCG Business partners played a pivotal role in sharing career opportunities within the Bank and prioritising them for internal elevations based on expertise.

In line with the Bank's vision of financial inclusion and SBP's financial literacy program (**National Financial Literacy Programme, 2022-27**), Bank Alfalah has overachieved the given target for the year (2022-23) and reached out to more than 7000 beneficiaries across 26 cities in Pakistan. Field trainers were deployed to raise awareness through classroom/street theaters in assigned areas for the target audience. Bank Alfalah Learning team not only facilitated SBP and partnering institutions but also collaborated with the development sector to raise awareness.

The Learning and Development team introduced the **Teller to Seller (T2S)** program, initially in major cities and later expanding nationwide. All Customer Service Officers (CSOs) along with frontend branch banking staff have gone through classroom training followed by on-the-job training in branches. This initiative empowers operations staff, particularly CSOs, to generate referrals and cross-sell products during customer transactions. Positive feedback during training indicates its success, with staff members generating substantial referrals that contribute to business opportunities.

Leadership trainings were also organised for executives. Knowledge sessions were organised for various businesses, with a special focus on SBP initiatives. Additionally, to induct young talent at Bank Alfalah, customised **Batch Learning Programs** were conducted for Management Trainees and Customer Service Officers.

The Learning Team will continue to introduce learning solutions for employees to enhance their personal and professional skills and nurture a learning culture for organisational growth.

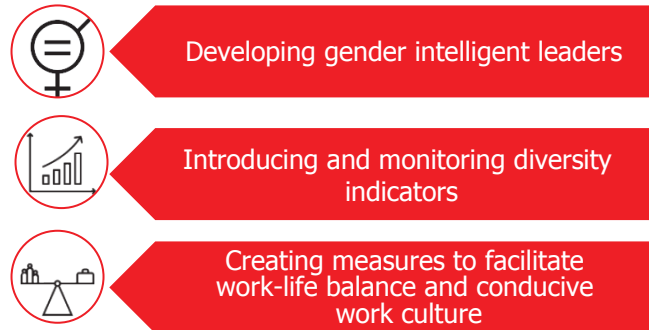
## Diversity, Equity and Inclusion (DE&I)

Bank Alfalah strives to position itself as the employer of choice by nurturing an environment where employees feel a strong sense of value and respect. The Bank's emphasis on Culture and inclusion is highlighted in its 5-year strategy, with 'Culture' standing as a fundamental pillar. This demonstrates the senior leadership's dedication to enhancing diversity and inclusivity for all.

Encouraging diversity of ideas is an integral part of Bank Alfalah's vision and mission, actively promoting employees to approach tasks innovatively. The Bank's values are clearly defined, outlining the behaviors and competencies of its employees, and fostering a comprehensive understanding among them. This alignment leads to a positive culture and a workplace that accommodates everyone, regardless of their

backgrounds.

Bank Alfalah firmly believes that Diversity, Equity and inclusion are catalysts for inspiring creativity, driving innovation, increasing productivity, and ultimately enhancing profitability. The Bank's D,E&I strategy rests on the following pillars:



The Bank's dedication to cultivating a diverse workforce and fostering an inclusive work culture is apparent through its recognition on various platforms.

**Rising Women Pakistan** - Recognised by the President of Pakistan for facilitating Women Entrepreneurs in the SME sector through Financial Inclusion

### Global Diversity, Equity, and Inclusion Benchmarks

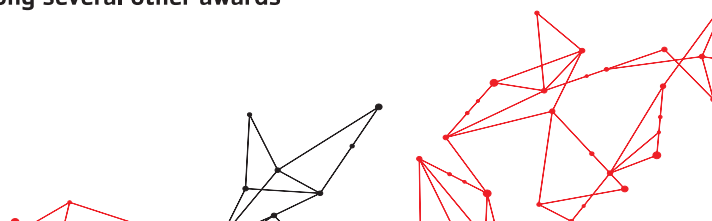
**Awards:** developed by the Centre of Global Inclusion, USA, and serves as standards for organisations around the world to compare and improve their DE&I practices. In Pakistan, GDEIB Awards are conducted by HR Metrics to recognise organisations' commitment towards DE&I.

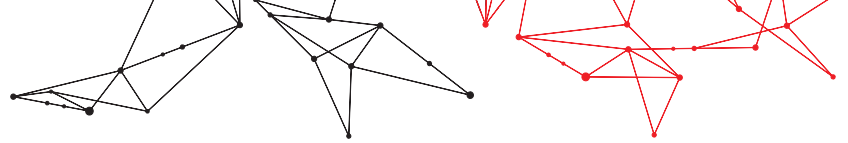
- Vision, Strategy & Business Impact
- Leadership and Accountability
- DEI Structure and Implementation
- Recruitment
- Advancement & Retention
- Job Design, Classification & Compensation
- Work-Life Integration, Flexibility & Benefits
- Assessment, Measurement and Research
- DEI Communications
- DEI Learning & Development
- Connecting DEI & Sustainability
- Community, Government Relations and Philanthropy
- Services and Product Development
- Marketing and Customer Service
- Responsible Sourcing

**Best Place to Work for Women Award by Engage Consulting**

**Employer of Choice Award by Pakistan Business Council & International Finance Corporation**

**Gender Diversity Award - FI at the CFA Society Pakistan, among several other awards**





The Bank is grateful for these accolades and remains committed to furthering its path toward becoming one of Pakistan's leading employers in diversity and inclusivity.

### Female Representation in our Workforce

We are proud to share that women now make up 20.4% of our entire workforce. We take pride that women serve the following key roles in our Management Committee and top leadership positions:

- Chief Financial Officer
- Group Head Retail Banking
- Secretary, Central Management Committee
- Business Head Corporate South
- Head Premier Proposition
- Head Service Distribution & Digital Adoption
- Head Systems, Policies and Procedures
- Head Corporate Credit Risk
- Head AML Compliance
- Head Digital Operations
- Head Cost Control and MI
- Head Digital Innovation & Integrations
- Head Corporate Communications
- Head Roshan Digital Account & Partnership
- Regional Business Head - Corporate Islamabad
- Area Manager(s)
- Team Leader(s) Asset Sales



Gender positioning by  
Bank Alfalah  
Employment level

Men: 11,730  
(79.6%)



Women: 3,008  
(20.4%)

## Policies and Initiatives Promoting Gender Equity

Since 2018, the Bank's focal point has revolved around implementing robust Diversity, Equity, and Inclusion (DE&I) policies and programs. Throughout this period, a sequence of initiatives have been launched and distinguished with unique branding to foster Diversity, Equity, and Inclusion (DE&I) within the Bank.

- **Childcare Allowance** - In its quest to create a workplace conducive to family life, Bank Alfalah offers childcare allowances to female employees and single parents. The introduction of a childcare

policy aims to actively assist women staff and single parents, fulfilling the organisation's dedication to supporting working mothers and single parents by aiding them in arranging daycare or caregiver services, thus enabling them to focus on their careers.



- **Maternity and Paternity Leave** - Recognising the distinct responsibilities of both parents, particularly during the initial days of welcoming a newborn, the bank offers a maternity leave of 6 months for female employees and a paternity leave of 7 days for male employees.
- **Maternity Cover Incentive** - The implementation of a Maternity Cover policy assures seamless workflow during an employee's maternity leave period. The Bank provides a unique opportunity for employees to step in as 'Maternity Cover' for a duration of 6 months, covering the responsibilities of those on maternity leave. Employees assuming this role receive a special monetary incentive upon completion of the 6 months. Serving as the Maternity Cover offers development opportunities for employees as it diversifies their experience and gives them the chance to learn new skills.
- **Iddat Leave** - Bank Alfalah introduced an unprecedented leave offering, unparalleled in various industries. The organisation provides a fully paid Iddat Leave lasting 130 days exclusively for female employees, ensuring job security and peace of mind during periods of grief following the unfortunate events of a spouse's death or divorce.
- **Flexible Working Hours** - Bank Alfalah strives to establish a work atmosphere that acknowledges the significance of adaptable work schedules. This policy reinforces a merit-based culture by prioritising results over physical presence or specific work hours.

- **Communication Channel for Women** – Bank Alfalah maintains a dedicated platform tailored for women, ensuring consistent engagement with its women workforce. This channel serves as a means to disseminate and introduce new initiatives and reinforce guidelines on addressing harassment. This interactive approach significantly contributes to fostering a more supportive work environment for women.

Employees can easily connect with the organisation through email and phone, ensuring accessibility for

sharing concerns related to the work environment, work-life balance, growth opportunities, and more. This accessibility reflects the commitment to listen and support employees facing any challenges.

- **Employee Volunteering Leave** - Bank Alfalah provides a leave option of up to two working days, enabling employees to contribute their skills and time to serve the communities around them.
- **Celebrating International Women's Day** – In 2023, Bank Alfalah observed International Women's Day throughout its various locations, acknowledging the valuable contributions of its women employees. This celebration served as a moment not only to recognise existing efforts in fostering gender-inclusive workplaces but also to underscore the ongoing commitment to advancing this initiative. The Bank facilitated panel discussions and group sessions across branches and back offices, providing all employees with an opportunity to contribute their perspectives on enhancing inclusivity within the organisation. Additionally, a quick guide on becoming a Diversity Ally was introduced, fostering unity among colleagues to collectively strive for a gender-inclusive workplace at Bank Alfalah.
- **Uraan** – designed specifically for women to help them grow in their respective career trajectories. The target audience for this program are women who have been in the same role for a long time but have the potential given that they develop their soft skills. For this purpose, a year-long learning roadmap is designed for these women along with assigning mentors from the same fields who can support them in developing the competencies needed for growth.

**Bank Alfalah**  
The Way Forward

**Uraan**  
Diversity Inclusion

### Project Uraan Success Stories

**Muhammad Ashfaq Gulraiz (Mentor)**  
Area Operations Manager-Sales Central East

I am excited to be a part of the Uraan Project. It has given me the opportunity to share my learnings and experiences with the participants. As a mentor, influencing professional growth through guidance and motivation is a rewarding challenge. I am delighted to share that one of my mentees, Ujala Jafri has been motivated to accept higher responsibilities and has been promoted to CRD.

I appreciate the efforts of the Uraan Team for implementing the project in a highly organised and productive manner. This will empower the staff to reach new heights in their career development.

**Mahveen Asghar**  
Customer Relationship Officer-IBG Mairi Shah Lahore

Through the Uraan project training, I gained valuable insights and motivation from my mentor, to pursue my objectives within the Bank. I am grateful for the insightful sessions led by the administration. I will continue to participate in projects like these. I would like to express my appreciation for the HR Department, Learning Team, and Uraan Team for their proactive assistance in facilitating my promotion from CSO to CRD.

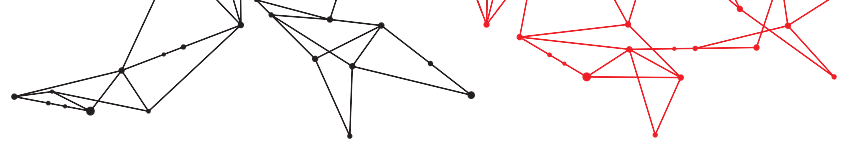
**Ujala Jafri**  
Customer Relationship Officer-Sahzoor Mullan Faisal Lahore

The Uraan Project empowered my career growth by enhancing my skills, building a positive mindset, and guiding me to think innovatively. I've learned effective task management and gained support in achieving my career goals, turning dreams into reality.

- **Uraan Learning Journey** - The attrition analysis reveals a notable trend where a considerable portion of women depart due to prioritising family responsibilities or seeking enhanced career opportunities.

Addressing the latter, a customised learning pathway has been developed to empower women to advance their careers within Bank Alfalah. This roadmap provides a clear outline of the skills and competencies required for progression to higher levels within the organisation.

- **Ignite Sponsorship Programme for Women** – The Ignite Sponsorship Programme for women is a mentorship and coaching initiative tailored exclusively for women, offering personalised one-on-one coaching sessions with senior leaders. All mentors and coaches involved in the program have undergone specialised training in Leading as Coaching and are actively engaged in the Leadership Development Programme, ensuring a high standard of quality and support within the initiative.
- **SheLEAD (Bank Alfalah's Signature Leadership Development Programme for Women)** - Developing women to prepare them for leadership roles is at the heart of the Bank's D&I agenda. We have designed and launched SheLEAD as our in-house signature leadership development programme for women, which enables women to drive their careers forward, overcome self-limiting beliefs, and build strategic networks. It is an initiative aimed at cultivating a pool of women leaders poised to assume senior leadership positions within the organisation.



- Sponsorship Programme for Women** - The Bank has launched the Sponsorship Programme to provide our women employees the support and direction they need to advance their careers. Sponsorship, often confused with mentorship, is different from the latter in the sense that while mentors share advice and guidance with their mentees, sponsors advocate for their protégés, are personally interested in their upward movement, and highlight their achievements.

The senior management served as mentors, while women in mid-level leadership were allowed to apply for this program as protégés. Sponsors and protégés were paired up for a 6-month long sponsorship relationship during which the sponsors are expected to not just share career advice and guidance with women, but also champion their visibility in the Bank and highlight their achievements.

- Celebration of Festivals of the Minority Groups**

Bank Alfalah takes great pride in commemorating cultural festivities by sharing celebratory messages from the Group Head Human Capital Group and offering celebratory giveaways, fostering an environment of inclusivity and warmth during minority group festivals. Among these celebrations are Holi, Diwali, Easter, and Nowruz.



- Disability Inclusion**

In compliance with the State Bank of Pakistan's regulations, the Bank established a policy for Persons with Disabilities through a comprehensive engagement process involving all pertinent stakeholders. The policy primarily concentrates on ensuring equal employment prospects and creating an accessible work environment for individuals with disabilities, while also aiming to raise awareness and sensitivity among existing employees. The Bank developed a comprehensive strategy alongside specific initiatives to drive this effort forward.

A few initiatives include making the Bank's premises accessible – for this purpose, department audits were conducted that resulted in infrastructural changes at key locations. In addition, it is notable that Bank Alfalah currently has sixteen Model branches that offer complete accessibility and independence to Persons with Disabilities. The branches are equipped with accessible entrances, height-adjusted counters and ATMs, talking ATMs, a dedicated token system, privilege passes, braille stationery, wheelchair-friendly lockers, sign language interpreters, tactile flooring, etc.

To encourage employment, the Bank offers employment and internship opportunities specifically for Persons with Disabilities where they can gain experience and enhance their skillsets.

To ensure targeted efforts for Persons with Disabilities, the Bank encourages partnerships with organisations that work solely with Persons with Disabilities. The partnerships include support in terms of training the potential PwD employees on the basics of banking, awareness sessions on financial inclusion, and training of the Bank's employees on how to best interact with Persons with Disabilities.

A few examples include Bank's partnership with NowPDP, ConnectHear, I-Care Foundation, Deaf Reach Foundation, and so on.

This year to showcase the Bank's support for users of Sign Language on the International Day of Sign Languages, the Bank organized an inclusive event for Students from Deaf Reach School and its employees to spend the day working closely with each other.

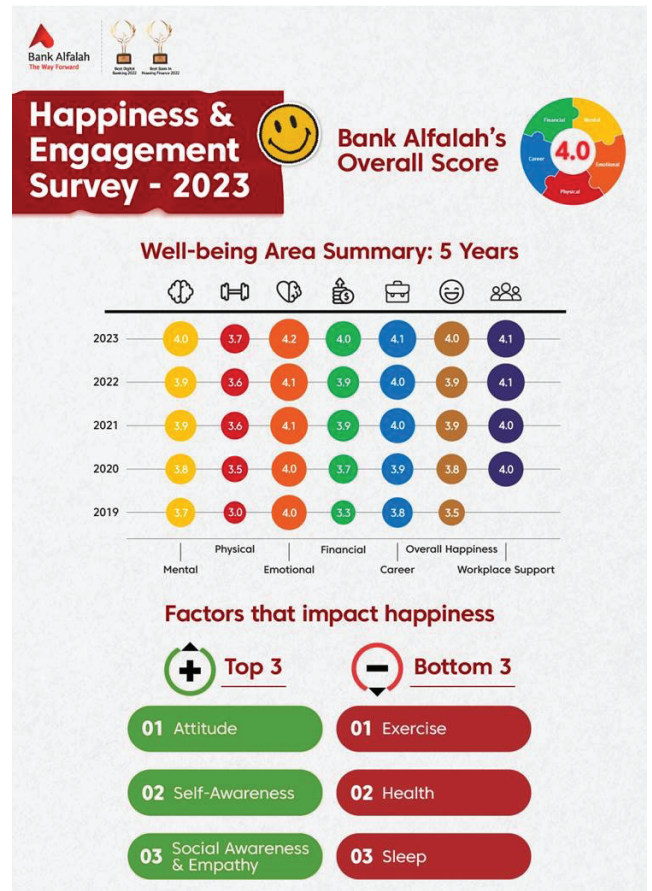


**Breast Cancer Awareness**

In October, the Bank hosts a breast cancer awareness campaign to dismantle societal taboos surrounding the topic and educate individuals about its risk factors and early detection methods. Internally, communications tailored for employees were released, offering insights into facts versus myths, emphasising symptoms requiring attention, providing guidance for those experiencing symptoms, and advocating for breast cancer screenings and self-examinations in collaboration with Shaukat Khanum. Additionally, Bank Alfalah adorned its head office with pink lights and distributed pink ribbons throughout the bank, all to raise awareness about breast cancer.



- A Venue for Open Feedback - Providing a direct channel for participants to voice their opinions and concerns to management.
- The 'How' to 'Increasing Employee Engagement' - Create direct initiatives and interventions to address problem areas and reduce attrition.
- Direct Organisational Growth - Obtaining actionable data crucial for implementing strategic improvements across all facets of the business for organisational growth.

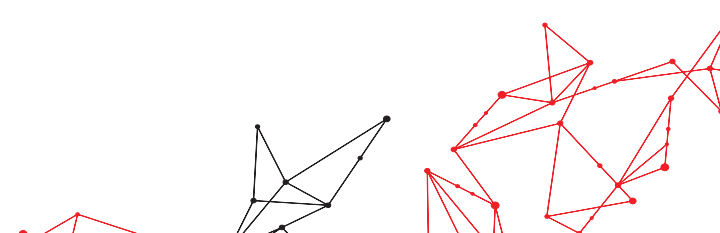


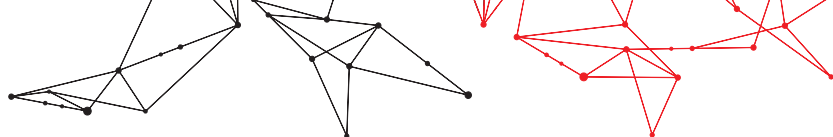
## People Happiness and Employee Engagement Survey

Bank Alfalah finds that having a data-driven approach to every project ensures that new initiatives are people-orientated at their core. The Bank has a multifaceted approach to measuring Culture at the organisation. To ensure a healthy work culture and seamless employee experience, the Bank conducts an Annual Happiness and Engagement Survey. The significance of our survey is as follows:

- Measures Engagement - Using validated psychometric survey scales to accurately assess the level of engagement among employees.

Bank Alfalah launched multiple initiatives for the well-being of its people, which helped improve bank-wide employees engagement. The Bank initiated a well-being journey, offering resources and tools for the enhancement of physical, mental, and emotional health. This journey includes various strategies to promote employee well-being and foster the development of positive habits.





## Employee Wellbeing Initiatives

### Mental

Launching soft skills e-learning programs such as:

- Empathy
- Values
- Building High Performance teams
- Emotional Intelligence
- Essential Workplace Behaviors
- Handling Difficult Customers
- Effective Communication Skills
- Service clinics
- Customer Service Excellence Program
- PWD awareness
- C.A.R.E
- Becoming Stress Resilient
- Gender Stereotypes
- Learning Bytes

### Physical

- Gym reimbursements
- Health benefits
- Work from home policy
- Flexible working hours policy
- Maternity Leaves
- Participation in corporate cricket tournament

### Emotional

- Thankful Thursdays
- DEI Initiatives for persons with disabilities and female employees
- Employee Wellbeing journey
- Sessions on mental well-being with Karwan-e-Hayat (to be launched)
- Including families and communities in celebrations (International Children's Day with employees' children and Child Life Foundation)

### Financial

- Benchmarking living wage
- Lower interest rates in the industry
- Revision in benefits (SLCL, fuel, bank maintained car, handset mobile phone allowance)
- Employee Assistance
- Childcare allowance
- Maternity Cover Benefits

### Career

- Focus on Culture & Values
- Engagement with new joiners (check-in surveys)
- Internal Elevations
- HR Help Desk and HCG ChatBot for any HCG Related inquiries for employee experience
- Leadership Development Program
- Welcome Back Program
- SheLead Program
- Ignite – Sponsorship Program



## ALFA LEAD Management Trainee Programme

Annually, Bank Alfalah recruits fresh graduates who go through a rigorous four-stage process involving a Competency Game, Video Interviews, a Virtual Assessment Center, and Panel Interviews. Bank Alfalah continues to hire and develop young talent. The Bank inducted 23 talented individuals to be upskilled as Future Leaders.

The Bank participated in Career Fairs that were held in multiple cities while focusing on social media campaigns to reach the graduates nationwide. The program ensures all Management Trainees were well engaged via their enhanced learning plan and interactions with the Senior Management of Bank Alfalah.

The in-depth learning plan, integrated with the Learning Management System and rotations in branches and all groups of Bank Alfalah, aimed to provide Management Trainees with a wholesome idea of the organisation and shape them to become future leaders of the Bank.



## Exceptional Employee Experience

To deliver an exceptional professional experience to its employees, the Bank has devised the following:

- Seamless onboarding and induction;
- People-friendly policies and procedures;
- Performance-based, fair, and transparent structure; and
- Continuous engagement and rewards.

Additionally, the organisation administers a series of surveys tailored for new joiners to stay updated on their onboarding experiences, challenges encountered, and insights gained within the workplace. These surveys focus on their relationships with line managers and colleagues. The surveys include:

Additionally, the organisation administers a series of surveys tailored for new joiners to stay updated on their onboarding experiences, challenges encountered, and insights gained within the workplace. These surveys focus on their relationships with line managers and colleagues. The surveys include:

**Welcome to Bank Alfalah Survey** This survey is dispatched within 30 days of a new employee's arrival through Oracle Human Capital Management System (HCM) to gain knowledge about their onboarding experience.

**30 and 90 Day Check-In Survey** Sent within the initial 30 and 90 days of employment through Oracle HCM, this survey delves into various aspects of the employee's experience, encompassing job role, location, expectations, challenges faced, cultural assimilation, and the employee-supervisor relationship.

**First Work Anniversary Survey** Launched on the employee's first work anniversary via Oracle HCM, this follow-up survey to the 90-Day Check-In aims to gather comprehensive feedback on the overall employee experience, covering facets such as job role, organisational alignment, supervisor rapport, challenges, achievements, work-life balance, and learning and development. Additionally, the organisation conducts surveys targeting all employees to comprehend their workplace experiences, challenges encountered, and their relationships with line managers and colleagues. These surveys encompass:

### Know Your Benefits Campaign

Initiated to educate staff about existing benefits and policies, this ongoing campaign regularly disseminates information on employee entitlements via email. The campaign enhances employee awareness regarding available benefits and the process to avail them.

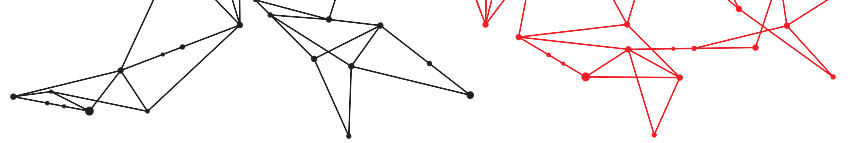
Furthermore, the Bank offers several initiatives:

### Sabbatical Leave

Providing employees the opportunity to enhance their academic qualifications without risking job security.

### Go Green Initiative

Undertaking digital transformation by digitising major HCG processes, reducing paper consumption. Employees can conveniently access the Human



Capital Management System (HCM) for e-forms related to various functions, to name a few, such as mobile hand set allowance, staff loan adjustment, salary slip generation, financial assistance for Employee Welfare Program, and other Business and ITG related processes. The Bank continues to automate and digitise additional processes to promote sustainability and efficiency.

### Learning Resources

The staff needs to be emotionally, physically, and mentally resilient. HCG is constantly working to support employees through tough times via programs, including tailored e-learning programs 'Becoming Stress Resilient' and 'The Well-being Journey,' through which employees find tips on how to remain motivated and resilient.

### Family events

The Bank organises events for its staff and their families. The aim of such events is to foster a sense of belonging and loyalty.



## Employee Relations

### Conduct and Integrity

At Bank Alfalah, employees are expected to conduct themselves by high standards of personal and professional integrity, and compliance with all the laws, regulations, corporate policies, and procedures in force. To instill in our employees the true spirit of our culture based on our corporate values, we consider it one of our prime responsibilities to organize awareness sessions on conduct and integrity regularly. Every possible effort is made to cover all aspects of the conduct an employee is expected to follow at the Bank.

We regularly host engagement sessions on Treating Employees Fairly with Line Managers to acquaint them with the skills and competencies required to enable a conducive environment.

A process to raise a grievance is in place and we run internal campaigns to reinforce and create awareness about Employee Relations and its processes

This aims to create a safe working space for all employees with a solution-based approach where employees can raise their concerns regarding:

- Discrimination
- Maltreatment
- Harassment
- Intimidation
- Unfair Treatment
- False Accusations

Sessions were organized for the female staff to minutely cover the topic of 'Protection against Harassment of Women' at the workplace to make them realise that Bank Alfalah is uncompromisingly committed to offering a work environment where all its staff feel safe and have equal growth opportunities. These sessions are meant to empower our employees so that they can make informed decisions and work with their full potential towards organisational growth, while securing against internal and external compliance issues.

## HCG Rewards and Services

### Remuneration Policy Implementation

Bank Alfalah has a Remuneration Policy in place. The policy was prepared by the directives of the SBP. For details about the Remuneration Policy, please see the Governance section of this Annual Report.

### Employee Quick Connect

The Bank has provided employees with a centralised platform where they can access updated HCG policy, guidelines and documents with a single click. This provides hassle-free access to important documents.

### Bank Alfalah Employee Welfare Programme

The Employee Welfare Programme, is contributory in nature and aims to provide financial assistance to employees in need for the following purposes:

- **Medical Grant:** Provides funds for medical emergencies/treatment of employees and their families (insured dependents), where the health insurance limit is exhausted as per the Bank's hospitalisation policy, and coverage for critical ailments.
- **Marriage Grant:** Provides funds for daughters' marriages.
- **Educational Grant:** Provides funds to pay admission fees for professional/postgraduate degrees of employee's children.

Employees contribute to the fund every month and the monthly contributions are matched by the Bank. During 2023, 371 employees were facilitated through the Bank's Employee Welfare Programme.

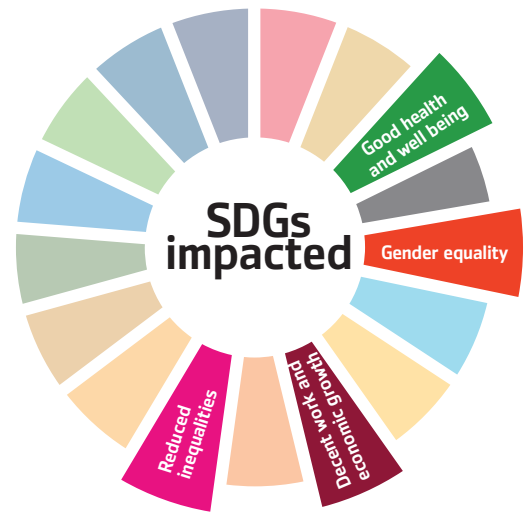
### Assistance to staff affected by floods

In addition to this, special consideration was given to employees affected by the floods to support them during these testing times. The bank facilitated 479 employees and extended financial support for house re-construction works and covered damage cost of motor vehicles.

### Community Building

The organisation is socially responsible and is generous in partnering with or supporting other social organisations to advance the holistic objective of uplifting the community. Employees are encouraged to participate in and support various community projects, including collaboration with different foundations to conduct blood donation drives across Pakistan. All employees have access to blood provision in case of emergency.

Our actions in Human Capital relate to following SDGs.



**3**  
To ensure safe & healthy workplace & overall well-being of our employees, various initiatives have been undertaken

**5 10**  
Fair hiring process & no discrimination irrespective of locality, gender or ethnicity of employees

**8**  
To improve professional efficiency Bank Alfalah gives highest importance on training & workshop

## Shareholders and Investors (including Institutional Investors)

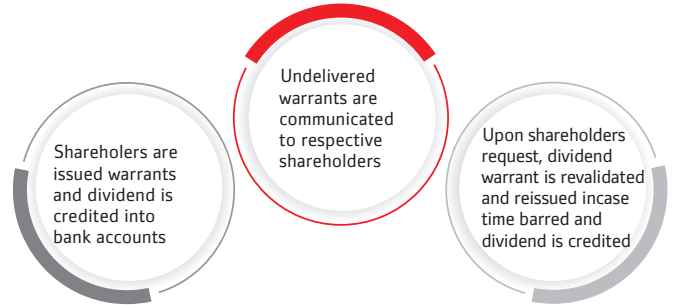
Bank Alfalah, being a publicly listed company, ensures timely disclosure of all material information to the shareholders through the Pakistan Stock Exchange. The Bank has an Investor Relations (IR) Department to effectively inform all stakeholders of any material development through various forums and organises quarterly presentations on results, operations, and concerning material developments. Investors can easily access our financials and analyst briefings, which are available on the Bank's official website.

Shareholders can reach out with their complaints over the phone or in writing, and the same are addressed promptly by the Bank.

The Bank endeavors to resolve every investor grievance in a timely and effective way. To redress investor grievances, the Bank has a robust mechanism in place, which handles complaints such as share transfer matters and non-receipt of declared dividends. The Bank has dedicated staff in the Corporate Affairs Division for assisting with and handling shareholder/investor grievances.

dividends in the bank account of its shareholders. Unpaid / Unclaimed dividend: The Bank maintains detailed information on unpaid or unclaimed dividends. An unclaimed dividend is paid to the shareholder upon a formal request and as per the procedures.

Process:



## Steps taken to encourage minority shareholders to attend General Meetings

The Bank organizes shareholders' meetings to have proper communication with its shareholders, especially minority shareholders. Each shareholder, irrespective of holding and voting power is important to the Bank. The Bank values them, their concerns, suggestions, and grievances, if any. At each Annual General Meeting (AGM) or Extraordinary General Meeting (EOGM), the Bank ensures two-way communication with shareholders.

The Bank has taken the following steps to encourage minority shareholders to attend general meetings:

- Notice of the meeting is sent to all shareholders at least 21 days before the meeting. The notice details the agenda, venue, and timing of the meeting along with the text of the special resolution, if any, and other agenda requirements;
- Notice is published in English and Urdu languages in leading newspapers having nationwide circulation along with the Bank's website;
- Notice is also posted on the Pakistan Stock Exchange portal;
- The Annual Report of the Bank is sent in electronic (CD) and hard format (on request). It is also placed on the Bank's website for review of shareholders/investors. This enables minority shareholders to review the Bank's performance;
- Notice of the meeting includes proxy form (annexed with the Annual Report), which is a mode whereby the shareholders (including minority shareholders) can nominate anyone on their behalf to attend and speak at the meeting, in their absence; During the meeting, a detailed briefing on the

## Declaration, recommendation and payment of dividend

The Bank strives to maximise shareholders' returns in the form of dividends. The Bank follows the applicable regulatory framework for the declaration, approval, and distribution of dividends. The annual dividend is approved by the shareholders at an Annual General Meeting (AGM) based on recommendation of the Board. The dividend is recommended by the Board after consideration and approval of the financial statements which were considered by the Board Audit Committee before the Board's approval. All requisite approvals and clearances, where necessary as applicable, are obtained before the declaration of dividend.

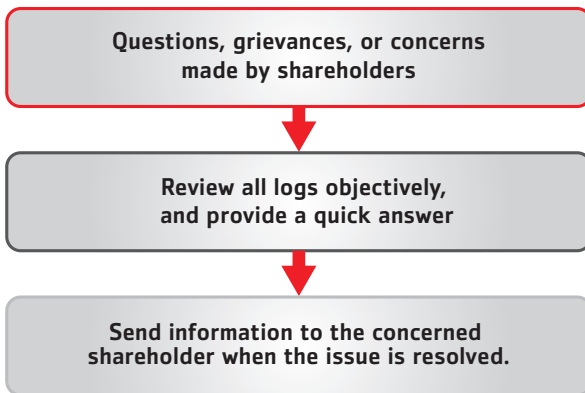
- **Shareholders Register:** The Bank, by appointing a Share Registrar, maintains detailed information of its shareholders including bank account and contact details for proper distribution of cash dividends or stock dividends.
- **Book Closure:** The Bank announces book closure dates, during which, share transfer books remain closed.
- **Dividend entitlement:** Only the shareholders whose names appear in the Shareholders Register on the record date (book closure) fixed by the Bank are entitled to dividends.
- **Payment of dividends:** The Bank distributes

- Bank's performance and plans is given to the shareholders; and
- All shareholders (including minority shareholders) are encouraged to ask questions and give suggestions relating to the Bank's operations.

## Steps taken about redressal of investors' complaints

The Bank has an investor relations page on its corporate website. The contact details of the Bank's representative officers designated for assisting with and handling shareholders' grievances are mentioned on the investor relations webpage. For shares related issues (such as zakat deduction, withholding tax deduction, bank account details, etc.), shareholders are advised to contact the Shares Registrar of the Bank through contact details available on the Bank's corporate website. The Bank has also placed on its website, a weblink of the SECP's complaint cell for taking up matters not addressed by the Bank promptly.

Furthermore, to address general queries, suggestions, and complaints, the Bank has also placed all relevant details on its website on the 'Contact Us' link.



## Matters raised at the last Annual General Meeting (AGM)

The 31st Annual General Meeting 'AGM' of the Bank was held on 20th March 2023 in Karachi. 872 shareholders (representing 57.89% of the total outstanding shares) attended the meeting via video link, in person, or through proxies.

There were no significant issues raised in the meeting, however, shareholders sought clarifications on the Bank's financials and commented on the progress of the Bank.

The CFO highlighted salient features of the audited annual accounts of the Bank for the year ended 31st

December 2022.

After the CFO's briefing on the Audited Annual Accounts for the year 2022, the Chairman of the meeting invited questions, if any, shareholders wish to ask. The following were the questions asked by the shareholders in the meeting:

- **A shareholder appreciated the bank's performance, asking as to why the bank's provision is so high.**

The CEO replied that this is due to ECL's charge on Pakistan Euro Bonds due to the downgrading of Pakistan's sovereign rating, the charge against cross-border risk in one of the bank's overseas branches, and general provision against portfolio which shows higher economic vulnerability and portfolio impacted by a flood. He informed the members that despite high provisions, the profit of the Bank increased significantly.

- **Another question was about the opening of new branches by the bank in 2023 given the economic uncertainty in the country.**

The CEO replied that opening of new branches is part of the Bank's strategy to grow the market share. He added that at present the interest rate is high and this will help to enhance the Bank's deposits and profits.

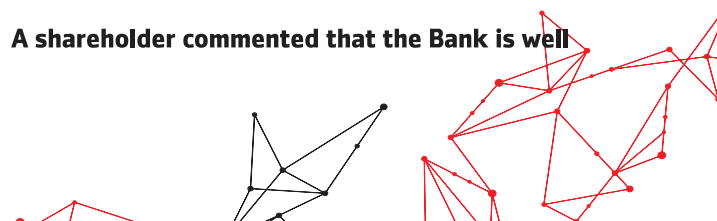
- **One shareholder congratulated the Board as well as Management of the Bank for good financial results. He said that he had compared the BAFL's results with the other top five banks and found that BAFL's results growth was the best among all.**

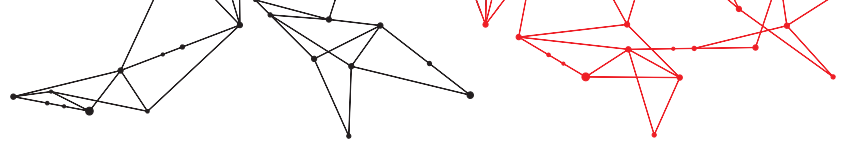
The CEO and CFO thanked him for his appreciation.

- **Another shareholder enquired that how the bank has performed against the budget and internal targets. He also enquired about the acid test ratio of the bank while referring to the Six Years Financial and Non-Financials Summaries.**

The CEO replied that the Bank's targets are fixed in the Bank's annual budget cycle every year and the same have been achieved for the year 2022. About Acid Test Ratio, the CFO replied that banks liquidity is looked at in terms of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), which are disclosed in the annual accounts and are well above the minimum regulatory requirement.

- **A shareholder commented that the Bank is well**





**known as a Digital Bank and to a greater extent its growth is due to digital banking. He suggested the bank to focus on digital banking rather than adding new branches. He also commented that the bank's profitability will increase if it is converted into an Islamic bank.**

The CEO thanked him for his suggestions and recognising the efforts of the Bank's Digital Banking Group. He further said that the Bank has received PBA's award for 'the Best Digital Bank' this year. The CEO added that while we continue to invest in digital banking, we feel that there is still space to increase the branch network, therefore we are adding more branches which will help increase our deposit and advances market share. Regarding Islamic Banking, the CEO said that we have a dedicated group that focus on Islamic Banking and our growth of Islamic business has been phenomenal in the recent past.

- **Another shareholder appreciated the Management for good results and expressed his wishes for higher profitability in the coming years. He said that BAFL should install ATMs that not only disperse cash but also accept cash and cheques.**

The CEO thanked him for good wishes and replied that the bank has a largest network of CDMs in Pakistan with 400 machines. These machines accept deposits and cheques along with offering other services to the customers.

The meeting concluded with a vote of thanks to the Chair by the Company Secretary.

## Investor Relations

The Bank believes in regular engagement with stakeholders to reinforce their confidence and maintain their trust. We strive to not only meet but exceed stakeholder expectations by fulfilling all their requirements.

To facilitate investors, we have a two-pronged strategy. Bank Alfalah houses a fully functional Investors Relations (IR) Department having relevant experience in Capital Markets. The second leg of the strategy pertains to operational logistics matters relating to the Bank's in-house staff and contracted third parties (Share Registrar).

The Bank, via its dedicated Investor Relations (IR) Department, has made concerted efforts to engage all relevant stakeholders and keep them abreast of all significant developments within the Bank.

### Corporate Briefings and Road Shows

At the end of each quarter, the Bank organises analyst briefings to brief them on the quarterly performance of the Bank, and also apprise them of our strategy going forward.

Additionally, the Bank also organises an Annual Corporate Briefing session, to where stakeholders are invited, including shareholders and research analysts from the industry, which provides our management with an opportunity to engage with stakeholders on a one-on-one basis and listen to their views on the macro environment in general and the Bank in particular.

The Investor Relations team also regularly connects institutions and potential investors virtually, or at our premises to apprise them of our performance and strategy.

Furthermore, the Bank has made a concerted effort to attend international roadshows, which allows it to engage with a global audience who might be seeking to explore opportunities offered by Pakistan.

Disclosures as required by the regulatory authorities are available on the Bank's website and are also disclosed to the stakeholders via the Pakistan Stock Exchange notice board. Additionally, financial statements and analyst briefing presentations are readily available on the Bank website.

### Corporate / Analyst and Shareholder Briefings

Analyst and shareholder briefings are a unique opportunity to share business updates that are relevant to analysts' coverage areas and provide input for their research into changing markets. The Bank apprises investors about the economic environment, business avenues and development indicators of the country, financial performance, competitive environment, investment decisions, and challenges faced as well as the business outlook. These factors support investors in their decision-making about the Bank. Quarterly analyst/corporate briefings are held through teleconferencing. Business analysts are also provided information as and when required without compromising on confidentiality.

During the year, the following briefings were held:

Results period	Date
Annual – 31st December, 2022	13th March 2023
Quarter ended – 31st March, 2023	05th May 2023
Half-year ended – 30th June, 2023	18th August 2023
Nine months ended – 30th September, 2023	2nd November 2023

### Investor Relations Section on Corporate Website

The Bank has a dedicated section on its website for investors. The section contains various reports and vital information for shareholders, including quarterly financial reports, annual reports, and quarterly analyst briefing presentations. The URL is <https://www.bankalfalah.com/investor-information> and <https://www.bankalfalah.com/financial-reports/> respectively.

## Suppliers, Service Providers and Vendors/Outsourcing Arrangements

Vendors need to be managed effectively to reduce the risk of supply chain disruption and ensure that the goods and services provided are delivered on time and as per the expected standard. Beyond this, an effective vendor management process helps the Bank build stronger relationships with its vendors which may, in turn, lead to opportunities to negotiate better rates.

The Bank has a Board approved Procurement Policy. This policy establishes procurement standards, which are primarily based on three pillars, i.e. Integrity, Transparency, and Accountability. These pillars are applied to all activities before awarding any contract/business including contracts for capital expenditure, i.e. purchases or construction work.

Decision-making criteria at all stages are clear, justifiable, and objective (with a written record where needed) with no room for discretion at any time, especially in the evaluation and comparison of bids.

Through this policy, the Bank achieves the following objectives:

- Improve vendor selection
- Harness cost savings
- Speed up vendor onboarding
- Reduce the risk of supply chain disruption
- Strengthen supplier relationships
- Negotiate better rates

Furthermore, Bank Alfalah's dedication to fostering diversity, equity, and inclusion is exemplified in its vendor enlistment strategy, showcasing significant

advancements. Notably, there has been a commendable increase in the inclusion of female vendors, constituting approximately 31% of the banks current vendor base. This accomplishment reflects the unwavering commitment to cultivating an environment where diverse perspectives are not only recognised but embraced, and underscores not only representation but also a substantial investment in supporting and empowering women in business. This aligns seamlessly with our mission to create equal opportunities and promote financial inclusion.

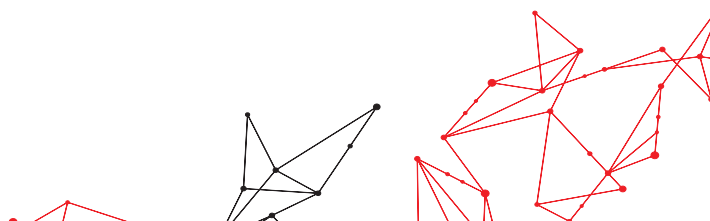
### Outsourcing arrangements

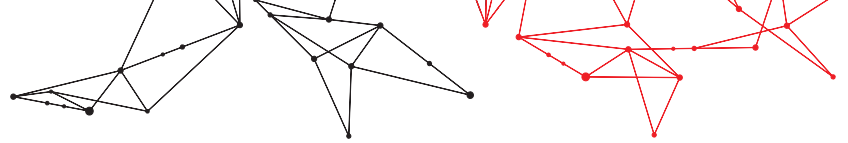
To enable financial institutions to effectively manage the risks arising out of outsourcing, State Bank of Pakistan updated the Guidelines on Outsourcing Arrangements. The instructions are called 'Framework for Risk Management in Outsourcing Arrangement by Financial Institutions' (FI). The framework is based on international standards and best practices. These instructions aim to create a proactive approach in FIs on various aspects of outsourcing, including governance, risk management, in-sourcing of services, group outsourcing, information technology outsourcing, and collaboration/outsourcing arrangements by FIs for financial technologies.

The Bank, based on its assessment, has identified the following third party services that are classified as material outsourcing arrangements. Their cost is disclosed in the financial statements.

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Name of Outsourced Activity	Name of Service Provider	Nature of Service	Cost in 2023 (Rs. Mn)
Cash Transportation Services	- Wackenhut Pakistan (Pvt) Ltd.	This includes physical transfer of banknotes from one location to another. The locations include branches, ATM points and cash processing cells.	336.9
	- Askari Guards (Pvt) Ltd.		31.7
	- Phoenix Armour (Pvt) Ltd.		1.4
	- Security Organizing System Pakistan (Pvt) Ltd.		837.1
Cheque Book Printing Services	- Constellation Printing Company	This includes printing of cheque books.	72.0
	- Apex Printery (Pvt) Ltd.		205.8
Cash Management Services (Offsite ATMs/CDMs/CCDMs)	- Wackenhut Pakistan (Pvt) Ltd.	This includes Offsite ATMs/ CDMs/ CCDMs cash & machine management.	24.9
	- Security Organizing System Pakistan- (Pvt) Ltd.		34.0
Card Personalisation	- IT Technology Consultants Limited (ITCL)	This includes EMV Chip Card Personalisation and Switching Support at Bank Alfalah Bangladesh.	22.4
<b>Total</b>			<b>1,566.2</b>





## Analysts and Credit Rating Agencies

Credit rating agencies provide value for investors and market participants by rating the creditworthiness and ability of the Bank to repay its credit and debt obligations. By providing a rating, credit rating agencies put different entities on an equal footing, providing a comparable rating for different types of entities and different types of bonds. A credit rating takes into account many factors, including the financial health of the entity, cash flows, lien priority, entity governance, history of debt repayment, bond term, and future economic outlook relevant to the entity.

The Bank engages with PACRA for entity and instrument ratings. The credit rating is updated on an annual basis and the rating report is submitted to the State Bank of Pakistan and made public within the regulatory period after the notification of the rating by the credit rating agency. Furthermore, the Bank discloses its credit rating prominently in its published annual and quarterly financial statements, and on its website.

The Bank also engages with analysts through quarterly investor calls / corporate briefings. The purpose of these sessions is to maintain transparency over the Bank's results and performance.

## Regulatory Bodies

Bank Alfalah assigns high importance to compliance with laws and regulations by implementing the same at all levels of the Bank in true letter and spirit. Promoting high standards of integrity and ethics, the Bank has developed and enforced a robust compliance model with three lines of defense across the organisation for ensuring effective management of compliance risks.

Furthermore, the Bank considers regulatory compliance and reporting a key responsibility, among other compliance requirements, which is carried out by the Bank appropriately as prescribed by various regulatory bodies. We believe in being fair and open in all our reporting to and dealings with the regulators with a vision to maintain a transparent relationship with regulatory bodies.

The Bank has a dedicated Compliance and Business Solutions group that manages regulatory correspondence and ensures that the Bank's various functions are compliant with regulatory requirements. This group also facilitates regulators for various requirements raised by them.



## Society

As a prominent and responsible entity operating in the country, the Bank continually looks for opportunities to give back to society. The Bank believes in developing the community in a sustainable way forward.

The Bank contributes to society through its Corporate Social Responsibility (CSR) initiatives, whereby it undertakes various activities to benefit society at large. This is done through multiple initiatives such as ration distribution and donations to communities in need, plantation drives to aid the environment, financial grants to enable quality education, medical treatment for the underprivileged, infrastructural developments, and interactive sessions aimed at personal development.

Please refer to the Sustainability section of this Annual Report for details on our engagement with the community / society.

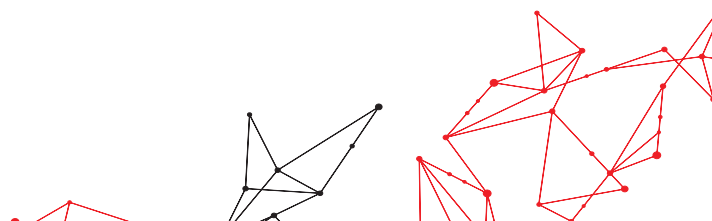
## Media and Marketing

In pursuit of transparency, the Bank recognises the pivotal role that media and marketing play in disseminating its vision, mission, and core beliefs. Through a strategic blend of conventional and digital channels, including television, radio, print, outdoor and the dynamic realm of social media, Bank Alfalah aims to broaden its reach, fortify brand presence, and educate both existing and potential customers about its initiatives and tailor-made offerings.

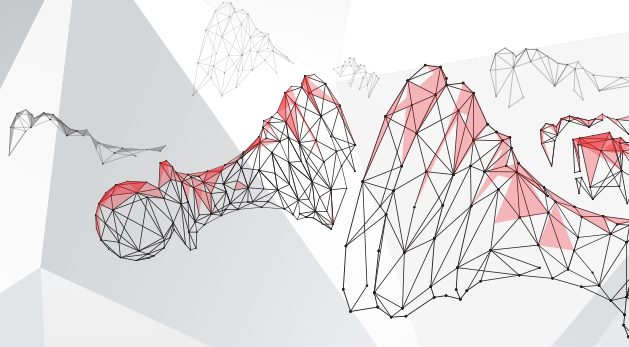
The Bank views media and marketing as a crucial partner in building a foundation of trust with stakeholders. Without the invaluable support of the channels, our ability to establish and nurture these vital relationships would be significantly compromised.

The Bank's commitment to leveraging the power of marketing goes beyond mere visibility; it extends to ensuring that all stakeholders remain well-informed and aware of our performance. Marketing serves as a conduit for disseminating crucial information about the Bank, spanning topics such as financial literacy, green banking, digitisation, Diversity Equity & Inclusion (DE&I) initiatives, regulatory updates, as well as advertisements and promotions of its products, services and performance.

Fostering a relationship of continual and open communication with the marketing is paramount for the Bank. This not only aids in building and sustaining brand awareness but also strengthens brand image. The Bank is dedicated to maintaining a proactive engagement with marketing to uphold transparency and keep its stakeholders abreast of its ongoing efforts and accomplishments.

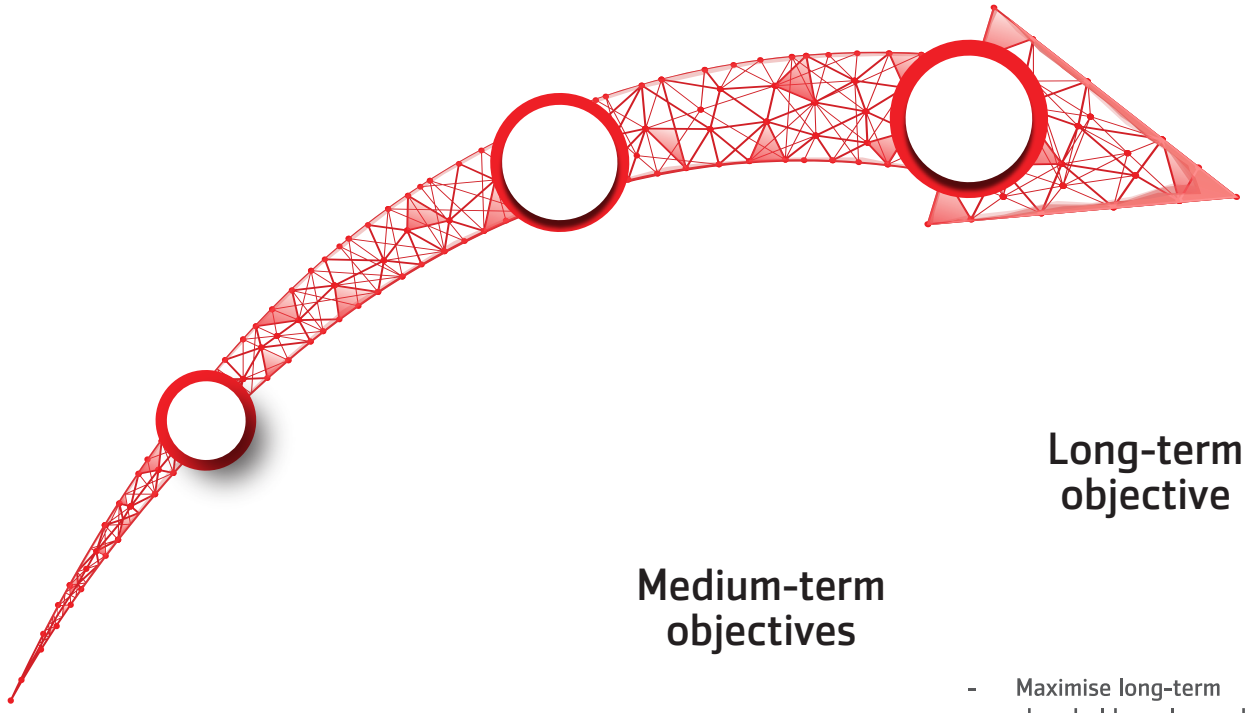


# STRATEGY, KPI & RESOURCE ALLOCATION





# Strategic Objectives



## Short-term objectives

- Deliver superior customer service.
- Develop innovative products to serve customer needs.
- Continue to enhance our controls and compliance framework, and follow prudent and robust risk management practices.
- Continual improvement in processes to increase operational efficiencies.
- Invest in human capital and become the employer of choice.

## Medium-term objectives

- Become the most customer centric and innovative bank in the country.
- Continue to and increase market share in deposits, consumer lending and SME financing.
- Become the top employer of choice amongst banks.
- Become a leading ESG bank in Pakistan.
- Become a leading transactional bank in the country.
- Maintain a sound capital base with a controlled Risk Management Framework.
- Maintain and build on leadership position in treasury and corporate banking.

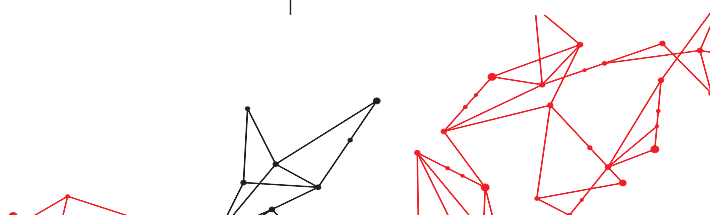
## Long-term objective

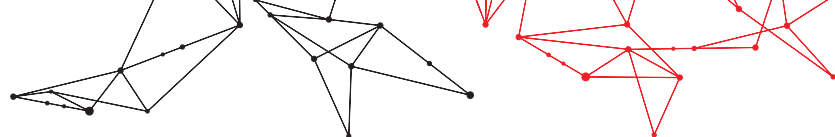
- Maximise long-term shareholder value and sustainable returns.

# Strategies to Achieve Objectives and Key Performance Indicators

The Bank constantly reviews its strategic objectives to align with the economic, political, social, global, demographic, technological, and regulatory environments, which have an impact on the Bank's performance, operations, and resources.

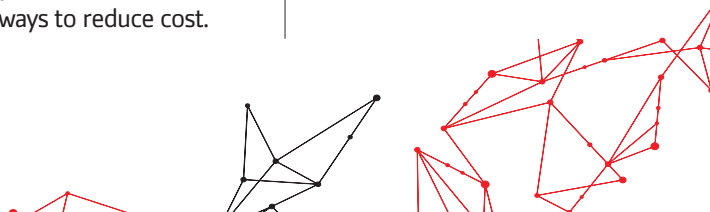
Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
Increasing market share in deposits, consumer lending, and SME financing.	Grow market share in deposits.	<ul style="list-style-type: none"> <li>Expand branch network in strategic locations.</li> <li>Relocate underperforming branches for better customer growth.</li> <li>Increase share in affluent space by attracting high-net-worth clients.</li> <li>Pivot from wealth management to wealth creation for affluent clients.</li> <li>Implement training and technology to improve sales and branch productivity.</li> </ul>	Market share growth
	Maintain high market share in the consumer segment and become a dominant player in the flagship franchise.	<ul style="list-style-type: none"> <li>Increase market share in Consumer Finance to maintain dominance.</li> <li>Ramp up acquisition through digital onboarding for consumer products.</li> <li>Launch new consumer services to attract and retain customers.</li> <li>Leverage technology for data-driven decision making and efficiency gains.</li> </ul>	Market share growth
	Continue to build on the Bank's SME offerings.	<ul style="list-style-type: none"> <li>Enhance SME offering with subsidised and risk-sharing schemes.</li> <li>Implement anchor-based lending strategies for SME clients.</li> <li>Target high-yield commercial acquisitions for SME portfolio growth.</li> <li>Ramp up trade finance by acquiring new business from non-borrowing customers.</li> </ul>	Market share growth
Become a leading transactional Bank in the country.	Become a market leader in digital banking	<ul style="list-style-type: none"> <li>Promote financial inclusion through digital banking.</li> <li>Expand credit access through digital banking.</li> <li>Offer innovative and affordable digital banking services.</li> <li>Enhance customer experiences in digital banking.</li> <li>Develop the digital banking ecosystem.</li> </ul>	Market share growth

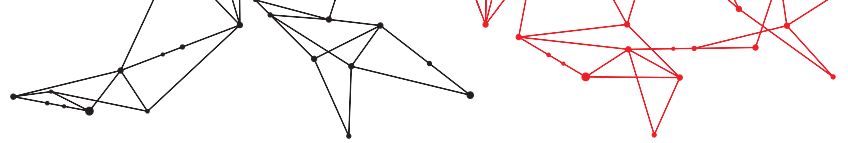




Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
<b>Become a leading transactional Bank in the country.</b>	Focus on domestic and regional trade.	<ul style="list-style-type: none"> <li>• Expand trade touchpoints for wider reach.</li> <li>• Emphasise export solutions for trade clients.</li> <li>• Scale Oracle Banking Digital Experience ( OBDX) platform across SME, Commercial, and Islamic segments to accelerate digitalisation.</li> <li>• Launch OBDX platform in UAE and Bangladesh for regional expansion.</li> </ul>	Become a leading transaction bank
	Increase penetration in cash management and employee banking	<ul style="list-style-type: none"> <li>• Migrate to OBDX platform for improved cash management.</li> <li>• Expand cash management offerings for diverse needs.</li> <li>• Extend OBDX platform to UAE/Bangladesh for regional reach.</li> <li>• Foster stronger client relationships in cash management.</li> <li>• Target larger clients for employee banking business growth.</li> <li>• Emphasise cross-selling in employee banking.</li> <li>• Digitise employee banking processes for improved convenience.</li> <li>• Enhance employee banking customer experience.</li> </ul>	Become a leading transaction bank
	Accelerate the supply chain finance initiative.	<ul style="list-style-type: none"> <li>• Promote Islamic Supply Chain Financing (SCF) to expand reach and cater to specific market needs.</li> <li>• Offer risk protection through participation arrangements for increased stakeholder confidence.</li> <li>• Market the technology platform as a key differentiator and value proposition.</li> </ul>	Become a leading transaction bank
	Increase market share in home remittances.	<ul style="list-style-type: none"> <li>• Enhance relationships with existing remittance partners to leverage their reach and expertise.</li> <li>• Improve pricing competitiveness to match or undercut competitor offerings and attract customers.</li> <li>• Expand sub-agent network to increase remittance touchpoints and accessibility for customers.</li> </ul>	Become a leading transaction bank

Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
Developing a caring culture, investing in human capital, and positively impacting the community.	Maintain and increase market share in acquiring business	<ul style="list-style-type: none"> <li>Pioneer a cutting-edge payment platform and services to align with customer needs and lead the market.</li> <li>Optimise portfolios and reduce costs to enhance profitability.</li> </ul>	Become a leading transaction bank
	Build the BAFL Culture	<ul style="list-style-type: none"> <li>Drive a "One Bank, One Team" culture aligned with mission and values.</li> <li>Deliver superior customer and employee experiences through collaboration, customer-centricity, and inclusivity.</li> </ul>	Build employee-driven culture
	Nurture and develop human capital	<ul style="list-style-type: none"> <li>Focus on nurturing and developing the Bank's Human Capital through strategic initiatives, innovative technology integration, employee recognition programs, enhancing the overall employee experience, strategic hiring practices, and growth initiatives.</li> </ul>	Build employee-driven culture
	ESG initiatives	<ul style="list-style-type: none"> <li>Implement SBP's Green Banking Guidelines to manage environmental and social risks, develop green businesses, and reduce the bank's own impact.</li> <li>Assess the Bank's environmental impact, set annual waste reduction targets, and prioritise funding for eco-friendly projects while limiting exposure to environmentally undesirable projects.</li> <li>Ensure alignment with ESG indicators as determined by the Pakistan Stock Exchange (PSX)</li> </ul>	Positively impact the community
	Corporate Social Responsibility	<ul style="list-style-type: none"> <li>Nurture talent through technology, initiatives, and recognition programs.</li> <li>Align CSR with UN's SDGs, focusing on women, education, climate change, and eco-friendly practices.</li> <li>Hire strategically and expand reach for long-term sustainability.</li> </ul>	Positively impact the community
Becoming the most innovative bank in the country and improving efficiency.	Re-imagine customer & employee experience	<ul style="list-style-type: none"> <li>Innovate and drive impact by improving and redefining customer experience.</li> <li>Strengthen digitisation efforts at the Bank.</li> <li>Transform service delivery methods.</li> <li>Re-imagine the customer and employee experience at BAFL across all channels.</li> </ul>	Innovation
	Maintain competitive cost/income ratio	<ul style="list-style-type: none"> <li>Drive cost efficiencies across the board through AI, analytics &amp; technology.</li> <li>Maintain cost discipline in the Bank and look at innovative ways to reduce cost.</li> </ul>	Improve Efficiency





Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
<b>Becoming the most innovative bank in the country and improving efficiency.</b>	Build the Advanced Analytics capability across the Bank	<ul style="list-style-type: none"> <li>• Build the Advanced Analytics capability across the Bank.</li> <li>• Foster a data-driven culture within the bank.</li> <li>• Develop automated dashboards organisation-wide for business insights.</li> <li>• Build AI &amp; Machine Learning capability.</li> <li>• Provide instant management access to data-driven insights.</li> <li>• Enable predictive modelling and customer behaviour analysis for personalised services and growth.</li> </ul>	Innovation
	Transform operations through Policies to Profit (Compliance)	<ul style="list-style-type: none"> <li>• Implement unified processes and leverage proactive data analytics.</li> <li>• Provide valuable customer leads and reduce compliance alerts significantly.</li> <li>• Streamlined approach to enhance business opportunities.</li> <li>• Foster teamwork and solidify the Bank's commitment to sustainable growth.</li> <li>• Ensure efficient compliance and seamless business interactions.</li> </ul>	Improve Efficiency
<b>Introduce new initiatives to enhance bank franchise value.</b>	Introduce and develop structured treasury and investment products.	<ul style="list-style-type: none"> <li>• Strengthen the bank's treasury business with an Authorized Derivative Dealer (ADD) license.</li> <li>• Offer derivative products and expand trading scope.</li> <li>• Maintain the top position as a primary dealer in GoP debt.</li> <li>• Optimise treasury systems for operational efficiency and real-time monitoring.</li> </ul>	Enhance franchise value
	Develop an Alfalah Group Investment Banking (IB) Play	<ul style="list-style-type: none"> <li>• Aim to become the market leader in IB with a focus on sustainability and advisory services.</li> <li>• Enhance coordination with Alfalah group entities for a comprehensive customer ecosystem.</li> <li>• Integrate IB and investment management divisions for a seamless customer experience.</li> </ul>	Enhance franchise value
	Grow business in UAE and build USD / FCY revenue streams	<ul style="list-style-type: none"> <li>• Tap into growth opportunities in UAE.</li> <li>• Establish an International Investment Banking division.</li> </ul>	Enhance franchise value



Strategic Objectives	Strategic Initiatives	Plans/Strategies for Meeting Objectives	Key Performance Indicator (KPI)
Introduce new initiatives to enhance bank franchise value.		<ul style="list-style-type: none"> <li>Focus on generating FCY revenues and supporting local businesses in UAE expansion.</li> <li>Explore investing in a TechCo for digital transformation needs and export revenues from international clients.</li> </ul>	
Maintaining a sound capital base with a controlled Risk Management Framework.	High-rated capital instruments and other funding	<ul style="list-style-type: none"> <li>Tier I and Tier II instruments to support the capital base.</li> <li>Optimising Risk-Weighted Assets.</li> </ul>	Capital adequacy and compliance with liquidity ratios
Maximising long-term shareholder value and sustainable returns.	Focus on increased profitability and Return on Equity Lowering a Weighted Average Cost of Capital	<ul style="list-style-type: none"> <li>Target revenue growth through new business opportunities.</li> <li>Reduce costs leading to a lower cost-to-income ratio.</li> </ul>	Higher operational efficiency

## Future Relevance of KPIs

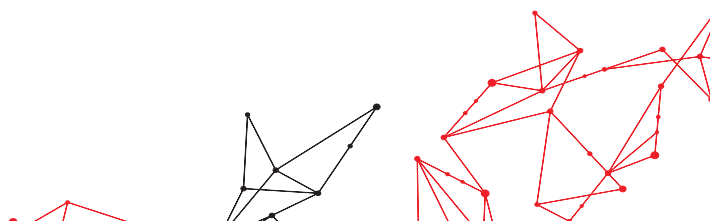
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The Bank monitors its progress against all KPIs regularly. The Management, under guidance from the Board, strives to achieve targets in accordance with the strategy. It is ensured that short, medium, and long-term KPIs remain relevant and the Bank realigns its short medium-term objectives periodically, keeping achievements against KPIs in view

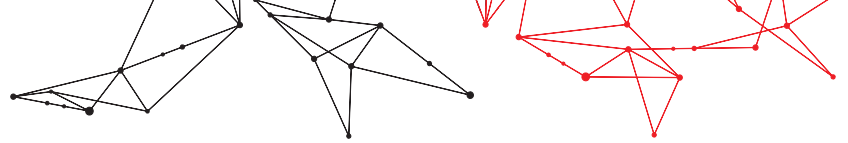
## President's video on the Bank's strategy



Please visit the link below for President's message on the Bank's strategy.  
<https://www.bankalfalah.com/ceo-review-2023/>



# Methods and Assumptions used in Compiling Key Performance Indicators



Key Performance Indicators (KPI) are the metrics utilised by the management to measure performance against strategic objectives. KPIs are designed carefully keeping in view quantitative and qualitative aspects.

- Quantitative aspects relate to the Bank's financial base, ability to generate funds, deployment of funds in the most profitable avenues, profitability, market share, growth in share price, value addition over the book price of shares, adequacy of capital, and liquidity.
- Qualitative aspects relate to customer and investor confidence, brand identity and loyalty, innovation, employee confidence, data security, strategic partnerships, and risk management.

KPIs are continually reviewed and worked upon by the management of the Bank. They are analysed, correlated with the external environment, and aligned with factors affecting the Bank's strategies and performance. They are visibly communicated and followed, in line with the strategy of the Bank.

## Methods in Compiling Indicators

### Quantitative KPIs

- Market share: The Bank focuses on gaining market share in deposits, advances, trade, remittances and government initiatives such as RDA. The growing share reflects the trust of customers in the Bank and is an indication of customers' preference to choose Bank Alfalah as the preferred transaction bank. The Bank constantly assesses this indicator through a comparative analysis of the volumes of peers, in order to grow and decide on various growth strategies.
- Share price and value addition over the book value of the share: This is a

measure of shareholders' and investors' confidence in the Bank's performance. The Bank monitors this KPI closely and aligns its financial performance to build momentum in investor confidence.

- Profitability: The main elements of profitability, markup income and non-fund based revenue, are derived from effective balance sheet management, high earning assets and a sound deposit level. Furthermore, while the costs of doing business mainly due to investment in IT & Digital infrastructures may go up, the Bank willingly incurs such costs without compromising on profitable ventures. The Bank controls and manages the costs of driving sound profitability and evaluates its profitability levels (Earnings Per Share) in order to maximise shareholder return and ensure sustainable returns.
- Dividend payouts: Sustainable dividends are at the forefront of the Bank's strategy with a view of maximising shareholders' long-term returns. The Bank will continue to prioritise a consistent and healthy dividend payout over the coming years.
- Capital adequacy and liquidity ratios: Maintaining capital well above the regulatory capital adequacy limits (including buffers) and strong liquidity ratios indicate the Bank's sound financial footing. These are calculated based on various regulatory instructions. The Bank keeps a check and balance on these ratios and does not deviate from regulatory requirements.
- Ability to generate funds: The Bank had successfully generated funds through a Medium Term Note and multiple ADT-1 instruments. These reflect institutional investors' confidence in the soundness of the Bank's balance sheet, efficient liquidity management, and the Bank's ability to repay debts.

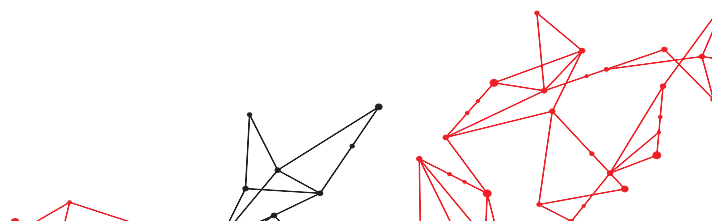
## Qualitative KPIs

These are closely linked with the above quantitative aspects. Hence, the outcomes of these quantitative KPIs have a strong correlation with qualitative KPIs. The Bank continually invests its capital in a manner that ensures that we simultaneously continue to achieve and exceed set qualitative indicators. Given below are some qualitative KPIs, which the management tracks:

- **Customer satisfaction:** The Bank has conducted various customer surveys to collect direct feedback and has improved its customer satisfaction level over a period of time. The methods used are Digital Survey Platform (calls and SMS) and Customer Experience Management (monitoring quality of service at customer touch points).
- **Quality service:** The Bank does this by driving society towards digital innovation. The increased usage of the Bank's digital avenues such as Digital Lifestyle branch, Alfa app, QR Payments, Alfa Payment Gateway, CDMs, ATMs/KIOSK, and POS machines represents the enhanced quality of service that the Bank has provided to its customers. Further, the Bank's dedicated Customer Experience unit measures and manages performance quality through various service parameters across the Bank.
- **Employee happiness:** The Bank strives to enhance employee happiness since it has an important bearing on customer service and performance-oriented results. The Bank has made employee happiness a core element of its culture. This is evident from the Bank's regular practice of following a People Happiness Framework and monitoring happiness scores based on annual feedback from all employees. Please refer 'Stakeholder Relationship and Engagement' section of this Annual Report for further details on employee culture, happiness and engagement.

## Assumptions in Compiling Indicators

Please refer to the Outlook section of this Annual Report.



# Resource Allocation Plans and Financial Capital Structure

## The Bank's significant resources to achieve the objectives

The Bank considers all of its capitals as essential for operations and effectively ensures their availability, quality and affordability. Furthermore, the Bank plans its resources in a way that its ability to produce flows from them to meet future demand is always catered to while maintaining an optimum risk appetite and ensuring minimum regulatory thresholds.

With planning, the Bank ensures the connectivity of its capital with financial performance and outcomes. The Bank's strategies, resource allocation plans, and risk management arrangements are designed to enhance the future capital generation and maximise value creation for the Bank's stakeholders. Financial Capital The financial capital includes shareholders' equity, liquidity, cash flows and financing arrangements.

## Financial Capital

The financial capital includes shareholders' equity, liquidity, cash flows and financing arrangements.

## Share Capital and Equity

Shareholders' equity represents the capital commitments of shareholders and investors. Such funding entitles them to income distribution, liquidation and voting privileges. Several regulatory ratios and requirements such as CAR are based on the shareholder's capital. Share capital, being an expensive source, is raised for strategic activities like expansion, acquisitions and mergers, and to meet regulatory requirements.

## Deposits

Deposits remain the core resource for any commercial banking unit. Core deposits comprise Current Accounts and Saving Accounts (CASA). Deposits, like any other source, have an attached cost, which includes competitive returns to the depositors, remuneration for deposit-gathering teams and additional services to facilitate customers. The Bank's CASA mix remains healthy. The Bank raises

term deposits at the right price while taking into accounting their maturities. The Bank's deposits base remains strong and numbers as at the close of this year are achieved through a segmented sales approach based on ideal customer personas and selective branch expansion in key areas.

## Long-Term Financing (TFC & ADT 1)

On the debt side, the principal component consists of long-term debt. Debt instruments include term finance certificates which are either repayable over a defined term or for perpetuity. Over the years, the Bank has successfully issued 7 term finance certificates, of which 5 have matured.

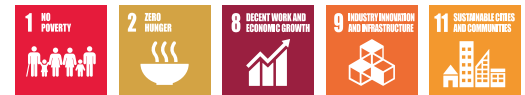
## Other Borrowing

The Bank arranges other short-term borrowings to match its liquidity needs. In 2021, the Bank issued a Medium-Term Note, which has a maturity of three years, and is secured against government securities.

### Plans:

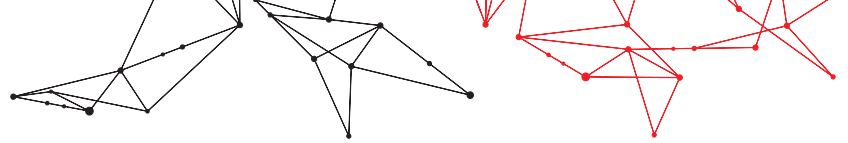
- Generate low-cost / no cost deposits through the branch network and by providing excellent customer service;
- Issue TFC/ADT 1 instruments, if required; and
- Increasing deposits and customer services with conversion of conventional banking customers to digital channels.

### Linkage of this capital with SDGs



## Human Capital

Bank Alfalah's emphasis has always been on the quality of human capital. The Bank's strength lies in its people. The Bank has a sound and seasoned management team, capable of delivering results by inspiring its employees to do things the right way. Learning objectives at the organisation are clearly defined to nurture and retain the best talent pool. Training, job rotations,



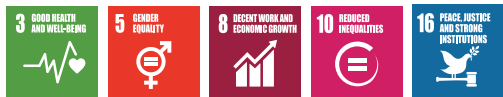
satisfactory pay-outs, appraisals, coaching and feedback, assistance for education and medical purpose, leaves, and other initiatives are taken to boost employee morale and confidence.

The Bank's objective is to ensure its welfare by keeping the welfare of employees at heart. The Bank's performance management systems are intended to inspire employees to strive toward targets that helps the Bank accomplish its strategic goals. As a result, the Bank has created a performance-based culture that promotes the generation of value over long and short terms. The most valuable resource for success and growth continues to remain the Bank's human capital.

#### Plans:

- Foster a culture of happiness to achieve employee satisfaction;
- Train employees to better serve customers; and
- Focus on the concept of One Bank One Team.

#### Linkage of this capital with SDGs



## Intellectual Capital

Intellectual capital includes patents, copyrights, software, licenses, knowledge, system and procedures.

The Bank considers technological advancement vital for attaining long-term growth and for sustainability. The journey of integration of technology into the banking sector has witnessed significant breakthroughs like branchless banking through digital channels with multi-purpose solutions. The Bank's vision to be the most innovative bank in Pakistan has seen the Bank deploy cutting-edge technology to equip its customers with end-to-end solutions.

Software upgrades, process reengineering, bringing technological solutions to meet customers' needs, secure channels, and digitisation are at the core of the Bank's progress and sustainability.

#### Plans:

- Adopting and integrating cutting edge digital solutions;
- Enhance internal capacity to adopt technological advancements; and
- Prioritise customer satisfaction through constant innovation in products and processes.

#### Linkage of this capital with SDGs



## Manufactured Capital

The manufactured capital includes building, equipment and infrastructure. The ambiance and space of the Bank's customer touchpoints are of prime importance. By effectively utilising the Bank's buildings, branch design, equipment, and infrastructure, the Bank aims to create an environment for its customers that will increase footfall. The Bank's Branch Design Manual focuses on safety, security, energy conservation, and getting the maximum benefit from natural capital. The Bank's geographical reach is also focused to achieve maximum customer interaction, particularly in unbanked areas.

#### Plans:

- Increase the number of easily accessible touch-points;
- Focus on creating branch spaces that enable and empower customers to relate and transact; and
- Moulding an environment that fosters customer ease by leveraging the latest technology.

#### Linkage of this capital with SDGs

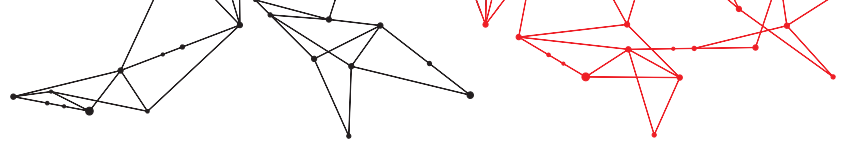


## Social and Relationship Capital

The Bank's social and relationship capital includes customers, investors/shareholders, suppliers, vendors, partners, and employees. It has taken various initiatives to collaborate with them and enhance its brand image. The more positively engaged people are with the Bank, the greater the mutual benefits are.

#### Plans:

- Initiatives that help maintain customer loyalty;
- Retain brand image to become a go-to bank;
- Philanthropic activities to support society at large; and
- Complete transparency to win investor/shareholder confidence.



## Linkage of this capital with SDGs



## Natural Capital

The Bank, in achieving its objectives, utilises all natural resources efficiently. Sustainable use of nature's capital is one of its prime goals. The Bank has deployed lasting solutions for conservative usage of water and energy and implemented a Green Banking initiative to protect natural capital.

### Plans:

- Conserve energy through solar panels, energy savers, etc.;
- Positive contribution to the environment through plantation and cleanliness drives;
- Promote a paperless environment;
- Focus on renewable energy financing; and
- Enhanced focus on Environmental, Social and Governance factors, including Sustainability.

## Linkage of this capital with SDGs



## Financial Capital Structure of the Bank

The Bank remained well-capitalised with a capital base above regulatory limits and Basel capital requirements.

Total Capital Adequacy Ratio stands at 16.74% against the required 11.50% (including a capital conservation buffer of 1.50%). Common Equity Tier-1 (CET-1) to total risk-weighted assets ratio stands at 11.64% against the required 6.00%.

The required capital adequacy ratio is achieved by the Bank through:

- a. Adequate level of eligible capital
- b. Adequate risk profile of asset mix
- c. Ensuring better recovery management
- d. Maintaining acceptable profit margins

The Bank prepares its Annual Budget, Business Plans, and Risk Appetite Statement for purpose of drawing out a growth map and future direction as well as identifying the Bank's Risk taking capacity. Bottom-up approach and detailed deliberations are used to prepare the annual budget. The growth prospects take into consideration prevailing economic and political factors in Pakistan and abroad.

Assessment of capital levels is done regularly. All business plans and budgets are reviewed by Senior Management and approved by the Board, ensuring enterprise wide capital adequacy. Additionally, the Bank aims to pay out a consistent stream of dividends to its shareholders, while maintaining adequate capital under stress scenarios and accounting for future business requirements, ensuring Board level approvals.

Furthermore, the State Bank of Pakistan has designated Bank Alfalah as a Domestic Systemically Important Bank (D-SIB) under the D-SIB framework, thereby mandating compliance with enhanced supervisory requirements. These include formulation of a Risk Appetite statement, Internal Capital Adequacy Assessment Process (ICAAP) document Macro Stress Testing / Scenarios Analysis and preparation of a Recovery Plan.

The Bank successfully issued Pakistan's first listed Additional Tier 1 Capital instrument of Rs. 7 Bn in 2018. Proceeds from the issue augmented our capital base and are being utilised for the expansion/growth of the Bank's business. The instrument has been rated 'AA-' (Double A Minus) with 'Stable' Outlook by PACRA, reflecting our diversified operations, healthy financial risk profile, strong sponsors and market presence. Further, during 2022, the Bank issued another tranche of ADT-1 of Rs. 7 Bn which is a 'AA-' (Double A Minus) rated instrument by PACRA.

The Bank will continue to maintain optimum capital to increase its risk-taking capacity, and capitalise on opportunities to protect the interests of stakeholders.

# Key resources and capabilities providing sustainable competitive advantage

## Key Resources

The Bank has a sustainable competitive advantage through the following key resources:



### Physical Footprint

The Bank continues to expand its branch network to promote financial inclusion and increase the accessibility of financial services across the country. As of December 2023, the Bank has a network of over 1,000 branches committed to serving its customers' needs by offering innovative banking solutions.

### Diversified Products and Services

The Bank provides a wide array of product and service offerings customised to meet a diverse range of customer needs such as deposit accounts, consumer loans, wealth management products and other payment solutions. The product offerings are designed to accommodate all customer segments whether its SMEs, senior citizens, females or blue collar workers etc.

### Digital Banking

On the digital front, Bank Alfalah continues to make breakthroughs with its state of the art solutions through its vast suite of 175+ digital products and services. This has significantly enhanced banking for customers by introducing ease of use, reliability, quick turnaround times. etc. In particular, the Bank's lifestyle digital application, Alfa, continues to empower customers with 360-degree services while the Bank's digital onboarding facility, RAPID, has revolutionised digital account opening and self-services like debit/credit card and loan applications.

### Compliance and Risk Management

The Bank's robust compliance and risk management policies and procedures ensure it continues to operate at the highest standards, effectively mitigating all potential risks. The efficient compliance framework

monitors transactions, screens sanctions, detects and looks after several other internal controls. Moreover, the strong risk infrastructure of the Bank monitors market, liquidity, operational, trade pricing and other risks to ensure the Bank has optimal exposures with returns adjusted for appropriate risk levels.

### Human Resources

Bank Alfalah takes pride in the capabilities of its human resources and the platform available for its employees to continuously learn, develop and improve through various trainings and e-learning courses. The Bank's focus on One Bank One Team, Inspires and Empowers its people and Employee Experience continues to foster a unified, customer-oriented, motivated and satisfied workforce.

## Competitive Advantage

Overall, the Bank's various capitals are geared towards maintaining a sustainable competitive advantage. With these resources, the Bank ensures that it continues to perform at the optimal level and, as a result, provide the best-in-class services to all its stakeholders.

Through its capitals

(financial/human/manufactured/intellectual/social and nature capital), the Bank possesses the capabilities to:

- Generate a strong equity, deposits and financing base
- Foster a high-performing and happy work culture
- Leverage technology to provide cutting-edge solutions
- Continually improve customer touchpoints and overall infrastructure
- Cement stakeholder trust by delivering on all fronts
- Promote initiatives and procedures that benefit the environment
- These aspects allow the Bank to prioritise sustainable growth and gain a competitive advantage at all levels.

## Value created by the business using these resources and capabilities

By using its resources and competencies, Bank Alfalah generates value for its stakeholders in the following ways:



# Effect of External Factors on Strategy and Resource Allocation

## Technological Change

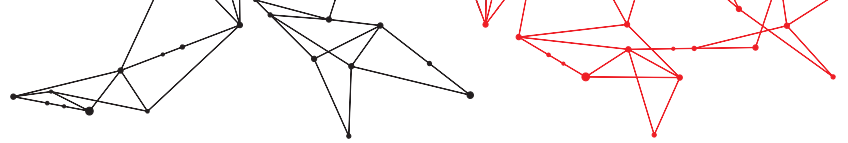
Technology has significant bearing on the Bank's strategies which must be aligned to quickly evolve and respond with potential changes in technological advancements. New market players, such as startups and FinTechs, are upending the status quo and helping to create a reconfigured competitive digital landscape that is providing new challenges and opportunities for cooperation and innovation. This presents both challenges and exciting opportunities for innovation and collaboration, and the Bank is continuously adapting itself to the changing technological landscape and the evolving needs of its customers.

### Key Trends in Pakistan's Technological Landscape:

- **Thriving Startup Ecosystem:** Pakistan boasts a vibrant startup ecosystem, with over 5,000 IT firms and a projected IT services industry revenue of \$5 billion in 2023. This entrepreneurial environment fosters innovation and necessitates nimble adaptation by established players like Bank Alfalah.
- **Exponential Growth of E-Commerce:** Driven by increased internet penetration and smartphone usage, Pakistan's e-commerce sector is experiencing explosive growth. This trend necessitates robust and secure digital payment solutions, an area where Bank Alfalah is actively innovating.
- **Rise of AI and Data Analytics:** Artificial intelligence and data analytics are revolutionising various sectors, including banking. Bank Alfalah is actively leveraging these technologies to personalise customer experiences, enhance operational efficiency, and manage risk more effectively.
- **IT Exports:** Pakistan's IT exports reached \$2.6 billion in FY2023. This is a sector where the country's untapped potential in the global IT market presents an ideal opportunity for collaboration between local players and international partners.

### The Bank, in response to external technological change factors, implemented the following:

- **Digital Transformation of Banking:** Bank Alfalah remains committed to continuous digital transformation, optimising its internal processes and customer service offerings across multiple channels. This includes mobile app, web, tablets, self-service kiosks, SMS banking, IVR, ATMs, CDMs, CCDMs, and Alfa Agent Shops.
- **Revolutionising Payments and Lending:** Leveraging technology, Bank Alfalah aims to revolutionise the payments and lending landscape. This involves developing a conducive ecosystem and payment rails to extend credit to SMEs, retail, and consumer sectors.
- **Harnessing the Power of Big Data:** Recognising the power of big data, Bank Alfalah utilises advanced analytics to gain valuable insights into customer behaviour and market trends. This allows for enhanced risk management, personalised marketing campaigns, and improved decision-making.
- **Investment in Emerging Technologies:** Bank Alfalah continuously upgrades its infrastructure to adopt emerging technologies like AI and machine learning. These investments enable the bank to automate processes, improve efficiency, and offer innovative products and services to its customers.
- **Developing a Skilled Workforce:** Recognising the crucial role of skilled personnel in the digital age, Bank Alfalah invests significantly in training and development programs for its employees. This ensures that its workforce possesses the necessary skills and knowledge to navigate the evolving technological landscape.





## Societal Issues

Societal concerns shape the Bank's strategy and how it deploys resources. Population and demographic changes, human rights, health, poverty, collective values and educational systems are key societal issues. The Bank's strategy and resource allocation are strongly influenced by such concerns.

As a responsible corporate citizen, the Bank actively fulfils its societal responsibilities. Giving back to the community is an integral part of Bank Alfalah's business and crucial for driving positive change. The Bank's focus areas for support include healthcare, education, social welfare, leadership development, and the promotion of sports, arts, and culture.

### The Bank, in response to external factors, implemented a comprehensive strategy:

- Tri-sectoral partnerships (Public-Private-NGO) are prioritised for investments in child healthcare facilities, schools, and flood-affected areas.
- Collaborative efforts involve providing interest-free loans, seeds, and fertilisers to support farmers in recovery and income generation.
- Sustainable clusters are established, integrating health and education facilities alongside income opportunities, with a focus on long-term sustainability.
- In response to inflation, minimum salary revisions occur across all levels, including a notable elevation of the entry-level salary from PKR 30,000 to PKR 40,000.
- The age of retirement is extended to 65 years, distinguishing the Bank as the industry's exclusive provider of "permanent colleagues till 65 years with full benefits."

The Bank's commitment to strategic adaptation is evident, ensuring proactive responses to external dynamics for the well-being of both the workforce and the communities served.

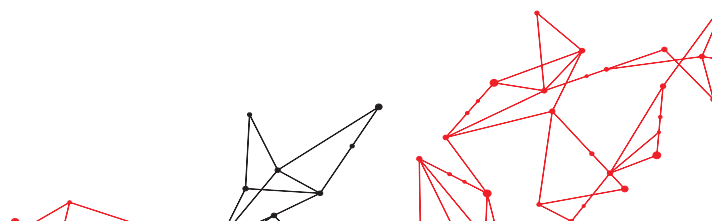
## Environmental Challenges

Environmental challenges such as climate change, the loss of ecosystems, global warming and resource shortages are major threats to the Bank's future.

Bank Alfalah is leveraging technology to address these concerns and build a more sustainable future.

Bank Alfalah is committed to expanding its sustainable finance offerings. The Bank is enhancing its green term finance products and services to incentivise customers to adopt renewable energy solutions and sustainable practices. Furthermore, the Bank is financing climate-smart agricultural projects to promote food security while protecting the environment. The Bank actively supports circular economy initiatives, aiming to minimise waste and maximise resource efficiency across its operations and within its customer base.

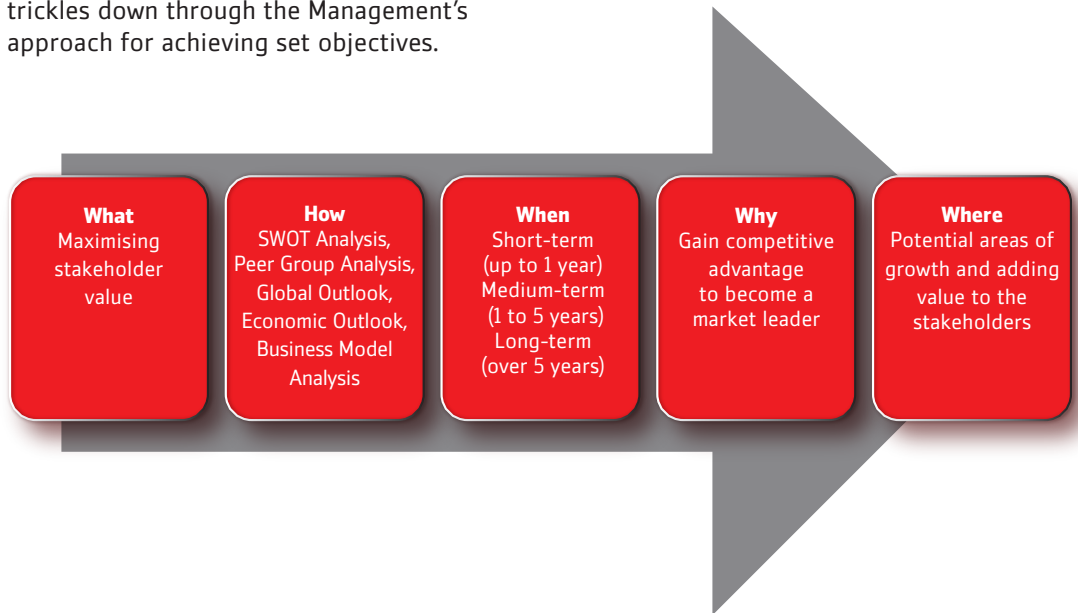
Through operational efficiency and carbon footprint reduction efforts, Bank Alfalah is leading by example. The Bank is increasing its use of renewable energy sources, transitioning to a green fleet, and implementing sustainable practices in its branches. The Bank is also empowering its clients to embrace sustainability by providing green financing solutions and sharing knowledge, best practices, and resources. Through partnerships with NGOs and environmental Organisations, the Bank is amplifying its impact and contributing to broader initiatives for a sustainable future.



# Strategic Decision-Making Process

## Strategy Development Process

The Bank's strategies are formulated with an objective of maximising long-term shareholder value. The Bank's strategy is based on economic outlook, competitive environment, legal framework, customer behaviours and geo-political situations. The Bank develops strategies to achieve objectives, and measures progress with Key Performance Indicators. The strategy development process has its roots in the Board's strategic outlook, and strategy trickles down through the Management's approach for achieving set objectives.



### Stage 1 - Self Analysis

#### Internal/External Environment Analysis

The Bank assesses global and economic outlook, geo-political situation, competitors' profiles and their product offerings. It then conducts a SWOT Analysis and Business Model Assessment. Shareholders' return maximisation and value addition are kept at the forefront during this entire process. It then identifies key influences on the present and future wellbeing of the Bank, and therefore decides on a strategy.

#### Vision and Mission Analysis

Analysing Vision and Mission statements helps identify what the Bank aspires to achieve in the future.

### Stage 2 – Identifying Potential Areas of Growth and Value Addition

Based on the outcome of the analysis stage, the Bank identifies potential areas of growth to add value for all stakeholders, and to gain a competitive edge and unique position in the market.

### Stage 3 – Strategy Formulation

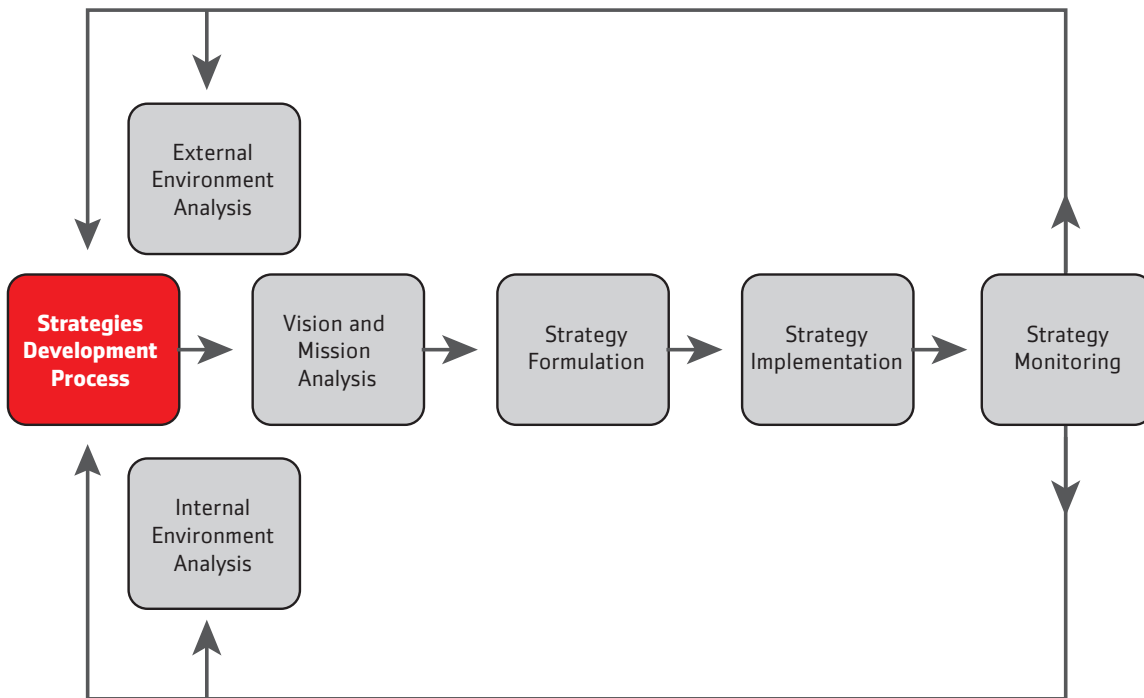
The Bank identifies strategies to achieve its objectives in accordance with the results of preceding stages. The Board of Directors governs the strategy making process. This stage drives strategic decision-making.

## Stage 4 – Execution and Implementation

The Management of the Bank executes strategies, incorporating them in day-to-day business affairs.

## Stage 5 – Monitoring

There is continuous monitoring of strategies implemented in order to identify further areas for value addition and realignment of strategies.

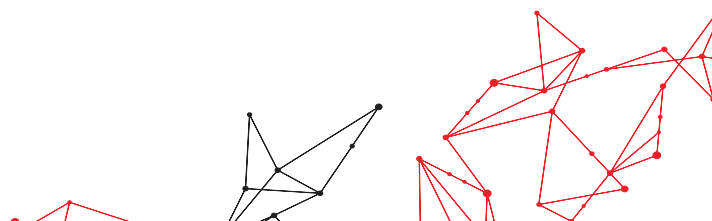


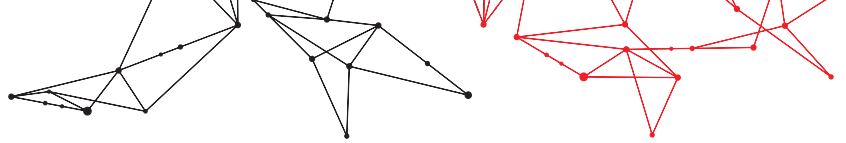
## Organisational Culture:

The Bank's culture supports its strategy-building and monitoring process. The governing principles of culture set by the Board are followed by senior management and all employees.

- **Attitude towards risk:** The Bank has a robust risk management framework designed to identify, monitor, and resolve potential and existing risks arising from external as well internal factors. The Bank follows a zero-tolerance policy for carrying significant risks.
- **Mechanisms for addressing integrity and ethical issues:** The Bank's culture is the foundation for inculcating principles of integrity and ethical boundaries in its people.

Through a centralised Project Management Office, the Bank monitors the implementation of its key strategic initiatives at Senior Management level. The Bank has a transparent monitoring system in place where all strategic projects are tracked on a monthly basis to ensure timely delivery. Projects that are lagging behind are immediately flagged to the Senior Management and required decisions or actions are taken to expedite these. A comprehensive progress update on the Bank's strategic initiatives is shared with the Senior Management on a monthly basis and with the Board of Directors semi-annually.





Given below are significant restructurings, business expansions or closure of operations during the year.

- a) Significant plans and decisions such as corporate restructuring, business expansion, or discontinuance of operations during the year:
  - The Bank has incorporated a new exchange company with an authorised capital of Rs. 2 Billion. This exchange company will function as a wholly-owned subsidiary of Bank Alfalah, and will provide comprehensive foreign exchange solutions, catering to a diverse range of needs in the market, as well as to support Government for streamlined foreign exchange management in the country.
- b) Major capital expenditure during the year:
  - During the year, the bank invested Rs. 12.8 billion on the purchase of fixed assets and intangibles which includes properties (land & buildings), equipment, fixtures, intangible assets, etc. A detailed disclosure of fixed assets is given in the financial statements. All the assets purchased were capitalised as the management intends to take benefit from them over their useful life, which spans more than a year. These additions are for meeting the business and operational needs of the Bank including but not limited to digital infrastructure, new branches, existing branch/office renovations, and strengthening IT infrastructure with an aim to operate within a secured environment and with the best customer data protection.
  - The Bank opened 100+ branches during the year, taking the total branch footprint to 1,024. Further, the Bank also installed 266 ATMs and 9 CDMs to facilitate the customers.
  - Major capital expenditure planned for next year: The Bank plans to open new branches under Annual Branch Expansion Plan, renovate existing branches and continue to invest in its digital and IT infrastructure.

# Significant Plans and Decisions

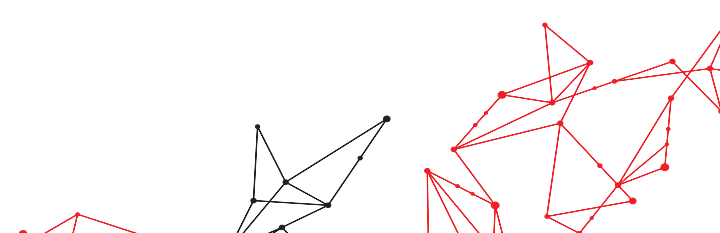
# Change in Objectives and Strategies

The Bank's previous strategy aimed to recapture lost market share and revisit its priorities. Recognising the early success of this plan, the Bank has adjusted its strategic goals and initiatives to align with the evolving macro-economic environment while setting more ambitious targets.

Moving forward:

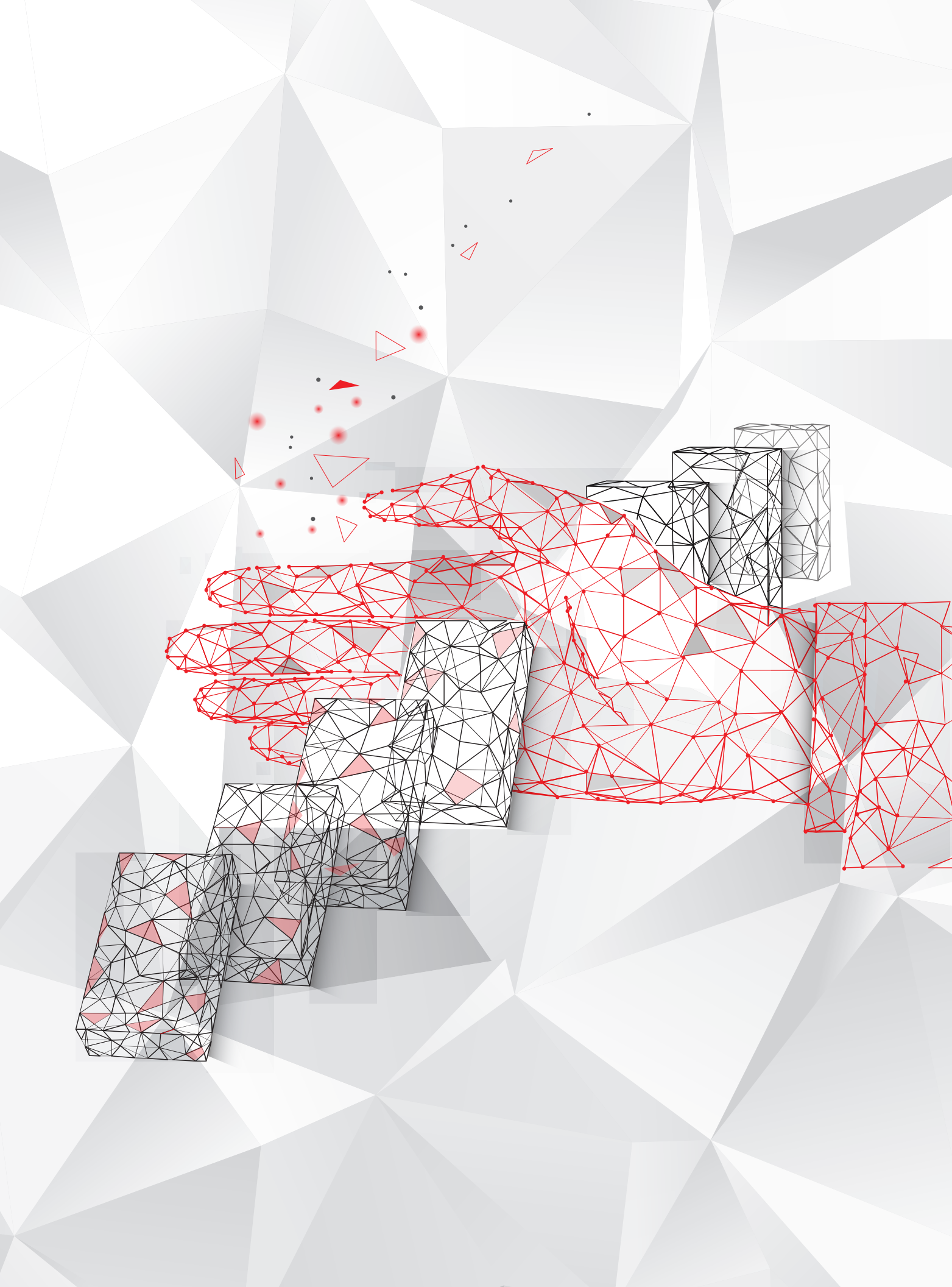
- Double down on growth: The Bank will continue to invest strategically to gain market share, focusing on replacing brain drain, selective network expansion, and fostering the right culture.
- Optimise efficiency and leverage technology: The Bank will prioritise cost-effectiveness by implementing advanced analytics and driving operational improvements.
- Elevate its position: The Bank aspires to solidify its position as the top Primary Dealer in GoP debt and become the most recognised Investment Bank in Pakistan.
- Expand beyond borders: The Bank aims to be the preferred bank for local businesses seeking opportunities in the UAE.

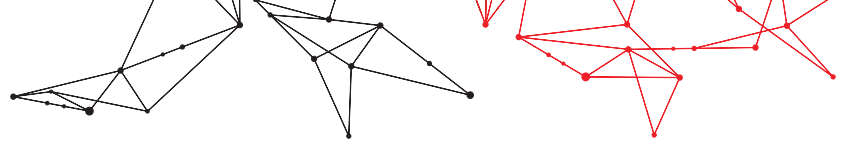
This renewed focus and ambitious goals will propel the Bank towards achieving sustainable growth and solidifying its leading position in the market.





# **RISKS & OPPORTUNITIES**





## The Way We Manage Risk

### Phase 1

#### Risk Identification and Assessment (RIA)

Map and anticipate main identifiable risks and regularly update assessments. Prioritise risks against the Bank's strategy and risk appetite.

### Phase 2

#### Risk Ownership

Allocate risk ownership.

### Phase 3

#### Risk Mitigation

Develop and implement policies and mitigation plans, which are executed based on prioritisation.

### Phase 4

#### Risk Reporting

Risks are monitored continually against approved appetite. Deviations are logged, reviewed, owned, reported, and effectively mitigated.

### Phase 5

#### Risk Framework Validation

Regularly check the effectiveness of the process through wider assessment of the framework, and make necessary improvements in the process.

# Risk Management Framework



# How We Share Our Risk Management Responsibilities?

## The Board

### Responsibilities:

- Approves strategic objectives and risk appetite
- Reviews key risks and mitigating measures
- Approves the risk infrastructure
- Assesses effectiveness through periodic reporting
- Defines risk management policies
- Formulates and maintains integrated bank-wide risk management framework
- Establishes a bank-wide strategy incorporating the risk management strategy

### Board Committees:

- Board Risk Management Committee (BRMC)
- Board Information Technology Committee (BITC)
- Board Audit Committee (BAC)
- Board Strategy and Finance Committee (BSFC)
- Board Crisis Management Committee (BCMC)



## Senior Management

### Responsibilities

- Defines and proposes the risk appetite for onward approval from the Board and monitors it quarterly
- Oversees design and sustainable implementation of Enterprise Risk Management (ERM) and internal control systems
- Evaluates the adequacy of risk mitigation plans

### Management Committees:

- Central Management Committee
- Digital Council Committee
- Central Credit Committee
- Control and Compliance Committee
- Asset Liability Management Committee
- Process Improvement Committee
- Governance Committee for Overseas Operation
- IFRS 9 Steering Committee
- IT Steering Committee
- Crisis Management Team



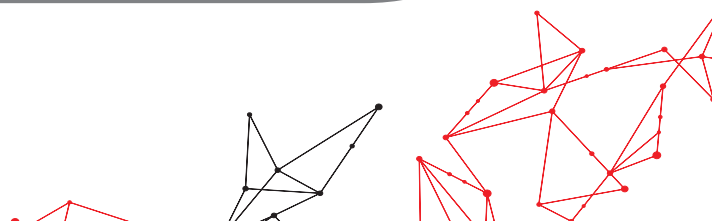
## Risk Management Division

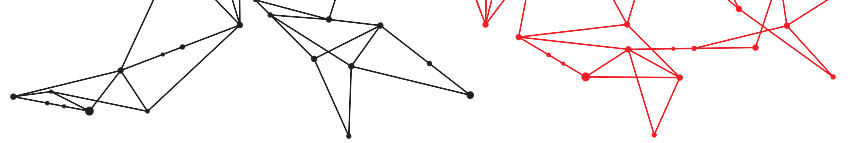
### Responsibilities

- Develops risk policies, interprets and guides business units on risk standards, limits and regulations
- Monitors key ratios and risk levels through routine testing skills
- Reports to the management, Board and regulator

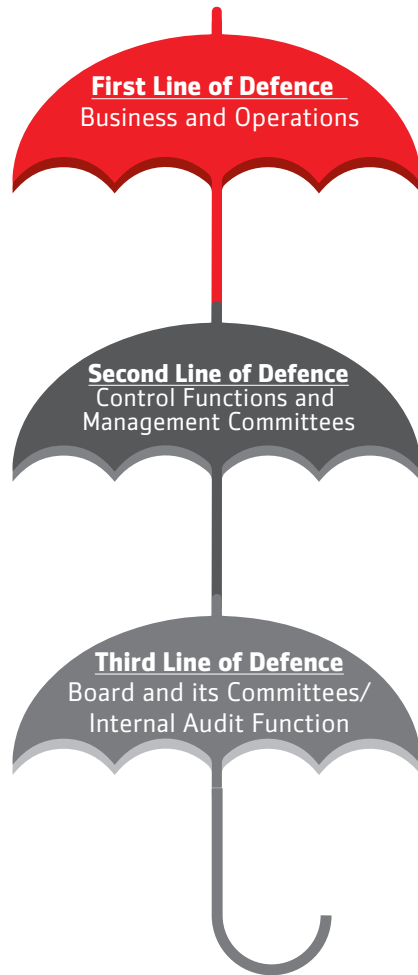
### Risk Divisions:

- Risk Management
- Information Security
- Credit Policy & Portfolio Management
- Credit Administration
- Operational Risk
- Credit Division





## Three lines of defense approach



### First Line of Defence

- Identifies, takes and manages risks in their areas of responsibility
- Maintains day-to-day internal control

### Second Line of Defence

Develops and promotes ERM framework to help managers identify, assess, manage, monitor and report risks

### Third Line of Defence

Provides independent assurance of the effectiveness of the risk management, and internal control frameworks and activities

## Risk Management Methodology

Bank Alfalah implements its risk strategy and engages in controlled risk-taking within its risk management framework. The risk management methodology defines the optimal course of action amid uncertainty by identifying, owning, mitigating, reporting and validating risk in line with its long-term objective of maximising shareholder value and ensuring sustainable returns. The Bank adheres to an integrated, structured and disciplined approach, realised through the implementation of effective and efficient risk management methodologies and policies that align strategies, processes, people, technology and knowledge to assess, evaluate and manage uncertainties that the Bank faces as it creates value.

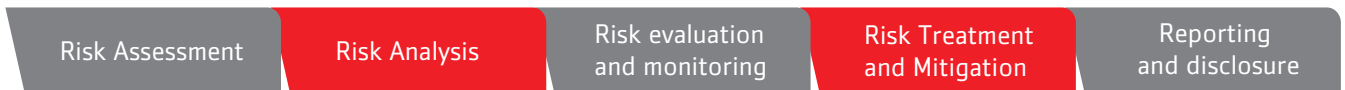
The methodology contains the following activities:

- Developing and implementing an enterprise risk management framework across all business groups in the country and locations outside the country;
- Identifying risks and maintaining risk exposure within the risk appetite of the stakeholders;
- Optimising resources in order to enhance value for shareholders;
- Establishing risk tolerance limits / risk appetite;
- Ensuring availability of sufficient capital as a buffer to absorb risks gauged through self-risk assessment as well as under the purview of regulatory guidelines; and
- Aligning risk management approach with regulatory and future business requirements.

An effective risk management framework along with a robust risk governance structure, strong capital, liquidity, market risk, compliance / money laundering and good quality of the credit portfolio, remain the cornerstones for the Bank's risk management methodology.

## Risk Mitigation

This needs to be dynamic for sound risk management. Effective communication across the Bank, well established policies and procedures, action plans are the tactics to face business risks. The Bank has established such techniques based on international standards and benchmarks, regulatory instructions and Board's guidelines. The sub-section named 'Key Risks' given below covers all mitigation strategies against key risks.

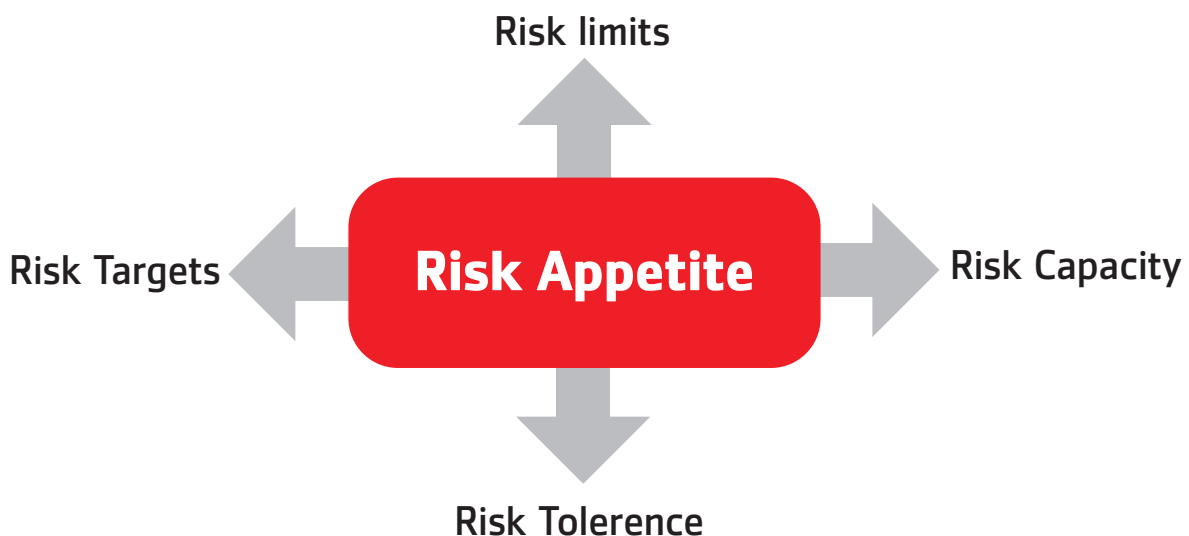


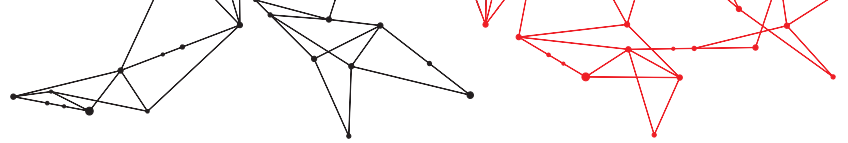
## Risk Appetite

Risk Appetite (RA) refers to the maximum threshold of risks level that the bank is willing to undertake in implementing its strategic and business objectives set by the Board of Directors. In setting the RA, including tolerance and limits, the Bank's resources including capital are allocated effectively and risk limits are set to remain within the boundaries of risk framework. RA strikes a balance between strategy, growth aspirations, operating plans, capital and risks that the bank deems material, based on their significance and regulatory requirements. The Risk Management Division of the Bank devises risk appetite every year which is then approved by the Board considering the Business plans and macro economic environment. The Bank's RA for 2023 was established considering historical trend, regulatory requirements, stress test results and senior management's views about economic situations versus the business objectives. Application of the RA and its monitoring helps to ensure the Bank stays within appropriate risk boundaries.

Functions of Risk Appetite:

- Banks willingness to take a risk
- Internal (Soft) Risk Tolerance Limit
- Monitoring Risk strategies and approaches to mitigate risk
- Putting the Bank's risk capacity in best use





## Risk Monitoring and Reporting

**Reporting to Board and Board's Risk Management Committee (BRMC):** Meetings of the Board and BRMC take place on a quarterly basis, at minimum. The agenda consists of various risk related analysis & decisions that are based on business needs and situations including but not limited to macro-economic environment.

**Internal Capital Adequacy Assessment Process (ICAAP):** The report covers risk areas like documentation lapses, concentration, liquidity, reputation, environmental, settlement, core risk etc. This is finally reported to Board.

- ICAAP reporting is based on bank's own assessment of risks and calculating the adequate amount of capital that bank is required to maintain against those risks
- The purpose of the ICAAP is to inform the Board of the ongoing assessment of the bank's risks, how the Bank intends to mitigate those risks and how much current and future capital is necessary having considered other mitigating factors and;
- ICAAP exercise attempts to assess the risk based capital as opposed to regulatory capital, which is generally not considered a complete reflection of the embedded risks; given that regulatory capital does not account for Pillar II risks and additional capital required in lieu of stress testing for pillar 1 risks

**Management / SBP's monitoring:** Various reports are submitted to Senior Management / SBP covering risk aspects such as credit risk. The regulator conducts inspections to monitor bank's approach towards risk mitigation and compliance against the breaches, if any.

**Stress Testing:** Bank Alfalah prepares and submits Scenario Analysis Stress Testing reports to SBP. The same are reviewed by Senior Management & Board as well. The report mainly encompasses Statistical Models based on Macro Economic Variables Risk Management Tools (i.e. VAR, SVAR), Reverse Stress Testing. Furthermore, MST Framework proposes a multilayered approach for Stress Testing Model development, validation, approval and implementation; along with the identification of stakeholders for validation, control & oversight perspective. Results of the exercise are used to calibrate risk appetite, Annual Business plans, Capital and contingency planning.

**Risk Register:** This is an effective tool for comprehensive risk management for identifying key business and financial risks. Further, it defines the implementation of respective controls and mitigating factors to reduce the risks identified. Risk and Compliance Divisions review risk registers based on the reports provided by the business line managers, suggest the mitigation measures to the concerned units, and also submit their assessment of the effectiveness of the mitigation measures to BRMC on a quarterly basis. The minimum components of the risk register are: date, risk identification number, risk description, controls, consequences, likelihood, overall risk score, risk ranking, trigger, management action and risk owners.

**Standards and Limits:** The Bank follows Basel guidelines for capital adequacy monitoring. Further, there are various circulars from SBP in this regard. The bank ensures strict compliance with these standards, internal and regulatory limits as well as guidelines laid down in the circulars.

**Policies, Procedures, Manuals and SOPs:** The Bank has well established policies and other documentary guidelines for every product and process. These serve as guidelines and monitoring tools for the staff performing various risk related activities. All relevant departments are responsible for ensuring compliance with documents.

**Business Resilience and Continuity Plan:** The Business Resilience Plan tends to define the business continuity & recovery strategies and procedures. Business Resilience and Business Continuity are at times used as alternate terms to align continuity of operations due to, or during, any disruption. For further details on policy, refer Governance section of this Annual Report.

**Contingency Funding Plan (CFP):** The Bank prepares an annual CFP which covers the funding plans should a triggering event materialise. Refer to the Liquidity Management subsection within this section of the Annual Report.

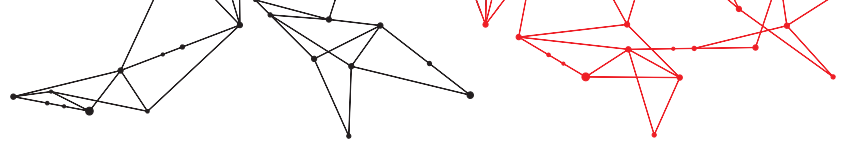
**Recovery Plan:** The Recovery Plan is submitted annually to State Bank of Pakistan. The Plan incorporates the Bank's critical systems vis-à-vis their impact on core business lines and critical functions as identified in approved Business Resilience Plan. Key trigger events & funding resources available to Bank are identified, in line with ALCO approved Contingency Funding Plan, in order to combat severe stress situations related to funding liquidity. The context behind the Recovery Plan is based on the assumption that the Bank's Capital and/or liquidity are in breach of the identified recovery thresholds as per the approved risk appetite. Key assumptions taken into account while preparing the Recovery Plan include:

- Materiality, Feasibility & timelines for implementation of Recovery Options.
- Raising of Capital / liquidity, Market and/or Regulator, in a timely and cost effective manner
- Expense rationalisation.



## Risk Culture

The Risk Culture within the Bank supports its business objectives and fosters an environment that enables management to execute the business strategy more efficiently and sustainably. The Board of Directors regularly reviews the risk profile of the Bank and makes every senior leader a responsible stakeholder in developing a strong risk culture within the Bank. Further, the Bank ensures that each employee comprehensively understands the responsibilities concerning the risks they undertake at each stage in their regular business activities. The Bank has established a risk management framework that incorporates a risk management structure consisting of various sub-committees. It includes clearly defined reporting lines to ensure the independent operation of risk management functions. Risk governance of the Bank also includes setting the risk appetite statement, risk limits, risk management functions, capital planning, risk management policies, risk infrastructure and MIS and analysis to monitor the Bank's risk profile.



## Board's efforts to determine the level of risk tolerance

The Board of Directors is the ultimate governing body responsible for overseeing risk management to maximise shareholders' returns. It ensures that the required culture, practices and systems are in place to address the risks faced by the Bank. Under the valuable guidance of the Board, the Bank ensures a proactive approach in dealing with factors that influence its financial position, strives to maintain stable earnings, and attempts to maximise shareholders' value by achieving an appropriate balance between risk and return.

### The Board:

- Has established a bank-wide strategy incorporating the risk management strategy;
- Has approved the overall risk appetite, tolerance levels and level of adequate capital; and
- Regularly reviews any significant risk issues to determine their impact on the Bank's strategy, aligning the strategy to address existing or potential risks.

The Board, through its Board Risk Management Committee (BRMC), has delegated oversight responsibilities. BRMC ensures the formulation and implementation of a comprehensive risk management framework. Under the Board's guidance, the Bank executed an effective risk strategy and continued controlled risk-taking activities within the risk management framework, combining core policies, procedures, and process design with active portfolio management.

### The Board Risk Management Committee:

- Establishes and reviews compliance with the Risk Management framework;
- Ensures that the Bank's overall risk exposure is maintained at prudent levels and is consistent with available capital;
- Reviews and recommends to the Board, the risk appetite of the Bank; and
- Reviews risk management information reports, identifies exceptions, and provides guidance for corrective measures.

The functional and day-to-day management responsibilities have been delegated to the Chief Risk Officer (CRO). In line with this, the CRO functionally reports to the President and CEO. The roles and responsibilities are designed to ensure that risk is governed and managed independently and prudently.

The Board, through its Risk Management Committee, has carried out a robust assessment of the principal risks facing the Bank, including those that could threaten the business model, future performance, and solvency or liquidity.

Below are the key risks, which arise as a result of external factors affecting the organisation and they have an impact on the availability, quality, and affordability of the capital:

Factors	Risks
Macroeconomic	Credit Risk, Market Risk, Liquidity Risk
Legal	Legal Risk, Compliance Risk (including Money Laundering), Operational Risk, Country Risk
Political	Operational Risk, Country Risk
Technological	Model Risk, Operational Risk, Information Security Risk
Environmental	Environmental Risk
Commercial	Reputational Risk, Concentration Risk, Model Risk, Operational Risk

# Risk Assessment

**The Risk Assessment has been done for the following:**

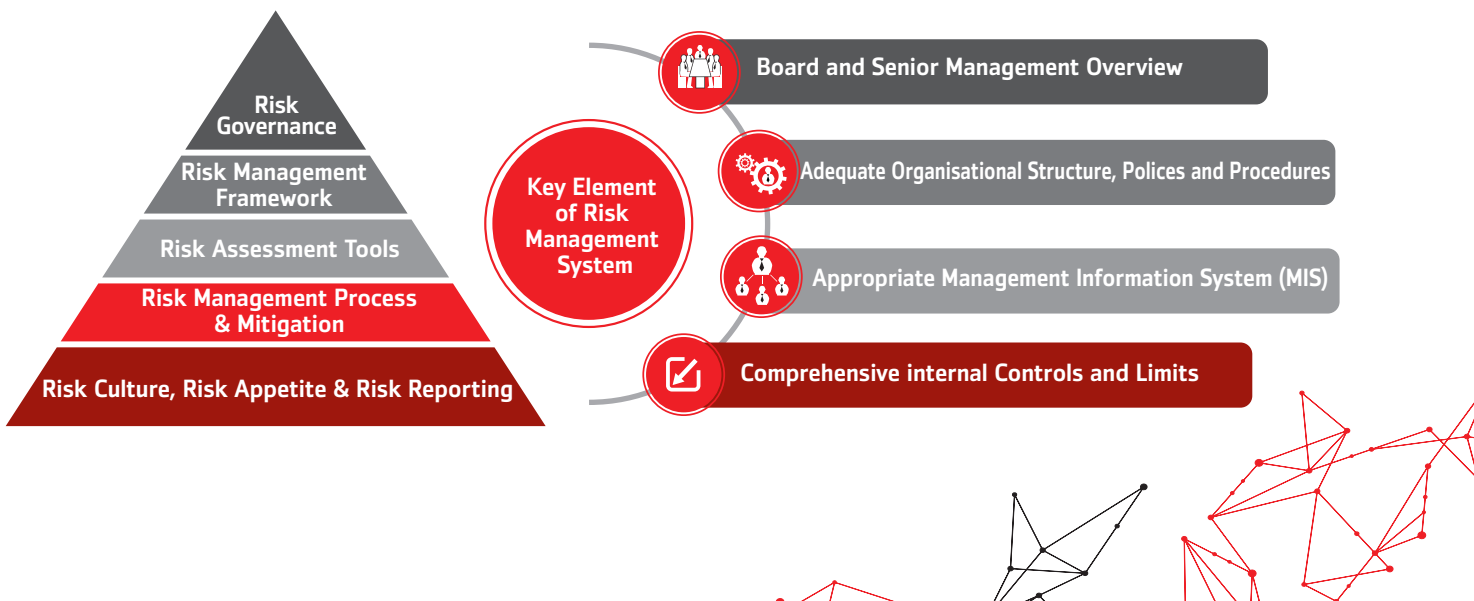
- **Business model:** Potential risks facing the Bank’s business model which in turn affect the survival of the Bank. Sound business growth with managed risk is crucial for operations. The Bank considers expected level of profitability, market reputation, experienced personnel, logistic support, etc for business model. Relevant risks can be credit risk, market risk, liquidity risk, operational risk, model risk, reputational risk and concentration risk.
- **Future performance:** Technological obsolescence and inability to cope with recent technological developments can also threaten the existence. Further, the situations of the country/region where the Bank operates also cause impacts and is a necessary factor for consideration in risk assessment. The Bank considers reputation, ability to meet stakeholders expectations, capital adequacy, macro and microeconomic scenarios, risk management practices for its future performance. Relevant risks could be information security risk, environmental risk and legal risk.
- **Liquidity:** The ability to operate with sufficient funds to meet depositors obligations is key to operating as a bank. Further, this also include fulfilling regulatory requirements set by the regulator, hence, compliance plays an important role in this regard. The Bank considers fundamentals like maintaining adequate capital, liquidity and operational control at all times in order to safeguard the interests of depositors, borrowers, shareholders and other stakeholders and meet its obligations against these. Relevant risks could be liquidity risk, market risk, credit risk and compliance risk.

Other key focus areas are:

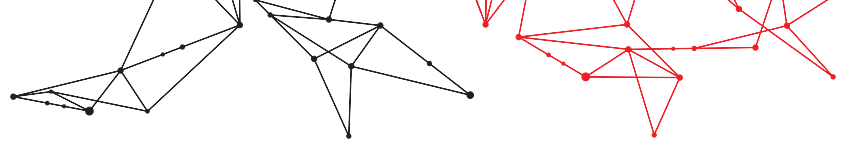
Build a risk culture	Financial crime and economic vulnerability
Client risk rating focus	Regulatory compliance
Information and Cyber Security	New technologies
Environment, Social & Governance (ESG)	Business resilience

The risk management and mitigation strategy is therefore fundamentally based on maintaining adequate capital, liquidity, and operational control at all times in order to safeguard the interests of depositors, borrowers, shareholders and other stakeholders.

**Key Elements of Risk Assessment**



# Key Risks



## TYPES OF RISKS

## LIKELIHOOD

## MATERIALITY

### Credit Risk

High

High

It means the possibility of monetary loss to financial institutions arising due to the inability or unwillingness of a counterparty to perform a commitment per the agreed terms and conditions, among other things, on account of lending, trading, hedging, settlement, and other financial transactions.

Source: External

Impact: Financial

Capital Affected: Financial Capital

Assessment tools: Risk Ratings, Stress Testing, limit monitoring, exception monitoring and delinquency ratio.

**Mitigation Strategy:** The Bank is committed to the appropriate level of due diligence to ensure that credit risk is identified and analysed diligently, ensuring that credit commitments are appropriately structured, priced (in line with market practices), and documented. Bank Alfalah has a Credit Operational Manual (COM) and a Credit Policy Manual (CPM) in place to strategise and govern the Bank's overall lending strategy. Furthermore, the Bank has an internal Credit Initiation and Risk Rating System through which risk levels are assessed based on customers' risk profiles.

Bank Alfalah is also in the process of implementing IFRS-9 to measure and assess changes in credit risk. The timely recognition of and provision for credit losses promote a safe banking system and play an essential role in supervision. Furthermore, the portfolios and well-defined parameters are actively reviewed, and, if required, corrective actions are taken at a nascent stage.

### Credit Concentration Risk

Medium

Medium

158

It is the risk which results from inadequate diversification of the Bank's credit portfolio in terms of industries, regions or number of counterparties that may result in significant losses.

Source: Internal and External

Impact: Financial

Capital Affected: Financial Capital

Assessment tools: Limits monitoring including Sectors, Tenors and Risk Weighted Assets.

**Mitigation Strategy:** The SBP has prescribed regulatory limits for banks' maximum exposure to single and group obligors. Moreover, to restrict industry concentration risk, the Bank's annual credit plan spells out the maximum allowable exposure that it can take on specific industries. The Bank manages and monitors its portfolio of loan assets and limits for high-risk customers. Limit concentrations are monitored in terms of risk quality, industry, maturity, and large exposure.

### Operational Risk

Medium

Medium

It is the risk of loss resulting from inadequate internal processes, people and systems, or from external events including legal risks. This excludes strategic and reputational risk.

Source: Internal and External

Impact: Financial/Non-Financial

Capital Affected: Financial, Social, Human and Intellectual Capital

Assessment tools: Risk Control Self Assessment, Operational losses viz-a-viz tolerance limit and Key Risk Indicators breaches.

**Mitigation Strategy:** Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Bank and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events, including non-financial risks. We aim to implement a new process based Risk and Control Self-Assessment method across the Bank in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first-line self-assessment reviews, especially for the processes and activities that may significantly impacts the Bank's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.



TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Market Risk	High	High

It is the risk arising from changes in the value of on and off-balance sheet positions of the Bank due to adverse movements in market rates or prices such as interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, resulting in a loss to earnings and capital. Due to the external nature of the risk, and given the prevalent macro-economic environment, the likelihood of adverse price movements is currently high. However, stringent controls are in place to mitigate any material impact on profitability and capital. This risk includes Interest rate risk, Equity price risk, Foreign Exchange risk and Commodity risk.

Source: External

Impact: Financial

Capital Affected: Financial Capital

Assessment tools: Investment Limits, Exposure Limits and Sensitivity Analysis, tolerance Limits, Duration & PV 01 limits

**Mitigation Strategy:** The Market and Liquidity Risk department monitors the impact of price and rate movements on the Bank's portfolios and periodically reports to the Asset and Liability Committee (ALCO) and Investment Committee (IC), which are primarily responsible for oversight of market risk. The Bank has developed various tools for risk measurement and its mitigation thereof, including Value at Risk (VaR), Duration, Price Value of a Basis Point (PVBP) and Re-pricing Gaps. In addition, the Bank carries out stress tests, using both internally developed scenarios and scenarios prescribed by the regulator. Moreover, the Bank has a comprehensive risk control limit framework, which defines exposure limits (for each portfolio, issuer, tenor, rating and sector), PVBP limits, money market gap limits, FX gap limits, currency-wise NOP limits, stop loss limits, tolerance limits, counterparty limits, dealer limits, and broker limits.

The Bank uses a standardised approach to calculate market risk capital charge under the Basel framework.

Liquidity Risk	High	High
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It is the risk to the Bank's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations promptly without incurring unacceptable losses when they become due.

Source: Internal and External

Impact: Financial/Non-Financial

Capital Affected: Financial and Reputational Capital (franchise value)

Assessment tools: Stress Testing, Advances to Deposits Ratio, Stable Funding Ratio, Statutory Liquidity Reserve Ratio, Liquidity Coverage Ratio, Deposit Concentration Limits, Liquid Assets to Liquid Liability ratio and Maturity Gaps.

**Mitigation Strategy:** The Market and Liquidity Risk Department performs independent monitoring and reporting of the overall liquidity position in line with regulatory requirements and the Bank's own risk appetite at the Bank and operations level. The Bank is fully compliant with Basel III liquidity standards, Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), with a considerable cushion over the regulatory requirement. Stress Tests are performed (both SBP and internal for all operations and at the Bank level) under which liquidity risk factors are given major shocks to check the vulnerability of the Bank's balance sheet to those hypothetical shocks in various stress scenarios.

Model Risk	Medium	High
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The potential loss the Bank may incur, as a consequence of decisions that could be principally based on the output of models, due to errors in the development, implementation, or use of such models.

Source: Internal

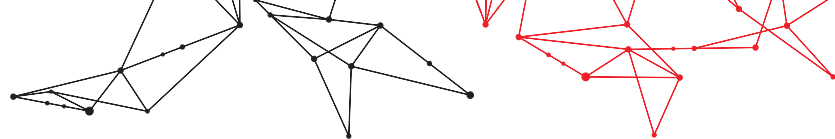
Impact: Financial

Capital Affected: Financial Capital

Assessment tools: Annual Validation exercise.

**Mitigation Strategy:** Risk management is involved in periodic review of model accuracy and validation. A conservative approach, validation based on sensitivity analyses, the use of subjective elements, and on-going monitoring of the model's performance provide sufficient protection against such unfavourable impacts.





TYPES OF RISKS	LIKELIHOOD	MATERIALITY
<b>Legal Risk</b>	Medium	Medium

It is a wide concept that includes all aspects of a legal system. It can be defined as including potential for loss arising from the uncertainty of legal proceedings, exposure to fines, punitive damages resulting from supervisory actions as well as private settlements, unsuccessful recourse, and indemnification to customers and other parties.

Source: Internal and External

Impact: Financial

Capital Affected: Financial, Social, Human and Intellectual Capital

Assessment tools: Monitoring of cases filed against the bank.

**Mitigation Strategy:** Legal Affairs Division (LAD) is responsible for promoting and protecting the interests of the Bank, and ensuring that the Bank complies with prevalent laws, rules and regulations at all times.

<b>Compliance Risk</b>	Medium	Medium
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The risk of legal or regulatory sanctions or material financial loss (penalties) a bank might suffer as a result of its failure to comply with laws, regulations, rules related to self-regulatory organisation standards, and codes of conduct applicable to its banking activities.

Source: Internal and External

Impact: Financial and Reputational

Capital Affected: Financial, Social, Human and Intellectual Capital

Assessment tools: Regulatory Inspection Reports, Risk Control Self Assessment, Key Risk Indicators breaches, Internal Risk Assessment.

**Mitigation Strategy:** The Board and Senior Management have cascaded down the commitment to a strong compliance culture that reflects high ethical standards and integrity at all levels of the organisation by ensuring seamless and effective implementation of regulatory requirements/standards/practices and other laws in letter and spirit. Moreover, since compliance is everyone's responsibility, the Bank's Compliance and Control Group has created structures and systems to promote a compliance culture among the Bank's staff and departments. The Compliance Function focuses on having high standards as required by the relevant Policy and Procedure Framework, maintaining Regulatory Technology (name screening, transaction monitoring, trade AML, CDD and CFT) to combat money laundering, terrorist financing, and proliferation financing and tracking CDD quality, and on reviewing and implementing regulatory instructions. The function is further strengthened by the knowledge endeavors and ongoing improvement in the Bank's AML/CFT/CPF learning interventions, CDD Advisory, Regulatory Advisory, Onsite and Offsite Internal Control and Quality Assurance Reviews, and monitoring of fraud trends over consumer and digital banking channels.

Furthermore, to reinforce compliance culture at the front end, Governance Control and Diligence Division (GCDD) has been established within the Retail Group.

<b>Environmental &amp; Social Risk</b>	Low to Medium	Medium
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Actual or potential threats of adverse effects on the environment and living organism by effluents, emissions, wastes, chemical releases, and resource depletion, arising out of the Bank's or its clients' operational activities.

Source: Internal and External

Impact: Social, Environmental, Financial, and Reputational

Capital Affected: Natural and Manufactured Capital

Assessment tools: Environmental & Social Risk Rating based on E&S Due Diligence

**Mitigation Strategy:** The Bank has adopted an integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental and Social Risk Management (ESRM) Procedures Manual have been put in place. The ESRM Framework essentially requires that any lending opportunity is reviewed and evaluated under

TYPES OF RISKS	LIKELIHOOD	MATERIALITY
Environmental & Social Risk	Low to Medium	Medium

IFC exclusion list, applicable national laws on environment, health, safety, social and IFC performance standards. This framework is an integral part of the credit approval process, and all relevant credit proposals require Environmental & Social review prior to approval by the competent authority.

In November 2022, the State Bank of Pakistan (SBP) issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. During 2023, Bank Alfalah has aligned its Green Banking Policy and ESRM Procedures manual with the afore-mentioned SBP manual. From end of November 2023, the Bank has been using SBP's provided ESRM templates and complying with it (Regulatory Implementation dateline is November 2025). Our Environmental Risk & Green Banking Department (also known as Green Banking Office) is providing ESRM Advisory to all internal customers on transactional levels so that the staff do not face any difficulty in implementing the revised ESRM framework. The Bank is assigning E&S Risk Rating as 'High', 'Medium', and 'Low' to its borrowers based on its E&S due diligence which facilitates the Management in its decision making.

Risk of supply chain disruptions as a result of ESG related factors	Low to Medium	Medium
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Actual or potential threats of adverse effects on the Banks' supply chain arising from ESG related factors such as effluents, emissions, wastes, chemical releases, and resource depletion.

Source: Internal and External

Impact: Social, Environmental, Financial, and Reputational

Capital Affected: Natural and Manufactured Capital

Assessment tools: Environmental & Social Risk Rating

Mitigation strategy: Vendors need to be managed effectively in order to reduce the risk of supply chain disruption and ensure that the goods and services provided are delivered on time and as per the expected standard. The Bank's approved procurement policy includes 'Sustainable / Green Procurement' guidelines, which incorporate strategies to minimise ESG risks, including assessing and choosing vendors that exhibit a strong dedication to the environment and prioritising reputable brands that promote environmentally-friendly practices. As an example, the Bank uses sustainably sourced paper, i.e., Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) certificated paper, as part of its routine business practices, and ensures that primary as well as alternate vendors supply with the same only.

Information Security Risk	Medium	Medium
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It is the risk of damage that may be caused by internal or external threats, such as unauthorised access to critical financial data, sensitive customer information, non-availability of critical services, impersonating clients and theft or alteration of information, while performing financial transactions, and loss of the Bank's sensitive electronic data and IT systems.

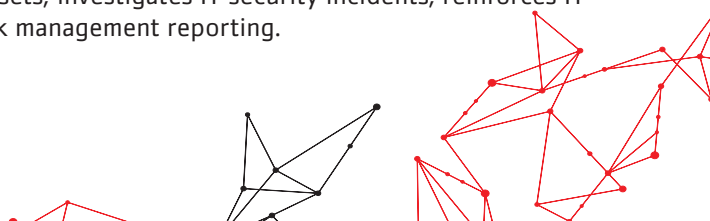
Source: Internal and External

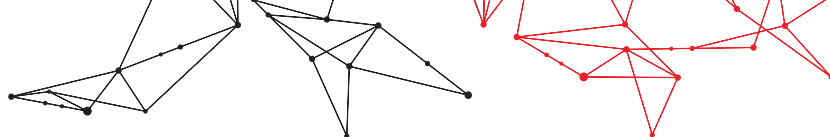
Impact: Financial and Reputational

Capital Affected: Financial, Intellectual and Social Capital

Assessment tools: Risk Appetite Monitoring, Penetration Testing, Vulnerability Assessment and Cyber Security Risk Assessment.

**Mitigation Strategy:** The Information Security Division caters to the regulatory requirements for IT Security Risk Management. It maintains the framework that enables the Bank's management and staff to mitigate IT security risks bringing them to acceptable levels. It does research on evolving and emerging threats, suggests and defines relevant information security controls. Furthermore, it performs information security risk assessment before and after the deployment of IT Solutions against the defined categories of IT Risk and Information Security Management System, performs 24/7 information security monitoring of information assets, investigates IT security incidents, reinforces IT security risk awareness among staff, and performs IT security risk management reporting.





TYPES OF RISKS	LIKELIHOOD	MATERIALITY
<b>Reputational Risk</b>	Low to Medium	Medium

Source: Internal and External  
 Impact: Financial and Reputational  
 Capital Affected: Financial, Social, Human and Intellectual Capital  
 Assessment tools: External ratings, Market news, Stock Exchange Information, Customer Surveys and review of regular compliance by compliance division.

**Mitigation Strategy:** Various departments within the Bank assess reputational risk associated with the Bank's activities in order to safeguard its interests at all times. This includes ensuring that contractual obligations are being met under agreements with multilateral and international agencies that cover partnerships and credit facilities extended to the Bank. Furthermore, the Bank has a dedicated customer experience department that works for the resolution of customer complaints and grievances. Additionally, the Compliance Division ensures compliance with all regulatory requirements and mitigation of reputational risk arising from business disruptions and operational issues. Furthermore, the Bank has devised a comprehensive Business Resilience/Disaster Recovery Plan to ensure continuity of its services during crisis periods.

It refers to a loss that may arise by an activity, action, or stance taken by the Bank, any of its affiliates, or its officials that can impair its image with one or more of its stakeholders resulting in loss of business and/or decrease in the value of the Bank's shares.

<b>Country Risk</b>	Low to Medium	Medium
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It refers to the possibility that economic and political conditions, or an event in a foreign country, could adversely impact the Bank's exposure in that country. The Bank is engaged in international lending and has cross-border exposures, and is exposed to country risk, in addition to the customary credit, market, and investment risk.

Source: External  
 Impact: Financial  
 Capital Affected: Financial and Social Capital  
 Assessment tools: Country limit monitoring.

**Mitigation Strategy:** In order to manage the risk, the Bank has in place a comprehensive country risk management framework. Under this framework, country risk is sub-divided into two broad categories; transfer risk and political risk. Additionally, the Bank carries out periodic review of approved limits, ensuring regular monitoring against the same.

<b>Trade Pricing Risk</b>	Medium	Medium
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To curb & tighten the regulations with respect to Money laundering & terrorist financing, SBP issued TBML Framework in October 2019 with focus on areas like under/over invoicing. In the light of aforesaid instructions, TPRD (Trade Pricing Risk Department) has been setup under the umbrella of Risk Management Division to comply & adherence of related laws & regulations laid down by State Bank of Pakistan.

Source: External  
 Impact: Financial and Reputational  
 Capital Affected: Financial and Reputational Capital  
 Assessment Tools: Price assessment tool for trade related products.

**Mitigation Strategy:** The bank is committed to prevent potential money laundering and combat against terrorist financing. Trade Pricing Risk Department – TPRD under Risk Management Division, ascertains and checks commodities of trade transactions through various reliable sources to prevent over / under invoicing. Moreover, the function was further strengthened through a solution acquired for price assessment of trade related products. Bank is in the process of implementing (AI based solution offered by External vendor) to further strengthen the process for price assessment in trade operations.

# Key Opportunities and Initiatives

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Opportunities through Digitisation	High	Medium to High

With the onset of the Industrial Revolution 4.0, the impact of existing and potential digital avenues can not be ignored. It raises the need to overhaul and transform existing business practices to leverage upcoming and evolving technological advancements in order to create a ripple in the banking/financial sector. The financial services which are being provided to our customers are transforming at a rapid pace, new innovations are being adopted. At Bank Alfalah, making sure customers are happy is not something that is said, it is meant.

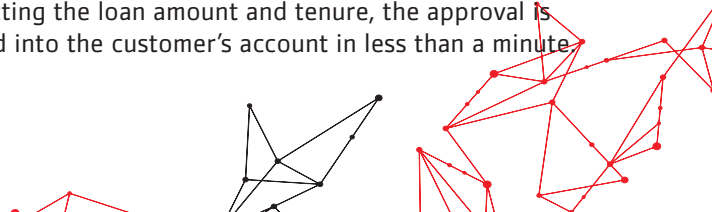
Source: Internal and External

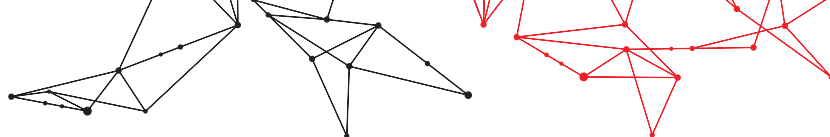
Impact: Financial; Customer Centricity

Capital Affected: Financial Capital, Relationship Capital and Human Capital

## Strategy for creating value from opportunity:

- **Digital Lifestyle Branch (High, High)** **(High, High)**  
Bank Alfalah launched Pakistan's first ever Digital lifestyle branch enhancing the customers' experience. The branch is designed to fulfil all of the needs of our modern customers. Our lifestyle branch provides a space where customers would be able to socialise, take care of their everyday needs along with their banking requirements. The Digital Lifestyle branch offers digital banking & lifestyle solutions under one roof:
  - Biometrically secured digital lockers
  - Digital floor with self service kiosks (ATM / CDM / CCDM)
  - Conventional & Islamic Buy-Now-Pay-Later (BNPL) store
  - Virtual Service Machine for account opening
  - Digital Facilitation Desk
  - Wealth Management Partner
  - Shared workspaces and dining facility
  
- **Remote Digital Onboarding (RAPID) (High, High)**  
In order to help our prospective clients with the smooth transition of becoming our customers, the bank has introduced a digital onboarding process. It is available through both our portal as well as the Alfa application. Digitising this process has facilitated our customers as they no longer need to visit a physical branch in order to open their full-fledged banking account.  
  
This process has helped us in digitising and keeping track of our customer behavior from the very beginning of the relationship. A variety of account types offered include Asaan Digital Accounts, Asaan Digital Remittance Accounts, Freelancer Digital Account, Pehchaan Current Accounts (targeted to women), PLS Savings etc.
  
- **WhatsApp Banking** **(High, High)**  
Whatsapp banking is yet another step taken in order to further enhance the experience of our customers through digitisation. Currently through our WhatsApp banking channel, more than 100,000 interactions per month are responded to through our rule based machine learning responses.  
  
The Banks' whatsapp platform is used by customers in order to get upfront information regarding banking services, premier banking, offers and discounts. It also helps customers in activating their credit and debit card instantaneously. Financial transactions and e-commerce shopping are upcoming features to be offered through this medium.
  
- **Instant Credit Card** **(High, Medium)**  
Bank Alfalah has introduced a real-time credit card approval feature. The customers are able to apply for credit cards using their Alfa app rather than visiting a branch physically. This whole procedure takes less than 5 minutes and on top of that, there is no physical documentation to take care of either. Once the procedure is done and required checks have been made, the physical card is delivered within 1 to 2 days
  
- **Instant Loan** **(High, Medium)**  
Following the unprecedented success of our conventional personal loan, Bank Alfalah takes immense pride of being the first in the industry to offer a digital personal loan. This facility is provided on our Alfa app. It requires no visits to the branch or physical documentation. Upon selecting the loan amount and tenure, the approval is carried out over the app as well. The loan amount is disbursed into the customer's account in less than a minute.





TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Opportunities through Digitisation	High	Medium to High

- Digital Wealth** **(High, Medium)**

In order to gain customer loyalty and to become their bank of choice, Bank Alfalah introduced an end-to-end digital platform for its customers, with multiple offerings of Mutual Funds of different AMCs, securities trading, buying/selling of government bond/securities, and insurance with multiple insurance underwriters. This allows customers to invest their wealth in different investment options and buy different kinds of insurance.

Bank Alfalah also takes great pride for being a pioneer of offering mutual funds to its customers through our mobile banking app; Alfa. Customers can opt for different mutual funds based on their preferences. This investment feature offers both a conventional and an Islamic variant.

As Islamic banking products are becoming more and more popular, Bank Alfalah has introduced a digital Term Deposit in order to cater the needs of their Islamic banking customers. Customers can now earn profit on their savings without worrying about Riba. Also for the very first time, a customer with a conventional banking account would be able to book an Islamic Term Deposit.
  
- Alfa BNPL Islamic** **(Medium, Medium )**

Through our banking app Alfa, customers with any other bank’s credit cards can avail the opportunity to sign up for our Islamic BNPL. The products offered would be backed by our registered sellers/ affiliated online merchants. This BNPL option would be offered in the form of easy installments that are shariah compliant and free of Riba. The onboarding process in place for it is smooth and completely digital.

Untapped Potential in Small and Medium Enterprises	High	High
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There is great potential in the SME space to enhance profitability by offering tailored and unique SME product propositions and high service levels. SMEs are considered the engine of growth for developing countries like Pakistan and are sure to boost economic activity in the country.

Source: External  
 Impact: Financial  
 Capital Affected: Financial Capital -

**Strategy for creating value from opportunity:**

- Large menu of products and value-added services:**

Various product offerings (refer to Organisational overview section of this Annual Report for the Bank’s SME product offerings) and value-added services such as financing facilities for different customer requirements. The SME toolkits have been further enhanced to penetrate this thriving industry niche. This has been done through a cross-sell initiative by developing a complete set of business opportunities in a relationship, with a 360-degree view. The Bank conducts market-storming activities, visits various small and medium entities, provides consultancy for their business growth, and has created help desks. These have boosted the confidence of businessmen/entrepreneurs in the Bank. We offer the most extensive range of products ranging from working capital, long-term finance, fleet financing, bill discounting, invoice financing, supply chain financing and cash-flow based clean lending products for SME customers.
  
- Partnership with Karandaaz:**

A new way of evaluating SME creditworthiness has been developed by Bank Alfalah and DigiServ, in collaboration with Karandaaz. This innovative approach goes beyond the traditional methods of credit risk assessment and uses a scorecard that incorporates various factors to determine the eligibility of SME borrowers. The scorecard is designed to help Bank Alfalah offer tailored and affordable credit solutions to SMEs.

TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Untapped Potential in Small and Medium Enterprises	High	High

- **Prime Minister's Youth Business and Agriculture Loan Scheme (PMYBL-AL)**  
It is an initiative by the Government of Pakistan to motivate the country's youth to utilise their entrepreneurial skills and contribute to the economy's growth. Bank Alfalah is pleased to be a partner in this novel initiative led by the Ministry of Youth Affairs, Government of Pakistan and regulated by the State Bank of Pakistan. The Bank has extended finance to various customers under this scheme.
- **SME Asaan Finance Scheme (SAAF)**  
It is an initiative by the State Bank of Pakistan in collaboration with the Government of Pakistan with an aim of enabling SMEs that cannot offer security/collateral to access bank finance. Bank Alfalah has been selected as one of the participating banks under the SAAF Scheme. The Bank has extended finance to various customers under this scheme.
- **Alfalah Kamyab Karobar (AKK)**  
AKK facilitates SMEs to leverage their business potential to contribute towards economic growth. With Alfalah Kamyab Karobar Account, SME customers get utmost transactional convenience along with attractive features and waivers on banking services essential to manage day-to-day operations.

Penetration in Cash Management and Supply Chain Financing	High	Medium
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The Bank's Cash Management business offers numerous positive aspects that contribute to the overall efficiency, stability, and success of financial institutions. Effective cash management solutions go beyond maintaining financial stability; they positively influence profitability, customer satisfaction, and the Bank's ability to navigate the complex financial landscape. Embracing advanced technologies and strategic approaches positions banks to thrive in a dynamic and competitive industry. Such integration also aligns the bank with national initiatives focused on financial inclusion and digitisation.

The Bank's Supply Chain Financing (SCF) is emerging as a progressively prevalent segment within the Bank. The product suite offers positive outcomes, from improved working capital management to strengthened relationships throughout the supply chain. This trajectory is anticipated to gain momentum within the forthcoming three to five years, delineated by three distinct phases: the augmentation of established solutions tailored for suppliers, the continued amalgamation and refinement of products catering to buyers, and ultimately, the convergence between solutions oriented towards both buyers and suppliers through digitisation.

Source: External

Impact: Financial

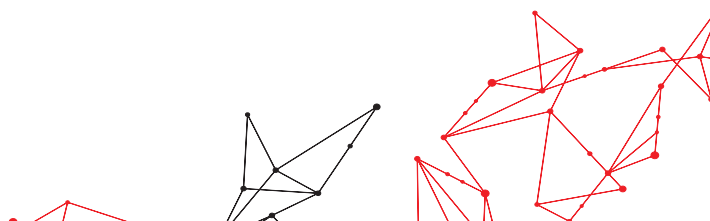
Capital Affected: Financial Capital, Reputational and Intellectual Capital

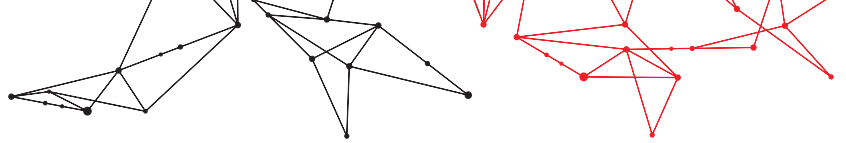
#### Strategy for creating value from opportunity:

In recent years, Bank Alfalah has successfully identified and secured a substantial market share in Cash Management, Trade Finance and Supply Chain Finance. Aligning with SBP's directive to provide tailored financial solutions for corporations and their stakeholders, the Bank has introduced an online portal called Bank Alfalah Transact to digitise the trade processes and provide effective cash management solutions to Bank's clientele.

The integration of Bank Alfalah Transact has played a pivotal role in propelling the cash management & trade business forward. This digital platform empowers customers to seamlessly transmit transaction requests, access their accounts globally, and initiate trade-related payments. With its 24/7 accessibility and real-time reporting, it greatly elevates the convenience of trade transactions.

In line with the Bank's digital agenda, the Transaction Banking has also launched eSCF, a digital lending platform that enables our SCF clientele to apply for financing, receive funds and repay loans digitally. Separate portal views are available for both the corporate clients and their dealer/distributors.





TYPES OF OPPORTUNITIES	LIKELIHOOD	MATERIALITY
Capitalise on Influx of Home Remittances	High	Medium

The Remittance Initiative in Pakistan remains a focal point for banks, emphasising not only national support but also serving as a crucial means of family sustenance for numerous households across the country. Constant efforts are underway to improve home remittance facilities by promoting financial inclusion, providing more efficient channels for sending home remittances to Pakistan. The government places a significant emphasis on remittances due to their role in alleviating pressure on the country’s current account and foreign exchange reserves.

Source: External  
 Impact: Financial  
 Capital Affected: Financial, Social, and Reputational Capital

**Strategy for creating value from opportunity:**

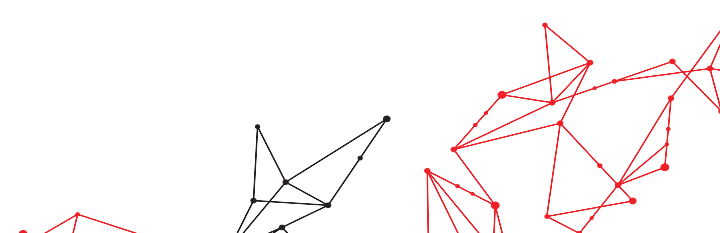
Given the considerable contribution of home remittances to the nation, the Bank ensures that its remittance solution continues to be safe, efficient, quick, reliable, and best-in-class by staying in line with the regulations, and increasing the ease of remittance flow for overseas Pakistanis.

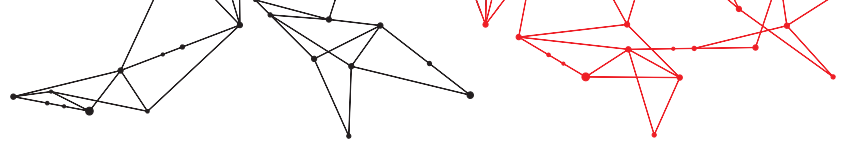
The Bank has also significantly invested in marketing activities for creating awareness and promoting legal banking channels for sending remittances.



# Financial Obligations

The Bank has fulfilled all its financial obligations and has made timely repayments of its debt/borrowing during the year.





The Bank is adequately capitalised to overcome liquidity problem, repay debts and meet operational losses, if any. The Bank's capital adequacy ratio as of 31st December, 2023 was 16.74%, which is higher than the minimum capital ratio of 11.5% required by the Central Bank, and is adequate to meet future business requirements. This CAR is as a result of efficient balance sheet management and operational effectiveness.

The Bank has disclosed its Capital Adequacy Ratio and other liquidity ratios (Liquidity Coverage Ratio and Net Stable Funding Ratio) in note 45 of unconsolidated financial statements. The note contains regulatory requirement as well as the Bank's actual position.

Further, the Bank has given detailed Basel disclosure on its website. Refer <https://www.bankalfalah.com/financial-reports>.

Also, refer to note 46 of the unconsolidated financial statements for all Risk Management Disclosures.

# Liquidity Management and Contingency Plan

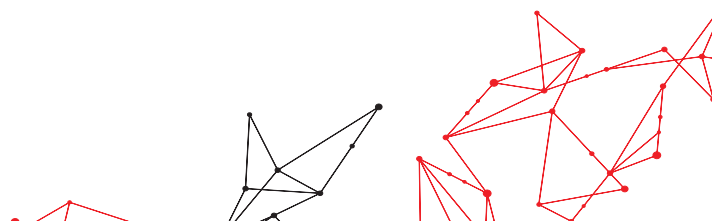
The Bank manages and controls liquidity risk through a detailed risk management framework, which is approved by the Board of Directors. The Bank's Asset and Liability Management Committee (ALCO) is primarily responsible for the formulation and oversight of our liquidity management strategy. Under the framework, we closely watch the liquidity position (for all jurisdictions and at a consolidated level) through the monitoring of early warning indicators and stress testing, which ensures efficient and timely decision-making.

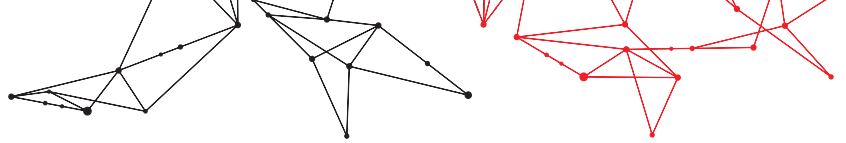
The Bank's overall funding strategy is based on the principles of diversity and stability, and includes our equity and deposits. We have in place a set of liquidity ratios such as Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), currencies, and at a consolidated level along with maturity gaps, which are monitored on a regular basis for effective management of liquidity. Moreover, we are fully compliant with Basel III LCR and NSFR requirements, which shows our ability to meet our short-term funding needs, and availability of stable funding against our asset portfolio.

A Contingency Funding Plan (CFP) is also in place to address liquidity issues in stress scenarios for each operation. The plan covers trigger (systemic and bank specific) action plans along with roles and responsibilities in the event of a liquidity crisis. Treasury prepares CFPs for all operations on an annual basis to identify stress scenarios and funding plans for such situations along with early warning indicators. These plans are reviewed by the Risk Management Division, and are approved by the ALCO annually.

The liquidity profile of the Bank is adequate to cater to unforeseen liquidity crises, and any operational losses occurring in the normal course of business. As of 31st December 2023, our Basel III liquidity ratios, LCR and NSFR, stand at 204% and 161% respectively, well above the regulatory requirement of 100%. Our strong capital base is evident from our ability to withstand any liquidity challenge.

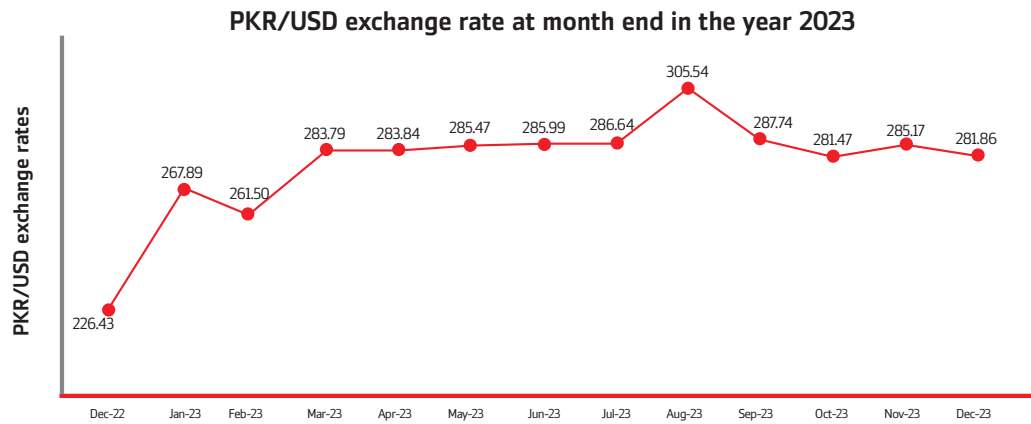
The Bank has adequate plans to discharge its liabilities in the normal course of business, including long-term debts.





# Foreign Currency Sensitivity Analysis

The outgoing year was another challenging one for the overall economy, in particular the external account remained under pressure. A nine-month standby facility was approved by IMF in July 2023, providing much needed support to dwindling foreign reserves. This also paved way for arrangements with other multi-lateral and bilateral lenders. PKR registered its lowest level of 307.09 against the greenback in the first week of September 2023. The year ended with official reserves at USD 7.7 Bn, up 148% from a low of USD 3.1 Bn in January 2023. Policy mix in conjunction with administrative measures kept trade deficit in check, which almost halved to USD 17.5 Bn for 11 months against USD 32.2 Bn for the same period last year.



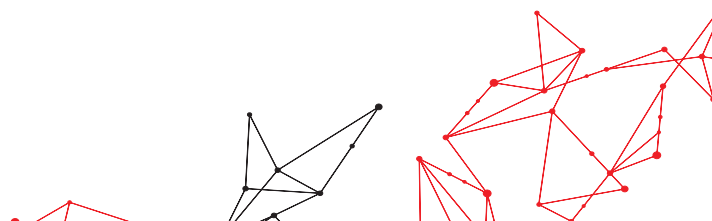
Source: SBP website

The fluctuation in foreign exchange rate exposes the Bank to the risk of change in values of foreign currency denominated assets and liabilities, including capital investment in foreign operations along with forward FX commitments.

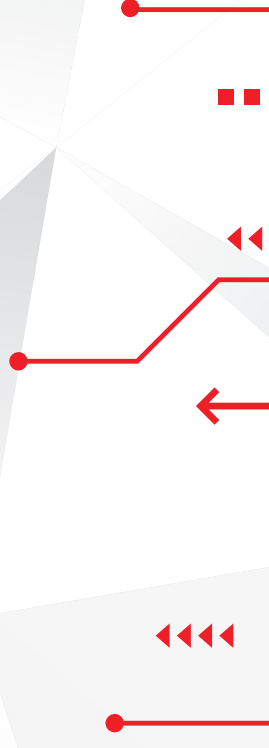
The Bank's currency-wise net open position limits and Foreign Exchange Exposure Limits (FEEL) are in place to monitor intraday and end of day FX risk. Besides the FX position limits, the pre-defined 'Stop Loss level for Management Action Plan' is also instituted to manage the said risk.

The above-mentioned monitoring along with stress testing of the foreign exchange portfolio is presented to the Bank's senior management and Board Risk Management Committee (BRMC) regularly.

For more details on sensitivity analysis, please refer to Risk Management (Foreign Exchange Risk) disclosures in note 46 of the unconsolidated financial statements.



# IT GOVERNANCE CYBERSECURITY





# Information Technology Governance Policy and Framework

Bank Alfalah's vision is to be recognised as a technology-driven bank and the leader in innovation, delivering superior customer experience. The Bank's technology teams are geared to provide personalised customer experiences through innovative product offerings, leveraging big data analytics, Artificial Intelligence, and digital platforms, while extending partnerships with Fintech ecosystems. Further, streamlined capacity and resource planning ensure that the Bank is equipped with the best skillsets and tools, delivering exceptional value and experience through high quality digital platforms powered by highly efficient transaction processing systems and fault tolerant self-healing infrastructures.

The Chief Information Officer (CIO) reports directly to the Chief Executive Officer and works in close coordination with other business groups, Board IT Committee (BITC), Central Management Committee (CMC), and IT Steering Committee (ITSC). The CIO leads the Information Technology Group (ITG) and is responsible for the implementation of the Enterprise Technology Governance Framework, and provides valuable strategic insights to keep the Bank abreast of new technological enhancements and system deliveries, ensuring that the Bank is equipped with innovative, world-class, and robust IT systems to maintain its competitive edge.

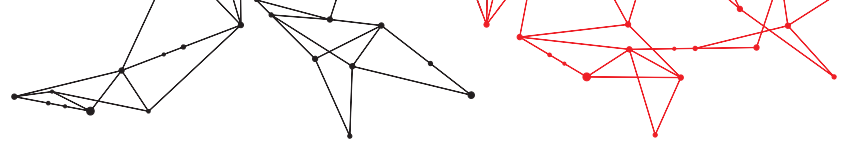
Bank Alfalah's IT Governance Framework, policies and procedures are benchmarked to international frameworks/standards and aim to yield the optimum level of compliance with regulatory requirements and best industry practices. IT governance team ensures effective implementation of the Bank's overall IT and digital strategy, and ensures strategic alignment between business needs and technology investments. The Bank, through a continued commitment to IT governance and emphasis on providing efficient and secure IT systems, has been meeting its customers' expectations in the most innovative and convenient manner.

Bank Alfalah's structured set of policies, processes, and practices guide and control how information technology (IT) resources and activities are managed. Key components of the framework include:

- Structures and Processes: Organisational structures, committees, and processes have been established to oversee IT decision-making, ensuring accountability and responsibility.
- Strategic Alignment: IT strategy is aligned with the overall business strategy and goals of the bank.
- Risk Management: Identifying and managing IT-related risks to protect against potential threats and vulnerabilities.
- Performance Measurement: Implementing metrics and key performance indicators (KPIs) to assess the effectiveness and efficiency of IT processes and activities.
- Compliance: Ensuring that IT operations adhere to relevant laws, regulations, and industry standards.
- Resource Management: Optimal allocation and utilisation of IT resources, including human resources, technology infrastructure, and financial resources.
- Information Security: Implementing measures to protect the confidentiality, integrity, and availability of information assets.
- Communication and Reporting: Establishing channels for communication between IT and business stakeholders and providing regular reporting on IT performance, projects, and risks.

By implementing an IT governance framework, Bank Alfalah has enhanced decision-making, mitigated risks, improved resource utilisation, and fostered a culture of accountability and transparency in managing its IT function.

To ensure continuous improvements and excellence in Technology Governance, the Bank has successfully carried out an independent benchmarking assessment vis-à-vis the COBIT-2019 Framework (ISACA's globally accepted framework for Governance and Management of Enterprise IT) and has already embarked on the journey to upscale existing practices and frameworks in line with COBIT-2019 recommendations. The Bank has implemented Enterprise Project Management (EPM) to manage portfolios and projects by providing visibility and control across all projects. This has been done for effective decision-making, alignment with the Bank's vision and strategy, maximising resource





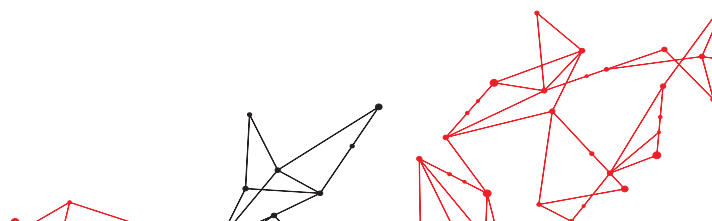
utilisation, and enhancing project execution. Reporting and Business Intelligence (BI) tools have been integrated with EPM to assist in the proactive visibility and management of Projects, Programmes and Portfolios (3Ps). Technology Governance in the organisation is strengthened via the independent Information Security (InfoSec) function headed by the Information Security Officer (CISO) who reports to Chief Risk Officer and works in coordination with technology teams, ITSC and Board Risk Management Committee. IT and InfoSec teams are actively engaged to enhance cyber resilience of the organisation and protect its information assets and customers from the threats any unscrupulous or ill-intended actors can pose. Over time, Bank Alfalah has invested time and effort to maintain its customers' confidence and stay true to its commitment to maintaining deterrence by employing in-depth defence involving industry security expert advisories.

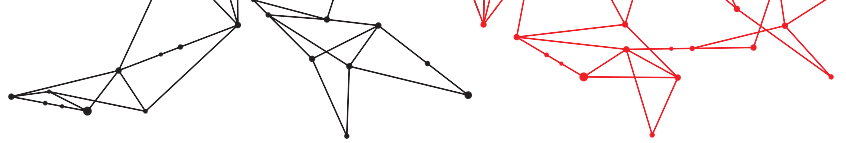
To ensure efficient service delivery, an independent Service Quality Assurance (SQA) setup is also in place to focus on business requirements, customer satisfaction, high performance and strong security in line with industry best practices. Service standards for all ITG services offered to business units are commissioned through Operating Level Agreements (OLAs), whereas the IT Helpdesk, equipped with specialised technical support teams, ensures prompt resolution of incidents and service issues.

The Bank has made further efforts with respect to technological governance cyber risk mitigation, and incorporated a top-down approach whereby the Board, via its committees, is mandated to:

- Review and monitor the implementation of the SBP's 'Enterprise Technology Governance and Risk Management Framework'.
- Monitor the overall impact of the Information Technology infrastructure and applications on businesses and customers, and to assess and address strategic gaps and issues.
- Ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to respond to wide-scale disruptions, cyber-attacks and attacks on critical infrastructure in an effective manner.

This allows the Bank to have a strong and robust approach to monitoring and mitigating any cyber risks.





### Cyber Risks

Cyber risk, i.e., potential exposure of the Bank's information and communications systems to external elements or circumstances capable of causing loss or damage, is now amongst the top ranked Information Security risks that all organisations face and Bank Alfalah is cognizant of its significance and possible impacts. A dedicated Information Security Division, functioning within the aegis of Credit & Risk Management Group manages Information Security risks to the bank's technology assets by enforcing compliance to information security standards & baselines for IT solutions that support products and services. Information Security solutions selection, acquisition, and engagement with consultants, vendors or service providers are led by Information Security Division in close coordination with ITG. Further, the Information Security department ensures it continues to play a crucial role in safeguarding information systems, ensuring data integrity, and protecting technological infrastructure from potential cyber threats via the adoption and implementation of robust policies and procedures, as well as undertaking prudent assessment and awareness programs with a focus on continuous improvements. These are elaborated further within this section of the annual report.

### Cybersecurity programs, policies, and procedures

The Bank has in place a well-defined Information Security Risk Management Policy/Framework duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management as well as multiple technology process / practices specific security baselines. The framework derives directly from the regulatory advisories and mandates as well as from international standards and best practices. Based on periodic Cyber Security Risk Assessments, the bank has instilled a multilayered Cybersecurity Action Plan which covers all the key domains of information security. Identified threats and

vulnerabilities are suitably treated and revalidated. Furthermore, periodically, the Bank runs Cyber Risk awareness campaigns for staff and customers and has clearly defined standards for Acceptable Use of Information & Technology resources.

### Industry-specific requirements for cybersecurity and strategy in place

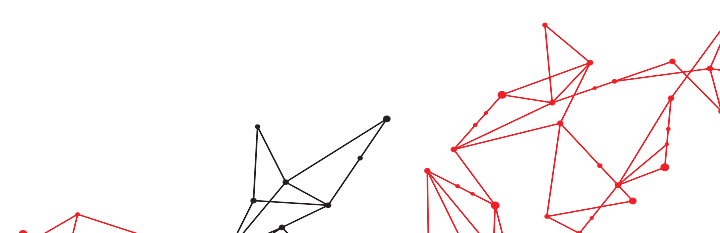
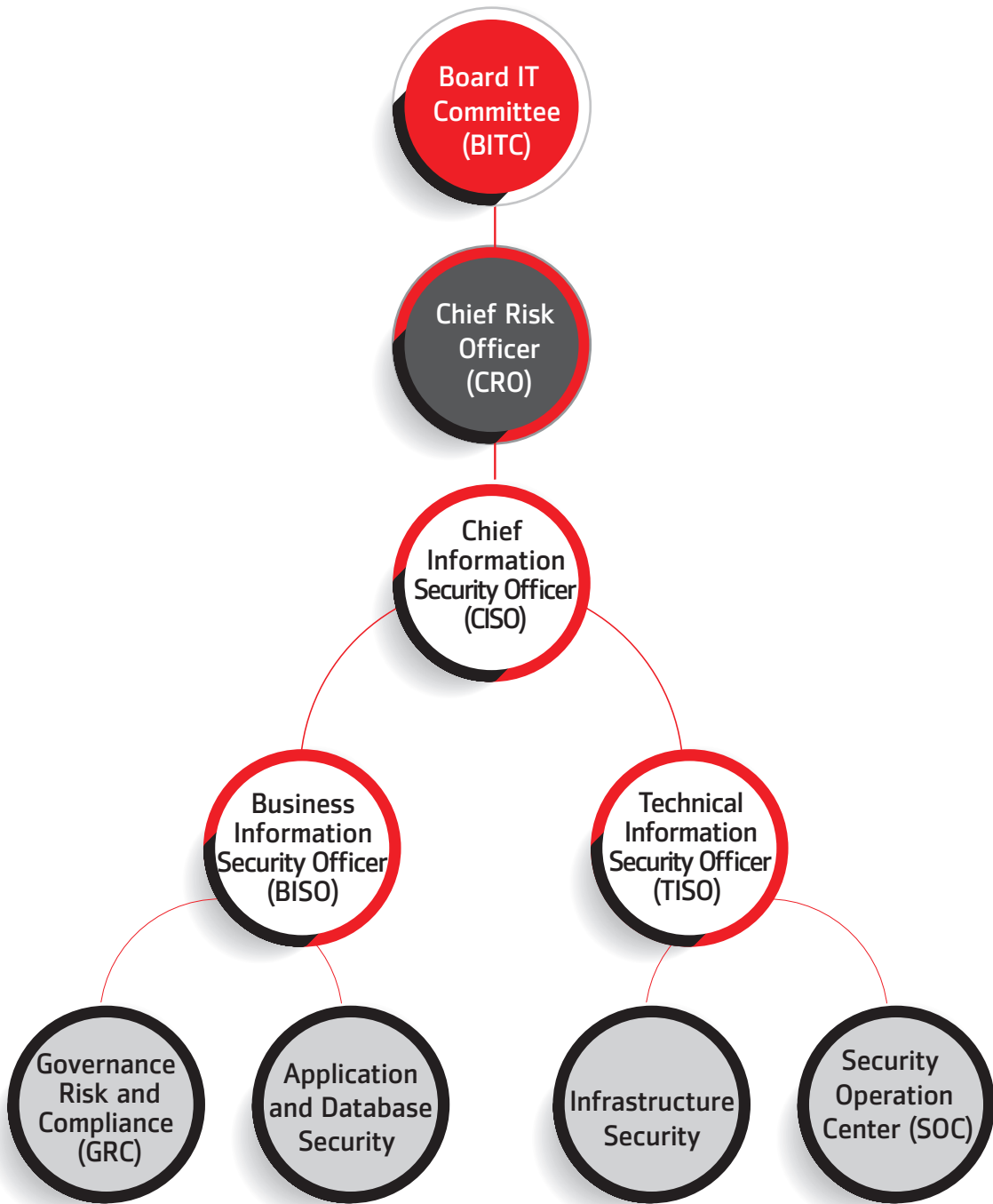
The State Bank of Pakistan has time and again issued advisories, circulars, and regulations for improvements in Bank's cyber security posture and these are being complied with on timely basis as well to provide a secure infrastructure for hosting the Bank's customers' data. Furthermore, Bank's approved strategy and industry specific best practices are also being followed.

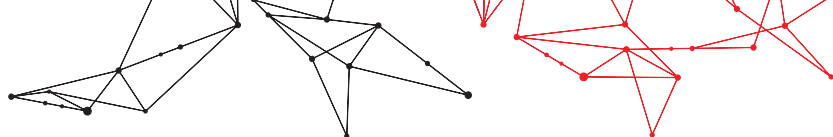
### The Board's evaluation and enforcement of legal and regulatory implications of cyber risks and responsibilities in case of any breaches

The Board has entrusted the Board Information Technology Committee (BITC) to oversee the Bank's technology direction and risk ensuring that Information Technology remains a key differentiator in Bank's strategy. The objective has fueled the organisation's ambitions for automation and digitalisation thus fostering use of information and data as a key ingredient for innovative solution design and product delivery witnessed by the positioning of the Bank as customers' first choice in digital banking solutions.

The Board and Executive management also remained mindful of associated risk – especially Cyber Risk – which is supported by a comprehensive strategy and plans – internal as well as by Independent 3rd parties – for periodic assessments of effectiveness of technology risks and controls. The organisation is tuned to identification of risks – regulatory, operational, or cyber risks – and ensures that control designs are effective wherein people meticulously follow operational protocols. Besides, all products and services are marketed only after compliance and legal groups' vetting and required risk transfer mechanisms are effective.

# Cyber Security



**Board's risk oversight function for cybersecurity and board's engagement with management**

Board Information Technology Committee (BITC) plays a supervisory/advisory role along with policy making authorities without infringing on the management functions. It oversees and review the implementation of compliance and regulatory requirements. Its responsibilities inter-alia include to ensure that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including

cyber-attacks and attacks on critical infrastructure. The Board's risk oversight function engages with the management through BITC where it obtains status of Information Security Key Risk Indicators (KRIs) and overall cyber security risk posture of the Bank and subsequently providing advice on timely action against cyber threats.

**Board-level committee charged with oversight of IT governance and cybersecurity matters and board's oversight on this risk**

Board Information Technology Committee (BITC) responsibilities inter-alia include ensuring that risk management strategies are designed and implemented to achieve resilience, such as the ability to effectively respond to wide-scale disruptions, including cyber-attacks and attacks on critical infrastructure. Besides, it also oversees the implementation of compliance and regulatory requirements. Further, BITC provides oversight on cyber security matters.

The meetings of BITC are held on quarterly basis and the Chief Information Security Officer (CISO) apprises the committee on the status of Cyber Security.

**Controls and procedures about an "early warning system" to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents**

The Bank has a dedicated 24/7 Security Operations Center (SOC) within Information Security Division. Technical and administrative controls have been implemented to identify, detect and respond to the cybersecurity events on a timely basis. The status of Information Security Key Risk Indicators (KRIs) and the overall cyber security risk posture of the Bank are communicated to the Board.

**Resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and cyber insurance.**

The Bank has dedicated Business Continuity Planning (BCP) and Disaster Recovery (DR) sites to guarantee the

uninterrupted provision of business and IT services. Furthermore, the Bank has a cyber-insurance policy that encompasses security and privacy liability, defence against privacy regulatory actions and penalties, crisis management, event costs, cyber extortion, loss of digital assets, and non-physical business interruption.

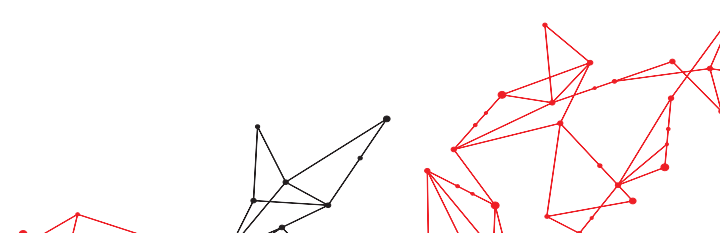
**Education and training efforts to mitigate cybersecurity risks**

To mitigate cyber security risks, the Bank has a security awareness program through which staff and customers are regularly advised on staying secure.

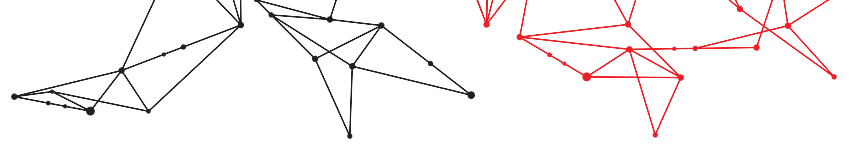
# Security Assessment of Technology Environment

## **Policy related to independent comprehensive security assessment of technology environment including third party risks and frequency of review of such risks**

Security assessment of technology infrastructure and services is of paramount significance to Bank's operating model. Accordingly, internal and external mandates and engagements have been effective since years now. Whilst the Bank has institutionalised security assessment capabilities amongst Information Technology as well as Information Security teams, their veracity and effectiveness is further validated through quarterly engagement of independent vendors/consultants engaged for periodic technical risk assessment of all critical systems and services. Furthermore, the Bank has engaged with service providers for timely awareness and treatment of any unscrupulous activities against the Bank.



# Information Technology Advancement



Our vision of accelerated digitalisation involves continuous re-imagination of traditional business models and to be able to respond quickly and efficiently to the demands of clients while offering safe and simple services for use. Advancement in digital transformation continues to leverage 4.0 Industrial revolution (Big Data, RPA, Block Chain, AI, IoT, Cloud Computing, and Integration with FinTech Companies etc.) for innovative banking services and products and to improve productivity, efficiency, transparency, reporting and governance.

Committed to leverage modern architectures (Real-Time, Agile and Intelligent) to stay ahead of the curve and capture the benefits of technology innovations for more efficient operations, better customer experience and building customer advocacy. Encourage ongoing experimentation and a commitment to amplify investment on highly reliable and highly performance driven infrastructure with an aim to maintain our competitive edge, technology innovation, availability and improved customer experience.

We strongly believe that technology is the future of banking. Hence, our focus is to maintain leadership in technology innovation across the industry. Adopt Core Banking Solutions transformations and use emerging technologies such as Artificial intelligence, Block chain, Digital Currency, Cloud computing and innovative biometrics solutions to address real-world challenges and opportunities. By staying at the forefront of technological advancements, fostering a culture of innovation, and further expending digital transformation, empowering tomorrow's technology today, turning ideas into reality ensuring sustained growth and value addition to the market, we position ourselves as forward-thinking innovators in the financial industry.

# Enterprise Resource Planning (ERP) Software

## Enterprise Resource Planning (ERP) Softwares

Over the years, Bank Alfalah has been on the path to consolidate its core enterprise systems and has strategically chosen solutions like Temenos T24, IRIS5, IBM EBS, Oracle ERP, Oracle OBDX, Oracle Hyperion, Unison etc. keeping in perspective the compatibility of existing offerings and future possibilities. These solutions promise principal commitment to maintaining leadership position on solution boards, sustainability, scalability and synergic fit with in-house developed surround applications ecosystem which seeds diversity and innovation in the Bank's prepositions to its customers emanating from all segments and origins.

### Design to manage and integrate the functions of core business processes / modules like finance, HR, supply chain and inventory management in a single system

Bank Alfalah is systematically attuned to secure a 360-degree perspective for its customers, employees, suppliers, partners etc. to service their needs whilst having an elevated understanding of the balance between behaviors and organisational objectives. Such enabling platforms are a product of micro decision contributing to one strategic design and has been powered by synergies capitalised through integrations of core enterprise systems. The most mentionable catalysts here shall be the Bank's Big Data and BI solutions, however, it would not have been possible without core enterprise systems like Temenos T24, IRIS5, IBM EBS, Oracle ERP, Oracle OBDX, Oracle Hyperion, Unison etc. that are pivotal in management of core business processes including but not limited to finance, HR, Supply Chain, Inventory Management etc. leveraging core enterprise systems for each key internal segment of the organisation.

### Management support in the effective implementation and continuous updation

Technology investments have been amongst the key highlights of annual capital and operating expenditure. The Bank's management is structurally involved and has always pledged substantial support to ITG and InfoSec whilst selecting solutions that are relevant, scalable and sustainable. They propel organisational commitment to maintain leadership position as a solution provider. This bonding yields synergies when leveraged with in-house organically developed surround applications ecosystems thus seeding diversity and innovation in the Bank's prepositions to its customers emanating from all segments and origins. The management's resolve and dexterous leadership is frequently applauded

and recognized through prestigious awards to Bank Alfalah that amongst others also feature Best Digital Bank.

### User training of ERP software

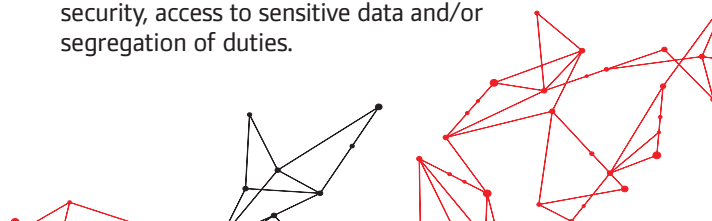
All new users undergo formal training program before active engagement in operational activities whereas mandatory periodic reinforcement programs are also put in place. The training programs do not limit the scope only to the usage aspects of core enterprise systems but – amongst other – also provide coverage over delicate and critical areas (e.g. acceptable use of Information & IT resources standards and regulatory/reputational risks involved in AML / CFT) respectively.

### Managing risks or controlling risk factors in ERP projects

ITG Project Management Office (PMO) is staffed with seasoned professionals who plan and control all the core enterprise projects including ERP. From the very outset, Information Technology Steering Committee maintains oversight of these projects, whereas it is supported by Project Steering Committee(s) and high-powered project teams usually including IT, InfoSec, Business, Operations, Compliance, Finance, Ops Risk. Teams carefully draw the project scope, objectives and tentative project plans that are presented to ITSC for approval and oversight. PMO performs critical path analysis and maintains track of activities that could risk delays in the implementation or could adversely impact project scope & deliverables. Detailed risk registers are maintained and presented to executive management & ITSC for perusal and guidance. Such detailed approach has ensured that all ERP projects in the Bank are successfully completed delivering the project objectives and value to the satisfaction of stakeholders.

### Assessment of system security, access to sensitive data and segregation of duties

All key teams, i.e. InfoSec, Business, Operations, Finance, Ops Risk and Compliance and so on, are engaged from the initial stage, thus ensuring that solution proposal brief capabilities in areas of Information Security, Role-based Access Control Mechanisms, handling, masking of Sensitive Personal / Cardholder data, process controls, as well as assurance regarding secure coding and quality assurance practices by solution providers. Besides, once core enterprise systems are ready for production, robust security and user testing by all key teams is ensured to ensure that the solution meets minimum defined standards for system security, access to sensitive data and/or segregation of duties.

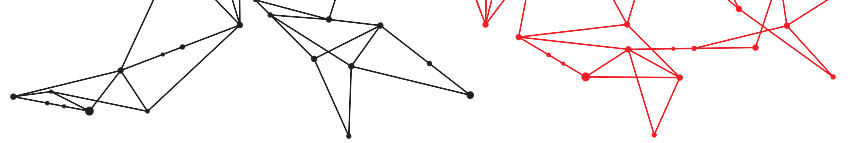




# **SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY**







## Sustainability strategy

Sustainable banking involves strategic planning and execution of banking operations and business activities while taking into consideration the environmental, social and governance (ESG) impact. Banks stand to play a major role in achieving the United Nations Sustainable Development Goals (SDG). Carrying on from this, Bank Alfalah is embarking upon its journey to align its strategic objectives in a sustainable manner. The Bank aims to positively impact the community by way of implementing SBP's Green Banking Guidelines to manage environmental and social risks, assess the Bank's environmental impact, ensure alignment with the Environmental, Social and Governance (ESG) indicators as determined by the Pakistan Stock Exchange and undertake strategic hiring and nurturing of talent.

The Bank has adopted ESG as one of its strategic initiatives. This strategy is approved by the Board. Please refer "Strategy and Resource Allocation" section of this annual report for the Bank's strategy incorporating sustainability aspects.

## Board's Statement

In our ongoing commitment to advancing sustainable practices, the board has approved aligning the Philanthropic Investment policy with the Sustainable Development Goals (SDGs). This strategic alignment is designed to contribute to and uphold Bank Alfalah's overarching Sustainability strategy.

The SDGs are bifurcated into three fundamental areas, each intricately interwoven with Bank Alfalah's core principles. These areas include Social Capital, which focuses on fostering societal well-being and inclusivity; Economic Capital, which emphasises responsible financial practices and economic empowerment; and Environment Capital, which is dedicated to environmental stewardship and sustainable practices.

