

Annual Report

2021



JS BANK is one of the fastest growing banks in Pakistan, with both domestic and international presence. The bank is a leader in the digital financial services, SME and consumer loan space. JS Bank has also been recognized on multiple international and national forums, including the prestigious AsiaMoney, Asian Banking and Finance, DIGI, and Pakistan Banking Awards. It is a part of JS Group, one of Pakistan's most diversified and progressive financial services groups.



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Vision

To be the most innovative, customer centric and responsible bank in Pakistan.

Mission

Our mission is to be a world class bank providing innovative financial services to our customers through a motivated team of professionals, supported by the latest technology, whilst maintaining high ethical standards, creating value for all our stakeholders and contributing to the society through responsible and sustainable development.

Company Information

Board of Directors

Mr. Kalim-ur-Rahman	Chairman
Mr. Adil Matcheswala	Non-Executive Director
Mr. Ashraf Nawabi	Non-Executive Director
Mr. G.M. Sikander	Independent Director
Mr. Hassan Afzal	Non-Executive Director
Mr. Munawar Alam Siddiqui	Non-Executive Director
Ms. Nargis Ghaloo	Independent Director
Mr. Sohail Aman	Independent Director
Mr. Basir Shamsie	President & CEO

Audit Committee

Ms. Nargis Ghaloo	Chairperson
Mr. Adil Matcheswala	Member
Mr. G.M. Sikander	Member
Mr. Munawar Alam Siddiqui	Member

Human Resource, Remuneration & Nomination Committee

Mr. Sohail Aman	Chairman
Mr. Adil Matcheswala	Member
Mr. G.M. Sikander	Member
Mr. Kalim-ur-Rahman	Member

Risk Management Committee

Mr. Ashraf Nawabi	Chairman
Mr. Munawar Alam Siddiqui	Member
Ms. Nargis Ghaloo	Member
Mr. Basir Shamsie	Member

Board IT Committee

Mr. Hassan Afzal	Chairman
Mr. Kalim-ur-Rahman	Member
Mr. Sohail Aman	Member
Mr. Basir Shamsie	Member

Chief Financial Officer

Mr. Hasan Shahid

Company Secretary

Mr. Ashraf Shahzad

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2,
Beaumont Road, Karachi

Legal Advisors

Bawaney & Partners
Haidermota & Co.
Liaquat Merchant Associates

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99 – B, Block ‘B’,
S.M.C.H.S., Main Shahra-e-Faisal, Karachi

Registered office

JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847, Karachi-74200, Pakistan
UAN: +92 21 111 JS Bank (572-265)
+92 21 111-654-321
www.jsbl.com



Corporate Values



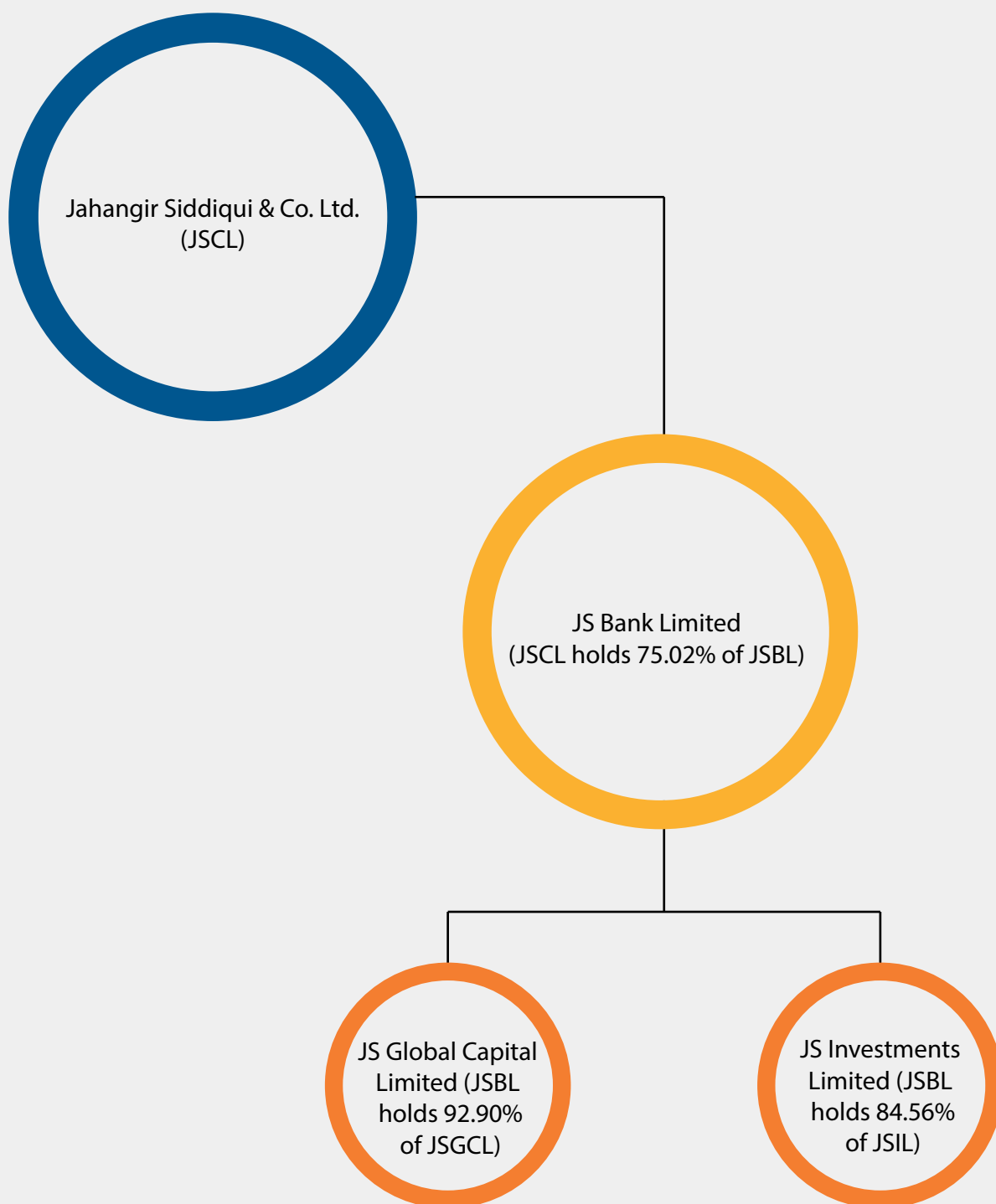
Code of Conduct

JS Bank's Code of Conduct is designed to guide the personal business ethics of its employees and does not tolerate any conduct which might be considered detrimental to the Bank and its reputation.

The Bank considers honesty and integrity as cornerstones of ethical behaviour for lasting business relationships. The Bank aims to deliver products and services in a fair, transparent and ethical manner. Our Code of Conduct emphasises upholding ethical standards across all business dealings and relationships. The Bank aims to be transparent in all its dealings and enhance customer banking knowledge and inform them about banking services in a wholistic manner.

The complete Code of Conduct is handed over to all employees and is available on the Bank's website as well.

Operating Structure







PRODUCTS AND SERVICES

Products and Services

JS Current Deposit Products

For complete day-to-day banking needs, JS Current Deposit menu is designed to provide our valued customers with transactional convenience and flexibility for all their financial dealings.

JS Savings Deposit Products

We offer a wide array of savings products that cater to short term investment and transactional needs with attractive profit rates on deposits.

JS Term Deposit Products

JS Term Deposits offer attractive short and medium to long term investment options with flexibility, convenience and security. With various tenor options, customers can choose the one that suits their needs.

Foreign Currency Accounts

Customers can save in foreign currency accounts, of various currencies and enjoy attractive returns. A wide range of account types are offered for personal and business individuals.

Corporate Banking

JS Corporate Banking is focused on providing a range of diverse financial services (including tailor made solutions) to corporate customers (including multi-national and public entities) by partnering with them and building long term sustainable relationships.

JS Private Banking

JS Private Banking takes our customers on a journey of rewarding experiences and a diverse product suite of deposits, lending and investment solutions. Our private banking teams work one-on-one with each customer, drawing upon the full resources of JS Private banking to create sophisticated banking and high-end credit solutions for individuals and families with multiple income streams that require complex solutions.

Employee Banking and Cash Management

We offer superior payroll and cash management solutions to corporates across Pakistan. In addition to the best set of product features, our payroll

customers enjoy unmatched rates on consumer loans, free of cost insurance coverage and facilities such as Advance Salary, Personal Loans & Charge Cards.

JS Consumer Lending Products

JS Consumer Banking offers a full suite of consumer lending products to our valued customers. The Bank's current product portfolio consists of Credit Cards, Auto Loans, Home Loans and Personal Loans.

JS ATMs

We have a widespread ATM network placed at both Bank branches and commercial locations for consumers' convenience. JS ATMs provide customers with 24-hour convenience to withdraw cash, view mini-statement, make fund transfers and much more.

JS SMS Alerts

We continually update our valued customers with financial transaction and information alerts via SMS.

JS Call Center

We offer customers a 24/7 call center designed to enhance service delivery and support across multiple channels. JS Call Center is equipped with trained professionals who offer a wide array of information and problem resolution support around the clock. The customers are further facilitated through self-service modes like Interactive Voice Response (IVR) and Telephonic Personal Identification Number (TPIN).

Home Remittances

We offer customers a multitude of Home Remittance offerings and are committed to contributing towards the national interest of promoting remittances through legal channels.

We are the first bank in Pakistan which allows remittances to be sent to any cell number domestically in alliance with international remittance partners. Remittances can be collected from any J-Cash Agent or through ATM/Debit Card.

Safe Deposit Lockers

We pride ourselves in offering our customers ease of mind and this is yet another service that highlights our commitment in providing everything necessary to accommodate their needs. We offer various types of lockers depending on customer requirement to protect their documents, jewellery or any other valuables.

JS Green Financing

We offer Solar Panel financing solutions to individuals and businessmen for residential, agriculture and commercial needs. As one of Pakistan's leading Banks in green financing, we ensure end to end comprehensive installation of solar solutions through a network of over 40 AEDB-certified partners across Pakistan.

JS Agri Financing Products

Agriculture finance business of the Bank has embraced a new and progressive outlook as a result of various initiatives. A well-equipped, trained & experienced team has been put in place to facilitate customers on their doorsteps.

JS Gold Finance

We are one of the leading banks offering loans against gold ornaments for personal, business and investment requirements. We provide the fastest and most efficient turnaround time, with loans being processed as quickly from the time of application.

SME Banking

We are one of the leading banks in the SME lending space, with a variety of loans available geared towards development and expansion of SMEs across the country. We offer a diverse portfolio of lending facilities, including SBP initiatives offering rebated loans to specific target segments.

JS Kamyab Jawan Youth Entrepreneurship Scheme (PMYES)

Prime Minister's Kamyab Jawan Youth Entrepreneurship Scheme (PMYES) aims at empowering the youth of Pakistan by providing them highly Subsidized loans to set up or expand their business. Through its strategic alliance-based model, we have partnered with various local and

international organizations in the ride hailing, dairy farming and transportation segment in addition to financing individual business loans. In the coming years, strategic partnerships in the Agri value chain, Education, Business Incubation, Economic Development, and Manufacturing sectors are being explored as we look to transform lives throughout the country.

JS Khud Mukhtar

A financing solution based on State Bank of Pakistan's Refinance and Credit Guarantee Scheme for Women Entrepreneurs, JS Khud Mukhtar is a financing solution for businesswomen of Pakistan, enabling empowerment as well as financial stability. JS Khud Mukhtar provides easy access to finance for fulfilling all your aspirations.

JS Naya Aghaaz

The JS Naya Aghaaz SME loan has been designed to enable personal development of the differently abled individuals in Pakistan through term finance based on State Bank of Pakistan's Small Enterprise (SE) Financing and Credit Guarantee Scheme for special persons.

JS Bank Wealth Management

We offer convenience, risk diversification and great value with the availability of different product ranges for our customer according to their needs and risk appetites. We partner with the largest private sector life assurance company, EFU Life Assurance in Pakistan. JS Bank offers EFU Life Assurance unit-linked investment and life assurance products to help protect and increase customer's wealth. In addition, we offer our customers mutual funds managed by one of the oldest Asset Management companies in Pakistan - JS Investments Limited. Shariah Complaint options are also available for both Life Assurance and Mutual Funds products.

JS Blink Digital Accounts

JS Bank now allows all Pakistani residents to open accounts in targeted segments. These accounts can be opened end to end digitally via JS Bank website as well as mobile app. This is a landmark strategic shift from conventional methods of establishing banking relationship, where offered

products include Asaan Digital Account, Asaan Digital Remittances Account and Digital Account for freelancers. Under tutelage of SBP – JS Bank is targeting these crucial segments that are already digital and at the same time need their banking services to be digital as well.

JS Roshan Digital Accounts

JS Bank offers a digital solution to non-resident Pakistanis offering them the invaluable service of opening SBP designated RDA accounts entirely digitally from anywhere in the world. This product also allows RDA customers to invest in various lucrative and attractive certified investment products available in the market including investments with CDC, Naya Pakistan Certificate, etc. Again, all these offerings are digitally available for customers. This is an important contribution by JS Bank in the national drive towards enhancing Pakistan's inward remittances volume.

JS Mobile App and Internet Banking

JS Bank offers extensive digital services' coverage via its native Mobile Banking App as well as browser driven Internet Banking. The solutions are perfect for freelancing community who want to avail bank services – avoiding bank branches to stay connected with their bank 24/7.

The JS Bank Mobile and Internet Banking ensure that no customer will feel the need to visit branches or any other conventional channels. It provides non-stop banking services on a one-window digitized platform. These platforms are offered free of charge to all JS Bank customers.

JS Whatsapp Bot

JS offers a unique proposition as part of its digital services platform – whereby a customer can perform various banking services from within his/her WhatsApp. This is what is referred to as Social Banking. Customer simply needs to add JS Whatsapp BOT in his/her contacts and perform one-time registration from within the chat window.

JS WhatsApp BOT offers an ever-increasing number of services that add massive convenience and value in terms of time save and has enabled JS Bank to remain ahead of the competition in terms of its

volume of WhatsApp based offering. The services are offered to deposit customers as well as Credit Card consumers.

JS Mobile Wallet

JS Mobile Wallet allows users to open instant mobile wallet by downloading the J-Cash Wallet app. The wallet services include funds transfers, bill payments, mobile recharge, online payments, and e-commerce opportunities. The wallet can be topped up via multiple channels including physical locations (J-Cash Agents/JS Bank branches) or digital means (IBFT).

As part of its drive to digitize public to government (P2G) payments, JS Bank partnered with KPK & Islamabad Traffic Police for issuance and payment of digital challan. JS Bank facilitates annual traffic violation payments through instant fine payment and real-time SMS-based notifications. JS Bank has also digitized the driving license fee process for all districts of KPK.

Digital Technology Investment

JS Bank, launched a financial services youth brand called– Zindigi which will provide digital convenience and affordable access to mobile financial services. Zindigi is a major step in Pakistan’s fintech innovation and will redefine the customer banking journey in Pakistan, paving the way for onboarding GenZ by giving them an experience beyond ordinary.



Credit Rating

Long Term

AA-

(Double A Minus)

Short Term

A1+

(A One Plus)

(Assigned by Pakistan Credit Rating Agency)

Composition of the Board

S.No	Name of Directors	Status
1	Mr. Kalim-ur-Rahman - Chairman	Non- Executive Director
2	Mr. Adil Matcheswala	Non- Executive Director
3	Mr. Ashraf Nawabi	Non- Executive Director
4	Mr. G.M. Sikandar	Independent Director
5	Mr. Hassan Afzal	Non- Executive Director
6	Mr. Munawar Alam Siddiqui	Non- Executive Director
7	Ms. Nargis Ghaloo	Independent Director
8	Mr. Sohail Aman	Independent Director
9	Mr. Basir Shamsie- President & CEO	Non - Elected Executive Director

The Board of Directors of JS Bank presently has three (3) directors as Independent Directors including one Female Independent Director. The Independent Directors meets the criteria of independence as defined in the Companies Act, 2017 and the State Bank of Pakistan directives. Further, the Board also has five Non-Executive Directors excluding President & CEO of the Bank who is a non-elected Executive Director.

Profile of the Board of Directors

Mr. Kalim-ur-Rahman

Non-Executive Director – Chairman

Mr. Kalim-ur-Rahman was formerly President & CEO of JS Bank Limited from 2010 to 2013 and has been a Director of the Bank since then. He was elected Chairman of the Board of Directors in August 2019.

He is a seasoned banker with 50 years of experience in both international and domestic banking. He started his banking career with National & Grindlays Bank in 1963 as a Management trainee. After nearly three years of banking training in Pakistan and London, he was appointed as a covenanted officer of the Bank in 1966, and served in Karachi, Peshawar and London in senior positions till 1978, when he resigned and joined Middle East Bank, Dubai as Chief Manager, and subsequently promoted as Assistant General Manager - UAE Operations.

During his tenure with Middle East Bank in Dubai, he conceived and implemented the online computerization of the UAE branches in 1980, being one of the first in UAE banking. In 1985, he was posted to Karachi as General Manager – South Asia, and till 1991 he saw Middle East Bank, Pakistan grow its profitability by 35% per annum CAGR from only three branches in the country. After 1991, Mr. Kalim-ur-Rahman served in several Pakistani banks in senior positions, including as the President & CEO of Askari Commercial Bank from 1999 to 2006, during this period the Bank saw a phenomenal growth in its assets (40% CAGR) and profitability (47% CAGR). He subsequently served as the General Manager of Arab Emirates Investment, Dubai 2007-2008.

Mr. Kalim-ur-Rahman was the first Secretary General of the Pakistan Banks Association 2006- 2007.

Mr. Kalim-ur-Rahman did his Senior Cambridge from Burn Hall School, Abbottabad and B.Sc. (Hons) from Government College, Lahore. He had a first class academic career throughout, and his name is inscribed on the College Roll of Honor. He is a Fellow of the Institute of Bankers in Pakistan and holds the Director's certification from the Pakistan Institute of Corporate Governance as well as the Institute of Directors, London.