By adopting this approach, Bank Alfalah is reinforcing its commitment to societal and environmental betterment and strategically positioning itself to contribute meaningfully to the broader global agenda of sustainable development goals. From now on, our agenda CSR policy is 'Committed to a sustainable way forward by improving the social, economic and environment capital of the people'.

Please refer Directors' Report, and writeups within this section of the Annual Report for the Bank's efforts and collaborations pertaining to Corporate Social Responsibility initiatives.

## Chairman's vision on sustainability

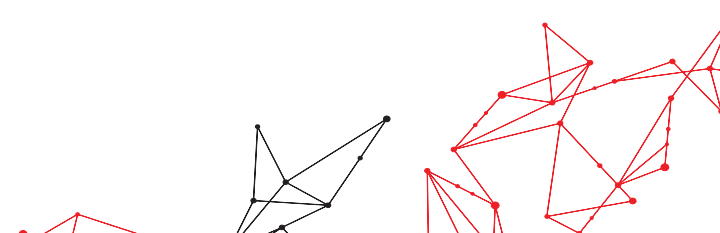
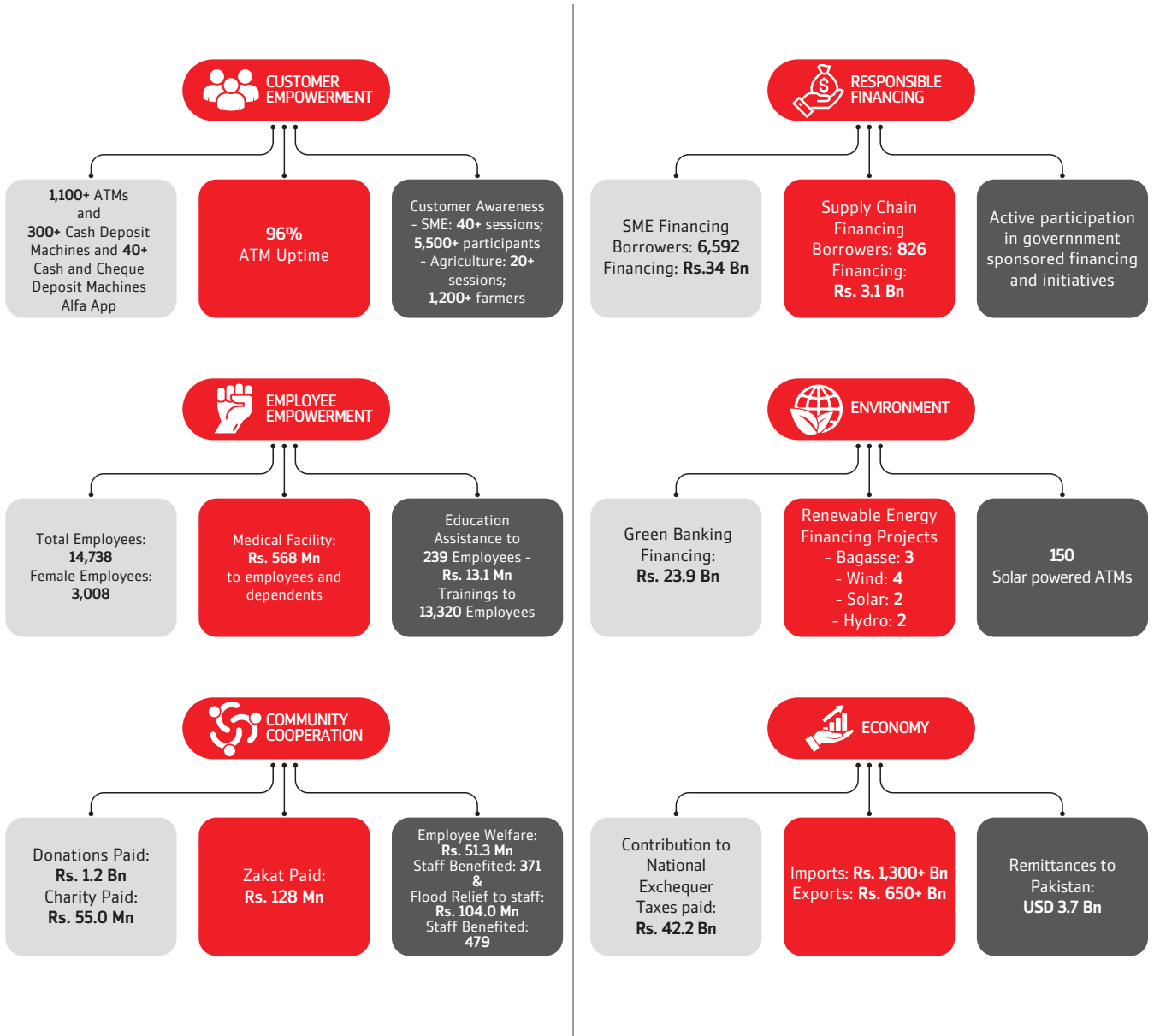
Please refer Chairman's Message for his vision and views on sustainability and the steps taken by the Bank.

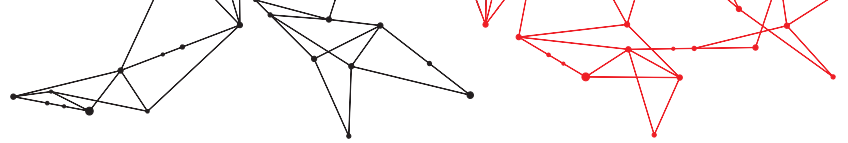
# Philosophy

Sustainability is one of the key areas the Bank focuses on. The Bank ensures that its operations are directed towards creating a more sustainable, healthier, safer, and community-caring organisation. As part of the Bank's sustainable approach, effective controls, efficient procedures, community care, ethical standards and natural capital protection are keenly ensured.

The Bank strives to increase the scale, efficiency and profitability of its operations in a way that helps it become a socially responsible corporate citizen.

Highlights of the Bank's Sustainability Programme:





## Pillars of the Sustainability Philosophy

### Customer Empowerment

At Bank Alfalah, what matters the most is the customers. The Bank does everything in its power to provide the customers with the best service possible. Understanding that customer needs may change over time, the Bank is always willing to take initiatives by finding new and innovative ways of serving the customer-base better.

With constant innovation efforts towards enhancing customer journeys, the Bank has adopted a strategy keenly focused on analysing and catering to customer needs. The Bank empowers its customers to recognise their needs and fulfil them using the Bank's provisional capabilities. The Bank continuously strives to drive improvements in service culture and create new avenues for enhancing customer journeys.

The Bank listens and learns from its customers, and tailors its solutions to help customers achieve their goals. The Bank is not afraid to challenge itself and the industry norms, and is constantly seeking new and better ways to serve its customers and move forward together building a strong relationship that lasts for generations.

#### ● Service Leadership and Digital Innovation

The Bank has been shifting the paradigm of its service provision with a key focus on streamlining its operations and mitigating thematic issues. In line with this, the Bank has identified areas of improvement regarding its banking services and as been devising a multi-pronged strategy to effectively address them.

Being an industry leader when it comes to the innovative payment landscape, the Bank understands the responsibility of driving society towards digital innovation. A few examples of the Bank's technologies include the Alfa app, internet banking, QR Payments, Alfa Payment Gateway, Alfa Fee Collection Portal, CDMs, ATMs/KIOSK, POS machines, Digital lockers, Digital deposits products, instant Digital lending, WhatsApp Bot and Orbit Rewards. These help the Bank's customers perform banking transactions swiftly. All of the Bank's digital innovations are motivated by its goal to provide comfort to its customers.

#### Comprehensive services on Alfa Mobile App:

The investment in digital assets such as Alfa Mobile Banking & CDM network has resulted in increase of transactions and usage. Over the past year, the

adoption of the Bank's mobile banking app (Alfa) has skyrocketed reflecting the evolving preferences of its tech-savvy customers.

Alfa app is the epicentre of convenience for the customers. It offers a wide array of services, ranging from account opening to bill payments/transfers to investments, digital lending, cashless QR payments and even Buy Now Pay Later facility. This one-stop digital platform simplifies financial transactions, making it easier and faster for customers to manage their finances, ultimately saving them valuable time and effort, with reward points (Orbits) earned on a variety of transactions.

#### Digital/Paperless Account Opening:

The Bank has also launched RAPID, a Digital Customer On-boarding Platform in branches, Website, Alfa App & Kiosks. Around 95% of the total eligible bank accounts are opened digitally (paper-less). This has also helped in digitising customer behaviour from the beginning of the relationship which is also manifested in the growing Digital to Branch transaction Ratio.

#### Largest Cash Deposit Machine Network:

Bank Alfalah has taken the challenge of converting cash deposit from teller to machine allowing such transactions to be available 24/7, even after banking hours or on holidays. The Bank has a network of 400 Cash Deposit Machines and takes pride in operating the country's largest Cash Deposit Machines (CDM) network, with an impressive annualised throughput.

#### Transaction Banking and Cash Management

Transaction Banking and Cash Management provide a wide range of value-added services to corporate and SME clients through the Bank's vast network of online branches. Streamlined and optimised products empower customers to promptly access their sale proceeds from across the country, backed by a real-time Management Information System. Alfalah Transact is an electronic platform which enables corporate, middle market and SME clients to securely prepare their payment instructions and transfer them in real-time to the Bank. The Bank can receive these instructions securely and process them electronically after due validation and verification with convenience, security and cost efficiency.

#### Alfalah Transect

The Bank, through its Alfalah Transact (OBDX) portal, extends trade and term deposit services to customers utilising the customer interface on the portal for the submission of transaction based requests. Further,

Alfalah Transact (OBDX) offers Term Deposit services, including issuance, amendment and encashment, for a seamless straight through process TDR at standard rates as well as special rate TDRs facilitated through customer interface service requests on the portal for transaction based requests. Moreover, this allows customers to conduct various business transactions on the go, including trade related payments and option to check the status of Letters of Credit (LCs), Cash Management Payments, Accounts Statement View, Loan and Finances Position. This digital platform with its quick and easy onboarding process allows users to access their accounts globally with 24 hours accessibility, initiate transactions and get real time reporting as required.

### ● **Customer Protection**

The Customer Protection policy includes comprehensive guidelines for managing customers throughout their journey spanning product development, sales practices, marketing activities, communication protocols, and customer handling. The Fair Treatment of Customers policy is a crucial component of the orientation and training programme designed for newly on-boarded employees.

In line with the Financial Consumer Protection policy, the Bank's philosophy is to treat customers with utmost care and responsibility and walk alongside its customers throughout their financial journey. The end-to-end journey is viewed with a customer centric lens. Customers can access clear and transparent information about the Bank's products and services on its website and through other touchpoints. They can also conveniently perform their financial transactions around the clock through a variety of physical and digital channels. In the event of any concerns, the Bank's frontline and 24/7 operative contact center is accessible to provide assistance both prior to and after customers have utilised our products/services.

### ● **Customer Experience Management**

The infrastructure of Customer Experience (CE) Management at Bank Alfalah consists of several units, which monitor and oversee the quality of service at the touchpoints that make up a customer's journey.

### ● **Customer Satisfaction**

To monitor customer satisfaction, the Bank's Voice of Customer (VOC) team conducts daily surveys to directly gather detailed feedback from customers. This proactive approach enables the Bank to consistently identify areas for improvement and adapt to the

evolving needs of its customers. The Digital Survey Platform enhances the Bank's reach, allowing it to collect immediate feedback from customers every day in real-time through ROBO Calls and SMS Surveys. The Bank continuously conducts global and local researches into emerging trends and industry best practices to ensure that the Bank stays ahead of the curve and that customer journeys are optimised at all levels.

### ● **Process Optimisation**

Bank Alfalah continues to keep a close eye on complaints, processes, and channels to identify areas of improvement, which are then undertaken as projects in order to enhance operational efficiency and drive improvements within the organisation. This is done to ensure that the Bank's customers are served with utmost care and their experience is as convenient and up to the standard as the Bank has committed.

### ● **Quality Assurance**

Customer Experience measures and manages performance quality through various service parameters across the Bank, at identified key touchpoints for the customer such as Retail and Islamic Banking, Consumer Finance, Digital Banking, Contact Centres, and other support units that enable these touchpoints through peripheral service provision.

### ● **Transactions Success Rates**

Various score improvement initiatives were undertaken to accelerate the processing and transaction execution time. For example:

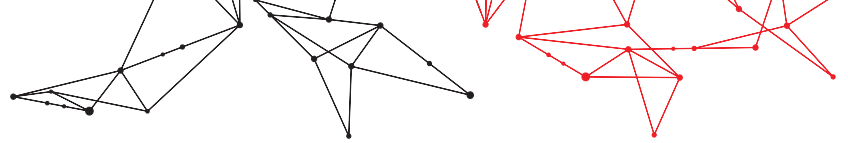
- Credit Card Transactions Success Rates improved in 2023 to 96% from 93%, an improvement of 3% compared to last year.
- Debit Card Transactions Success Rates remained consistent in 2023, compared to 2022, being 97% across both years.

The above success rates were a result of various steps such as SMS, notifications and spend based profiling.

### ● **Customer Engagement**

Bank Alfalah is centred around customer satisfaction, actively pursuing opportunities to enhance customer convenience by extending its services and adapting to evolving business dynamics to remain both relevant and competitive. The Bank aims to reach new customer segments, digitise product and service offerings, enhance efficiency through automation and innovation, and leverage analytics to adeptly address the needs of its customers'. At Bank Alfalah, customers are kept at the core of the Bank's business, and are





provided with convenient channels for engagement and interaction. The Bank constantly strives to target emerging corporate segments through its diverse product propositions, catering to the new requirements of its corporate clients. These pursuits are complemented by an ever-increasing reach, via multiple communication channels through which the Bank's customers can connect with it.

The communication channels used by Bank Alfalah to engage with customers are as follows:

- Branch Banking
- Consumer Finance Centres
- Face-to-face meetings (at client premises)
- Vertika (screens displaying key information and these are placed in high footfall areas)
- Alfalah Contact Centre
- Email
- Website
- Internet Banking
- Mobile Banking/Alfa
- ATMs
- Facebook
- Instagram
- Twitter
- Letter
- Live Web Chat
- Television
- Radio
- Print Ads
- WhatsApp Banking Channel
- Ask Alfa
- Press

## ● Safeguarding Customers' Information

Bank Alfalah places a strong emphasis on the security and protection of customers' information. The Bank has strategically invested in enhancing security control enhancements, including Advanced Threat Analytics and Protection, Cyber-attack incident response and forensics, along with enhanced automated technical vulnerability compliance management solutions and improved DDOS Protection. The Bank's Security Operating Centre operates proactively on a 24/7 basis. The Bank takes necessary proactive measures to counteract potential threats and has also deployed strong security controls at its critical touchpoints.

The Bank's Infrastructure and Networking is one of the most sophisticated and robust in the local banking industry, with improved resilience through Demilitarised Zone (DMZ) micro-segmentation,

enhanced Militarised Zone (MZ) containers, enhanced quality of service (QoS) at core and branch level, WAN Access Control List (ACL) enhancements, improved branch link optimisation with traffic engineering, and deployment of next generation network switches and firewalls. This has in turn resulted in a high level of security and excellent service response time/TAT.

In addition to proactive measures to mitigate potential threats, the Bank has implemented robust security controls at critical touchpoints. This includes the activation of Biometric facility on all channels, including branch, mobile app and tablets, as well as the incorporation of EMV chip and pin technology and 3D Secure e-commerce transactions to enhance card based security. Bank Alfalah's security infrastructure is considered to be the best-in-class and ahead of the industry.

The Bank successfully implemented the Payment Card Industry Data Security Standard (PCI DSS); a set of Information Security standards that aims to secure credit and debit card data and transactions. It enhances cardholder data security and provides a baseline of technical and operational requirements designed to protect card data. The PCI Standard is mandated by card brands and administered by the Payment Card Industry Security Standards Council with the objective to enforce unbreakable controls over cardholder data, to minimise the risk of fraud.

At the Bank, access to sensitive information is based on Two-Factor Authentication (2FA) token, sensitive data is encrypted and DLP (Data Loss Protection) policy is implemented. This ensures protected and secured access to the customers' data limiting unauthorised intrusion.

## ● Customer Awareness

The Bank effectively leverages social media to enhance customer awareness by implementing a comprehensive strategy. The Bank delivered engaging and informative content, including financial tips, product highlights to captivate their audiences. Through consistent posting and interaction, the Bank fostered a sense of community, building trust and credibility. Social media platforms became a dynamic space for customer interaction, showcasing the Bank's commitment to customer satisfaction and awareness. Radio ads were broadcasted in various regions, each in its indigenous language, with the aim of promoting financial inclusion. Recognising the substantial unbanked population in these areas, the decision was made to tailor the ads to the local languages, ensuring that the message reached and resonated with the target audience of these regions.

To reach out to customers in untapped markets, the Bank continues to expand its branch network into new and remote areas along with activating digital on-boarding through Rapid. The Bank keeps its customers updated with the Bank's products and services through all communication media like SMS, emails, flyers, etc. The Bank's branches and staff are consistently trained to ensure that all existing customer queries are answered and needs are satisfied.

The Bank adopts various modes of communication to make its customers aware about banking products, services and key regulatory guidelines having an impact on customers having daily banking needs. Further, to promote and create awareness of legal banking channels amongst the masses, the Bank has consistently invested in marketing campaigns both here in Pakistan and in key remittance sending countries abroad. With these campaigns the Bank has strived to inform customers about the key benefits of sending remittances through legal channels, including free of charge remittance payments under the PRI model, competitive conversion rates, and other incentives such as prizes/gifts/giveaways, etc. In addition, the investment in technology by the Bank allows it to enhance and extend the scope of remittance payouts to include customer to business bill payments for 1,000+ companies in Pakistan and also business to customer payments to freelancers working in the country.

In addition to the traditional form of customer service using the voice channel (contact center), other digital initiatives mentioned below have been incorporated into the suite of customer services channels.

#### **WhatsApp Banking Channel BOT:**

The Whatsapp banking platform enables customers to get information regarding the different banking services. Customers are able to activate their debit and credit cards in an instant. Loans, offers and discounts are also provided. In case the customer needs to further inquire about a service that has been searched on Whatsapp, the chat with agent feature can be easily accessed. Bank Alfalah leads the industry with this information and customer service channel. WhatsApp banking also allows financial transactions such as fund transfer, bill payment etc.

#### **ChatBot**

With the introduction of Chatbot, customers can now avail instant response to their banking needs and queries. This allows the customer to reach out to the Bank without any additional cost associated and allows them to receive quick, convenient, and personalised service.

#### **SMS Banking:**

By sending predefined codes on Bank Alfalah's short code 8287, customers are able to check their account information and even perform various financial transactions. A few of these SMS banking services include checking account balance, looking up their last 5 transactions and accessing their credit card information. Furthermore, customers are also able to initiate their cheque book requests, request information about their orbit points and last but not least, payment of bills of registered phone number and credit card is also possible.

This is a subscription based service which enables the customers to keep track of all of their transactions. Customers are able to receive text messages as transactions take place in their accounts, orbits, consumer finance products, wallets etc.

#### **Digital Financial Services Desk**

Dedicated digital financial services desk provide personalised assistance, helping the customers make the most of the Bank's digital offerings, from online banking to mobile apps and more that previously were only offered at Contact Centre / helpline. Hence if one walks into branch, he/she should not be redirected to any other channels for service.



#### ● **Financial Literacy**

Bank Alfalah, living up to its unmatched legacy to facilitate financial inclusion and literacy, has had the same embedded into its year on year business and SME acquisition strategy. The Bank relies on its varied channels to support the inclusion, NFAS (Non-Financial Advisory) being one of the most resilient and vibrant modes which acts as an enabler to bridge the gaps

within the unorganized / undocumented business clusters. NFAS liaises and collaborates with multiple support agents in its pool (such as Trade Associations & Service providers) and addresses the gaps of inadequate knowledge, understanding awareness & empathy of the lending options available within the financial market. These associations / agents guide the participating micro, small and medium enterprises (MSMEs and SMEs) to become bankable. Apart from this unique skill set Bank owns and runs its very own SME Tool kit, as an awareness and self-help web based free of cost solution equipped with self-help tutorials in terms of skill enhancement and developing an understanding of banking documentation. The Tool Kit is a versatile access point where an SME can develop horizontal and vertical linkages locally and internationally. This portal also helps in development and understanding of SME related financial documents. Similarly the Bank on regular basis conducts Market Storming sessions with the SME clusters operating within the country. This is also another major avenue which generates multiple leads for NFAS to hand hold and guide businesses to next level to be formally documented and become bankable.

Agri, on a similar note, has made quantum leaps in accessing worthy pockets of untapped prospects, here the access is through the Agri based Support & Service providers. Bank Alfalah understands the potential of untapped operatives with high appetite for guidance, and limited access to finance and finance related know-how. Through its different support providers, the Bank's intention is to be the catalyst of change by uplifting the rural economy and empowering the unbaked and underbanked segments such as farmers. Quite recently the Bank has engaged service providers with tech based solutions, the application of which would result in a paradigm shift in farming techniques. Agri tech solutions for smaller farmers, once socialised properly, would facilitate the advancement process in this sector. The Bank, in this process, has successfully accessed over 5,500 SMEs and business owners during various initiatives. It is also pertinent to mention that Bank Alfalah is the front line partner with the State Bank of Pakistan, and its efforts in the SME and Agri space are duly acknowledged by the Government & the Regulator. Furthermore, the Bank has engaged with more than 1,200 farmers and Agri related business owners in over 20 different events across Pakistan.



### Agri Awareness Session on Fisheries held in Multan



Awareness Session was conducted by Bank Alfalah at the Fish Farm of our valued ETB borrower Mr. Malik Muhammad Azhar Mushtaq, on November 15, 2023. SBP Multan officials also visited the session. This session was a part of program aimed at imparting financial importance among the rural masses and encouraging them to avail various financial products. This interactive session was attended by 35 local fish farmers of the area. During this session the audience were informed about various Products of our Bank, approval process flow and required documentation. In addition to this various SBP's re-finance schemes were briefed to participants and salient features were discussed by SBP officials. Product's brochures of Bank Alfalah Agri Products, including SBP's re-finance schemes were also disseminated among the participants.



The information was very well received by the audience and their queries were effectively addressed. Special thanks to Mr. Muhammad Shafi Anjum-RSM, Agri Multan and Mr. Zulqarnain Tariq - RM, Agri Abdallah Road Branch for organizing the session in a successful manner.



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### Bank Alfalah conducts sessions in Multan to educate expatriates regarding legal remittance channels



Bank Alfalah recently held a highly successful briefing session at the Multan Protectorate Office with valuable support from the State Bank of Pakistan and Protectorate Office, Multan. The session was dedicated to enlightening expatriates about the crucial importance of utilizing legal channels for remitting money back home to their loved ones. By equipping expatriates with this invaluable information, Bank Alfalah is empowering them to make informed decisions that not only benefit their families but also contribute to the overall development and prosperity of the nation.

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### Smart Agriculture Transformation Workshop Sponsored By Bank Alfalah



Bank Alfalah sponsored Smart Agriculture Transformation Workshop held at the Department of Plant Pathology, University of Punjab for the farming community and Agri industry experts. The objective of this workshop was to impart awareness on emerging challenges to agriculture, adoption of climate smart technologies and access to finance.

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## ● Women Economic Empowerment

Gender diversity, and women empowerment in terms of financial support and assistance, is one of the key agenda items. With similar tools of customized SME & Agri pre-structured products, the Bank has been a front runner amongst the large sized Banks operating in the country. At 52% population strength, it is Bank's top priority to facilitate and transform the banking journey of a huge female population. It is the Bank's belief that this can be a promising economic growth engine, and, if channelled properly, it can become a major force within the economic arena. Women specific programs are the Bank's top priority and the Bank's efforts are well recognized within the female business environment. Today Bank Alfalah takes pride in being the first ever financial institution to sponsor a full female incubator in collaboration with 'Ladiesfund'. As part of this initiative, a set of international trainers were engaged to guide women-led businesses to step up a level and empower them with new options to tap into growth and sustainability. To date, the Bank being the major participant to empower women businesses in collaboration with the regulator, proudly holds approximately 25% of the allocation of total "Women Entrepreneurs scheme." This makes Bank Alfalah the largest portfolio holder within the Pakistani banking industry.

As part of the Bank's strategy, women businesses within SME & Agri space are approached & supported towards becoming more organised and bankable. Another moment of pride is the acknowledgment of Bank's efforts towards female economic empowerment by the President of Pakistan. It is pertinent to mention that these is a sizable number of Women Entrepreneurs with the regulator subsidized schemes of Modernization, PMYB& AL and SME Assan program.



## ● Poverty Alleviation

Bank Alfalah's digital banking initiatives come with a proposition of convenience to the underbanked and the unbanked. BAFL proudly serves 2Mn+ BISP / Ehsaas beneficiaries, 150K+ blue-collar workers and 500k+ EOBI pensioners through end to end digital branchless banking services. RDA, Remote Account Opening (RAPID) and Alfa Accounts (wallets) can be opened through full-fledged digital modes in conventional and Islamic variants, to suit a variety of customers including women, freelancers, digitally savvy youth, faith conscious customers and overseas Pakistanis and their families.

Bank Alfalah also boasts its footprint of Agent Network in the country, with concentration in the northern parts of Pakistan and Punjab to serve the G2P mandates, allow for easy Money Transfer, Bill Payments and Airtime purchase activities using its Branchless Banking license.

## ● Innovative Product Design

The Bank works on offering new and exciting products that cater to its customers' needs. The Bank has also been mindful of reaching out to underserved segments, by launching products that are in line with government initiatives and comply with current regulatory requirements. Here are some of the new Islamic and Conventional products that the Bank has introduced:

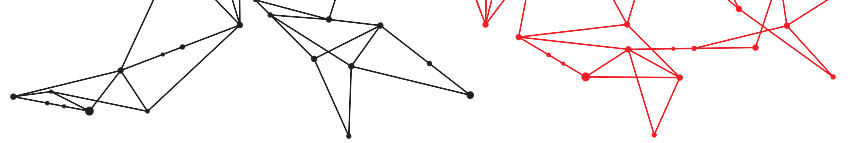
### Regulatory Products

The Bank participated in various government drives and launched the following new products:

#### ● Electronic Money Institutions Account

Banks are now able to open EMI accounts. For instance, promoting and stimulating innovation within the payment sector, enhancing financial inclusion nationwide and last but not least, set up a regulatory framework for electronic money institutions (non-banking entities).





There are a lot of products, services and solutions regarding payment processing and alternative banking which are provided by EMI. These services span from merchant accounts and cross-border money transfers to premium payment cards and a specifically tailored private banking approach for corporate clients.

BAFL was the first bank in the industry to introduce an account tailored for EMI institutions. This was done in order to address the growing needs of this sector and to ensure that EMIs would be able to operate efficiently by having access to the Bank's digital platform

- **SME Asaan Finance (SAAF) Scheme**

SAAF scheme is an initiative which is undertaken by SBP in collaboration with the Government of Pakistan. The objectives of this scheme include providing unsecured financing to SMEs that are unable to offer tangible securities. Bank Alfalah, due to its reputation is among a selected group of banks that have been entrusted with a target under I-SAAF to encourage growth of the SME sector in Pakistan. BAFL offers both conventional and Islamic loan variants under the SAAF program.

- **Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS)**

With PMYB&ALS scheme, the focus is placed on the youth of this nation. This initiative aims to tap into the proactive and determined attitude of the youth that can be a significant driving force to the economy's growth. BAFL in support of this initiative is offering various lending products keeping in mind the needs of its prospective customers. The aim is to empower the youth into building their SME business set ups.

- **Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGS-WE)**

This is a financing facility to women entrepreneurs to meet financing needs of their businesses in line with the Government of Pakistan's policy to support and revive economic activities in the country and SBP's measures for improving access to concessional financing for the women entrepreneurs.

- **Electronic Warehouse Receipt Financing (EWRP)**

In line with government policies to support farmers and boost agriculture sector, BAFL-IBG will be offering Electronic Warehouse Receipt Financing (EWRP) to its customers. EWRP is a product for farmers to avail financing facility from banks by placing their produce and agricultural commodities with Collateral Management Companies (CMC). State Bank of Pakistan has taken this initiative of EWRP in view of the role of warehousing regime in increasing food security, reducing post-harvest losses and allowing bank financing to farmers against commodities as collateral. It will encourage investment in agricultural infrastructure in terms of building new, modern and commercially viable warehousing infrastructure.

- **Markup Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSFM)**

Bank Alfalah Islamic under MSRSSFM has introduced GoP profit subsidy and risk sharing scheme for farm mechanisation under the PM's Kissan Package- 2022 for farmers. Under this scheme, the subsidy and risk sharing (25% first loss on disbursed portfolio) will be borne by GoP.

**Bank Alfalah**  
Islamic

**PRIME MINISTER'S YOUTH BUSINESS & AGRICULTURE FINANCING SCHEME (PMYB&ALS)**

**Eligibility:**

- All citizens of Pakistan holding CNIC, aged between 21 and 45 years (18 years for IT/E-Commerce related businesses having matriculation or equivalent education)

**Financing Tenor:**

- **For Long Term/ Development Financing:** Up to 8 years (Grace Period of up to 1 Year)
- **For Working Capital/ Production Finance:** Up to 5 years (Option for Grace Period wherein only Rental/ Profit will be payable during first 2 years)

**Financing Structure:**

Tier	Limit Caps (PKR)	Pricing	Security
Tier 2 (IT)	> 0.500M to 1.500M	5.00% p.a.	Clean, Customer's PG only
Tier 3 (IT)	> 1.500M to 7.500M	7.00% p.a.	As per bank's own credit policy

**Application Process:**  
Apply through PMYP Online Portal  
at <https://pmyp.gov.pk/bankform/NewApplicantForm>

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## Other Products and innovations

The following improved and innovative product suite were launched during the year.

- Distributor Financing**  
 In order to address the growing needs of clients in the areas of treasury, sales and supply chain, BAFL has introduced the Distributor Financing (DF) Product. The Bank's Supply Chain Financing Program strives to collaborate with corporates and their value chain partners to create tailored solutions and products for their primary buyers. The objective is to enhance working capital efficiency and offer liquidity support. Despite the challenging market conditions, the Bank's SCF team has been able to expand its portfolio and reach new heights of performance.
- ALFA BNPL Islamic**  
 Bank Alfalah has proudly launched Alfa BNPL, as the first Shariah-Compliant Buy Now Pay Later proposition in the entire banking industry. This innovative offering blends the Shariah principles with the modern convenience of a BNPL payment model, ushering in a new era of online shopping for all banks' credit card customers, with debit cards coming soon.

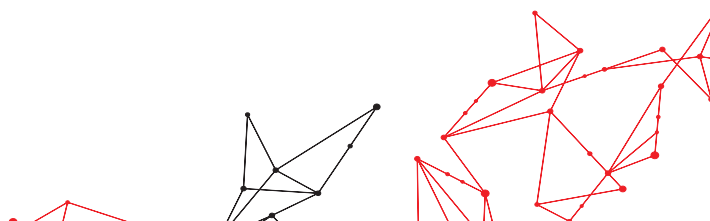
With Alfa BNPL, customers having credit cards of any bank can enjoy shopping from Alfa Mall and/or Bank Alfalah registered online merchants and pay in easy Riba-free instalments with 0% processing fee and enjoy seamless and paperless on-boarding. The product is further equipped with instant credit decision where by customers are assigned a separate unsecured financing limit of up to PKR 750k which can be utilised in multiple EMI purchases with credit card used as a source of payment.

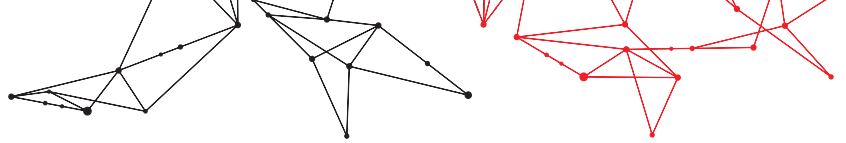
- Shariah compliant alternative to Bill Discounting**  
 To excel the Islamic financing business, Bank Alfalah Islamic has introduced Shariah compliant alternatives to conventional bill discounting for inland/local and export bills through its products offering of Running Musharakah, Istisna, Musawamah & Tijarah.
- Running Musharakah FCY & Local Bill Discounting**  
 BAFL has introduced FCY financing through Islamic mode of Running Musharakah, to entertain the foreign currency financing requirement of the customers for import and export purpose.

Apart from existing variants of Running Musharakah, BAFL-IBG is now also offering Running Musharakah – Local Bill Discounting (LBD) to cater the requirement of Local Bill Discounting of its corporate customers through Running Musharakah.

- Hybrid Financing under Home Musharakah**  
 Hybrid Home Musharakah facility has been introduced to incentivise the customers to own a home at competitive pricing. The facility would allow customers to avail house finance facility for a fixed financing rate for a specified period. After lapse of the fixed rate period, customers will have the choice to either continue the fixed rate or choose a variable rate. This shall add more value to The Bank's product offerings and attract customers due to a combination of fixed and variable rate pricing proposition.
- Alfalah Kashtkaar Current Account**  
 Alfalah Kashtkaar Current Account is designed for agriculturists and farmers. The account features rate breaks and financial facilities, farm advisory services and technical guidance to farmers at their doorstep and much more.

For further details on product offerings under various business functions, please refer to the Organisational Overview section of this annual report.





## Responsible Financing

- Non-Financial Advisory Service (NFAS)**  
 Bank Alfalah is the first and only commercial bank in Pakistan to venture into a structured Non-Financial Advisory Services (NFAS) initiative for SMEs. NFAS is a unique initiative that provides SMEs with various trainings, advisory services, management education, and tools and techniques to structure their business. These services are designed to address the common challenges faced by small businesses, such as access to resources, markets, finance, and trainings. By enhancing the skills and knowledge of SMEs, NFAS helps them become more bankable, financially literate, and competitive.

Since its inception, NFAS has embarked upon an extensive countrywide awareness campaign to create visibility. Advisory services help reduce management risk and allow the Bank to understand business dynamics better. These services are focused towards various empowering and knowledge sharing initiatives to make BAFL's customers more efficient. The Bank considers NFAS an important component of its core business line that can help develop and grow the SME portfolio, deepen the relationship with its existing SME customers, mitigate risks, and differentiate BAFL in a growing competitive market.

- Green Financial Products and Services**  
 As the country faces an ongoing energy crisis Bank Alfalah is proud to be at the forefront of funding the renewable energy sector. The Bank aims to uphold its corporate responsibility to society and protect environment through this initiative. The products in the Bank's portfolio are compatible with SBP's refinancing scheme for renewable energy. "Alfalah Green Energy" is an eco-friendly product offering affordable and clean power.

- Karandaaz Pakistan**  
 Bank Alfalah partners with Karandaaz, an organisation funded by the UK Department for International Development (DFID) and the Bill & Melinda Gates Foundation, to help small and medium-sized businesses by easing access to finance through well-defined product programs. Karandaaz provides capital to Micro, Small and Medium Enterprises (MSMEs) by entering into structured finance agreements with partner financial institutions under defined product programs. One of the objectives of these programs is to introduce viable credit schemes and channel capital to viable SMEs that generate positive corporate value and employment. Another goal is to develop and demonstrate sustainable investment models and product programs. These are replicated and expanded by private commercial financiers to enable the mobilisation of private and development capital.

The Bank is proud to share how its partnership with Karandaaz has enabled support for various businesses in Pakistan with tailored financial solutions. From automotive to biotechnology to animal feed, the Bank has helped its clients achieve their goals of expanding their operations, enhancing their efficiency and increasing their profitability.

Through this collaboration, the Bank funded the development and growth of a wide range of clients, including those with need of fleet scalability, supply chain improvements and other business needs.

- Pakistan Mortgage Refinance Company Limited**  
 With the objective of serving its customers and assisting them in realising their aspirations, Bank Alfalah launched a hybrid-pricing home financing product where customers can avail both fixed and variable financing options. With drastic fluctuations in interest rates, the hybrid-pricing home financing product makes home financing more affordable. This product was launched in collaboration with the Pakistan Mortgage Refinance Company (PMRC), a pioneering partnership in the industry that provides an enhanced home finance offering to the Bank's customers.

- Responsible Consumer Lending**  
 A crucial element contributing to the success of the Bank's consumer financing business model is the implementation of a prudent and balanced risk-based lending. This has led to exceptional performance along with an enhanced position in collection and recovery compared to industry standards.





### Bank Alfalah Islamic Consumer Finance organised Green Finance Roadshows

The roadshow, arranged in partnership with solar vendors, provided Shariah-compliant financing and comprehensive information on Solar Systems, all under one roof.



**LAHORE**  
IBG Gulberg Branch



**MULTAN**  
IBG Bosan road Branch



**ISLAMABAD**  
IBG Bahria Town Phase 7 Branch



**KARACHI**  
IBG Bahadurabad Branch



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## Employees Empowerment

Human Capital Group (HCG) focuses on establishing a link between people, strategy and performance in order to execute the Bank's overall strategy and make Bank Alfalah an employer of choice.

- **Equal Opportunity Employer**

As a forward-thinking entity, the Bank firmly advocates for equal opportunities for all to work, learn, develop, and thrive. Through its Diversity, Equity and Inclusion strategy and implementation, the Bank ensures an environment where individuals from diverse backgrounds have equal opportunities to, engage in targeted learning initiatives, and progress within the Bank's hierarchy.

- **Education and Well-being of Staff**

Fostering a culture centred on continuous learning stands as a cornerstone at Bank Alfalah. Its ongoing efforts aim to enhance employee learning, fostering engagement, productivity, and performance improvement. The Bank remains dedicated to enriching its human capital, providing tailored learning experiences—from upskilling new recruits to offering competency-based programs and courses focused on employee well-being. Through its learning framework, the Bank ensures its workforce is equipped with the necessary capabilities to deliver optimal results.

- **Business Ethics and Anti-corruption Measures**

Ethics at Bank Alfalah are a value that is embedded in the DNA of its people. The Bank's value of Conduct and Integrity ensures that it not only complies with external and internal compliance guidelines, but also maintains ethical behaviour in everyday interactions with its colleagues.

- **Employee Engagement through Celebration of National Events**

The Bank engages its employees by celebrating international days, national and religious events, and team accomplishments. Alongside, it implements a variety of well-being activities and learning initiatives. These practices collectively create an environment where individuals find enjoyment in their workplace.

- **Gender Diversity**

The Bank has initiated an Inclusivity journey rooted in a firm belief in the significant business and societal impacts arising from a diverse workforce and an inclusive work environment. Recognising the potential of Diversity to foster creativity, boost productivity, and amplify profitability, it has established strategies both internally and externally.



Internally, there's a dedicated Diversity, Equity & Inclusion strategy aimed at enhancing diversity within the organisation, alongside a policy focusing on enhancing financial inclusion for customers. Based on these strategies, numerous products and services have been developed to meet the distinct needs of specific target audiences. The organisation has set specific financial inclusion targets, encompassing aspects like facilitating account opening, promoting financial literacy, and providing non-financial advisory services. Moreover, the internal employee strategy operates on specific targets and Key Performance Indicators (KPIs), revolving around essential pillars:

- Continuous monitoring of Diversity Analytics
- Recruitment strategies
- Learning and Development initiatives
- Retention and Engagement programs





- **Competitive Reward**

Competitive reward system has a major impact on the Bank's ability to recruit, retain and inspire high potential employees, ultimately achieving elevated levels of performance. Performance of employees may include quality and quantity of work, presence at work and timelines of the output. Market competitive salaries, rewards, and convenient staff financing on offer are the best guarantee for bank's success and performance.

- **Enhancement of Retirement Age**

To bring longevity to the careers of the Bank's valued employees, retention of skill set, experience and development of the younger and dynamic employees, retirement age has been enhanced from 60 years to 65 years.

- **Employees' Welfare (health and life insurance, retirement benefits, etc.)**

The Bank has comprehensive health and life insurance benefit policies in place for employees, and is one of the few organisations in Pakistan that also offers employees the facility to avail parental medical coverage. The Bank's post-retirement funds also reward employees for their services and association with the organisation. In addition, the Bank offers pay continuation benefits to employees suffering from medical issues.

- **Diversity for All – life experience, age, group, abilities and thoughts**

The Bank holds a steadfast belief in the substantial business and societal effects derived from fostering a diverse workforce and an inclusive workplace culture. There's a deliberate effort to cultivate a workforce that mirrors diversity across genders, age groups, ethnicities, backgrounds, experiences, working methodologies, cognitive styles, and abilities. As a responsible corporate, the Bank places significant value on its employees with Disabilities, aiming to support them in realising their life aspirations.

Moreover, it prioritises the needs of employees and customers with disabilities, providing assistance to fulfil their banking requirements.



- **Employee Quick Connect (Employees Help Desk)**  
Employee Quick Connect is a centralised platform where employees can access updated HCG policies and documents with a single click, ensuring hassle-free availability of important documents.
- **Employee Assistance – Chat bot**  
The Bank has launched an AI powered assistant Chatbot; a Whatsapp radical transformation of Helpdesk. Employees get an instant answer to their queries related to employee benefits and policies at their fingertips round the clock, while enhancing overall employee experience.
- **Education**  
Bank Alfalah encourages its employees to enhance their professional competence and offers multiple rewards, early achiever allowances, reimbursements of professional courses and membership fees, besides educational financial assistance to meritorious staff.

## Environment – Protecting the Natural Capital

In the pursuit of sustainable development and the well-being of the planet, safeguarding the natural capital is paramount. Bank Alfalah not only recognises the importance of natural capital as a critical component of sustainable development but is also committed to align its business with the broader global shift towards environmentally responsible business practices.

Health, safety, environment, and sustainability (HSE) are interlinked pillars that form the bedrock of responsible and ethical practices across various sectors. The nexus between these elements reflects a commitment to fostering not only the well-being of individuals but also the long-term health of the planet. In workplaces, prioritising health and safety not only safeguards employees but also enhances productivity and organisational resilience.

By harmonising health, safety, environment, and sustainability, the Bank embarks on a journey towards a more resilient, equitable, and ecologically balanced world, where the prosperity of both people and the planet are equally revered. Some key highlights below on Bank Alfalah's sustainable and HSE practices.

- **Renewable and clean Energy**

Fostering a green banking environment and promoting sustainability, Bank Alfalah is actively incorporating renewable energy solutions. A Solar Grid Tied System with a combined capacity of 222 KW has been installed at three main buildings of Bank Alfalah. This initiative will curtail the shared electrical load by 10% contribution. Further, 150 ATMs operate seamlessly with the assistance of solar panels, demonstrating the Bank's dedication to harnessing cleaner energy sources. As a result, over 260,000 Kgs of carbon dioxide has been offset with clean source of energy within this year.

Bank Alfalah is not only deploying solar panels but is also embracing a diverse range of clean energy technologies to achieve sustainable energy practices. These include long backup UPS systems, inverter ACs, LED lights, and solar panels towards clean energy. This strategic move aligns with the Bank's broader commitment to responsible and eco-friendly banking practices.

- **Paperless Operations**

The business implications of transitioning to a paperless system are evident in an improved customer experience, heightened productivity, enhanced

operational efficiency, and reduced carbon footprint. Cash/Cheque Deposit Machines (CDMs), branch report digitisation, and various other initiatives are being implemented to eliminate and/or minimise the use of paper through the Bank's digital transformation initiatives. Simultaneously, the Bank encourages environmentally conscious employee behaviour, customer facilitation and processes improvement.

- **Reduced Paper Consumption:**

In order to reduce the paper consumption and to contribute to reduction in carbon emission Bank Alfalah is promoting duplex printing. Further SOA (statements of accounts) have also commenced to be printed on A5 paper, which will not only save paper cost but will also reduce the electricity cost.

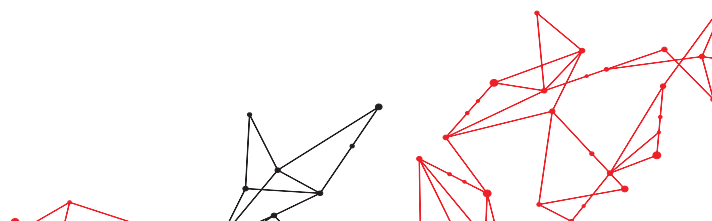
- **Utilisation of Environment Friendly Paper:**

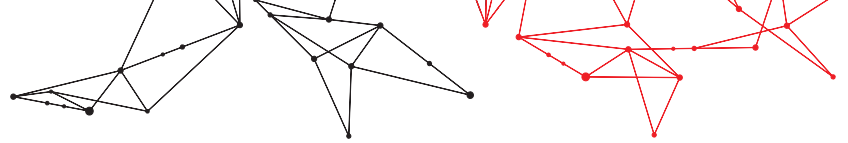
Being sustainable and reduce environmental impact is Bank Alfalah's utmost priority. To contribute in this noble cause bank is using only eco-labeled/environment friendly papers.

- **Building Design and Infrastructure**

All new branches and structures within the Bank Alfalah network adhere to the Branch Design Manual, ensuring a consistent and controlled approach to construction. The manual meticulously addresses several crucial aspects:

- In line with accessibility standards, all primary entrances, including ATM vestibules, are designed to incorporate ramps.
- Railings are mandatory features for facilities with multiple steps to facilitate safe ascent and descent.
- Emergency exits equipped with push-bar doors are mandatory to ensure unimpeded evacuation in critical situations.
- Ceiling-mounted automatic/self-fire extinguishers are compulsory in all unmanned and high-hazard locations.
- Specific to IT rooms and electrical rooms, automatic/self-fire extinguishers are now independently incorporated.
- To mitigate fire hazards, compartmentalisation has been introduced between UPS batteries and electrical installations.
- HD cameras secure cash routes in every branch, monitored centrally from a command and control centre.





- New buildings prioritise access to natural light or direct sunlight, wherever possible, to reduce reliance on electric lighting and promote energy savings.
- Over workstation areas, 2'x2' panel lights are being introduced to enhance brightness and ensure high-quality vision.
- The incorporation of dedicated indoor green spaces is underway in bank branches where feasible.
- In adherence to State Bank of Pakistan (SBP) directives, 17 branches tailored to accommodate People with Disabilities (PWD) have been designed and implemented.
- As a safety measure, aluminium louvers are now used as enclosures for Electrical Distribution Boards, employing non-combustible materials.
- Ensuring customer satisfaction across all aspects, the Bank also invests heavily in renovating its branches. This year over 95 existing branches have been renovated in minor, medium and major categories, making them fresh and vibrant for customers and staff.

- **Efficient / instant reporting via Centralised Complaint Management System (Here4U)**

In order to cater issues efficiently centralised complaint management system (Here4U) has been established. The system helps in tracking and rectifying the issues before turning in to serious incident.

- **Environment Protection Measures**

The Bank's aim is to be an environment-friendly organisation. Thus regular awareness campaigns and broadcasts to staff through various communication channels are a key feature of the Bank's strategy to encourage employees to efficiently use energy and protect the environment.

- **Energy Conservation**

The Bank has systematically replaced the majority of traditional light fixtures and air conditioning units with energy-efficient LED lights and inverter ACs and environmental friendly air-conditioning gases. This strategic move is part of a meticulously planned life cycle replacement initiative and intelligent investment strategy aimed at reducing maintenance costs while elevating overall efficiency levels. By embracing sustainable technologies, the bank not only minimises its ecological footprint but also contributes to long-term energy conservation goal.

- **Water Conservation and Sanitation**

Bank Alfalah has installed sensor based water taps and water flow optimisers at select locations to effectively

conserve water. Since plastic bottles are one of the biggest source of plastic pollution in the oceans consequently harming aquatic creatures, water dispensers are being installed in bank cafeterias and lobbies encouraging staff to use reusable glasses and refill their own bottles for drinking.

- **Waste Management and Responsible Consumption**

The Bank uses shredder machines to destroy sensitive / unwanted paper. After amassing a significant quantity of shredded papers, they undergo a pulping process to be recycled into usable paper. Offices are cleaned daily and waste is managed through proper dumping mechanisms, i.e. government's waste management vehicles. Throughout the year, the Bank managed 64 tons of dry paper waste for responsible recycling.

- **Services with Greener Impact**

Bank Alfalah undertakes the responsibility of reducing environmental footprint very seriously. Limiting energy consumption and emphasising operational efficiency are the Bank's key areas of focus. The Bank's green services include e-statements/mini-statements, SMS alerts and WhatsApp Banking Channel.

## Corporate Social Responsibility /Community Cooperation

### Bank Alfalah CSR Programme

Bank Alfalah continues to cultivate responsible business practices throughout the organisation and is dedicated to amplifying the impact of its sustainability initiatives. The Bank's commitment extends beyond mere checkboxes; it involves crafting a robust business model that addresses societal challenges. BAFL's vision surpasses the ordinary – the Bank aims to spearhead initiatives that bring about meaningful change, delivering intrinsic value and a competitive edge to the Bank. This is not just a strategy; it embodies the Bank's commitment to shaping a future where its actions resonate louder than words, positively affecting lives and communities.

Drawing upon the Bank's social, economic, and environmental resources, Bank Alfalah places paramount importance on education, healthcare and mental well-being, financial inclusion, diversity, sports, arts, and culture up building. In 2023, the Bank proudly collaborated with trusted and steadfast partners.



Bank Alfalah undertook social projects in the following categories:

- **Social Welfare:** The Bank is always keen to support causes that work towards the social welfare of the country. This includes extending support to underprivileged segments of the society so they may have access to the basic necessities of life, i.e. food, education and health, leading towards a better standard of living.
- **Education:** Pakistan suffers from an extensive education crisis that needs attention. Through philanthropic investments, the Bank aims to uplift people's lives and empower them on their journey to gain education and technical knowledge.
- **Health:** Health remains a priority area for Bank Alfalah as it supports reputable organisations, as well as integrates healthcare providers into the Alfa App for streamlining donations from application users.
- **Environment:** Bank Alfalah is making an effort to address priority environmental concerns of Pakistan and tackle them within the framework of the national environmental policies. The initiatives in this regard include plantation drives in the Northern Areas, and distribution of biodegradable bags to reduce the usage of plastic.
- **Youth Programmes:** Youth programmes lead to numerous positive outcomes for young people. The Bank is keen to support opportunities and causes that promote healthy outcomes for the country's youth, particularly supporting special clubs and service programmes, scholarship programmes, community service organisations, academic enrichment programmes, etc.
- **Sports:** The Bank believes that sports play an important role in fostering development and communication in any society and help shape the image of a country across local and international forums. Bank Alfalah partnered with the Pakistan Cricket Board (PCB) to boost Pakistan cricket team's performance by sponsoring. Bank Alfalah was a primary sponsor for the analysis show 'The Pavilion' which received widespread appreciation as one of the highest rated analysis and coverage endeavours during the Men's Cricket World Cup 2023.
- **Women Economic Empowerment:** Women's economic empowerment is a prerequisite for inclusive and equitable economic growth. The CSR philosophy acknowledges women's economic empowerment. To put this into practice, Bank Alfalah has taken several initiatives, as well as received several accolades for its efforts at promoting banking amongst women.

## A Snapshot of the Bank's CSR Programme

	2023 Rs. in Mn.	2022 Rs. in Mn.
Flood Relief	1,174.5	271.2
Other donations / CSR initiatives	75.0	60.8
	<u>1,249.5</u>	<u>332.0</u>

Please refer to the 'Statement of Charity and Donation' in the 'Performance and Position' section within this Annual Report

During the year, Bank Alfalah's CSR activities were primarily carried out in collaboration with the following partners:

### Shaukat Khanum Memorial Cancer Hospital (SKMCH)

Shaukat Khanum Memorial Cancer Hospital has a mission to bring cancer care closer to patients; hence, Pakistan's third Shaukat Khanum Memorial Cancer Hospital and Research Centre (SKMCH&RC) is being constructed in Karachi. Bank Alfalah made a commitment of PKR 100 million towards the construction and dedication of the main reception and waiting area for clinical and radiation oncology, along with the reception and waiting area for the Inpatient Unit. Bank Alfalah's contribution is a source of relief and support to many indigent cancer patients who will be treated at SKMCH, Karachi.

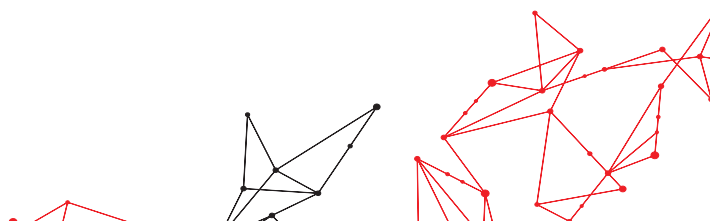
For the second consecutive year, Bank Alfalah has extended support to Shaukat Khanum, contributing an amount to uphold the Bank's ongoing commitment.

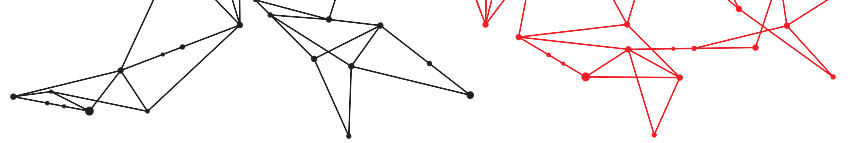
Donation Amount: PKR 33 million

### Alamgir Welfare Trust International

Alamgir Welfare Trust International has been serving the downtrodden community for the past 25 years. Their services include medical facilities, educational assistance, cooked food and Ration packages to destitute families. Bank Alfalah collaborated with Alamgir Trust and distributed Ration packages in 8 major cities: Lahore, Karachi, Islamabad, Rawalpindi, Multan, Faisalabad, Quetta and Peshawar.

Donation amount: PKR 4.5 Million





### **i-Care Foundation**

i-Care Foundation provides a platform for organised and intelligent giving for corporate donors to maximise the impact and effectiveness of their donations. i-Care Foundation will work with the Sindh Institute of Physical Medicine and Rehabilitation (SIPMR) to train 50 college/university degree-holder persons with disabilities (PwDs) in financial literacy, customer service, and computer skills.

Donation amount: PKR 2 Million

### **Make-A-Wish Pakistan**

Make-A-Wish Pakistan is an affiliate member of Make-A-Wish Foundation Int'l, which is dedicated to granting the most cherished wishes of critically ill children. Since its inception, Make-A-Wish Foundation Pakistan has granted thousands of wishes to critically ill children, enriching their lives with hope, strength and joy.

Donation amount: PKR 500,000

### **Network of Organizations Working For People With Disabilities Pakistan (NOWPDP)**

NOWPDP, a non-profit organisation, empowers persons with disabilities by creating employment opportunities for them and promoting financial inclusion in the banking sector. Bank Alfalah funded the Centre of Excellence for Financial Inclusion (CEFI) 's running costs. The centre aims to improve financial inclusion and literacy among persons with disabilities by providing them with access to financial products and creating income opportunities for them.

Donation amount: PKR 4 Million



### **WWF-Pakistan**

WWF-Pakistan has been at the forefront of environmental conservation since 1970, and together with Bank Alfalah, they plan to plant a minimum of 15,000 saplings at the Wetlands in Sandspit, Karachi, symbolising the total number of employees at the Bank.



In addition to the planting initiative, WWF-Pakistan will provide comprehensive post-care for the saplings for one year. This includes regular monitoring and the replacement of the planted saplings, ensuring long-term sustainability.

Donation amount: PKR 3.6 Million

### **Special Olympics**

Special Olympics is a global movement that unleashes the human through sport's transformative power and joy. Through programming in sports, health, education and community building, Special Olympics is tackling the inactivity, stigma, isolation, and injustice that people with intellectual disabilities (ID) face.

The mission of Special Olympics Programs connects with the Bank's vision, and it aligns with the UN Sustainable Development Goals of SDG 4, Quality Education and SDG 10, and Reduce Inequalities. Special

Olympics Pakistan has a wide network of special schools nationwide, and most of its programming is offered in school settings. SOP's school-based sports program is self-sustainable as it is implemented with the help of the school coaches and the management. At the request of Special Olympics, Bank Alfalah is providing financial assistance through donations to support their sports initiatives.

Donation Amount: PKR 4.5 million

### **Karwan e Hayat**

Karwan e Hayat is the only institute providing essential mental health care services in Pakistan catering to people who are suffering from psychiatric ailments. They are preparing people for the society, enabling them to earn a

sustainable livelihood. The Bank shortlisted this NGO as it is aligned with the Bank's CSR Policy and United Nations Sustainable Development Goals (SDG 8 and 11). The institute is vital in rehabilitating patients and helping them lead fulfilling lives.



The donation will be allocated to the following initiatives:

- Establishment of Computer Labs
- Creation of a Library

Donation Amount: PKR 3 million.

### **Pahchaan**

Pahchaan is an acronym for Protection and Help of Children Against Abuse And Neglect. It is a not-for-profit child rights and protection organisation working to enhance and better the future of several families in Pakistan. For around two decades now, Pahchaan has worked tirelessly in the field of family support. They are the pioneers of establishing multiple child protection units across Punjab, as well as the first ones to take the initiative to develop the much-needed mother and child health promotion centres in the underserved communities of Pakistan.

Pahchaan is one of the very few NGOs that are working for the primary health care of women and children in the most neglected and marginalised communities. Working with Pahchaan is aligned with the bank's sustainability and CSR policy, and it is also aligned with United Nations SDG Goals: SDGs 3, 6, and 17.

Donation amount: PKR 2.5 million

### **Zindagi Trust**

Zindagi Trust is a non-governmental, non-profit organisation established in 2002. They aim to empower students to reach their full potential by offering holistic



and inclusive educational experiences that develop higher-order cognitive skills. The NGO adopted two government schools in Karachi (SMB Fatima Jinnah and Khatoon-e-Pakistan Government Girls School) to transform them into model teaching and learning institutions.

Zindagi Trust intends to develop a digital arts education unit at two schools to empower female students by fostering their creativity and enabling them to excel in various aspects of digital arts, including graphic design, illustration, animation, and digital photography.

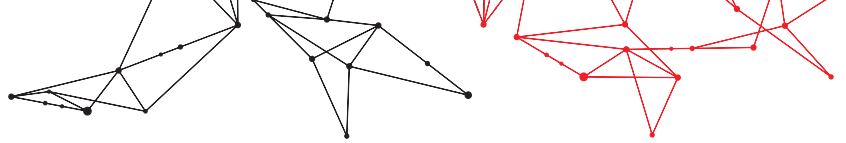
This program will integrate comprehensive financial literacy education for Grades 9 and 10. Over two years, this program will empower and educate over 2000 girls through Bank Alfalah's Learning and Development Department. The aim is to give these students a solid foundation in key financial concepts.

Donation Amount: PKR 7.4 million

### **Habib University**

Bank Alfalah partnered with Habib University to establish a scholarship fund for students aspiring to pursue higher education. The fund will comprehensively cover all educational expenses throughout the four-year degree programme to offer financial assistance to deserving students and guarantee their access to education.

Bank Alfalah has pledged an annual commitment of PKR 6.4 million (amounting to PKR 25.6 million) over four years to support select applicants pursuing social sciences and engineering studies. As part of the program, four high-merit and deserving students will get equal educational opportunities, promoting inclusivity by focusing on women and differently-abled applicants. The recipients of the scholarships will be honoured as 'Alfalah Scholars'.



The Bank is dedicated to creating a lasting impact and establishing a sustainable educational option for students. The scholarship fund established by the Bank is aligned with the Sustainable Development Goals (SDGs) by promoting inclusive and quality education (SDG 4) and fostering partnerships for the goals (SDG 17). The Bank also plans to conduct workshops at Habib University, inviting faculty and academia to discuss digital banking, financial inclusion, and green banking topics.

Donation Amount: PKR 6.4 million

### Deaf Reach

**202** Deaf Reach is a program of the Family Educational Services Foundation (FESF). It is the only branch network of schools catering to the needs of the Deaf community, providing a full-circle solution from education and skills training, teacher development and parent training to job placement and community inclusion.



Bank Alfalah partnered with Deaf Reach schools to support the educational expenses of students with hearing impairment. Bank Alfalah has pledged to support its teachers' training program. Therefore, the donation amount will be partially utilised for teachers' training, and the rest will benefit over 100 students.

Donation Amount: PKR 3.6 million

### Volunteering in the Community

**Employee Volunteering Leave:** In order to become a socially responsible organisation and to provide our employees with an opportunity to volunteer their time and talents for the communities around them, we have introduced an Employee Volunteering Leave of up to two days.

**Partnering with a Charity:** The Bank has collaborated with The Citizen's Foundation to offer the following programmes for which our employees can volunteer:

- **Career Counseling** - a one-day session with students of graduating batches to help them choose their career path.
- **Rahbar Programme** - a full day mentoring for students of grades eight and nine. The programme is run every Saturday for six weeks.
- **Baghban Programme** - a fundraising programme where volunteers brainstorm ideas to raise funds to support the education of TCF students.

### Employee Welfare

#### Bank Alfalah Employee Welfare Programme

Bank Alfalah cares for its employees and their families' safety and well-being. The Bank always comes forward with different welfare schemes for employees, specifically those in the lower grades/income class. These welfare schemes, in addition to providing security to employees, help the Bank in improving employee engagement, morale and motivation. This ultimately leads to higher productivity and greater loyalty.

The Employee Welfare Programme, which is contributory in nature and aims at providing financial assistance to employees in need for the following purposes:

- **Medical Grant:** Provides funds for medical emergencies/treatment of employees and their families (insured dependents), where health insurance limit is exhausted as per the Bank's hospitalisation policy.
- **Marriage Grant:** Provides funds for daughters' marriages.
- **Educational Grant:** Provides funds to pay admission fee for professional/postgraduate degrees of employee's children.

Employees contribute to the fund on a monthly basis and the monthly contributions are matched by the Bank. During 2023, 371 employees were facilitated through BAF Employee Welfare Programme. Further, the Bank also supported 479 employees (including third party staff) who were the victims of recent floods.



# IMPACT & SUSTAINABILITY BULLETIN



"In the face of adversity, our resolve strengthened in 2023. With Phase-2, Bank Alfalah showcased its dedication to rebuilding lives and empowering communities."

Faisal Farooq Khan  
Chief Human Resource Officer



"Our Phase-2 initiatives, driven by renowned and trusted partners who are reimagining futures along with our commitment to sustainable way forward."

Imran Assad Khan  
Head-Branch Banking Operations Division

## The Big Picture



Over PKR 1.24 billion disbursed

### Phase 2: Rehabilitation and Rebuilding - PKR 338 million

#### Rebuilding Houses

**Construction in Progress**  
235/400 Houses  
**6 Villages**  
Sindh, Punjab and Balochistan



**Construction Complete**  
Larkana: 42 Houses  
Shed for animals, water, electricity supply



**Construction Complete**  
Surkhab 35 Houses  
**Construction in Progress**  
40 houses are being built at Hanna & Urak.



#### Revive & Rise

Interest free loans for reconstruction of flood affected houses.  
Disbursed PKR 211 Million | 908 Beneficiaries

#### Healthcare

**PATIENTS' AID FOUNDATION**  
HUMANITY MEETS HEALTHCARE  
Served 720 patients  
399 Male | 321 Female

**ADA KHAN FOUNDATION**  
Provided Essential Supplies, Services and Nutrition

**CHILDLIFE FOUNDATION**  
4 Emergency Rooms:  
Helped 118,000 critical patients

**3 Mobile Health Vans:**  
15,746 Patients have been treated

**Education**  
THE CITIZENS FOUNDATION  
**Primary School Nawabshah**  
The school will serve 180 students

#### Staff Facilitation - Flood Relief Assistance Program (EWP)

Allocated PKR 110 million  
Supported 269 permanent staff  
Helped 262 third party staff



# Bank's Commitment to flood impacted communities

## The Biggest Corporate Donor in 2022 and 2023 with USD 10 million Pledged for Flood-impacted Communities

When floods hit significant parts of the country, Bank Alfalah came to the forefront with a determination to provide immediate relief and rebuild impacted areas and formulated a strategic plan for redeveloping communities in a sustainable, equitable and financially inclusive way. In August 2022, Bank Alfalah's Chairman, His Highness Sheikh Nahayan Mabarak Al Nahayan, and the Board of Directors graciously approved USD 10 million (PKR 2,180 million) to help with the extensive relief and rebuilding efforts.



### Flood Relief Efforts

In the rehabilitation and rebuilding phase, we are working with our partners to provide clean drinking water to flood impacted communities

- 📍 17+ locations
- 🚰 5,000+ Water filters
- 🏠 35,000+ households

Our partners



### Commitment to Pakistan

This gesture by the Chairman and Board of Bank Alfalah is unprecedented and is a testament to the strong bond between UAE and Pakistan while reaffirming the strong positioning of Bank Alfalah as being a truly caring bank. His Highness has always been a great supporter of Pakistan and expressed his concerns at the calamity that has recently overwhelmed the country. However, he has also been deeply impressed by the extraordinary fortitude and resilient spirit that characterises the people of Pakistan as they advance to navigate a way to a safer shore.

He acknowledged that no amount of money is enough in the face of such devastation and irreversible loss; he was hopeful that this contribution would partially alleviate the suffering of the victims.

In 2022, the pledged amount was being distributed by Bank Alfalah for the flood relief and rehabilitation efforts through select reliable and trusted NGOs to provide immediate relief, and a substantial amount has been earmarked for infrastructure rebuilding in the medium to long term to help the affected areas attain normalcy.

**Spirit of Bank Alfalah's employees:** Bank Alfalah has been working for the relief of flood affectees from the beginning and used the strong network of its branches and front-line staff to help those who were hit by floods. The Bank established Flood Relief Camps and started in-kind donation drives at 32 locations, including the Head Office and branches nationwide, to collect clothes, food items and medicine for the flood-hit communities.

The employees voluntarily donated their one-day base salary for flood relief work. All permanent employees were requested to make a one-time voluntary deduction of 1 day's base salary or any other amount to support fellow countrymen affected by floods and torrential rain.

**Standing by the Colleagues:** The Bank ensured that the colleagues impacted by the torrential rain were adequately looked after. The Bank allocated the funds to address the needs of staff, their families, and their nearby communities. The Bank received 479 requests from different cities and remote locations where employees' houses and other assets were damaged or completely wiped out. A contribution of PKR 104 million was made to ensure that the bank stands tall with the staff and their families until their lives return to normalcy.

### Two-pronged approach:

Relief and Rebuild Bank Alfalah emerged as a leader with a resolve to aid in the relief and rehabilitation of flood-hit areas and created a two-phase community redevelopment plan that was sustainable, equitable, and financially inclusive.

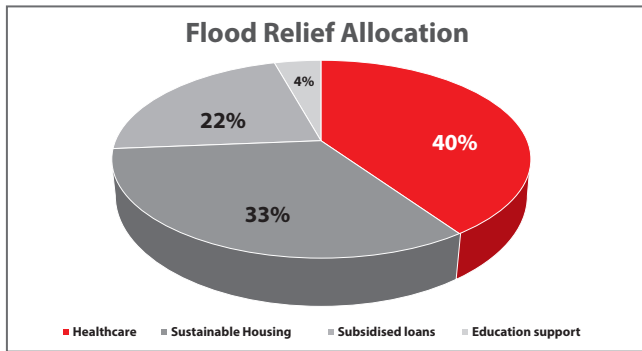
In the first phase, the Bank partnered with reliable and trusted non-governmental organisations (NGOs) across Pakistan to rescue the flood-impacted people from hard-hit geographical locations. The second phase is dedicated to rehabilitating and rebuilding the communities.

The Bank's comprehensive rehabilitation and rebuilding initiative started with immediate rescue and relief efforts in Phase 1 in 2022, whereby the bank partnered with reliable and trusted non-governmental organisations (NGOs) across Pakistan. These partnerships facilitated the

rescue and assistance of flood-impacted individuals in hard-hit locations, and over PKR 300 million was disbursed as part of this phase.

This year, the Bank embarked on Phase 2 of its flood relief efforts with a disbursement of over PKR 900 million, focusing on rehabilitation and rebuilding lives. This phase encompassed several key areas: sustainable housing, healthcare, education, and livelihood support.

**Rehabilitation of Flood Impacted Communities**



**A) Healthcare Provision worth over PKR 460 million**

Other than initiatives for sustainable housing, there is also a strong dedication to healthcare and education. A partnership with the Aga Khan Foundation has been strengthened by a generous donation of PKR 200 million. Aga Khan Foundation is working to accelerate agricultural livelihood and increase household’s food security and resilience. Apart from nutrition, it is also improving the community’s access to health services through health service delivery platforms and mobile outreach services.



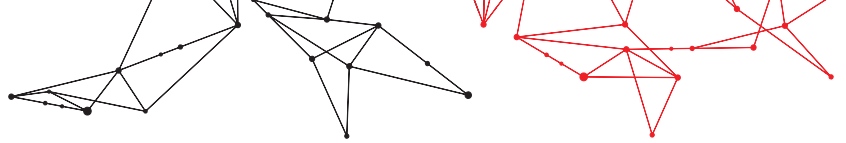
A donation was made to the Patient Aid Foundation with a focus on aiding the underserved in Jinnah Postgraduate Medical Centre (JPMC) Karachi, which has inundated flood-impacted communities travelling to Karachi from the interiors. To date, over 720 patients have been treated. Child Life Foundation is also at the forefront of treating patients and has catered to 118,000 patients in flood-impacted areas through telemedicine. Other partners include Alamgir Welfare Trust, Hands and Al-Mustafa Trust.

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**B) Sustainable Housing Provision and reviving livelihood worth over PKR 380 million**

Bank Alfalah has partnered with reputable organisations such as Karachi Relief Trust, Bait-us-salam, Sahil Welfare Trust and Shahid Afridi Foundation to address the housing needs of flood-affected communities and promote climate resilience. The partner NGOs inaugurated housing communities in Balochistan and Sindh during the year.





These partner NGOs include Baitussalam Welfare Trust, which completed 42 houses with utilities in Larkana and Shahid Afridi Foundation, which handed over 35 houses in Sukhab, Balochistan. Moreover, Karachi Relief Trust continues constructing 235 houses in Nawab Shah, Nowshero Feroz, Sohbat Pur, and Rajanpur. The Bank also made disbursements to support reviving agricultural land impacted by flood.

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### C) Subsidised Loans Provision of around PKR 250 million

Bank Alfalah offers interest-free rehabilitation loans to support the households affected by the floods through its partnership with Akhuwat. PKR 211 million has been disbursed to over 900 beneficiaries in all four provinces to reconstruct damaged houses. The loan size goes up to PKR 300,000, and the tenure is up to 4 years.

### D) Education Support Provision worth around PKR 50 million

In alignment with its dedication to education, Bank Alfalah has partnered with The Citizen Foundation to rebuild and restore the education infrastructure in flood-impacted areas. TCF is constructing a Primary School for 180 students in Nawabshah. The project is currently at the sub-structure stage and will be completed by June 2024, well before the commencement of the 2024-2025 academic year.



To accelerate the rebuilding process, the Bank is onboarding new partner NGOs, Injaz Pakistan, Green Crescent Trust and Vital Pakistan. The three NGOs will focus on women's empowerment and financial inclusion. This will develop socio-economically aware communities, motivated and equipped towards a financially enabled community working towards a safe and sustainable future.





## SECP CSR Guidelines

To align with the Securities and Exchange Commission of Pakistan (SECP) Corporate Social Responsibility (CSR) guidelines, Bank Alfalah is voluntarily contributing to the following principles:

1. Utilise the CSR governance benchmark and terms of reference of the CSR committee provided in the guidelines for self-assessment and facilitation purposes.
2. Integrate the output of CSR commitment into a board-level CSR policy to ensure alignment with organisational objectives and values.
3. Incorporate CSR activities as a regular agenda item in board meetings.
4. Entrust the CSR committee with the responsibility of transparently and effectively supervising CSR activities, providing specialised oversight, and regularly reporting progress to the Board.
5. Define a systematic approach for reporting the implementation status of CSR initiatives to both internal and external stakeholders, ensuring transparency and accountability.
6. Develop a comprehensive CSR report to provide stakeholders with insights into the bank's CSR initiatives, progress, and impact on the community and environment.
7. By aligning with the SECP CSR guidelines, Bank Alfalah aims to demonstrate its commitment to corporate social responsibility and contribute positively to society and the environment.

## Economy

### Intermediation – Key Trade and Banking Figures

The Bank intermediated the economy by channelling business for various traders and firms, facilitating import and export business, and positively contributing to the economy. The Bank channelled Rs. 1,366 Bn in imports and Rs. 684 Bn in export payments during 2023.

### Contribution to the Government

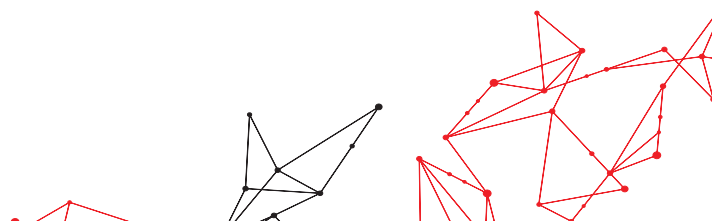
The Bank contributed Rs. 42.2 Bn to the Government's tax revenue in the form of income taxes along with collecting and depositing indirect taxes. The Bank remains focused on being a responsible taxpayer.

### Remittances from Workers Abroad

The Bank has been a noticeable contributor in the flow of remittances to Pakistan through its global network of partner banks, money transfer operators and exchange companies that rely upon the Bank's technological rails to offer overseas Pakistanis smarter and faster ways of sending home remittance to Pakistan. The Bank has invested in various initiatives for financial inclusion, notably the launch of Asaan and Digital Remittance Accounts, and marketing activities to promote cash over-the-counter payments through its network of over 1,000 branches in more than 200 cities across the country. During the year, the Bank contributed to the economy by facilitating over 10 million customer payments in Pakistan valued in excess of USD 3.7 billion, bringing the Bank's remittance market share to 14% for 2023.

### Jobs

The Bank has consistently created employment opportunities across Pakistan through its extensive recruitment programmes. In 2023, the Bank has on-boarded 3,501 resources to drive its vast business operations. The new hires include 2,510 male and 991 female employees. Moreover, through diverse batch hiring programmes, the Bank taps into the country's fresh talent pool in order to create worthwhile opportunities for young applicants.



# Green Banking Initiatives

Traditionally financial considerations have been the drivers of profit. The severity and accelerated pace of environmental degradation and social deterioration forced a redrawing of priorities for companies on how they should conduct business and for the banks as to what and whom they should finance.

By virtue of their role as intermediaries between people with shortages and surpluses of capital, banks hold a unique position in the economy for sustainable development. This intermediary role is both quantitative and qualitative. Bank Alfalah believes that the greatest impact the Bank has on the environment and society is through its financing activities.

Due to their efficient credit approval systems, banks are well-equipped to weigh risks and the Bank asks customers to rectify negative carbon impact.

Green banking integrates financial, social and environmental considerations into decision-making to enable sustained profits and higher returns on investments.

With its Green Banking Guidelines, the State Bank of Pakistan introduced green banking in Pakistan and initiated the process of its incorporation in banks' systems. Bank Alfalah has an approved Green Banking Policy for implementation of SBP Guidelines. New joiners are given basic Green Banking awareness training during their orientation while existing staff are required to successfully complete an e-Learning module on 'Green Banking' every year. Further, credit staff has to clear test related to Environmental & Social Management System (ESMS) training to be eligible for ESMS review of low risk clients.

Green Banking is divided into the following three areas:

- a) **Environmental & Social Risk Management (ESRM)**, requires banks to integrate green banking in their credit approval processes, and adopt environmental and social risk management practices, as well as ensure compliance with environmental and labour laws by the borrowers in banks' credit portfolio.



As a responsible corporate citizen, Bank Alfalah had started the process in early 2015, in collaboration with IFC, to integrate ESRM in the credit approval process of the Bank. The ESRM Framework essentially requires that any relevant lending opportunity is to be reviewed and evaluated under the:

- Exclusion List
- Applicable national laws on environment, health, and safety
- IFC Performance Standards

In November 2022, the State Bank of Pakistan (SBP) issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan.

During 2023, Bank Alfalah has aligned its Green Banking Policy and ESRM Procedures manual. From end of

November 2023, the Bank is using SBP's provided ESRM templates and complying with it (Regulatory Implementation is expected by November 2025). Bank Alfalah's Environmental Risk & Green Banking Department (also known as Green Banking Office) is providing ESRM Advisory to all internal customers on transactional levels so that the staff does not face any difficulty in implementing the revised ESRM framework. All personnel working in this department have acquired IFC online certification of 'Sustainability Training and E-Learning Program' (STEP)

This framework is an integral part of the credit approval process and all relevant credit proposals require credit, environmental and social review prior to approval of the competent authority. In-house classroom trainings on Environmental and Social Management System (ESMS) are conducted for client-dealing Relationship Managers and credit staff.



**Bank Alfalah**  
The Way Forward

**IFC** International Finance Corporation  
WORLD BANK GROUP  
Creating Markets, Creating Opportunities

**MoU Signing Ceremony between Bank Alfalah & International Finance Corporation (IFC) on Green Banking Advisory**

On December 11, 2023 a momentous signing ceremony unfolded between Bank Alfalah and International Finance Corporation (IFC), marking the commencement of a transformative partnership in Green Banking Advisory. Together, we embark on a journey towards a greener and more sustainable financial landscape.

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As a result, the Bank's borrowers are now aware of the importance of the environment, the need for environmental due diligence, environmental laws, and the role of environmental protection agencies in each province. The Bank helps the borrowers to comply with the environmental laws and in case of non-compliance, guides the customers towards compliance by giving short deferrals and maintaining periodic follow-ups with the customers.

- b) Green Business Facilitation**, entails providing finance to businesses (existing and/or fresh customers) willing to invest in operations and technologies bringing improvement in environmental risk management, and resource efficiency.

The Bank encourages its clients to improve their operations and technologies by initiating eco-friendly schemes. Bank Alfalah introduced a green financing product 'Alfalah Green Energy', which is a term finance facility for customers willing to install solar energy equipment for generation of electricity ranging from 4 KW to 1,000 KW with net metering. It allows repayment tenure of up to 5 years with 3 months' grace period.

Bank Alfalah has provided financing for the following mega green projects:

- c) Own Impact Reduction** entails reducing Bank Alfalah's own carbon footprint. This involves increasing the use of solar energy, which decreases the Bank's reliance on grid-energy/fossil fuel based energy, reduction in paper consumption, rationalisation of water consumption.

Achievements in this regard include 150 ATMs converted on solar energy, declining paper consumption, replacement of diesel-fuelled generators with UPS' for backup power supply, replacement of regular saver lights with low consumption LEDs, and the replacement of conventional ACs with inverter ACs. The Bank is also continually bringing about resource efficiency and reducing cost by optimal utilisation of all resources.

The cumulative impact of all steps taken so far shows that the Bank has successfully started to achieve the objective of Green Banking as laid down in the SBP Guidelines.

S. No.	Name of Project	Source/ Type	Capacity (in MW)
1	Fatima Energy Limited	Bagasse	118
2	Chiniot Power Limited	Bagasse	62
3	Hunza Steel (Pvt.) Ltd.	Bagasse	20
4	Gul Ahmed Wind Power Limited	Wind	49
5	Metro Power Company (Pvt.) Limited	Wind	49
6	Master Green Energy Limited	Wind	50
7	Din Energy Limited	Wind	50
8	Gharo Solar (Pvt.) Limited	Solar	50
9	Nizam Power (Pvt.) Ltd	Solar	9
10	Neelum Jhelum Hydropower Company (Pvt) Ltd	Hydro	969
11	Dasu Hydropower Project, WAPDA	Hydro	4,320

## Occupational Health Awareness and Measures

A dedicated function is managing the Health, Safety & Environment (HSE) domain and creates a culture of safety leading towards healthy and creative delivery of service, inside and outside the workplace. Bank Alfalah's HSE team is running an active annual training programme, simulation exercises, incident tracking, and branch inspections to spread awareness and develop focused mitigation measures based on the pre-emptive knowledge rule. The communication program includes but not limited to life safety, workplace safety, safe working practices, environment preservation and sustainability, viral diseases, fire protection and prevention, etc.

## People and Premises Safety – Installation of Automatic Fire Extinguishers(AFE)

A unique and cost effective initiative to reduce the risk of fire in branches and critical locations where physical monitoring is not possible at all times, Auto Fire Extinguishers are being installed in all Bank Alfalah branches and key buildings.

This initiative has been found to be very promising and has saved major fires; and is now a mandatory feature of all new and old Bank Alfalah premises.

## Emergency Preparedness and Responses

The Bank's HSE team prepares staff through training and communication for possible adverse situations in a way that precautions become part of office culture and lifestyle. The emergency preparedness programme, includes delivering health and safety awareness communication, emergency evacuation and fire extinguishing trainings to the staff.

## Safety Training and Awareness

The Health, Safety, and Environment (HSE) as well as Business Resilience teams are actively conducting training and awareness programs for staff across multiple platforms. These initiatives include classroom sessions, email

circulations, videos displayed on staff screens, and various other channels. Through these diverse means of communication, the teams aim to effectively impart knowledge and enhance awareness among the staff regarding health, safety, and environmental practices, as well as strategies for business resilience



## Pre-emptive Safety Inspections/Reviews of Branches and buildings

In upholding elevated safety protocols, the HSE team conducts proactive safety reviews of branches. This not only facilitates the identification and rectification of potential hazards but also contributes to the establishment of a secure environment for both staff and customers

## Mandatory Ramp and Emergency Exit provision in new branches and buildings

Inclusion of Ramps and Emergency Exit is now the integral part of every new premise of Bank Alfalah. This not only provides compliance to State Bank's guidelines but also covers essential protocols for staff safety and wellbeing.

## Vendor Third Party Safety Training

In order to strengthen safety practices and encourage responsible procurement/sourcing, HSE & Procurement teams arranged training session on Safe Working Practices for the Bank's external partners related to Project



Management, Electrical, UPS works, facility management & catering services. By enforcing these health and safety practices, vendors will not only create a safer and more hygienic environment for bank but also reduce risks for potential incidents during their day-to-day activities.

The Bank aims to continue these training and awareness sessions for its suppliers so that safe and responsible working will be embedded in BAFL's working practices.

Following were the key areas of discussions covered during the session.

- Hazards, incidents and accidents
- Safe working practices at construction sites
- Electrical and Fire Safety Hazards & Safety Precautions
- Hygiene practices & House Keeping
- Risk Management
- PPE management



## First Aid and CPR Trainings for Staff

Bank Alfalah's staff is being provided with First Aid training through professional and competent trainers. This life saving training will provide the staff the competency to deal with any unforeseen medical emergency and provide first aid medical assistance. The Bank aims to provide these trainings across the entire BAFL network in Pakistan.



## Blood Donation Drive

The Bank arranges blood donation campaigns in major cities i.e. Karachi, Lahore and Islamabad to help the people in need and to facilitate its employees and their families during medical emergencies.

This blood donation has not only provided the lifesaving opportunity to thalassemia and other patients but the arrangements with bank has also enabled the Bank to assist bank staff in dire need of blood. Until today, 23 staff have been assisted in emergency with 75 units of Blood free of cost.

## Crisis Management – Torrential Rain and Flood Emergency Response

During last year, Pakistan was struck by natural calamity of torrential rains and urban flooding, around 100 branches along with few back offices of southern region of Pakistan were non-operational due to flooding, rainwater accumulation and access blockage to premise and unavailability of network. The operation of the branches was continued from one of the three BCP branches. Real time BCPs of departments were also activated through dedicated BCP sites, home working, and agile working.

A comprehensive Rain Emergency Response Plan has been developed, which is based on lesson learnt and actions taken during last few year unprecedented torrential rains. The plan covers action plans, safety precautionary measures and roles & responsibilities.

Few key actions taken during unprecedented rains are:

- Critical branches were operated with skeleton staff.
- Female staff in critical branches were allowed to take off or work from home.
- Critical staff who worked from office were accommodated for meal arrangement and VPN approval.
- Diesel was arranged for branches and critical locations including Data Centres.
- Guards were deputed in critical and low laying branches.
- Sandbags were provided in the branches that are at road level and can be affected due to rainwater flooding.
- Time to time advisories was shared with staff for adherence of safety precautionary measures.
- High Bed vehicles were arranged for staff located in high impacted areas.
- Live CCTV monitoring of branches was performed. Installation and utilisation of Satellite links

## Enhanced BCP Arrangements

### Dedicated BCP Sites

Additional BCP sites for critical departments have been developed to ensure continuity of business in any disrupted and unprecedented event.

### Agile Working Room

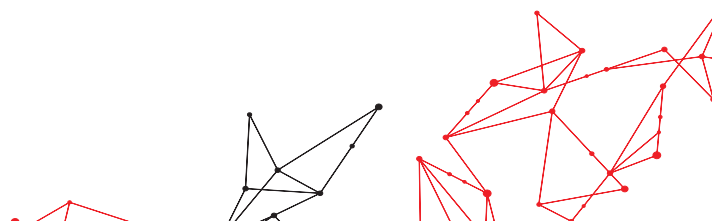
An agile room has been developed for the staff who cannot access their office due to any unwanted event. Staff just have to plug in the Laptops to continue their work without any hindrance.

### Home Working Capabilities

Pre VPN permissions have been taken for the staff, who need to work from home in case of unavailability of their main workspace. These VPN accesses can be activated any time by just requesting the IT team.

## Sustainable Environment Initiative - Green Banking – Own Impact Reduction

In line with the commitment to reduce bank's own carbon footprint and energy consumption, Bank Alfalah is working on sustainability initiatives like reduced electricity, fuel, waste and paper consumptions in consultation with WWF (World Wildlife Fund). The Bank has arranged training program with Head office staff as a kick-off for the implementation of this initiative.



# Sustainable Development Goals and the Bank's Contribution

## Background

Sustainable Development Goals (SDGs) are a universal movement to end poverty, protect the climate, and ensure that all people enjoy peace and prosperity. The United Nations member states adopted the 2030 Agenda for Sustainable Development to provide a better and sustainable future for all. There are 17 SDGs, the scope of which is to address climate change, economic inequality, health provisioning, quality education, gender equality, clean water and sanitation, decent work and economic growth, sustainable cities and communities, and other matters related to building and sustaining a prosperous, peaceful and environment-friendly world. The SDGs provide clear guidelines and targets for all countries to adopt in accordance with their own challenges and requirements.

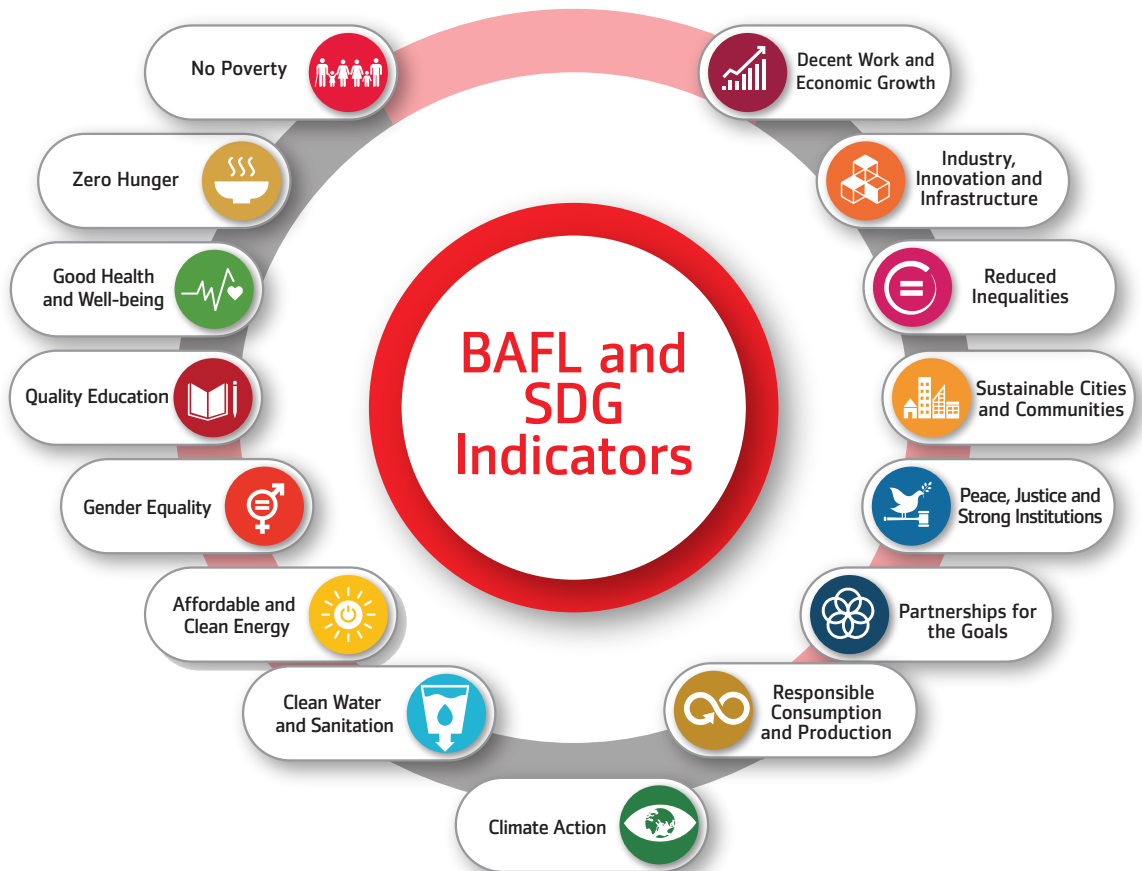
Global Reporting Initiatives (GRIs) are Sustainability Reporting Standards designed to be used by organisations to report about their impacts on the economy, the environment, and/or society.

## Statement of Adoption

The Bank follows these goals/reporting initiatives and strives to establish itself as a contributor to environmental safety.



By contributing to these goals, the Bank aims to achieve the following:

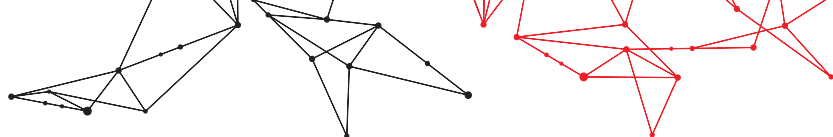
- Align itself with the priorities of the Government of Pakistan, which in turn is required to achieve the goals set by the UN
- Mitigate business risks by addressing empirical risks
- Attract new customers by building brand image
- Increase the loyalty of its customers due to better brand reputation
- Establish new business opportunities and markets
- Bolster the company's financial performance
- Access new capital







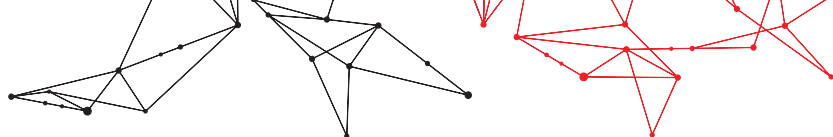
# UN Sustainability Goals, GRI Standards and Bank Alfalah's Contributions

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
 <p><b>1 NO POVERTY</b></p>	<ul style="list-style-type: none"> <li>Equal rights to ownership, basic services, technology and economic resources (1.4)</li> </ul>	Significance of the indirect economic impacts [GRI Standard 203-2]	<ul style="list-style-type: none"> <li>End extreme poverty in all forms</li> </ul>	<ul style="list-style-type: none"> <li>The Bank generously supports various communities irrespective of their cast, creed, race and color. The purpose is to build the nation stronger. Refer to the CSR part within this section of the Annual Report and note 29 of the unconsolidated financial statements for more details.</li> </ul>
	<ul style="list-style-type: none"> <li>Eradicate extreme poverty (1.1)</li> <li>Reduce poverty (1.2)</li> </ul>	Significant proportion of employees are compensated based on wages subject to minimum wage rules.		<ul style="list-style-type: none"> <li>The Bank ensures minimum wage payments to all its employees especially contractual staff. The guidelines followed are the ones relating to minimum wage prescribed by the provincial / federal government.</li> </ul>
	<ul style="list-style-type: none"> <li>Mobilise resources to implement policies to end poverty (1.A)</li> </ul>	[GRI Standard 202-1] & 203-2]		<ul style="list-style-type: none"> <li>Bank Alfalah uplifted poverty-ridden communities by stepping forward and supporting government initiatives like the Government's Ehsaas emergency cash-disbursement, Ehsaas Kafaalat and SBP low-cost housing programs .</li> </ul>
	<ul style="list-style-type: none"> <li>Build resilience to environmental, economic and social disasters (1.5B)</li> </ul>	[GRI Standard 203-2]		<ul style="list-style-type: none"> <li>Bank Alfalah supports the social initiative Roshan Samaaji Khidmat of State Bank of Pakistan (SBP) for Overseas Pakistanis who can now make Zakat &amp; Donation payments digitally through their Roshan Digital Account (RDA) using their Alfa app or Internet Banking.</li> </ul>
 <p><b>2 ZERO HUNGER</b></p>	<ul style="list-style-type: none"> <li>Universal access to safe and nutritious food (2.1)</li> </ul>	[GRI Standard 203-2]	<ul style="list-style-type: none"> <li>Achieve food security through sustainable agriculture</li> <li>Meet nutritional needs of all people</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah has digitally integrated renowned institutions such as Edhi Foundation, Sindh Institute Of Urology And Transplantation (SIUT), Shaukat Khanum Memorial Hospital, Indus Hospital, JDC Welfare Organization, Al Khidmat Foundation, Akhuwat Foundation, Alamgir Welfare Trust, The Citizens Foundation and Sundus Foundation, among others, are enabling the Bank's customers to donate digitally. Now, Bank Alfalah customers can help the poverty-stricken through Zakat and donations received via internet banking and the Alfa App.</li> </ul>
				<ul style="list-style-type: none"> <li>Bank Alfalah provides financing under SBP Schemes i.e. Islamic SME Asaan Finance (I-SAAF) and Prime Minister Youth Business &amp; Agri Finance Scheme (PMYB&amp;AFS) for the growth of small businesses and to create employment opportunities. These low rate financing schemes are aimed at making the funds available targeted towards the low income class that strives towards economic development of the country.</li> </ul>
				<ul style="list-style-type: none"> <li>In Ramadan of the current year, Bank Alfalah used CSR funds (approximately PKR 8 million) to distribute ration bags through a partner NGO i.e. Alamgir Welfare Trust.</li> </ul>
				<ul style="list-style-type: none"> <li>Bank Alfalah's Agri department is active in disbursing agricultural loans to farmers and allied industries. During the year, the Bank disbursed Rs. 58.0 Bn agricultural loans.</li> </ul>



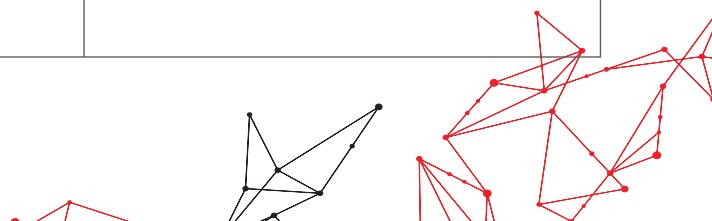
UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>Achieve Universal Health Coverage (3.8)</li> </ul>	<p>Organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided</p> <p>[GRI Standard 403-6a &amp; 203-2]</p>	<ul style="list-style-type: none"> <li>Ensure health coverage across the board for employees and their dependents</li> <li>Easy access to medicines and vaccines</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah provides medical coverage to all employees and their dependents, which not only includes hospitalisation but follow up treatments as well.</li> <li>Bank Alfalah, under the BAF Employee Welfare Program, facilitates employees with additional medical grants during emergencies or for treatment of employees and their families (insured dependents), where health insurance limit is exhausted as per Bank's hospitalisation policy. The welfare program supports employees and provides grants for education and marriage also .</li> <li>Bank Alfalah designs its employee experience strategy around a Happiness Framework which covers the five well-being areas including emotional, mental, physical, financial and career well-being. All initiatives and engagements for employees are developed to enhance these areas.</li> </ul>
	<ul style="list-style-type: none"> <li>Tobacco Control (3.A)</li> </ul>	<p>[GRI Standard 203-2]</p>		<ul style="list-style-type: none"> <li>All of Bank Alfalah's offices/branches are no smoking zones.</li> <li>Bank Alfalah complies with Exclusion List whereby the Bank does not support any activity pertaining to trade in tobacco.</li> </ul>
	<ul style="list-style-type: none"> <li>Fight communicable diseases (3.3)</li> <li>Support research, development and universal access to affordable vaccines and medicines (3.B)</li> </ul>	<p>Voluntary health promotion services and programs offered to workers to address major non-work related health risks, including the specific health risks addressed, and how the organisation facilitates workers' access to these services and programs.</p> <p>[GRI Standard 403 - 6b &amp; 203-2]</p>		<ul style="list-style-type: none"> <li>Bank Alfalah has a dedicated Health, Safety and Environment team, which ensures the awareness related to health, wellbeing of staff and workplace and people's safety through active communication program. The program includes but is not limited to classrooms trainings, emails and broadcasting informative videos on staff screens.</li> <li>Bank Alfalah conducted blood donation activities in major cities to support the noble cause and commitment to play its role towards humanitarian and welfare causes in the society. All employees and families have access to blood provision in case of emergency.</li> <li>Bank Alfalah's staff has been provided with First Aid training through professional and competent trainers. This training will provide the staff the competency to deal with any unforeseen medical emergency and provide first aid medical assistance.</li> <li>In order to strengthen safety practices, Bank Alfalah provided training to vendors / service providers. This training will assist vendors to provide their services with in an efficient and safe manner.</li> </ul>
	<ul style="list-style-type: none"> <li>Increase health financing and support health workforce in developing countries (3.C)</li> </ul>	<p>[GRI Standard 203-2]</p>		<ul style="list-style-type: none"> <li>Easy access to medicines and vaccines</li> </ul>

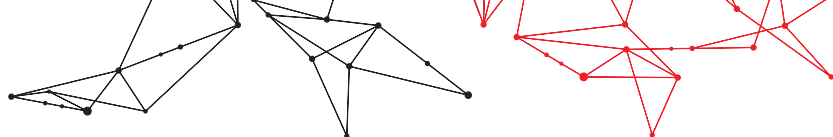
UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	<ul style="list-style-type: none"> <li>Free primary and secondary education (4.1)</li> <li>Equal access to quality pre-primary education (4.2)</li> </ul>	[GRI Standard 203-2]	<ul style="list-style-type: none"> <li>Provide primary education to all children</li> <li>Universal access to higher education and vocational training</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah provided financing to hospitals through SBP refinancing schemes for capacity enhancement.</li> <li>Bank Alfalah financially supported the following NGO/institutions to promote education: <ul style="list-style-type: none"> <li>Karawan-e-Hayat</li> <li>Zindagi Trust</li> <li>Habib University</li> <li>Deaf Reach</li> <li>Institute of Business Administration, Karachi (IBA)</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>Equal access to affordable technical, vocational and higher education (4.3)</li> </ul>	Hours of training that the organisation's employees have undertaken during the reporting period.  [GRI Standard 404-1]		<ul style="list-style-type: none"> <li>The Bank believes in developing its employees through technical and soft skills trainings. The Bank conducts various training programs for its employees. During the year, over 180 thousand hours of training were imparted to bank's staff.</li> <li>Bank Alfalah signed MoUs with educational institutions: <ul style="list-style-type: none"> <li>Zindagi Trust,</li> <li>Habib University, and,</li> <li>IBA,</li> </ul> to fund scholarships to deserving candidates. </li> </ul>
	<ul style="list-style-type: none"> <li>Eliminate all discrimination in education (4.5)</li> </ul>	[GRI Standard 404-1]		<ul style="list-style-type: none"> <li>Bank Alfalah provided funds to entities such as Protection and Help of Child Abuse &amp; Neglect (PAHCHAAN), Karwan-e-Hayat, Zindagi Trust &amp; Special Olympics Pakistan, NOWPDP and Care Foundation to empower children with education.</li> </ul>
	<ul style="list-style-type: none"> <li>Higher education scholarships (4.B)</li> </ul>	[GRI Standard 203-2]		<ul style="list-style-type: none"> <li>Bank Alfalah's Raah-e-Falah initiative allows the Bank's staff to voluntarily support organisations like TCF in career counseling sessions, and Rahbar and Baghban programs.</li> <li>Bank Alfalah offers educational benefits in the form of cash rewards, career progression benefits, fee reimbursements and financial assistance to augment continued development of its people. During 2023, Bank Alfalah extended educational benefits of PKR 13.18 Million to 239 staff members.</li> <li>Bank Alfalah gave PKR 5.5 million under the Alfalah Islamic Scholarship program to IBA students.</li> </ul>
	<ul style="list-style-type: none"> <li>End discrimination against women and girls (5.1)</li> </ul>	Number and rate of new employee hires by gender Percentage of individuals within the governance bodies by gender		[GRI Standard 202-1, 401 -1 & 3, 405-1]
		<ul style="list-style-type: none"> <li>End discrimination against women and girls everywhere</li> </ul>	<ul style="list-style-type: none"> <li>With an intent of making women financially independent, the Bank focuses on improving female participation in the banking sector through Accessibility, Usage, Quality and Promotions of the financial services offered to them. Bank Alfalah now has propositions under the ambit of "Falah Women" as its separate brand identity.</li> </ul>	





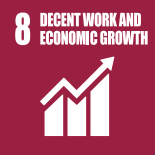
UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
			<p>Achieve a work environment where all individuals are treated fairly and respectfully, have equal access to opportunities and resources, and can contribute fully to the organisation's success.</p>	<ul style="list-style-type: none"> <li>Bank Alfalah Islamic partnered with IBA to provide scholarships to 5 students of which 4 were female.</li> </ul>
			<p>To provide a safe work environment for its women employees that is free from all forms of abuse, harassment, and discrimination.</p>	<ul style="list-style-type: none"> <li>Bank Alfalah focuses on inclusion of more women in its workforce, evidenced by the rise in the Bank's female representation ratio from 12% in 2018 to 20.4 % in 2023.</li> </ul>
				<ul style="list-style-type: none"> <li>During the year, 991 new female employees were hired. This represents 28%.</li> </ul>
			<p>To ensure opportunities with a focus on financial inclusion by evaluating competitive practices both locally as well as in the international markets and understanding the challenges faced by women customers in general to make simplified procedures with shorter turnaround times while staying compliant with the regulatory practices.</p>	<ul style="list-style-type: none"> <li>For a holistic approach to manage the strategy execution, the Bank established a D&amp;I Council with Senior Management.</li> </ul>
	<ul style="list-style-type: none"> <li>End all violence against and exploitation of women and girls (5.2)</li> </ul>	<p>[GRI Standard 203-2]</p>		<ul style="list-style-type: none"> <li>The Bank has gender diversity of 13.3% female ratio at Senior Management level. This is in addition to female representation in governance bodies or management committees.</li> <li>Bank Alfalah launched a woman specific program – Welcome Back Program to improve institutional diversity and to position the Bank as an organisation that values diversity. The Welcome Back Program is an initiative that gives women a chance to rejoin the workforce after taking a career break due to personal or professional reasons.</li> <li>Bank Alfalah being an equal opportunity employer takes pride in its non-discriminatory and merit based practices with a prime focus on maintaining a conducive and secure work environment for its employees and has strict policies in place to counter harassment and misconduct towards women. There is a separate Anti-Harassment Committee representative of high level management where employees can report their grievances and harassment incidences</li> <li>Bank Alfalah is always uncompromisingly committed to offering a work environment where all employees feel secure and have growth opportunities equally. In order to impart awareness on Whistle Blowing, Harassment at Workplace and how to handle it, the Bank regularly conducts exclusive sessions in collaboration with all stakeholders for its employees.</li> </ul>

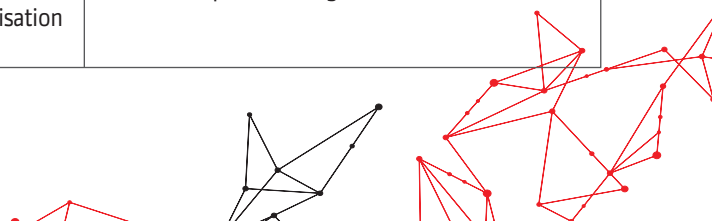
UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	<ul style="list-style-type: none"> <li>Participation in leadership and decision making (5.5)</li> </ul>	<p>Composition of the highest governance body and its committees by gender. Nomination and selection processes for the highest governance body and its committees</p> <p>Individuals within the organisation's governance bodies by diversity (Gender)</p> <p>[GRI Standard 102-22&amp;24, 405-1]</p>		<ul style="list-style-type: none"> <li>Bank Alfalah obtains annual feedback from its female employees on the Bank's policies, benefits, culture and environment to make improvements in its policies. The Bank conducts focus groups, pulse check surveys, exit interviews and maintain a dedicated communication channel for women to stay in constant contact.</li> <li>SHELEAD is in-house signature leadership development program for women, enabling women to drive their careers forward, overcome self-limiting beliefs, and build strategic networks. It uses discussions, self-reflection activities and videos as training methodologies</li> <li>Ignite - Sponsorship Program is designed to facilitate women to seek career guidance from a senior leader who will act as a Coach for them. With this the Bank aims to develop and groom a stronger women talent pipeline for leadership roles.</li> </ul>
	<ul style="list-style-type: none"> <li>Universal access to reproductive health and rights (5.6)</li> </ul>	<p>[GRI Standard 203-2]</p>		<ul style="list-style-type: none"> <li>Bank Alfalah offers a six month paid maternity leave to all its female employees and the only bank to offer a maternity cover incentive to the employees who serve as maternity covers for the women availing maternity leaves.</li> <li>Bank Alfalah actively supports its female and single parent employees through its child care policy. This initiative anchors the Bank's commitment to working mothers/single parents as it provides them ease in arranging for a day care/care taker whilst setting their sights on their careers.</li> </ul>
	<ul style="list-style-type: none"> <li>Equal rights to economic resources, property ownership and financial services (5.A)</li> </ul>	<p>[GRI Standard 203-2]</p>		<ul style="list-style-type: none"> <li>Bank Alfalah has women-centric products such as the Alfalah Pehchaan account to provide exclusive banking services to empower women and Asaan Pehchaan Digital Account to facilitate women on the Bank's Digital Account Opening Platform.</li> <li>Furthermore, in line with the policy on Banking on Equality, the Bank is working on numerous initiatives aimed at financial inclusion and facilitation of women customers. The Bank has a dedicated section on its website for women.</li> </ul>

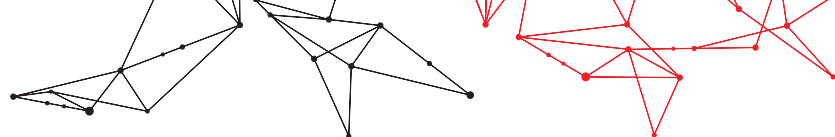




UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				<ul style="list-style-type: none"> <li>During the year, financial literacy sessions were conducted for women in rural communities, to emphasise on the importance of financial independence and their own bank accounts. Topics covered included budgeting, savings, the benefits of having a personal bank account. By addressing these aspects, the sessions sought to enhance women's financial literacy, enabling them to make informed decisions about their finances providing them the autonomy to manage their economic well-being efficiently.</li> </ul>
				<ul style="list-style-type: none"> <li>Bank Alfalah Islamic has successfully introduced Falah Asaan Women Digital Account to facilitate easy digital account opening for females, particularly of low income and unbanked segment. The shariah compliant savings proposition is available to female masses of all ages and professions nationwide.</li> </ul>
				<ul style="list-style-type: none"> <li>Bank Alfalah Islamic also offers its women customers special fee waivers in house and auto financing. This empowers BAFL's female customers to build their own assets.</li> </ul>
	<ul style="list-style-type: none"> <li>Promote empowerment of women through technology (5.B)</li> </ul>	[GRI Standard 203-2]		<ul style="list-style-type: none"> <li>The bank has a dedicated platform for women financial services on its website to enable ease of information for women customers</li> </ul>
	<ul style="list-style-type: none"> <li>Safe and affordable drinking water (6.1)</li> </ul>	[GRI Standard 203-2]	<ul style="list-style-type: none"> <li>Water conservation</li> </ul>	<ul style="list-style-type: none"> <li>In order to provide staff with safe and drinkable water, Bank Alfalah is ensuring only those brands with lab tested water are utilised..</li> </ul>
	<ul style="list-style-type: none"> <li>Improve water quality, wastewater treatment and safe reuse (6.3)</li> </ul>	How the organisation interacts with water, including how and where water is withdrawn, consumed, and discharged, and the water-related impacts		<ul style="list-style-type: none"> <li>In order to increase water usage efficiency, Bank Alfalah has installed sensor-based taps and water optimisers at select locations.</li> </ul>
	<ul style="list-style-type: none"> <li>Increase water-use efficiency and ensure freshwater supplies (6.4)</li> </ul>	[GRI Standard 303-1a & c]		<ul style="list-style-type: none"> <li>Clean, fresh water is being supplied to all of Bank Alfalah's buildings and branches.</li> </ul>
				<ul style="list-style-type: none"> <li>Reduced and responsible consumption of water is taught to employees and janitorial staff through various internal communications.</li> </ul>

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
<b>7</b> AFFORDABLE AND CLEAN ENERGY 	<ul style="list-style-type: none"> <li>Promote access to research, technology and investment in clean energy technology (7.A)</li> </ul>	[GRI Standard 203-2]	<ul style="list-style-type: none"> <li>Develop means to provide affordable and sustainable energy to everyone.</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah has 30% holding in Sapphire Wind Power Company Limited which has a wind farm in the country and offers clean energy solutions.</li> </ul>
			<ul style="list-style-type: none"> <li>Invest in clean energy sources such as solar and wind</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah offers a green product namely 'Alfalah Green Energy' for customers willing to install solar energy equipment for generation of electricity in order to facilitate Green Businesses</li> <li>Bank Alfalah's Investment Banking has extended financing to solar projects namely 'Gharo Solar Pvt.Ltd' and wind projects such as 'Gul Ahmed Wind Power Ltd,' 'Metro Power Co. Pvt. Ltd,' 'Master Green Energy Ltd.' and 'Din Energy Ltd.'</li> </ul>
	<ul style="list-style-type: none"> <li>Increase global percentage of renewable energy (7.2)</li> </ul>	Fuel consumption within the organisation from non-renewable sources,		<ul style="list-style-type: none"> <li>Bank Alfalah is striving efforts in adoption of clean energy sources to develop sustainable means and reduce substantial amount of energy consumptions through various sources e.g. Solar Panel systems, long backup UPS, inverter ACs, LED lights etc.</li> <li>Approximately. 263,000 Kgs of carbon dioxide has been offset with clean source of energy within 2023.</li> </ul>
<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<ul style="list-style-type: none"> <li>Promote policies to support job creation and growing enterprises (8.3)</li> </ul>	[GRI Standard 203-2]	<ul style="list-style-type: none"> <li>Promote entrepreneurship</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah employs over 14,000 individuals and continues to hire hundreds of candidates each year.</li> </ul>
			<ul style="list-style-type: none"> <li>Create jobs through economic policies and performance</li> </ul>	<ul style="list-style-type: none"> <li>The Bank expanded its branch network in smaller cities facilitating job creation.</li> </ul>
			<ul style="list-style-type: none"> <li>Provide opportunities for decent work to all and end slavery and human trafficking</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah's operations in Bangladesh, Bahrain, UAE and Afghanistan enable job creation.</li> </ul>
			<ul style="list-style-type: none"> <li>Provide opportunities for fresh graduates to grow and develop within the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah, in compliance with the SBP offers credit to SMEs at affordable mark-up rates through the Prime Minister's Kamyab Jawan Youth Entrepreneurship Program. This has enabled inclusion of untapped markets, allowed entrepreneurs to set up new businesses and further expand existing businesses.</li> </ul>

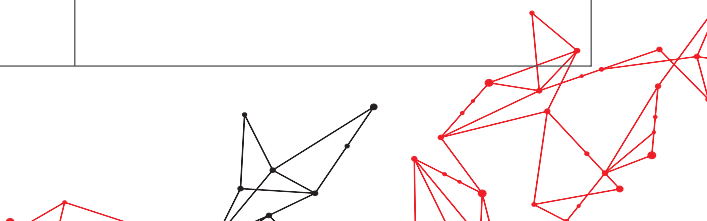


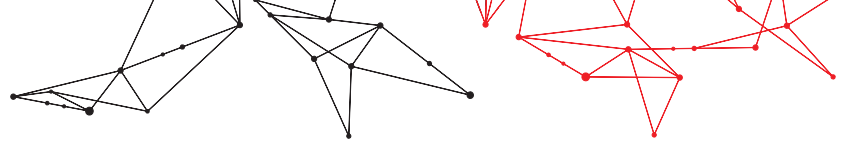



UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	<ul style="list-style-type: none"> <li>Diversify, innovate and upgrade for economic productivity (8.2)</li> </ul>	<p>Type and scope of programs implemented and assistance provided to upgrade employee skills.</p> <p>Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</p> <p>[GRI Standard 404-2]</p>	<ul style="list-style-type: none"> <li>Create jobs through economic policies and performance</li> <li>Provide benefits for the employees to gauge in their further studies</li> <li>Deliver learning and development opportunities within the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah's rigorous learning strategy enables employees to build their skillset through a series of technical and soft skills programs available on the learning management system and in classroom settings.</li> </ul>
	<ul style="list-style-type: none"> <li>Full employment and decent work with equal pay (8.5)</li> </ul>	<p>Total number and rate of new employee hires during the reporting period</p> <p>Percentage of senior management at significant locations of operation that are hired from the local community.</p>	<ul style="list-style-type: none"> <li>Provide opportunities for quick and easy access to funds</li> </ul>	<ul style="list-style-type: none"> <li>Through its Welcome Back Program, Bank Alfalah aims to improve institutional diversity and to position the Bank as an organization that values diversity. This Program gives women a chance to rejoin the workforce after taking a career break due to personal or professional reasons.</li> <li>3,501 new candidates were hired by Bank Alfalah during 2023 to support its expansion.</li> <li>Bank Alfalah operates in more than 200 cities across Pakistan. Preference while hiring is given to the youth from the local community.</li> <li>As part of the code of conduct compliance, Bank Alfalah ensures that it operates as an equal opportunity employer to become the employer of choice. The bank realizes the significance of inducting for right talent hence a key consideration factor in the hiring decision is ensuring the best competency and cultural fit</li> </ul>
	<ul style="list-style-type: none"> <li>Promote youth employment, education and training (8.6)</li> </ul>	<p>[GRI Standard 202-2 &amp; 401-1]</p>		<ul style="list-style-type: none"> <li>Bank Alfalah's premium Management Trainee Program 'AlfaLead' ensures that fresh graduates are hired from universities locally and internationally to ensure that a middle level management pipeline is created with young talent. There are various other batch hiring in multiple avenues and departments which are opened by Bank Alfalah to cater to fresh graduates from universities across Pakistan and minimal experience providing great work opportunity to fresh graduates.</li> </ul>




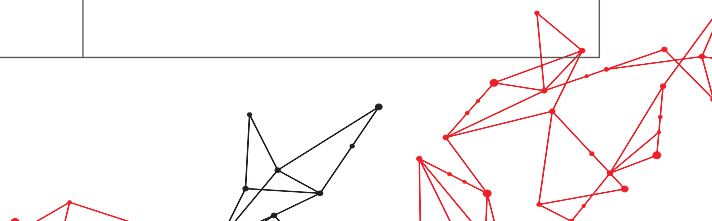
UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				<p>Bank Alfalah's Internship Program further works in bringing in candidates pursuing their degrees for a flavour of the organisation so that they have the right experience to join the company after graduation.</p> <ul style="list-style-type: none"> <li>Bank Alfalah's Learning Team works specifically understanding the training and development needs of each department and their employees and arranges specific trainings as per their job requirements for them to perform better in their roles.</li> <li>Bank Alfalah offers policies and benefits supporting employees in their higher studies by providing reimbursements.</li> <li>Bank Alfalah also offers education assistance for colleagues opting for further qualifications</li> </ul>
	<ul style="list-style-type: none"> <li>Universal access to banking, insurance and financial services (8.10)</li> </ul>	[GRI Standard 203-2]		<ul style="list-style-type: none"> <li>Bank Alfalah collaborated with U Microfinance Bank in order to promote microfinance loans, financial inclusion and to empower underserved communities.</li> <li>Bank Alfalah Islamic along with SBP team successfully conducted two financial literacy sessions in Thatta for local women handicraft workers and university students. The sessions were organised and hosted by UN women for women's economic empowerment. The audience was made aware of how banking products and services can uplift them economically.</li> <li>Bank Alfalah Islamic in collaboration with Indus Earth Trust organised financial education program for women. The audience was introduced to digital account opening process via RAPID. On spot account opening activity was conducted through tablets</li> <li>Bank Alfalah has partnered with Mobilink Microfinance Bank Limited to provide small ticket sized digital loans to JazzCash customers.</li> <li>Bank Alfalah also boasts its footprint of Agent Network in the country, with concentration in the northern parts of Pakistan to serve the Government to person (G2P) mandates, allow for easy Money Transfer, Bill Payments and Airtime purchase activities using its Branchless Banking license.</li> </ul>

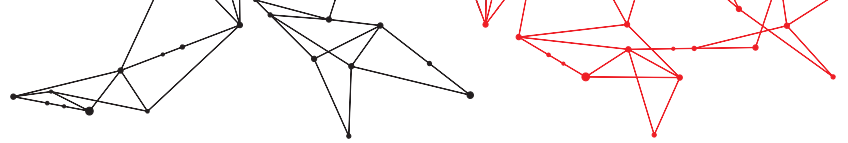






UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				<ul style="list-style-type: none"> <li>Bank Alfalah is focused towards financial inclusion of the underserved and the unbanked for which it offers numerous initiatives like Agent Network, QR/Proximity Payments, Cash Deposit Machines, Remote Account Opening (RAPID and Roshan Digital Account), and G2P initiatives including the World Bank affiliated program of BISP.</li> <li>Bank Alfalah developed a remittance loan offering which allows loans to be offered to remittance beneficiaries. For further details on products offered by the Bank, please refer 'Organisational Overview'.</li> <li>Bank Alfalah offers SBP's Temporary Economic Refinance Facility (TERF) to its clients in order for them to expand their presence and contribute in terms of exports to help bridge the country's trade deficit.</li> <li>To promote export of non-traditional items, the Bank offers export refinance schemes in partnership with the central bank. Additionally, the Bank offers a number of import and export on and off book loan facilities.</li> </ul>
	<ul style="list-style-type: none"> <li>Increase aid for trade support (8.A)</li> </ul>	[GRI Standard 203-2]		
<b>9</b> INDUSTRY INNOVATION AND INFRASTRUCTURE 	<ul style="list-style-type: none"> <li>Increase access to financial services and markets (9.3)</li> </ul>	Invest in innovation and infrastructure to promote digital inclusion, sustainable industry practices and scientific research	<ul style="list-style-type: none"> <li>Provide opportunities for quick and easy access to funds</li> <li>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah, in addition to expanding remote ADC services and transaction touch points (by deploying ATMs/CDMs/CCDMs across Pakistan), has launched innovative products on its digital application platform (Alfa) to make financial services and market accessible to all. These include digitally enabled investments, insurance, deposit products and consumer loans.</li> </ul>
	<ul style="list-style-type: none"> <li>Enhance research and upgrade industrial technologies (9.5)</li> </ul>	Direct economic value generated and distributed	<ul style="list-style-type: none"> <li>The Bank has over 1,000 branches across Pakistan and is connected with its customers through 80,000+ touchpoints. These include ATMs, Cash Deposit Machines, Cheque and Cash Deposit Machines, POS machines, Agents, QR codes, website.</li> <li>The Bank opened Pakistan's first Digital Lifestyle Branch in Karachi, along with two Digital Sales and Service Centers in 2023. The Digital Lifestyle Branch boasts the first of its kind banking-cum-lifestyle solutions of BNPL Store, Digital lockers, Digital Sales &amp; Service Center, Securities, Investments and Consumer Financing Desks, shared workspaces and a café.</li> <li>Bank Alfalah, in compliance with the SBP offers credit to SMEs at affordable mark-up rates through the Prime Minister's Kamyab Jawan Youth Entrepreneurship Program. This has enabled inclusion of untapped markets, allowed entrepreneurs to set up new businesses and further expand existing businesses.</li> </ul>	

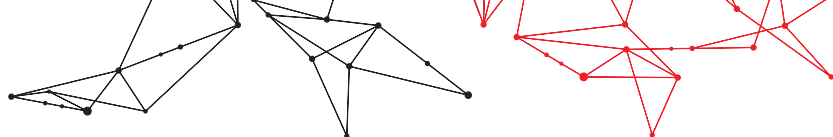
UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
				<ul style="list-style-type: none"> <li>To better facilitate digital payments and deposit mobilization, the Bank facilitates onboarding of NGOs/ trusts/ hospitals/ educational institutes on digital platforms. The Bank's solutions help connect the donors to the platforms working towards advancement of underprivileged segments of the society. Some partners successfully onboarded are Indus Hospital &amp; Health Network, Al-Khidmat Foundation Pakistan, Alamgir Welfare Trust, SUNDUS Foundation, The Patient Behbud Society and Shahid Afridi Foundation.</li> </ul>
	<ul style="list-style-type: none"> <li>Reduce transaction costs for migrant remittances (10.C)</li> </ul>	[GRI Standard 203-2]	<ul style="list-style-type: none"> <li>Bridge widespread income inequality through financial regulation, development aid and safe migration opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah's products and services such as the Roshan Digital account, Rapid account, Cash-over-Counter payments, Instant Account Credit to BAFL and Ilink member bank account holders, same day account credit to other bankholders via RTGS and money exchange partnerships are a step ahead towards equality of access to financial avenues.</li> <li>Bank Alfalah facilitates remittance payments by having partnered with world renowned Money Transfer Operators, Financial Technology Companies, Banks, and Exchange Houses. As a proud PRI member bank, Bank Alfalah also facilitates remittances under the SBP PRI Rebate Scheme whereby remitters benefit from zero remitting charges. The Bank's network of 1,000+ branches facilitates the walk-in beneficiaries especially in rural areas in receiving cash over the counter remittances from their nearest branch, thereby reducing the cost of travel, etc. Bank Alfalah has also conducted various marketing campaigns to create awareness of the use of legal banking channels for sending remittances to Pakistan.</li> </ul>
	<ul style="list-style-type: none"> <li>Empower and promote the social, economic and political inclusion of all (10.2)</li> </ul>	Reduce inequality within and among countries		<ul style="list-style-type: none"> <li>Bank Alfalah established a dedicated network model branches specializing to serve PWDs (Persons With Disabilities). The branches (Islamic as well as conventional branches) are facilitated with modern infrastructure, technologies and facilities to help improve the financial inclusion of the specially abled community.</li> <li>Bank Alfalah Islamic has contributed PKR 3.6 million to support the cause of promoting education for children with disabilities through its collaboration with Deaf Reach organization.</li> </ul>






UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	<ul style="list-style-type: none"> <li>Safe and affordable housing (11.1)</li> </ul>	<p>-Extent of development of significant infrastructure investments and services supported. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant.</p> <p>[GRI Standard 203-1]</p>	<ul style="list-style-type: none"> <li>Create good and affordable public housing in cities</li> <li>Involve more citizens in urban planning</li> <li>Invest in public spaces and green initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Further, the Bank offers multiple variants of housing loans as a part of its own product suite. These are for salaried class as well as self-employed. The available products, covering both conventional loans and Islamic financing, can be availed on fixed and variable rate terms.</li> </ul>
	<ul style="list-style-type: none"> <li>Reduce the adverse effects of natural disasters (11.5)</li> <li>Reduce the environmental impacts of cities (11.6)</li> <li>Sustainable and resilient building (11.C)</li> </ul>	<p>[GRI Standard 203-2]</p>		<p>During the 2022 floods in Pakistan, Bank Alfalah pledged a generous donation of USD 10 Million to support the flood victims.</p> <ul style="list-style-type: none"> <li>Partnered with and supported NGOs by providing monetary donations.</li> <li>Supported 450+ employees who were affected by the floods through Employee Welfare Program.</li> <li>Ration drive for flood affected - including railway workers impacted by closure of railway operations.</li> </ul>
				<p>To promote Green Banking and sustainable environment, Bank Alfalah is using renewable energy as a shared source of electricity consumption. Currently 150 ATMs are being run on solar panels. Further Solar Grid Tied System of combined capacity of 222 KW is being installed at three Main building of Bank Alfalah, which will help in reducing the shared electrical load by 10% per premises. As a result, over 260,000 Kgs of carbon dioxide has been offset with clean source of energy.</p> <ul style="list-style-type: none"> <li>The Bank follows Building Design Manual which sets green guidelines for sustainable constructions across the bank.</li> </ul>
	<ul style="list-style-type: none"> <li>Sustainable management and use of natural resources (12.2)</li> </ul>	<p>Fuel consumption within the organisation is sourced from renewable sources</p> <p>Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.</p> <p>[GRI Standard 302-1 &amp; 4]</p>	<ul style="list-style-type: none"> <li>Protect natural resources</li> </ul>	<ul style="list-style-type: none"> <li>To promote Green Banking and sustainable environment, Bank Alfalah is using renewable energy as a shared source of electricity consumption. Currently 150 ATMs are being run on solar panels. Further Solar Grid Tied System of combined capacity of 222 KW is being installed at three Main building of Bank Alfalah, which will help in reducing the shared electrical load by 10% per premises. As a result over 260,000 Kgs of carbon dioxide has been offset with clean source of energy within this year.</li> </ul>

UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	<ul style="list-style-type: none"> <li>Substantially reduce waste generation (12.5)</li> </ul>	[GRI Standard 203-2]		<ul style="list-style-type: none"> <li>Bank Alfalah is working on Environmental Management System (EMS) to reduce components which can cause increase in carbon foot print, for example, paper, pencil, fuel, etc. by doing so waste generation will subsequently be reduced.</li> </ul>
	<ul style="list-style-type: none"> <li>Promote sustainable public procurement practices (12.7)</li> </ul>	[GRI Standard 203-2]		<ul style="list-style-type: none"> <li>Bank Alfalah has embedded sustainable procurement practices in its Green Procurement Policy.</li> </ul>
	<ul style="list-style-type: none"> <li>Strengthen resilience and adaptive capacity to climate-related disasters (13.1)</li> </ul>	<p>Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure,</p> <p>[GRI Standard 201-2]</p>	<ul style="list-style-type: none"> <li>Protect natural resources</li> </ul>	<ul style="list-style-type: none"> <li>The Bank's dedicated Health Safety and Environment unit ensures proper advisory to its staff to stay protected from various weather conditions. Such advisories also contain precautions to be undertaken during such disruptions.</li> <li>Bank Alfalah, as part of its #GreenWayForward initiative, embarked on a 15,000 mangrove tree plantation drive. This was a promising step towards sustainability, and towards meeting the Bank's target to plant 100,000 trees across Pakistan by the year 2030. This ambitious initiative showcases the Bank's dedication to environmental conservation and combating climate change.</li> </ul>
	<ul style="list-style-type: none"> <li>Integrate climate change measures into policy and planning (13.2)</li> </ul>			<ul style="list-style-type: none"> <li>The Bank's Business Continuity Plan (BCP) caters to situations having occurrence of any climate related disruption. The BCP involves having critical functions to operate by means of alternate working sites and 'Working from Home' in case of emergency.</li> </ul>
	<ul style="list-style-type: none"> <li>Reduce violence everywhere (16.1)</li> </ul>	<p>New suppliers that were screened using criteria.</p> <p>[GRI Standard 414-1 &amp; 2]</p>	<ul style="list-style-type: none"> <li>Limit all forms of violence and conflict by strengthening law and order</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah complies with its Exclusion List whereby it does not lend money to organisations engaged in trade of arms and ammunitions.</li> </ul>
	<ul style="list-style-type: none"> <li>Protect children from abuse, exploitation, trafficking and violence (16.2)</li> </ul>	<p>Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment</p> <p>[GRI Standard 414-1 &amp; 2]</p>		<ul style="list-style-type: none"> <li>The Bank has a Board approved Procurement Policy. This policy establishes procurement standards, which are primarily based on three pillars, i.e. integrity, transparency, and accountability. These pillars are applied to all activities before awarding any contract/business including contracts for capital expenditure, i.e. purchases or construction work. Suppliers are being screened through World Check application to identify any negative social impact.</li> </ul>
	<ul style="list-style-type: none"> <li>Protect children from abuse, exploitation, trafficking and violence (16.2)</li> </ul>	<p>Operations and suppliers considered to have significant risk for incidents of:</p> <p>i. Child labor;</p> <p>ii. Young workers exposed to hazardous work.</p> <p>[GRI Standard 408-1]</p>		<ul style="list-style-type: none"> <li>Bank Alfalah complies with its Exclusion List whereby it does not lend money to organisations where child labor is involved</li> </ul>



UN Sustainability Goal	Sub-Goal	GRI Standard	Intended Impact	Bank Alfalah's Contribution
	<ul style="list-style-type: none"> <li>Substantially reduce corruption and bribery (16.5)</li> </ul>	<p>Significant risks related to corruption identified through the risk assessment.</p> <p>[GRI Standard 205-1]</p>		<ul style="list-style-type: none"> <li>A Disciplinary Action committee headed by a senior leader is in place that is empowered to oversee disciplinary action matters related to all of the banks' operations. Final decisions are taken in line with requirement of local labor laws and regulatory aspects where applicable.</li> </ul>
	<ul style="list-style-type: none"> <li>Mobilise resources to improve domestic revenue collection (17.1)</li> </ul>	<p>Approach to taxation, including tax governance, control and risk management in line with business strategy and prevailing regulations.</p> <p>[GRI Standard 207-1,2,3&amp;4]</p>	<ul style="list-style-type: none"> <li>Foster unity and cohesion among all nations to achieve all other SDGs</li> </ul>	<ul style="list-style-type: none"> <li>Bank Alfalah offers convenient payment options through its Alfa App, Internet Banking and ATMs/branches to help in the collection of tax revenue.</li> <li>The Bank serves as a withholding tax agent for direct and indirect taxes.</li> <li>Bank Alfalah has robust IT systems in place which ensure proper calculation and deduction of taxes from the customers, vendors, suppliers, employees and depositors at the rates specified by the tax authorities.</li> </ul>
	<ul style="list-style-type: none"> <li>Increase exports of developing countries (17.11)</li> </ul>	<p>Significance of the indirect economic impacts [GRI Standard 203-2]</p>		<ul style="list-style-type: none"> <li>Bank Alfalah has taken initiatives in line with SBP's measures to uplift export-oriented industries. These initiatives include:                             <ul style="list-style-type: none"> <li>Enhancement in the limits of refinancing for banks under the Export Finance Scheme (EFS) and the Long Term Financing Facility (LTFF)</li> <li>Temporary Economic Refinance Facility (TERF), though it has a direct impact on exporters to expand their operations by importing plant and machinery to increase production capacity which then leads to increased exports</li> <li>Preferential FE-25 pricing and treasury rates for top exporters</li> </ul> </li> </ul>

# Environment, Social and Governance Initiatives and the Bank's Contribution

## Background

All three ESG disciplines have distinct set of standards and practices but at a consolidated level, they indicate an organisation's dedication to achieving the greater good for the environment, society and the organisation itself.

Shareholders/investors, customers, employees, and other stakeholders expect companies to reduce impacts that their businesses have on environmental and be more transparent about ESG reporting. ESG program looks at business practices to ensure that the companies actually do what they are required to do. There are important components within each ESG discipline:





**Statement of Adoption**

The Bank contributes towards each of the three pillars of ESG to the maximum possible extent.

**Board's direction on Strategic ESG objectives**

The Bank has adopted ESG as one of its strategic initiatives, the strategy is approved by the Board.

Demonstrating an ongoing commitment towards a sustainable future, the Bank is dedicated to improving the social, economic, and environmental capital of the community in a sustainable manner. Moving forward from this, in a strategic move towards sustainable banking practices, Bank Alfalah formalised a Green Banking Advisory Agreement with the International Finance Corporation (IFC). This agreement is a testament to the Bank's commitment to fostering sustainable and accountable banking operations. The partnership encompasses a multifaceted approach aimed at enhancing the Bank's green banking initiatives, in a sustainable and efficient manner. This collaboration enables the Bank to explore and capitalise on opportunities in green finance, including green bond issuance and sustainable infrastructure financing.

During the current year, the Bank also revised its Corporate Social Responsibility and philanthropy

guidelines, driven by a passion for giving back to the community. The policy seeks to strengthen Bank Alfalah's reputation through strategic donations and philanthropic investments, fostering a positive image among its stakeholders.

Moreover, during 2023, the Bank further delivered on its flood relief and rehabilitation programme. During the current year, the Bank also revised its Corporate Social Responsibility and philanthropy guidelines, driven by a passion for giving back to the community. The policy seeks to strengthen Bank Alfalah's reputation through strategic donations and philanthropic investments, fostering a positive image among its stakeholders.

For additional details on the Chairman's, President's and the Board's sustainability initiatives, please refer the 'Chairman's Message,' 'President and CEO's Message,' and the 'Directors' Report' included within this Annual Report.

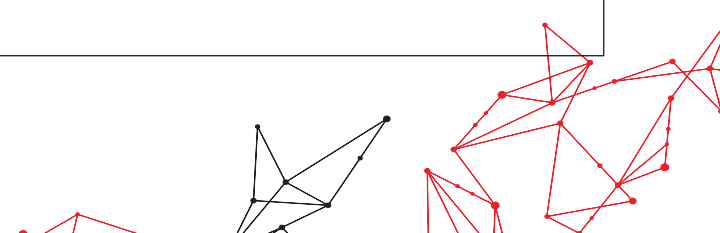
**Compliance Status**

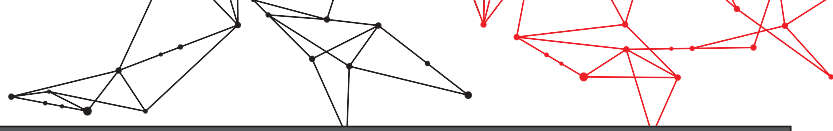
The Bank believes in sustainable growth while adhering to best ESG procedures. The Bank takes guidance from ESG Indicators from the Pakistan Stock Exchange (PSX). Given below are the contributions made by the Bank and steps in progress:

Pillars	Indicators	Supporting Activities in year 2023
<b>Environment</b>	Climate risk	The Bank identifies Environmental Risk and takes mitigation strategies to protect the business and the environment surrounding it. For further details, refer 'Risk and Opportunities' section of this Annual Report.
	Renewable fuels	The Bank supports Green Projects based on Renewable Fuels / Energy, including 1) Solar 2) Wind 3) Hydro 4) Bagasse. For further details, refer 'Sustainability' section of this Annual Report.
	Recycling Processes	The Bank has taken various measures to adopt recycling processes to reduce the impacts on climate. This includes responsible waste management through recycling processes, conservative paper printing and reuse of printed papers throughout the organisation. For further details, refer 'Sustainability' section of this Annual Report.
	Emergency preparedness	The Bank assesses and remains adaptable to crisis. The Bank has Board and management level Crisis Management teams to oversee emergencies and Business Continuity Plans are in place. For further details on committee TORs, meetings, performance and BCP plans, refer 'Governance' section of this Annual Report.
	Water management	The Bank takes action to conserve water during its daily operations. Refer Water Conservation and Sanitation measures in 'Sustainability' section of this Annual Report.
	Greenhouse gas (GHG) emissions	The Bank is working with WWF to identify its carbon footprints.
	Energy Efficiency	The Bank has taken various steps in this regard: 1. Conversion of normal ACs to Inverter ACs/Solar ACs 2. Work from Home on Fridays for all head office buildings in Karachi & Lahore



Pillars	Indicators	Some Possible Activities
		<ol style="list-style-type: none"> <li>3. Opening green branches where the branch has lesser dependency on power grid.</li> <li>4. Making more use of solar energy to fulfil power needs of the Bank.</li> <li>5. Financing for modernised farming resulting in more crops production with less waster utilisation.</li> </ol>
<b>Social</b>	Health & Safety	The Bank's dedicated Health, Safety, Enviroment (HSE) team endeavors for safety of its employees and customers. Further, the Bank has Employee Welfare Programs to support medical expenses of employees in need and Donations to Health sector and donations to employees affected by floods. For further details, refer 'Sustainability' section of this Annual Report.
	Employee Benefits	Employees are key stakeholders of the Bank. They Bank takes all necessary steps to implement employee friendly policies, conducive working environment, health and safety and fair remuneration. For further details, refer 'Stakeholders' section of this Annual Report.
	Human Rights	<p>The Bank takes all necessary measures to promote human rights on all fronts. Given below are the Bank's contributions</p> <ol style="list-style-type: none"> <li>1. Bank Alfalah complies with IFC guidelines whereby it does not lend money to organisations involved in activities pertaining to child labour;</li> <li>2. Bank Alfalah offers a six month paid maternity leave to all female employees, and the only bank to offer a maternity cover incentive to the employees who serve as maternity covers for the women availing maternity leaves; and</li> <li>3. Bank Alfalah actively supports its female and single parent employees through its child care policy. This initiative anchors the Bank's commitment to working mothers/single parents as it provides them ease in arranging for a day care/care taker whilst setting their sights on their careers.</li> <li>4. The Bank has various employee centric policies that are aimed at uplifting the economic status of employees.</li> </ol> <p>For further details, refer 'Stakeholders' and 'Sustainability' sections of this Annual Report.</p>
	Diversity & Inclusion	Bank Alfalah embarked upon a Diversity and Inclusion (D&I) journey because it strongly believes in the business and social impact created by a diverse workforce and an inclusive work culture. The Bank wants to build a workforce that is representative of different genders, ages, backgrounds, experiences, working styles and abilities. The Bank harbours a commitment towards fostering a workplace culture where people can bring their best and authentic selves every day. The Bank believes that D&I inspires creativity and innovation unlocks productivity, and enhances profitability. For further details, refer 'Stakeholders' section of this Annual Report.
	Working Conditions	The Bank's professional and experienced HSE (Health, Safety and Environment) and Business Resilience teams continually strive to create a culture which ensures that the Bank's services are made available to customers in a safe manner, despite any disruptive events or crises. The Bank's frameworks and emergency protocols, proactive planning, trainings, exercise programmes, advisories and alerts, premises inspections and hazard mitigation plans distinguish the Bank as a standard setter in the industry. For further details, refer to the 'Sustainability' section within this Annual Report.



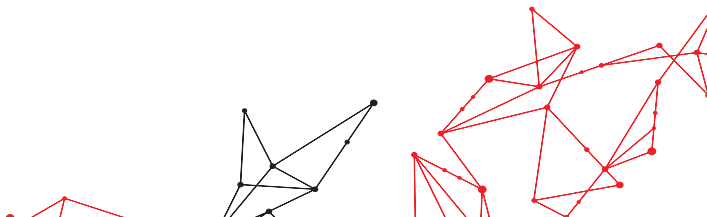


Pillars	Indicators	Some Possible Activities
<p><b>Social</b></p>	<p>Impact on Local Communities</p>	<p>Bank Alfalah is committed to Corporate Social Responsibility (CSR). The Bank's CSR initiatives have enhanced the its reputation by contributing positively to the society. Throughout the year, Bank Alfalah remained committed and contributed to economic, social and environmental development. Above all, Bank Alfalah was at the forefront of efforts to support the vulnerable and underserved segments of society specially people affected by the floods. . The Bank is contributing to institutions, projects and facilities that share the same belief of philanthropy, aligned with the Bank's motto of 'giving back to our communities', and adhere to the Bank's CSR policies. These community services create a ripple effect and alleviate hardships for the less privileged in the society. Priority CSR areas for the Bank include education, health, social welfare, environmental sustainability, leadership development, and promotion of sports, arts and culture. For further details, refer to the 'Sustainability' section within this Annual Report.</p>
	<p><b>Governance</b></p>	<p>Board Diversity and Governance</p>
<p>Pay for Performance</p>		<p>The Bank follows remuneration guidelines given by the State Bank of Pakistan. Further, it has Board level committees (Human Resource, Remuneration and Nominations Committee and Compensation Committee) to monitor and ensure transparency in all aspects. The Bank also has a performance linked appraisal mechanism for its employees. For further details on their TORs, meetings and performance of these committees, refer to the Governance section within this Annual Report.</p>
<p>Stakeholder Engagement</p>		<p>The Bank identifies its stakeholders and monitors its relationships through a multitude of communication channels, including regular dialogue. The Bank's primary stakeholders are employees, customers, shareholders/institutional investors, suppliers/vendors, analysts and rating agencies, regulatory bodies and society/community and media. For further details, refer Stakeholders Engagement section within this Annual Report.</p>
<p>Shareholder Rights</p>		<p>The Bank protects rights of all of its shareholders by fair policies, transparent disclosures, constantly engagement to ensure effective communication and informed decision making. The Bank has deputed qualified staff along with a share registrar to handled shareholders' matters and ensure that their rights are protected. For further details, refer Stakeholders Engagement section within this Annual Report.</p>
<p>Ethical Standards</p>		<p>The Bank adopts fair business practices. It protects the rights of customers. The Bank has Business Ethics and Anti-Corruption Measures in place. For further details, refer 'Governance' section within this Annual Report.</p>

# Certifications Acquired and International Standards Adopted

The Environmental Risk & Green Banking Department is responsible for providing advisory on SBP's Environmental & Social Risk Management (ESRM) implementation manual so that the Bank's internal stakeholders can easily comply with this regulatory ESRM framework. All personnel in the department have acquired IFC online certification of Sustainability Training and E-Learning Program (STEP).

Bank Alfalah's Business Resilience and Health & Safety team has acquired reputable, industry-wide and internationally recognised degrees and certifications, including National Examination Board in Occupational Safety and Health (NEBOSH) International General Certification, Highfield Awarding Body for Compliance (HABC) Level 2-International Certification in Fire Safety, HABC-Certified International First Aider, Diploma (HSE), ISO 22301 - Business Continuity Management, ISO 45001 - Occupational Health and Safety Management System, CEH, etc.

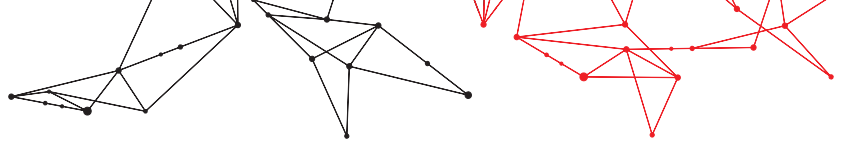




# **GOVERNANCE**



# Board of Directors



**His Highness Sheikh Nahayan Mubarak Al Nahayan**

Chairman

His Highness Sheikh Nahayan Mubarak Al Nahayan is a prominent member of the ruling family of Abu Dhabi, United Arab Emirates. Currently, His Highness is UAE Cabinet Member and Minister of State for Tolerance and Coexistence. Prior to his current responsibility, he served as Minister of Culture and Knowledge Development; Culture, Youth, and Social Development and Minister of Higher Education and Scientific Research. Besides his ministerial responsibilities, he has been playing a leading and distinguished role in the educational advancements, focusing on the role of education in achieving development and progress. His Highness also holds various offices as Chairman and Director on Boards and Trusts along with Patronship of various local and foreign organisations and affiliates. His direct and indirect business interest spreads throughout various industry sectors such as banking, telecom, insurance, hospitality, healthcare, construction, and investment management in Pakistan, UAE, Middle East, Europe, and the US.

Moreover, he supports many charitable institutions and devotes special attention to the disabled children as the Honorary President of Abu Dhabi Future Rehabilitation Center, formerly known as Future Center for Special Needs. His Highness is also recipient of Pakistan's highest civilian award, the "Hilal-e-Pakistan", which was conferred upon him in 2005 for his contribution to the economic growth of Pakistan. His Highness received his education from the British Millfield School until the high secondary level before joining Magdalen College at Oxford University-UK.



**Mr. Abdulla Nasser Hawaileel Al Mansoori**

Director

Mr. Abdulla Nasser is a prominent businessman of Abu Dhabi, UAE. Presently, the Chairman of the Board, Al Nasser Holdings and Group Companies which have diversified activities ranging from Oilfield services, Retailing, Investments, Manufacturing Industries, Real estate and Food & Beverage.

He served as a member of UAE Federal National Council, Member of Abu Dhabi Executive Council and Member of the Board of Directors of the Abu Dhabi Council for Economic Development. In addition, he also held Board positions as Director of Mashreq Bank, Director of United Arab Bank and Director of Dubai Islamic Bank. Mr. Abdulla Nasser Hawaileel holds a B.Sc. (Hons) degree in Electrical Engineering from Swansea University, UK.



**Mr. Abdulla Khalil Al Mutawa**

Director

Mr. Abdulla Khalil Al Mutawa is serving in the position of H.E. Sheikh Suroor Bin Mohammad Al Nahyan Private Office Advisor. He is and the Chairman of the Board of Makhazen Investment PJSC (Private Joint – Stock) in Abu Dhabi and is a non-Executive Member of the Board of EFG Hermes in Egypt. Mr. Abdulla Khalil Al Mutawa holds a B.Sc. degree in Business Administration from the University of North Carolina, USA.



**Mr. Khalid Mana Saeed Al Otaiba**

Director

Mr. Khalid Mana Saeed Al Otaiba is the Office Manager of His Excellency Dr. Mana Saeed Al Otaiba (Personal Advisor to His Highness, the President of UAE). He is the Deputy Chairman of Al Otaiba Group of Companies. Mr. Khalid is the Director of Alfalah Insurance Company Limited, Pakistan and EFG Hermes Holding, S.A.E. He is also the Chairman of Liwa International Investment Tourism and Royal Mirage Hotel & Resort Ltd, Morocco. He is also the Director of Ghantout International. Mr. Khalid Mana Saeed Al Otaiba holds a Bachelor of Arts & Science degree in International Economics from the Suffolk University of Massachusetts, Boston, USA.



Mr. Khalid Qurashi

Director

Mr. Khalid Qurashi is a retired banker with considerable international banking experience. He has worked for 38 years with a major US international bank, where his area of expertise was in corporate risk management and profit centre/franchise management. He was responsible for Risk Management for the Middle East, Africa and Turkey operations. He contributed materially to overall institutional policy debate and strategy formulation. Before he took over responsibilities as a risk senior, he managed some large country franchises in the Middle East and Africa, where the portfolio encompassed a wide spectrum ranging from large corporates, to governments, to financial institutions as well as SMEs and PE companies. Mr. Qurashi has previously served on the Board of Directors of Bank Alfalah from May 2015 to February 2018. He has also served as the Board Member at TMB Pakistan, NMB Bank Zimbabwe, Citibank Nigeria, Vice Chairman, Citi International, Islamic Bank Bahrain, and as a consultant at HBL Pakistan. Presently, he is a member of the investment committee at SIDRA Capital, Saudi Arabia and independent member of the Board of HBL Bank, UK as well as Chairman of their Risk Committee. He holds Master's degree in Business Administration from IBA/Karachi University.



Dr. Gyorgy Tamas Ladics

Director

Dr. Gyorgy Tamas Ladics is a seasoned financial services professional with over 30 years of experience in the financial services industry, formulating digital strategies and businesses transformation globally. He brings extensive experience in Digital Banking, Digital Transformation, FinTech collaboration, Innovation and Business Strategy Formulation. He is skilled in strategic planning and use of information technology and business processes, providing practical solutions to business issues. He possesses wide geographical experience, including the UAE, Egypt, Africa, India, Pakistan, Central Europe, Russia, Singapore and Brunei. At present, Dr. Gyorgy is the Chief Executive Officer of Silverlake Symmetri. In the past, he has worked as the Chief Operating Officer at Bank Islam Brunei Darussalam, International Director at Fajr Capital, Chief Technology Officer at Barclays Bank, Emerging Market, Regional Technology Office, Dubai, Chief Operating Officer, Prague, Citibank Central Europe Cluster, Head of Operations Citibank Hungary, Budapest, etc. Dr. Gyorgy holds Doctorate degree in Economics and Master's degree in Electrical Engineering and Informatics from the Budapest University of Technology and Economics.



Dr. Ayesha Khan

Director

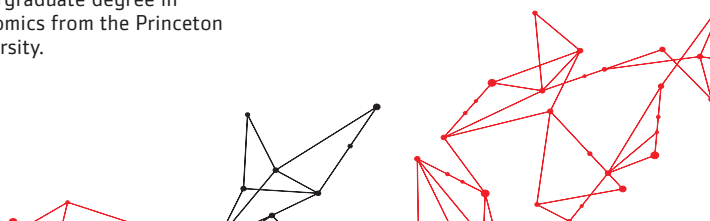
Dr. Ayesha K. Khan is an expert in the field of corporate strategy and institutional growth in emerging markets. She is currently the CEO and Regional Managing Director for Pakistan at Acumen – a global impact investment fund, where she focuses on climate finance and investments across the agriculture value chain. Dr. Khan is an Independent Director on the Board of Fauji Fertilizer Company Limited and Bulleh Shah Packaging (Pvt) Limited. She has previously been the Head of Strategy and Corporate Planning at HBL, where she was the first person to hold this position there. She has also worked in New York as a Management Consultant with McKinsey and Company, where she focused on the financial sector, taught economics at Harvard University and consulted with the UNDP on the Millennium Development Project. Dr. Khan holds a doctorate degree from the Harvard Business School (HBS), where she focused on Corporate Strategy, Institutional Development and Emerging Markets. Her doctoral research concentrated on consumer financial choices in the banking sector. In addition, Dr. Khan has authored HBS case studies, and published several articles focused on various aspects of building a successful business for various publications, including the Harvard Business Review and Harvard Law School ILSP. Dr. Khan also holds a Graduate degree in International Development from the Harvard Kennedy School, as well as an Undergraduate degree in Economics from the Princeton University.



Mr. Atif Aslam Bajwa

Director and CEO

Mr. Atif Bajwa has an extensive international career spanning more than 40 years of executive leadership roles in banking, and of multiple boards and public interest positions. He started his professional journey with Citibank in 1982, and has since held numerous senior positions in large local and multinational banks, including President/CEO of Bank Alfalah, President/CEO of MCB Bank and Soneri Bank, Regional Head of Citigroup for Central and Eastern Europe, Head of Consumer Banking of ABN AMRO's Asia Pacific region, and Country Manager of ABN AMRO Pakistan. Mr. Bajwa has been active in business, social and public interest areas, and has led key advocacy institutions to impact economic and social sectors. In this regard, he has served as the Chairman of Pakistan Business Council (PBC), and the President of Overseas Investors Chamber of Commerce and Industry (OICCI). He has also served as the Director on Boards of various private and public sector companies. Mr. Bajwa received his education from the Columbia University, New York.





# Senior Management

Left to Right

**Haroon Khalid**

Group Head, Compliance and Business Solutions

**Aasim Wajid Jawad**

Group Head, Strategy, Transformation and Customer Experience

**Anjum Hai**

Chief Financial Officer

**Muhammad Akram Sawleh**

Company Secretary and Group Head, Legal and Corporate Affairs

**Faisal Rabbani**

Chief Risk Officer, Credit and Risk Management

**Khawaja Muhammad Ahmad**

Group Head, Operations and Corporate Services

**Mohib Hasan Khan**

Chief Information Officer

**Faisal Farooq Khan**

Chief Human Resource Officer





**Left to Right**

**Atif Aslam Bajwa**  
President and Chief Executive Officer

**Muhammad Yahya Khan**  
Group Head, Digital Banking

**Mehreen Ahmed**  
Group Head, Retail Banking

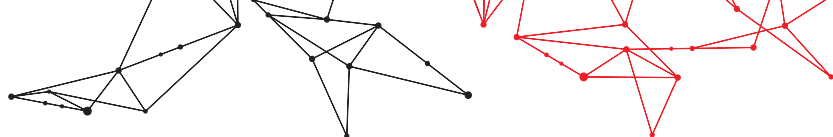
**Farooq Ahmed Khan**  
Group Head, Corporate, Investment Banking  
and International Business

**Dr. Muhammad Imran**  
Group Head, Islamic Banking

**Tahir Khurshid**  
Group Head, Audit and Inspection

**Zahid Anjum**  
Group Head, Special Asset Management

**Pervez Shahbaz**  
Group Head, Treasury and Capital Markets



# Senior Management



**Atif Aslam Bajwa**

President and  
Chief Executive Officer



**Farooq Ahmed Khan**

Group Head Corporate,  
Investment Banking and  
International Business



**Mehreen Ahmed**

Group Head,  
Retail Banking



**Muhammad Yahya**

Group Head,  
Digital Banking

Mr. Atif Bajwa has an extensive international career spanning 40 years of executive leadership roles in banking, and of multiple boards and public interest positions. He is serving as the Director on boards of various private and public sector companies. Mr. Bajwa received his education from Columbia University, New York.

Mr. Farooq Ahmed brings a wealth of experience, boasting a remarkable career spanning over 27 years within the financial sector. His career includes tenures at renowned institutions such as Faysal Bank, MCB Bank, Eco Trade & Development Bank, and United Bank Limited. Prior to his appointment at Bank Alfalah, Farooq held the position of Group Executive-Corporate & Investment Banking Group at United Bank Limited. His impressive credentials extend to his academic background, holding a Master of Business Administration (MBA) degree from John M. Olin School of Business at Washington University in St. Louis, Missouri, USA.

Ms. Mehreen Ahmed is currently heading the Retail Banking Group of Bank Alfalah. She joined Bank Alfalah in April 2012 as the Group Head, Consumer Business and New Initiatives. She carries 35 years of banking and non-banking experience with financial institutions, including Soneri Bank, MCB Bank and Standard Chartered Bank. She holds an MBA degree in Finance and Marketing from the Institute of Business Administration (IBA).

Mr. Muhammad Yahya Khan joined Bank Alfalah as the Group Head, Digital Banking in February 2018. He has over 27 years of banking and non-banking experience with leading organisations like ICI Pakistan, Engro Chemical, Unilever Pakistan, AXA Sun Life Services (UK), PricewaterhouseCoopers (London), J.P. Morgan Chase Bank (London) and Telenor Bank. He is a Fellow Chartered Accountant and holds an M.Sc. degree from the Cranfield University, UK.



**Dr. Muhammad Imran**

Group Head, Islamic Banking

Dr. Muhammad Imran joined Bank Alfalah in August 2018. He has over 26 years of banking and non-banking experience with leading institutions like National Bank of Oman, UBL, Bank Islami Pakistan Limited, Standard Chartered Bank, Shell Pakistan Limited and Philips Pakistan Limited. He holds a Ph.D. in Economics from the University of Karachi and a Master's degree in Business Administration from the IBA, Karachi, where he was awarded a gold medal.



**Pervez Shahbaz Khan**

Group Head, Treasury and Financial Markets

Pervez Shahbaz Khan has over 29 years of diversified experience in the field of Treasury and Global Markets both locally and internationally. During his career, he has been associated with Credit Agricole Indosuez, ABN Amro Bank, Citibank, The Royal Bank of Scotland and Askari Bank Limited. He is a business graduate with an MBA degree from the Institute of Business Administration.



**Anjum Hai**

Chief Financial Officer

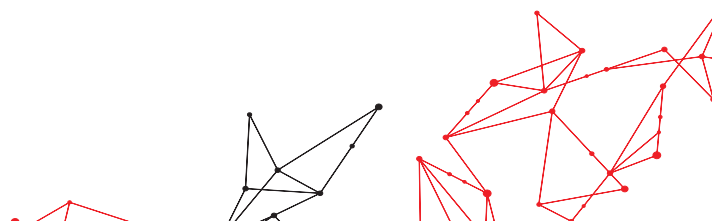
Ms. Anjum Hai joined Bank Alfalah as Chief Financial Officer in November 2017. She has over 29 years of work experience across financial institutions like Soneri Bank Limited, Citibank N. A. Pakistan, Faysal Bank Limited and A. F. Ferguson & Company. She is a Fellow Member of the Institute of Chartered Accountants of Pakistan as well as a Fellow Member of the Associated Chartered Certified Accountants. She also holds an Accelerated Certificate in Company Direction from the Institute of Directors, UK.

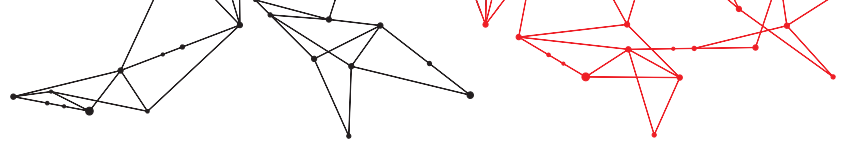


**Faisal Farooq Khan**

Chief Human Resources Officer

Mr. Faisal Farooq Khan has over 33 years of diversified experience in the fields of Human Resources, Sales and Marketing. During his career, he has been associated with ICI Pakistan Ltd., MCB Bank Ltd., Soneri Bank Ltd. and Khaadi SMC Pvt. Ltd. He holds a Mechanical Engineering degree from NED University and an MBA degree from the Lahore University of Management Sciences (LUMS).





**Faisal Rabbani**

Chief Risk Officer

Mr. Faisal Rabbani joined Bank Alfalah in November 2018. He has over 30 years of extensive banking experience with renowned financial institutions like Abu Dhabi Islamic Bank (UAE), Noor Bank (UAE), Commercial Banking Group (UAE) and Citibank Pakistan. He has been heading Credits, Risk Management, Commercial Banking, Trade Finance and Cash Management products. He holds a Master's degree in Business Administration from the IBA, Karachi.



**Aasim Wajid Jawad**

Group Head, Strategy, Transformation and Customer Experience

Mr. Aasim Wajid joined Bank Alfalah as the Group Head, Strategy in June 2013. Prior to this, he served in various senior and leading positions with institutions like United Bank Limited, Associated Industries Garments Pakistan Pvt. Limited, Ernst & Young LLP (London), Deloitte & Touche LLP (London), RSM Robson Rhodes LLP, Chartered Accountants (London) and Blick Rothenberg, Chartered Accountants (London). He is a Fellow Chartered Accountant and holds a Bachelor of Science degree from the London School of Economics.



**Khwaja Muhammad Ahmad**

Group Head, Operations and Corporate Services

Mr. Khawaja Muhammad Ahmad joined Bank Alfalah in April 2015. He is currently heading the Operations and Corporate Services Group. He has over 30 years of experience in diverse areas of banking with institutions like Standard Chartered Bank, Prime Commercial Bank, The Bank of Punjab, Dubai Islamic Bank (UAE), Allied Bank and Soneri Bank Limited. He holds a Bachelor's degree in Finance from the Drake University Iowa, USA.



**Mohib Hasan Khan**

Chief Information Officer

Mr. Mohib Hasan Khan joined Bank Alfalah as the Chief Information Officer in January 2016. He holds over 28 years of experience in Information Technology with financial institutions like Habib Bank Limited and Bank Al Habib Limited along with international work experience of handling IT affairs globally in 28 countries. He holds a Bachelor of Engineering in Computer Systems and an MS degree in Electrical Engineering from the NED University.



**Haroon Khalid**

Group Head, Compliance and Business Solutions

Mr. Haroon Khalid is currently heading the Compliance and Control Group of Bank Alfalah. He carries over 27 years of banking experience, primarily with MCB Bank, and has 16 years of association with Bank Alfalah since joining the Bank in May 2007. He holds an MBA degree from the Lahore University of Management Sciences (LUMS).



**Muhammad Akram Sawleh**

Company Secretary and Group Head, Legal and Corporate Affairs

Mr. Muhammad Akram Sawleh joined Bank Alfalah in August 2018. He has over 31 years of diversified experience as a practicing lawyer as well as in-house counsel for renowned corporations like Habib Bank Limited, Standard Chartered Bank, Union Bank and the State Bank of Pakistan. He holds an LLB degree from the University Law College, Punjab University, Lahore.



**Tahir Khurshid**

Group Head, Audit and Inspection

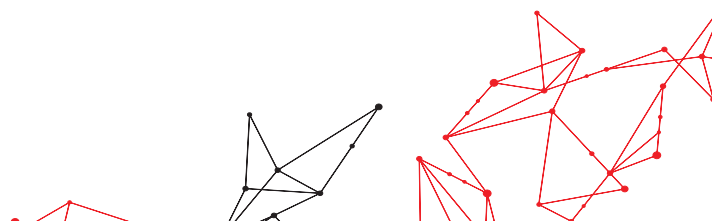
Mr. Tahir Khurshid is currently heading the Audit and Inspection Group of Bank Alfalah. He has over 27 years of experience. Prior to joining Bank Alfalah in August 2002, he worked at MCB Bank Limited and Ford Rhodes Robson Morrow. He holds an M.Com degree from the University of Lahore and an MBA (Finance) degree from the American International University.



**Zahid Anjum**

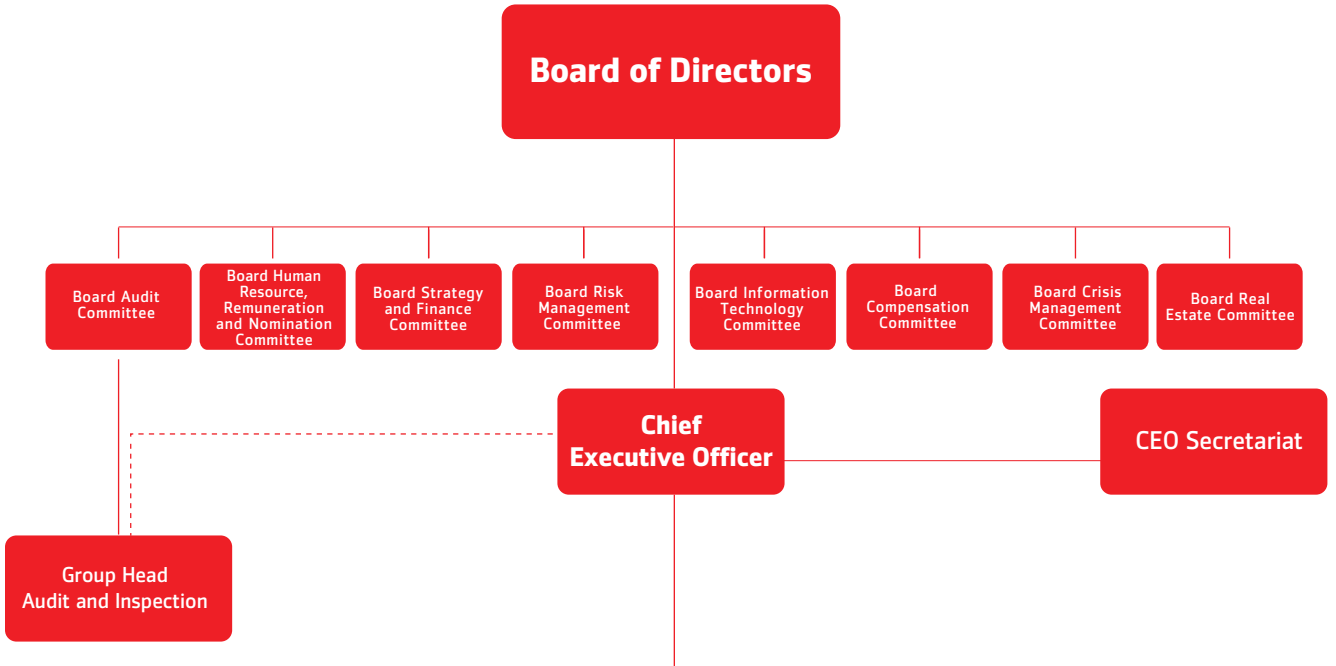
Group Head, Special Assets Management

Mr. Zahid Anjum joined Bank Alfalah in August 2018. He has over 30 years of diversified experience with leading commercial banks. His main area of expertise has been Management of Special Assets, Credit Management, and Structuring and Relationship Management. Prior to joining Bank Alfalah, he was associated with Faysal Bank Limited as Head Special Assets Management and Government Relations. He holds a Master's degree in Business Administration and Law from the Punjab University, Lahore.



# Organisational Structure

## Board of Directors



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### Legends

- - - - - Administrative Reporting
- Functional Reporting

# Role of the Board and the Management

## Role of the Board

The Board of Directors assumes its role independent of the day-to-day operations run by the Management and focuses on policymaking, governs the affairs of the Bank to achieve strategic objectives, and provides general direction, oversight and supervision of the affairs and business of the Bank. The Board has ultimate responsibility for the strategic direction and control of the Bank. The Board has delegated to the Senior Management Team, under the leadership of the Chief Executive Officer, the responsibility to deliver on the strategic direction and goals determined by the Board. A key function of the Board is to monitor the performance of the Senior Management.

The Board periodically establishes Committees to streamline the discharge of its responsibilities. For each Board Committee, the Board adopts formal Terms of Reference (ToR) setting out the matters relevant to the composition, roles, functions, responsibilities and administration of such Committees. The Board has currently established the following Board Committees:

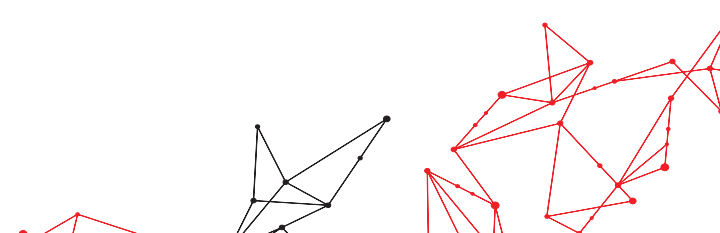
- Board Audit Committee
- Board Strategy and Finance Committee
- Board Risk Management Committee
- Board Human Resource, Remuneration and Nomination Committee
- Board Information Technology Committee
- Board Compensation Committee
- Board Crisis Management Committee
- Board Real Estate Committee

The Board Committees' ToR are reviewed periodically and on need basis. It is intended that each Board Committee has a Non-Executive Director as Chairman of the Committee. As a matter of principle, Committee Members have access to appropriate external and professional advice needed to assist the Committee in fulfilling its role.

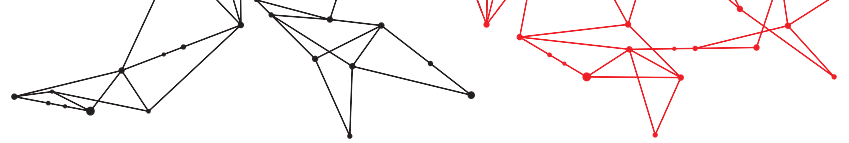
## Role of the Management

The Management Committees' composition and operating methodologies are covered on coming pages within this section.

The Management of the Bank implements strategies approved by the Board of Directors in order to generate optimal performance of the Bank. The senior management, under the charge of the President and CEO, executes all goals and objectives of the Bank in line with the company's strategies, risk management, compliance, compensation, and all other Board-approved policies.



# Roles and Responsibilities of the Chairman and the CEO



The Chairman of the Board and the Chief Executive Officer of the Bank play a substantial and significant role in the overall growth of the Bank by providing the Management with strategic direction and helping it materialise its Mission and Vision.

In this regard, key roles and responsibilities of the Chairman and the CEO are described below.

## Key Roles and Responsibilities of the Chairman

The Chairman of the Board acts as a leading figure for the Board of Directors, and is entrusted with numerous responsibilities and roles ranging from monitoring Board level decision-making activities to safeguarding the Bank's commercial interests.

Other responsibilities include:

- To serve as a leader and driving agent of the Board of Directors, monitoring and managing all of its activities, and aligning the Board's goals and decisions with that of the Management;
- To ensure that the Board stays in the right direction with respect to achieving its objectives;
- To preside over the Board's meetings and general meetings and ensure that these meetings are executed productively, and key agenda is discussed along with a valuable conclusion/decision. The Chairman also oversees the Board's key decision-making activities; and
- To exercise powers and authorities that are vested in and conferred to the Chairman under the Terms of Reference of Board Committees as approved by the Board of Directors.

## Key Roles and Responsibilities of the President and CEO

The Chief Executive Officer at Bank Alfalah also plays a critical and significant role, and is entrusted with numerous responsibilities,

subject to the control and supervision of the Board of Directors.

Key responsibilities include:

- To serve as the link between the Board and Senior Management for execution of Board driven vision and strategies;
- To manage and administer the affairs of the Bank in accordance with laws, rules, regulations, and the Memorandum and Articles of Association of the Bank;
- To comply with and ensure bank-wise implementation of and compliance with all policies, procedures and manuals approved by the Board of Directors, and any directives given by the Board of Directors or Board Committee(s);
- To prepare plans for growth and expansion of the Bank's operations in Pakistan and abroad, and submit the same for consideration and approval of the Board of Directors;
- To appoint, promote, transfer, suspend or dismiss employees of the Bank and fix their remuneration and other entitlements in accordance with the policies and procedures approved by the Board of Directors;
- To deal with, represent, and act on behalf of the Bank before the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, federal and provincial ministries, government departments, local bodies, corporations, courts, stock exchanges, and any other competent authority; and
- To ensure that the Bank performs to the highest levels of ethical, legal and business standards in order to execute the Bank's strategies effectively in line with all applicable laws.
- To ensure that the culture and values of the Bank are upheld at all times, the Board receives timely, accurate and complete information, shareholders' interests are protected in compliance with laws and regulations, meetings are duly recorded, productive participation of board members, and effective resolution of issues.



## Board Audit Committee

- To oversee the integrity of the accounting and financial reporting processes, including internal controls over financial reporting, as well as of the financial statements with focus on compliance with applicable accounting and reporting standards to give a true and fair view of the financial position and performance of the Bank.
- To oversee the Bank's compliance with legal and regulatory requirements.
- To oversee the Internal Control Framework (both Policies as well as Procedures), established by the Management, to ensure compliance with applicable laws and regulations, and to ensure adherence to Accounting and Reporting Standards.
- To oversee adherence of employees and the Management to the Bank's Control Framework and Code of Conduct.
- To select and recommend appointment of the External Auditor to the BOD, after, thorough analysis of qualification and competence, and ensuring its independence from the Management.
- To review the Management letter and/or any other communication stating significant issues raised by External Auditors and Management response to each of the financial reporting and internal control issues, and to ensure the implementation of recommendations of External Auditors, where considered appropriate.
- To establish and ensure functioning of an independent, objective and competent Internal Audit Group supported by adequate resources.
- To review the performance of Internal Audit Function (IAF) and External Auditors.
- To review and recommend to the Board of Directors amendments in the 'Internal Audit Policy'.
- To ensure the conformance of Internal Audit activities to International Standards for the Professional Practice of Internal Auditors, issued by the Institute of Internal Auditors (IIA) and Information Systems Audit & Control Association (ISACA), where applicable.
- To approve the Audit Manual, Assurance Level and Internal Audit Plan, prepared and presented by CIA/Head of Internal Audit, after thorough discussion and analysis, with prime focus on Risk Based Audit Approach.
- To oversee Shariah Audit Function, Credit Risk Review of the credit portfolio and the Management's actions for identification of gaps, and implementation of controls as a preventive measure against frauds in line with the fraud prevention policy.
- To review and discuss with CIA/Head of Internal Audit, as Secretary BAC, the status of implementation of the Committee's decisions and reasons for any significant delay(s) together with Committee's direction for necessary actions.
- To review the Bank's risk assessment related to Anti-Money Laundering (AML)/Combating the Financing Terrorism (CFT)/ Proliferation Financing (PF)/Targeted Financial Sanctions (TFS) risk factors.
- To review sanctions and CFT statistics of account freeze/unfreeze and statistics of Currency Transaction Reports (CTR) and Suspicious Transaction Reports submitted to the Financial Monitoring Unit.
- To formulate and approve Key Performance Indicators (KPIs) of CIA/Head of Internal Audit.
- To review the effectiveness of Whistle Blow mechanism of the Bank.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.
- To fulfil any other task/responsibility assigned by the Board as well as by the Regulators.

### Committee Members

Mr. Khalid Qurashi  
Chairman

Mr. Abdulla Khalil Al Mutawa  
Member

Mr. Khalid Mana Saeed Al Otaiba  
Member

Dr. Ayesha Khan  
Member

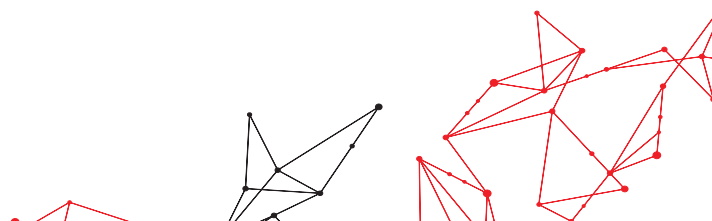
Mr. Tahir Khurshid  
Secretary

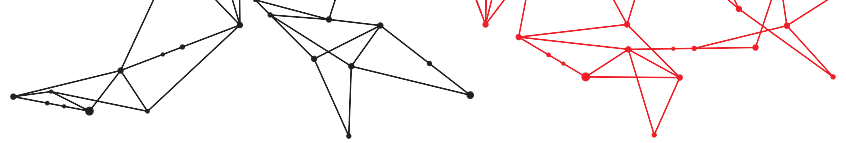
Meetings held during the year

- 31st January, 2023
- 01st February, 2023
- 26th April, 2023
- 9th August, 2023
- 25th October, 2023
- 18th December, 2023

### Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.





## Board Human Resource, Remuneration and Nominations Committee

- To ensure that HR policies and practices are in line with market dynamics and the business objectives of the Bank.
  - To design competitive compensation programmes that attract, retain and motivate staff to achieve business objectives of the organisation, while enhancing and sustaining shareholder value.
  - To review the implementation of the State Bank of Pakistan's remuneration guidelines, and ensure that remuneration policy is aligned with significant requirements of the guidelines.
  - To periodically examine the Bank's remuneration policy.
  - To review and recommend the HR policies of the Bank to the Board and ensure development of new policies to help attract, retain, develop and motivate talent.
  - To review the Management Structure/Organogram of the Bank.
  - To review and recommend the selection/appointment/ reappointment, evaluation, compensation, increments, performance bonuses, fringe benefits, including retirement benefits, and terms and conditions of service agreement of the CEO to the Board.
  - To review and recommend to the Board the selection, evaluation and compensation of key executives of the Bank as defined in the State Bank of Pakistan's Fit and Proper Test Criteria (SBP's FPT).
  - To review and confirm the job descriptions of key executives, and to review and recommend the appointments and promotions of all key executives and general managers.
- 248**
- To investigate and recommend resolutions to the Board of major violations of the Code of Business Conduct and Ethics that may relate to personnel or internal controls relating to Human Resource policies or benefits.
  - To consider/review and recommend to the Board, the remunerations to be paid to the Non-Executive Directors of the Bank for attending Board and Board Committee meetings.
  - To review and monitor the training and development budget.
  - To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.
  - To look after any other matters relating to Human Resource Management.

### Committee Members

Dr. Ayesha Khan  
Chairperson

Mr. Abdulla Khalil Al Mutawa  
Member

Mr. Khalid Mana Saeed Al Otaiba  
Member

Dr. Gyorgy Tamas Ladics  
Member

Mr. Khalid Qurashi  
Member

Mr. Muhammad Akram Sawleh  
Secretary

### Meetings held during the year

- 1st February, 2023
- 26th April, 2023
- 8th August, 2023
- 24th October, 2023

### Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

# Board Strategy and Finance Committee

- To assist the Board in performing its functions and responsibilities with focus on policy-making and general direction, oversight and supervision, within the framework of applicable regulations, and without involvement in the day-to-day operations of the Bank.
- To review all matters relating to strategy and finance, as well as all other matters not specifically covered in the Terms of Reference of other specialised Board Committees.
- To review the strategic plan of the Bank, and periodically monitor the status of the implementation of the approved strategic plan. To review the annual business and capital expenditure budgets, operational budgets and periodic reviews of the Bank's performance, vis-à-vis the approved budget and in comparison with peer banks and the industry.
- To review the financial and operational performance of the Bank as well as acquisitions, investments, impairments/write-offs, claims against the Bank, etc.
- To oversee aspects of capital management, including issuance of shares and capital instruments, issuance of cash/stock dividend and capital injection decisions for overseas operations.
- To review and approve capital expenditure, recurring and operating expenses, and write-offs as per defined thresholds.
- To review, obtain updates on and recommend annual branch network expansion plans for approval to the Board, including plans for overseas operations, and establishing companies/operations/offices in new overseas locations.
- To review and recommend Shariah Board reports in compliance with the SBP Shariah Governance Framework, for approval to the Board.
- To review and recommend matters relating to the shareholders and related parties to the Board in consultation with the Chairman.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

## Committee Members

Mr. Abdulla Khalil Al Mutawa  
Chairman

Mr. Khalid Mana Saeed Al Otaiba  
Member

Dr. Ayesha Khan  
Member

Dr. Gyorgy Tamas Ladics  
Member

Mr. Khalid Qurashi  
Member

Mr. Atif Aslam Bajwa  
Member

Mr. Aasim Wajid Jawad  
Secretary

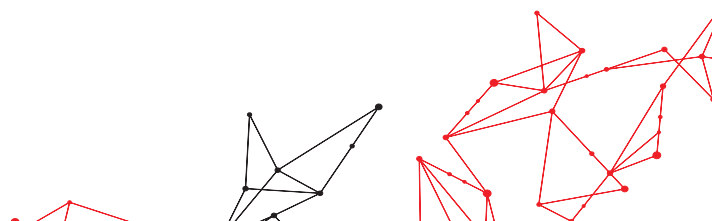
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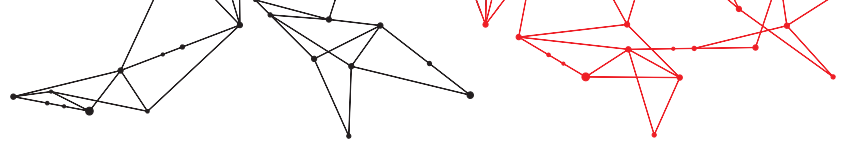
## Meetings held during the year

- 1st February 2023
- 25th April 2023
- 26th June 2023
- 9th August 2023
- 2nd October 2023
- 24th October 2023
- 25th October, 2023

## Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.





## Board Risk Management Committee

- To establish and maintain a system to oversee Risk Management policies and principles.
- To review the adequacy and effectiveness of the Risk Management process across the Bank.
- To establish and maintain the Risk Management Framework to identify risks, and to evaluate the alignment and effectiveness of Risk Management activities.
- To review the Bank's strategy from a risk perspective and ensure that it is prepared in accordance with the Bank's policies.
- To review and recommend to the Board, the Bank's overall risk appetite and delineate risk tolerance in relation to credit, market, liquidity, operational, Shariah, legal and outsourcing risk etc., and Trade Based Money Laundering Risk.
- To approve the exposure limits in relation to Risk Management strategies, and review compliance with these limits.
- To ensure a system to identify any exceptions to the appetite/ limits and Risk Management policies and procedures, and to take timely corrective measures.
- To review Risk Management information reports, evaluate findings and the appropriateness of the remedial measures, and direct necessary actions, besides reviewing internal risk rating models , ICAAP, Stress Testing results and recommending the same for the Board approval where required.
- To recommend to the Board the delegation of authorities to Management Committees to achieve the Board mandated strategic direction.
- To oversee implementation of IFRS-9 as per the regulations.

### Committee Members

Mr. Khalid Mana Saeed Al Otaiba  
**Chairman**

Mr. Abdulla Khalil Al Mutawa  
**Member**

Mr. Khalid Qurashi  
**Member**

Mr. Atif Aslam Bajwa  
**Member**

Mr. Farhan Ali  
**Secretary**

### Meetings held during the year

- 31st January 2023
- 25th April 2023
- 8th August 2023
- 24th October 2023
- 18th December 2023

### Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

## Board Compensation Committee

- To select eligible employees from time to time, to grant options under the Scheme, as per the terms of the companies (further issue of shares) regulations, and the Bank's approved Employee Stock Options Scheme.
- To determine the share entitlement to be offered to each designated employee selected from time to time.
- To determine the time when an option may be granted, and any conditions that must be satisfied by eligible employees and/or designated employees before an option is offered.
- To determine the exercise price, as per the terms of the Scheme, and the share entitlement in respect of which options may be granted to designated employees.
- To develop a suitable policy and system to ensure that there is no violation of the insider trading provisions of the Securities and Exchange Ordinance, 1969, and the Securities Exchange Commission of Pakistan Act, 1997.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.
- To oversee any other matters relating to Human Resource Management as assigned by the Board.

### Committee Members

Dr. Ayesha Khan  
Chairperson

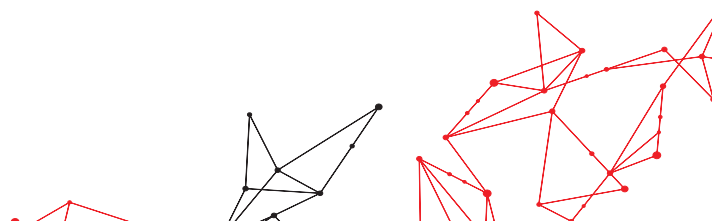
Mr. Abdulla Khalil Al Mutawa  
Member

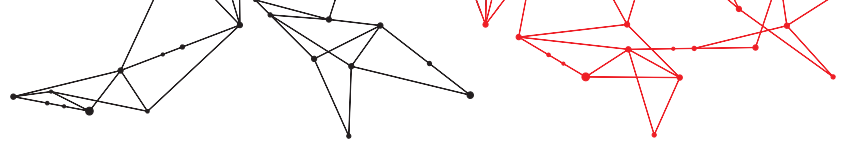
Mr. Khalid Mana Saeed Al  
Otaiba  
Member

Mr. Muhammad Akram Sawleh  
Secretary

### Meetings held during the year

No meeting was held during the year as there was no TOR related agenda item for the committee's consideration.





## Board Information Technology Committee

- To review and recommend the IT Strategy and Digital Strategy of the Bank to the Board.
- To advise and report to the Board on the status of technology activities and digital initiatives in banks.
- To review and monitor the implementation of the SBP's 'Enterprise Technology Governance and Risk Management Framework'.
- To monitor the overall impact of the Information Technology infrastructure and applications on businesses and customers, and to assess and address strategic gaps and issues.
- To monitor, oversee and optimise investments related to technology and capital expenditure related to Information Technology, and to make recommendations to the Board for approval of IT budget.
- To reinforce Information Technology roles and responsibilities through relevant policies and to issue high-level policy guidelines.
- To ensure that effective Risk Management strategies are designed and implemented to achieve resilience, including the ability to respond to wide-scale disruptions, cyber-attacks and attacks on critical infrastructure in an effective manner.
- To monitor and track all major technology related projects, ITG performance and IT services delivery.
- To ensure compliance of regulatory requirements.
- To review IT Capacity Planning and Resource Management, including financial, data and information, infrastructure and assets, human resource staff development, recruitment and the retention of skilled staff, and vendors.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

### Committee Members

Dr. Gyorgy Tamas Ladics  
Chairman

Mr. Abdulla Khalil Al Mutawa  
Member

Mr. Khalid Mana Saeed Al  
Otaiba  
Member

Mr. Atif Aslam Bajwa  
Member

Mr. Aasim Wajid Jawad  
Secretary

### Meetings held during the year

- 31st January, 2023
- 25th April, 2023
- 8th August, 2023
- 25th October, 2023

### Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.

# Board Crisis Management Committee

- To review and recommend the Business Continuity Plan and the Disaster Recovery Plan of the Bank due to the crisis for approval of the Board.
- To identify 'mission-critical' and key risks, and take specific and targeted actions to setup a reasonable system of regular and timely reporting of the risks and their mitigants to the Board.
- To assess all impacts of the crisis on business operations, employees, customers and key stakeholders of the Bank, and to suggest measures to manage the same.
- To monitor industry trends, best practices, tools and techniques to deal with the crisis.
- To receive reports and monitor emerging risks due to the crisis at regular intervals, and recommend necessary mitigating strategies for the same.
- To review and inform the Board (if necessary) about the communication strategy to deal with the crisis.
- To review the Bank's strategy from a Risk Management perspective to deal with the crisis.
- To assess the financial strength and solvency issues of the Bank during and after the crisis and advise the Board accordingly.
- To highlight most imminent challenges to macroeconomic stability in the banking industry, as a result of crisis.
- To ensure that proper governance principles/procedures and practices are being followed in order to meet any potential litigation/regulatory risk.
- To approve any expenditure, necessary to deal with the crisis.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

## Committee Members

Mr. Abdulla Khalil Al Mutawa  
**Chairman**

Mr. Khalid Mana Saeed Al Otaiba  
**Member**

Dr. Ayesha Khan  
**Member**

Dr. Gyorgy Tamas Ladics  
**Member**

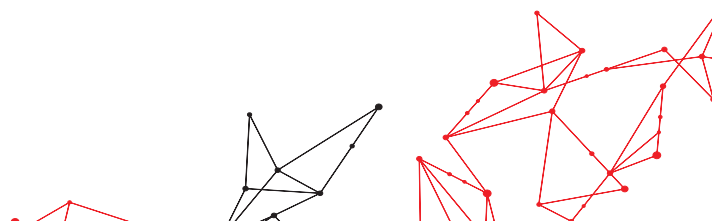
Mr. Khalid Qurashi  
**Member**

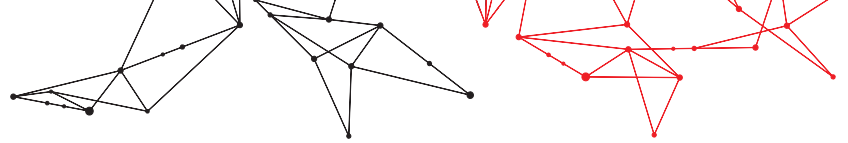
Mr. Atif Aslam Bajwa  
**Member**

Mr. Aasim Wajid Jawad  
**Secretary**

## Meetings held during the year

No meeting was held during the year as there was no TOR related agenda item for the committee's consideration.





## Board Real Estate Committee

- To review, recommend and approve real estate proposals of the Bank and to make/amend relevant policies thereunder.
- To review and recommend to the Board any property acquisition proposed by the Management.
- To review and assess the adequacy of its TORs and recommend to the Board any amendments or modifications in the TORs that the BREC deems appropriate.
- To evaluate, at least annually, its own performance and report the results of such evaluation to the Board, in accordance with the Board Evaluation process.

### Committee Members

Mr. Abdulla Khalil Al Mutawa  
Chairman

Mr. Khalid Mana Saeed Al  
Otaiba  
Member

Mr. Atif Aslam Bajwa  
Member

Mr. Muhammad Akram Sawleh  
Secretary

### Meetings held during the year

- 31st January, 2023
- 7th April, 2023
- 25th April, 2023
- 26th June, 2023
- 9th August, 2023
- 24th October 2023

### Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Directors' participation in the meetings.



Bank Alfalah has three main Management Committees for the purpose of strategic planning and decision-making under the Chairmanship of the CEO. The Board of Directors has approved the Committees and their TORs. The role of these Committees is to ensure that the activities of the Bank reflect its vision, purpose and aims. They establish the fundamental values, ethical principles and strategic direction in which the Bank operates. These Committees meet regularly and their decisions are communicated to the Board frequently.

1. Central Management Committee (CMC)
2. Central Credit Committee (CCC)
3. Digital Council (DC)

The CMC has formed sub-committees to carry out its mandate. For each sub-committee, the CMC adopts formal TORs, setting-out the matters relevant to the composition, roles, functions and responsibilities. The CMC has full authority to review and reorganise the composition and TORs of the sub-committees.

## Central Management Committee (CMC)

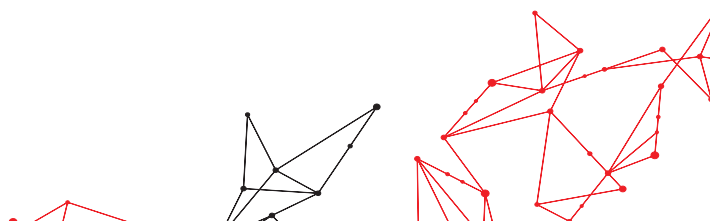
- Atif Aslam Bajwa – Chairman
- Aasim Wajid Jawad
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Haroon Khalid
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Muhammad Akram Sawleh
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Zahid Anjum
- Zahra Anwar Furniturewalla – Secretary

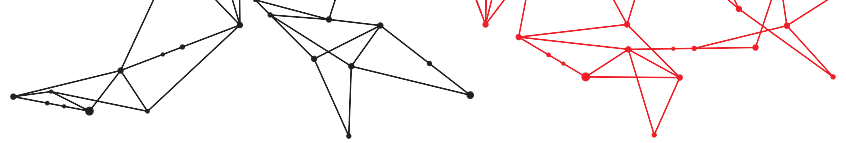
## Digital Council (DC)

- Atif Aslam Bajwa – Chairman
- Aasim Wajid Jawad
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Haroon Khalid
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Wajahat Ali Khan – Secretary

## Central Credit Committee (CCC)

- Atif Aslam Bajwa – Chairman
- Faisal Rabbani
- Mehreen Ahmed
- Farooq Ahmed Khan
- Pervez Shahbaz Khan
- Dr. Muhammad Imran
- Muhammad Imran
- Shaykh Zeeshan Rauf
- Beena Fawad – Secretary





## Sub-Committees of CMC

### Customer Experience Council (CEC)

- Atif Aslam Bajwa – Chairman
- Asim Wajid Jawad
- Faisal Farooq Khan
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Farooq Ahmed Khan
- Aamir Mehmood Gandhi
- Imran Assad Khan
- Muhammad Raheel Yousaf
- Mohammad Hussain
- Syed Muhammad Asif
- Wahab Ahmed Qureshi
- Business Heads (Conventional, Islamic and Corporate)
- Suhail Siddiqui – Secretary

### Information Technology Steering Committee (ITSC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hasan Khan
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Zeeshan Siddiqui
- Imran Jafri – Secretary

### Compliance and Controls Committee (C&CC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Farooq Khan
- Faisal Rabbani
- Khawaja Muhammad Ahmad
- Mehreen Ahmed
- Mohib Hassan Khan
- Muhammad Akram Sawleh
- Dr. Muhammad Imran
- Muhammad Yahya Khan
- Farooq Ahmed Khan
- Abdur Rehman Khan
- Faisal Ahmed
- Mubashir Mustafa
- Muhammad Ayyaz Ashraf
- Haroon Khalid – Secretary

### Asset and Liability Committee (ALCO)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Mehreen Ahmed
- Dr. Muhammad Imran
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Hasan Ahmed Khan – Secretary

### Process Improvement Committee (PIC)

- Khawaja Muhammad Ahmad – Chairman
- Haroon Khalid
- Abdur Rehman Khan
- Farhan Ali
- Moiez Ahmed Usmani
- Mubashir Mustafa
- Muhammad Ayyaz Ashraf
- Naushad Ali Khowaja (observer)
- Farooq Qamar Khan (observer)
- Rizwan Aftab (observer)
- Audit and Inspection Group representative (by invitation)
- Afsheen Jalal – Secretary

### Investment Committee (IC)

- Atif Aslam Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Pervez Shahbaz Khan
- Farooq Ahmed Khan
- Muhammad Zeeshan
- Syed Waris Hussain Abidi – Secretary

### Expenditure Approval Committee (EAC)

- Anjum Hai – Chairperson
- Faisal Farooq Khan
- Khawaja Muhammad Ahmad
- Muhammad Azhar Khan
- Muhammad Ashraf
- Wahab Ahmed Qureshi
- Naushad Ali Khowaja – Secretary

### Governance Committee for Overseas Operations (GCOO)

- Atif Bajwa – Chairman
- Anjum Hai
- Faisal Rabbani
- Farooq Ahmed Khan
- Haroon Khalid
- Pervez Shahbaz Khan
- Ehsan ul Haq Qureshi
- Faisal Rashid – Secretary

## Charity Affairs Committee (CAC)

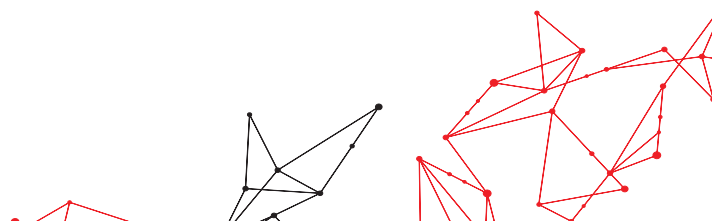
- Atif Bajwa - Chairman
- Anjum Hai
- Dr. Muhammad Imran
- Mehreen Ahmed
- Farooq Ahmed Khan
- Syed Faraz Ahmed – Secretary

## Donation Committee (DOC)

- Atif Bajwa - Chairman
- Faisal Farooq Khan
- Mehreen Ahmed
- Anjum Hai
- Haroon Khalid
- Muhammad Raheel Yousaf
- Madiha Javed Qureshi – Secretary

## Other Committees

- Crisis Management Team
- Disciplinary Action Committee
- Diversity and Inclusion Council
- Employee Welfare Fund Committee
- Grievance Committee
- Harassment Inquiry Committee
- IFRS 9 Steering Committee
- Management Oversight Committee
- Outsourcing Review Forum

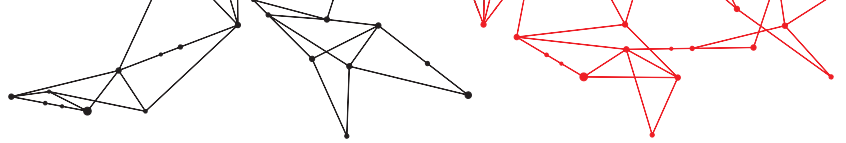


# Review Report by the Chairman on the Board's Overall Performance

The Bank complies with the requirements set out in the Companies Act, 2017, the Listed Companies (Code of Corporate Governance) Regulations, 2019 and SBP Circular No. 11 of 2016 dated 22nd August, 2016. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Bank Alfalah Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of the objectives set for the Bank. Areas requiring improvement are given due consideration, and action plans are framed.

In addition to the annual independent review, the Chairman of the Board, as part of his responsibilities, arranges an annual review for the performance of the Board. The key areas reviewed during the year were independence, contribution and attendance at Board meetings, interaction with the CEO, the Company Secretary and Senior Management, ability to communicate issues of importance and concern, their knowledge and effectiveness at meetings, and the overall time and commitment to their role on the Board.

The appraisal process concluded that each director is performing well and is committed to their role in terms of dedication of time and attendance at meetings. No area of significant weakness was identified, and it was concluded that the Board and its Committees operated effectively throughout the period under review.



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

The Board of Directors at Bank Alfalah is responsible for devising strategies that help the Bank in reaching its desired goals, monitoring the overall performance of the Bank, providing the Management with strategic direction, and ensuring the Management's compliance with the regulatory regime, including the SBP's requirements and the Code of Corporate Governance and Ethical Conduct.

In order to ensure that interests of stakeholders in the Bank are protected, the Board plays a pivotal role as a fiduciary to act and communicate with the Management on their behalf.

The roles and responsibilities as specified by relevant laws / regulations, the State Bank of Pakistan's Corporate Governance Regulatory Framework and its guidelines are well-defined.

Descriptive evaluation criteria have been established at Bank Alfalah to evaluate and monitor the performance of the Board, the Committees, individual Directors including independent Directors, the Chairman and the Chief Executive Officer, and to ensure that the desired purpose is effectively achieved. The evaluation criteria take into account numerous factors to assess the functions and behaviours thereof.

Key performance indicators or criteria that are in place to benchmark the Board and its Committees, the Chairman and the CEO's performance include:

- Strategic Direction: To ensure that the Board is actively involved in setting and devising key strategies that provide the Bank with futuristic direction going forward, and to ensure that all Management proposals, challenges, assumptions and alternatives are duly considered prior to deciding such strategy.
- Management's Performance: To ensure that the Management's performance and its progress towards achieving its set targets are periodically monitored by the Board.
- Performances of the Individual Directors and Committees: To gauge the contribution of individual Board Members and Committees towards achieving the strategic goals of the Bank. This helps the

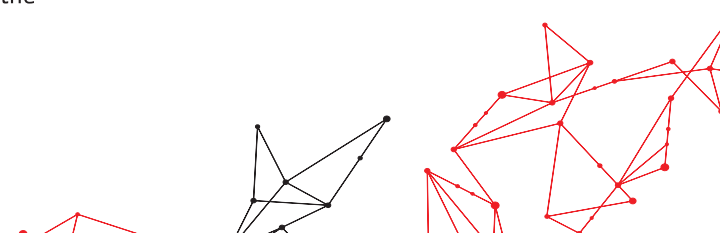
Bank measure the level of awareness of key responsibilities, establish the current baseline of the Board's performance, identify critical gaps in key areas of Board effectiveness, measure the degree of alignment among the Board Members, focus on high impact, low performance areas, create Board effectiveness improvement plans, and execute and follow-up on improvement plans.

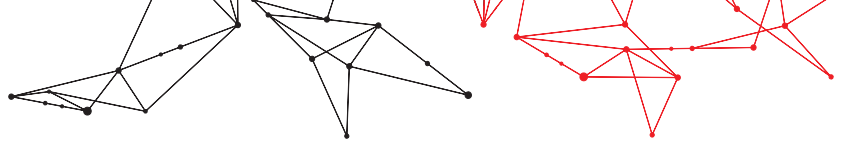
- Internal Controls: To oversee and ensure that an appropriately designed Internal Control Framework is in place, and is tested at regular intervals to address all types of key risks.
- Audit and Compliance: To ensure that there is an active compliance function in the Bank, and to monitor its compliance with external laws and regulations and internal codes, and also to monitor the organisation's abidance by audit principles.
- Understanding of Corporate Governance and Conduct Code: To ensure that the Directors fully understand the Bank's agreed policies on Corporate Governance and Ethics.
- Understanding of Roles and Responsibilities: To ensure that the Board has a clear understanding of the Bank's goals, vision and mission statements.
- Committee Composition: To ensure that each of the Board Committees is appropriately structured to effectively achieve its underlying goals and objectives, and its key functions are also clear and well-defined.

The Board of Directors, in addition to numerous other functions and responsibilities, also holds a duty of care and loyalty towards the Bank to act honestly in the interests of the Bank, and exercise its roles with complete integrity and care.

The evaluation framework established assesses the Board's performance on numerous criteria, including those described above.

Over the past years, the Board of Directors at Bank Alfalah has efficiently fulfilled their vested roles and responsibilities towards stakeholders and the Management to steer the Bank in the right direction and ensure maximisation of shareholder value.





The State Bank of Pakistan (SBP), through BPRD Circular No. 11 of 2016 dated 22nd August, 2016, mandated that the Board of every bank must carry out a formal annual performance evaluation of the Board, its Committees, and individual Directors. The circular also requires performance evaluation by an external independent evaluator at least once every three years.

In 2022, M/s Pakistan Institute of Corporate Governance (PICG) carried out the performance evaluation of the Board, its sub-committees and the Directors as an External Independent Evaluator. The performance evaluation report was submitted to the Chairman and other Board members for their review and information.

## **Board's Performance Review by the External Consultant**

## Leadership Structure of those charged with Governance

The Bank's operations are governed under the Board of Directors. The Board comprises of non-executive directors and an executive director. The Chairman leads the Board. The Directors' profiles, describing their experience and education, have been disclosed at the start of this section.

## Non-Executive Directors

At present, all Directors on the Board are non-executive except the President/CEO of the Bank. The non-executive directors provide an outside viewpoint to the Board. They are neither involved in management of day to day affairs of the Bank, nor are they from the Executive Management Team of the Bank.

## Independent Directors and their Independence

The Board has three (03) independent Directors who meet the criteria of independence stipulated under the Company Act, 2017 and the directives issued by the State Bank of Pakistan (SBP).

Independent Directors of the Bank play a vital role in the independent functioning of the Board. They bring in an external and broader perspective to decision-making by the Board.

Below are the details of independent Directors on the Bank's Board:

Name of Independent Directors	Justification for Independence
Dr. Gyorgy Tamas Ladics	They meet the criteria of independence in all aspects as stipulated under the Companies Act, 2017 and the directives issued by the SBP. As per legal requirement, they were selected from the databank maintained by the PICG.
Dr. Ayesha Khan	
Mr. Khalid Qurashi	

## Executive Director(s) and their Directorship

The Executive Director on the Bank's Board, Mr. Atif Bajwa, is serving as a non-executive Director/Member on the Board of eleven other companies/institutions.

## Diversity in the board

The importance of diversity and inclusion for boards is well-founded. In addition to reflecting shared social values, diverse board composition is a significant and measurable contributor to board effectiveness. Deep insight, multiple perspectives, and a wealth of experience are necessary for robust discussions of challenging issues. Businesses face many challenges and complexities, so having a broad set of competencies as a primary asset is crucial to overcoming them.

Bank Alfalah has a diverse board which results in effective decision-making, guidance, and risk management.

The Bank's Board is composed on the basis of above diversity factors. Please refer to the Directors' profiles disclosed at the start of this section.

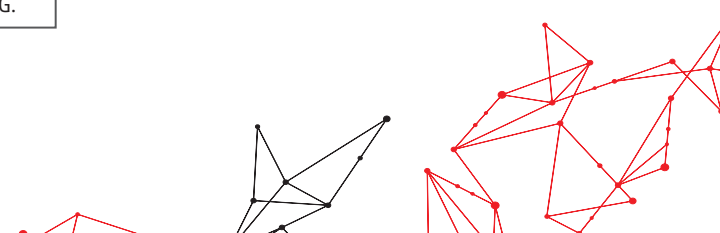
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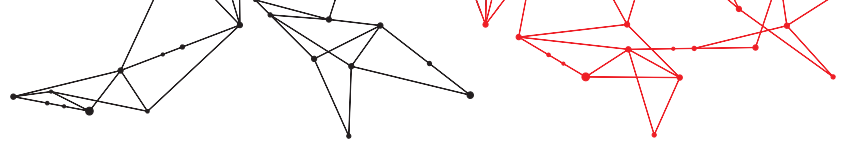
## Representation of Female Director on the Board

Dr. Ayesha Khan is the female Director on the Board, who is also an independent Director.

## Election of the Board of Directors

The election of the Board of Directors of the Bank was held on 27th May, 2021 and the shareholders elected eight (8) Directors for a period of three years.





## Casual Vacancies on the Board of Directors

During the year 2023, no casual vacancies occurred on the Board of Directors.

## Directors' Orientation

Directors' Orientation refers to the process of helping new Directors contribute fully, and as early as possible in their tenure, to the governing work of the Board. The objective of the orientation is to enable the Directors to:

- Understand their roles, responsibilities and time commitment to governance work around the Board and Committees;
- Be aware of the current goals, opportunities and challenges facing the organisation;
- Be aware of who the organisation's main stakeholders are, including clients, partners, public, as well as the staff;
- Develop an understanding of how their own background, knowledge, experience and skills will contribute to the current work of the Board, and the goals of the organisation;
- Appreciate the background, knowledge, experience and skills of other Directors;
- Gain knowledge of how the Board meetings are run, decisions are made, and what formal governing policies and practices exist; and
- Understand how the Board functions similarly or differently from other boards they have served on, or are serving on.

## Directors' Training Programme (DTP)

The Bank is fully compliant with the criteria and requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG-2019).

The Bank arranged Directors' Training Programme named 'Corporate Governance Leadership Skills (CGLC) – Directors Education Programme' as per the SECP's approved criteria from the Pakistan Institute of Corporate Governance (PICG) for its Board Members as well as Executives. The following Board Members have undertaken the said training:

Board Members:

- Dr. Ayesha Khan
- Mr. Khalid Qurashi
- Dr. Gyorgy Tamas Ladics
- Mr. Atif Aslam Bajwa

The other Directors, with a minimum of 14 years of education and 15 years of experience on the Board of a

listed company, local and/or foreign, stand exempted from the Directors' Training Programme as allowed under Code of Corporate Governance (CCG), 2019.

Executives of the Bank who attended the DTP: In addition to the Directors, the following Key Management Personnel attended DTP: CFO and Head Internal Audit.

## Related Party Transactions

Bank Alfalah Limited enters into transactions with its related parties in its daily operations.

The Bank enters into such transactions to meet its business objectives, and at the same time we recognise the need to maintain transparency and to fulfil our obligations towards our stakeholders, including shareholders, regulators, employees, etc. The Bank believes that there must not be any conflicts of interest or non-disclosure of such transactions.

To meet this objective, the Bank has a Related Party Transactions Policy, which aims at ensuring that it follows transparent and compliant procedures and guidelines to enter into such transactions. This policy is subject to guidance from the SECP and/or actions taken by the Company's Board of Directors or the Board Audit Committee. The purpose of this policy is to ensure that Bank Alfalah meets its obligations under:

- The Companies Act, 2017;
- The Banking Companies Ordinance, 1962;
- The Corporate Governance Framework / Prudential Regulations of State Bank of Pakistan;
- The Code of Corporate Governance;
- Pakistan Stock Exchange (PSX) Rule Book; and
- Applicable International Financial Reporting Standards.

Names of related parties in Pakistan and outside Pakistan, with whom the Bank had entered into transactions or had agreements and/or arrangements in place during the financial year, along with the basis of relationship, including common directorship and percentage of shareholding, have been disclosed as part of the Organisational Overview (subsection: Group Ownership Structure), Governance (subsection: Board of Directors – details and shareholding), and Financial Statements of the Bank (Related Party Transactions). Such disclosures are in line with regulatory requirements.



## Conflicts of Interest

The Directors have the ultimate responsibility for managing the affairs of the Bank and, accordingly, hold fiduciary duties of care and loyalty to the Bank and its shareholders. One of the key duties that Directors owe to the Bank is the duty to avoid conflicts of interest. This includes not placing one's self in a position where the Director's personal interest could possibly conflict with their duty to the Bank.

Conflicts may arise in several situations. Typical scenarios are:

- Where the Directors have a direct or indirect material interest in a transaction that the Bank enters into;
- Where the Directors hold positions or offices or possess a property that may result in conflicting duties; and
- Where the Directors stand to benefit from information received by them, or opportunities made available to them in their capacity as Directors or officers.

The Bank exercises particular care in monitoring whether or not it is placed in a position of actual or potential conflicts.

In dealing with conflicts of interest, the Bank pays close attention to the:

- Provision of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019;
- SBP's Corporate Governance Regulatory Framework; and
- Article of Associations of the Bank.

Managing and monitoring conflicts of interest:

- The Directors are well-versed in their responsibilities to act in the best interests of the Bank and investors and to refrain from any conduct that may be considered adverse or contrary to the interests of the Bank and investors;
- The Directors are required to disclose their (along with family members) interests to the Bank before entering into any such transaction as per the manner prescribed in the applicable laws and regulations;
- The concerned Director, if any, does not participate in any deliberation, decision-making, proceeding, or investigation action by the Board of Directors in case of a conflict of interest.
- Insider Trading is prohibited, and the records of persons having access to sensitive information are maintained in an insider register.

The ultimate objective of procedures to deal with conflicts is the protection of the Bank's interest and the promotion of transparency for the benefit of the shareholders.

## Governance of risk and internal controls

The Board oversees matters relating to risks, compliance and internal control through its committees. These committees include Board Risk Management Committee, Board Strategy and Finance Committee, Board Audit Committee and Board Crisis Management Committee.

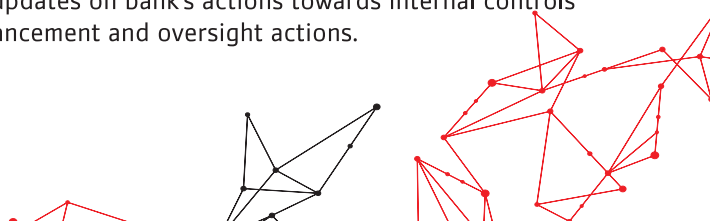
For the governance of risk, please refer to 'Risk and Opportunities' section of this Annual Report. For governance of internal controls, please refer 'Statement of Internal Controls' within this section and 'Internal Controls over Financial Reporting' (ICFR) in 'Performance and Position section' of this Annual Report.

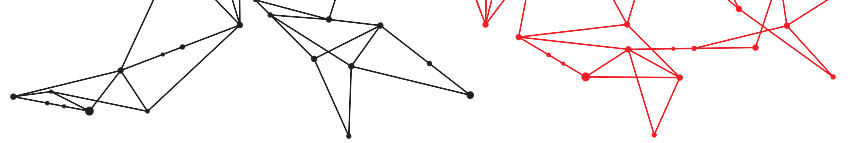
## External oversight and Measures taken to enhance credibility of internal controls

The Bank's controls and systems are subject to review by regulators and external auditors. Also, the Bank, depending upon regulatory or internal requirements, may conduct system reviews.

The Compliance Group's Internal Control Division (ICD), through its regular onsite visits and offsite thematic reviews, facilitates the Management in timely identification and resolution of key control/compliance risk exposures, which can affect the Bank adversely. Besides ICD, other units of Compliance Group, vis-à-vis Customer Due Diligence (CDD) Department and Compliance Risk Management Unit are also integral parts of the Bank's control framework, helping the Bank improve controls. The Bank has an online Internal Controls Dashboard (ICD Dashboard) for centralised monitoring of controls. It serves as a tool to enhance the entity wide coverage of control risk exposure through timely identification of operational and regulatory risks, including control breaches at the branches and other functions. Please refer to the Bank's 'Statement of Internal Controls' within this section for specific measure taken to improve internal controls.

Please refer IT Governance and Cybersecurity section for updates on bank's actions towards internal controls enhancement and oversight actions.





## Board's Policy on Diversity

The Bank recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include, and makes good use of, differences in the knowledge & skills, competencies, regional and industry experience, background, gender, race, caste, creed and other distinctions between Directors. These differences determine the optimum composition of the Board, and should be balanced appropriately, when possible. All Board appointments are merit-based, in the context of the skills, experience, independence and knowledge, which the Board as a whole requires to be effective.

## Policy for Remuneration of Non-Executive Directors including Independent Directors

The Bank has a policy for remuneration of non-executive Directors duly approved by the shareholders in the 28th Annual General Meeting held on 27th March, 2020 and amended on 29th Mar 2022 in the 30th Annual General Meeting. The policy sets out the methodology and scale of remuneration for non-executive Directors, including independent Directors. It ensures that Board Members are adequately and fairly compensated in line with their responsibilities, experience and skillset. The remuneration policy is in compliance with all laws and regulations, including the SBP guidelines.

Please refer to the Remuneration Framework within this section for further details. The meeting fee is disclosed as part of the financial statements note detailing administrative expenses, including compensation of Directors and key management personnel.

## Policy for Fee earned by the Executive Directors

The Executive Director of the Bank serves as a non-executive Director on the Board of some other companies. The Director, may or may not, depending upon the remuneration policy of such companies, receive fee for attending the meetings.

## Foreign Directors' Security Clearance

Foreign Directors elected on the Board of the Bank require security clearance from the Ministry of Interior through the SECP. All legal formalities and requirements in this regard have been met.

## Details of Board Meetings held outside Pakistan

Total five meetings of the Board were held during 2023. All meetings were conducted simultaneously in Pakistan and abroad through web link / video conferencing facility.

## Human Resource Management Policy and Succession Planning

Bank Alfalah is committed to cultivating a culture that keeps its human capital motivated, engaged, and content, facilitating the achievement of strategic objectives through a consistent focus on capacity building, alongside competitive rewards. The Human Capital Group (HCG) is entrusted with the responsibility of ensuring employee happiness and well-being, fostering a values-driven culture.

Seamless succession planning ensures a thriving future by cultivating and empowering a pipeline of capable leaders. Emphasising Succession Planning, the Bank aims to nurture existing talent into capable, satisfied, and engaged individuals prepared to assume future strategic roles. To ensure the same, the bank diligently assesses and manages talent to identify, develop and strategically place individuals to ensure a smooth transition of leadership roles.

The detailed procedures and approaches toward employee engagement and management are elaborated in the 'Stakeholder Relationship and Engagement' section within this Annual Report.

## Social and Environmental Responsibility Policy

Bank Alfalah places a strong emphasis on its social and environmental responsibilities, viewing them as integral aspects of its operational ethos. The Bank is unwavering in its commitment to comprehending, monitoring, and effectively managing its social, environmental, and economic impacts. This commitment aligns with broader sustainable development goals, embodying the bank's dedication to contributing positively to society.

The following guiding principles underscore the bank's approach:

- Instill our vision for a secure, eco-friendly, and socially-responsible culture throughout the organization.
- Manage our activities effectively to minimize

environmental impact.

- Support local employment and entrepreneurship initiatives.
- Collaborate with the community to contribute to the development of infrastructure, health, education, training, and cultural activities.
- Ensure compliance with both local and international social and environmental laws.
- Increase the frequency of social welfare activities.
- Introduce cutting-edge products that encourage environmentally friendly procurement.
- Maintain a continuous focus on safe and environmentally conscious building designs. Collaborate with employees, customers, and all stakeholders for mutual benefits.
- Develop mechanisms and processes for the preservation of natural capital.
- Implement comprehensive policies for managing and reporting on procurement, waste, and emissions.
- Bank Alfalah has a comprehensive Green Procurement Policy in place, which addresses the effective and responsive procurement practices. The B.A. building is incorporating a 3R Strategy (Reduce, Reuse and Recycle) to effectively manage waste.
- Greenhouse gas emissions have been effectively reduced by installation of Solar Panel System and transitioning from conventional products to Energy Star products.

This comprehensive set of principles reflects Bank Alfalah's holistic and proactive approach to social, environmental, and economic sustainability, reinforcing our commitment to create a positive impact.

For more details, please refer to the 'Sustainability and Corporate Social Responsibility' section of this Annual Report.

## Stakeholder Engagement and communication Policy and Procedures

Stakeholder engagement is an integral part of developing an understanding of our stakeholders' needs, interests and expectations, assisting the Bank with strategic and sustainable decision-making. Stakeholders are those individuals, groups of individuals, or organisations that impact and/or could be impacted by the Bank's activities or services, and associated performance.

Bank Alfalah identifies its stakeholders and monitors its relationships through a multitude of communication

channels, including regular dialogue. The Bank's primary stakeholders are the employees, customers, shareholders / institutional investors, suppliers / vendors, analysis and rating agencies, regulatory bodies and society / community and Media.

The Bank's stakeholder engagement principles state that:

- The Bank is committed to engage with its stakeholders in a respectful and constructive manner, listening to concerns and suggestions with an open mind;
- The Bank strives to be reasonably accessible to its stakeholders, responsive to legitimate stakeholder concerns and transparent in its stakeholder engagements; and
- All business functions are primarily responsible for managing engagement with their material stakeholders in line with relevant standards, policies and guidelines.

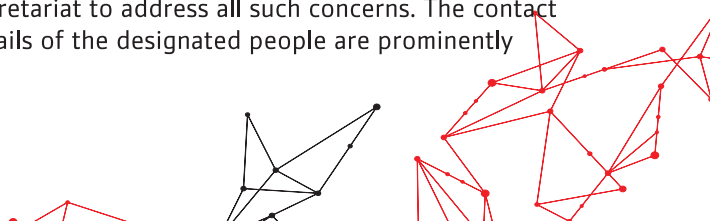
For more details on policies and procedures adopted by the Bank for communicating with various stakeholders, please refer to 'Stakeholder Relationship and Engagement' section of this Annual Report.

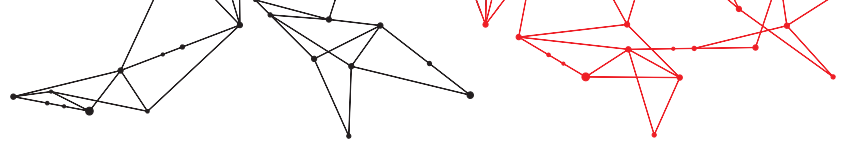
## Investors Engagement and Grievance Management Policy

The Bank has a two-pronged strategy for investor engagement and grievance management.

A fully functional Investor Relations (IR) Department ensures that all material developments are communicated to investors via statutory announcements and quarterly result briefings, and the presentation material of these briefings is readily available on the website and can be accessed by investors. In addition, designated personnel in the IR Department are available to meet all the stakeholders, including investors, and address their queries. Also, the Bank's IR team regularly participates in both domestic and international conferences and roadshows to engage with all the stakeholders. It seeks their feedback to ensure that feedback from international investors is also sought on a timely basis.

The other part of the strategy pertains to operational logistics where the Bank's in-house staff and contracted third parties (Share Registrar, etc.) strive for timely dissemination of dispatch material to shareholders. However, in the event of any grievances registered by shareholders, there is dedicated staff in the Company Secretariat to address all such concerns. The contact details of the designated people are prominently





displayed in the relevant section of the Bank's website, and shareholders can reach out with their complaints electronically, over the phone or in writing. All grievances/complaints of shareholders are addressed promptly by the Bank.

The investors or shareholders can visit the Investor Relations page of the Bank's official website at <https://www.bankalfalah.com/investor-relations> for guidance and resolution of their grievances relating to shares. For general queries, investors/customers can visit <https://www.bankalfalah.com/contact-us/>.

For details on investor engagement, please refer to the 'Stakeholder Engagement and Relationship' section of this Annual Report.

## Employee Health, Safety and Protection

Bank Alfalah is committed towards the health, safety and protection of its employees. It has an established and dedicated unit to implement and monitor health & safety related matter. For more details, please refer to 'Sustainability and Corporate Social Responsibility' section of this Annual Report.

## 266 Whistleblowing Policies and Procedures

### Overview

In line with the goal of maintaining the highest standards of ethical, moral and legal business conduct, the Bank has established a Whistleblowing Policy to ensure that any concerns raised in relation to unethical practices, corruption and/or fraudulent activities that may cause damage to the Bank's assets/reputation, are duly addressed.

This reinforces focus and commitment to create an environment of trust and transparency, which subsequently nurtures a culture based on honesty and the highest ethical standards.

### Purpose

The core purpose of the Whistleblowing Policy is to provide a safe and secure channel to internal as well as external stakeholders (i.e. our staff or any other person) with genuine suspicions about any wrongdoing/irregularity, to raise concerns/complaints without any fear of reprisal or adverse consequences. The objective of this policy is to encourage everyone to come forward and register concerns through a secure and confidential channel for the redressal of complaints and concerns or for further detection or prevention of

any impropriety or malpractice in order to safeguard the interests and reputation of the Bank. It remains an ethical responsibility of all Directors, Senior Management and employees to report violations in accordance with the approved Whistleblowing Policy.

### Scope

The policy encompasses voluntary disclosures by a person about any type of actual or suspected wrongdoings/improprieties at the individual/organisational level, including unethical or fraudulent activities and misconducts that may pose serious threats to the Bank's operations, financial performance or reputation.

### Process of the Whistleblowing

Any person with the intention to disclose any wrongdoing/impropriety, whether actual or suspected, with reasonable evidence, should report it in writing to the Group Head, Audit and Inspection Group. This can be done either through email at [whistleblowing@bankalfalah.com](mailto:whistleblowing@bankalfalah.com), surface mail, calling the whistleblower hotline number, or interoffice mail at the official address of CIA/Head of Internal Audit by marking the envelope as 'Confidential'. Keeping in view the nature, materiality and seriousness of the allegation, CIA/Head of Internal Audit decides whether it requires immediate investigation/audit. All complaints are subject to review by Chairman BAC without any exception.

### Protection for Whistleblower

The identity of the whistleblower is kept confidential, and it remains the Management's responsibility to ensure that no harm comes to the whistleblower by virtue of his act of blowing the whistle in good faith.

### Number of Instances during the Year and Reporting to Audit Committee

Reported instances are presented through the Group Head, Audit and Inspection, for oversight of the Board Audit Committee (BAC) in BAC meetings. The instructions from BAC (if any) are immediately circulated to the concerned departments for enforcement of actions required in real-time. **55** whistles were blown during the year 2023 and details thereof were duly submitted to BAC.

## Policy for Safety of Records

Records management is vital for the delivery of our services in an orderly, efficient and accountable manner. Effective records management helps to ensure that we have the right information at the right time to make the right decisions. Records provide evidence of what we do and why, and help protect the rights of employees,

regulators and our customers simultaneously. Records and the information we preserve provide an audit trail to meet business, regulatory and legal requirements. These are important corporate assets.

The Bank recognises that the efficient management of records throughout their lifecycle is necessary to support our core functions, to comply with our legal and regulatory obligations, and to effectively contribute to the overall management of the institution. The Bank aims to balance its commitment to openness and transparency with its responsibility as an effective financial institution. Thus the Bank creates and manages records efficiently, make them accessible where possible, protect and store them securely, and dispose of them safely at the right time. To materialise this aim, the Bank has invested its resources in developing a comprehensive Document Management System (an online record storing system), and has a dedicated team mandated with maintaining and updating records in line with defined procedures.

Furthermore, all digital records are duly backed up to off-site locations as per defined frequencies and requirements using industry best tools & technologies for automated / scheduled backup management. Bank also perform periodic resilience testing of its people / data / systems and ensures efficacy of its planned recovery point objectives for all critical, core and surround functions / systems. The Bank is PCI-DSS compliant and keeps its sensitive data under an encrypted environment. The Bank has also developed DLP (Data Loss Protection) policy and has also successfully implemented the same.

## Opportunity to shareholders for participation in AGM

Any general meeting called on by the Bank is informed to all shareholders through proper notice in line with regulatory instructions. Further, public awareness message is also sent through newspaper and stock exchange notices. Through this manner, the Bank ensures that each and every shareholder has an opportunity to become aware about the meeting and make for participation in the meeting.

## Business Resilience (Business Continuity Plan) and Disaster Recovery Planning

Bank Alfalah has a strong business resilience architecture in place to guarantee that the Bank's services are always accessible to its clients, even in

times of crisis or other disruptive occurrence situations. The Business Continuity Plan (BCP) is intended to be used by the resilience team and all concerned as an action guide in the event of a disruption, providing a pre-planned response to any unforeseen event. By aligning Business Continuity Management (BCM) of people, spaces, systems, and dependent third parties, the Bank's business resilience team aims to continuously strive to elevate develop a culture that facilitates adaptability in its business operations amidst any disruptions. This is accomplished through proactive planning, maintenance, and testing.

In order to ensure that all essential business functions continue in the event of a disaster, the Board of Directors (BoD) has approved comprehensive and well-established procedures that allow the Bank's critical business processes to be resumed in a timely and orderly manner and to be continued temporarily with little interruption to operations.

The most important and noteworthy aspect of Business Continuity is training and testing of critical functions, allowing relevant teams to stay abreast with roles and responsibilities during emergencies, and to assess effectiveness of their respective departmental recovery plan by testing it within established timelines like Recovery Time Objective (RTO), Recovery Point Objective (RPO) and Maximum Tolerable Down Time (MTD). RTO, RPO and MTD are elaborated below:

**Recovery Time Objective (RTO):** The period of time within which the process should be recovered after an outage.

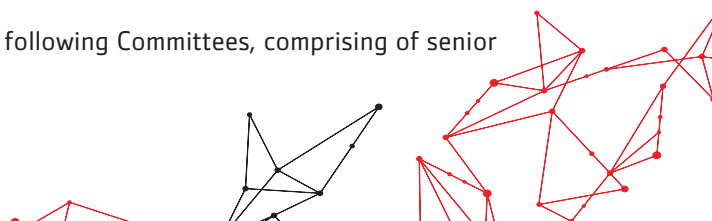
**Recovery Point Objective (RPO):** The point in time when the data must be restored in order to perform the process. RPO is the basis on which a data backup strategy is developed.

**Maximum Tolerable Downtime (MTD):** The period of time within which the process should be recovered after an outage.

## Business Ethics and Anti-Corruption

Bank Alfalah has a zero-tolerance policy regarding corruption and bribery. The Bank expects all employees to conduct themselves in accordance with the highest standards of personal and professional integrity, and to comply with all laws, regulations and corporate policies and procedures. The employees are, therefore, required to comply with the rules and regulations of the Bank. Any deviation may lead to strict disciplinary action.

The following Committees, comprising of senior



executives, fulfill their responsibilities to ensure adherence to policies, rules and regulations:

- Disciplinary Action Committee
- Anti-Sexual Harassment Committee
- Grievance Handling Committee

The Bank's Disciplinary Action Committee decides the action to be taken against a staff member in the event that the Bank and/or its clients sustain any losses, damages and/or claims due to any illegal activity or any actions/inactions of the employee in breach of the Code of Conduct, and/or any other policy of the Bank.

Our Anti-Corruption Policy as well as other policies relating to Business Ethics are described in our Employee Code of Conduct and Vendors/Suppliers Enlistment Process. These policies are applicable to all our employees, in all our operations, as well as to all our Board Members. Top-level commitment is essential in ensuring dedication, focus and compliance with the anti-corruption framework. Our work within anti-corruption and related policies is authorised, endorsed and supported by our Board of Directors, and President and CEO.

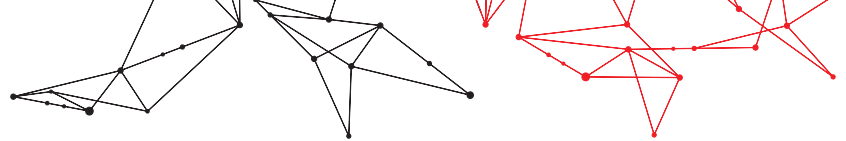
## 268 IT Governance Policy

Please refer to the section 'IT Governance and Cybersecurity' of this Annual Report.

## Sustainability and CSR Policy

Our sustainability values are woven into everything we do. We are committed to constantly serve the society with the greatest dedication in line with our philosophy.

For details, please refer to the 'Sustainability and Corporate Social Responsibility' section of this Annual Report.



## Shares held by Sponsors /Directors/Executives and Major Shareholders

Shares held by the sponsors (Abu Dhabi Group), Directors and Executives are given below. Detailed categories of shareholding and pattern of shareholding are annexed to this Annual Report.

31st December, 2023	Number of shares held	% holding
<b>Sponsors</b> Abu Dhabi Group and Directors	885,808,801	56.16%
<b>Executives</b> (as per clause 5.6.4 of PSX Rule Book)	2,134,531	0.14%
<b>All other Shareholders</b> (Mutual Funds, NBFCs, Fis, DFI and Individuals)	689,221,787	43.70%
<b>Total</b>	<b>1,577,165,119</b>	<b>100.00%</b>

**Particulars of major foreign shareholders, other than natural persons, holding more than 5% of paid-up capital**

Particulars of foreign shareholders, other than natural persons	31st December, 2023 % holding
Electro Mechanical Co. LLC	6.13%

## Beneficial Ownership and Group Structure



For group structure, please refer to the section 'Organisational Overview'.

## Compliance with the Best Practices of Corporate Governance

The Board of Directors has, throughout the year 2023, complied with the requirements of the Code of Corporate Governance, PSX Rule Book, Banking Companies Ordinance, Companies Act, Securities & Exchange Commission of Pakistan's directives, and Financial Reporting Framework.

The Statement of Compliance by the Chairman of the Bank along with the Code of Corporate Governance and Review Report by the Bank's Auditor are part of this Annual Report.

## Governance Practices Exceeding Legal Requirements

Our Board of Directors and Management Team have put systems and procedures in place that define how the Bank is managed, its corporate and other structures, its culture, its policies and strategies, and the ways in which it deals with its various stakeholders. We have successfully adapted our practices to reflect the changing standards of evolving governance regulations. We are committed to the highest standards of corporate governance and we meet corporate governance legal requirements in Pakistan, as well as the best practices recommended by PSX and SECP:

- There are eight sub-committees formed by the Board compared to the legal requirement of four sub-committees;
- There are various management sub-committees which exist to execute tasks to achieve the objectives set by the Board;
- The Board has only one executive Director (President and CEO) against the maximum SBP limit of two, and one-third of the Board as executive Directors as allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- The Bank voluntarily aligns itself with the recommended reporting practices required by ICAP to promote transparency;
- The Bank reports information/disclosures in this Annual Report over and above minimum disclosures required by the law to ensure transparency.

## Board's Authorisation of Financial Statements

The financial statements for the year ended 31st December, 2023 were authorised for issuance by the Board of Directors of the Bank on 01st February, 2024.

## Presence of Chairman of Audit Committee at the AGM

The Chairman of the Board Audit Committee was present at the AGM to respond to questions on the Audit Committee's activities and matters within the scope of the Committee's responsibilities.

## Appointment of Chairman and Non-Executive Director through an External Search Consultancy

Non-executive Directors are appointed/elected through election of directors at a General Meeting. The elected Board appoints a Chairman from among the non-executive Directors. The last election was held on 27th May, 2021. No external consultant was engaged for appointment of the Chairman or non-executive Directors.

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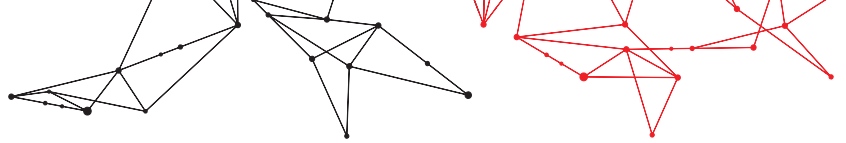
## Chairman's Significant Commitments

The Chairman is a prominent member of the ruling family of Abu Dhabi, and is significantly involved in various state and government level commitments. Currently, His Highness is a UAE Cabinet Member and the Minister of Tolerance and Coexistence. He is the Chairman / Director or Board Member of various other entities, as explained in more detail with in this section. The Chairman, being a non-executive Director, oversees the Bank's performance, and provides an independent and outside view to the Board.

## Government of Pakistan's Policies impacting Banking Business

Please refer to the Directors' report for the impacts of government policies on banking business.





# Report from the Board Audit Committee

The Board Audit Committee (BAC) performs its functions in compliance with regulatory requirements, Code of Corporate Governance (CCG), and its own Terms of Reference (TORs).

## BAC Composition

The BAC comprises of four (4) non-executive Directors with financial, banking, strategic and relevant knowledge. Names and detailed profiles of BAC's Members are set out in the relevant section of this Annual Report. In accordance with the requirements of Code of Corporate Governance, the Committee is chaired by an Independent Director with diversified banking experience, and exposure to key management positions.

## BAC Meetings

The meetings of the Committee are designed to facilitate and encourage communication among the Committee Members, Senior Management, the Internal Audit Function and the Bank's External Auditors. The Committee held six (6) meetings during the year 2023. Members' attendance records are disclosed in the Remuneration Framework disclosed within this section of the Annual Report. The BAC, in accordance with the requirements of COCG, met with Internal and External Auditors with and without the presence of the Management, for discussions on the results of auditors' examinations/evaluation of internal controls, and the overall quality of the Bank's financial reporting. The Chairman of the Audit Committee reports to the Board after each meeting on the activities of the Committee.

## Oversight Function

BAC discharged its oversight responsibilities as mandated by the Board in accordance with the requirements of Code of Corporate Governance, listing regulations and

applicable laws/directives issued by the respective regulators for local and overseas locations. The considerations of Board Audit Committee during the year include:

- Review of 'Statement of Compliance with the Code of Corporate Governance' prior to its approval and publication in the Annual Report;
- Review of the Bank's financial reporting framework and periodic financial statements, including details and disclosures of all related party transactions prior to their approval by the Board of Directors (BOD);
- Review and evaluation of effectiveness of the Bank's Internal Control Framework, overall control environment and systems, including compliance with applicable laws and regulations, adherence to accounting and reporting standards, information technology security controls, and the contingency planning process;
- Review of effectiveness of implementation of ICFR Framework along with reported gaps; Review of significant/high risk issues highlighted by internal audit during audits/reviews of branches and other functions of the Bank (including overseas operations) along with the compliance status thereof;
- Review quarterly Statement on Internal Controls and internal control systems of the Bank as per regulatory requirement; Review analysis related to fraud and forgery incidents in the Bank along with associated root causes and remedial measures to be taken to curb such instances in the future;
- Evaluate the effectiveness of the Bank's overall management of compliance risk (AML/CFT/Proliferation Financing (PF)/Targeted Financial Sanctions (TFS) related risk factors), in line with domestic and international regulatory requirements;



- Monitor compliance with observations highlighted in State Bank of Pakistan's inspection reports;
- Evaluate Internal Audit Function's conformance with International Standards for the Professional Practice of Internal Auditors, issued by the Institute of Internal Auditors, USA (IIA), regulatory instructions for both local and overseas operations, and best international practices;
- Evaluate that no unjustified restrictions / scope limitations on work of Internal Audit Function exists;
- Review, approve and recommend to the Board (where applicable) amendments to relevant control documents, including Internal Audit Policy, Credit Risk Review Policy, Whistleblowing Policy, Internal Audit Manual, and TORs of BAC;
- Review effectiveness of whistleblowing procedures for receiving (through internal or external sources) complaints/concerns regarding business ethics/conduct practices, governance and risk management practices, controls over financial reporting, and auditing practices;
- Review the results of the Bank's Internal Risk Assessment report in accordance with revised SBP AML/CFT/CPF regulations;  
Review the status of complaints lodged under the Bank's Whistleblowing Policy along with resolutions thereof;
- Review and recommend the Internal Audit strategy for approval of the Board;
- Review, approve and oversee the Risk Based Audit Plan along with any revisions/deviations in the plan, Annual Audit Budget along with its utilisation, and resource requirements for Internal Audit;
- Review of annual compliance plan and compliance performance report on bi-annual basis as per regulatory requirements;
- Review the performance of Chief Internal Auditor, Internal Audit Function and External Auditors in terms of adding value and strengthening internal controls of the Bank through identification of and recommendations for key control issues;
- Approve promotions, increments and rewards for Chief Internal Auditor (CIA)/Head of Internal Audit;
- In consultation with Chief Internal Auditor (CIA)/Head of Internal Audit, ensure that Internal Audit staff is equipped with relevant auditing skills,

knowledge, tools, methodologies, technique and competencies to perform their respective roles and responsibilities with sufficient budget for training and development activities along with periodic review of the same;

- Review the implementation of instructions of the Committee along with follow-up;
- Review issues/exceptions pointed out by the External Auditors in the Management Letter furnished in accordance with the requirement of Code of Corporate Governance;
- Ensure strong coordination among Internal Auditors, External Auditors and the Management and act as an arbitrator in case of any conflict/disagreement; and
- Ensure separate meetings with CIA/Head of Internal Audit and External Auditors of the Bank in the absence of the Management, at least on an annual basis.

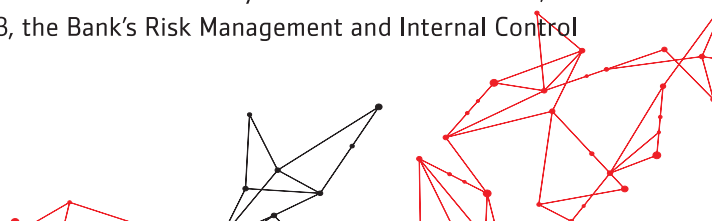
## Significant Matters in Relation to the Financial Statements

The BAC deliberated over issues raised by External Auditors of the Bank in the Management Letter, Key Audit Matters and Shariah Audit report, along with rigorous follow-up for unresolved issues as per the prescribed frequency.

## Review of Risk Management and Internal Control Systems

The BAC reviewed the effectiveness of the Bank's policies and procedures regarding Internal Control systems (including the financial, operational, IT, risk management, information security, outsourcing, legal, compliance, Shariah, and those controls designed to detect material weaknesses), leveraging the work of the Bank's Internal and External Auditors, and regular reports from the Management, including those on risk management, regulatory compliance and legal matters.

BAC reviewed and concurred with Management's confirmation that for the year ended 31st December, 2023, the Bank's Risk Management and Internal Control



systems worked effectively. BAC is satisfied that the Management has adopted necessary control mechanisms to monitor and reduce non-compliance.

## Committee's Overall Approach to Risk Management and Internal Controls

BAC reviews and reports control weaknesses in the Bank's processes and systems. This includes review of KYC/AML/CFT, customer experience, IT/systems, operations, foreign trade and trade based money laundering, governance, HR, etc. BAC discussed and deliberated at length, and identified control breaches and strategies to overcome control weaknesses along with timelines, as part of the BAC meeting agenda.

## Internal Audit and Effective Implementation of Internal Controls

The independence of the Internal Audit Function has been ensured via direct reporting of CIA/Head of Internal Audit to the Board Audit Committee (BAC). The scope of work of Internal Audit Function is finalised in accordance with BAC/regulatory instructions to ensure that all significant activities of the Bank are subject to Internal Audit review in line with risk based strategy/ IIA standards and best practices. Further, the performance of Internal Audit is gauged through reports presented at regular intervals, including summary of key audit findings during the period. The Head of Internal Audit has direct access to the Chairman of the Audit Committee, and the Committee meets with the Head of Internal Audit on a regular basis with and without the presence of the Management. Head of Internal Audit provides an independent assessment/opinion, to BAC on an annual basis on the state of Internal Controls on the basis of audits conducted during the period supported by specific observations/conclusions. The Audit Committee Charter/TORs are updated periodically vis-à-vis changes in local laws/regulatory directives/statute.

BAC ensured that there were no restrictions on Internal Auditors' access to people, information, processes, properties, records, and systems, to allow them to perform their audit activities with objectivity.

## Review of Whistles Blown

BAC reviewed the whistles blown during the year 2023 from time to time, including the action taken along with remedial action to resolve the issue permanently, and measures taken to protect the complainant in accordance with Whistle Blowing Policy as disclosed in Governance section of this Annual Report.

## External Audit

BAC recommends appointment of external auditors of the Bank (including appointment of external auditors for overseas operations and Shariah Auditors) after careful selection based on various qualitative factors, including the firm's profile, reputation, independence, capabilities, technical expertise and knowledge of the Bank's operations and industry. BAC also finalises the scope of audit and remuneration of the auditors.

The Bank has received an unqualified audit report for the year ended 31st December, 2023, from its external auditors, (M/s A. F. Ferguson & Co. / PWC), Chartered Accountants. The existing auditors of the Bank have given consent to continue to act as auditors of the Bank for the year 2024, if so appointed.

The firm of auditors 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 that the firm and all their partners are compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan and meet the requirements for appointment under all applicable laws.

The committee concluded that it was satisfied with the external auditors' (A. F. Ferguson & Co. / PWC) performance on audit and other assurance or agreed upon procedures assignments performed for the year ended December 31, 2023. Accordingly, the BAC has recommended the re-appointment of M/s A. F. Ferguson & Co. / PWC as external auditors of the bank for the year ending 31st December, 2024 to the Board. This will be approved by the shareholders in the upcoming Annual General Meeting.

There has been no appointment changes other than retiring external auditors of the bank before the lapse of three consecutive years.

# Annual Report for the Year

The Committee is of the view that the Annual Report of the Bank is fair, balanced and understandable, and provides necessary information to shareholders to assess the Company's position and performance, business model and strategy.

## Self-evaluation of the Committee

The Committee evaluates its own performance on annual basis thereby assessing the targets achieved and performance initiatives. The committee submits the report to the Board of Directors.

## Conclusion

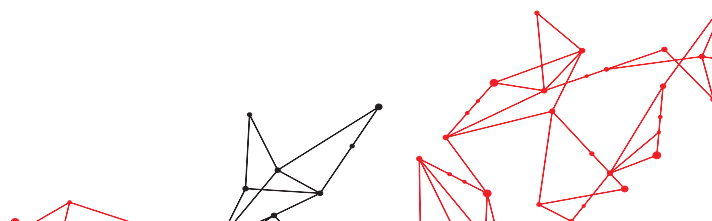
In addition to the committee's key responsibilities, the committee has and will continue to pay attention to the ongoing and long-term impacts on the financial reporting of the Bank. Based on the reviews and aforementioned discussions, the Committee recommended to the Board of Directors, and the Board, approved the audited financial statements along with regulatory statements, to be included in the Annual Report for the year ended 31st December, 2023.

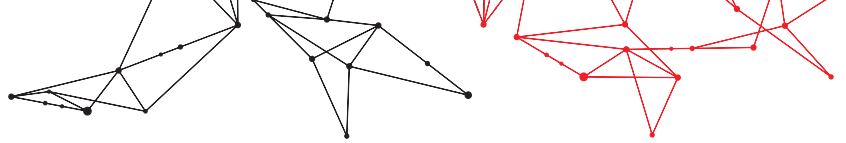
### **BOARD AUDIT COMMITTEE**

Mr. Khalid Qurashi – Chairman BAC  
Mr. Abdulla Khalil Al Mutawa – Director  
Mr. Khalid Mana Saeed Al Otaiba - Director  
Dr. Ayesha Khalid Khan – Director

Khalid Qurashi  
BAC Chairman

Abu Dhabi  
31st January, 2024





### **Dr. Mufti Khalil Ahmad Aazami, Chairperson**

Dr. Mufti Khalil Ahmad Aazami is a renowned Shariah Scholar in the Islamic banking industry. Dr. Aazami has more than 21 years of research experience related to Islamic Finance and other Shariah related subjects. He is the author of numerous publications. He is also an experienced lecturer and trainer in the field of Islamic Finance, Economics, Fiqh, Islamic Financial Laws and General Islamic Sciences.

#### **Current engagements:**

- Chairperson Shariah Board, Bank Alfalah Ltd. – Islamic Banking (Oct 2015 - Current)
- Member Shariah Board, Faysal Bank Ltd. (2015 – Current)
- Member Shariah Board, National Bank of Pakistan - Aitemaad Islamic Banking (2015 – Current)
- Shariah Advisor, Alfalah Insurance - Window Takaful Operations (July 2015 – Current)

#### **Previous engagements:**

- Shariah Advisor, Bank Alfalah Ltd. -Islamic Banking, (2003 – Sep 2015)
- Member Shariah Board, Takaful Pakistan Ltd (2005 - 2014)
- Shariah Advisor, Alfalah GHP Islamic (2007 - 2014)

#### **Education:**

- PHD | University of Karachi, Pakistan
- Takhassus,Ifta | Jamiah Darul Uloom Karachi, Pakistan
- Shahadah-al-Aalamia | Jamiah Darul Uloom Karachi, Pakistan

### **Mufti Muhammad Mohib ul Haq Siddiqui, Member**

Mufti Mohib-ul-Haq has substantial and diversified experience in the field of Islamic Finance and has served several financial institutions as a member of Shariah Boards. He is also an experienced lecturer and trainer in the field of Islamic Finance, Fiqh, Islamic Financial Laws and General Islamic Sciences.

#### **Current engagements:**

- Chairman Shariah Board, Faysal Bank Ltd. (Sep 2015 - Current)
- Member Shariah Board, Bank Alfalah Ltd.- Islamic Banking (Oct 2015 - Current)
- Member Shariah Board, Bank Al Habib Ltd. Islamic Banking (Aug 2015 - Current)

#### **Previous engagements:**

- Shariah Advisor, Faysal Bank Ltd. (Jan 2011 – Aug 2015)
- Member Shariah Board, Royal Bank Of Scotland Berhad, Malaysia (Sep 2007 - Sep 2009)
- Shariah Advisor, RBS Islamic Banking, Pakistan (Oct 2006 - Dec 2010)
- Shariah Advisor, Bank Al Habib Ltd., Pakistan (Mar 2004 - Sep 2006)
- Member Shariah Board, JS Islamic Fund (Jun 2012 - Sep 2016)
- Member Shariah Board, Takaful Pakistan Limited (Sep 2006 - Jan 2015)

#### **Education:**

- B. Com | Karachi University, Pakistan
- Takhassus,Ifta | Jamiah Darul Uloom Karachi, Pakistan
- Shahadah-al-Aalamia | Jamiah Darul Uloom Karachi, Pakistan

# Profile of Shariah Board Members

### Mufti Aqeel Akhtar, Member

Mufti Aqeel Akhtar is an experienced Shariah scholar who carries a blend of classical Islamic studies and contemporary education in diversified aspects. He has been associated with Bank Alfalah since 2014. He teaches Islamic law (Fiqh) in seminaries and is also visiting faculty member at NIBAF. He has solution-oriented mind set in multiple fields specially in banking & finance and financial transactions. He conducts diversified researches with respect to emerging challenges being faced by Islamic Banking.

#### Current engagements:

- Member Shariah Board, Bank Alfalah Ltd. – Islamic Banking (July 2021 - Current)
- Previous engagements:
- Unit Head, Shariah Compliance, Bank Alfalah Ltd. - Islamic Banking (Oct 2014 – Jun 2021)
- Shariah Advisor, Ramna Foods Pvt. Ltd. (Jun 2012 – May 2014)

#### Education:

- Certified Shariah Advisor and Auditor | AAOIFI, Bahrain
- MS in Islamic Banking and Finance | University of Management & Technology, Pakistan
- Takhasus, Ifta | Jamia Darul Uloom Karachi, Pakistan
- Shahadah-al-Aalamia | Jamia Darul Islamia, Lahore, Pakistan
- Capacity Building for Shari'ah Scholar by NIBAF

### Mufti Usama Ehsan, Member

Mufti Usama Ehsan has a diverse experience of working in Islamic banking and finance along with research and teaching. He holds an MBA from KSBL and he is also a Certified Shariah Advisor and Auditor from AAOIFI, Bahrain. He is engaged in teaching and research in the fields of Islamic law and Islamic banking & finance. He delivers trainings and lectures in different conferences and universities.

#### Current engagements:

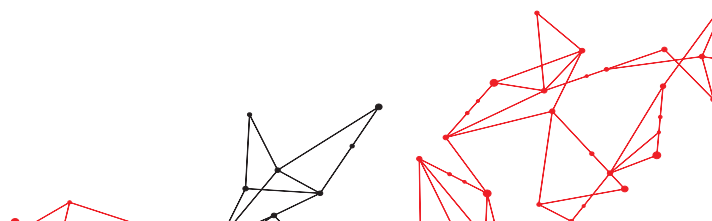
- Member Shariah Board, Bank Alfalah Ltd. – Islamic Banking (July 2021 - Current)

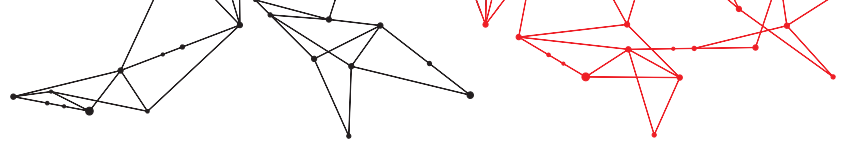
#### Previous engagements:

- Shariah Scholar Product Development, United Bank Ltd. – Ameen Islamic Banking (Nov 2020 – Jun 2021)
- Unit Head Documents Review & Shariah Board Secretariat – Shariah Compliance, Bank Alfalah – Islamic Banking (Nov 2016 – Nov 2020)

#### Education:

- Certified Shariah Advisor and Auditor | AAOIFI, Bahrain
- MBA | Karachi School of Business & Leadership, Pakistan
- Takhasus Fil Ifta | Jamia Darul Uloom Karachi, Pakistan
- Shahadah-al-Aalamia | Jamiah Darul Uloom Karachi, Pakistan
- Capacity Building for Shari'ah Scholar by NIBAF





## **Mufti Ovais Ahmed Qazi, Resident Member**

Mufti Ovais Ahmed Qazi has extensive experience of Shariah compliance and Islamic banking. He has also completed prestigious certifications related to Islamic banking and finance such as CSAA, CIPA from renowned international institution AAOIFI and CIFE from ETHICA, UAE. Mufti Ovais is also engaged in teaching and research in the fields of Islamic finance. He also delivers trainings and lectures at various institutions and universities.

### Current engagements:

- Resident Shariah Board Member, Bank Alfalah Ltd. – Islamic Banking (Oct 2015 - Current)

### Previous engagements:

- Shariah Scholar, Shariah Advisor Office, Bank Alfalah Ltd. (Apr 2013 – Sep 2015)
- Shariah Compliance Officer, Burque Corporation Pvt. Ltd. (Jun 2011 – Aug 2012)

### Education:

- Certified Shariah Advisor and Auditor | AAOIFI, Bahrain
- Certified Islamic Professional Accountant | AAOIFI, Bahrain
- Certified Islamic Finance Executive | ETHICA, UAE
- Masters in Business Management | Institute of Business Management, Pakistan
- Takhassus fil Ifta | Jamia Darul Uloom Karachi, Pakistan
- Shahadah-al-Aalamia | Jamiah Darul Uloom Karachi, Pakistan

## Shariah Board

- To perform such functions as stipulated under para 3(b) of the Revised Framework issued by the State Bank of Pakistan vide its IBD Circular No. 01 of 07th June, 2018.
- To consider, decide and supervise all Shariah related matters.
- To be responsible and accountable for all decisions made by the Shariah Board (SB).
- To develop a comprehensive Shariah governance/compliance framework for all areas of operations of the BAFL-IBG.
- To meet at least on a quarterly basis and to rigorously deliberate on proposals before giving any decisions/fatwa.
- To meet BOD on a half-yearly basis for a detailed briefing on the Shariah compliance environment, issues/weaknesses, if any, and submit recommendations to improve Shariah compliance environment, and to ensure timely and effective enforcement of the SB's decisions/observations/recommendations.
- To review and approve all products/services and related agreements/contracts, structures, process flows, product manuals, marketing advertisements, sales illustrations, brochures and training plans, etc. to ensure that all such matters comply with the rules and regulations of Shariah.
- To review all Internal Shariah Audits, External Shariah Audit, SBP inspection and Shariah compliance review reports, which are presented to the SB for prescribing appropriate enforcement action.
- To call explanations from the Executive Management for not getting approval of SB for any products/services and related agreements/contracts, structure, process flows, product manuals, marketing advertisements, sales illustrations and brochures.
- To take up unresolved issues, including appropriate enforcement action prescribed in Internal Shariah Audits, External Shariah Audit, SBP inspection and Shariah compliance review reports, with the Executive Management.
- To issue a report on the Shariah compliance environment and conditions. This report includes open issues and is published in the annual accounts and presented to the BoD.
- To discuss all significant and unresolved issues with SBP inspections team during inspection, if required.

### Committee Members

Dr. Mufti Khalil Ahmad Aazami  
Chairperson

Mufti Mohammad Mohib Ul  
Haq Siddiqui  
Member

Mufti Aqeel Akhtar  
Member

Mufti Usama Ehsan  
Member

Mufti Ovais Ahmed Qazi  
Resident Member

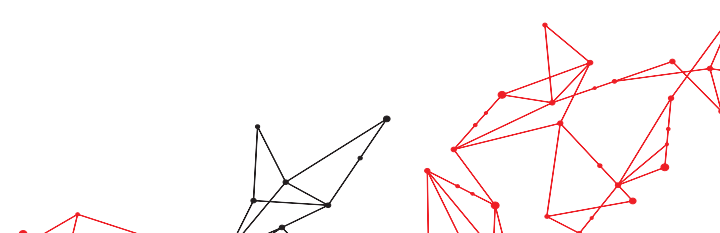
Mr. Moiez Ahmed Usmani  
Secretary

### Meetings held during the year

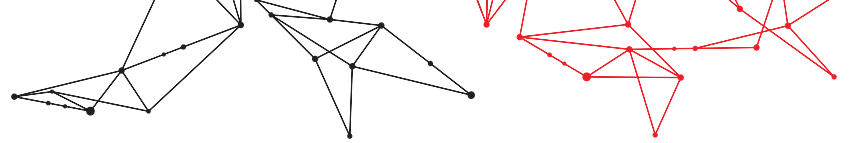
- 24th January, 2023
- 01st June, 2023
- 25th July, 2023
- 21st November, 2023

### Meetings attended during the year

Refer to the table in remuneration framework on coming pages within this section for Shariah Board's participation in the meetings.



# Report of Shari'ah Board for the year ended 31 December, 2023



الحمد لله ربّ العلمين والعاقبة للمتقين والصلوة والسلام على سيد الرسل وخاتم النبيين وعلى آله وصحبه اجمعين

By the grace of Almighty Allah, the year under review was the 20th year of Islamic Banking Operations of Bank Alfalah Limited (herein referred as 'the Bank'). The Board of Directors and Executive Management are solely responsible to ensure that Bank Alfalah Limited - Islamic Banking operations are conducted in a manner that complies with Shari'ah principles at all times. The scope of this report is to cover the affairs of the Islamic Banking operations of Pakistan from Shari'ah perspective as described under Shari'ah Governance Framework of State Bank of Pakistan.

During the year under consideration, the product program guidelines, manuals and relevant documents that pertain to existing asset and liability products were continuously updated by the Bank. Shari'ah Board reviewed and approved the referred documents which have an impact on Islamic Banking operations.

In the year 2023, the Bank continued the expansion of its Islamic banking network in light of the strategic goal of the growth of Islamic Banking set by the State Bank of Pakistan. The bank opened a total of 69 new branches during the year, bringing the network of dedicated Islamic Banking branches to 354 across Pakistan. The total deposit has reached the figure of PKR 365 Billion registering a growth of 43% over the last year.

For SME and Corporate customers seeking financing, the Bank continued to offer Murabaha, Musawamah, Salam, Istisna, Tijarah and Running Musharakah for their short-term financing needs and Ijarah and Diminishing Musharakah for their long-term financing needs. In order to meet the needs of Consumer financing customers, the Bank provided Ijarah for car financing and Diminishing Musharakah for house financing.

During the year, the Bank developed and launched, through Product Development Department, different products along with their variants with the approval of Shari'ah Board, for example Running Musharakah as a Shari'ah compliant alternative to Local Bill Discounting, Islamic Refinance and Credit Guarantee Scheme for Women Entrepreneurs (IRCGS-WE), Electronic Warehouse

Financing against collateral of Receipt (EWRP) and Subsidy and Risk Sharing Scheme for Farm Mechanization (MSRSSF). To attract investment from overseas Pakistanis, Islamic Roshan Digital Business Account was launched and offered.

During the year under review, the Bank established PWD (Persons with Disability) model branches and offered financial literacy trainings for Women & PWDs. Further, the bank continued disbursements in solar financing under hybrid model (fixed cum variable rate). In order to provide ease and a seamless experience to the customer, the Bank launched Home Musharakah Financing application through the Alfa App. The Bank is determined to offer Shari'ah compliant digital banking solutions and products to its customers. As a sign of the Bank's dedication to promotion of Islamic finance in Pakistan, the Bank was once again nominated as a member of the Joint Financial Advisor (JFA) to the Ministry of Finance of the Government of Pakistan. In this regard the Bank provided its services to launch local currency Sukuk of more than Rs.1.659 Trillion. Additionally, the Bank provided Shari'ah Advisory services for syndicated transactions.

Shari'ah Compliance Department (SCD) and Internal Shari'ah Audit Department are vital organs in the Shari'ah Governance Framework of SBP, on which a well-defined Shari'ah compliance environment is established in the bank. During the year, SCD reviewed 114 Islamic branches and 10 departments under its Shari'ah Review function, whereas Internal Shari'ah Audit Department audited 104 Islamic branches and 15 departments. These review and audits were performed in light of PPGs, Policies and guidelines approved by the Shari'ah Board. Further, Shari'ah Board approved Rating mechanism proposed by Audit & Inspection Group for Internal Shari'ah Audit Reports of Branches and the Departments.

Shari'ah Compliance Department under its business support function facilitated the business units in obtaining approvals of various transactions and their process flows from the Shari'ah Board. During the year, Shari'ah Compliance Department and IBG Product Development Department visited



customers belonging to different segments. The Product Development department extended its support for Shari'ah structuring and development of modalities for different products and processes. Moreover, Shari'ah Compliance Department reviewed 329 process flows of Corporate, Commercial & SME clients in light of their business processes and sought approvals from Shari'ah Board. As part of its responsibilities, Shari'ah Compliance Department verified mechanism of profit and loss to the depositors prior to distribution on monthly basis.

#### Opinion:

To form our opinion as expressed in this report, we studied reports of the reviews carried out by Shari'ah Compliance Department, on test check basis of each class of transactions and the relevant documentation and process flows. Further, we have also reviewed the reports of internal Shari'ah audit and external Shari'ah audit. Based on above, we are of the view that:

- i. Business affairs of the Bank especially with reference to the transactions, relevant documentation and procedures performed and executed during the year 2023 are, by and large, in compliance with Fatwas/opinions/advices issued by the Shari'ah Board.
- ii. The Bank has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by the SBP in accordance with the rulings of SBP's Shari'ah Advisory Committee.
- iii. To ensure Shari'ah compliance in its operations, the Bank has an effective mechanism in place through Shari'ah Compliance Department and Internal Shari'ah Audit Unit.
- iv. The Bank has a well-defined system in place in form of Internal Shari'ah Audit and Shari'ah Compliance Review to ensure that earnings realized from sources or means prohibited by Shari'ah are

credited to the Charity Account to warrant that the income distributed among stakeholders remains Halal and pure. During 2023, an amount of Rs. 1.539 Million was transferred from income to the Charity Account as per Shari'ah Board's instructions due to the violations of Shari'ah guidelines. During the year, Rs. 80.41 Million was recovered from the customers as charity on account of delayed payments. A substantial amount of 54.96 Million was granted to various charitable institutions from current collection and prior year balances.

- v. The allocation of profit and losses to Mudarabah based remunerative depositors is generally in conformity with Shari'ah rules & principles and Pool Management Guidelines of State Bank of Pakistan. The allocation is reviewed on a monthly basis.
- vi. Learning & Development Department has conducted more than 194 sessions to enhance the capacity building of the Islamic banking staff through physical, online and e-learning trainings. The Bank under the guidance of SBP and BSC along with Shari'ah Board members also conducted various awareness sessions in different universities across the country. The Bank in collaboration with National Institute of Banking & Finance (NIBAF) conducted first in-house Islamic Banking certification Program (IBCC) which is a flagship program. The Bank conducted various Islamic banking awareness programs for car dealers across Pakistan.
- vii. Management continues to provide resources and support to Shari'ah Compliance Department in line with the growth of the business on the directives of the Shari'ah Board.

In the end, we pray to Allah Almighty that He may forgive our shortcomings and accept our efforts for Islamic banking and grant us success in this world and the next, and on the Day of Judgment.

وَصَلَّى اللّٰهُ عَلٰى نَبِيِّنَا مُحَمَّدٍ وَبَارَكَ وَسَلَّمَ

**Mufti Usama Ehsan**  
Member Shariah Board

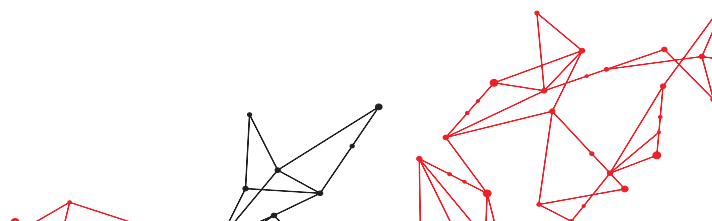
**Mufti Aqeel Akhtar**  
Member Shariah Board

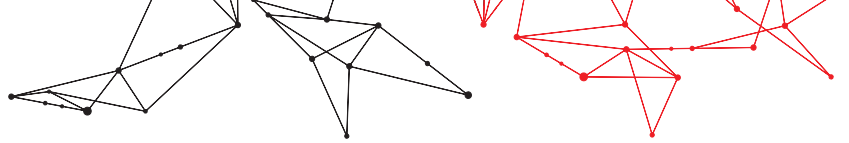
**Mufti Ovais Ahmed Qazi**  
Resident Member Shariah Board

**Mufti Muhammad Mohib ul Haq Siddiqui**  
Member Shariah Board

**Dr. Mufti Khalil Ahmad Aazami**  
Chairperson Shariah Board

23rd January, 2024  
11th Rajab, 1445





ہونے والی آمدنی حلال اور پاکیزہ ہو۔ سال 2023 کے دوران شریعہ بورڈ کی ہدایات کے مطابق 1.539 ملین روپے شرعی اصولوں کی خلاف ورزی کے نتیجہ میں آمدنی سے چیریٹی اکاؤنٹ میں منتقل کئے گئے۔

سال کے دوران 80.41 ملین روپے کسٹمرز سے ادائیگی میں تاخیر کے نتیجہ میں چیریٹی کے طور پر وصول کئے گئے۔ 54.96 ملین روپے کی خطیر رقم رواں اور گذشتہ سال کے دوران حاصل شدہ رقم کی مد سے مختلف خیراتی اداروں کو دی گئی ہے۔

5. مضاربت کی بنیاد پر کھاتوں میں نفع و نقصان مجموعی طور پر شرعی اصول و ضوابط اور اسٹیٹ بینک کی Pool Management Guidelines کے مطابق ہے۔ اس تعین کا جائزہ ماہانہ بنیادوں پر لیا جاتا ہے۔

6. اسلامک بینکنگ کے ملازمین کی استعداد میں اضافہ کے لیے بینک کے شعبہ؟ تعلیم و تربیت (Learning & Development Department) نے 194 سے زائد فریکل، آن لائن، اور ای لرننگ ٹریننگ سیشنز کروائے۔ بینک نے اسٹیٹ بینک اور بینکنگ سروسز کارپوریشن (BSC) کی راہنمائی میں شریعہ بورڈ ممبرز کے ساتھ پورے ملک میں مختلف یونیورسٹیز میں اسلامی بینکاری کی آگاہی کے سیشنز بھی کروائے۔ بینک نے نیشنل انسٹیٹیوٹ آف بینکنگ اینڈ فنانانس (NIBAF) کے تعاون کے ساتھ

سب سے پہلا اندرونی اسلامی بینکنگ سرٹیفیکیشن پروگرام (IBCC) منعقد کرایا جو کہ نفاذ کا اعلیٰ ترین پروگرام ہے۔ بینک نے گاڑیوں کے ڈیلرز کے لیے پورے پاکستان میں اسلامی بینکاری کی آگاہی سے متعلق سیشنز کا انعقاد کیا۔

7. انتظامیہ کی جانب سے بینک کی کاروباری ترقی اور شریعہ بورڈ کی ہدایات کے مطابق شریعہ کمپلائنس ڈیپارٹمنٹ کو مزید وسائل اور معاونت کی فراہمی جاری ہے۔

ہم اللہ تعالیٰ سے دعا کرتے ہیں کہ وہ ہماری لغزشوں سے درگزر فرمائیں، اسلامک بینکنگ کے لیے کی جانے والی ہماری محنت کو قبول فرمائیں اور ہمیں دنیا و آخرت کی کامیابی سے نوازیں اور بروز قیامت ہم سب کی دستگیری فرمائیں۔ آمین۔

وصلی اللہ علی نبینا محمد و بارک وسلم

سے حاصل کرنے میں بزنس یونٹ کی معاونت کی۔ دوران۔ سال شریعہ کمپلائنس ڈیپارٹمنٹ اور پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ نے متعدد شعبوں سے متعلق کسٹمرز کا دورہ کیا۔ پراڈکٹ ڈیولپمنٹ ڈیپارٹمنٹ نے مختلف پراڈکٹس اور پراسسز کی شریعہ اسٹرکچرنگ اور ان کے طریقہ کار وضع کرنے میں اپنا تعاون فراہم کیا۔ شریعہ کمپلائنس ڈیپارٹمنٹ نے کارپوریٹ، کمرشل، اور SME کلانٹس کے کاروباری طریقہ کار کی روشنی میں 329 پراسس فلوز کا جائزہ لیا اور شریعہ بورڈ سے منظوری حاصل کی۔ اپنے فرائض کی سرانجامی کے دوران شریعہ کمپلائنس ڈیپارٹمنٹ نے کھاتہ داروں کو نفع کی تقسیم سے پہلے نفع و نقصان کے حساب کی تصدیق ماہانہ بنیاد پر کی۔ شریعہ بورڈ کی رائے

اس رپورٹ میں موجود رائے قائم کرنے کے لیے ہم نے شریعہ کمپلائنس ڈیپارٹمنٹ کے جائزے کی رپورٹس کا معائنہ کیا، جو شریعہ کمپلائنس نے عقود کی تمام انواع کی چیدہ چیدہ ٹرانزیکشنز اور متعلقہ دستاویزات اور پراسس فلوز کے جائزہ کی بنیاد پر پیش کیں۔ نیز ہم نے داخلی اور خارجی شریعہ آڈٹ کی پیش کی گئی رپورٹس کا بھی مطالعہ کیا۔ مذکورہ معلومات کی بنیاد پر ہماری یہ رائے ہے کہ:

1. 2023 کے دوران بینک کے کاروباری معاملات، بالخصوص تمویلی عقود، متعلقہ معاہدات، طریقہ؟ کار اور ان پر عمل درآمد مجموعی طور پر شریعہ بورڈ کے جاری کردہ فتاویٰ / تجاویز / ہدایات کے مطابق رہا۔
2. نیز بینک نے اسٹیٹ بینک آف پاکستان کی طرف سے شریعہ ایڈوائزری کمیٹی کی ہدایات کی روشنی میں جاری کردہ اصولی احکام، تعلیمات اور قواعد و ضوابط کی تعمیل کی ہے۔
3. بینک کے معاملات کی شریعت سے ہم آہنگی کو یقینی بنانے کے لیے شریعہ کمپلائنس ڈیپارٹمنٹ اور داخلی شریعہ آڈٹ کے شعبوں کی شکل میں ایک منظم طریقہ؟ کار موجود ہے۔

4. داخلی شریعہ آڈٹ اور شریعہ کمپلائنس جائزے کی شکل میں بینک کے پاس ایک مختص نظام موجود ہے جو اس بات کو یقینی بناتا ہے کہ غیر شرعی اور ممنوع طریقے سے حاصل ہونے والی آمدنی چیریٹی اکاؤنٹ میں ڈال دی جائے تاکہ حصہ داروں کو حاصل

مفتی اسامہ احسان  
ممبر شریعہ بورڈ

مفتی عقیل اختر  
ممبر شریعہ بورڈ

مفتی اویس احمد قاضی  
ریڈیڈنٹ ممبر شریعہ بورڈ

مفتی محمد محب الحق صدیقی  
ممبر شریعہ بورڈ

ڈاکٹر مفتی خلیل احمد اعظمی  
چیئر پرسن شریعہ بورڈ

23 جنوری، 2024

11 رجب، 1445

## بسم الله الرحمن الرحيم

الحمد لله رب العالمين والعاقبة للمتقين والصلوة والسلام على سيد الرسل وخاتم النبيين وعلى آله وصحبه اجمعين

متبادل کے طور پر رنگ مشارکہ، اسلامک ریفنانانس اینڈ کریڈٹ گارنٹی اسکیم فار وومن آئٹریپرنرز (WE-IRCGS)، الیکٹرانک ویئر ہاؤس فائنانسنگ بمقابل کولیکٹرل آف ریسیت (EWRP)، اور سبسڈی اینڈ رسک شیئرنگ اسکیم فار فارم میکانائزیشن (MSRSSFM)۔ بیرون ملک پاکستانیوں سے سرمائے کے حصول کے لیے آسان روشن ڈیجیٹل بزنس اکاؤنٹ متعارف کروائی گئے۔

زیر نظر سال کے دوران، بینک نے PWD (معذور افراد) کے لیے ماڈل برانچ قائم کیں اور خواتین اور معذور افراد کے لیے مالیاتی آگاہی کی ٹریننگز بھی فراہم کیں۔ نیز بینک نے ہانڈرڈ ماڈل (فکسڈ اور ویریبل ریٹ) کے تحت شمسی توانائی کے لیے فائنانسنگ کی فراہمی بھی جاری رکھی۔ کسٹمرز کو ہموار اور موافق خدمات فراہم کرنے کی خاطر بینک نے ہوم مشارکہ فائنانسنگ کی درخواست الفایپ کے ذریعہ جمع کرانے کی سہولت بھی مہیا کی۔

بینک اپنے کسٹمرز کو شریعہ کمپلائنٹ ڈیجیٹل سہولیات اور پرائڈ گیس مہیا کرنے کے لیے مسلسل کوشاں ہے۔

بینک کا ایک بار پھر منسٹری آف فائنانس کے جوائنٹ فائنانشل ایڈوائزر کے طور پر منتخب ہونا بینک کی اسلامک فائنانس کی ترویج کی جدوجہد کی ایک علامت ہے۔ اس تناظر میں بینک نے لوکل کرنسی کے 1,659 کھرب سے زیادہ کے صکوک کے اجراء میں اپنی خدمات فراہم کیں۔ اس کے علاوہ بینک نے سنڈیکیٹ

ٹرانزیکشنز کے لیے بھی اپنی شریعہ ایڈوائزری کی خدمات فراہم کیں شریعہ کمپلائنس ڈیپارٹمنٹ اور داخلی شریعہ آڈٹ ڈیپارٹمنٹ

اسٹیٹ بینک کے شریعہ گورننس فریم ورک (جس کی بنیاد پر بینک میں ایک تفصیلی شریعہ کمپلائنس کا ماحول قائم ہے) کے اہم

عناصر ہیں۔ دوران سال شریعہ کمپلائنس ڈیپارٹمنٹ نے اپنے شریعہ

جانچے کی ذمہ داری کے تحت 114 اسلامک شاخوں اور 10 شعبوں کا جائزہ لیا جبکہ داخلی شریعہ آڈٹ ڈیپارٹمنٹ نے کل 104 شاخوں اور 15 شعبوں کا آڈٹ کیا۔ یہ آڈٹ اور ریویوز شریعہ بورڈ سے منظور

شدہ PPGs، پالیسیوں، اور گائیڈ لائنیز کی روشنی میں کیے گئے۔ نیز شریعہ بورڈ نے آڈٹ اینڈ انسپکشن گروپ کی طرف سے برانچز اور

سٹریلائزڈ ڈیپارٹمنٹس کی انٹرنل شریعہ آڈٹ رپورٹس کے لیے مجوزہ ریٹنگ کے نظام کی بھی منظوری دی۔

شریعیہ کمپلائنس ڈیپارٹمنٹ نے اپنے بزنس سپورٹ یونٹ کے ذریعہ مختلف ٹرانزیکشنز اور ان کے پراسس فلوز کی منظوری شریعیہ بورڈ

اللہ تعالیٰ کے فضل و کرم سے زیر نظر رپورٹ بینک الفلاح - اسلامک بینکنگ (جو آئندہ "بینک" کے نام سے مذکور ہے) کے آپریشنز کے بیسویں سال کی سالانہ رپورٹ ہے۔ بینک کی تمام معاملات کی شریعت کے اصولوں کے عین مطابق انجام دہی کی مکمل ذمہ داری بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ (Executive Management) پر ہے۔ اس رپورٹ کا مقصد اسٹیٹ بینک آف پاکستان کے شریعیہ گورننس فریم ورک (SGF) کی ہدایات کے مطابق پاکستان میں بینک کے آپریشنز کی شرعی اعتبار سے صورتحال بیان کرنا ہے۔

اس سال بینک کی جانب سے اثاثوں (Assets) اور ذمہ داریوں (Liabilities) سے متعلق موجودہ پرائڈ گیس کے پروگرام گائیڈ لائنیز، مینولز (Manuals)، اور متعلقہ دستاویزات کی تجدید کا عمل مسلسل جاری رہا۔ شریعیہ بورڈ نے مذکورہ تمام ایسے دستاویزات کا جائزہ لینے کے بعد ان کی منظوری دی جن کا اثر اسلامک بینکنگ آپریشنز پر پڑتا ہے۔

سال 2023 کے دوران بینک نے اسٹیٹ بینک کی طرف سے اسلامک بینکنگ کی ترقی کے لیے طے کردہ حکمت عملی کے ہدف کی تکمیل کے لیے اسلامک بینکنگ نیٹ ورک کی ترقی کو جاری رکھا۔ رواں سال کے دوران بینک نے کل 69 نئی شاخیں کھولیں جس کے نتیجے میں پاکستان بھر میں اسلامک بینکنگ کا نیٹ ورک 354 شاخوں تک پہنچ گیا۔ بینک کا ٹوٹل ڈیبٹ 43 فیصد کے اضافے کے ساتھ 365 بلین روپے تک پہنچ گیا۔

فائنانسنگ کے خواہاں اسمال میڈیم انٹریپرائزز (SME) اور کارپوریٹ کسٹمرز کی قلیل المیعاد فائنانسنگ کی ضرورت پوری کرنے کے

لیے 'مراجہ'، 'مساموہ'، 'سلم'، 'استصناع'، 'تجارہ' اور 'رنگ مشارکہ' جبکہ طویل المیعاد فائنانسنگ کی ضرورت پوری کرنے کے

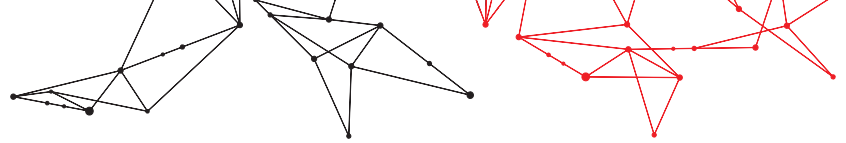
لیے 'اجارہ' اور 'شرکت متناقصہ' (Diminishing Musharaka) کے طریقہائے تمویل اختیار کئے۔ کنزیومر فائنانس کے کسٹمرز کی کار

فائنانسنگ کی ضرورت پوری کرنے کے لیے 'اجارہ' اور ہوم فائنانسنگ کی ضرورت پوری کرنے کے لیے 'شرکت متناقصہ'

(Diminishing Musharaka) کے طریقہائے تمویل اختیار کئے۔ سال کے دوران بینک نے پرائڈ گیس ڈیولپمنٹ ڈیپارٹمنٹ کے ذریعہ

مختلف پرائڈ گیس اور ان کی مختلف اقسام تیار کیں اور شریعیہ بورڈ کی منظوری کے ساتھ ان کو لانچ کیا۔ جیسیلوکل بل ڈسکاؤنٹنگ کے





With an intention to make Directors and Senior Management more accountable for their governance and performance vis-à-vis determination and payment of compensation, and to develop a fair, transparent and sound compensation policy that is aligned with risks and responsibilities, the SBP issued Corporate Governance Regulatory Framework and other guidelines through various circulars. . The following disclosures are given in compliance with the said framework.

## Corporate Governance Culture and Standards followed by the Bank

The Bank observes Corporate Governance standards as stipulated in the Code of Corporate Governance and other relevant regulations, which are updated in accordance with the changing dynamics of corporate environment, culture and regulatory regime.

### Directors - Appointment and Profiles

The process of appointment/nomination of the Directors of the Bank is in accordance with the applicable laws and regulations, and is governed by the Bank's Governance Policy. Profiles of Directors, including their qualifications, expertise and past work experience are disclosed as part of the 'Governance' Section within this Annual Report.

### Board Committees - TORs and Meetings

Terms of Reference of the Board Committees, their composition and membership, number of meetings held, and number of meetings attended by the members are disclosed as part of the 'Governance' Section within this Annual Report.

### Shariah Board - Appointment, Profiles, TORs, Meetings

Appointment of Shariah Board members and Chairperson is subject to the Board's approval, and prior approval of the State Bank of Pakistan. Profiles of the Shariah Board members and their membership on other boards are disclosed as part of the 'Governance' Section within this Annual

Report. Terms of Reference (TORs) Shariah Board, and number of meetings held and attended by each member are also disclosed as part of the 'Governance' Section within this Annual Report.

### Key Management Personnel - Appointment and Profiles

The bank, when appointing the key executives follows an internal operating procedure duly approved by Board of Directors, that assesses the best fit for eligibility, integrity, track record, reputation, financial credibility, conflict of interest, qualification and experience of the potential management personnel. This has been developed in line with State Bank of Pakistan's Corporate Regulatory Governance Framework.

## Key achievements of Board Committees

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

The Board of the Bank is ultimately responsible for development, implementation and maintenance of a robust and dynamic ERM (Enterprise Risk Management) Framework in the Bank. However, to increase efficiency and effectiveness, the Board has delegated its risk oversight responsibilities to the Board Risk Management Committee (BRMC). The BRMC ensures that the Bank has an adequate Enterprise Risk Management Framework (policies, processes and people). The BRMC also recommends the delegation of authorities to the Management Committees, and approves the Terms of Reference of the Bank's Central Credit Committee (CCC).

During 2023, the BRMC reviewed and recommended to the Board, the Bank's overall risk appetite and risk tolerance in relation to all risk areas, including credit, market, liquidity, operational, trade based money laundering and information security risks etc. It recommended approval of exposure limits to Board in relation to Risk Management strategies, and reviewed compliance with

these limits. Additionally, the Committee carried out a comprehensive review of the Bank's policies for onward recommendation to the Board of Directors. In the year 2023, the BRMC continued to assess the adequacy of the Bank's capital level in lieu of Pillar 1 and Pillar 2 risks along with the resilience of the Bank's capital base under adverse economic environments. It also reviewed the liquidity position of the Bank in terms of Basel III liquidity ratios (LCR and NSFR). BRMC being primarily responsible for oversight of timely implementation process of IFRS 9 approved the transition plan and reviewed the implementation progress there against. The predictive powers of Obligor Risk Rating models were also reviewed.

During the year, the BRMC reviewed the reports presented to it, and effectively performed the risk oversight function. Based on submissions, it guided the Management for the actions required to manage the risks highlighted in a timely manner. The BRMC regularly informed the Board about its activities, performance, and risk related issues of the Bank.

- **Board Audit Committee (BAC)**

The Board Audit Committee (BAC) plays a significant role in enhancing the credibility of financial statements, quality of internal controls, governance, and risk management practices of the Bank by performing its oversight responsibilities of reviewing financial reporting, internal controls, and risk management processes, and ensuring the execution of quality audits. BAC also evaluates the effectiveness of the Bank's overall management of compliance risk keeping in view domestic and international regulatory requirements.

During the year 2023, the BAC, in accordance with the BoD approved mandate, has reviewed and made recommendations to the BoD on various policies, related party transactions and the control weaknesses pointed out by the regulator during inspections, annual plans/performance review for Internal Audit/Compliance function along with various other agenda items and ensured that Internal Audit Function has adequate resources and is appropriately placed within the organisation structure to maintain its independence.

The BAC also reviewed the analysis of fraud incidents in the Bank along with identifying root causes and steps/remedial measures to curb such instances in the future. The BAC played a significant role in securing stakeholders' interests with establishment of a robust Whistleblowing Mechanism along with follow-ups, where all complaints were

subject to review by the Chairman BAC without exception.

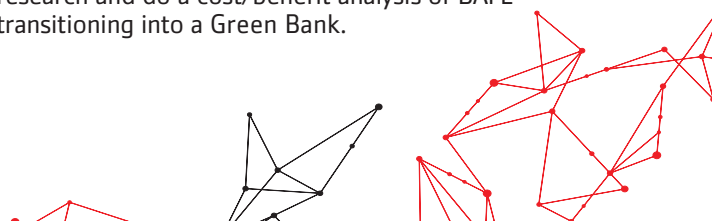
Besides performing the responsibilities entrusted by the BOD as per approved TORs, the BAC has followed a proactive approach, and has taken/supervised actions, including the alignment of the Internal Audit (IA) approach and revamping of IA processes and documentation as per IIA standards, best practices and regulatory guidelines, automation of complete audit life cycle through implementation of audit management solutions in accordance with regulatory advice, and review of risk assessment methodology for incorporation in the upcoming annual audit plan, thus accelerating the journey of Internal Audit function towards its vision .

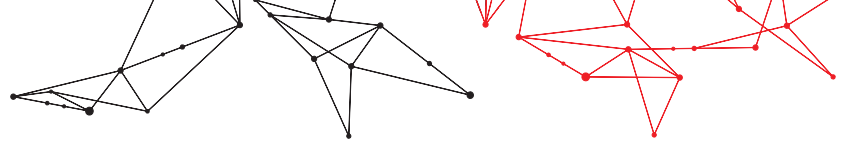
- **Board Strategy and Finance Committee (BSFC)**

In order to assist the Board of Directors of the Bank in performing its functions and responsibilities with a focus on policy making, general direction, oversight, supervision etc., the Board Strategy & Finance Committee ("BSFC") was constituted. BSFC has played its role through extensive strategic decision making and recommendations, which contributed towards the growth and progress of the Bank.

The Committee reviewed and recommended all matters involving the financial and strategic issues (other than periodical financial statements, which are mandated to be reviewed by the Board Audit Committee). The financial powers of BSFC were also amended to comply with the new threshold imposed by the SECP on approval of capital expenditure and disposal of assets by the Board of Directors. The last Strategic Plan (2021-2025) of the Bank was approved by the BSFC and Board in 2020. The Bank exceeded the strategic plan targets well before 2025, in terms of profitability, deposits and other Key Performance Indicators. Therefore, the management presented the first draft of the new 5-year strategic plan for the years 2024-2028 during 2023 and this was discussed and debated in the BSFC. The final strategic plan was presented for Board approval after incorporating the feedback from the Committee.

During the year 2023, in accordance with the SBP's instructions, the Committee reviewed and recommended the constitution of the Bank's new wholly owned subsidiary 'Alfalah Currency Exchange (Private) Limited'. The BSFC discussed in detail whether the Bank should consider becoming a 'green bank' and take leadership in this space. To this end, the BSFC gave approval to hire an external consultant to conduct research and do a cost/benefit analysis of BAFL transitioning into a Green Bank.





It has also reviewed and recommended to the Board the Annual Business Plan/Budget 2024 of all business groups, including the overseas operations of the Bank. The Committee also reviewed the performance of the Bank's subsidiary and associates, future branch network expansion plans, various policies/frameworks along with monitoring and supervision of the Central Management Committee and other key management committees of the Bank.

The BSFC reviewed and recommended to the Board the reports of the Shariah Board, profit & loss distribution and pool management policy of Islamic Banking, investment plans, major capital expenditures, various policies of the Bank etc. and provided necessary directives to the Management. The Committee also interacted with the Shariah Board Members on Islamic Banking related matters. It also demonstrated its contribution and reaffirmed its commitment towards Corporate Social Responsibility by the Bank.

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

The Board Information Technology Committee (BITC) plays a supervisory and advisory role for IT, Information Security and Digital Banking functions within the bank and is responsible for advising and reporting to the Board on the status of technology and digital related activities and initiatives. The BITC monitors, at regular intervals, the successful implementation of the Enterprise Technology Governance and Risk Management Framework for financial institutions as promulgated by the SBP.

The financial powers of BITC were amended in 2023 to comply with the SECP's notification which requires the amount of capital expenditure of more than twenty-five million rupees to be approved by the Board. During the year 2023, the BITC closely monitored the performance of Digital Banking Group (DBG) of the Bank and provided strategic guidance to serve the customers more efficiently and enhance the market share in the digital banking landscape. Under the guidance of the BITC, the DBG delivered superior customer service through dedicated Digital Lifestyle branch as well as innovative digital products complemented by robust systems. During the year, the Bank was also awarded with the "Best Digital Bank" Award by the prestigious Pakistan Banking Awards for the second year running. This is a testament and validation of the successful strategic direction of Digital Banking at BAFL.

The BITC is very sensitive on information security and cyber security issues and acts proactively for mitigation of such risks by Management on a priority and timely basis. The BITC also reviews and monitors the work of the external consultants, especially in the information security area.

The BITC regularly reviews status of major/critical IT projects and approves/recommends digital, IT and cyber security related investments, in accordance with its powers and scope. It has paid close attention on achieving the highest level of optimisation in operations and critical technology components to deliver frictionless banking services. The Committee sets standards and strategic direction of the IT Group with the objective of providing a best in class and seamless service, delivered through a robust technological infrastructure, to BAFL customers.

- **Board Human Resources, Remuneration and Nomination Committee (BHR&NC)**

The Board Human Resources, Remuneration and Nomination Committee (BHR&NC) has extended valued contributions towards people development in Bank Alfalah Limited ("the Bank"). During the year 2023, the Board of Directors, upon recommendation of BHR&NC, approved the proposals for revising policies and various initiatives with regards to Employee Policies, Performance Appraisal and Compensation Programs i.e., Annual Promotion Policy, Succession Planning for Key Executives, Long-Term Retention scheme for critical employees of Information Technology & Digital Banking Group, SLCL/Car Finance Facility, House Finance, Travel Policy, Sabbatical Leave, Mobile Handset Allowance, Code of Conduct, Club Membership, Introduction of Bank Maintained Car for Branch Banking, Introduction of Car Maintenance Allowance (VP-I to EVP-III), and gave necessary directives to the Management on the same.

BHR&NC made a significant contribution in enhancing retirement age from 60 years to 65 years to bring longevity to the careers of the Bank's valued employees, retention of skill set, experience and development of the younger and dynamic employees.

The Bank took a major initiative of setting up an Employee Welfare Program in 2020. Under this initiative, employees facing financial hardships have been provided financial support for medical treatments, education, and marriage grants for children. In this successful journey of 4 years, over PKR 112 Mn has been disbursed to over 815 employees. Utilisation fund status has been reviewed by BHR&NC on regular basis.

In 2023, Human Capital Group continued with facilitating employees and their families affected by torrential floods and rains in 2022. With recommendations of BHR&NC, the Board approved

an allocation of USD 10Mn (PKR 2.18 Bn). Out of the allocated staff financial assistance of PKR 110 Mn, a sum of PKR 104 Mn has been utilised.

BHR&NC also reviewed and recommended to the Board the training budget for the year 2024, Bank's compensation strategies with a view to ensure that compensation and benefit levels are aligned with that of other comparable size organizations.

As part of Bank's go green initiative, HCG, ITG and Business related processes have been digitized on Oracle HCM. Furthermore, Human Capital group launched cutting edge AI-powered assistant Chat bot via WhatsApp; a platform for answering queries related to employee policies and benefits round the clock, while enhancing overall employee experience at the Bank.

Bank Alfalah has been awarded with 10 Awards at Prestigious Global Diversity, Equity and Inclusion Benchmark forums which included 7 Awards in Best Practice Category and 3 Awards in Progressive Category.

- **Board Real Estate Committee (BREC)**

The Board Real Estate Committee was formed to consider, recommend and approve the real estate related proposals and relevant policies and/or any amendments therein, acquisitions, and disposal of specific property, including land, buildings (either partly or fully constructed) beyond the Management Committee's scope, and proposals for development projects for the use of the Bank (including the overseas operations of the Bank).

In 2023, the financial powers of BREC were amended to comply with the regulatory instructions imposed by SECP regarding the approval of capital expenditure and disposal of assets (land and building) by the Board. Further, during the year, BREC reviewed/recommended to the Board various proposals of sale and/or purchase of properties for the Bank as well as proposals for renovations and development projects. The BREC exercised its powers and responsibilities as have been assigned vide its Term of Reference, relevant prevailing laws & regulations and the Bank's Memorandum and Articles of Associations, pertaining to the real estate matters/issues.

## Formulation and Implementation of Remuneration Policy and Assessment of Board Performance

During the year 2020, A. F. Fergusons & Co., member firm of PriceWaterhouseCoopers (PWC), was engaged to assist the Bank in implementation of the Remuneration Policy Guidelines issued by the State Bank of Pakistan (SBP). The scope included drafting the mechanism for identification of Material Risk Takers and Material Risk Controllers, review of their existing scorecards and preparation of risk-adjusted scorecards, drafting the Remuneration Policy for the Bank, including deferral mechanism, and assisting the Bank in implementation of the policy.

## Disclosure Relating to the Remuneration Policy

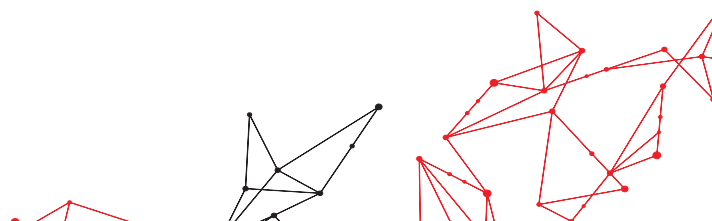
- **Information on overall remuneration policy of the Bank**

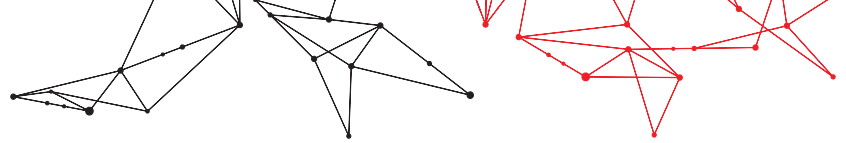
The primary objective is to define a competitive remuneration system, balancing strategic business targets and correctly rewarding employees.

To ensure alignment of remuneration practices with international standards and best practices, the State Bank of Pakistan (SBP) has issued Guidelines on Remuneration Practices (Guidelines). Accordingly, the Remuneration Framework (Framework) was developed as part of the Bank's initiative to implement the Guidelines.

Following are the objectives of the Framework:

1. To promote and be consistent with sound and effective risk management, and not encourage risk-taking that exceeds the risk thresholds of the Bank;
2. To ensure that the remuneration practice is in line with the Bank's objectives, taking into consideration all major risks that the Bank may face, and promotes and supports long-term performance;
3. To align remuneration with risk appetite and with conduct expectations of the Bank, regulators and stakeholders; and
4. To attract, retain and motivate highly qualified employees, but also reward those who promote corporate values correlated with long-term value generation.





## • Governance Framework

The Bank's Governance Framework, with respect to these guidelines, aims at ensuring appropriate control oversight on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by the authorities and functions to which different responsibilities are delegated.

The BoD has the overall responsibility for reviewing, approving and monitoring implementation of the bank-wide Remuneration Framework, based on the recommendations of Board Human Resources Remuneration and Nominations Committee (BHR&NC). In addition, the Board, through BHR&NC, reviews on periodic basis, reports on remuneration structure, including the composition of fixed and variable remuneration of the President and CEO and the Management Team (direct reportees of the President and CEO.)

The Board remains responsible for determining compensation and benefits for certain corporate roles, including the President and CEO, CFO, Head of Audit and Inspection, and Company Secretary.

## 286 • Features of total compensation

The Bank offers a compensation structure with a balanced mix of fixed and variable elements. The compensation mix is periodically reviewed by Human Capital Group (HCG) to ensure external competitiveness and internal adequacy. The review also takes into account the results of performance evaluations, and assigned roles and responsibilities. The objective of maintaining a balanced pay mix is to encourage behaviours focused on the achievement of long-term sustainable results.

This Framework, the Bank's HCG policies and frameworks, and general incentive structures focus on ensuring sound and effective risk management through the following:

1. A robust governance structure for setting goals (including risk adjustments), communicating these goals to employees, and performance measurement to ensure assigned goals are achieved without any excessive or undue risk-taking;
2. Alignment with the Bank's business strategy, values, key priorities and long-term goals;
3. Alignment with the principles of protecting of customers, investors, regulators, and other stakeholders; and
4. Restricting employees, including Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), from undertaking hedging, pledging or insurance strategies for their remuneration, or for any other aspect that might alter, or undermine the risk

alignment effects inherent in the Bank's remuneration mechanisms.

## • Factors considered for differentiating variable pays across employees or group of employees

The compensation structures for MRTs and MRCs is determined and proposed by the HCG, which ensures an appropriate balance between fixed and variable pay, while considering various factors, including the following :

1. Whether the individual is an MRT or MRC;
2. Position within the organisation;
3. Roles and responsibilities;
4. Risk alignment (i.e. the higher the risks undertaken the more shall be the variable remuneration); and
5. Performance against financial as well as non-financial objectives and KPIs, including risk-adjusting factors.

## • Types of employees considered as Material Risk Takers (MRTs) and Material Risk Controller (MRCs)

The inclusion criteria have been developed in accordance with the guidelines and applicable best practices, and are subject to approval by the BHR&NC. The inclusion criteria comprises of two sections; namely the qualitative and quantitative MRT/MRC inclusion criteria.

### Qualitative inclusion criteria

The following qualitative criteria shall be applied for identification of MRTs and MRCs:

1. President and CEO, or any other equivalent position;
2. Members of the Management Team, i.e. reporting directly to the President and CEO, and the BoD or any Board Committee;
3. Members of critical Management Committees;
4. Heads of critical functions responsible for managing business, risks and controls, that may subject the Bank to significant risks; and
5. Country Heads of overseas branches, unless the related branch is subject to similar remuneration regulations in the host countries.

### Quantitative inclusion criteria

Quantitative inclusion criteria includes:

1. Credit Risk;
2. Market Risk;
3. Operational Risk; and
4. Liquidity Risk.



- **Implementing the remuneration measures, and their alignment with current and future risks and performance.**

This is done through the following steps:

1. Introduction of risk-adjusted balanced scorecards for performance evaluation of MRTs/MRCs;
2. Inclusion of another value driver in balanced scorecard categories, i.e. risk adjusting factors;
3. Identification of relevant Key Performance Indicators against each category;
4. Identification of risk adjustments (ex-ante risk adjustments);
5. Assignment of weightages;
6. Periodic review and update of risk-adjusted balanced scorecard;
7. Ratings mechanism; and
8. Application of overrides.

- **Responsibility levels of the key executives and Directors**

#### **Compensations provided to non-executive Directors:**

In accordance with regulatory requirements, the Policy on Directors' Remuneration was unanimously approved by the shareholders of the Bank in the 28th Annual General Meeting held on 27th March, 2020 and was further amended to align with the SBP's Corporate Governance Regulatory Framework on 29th Mar 2022 in the 30th Annual General Meeting of Shareholders. The basis of compensation provided to non-executive Directors is covered in the said policy.

#### **Remuneration provided to the Shariah Board Members and its components:**

The remuneration of the Shariah Board is governed under the compensation policy approved by the Board of Directors.

#### **Fixed and variable pay provided to senior executives, including CEO, MRCs and MRTs:**

##### Fixed Pay

For fixed pay, Human Capital Group annually derive an appropriate benchmark with external market data, in order to ensure the appropriateness of the fixed remuneration for the Bank to be able to attract and retain the relevant resources, particularly in relation to the MRTs/ MRCs.

##### Variable Pay

Variable remuneration takes into account performance of the Bank's, the Group, business unit /product and individuals. Achievement/ underachievement of financial performance, excessive or undue risks, customer experience, audit/internal controls/compliance issues, etc. are generally considered for determining

risk-adjusted variable remuneration. Performance-based remuneration in the form of annual or periodic bonuses and sales incentives are disbursed in cash and/or share options, in accordance with relevant HR policies and frameworks.

#### **Basis for payment of bonuses and awards to CEO, senior executives and MRTs/MRCs:**

The basis for payment of bonuses is determined keeping in view the achievement of KPIs in all value drivers.

The Bank ensures that Risk Control Function employees are remunerated independently of the functions they oversee:

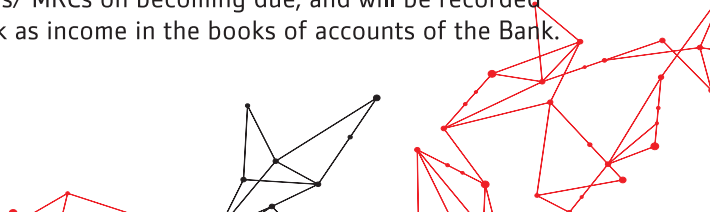
1. The Bank ensures provision of adequate feedback on relevant risk adjustments in the risk-adjusted balanced scorecards of MRTs/MRCs;
2. The Bank reviews the targets and measurement benchmarks against relevant risk adjustments, assigned within the risk-adjusted balanced scorecards to ensure alignment with the risk profile and risk appetite of the Bank; and
3. The Bank ensures timely provision of information/feedback to assist in performance evaluation against risk adjustments of MRTs/ MRCs.

#### **Policy on vesting and deferral of variable remuneration:**

A certain portion of variable compensation of the CEO, key executives, MRTs/MRCs are subject to mandatory deferrals for a defined period, thus creating alignment between the employees' and stakeholders' interests, and reinforcing that compensation is appropriately linked to longer-term sustainable performance. Deferred remuneration, especially with risk adjustments, is a useful tool for improving risk-taking incentives because the amount ultimately received by employees can be made to depend on risk outcomes.

The deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the CEO, key executives and MRTs/MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of the variable remuneration award.

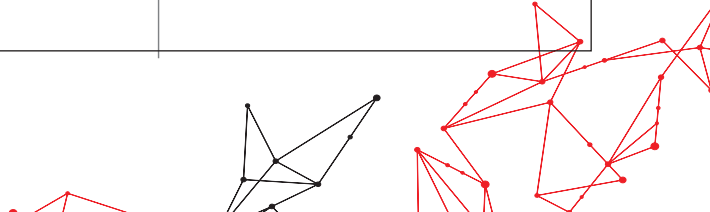
The deferred portion of the variable remuneration shall be paid to the CEO, key executives, and MRTs/MRCs proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. In case of malus, and where accountability has been determined in accordance with the conduct and accountability framework of the Bank, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the CEO, key executives and MRTs/ MRCs on becoming due, and will be recorded back as income in the books of accounts of the Bank.



# Board of Directors - Details

S.No.	Name of Directors	Date of Joining/ Leaving the Board	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Board Memberships in other Companies and Institutions
1	H. H. Sheikh Nahayan Mabarak Al Nahayan	From 07-Jul-1997 to 03-Nov-2002 (resigned) and co-opted on 15-Jan-2017	Chairman/Non-Executive Director	None	<ul style="list-style-type: none"> <li>Chairman, Alfalah Insurance Company Ltd</li> <li>Chairman, Taavun (Pvt) Limited</li> <li>Proprietor, Dhabi Group, UAE</li> <li>Chairman, Dhabi One Investment Services LLC, UAE</li> <li>Chairman, Dhabi Holdings PJSC , UAE</li> <li>Chairman, MAB Investment Inc</li> <li>Chairman, Salsal Petroleum LLC, UAE</li> <li>Chairman, Wateen Telecom, Pakistan</li> <li>Director, Warid Telecom Pakistan LLC, UAE</li> <li>Chairman, Raseen Technologies (Pvt.) Ltd.</li> <li>Chairman, Raseen Technologies LLC</li> <li>Chairman, JSC TeraBank, Georgia</li> <li>Chairman, Wincom Services Pakistan LLC , UAE and Wincom (Pvt.) Ltd.</li> </ul> <p>Other entities (Ministries/NGOs, etc.)</p> <ul style="list-style-type: none"> <li>Minister of State for Tolerance and Coexistence in the Cabinet of UAE</li> <li>Honorary President, Future Rehabilitation Center, Abu Dhabi</li> <li>Patron, Emirates Natural History Group</li> <li>Chairman and Patron, Abu Dhabi Cricket Club</li> <li>Chairman, Emirates Cricket Board</li> <li>Chairman, Sandoq Al Watan</li> </ul>
2	Mr. Abdulla Nasser Hawaileel Al Mansoori	07-Jul-1997	Non-Executive Director	None	<p>Chairman of the Board, Al Nasser Holdings and Group Companies:</p> <ul style="list-style-type: none"> <li>Al Nasser Holdings LLC</li> <li>Al Nasser Investments LLC</li> </ul>
3	Mr. Abdulla Khalil Al Mutawa	07-Jul-1997	Non-Executive Director	<ul style="list-style-type: none"> <li>Board Strategy and Finance Committee</li> <li>Board Audit Committee</li> <li>Board Risk Management Committee</li> <li>Board Information Technology Committee</li> <li>Board Human Resource, Remuneration &amp; Nomination Committee</li> <li>Board Compensation Committee</li> <li>Board Crises Management Committee</li> <li>Board Real Estate Committee</li> </ul>	<ul style="list-style-type: none"> <li>Chairman, Makhazen Investment Company</li> <li>Director, EFG Hermes Holding, S.A.E.</li> </ul>

S.No.	Name of Directors	Date of Joining/ Leaving the Board	Status of Director (Independent, Non-Executive, Executive)	Member of Board Committees	Board Memberships in other Companies and Institutions
4	Mr. Khalid Mana Saeed Al Otaiba	08-Mar-2003	Non-Executive Director	<ul style="list-style-type: none"> <li>Board Risk Management Committee</li> <li>Board Compensation Committee</li> <li>Board Audit Committee</li> <li>Board Strategy and Finance Committee</li> <li>Board Information Technology Committee</li> <li>Board Human Resource, Remuneration &amp; Nomination Committee</li> <li>Board Crisis Management Committee</li> <li>Board Real Estate Committee</li> </ul>	<ul style="list-style-type: none"> <li>Deputy Chairman, Al Otaiba Group of Companies</li> <li>Director, Alfalah Insurance Company Limited</li> <li>Chairman, Liwa International Investment Tourism</li> <li>Chairman, Royal Mirage Hotel &amp; Resorts Ltd, Morocco</li> <li>Director, Ghantout International</li> <li>Director, EFG Hermes Holding S. A. E.</li> </ul>
5	Dr. Ayesha Khan	27-May-2018	Independent Director	<ul style="list-style-type: none"> <li>Board Human Resource, Remuneration &amp; Nomination Committee</li> <li>Board Compensation Committee</li> <li>Board Audit Committee</li> <li>Board Strategy and Finance Committee</li> <li>Board Crisis Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>CEO and Regional Managing Director for Pakistan, Acumen</li> <li>Director, NRSP Microfinance Bank</li> <li>Director, Fauji Fertilizer Company Ltd.</li> <li>Director, Bulleh Shah Packaging (Pvt.) Ltd.</li> </ul>
6	Dr. Gyorgy Tamas Ladics	27-May-2018	Independent Director	<ul style="list-style-type: none"> <li>Board Information Technology Committee</li> <li>Board Human Resource, Remuneration &amp; Nomination Committee</li> <li>Board Crisis Management Committee</li> <li>Board Strategy and Finance Committee</li> </ul>	<ul style="list-style-type: none"> <li>Chief Executive Officer, Silverlake Symmetri</li> </ul>
7	Mr. Khalid Qurashi	From 27-May-2015 to 26-Feb-2018 and co-opted on 14-May-2020	Independent Director	<ul style="list-style-type: none"> <li>Board Audit Committee</li> <li>Board Strategy and Finance Committee</li> <li>Board Risk Management Committee</li> <li>Board Human Resource, Remuneration &amp; Nomination Committee</li> <li>Board Crisis Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Beneficial Owner, Pitlochry Associates DMCC (100% shares held)</li> <li>Director, HBL Bank UK</li> </ul>
8	Mr. Atif Aslam Bajwa	From 25-Oct-2011 to 15-Jul-2017 and co-opted on 19-Feb-2020	CEO/Executive Director	<ul style="list-style-type: none"> <li>Board Strategy and Finance Committee</li> <li>Board Risk Management Committee</li> <li>Board Information Technology Committee</li> <li>Board Crisis Management Committee</li> <li>Board Real Estate Committee</li> </ul>	<ul style="list-style-type: none"> <li>Board Member, Alfalah Insurance Company Limited</li> <li>Board Member, PIA Investments Limited and its subsidiaries; <ul style="list-style-type: none"> <li>Roosevelt Hotel Corporation N. V.</li> <li>Minhal France S. A.</li> <li>Avant Hotels (Pvt) Limited</li> </ul> </li> <li>Board Member, Pakistan International Airlines Corporation Limited</li> <li>Board Member, Institute of Bankers In Pakistan</li> <li>Board Member, Karachi Education Initiative</li> <li>Board Member, Packages Limited</li> <li>Board Member, Alfalah Asset Management Ltd.</li> <li>Board Member, Pakistan Oxygen Limited</li> </ul>



## Shariah Board Members - Details

S.No.	Name of Shariah Board Members	Date of Joining/ Leaving the Board	Designation	Relationship with other Banks
1	Dr. Mufti Khalil Ahmad Aazami	10-Jan-2015	Chairperson, Shariah Board	<ul style="list-style-type: none"> <li>Member, Shariah Board, Faysal Bank Limited</li> <li>Member, Shariah Board, National Bank Limited</li> </ul>
2	Mufti Muhammad Mohib ul Haq Siddiqui	10-Jan-2015	Member, Shariah Board	<ul style="list-style-type: none"> <li>Chairman, Shariah Board, Faysal Bank Limited</li> <li>Member, Shariah Board, Bank AL Habib Limited</li> </ul>
3	Mufti Aqeel Akhtar	01-Jul-2021	Member, Shariah Board	<ul style="list-style-type: none"> <li>None</li> </ul>
4	Mufti Usama Ehsan	01-Jul-2021	Member, Shariah Board	<ul style="list-style-type: none"> <li>None</li> </ul>
5	Mufti Ovais Ahmed	10-Jan-2015	Resident Member, Shariah Board	<ul style="list-style-type: none"> <li>None</li> </ul>

## Directors' Participation in Board and Board Committees Meetings

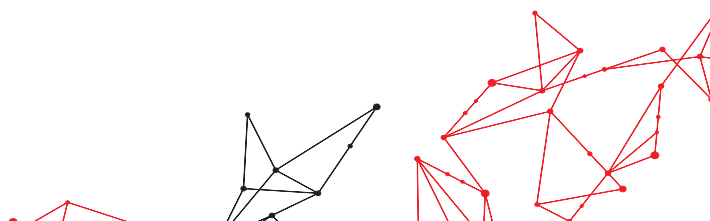
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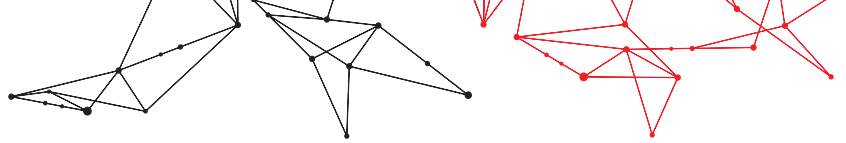
2023										
Name of Directors	Board of Directors Meetings	Board Audit Committee Meetings	Board Strategy and Finance Committee Meetings	Board Human Resource, Remuneration and Nomination Committee Meetings	Board Risk Management Committee Meetings	Board Information Technology Committee Meetings	Board Crisis Management Committee Meetings	Board Real Estate Committee Meetings	Board Compensation Committee Meetings	
<b>No. of Meetings held during the year</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>Nil</b>	<b>6</b>	<b>Nil</b>	
<b>Number of Board and Board Committees meetings attended</b>										
1. H.H. Sheikh Nahayan Mabarak Al Nahayan	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2. Mr. Abdulla Nasser Hawaileel Al Mansoori	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
3. Mr. Abdulla Khalil Al Mutawa	5	6	7	4	5	4	N/A	5	N/A	
4. Mr. Khalid Mana Saeed Al Otaiba	5	6	7	4	5	4	N/A	6	N/A	
5. Dr. Ayesha Khan	5	6	7	4	N/A	N/A	N/A	N/A	N/A	
6. Dr. Gyorgy Tamas Ladics	5	N/A	7	4	N/A	4	N/A	N/A	N/A	
7. Mr. Khalid Qurashi	5	6	7	4	5	N/A	N/A	N/A	N/A	
8. Mr. Atif Aslam Bajwa	5	N/A	7	N/A	5	4	N/A	6	N/A	

2022										
S.No. Name of Director	Board of Directors Meetings	Board Audit Committee Meetings	Board Strategy and Finance Committee Meetings	Board Human Resource, Remuneration and Nomination Committee Meetings	Board Risk Management Committee Meetings	Board Information Technology Committee Meetings	Board Crisis Management Committee Meetings	Board Real Estate Committee Meetings	Board Compensation Committee Meetings	
<b>No. of Meetings held during the year</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>Nil</b>	
Number of Board and Board Committees meetings attended										
1.	H.H. Sheikh Nahayan Mabarak Al Nahayan	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2.	Mr. Abdulla Nasser Hawaileel Al Mansoori	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
3.	Mr. Abdulla Khalil Al Mutawa	5	6	6	3	4	4	4	2	
4.	Mr. Khalid Mana Saeed Al Otaiba	5	6	6	3	4	4	4	2	
5.	Dr. Ayesha Khan	5	6	6	3	N/A	N/A	4	N/A	
6.	Dr. Gyorgy Tamas Ladics	5	N/A	6	3	N/A	4	4	N/A	
7.	Mr. Khalid Qurashi	5	6	6	3	4	N/A	4	N/A	
8.	Mr. Atif Aslam Bajwa	5	N/A	6	N/A	4	4	4	2	

## Shariah Board Committee Meetings

S.No.	Name of Director	Meetings held/attended
Total meetings held		4
1	Dr. Mufti Khalil Ahmad Aazami	4
2	Mufti Mohib ul Haq Siddiqui	4
3	Mufti Aqeel Akhtar	4
4	Mufti Usama Ehsan	4
5	Mufti Ovais Ahmed	4





Name of Company: **Bank Alfalah Limited ('the Bank')**  
 Year ended: **December 31, 2023**

and these Regulations;

The Bank has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Code/Regulations") in the following manner: -

1. The total number of directors are eight as per the following:
    - a. Male: Seven
    - b. Female: One
  2. The composition of the Board is as follows:
    - i Independent Directors Three (including one female director)
    - ii Other non-executive Directors Four
    - iii Executive Directors One
  3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank;
  4. The Bank has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures;
  5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updation is maintained by the Bank;
  6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
  7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
  8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act
9. The Bank had arranged Directors' Training program for its Directors. Four Directors of the Bank have already done certification of Director's Training Program. The other Directors stand exempted, as per criteria mentioned in the Code;
  10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
  11. The Chief Financial Officer and The Chief Executive Officer duly endorsed the financial statements before approval of the Board;
  12. The Board has formed/reconstituted the committees comprising of members given below:
    - A) **Board Audit Committee**
      1. Mr. Khalid Qurashi, Chairman
      2. Mr. Abdulla Khalil Al Mutawa, Member
      3. Mr. Khalid Mana Saeed Al Otaiba, Member
      4. Dr. Ayesha Khan, Member
    - B) **Board Strategy and Finance Committee**
      1. Mr. Abdulla Khalil Al Mutawa, Chairman
      2. Mr. Khalid Mana Saeed Al Otaiba, Member
      3. Dr. Ayesha Khan, Member
      4. Dr. Gyorgy Tamas Ladics, Member
      5. Mr. Khalid Qurashi, Member
      6. Mr. Atif Aslam Bajwa, Member
    - C) **Board Risk Management Committee**
      1. Mr. Khalid Mana Saeed Al Otaiba, Chairman
      2. Mr. Abdulla Khalil Al Mutawa, Member
      3. Mr. Khalid Qurashi, Member
      4. Mr. Atif Aslam Bajwa, Member
    - D) **Board Information Technology Committee**
      1. Dr. Gyorgy Tamas Ladics, Chairman
      2. Mr. Abdulla Khalil Al Mutawa, Member
      3. Mr. Khalid Mana Saeed Al Otaiba, Member
      4. Mr. Atif Aslam Bajwa, Member

# Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

**E) Board Human Resource, Remuneration and Nomination Committee**

1. Dr. Ayesha Khan, Chairperson
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Mana Saeed Al Otaiba, Member
4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member

**F) Board Compensation Committee**

1. Dr. Ayesha Khan, Chairperson
2. Mr. Abdulla Khalil Al Mutawa, Member
3. Mr. Khalid Mana Saeed Al Otaiba, Member

**G) Board Crisis Management Committee**

1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Dr. Ayesha Khan, Member

4. Dr. Gyorgy Tamas Ladics, Member
5. Mr. Khalid Qurashi, Member
6. Mr. Atif Aslam Bajwa, Member

**H) Board Real Estate Committee (BREC)**

1. Mr. Abdulla Khalil Al Mutawa, Chairman
2. Mr. Khalid Mana Saeed Al Otaiba, Member
3. Mr. Atif Aslam Bajwa, Member

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

14. The number of meetings held during the year are as follows. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Bank;

Name of Committee	No. of Meetings held during the year, 2023
Board Audit Committee	6
Board Strategy and Finance Committee	7
Board Risk Management Committee	5
Board Information Technology Committee	4
Board Human Resources, Remuneration & Nomination Committee	4
Board Compensation Committee	0
Board Crisis Management Committee	0
Board Real Estate Committee	6

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15. The Board has set up an effective internal audit function, whose staff is considered suitably qualified, experienced for the purpose and are 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 registered with Audit Oversight Board of Pakistan; that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan. Further, none of them and other partners of the firm involved in the audit is 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 director(s) of the Bank;

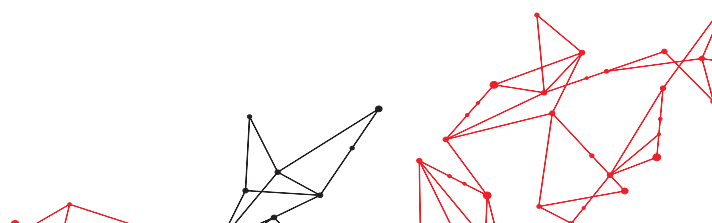
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have followed IFAC guidelines in this regard; and

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

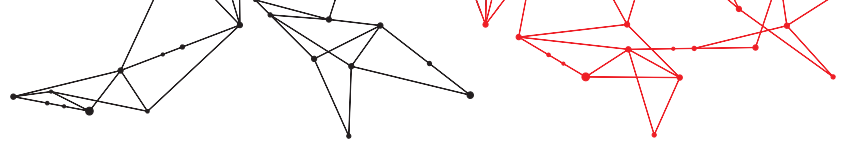
**Atif Aslam Bajwa**  
President and Chief Executive Officer

**Nahayan Mabarak Al Nahayan**  
Chairman

**Abu Dhabi**  
1st February, 2024



# 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 Bank Alfalah Limited (the Bank) for the year ended December 31, 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 December 31, 2023.

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi  
Date: February 24, 2024  
UDIN: CR202310061NRW07V8kM



# Statement of Internal Controls

This Statement of Internal Controls is based upon an ongoing process designed to identify the significant risks in achieving the bank's policies, aims and objectives, and to evaluate nature and extent of those risks, and to manage them efficiently, effectively and economically. This process remained in place throughout the year 2023.

The Board of Directors (Board) considers a sound control framework as the key to sustainable growth and value creation. The Board is ultimately responsible for the internal controls system of the Bank. Further, the Board has defined role of the Board's Audit Committee (BAC) and Senior Management to establish and maintain an adequate and effective system of Internal Controls. Every endeavor is made to implement sound control procedures and to maintain a robust control environment.

The Bank's Internal Control Policy outlines the overall Control Objectives, the Bank's Controls Framework as well as the Bank's approach towards implementation of the framework. Bank Alfalah Control Framework is structured on the lines of globally recognized "Three Line of Defense Model" in which Business/Support Unit serves as First Line of Defense, various Risk, Controls & Compliance oversight functions are serving as Second Line of Defense, while independent assurance is the Third (Audit and Inspection Group). The framework focuses on devising policies and procedures that outline control activities so that process owners perform their functions without any risk exposure. This aspect is further evaluated and monitored through various organizational functions, such as Risk Management, Compliance & Internal Controls etc.

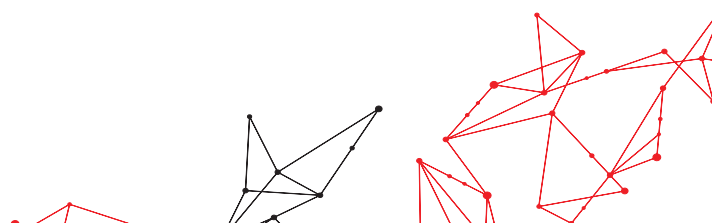
The Board of Directors has instituted an effective Audit function (Audit & Inspection Group), reporting to the Board through the Board Audit Committee, which not only monitors compliance with the Bank's policies, procedures, controls and reports significant deviations regularly to the Board Audit Committee, but also regularly reviews the adequacy of the overall internal control

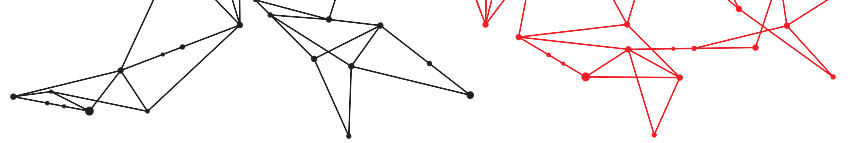
system. Furthermore, observations and weaknesses regarding control health pointed out by the Bank's external and internal auditors are also addressed promptly and necessary steps are taken by the management to eradicate such weaknesses. Remedial actions against control breaches are advised and followed up by the Board Audit Committee as well.

The Bank's Compliance & Controls Committee, which comprises of CEO & senior executives of the Bank has been entrusted with enhanced governance and monitoring as part of the overall Control Environment. Besides, there is a Process Improvement Committee (PIC), comprising of senior executives, which, as part of regular periodic evaluations, considers improvements and changes required in the policies and procedures. Recommendations from the stakeholders, such as Risk, Operations, Compliance, Shariah, Finance and Internal Audit are sought as part of such exercises.

The Bank, under its Compliance & Business Solution Group, has a dedicated Internal Controls Division (ICD) which, through its regular onsite visits and offsite thematic reviews facilitates the management in timely identification and resolution of key control issues / compliance risk exposures which can affect the Bank adversely. The ICD is engaged in field reviews and helps management to ensure that the Bank's operations are carried out as per defined procedures: transactions are recorded in a timely manner; financial and management reporting is accurate, reliable and complete; and the Bank is compliant with the applicable laws, regulations and policies. Besides ICD, other units of Compliance & Business Solution Group, vis-a-vis Customer Due Diligence (CDD) Department and Compliance Risk Management Unit are also integral parts of the Bank's control framework, helping the Bank improve controls.

The Bank has an online Internal Controls Dashboard (ICD Dashboard) for centralized monitoring of certain critical controls. It serves as a tool to enhance the entity wide coverage of control risk exposure through





timely identification of operational and regulatory risks, including control breaches at the branches and other functions. It assists in instant closure/rectification of issues preventing the Bank from financial and reputational losses. It helps in analysing major control gaps, devising corrective action plan and catering to the training needs of the staff. ICD dashboard has transformed the whole spectrum of controls and compliance monitoring from the sample based periodic reviews of selected entities to continuous monitoring of key risk areas with coverage of entire population. Comprehensive reviews of AML / CFT and other critical regulatory areas are carried out on the basis of alerts and exceptions generated from the dashboard. Anomalies identified as a result of these reviews are conveyed to the concerned stakeholders for taking necessary remedial measures, which significantly improve the control environment of the Bank. During the year 2023, ICD Dashboard coverage was extended to various critical business & operation functions alerts for timely monitoring and mitigation of risk exposure to safeguard the Bank from any financial or reputational losses. Besides this, significant issues were escalated to senior management through onsite ICD reviews to improve the operational health of branches/units.

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The Bank follows SBP guidelines on Internal Controls including guidelines pertaining to Internal Control over Financial Reporting (ICFR). The Bank's ICFR exercise is conducted annually with an objective to review the processes and operating effectiveness of controls over key areas of the Bank's operations, which affect financial reporting. ICFR unit, under Finance Division, is responsible for implementation of the stage-wise ICFR Framework and to perform tests of controls for the management functions. In line with SBP exemption from the requirement of external auditors' Long Form Report (LFR), Audit and Inspection Group of the Bank reviewed the bank's ICFR function for the year 2022 and submitted an Assessment Report to the Board Audit Committee (BAC). The ICFR review for 2023 is in progress and an Assessment Report will be submitted to BAC during first quarter of 2024 in line with regulatory requirements.

### **Management's Evaluation on Effectiveness of Control Framework**

The Bank's system of Internal Controls is designed to manage rather than eliminate the risk of failure to achieve its business strategies and objectives. It can, therefore, only provide reasonable and not absolute assurance against material misstatement and losses.

In accordance with Board's vision along with SBP and SECP guidelines, the management has implemented a comprehensive governance and control framework to ensure efficiency and effectiveness of operations, compliance with legal requirements and reliability of financial reporting. Adequate systems, processes and controls have been put in place to identify and mitigate the risk of failure to achieve the overall objectives of the Bank.

The management believes that the Bank's existing system of Internal Controls is considered reasonable in design and is functioning effectively and constantly monitored. There is a continuous improvement in the Bank's Control Environment including technological solutions. Based upon the work performed, the management keeps on identifying areas for process improvements as well as implement additional controls required for strengthening existing controls. The management takes all necessary steps to ensure that the timelines and priorities assigned to the same are adhered to.

The Bank shall continue in its endeavor to further enhance its internal control design and assessment process in accordance with the industry best practices.

The Board of Directors has duly endorsed management's evaluation of internal controls, including ICFR.

For and behalf of the Board,

**Atif Aslam Bajwa**

President and Chief Executive Officer

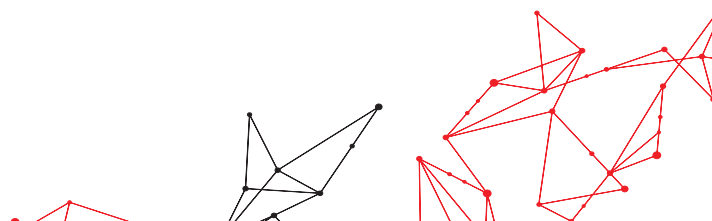
Abu Dhabi

1st February, 2024

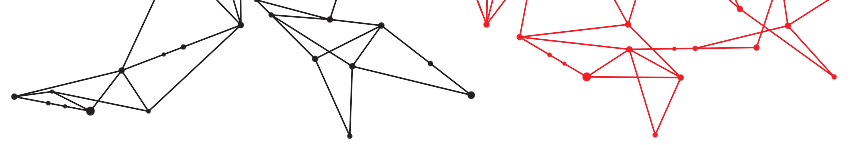
# Management's responsibility towards Financial Statements and Directors' Compliance Statement

The Bank's Management is aware of its responsibility towards the preparation and presentation of financial statements. The Directors of the Bank confirm that:

- The financial statements, fairly represent the state of affairs of the Bank, the result of its operations, comprehensive income, cash flows, and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies have consistently been applied in the preparation of financial statements and accounting estimates, and are based on reasonable and prudent business judgment.
- International Financial Reporting Standards (IFRS), as applicable in Pakistan and to the banks in Pakistan, have been followed in preparation of financial statements, and any departures therefrom have been adequately disclosed and explained.
- The system of Internal Controls is sound in design, and has been effectively implemented and monitored.
- There are no significant doubts regarding the Bank's ability to continue as a going concern.
- There is no material departure from the best practices of corporate governance.



# Adoption and Statement of Adherence with the International Integrated Reporting Framework



## Scope and Purpose

The primary purpose of this report is to establish a communication with our stakeholders about how the Bank's strategy, governance, performance and prospects, in the context of external environment, lead to the creation of value to achieve short, medium and long-term strategic objectives.

## Responsibility of the Report

The preparation, presentation and integrity of the Integrated Report is the Management's responsibility. The report has been presented in accordance with the International Integrated Reporting Framework.

## The Value Creation Process

The Board has created an appropriate oversight structure to support the ability of the Management to create value through core business activities. Value is created through organisation's business model, which takes inputs from the capitals, and transforms them through business activities and interactions to produce outputs and outcomes, that, over the short, medium and long-term, create value for the organisation, its stakeholders, society and environment. The capitals, from which the business model takes inputs, are identified as financial, manufactured, intellectual, human, social and relationship, and natural capitals.

## Content Elements incorporated in our Annual Report

- Organisational Overview, Business Model and External Environment**  
 Bank Alfalah Limited (BAFL) is incorporated as a commercial bank with operations in Pakistan, Middle East and Asia Pacific. The Bank is listed on the Pakistan Stock Exchange (PSX). It operates under the directives issued by the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX).
- Governance**  
 The Board of Directors (BoD) governs and sets out the strategic objectives for the Bank. The Board executes and oversees governance through its committees. Further, BoD has assigned responsibilities for daily operations to the Senior Management.
- Stakeholder Relationship and Engagement**  
 The Bank effectively manages the expectations of its stakeholders and considers this a key priority.
- Sustainability and Corporate Social Responsibility**  
 Besides focusing on business objectives, the Bank focuses on establishing a sustainable, safe and healthy environment. The Bank also considers caring for the community its prime responsibility.

- **Risks and Opportunities**

The Bank operates in an environment where it is subject to Market Risk, Credit Risk, Liquidity Risk, Operational Risk and Environmental Risk. The Bank has mitigating strategies in place to address these risks, and effectively protects the capitals against the odds of these risks.

- **Strategy and Resource Allocation**

The Bank has short, medium and long-term strategic objectives in place. These are to maximise shareholders' value, sustainable returns, and exceed shareholders' expectations. The Bank allocates its resources to achieve these objectives.

- **Information Technology Governance and Cybersecurity**

The Bank has an established IT governance policy and a cybersecurity program. The Bank performs on a regular basis, security assessment of its technological environment and has advanced technological infrastructure to provide secure customer service. Further, the Bank has well maintained core banking and surround systems to assist it in daily operations.

- **Performance and Position**

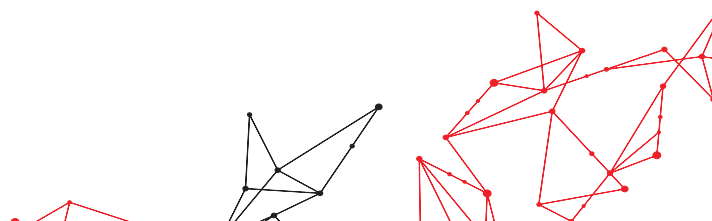
Bank Alfalah measures its performance and position against Key Performance Indicators (KPIs). The Bank has been performing impressively in terms of year-on-year growth. This award is a testimony of the hard work, enthusiasm, zeal and commitment of our people, and our commitment to achieve excellence in customer service.

- **Outlook**

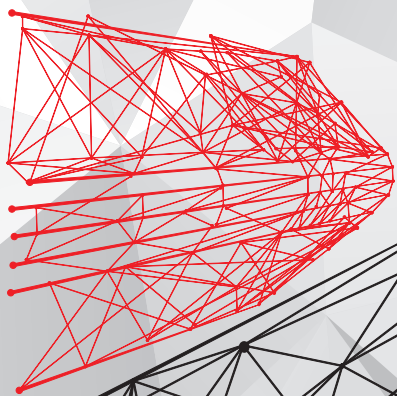
Challenges and uncertainties to which the Bank may be exposed include the Government's fiscal measures, including monetary policy, geo-political situation, law and order situation, inflation and taxation. The Bank tracks key metrics, which might affect its performance and take corrective measures to maintain its market standing, protecting the capitals, and providing maximum returns to its shareholders.

- **Excellence in Corporate Reporting**

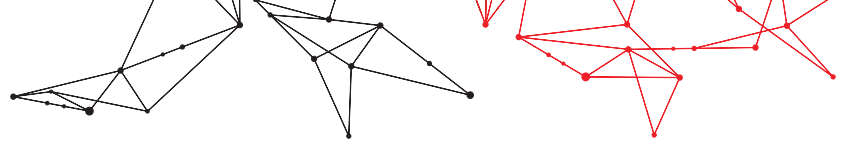
The Corporate Reporting Framework comprises of International Financial Reporting Standards (IFRS), Islamic Financial Accounting Standards (IFAS), Companies Act, 2017, Banking Companies Ordinance, 1962, and the directives issued by the SBP and the SECP. The reporting calendar of the Bank and its subsidiaries is January to December. The External Auditor of the Bank is M/s A.F. Fergusons & Co. Key matters relating to the current year have been disclosed in the External Auditors' Report. The period for which this report is prepared is the year ended 31st December, 2023.



# OUTLOOK







# Forward Looking Statement

## Narrative Statement

Global economic challenges persist as geopolitical tensions strain interconnectedness. Three key challenges include the diminishing global connections due to growing rivalries among nations, disruptions in supply chains, and a backlash against globalization. As the world faces a crucial moment of change, it has become essential to establish a new way of globally connecting to tackle global challenges and build resilience.

Pakistan's economy is severely affected on account of the aforementioned global situation coupled with a concerning domestic scenario. Monetary tightening measures have led to a slowdown in economic activity across the country. This combined with import restrictions to curb the trade deficit, higher inflation (energy and food costs), depleting foreign reserves, high interest rates, rising inflation and devaluation of the local currency resulted in significant demand curtailment.

Given the current economic environment and the risk of credit headwinds, the Bank continues to follow prudent risk management practices and manage the loan book optimally. In line with the Bank's mission, we seek to be the preferred bank for our customers and will always put our customers and their needs first. Regaining and growing our market share in low-cost deposits, consumer products and SME financing are still our primary target. We will continue to expand our reach to our customers by growing our branch network and tapping new markets. Enhancing trade volume and penetration in cash management with high attention to SME/commercial clients will remain our top priority. Furthermore, considering the changing business environment, we are constantly focused on leveraging technology to enable digital transformation, and allow for innovation and efficiencies.

At Bank Alfalah, key focus will remain on utilising technological advancements and advanced analytics to improve banking services and provide superior customer services. Our growth is founded on technological and digital innovation to align with the dynamics of both global and domestic markets. We are well-positioned for

sustainable growth and building long-term shareholders' value. We will continue to invest in human capital and in strengthening compliance and controls environment. At the same time, the Bank will continue to focus on improving the return on capital on risk assets, optimising returns from the banking book and enforcing a strong cost discipline across the Bank.

Furthermore, along with all this, the Bank believes its employees to be fundamental to its existence and growth. Therefore, Bank Alfalah is determined to continue investing in human capital and creating a culture of care and compassion.

At Bank Alfalah, innovation stands as the fundamental driver for advancement and growth, continually seeking fresh and enhanced approaches to engage internal customers for better service delivery. The Human Capital Group (HCG) of the Bank remains steadfast in its commitment to becoming the preferred employer, striving to offer favorable prospects to employees through capability building, and performance-linked incentives. The primary focus remains on embedding the Bank's Culture throughout the organisation, fostering a unified ethos of "One Bank One Team", Focus on Customer, Inspiring & Empowering its employees.

Bank Alfalah aims to establish an inclusive workplace, fostering an environment that accommodates individuals from diverse backgrounds. The focus remains on creating avenues for Women employees to excel and progress, while also integrating Employees with Disabilities into the workforce. Additionally, the organisation places a premium on safeguarding employees' health and well-being, introducing various initiatives aimed at maintaining a healthy work-life balance and addressing emotional and mental wellness.

As the Human Capital Group assumes the role of the employees' advocate at Bank Alfalah, the team is dedicated to fortifying business partnerships. It serves as a conduit for accessibility and communication between HR and various business/support functions, conducting regular assessments to gather



insights across the organisation. These initiatives strive to create an exceptional employee experience for both existing staff and prospective candidates.

## Quantitative Projections

The macro-economic situation of Pakistan has somewhat stabilised after resumption of IMF program along with the central bank maintaining policy rate at 22%. The inflation numbers, although still high, are expected to recede in coming year. However, the country's high reliance on debt financing, lack of fiscal discipline, decline in remittances volumes which is critical for foreign reserves, and the uncertainty due to election year is likely to hamper economic growth for the next year as key policy and decision-making will take time till the formulation of next government. We expect SBP to ease interest rates from 2Q'24 in line with the anticipated reduction in inflation. However, we expect net spreads to remain higher than last year in line with higher average rates. Furthermore, the volumetric growth and balance sheet realignment will enable the Bank to improve net interest income by ~15%. Fee and commission line will grow by ~20% on back of higher number of transactions and throughput. Country's trade and remittance flows are dependent on the global situation and therefore, persistent geo-political tensions and global economic slowdown will impact bank's volumes. This will adversely impact bank's FX income which is likely to remain under pressure as regulator has placed restrictions on FX spreads. Furthermore, IFRS 9 application from January 1, 2024 has changed the treatment of gain on available for sale equity investments with no recycling to PL. On the other hand, we expect increase in NPLs as a result of tough operating environment. However, the bank closely monitors the health of portfolio and makes prudent provisioning to maintain coverage over 100%, and remains committed to facilitate the SME and consumer sectors in line with our key strategy. However, we foresee credit offtake in later part of next year and expect moderate growth.

The Bank aims to continue its growth trajectory for gaining market share across the key performance drivers while being cognizant of the operating environment. Current deposits mobilisation will become difficult in high interest environment as customers will shift to lucrative interest-bearing deposits.

The Bank plans to continue investment in adding touch-points i.e. new branches and further deployment of ATMs, CDMs and CCDMs despite import and payment related issues.

Certain new initiatives planned for 2024, which are necessary for long-term growth, will result in cost

escalation, while contribution to revenue will be visible in later periods. On the other hand, high inflation and expected currency devaluation will impact our cost to income ratio. Nevertheless, the Bank's operating profit is expected to improve from last year based on our forecasts.

## Uncertainties that Could Affect the Bank's Resource, Revenues and Operations

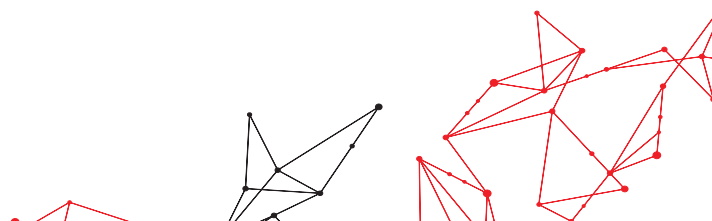
All forward looking statements are by nature, subject to risks and uncertainties, and some of these are beyond our control. The impacts could vary from short term to medium and long term. Factors that may potentially affect the Bank's resources, revenues and operations are as follows:

- Decisions on discount rate/monetary policy;
- Geo-political risks and uncertainties across the geography that we operate in;
- Law and order situation;
- Cyber Security;
- Local government rules and regulations;
- Trade policies of trade partner countries;
- Changing priorities at the regulators' end;
- Inflation, fuel and general commodity prices;
- Corporate taxation measures; and
- Increased competition from emerging FinTechs and digital banks.

The Bank's strong financial position, processes and controls make it resilient to these changes, many of which were tested in 2023. The results of these stress tests were presented to the management committees and the board committees for information and forward guidance.

## External Environment

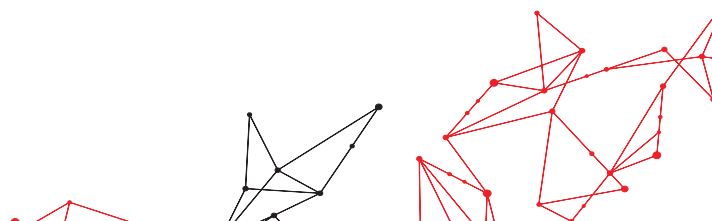
Please refer to the sub-section on the following pages within this section.

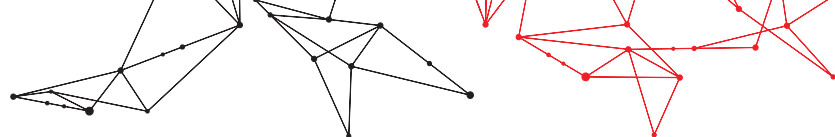


# Our Performance against Last Year's Forward Looking Statement

Forward-looking statement disclosed last year	Our performance in 2023
<p>Bank Alfalah is well-positioned for sustainable growth and building long-term shareholders' value.</p>	<p>The Bank's profit after tax stood at Rs. 36.456 Bn, growing by over 100%. Advances (gross) grew by Rs. 11.594 Bn and closed at Rs. 777.287 Bn. Deposits closed at Rs. 2.085 Trn as against Rs. 1.487 Trn as at the close of last year, representing an increase of 40.2%. CAR stood at 16.74% at the close of the year.</p>
<p>In line with the Bank's strategy, we aspire to be the most customer-centric and innovative bank in the country with a caring culture.</p> <p>To cope with changing business dynamics, we will accelerate digital transformation and focus on business process re-engineering.</p>	<p>For the second year in a row, we have been awarded Best Digital Bank 2023 by the Pakistan Banking Awards. This honor signifies our deep commitment to shaping the future of banking in Pakistan. We are proud of the positive impact our digital initiatives have had on our customers and the broader financial landscape.</p> <p>To continue catering to our customers advanced digital needs we made the onboarding of existing and new customers effortless through RAPID.</p> <p>Alfalah RAPID provides various digital features to fulfil the banking needs of our customers at their convenience. Customers can do the following from anywhere in the world through the RAPID portal:</p> <ul style="list-style-type: none"> <li>• Open new deposits accounts, i.e., current and saving accounts</li> <li>• Apply for consumer products such as debit cards, credit cards and personal loans</li> <li>• Fulfil their self-service banking needs (e-statements, SMS alert subscription, cheque book request, CNIC updates, etc.)</li> <li>• Roshan Digital Account holders can also apply for a credit card.</li> </ul> <p>Alfalah strategically utilises the Sales Management System (SMS) internally to empower the Bank's sales team. This application aids in sales improvement, progress tracking, and service enhancement through advanced configuration and customisation options like Lead Management and Email Management. Presently, the Bank is in the process of developing SMS 3.0 to introduce extra features, such as customer profiling and integration with BPM, Rosetta, and Aspire. These additions are poised to seamlessly complement and amplify our ongoing sales initiatives.</p> <p>In order to expand its branch network while providing innovative solutions, the Bank launched the country's first Digital Lifestyle Branch in 2023, and will continue to add more in the coming years.</p>
<p>We will work hard to regain and grow our market share in low-cost deposits, consumer products and SME financing.</p>	<p>With a great emphasis on building a low cost deposit base, our total deposits stand at PKR 2.085 Trn and current deposits at PKR 790.359 Bn as at Dec'23. These numbers are achieved through a segmented sales approach based on ideal customer personas and selective branch expansion in key areas.</p> <p>We continue to be a strong player in consumer business. Credit card volumes continued their healthy growth in 2023 with closing balance standing at PKR 23.70 Bn (Dec'22: PKR 18.05 Bn). Furthermore, Bank Alfalah issued over 59,000 Credit Cards in 2023. There has also been a surge in spending through Credit Cards with throughput increasing by</p>

Forward-looking statement disclosed last year	Our performance in 2023
	<p>43% in 2023 to reach PKR 172.30 Bn respectively (Dec'22: PKR 120.13 Bn).</p> <p>On the other hand, high KIBOR negatively impacted growth in auto finance and personal loans. Gross outstanding volumes of auto finance declined from PKR 47.87 Bn in Dec'22 to PKR 37.85 Bn in Dec'23, while personal loans closing balance now stands at PKR 9.17 Bn (compared to PKR 9.83 Bn in Dec'22).</p> <p>The Bank is a prominent player in the SME sector with a loan book of PKR 34.06 Bn at Dec'23. Simultaneously, we participated in the Prime Minister's Youth Business loan to provide self-employment opportunities to unemployed youth and distributed PKR 3.4 Bn loans in addition to the SAAF (Assan Scheme) which say 2.6 Bn of further disbursements.</p> <p>With our focus being on financial inclusion and financial awareness/education, various initiatives were launched including awareness sessions jointly with Chamber of commerce (various cities), webinars and introduction of SME Toolkit (online portal) etc.</p> <p>This year we emphasised on lead generation and business growth along with promoting financial inclusion of Women by partnering with Greenstar, Invest2Innovate, SMEDA LadiesFund, USAID SMEA and APWA.</p> <p>We are currently running the widest range of Product Programs for SMEs. To address the issue of lack of collateral regarding financing, Bank Alfalah has launched Value Chain Financing initiative. It has successfully added cash flow based, non-collateralised products / program-based lending to its product suite instead of traditional business practices with efficient turnaround time. Additionally, we also provide after sales support which adds to trust building with our partners.</p>
<p>We look forward to expanding our branch network to widen our reach and serve our customers.</p>	<p>Bank Alfalah has accelerated its strategic focus on expanding its network to 1,024 branches in 2023, in order to enhance market coverage through increased customer touchpoints.</p> <p>To grow our conventional network, we added 62 new branches during 2023. Furthermore, as at Dec'23 our Premier footprint has presence at over 60 locations across the country via our Premier Lounges.</p> <p>In order to grow the Islamic outreach, the Bank opened 69 new Islamic branches. Islamic Premier services are also available through their 33 lounges spread across in Karachi, Lahore, Islamabad, Gujranwala, Sialkot, Faisalabad, Peshawar, and other cities.</p> <p>For Financial Inclusion of Specially Abled Persons (SAPs) / Persons With Disabilities (PWDs), Bank Alfalah ensures our financial services become accessible to all. Islamic Banking Group led the project by introducing dedicated Model Branches that are operational all across the country. These branches are fully equipped to facilitate PWDs through various means such as presence of ramps, talking ATMs, braille stationery, accessible counters and out-of-queue assistance.</p>





Forward-looking statement disclosed last year	Our performance in 2023
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Our focus will be on harnessing technology to ensure that customers' banking needs are fully met in a technologically advanced, secure and convenient manner.

To meet the digital expectations of our customers in today's tech-driven world, we are committed to continually developing and delivering new and improved products and services.

The Bank's pioneering digital lifestyle branch marked a turning point for Pakistan's banking industry. This unique branch has redefined customer experience by offering a seamless blend of financial services and lifestyle amenities. Some of these innovative facilities are: 24/7 self-service digital lobby, digital lockers, café and 'Buy Now Pay Later' store.

"ALFA", the digital banking app from Alfalah, streamlines users' banking experience by offering a suite of convenient features such as dual QR payment, mutual funds investment with digital account opening, digital insurance, Roshan Digital Account, Alfalah Islamic digital current account, Alfa Health (WebDoc assistance), Alfa Term Deposit, Alfa Chat (P2P messaging), Alfa Business App (with in-app QR generation, E-shop catalogue and digital supply chain solution), Alfa Payment Gateway (with digital merchant onboarding, pay via link and BNPL features), Instant loan, Instant Credit Card, Virtual Debit Card, Investment Portfolio System, home delivery of pension to pensioners via Branchless Banking Alfa Agents, RAAST, Alfa Mall (offering Islamic and conventional BNPL and COD solutions) and RAPID.

The Bank runs the largest network of Cash Deposit Machines in Pakistan with around 400 CDMs and CCDMs (as of Dec'23) across the country resulting in CDM migration to reach 49%. Furthermore, the Bank's digital transaction expanded greatly with migration of over-the-counter transactions to digital platform, generating throughput of around PKR 4.0 Tn during the year.

The Bank also offers debit and credit card management (card activation / deactivation, PIN generation / change) through digital channels. In order to encourage customers to shift from branch visits to using digital channels, we have made it possible to request banker's cheques, account statements, and cheque books conveniently through both Internet Banking and the Mobile Banking App. Additionally, the following products and services are present to enhance user experience:

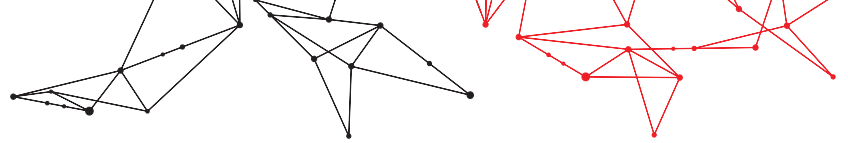
- Islamic BNPL Solution
- Digital sales and service centers
- Virtual debit card
- WhatsApp banking
- S-Paisa that enabled branchless banking in AJK and GB
- Automation of payroll onboarding
- Best Buy collaboration for digitising collection
- Tap and Pay – a contactless card transaction
- Ask Alfa

The Bank also launched digital Alfa Islamic Account onboarding, digitally acquiring customers who prefer Islamic banking for their daily transactional and saving needs.

Furthermore, Bank Alfalah pioneered the implementation of Big Data Warehouse solution, enabling the development of analytics and machine learning models. The establishment of an Advanced Analytics Centre is underway, marking a strategic move towards fostering a data-driven culture and emphasising on data-driven decision-making, predictive modeling, and personalised services to enhance performance.

Forward-looking statement disclosed last year	Our performance in 2023
<p>Greater emphasis will be on boosting trade volumes, increasing penetration in cash management with the focus on SME/commercial clients.</p>	<p>Bank Alfalah successfully captured trade volumes of PKR 1,623 Bn as at end Dec '23, up by 35% from Dec '22. This growth was achieved through better customer service, competitive pricing, reducing TAT, and focusing on SME clients.</p> <p>Furthermore, Bank Alfalah's trade market share has increased by ~90 bps from 7.6% in Dec'22 to 8.5% in Dec'23. Import market share increased by ~180 bps to 10% in Dec '23, while export market share declined by ~50 bps to 6.0% in Dec '23.</p> <p>Bank Alfalah, in its continuous efforts towards providing best in-class Transaction Banking Solutions to our valued clientele through substantial investment in technological infrastructure. Bank Alfalah Transact (BAT) was introduced in 2022; an Oracle based electronic banking platform for non-individuals to leverage latest innovative offerings. This cutting-edge platform is poised to revolutionise the way businesses in Pakistan engage in trade and financial transactions, enabling them to embrace a digital future that promises unprecedented efficiency and productivity.</p> <p>Bank Alfalah Transact (BAT) portal is a comprehensive solution designed to facilitate trade digitalisation, and its benefits are manifold. We understand that modern-day trade requirements are becoming increasingly reliant on technology, and our portal has been tailored to meet these evolving demands. The portal not only leads to a paperless environment but also promises cost-effectiveness, sparing businesses the need for unnecessary branch visits, thus leading to substantial fuel and cost savings. Our penetration compasses almost every segment of the economy that includes Corporates, Large &amp; Mid-size SMEs, Clubs, Schools, FMCGs &amp; MNCs. To continue the momentum set for digitalization, the Bank has further made inroads to digitise Islamic banking businesses involving technology in FY 23 focusing on the areas of Trade &amp; Cash management. Consequently, the total throughput for the year 2023 was around PKR 4 Tn which is 45.2% higher than 2022 levels.</p>
<p>Investing in human capital and creating a caring culture will be a priority.</p> <p>As Bank Alfalah continues to evolve and progress, HCG will direct its efforts to ensure that the Bank becomes an employer of choice. Our key focus will be on building a happy workforce along with a value-driven culture, ensuring conscious hiring, development, and merit-based elevation of female employees. Furthermore, introducing various digitised initiatives for existing and potential employees and continuing to support our business functions will also be given prime importance.</p>	<p>In 2023, the Human Capital Group (HCG) focused on three areas i.e., Culture, Diversity &amp; Inclusion and Development in accordance with Bank Alfalah's 2021-2025 strategy.</p> <p>HCG continued its focus on enhancing employees' happiness, habit building and well-being through several activities. To empower employees and to enhance the employee experience, HCG executed the following initiatives:</p> <ul style="list-style-type: none"> <li>• Happiness survey to analyse bank wide happiness level.</li> <li>• Fit Hi Tu Hit Hai to engage employees in Fitness Journey.</li> <li>• Leadership Development Program that is initiated at 3 levels across bank to enable behaviours in alignment with our culture and value behaviours</li> <li>• Cricket Tournament</li> <li>• Wellbeing Program</li> <li>• Thankful Thursdays</li> </ul> <p>The Bank continues to further its DE&amp;I agenda by running programs that support gender and disability inclusion across different functions of the Bank. The DE&amp;I framework comprises three key areas that the Banks focuses on, i.e., Colleagues, Customers and Communities.</p>



**Forward-looking statement disclosed last year**

The HCG is committed to strengthening the Business Partners platform to ease accessibility, while simultaneously devoting itself to be the employer of choice by constantly introducing new and digitised initiatives for its existing employees and potential candidates.

**Our performance in 2023**

To provide a conducive environment where all employees are treated fairly and empowered to perform their best, the Bank continues to encourage participation of women in programs such as:

- Ignite Sponsorship Program – aimed at providing one on one mentorship for women
- SHELEAD – aimed at providing women a deeper understanding of their strengths, passions, and values, empowering them to lead with authenticity and purpose
- Uraan - designed specifically for women to help them grow in their respective career trajectories
- Creating Inclusive leaders – Running Inclusive Leadership module as part of the Leadership Development Journey to create gender and disability inclusive leaders across the organisation.
- Sensitisation Conversations and e-Learnings – In-person Sensitisation conversations are being conducted across the organization along with administering the same message through e-Learnings such as overcoming stereotypes, understanding essential workplace behaviours and the fundamentals of interacting with Persons with Disabilities.

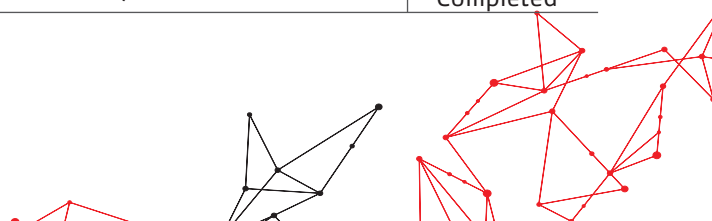
The Bank's efforts in creating an inclusive workspace is evident from the fact that it has received recognition at multiple forums such as:

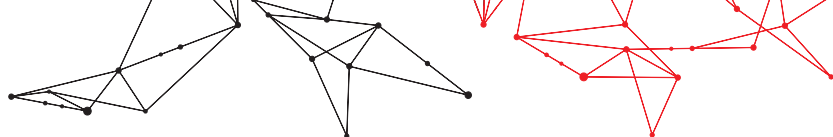
1. Global Diversity, Equity & Inclusion Benchmark platform recognition in 10 out of 15 categories
2. Won the EFP Disability Inclusion Excellence Award 2023
3. Pakistan Business Council & IFC's Employer of Choice Award recipient
4. ICAP's Gender Diversity Award (Financial Institutions)
5. Pakistan Society of Human Resource Management's (PSHRM) Best Place to Work awards, recognised as Best Place to work for Women
6. Recognised by President of Pakistan for facilitating Women entrepreneurs in the SME through financial Inclusion

Bank Alfalah's business partners for each unit continued to support all business functions and provided necessary guidance, support and advice, while the learning team found digital avenues to ensure that business units' needs are fulfilled, and a positive environment is provided to learn and develop.

# Status of Key Projects

Projects and their Details	Status
<b>Major Construction Works</b>	
Warehouse Archiving Facility	Completed
Annual Branch Expansion Plan 2023 – 142 branches (115 completed)	In Progress
Auto Fire Extinguishers placement across Bank Alfalah network	Completed
<b>Payment Schemes</b>	
Tokenisation of debit and credit cards	Completed
Auto Loan Stage-II Documentation integration on Auto Loan RAPID Portal	In Progress
Auto Loan RAPID activation for Branch Channel and Auto Dealers	In Progress
Instant Auto Loan	In Progress
<b>Major IT Projects</b>	
<b>Regulatory Compliance</b>	
Safe watch CFT / AML Phase 1	Completed
SafeWatch (AML / CFT) – Phase 2	In Progress
Recertification of PCI-DSS Pakistan	Completed
Internal Risk Assessment Report (IRAR)	Completed
FCCM Upgrade Overseas Operation (Bahrain, UAE, Afghanistan & Bangladesh)	Completed
<b>Technology Innovation, Platform Modernisation, Digitisation</b>	
Instant Cheque Encashment	In Progress
RAPID Enhancements	On-going
Internet Banking - Bahrain	Completed
Home Remittance JP Morgan Integration	Completed
Rapid Auto Loan	Completed
SMART Queue Management System	Completed
OBDX International UAE Phase I (Alfalah Transact)	Completed
OBDX (Alfalah Transact Plus) Islamic Trade	Completed
Digital Banking Platforms for Corporate Services and Self-Service Banking Digital Platforms – Phase II (Trade services for SMEs and Cash Management services for corporate and SMEs)	Completed
Digital Lifestyle Branch	Completed
ATMs with Stateless Technology Platform	Completed
Tokenization – Contactless Payments via Mobile	Completed
Digital Facilitation Desk - (DFD)	Completed
<b>Security</b>	
Credit Initiation & Internal Risk Rating System (CIIRS) 3.0	In Progress
DevSecOps framework	In Progress
Cyber Recovery Solution (Ransomware Prevention)	Completed





Projects and their Details		Status
<b>Major Construction Works</b>		
<b>Operational Excellence and Continuous Improvement</b>		
T24 – Core Banking Application Upgrade (Pakistan)		In Progress
Contact Center Enhancements - Voice Biometric		In Progress
AI Automated Signature Verification System		In Progress
Data Analytics (Business Intelligence System)		On-going
Process Automation Platform (workflow/business process management)		On-going
Business Process Automations		On going
Branchless Banking Upgrade Phase 2 (RAPID WALLET)		Completed
Datacenter Firewall & Management Center Upgrade		Completed
Private Cloud Upgrade		Completed
WhatsApp Banking Enhancement		Completed
RAAST Person-To-Merchant (P2M)		Completed
Remittex System - UAE		Completed
WhatsApp Banking Enhancement Enabling – Financial Transaction		Completed
Bill Mix (Currency Note Denomination)		Completed
Foreign Outward Remittance from FCY Account-Bangladesh		Completed
OmniCard V6 Migration - IBM Power 8 to IBM P10		Completed
CBS International Core Infrastructure Refresh (P8 to P10)		Completed
Aggregation Routers Upgrade		Completed
Core Infrastructure Upgrade (IBM Power10) Local		Completed
Insight – Business Intelligence & Analytics System Upgrade		Completed
Unison Ace – Contact Center Solution Upgrade		Completed
DevOps and Automation Using CI/CD		Completed



# Sources of Information and Assumptions used for Projections and Forecasts

The Bank has based its projections on internal and external factors. External factors include discount rate, inflation rate, external account position, industry analysis, GDP growth, and other macroeconomic indicators, while internal factors comprise of strategic objectives, financial performance and competitive edge. Such indicators, along with certain assumptions for the forecasted period, are incorporated into programmed models to get a desired level of growth outcome.

## Assumptions

### Economic Position

Pakistan's economy fared better in second half of 2023 as compared to first half after the approval of Standby Arrangement of USD 3 billion by the International Monetary Fund (IMF). After the commencement of IMF program, Foreign Exchange Reserves held by the State Bank of Pakistan (SBP) recovered to the levels of USD 7.8 billion in December 2023 after touching a low of USD 3 billion earlier in the year. This was made possible by continuous financial support from friendly countries and multilateral institutions along with significantly lower current account deficit and highest ever policy rate of 22%. Going forward, in 2024, due to relative softening of commodity prices and lower demand, current account is expected to remain under manageable levels. However, due to ongoing external debt repayments and relatively higher oil prices, the economic recovery is expected to be gradual.

### Discount Rate

State Bank of Pakistan increased policy rate by 600 bps from 16% to 22% in response to emerging inflationary and external pressures. Going forward, as the external account starts stabilizing, inflation and interest rates are expected to gradually decrease in the year 2024.

### Inflation

The year on year Consumer Price Index inflation for December 2023 was reported at level of 29.6% after touching a high of 38% in May 2023. SBP expects inflation to start declining from the 1st half of CY2024 while maintaining the appropriate monetary policy stance to achieve its inflation target of 5-7% in FY 2025.

## Overall Outlook

Pakistan's external account continued to improve in second half of 2023 as the impact of monetary and fiscal tightening took effect. The results of monetary and fiscal measures undertaken by the SBP and Government are expected to further improve economic parameters in 2024. Government is committed to continue with the IMF program and undertake structural reforms, which in turn will move average inflation towards SBP's medium to long term target. The management of external vulnerabilities through higher FX reserves, contained current account deficits, increase in remittances and exports along with favourable economic conditions to promote investments by international community are expected to pave the way towards recovery of Pakistan's economy.

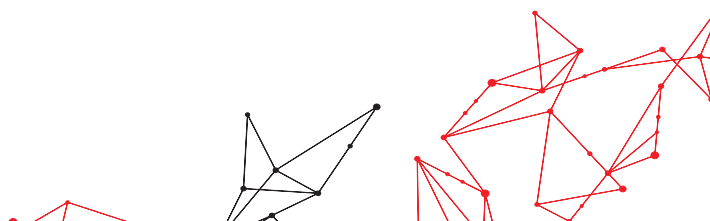
## Sources

The information is obtained from external sources such as regulatory publications including SBP's reports, analyst reports, IMF/World Bank reports, etc. and internal sources such as the Bank's own forecasting models, business plans and projections.

## Assistance by External Consultant

Internal teams (relevant departments) in the Bank are responsible for managing external and internal assumptions. They carry out the task by gathering external data, integrating it with internal data, conducting data analysis and business assessments, entering this information into data models, and generating outputs in the form of projections/forecasts.

The consultant engaged by the Bank validates the external data and assumptions wherever required. They bring an element of objectivity, neutrality, expertise and global perspective in formulating strategies for the business to find ways to realise the projections through regular banking activities. Additionally, ongoing monitoring is done by relevant departments in relation to projections and forecasts made by the external consultant.



# Significant External Factors and the Bank's Response

A range of external factors, including political, economic, social, technological, environmental, and legal elements have an impact on Bank Alfalah. These aspects collectively influence the bank's business performance, strategic objectives, and the accessibility, quality, and affordability of capital.

## Macroeconomic Environment

The year 2023 was a challenging year for Pakistan's economy as the foreign exchange reserves with State Bank of Pakistan (SBP) touched a low of USD 3 billion and the policy rate was increased to 22% in the first half of the year. On the fiscal front, Government curtailed its spending, increased taxes and passed on the energy cost to the consumers, which resulted in the highest ever inflation of 38%(YoY) in Pakistan in the year CY2023. Global energy prices although declined in 2023 but maintained levels higher than seen in pre-covid era, which also contributed to the additional pressure on external account. In July 2023, Pakistan was able to secure a Standby Agreement (SBA) of USD 3 billion with IMF, which is scheduled to end in March 2024.

The measures taken by the government in the first half of 2023 on both fiscal and monetary sides took effect in the second half of CY2023, as pressure subsided on external account and Current Account Deficit (CAD) was maintained at a manageable level. Imports declined significantly in 2023 while decline in remittances and exports was relatively smaller. Friendly countries and multilateral institutions also supported Pakistan through deposits and program loans. This resulted in Foreign Exchange Reserves touching the levels of USD 8 billion in the end of 2023.

Due to stabilisation policies of the Government, the economic growth was significantly impacted in FY 2023 as GDP growth for FY23 was recorded in negative at -0.5%. Agriculture sector, which constituted 23% share in FY2023 grew by 2.3% while industrial sector, which constituted 18% share squeezed by -3.8%. The slowdown in the economy was witnessed across all sectors as record

inflation affected the general public along with lesser employment opportunities. In 1QFY2024, Pakistan economic growth has been in the positive as GDP grew by 2.1%. USD / PKR parity, which touched a low of 306 levels has been relatively stable and was at a level of 282 at December end 2023.

Moving into CY2024, with the transition to elected government and expectation of a new IMF program after the completion of current SBA, Pakistan's external account position is expected to improve further. SBP has projected Current Account Deficit for the FY2024 to be around 1.5% of GDP and have forecasted inflationary pressures to subside in the 1st half of CY 2024.

Primary and secondary market yields of government securities have significantly declined from the last quarter of CY2024, which has led to expectations in the market of a possible cut in interest rates in 2024 as inflationary pressures are expected to subside. This would lead a gradual recovery of the economy as Pakistan builds its FX reserves, which touched its bottom in 2023.

## Bank's Response

Changes in the macro-environment, ranging from inflation and/or currency pressures, affect the performance of the Bank, which is reflected in our results and in the stock price of the Bank. The Bank keeps a track of key metrics that might affect profitability and as per its best judgement, pre-empts developments and aligns its internal strategy accordingly. The Bank thus takes measures such balance sheet re-alignment to take optimum benefit and protect the franchise from adverse economic moves.

## Policy Changes

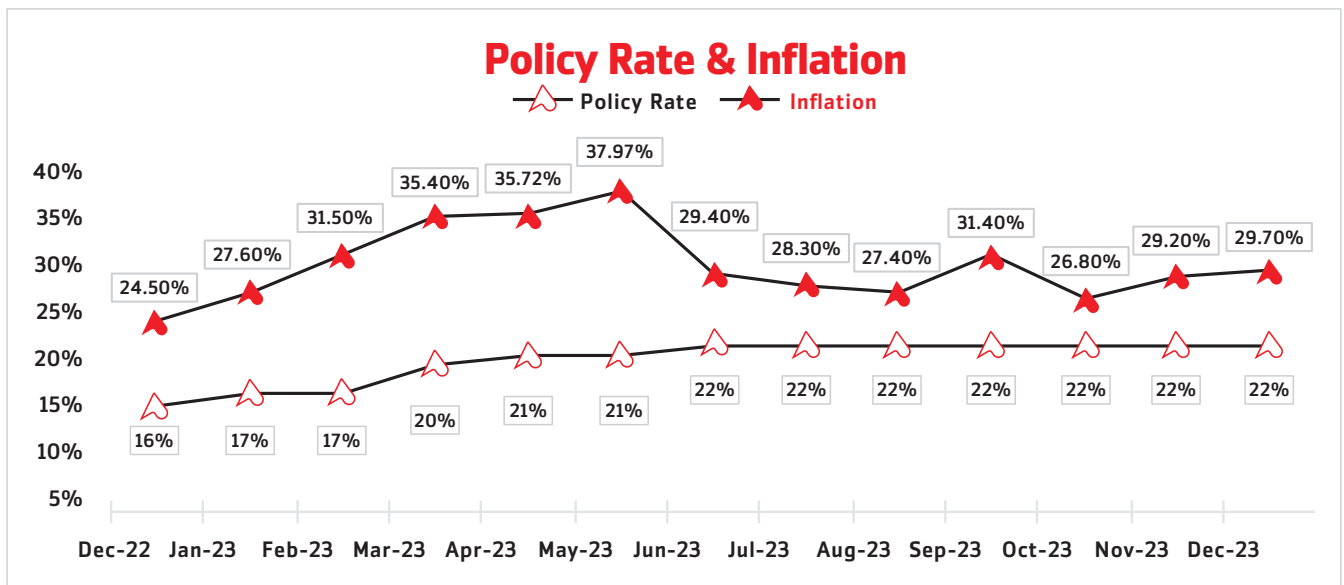
Any policy changes that directly impact the banking landscape, and cost and/or revenue drivers are likely to exert the influence on the Bank's performance. For example, a change in the discount rate, which directly impacts yields on all earning assets and liabilities, would have considerable impact. Similarly, any regulatory changes such as a change in the minimum rate payable on deposits and schemes brought in by the SBP can have a significant impact on the cost of funds and profitability.

In order to counter inflationary pressures and ensure growth sustainability, the SBP acted promptly by increasing the interest rates by 600 basis points to 22%. Moreover, through hike in policy rate, SBP is gradually reducing the stimulus in the economy to contain aggregate demand.

### Bank's Response

The change in policy rate directly impacts the banking industry and the Bank's performance due to re-pricing of assets and liabilities and market-to-market impact on investment portfolio. The Bank manages the interest rate risk (re-pricing gap) based on interest rate outlook.

In expectations of increase in the interest rates, the Bank proactively reprofiled its investment portfolio in 2022 and 2023 to take advantage of higher yields, which contributed to higher NII in 2023. Additionally, in line with expectations of interest rate peaking in 2023, the Bank gradually shifted its investment mix to longer duration investments, which can provide a sustainable NII for a relatively longer period.



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### Investor and Market Sentiment

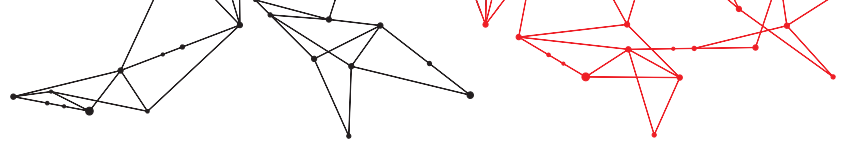
Although it is difficult to quantify in numeric terms, a change in the sentiments regarding the investment climate in general or the stock market in particular can have an impact on the Bank's stock price, even if there is no fundamental development or change in the Bank's investment or business case.

The outgoing year was one of the best years for the stock market, where KSE-100 posted a return of 55% in 2023. The year was a tale of two halves, where the KSE-100 index performed 3% in the first half, and 51% in the latter half. The investor confidence returned as IMF approved a 9-month Stand-By Agreement (SBA) for Pakistan for an amount of USD 3 bn, for which the staff-level agreement was reached by the end of June. Reforms by the interim government in foreign exchange markets, and the energy sector also supported the sentiment. The investors' confidence was also evident from the higher trading activity, with average daily

trading volumes improving by 41% to 323 Mn shares and value by 45% to PKR 10.1 bn. The foreign investors turned net buyers (net inflow of USD 74 Mn) after remaining net sellers for the past 3 years. Locally, companies were the largest buyers, followed by Individuals. On the other hand, mutual funds, and Banks/DFIs were the major sellers.

### Bank's Response

The Bank has a dedicated Investors Relations unit that timely responds to the queries / concerns of shareholders and potential investors. This helps the Bank to be transparent and share up-to-date information with various stakeholders. Further, the capital markets team keeps a close watch on the index movements and capitalise on the opportunities to earn gains to support the Bank's profitability.



## Legal and Regulatory Environment

Major challenges faced by the banking sector are trade-based money laundering and terror financing. Legal environment also encompasses the restrictions and constraints set by FATF, IMF and other international bodies. Additionally, with the growing use of digital channels, there is an even greater threat to financial security.

### Bank's Response

Bank Alfalah worked towards enhancing customer experience and increasing business activity, while abiding by the standards and guidelines set by FATF, the SBP and other regulatory bodies on AML/CFT/CPF, Trade AML, information security threats including identity theft etc. The Bank also complies with the UNSC Targeted Financial Sanctions on Designated Persons and Proscribed Persons. This is done by making the best use of Regulatory Technology Tools and skilled human resources.

## Social Environment

Social environment poses a direct impact since it relates to customers' lives, behaviour and demands driven through social life, latest trends or their living conditions. Be it demand of digital channels for banking, climate changes caused by floods leading to adverse impact on agricultural production, contributing to inflation which further skyrocketed due to the escalating petroleum prices. In response, the government permitted the expedited import of essential food items to curtail the food crisis. Additionally, multiple emergency flood assistance programs were initiated for affected provinces like Sindh, Balochistan, and KP, focusing on reconstruction and rehabilitation efforts.

### Bank's Response

The Bank in addition to streamlining various services enables through digital channels, launched Pakistan's first digital lifestyle bank. Further, in response to the floods in 2022, Bank Alfalah devised a two-phase plan for community redevelopment. Phase 1, focused on rescue operations, was executed in 2022. Subsequently, in collaboration with its 21 partners, the Bank initiated Phase 2 in 2023, aiming to restore life in the affected communities through sustainable rehabilitation and rebuilding efforts. The Bank is focusing on diverse initiatives for disaster recovery, emphasising on Public-private-NGO tri-sectoral partnerships for investments in child healthcare facilities and construction of schools in flood-affected areas. Additionally, the Bank is collaborating to provide interest-free loans, seeds, and fertilisers to support farmers in recovery and income generation. The creation of sustainable clusters, including health and education facilities and income opportunities, will be prioritised to ensure long-term sustainability.

To mitigate the impact of inflation on its staff's welfare, the bank revised minimum salaries across all levels, elevating the entry-level salary from PKR 30,000 to PKR 40,000. Additionally, the age of retirement was increased to 65 years, making it the only bank in the industry with "permanent colleagues till 65 years with full benefits."

## Political Environment

A stable political environment ensures economic growth and aids an organisation in implementing its strategy, and boosts investors' confidence. The recent political circumstances had an effect on IMF's staff level agreement and Pakistan's stock market.

### Bank's Response

With the evolving political risks, the bank emphasises on following actionable steps to curtail its exposure and address the financial and strategic implications of these risks:

- Through Risk Assessment: Extensive and exhaustive risk framework with improved integration and understanding of political risk.
- Scenario Analysis and Contingency Planning: Conduct scenario analyses to anticipate potential political events and their impact on the bank. Develop contingency plans for various scenarios to ensure preparedness and the ability to respond swiftly.
- Diversified Operations: The bank strategically diversifies its operations across different countries such as Afghanistan, Bahrain, Bangladesh and UAE to minimise exposure to political risks in any single location.
- Stakeholder Management: The bank consistently fosters positive relationships with regulatory authorities, governmental bodies, and peer banks, allowing it to navigate political challenges more effectively.

## Technological Environment

There is a mass explosion of intelligent technologies and rapid transformation of the country's technological landscape, especially in digital and AI technologies. Ever-evolving customer expectations and state-led digitisation initiatives have created expectations for improved customer experience, strengthened data governance strategies, and holistic and more granular solutions-centric security and privacy measures.

As these technological advancements continue, underlying risks of damage by internal or external threat factors like unauthorised access to critical financial data, sensitive customer information, impersonation, theft or alteration of information, non-availability of essential systems or services, and loss of the Bank's sensitive electronic data and IT systems, has increased manifold. As a response, regulatory frameworks governing technology have been broadened and deepened.

### Bank's Response

At Bank Alfalah, the early adoption of technology and innovative solutions delivery has already positioned us amongst the top customers' choice banks and transformed the solution design and delivery paradigm. All technology decisions are pivoted to the Bank's "YOU" philosophy while technology and security teams partner for strong governance placing customers' confidence and security second to nothing. However, these digital technologies have also resulted in enhanced cyber-threat surface areas and multidimensional attack vectors.

The Bank's Information Security team not only caters to regulatory requirements for Information Security Risk Management, but also maintains the frameworks that enables the Bank's Management and staff to mitigate IT security risks bringing them to acceptable levels, researches evolving and emerging threats, and suggests and defines relevant information security controls. The team also performs information security risk assessment before and after the deployment of IT Solutions against defined categories of the IT Risk and Information Security Management System, performs continuous monitoring of information assets, investigates IT security incidents, reinforces IT security risk awareness amongst staff, and performs IT security risk management reporting.

Furthermore, the Bank's Resilience Plan caters to the loss of access to critical systems or services due to cyber-attacks, non-availability of key personnel, wide-scale disruptions due to pandemic outbreaks etc. To withstand any adverse technological disruption, the Bank's critical technology infrastructure is designed and tested to continue from alternate sites for prolonged durations. Bank Alfalah has also been continually augmenting its security posture vis-à-vis its digital positioning by investing in security technologies to deepen its cyber defences and by proactive adoption of international best practice advisories/frameworks into governance, security and service management. In addition to technologies, continued awareness training and customer communication are ensured to minimise the likelihood of security breaches.

The digitisation drive will continue in the coming years and we believe that the winning catalyst for the Bank shall remain the sustained trust of our customers in our security and privacy policies even as we seed 'RAPID' one-stop conveniences. Please refer the IT Governance and Cybersecurity section of this Annual Report for details.

### Environmental Scenario

Across the globe, organisations and nations are aligning themselves with the United Nations' Sustainable Development Goals (SDGs). They are actively incorporating all or some of the 17 goals into their strategies for building a more sustainable future. However, due to its geographic location and heavy reliance on natural resources like agriculture and water,

Pakistan faces particular vulnerability to climate change. Pakistan was ranked the 5th most vulnerable country by the Global Climate Risk Index 2023. Significant environmental challenges such as carbon emissions, poor air quality, water pollution and deforestation require urgent action. These threats hail from sources such as coal-based power generation, untreated industrial sewage and unsustainable logging and land conversion.

The banking industry holds significant influence in mitigating environmental risks. It accomplishes this by both internalising and promoting sustainable practices within its operations, and by factoring environmental considerations into its stakeholder relationships and investment decisions.

### Bank's Response

The Bank has implemented various initiatives such as implementing SBP's Green Banking Guidelines across its operations which contribute towards UN's sustainability goals and PSX ESG indicators. This involves regularly reporting on its environmental and social risk management, green business practices, and own impact reduction initiatives. Additionally, the Bank is actively working to reduce its lending to unsustainable businesses and has integrated a commitment to environmental responsibility into its policies.

Please refer to the Sustainability section of this Annual Report for further details.

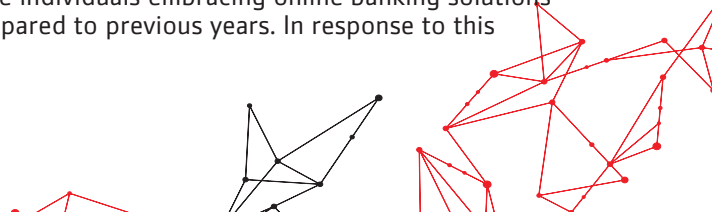
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### Commercial Environment

Amidst a dynamic digital era, Pakistan's commercial environment saw further advancements in meeting evolving customer demands. Banks responded by actively expanding their product portfolios with innovative offerings, fostering a thriving landscape of healthy competition.

Beyond core services, the banking industry remained committed to specific agendas that promote social and economic development. Empowering women through financial inclusion programs, providing low-cost banking solutions to the agricultural sector, and facilitating online account opening all remained key priorities. Additionally, Fair Treatment to Customers (FTC) emerged as a central focus, emphasising process transparency and customer-centricity.

The digital banking landscape continued its growth trajectory, witnessing an encouraging surge in customer adoption. Investments in AI and machine learning have become integral to banking operations. Recognising this shift, the banking industry collectively intensified its focus on digital channels, recognising their potential to enhance customer experience and accessibility. This commitment to seamless digital experiences resulted in more individuals embracing online banking solutions compared to previous years. In response to this



accelerated digitisation, banks proactively leveraged data analytics and state-of-the-art solutions, ensuring their customers remained at the forefront of financial innovation.