Mr. Kalim-ur-Rahman is a member of the Board's IT Committee and the HR, Remuneration & Nomination Committee.

Directorships in other companies:

Excel Labs (Pvt) Limited

Mr. Adil Matcheswala

Non-Executive Director

Mr. Adil Matcheswala is the CEO and founding Director of Speed (Private) Limited, a retail and distribution company that is incorporated in Pakistan. The Company's portfolio includes numerous leading International brands such as Nike, Adidas, Under Armour, Birkenstock, Tag Heuer, Charles & Keith, Pedro and Timex.

He started his professional career in the financial services industry in 1992 and was the Head of the Equity Sales Division of Jahangir Siddiqui & Co. Ltd. (formerly Bear Stearns Jahangir Siddiqui Limited).

He has previously served as the Chairman of the Board and Chairman of the Audit Committee of JS Global Capital Ltd. as well as a Director of JS Value Fund.

He has served on the Board of JS Bank Limited since 2012. He is also a member of the Board's Audit Committee and HR, Remuneration & Nomination Committee of the Bank.

Mr. Matcheswala graduated from Brown University with an A.B. in Economics.

Directorships in other companies:

Speed (PVT) Limited

JOMO Technologies (PVT) Limited

Mr. Ashraf Nawabi

Non-Executive Director

Mr. Ashraf Nawabi is a seasoned banker, working in United Arab Emirates since 1967. He has worked in United Bank Limited/BCCI, as CEO for their Middle East Regions. Presently he is working as Advisor in Emirates NBD Bank PSC, which is largest Commercial Bank in the Middle East & Africa.

Mr. Nawabi is also Board member of Alliance Insurance P.S.C. Dubai. He was also a Board member of Union National Bank Abu Dhabi, the third largest Bank of U.A.E. for almost ten years. Apart from this he is CEO/ Director of First Jamia Services Limited Lahore and Chairman Alif Noon Parents Foundation.

Mr. Nawabi, in coordination with Dubai ruling family members and businessmen established International School of Choueifat in Lahore in 1991. This school is one of its kind in the entire subcontinent, imparting high quality education to students for entry into leading Universities of Europe and America. Further branches of International School of Choueifat are planned to be opened in different cities of Pakistan in next few years.

On his own, with an up to date personal contribution of almost Rs. 200 million he has established KPSS School in Chakwal, specifically to impart quality education to under privileged children of the area. This School has enrolment of over 400 pupils which will gradually increase to 1500 students in next few years. To accommodate increase in students, substantial expansion is underway to increase the capacity of school.

Global institutions, Pakistani corporates, businessmen and individuals from Pakistan and abroad continue to donate substantial amounts for this noble cause. Further schools are also planned to be opened in less developed areas.

Mr. Nawabi has served on the Board of JS Bank since 2007. He is also a Chairman of the Board's Risk Management Committee.

Directorships in other companies:

First Jamia Services Limited,
Lahore Alliance Insurance Co. P.S.C. Dubai.

Mr. G.M. Sikander

Independent Director

Mr. G.M. Sikander has been a career civil servant having served the Government of Pakistan in various capacities for 39 years. He retired as Federal Secretary of the Housing and Works Division.

He has served as Assistant Commissioner and Deputy Commissioner in various districts of Punjab and contributed significantly towards social sector development. While serving as Deputy Commissioner of Kasur he single handedly established a public school on self-help basis which has now become a degree college with almost 5,000 students.

Mr. Sikander has previously served as Secretary to the Government of the Punjab and (KPK) provinces and headed the departments of Services, Establishment, Information & Tourism, Housing & Physical Planning, Baitul Maal, Social Security and Cooperatives. He also served as Principal Secretary to five Chief Ministers in the Punjab for a record period of nearly 10 years.

Mr. Sikander is also a Trustee of the Hamza Foundation in Lahore which is a foundation dedicated to supporting and educating deaf and mute students and a Life Trustee of the Marafie Foundation Pakistan which is engaged in the development of public health and education sectors in Gilgit Baltistan.

Mr. Sikander has served on the Board of JS Bank Limited since 2013. He is also a member of the Board's Audit Committee and HR, Remuneration & Nomination Committee of the Bank.

Mr. Sikander received his M.A. in Political Science from Punjab University and completed a Diploma in Development Administration from the University of Birmingham. He has also completed the Advanced National Management Course from the former Pakistan Administrative Staff College Lahore and a special course in Development Administration from The National Institute of Public Administration. Furthermore, he also holds the Director's Certification from the Institute of Chartered Accountants of Pakistan (ICAP).

Directorships in Other Companies:

Nil

Mr. Hassan Afzal

Non-Executive Director

Mr. Hassan Afzal is the Chief Technology Officer of Afiniti, a company that offers AI products to transform how enterprises pair employees and customers. Mr. Afzal has been responsible for the company's product engineering, professional services, and production support areas since 2007. Prior to joining the Afiniti team, Mr. Hassan held senior management positions with Deloitte Consulting, Commerce One and American Management Systems. At Deloitte Consulting, Mr. Afzal advised the CIOs of fortune 500 companies on technology strategy, merger integration, and enterprise system implementations. As Senior Principal at American Management Systems (AMS), Mr. Afzal was responsible for the systems deployment function of AMS's healthcare product offering. As Senior Director at Commerce One, Mr. Afzal was responsible for professional services engagements in the Oil and Gas sector.

Mr. Afzal was elected as director on the Board of JS Bank in 2019. He is also the Chairman of the Board's Information Technology Committee of the Bank.

Mr. Afzal holds a MSE in Computer and Information Systems from the University of Pennsylvania and a BS in Electrical Engineering from the University of Virginia.

Directorships in other companies:

Nil

Mr. Munawar Alam Siddiqui

Non-Executive Director

Mr. Munawar Alam Siddiqui, retired as an Air Commodore from the Pakistan Air Force (PAF) in 2003. His last post was Assistant Chief of Air Staff (Administration) at Pakistan Air Force Headquarters. For his meritorious services to the PAF, he was awarded Tamgha-e-Imtiaz (Military) and Sitara-e-Imtiaz (Military).

He was commissioned in the GD (P) Branch of the Pakistan Air Force in 1974. He is a qualified flying instructor and has flown over 8000 hours on different aircraft types including C-130, Boeing and Dassault aircraft. He has served as a VVIP and Presidential Pilot during his tenure of service and has held various key command and staff appointments in the PAF. He served as Director of Air Transport at Air Headquarters from 1996 to 1998 and commanded an operational air force base with over 8,500 personnels from 2000 to 2002.

Presently Mr. Siddiqui is Advisor to JS Investments Limited and was Chairman of JS Investments Limited from 2004 to 2013. Currently, he is Chairman of Peregrine Aviation (Pvt) Limited.

As part of his social commitment, he works as a director on the boards of Fakhr-e-Imdad Foundation, Karachi Education Initiative, Karachi School for Business & Leadership and Karigar Training Institute. He is also a Trustee of the Cardiovascular Foundation.

Mr. Siddiqui has served on the Board of JS Bank since 2016. He is also a member of the Board's Audit Committee and Risk Management Committee of the Bank.

Mr. Siddiqui holds a B.Sc. (Honours) in War Studies from Karachi University, a B.Sc. Avionics from Peshawar University, an M. Sc. in Defence and Strategic Studies from Quaid-e-Azam University and an M. Sc. in Strategic Studies from Karachi University. He is also an alumnus of the National Defence University.

Directorships in other companies:

Jahangir Siddiqui & Sons Limited
Fakhr-e-Imdad Foundation
Karachi Education Initiative
Peregrine Aviation (Pvt) Limited
Karigar Training Institute

Ms. Nargis Ghaloo - Independent Director

Ms. Nargis Ghaloo is a retired senior civil servant having served the Government of Pakistan in various capacities for 36 years. She retired as the Managing Director Public Procurement Regulatory Authority, Government of Pakistan. Ms. Ghaloo was Chairperson of State Life Insurance Corporation of Pakistan, Pakistan's largest life insurer, from 2014 to 2016. She is also the Chairperson of Alpha Insurance Company Limited.

Ms. Ghaloo joined the Civil Services of Pakistan in 1982, has many years of professional experience

serving in senior management positions with provincial as well as federal government departments in diversified fields such as public sector management, administration, financial, judicial, health, insurance and planning.

Ms. Ghaloo did her Masters in English from University of Sindh in 1981 and is a certified Director from The Pakistan Institute of Corporate Governance (PICG) and holds certificate of corporate governance from INSEAD and also holds a certificate in company direction from Institute of Directors, UK.

Ms. Ghaloo has served on the Board of JS Bank since 2016. She is also a member of the Board's Audit Committee and Risk Management Committee of the Bank.

Directorships in other companies:

Hinopak Motors Limited

Mr. Sohail Aman

Independent Director

Born in 1959, Air Chief Marshal Sohail Aman received his intermediate and graduate education at PAF College, Sargodha. Subsequently, he joined Pakistan Air Force and graduated from PAF Academy in 1980. He is a graduate of Pakistan Air Force War College and has two Masters Degrees: Strategic Studies from Karachi University and International Relations from Kings College, London. He is also a proud alumnus of Royal College of Defence Studies United Kingdom and has attended National & International Security Course at Harvard Kennedy School USA.