### Bank's Response

At Bank Alfalah, our aim is to make our portfolio of products increasingly accessible and user-friendly for the masses. The aim of Bank Alfalah's digital banking strategy is to provide customers with not just a banking window, but also an enhanced lifestyle. The Alfa App, Internet Banking and Alfa agent shops are some of the alternate delivery channels being employed that support our aspiration of becoming the most innovative and digitally advanced bank.

Furthermore, the Bank is in process to reimagine customer experience and building an advanced analytics centre which will transition towards a data-driven culture.

Bank Alfalah achieved a noteworthy milestone by inaugurating Pakistan's first digital lifestyle branch, marking a pivotal moment in the country's banking landscape. This branch served as a catalyst for industry-wide transformation, reimagining customer journeys and addressing both financial and lifestyle needs. The state-of-the-art digital lobby, featuring a 24/7 self-service area, extended its services to all, even those without existing Bank Alfalah accounts. The Digital Lifestyle Branch offers a comprehensive range of banking services, including Cash Deposit Machines (CDMs), Cheque and Cash Deposit Machines (CCDMs), and Automatic Teller Machines (ATMs). This initiative aligned with Bank Alfalah's commitment to enhancing accessibility and user-friendliness, making banking not just a transaction but an integrated part of customers' lifestyles.

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# Our Response to Critical Challenges and Uncertainties

By leveraging the Bank's stable funding structure, substantial liquidity buffers, robust capital base, and practical business strategy, the Bank remains well-positioned to respond to any significant challenges and uncertainties arising from the realisation of various systematic and idiosyncratic risks.

For information on the Bank's capacity and readiness to address pressing issues, risk and uncertainties, the Board Crisis Management Committee continues to oversee

## Conclusion

The Bank meticulously monitors key metrics that may impact its performance, anticipating potential developments and proactively adjusting its internal strategy accordingly. This forward-thinking approach ensures the Bank remains agile and adaptable to changing market conditions.

The Bank's dedicated Risk Management Group conducts rigorous stress tests against various predetermined scenarios. These simulations analyse potential losses and confirm the Bank's capital adequacy to withstand the impact of adverse economic fluctuations. The consistently positive results of these tests demonstrate that the Bank possesses sufficient capital, liquidity, and profitability to absorb such losses and maintain its financial stability.

situations requiring constant monitoring and it provides oversight to the management for strategies to cope in stress situations. It also monitors impacts on the Bank, employees, customers, society, and shareholders.

Please refer to uncertainties and significant external factors portions within this section of this Annual Report for more information.

## Competitive Landscape

### Threat of New Competition and Substitute Products or Services

There are significant barriers to the entry for new competition due to the need for considerable capital to set up a bank, compliance with strict regulations of the banking sector, and the time required to establish a strong brand identity, and, in turn, loyalty of customers. However, the emergence of Fintech entities with their innovative digital solutions and focus on transactional services has added greater depth to the domestic financial landscape and the customers' banking experience.

#### Bank's Response:

Bank Alfalah exercised the following strategies to cater to the threat of new competition:

- Enhancing customer loyalty through excellence in customer service
- Focusing on digital platforms to improve customer convenience
- Introducing innovative products and services to facilitate diversified customer needs
- Partnerships and collaboration with Fintech start-ups
- Launching the industry's first digital branch

### Bargaining Power of Customers

The bargaining power of customers mainly rests with the Bank's deposit holders, and since they are the Bank's primary source of funding, their bargaining power ranges from medium to high. This is because of low differentiation in the industry, making it easier for depositors to switch to other banks in pursuit of incentives such as greater saving rates and better service offerings.

However, the bargaining power of High-Net-Worth individuals, corporate clients and other large groups has greater bearing due to their high price sensitivity arising from strong competition amongst banks. Hence, the loss of key accounts like these, which are important sources of revenue, has a substantial impact on the Bank's profitability.

#### Bank's Response:

Customers incur negligible costs while switching to other banks partly or completely, The Bank's bottom line is minimally affected due to such shifts.

To mitigate possible concerns arising from the customers' bargaining power, the following strategies are exercised:

- Creating innovative services and products that are tailor-made for different segments of customers
- Implementing new ideas to provide customers with better service and enhanced customer experience
- Efficient compliant management and high security standards.

### Bargaining Power of Suppliers

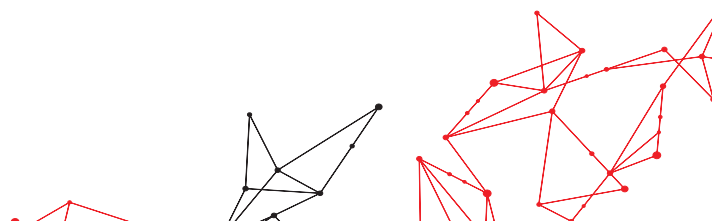
Suppliers mainly represent service providers of various administrative facilities such as supply of equipment and their periodic maintenance, development/construction of bank's physical premises, security services, repairs and site maintenance, printing, deliveries to customers, clearing of cheques, brokerage, etc. They have an important bearing on the Bank's operations and have considerable bargaining power based on the services provided to the Bank.

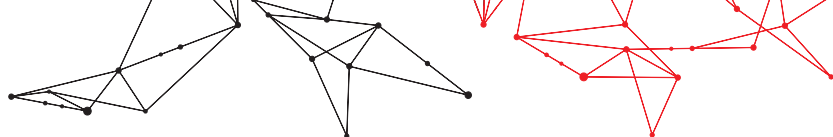
#### Bank's Response:

While service providers play an important role in enabling the Bank to perform its operations on a daily basis, the Bank has superior bargaining position, due to size of operations and goodwill attached to working with our brand name.

Bank Alfalah applies the following strategies to strengthen its relationship with suppliers:

- Extending a collaborative work environment to build long-term relationships
- Treating our suppliers as partners to create a win-win situation
- Avoiding concentration of services





## Relative Strengths and Weaknesses of Competitors and Customer Demand

The industry experiences technological advancements, customer behaviour shifts, and various other technological shifts, which have their own strengths and weaknesses as listed below:

### Strengths:

While service providers play an important role in enabling the Bank to perform its operations on a daily basis, the Bank has superior bargaining position, due to size of operations and goodwill attached to working with our brand name.

Bank Alfalah applies the following strategies to strengthen its relationship with suppliers:

- Keeping pace with the technological shifts ensures that the Bank is updated and providing optimal technological solutions
- We remain alert to customer security
- We remain cognisant of customers' demands

### Weaknesses:

- Shift in transactions from branches to digital channels has seen exponential growth. Customers now seek high-end, cashless solutions
- Moving traffic to digital channels requires upgrade in technology and change in customer mind-set
- IT security standards are rising due to enhanced digitisation and new banking channels
- Regulations for Electronic Money Institutions (EMIs) by the Central Bank gave momentum to rising Fintechs catering to the evolving demands of the discerning customers. Telco led microfinance banks are proving to be catalysts of new and innovative ways to leverage data and introduce new products to tap the untapped market
- Change in customer behaviour requires that our online and offline operating model is realigned.

### Bank's Response:

- The Bank continually realigns its strategies to adapt to the changing needs of customers and remain ahead of the competition by introducing new products and services. Furthermore, various internal process are reengineered to remain ahead of the curve.

## Intensity of Competitive Rivalry

The focus of banks on developing asset and liability products offered at competitive rates to acquire more customers and grow their market shares indicates high intensity of competition amongst banks.

### Bank's Response:

- Improving the product offerings to align with the technological advancements
- Offering low-cost banking solutions that increase the opportunity cost of switching from one bank to another
- Launching innovative digital services in the Alfa App to gain competitive advantage
- Run an effective marketing campaign to highlight the products amongst competitors

## Regulatory Environment

Regulatory environment is getting more vigilant with increased regulatory push to drive down charges on customers. More frequent and thematic SBP audits are taking place to safeguard customers interest.

### Bank's Response:

- Maintaining regulatory compliance across the Bank
- Implementing rigorous internal controls and adhering to a Risk Management Framework
- Determining the effects of new regulation on existing strategies and business models
- Training employees to comply with the updated regulations
- Committees tracking different aspects of changing dynamics and implications.
- Stress test on profit and CAR



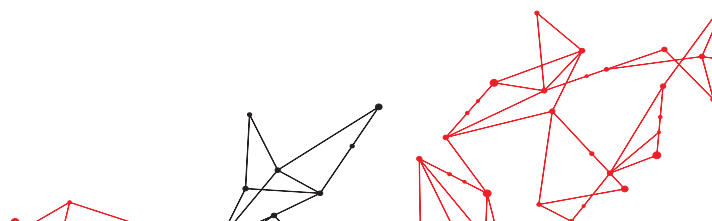
## Market Positioning

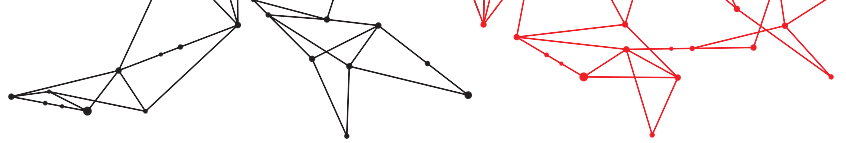
- Bank Alfalah is one of the leading banks in the country:
  - 6th largest private bank in terms of advances (based on Sep '23 published results). The Bank's market share in domestic advances is 5.6% as on September 2023 as per data published by SBP.
  - 5th largest private bank in terms of deposits (based on Sep '23 published results). The Bank's market share in domestic deposits is 6.3% as on September 2023 as per data published by SBP.
  - 7th largest private bank in terms of outreach (branches) (based on Sep '23 published results)
  - The Bank's share in home remittances is 14.2% for the year 2023 as per data published by SBP.
- Bank Alfalah's mobile banking app, which caters to both the banking and lifestyle needs of its customers with over 175+ digital products and services, distinguishes the Bank. The Bank also provides a differentiated service offering for both its conventional and Islamic banking customers depending on their preferences.
- Bank Alfalah is a pioneer in Supply Chain Financing in the banking industry. The Bank commands a better market standing as compared to its competitors and has been flexible in moulding its Small and Medium Enterprise (SME) business over time to better cater to its customers.
- The Bank aspires to become a technology-centric organisation, which drives innovation across the industry. This passion is what enables us to stand out from the competition and deliver a superior customer experience. Some of our noteworthy initiatives are Robotic Process and Business Process Automation, Data Lake/Big Data Initiatives, Sophisticated Networking and Infrastructure and Smart POS.
- The Bank is recognised as the first Bank in the industry to act as a Market Maker of Debt Securities
- The Bank is the first in Pakistan to launch "Digital Lifestyle" branch
- The Bank has a complete suite of consumer products. The Bank is a key player in the consumer finance segment.
- Bank Alfalah launched a self-service digital banking platform for corporate customers

- Bank Alfalah is recognised as one of the top banks to have the largest customer base on "Raast" (SBP initiative)

The success of the Bank's efforts to distinguish itself from the competition is evident from the following recognitions:

- Top 25 Listed Companies Award announced by the Pakistan Stock Exchange.
- 'Best Digital Bank' 2023 by the Pakistan Banking Awards.
- Best Annual Report in the Banking sector by The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP).
- Awarded 2nd Prize for 'Use of Technology in Auditing' by The Institute of Chartered Accountants of Pakistan (ICAP).
- Silver Award (second best) across South Asia for the Best Presented Annual Report by The South Asian Federation of Accountants (SAFA).
- Merit Certificate in Sustainability Reporting by The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP).
- Won 3, and finished runner up in 2 Excellence Awards by CFA Society Pakistan:
  - Winner: 'Best Investor Relations' (for the 10th year running), 'Gender Diversity in FI's' and 'Best Reporting in Environment, Social and Governance'
  - Runner up: 'Best Bank of the Year (Large)' and 'Best Digital Banking Services'
- Won 15 Best Practice Awards at the Global Diversity, Equity and Inclusion Benchmarks (GDEIB) Awards
- Awarded 'Best Digitization Initiative of Banking Channels' by the Future Banking Summit,
- Awarded 'Highest Remittance Growth Bank' and 'Leading Remittance Mobilizing Bank' by the Pakistan Remittance Initiative





First Prize in 'Corporate Excellence (Banking Sector)' awarded by the Management Association of Pakistan

Awarded the 'Most Innovative Islamic Retail Banking Window' and 'Excellence Award: Premier Banking' at the Cambridge IFA - Islamic Retail Banking Awards

Recognised by the President of Pakistan for facilitating women entrepreneurs in the SME sector through Financial Inclusion at the Rising Women Pakistan (Women Business Network) Awards

Awarded Second Prize for Sustainability Efforts by the United Nations Global Compact

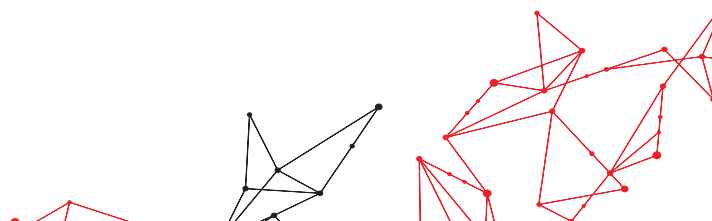
Recognised as 'Best Place to Work for Women' by the Pakistan Society of Human Resource Management

Pakistan Digital Awards for 'Best Digital Advertiser of the Year', 'Best SEO Campaign for Roshan Digital Account', and 'Best e-commerce website for AlfaMall'



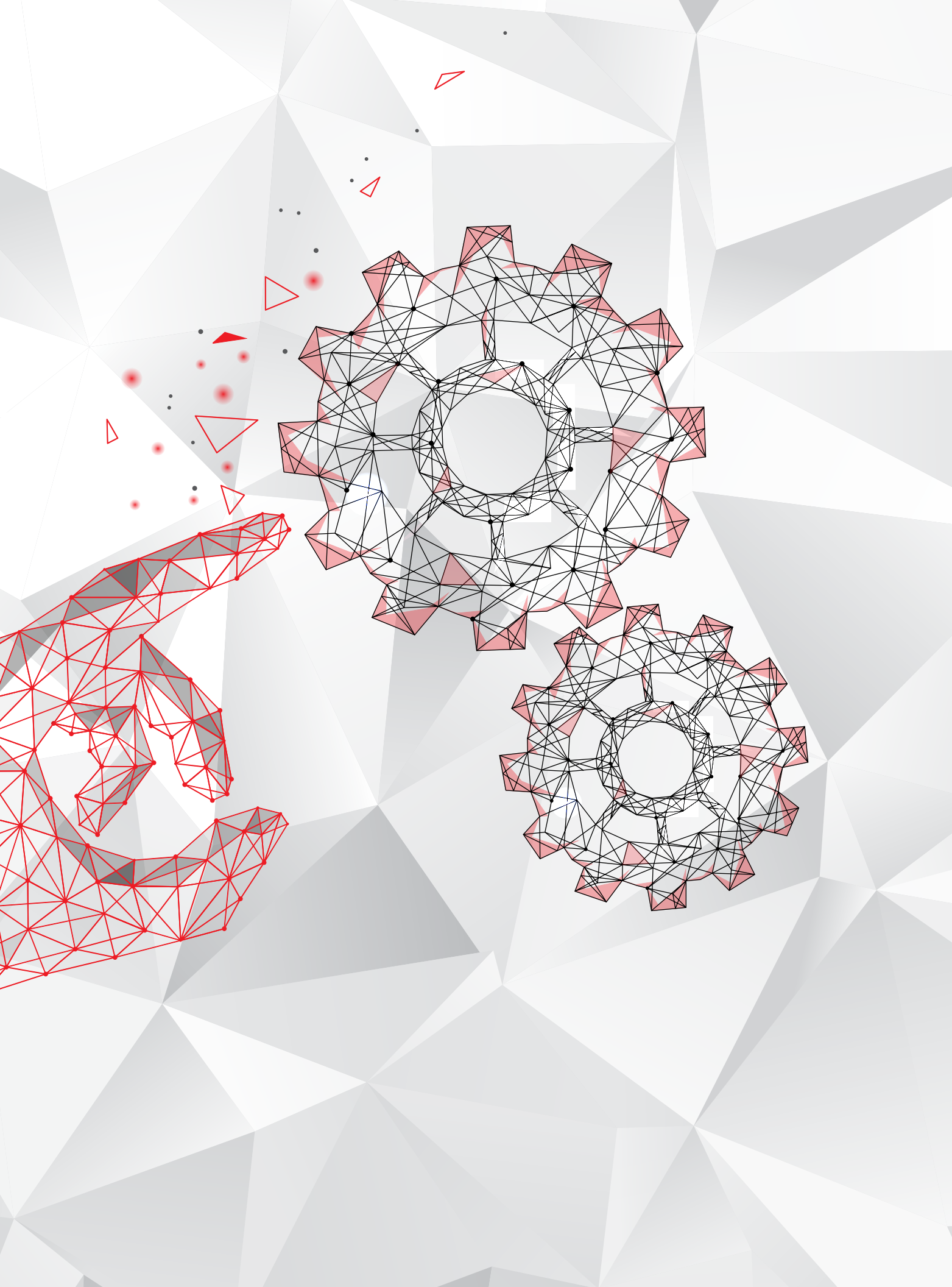
A SWOT analysis of a bank formally evaluates the financial institution's strengths, weaknesses, opportunities, and threats. This analysis identifies these four main elements to help management better leverage its strengths to take advantage of future business opportunities while better understanding its operational weaknesses to combat threats to potential growth. A SWOT analysis can also address many other scenarios, such as new business initiatives, marketing budgets or even advertising campaigns, and is a valuable tool in operations management.

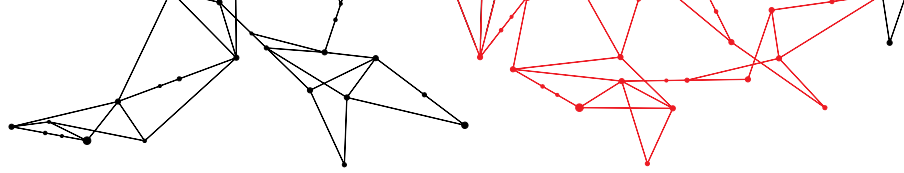
The Bank analyses and monitors its **S**trengths **W**eaknesses **T**hreats and **O**pportunities on a regular basis.



# PERFORMANCE AND POSITION







# Credit Rating

ENTITY RATING  
LONG TERM

**AA+**

ENTITY RATING  
SHORT TERM

**A1+**

ENTITY  
OUTLOOK

**STABLE**

RATING OF DEBT  
INSTRUMENT - TFC VI (ADT 1)

**AA-**

RATING OF DEBT  
INSTRUMENT - TFC VIII (ADT 1)

**AA-**

RATING OF  
MEDIUM TERM  
NOTE (MTN)

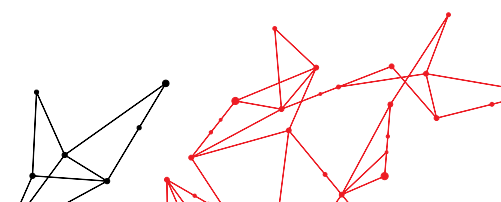
**AAA**

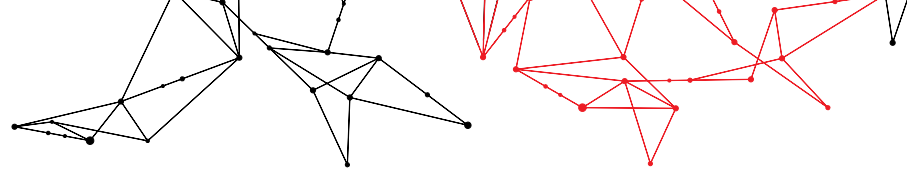
These ratings are assigned by The Pakistan Credit Rating Agency Limited (PACRA).

# Highlights

Value (Growth %)

Rs. <b>138</b> Bn (↑38%) <b>EQUITY</b>	Rs. <b>3,346</b> Bn (↑48%) <b>TOTAL ASSETS</b>	Rs. <b>2,085</b> Bn (↑40%) <b>DEPOSITS</b>	Rs. <b>777</b> Bn (↑2%) <b>GROSS ADVANCES</b>
Rs. <b>154</b> Bn (↑55%) <b>REVENUE</b>	Rs. <b>65</b> Bn (↑30%) <b>OPERATING EXPENSE</b>	Rs. <b>78</b> Bn (↑116%) <b>PROFIT BEFORE TAX</b>	Rs. <b>36</b> Bn (↑100%) <b>PROFIT AFTER TAX</b>
<b>31.67%</b> <b>RETURN ON EQUITY</b>	<b>1.36%</b> <b>RETURN ON ASSETS</b>	Rs. <b>23.12</b> <b>EARNINGS PER SHARE</b>	Rs. <b>8.00</b> <b>DIVIDEND PER SHARE</b>
<b>1,100+</b> <b>ATMs</b>	<b>390+</b> <b>CASH AND CHEQUE DEPOSIT MACHINES</b>	<b>54,200+</b> <b>POS AND QR CODE MACHINES</b>	<b>1,024</b> <b>BRANCHES AND SUB BRANCHES</b>
	<b>26,000+</b> <b>AGENT NETWORK</b>	<b>2,750+</b> <b>ECOMMERCE MERCHANTS</b>	





# Analysis of Financial and Non-Financial Performance

## Prospects of the Entity including Financial and Non-Financial Measures

Bank Alfalah is one of the fastest growing banks in Pakistan. The Bank is trailblazing in digital banking domain. We aim to extend our outreach through a broader distribution footprint, digitised front-end channels and back-end processes. The Bank's focus remains on nurturing human capital. The Bank continues to invest in its people through extensive trainings and development initiatives.

### Financial Measures

The Bank takes into account financial measures, while arriving at future projections. Targets are defined against the following broad financial measures:

- **Deposits:** The Bank continuously reviews the quality of its deposit mix with focus on CASA. Apart from the deposit mix, the pricing of deposit / spread is an important matter in origination.
- **Advances:** Sustainable growth in advances, on the back of deposit growth, is the key behind profitability, as advances remains one of the prime source of earnings for the Bank. The Bank places great emphasis on credit quality and segmental diversification of its credit portfolio. Growth in advances needs to be managed effectively, as this has a direct impact on credit risk. A robust risk assessment mechanism is essential to maintain quality of the credit portfolio.
- **Investments:** The Bank, depending on the interest rate forecasts, manages its short and long term bonds portfolio to maximise return. The bank keeps an ideal balance in view of rate expectation with the objective of earning high profits and sustainable earnings.
- **Business Volume:** These are driven by business units which help achieve resources linked to the sale of products and services to the customers.

This incorporates new-to-business customer deposits and advances, trade volumes, advisory services, over-the-counter services, and services channeled through digital platforms etc. One-shop solutions and cross-sell initiatives have been a major breakthrough in terms of escalating business volumes.

- **Cost to Income Ratio:** The Bank continues to prioritise cost efficiency. Centralisation of expenses, digitalisation, integration and removal of redundancies remains a key initiative towards cost control.
- **Returns on Earning Assets (ROEA):** The ROEA depicts the ability of bank's earning assets to generate income. This is often the result of sound management strategy as well as the bank's ability to garner a larger share of the market.
- **Net Spread:** Net spread is a key financial measure in evaluating the core profitability of the bank. Interest earned on advances and other interest bearing assets, and interest paid on deposits and borrowings is efficiently managed for all sources and uses of funds.
- **Return on Equity:** Return on equity remains a key measure to assess returns for the Bank's shareholders.

Please refer the following pages within this section for financial position, financial performance analysis and financial and non financial ratios.



## Non-Financial Measures

Non-financial measures are of equal significance when setting the path for the future. Performance outlined against such measures confirms that the Bank is not only sound and transparent in terms of business operations, but also recognises its due role as a responsible corporate citizen. Although such standards are qualitative in nature, their value to the business has been significant in recent years. Non-financial measures mainly consist of:

- Compliance with the regulatory framework
- Corporate image / reputation
- Stakeholders' engagement
- Brand preference
- Relationship with customers and business partners
- Employee satisfaction and well-being
- Responsibility towards the society
- Environmental protection
- SBP inspection rating and effective internal control

Please refer the following pages within this section for qualitative performance analysis.

### Performance versus Budget

The bank outperformed budget in both profitability and business volumes.

- NII remained ahead of budget mainly due to strong build-up in deposit volumes and well positioned net earning assets to take advantage of rising interest rates.
- NFI exceeded budget with strong contribution coming from fee and exchange income.
- Growth in revenue while keeping costs within budget enabled the bank to improve operating profit. Moreover, provisions including ECL charge on investments remained lower than budget.
- The bank's PAT exceeded budget significantly despite absorbing windfall tax which has been booked based on prudence.

### Performance versus last year

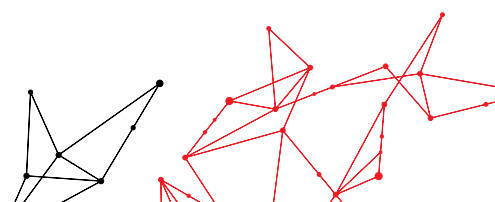
Bank's performance versus last year is covered as part of the Directors' report. Further, qualitative and quantitative performance analysis and business segment wise performance versus last year are disclosed on coming pages within this section.

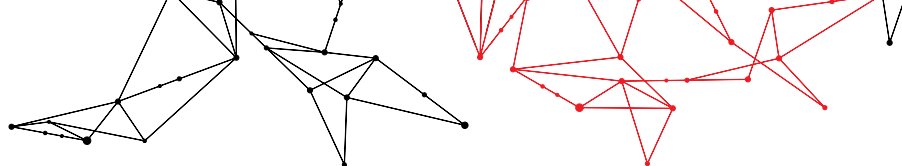
### Future prospects about the profitability

Future prospects on bank's profitability are covered in 'Outlook' section of the Annual Report.

## Significant Transactions and Events

During 2023, the Bank has incorporated an exchange company, Alfalah Currency Exchange (Private) Limited, with an authorised capital of Rs. 2 billion. This exchange company will function as a wholly-owned subsidiary of the Bank, and will provide comprehensive foreign exchange solutions.





# Quantitative Performance Analysis

## Financial Position Analysis

	2023	2022
	Rs in Million	
<b>ASSETS</b>		
Cash and balances with treasury banks	202,692	140,613
Balances with other banks	16,618	9,485
Lendings to financial institutions	119,554	115,354
Investments	2,067,263	1,114,407
Advances	735,052	732,375
Fixed assets and intangible assets	63,138	49,721
Deferred tax assets	6,008	9,013
Other assets	135,593	82,229
	<u>3,345,917</u>	<u>2,253,197</u>
<b>LIABILITIES</b>		
Bills payable	26,005	40,034
Borrowings	909,543	491,180
Deposits and other accounts	2,084,997	1,486,845
Subordinated debt	14,000	14,000
Other liabilities	173,449	121,123
	<u>3,207,994</u>	<u>2,153,182</u>
<b>Net Assets</b>	<u>137,923</u>	<u>100,015</u>

### Cash and Bank Balances:

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

### Investments:

Up by 86% as a result of growth in deposits and borrowings. Book skewed towards Government Securities.

### Advances:

Advances remained at same level as last year on account of strong credit discipline amid challenging economic situations.

### Borrowings:

Up by 85% mainly due to repurchase agreement borrowings from SBP.

### Deposits:

Up by 40% showed improved market share as a result of well executed strategy, taking support from branch expansion, improved staff productivity and innovative product suite.

### Net Interest income:

Volumetric growth mainly in deposits and improved spreads on the back of higher policy rate and ideal positioning of assets and liabilities book.

### Non Markup income:

Growth is mainly driven by card related fee, trade guarantees, home remittances, branch banking fee, consumer financing income, credit related fee and ADC income.

Gain from derivative increased on account of MTM impact on higher volume of cross currency swap.

### Operating Expenses:

30% increase mainly due to growth initiatives such as new branches, compensation cost (hiring and increments), marketing, flood donations, very high inflation and an impact of rupee depreciation on expenses.

### Provisions and write offs - net:

Last year was higher mainly due to ECL charge of overseas investments (Rs. 1.9 Bn), provision charge of Rs. 1.1 Bn against cross border risk and general provision against high risk portfolio. While in 2023 there was higher specific provision for some subjective classifications.

### Taxation:

Taxation includes Rs. 3.6 Bn against windfall tax on account of prudence.

## 328 Financial Performance Analysis

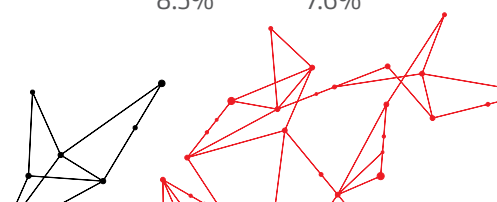
	2023	2022
	Rs in Million	
<b>MARK-UP / INTEREST INCOME</b>		
Mark-up / return / interest earned	411,948	214,054
Mark-up / return / interest expensed	285,877	136,812
Net mark-up / return / interest income (NMR)	<u>126,070</u>	<u>77,242</u>
<b>NON MARK-UP / INTEREST INCOME</b>		
Fee and commission income	14,813	10,842
Dividend income	1,321	1,232
Foreign exchange income	9,555	9,219
Gain from derivatives	1,761	332
Gain / (loss) on securities	280	(67)
Other income	334	326
	<u>28,064</u>	<u>21,883</u>
<b>Total Income</b>	<u>154,134</u>	<u>99,126</u>
<b>NON MARK-UP / INTEREST EXPENSES</b>		
Operating expenses	64,503	49,562
Workers' welfare fund	1,715	907
Other charges	279	27
<b>Total non-mark-up / interest expenses</b>	<u>66,497</u>	<u>50,497</u>
<b>Profit before provisions</b>	87,637	48,629
Provisions and write offs - net	9,462	12,468
<b>Profit before taxation</b>	78,175	36,160
Taxation	41,719	17,954
<b>Profit after taxation</b>	<u>36,456</u>	<u>18,206</u>

# Qualitative Performance Analysis

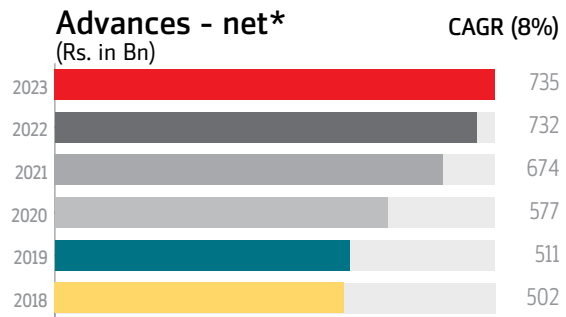
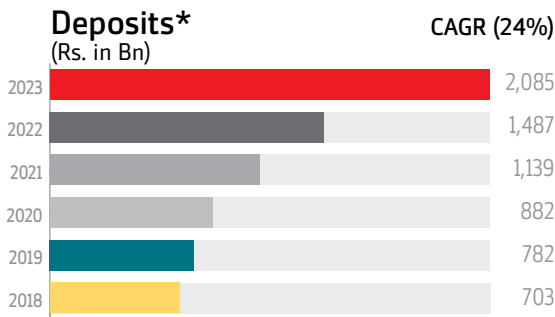
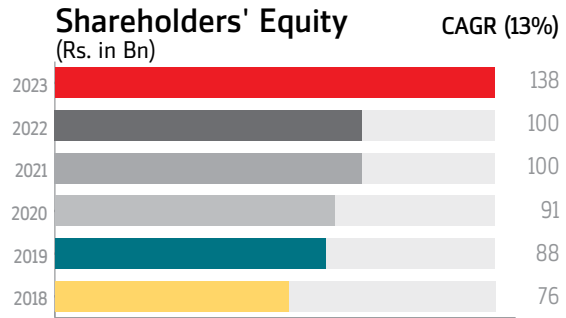
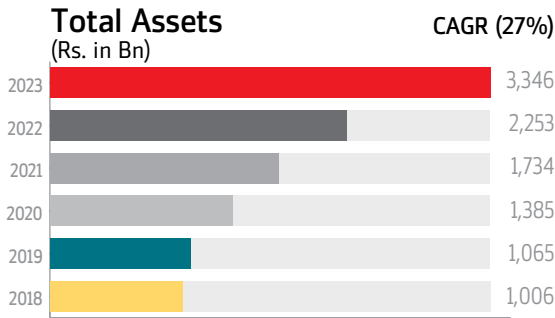
The Bank assesses its qualitative performance on the following factors, including but not limited to:

	2023	2022
<b>Deposits:</b>		
Deposits per branch (Rs in Mn)	2,036	1,663
Deposits per employee (Rs in Mn)	141	107
Market share in deposits (domestic) (%)	6.9%	6.0%
<b>Loans and advances</b> [Count impacted due to credit environment]:		
New acquisitions - auto loans (count)	3,594	8,561
New acquisitions - personal loans (count)	11,717	20,071
New acquisitions - house loans (count)	439	1,393
New acquisitions - SME loans (count)	1,439	1,401
New acquisitions - cards (count)	59,688	74,696
Market share in advances (domestic) (%)	5.9%	6.1%
<b>Remittances:</b>		
Home Remittance volume (USD in Mn)	3,742	5,673
Number of transactions (count in Mn)	10.5	11.8
Market share in home remittances (%)	14.2%	19.0%
<b>Corporate Social Responsibility (CSR):</b>		
CSR activities spend (Rs. in Mn)	1,250	332
CSR activities spend as a % of PBT (%)	1.6%	0.9%
<b>Human Resource and Related Activities:</b>		
Compensation costs per employee (Rs in Mn)	1.95	1.53
Training costs per employee (Rs in Mn)	0.01	0.01
Profit per employee (Rs in Mn)	2.47	1.31
<b>Customers</b>		
Number of customers (count in Mn)	6.8	5.8
Number of internet banking users (count in Mn)	0.6	0.5
Number of Alfa app users (count in Mn)	1.6	1.3
Number of credit card holders (count in Mn)	0.4	0.5
<b>Branch performance</b>		
Revenue per branch (Rs in Mn)	151	111
Profit per branch (Rs in Mn)	36	20
<b>Cash Management</b>		
Cash Management collection volume (Rs in Mn)	675,373	454,308
<b>Bancassurance</b>		
Bancassurance volume (Rs in Mn)	1,495	1,368
Bancassurance per branch (Rs in Mn)	1.46	1.53
Market Share (approximate) (%)	11%	10%
<b>Wealth Management</b>		
Wealth Management volume (Rs in Mn)	52,158	38,610
Wealth Management per branch (Rs in Mn)	51	43
Market Share (approximate) (%)	23%	19%
<b>Trade</b>		
Trade volume (Rs in Mn)	1,865,803	1,623,257
Market Share	8.5%	7.6%

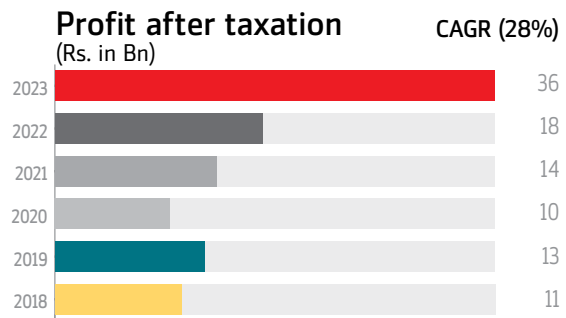
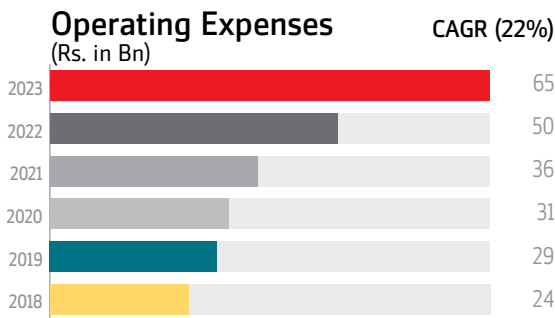
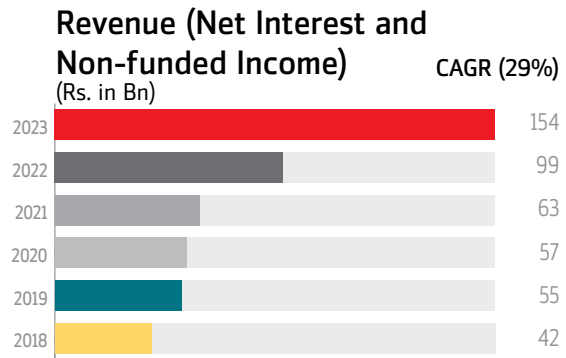
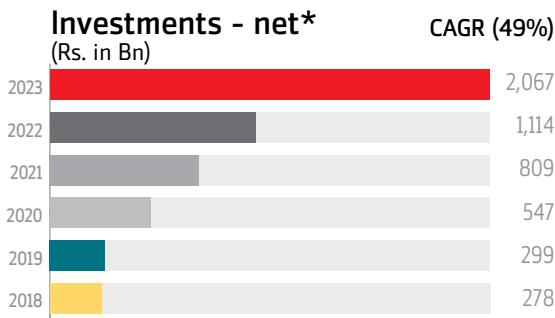
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# Graphical Presentation

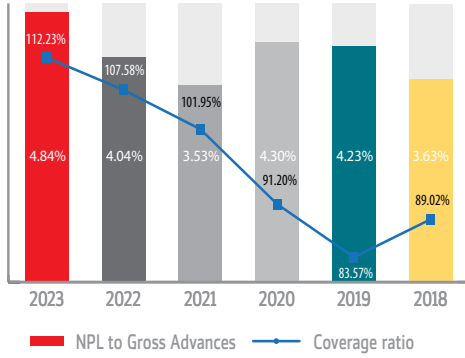


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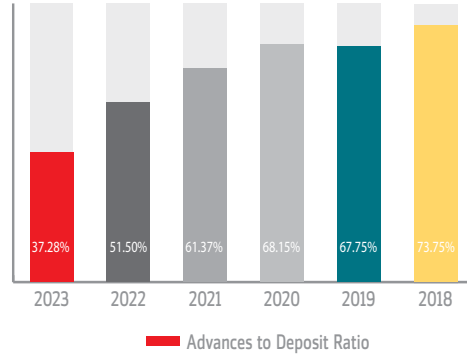


\* For 2018, Assets and Liabilities for the Bank's Afghanistan Operations were presented as separate line items as 'discontinued operations', rather than as part of actual line items under which they were being reported historically. Upon declassification from asset-held-for-sale status during 2019, such balances are being reported as part of the individual balance sheet lines.

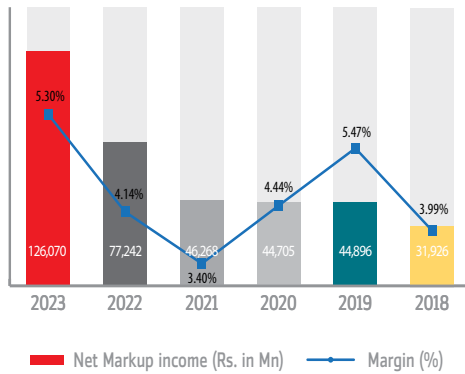
### NPL Ratios (Percentage)



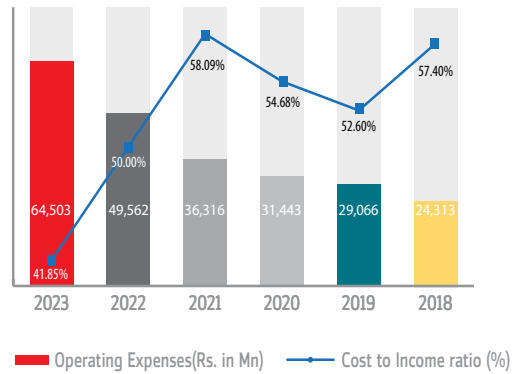
### Advances to Deposits Ratio\* (Percentage)



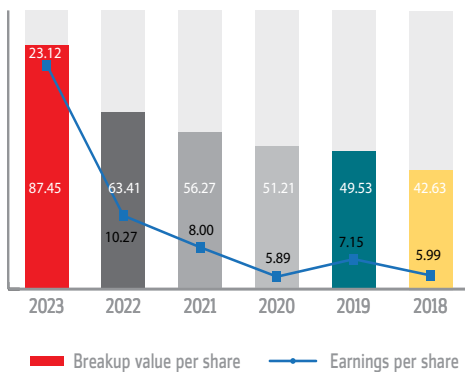
### Net Markup Income and Margin



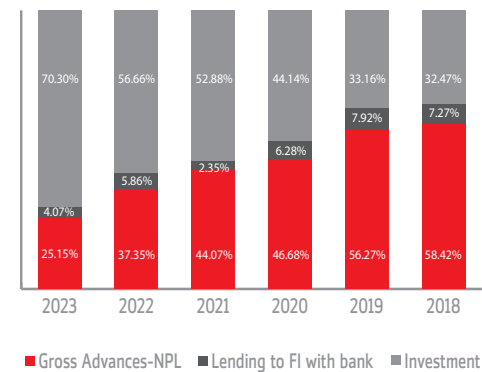
### Operating Expenses and Cost to Income Ratio



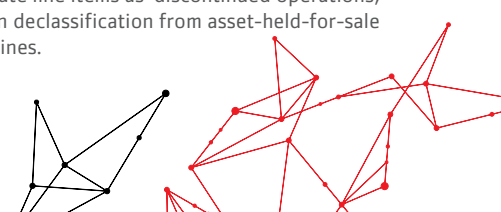
### Earnings & Breakup Value Per Share (Rupees)

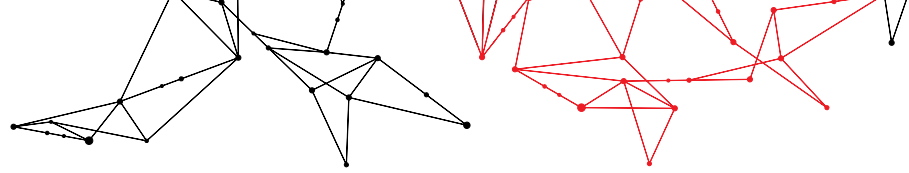


### Earning Assets Mix\* (Percentage)

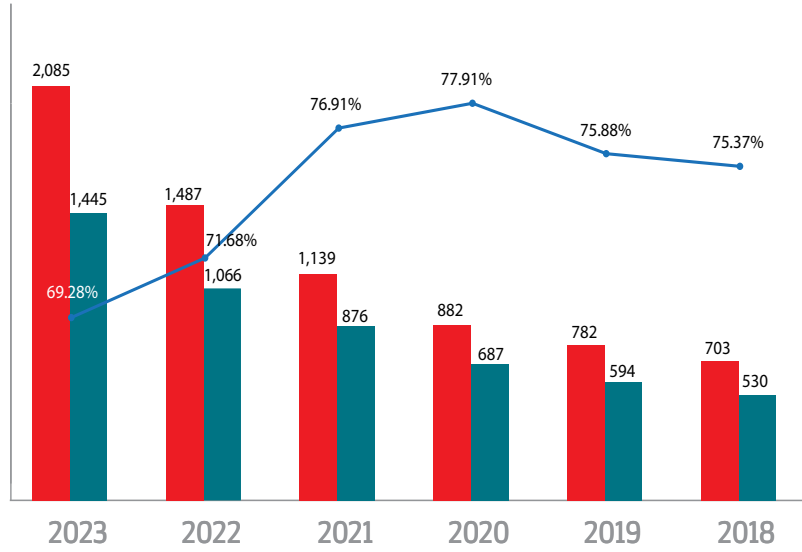


\* For 2018, Assets and Liabilities for the Bank's Afghanistan Operations were presented as separate line items as 'discontinued operations', rather than as part of actual line items under which they were being reported historically. Upon declassification from asset-held-for-sale status during 2019, such balances are being reported as part of the individual balance sheet lines.



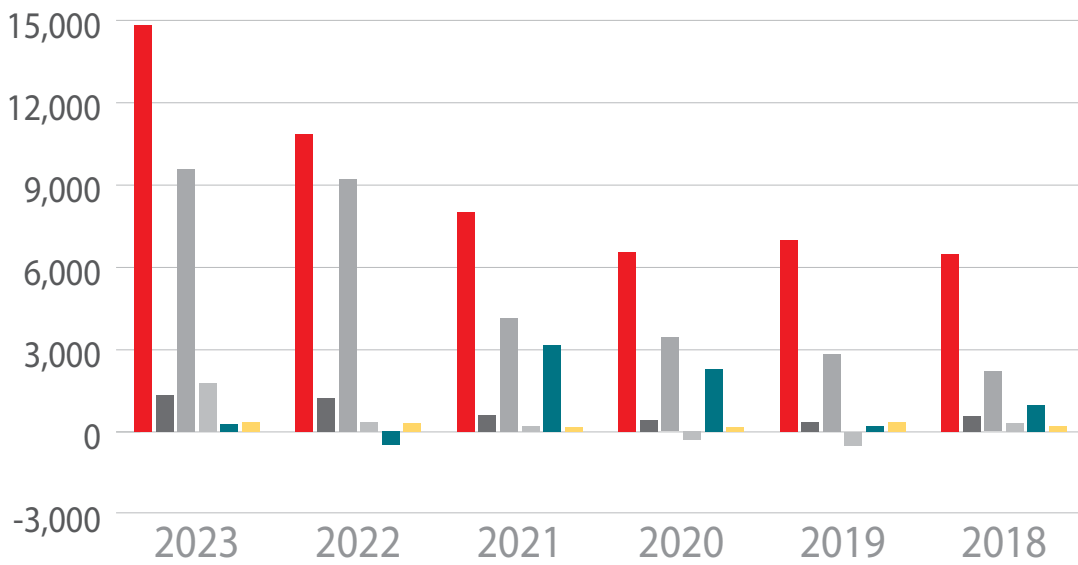


## CASA to Deposits Ratio



■ Deposits (Rs. in Bn)    
 ■ CASA (Rs. in Bn)    
 —●— CASA Ratio (%)

## Non Markup Income



■ Fee & Commission Income (Rs. in Mn)    
 ■ Dividend Income (Rs. in Mn)    
 ■ Foreign Exchange Income (Rs. in Mn)

■ Gain / (loss) from derivatives (Rs. in Mn)    
 ■ Gain / (loss) on securities (Rs. in Mn)    
 ■ Other Income (Rs. in Mn)

# Six Years Financial and Non-Financial Summaries

		2023	2022	2021	2020	2019	2018
<b>Profit &amp; Loss Account</b>							
Mark-up / return / interest earned	Rs. Mn	411,948	214,054	100,402	92,616	92,519	59,672
Mark-up / return / interest expensed	Rs. Mn	285,877	136,812	54,134	47,911	47,623	27,746
Non-Fund based income	Rs. Mn	28,064	21,883	16,254	12,795	10,357	10,431
Total Income	Rs. Mn	154,134	99,126	62,522	57,499	55,253	42,357
Non mark-up / interest expenses	Rs. Mn	66,497	50,497	36,840	32,032	29,843	24,713
Operating Profit before tax and provision	Rs. Mn	87,637	48,629	25,682	25,468	25,410	17,645
Provision and write-offs - net	Rs. Mn	9,462	12,468	2,312	7,589	3,029	27
Profit before taxation	Rs. Mn	78,175	36,160	23,370	17,878	22,382	17,618
Profit after taxation	Rs. Mn	36,456	18,206	14,217	10,475	12,696	10,625
<b>Statement of Financial Position</b>							
Authorised Capital	Rs. Mn	23,000	23,000	23,000	23,000	23,000	23,000
Paid up Capital	Rs. Mn	15,772	15,772	17,772	17,772	17,772	17,744
Reserves	Rs. Mn	41,401	34,283	29,954	27,680	26,046	23,051
Unappropriated Profit	Rs. Mn	69,482	45,101	40,836	35,057	32,843	27,470
Surplus on revaluation of assets	Rs. Mn	11,268	4,859	11,441	10,509	11,367	7,383
Shareholders' fund	Rs. Mn	126,654	95,156	88,562	80,508	76,661	68,264
Shareholders' equity	Rs. Mn	137,923	100,015	100,003	91,017	88,028	75,647
Total Assets	Rs. Mn	3,345,917	2,253,197	1,734,321	1,384,874	1,065,311	1,006,218
Earning Assets	Rs. Mn	2,940,428	1,966,878	1,530,207	1,231,771	901,960	855,072
Gross Advances	Rs. Mn	777,287	765,693	699,073	600,899	529,971	518,392
Advances - net of Provision	Rs. Mn	735,052	732,375	673,881	577,316	511,236	501,636
Non Performing Loans	Rs. Mn	37,633	30,971	24,710	25,860	22,417	18,822
Investments - at Cost	Rs. Mn	2,076,592	1,135,624	812,307	541,819	295,103	279,135
Investments - Net	Rs. Mn	2,067,263	1,114,407	809,214	547,090	299,098	277,660
Total Liabilities	Rs. Mn	3,207,994	2,153,182	1,634,319	1,293,856	977,284	930,571
Deposits & Other Accounts	Rs. Mn	2,084,997	1,486,845	1,139,045	881,767	782,284	702,895
Borrowings	Rs. Mn	909,543	491,180	383,809	314,960	102,842	123,738
<b>Cash Flow Summary</b>							
Cash and cash equivalents at the beginning of the year	Rs. Mn	185,488	134,593	118,455	135,054	100,501	93,421
Cash flow from Operating Activities	Rs. Mn	756,441	470,461	268,659	204,046	80,947	(142,470)
Cash flow from Investing Activities	Rs. Mn	(681,700)	(413,326)	(242,190)	(205,800)	(37,948)	146,470
Cash flow from Financing Activities	Rs. Mn	(12,329)	(6,240)	(10,330)	(14,845)	(8,447)	3,080
Increase in cash and cash equivalents	Rs. Mn	62,412	50,895	16,138	(16,600)	34,553	7,080
Cash and cash equivalents at the end of the year	Rs. Mn	247,900	185,488	134,593	118,455	135,054	100,501
<b>Consolidated Position</b>							
Total Assets	Rs. Mn	3,349,668	2,256,720	1,736,773	1,387,674	1,067,749	1,008,605
Net Assets	Rs. Mn	139,623	102,063	101,874	92,661	89,283	77,022
Profit before taxation	Rs. Mn	78,738	36,677	23,909	18,443	22,915	17,403
Profit after taxation	Rs. Mn	36,086	18,397	14,460	10,843	13,032	10,516
<b>Trade</b>							
Imports - Volume	Rs. Mn	1,366,387	1,176,596	892,545	570,337	553,791	563,947
Exports - Volume	Rs. Mn	684,129	557,435	367,941	251,140	283,952	248,159
<b>Others</b>							
Number of Branches	Count	1,024	894	790	730	698	649
Number of Permanent Employees	Count	14,662	13,790	12,034	10,653	10,118	8,419

## Note

For 2018, Assets and Liabilities for the Bank's Afghanistan Operations were presented as separate line items as 'discontinued operations', rather than as part of actual line items under which they were being reported historically. Upon declassification from asset-held-for-sale status during 2019, such balances are being reported as part of the individual balance sheet lines.



# Six Years Vertical Analysis

	2023		2022		2021		2020		2019		2018	
	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%
<b>Statement of Financial Position</b>												
<b>Assets</b>												
Cash and balances with treasury banks	202,692	6%	140,613	6%	105,606	6%	99,348	7%	100,732	9%	82,408	8%
Balances with other banks	16,618	0%	9,485	0%	9,783	1%	6,234	0%	4,710	0%	3,875	0%
Lendings to financial institutions	119,554	4%	115,354	5%	35,982	2%	77,306	6%	71,435	7%	62,172	6%
Investments	2,067,263	62%	1,114,407	49%	809,214	47%	547,090	40%	299,098	28%	277,660	28%
Advances	735,052	22%	732,375	33%	673,881	39%	577,316	42%	511,236	48%	501,636	50%
Fixed assets and Intangibles assets	63,138	2%	49,721	2%	40,615	2%	32,261	2%	30,344	3%	19,556	2%
Deferred tax assets	6,008	0%	9,013	0%	2,304	0%	-	0%	-	0%	-	0%
Assets held for sale	-	0%	-	0%	-	0%	-	0%	-	0%	23,589	2%
Other assets	135,593	4%	82,229	4%	56,936	3%	45,319	3%	47,756	4%	35,321	4%
	<b>3,345,917</b>	<b>100%</b>	<b>2,253,197</b>	<b>100%</b>	<b>1,734,321</b>	<b>100%</b>	<b>1,384,874</b>	<b>100%</b>	<b>1,065,311</b>	<b>100%</b>	<b>1,006,218</b>	<b>100%</b>

<b>Liabilities</b>												
Bills Payable	26,005	1%	40,034	2%	22,826	1%	22,571	2%	17,169	2%	35,988	4%
Borrowings	909,543	27%	491,180	22%	383,809	22%	314,960	23%	102,842	10%	123,738	12%
Deposits and other accounts	2,084,997	62%	1,486,845	66%	1,139,045	66%	881,767	64%	782,284	73%	702,895	70%
Subordinated debt	14,000	0%	14,000	1%	7,000	0%	7,000	1%	11,987	1%	11,989	1%
Deferred tax liabilities	-	0%	-	0%	-	0%	1,361	0%	3,451	0%	2,071	0%
Liabilities directly associated with the assets held for sale	-	0%	-	0%	-	0%	-	0%	-	0%	20,435	2%
Other Liabilities	173,449	5%	121,123	5%	81,640	5%	66,197	5%	59,550	6%	33,455	3%
	<b>3,207,994</b>	<b>96%</b>	<b>2,153,182</b>	<b>96%</b>	<b>1,634,319</b>	<b>94%</b>	<b>1,293,856</b>	<b>93%</b>	<b>977,284</b>	<b>92%</b>	<b>930,571</b>	<b>92%</b>

<b>Net Assets</b>	<b>137,923</b>	<b>4%</b>	<b>100,015</b>	<b>4%</b>	<b>100,003</b>	<b>6%</b>	<b>91,017</b>	<b>7%</b>	<b>88,028</b>	<b>8%</b>	<b>75,647</b>	<b>8%</b>
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## Represented By :

Authorized Capital	23,000		23,000		23,000		23,000		23,000		23,000	
Share capital	15,772	0%	15,772	1%	17,772	1%	17,772	1%	17,772	2%	17,744	2%
Reserves	41,401	1%	34,283	2%	29,954	2%	27,680	2%	26,046	2%	23,051	2%
Unappropriated profit	69,482	2%	45,101	2%	40,836	2%	35,057	3%	32,843	3%	27,470	3%
Surplus on revaluation of assets	11,268	0%	4,859	0%	11,441	1%	10,509	1%	11,367	1%	7,383	1%
	<b>137,923</b>	<b>4%</b>	<b>100,015</b>	<b>4%</b>	<b>100,003</b>	<b>6%</b>	<b>91,017</b>	<b>7%</b>	<b>88,028</b>	<b>8%</b>	<b>75,647</b>	<b>8%</b>

## Profit and Loss Account

Mark-up / return / interest earned	a	411,948	94%	214,054	91%	100,402	86%	92,616	88%	92,519	90%	59,672	85%
Mark-up / return / interest expensed		(285,877)	-65%	(136,812)	-58%	(54,134)	-46%	(47,911)	-45%	(47,623)	-46%	(27,746)	-40%
Net mark-up / interest income (NMR)		<b>126,070</b>	<b>29%</b>	<b>77,242</b>	<b>33%</b>	<b>46,268</b>	<b>40%</b>	<b>44,705</b>	<b>42%</b>	<b>44,896</b>	<b>44%</b>	<b>31,926</b>	<b>46%</b>
Non mark-up / interest Income	b	28,064	6%	21,883	9%	16,254	14%	12,795	12%	10,357	10%	10,431	15%
Total income		<b>154,134</b>	<b>35%</b>	<b>99,126</b>	<b>42%</b>	<b>62,522</b>	<b>54%</b>	<b>57,499</b>	<b>55%</b>	<b>55,253</b>	<b>54%</b>	<b>42,357</b>	<b>60%</b>
Non mark-up / interest expenses		(66,497)	-15%	(50,497)	-21%	(36,840)	-32%	(32,032)	-30%	(29,843)	-29%	(24,713)	-35%
Profit before provisions		<b>87,637</b>	<b>20%</b>	<b>48,629</b>	<b>21%</b>	<b>25,682</b>	<b>22%</b>	<b>25,468</b>	<b>24%</b>	<b>25,410</b>	<b>25%</b>	<b>17,645</b>	<b>25%</b>
Provision and write-offs - net		(9,462)	-2%	(12,468)	-5%	(2,312)	-2%	(7,589)	-7%	(3,029)	-3%	(27)	-0%
Profit before taxation		<b>78,175</b>	<b>18%</b>	<b>36,160</b>	<b>15%</b>	<b>23,370</b>	<b>20%</b>	<b>17,878</b>	<b>17%</b>	<b>22,382</b>	<b>22%</b>	<b>17,618</b>	<b>25%</b>
Taxation		(41,719)	-9%	(17,954)	-8%	(9,154)	-8%	(7,403)	-7%	(9,686)	-9%	(6,993)	-10%
Profit after taxation		<b>36,456</b>	<b>8%</b>	<b>18,206</b>	<b>8%</b>	<b>14,217</b>	<b>12%</b>	<b>10,475</b>	<b>10%</b>	<b>12,696</b>	<b>12%</b>	<b>10,625</b>	<b>15%</b>
Earning per share - Rupees		<b>23.12</b>		<b>10.27</b>		<b>8.00</b>		<b>5.89</b>		<b>7.15</b>		<b>5.99</b>	

### Note

For Vertical Analysis, Variance percentage on financial position is calculated based on total assets and for profit & loss account, it is calculated based on gross revenue which is the sum of markup earned and non-markup income (a+b).



# Six Years Horizontal Analysis

	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018
	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn	%	Rs in Mn

## Statement of Financial Position

### Assets

Cash and balances with treasury banks	202,692	44%	140,613	33%	105,606	6%	99,348	-1%	100,732	22%	82,408
Balances with other banks	16,618	75%	9,485	-3%	9,783	57%	6,234	32%	4,710	22%	3,875
Lendings to financial institutions	119,554	4%	115,354	221%	35,982	-53%	77,306	8%	71,435	15%	62,172
Investments	2,067,263	86%	1,114,407	38%	809,214	48%	547,090	83%	299,098	8%	277,660
Advances	735,052	0%	732,375	9%	673,881	17%	577,316	13%	511,236	2%	501,636
Fixed assets and Intangibles assets	63,138	27%	49,721	22%	40,615	26%	32,261	6%	30,344	55%	19,556
Deferred tax assets	6,008	-33%	9,013	291%	2,304	100%	-	0%	-	0%	-
Assets held for sale	-	0%	-	0%	-	0%	-	0%	-	-100%	23,589
Other assets	135,593	65%	82,229	44%	56,936	26%	45,319	-5%	47,756	35%	35,321
	<b>3,345,917</b>	<b>48%</b>	<b>2,253,197</b>	<b>30%</b>	<b>1,734,321</b>	<b>25%</b>	<b>1,384,874</b>	<b>30%</b>	<b>1,065,311</b>	<b>6%</b>	<b>1,006,218</b>

### Liabilities

Bills Payable	26,005	-35%	40,034	75%	22,826	1%	22,571	31%	17,169	-52%	35,988
Borrowings	909,543	85%	491,180	28%	383,809	22%	314,960	206%	102,842	-17%	123,738
Deposits and other accounts	2,084,997	40%	1,486,845	31%	1,139,045	29%	881,767	13%	782,284	11%	702,895
Subordinated debt	14,000	0%	14,000	100%	7,000	0%	7,000	-42%	11,987	-0%	11,989
Deferred tax liabilities	-	0%	-	0%	-	-100%	1,361	-61%	3,451	67%	2,071
Liabilities directly associated with the assets held for sale	-	0%	-	0%	-	0%	-	0%	-	-100%	20,435
Other Liabilities	173,449	43%	121,123	48%	81,640	23%	66,197	11%	59,550	78%	33,455
	<b>3,207,994</b>	<b>49%</b>	<b>2,153,182</b>	<b>32%</b>	<b>1,634,319</b>	<b>26%</b>	<b>1,293,856</b>	<b>32%</b>	<b>977,284</b>	<b>5%</b>	<b>930,571</b>

### Net Assets

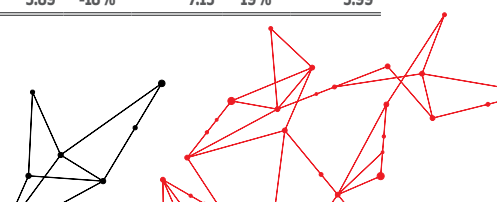
	<b>137,923</b>	<b>38%</b>	<b>100,015</b>	<b>0%</b>	<b>100,003</b>	<b>10%</b>	<b>91,017</b>	<b>3%</b>	<b>88,028</b>	<b>16%</b>	<b>75,647</b>
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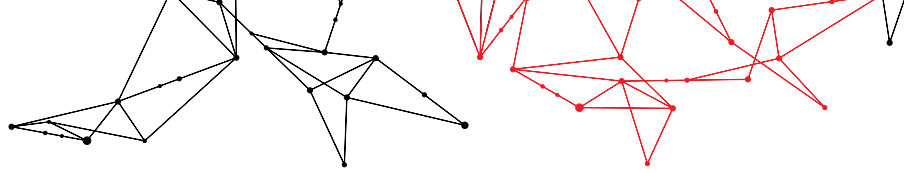
### Represented By :

Authorized Capital	23,000		23,000		23,000		23,000		23,000		23,000
Share capital	15,772	0%	15,772	-11%	17,772	0%	17,772	0%	17,772	0%	17,744
Reserves	41,401	21%	34,283	14%	29,954	8%	27,680	6%	26,046	13%	23,051
Unappropriated profit	69,482	54%	45,101	10%	40,836	16%	35,057	7%	32,843	20%	27,470
Surplus on revaluation of assets	11,268	132%	4,859	-58%	11,441	9%	10,509	-8%	11,367	54%	7,383
	<b>137,923</b>	<b>38%</b>	<b>100,015</b>	<b>0%</b>	<b>100,003</b>	<b>10%</b>	<b>91,017</b>	<b>3%</b>	<b>88,028</b>	<b>16%</b>	<b>75,647</b>

## Profit and Loss Account

Mark-up / return / interest earned	411,948	92%	214,054	113%	100,402	8%	92,616	0%	92,519	55%	59,672
Mark-up / return / interest expensed	(285,877)	109%	(136,812)	153%	(54,134)	13%	(47,911)	1%	(47,623)	72%	(27,746)
Net mark-up / interest income (NMR)	<b>126,070</b>	<b>63%</b>	<b>77,242</b>	<b>67%</b>	<b>46,268</b>	<b>3%</b>	<b>44,705</b>	<b>-0%</b>	<b>44,896</b>	<b>41%</b>	<b>31,926</b>
Non mark-up / interest Income	28,064	28%	21,883	35%	16,254	27%	12,795	24%	10,357	-1%	10,431
Total income	<b>154,134</b>	<b>55%</b>	<b>99,126</b>	<b>59%</b>	<b>62,522</b>	<b>9%</b>	<b>57,499</b>	<b>4%</b>	<b>55,253</b>	<b>30%</b>	<b>42,357</b>
Non mark-up / interest expenses	(66,497)	32%	(50,497)	37%	(36,840)	15%	(32,032)	7%	(29,843)	21%	(24,713)
Profit before provisions	<b>87,637</b>	<b>80%</b>	<b>48,629</b>	<b>89%</b>	<b>25,682</b>	<b>1%</b>	<b>25,468</b>	<b>0%</b>	<b>25,410</b>	<b>44%</b>	<b>17,645</b>
Provision and write-offs - net	(9,462)	-24%	(12,468)	439%	(2,312)	-70%	(7,589)	151%	(3,029)	11283%	(27)
Profit before taxation	<b>78,175</b>	<b>116%</b>	<b>36,160</b>	<b>55%</b>	<b>23,370</b>	<b>31%</b>	<b>17,878</b>	<b>-20%</b>	<b>22,382</b>	<b>27%</b>	<b>17,618</b>
Taxation	(41,719)	132%	(17,954)	96%	(9,154)	24%	(7,403)	-24%	(9,686)	39%	(6,993)
Profit after taxation	<b>36,456</b>	<b>100%</b>	<b>18,206</b>	<b>28%</b>	<b>14,217</b>	<b>36%</b>	<b>10,475</b>	<b>-17%</b>	<b>12,696</b>	<b>19%</b>	<b>10,625</b>
Earning per share - Rupees	<b>23.12</b>	<b>125%</b>	<b>10.27</b>	<b>28%</b>	<b>8.00</b>	<b>36%</b>	<b>5.89</b>	<b>-18%</b>	<b>7.15</b>	<b>19%</b>	<b>5.99</b>





# Six Years Review of Business Performance

## Balance Sheet

### Total Assets

The asset base of the Bank has grown remarkably over the last 6 years and stood at Rs. 3,345.917 billion at December 2023 from Rs. 1,006,218 billion at December 2018, a CAGR of 27 percent. This growth is driven from rise in deposits. Key deployments has been in investments and advances, which are detailed below. Our strategy over the years has been to manage the asset mix in a way that maximises returns to stakeholders, while maintaining an efficient risk weighted assets (RWA) profile.

### Advances

The Bank's ADR ratio stands at 37.28%. Over the period, the Bank's gross advances grew at a CAGR of 8 percent. The Bank has continued to strengthen its risk management framework over the years with full automation, refinement of credit approval process and implementation of centralised Loan Origination System for both domestic and overseas operations.

### Non-performing Loans

Owing to our branch-led model and robust credit underwriting criteria, the Bank has consistently had one of the lowest infection ratios amongst top-tier banks despite prudent classification on subjective basis. During last 6 years, our infection ratio once dropped to 3.53% percent in 2021 - a testimony to our focus on maintaining asset quality. The Bank's dedicated Special Assets Management Group has been able to facilitate significant recoveries over the years. Most importantly, the Bank's coverage ratio stands at 112.23 percent (including general provision) as at the close of this year.

### Investments

Our investments portfolio has grown over the years and predominately concentrated in high yielding Government Securities. The Bank has built its portfolio and taken positions based on interest rate expectation and hedging strategy. The investment base of the Bank has increased from Rs. 277.660 billion in 2018 to Rs. 2,067.263 billion at end of 2023. Our equity book consists of investments in diverse companies having strong fundamentals with a view to earn stable dividends.

### Deposits

The deposit base of the Bank has continued to grow over the last six years, which has supported the balance sheet growth indicated above. The exceptional performance of our team in executing the strategy and diversified product suite, resulted in Bank Alfalah achieving an impressive CAGR of 24% from Rs. 702.895 billion in 2018 to Rs. 2,084.997 billion in 2023. The Bank's CASA percentage at December 2023 stands at 69.28 percent. Our focus remained on improving our deposit profile by expanding current account. Through the buildup in the deposits, the Bank maximised on the yield upside in its net earnings. The Bank enjoys a diversified product suite, with products catered to varying customer needs. Our focus remains on maintaining service excellence, and providing adequate returns to our depositors together with transactional convenience through our Digital Banking and Alternate Delivery Channels.

### Equity

The paid-up capital of the Bank increased from Rs. 17.744 billion in 2018 to Rs. 17.772 billion in 2021. In 2022, it reduced to Rs. 15.772 billion as the Bank bought back 200 million ordinary shares under buy back scheme. Furthermore, the Bank's first-ever Employee Stock Option scheme successfully ran from 2014 to 2016, in which options were granted to certain key executives and employees as approved by the Board Compensation Committee. Under the scheme, selected employees granted with options were eligible to exercise the same over the defined exercise periods, and subscribe for new shares (without rights) at an agreed discount.

### Tier-1 Capital (ADT 1)

In 2018, the Bank issued its first ever additional Tier-1 Capital in the form of listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments. The size of the issue was Rs. 7 billion and was oversubscribed. The proceeds from the issue contributed towards the bank's additional Tier-1 capital and utilized towards enhancement of the bank's business operations. In 2022, the Bank issued additional Tier 1 capital of Rs. 7 billion to support its capital base and gear up for further expansion. Both instruments are "AA-" rated by PACRA.

## Dividends

Over the years, the Bank has had a consistent dividend payout stream, keeping in view risk absorption capacity, and in turn facilitate greater returns over the medium to long term. The Bank's Capital Adequacy Ratio is currently above the regulatory requirement (including capital conservation buffer). The Board has recommended a payout of 50 percent as final dividend for the year 2023. The Board had earlier declared and paid interim cash dividend of Rs. 3.00 per share, bringing the total cash dividend for the year to Rs. 8.00 per share i.e. 80%.

## Profit And Loss Account

### Income

The composition of markup income saw a shift in recent years on the back of concentration shift in the Bank's earning asset base, as referred above. The net markup income of the bank increased significantly in the last six years, supported by increase in core deposits primarily current accounts and improved spreads. Increase in high quality advances book led by consumer and commercial group helped to increase the net interest margin. Our investment strategy has complimented our non-funded income during last six years which has supported bottom line profitability. Core fee, commission income, foreign exchange income, have all indicated growth, while capital gains on both capital and money market fronts have supplemented the NFI. Over the course of the years, key changes to our technology platform, cross-sell initiatives, branch transformation programmes, have helped the Bank deliver further transactional convenience to its customers, and have facilitated contribution from non-fund based income.

### Operating Expenses

Over the years, the Bank has seen a significant transformation. The overall growth in administrative costs has primarily been on account of costs attributable to additional branches under the Bank's expansion plan, compensation cost (new hiring and various employee focused remuneration initiatives), marketing, flood and other CSR initiatives, rising rentals, utility costs, significant IT costs relating to infrastructural improvements to the core banking system and the overall technological platform including digital banking platform, inflation, rupee depreciation impacting foreign currency expenses. However, the Bank has kept a check on these factors, and strict cost discipline measures were introduced with a focus on improving the cost to income ratio. Centralisation of various expenses and regular

revisits to expenditure approval authorities were undertaken to keep costs in check. Non-recurring items continue to be tracked separately.

## Cash Flow Statement

### Cash Flow from Operating Activities

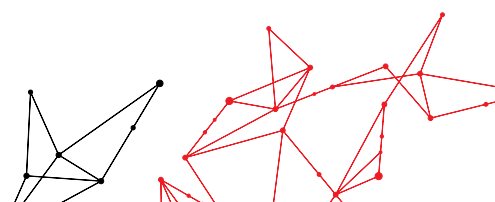
Cash flow from operating activities showed a positive trend in all years from 2019 to 2023. This is primarily due to steady growth in profitability, stable deposits and advances. In 2018, due to re-profiling of balance sheet and consequent increase in loan book, the cash flow from operating activities is negative.

### Cash Flow from Investing Activities

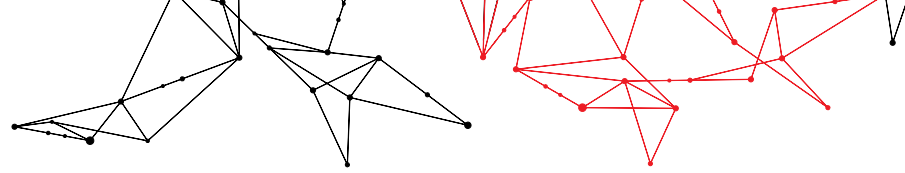
The residual funds available after loans and advances is invested in the high yielding government securities. The investment is also required to comply with the Statutory Liquidity Requirement of the State Bank of Pakistan. In all years under review the bank has increased its investment portfolio except in case of 2018, when the portfolio was channeled into loans and advances in view of interest rates.

### Cash Flow from Financing Activities

The main transaction under this head are those likely to capital and providence of capital. Bank Alfalah has paid steady dividend in all the years under review with the exception of 2018. The dividend payment and TFC redemptions result in cash outflow from financing activities. In 2018, the cash flow is positive due to issuance of ADT 1 instrument. In 2022, major transactions include the issuance of ADT 1 and buy back of 200 million ordinary shares. The Bank has committed Rs. 1 Billion capital injection in its subsidiary Alfalah Currency Exchange (Private) Limited. The actual cash outflow will occur in 2024.

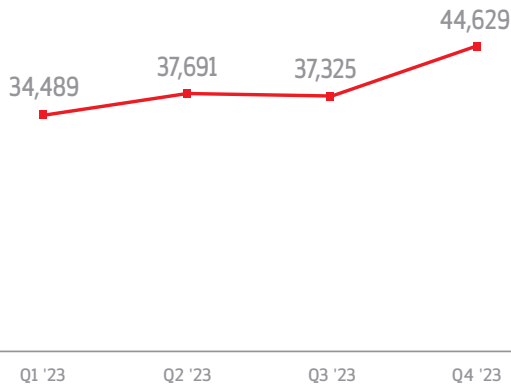


# Quarterly Performance Review

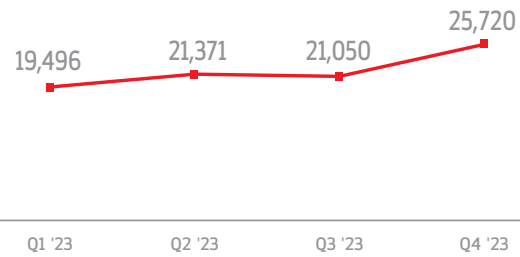


	Q1 '23	Q2 '23	Q3 '23	Q4 '23	Total
	Rupees in million				
Net interest income	27,937	31,254	31,794	35,085	<b>126,070</b>
Non-interest income	6,552	6,437	5,531	9,544	<b>28,064</b>
	<b>34,489</b>	<b>37,691</b>	<b>37,325</b>	<b>44,629</b>	<b>154,134</b>
Less: Operating expenses	14,584	15,779	15,895	18,245	<b>64,503</b>
Less: Other charges and WWF	409	541	380	664	<b>1,994</b>
Profit before provisions	<b>19,496</b>	<b>21,371</b>	<b>21,050</b>	<b>25,720</b>	<b>87,637</b>
Less: Provisions and write offs - net	522	4,480	4,162	298	<b>9,462</b>
Profit before taxation	<b>18,974</b>	<b>16,891</b>	<b>16,888</b>	<b>25,422</b>	<b>78,175</b>

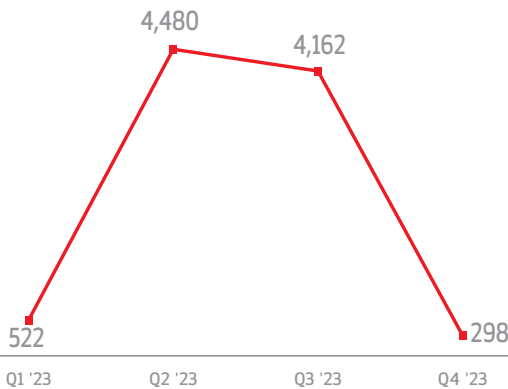
Revenue - Net Interest and Non Interest Income (Rs. in Mn)



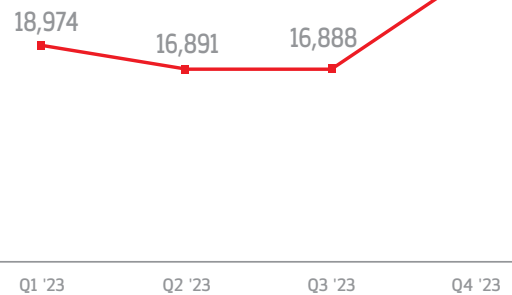
Profit Before Provisions (Rs. in Mn)



Provision and write offs - net (Rs. in Mn)

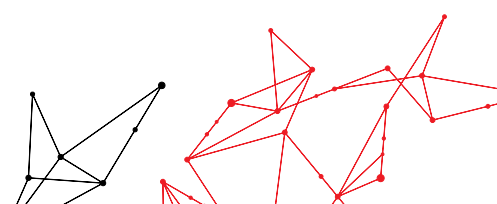


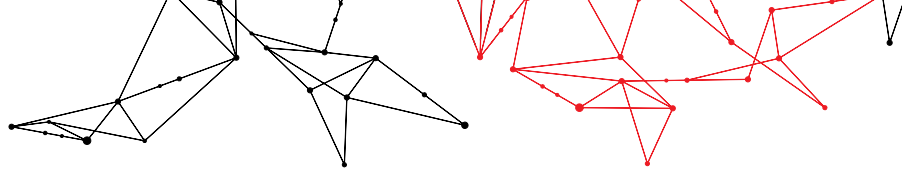
Profit Before Taxation (Rs. in Mn)



## Analysis of the Quarterly Performance

Quarter 1	Quarter 2	Quarter 3	Quarter 4
<ul style="list-style-type: none"> <li>• <b>Net Interest Income</b> 20% higher than Q4 2022 due to solid growth in earning assets, recovery of suspended markup and improved spread on the back of higher interest rates.</li> <li>• <b>Non interest income</b> Fee income up primarily due to card related and ADC income.  FX income up by 276% over Q4 2022 mainly due to market volatility.</li> <li>• <b>Operating expenses</b> Remained constant compared to Q4 2022. Higher compensation cost was offset by lower utility and other operating costs during the quarter.</li> <li>• <b>Provisions</b> Provision down vs Q4 2022 mainly due to additional ECL on overseas investments and charge against cross border risk in Q4 2022.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Net Interest Income</b> Higher by 12% due to well positioned balance sheet to take benefit of rising interest rates.</li> <li>• <b>Non interest income</b> Down by 2% from Q1 2023 due to reduction in FX income by 46% offset by increase in gain on derivative due to favorable marked to market impacts.</li> <li>• <b>Operating expenses</b> Up by 8% over Q1 2023 due to marketing activities offset by lower compensation cost (one off increments and bonuses paid to employees in Q1 2023).</li> <li>• <b>Provisions</b> Provisions higher due to additional general provision and some subjectively downgraded clients</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Net Interest Income</b> Remained flat vs previous quarters. Well positioned asset book gave steady returns.</li> <li>• <b>Non interest income</b> Down by 14% mainly due to capital loss realised on government securities for realignment of portfolio in view of interest rate outlook.</li> <li>• <b>Operating expenses</b> Higher by 1% over Q2 2023, due to new branches and inflation offset by lower marketing cost due to one-off in Q2 2023.</li> <li>• <b>Provisions</b> Provision includes additional charge mainly on the back of subjective downgrades and increase in general provision.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Net Interest Income</b> Net Strong volumetric growth and improved spreads led to an increase in NII by 10%.</li> <li>• <b>Non interest income</b> Capital gain up by 240% mainly as a result of capital loss of Rs. 1.9 billion in Q3 2023. Fee income higher on account of remittances.</li> <li>• <b>Operating expenses</b> Higher by 15% over Q3 2023, due to branch expansion, higher inflation and year end accruals.</li> <li>• <b>Provisions</b> Down by 93% over Q3 2023 due to additional charge of subjective downgrades and increase in general provision in Q3 2023.</li> </ul>





# Segmental Review of Business Performance

## Retail Banking Group

Retail Banking Group (Retail) played a pivotal role in contributing to the overall Bank strategy by serving as a cornerstone for customer engagement, revenue generation, volume growth and market expansion. Retail also played its part in inaugurating the first in Pakistan, Digital Lifestyle Branch and digitally equipped sales and service centers, thus positioning the bank as technologically advanced and competitive in the financial services landscape.

Retail's business performance during 2023 is as follows:

### Deposits:

Retail Business has exhibited a stellar performance, setting new benchmark of crossing over PKR 1.2 trillion and showcasing notable achievements in alignment with the overall objectives of the Bank. During 2023, Business experienced robust financial growth, marked by regaining the deposits market share which lead to increased revenue and profitability. With effective synergy between channels and geographies, Retail group has provided unprecedented volume growth of PKR 107 billion in Current Deposits (25.2%) and in Total Deposits by PKR 383 billion during the year which is 44.5% over last year. This extraordinary performance not only solidifies Retail Business position as a core contributor to the bank's success but also sets a precedent for continued excellence in customer service, innovation, and financial performance.

### Banca & Investment Services

In 2023, Bank Alfalah launched several new 3rd party Bancassurance and Investment products that focused on financial inclusion and bringing about customer convenience in order to become the preferred transactional bank. The product variants were tailored to the needs of various customer segments to increase outreach in untapped financial sectors.

In 2023, the bank managed to generate PKR 1.5 billion in Bancassurance new business premium and retained its position as the 3rd largest per branch business producer in the industry. In Investment services, the Bank generated PKR 52.15 billion in Gross Asset Under Management (AUM) and retained Net AUM of PKR 12.23 billion (highest in last 3 years).

### Premier Banking

Bank Alfalah Premier is committed to exceeding clients' expectations through best-in-class services and innovative product offerings designed exclusively for its customers. Bank Alfalah Premier offers an unparalleled banking experience with a key element of strategy being introduction of industry firsts such as:

- Seamless onboarding (instant account opening and debit card issuance)
- Personalised management with dedicated Relationship Managers
- Premium & well spread lounge network
- Differentiated Premier Card offerings
- Access to Premier Proposition at all branches in 57 cities across the country

Bank Alfalah Premier is now available in all major cities, including Karachi, Islamabad, Lahore, Sialkot, Rawalpindi, Abbottabad, Faisalabad, Multan, Peshawar, Quetta, Wah Cantt, Jhelum, Gujranwala, Hyderabad, Mandi Bahauddin, Mardan, Rahim Yar Khan, Jhang, Gujrat, Bahawalpur, Dera Ghazi Khan, Bhurewala and Okara.

Bank Alfalah Premier is one of the largest priority networks of Pakistan. Premier segment has deployed new Hybrid Lounges, 1 full scale lounge and 1 sub lounge during 2023.

### SME Lending/Agricultural Financing/Trade:

Youth Loans and SME ASSAN Finance stood at PKR 34 billion. Higher interest rates and the prevailing economic conditions caused slower growth in this portfolio compared to last year.

Agri and SME Agri played a role in contributing to the growth of the lending book, adding another PKR 8.1 billion. An integral aspect was the innovative infusion of technology within Agricultural lending, with projects like Climate-Smart Agri concluding in the year. This initiative is expected to pave the way for tech-based innovation and presents a strong opportunity for further scaling up. The team, building upon synergies, has also streamlined the delivery structure to enhance Trade Business as an independent revenue-generating

value stream, complementing the core business and offering significant cross-selling opportunities.

## Consumer Finance:

Consumer finance emphatically grew in terms of new acquisitions. However, the consumer segment remained impacted due to economic conditions such as high interest rates. Highlights for the year 2023 are as follows:

### Cards

1. Closed at ever highest net receivable (ENR) of period by PKR 23.7 billion, registering 32% YOY growth;
2. Highest ever spend volume which is an 43% increase from 2022;
3. Optional Issuance fee introduced on both fronts - Credit and Debit cards in 2023; and
4. Other key highlights in 2023 : Introduction of E-Welcome guides via QR, successful completion of BIN Sponsorship migration of Naya Pay and launch of a Co-Branded Debit Card.

### Personal Loans

1. Closed ENR at PKR 9.1 billion, registering negative 7% YOY downfall;
2. Acquisitions down by 41% from 2022;
3. Launched variable pricing option for Personal Loan customers, allowing enhanced convenience and repayment flexibility; and
4. Launched woman Loan program in 2023.

### Auto Loans

1. Auto Loan ENR declined by 25% during the financial year 2023;
2. Auto finance volume down as it was impacted due to regulatory intervention, rising prices and delivery constrains in 2023;
3. The bank has laid extensive foundation to enhance customer journey by proving an end-to-end digital auto financing experience and launched Rapid Auto Loan for customers in the year 2023;

### Home Loans

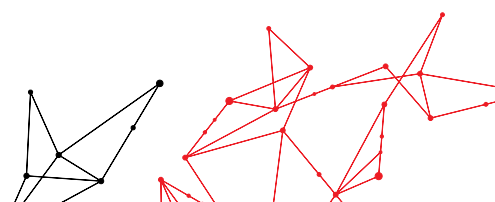
1. Witnessed ENR growth of 8% in a calendar year 2023.

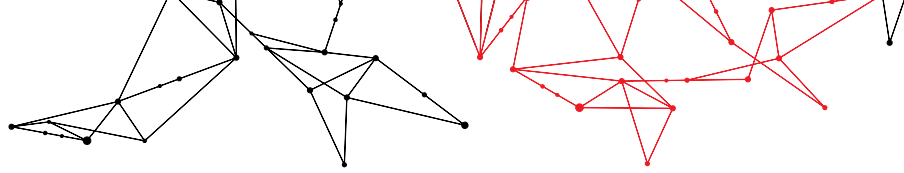
## Corporate and Investment Banking Group

Corporate and Investment Banking Group (CIBG) witnessed a compound annual growth rate (CAGR) of 9.25% over the past five years. CIBG capitalised on its healthy relationships with key businesses to boost its corporate deposits (Conventional + Islamic) by 60% in 2023. The year's strategy focused on establishing new relationships, deepening engagements with financially strong entities, and introducing new revenue avenues. CIBG non-funded income (NFI) growth was a robust 14% in 2023, utilising its strong brand, corporate ties, and exceptional service quality. Additionally, corporate regions contributed significantly to the Bank's achievement of its strategic goals and external objectives, such as in the area of developer financing.

Investment Banking division's explored new venture into the MENA region - with five successful transactions in 2023 – underscores our commitment to assisting Pakistani companies in international expansion and reinforcing our role as a vital ally for firms navigating cross-border complexities. Our presence in key markets like Pakistan & MENA enables us to provide tailored solutions demonstrating our commitment to client success. Our strategic advantage, coupled with customised strategies, establishes us as a trusted advisor in Pakistan's financial sector reinforced by our successful track record and numerous accolades. In FY23, we facilitated transactions of PKR ~35 billion in Pakistan and USD 37 million in the MENA region with a focus on renewable energy, infrastructure development and with particular emphasis on impact funding.

In recent years, Bank Alfalah has successfully identified and secured a substantial market share in Cash Management, Trade Finance and Supply Chain Finance. Aligning with SBP's directive to provide tailored financial solutions for corporations and their stakeholders, the Bank has introduced an online portal called Bank Alfalah Transact to digitise the trade processes and provide effective cash management solutions to Bank's clientele with its 24/7 accessibility and real-time reporting. The integration of Bank Alfalah Transact has played a pivotal role in propelling the Cash Management, Trade Business & Fee Income growth.





In line with the Bank's Digital Strategy, the Transaction Banking has also launched eSCF, a digital lending platform that enables our SCF clientele to apply for financing, receive funds and repay loans digitally.

During 2023, the FI Unit kept managing relationships with local and foreign banks with emphasis on facilitating our customers to meet their trade and other banking needs. FI offers traditional trade (LC Advising, Confirmation, Negotiation, Discounting, and Letter of Guarantees) as well as structured trade solutions, i.e., Swift Trade Loans, UPAS LCs, and secondary market trade transactions, with the idea of strengthening our relationship with counterparty banks. As of today, FI maintains 60+ NOSTRO accounts in various currencies as well as 700+ unique Relationship Management Application (RMA) with banks globally. Despite global economic challenges and domestic financial constraints, BAFL remained one of the primary crude oil confirming banks in Pakistan.

Home Remittance Business of the Bank has grown exponentially over the last couple of years. The Bank's market share has increased from 0.7% in 2016 to ~14.2% in 2023. The growth in the remittance space is driven by superior IT platforms and dedicated customer service which have made the bank a partner of choice for major financial technology companies, Banks, Money Transfer Operators, and Exchange Houses. This was also possible through bank's marketing spends on remittance campaigns. The Bank remains committed to contributing more towards this national cause and will continue to invest in capacity, both IT and human, to ensure overseas Pakistanis and beneficiaries continue to get best in class remittance solutions to further grow the overall remittance flowing into Pakistan via legal banking channels. We will continue to work closely with the SBP's Pakistan Remittance Initiatives (PRI) desk to promote legal remittance channels in both traditional and non-traditional markets

## Overseas Businesses

The Bank's overseas operations are in UAE, Bahrain, Bangladesh & Afghanistan. The Balance Sheet size of overseas operations increased by 18% to PKR 230 billion whereas Deposits & Investments increased by 15% and 44% respectively. The Bank's business strategy concentrated on effective management of deposits, with optimisation of ADR and reduction of high-cost deposits for better profitability.

The key milestones achieved during the year were successful digitisation of banking channels, centralisation of key operations, regularisation of Islamic banking desks, successful achievement of Agri targets given by Central Bank of Bangladesh,

implementation of remittance disbursement channels through Remittex Software.

## Islamic Banking Group

Bank Alfalah Islamic offers comprehensive solutions to consumers' rising demand for Islamic banking products and services. With a network of 354 branches including 6 sub-branches, it is one of the leading Islamic Banking institutions in the country.

During 2023 the growth strategy of Bank Alfalah Islamic business was focused on building low-cost deposit book, which is evident from the fact, that current deposit of the group increased by 29%. CASA mix also stood strong at 68%. On the assets side, Bank Alfalah Islamic maintained its financing exposure in all sectors which resultantly increased Islamic gross advances by 8% in a challenging economic environment. Moreover, Bank Alfalah Islamic capitalised on the opportunities available on the investments front which went up by 74% in 2023.

With the success of Bank Alfalah Islamic Premier proposition, this year, 14 state of the art designer Islamic Premier lounges were inaugurated in renowned cities.

Bank Alfalah Islamic introduced Shariah compliant alternative to Bill Discounting through Running Musharakah and under regulatory initiatives, launched Islamic Refinance & Credit Guarantee Scheme for Women Entrepreneurs (IRCGS-WE) to meet financing needs of businesses owned by women and to support farmers & boost agriculture sector, BAFL-IBG also introduced Electronic Warehouse Receipt Financing (EWRP) and Profit Subsidy and Risk Sharing Scheme for Farm Mechanisation (MSRSSFM).

Further, Bank Alfalah Islamic has been reappointed as a Joint Financial Advisor (JFA) to the Ministry of Finance for another period of 5 years, reinforcing its status as the sole Islamic Banking window among esteemed JFAs, dedicated to provide advisory services for the issuance of GoP Ijara Sukuk, Green Sukuk and any Shariah compliant instrument.

## Digital Banking Group

Bank Alfalah's Digital Banking segment witnessed sustainable growth as more and more customers engaged for a variety of the Bank's digital banking channels and services. Bank Alfalah extended an Omni-channel centric digital experience based on its strong, ever-growing suite of 130+ digital banking products and services to make banking safer and easier for its diverse range of customers including banked,



under-banked and unbanked individuals, corporates, merchants and SMEs.

During 2023, Digital Banking Group launched Pakistan's first Digital Lifestyle branch. The branch has state of the art technology and various first of its kind initiatives in the market such as: Digital lobby having Rapid terminal machines, Digital lockers, a restaurant, shared working spaces and much more for customers with meeting rooms.

With Bank Alfalah's digital banking app, Alfa, customers enjoy a unique mix of digital banking products and services to carry out their day to day increasing the throughputs by more than 100% in 2023.

With a varied suite of unmatched offerings, Alfa managed to hit an above-industry-average user rating of 4.6 out of 5 on Google Play and 4.5 out of 5 on App Store.

Bank Alfalah has aced the proximity payment landscape, supported through Payment Schemes and RAAST with over 27,000+ proximity merchants acquiring a volume of PKR 9 billion in 2023.

The Roshan Digital Account attracts overseas Pakistanis to send their remittances, spend and invest in the country using Bank's digital channels. Bank Alfalah remains a major player in the industry upholding its commitment with the SBP in aiding convenient financial inflows inside Pakistan.

Similarly, two Digital Payments Sales and Service Centers were also launched, to penetrate into the markets with the goal to facilitate digitally savvy entrepreneurs, merchants and consumers.

Bank Alfalah's Cash Deposit Machine network has strengthened to a count of around 400 in the country, accessible round-the-clock, allowing customers to deposit cash in any bank account across Pakistan and make digital financial transactions using cash. Furthermore, Bank Alfalah ensures uninterrupted financial services through alternate delivery channels for its customers with its network of over 1,100+ ATMs in different locations of the country.

AlfaMall, the Bank's own marketplace "Alfa Mall" continues to deliver a convenient shopping experience, with new Stock Keeping Units (SKUs) added to the suite, producing PKR 5.8 billion of Gross Merchandise Value in 2023. Alfa Mall offers payment options of Equated Monthly Installments (EMIs) (Buy Now Pay Later) through Bank Alfalah's own and other

banks' credit cards, as well as via cash on delivery.

In totality, the Digital Payments which includes AlfaMall, the Alfa Payment Gateway, Virtual Debit Cards, B2B from Alfa Business App and QR Acquiring posted a throughput increase of 97% from 2022.

With 'Alfa Payroll Solution', a large number of companies with a monthly disbursement of PKR 3 billion+ send the salaries into the payroll wallet accounts of their blue-collar staff, converting the cash payments into digital.

Bank Alfalah continued its exclusive digital services for EOBi pension disbursement & contribution collection throughout the year and disbursed over PKR 50 billion to a total of over 480,000 regular pensioners in 2023, facilitating free cash withdrawal from the overall ATM network across Pakistan.

Bank Alfalah also runs the disbursement mandate of Pakistan's largest welfare fund distribution namely the BISP Programs in Khyber Pakhtunkhwa, Gilgit Baltistan and Azad Jammu and Kashmir; and successfully managed to disburse over PKR 86 billion to over 1.8 million beneficiaries through a robust and transparent biometric verification-based payment solution.

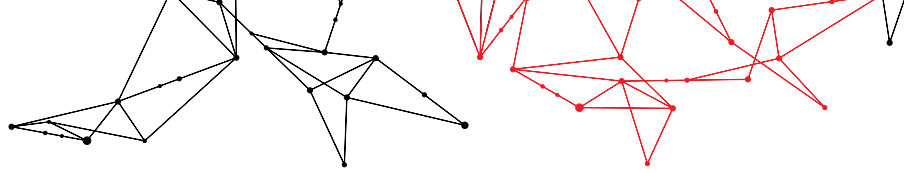
Overall, the digital segment of the Bank has grown by 84% in total throughputs reaching around PKR 4 trillion for the year 2023, with Digital Lending disbursement increasing by 74%.

## Treasury and Financial Markets Group

In the first half of 2023, Pakistan's deteriorating external account position along with rising inflation led to the increase in policy rate from 16% to 22%, which resulted in economic slowdown and subsequently, reduction in current account deficit. Bank Alfalah in 2022 and 2023, registered one of the highest growths in Net Interest Income (NII) among peer conventional banks as Treasury's investment portfolio primarily consisted of Floating rate PIBs with short term re-pricing. As interest rates peaked in 2023, Treasury group gradually started building long-term fixed portfolio with an aim to reduce volatility in NII when interest rates start declining.

During the year, with the client-centric approach and the efforts of Institutional Sales, the Bank was ranked 1st as a Primary Dealer (PD) for the second time in a row, by the State Bank of Pakistan, enabling





its institutional and retail investors to transact in government securities through its online trading platform.

The bank remained cognizant of the underlying risks while dealing in foreign currencies and attempted to mitigate any unwarranted risks. Bank also remained one of the key participants in the onshore foreign currency markets. Despite the challenging environment, we remained committed to our customer franchise and continued to further strengthen our presence in the client space, resulting in foreign exchange income of PKR 9.6 billion, during the year.

The year 2023 was one of the best years for the equity market as the KSE-100 index broke previous records and emerged as the best performing asset class in the country, delivering a 55% return in local currency and 24% in USD terms. The turnaround was a result of clarity on the economic front, post IMF Stand-by Agreement. Given the rally in the stocks, the capital market team realised capital gains, while continued to focus on the stocks that offered high dividend yield, resulting in dividend income of PKR 1.3 billion, during the year.

Bank's Investor Relations remained consistently engaged with stakeholders to provide fair and transparent information about bank's affairs. These efforts culminated in recognition as the "Best Investor Relations" award by the CFA Society Pakistan for the tenth consecutive year.

## Operations and Corporate Services Group

Corporate Services Group (CS) took pivotal initiatives for business support during the current year.

Proceeding with Bank's expansion plan, the Bank has continued growth in its branch network throughout the financial year with 130+ branches added to the portfolio across Pakistan, enabling bank to achieve milestone of 1000+ branch network this year.

In design and construction ambit, Bank Alfalah launched Digital Lifestyle Branch, developed 2 sales and service centers and dedicated archiving facilities for Ops and HR divisions, remodeled CAA lounge at Jinnah International Airport with new state of the art premier design topology with enhanced sitting capacity.

In line with strategy of moving towards energy

conservation and adoption of alternative energy, Solar Grid Tied System with a combined capacity of 222 KW has been installed at three main buildings. This initiative will curtail the shared electrical load by 10% contribution. Further, 150 ATMs operate seamlessly with assistance of solar panels, demonstrating Bank's dedication to harness cleaner energy sources. As a result, approximately 263,000 Kgs of carbon dioxide has been offset with clean source of energy.

BAFL workplace team has upgraded electrical infrastructure at 62 branches in 2023 under electrical rehabilitation. This will not only improve branches' electrical infrastructure but will also reduce the fire and short circuit risks due to unstable utility power supply.

In line with SBP directives, 16 branches, four in each province, have been equipped with facilities for People with Disabilities (PWD). These branches provide access through ramps, have tactile floors and talking ATMs for visually impaired people, staff trained with sign language and Queue Management Systems that give priority to PWDs and serve them through dedicated special teller counters.

The Bank gives significant importance when it comes to customer and staff wellbeing. Our HSE team has been engaged in various activities though out the year to keep our workplace and environment safe. Some key highlights include: providing training to vendors on safe working practices, first Aid training to selected staff, safety reviews of branches and premises, introducing safety controls, safety trainings and evacuation drills and running an active communication program.

Bank Alfalah has holistic Business Resilience framework in place allowing continuity of critical business activities in case of any significant disruptive event. the critical arrangements include exercising BCP plans and cross border arrangements, dedicated BCP sites, satellite backup arrangements for climatic prone area of Baluchistan, N+3 BCP arrangement for branches and trainings.

Our Green Operation team is actively working to promote sustainable environment and reduce Bank's Own carbon footprint. Sustainable/green activities include: installation of solar panels, mangroves plantation drive, installation of LED lights, inverter ACs, long Backup UPS, inclusion of plants in branch designs, robust awareness campaign, classroom trainings, etc.

In line with SBP guidelines covering digital onboarding framework, the Bank took the initiative and launched RAPID channel which caters hassle-free,

fast, efficient and paperless account opening along with static data amendment requests of customers without needing them to visit bank's branches, at their convenience. Further to facilitate opening of entity accounts, Operations made SECP portal live access to all branches and Centralised Units so that they can verify customers' constituent documents quickly thereby reducing processing turn-around time.

Centralised Operations also introduced digital issuance and verification of customers' Proceed Realisation Certificate (PRC). Bank centralised issuance and encashment of Premium Prize Bonds, which is first of its kind in the banking industry. The Bank managed to establish centralised issuance and encashment of Bank Certificate to Overseas Job Emigrants which ensures timely, efficient and smooth services to the overseas job seekers. Bank also centralised Banca Assurance operations along with Call back function which ensures error-free and enhanced operational efficiencies. In parallel to RTGS facility, Centralised Operations launched IBFT channel to corporate and customers through branch counters to facilitate transfer of fund beyond RTGS cut-off time and limits.

Centralised Remittance Department digitalised mechanism for submission of customers FX cases on-line to SBP.

The Bank managed to provide full operational support for SBP's Naya Pakistan Certificates and Roshan Digital Accounts within the strict timelines provided by the regulator. The group was also instrumental in enabling the Bank to perform the role of a settlement bank for NIFT – E-PAY solution, a new payment gateway.

Although the year ahead will be marked by challenges and uncertainty, the group is well positioned coming, with prudent management policies and strong execution of strategy to ensure that the Bank meets its business objectives and continues to grow.

## Information Technology Group

Bank Alfalah's Information Technology Group (ITG) is strategically aligned with the organisation's vision, boasting substantial investments in pioneering solution delivery. Leveraging a robust technical infrastructure and advanced data analytics platforms. ITG fosters internal collaborations with business units, Risk & Control teams, and external partnerships with Fintechs, schemes, and global service providers.

## Technological & Digital Advancements:

During 2023, following were the key achievements of the IT Group:

### 1. Launch of Pakistan's First Digital Lifestyle Branch :

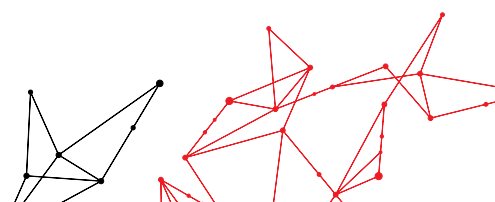
Bank Alfalah is a leading bank in Pakistan that has launched first digital lifestyle branch in Karachi. This branch offers a range of innovative and convenient services to its customers, such as:

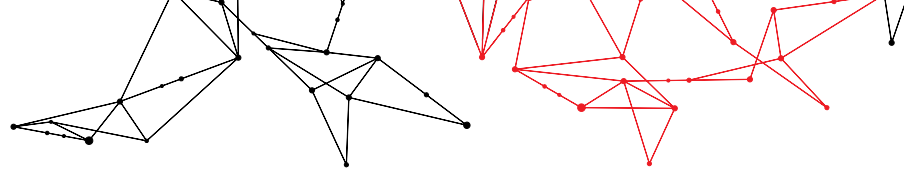
- a) A digital lobby with 24/7 self-service machines for cash and cheque deposits, withdrawals, and account opening.
- b) A digital lounge with interactive screens, tablets, and Wi-Fi for browsing and entertainment.
- c) A lifestyle zone with a coffee bar, a gaming area, and a book corner for relaxation and socialising.
- d) 24/7 Access to Digital Locker: Bank Alfalah now provides round-the-clock access to digital lockers, offering customers unparalleled convenience and security for their valuables anytime, enhancing their peace of mind and flexibility.
- e) Real-time Onboarding: The enablement of real-time onboarding via ATMs signifies Bank Alfalah's commitment to digital transformation and customer-centric innovation. By streamlining the account opening process, the bank enhances customer convenience and accelerates time-to-market for new products and services. This initiative attracts new customers, fosters loyalty and engagement among existing ones, thereby driving business growth and profitability.

The digital lifestyle branch aims to provide a unique and personalised customer experience that combines banking and lifestyle needs. It also reflects Bank Alfalah's commitment to digital transformation, customer-centricity, and community engagement.

### 2. Introduction of Virtual Service Machine (VSM):

Bank Alfalah pioneers digital banking with the launch of VSM, a cutting-edge platform revolutionising the account opening process. From data collection and KYC verification to biometric authentication and digital signatures, VSM offers an end-to-end solution for seamless account opening. With the added convenience of instant cash acceptance and debit card issuance, customers can now conduct a myriad of banking transactions 24/7 swiftly and efficiently, enhancing service quality while minimising wait times.





**3. Deployment of Stateless ATM Platform:** Bank Alfalah has deployed a stateless ATM platform, revolutionising the customer experience at its automated teller machines. This innovative platform offers customers a seamless and personalised banking experience, allowing them to access a wide range of services with ease. By leveraging advanced technology such as biometric authentication and contactless transactions, Bank Alfalah enhances the security and convenience of its ATM services, setting new standards for the industry.

**4. Extending Digital Banking in UAE and for Islamic Banking Customers**  
After the launch of Alfa Transact a fully Digital Experience solution for conventional banking in Pakistan, the bank has extended its footprint in international market and for its Islamic Banking Customers. This enables bank to progressively transform into a digital banking powerhouse. The solution is designed to completely service a customer's financial needs through seamless banking experience via Personalised and contextual dashboards, Smart Navigation and Conversational Banking support. It brings Full Spectrum Banking servicing capabilities enabling customer to originate and transact digitally. It also encompasses Cash Management, Liquidity Management, Virtual Accounts, Trade Finance, Supply Chain Finance, Corporate Lending and Credit facilities.

**5. Tokenization for Contactless Payments via Mobile:**  
The implementation of tokenization for contactless payments underscores Bank Alfalah's commitment to enhance payment security and customer trust. By replacing sensitive card information with unique tokens, the bank ensures that transactions are secured and convenient. This initiative improves the safety and reliability of mobile payments, enhances the overall customer experience, driving adoption and usage of digital payment solutions.

**6. Development of In-house Branchless Banking Application:**  
The development of an in-house branchless banking application signifies Bank Alfalah's commitment to technological innovation and self-reliance. By building inhouse solutions, which replaces the international product and brought considerable product enrichment and user experience. The bank reduces dependency on external vendors and enhances control over product development and innovation. This initiative improves operational efficiency, cost-effectiveness and also enables the bank to tailor its offerings to the unique needs and preferences of customers.

**7. Digitalisation of Foreign Remittances**  
**a. Facilitation of Foreign Outward Remittance from FCY Account:**

Bank Alfalah has completely digitalised the process of outward remittance transactions from foreign currency accounts, enabling customers to seamlessly transfer funds internationally. By leveraging digital channels such as internet banking and mobile applications, Bank Alfalah empowers customers to initiate outward remittance requests from the comfort of their homes or offices, eliminating the need for in-person branch visits.

**b. Integration of Home Remittance with JP Morgan:**  
The integration of home remittance services with JP Morgan on a real time basis signifies Bank Alfalah's commitment to enhance cross-border payment capabilities and improving financial inclusion. By leveraging JP Morgan's global network, the bank provides efficient and reliable remittance services to customers.

**c. Launch of Remittex a latest inhouse developed home remittance Management System in UAE:**

The introduction of the Remittex system in UAE signifies Bank Alfalah's commitment to facilitating international remittance transactions. Remittex, which is built on latest technology, is state of the art solution for remittance processing, which can address all existing issues along with providing full fledge capability of achieving future goals of becoming a powerful remittance processing hub. It is built from ground up specifically for remittance transactions, hence it provides unmatched performance, scalability and business processes tailored for remittance related workflows.

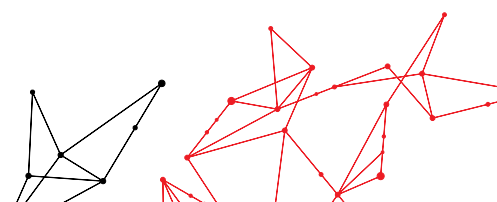
**8. Integration of WhatsApp Banking for Financial Transactions:**

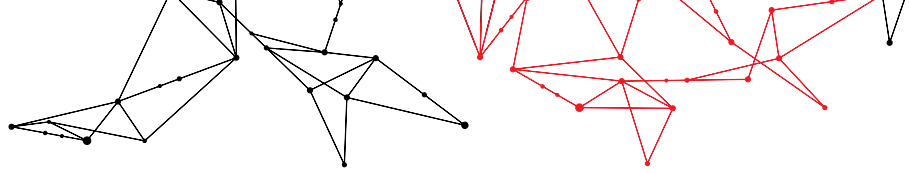
The integration of WhatsApp banking represents a strategic move towards leveraging social media platforms for customer engagement and service delivery. By enabling financial transactions via WhatsApp, Bank Alfalah enhances customer convenience and accessibility, catering to the digital preferences of modern consumers. This initiative does not expand the bank's reach and market penetration and strengthens its competitive position in the digital banking landscape.

**9. Rapid – an inhouse developed Digital Onboarding and Self-Service Platform:**

During 2023, Bank further enriched the digital onboarding platform and brought following new features:

- a. Launch of Rapid Auto Loan Service:**  
The introduction of the Rapid Auto Loan service provides a quick and hassle-free vehicle financing solution to customers.
- b. Launch of Alfalah FCY Current and Saving Account:**  
The launch of Alfalah FCY current and saving account offers customer the opportunity to efficiently manage your domestic and international foreign currency transactions in US dollars, Pound Sterling and Euro, ensuring high level security with ease and convenience.
- c. Launch of Alfalah Kifayat Monthly Saving Account:**  
The introduction of the Alfalah kifayat Monthly Savings Account offers a monthly profit feature coupled with easy accessibility to customer savings, allowing unlimited deposit and withdrawal transactions.
- d. Rapid on Tablet:**  
Rapid is now accessible on our tablets across various branches in Pakistan, aimed at enhancing the account opening process and elevating the overall customer experience.
- 10. Introduction of RAAST Person-To-Merchant (P2M):**  
The introduction of RAAST Person-To-Merchant payments represents a significant advancement in digital payment solutions. By enabling seamless transactions between individuals and merchants, Bank Alfalah fosters financial inclusion and supports the growth of digital commerce. This initiative enhances customer convenience and accessibility, drives economic growth and prosperity by facilitating commerce and trade.
- 11. Expansion of Financial Crime and Compliance Management (FCCM) to Overseas branches:**  
Bank Alfalah has successfully extended its robust FCCM platform to encompass its operations in Bangladesh, Afghanistan, Bahrain, and the UAE. This expansion of FCCM has resulted in value-added services/functionalities, new innovative scenarios implementation to further strengthen compliance features. Additionally, the latest version incorporates architectural changes and enhanced security features as well.
- The implementation of Dynamic Customer Segmentation in FCCM has enhanced our data and Straight-Through Processing (STP) with minimal user intervention required for Suspicious Transaction Report (STR) reporting. This upgrade has led to a reduction in EOD duration, attributed to configuration updates.
- Key features for this upgrade/expansion, include:
- a. Enhanced Security and Trust:**  
Customers can feel assured that Bank is committed to safeguarding their financial transactions against illicit activities such as money laundering and terrorist financing. The deployment of advanced FCCM solutions ensures that the bank remains vigilant in detecting and preventing fraudulent activities, thereby enhancing overall security and trust in the banking system.
- b. Regulatory Compliance:**  
By extending the FCCM platform across multiple jurisdictions, Bank demonstrates its adherence to regulatory standards and requirements. This proactive approach to compliance not only protects customers, but also ensures that the bank operates within the legal framework of each country, minimising the risk of regulatory penalties or disruptions to banking services.
- c. Global Financial Stability:**  
The expansion of the FCCM platform to international operations contributes to the stability and integrity of the global financial system. By effectively combating financial crimes, Bank plays a crucial role in maintaining the trust and confidence of stakeholders, thereby promoting stability in the international banking landscape.
- d. Protecting Reputation and Financial Integrity:**  
Customers can be confident that Bank is committed to upholding its reputation and financial integrity by preventing illicit activities within its operations worldwide. This commitment reinforces the bank's position as a trusted financial institution that prioritises the interests and security of its customers above all else.
- 12. Customisation and Development in Core Banking:**  
Bank Alfalah has undertaken more than hundred development initiatives within its core banking system to address specific business requirements and enhance operational efficiency. These initiatives involve tailoring the bank's core banking platform to suit the unique needs of its diverse customer base and evolving regulatory landscape. By investing in customisation and development, Bank Alfalah demonstrates its agility and responsiveness to market dynamics, ensuring that its core banking infrastructure remains flexible, and scalable.





### 13. Enhancement of Business Process Management:

Bank Alfalah has embarked on a journey to enhance its business process management (BPM) practices, focusing on streamlining operations and improving productivity across various functional areas. These enhancements involve optimising key business processes to eliminate redundancies, minimise manual intervention, and accelerate decision-making. By adopting industry best practices and leveraging advanced BPM tools and methodologies, Bank Alfalah aims to achieve operational excellence and drive continuous improvement throughout its organisation. These enhancements, enhance efficiency, enable the bank to deliver superior customer experiences and maintain a competitive edge in the market.

### 14. Self-Serviced Data Analytics capabilities:

As part of our ongoing efforts to harness the power of data, we have Developed Self Serviced solution, a state-of-the-art business intelligence and analytics tool. It empowers users to unlock actionable insights from our vast reservoir of data, enabling informed decision-making at every level of the organisation. With its advanced data visualisation, predictive analytics, and real-time processing capabilities, this equips us to anticipate market trends, optimise performance, and enhance customer experiences. By leveraging Insight, we strengthen our competitive position, drive operational excellence, and deliver superior value to our shareholders. This strategic investment underscores our unwavering commitment to innovation, agility, and driving sustainable shareholder returns in an increasingly dynamic and competitive landscape.

### 15. Disaster Recovery Drill 2023:

As a regular practice, Bank Alfalah successfully conducted a comprehensive disaster recovery drill to test its readiness and resilience in the event of unforeseen emergencies or disruptions. This annual exercise involves simulating various disaster scenarios to assess the bank's preparedness and identify areas for improvement in its contingency plans. Through these drills regularly, Bank Alfalah ensured that its critical systems and operations remain resilient and capable of withstanding potential disruptions, minimise the impact of unforeseen events on the bank's operations and instill confidence among customers, regulators, and stakeholders in the bank's ability to maintain business continuity under adverse conditions. As a regular practice, Bank Alfalah uses its production and DR Site interchangeably for extended period of time.

### 16. On-Demand Currency Note Denomination via ATM for Premier Customers:

Bank Alfalah has introduced a groundbreaking feature enabling premier customers to personalise their currency note denominations directly at ATMs. This innovative initiative underscores the bank's commitment to enhancing customer experience and satisfaction.

### 17. Implementation of SMART Queue Management System:

The implementation of the SMART queue management system signifies Bank Alfalah's dedication to enhancing customer service and satisfaction. It is integrated with the CORE banking system, IRIS, and NADRA. All the customer's information is visible on the teller's screen at customer's turn. It Improved Digital Experience and reduced the paper usage at branches by allowing customers to fill out forms online instead of on paper and decrease response time at counters as a result of integration with the core system.

### 18. Implementation of Safe Watch CFT/AML:

The implementation of Safe Watch for enhanced monitoring of financial crimes reflects Bank Alfalah's commitment to regulatory compliance and risk management. By leveraging advanced analytics and screening capabilities, the bank strengthens its defense against money laundering and terrorist financing activities. This initiative protects the bank from reputational and financial risks and also contributes to the stability and integrity of the financial system.

### 19. PCI-DSS 4.0 Compliance for Pakistan and Bangladesh:

Bank Alfalah is the first bank in Pakistan to comply with PCI-DSS (Payment Card Industry – Data Security Standards). It shows Bank's commitment to maintaining the highest standards of data security and regulatory compliance. By adhering to industry best practices and standards, the Bank ensures the protection of cardholder data and maintains the trust and confidence of customers.

## Audit and Inspection Group

The Audit and Inspection Group (AIG) at BAFL is an independent and comprehensive function which not only provides objective assurance regarding state of governance, risk management, compliance and controls; but is also a consulting activity designed to add value by highlighting areas for improvement and thus helping the bank achieve its objectives effectively and efficiently.

Dynamic risk assessment and continuous evaluation of the overall control and risk environment, provision of reasonable assurance and placement of significant matters for oversight of the Board and its subcommittees, remained the hallmark of the Internal Audit Function during the year.

The independent reporting of CIA/Head of Internal Audit to the Board Audit Committee (BAC) ensured independent decision making. Further, ensuring compliance to professional standards and adherence to globally recognised risk based audit methodology along with compliance of International standards

remained on top priority for AIG. The same enables formulation of policies and strategy in line with Board Audit Committee (BAC) and Regulatory advices, correlating with the industry's best practices. The group played an important role by assisting the Board Audit committee in executing its role by collecting and sharing the desired information and being instrumental in carrying out and follow up of the instructions issued by the Board Audit Committee (BAC).

AIG is suitably equipped with professionally qualified and competent resources from auditing, accountancy, management professions; the group is operational under a diversified scope of work which encompasses audits of retail- conventional and Islamic banking branches, Information System, overseas audits, management audits, risk assets reviews, centralised operations, Shari'ah audits and virtual monitoring through offsite surveillance system alongside thematic, special and regulatory assignments entrusted by regulator on need basis.

With continuous support from BAC, the AIG is all geared up by putting on continuous and dedicated efforts to strengthen the internal control system and has undertaken numerous strategic initiatives including:

1. Utilised technology to bolster operational efficiencies and to use audit analytics software for continuous auditing.
2. Collaborated with (L&DD) for creating interactive trainings on IIA standards for audit staff.
3. Conducted internal audit quality reviews as an integral component of our quality assurance and improvement program.
4. Conducted periodic assessments for continuous improvement.
5. Utilised the Risk-Based Audit (RBA) methodology to strategically allocate audit resources.

For further details, please refer Report from the Audit Committee and Key achievements of BAC in 'Governance' section of this annual report.

## Special Assets Management Group

The Special Assets Management Group (SAMG) plays a pivotal role in management of Non-Performing Loan (NPL) portfolio of the Bank and requires active and coordinated efforts with Bank's Business Teams. During 2023, despite country's deep economic and inflationary challenges followed by increased policy rates; our Bank's robust remedial management practices and strong efforts on NPL recovery efforts, and prudent credit controls led to a contained increase in the overall infection ratio from 4.0% in 2022 to 4.8%. Recognising the evolving economic landscape, the Bank proactively took additional gross provision of PKR 12.130 billion in 2023 to bolster its potential credit risk resilience. This includes the impact of subjective classification / downgrading as well.

SAMG transcends mere debt restructuring, settlements, crafting tailored solutions to revive businesses and unlock the potential for mutual prosperity, fueling the country's economic engine. Beyond legal recourse, the team also fosters collaborative recovery, empowering customers to rise above NPLs and contribute to the nation's flourishing future. As a result of team's strong and coordinated efforts during 2023, the Bank has facilitated a net provision reversal of PKR 3.504 billion.

## Compliance and Business Solutions Group

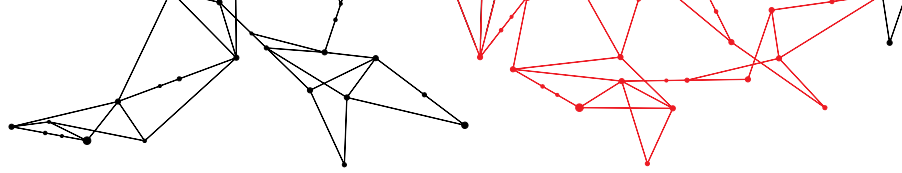
### Financial Crime Compliance Division

Compliance and Business Solutions Group is largely focused on further enhancement of its regulatory technology and AML/CFT Monitoring tools by upgrade, enhancements and effectiveness measures to make the control environment more robust. The Compliance Function at Bank Alfalah has put in place effective and well-thought-out policies, procedures and practices. With help of skilled human resources, it furnishes key advisories in many areas like high-risk transactions and relationships including foreign trade, various products offered by the Bank, policy & procedures, correspondent banking, and overall compliance risks across the bank. Of late the bank has also reorganised and renamed the group to Compliance and Business Solutions Group to give more focus to the key risk areas while focusing on providing Customer centric business solutions to front office strictly in light of the regulatory regime. This change signifies a paradigm shift towards proactive problem-solving and aligning compliance efforts with broader business objectives.

Following Pakistan operations, the Financial Crime Compliance Division has successfully concluded an upgrade of its transactions monitoring system across all jurisdictions of its operations including UAE, Bangladesh, Bahrain and Afghanistan which will increase the efficiency and will enable the bank to add more cutting-edge tools of the system on the upgraded environment in near future. Similarly, the bank is engaged with a leading firm in taking its sanction screening architecture to the next level and a long-term road map of transformation is in process in three stages out of which the first phase was completed for Pakistan and all International Branches / Operations of the bank in year 2023. The bank has also made certain enhancements in TBAML monitoring tool in year 2023 to capture the risks in this emerging domain.

Moreover, in order to ensure and inculcate strong compliance culture including but not limited to AML, CFT, CPF, TBAML and CDD across all business activities/ functions, the training programs and E-Learnings were developed and updated to upgrade the skillset of bank employees in these critical areas.





## Regulatory Compliance, Control & Fraud Risk Division (RCC&FRD)

RCC&FRD under the umbrella of Compliance & Business Solutions Group has demonstrated commitment to excellence, innovation, and alignment with business objectives positioning the group as a cornerstone in our ongoing success. The introduction of the 'Policies to Profits' initiative showcases the group's commitment to not only meeting regulatory requirements but also leveraging compliance efforts to drive business value.

In the spirit of continuous improvement and a steadfast commitment to regulatory compliance, Compliance & Business solution orchestrated an evolutionary journey in the implementation of a groundbreaking IRAR project. This project simplifies Account Opening & KYC Review process. This project is a testament to our resilience, foresight, and unwavering pursuit of excellence in an ever-evolving financial landscape.

The initiation of Onsite & Offsite Analytical Reviews has proven to be a strategic move, providing a deeper understanding of operational nuances and enabling the swift identification of potential issues.

The addition of new alerts in the ICD Dashboard is a testament to the group's adaptability and responsiveness. These enhancements have fortified our ability to monitor, analyse, and respond to emerging risks in real-time, fostering a more robust compliance infrastructure.

Compliance and business solution group performed review of policies & procedures, products of the Bank and other communications, dissemination of regulatory instructions, facilitation of SBP Inspection Teams, and implementation of Compliance Risk Management Framework across the Bank.

## Fraud Risk Management Department (FRMD)

FRMD, in line with Fraud Risk Management Framework, focuses on Consumer Finance and Digital Banking Products / Channels including Branchless Banking Portfolio. To implement adequate anti-fraud controls, FRMD strategy mainly deals in prevention, detection, deterrence and investigation of fraud cases/losses originating from bank products and processes. BAFL Fraud Detection Unit (FDU) is functional 24/7 in order to mitigate fraud risk and to save the bank from financial and reputational losses by monitoring consumer and digital product transactions proactively through state-of-the-art fraud detection tools.

FRMD in coordination with cross functional units implemented multiple measures i.e., installation of Anti-skimming solution, Deep insert plate, Burglary alarm, fascia alert at ATMs & centralised CCTV monitoring and restriction of fallback transactions for timely identification of suspected fraudulent activity. This resulted in drastic decrease of card skimming frauds.

Successful implementation of MFA authentication for ALFA registration and transaction execution, implement of biometric verification for registration & activation

of Alfa / IB of all new customers, Implementation of Phone tagging / device tagging, Auto fetch / auto sense functionality of OTP and session-based internet activation etc. played a key role to counter social engineering fraud.

During 2023, SBP introduced comprehensive guidelines for security of Digital Products & Services. These guidelines triggered major changes in industry as well as in BAFL fraud related control framework. Some of the significant developments are as below:

1. Digital Fraud Control Unit with dedicated staff has been created.
2. 24/7 management of FTDH (Fraudulent Transactions Dispute Handling) is made functional with necessary resource management, trainings of staff and coordination with respective units / branches for effective handling of disputes in 30-minute time frame.
3. Though FRMD had already been using multiple system for transaction monitoring, however, after thorough extensive deliberations and system reviews, BAFL has shortlisted the enhanced version of e-Sentinel 2.0 as an EFM (Enterprise Fraud Monitoring Solutions) with enhanced strength of fraud prevention through Decision Making Capability based on rules as well as on Artificial Intelligence.

## Legal and Corporate Affairs

The Legal and Corporate Affairs Group at Bank Alfalah plays an active and key role in all aspects of operations of the Bank. The Group comprises of a Corporate Affairs Division and a Legal Affairs Division.

### Corporate Affairs Division

The Corporate Affairs Division (CA Division) ensures secretarial and corporate compliances and manages the Bank's affairs in accordance with its Memorandum and Articles of Association and various laws/regulations including the Companies Act, 2017, the Banking Companies Ordinance, 1962, SBP's Prudential Regulations, the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Listing Regulations/ Rule Book of the Pakistan Stock Exchange etc. and the rules/regulations made there-under. The CA Division is also responsible for all arrangements of meetings of Board, Board Committees, General meetings including preparation of the agenda, resolutions along with all logistic and administrative support and timely circulation of minutes of meetings to Board/Committee members. The Company Secretary and the staff of the CA Division ensure proper recording of minutes of each meeting, coordinate with the management/relevant stakeholders to communicate/follow-up the decisions made in the meetings and to update the Board/Committee(s) accordingly.

The CA Division keeps the Board abreast regarding



the changes made in the existing corporate laws/regulations and/or introduction of any new law/regulation applicable to public limited and listed companies. It also ensures compliance with all disclosures/communication, as per the domain of CA Division, with relevant stakeholders including shareholders/regulators and also ensures updating corporate website of the Bank. This Division remains watchful of the share trading data/pattern and share price fluctuations. It also tracks sponsor shareholdings and manages dissemination of share trading information by the Sponsors/Directors/Executives of the Bank to all concerned. It ensures compliance with all applicable legal and procedural requirements regarding payment of cash dividends, issuance of bonus and right shares and issuance of shares under Employees Stock Option Scheme, when applicable. Disclosure of closed period, sharing of all material/price sensitive information and financial results to Pakistan Stock Exchange (PSX), the Securities Exchange & Commission of Pakistan (SECP) within the stipulated time is also taken care of by the CA Division.

The filing of statutory returns with the regulators and circulation of quarterly/annual financial statements to the shareholders and regulators is also made by CA Division. The filing of statutory returns is carried out by the staff of CA Division and no consultant is hired in this regard saving considerable time and cost thus maintaining confidentiality. The CA Division also ensures to maintain a cordial relationship with the shareholders of the Bank and resolve their problems/concerns on priority in an efficient manner to their full satisfaction.

During the year 2023, CA Division arranged total 37 meetings of the Board and Board Committees and an Annual General Meeting. The CA Division fulfilled all the procedural and regulatory requirements regarding setting up and incorporation of Alfalah Currency Exchange Company, a wholly owned subsidiary of the Bank. It also arranged disbursement of cash dividends through electronic means as well as did all statutory reporting/filing within the stipulated time and required manners.

## Legal Affairs Division

The Legal Affairs Division (LAD) of Bank Alfalah provides legal advice and support to all departments and businesses of the Bank. Its dedicated team of highly qualified and experienced lawyers works towards enabling the departments and businesses of the Bank to carry out their business and transactions while being compliant with applicable legal requirements and ensuring that maximum legal work is carried out in-house, thereby saving considerable costs in legal fees.

In the year 2023, LAD achieved noteworthy milestones, showcasing its commitment to excellence and legal acumen. A total of 17,300 assignments were carried out by LAD in-house, thereby saving considerable cost for the bank; this is assessed by having regard to the minimum approximate cost that the Bank would have incurred had all this work been carried out by external legal counsel.

LAD played a pivotal role in supporting and advising the HR and by amending and streamlining all Employees Financing Agreements, ensuring alignment with the bank's objectives and regulatory requirements for both Conventional and Islamic banking.

LAD has negotiated and advised on various Escrow Agent Agreements and Pre-Fund Protection, demonstrating LAD's versatility in navigating complex financial arrangements. LAD also proactively initiated a survey to assess the feasibility of digitalising specific areas, underlining its forward-thinking approach and dedication to long-term strategic planning which is an ongoing exercise. Additionally, LAD reviewed and provided guidance on the legal implementation of various Shariah Standards circulated by the State Bank of Pakistan, reinforcing the bank's commitment to remain compliant with Islamic banking principles.

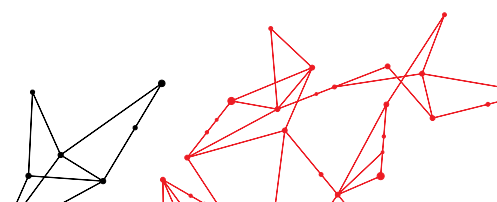
In matters of international engagement, LAD has also showcased its expertise by assisting in negotiations related to claims concerning remittance matters, advising on leverage facilities and guarantees of various nature and assisting in all legal matters pertaining to the international business of the bank.

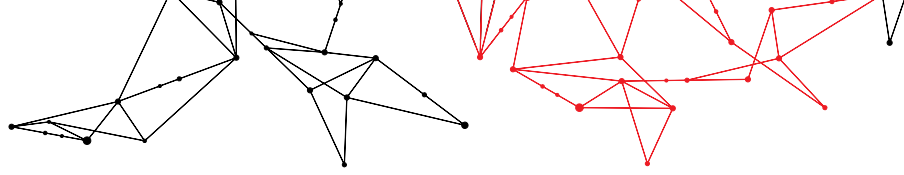
Other strategic accomplishments have been the rendering advice and assistance by LAD to various Businesses and Support Functions of the Bank to successfully launch and implement progressive e-commerce / digital products through engagement of third parties.

## Strategy Group

The Strategy, Transformation and Customer Experience department continues to play an important role in the overall success of the Organisation.

The Strategy Department successfully led and executed the establishment of an exchange company as a new subsidiary of the Bank. This initiative was carried out under the guidance of the State Bank of Pakistan (SBP) as part of an overarching effort to reform the foreign exchange market. The team worked diligently to conduct research, obtain necessary approvals, develop financial and operational models, and appoint the CEO of the exchange company. The department also effectively managed the investment in a venture which is the first SECP licensed and regulated Shariah Compliant BNPL operator in Pakistan. The Strategy Department also developed a revised 5-year Strategic Plan for the Bank. This update was prompted by the Bank's success in surpassing the targets set in the previous Strategic Plan ahead of schedule. The new Strategic Plan aims to build on past successes while incorporating additional focus areas. These include Corporate Social Responsibility, ESG initiatives, Advanced Analytics, Policies to Profit, Structured Treasury and Investment Products, Alfalah Group Investment Banking Play, and the expansion of revenues in UAE and other foreign currencies.





The Branch Transformation team continues its commitment towards innovation and customer-centric approach to enhance granular sales at the branch level. Through ongoing enhancements to our Sales Management System (SMS), now the largest software tool in terms of users at Bank Alfalah, our sales force and allied functions deliver informed, tailored, and effective sales experiences. SMS offers an intuitive UI/UX, auto-populated huddle boards, dormancy tracking, personalised customer engagement for birthdays, and monthly reports on dissatisfied customers. It also includes APR integration, a compliance dashboard, Chevron module, Relationship Executive and Premium modules, Service Ambassador Module, and mobile accessibility for senior management and Branch Managers. These capabilities empower teams to implement the sales cycle effectively and provide tailored solutions to meet client needs.

The Customer Experience (CE) domain oversees every interaction point across our customer journeys. To elevate our service to unparalleled levels and maintain excellence, our department has made significant advancements by broadening our overview lens, implementing functional improvements, and introducing innovative offerings. A primary objective this year was to enhance our understanding of customer engagements and establish continuous feedback mechanisms to glean invaluable insights. This was accomplished under diverse ambits including Voice of Customer initiatives, Quality Assurance measures, Complaint Management systems, and Live Service Monitoring endeavors.

The Voice of Customer unit operates as an ongoing opinion loop with our customers and has demonstrated remarkable expansion in both reach and scope. In 2023, we conducted surveys with over 400,000 customers, marking a 60% increase from the 250,000 surveyed in 2022. The majority of these surveys have been digitised, facilitating wider outreach. To maintain high standards of quality, we have introduced new monitoring parameters under QA, bringing our total to 152 indicators, with 96 of them being unique. This ensures our ability to consistently identify service shortcomings and involve relevant stakeholders in performance enhancements. In alignment with this commitment, we have significantly bolstered our branch network monitoring, enhancing camera views to 6 angles and expanding the areas under observation. Similarly, in Video Mystery Shopping, we have boosted our monitoring by conducting VMS Pan Pakistan four times per quarter, compared to the previous frequency of twice per quarter.

While the aforementioned mechanisms focus on identifying operational challenges, our Process Optimisation (PO) Unit acts as a continuous enhancement hub dedicated to assessing and rectifying these inefficiencies. This year, PO prioritised efficiency enhancements through digitalisation. Over 3500 Branchless banking requests have transitioned to digital platforms, resulting in reduced TATs and improved tracking capabilities. Additionally, the unit has spearheaded projects such as Paperless Banking, converting 17 paper-based processes into digital workflows. Similarly, our Complaint Management Unit

(CMU) conducts root cause analyses for all received complaints and lodged claims, highlighting thematic issues for top management. Through focused endeavors and steadfast commitment to our customer pledge, we have achieved an impressive issue resolution turnaround time of 3.6 days, ranking among the best in the industry.

In addition to these operational accomplishments and departmental milestones, CE has consistently upheld its customer-centric approach through strategic initiatives that will integrate pull feedback mechanisms, AI-enabled solutions, and enhanced oversight in the future.

## Human Capital Group

Bank Alfalah is dedicated to evolving the bank into an employer of choice, committed to cultivating a dynamic workplace where employees not only find fulfillment but are also acknowledged for their pivotal role in the bank's success.

Our steadfast commitment to Culture & Inclusion continues to be at the forefront, evident in the pivotal role assigned to 'Culture and Human Capital' in Bank Alfalah's dynamic 5-year strategy. This emphasises our senior leadership's dedication to pushing the boundaries of diversity within the organisation.

Proudly recognised as the most inclusive organisation by the Global Diversity Equity and Inclusion Benchmark Awards, Bank Alfalah remains at the forefront of promoting equal opportunity practices. We firmly believe in the profound impact of a diverse workforce and an inclusive work culture, embedding employee well-being seamlessly into our organisational ethos.

To ensure a conducive culture, our focus extends to developing a leadership mindset that champions culture and values. This strategic initiative aims to empower leaders to drive the organisation towards greater inclusivity and diversity.

Bank Alfalah actively strives to cultivate a workforce that mirrors the rich tapestry of different genders, ages, backgrounds, experiences and working styles. Our commitment is resolute in fostering a workplace culture where individuals can authentically bring their best selves to work daily.

Embracing the power of diverse ideas, we encourage our employees to approach tasks with innovation, a central element of our organisational Vision. This vision aims to inspire and empower individuals to carve out their unique paths in both life and business.

During the year 2023, HCG took initiatives focused on employee's remuneration to enhance benefits for our employees such as:

- Increased retirement age from 60 to 65 years
- Benchmarked the living wage to PKR 40,000 per month
- Introduced low interest rates for staff auto and home loans

- Introduced a new automatic promotion policy for employees in OG-IV and OG-III grades, as a result, around 3,700 employees in these grades were promoted.

Looking ahead, we are exploring cutting-edge initiatives and innovative programs to enhance our commitment to diversity, equity, and inclusion. Stay tuned for exciting developments as we continue to reshape the narrative of an inclusive workplace at Bank Alfalah.

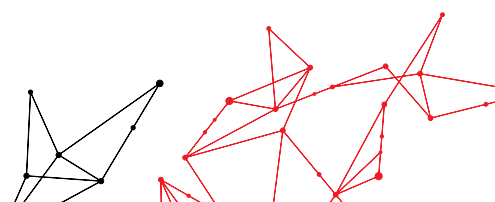
## Finance Group

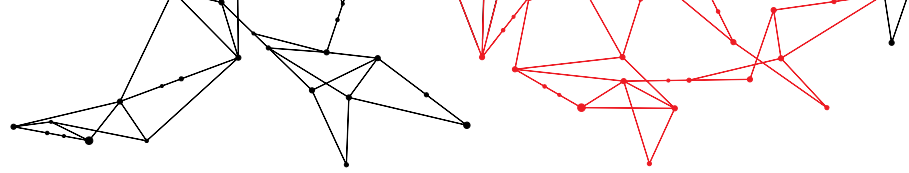
Finance Group serves a critical role of regulatory oversight and strategic collaboration with all business units. It ensures governance and effectiveness of control mechanisms over financial reporting. It has continued to play a key role in maintaining the Bank's performance trajectory and ensuring alignment with defined targets. Further, Finance Group diligently monitors market dynamics including key performance indicators such as deposits, advances, remittance and trade; and setting business targets according to the market growth forecast. Finance Group has also ensured that timelines for all deliverables, both external and internal, were adhered to. This included deliverables for quarterly Board meetings, regular monthly results for the Board, management committee meeting decks and regulatory deliverables. Finance Group has also supported in the preparation of the Bank's 5-year strategic plan.

Notable achievements of Finance Group in 2023 are as follows:

- Won awards that are endorsements of the transparency and quality of reporting:
  - Recognised as one of the 'Top 25 Companies 2022' by the Pakistan Stock Exchange;
  - First position in ICAP and ICMA's 'Best Corporate Report Awards 2022' in the banking sector;
  - Second position (joint) at the SAFA Awards for Best Presented Annual Report 2022 in the banking category across South Asia;
  - Best Investor Relations Award by CFA Society;
- Played an important role in achieving key performance indicators;
- Financial results were closed within one month of year-end; continuing its target of timely reporting to stakeholders;
- As part of paperless project, the department has initiated implementation of Oracle iExpense along-with IT and CSD which will make the branch/support function reimbursement process robust and efficient;

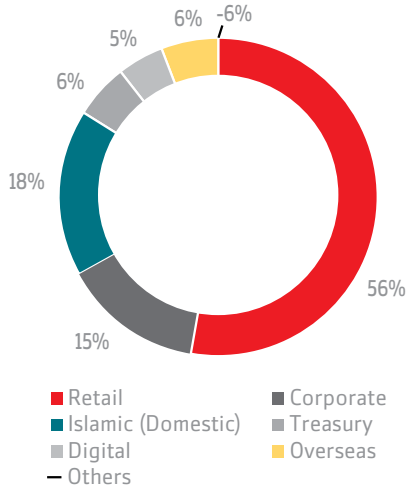
- Finance, along with IT, was a key player in core banking system upgradation;
- Improvements in the automated profitability reports dashboards (APR and MPR) support the businesses for timely information regarding their respective customers;
- Through continuous efforts, bank was able to secure substantial outstanding refunds and hence strengthening the bank's cashflow; and
- Effective compliance of tax laws and significant contributions towards government exchequer.



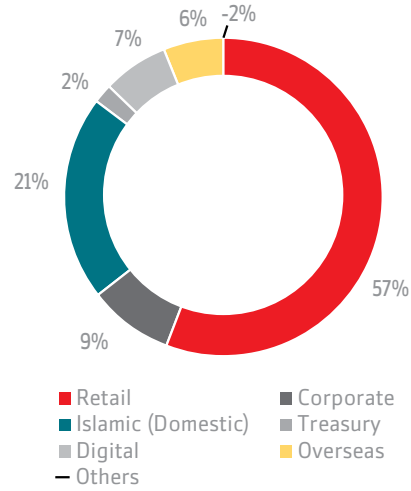


# Concentration of Profit and Business Segments' Profitability

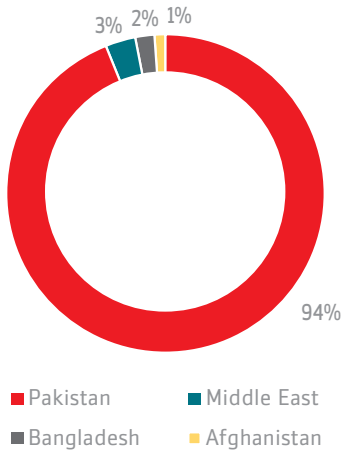
Business Segment-Revenue



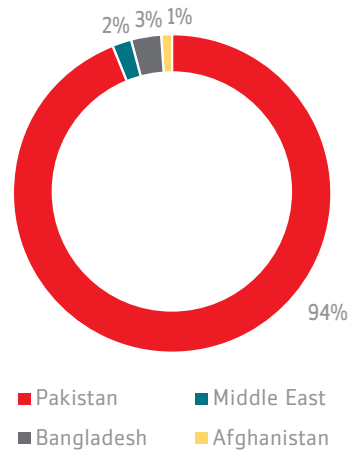
Business Segment- Expenses



Geographical Segment-Revenue



Geographical Segment- Expenses



## Definitions of Segments

### 1. Retail Banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Bank. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

### 2. Digital banking

This segment includes branchless banking accounts, deposits and lending products, digital channels (including ATMs, internet banking, call centre and alfa app), corporate, Government to Person (G2P) & Small Medium and Micro Enterprises (SMME) portfolio (including Employee Old Age Benefit (EOBI), Benazir Income Support Program (BISP), payroll solutions), digital payments and digital products.

### 3. Islamic (Domestic Operations)

This segment pertains to full scale Islamic Banking operations of the Bank. i.e deposits and lendings.

### 4. Corporate Banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with the Bank's corporate and public sector customers.

### 5. Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Bank primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

### 6. International operations

This segment comprises of business activities related to the Bank's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

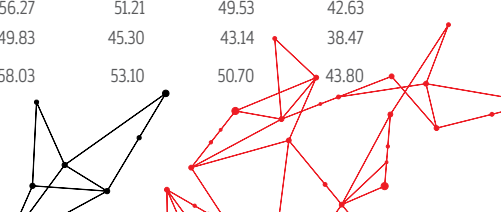
For further details about these businesses, please refer 'Organizational Overview' section of this annual report.

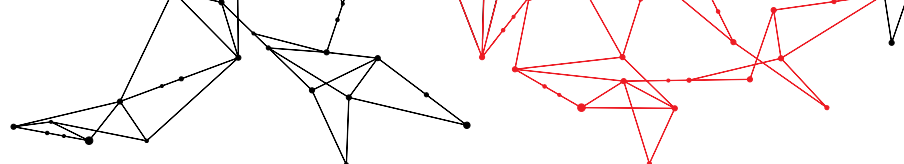
# Financial and Non Financial Ratios

		2023	2022	2021	2020	2019	2018
<b>Profitability Ratios</b>							
Profit before taxation ratio (PBT / Gross Markup Income)	%	18.98%	16.89%	23.28%	19.30%	24.19%	29.53%
Gross Yield on Earning Assets	%	14.01%	10.88%	6.56%	7.52%	10.26%	6.98%
Gross Yield on Average Earning Assets	%	16.79%	12.24%	7.27%	8.68%	10.53%	6.96%
Gross Spread ratio	%	30.60%	36.09%	46.08%	48.27%	48.53%	53.50%
Cost to Income ratio (Total Operating Expenses / Total Revenue)	%	41.85%	50.00%	58.09%	54.68%	52.60%	57.40%
Return on equity (ROE)	%	31.67%	19.23%	15.30%	11.55%	15.65%	15.33%
Return on Capital Employed (ROCE)	%	28.23%	17.66%	14.23%	10.51%	13.64%	13.30%
Shareholders' Fund	Rs. Mn	126,654	95,156	88,562	80,508	76,661	68,264
Return on Shareholders fund (PAT / Shareholder's Equity)	%	28.78%	19.13%	16.05%	13.01%	16.56%	15.56%
Total Shareholder Return ((Change in Share Price + Dividend Per Share) / Opening Share Price)	%	87.49%	1.56%	9.26%	-13.94%	22.44%	1.39%
Gross Yield on Average Earning Assets	%	16.79%	12.24%	7.27%	8.68%	10.53%	6.96%
Non Interest income to total revenue	%	6.38%	9.28%	13.93%	12.14%	10.07%	14.88%
Return on average assets (ROA)	%	1.36%	1.06%	0.92%	0.87%	1.26%	1.11%
Operating Expense to Profit before taxation	%	82.51%	137.06%	155.39%	175.87%	129.86%	138.00%

<b>Assets Quality and Liquidity Ratios</b>							
Gross Advances to Deposits ratio	%	37.28%	51.50%	61.37%	68.15%	67.75%	73.75%
Net Advances to Deposits ratio	%	35.25%	49.26%	59.16%	65.47%	65.35%	71.37%
CASA to total deposits	%	69.28%	71.68%	76.91%	77.91%	75.88%	75.37%
NPL to Shareholder's equity	%	27.29%	30.97%	24.71%	28.41%	25.47%	24.88%
Investments to total asset ratio	%	62.06%	50.40%	46.84%	39.12%	27.70%	27.74%
Cash & cash equivalent to Total Assets	%	7.41%	8.23%	7.76%	8.55%	12.68%	9.99%
Earning assets to interest bearing liabilities	Times	1.00	1.01	1.03	1.04	1.03	1.03
Cash to Current liabilities	%	8.59%	8.74%	7.20%	26.06%	13.58%	11.57%
Net Investments to Deposits ratio	%	99.15%	74.95%	71.04%	62.04%	38.23%	39.50%
Cost of fund	%	12.20%	7.61%	4.09%	4.85%	5.85%	3.45%
Cash flow coverage ratio	%	81.91%	93.13%	68.74%	63.38%	70.49%	-104.97%
Net Interest Income to working Funds	%	50.86%	41.64%	34.38%	37.74%	33.24%	31.77%
Gross non performing advances to gross advances	%	4.84%	4.04%	3.53%	4.30%	4.23%	3.63%
Non performing loans to total loans	%	5.12%	4.23%	3.67%	4.48%	4.38%	3.75%
Coverage Ratio (specific provision / NPLs)	%	86.03%	82.00%	85.49%	70.83%	79.14%	84.39%
Coverage Ratio (specific and general provision / NPLs)	%	112.23%	107.58%	101.95%	91.20%	83.57%	89.02%
Deposits to shareholders equity	Times	15.12	14.87	11.39	9.69	8.89	9.29
Assets to Equity	Times	24.26	22.53	17.34	15.22	12.10	13.30
Liquidity Coverage Ratio (LCR) (refer note 1)	%	222%	185%	172%	187%	163%	156%
Net Stable Funding Ratio (NSFR) (refer note 1)	%	161%	150%	135%	136%	138%	133%

<b>Investment Ratios and Market Ratios</b>							
Earnings per share [as reported]	Rs	23.12	10.27	8.00	5.89	7.15	5.99
Earnings per share [before tax]	Rs	49.57	20.40	13.18	10.09	12.63	9.93
Diluted Earnings per share	Rs	23.12	10.27	8.00	5.89	7.15	5.98
Price to earning ratio	Times	2.10	2.93	4.33	6.00	6.39	6.78
Price to book ratio	%	55.47%	47.53%	61.49%	68.98%	92.26%	95.21%
Price to book value ratio	Times	0.55	0.48	0.61	0.69	0.92	0.95
Dividend Yield ratio (based on cash dividend)	%	16.49%	16.59%	11.56%	11.32%	8.75%	3.70%
Dividend Payout ratio (based on cash dividend)	%	34.61%	48.68%	50.00%	67.91%	55.94%	41.74%
Dividend cover ratio	Times	2.89	2.05	2.00	1.47	1.79	2.40
Cash Dividend - Interim	%	30%	25%	20%	20%	20%	10%
- Final	%	50%	25%	20%	20%	20%	15%
Stock Dividend	%	-	-	-	-	-	10%
Breakup value / net assets per share - with revaluation on surplus	Rs	87.45	63.41	56.27	51.21	49.53	42.63
Breakup value / net assets per share - without revaluation on surplus	Rs	80.31	60.33	49.83	45.30	43.14	38.47
Breakup value / net assets per share - with revaluation on surplus and Investment in related party at fair value	Rs	92.05	66.81	58.03	53.10	50.70	43.80





		2023	2022	2021	2020	2019	2018
<b>Share Information</b>							
Market value per share - Dec 31 (Closing Rate)	Rs.	48.51	30.14	34.60	35.33	45.70	40.59
High - during the year (intra day)	Rs.	53.19	38.55	38.50	53.00	50.70	58.94
Low - during the year (intra day)	Rs.	45.27	29.60	28.50	28.26	36.50	40.59
Market Capitalisation - December 31	Rs. Mn	76,508	47,536	61,490	62,787	81,216	72,021
No. of shares outstanding	Mn	1,577	1,577	1,777	1,777	1,777	1,774

<b>Capital Adequacy and Structure</b>							
Tier 1 Capital	Rs. Mn	123,871	94,969	83,111	77,211	73,650	66,810
Total Eligible Capital	Rs. Mn	158,673	118,417	108,075	100,422	93,677	82,050
Risk Weighted Assets (RWA)	Rs. Mn	947,636	856,024	749,050	607,663	554,836	549,173
RWA to Total Assets	%	28.32%	37.99%	43.19%	43.88%	52.08%	54.58%
Tier 1 to RWA	%	13.07%	11.09%	11.10%	12.71%	13.27%	12.17%
Capital Adequacy Ratio (CAR)	%	16.74%	13.83%	14.43%	16.53%	16.88%	14.94%
Earning assets to total assets ratio	%	87.88%	87.29%	88.23%	88.94%	84.67%	84.98%
Weighted average cost of deposit	%	10.28%	6.32%	3.25%	4.06%	5.00%	3.10%
Statutory Liquidity Reserve (SLR) (refer note 2)							
Net assets per share	Rs.	87.45	63.41	56.27	51.21	49.53	42.63
Debt to equity ratio (as per book value)	%	10.15%	14.00%	7.00%	7.69%	13.62%	15.85%
Debt to equity ratio (as per market value)	%	18.30%	29.45%	11.38%	11.15%	14.76%	16.65%

<b>Consolidated Position</b>							
Breakup value per share	Rs.	88.53	64.71	57.25	52.08	50.19	43.12
Capital Adequacy Ratio	%	16.44%	13.69%	14.32%	16.37%	16.69%	11.90%
Earning per share	Rs.	23.15	10.38	8.12	6.10	7.35	6.20

<b>Non-Financial Ratios</b>							
Staff turnover ratio	%	17.5%	20.3%	18.7%	13.4%	19.3%	22.4%
Customer Satisfaction Index	%	86%	87%	87%	88%	83%	83%
Employee Productivity Rate/ Happiness Score* (Out of score 5)		4.00	3.90	3.90	3.80	3.50	-

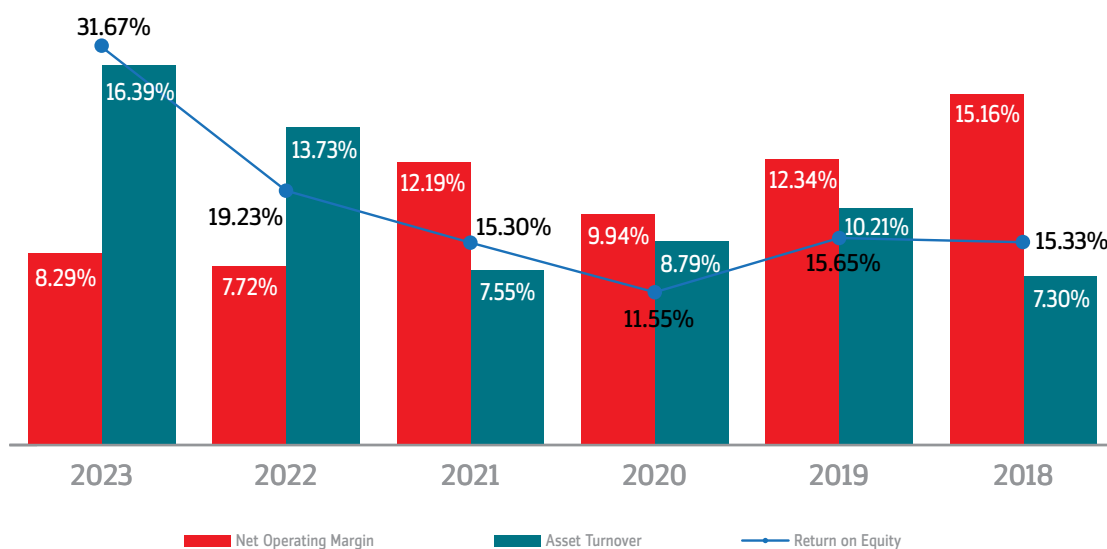
\* Before 2019 engagement survey was run every 2 years.

**Note:**

- Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) can be treated in place of current, quick ratios and liquid asset ratios for banking industry.
- The bank has met Statutory Liquidity Ratio (SLR) requirement in accordance with SBP guidelines. Investments maintained under SLR requirements are mentioned in note 8.7 of the unconsolidated financial statements.

# Dupont Analysis

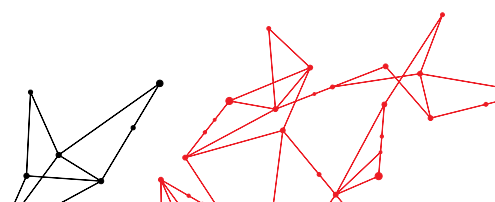
			2023	2022	2021	2020	2019	2018
Net Operating Margin	Profit after taxation / Gross Income	%	8.29%	7.72%	12.19%	9.94%	12.34%	15.16%
Asset Turnover	Gross Income / Average Assets	%	16.39%	13.73%	7.55%	8.79%	10.21%	7.30%
Equity Multiplier	Average Assets / Average Equity	Times	23.33	18.15	16.63	13.23	12.43	13.85
Return on Equity	Profit after taxation / Average Equity	%	31.67%	19.23%	15.30%	11.55%	15.65%	15.33%



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The DuPont model is derived from an analysis of return on equity that divide performance into three parts: (a) Operating efficiency ratio which is also known as financial performance ratio is measured by net operating margin; (b) assets use efficiency which shows if assets were utilized efficiently and is measured by total asset turnover; and (c) financial leverage which shows to what extent the bank relies on debts which is measured by the equity multiplier.

The results of the study discovered that, the financial performance of the bank as regards net operating margin has improved as shown in the above graph except for the drop in 2020 and 2022. In 2020, general provision of Rs. 4.250 billion was booked against borrowers availing relaxation under SBP loan deferral / re-scheduling schemes. In 2022, general provision of Rs. 5.971 billion against high risk and flood impacted portfolio, ECL charge of Rs. 1.920 billion on overseas investments, and provision of Rs. 1.114 billion against cross border risk were booked. Asset utilization is relatively steady and reflects minimal volatility during the period under review except in 2023 where the operating income increased due to hike in discount rate by the central bank to contain inflation in the country. Equity multiplier has shown a steady increase over the period on account of robust growth in earning assets and deposits. Furthermore, return on equity showed rising trend from 2018 to 2023 except drop in 2020. The impact of provision booked in 2022 (as discussed above) was compensated by redemption of ordinary shares. In 2023, Asset Turnover remained highest as compared to previous years and robust growth in assets funded by deposit growth caused Equity Multiplier to improve significantly.



# Economic Value Added Statement (EVA)

		2023	2022
		Rupees in million	
Profit after taxation	A	36,456	18,206
Provision and write offs		9,462	12,468
Tax (49%)		(4,636)	(6,110)
Provision and write offs - net of tax	B	4,826	6,359
Net operating profit after taxation	C = A + B	<u>41,282</u>	<u>24,565</u>
Equity at start of the year (excluding surplus)	D	95,156	88,562
Cost of Equity	E	<u>21,336</u>	<u>16,535</u>
Economic Value Added (EVA)	F=C - E	<u>19,946</u>	<u>8,031</u>

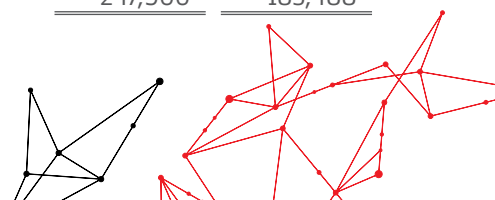
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Economic value added (EVA) is the economic profit by the bank in a given period. It measures the bank's financial performance based on the residual wealth calculated by deducting its cost of capital from its operating profit, adjusted for taxes. A positive EVA reflects that the bank is increasing its value to its shareholders, whereas a negative EVA indicates that it is diminishing its value to its shareholders.



# Direct Method Cash Flow Statement

	2023	2022
	Rupees in Million	
<b>Cash flow from operating activities</b>		
Markup / return / interest and fee receipts	372,602	194,047
Markup / return / interest payments	(262,814)	124,876
Payments to employees, suppliers and Others	(11,185)	(262,818)
	98,603	56,105
<b>(Decrease) / increase in operating assets</b>		
Lendings to financial institutions	(12,456)	(60,076)
Held for trading securities	(266,489)	87,580
Advances	(13,186)	(67,438)
Other assets (excluding advance taxation)	(53,314)	(25,950)
	(345,444)	(65,884)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(14,029)	17,208
Borrowings	419,781	104,260
Deposits	598,152	347,801
Other liabilities (excluding current taxation)	42,180	28,362
	1,046,084	497,631
	799,242	487,852
Contribution made to gratuity fund	(467)	(269)
Zakat paid	(128)	(144)
Income tax paid	(42,206)	(16,978)
<b>Net cash generated from operating activities</b>	756,441	470,461
<b>Cash flows from Investing activities</b>		
Net investments in available-for-sale securities	(590,838)	(397,937)
Net investments in held-to-maturity securities	(83,081)	(10,879)
Investment in subsidiary	-	(5)
Dividend received	1,311	1,232
Investments in operating fixed assets	(12,781)	(8,688)
Proceed from sale of fixed assets and non banking assets	217	442
Effect of translation of net investment in foreign branches	3,472	2,509
<b>Net cash used in investing activities</b>	(681,700)	(413,326)
<b>Cash flows from financing activities</b>		
Issuance of subordinated debt	-	7,000
Payment of lease liability	(5,054)	(3,814)
Purchase of own shares	-	(6,044)
Dividend paid	(7,275)	(3,382)
<b>Net cash used in financing activities</b>	(12,329)	(6,240)
<b>Increase in cash and cash equivalents</b>	62,412	50,895
Cash and cash equivalents at beginning of the year	204,964	146,521
Effects of exchange rate changes on cash and cash equivalents - gain	(19,476)	(11,928)
<b>Cash and cash equivalents at end of the year</b>	247,900	185,488

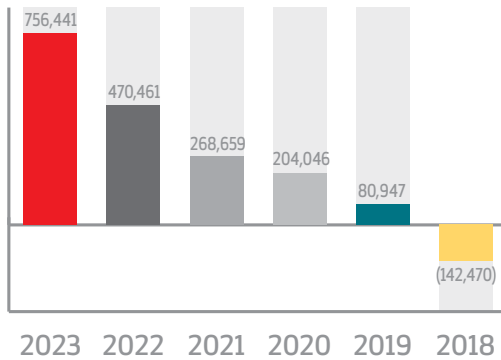


# Free Cash Flows

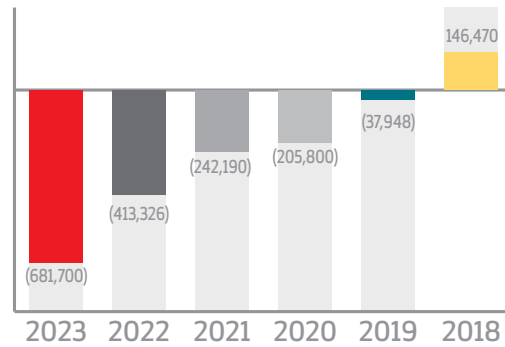
	2023	2022	2021	2020	2019	2018
	----- Rupees in Million -----					
Profit Before Taxation	78,175	36,160	23,370	17,878	22,382	17,618
Adjustments for non cash items and operating assets / liabilities changes	678,266	434,301	245,288	186,167	58,565	(160,088)
Net cash generated from operations	756,441	470,461	268,659	204,046	80,947	(142,470)
Capital Expenditure	(12,781)	(8,688)	(3,851)	(3,595)	(3,925)	(1,307)
Free Cash flows	743,661	461,774	264,808	200,451	77,023	(143,777)

Commentary on cashflows is covered as part of Six Years' Review of Business Performance.

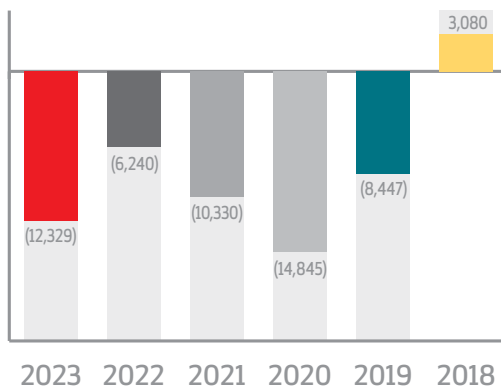
### Net Cash Flows Generated from Operating Activities (Rs in Mn)



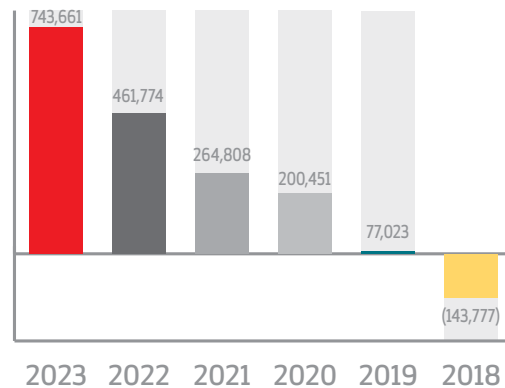
### Net Cash Flows Injected in Investing Activities (Rs in Mn)



### Net Cash Flows Used in Financing Activities (Rs in Mn)



### Free Cash Flows (Rs in Mn)

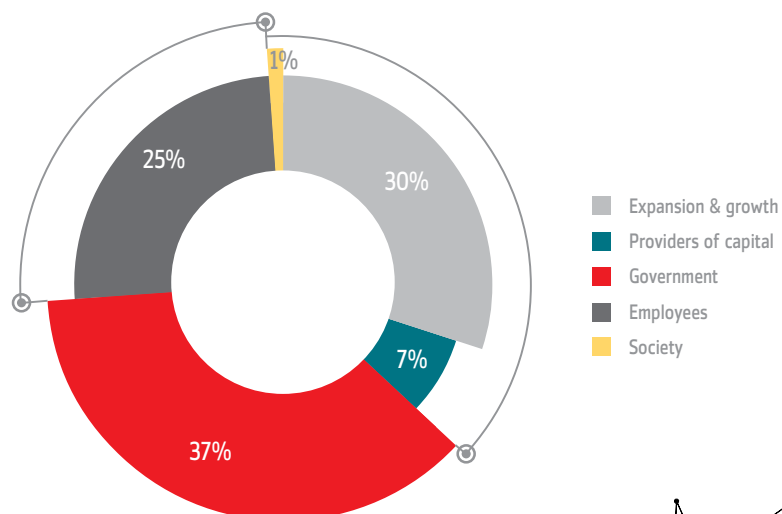


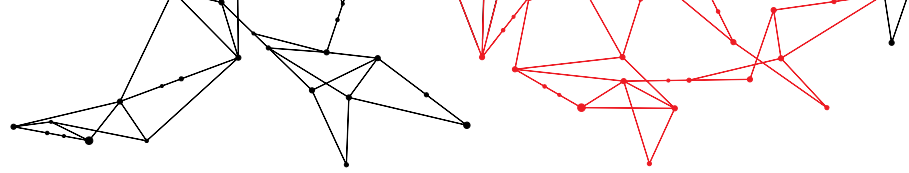
# Statement of Value Added

	2023		2022	
	Rs in Million		Rs in Million	
<b>Value Added</b>				
Net Interest Income	126,070		77,242	
Non Interest Income	28,064		21,883	
Operating Expenses excluding Staff costs depreciation, amortization, donations and WWF	(27,611)		(22,254)	
Provision against advances, lendings, investments & others	(9,462)		(12,468)	
<b>Value added available for distribution</b>	<b>117,061</b>		<b>64,404</b>	
<b>Distribution of Value Added</b>	<b>2023</b>		<b>2022</b>	
	Rs in Million	%	Rs in Million	%
<b>To Employees</b>				
Remuneration, provident fund and other benefits	28,713	24.53%	21,247	32.99%
<b>To Government</b>				
Worker Welfare Fund	1,715	1.00%	907	1.41%
Income Tax	41,719	35.64%	17,954	27.88%
	43,433	37.10%	18,861	29.29%
<b>To providers of capital</b>				
Interim / Final Cash dividends to shareholders	8,674	7.41%	7,997	12.42%
Purchase of own shares	-	0.00%	6,044	9.38%
	8,674	7.41%	14,041	21.80%
<b>To Society</b>				
Donations	1,250	1.07%	332	0.52%
<b>To Expansion and growth</b>				
Depreciation	6,882	5.88%	5,405	8.39%
Amortization	327	0.28%	351	0.55%
Retained Earnings	27,782	23.73%	4,165	6.47%
	34,991	29.89%	9,922	15.41%
	<b>117,061</b>	<b>100%</b>	<b>64,404</b>	<b>100%</b>

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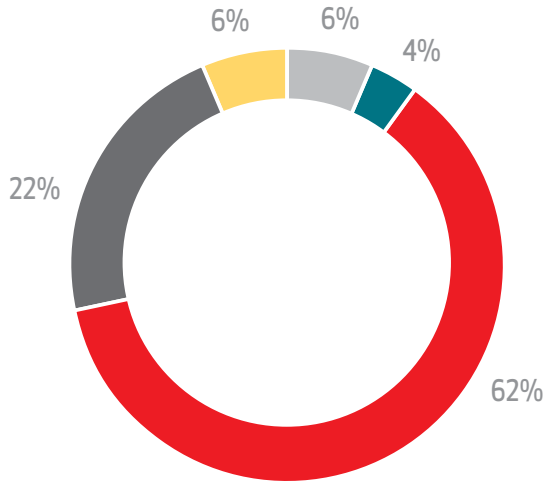
## Year 2023





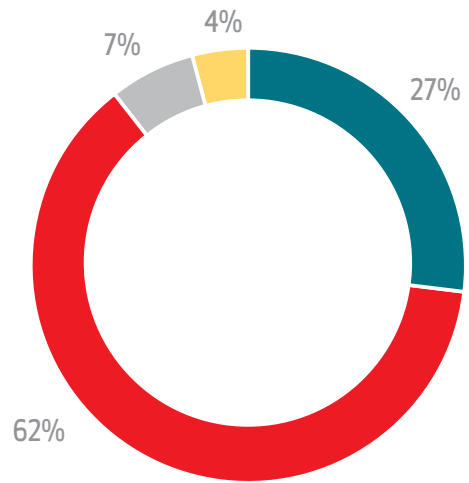
# Sources and Uses of Funds

Concentration of Assets - Uses



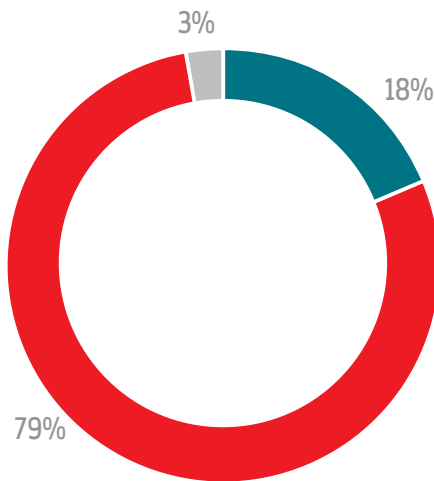
- Cash and bank balances
- Lending to financial institutions
- Investments
- Advances
- Other assets

Concentration of Liabilities & Equity - Sources



- Borrowings
- Deposits and other accounts
- Other Liabilities
- Equity

Concentration of Off-Balance Sheet Exposure



- Commitments
- Guarantees
- Other contingent liabilities

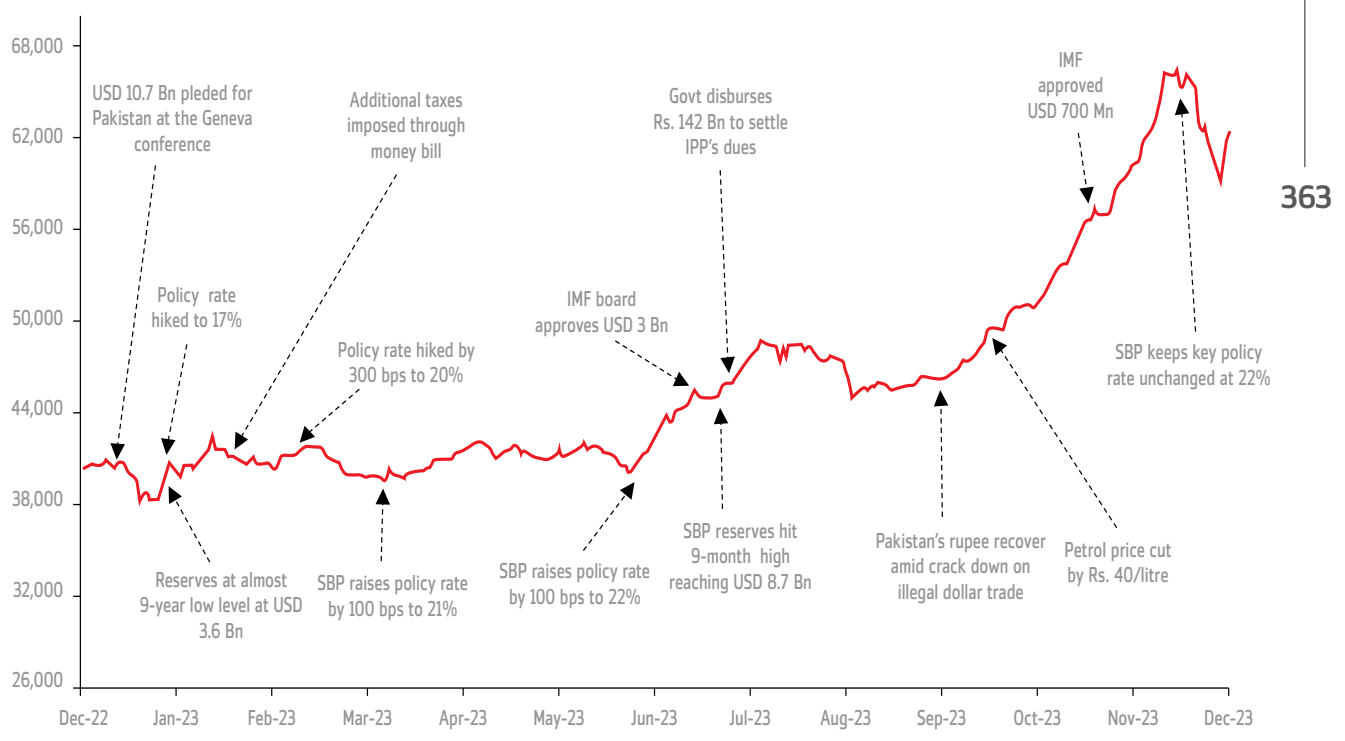
# Share Price Sensitivity Analysis

Share Price

	High (on closing basis)	Low (on closing basis)	Closing	Daily average volume Mn	Number of trading days	Share Capital	Market Capitalization value
--	----------------------------	---------------------------	---------	-------------------------	------------------------	---------------	-----------------------------

	Rupees					Rs in Mn	Rs in Mn
First Quarter	32.50	28.32	28.78	30.56	64	15,772	45,391
Second Quarter	31.02	28.31	30.44	56.51	57	15,772	48,009
Third Quarter	43.14	32.72	38.74	137.63	62	15,772	61,099
Fourth Quarter	53.19	37.71	48.51	91.19	63	15,772	76,508

KSE 100 Index



## Share Price Sensitivity Analysis

Market Capitalization as of December 31, 2023

Rs. 76,508 Mn

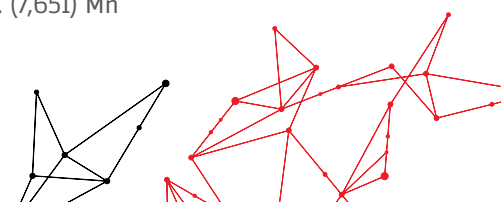
Change in share price by

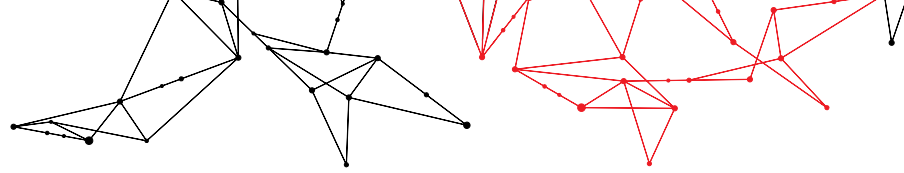
+10%

Rs. 7,651 Mn

-10%

Rs. (7,651) Mn





## Factors affecting the Share Price of Bank

### Discount rate / Monetary Policy

Based on different assessment parameters, the State Bank of Pakistan can change the monetary policy rate. Any volatility in the interest rates might impact revenue and profitability of the bank.

### Minimum Rate of Return on Deposits/Regulatory risk

Any upward revision in the minimum deposit rate will result in compression in net interest margins earned due to increased cost of deposits. Such revision can negatively impact the earning and correspondingly the share price of the scrip.

### Inflation

Inflation is considered as a key determinant for policy rate change. Any uptick in the inflation statistics will have a corresponding impact on the monetary policy rate. With higher discount rates, the banks will be able to invest in high yielding investments, thus resulting in increased profitability. This, in turn will have a positive impact on the share price.

### 364 Political Stability & Law and order situation

Political stability and stable law & order situation is pre requisite for any economic development. Political stability reduces the uncertainty and urges investors to put their funds in different investment avenue. Politically stable government is expected to adopt policies to facilitate the investors.

### Capital and money markets

The Bank's major investments amount to Rs. 1,943 billion as at December 31, 2023, which mainly comprise of those in Government Securities. These funds largely invest in capital and money market. Trends in these markets determine the factors which affect the Bank's financial performance.

### Interest rates

With effective and efficient treasury management the Bank has maintained a strong liquidity and interest rate gap position. Bank's assets and liabilities gap is positioned to provide support in case of rate cut.

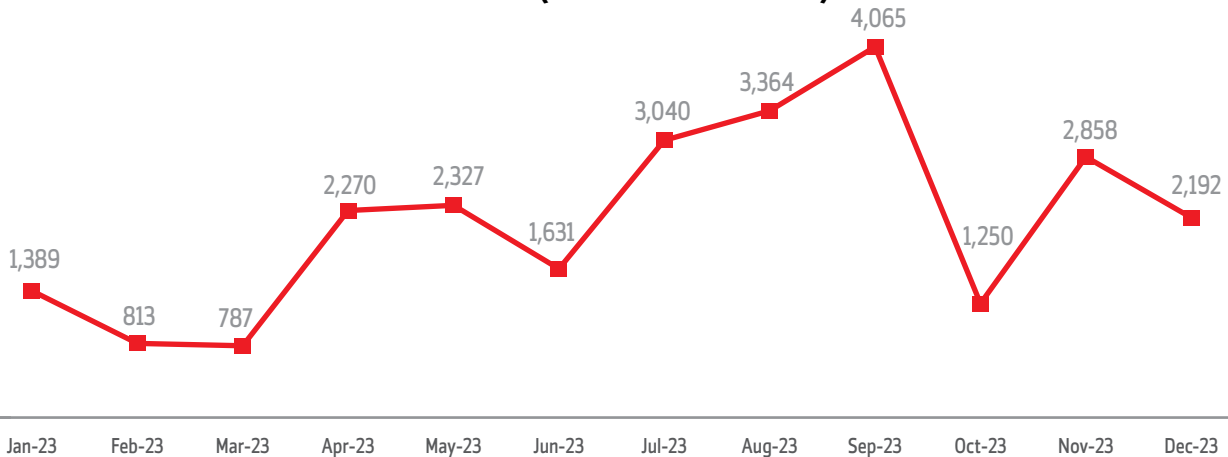
### Exchange fluctuations

The Bank is exposed to fluctuations in foreign currency exchange rates owing to the imports and exports. The Bank has to bear currency exchange rate fluctuation risk. Hence, the currency fluctuation also affects the Banking business.

### Act of God

Act of God outside the control of the Bank such as natural disasters, floods and pandemics might negatively disrupt the operations of the Bank and ultimately might affect share price of the Bank.

### Volume (Shares in '000')



## Foreign Currency Sensitivity Analysis

For details, please refer to 'Risks and Opportunities' section within this Annual Report and note 46.3 of the unconsolidated financial statements.

# Sector and Segment wise Advances and Deposits

## Advances portfolio Classification (SBP Segments) Advances by Segment

	2023	2022
	Rupees in Million	
Corporate	573,016	591,983
SMEs	37,839	41,056
Agriculture	16,987	14,958
Consumer	123,899	117,260
Commodity	25,057	71
Others	488	365
	<u>777,287</u>	<u>765,693</u>

## Credit concentration of Advances and Deposits

### Deposits By Sector

Concentration of deposits by sector is disclosed in **note 16.1** of the unconsolidated financial statements.

### Advances By Sector

Advances credit risk by sector is disclosed in **note 46.1.6** of the unconsolidated financial statements.

Contingency credit risk by sector is disclosed in **note 46.1.7** of the unconsolidated financial statements.

# Non-Performing Assets

	2023					
	Investments		Advances		Other Assets	
	Asset	Provision	Asset	Provision*	Asset	Provision
	Rs in Million					
Opening	3,795	3,795	30,971	33,318	2,672	2,672
Exchange Adjustment	576	576	99	141	3	3
Additions	581	581	14,559	14,013	394	394
Deletions	(1,291)	(1,291)	(7,996)	(5,237)	(84)	(84)
Closing	<u>3,661</u>	<u>3,661</u>	<u>37,633</u>	<u>42,235</u>	<u>2,984</u>	<u>2,984</u>

	2022					
	Investments		Advances		Other Assets	
	Asset	Provision	Asset	Provision*	Asset	Provision
	Rs in Million					
Opening	1,229	1,229	24,710	25,192	1,309	1,309
Exchange Adjustment	67	67	41	55	36	36
Additions	2,669	2,669	11,128	11,376	1,493	1,493
Deletions	(170)	(170)	(4,908)	(3,305)	(167)	(167)
Closing	<u>3,795</u>	<u>3,795</u>	<u>30,971</u>	<u>33,318</u>	<u>2,672</u>	<u>2,672</u>

\* Including general provisions.

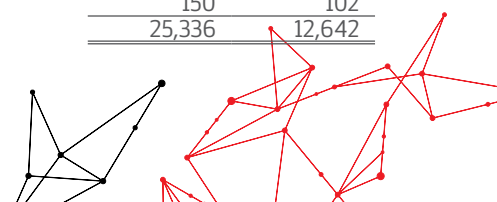
## Sector-wise breakup of NPA

Sector wise breakup of non performing investments is disclosed in **note 46.1.5 of the unconsolidated financial statements.**

Sector wise breakup of non performing advances is disclosed in **note 46.1.6 of the unconsolidated financial statements.**

## Accounts Restructured- Outstanding balance as at December 31st :

	2023	2022
	Rs in Million	
Business		
Corporate	13,258	7,588
Retail	11,906	4,934
Agri	22	18
Consumer	150	102
	<u>25,336</u>	<u>12,642</u>

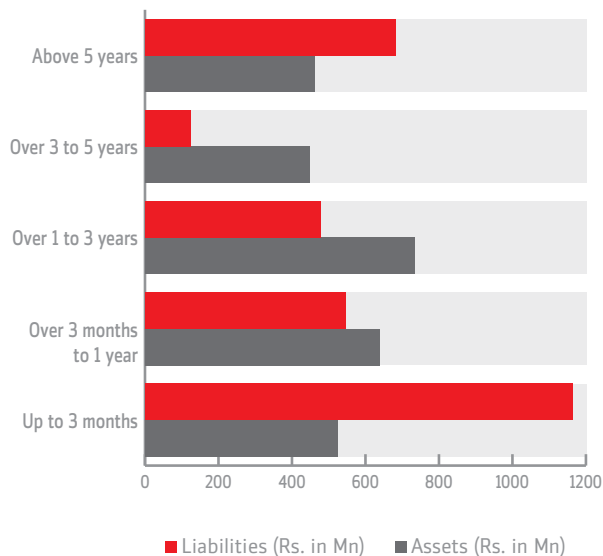


# Behavioural Maturities of Key Assets and liabilities

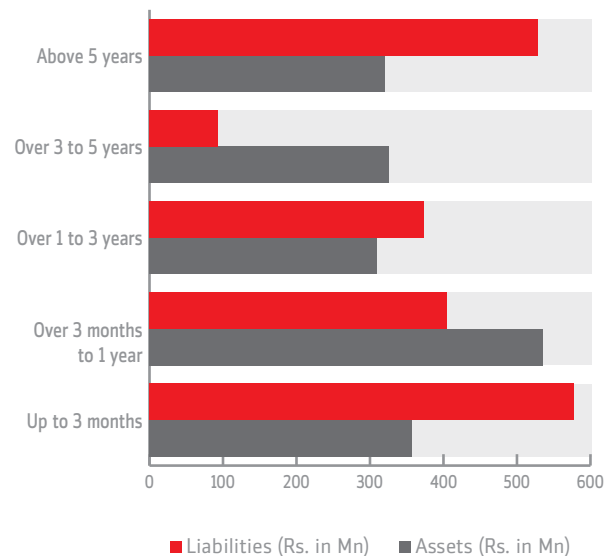
	2023	Up to 3 months	Over 3 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Above 5 years
----- Rs in Million -----						
<b>Key Assets</b>						
Investments	2,067,263	204,154	527,028	669,926	376,723	289,431
Advances	735,052	318,475	109,476	64,426	70,277	172,397
	<b>2,802,314</b>	<b>522,629</b>	<b>636,504</b>	<b>734,352</b>	<b>447,001</b>	<b>461,828</b>
<b>Borrowings</b>	<b>909,543</b>	<b>758,335</b>	<b>14,734</b>	<b>52,252</b>	<b>13,968</b>	<b>70,254</b>
Deposits and other accounts	2,084,997	405,813	531,616	425,349	111,144	611,076
	<b>2,994,541</b>	<b>1,164,148</b>	<b>546,349</b>	<b>477,601</b>	<b>125,112</b>	<b>681,331</b>

	2022	Up to 3 months	Over 3 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Above 5 years
----- Rs in Million -----						
<b>Key Assets</b>						
Investments	1,114,407	16,217	420,729	204,191	246,873	226,395
Advances	732,375	340,969	114,507	104,452	78,891	93,556
	<b>1,846,782</b>	<b>357,187</b>	<b>535,237</b>	<b>308,643</b>	<b>325,764</b>	<b>319,951</b>
<b>Borrowings</b>	<b>491,180</b>	<b>324,302</b>	<b>19,364</b>	<b>55,113</b>	<b>11,458</b>	<b>80,942</b>
Deposits and other accounts	1,486,845	254,081	385,496	318,199	81,707	447,363
	<b>1,978,025</b>	<b>578,383</b>	<b>404,860</b>	<b>373,312</b>	<b>93,165</b>	<b>528,306</b>

Maturities of Key Assets and Liabilities-2023



Maturities of Key Assets and Liabilities-2022





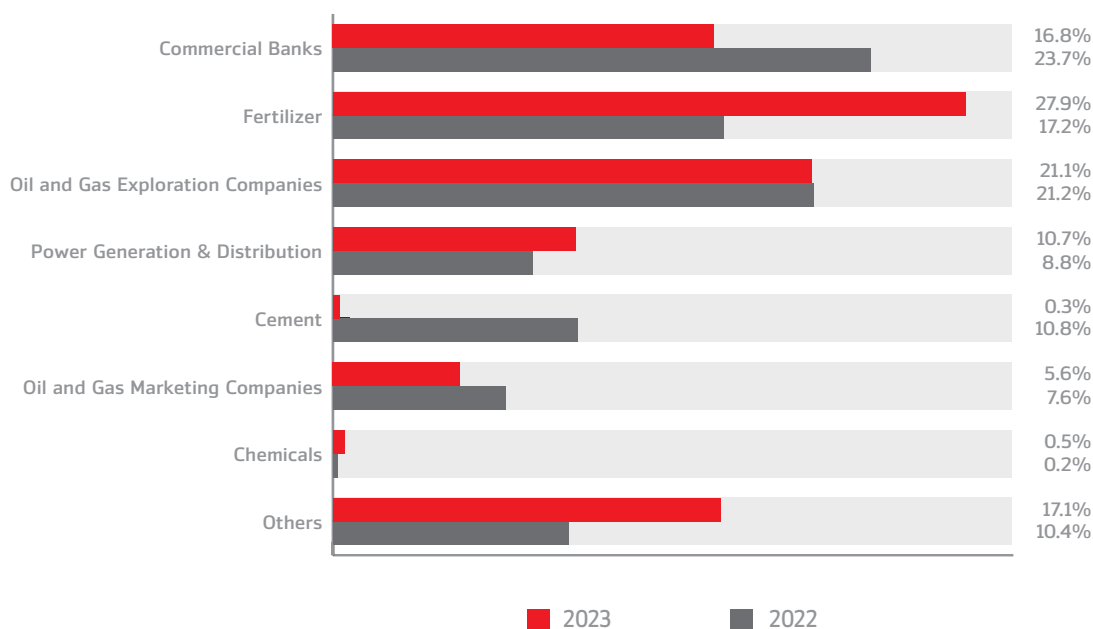
# Classification and Valuation of Investments

	2023		2022	
	Cost	Fair value	Cost	Fair value
----- Rs in Million -----				
<b>Held-for-trading securities</b>				
Government Securities	279,765	279,392	9,307	9,345
Foreign Securities	52	47	3,698	3,694
Shares	229	229	568	518
	280,046	279,668	13,573	13,557
<b>Available-for-sale securities</b>				
Government Securities	1,528,662	1,523,410	952,602	937,261
Non Government Securities	19,621	19,370	19,663	19,285
Foreign Securities	75,133	71,961	56,511	52,682
Shares	4,846	5,159	8,551	7,046
Mutual Fund	1,000	1,000	700	700
	1,629,262	1,620,900	1,038,027	1,016,974
<b>Held-to-maturity securities</b>				
Government Securities	139,742	139,742	68,565	68,565
Non Government Securities	4,154	3,870	2,760	2,655
Foreign Securities	21,905	21,905	11,216	11,216
	165,802	165,517	82,541	82,436
Associates	1,178	1,178	1,178	1,178
Subsidiary	305	-	305	262
	<u>2,076,592</u>	<u>2,067,263</u>	<u>1,135,624</u>	<u>1,114,407</u>

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## Top 10 Equity Investment by Sectors:

### Investment by Segment



## Non Strategic Investments

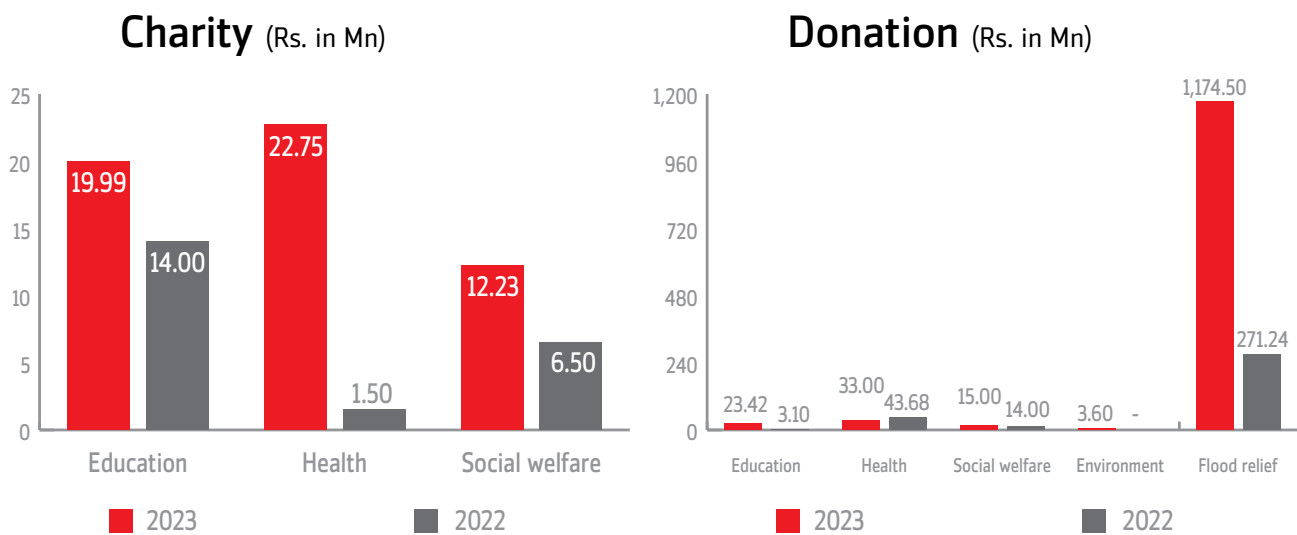
The Bank also invests in certain unlisted entities. Please refer to **note 8.4.2.2 of unconsolidated financial statements.**



# Statement of Charity and Donation

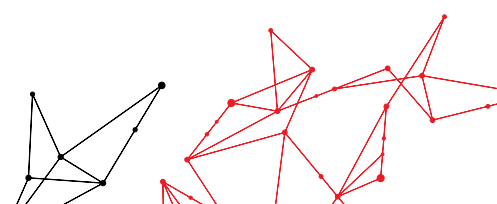
	2023	2022
	Rs in Millions	
<b>Charity paid (Islamic banking):</b>		
Education	19.99	14.00
Health	22.75	1.50
Social welfare	12.23	6.50
	<u>54.96</u>	<u>22.00</u>
<b>Donations paid (including flood relief):</b>		
Education	23.42	3.10
Health	33.00	43.68
Social welfare	15.00	14.00
Environment	3.60	-
Flood relief	1,174.50	271.24
	<u>1,249.52</u>	<u>332.02</u>
<b>Total charity and donations paid</b>	<u>1304.48</u>	<u>354.02</u>

**368** Beneficiary wise details of charity and donation is disclosed in **note 5.1 of Annexure II** and **note 29.3 of the unconsolidated financial statements.**



# Key Interest Bearing Assets and Liabilities

	2023			2022		
	Average Volume	Effective interest rate %	Interest	Average Volume	Effective interest rate %	Interest
----- Rs in Million -----						
<b>Interest Earning Assets</b>						
Balances with other banks	21,535	0.30%	64	17,955	0.38%	68
Lendings to financial institutions	100,167	16.95%	16,980	69,938	10.96%	7,662
Advances	737,102	15.76%	116,201	723,796	10.80%	78,149
Investments	1,495,337	18.64%	278,702	1,008,423	12.69%	128,018
	2,354,140	17.50%	411,947	1,820,112	11.75%	213,897
<b>Interest Bearing Liabilities</b>						
Deposits and other accounts	1,629,758	10.28%	167,504	1,208,643	6.32%	76,375
Borrowings	680,519	15.80%	107,552	562,199	9.54%	53,620
Subordinated Debt	14,000	21.87%	3,061	8,278	14.64%	1,212
Lease Liability	19,849	13.39%	2,658	14,864	12.92%	1,921
Swap Cost	-	-	5,102	-	-	3,430
	2,344,126	12.20%	285,877	1,793,984	7.61%	136,558
<b>Net Spread</b>		<u>5.30%</u>			<u>4.14%</u>	



# Capital Structure

2023 2022  
Rupees in Million

## Tier 1 Capital

Shareholder equity/ assigned capital  
Share premium  
Reserves  
Unappropriated profits

15,772	15,772
4,731	4,731
22,478	18,832
69,482	45,101
112,462	84,436
13,550	13,550

Eligible Additional Tier 1 Capital

## Deductions:

Book value of intangible and advances given for intangible  
Defined benefit pension fund assets- net  
Other deductions

1,370	1,296
441	154
331	1,567
2,141	3,017
123,871	94,969

## Total Tier 1 Capital

## Tier 2 Capital

General provisions subject to 1.25% of total risk weighted assets  
Revaluation reserves  
Foreign exchange translation reserves

9,429	7,951
11,182	4,776
14,192	10,720
34,802	23,447

## Total Tier 2 Capital

## Total regulatory capital Base

158,673	118,416
---------	---------

## 370 Capital Adequacy

### Risk Weighted Assets

Credit risk  
Market risk  
Operational risk  
Total RWA

754,283	727,197
18,195	8,785
175,158	120,042
947,636	856,024

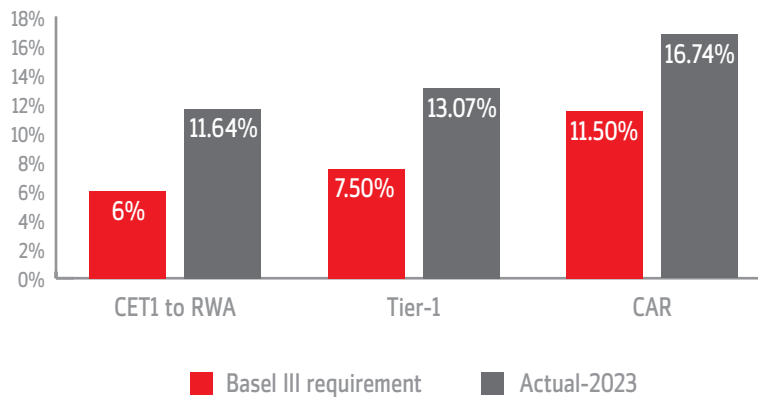
### Capital Adequacy Ratio

Total eligible regulatory capital held  
Total Risk Weighted Assets

158,673	118,416
947,636	856,024
16.74%	13.83%

### Capital Adequacy ratio

## Capital Adequacy Ratio



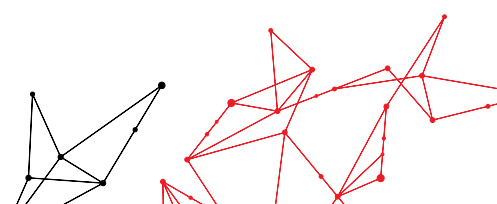
# The Human Capital

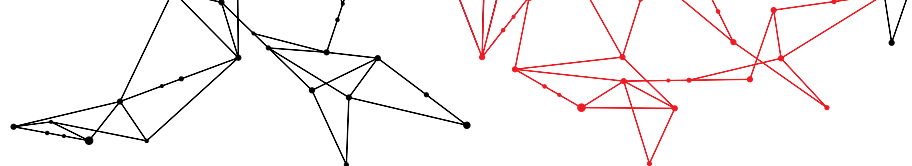
## Our Human Capital Strength

	2023	2022
<b>Head Count</b> (as at 31st December)	<b>14,738</b>	<b>13,862</b>
<b>Pakistan</b>	14,469	13,599
- Sindh	4,965	4,734
- Punjab	7,437	6,930
- Balochistan	350	317
- KPK	696	620
- AJK	46	45
- Gilgit Baltistan	55	51
- Federal Capital	920	902
<b>United Arab Emirates</b>	24	23
<b>Bahrain</b>	9	9
<b>Afghanistan</b>	56	54
<b>Bangladesh</b>	180	177

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<b>Average Head Count</b> (throughout the year)	<b>14,318</b>	<b>12,922</b>
<b>Female employees</b> (as at 31st December)	3,008 (20%)	2,658 (19%)
<b>New hiring</b> (during the year)	<b>3,501</b>	<b>4,658</b>
<b>Attritions</b> (during the year)	2,577 (17.5%)	2,812 (20%)





# Human Resource Accounting

The Bank has two Board level committees namely Board Compensation Committee and Board Human Resources and Nominations Committee. Both Committees oversee the HR related activities. The Bank has a Human Resources and Learning Group (HRLG) which operates with various sub-divisions Talent Acquisition & Advisory, Learning & Development, Leadership & Culture, Employee Relations & People Risk and Rewards & Services. These sub-divisions look after day-to-day HR operations including selection, recruitment, training, development, off-boarding, rewards, succession planning, career management, employee welfare, diversity & inclusion like female staff policies, differently abled staff policies and other allied tasks. For more detail on human resource planning, management and process of identifying and measuring its cost please see 'Stakeholders' and 'Sustainability and CSR' sections within this Annual Report.