During his career, Air Chief Marshal Sohail Aman has flown various types of fighter aircrafts including F-16 and has a grand total of over 3000 fighter hours to his credit. As a distinguished fighter pilot and Combat Commander, he has also evaluated modern fighter aircraft like SU27, SU30, Gripen and Euro fighter Typhoon. He has commanded a Fighter Squadron, Combat Commanders' School, a Fighter Base and a Regional Air Command of Pakistan Air Force.

Air Chief Marshal Sohail Aman also has a rich staff experience and has served as Director Operations, Director Plans, Assistant Chief of Air Staff Operations, Deputy Chief of Air Staff Training and Deputy Chief of Air Staff Operations at Air Headquarters. As Deputy Chief of Air Staff Training, he focused on the concept of Education for All; especially to the underprivileged children. In this regard he introduced various scholarship schemes for deserving PAF as well as civilian children. He also developed two medical colleges and three air university campuses across the country during his tenure as the Chief.

As Deputy Chief of the Air Staff Operations, he was the main architect of Pakistan Air Force's campaign in support of successful counter terrorism operation Zarb-e-Azb that proved pivotal in eliminating the menace of terrorism from Pakistan and restoration of peace in the country. He personally led anti-terrorists missions in F16 aircraft depicting the nation's resolve to combat terrorism.

Air Chief Marshal Sohail Aman is also highly regarded for orchestration and actualization of Pakistan Air Force's modernisation plan. His relentless pursuit of indigenisation and focus on Human Resource development through industry academia linkage is evident in shape of development of "Aviation City" in PAF. The establishment of "PAF Airpower Center of Excellence" is yet another strategic initiative by the Air Chief Marshal. This unique institution aims to share PAF's rare experiences in Counter Terrorism Air Operations (CT) with friendly air forces. The institute also lays special focus on Research and Development (R&D) in the field of 'Airpower Application in Contemporary Warfare'. ACE's R&D is closely linked to development of modern aviation hardware at Aviation City, especially Project 'Azm' which was initiated by him as the PAF effort to manufacture fifth generation fighter aircraft. He envisioned and developed PAF Base Bholari near Hyderabad and developed it at a record speed as a fighter base.

Owing to his experience in security related issues and Leadership, Sohail Aman has extensively lectured at think tanks and audience at various high-ranking universities and staff & war colleges; both inland and abroad.

Sohail Aman is also a man of great compassion which is evident from the monumental steps he has undertaken for the welfare of families of martyrs, Personnel with Special Needs (PSN) and education and wellbeing of low paid employees of PAF.

In recognition of his meritorious and exceptionally dedicated services, he has been decorated with awards of Nishan-e-Imtiaz (Military), Hilal-e-Imtiaz (Military), Sitara-e-Imtiaz (Military) and Tamgha-e-Imtiaz (Military). He is also recipient of "The Legion of Merit" of Turkish Armed Forces, "King Abdul Aziz Medal of Excellence" by the Kingdom of Saudi Arabia and United States' "Legion of Merit", the highest military award of US Armed forces awarded to any foreign military official. Air Chief Marshal is currently studying Leadership, Policy Formulation and Governance and is undertaking projects relating philanthropic work.

Mr. Aman was appointed as director on the Board of JS Bank in 2019. He is also the Chairman of the Board's HR, Remuneration & Nomination Committee

and member Board IT Committee of the Bank.

Directorships in other companies:

Nil

Mr. Basir Shamsie - President and CEO

Mr. Basir Shamsie is President & CEO of JS Bank Limited.

Mr. Shamsie has received his Bachelors in Business Administration from University of Texas at Austin. He has also completed the Program for Leadership Development from Harvard Business School.

Mr. Shamsie joined Bear Stearns Jahangir Siddiqui & Co. (now Jahangir Siddiqui & Co. Ltd.) in 1994 in the Money and Bond Markets business. His particular expertise is in Treasury and Investment Banking and he is credited with over 60 capital market deals, many of which have been landmark transactions for Pakistan.

He was part of the core team responsible for acquisition of American Express Bank's Pakistan operations in 2006 and its merger into JS Bank, Mr. Shamsie has since been associated with JS Bank in various senior roles such as Group Head of Treasury, Wholesale & International Banking which he held till May of 2017. His last assignment was Deputy CEO of JS Bank.

He has previously served as Chairman, JS Investments Limited and JS Global Capital Limited and Director of JS Bank Limited.

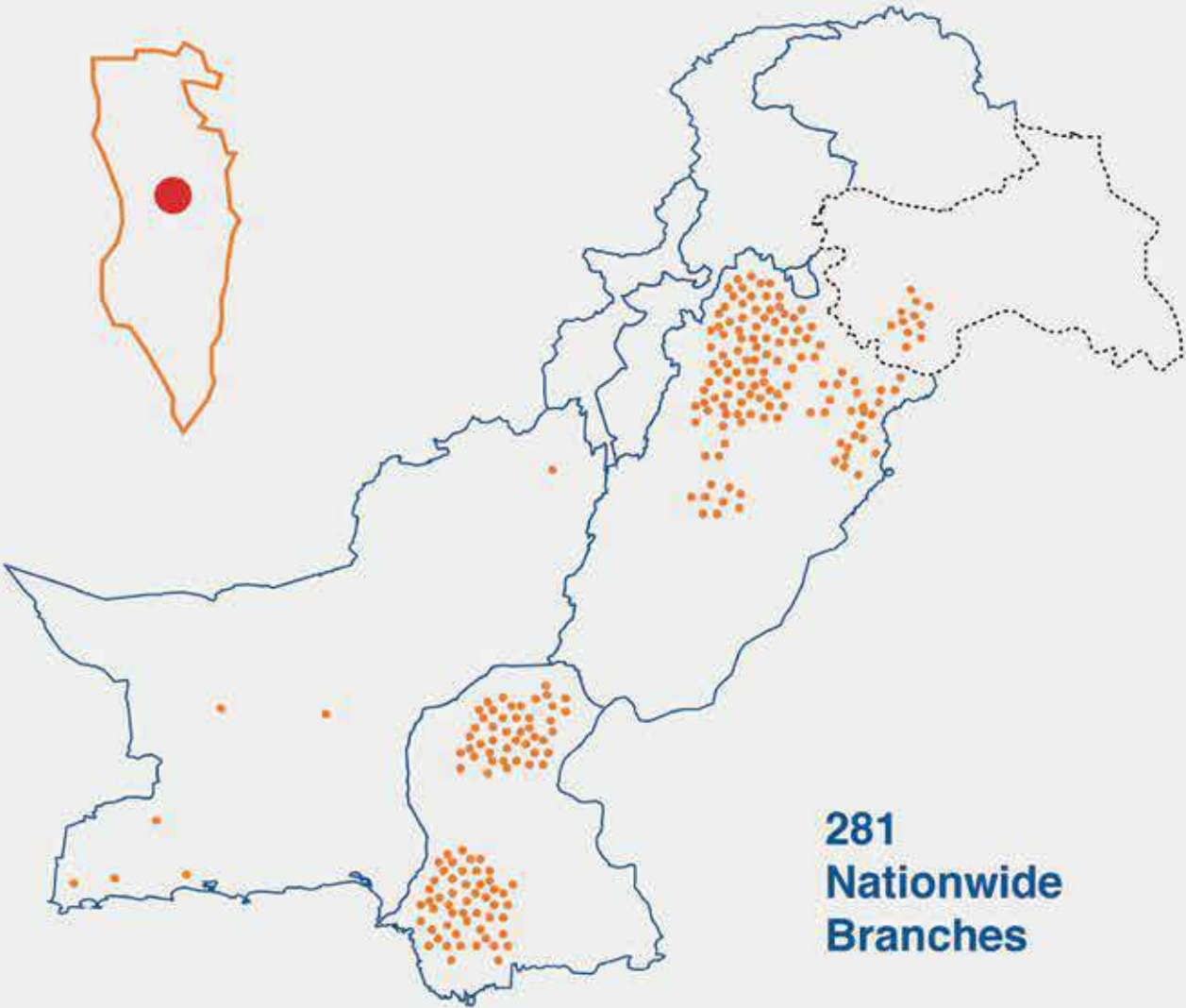
Directorships in other companies:

Nil

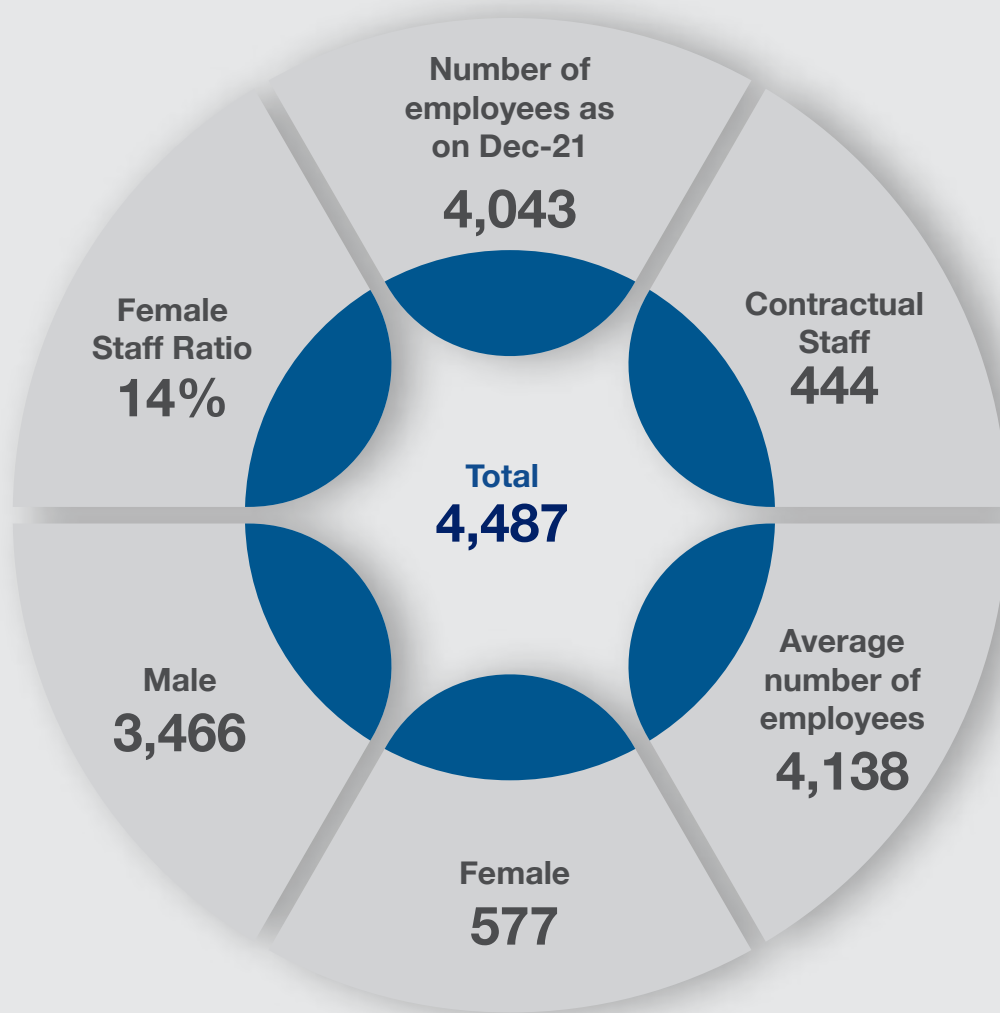
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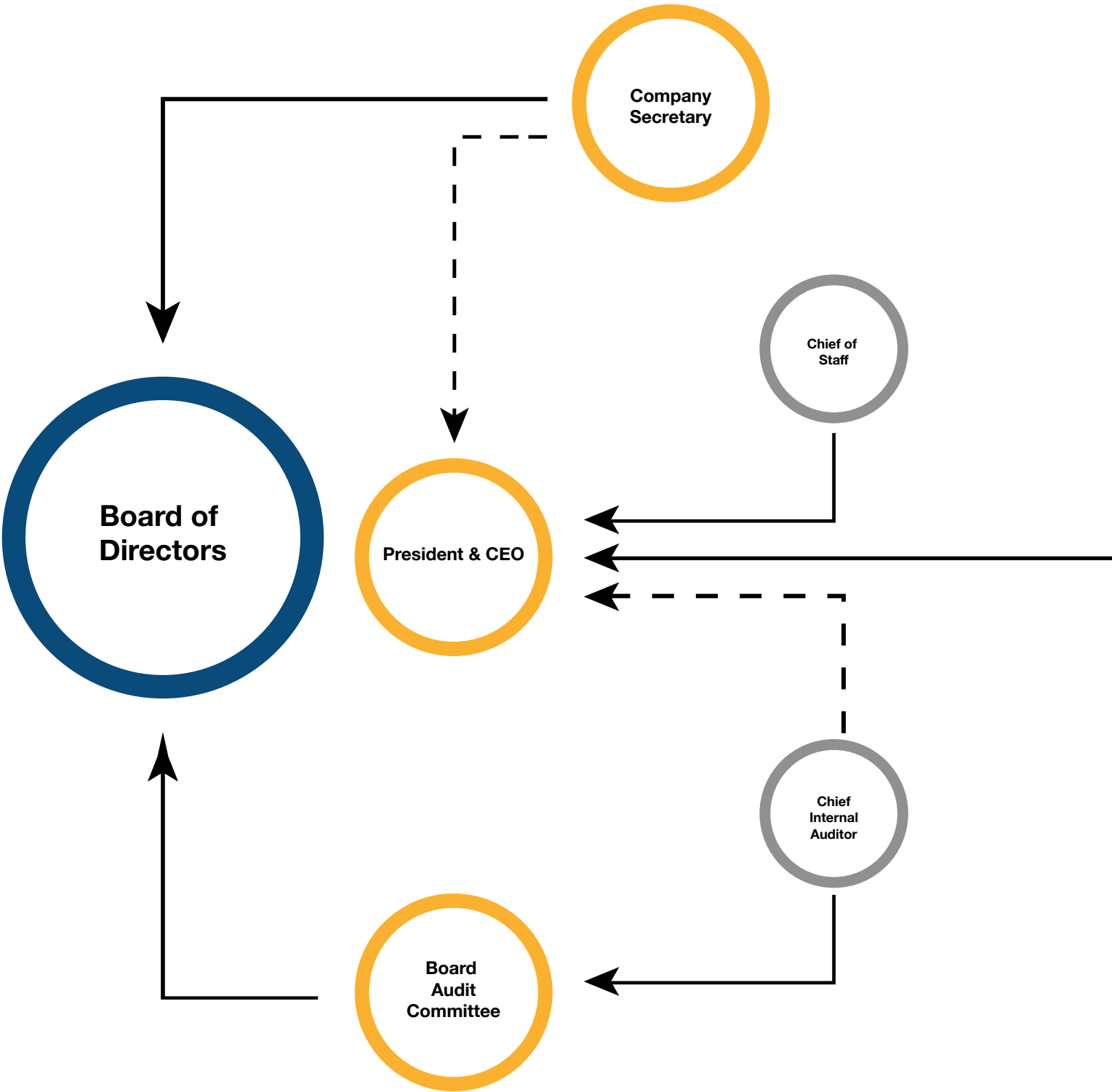
1 International Branch
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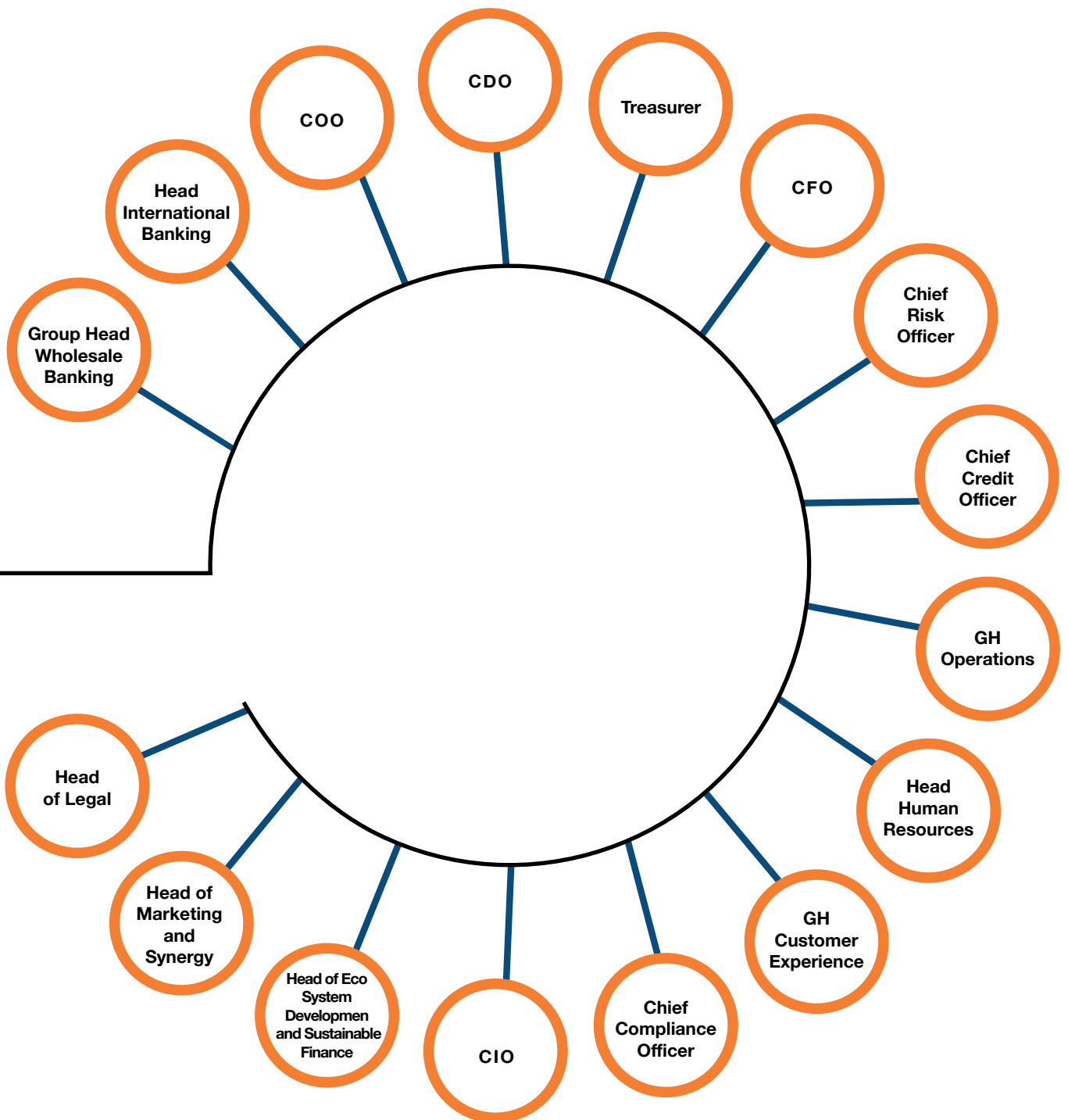


STAFF STRENGTH



Organizational Structure





Corporate Profile of the Bank

JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 307 (December 31, 2021: 282) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2021: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

Subsidiaries

JS Global Capital Limited

Holding 92.90%

JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. It was incorporated in Pakistan on June 28, 2000 and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited.