Further, the Bank has incurred the following costs on its human resources during the year. Additionally, the bank also incurred costs to recruit, select, hire, train, develop, allocate, conserve, reward and utilize human assets.

	2023	2022
	Rupees in Million	
<b>Compensation</b>		
Key Management Personnel, Executives and MRT/MRCs	3,558	2,758
Other employees	25,155	18,490
Total compensation	28,713	21,247
<b>Training and development</b>	135	120
<b>Total human resources costs</b>	28,848	21,367

## Breakup of Total Compensation

### Managerial Remuneration

i) Fixed	18,652	15,290
ii) Variable		
a) Cash Bonus / Awards etc.	6,239	3,332
b) Bonus and Awards in Shares etc.	362	193
Charge for defined benefit plan	413	283
Contribution to defined contribution plan	731	582
Medical	1,296	836
Conveyance	523	374
Staff compensated absences	173	67
Staff life insurance	201	210
Staff welfare	101	48
Club subscription	4	3
Sign-on Bonus	19	24
Severance Allowance	-	5
	28,713	21,247

# Additional Disclosures

The following disclosures have been made beyond BCR criteria.

## 1 Chairman's Message

Please refer to the Chairman's Message at the start of this annual report. The message discusses about performance and achievements of the bank during the year.

## 2. Internal Controls over Financial Reporting (ICFR) and Statement of Internal Controls

The Board, through its Board Audit Committee, is responsible for maintaining and reviewing the effectiveness of risk management and internal control systems, and for determining the aggregate level and types of risks the Bank is willing to take to achieve its strategic objectives.

To meet this requirement and to discharge its obligations under the SBP's regulations, procedures have been designed to safeguard assets against unauthorised use or disposal, to maintain proper accounting records, and to ensure the reliability of controls and usefulness of financial information used within the business or for publication.

These procedures provide reasonable assurance against material misstatement, errors, losses, or fraud. They are designed to provide effective Internal Controls within the Bank. The procedures have been in place throughout the year and up to the date of approval of these Annual Financial Statements of 2023.

The Bank has implemented all stages of ICFR Framework as promulgated by the SBP:

- Stage I: Process and Control Documentation
- Stage II: Identification of Gaps and Recommendations
- Stage III: Development of Detailed Remediation/ Implementation Plans
- Stage IV: Development of Management Testing Plans
- Stage V: Implementations of Project Initiatives Planned
- Stage VI: Quality Assurance/Validation on the Completed Initiatives
- Stage VII: Conduct of Management Testing of Key Controls and Reporting of Results
- Stage VIII: Review by External/Internal Auditors

The long form report, issued by the Internal Auditors, is submitted to the Board Audit Committee for tracking and information. Further, quarterly progress report on ICFR is submitted to the Control and Compliance Committee and Board Audit Committee. Pursuant to an exemption received from the SBP for

External Auditors' long form report, Internal Audit issues an Assessment Report on ICFR each year.

## 3. Long-term Viability and Going Concern

The Management has assessed the Bank's viability to continue as a going concern, taking into account its current financial position, business prospects, and principal risks. As part of this assessment, key factors considered are:

- Long-term business and strategic plans;
- Risk profile and risk management practices, including the processes by which risks are identified and mitigated;
- Results of internal and regulatory stress tests;
- Liquidity and funding profile; and
- Wider political, economic and regulatory environments, including the uncertain geopolitical outlook.

Based on internal assessment, the management is confident that the Bank will be able to continue its operations and meet its obligations.

## 4. Key Financial and Non-Financial Performance Measures

The Management believes that key performance measures included in this Annual Report provide valuable information to the readers of the financial statements. This enables identification of a more consistent basis for comparing the businesses' performance between financial periods, and provides additional elements of performance, which the managers of these businesses are most directly able to influence, or are relevant for an assessment of the business groups. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by the Management.

Please refer to the 'Performance and Position' section of this Annual Report for segmental performance analysis. Further, please refer Directors' Report for further details.

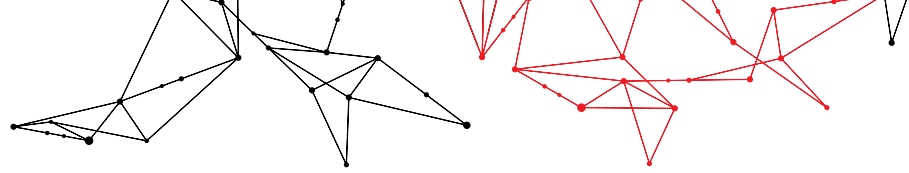
## 5. Customer Grievances Handling Mechanism

Customer Grievances Handling Mechanism has been disclosed as part of 'Stakeholder Relationship and Engagement' section of this Annual Report.

## 6 Green Banking and steps taken for Climate Change

Green Banking and Climate change have been disclosed as part of 'Sustainability and CSR' section of this Annual Report.



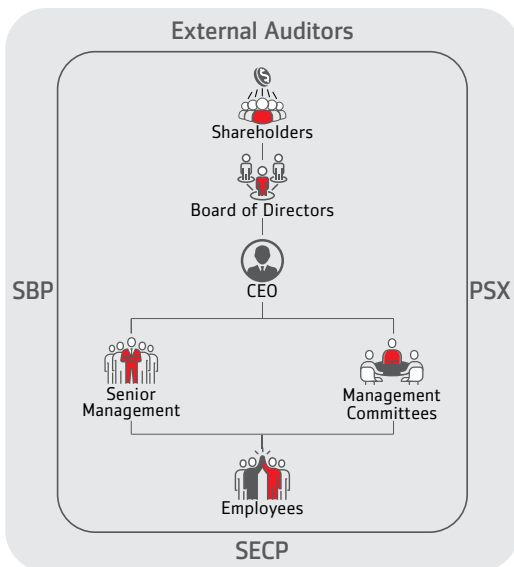


- 7. Material Outsourcing Arrangements**  
Material outsourcing has been disclosed as part of 'Stakeholder Relationship and Engagement' section of this Annual Report.
- 8. Remuneration Framework and Related Disclosures**  
Remuneration Framework has been disclosed as part of 'Governance' section within this Annual Report.
- 9. Group Structure and Group's Performance**  
Structure of the Bank, and its subsidiaries and associates, has been disclosed as part of 'Organisational Overview' section within this Annual Report.  
  
The Bank has also disclosed performance of its group companies in the Directors' Report.
- 10. Jama Punji**  
Investor Awareness (Jama Punji) has been disclosed at the end of this annual report.
- 11. Donation and Charities**  
Please refer 'Statement of Charity and Donation' within this section of the Annual Report for disclosure on donation and charities.
- 12. Financial Performance and Position of Business Segments**  
Segmental Business performance has been disclosed within this section of the Annual Report.
- 13. Management Committees and sub committees**  
Management committees and its sub-committees have been disclosed as part of 'Governance' section within this Annual Report.
- 14. Corporate Governance Structure**  
The Bank operates through a well structure corporate governance structure as depicted below:

**Governance Framework:**  
The Bank's governance framework is based on excellence through embodying its core values and principles. We model our framework to deliver the highest levels of integrity, resilience and innovation to serve our stakeholders by following the banking industry's best practices. Bank Alfalah's dedication to strict internal controls are evident in the strong emphasis placed by the Board of Directors, the Senior Management, and the Committees.

The Bank follows the guidelines put in place by the Pakistan Stock Exchange Limited (PSX), the State Bank of Pakistan (SBP), and the Securities and Exchange Commission of Pakistan (SECP) in all our management policies. The Board of Directors, Board Committees, Senior Management and Management Committees ensure that integrity and honesty remain at the heart of our business and brand.

- 15. Sustainability Development Goals**  
The Bank's contribution against UN's Sustainability Development Goals has been disclosed as part of 'Sustainability and CSR' section within this Annual Report.
- 16. Global Sustainability Reporting Initiatives**  
The Bank's contribution against GRI has been disclosed as part of 'Sustainability and CSR' section within this annual report.
- 17. Environment, Social and Governance**  
The Bank's contribution against ESG has been disclosed as part of 'Sustainability and CSR' section within this annual report.
- 18. SECP CSR Guidelines**  
The Bank's voluntary contribution against SECP CSR Guidelines has been disclosed as part of 'Sustainability and CSR' section within this annual report.





# Other Information

## Business Rationale for Major Capital Expenditure

During the year the bank invested Rs. 12.8 billion on purchase of fixed assets and intangibles which includes properties (land & buildings), equipment, fixtures, intangible assets etc. A detailed disclosure of fixed asset is given in the financial statements. All the assets purchased were capitalized as the management intends to take benefit from them over their useful life, which spans over more than a year. These additions are for meeting the business and operational needs of the Bank including but not limited to digital infrastructure, new branches, existing branch / office renovations, strengthening IT infrastructure with an aim to operate within secured environment and with the best customer data protection.

Summary of major projects is disclosed in 'Outlook' section of the annual report.

## Information about defaults in payment of any debts and reasons thereof period

No defaults in payments during the year 2023. Also covered in 'Risk and Opportunities' section within this annual report.

## Methods and Assumptions in compiling Key Performance Indicators

These have been disclosed as part of 'Strategy Key Performance Indicators and Resource Allocation' and 'Outlook' sections within this annual report.

## Any significant change in accounting policies, judgements, estimates and assumptions

Please refer note no. 2.5, 2.6, 3 and 4 of the unconsolidated financial statements for significant change in accounting policies, judgements, estimates and assumptions.

## Dividend History

The bank has been declaring dividend regularly every year, except where any restriction is imposed by the regulations. In 2023 the Bank declared interim dividend each of Rs. 3.00 per share in June and final dividend each of Rs. 5.00 per share in December. For the future prospects on dividend, the Bank will decide about it on the basis of results subject to approvals from the board and shareholders.

## Regulatory payments (taxes, duties, levies etc.)

The Bank is regular and on time payer of the taxes, duties and levies.

## CEO Review

Please follow the link below for the President/CEO's video on the Bank's business overview, performance, strategy and outlook: <https://www.bankalfalah.com/ceo-review-2023/>

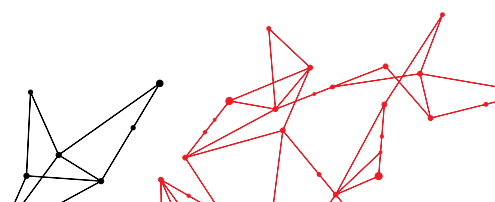
## Fair Value and Forced Sales Value of properties held under Fixed Assets and Investment Properties

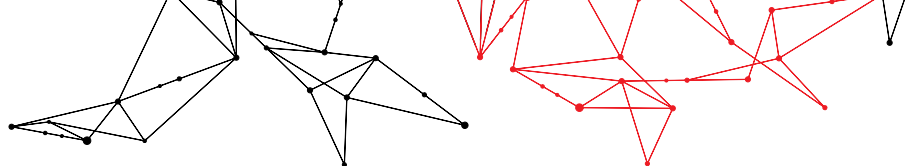
The Bank's land and building are revalued once in three years by the professional evaluators. The following are the fair value and force sales value of the owned properties of the bank as at December 31, 2023:

Fair value: Rs. 24.381 Bn  
Forced Sale Value: Rs. 20.476 Bn

## Reconciliation of weighted average number of shares for calculating EPS and diluted EPS

Please refer note 33 of the unconsolidated financial statements.





## Particulars of Significant / Material Assets and Immovable Property including Location

The Bank has the following fixed assets as at 31 December 2023.

Items from the fixed & intangible assets	Dec '23 - WDV	% composition
Land - Freehold & Leasehold	16,416	26%
Building on Freehold & Leasehold land	7,965	13%
Office equipment	8,451	13%
Vehicles, Lease hold improvement, Furniture and fixture	5,459	9%
<b>Property &amp; equipment</b>	<b>38,291</b>	<b>61%</b>
Right-of-use assets	19,952	32%
Intangible assets	1,370	2%
Capital work-in-progress	3,525	6%
<b>Total fixed &amp; intangible assets</b>	<b>63,138</b>	<b>100%</b>

Significant immovable properties of the Bank are as follows:

- BA Building , II Chundrigarh Road, Karachi, Pakistan [Head Office];
- Shahdin Manzil, Lahore, Pakistan;
- 66 Main Boulevard, Gulberg, Lahore, Pakistan; and
- 23-H Gulberg, Lahore, Pakistan
- Owned and leased premises of branch network and offices across the country and abroad.

## Particulars of loans / advances and investments in foreign companies or undertakings

The Bank's overseas branches in Bahrain, UAE, Afghanistan and Bangladesh invest and lend to companies and undertakings operating in their jurisdictions and abroad. As at 31 December 2023, our overseas branches' advances and investments stood at Rs. 44.285 bn (2022: Rs. 36.89 bn) and Rs. 104.537 bn (2022: Rs. 72.574 bn) respectively.

## 376 Product Revenue and Profitability

The Bank, being a financial intermediary, offers a large menu of lending, deposits and other service. These products and services are offered by different business groups within the bank. The revenue and profitability of these business groups are disclosed in the financial statements. Please see Segment Disclosure (note no. 42 of the unconsolidated financial statement) and business segment wise performance write up within this section.

## Status for adoption of Islamic Financial Accounting Standards (IFAS) issued by the ICAP

Please refer note 2.2 and Annexure II of unconsolidated financial statements.

## Particulars of major foreign shareholders, other than natural person, holding more than 5% of paid up capital in the company in Pattern of Shareholding

These have been disclosed as part of Other Matters relating to 'Governance' sections within this annual report.

## Management's assessment of sufficiency of tax

The bank maintains sufficient provision for taxation as required under the accounting standards and the relevant tax regulations. Contingencies with respect to direct or indirect taxation based on income tax assessments have been disclosed in note 33 of unconsolidated financial statements. Our assessment of sufficiency of tax provision made in financial statements along with comparisons to tax assessment for last three years are satisfactory.

## Income tax reconciliation as required by IFRS and applicable tax regime for the year

Please refer note 33.1 of unconsolidated financial statements.

## Implementation of plans as disclosed in the prospectus/offering document of debt instrument (debts funds utilisation)

The following debt instruments previously issued by the bank are outstanding as at December 31, 2023:

- Medium Term Note (MTN): The primary purpose of this instrument is to hedge bank's fixed rate assets.
- ADT 1 and ADT 2 (TFCs): The ADT TFCs were issued to comply with SBP's regulation to maintain the minimum Capital Adequacy Ratio and to support on going business operations of the Bank.

The MTN and ADT 1 TFCs utilisation are as per the plans disclosed in the prospectus/offering document of the debt instruments.

## Derivative Instruments

The Bank currently deals in derivative instruments namely interest rate swaps, cross currency swap and futures with the principle view to hedge risks associated with interest rates risk and FX risk. Interest rate swaps and futures are conducted to hedge interest rate risk present in the Bank's foreign currency bond portfolio.

For detailed disclosure on derivative instruments, please see note no. 22 of the unconsolidated financial statements.

## Disclosures under regulatory requirements / prudential regulations

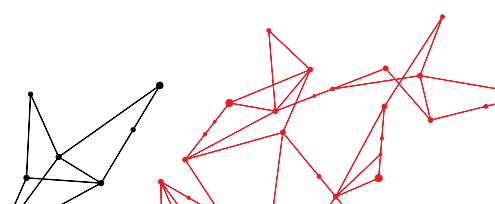
The Bank has prepared its financial statements in accordance with SBP's prescribed format. The Bank has given additional disclosures in this annual report as required under various regulations.

## Branch Network

Please visit our website for the Bank's branch network. <https://www.bankalfalah.com/list-of-branch-network/>

## Assurance and Other Review

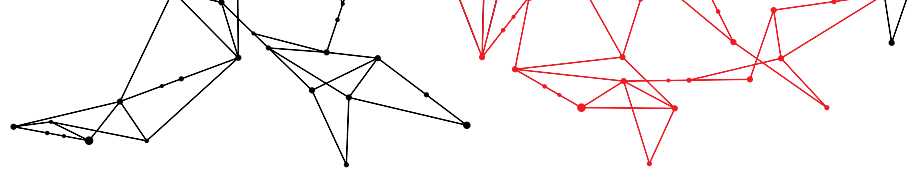
The external auditors of the bank conducted certain assurance, agreed upon procedure and other reviews. This includes Shariah Governance Audit, Report on Capital Adequacy, Review of Statement of Compliance with Code of Corporate Governance, tax related certification and other regulatory certifications.



# CORPORATE REPORTING







# Independent Auditors' Report

## To the members of Bank Alfalah Limited

### Report on the Audit of the Unconsolidated Financial Statements

#### Opinion

We have audited the annexed unconsolidated financial statements of Bank Alfalah Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 60 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

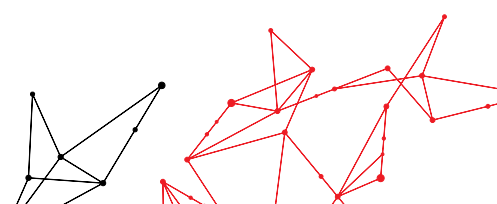
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent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

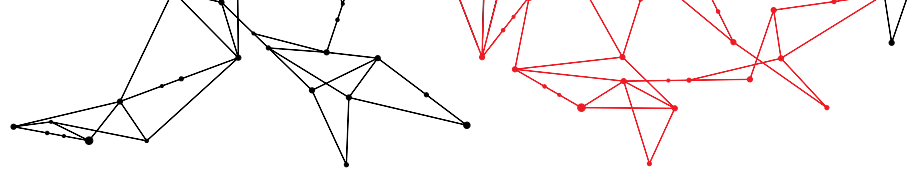
#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Provision against advances:</b> (Refer notes 4.4 &amp; 9.6 to the unconsolidated financial statements).</p>	
	<p>The Bank makes specific and general provisions against advances in Pakistan operations in accordance with the requirements of the Prudential Regulations (PRs) issued by the State Bank of Pakistan from time to time and the management assumptions.</p> <p>The net provision made / reversed during the year against advances is charged to the unconsolidated profit and loss account and accumulated provision is netted-off against advances.</p> <p>Provision pertaining to overseas advances is made in accordance with the requirements of the regulatory authorities of the respective countries.</p> <p>The Bank has recognised a net provision against advances amounting to Rs. 10,509.002 million in the unconsolidated profit and loss account in the current year. As at December 31, 2023, the Bank holds a provision of Rs. 42,235.467 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall unconsolidated financial statements of the Bank, we considered provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against domestic advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> <li>▪ controls over correct classification of non-performing advances on time-based criteria;</li> <li>▪ controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria;</li> <li>▪ controls over accurate computation and recording of provision; and</li> <li>▪ controls over the governance and approval process related to provision, including continuous reassessment by the management.</li> </ul> <p>We selected a sample of advances accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> <li>▪ checked repayments of advances / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and</li> <li>▪ evaluated the management's assessment for classification of borrower's advances facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management.</li> </ul> <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of accounting policy by recomputing the provision amount in accordance with the criteria prescribed under the accounting policy.</p> <p>We issued instructions to the auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed the following audit procedures for a sample of advances customers and reported the results thereof to us.</p>





S.No.	Key Audit Matter	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>▪ examined supporting documentation such as agreements, repayment schedules, repayment history and collateral details; and</li> <li>▪ assessed the adequacy of provision for expected credit losses (ECL) in line with the local regulatory guidelines / IFRS 9.</li> </ul> <p>For ECL computed under IFRS 9:</p> <ul style="list-style-type: none"> <li>▪ updated the understanding of ECL accounting estimate and assessed the reasonableness and appropriateness of the methodology and assumptions used in various components of ECL modelling; and</li> <li>▪ tested the completeness and accuracy of data used within the ECL calculation.</li> </ul> <p>We, as auditors of the Bank, evaluated the work performed by the component auditors and the results thereof.</p>

### Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Bank's financial reporting process.



## Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

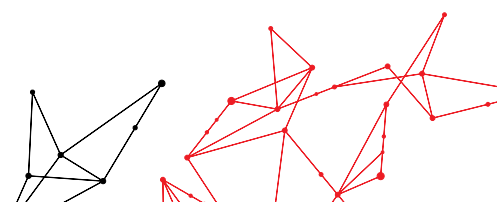
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

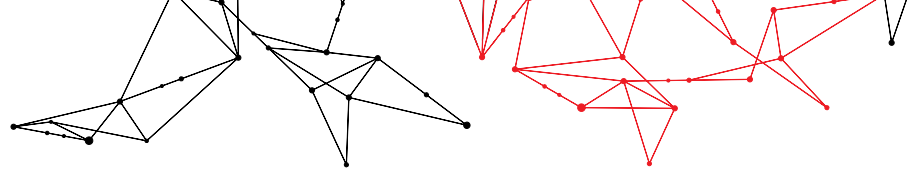
We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
  - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;





- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
  - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
  - d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

### Other Matter

The unconsolidated financial statements of the Bank as at and for the year ended December 31, 2022, were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated February 21, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: February 24, 2024

UDIN: AR202310061LeR7vIEQD

# Unconsolidated Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	5	202,692,402	140,613,348
Balances with other banks	6	16,617,834	9,485,380
Lendings to financial institutions	7	119,554,109	115,353,599
Investments	8	2,067,262,700	1,114,406,758
Advances	9	735,051,510	732,374,851
Fixed assets	10	61,767,681	48,424,722
Intangible assets	11	1,369,899	1,296,297
Deferred tax assets	12	6,008,159	9,012,648
Other assets	13	135,592,533	82,229,125
		3,345,916,827	2,253,196,728
<b>LIABILITIES</b>			
Bills payable	14	26,004,538	40,033,806
Borrowings	15	909,543,453	491,179,531
Deposits and other accounts	16	2,084,997,130	1,486,845,346
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	18	173,448,873	121,123,422
		3,207,993,994	2,153,182,105
<b>NET ASSETS</b>		<b>137,922,833</b>	<b>100,014,623</b>
<b>REPRESENTED BY</b>			
Share capital	19	15,771,651	15,771,651
Reserves		41,401,130	34,283,201
Surplus on revaluation of assets	20	11,268,364	4,858,723
Unappropriated profit		69,481,688	45,101,048
		137,922,833	100,014,623
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

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The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

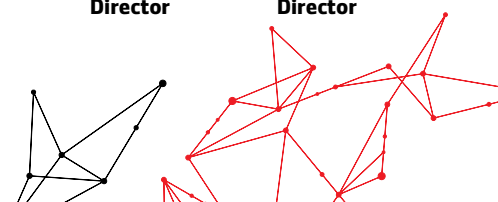
President & Chief Executive Officer

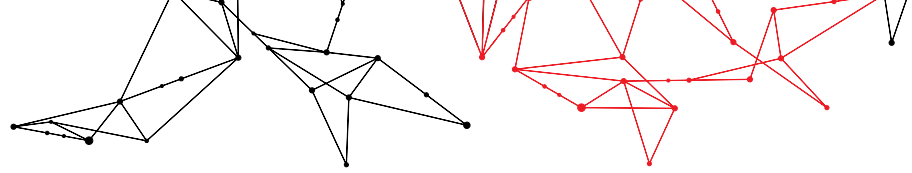
Chief Financial Officer

Director

Director

Director





# Unconsolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
Mark-up / return / interest earned	23	411,947,673	214,053,719
Mark-up / return / interest expensed	24	285,877,301	136,811,589
Net mark-up / return / interest income		126,070,372	77,242,130
<b>NON MARK-UP / RETURN / INTEREST INCOME</b>			
Fee and commission income	25	14,813,438	10,841,833
Dividend income		1,321,057	1,232,315
Foreign exchange income	26	9,554,818	9,218,628
Gain from derivatives		1,760,669	331,578
Gain / (loss) on securities	27	280,150	(66,708)
Other income	28	333,791	325,808
Total non-mark-up / interest income		28,063,923	21,883,454
Total Income		154,134,295	99,125,584
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	29	64,503,026	49,562,235
Workers' welfare fund	30	1,714,807	907,442
Other charges	31	279,412	27,178
Total non-mark-up / interest expenses		66,497,245	50,496,855
Profit before provisions		87,637,050	48,628,729
Provisions and write offs - net	32	9,461,990	12,468,424
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		78,175,060	36,160,305
Taxation	33	41,718,688	17,953,860
<b>PROFIT AFTER TAXATION</b>		36,456,372	18,206,445
<b>-----Rupees-----</b>			
<b>Basic and diluted earnings per share</b>	34	23.12	10.27

The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	------(Rupees in '000)-----	
Profit after taxation for the year	36,456,372	18,206,445
<b>Other comprehensive income / (loss)</b>		
<b>Items that may be reclassified to the profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches	3,472,292	2,508,593
Movement in surplus / (deficit) on revaluation of investments - net of tax	6,633,530	(6,317,573)
	10,105,822	(3,808,980)
<b>Items that will not be reclassified to the profit and loss account in subsequent periods:</b>		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	118,891	(294,012)
Movement in surplus on revaluation of investments - net of tax	4,538	-
Movement in surplus on revaluation of operating fixed assets - net of tax	(107,226)	(82,236)
Movement in surplus on revaluation of non-banking assets - net of tax	4,221	31,823
	20,424	(344,425)
<b>Total comprehensive income</b>	<b>46,582,618</b>	<b>14,053,040</b>

The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

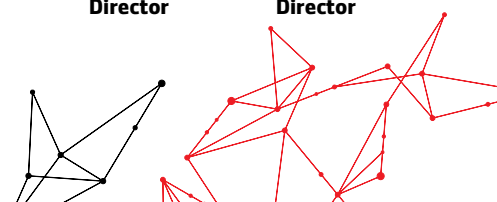
President & Chief Executive Officer

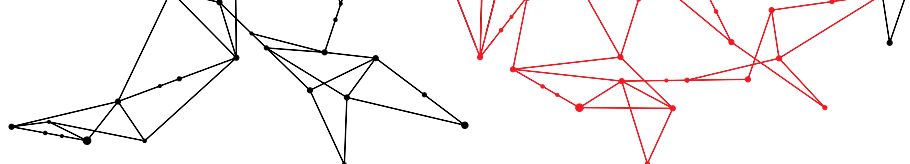
Chief Financial Officer

Director

Director

Director





# Unconsolidated Statement of Changes In Equity

For the year ended December 31, 2023

	Capital reserves			Statutory reserve	Surplus/(deficit) on revaluation			Unappropriated profit	Total
	Share capital	Share premium	Exchange translation reserve		Investments	Fixed assets	Non banking assets		
(Rupees in '000)									
<b>Balance as at January 1, 2022</b>	17,771,651	4,731,049	8,211,089	17,011,825	(1,227,301)	12,580,193	87,688	40,836,487	100,002,681
Profit after taxation	-	-	-	-	-	-	-	18,206,445	18,206,445
Other comprehensive income / (loss) - net of tax	-	-	2,508,593	-	(6,317,573)	(82,236)	31,823	(294,012)	(4,153,405)
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,884	(36,884)	-	-
Transfer to statutory reserve	-	-	-	1,820,645	-	-	-	(1,820,645)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(213,749)	(122)	213,871	-
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)
<b>Balance as at December 31, 2022</b>	<b>15,771,651</b>	<b>4,731,049</b>	<b>10,719,682</b>	<b>18,832,470</b>	<b>(7,544,874)</b>	<b>12,321,092</b>	<b>82,505</b>	<b>45,101,048</b>	<b>100,014,623</b>
Profit after taxation	-	-	-	-	-	-	-	36,456,372	36,456,372
Other comprehensive income / (loss) - net of tax	-	-	3,472,292	-	6,638,068	(107,226)	4,221	118,891	10,126,246
Transfer to statutory reserve	-	-	-	3,645,637	-	-	-	(3,645,637)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(125,422)	-	125,422	-
<b>Transactions with owners, recorded directly in equity</b>									
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)
<b>Balance as at December 31, 2023</b>	<b>15,771,651</b>	<b>4,731,049</b>	<b>14,191,974</b>	<b>22,478,107</b>	<b>(906,806)</b>	<b>12,088,444</b>	<b>86,726</b>	<b>69,481,688</b>	<b>137,922,833</b>

The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

# Unconsolidated Cash Flow Statement

For the year ended December 31, 2023

	Note	2023 ----- (Rupees in '000) -----	2022 ----- (Rupees in '000) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		78,175,060	36,160,305
less: Dividend income		(1,321,057)	(1,232,315)
		<u>76,854,003</u>	<u>34,927,990</u>
<b>Adjustments</b>			
Depreciation	29	6,881,842	5,405,354
Amortisation	29	326,796	351,233
Provisions and write offs - net	32	9,461,990	12,468,424
Unrealised loss on revaluation of investments classified as held for trading - net	27	377,898	16,319
Gain on sale of operating fixed assets and non banking assets - net	28	(144,975)	(121,009)
Gain on termination of leases (IFRS 16) - net	28	(112,863)	(121,876)
Borrowing cost on lease liability	24	2,657,661	1,921,115
Workers' Welfare Fund	30	1,714,807	907,442
Charge for defined benefit plan	29.1	413,244	282,939
Charge for staff compensated absences	29.1	172,625	67,268
		<u>21,749,025</u>	<u>21,177,209</u>
		<u>98,603,028</u>	<u>56,105,199</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(12,456,475)	(60,076,346)
Held for trading securities		(266,488,616)	87,580,431
Advances		(13,185,661)	(67,438,026)
Other assets (excluding advance taxation)		(53,313,539)	(25,949,649)
		<u>(345,444,291)</u>	<u>(65,883,590)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(14,029,268)	17,208,306
Borrowings		419,780,896	104,259,995
Deposits		598,151,784	347,800,740
Other liabilities (excluding current taxation)		42,052,259	28,218,056
		<u>1,045,955,671</u>	<u>497,487,097</u>
		<u>799,114,408</u>	<u>487,708,706</u>
Contribution made to gratuity fund		(467,002)	(268,817)
Income tax paid		(42,206,041)	(16,978,444)
<b>Net cash generated from operating activities</b>		<u>756,441,365</u>	<u>470,461,445</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(590,838,096)	(397,937,132)
Net investments in held-to-maturity securities		(83,081,475)	(10,879,143)
Investment in subsidiary		-	(5,217)
Dividends received		1,310,626	1,232,315
Investments in operating fixed assets		(12,780,582)	(8,687,657)
Proceed from sale of fixed assets and non banking assets		217,036	441,914
Effect of translation of net investment in foreign branches		3,472,292	2,508,593
<b>Net cash used in investing activities</b>		<u>(681,700,199)</u>	<u>(413,326,327)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of sub-ordinated debt		-	7,000,000
Payment of leased obligations		(5,054,441)	(3,814,458)
Purchase of own shares		-	(6,043,855)
Dividend paid		(7,274,936)	(3,382,063)
<b>Net cash used in financing activities</b>		<u>(12,329,377)</u>	<u>(6,240,376)</u>
<b>Increase in cash and cash equivalents</b>		<u>62,411,789</u>	<u>50,894,742</u>
Cash and cash equivalents at beginning of the year		204,964,135	146,521,439
Effects of exchange rate changes on cash and cash equivalents - gain		(19,476,005)	(11,928,051)
		<u>185,488,130</u>	<u>134,593,388</u>
<b>Cash and cash equivalents at end of the year</b>	35	<u>247,899,919</u>	<u>185,488,130</u>

The annexed notes 1 to 50 and annexures I to III form an integral part of these unconsolidated financial statements.

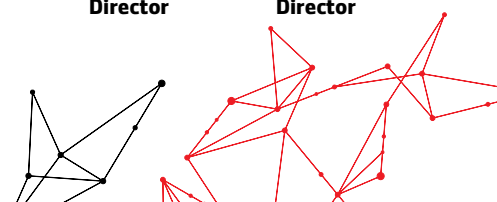
President & Chief Executive Officer

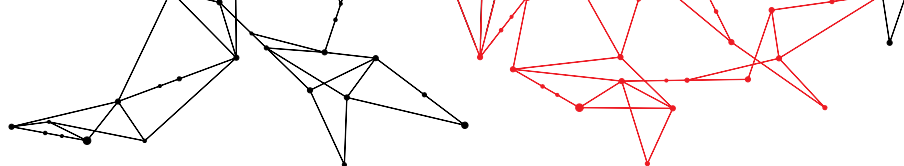
Chief Financial Officer

Director

Director

Director





# Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended December 31, 2023

## 1 STATUS AND NATURE OF BUSINESS

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,009 branches (2022: 877 branches) and 15 sub-branches (2022: 17 sub-branches). Out of the 1,009 branches, 650 (2022: 586) are conventional, 348 (2022: 280) are Islamic, 10 (2022: 10) are overseas and 1 (2022: 1) is an offshore banking unit.

## 2 BASIS OF PRESENTATION

**2.1** These financial statements have been prepared in accordance with the format for preparation of the annual financial statements of the banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 02 dated January 25, 2018.

## 2.2 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 (IFRSs) 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 (ICAP) 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) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide its SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

Moreover, the Bank has not adopted IFRS 9 in preparation of these unconsolidated financial statements, as allowed by the SBP BPRD circular no 7 of 2023 dated April 13, 2023; except for overseas branches where this standard is applicable.

**2.2.1** These unconsolidated financial statements represent separate financial statements of Bank Alfalah Limited in which investments in subsidiaries and associates are accounted for as stated in note 4.3.1.

**2.2.2** The management of the Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated financial statements have been prepared on a going concern basis.

**2.3** Key financial figures of Islamic Banking branches are disclosed in Annexure II to these unconsolidated financial statements.

**2.4 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current year.**

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated financial statements.



## 2.5 Standards, interpretations of and amendments to published approved accounting and reporting standards that are not yet effective.

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods as stated below:

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 9 'Financial instruments'	January 01, 2024
- IAS 1 - Non current liabilities with covenants (amendments)	January 01, 2024
- IFRS 16 Sale and leaseback (amendments)	January 01, 2024

The management is in the process of assessing the impact of these amendments on the unconsolidated financial statements of the Bank.

The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified a new reporting format for the financial statements of the Banking Companies. The new reporting format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2024.

### 2.5.1 IFRS 9 Financial Instruments

As directed by the SBP vide its BPRD Circular No. 03 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2023 for banks having asset base of more than Rs. 500 billion as at December 31, 2021. The SBP via same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard on the banks. Subsequently, the SBP vide its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023 deferred its applicability and made it effective from January 01, 2024.

During the year ended December 31, 2023, the management of the Bank has performed a detailed impact assessment of various aspects of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. However, the Bank expects an increase in the loss allowance resulting in a negative impact on equity. In addition, the Bank will implement changes in classification of certain financial instruments at the time of adoption. These changes and impacts are discussed below:

#### 2.5.1.1 Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Debt securities that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which these are held. The entity's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). Equity instruments are generally measured as Fair Value through Profit & Loss (FVTPL) unless the Bank elects for Fair Value through Other Comprehensive Income (FVTOCI) at initial recognition. The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

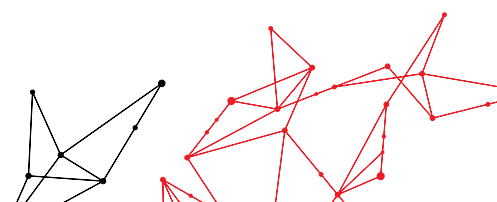
##### Equity securities

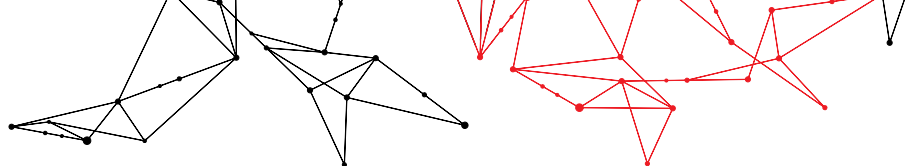
The Bank expects to continue measuring equity securities at fair value.

For certain quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in other comprehensive income (OCI), the Bank will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a material impact.

For those quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI for which FVOCI election is not made, will, instead, be measured at fair value through profit or loss (FVTPL), with mark to market impacts recorded in profit or loss for future periods. The AFS reserve related to those securities, which is currently presented as accumulated OCI, will be reclassified from revaluation surplus/deficit to retained earnings, however, there will be no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value.





## Debt securities and loans and advances

Debt securities currently classified as AFS and those which pass SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those which pass SPPI test are expected to be measured at amortised costs under IFRS 9 as the business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVTPL regardless of the business model in which these are held.

### 2.5.1.2 Impairment

The impairment requirements apply to financial assets measured at Amortised Cost and FVOCI (other than equity instruments), loans and receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is an objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.

The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and the SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and Stage 2 provisions would be made as per IFRS 9 ECL and stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements.

### 2.5.1.3 Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognised over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue as earned.

### 2.5.1.4 Hedge accounting

IFRS 9 aligns hedge accounting more closely with risk management activities and establishes a more principle-based approach to hedge accounting. Based on the analysis performed, the Bank will continue applying IAS 39 hedge accounting, as permitted under IFRS 9.

### 2.5.1.5 Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Bank's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The SBP has issued a revised format for the financial statements of the banks for the accounting periods starting from January 1, 2024, which includes the presentation and disclosures required upon adoption of IFRS 9.

### 2.5.1.6 Impact of adoption of IFRS 9

The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Based on the Bank's assessment, the IFRS 9 requirements are expected to have an impact on the classification and measurement of some of its financial assets and financial liabilities.

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 is increase in equity of approximately Rs. 1,177.639 million, representing corresponding impact of:

- 1 A decrease of approximately Rs. 3,214.872 million related to impairment requirements; and
- 2 An increase of approximately Rs. 4,392.511 million related to classification and measurement requirements, other than impairment.

The banking industry awaits clarifications from the regulator for few aspects of IFRS 9 application which may have an impact on adoption.

### Impact on regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Banks, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has determined that it may be appropriate for the FIs to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. An Annexure B of the 'Application Instructions' issued by the SBP has detailed the transitional arrangement relating to regulatory capital.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The estimated impact of adoption of IFRS 9 on the capital ratios of the Bank based on the transitional arrangement are as follows:

	As per adopted IFRS	As per current ARS
Common Equity Tier 1 Capital Adequacy ratio	<u>11.75%</u>	<u>11.64%</u>
Tier 1 Capital Adequacy Ratio	<u>13.19%</u>	<u>13.07%</u>
Total Capital Adequacy Ratio	<u>17.36%</u>	<u>16.74%</u>
CET1 available to meet buffers (as a percentage of risk weighted assets)	<u>5.61%</u>	<u>5.64%</u>

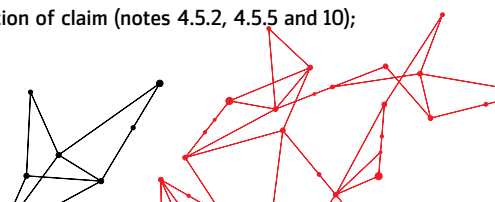
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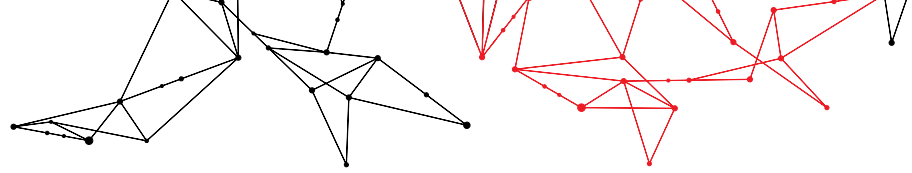
## 2.6 Critical accounting estimates and judgments

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

Material accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

- i) classification and provisioning against investments (notes 4.3.1 and 8);
- ii) classification and provisioning against non-performing loans and advances (notes 4.4 and 9);
- iii) income taxes (notes 4.11 and 33);
- iv) accounting for defined benefit plan and compensated absences (notes 4.8, 37 and 39);
- v) depreciation of operating fixed assets and non banking assets acquired in satisfaction of claim (notes 4.5.2, 4.5.5 and 10);
- vi) amortisation of intangibles (notes 4.5.3 and 11);





- vii) revaluation of fixed assets and non banking assets acquired in satisfaction of claim (note 4.5.2, 4.5.5, 10 and 13.1);
- viii) impairment of non-financial assets (note 4.12);
- ix) employee stock option scheme (note 40)
- x) fair value measurement of financial instruments (note 41);
- xi) Provision against other assets and other provisions (notes 4.14 and 13.3);
- xii) Provision against off balance sheet obligations and contingent liabilities (notes 4.13, 4.15, 18.1, and 21);
- xiii) determination of the lease term for lease contracts with renewal and termination options (the Bank as a lessee) (notes 4.5.4.1, 10.3 and 18.2); and
- xiv) incremental borrowing rate (note 4.5.4.1).

### **3 BASIS OF MEASUREMENT**

#### **3.1 Accounting convention**

These unconsolidated financial statements have been prepared under the historical cost convention except that certain fixed assets and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified as held for trading, available for sale investments, foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; and right of use of asset and related lease liability are measured at present value.

#### **3.2 Functional and presentation currency**

**3.2.1** These unconsolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

**3.2.2** The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

### **4 MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting policies applied in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

#### **4.1 Cash and cash equivalents**

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

#### **4.2 Lendings to / borrowings from financial institutions**

The Bank enters into transactions of repurchase agreements (repo) and agreements to resell (reverse repo) at contracted rates for a specified period of time. These are recorded as below:

##### **4.2.1 Sale under repurchase agreements**

Securities sold subject to a repurchase agreement (repo) are retained in these unconsolidated financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

##### **4.2.2 Purchase under resale agreements**

Securities purchased under agreement to resell (reverse repo) are not recognised in these unconsolidated financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

#### 4.2.3 Bai Muajjal

The Bank enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

##### Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

##### Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis and are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost over the life of the transaction.

### 4.3 Investments

#### 4.3.1 Classification

The Bank classifies its investments as follows:

##### Held for trading

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

##### Held to maturity

These are securities with fixed or determinable payments and fixed maturities and the Bank has the positive intent and ability to hold them till maturity.

##### Available for sale

These are investments, other than those in subsidiaries and associates, which do not fall under the 'held for trading' and 'held to maturity' categories.

##### Associates

Associates are all entities over which the Bank has significant influence but not control. Investment in associates is carried at cost less accumulated impairment losses, if any.

##### Subsidiary

Subsidiary is an entity over which the Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

#### 4.3.2 Regular way contracts

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

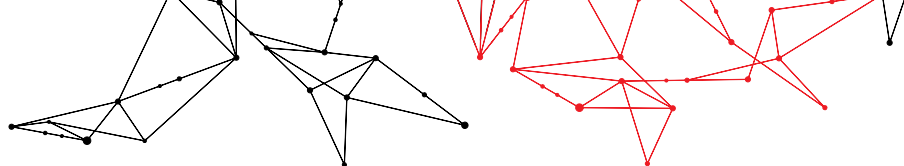
#### 4.3.3 Initial recognition and measurement

Investments are initially recognised at fair value. Transaction costs associated with investments other than held for trading securities are included in the cost of investments. Transaction costs on held for trading securities are expensed in the profit and loss account.

#### 4.3.4 Subsequent measurement

In accordance with the requirements of the SBP, quoted securities other than those classified as 'held to maturity', investment in associates and subsidiaries are subsequently remeasured to market value. Surplus and deficit arising on revaluation of securities classified as 'available for sale' is taken to a separate account shown in the statement of financial position. Surplus / (deficit) arising on revaluation of investments classified as 'held for trading' is taken to the profit and loss account. Investments classified as 'held to maturity' are carried at amortised cost.





Unquoted equity securities, excluding investment in subsidiaries and associates are valued at lower of cost and the break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiaries and associates are carried at cost, less accumulated impairment losses, if any. Details of valuation techniques used in determination of fair value are included in note 41.1 of these unconsolidated financial statements.

#### 4.3.5 Impairment

The Bank determines provision for diminution in the value of debt securities as per the Prudential Regulations issued by the SBP. When a debt security, other than a government security, is classified as available-for-sale and considered to be impaired, the balance in the surplus / deficit on revaluation of securities account is transferred to the profit and loss account as an impairment charge. If, in a subsequent period, the fair value of a debt instrument increases the impairment loss is reversed through the profit and loss account. When a debt security, other than a government security, classified as held-to-maturity and considered to be impaired, the impairment is directly charged to the profit and loss account as held-to-maturity securities are carried at amortised cost. Any subsequent reversal of an impairment loss, up to the cost of the investment in the debt security is credited to the profit and loss account.

The Bank determines impairment on available-for-sale listed equity securities 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 judgement. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

A decline in the carrying value of unlisted equity securities is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account.

The carrying values of investments in associates and subsidiaries are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, higher of fair value less cost to sell and value in use, the investments in associates and subsidiaries are written down to their recoverable amounts and the resulting impairment loss is taken to the profit and loss account. Any subsequent reversal of an impairment loss, upto the carrying value of the investment in associates and subsidiaries, is credited to the profit and loss account.

Provision against investments by the overseas branches is made as per the requirements of the respective countries in which the overseas branches operates.

#### 4.4 Advances

##### Loans and advances

Loans and advances including net investment in finance lease are stated net of provision against non-performing loan and advances. Specific and general provisions against loans and advances in Pakistan operations are made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan from time to time and the management assumptions. General provision against high risk and flood impacted advances portfolio is based on the management's estimates as disclosed in note 9.6.5 (iii). The net provision made / reversed during the year is charged to the profit and loss account and accumulated provisions are netted-off against loan and advances. Provisions pertaining to overseas loans and advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

##### Islamic financing and related assets

The Bank provides Islamic financing and related assets mainly through Murabaha, Ijarah, Diminishing Musharakah, Musharakah, Bai Muajjal Financing, Musawama, Salam, Istisna, Tijarah, Refinance under the SBP Islamic Refinance Schemes and financing under other government schemes. 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 income 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 on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP and the management estimates/assumption. General provision against high risk and flood impacted advances portfolio is based on the management's estimates as disclosed in note 9.6.5 (iii). The net provision made / reversed during the year is charged to the 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 or to clean up the balance sheet as allowed by the SBP.

## Net investment in finance lease

Leases where the Bank transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Bank determines specific provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP and the management estimates / assumption. The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against net investment in finance lease. The assets are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

## Ijarah assets (IFAS 2)

Ijarah assets are stated at cost less accumulated depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received/ receivable on Ijarah under IFAS 2 are recorded as income / revenue. The Bank charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Impairment of Ijarah rentals are determined in accordance with the Prudential Regulations of SBP. The provision for impairment of Ijarah Rentals is shown as part of 'Islamic financing and related assets'.

## 4.5 Fixed assets

### 4.5.1 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

### 4.5.2 Property and equipment

Property and equipment are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any, except land and buildings which are carried at revalued amount less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is charged by applying the straight-line method using the rates specified in note 10.2 to these unconsolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which these are disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amounts does not differ materially from their fair value.

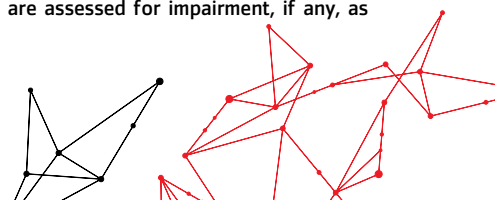
A revaluation surplus is recorded in OCI as part of surplus on revaluation of fixed asset in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the profit or loss account, the increase is recognised in the profit and loss account. A revaluation deficit is recognised in the profit and loss account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. A transfer from the asset revaluation surplus to unappropriated profit is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

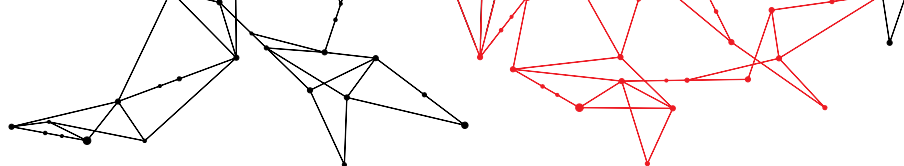
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are taken to the profit and loss account except that the related surplus / deficit on revaluation of property & equipment (net of deferred taxation) is transferred directly to unappropriated profit.

### 4.5.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Intangible assets are assessed for impairment, if any, as described under note 4.12.





#### 4.5.4 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### 4.5.4.1 Bank as a lessee

The Bank recognises lease liabilities to make lease payments and right-of-use assets over its lease term.

##### Right-of-use (RoU) assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

##### Lease liability

At the commencement date of the lease, the Bank recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

##### Determination of the lease term for lease contracts with renewal and termination options (Bank as a lessee)

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.

The Bank has several lease contracts that include extension and termination options. The Bank applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

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.

##### Incremental borrowing rate (IBR)

The IBR is the rate of markup that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimates the IBR using observable inputs such as market interest rates.

##### 4.5.4.2 Bank as a lessor

Leases in which the Bank does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

#### 4.5.5 Non-banking assets acquired in satisfaction of claim

Non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation thereon. The valuation of properties acquired under this head is conducted as per the SBP's requirement, so as to ensure that their net carrying values do not materially differ from their fair values. Any surplus arising on revaluation of such properties is transferred to the surplus on revaluation of non-banking assets in other comprehensive income, while any deficit arising on revaluation is charged to the profit and loss account directly. Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on straight line method over the useful life of the assets. In addition, all direct costs, including legal fees and transfer costs linked with transferring the title of the property to Bank is accounted as an expense in the profit and loss account.



Any shares acquired in satisfaction of claims are stated at revalued amount at each reporting date with the corresponding deficit / surplus recognised in the Statement of Comprehensive Income.

#### 4.6 Deposits / borrowings and their cost

- a) Borrowings and deposits are recorded at the proceeds received.
- b) Cost of deposits and borrowings are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method to the extent that these are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset.
- c) Swap cost arises when surplus foreign currency funds are sold to purchase local currency funds from the market. Swap cost is recorded as an expense in the period in which it is incurred.

##### 4.6.1 Deposits - Islamic Banking

Deposits are generated on the basis of two modes i.e. Qard and Modaraba.

Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (Bank) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period.

Asset pools are created at the Bank's discretion and the Bank can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

#### 4.7 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

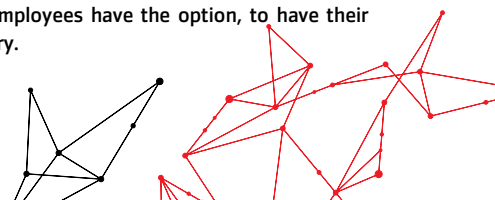
#### 4.8 Staff retirement / employee benefits

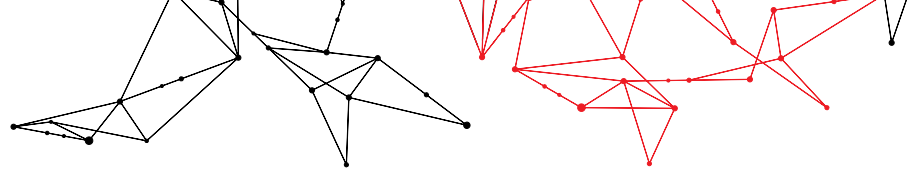
##### a) Defined benefit plan

The Bank operates an approved funded gratuity scheme, administered by the trustees, covering eligible employees whose period of employment with Bank is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 37.3. Actuarial gains and losses are recognised immediately in other comprehensive income.

##### b) Defined contribution plan

The Bank operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. The Bank contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.





#### c) **Compensated absences**

The Bank recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision is recognised on the basis of actuarial recommendations.

#### d) **Share based payment**

The Bank has granted a cash award equivalent to the market value of the ordinary shares to certain employees under Phantom Shares Award. The entitlement vests with the employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 1, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, second and third vesting dates to follow 365 calendar days from the preceding vesting dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Shares Entitlement equivalent to fair market value of the Bank's share on vesting date.

The Bank recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Bank re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the profit or loss account for the period.

### 4.9 **Foreign currencies**

#### 4.9.1 **Functional and presentation currency**

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates.

#### 4.9.2 **Transactions and balances**

Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase contracts relating to foreign currency deposits are realised / charged directly to the profit and loss account.

#### 4.9.3 **Foreign operations**

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.

#### 4.9.4 **Translation gains and losses (foreign operations)**

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

#### 4.9.5 **Commitments**

Commitments for outstanding forward foreign exchange contracts are disclosed at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

### 4.10 **Revenue recognition**

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Bank and the revenue can be reliably measured.

#### 4.10.1 **Advances and investments**

Income on performing advances and debt securities is recognized on a time proportion basis as per the terms of the contract. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

Income recoverable on classified advances and investments is recognized on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Bank and its overseas branches operate.

Murabaha income is recognised on deferred income basis.

#### 4.10.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised as income when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

Ijarah income is recognised on an accrual basis as and when the rentals becomes due. Depreciation in case of Ijarah is netted off from markup income.

#### 4.10.3 Non Markup / interest income

- Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services. The Bank recognises fees earned on transaction-based arrangements at a point in time when the Bank has provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the related services. Unearned fee and commission are included under other liabilities.
- Dividend income is recognised at the time when the Bank's right to receive the dividend has been established.
- Other income is recognised on accrual basis.

#### 4.11 Taxation

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

##### 4.11.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credit and rebate, if any.

##### 4.11.2 Prior years

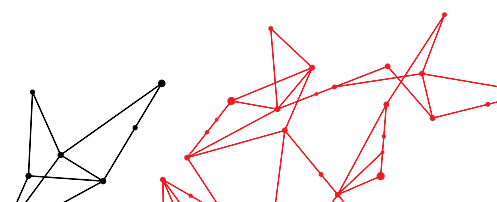
This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

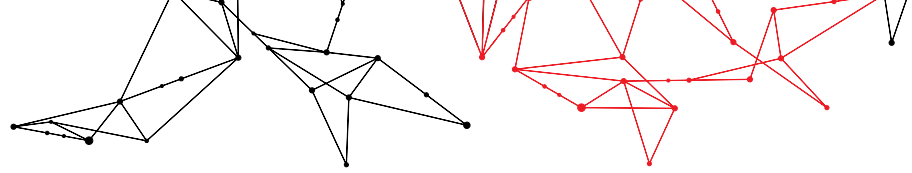
##### 4.11.3 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The difference between the carrying value and the recoverable value is recognised through the profit and loss account as a deferred tax expense. The Bank also records a deferred tax asset / liability on items recognised directly in the statement of comprehensive income such as surplus / deficit on revaluation of assets.

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.





#### 4.12 Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable at each reporting date. If any event exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the unconsolidated financial statements. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

#### 4.13 Provision for claims under guarantees and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Bank to settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

#### 4.14 Other provisions

Other provisions are recognised when the Bank has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

#### 4.15 Contingent liabilities

Contingent liabilities are not recognised in the statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed.

#### 4.16 Off-setting

Financial assets and financial liabilities are off-set and the net amount reported in the unconsolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements only when permitted by the approved accounting and reporting standards as applicable in Pakistan.

#### 4.17 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for material financial assets and financial liabilities are disclosed in the policy notes associated with them.

#### 4.18 Derivative financial instruments

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

#### 4.19 Acceptances

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

#### 4.20 Dividend and appropriation to reserves

Dividend declared and appropriations, except for transfer to statutory reserve which are made subsequent to the date of Statement of Financial Position are considered as non adjusting events and are recorded as a liability in the financial statements in the year in which these are approved by the directors / shareholders, as appropriate.

#### 4.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, consolidating the impact of treasury stocks, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

#### 4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure of the Bank. Segmented performance is reported to the senior management of the Bank on a monthly basis for the purpose of strategic decision making and performance management.

##### 4.22.1 Business segments

###### Retail banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Bank. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

###### Corporate banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with the Bank's corporate and public sector customers.

###### Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market, FX and merchant banking operations. The investments of the Bank primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

###### Digital banking

This segment includes branchless banking accounts, deposits and lending products, digital channels (including ATMs, internet banking, call centre and alfa app), corporate, Government to Person (G2P) & Small Medium and Micro Enterprises (SMME) portfolio (including Employee Old Age Benefit (EOBI), Benazir Income Support Program (BISP), payroll solutions), digital payments and digital products.

###### Islamic banking (Domestic)

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

###### International operations

This segment comprises of business activities related to the Bank's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

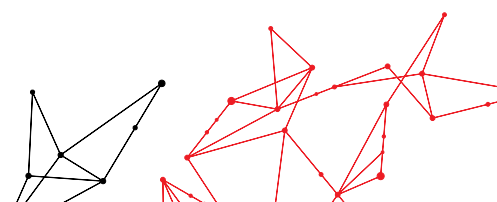
###### Others

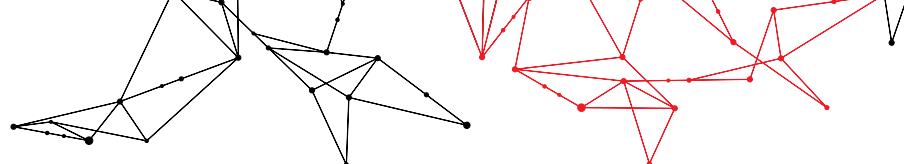
This includes the head office related activities, and all other activities not directly tagged or allocated to the segments above.

##### 4.22.2 Geographical segments

The Bank operates in three geographical regions being:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East





	Note	2023 ------(Rupees in '000)-----	2022
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		39,440,188	34,295,195
- foreign currency		7,354,310	3,692,104
		46,794,498	37,987,299
With State Bank of Pakistan in			
- local currency current accounts	5.1	76,392,873	46,845,917
- foreign currency current accounts	5.2	8,989,528	3,528,124
- foreign currency deposit accounts	5.3	12,227,044	687,240
		97,609,445	51,061,281
With other central banks in			
- foreign currency current accounts	5.4	45,379,083	49,697,265
- foreign currency deposit accounts	5.5	1,695,718	1,679,531
		47,074,801	51,376,796
With National Bank of Pakistan in local currency current account		11,062,857	92,097
Prize bonds		186,661	95,875
		202,728,262	140,613,348
Less: expected credit loss - overseas branches		(35,860)	-
		<u>202,692,402</u>	<u>140,613,348</u>

**5.1** This represents local currency current account maintained under the cash reserve requirement of the SBP.

**5.2** These represent US Dollar and other foreign currency settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.

**404 5.3** This represents foreign currency deposit account maintained under the special cash reserve of the SBP. Profit rates on these deposits are fixed by the SBP on a monthly basis. These deposits carry interest rate ranging from 3.39% to 4.34% (2022: 0.00% to 3.14%) per annum.

**5.4** These represent deposits with other central banks pertaining to the overseas operations of the Bank to meet their minimum cash reserves and capital requirements .

**5.5** These represent deposits with other central banks pertaining to the overseas operations of the Bank, in accordance with their regulatory requirements and carry interest rates ranging from 0.00% to 5.68% (2022: 0.00% to 2.04%) per annum.

	Note	2023 ------(Rupees in '000)-----	2022
<b>6 BALANCES WITH OTHER BANKS</b>			
In Pakistan in current accounts		11,071	17,994
Outside Pakistan			
- in current accounts	6.1	16,575,317	9,438,572
- in deposit accounts	6.2	34,503	28,814
		16,609,820	9,467,386
		16,620,891	9,485,380
Less: expected credit loss - overseas branch		(3,057)	-
		<u>16,617,834</u>	<u>9,485,380</u>

- 6.1** This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount.
- 6.2** This includes placement of funds generated through foreign currency deposits scheme (FE-25) and non-contractual deposits at interest rates ranging from 0.25% to 1.25% per annum (2022: 1.00% to 1.25% per annum).

	Note	2023	2022
------(Rupees in '000)-----			
<b>7</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call / clean money lendings	7.1	32,018,705	40,384,136
Repurchase agreement lendings (Reverse Repo)	7.2	87,535,847	74,969,700
		<u>119,554,552</u>	<u>115,353,836</u>
Less: expected credit loss - overseas branches		(443)	(237)
Lending to Financial Institutions - net of provision		<u><u>119,554,109</u></u>	<u><u>115,353,599</u></u>

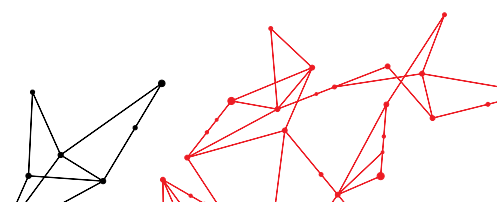
**7.1** These represent lendings to financial institutions at markup rates ranging from 7.25% to 22.00% per annum (2022: 5.00% to 16.20% per annum) having maturities upto January 2024 (2022: March 2023).

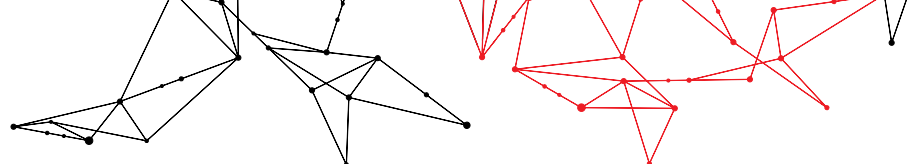
**7.2** These represent short term lendings to financial institutions against investment securities. These carry markup rates ranging from 21.00% to 22.95% per annum (2022: 15.85% to 16.20% per annum) with maturities upto January 2024 (2022: January 2023).

	2023	2022
------(Rupees in '000)-----		
<b>7.3</b>	<b>Particulars of lending - gross</b>	
In local currency	111,935,847	104,969,761
In foreign currencies	7,618,705	10,384,075
	<u>119,554,552</u>	<u>115,353,836</u>

**7.4** Securities held as collateral against lending to financial institutions

	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
------(Rupees in '000)-----						
Market Treasury Bills	1,939,888	-	1,939,888	52,348,826	-	52,348,826
Pakistan Investment Bonds	85,595,959	-	85,595,959	22,620,874	-	22,620,874
Total	<u>87,535,847</u>	<u>-</u>	<u>87,535,847</u>	<u>74,969,700</u>	<u>-</u>	<u>74,969,700</u>





## 8 INVESTMENTS

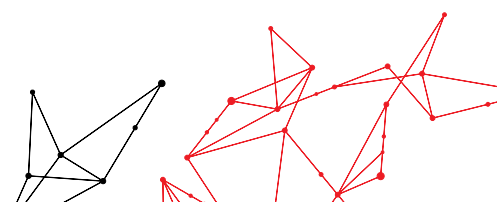
### 8.1 Investments by type:

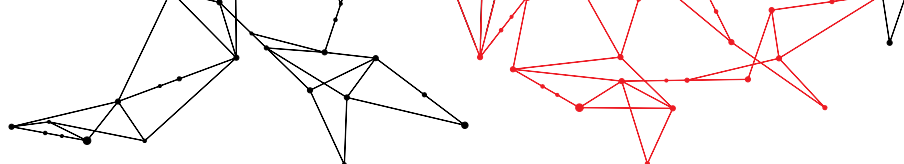
Note	2023				2022				
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	
----- (Rupees in '000) -----									
<b>Held for trading securities</b>									
<b>Federal Government Securities</b>									
- Market Treasury Bills	8.7	158,519,893	-	(283,083)	158,236,810	2,074,210	-	(2,994)	2,071,216
- Pakistan Investment Bonds	8.7	116,583,496	-	(74,689)	116,508,807	4,173,096	-	33,445	4,206,541
- Ijarah Sukuk	8.7	4,661,665	-	(15,205)	4,646,460	3,059,648	-	7,862	3,067,510
<b>Shares</b>									
- Ordinary shares / units - Listed		228,833	-	-	228,833	567,811	-	(49,754)	518,057
<b>Foreign Securities</b>									
- Overseas Bonds - Sovereign		51,626	-	(4,921)	46,705	3,698,451	-	(4,878)	3,693,573
		280,045,513	-	(377,898)	279,667,615	13,573,216	-	(16,319)	13,556,897
<b>Available for sale securities</b>									
<b>Federal Government Securities</b>									
- Market Treasury Bills	8.7	332,007,074	-	(823,401)	331,183,673	2,402	-	(7)	2,395
- Pakistan Investment Bonds	8.7	951,035,850	-	(2,440,787)	948,595,063	831,017,092	-	(7,636,247)	823,380,845
- Ijarah Sukuk	8.7	225,217,164	-	1,706,526	226,923,690	104,886,109	-	(939,360)	103,946,749
- Government of Pakistan Euro Bonds		14,715,017	(2,355,129)	(1,339,847)	11,020,041	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Naya Pakistan Certificates		5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
<b>Shares</b>									
- Ordinary shares - Listed	8.4.2	3,500,848	(59,818)	594,515	4,035,545	7,205,583	(829,340)	(453,569)	5,922,674
- Ordinary shares - Unlisted	8.4.2	1,211,363	(88,038)	-	1,123,325	1,211,363	(88,038)	-	1,123,325
- Preference Shares - Listed	8.4.2	108,835	(108,835)	-	-	108,835	(108,835)	-	-
- Preference Shares - Unlisted	8.4.2	25,000	(25,000)	-	-	25,000	(25,000)	-	-
<b>Non Government Debt Securities</b>									
- Term Finance Certificates		3,169,109	(221,322)	-	2,947,787	2,764,517	(411,218)	(48)	2,353,251
- Sukuk		16,452,185	(96,511)	66,970	16,422,644	16,898,056	(96,511)	129,707	16,931,252
<b>REIT Fund - Unlisted</b>		1,000,000	-	-	1,000,000	700,000	-	-	700,000
<b>Foreign Securities</b>									
- Overseas Bonds - Sovereign		44,686,242	(108,774)	(1,448,004)	43,129,464	26,861,689	(64,732)	(1,679,122)	25,117,835
- Overseas Bonds - Others		24,656,200	(7,551)	(1,615,830)	23,032,819	25,310,922	(10,416)	(2,074,381)	23,226,125
- Redeemable Participating Certificates	8.1.1	5,514,371	-	-	5,514,371	4,338,537	-	-	4,338,537
- Equity security - Listed		275,698	-	8,898	284,596	-	-	-	-
		1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
<b>Held to maturity securities</b>									
<b>Federal Government Securities</b>									
- Pakistan Investment Bonds	8.7	111,987,852	-	-	111,987,852	68,564,798	-	-	68,564,798
- Ijarah Sukuk		27,754,444	-	-	27,754,444	-	-	-	-
<b>Non Government Debt Securities</b>									
- Term Finance Certificates		814,680	(214,680)	-	600,000	864,680	(24,680)	-	840,000
- Sukuk		3,339,720	(69,517)	-	3,270,203	1,895,679	(80,722)	-	1,814,957
<b>Foreign Securities</b>									
- Overseas Bonds - Sovereign		21,905,016	(238)	-	21,904,778	11,216,215	(168)	-	11,216,047
		165,801,712	(284,435)	-	165,517,277	82,541,372	(105,570)	-	82,435,802
Associates	8.1.2	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606
Subsidiary	8.1.2	305,217	(305,217)	-	-	305,217	(42,981)	-	262,236
Total investments		2,076,592,188	(3,660,630)	(5,668,858)	2,067,262,700	1,135,624,194	(3,794,742)	(17,422,694)	1,114,406,758

**8.1.1** The adoption of IFRS 9 at Bahrain Operations of the Bank has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the SBP vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these unconsolidated financial statements.



8.1.2 Particulars of Assets and Liabilities of Subsidiaries and Associates	2023	2022
	-----(Rupees in '000)----	
<b>SUBSIDIARIES</b>		
<b>1. Alfalah CLSA Securities (Private) Limited</b>		
Percentage of holding: 62.50% (2022: 62.50%)		
Country of incorporation: Pakistan		
Un-audited financial statements as of December 31, 2023		
Assets	1,482,410	1,875,409
Liabilities	2,268,182	1,534,610
Revenue	706,153	461,190
(Loss) / profit for the year	(1,133,597)	7,487
Total comprehensive (loss) / income	(1,126,574)	6,072
<b>2. Alfalah Currency Exchange (Private) Limited</b>		
The Bank has incorporated an exchange company, Alfalah Currency Exchange (Private) Limited, with an authorised capital of Rs. 2 billion. This exchange company will function as a wholly-owned subsidiary of the Bank, and will provide comprehensive foreign exchange solutions. The Bank will inject the share capital subsequent to the year end and accordingly, the company will begin operations in the year 2024.		
<b>ASSOCIATES</b>		
	2023	2022
	-----(Rupees in '000)----	
<b>1. Alfalah Asset Management Limited</b>		
Percentage of holding: 40.22% (2022: 40.22%)		
Country of incorporation: Pakistan		
Un-audited financial statements as at December 31, 2023		
Assets	2,366,955	1,769,239
Liabilities	556,130	286,611
Revenue	957,906	474,201
Profit for the year	330,820	175,722
Total comprehensive income	330,820	175,722
<b>2. Alfalah Insurance Company Limited</b>		
Percentage of holding: 30% (2022: 30%)		
Country of incorporation: Pakistan		
Un-audited financial statements as at December 31, 2023		
Assets	7,402,766	5,944,401
Liabilities	4,889,441	3,950,503
Revenue	1,685,318	2,218,696
Profit for the year	531,684	303,352
Total comprehensive income	619,427	260,396
<b>3. Sapphire Wind Power Company Limited</b>		
Percentage of holding: 30% (2022: 30%)		
Country of incorporation: Pakistan		
Un-audited financial statements as at December 31, 2023		
Assets	20,656,087	17,893,681
Liabilities	6,239,010	7,245,161
Revenue for the year	6,505,651	3,659,108
Profit for the year	4,663,556	1,693,833
Total comprehensive income	4,663,556	1,693,833





Note	2023				2022			
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value

(Rupees in '000)

## 8.2 Investments by segments:

### Federal Government Securities:

- Market Treasury Bills	490,526,967	-	(1,106,484)	489,420,483	2,076,612	-	(3,001)	2,073,611
- Pakistan Investment Bonds	1,179,607,198	-	(2,515,476)	1,177,091,722	903,754,986	-	(7,602,802)	896,152,184
- Government of Pakistan Euro Bonds	14,715,017	(2,355,129)	(1,339,847)	11,020,041	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Ijarah Sukuk	257,633,273	-	1,691,321	259,324,594	107,945,757	-	(931,498)	107,014,259
- Naya Pakistan Certificates	5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
	1,948,169,639	(2,355,129)	(3,270,486)	1,942,544,024	1,030,474,033	(2,012,101)	(13,290,649)	1,015,171,283

### Shares:

- Listed Companies	3,838,516	(168,653)	594,515	4,264,378	7,882,229	(938,175)	(503,323)	6,440,731
- Unlisted Companies	1,236,363	(113,038)	-	1,123,325	1,236,363	(113,038)	-	1,123,325
	5,074,879	(281,691)	594,515	5,387,703	9,118,592	(1,051,213)	(503,323)	7,564,056

### Mutual Fund / REIT Fund:

- Unlisted Company	1,000,000	-	-	1,000,000	700,000	-	-	700,000
	1,000,000	-	-	1,000,000	700,000	-	-	700,000

### Non Government Debt Securities

- Listed	15,635,380	(101,705)	56,926	15,590,601	15,011,330	(1,785)	27,455	15,037,000
- Unlisted	8,140,314	(500,325)	10,044	7,650,033	7,411,602	(611,346)	102,204	6,902,460
	23,775,694	(602,030)	66,970	23,240,634	22,422,932	(613,131)	129,659	21,939,460

### Foreign Securities

- Government securities	66,642,884	(109,012)	(1,452,925)	65,080,947	41,776,355	(64,900)	(1,684,000)	40,027,455
- Non Government Debt securities	30,170,571	(7,551)	(1,615,830)	28,547,190	29,649,459	(10,416)	(2,074,381)	27,564,662
- Equity security - Listed	275,698	-	8,898	284,596	-	-	-	-
	97,089,153	(116,563)	(3,059,857)	93,912,733	71,425,814	(75,316)	(3,758,381)	67,592,117

### Associates

- Alfalah Insurance Company Limited	68,990	-	-	68,990	68,990	-	-	68,990
- Sapphire Wind Power Company Limited	978,123	-	-	978,123	978,123	-	-	978,123
- Alfalah Asset Management Limited	130,493	-	-	130,493	130,493	-	-	130,493
	1,177,606	-	-	1,177,606	1,177,606	-	-	1,177,606

### Subsidiary

- Alfalah CLSA Securities (Private)	8.3.3	305,217	(305,217)	-	-	305,217	(42,981)	-	262,236
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<b>Total Investments</b>	<b>2,076,592,188</b>	<b>(3,660,630)</b>	<b>(5,668,858)</b>	<b>2,067,262,700</b>	<b>1,135,624,194</b>	<b>(3,794,742)</b>	<b>(17,422,694)</b>	<b>1,114,406,758</b>
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## 8.2.1 Investments given as collateral

	2023	2022
	(Rupees in '000)	
- Market Treasury Bills	160,501,809	-
- Pakistan Investment Bonds	575,983,500	307,049,207
- Overseas Bonds	15,037,219	4,981,480
	<u>751,522,528</u>	<u>312,030,687</u>

The market value of securities given as collateral is Rs. 739,217.237 million (2022: Rs. 308,263.867 million).

## 8.3 Provision for diminution in value of investments

<b>8.3.1</b> Opening balance	3,794,742	1,228,991
Exchange adjustments	576,126	66,733
Charge / (reversals)		
Charge for the year	580,917	2,668,843
Reversals for the year	(363,351)	(9,397)
Reversal on disposals	(927,804)	(160,428)
	(710,238)	2,499,018
Amount written off	-	-
Closing balance	<u>3,660,630</u>	<u>3,794,742</u>

**8.3.2 Particulars of provision against debt securities**

	2023		2022	
	Non Performing Investment	Provision	Non Performing Investment	Provision
------(Rupees in '000)-----				
<b>Category of classification</b>				
<b>Domestic</b>				
Loss	602,030	602,030	613,131	613,131
<b>Total</b>	<u>602,030</u>	<u>602,030</u>	<u>613,131</u>	<u>613,131</u>

**8.3.2.1** The overseas branches hold a provision of Rs. 2,471.692 million (2022: Rs. 2,087.417 million) against investments in accordance with ECL requirements of IFRS 9.

**8.3.3** The Bank has assessed that the estimated recoverable amount of the subsidiary is lower than its cost and has recorded impairment amounting to Rs 262.236 million during the year.

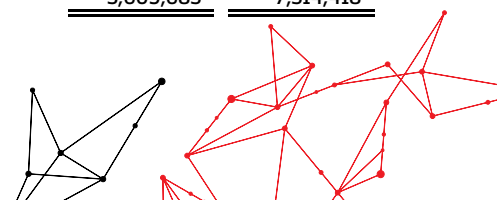
**8.4 Quality of Available for Sale Securities**

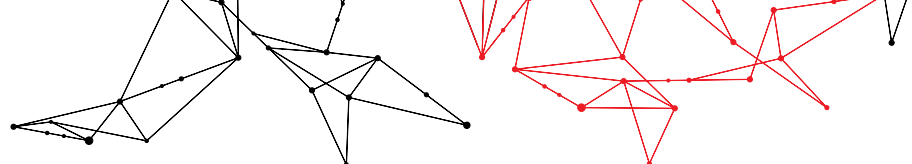
Details regarding quality of Available for Sale (AFS) securities are as follows:

	Note	2023	2022
		Cost	
------(Rupees in '000)-----			
<b>8.4.1 Federal Government Securities - Government guaranteed</b>			
Market Treasury Bills		332,007,074	2,402
Pakistan Investment Bonds		951,035,850	831,017,092
Ijarah Sukuk		225,217,164	104,886,109
Government of Pakistan Euro Bonds		14,715,017	11,917,603
Naya Pakistan Certificates	8.4.1.1	<u>5,687,184</u>	<u>4,779,075</u>
		<u>1,528,662,289</u>	<u>952,602,281</u>

**8.4.1.1** This represents initial investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Company limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.

	2023	2022
	Cost	
------(Rupees in '000)-----		
<b>8.4.2 Shares</b>		
<b>8.4.2.1 Listed Companies</b>		
<b>Ordinary Shares</b>		
Sectors:		
Cement	10,286	780,439
Chemicals	17,909	17,909
Commercial Banks	587,817	1,705,078
Engineering	-	365,150
Fertilizer	975,552	1,241,121
Investment Banks	15,000	15,000
Oil and Gas Exploration Companies	738,545	1,527,575
Oil and Gas Marketing Companies	197,065	544,616
Pharmaceuticals	51,216	51,216
Power Generation & Distribution	374,524	637,028
Technology and Communication	477,258	101,521
Textile Composite	<u>55,676</u>	<u>218,930</u>
	3,500,848	7,205,583
<b>Preference Shares</b>		
Sector:		
Fertilizer	108,835	108,835
	<u>3,609,683</u>	<u>7,314,418</u>





### 8.4.2.2 Unlisted Companies

	Break up value as at	2023		2022	
		Cost	Breakup value	Cost	Breakup value
------(Rupees in '000)-----					
<b>Ordinary Shares</b>					
Al-Hamara Avenue (Private) Limited *	June 30, 2010	50,000	47,600	50,000	47,600
Pakistan Export Finance Guarantee Agency Limited *	June 30, 2010	5,725	286	5,725	286
Pakistan Mortgage Refinance Company Limited	Dec 31, 2022	300,000	630,871	300,000	531,479
Pakistan Corporate Restructuring Company Limited *	Dec 31, 2022	32,313	19,452	32,313	25,633
Society for worldwide Interbank Financial Telecommunication	Dec 31, 2022	4,095	35,170	4,095	30,620
TriconBoston Consulting Corporation (Private) Limited	June 30, 2023	769,230	2,621,567	769,230	2,110,880
1 Link (Private) Limited	Dec 31, 2022	50,000	733,214	50,000	428,290
		<u>1,211,363</u>	<u>4,088,160</u>	<u>1,211,363</u>	<u>3,174,788</u>
<b>Preference Shares</b>					
Trust Investment Bank Limited	Dec 31, 2017	25,000	27,784	25,000	27,784
		<u>1,236,363</u>	<u>4,115,944</u>	<u>1,236,363</u>	<u>3,202,572</u>

\* These investments are fully provided.

### 8.4.3 Non Government Debt Securities

#### 8.4.3.1 Listed

Categorised based on long term rating by Credit Rating Agencies:

- AA+, AA, AA-
- A+, A, A-
- Unrated

	2023	2022
	Cost	
	------(Rupees in '000)-----	
	550,000	-
	100,000	-
	14,985,380	15,011,330
	<u>15,635,380</u>	<u>15,011,330</u>

#### 8.4.3.2 Unlisted

Categorised based on long term rating by Credit Rating Agencies:

- AAA
- AA+, AA, AA-
- A+, A, A-
- Unrated

	2,809,286	1,470,000
	760,500	564,167
	200,000	-
	216,128	2,617,076
	<u>3,985,914</u>	<u>4,651,243</u>
	<u>19,621,294</u>	<u>19,662,573</u>

Total Non Government Debt Securities

### 8.4.4 Foreign Securities

#### 8.4.4.1 Government Securities

	2023		2022	
	Cost	Rating	Cost	Rating
------(Rupees in '000)-----				
United States of America	5,430,509	AAA	2,172,640	AAA
Republic of Korea	1,391,221	AA	1,113,527	AA
United Arab Emirates	18,029,184	AA	5,997,685	AA
Dubai	1,973,025	Unrated	1,584,180	AA/ Unrated
Abu Dhabi	1,975,422	AA	2,374,382	AA
Italy	1,658,906	Baa3u	994,050	Baa3u
Republic of Kazakhstan	623,272	BBB-	484,318	BBB-
Sharjah	2,847,969	BBB-	2,289,818	BBB-
Kingdom of Saudi Arabia	2,800,160	A1	2,243,766	A1
Republic Of Chile	30,988	A-	24,228	A1
Area Republic of Egypt	563,721	B-	452,025	B
Republic of Philippines	1,185,942	Baa2	482,786	Baa2
Indonesia	1,691,164	Baa2	2,488,648	Baa2
Republic of South Africa	1,412,667	Ba2	1,135,091	Ba2
Sultanate of Oman	2,256,559	Ba1	1,813,228	Ba3
Republic Of Turkiye	815,533	B3	1,211,317	B3
	<u>44,686,242</u>		<u>26,861,689</u>	

**8.4.4.2 Non Government Debt Securities - Overseas securities**

<b>Unlisted</b>	<b>2023</b>	<b>2022</b>
	------(Rupees in '000)-----	
Categorised based on long term rating by Credit Rating Agencies:		
- AA+, AA, AA-	281,498	2,713,169
- A+, A, A-	11,439,850	5,986,854
- BBB+, BBB, BBB-	2,818,083	9,380,644
- Baa1,B-	3,381,261	1,129,169
- A3	6,735,508	6,101,086
- Unrated	5,514,371	4,338,537
	<u>30,170,571</u>	<u>29,649,459</u>

**8.4.4.3 Equity - Overseas****Listed Companies****Ordinary Shares**

Financial Services  
Transportation

268,600	-
7,098	-
<u>275,698</u>	<u>-</u>

**8.5 Particulars relating to Held to Maturity securities are as follows:****8.5.1 Federal Government Securities - Government guaranteed**

- Pakistan Investment Bonds	111,987,852	68,564,798
- Ijarah Sukuk	27,754,444	-
	<u>139,742,296</u>	<u>68,564,798</u>

**8.5.2 Non Government Debt Securities****Unlisted**

Categorised based on long term rating by Credit Rating Agencies:

- AAA	2,638,953	1,482,850
- AA+, AA, AA-	500,000	-
- A+, A, A-	731,250	677,500
- BB+, BB, BB-	190,000	-
- Unrated	94,197	600,009
	<u>4,154,400</u>	<u>2,760,359</u>

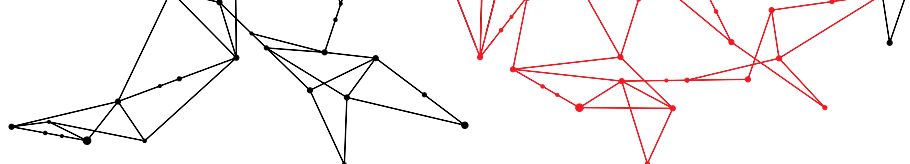
**8.5.3 Foreign Securities****8.5.3.1 Government Securities**

	<b>2023</b>		<b>2022</b>	
	<b>Cost</b>	<b>Rating</b>	<b>Cost</b>	<b>Rating</b>
	------(Rupees in '000)-----			
People's Republic of Bangladesh	20,499,921	BB-	10,088,667	BB-
State of Qatar	1,405,095	AA-	1,127,548	AA-
	<u>21,905,016</u>		<u>11,216,215</u>	

**8.6** The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 154,796.433 million (2022 : Rs. 73,518.445 million).

**8.7** Investments include securities amounting to Rs. 1,925,836.799 million (2022: Rs. 1,005,240.054 million) which are held by the Bank to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.





9	ADVANCES	Note	Performing		Non Performing		Total	
			2023	2022	2023	2022	2023	2022
			(Rupees in '000)					
	Loans, cash credits, running finances, etc.	9.1 & 9.2	565,251,668	570,301,605	32,594,592	22,797,118	597,846,260	593,098,723
	Islamic financing and related assets	9.3	162,102,341	149,839,163	4,872,026	4,893,861	166,974,367	154,733,024
	Bills discounted and purchased		12,300,229	14,580,885	166,121	3,280,234	12,466,350	17,861,119
	Advances - gross		739,654,238	734,721,653	37,632,739	30,971,213	777,286,977	765,692,866
	Provision against advances							
	- Specific	9.6	-	-	(32,373,670)	(25,396,608)	(32,373,670)	(25,396,608)
	- General / expected credit loss	9.6	(9,861,797)	(7,921,407)	-	-	(9,861,797)	(7,921,407)
			(9,861,797)	(7,921,407)	(32,373,670)	(25,396,608)	(42,235,467)	(33,318,015)
	Advances - net of provision		729,792,441	726,800,246	5,259,069	5,574,605	735,051,510	732,374,851

9.1 This includes net investment in finance Lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
	(Rupees in '000)							
Lease rentals receivable	285,220	2,834,942	99,839	3,220,001	374,818	4,022,648	106,060	4,503,526
Residual value	360,470	912,204	24,875	1,297,549	218,597	1,207,888	25,354	1,451,839
Minimum lease payments	645,690	3,747,146	124,714	4,517,550	593,415	5,230,536	131,414	5,955,365
Financial charges for future periods	(24,699)	(613,552)	(15,681)	(653,932)	(75,179)	(850,312)	(17,078)	(942,569)
Present value of Minimum Lease Payments	620,991	3,133,594	109,033	3,863,618	518,236	4,380,224	114,336	5,012,796

9.2 Advances include an amount of Rs. 362.630 million (2022: Rs. 339.983 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Bank, or were granted afresh, under a specific arrangement executed between the Bank and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 17.99% to 41.28% (2022: 13.37% to 27.25%) with maturities up to October 2043 (2022: October 2042).

9.3 These represent financing and related assets placed under shariah permissible modes and presented in Annexure-II.

#### 9.4 Particulars of advances (gross)

	2023	2022
	(Rupees in '000)	
In local currency	700,776,703	713,973,693
In foreign currencies	76,510,274	51,719,173
	777,286,977	765,692,866

9.5 Advances include Rs. 37,632.739 million (2022: Rs. 30,971.213 million) which have been placed under non-performing status as detailed below:

#### Category of classification

	2023		2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
	(Rupees in '000)			
<b>Domestic</b>				
Other Assets Especially Mentioned	186,364	3,568	178,723	15,814
Substandard	1,800,068	444,281	2,352,882	683,787
Doubtful	6,694,041	3,293,830	6,885,829	3,407,905
Loss	28,284,026	28,141,674	20,896,541	20,794,387
	36,964,499	31,883,353	30,313,975	24,901,893
<b>Overseas</b>				
Not past due but impaired				
Overdue by:				
91 to 180 days	43,013	25,688	35,903	21,952
181 to 365 days	-	-	139,472	119,706
Above 365 days	625,227	464,629	481,863	353,057
	668,240	490,317	657,238	494,715
<b>Total</b>	37,632,739	32,373,670	30,971,213	25,396,608

**9.6 Particulars of provision against advances**

Note	2023			2022		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
	(Rupees in '000)					
Opening balance	25,396,608	7,921,407	33,318,015	21,125,068	4,067,236	25,192,304
Exchange adjustments	83,703	57,723	141,426	32,240	22,887	55,127
Charge for the year	12,130,032	1,882,667	14,012,699	7,544,341	3,831,284	11,375,625
Reversals for the year	(3,503,697)	-	(3,503,697)	(2,431,826)	-	(2,431,826)
	8,626,335	1,882,667	10,509,002	5,112,515	3,831,284	8,943,799
Amounts written off	(1,732,976)	-	(1,732,976)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning up	-	-	-	(306,232)	-	(306,232)
	(1,732,976)	-	(1,732,976)	(873,215)	-	(873,215)
Closing balance	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015

**9.6.1 Particulars of provision against advances**

	2023			2022		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
	(Rupees in '000)					
In local currency	30,287,016	9,437,833	39,724,849	20,953,130	7,551,647	28,504,777
In foreign currencies	2,086,654	423,964	2,510,618	4,443,478	369,760	4,813,238
	32,373,670	9,861,797	42,235,467	25,396,608	7,921,407	33,318,015

**9.6.2** The overseas branches hold a provision of Rs. 25.670 million (2022: Rs. 0.590 million) against advances in accordance with ECL requirements of IFRS 9.

**9.6.3** The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at December 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 86.021 million (2022: Rs. 94.554 million).

**9.6.4** During the year, non performing loans and provisions were reduced by Rs. 231.391 million (2022: Rs. 175.000 million) due to debt property swap transaction.

**9.6.5** General provision includes:

(i) Provision held in accordance with the SBP's prudential regulations against:

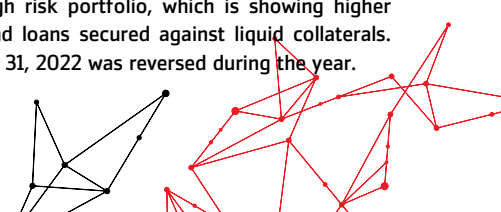
- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans, 0.5% of secured house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;

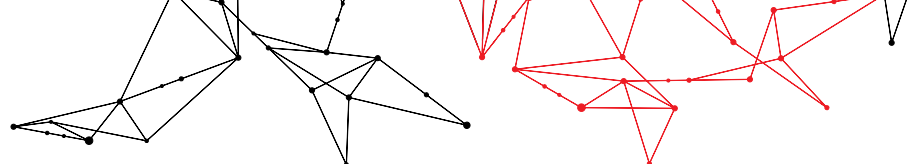
- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans, at an amount equal to 0.5% of the secured performing portfolio;

- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which the overseas branches operates; and

(iii) Provision of Rs. 7,748.000 million (2022: Rs. 4,595.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans and loans secured against liquid collaterals. Provision against flood impacted portfolio of Rs. 1,376.000 million held as at December 31, 2022 was reversed during the year.





**9.6.6** As at December 31, 2022, an amount of Rs. 9,984.910 million relating to certain non performing facilities of Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan, had not been classified as non-performing, pursuant to a relaxation given by the SBP in this respect. The amount outstanding as at last year end was settled during 2023.

**9.6.7** Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

9.7 Particulars of Write Offs:	Note	2023	2022
		----(Rupees in '000)----	
<b>9.7.1</b> Against Provisions	9.7.2	1,732,976	873,215
Directly charged to the Profit & Loss account		-	-
		<u>1,732,976</u>	<u>873,215</u>
<b>9.7.2</b> Write Offs of Rs. 500,000 and above :			
- Domestic	9.8	1,189,276	501,385
- Overseas		-	147,733
Write Offs below Rs. 500,000		543,700	224,097
		<u>1,732,976</u>	<u>873,215</u>

**9.7.3** As allowed by the SBP circular no. 06 of 2007 dated June 05, 2007, the Bank in year 2022 had written off Rs. 306.232 million as part of the balance sheet cleanup exercise. The Bank holds enforceable collateral in the event of recovery through litigation.

#### 9.8 Details of Loan Write Off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given as Annexure-I to these unconsolidated financial statements.

10 FIXED ASSETS	Note	2023	2022
		----(Rupees in '000)----	
Capital work-in-progress	10.1	3,525,139	944,206
Property and equipment	10.2	38,290,971	32,090,993
Right-of-use assets	10.3	19,951,571	15,389,523
		<u>61,767,681</u>	<u>48,424,722</u>
<b>10.1 Capital work-in-progress</b>			
Civil works		2,454,986	706,019
Equipment		999,120	214,126
Others		71,033	24,061
		<u>3,525,139</u>	<u>944,206</u>

#### 10.2 Property and equipment

	2023								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total
	----- (Rupees in '000) -----								
<b>At January 1, 2023</b>									
Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,442,532	19,943,325	458,877	53,312,862
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,951,566)	(13,620,848)	(340,513)	(21,221,869)
Net book value	<u>10,122,880</u>	<u>4,639,157</u>	<u>2,810,927</u>	<u>4,088,231</u>	<u>3,497,991</u>	<u>490,966</u>	<u>6,322,477</u>	<u>118,364</u>	<u>32,090,993</u>
<b>Year ended December 2023</b>									
Opening net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	490,966	6,322,477	118,364	32,090,993
Additions	558,585	1,131,260	357,115	951,217	1,663,824	448,180	4,601,606	66,943	9,778,730
Disposals	(36,250)	-	(7,941)	-	(8,997)	(2,130)	(13,424)	(3,319)	(72,061)
Depreciation charge	-	-	(96,829)	(137,493)	(639,098)	(111,245)	(2,467,219)	(75,329)	(3,527,213)
Exchange rate adjustments	-	-	-	-	3,225	2,369	9,401	7,003	21,998
Other adjustments / transfers	-	-	31	-	559	(383)	(2,238)	555	(1,476)
Closing net book value	<u>10,645,215</u>	<u>5,770,417</u>	<u>3,063,303</u>	<u>4,901,955</u>	<u>4,517,504</u>	<u>827,757</u>	<u>8,450,603</u>	<u>114,217</u>	<u>38,290,971</u>
<b>At December 31, 2023</b>									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,837,353	23,548,519	510,450	62,019,594
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,009,596)	(15,097,916)	(396,233)	(23,728,623)
Net book value	<u>10,645,215</u>	<u>5,770,417</u>	<u>3,063,303</u>	<u>4,901,955</u>	<u>4,517,504</u>	<u>827,757</u>	<u>8,450,603</u>	<u>114,217</u>	<u>38,290,971</u>
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	



2022								
Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total

(Rupees in '000)

**At January 1, 2022**

Cost / revalued amount	8,671,629	4,298,244	2,334,727	4,036,640	6,939,239	2,272,731	16,547,764	406,835	45,507,809
Accumulated depreciation	-	-	-	-	(4,716,211)	(1,873,805)	(12,083,249)	(268,229)	(18,941,494)
Net book value	8,671,629	4,298,244	2,334,727	4,036,640	2,223,028	398,926	4,464,515	138,606	26,566,315

**Year ended December 2022**

Opening net book value	8,671,629	4,298,244	2,334,727	4,036,640	2,223,028	398,926	4,464,515	138,606	26,566,315
Additions	1,532,030	345,000	577,277	182,980	1,734,400	187,576	3,734,120	36,040	8,329,423
Disposals	(302,000)	-	(12,811)	-	(1,847)	(659)	(12,788)	-	(330,105)
Depreciation charge	-	-	(89,381)	(125,342)	(436,547)	(95,481)	(1,869,042)	(61,912)	(2,677,705)
Exchange rate adjustments	-	-	-	-	1,660	1,873	6,090	5,790	15,413
Other adjustments / transfers	221,221	(4,087)	1,115	(6,047)	(22,703)	(1,269)	(418)	(160)	187,652
Closing net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	490,966	6,322,477	118,364	32,090,993

**At December 31, 2022**

Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,442,532	19,943,325	458,877	53,312,862
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,951,566)	(13,620,848)	(340,513)	(21,221,869)
Net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	490,966	6,322,477	118,364	32,090,993

Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%
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**10.2.1** Land and buildings were last revalued on December 31, 2021 on the basis of market values, determined by independent valuers M/s Akbani & Javed Associates, M/s Collier International Pakistan (Private) Limited, M/s Harvester Service (Private) Limited and M/s Hamid Mukhtar & Co. (Private) Limited. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2023 would have been Rs. 11,698.751 million (2022: Rs. 8,853.214 million).

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2023		2022	
Net book value at Cost	Net book value at Revalued amount	Net book value at Cost	Net book value at Revalued amount

(Rupees in '000)

Freehold land	4,052,051	10,645,215	3,493,067	10,122,880
Leasehold land	2,763,311	5,770,417	1,632,051	4,639,157
Buildings on freehold land	2,326,268	3,063,303	2,047,928	2,810,927
Buildings on leasehold land	2,557,121	4,901,955	1,680,168	4,088,231
	11,698,751	24,380,890	8,853,214	21,661,195

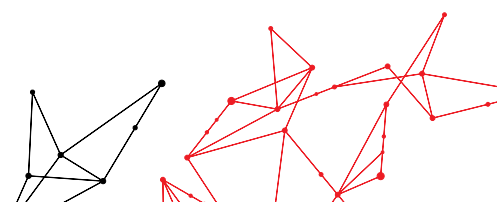
**2023**      **2022**  
-----**(Rupees in '000)**-----

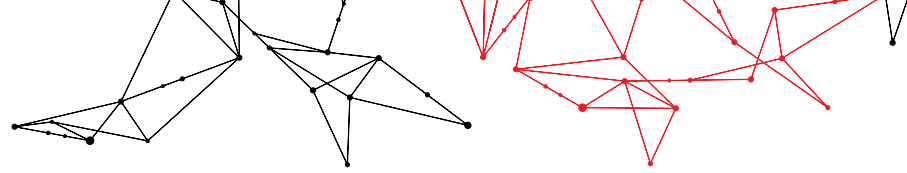
**10.2.2** The cost of fully depreciated assets that are still in the Bank's use are as follows:

Furniture and fixture	1,655,956	1,521,972
Office equipment	9,164,664	9,262,705
Vehicle	237,418	222,364
Leasehold improvement	3,866,870	3,280,797
	14,924,908	14,287,838

**10.2.3** In 2022, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

**10.2.4** Sale of fixed assets to related parties are disclosed in Annexure III to these unconsolidated financial statements.





Note  
 -----(Rupees in '000)-----

### 10.3 Right-of-use assets

#### At January 1

Cost / revalued amount		22,322,416	16,873,992
Accumulated depreciation		(6,932,893)	(5,058,514)
Net book value		<u>15,389,523</u>	<u>11,815,478</u>

#### Year ended December 31

Opening net book value		15,389,523	11,815,478
Additions / renewals / amendments / (terminations) - net		7,837,519	6,253,323
Depreciation charge	29	(3,349,633)	(2,723,202)
Exchange rate / other adjustments		74,162	43,924
Closing net book value		<u>19,951,571</u>	<u>15,389,523</u>

#### At December 31

Cost / revalued amount		28,813,726	22,322,416
Accumulated depreciation		(8,862,155)	(6,932,893)
Net book value		<u>19,951,571</u>	<u>15,389,523</u>
Rate of depreciation (percentage)		<u>5% - 100%</u>	<u>5% - 100%</u>

### 11 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers		436,536	455,945
Software	11.1	933,363	840,352
		<u>1,369,899</u>	<u>1,296,297</u>

#### 11.1 At January 1

Cost		5,175,819	4,714,120
Accumulated amortisation and impairment		(4,335,467)	(3,979,439)
Net book value		<u>840,352</u>	<u>734,681</u>

#### Year ended December 31

Opening net book value		840,352	734,681
Additions - directly purchased		419,411	457,031
Amortisation charge	29	(326,796)	(351,233)
Exchange and other adjustments		396	(127)
Closing net book value		<u>933,363</u>	<u>840,352</u>

#### At December 31

Cost		5,608,425	5,175,819
Accumulated amortisation and impairment		(4,675,062)	(4,335,467)
Net book value		<u>933,363</u>	<u>840,352</u>

Rate of amortisation (percentage)		<u>20%</u>	<u>20%</u>
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Useful life		<u>5 years</u>	<u>5 years</u>
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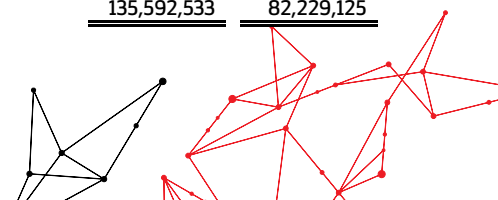
11.2 Included in cost of intangible assets (software) are fully amortised items still in use having cost of Rs. 3,747.199 million (2022: Rs. 3,481.433 million).

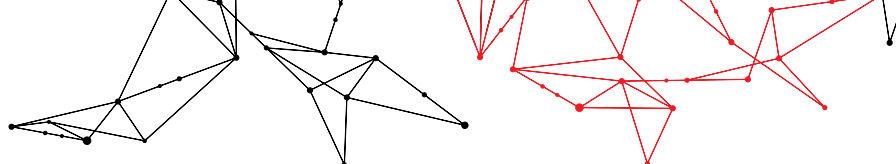
## 12 DEFERRED TAX ASSETS

2023				
At January 1, 2023	Recognised in P&L (charge) / reversal	Recognised in OCI	At December 31, 2023	
------(Rupees in '000)-----				
<b>Deductible Temporary Differences on:</b>				
- Provision against investments	1,702,211	522,167	-	2,224,378
- Provision against advances	3,096,128	1,087,190	-	4,183,318
- Unrealised loss on revaluation of held for trading investments	7,017	184,878	-	191,895
- Deficit on revaluation of available for sale investments	5,691,747	-	(4,820,503)	871,244
- Provision against other assets	1,001,744	249,099	-	1,250,843
- Provision against lending to financial institutions	32	41	-	73
- Workers' Welfare Fund	604,100	924,548	-	1,528,648
	12,102,979	2,967,923	(4,820,503)	10,250,399
<b>Taxable Temporary Differences on:</b>				
- Surplus on revaluation of fixed assets	(486,889)	420	(107,226)	(593,695)
- Surplus on revaluation of non banking assets	(63,108)	-	(22,487)	(85,595)
- Accelerated tax depreciation	(2,540,334)	(1,022,616)	-	(3,562,950)
	(3,090,331)	(1,022,196)	(129,713)	(4,242,240)
	<u>9,012,648</u>	<u>1,945,727</u>	<u>(4,950,216)</u>	<u>6,008,159</u>
2022				
At January 1, 2022	Recognised in P&L (charge) / reversal	Recognised in OCI	At December 31, 2022	
------(Rupees in '000)-----				
<b>Deductible Temporary Differences on:</b>				
- Provision against investments	463,795	1,238,416	-	1,702,211
- Provision against advances	2,899,949	196,179	-	3,096,128
- Unrealised gain / (loss) on revaluation of held for trading investments	164,991	(157,974)	-	7,017
- Deficit on revaluation of available for sale investments	562,201	-	5,129,546	5,691,747
- Provision against other assets	729,865	271,879	-	1,001,744
- Provision against lending to financial institutions	81	(49)	-	32
- Workers' Welfare Fund	-	604,100	-	604,100
	4,820,882	2,152,551	5,129,546	12,102,979
<b>Taxable Temporary Differences on:</b>				
- Surplus on revaluation of fixed assets	(473,110)	92,233	(106,012)	(486,889)
- Surplus on revaluation of non banking assets	(84,039)	-	20,931	(63,108)
- Accelerated tax depreciation	(1,959,463)	(580,871)	-	(2,540,334)
	(2,516,612)	(488,638)	(85,081)	(3,090,331)
	<u>2,304,270</u>	<u>1,663,913</u>	<u>5,044,465</u>	<u>9,012,648</u>

## 13 OTHER ASSETS

	Note	2023	2022
------(Rupees in '000)-----			
Income / mark-up accrued in local currency - net of provision		81,665,580	42,710,321
Income / mark-up accrued in foreign currency - net of provision		2,402,118	2,011,398
Advances, deposits, advance rent and other prepayments		8,651,936	3,542,062
Advance against subscription of share		140,000	-
Non-banking assets acquired in satisfaction of claims	13.1	1,684,771	1,439,606
Dividend receivable		10,431	-
Mark to market gain on forward foreign exchange contracts		2,606,750	922,573
Mark to market gain on derivatives	22.1	4,175,322	4,795,545
Stationery and stamps on hand		11,350	23,253
Defined benefit plan	37.4	440,585	153,707
Branch adjustment account		-	24,430
Due from card issuing banks		4,829,866	4,544,609
Accounts receivable		3,336,986	5,180,427
Claims against fraud and forgeries	13.2	126,066	119,455
Acceptances		24,618,660	19,090,181
Receivable against Government of Pakistan and overseas government securities		2,925,206	131,517
Receivable against marketable securities		692,656	-
Others		86,206	66,212
		<u>138,404,489</u>	<u>84,755,296</u>
Less: Provision held against other assets	13.3	<u>(2,984,277)</u>	<u>(2,671,784)</u>
Other assets (net of provision)		<u>135,420,212</u>	<u>82,083,512</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	13.1 & 20.2	<u>172,321</u>	<u>145,613</u>
Other assets - total		<u>135,592,533</u>	<u>82,229,125</u>





	2023	2022
	----- (Rupees in '000) -----	
<b>13.1 Market value of non-banking assets acquired in satisfaction of claims:</b>		
- Properties	1,844,619	1,578,141
- Shares	12,473	7,078
	<u>1,857,092</u>	<u>1,585,219</u>

The Non-banking assets (properties) of the Bank have been revalued by independent professional valuers as at December 31, 2023. The revaluation was carried out by M/s. Harvester Service (Private) Limited, M/s Akbani & Javed Associates, M/s. K.G Traders, M/s. Creative Consultants & Construction and M/s Surval (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 26.708 million (2022: Rs. 34.668 million).

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>13.1.1 Non-banking assets acquired in satisfaction of claims - gross of provision</b>			
Opening balance		1,585,219	1,606,918
Additions		245,960	175,000
Disposals	13.1.2	-	(300)
Revaluation (charged to OCI)		26,708	34,668
Reversal of deficit / (deficit) on revaluation (charged to Profit and loss account)	32	4,201	(4,201)
Transfer to property and equipment	13.1.1.1	-	(222,419)
Depreciation	29	(4,996)	(4,447)
Closing balance		<u>1,857,092</u>	<u>1,585,219</u>

**13.1.1.1** In 2022, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

	2023	2022
	----- (Rupees in '000) -----	
<b>13.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims</b>		
Disposal proceeds	-	9,200
less		
- Cost	-	300
- Depreciation / Impairment	-	(300)
	-	-
Gain on disposal	<u>-</u>	<u>9,200</u>

**13.2** This represents fraud and forgery amount receivable from the insurance company and other sources. Provision has been held against non-recoverable amount.

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>13.3 Provision held against other assets</b>			
Impairment against overseas operation	13.3.2	2,359,988	2,114,963
Expected credit loss (overseas operation)		46,807	10,397
Fraud and forgeries		126,066	119,455
Accounts receivable		67,807	38,349
Others		383,609	388,620
		<u>2,984,277</u>	<u>2,671,784</u>

**13.3.1 Movement in provision held against other assets**

Opening balance		2,671,784	1,309,288
Exchange and other adjustments		2,531	35,684
Charge for the year	13.3.2	394,024	1,493,475
Reversals for the year		(83,100)	(164,308)
		310,924	1,329,167
Amount written off		(962)	(2,355)
Closing balance		<u>2,984,277</u>	<u>2,671,784</u>

**13.3.2** The Bank, in light of uncertain conditions in one of the countries where the Bank operates, holds an impairment of Rs. 2,359.988 million (2022: Rs. 2,114.963 million) against the cross border risk.

	2023	2022
	----- (Rupees in '000) -----	
<b>14 BILLS PAYABLE</b>		
In Pakistan	24,750,227	37,705,524
Outside Pakistan	1,254,311	2,328,282
	<u>26,004,538</u>	<u>40,033,806</u>

15 BORROWINGS	Note	2023 ------(Rupees in '000)-----	2022
<b>Secured</b>			
Borrowings from State Bank of Pakistan			
Export Refinance Scheme		43,281,491	53,477,830
Long-Term Finance Facility		24,595,991	28,643,178
Financing Facility for Renewable Energy Projects		11,891,156	11,917,647
Financing Facility for Storage of Agriculture Produce (FFSAP)		532,102	738,979
Refinance for Wages & Salaries		-	300,821
Temporary Economic Refinance Facility (TERF)		48,528,109	49,721,502
Export Refinance under Bill Discounting		14,244,331	10,633,712
SME Asaan Finance (SAAF)		2,096,250	949,413
Refinance Facility for Combating COVID (RFCC)		988,049	692,957
Refinance and Credit Guarantee Scheme for Women Entrepreneurs		125,595	279,374
Modernization of Small and Medium Entities (MSMES)		1,205,658	871,659
Other refinance schemes		553	890
Repurchase agreement borrowings		666,510,980	256,900,000
		814,000,265	415,127,962
Repurchase agreement borrowings		26,895,775	4,830,897
Bai Muajjal		44,830,207	42,113,040
Medium Term Note		11,000,000	11,000,000
<b>Total secured</b>		896,726,247	473,071,899
<b>Unsecured</b>			
Call borrowings		3,946,050	5,766,732
Overdrawn nostro accounts		3,467,939	4,884,913
Others			
- Pakistan Mortgage Refinance Company		2,605,576	2,180,208
- Karandaaz Risk Participation		2,797,641	2,331,958
- Other financial institutions		-	2,943,821
<b>Total unsecured</b>		12,817,206	18,107,632
	15.1	909,543,453	491,179,531

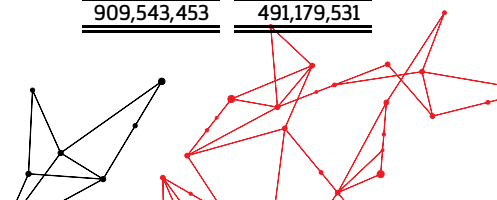
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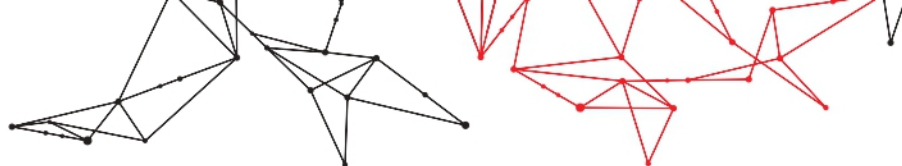
## 15.1 Markup &amp; Maturities of Borrowing Facilities

	2023		2022	
	Markup per annum	Maturities upto	Markup per annum	Maturities upto
<b>Borrowings from State Bank of Pakistan (secured)</b>				
Export Refinance Scheme	2.00% - 18.00%	August-27	1.00% - 10.00%	August-27
Long-Term Finance Facility	2.00% - 7.00%	July-32	2.00% - 7.00%	July-32
Financing facility for renewable energy projects	2.00% - 3.00%	July-34	2.00% - 6.00%	July-34
Financing Facility for Storage of Agriculture Produce (FFSAP)	2.00% - 3.50%	December-30	2.00% - 3.50%	December-30
Refinance for Wages & Salaries	0.00%	April-23	0.00%	April-23
Temporary Economic Refinance Facility	1.00%	September-33	1.00%	October-32
Export Refinance under Bill Discounting	1.00% - 3.00%	June-24	1.00% - 2.00%	June-23
SME Asaan Finance (SAAF)	1.00% - 3.00%	June-27	1.00%	June-27
Refinance Facility for Combating COVID (RFCC)	0.00%	June-28	0.00%	June-27
Refinance and Credit Guarantee Scheme for Women Entrepreneurs	0.00%	October-28	0.00% - 2.00%	March-29
Modernization of Small and Medium Entities (MSMES)	2.00%	September-30	2.00%	July-30
Other refinance schemes	0.00%	December-25	0.00%	December-25
Repurchase Agreement Borrowings	22.09% - 22.13%	January-24	15.23% - 16.16%	March-23
<b>Other Borrowing (secured)</b>				
Repurchase agreement borrowings	5.70% - 22.05%	January-24	16.15%	January-23
Bai Muajjal	3.00% - 8.48%	July-25	2.00% - 8.48%	July-25
Medium Term Note	9.03%	January-24	9.03%	January-24
<b>Other Borrowing (unsecured)</b>				
Call borrowings	7.10% - 7.25%	January-24	2.00% - 9.25%	January-23
Overdrawn nostro accounts	0.00%	No Maturity	0.00%	No Maturity
Others - Pakistan Mortgage Refinance Company	6.80% - 18.23%	May-27	6.50% - 8.79%	April-26
Others - Karandaaz Risk Participation	5.00% - 26.07%	October-30	7.16% - 21.90%	October-30
Others - Other financial institutions	-	-	6.00%	February-23

## 15.2 Particulars of borrowings with respect to currencies

	2023 ------(Rupees in '000)-----	2022
In local currency	889,089,600	474,023,984
In foreign currencies	20,453,853	17,155,547
	909,543,453	491,179,531





## 16 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
<b>Customers</b>						
Current deposits	630,357,408	152,436,273	782,793,681	523,834,695	131,267,950	655,102,645
Savings deposits	440,331,863	38,469,718	478,801,581	294,762,649	37,937,222	332,699,871
Term deposits	437,377,886	61,496,821	498,874,707	287,557,414	49,767,276	337,324,690
Others	44,709,160	14,317,598	59,026,758	35,941,042	8,943,974	44,885,016
	<u>1,552,776,317</u>	<u>266,720,410</u>	<u>1,819,496,727</u>	<u>1,142,095,800</u>	<u>227,916,422</u>	<u>1,370,012,222</u>
<b>Financial Institutions</b>						
Current deposits	4,324,374	3,241,325	7,565,699	3,196,183	3,065,704	6,261,887
Savings deposits	171,934,453	3,442,726	175,377,179	68,751,793	2,911,307	71,663,100
Term deposits	79,780,000	2,258,236	82,038,236	38,073,100	354,319	38,427,419
Others	518,072	1,217	519,289	404,457	76,261	480,718
	<u>256,556,899</u>	<u>8,943,504</u>	<u>265,500,403</u>	<u>110,425,533</u>	<u>6,407,591</u>	<u>116,833,124</u>
	<u>1,809,333,216</u>	<u>275,663,914</u>	<u>2,084,997,130</u>	<u>1,252,521,333</u>	<u>234,324,013</u>	<u>1,486,845,346</u>

### 16.1 Composition of deposits

	2023	2022
	----- (Rupees in '000) -----	
- Individuals	762,351,882	612,115,826
- Government (Federal and Provincial)	192,901,644	132,562,598
- Public Sector Entities	195,591,933	103,733,172
- Banking Companies	7,539,529	2,467,843
- Non-Banking Financial Institutions	257,960,874	114,365,281
- Private Sector / Others	668,651,268	521,600,626
	<u>2,084,997,130</u>	<u>1,486,845,346</u>

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16.2 Current deposits include remunerative current deposits of Rs. 20,788.733 million (2022: Rs. 14,325.601 million).

16.3 Deposits include eligible deposits of Rs. 991,153.534 million (2022: Rs. 755,804.535 million) protected under Depositors Protection Mechanism introduced by the SBP.

16.4 Current deposits include prepaid cards amounting to Rs. 24.932 million (2022: Rs. 25.457 million).

### 17 SUBORDINATED DEBT

	Note	2023	2022
		----- (Rupees in '000) -----	
Term Finance Certificates VI - Additional Tier-I (ADT-1)	17.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	17.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>14,000,000</u>

#### 17.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under BPRD Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

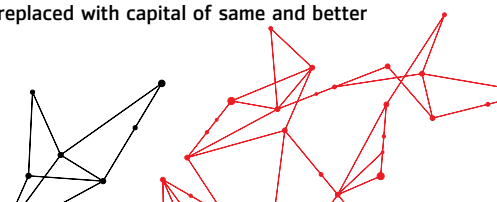
Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.

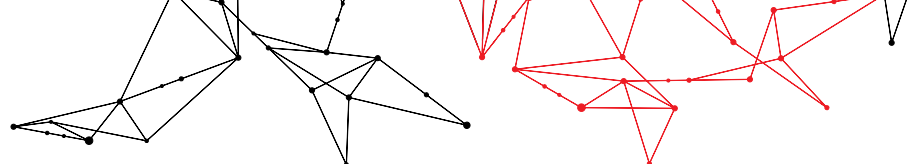
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature.  Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

#### 17.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Bank issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by SBP under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency Limited.
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Bank including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Bank is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature.  Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Bank's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Bank to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call Option	The Bank may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.





<b>18 OTHER LIABILITIES</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- <b>(Rupees in '000)</b> -----	
Mark-up / return / interest payable in local currency		39,434,467	16,617,807
Mark-up / return / interest payable in foreign currency		1,690,773	1,443,987
Unearned fee commission and income on bills discounted and guarantees		3,201,308	2,591,163
Accrued expenses		16,119,849	12,315,683
Current taxation		14,462,758	12,890,155
Acceptances		24,618,660	19,090,181
Dividends payable		6,166,682	4,767,210
Mark to market loss on forward foreign exchange contracts		2,779,042	455,164
Mark to market loss on derivatives	22.2	96,507	-
Branch adjustment account		73,434	-
Alternative Delivery Channel (ADC) settlement accounts		3,409,741	2,035,378
Provision for compensated absences		874,117	701,492
Payable against redemption of customer loyalty / reward points		857,241	607,208
Charity payable		114,052	65,998
Provision against off-balance sheet obligations	18.1	78,624	62,948
Security deposits against leases, lockers and others		12,983,647	13,300,923
Workers' Welfare Fund		5,093,704	3,378,897
Payable to vendors and suppliers		850,048	556,205
Margin deposits on derivatives		3,906,392	4,077,091
Payable to merchants (card acquiring)		776,097	16,536
Indirect taxes payable		3,874,309	2,360,341
Lease liabilities against right-of-use assets	18.2	22,894,533	17,495,747
Payable against marketable securities		-	339,679
Liability against share based payment		483,001	260,919
Trading liability		2,412,845	2,638,773
Others		6,197,042	3,053,937
		<u>173,448,873</u>	<u>121,123,422</u>

**18.1 Provision against off-balance sheet obligations**

Opening balance		62,948	137,639
Exchange adjustments		4,029	12,348
Charge / (reversal) for the year	32	11,647	(87,039)
Closing balance		<u>78,624</u>	<u>62,948</u>

**18.1.1** The provision against off balance sheet obligations includes a general provision of Rs. 43.946 million (2022: Rs. 28.563 million) held in Bangladesh books, Rs. 1.728 million (2022: Rs. 1.434 million) held in Afghanistan books as required under the local regulations and a specific provision of Rs. 32.950 million (2022: Rs. 32.950 million) held in Pakistan against defaulted letter of guarantees.

<b>18.2 Lease liabilities against right-of-use assets</b>		<b>2023</b>	<b>2022</b>
		----- <b>(Rupees in '000)</b> -----	
As at January 1		17,495,747	13,189,739
Additions / renewals / amendments / (terminations) - net		7,724,656	6,150,253
Borrowing cost		2,657,661	1,921,115
Payments		(5,054,441)	(3,814,458)
Exchange rate / Other adjustment		70,910	49,098
As at December 31		<u>22,894,533</u>	<u>17,495,747</u>
Current lease liability		1,848,642	3,433,558
Non current lease liability		<u>21,045,891</u>	<u>14,062,189</u>
		<u>22,894,533</u>	<u>17,495,747</u>



**19 SHARE CAPITAL****19.1 Authorised Capital**

2023 ------(Number of shares)-----	2022 ------(Number of shares)-----		2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
<u>2,300,000,000</u>	<u>2,300,000,000</u>	Ordinary shares of Rs. 10 each	<u>23,000,000</u>	<u>23,000,000</u>

**19.2 Issued, subscribed and paid up Capital**

2023 ------(Number of shares)-----	2022 ------(Number of shares)-----		2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
<b>Ordinary shares</b>				
891,453,153	891,453,153	Fully paid in cash	8,914,531	8,914,531
885,711,966	885,711,966	Issued as bonus shares	8,857,120	8,857,120
-	(200,000,000)	Treasury shares held for cancellation	-	(2,000,000)
<u>(200,000,000)</u>	<u>-</u>	Treasury shares cancelled	<u>(2,000,000)</u>	<u>-</u>
<u>1,577,165,119</u>	<u>1,577,165,119</u>		<u>15,771,651</u>	<u>15,771,651</u>

**19.3 Treasury Shares**

In 2022, the Bank, pursuant to the approvals of Board of Directors and Shareholders in their meetings held on 10th November 2022 and 6th December 2022 respectively, purchased 200 million ordinary shares under the buy back scheme. The shares were purchased through Pakistan Stock Exchange Limited, at spot share price prevailing during the buy back period. The Bank has cancelled ordinary shares purchased under buy back scheme during the year.

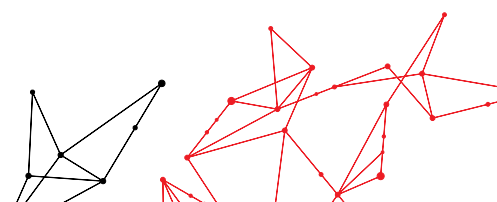
**19.4 Statutory reserve**

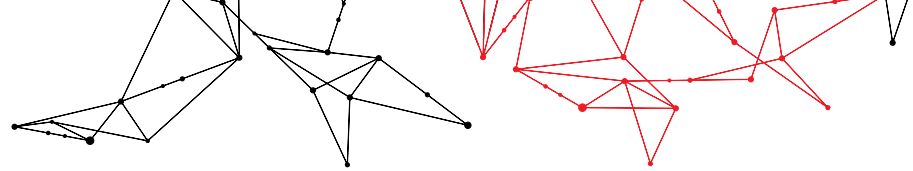
A Banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve plus share premium equals the paid-up share capital. Thereafter, 10% of the profit after tax of the banking company is required to be transferred to this reserve. Accordingly, the Bank transfers 10% of its profit after tax every year to the statutory reserve.

**20 SURPLUS ON REVALUATION OF ASSETS**

Surplus / (deficit) on revaluation of:

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
- Available for sale securities	8.1	(5,290,960)	(17,406,375)
- Fixed Assets	20.1	12,682,139	12,807,981
- Non-banking assets acquired in satisfaction of claims	20.2	172,321	145,613
		7,563,500	(4,452,781)
Less: Deferred tax asset / (liability) on (deficit) / surplus on revaluation of:			
- Available for sale securities	20.1	2,592,570	7,484,741
- Fixed Assets	20.1	(593,695)	(486,889)
- Non-banking assets acquired in satisfaction of claims	20.2	(85,595)	(63,108)
		1,913,280	6,934,744
Derivatives related deficit		(3,512,910)	(4,169,754)
Less: Deferred tax asset on derivative		1,721,326	1,792,994
		(1,791,584)	(2,376,760)
		<u>11,268,364</u>	<u>4,858,723</u>

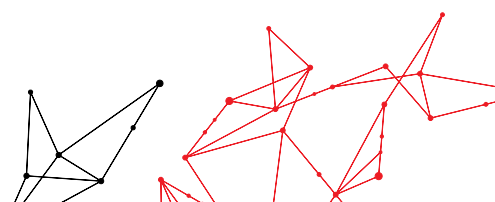


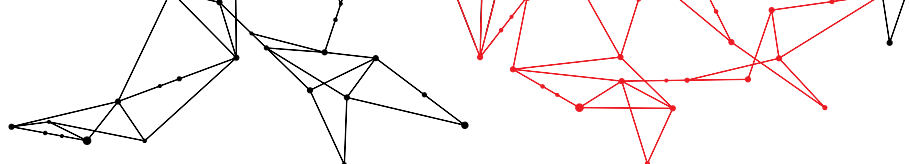


	Note	2023	2022
----- (Rupees in '000) -----			
<b>20.1 Surplus on revaluation of fixed assets</b>			
Surplus on revaluation of fixed assets as at January 1		12,807,981	13,053,303
Transferred from Non banking assets to owned property - net of deferred tax		-	36,884
Related deferred tax liability on surplus transfer to owned property		-	23,776
Realised on disposal during the year - net of deferred tax		(36,684)	(124,940)
Related deferred tax liability on surplus realised on disposal		(420)	(92,233)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(88,738)	(88,809)
Surplus on revaluation of fixed assets as at December 31		12,682,139	12,807,981
Less: related deferred tax liability on:			
Revaluation as at January 1		486,889	473,110
- effect of change in tax rate		67,938	48,524
- recognised during the year		39,288	33,712
- surplus transferred to owned property		-	23,776
- surplus realised on disposal during the year		(420)	(92,233)
		593,695	486,889
		<u>12,088,444</u>	<u>12,321,092</u>
<b>20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims</b>			
Surplus on revaluation as at January 1		145,613	171,727
Recognised during the year		26,708	34,668
Transferred to owned property		-	(36,884)
Related deferred tax liability on surplus of transfer to owned property		-	(23,776)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		-	(122)
Surplus on revaluation as at December 31		172,321	145,613
Less: related deferred tax liability on:			
- revaluation as at January 1		63,108	84,039
- effect of change in tax rate		8,806	8,619
- revaluation recognised during the year		13,681	(5,774)
- surplus transferred to owned property		-	(23,776)
		85,595	63,108
		<u>86,726</u>	<u>82,505</u>
<b>21 CONTINGENCIES AND COMMITMENTS</b>			
-Guarantees	21.1	173,579,640	140,370,087
-Commitments	21.2	731,198,269	438,780,552
-Other contingent liabilities	21.3	23,816,758	6,903,292
		<u>928,594,667</u>	<u>586,053,931</u>
<b>21.1 Guarantees:</b>			
Performance guarantees		55,684,506	53,798,209
Other guarantees		117,895,134	86,571,878
		<u>173,579,640</u>	<u>140,370,087</u>

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>21.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- Letters of credit		196,248,432	171,719,857
Commitments in respect of:			
- forward foreign exchange contracts	21.2.1	350,664,300	170,721,451
- forward government securities transactions	21.2.2	109,207,715	17,438,813
- derivatives	21.2.3	51,150,198	46,734,911
- forward lending	21.2.4	19,247,075	26,798,555
Commitments for acquisition of:			
- operating fixed assets		3,713,022	3,004,717
- intangible assets		312,027	465,248
Commitments in respect of donations		655,500	1,897,000
		<u>731,198,269</u>	<u>438,780,552</u>
<b>21.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		198,859,218	120,494,702
Sale		151,805,082	50,226,749
		<u>350,664,300</u>	<u>170,721,451</u>
<b>21.2.2 Commitments in respect of forward government securities transactions</b>			
Purchase		20,461,347	12,990,116
Sale		88,746,368	4,448,697
		<u>109,207,715</u>	<u>17,438,813</u>
<b>21.2.3 Commitments in respect of derivatives</b>			
<b>21.2.3.1 Interest Rate Swaps</b>			
Purchase	22.1	39,466,304	46,160,838
Sale		-	-
		39,466,304	46,160,838
<b>21.2.3.2 Cross Currency Swaps</b>			
Purchase	22.1	-	-
Sale		11,683,894	574,073
		11,683,894	574,073
<b>Total commitments in respect of derivatives</b>		<u>51,150,198</u>	<u>46,734,911</u>
<b>21.2.4 Commitments in respect of forward lending</b>			
Undrawn formal standby facilities, credit lines and other commitments to lend		15,828,600	21,639,590
Commitments in respect of investments		3,418,475	5,158,965
	21.2.4.1	<u>19,247,075</u>	<u>26,798,555</u>

**21.2.4.1** These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.





## 21.3 Other contingent liabilities

2023  
----- (Rupees in '000) -----

### 21.3.1 Claims against the Bank not acknowledged as debts

23,816,758      6,903,292

These mainly represents counter claims filed by the borrowers for restricting the Bank from disposal of assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex. employees of the Bank for damages sustained by them consequent to the termination from the Bank's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated financial statements.

## 21.4 Contingency for tax payable

### 21.4.1 There were no tax related contingencies other than as disclosed in note 33.2.

## 22 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

### 22.1 Product Analysis

Counterparties	2023					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain -net	No. of contracts	Notional Principal	Mark to market gain -net
	----- (Rupees in '000) -----					
<b>With Banks for Hedging</b>	41	39,466,304	3,371,331	-	-	-
<b>With other entity for Market making</b>	-	-	-	6	11,683,894	707,484
	<u>41</u>	<u>39,466,304</u>	<u>3,371,331</u>	<u>6</u>	<u>11,683,894</u>	<u>707,484</u>

Counterparties	2022					
	Interest Rate Swaps			Cross Currency Swaps		
	No. of contracts	Notional Principal	Mark to market gain -net	No. of contracts	Notional Principal	Mark to market gain -net
	----- (Rupees in '000) -----					
<b>With Banks for Hedging</b>	51	46,160,838	4,761,605	-	-	-
<b>With other entity for Market making</b>	-	-	-	1	574,073	33,940
<b>Total</b>	<u>51</u>	<u>46,160,838</u>	<u>4,761,605</u>	<u>1</u>	<u>574,073</u>	<u>33,940</u>

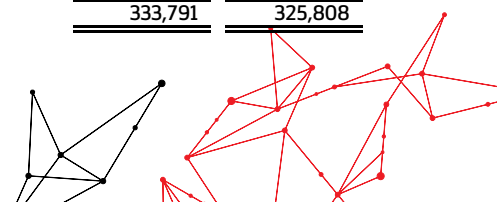
### 22.2 Maturity Analysis

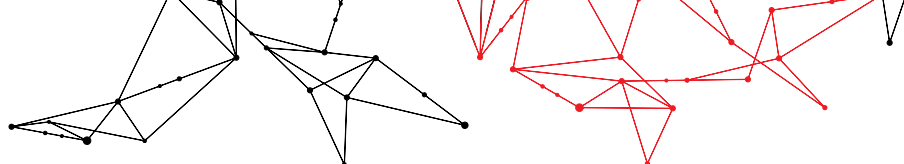
Remaining maturity	2023				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
	----- (Rupees in '000) -----				
3 to 6 months	3	3,946,050	-	33,420	33,420
6 months to 1 Year	4	3,100,468	-	67,863	67,863
1 to 2 Years	6	3,078,496	-	123,738	123,738
2 to 3 Years	3	2,877,882	-	209,153	209,153
3 to 5 Years	9	7,187,448	-	571,371	571,371
5 to 10 years	18	19,730,249	-	2,397,546	2,397,546
Above 10 Years	4	11,229,605	96,507	772,231	675,724
<b>Total</b>	<u>47</u>	<u>51,150,198</u>	<u>96,507</u>	<u>4,175,322</u>	<u>4,078,815</u>

Remaining maturity	2022				
	No. of Contracts	Notional Principal	Mark to Market		Net
			Negative	Positive	
	----- (Rupees in '000) -----				
3 to 6 months	2	1,811,447	-	18,836	18,836
1 to 2 Years	8	6,113,634	-	208,071	208,071
2 to 3 Years	5	3,448,860	-	194,341	194,341
3 to 5 Years	11	12,483,453	-	1,151,673	1,151,673
5 to 10 years	25	22,303,444	-	3,188,684	3,188,684
Above 10 Years	1	574,073	-	33,940	33,940
<b>Total</b>	<u>52</u>	<u>46,734,911</u>	<u>-</u>	<u>4,795,545</u>	<u>4,795,545</u>

### 22.3 The risk management policy related to derivatives is disclosed in note 46.7 to these unconsolidated financial statements.

	Note	2023 ------(Rupees in '000)-----	2022
<b>23 MARK-UP/RETURN/INTEREST EARNED</b>			
On:			
a) Loans and advances		116,201,480	78,148,844
b) Investments		278,702,240	128,174,141
c) Lendings to financial institutions		4,908,013	2,168,508
d) Balances with banks / financial Institutions		63,650	67,503
e) On securities purchased under resale agreements / Bai Muajjal		12,072,290	5,494,723
		<u>411,947,673</u>	<u>214,053,719</u>
<b>24 MARK-UP/RETURN/INTEREST EXPENSED</b>			
On:			
a) Deposits		167,503,733	76,374,945
b) Borrowings		19,047,289	10,310,955
c) Securities sold under repurchase agreements		88,504,922	43,563,204
d) Subordinated debt		3,061,353	1,211,651
e) Cost of foreign currency swaps against foreign currency deposits / borrowings		4,691,399	3,173,615
f) Borrowing cost on leased properties		2,657,661	1,921,115
g) Reward points / customer loyalty		410,944	256,104
		<u>285,877,301</u>	<u>136,811,589</u>
<b>25 FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees		1,356,867	1,077,415
Consumer finance related fees		602,773	499,418
Card related fees (debit and credit cards)		2,336,459	1,669,928
Credit related fees		631,917	373,000
Investment banking fees		372,920	285,894
Commission on trade		2,630,002	2,230,819
Commission on guarantees		758,763	565,910
Commission on cash management		85,340	67,623
Commission on remittances including home remittances		1,509,840	1,219,647
Commission on bancassurance		547,015	574,905
Card acquiring business		1,735,533	908,614
Wealth Management Fee		211,105	105,266
Commission on Employees' Old-Age Benefits Institution (EOBI)		-	23,771
Commission on Benazir Income Support Programme (BISP)		529,058	293,386
Alternative Delivery Channel (ADC) settlement accounts		1,286,720	705,085
Others		219,126	241,152
		<u>14,813,438</u>	<u>10,841,833</u>
<b>26 FOREIGN EXCHANGE INCOME</b>			
Foreign exchange income		10,162,852	9,228,336
Foreign exchange loss related to derivatives		(608,034)	(9,708)
		<u>9,554,818</u>	<u>9,218,628</u>
<b>27 GAIN / (LOSS) ON SECURITIES</b>			
Realised gain / (loss)	27.1	671,772	(82,987)
Unrealised loss - held for trading	8.1	(377,898)	(16,319)
Unrealised (loss) / gain on trading liabilities - net		(13,724)	32,598
		<u>280,150</u>	<u>(66,708)</u>
<b>27.1 Realised gain / (loss) on:</b>			
Federal government securities		(44,893)	62,764
Shares		460,054	(236,730)
Foreign securities		256,611	90,979
		<u>671,772</u>	<u>(82,987)</u>
<b>28 OTHER INCOME</b>			
Rent on property		27,686	29,938
Gain on sale of fixed assets - net		144,975	111,809
Gain on sale of non banking assets - net	13.1.2	-	9,200
Profit on termination of leased contracts (Ijarah)		48,259	52,985
Gain on termination of leases (IFRS 16)		112,863	121,876
Others		8	-
		<u>333,791</u>	<u>325,808</u>





**28.1** In 2022, the Bank realised gain of Rs. 9,200 million against sale of following non - banking assets:

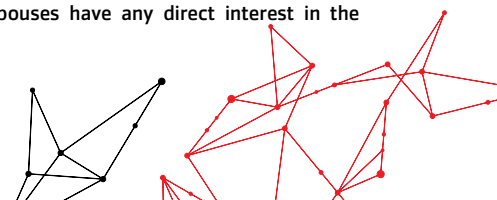
	Note	2023 ----- (Rupees in '000) -----	2022
Membership shares / cards		-	9,200
<b>29 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	28,712,970	21,247,196
<b>Property expense</b>			
Rates and taxes		225,024	180,730
Utilities cost		2,755,810	2,284,543
Security (including guards)		1,363,964	1,109,000
Repair and maintenance (including janitorial charges)		1,371,863	1,196,545
Depreciation on right-of-use assets	10.3	3,349,633	2,723,202
Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	4,996	4,447
Depreciation on owned assets	10.2	873,420	651,270
		9,944,710	8,149,737
<b>Information technology expenses</b>			
Software maintenance		2,695,079	2,048,857
Hardware maintenance		966,114	610,434
Depreciation	10.2	1,086,813	813,182
Amortisation	11.1	326,796	351,233
Network charges		641,655	543,426
Consultancy and support services		198,635	329,534
		5,915,092	4,696,666
<b>Other operating expenses</b>			
Directors' fees and allowances	40.2	151,200	180,000
Fees and allowances to Shariah Board	40.3	16,708	13,817
Legal and professional charges		483,281	723,651
Outsourced services costs	29.2	1,038,446	1,046,786
Travelling and conveyance		1,349,808	920,598
Clearing and custodian charges		161,128	116,664
Depreciation	10.2	1,566,980	1,213,253
Training and development		135,000	120,159
Postage and courier charges		478,747	577,425
Communication		1,791,930	979,987
Stationery and printing		1,403,529	1,087,487
Marketing, advertisement and publicity		3,671,553	1,625,352
Donations	29.3	1,249,520	332,015
Auditors' remuneration	29.4	152,782	65,641
Brokerage and commission		498,747	272,805
Entertainment		670,933	446,572
Repairs and maintenance		882,720	986,472
Insurance		1,542,439	1,586,827
Cash handling charges		1,551,979	1,388,573
CNIC verification		247,049	212,338
Others		885,775	1,572,214
		19,930,254	15,468,636
		64,503,026	49,562,235
<b>29.1 Total compensation expense</b>			
Managerial Remuneration		18,651,880	15,290,365
i) Fixed			
ii) Variable			
a) Cash Bonus / Awards etc.		6,239,247	3,331,659
b) Bonus and Awards in Shares etc.		362,250	192,741
Charge for defined benefit plan	37.8.1	413,244	282,939
Contribution to defined contribution plan	38	730,931	582,159
Medical		1,295,643	835,957
Conveyance		523,234	373,649
Staff compensated absences	39.1	172,625	67,268
Staff life insurance		200,591	209,929
Staff welfare		100,608	48,409
Club subscription		3,723	3,150
Others		30	-
<b>Sub-total</b>		28,694,006	21,218,225
Sign-on Bonus		18,964	23,971
Severance Allowance		-	5,000
<b>Grand Total</b>		28,712,970	21,247,196

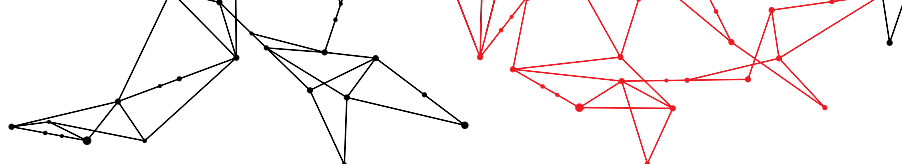
	2023	2022
	----- No of persons -----	
Sign- on Bonus	12	10
Severance Allowance	-	1

**29.2** The cost of outsourced activities included in other operating expenses is Rs. 860.632 million (2022: Rs. 681.300 million). This pertains to payment to companies incorporated in Pakistan.

	2023	2022
	----- (Rupees in '000) -----	
<b>29.3 Donations</b>		
Shaukat Khanum Memorial Cancer Hospital and Research Centre	33,000	34,000
Zindagi Trust	7,420	-
Habib University Foundation	6,400	-
Alamgir Welfare Trust International	4,500	8,000
Special Olympics Pakistan	4,500	-
NOWPDP	4,000	-
WWF - Pakistan	3,600	-
Family Educational Services	3,600	1,600
Karwan-e-Hayat	3,000	-
Protection and Help of Children Against Abuse and Neglect	2,500	-
The i Care Foundation	2,000	-
Make-a-Wish Foundation Pakistan	500	250
Indus Earth Trust	-	4,750
Indus Hospital & Health Network	-	4,680
Patients' Aid Foundation	-	1,500
Aziz Jehan Begum Trust	-	1,000
Child Aid Association	-	1,000
AKUH - The Patients' Behbud Society	-	1,000
ASD Welfare Trust	-	500
Bait-ul-Sukoon Trust	-	500
Murshid Hospital - The Patients Welfare Association	-	500
Karigar Training Institute	-	500
The Friends of Education Foundation	-	500
Zafar and Atia Foundation Charitable Trust	-	500
	<u>75,020</u>	<u>60,780</u>
<b>Donation paid for Flood Relief</b>		
Akhuwat	250,000	-
Aga Khan Foundation	200,000	-
Patients' Aid Foundation	150,000	-
Karachi Relief Trust	150,000	25,000
The Citizen Foundation	59,000	25,000
Child Life Foundation	50,000	-
Shahid Afridi Foundation	50,000	25,000
Alamgir Welfare Trust International	47,000	25,000
Sahil Welfare Association	35,000	-
Al Mustafa Trust	33,500	8,000
Green Crescent Trust	30,000	-
The Layton R. Benevolent Trust	25,000	-
Indus Hospital & Health Network	25,000	-
Bait us Salam Welfare Trust	25,000	25,000
Health And Nutrition Development Society	20,000	10,000
Vital Pakistan Trust	15,000	-
Taraqee Foundation	10,000	-
Jafaria Disaster Management Cell (JDC) Welfare Foundation of Pakistan	-	31,000
Citizen Police Liaison Committee (CPLC)	-	25,000
Saylani Welfare International Trust	-	25,000
Al Khidmat Welfare Society	-	25,000
Balochistan Rural Support Programme (Gurantee) Limited	-	10,000
Bestway Foundation (Trust)	-	1,363
Donation to flood affected families of Sardar Garh and other adjacent villages of Ghotki, Sindh	-	10,868
	<u>1,174,500</u>	<u>271,235</u>
<b>Total Donations</b>	<u>1,249,520</u>	<u>332,015</u>

**29.3.1** None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation and Child Life Foundation.



**29.4 Auditors' remuneration**

	2023			2022		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	------(Rupees in '000)-----			------(Rupees in '000)-----		
Audit fee	17,653	40,055	57,708	17,653	22,662	40,315
Fee for other statutory certifications	7,003	6,436	13,439	7,651	6,468	14,119
Special certifications and sundry advisory services - note 29.4.1	55,842	21,028	76,870	7,393	643	8,036
Out of pocket expenses	2,858	1,907	4,765	2,303	868	3,171
	<u>83,356</u>	<u>69,426</u>	<u>152,782</u>	<u>35,000</u>	<u>30,641</u>	<u>65,641</u>

**29.4.1** Consultancy, tax and other non audit services amounting to Rs. 156.840 million were not included in prior year as A.F. Ferguson & Co. was not the statutory auditor of the Bank.

**30 WORKERS' WELFARE FUND**

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.

<b>31 OTHER CHARGES</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		------(Rupees in '000)-----	
Penalties imposed by State Bank of Pakistan		279,412	24,628
Penalties imposed by other regulatory bodies		-	2,550
		<u>279,412</u>	<u>27,178</u>
<b>32 PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision against cash with treasury (IFRS 9 - ECL)		36,044	-
Provision against balance with other bank (IFRS 9 - ECL)		3,073	-
Provision against lending to financial institutions (IFRS 9 - ECL)		149	156
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	8.3.1	(710,238)	2,499,018
Provision against loans & advances / IFRS 9 - ECL	9.6	10,509,002	8,943,799
Provision against other assets / IFRS 9 - ECL	13.3.1	310,924	1,329,167
Provision / (reversal) against off-balance sheet obligations / IFRS 9 - ECL	18.1	11,647	(87,039)
Other provisions / write off - net		84,750	91,364
Recovery of written off / charged off bad debts		(779,160)	(312,242)
(Reversal of deficit) / deficit on revaluation of non-banking assets	13.1.1	(4,201)	4,201
	32.1	<u>9,461,990</u>	<u>12,468,424</u>

**32.1** This includes ECL reversal on overseas operations of Rs. 93.850 million (2022: charge Rs. 1,627.624 million).

**33 TAXATION****Charge / (reversal) :**

Current		42,012,764	22,232,327
Prior years		1,651,651	(2,614,554)
Deferred		(1,945,727)	(1,663,913)
	33.1	<u>41,718,688</u>	<u>17,953,860</u>

**33.1 Relationship between tax expense and accounting profit**

Accounting profit before taxation		<u>78,175,060</u>	<u>36,160,305</u>
Tax at the applicable rate of 49% (2022: 49%)		38,305,779	17,718,549
Effect of:			
- permanent differences		251,327	145,038
- Impact of change in tax rates		(540,125)	(235,817)
- prior year windfall tax	33.3	3,600,000	-
- others		101,707	326,090
Tax expense for the year		<u>41,718,688</u>	<u>17,953,860</u>



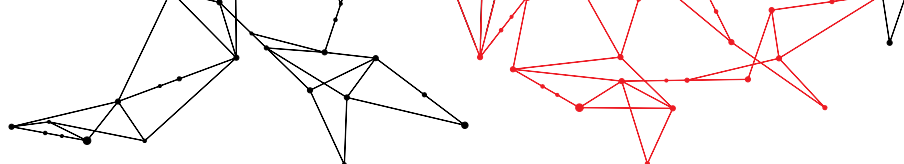
- 33.2** a) The income tax assessments of the Bank have been finalised up to and including tax year 2023. Certain addbacks made by the tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017 and 2019 to 2023, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of leasehold improvements resulting in a tax demand of Rs. 764.870 million net of relief provided in appeal (December 31, 2022: Rs. 639.939 million). The Bank has filed an appeal which is pending before the Commissioner Appeals. The management of the Bank is confident that these matters are likely to be decided in favour of the Bank and consequently has not made any provision in this respect.

- b) The Bank had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded a sales tax on banking services and a penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. The appeals against these orders are pending before Commissioner Appeals. The Bank has not made any provision against these orders and the management is of the view that these matters are likely to be settled in the Bank's favour through appellate process.
- c) The Bank had received an order from a tax authority wherein a Sales tax and a penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and an appeal against this order is pending before Commissioner Appeals. Another order previously received for the same accounting year wherein Sales tax and Further Tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions is redemanded in appeal effect order. In the current year, a similar order for the accounting years 2017 and 2018 is issued with tax demand of Rs. 11.536 million (excluding default surcharge). Bank intends to file appeals after obtaining advice of tax consultant. The Bank has not made any provision against these orders and the management is of the view that these matters are likely to be favourably settled through appellate process.

- 33.3** During the year, in relation to Section 99D of the Income Tax Ordinance, 2001, FBR has issued SRO to impose an additional windfall tax at 40% on foreign exchange income of the banks for the accounting years 2021 and 2022. The Bank along with other banks has challenged the law and filed a petition in Sindh High Court. Based on strong grounds, stay order has also been issued to banks. Similar cases have also been filed by other banks in Islamabad & Lahore High Courts wherein stay orders have been granted. However, the Bank has recorded a prior year charge of Rs. 3.6 billion in these unconsolidated financial statements on account of prudence.

<b>34</b>	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
			----- <b>(Rupees in '000)</b> -----	
	Profit for the year		<u>36,456,372</u>	<u>18,206,445</u>
			-- <b>(Number of shares in '000)</b> --	
	Weighted average number of ordinary shares	34.1	<u>1,577,165</u>	<u>1,772,645</u>
			----- <b>Rupees</b> -----	
	Basic and diluted earnings per share		<u>23.12</u>	<u>10.27</u>
			<b>2023</b>	<b>2022</b>
			-- <b>(Number of shares in '000)</b> --	
<b>34.1</b>	<b>Weighted average number of ordinary shares</b>			
	Outstanding number of shares before own shares purchased		1,577,165	1,777,165
	Less: Impact of own shares purchased		-	(4,520)
			<u>1,577,165</u>	<u>1,772,645</u>
<b>34.2</b>	Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue.			
<b>35</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
			----- <b>(Rupees in '000)</b> -----	
	Cash and balance with treasury banks	5	202,728,262	140,613,348
	Balance with other banks	6	16,620,891	9,485,380
	Call / clean money lendings	35.2	32,018,705	40,274,315
	Overdrawn nostro accounts	15	(3,467,939)	(4,884,913)
			<u>247,899,919</u>	<u>185,488,130</u>



### 35.1 Reconciliation of debt arising from financing activities

	2023				
	Liability			Equity	
	(Rupees in '000)				
Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital		
Balances as at January 01, 2023	14,000,000	17,495,747	4,767,210	15,771,651	
<b>Changes from financing cash flows</b>					
Payment of leased liability	-	(5,054,441)	-	-	
Dividend paid	-	-	(7,274,936)	-	
	-	(5,054,441)	(7,274,936)	-	
<b>Other changes</b>					
Additions / renewals / amendments / (terminations) - net	-	7,724,656	-	-	
Borrowing cost on lease liability	-	2,657,661	-	-	
Exchange rate adjustment	-	70,910	-	-	
Final cash dividend for the year ended December 31, 2022 - 20%	-	-	3,942,913	-	
Interim cash dividend for the half year ended June 30, 2023 - 25%	-	-	4,731,495	-	
	-	10,453,227	8,674,408	-	
Balances as at December 31, 2023	<u>14,000,000</u>	<u>22,894,533</u>	<u>6,166,682</u>	<u>15,771,651</u>	

	2022				
	Liability			Equity	
	(Rupees in '000)				
Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital		
Balances as at January 01, 2022	7,000,000	13,189,739	152,030	17,771,651	
<b>Changes from financing cash flows</b>					
Issuance of sub-ordinated debt	7,000,000	-	-	-	
Payment of leased liability	-	(3,814,458)	-	-	
Own shares purchased during the year	-	-	-	(2,000,000)	
Dividend paid	-	-	(3,382,063)	-	
	7,000,000	(3,814,458)	(3,382,063)	(2,000,000)	
<b>Other changes</b>					
Additions / renewals / amendments / (terminations) - net	-	6,150,253	-	-	
Borrowing cost on lease liability	-	1,921,115	-	-	
Exchange rate adjustment	-	49,098	-	-	
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	3,554,330	-	
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	4,442,913	-	
	-	8,120,466	7,997,243	-	
Balances as at December 31, 2022	<u>14,000,000</u>	<u>17,495,747</u>	<u>4,767,210</u>	<u>15,771,651</u>	

35.2 This represents call / clean money lendings having maturities upto three months.

36 STAFF STRENGTH	2023			2022		
	(Number of employees)					
	Domestic	Overseas	Total	Domestic	Overseas	Total
Permanent	14,453	209	14,662	13,587	203	13,790
On the Bank's contract	16	60	76	12	60	72
The Bank's own staff strength at the end of the year	<u>14,469</u>	<u>269</u>	<u>14,738</u>	<u>13,599</u>	<u>263</u>	<u>13,862</u>

36.1 In addition to the above, 106 (2022: 109) employees of outsourcing services companies were assigned to the Bank as at the end of the year to perform services other than guarding, tea and janitorial services etc. Outsourced staff includes 105 (2022: 108) working in Pakistan and 01 (2022: 01) working at overseas branches.

**37 DEFINED BENEFIT PLAN****37.1 General description**

The Bank operates an approved funded gratuity scheme which cover all regular permanent employees. The liability of the Bank in respect of the plan is determined based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial valuation of the defined benefit plan is carried out every year and the latest valuation was carried out as at December 31, 2023. The significant assumptions are detailed below:

**37.2 Number of Employees under the scheme**

The number of employees covered under the following defined benefit plan are:

	2023	2022
	----- (Number) -----	
- Gratuity fund	<u>14,453</u>	<u>13,586</u>

**37.3 Principal actuarial assumptions**

The disclosures made below are based on the information included in the actuarial valuation report of the Bank as of December 31, 2023:

	2023	2022
	----- (Per annum) -----	
Withdrawal rates	Low	Low
Mortality rates	SLIC	SLIC
	2001 - 2005	2001 - 2005
Valuation discount rate (p.a)	14.75%	14.25%
Salary increase rate (p.a) - Short term (5 years)	14.00%	10.92%
Salary increase rate (p.a) - Long term	14.00%	12.25%
Expected rate of return on plan assets (p.a)	14.75%	14.25%
Normal retirement age	65 Years	60 Years
Duration	14 Years 4 months	11 Years 3 months

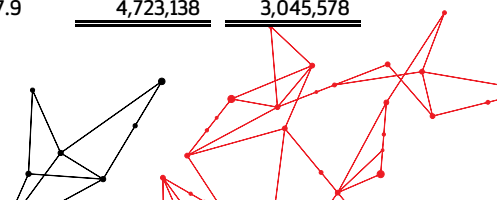
	Note	2023	2022
		----- (Rupees in '000) -----	
<b>37.4 Reconciliation of receivable from defined benefit plans</b>			
Present value of obligation receivable	37.5	4,282,553	2,891,871
Fair value of plan assets	37.6	<u>(4,723,138)</u>	<u>(3,045,578)</u>
Receivable	37.7	<u>(440,585)</u>	<u>(153,707)</u>

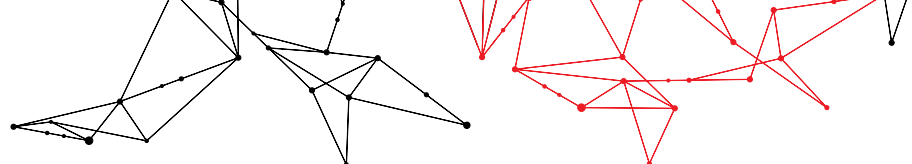
**37.5 Movement in defined benefit obligations**

Obligations at the beginning of the year	2,891,871	2,139,371
Current service cost	573,199	446,331
Interest cost	394,525	245,895
Past service cost	(104,744)	-
Benefits paid by the Bank	(246,078)	(245,809)
Re-measurement loss	773,780	306,083
Obligations at the end of the year	<u>4,282,553</u>	<u>2,891,871</u>

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

Fair value at the beginning of the year	3,045,578	2,883,695
Interest income on plan assets	449,736	409,287
Contribution by the Bank - net	467,002	268,817
Benefits paid	(246,078)	(245,809)
Re-measurement gain / (loss)	37.8.2	<u>1,006,900</u>
Fair value at the end of the year	37.9	<u>4,723,138</u>
		<u>3,045,578</u>





	Note	2023	2022
----- (Rupees in '000) -----			
<b>37.7 Movement in receivable under defined benefit plan</b>			
Opening balance		(153,707)	(744,324)
Charge for the year		413,244	282,939
Contribution by the Bank - net		(467,002)	(268,817)
Re-measurement loss / (gain) recognised in OCI during the year	37.8.2	(233,120)	576,495
Closing balance		<u>(440,585)</u>	<u>(153,707)</u>
<b>37.8 Charge for defined benefit plans</b>			
<b>37.8.1 Cost recognised in profit and loss</b>			
Current service cost	37.5	573,199	446,331
Past service cost		(104,744)	-
Net interest on defined benefit asset / liability	37.5 & 37.6	(55,211)	(163,392)
		<u>413,244</u>	<u>282,939</u>
<b>37.8.2 Re-measurements recognised in OCI during the year</b>			
(Gain) / loss on obligation		-	-
- Demographic assumptions		-	-
- Financial assumptions		569,483	285,766
- Experience adjustment		204,297	20,317
Return on plan assets other than interest income		(1,006,900)	270,412
Total re-measurements recognised in OCI		<u>(233,120)</u>	<u>576,495</u>
<b>37.9 Components of plan assets</b>			
Cash and cash equivalents - net		1,126,635	352,679
Non-Government debt securities		952,365	952,365
Ordinary shares		2,165,664	1,345,560
Units of mutual funds		478,474	394,974
		<u>4,723,138</u>	<u>3,045,578</u>

**37.9.1** Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Bank which are subject to credit risk. These risks are regularly monitored by Trustees of the employee funds.

### 37.10 Sensitivity analysis

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

Particulars	2023	
	PV of Defined Benefit Obligation	Change
----- (Rupees in '000) -----		
1% increase in discount rate	3,729,903	(552,650)
1% decrease in discount rate	4,951,124	668,571
1 % increase in expected rate of salary increase	4,971,184	688,631
1 % decrease in expected rate of salary increase	3,705,769	(576,784)
10% increase in withdrawal rate	4,285,005	2,452
10% decrease in withdrawal rate	4,279,958	(2,595)
1 year Mortality age set back	4,279,803	(2,750)
1 year Mortality age set forward	4,285,275	2,722

**2024**  
**(Rupees in '000)**

<b>37.11 Expected contributions to be paid to the fund in the next financial year</b>	<u>671,297</u>
<b>37.12 Expected charge for the next financial year</b>	<u>671,297</u>

**37.13 Maturity profile****2023**

The undiscounted expected payments maturity is tabulated below:

<b>Particulars</b>	<b>Undiscounted Payments (Rs. in '000)</b>
Year 1	115,108
Year 2	112,910
Year 3	120,174
Year 4	151,938
Year 5	185,236
Year 6 to Year 10	1,622,564
Year 11 and above	66,462,591
	<u>68,770,521</u>

**37.14 Funding policy**

The Bank's policy for funding the staff retirement benefit scheme is given in note 4.8 (a).

**37.15 Risks associated with defined benefit plans****Asset volatility:**

The risk arises due to the inclusion of the risky assets in the gratuity fund portfolio, inflation and interest rate volatility.

**Changes in bond yields:**

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

**Inflation risks:**

The risk arises if gratuity benefits are linked to inflation and the inflation is higher than expected, which results in higher liabilities.

**Life expectancy / withdrawal risk:**

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

**Longevity risks:**

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Salary increase risk:**

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases in salary are higher than expectation and impacts the liability accordingly.

**38 DEFINED CONTRIBUTION PLAN**

The Bank operates an approved provident fund scheme for all its permanent employees to which Bank contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

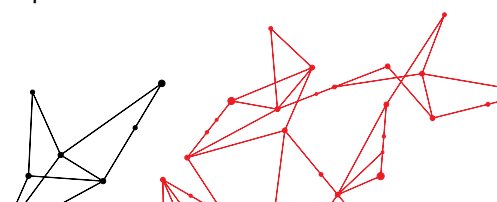
During the year, the Bank contributed Rs. 730.931 million (2022: Rs. 582.159 million) to the fund.

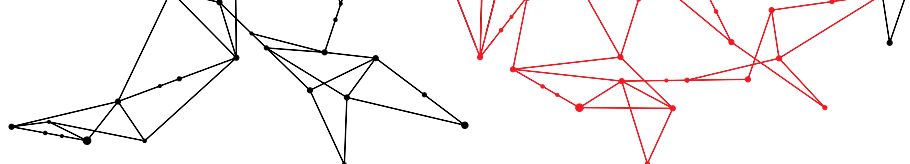
**39 OTHER EMPLOYEE BENEFIT****39.1 Compensated absences**

The Bank operates compensated absences scheme in which employees can carry forward unutilized leaves up to maximum of 45 days.

**39.2 Benefit scheme for overseas branches**

The Bank operates retirement benefit schemes for its employees at overseas branches in compliance with the local labour laws of the respective countries where the branches operate.





## 40 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 40.1 Total compensation expense

2023								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
------(Rupees in '000)-----								
1	Fees and allowances etc.	-	-	151,200	16,708	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	4,592	81,210	328,987	1,270,420
	ii) Total variable							
	a) Cash bonus / awards**	-	-	-	1,207	125,000	250,877	542,840
	b) Bonus and awards in shares	-	-	-	-	15,489	46,622	58,904
3	Charge for defined benefit plan	-	-	-	-	6,048	19,193	89,830
4	Contribution to defined contribution plan	-	-	-	189	6,048	19,193	66,842
5	Rent & house maintenance	-	-	-	908	42,912	92,164	377,022
6	Utilities	-	-	-	227	11,309	23,041	82,977
7	Medical	-	-	-	-	-	-	685
8	Conveyance	-	-	-	-	-	-	196
9	Others	-	-	-	189	-	-	-
	<b>Total (1 - 9)</b>	-	-	<b>151,200</b>	<b>24,020</b>	<b>288,016</b>	<b>780,077</b>	<b>2,489,716</b>
	Number of Persons	1	-	6	5	1	16	176

2022								
Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
------(Rupees in '000)-----								
1	Fees and allowances etc.	-	-	180,000	13,817	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	3,706	75,195	294,719	1,018,032
	ii) Total variable							
	a) Cash bonus / awards**	-	-	-	950	90,525	182,500	372,404
	b) Bonus and awards in shares	-	-	-	-	8,743	26,344	32,021
3	Charge for defined benefit plan	-	-	-	-	-	16,407	67,558
4	Contribution to defined contribution plan	-	-	-	157	5,498	16,407	52,476
5	Rent & house maintenance	-	-	-	755	36,379	78,131	289,984
6	Utilities	-	-	-	189	9,434	19,533	64,465
7	Medical	-	-	-	-	-	-	309
8	Conveyance	-	-	-	-	-	-	491
9	Others	-	-	-	141	-	-	-
	<b>Total (1 - 9)</b>	-	-	<b>180,000</b>	<b>19,715</b>	<b>225,774</b>	<b>634,041</b>	<b>1,897,740</b>
	Number of Persons	1	-	6	5	1	15	161

The Chief Executive and certain Executives have been provided with car(s), household equipment and fuel.

A certain portion of variable compensation of the CEO, Key Executives, MRTs/MRCs shall be subject to mandatory deferrals for a defined period of three years, whereas remaining portion of the bonus shall be paid upfront to the MRTs / MRCs. The deferred bonus shall vest proportionately over the deferral period following the year of variable remuneration award.

In case of malus and where accountability has been determined in accordance with the conduct & accountability framework of the Bank, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the MRT / MRC on its becoming due.

The deferred portion is managed internally within the Bank. The Bank provides for the return on deferred portion at rate of return earned on government securities over the time horizon for deferral.

The total movement of deferred bonus during the year December 31, 2023 for the President / Chief Executive Officer (CEO), Key Executives and Other Material Risk Takers (MRTs) / Material Risk Controller (MRCs) is as follows:

	2023	2022
	-----(Rupees in '000)----	
Opening balance	199,982	157,386
Add: deferred during the year	140,374	105,704
Less: paid / vested during the year	(99,515)	(63,108)
Closing balance	<u>240,841</u>	<u>199,982</u>

\* This includes salaries and allowance of a resident member of Shariah Board who is an employee of the Bank.

\*\*This includes sign-on bonus amounting to Rs. 7.000 million to 2 MRTs / MRCs in year 2023 (2022: Rs. 13.000 million to 3 MRTs / MRCs).

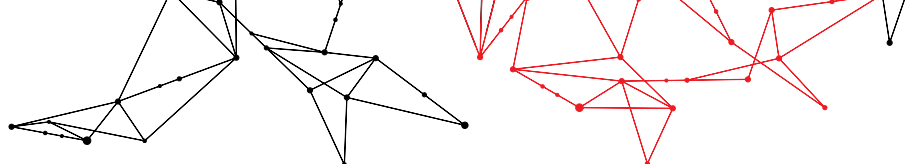
40.2 Remuneration paid to directors for participation in board and board committees meetings

Sr. No.	Name of Director	Meeting fees paid for board and board committee meetings								Total amount paid
		Board meetings	Board Audit Committee	Board Human Resources & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawalleel Al Mansoori	4,000	-	-	-	-	-	-	-	4,000
3	Mr. Abdulla Khalil Al Mutawa	4,800	6,400	4,000	4,000	5,600	7,680	-	5,760	38,240
4	Mr. Khalid Mana Saead Al Otaiba	4,800	6,400	4,000	4,000	6,720	6,400	-	5,760	38,080
5	Dr. Gyorgy Tamas Ladics	4,800	-	4,000	4,800	-	6,400	-	-	20,000
6	Mr. Khalid Qurashi	4,800	7,680	4,000	-	5,600	6,400	-	-	28,480
7	Dr. Ayesha Khan	4,800	6,400	4,800	-	-	6,400	-	-	22,400
<b>Total</b>		<b>28,000</b>	<b>26,880</b>	<b>20,800</b>	<b>12,800</b>	<b>17,920</b>	<b>33,280</b>	<b>-</b>	<b>11,520</b>	<b>151,200</b>

Sr. No.	Name of Director	Meeting fees paid for board and board committee meetings								Total amount paid
		Board meetings	Board Audit Committee	Board Human Resources & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Crises Management Committee	Board Real Estate Committee	
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawalleel Al Mansoori	4,000	-	-	-	-	-	-	-	4,000
3	Mr. Abdulla Khalil Al Mutawa	5,600	7,200	4,000	4,800	5,600	7,680	6,720	3,840	45,440
4	Mr. Khalid Mana Saead Al Otaiba	5,600	7,200	4,000	4,800	6,720	6,400	5,600	3,200	43,520
5	Dr. Gyorgy Tamas Ladics	5,600	-	4,000	5,760	-	6,400	5,600	-	27,360
6	Mr. Khalid Qurashi	5,600	8,640	4,000	-	5,600	6,400	5,600	-	35,840
7	Dr. Ayesha Khan	4,800	5,600	3,840	-	-	5,600	4,000	-	23,840
<b>Total</b>		<b>31,200</b>	<b>28,640</b>	<b>19,840</b>	<b>15,360</b>	<b>17,920</b>	<b>32,480</b>	<b>27,520</b>	<b>7,040</b>	<b>180,000</b>

40.3 Remuneration paid to Shariah Board Members

Sr. No.	Items	2023					2022				
		Chairman	Non-Resident Member	Resident Member	Total	Chairman	Non-Resident Member	Resident Member	Total		
1	Fees / remuneration and allowances	8,974	7,734	-	16,708	7,421	6,396	-	13,817		
2	Managerial remuneration - fixed	-	-	4,592	4,592	-	-	3,706	3,706		
3	Rent & house maintenance	-	-	908	908	-	-	755	755		
4	Utilities	-	-	227	227	-	-	189	189		
5	Others	-	-	1,585	1,585	-	-	1,248	1,248		
<b>Total</b>		<b>8,974</b>	<b>7,734</b>	<b>7,312</b>	<b>24,020</b>	<b>7,421</b>	<b>6,396</b>	<b>5,898</b>	<b>19,715</b>		
	Total Number of Persons	1	3	1	5	1	3	1	5		



## 41 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, 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.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

### 41.1 Fair value of financial assets

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	2023			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>	----- (Rupees in '000) -----			
<b>Financial assets - measured at fair value</b>				
Investments				
- Federal government securities	-	1,802,801,728	-	1,802,801,728
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Shares - listed companies	4,264,378	-	-	4,264,378
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign non-government debt securities	-	28,547,190	-	28,547,190
- Foreign equity securities	284,596	-	-	284,596
<b>Financial assets - not measured at fair value</b>				
Investments - held to maturity securities	-	154,796,433	-	154,796,433
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484

	2022			
	Level 1	Level 2	Level 3	Total
<b>On balance sheet financial instruments</b>	----- (Rupees in '000) -----			
<b>Financial assets - measured at fair value</b>				
Investments				
- Federal government securities	-	946,606,485	-	946,606,485
- Non-government debt securities	14,937,000	4,347,503	-	19,284,503
- Shares - listed companies	6,440,731	-	-	6,440,731
- Foreign government securities	-	28,811,408	-	28,811,408
- Foreign non-government debt securities	-	27,564,662	-	27,564,662
- Foreign equity securities	-	-	-	-



2022			
Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----			

**Financial assets - not measured at fair value**

Investments - held to maturity securities	-	73,518,446	-	73,518,446
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**Off-balance sheet financial instruments - measured at fair value**

- Forward purchase of foreign exchange	-	922,573	-	922,573
- Forward sale of foreign exchange	-	(455,164)	-	(455,164)
- Forward purchase of government securities	-	4,432	-	4,432
- Forward sale government securities transactions	-	(7,946)	-	(7,946)
- Derivatives purchases	-	4,761,605	-	4,761,605
- Derivatives sales	-	33,940	-	33,940

**41.2** The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer, occurred. There were no transfers between levels 1 and 2 during the current year.

**41.3 Valuation techniques used in determination of fair values:****(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and listed non-government debt securities.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3 except as disclosed in 41.3.1.

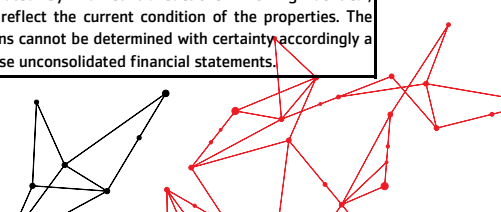
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

**41.3.1 Fair value of non-financial assets**

Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of SBP.

**41.3.2 Valuation techniques**

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuku, and overseas bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.



## 42 SEGMENT INFORMATION

### 42.1 Segment details with respect to business activities

	2023						Total		
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas		Others*	Elimination
	(Rupees in '000)								
<b>Unconsolidated profit &amp; loss account</b>									
Net mark-up / return/ profit	(73,546,184)	15,006,727	26,825,045	153,382,874	5,579	7,334,876	(2,938,545)	-	126,070,372
Inter segment revenue - net	151,307,607	3,688,895	(782,277)	(155,344,030)	7,644,757	515,729	2,520,086	(9,550,767)	-
Non mark-up / return / interest income	8,321,648	4,040,641	2,087,865	11,268,823	801,837	1,124,650	418,459	-	28,063,923
Total income	86,083,071	22,736,263	28,130,633	9,307,667	8,452,173	8,975,255	-	(9,550,767)	154,134,295
Segment direct expenses	24,509,797	4,299,838	9,678,031	959,880	2,684,911	3,424,167	20,940,621	-	66,497,245
Inter segment expense allocation	13,665,682	1,552,339	4,075,065	499,771	1,768,606	478,948	(20,940,621)	(1,099,790)	-
Total expenses	38,175,479	5,852,177	13,753,096	1,459,651	4,453,517	3,903,115	-	(1,099,790)	66,497,245
Provisions / (reversals)	5,552,846	2,757,880	96,717	(769,666)	45,664	(451)	1,779,000	-	9,461,990
Profit / (loss) before tax	42,354,746	14,126,206	14,280,820	8,617,682	3,952,992	5,072,591	(1,779,000)	(8,450,977)	78,175,060

### Unconsolidated Statement of Financial Position

	2023						Total		
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas		Others*	Elimination
	(Rupees in '000)								
<b>Unconsolidated Statement of Financial Position</b>									
Cash & bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	-	(529,816)	219,310,236
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	947,971	-	2,067,262,700
Net inter segment lending	973,612,195	87,039,833	-	-	11,390,718	-	124,249,350	(1,196,292,096)	-
Lendings to financial institutions	-	-	32,832,027	94,864,225	-	13,960,199	-	(22,102,342)	119,554,109
Advances - performing	207,915,194	299,248,029	161,980,731	-	80,881	44,106,831	16,460,775	-	729,792,441
- non-performing	2,955,353	1,449,384	589,393	-	8,333	177,923	78,683	-	5,259,069
Others	21,680,353	30,738,634	41,414,392	62,367,729	1,333,206	9,780,632	37,423,219	107	204,738,272
<b>Total assets</b>	1,313,668,198	442,751,799	485,468,680	1,900,667,172	13,614,456	229,510,671	179,159,998	(1,218,924,147)	3,345,916,827
Borrowings	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	-	(23,007,821)	909,543,453
Subordinated debt	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	(310,621)	2,084,997,130
Net inter segment borrowing	-	-	22,614,166	1,144,470,847	-	29,207,083	-	(1,196,292,096)	-
Others	45,979,808	48,567,443	53,942,917	9,462,016	259,158	12,072,324	28,483,354	686,391	199,453,411
<b>Total liabilities</b>	1,313,668,198	442,751,799	482,456,710	1,901,695,418	13,614,456	230,248,206	42,483,354	(1,218,924,147)	3,207,993,994
<b>Net assets</b>	-	-	3,011,970	(1,028,246)	-	(73,535)	136,676,644	-	137,922,833
<b>Equity</b>									
<b>Contingencies and commitments</b>	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	5,313,913	-	928,594,667

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

\* Others include head office related activities.

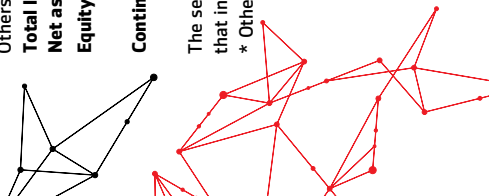
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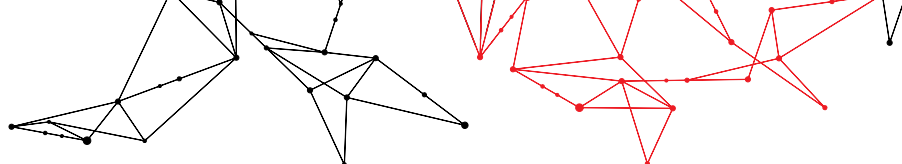
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
	----- (Rupees in '000) -----								
<b>Unconsolidated profit &amp; loss account</b>									
Net mark-up / return / profit	(18,857,087)	13,553,843	13,681,857	65,850,056	(55,883)	4,037,285	(967,941)	-	77,242,130
Inter segment revenue - net	62,749,679	(1,481,168)	(384,177)	(58,636,009)	3,820,864	711,230	340,535	(7,120,954)	-
Non mark-up / return / interest income	5,742,300	3,117,258	1,933,082	8,922,132	531,395	1,009,881	627,406	-	21,883,454
Total income	49,634,892	15,189,933	15,230,762	16,136,179	4,296,376	5,758,396	-	(7,120,954)	99,125,584
Segment direct expenses	19,255,570	1,394,923	6,764,615	599,809	2,090,153	2,395,056	17,996,729	-	50,496,855
Inter segment expense allocation	11,341,977	1,457,042	3,247,568	776,828	1,547,730	297,525	(17,996,729)	(671,941)	-
Total expenses	30,597,547	2,851,965	10,012,183	1,376,637	3,637,883	2,692,581	-	(671,941)	50,496,855
Provisions / (reversals)	4,928,345	(271,884)	657,701	645,803	168,493	2,918,966	3,421,000	-	12,468,424
Profit / (loss) before tax	14,109,000	12,609,852	4,560,878	14,113,739	490,000	146,849	(3,421,000)	(6,449,013)	36,160,305

	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Others*	Elimination	Total
	----- (Rupees in '000) -----								
<b>Unconsolidated Statement of Financial Position</b>									
Cash & bank balances	54,505,261	13,526,538	22,294,976	-	1,380,127	58,742,370	-	(350,544)	150,098,728
Investments	-	3,065,299	123,324,033	913,838,262	-	72,564,199	1,614,965	-	1,114,406,758
Net inter segment lending	616,707,785	1,195,293	-	-	20,415,824	-	101,879,158	(740,198,060)	-
Lendings to financial institutions	-	-	30,000,061	81,309,766	-	11,515,976	-	(7,472,204)	115,353,599
Advances - performing	221,934,495	307,817,002	149,691,194	-	73,590	36,726,043	10,557,922	-	726,800,246
- non-performing	2,942,331	1,660,288	726,449	-	3,985	162,523	79,029	-	5,574,605
Others	19,190,356	28,322,399	27,309,005	28,284,908	1,483,080	15,151,671	21,177,526	43,847	140,962,792
<b>Total assets</b>	915,280,228	355,586,819	353,345,718	1,023,432,936	23,356,606	194,862,782	135,308,600	(747,976,961)	2,253,196,728
Borrowings	26,937,622	95,851,939	39,964,773	314,660,327	-	21,584,792	-	(7,819,922)	491,179,531
Subordinated debt	-	-	-	-	-	-	14,000,000	-	14,000,000
Deposits and other accounts	860,878,107	210,843,465	255,671,950	-	23,002,118	136,410,242	57,693	(18,229)	1,486,845,346
Net inter segment borrowing	-	-	15,379,745	698,036,985	-	26,781,332	-	(740,198,062)	-
Others	27,464,500	48,891,414	40,321,510	15,282,537	354,488	12,713,204	16,070,323	59,252	161,157,228
<b>Total liabilities</b>	915,280,229	355,586,818	351,337,978	1,027,979,849	23,356,606	197,489,570	30,128,016	(747,976,961)	2,153,182,105
<b>Net assets</b>	(1)	1	2,007,740	(4,546,913)	-	(2,626,788)	105,180,584	-	100,014,623
<b>Equity</b>									
<b>Contingencies and commitments</b>	94,420,516	188,433,780	63,199,284	158,500,073	5,014	76,880,088	4,615,176	-	586,053,931

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream

\* Others include head office related activities.





## 42.2 Segment details with respect to geographical locations

### GEOGRAPHICAL SEGMENT ANALYSIS

2023					
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total

(Rupees in '000)

#### Unconsolidated profit & loss account

Net mark-up / return / profit	118,735,496	3,545,622	2,659,583	1,129,671	-	126,070,372
Inter segment revenue - net	(450,298)	321,200	42,296	152,233	(65,431)	-
Non mark-up / return / interest income	26,939,273	600,573	834,858	(310,781)	-	28,063,923
<b>Total income</b>	<b>145,224,471</b>	<b>4,467,395</b>	<b>3,536,737</b>	<b>971,123</b>	<b>(65,431)</b>	<b>154,134,295</b>
Segment direct expenses	63,073,078	1,119,334	1,736,173	568,660	-	66,497,245
Inter segment expense allocation	(478,948)	206,372	191,996	80,580	-	-
<b>Total expenses</b>	<b>62,594,130</b>	<b>1,325,706</b>	<b>1,928,169</b>	<b>649,240</b>	<b>-</b>	<b>66,497,245</b>
Provisions / (reversals)	9,462,441	(56,449)	(118,006)	174,004	-	9,461,990
<b>Profit / (loss) before tax</b>	<b>73,167,900</b>	<b>3,198,138</b>	<b>1,726,574</b>	<b>147,879</b>	<b>(65,431)</b>	<b>78,175,060</b>

Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total
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(Rupees in '000)

#### Unconsolidated Statement of Financial Position

Cash & bank balances	162,892,669	36,544,091	5,067,845	15,335,447	(529,816)	219,310,236
Investments	1,962,724,997	70,253,061	20,546,627	13,738,015	-	2,067,262,700
Net inter segment lendings	29,207,083	-	-	-	(29,207,083)	-
Lendings to financial institutions	127,696,252	5,496,054	8,464,145	-	(22,102,342)	119,554,109
Advances - performing	685,685,610	4,371,015	39,735,816	-	-	729,792,441
- non-performing	5,081,146	-	177,923	-	-	5,259,069
Others	194,957,533	6,534,521	1,513,904	1,732,207	107	204,738,272
<b>Total assets</b>	<b>3,168,245,290</b>	<b>123,198,742</b>	<b>75,506,260</b>	<b>30,805,669</b>	<b>(51,839,134)</b>	<b>3,345,916,827</b>
Borrowings	900,788,299	31,722,558	40,417	-	(23,007,821)	909,543,453
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,928,101,927	77,608,972	55,747,264	23,849,588	(310,621)	2,084,997,130
Net inter segment borrowing	-	7,810,660	15,692,690	5,703,733	(29,207,083)	-
Others	186,694,696	6,849,207	4,025,889	1,197,228	686,391	199,453,411
<b>Total liabilities</b>	<b>3,029,584,922</b>	<b>123,991,397</b>	<b>75,506,260</b>	<b>30,750,549</b>	<b>(51,839,134)</b>	<b>3,207,993,994</b>
<b>Net assets</b>	<b>138,660,368</b>	<b>(792,655)</b>	<b>-</b>	<b>55,120</b>	<b>-</b>	<b>137,922,833</b>
<b>Equity</b>						<b>137,922,833</b>
<b>Contingencies and commitments</b>	<b>867,446,725</b>	<b>54,522,269</b>	<b>5,888,268</b>	<b>737,405</b>	<b>-</b>	<b>928,594,667</b>

2022					
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total

(Rupees in '000)

#### Unconsolidated profit & loss account

Net mark-up / return / profit	73,204,845	1,820,529	1,745,557	471,199	-	77,242,130
Inter segment revenue - net	(711,230)	528,730	202,961	(20,461)	-	-
Non mark-up / return / interest income	20,873,573	391,473	628,283	(9,875)	-	21,883,454
<b>Total Income</b>	<b>93,367,188</b>	<b>2,740,732</b>	<b>2,576,801</b>	<b>440,863</b>	<b>-</b>	<b>99,125,584</b>
Segment direct expenses	48,101,799	696,281	1,334,944	363,831	-	50,496,855
Inter segment expense allocation	(297,525)	112,185	136,429	48,911	-	-
<b>Total expenses</b>	<b>47,804,274</b>	<b>808,466</b>	<b>1,471,373</b>	<b>412,742</b>	<b>-</b>	<b>50,496,855</b>
Provisions / (reversals)	9,549,458	1,409,030	160,987	1,348,949	-	12,468,424
<b>Profit / (loss) before tax</b>	<b>36,013,456</b>	<b>523,236</b>	<b>944,441</b>	<b>(1,320,828)</b>	<b>-</b>	<b>36,160,305</b>

2022					
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total

(Rupees in '000)

**Unconsolidated Statement of Financial Position**

Cash & bank balances	91,706,902	39,860,886	5,440,970	13,440,514	(350,544)	150,098,728
Investments	1,041,842,559	48,525,759	13,782,240	10,256,200	-	1,114,406,758
Net inter segment lendings	26,781,332	-	-	-	(26,781,332)	-
Lendings to financial institutions	111,309,827	4,754,760	6,761,216	-	(7,472,204)	115,353,599
Advances - performing	690,074,203	152,597	36,573,446	-	-	726,800,246
Advances - non-performing	5,412,082	-	162,523	-	-	5,574,605
Others	125,767,272	10,422,479	2,238,372	2,490,820	43,849	140,962,792
<b>Total assets</b>	<b>2,092,894,177</b>	<b>103,716,481</b>	<b>64,958,767</b>	<b>26,187,534</b>	<b>(34,560,231)</b>	<b>2,253,196,728</b>
Borrowings	477,414,661	18,186,531	3,398,261	-	(7,819,922)	491,179,531
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,350,453,333	69,350,131	44,359,264	22,700,847	(18,229)	1,486,845,346
Net inter segment borrowing	-	10,654,201	13,538,436	2,588,695	(26,781,332)	-
Others	148,384,772	7,885,292	3,662,806	1,165,106	59,252	161,157,228
<b>Total liabilities</b>	<b>1,990,252,766</b>	<b>106,076,155</b>	<b>64,958,767</b>	<b>26,454,648</b>	<b>(34,560,231)</b>	<b>2,153,182,105</b>
<b>Net assets</b>	<b>102,641,411</b>	<b>(2,359,674)</b>	<b>-</b>	<b>(267,114)</b>	<b>-</b>	<b>100,014,623</b>
<b>Equity</b>						<b>100,014,623</b>
<b>Contingencies and commitments</b>	<b>509,173,843</b>	<b>65,456,077</b>	<b>2,363,106</b>	<b>9,060,905</b>	<b>-</b>	<b>586,053,931</b>

**43 TRUST ACTIVITIES**

The Bank undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these unconsolidated financial statements. Assets held under trust in Investor Portfolio Securities Accounts (IPS) accounts are shown in the table below:

Category	Number of IPS Accounts	2023			Total
		Securities held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	

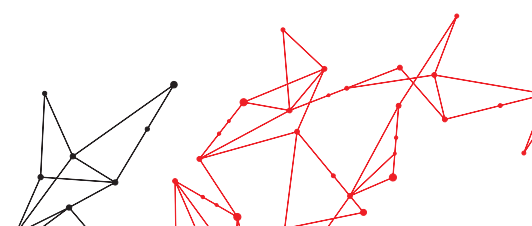
(Rupees in '000)

Asset management companies / mutual funds	89	85,132,425	48,054,950	325,000	133,512,375
Corporates	263	81,404,180	20,795,600	225,000	102,424,780
Individuals	3,403	6,664,280	781,365	1,127,000	8,572,645
Insurance companies	14	2,347,250	88,037,000	345,000	90,729,250
NGO / charitable organisation	14	2,596,675	-	-	2,596,675
Pension & employee funds	82	42,616,490	25,463,000	500,000	68,579,490
	<b>3,865</b>	<b>220,761,300</b>	<b>183,131,915</b>	<b>2,522,000</b>	<b>406,415,215</b>

Category	Number of IPS Accounts	2022			Total
		Securities held (Face Value)			
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks	

(Rupees in '000)

Asset management companies / mutual funds	91	69,256,520	2,972,650	1,300	72,230,470
Corporates	171	67,562,430	13,034,000	-	80,596,430
Individuals	2,034	3,771,630	840,565	106,100	4,718,295
Insurance companies	12	3,557,000	21,575,200	-	25,132,200
NGO / charitable organisation	8	1,200,500	-	-	1,200,500
Pension & employee funds	81	26,999,190	6,267,400	-	33,266,590
	<b>2,397</b>	<b>172,347,270</b>	<b>44,689,815</b>	<b>107,400</b>	<b>217,144,485</b>



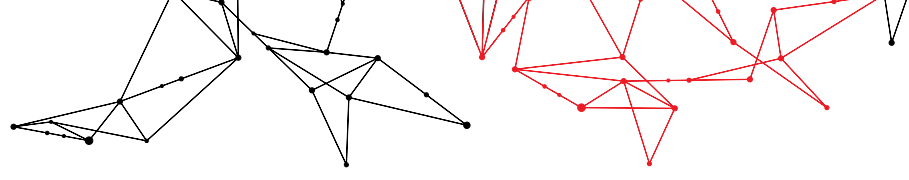
**44 RELATED PARTY TRANSACTIONS**

The Bank has related party transactions with its subsidiary, associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

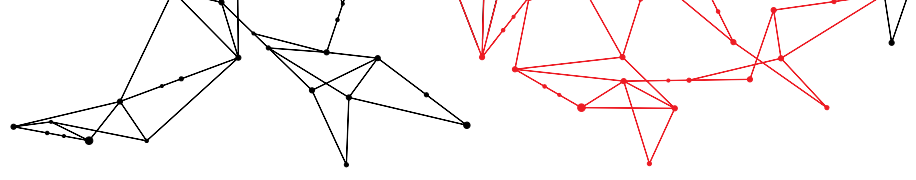
Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these unconsolidated financial statements are as follows:

	-----As at December 31, 2023-----				-----As at December 31, 2022-----					
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
	-----(Rupees in '000)-----				----- (Rupees in '000) -----					
<b>Lendings to financial institutions</b>										
Opening balance	-	-	-	-	-	-	-	-	-	2,330,078
Addition during the year	-	-	-	-	6,332,364	-	-	-	-	25,964,631
Repaid during the year	-	-	-	-	(6,332,364)	-	-	-	-	(28,294,709)
Closing balance	-	-	-	-	-	-	-	-	-	-
<b>Investments</b>										
Opening balance	-	-	305,217	1,177,606	1,552,048	-	-	300,000	1,177,606	1,119,230
Investment made during the year	-	-	-	-	683,255	-	-	5,217	-	274,246
Investment redeemed / disposed off during the year	-	-	-	-	(504,303)	-	-	-	-	(190,468)
Revaluation of investment during the year	-	-	-	-	71,909	-	-	-	-	(17,511)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	366,551
Closing balance	-	-	305,217	1,177,606	1,802,909	-	-	305,217	1,177,606	1,552,048
Provision for diminution in value of investments	-	-	305,217	-	-	-	-	42,981	-	-
<b>Advances</b>										
Opening balance	18,062	672,608	-	-	2,367,924	77	1,184,057	-	-	1,997,552
Addition during the year	911	604,716	-	-	90,959,543	20,498	605,570	-	-	37,536,790
Repaid during the year	(4,055)	(314,643)	-	-	(90,662,727)	(2,513)	(173,521)	-	-	(38,264,097)
Transfer in / (out) - net	-	(27,495)	-	-	-	-	(943,498)	-	-	1,097,679
Write off	-	-	-	-	(739,214)	-	-	-	-	-
Closing balance	14,918	935,186	-	-	1,925,526	18,062	672,608	-	-	2,367,924
Provision held against advances	-	-	-	-	-	-	-	-	-	1,097,028



	As at December 31, 2023				As at December 31, 2022					
	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiaries	Associates	Other related parties
<b>Other assets</b>										
Interest / mark-up accrued	2,791	59,977	-	-	90,690	944	54,009	-	-	30,381
Receivable from staff retirement fund	-	-	-	-	440,585	-	-	-	-	153,707
Prepayment / rent receivable	-	-	-	4,617	-	-	-	975	-	-
Receivable against pre-incorporation expenses	-	-	17,014	-	-	-	-	-	-	-
Advance against shares	-	-	-	-	140,000	-	-	-	-	-
<b>Borrowings</b>										
Opening balance	-	-	-	-	2,180,207	-	-	-	-	2,280,921
Borrowings during the year	-	-	-	-	2,095,000	-	-	-	-	21,218,496
Settled during the year	-	-	-	-	(1,669,631)	-	-	-	-	(21,319,210)
Transfer in / (out) - net	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	2,605,576	-	-	-	-	2,180,207
<b>Deposits and other accounts</b>										
Opening balance	38,466	184,994	9,086	3,078,698	12,308,779	59,026	371,960	34,986	13,465,080	6,410,266
Received during the year	1,190,788	3,877,341	4,563,007	840,300,568	318,163,352	517,842	4,736,925	3,347,215	255,922,837	92,145,150
Withdrawn during the year	(822,295)	(3,686,772)	(4,516,219)	(826,225,846)	(311,950,193)	(538,402)	(4,728,582)	(3,373,115)	(266,309,219)	(87,581,596)
Transfer in / (out) - net	-	(34,806)	-	-	28,267	-	(195,309)	-	-	1,334,959
Closing balance	406,959	340,757	55,874	17,153,420	18,550,205	38,466	184,994	9,086	3,078,698	12,308,779
<b>Subordinated debt</b>										
Opening balance	-	-	-	-	300,000	-	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	-	-	300,000
Redemption / Sold during the year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	300,000	-	-	-	-	300,000
<b>Other liabilities</b>										
Interest / mark-up payable	737	1,045	-	-	130,491	253	158	-	-	13,231
Dividend payable	1,975,728	-	-	-	1,845,246	1,146,264	39	-	-	2,201,513
Others	-	-	956	-	54,868	-	-	4,701	-	70,267
<b>Contingencies and commitments</b>										
Other contingencies	-	-	1,000,000	-	1,573,620	-	-	-	-	463,191

	For the year ended December 31, 2023				For the year ended December 31, 2022					
	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties	Directors/ CEO	Key management personnel	Subsidiary	Associates	Other related parties
<b>Income</b>	(Rupees in '000)									
Mark-up / return / interest earned	1,804	26,530	-	-	342,444	944	26,427	-	-	146,751
Fee and commission income	-	-	-	200,974	13,031	-	-	-	100,658	-
Dividend income	-	-	-	298,495	249,043	-	-	-	140,995	424,416
Gain / (loss) on sale of securities	-	7	-	-	25,986	-	(110)	-	-	2,610
Rent on property	-	-	-	4,223	-	-	-	-	6,849	-
Gain on sale of fixed assets - net	-	101	-	5,588	-	-	64	-	20,054	-
<b>Expense</b>	(Rupees in '000)									
Mark-up / return / interest paid	13,215	28,611	1,020	981,133	2,149,270	1,647	13,356	331	692,153	967,650
Operating expenses										
Directors fee	151,200	-	-	-	-	180,000	-	-	-	-
Managerial remuneration	288,016	1,227,150	-	-	-	225,774	975,274	-	-	-
Software maintenance	-	-	-	-	195,239	-	-	-	-	120,184
Travelling and accommodation	-	-	-	-	-	-	-	-	-	1,864
Communication cost	-	-	-	-	269,105	-	-	-	-	220,222
Donations	-	-	-	-	50,000	-	-	-	-	-
Brokerage and commission	-	-	16,296	-	-	-	-	13,583	-	-
Legal and professional charges	-	-	-	-	-	-	-	9,388	-	-
Charge for defined benefit plan	-	-	-	-	413,244	-	-	-	-	282,939
Contribution to defined contribution plan	-	-	-	-	730,931	-	-	-	-	582,159
Training and development	-	-	-	-	8,737	-	-	-	-	12,218
Provision charge for diminution in value of investments	-	-	262,236	-	-	-	-	-	-	-
<b>Other information</b>										
Dividend paid	1,159,554	11,062	-	10,136	2,209,369	4,611	10,766	-	2,463	241,565
Insurance premium paid	-	-	-	1,130,900	-	-	-	-	825,213	-
Insurance claims settled	-	-	-	701,346	-	-	-	-	567,445	-





**45 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

	2023	2022
	----- (Rupees in '000) -----	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	15,771,651	15,771,651
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	110,321,098	81,419,248
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,550,000
Total eligible tier 1 capital	123,871,098	94,969,248
Eligible tier 2 capital	34,802,149	23,447,310
Total eligible capital (tier 1 + tier 2)	158,673,247	118,416,558
<b>Risk weighted assets (RWAs):</b>		
Credit risk	754,283,194	727,196,837
Market risk	18,194,850	8,784,588
Operational risk	175,157,500	120,042,363
Total	947,635,544	856,023,788
Common equity tier 1 capital adequacy ratio	11.64%	9.51%
Tier 1 capital adequacy ratio	13.07%	11.09%
Total capital adequacy ratio	16.74%	13.83%

In line with Basel III capital adequacy guidelines, the following capital requirements are applicable to the Bank:

Common Equity Tier 1 Capital Adequacy ratio	6.00%	6.00%
Tier 1 Capital Adequacy Ratio	7.50%	7.50%
Total Capital Adequacy Ratio	11.50%	11.50%

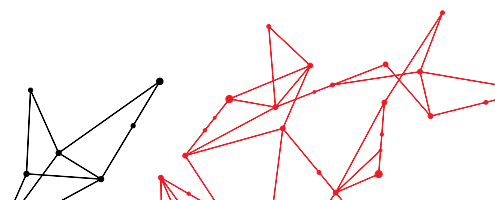
For Capital adequacy calculation, the Bank has adopted Standardised Approach for credit and market risk related exposures and Alternate Standardised Approach (ASA) for operational risk.

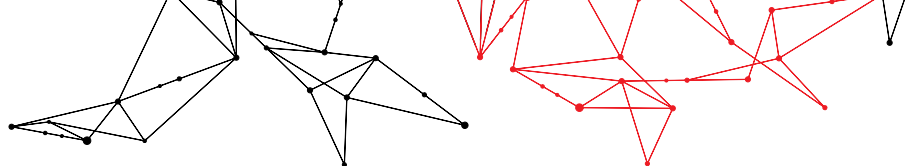
	2023	2022
	----- (Rupees in '000) -----	
<b>Leverage Ratio (LR):</b>		
Eligible tier-1 capital	123,871,098	95,911,585
Total exposures	3,536,686,713	2,706,795,649
Leverage ratio	3.50%	3.54%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total high quality liquid assets	1,082,954,156	688,048,074
Total net cash outflow	488,388,254	371,947,384
Liquidity coverage ratio	222%	185%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total available stable funding	1,634,520,450	1,275,978,211
Total required stable funding	1,012,638,563	849,343,576
Net stable funding ratio	161%	150%

**45.1** The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per the SBP instructions have been placed on the website. The link to the full disclosure is <https://www.bankalfalah.com/financial-reports/>.

**46 RISK MANAGEMENT**

The variety of business activities undertaken by the Bank require effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board Risk Management Committee (BRMC) is appointed and authorised by the Board of Directors (BOD) to assist in design, regularly evaluating and timely updating the risk management framework of the Bank. The Board has further authorised management committees i.e. Central Management Committee (CMC), Central Credit Committee (CCC) and Digital Council to supervise risk management activities within their respective scopes. CMC has further established sub-committees such as Assets & Liabilities Committee (ALCO), Investment Committee (IC), Information Technology Steering Committee (ITSC), Control & Compliance Committee (C&CC), Process Improvement Committee (PIC) and Governance Committee for Overseas Operations etc.





The risk management framework endeavours to be a comprehensive and evolving guideline to cater to changing business dynamics. The framework includes:

- Clearly defined risk management policies, procedures, responsibilities and accountabilities;
- Well constituted organisational structure, in the form of separate risk management departments within the Credit and Risk Management Group, which ensure that individuals responsible for risk approval are independent from risk taking units i.e. Business Units; and
- Mechanism for ongoing review of policies and procedures and risk exposures.

The primary objective of this architecture is to inculcate risk management into the organisation flows to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed in order to enhance long term earnings and to protect the interests of the Bank's depositors and shareholders.

The Bank's risk management framework has a well-defined organisational structure for effective management of credit risk, market risk, liquidity risk, operational risk, information security risk, trade pricing, environment and social risk. Further, there is an advanced focus on optimal utilisation of capital while ensuring compliance with capital requirements. The results of stress tests and internal capital adequacy assessment process and recovery plans are given due consideration in capital and business planning.

#### 46.1 Credit Risk

Credit risk is the identification of probability that counterparty will cause a financial loss to the Bank due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from lending, hedging, settlement and other financial transactions. Credit risk management processes encompass identification, assessment, measurement, monitoring and control of the Bank's exposure to credit risk. The Bank's credit risk management philosophy is based on the Bank's overall business strategy / direction as established by the Board. The Bank is committed to the appropriate level of due diligence to ensure that credit risks have been properly analysed, fully disclosed to the approving authorities and appropriately quantified, also ensuring that the credit commitment is appropriately structured, priced (in line with market practices) and documented.

The Bank has built and maintained a sound loan portfolio in terms of well-defined credit policy approved by the Board of Directors (BOD). Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for prudence in lending activities and ensuring the high quality of asset portfolio. In order to have an effective and efficient risk assessment, and to closely align its functions with Business, Credit Division has separate units for Corporate banking, Islamic banking, Retail & SME banking (including Agricultural financing) and Overseas Operations & Financial Institutions. For Consumer & Digital products, loans are booked against defined eligibility criteria as per product programs / credit policy and these have a separate credit risk function.

The Bank manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Credit & Risk Management Group.

For domestic operations, the Bank determines the amount for specific and general provisions as per the Prudential Regulations issued by the SBP and the management best estimates. Provisions at overseas branches are held to meet the requirements of the regulatory authorities of the respective countries in which overseas branches operates.

A sophisticated internal credit rating system is in place, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The risk rating system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure & security and generates internal ratings at obligor and facility levels. Furthermore, this system has an integrated loan origination module, which is currently being used in Corporate Banking, Islamic Banking and Retail segments. The system is regularly reviewed for improvements as per SBP's guidelines for Internal Credit Rating and Risk Management. Furthermore, Bank also validates Internal Ratings based on statistical tests for all portfolios. It covers both discrimination and calibration statistical tests as per best practices. The system is backed by secured database with backup support and is capable of generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making. The system is enhanced to compute the ECL calculation for IFRS 9 & risk weighted assets for quarterly credit risk related Basel submissions.

A centralised Credit Administration Division (CAD) under Credit & Risk Management Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied with, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorisation by CAD.

Credit Policy & Portfolio Management under Credit & Risk Management Group keeps a watch on the quality of the credit portfolio in terms of borrowers' behaviour, identifies weakening accounts relationships and reports it to the appropriate authorities with a view to address further deterioration.

To handle the specialised requirements of managing delinquent and problem accounts, the Bank has a separate client facing unit to negotiate repayment / settlement of the Bank's non-performing exposure and protect the interests of the Bank's depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) is recovery of funds and/or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Bank are protected. Where no other recourse is possible, SAMG may proceed with legal recourse so as to maximise the recovery of the Bank's assets. The Credit & Risk Management Group also monitors the NPL portfolio of the Bank and reports the same to CCC/ BRMC.

#### **46.1.1 Credit risk - general disclosures basel specific**

The Bank is using Standardised Approach (SA) of the SBP's Basel accord for the purpose of estimating credit risk weighted Assets. Under SA, banks are allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk Weighted Assets in accordance with the SBP Basel Standardised Approach is in place and firmly adhered to.

#### **46.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights**

##### **46.1.2.1 External ratings**

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), JCR-VIS and Moodys, Fitch and Standard & Poors.

The SBP through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 accorded approval to the Bank for use of ratings assigned by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL). The Bank uses these ECAIs to rate its exposures denominated in Bangladeshi currency on certain corporate exposures and banks incorporated in Bangladesh.

The Bank uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Where exposure is rated by two or more ratings agencies - the lowest rating is considered for calculating risk weighted assets.

#### **46.1.3 Disclosures with respect to credit risk mitigation for standardised approach**

##### **46.1.3.1 Credit risk mitigation policy**

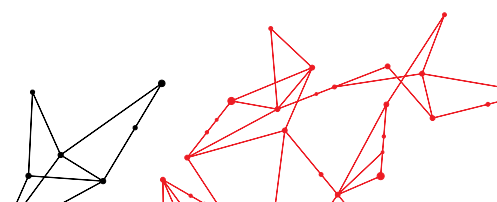
The Bank defines collateral as the assets or rights provided to the Bank by the borrower or a third party in order to secure a credit facility. The Bank would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

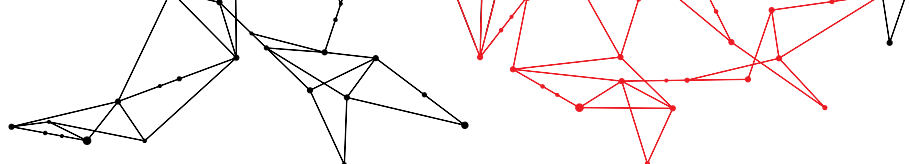
##### **46.1.3.2 Collateral valuation and management**

As stipulated in the SBP Basel guidelines, the Bank uses the comprehensive approach for collateral valuation. Under this approach, the Bank reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Bank makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

##### **46.1.3.3 Types of collaterals**

The Bank determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and SME financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrowers and assignment of the underlying project contracts are generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be obtained. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Bank. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the property and automobile being financed respectively.





The Bank also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the Central Credit Committee (CCC) under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

#### 46.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Bank considers all types of financial collaterals that are eligible under SBP Basel III accord. This includes cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities (Government of Pakistan, Banks etc.) under substitution effect of Basel.

#### 46.1.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, Bank's annual credit plan spells out the maximum allowable exposure that it can take on specific industry. Additionally, the Internal Rating System allows the Bank to monitor risk rating concentration of borrowers against different grades / scores ranging from 1 - 12 (1 being the best and 12 being loss category).

Particulars of the Bank's on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

#### 46.1.4 Lendings to financial institutions

##### Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Public Sector	4,027,280	49,671,202	-	-	-	-
Private Sector	115,527,272	65,682,634	-	-	-	-
	<u>119,554,552</u>	<u>115,353,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 46.1.5 Investment in debt securities (non government debt securities)

##### Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Textile	211,285	211,285	211,284	211,285	211,284	211,285
Chemical and Pharmaceuticals	40,272	51,477	40,272	51,477	40,272	51,477
Electronics and electrical appliances	1,785	1,785	1,785	1,785	1,785	1,785
Engineering	1,335,163	2,923,639	-	-	-	-
Power (electricity), Gas, Water, Sanitary	21,456,648	19,650,186	-	-	-	-
Transport, Storage and Communication	-	189,896	-	189,896	-	189,896
Financial	30,901,112	29,044,123	348,689	158,688	348,689	158,688
	<u>53,946,265</u>	<u>52,072,391</u>	<u>602,030</u>	<u>613,131</u>	<u>602,030</u>	<u>613,131</u>

**Credit risk by public / private sector**

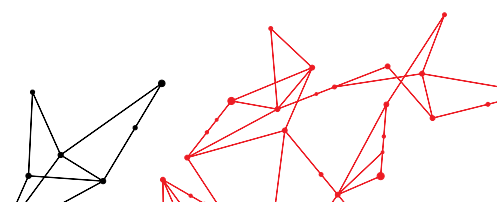
	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Public Sector	20,331,914	19,650,186	-	-	-	-
Private Sector	33,614,351	32,422,205	602,030	613,131	602,030	613,131
	<u>53,946,265</u>	<u>52,072,391</u>	<u>602,030</u>	<u>613,131</u>	<u>602,030</u>	<u>613,131</u>

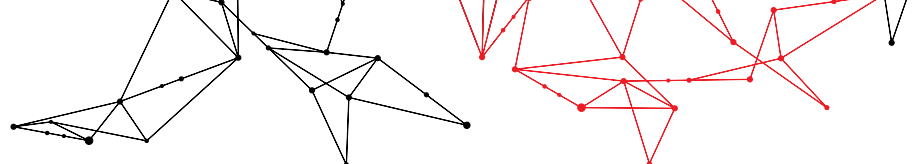
**46.1.6 Advances****Credit risk by industry sector**

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Agriculture, forestry, hunting and fishing	42,245,315	18,881,068	2,195,786	1,274,425	1,763,083	1,111,433
Automobile and transportation equipment	13,111,601	15,707,114	585,652	480,060	442,455	411,510
Cement	14,660,856	16,609,030	-	-	-	-
Chemical and pharmaceuticals	31,604,793	32,391,164	565,324	188,082	314,324	100,059
Construction	16,086,433	18,714,929	2,131,976	400,433	1,244,649	408,100
Electronics and electrical appliances	13,129,926	14,160,299	1,383,771	1,089,908	1,220,711	581,054
Exports / imports	3,376,008	4,142,353	424,851	486,131	405,666	479,384
Financial	16,338,942	9,783,029	672,979	675,979	672,979	675,979
Food & allied products	70,858,865	75,005,691	4,922,137	4,526,775	3,907,695	3,195,779
Footwear and leather garments	3,469,613	4,056,207	85,591	95,539	83,597	92,293
Glass and ceramics	325,393	490,792	42,563	42,563	42,563	42,563
Individuals	123,971,563	117,317,733	1,663,462	1,433,053	976,298	866,519
Insurance	646,757	1,027,676	-	-	-	-
Metal & allied industries	32,955,827	33,401,672	3,018,184	1,524,531	2,127,622	1,249,283
Mining and quarrying	5,179,359	5,397,808	15,579	-	6,275	-
Oil and allied	33,122,647	25,646,999	4,280,774	1,780,774	4,280,774	1,771,204
Paper and board	8,935,585	8,267,671	2,710	2,980	2,710	2,980
Plastic and allied industries	5,416,600	4,532,958	203,241	259,851	185,675	275,130
Power (electricity), gas, water, sanitary	55,067,488	72,356,385	1,823,960	2,827,910	1,823,960	2,348,310
Services	15,387,756	14,597,907	1,156,410	714,011	863,705	371,174
Sugar	16,493,548	19,774,618	471,497	1,032,653	471,497	1,032,653
Technology and related services	118,811	127,161	3,363	-	841	-
Textile	175,602,739	174,726,607	7,556,916	7,523,780	7,525,101	6,190,879
Transport, storage and communication	27,500,328	20,127,023	31,871	1,123,990	25,391	1,123,274
Wholesale & retail trade	34,445,196	38,850,582	3,208,838	2,099,287	2,992,687	1,921,743
Others	17,235,028	19,598,390	1,185,304	1,388,498	993,412	1,145,305
	<u>777,286,977</u>	<u>765,692,866</u>	<u>37,632,739</u>	<u>30,971,213</u>	<u>32,373,670</u>	<u>25,396,608</u>

**Credit risk by public / private sector**

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	------(Rupees in '000)-----					
Public sector	63,785,213	44,390,789	259,965	273,965	202,265	202,265
Private sector	713,501,764	721,302,077	37,372,774	30,697,248	32,171,405	25,194,343
	<u>777,286,977</u>	<u>765,692,866</u>	<u>37,632,739</u>	<u>30,971,213</u>	<u>32,373,670</u>	<u>25,396,608</u>





**2023**      **2022**  
-----**(Rupees in '000)**-----

#### 46.1.7 Contingencies and Commitments

##### Credit risk by industry sector

Agriculture, forestry, hunting and fishing	1,848,473	723,212
Automobile and transportation equipment	19,602,523	14,816,068
Cement	3,068,456	5,475,715
Chemical and pharmaceuticals	30,308,191	23,350,141
Construction	44,745,753	19,819,304
Electronics and electrical appliances	11,792,799	7,916,285
Exports / imports	720,820	1,055,443
Financial	477,551,996	242,184,726
Food & allied products	25,554,148	25,267,090
Footwear and leather garments	802,011	481,069
Glass and ceramics	1,388,762	1,056,977
Individuals	6,001,242	5,066,833
Insurance	974,534	1,055,913
Metal & allied industries	16,725,353	12,831,797
Mining and quarrying	1,821,151	743,294
Oil and allied	74,238,814	47,582,718
Paper and board	4,851,180	1,858,270
Plastic and allied industries	3,300,225	3,589,217
Power (electricity), gas, water, sanitary	51,013,812	33,780,926
Services	5,989,950	4,468,156
Sugar	1,347,784	1,916,993
Technology and related services	2,653,385	2,034,031
Textile	53,815,517	60,671,268
Transport, storage and communication	12,492,880	7,997,088
Wholesale & retail trade	29,919,837	22,987,066
Others	46,065,071	37,324,331
	<u>928,594,667</u>	<u>586,053,931</u>

##### Credit risk by public / private sector

Public / Government	61,573,645	47,598,082
Private	<u>867,021,022</u>	<u>538,455,849</u>
	<u>928,594,667</u>	<u>586,053,931</u>

#### 46.1.8 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 157,762.230 million (2022: Rs. 116,153.141 million) are as following:

	<b>2023</b>	<b>2022</b>
	----- <b>(Rupees in '000)</b> -----	
Funded	61,314,267	45,445,076
Non Funded	<u>96,447,963</u>	<u>70,708,066</u>
Total Exposure	<u>157,762,230</u>	<u>116,153,142</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 263,838.992 million (2022: Rs. 215,557.567 million).

None of the top 10 exposures are classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.

**46.1.9 Advances - province / region-wise disbursement & utilisation**

Province/Region	2023						
	Disbursements Total	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit- Baltistan
----- (Rupees in '000) -----							
Punjab	1,953,021,686	1,906,355,593	28,438,675	670,214	9,846	17,432,385	114,973
Sindh	2,366,198,001	24,146,765	2,330,427,282	583,804	40,159	10,995,947	4,044
KPK including FATA	26,152,414	57	-	26,152,357	-	-	-
Balochistan	5,964,281	-	2,223	-	5,962,058	-	-
Islamabad	284,745,769	129,403,030	2,987,588	30,478,187	2,519	121,874,445	-
AJK including Gilgit-Baltistan	1,099,420	1,343	1,000	-	8,868	-	1,088,209
<b>Total</b>	<b>4,637,181,571</b>	<b>2,059,906,788</b>	<b>2,361,856,768</b>	<b>57,884,562</b>	<b>6,023,450</b>	<b>150,302,777</b>	<b>1,207,226</b>

Province/Region	2022						
	Disbursements Total	Utilisation					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit- Baltistan
----- (Rupees in '000) -----							
Punjab	1,663,807,992	1,607,641,972	28,727,917	1,814,584	177	25,522,820	100,522
Sindh	1,672,169,912	17,793,854	1,649,513,267	490,556	68,967	4,289,276	13,992
KPK including FATA	27,345,835	3,616	-	27,342,219	-	-	-
Balochistan	6,258,010	13,484	24,463	-	6,220,063	-	-
Islamabad	195,588,631	63,220,130	6,068	31,398,130	67,511	100,896,792	-
AJK including Gilgit-Baltistan	1,109,673	8,734	-	-	47,989	-	1,052,950
<b>Total</b>	<b>3,566,280,053</b>	<b>1,688,681,790</b>	<b>1,678,271,715</b>	<b>61,045,489</b>	<b>6,404,707</b>	<b>130,708,888</b>	<b>1,167,464</b>

**46.2 Market Risk**

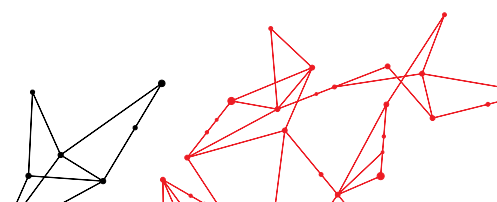
Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. To manage and control market risk, a comprehensive Board approved Market & Liquidity Risk Management Policy, is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure and control market risk at a portfolio level. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors. This structure is reviewed, adjusted and approved periodically.

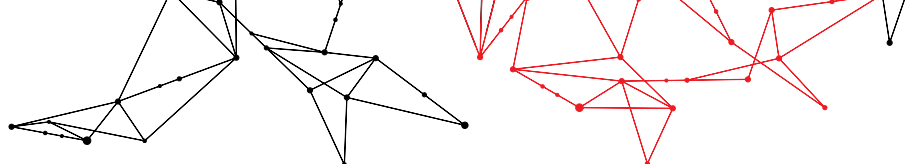
Under the BoD approved policy, the Bank's Asset and Liability Committee (ALCO) and Investment Committee (IC) are primarily responsible for the oversight of market risk, supported by Market & Liquidity Risk Department of Risk Management Division (RMD). Furthermore, the Bank carries out risk assessment via diversified tools including Value at Risk (VaR), PVBP (price value per Basis Point) and Duration on a regular basis. The Bank also ascertains the impact of market risk on relevant portfolios through stress testing and the Internal Capital Adequacy Assessment processes.

**46.3 Foreign exchange risk**

Foreign exchange (FX) risk arises from fluctuation in the value of financial instruments due to changes in foreign exchange rates. The Bank's FX Risk is largely mitigated by taking a matched funding positions.

The Bank manages FX risk by setting and monitoring through approved currency wise net open position limits and Foreign Exchange Exposure Limit (FEEL). Foreign exchange risk is controlled and monitored through limits approved by ALCO, within the overall FEEL limit advised by the SBP.





The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial exposure:

	2023				2022			
	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items / bought / (sold)	Net foreign currency exposure	Foreign currency assets	Foreign currency liabilities	Off-balance sheet items / bought / sold	Net foreign currency exposure
	------(Rupees in '000)-----				------(Rupees in '000)-----			
United States Dollar	134,406,696	170,337,516	36,143,329	212,509	84,317,824	142,911,999	61,120,650	2,526,475
Great Britain Pound Sterling	3,821,446	9,724,464	5,966,219	63,201	2,669,739	7,680,556	5,025,968	15,151
Euro	5,213,422	9,399,107	4,354,620	168,935	2,770,699	6,550,482	3,638,000	(141,783)
Japanese Yen	15,181	877	-	14,304	15,446	45,788	42,840	12,498
Other currencies	111,498,770	111,236,817	94,049	356,002	99,286,831	99,316,116	274,917	245,632
	<u>254,955,515</u>	<u>300,698,781</u>	<u>46,558,217</u>	<u>814,951</u>	<u>189,060,539</u>	<u>256,504,941</u>	<u>70,102,375</u>	<u>2,657,973</u>

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------(Rupees in '000)-----			
Impact of 1% adverse movement in foreign exchange rates on				
- Profit and loss account	-	(8,150)	-	(26,580)
- Other comprehensive income	(309,098)	-	(281,366)	-

#### 46.3.1 Balance sheet assets split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	------(Rupees in '000)-----					
Cash and balances with treasury banks	202,692,402	-	202,692,402	140,613,348	-	140,613,348
Balances with other banks	16,617,834	-	16,617,834	9,485,380	-	9,485,380
Lendings to financial institutions	119,554,109	-	119,554,109	115,353,599	-	115,353,599
Investments	1,787,595,085	279,667,615	2,067,262,700	1,100,849,861	13,556,897	1,114,406,758
Advances	735,051,510	-	735,051,510	732,374,851	-	732,374,851
Fixed assets	61,767,681	-	61,767,681	48,424,722	-	48,424,722
Intangible assets	1,369,899	-	1,369,899	1,296,297	-	1,296,297
Deferred tax assets	6,008,159	-	6,008,159	9,012,648	-	9,012,648
Other assets	132,278,299	3,314,234	135,592,533	81,272,612	956,513	82,229,125
	<u>3,062,934,978</u>	<u>282,981,849</u>	<u>3,345,916,827</u>	<u>2,238,683,318</u>	<u>14,513,410</u>	<u>2,253,196,728</u>

#### 46.3.2 Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or market indices. The Bank's equity investments are classified as Available for Sale (AFS) and Held for Trading (HFT) investments. The objective of classifying investments as HFT is to take advantage of short term capital gains, while the AFS portfolio is maintained with a medium term view of capital gains and dividend income. The Bank's Investment Committee is primarily responsible for the oversight of the equity investment risk. The Bank has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits, loss triggers and timely escalation of Management Action Trigger Levels (MAT).

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------(Rupees in '000)-----			
Impact of 5% adverse movement in equity prices on				
- Profit and loss account	-	(11,422)	-	(25,903)
- Other comprehensive income	(201,777)	-	(296,134)	-



#### 46.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest Rate Risk is the adverse impact on the bank's shareholder's equity due to changes in the interest rates. It may be further elaborated as changes in the present value of the asset, liabilities and commitments due to changes in interest rates, including changes in the shape of yield curves. The Bank is exposed to interest rate risk primarily as a result of mismatches in the amounts of assets, liabilities and off-balance sheet interest sensitive instruments within a certain range of maturity or re-pricing (whichever is earlier). The Bank has formulated a separate Interest Rate Risk Management (IRR) framework which establishes aggregate and tenor-wise balance sheet level PVBP (Price Value per basis points) limits to manage interest rate risk within the Board approved risk appetite. Treasury and Capital Markets Group is primarily responsible for management of interest rate risk on a daily basis, and the Asset and Liability Committee (ALCO) oversees the interest rate risk at Bank level. Market Risk Department of Risk Management Division independently monitors, analyses and reports various limits including management action point limits and re-pricing of the assets and liabilities on a regular basis.

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
Impact of 1% increase in interest rates on	(Rupees in '000)			
- Profit and loss account	838,340	(1,873,290)	5,321,670	(79,865)
- Other comprehensive income	(10,346,287)	-	(6,098,611)	-

#### 46.4.1 Mismatch of Interest Rate Sensitive Assets and Liabilities

Effective Yield/ Interest rate	Total	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	202,692,402	13,922,762	-	-	-	-	-	-	-	-	-	-	-	188,769,640
Balances with other banks	16,617,834	34,503	-	-	-	-	-	-	-	-	-	-	-	16,583,331
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-	-	-	-	-	-
Investments	2,067,262,700	331,561,798	484,177,739	675,557,953	226,168,506	78,688,167	110,344,862	87,916,510	59,475,219	7,671	9,131,370	-	13,364,275	
Advances	735,051,510	335,696,679	125,538,911	84,491,849	34,929,808	10,604,343	14,047,333	31,784,487	83,567,661	-	-	-	5,259,069	
Other assets	124,985,949	800,769,851	609,716,650	760,049,802	261,098,314	89,292,510	124,392,195	119,700,997	143,042,880	9,139,041	-	-	124,985,949	
	3,266,164,504	800,769,851	609,716,650	760,049,802	261,098,314	89,292,510	124,392,195	119,700,997	143,042,880	9,139,041	-	-	348,962,264	
<b>Liabilities</b>														
Bills payable	26,004,538	-	-	-	-	-	-	-	-	-	-	-	-	26,004,538
Borrowings	909,543,453	717,549,421	40,785,871	14,488,021	245,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927	-	-	849,905,427	
Deposits and other accounts	2,084,997,130	872,515,992	106,689,827	63,873,584	190,365,008	839,901	776,267	31,124	-	-	-	-	-	
Subordinated debt	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-	-	-	-
Other liabilities	22,894,533	109,551	184,440	633,800	920,851	2,142,315	2,208,808	4,789,602	10,004,739	1,900,427	-	-	86,776,313	
Lease liability against right-of-use asset	86,776,313	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	3,144,215,967	1,590,174,964	154,660,138	85,995,405	191,531,567	49,317,436	8,901,996	18,788,520	80,059,309	2,100,354	-	-	962,686,278	
	121,948,537	(789,405,113)	455,056,512	674,054,397	69,566,747	39,975,074	115,490,199	100,912,477	62,983,571	7,038,687	-	-	(613,724,014)	
<b>On-balance sheet gap</b>														
<b>Off-balance sheet financial instruments</b>														
Documentary credits and short-term trade-related transactions	369,828,072	-	-	-	-	-	-	-	-	-	-	-	-	369,828,072

Effective Yield/Interest rate	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		
	198,859,218	89,146,811	72,036,819	37,173,352	502,236	-	-	-	-	-	-	-
	(151,805,082)	(86,073,414)	(42,076,834)	(23,654,834)	-	-	-	-	-	-	-	-
	20,461,347	1,790,376	2,125,301	15,374,572	-	1,171,098	-	-	-	-	-	-
	(88,746,368)	(1,790,375)	(38,881,280)	(36,898,765)	(10,905,413)	(270,535)	-	-	-	-	-	-
	39,466,304	25,063,222	14,403,082	-	-	-	-	-	-	-	-	-
	(39,466,304)	-	(3,946,050)	(3,100,466)	(2,624,208)	(2,877,882)	(7,187,448)	(19,730,250)	-	-	-	-
	11,683,894	-	11,683,894	-	-	-	-	-	-	-	-	-
	(11,683,894)	-	(11,683,894)	-	-	-	-	-	-	-	-	-
	348,597,187	28,136,620	7,607,088	(11,951,725)	(13,503,643)	(2,624,208)	(1,977,319)	(7,187,448)	(19,730,250)	-	-	369,828,072
	(761,268,493)	462,663,600	662,102,672	56,063,104	37,350,866	113,512,880	93,725,029	43,253,321	7,038,687	-	-	(243,895,942)

Commitments in respect of:

- Forward exchange contracts - purchase
- Forward exchange contracts - sale
- Forward security - purchase
- Forward security - sale
- Interest Rate Swaps - purchase
- Interest Rate Swaps - Sale
- Cross Currency Swaps - Purchase
- Cross Currency Swaps - Sale

**Off-balance sheet gap**

	2023	2022
<b>Total Yield/Interest Risk Sensitivity Gap</b>	703,895,942	470,545,724

**Cumulative Yield/Interest Risk Sensitivity Gap**

	2023	2022
<b>Cumulative Yield/Interest Risk Sensitivity Gap</b>	703,895,942	470,545,724

Effective Yield/Interest rate	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		
	140,613,348	2,366,771	-	-	-	-	-	-	-	-	-	138,246,577
	9,485,380	28,815	-	-	-	-	-	-	-	-	-	9,456,565
	115,353,599	114,036,479	1,317,120	-	-	-	-	-	-	-	-	14,042,435
	1,114,406,758	528,212,480	239,062,859	15,004,713	12,226,809	28,098,579	71,174,020	90,482,664	24,954,033	-	-	5,574,605
	732,374,851	279,839,715	152,840,320	78,911,741	63,227,263	4,009,556	8,842,692	23,692,262	90,482,664	24,954,033	-	76,987,949
	76,987,949	-	-	-	-	-	-	-	-	-	-	244,308,131
	2,189,221,885	924,484,260	393,220,299	213,921,699	78,231,976	16,236,365	36,941,271	161,656,684	24,954,033	-	-	40,033,806
	40,033,806	-	-	-	-	-	-	-	-	-	-	40,033,806
	491,179,531	137,158,661	187,143,295	17,053,319	2,310,237	11,892,522	43,220,723	79,773,929	1,168,419	-	-	706,730,266
	1,486,845,346	537,198,699	67,256,602	69,575,912	103,064,245	2,222,826	451,743	345,053	-	-	-	52,100,959
	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-	798,865,031
	17,495,747	209,730	527,931	930,276	1,765,621	57,931	393,864	1,750,922	9,375,551	2,483,921	-	-
	52,100,959	-	-	-	-	-	-	-	-	-	-	52,100,959
	2,101,655,389	674,567,090	261,927,828	94,559,507	107,140,103	14,173,279	44,066,330	13,554,401	89,149,480	3,652,340	-	798,865,031
	87,566,496	249,917,170	131,292,471	119,362,192	(28,908,127)	2,063,086	(7,125,059)	81,712,766	72,507,204	21,301,693	-	(554,556,900)

**On-balance sheet gap**

**On-balance sheet financial instruments**

**Assets**

- Cash and balances with treasury banks
- Balances with other banks
- Lending to financial institutions
- Investments
- Advances
- Other assets

**Liabilities**

- Bills payable
- Borrowings
- Deposits and other accounts
- Subordinated debt
- Other liabilities
- Lease liability against right-of-use asset
- Others

**On-balance sheet gap**

	2023	2022
<b>On-balance sheet gap</b>	87,566,496	(554,556,900)

Effective Yield/ Interest rate	2022										Non-interest bearing financial instruments
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	

(Rupees in '000)

#### Off-balance sheet financial instruments

Documentary credits and short-term trade-related transactions	312,089,944	-	-	-	-	-	-	-	-	-	-	312,089,944
Commitments in respect of:												
- Forward exchange contracts - purchase	120,494,702	83,541,288	27,708,311	8,892,523	352,580	-	-	-	-	-	-	-
- Forward exchange contracts - sale	(50,226,749)	(18,789,622)	(29,602,435)	(1,834,692)	-	-	-	-	-	-	-	-
- Forward security - purchase	12,990,116	6,615,259	1,471,322	4,834,042	69,493	-	-	-	-	-	-	-
- Forward security - sale	(4,448,697)	(174,395)	(984,344)	(369,060)	-	-	(2,920,898)	-	-	-	-	-
- Interest Rate Swaps - purchase	46,160,838	33,458,064	12,702,774	-	-	-	-	-	-	-	-	-
- Interest Rate Swaps - Sale	(46,160,838)	-	-	(1,811,447)	-	(6,113,634)	(3,448,860)	(12,483,453)	(22,303,444)	-	-	-
- Cross Currency Swaps - Purchase	574,073	-	574,073	-	-	-	-	-	-	-	-	-
- Cross Currency Swaps - Sale	(574,073)	-	(574,073)	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>	<b>390,899,316</b>	<b>104,650,594</b>	<b>11,295,628</b>	<b>9,711,366</b>	<b>422,073</b>	<b>(6,113,634)</b>	<b>(3,448,860)</b>	<b>(15,404,351)</b>	<b>(22,303,444)</b>	<b>-</b>	<b>-</b>	<b>312,089,944</b>

#### Total Yield/Interest Risk Sensitivity Gap

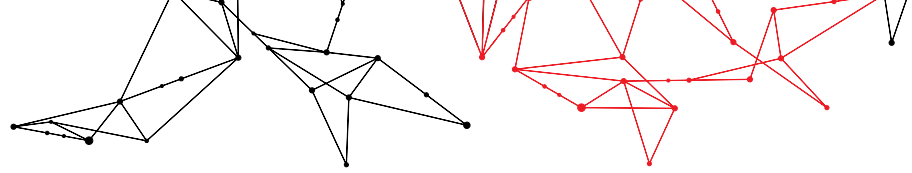
	354,567,764	142,588,099	129,073,558	(28,486,054)	(4,050,548)	(10,573,919)	66,308,415	50,203,760	21,301,693	(242,466,956)
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#### Cumulative Yield/Interest Risk Sensitivity Gap

	354,567,764	497,155,863	626,229,421	597,743,367	593,692,819	583,118,900	649,427,315	699,631,075	720,932,768	478,465,812
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#### 46.4.2 Reconciliation of Financial Assets and Liabilities exposed to yield / interest rate risk with total assets and liabilities

	2023	2022
	----- (Rupees in '000) -----	
Total financial assets as per note 46.4.1	3,266,164,504	2,189,221,885
Add: Non financial assets		
Operating fixed assets	61,767,681	48,424,722
Intangibles	1,369,899	1,296,297
Deferred tax assets	6,008,159	9,012,648
Other assets	10,606,584	5,241,176
<b>Total assets as per statement of financial position</b>	<b>3,345,916,827</b>	<b>2,253,196,728</b>
Total financial liabilities as per note 46.4.1	3,144,215,967	2,101,655,389
Add: Non financial liabilities		
Other liabilities	63,778,027	51,526,716
<b>Total liabilities as per statement of financial position</b>	<b>3,207,993,994</b>	<b>2,153,182,105</b>



## 46.5 Operational Risk

Basel defines Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Operational Risk Management Framework, policy and Standards of the Bank duly approved by the Central Management Committee and the Board, cover the processes, structure and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Bank.

### 46.5.1 Operational Risk Disclosures - Basel Specific

The Bank is among the first few banks in the industry to secure SBP approval for adoption of Alternative Standardized Approach (ASA) under Basel guidelines for determining capital charge on operational risk in December 2013. The Bank started calculating its capital charge for operational risk using ASA from December 31, 2013.

The SBP approval stipulated a capital floor i.e. operational risk charge under ASA should not fall below a certain percentage of operational risk capital charge calculated under Basic Indicator Approach for initial three years. These floors were 90% for 2013 and 2014, 80% for 2015 and 70% for 2016. However, removal of capital floor for calculation of capital charge under ASA was extended in line with international developments and consultations of the Basel Committee on Banking Supervision (BCBS).

Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Bank and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events, including non-financial risks. We aim to implement a new process based Risk and Control Self-Assessment method across the Bank in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first line self-assessment reviews, especially for the processes and activities that may significantly impact the Bank's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

## 458 46.5.2 Information Security Risk

Cyber risk is now amongst the top ranked risks that all organisations face and the Bank is cognisant of its significance and possible impacts. The Bank's Board IT Committee (BITC) and management level IT Steering Committee (ITSC) provide oversight of cyber security matters. The Bank has in place a well-defined Information Security Risk Management Policy / Framework, duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management as well as multiple technology process/practices specific security baselines. The framework derives directly from the regulatory advisories as well as from international standards and best practices. A dedicated Information Security Division, function within Credit & Risk Management Group which manages information security risks to bank's technology assets by enforcing compliance to information security standards & baselines and continuously; monitor cyber threats and investigates information security incidents through its purpose built Security Operations Centre on (24/7) basis. Based on periodic Cyber Security Risk Assessments, the Bank has instilled a multilayered Cybersecurity Action Plan which covers all the key domains of information security. Identified threats and vulnerabilities are suitably treated and revalidated. Furthermore, periodically, the Bank runs Cyber Risk awareness campaigns for staff and customers and has clearly defined standards for Acceptable Use of Information & Technology resources.

### 46.5.3 Environmental Risk

The Bank has integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental & Social Management System (ESMS) have been put in place.

The ESMS Framework essentially requires that any relevant lending opportunity is to be reviewed and evaluated under:

- International Finance Corporation exclusion list;
- Applicable national laws on environment, health, safety and social issues; and
- International Finance Corporation performance standards.

This framework is an integral part of the credit approval process. All relevant credit proposals require Environmental & Social review prior to approval of the competent authority.

During 2022, the SBP has issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. The Bank is currently aligning its procedures and policy with the afore-mentioned the SBP manual.

#### 46.5.4 Country risk

Country risk refers to the possibility that economic and political conditions in a foreign country could adversely impact the Bank's exposure in that country. For the Bank, country risk arises as a result of the Bank's net investment in foreign operations, foreign currency lending, trade and treasury business with counterparties domiciled in other countries as well as investments and capital transactions. In order to manage the risk, Bank has in place a comprehensive country risk management framework. Under this framework, the transfer risk is measured using financial market and economic factors. Political risk is measured using a variety of indicia indicative of country's willingness to honour its foreign obligations. Based on this framework, risk limits are assigned to countries within the Board approved limits. The limits and their utilization are monitored and managed at head office level and country risk exposures are reported to the relevant committees at a defined frequency.

#### 46.6 Liquidity Risk

Liquidity is a financial institution's capacity to meet its obligations as they fall due without incurring losses. Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they come due.

With reference to the SBP Basel III Liquidity Standards issued under BPRD circular # 08 dated June 23, 2016, the Bank calculates Liquidity Coverage Ratio (LCR) on a monthly basis. Based on the financial statement as at December 31, 2023, the Bank's LCR is 2.04 or 204% against the SBP minimum requirement of 100%, with Total Stock of High Quality Liquid Assets (HQLA) of Rs. 1,413,229.330 million and Net Cash Outflows of Rs. 691,799.084 million.

Moreover, under the same circular the Banks are expected to calculate Net Stable Funding Ratio (NSFR) on quarterly basis. Based on December 31, 2023 numbers the Bank's NSFR is 1.61 or 161% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,634,520.450 million and Total Required Stable Funding of Rs. 1,012,638.563 million.

The Bank manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy, the management level procedural document and Asset & Liability Committee (ALCO) level guidelines. Under this framework, various liquidity metrics are implemented and monitored on a regular basis.

The Board approves the Bank's overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Bank's ALCO is primarily responsible for the implementation of Board's strategy through oversight of the asset liability function including liquidity management. Treasury front office manages the Bank's liquidity on day to day basis and is the Bank's first line of defence against liquidity risk. Under Risk Management Division, Liquidity Risk Management Unit is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and bank's own risk appetite.

The Bank's overall funding strategy is based on the principles of diversification and stability. The Bank has a diverse funding base, which includes stable funding in the form of equity, sub-ordinated loans, retail and small business deposits and non-stable funding in form of large volume depositors. The Bank has in place internally approved limits to monitor and manage risk emanating from volatile funding concentration. Moreover, the Bank is fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of high quality liquidity assets in relation to its liability profile.

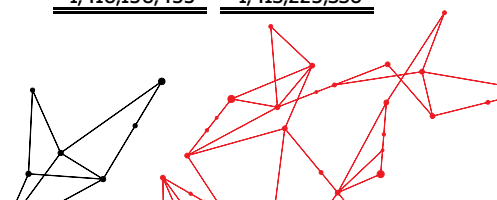
Stress testing is used in an attempt to highlight the vulnerability of the Bank's balance sheet to hypothetical stress events and scenarios. Based on the scenarios, liquidity risk factors are given major shocks and their resulting impact on the balance sheet is calculated. The Bank carries out the stress testing based on SBP stress tests and internal defined scenarios to gauge the potential impacts of different liquidity stress scenarios and share the results with the senior management, the BoD and the regulator.

At the Bank, Contingency Funding Plan (CFP), are in place for all jurisdictions to address liquidity issues in times of stress / crises situations. The Treasury division prepares the CFPs for all operations on annual basis for identifying the stress scenarios and the funding plan for such scenarios along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

Main drivers of LCR results are High Quality Liquid Assets (HQLA) and Net Cash Outflow. HQLA is defined by the liquidity quality of the Bank's assets and net cash outflow is mainly determined through volatility of the Bank's liability profile. The table below showcases the composition of HQLA as of December 31, 2023.

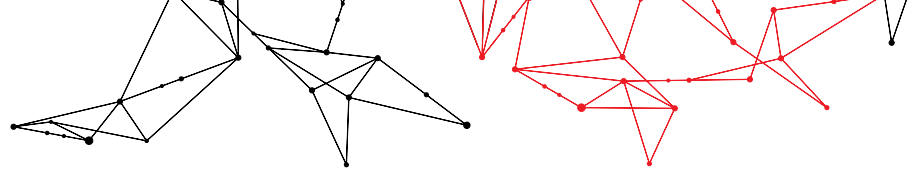
HQLA*	Market Value	Weighted Amount
	------(Rupees in '000)-----	
Level 1 Assets	1,408,966,128	1,408,966,128
Level 2A Assets	1,596,733	1,357,223
Level 2B Assets	5,633,634	2,905,979
	<u>1,416,196,495</u>	<u>1,413,229,330</u>

\* These have been defined in detail in the SBP Circular No. 08, dated June 23, 2016.



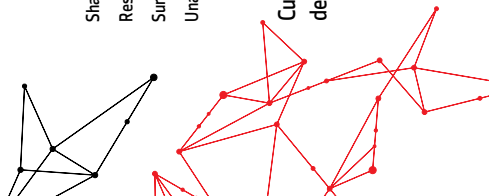
**46.6.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank**

		2023												
		(Rupees in '000)												
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
<b>Assets</b>														
Cash and balances with treasury banks	202,692,402	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	16,617,834	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	2,644,802	111,818,663	4,833,824	256,820	-	-	-	-	-	-	-	-	-
Investments	2,067,262,700	7,630	45,767	2,252,369	7,900,008	20,136,990	173,811,008	155,827,112	63,535,491	307,665,378	212,387,878	457,538,612	376,723,110	289,431,347
Advances	735,051,510	169,015,757	27,427,295	5,042,851	56,702,819	32,381,286	70,510,436	42,883,812	10,964,995	4,180,421	35,196,474	38,056,017	70,160,858	172,528,489
Fixed assets	61,767,681	841,589	245,030	285,821	672,151	1,147,647	1,163,817	2,431,587	2,392,726	2,322,376	6,212,817	5,269,213	7,768,792	31,014,115
Intangible assets	1,369,899	2,160	12,943	15,099	36,162	63,524	64,235	189,571	185,832	181,574	250,657	182,011	186,131	-
Deferred tax assets	6,008,159	-	-	-	-	-	-	-	6,008,159	-	-	-	-	-
Other assets	135,592,533	4,243,002	19,656,887	23,229,168	58,759,706	6,680,662	8,449,561	3,626,438	2,451,455	2,249,562	2,734,892	877,800	1,316,700	1,316,700
	3,345,916,827	396,065,176	159,206,585	35,659,132	124,327,666	60,410,109	253,999,057	204,958,520	79,530,499	322,607,470	256,782,718	501,923,653	456,155,591	494,290,651
<b>Liabilities</b>														
Bills payable	26,004,538	26,004,538	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	909,543,453	5,902,920	14,783,562	562,421,636	134,441,303	8,631,161	32,154,710	14,488,021	97,400	148,308	46,335,220	5,916,921	13,967,794	70,254,497
Deposits and other accounts	2,084,997,130	1,520,195,166	78,939,699	19,451,339	57,534,396	74,883,308	69,339,081	66,901,002	50,797,416	145,266,806	847,451	798,342	39,124	-
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Other liabilities	173,448,873	3,822,409	17,068,089	20,208,903	44,781,471	7,361,385	5,880,195	6,969,225	5,048,036	25,956,296	4,042,706	3,680,579	16,733,144	11,896,435
	3,207,993,994	1,555,929,083	110,791,350	602,081,878	236,757,170	90,875,854	107,373,986	88,358,248	55,942,852	171,371,410	51,225,377	10,395,842	30,740,062	96,150,932
<b>Net assets</b>														
	137,922,833	(1,159,863,857)	48,415,235	(566,422,746)	(112,429,504)	(30,465,745)	146,625,071	116,600,272	23,587,647	151,236,060	205,557,341	491,527,811	425,415,529	398,139,719
Share capital	15,771,651													
Reserves	41,401,130													
Surplus on revaluation of assets	11,268,364													
Unappropriated profit	69,481,688													
	137,922,833													



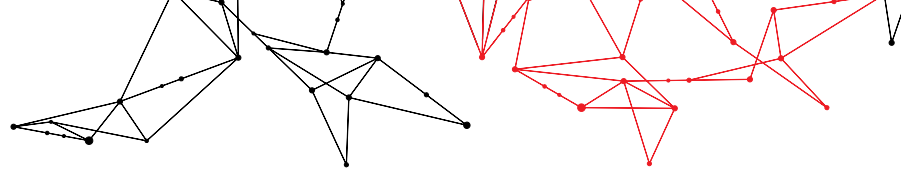
2022														
(Rupees in '000)														
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
<b>Assets</b>														
Cash and balances with treasury banks	140,613,348	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	9,485,380	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	115,353,599	5,334,159	86,791,703	8,778,207	13,132,410	1,317,120	14,833,378	113,373,246	292,522,652	112,933,097	91,258,266	246,873,481	226,395,393	
Investments	1,114,406,758	-	439,604	33,327	4,862,878	6,013,457	4,867,979	92,844,007	27,376,478	25,507,162	50,891,076	78,891,005	93,555,587	
Advances	732,374,851	112,075,255	13,921,677	16,552,478	56,748,263	48,827,584	61,623,601	27,376,478	1,251,448	4,182,533	3,957,571	6,544,076	28,379,714	
Fixed assets	48,424,722	21,398	128,381	149,763	355,984	440,108	1,298,312	1,277,741	156,004	168,070	168,070	336,144	-	
Intangible assets	1,296,297	1,677	10,065	11,742	28,516	52,001	156,003	156,004	9,012,648	1,220,852	366,152	549,228	-	
Deferred tax assets	9,012,648	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	82,229,125	1,872,484	12,648,230	14,057,334	35,096,302	4,927,756	1,780,917	1,675,159	2,075,465	2,075,465	366,152	549,228	549,228	
	2,253,196,728	269,403,701	113,939,660	39,582,851	110,224,353	60,743,168	104,446,556	79,692,211	143,858,628	329,670,766	172,919,843	146,641,135	333,193,934	348,879,922
<b>Liabilities</b>														
Bills payable	40,033,806	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	491,179,531	5,606,603	3,616,007	2,357,090	125,578,960	124,383,151	17,053,319	75,452	2,234,785	11,892,522	43,220,723	11,458,426	80,942,348	
Deposits and other accounts	1,486,845,346	1,120,813,574	43,682,297	16,928,132	26,429,368	26,210,801	71,231,915	35,589,480	78,312,018	2,378,256	579,593	367,849	-	
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	14,000,000	
Other liabilities	121,123,422	1,453,758	10,135,874	11,126,252	25,625,402	6,367,203	7,006,699	5,328,677	24,221,058	3,271,667	2,753,568	4,809,678	12,073,873	
	2,153,182,105	1,167,907,741	57,434,178	30,411,474	177,633,730	156,961,155	134,031,921	95,291,933	40,993,609	104,767,861	17,542,445	46,553,884	16,635,953	107,016,221
<b>Net assets</b>	<b>100,014,623</b>	<b>(898,504,040)</b>	<b>56,505,482</b>	<b>9,171,377</b>	<b>(67,409,377)</b>	<b>(96,217,987)</b>	<b>(29,585,365)</b>	<b>(15,599,722)</b>	<b>102,865,019</b>	<b>224,902,905</b>	<b>155,377,398</b>	<b>100,087,251</b>	<b>316,557,981</b>	<b>241,863,701</b>
Share capital	15,771,651													
Reserves	34,283,201													
Surplus on revaluation of assets	4,858,723													
Unappropriated profit	45,101,048													
	<u>100,014,623</u>													

Current and saving deposits have been classified under maturity upto one day as these do not have any contractual maturity. Further, the Bank, on the basis of behavioural pattern, estimates these deposits are a core part of its liquid resources with long term maturity profile reflected in note 46.6.1. and will not fall below the current year's level.



**46.6.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank**

	2023									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
----- (Rupees in '000) -----										
<b>Assets</b>										
Cash and balances with treasury banks	202,692,402	114,534,487	9,546,660	7,324,282	17,563,379	17,274,692	2,638,067	5,203,217	13,003,463	15,604,155
Balances with other banks	16,617,834	16,617,834	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-	-
Investments	2,067,262,700	10,205,774	193,947,998	155,827,112	371,200,869	212,387,878	457,538,612	376,723,110	286,896,071	2,535,276
Advances	735,051,510	199,630,872	118,844,344	71,481,447	37,994,791	26,443,560	37,982,245	70,277,427	143,071,356	29,325,468
Fixed assets	61,767,681	2,044,591	2,311,464	2,431,587	4,715,102	6,212,817	5,269,213	7,768,792	9,683,388	21,330,727
Intangible assets	1,369,899	66,364	127,759	189,571	367,406	250,657	182,011	186,131	-	-
Deferred tax assets	6,008,159	-	-	-	6,008,159	-	-	-	-	-
Other assets	135,592,533	105,888,763	15,130,223	3,626,438	4,701,017	2,734,892	877,800	1,316,700	1,316,700	-
	3,345,916,827	568,542,794	339,908,448	240,880,437	442,550,723	265,304,496	504,487,948	461,475,377	453,970,978	68,795,626
<b>Liabilities</b>										
Bills payable	26,004,538	26,004,538	-	-	-	-	-	-	-	-
Borrowings	909,543,453	717,549,421	40,785,871	14,488,021	245,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927
Deposits and other accounts	2,084,997,130	201,890,450	203,922,468	156,451,118	375,164,456	368,997,931	56,350,717	111,143,873	277,761,871	333,314,246
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	14,000,000
Other liabilities	173,448,873	85,880,872	13,241,580	6,969,225	31,004,332	4,042,706	3,680,579	16,733,144	10,004,739	1,891,696
	3,207,993,994	1,031,325,281	257,949,919	177,908,364	406,414,496	419,375,857	65,948,217	141,844,811	357,821,180	349,405,869
<b>Net assets</b>	<b>137,922,833</b>	<b>(462,782,487)</b>	<b>81,958,529</b>	<b>62,972,073</b>	<b>36,136,227</b>	<b>(154,071,361)</b>	<b>438,539,731</b>	<b>319,630,566</b>	<b>96,149,798</b>	<b>(280,610,243)</b>
Share capital	15,771,651									
Reserves	41,401,130									
Surplus on revaluation of assets	11,268,364									
Unappropriated profit	69,481,688									
	<b>137,922,833</b>									





2022									
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years

(Rupees in '000)

**Assets**

Cash and balances with treasury banks	93,639,548	4,638,163	4,739,870	8,498,852	9,511,009	1,416,574	2,805,971	6,983,346	8,380,015
Balances with other banks	9,485,380	-	-	-	-	-	-	-	-
Lending to financial institutions	114,036,479	1,317,120	-	-	-	-	-	-	-
Investments	5,335,809	10,881,436	14,833,378	405,895,898	112,933,097	91,258,266	246,873,481	224,155,552	2,239,841
Advances	732,374,851	141,671,591	61,623,601	52,883,640	53,560,678	50,891,076	78,891,005	78,427,460	15,128,127
Fixed assets	48,424,722	877,801	1,298,312	2,529,189	4,182,533	3,957,571	6,544,076	8,033,453	20,346,261
Intangible assets	1,296,297	104,002	156,003	312,008	168,070	168,070	336,144	-	-
Deferred tax assets	9,012,648	-	-	9,012,648	-	-	-	-	-
Other assets	82,229,125	10,337,774	1,780,917	2,896,011	2,075,465	366,152	549,228	549,228	-
	2,253,196,728	486,176,765	84,432,081	482,028,246	182,430,852	148,057,709	335,999,905	318,149,039	46,094,244

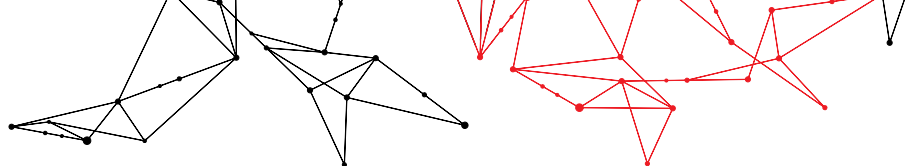
**Liabilities**

Bills payable	40,033,806	-	-	-	-	-	-	-	-
Borrowings	491,179,531	187,143,296	17,053,319	2,310,237	11,892,522	43,220,723	11,458,426	79,773,929	1,168,419
Deposits and other accounts	1,486,845,346	135,057,941	138,019,531	247,476,733	276,949,568	41,248,983	81,706,628	203,346,948	244,016,340
Subordinated debt	14,000,000	-	-	-	-	-	-	-	14,000,000
Other liabilities	121,123,422	48,341,286	7,006,699	29,549,735	3,271,667	2,753,568	4,809,678	7,911,399	4,162,474
	2,153,182,105	344,556,426	162,079,549	279,336,705	292,113,757	87,223,274	97,974,732	291,032,276	263,347,233

**Net assets**

	100,014,623	141,620,339	(165,690,266)	(77,647,468)	202,691,541	(109,682,905)	60,834,435	238,025,173	27,116,763	(217,252,989)
Share capital	15,771,651	-	-	-	-	-	-	-	-	-
Reserves	34,283,201	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	4,858,723	-	-	-	-	-	-	-	-	-
Unappropriated profit	45,101,048	-	-	-	-	-	-	-	-	-
	100,014,623	-	-	-	-	-	-	-	-	-

In line with the SBP BSD Circular Letter No. 03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Bank conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed regression analysis to determine deposit withdrawal pattern on Current and Savings Accounts (CASA). Regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.



#### 46.7 Derivative Risk

The Bank deals in derivative instruments including Interest Rate Swaps and Cross Currency Swaps for hedging and market making purposes within Bank's risk appetite. Interest rate swaps are primarily conducted to hedge interest rate risk present in the Bank's foreign currency bond portfolio.

Additionally, to facilitate client business enabling them to hedge long term foreign currency exposure, bank offers solutions through Cross Currency Swaps subject to approval from the State Bank of Pakistan. The counterparty risk associated in the cross currency swaps is approved by the relevant Credit Approval Authority.

Market & Liquidity Risk Department under the Risk Management Division performs hedge effectiveness testing of foreign currency bonds portfolio against interest rate swaps on a periodic basis. For Cross Currency Swaps, Market & Liquidity Risk Department monitors the revaluation and counterparty exposures on regular basis. The results are then shared with the concerned stakeholders and strategies are devised/revisited in coordination with Treasury to align the outcomes with established risk parameters.

#### 46.8 Trade Pricing Risk

Trade Pricing Risk – TPRD established under the umbrella of Risk Management Division – RMD is responsible to ascertain commodity price of trade transactions to curb under / over invoicing on best effort basis through various reliable sources such as internet search, custom valuation ruling, newspaper, goods declaration, Bloomberg etc.

The unit has been established as required by the SBP framework for managing risk of Trade Based Money Laundering and Terrorist Financing.

#### 47 AFGHANISTAN OPERATIONS

Bank Alfalah maintains a two-branch presence in Afghanistan. The board and management of the Bank continue to closely monitor the evolving situation in Afghanistan which has been hampered due to country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Bank has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Bank remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

#### 48 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in its meeting held on February 01, 2024 has announced final cash dividend of Rs. 5 per share (50%) (2022: Rs. 2.5 per share (25%). This appropriation will be approved in the forthcoming Annual General Meeting. The unconsolidated financial statements for the year ended December 31, 2023 do not include the effect of this appropriation which will be accounted for in the unconsolidated financial statements for the year ending December 31, 2024. The Board had earlier declared and paid an interim cash dividend of Rs. 3.0 (2022: cash dividend: Rs. 2.5) per share.

#### 49 DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on February 01, 2024 by the Board of Directors of the Bank.

#### 50 GENERAL

##### 50.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary for better presentation and classification.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these unconsolidated financial statements is as follows:

Description of item	Nature	(Rupees in '000)	From	To
Net interest on interest rate swap	Income	156,282	Mark-Up / return / interest expensed - borrowings	Mark-Up / return / interest earned - investments
Sukuk	Asset	222,000	Available for sale securities investment - term finance certificates	Available for sale securities investment - sukuk
Realised gain / (loss) on federal government securities	Income	97,635	Gain / (loss) on securities - realised gain / (loss)	Mark-Up / return / interest expensed - borrowings

President & Chief Executive Officer

Chief Financial Officer

Director

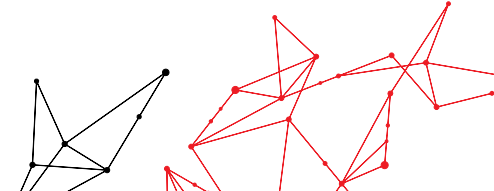
Director

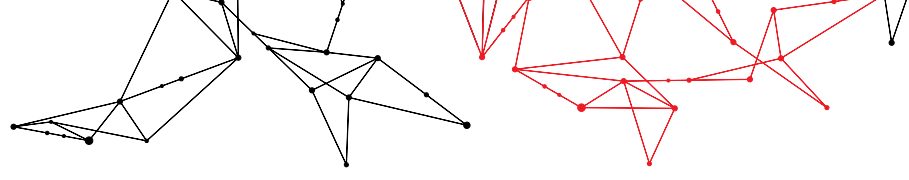
Director

ANNEXURE - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2023

S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at the beginning of year as at							Principal written-off (9-10-11)	Product Name
				January 01, 2023								
				Principal	Interest / Mark-up	Other charges / Interest / Mark-up	Total (5-6-7)	Principal written-off	Interest / Mark-up written-off	Other financial relief provided		
				5	6	7	8	9	10	11	12	13
1	S.A. Oil Refinery Limited Address: M-5 Building, 66B Bundlfe Road, Pabhar Ghata, Karachi, Chagayana, Bangladesh.	3 1. Shaikhuddin Alam CNIC: 6910-980949-9 2. Yasmin Alam CNIC: 6910-980949-9	4 1. Aliq Shamsul Alam. 2. Abaj Abul Gelam	62,916	8,432	-	71,348	-	8,432	78,200	86,632	Current Finance
2	Wateen Winaak Pvt Ltd. Address: Main Walton Road, Opposite Babe Pakistan Walton Cnntt, Lahore.	3 1. Muhammad Shehbaz Khan CNIC: 6101-0663730-9 2. Adil Rasheed CNIC: 37405-0223625-3 3. Gulam Mustafa CNIC: 35202-266458-5	1. Muhammad Shabbir Khan 2. Azmat Rashid 3. Gulam Rasool	-	61,227	-	61,227	-	61,227	-	61,227	Term Finance
3	Ghafoor Cotton Mills Pvt Ltd Address: B/69, Gulberg Street, Sher Shah Road, Multan Cantt, Multan	3 1. Faisal Javid CNIC: 36302-2361931-7 2. Mst. Shahnaz Begum CNIC: 36302-9800406-2 3. Qamar Javid CNIC: 36302-796749-7 4. Khuram Javid CNIC: 36302-9326925-1	1. Khawaja Abdul Shakoor Javid	25,205	1,130	8,570	34,905	-	1,130	8,570	9,700	CF-Hypo, Term Loan & FATR
4	Auto Track Address: 35-B, Phase III, Govt Employee Cooperative Housing Society (Gechs), Model Town Link Road, Lahore.	3 1. Hakama Humayun CNIC: 35702-5900956-2 2. Muhammad Humayun Yusuf CNIC: 35702-3045751-7 3. Gulam Mujtaba Tariq CNIC: 35702-9141862-9	1. Muhammad Humayun 2. Muhammad Yusuf Bharti 3. Tariq Mahmood Ahmad	24,579	-	12,562	37,141	-	-	9,541	9,541	Current Finance
5	Hafiz Shairooz Shahid Address: 14-S Iqbal Street, Liqatabad, Kot Lakhyar, Lahore.	3 1. Hafiz Shairooz Shahid CNIC: 36201-6175245-5	Shahid Mahmood Zafar	448	-	-	448	7,046	-	-	7,046	Credit Card
6	Khawaja Asem Khurshid Address: P 11, Gwala Paradise Valley, Phase I, Faisalabad.	3 1. Khawaja Asem Khurshid CNIC: 331021773181 2. Aslan Habib CNIC: 36202-5826761-3	Khawaja Khurshid Anwar Habib Ullah	5,446	385	-	5,833	5,446	1,580	-	7,028	Auto Finance
7	Aslan Habib Address: House No. 8, Street No 6-C, Masjidwali Street, Jalifat Road, Shahdara, Near Qasma Masjid, Lahore.	3 1. Aslan Habib CNIC: 36202-5826761-3	Aslan Habib	298	-	-	298	5,614	-	-	5,614	Credit Card
8	Shahid Mahmood Zafar Address: 14-S, Iqbal Street, Liqatabad, Kot Lakhyar, Lahore.	3 1. Shahid Mahmood Zafar CNIC: 36201-6234653-1	Shahid Mahmood Zafar	300	-	-	300	5,479	-	-	5,479	Credit Card
9	Ab Engineering (Pvt.) Ltd. Address: F-563, Workers Avenue, Site, Karachi, Muhammad Umar Nasir Address: Near Sakwan Meel, Sher Shah Road, Muzaffarabad, P O Islamabad, Multan.	3 1. Syed Ghazafar Ali Naqvi CNIC: 42000-06447181 2. Syed Ali Raza Zaidi CNIC: 42001-76128425	1. Jafar Ali Naqvi 2. Syed Hasan Zaidi	8,786	5,432	-	14,218	-	4,209	1,252	5,461	Current Finance
10	Aslan Rizwan Cold Storage Address: House No. 86, Al Razzaq Villas, Midhall Road, Sahwali.	3 1. Muhammad Umar Nasir CNIC: 36302-1122877-9	Muhammad Umar Nasir Javed	-	-	-	-	4,758	-	-	4,758	Credit Card
11	Muhammad Anwar Address: Chak No 215, Rd. Jaran Wala Road, Reiman Pura, Faisalabad.	3 1. Muhammad Anwar CNIC: 35402-7105988-1	Muhammad Anwar	14,568	2,167	2,129	18,864	-	2,167	2,129	4,296	Financing Facility for Storage of Agri Products
12	Muhammad Anwar Address: Chak No 215, Rd. Jaran Wala Road, Reiman Pura, Faisalabad.	3 1. Muhammad Anwar CNIC: 35402-7105988-1	Muhammad Anwar	3,138	1,114	-	4,252	3,138	945	-	4,083	Auto Finance
13	Muhammad Anwar Address: Chak No 215, Rd. Jaran Wala Road, Reiman Pura, Faisalabad.	3 1. Muhammad Anwar CNIC: 35402-7105988-1	Muhammad Anwar	3,058	990	-	4,048	3,058	852	-	3,910	Auto Finance
14	Muhammad Anwar Address: Chak No 215, Rd. Jaran Wala Road, Reiman Pura, Faisalabad.	3 1. Muhammad Anwar CNIC: 35402-7105988-1	Muhammad Anwar	167	3	-	170	3,875	-	-	3,875	Credit Card
15	New Al Khair Model Industries Pvt Ltd Address: 3 Km Uch Sharif Road, Almadpur East, District Bahawalpur.	3 1. Ch. Naeem Ahmad CNIC: 31201-4395919-9 2. Muhammad Zeeshan Shabbir CNIC: 1202-0321649-1 3. Shoukat Ali CNIC: 31205-4659452-9	1. Niaz Ahmad 2. Shabbir Ahmad 3. Muhammad Shafi	14,999	292	4,033	19,324	-	-	3,780	3,780	CF-Hypo
16	Almad Rizwan Ashiq Address: Chak No 35, 15, P O Jandiyali, Bangliawman, Churmu Khanewal.	3 1. Almad Rizwan Ashiq CNIC: 36104-5906627-5	Ashiq Hussain	-	-	-	-	3,768	-	-	3,768	Credit Card
17	Muhammad Usman Mayaz Address: Plot 48, Muhammad Pura, Faisalabad.	3 1. Muhammad Usman Mayaz CNIC: 33102-1176544-9	Muhammad Usman Mayaz	3,167	625	-	3,792	3,167	596	-	3,763	Auto Finance
18	Muhammad Hamid Address: House No 94 B Near Allahot Gol Chakkar, Johar Town, Lahore.	3 1. Muhammad Hamid CNIC: 36202-8220163-5	Abdul Raheed	3,138	334	-	3,472	3,138	495	-	3,633	Auto Finance
19	Ahsan Iftikhar Sheikh Address: House No 543, Chitlan Road, Quetta.	3 1. Ahsan Iftikhar Sheikh CNIC: 54400-8889441-5	Iftikhar Ahmed Sheikh	3,090	483	-	3,573	3,090	464	-	3,554	Auto Finance
20	Rai Brothers Address: Muhallah Islamabad, Samundri, Faisalabad.	3 1. Ghufraan Sadiq CNIC: 33105-0952978-3	Sadiq Ali	12,984	1,582	2,797	17,363	-	871	2,492	3,363	Alfalah Karobar Finance (AKF)
21	Shakeel Saleem Address: House #108, Street-06, Mohallah Faisalabad, Faisalabad.	3 1. Shakeel Saleem CNIC: 34201-6519441-5	Saleem Masih	42	-	-	42	3,295	-	-	3,295	Credit Card
22	Usman Hameed Address: Mohallah Civil Lines, Near Govt Girls High School # 01, Near D.II Chowk, Talisli, Sheikhpura.	3 1. Usman Hameed CNIC: 35404-7918233-3	Chaudhary Abdul Hameed	2,862	362	-	3,214	2,862	331	-	3,193	Auto Finance
23	Ihteraq Colony Millar Road Sanda Khurd, Lahore.	3 1. Muhammad Ahmed Raza CNIC: 35202-4175897-7	Muhammad Ahmed Raza	2,198	183	-	2,376	2,624	475	-	3,099	Auto Finance
24	Khan Brothers Flying Coach Transport Company Address: House No. 7, 4 Street No. 6, Chino Bazar, Faisalabad.	3 1. Asrar Ahmad Khan CNIC: 33007-330464-3	Asrar Ahmad Khan	3,419	434	-	3,853	-	-	2,948	2,948	Ijara
25	Sibain Jahangir Address: Apartment No. 10, 8Th Floor, Arena Plaza, Gulberg Greens, Islamabad.	3 1. Sibain Jahangir CNIC: 33103-2644786-9	Muhammad Jahangir	-	-	-	-	2,664	-	-	2,664	Credit Card
26	Muhammad Hussain Address: 32 3 Street No 7, Muslimabad, Karachi, Sindh.	3 1. Muhammad Hussain CNIC: 42201-7450486-7	Aurangzab	-	-	-	-	2,642	-	-	2,642	Credit Card





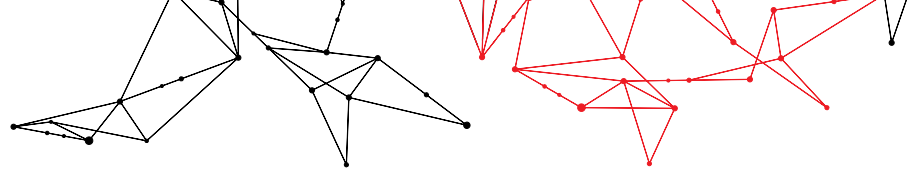
(Rupees in 000)

S.No	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at					Principal written-off	Interest / Mark-up written-off	Other financial relief provided	Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Others Interest / Mark-up	Total (5+6+7)	Total (8)					
1			4	5	6	7	8	9	10	11	12	13	
27	Muhammad Esa Address: House No 103 Street No 3, Nishat College, Lodhi Colony, Islamabad.	Muhammad Esa CNIC: 32402-6560867-7	Abdul Haleem	-	-	-	-	2,597	-	-	2,597	Credit Card	
28	Tamoor Sultan Address: H No 85/Lane No 7/Gulistan Colony, Rawalpindi.	Tamoor Sultan CNIC: 37405-0550931-9	Baharat Mehmood	2,144	158	-	2,302	2,144	416	-	2,560	Auto Finance	
29	Moosa Enterprises Address: Park Road Near Railway Crossing, Distt Hafizabad.	Fariq Ullah Bashir CNIC: 34301-8229300-3	Ch Basair Ahmed	2,493	32	2,676	5,201	-	-	2,451	2,451	CF-Hypo	
30	Muhammad Basit Saeed Address: Basit Malik Wala, Near Dco House, Muzaffargarh.	Muhammad Basit Saeed CNIC: 32304-6692477-3	Saeed Ahmad	-	-	-	-	2,432	-	-	2,432	Credit Card	
31	Hassan Rashid Khan Address: House No 75, Street No 8/Chinot Bazar, Faisalabad.	Hassan Rashid Khan CNIC: 33001-1016909-1	Abdul Wahid Khan	2,400	208	-	2,608	-	-	2,430	2,430	Murabaha	
32	Qadir Marketing Services Address: Ss-19, 2Nd Floor, Techno City Mall, Hsarat Mohani Road, Karachi.	Syed Sharif Raza Zaidi CNIC: 54400-6567669-9	Syed Raza Ahmed Zaidi	15,000	1,743	-	16,743	-	730	1,660	2,390	Current Finance	
33	Mushaq Iqbal Merchant Address: House No 14A, Model Town, Gujranwala.	Mushaq Ahmed Gondal CNIC: 34101-1611281-7	Lal Din	3,935	417	2,031	6,383	-	317	2,006	2,383	Current Finance	
34	Tamveer Kausar Address: 15F Floor, Aleeem Centre, Fl/12, Block 5, Rashid Minhas Road, Gulshan-E-Iqbal, Karachi.	Tamveer Kausar CNIC: 42201-3699851-0	Jamir Ahmed	4,000	5,000	-	9,000	-	-	2,319	2,319	Current Finance	
35	Muhammad Zakaria Address: 23 E St No 1, Khuda Baksh Society, Air Port Road, Lahore.	Muhammad Zakaria CNIC: 35201-1302231-1	Muhammad Younas	1,899	208	-	2,107	1,899	392	-	2,291	Personal Loan	
36	Basit Ali Address: Chak 65 No, Mohallah Rasheed Colony, Sangodha.	Basit Ali CNIC: 36403-1347978-9	Haji Saifraz Khan	1,889	198	-	2,087	1,866	420	-	2,286	Personal Loan	
37	Muhammad Imran Ali Address: Mohallah Toyota Stand, Babar Road, Nowshera Virkan Gujranwala.	Muhammad Imran Ali CNIC: 34103-3215854-5	Muhammad Saleem	1,985	270	-	2,255	1,985	273	-	2,258	Auto Finance	
38	Sajjad Hussain Address: Taj Fruit Company, Shop No 24, Sabzi Mandi, Lodhian.	Sajjad Hussain CNIC: 36203-8702568-3	Malik Muhammad	1,793	238	-	2,031	1,769	485	-	2,254	Personal Loan	
39	Aamir Khurshed Address: Near Porana Lari Ada, Mohi New Abadi Near Al-Maria, Jinnah Masjid, Islamabad.	Aamir Khurshed CNIC: 36103-1546972-1	Khurshed Ahmed	1,704	447	-	2,151	1,704	546	-	2,249	Personal Loan	
40	Amir Enterprises Address: H. No. R-239, Sector 7-D/3, Shadmantown, North Nazimabad, Karachi.	Muhammad Amin CNIC: 35200-1516492-3	Muhammad Adil	3,500	626	199	4,325	-	-	2,217	2,217	Current Finance	
41	Syed Amir Imran Address: H. No. 2, Street No 2, Model Town Link Road, Lahore.	Syed Amir Imran CNIC: 42101-9635836-9	Syed Imran Waris	3	8	-	11	2,202	-	-	2,202	Credit Card	
42	Nasir Sher Address: Sada Bhar Hotel/Habiba Bad, Javed Nagar, Bypass Pattoki.	Nasir Sher CNIC: 35101-0888476-9	Sher Muhand	22	-	-	22	2,191	-	-	2,191	Credit Card	
43	Sahir Ali Address: Mohallah Kasimiran, Dhoke Ramzan, Po Tanoil Near Bilal Atta Chaqqi, Islamabad.	Sahir Ali CNIC: 6101-9992007-3	M Basir	-	-	-	-	2,181	-	-	2,181	Credit Card	
44	Bahn Cotton Factory & Allied Industries Address: Grain Market, Haroonabad.	I.Muhammad Hafeez CNIC: 31104-1694979-7 2.Bashir Ahmad CNIC: 31104-686007-1	Ghulam Muhammad	20,968	-	2,543	23,511	-	-	2,168	21,668	CF-Hypo	
45	Majeed Zia Address: House At Plo: No. 423, Street No. 14, Sector M-1, Lake City, Rawalpindi, Lahore.	Mujeeb Zia CNIC: 35202-9816266-9	Liaqat Zia	3,596	1,262	1,635	6,493	-	2,164	-	2,164	House Finance	
46	Saqib Mushtaq Address: House No 273 Mohallah Pak Arab Housing Scheme, Ferozpur Road, Lahore.	Saqib Mushtaq CNIC: 3520332532625	Mian Mushtaq Ahmad	1,900	404	-	2,304	1,785	355	-	2,140	Auto Finance	
47	Masood Ahmad Address: C 23 Mohallah Al Noor City, Near Jamia Masjid, Patokki District, Kasur.	Masood Ahmad CNIC: 35103-82783059	Safdar Hussain	1,730	98	-	1,828	1,730	405	-	2,135	Auto Finance	
48	Samar Abbas Address: Chak No 162/164, Sillanwali Adda, Jhang.	Samar Abbas CNIC: 33202-2757954-9	Khuda Yar	50	-	-	50	2,125	-	-	2,125	Credit Card	
49	Rehman Quits Pvt. Ltd Address: Raja Rasool Nagar, Faisalabad.	L.Ata Ur Rehman CNIC: 33100-0738196-7 2.Attique Ur Rehman CNIC: 33100-0801474-5	Atta Ullah	10,902	779	1,519	13,200	-	-	2,114	2,114	Murabaha	
50	Fahad Nughman Address: House #5 A, Street 6, Lane 1 Rasool Town, Gulfez Phase 2, Rawalpindi.	Fahad Nughman CNIC: 6101-1710577-7	Nughman Siddiq	743	-	-	743	2,093	-	-	2,093	Credit Card	
51	Usman Aslam Address: H No.60/5t No.2/49 Tal Makkah Town, Sangodha, Kasur.	Usman Aslam CNIC: 38401-5893626-5	Muhammad Aslam	1,725	494	-	2,219	1,725	338	-	2,063	Auto Finance	
52	Nasif Hameed Qureshi Address: St No 3, Iqbal Park, Defence Road, Lahore.	Nasif Hameed Qureshi CNIC: 1601-1971548-7	Shahid Hameed	1,764	132	-	1,896	1,764	279	-	2,043	Personal Loan	
53	Fakhar Uz Zaman Shah Address: Street No. 03 Abbas Park, Pattoki, Kasur.	Fakhar Uz Zaman Shah CNIC: 35103-1302316-5	Muhammad Zaman Shah	1,744	160	-	1,904	1,687	352	-	2,039	Auto Finance	
54	Rameez Khalil Address: House No 42/Tahara Street, Mohallah Qureshi, Mola Baksh Road, Mozang, Lahore.	Rameez Khalil CNIC: 35202-9524777-7	Khalil Ahmad Malik	1,575	111	-	1,686	1,561	463	-	2,024	Auto Finance	
55	Muhammad Amir Address: St. No 1, Al Hatab Park, Bund Road, Lahore.	Muhammad Amir CNIC: 17301-1271652-1	Ghulam Rasool	1,594	313	-	1,907	1,594	390	-	1,984	Personal Loan	

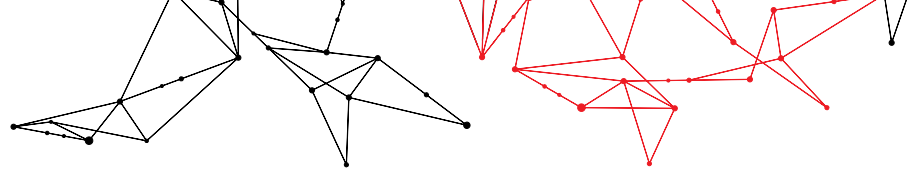


(Repeats in 000)

S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding USD/BRS at beginning of year as at					Total (8-12)	Product Name		
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (5+6+7)	Principal written-off			Interest / Mark-up written-off / waived	Other financial relief provided
1		3	4	5	6	7	8	9	10	11	12	13
88	Irfan Jamil Address: Office No 7 A, 2nd Floor 5 Adip Plaza Regal Chowk, T He Mall, Lahore.	Irfan Jamil CNIC: 35202-281219-7	Jamil Ahmed	996	395	-	1,391	996	412	-	1,408	Personal Loan
89	Zulfikar Ahmed & Guliam Muhammad Address: Kotla Sheikh Natha, P.O.Khaas, Faisal And District Kasur.	1. Zulfikar Ahmed CNIC: 35107-472186-9 2. Guliam Muhammad CNIC: 35102-973855-3	1. Muhammad Siddique 2. Muhammad Siddique	2,327	866	651	3,844	-	571	800	1,371	CF-Agri
90	Muhammad Tahir Sarwar Address: House No. 11-B, Shimri Road Opp. Gori-ili, Lahore.	Muhammad Tahir Sarwar CNIC: 35404-1592698-3	Ch Guliam Sarwar	255	10	-	265	1,339	-	-	1,339	Credit Card
91	Muhammad Abid Address: House No. 164, Block - B, Audit And Account Cooperative Housing Society, Phase-4, Lahore.	Muhammad Abid CNIC: 35202-219325-9	Basir Ahmed	2,698	1,503	118	4,319	-	1,319	-	1,319	House Finance
92	Sheikh Muhammad Aslam Address: H No. 316, Mohalla Begum Road, Mozaang, Near Badar Hospital, Lahore.	Sheikh Muhammad Aslam CNIC: 35202-3572075-7	Sheikh Abdul Gafoor	738	564	-	1,302	738	578	-	1,316	Personal Loan
93	Raja Muhammad Ahmad Mujtaba Address: 308 Ct, Shah Rukn E Alam Colony, Multan.	Raja Muhammad Ahmad Mujtaba CNIC: 36302-7801889-7	Raja Muhammad Ghazanfar	1,153	166	-	1,319	1,153	169	-	1,312	Auto Finance
94	Muhammad Nasseem Khan Address: Purani Mandi, Mohalle Razaband Near Railway Station, Patok.	Muhammad Nasseem Khan CNIC: 35103-9441438-3	Muhammad Saleem Khan	1,109	221	-	1,330	1,109	201	-	1,310	Auto Finance
95	Zaher Babar Address: New Residence Block 2, Residence No 5, Danish School, Hasilpur.	Zaher Babar CNIC: 36302-2876327-1	Allah Ditta	-	-	-	-	1,293	-	-	1,293	Credit Card
96	Muhammad Kashif Address: ELLMarkaz Taha Arcade Plaza, Shop 5 And 12 Bawal Digital Color Lab Islamabad.	Muhammad Kashif CNIC: 61101-8093264-3	Shafiq Ur Rehman	96	-	-	96	1,271	-	-	1,271	Credit Card
97	Saifur Abbas Karewala Address: Rasheeda Mansion, 6/128/123, Methadar Flk No.7, Karachi.	Saifur Abbas Karewala CNIC: 42301-0898988-5	Reza Hussain	2,956	484	-	3,440	-	1,268	-	1,268	House Finance
98	Abdul Qadir Address: 01, Khaliid House, Opp Shah Shamas, Shamasabad Colony Multan.	Abdul Qadir CNIC: 36302-737847-3	Muhammad Khalid	1,076	218	-	1,294	1,076	188	-	1,264	Auto Finance
99	Usman Mughool Address: House No. 28, F Makshik Colony College Road, Butt Chowk-Naraini, Township, Lahore.	Usman Mughool CNIC: 35202-118924-7	Mugbool Ahmed	49	-	-	49	1,259	-	-	1,259	Credit Card
100	Muhammad Sohail Address: Ward No 6, Mazhar Shah, Masjid Tando Ghulam Ali Bahdai.	Muhammad Sohail CNIC: 41103-3846363-9	Muhammad Anwar	1,073	147	-	1,220	1,073	177	-	1,250	Auto Finance
101	Muhammad Inshad Address: Sakhi Po Raasol Pur Pindi Bhattian Hafizabad.	Muhammad Inshad CNIC: 35202-6076901-9	Muhammad Yousof	1,095	136	-	1,231	1,095	133	-	1,228	Auto Finance
102	Abdul Qadeer Ahmad Address: H No 159 Rawl Park, Rawl Road, Near Rawl Chagha House, Lahore.	Abdul Qadeer Ahmad CNIC: 35202-0386596-5	Muhammad Ahmad	1,000	200	-	1,200	1,000	224	-	1,224	Personal Loan
103	Jamil Ahmed Address: H. No. D-111, Gul Muhammad Mahar Near Farooqi Masjid Karachi.	Jamil Ahmed CNIC: 45205-952994-5	Ameer Ali Channo	44	-	-	44	1,222	-	-	1,222	Credit Card
104	Mukhtar Anwar Address: Township Akbar Chowk, Lahore.	Mukhtar Anwar CNIC: 37302-5860904-5	Muhammad Anwar	952	244	-	1,196	952	258	-	1,210	Personal Loan
105	Hira Anjar Address: Nai Abadi, Mohallah Dioke	Hira Anjar CNIC: 37301-4058216-6	Ameer Bin Farooq	1,000	181	-	1,181	1,000	207	-	1,207	Personal Loan
106	Shafiq Ur Rehman Address: House No 278, Mohallah Kachoti, Near Govt Girls School, Jhang.	Shafiq Ur Rehman CNIC: 33209-182215-5	Chaudhry Waizir Ali	-	-	-	-	1,207	-	-	1,207	Credit Card
107	Abida Dishaad Address: Chahnan Block, Mohallah Mehboob Town Okara	Abida Dishaad CNIC: 35302-675231-0	Dishaad	1,000	175	-	1,175	1,000	198	-	1,198	Personal Loan
108	Imran Raftiq Address: H No 1, St No 11, Panj Pir, Mughalpara.	Imran Raftiq CNIC: 34101-5645007-9	Muhammad Rafiq	989	187	-	1,176	989	209	-	1,198	Personal Loan
109	Arslan Ameer Address: Bhatti House, Main Ghulam Nabi Park, Westinabad, Mughalpara, Near Nelsongrammer School, Lahore	Arslan Ameer CNIC: 35201-7756367-1	Muhammad Ibraheem	77	-	-	77	1,197	-	-	1,197	Credit Card
110	Muhammad Shair Address: Malik Park Sur Gas Road, Near Gujjar Chowk Malik Park, Sur Gas Road, Lahore.	Muhammad Shair CNIC: 32402-4561787-3	Muhammad Din	932	207	-	1,139	932	262	-	1,194	Personal Loan
111	Sheikh Fahad Javed Address: Masjid Naqshbandi, Medina Colony Baghbanpara, Lahore.	Sheikh Fahad Javed CNIC: 35201-9130262-7	Sheikh Javed Akhtar	937	239	-	1,176	937	254	-	1,191	Personal Loan
112	Akash Ahmad Address: 87 Faisal Town, Vehari.	Akash Ahmad CNIC: 36603-4613960-3	Muhammad Mushthaq	1,007	201	-	1,208	1,007	176	-	1,183	Auto Finance
113	Qadeer Ahmad Address: Basti Nohbar, Near Under Pass Buddha Road, Sital Mumtazabad, Multan.	Qadeer Ahmad CNIC: 4907299-7	Muhammad Hanif	877	290	-	1,127	877	303	-	1,180	Personal Loan
114	Chaudhry Usman Tanqj Address: Main Road Malial Magra, Gopaal Par, Islamabad.	Chaudhry Usman Tanqj CNIC: 34603-5496111-9	Tanqj Chaudhry Khanal	945	172	-	1,117	945	224	-	1,169	Personal Loan
115	Tanzeer Abbas Address: Besti Hussain Abadi, Khair Pur Shujabad, Dist Multan.	Tanzeer Abbas CNIC: 36304-0642908-3	Mugbool Hussain	948	107	-	1,055	936	226	-	1,162	Personal Loan
116	Muhammad Ameer Hamza Address: H No 143, Block D Eme Society Dita, Multan Road, Lodhran.	Muhammad Ameer Hamza CNIC: 35202-3182080-3	Abdul Hafeez	962	200	-	1,162	962	201	-	1,163	Personal Loan
117	Muhammad Rashid Address: Shop 13, Alluram Plaza, Shoba Baza, Faisalpur.	Muhammad Rashid CNIC: 17301-3791871-7	Abdul Majeed Qureshi	994	141	-	1,135	994	164	-	1,158	Personal Loan
118	Syedr Farooq Shaq Address: H No. 27, Shikhani Street, Qila Balochanwala, Suburg, Park Sargaha Khair, Lahore.	Syedr Farooq Shaq CNIC: 35202-9869187-9	Syedr Akhtar Ali	958	179	-	1,137	958	196	-	1,154	Personal Loan
119	Sajid Sajid Address: Khanna Dak, Islamabad	Sajid Sajid CNIC: 37404-5498849-4	Sajid Hussain	950	177	-	1,127	950	198	-	1,148	Personal Loan
120	Tameer Arfan Address: H No 88, E Block City Housing, Gujranwala.	Tameer Arfan CNIC: 34101-0404873-9	Arfan Hameed Butt	966	149	-	1,117	968	174	-	1,142	Personal Loan
121	Aftab Ahmed Address: Flat No 101/151 Floor Street No 1 Muslim Commercial Area Dha, Karachi.	Aftab Ahmed CNIC: 42201-3661656-9	Abdul Rahim Bhutto	919	190	-	1,109	919	217	-	1,136	Personal Loan







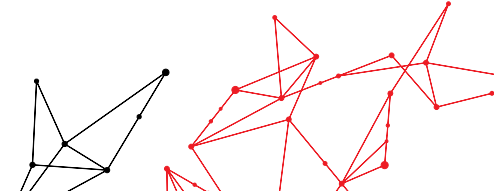
(Rupees in 1000)

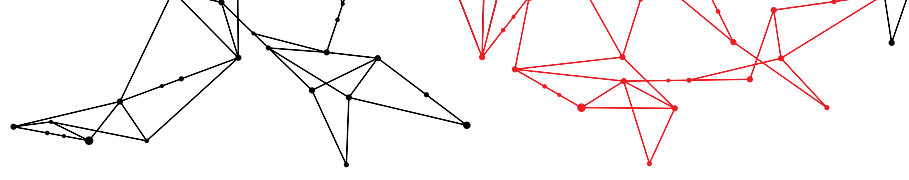
S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at							Principal written-off	Interest / Mark-up written-off	Other financial relief provided	Total (9+10+11)	Product Name
				January 2025		Others		Total (5+6+7)	Principal	Interest / Mark-up					
				Principal	Interest / Mark-up	Principal	Interest / Mark-up								
1				5	6	7	8	9	10	11	12	13			
158	Haris Khan Khakhwami Address: Street No. 1, House No 4, Alhabd Colony, Near Iqbal Market Zohra Road, Multan.	3	4	889	28	-	917	857	187	-	1044	13	Personal Loan		
159	Shiriz Sohail Address: Phase I Street No 3, Navy Housing Scheme, Dalma Karachi.			905	120	-	1025	905	139	-	1044		Personal Loan		
160	Muhammad Usman Asif Address: H No 57, 4 Karim Park Raw Road, Lahore.			686	343	-	1029	686	354	-	1040		Personal Loan		
161	Muhammad Yousaf Address: Block B0, Shaukat Colony, Bara Dori Road, Jia Raza Sector Colony, Begum Kot, Shalera, Lahore.			844	185	-	1029	844	186	-	1030		Personal Loan		
162	Syed Husnain Raza Address: 148 E Punjab Small Industrial Housing Society, Lahore.			623	87	-	710	822	207	-	1029		Credit Card		
163	Muhammad Aswar Address: Besti Nekko, P/O Khaz, Ghazi Pur, Tehsil Khan Pur, District Rohm Khan Rahim Yar Khan			964	105	-	1069	929	94	-	1023		Personal Loan		
164	Hassan Raza Address: House No. 39-40, Street No. 01, Mohallah Nadeem Park, Near Masjid Haq Okara.			793	273	-	1072	774	248	-	1022		Credit Card		
165	Bashir Ahmad Address: Ghuliani Mandi, Pakpattan.			880	125	-	1005	880	140	-	1020		Personal Loan		
166	Munir Ahmad Address: House # 261, Block # H, Mohallah Sabzararscheme, M Uban Road, Tehsil & Distt Lah Lahore			837	260	-	1097	837	182	-	1019		Auto Finance		
167	Mirza Adnan Baig Address: H No 148 D, Block Mohallah Tajpura, Lahore.			834	165	-	999	834	184	-	1018		Personal Loan		
168	Khuram Javed Address: Tehsil Allipur, Nazafar Ganh.			868	108	-	976	868	150	-	1018		Personal Loan		
169	Muhammad Rafiq Address: House No-40, Khaksar Manzil Bank Road Mardan,Mardan Kpk Mardan Kpk Mardan			817	166	-	983	817	198	-	1015		Personal Loan		
170	Dost Jan Address: Gramkan, Distt. Panipat.			834	166	-	1000	834	181	-	1015		Personal Loan		
171	Muhammad Irfan Address: House # 43- Canal Park- Street # 1, Sargodha.			903	50	-	953	871	143	-	1014		Personal Loan		
172	Ghulam Mustafa Address: H No 138, Abu Bakar Block, Shandi Kfno, Lahore.			848	107	-	955	848	165	-	1013		Personal Loan		
173	Muhammad Sajid Address: Shop No.14, Mehran Plaza, Sector: G-9 Markaz, Islamabad.			849	134	-	983	849	163	-	1012		Personal Loan		
174	Sawanuddin Address: Power Generation Room No 7, Lucky Manwat, Kpk.			793	198	-	991	793	219	-	1012		Personal Loan		
175	Sadia Waqar Address: F: Area Block-21, Karachi.			901	95	-	996	901	111	-	1012		Personal Loan		
176	Amir Hafiz Address: 25-B Lower Mall Oppo Nasir Bagh, Symans Tower, Lahore.			846	74	-	920	846	164	-	1010		Personal Loan		
177	Mian Imran Bashir Address: Shraq Pur Road, Shaekhtupura.			850	142	-	992	850	160	-	1010		Personal Loan		
178	Sohail Akhla Address: Plot No.118/2 A, Phase-1, Panjabnail Industries Corporation Near Defence Academy, Lahore.			30	-	-	30	1008	-	-	1008		Credit Card		
179	Syed Aay Raza Address: House 234, Street 4, Akhtar Colony, Korangi Road, Karachi.			154	22	-	176	1007	-	-	1007		Credit Card		
180	Nabli Ashraf Address: Punna Tolaki Road, Daray Wala School, Gogranwala.			901	28	-	929	884	123	-	1007		Personal Loan		
181	Zahid Hanif Address: House No B15 B, Area Malir Kala Board Behind Madina Masjid, Tehsil And District Narawal.			841	61	-	902	841	163	-	1004		Personal Loan		
182	Naseer Ahmed Address: Shabbir, Tehsil M.B.D.M, District Mandi Bahaudin.			868	58	-	926	868	136	-	1004		Personal Loan		
183	Asad Address: House No 112, Street No 3, Madina Colony Academy Road Lahore.			872	42	-	914	872	132	-	1004		Personal Loan		
184	Muhammad Waqas Naqem Address: Zafinali, Teh Zafinalwal Dist Narawal.			873	56	-	929	873	128	-	1001		Personal Loan		
185	Malik Abdul Rauf Address: House Situated At Housa Taraf Mubarak Dora, Zakaanyia Garden, Thana Street # 38, Zakaanyia Town, Multan.			3546	743	958	5247	-	-	1000	1000		House Loan, Car Loan & Personal Loan		
186	Aysha Gulifam Address: Shalimar Town, Lahore.			875	108	-	983	875	123	-	998		Personal Loan		
187	Muhammad Younis Address: Mohair Colony, St # 07, H # 652, Nearlight, Railway Station Bahawalpur.			74	-	-	74	995	-	-	995		Credit Card		
188	Homan Haider Address: House No 18, Shahroon Colony, Near Sos Sawan Camp, Peshawar.			864	110	-	974	864	127	-	991		Personal Loan		
189	Malik Dilawer Hussain Address: M Block Sanam Road, Near Shabir Chowk, Jhar Town Lahore.			850	98	-	948	850	140	-	990		Auto Finance		
190	Faiza Ahmed Address: H Nmo. 117/2/2, 3/51 Street, Off Khy-E-Mulhifa, Distt. Phase VI, Near Green Wichuniversity, Karachi			116	8	-	124	990	-	-	990		Credit Card		
191	Ghazanfar Ali Address: Street Number 3, Mohabbat Peer Kot Pak, Pattan Shaur.			918	105	-	1023	848	137	-	985		Personal Loan		
192	Iqbal Ali Address: House: College Road, Mohallah Hamza Town, Near By Pas & Masjidpura, Dabas, Teh Shikot			858	50	-	908	858	126	-	984		Auto Finance		
193	Shahid Taj Address: Haveli Lakha, Tehsil Depalpur, Okara.			832	42	-	874	832	152	-	984		Personal Loan		
194	Syed Muhammad Ali Shah Address: Sector F10/2, Islamabad.			750	191	-	941	750	229	-	979		Personal Loan		



(Rupees in '000)

S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at							Total (9+10-11)	Product Name
				Principal	Interest / Mark-up	Others Interest / Mark-up	Total (5+6+7)	Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided		
1	2	3	4	5	6	7	8	9	10	11	12	13
195	Muhammad Abdullah Shah Address: House No 545 A Block, Old Satellite Town, Sangolha.	Muhammad Abdullah Shah CNIC: 38403-6056065-1	Izhar Ul Hassan Hashmi	802	142	-	944	802	176	-	978	Personal Loan
196	Shoaib Muhammad Address: House No K-1/D, Sector 11/Mohallah Sangolhabad, Karachi.	Shoaib Muhammad CNIC: 42401-282731-9	Saeed Akhter	826	125	-	951	826	150	-	976	Personal Loan
197	Quadir Ullah Baig Address: Paf Base Samungli Road, Lahore.	Quadir Ullah Baig CNIC: 71500-0210445-1	Hidayat Ullah Baig	835	105	-	940	835	140	-	975	Personal Loan
198	Asim Waqar Address: E- House No. E7, Na Faizal Ghuman Shah Road, Cant. Near Nisbat Park, Near Garris Academy School, Askari-8, Lahore.	Asim Waqar CNIC: 88302-1651855-2	Waqar Naem	841	127	-	968	841	127	-	968	Personal Loan
199	Muhammad Tabas Address: Allipur Bank Step/Jagret Road/Haroon Kholar Plaza, Islamabad.	Muhammad Tabas CNIC: 42500-1992143-7	Muhammad Hussain	240	282	-	522	249	714	-	963	Credit Card
200	Muhammad Ishaq Address: Teh.Liaquat Pur Distt: Rahim Yar Khan	Muhammad Ishaq CNIC: 31302-8109143-9	Abdul Razzak	861	77	-	938	817	147	-	964	Personal Loan
201	Basit Ali Khan Address: Taghma Swak, Kpk.	Basit Ali Khan CNIC: 15602-2090080-1	Bakht Karam	829	127	-	956	829	134	-	963	Personal Loan
202	Sultan Sher Address: Gali Number 9, Mohalla Hayat Abad Chichawani.	Sultan Sher CNIC: 36500-4281657-1	Faiak Sher	752	39	-	791	758	203	-	961	Credit Card
203	Kazi Ayaz Ul Hassan Address: House No B 2/Gulistan E Kalleem, Model Colony Rafti, Karachi.	Kazi Ayaz Ul Hassan CNIC: 42201-8909307-3	Kazi Raiz Ul Hassan	789	147	-	936	789	170	-	959	Personal Loan
204	Tahir Mehmood Khan Address: House # 10, Street # 1, Rasool Park, Behind General Hospital, Lahore	Tahir Mehmood Khan CNIC: 35201-756221-9	Muhammad Saifdar Khan	4	-	-	4	956	-	-	956	Credit Card
205	Muhammad Bilal Address: P/O Khos Jhilar Sangolha Tehsil Kamalab Distt Toba Tek Singh Toba Tek Singh	Muhammad Bilal CNIC: 33302-9171889-3	Muhammad Anwar	745	169	-	914	745	208	-	953	Personal Loan
206	Amir Saeed Address: Apt 100/107h Floor Bath Islandheights, Street 2 Bath Island, Karachi.	Amir Saeed CNIC: 42201-0191070-3	Saeed Anwer	200	103	-	303	734	218	-	952	Credit Card
207	Syed Ali Raza Address: Vendor City Pvt Ltd, 195 Km Raiwind Road Lahore.	Syed Ali Raza CNIC: 35302-0197893-1	Syed Saifdar Hussain Shah Bukhari	828	92	-	920	804	143	-	947	Personal Loan
208	Muhammad Arshad Address: St.No 02, Clifton Colony, Karachi.	Muhammad Arshad CNIC: 38202-1698875-5	Muhammad Saadiq	742	186	-	928	742	205	-	947	Personal Loan
209	Adnan Asif Address: House No. 99, Q Block Sabazarar Scheme Lahore.	Adnan Asif CNIC: 35202-1927606-9	Muhammad Asif	817	99	-	916	817	128	-	945	Personal Loan
210	Tooba Qaisar Address: House No 386, Street No 25, Garden City Zone 5 Rawalpindi.	Tooba Qaisar CNIC: 37405-1673332-4	Qaisar Zamir	740	162	-	902	740	204	-	944	Personal Loan
211	Sumaira Fazal Address: House Number B III(Gali)Gul Andaz Mohalla Lakar Road, Wazirabad District Government College.	Sumaira Fazal CNIC: 34201-1954457-6	Muhammad Fazal	732	172	-	904	732	211	-	943	Personal Loan
212	Muhammad Waqar Address: House No G 13/45, Sector 11, 12 Ghosia Road, Orangi Town Non-Jettable Town Qandabab, Distt. Khushab.	Muhammad Waqar CNIC: 36201-8779325-3	Muhammad Sharif	802	56	-	858	802	141	-	943	Personal Loan
213	Abdul Wasay Arshad Address: House Number 48, Gali Number 1, Faizal Road Near Mohala Murad Colony, Sangolha.	Abdul Wasay Arshad CNIC: 38403-1866062-9	Muhammad Arshad	732	172	-	904	732	211	-	943	Personal Loan
214	Asim Khan Address: House No D 29/155 Floor Block 7, Gulshan E Iqbal, Karachi.	Asim Khan CNIC: 42201-3269711-7	Abdul Rehman Khan	782	124	-	906	782	160	-	942	Personal Loan
215	Saifur Haroon Address: W/O Haroon Sarwar Deska	Saifur Haroon CNIC: 34104-7619285-8	Haroon Sarwar	738	161	-	899	738	203	-	941	Personal Loan
216	Faiz Saif Address: Lane 3/Sohar Commercial Phase VI, Dha, Karachi.	Faiz Saif CNIC: 42201-7981270-2	Saif Uddin	836	90	-	926	836	105	-	941	Personal Loan
217	Sahir Hayat Khan Address: House No 36/0, Street No 5, Sector F-6 Phase 6 Hayatabad, Peshawar	Sahir Hayat Khan CNIC: 11101-2075537-7	Zafar Hayat Khan	750	107	-	857	750	190	-	940	Credit Card
218	Wahneer Murad Address: Lucky Rohitk, Hasar Goods Transport Company, Lahore Road, Sahiwal.	Wahneer Murad CNIC: 36502-0886952-7	Muhammad Sharif	778	124	-	902	778	161	-	958	Personal Loan
219	Ali Sher Khan Address: Street 11/House 171, El, Islamabad.	Ali Sher Khan CNIC: 61101-8505055-5	Ayaz Khan Khattak	725	66	-	791	725	210	-	938	Credit Card
220	Syed Imad Amjad Address: Wapda Town Lahore	Syed Imad Amjad CNIC: 35202-9801766-3	Syed Ali Amjad	848	41	-	889	848	82	-	930	Personal Loan
221	Gul Naz Bibi Address: Mohallah Sheraz Choa Saldan Shah, Distt Chakwal Distt Chakwal.	Gul Naz Bibi CNIC: 37202-3390353-2	Aziz Ul Rehman	803	20	-	823	803	123	-	926	Personal Loan
222	Syed Asghar Ali Shah Address: House No 156, Street No 3, Sector E-Phase 7/Parababul Peshawar.	Syed Asghar Ali Shah CNIC: 17301-2532734-5	Syed Hameedullah Shah	690	73	-	763	744	179	-	923	Credit Card
223	Abdul Rehman Address: Khampur, District: Rahim Yar Khan.	Abdul Rehman CNIC: 31301-1092386-1	Muhammad Jamil Akhter	817	90	-	907	817	105	-	922	Personal Loan
224	Muhammad Sharf Address: Tehsil Shikargah	Muhammad Sharf CNIC: 34502-9580062-1	Muhammad Sharif	765	140	-	905	765	157	-	922	Personal Loan

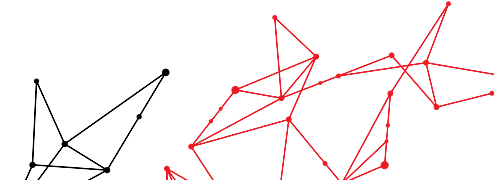


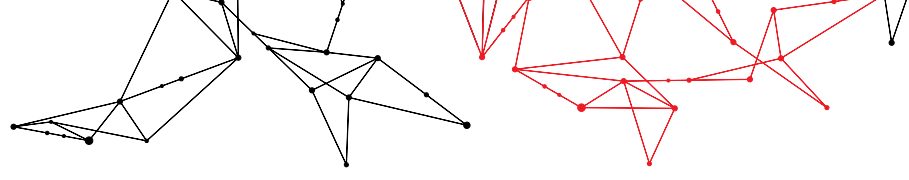


S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at					Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Other than Interest / Mark-up	Total (5+6+7)	8					
1		3	4	5	6	7	8	9	10	11	12	13	
225	Muhammad Asad Farooq Address: Street No 37, Zakriya Town, District Multan.	Muhammad Asad Farooq CNIC: 36304-8427469-9	Muhammad Farooq	750	58	-	808	750	170	-	920	Personal Loan	
226	Zameer Khan Tariq Address: 15-A/1 Main Saba Avenue, Dha Phase 6, Karachi.	Zameer Khan Tariq CNIC: 42301-8023001-3	Tariq Mustafa	712	51	-	763	712	208	-	920	Credit Card	
227	Shahzada Gulam Address: House No 17-A, Street No.3, Cheema Colony, University Road, Near Fri Chicks, Sargodha	Shahzada Gulam CNIC: 38403-4125224-5	Muhammad Fazal	49	-	-	49	920	-	-	920	Credit Card	
228	Sadaf Jahan Address: Bufferzone, North Karachi.	Sadaf Jahan CNIC: 42000-0418994-8	Syed Naqi Hussain	750	43	-	793	750	170	-	920	Personal Loan	
229	Nimra Khalil Address: District Faisalabad Faisalabad	Nimra Khalil CNIC: 33105-4404464-4	Muhammad Khalil	734	146	-	880	734	184	-	918	Personal Loan	
230	Tanzeer Ahmed Address: Divine Centre, New Airport, Road Bhatta Chowk, Lahore.	Tanzeer Ahmed CNIC: 35201-3747991-3	Muhammad Rafique Aghar	818	100	-	918	795	123	-	918	Personal Loan	
231	Syed Shahab U Hassan Tariq Address: G-10/4 Islamabad.	Syed Shahab U Hassan Tariq CNIC: 61101-0466474-3	Syed Wajid U Hassan Tariq	750	60	-	810	750	167	-	917	Personal Loan	
232	Khalida Bibi Address: Rifaq Shahen Road, Faisal Dad Street, Dhotk Sangapost Rawalpindi.	Khalida Bibi CNIC: 37405-9259219-8	Pervez Muhammad	750	45	-	795	750	167	-	917	Personal Loan	
233	Muhammad Yahya Address: Block Z, Suiqabab.	Muhammad Yahya CNIC: 31303-0705256-1	Muhammad Elahi	814	45	-	859	814	100	-	914	Personal Loan	
234	Imran U Haq Address: Swabi Road, Moh Karim Abad, Parhodi, Mandan.	Imran U Haq CNIC: 16101-9810877-5	Syed Muhammad	1,542	117	-	1,659	913	-	-	913	Auto Finance	
235	Muhammad Umar Farooq Address: Sialkot 03348007382 Pakistan Sialkot	Muhammad Umar Farooq CNIC: 34610-1065965-9	Muhammad Ashraf	729	145	-	874	729	183	-	912	Personal Loan	
236	Muhammad Naveed Address: House No 20, Street No 5, Block B, New Royal City, Lehar Road	Muhammad Naveed CNIC: 61101-1493655-1	Muhammad Siddique	765	127	-	892	765	146	-	911	Personal Loan	
237	Sarfraz Ahmad Address: Lalpui Mughapura Lahore.	Sarfraz Ahmad CNIC: 35501-0187228-7	Muhammad Ismail	794	104	-	898	794	115	-	909	Personal Loan	
238	Bilal Ashraf Address: Tehsil Murree, District Rawalpindi.	Bilal Ashraf CNIC: 37404-6131882-1	M Ashraf	718	155	-	873	718	191	-	909	Personal Loan	
239	Ghulam Abbas Address: Thaha Khuda, Year P O Kot Abdul Malik Teh Ferozwalla, Near Old Village Masjid Allah Shakhpura.	Ghulam Abbas CNIC: 35401-1888520-3	Muhammad Riaz	750	92	-	842	750	157	-	907	Personal Loan	
240	Muhammad Mudassar Address: House No 114, Street No 05, Nahi Park Qila, Lakshman Singh, Rawi Road Near Nahi Park, Lahore.	Muhammad Mudassar CNIC: 35202-6492751-3	Malik Ashad Ali	730	157	-	887	730	176	-	906	Personal Loan	
241	Nasir Azeem Address: Mohalla Nazimani Hyderabad	Nasir Azeem CNIC: 42201-6258908-1	Muhammad Azeem	841	102	-	943	821	85	-	906	Personal Loan	
242	Muhammad Makki Address: Tehsil Quat Pur Distt. Rahim Yar Khan Rahim Yar Khan	Muhammad Makki CNIC: 31302-2139029-9	Malik Rasheed Ahmad	755	121	-	876	755	146	-	901	Personal Loan	
243	Anjum Ahmad Yousefi Address: Flat A57, 2nd Floor Block C5, Hussain Heights, Qasimbabad.	Anjum Ahmad Yousefi CNIC: 41304-1499799-7	Muhammad Junaid Yousefi	662	178	-	860	662	218	-	900	Personal Loan	
244	Muhammad Zain Address: Gala Telephone Exchange Wala, St No 06, Kot Ishaq Near Amanat Kiriyana Store Gujranwala.	Muhammad Zain CNIC: 34101-2489926-9	Babar Iqbal	691	166	-	857	691	209	-	900	Personal Loan	
245	Ahsan Iqbal Muhammad Address: 130 H.S. 9, Phase 6, Bahria Town, Lahore.	Ahsan Iqbal Muhammad CNIC: 33001-4319093-3	Muhammad Iqbal	796	93	-	889	796	103	-	899	Personal Loan	
246	Muhammad Asif Address: Tehsil Distt Chah Malik, Main Basti Tarapal, Po Bontha Sant Multan.	Muhammad Asif CNIC: 38302-0071391-3	Muhammad Arif	731	126	-	857	731	165	-	896	Personal Loan	
247	Waqas Ashraf Address: Awan Oar Wale Po Sher Garh, Tehsil Depalpur.	Waqas Ashraf CNIC: 35011-1244594-3	Muhammad Ashraf	721	140	-	861	721	175	-	896	Personal Loan	
248	Syed Imran Abbas Address: House Number Ch-143, Trench Bhata Mohala Hajyan, Allama Iqbal Colony Rawalpindi.	Syed Imran Abbas CNIC: 37209-1513336-1	Syed Ghulam Murtaza	750	72	-	822	750	146	-	896	Personal Loan	
249	Muhammad Shahid Amanat Address: Near The Feroz Factory, H No D 1161, Aftab Park Band Road, Lahore.	Muhammad Shahid Amanat CNIC: 35202-8103254-1	Amanat Ali	763	23	-	786	763	132	-	895	Personal Loan	
250	Shan Baig Address: Main Khayaban E Nishat, Phase 6, Dha, Karachi.	Shan Baig CNIC: 42301-0800508-3	Mirza Imran Baig	718	173	-	891	718	174	-	892	Personal Loan	
251	Muhammad Umar Khan Address: House # 444, Block-2, Sector C1, Township Lahore.	Muhammad Umar Khan CNIC: 35202-6796654-5	Muhammad Aslam Mehmood Khan	798	34	-	832	785	104	-	889	Personal Loan	

(Rupees in '000)

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				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (5+6+7)	Principal written-off	Interest / Mark-up written-off				
1	2	3	4	5	6	7	8	9	10	11	12	13	
252	Sohail Qadeer Address: Flat# 73 Block # 10 Alou Residential Colony H-8 Islamabad.	Sohail Qadeer CNIC: 37405-834087-5	Muhammad Qadeer	336	17	-	353	888	-	-	888	Credit Card	
253	Zahid Bashir Address: Opp Must Gate 2, House#13, Islamabad.	Zahid Bashir CNIC: 12100-130979-1	Bashir Ahmad	760	109	-	869	760	127	-	887	Personal Loan	
254	Unair Sultan Address: House No 60, Street No 3, Rehman Town Sakayana Road, Faisalabad.	Unair Sultan CNIC: 33000-327238-3	Munawar Sultan	15	2	-	17	887	-	-	887	Credit Card	
255	Al Fakhem Tractor House Address: Kalyat Banat, Pull Datt, Jampur Road, Dera Ghazi Khan	Muhammad Asif Khan CNIC: 32102-098534-1	Nazar Muhammad Khan	2,995	-	1,232	4,227	-	-	886	886	CF-Hypo	
256	Ahmad Nawaz Address: Post Office Chak No 50/D-R, Chak No 62/10-R Khanewal	Ahmad Nawaz CNIC: 36003-2691388-5	Rob Nawaz	653	187	-	840	653	231	-	884	Personal Loan	
257	Adnan Hanif Address: Room No B 9, Block B Bhikki Power Plant, Faisalabad.	Adnan Hanif CNIC: 35404-2559465-9	Muhammad Hanif	763	51	-	814	733	150	-	863	Personal Loan	
258	Ishfaq Address: 79 Near Al Aziz Motel School Mohalla Aziz Colony B Faisalabad.	Ishfaq CNIC: 36302-6689501-9	Muhammad Siddique	733	55	-	788	733	149	-	882	Auto Finance	
259	Muhammad Arif Address: Tehsil Kotmomin District Sarogodha.	Muhammad Arif CNIC: 38406-0431984-9	Muhammad Bashir	750	28	-	778	750	130	-	880	Personal Loan	
260	Waheen Telecom Ltd. Address: Main Walton Road, Opposite Babe Pakistan, Walton Cantt, Lahore.	1. Adil Rashid CNIC: 37405-022625-3 2. Mateen William Hollis Passport No: 70753167 3. Edward Phillip Hurt Passport No: 310759364  This write off is under a scheme of restructuring which was approved in 2020. At that time, the composition of the board was as mentioned above.  All the terms of restructuring have been adhered to and all payments made which were conditional to this writeoff.	1. Azret Bashir 2. Amir Saimour Hollis 3. Wayne Paul Hurt	1,097,028	1,470,743	-	2,567,771	739,214	1,470,743	-	2,209,957	Term Finance	
261	Zahid Maqsood Address: Street No 1, House No 8, Near Hafiz Bantan Sore Cloth Market, Park Road Mangla Maind, Lahore	Zahid Maqsood CNIC: 35200-4455644-1	Hafiz Maqsood Ahmad	484	387	-	871	484	396	-	880	Personal Loan	
262	Raviana Nadeem Address: Apartment G 7, Tower 5, Phase 4, Shalrah-E-Faisal, Dig Road Cantt, Karachi.	Raviana Nadeem CNIC: 42201-695679-6	Nadeem Ul Haq	719	123	-	842	719	161	-	880	Personal Loan	
263	Qazi Muhammad Nazeef Arshad Address: Flat Number 205, 2ND Floor Pacific Centre F B Markaz, Islamabad.	Qazi Muhammad Nazeef Arshad CNIC: 33001-7131925-3	Ghulam Muhammad	708	137	-	845	708	172	-	880	Personal Loan	
264	Ali Raza Address: Kulwail Road, Post Office Khas, Kapoorwail Sialkot, Lahore	Ali Raza CNIC: 34603-1566929-5	Arshad Javed	750	56	-	806	750	129	-	879	Personal Loan	
265	Adil Anjad Address: Office No 5, 9TH Floor, Huawei City Tower Galberg Lahore	Adil Anjad CNIC: 33100-0407604-5	Anjad Pervez	726	128	-	854	726	152	-	878	Personal Loan	
266	Junaid Ali Farooqi Address: Near Rashidabad, Pull Sotrigbad, Phana Khas, Tehsil Kohata District Rawalpindi.	Junaid Ali Farooqi CNIC: 31304-8885476-3	Anwar Ali Farooqi	693	165	-	858	693	181	-	874	Personal Loan	
267	Raja Muhammad Anwar Address: Chandi Bankwal, Post Office Khas Phana Khas, Tehsil Kohata District Rawalpindi.	Raja Muhammad Anwar CNIC: 37402-0403838-9	Raja Shoukat Ali	700	61	-	761	700	171	-	871	Personal Loan	
268	Muhammad Atif Majeed Address: 38-F, Askari 3, School, Karachi.	Muhammad Atif Majeed CNIC: 42000-5437388-5	Abdul Majeed	732	124	-	856	732	139	-	871	Personal Loan	
269	Sheeraz Khan Address: Flat No.06, Plot No.6-C, Street No.30, Tauheed Commercial, Phase 5,Dha, Karachi	Sheeraz Khan CNIC: 42201-3464080-9	Ali Imran	701	379	-	1,080	701	170	-	871	Credit Card	
270	Muhammad Nazam Khan Address: S# No 6, H No 45, St No 6, Main Blah Road Chahmten, Lahore.	Muhammad Nazam Khan CNIC: 35200-9995400-1	Muhammad Mehboob Khan	691	142	-	833	691	180	-	871	Personal Loan	
271	Unair Shaheed Address: Tehsil, Bhalwal, Dist. Sarogodha.	Unair Shaheed CNIC: 38401-8556293-3	Lal Din	741	113	-	854	741	129	-	870	Personal Loan	
272	Muhammad Aslam Address: Basti Hasmani, Po Khas Bangal Wali Muzaffar Garh.	Muhammad Aslam CNIC: 35304-0166188-1	Muhammad Ramzan	729	113	-	842	729	140	-	869	Personal Loan	
273	Sudagat Ali Liaqat Address: Unique Computers, H # 210 - E, Nawab Town, Bahawal Road, Lahore	Sudagat Ali Liaqat CNIC: 35202-6916951-1	Liaqat Ali	785	82	-	867	785	82	-	867	Personal Loan	
274	Ali Amran Address: Lahore Grammar School (Kaima Chowk, Faraz, Shaheed Road, Sialkot.	Ali Amran CNIC: 34601-8896439-1	Mirza Muhammad Mansha	708	122	-	830	708	159	-	867	Personal Loan	
275	Hassan Kardar Address: H No 32, St No 55, Ghani Street Raj Garh, Lahore.	Hassan Kardar CNIC: 35202-0432675-3	Taveer Kardar	659	165	-	824	659	207	-	866	Personal Loan	
276	Sabeen Rauf Address: H No 707, Phase 5,Dha, Lahore.	Sabeen Rauf CNIC: 35202-1272572-8	Rauf Saleem Ul Haq	775	79	-	854	756	106	-	862	Personal Loan	
277	Rao Muhammad Farman Address: Lodhran	Rao Muhammad Farman CNIC: 36203-0321864-7	Muhammad Luqman	750	1	-	751	750	111	-	861	Personal Loan	



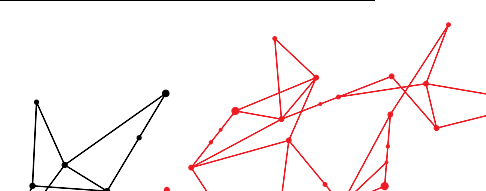


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				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)		Principal written-off				
							5	6					
1				4				9	10	11	12	13	
278	Hafiz Hamza Ahmad Address: Phase III, Dha Lahore.	Hafiz Hamza Ahmad CNIC: 35202-5499373-1	Shekhi Qaisar		726	107	-	833	726	132	-	858	Personal Loan
279	Muhammad Adnan Khurshid Address: Street No 5, Hussain Abadi Colony, Sahiwal.	Muhammad Adnan Khurshid CNIC: 36502-3694659-5	Muhammad Khurshid		487	361	-	848	487	371	-	858	Personal Loan
280	Ambreen Fatima Address: Shaheeh-E-Roomi, Walton Road, Amer Sindh, Lahore.	Ambreen Fatima CNIC: 35201-980697-6	Muhammad Arshad		732	102	-	834	732	124	-	856	Personal Loan
281	Ahmad Ullah Address: Kallu Peera, Pishin.	Ahmad Ullah CNIC: 54809-0642315-1	Muhammad Yousof		1	-	-	1	852	-	-	852	Credit Card
282	Ayan Khan Address: Bharanah, Islamabad.	Ayan Khan CNIC: 54403-9820275-3	Azmi Khan		746	69	-	815	746	103	-	849	Personal Loan
283	Manzoor Ali Khan Address: Dilwar Colony, Street No 5, Street No. 5, Faisalabad.	Manzoor Ali Khan CNIC: 35101-2464159-3	Nour Din Khan		447	394	-	841	447	401	-	848	Personal Loan
284	Muhammad Abu Bakr Address: Block D Gulshan Rawi, Lahore.	Muhammad Abu Bakr CNIC: 35202-477480-9	Muhammad Yaseen Bhatti		695	116	-	811	695	151	-	845	Personal Loan
285	Muhammad Azhar Mushfaq Address: 477, Khuda Busk Coj Near Nadra Bad Police Chokki, Lahore.	Muhammad Azhar Mushfaq CNIC: 35201-3348125-5	Muhsin Ahmad		682	163	-	845	682	163	-	845	Personal Loan
286	Sabir Bakers Store Address: Muzaffar Garh Pk, Muzaffar Garh.	Sabir Bakers Store CNIC: 32304-8466278-1	Muhammad Sabir		734	128	-	862	710	133	-	843	Personal Loan
287	Muhammad Nasir Address: Noorani Behind Jami Market, Ward No. 8, Faisalabad Road, Chowk Adam Telsil & District Layyah.	Muhammad Nasir CNIC: 38103-2206094-5	Haji Muhammad Akbar		2,516	768	169	3,453	-	768	74	842	Alfalah Musalsal Zarai Sahulat
288	Chaudhary Yasir Waiss Address: House # 74-A, Mohallah Lahore.	Chaudhary Yasir Waiss CNIC: 35103-1345223-1	Chaudhary Waiss Ali		690	38	-	728	690	147	-	837	Auto Finance
289	Muhammad Ejaz Address: H No 86 A 127, Street 10, Moh Amner Abad, Multan.	Muhammad Ejaz CNIC: 38302-9527527-7	Muhammad Sharif		686	118	-	804	686	146	-	832	Personal Loan
290	Sohail Ferooz Address: Ward No 10, Jameel Colony, Kabir Wala Distt. Khanewal.	Sohail Ferooz CNIC: 36102-620591-3	Muhammad Ferooz		682	102	-	784	668	163	-	831	Personal Loan
291	Abdul Haleem Address: Scheme No 03 Farid Town House No 9/W, Sahiwal.	Abdul Haleem CNIC: 36502-2435466-5	Muhammad Ashraf		710	78	-	788	710	120	-	830	Personal Loan
292	Syed Husain Raza Address: Society Near Lums, Dha, Lahore.	Syed Husain Raza CNIC: 34101-7672847-7	Syed Zaher Husain		750	23	-	773	750	78	-	828	Personal Loan
293	Amir Ali Sakhawat Address: At-Ghaffar Mall, G-11, Islamabad.	Amir Ali Sakhawat CNIC: 61101-1983632-5	Sakhawat Ali		703	95	-	798	703	123	-	826	Personal Loan
294	Ali Abbas Bhatti Address: S1 No 11 Liaqat Abad Model Town Lahore.	Ali Abbas Bhatti CNIC: 42301-3275188-9	Raiqar Ali Bhatti		689	117	-	806	689	134	-	823	Personal Loan
295	Shahab Ali Address: Seven Sky Rent A Car, Malik Swimming Pool Ring Road Peshawar, Near Kohat.	Shahab Ali CNIC: 17201-5806007-3	Akhtar Ali		660	127	-	787	660	160	-	820	Personal Loan
296	Bhram Abid Address: H No A-17, Ashraf Compound, Block D North Resimabad, Karachi.	Bhram Abid CNIC: 42101-5308970-3	Ghulam Abid		314	17	-	331	676	143	-	819	Credit Card
297	Khalida Bibi Address: Dhok Gangal Post Office Fazaia, Rawalpindi.	Khalida Bibi CNIC: 37405-9252129-8	M Pervaiz		1	26	-	27	717	102	-	819	Credit Card
298	Muhammad Asif Bashir Address: Chak No 116, 15, L, Khanewal.	Muhammad Asif Bashir CNIC: 36104-4479873-7	M Bashir		800	69	-	869	777	42	-	819	Personal Loan
299	Yasmeen Gul Address: Near Kot House, Qasimabad, Hyderabad.	Yasmeen Gul CNIC: 51503-5417550-6	Muhammas Ishaq		726	21	-	747	719	98	-	817	Personal Loan
300	Fouzal Azem Hassan Address: Flat 04, 2nd Floor Block B A, Lakhani Corner Appt Opp Expo Centre, Gulshan E Iqbal, Karachi.	Fouzal Azem Hassan CNIC: 42201-5704959-9	Gul Hassan Abbasi		662	38	-	700	654	162	-	816	Personal Loan
301	Umar Shahid Khan Address: H No 145, C Paf Colony Zrar Shaned Road Cantt, Lahore.	Umar Shahid Khan CNIC: 35201-6953969-5	Shahid Ahmad Khan		672	111	-	783	664	151	-	815	Personal Loan
302	Muhammad Janshah Kamal Address: Multan Public School, Road Green View Colony, Multan.	Muhammad Janshah Kamal CNIC: 32304-1090996-1	Muhammad Ramzan		740	64	-	804	740	74	-	814	Personal Loan
303	Haider Ali Address: Gulberg III, Lahore.	Haider Ali CNIC: 35201-508231-3	Mirza Muhammad Bashir		678	116	-	794	678	134	-	812	Personal Loan
304	Azam Saeed Address: Mustafa Town, Lahore.	Azam Saeed CNIC: 35201-146968-3	M Sharif Saeed		690	97	-	787	690	122	-	812	Personal Loan
305	Sohail Akbar Address: 6.3 Km Mangla, Mandi Rawindi Road Moza Roosa, Teh Dist Kasur.	Sohail Akbar CNIC: 33100-5682727-5	Muhammad Akbar Iqbal		727	21	-	748	720	92	-	812	Personal Loan
306	Nazir Ahmed Address: Gulberg III, Lahore.	Nazir Ahmed CNIC: 35201-2401968-9	Muhammad Din		667	111	-	778	667	144	-	811	Personal Loan

(Rupees in '000)

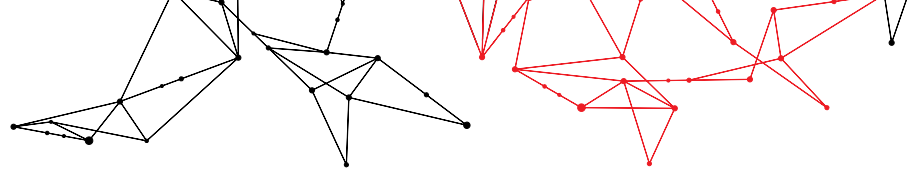
(Rupees in '000)

S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at						Principal written-off / waived	Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)	Product Name	
				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)	5	6						7
1				2	3	4	5	6	7	8	9	10	11	12	13
307	Muhammad Nabeel Aslam Address: House No 115, St No 4, Gulshan E Rehman Burewala.	Muhammad Nabeel Aslam CNIC: 36601-3607336-3	Muhammad Aslam Javed				665	81	-	766	665	126	-	811	Personal Loan
308	Afran Aziz Address: Johar Town, Lahore.	Afran Aziz CNIC: 35404-1561573-1	Muhammad Afzal				781	30	-	811	781	30	-	811	Personal Loan
309	Fawad Mehmood Ahmed Address: Gulistan-E-Johar, Karachi.	Fawad Mehmood Ahmed CNIC: 42201-3842986-9	Fayyaz Mehmood Ahmed				650	69	-	759	650	119	-	809	Personal Loan
310	Mehwish Yousaf Address: Street No 6, New Karachi.	Mehwish Yousaf CNIC: 42101-9231318-6	Muhammad Yousaf				634	158	-	792	634	172	-	806	Personal Loan
311	Ambreen Toqueer Address: 535 Johar Block, B2, Near Eiffel Tower, Bahria Town, Lahore.	Ambreen Toqueer CNIC: 35202-2773031-6	Toqueer Ahmed				668	116	-	804	668	116	-	804	Personal Loan
312	Ali Afzal Address: P O Pkhas Gumtala, Teh Shakarganj.	Ali Afzal CNIC: 34502-3739455-5	Chaudhary Muhammad Afzal				700	29	-	729	700	102	-	802	Personal Loan
313	Muhammad Javed Anjum Address: Bahawal Pur Road, Yezman, Bahawalpur.	Muhammad Javed Anjum CNIC: 31205-8644692-1	Muhammad Ashraf				777	51	-	828	706	96	-	802	Personal Loan
314	Nasir Bashir Bhatti Address: Flat No 864, 3rd Floor Q Block, Model Town Near Rawalpindi.	Nasir Bashir Bhatti CNIC: 37401-1601527-7	M Bashir Bhatti				678	17	-	695	668	128	-	796	Personal Loan
315	Saeedullah Mehasar Address: House No AL 260 Barrage, Colony Karachi.	Saeedullah Mehasar CNIC: 45204-1999514-9	Azizullah				640	137	-	777	640	155	-	795	Personal Loan
316	Zeeshan Gul Mirza Address: Judicial Colony, Near Gulzar E Qand, Rawalpindi.	Zeeshan Gul Mirza CNIC: 37202-2026278-9	Mirza Gulnar Baig				702	68	-	770	702	92	-	794	Personal Loan
317	Iftazab Babar Address: Cashier Zone-3 Emporium Mall Near Expo Centre, Johar Town, Lahore.	Iftazab Babar CNIC: 34201-249325-9	Babar Hussain				685	90	-	775	677	115	-	792	Personal Loan
318	Farihat Jabeen Address: H No 1898, Po Chowk, Yedigarg, Mohi Kalghan Kocha Bibi, Peshawar.	Farihat Jabeen CNIC: 17301-2549640-2	Shehzad Ahmad				677	124	-	801	677	111	-	788	Auto Finance
319	MoChup Int Address: Hall Road Westridge 1, Rawalpindi.	MoChup Int CNIC: 61101-6988285-5	Mazhar Mehmood				905	23	-	928	160	625	-	785	Personal Loan
320	Muhsheer Ahmad Address: St No 11, Madina Colony, Pattoki Kasur.	Muhsheer Ahmad CNIC: 35002-211189-7	Muhammad Sabir				705	46	-	751	705	79	-	784	Personal Loan
321	Rizwan Haider Address: Chohan News Agency, Bibi Chowk Phalia, Sector - C, Bahria Town, Lahore.	Rizwan Haider CNIC: 34403-902764-7	Muhammad Latif Arif				669	94	-	763	669	115	-	784	Personal Loan
322	Muhammad Khalid Anwar Khan Address: Plot # 303-D, Nargile Block, Sector - C, Bahria Town, Lahore.	Muhammad Anwar Khan CNIC: 48401-5309044-7	Muhammad Anwar Khan				6,392	1,566	148	8,106	-	783	-	783	House Finance
323	Malik Shaabbar Ali Address: 29A, Block E 1, Gulberg III Lahore.	Malik Shaabbar Ali CNIC: 33202-9168177-9	Ahmed Ali				21	27	-	48	625	156	-	781	Credit Card
324	Rana Haroon Ashad Address: Chaak No 11Wb, Niazi Chowk, Mohi Mutaza Abad, Vehari.	Rana Haroon Ashad CNIC: 36603-449495-7	Arshad Mehmood				650	117	-	767	650	131	-	781	Personal Loan
325	Muhammad Asif Sohail Address: 3 Km Depalpur Road Okara.	Muhammad Asif Sohail CNIC: 33006-8879091-1	Muhammad Ali				674	95	-	769	674	107	-	781	Personal Loan
326	Itaza Mehmood Address: Jalaludin Near Shah Jee 1, Darbar, Rawalpindi.	Itaza Mehmood CNIC: 13302-0518922-5	Arshad Mehmood				592	157	-	749	592	188	-	780	Personal Loan
327	Muhammad Ahmad Raza Address: Mohallah Qaziyan, Rahim Yar Khan	Muhammad Ahmad Raza CNIC: 31303-4231644-5	Muhammad Nasim Qamar Urf Shaabir				697	20	-	717	697	82	-	779	Personal Loan
328	Muhammad Arshad Address: Quarter No 03, Staff Colony, Mehmood Textile Mill Industrial Estate, Multan.	Muhammad Arshad CNIC: 36601-3661899-7	Abdul Aziz				631	64	-	695	631	147	-	778	Personal Loan
329	Jamil & Sons Trading Co Address: Deans Trade Center Peshawar.	Jamil & Sons Trading Co CNIC: 17301-0359010-5	Shams Ur Rehman				699	116	-	815	668	109	-	777	Personal Loan
330	Islam Mehmood Gillani Address: House # 03, SV/8-A, Azeem Street Swami Nagar, Lahore.	Islam Mehmood Gillani CNIC: 35202-5458913-3	Rehmat Ullah Zafar				1,198	641	135	1,974	-	641	135	776	House Finance
331	Hamza Zahid Address: H No 21-A-1, Rangella Street, Millat Park Sunanabad, Near Kothi Shahab Uddin Road, Goira E-11/A Islamabad.	Hamza Zahid CNIC: 14301-382278-5	Zahid Usman				660	105	-	765	660	116	-	776	Personal Loan
332	Farheen Faisal Khan Address: House No B-57, Block -13, Fb Area, Karachi	Farheen Faisal Khan CNIC: 42101-0329181-6	Muhammad Faisal Abbas				640	111	-	751	640	135	-	775	Personal Loan



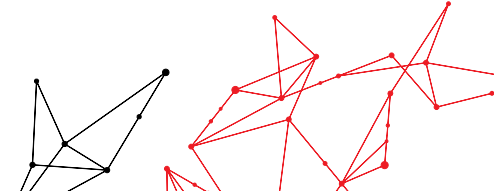
(Rupees in '000)

S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at					Product Name			
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (5+6+7)	Principal written-off		Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)
1	2	3	4	5	6	7	8	9	10	11	12	
333	Farihan Ahmad Address: Checharan Sharif, Tehsil Khan Pur, District Bahawalpur, Bahawalpur.	Farihan Ahmad CNIC: 31301-7584277-1	Inam Bukhsh	695	73	-	768	684	84	-	768	Personal Loan
334	Farooq Rasheed Bhatti Address: Gali Qamriyan Wali, Kasur	Farooq Rasheed Bhatti CNIC: 35102-0684275-5	Abdul Rasheed Bhatti	654	113	-	767	654	113	-	767	Personal Loan
335	Muhammad Naeem Address: House No. 124-G, Mohala Shah Kamal Road, Ichra, Lahore.	Muhammad Naeem CNIC: 35202-2565000-3	Ch M Hussain	604	133	-	737	604	162	-	766	Personal Loan
336	Alpek Address: 3-A, Cheema Town, Bahawalpur	1.Hazoor Bukhsh CNIC: 31301-1441406-3 2.Shabbir CNIC: 35302-7882813-8	1.Raees Karan Ali 2.Shabbir Ahmad	-	686	279	965	-	486	279	765	Alfalah Karobar Finance (AKF)
337	Abdul Rasheed Butt Address: House No.5, Street No. 4, Waqar Street, New Alfalah Park, Lahore	Abdul Rasheed Butt CNIC: 35202-9344282-3	Muhammad Ismail Butt	1,763	1,587	277	3,627	-	-	764	764	House Finance
338	Muhammad Sajid Address: Flat No. 105, Block No. 4B, Sector G7 Islamabad	Muhammad Sajid CNIC: 31301-9074122-7	Munir Ahmad	180	42	-	222	597	165	-	762	Credit Card
339	Muhammad Saif-ur-Rahman Address: Khushtail Microfinance Bank, Civil Chowk, Daska.	Muhammad Saif-ur-Rahman CNIC: 34601-4802706-1	Muhammad Rashid Naseemi	595	135	-	730	595	166	-	761	Personal Loan
340	Khalid Hardware & Aluminum Store Address: Near Bank Alfalah Ltd, Circular Road Bahawalpur.	Khalid CNIC: 31202-8019052-5	Muhammad Khalid Malik	625	117	-	742	625	130	-	755	Personal Loan
341	Tayyab Munawar Malik Address: House # 40, Block-3, Sector-A-ii, Township, Lahore	Tayyab Munawar Malik CNIC: 35201-8835089-3	Munawar Bashir	-	-	-	-	755	-	-	755	Credit Card
342	Javed Iqbal Address: Chak #181, JB Post Office 255, Bhajja Chak, & Distt Jhang	Javed Iqbal CNIC: 33202-1384453-9	Muhammad Mashahid	724	72	-	796	724	29	-	753	Auto Finance
343	Fawad Khan Address: Diplomatic Enclave, Range 5, Islamabad	Fawad Khan CNIC: 11201-6653064-3	Faiz Ullah Khan	904	114	-	1,018	752	-	-	752	Personal Loan
344	Muhammad Awais Address: House No. 10, Ahara P, Maindora, 38- Abbott Road, Lahore	Muhammad Awais CNIC: 35202-7196320-7	Imdad Ali	-	-	-	-	749	-	-	749	Credit Card
345	Inayat Allah Address: Ward No 5, 21-Street, Maridai Waliman Kans Sahib, Faisalabad	Inayat Allah CNIC: 35402-8185943-1	Iqbal Muhammad	122	9	-	131	747	-	-	747	Credit Card
346	Sami Ullah Sheikh Address: House No 77, Gali Number 4, Lane No 5, Lalazar Estate, Bagri Colony, Rawalpindi	Sami Ullah Sheikh CNIC: 37405-0805555-1	Ghulam Mustafa	50	15	-	65	599	148	-	747	Credit Card
347	Areeb Kamal Dairy Farm Address: Dhani Mani Ram Kot, Mumaj/Ada, Nahr, Gujani, Bahawalnagar.	Areeb Kamal CNIC: 3101-8197585-9	Munsh Ali	625	72	-	697	625	113	-	738	Personal Loan
348	Ahmad Shahzad Address: H No 330 Executive House, Garden City Housing Scheme, Yeshi Road, Malan	Ahmad Shahzad CNIC: 38302-9513101-1	Khalil Ahmad	624	70	-	694	615	122	-	737	Personal Loan
349	Abdul Razaq/Saeed Akhtar Address: Malia, Po Pindi Amolakh, Zafarwal Dist, Narowal	LABDUL RAZAQ CNIC: 34501-1944663-7 2.SAEED AKHTAR CNIC: 34501-1944664-1	1.Ghulam Rasool 2.Abdul Razaq	1,950	695	389	3,034	-	482	282	734	Agriculture Loan
350	Muhammad Nauman Masood Address: Upper Story, Pak Iron Store, Allahabad Road, Liaquatpur & Distt Rahim Yar Khan	Muhammad Nauman Masood CNIC: 31302-179762-7	Saif Ur Rahman Ayyaz	609	103	-	712	609	125	-	734	Personal Loan
351	Muhammad Abdullah Address: Opposit Pso Petrol Pump, Shareqpur Road, Begun Kot, Lahore	Muhammad Abdullah CNIC: 35202-7005711-9	Liaqat Ali	583	113	-	696	583	149	-	732	Personal Loan
352	Hasan Zubair Address: Dhal Bundala, Po Khata, Tehsil Sehmanji, Distt Bhimber.	Hasan Zubair CNIC: 81103-1282791-5	Muhammad Zubair Khan	627	18	-	645	627	104	-	731	Personal Loan
353	Muhammad Idris Address: House No 123-A, Sk No 2-A, Ghori 5, Islamabad	Muhammad Idris CNIC: 61101-9376470-9	Muhammad Rafiq	552	144	-	696	552	176	-	728	Personal Loan
354	Amir Hussain Address: Basool Pura, Khalid Road, Tehsil & District Sheikhupura	Amir Hussain CNIC: 35404-4846180-9	Manzoor Hussain	637	44	-	681	637	90	-	727	Personal Loan
355	Syeda Kainat Farukh Address: Sultan Town, Lahore	Syeda Kainat Farukh CNIC: 41304-0115209-4	Farukh Jameel	710	48	-	758	675	51	-	726	Personal Loan
356	Muhammad Anees Address: House # 6, Street # 3, Albaik Street Main Bazar/Chani Shahu, Lahore.	Muhammad Anees CNIC: 35202-8959792-3	Sheikh Muhammad Mushtaq	590	118	-	708	590	137	-	727	Personal Loan
357	Amir Ali Address: Main Bazar New Taj Colony, Near Masjid Sarwar E Gunain, Menawa, Opp. Goo Pump, Lahore	Amir Ali CNIC: 35202-7250741-1	Shoukat Ali	594	116	-	710	584	141	-	725	Personal Loan
358	Abdul Kareem Qureshi Address: Jinnah Avenue, Blue Area, Islamabad	Abdul Kareem Qureshi CNIC: 37405-9637342-7	Mohammad Sagheer	599	103	-	702	599	124	-	723	Personal Loan

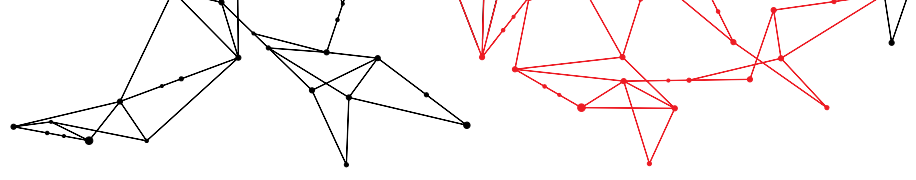


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				January 01, 2023		Others than Interest / Markup		Total (5+6+7)							
				Principal	Mark-up	Interest	Markup	Principal	Mark-up	Interest					
1		3	4	5	6	7	8	9	10	11	12	13			
359	Shoukat Ali Address: House No C-6, Industrial Cooperative Housing Society, Quetta.	Shoukat Ali CNIC: 41303-0668936-5	Muhammad Hassan Jamal	647	48	-	695	638	84	-	722	-	722	Personal Loan	
360	Syed Ali Raza Address: Alamdar Road, Quetta	Syed Ali Raza CNIC: 54400-4658945-7	Syed Yousuf	605	14	-	619	605	116	-	721	-	721	Personal Loan	
361	Syed Afsar Faiz Naqvi Address: Flat No. 03, Building 31-A1, Commercial Valencia, Dogaipur Dist/Dera	Syed Afsar Faiz Naqvi CNIC: 35301-8306435-7	Syed Akhtar Abbas Naqvi	609	86	-	695	609	111	-	720	-	720	Personal Loan	
362	Shamraz Iqbal Address: Khas Chit Dhireen, Teh Malakwal, Dist Mandi Bahaudin.	Shamraz Iqbal CNIC: 34401-6878642-1	Muhammad Yar	600	103	-	703	600	120	-	720	-	720	Personal Loan	
363	Shahzad Akram Address: Apartment No 34, Family Colony, Master Textile, 3-Km Off Rawwind Road, Near Mayfair Company	Shahzad Akram CNIC: 36601-528927-3	Muhammad Akram	482	232	-	714	482	237	-	719	-	719	Personal Loan	
364	Mahboob Ahmed Address: Nisbat Colony, Radio Station, Bhowalpur	Mahboob Ahmed CNIC: 31202-5421248-3	Rafique Ahmad	162	20	-	182	550	167	-	717	-	717	Credit Card	
365	Iram Arif Address: University Of South Asia, 47-Tural Road, Lahore Cantt, Lahore.	Iram Arif CNIC: 35202-7448735-6	Muhammad Arif	598	17	-	615	598	118	-	716	-	716	Personal Loan	
366	Umer Farooq Address: House # 430, Iqbal Colony, Sargodha	Umer Farooq CNIC: 38403-321007-5	Muhammad Ibraheem	594	167	-	761	594	131	-	715	-	715	Auto Finance	
367	Anwar Ul Haq Address: 213 Alama Iqbal Town, Kashmir Block, 2nd Floor Near Doungi Ground Park, Lahore.	Anwar Ul Haq CNIC: 35202-917125-1	Abdul Sattar	606	59	-	665	606	108	-	714	-	714	Personal Loan	
368	Razia Bibi Awan Address: House No C-3929, Mohallah Wakeelanwala, Dera Ismail Khan	Razia Bibi Awan CNIC: 1201-0916870-0	Ashif Kamal	577	60	-	637	577	135	-	712	-	712	Personal Loan	
369	Yasir Mehmood Address: H No 1, Sargana Street, Peer Manzoor Colony, Near Hazari Center, Pultan	Yasir Mehmood CNIC: 36302-5528350-7	Melmoed Khan	573	98	-	671	573	138	-	711	-	711	Personal Loan	
370	Ishtiaq Khan Address: Mohallah Shahheed Baba, Vpn Waisa, Teh, Hazro Distt. Attock.	Ishtiaq Khan CNIC: 37101-167432-5	Muhammad Aslam Khan	646	43	-	689	623	87	-	710	-	710	Personal Loan	
371	Fateh Muhammad Shah Address: H.No. A-310, 3rd Floor, Saiman Tower, Malir Cantt. Near Nadra Office, Karachi	Fateh Muhammad Shah CNIC: 40103-4684174-9	Noor Muhammad Shah	-	-	-	-	707	-	-	707	-	707	Credit Card	
372	Anser Mehmood Address: Mohalla Nazeer Shah, Phool Nagar	Anser Mehmood CNIC: 35103-1304388-5	Muhammad Ruffail	628	14	-	642	620	87	-	707	-	707	Personal Loan	
373	Syed Gulshan Muraza Address: Basti Subat Jamali, Uchi Sharif, Bahawalpur	Syed Gulshan Muraza CNIC: 3201-4717397-9	Syed Gul Bahar Shah Jamali	633	57	-	690	633	73	-	706	-	706	Personal Loan	
374	Umer & Company Address: Sheekhupura Road, Iqbal Abad, Faisalabad	Nusrat Habib CNIC: 33100-0865310-4	Habib Ullah Sajid (husband)	3,500	-	-	400	3,900	-	-	706	-	706	Alfalah Karobar Finance (AKF)	
375	Mian Qaisar Shah Address: Ali Medical Centre, F-8 Markaz, Islamabad	Mian Qaisar Shah CNIC: 16101-2907738-1	Mian Muddasir Shah	571	121	-	692	571	131	-	702	-	702	Personal Loan	
376	Shams Uddin Abbasi Address: House No. T 70, Muhalla Railway Colony, Rawalpindi.	Shams Uddin Abbasi CNIC: 45402-5282010-7	Muhammad Uddin Abbasi	594	17	-	611	588	109	-	697	-	697	Personal Loan	
377	Tariq Khan Address: Mumtaz Traders, Massa Kota, P/O Khas Kalnir Pacca District Lodhran	Tariq Khan CNIC: 36202-0108717-7	Mumtaz Khan	650	31	-	681	639	53	-	692	-	692	Personal Loan	
378	Malik Muhammad Ramzan Ahi Address: St. #7, Munir Chowk, Hazil Pur	Malik Muhammad Ramzan Ahi CNIC: 31203-9475698-3	M Yousaf Ahi	604	72	-	676	604	88	-	692	-	692	Auto Finance	
379	Ahmad Sheraz Address: College Road, Model Town A, Khatipur, Islamabad	Ahmad Sheraz CNIC: 36501-8051468-9	Khalid Iqbal Ahmad	659	43	-	702	601	90	-	691	-	691	Personal Loan	
380	Fayyaz Rafiq Address: Near Gillani Cng, Quid F. Miat Road, Khatipur Distt. Bahawalpur Khan.	Fayyaz Rafiq CNIC: 31301-475846-3	Muhammad Sadiq	573	76	-	649	573	116	-	689	-	689	Personal Loan	
381	Maac Group International Address: Qasim Market, Range Road, Near Fared Hospital, Rawalpindi	Maac Group International CNIC: 34401-3861618-9	Muhammad Nazir Gondal	569	118	-	687	569	118	-	687	-	687	Personal Loan	
382	Mobashar Ahmad Address: House No A-2489, Phase 2, Guishan Haleed, Karachi	Mobashar Ahmad CNIC: 35202-0618153-7	Nasir Ahmad	527	169	-	696	547	139	-	686	-	686	Credit Card	
383	Zain Ashraf Address: House#74-R1 Thehad Colony Samanabad, Lahore.	Zain Ashraf CNIC: 35202-6008804-3	Muhammad Ashraf	608	75	-	683	608	75	-	683	-	683	Personal Loan	
384	Ibrar Ahmed Address: Street No 3, Sector E-6, Phase-7, Hayatabad, Peshawar.	Ibrar Ahmed CNIC: 82203-1633473-7	Raja Ali Afsar Khan	637	46	-	683	637	46	-	683	-	683	Personal Loan	



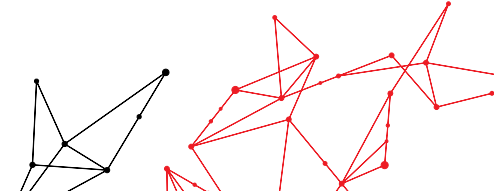
S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at						Principal written-off (9-10-11)	Product Name	
				Principal	Interest / Mark-up	Others Interest / Mark-up	Total (5+6+7)	Principal written-off (5+6+7)	Interest / Mark-up written-off / waived			Other financial relief provided
1	2	3	4	5	6	7	8	9	10	11	12	13
385	Mehar Shah Eishi Address: Mohallah Road, Guljan, Kasur	Mehar Shah Eishi CNIC: 35102-8759914-3	Noor Muhammad	611	27	-	638	603	77	-	680	Personal Loan
386	Muhammad Yousef Zahoor Address: Alan House, Alan Street, Nagar Road, Ferozshah Chowk, Mohallah Jinnah Park, Gujranwala	Muhammad Yousef Zahoor CNIC: 34101-6731007-3	Zahoor Ahmed	572	35	-	607	572	108	-	680	Personal Loan
387	Khadim Shah Address: St. No. 1, Medina Town, Near Aynsha Manzor Wazirity Home, Harbanspura.	Khadim Shah CNIC: 35201-9951654-9	Syed Jamat Ali Shah	566	102	-	668	566	114	-	680	Personal Loan
388	Hafiz Hamza Ahmad Address: 9-46, B Block, Sabzazer Scheme, Multan Road, Lahore	Hafiz Hamza Ahmad CNIC: 35202-5493973-1	Qasir Moain	119	56	-	175	534	139	-	673	Credit Card
389	Abu Bakar Ahsan Butt Address: House# 755 Street #7, Mohallah Shareef Gujranwala, Wazirabad District, Near Medina Bakery, Gujranwala.	Abu Bakar Ahsan Butt CNIC: 34004-8825544-1	Abdul Latif Butt	-	-	-	-	672	-	-	672	Credit Card
390	Fahem Abbas Address: H No 7, St No 2, Bilal Colony, Dhameyl Road, Rawalpindi	Fahem Abbas CNIC: 37405-2371923-1	Khalid Mehmood	66	11	-	77	671	-	-	671	Credit Card
391	Kaleem Ullah Address: Basti Chahna, P.O MGarh Talim/Muzaffar Garh.	Kaleem Ullah CNIC: 33204-6806814-5	Nasrullah	595	21	-	616	583	87	-	670	Personal Loan
392	Anita Tabassum Address: Post Office, Chak 301, Noor Pur.	Anita Tabassum CNIC: 33303-8277686-6	Abdul Jabbar	550	40	-	590	550	119	-	669	Personal Loan
393	Syed Autos Address: Near D'yar E Shareen, Karachi	Syed Autos CNIC: 42101-92660711-5	Asad Raza	587	77	-	664	587	79	-	666	Personal Loan
394	Khawaja Aseem Khurshed Address: House# 11, Paradise Velly 1, Shakhpura Road, Faisalabad	Khawaja Aseem Khurshed CNIC: 33102-1773118-1	Khawaja Khurshed Anwar	502	91	-	593	527	139	-	666	Credit Card
395	Ahmed Masood Address: House 8-B, Engineers Town, Phase 1, Lahore	Ahmed Masood CNIC: 31202-139342-7	Hamid Masood	92	60	-	152	533	133	-	666	Credit Card
396	Umer Rasheed Address: Baana Boor Pur, Shaiba Bori Inam, Islamabad	Umer Rasheed CNIC: 61101-5901941-9	Abdul Rasheed	588	79	-	667	588	78	-	666	Auto Finance
397	Ghulam Murtaza Wattoo Address: Phase II, Near Lums, Lahore	Ghulam Murtaza Wattoo CNIC: 33200-1460837-5	Muhammad Mashood	576	76	-	652	576	88	-	664	Personal Loan
398	Muhammad Rafiq Address: Adda Natha Khalsa, Mangla Mandi, Multan Road, Lahore	Muhammad Rafiq CNIC: 36401-1469560-7	Muhammad Anwar	569	29	-	598	569	94	-	663	Personal Loan
399	Hassan Mahmood Butt Address: Butt House No. 215-C, Opp.SA Hameed Cantt.	Hassan Mahmood Butt CNIC: 34101-6179800-7	Shahid Mahmood Butt	626	35	-	661	606	57	-	663	Personal Loan
400	Karif Address: Rajput House, Bangla No. 277, Zafar Ali Road, Sialkot Cantt.	Karif CNIC: 34603-218831-1	Tariq Mahmood	501	623	-	1124	501	160	-	661	Credit Card
401	Muhammad Usman Zaid Address: House No. 344, Umer Block, Allama Iqbal Town	Muhammad Usman Zaid CNIC: 35202-5167359-9	Jehan Zehi Jamal	583	69	-	652	583	78	-	661	Personal Loan
402	Hamza Inran Address: F-917, F-Block, Satellite Town, Rawalpindi	Hamza Inran CNIC: 37405-946524-9	Inran Majeed	73	-	-	73	661	-	-	661	Credit Card
403	Inran Ali Address: Khac Chichram Shareef, Khan Pur, House No. 32 Street No. 14, Ralim Yar Khan	Inran Ali CNIC: 35202-4021634-7	Muhammad Ali	546	52	-	598	546	113	-	659	Personal Loan
404	Wasim Abbas Address: House No. 25, Street 1, Shaheer Parkwan Market, 17 Km Ferozpur Road, Lahore	Wasim Abbas CNIC: 39401-16091636-9	Muhammad Al Zai	75	-	-	75	658	-	-	658	Credit Card
405	Sarifraz Ali Address: Giam Salon, Mini Market Round About, Opposite To Khasdi, Mm Alam Road, Gulberg III, Lahore.	Sarifraz Ali CNIC: 35202-7128767-3	Nasir Ali	485	38	-	523	521	137	-	658	Credit Card
406	Sheikh Muzammil Javed Address: 4-Chanab House, Nazd Forest Colony Aqab, Circuit House Multan, Lahore	Sheikh Muzammil Javed CNIC: 36302-888153-9	Javed Sultan	566	91	-	657	566	91	-	657	Personal Loan
407	Syed Zaifqar Ali Address: House No 131, Ward No 2, Nohla Changanli Ali Shah, Layyah	Syed Zaifqar Ali CNIC: 32703-5665891-9	Syed Manzoor Ali	547	108	-	655	547	108	-	655	Personal Loan
408	Muhammad Nadeem Iqbal Address: St No. 2, Amir Town, Harbanspura	Muhammad Nadeem Iqbal CNIC: 36502-1370307-1	Muhammad Ramzan	546	109	-	655	546	109	-	655	Personal Loan
409	Inran Khan Address: H No.261, St.No.3, Sadat Park, Chowk Yateem Khana, Dhonaival Multan Road, Lahore	Inran Khan CNIC: 36202-0956802-9	Jan Muhammad	557	80	-	637	557	95	-	652	Personal Loan
410	Shahid Riaz Address: Rapper, Tahsill Kalhora, District Lodhran	Shahid Riaz CNIC: 36202-0916563-5	Riaz Hussain Khan	552	78	-	630	552	98	-	650	Personal Loan

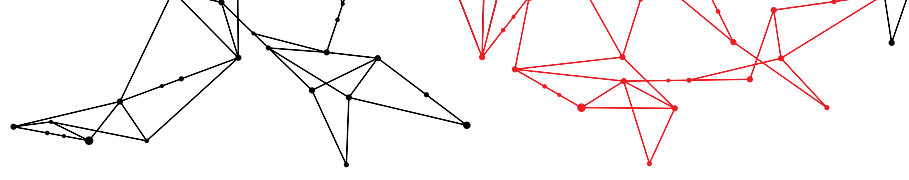




(Rupees in 000)

S.No.	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at January 01, 2023							Total (9+10+11)	Product Name
				Principal	Interest / Mark-up	Others than Interest / Markup	Total (5+6+7)	Principal written-off	Interest / Mark-up written-off / waived	Other financial relief provided		
				5	6	7	8	9	10	11	12	13
1				4								
411	Zain Naveed Address: House No. 14, Street No. 2, Mohallah Sadiqueabad No. 1, Near MCB, Old Shujabad Road, Multan	Zain Naveed CNIC: 36302-4382935-1	Muhammad Naveed Iqbal	45	-	-	45	6.47	-	-	6.47	Credit Card
412	Ali Subhani Address: House No.759 Block-C, Bahra Orchardrainwind, Near Tariq Garden, Lahore	Ali Subhani CNIC: 35202-779803-3	Abdul Sattar	473	117	-	590	505	138	-	6.43	Credit Card
413	Muhammad Naeem Address: Basti Meer Wala, Bakir Shah Shumali, Post Office Teh All Pur	Muhammad Naeem CNIC: 35201-2007240-1	Muhammad Ibrahim	530	60	-	590	528	114	-	6.42	Personal Loan
414	Awais Bashir Address: House No.E-488, Street No.2, Medina Colony, Wafan School, Lahore	Awais Bashir CNIC: 35201-803020-7	Muhammad Bashir	52	5	-	57	6.38	-	-	6.38	Credit Card
415	Abid Hussain Address: 206-42, Shahman 1, Lahore	Abid Hussain CNIC: 34302-9207720-1	Akram Ali	525	153	-	678	525	112	-	6.37	Credit Card
416	Khwaja Asim Khurshid Address: House# 11, Paradise Velly 1, Sheekhupura Road, Faisalabad.	Khwaja Asim Khurshid CNIC: 33102-177318-1	Khwaja Khurshid Anwar	340	109	-	449	506	129	-	6.35	Amex Card
417	Muhammad Irfan Ajmal Address: Shujabad, Multan	Muhammad Irfan Ajmal CNIC: 36304-3440886-3	Muhammad Ajmal Khan	568	60	-	628	568	66	-	6.34	Personal Loan
418	Liaquat Ali Address: Opposite Shell Petrol Pump, R.A.Bazar, Rawalpindi	Liaquat Ali CNIC: 37405-0582921-1	Haji Ghulam Muhammad	545	75	-	620	545	87	-	6.32	Personal Loan
419	Javed Iqbal Bhatti Address: House # 113-B, Eden Housing Society, College Road, Lahore	Javed Iqbal Bhatti CNIC: 42301-102770-9	Muhammad Rasheed Bhatti	564	70	-	634	505	127	-	6.32	Personal Loan
420	Rai Muhammad Akhtar Address: Mehran Block, Alama Iqbal Town	Rai Muhammad Akhtar CNIC: 35202-7364211-9	Rai Abdul Raouq	521	96	-	617	521	111	-	6.32	Personal Loan
421	Zunain Khan Tariq Address: Murree Endeavour 1297, Mezzanine Floor, Spectify Tower D1b, Phase 1, Karachi	Zunain Khan Tariq CNIC: 42301-8021301-3	Tariq Mustafa	544	67	-	611	544	87	-	6.31	Personal Loan
422	Zulfiqar Ali Address: Gulshan E Iqbal, Near Ali Petroleum, St. No. 1, Chishtian	Zulfiqar Ali CNIC: 31003-3674742-5	Nazir Muhammad	501	106	-	607	501	129	-	6.30	Personal Loan
423	Muhammad Kashif Address: E11 3 Markaz, Taha Arcade Plaza, Shop 5 And 12, Rawal Digital Color Lab, Islamabad	Muhammad Kashif CNIC: 61001-8099264-3	Shafiq Ur Rehman	-	-	-	-	629	-	-	6.29	Credit Card
424	Sunrea Shahzadi Address: H No. 52, Royal Villas, Nawab Pur Road, Near Fiaz Kam Chowk, Multan	Sunrea Shahzadi CNIC: 33302-96088903-6	Kaleem Ullah	468	131	-	599	468	160	-	6.28	Personal Loan
425	Ishad Hussain Arif Address: Allah Jawaya Laar, Khan Bela, Teh Lapaq Pur, Distt R.Y Ktan	Ishad Hussain Arif CNIC: 31002-9834846-9	Nazar Hussain	482	117	-	599	482	144	-	6.26	Personal Loan
426	Shakeel Ahmed Address: Flat No 204, 2nd Floor, Astam Moti Wala, Terrace Mahani Road, Khanadar	Shakeel Ahmed CNIC: 42301-7866141-3	Suleh Muhammad	527	72	-	599	527	98	-	6.25	Personal Loan
427	Rashid Naeem Address: House # Ne-1521/D, Dhoke Farman Ali, Rawalpindi	Rashid Naeem CNIC: 37401-4150225-5	Muhammad Naseem	572	52	-	624	572	52	-	6.24	Personal Loan
428	Arif Bashir Address: Habib Colony St No. 1, 32 Chowk, Faisalabad Road, Safa Bazar, Chakwal	Arif Bashir CNIC: 37201-1573743-5	Muhammad Bashir	885	22	-	907	122	501	-	6.23	Personal Loan
429	Naseem Raza Address: Northern Bypass House No 1747, P Block, Wagda Town Phase 2, Multan	Naseem Raza CNIC: 36302-0739334-9	Efahi Bukhsh	523	88	-	611	523	98	-	6.21	Personal Loan
430	Muhammad Waqas Address: H No. 40, St. No. 07, Din Muhammad Colony, Kotli Peer Abdul Rehman Baghbanpura Near, Lahore	Muhammad Waqas CNIC: 35201-3365862-3	Jamal Din	513	68	-	581	513	107	-	6.20	Personal Loan
431	Arslan Habib Address: House No. 6, Street No 6-C, Masjidwala Street, Sajjat Road, Shalida, Near Qasim Masjid, Lahore	Arslan Habib CNIC: 35202-5826761-3	Habib Ullah	274	-	-	274	620	-	-	6.20	Credit Card
432	Muhammad Saddique Address: Dulo Khurd, Main Ferozpur Road, Lahore Okara	Muhammad Saddique CNIC: 35102-2619624-7	Nazir Ahmad	489	55	-	544	489	130	-	6.19	Personal Loan
433	Abdul Sattar Chaudhry Address: House No 279, Street 7, Farzabad, Okara	Abdul Sattar Chaudhry CNIC: 35302-50468902-1	Bear Din	437	28	-	465	438	179	-	6.17	Credit Card
434	Muhammad Zubair Address: House No G-1345, Sector 11, 12 Ghosia Baloch Colony Orangi Town, Karachi	Muhammad Zubair CNIC: 42401-0410264-7	Muhammad Qasim	554	16	-	570	546	68	-	6.14	Personal Loan
435	Muhammad Zubair Address: House No G-1345, Sector 11, 12 Ghosia Baloch Colony Orangi Town, Karachi	Muhammad Zubair CNIC: 42401-0410264-7	Muhammad Qasim	537	12	-	549	529	85	-	6.14	Personal Loan
436	Abdul Jilil Jamil Address: 14-A, Justice Sardar Iqbal Road, Gulberg-V, Lahore	Abdul Jilil Jamil CNIC: 35202-2125744-3	Sheikh Muhammad Jamil	497	-	-	497	525	87	-	6.12	Credit Card



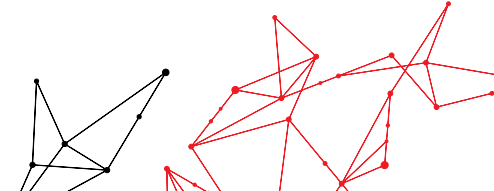


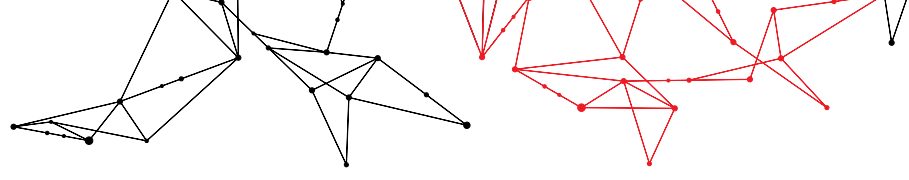
(Rupees in '000)

S.No	Name and Address of the borrower	Name of individuals / Partners / Directors (With CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at					Principal written-off (9-10-11)	Product Name		
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (9-10-11)	Other financial relief provided				
1	2	3	4	5	6	7	8	9	10	11	12	13
437	Syed Mohsin Ali Rizvi Address: House No R-42B, 2nd Floor, Block 16, FB Area, Karachi	Syed Mohsin Ali Rizvi CNIC: 42201-6337044-3	Syed Ahsan Ali Rizvi	495	103	-	598	495	116	-	611	Personal Loan
438	Khizar Hayat Address: Qasba Gujrat, Near Hospital Chowk, Muzaffargarh	Khizar Hayat CNIC: 36304-6337624-9	Nabi Bukhsh	531	47	-	578	522	88	-	610	Personal Loan
439	Abid Ali Address: Mohallah Marzipura Mashrafiq, Jhang	Abid Ali CNIC: 33202-8495237-7	Syed Wajid Ali Shah	490	97	-	587	490	119	-	609	Personal Loan
440	Anjad Hussain Address: H No.31, Street No.12, A Block, Swan Garden, Islamabad	Anjad Hussain CNIC: 38403-2168459-7	Aliah Ditta	543	49	-	592	531	77	-	608	Auto Finance
441	Lubna Haroon Address: H No 30-B, Al Hamed Colony, Abu Bakar Road, Allama Iqbal Town, Lahore	Lubna Haroon CNIC: 33000-7059584-6	Haroon Mughal	462	118	-	580	462	145	-	607	Personal Loan
442	Rashid Ali Address: Shorkot City, C, Hak #7, Ghagh, Near Govt Girls Primary School, Jhang	Rashid Ali CNIC: 33203-1439955-7	Muhammad Ijaz	493	100	-	593	493	113	-	606	Personal Loan
443	Ahmed Nadeem Bhatti Address: P G E C H S House Number 21A/3, College Road, Johar Town, Lahore	Ahmed Nadeem Bhatti CNIC: 35202-9728656-1	Chaudhary Muhammad Sarwar Bhatti	499	99	-	598	499	107	-	606	Personal Loan
444	Ali Hamza Address: P.O Khias Bajra Ghani, Tehsil Pirsavir, District Sialkot	Ali Hamza CNIC: 34602-1492537-9	Khalid Hussain	496	84	-	580	496	108	-	604	Personal Loan
445	Muhammad Zafar Yaseen Address: Tehsil Kahroo Pacca, Distt Lodhran	Muhammad Zafar Yaseen CNIC: 36202-3246771-5	Muhammad Ramzan	550	32	-	582	550	53	-	603	Personal Loan
446	Taimoor Address: Near Metro Collegiate, Karachi.	Taimoor CNIC: 42101-0879370-5	Fahimuddin Bhatti	514	23	-	537	514	88	-	602	Personal Loan
447	Umar Abbas Address: Khias Phans, Surai Nowshera Vikran, Gujranwala.	Umar Abbas CNIC: 34034-6424652-3	Muhammad Abbas	489	88	-	577	489	113	-	602	Personal Loan
448	Khagan Babar Address: St. No. 24, H No. 413, Shalimar View Scheme, Near Zubaida Hospital, Lahore	Khagan Babar CNIC: 35202-2299715-7	Muhammad Anjad	488	102	-	590	488	114	-	602	Personal Loan
449	Hamid Address: Jamiah Ashab- E- Sufiah, Range Road Westridge III, Rawalpindi	Hamid CNIC: 37405-0662743-1	Muhammad Abdul Malik	529	66	-	595	529	73	-	602	Personal Loan
450	Muhammad Umar Khan Address: H. No. 186, Industrial Estate, Jamrud Road, Peshawar	Muhammad Umar Khan CNIC: 17301-5316077-3	Habib Uljhan Khan	468	18	-	486	468	132	-	600	Credit Card
451	Muhammad Ahsan Iqbal Address: H No. 8, St. No. 7, Masjid Baba Lal Shah Basami Road, Samnabad, Near Mihai Wala Chowk, Lahore.	Muhammad Ahsan Iqbal CNIC: 35202-6823383-1	Iqbal Ahmed	477	96	-	573	477	122	-	599	Personal Loan
452	Harjimal Address: House No 16 A, Salewat Par A, Tando Wali Muhammad, Near Khoja Jamat Khana, Hyderabad	Harjimal CNIC: 41405-1815491-1	Visram	629	81	-	710	526	72	-	598	Personal Loan
453	Shazia Fatma Address: House 5 117, 4Th B, Khyaban E Hussain Shaheed, Dhs, Karachi.	Shazia Fatma CNIC: 42201-8422589-4	Muhammad Rizwan Qureshi	472	116	-	588	472	126	-	598	Personal Loan
454	Arslan Habib Address: House No. 8, Street No C-C, Masjidwall Street, Lalpat Road, Shandho, Near Qasim Masjid, Lahore	Arslan Habib CNIC: 35202-3826761-3	Habib Uljhan	100	-	-	100	596	-	-	596	Credit Card
455	Muhammad Sarder Mehmood Address: Khias Khalilqabad, Tehsil And District Khushab	Muhammad Sarder Mehmood CNIC: 38201-6723000-3	Muhammad Ashraf	499	85	-	584	499	95	-	594	Personal Loan
456	Muhammad Rehamat And Seven Brother Address: Darel, Dielt Diemar Floor, Lda Plaza, Ejerton Road Lahore	Muhammad Rehamat And Seven Brother CNIC: 71203-1203669-1	Rahmat Ghani	493	80	-	573	493	100	-	593	Personal Loan
457	Shehroz Ashfaq Cheema Address: Options And Co, Lower Ground Floor, Lda Plaza, Ejerton Road Lahore	Shehroz Ashfaq Cheema CNIC: 36302-3366918-3	Ashfaq Ahmed Cheema	450	1	-	451	450	142	-	592	Credit Card
458	Syed Abdul Jalil Address: Tehsil Ahmed Pur East, District Bahawalpur Islamabad	Syed Abdul Jalil CNIC: 31201-4445277-3	Zafar Hussain Shah	498	74	-	572	498	93	-	591	Personal Loan
459	Muhammad Ramzan Address: H No 92-H, St. No.117, Sector 1-10/4, Islamabad	Muhammad Ramzan CNIC: 37105-7865691-5	Aliah Wasaya	542	36	-	578	542	46	-	588	Auto Finance
460	Mirza Kamran Aslam Baig Address: St. No 42, Zkyra Town, Near Masjid Allah Wali, Bosan Road Multan.	Mirza Kamran Aslam Baig CNIC: 36302-0483295-5	Mirza Muhammad Aslam	452	112	-	564	452	136	-	588	Personal Loan
461	Syed Jawaid Ali Shah Address: House C-201, Baba Suleman Road, Neem K, Cheri, Karachi	Syed Jawaid Ali Shah CNIC: 45504-1123218-9	Syed Meib Ali Shah	461	100	-	561	461	127	-	588	Personal Loan
462	Muhammad Zeeshan Ashraf Address: Mohallah Talley Wali Masjid, Phool Nagar, Tehsil Patokki, Kasur	Muhammad Zeeshan Ashraf CNIC: 35103-5015468-3	Sheikh M Ashraf Kasbir	328	-	-	328	587	-	-	587	Credit Card

(Rupees in '000)

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				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total (5+6+7)	Principal written-off					
1	2	3	4	5	6	7	8	9	10	11	12	13	
463	Romali Address: House # 1, Si-1, Lane 1, Lalazar Estate, Rawalpindi	Romali CNIC: 37-405-2657625-6	Yaqoob Masih	319	-	-	319	453	133	-	586	Credit Card	
464	Syed Samar Husnain Shahzad Address: Road Dhieri Hassanabad, Rawalpindi	Syed Samar Husnain Shahzad CNIC: 37-405-9433478-1	Syed Nazim Hussain Kazmi	540	69	-	609	517	69	-	586	Personal Loan	
465	Kazim Ali Shah Address: A One City, Bwary Road, Quetta	Kazim Ali Shah CNIC: 55305-2288005-1	Lal Shah	465	95	-	560	465	120	-	585	Personal Loan	
466	Aliyah Raikha Address: Khos Mirwala More Khunda, Near Rakha Kanyana Store And Noor Ashraf Atta Chak	Aliyah Raikha CNIC: 35501-0282637-7	Muhammad Botoa	450	124	-	574	450	134	-	584	Personal Loan	
467	Fateh Muhammad Shah Address: Ward No 3, Village Siddiqui Shah Town, Community Khair, District Matiat	Fateh Muhammad Shah CNIC: 41305-7740355-9	Noor Muhammad Shah	590	51	-	631	523	61	-	594	Personal Loan	
468	Mahmood Ahmed Address: Plot No.390, Block Orchard-I, Paragon City Housing Scheme, Barki Road, Lahore.	Mahmood Ahmed CNIC: 37405779108-1	Zaher Ahmed	3074	1776	208	5008	-	593	-	593	House Finance	
469	Kamran Waheed Address: Flat Number 179-D, Scheme Number 02, Nohala Gulshan Iqbal, Block Zaid Rahim, Bahawalpur	Kamran Waheed CNIC: 31201-0342235-1	Muhammad Waheed Akhtar	502	62	-	564	502	79	-	581	Personal Loan	
470	Farukh Zaman Malik Address: Bahria Town Phase-8, Main Hub Commercial Plaza No-44, 2nd Floor, Flat No-2, Rawalpindi	Farukh Zaman Malik CNIC: 384045-1644267-7	Malik Muhammad Aslam	445	112	-	557	445	134	-	579	Personal Loan	
471	Muhammad Abu Bakar Address: Village Kot Gondali, Pasur, Sialkot	Muhammad Abu Bakar CNIC: 34602-1304622-5	M Ashraf	78	-	-	78	579	-	-	579	Credit Card	
472	AbulFalah Address: Sheratan Building, Top Floor, Flat No.8 Burns Road, Near 5M Arts College, Karachi	AbdulFalah CNIC: 42301-59961508-1	Zahid Ahmad Qureshi	19	2	-	21	579	-	-	579	Credit Card	
473	Muhammad Ramzan Address: Mohallah Defence Colony, 35 Feet Baazir, Near Country School, Shahjhpura.	Muhammad Ramzan CNIC: 35404-1804672-3	Muhammad Naseem	485	84	-	569	485	99	-	578	Personal Loan	
474	Ali Raza Address: Village Baddo Raiza, Near Al Syed Academy, Post Of Fickhas, Nowshera Virkan, Gujranwala	Ali Raza CNIC: 34035-088142-7	Muhammad Younas	514	76	-	590	514	64	-	579	Auto Finance	
475	Pardeep Kumar Address: House No 04, Street 1, Sector F, Manzoor Colony, Karachi	Pardeep Kumar CNIC: 44202-4441707-7	Roopoo	470	38	-	508	470	107	-	577	Personal Loan	
476	Nazir Akbar Address: H No.709, St. No.6, F-8, Peshawar	Nazir Akbar CNIC: 21201-2260949-9	Bahadur	515	14	-	529	515	98	-	573	Auto Finance	
477	Aurangzeb Address: Azeem Shah Mohallah, Near Moharam Khyana Store.	Aurangzeb CNIC: 43205-4872736-7	Munwar Ali Soomro	468	80	-	548	468	104	-	572	Personal Loan	
478	Muhammad Rafiq Address: Dhanola Faisalabad	Muhammad Rafiq CNIC: 38203-6873920-9	Muhammad Yaqoob	450	52	-	502	450	122	-	572	Personal Loan	
479	Safeer Hussain Address: St. Running Room No 2, Rohri	Safeer Hussain CNIC: 43004-6689527-7	Gul Hassan Abbasi	453	98	-	551	453	116	-	569	Personal Loan	
480	Fazal Abbas Sohail Address: Muh Dosehra Ground Zafer, Near Doger Market	Fazal Abbas Sohail CNIC: 35404-9669925-7	Ch Muzaffar Hussain	457	86	-	543	457	111	-	568	Personal Loan	
481	Muhammad Zubair Address: IOB-D, Phase-1, Sui Northern Officers Housing Society, Lahore	Muhammad Zubair CNIC: 33201-3909398-3	Abdul Bari	483	74	-	557	483	85	-	568	Personal Loan	
482	Adnan Mobilia Address: Behind Nisaam Ghar, Chander Chowk, Jhelum	Adnan Mobilia CNIC: 37301-18648007-7	Sheikh Iqbal Ahmed	484	66	-	550	484	83	-	567	Personal Loan	
483	Shahzad Address: H-#3274, 28th Street, Khyaban-E-Shamsher, Phase-5, Dha, Karachi	Shahzad CNIC: 42301-7465982-5	Abdul Wahab	417	404	-	821	417	148	-	565	Credit Card	
484	Taj Muhammad Address: Chak No 11, Wb Joyia House, Misaali St, Mohallah Kachi Abadi, Vehari	Taj Muhammad CNIC: 41303-7002573-3	Sardar Ali	477	75	-	552	477	88	-	565	Personal Loan	
485	Mansab Ali Address: Chak No. 77/5-B, Sahiwal	Mansab Ali CNIC: 36502-9651951-1	Muhammad Ashraf	504	23	-	527	495	69	-	564	Personal Loan	
486	Muhammad Ishaq Address: Pakpattan Medicoz, Near City Hospital, Pakpattan	Muhammad Ishaq CNIC: 36402-9114997-3	Haji Sakhi Muhammad	489	64	-	553	489	74	-	563	Personal Loan	
487	Samina Naz Address: House No 56, Income Tax Society, Karachi	Samina Naz CNIC: 42201-0253316-2	Shafiq Ahmed	451	104	-	555	451	113	-	564	Personal Loan	
488	Syed Ali Asghar Address: House No 474/A, Street No 4, Sector Abedian Road, Askari II, Lahore	Syed Ali Asghar CNIC: 35201-7754880-5	Syed Shahanshah Asghar	452	-	-	452	452	111	-	563	Credit Card	



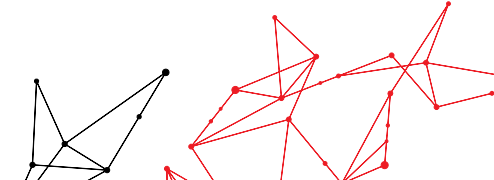


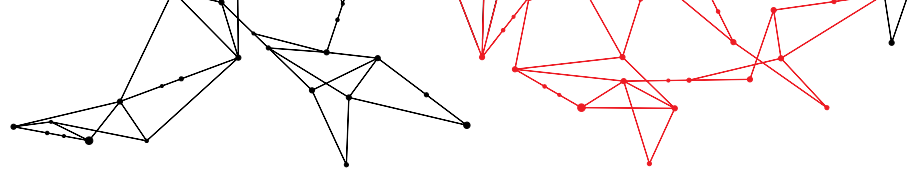
(Rupees in '000)

S.No	Name and Address of the borrower	Name of individuals / Partners / Directors (with CNIC No.)	Fathers / Husband's Name	Outstanding Liabilities at beginning of year as at					Product Name			
				Principal	Interest / Mark-up	Other Interest / Mark-up	Total (5+6+7)	Principal written-off		Interest / Mark-up written-off / waived	Other financial relief provided	Total (9+10+11)
1			4	5	6	7	8	9	10	11	12	13
489	Muhammad Shahzad Address: Mughal Bhatta Pind Kot Bagh Rawind Road, Lahore.	Muhammad Shahzad CNIC: 36104-744668-7	Muhammad Ramzan	441	47	-	488	441	121	-	562	Personal Loan
490	Fehmida Hafeez Address: Muhallah Cha Bakay Wala, Sialkot	Fehmida Hafeez CNIC: 34603-4605301-4	Munir Ahmed	528	46	-	574	511	52	-	563	Personal Loan
491	Muhammad Shahid Latif Address: House No. 254, Block A, Punjab University Housing Town 2, Valencia Lahore	Muhammad Shahid Latif CNIC: 35200-1543170-1	Sheikh Muhammad Latif	498	-	-	498	498	64	-	562	Personal Loan
492	Syed Ali Ghawas Address: Street No 14, B, Islamabad	Syed Ali Ghawas CNIC: 37405-0404299-3	Syed Zaigham Hussain	513	39	-	552	513	49	-	562	Personal Loan
493	Abdul Bariq Address: Plot 1348, Hussain Villas, IS, Floor, Bk-2, FB Area, Near Saffa Masjid, Karachi	Abdul Bariq CNIC: 42201-3724559-7	Muhammad Taufique	443	322	-	765	450	109	-	559	Credit Card
494	Anees Ur Rehman Address: Ghazali Hostel, Room No-24, Kcp Complex, Jadharaabad	Anees Ur Rehman CNIC: 37405-1632093-9	Muhammad Sharif	437	103	-	540	437	123	-	560	Personal Loan
495	Wakeel Hassan Address: Alta Colony, Rajanpur	Wakeel Hassan CNIC: 35501-0426338-3	Abbas Ali	444	88	-	532	444	116	-	560	Personal Loan
496	Zeeshaan Address: Post Office, Chak No 162-163 L, Tehsil Chichawatni	Zeeshaan CNIC: 36501-9100950-7	Falak Sher	376	45	-	421	448	111	-	559	Credit Card
497	Muhammad Tabriz Khan Address: H No B4M Faizpur Interchange, Near A One Super Store, Lahore, Shadian, Lahore	Muhammad Tabriz Khan CNIC: 35202-0174930-3	Nasir Ijaz Khan	481	15	-	496	477	81	-	558	Personal Loan
498	Vijaya Laxmi Vania Address: Ft No 4-B Block-7, Mohale Hamtan Couk, 3 Talwar, Clifton Karachi	Vijaya Laxmi Vania CNIC: 42301-0818747-4	Kalyani BS Vania	465	93	-	548	455	102	-	557	Personal Loan
499	Muhammad Waseem Address: Ft No F-8, IS, Floor, Hoor Appt, Sec-1, North Karachi	Muhammad Waseem CNIC: 42201-1731440-3	Abdul Baseed	465	79	-	544	465	90	-	555	Personal Loan
500	Abdul Rahim Address: Killi Landi, Harmal	Abdul Rahim CNIC: 35301-3440475-7	Haji Rahim Dill Khan	467	80	-	547	467	87	-	554	Personal Loan
501	Muhammad Rafiq Address: Gali Water Works No-2, Mohallah Peer Kanyan	Muhammad Rafiq CNIC: 36402-2567429-5	Noor Muhammad	467	24	-	491	467	87	-	554	Personal Loan
502	Momina Syeda Fatima Address: 127-D Street 10 Phase 1, State Life Housing Society, Lahore	Momina Syeda Fatima CNIC: 35202-4705780-6	S.A. Nagvi	82	7	-	89	456	98	-	554	Credit Card
503	Muhammad Ehtesham Address: House No.25-C-2, Lane No.5-A, Tulka Road, Lalazar, Rawalpindi	Muhammad Ehtesham CNIC: 37405-6496651-7	Malik Muhammad Amin	433	72	-	505	433	120	-	553	Credit Card
504	Nadia Shahid Address: Near Malik Lateef Chairmen House, Suraj Kund Road, Malila Town, Lahore	Nadia Shahid CNIC: 35202-977349-4	Shahid Mahmood	-	-	-	-	148	401	-	550	Personal Loan
505	Syed Abid Akhter Address: Bandy Obra, Mohallah Sheekhano Kohy Nowan Park, Tehsil Swatli	Syed Abid Akhter CNIC: 16202-5094993-3	Syed Musa Badshah	447	66	-	513	447	103	-	550	Personal Loan
506	Haniza Amir Address: Blueward Gulberg -3, Lahore	Haniza Amir CNIC: 35202-879532-3	Amir Shahzad Alan	470	68	-	538	470	79	-	549	Personal Loan
507	Muhammad Awaiz Khan Address: House No M.147/17, Mohallah Ballo Kheel, District Mirwal.	Muhammad Awaiz Khan CNIC: 35202-6099047-9	Muhammad Anwar Masood Khan	469	53	-	522	469	79	-	548	Personal Loan
508	Fakhar Ud Din Address: Moh Debar Sufi Shar Muhammad Sakhi Sarwar, D.O Khan	Fakhar Ud Din CNIC: 32102-5159329-1	Ghulam Shair	453	80	-	533	453	94	-	547	Personal Loan
509	Imran Ali Baladi Address: Flat No 319, 3rd Floor, Block D1, Classic View Apartment, Gulistan E Johar, Block 19, Karachi	Imran Ali Baladi CNIC: 45302-4838286-5	Shah Nawaz	452	82	-	534	452	94	-	546	Personal Loan
510	Darakhshan Mudasir Address: Plot No F-2, Defence View Phase 2, Flat-A 301	Darakhshan Mudasir CNIC: 42101-3794886-2	Mudasir Zaman	437	100	-	537	437	110	-	547	Personal Loan
511	Aurangzaib Address: House No 9103-C, Baban Shah Colony, Hyderabad.	Aurangzaib CNIC: 41303-1481503-1	Ghulam Mustafa	470	14	-	484	465	81	-	546	Personal Loan
512	Adnan Ahmed Butt Address: Hassan Mobile Shop 30, 1st Floor, Buttomobile Plaza, Raja Bazar, Rawalpindi.	Adnan Ahmed Butt CNIC: 37405-8869472-9	M Farooq Butt	437	80	-	517	437	109	-	546	Credit Card
513	Zeeshaan Ali Address: Street # 4 Mohallah Gulshan Hayat Parkshahara More, Near Chowk Umar Farooq E Azam, Lahore	Zeeshaan Ali CNIC: 35202-2404449-7	Muhammad Sharif	-	-	-	-	545	-	-	545	Credit Card
514	Haftiz Amir Ayaz Ashraf Address: House No B 131, IS, Floor, Block B, Karachi	Haftiz Amir Ayaz Ashraf CNIC: 37103-4199883-3	Muhammad Ashraf	464	48	-	512	445	99	-	544	Personal Loan

(Rupees in '000)

S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at							Principal written-off (9-10-11)	Product Name
				January 01, 2023		Total (5+6+7)		Interest / Mark-up written-off / waived	Other financial relief provided			
				Principal	Interest / Mark-up	Others than Interest / Mark-up	Total					
1	2	3	4	5	6	7	8	9	10	11	12	13
515	Uzma Rizwan Address: Bostan Road House No.12, Mohallah Zikriya Town, Multan	Uzma Rizwan CNIC: 36302-540097-6	Qazi Mehboub Rizwan Aslam	454	76	-	530	454	89	-	543	Personal Loan
516	Ghulam Mustafa Address: Farooq Hospital, 262-263 West Wood Colony, Karachi.	Ghulam Mustafa CNIC: 33100-9107282-1	Muhammad Din	470	20	-	490	454	88	-	542	Personal Loan
517	Saniya Address: Station Dr. Mahmood Hussain Road, Off Tanq Road, Karachi.	Saniya CNIC: 42201-173018-8	Ahmed Ali	464	66	-	530	464	76	-	540	Personal Loan
518	Asif Khan Address: House No. Kmc 392, Sector 4-D, Islam Nagar Orangi Town, Karachi	Asif Khan CNIC: 42401-2890699-5	Akhtar Jahan	448	79	-	527	448	92	-	540	Personal Loan
519	Qadeer Ahmad Address: Bati Noor Bahar, Near Under Pull, Budha Road Sial Mafi, Multan	Qadeer Ahmad CNIC: 36302-4907299-7	Muhammad Hanef	376	21	-	397	434	106	-	540	Credit Card
520	Muhammad Waqas Riaz Address: P O Bhawalnagar, Islam Pura, Bahawalnagar	Muhammad Waqas Riaz CNIC: 31101-9752895-7	Muhammad Riaz Qadeer	451	67	-	518	446	94	-	540	Personal Loan
521	Khajal Muhammad Address: Flat No. D-315, 3Rd Floor, Classic View Apartment Block 19, Gulshan E Iqbal, Karachi	Khajal Muhammad CNIC: 42301-7773148-5	Lajj Khan	420	107	-	527	420	117	-	537	Personal Loan
522	Muhammad Akhtar Address: Teishi Liaquatpur, Rahim Yar Khan.	Muhammad Akhtar CNIC: 36203-4804502-5	Hafiz Nazar Hussain	433	58	-	491	430	106	-	536	Personal Loan
523	Haji Ahmad Address: Boba Sharif, Yousaf Colony Haidali, Khushab.	Haji Ahmad CNIC: 36201-5417629-3	Ghulam Ali	-	13	-	13	535	-	-	535	Credit Card
524	Mfshah Ahmed Address: House No 26776, Malallah Qsai Popl Tando, Shikarpur	Aftab Ahmed CNIC: 43304-311039-9	Abdul Khaliq Abro	468	28	-	496	468	66	-	534	Personal Loan
525	Muhammad Tariq Address: House No. 5, Fateh Garh Road, Opp. Sabaz Wari Darbar, Lahore	Muhammad Tariq CNIC: 35201-4250072-9	Shukar Din	534	-	-	534	534	-	-	534	Personal Loan
526	Nasim Butt Address: H/F A-3, E-2 Flat 5Th Floor Block 196, Street K 19 Khana Bahar Colony, Karachi.	Nasim Butt CNIC: 42301-0948650-5	Muhammad Younis Butt	419	33	-	452	417	116	-	533	Personal Loan
527	Sumera Tabassum Address: 54-A Near Pelican Mess, Bahawalpur.	Sumera Tabassum CNIC: 37208-6260069-6	Muhammad Imran Gul	503	41	-	544	473	60	-	533	Personal Loan
528	Al Majeed Flour Mills Address: 352-B, Canal View, Lahore	1. Rana Naeem Riaz Ahmed CNIC: 35103-1344815-1 2. Raza Baber Jameel CNIC: 35202-2686130-5 3. Mrs. Asma Ilyas CNIC: 35103-4643397-2	1. Rana Riaz Ahmed Khan 2. Jameel Kanwar 3. Rana Tanveer Riaz	-	458	871	1,329	-	-	533	CF-Hypo	
529	Shariz Sohail Address: In-271, Falcon New Mill, Opp. Mallcentric, Check Post No. 6, Near Saim Tower, Karachi	Shariz Sohail CNIC: 42201-1738189-7	Muhammad Sohail	407	49	-	456	432	100	-	532	Credit Card
530	Zulfqar Ali Memon Address: House No 241, Block B, Sheet No 28, Saima Arabia Villas, North Karachi.	Zulfqar Ali Memon CNIC: 42401-4886329-7	Ghulam Ali Memon	449	72	-	521	449	83	-	532	Personal Loan
531	Seema Address: Plot No F2, 3rd Floor, A 301 Phase 2, Defence View, Defence View, Karachi.	Seema CNIC: 42201-459850-0	Mudassir Zaman	437	86	-	523	437	95	-	532	Personal Loan
532	Abida Tabsum Address: House No 84, Block F , Burewala.	Abida Tabsum CNIC: 36601-2427951-8	Sajid Hussain	451	52	-	503	451	80	-	531	Personal Loan
533	Muhammad Sharif Address: P O Paiti Ghulam Ali Chah Khayoya Sanawan Teh Kot Addu	Muhammad Sharif CNIC: 32303-1748965-5	Ghulam Hussain	446	54	-	502	448	83	-	531	Personal Loan
534	Waris Gulzar Ahmad Address: Railway Road, Near National Bank, Chichawati	Waris Gulzar Ahmad CNIC: 42000-6445904-3	Gulzar Ahmad	438	20	-	458	438	92	-	530	Personal Loan
535	Muzaffar Ahmed Bashir Address: House No 1322, S. No 36, C-11/2, Islamabad	Muzaffar Ahmed Bashir CNIC: 37405-1746224-3	Muhammad Bashir	2	8	-	10	458	70	-	528	Credit Card
536	All Raza Aslam Address: Office No 301 3RD Floor Imperial Square Plaza, Islamabad.	All Raza Aslam CNIC: 36502-65070399-9	Muhammad Aslam	468	38	-	506	468	58	-	526	Personal Loan
537	Maqbool Ahmad Address: House No.3, Power Jim Street, Lajpat Road, Shahdara, Lahore	Maqbool Ahmad CNIC: 35202-5559855-5	Muneer Ahmad	96	-	-	96	422	101	-	523	Credit Card
538	Tab Plus Pharmacy Address: Atif Chowk, 30-A Sunda Road, Lahore.	Tab Plus Pharmacy CNIC: 35202-2792707-1	Muhammad Akram	420	84	-	504	420	100	-	520	Personal Loan
539	Muhammad Jawad Iqbal Address: House No. 68/2, Lane-15, Khy-E-Senar Phase-7, Dha 151 Floor, Near Bital Masjid, Karachi.	Muhammad Jawad Iqbal CNIC: 42201-1986717-3	Muhammad Iqbal Khan	371	226	-	597	371	149	-	520	Credit Card
540	Abdul Salam Address: House No 5-42-B-5, Mohallah Karnaalpur, Straj Dini, Lahore.	Abdul Salam CNIC: 35202-304794-7	Fakrudin	519	-	-	519	519	-	-	519	Personal Loan





S.No.	Name and Address of the borrower	Name of Individuals / Partners / Directors (with CNIC No.)	Father's / Husband's Name	Outstanding Liabilities at beginning of year as at						Total (9-10+11)	Product Name	
				January 01,2023		Other financial assets provided	Interest / Mark-up written-off / waived	Principal written-off	Total (5-6+7)			
				Principal	Interest / Mark-up							
1		3	4	5	6	7	8	9	10	11	12	13
541	Muhammad Tahir Javeed Address: House No.D 431, Shah Faisal Colony, Karachi.	Muhammad Tahir Javeed CNIC: 42201-0567288-5	Javeed Mashi	433	77	-	510	433	85	-	518	Personal Loan
542	Alli Sher Khan Khattak Address: House 171, Street 11, Sector E-11/4, Islamabad.	Alli Sher Khan Khattak CNIC: 6101-8509055-5	Ayaz Khan Khattak	454	20	-	474	454	64	-	518	Personal Loan
543	Muhammad Sajjad Address: House No. 12 Nawaz Colony, Newgreen Town, Bagrian Road, Near Hakimtown Graveyard, Lahore	Muhammad Sajjad CNIC: 35202-8706581-5	Muhammad Hanif	-	-	-	-	518	-	-	517	Credit Card
544	Farrukh Zaman Malik Address: Ghoghghat, P O Miani, Teh Bhera, Sangodha	Farrukh Zaman Malik CNIC: 38401-1644267-7	Farrukh Zaman	-	-	-	-	412	105	-	517	Credit Card
545	Sheekh Waqas Mehmood Address: House No C-2, Block 7, Gulistan-E-Iqbal, Karachi.	Sheekh Waqas Mehmood CNIC: 42201-9148061-3	Khalid Pervaiz	450	13	-	463	450	68	-	518	Personal Loan
546	Saleem Ahmed Siddique Address: HR 273, M-I, Block 5, Satellite Town, Quetta	Saleem Ahmed Siddique M. CNIC: 54400-0400192-3	Ghulam Nabi Siddique	435	69	-	504	435	83	-	518	Personal Loan
547	Muhammad Nadeem Address: Chak No 143/WB, Po Dokota, Vehari	Muhammad Nadeem CNIC: 36602-8221045-5	Muhsin Ahmad	449	30	-	479	449	67	-	516	Auto Finance
548	Saima Rasheed Address: 35 Ghousia Colony, Saidpur Road, Rawalpindi.	Saima Rasheed CNIC: 37405-254204-2	Abdul Rasheed	400	88	-	488	400	114	-	514	Personal Loan
549	Fawad Ahmed Khan Address: House No.67, Block-K-3, Phase - I, Wapda Employees Co-Operative Housing Society, Lahore	Fawad Abbas Zaidi CNIC: 365024-259252-3	Shamshad Ahmed Khan	3,200	726	188	4,114	-	514	-	514	House Finance
550	Moum Rashid Address: House # 67, Block-C, Nawab Town/Rahwind Road, Lahore	Moum Rashid CNIC: 35202-847861-9	Rashid Jamil	278	1	-	279	407	96	-	513	Credit Card
551	Waseem Javeed Address: H No 1459, Muhallah Beroon Akbari Gate	Waseem Javeed CNIC: 35202-128538-1	Muhammad Javeed Malik	424	55	-	479	424	85	-	509	Personal Loan
552	Muhammad Mehroze Address: House No.3, Street#22-A, Pak Colony Outside Chouhachia Chowk, Mustafabad, Lahore	Muhammad Mehroze CNIC: 35201-4093407-9	Sharif Ahmad	243	2	-	245	433	95	-	508	Credit Card
553	Shaista Islam Address: Killi Shamoozal Qambhani Road, Quetta	Shaista Islam CNIC: 54400-0433823-0	Muzaffar Ullah	422	35	-	457	47	91	-	508	Personal Loan
554	Kashif Iqbal Address: H No 43, Hidayat Ullah Block Mustafa Town, Lahore.	Kashif Iqbal CNIC: 35202-2327749-5	Muhammad Iqbal Siddique	429	31	-	460	429	77	-	506	Personal Loan
555	Muhammad Yameen Address: Flat 6, 2nd Floor, Mustafa Marzli, Haji Camp, Karachi.	Muhammad Yameen CNIC: 42000-5011800-9	Yasin	286	6	-	292	400	106	-	506	Credit Card
556	Shah Zaman Address: H No 11, Block 1, Sector B 1, Township, Lahore	Shah Zaman CNIC: 35202-7182494-7	Hassan Muhammad Husaini	453	53	-	506	453	53	-	506	Personal Loan
557	Muhammad Mujtaba Shah Address: House No. 58, Al Qadair City, Multan Road Nazd Kalama Chowk Post Office Lahore	Muhammad Mujtaba Shah CNIC: 36302-8419997-7	Syed Muhammad	437	13	-	450	430	76	-	506	Personal Loan
558	Kashif Ahmad Address: House No.161, Rays Gulf Club Dha-VI, Lahore	Kashif Ahmad CNIC: 35202-2756735-1	Muhammad Ahmad	398	45	-	443	398	107	-	505	Credit Card
559	Muhammad Atif Mejeed Address: 38-F, Askari 3, School, Karachi Cantt, Karachi	Muhammad Atif Mejeed CNIC: 42000-5467388-5	Abdul Mejeed	355	-	-	355	388	115	-	503	Credit Card
560	Sohaib Anwar Address: Flat # B-205, Salma Royal Residency, Gulshan E Iqbal Block 02, Karachi.	Sohaib Anwar CNIC: 35202-1906653-3	M Anwar	59	19	-	78	396	107	-	503	Credit Card
561	Shahid Iron Store Address: Main Bazaar Bhalwal District Sangodha.	Shahid Mejeed CNIC: 38401-4581590-7	Abdul Jalil	3,496	-	506	4,002	-	-	503	503 Alfalah Kambar Finance (AKF)	Personal Loan
562	Ahmad Ali Address: House Nam 178A, Sector A 1, Govt-Employees Housing Society, Township.	Ahmad Ali CNIC: 35202-3969213-9	Kashif Ali	425	26	-	451	425	75	-	500	Personal Loan
				<b>1,764,068</b>	<b>1,631,412</b>	<b>56,603</b>	<b>3,452,273</b>	<b>1,189,276</b>	<b>1,635,621</b>	<b>140,975</b>	<b>2,965,854</b>	

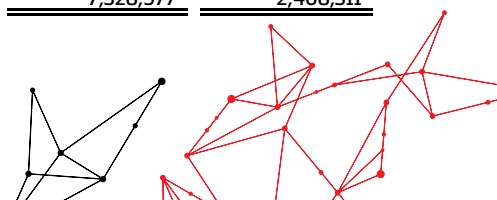
## ANNEXURE - II

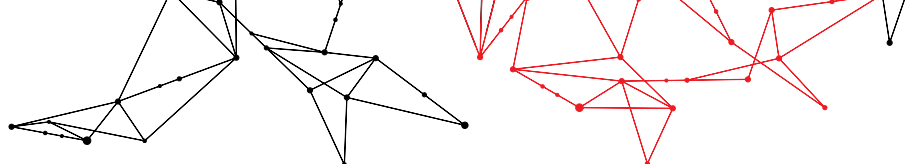
## ISLAMIC BANKING BUSINESS (DOMESTIC)

The Bank operates 348 Islamic banking branches (2022: 280 branches) and 6 sub branches (2022: 5 sub branch) as at December 31, 2023.