JS Investments Limited

Holding 84.56%

JS Investments Limited is a licensed Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company is also a licensed Pension Fund Manager under the Voluntary Pension System Rules 2005. JSIL has also acquired the Private Equity and Venture Capital Fund Management Services license and REIT Management Services from the Securities and Exchange Commission of Pakistan.



Chairman's Review

I am pleased to present this report to the valued stakeholders of JS Bank Limited (the “Bank”) on the overall performance of the Bank and the effectiveness of the role played by the Board in achieving the Bank’s objectives.

The Bank’s continuous efforts to achieve a robust financial position were acknowledged by the Pakistan Credit Rating Agency (PACRA), re-affirming the long-term entity rating of the Bank at AA- (Double A Minus) with a short-term credit rating standing at A1+ (A One Plus), the highest possible in the category.

The Bank is committed to its role of acting as a catalyst of progress within the national financial industry. One of our important goals for 2022 and beyond is to optimize the branch network. Deposit growth will be driven by low-cost deposits and ultimately our target is to achieve significant growth in the current account deposit ratio. On the lending product side, the focus would be SME driven. The Bank is already positioned as an SME bank and is recognized by the SBP and the Prime Minister for its accomplishments in PMYES loans. JS Bank is one of the eight banks selected by SBP for SME Assan Finance (SAAF) lending scheme. JS Bank is continuing its journey of greater impact by providing customers with innovative and value-added financial products and services designed to make their lives simple, easy and convenient.

The Bank has continued to promote the use of digital channels for fulfilling banking needs by enhancing and providing uninterrupted digital banking services. Aligned with the digital banking initiatives, the Bank aims to provide services at the fingertips of the diversified customer base. To enhance the digital banking experience for our customers, the Bank has pioneered the launch of Zindigi – an innovative Digital Banking platform which enables various types of financial transactions in a digital mode, some of them for the first time in Pakistan. With this launch, we step into a new era of digitally enabled financial services that offer innovative banking services to an entirely new and exciting target market.

As part of the core values of the Bank, the responsibility to the community is a cornerstone of

the Bank’s activities through sustainable development and responsible business. After the outbreak of COVID -19 pandemic the bank had created a COVID Relief Fund in 2020 and later in the year 2021 the Bank launched a COVID-19 Drive-Through Vaccination facility for the country’s largest metropolis, namely Karachi, where more than 50,000 people were vaccinated. It was very well received by the public and got recognition from the UNOCHA (United Nation’s Office for the Coordination of Humanitarian Affairs). JS Bank continues to play its due role towards safeguarding the safety and health of the people of Pakistan and continues to contribute positively to society at large.

In 2021, the Bank was recognized for its excellent contribution on national and international fronts. A few of the major awards received by JS Bank during the year included the Best Bank for SMEs – Pakistan, Asiamoney Award – Best SME Bank – Pakistan, GBO Awards – SME Bank of the Year, Pakistan – Asian Banking Finance Retail Banking Award. The Bank was also appreciated by the Prime Minister of Pakistan for its contribution towards the Government markup subsidy scheme – Kamyab Jawan. These local and global acknowledgements are a testimony to our constant efforts in delivering the best-in-class customer experience and drive us to constantly surpass customer expectations year on year.

We, at JS Bank, believe that our people are our greatest strength. In 2021, the Bank continued to invest in their training and development as we firmly believe in developing capabilities from within the organisation. Training programs and e-courses were conducted through in-house learning Academy and external trainers to reinforce our commitment towards the transformation of our management and staff to higher levels of competence to better serve the customers, as well as avail of career growth opportunities.

Ensuring good corporate governance through ethical and professional business conduct as well as effective risk and audit management are key foundation blocks for us. JS Bank has always been committed to sustainable value creation for all its stakeholders with high standards of corporate governance through a comprehensive system of

internal controls. The Board of JS Bank follows detailed criteria for its performance evaluation. The Board continually reviews the Bank's financial and operational soundness, and significant policies in-line with regulatory requirements. The Board has constituted its sub-committees for oversight of all key areas of the Bank covering risk management, audit-related matters, information technology and human resources for achieving the Bank's strategic objectives. The Board has engaged Grant Thornton Anjum Rahman (GT) to perform an annual evaluation of its members and committees and their performance.

I am confident that with our diversified Board of Directors, value-added offerings, unique emphasis on customer satisfaction and dedication towards excellence, we will succeed and thrive, no matter what the conditions or environment.

On behalf of the Board of Directors, I would like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Federal Board of Revenue for their continuous support and guidance. I would also like to thank our shareholders for their continued commitment and confidence in our long-term strategic vision, as well as our Management and staff for their commitment and hard work for the greater progress and prosperity of our Bank.

Sincerely,

Kalim-ur-Rahman

March 02, 2022

(جی ٹی) کو اپنے ممبران اور کمیٹیوں اور ان کی کارکردگی کا سالانہ جائزہ لینے کے لیے مامور کیا ہے۔
میں پر اعتماد ہوں کہ ہمارے متنوع بورڈ آف ڈائریکٹرز، ویلیو ایڈڈ پیکسٹوشن، صارف کے اطمینان پر زور اور کارکردگی کے حصول کیلئے لگن کے ساتھ ہم ہر حالات اور ماحول میں کامیاب ہوں گے اور ترقی کی منازل طے کریں گے۔

میں بورڈ آف ڈائریکٹرز کی طرف سے وزارت خزانہ، سٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان اور فیڈرل بورڈ آف ریونیو کی طرف سے مسلسل تعاون اور رہنمائی پر شکرگزار ہوں۔ میں اپنے سینئر ہولڈرز کا ہمارے طویل المدتی اسٹریٹجک وژن پر مسلسل عزم اور اعتماد کے ساتھ ساتھ بینک کی مزید ترقی اور خوشحالی کے لیے ہماری انتظامیہ اور عملہ کے عزم اور محنت کے لیے بھی ان کا شکریہ ادا کرنا چاہوں گا۔

خیر خواہ

کلیم الرحمن

2 مارچ، 2022

چیمز مین جائزہ رپورٹ

میں جے ایس بینک لمیٹڈ (دی بینک) کے قابل قدر حصص یافتگان کو بینک کی مجموعی کارکردگی اور بینک کے مقاصد کے حصول میں بورڈ کے کردار کے حوالے سے رپورٹ پیش کرنے میں مسرت محسوس کر رہا ہوں۔

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) کی طرف سے بینک کی مضبوط مالی پوزیشن کے حصول کیلئے کی جانے والی متواتر کوششوں کا اعتراف کرتے ہوئے لاٹر ٹرم ایٹنٹی ریٹنگ-AA (ڈبل اے مائنس) کی دوبارہ توثیق کی گئی جبکہ شارٹ ٹرم کریڈٹ ریٹنگ+A1 (اے ون پلس) پر مستحکم رہی جو اس کیلنگری میں سب سے ممکنہ بلند ترین ہے۔

بینک قومی مالیاتی صنعت کے اندر ترقی کے محرک کے طور پر اپنا کردار ادا کرنے کیلئے پرعزم ہے۔ 2022 اور اس کے بعد آنے والے سالوں کیلئے ہمارے اہم اہداف میں سے ایک ہدف براؤنچ نیٹ ورک کو بہتر کرنا ہے۔ ڈیپازٹ میں اضافہ کم لاگت والے ڈیپازٹ سے ممکن ہوگا اور بالآخر ہمارا ہدف کرنٹ اکاؤنٹ ڈیپازٹ کے تناسب میں خاطر خواہ اضافہ کا حصول ہے۔ لینڈ پراڈکٹس کے حوالے سے ہماری توجہ کا مرکز ایس ایم ای ہوگا۔ بینک پہلے ہی ایس ایم ای بینک کے طور پر پوزیشن سنبھالے ہوئے ہے اور ایس بی بی اور وزیراعظم کی طرف سے وزیراعظم بوجھ انٹرپرائز شپ سکیم میں کامیابیوں کا اعتراف کیا جا رہا ہے۔ جے ایس بینک کا شمار ان آٹھ بینکوں میں ہوتا ہے جنہیں ایس بی بی پی کی طرف سے ایس ایم ای آسان فنانس (ایس اے ایف) قرضہ سکیم کیلئے منتخب کیا گیا۔ جے ایس بینک صارفین کو ان کی زندگیوں کو آسان اور سہل بنانے کے لیے جدید اور ویلویو ایڈڈ مالیاتی مصنوعات اور خدمات فراہم کرنے کا پنا سفر جاری رکھے ہوئے۔