## STATEMENT OF FINANCIAL POSITION

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
<b>ASSETS</b>			
Cash and balances with treasury banks		32,341,423	20,521,711
Balances with other banks		1,578,693	1,773,265
Due from financial institutions	1	32,832,027	30,000,061
Investments	2	214,732,021	123,324,033
Islamic financing and related assets - net	3	162,570,124	150,417,644
Fixed assets		17,112,929	12,336,223
Intangible assets		39,602	32,914
Deferred tax assets		-	-
Other assets		24,261,861	14,939,868
<b>Total assets</b>		<b>485,468,680</b>	<b>353,345,719</b>
<b>LIABILITIES</b>			
Bills payable		4,847,290	4,673,534
Due to financial institutions		40,501,991	39,964,773
Deposits and other accounts	4	365,397,636	255,671,950
Deferred tax liabilities		1,291,105	158,892
Other liabilities		47,804,522	35,585,018
		<u>459,842,544</u>	<u>336,054,167</u>
<b>NET ASSETS</b>		<b>25,626,136</b>	<b>17,291,552</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		3,950,000	3,950,000
Surplus on revaluation of assets		3,011,969	2,007,741
Unappropriated/ unremitted profit	6	18,664,167	11,333,811
		<u>25,626,136</u>	<u>17,291,552</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7		
<b>PROFIT AND LOSS ACCOUNT</b>			
		<b>2023</b>	<b>2022</b>
		<b>------(Rupees in '000)-----</b>	<b>------(Rupees in '000)-----</b>
Profit / return earned on Islamic financing and related assets, investments and placements	8	59,527,284	29,329,913
Profit / return expensed on deposits and other dues expensed	9	32,702,239	15,648,056
Net profit / return		<u>26,825,045</u>	<u>13,681,857</u>
Fee and commission income		1,568,038	1,217,011
Foreign exchange income		461,601	654,201
(Loss) / gain on securities		(24,484)	18,071
Other income		82,710	67,694
Total other income		<u>2,087,865</u>	<u>1,956,977</u>
Total income		<u>28,912,910</u>	<u>15,638,834</u>
Expenses			
Operating expenses		13,424,078	10,026,784
Workers' welfare fund		307,410	100,919
Other charges		21,608	4,309
Total expenses		<u>13,753,096</u>	<u>10,132,012</u>
Profit before provisions		<u>15,159,814</u>	<u>5,506,822</u>
Provisions and write offs - net		96,717	657,701
Profit before taxation		<u>15,063,097</u>	<u>4,849,121</u>
Taxation		7,734,120	2,440,810
Profit after taxation		<u>7,328,977</u>	<u>2,408,311</u>



**1 Due from Financial Institutions**

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	------(Rupees in '000)-----					
Musharaka Placements	24,400,000	-	24,400,000	30,000,061	-	30,000,061
Bai Muajjal Receivables	8,432,027	-	8,432,027	-	-	-
	<u>32,832,027</u>	<u>-</u>	<u>32,832,027</u>	<u>30,000,061</u>	<u>-</u>	<u>30,000,061</u>

**2 Investments**

	2023				2022			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	------(Rupees in '000)-----							
<b>By segment &amp; type:</b>								
<b>Federal Government Securities</b>								
<b>Held-for-trading securities</b>								
Ijarah Sukuk	3,022,557	-	(4,857)	3,017,700	-	-	-	-
<b>Federal Government Securities</b>								
<b>Available-for-sale securities</b>								
Ijarah Sukuk	182,501,466	-	1,054,823	183,556,289	100,945,854	-	(925,105)	100,020,749
Naya Pakistan Certificates	5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
	<u>188,188,650</u>	<u>-</u>	<u>1,054,823</u>	<u>189,243,473</u>	<u>105,724,929</u>	<u>-</u>	<u>(925,105)</u>	<u>104,799,824</u>
<b>Non Government Debt Securities</b>								
<b>Available-for-sale securities</b>								
Sukuks - Unlisted	16,133,675	-	66,970	16,200,645	16,579,545	-	129,707	16,709,252
<b>Held-to-maturity securities</b>								
Ijarah Sukuk	3,000,000	-	-	3,000,000	-	-	-	-
Sukuks - Unlisted	3,339,720	(69,517)	-	3,270,203	1,895,679	(80,722)	-	1,814,957
	<u>6,339,720</u>	<u>(69,517)</u>	<u>-</u>	<u>6,270,203</u>	<u>1,895,679</u>	<u>(80,722)</u>	<u>-</u>	<u>1,814,957</u>
<b>Total Investments</b>	<u>213,684,602</u>	<u>(69,517)</u>	<u>1,116,936</u>	<u>214,732,021</u>	<u>124,200,153</u>	<u>(80,722)</u>	<u>(795,398)</u>	<u>123,324,033</u>

**3 Islamic financing and related assets**

	Note	2023	2022
		------(Rupees in '000)-----	
Ijarah	3.1	18,280,711	21,842,453
Murabaha	3.2	3,660,271	4,427,417
Musharaka		15,364,383	27,074,849
Diminishing musharaka		22,300,051	18,747,820
Salam		1,016,849	3,561,970
Bai muajjal financing		24,999,488	-
Musawama financing		4,610,248	6,215,478
Tijarah financing		5,009,036	-
Islamic staff financing		5,009,281	3,494,484
SBP islamic export refinance		102,965	3,476,879
SBP refinance scheme for wages & salaries		1,846	306,658
Islamic long term finance facility plant & machinery		3,414,902	1,484,760
Islamic refinance renewable energy		87,218	127,342
Islamic temporary economic refinance facility (ITERF)		10,351,896	10,119,342
Naya Pakistan home financing		3,336,697	3,548,291
Islamic refinance facility for combating COVID		765,491	605,195
Refinance facility under bills discounting		15,244,583	11,638,939
Advances against islamic assets		21,054,922	29,243,089
Inventory related to islamic financing		10,947,999	6,597,230
Other Islamic modes		1,415,530	2,220,828
Gross Islamic financing and related assets		<u>166,974,367</u>	<u>154,733,024</u>
Less: provision against islamic financings			
- Specific		<u>(4,282,632)</u>	<u>(4,167,412)</u>
- General		<u>(121,611)</u>	<u>(147,968)</u>
Islamic financing and related assets - net of provision		<u>162,570,124</u>	<u>150,417,644</u>



## 3.1 Ijarah

2023							
Cost			Depreciation				Book Value as at Dec 31, 2023
As at Jan 01, 2023	Additions / (deletions)	As at Dec 31, 2023	As at Jan 01, 2023	Charge for the year	Depreciation on disposal	As at Dec 31, 2023	
------(Rupees in '000)-----							
Plant & Machinery*	9,428	-	9,428	(116)	-	(116)	9,312
Vehicles	31,275,611	(2,775,705)	28,499,906	(9,442,470)	(5,634,867)	(10,228,507)	18,271,399
Total	31,285,039	(2,775,705)	28,509,334	(9,442,586)	(5,634,867)	(10,228,623)	18,280,711

2022							
Cost			Depreciation				Book Value as at Dec 31, 2022
As at Jan 01, 2022	Additions / (deletions)	As at Dec 31, 2022	As at Jan 01, 2022	Charge for the year	Depreciation on disposal	As at Dec 31, 2022	
------(Rupees in '000)-----							
Plant & Machinery	9,311	117	9,428	-	(116)	(116)	9,312
Vehicles	27,561,902	3,713,709	31,275,611	(7,931,024)	(6,182,349)	(9,442,470)	21,833,141
Total	27,571,213	3,713,826	31,285,039	(7,931,024)	(6,182,465)	(9,442,586)	21,842,453

\* This represent the residual value.

## 3.1.1 Future Ijarah payments receivable

	2023				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)-----								
Ijarah rental receivables	3,838,949	14,441,762	-	18,280,711	4,586,822	17,255,631	-	21,842,453

## 3.2 Murabaha

Murabaha financing  
Inventory for Murabaha  
Advances for Murabaha

Note 2023 2022  
------(Rupees in '000)-----

3.2.1 Murabaha receivable - gross  
Less: Deferred murabaha income  
Profit receivable shown in other assets  
Murabaha financings

3.2.1	3,660,271	4,427,417
3.2.3	26,752	169,224
	565,903	511,579
	<u>4,252,926</u>	<u>5,108,220</u>
3.2.2	4,249,825	4,854,003
3.2.4	(192)	(652)
	<u>(589,362)</u>	<u>(425,934)</u>
	<u>3,660,271</u>	<u>4,427,417</u>

## 3.2.2 The movement in Murabaha financing (gross) during the year is as follows:

Opening balance  
(Purchases) / sales during the year - net  
Closing balance

4,854,003	3,442,234
<u>(604,178)</u>	<u>1,411,769</u>
<u>4,249,825</u>	<u>4,854,003</u>

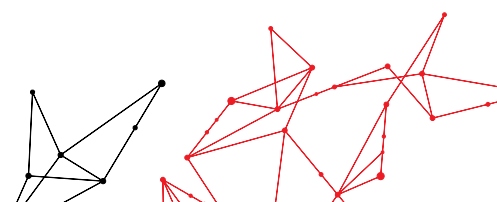
3.2.3 Murabaha sale price  
Murabaha purchase price

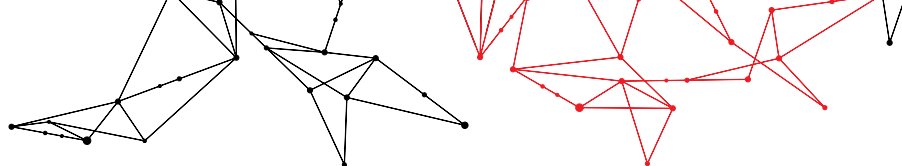
17,712,898	27,581,471
<u>(17,686,146)</u>	<u>(27,412,247)</u>
<u>26,752</u>	<u>169,224</u>

## 3.2.4 Deferred murabaha income

Opening balance  
Less: Recognised during the year  
Closing balance

652	1,157
<u>(460)</u>	<u>(505)</u>
<u>192</u>	<u>652</u>





#### 4 Deposits

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- (Rupees in '000) -----						
<b>Customers</b>						
- Current deposits	135,927,618	8,790,080	144,717,698	107,113,838	6,825,030	113,938,868
- Savings deposits	74,515,796	3,755,980	78,271,776	64,899,308	3,174,282	68,073,590
- Term deposits	53,925,971	240,809	54,166,780	45,821,709	212,069	46,033,778
- Other deposits	3,716,029	1,648,389	5,364,418	2,290,176	465,542	2,755,718
	<u>268,085,414</u>	<u>14,435,258</u>	<u>282,520,672</u>	<u>220,125,031</u>	<u>10,676,923</u>	<u>230,801,954</u>
<b>Financial Institutions</b>						
- Current deposits	2,073,541	-	2,073,541	244,430	-	244,430
- Savings deposits	23,978,423	-	23,978,423	270,566	-	270,566
- Term deposits	56,825,000	-	56,825,000	24,355,000	-	24,355,000
	<u>82,876,964</u>	<u>-</u>	<u>82,876,964</u>	<u>24,869,996</u>	<u>-</u>	<u>24,869,996</u>
	<u>350,962,378</u>	<u>14,435,258</u>	<u>365,397,636</u>	<u>244,995,027</u>	<u>10,676,923</u>	<u>255,671,950</u>

2023                      2022  
----- (Rupees in '000) -----

#### 4.1 Composition of deposits

- Individuals	164,561,589	132,779,403
- Government / Public Sector Entities	22,730,717	19,680,007
- Banking Companies	440	10,898
- Non-Banking Financial Institutions	82,876,524	24,859,098
- Private Sector / Others	<u>95,228,366</u>	<u>78,342,544</u>
	<u>365,397,636</u>	<u>255,671,950</u>

**4.2** Current deposits include remunerative current deposits of Rs. 20,788.733 million (2022: Rs. 14,325.601 million).

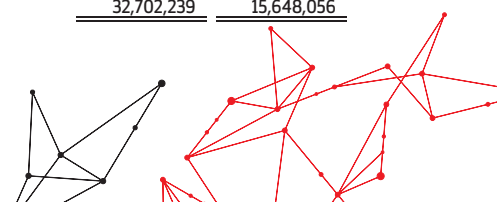
**4.3** Deposits include eligible deposits of Rs. 201,772.011 million (2022: Rs. 165,808.859 million) protected under Depositors Protection Mechanism introduced by the State Bank of Pakistan.

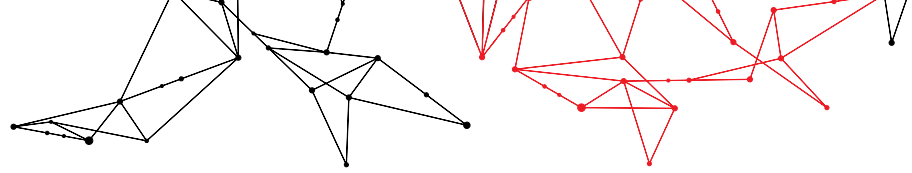
2023                      2022  
----- (Rupees in '000) -----

#### 5 Charity Payable

Opening Balance	52,561	12,322
Additions during the period		
Received from customers on account of delayed payment	80,405	61,564
Other non-shariah compliant income	1,539	38
Profit on charity saving account	4,755	637
	86,699	62,239
Payments / utilization during the period		
Education	(19,985)	(14,000)
Health	(22,745)	(1,500)
Others	(12,230)	(6,500)
	5.1	(22,000)
Closing balance	<u>84,300</u>	<u>52,561</u>

	2023	2022
	------(Rupees in '000)-----	
<b>5.1</b>	<b>Charity paid during the year are as follows:</b>	
Patients' Aid Foundation	9,940	-
Momina & Duraid Foundation	8,000	-
Alamgir Welfare Trust International	5,500	4,000
Sahil Welfare Association	5,500	-
Institute of Business Administration, Karachi (IBA)	5,485	-
Al Mustafa Welfare Society	3,930	1,500
Indus Hospital & Health Network	3,875	-
Sundas Foundation	3,500	-
Akbar Kare Institute	3,000	-
Dawood Global Foundation	1,730	-
Al Mehrab Tibbi Imdad	2,000	-
Afzaal Memorial Thalassemia Foundation (AMTF)	1,500	-
Al-Furqan Welfare Organization	1,000	-
The Citizen Foundation	-	15,000
Memon Health and Education Foundation(MHEF)	-	1,500
	<u>54,960</u>	<u>22,000</u>
<b>5.1.1</b>	<b>None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the above entities, except Patients' Aid Foundation.</b>	
<b>6</b>	<b>Islamic Banking Business Unappropriated Profit</b>	
Opening balance	11,333,811	8,924,121
Add: Islamic Banking profit before taxation for the period	15,063,097	4,849,121
Less: Taxation	(7,734,120)	(2,440,810)
Add: Transfer from surplus on revaluation of assets to unappropriated profit - net	1,379	1,379
Closing balance	<u>18,664,167</u>	<u>11,333,811</u>
<b>7</b>	<b>CONTINGENCIES AND COMMITMENTS</b>	
-Guarantees	5,351,787	4,306,277
-Commitments	61,406,762	58,893,007
	<u>66,758,549</u>	<u>63,199,284</u>
<b>8</b>	<b>Profit/Return earned on Islamic financing and related assets, investments and placements</b>	
Profit earned on:		
- Islamic financing and related assets	24,922,225	14,201,164
- Investments	32,930,666	13,488,590
- Placements	1,674,393	1,640,159
	<u>59,527,284</u>	<u>29,329,913</u>
<b>9</b>	<b>Profit on deposits and other dues expensed</b>	
Deposits and other accounts	26,872,957	12,336,565
Due to financial institutions	2,977,567	1,849,099
Securities sold under repurchase agreements	1,510,703	554,695
Cost of foreign currency swaps against foreign currency deposits / borrowings	259,657	197,340
Borrowing cost on lease liability	1,046,254	692,070
Reward points / customer loyalty	35,101	18,287
	<u>32,702,239</u>	<u>15,648,056</u>





## DISCLOSURES PLS POOL MANAGEMENT- ISLAMIC BANKING GROUP (IBG)

### A-II.2 1. The pools, their key features and risk and reward characteristics.

The profit and loss sharing between the Rabbul Maal (depositor) and Mudarib (Bank - IBG) is based upon the underlying principles of Mudaraba, where the Bank also contributes its equity to general pool of funds, and becomes the capital provider.

Currently IBG is managing following pools:

- 1) General Pool for LCY Depositors
- 2) FCY Pool for Foreign Currency (USD, GBP, EURO, AED, SAR and CAD) depositors
- 3) Fls Pool for Treasury Purposes
- 4) IERS Pool for Islamic Export Refinance Scheme facilities
- 5) Special pool
- 6) PMRC Musharikhah Pool

All the Mudaraba based remunerative deposits shall be considered as an investment from Rabbul Maal in the pool, along with IBG's own share of equity, which is also commingled in the pool. The applications of these funds are on Islamic financing and related assets, investments, and placements for generating profits to be shared among the depositors as per the weightage system.

The IERS pool is maintained as per the guideline under the SBP IERS Scheme.

The assets, liabilities, equities, income and expenses are segregated for each of the pool. No pool investment is intermingled with each other. All pools are usually exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved in pool.

### 2. Avenues/sectors where Mudaraba based deposits have been deployed.

	2023	2022
	----- (Rupees in '000) -----	
Agriculture, forestry, hunting and fishing	25,878,771	784,589
Automobile and transportation equipment	5,182,673	7,595,658
Cement	2,905,481	4,622,222
Chemical and pharmaceuticals	8,182,123	9,349,258
Construction	2,295,131	2,877,944
Electronics and electrical appliances	1,902,371	1,553,152
Exports / imports	-	556
Financial	-	220,000
Food & allied products	7,660,952	9,398,453
Footwear and leather garments	874,338	871,411
Glass and ceramics	55,349	127,652
Individuals	33,101,861	33,543,245
Insurance	-	783
Metal & allied industries	3,704,807	2,445,184
Mining and quarrying	505,600	507,314
Oil and allied	3,666,662	4,427,967
Paper and board	391,103	957,214
Plastic and allied industries	5,170,406	3,706,804
Power (electricity), gas, water, sanitary	4,532,146	7,923,231
Services	2,745,698	2,657,917
Sugar	1,256,366	2,778,838
Technology and related services	31,528	56,530
Textile	44,435,263	46,702,510
Transport, storage and communication	7,468,667	6,289,478
Wholesale and retail trade	3,628,696	4,226,059
Others	1,398,375	1,109,055
<b>Total gross islamic financing and related assets</b>	<b>166,974,367</b>	<b>154,733,024</b>
Total gross investments (cost)	213,684,602	124,200,153
Total islamic placements	32,832,027	30,000,061
<b>Total invested funds</b>	<b>413,490,996</b>	<b>308,933,238</b>

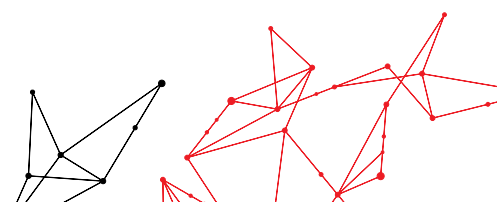
### 3. The major components of profit distribution and charging of the expenses.

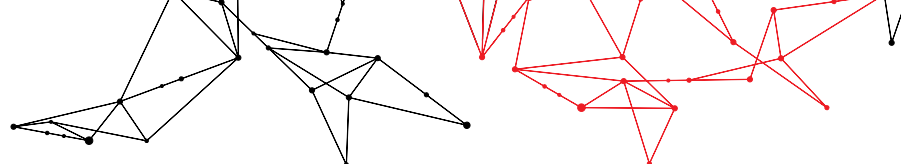
Profit is distributed among the Mudaraba deposits on the basis of underlying principles of weightage mechanism which are announced before the beginning of the relevant period. Only direct attributable expenses such as depreciation on ijarah assets, brokerage, CIB Charges, bad debts write off on advances and loss on sale of investments etc are charged to the pool. Expenses of pool(s) do not include general and specific provisioning created against non-performing financings and diminution in the value of investments.

### 4. The Bank managed the following general and specific pools during the year:

Remunerative Depositors' Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed) %	Percentage of Mudarib share transferred through Hiba %	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Mudarib Share/Fee	Rabbul Maal Share				
<b>General Pool</b>								
PKR Pool	Monthly	16.20%	50.00%	50.00%	10,159,897	10.61%	2.93%	316,079
USD Pool	Monthly	4.80%	85.00%	15.00%	140,638	1.67%	30.99%	40,813
GBP Pool	Monthly	3.55%	85.00%	15.00%	11,535	0.48%	0.00%	-
EUR Pool	Monthly	3.44%	85.00%	15.00%	10,864	0.62%	1.27%	96
AED Pool	Monthly	1.59%	85.00%	15.00%	451	0.16%	0.00%	-
SAR Pool	Monthly	3.41%	85.00%	15.00%	846	0.21%	0.00%	-
CAD Pool	Monthly	6.51%	85.00%	15.00%	458	0.25%	0.00%	-
<b>Special Pool</b>								
Special Pool (Saving & TDRs)	Monthly	19.59%	3.14%	96.86%	583,028	19.43%	29.33%	226,560

SBP Refinance Borrowing Pool	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio		Mudarib share (Rupees in '000)	Profit rate return distributed to remunerative deposits (Savings and fixed) %	Percentage of Mudarib share transferred through Hiba %	Amount of Mudarib Share transferred through Hiba (Rupees in '000)
			Bank Share	SBP Share				
Islamic Export Refinance (IERS) Pool	Monthly	17.06%	84.30%	15.70%	4,733,920	Nil	3.27%	155,000




**ANNEXURE - III  
DISPOAL OF FIXED ASSETS TO RELATED PARTIES**

Particulars of assets		Cost	Net book value	Sale price	Mode of disposal	Particular of purchaser
------(Rupees in '000)-----						
<b>Office equipment</b>						
Office equipment	Generators	4,748	1,084	2,621	Insurance claim	Alfalah Insurance Company Limited
Office equipment	ATM Machines	3,096	1,552	1,534	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Air Conditioners	2,246	1,054	1,510	Insurance claim	Alfalah Insurance Company Limited
Office equipment	CCTV	727	314	362	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Cash Sorting Machine	437	-	70	Insurance claim	Alfalah Insurance Company Limited
Office equipment	UPS	339	180	170	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Note Counting/Binding Machines	320	73	95	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Queue Management System	274	194	31	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Fire Alarm System	186	7	55	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Access Control System	145	-	43	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Television	87	31	6	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Sign board	37	13	11	Insurance claim	Alfalah Insurance Company Limited
Office equipment	ATM Biometric Devices	55	22	16	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Burglary Alarm System	20	-	6	Insurance claim	Alfalah Insurance Company Limited
Office equipment	Dispenser - Dispenser Water	10	-	3	Insurance claim	Alfalah Insurance Company Limited
		<b>12,727</b>	<b>4,524</b>	<b>6,533</b>		
<b>Computer equipment</b>						
Computer equipment	Laptop	17,184	3,659	6,153	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Computer	2,040	1,038	1,244	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	Laptop	399	-	40	As per Policy	Tahir Khurshid
Computer equipment	Printer	347	174	179	Insurance claim	Alfalah Insurance Company Limited
Computer equipment	iPad	255	93	98	As per Policy	Saad ur Rahman Khan
Computer equipment	Laptop	218	-	22	As per Policy	Haroon Khalid
Computer equipment	iPad	127	-	13	As per Policy	Zahid Anjum
Computer equipment	Laptop	71	-	7	As per Policy	Amin Sukhiani
Computer equipment	Laptop	71	-	7	As per Policy	Faisal Rabbani
Computer equipment	Laptop	71	-	7	As per Policy	Zahid Anjum
Computer equipment	Monitor	11	-	3	Insurance claim	Alfalah Insurance Company Limited
		<b>20,794</b>	<b>4,964</b>	<b>7,773</b>		
<b>Furniture &amp; Fixtures</b>						
Furniture & fixtures	Cabinet	407	-	120	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Chairs	91	-	27	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Fixture & Fitting	84	-	25	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Partitions	63	-	19	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Wooden Bench	25	-	7	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Counter	18	-	5	Insurance claim	Alfalah Insurance Company Limited
Furniture & fixtures	Table	18	-	5	Insurance claim	Alfalah Insurance Company Limited
		<b>706</b>	<b>-</b>	<b>208</b>		
<b>Leasehold improvements</b>						
Leasehold improvements	Electrical	1,615	-	477	Insurance claim	Alfalah Insurance Company Limited
Leasehold improvements	Civil Works	1,570	-	186	Insurance claim	Alfalah Insurance Company Limited
		<b>3,185</b>	<b>-</b>	<b>663</b>		
		<b>37,412</b>	<b>9,488</b>	<b>15,177</b>		

# Independent Auditors' Report

## To the members of Bank Alfalah Limited

### Opinion

We have audited the annexed consolidated financial statements of Bank Alfalah Limited (the Bank) and its subsidiary (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

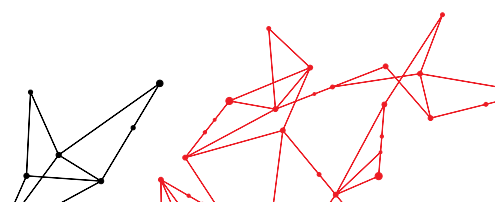
### Basis for Opinion

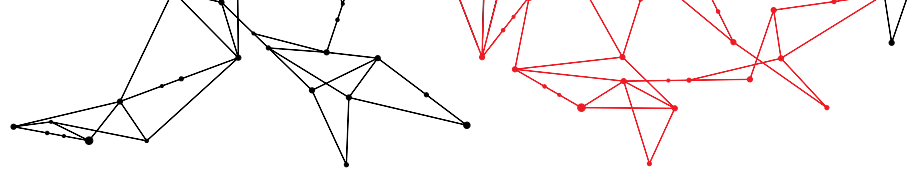
We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of 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.

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### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Following is the Key Audit Matter:

S.No.	Key Audit Matter	How the matter was addressed in our audit
1	<p><b>Provision against advances:</b> (Refer notes 4.4 and 9.6 to the consolidated financial statements)</p>	
	<p>The Group makes specific and general provisions against advances in Pakistan operations in accordance with the requirements of the Prudential Regulations (PRs) issued by the State Bank of Pakistan from time to time and the management assumptions.</p> <p>The net provision made / reversed during the year against advances is charged to the consolidated profit and loss account and accumulated provision is netted-off against advances.</p> <p>Provision pertaining to overseas advances is made in accordance with the requirements of the regulatory authorities of the respective countries.</p> <p>The Group has recognised a net provision against advances amounting to Rs. 10,509.002 million in the consolidated profit and loss account in the current year. As at December 31, 2023, the Group holds a provision of Rs. 42,236.737 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances relative to the overall consolidated financial statements of the Group, we considered provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against domestic advances included, amongst others, the following:</p> <p>We obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing advances.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> <li>▪ controls over correct classification of non-performing advances on time-based criteria;</li> <li>▪ controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria;</li> <li>▪ controls over accurate computation and recording of provision; and</li> <li>▪ controls over the governance and approval process related to provision, including continuous reassessment by the management.</li> </ul> <p>We selected a sample of advances accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> <li>▪ checked repayments of advances / mark-up installments and tested classification of non-performing advances based on the number of days overdue; and</li> <li>▪ evaluated the management's assessment for classification of borrower's advances facilities as performing or non-performing based on review of repayment pattern, inspection of credit documentation and discussions with the management.</li> </ul> <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against performing advances as per the requirements of accounting policy by recomputing the provision amount in accordance with the criteria prescribed under the accounting policy.</p>



S.No.	Key Audit Matter	How the matter was addressed in our audit
		<p>We issued instructions to the auditors of those overseas branches which were selected for audit, highlighting 'Provision against advances' as a significant risk. The auditors of those branches performed the following audit procedures for a sample of advances customers and reported the results thereof to us.</p> <ul style="list-style-type: none"> <li>▪ examined supporting documentation such as agreements, repayment schedules, repayment history and collateral details; and</li> <li>▪ assessed the adequacy of provision for expected credit losses (ECL) in line with the local regulatory guidelines / IFRS 9.</li> </ul> <p>For ECL computed under IFRS 9:</p> <ul style="list-style-type: none"> <li>▪ updated the understanding of ECL accounting estimate and assessed the reasonableness and appropriateness of the methodology and assumptions used in various components of ECL modelling; and</li> <li>▪ tested the completeness and accuracy of data used within the ECL calculation.</li> </ul> <p>We, as auditors of the Group, evaluated the work performed by the component auditors and the results thereof.</p>

### Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

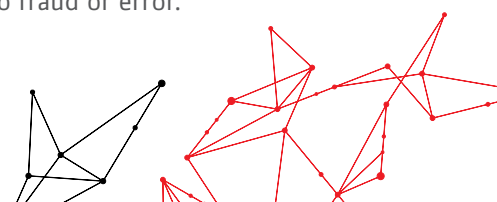
Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

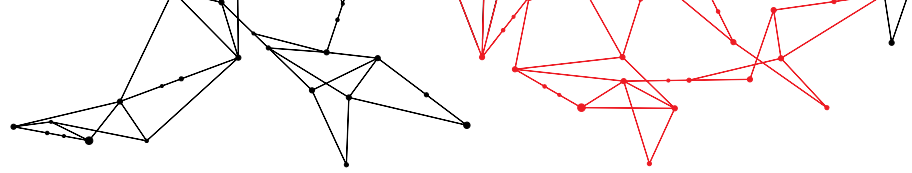
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.





In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

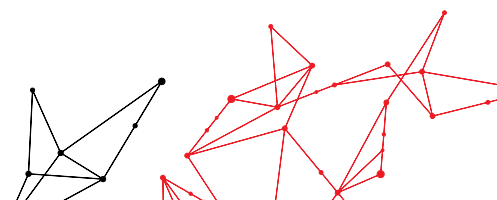
From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

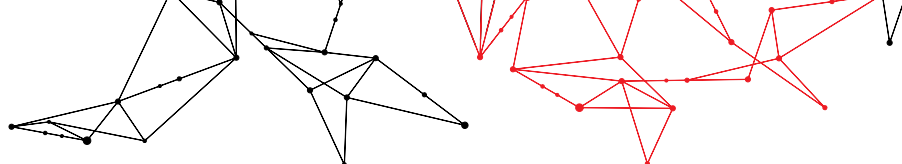
### **Other Matter**

The consolidated financial statements of the Group as at and for the year ended December 31, 2022, were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated February 21, 2023.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi  
Dated: February 24, 2024  
UDIN: AR202310061Xnsg30Kjk





# Consolidated Statement of Financial Position

As at December 31, 2023

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	5	202,692,503	140,613,751
Balances with other banks	6	16,990,085	10,105,449
Lendings to financial institutions	7	119,554,109	115,353,599
Investments	8	2,072,156,767	1,117,616,363
Advances	9	735,061,827	732,385,815
Fixed assets	10	61,821,048	48,493,284
Intangible assets	11	1,380,144	1,304,181
Deferred tax assets	12	3,619,475	7,550,773
Other assets	13	136,391,839	83,296,493
		3,349,667,797	2,256,719,708
<b>LIABILITIES</b>			
Bills payable	14	26,004,538	40,033,806
Borrowings	15	910,216,032	491,649,941
Deposits and other accounts	16	2,084,941,257	1,486,836,260
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	14,000,000	14,000,000
Deferred tax liabilities		-	-
Other liabilities	18	174,882,732	122,136,332
		3,210,044,559	2,154,656,339
<b>NET ASSETS</b>		<u>139,623,238</u>	<u>102,063,369</u>
<b>REPRESENTED BY</b>			
Share capital	19	15,771,651	15,771,651
Reserves		41,401,130	34,283,201
Surplus on revaluation of assets	20	11,272,770	4,847,101
Unappropriated profit		71,472,352	47,033,616
Total equity attributable to the equity holders of the Holding Company		139,917,903	101,935,569
Non-controlling interest	21	(294,665)	127,800
		<u>139,623,238</u>	<u>102,063,369</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		22	

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director

# Consolidated Profit and Loss Account

For the year ended December 31, 2023

	Note	2023 ------(Rupees in '000)-----	2022
Mark-up / return / interest earned	24	412,005,030	214,106,020
Mark-up / return / interest expensed	25	286,053,140	136,933,108
Net mark-up / return / interest income		125,951,890	77,172,912
<b>NON MARK-UP / RETURN / INTEREST INCOME</b>			
Fee and commission income	26	15,428,789	11,231,877
Dividend income		1,022,878	1,091,320
Foreign exchange income	27	9,554,818	9,218,628
Gain from derivatives		1,760,669	331,578
Gain / (loss) on securities	28	295,743	(65,024)
Share of profit from associates		1,690,573	669,831
Other income	29	333,846	325,971
Total non-mark-up / interest income		30,087,316	22,804,181
Total Income		156,039,206	99,977,093
<b>NON MARK-UP/INTEREST EXPENSES</b>			
Operating expenses	30	64,982,496	49,897,939
Workers' welfare fund	31	1,714,807	907,442
Other charges	32	279,412	27,178
Total non-mark-up / interest expenses		66,976,715	50,832,559
Profit before provisions		89,062,491	49,144,534
Provisions and write offs - net	33	10,324,754	12,467,133
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		78,737,737	36,677,401
Taxation	34	42,651,377	18,279,937
<b>PROFIT AFTER TAXATION</b>		36,086,360	18,397,464
<b>Profit / (loss) attributable to:</b>			
Equity holders of the Holding Company		36,511,459	18,394,766
Non-controlling interest		(425,099)	2,698
		36,086,360	18,397,464
-----Rupees-----			
<b>Basic and diluted earnings per share</b>	35	23.15	10.38

499

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

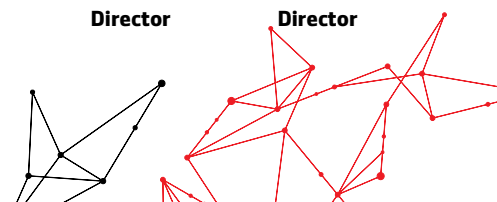
President & Chief Executive Officer

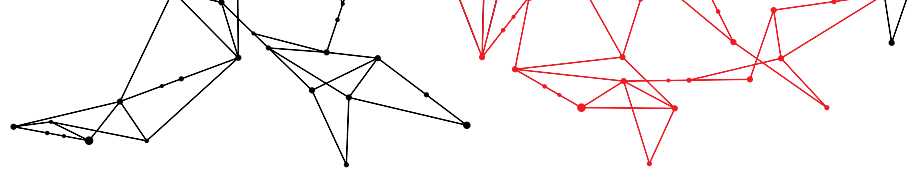
Chief Financial Officer

Director

Director

Director





# Consolidated Statement of Comprehensive Income

For the year ended December 31, 2023

	2023	2022
	----- (Rupees in '000) -----	
Profit after taxation for the year	36,086,360	18,397,464
<b>Other comprehensive income / (loss)</b>		
<b>Items that may be reclassified to the profit and loss account in subsequent periods:</b>		
Effect of translation of net investment in foreign branches	3,472,292	2,508,593
Movement in surplus / (deficit) on revaluation of investments - net of tax	6,633,530	(6,317,573)
Movement in share of surplus / (deficit) on revaluation of investments of associates - net of tax	16,028	(7,264)
	10,121,850	(3,816,244)
<b>Items that will not be reclassified to the profit and loss account in subsequent periods:</b>		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	125,914	(295,427)
Share of remeasurement (loss) / gain on defined benefit obligations of associates - net of tax	(1,380)	205
Movement in surplus on revaluation of investments - net of tax	4,538	-
Movement in surplus on revaluation of operating fixed assets - net of tax	(107,226)	(82,236)
Movement in surplus on revaluation of non-banking assets - net of tax	4,221	31,823
	26,067	(345,635)
<b>Total comprehensive income</b>	<u>46,234,277</u>	<u>14,235,585</u>
<b>Total comprehensive income / (loss) attributable to:</b>		
Equity holders of the Holding Company	46,656,742	14,233,418
Non-controlling interest	(422,465)	2,167
	<u>46,234,277</u>	<u>14,235,585</u>

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

# Consolidated Statement of Changes In Equity

For the year ended December 31, 2023

	Capital reserves			Statutory reserve	Surplus/(deficit) on revaluation			Unappropriated profit	Sub-total	Non controlling interest	Total
	Share premium	Exchange translation reserve	Investments		Fixed assets	Non banking assets					
(Rupees in '000)											
<b>Balance as at January 1, 2022</b>	17,771,651	4,731,049	8,211,089	17,011,825	(1,227,635)	12,580,193	87,688	42,578,350	101,744,210	129,889	101,874,099
Profit after taxation	-	-	-	-	-	-	-	18,394,766	18,394,766	2,698	18,397,464
Other comprehensive income / (loss) - net of tax	-	-	2,508,593	-	(6,324,837)	(82,236)	31,823	(294,691)	(4,161,348)	(531)	(4,161,879)
Transfer of revaluation surplus upon change in use - net of tax	-	-	-	-	-	36,884	(36,884)	-	-	-	-
Transfer to statutory reserve	-	-	-	1,820,645	-	-	-	(1,820,645)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	(4,024)	(213,749)	(122)	217,895	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Sale of shares by non-controlling interest	-	-	-	-	-	-	-	-	-	(5,217)	(5,217)
Movement in reserve due to capital injection	-	-	-	-	-	-	-	(961)	(961)	961	-
Final cash dividend for the year ended December 31, 2021 - 20%	-	-	-	-	-	-	-	(3,554,330)	(3,554,330)	-	(3,554,330)
Interim cash dividend for the half year ended June 30, 2022 - 25%	-	-	-	-	-	-	-	(4,442,913)	(4,442,913)	-	(4,442,913)
Own shares purchased during the year	(2,000,000)	-	-	-	-	-	-	(4,043,855)	(6,043,855)	-	(6,043,855)
<b>Balance as at December 31, 2022</b>	<b>15,771,651</b>	<b>4,731,049</b>	<b>10,719,682</b>	<b>18,832,470</b>	<b>(7,556,496)</b>	<b>12,321,092</b>	<b>82,505</b>	<b>47,033,616</b>	<b>101,935,569</b>	<b>127,800</b>	<b>102,063,369</b>
Profit / (loss) after taxation	-	-	-	-	-	-	-	36,511,459	36,511,459	(425,099)	36,086,360
Other comprehensive income / (loss) - net of tax	-	-	3,472,292	-	6,654,096	(107,226)	4,221	121,900	10,145,283	2,634	10,147,917
Transfer to statutory reserve	-	-	-	3,645,637	-	-	-	(3,645,637)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	(125,422)	-	125,422	-	-	-
<b>Transactions with owners, recorded directly in equity</b>											
Final cash dividend for the year ended December 31, 2022 - 25%	-	-	-	-	-	-	-	(3,942,913)	(3,942,913)	-	(3,942,913)
Interim cash dividend for the half year ended June 30, 2023 - 30%	-	-	-	-	-	-	-	(4,731,495)	(4,731,495)	-	(4,731,495)
<b>Balance as at December 31, 2023</b>	<b>15,771,651</b>	<b>4,731,049</b>	<b>14,191,974</b>	<b>22,478,107</b>	<b>(902,400)</b>	<b>12,088,444</b>	<b>86,726</b>	<b>71,472,352</b>	<b>139,917,903</b>	<b>(294,665)</b>	<b>139,623,238</b>

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

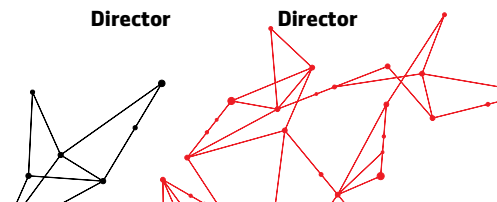
President & Chief Executive Officer

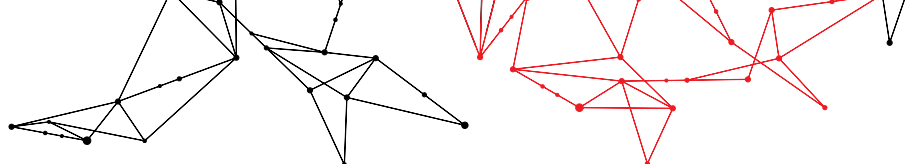
Chief Financial Officer

Director

Director

Director





# Consolidated Cash Flow Statement

For the year ended December 31, 2023

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		78,737,737	36,677,401
less: Dividend income		(1,022,878)	(1,091,320)
less: Share of profit from associates		(1,690,573)	(669,831)
		<u>76,024,286</u>	<u>34,916,250</u>
<b>Adjustments</b>			
Depreciation	30	6,910,292	5,430,439
Amortisation	30	327,499	351,770
Provisions and write offs - net	33	10,324,754	12,467,133
Unrealised loss on revaluation of investments classified as held for trading - net	28	374,072	27,109
Gain on sale of operating fixed assets and non banking assets - net	29	(145,030)	(121,172)
Gain on termination of leases (IFRS 16) - net	29	(112,863)	(121,876)
Borrowing cost on lease liability	25	2,659,787	1,924,717
Workers' Welfare Fund	31	1,714,807	907,442
Charge for defined benefit plan	30.1	413,244	282,939
Charge for staff compensated absences	30.1	172,625	67,268
		<u>22,639,187</u>	<u>21,215,769</u>
		<u>98,663,473</u>	<u>56,132,019</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(12,456,475)	(60,076,346)
Held for trading securities		(266,488,615)	87,580,431
Advances		(13,185,014)	(67,446,329)
Other assets (excluding advance taxation)		(54,170,482)	(26,395,226)
		<u>(346,300,586)</u>	<u>(66,337,470)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(14,029,268)	17,208,306
Borrowings		419,780,896	104,259,995
Deposits		598,104,997	347,826,640
Other liabilities (excluding current taxation)		42,523,506	28,937,553
		<u>1,046,380,131</u>	<u>498,232,494</u>
		<u>798,743,018</u>	<u>488,027,043</u>
Contribution made to gratuity fund		(467,002)	(268,817)
Income tax paid		(42,253,686)	(16,994,271)
<b>Net cash generated from operating activities</b>		<u>756,022,330</u>	<u>470,763,955</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(590,838,096)	(397,937,132)
Net investments in held-to-maturity securities		(83,081,475)	(10,879,143)
Payment made to non-controlling interest		-	(5,217)
Dividends received from associated companies		298,495	140,995
Dividends received		1,012,447	1,091,320
Investments in operating fixed assets		(12,790,892)	(8,720,983)
Proceed from sale of fixed assets		217,091	442,077
Effect of translation of net investment in foreign branches		3,472,292	2,508,593
<b>Net cash used in investing activities</b>		<u>(681,710,138)</u>	<u>(413,359,490)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of subordinated debt		-	7,000,000
Payment of leased obligations		(5,075,756)	(3,833,077)
Purchase of own shares		-	(6,043,855)
Dividend paid		(7,274,936)	(3,382,063)
<b>Net cash used in financing activities</b>		<u>(12,350,692)</u>	<u>(6,258,995)</u>
<b>Increase in cash and cash equivalents</b>			
		<u>61,961,500</u>	<u>51,145,470</u>
Cash and cash equivalents at beginning of the year		205,414,197	146,720,773
Effects of exchange rate changes on cash and cash equivalents - gain		(19,476,005)	(11,928,051)
		<u>185,938,192</u>	<u>134,792,722</u>
<b>Cash and cash equivalents at end of the year</b>	36	<u>247,899,692</u>	<u>185,938,192</u>

The annexed notes 1 to 51 and annexures I to III form an integral part of these consolidated financial statements.

President & Chief Executive Officer

Chief Financial Officer

Director

Director

Director



# Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2023

## 1 STATUS AND NATURE OF BUSINESS

### 1.1 The "Group" consists of:

#### Holding Company

**Bank Alfalah Limited, Pakistan**

Bank Alfalah Limited (the Bank) is a banking company incorporated in Pakistan and is engaged in commercial banking and related services in Pakistan and overseas. The Bank's registered office is located at B. A. Building, I. I. Chundrigar Road, Karachi and its shares are listed on the Pakistan Stock Exchange. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank is operating through 1,009 branches (2022: 877 branches) and 15 sub-branches (2022: 17 sub-branches). Out of the 1,009 branches, 650 (2022: 586) are conventional, 348 (2022: 280) are Islamic, 10 (2022: 10) are overseas and 1 (2022: 1) is an offshore banking unit.

	Note	Percentage of Holding	
		2023	2022
<b>Subsidiaries</b>			
Alfalah CLSA Securities (Private) Limited, Pakistan	1.1.1	62.50%	62.50%
Alfalah Currency Exchange (Private) Limited	1.1.2		

**1.1.1** In 2022, the Holding Company had purchased stake of 1.3% from the non control interest of the Subsidiary.

**1.1.2** During the year, the Holding Company has incorporated an exchange company, Alfalah Currency Exchange (Private) Limited, with an authorised share capital of Rs. 2 billion. This exchange company will function as a wholly-owned subsidiary of the Holding Company, and will provide comprehensive foreign exchange solutions. The Holding Company will inject the share capital subsequent to the year end and accordingly, the subsidiary will begin operations in the year 2024.

### 1.2 In addition the Group maintains investments in the following:

	Percentage of Holding	
	2023	2022
<b>Associates</b>		
Alfalah Insurance Company Limited	30.00%	30.00%
Sapphire Wind Power Company Limited	30.00%	30.00%
Alfalah Asset Management Limited	40.22%	40.22%

## 2 BASIS OF PRESENTATION

**2.1** These consolidated financial statements represent financial statements of Holding Company - Bank Alfalah Limited and its subsidiary. The assets and liabilities of the subsidiary have been consolidated on a line-by-line basis and the investment held by the Holding Company is eliminated against the corresponding share capital of the subsidiaries in these consolidated financial statements.

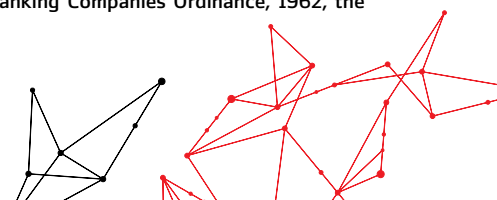
**2.2** These consolidated financial statements have been prepared in accordance with the format for preparation of the annual financial statements of the banks issued by the State Bank of Pakistan (SBP), vide its BPRD Circular No. 02 dated January 25, 2018.

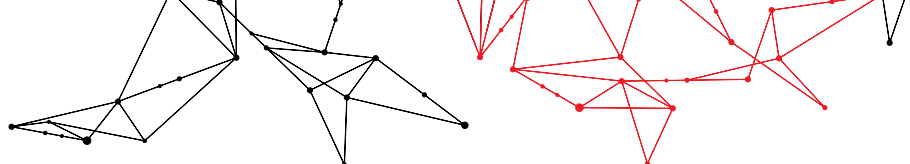
### 2.3 STATEMENT OF COMPLIANCE

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 (IFRSs) 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 (ICAP) 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) and the Securities and Exchange Commission of Pakistan (SECP).

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





The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has also deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide its SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement'. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

Moreover, the Holding Company has not adopted IFRS 9 in preparation of these consolidated financial statements, as allowed by the SBP BPRD circular no 7 of 2023 dated April 13, 2023; except for overseas branches and subsidiaries where this standard is applicable.

### 2.3.1 Basis of consolidation

Subsidiary are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to affect those return through its power to direct activities of the investee.

These consolidated financial statements incorporate the balances and transactions of subsidiaries from the date that control commences until the date that control ceases.

Profit or loss and each component of the Other Comprehensive Income (OCI) are attributed to the equity holders of the Holding Company and to the Non-Controlling interests (NCI) even if it results in the NCI having a deficit balance.

Material Intra-group balances and transactions with subsidiaries are eliminated.

A change in ownership of a subsidiary, without loss of control is accounted for as an equity transaction.

Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interests which are not owned by the Holding Company.

Associates are those entities in which the Group has significant influence, but not control over, the financial and operating policies. Associates are accounted for using the equity method.

**2.3.2** Key financial figures of Islamic Banking branches are disclosed in Annexure II to the consolidated financial statements.

**2.3.3** The management of the Holding company believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements have been prepared on the going concern basis.

### 2.4 Standards, interpretations of and amendments to published approved accounting and reporting standards that are effective in the current year.

There are certain new and amended standards, issued by the International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or do not have any material effect on the Group's operations and are therefore not detailed in these consolidated financial statements.

### 2.5 Standards, interpretations of and amendments to published approved accounting and reporting standards that are not yet effective.

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for accounting periods as stated below:

Standard, interpretation or amendment	Effective date (annual periods beginning on or after)
- IFRS 9 'Financial instruments'	January 01, 2024
- IAS 1 - Non current liabilities with covenants (amendments)	January 01, 2024
- IFRS 16 Sale and leaseback (amendments)	January 01, 2024

The management is in the process of assessing the impact of these amendments on the consolidated financial statements of the Group.

The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified a new reporting format for the financial statements of the Banking Companies. The new reporting format has revised the disclosure requirements and will become applicable for the group financial statements for the quarter ending March 31, 2024.

## 2.5.1 IFRS 9 Financial Instruments

As directed by the SBP vide its BPRD Circular No. 03 of 2022, IFRS 9 Financial Instruments is effective for periods beginning on or after January 01, 2023 for banks having asset base of more than Rs. 500 billion as at December 31, 2021. The SBP via same circular has finalised the instructions on IFRS 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard on the banks. Subsequently, the SBP vide its BPRD Circular Letter No. 07 of 2023 dated April 13, 2023 deferred its applicability and made it effective from January 01, 2024.

During the year ended December 31, 2023, the management of the Holding Company has performed a detailed impact assessment of various aspects of IFRS 9 taking into account the SBP's IFRS 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Holding Company at the time of finalizing the impact for initial application of IFRS 9. However, the Holding Company expects an increase in the loss allowance resulting in a negative impact on equity. In addition, the Holding Company will implement changes in classification of certain financial instruments at the time of adoption. These changes and impacts are discussed below:

### 2.5.1.1 Classification and measurement

The classification and measurement of financial assets will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. Debt securities that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are measured at FVTPL regardless of the business model in which these are held. The entity's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). Equity instruments are generally measured as Fair Value through Profit & Loss (FVTPL) unless the Holding Company elects for Fair Value through Other Comprehensive Income (FVTOCI) at initial recognition. The Holding Company has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

#### Equity securities

The Holding Company expects to continue measuring equity securities at fair value.

For certain quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in other comprehensive income (OCI), the Holding Company will apply the option to present fair value changes in OCI, and, therefore, the application of IFRS 9 will not have a material impact.

For those quoted equity shares currently held as available-for-sale (AFS) with gains and losses recorded in OCI for which FVOCI election is not made, will, instead, be measured at fair value through profit or loss (FVTPL), with mark to market impacts recorded in profit or loss for future periods. The AFS reserve related to those securities, which is currently presented as accumulated OCI, will be reclassified from revaluation surplus / deficit to unappropriated profit, however, there will be no impact on overall equity with respect to such classification.

Unquoted equity securities are required to be measured at fair value.

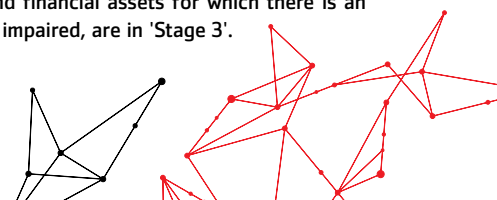
#### Debt securities and loans and advances

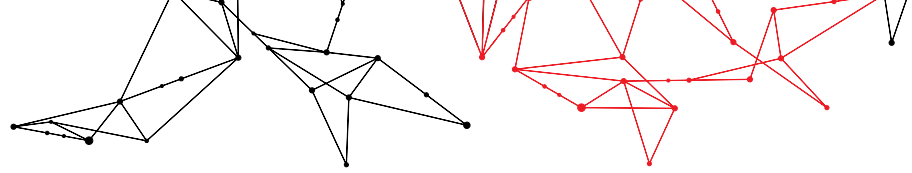
Debt securities currently classified as AFS and those which pass SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the business model is to hold the assets to collect contractual cash flows, but also to sell those investment. Debt securities currently classified as HTM and those which pass SPPI test are expected to be measured at amortised costs under IFRS 9 as the business model is to hold the assets to collect contractual cash flows.

Certain debt instruments that do not meet the SPPI criteria shall be measured at FVTPL regardless of the business model in which these are held.

### 2.5.1.2 Impairment

The impairment requirements apply to financial assets measured at Amortised Cost and FVOCI (other than equity instruments), loans and receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'Stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'Stage 2'; and financial assets for which there is an objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'Stage 3'.





The assessment of credit risk and the estimation of ECL are required to be unbiased and probability-weighted, and should incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL should take into account the time value of money.

Based on the requirement of IFRS 9 and the SBP's IFRS 9 application instructions, the Holding Company has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default, Loss Given Default and Exposure at Default.

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and Stage 2 provisions would be made as per IFRS 9 ECL and Stage 3 provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRS' requirements.

### 2.5.1.3 Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognised over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue as earned.

### 2.5.1.4 Hedge accounting

IFRS 9 aligns hedge accounting more closely with risk management activities and establishes a more principle-based approach to hedge accounting. Based on the analysis performed, the Holding Company will continue applying IAS 39 hedge accounting, as permitted under IFRS 9.

### 2.5.1.5 Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Holding Company's disclosure about its financial instruments particularly in the year of adoption of the IFRS 9.

The SBP has issued a revised format for the financial statements of the banks for the accounting periods starting from January 1, 2024, which includes the presentation and disclosures required upon adoption of IFRS 9.

### 2.5.1.6 Impact of adoption of IFRS 9

The actual impact of adopting IFRS 9 on the Holding Company's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Holding Company would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Holding Company has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at December 31, 2023.

Based on the Holding Company's assessment, the IFRS 9 requirements are expected to have an impact on the classification and measurement of some of its financial assets and financial liabilities.

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Holding Company's equity as at January 01, 2024 is increase in equity of approximately Rs. 1,177.639 million, representing corresponding impact of:

- 1 A decrease of approximately Rs. 3,214.872 million related to impairment requirements; and
- 2 An increase of approximately Rs. 4,392.511 million related to classification and measurement requirements, other than impairment.

The banking industry awaits clarifications from the regulator for few aspects of IFRS 9 application which may have an impact on adoption.

### Impact on regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Banks, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, the SBP has determined that it may be appropriate for the FIs to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. An Annexure B of the 'Application Instructions' issued by the SBP has detailed the transitional arrangement relating to regulatory capital.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the "transitional adjustment amount") must be partially included (i.e. added back) to CET1 capital over the "transition period" of five years.

The estimated impacts of adoption of IFRS 9 on the capital ratios of the Holding Company based on the transitional arrangement are as follows:

	<b>As per adopted IFRS</b>	<b>As per current ARS</b>
Common Equity Tier 1 Capital Adequacy ratio	11.75%	11.64%
Tier 1 Capital Adequacy Ratio	13.19%	13.07%
Total Capital Adequacy Ratio	17.36%	16.74%
CET1 available to meet buffers (as a percentage of risk weighted assets)	5.61%	5.64%

## 2.6 Critical accounting estimates and judgements

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

Material accounting estimates and areas where judgements were made by the management in the application of accounting policies are as follows:

- i) classification and provisioning against investments (notes 4.3.1 and 8)
- ii) classification and provisioning against non-performing loans and advances (notes 4.4 and 9)
- iii) income taxes (notes 4.11 and 34)
- iv) accounting for defined benefit plan and compensated absences (notes 4.8, 38 and 40)
- v) depreciation of operating fixed assets and non banking assets acquired in satisfaction of claim (notes 4.5.2, 4.5.5 and 10)
- vi) amortisation of intangibles (notes 4.5.3 and 11)
- vii) revaluation of fixed assets and non banking assets acquired in satisfaction of claim (note 4.5.2, 4.5.5, 10 and 13.1)
- viii) impairment of non-financial assets (note 4.12)
- ix) employee stock option scheme (note 41)
- x) fair value measurement of financial instruments (note 42)
- xi) provision against other assets and other provisions (notes 4.14 and 13.3)
- xii) provision against off balance sheet obligations and contingent liabilities (notes 4.13, 4.15, 18.1 and 22)
- xiii) determination of the lease term for lease contracts with renewal and termination options (Holding Company as a lessee) (Group as a lessee) (note 4.5.4.1, 10.3 and 18.2)
- xiv) incremental borrowing rate (note 4.5.4.1)

## 3 BASIS OF MEASUREMENT

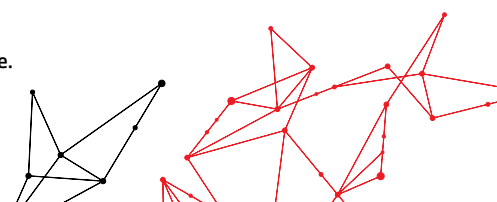
### 3.1 Accounting convention

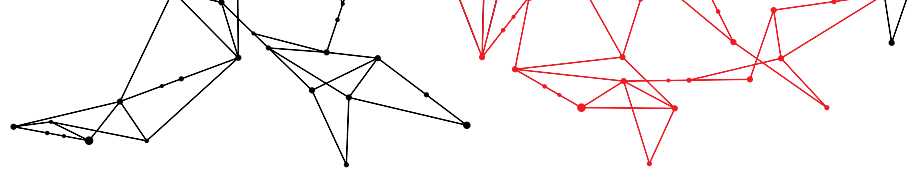
These consolidated financial statements have been prepared under the historical cost convention except that certain fixed assets and non banking assets acquired in satisfaction of claims are stated at revalued amounts; investments classified as held for trading, available for sale investments, foreign exchange contracts and derivative financial instruments are measured at fair value; defined benefit obligations are carried at present value; and right of use of asset and related lease liability are measured at present value.

### 3.2 Functional and presentation currency

**3.2.1** These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

**3.2.2** The amounts are rounded off to the nearest thousand rupees except as stated otherwise.





## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are consistent with those of the previous financial year.

### 4.1 Cash and cash equivalents

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

### 4.2 Lendings to / borrowings from financial institutions

The Holding Company enters into transactions of repurchase agreements (repo) and agreements to resell (reverse repo) at contracted rates for a specified period of time. These are recorded as below:

#### 4.2.1 Sale under repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in these consolidated financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

#### 4.2.2 Purchase under resale agreements

Securities purchased under agreement to resell (reverse repo) are not recognised in these consolidated financial statements as investments and the amount extended to the counter party is included in lendings. The difference between the purchase and contracted resale price is accrued on a time proportion basis over the period of the contract and recorded as income.

#### 4.2.3 Bai Muajjal

The Holding Company enters into Bai Muajjal transactions of sale (borrowing) and purchase (lending). These are recorded as below:

##### Bai Muajjal purchase

Bai Muajjal transactions representing purchase of shariah compliant instruments on deferred payment basis and are shown in lendings to financial institutions except for transactions undertaken directly with the Government of Pakistan which are disclosed as investments. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the deferred payment amount receivable and the carrying value at the time of sale is accrued and recorded as income over the life of the transaction.

##### Bai Muajjal sale

Bai Muajjal transactions representing sale of shariah compliant instruments on deferred payment basis and are shown in borrowings. The credit price is agreed at the time of purchase and the proceeds are paid at the end of the credit period. The difference between the deferred payment amount payable and the carrying value at the time of purchase is accrued and recorded as borrowing cost over the life of the transaction.

### 4.3 Investments

#### 4.3.1 Classification

The Group classifies its investments as follows:

##### Held for trading

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

##### Held to maturity

These are securities with fixed or determinable payments and fixed maturities and the Group has the positive intent and ability to hold them till maturity.

##### Available for sale

These are investments which do not fall under the 'held for trading' and 'held to maturity' categories.

## Associates

Under the Equity accounting method, investments in associates are initially recognised at cost and the carrying amount of investment is increased or decreased to recognise the investor's share of the post acquisition profits or losses in income and its share of the post acquisition movement in reserves. The aggregate of the Group's share of profit or loss of associates are shown in the profit or loss account as share of profit from associates. Any change in OCI of the investees is presented as part of the Group's OCI to the extent of the Group's share in other comprehensive income/loss. Dividends from associates are eliminated from the carrying amount of the investments. Unrealised gains and losses resulting from transactions between the Group and associates are eliminated.

### 4.3.2 Regular way contracts

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

### 4.3.3 Initial recognition and measurement

Investments are initially recognised at fair value. Transaction costs associated with investments other than held for trading securities are included in the cost of investments. Transaction costs on held for trading securities are expensed in the profit and loss account.

### 4.3.4 Subsequent measurement

In accordance with the requirements of the SBP, quoted securities other than those classified as 'held to maturity', investment in associates and subsidiaries are subsequently remeasured to market value. Surplus and deficit arising on revaluation of securities classified as 'available for sale' is taken to a separate account shown in the statement of financial position. Surplus / (deficit) arising on revaluation of investments classified as 'held for trading' is taken to the profit and loss account. Investments classified as 'held to maturity' are carried at amortised cost.

Unquoted equity securities, excluding investment in subsidiaries and associates are valued at lower of cost and the break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiaries and associates are carried at cost, less accumulated impairment losses, if any. Details of valuation techniques used in determination of fair value are included in note 42.1 of these consolidated financial statements.

### 4.3.5 Impairment

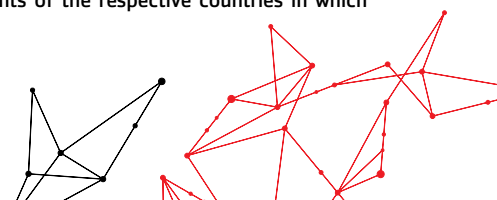
The Holding Company determines provision for diminution in the value of debt securities as per the Prudential Regulations issued by the SBP. When a debt security, other than a government security, is classified as available-for-sale and considered to be impaired, the balance in the surplus / deficit on revaluation of securities account is transferred to the profit and loss account as an impairment charge. If, in a subsequent period, the fair value of a debt instrument increases the impairment loss is reversed through the profit and loss account. When a debt security, other than a government security, classified as held-to-maturity and considered to be impaired, the impairment is directly charged to the profit and loss account as held-to-maturity securities are carried at amortised cost. Any subsequent reversal of an impairment loss, up to the cost of the investment in the debt security is credited to the profit and loss account.

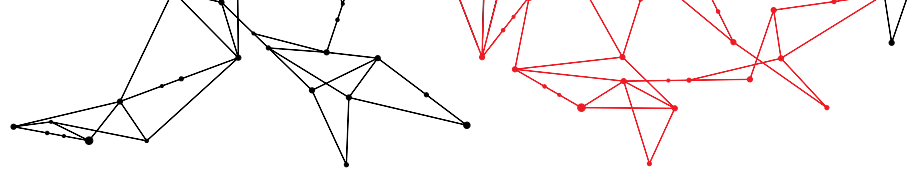
The Holding Company determines impairment on available-for-sale listed equity securities when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgement. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

A decline in the carrying value of unlisted equity securities is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account.

The Group considers that a decline in the recoverable value of its investments in associates are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, higher of fair value less cost to sell and value in use, the investments in associates are written down to their recoverable amounts and the resulting impairment loss is taken to the profit and loss account. Any subsequent reversal of an impairment loss, upto the cost of the investment in associates is credited to the profit and loss account.

Provision against investments by the overseas branches is made as per the requirements of the respective countries in which the overseas branches operates.





## 4.4 Advances

### Loans and advances

Loans and advances including net investment in finance lease are stated net of provision against non-performing advances. Specific and general provisions against loans and advances in Pakistan operations are made in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan from time to time and the management assumptions. General provision against high risk and flood impacted advances portfolio is based on the management's estimates as disclosed in note 9.6.5 (iii). The net provision made / reversed during the year is charged to the profit and loss account and accumulated provisions are netted-off against advances. Provisions pertaining to overseas loans and advances are made in accordance with the requirements of the regulatory authorities of the respective countries. Advances are written off when there are no realistic prospects of recovery or to clean up the balance sheet as allowed by the SBP.

### Islamic financing and related assets

The Holding Company provides Islamic financing and related assets mainly through Murabaha, Ijarah, Diminishing Musharakah, Musharakah, Bai Muajjal Financing, Musawama, Salam, Istisna, Tijarah, Refinance under the SBP Islamic Refinance Schemes and financing under other government schemes. 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 utilised and the appropriate portion of profit thereon. The income on such financings is recognised in accordance with the principles of Islamic Shariah. The Holding Company determines specific and general provisions against Islamic financing and related assets on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP and the management estimates / assumption. General provision against high risk and flood impacted advances portfolio is based on the management's estimates as disclosed in note 9.6.5 (iii). The net provision made / reversed during the year is charged to the 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 or to clean up the balance sheet as allowed by the SBP.

### Net investment in finance lease

Leases where the Holding Company transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. A receivable is recognised on commencement of lease term at an amount equal to the present value of the minimum lease payments, including guaranteed residual value, if any. Unearned finance income is recognised over the term of the lease, so as to produce a constant periodic return on the outstanding net investment in lease. The Holding Company determines specific provisions against investment in finance lease on a prudent basis in accordance with the requirements of the Prudential Regulations issued by the SBP and the management estimates/assumption. The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against net investment in finance lease. The assets are written off when there are no realistic prospects of recovery or to clean up balance sheet as allowed by the SBP.

### Ijarah assets (IFAS 2)

Ijarah assets are stated at cost less accumulated depreciation and are disclosed as part of 'Islamic financing and related assets'. The rental received / receivable on Ijarah under IFAS 2 are recorded as income / revenue. The Holding Company charges depreciation from the date of recognition of Ijarah of respective assets to Mustajir. Ijarah assets are depreciated over the period of Ijarah using the straight line method. Impairment of Ijarah rentals are determined in accordance with the requirements of the Prudential Regulations of the SBP. The provision for impairment of Ijarah Rentals is shown as part of 'Islamic financing and related assets'.

## 4.5 Fixed assets

### 4.5.1 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when assets become available for use.

### 4.5.2 Property and equipment

Property and equipment are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any, except land and buildings which are carried at revalued amount less accumulated depreciation and impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Depreciation is charged by applying the straight-line method using the rates specified in note 10.2 to these consolidated financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the date on which the assets are available for use and ceases on the date on which these are disposed off.



Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Land and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

A revaluation surplus is recorded in OCI and credited to the surplus on revaluation of fixed asset in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the profit or loss account, the increase is recognised in the profit and loss. A revaluation deficit is recognised in the statement of the profit or loss account, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. A transfer from the asset revaluation surplus to unappropriated profits is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property and equipment are taken to the profit and loss account except that the related surplus / deficit on revaluation of property & equipment (net of deferred taxation) is transferred directly to unappropriated profit.

#### 4.5.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortised using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Intangible assets are assessed for impairment, if any, as described under note 4.12.

#### 4.5.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### 4.5.4.1 Group as a lessee

The Group recognises lease liabilities to make lease payments and right-of-use assets over its lease term.

##### Right-of-use (RoU) assets

At the commencement date of the lease, the right-of-use asset is initially measured at the present value of lease liability. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. RoU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

##### Lease liability

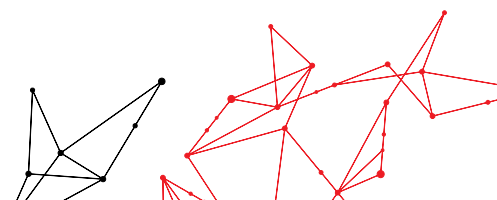
At the commencement date of the lease, the Group recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

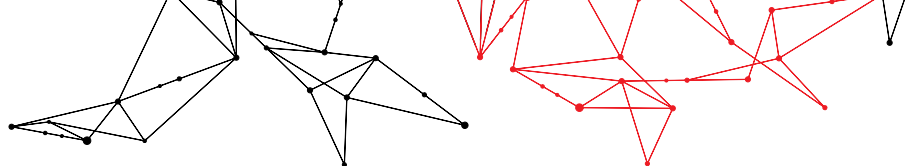
##### Determination of the lease term for lease contracts with renewal and termination options (Group as a lessee)

The Group 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.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

After the commencement date, the Group 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.





### **Incremental borrowing rate (IBR)**

The IBR is the rate of markup that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs such as market interest rates.

#### **4.5.4.2 Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

#### **4.5.5 Non-banking assets acquired in satisfaction of claim**

Non-banking assets acquired in satisfaction of claims are stated at revalued amounts less accumulated depreciation thereon. The valuation of properties acquired under this head is conducted as per the SBP's requirement, so as to ensure that their net carrying values do not materially differ from their fair values. Any surplus arising on revaluation of such properties is transferred to the surplus on revaluation of non-banking assets in other comprehensive income, while any deficit arising on revaluation is charged to the profit and loss account directly. Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on straight line method over the useful life of the assets. In addition, all direct costs, including legal fees and transfer costs linked with transferring the title of the property to Holding Company is accounted as an expense in the profit and loss account.

Any shares acquired in satisfaction of claims are stated at revalued amount at each reporting date with the corresponding deficit / surplus recognised in the Statement of Comprehensive Income.

### **4.6 Deposits / borrowings and their cost**

- a) Borrowings and deposits are recorded at the proceeds received.
- b) Cost of deposits and borrowings are recognised as an expense in the period in which these are incurred using effective mark-up / interest rate method to the extent that these are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset.
- c) Swap cost arises when surplus foreign currency funds are sold to purchase local currency funds from the market. Swap cost is recorded as an expense in the period in which it is incurred.

#### **4.6.1 Deposits - Islamic Banking**

Deposits are generated on the basis of two modes i.e. Qard and Modaraba.

Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba basis are classified as 'Savings Account' and 'Fixed Deposit Accounts'.

No profit or loss is passed on to current account depositors.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio.

Rab-ul-Maal (Customer) share is distributed among depositors according to weightages assigned at the inception of profit calculation period.

Mudarib (The Holding Company) can distribute its share of profit to Rab-ul-Maal upto a specified percentage of its profit.

Profits are distributed from the pool so the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period.

Asset pools are created at the Holding Company's discretion and the Holding Company can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

#### 4.7 Subordinated debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated loans is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

#### 4.8 Staff retirement / employee benefits

##### a) Defined benefit plan

The Holding Company operates an approved funded gratuity scheme, administered by the trustees, covering eligible employees whose period of employment with Holding Company is five years or more. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Credit Method is used for the actuarial valuation. The actuarial valuations involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 38.1.3. Actuarial gains and losses are recognised immediately in other comprehensive income.

The Subsidiary - Alfalah CLSA Securities (Private) Limited operates an unfunded gratuity scheme for all its employees who have completed the qualifying period as defined in the scheme. The cost of providing benefits under the defined benefit scheme is determined using the Projected Unit Credit Method. Actuarial (remeasurement) gains and losses are recognised as income or expense in full in the year in which these occur in other comprehensive income.

##### b) Defined contribution plan

The Holding Company operates an approved provident fund scheme for all its regular permanent employees, administered by the Trustees. The Holding Company contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

##### c) Compensated absences

The Holding Company recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision is recognised on the basis of actuarial recommendations.

##### d) Share Based Payment

The Holding Company has granted a cash award equivalent to the ordinary shares allotted to certain employees under Phantom Shares Award. The entitlement shall vest with the employees in three (3) equivalent proportions on the vesting dates over a period of three (3) years. The grant date is January 1, 2021 and the first vesting date is 365 calendar days from the grant date. Subsequently, second and third vesting dates to follow 365 calendar days from the preceding vesting dates. On each vesting date, the employees shall be entitled to a cash award for 33.33% (thirty-three and one third of one percent) of the total Phantom Shares Entitlement equivalent to fair market value of the Holding Company's share on vesting date.

The Holding Company recognises compensation expense with corresponding liability at the fair value of the award. Until the liability is settled, the Holding Company re-measures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in the profit or loss account for the period.

#### 4.9 Foreign currencies

##### 4.9.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates.

##### 4.9.2 Transactions and balances

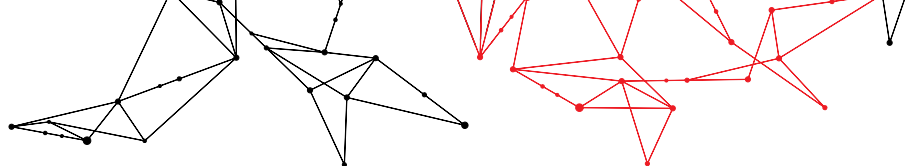
Transactions in foreign currencies are translated into Pakistani rupees at the exchange rates prevailing on the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Forward contracts relating to foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contract. The forward cover received / paid on forward purchase contracts relating to foreign currency deposits are realised / charged directly to the profit and loss account.

##### 4.9.3 Foreign operations

Assets and liabilities of foreign operations are translated into rupees at the exchange rate prevailing at the reporting date. The results of foreign operations are translated at average rate of exchange for the year.





#### 4.9.4 Translation gains and losses

Translation gains and losses arising on revaluations of net investment in foreign operations are taken to Exchange Translation Reserve in the statement of comprehensive income. These are recognised in the profit and loss account on disposal.

#### 4.9.5 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

#### 4.10 Revenue recognition

Revenue is recognised to the extent that the economic benefits associated with a transaction will flow to the Group and the revenue can be reliably measured.

##### 4.10.1 Advances and investments

Income on performing advances and debt securities is recognised on a time proportion basis as per the terms of the contract. Where debt securities are purchased at a premium or discount, such premium / discount is amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

Income recoverable on classified advances and investments is recognised on a receipt basis. Income on rescheduled / restructured advances and investments is recognised as permitted by the SBP regulations or by the regulatory authorities of the countries where the Holding Company and its overseas branches operate.

Murabaha income is recognised on deferred income basis.

##### 4.10.2 Lease financing

Income from lease financing is accounted for using the financing method. Under this method, the unearned lease income (defined as the sum of total lease rentals and estimated residual value less the cost of the leased assets) is deferred and taken to income over the term of the lease so as to produce a constant periodic rate of return on the outstanding net investment in the lease. Gains or losses on termination of lease contracts are recognised as income when these are realised. Unrealised lease income and other fees on classified leases are recognised on a receipt basis.

Ijarah income is recognised on an accrual basis as and when the rentals becomes due. Depreciation in case of Ijarah is netted off from markup income.

##### 4.10.3 Non Markup / interest income

Fee and commission income is recognised at an amount that reflects the consideration to which the Holding Company expects to be entitled in exchange for providing the services. The Holding Company recognises fees earned on transaction-based arrangements at a point in time when the Holding Company has provided the service to the customer. Where the contract requires services to be provided over time, income is recognised on a systematic basis over the life of the related services. Unearned fee and commission are included under other liabilities.

Dividend income is recognised at the time when the Group's right to receive the dividend has been established.

Other income is recognised on accrual basis.

#### 4.11 Taxation

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

##### 4.11.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into consideration available tax credit and rebate, if any.

##### 4.11.2 Prior years

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

#### 4.11.3 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for the taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The difference between the carrying value and the recoverable value is recognised through the profit and loss account as a deferred tax expense. The Holding Company also records a deferred tax asset / liability on items recognised directly in the statement of comprehensive income such as surplus / deficit on revaluation of assets.

Deferred tax liability is not recognised in respect of taxable temporary differences associated with exchange translation reserves of foreign branches, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

#### 4.12 Impairment of non-financial assets

The carrying amount of assets is reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable at each reporting date. If any event exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the consolidated financial statements. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

#### 4.13 Provision for claims under guarantees and other off balance sheet obligations

Provision for guarantee claims and other off balance sheet obligations is recognised when reasonable certainty exists for the Group to settle the obligation. The charge to the profit and loss account is stated net of expected recoveries and the obligation is recognised in other liabilities.

#### 4.14 Other provisions

Other provisions are recognised when the Group has a present, legal or constructive, obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

#### 4.15 Contingent liabilities

Contingent liabilities are not recognised in the statement of financial position as these are possible obligations where it has yet to be confirmed whether a liability, which will ultimately result in an outflow of economic benefits, will arise. If the probability of an outflow of economic resources under contingent liability is considered remote, it is not disclosed.

#### 4.16 Off-setting

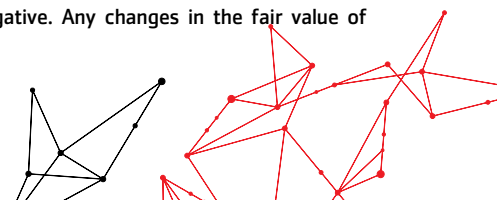
Financial assets and financial liabilities are off-set and the net amount reported in the consolidated financial statements only when there is a legally enforceable right to set-off the recognised amount and the Group intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements, only when permitted by the approved accounting and reporting standards as applicable in Pakistan.

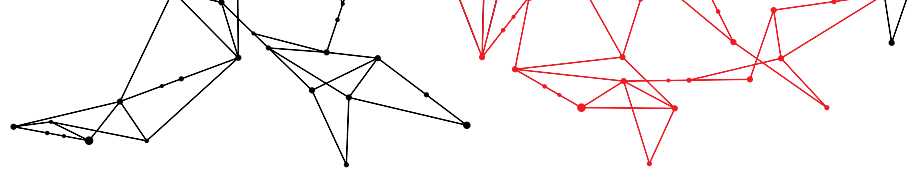
#### 4.17 Financial assets and liabilities

Financial assets and liabilities carried on the statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for material financial assets and financial liabilities are disclosed in the policy notes associated with them.

#### 4.18 Derivative financial instruments

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





#### 4.19 Acceptances

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

#### 4.20 Dividend and appropriation to reserves

Dividend declared and appropriations, except for transfer to statutory reserve which are made subsequent to the date of Statement of Financial Position are considered as non adjusting events and are recorded as a liability in the Groups' financial statements in the year in which these are approved by the directors / shareholders, as appropriate.

#### 4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year, consolidating the impact of treasury stocks, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

#### 4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure of the Group. Segmented performance is reported to the senior management of the Holding Company on monthly basis for the purpose of strategic decision making and performance management.

##### 4.22.1 Business segments

###### Retail banking

This includes loans, deposits, trade, wealth management and other banking transactions with retail, individual customers, commercial and small and middle sized customers of the Holding Company. Product suite offered to individual customers includes credit cards, auto loans, housing finance and personal loans.

###### Corporate banking

This comprises of loans, deposits, project financing, trade financing, investment banking and other banking activities with Holding Company's corporate and public sector customers.

###### Treasury

This segment includes liquidity management activities carried out through borrowing, lending, money market, capital market and merchant banking operations. The investments of the Holding Company primarily towards government securities and risk management activities via use of forward contracts & derivatives are reported here.

###### Digital banking

This segment includes branchless banking accounts, deposits and lending products, digital channels (including ATMs, internet banking, call centre and alfa app), corporate, G2P & SMME portfolio (including EOBI, BISP, payroll solutions), digital payments and digital products.

###### Islamic banking (Domestic)

This segment pertains to full scale Islamic Banking operations of the Holding Company.

###### International operations

This segment includes amounts related to the Holding Company's overseas operations, namely, banking activities in Bangladesh, Afghanistan, United Arab Emirates and the Kingdom of Bahrain.

###### Brokerage

It includes stock brokerage and investment consultancy through the subsidiary Alfalah CLSA Securities (Private) Limited.

###### Others

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

##### 4.22.2 Geographical segments

The Group operates in three geographical regions being:

- Pakistan
- Asia Pacific (including South Asia)
- Middle East

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		39,440,289	34,295,288
- foreign currency		7,354,310	3,692,104
		46,794,599	37,987,392
With State Bank of Pakistan in			
- local currency current accounts	5.1	76,392,873	46,845,917
- foreign currency current accounts	5.2	8,989,528	3,528,124
- foreign currency deposit accounts	5.3	12,227,044	687,240
		97,609,445	51,061,281
With other central banks in			
- foreign currency current accounts	5.4	45,379,083	49,697,265
- foreign currency deposit accounts	5.5	1,695,718	1,679,531
		47,074,801	51,376,796
With National Bank of Pakistan in local currency current account		11,062,857	92,407
Prize bonds		186,661	95,875
		202,728,363	140,613,751
Less: expected credit loss - overseas branches		(35,860)	-
		<u>202,692,503</u>	<u>140,613,751</u>

**5.1** This represents local currency current account maintained under the cash reserve requirement of the SBP.

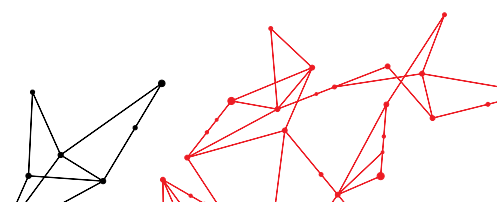
**5.2** These represent US Dollar and other foreign currency settlement accounts and a foreign currency current account maintained under the cash reserve requirement of the SBP.

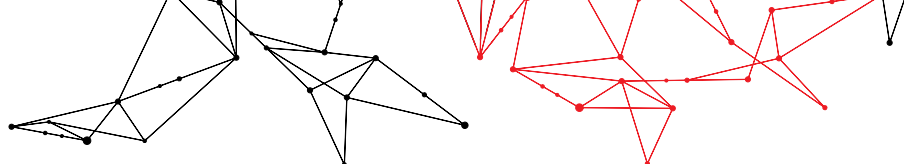
**5.3** This represents foreign currency deposit account maintained under the special cash reserve of the SBP. Profit rates on these deposits are fixed by the SBP on a monthly basis. These deposits carry interest rate ranging from 3.39% to 4.34% (2022: 0.00% to 3.14%) per annum.

**5.4** These represent deposits with other central banks pertaining to the overseas operations of the Holding Company to meet their minimum cash reserves and capital requirements .

**5.5** These represent deposits with other central banks pertaining to the overseas operations of the Holding Company, in accordance with their regulatory requirements and carry interest rates ranging from 0.00% to 5.68% (2022: 0.00% to 2.04%) per annum.

	Note	2023 ------(Rupees in '000)-----	2022 ------(Rupees in '000)-----
<b>6 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- in current accounts		37,056	625,050
- in deposit accounts	6.1	346,266	13,013
		383,322	638,063
Outside Pakistan			
- in current accounts	6.2	16,575,317	9,438,572
- in deposit accounts	6.3	34,503	28,814
		16,609,820	9,467,386
		16,993,142	10,105,449
Less: expected credit loss - overseas branches		(3,057)	-
		<u>16,990,085</u>	<u>10,105,449</u>





- 6.1** This represents funds deposited with various banks at profit rates ranging from 6.00% to 20.50% per annum (2022: 3.25% to 14.50% per annum).
- 6.2** This includes amount held in Automated Investment Plans. The Holding Company is entitled to earn interest from the correspondent banks at agreed upon rates when the balance exceeds a specified amount.
- 6.3** This includes placement of funds generated through foreign currency deposits scheme (FE-25) and non-contractual deposits at interest rates ranging from 0.25% to 1.25% per annum (2022: 1.00% to 1.25% per annum).

	Note	2023	2022
----- (Rupees in '000) -----			
<b>7</b>	<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call / clean money lendings	7.1	32,018,705	40,384,136
Repurchase agreement lendings (Reverse Repo)	7.2	87,535,847	74,969,700
		119,554,552	115,353,836
Less: expected credit loss - overseas branches		(443)	(237)
Lendings to Financial Institutions - net of provision		119,554,109	115,353,599

- 7.1** These represent lendings to financial institutions at mark-up rates ranging from 7.25% to 22.00% per annum (2022: 5.00% to 16.20% per annum) having maturities upto January 2024 (2022: March 2023).
- 7.2** These represent short term lendings to financial institutions against investment securities. These carry mark-up rates ranging from 21.00% to 22.95% per annum (2022: 15.85% to 16.20% per annum) with maturities upto January 2024 (2022: January 2023).

	2023	2022
----- (Rupees in '000) -----		
<b>7.3</b>	<b>Particulars of lending - gross</b>	
In local currency	111,935,847	104,969,761
In foreign currencies	7,618,705	10,384,075
	119,554,552	115,353,836

**7.4** Securities held as collateral against lending to financial institutions

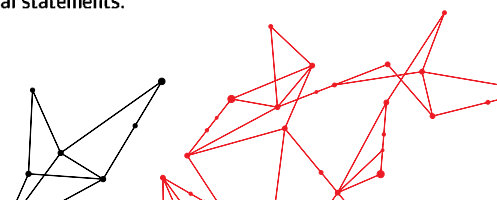
	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	1,939,888	-	1,939,888	52,348,826	-	52,348,826
Pakistan Investment Bonds	85,595,959	-	85,595,959	22,620,874	-	22,620,874
Total	87,535,847	-	87,535,847	74,969,700	-	74,969,700

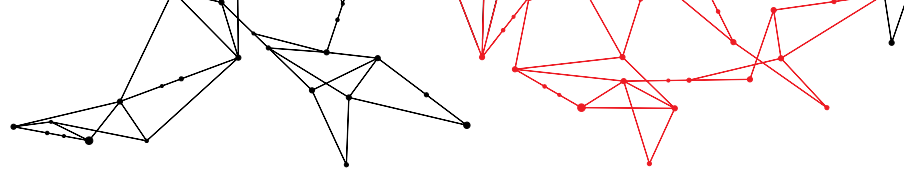


**8 INVESTMENTS****8.1 Investments by type:**

Note	2023				2022					
	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution / expected credit loss (ECL)	Surplus / (Deficit)	Carrying Value		
------(Rupees in '000)-----										
<b>Held-for-trading securities</b>										
<b>Federal Government Securities</b>										
	- Market Treasury Bills	8.7	158,519,893	-	(283,083)	158,236,810	2,074,210	-	(2,994)	2,071,216
	- Pakistan Investment Bonds	8.7	116,583,496	-	(74,689)	116,508,807	4,173,096	-	33,445	4,206,541
	- Ijarah Sukuk	8.7	4,661,665	-	(15,205)	4,646,460	3,059,648	-	7,862	3,067,510
<b>Shares</b>										
	- Ordinary shares / units - Listed		244,208	-	3,826	248,034	593,977	-	(60,544)	533,433
<b>Foreign Securities</b>										
	- Overseas Bonds - Sovereign		51,626	-	(4,921)	46,705	3,698,451	-	(4,878)	3,693,573
			280,060,888	-	(374,072)	279,686,816	13,599,382	-	(27,109)	13,572,273
<b>Available-for-sale securities</b>										
<b>Federal Government Securities</b>										
	- Market Treasury Bills	8.7	332,007,074	-	(823,401)	331,183,673	2,402	-	(7)	2,395
	- Pakistan Investment Bonds	8.7	951,035,850	-	(2,440,787)	948,595,063	831,017,092	-	(7,636,247)	823,380,845
	- Ijarah Sukuk	8.7	225,217,164	-	1,706,526	226,923,690	104,886,109	-	(939,360)	103,946,749
	- Government of Pakistan Euro Bonds		14,715,017	(2,355,129)	(1,339,847)	11,020,041	11,917,603	(2,012,101)	(4,753,348)	5,152,154
	- Naya Pakistan Certificates		5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
<b>Shares</b>										
	- Ordinary shares - Listed	8.4.2	3,500,848	(59,818)	594,515	4,035,545	7,205,583	(829,340)	(453,569)	5,922,674
	- Ordinary shares - Unlisted	8.4.2	1,211,363	(88,038)	-	1,123,325	1,211,363	(88,038)	-	1,123,325
	- Preference Shares - Listed	8.4.2	108,835	(108,835)	-	-	108,835	(108,835)	-	-
	- Preference Shares - Unlisted	8.4.2	25,000	(25,000)	-	-	25,000	(25,000)	-	-
<b>Non Government Debt Securities</b>										
	- Term Finance Certificates		3,169,109	(221,322)	-	2,947,787	2,764,517	(411,218)	(48)	2,353,251
	- Sukuk		16,452,185	(96,511)	66,970	16,422,644	16,898,056	(96,511)	129,707	16,931,252
<b>REIT Fund - Unlisted</b>										
			1,000,000	-	-	1,000,000	700,000	-	-	700,000
<b>Foreign Securities</b>										
	- Overseas Bonds - Sovereign		44,686,242	(108,774)	(1,448,004)	43,129,464	26,861,689	(64,732)	(1,679,122)	25,117,835
	- Overseas Bonds - Others		24,656,200	(7,551)	(1,615,830)	23,032,819	25,310,922	(10,416)	(2,074,381)	23,226,125
	- Redeemable Participating Certificates	8.1.1	5,514,371	-	-	5,514,371	4,338,537	-	-	4,338,537
	- Equity security - Listed		275,698	-	8,898	284,596	-	-	-	-
			1,629,262,140	(3,070,978)	(5,290,960)	1,620,900,202	1,038,026,783	(3,646,191)	(17,406,375)	1,016,974,217
<b>Held-to-maturity securities</b>										
<b>Federal Government Securities</b>										
	- Pakistan Investment Bonds	8.7	111,987,852	-	-	111,987,852	68,564,798	-	-	68,564,798
	- Ijarah Sukuk		27,754,444	-	-	27,754,444	-	-	-	-
<b>Non Government Debt Securities</b>										
	- Term Finance Certificates		814,680	(214,680)	-	600,000	864,680	(24,680)	-	840,000
	- Sukuk		3,339,720	(69,517)	-	3,270,203	1,895,679	(80,722)	-	1,814,957
<b>Foreign Securities</b>										
	- Overseas Bonds - Sovereign		21,905,016	(238)	-	21,904,778	11,216,215	(168)	-	11,216,047
			165,801,712	(284,435)	-	165,517,277	82,541,372	(105,570)	-	82,435,802
<b>Associates (valued under equity method)</b>										
	- Alfalah Insurance Company Limited		756,867	-	-	756,867	601,034	-	-	601,034
	- Sapphire Wind Power Company Limited		4,567,293	-	-	4,567,293	3,436,726	-	-	3,436,726
	- Alfalah Asset Management Limited		728,312	-	-	728,312	596,311	-	-	596,311
		8.1.2	6,052,472	-	-	6,052,472	4,634,071	-	-	4,634,071
<b>Total investments</b>			<u>2,081,177,212</u>	<u>(3,355,413)</u>	<u>(5,665,032)</u>	<u>2,072,156,767</u>	<u>1,138,801,608</u>	<u>(3,751,761)</u>	<u>(17,433,484)</u>	<u>1,117,616,363</u>

**8.1.1** The adoption of IFRS 9 at Bahrain Operations of the Holding Company has resulted in investments in Redeemable Participating Certificates held abroad, being mandatorily measured at "Fair Value through Profit and Loss Account". However, based on the clarification received from the SBP vide their letter No. BPRD/RPD/2018-16203 dated July 26, 2018, such investments have been reported and measured under "Available for Sale" investments in these consolidated financial statements.





### 8.1.2 Movement in values of investments accounted for under equity method of accounting

The details of investments accounted for under equity method of accounting is as follows.

2023					
Investment as at January 1	Share of profit	Share of other comprehensive Income / (loss)	Dividend received during the year	Balance as at December 31	
------(Rupees in '000)-----					
Alfalah Insurance Company Limited	601,034	159,505	26,323	(29,995)	756,867
Sapphire Wind Power Company Limited	3,436,726	1,399,067	-	(268,500)	4,567,293
Alfalah Asset Management Limited	596,311	132,001	-	-	728,312
	<u>4,634,071</u>	<u>1,690,573</u>	<u>26,323</u>	<u>(298,495)</u>	<u>6,052,472</u>

2022					
Investment as at January 1	Share of profit	Share of other comprehensive Income / (loss)	Dividend received during the year	Balance as at December 31	
------(Rupees in '000)-----					
Alfalah Insurance Company Limited	552,910	91,006	(12,887)	(29,995)	601,034
Sapphire Wind Power Company Limited	3,039,576	508,150	-	(111,000)	3,436,726
Alfalah Asset Management Limited	525,636	70,675	-	-	596,311
	<u>4,118,122</u>	<u>669,831</u>	<u>(12,887)</u>	<u>(140,995)</u>	<u>4,634,071</u>

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### 8.1.3 Particulars of assets and liabilities of associates

		2023				
	Audited / Un-audited	Financial statements period	Assets	Liabilities	Revenue	Profit for the year
------(Rupees in '000)-----						
Alfalah Insurance Company Limited	Un-audited	December 31, 2023	7,402,766	4,889,441	1,685,318	531,684
Sapphire Wind Power Company Limited	Un-audited	December 31, 2023	20,656,087	6,239,010	6,505,651	4,663,556
Alfalah Asset Management Limited	Un-audited	December 31, 2023	2,366,955	556,130	957,906	330,820
------(Rupees in '000)-----						
		2022				
	Audited / Un-audited	Financial statements period	Assets	Liabilities	Revenue	Profit for the year
------(Rupees in '000)-----						
Alfalah Insurance Company Limited	Audited	December 31, 2022	5,944,401	3,950,503	2,218,696	303,352
Sapphire Wind Power Company Limited	Un-audited	December 31, 2022	17,893,681	7,245,161	3,659,108	1,693,833
Alfalah Asset Management Limited	Un-audited	December 31, 2022	1,769,239	286,611	474,201	175,722

**8.2 Investments by segments:**

	2023				2022			
	Cost/ Amortised cost	Provision for diminution / expected credit loss	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution / expected credit loss	Surplus / (Deficit)	Carrying Value
------(Rupees in '000)-----								
<b>Federal Government Securities:</b>								
- Market Treasury Bills	490,526,967	-	(1,106,484)	489,420,483	2,076,612	-	(3,001)	2,073,611
- Pakistan Investment Bonds	1,179,607,198	-	(2,515,476)	1,177,091,722	903,754,986	-	(7,602,802)	896,152,184
- Government of Pakistan Euro Bonds	14,715,017	(2,355,129)	(1,339,847)	11,020,041	11,917,603	(2,012,101)	(4,753,348)	5,152,154
- Ijarah Sukuk	257,633,273	-	1,691,321	259,324,594	107,945,757	-	(931,498)	107,014,259
- Naya Pakistan Certificates	5,687,184	-	-	5,687,184	4,779,075	-	-	4,779,075
	1,948,169,639	(2,355,129)	(3,270,486)	1,942,544,024	1,030,474,033	(2,012,101)	(13,290,649)	1,015,171,283
<b>Shares:</b>								
- Listed Companies	3,853,891	(168,653)	598,341	4,283,579	7,908,395	(938,175)	(514,113)	6,456,107
- Unlisted Companies	1,236,363	(113,038)	-	1,123,325	1,236,363	(113,038)	-	1,123,325
	5,090,254	(281,691)	598,341	5,406,904	9,144,758	(1,051,213)	(514,113)	7,579,432
<b>Mutual Fund / REIT Fund:</b>								
- Unlisted Company	1,000,000	-	-	1,000,000	700,000	-	-	700,000
	1,000,000	-	-	1,000,000	700,000	-	-	700,000
<b>Non Government Debt Securities</b>								
- Listed	15,635,380	(101,705)	56,926	15,590,601	15,011,330	(1,785)	27,455	15,037,000
- Unlisted	8,140,314	(500,325)	10,044	7,650,033	7,411,602	(611,346)	102,204	6,902,460
	23,775,694	(602,030)	66,970	23,240,634	22,422,932	(613,131)	129,659	21,939,460
<b>Foreign Securities</b>								
- Government securities	66,642,884	(109,012)	(1,452,925)	65,080,947	41,776,355	(64,900)	(1,684,000)	40,027,455
- Non Government Debt securities	30,170,571	(7,551)	(1,615,830)	28,547,190	29,649,459	(10,416)	(2,074,381)	27,564,662
- Equity security - Listed	275,698	-	8,898	284,596	-	-	-	-
	97,089,153	(116,563)	(3,059,857)	93,912,733	71,425,814	(75,316)	(3,758,381)	67,592,117
<b>Associates (valued under equity method)</b>	6,052,472	-	-	6,052,472	4,634,071	-	-	4,634,071
<b>Total Investments</b>	<b>2,081,177,212</b>	<b>(3,355,413)</b>	<b>(5,665,032)</b>	<b>2,072,156,767</b>	<b>1,138,801,608</b>	<b>(3,751,761)</b>	<b>(17,433,484)</b>	<b>1,117,616,363</b>

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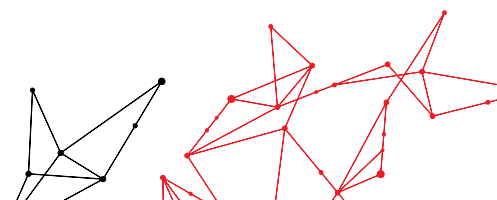
**8.2.1 Investments given as collateral**

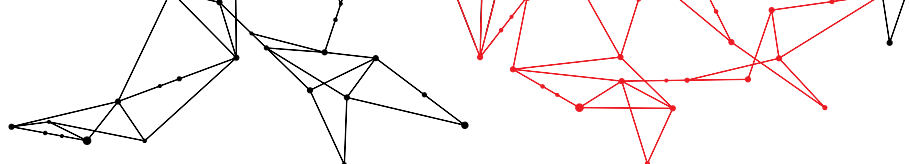
	2023	2022
	------(Rupees in '000)-----	
- Market Treasury Bills	160,501,809	-
- Pakistan Investment Bonds	575,983,500	307,049,207
- Overseas Bonds	15,037,219	4,981,480
	<u>751,522,528</u>	<u>312,030,687</u>

The market value of securities given as collateral is Rs. 739,217.237 million (2022: Rs. 308,263.867 million).

**8.3 Provision for diminution in value of investments**

	2023	2022
	------(Rupees in '000)-----	
<b>8.3.1 Opening balance</b>	3,751,761	1,186,010
Exchange adjustments	576,126	66,733
Charge / reversals		
Charge for the year	318,681	2,668,843
Reversals for the year	(363,351)	(9,397)
Reversal on disposals	(927,804)	(160,428)
	(972,474)	2,499,018
Amount written off	-	-
Closing Balance	<u>3,355,413</u>	<u>3,751,761</u>





### 8.3.2 Particulars of provision against debt securities

Category of classification	2023		2022	
	Non Performing Investment	Provision	Non Performing Investment	Provision
	----- (Rupees in '000) -----			
<b>Domestic</b>				
Loss	602,030	602,030	613,131	613,131
<b>Total</b>	<u>602,030</u>	<u>602,030</u>	<u>613,131</u>	<u>613,131</u>

**8.3.2.1** The overseas branches hold a provision of Rs. 2,471.692 million (2022: Rs. 2,087.417 million) against investments in accordance with ECL requirements of IFRS 9.

### 8.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	Note	2023	2022
		Cost	
----- (Rupees in '000) -----			
<b>8.4.1 Federal Government Securities - Government guaranteed</b>			
Market Treasury Bills		332,007,074	2,402
Pakistan Investment Bonds		951,035,850	831,017,092
Ijarah Sukuk		225,217,164	104,886,109
Government of Pakistan Euro Bonds		14,715,017	11,917,603
Naya Pakistan Certificates	8.4.1.1	5,687,184	4,779,075
		<u>1,528,662,289</u>	<u>952,602,281</u>

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**8.4.1.1** This represents initial investment made for the establishment of the modaraba pools in Islamic Naya Pakistan Company limited in accordance with S.R.O 964 (I) / 2020 dated October 05, 2020.

### 8.4.2 Shares

#### 8.4.2.1 Listed Companies

##### Ordinary Shares

	2023	2022
Cost		
----- (Rupees in '000) -----		
Cement	10,286	780,439
Chemicals	17,909	17,909
Commercial Banks	587,817	1,705,078
Engineering	-	365,150
Fertilizer	975,552	1,241,121
Investment Banks	15,000	15,000
Oil and Gas Exploration Companies	738,545	1,527,575
Oil and Gas Marketing Companies	197,065	544,616
Pharmaceuticals	51,216	51,216
Power Generation & Distribution	374,524	637,028
Technology and Communication	477,258	101,521
Textile Composite	55,676	218,930
	<u>3,500,848</u>	<u>7,205,583</u>

##### Preference Shares

Fertilizer	108,835	108,835
	<u>3,609,683</u>	<u>7,314,418</u>

**8.4.2.2 Unlisted Companies**

	Break up value as at	2023		2022	
		Cost	Breakup value (Rupees in '000)	Cost	Breakup value
<b>Ordinary Shares</b>					
Al-Hamara Avenue (Private) Limited *	June 30, 2010	50,000	47,600	50,000	47,600
Pakistan Export Finance Guarantee Agency Limited *	June 30, 2010	5,725	286	5,725	286
Pakistan Mortgage Refinance Company Limited	Dec 31, 2022	300,000	630,871	300,000	531,479
Pakistan Corporate Restructuring Company Limited *	Dec 31, 2022	32,313	19,452	32,313	25,633
Society for worldwide Interbank Financial Telecommunication	Dec 31, 2022	4,095	35,170	4,095	30,620
TriconBoston Consulting Corporation (Private) Limited	June 30, 2023	769,230	2,621,567	769,230	2,110,880
1 Link (Private) Limited	Dec 31, 2022	50,000	733,214	50,000	428,290
		1,211,363	4,088,160	1,211,363	3,174,788
<b>Preference Shares</b>					
Trust Investment Bank Limited	Dec 31, 2017	25,000	27,784	25,000	27,784
		1,236,363	4,115,944	1,236,363	3,202,572

\* These investments are fully provided.

**8.4.3 Non Government Debt Securities****8.4.3.1 Listed**

Categorised based on long term rating by Credit Rating Agency :

- AA+, AA, AA-
- A+, A, A-
- Unrated

	2023	2022
	Cost (Rupees in '000)	
	550,000	-
	100,000	-
	14,985,380	15,011,330
	15,635,380	15,011,330

**8.4.3.2 Unlisted**

Categorised based on long term rating by Credit Rating Agency:

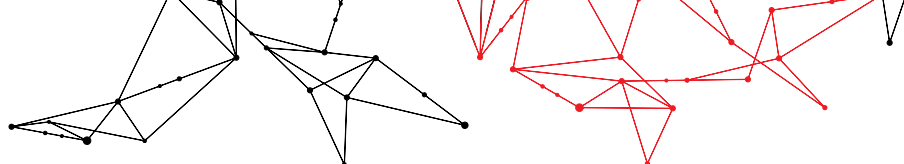
- AAA
- AA+, AA, AA-
- A+, A, A-
- Unrated

	2,809,286	1,470,000
	760,500	564,167
	200,000	-
	216,128	2,617,076
	3,985,914	4,651,243
	19,621,294	19,662,573

Total Non Government Debt Securities

**8.4.4 Foreign Securities****8.4.4.1 Government Securities**

	2023		2022	
	Cost	Rating	Cost	Rating
	(Rupees in '000)			
United States of America	5,430,509	AAA	2,172,640	AAA
Republic of Korea	1,391,221	AA	1,113,527	AA
United Arab Emirates	18,029,184	AA	5,997,685	AA
Dubai	1,973,025	Unrated	1,584,180	AA/ Unrated
Abu Dhabi	1,975,422	AA	2,374,382	AA
Italy	1,658,906	Baa3u	994,050	Baa3u
Republic of Kazakhstan	623,272	BBB-	484,318	BBB-
Sharjah	2,847,969	BBB-	2,289,818	BBB-
Kingdom of Saudi Arabia	2,800,160	A1	2,243,766	A1
Republic Of Chile	30,988	A-	24,228	A1
Area Republic of Egypt	563,721	B-	452,025	B
Republic of Philippines	1,185,942	Baa2	482,786	Baa2
Indonesia	1,691,164	Baa2	2,488,648	Baa2
Republic of South Africa	1,412,667	Ba2	1,135,091	Ba2
Sultanate of Oman	2,256,559	Ba1	1,813,228	Ba3
Republic Of Turkiye	815,533	B3	1,211,317	B3
	44,686,242		26,861,689	



#### 8.4.4.2 Non Government Debt Securities - Overseas securities

##### Unlisted

Categorised based on long term rating by Credit Rating Agency

	2023	2022
	----- (Rupees in '000) -----	
- AA+, AA, AA-	281,498	2,713,169
- A+, A, A-	11,439,850	5,986,854
- BBB+, BBB, BBB-	2,818,083	9,380,644
- Baa1, B-	3,381,261	1,129,169
- A3	6,735,508	6,101,086
- Unrated	5,514,371	4,338,537
	<u>30,170,571</u>	<u>29,649,459</u>

#### 8.4.4.3 Equity - Overseas

##### Listed Companies

##### Ordinary Shares

Financial services  
Transportation

268,600	-
7,098	-
<u>275,698</u>	<u>-</u>

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

##### 8.5.1 Federal Government Securities - Government guaranteed

- Pakistan Investment Bonds	111,987,852	68,564,798
- Ijarah Sukuk	<u>27,754,444</u>	-
	<u>139,742,296</u>	<u>68,564,798</u>

##### 8.5.2 Non Government Debt Securities

##### Unlisted

Categorised based on long term rating by Credit Rating Agency

- AAA	2,638,953	1,482,850
- AA+, AA, AA-	500,000	-
- A+, A, A-	731,250	677,500
- BB+, BB, BB-	190,000	-
- Unrated	94,197	600,009
	<u>4,154,400</u>	<u>2,760,359</u>

##### 8.5.3 Foreign Securities

##### 8.5.3.1 Government Securities

	2023		2022	
	Cost	Rating	Cost	Rating
	----- (Rupees in '000) -----			
People's Republic of Bangladesh	20,499,921	BB-	10,088,667	BB-
State of Qatar	1,405,095	AA-	1,127,548	AA-
	<u>21,905,016</u>		<u>11,216,215</u>	

**8.6** The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 154,796.433 million (2022: Rs. 73,518.446 million).

**8.7** Investments include securities amounting to Rs. 1,925,836.799 million (2022: Rs. 1,005,240.054 million) which are held by the Holding Company to comply with the statutory liquidity requirements as set out under Section 29 of the Banking Companies Ordinance, 1962.

## 9 ADVANCES

	Note	Performing		Non Performing		Total	
		2023	2022	2023	2022	2023	2022
------(Rupees in '000)-----							
Loans, cash credits, running finances, etc.	9.1 & 9.2	565,261,986	570,312,570	32,595,861	22,798,387	597,857,847	593,110,957
Islamic financing and related assets	9.3	162,102,341	149,839,163	4,872,026	4,893,861	166,974,367	154,733,024
Bills discounted and purchased		12,300,229	14,580,885	166,121	3,280,234	12,466,350	17,861,119
Advances - gross		739,664,556	734,732,618	37,634,008	30,972,482	777,298,564	765,705,100
Provision against advances							
- Specific	9.6	-	-	(32,374,940)	(25,397,878)	(32,374,940)	(25,397,878)
- General / expected credit loss	9.6	(9,861,797)	(7,921,407)	-	-	(9,861,797)	(7,921,407)
		(9,861,797)	(7,921,407)	(32,374,940)	(25,397,878)	(42,236,737)	(33,319,285)
Advances - net of provision		729,802,759	726,811,211	5,259,068	5,574,604	735,061,827	732,385,815

### 9.1 This includes net investment in finance Lease as disclosed below:

	2023				2022			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
------(Rupees in '000)-----								
Lease rentals receivable	285,220	2,834,942	99,839	3,220,001	374,818	4,022,648	106,060	4,503,526
Residual value	360,470	912,204	24,875	1,297,549	218,597	1,207,888	25,354	1,451,839
Minimum lease payments	645,690	3,747,146	124,714	4,517,550	593,415	5,230,536	131,414	5,955,365
Financial charges for future periods	(24,699)	(613,552)	(15,681)	(653,932)	(75,179)	(850,312)	(17,078)	(942,569)
Present value of minimum lease payments	620,991	3,133,594	109,033	3,863,618	518,236	4,380,224	114,336	5,012,796

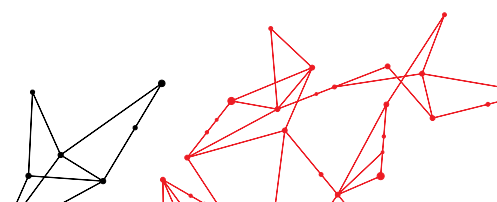
### 9.2 Advances include an amount of Rs. 362.630 million (2022: Rs. 339.983 million), being Employee Loan facilities allowed to Citibank, N.A, Pakistan's employees, which were either taken over by the Holding Company, or were granted afresh, under a specific arrangement executed between the Holding Company and Citibank, N.A, Pakistan. The said arrangement is subject to certain relaxations as specified vide the SBP Letter BPRD/BRD/Citi/2017/21089 dated September 11, 2017.

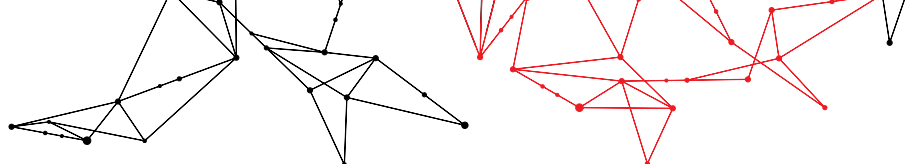
The said arrangement covers only existing employees of Citibank, N.A, Pakistan, and the relaxations allowed by the SBP are on continual basis, but subject to review by the SBP's BID and OSED departments. These loans carry mark-up at the rates ranging from 17.99% to 41.28% (2022: 13.37% to 27.25%) with maturities up to October 2043 (2022: October 2042) .

### 9.3 This represent financing and related assets placed under shariah permissible modes and presented in Annexure-II.

### 9.4 Particulars of advances (gross)

	2023	2022
	------(Rupees in '000)-----	
In local currency	700,788,290	713,985,927
In foreign currencies	76,510,274	51,719,173
	<u>777,298,564</u>	<u>765,705,100</u>





- 9.5** Advances include Rs. 37,634.008 million (2022: Rs. 30,972.482 million) which have been placed under non-performing status as detailed below:

**Category of classification**

	2023		2022	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
------(Rupees in '000)-----				
<b>Domestic</b>				
Other Assets Especially Mentioned	186,364	3,568	178,723	15,814
Substandard	1,800,068	444,281	2,352,882	683,787
Doubtful	6,694,041	3,293,830	6,885,829	3,407,905
Loss	28,285,295	28,142,944	20,897,810	20,795,657
	<u>36,965,768</u>	<u>31,884,623</u>	<u>30,315,244</u>	<u>24,903,163</u>
<b>Overseas</b>				
Not past due but impaired				
Overdue by:				
91 to 180 days	43,013	25,688	35,903	21,952
181 to 365 days	-	-	139,472	119,706
Above 365 days	625,227	464,629	481,863	353,057
	<u>668,240</u>	<u>490,317</u>	<u>657,238</u>	<u>494,715</u>
Total	<u>37,634,008</u>	<u>32,374,940</u>	<u>30,972,482</u>	<u>25,397,878</u>

**9.6 Particulars of provision against advances**

	2023			2022		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
Note ------(Rupees in '000)-----						
Opening balance	25,397,878	7,921,407	33,319,285	21,126,338	4,067,236	25,193,574
Exchange adjustments	83,703	57,723	141,426	32,240	22,887	55,127
Charge for the year	12,130,032	1,882,667	14,012,699	7,544,341	3,831,284	11,375,625
Reversals	(3,503,697)	-	(3,503,697)	(2,431,826)	-	(2,431,826)
	<u>8,626,335</u>	<u>1,882,667</u>	<u>10,509,002</u>	<u>5,112,515</u>	<u>3,831,284</u>	<u>8,943,799</u>
Amounts written off	(1,732,976)	-	(1,732,976)	(497,192)	-	(497,192)
Amounts charged off - agriculture financing	-	-	-	(69,791)	-	(69,791)
Amounts charged off - balance sheet cleaning	-	-	-	(306,232)	-	(306,232)
	<u>(1,732,976)</u>	<u>-</u>	<u>(1,732,976)</u>	<u>(873,215)</u>	<u>-</u>	<u>(873,215)</u>
Closing balance	<u>32,374,940</u>	<u>9,861,797</u>	<u>42,236,737</u>	<u>25,397,878</u>	<u>7,921,407</u>	<u>33,319,285</u>

**9.6.1 Particulars of provision against advances**

	2023			2022		
	Specific	General / expected credit loss	Total	Specific	General / expected credit loss	Total
------(Rupees in '000)-----						
In local currency	30,288,286	9,437,833	39,726,119	20,954,400	7,551,647	28,506,047
In foreign currencies	2,086,654	423,964	2,510,618	4,443,478	369,760	4,813,238
	<u>32,374,940</u>	<u>9,861,797</u>	<u>42,236,737</u>	<u>25,397,878</u>	<u>7,921,407</u>	<u>33,319,285</u>

- 9.6.2** The overseas branches hold a provision of Rs. 25.670 million (2022: Rs. 0.590 million) against advances in accordance with ECL requirements of IFRS 9.

- 9.6.3** The additional profit arising from availing the forced sales value (FSV) benefit - net of tax at December 31, 2023 which is not available for distribution as either cash or stock dividend to shareholders/ bonus to employees amounted to Rs. 86.021 million (2022: Rs. 94.554 million).



**9.6.4** During the year, non performing loans and provisions were reduced by Rs. 231.391 million (2022: Rs. 175.000 million) due to debt property swap transaction.

**9.6.5** General provision includes:

(i) Provision held in accordance with the SBP's prudential regulations against:

- Conventional consumer loans being maintained at an amount equal to 1% of the secured auto loans, 0.5% of secured house loans performing portfolio and 4% of the unsecured (personal loans and credit cards) performing portfolio;

- Islamic auto loans being maintained at an amount equal to 1% of the secured performing portfolio and for Islamic house loans, at an amount equal to 0.5% of the secured performing portfolio;

- Small Enterprises (SE) portfolio being maintained at an amount equal to 1% against unsecured performing SE portfolio;

(ii) Provision held at overseas branches to meet the requirements of regulatory authorities of the respective countries in which the overseas branches operate; and

(iii) Provision of Rs. 7,748.000 million (2022: Rs. 4,595.000 million) against the high risk portfolio, which is showing higher economic vulnerability. The portfolio excludes GoP backed exposures, staff loans and loans secured against liquid collaterals. Provision against flood impacted portfolio of Rs. 1,376.000 million held as at December 31, 2022 was reversed during the year.

**9.6.6** At December 31, 2022 Rs. 9,984.910 million relating to certain non performing facilities of Power Holding (Private) Limited, which is guaranteed by the Government of Pakistan, had not been classified as non-performing, pursuant to a relaxation given by the SBP in this respect. The amount outstanding as at last year end was settled during 2023.

**9.6.7** Although the Holding Company has made provision against its non-performing portfolio as per the category of classification of the loan, the Holding Company holds enforceable collateral in the event of recovery through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade etc.

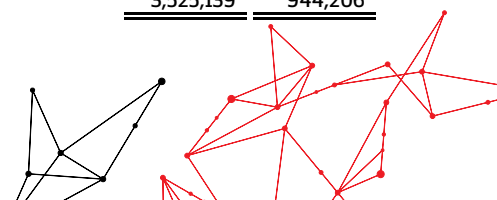
<b>9.7 Particulars of Write Offs:</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- <b>(Rupees in '000)</b> -----	
<b>9.7.1</b> Against Provisions Directly charged to the Profit & Loss account	9.7.2	1,732,976	873,215
		-	-
		<u>1,732,976</u>	<u>873,215</u>
<b>9.7.2</b> Write Offs of Rs. 500,000 and above			
- Domestic	9.8	1,189,276	501,385
- Overseas		-	147,733
Write Offs of Below Rs. 500,000		543,700	224,097
		<u>1,732,976</u>	<u>873,215</u>

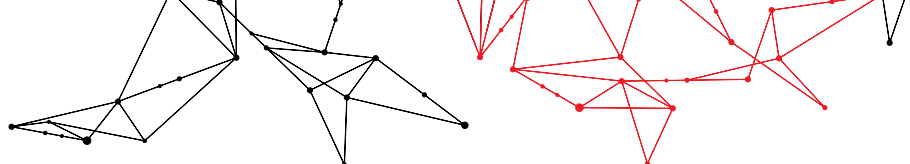
**9.7.3** As allowed by the SBP circular no. 06 of 2007 dated June 05, 2007, the Holding Company in year 2022 had written off Rs. 306.232 million as part of the balance sheet cleanup exercise. The Holding Company holds enforceable collateral in the event of recovery through litigation.

#### **9.8 Details Of Loan Write Off Of Rs. 500,000/- And Above**

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended December 31, 2023 is given as Annexure-I to these consolidated financial statements.

<b>10 FIXED ASSETS</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
		----- <b>(Rupees in '000)</b> -----	
Capital work-in-progress	10.1	3,525,139	944,206
Property and equipment	10.2	38,328,952	32,132,604
Right-of-use assets	10.3	19,966,957	15,416,474
		<u>61,821,048</u>	<u>48,493,284</u>
<b>10.1 Capital work-in-progress</b>			
Civil works		2,454,986	706,019
Equipment		999,120	214,126
Others		71,033	24,061
		<u>3,525,139</u>	<u>944,206</u>





## 10.2 Property and equipment

2023									
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total	
------(Rupees in '000)-----									
<b>At January 1, 2023</b>									
Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,466,222	19,989,731	458,877	53,382,958
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,955,256)	(13,645,643)	(340,513)	(21,250,354)
Net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
<b>Year ended December 2023</b>									
Opening net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
Additions	558,585	1,131,260	357,115	951,217	1,663,824	451,064	4,605,967	66,943	9,785,975
Disposals	(36,250)	-	(7,941)	-	(8,997)	(2,130)	(13,424)	(3,319)	(72,061)
Depreciation charge	-	-	(96,829)	(137,493)	(639,098)	(113,813)	(2,475,526)	(75,329)	(3,538,088)
Exchange rate adjustments	-	-	-	-	3,225	2,369	9,401	7,003	21,998
Other adjustments / transfers	-	-	31	-	559	(383)	(2,238)	555	(1,476)
Closing net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
<b>At December 31, 2023</b>									
Cost / revalued amount	10,645,215	5,770,417	3,248,703	5,164,912	10,294,025	2,863,928	23,598,946	510,450	62,096,596
Accumulated depreciation	-	-	(185,400)	(262,957)	(5,776,521)	(2,015,855)	(15,130,678)	(396,233)	(23,767,644)
Net book value	10,645,215	5,770,417	3,063,303	4,901,955	4,517,504	848,073	8,468,268	114,217	38,328,952
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

2022									
Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Lease hold improvement	Furniture and fixture	Office equipment	Vehicles	Total	
------(Rupees in '000)-----									
<b>At January 1, 2022</b>									
Cost / revalued amount	8,671,629	4,298,244	2,334,726	4,036,641	6,939,239	2,283,352	16,580,115	406,835	45,550,781
Accumulated depreciation	-	-	-	-	(4,716,211)	(1,875,606)	(12,101,952)	(268,229)	(18,961,998)
Net book value	8,671,629	4,298,244	2,334,726	4,036,641	2,223,028	407,746	4,478,163	138,606	26,588,783
<b>Year ended December 2022</b>									
Opening net book value	8,671,629	4,298,244	2,334,726	4,036,641	2,223,028	407,746	4,478,163	138,606	26,588,783
Additions	1,532,030	345,000	577,277	182,980	1,734,400	200,572	3,748,975	36,040	8,357,274
Disposals	(302,000)	-	(12,811)	-	(1,847)	(659)	(12,788)	-	(330,105)
Depreciation charge	-	-	(89,380)	(125,343)	(436,547)	(97,297)	(1,875,934)	(61,912)	(2,686,413)
Exchange rate adjustments	-	-	-	-	1,660	1,873	6,090	5,790	15,413
Other adjustments / transfers	221,221	(4,087)	1,115	(6,047)	(22,703)	(1,269)	(418)	(160)	187,652
Closing net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
<b>At December 31, 2022</b>									
Cost / revalued amount	10,122,880	4,639,157	2,900,119	4,213,695	8,592,277	2,466,222	19,989,731	458,877	53,382,958
Accumulated depreciation	-	-	(89,192)	(125,464)	(5,094,286)	(1,955,256)	(13,645,643)	(340,513)	(21,250,354)
Net book value	10,122,880	4,639,157	2,810,927	4,088,231	3,497,991	510,966	6,344,088	118,364	32,132,604
Rate of depreciation (percentage)	-	-	2.5%	2.5%	10% - 20%	10% - 25%	12.5% - 50%	25%	

**10.2.1** Land and buildings were last revalued on December 31, 2021 on the basis of market values, determined by independent valuers M/s Akbani & Javed Associates, M/s Collier International Pakistan (Private) Limited, M/s Harvester Service (Private) Limited and M/s Hamid Mukhtar & Co. (Private) Limited. Had there been no revaluation, the carrying amount of the revalued assets as at December 31, 2023 would have been Rs. 11,698.751 million (2022: Rs. 8,853.214 million).

	2023		2022	
	Net book value at Cost	Net book value at Revalued amount	Net book value at Cost	Net book value at Revalued amount
	------(Rupees in '000)-----			
Freehold land	4,052,051	10,645,215	3,493,067	10,122,880
Leasehold land	2,763,311	5,770,417	1,632,051	4,639,157
Buildings on freehold land	2,326,268	3,063,303	2,047,928	2,810,927
Buildings on leasehold land	2,557,121	4,901,955	1,680,168	4,088,231
	<u>11,698,751</u>	<u>24,380,890</u>	<u>8,853,214</u>	<u>21,661,195</u>

10.2.2	The cost of fully depreciated assets that are still in the Group's use are as follows:	2023	2022
		------(Rupees in '000)-----	
	Furniture and fixtures	1,656,036	1,522,052
	Office equipment	9,181,845	9,278,265
	Vehicles	237,418	222,364
	Leasehold improvements	3,866,870	3,280,797
		<u>14,942,169</u>	<u>14,303,478</u>

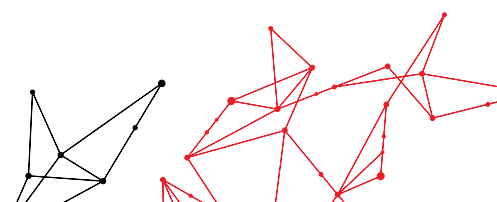
10.2.3 In 2022, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

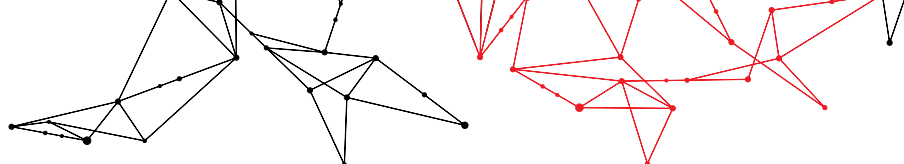
10.2.4 Sale of fixed assets to related parties are disclosed in Annexure III to these consolidated financial statements.

10.3	Right-of-use assets	Note	2023	2022
			------(Rupees in '000)-----	
	<b>At January 1</b>			
	Cost / revalued amount		22,399,553	16,948,306
	Accumulated depreciation		<u>(6,983,079)</u>	<u>(5,092,323)</u>
	Net book value		<u>15,416,474</u>	<u>11,855,983</u>
	<b>Year ended December</b>			
	Opening net book value		15,416,474	11,855,983
	Additions / renewals / amendments / (terminations) - net		7,843,529	6,256,146
	Depreciation charge		(3,367,208)	(2,739,579)
	Exchange rate / other adjustments		74,162	43,924
	Closing net book value		<u>19,966,957</u>	<u>15,416,474</u>
	<b>At December 31</b>			
	Cost / revalued amount		28,896,873	22,399,553
	Accumulated depreciation		<u>(8,929,916)</u>	<u>(6,983,079)</u>
	Net book value		<u>19,966,957</u>	<u>15,416,474</u>
	Rate of depreciation (percentage)		<u>5% - 100%</u>	<u>5% - 100%</u>

## 11 INTANGIBLE ASSETS

Capital work-in-progress / advance payment to suppliers		439,291	455,945
Software	11.1	934,853	842,236
Membership card		6,000	6,000
		<u>1,380,144</u>	<u>1,304,181</u>





	2023	2022
	----- (Rupees in '000) -----	
<b>11.1 At January 1</b>		
Cost	5,185,382	4,721,709
Accumulated amortisation and impairment	(4,343,146)	(3,986,581)
Net book value	<u>842,236</u>	<u>735,128</u>
<b>Year ended December 31</b>		
Opening net book value	842,236	735,128
Additions - directly purchased	419,720	459,005
Amortisation charge	(327,499)	(351,770)
Exchange and other adjustments	396	(127)
Closing net book value	<u>934,853</u>	<u>842,236</u>
<b>At December 31</b>		
Cost	5,618,297	5,185,382
Accumulated amortisation and impairment	(4,683,444)	(4,343,146)
Net book value	<u>934,853</u>	<u>842,236</u>
Rate of amortisation (percentage)	<u>20% - 25%</u>	<u>20% - 25%</u>
Useful life	<u>4 - 5 years</u>	<u>4 - 5 years</u>

**11.2** Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 3,754.226 million (2022: Rs. 3,488.460 million).

## 12 DEFERRED TAX ASSETS

2023			
At January 1, 2023	Recognised in P&L (charge) / reversal	Recognised in OCI	At December 31, 2023
----- (Rupees in '000) -----			

### Deductible Temporary Differences on:

- Provision against investments	1,702,211	522,167	-	2,224,378
- Provision against advances	3,096,128	1,087,190	-	4,183,318
- Unrealised loss on revaluation of held for trading investments	7,472	184,878	-	192,350
- Deficit on revaluation of available for sale investments	5,690,672	-	(4,820,503)	870,169
- Provision against other assets	1,002,851	249,099	-	1,251,950
- Provision against lending to financial institutions	32	41	-	73
- Workers' Welfare Fund	604,100	924,548	-	1,528,648
- Others	24,404	(24,404)	-	-
	<u>12,127,870</u>	<u>2,943,519</u>	<u>(4,820,503)</u>	<u>10,250,886</u>

### Taxable Temporary Differences on:

- Surplus on revaluation of fixed assets	(486,889)	420	(107,226)	(593,695)
- Surplus on revaluation of non banking assets	(63,108)	-	(22,487)	(85,595)
- Share of profit and other comprehensive income from associates	(1,486,280)	(890,730)	(11,675)	(2,388,685)
- Accelerated tax depreciation	(2,540,820)	(1,022,616)	-	(3,563,436)
	<u>(4,577,097)</u>	<u>(1,912,926)</u>	<u>(141,388)</u>	<u>(6,631,411)</u>
	<u>7,550,773</u>	<u>1,030,593</u>	<u>(4,961,891)</u>	<u>3,619,475</u>

2022			
At January 1, 2022	Recognised in P&L (charge) / reversal	Recognised in OCI	At December 31, 2022

------(Rupees in '000)-----

**Deductible Temporary Differences on:**

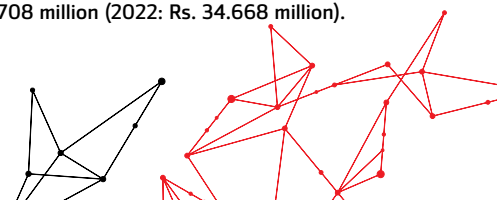
- Provision against investments	463,795	1,238,416	-	1,702,211
- Provision against advances	2,899,949	196,179	-	3,096,128
- Unrealised gain / (loss) on revaluation of held for trading investments	165,446	(157,974)	-	7,472
- Deficit on revaluation of available for sale investments	561,126	-	5,129,546	5,690,672
- Provision against other assets	730,972	271,879	-	1,002,851
- Provision against lending to financial institutions	81	(49)	-	32
- Workers' Welfare Fund	-	604,100	-	604,100
- Others	-	23,827	577	24,404
	4,821,369	2,176,378	5,130,123	12,127,870

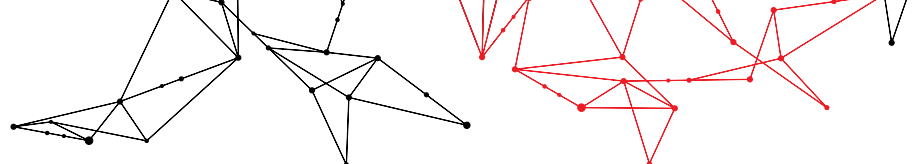
**Taxable Temporary Differences on:**

- Surplus on revaluation of fixed assets	(473,110)	92,233	(106,012)	(486,889)
- Surplus on revaluation of non banking assets	(84,039)	-	20,931	(63,108)
- Share of profit and other comprehensive income from associates	(1,146,801)	(345,306)	5,827	(1,486,280)
- Accelerated tax depreciation	(1,959,949)	(580,871)	-	(2,540,820)
	(3,663,899)	(833,944)	(79,254)	(4,577,097)
	1,157,470	1,342,434	5,050,869	7,550,773

13 OTHER ASSETS	Note	2023	2022
		------(Rupees in '000)-----	
Income / mark-up accrued in local currency - net of provision		81,667,129	42,711,601
Income / mark-up accrued in foreign currency - net of provision		2,402,118	2,011,398
Advances, deposits, advance rent and other prepayments		8,989,267	3,748,465
Advance against subscription of share		140,000	-
Non-banking assets acquired in satisfaction of claims	13.1	1,684,771	1,439,606
Dividend receivable		10,431	-
Mark to market gain on forward foreign exchange contracts		2,606,750	922,573
Mark to market gain on derivatives	23.1	4,175,322	4,795,545
Stationery and stamps on hand		11,350	23,253
Defined benefit plan	38.1.4	440,585	153,707
Branch adjustment account		-	24,430
Due from card issuing banks		4,829,866	4,544,609
Accounts receivable		4,971,746	5,690,187
Claims against fraud and forgeries	13.2	126,066	119,455
Acceptances		24,618,660	19,090,181
Receivable against Government of Pakistan and overseas government securities		2,925,206	131,517
Receivable against marketable securities		1,153,013	860,261
Others		86,275	65,636
		140,838,555	86,332,424
Less: Provision held against other assets	13.3	(4,619,037)	(3,181,544)
Other Assets (net of provision)		136,219,518	83,150,880
Surplus on revaluation of non-banking assets acquired in satisfaction of claims - net	13.1 & 20.2	172,321	145,613
		136,391,839	83,296,493
<b>13.1 Market value of non-banking assets acquired in satisfaction of claims:</b>			
- Properties		1,844,619	1,578,141
- Shares		12,473	7,078
		1,857,092	1,585,219

The Non-banking assets (properties) of the Holding Company have been revalued by independent professional valuers as at December 31, 2023. The revaluation was carried out by M/s. Harvester Service (Private) Limited, M/s Akbani & Javed Associates, M/s. K.G Traders, M/s. Creative Consultants & Construction and M/s Surval (Private) Limited on the basis of professional assessment of present market values which resulted in an increase in surplus by Rs. 26.708 million (2022: Rs. 34.668 million).





	Note	2023 ------(Rupees in '000)-----	2022
<b>13.1.1 Non-banking assets acquired in satisfaction of claims - gross of provision</b>			
Opening balance		1,585,219	1,606,918
Additions		245,960	175,000
Disposals	13.1.2	-	(300)
Revaluation (charged to OCI)		26,708	34,668
Reversal of deficit / (deficit) on revaluation (charged to Profit and loss account)	33	4,201	(4,201)
Transfer to property and equipment	13.1.1.1	-	(222,419)
Depreciation	30	(4,996)	(4,447)
Closing balance		<u>1,857,092</u>	<u>1,585,219</u>

**13.1.1.1** In 2022, non banking assets having cost of Rs. 161.759 million and surplus of Rs. 60.660 million were transferred to fixed assets.

	Note	2023 ------(Rupees in '000)-----	2022
<b>13.1.2 Gain / loss on disposal of non-banking assets acquired in satisfaction of claims</b>			
Disposal proceeds		-	9,200
less			
- Cost		-	300
- Depreciation / impairment		-	(300)
		-	-
Gain on disposal		<u>-</u>	<u>9,200</u>

**13.2** This represents fraud and forgery amount receivable from an insurance company and other sources. Provision has been held against non-recoverable amount.

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	Note	2023 ------(Rupees in '000)-----	2022
<b>13.3 Provision held against other assets</b>			
Impairment against overseas operation	13.3.2	2,359,988	2,114,963
Expected credit loss (overseas operation)		46,807	10,397
Fraud and forgeries		126,066	119,455
Accounts receivable		1,702,567	548,109
Others		383,609	388,620
		<u>4,619,037</u>	<u>3,181,544</u>

**13.3.1 Movement in provision held against other assets**

Opening balance		3,181,544	1,848,407
Exchange and other adjustments		2,531	35,684
Charge for the year	13.3.2	1,519,024	1,493,475
Reversals for the year		(83,100)	(165,599)
		1,435,924	1,327,876
Amount written off		(962)	(30,423)
Closing balance		<u>4,619,037</u>	<u>3,181,544</u>

**13.3.2** The Holding Company, in light of uncertain conditions in one of the countries where the Holding Company operates, holds an impairment of Rs. 2,359.988 million (2022: Rs. 2,114.963 million) against the cross border risk.

	2023 ------(Rupees in '000)-----	2022
<b>14 BILLS PAYABLE</b>		
In Pakistan	24,750,227	37,705,524
Outside Pakistan	1,254,311	2,328,282
	<u>26,004,538</u>	<u>40,033,806</u>

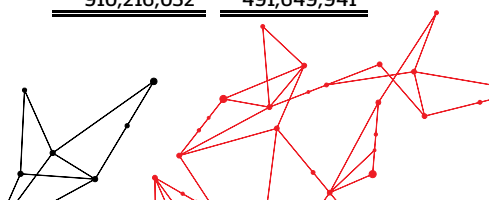
15	BORROWINGS	Note	2023	2022
			------(Rupees in '000)-----	
<b>Secured</b>				
Borrowings from State Bank of Pakistan				
	Export Refinance Scheme		43,281,491	53,477,830
	Long-Term Finance Facility		24,595,991	28,643,178
	Financing Facility for Renewable Energy Projects		11,891,156	11,917,647
	Financing Facility for Storage of Agriculture Produce (FFSAP)		532,102	738,979
	Refinance for Wages & Salaries		-	300,821
	Temporary Economic Refinance Facility (TERF)		48,528,109	49,721,502
	Export Refinance under Bill Discounting		14,244,331	10,633,712
	SME Asaan Finance (SAAF)		2,096,250	949,413
	Refinance Facility for Combating COVID (RFCC)		988,049	692,957
	Refinance and Credit Guarantee Scheme for Women Entrepreneurs		125,595	279,374
	Modernization of Small and Medium Entities (MSMES)		1,205,658	871,659
	Other Refinance schemes		553	890
	Repurchase agreement borrowings		666,510,980	256,900,000
			814,000,265	415,127,962
	Repurchase agreement borrowings		26,895,775	4,830,897
	Bai Muajjal		44,830,207	42,113,040
	Medium Term Note		11,000,000	11,000,000
	Others	15.2	672,579	470,410
	<b>Total secured</b>		897,398,826	473,542,309
<b>Unsecured</b>				
	Call borrowings		3,946,050	5,766,732
	Overdrawn nostro accounts		3,467,939	4,884,913
	Others			
	- Pakistan Mortgage Refinance Company		2,605,576	2,180,208
	- Karandaaz Risk Participation		2,797,641	2,331,958
	- Other financial institutions		-	2,943,821
	<b>Total unsecured</b>		12,817,206	18,107,632
		15.1	910,216,032	491,649,941

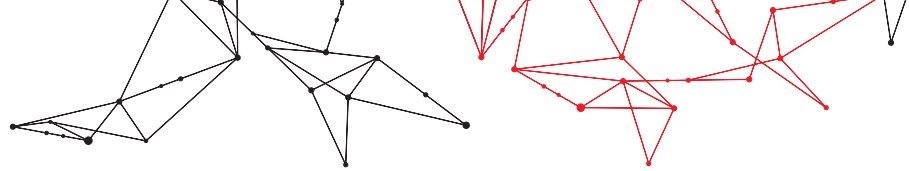
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15.1	Markup & maturities of borrowing facilities	2023		2022	
		Markup per annum	Maturities upto	Markup per annum	Maturities upto
<b>Borrowings from State Bank of Pakistan (secured)</b>					
	Export Refinance Scheme	2.00% - 18.00%	August-27	1.00% - 10.00%	August-27
	Long-Term Finance Facility	2.00% - 7.00%	July-32	2.00% - 7.00%	July-32
	Financing facility for renewable energy projects	2.00% - 3.00%	July-34	2.00% - 6.00%	July-34
	Financing Facility for Storage of Agriculture Produce (FFSAP)	2.00% - 3.50%	December-30	2.00% - 3.50%	December-30
	Refinance for Wages & Salaries	0.00%	April-23	0.00%	April-23
	Temporary Economic Refinance Facility	1.00%	September-33	1.00%	October-32
	Export Refinance under Bill Discounting	1.00% - 3.00%	June-24	1.00% - 2.00%	June-23
	SME Asaan Finance (SAAF)	1.00% - 3.00%	June-27	1.00%	June-27
	Refinance Facility for Combating COVID (RFCC)	0.00%	June-28	0.00%	June-27
	Refinance and Credit Guarantee Scheme for Women Entrepreneurs	0.00%	October-28	0.00% - 2.00%	March-29
	Modernization of Small and Medium Entities (MSMES)	2.00%	September-30	2.00%	July-30
	Other refinance schemes	0.00%	December-25	0.00%	December-25
	Repurchase Agreement Borrowings	22.09% - 22.13%	January-24	15.23% - 16.16%	March-23
<b>Other Borrowing (secured)</b>					
	Repurchase agreement borrowings	5.70% - 22.05%	January-24	16.15%	January-23
	Bai Muajjal	3.00% - 8.48%	July-25	2.00% - 8.48%	July-25
	Medium Term Note	9.03%	January-24	9.03%	January-24
<b>Other Borrowing (unsecured)</b>					
	Call borrowings	7.10% - 7.25%	January-24	2.00% - 9.25%	January-23
	Overdrawn nostro accounts	0.00%	No Maturity	0.00%	No Maturity
	Others - Pakistan Mortgage Refinance Company	6.80% - 18.23%	May-27	6.50% - 8.79%	April-26
	Others - Karandaaz Risk Participation	5.00% - 26.07%	October-30	7.16% - 21.90%	October-30
	Others - Other financial institutions	-	-	6.00%	February-23

15.2 This includes a long term loan and short term running finance facilities obtained from the commercial banks. These carry markup between 21.5% to 24.64% (2022: 15.02% to 18.61%) per annum payable on a quarterly basis having maturities up to October 2024 (2022: October 2023). They are secured by hypothecation over current assets, promissory note and pledge of securities quoted on PSX of the Subsidiary Company.

15.3	Particulars of borrowings with respect to currencies	2023	2022
		------(Rupees in '000)-----	
	In local currency	889,762,179	474,494,394
	In foreign currencies	20,453,853	17,155,547
		910,216,032	491,649,941





## 16 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
------(Rupees in '000)-----						
<b>Customers</b>						
Current deposits	630,357,408	152,436,273	782,793,681	523,834,695	131,267,950	655,102,645
Savings deposits	440,331,863	38,469,718	478,801,581	294,762,649	37,937,222	332,699,871
Term deposits	437,377,886	61,496,821	498,874,707	287,557,414	49,767,276	337,324,690
Others	44,709,160	14,317,598	59,026,758	35,941,042	8,943,974	44,885,016
	<u>1,552,776,317</u>	<u>266,720,410</u>	<u>1,819,496,727</u>	<u>1,142,095,800</u>	<u>227,916,422</u>	<u>1,370,012,222</u>
<b>Financial Institutions</b>						
Current deposits	4,278,645	3,241,325	7,519,970	3,192,672	3,065,704	6,258,376
Savings deposits	171,924,309	3,442,726	175,367,035	68,746,218	2,911,307	71,657,525
Term deposits	79,780,000	2,258,236	82,038,236	38,073,100	354,319	38,427,419
Others	518,072	1,217	519,289	404,457	76,261	480,718
	<u>256,501,026</u>	<u>8,943,504</u>	<u>265,444,530</u>	<u>110,416,447</u>	<u>6,407,591</u>	<u>116,824,038</u>
	<u>1,809,277,343</u>	<u>275,663,914</u>	<u>2,084,941,257</u>	<u>1,252,512,247</u>	<u>234,324,013</u>	<u>1,486,836,260</u>

### 16.1 Composition of deposits

	2023	2022
	------(Rupees in '000)-----	
- Individuals	762,351,882	612,115,826
- Government (Federal and Provincial)	192,901,644	132,562,598
- Public Sector Entities	195,591,933	103,733,172
- Banking Companies	7,539,529	2,467,843
- Non-Banking Financial Institutions	257,905,001	114,356,195
- Private Sector / Others	668,651,268	521,600,626
	<u>2,084,941,257</u>	<u>1,486,836,260</u>

16.2 Current deposits include remunerative current deposits of Rs. 20,788.733 million (2022: Rs. 14,325.601 million).

16.3 Deposits include eligible deposits of Rs. 991,153.534 million (2022: Rs. 755,804.535 million) protected under Depositors Protection Mechanism introduced by the SBP.

16.4 Current deposits include prepaid cards amounting to Rs. 24.932 million (2022: Rs. 25.457 million).

	Note	2023	2022
		------(Rupees in '000)-----	
<b>17 SUBORDINATED DEBT</b>			
Term Finance Certificates VI - Additional Tier-I (ADT-1)	17.1	7,000,000	7,000,000
Term Finance Certificates VIII - Additional Tier-I (ADT-1)	17.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>14,000,000</u>

### 17.1 Term Finance Certificates VI - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by the SBP under <sup>HBBP</sup> ~~BPRD~~ Circular No. 6 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	March 2018
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.

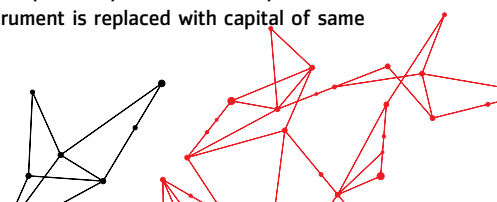


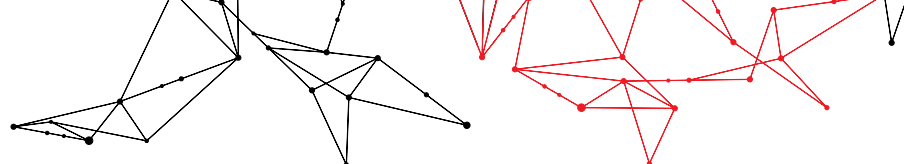
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 1.50% with no step up feature.  Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Bank is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.

### 17.2 Term Finance Certificates VIII - Additional Tier-I (ADT-1) - Quoted, Unsecured

The Holding Company issued Rs. 7,000 million of privately placed, listed, fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments in the nature of Term Finance Certificates (TFCs) issued as instruments of redeemable capital under Section 66 of the Companies Act, 2017 which qualify as Additional Tier 1 Capital (ADT 1) as outlined by SBP under BPRD circular No. 06 dated August 15, 2013. Summary of terms and conditions of the issue are:

Issue amount	Rs. 7,000,000,000
Issue date	December 2022
Maturity date	Perpetual
Rating	"AA-" (double A minus) by The Pakistan Credit Rating Agency
Security	Unsecured
Ranking	Subordinated to all other indebtedness of the Holding Company including deposits but superior to equity.
Profit payment frequency	Payable semi-annually in arrears.
Redemption	Perpetual
Mark-up	For the period at end of which the Holding Company is in compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR) requirements of the SBP, mark-up rate will be Base Rate + 2.00% with no step up feature.  Base Rate is defined as the six months KIBOR (Ask side) prevailing on one (1) business day prior to previous profit payment date.
Lock-in-clause	Mark-up will only be paid from the Holding Company's current year's earning and if the Holding Company is in compliance of regulatory MCR and CAR requirements set by the SBP from time to time.
Loss absorbency clause	In conformity with the SBP Basel III Guidelines, the TFCs shall, if directed by the SBP, be permanently converted into ordinary shares upon: (i) the CET 1 Trigger Event; (ii) the point of non-viability Trigger Event; or (iii) failure by the Holding Company to comply with the Lock-In Clause. The SBP will have full discretion in declaring the point of non-viability Trigger Event.
Call option	The Holding Company may, at its sole discretion, exercise call option any time after five years from the Issue Date, subject to prior approval of the SBP and instrument is replaced with capital of same and better quality.





**2023**      **2022**  
-----**(Rupees in '000)**-----

**18 OTHER LIABILITIES**

Mark-up / return / interest payable in local currency		39,434,467	16,650,129
Mark-up / return / interest payable in foreign currency		1,690,773	1,443,987
Unearned fee commission and income on bills discounted and guarantees		3,201,308	2,591,163
Accrued expenses		16,281,467	12,349,434
Current taxation		14,386,078	12,843,565
Acceptances		24,618,660	19,090,181
Dividends payable		6,166,682	4,767,210
Mark to market loss on forward foreign exchange contracts		2,779,042	455,164
Mark to market loss on derivatives	23.1	96,507	-
Branch adjustment account		73,434	-
Alternative Delivery Channel (ADC) settlement accounts		3,409,741	2,035,378
Provision for Compensated absences		874,117	701,492
Payable against redemption of customer loyalty / reward points		857,241	607,208
Charity payable		114,052	65,998
Provision against off-balance sheet obligations	18.1	78,624	62,948
Security deposits against leases, lockers and others		12,983,647	13,300,923
Workers' Welfare Fund		5,093,704	3,378,897
Payable to vendors and suppliers		850,048	556,205
Margin deposits on derivatives		3,906,392	4,077,091
Payable to merchants (card acquiring)		776,097	16,536
Indirect Taxes Payable		3,874,309	2,360,341
Lease liabilities against right-of-use assets	18.2	22,899,808	17,514,201
Payable against marketable securities		1,391,975	1,277,915
Liability against share based payment		483,001	260,919
Trading liability		2,412,845	2,638,773
Others	38.2	6,148,713	3,090,674
		<u>174,882,732</u>	<u>122,136,332</u>

**18.1 Provision against off-balance sheet obligations**

Opening balance		62,948	137,639
Exchange adjustments		4,029	12,348
Charge / (reversal) for the year	33	11,647	(87,039)
Closing balance		<u>78,624</u>	<u>62,948</u>

**18.1.1** The provision against off balance sheet obligations includes a general provision of Rs. 43.946 million (2022: Rs. 28.563 million) held in Bangladesh books, Rs. 1.728 million (2022: Rs. 1.434 million) held in Afghanistan books as required under the local regulations and a specific provision of Rs. 32.950 million (2022: Rs. 32.950 million) held in Pakistan against defaulted letter of guarantees.

**18.2 Lease liabilities against right-of-use assets**

**2023**      **2022**  
-----**(Rupees in '000)**-----

As at January 1		17,514,201	13,220,387
Additions / renewals / amendments / (terminations) - net		7,730,666	6,153,076
Borrowing cost		2,659,787	1,924,717
Payments		(5,075,756)	(3,833,077)
Exchange rate / other adjustment		70,910	49,098
As at December 31		<u>22,899,808</u>	<u>17,514,201</u>
Current lease liability		1,852,281	3,451,685
Non current lease liability		21,047,527	14,062,516
		<u>22,899,808</u>	<u>17,514,201</u>

**19 SHARE CAPITAL****19.1 Authorised Capital**

2023	2022		2023	2022
------(Number of shares)-----			------(Rupees in '000)-----	
<u>2,300,000,000</u>	<u>2,300,000,000</u>	Ordinary shares of Rs. 10 each	<u>23,000,000</u>	<u>23,000,000</u>

**19.2 Issued, subscribed and paid up Capital**

2023	2022		2023	2022
------(Number of shares)-----			------(Rupees in '000)-----	
		<b>Ordinary shares</b>		
891,453,153	891,453,153	Fully paid in cash	8,914,531	8,914,531
885,711,966	885,711,966	Issued as bonus shares	8,857,120	8,857,120
	(200,000,000)	Treasury shares held for cancellation	-	(2,000,000)
(200,000,000)	-	Treasury shares cancelled	(2,000,000)	-
<u>1,577,165,119</u>	<u>1,577,165,119</u>		<u>15,771,651</u>	<u>15,771,651</u>

**19.3 Treasury Shares**

In 2022, the Holding Company, pursuant to the approvals of Board of Directors and Shareholders in their meetings held on 10th November 2022 and 6th December 2022 respectively, purchased 200 million ordinary shares under the buy back scheme. The shares were purchased through Pakistan Stock Exchange Limited, at spot share price prevailing during the buy back period. The Holding Company has cancelled ordinary shares purchased under buy back scheme during the year.

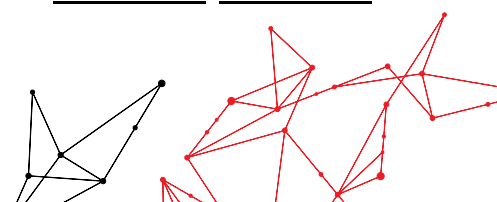
**19.4 Statutory reserve**

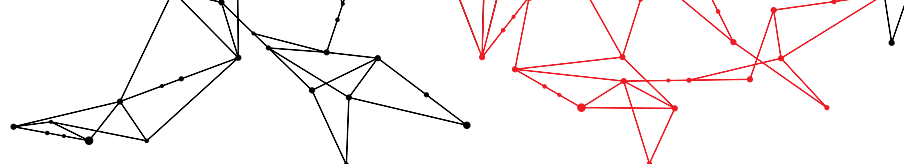
A Banking company incorporated in Pakistan is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserve plus share premium equals the paid-up share capital. Thereafter, 10% of the profit after tax of the banking company is required to be transferred to this reserve. Accordingly, the Holding Company transfers 10% of its profit after tax every year to the statutory reserve.

**20 SURPLUS ON REVALUATION OF ASSETS**

Surplus/ (deficit) on revaluation of:

	Note	2023	2022
		------(Rupees in '000)-----	
- Available for sale securities	8.1	(5,290,960)	(17,406,375)
- Available for sale securities of associates		8,639	(20,389)
- Fixed Assets	20.1	12,682,139	12,807,981
- Non-banking assets acquired in satisfaction of claims	20.2	172,321	145,613
		7,572,139	(4,473,170)
Less: Deferred tax asset / (liability) on (deficit) / surplus on revaluation of:			
- Available for sale securities		2,592,570	7,484,741
- Available for sale securities of associates		(4,233)	8,767
- Fixed Assets	20.1	(593,695)	(486,889)
- Non-banking assets acquired in satisfaction of claims	20.2	(85,595)	(63,108)
		1,909,047	6,943,511
Derivatives related deficit		(3,512,910)	(4,169,754)
Less: Deferred tax asset on derivative		1,721,326	1,792,994
		(1,791,584)	(2,376,760)
		<u>11,272,770</u>	<u>4,847,101</u>





## 20.1 Surplus on revaluation of fixed assets

	2023	2022
	----- (Rupees in '000) -----	
Surplus on revaluation of fixed assets as at January 1	12,807,981	13,053,303
Transferred from Non banking assets to owned property - net of deferred tax	-	36,884
Related deferred tax liability on surplus transfer to owned property	-	23,776
Realised on disposal during the year - net of deferred tax	(36,684)	(124,940)
Related deferred tax liability on surplus realised on disposal	(420)	(92,233)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	(88,738)	(88,809)
Surplus on revaluation of fixed assets as at December 31	12,682,139	12,807,981
Less: related deferred tax liability on:		
Revaluation as at January 1	486,889	473,110
- effect of change in tax rate	67,938	48,524
- recognised during the year	39,288	33,712
- surplus transferred to owned property	-	23,776
- surplus realised on disposal during the year	(420)	(92,233)
	593,695	486,889
	<u>12,088,444</u>	<u>12,321,092</u>

## 20.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 1	145,613	171,727
Recognised during the year	26,708	34,668
Transferred to owned property	-	(36,884)
Related deferred tax liability on surplus of transfer to owned property	-	(23,776)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax	-	(122)
Surplus on revaluation as at December 31	172,321	145,613
Less: related deferred tax liability on:		
- revaluation as at January 1	63,108	84,039
- effect of change in tax rate	8,806	8,619
- revaluation recognised during the year	13,681	(5,774)
- surplus transferred to owned property	-	(23,776)
	85,595	63,108
	<u>86,726</u>	<u>82,505</u>

## 21 NON-CONTROLLING INTEREST

Name	Principal activity	Principal place of Business	Ownership interest held by NCI	
			2023	2022
Alfalah CLSA Securities (Private) Limited, Pakistan	Stock Brokerage	Pakistan	37.50%	37.50%

### Key financial information of the subsidiary

	2023	2022
	----- (Rupees in '000) -----	
Assets	1,482,410	1,875,409
Liabilities	2,268,182	1,534,610
Net assets	(785,772)	340,799
<b>Non-Controlling Interest (NCI)</b>	<u>(294,665)</u>	<u>127,800</u>

	Note	2023 ----- <u>(Rupees in '000)</u> -----	2022
Revenue		706,153	461,190
Expenses		672,792	453,703
Loss before tax		(1,091,637)	(11,741)
(Loss) / profit after tax		(1,133,597)	7,487
Other comprehensive income / (loss)		7,023	(1,415)
<b>Cash flows:</b>			
Cash flows (used in) / generated from operating activities		(290,002)	266,437
Cash flows used in investing activities		(13,509)	(20,688)
Cash flows used in financing activities		(15,304)	(18,619)
<b>Net (decrease) / increase in cash and cash equivalent</b>		<b>(318,815)</b>	<b>227,130</b>

**21.1** During the year, the subsidiary recorded provision against its trade debts resulting in loss for the year.

## 22 CONTINGENCIES AND COMMITMENTS

-Guarantees	22.1	173,579,640	140,370,087
-Commitments	22.2	731,648,269	439,230,552
-Other contingent liabilities	22.3	23,816,758	6,903,292
		<u>929,044,667</u>	<u>586,503,931</u>

### 22.1 Guarantees:

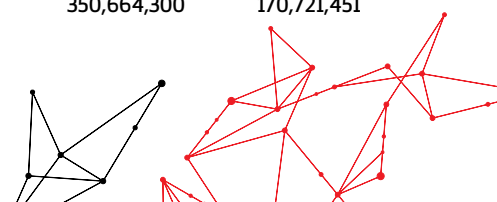
Performance guarantees	55,684,506	53,798,209
Other guarantees	117,895,134	86,571,878
	<u>173,579,640</u>	<u>140,370,087</u>

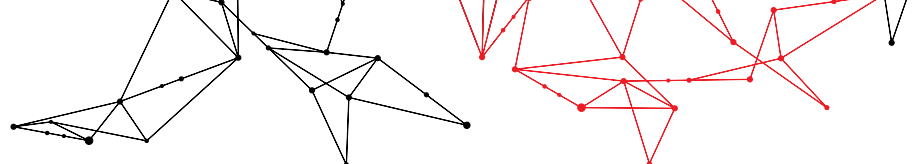
### 22.2 Commitments:

Documentary credits and short-term trade-related transactions		196,248,432	171,719,857
- Letters of credit			
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	350,664,300	170,721,451
- forward government securities transactions	22.2.2	109,207,715	17,438,813
- derivatives	22.2.3	51,150,198	46,734,911
- forward lending	22.2.4	19,247,075	26,798,555
Commitments for acquisition of:			
- operating fixed assets		3,713,022	3,004,717
- intangible assets		312,027	465,248
Commitments in respect of donations		655,500	1,897,000
Other commitments	22.2.5	450,000	450,000
		<u>731,648,269</u>	<u>439,230,552</u>

### 22.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	198,859,218	120,494,702
Sale	151,805,082	50,226,749
	<u>350,664,300</u>	<u>170,721,451</u>





**Note**      **2023**      **2022**  
 -----(Rupees in '000)-----

## 22.2.2 Commitments in respect of forward government securities transactions

Purchase	20,461,347	12,990,116
Sale	88,746,368	4,448,697
	109,207,715	17,438,813

## 22.2.3 Commitments in respect of derivatives

### 22.2.3.1 Interest Rate Swaps

Purchase	39,466,304	46,160,838
Sale	-	-
	39,466,304	46,160,838

### 22.2.3.2 Cross currency swap

Purchase	-	-
Sale	11,683,894	574,073
	11,683,894	574,073

### Total commitments in respect of derivatives

51,150,198	46,734,911
------------	------------

## 22.2.4 Commitments in respect of forward lending

Undrawn formal standby facilities, credit lines and other commitments to lend	15,828,600	21,639,590
Commitments in respect of investments	3,418,475	5,158,965
22.2.4.1	19,247,075	26,798,555

**540** **22.2.4.1** These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Holding Company without the risk of incurring significant penalty or expense.

## 22.2.5 Other commitments

A commercial bank on behalf of Alfalah CLSA Securities (Private) Limited, Pakistan has given a guarantee of Rs. 450 million (2022: Rs. 450 million) to National Clearing Company of Pakistan Limited (NCCPL) in respect of margin eligible securities. The guarantee facility is for one year and is secured by 1st Pari Passu charge on current assets of the Subsidiary Company.

## 22.3 Other contingent liabilities

<b>22.3.1</b> Claims against the Holding Company not acknowledged as debts	<u>23,816,758</u>	<u>6,903,292</u>
--	-------------------	------------------

These mainly represents counter claims filed by the borrowers for restricting the Holding Company from disposal of assets (such as hypothecated / mortgaged / pledged assets kept as security), damage to reputation and cases filed by ex. employees of the Holding Company for damages sustained by them consequent to the termination from the Holding Company's employment. Based on legal advice and / or internal assessment, management is confident that the matters will be decided in Holding Company's favour and the possibility of any outcome against the Holding Company is remote and accordingly no provision has been made in these consolidated financial statements.

## 22.4 Contingency for tax payable

**22.4.1** Tax related contingencies are disclosed in note 34.2.

## 23 DERIVATIVE INSTRUMENTS

Derivatives are a type of financial contract, the value of which is determined by reference to one or more underlying assets or indices. The major categories of such contracts include futures, swaps and options. Derivatives also include structured financial products that have one or more characteristics of forwards, futures, swaps and options.

**23.1 Product Analysis**

		2023					
		Interest Rate Swaps			Cross Currency Swaps		
Counterparties	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net	
------(Rupees in '000)-----							
With Banks for Hedging	41	39,466,304	3,371,331	-	-	-	
With Banks for Market making	-	-	-	6	11,683,894	707,484	
	<u>41</u>	<u>39,466,304</u>	<u>3,371,331</u>	<u>6</u>	<u>11,683,894</u>	<u>707,484</u>	

		2022					
		Interest Rate Swaps			Cross Currency Swaps		
Counterparties	No. of contracts	Notional Principal	Mark to market gain - net	No. of contracts	Notional Principal	Mark to market gain - net	
------(Rupees in '000)-----							
With Banks for Hedging	51	46,160,838	4,761,605	-	-	-	
With Banks for Market making	-	-	-	1	574,073	33,940	
	<u>51</u>	<u>46,160,838</u>	<u>4,761,605</u>	<u>1</u>	<u>574,073</u>	<u>33,940</u>	

**23.2 Maturity Analysis**

		2023				
		------(Rupees in '000)-----				
Remaining maturity	No. of Contracts	Notional Principal	Mark to Market		Net	
			Negative	Positive		
3 to 6 months	3	3,946,050	-	33,420	33,420	
6 months to 1 Year	4	3,100,468	-	67,863	67,863	
1 to 2 Years	6	3,078,496	-	123,738	123,738	
2 to 3 Years	3	2,877,882	-	209,153	209,153	
3 to 5 Years	9	7,187,448	-	571,371	571,371	
5 to 10 years	18	19,730,249	-	2,397,546	2,397,546	
Above 10 Years	4	11,229,605	96,507	772,231	675,724	
<b>Total</b>	<u>47</u>	<u>51,150,198</u>	<u>96,507</u>	<u>4,175,322</u>	<u>4,078,815</u>	

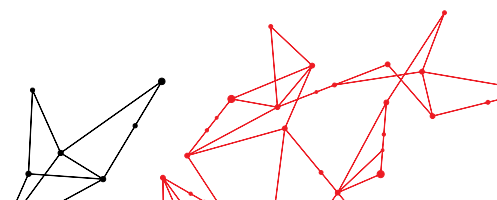
  

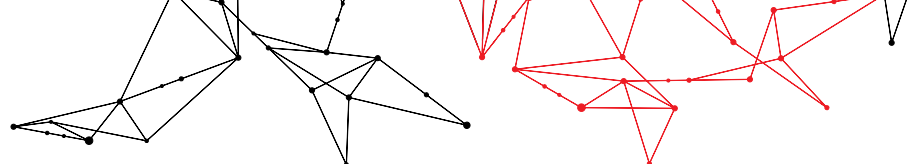
		2022				
		------(Rupees in '000)-----				
Remaining maturity	No. of Contracts	Notional Principal	Mark to Market		Net	
			Negative	Positive		
3 to 6 months	2	1,811,447	-	18,836	18,836	
1 to 2 Years	8	6,113,634	-	208,071	208,071	
2 to 3 Years	5	3,448,860	-	194,341	194,341	
3 to 5 Years	11	12,483,453	-	1,151,673	1,151,673	
5 to 10 years	25	22,303,444	-	3,188,684	3,188,684	
Above 10 Years	1	574,073	-	33,940	33,940	
<b>Total</b>	<u>52</u>	<u>46,734,911</u>	<u>-</u>	<u>4,795,545</u>	<u>4,795,545</u>	

**23.3** The risk management policy related to derivatives is disclosed in note 47.7 to these consolidated financial statements.

**24 MARK-UP/RETURN/INTEREST EARNED**

	2023	2022
	------(Rupees in '000)-----	
On:		
a) Loans and advances	116,207,873	78,153,433
b) Investments	278,702,240	128,174,141
c) Lendings to financial institutions	4,908,013	2,168,508
d) Balances with banks / financial Institutions	92,808	115,215
e) On securities purchased under resale agreements / bai muajjal	12,094,096	5,494,723
	<u>412,005,030</u>	<u>214,106,020</u>



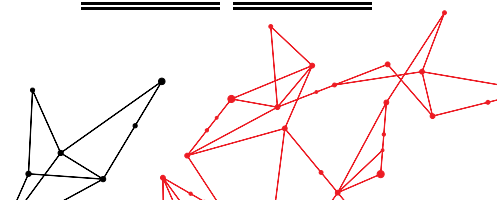


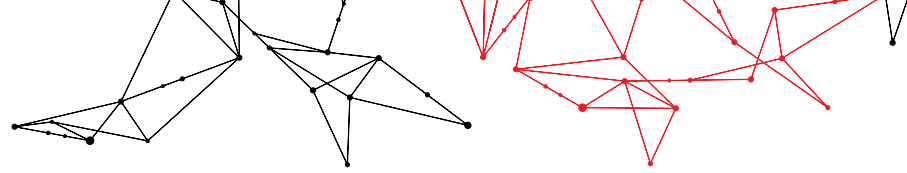
	Note	2023	2022
		----- (Rupees in '000) -----	
<b>25</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
On:			
a) Deposits		167,502,713	76,374,613
b) Borrowings		19,222,022	10,429,204
c) Securities sold under repurchase agreements		88,504,922	43,563,204
d) Subordinated debt		3,061,353	1,211,651
e) Cost of foreign currency swaps against foreign currency deposits / borrowings		4,691,399	3,173,615
f) Borrowing cost on leased properties		2,659,787	1,924,717
g) Reward points / customer loyalty		410,944	256,104
		<u>286,053,140</u>	<u>136,933,108</u>
<b>26</b>	<b>FEE &amp; COMMISSION INCOME</b>		
Branch banking customer fees		1,356,701	1,077,276
Consumer finance related fees		602,773	499,418
Card related fees (debit and credit cards)		2,336,459	1,669,928
Credit related fees		631,917	373,000
Investment banking fees		374,420	308,002
Commission on trade		2,630,002	2,230,819
Commission on guarantees		758,763	565,910
Commission on cash management		85,340	67,623
Commission on remittances including home remittances		1,509,840	1,219,647
Commission on bancassurance		547,015	574,905
Card acquiring business		1,735,533	908,614
Wealth management fee		211,105	105,266
Commission on Employees' Old-Age Benefits Institution (EOBI)		-	23,771
Commission on Benazir Income Support Programme (BISP)		529,058	293,386
Alternative Delivery Channel (ADC) settlement accounts		1,286,720	705,085
Brokerage/ commission income		614,017	368,075
Others		219,126	241,152
		<u>15,428,789</u>	<u>11,231,877</u>
<b>27</b>	<b>FOREIGN EXCHANGE INCOME</b>		
Foreign exchange income		10,162,852	9,228,336
Foreign exchange loss related to derivatives		(608,034)	(9,708)
		<u>9,554,818</u>	<u>9,218,628</u>
<b>28</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
Realised gain / (loss)	28.1	683,539	(70,513)
Unrealised loss - held for trading	8.1	(374,072)	(27,109)
Unrealised (loss) / gain on trading liabilities - net		(13,724)	32,598
		<u>295,743</u>	<u>(65,024)</u>
<b>28.1</b>	<b>Realised gain / (loss) on:</b>		
Federal government securities		(44,893)	62,764
Shares		471,821	(224,256)
Foreign securities		256,611	90,979
		<u>683,539</u>	<u>(70,513)</u>
<b>29</b>	<b>OTHER INCOME</b>		
Rent on property		27,686	29,938
Gain on sale of fixed assets - net		145,030	111,972
Gain on sale of non banking assets - net	13.1.2	-	9,200
Profit on termination of leased contracts (Ijarah)		48,259	52,985
Gain on termination of leases (IFRS 16)		112,863	121,876
Others		8	-
		<u>333,846</u>	<u>325,971</u>



29.1 In 2022, the Holding Company realised a gain of Rs. 9.200 million against sale of following non - banking assets:

	Note	2023 ------(Rupees in '000)-----	2022
Membership shares / cards		-	9,200
<b>30 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	30.1	28,992,704	21,433,635
<b>Property expense</b>			
Rates and taxes		225,024	180,730
Utilities cost		2,769,234	2,293,147
Security (including guards)		1,363,964	1,109,000
Repair and maintenance (including janitorial charges)		1,371,863	1,196,545
Depreciation on right-of-use assets	10.3	3,367,208	2,739,579
Depreciation on non-banking assets acquired in satisfaction of claims	13.1.1	4,996	4,447
Depreciation on owned assets	10.2	873,420	651,270
		9,975,709	8,174,718
<b>Information technology expenses</b>			
Software maintenance		2,703,165	2,053,151
Hardware maintenance		966,168	610,670
Depreciation	10.2	1,086,813	813,182
Amortisation	11.1	327,499	351,770
Network charges		650,813	549,872
Consultancy and support services		204,947	333,212
		5,939,405	4,711,857
<b>Other operating expenses</b>			
Directors' fees and allowances	41.2	151,200	180,000
Fees and allowances to Shariah Board	41.3	16,708	13,817
Legal and professional charges		487,986	723,888
Outsourced services costs	30.2	1,038,446	1,046,786
Travelling and conveyance		1,382,096	950,423
Clearing and custodian charges		198,468	151,516
Depreciation	10.2	1,577,855	1,221,961
Training and development		135,311	120,447
Postage and courier charges		478,872	577,661
Communication		1,807,951	993,304
Stationery and printing		1,405,729	1,089,367
Marketing, advertisement and publicity		3,671,960	1,628,410
Donations	30.3	1,249,520	332,015
Auditors' remuneration	30.4	155,095	66,862
Brokerage and commission		517,477	274,216
Entertainment		673,343	448,587
Repairs and maintenance		887,841	991,122
Insurance		1,546,229	1,589,765
Cash handling charges		1,551,979	1,388,573
CNIC verification		247,049	212,338
Others		893,563	1,576,671
		20,074,678	15,577,729
		<u>64,982,496</u>	<u>49,897,939</u>





### 30.1 Total compensation expense

	Note	2023 ----- (Rupees in '000) -----	2022
Managerial Remuneration		18,791,981	15,384,622
i) Fixed			
ii) Variable			
a) Cash Bonus / Awards etc.		6,363,289	3,377,573
b) Bonus and Awards in Shares etc.		362,250	192,741
Charge for defined benefit plan	38.1.9	413,244	282,939
Contribution to defined contribution plan	39	730,931	582,159
Medical		1,299,251	836,017
Conveyance		523,234	373,649
Staff compensated absences	40.1	172,625	67,268
Staff insurance		200,591	209,929
Staff welfare		100,608	48,409
Club subscription		3,723	3,150
Others		12,013	46,208
<b>Sub-total</b>		<b>28,973,740</b>	<b>21,404,664</b>
Sign-on Bonus		18,964	23,971
Severance Allowance		-	5,000
<b>Grand Total</b>		<b>28,992,704</b>	<b>21,433,635</b>
		----- No of persons -----	
Sign- on Bonus		12	10
Severance Allowance		-	1

**30.2** The cost of outsourced activities included in other operating expenses is Rs. 860.632 million (2022: Rs. 681.300 million). This pertains to payment to companies incorporated in Pakistan.

### 30.3 Donations

	2023 ----- (Rupees in '000) -----	2022
Shaukat Khanum Memorial Cancer Hospital and Research Centre	33,000	34,000
Zindagi Trust	7,420	-
Habib University Foundation	6,400	-
Alamgir Welfare Trust International	4,500	8,000
Special Olympics Pakistan	4,500	-
NOWPDP	4,000	-
WWF - Pakistan	3,600	-
Family Educational Services	3,600	1,600
Karwan-e-Hayat	3,000	-
Protection and Help of Children Against Abuse and Neglect	2,500	-
The i Care Foundation	2,000	-
Make-a-Wish Foundation Pakistan	500	250
Indus Earth Trust	-	4,750
Indus Hospital & Health Network	-	4,680
Patients' Aid Foundation	-	1,500
Aziz Jehan Begum Trust	-	1,000
Child Aid Association	-	1,000
AKUH - The Patients' Behbud Society	-	1,000
ASD Welfare Trust	-	500
Bait-ul-Sukoon Trust	-	500
Murshid Hospital - The Patients Welfare Association	-	500
Karigar Training Institute	-	500
The Friends of Education Foundation	-	500
Zafar and Atia Foundation Charitable Trust	-	500
	<b>75,020</b>	<b>60,780</b>

Donation paid for Flood Relief	2023	2022
	----- (Rupees in '000) -----	
Akhuwat	250,000	-
Aga Khan Foundation	200,000	-
Patients' Aid Foundation	150,000	-
Karachi Relief Trust	150,000	25,000
The Citizen Foundation	59,000	25,000
Child Life Foundation	50,000	-
Shahid Afridi Foundation	50,000	25,000
Alamgir Welfare Trust International	47,000	25,004
Sahil Welfare Association	35,000	-
Al Mustafa Trust	33,500	8,000
Green Crescent Trust	30,000	-
The Layton R. Benevolent Trust	25,000	-
Indus Hospital & Health Network	25,000	-
Bait us Salam Welfare Trust	25,000	25,000
Health And Nutrition Development Society	20,000	10,000
Vital Pakistan Trust	15,000	-
Taraqee Foundation	10,000	-
Jafaria Disaster Management Cell (JDC) Welfare Foundation of Pakistan	-	31,000
Citizen Police Liaison Committee (CPLC)	-	25,000
Saylani Welfare International Trust	-	25,000
Al Khidmat Welfare Society	-	25,000
Balochistan Rural Support Programme (Guarantee) Limited	-	10,000
Bestway Foundation (Trust)	-	1,363
Donation to flood affected families of Sardar Garh and other adjacent villages of Ghotki, Sindh	-	10,868
	<u>1,174,500</u>	<u>271,235</u>
Total donations	<u>1,249,520</u>	<u>332,015</u>

**30.3.1** None of the directors, sponsor shareholders, key management personnel or their spouses have any direct interest in the Donees, except Patients' Aid Foundation and Child Life Foundation.

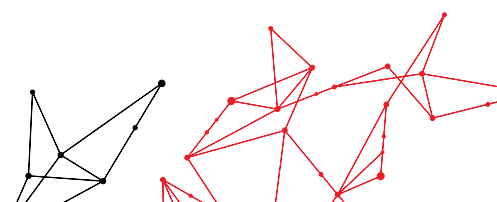
**30.4 Auditors' remuneration**

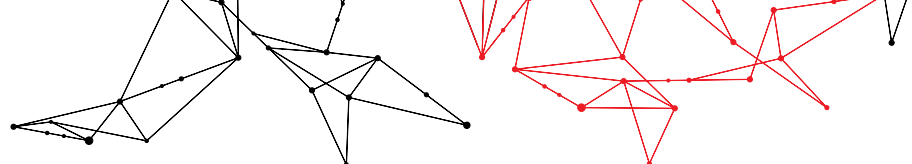
	2023			2022		
	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----					
Audit fee	17,653	40,055	57,708	17,653	22,662	40,315
Fee for other statutory certification:	7,003	6,436	13,439	7,651	6,468	14,119
Special certifications and sundry advisory services (note 30.4.1)	55,842	21,028	76,870	7,393	643	8,036
Out-of-pocket expenses	2,858	1,907	4,765	2,303	868	3,171
Audit fee and other certifications of Subsidiary	2,313	-	2,313	1,221	-	1,221
	<u>85,669</u>	<u>69,426</u>	<u>155,095</u>	<u>36,221</u>	<u>30,641</u>	<u>66,862</u>

**30.4.1** Consultancy, tax and other non audit services amounting to Rs. 156.840 million were not included in prior year as A.F. Ferguson & Co. was not the statutory auditor of the Holding Company.

**31 WORKERS' WELFARE FUND**

The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by Federal Government through the Finance Act, 2008 for the levy of Workers' Welfare Fund (WWF) on banks were not lawful. The Federal Board of Revenue has filed review petitions against this order, which are currently pending. A legal advice was obtained by the Pakistan Banking Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive until the review petitions is decided. Accordingly, the amount charged for Workers' Welfare Fund since 2008 has not been reversed.





<b>32 OTHER CHARGES</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
<b>----- (Rupees in '000) -----</b>			
Penalties imposed by State Bank of Pakistan		279,412	24,628
Penalties imposed by other regulatory bodies		-	2,550
		<u>279,412</u>	<u>27,178</u>
<b>33 PROVISIONS &amp; WRITE OFFS - NET</b>			
Provision against cash with treasury (IFRS 9 - ECL)		36,044	-
Provision against balance with other bank (IFRS 9 - ECL)		3,073	-
Provision against lending to financial institutions (IFRS 9 - ECL)		149	156
(Reversal) / provision for diminution in value of investments / IFRS 9 - ECL	8.3.1	(972,474)	2,499,018
Provision against loans & advances / IFRS 9 - ECL	9.6	10,509,002	8,943,799
Provision against other assets / IFRS 9 - ECL	13.3.1	1,435,924	1,327,876
Provision / (reversal) against off-balance sheet obligations / IFRS 9 - ECL	18.1	11,647	(87,039)
Other provisions / write off - net		84,750	91,364
Recovery of written off / charged off bad debts		(779,160)	(312,242)
(Reversal of deficit) / deficit on revaluation of non-banking assets	13.1.1	(4,201)	4,201
	33.1	<u>10,324,754</u>	<u>12,467,133</u>
<b>33.1</b>	This includes ECL reversal on overseas operations of Rs. 93.850 million (2022: charge Rs. 1,627.624 million).		
<b>34 TAXATION</b>			
<b>Charge / (reversal):</b>			
Current		42,030,319	22,241,413
Prior years		1,651,651	(2,619,042)
Deferred		(1,030,593)	(1,342,434)
	34.1	<u>42,651,377</u>	<u>18,279,937</u>
<b>34.1 Relationship between tax expense and accounting profit</b>			
Accounting profit before taxation		<u>78,737,737</u>	<u>36,677,401</u>
Tax at the applicable rate of 49% (2022: 49%)		38,581,491	17,971,926
Effect of:			
- impact of different tax rate of subsidiary		(534,902)	(10,350)
- permanent differences		251,327	145,038
- Impact of change in tax rates		(331,513)	(149,642)
- prior year windfall tax	34.3	3,600,000	-
- others		1,084,974	322,965
Tax expense for the year		<u>42,651,377</u>	<u>18,279,937</u>

- 34.2** a) The income tax assessments of the Holding Company have been finalised up to and including tax year 2023. Certain addbacks made by the tax authorities for various assessment years, appeals against which are pending with the Commissioner of Inland Revenue (Appeals), Appellate Tribunal Inland Revenue (ATIR), High Court of Sindh and Supreme Court of Pakistan.

In respect of tax years 2008, 2014, 2017 and 2019 to 2023, the tax authority has raised certain issues including default in payment of WWF, allocation of expenses to dividend and capital gains, dividend income from mutual funds not being taken under income from business and disallowance of leasehold improvements resulting in a tax demand of Rs. 764.870 million net of relief provided in appeal (December 31, 2022: Rs. 639.939 million). The Holding Company has filed an appeal which is pending before the Commissioner Appeals. The management is confident that matter are be decided in favour of the Holding Company and consequently has not made any provision in this respect. The management is confident that these matters are likely to be decided in favor of the Holding Company.

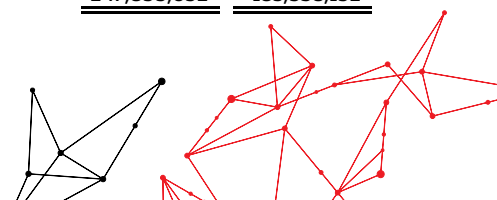
- b) The Holding Company had received orders from a provincial tax authority for the periods from July 2011 to December 2020 wherein tax authority demanded sales tax on banking services and penalty amounting to Rs. 763.312 million (excluding default surcharge) by disallowing certain exemptions of sales tax on banking services and allegedly for short payment of sales tax. Appeals against these orders are pending before Commissioner Appeals. The Holding Company has not made any provision against these orders and the management is of the view that these matters are likely to be settled in Holding Company's favour through appellate process.
- c) The Holding Company had received an order from a tax authority wherein a Sales tax and a penalty amounting to Rs. 5.191 million (excluding default surcharge) was demanded allegedly for non-payment of sales tax on certain transactions relating to accounting year 2016 and an appeal against this order is pending before Commissioner Appeals. Another order previously received for the same accounting year wherein Sales tax and Further Tax amounting to Rs. 8.601 million (excluding default surcharge and penalty) was demanded allegedly for non-payment of sales tax on certain transactions is redemanded in appeal effect order. In the current year, a similar order for the accounting years 2017 and 2018 is issued with tax demand of Rs. 11.536 million (excluding default surcharge). The Holding Company intends to file appeals after obtaining advice of tax consultant. The Holding Company has not made any provision against these orders and the management is of the view that these matters are likely to be favourably settled through appellate process.

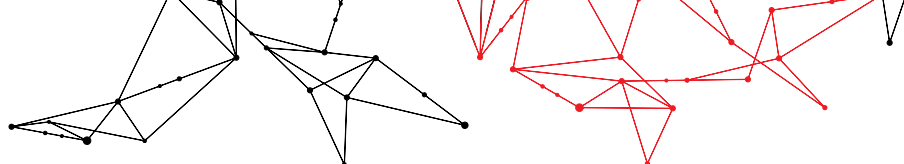
**34.3** During the year, in relation to Section 99D of the Income Tax Ordinance, 2001, FBR has issued SRO to impose an additional windfall tax at 40% on foreign exchange income of the banks for the accounting years 2021 and 2022. The Holding Company along with other banks has challenged the law and filed a petition in Sindh High Court. Based on strong grounds, stay order has also been issued to banks. Similar cases have also been filed by other banks in Islamabad & Lahore High Courts wherein stay orders have been granted. However, the Holding Company has recorded a prior year charge of Rs. 3.6 billion in these consolidated financial statements on account of prudence.

	2023	2022
	----- (Rupees in '000) -----	
<b>35 BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit attributable to equity holders of the Holding Company	<u>36,511,459</u>	<u>18,394,766</u>
	-- (Number of shares in '000) --	
Weighted average number of ordinary shares	<u>1,577,165</u>	<u>1,772,645</u>
	----- Rupees -----	
Basic and diluted earnings per share	<u>23.15</u>	<u>10.38</u>
	2023	2022
	-- (Number of shares in '000) --	
<b>35.1 Weighted average number of ordinary shares</b>		
Outstanding number of shares before own shares purchased	1,577,165	1,777,165
Less: Impact of own shares purchased	-	(4,520)
	<u>1,577,165</u>	<u>1,772,645</u>

**35.2** Diluted earnings per share has not been presented separately as the Holding Company does not have any convertible instruments in issue.

	Note	2023	2022
		----- (Rupees in '000) -----	
<b>36 CASH AND CASH EQUIVALENTS</b>			
Cash and balance with treasury banks	5	202,728,363	140,613,751
Balance with other banks	6	16,993,142	10,105,449
Call / clean money lendings	36.2	32,018,705	40,274,315
Borrowings - others	15.2	(372,579)	(170,410)
Overdrawn nostro accounts	15	<u>(3,467,939)</u>	<u>(4,884,913)</u>
		<u>247,899,692</u>	<u>185,938,192</u>




**36.1 Reconciliation of debt arising from financing activities**

	2023				
	Liability			Equity	
	(Rupees in '000)				
Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital		
Balances as at January 01, 2023	14,000,000	17,514,201	4,767,210	15,771,651	
<b>Changes from financing cash flows</b>					
Payment of leased liability	-	(5,075,756)	-	-	
Dividend paid	-	-	(7,274,936)	-	
	-	(5,075,756)	(7,274,936)	-	
<b>Other changes</b>					
Additions / renewals / amendments / (terminations) - net	-	7,730,666	-	-	
Borrowing cost on lease liability	-	2,659,787	-	-	
Exchange rate adjustment	-	70,910	-	-	
Final cash dividend for the year ended December 31, 2022 - 20%	-	-	3,942,913	-	
Interim cash dividend for the half year ended June 30, 2023 - 25%	-	-	4,731,495	-	
	-	10,461,363	8,674,408	-	
Balances as at December 31, 2023	<u>14,000,000</u>	<u>22,899,808</u>	<u>6,166,682</u>	<u>15,771,651</u>	

	2022				
	Liability			Equity	
	(Rupees in '000)				
Subordinated debt	Lease liabilities against right-of-use assets	Dividend Payable	Share Capital		
Balances as at January 01, 2022	7,000,000	13,220,387	152,030	17,771,651	
<b>Changes from financing cash flows</b>					
Issuance of subordinated debt	7,000,000	-	-	-	
Payment of leased liability	-	(3,833,077)	-	-	
Own shares purchased during the year	-	-	-	(2,000,000)	
Dividend Paid	-	-	(3,382,063)	-	
	7,000,000	(3,833,077)	(3,382,063)	(2,000,000)	
<b>Other changes</b>					
Additions / renewals of leases	-	6,153,076	-	-	
Borrowing cost on lease liability	-	1,924,717	-	-	
Exchange rate adjustment	-	49,098	-	-	
Final cash dividend for the year ended December 31, 2020 - 20%	-	-	3,554,330	-	
Interim cash dividend for the half year ended June 30, 2021 - 20%	-	-	4,442,913	-	
	-	8,126,891	7,997,243	-	
Balances as at December 31, 2022	<u>14,000,000</u>	<u>17,514,201</u>	<u>4,767,210</u>	<u>15,771,651</u>	

**36.2** This represents call / clean money lendings having maturities upto three months.

**37 STAFF STRENGTH**

	2023			2022		
	(Number of employees)					
	Domestic	Overseas	Total	Domestic	Overseas	Total
Permanent	14,519	209	14,728	13,657	203	13,860
On the Group's contract	64	60	124	52	60	112
The Group's own staff strength at the end of the year	<u>14,583</u>	<u>269</u>	<u>14,852</u>	<u>13,709</u>	<u>263</u>	<u>13,972</u>

**37.1** In addition to the above, 106 (2022: 109) employees of outsourcing services companies were assigned to the Holding Company as at the end of the year to perform services other than guarding, tea and janitorial services etc. Outsourced staff includes 105 (2022: 108) working in Pakistan and 01 (2022: 01) working at overseas branches.

### **38 DEFINED BENEFIT PLAN**

#### **38.1 The Holding Company**

##### **38.1.1 General description**

The Holding Company operates an approved funded gratuity scheme which cover all regular permanent employees. The liability of the Holding Company in respect of the plan is determined based on actuarial valuation carried out using the Projected Unit Credit Method. Actuarial valuation of the defined benefit plan is carried out every year and the latest valuation was carried out as at December 31, 2023. The significant assumptions are detailed below:

##### **38.1.2 Number of Employees under the scheme**

The number of employees covered under the following defined benefit plan are:

	2023	2022
	----- (Number) -----	
- Gratuity fund	<u>14,453</u>	<u>13,586</u>

##### **38.1.3 Principal actuarial assumptions**

The disclosures made below are based on the information included in the actuarial valuation report of the Holding Company as of December 31, 2023:

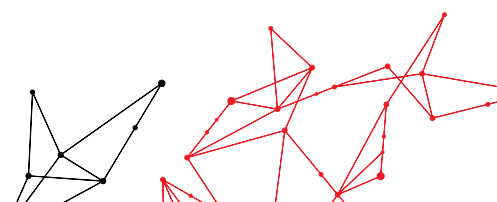
	2023	2022
	----- (Per annum) -----	
Withdrawal rates	Low	Low
Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Valuation discount rate (p.a)	14.75%	14.25%
Salary increase rate (p.a) - Short term (5 years)	14.00%	10.92%
Salary increase rate (p.a) - Long term	14.00%	12.25%
Expected rate of return on plan assets (p.a)	14.75%	14.25%
Normal retirement age	65 Years	60 Years
Duration	14 Years 4 months	11 Years 3 months

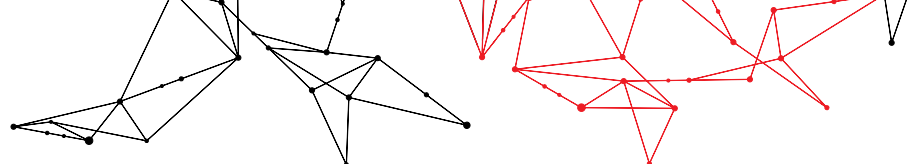
##### **38.1.4 Reconciliation of receivable from defined benefit plans**

	Note	2023	2022
		----- (Rupees in '000) -----	
Present value of obligations	38.1.5	4,282,553	2,891,871
Fair value of plan assets	38.1.6	<u>(4,723,138)</u>	<u>(3,045,578)</u>
Receivable	38.1.7	<u>(440,585)</u>	<u>(153,707)</u>

##### **38.1.5 Movement in defined benefit obligations**

Obligations at the beginning of the year	2,891,871	2,139,371
Current service cost	573,199	446,331
Interest cost	394,525	245,895
Past service cost	(104,744)	-
Benefits paid by the Holding Company	(246,078)	(245,809)
Re-measurement loss	773,780	306,083
Obligations at the end of the year	<u>4,282,553</u>	<u>2,891,871</u>





Note

2023

2022

----- (Rupees in '000) -----

**38.1.6 Movement in fair value of plan assets**

Fair value at the beginning of the year		3,045,578	2,883,695
Interest income on plan assets		449,736	409,287
Contribution by the Holding Company - net		467,002	268,817
Benefits paid		(246,078)	(245,809)
Re-measurement gain / (loss)	38.1.10	1,006,900	(270,412)
Fair value at the end of the year	38.1.11	<u>4,723,138</u>	<u>3,045,578</u>

**38.1.7 Movement in receivable under defined benefit plan**

Opening balance		(153,707)	(744,324)
Charge for the year		413,244	282,939
Contribution by the Holding Company - net		(467,002)	(268,817)
Re-measurement loss / (gain) recognised in OCI during the year	38.1.10	<u>(233,120)</u>	<u>576,495</u>
Closing balance		<u>(440,585)</u>	<u>(153,707)</u>

**38.1.8 Charge for defined benefit plans****38.1.9 Cost recognised in profit and loss**

Current service cost	38.1.5	573,199	446,331
Past service cost		(104,744)	-
Net interest on defined benefit asset / liability	38.1.5 & 38.1.6	<u>(55,211)</u>	<u>(163,392)</u>
		<u>413,244</u>	<u>282,939</u>

**38.1.10 Re-measurements recognised in OCI during the year**

(Gain) / loss on obligation			
- Demographic assumptions		-	-
- Financial assumptions		569,483	285,766
- Experience adjustment		204,297	20,317
Return on plan assets over interest loss		<u>(1,006,900)</u>	<u>270,412</u>
Total re-measurements recognised in OCI		<u>(233,120)</u>	<u>576,495</u>

**38.1.11 Components of plan assets**

Cash and cash equivalents - net		1,126,635	352,679
Non-Government debt securities		952,365	952,365
Ordinary shares		2,165,664	1,345,560
Units of mutual funds		478,474	394,974
		<u>4,723,138</u>	<u>3,045,578</u>

**38.1.11.1** Investment in term finance certificates are subject to credit risk and interest rate risks, while equity securities and mutual funds are subject to price risk. Cash and cash equivalents include balances maintained with the Holding Company which are subject to credit risk. These risks are regularly monitored by Trustees of the employee funds.

**38.1.12 Sensitivity analysis**

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



Particulars	2023	
	PV of Defined Benefit Obligation	Change
	----- (Rupees in '000) -----	
1% increase in discount rate	3,729,903	(552,650)
1% decrease in discount rate	4,951,124	668,571
1 % increase in expected rate of salary increase	4,971,184	688,631
1 % decrease in expected rate of salary increase	3,705,769	(576,784)
10% increase in withdrawal rate	4,285,005	2,452
10% decrease in withdrawal rate	4,279,958	(2,595)
1 year Mortality age set back	4,279,803	(2,750)
1 year Mortality age set forward	4,285,275	2,722
		<b>2024</b>
		<b>(Rupees in '000)</b>
<b>38.1.13 Expected contributions to be paid to the fund in the next financial year</b>		<u>671,297</u>
<b>38.1.14 Expected charge for the next financial year</b>		<u>671,297</u>

**38.1.15 Maturity profile**

The undiscounted expected payments maturity is tabulated below:

Particulars	2023 Undiscounted Payments (Rupees in '000)
Year 1	115,108
Year 2	112,910
Year 3	120,174
Year 4	151,938
Year 5	185,236
Year 6 to Year 10	1,622,564
Year 11 and above	<u>66,462,591</u>
	<u>68,770,521</u>

**38.1.16 Funding Policy**

The Holding Company's policy for funding the staff retirement benefit scheme, is given in note 4.8 (a).

**38.1.17 Risks associated with defined benefit plans****Asset volatility**

The risk arises due to the inclusion of the risky assets in the gratuity fund portfolio, inflation and interest rate volatility.

**Changes in bond yields**

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

**Inflation risks**

The risk arises if gratuity benefits are linked to inflation and the inflation is higher than expected, which results in higher liabilities.

**Life expectancy / withdrawal risk:**

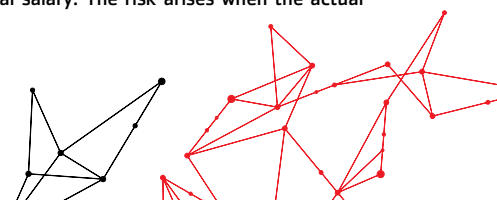
The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

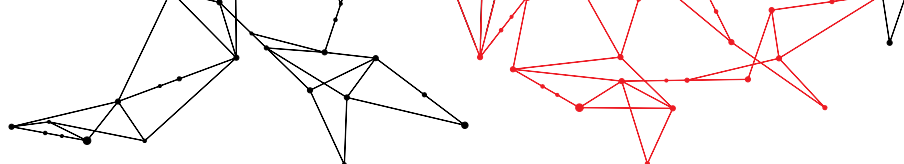
**Longevity risks:**

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

**Salary increase risk:**

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases in salary are higher than expectation and impacts the liability accordingly.





## 38.2 Subsidiary - Alfalah CLSA Securities (Private) Limited

The subsidiary company operates an unfunded gratuity scheme for all its employees who have completed the qualifying period as defined in the scheme. The subsidiary company has carried out an actuarial valuation on December 31, 2023 using Projected Unit Credit Method and results of the valuation are as given below:

	2023	2022
	----- (Number) -----	
The total number of employees covered under scheme	<u>66</u>	<u>70</u>

### 38.2.1 Principal actuarial assumptions

The disclosures made below are based on the information included in the actuarial valuation report of the subsidiary company as at December 31, 2023:

	Note	2023	2022
		----- (Per annum) -----	
Valuation discount rate		15.50%	14.50%
Salary increase rate		10.50%	11.53%
Mortality rates		SLIC 2001 - 2005	
Rates of employee turnover		Moderate	Moderate

### 38.2.2 Amount recognised in the balance sheet

		2023	2022
		----- (Rupees in '000) -----	
Defined benefit obligation	38.2.3	35,783	39,844
Fair value of plan assets		-	-
Net liability		<u>35,783</u>	<u>39,844</u>

### 38.2.3 Reconciliation of payable to defined benefit plan

Opening net liability		39,844	29,385
Charge for the year	38.2.4	6,033	10,115
Other comprehensive income	38.2.5	(7,023)	1,993
Benefits paid during the period / year		(3,071)	(1,649)
Closing net liability		<u>35,783</u>	<u>39,844</u>

### 38.2.4 Charge for the defined benefit plan

Current service cost		7,754	6,760
Net interest		5,555	3,355
Benefits not paid		(7,276)	-
		<u>6,033</u>	<u>10,115</u>

### 38.2.5 Actuarial gain / (loss) on obligation

Unrecognised actuarial gain as at 1 January		1,292	3,285
Actuarial gain / (loss) on obligations - recognised in OCI		7,023	(1,993)
Unrecognised actuarial gain at 31 December		<u>8,315</u>	<u>1,292</u>

### 38.2.6 Sensitivity analysis on significant actuarial assumptions: actuarial liability

Discount rate +1%	33,724	36,539
Discount rate -1%	38,097	43,675
Salary increases +1%	38,310	43,900
Salary increases -1%	33,503	36,298

	2023	2022
	----- (Years) -----	
<b>38.2.7</b> Weighted average duration of the present value of defined benefit obligation	<u>6.11</u>	<u>8.95</u>

### 38.2.8 Maturity profile of the defined benefit obligation

Distribution of timing of benefit payments (time in years)	2023	2022
	----- (Rupees in '000) -----	
Year 1	5,459	4,144
Year 2	3,052	1,506
Year 3	4,294	1,639
Year 4	3,620	2,809
Year 5	13,395	1,788
Year 6 to Year 10	20,669	36,801
Year 11 and above	122,790	245,774

**38.2.9** The expected gratuity expense for the next one year works out to be Rs. 11.360 million.

### 38.2.10 Risks associated with defined benefit plans

#### Longevity risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at 'the plan level over the entire retiree population.

#### Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

#### Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

## 39 DEFINED CONTRIBUTION PLAN

### 39.1 Holding Company - Bank Alfalah Limited

The Holding Company operates an approved provident fund scheme for all its permanent employees to which Holding Company contribute 8.33% of basic salary in equal monthly contributions. However, employees have the option, to have their provident fund contribution deducted at 8.33%, 10% or 12% of their monthly basic salary.

During the year, the Holding Company contributed Rs. 730.931 million (2022: Rs. 582.159 million) to the fund.

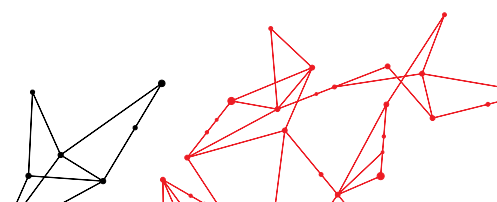
## 40 OTHER EMPLOYEE BENEFIT

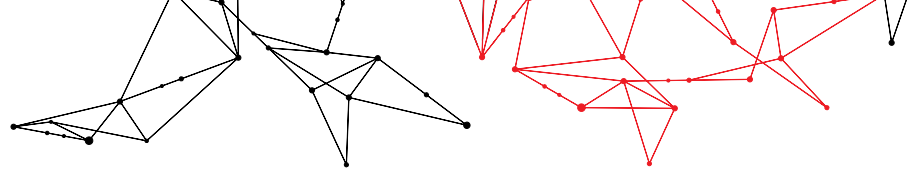
### 40.1 Compensated absences

The Holding Company operates compensated absences scheme in which employees can carry forward unutilised leaves up to maximum of 45 days.

### 40.2 Benefit scheme for overseas branches

The Holding Company operates retirement benefit schemes for its employees at overseas branches in compliance with the local labour laws of the respective countries where the branches operate.





## 41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

### 41.1 Total compensation expense

#### 41.1.1 Holding Company

2023

Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
------(Rupees in '000)-----								
1	Fees and allowances etc.	-	-	151,200	16,708	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	4,592	81,210	328,987	1,270,420
	ii) Variable							
	a) Cash bonus / awards**	-	-	-	1,207	125,000	250,877	542,840
	b) Bonus and awards in shares	-	-	-	-	15,489	46,622	58,904
3	Charge for defined benefit plan	-	-	-	-	6,048	19,193	89,830
4	Contribution to defined contribution plan	-	-	-	189	6,048	19,193	66,842
5	Rent & house maintenance	-	-	-	908	42,912	92,164	377,022
6	Utilities	-	-	-	227	11,309	23,041	82,977
7	Medical	-	-	-	-	-	-	685
8	Conveyance	-	-	-	-	-	-	196
9	Others	-	-	-	189	-	-	-
	<b>Total (1 - 9)</b>	-	-	<b>151,200</b>	<b>24,020</b>	<b>288,016</b>	<b>780,077</b>	<b>2,489,716</b>
	Number of persons	1	-	6	5	1	16	176

2022

Sr. No.	Items	Chairman	Directors		Members Shariah Board *	President / CEO	Key Executives	Other MRTs / MRCs
			Executives (other than CEO)	Non-Executive				
------(Rupees in '000)-----								
1	Fees and allowances etc.	-	-	180,000	13,817	-	-	-
2	Managerial remuneration							
	i) Fixed	-	-	-	3,706	75,195	294,719	1,018,032
	ii) Variable							
	a) Cash bonus / awards**	-	-	-	950	90,525	182,500	372,404
	b) Bonus & awards in Shares	-	-	-	-	8,743	26,344	32,021
3	Charge for defined benefit plan	-	-	-	-	-	16,407	67,558
4	Contribution to defined contribution plan	-	-	-	157	5,498	16,407	52,476
5	Rent & house maintenance	-	-	-	755	36,379	78,131	289,984
6	Utilities	-	-	-	189	9,434	19,533	64,465
7	Medical	-	-	-	-	-	-	309
8	Conveyance	-	-	-	-	-	-	491
10	Others	-	-	-	141	-	-	-
	<b>Total (1 - 9)</b>	-	-	<b>180,000</b>	<b>19,715</b>	<b>225,774</b>	<b>634,041</b>	<b>1,897,740</b>
	Number of persons	1	-	6	5	1	15	161

The Chief Executive and certain Executives have been provided with car(s), household equipment and fuel.

A certain portion of variable compensation of the CEO, Key Executives, MRTs/MRCs shall be subject to mandatory deferrals for a defined period of three years, whereas remaining portion of the bonus shall be paid upfront to the MRTs / MRCs. The deferred bonus shall vest proportionately over the deferral period following the year of variable remuneration award.

In case of malus and where accountability has been determined in accordance with the conduct & accountability framework of the Holding Company, the entire or certain portion of the deferred remuneration shall be withheld and not paid to the MRT / MRC on its becoming due.

The deferred portion is managed internally within the Holding Company. The Holding Company provides for the return on deferred portion at rate of return earned on government securities over the time horizon for deferral.

The total movement of deferred bonus during the year December 31, 2023 for the President / Chief Executive Officer (CEO), Key Executives and Other Material Risk Takers (MRTs) / Material Risk Controller (MRCs) is as follows:

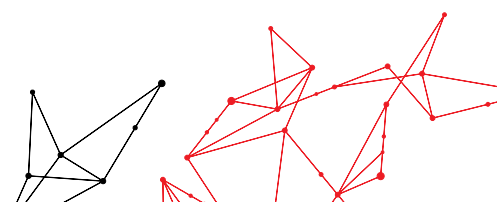
	2023	2022
	----(Rupees in '000)----	
Opening balance	199,982	157,386
Add: deferred during the year	140,374	105,704
Less: paid / vested during the year	<u>(99,515)</u>	<u>(63,108)</u>
Closing balance	<u><u>240,841</u></u>	<u><u>199,982</u></u>

\* This includes salaries and allowance of a resident member of Shariah Board who is an employee of the Holding Company.

\*\*This includes sign-on bonus amounting to Rs. 7.000 million to 2 MRTs / MRCs in year 2023 (2022: Rs. 13.000 million to 3 MRTs / MRCs).

#### 41.1.2 Subsidiary - Alfalah CLSA Securities (Private) Limited

Total Compensation expense to the CEO and key executives of the subsidiary is Rs. 75.418 million (2022: Rs. 73.286 million).



#### 41.2 Remuneration Paid to Directors for Participation in Board and Board Committees Meetings - Holding Company

Sr. No.	Name of Director	Meeting Fees Paid for Board and Board Committee Meetings								Total
		Board Meetings	Board Audit Committee	Board Human Resources & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Coronavirus-Crises Management Committee	Board Real Estate Committee	
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawalleel Al Mansoori	4,000	-	-	-	-	-	-	-	4,000
3	Mr. Abdulla Khalil Al Mutawa	4,800	6,400	4,000	4,000	5,600	7,680	-	5,760	38,240
4	Mr. Khalid Mana Saeed Al Otaiba	4,800	6,400	4,000	4,000	6,720	6,400	-	5,760	38,080
5	Dr. Gorygy Tamas Ladics	4,800	-	4,000	4,800	-	6,400	-	-	20,000
6	Mr. Khalid Qurashi	4,800	7,680	4,000	-	5,600	6,400	-	-	28,480
7	Dr. Ayesha Khan	4,800	6,400	4,800	-	-	6,400	-	-	22,400
	<b>Total</b>	<b>28,000</b>	<b>26,880</b>	<b>20,800</b>	<b>12,800</b>	<b>17,920</b>	<b>33,280</b>	<b>-</b>	<b>11,520</b>	<b>151,200</b>

Sr. No.	Name of Director	Meeting Fees Paid for Board and Board Committee Meetings								Total/Amount Paid
		Board Meetings	Board Audit Committee	Board Resources & Nomination Committee	Board Information Technology Committee	Board Risk Management Committee	Board Strategy & Finance Committee	Board Coronavirus-Crises Management Committee	Board Real Estate Committee	
1	H.H. Sheikh Nahayan Mabarak Al Nahayan	-	-	-	-	-	-	-	-	-
2	Mr. Abdullah Nasser Hawalleel Al Mansoori	4,000	-	-	-	-	-	-	-	4,000
3	Mr. Abdulla Khalil Al Mutawa	5,600	7,200	4,000	4,800	5,600	7,680	6,720	3,840	45,440
4	Mr. Khalid Mana Saeed Al Otaiba	5,600	7,200	4,000	4,800	6,720	6,400	5,600	3,200	43,520
5	Dr. Gorygy Tamas Ladics	5,600	-	4,000	5,760	-	6,400	5,600	-	27,360
6	Mr. Khalid Qurashi	5,600	8,640	4,000	-	5,600	6,400	5,600	-	35,840
7	Dr. Ayesha Khan	4,800	5,600	3,840	-	-	5,600	4,000	-	23,840
	<b>Total</b>	<b>31,200</b>	<b>28,640</b>	<b>19,840</b>	<b>15,360</b>	<b>17,920</b>	<b>32,480</b>	<b>27,520</b>	<b>7,040</b>	<b>180,000</b>

#### 41.3 Remuneration paid to Shariah Board Members

Sr. No.	Items	2023			2022			TOTAL
		Chairman	Non-Resident Member	Resident Member	TOTAL	Chairman	Non-Resident Member	
1	Fees / remuneration and allowances	8,974	7,734	-	16,708	7,421	6,396	13,817
2	Managerial remuneration - Fixed	-	-	4,592	4,592	-	-	3,706
3	Rent & house maintenance	-	-	908	908	-	-	755
4	Utilities	-	-	227	227	-	-	189
5	Others	-	-	1,585	1,585	-	-	1,248
	<b>Total</b>	<b>8,974</b>	<b>7,734</b>	<b>7,312</b>	<b>24,020</b>	<b>7,421</b>	<b>6,396</b>	<b>19,715</b>
	Total Number of Persons	1	3	1	5	1	3	1

## 42 FAIR VALUE MEASUREMENTS

Fair value measurement defines fair value as the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiary, 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.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

### 42.1 Fair value of financial assets

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

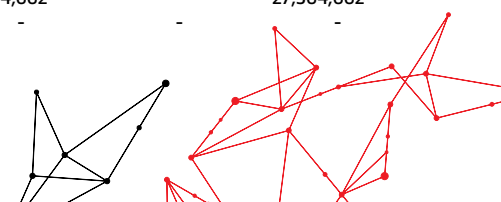
Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

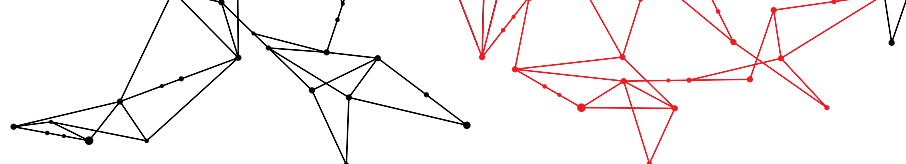
Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

	2023			
	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	-	1,802,801,728	-	1,802,801,728
- Non-government debt securities	14,940,600	4,429,831	-	19,370,431
- Shares - listed companies	4,283,579	-	-	4,283,579
- Foreign government securities	-	43,176,169	-	43,176,169
- Foreign Non-government debt securities	-	28,547,190	-	28,547,190
- Foreign equity securities	284,596	-	-	284,596
<b>Financial assets - not measured at fair value</b>				
Investment - held to maturity securities	-	154,796,433	-	154,796,433
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	2,606,750	-	2,606,750
- Forward sale of foreign exchange	-	(2,779,042)	-	(2,779,042)
- Forward purchase of government securities	-	(27,210)	-	(27,210)
- Forward sale government securities	-	(17,514)	-	(17,514)
- Derivatives purchases	-	3,371,331	-	3,371,331
- Derivatives sales	-	707,484	-	707,484
	2022			
	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	-	946,606,485	-	946,606,485
- Non-government debt securities	14,937,000	4,347,503	-	19,284,503
- Shares - listed companies	6,456,107	-	-	6,456,107
- Foreign government securities	-	28,811,408	-	28,811,408
- Foreign Non-government debt securities	-	27,564,662	-	27,564,662
- Foreign equity securities	-	-	-	-





	2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>Financial assets - not measured at fair value</b>				
Investment - held to maturity securities	-	73,518,446	-	73,518,446
<b>Off-balance sheet financial instruments - measured at fair value</b>				
- Forward purchase of foreign exchange	-	922,573	-	922,573
- Forward sale of foreign exchange	-	(455,164)	-	(455,164)
- Forward purchase of government securities	-	4,432	-	4,432
- Forward sale government securities	-	(7,946)	-	(7,946)
- Derivatives purchases	-	4,761,605	-	4,761,605
- Derivatives sales	-	33,940	-	33,940

**42.2** The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date of the event or change in circumstances that caused the transfer, occurred. There were no transfers between levels 1 and 2 during the current year.

**42.3 Valuation techniques used in determination of fair values:**

**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in ordinary shares of listed companies and listed non government debt securities.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of Market Treasury Bills, Pakistan Investment Bonds, GoP Sukuks, GoP Euro Bonds, Overseas Government Sukuks, Overseas Bonds, Term Finance Certificates, and other than Government Sukuks, forward foreign exchange contracts, forward government securities contracts, cross currency swap and interest rate swaps.

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3 except as disclosed in note 42.3.1.

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.

**42.3.1 Fair value of non-financial assets**

Certain categories of fixed assets (land and buildings) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by the Holding Company which are also on the panel of the SBP.

**42.3.2 Valuation techniques**

Item	Valuation approach and input used
Market Treasury Bills (MTB) / Pakistan Investment Bonds (PIB), and GoP Sukuks (GIS) including their forward contracts	The fair value of MTBs and PIBs are derived using PKRV rates. GIS are revalued using PKISRV rates. Floating rate PIBs are revalued using PKFRV rates.
Overseas Sukuks, Overseas and GoP Euro Bonds	The fair value of overseas government sukuks, and overseas bonds are valued on the basis of price available on Bloomberg.
Debt Securities (TFCs and Sukuk other than Government)	Investment in WAPDA Sukuks, debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Ordinary shares - listed	The fair value of investments in listed equity securities are valued on the basis of closing quoted market price available at the Pakistan Stock Exchange.
Forward foreign exchange contracts	The valuation has been determined by interpolating the FX revaluation rates announced by the SBP.
Derivative Instruments	Derivatives that are valued using valuation techniques based on market observable inputs are mainly interest rate swaps and cross currency swaps. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations.
Fixed assets and non banking assets acquired in satisfaction of claims	The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. The market approach used prices and other relevant information generated by market transactions involving identical, comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.



43 SEGMENT INFORMATION

43.1 Segment details with respect to business activities

	2023							Total		
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage		Others*	Elimination
	(Rupees in '000)									
<b>Consolidated Profit &amp; loss account</b>										
Net mark-up / return / profit	(73,546,184)	15,006,727	26,825,045	153,382,874	5,579	7,334,876	(118,482)	(2,938,545)	-	125,951,890
Inter segment revenue - net	151,307,607	3,688,895	(782,277)	(155,344,030)	7,644,757	515,729	-	2,520,086	(9,550,767)	-
Non mark-up / return / interest income	8,321,648	4,040,641	2,087,865	11,268,823	801,837	1,124,650	647,777	1,810,537	(16,462)	30,087,316
Total income	86,083,071	22,736,263	28,130,633	9,307,667	8,452,173	8,975,255	529,295	1,392,078	(9,567,229)	156,039,206
Segment direct expenses	24,509,797	4,299,838	9,678,031	959,880	2,684,911	3,424,167	495,932	20,940,621	(16,462)	66,976,715
Inter segment expense allocation	13,665,682	1,552,339	4,075,065	499,771	1,768,606	478,948	-	(20,940,621)	(1,099,790)	-
Total expenses	38,175,479	5,852,177	13,753,096	1,459,651	4,453,517	3,903,115	495,932	-	(1,116,252)	66,976,715
Provisions / (reversals)	5,552,846	2,757,880	96,717	(769,666)	45,664	(451)	1,125,000	1,779,000	(262,236)	10,324,754
Profit / (loss) before tax	42,354,746	14,126,206	14,280,820	8,617,682	3,952,992	5,072,591	(1,091,637)	(386,922)	(8,188,741)	78,737,737

	2023							Total		
	Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage		Others *	Elimination
	(Rupees in '000)									
<b>Consolidated Statement of Financial Position</b>										
Cash & bank balances	107,505,103	20,666,132	33,920,116	-	801,318	56,947,383	512,336	-	(669,800)	219,682,588
Investments	-	3,609,787	214,732,021	1,743,435,218	-	104,537,703	19,201	5,822,837	-	2,072,156,767
Net inter segment lending	973,612,195	87,039,833	-	-	11,390,718	-	-	124,249,350	(1,196,292,096)	-
Lendings to financial institutions	207,915,194	299,248,029	32,832,027	94,864,225	-	13,960,199	-	16,460,775	(22,102,342)	119,554,109
Advances - performing	2,955,353	1,449,384	161,980,731	-	80,881	44,106,831	10,318	78,682	-	729,802,759
Advances - non-performing	21,680,353	30,738,634	41,414,392	62,367,729	8,333	177,923	-	35,034,534	(77,529)	5,259,068
Others	1,313,668,198	442,751,799	485,468,680	1,900,667,112	13,614,456	229,510,671	1,482,410	181,646,178	(1,219,141,767)	3,349,667,797
<b>Total assets</b>	23,956,020	88,567,733	40,501,991	747,762,555	-	31,762,975	672,579	-	(23,007,821)	910,216,032
Borrowings	-	-	-	-	-	-	-	14,000,000	-	14,000,000
Subordinated debt	1,243,732,370	305,616,623	365,397,636	-	13,355,298	157,205,824	-	-	(966,494)	2,084,941,257
Deposits and other accounts	-	-	22,614,166	1,144,470,847	-	29,207,083	-	-	(1,196,292,096)	-
Net inter segment borrowing	-	-	53,942,917	9,462,016	259,158	12,072,324	1,595,603	28,483,357	524,644	200,987,270
Others	45,979,808	48,567,443	482,456,710	1,901,695,418	13,614,456	230,248,206	2,268,182	42,483,357	(1,219,141,767)	3,210,044,559
<b>Total liabilities</b>	1,313,668,198	442,751,799	3,011,970	(1,028,246)	-	(737,535)	(785,772)	139,162,821	-	139,623,238
<b>Net assets</b>	-	-	-	-	-	-	-	-	-	-
<b>Equity</b>	127,717,077	220,203,714	66,758,549	447,453,464	8	61,147,942	450,000	5,313,913	-	929,044,667

		2023									
		Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others *	Elimination	Total
(Rupees in '000)											
<b>Contingencies and commitments</b>											
The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.											
* Others include head office related activities.											

2022									
(Rupees in '000)									
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others*	Elimination	Total
(18,857,087)	13,553,843	13,681,857	65,850,056	(55,883)	4,037,285	(69,218)	(967,944)	-	77,172,912
62,749,679	(1,481,168)	(984,177)	(58,636,009)	3,820,964	711,230	-	340,535	(7,120,954)	-
5,742,300	3,117,258	1,933,082	8,922,132	531,395	1,009,881	407,267	1,156,242	(5,376)	22,804,181
49,634,892	15,189,933	15,230,762	16,136,179	4,296,376	5,758,396	338,049	528,836	(7,136,330)	99,977,093
19,255,570	1,394,923	6,764,615	599,809	2,090,153	2,395,056	351,080	17,996,729	(15,376)	50,832,559
11,341,977	1,457,042	3,247,568	776,828	1,547,730	297,525	-	(17,996,729)	(671,941)	-
30,597,547	2,851,965	10,012,183	1,376,637	3,637,883	2,692,581	351,080	-	(687,317)	50,832,559
4,928,345	(271,884)	657,701	645,803	168,493	2,918,966	(1,291)	3,421,000	-	12,467,133
14,109,000	12,609,852	4,560,878	14,113,739	490,000	146,849	(11,740)	(2,892,164)	(6,449,013)	36,677,401

**Consolidated Profit & loss account**

Net mark-up / return / profit	
Inter segment revenue - net	
Non mark-up / return / interest income	
Total income	
Segment direct expenses	
Inter segment expense allocation	
Total expenses	
Provisions / (reversals)	
Profit / (loss) before tax	

2022									
(Rupees in '000)									
Retail	Corporate	Islamic (Domestic)	Treasury	Digital	Overseas	Brokerage	Others*	Elimination	Total
54,505,261	13,526,538	22,294,976	-	1,380,127	58,742,370	628,982	-	(359,054)	150,719,200
-	3,065,299	123,324,033	913,838,262	-	72,564,199	15,376	4,809,194	-	1,117,616,363
616,707,785	1,195,293	-	-	20,415,824	-	-	101,879,158	(740,198,060)	-
221,934,495	307,817,002	30,000,061	81,309,766	-	11,515,976	-	-	(7,472,204)	115,353,599
2,942,331	1,660,288	149,691,194	-	73,590	36,726,043	10,965	10,557,922	-	726,811,211
19,190,356	28,322,399	726,449	-	3,985	162,523	-	79,028	-	5,574,604
915,280,228	355,586,819	353,345,718	1,023,432,936	1,483,080	15,151,671	1,220,085	19,691,248	(8,021)	140,644,731
26,937,622	95,851,939	39,964,773	314,660,327	-	21,584,792	470,410	-	(7,819,922)	491,649,941
-	-	-	-	-	-	-	14,000,000	-	14,000,000
860,878,107	210,843,465	255,671,950	-	23,002,118	136,410,242	-	57,693	(27,315)	1,486,886,260
-	-	15,379,745	698,036,985	-	26,781,332	-	-	(740,198,062)	-
27,464,500	48,891,414	40,321,510	15,282,537	354,488	12,713,204	1,064,201	16,070,324	7,960	162,170,138
915,280,229	355,586,818	351,337,978	1,027,979,849	23,356,606	197,489,570	1,534,611	30,128,017	(748,037,339)	2,154,656,339
(1)	1	2,007,740	(4,546,913)	-	(2,626,788)	340,797	106,888,533	-	102,063,369
94,420,516	188,433,780	63,199,284	158,500,073	5,014	76,880,088	450,000	4,615,176	-	586,503,931

**Consolidated Statement of Financial Position**

Cash & bank balances	
Investments	
Net inter segment lending	
Lendings to financial institutions	
Advances - performing	
Advances - non-performing	
Others	
Total assets	

Borrowings	
Subordinated debt	
Deposits and other accounts	
Net inter segment borrowing	
Others	
Total liabilities	
Net assets	
Equity	

**Contingencies and commitments**

The segment profit and loss (P&L) statement illustrates revenue based on customer, channel, and product ownership. Consequently, revenue might appear in multiple segments since each one plays a role in capturing that income stream.

\* Others include head office related activities.

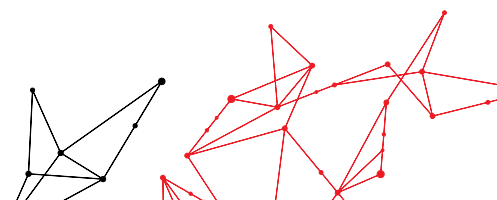
## 43.2 Segment details with respect to geographical locations

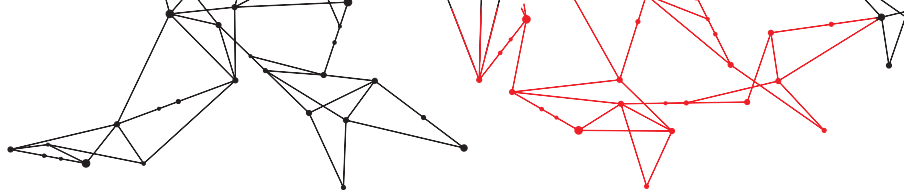
## GEOGRAPHICAL SEGMENT ANALYSIS

2023						
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total	
------(Rupees in '000)-----						
<b>Consolidated profit &amp; loss account</b>						
Net mark-up / return / profit	118,617,014	3,545,622	2,659,583	1,129,671	-	125,951,890
Inter segment revenue - net	(450,298)	321,200	42,296	152,233	(65,431)	-
Non mark-up / return / interest income	28,962,666	600,573	834,858	(310,781)	-	30,087,316
Total income	147,129,382	4,467,395	3,536,737	971,123	(65,431)	156,039,206
Segment direct expenses	63,552,548	1,119,334	1,736,173	568,660	-	66,976,715
Inter segment expense allocation	(478,948)	206,372	191,996	80,580	-	-
Total expenses	63,073,600	1,325,706	1,928,169	649,240	-	66,976,715
Provisions / (reversals)	10,325,205	(56,449)	(118,006)	174,004	-	10,324,754
Profit / (loss) before tax	73,730,577	3,198,138	1,726,574	147,879	(65,431)	78,737,737

2023						
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total	
------(Rupees in '000)-----						
<b>Consolidated Statement of Financial Position</b>						
Cash and bank balances	163,265,021	36,544,091	5,067,845	15,335,447	(529,816)	219,682,588
Investments	1,967,619,064	70,253,061	20,546,627	13,738,015	-	2,072,156,767
Net inter segment lendings	29,207,083	-	-	-	(29,207,083)	-
Lendings to financial institutions	127,696,252	5,496,054	8,464,145	-	(22,102,342)	119,554,109
Advances - performing	685,695,928	4,371,015	39,735,816	-	-	729,802,759
Advances - non-performing	5,081,145	-	177,923	-	-	5,259,068
Others	193,431,767	6,534,521	1,513,904	1,732,207	107	203,212,506
<b>Total assets</b>	3,171,996,260	123,198,742	75,506,260	30,805,669	(51,839,134)	3,349,667,797
Borrowings	901,460,878	31,722,558	40,417	-	(23,007,821)	910,216,032
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,928,046,054	77,608,972	55,747,264	23,849,588	(310,621)	2,084,941,257
Net inter segment borrowing	-	7,810,660	15,692,690	5,703,733	(29,207,083)	-
Others	188,128,555	6,849,207	4,025,889	1,197,228	686,391	200,887,270
<b>Total liabilities</b>	3,031,635,487	123,991,397	75,506,260	30,750,549	(51,839,134)	3,210,044,559
<b>Net assets</b>	140,360,773	(792,655)	-	55,120	-	139,623,238
<b>Equity</b>						139,623,238
<b>Contingencies and commitments</b>	867,896,725	54,522,269	5,888,268	737,405	-	929,044,667

2022						
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total	
------(Rupees in '000)-----						
<b>Consolidated profit &amp; loss account</b>						
Net mark-up / return / profit	73,135,627	1,820,529	1,745,557	471,199	-	77,172,912
Inter segment revenue - net	(711,230)	528,730	202,961	(20,461)	-	-
Non mark-up / return / interest income	21,794,300	391,473	628,283	(9,875)	-	22,804,181
Total income	94,218,697	2,740,732	2,576,801	440,863	-	99,977,093
Segment direct expenses	48,437,503	696,281	1,334,944	363,831	-	50,832,559
Inter segment expense allocation	(297,525)	112,185	136,429	48,911	-	-
Total expenses	48,139,978	808,466	1,471,373	412,742	-	50,832,559
Provisions/ (reversals)	9,548,167	1,409,030	160,987	1,348,949	-	12,467,133
Profit / (loss) before tax	36,530,552	523,236	944,441	(1,320,828)	-	36,677,401





2022					
Pakistan	Middle East	Bangladesh	Afghanistan	Elimination	Total

------(Rupees in '000)-----

#### Consolidated Statement of Financial Position

Cash & bank balances	92,327,374	39,860,886	5,440,970	13,440,514	(350,544)	150,719,200
Investments	1,045,052,164	48,525,759	13,782,240	10,256,200	-	1,117,616,363
Net inter segment lendings	26,781,332	-	-	-	(26,781,332)	-
Lendings to financial institutions	111,309,827	4,754,760	6,761,216	-	(7,472,204)	115,353,599
Advances - performing	690,085,168	152,597	36,573,446	-	-	726,811,211
Advances - non-performing	5,412,081	-	162,523	-	-	5,574,604
Others	125,449,211	10,422,479	2,238,372	2,490,820	43,849	140,644,731
<b>Total assets</b>	<b>2,096,417,157</b>	<b>103,716,481</b>	<b>64,958,767</b>	<b>26,187,534</b>	<b>(34,560,231)</b>	<b>2,256,719,708</b>
Borrowings	477,885,071	18,186,531	3,398,261	-	(7,819,922)	491,649,941
Subordinated debt	14,000,000	-	-	-	-	14,000,000
Deposits and other accounts	1,350,444,247	69,350,131	44,359,264	22,700,847	(18,229)	1,486,836,260
Net inter segment borrowing	-	10,654,201	13,538,436	2,588,695	(26,781,332)	-
Others	149,397,682	7,885,292	3,662,806	1,165,106	59,252	162,170,138
<b>Total liabilities</b>	<b>1,991,727,000</b>	<b>106,076,155</b>	<b>64,958,767</b>	<b>26,454,648</b>	<b>(34,560,231)</b>	<b>2,154,656,339</b>
<b>Net assets</b>	<b>104,690,157</b>	<b>(2,359,674)</b>	<b>-</b>	<b>(267,114)</b>	<b>-</b>	<b>102,063,369</b>
<b>Equity</b>						<b>102,063,369</b>
<b>Contingencies and commitments</b>	<b>509,623,843</b>	<b>65,456,077</b>	<b>2,363,106</b>	<b>9,060,905</b>	<b>-</b>	<b>586,503,931</b>

#### 44 TRUST ACTIVITIES

The Holding Company undertakes trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Group and therefore, are not included as such in these consolidated financial statements. Assets held under trust in IPS accounts are shown in the table below:

Category	Number of IPS Accounts	2023				Total
		Securities held (Face Value)			Total	
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks		

------(Rupees in '000)-----

Asset management companies / mutual funds	89	85,132,425	48,054,950	325,000	133,512,375
Corporates	263	81,404,180	20,795,600	225,000	102,424,780
Individuals	3,403	6,664,280	781,365	1,127,000	8,572,645
Insurance companies	14	2,347,250	88,037,000	345,000	90,729,250
NGO / charitable organisation	14	2,596,675	-	-	2,596,675
Pension & employee funds	82	42,616,490	25,463,000	500,000	68,579,490
	<b>3,865</b>	<b>220,761,300</b>	<b>183,131,915</b>	<b>2,522,000</b>	<b>406,415,215</b>

Category	Number of IPS Accounts	2022				Total
		Securities held (Face Value)			Total	
		Market Treasury Bills	Pakistan Investment Bonds	Ijarah Sukuks		

------(Rupees in '000)-----

Asset management companies / mutual funds	91	69,256,520	2,972,650	1,300	72,230,470
Corporates	171	67,562,430	13,034,000	-	80,596,430
Individuals	2,034	3,771,630	840,565	106,100	4,718,295
Insurance companies	12	3,557,000	21,575,200	-	25,132,200
NGO / charitable organisation	8	1,200,500	-	-	1,200,500
Pension & employee funds	81	26,999,190	6,267,400	-	33,266,590
	<b>2,397</b>	<b>172,347,270</b>	<b>44,689,815</b>	<b>107,400</b>	<b>217,144,485</b>

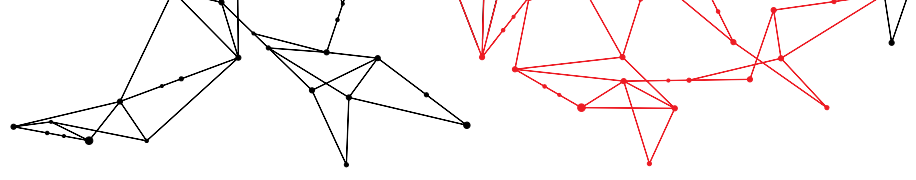
The Group has related party transactions with its associates, joint ventures, employee benefit plans, its directors, key management personnel and other related parties.

The Group enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

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

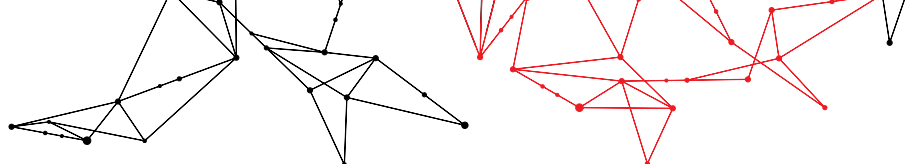
	As at December 31, 2023				As at December 31, 2022			
	Directors/ CEO	Key management personnel	Associates	Other related parties	Directors/ CEO	Key management personnel	Associates	Other related parties
	(Rupees in '000)							
<b>Lendings to financial institutions</b>								
Opening balance	-	-	-	-	-	-	-	2,330,078
Addition during the year	-	-	-	6,332,364	-	-	-	25,964,631
Repaid during the year	-	-	-	(6,332,364)	-	-	-	(28,294,709)
Closing balance	-	-	-	-	-	-	-	-
<b>Investments</b>								
Opening balance	-	-	4,634,071	1,552,048	-	-	4,118,122	1,119,230
Investment made during the year	-	-	-	683,255	-	-	-	274,246
Investment redeemed / disposed off during the year	-	-	-	(504,303)	-	-	-	(190,468)
Revaluation of investment during the year	-	-	-	71,909	-	-	-	(17,511)
Equity method adjustment	-	-	1,418,401	-	-	-	515,949	-
Transfer in / (out) - net	-	-	-	-	-	-	-	366,551
Closing balance	-	-	6,052,472	1,802,909	-	-	4,634,071	1,552,048
<b>Provision for diminution in value of investments</b>								
	-	-	-	-	-	-	-	-
<b>Advances</b>								
Opening balance	18,062	672,608	-	2,367,924	77	1,184,057	-	1,997,552
Addition during the year	911	604,716	-	90,959,543	20,498	605,570	-	37,536,790
Repaid during the year	(4,055)	(314,643)	-	(90,662,727)	(2,513)	(173,521)	-	(38,264,097)
Transfer in / (out) - net	-	(27,495)	-	-	-	(943,498)	-	1,097,679
Write off	-	-	-	(739,214)	-	-	-	-
Closing balance	14,918	935,186	-	1,925,526	18,062	672,608	-	2,367,924

	As at December 31, 2023				As at December 31, 2022			
	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties
	-	-	-	-	-	-	-	1,097,028
Provision held against advances								
<b>Other assets</b>								
Interest / mark-up accrued	2,791	59,977	-	90,690	944	54,009	-	30,381
Receivable from staff retirement fund	-	-	-	440,585	-	-	-	153,707
Prepayment / rent receivable	-	-	6,214	-	-	-	975	-
Advance against shares	-	-	-	140,000	-	-	-	-
Others	-	-	-	-	-	-	337	-
<b>Borrowings</b>								
Opening balance	-	-	-	2,180,207	-	-	-	2,280,921
Borrowings during the year	-	-	-	2,095,000	-	-	-	21,218,496
Settled during the year	-	-	-	(1,669,631)	-	-	-	(21,319,210)
Closing balance	-	-	-	2,605,576	-	-	-	2,180,207
<b>Deposits and other accounts</b>								
Opening balance	38,466	184,994	3,078,698	12,308,779	59,026	371,859	13,465,085	6,410,266
Received during the year	1,190,788	3,877,341	840,300,568	318,163,352	517,842	4,736,925	255,922,837	92,145,150
Withdrawn during the year	(822,295)	(3,686,772)	(826,225,846)	(311,950,193)	(538,402)	(4,728,481)	(266,309,224)	(87,581,596)
Transfer in / (out) - net	-	(34,806)	-	28,267	-	(195,309)	-	1,334,959
Closing balance	406,959	340,757	17,153,420	18,550,205	38,466	184,994	3,078,698	12,308,779
<b>Subordinated debt</b>								
Opening balance	-	-	-	300,000	-	-	-	-
Issued / Purchased during the year	-	-	-	-	-	-	-	300,000
Redemption / Sold during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	300,000	-	-	-	300,000



	As at December 31, 2023				As at December 31, 2022			
	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties	Directors/ CEO	Key manage- ment personnel	Associates	Other related parties
<b>Other liabilities</b>								
Interest / mark-up payable	737	1,045	-	130,491	253	158	-	13,231
Dividend payable	1,975,728	-	-	1,845,246	1,146,264	39	-	2,201,513
Others	-	-	-	54,868	-	-	-	70,267
<b>Contingencies and commitments</b>								
Other contingencies	-	-	-	1,573,620	-	-	-	463,191

	For the year ended December 31, 2023				For the year ended December 31, 2022			
<b>Income</b>								
Mark-up / return / interest earned	1,804	26,530	-	342,444	944	26,427	-	146,751
Fee and commission income	-	-	205,025	13,031	-	-	103,017	-
Dividend income	-	-	298,495	249,043	-	-	140,995	424,416
Gain / (loss) on sale of securities	-	7	-	25,986	-	(110)	-	2,610
Rent on property	-	-	4,223	-	-	-	6,849	-
Gain on sale of fixed assets - net	-	-	5,588	-	-	64	20,054	-
<b>Expense</b>								
Mark-up / return / interest paid	13,215	28,611	981,133	2,149,270	1,647	13,356	692,153	797,799
Operating expenses								
Directors fee	151,200	-	-	-	180,000	-	-	-
Managerial remuneration (including fee and allowances)	288,016	1,242,197	-	-	225,774	987,241	-	-
Software maintenance	-	-	-	195,239	-	-	-	120,184
Communication cost	-	-	-	269,105	-	-	-	220,222
Donations	-	-	-	50,000	-	-	-	-
Charge for defined benefit plan	-	-	-	413,244	-	-	-	282,939
Contribution to defined contribution plan	-	-	-	730,931	-	-	-	582,159
Training and development	-	-	-	8,737	-	-	-	12,218
<b>Other information</b>								
Dividend paid	1,159,554	11,062	10,136	2,209,369	4,611	10,766	2,463	241,565
Insurance premium paid	-	-	1,134,115	-	-	-	827,530	-
Insurance claims settled	-	-	701,346	-	-	-	567,445	-



## 46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

2023  
------(Rupees in '000)-----

### Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)	15,771,651	15,771,651
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### Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	112,301,515	84,234,454
Eligible Additional Tier 1 (ADT 1) Capital	13,550,000	13,568,130
Total eligible tier 1 capital	125,851,515	97,802,584
Eligible tier 2 capital	35,171,385	23,442,613
Total eligible capital (tier 1 + tier 2)	161,022,900	121,245,197

### Risk Weighted Assets (RWAs):

Credit risk	783,469,384	755,004,734
Market risk	18,233,250	8,815,338
Operational risk	177,472,700	121,895,800
Total	979,175,334	885,715,872

Common equity tier 1 capital adequacy ratio	11.47%	9.51%
Tier 1 capital adequacy ratio	12.85%	11.04%
Total capital adequacy ratio	16.44%	13.69%

In line with Basel III Capital Adequacy guidelines, following capital requirements are applicable to the Holding Company:

Common equity tier 1 capital adequacy ratio	6.00%	6.00%
Tier 1 capital adequacy ratio	7.50%	7.50%
Total capital adequacy ratio	11.50%	11.50%

For Capital adequacy calculation, the Holding Company has adopted Standardized Approach for Credit & Market Risk related exposures and Alternate Standardized Approach (ASA) for operational risk.

### Leverage Ratio (LR):

Eligible Teer-1 capital	125,851,515	98,201,491
Total exposures	3,541,562,293	2,710,331,582
Leverage ratio	3.55%	3.62%

### Liquidity Coverage Ratio (LCR):

Total high quality liquid assets	1,082,954,156	688,048,074
Total net cash outflow	488,388,254	371,947,384
Liquidity coverage ratio	222%	185%

### Net Stable Funding Ratio (NSFR):

Total available stable funding	1,634,520,450	1,275,978,211
Total required stable funding	1,012,638,563	849,343,576
Net stable funding ratio	161%	150%

**46.1** The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity Requirements as per the SBP instructions have been placed on the website. The link to the full disclosure is available at <https://www.bankalfalah.com/financial-reports/>.

## 47 RISK MANAGEMENT

The variety of business activities undertaken by the Holding Company require effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board Risk Management Committee (BRMC) is appointed and authorised by the Board of Directors (BOD) to assist in design, regularly evaluating and timely updating the risk management framework of the Holding Company. The Board has further authorised management committees i.e. Central Management Committee (CMC), Central Credit Committee (CCC) and Digital Council to supervise risk management activities within their respective scopes. CMC has further established sub-committees such as Assets & Liabilities Committee (ALCO), Investment Committee (IC), Information Technology Steering Committee (ITSC), Control & Compliance Committee (C&CC), Process Improvement Committee (PIC) and Governance Committee for Overseas Operations etc.



The risk management framework endeavours to be a comprehensive and evolving guideline to cater to changing business dynamics. The framework includes:

- Clearly defined risk management policies, procedures, responsibilities and accountabilities;
- Well constituted organizational structure, in the form of separate risk management departments within the Credit and Risk Management Group, which ensures that individuals responsible for risk approval are independent from risk taking units i.e. Business Units; and
- Mechanism for ongoing review of policies and procedures and risk exposures.

The primary objective of this architecture is to inculcate risk management into the organization flows to ensure that risks are accurately identified & assessed, properly documented, approved, and adequately monitored & managed in order to enhance long term earnings and to protect the interests of the Group's depositors and shareholders.

The Holding Company risk management framework has a well-defined organisational structure for effective management of credit risk, market risk, liquidity risk, operational risk, information security risk, trade pricing, environment and social risk. Further, there is an advanced focus on optimal utilisation of capital while ensuring compliance with capital requirements. The results of stress tests and internal capital adequacy assessment process and recovery plans are given due consideration in capital and business planning.

#### 47.1 Credit Risk

Credit risk is the identification of probability that counterparty will cause a financial loss to the Holding Company due to its inability or unwillingness to meet its contractual obligation. This credit risk arises mainly from lending, hedging, settlement and other financial transactions. Credit risk management processes encompass identification, assessment, measurement, monitoring and control of the Group's exposure to credit risk. The Holding Company's credit risk management philosophy is based on the Holding Company's overall business strategy / direction as established by the Board. The Group is committed to the appropriate level of due diligence to ensure that credit risks have been properly analyzed, fully disclosed to the approving authorities and appropriately quantified, also ensuring that the credit commitment is appropriately structured, priced (in line with market practices) and documented.

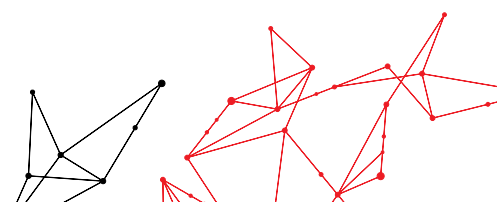
The Holding Company has built and maintained a sound loan portfolio in terms of well-defined credit policy approved by the Board of Directors (BOD). Its credit evaluation system comprises of well-designed credit appraisal, sanctioning and review procedures for prudence in lending activities and ensuring the high quality of asset portfolio. In order to have an effective and efficient risk assessment, and to closely align its functions with Business, Credit Division has separate units for Corporate banking, Islamic banking, Retail & SME banking (including Agricultural financing) and Overseas Operations & Financial Institutions. For Consumer & Digital products, loans are booked against defined eligibility criteria as per product programs / credit policy and these have a separate credit risk function.

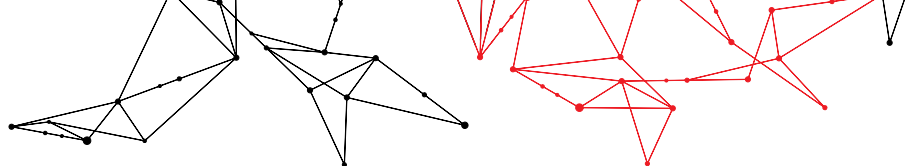
The Holding Company manages its portfolio of loan assets with a view to limit concentrations in terms of risk quality, industry, maturity and large exposure. Portfolio analysis is also conducted on regular basis. This portfolio level oversight is maintained by the Credit & Risk Management Group.

For domestic operations, the Holding Company determines the amount for specific and general provisions as per the Prudential Regulations issued by the SBP and the management best estimates. Provisions at overseas branches are held to meet the requirements of the regulatory authorities of the respective countries in which overseas branches operates.

A sophisticated internal credit rating system is in place, which is capable of quantifying counter-party and transaction risk in accordance with the best practices. The risk rating system takes into consideration qualitative and quantitative factors of the counter-party, transaction structure & security and generates internal ratings at obligor and facility levels. Furthermore, this system has an integrated loan origination module, which is currently being used in Corporate Banking, Islamic Banking and Retail segments. The system is regularly reviewed for improvements as per SBP's guidelines for Internal Credit Rating and Risk Management. Furthermore, Holding Company also validates Internal Ratings based on statistical tests for all portfolios. It covers both discrimination and calibration statistical tests as per best practices. The system is backed by secured database with backup support and is capable of generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making. The system is enhanced to compute the ECL calculation for IFRS 9 & risk weighted assets for quarterly credit risk related Basel submissions.

A centralized Credit Administration Division (CAD) under Credit & Risk Management Group is working towards ensuring that terms of approval of credit sanctions and regulatory stipulations are complied, all documentation including security documentation is regular and fully enforceable and all disbursements of approved facilities are made only after necessary authorization by CAD.





Credit Policy & Portfolio Management under Credit & Risk Management Group keeps a watch on the quality of the credit portfolio in terms of borrowers' behaviour, identifies weakening accounts relationships and reports it to the appropriate authorities with a view to address further deterioration.

To handle the specialized requirements of managing delinquent and problem accounts, the Group has a separate client facing unit to negotiate repayment / settlement of the Group's non-performing exposure and protect the interests of the Group's depositors and stakeholders. The priority of the Special Asset Management Group (SAMG) is recovery of funds and/or to structure an arrangement (such as rescheduling, restructuring, settlement or a combination of these) by which the interests of the Group are protected. Where no other recourse is possible, SAMG may proceed with legal recourse so as to maximise the recovery of the Holding Company's assets. The Credit & Risk Management Group also monitors the NPL portfolio of the Holding Company and reports the same to CCC / BRMC.

#### **47.1.1 Credit risk - general disclosures Basel specific**

The Holding Company is using Standardized Approach (SA) of the SBP's Basel accord for the purpose of estimating Credit Risk Weighted Assets. Under SA, banks are allowed to take into consideration external rating(s) of counter-parties for the purpose of calculating Risk weighted assets. A detailed procedural manual specifying processes for deriving Credit Risk weighted assets in accordance with the SBP Basel Standardized Approach is in place and firmly adhered to.

#### **47.1.2 Disclosures for portfolio subject to the standardised approach & supervisory risk weights**

##### **47.1.2.1 External ratings**

The SBP Basel III guidelines require banks to use ratings assigned by specified External Credit Assessment Institutions (ECAIs) namely Pakistan Credit Rating Agency Limited (PACRA), JCR-VIS and Moodys, Fitch and Standard & Poors.

The SBP through its letter number BSD/BAI-2/201/1200/2009 dated December 21, 2009 accorded approval to the Group for use of ratings assigned by Credit Rating Agency of Bangladesh (CRAB) and Credit Rating Information and Services Limited (CRISL). The Group uses these ECAIs to rate its exposures denominated in Bangladeshi currency on certain corporate exposures and banks incorporated in Bangladesh.

The Holding Company uses external ratings for the purpose of mapping risk weights as per the Basel III framework. Where exposure is rated by two or more ratings agencies - the lowest rating is considered for calculating risk weighted assets.

#### **47.1.3 Disclosures with respect to Credit Risk Mitigation for Standardised Approach**

##### **47.1.3.1 Credit risk mitigation policy**

The Holding Company defines collateral as the assets or rights provided to the Group by the borrower or a third party in order to secure a credit facility. The Group would have the rights of secured creditor in respect of the assets / contracts offered as security for the obligations of the borrower / obligor.

##### **47.1.3.2 Collateral valuation and management**

As stipulated in the SBP Basel guidelines, the Group uses the comprehensive approach for collateral valuation. Under this approach, the Holding Company reduces its credit exposure to a counterparty when calculating its capital requirements to the extent of risk mitigation provided by the eligible financial collateral as specified in the Basel guidelines. In line with Basel guidelines, the Holding Company makes adjustments in eligible collaterals for possible future fluctuations in the value of the collateral. These adjustments, also referred to as 'haircuts', to produce volatility adjusted amounts for collateral, are reduced from the exposure to compute the capital charge based on the applicable risk weights.

##### **47.1.3.3 Types of collaterals**

The Holding Company determines the appropriate collateral for each facility based on the type of product and counterparty. In case of corporate and SME financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance usually backed by mortgage or hypothecation. For project finance, security of the assets of the borrowers and assignment of the underlying project contracts are generally obtained. Additional security such as pledge of shares, cash collateral, TDRs, SSC/DSCs, charge on receivables may also be obtained. Moreover, in order to cover the entire exposure personal guarantees of directors / borrowers are also obtained generally by the Holding Company. For retail products, the security to be taken is defined in the product policy for the respective products. Housing loans and automobile loans are secured by the property and automobile being financed respectively.

The Holding Company also offers products which are primarily based on collateral such as shares, specified securities and pledged commodities. These products are offered in line with the SBP prudential regulations and approved product policies which also deal with types of collateral, valuation and margining.

The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the Central Credit Committee (CCC) under its delegation powers. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

#### 47.1.3.4 Types of eligible financial collateral

For credit risk mitigation purposes (capital adequacy purposes), the Holding Company considers all types of financial collaterals that are eligible under SBP Basel III accord. This includes cash / TDRs, gold, securities issued by Government of Pakistan such as T-Bills and PIBs, National Savings Certificates, certain debt securities rated by recognised credit rating agencies, mutual fund units where daily Net Asset Value (NAV) is available in public domain and guarantees from certain specified entities (Government of Pakistan, Banks etc.) under substitution effect of Basel.

#### 47.1.3.5 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz. industry, geography, and single/group borrower exposures. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on Holding Company's' maximum exposure to single borrower, group borrowers and related parties. Moreover, in order to restrict the industry concentration risk, Group's annual credit plan spells out the maximum allowable exposure that it can take on specific industry. Additionally, the Internal Rating System allows the Bank to monitor risk rating concentration of borrowers against different grades / scores ranging from 1 - 12 (1 being the best and 12 being loss category).

Particulars of Group's on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

#### 47.1.4 Lendings to financial institutions

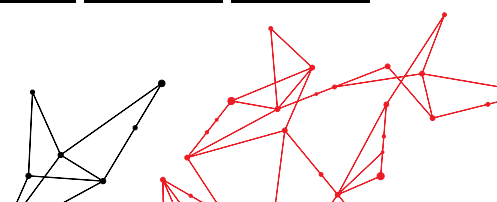
##### Credit risk by public / private sector

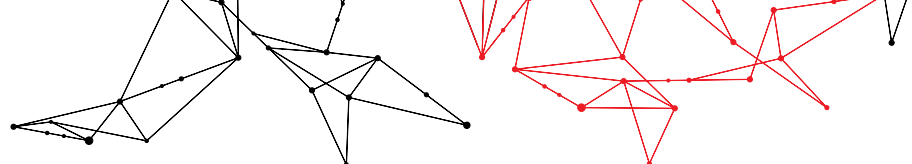
	Gross lendings		Non-performing lendings		Provision held	
	2023	2022	2023	2022	2023	2022
------(Rupees in '000)-----						
Public sector	4,027,280	49,671,202	-	-	-	-
Private sector	115,527,272	65,682,634	-	-	-	-
	<u>119,554,552</u>	<u>115,353,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 47.1.5 Investment in debt securities (non government debt securities)

##### Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
------(Rupees in '000)-----						
Textile	211,285	211,285	211,284	211,285	211,284	211,285
Chemical and pharmaceuticals	40,272	51,477	40,272	51,477	40,272	51,477
Electronics and electrical appliances	1,785	1,785	1,785	1,785	1,785	1,785
Engineering	1,335,163	2,923,639	-	-	-	-
Power (electricity), gas, water, sanitary	21,456,648	19,650,186	-	-	-	-
Transport, storage and communication	-	189,896	-	189,896	-	189,896
Financial	30,901,112	29,044,123	348,689	158,688	348,689	158,688
	<u>53,946,265</u>	<u>52,072,391</u>	<u>602,030</u>	<u>613,131</u>	<u>602,030</u>	<u>613,131</u>



**Credit risk by public / private sector**

	Gross investments		Non-performing investments		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Public sector	20,331,914	18,746,135	-	-	-	-
Private sector	33,614,351	33,326,256	602,030	613,131	602,030	613,131
	<u>53,946,265</u>	<u>52,072,391</u>	<u>602,030</u>	<u>613,131</u>	<u>602,030</u>	<u>613,131</u>

**47.1.6 Advances****Credit risk by industry sector**

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Agriculture, forestry, hunting and fishing	42,245,315	18,881,068	2,195,786	1,274,425	1,763,083	1,111,433
Automobile and transportation equipment	13,111,601	15,707,114	585,652	480,060	442,455	411,510
Cement	14,660,856	16,609,030	-	-	-	-
Chemical and pharmaceuticals	31,604,793	32,391,164	565,324	188,082	314,324	100,059
Construction	16,086,433	18,714,929	2,131,976	400,433	1,244,649	408,100
Electronics and electrical appliances	13,129,926	14,160,299	1,383,771	1,089,908	1,220,711	581,054
Exports / imports	3,376,008	4,142,353	424,851	486,131	405,666	479,384
Financial	16,338,942	9,795,263	672,979	675,979	672,979	675,979
Food & allied products	70,858,865	75,005,691	4,922,137	4,526,775	3,907,695	3,195,779
Footwear and leather garments	3,469,613	4,056,207	85,591	95,539	83,597	92,293
Glass and ceramics	325,393	490,792	42,563	42,563	42,563	42,563
Individuals	123,983,150	117,317,733	1,664,731	1,434,322	977,568	867,789
Insurance	646,757	1,027,676	-	-	-	-
Metal & allied industries	32,955,827	33,401,672	3,018,184	1,524,531	2,127,622	1,249,283
Mining and quarrying	5,179,359	5,397,808	15,579	-	6,275	-
Oil and allied	33,122,647	25,646,999	4,280,774	1,780,774	4,280,774	1,771,204
Paper and board	8,935,585	8,267,671	2,710	2,980	2,710	2,980
Plastic and allied industries	5,416,600	4,532,958	203,241	259,851	185,675	275,130
Power (electricity), gas, water, sanitary	55,067,488	72,356,385	1,823,960	2,827,910	1,823,960	2,348,310
Services	15,387,756	14,597,907	1,156,410	714,011	863,705	371,174
Sugar	16,493,548	19,774,618	471,497	1,032,653	471,497	1,032,653
Technology and related services	118,811	127,161	3,363	-	841	-
Textile	175,602,739	174,726,607	7,556,916	7,523,780	7,525,101	6,190,879
Transport, storage and communication	27,500,328	20,127,023	31,871	1,123,990	25,391	1,123,274
Wholesale & retail trade	34,445,196	38,850,582	3,208,838	2,099,287	2,992,687	1,921,743
Others	17,235,028	19,598,390	1,185,304	1,388,498	993,412	1,145,305
	<u>777,298,564</u>	<u>765,705,100</u>	<u>37,634,008</u>	<u>30,972,482</u>	<u>32,374,940</u>	<u>25,397,878</u>

**Credit risk by public / private sector**

	Gross advances		Non-performing advances		Provision held	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Public sector	63,785,213	44,390,789	259,965	273,965	202,265	202,265
Private sector	713,513,351	721,314,311	37,374,043	30,698,517	32,172,675	25,195,613
	<u>777,298,564</u>	<u>765,705,100</u>	<u>37,634,008</u>	<u>30,972,482</u>	<u>32,374,940</u>	<u>25,397,878</u>

47.1.7 Contingencies and Commitments	2023	2022
	----- (Rupees in '000) -----	
<b>Credit risk by industry sector</b>		
Agriculture, forestry, hunting and fishing	1,848,473	723,212
Automobile and transportation equipment	19,602,523	14,816,068
Cement	3,068,456	5,475,715
Chemical and pharmaceuticals	30,308,191	23,350,141
Construction	44,745,753	19,819,304
Electronics and electrical appliances	11,792,799	7,916,285
Exports / imports	720,820	1,055,443
Financial	478,001,996	242,634,726
Food & allied products	25,554,148	25,267,090
Footwear and leather garments	802,011	481,069
Glass and ceramics	1,388,762	1,056,977
Individual	6,001,242	5,066,833
Insurance	974,534	1,055,913
Metal & allied industries	16,725,353	12,831,797
Mining and quarrying	1,821,151	743,294
Oil and allied	74,238,814	47,582,718
Paper and board	4,851,180	1,858,270
Plastic and allied industries	3,300,225	3,589,217
Power (electricity), gas, water, sanitary	51,013,812	33,780,926
Services	5,989,950	4,468,156
Sugar	1,347,784	1,916,993
Technology and related services	2,653,385	2,034,031
Textile	53,815,517	60,671,268
Transport, storage and communication	12,492,880	7,997,088
Wholesale and retail trade	29,919,837	22,987,066
Others	46,065,071	37,324,331
	<u>929,044,667</u>	<u>586,503,931</u>
<b>Credit risk by public / private sector</b>		
Public/ Government	61,573,645	47,598,082
Private	867,471,022	538,905,849
	<u>929,044,667</u>	<u>586,503,931</u>

#### 47.1.8 Concentration of Advances

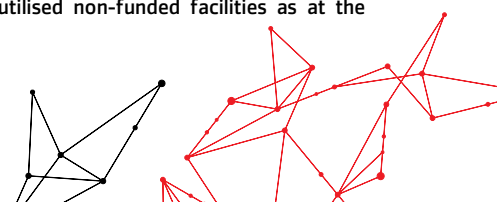
The Holding Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 157,762.230 million (2022: Rs. 116,153.141 million) are as following:

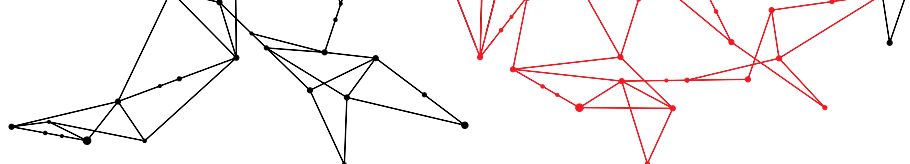
	2023	2022
	----- (Rupees in '000) -----	
Funded	61,314,267	45,445,076
Non Funded	96,447,963	70,708,066
Total Exposure	<u>157,762,230</u>	<u>116,153,142</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 263,838.992 million (2022: Rs. 215,557.567 million).

None of the top 10 exposures are classified.

For the purpose of this note, exposure means outstanding funded facilities and utilised non-funded facilities as at the reporting date.





#### 47.1.9 Advances - province / region-wise disbursement & utilisation

Province/Region	2023						
	Utilisation						
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
(Rupees in '000)							
Punjab	1,953,021,686	1,906,355,593	28,438,675	670,214	9,846	17,432,385	114,973
Sindh	2,366,198,001	24,146,765	2,330,427,282	583,804	40,159	10,995,947	4,044
KPK including FATA	26,152,414	57	-	26,152,357	-	-	-
Balochistan	5,964,281	-	2,223	-	5,962,058	-	-
Islamabad	284,745,769	129,403,030	2,987,588	30,478,187	2,519	121,874,445	-
AJK including Gilgit-Baltistan	1,099,420	1,343	1,000	-	8,868	-	1,088,209
<b>Total</b>	<b>4,637,181,571</b>	<b>2,059,906,788</b>	<b>2,361,856,768</b>	<b>57,884,562</b>	<b>6,023,450</b>	<b>150,302,777</b>	<b>1,207,226</b>

Province/Region	2022						
	Utilisation						
	Disbursements	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
(Rupees in '000)							
Punjab	1,663,807,992	1,607,641,972	28,727,917	1,814,584	177	25,522,820	100,522
Sindh	1,672,169,912	17,793,854	1,649,513,267	490,556	68,967	4,289,276	13,992
KPK including FATA	27,345,835	3,616	-	27,342,219	-	-	-
Balochistan	6,258,010	13,484	24,463	-	6,220,063	-	-
Islamabad	195,588,631	63,220,130	6,068	31,398,130	67,511	100,896,792	-
AJK including Gilgit-Baltistan	1,109,673	8,734	-	-	47,989	-	1,052,950
<b>Total</b>	<b>3,566,280,053</b>	<b>1,688,681,790</b>	<b>1,678,271,715</b>	<b>61,045,489</b>	<b>6,404,707</b>	<b>130,708,888</b>	<b>1,167,464</b>

#### 47.2 Market Risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to movements in market prices. It results from changes in interest rates, exchange rates and equity prices as well as from changes in the correlations between them. To manage and control market risk, a comprehensive Board approved Market & Liquidity Risk Management Policy, is in place. The policy outlines a well-defined risk control structure, responsibilities of relevant stakeholders with respect to market risk management and methods to measure and control market risk at a portfolio level. These controls include limits on exposure to individual market risk variables as well as limits on concentrations of tenors. This structure is reviewed, adjusted and approved periodically.

Under the BoD approved policy, the Holding Company's Asset and Liability Committee (ALCO) and Investment Committee (IC) are primarily responsible for the oversight of market risk, supported by Market & Liquidity Risk Department of Risk Management Division (RMD). Furthermore, the Group carries out risk assessment via diversified tools including Value at Risk (VaR), PVBP (Price Value per Basis Point) and Duration on a regular basis. The Group also ascertains the impact of market risk on relevant portfolios through stress testing and the Internal Capital Adequacy Assessment processes.

#### 47.3 Foreign exchange risk

Foreign exchange (FX) risk arises from fluctuation in the value of financial instruments due to changes in foreign exchange rates. The Holding Company's FX Risk is largely mitigated by taking a matched funding positions.

The Holding Company manages FX risk by setting and monitoring through approved currency wise net open position limits and Foreign Exchange Exposure Limit (FEEL). Foreign exchange risk is controlled and monitored through limits approved by ALCO, within the overall FEEL limit advised by the SBP.

The analysis below represents the concentration of the Group's foreign currency risk for on and off balance sheet financial exposure:

	2023				2022			
	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure	Foreign Currency Assets	Foreign Currency Liabilities	Off-balance sheet items	Net foreign currency exposure
	------(Rupees in '000)-----				------(Rupees in '000)-----			
United States Dollar	134,406,696	170,337,516	36,143,329	212,509	84,317,824	142,911,999	61,120,650	2,526,475
Great Britain Pound Sterling	3,821,446	9,724,464	5,966,219	63,201	2,669,739	7,680,556	5,025,968	15,151
Euro	5,213,422	9,399,107	4,354,620	168,935	2,770,699	6,550,482	3,638,000	(141,783)
Japanese Yen	15,181	877	-	14,304	15,446	45,788	42,840	12,498
Other currencies	111,498,770	111,236,817	94,049	356,002	99,286,831	99,316,116	274,917	245,632
	<u>254,955,515</u>	<u>300,698,781</u>	<u>46,558,217</u>	<u>814,951</u>	<u>189,060,539</u>	<u>256,504,941</u>	<u>70,102,375</u>	<u>2,657,973</u>

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------(Rupees in '000)-----			
Impact of 1% adverse movement in foreign exchange rates on				
- Profit and loss account	-	(8,150)	-	(26,580)
- Other comprehensive income	(309,098)	-	(281,366)	-

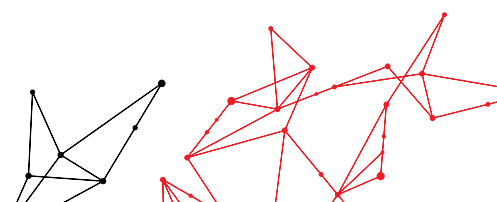
#### 47.3.1 Balance sheet assets split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	------(Rupees in '000)-----					
Cash and balances with treasury banks	202,692,503	-	202,692,503	140,613,751	-	140,613,751
Balances with other banks	16,990,085	-	16,990,085	10,105,449	-	10,105,449
Lendings to financial institutions	119,554,109	-	119,554,109	115,353,599	-	115,353,599
Investments	1,792,469,951	279,686,816	2,072,156,767	1,104,044,090	13,572,273	1,117,616,363
Advances	735,061,827	-	735,061,827	732,385,815	-	732,385,815
Fixed assets	61,821,048	-	61,821,048	48,493,284	-	48,493,284
Intangible assets	1,380,144	-	1,380,144	1,304,181	-	1,304,181
Deferred tax assets	3,619,475	-	3,619,475	7,550,773	-	7,550,773
Other assets	133,077,605	3,314,234	136,391,839	82,339,980	956,513	83,296,493
	<u>3,066,666,747</u>	<u>283,001,050</u>	<u>3,349,667,797</u>	<u>2,242,190,922</u>	<u>14,528,786</u>	<u>2,256,719,708</u>

#### 47.3.2 Equity position risk

Equity position risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in the prices of individual stocks or market indices. The Holding Company's equity investments are classified as Available for Sale (AFS) and Held for Trading (HFT) investments. The objective of classifying investments as HFT is to take advantage of short term capital gains, while the AFS portfolio is maintained with a medium term view of capital gains and dividend income. The Holding Company's Investment Committee is primarily responsible for the oversight of the equity investment risk. The Holding Company has an active and regular monitoring mechanism for utilisation against approved portfolio limits, scrip wise limits, sector limits, loss triggers and timely escalation of Management Action Trigger Levels (MAT).

	2023		2022	
	Banking book	Trading book	Banking book	Trading book
	------(Rupees in '000)-----			
Impact of 5% adverse movement in equity prices on				
- Profit and loss account	-	(12,402)	-	(26,672)
- Other comprehensive income	(201,777)	-	(296,134)	-







Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		(Rupees in '000)											
		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			
	369,828,072	-	-	-	-	-	-	-	-	-	-	-	369,828,072
	198,859,218	89,146,811	72,036,819	37,173,352	502,236	-	-	-	-	-	-	-	-
	(151,805,082)	(86,073,414)	(42,076,834)	(23,654,834)	-	-	-	-	-	-	-	-	-
	20,461,347	1,790,376	2,125,301	15,374,572	-	1,171,098	-	-	-	-	-	-	-
	(88,746,368)	(1,790,375)	(38,881,280)	(36,898,765)	(10,905,413)	(270,535)	-	-	-	-	-	-	-
	39,466,304	25,063,222	14,403,082	-	-	-	-	-	-	-	-	-	-
	(39,466,304)	-	(3,946,050)	(3,100,466)	(2,624,208)	(2,877,882)	(7,187,448)	(19,730,250)	-	-	-	-	-
	11,683,894	-	11,683,894	-	-	-	-	-	-	-	-	-	-
	(11,683,894)	-	(11,683,894)	-	-	-	-	-	-	-	-	-	-
	348,597,187	28,136,620	7,607,088	(11,951,725)	(13,503,643)	(2,624,208)	(1,977,319)	(7,187,448)	(19,730,250)	-	-	-	369,828,072
	(761,560,285)	462,664,899	662,104,651	55,765,144	37,351,870	113,512,672	93,725,029	43,253,321	7,038,687	(239,585,579)	-	-	-
	(761,560,285)	(298,895,386)	363,209,265	418,974,409	456,326,279	569,838,951	663,563,980	706,817,301	713,855,988	474,270,409	-	-	-

**Off-balance sheet financial Instruments**

Documentary credits and short-term trade-related transactions

Commitments in respect of:

- Forward exchange contracts - purchase

- Forward exchange contracts - sale

- Forward government security - purchase

- Forward government security - sale

- Interest Rate Swaps - purchase

- Interest Rate Swaps - sale

- Cross Currency Swaps - purchase

- Cross Currency Swaps - sale

**Off-balance sheet gap**

**Total Yield/Interest Risk Sensitivity Gap**

**Cumulative Yield/Interest Risk Sensitivity Gap**

2022

Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		(Rupees in '000)											
		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			
	140,613,751	2,366,771	-	-	-	-	-	-	-	-	-	-	138,246,980
	10,105,449	635,871	-	-	-	-	-	-	-	-	-	-	9,469,578
	115,353,599	114,036,479	1,317,120	-	-	-	-	-	-	-	-	-	-
	1,117,616,363	528,212,480	239,062,859	135,009,958	15,004,713	12,226,809	28,098,579	71,574,905	71,174,020	-	-	-	17,252,040
	732,395,815	279,842,161	152,840,696	78,914,398	63,232,090	4,010,215	8,842,692	23,692,262	90,482,664	24,954,033	-	-	5,574,604
	77,849,490	-	-	-	-	-	-	-	-	-	-	-	77,849,490
	2,193,924,467	925,093,762	393,220,675	213,924,356	78,236,803	16,237,024	36,941,271	95,267,167	161,656,684	24,954,033	-	-	248,392,692
	40,033,806	137,329,071	187,143,295	17,053,319	2,310,237	12,192,522	43,220,723	11,458,426	79,773,929	1,168,419	-	-	40,033,806
	491,649,941	537,189,613	67,256,602	69,575,912	103,064,245	2,222,826	451,743	345,053	-	-	-	-	706,730,266
	14,000,000	-	7,000,000	7,000,000	-	-	-	-	-	-	-	-	-
	17,514,201	209,730	527,931	931,826	1,782,198	58,258	393,864	1,750,922	9,375,551	2,483,921	-	-	53,071,516
	53,071,516	-	-	-	-	-	-	-	-	-	-	-	-
	2,103,105,724	674,728,414	261,927,828	94,561,057	107,156,680	14,473,606	44,066,330	13,554,401	89,149,480	3,652,340	-	-	799,835,588
	90,818,743	250,365,348	131,292,847	119,363,299	(28,919,877)	1,763,418	(7,125,059)	81,712,766	72,507,204	21,301,693	-	-	(551,442,896)

**On-balance sheet financial Instruments**

Assets

Cash and balances with treasury banks

Balances with other banks

Lending to financial institutions

Investments

Advances

Other assets

Liabilities

Bills payable

Borrowings

Deposits and other accounts

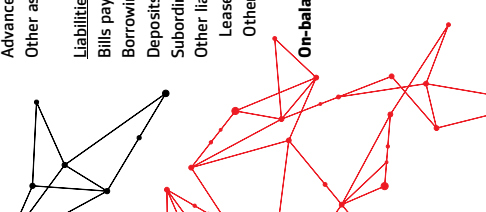
Subordinated debt

Other liabilities

Lease liability against right-of-use asset

Others

**On-balance sheet gap**



2022

Effective Yield/ Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years			
trade-related transactions	312,089,944	-	-	-	-	-	-	-	-	-	-	-	312,089,944
Commitments in respect of:													
- Forward exchange contracts - purchase	120,494,702	83,541,288	27,708,311	8,892,523	352,580	-	-	-	-	-	-	-	-
- Forward exchange contracts - sale	(50,226,749)	(18,789,622)	(29,602,435)	(1,834,692)	-	-	-	-	-	-	-	-	-
- Forward government security - purchase	12,990,116	6,615,259	1,471,322	4,834,042	69,493	-	-	-	-	-	-	-	-
- Forward government security - sale	(4,448,697)	(174,395)	(984,344)	(369,060)	-	-	(2,920,898)	-	-	-	-	-	-
- Interest Rate Swaps - purchase	46,160,838	33,458,064	12,702,774	-	-	-	-	-	-	-	-	-	-
- Interest Rate Swaps - sale	(46,160,838)	-	(1,811,447)	-	-	(6,113,634)	(3,448,860)	(12,488,453)	(22,303,444)	-	-	-	-
- Cross Currency Swaps - purchase	574,073	-	574,073	-	-	-	-	-	-	-	-	-	-
- Cross Currency Swaps - sale	(574,073)	-	(574,073)	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>	<b>390,899,316</b>	<b>104,650,594</b>	<b>11,295,628</b>	<b>9,711,366</b>	<b>422,073</b>	<b>(6,113,634)</b>	<b>(3,448,860)</b>	<b>(15,404,351)</b>	<b>(22,303,444)</b>	-	-	-	<b>312,089,944</b>
<b>Total Yield/Interest Risk Sensitivity Gap</b>	<b>355,015,942</b>	<b>142,588,475</b>	<b>129,074,665</b>	<b>(28,497,804)</b>	<b>(4,350,216)</b>	<b>(10,573,919)</b>	<b>66,308,415</b>	<b>50,203,760</b>	<b>21,301,693</b>	<b>(239,352,952)</b>	-	-	
<b>Cumulative Yield/Interest Risk Sensitivity Gap</b>	<b>355,015,942</b>	<b>497,604,417</b>	<b>626,679,082</b>	<b>598,181,278</b>	<b>593,831,062</b>	<b>583,257,143</b>	<b>649,565,558</b>	<b>699,769,318</b>	<b>721,071,011</b>	<b>481,718,059</b>	-	-	

#### 47.4.2 Reconciliation of financial assets and liabilities exposed to yield / interest rate risk with total assets and liabilities

	2022	2022
	(Rupees in '000)	(Rupees in '000)
Total financial assets as per note 47.4.1	3,271,903,146	2,193,924,467
Add: Non financial assets		
Operating fixed assets	61,821,048	48,493,284
Intangibles	1,380,144	1,304,181
Deferred tax assets	3,619,475	7,550,773
Other assets	10,943,984	5,447,003
Total assets as per statement of financial position	<u>3,349,667,797</u>	<u>2,256,719,708</u>
Total financial liabilities as per note 47.4.1	3,146,229,924	2,103,105,724
Add: Non financial liabilities		
Other liabilities	63,814,635	51,550,615
Total liabilities as per statement of financial position	<u>3,210,044,559</u>	<u>2,154,656,339</u>

## 47.5 Operational Risk

Basel defines Operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Operational Risk Management Framework, policy and Standards of the Holding Company duly approved by the Central Management Committee and the Board, cover the processes, structure and functions of operational risk management and provides guidelines to identify, assess, monitor, control and report operational risk in a consistent and transparent manner across the Group.

### 47.5.1 Operational Risk Disclosures - Basel II Specific

The Holding Company is among the first few banks in the industry to secure SBP approval for adoption of Alternative Standardized Approach (ASA) under Basel guidelines for determining capital charge on operational risk in December 2013. The Holding Company started calculating its capital charge for operational risk using ASA from December 31, 2013.

The SBP approval stipulated a capital floor i.e. operational risk charge under ASA should not fall below as a certain percentage of operational risk capital charge calculated under Basic Indicator Approach for initial three years. These floors were 90% for 2013 and 2014, 80% for 2015 and 70% for 2016. However, removal of capital floor for calculation of capital charge under ASA was extended in line with international developments and consultations of the Basel Committee on Banking Supervision (BCBS).

Embedding a sustainable risk culture remains our core objective, which includes effective management of operational issues and emerging risks across the Group and in our overseas operations via deployment of required resources, tools and continuous supervision. The new Operational Risk Framework, Policy and Standards, duly approved by the Board, have been rolled out along with new system platforms (Operational Risk System) for recording and tracking of risk events, including non-financial risks. We aim to implement a new process based Risk and Control Self-Assessment method across the Group in order to effectively manage operational risks and continually monitor the effectiveness of defined controls through first line self-assessment reviews, especially for the processes and activities that may significantly impact the Group's risk appetite. Furthermore, new and amended products, systems, activities and processes are subject to comprehensive operational risk assessments before implementation and launch.

### 47.5.2 Information Security Risk

Cyber risk is now amongst the top ranked risks that all organisations face and the Holding Company is cognisant of its significance and possible impacts. The Holding Company's Board IT Committee (BITC) and management level IT Steering Committee (ITSC) provide oversight of cyber security matters. The Holding Company has in place a well-defined Information Security Risk Management Policy / Framework, duly approved by the Board of Directors. The framework is supplemented with comprehensive Information Security Risk Management procedures approved by the executive management as well as multiple technology process/practices specific security baselines. The framework derives directly from the regulatory advisories as well as from international standards and best practices. A dedicated Information Security Division, function within Credit & Risk Management Group which manages information security risks to Holding Company's technology assets by enforcing compliance to information security standards & baselines and continuously; monitor cyber threats and investigates information security incidents through its purpose built Security Operations Centre on ( 24/7 ) basis. Based on periodic Cyber Security Risk Assessments, the Holding Company has instilled a multilayered Cybersecurity Action Plan which covers all the key domains of information security. Identified threats and vulnerabilities are suitably treated and revalidated. Furthermore, periodically, the Holding Company runs Cyber Risk awareness campaigns for staff and customers and has clearly defined standards for Acceptable Use of Information & Technology resources.

### 47.5.3 Environmental Risk Unit

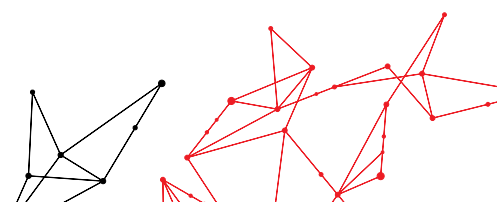
The Holding Company has integrated sustainable finance approach in its lending activities. In this regard, Green Banking Policy and Environmental & Social Management System (ESMS) have been put in place.

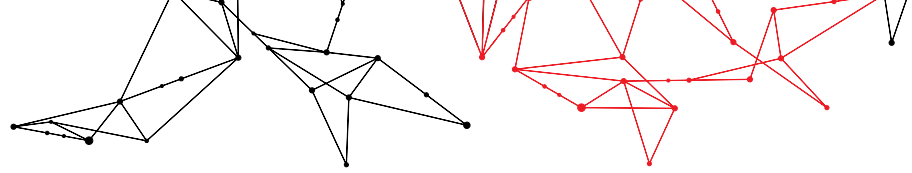
The ESMS Framework essentially requires that any relevant lending opportunity is to be reviewed and evaluated under:

- International Finance Corporation exclusion list;
- Applicable national laws on environment, health, safety and social issues; and
- International Finance Corporation performance standards.

This framework is an integral part of the credit approval process. All relevant credit proposals require Environmental & Social review prior to approval of the competent authority.

During 2022, the SBP has issued Environmental & Social Risk Management (ESRM) Implementation Manual, based on IFC performance standards, which is applicable to all banks in Pakistan. The Holding Company is currently aligning its procedures and policy with the afore-mentioned the SBP manual.





#### 47.5.4 Country risk

Country risk refers to the possibility that economic and political conditions in a foreign country could adversely impact the Holding Company's exposure in that country. For the Holding Company, country risk arises as a result of the Holding Company's net investment in foreign operations, foreign currency lending, trade and treasury business with counterparties domiciled in other countries as well as investments and capital transactions. In order to manage the risk, the Holding Company has in place a comprehensive country risk management framework. Under this framework, the transfer risk is measured using financial market and economic factors. Political risk is measured using a variety of indicia indicative of country's willingness to honour its foreign obligations. Based on this framework, risk limits are assigned to countries within the Board approved limits. The limits and their utilisation are monitored and managed at head office level and country risk exposures are reported to the relevant committees at a defined frequency.

#### 47.6 Liquidity Risk

Liquidity is a financial institution's capacity to meet its obligations as they fall due without incurring losses. Liquidity risk is the risk to an institution's earnings, capital and reputation arising from its inability (real or perceived) to meet its contractual obligations in a timely manner without incurring unacceptable losses when they come due.

With reference to the SBP Basel III Liquidity Standards issued under BPRD circular # 08 dated June 23, 2016, the Holding Company calculates Liquidity Coverage Ratio (LCR) on a monthly basis. Based on the financial statement as at December 31, 2023, the Holding Company's LCR is 2.04 or 204% against the SBP minimum requirement of 100%, with Total Stock of High Quality Liquid Assets (HQLA) of Rs. 1,413,229.330 million and Net Cash Outflows of Rs. 691,799.084 million.

Moreover, under the same circular the Banks are expected to calculate Net Stable Funding Ratio (NSFR) on quarterly basis. Based on December 31, 2023 numbers the Holding Company's NSFR is 1.61 or 161% against SBP minimum requirement of 100%, with Total Available Stable Funding of Rs. 1,634,520.450 million and Total Required Stable Funding of Rs. 1,012,638.563 million.

The Holding Company manages and controls liquidity risk through a detailed risk management framework, which includes BoD approved policy, the management level procedural document and Asset & Liability Committee (ALCO) level guidelines. Under this framework, various liquidity metrics are implemented and monitored on a regular basis.

The Board approves the Holding Company's overall liquidity risk appetite and broad liquidity risk strategy through Annual Business Plan. The Holding Company's ALCO is primarily responsible for the implementation of Board's strategy through oversight of the asset liability function including liquidity management. Treasury front office manages the Holding Company's liquidity on day to day basis and is the Holding Company's first line of defence against liquidity risk. Under Risk Management Division, Liquidity Risk Management Unit is responsible for independent monitoring of the overall liquidity risk in line with regulatory requirements and the Holding Company's own risk appetite.

The Holding Company's overall funding strategy is based on the principles of diversification and stability. The Holding Company has a diverse funding base, which includes stable funding in the form of equity, sub-ordinated loans, retail and small business deposits and non-stable funding in form of large volume depositors. The Holding Company has in place internally approved limits to monitor and manage risk emanating from volatile funding concentration. Moreover, the Holding Company is fully compliant with Basel III LCR and NSFR, which ensure sufficient stock of high quality liquidity assets in relation to its liability profile.

Stress testing is used in an attempt to highlight the vulnerability of the Holding Company's balance sheet to hypothetical stress events and scenarios. Based on the scenarios, liquidity risk factors are given major shocks and their resulting impact on the balance sheet is calculated. The Holding Company carries out the stress testing based on SBP stress tests and internal defined scenarios to gauge the potential impacts of different liquidity stress scenarios and share the results with the senior management, the BoD and the regulator.

At the Holding Company, Contingency Funding Plan (CFP), are in place for all jurisdictions to address liquidity issues in times of stress / crises situations. The Treasury division prepares the CFPs for all operations on annual basis for identifying the stress scenarios and the funding plan for such scenarios along with early warning indicators. These plans are reviewed by the Risk Management Division and are approved by the ALCO annually.

Main drivers of LCR results are High Quality Liquid Assets (HQLA) and Net Cash Outflow. HQLA is defined by the liquidity quality of the Holding Company's assets and net cash outflow is mainly determined through volatility of the Holding Company's liability profile. The table below showcases the composition of HQLA as of December 31, 2023.

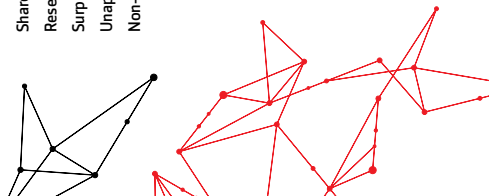
HQLA*	Market Value	Weighted Amount
	----- (Rupees in '000) -----	
Level 1 Assets	1,408,966,128	1,408,966,128
Level 2A Assets	1,596,733	1,357,223
Level 2B Assets	5,633,634	2,905,979
	<u>1,416,196,495</u>	<u>1,413,229,330</u>

\* These have been defined in detail in the SBP Circular No. 08, dated June 23, 2016.

#### 47.6.1 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Group

2023

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
<b>Assets</b>													
Cash and balances with treasury banks	202,692,503	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	16,990,085	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	111,818,663	4,833,824	256,820	-	-	-	-	-	-	-	-	-
Investments	2,072,156,767	7,844	2,253,862	7,903,422	20,143,390	173,817,408	155,827,112	63,535,491	307,665,378	212,387,878	457,538,612	376,723,110	294,306,213
Advances	735,061,827	169,015,758	27,427,295	56,702,929	32,382,179	70,510,841	42,886,245	10,966,932	4,182,057	35,198,906	38,056,017	70,160,858	172,528,489
Fixed assets	61,821,048	841,589	245,068	675,402	1,147,764	1,164,715	2,433,344	2,393,110	2,326,818	6,237,121	5,286,465	7,769,438	31,014,115
Intangible assets	1,380,144	2,160	15,099	36,162	63,524	64,235	189,571	188,587	181,814	255,316	182,025	186,208	2,500
Deferred tax assets	3,619,475	-	-	-	-	-	-	-	3,619,475	-	-	-	-
Other assets	136,391,839	4,243,003	23,411,965	58,907,895	6,709,538	8,453,741	3,626,438	2,458,525	2,297,491	2,755,540	894,354	1,316,700	1,318,200
	3,349,667,797	396,437,744	159,549,465	124,482,630	60,446,395	254,010,940	204,962,710	79,542,645	320,273,033	256,834,761	501,957,473	456,156,314	499,169,517
<b>Liabilities</b>													
Bills payable	26,004,538	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	910,216,032	15,156,141	562,421,636	134,441,303	8,631,161	32,154,710	14,488,021	97,400	448,308	46,335,220	5,916,921	13,967,794	70,254,497
Deposits and other accounts	2,084,941,257	78,939,699	19,451,339	57,534,396	74,883,308	69,339,081	66,901,002	50,797,416	145,266,806	847,451	798,342	39,124	-
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	174,882,732	16,921,220	20,326,366	45,678,093	7,661,783	6,003,331	7,073,384	5,048,036	25,966,396	4,054,593	3,680,787	16,749,901	11,896,435
	3,210,044,559	1,555,873,158	111,017,060	602,199,341	237,653,792	91,176,252	88,462,407	55,942,852	171,681,510	51,237,264	10,396,050	30,756,819	96,150,932
<b>Net assets</b>	<b>139,623,238</b>	<b>(1,159,435,414)</b>	<b>48,532,405</b>	<b>(566,355,171)</b>	<b>(113,171,162)</b>	<b>(30,729,857)</b>	<b>146,513,818</b>	<b>23,599,793</b>	<b>148,591,523</b>	<b>205,597,497</b>	<b>491,561,423</b>	<b>425,399,495</b>	<b>403,018,585</b>
Share capital	15,771,651	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	41,401,130	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	11,272,770	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	71,472,352	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interest	(294,665)	-	-	-	-	-	-	-	-	-	-	-	-
	<u>139,623,238</u>												



2022

Total	Up to 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
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(Rupees in '000)

<b>Assets</b>													
Cash and balances with treasury banks	140,613,751	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	10,105,449	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	115,353,599	86,791,703	8,778,207	13,132,410	4,867,979	1,317,120	14,833,378	113,373,246	292,522,652	112,948,473	91,258,266	246,873,481	229,589,622
Investments	1,117,616,363	439,604	33,327	4,862,878	6,013,457	4,867,979	61,626,258	27,379,544	25,508,923	53,561,337	50,891,076	78,891,005	93,555,587
Advances	732,385,815	13,921,677	16,553,118	56,750,069	48,827,594	92,844,372	1,314,571	1,284,090	1,263,225	4,207,375	3,958,028	6,544,622	28,380,414
Fixed assets	48,493,284	21,398	149,954	359,473	440,934	440,819	156,003	157,656	156,004	168,095	168,277	336,144	2,500
Intangible assets	1,304,181	1,677	10,065	28,516	55,501	52,001	-	-	7,526,368	-	-	-	-
Deferred tax assets	7,550,773	24,405	-	-	-	-	-	-	1,228,829	2,088,675	379,867	550,728	549,228
Other assets	83,296,493	1,872,484	14,134,931	35,130,967	5,428,311	4,941,466	1,780,917	1,690,273	1,228,829	2,088,675	379,867	550,728	549,228
	2,256,719,708	270,024,173	114,835,652	39,661,279	110,264,313	60,765,797	104,463,757	79,711,127	143,884,809	172,973,955	146,655,514	333,195,980	352,077,351

<b>Liabilities</b>													
Bills payable	40,033,806	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	491,649,941	3,786,417	2,357,090	125,578,960	124,383,151	62,760,145	17,053,319	75,452	2,234,785	12,192,522	43,220,723	11,458,426	80,942,348
Deposits and other accounts	1,486,836,260	43,682,297	16,928,132	26,429,368	26,210,801	64,322,063	71,231,915	35,589,480	78,312,018	2,378,256	579,593	367,849	-
Subordinated debt	14,000,000	-	-	-	-	-	-	-	-	-	-	-	14,000,000
Other liabilities	122,136,332	1,453,758	11,193,920	26,467,989	6,391,973	6,966,683	7,062,158	5,340,129	24,236,642	3,271,993	2,753,568	4,839,063	12,073,873
	2,154,656,339	1,167,898,655	57,553,297	30,479,142	178,476,317	156,985,925	134,048,891	95,347,392	41,005,061	17,842,771	46,553,884	16,665,338	107,016,221

<b>Net assets</b>													
	102,063,369	(897,874,482)	57,282,355	9,182,137	(68,212,004)	(96,220,128)	(15,636,265)	102,879,748	223,422,556	155,131,184	100,101,630	316,530,642	245,061,130

Share capital	15,771,651
Reserves	34,283,201
Surplus on revaluation of assets	4,847,101
Unappropriated profit	47,033,616
Non-controlling interest	127,800
	<u>102,063,369</u>

Current and saving deposits have been classified under maturity upto one day as these do not have any contractual maturity. Further, the Group, on the basis of behavioural pattern, estimates these deposits are a core part of its liquid resources with long term maturity profile reflected in note 47.6.1, and will not fall below the current year's level.

#### 47.6.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Group

2023

	2023								
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
<b>Total</b>									
<b>Assets</b>									
Cash and balances with treasury banks	202,692,503	114,534,588	7,324,282	17,563,379	17,274,692	2,638,067	5,203,217	13,003,463	15,604,155
Balances with other banks	16,990,085	-	-	-	-	-	-	-	-
Lending to financial institutions	119,554,109	119,554,109	-	-	-	-	-	-	-
Investments	2,072,156,767	10,212,175	155,827,112	371,200,869	212,387,878	457,538,612	376,723,110	286,896,071	7,410,142
Advances	735,061,827	193,960,798	71,483,879	37,998,364	26,445,992	37,982,245	70,277,427	143,071,356	29,325,468
Fixed assets	61,821,048	2,312,479	2,433,344	4,719,928	6,237,121	5,286,465	7,769,438	9,683,388	21,330,727
Intangible assets	1,380,144	127,759	189,571	370,401	255,316	182,025	186,208	2,500	-
Deferred tax assets	3,619,475	-	-	3,619,475	-	-	-	-	-
Other assets	136,391,839	15,163,279	3,626,438	4,756,016	2,755,540	894,354	1,316,700	1,318,200	-
	3,349,667,797	569,598,244	240,884,626	440,228,432	265,356,539	504,521,768	461,476,100	453,974,978	73,670,492
<b>Liabilities</b>									
Bills payable	26,004,538	-	-	-	-	-	-	-	-
Borrowings	910,216,032	40,785,871	14,488,021	545,708	46,335,220	5,916,921	13,967,794	70,054,570	199,927
Deposits and other accounts	2,084,941,257	203,922,468	156,451,118	375,164,456	368,997,931	56,350,717	111,143,873	277,761,871	333,314,246
Subordinated debt	14,000,000	-	-	-	-	-	-	-	14,000,000
Other liabilities	174,882,732	13,665,114	7,073,384	31,014,432	4,054,593	3,680,787	16,749,901	10,004,739	1,891,696
	3,210,044,559	1,032,509,201	178,012,523	406,724,596	419,387,744	65,948,425	141,861,568	357,821,180	349,405,869
<b>Net assets</b>	139,623,238	(462,910,957)	62,872,103	33,503,836	(154,031,205)	438,573,343	319,614,532	96,153,798	(275,735,377)
Share capital	15,771,651								
Reserves	41,401,130								
Surplus on revaluation of assets	11,272,770								
Unappropriated profit	71,472,352								
Non-controlling interest	(294,665)								
	139,623,238								

2022

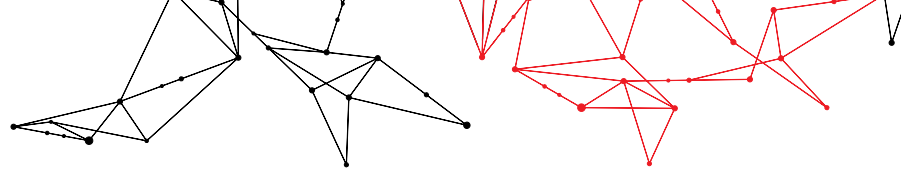
Total	2022									
	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
	(Rupees in '000)									
	140,613,751	4,638,163	4,739,870	8,498,852	9,511,009	1,416,574	2,805,971	6,983,346	8,380,015	
Cash and balances with treasury banks	93,639,951	-	-	-	-	-	-	-	-	-
Bills payable	10,105,449	1,317,120	-	-	-	-	-	-	-	-
Borrowings	115,353,599	10,881,436	14,833,378	405,895,898	112,948,473	91,258,266	246,873,481	224,155,552	5,434,070	
Deposits and other accounts	1,117,616,363	141,671,967	61,626,257	52,888,467	53,561,337	50,891,076	78,891,005	78,427,460	15,128,127	
Subordinated debt	732,385,815	881,753	1,314,571	2,547,315	4,207,375	3,958,028	6,544,622	8,034,153	20,346,261	
Other liabilities	48,493,284	107,502	156,003	313,660	168,095	168,277	336,144	2,500	-	
Intangible assets	1,304,181	-	-	7,526,368	-	-	-	-	-	
Deferred tax assets	7,550,773	10,369,777	1,780,917	2,919,102	2,088,675	379,867	550,728	-	-	
Other assets	83,296,493	487,811,617	84,450,996	480,589,662	182,484,964	148,072,088	336,001,951	318,152,239	49,288,473	

**Liabilities**

Bills payable	40,033,806	-	-	-	-	-	-	-	-	-
Borrowings	491,649,941	187,143,296	17,053,319	2,310,237	12,192,522	43,220,723	11,458,426	79,773,929	1,168,419	
Deposits and other accounts	1,486,836,260	135,057,941	138,019,531	247,476,733	276,949,568	41,248,983	81,706,628	203,346,948	244,016,340	
Subordinated debt	14,000,000	-	-	-	-	-	-	-	14,000,000	
Other liabilities	122,136,332	13,358,656	7,062,158	29,576,771	3,271,993	2,753,568	4,899,063	7,911,399	4,162,474	
	2,154,656,339	345,576,714	162,135,008	279,363,741	292,414,083	87,223,274	98,004,117	291,032,276	263,347,233	
<b>Net assets</b>	102,063,369	142,234,903	(77,684,012)	201,225,921	(109,929,119)	60,848,814	237,997,834	27,119,963	(214,058,760)	

Share capital	15,771,651
Reserves	34,283,201
Surplus on revaluation of assets	4,847,101
Unappropriated profit	47,033,616
Non-controlling interest	127,800
	<u>102,063,369</u>

In line with the SBP BSD Circular Letter No. 03 of 2011 on "Maturity and Interest Rate Sensitivity Gap Reporting" the Holding Company conducted a behavioural study of non-maturity deposits (non-contractual deposits) and performed regression analysis to determine deposit withdrawal pattern on Current and Savings Accounts (CASA). Regression analysis is used to investigate the relationship between time, the amount of deposits and deposits withdrawals in order to arrive at an estimated deposits withdrawals pattern. This methodology is in line with the industry best practices and regulatory guidance.





#### 47.7 Derivative Risk

The Holding Company deals in derivative instruments including Interest Rate Swaps and Cross Currency Swaps for hedging and market making purposes within Holding Company's risk appetite. Interest rate swaps are primarily conducted to hedge interest rate risk present in the Holding Company's foreign currency bond portfolio.

Additionally, to facilitate client business enabling them to hedge long term foreign currency exposure, Holding Company offers solutions through Cross Currency Swaps subject to approval from the State Bank of Pakistan. The counterparty risk associated in the cross currency swaps is approved by the relevant Credit Approval Authority.

Market & Liquidity Risk Department under the Risk Management Division performs hedge effectiveness testing of foreign currency bonds portfolio against interest rate swaps on a periodic basis. For Cross Currency Swaps, Market & Liquidity Risk Department monitors the revaluation and counterparty exposures on regular basis. The results are then shared with the concerned stakeholders and strategies are devised/revisited in coordination with Treasury to align the outcomes with established risk parameters.

#### 47.8 Trade Pricing Risk

Trade Pricing Risk – TPRD established under the umbrella of Risk Management Division – RMD is responsible to ascertain commodity price of trade transactions to curb under / over invoicing on best effort basis through various reliable sources such as internet search, custom valuation ruling, newspaper, goods declaration, Bloomberg etc.

The unit has been established as required by the SBP framework for managing risk of Trade Based Money Laundering and Terrorist Financing.

#### 48 AFGHANISTAN OPERATIONS

The Holding Company's maintains a two-branch presence in Afghanistan. The board and management of the Holding Company continue to closely monitor the evolving situation in Afghanistan which has been hampered due to country's frozen reserves and uncertainty regarding international recognition which prevent normal flows in and out of Afghanistan. The Holding Company has taken impairment against assets where there is an indication that carrying amount may be higher than its recoverable amount. The Holding Company remains focused on maintaining its control standards i.e. both onshore and through Head Office oversight.

#### 49 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on February 01, 2024 has announced final cash dividend of Rs. 5 per share (50%) (2022: Rs. 2.5 per share (25%). This appropriation will be approved in the forthcoming Annual General Meeting. The consolidated financial statements for the year ended December 31, 2023 do not include the effect of this appropriation which will be accounted for in the consolidated financial statements for the year ending December 31, 2024. The Board had earlier declared and paid an interim cash dividend of Rs. 3.0 (2022: cash dividend: Rs. 2.5) per share.

#### 50 DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on February 01, 2024 by the Board of Directors of the Holding Company.

#### 51 GENERAL

##### 51.1 Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary for better presentation and classification.

The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated financial statements is as follows:

Description of item	Nature	(Rupees in '000)	From	To
Net interest on interest rate swap	Income	156,282	Mark-Up / return / interest expensed - borrowings	Mark-up / return / interest earned - investments
Sukuk	Asset	222,000	Available for sale securities investment - term finance certificates	Available for sale securities investment - sukuk
Realised gain / (loss) on federal government securities	Income	97,635	Gain / (loss) on securities - realised gain / (loss)	Mark-Up / return / interest expensed - borrowings

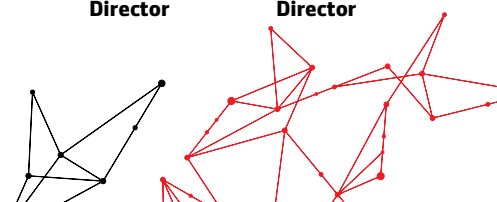
President & Chief Executive Officer

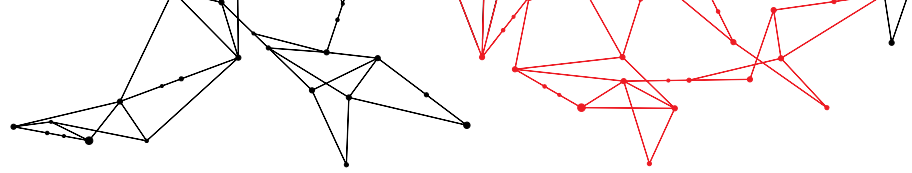
Chief Financial Officer

Director

Director

Director



**ANNEXURE-I****STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES 500,000 OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2023**

Details of advances written-off for the year ended December 31, 2023 are disclosed in Annexure I of the unconsolidated financial statements.

**ANNEXURE-II****ISLAMIC BANKING BUSINESS (DOMESTIC)**

Details of the Islamic banking business (domestic) for the year ended December 31, 2023 are disclosed in Annexure II of the unconsolidated financial statements.

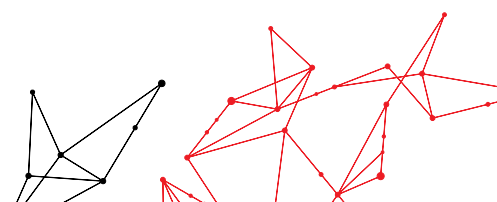
**ANNEXURE-III****DISPOAL OF FIXED ASSETS TO RELATED PARTIES**

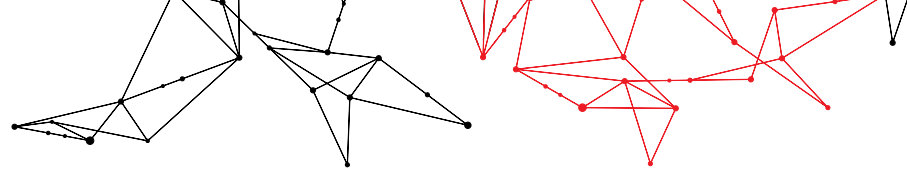
Details of disposal of fixed assets to related parties for the year ended December 31, 2023 are disclosed in Annexure III of the unconsolidated financial statements.

As at December 31, 2023

Number of Shareholders	Shareholding From	To	Number of Shares Held	
2087	1	-	100	57,855
1871	101	-	500	530,833
1646	501	-	1000	1,204,288
3734	1001	-	5000	11,197,314
963	5001	-	10000	6,984,227
264	10001	-	15000	3,287,027
130	15001	-	20000	2,350,061
133	20001	-	25000	3,089,788
73	25001	-	30000	2,054,941
45	30001	-	35000	1,460,252
29	35001	-	40000	1,099,846
31	40001	-	45000	1,334,940
60	45001	-	50000	2,947,567
30	50001	-	55000	1,614,481
20	55001	-	60000	1,160,423
19	60001	-	65000	1,184,501
15	65001	-	70000	1,014,020
22	70001	-	75000	1,622,276
12	75001	-	80000	933,200
11	80001	-	85000	913,256
11	85001	-	90000	970,041
6	90001	-	95000	548,247
31	95001	-	100000	3,093,163
7	100001	-	105000	717,097
12	105001	-	110000	1,316,750
4	110001	-	115000	451,175
6	115001	-	120000	711,189
10	120001	-	125000	1,233,356
6	125001	-	130000	767,506
1	130001	-	135000	133,100
15	135001	-	140000	2,067,772
4	140001	-	145000	576,048
10	145001	-	150000	1,478,548
4	150001	-	155000	612,857
1	155001	-	160000	158,850
2	160001	-	165000	328,100
2	165001	-	170000	335,274
3	170001	-	175000	523,978
3	175001	-	180000	536,561
5	180001	-	185000	919,310
4	185001	-	190000	744,650
2	190001	-	195000	382,385
18	195001	-	200000	3,585,923
4	200001	-	205000	810,592
1	205001	-	210000	205,578
6	210001	-	215000	1,278,208
4	215001	-	220000	876,997
1	220001	-	225000	224,766
2	230001	-	235000	464,246

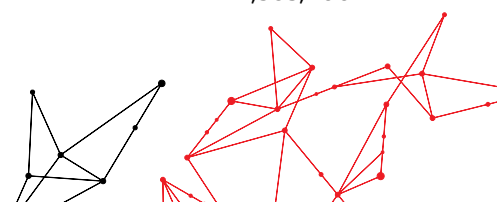
# Pattern of Shareholding

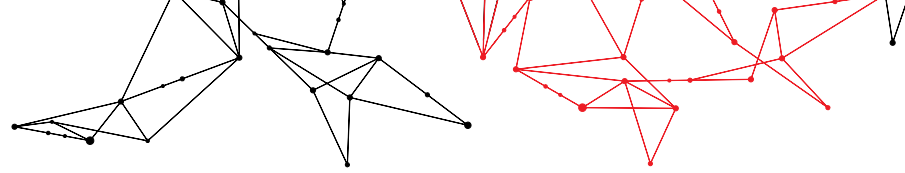




<b>Number of Shareholders</b>	<b>From</b>	<b>Shareholding</b>	<b>To</b>	<b>Number of Shares Held</b>
1	240001	-	245000	240,483
5	245001	-	250000	1,250,000
4	250001	-	255000	1,008,963
2	255001	-	260000	513,883
1	260001	-	265000	261,900
1	265001	-	270000	265,500
6	270001	-	275000	1,640,313
2	280001	-	285000	563,080
1	285001	-	290000	289,324
5	290001	-	295000	1,463,582
2	295001	-	300000	600,000
3	300001	-	305000	910,375
3	305001	-	310000	925,043
1	310001	-	315000	315,000
3	320001	-	325000	971,850
3	325001	-	330000	990,000
1	335001	-	340000	338,800
2	340001	-	345000	686,000
3	345001	-	350000	1,050,000
1	350001	-	355000	353,100
1	355001	-	360000	357,183
1	360001	-	365000	363,566
1	365001	-	370000	367,500
2	370001	-	375000	748,095
2	380001	-	385000	767,727
2	385001	-	390000	776,460
1	395001	-	400000	400,000
2	405001	-	410000	819,440
2	410001	-	415000	825,664
1	425001	-	430000	426,800
1	435001	-	440000	440,000
2	445001	-	450000	900,000
1	470001	-	475000	470,801
1	475001	-	480000	477,245
2	480001	-	485000	967,655
9	495001	-	500000	4,498,935
1	500001	-	505000	502,000
1	505001	-	510000	505,750
1	515001	-	520000	518,100
2	520001	-	525000	1,045,599
1	530001	-	535000	533,000
2	535001	-	540000	1,075,610
2	545001	-	550000	1,100,000
2	550001	-	555000	1,101,831
1	555001	-	560000	560,000
2	560001	-	565000	1,128,109
1	605001	-	610000	606,000
1	610001	-	615000	610,800
2	615001	-	620000	1,232,847
2	630001	-	635000	1,262,564
1	635001	-	640000	638,500
2	645001	-	650000	1,296,264
1	665001	-	670000	666,000
1	675001	-	680000	678,492
2	690001	-	695000	1,383,409
2	695001	-	700000	1,400,000

<b>Number of Shareholders</b>	<b>From</b>	<b>Shareholding</b>	<b>To</b>	<b>Number of Shares Held</b>
1	715001	-	720000	719,000
2	725001	-	730000	1,458,919
2	745001	-	750000	1,495,811
1	770001	-	775000	770,100
1	780001	-	785000	784,400
1	785001	-	790000	788,277
1	795001	-	800000	795,500
1	815001	-	820000	815,999
1	820001	-	825000	824,999
1	845001	-	850000	850,000
1	880001	-	885000	882,227
2	905001	-	910000	1,816,351
1	910001	-	915000	911,469
1	985001	-	990000	986,187
4	995001	-	1000000	3,999,000
1	1000001	-	1005000	1,005,000
1	1020001	-	1025000	1,023,550
3	1095001	-	1100000	3,300,000
2	1145001	-	1150000	2,297,934
1	1180001	-	1185000	1,184,514
1	1205001	-	1210000	1,208,000
1	1225001	-	1230000	1,225,499
1	1280001	-	1285000	1,280,870
1	1285001	-	1290000	1,286,952
1	1330001	-	1335000	1,330,421
1	1400001	-	1405000	1,401,618
1	1460001	-	1465000	1,464,246
1	1470001	-	1475000	1,474,065
2	1495001	-	1500000	3,000,000
2	1520001	-	1525000	3,049,805
1	1540001	-	1545000	1,543,434
1	1585001	-	1590000	1,587,625
1	1660001	-	1665000	1,661,200
1	1675001	-	1680000	1,675,450
1	1735001	-	1740000	1,740,000
1	1770001	-	1775000	1,774,779
1	1795001	-	1800000	1,800,000
1	1855001	-	1860000	1,857,004
1	1995001	-	2000000	2,000,000
1	2080001	-	2085000	2,081,524
1	2100001	-	2105000	2,101,000
1	2345001	-	2350000	2,348,895
1	2360001	-	2365000	2,361,217
1	2645001	-	2650000	2,650,000
1	2835001	-	2840000	2,839,953
1	2865001	-	2870000	2,865,748
1	2935001	-	2940000	2,938,159
1	3065001	-	3070000	3,067,000
1	3820001	-	3825000	3,822,400
1	3880001	-	3885000	3,884,505
1	3935001	-	3940000	3,937,500
1	4295001	-	4300000	4,299,525
1	4365001	-	4370000	4,369,400





<b>Number of Shareholders</b>	<b>From</b>	<b>Shareholding</b>	<b>To</b>	<b>Number of Shares Held</b>
1	4495001	-	4500000	4,500,000
1	4530001	-	4535000	4,534,424
1	4790001	-	4795000	4,791,994
1	5045001	-	5050000	5,046,395
1	5295001	-	5300000	5,300,000
1	5350001	-	5355000	5,352,365
1	5550001	-	5555000	5,551,500
1	5615001	-	5620000	5,617,500
1	6305001	-	6310000	6,310,000
1	6475001	-	6480000	6,478,050
1	6700001	-	6705000	6,701,000
1	7475001	-	7480000	7,477,770
1	7580001	-	7585000	7,583,114
1	8995001	-	9000000	9,000,000
1	9005001	-	9010000	9,006,562
1	9995001	-	10000000	10,000,000
1	12880001	-	12885000	12,882,135
1	13005001	-	13010000	13,008,399
1	13135001	-	13140000	13,140,000
1	13465001	-	13470000	13,469,118
1	13975001	-	13980000	13,977,105
1	14375001	-	14380000	14,377,063
1	14845001	-	14850000	14,850,000
1	15945001	-	15950000	15,949,910
1	21040001	-	21045000	21,041,084
1	35360001	-	35365000	35,364,941
1	35925001	-	35930000	35,929,288
1	40360001	-	40365000	40,363,866
1	42420001	-	42425000	42,422,788
1	44640001	-	44645000	44,643,661
1	58395001	-	58400000	58,399,658
1	59360001	-	59365000	59,362,875
1	60545001	-	60550000	60,548,683
1	71700001	-	71705000	71,701,763
1	75005001	-	75010000	75,008,465
1	75685001	-	75690000	75,685,854
1	79465001	-	79470000	79,465,033
1	83255001	-	83260000	83,255,882
1	113525001	-	113530000	113,528,781
1	244715001	-	244720000	244,718,557
<b>11595</b>				<b>1,577,165,119</b>

As at December 31, 2023

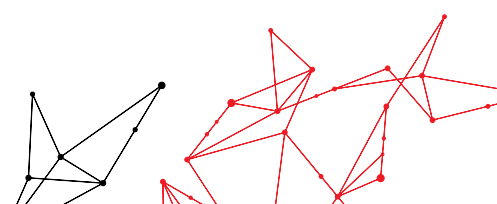
S.No.	Categories of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer their Spouse(s) and Minor Children, if any.	441,111,966	27.97
2	Associated Companies, Undertakings and Related Parties	427,632,160	27.11
3	NIT and ICP	4,951,019	0.31
4	Banks Development Financial Institutions, Non Banking Financial Institutions	98,663,616	6.26
5	Insurance Companies	94,590,479	6.00
6	Modarabas and Mutual Funds	40,501,753	2.57
7	General Public		
	a) Local	188,060,758	11.92
	b) Foreign	78,182,621	4.96
8	Others		
	a) Foreign Companies	20,118,407	1.28
	b) Joint Stock Companies	171,535,851	10.88
	c) Provident Funds, Pension Funds, Gratuity Funds and other entities	11,816,489	0.75
		<u>1,577,165,119</u>	<u>100.00</u>

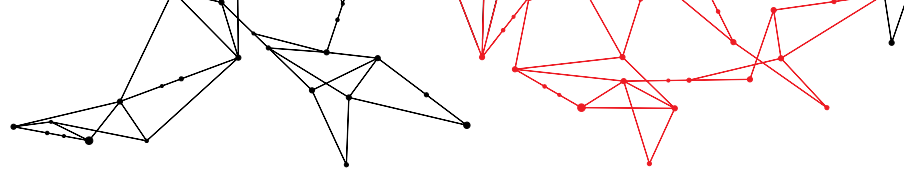
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# Categories of Shareholders

Shareholders holding 10% Shares or more

	Shareholding	Percentage
H.H. Sheikh Nahayan Mabarak Al Nahayan, Chairman	338,483,156	21.46





## By Directors/Executives and their Spouses and minor children during the year 2023

Sr. No.	Name	Date	No. of Shares		Rate (Rs.)	Nature of Transaction
			Sale	Purchase		
1	Mr. Haroon Khalid	24-Aug-2023	50,000		Rs. 41.00	Sold
2	Ms. Mehreen Ahmed	24-Aug-2023	53,100		Rs. 41.05	Sold
		24-Aug-2023	21,900		Rs. 41.09	Sold
		24-Aug-2023	25,000		Rs. 41.14	Sold
		24-Aug-2023	50,000		Rs. 42.05	Sold
		08-Dec-2023	35,000		Rs. 53.00	Sold

As required under Rule Book of Pakistan Stock Exchange Limited, the threshold for Executives, set by the Board of Directors of the Bank for the purpose of disclosure of trades in shares of the Bank means the Key Executives (as defined in SBP's Corporate Governance Regulatory Framework) and Employees of Bank Alfalah Limited in the grades SEVP-I & SEVP-II.



# Notice of the 32<sup>nd</sup> Annual General Meeting

NOTICE is hereby given that the 32<sup>nd</sup> Annual General Meeting ("AGM") of Bank Alfalah Limited ("the Bank") will be held on Wednesday, 20<sup>th</sup> March 2024 at 11:00 AM at Movenpick Hotel, Karachi as well as through electronic means/web link to transact the following businesses:

## **Ordinary Business:**

1. To confirm Minutes of the 31<sup>st</sup> Annual General Meeting held on 20<sup>th</sup> March 2023.
2. To receive, consider and adopt the audited Annual Accounts of the Bank for the year ended 31<sup>st</sup> December 2023 together with Chairman's Review Report, Directors' Report and Auditors' Report thereon including post-facto approval of remuneration paid to the non-executive directors for attending Board and Board Committees meetings as reported under Note No. 40 of the Annual Accounts, in compliance with SBP's Regulatory Framework.

The Annual Report 2023 including Financial Statements of the Bank for the year ended 31<sup>st</sup> December 2023 has been placed at Bank's website at [www.bankalfalah.com/financial-reports/](http://www.bankalfalah.com/financial-reports/).

3. To approve, as recommended by the Board of Directors, payment of Final cash dividend at the rate of PKR 5/- per share i.e. 50% for the year ended 31<sup>st</sup> December 2023. This is in addition to the Interim Cash Dividend already paid by the Bank at the rate of PKR 3/- per share i.e. 30%.
4. To appoint auditors of the Bank for the year ending 31<sup>st</sup> December 2024 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

## **Special Business:**

### **Ordinary Resolution:**

6. To obtain consent of shareholders as per requirements of SRO 389(I)/2023 dated 21<sup>st</sup> March 2023 for circulation of the annual report, including but not limited to, annual balance sheet, profit & loss account, auditor's report, and directors' report etc. to the members, through QR enabled code and weblink and to pass the following ordinary resolution:

"**RESOLVED THAT** in terms of SRO 389(I)/2023 dated 21<sup>st</sup> March 2023 issued by the Securities & Exchange Commission of Pakistan, the Bank Alfalah Limited ("the Bank") be and is hereby authorized to circulate the annual report, including but not limited to, annual balance sheet, profit & loss account, auditor's report, and directors' report etc. ("**annual audited financial statements**"), to its members through QR enabled code and weblink."

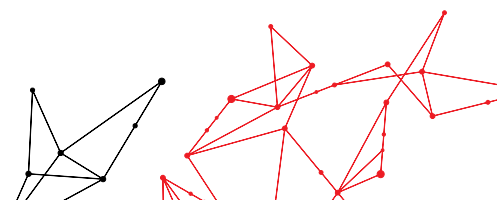
### **Special Resolution:**

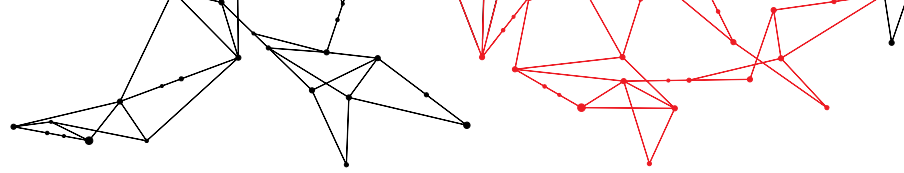
7. To consider and, if thought fit, pass the following resolutions as Special Resolutions, with or without modification(s), in accordance with Sections 199 of the Companies Act, 2017, read together with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 and other applicable laws, for the purposes of approving and authorizing further investment in the aggregate amount of upto PKR 1,200,000,000/- (Pak Rupees one billion two hundred million only) by the Bank in its subsidiary, Alfalah CLSA Securities (Private) Limited ("**Alfalah CLSA**"), by purchasing and / or subscribing to additional ordinary shares of Alfalah CLSA, at a price of up to PKR 10/- (Pak Rupees Ten only) per ordinary share.

"**RESOLVED THAT** in accordance with Section 199 of the Companies Act, 2017, read together with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 and other applicable laws, and subject to obtaining of all necessary regulatory approvals, the Bank be and is hereby authorized to make further investments in the aggregate amount of upto PKR 1,200,000,000/- (Pak Rupees one billion two hundred million only) in its subsidiary, Alfalah CLSA Securities (Private) Limited ("**Alfalah CLSA**"), by purchasing and / or subscribing to additional ordinary shares at a price of up to PKR 10/- (Pak Rupees Ten only) per share.

**FURTHER RESOLVED THAT** such investment may be made by the Bank for an indefinite period, in such manner as deemed appropriate by the Authorized Persons from time to time, and the Board is further empowered and authorized to dispose of such investment(s) or any portion thereof as deemed fit by the Board, from time to time.

**FURTHER RESOLVED THAT** the Chief Executive Officer, Chief Financial Officer, Group Head, Strategy, Transformation, CE and VC, the Company Secretary and the Chief Risk Officer of the Bank ("**Authorized Persons**"), or any person(s) authorized by them, be and are hereby jointly or severally authorized to:





- (i) determine the manner in which, along with actual amount of investment required to be made from time to time along with the price per share (subject to maximum price and amount as stated above);
- (ii) invest the necessary amounts, from time to time to purchase and / or subscribe to further ordinary shares of Alfalah CLSA; and
- (iii) generally to do all acts, deeds and things and sign all such documents, applications etc. and take any and all actions from time to time as may be required for the fulfilment of the above resolutions along with all matters ancillary and incidental thereto including obtaining all necessary approvals, filing and submitting all the requisite statutory forms, applications and other documents and completing all legal formalities.”

The Statement of material facts under Section 134(3) of the Companies Act, 2017 in respect of the aforesaid Special Businesses to be considered at the Annual General Meeting is being sent to the members along with the Notice.

Karachi

By Order of the Board

Dated: 28<sup>th</sup> February 2024

**QR enabled code and weblink:**

**MUHAMMAD AKRAM SAWLEH**

Company Secretary

[www.bankalfalah.com/financial-reports/](http://www.bankalfalah.com/financial-reports/)



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**NOTES:**

**1. Closure of Share Transfer Books**

The Share Transfer Books of the Bank will be closed from 15<sup>th</sup> March 2024 to 20<sup>th</sup> March 2024 (both days inclusive). Transfers received at the office of the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Room No. 1705, 17<sup>th</sup> Floor, Saima Trade Tower "A", I.I. Chundrigar Road, Karachi-74000 Phone: (92-21) 32271905-6 and (92-21) 32213243 Fax: (92-21) 32621233 before the close of business on 14<sup>th</sup> March 2024 will be treated in time for the purpose of above entitlement to the transferees and of attending the meeting.

Shareholders having shares in physical form are requested to notify any change in their address and/or email address, to our Share Registrar, in writing, whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services.

**2. Participation in AGM through electronic means:**

The shareholders who wish to participate through online platform/facility (either in person or through proxy) are requested to please provide below information at Bank's designated Email: [cosec@bankalfalah.com](mailto:cosec@bankalfalah.com), at least 48 hours before the time of AGM.

Folio/CDC Account No.	Name	CNIC No.	Cell No.	Email address

The login details will be sent to such shareholders through email enabling them to join the AGM on given time through web/internet.

**3. Members' Right to Appoint Proxy**

Members appointing proxies are requested to submit their proxy forms along with attested copies of proxy's CNIC/Passport mentioning folio/CDC account # of proxy holder at the Office of Share Registrar of the Bank, not less than 48 hours before the time of the Meeting. A corporation appointing a proxy must also submit their proxy forms along with a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney.

**4. Payment of Cash Dividend Electronically (e-Dividend)/Dividend Mandate**

In accordance with the Companies (Distribution of Dividends) Regulations, 2017, the Bank is required to withhold dividend payment of those shareholders who have not yet provided their dividend mandate/bank account details and/or CNIC details. Such shareholders are requested to provide their CNIC details and/or their dividend

mandate information including 1) IBAN number 2) Title of Bank Account; 3) Bank Account number; 4) Bank Code and Branch Code; 5) Bank Name, Branch Name and Address; 6) Cell Number; 7) CNIC number; and 8) Email Address to Bank's Share Register (if shares are held physically), whereas CDC account holders are requested to contact their CDC Participant/CDC Investor Account Services.

**5. Un-claimed Dividends/ Shares**

In accordance with Section 244 of the Companies Act, 2017 and the Unclaimed Shares, Modaraba Certificates, Dividend, Other Instruments and Undistributed Assets Regulations, 2017, the companies are required to deposit cash dividends to the credit of the Federal Government and shares to the Commission, which are undelivered/ unclaimed for a period of three (3) years or more from the date it is due and payable. The notices to this fact have already been dispatched to the relevant shareholders. Shareholders who have not yet collected/received their dividends/shares are advised to contact our Share Registrar for details.

Attention is sought from those shareholders who have not yet provided their complete and correct information such as address, CNIC number, email, cell number and/or bank mandate etc. They are again requested to furnish the required information to the Share Registrar at the earliest.

**6. Withholding Tax on dividends**

Withholding Tax on cash dividend of those shareholders, whose name will not appear (at the time of issuance/ process of dividend) in the Active Taxpayers List, will be subject to higher rate of tax deduction as required under prevailing Income Tax Laws. Corporate shareholders are also required to update their NTN number in CDC records or provide copy of their NTN certificate to Bank's Share Registrar (if shares are held in physical form).

**7. Tax in case of Joint Shareholders**

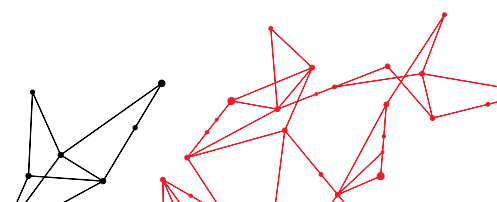
In accordance with the instructions of Federal Board of Revenue, the tax on dividend income of joint holders of shares will be deducted in accordance with their shareholding proportion or in equal proportion, if such proportion is not provided. Therefore, shareholders are requested to provide, if not provided earlier, shareholding proportion of each joint shareholder(s) to the Bank's Share Registrar latest by 14<sup>th</sup> March 2024 in the following manner:

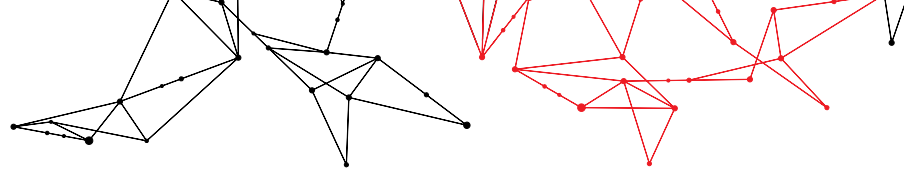
Folio / CDC A/c No.	Name of Shareholders (Joint Holders)	No. of shares (proportion)	CNIC No. (valid copy attached)	Signature
	1)			
	2)			
	.....			
	Total Shares			

**8. Conversion of Physical Shares into Book Entry Form**

As per provisions of Section 72(2) of the Companies Act, 2017 and as per the instructions issued by SECP vide its Letter No. CSD/ED/Misc./2016-639-640 date March 26, 2021, every existing company is required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission. Respective shareholders are requested to arrange to convert their physical shares into book-entry-form. For this purpose, the shareholder shall be required to have an account either with Central Depository Company of Pakistan Limited (CDC) or with any Trading Rights Entitlement Certificate holder of Pakistan Stock Exchange Limited/CDC Participant.

The benefits associated with the Book-Entry-Form Shares includes "readily available for trading, whereas trading of physical scrips is currently not permitted", "no risk of damaged, lost, forged or duplicate certificates", "reduced stamp duty on physical to book-entry-form transfers", "Instantaneous transfer of ownership", "Instant receipt/ credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues etc.)" and convenient pledging of securities etc.





## STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO THE SPECIAL BUSINESSES BEING TRANSACTED:

### Agenda Item No. 6:

#### Transmission of 'Annual Audited Financial Statements' through QR enabled code and weblink

The Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated 21<sup>st</sup> March 2023 ('SRO') has allowed listed companies to circulate the annual balance sheet and profit and loss account, auditor's report, directors' report, etc. ('annual audited financial statements') to its members through QR enabled code and weblink, subject to compliance with certain conditions mentioned in the SRO. One of the conditions requires that consent of shareholders should be obtained for the same in general meeting.

The consent of shareholders is being sought to authorize the Bank to circulate the annual balance sheet and profit and loss account, auditor's report, directors' report, etc. (included in the annual reports) to its members through QR enabled code and weblink. The Bank will also circulate the annual audited financial statements, through email, to such members whose email addresses are available in the Members' Register at the time of dispatch of Notices of Annual General Meetings. Further, the Bank will, supply the hard copies of the annual audited financial statements (included in the annual reports) to the members, on demand, free of cost upon receipt of a Request. A specimen of Request Form is available at the website of the Bank <https://www.bankalfalah.com/investor-relations/request-form-for-hard-copy-annual-audited-accounts/>.

### Agenda Item No. 7:

#### Further Investment in Alfalah CLSA Securities (Private) Limited

Alfalah CLSA Securities (Private) Limited ("Alfalah CLSA"), is an subsidiary and associated company of Bank Alfalah Limited ("Bank") and the Bank intends to further invest, by way of by purchasing and / or subscribing to ordinary shares of Alfalah CLSA in the aggregate amount of up to PKR 1,200,000,000/- (Pak Rupees one billion two hundred million only), at a price of up to PKR 10/- (Pak Rupees Ten only) per ordinary share. The investment is expected to strengthen the balance sheet and financial position of Alfalah CLSA's thereby enabling it to operate and better compete in the market.

594 Consequently, the Bank is seeking approval from its shareholders for investments in its associated company i.e. Alfalah CLSA, through passing of the special resolutions (with or without modification(s)) provided in agenda item no. 7 of the notice, in accordance with Section 199 of the Companies Act, 2017 read together with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

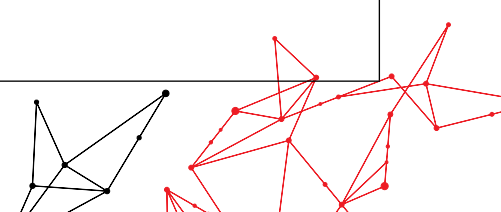
The Board of Directors has recommended that the members of the Bank pass the resolutions (as detailed in the notice) to permit the said transaction.

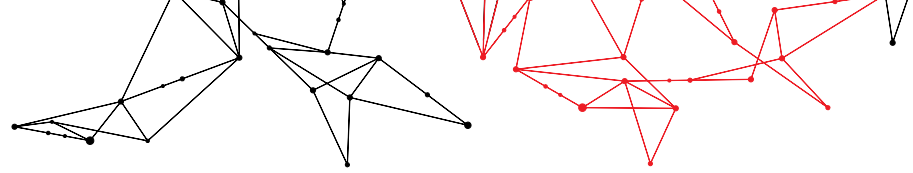
For the purposes of compliance with Section 199 of the Companies Act, 2017 ("Act") read with Regulation 3(3) of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 ("Regulations"), the Board of Directors of the Company have conducted the necessary due diligence for the proposed investment. It is also important to highlight that the external audit for the year ended 31 December 2023 is under way.

In compliance with the relevant provisions of the Act and the Regulations, the requisite information/disclosure regarding the proposed investment is as under:

Sr. No.	Description	Relevant Information
(a)	<b>Disclosure for all types of investments</b>	
(A)	<b>Regarding associated company or associated undertaking: -</b>	
(i)	Name of associated company or associated undertaking	Alfalah CLSA Securities (Private) Limited
(ii)	Basis of relationship	Alfalah CLSA is an associated company of the Bank by virtue of the Bank holding and controlling 62.5% of the voting power of Alfalah CLSA.
(iii)	Earnings / (Loss) per share for the last three years (PKR)	<b>2021:</b> PKR 1.53/- <b>2022:</b> PKR 0.19/- <b>2023 (as per unaudited accounts as at December 31, 2023):</b> PKR (28.34)/-
(iv)	Break-up value per share, based on the latest audited financial statements	PKR (19.64)/-, based on the unaudited financial statements for the year ended December 31 <sup>st</sup> , 2023.

(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	<p>As per the unaudited financial statements for the year ended December 31<sup>st</sup>, 2023.</p> <p>Main items of Balance Sheet:</p> <table border="1" data-bbox="686 386 1334 575"> <thead> <tr> <th>Description</th> <th>PKR in Million</th> </tr> </thead> <tbody> <tr> <td>Non-Current Assets</td> <td>60.86</td> </tr> <tr> <td>Current Assets</td> <td>1,421.55</td> </tr> <tr> <td>Equity</td> <td>(785.78)</td> </tr> <tr> <td>Liabilities</td> <td>2,268.18</td> </tr> </tbody> </table> <p>Main items of Profit and Loss Account:</p> <table border="1" data-bbox="686 655 1334 844"> <thead> <tr> <th>Description</th> <th>PKR in Million</th> </tr> </thead> <tbody> <tr> <td>Net Turnover</td> <td>706.15</td> </tr> <tr> <td>Gross Profit</td> <td>217.38</td> </tr> <tr> <td>Profit before tax</td> <td>(1,091.64)</td> </tr> <tr> <td>Profit after tax</td> <td>(1,133.60)</td> </tr> </tbody> </table>	Description	PKR in Million	Non-Current Assets	60.86	Current Assets	1,421.55	Equity	(785.78)	Liabilities	2,268.18	Description	PKR in Million	Net Turnover	706.15	Gross Profit	217.38	Profit before tax	(1,091.64)	Profit after tax	(1,133.60)
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(vi)	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations.	Not applicable.																				
<b>(B)</b>	<b>General Disclosures: -</b>																					
(i)	maximum amount of investment to be made;	The aggregate purchase price for acquisition of shares is up to PKR 1,200,000,000/- (Pak Rupees one billion two hundred million only)																				
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p>To support and strengthen the balance sheet and financial position of Alfalah CLSA's thereby enabling it to operate and better compete in the market.</p> <p>The proposed investment will also increase the Bank's effective ownership in Alfalah CLSA.</p> <p>The Board has not fixed any period for the investment and is intended to be held for an indefinite period.</p>																				
(iii)	<p>sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost benefit analysis.</p>	<p>The investment shall be made from the Banks's internal cash flows.</p> <p>(i) Not Applicable (ii) Not Applicable (iii) Not Applicable</p>																				
(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	Not applicable, as the shares will be subscribed pursuant to Alfalah CLSA's rights issue announcement. Accordingly, no agreement will be entered into between the Bank and Alfalah CLSA.																				
(v)	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	None.																				

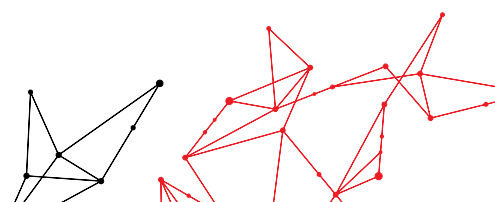




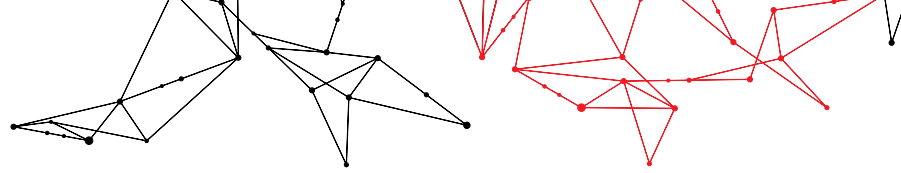
(vi)	<p>in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and</p>	<p>The Bank subscribed to 97.91% of the issued and paid-up share capital of Alfalah CLSA at the time of incorporation of Alfalah CLSA in 2003. In 2018, the Bank booked an impairment loss of PKR 42.98 Mn pertaining to its investment in Alfalah CLSA which is currently being carried in the Bank's book. In 2019, the Bank entered into an agreement in which certain strategic investors acquired shares in Alfalah CLSA by way of a rights issue diluting the Bank's holding to 61.2% of the issued and paid-up share capital of Alfalah CLSA. The Bank acquired additional shares from minority shareholders in 2022, taking its holding to 62.5%.</p> <p>The company has reported profits in 2020, 2021 and 2022. The company has also expanded its operations in Lahore, Islamabad, Rawalpindi, and Multan. It has also recently received approval for fixed income and foreign exchange interbank brokerage license.</p> <p>The Bank has recently taken steps to address certain challenges relating to trade receivables uncovered within Alfalah CLSA. These steps were required in order to stabilize the Company and steer Alfalah CLSA towards a growth trajectory. In light of the challenges faced by Alfalah CLSA and the measures adopted in response thereto, the booking of an impairment charge of PKR 262.24 Mn for 2023 was necessary in the Bank's book for a fair and accurate depiction of Alfalah CLSA's affairs. It is expected that as a result of the equity investment, Alfalah CLSA will not only benefit from a strong balance sheet and financial position but also be positioned to better compete in the market. The new investment will also solidify the Bank's majority stake and demonstrates the Bank's unwavering commitment to Alfalah CLSA, its customers and stakeholders.</p> <p>The performance of Alfalah CLSA in the last five (5) financial years can be ascertained from the information in the table below:</p> <table border="1" data-bbox="616 980 1359 1514"> <thead> <tr> <th>Particulars</th> <th>FY 2023 (unaudited)</th> <th>FY 2022</th> <th>FY 2021</th> <th>FY 2020</th> <th>FY 2019</th> </tr> </thead> <tbody> <tr> <td>Turnover (PKR Mn)</td> <td>706</td> <td>461</td> <td>318</td> <td>238</td> <td>134</td> </tr> <tr> <td>Growth (%)</td> <td>53%</td> <td>45%</td> <td>34%</td> <td>77%</td> <td>3%</td> </tr> <tr> <td>Profit before Tax (PKR Mn)</td> <td>(1,092)</td> <td>(12)</td> <td>74</td> <td>42</td> <td>(28)</td> </tr> <tr> <td>Equity (PKR Mn)</td> <td>(786)</td> <td>341</td> <td>335</td> <td>277</td> <td>238</td> </tr> </tbody> </table>	Particulars	FY 2023 (unaudited)	FY 2022	FY 2021	FY 2020	FY 2019	Turnover (PKR Mn)	706	461	318	238	134	Growth (%)	53%	45%	34%	77%	3%	Profit before Tax (PKR Mn)	(1,092)	(12)	74	42	(28)	Equity (PKR Mn)	(786)	341	335	277	238
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(v)	any other important details necessary for the members to understand the transaction.	None.																														
<b>(b)</b>	<b>In case of equity investment: -</b>																															
(i)	maximum price at which securities will be acquired;	Up to PKR 10/- per ordinary share.																														
(ii)	in case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	Not Applicable																														
(iii)	maximum number of securities to be acquired;	up to 1,200,000,000 ordinary shares (each having a face value of PKR 10 each).																														

(iv)	number of securities and percentage thereof held before and after the proposed investment;	Bank Alfalah Limited holds 24,999,956 ordinary shares of Alfalah CLSA which entitled it to 62.5% shareholding in Alfalah CLSA.  After the investment, Bank Alfalah Limited shall hold up to 1,224,999,956 (including through nominees) ordinary shares of Alfalah CLSA increasing its shareholding to upto 98.8% of the share capital of Alfalah CLSA.
(v)	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Not Applicable.
(vi)	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities.	Break-up value per share PKR (19.64) as per unaudited financial statements as at 31 December 2023 as external audit for the year ended 31 December 2023 is under way.

None of the directors of the Bank have any direct or indirect interest in the above said Special Businesses.



# Glossary and Definition of Terms



## Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the words 'accepted' above his signature and a designated payment date.

## Activity/Turnover Ratios

Evaluate the operational efficiency of the company to convert inventory and receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales

## Basel III

Basel III (or the Third Basel Accord) is a global, voluntary regulatory standard on bank capital adequacy, stress testing and market liquidity risk.

## Basis Point

One hundredth of a percent i.e. 0.01 per cent. 100 basis points is 1 percent. Used when quoting movements in interest rates or yields on securities.

## Breakup Value per Share

Represents the total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets, excluding the impact of revaluation on fixed assets, divided by the total number of shares outstanding at year end.

## Bonus Issue (Scrip Issue)

The issue of new shares to existing shareholders in proportion to their shareholdings. It is the 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/borrowing rates are called Call Money Rates

## Capital Structure Ratios

Provide an indication of the long-term solvency of the Company and its cost of debt, in relation to equity and profits.

## Coupon Rate

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.

## Computer Software (intangible assets)

An asset consisting of computer programmes, programme descriptions and supporting materials for both systems and applications software; included are purchased software and software developed on own account, if the expenditure is large.

## 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.

## Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.



### Cost to Income Ratio

The proportion of admin expenses to total income, represented as combination of net interest income and non interest income.

### Currency (cash in hand)

Notes and coins that are of fixed nominal values and accepted as legal tender in an economy that are issued by the central bank and/or government. This category should also include currency that is no longer legal tender, but that can be exchanged immediately for current legal tender.

### Credit Risk Spread

The credit spread is the yield spread between securities with the same coupon rate and maturity structure but with different associated credit risks, with the yield spread rising as the credit rating worsens. It is the premium over the benchmark or risk-free rate required by the market to take on a lower credit quality.

### 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/receivable in a financial year other than current financial year due to differences

in accounting policies and applicable taxation legislations.

### Discount Rate

The rate at which SBP provides three-day Repo facility to banks, acting as the lender of last resort.

### Dividends

Distribution of earnings to shareholders prorated by the class of security and paid in the form of money, stock, scrip, and rarely company products or property.

### Dividend Payout Ratio

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

### Dividend Yield Ratio

Dividend per share (DPS) divided by the market value of share.

### Earnings per Share (EPS)

Profit after taxation divided by the weighted average number of ordinary shares in issue.

### Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation.

### Electrical, Office and Computer Equipment

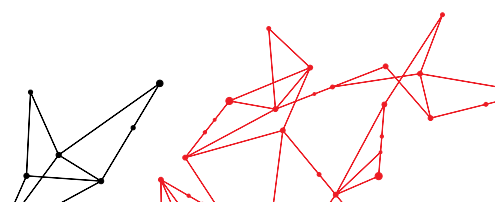
All office equipment, other than those acquired through financial leases, that are used for the business, including counting and computing equipment, printers, scanners, photocopiers, fax machines, etc.

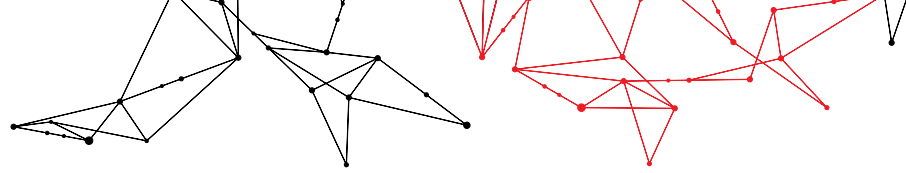
### Finance Lease

The one in which risk and rewards incidental to the ownership of the leased asset is transferred to lessee but not the actual ownership.

### Fixed Deposits

Deposits having fixed maturity dates and a rate of return.





### **Forced Sale Value (FSV)**

The value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

### **Forward Exchange Contract**

Agreements between two parties to exchange two designated currencies at a specific time in the future.

### **Forward Purchase Contract**

Forward purchase contract is one in which the exporter enters into the forward booking contract to protect himself from the exchange rate fluctuation at the time of receiving payment.

### **Forward Sale Contract**

In a forward sale contract the importer enters into a transaction to buy foreign currency from the Bank at the predetermined rate to protect himself from the exchange fluctuation at the date the payment.

### **Furniture and Fixture**

All type of furniture and fixtures other than those acquired under financial leases for business are included.

### **Government Securities**

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

### **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.

### **Head Office/Branch Adjustment Account**

All adjustments made with head offices or branches and are payable.

### **Historical Cost Convention**

Recording transactions at the actual value received or paid.

### **Impairment**

Impairment of an asset is an abrupt decrease of its fair value and measured in accordance with applicable regulations.

### **Impairment Provisions**

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

### **Interest Rate Swap (IRS)**

An Interest Rate Swap (the swap) is usually 'fixed to floating' or 'floating to floating' exchanges of interest rate between two parties. As per the contract, on each payment date during the swap period, the cash payments based on difference in fixed/floating or floating/floating rates are exchanged by the parties from one another. 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.

### **Investment/Market Ratios**

Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the Company's ability to generate profits.

### **KIBOR (Karachi Interbank Offered Rate)**

The Interbank lending rate between banks in Pakistan and is used as a benchmark for lending.

### **LIBOR (London Interbank Offered Rate)**

The 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

### **Liquid Assets**

An asset that can be converted into cash quickly and with minimal impact to the price received.

### **Liquidity Ratios**

The Company's ability to meet its short-term financial obligations. A higher ratio indicates a greater margin of safety to cover current liabilities.

### **Market Capitalisation**

Number of ordinary shares in issue multiplied by the market value of share as at any cut-off date.

### **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.

### **Medium Enterprise**

A Medium Enterprise (E) is a business entity which meets both the following parameters:

Number of employees\* more than 50 less than 250  
Annual Sales Turnover more than Rs. 150 million but less than Rs. 800 million

\*includes contract employees

### **Non-Performing Loan**

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/interest or principal is overdue by 90 days or more from the due date.

### **Non-Performing Loan-Doubtful Category**

Where mark-up/interest or principal is overdue by 180 days or more from the due date.

### **Non-Performing Loan-Loss Category**

Where mark-up/interest or principal is overdue by one year or more from the due date and Trade Bill (Import/ Export or Inland Bills) are not paid/adjusted within 180 days of the due date.

### **NPLs to Gross Advances/Loans**

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

### **Nostro Account**

An accounts 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 recognised as assets or liabilities in the statement of financial position, but which give rise to contingencies and commitments.

### **Other Deposits**

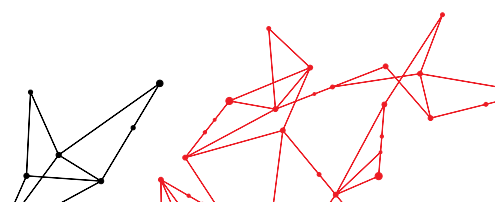
All claims of customers on banks/DFIs other than transferable or restricted deposits in national currency or in foreign currency that are represented by evidence of deposits. Banks/DFIs commonly raise funds through issuing certificate of deposits. This category also includes call deposits and special notice deposits.

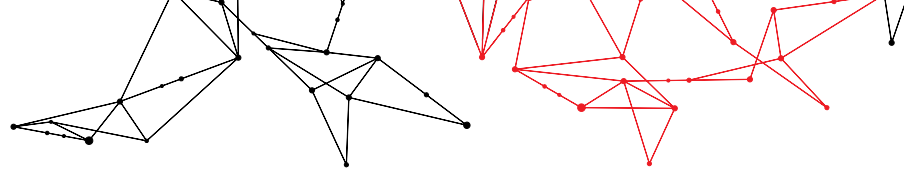
### **Pakistan Investment Bonds (PIBs)**

They are the long-term coupon yielding instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 year.

### **Profitability Ratios**

Used to assess the Company's ability to generate profits in relation to its sales, assets and equity.





### **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.

### **Price Earnings Ratio (P/E Ratio)**

Market price of a share divided by earnings per share.

### **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.

### **Return on Average Equity**

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

### **Return on Average Assets**

Profit after tax divided by the average assets.

### **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.

### **Retained Earnings**

The category of retained earnings shows all earnings (after tax profit) from the overall operations of the banks/DFIs less any amount allocated to general and special reserves, which is established as a capital cushion to cover operational and financial risks of the banks/DFIs.

### **Revenue Reserves**

Reserves set aside for future distribution and investment.

### **Small Enterprise**

A Small Enterprise (SE) is a business entity which meets both the following parameters:

Number of employees\* Up to 50

Annual Sales Turnover Up to Rs. 150 million

\*includes contract employees

### **Subordinated Loans**

Funds raised by the banks/DFIs from subsidiary companies, managed modarabas, associated undertakings, director or holders have priority in the event of failure of the institution. Such debts are created by a subordination agreement under which a creditor acknowledges that his claim is secondary to the claim of other creditors, such as depositors.

### **Strategic Investment**

Strategic Investment is an investment which a bank / DFI makes with the intention to hold it for a period of minimum 5 years.

### **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.

### **Treasury bills**

These are short-term debt instrument issued by the government treasury to raise funds for the government or to regulate money supply through open market operations of the central bank. The market transactions are managed by the State Bank of Pakistan on behalf of the treasury.

### **Unrealised Gain on Forward Foreign Exchange Contracts**

In a forward contract, the counter parties agree to exchange, on a specified date, a specified quantity of an underlying item (real or financial) at an agreed-upon contract price. Either party to a forward contract is a potential debtor. The unrealised gain to be received due to difference between the rates agreed upon and the rate prevailing in the market should be reported under this item. You lock in today's exchange rate instead of a volatile currency exchange rate in the future that could significantly devalue your purchasing power.

### **Unrealised Gain on Interest Rate Swaps**

It is the exchange of one set of cash flows for another. A pre-set index, notional amount and set of dates of exchange determine each set of cash flows. The most common type of interest rate swap is the exchange of fixed rate flows for floating rate flows.

### **Glossary – Acronyms**

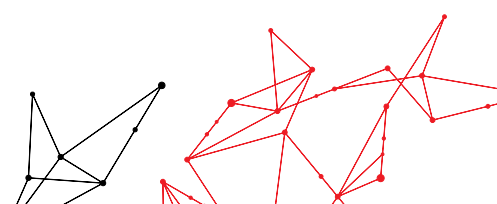
AGM	Annual General Meeting
BAC	Board Audit Committee
BAFL	Bank Alfalah Limited
BCC	Board Compensation Committee
BHRNC	Board Human Resource and Nomination Committee
BRMC	Board Risk Management Committee
BSFC	Board Strategy and Finance Committee
BCP	Business Continuity Planning
BOD	Board of Directors
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPIs	Critical Performance Indicators
CSR	Corporate Social Responsibility
ERP	Enterprise Resource Planning
HRLG	Human Resource and Learning Group
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IFRIC	International Financial Reporting Interpretation Committee
ITG	Information Technology Governance
NFI	Non Funded Income
NII	Non Interest Income

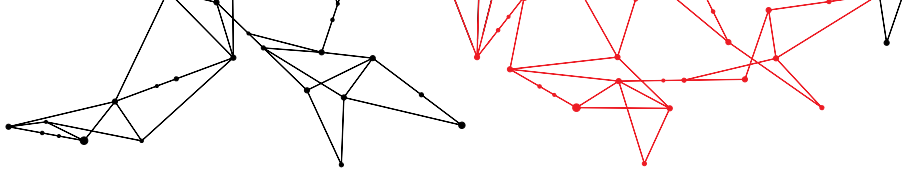
### **Vehicles**

Vehicles (as assets) other than those acquired through financial leases consist of equipment for moving people and objects, other than any such equipment acquired by households for final consumption. Transport equipment such as motor vehicles, trailers, ships, aircrafts, motorcycles, bicycles, etc.

### **Weighted Average Cost of Deposits**

Percentage of the total interest expense on average deposits of the bank for the period.





# FORM OF PROXY

Folio/CDC Account No.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Bank Alfalah Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Register Folio No./CDC Account No. \_\_\_\_\_ hereby appoint Mr. \_\_\_\_\_ Register Folio No. / CDC Account No. (if member) \_\_\_\_\_ of \_\_\_\_\_ or failing him Mr. \_\_\_\_\_ Register Folio No./ CDC Account No. \_\_\_\_\_ (if member) of \_\_\_\_\_, as my/our proxy in my/our absence to attend and vote for me/us, on my/our behalf at the 32<sup>nd</sup> Annual General Meeting of the Bank to be held on Wednesday, 20th March, 2024 at 11:00 AM and at any adjournment thereof.

Signed under my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
(Member's signature on Rs.5/- Revenue Stamp)

## Signed in the presence of:

\_\_\_\_\_  
Signature of Witness  
Name: \_\_\_\_\_  
CNIC/Passport No. \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Witness  
Name: \_\_\_\_\_  
CNIC/Passport No. \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_

1. A member entitled to attend, and vote at the Meeting is entitled to appoint another member as a proxy to attend, speak and vote on his/her behalf. A corporation being a member may appoint as its proxy any of its official or any other person whether a member of the Bank or otherwise.
2. An instrument of proxy and a Power of Attorney or other authority (if any) under which it is signed, or notarized copy of such Power of Attorney must be valid and deposited at the Share Registrar of the Bank, M/s. F. D. Registrar Services (Pvt.) Limited, Office No: 1705, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi-74000, not less than 48 hours before the time of the Meeting.
3. In case of proxy for an individual beneficial owner of CDC, attested copy of beneficial owner's Computerized National Identity Card, Account and Participant's ID numbers must be deposited along with the form of proxy with the Share Registrar. The proxy must produce his/her original identity card at the time of the Meeting. In case of proxy for corporate members, he/she should bring the usual documents required for such purpose.





# بینک الفلاح لمیٹڈ

## نمائندگی کا فارم (پراکسی فارم)

فولیو / سی ڈی سی اکاؤنٹ نمبر

میں مُستَی / مُستَی اکاؤنٹ نمبر \_\_\_\_\_ فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ ساکن \_\_\_\_\_  
ضلع \_\_\_\_\_ بحیثیت ممبر بینک الفلاح لمیٹڈ / مُستَی / مُستَی \_\_\_\_\_  
فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ ساکن \_\_\_\_\_ یا ان کی غیر حاضری کی صورت میں مُستَی / مُستَی \_\_\_\_\_  
فولیو / سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ ساکن \_\_\_\_\_

کو بطور مختار (پراکسی) مقرر کرتا / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 32 ویں سالانہ اجلاس عام جو بتاریخ 20 مارچ 2024ء بروز بدھ کو صبح 11:00 بجے منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

بتاریخ \_\_\_\_\_ 2024ء کو گواہان کی موجودگی میں دستخط کئے۔

گواہ (وٹس) کے دستخط

نام:

شناختی کارڈ نمبر:

پتہ:

گواہ (وٹس) کے دستخط

نام:

شناختی کارڈ نمبر:

پتہ:

(ممبر / رکن کے دستخط)

5 روپے کی رسیدی ٹکٹ پر

### اہم نکات

- ایسا ممبر جو میٹنگ میں شمولیت اور ووٹ دینے کا اہل ہے وہ کسی دوسرے ممبر کو اپنے / اپنی پراکسی کے طور پر میٹنگ میں شمولیت اور ووٹ دینے کے لیے نامزد کر سکتا ہے۔ علاوہ ازیں، کارپوریشن ایسے شخص کو نامزد کر سکتی ہے جو ممبر نہ ہو۔
- ہر لحاظ سے مکمل پراکسی فارم اور پاور آف اٹارنی یا کوئی اور متعلقہ اتھارٹی جس کے تحت اس فارم کا مکمل کیا گیا ہو، لازمی طور پر بینک کے شیئر رجسٹرار میسرز ایف۔ ڈی۔ رجسٹرار سروسز پرائیویٹ لمیٹڈ کے دفتر واقع، آفس نمبر 1705، سترہویں منزل، صائمہ ٹریڈ ٹاور۔ اے، آئی آئی چندریگر روڈ، کراچی پر میٹنگ سے 48 گھنٹے قبل جمع کروا دیا جائے۔
- سی ڈی سی اکاؤنٹ ہولڈر فرد کے لیے ضروری ہے کہ وہ ممبر کی تصدیق شدہ شناختی کارڈ کی کاپی جمع سی ڈی سی اکاؤنٹ کی تفصیل شیئر رجسٹرار کو جمع کروائے۔ جبکہ پراکسی کا میٹنگ کے وقت اصل شناختی کارڈ مہیا کرنا ضروری ہے۔



















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# Bank Alfalah

The Way Forward



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Karachi, Pakistan.  
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