بینک ڈیجیٹل بینکنگ کی بلار کا وٹ سروسز کی فراہمی کے ذریعے بینکنگ ضروریات کو پورا کرنے کیلئے ڈیجیٹل چینلوں کے استعمال کو فروغ دینے کا سلسلہ جاری رکھے ہوئے ہے۔ ڈیجیٹل بینکنگ اقدامات سے ہم آہنگ بینک کا مقصد متنوع صارفین کو ٹکنر ٹیس پر خدمات کی فراہمی ہے۔ ہمارے صارفین کے ڈیجیٹل بینکنگ تجربے میں اضافہ کیلئے بینک نے پاکستان میں زندگی کے نام سے ایک جدید ڈیجیٹل بینکنگ پلیٹ فارم کا آغاز کیا جو ایک ڈیجیٹل طریقہ کار کے ذریعے متعدد اقسام کی مالی لین دین جن میں چندا، پہلی بار پاکستان میں متعارف کرائی گئی ہیں، کی سہولت فراہم کرتا ہے۔ اس آغاز کے ساتھ ہم نے ڈیجیٹل مالیاتی خدمات کے لیے دور میں قدم رکھا ہے جو مکمل طور پر نئے اور موجودہ بدنامی مارکیٹ کو جدید بینکنگ سروسز کی پیش کش کرتا ہے۔

بینک کی بنیادی اقدار کے حصے کے طور معاشرے کی فلاح بہبود کو پائیدار ترقی اور ذمہ دارانہ کاروبار کے ذریعے بینک کی سرگرمیوں میں اہم حیثیت حاصل ہے۔ کورونا وبا کے پھیلاؤ کے بعد بینک نے 2020 میں کوویڈ ریلیف فنڈ قائم کیا اور بعد ازاں 2021 میں بینک نے ملک کے سب سے زیادہ آبادی والے شہر کراچی میں ڈرائیو تھرو وکیسی نیشن سہولت کا آغاز کیا جس کے تحت 50,000 سے زائد افراد کو وکیسین لگائی گئی۔ عوام کی طرف سے اس ہم کو بہت زیادہ سراہا گیا اور یو این اے ایچ اے (اقوام متحدہ آف انس برائے کوارڈینیشن آف ہیومنیزین ان فیزز) کی طرف سے اس کا اعتراف بھی کیا گیا۔ جے ایس بینک پاکستان کے لوگوں کی فلاح بہبود اور صحت کے حوالے سے اپنا کردار جاری رکھے گا۔

2021 میں بینک کا قومی اور عالمی سطح پر اس کے شاندار کردار کا اعتراف کیا گیا۔ سال رفتہ کے دوران جے ایس بینک کی طرف سے حاصل کردہ چند بڑے ایوارڈز میں بیسٹ بینک فار ایس ایم ایز۔ پاکستان، ایٹنٹی ایوارڈ۔ بیسٹ ایس ایم ای بینک۔ پاکستان، جی بی ایوارڈ۔ ایس ایم ای بینک آف دی ایئر، پاکستان۔ ایٹنٹی بینکنگ فنانس ریشیل بینکنگ ایوارڈ شامل ہیں۔ وزیراعظم پاکستان کی طرف سے حکومت کے مارک اپ سبسڈی سکیم کا میاب جوان میں بینک کے کردار کو سراہا گیا۔ قومی اور عالمی کامیابیاں صارف کو بہترین تجربے کی فراہمی کا واضح ثبوت ہے جو ہمیں سال بہ سال صارفین کی توقعات پر تسلسل کے ساتھ پورا کرنے کی تحریک دیتا ہے۔

ہم، جے ایس بینک میں اس بات پر یقین رکھتے ہیں کہ ہمارے لوگ ہماری عظیم طاقت ہیں۔ 2021 میں بینک نے ملازمین کی تربیت اور ترقی میں سرمایہ کاری کا سلسلہ جاری رکھا کیونکہ ہم ادارے کے اندر صلاحیتوں کے فروغ پر پختہ یقین رکھتے ہیں۔ بینک کی لرننگ اکیڈمی اور بیرونی ٹرینرز کے ذریعے تربیتی پروگرام اور ای کورس کا انعقاد کیا گیا تاکہ صارفین کی بہتر خدمت کرنے کے ساتھ ساتھ کیریئر کی ترقی کے مواقع سے فائدہ اٹھانے کے لیے ہماری انتظامیہ اور عملی اعلیٰ صلاحیتوں میں تبدیلی کے لیے ہمارے عزم و تقویت ملے۔

اخلاقی اور پیشہ ورانہ کاروباری طرز عمل کے ذریعے اچھی کارپوریٹ گورننس اور موثر رسک اور آڈٹ مینجمنٹ کو یقینی بنانا ہمارے لیے بنیادی حیثیت رکھتا ہے۔ جے ایس بینک انٹرنل کنٹرول کے ایک جامع نظام کے ذریعے کارپوریٹ گورننس کے اعلیٰ معیار کے ساتھ اپنے تمام اسٹیک ہولڈرز کے لیے پائیدار قدر پیدا کرنے کے لیے ہمیشہ پرعزم رہا ہے۔ جے ایس بینک کا بورڈ اپنی کارکردگی کی جانچ کے لیے تفصیلی معیارات کی تعمیل کرتا ہے۔ بورڈ بینک کی مالی اور آپریشنل مضبوط کارکردگی اور ریگولیٹری تقاضوں کے مطابق اہم پالیسیوں کا جائزہ لیتا ہے۔ بورڈ نے بینک کے تمام اہم شعبوں کی نگرانی کے لیے اپنی ذیلی کمیٹیاں تشکیل دی ہیں جن میں بینک کے اسٹریٹجک مقاصد کے حصول کے لیے رسک مینجمنٹ، آڈٹ سے متعلق معاملات، انفارمیشن ٹیکنالوجی اور انسانی وسائل شامل ہیں۔ بورڈ نے گرانٹ تھورنٹن انجمن ٹرن

Directors' Report

We are pleased to present herein the 16th Annual Report of JS Bank Limited ("JSBL") along with the audited accounts and auditors' report for the year ended December 31, 2021.

Economy review

Favorable policies by the Government and Central Bank and post-Covid recovery in global economies supported domestic demand pickup during CY21. Real GDP recorded an impressive 5.4% growth in FY21 primarily on the back of revival in manufacturing production and wholesale & retail trade. However, being a consumption-led economy, this revival has also resulted in both cost-push and demand-pull inflationary pressures. Although average headline inflation for FY21 is recorded at 8.9% YoY, it is on the rise post August 2021 with December's inflation clocking in 12.3% YoY.

At the same time, pressures from the external front rose as the country's import bill increased by 54% YoY during CY21 to US\$67 billion. The mounting import bill, led by machinery imports, vaccine imports and higher commodity prices, overshadowed the 32% YoY growth in exports and 19% YoY growth in remittances. As a result, the overall Current Account Deficit (CAD) has increased to US\$12.3 billion in CY21 as compared to a surplus of US\$245 million during CY20.

Despite increasing CAD, the country's foreign exchange reserves increased by 31% YoY to US\$24 billion as of 31 December 2021 on account of receipt of SDR allocation of US\$2.7 billion, Saudi deposits of US\$3 billion, Eurobond issuance and other multilateral/bilateral loans. Nonetheless, higher forex reserves were unable to support the forex market sentiments, resulting in PKR depreciation of 9.5% against the US\$ during the year.

Overall, a higher than expected economic recovery coupled with increasing inflation and depreciating PKR has led to SBP increasing the Policy Rate by 275 bps to 9.75% in CY21. Going forward, the Central Bank expects the pace of economic growth to moderate in next fiscal year. As a result, although the headline inflation may remain high, its pace of growth is expected to cool down.

On the fiscal front, FBR collection for 1HFY22 has crossed Rs2,915 billion, marking a growth of 33% YoY and surpassing the target by Rs282 billion. While fiscal deficit for FY21 closed at 7.1% of GDP, 1QFY22 numbers clocked in at 0.8% of GDP, reflecting growth in revenues and steady expenditures. During the same period, the controlled deficit also contributed in reporting a positive primary balance of 0.3% of GDP.

Banking sector review

After keeping the Policy Rate steady at 7.5% for the most part of the year, the Monetary Policy Committee (MPC) announced a cumulative increase of 275bps, out of which most of the increase was announced in the last three months of the calendar year. The sharp increase took the Policy Rate up to 9.75%. On the other hand, the weighted average banking spreads trimmed by 82bps YoY, reaching 4.31%.

The banking sector deposits touched PKR 20,972 billion, expanding by 17% YoY, and as per Sep-2021 numbers, the deposit mix further tilted toward zero-cost deposits. The trend of parking most deposits in Investments continued this year as well as sector Investments reached PKR 14,124 billion, up 22% YoY. The higher growth in Investments took the IDR up to 67%.

The higher increase in interest rates has so far not hampered the growth in Advances as the banking sector witnessed a credit growth of 19% YoY, taking it up to Rs10,149 billion. With that, the ADR increased to 48%. Moreover, the Non-Performing Loans as at 9MCY21 clocked in at Rs877 billion, keeping the sector's Infection ratio close to 9%.

Financial Performance

2021 was a year of consolidation as the Bank focused solely on improving Core Profitability.

The Bank reported a profit before tax of PKR 2,209 million (profit after tax of PKR 1,304 million) for the year ended December 31, 2021 as compared to a profit before tax of PKR 2,023 million (profit after tax of PKR 1,150 million) last year. The Earnings Per Share (EPS) stand at PKR 1.01 (December 31, 2020: PKR 0.89).

Our Deposit book increased by 6% YOY as we concentrated on mobilizing non-remunerative LCY Deposits, which grew by 15.8%. We also reduced our concentration on high-cost FI and institutional deposits, taking the average non-remunerative deposit composition up from 22.5% in 2020 to 25.7% in 2021. This resulted in a significant reduction in cost of deposits.

We also remained conservative towards lending activities and only slightly increased our Advances book. Bank's overall objective was to shift the portfolio from low-margin large ticket credit exposure to high-margin products with small ticket size and less risk weightage to improve core income and effectively utilize capital. Composition of Consumer book has increased from 5% to 6.5%; however, our mortgage book size has grown by 42% during the year thus making us one of the most active lenders in the housing finance sphere. Kamyab Jawan and SBP's Solar financing scheme also performed well, capturing a cumulative share of 2.5% in Gross Advances.

As a result of our cautious advances buildup, the core spread of the Bank has improved despite the SBP average policy rate remaining at 7.1% as compared to 8.9% last year. Hence, the net interest income (NII) of the Bank increased from PKR 9,777 million to PKR 11,894 million, up roughly 22%.

Non-markup income (NFI) stood at PKR 5,077 million. Although fee & commission income was the highest contributor (PKR 3,207 million), it declined from last year owing to the rationalization of charges on ADC products to attract more retail customers. Our Trade business recorded an impressive growth of 24% – considerably higher than the deposit base of the Bank and thus improving our trade to advance reciprocity. Furthermore, the Bank has earned dividend income of PKR 574 million mainly from its subsidiary company and FX income of PKR 1,187 million. Trading activities remained limited due to our focus on improving core business, resulting in lower trading gains during the year.

During the year, we continued to upgrade our technology infrastructure and turned around our Digital Financial Services segment to drive traction towards launching modern banking solutions for the tech-savvy millennial and Gen Z population.

Bank's tech expenditure thus recorded a growth of 33% over last year. Nevertheless, we have managed to significantly contain the growth in Bank's overall operating cost, despite inflationary pressures and currency depreciation. This was achieved on the back of streamlining the branch network and curtailing non-essential HR expenses. As a result, Bank's cost to income ratio improved from 79.9% in the year 2020 to 75.2% in 2021. NII to Opex ratio also improved from 75.1% to 93.5% – a significant improvement due to an increase in core income.

On the other hand, despite some buildup in the quantum of NPLs, the loan infection ratio (5.3%) remained significantly lower than the industry average. Increase in the bank's core income and higher provisions also helped us improve the NPL coverage ratio from 35.6% in 2020 to 47.2% in 2021.

Capital Adequacy

As of December 31, 2021, JS Bank's Capital Adequacy Ratio (CAR) stood at 13.77% as compared to 12.77% in 2020. The minimum required CAR (including Capital Conservation Buffer) as prescribed by SBP is 12.50%. However, the State Bank of Pakistan has temporarily reduced the requirement of CAR for banks by 1% as a regulatory relief to dampen the effects of COVID-19

Summarized financial data for the last six years is given below:

		PKR 'million'				
	2021	2020	2019	2018	2017	2016
Particulars						
Deposits	460,705	433,063	369,790	321,413	290,078	226,099
Equity	22,024	20,592	17,333	15,617	16,669	16,650
Total Assets	584,289	532,168	469,821	456,754	391,479	264,700
Investments-Net	231,266	201,698	142,568	148,690	169,612	133,727
Advances- Net	254,184	250,199	242,944	251,991	184,140	93,794
Gross Mark-up Income	39,125	43,099	41,595	29,997	20,381	15,081
Net Mark-up Income	11,895	9,777	7,028	8,809	6,242	5,728
Non-Mark-up Income	5,077	6,676	3,943	2,141	4,051	4,861
Profit Before Tax	2,209	2,023	133	905	1,621	3,390
Profit After Tax	1,304	1,150	25	562	973	2,077
Earnings Per Share (Basic) – PKR	1.01	0.89	0.0004	0.3	0.74	1.77
Return on Avg. Assets (ROAA)	0.23%	0.23%	0.01%	0.13%	0.30%	0.86%
Return on Avg. Equity (ROAE)	6.12%	6.06%	0.15%	3.48%	5.84%	12.74%
Capital Adequacy Ratio (CAR)	13.77%	12.77%	12.93%	12.01%	11.95%	14.05%
Advances to Deposits Ratio (ADR)	55.17%	57.77%	65.70%	78.40%	63.48%	41.48%
Branches	282	308	360	345	323	307
Employees	4,487	5,311	4,904	5,127	4,998	4,163

Business Overview

The year witnessed continued steady balance sheet growth, backed by sensible expansion in advances, deposit mobilization and diversified fee business. The Bank's overall product strategy is to promote access to financial services for financial inclusion, identifying and fulfilling the needs of customers across all customer segments while also catering to niche market needs in an effort to stand apart from the competition.

Deposits

JS Bank remained focused on core deposit mobilization, particularly targeting growth in low-cost deposits (Current Accounts – CA). The Bank was able to close CY2021 with a deposit base of PKR 461 billion, registering a growth of 6.4% over CY2020. Significant growth of 12.5% in the CA deposit base (26% of total deposits) has been augmented by focusing on affluent and mass affluent market segments, providing greater stability, strength and reduction in deposit cost to the Bank. The Bank embarked on several key

initiatives to expand its deposit relationships in various segments including business accounts, employee banking, cash management relationships, corporate deposits and technology-based solutions.

Advances

On the assets side, our strategy involved prudent and coherent expansion through a complete product range designed for customers' needs. The Bank continued to enhance its focus on the Small and Medium Enterprise (SME) landscape through a relationship lending model, operating through several SME hub branches. Furthermore, the secured consumer lending volumes remained strong throughout 2021. Overall, the Bank reported gross advances of PKR 261 billion in 2021, a growth of 2.5% over the last year.

Investments

JS Bank reported total Investments of PKR 231 billion in 2021, registering a growth of 14.7% over the last year. On the equity side, the surplus has increased by 36% as compared to FY2020.

Fee Business

The Bank made concerted efforts to optimize the revenue mix between interest and fee-based income through parallel growth by cross-selling various fee-based products to new and existing customers alongside traditional fee income streams.

In 2021, the Investment Banking Group (IBG) was revamped to go beyond conventional investment banking. IBG not only lead and participated in typical fund-based and non-fund-based financing facilities but also actively extended other services including Trusteeship, Equity Underwriting, Custodial Services and Private Equity. The Bank was also able to facilitate the first-ever Sukuk based acquisition financing of the pharmaceutical industry. JS Bank proved its market penetration by completing 16 diversified transactions this year.

Digital

The year 2021 has been pivotal for the Bank in terms of its digital initiatives. The bank restructured its digital business with the aim to increase its footprint in digital financial services. The DFS business achieved several milestones throughout 2021 with the development and launch of multiple new customer touchpoints such as WhatsApp bot, mobile banking, and internet banking. Furthermore, the DFS business launched use cases that have never been available in Pakistan before, such as Digi Cheque and in-App chat, CNIC update, and WHT certificate via WhatsApp bot. The State Bank initiatives have also been successfully deployed, with the pilot launch of Roshan Digital Account (RDA). Moreover, JS Bank was one of the first five banks to launch Raast and Digital Account Opening successfully, enabling customers to open a bank account from the convenience of their homes.

Additionally, JS Bank is one of the only few banks having an open banking platform, allowing the startup community the availability of APIs (Application Programming Interface) in the sandbox environment, enabling integrations.

Another key focus area has been processing improvement and enhancement of core banking services, such as Treasury, Retail Banking, Compliance, Customer Experience, Risk, Trade,

Credit Administration, etc enabling them to build capacity on value-added operations and services.

All these achievements are a testament to the strength of the Digital division and the strong foundations that it has built to revolutionize traditional banking in Pakistan.

Customer Experience

JS Bank Customer Experience (CE) Group organizes plan and monitors the bank's Customer Experience on all touchpoints to ensure optimized interaction between the bank and its Customer. CE Group develops and implements strategies that are useful in building an overall healthy customer relationship. Customer-centricity is one of our core values resonating with grievance management, complaint handling, and valuing customer feedback to understand their needs and offer a best-in-class customer experience.

Fair Treatment of Customer is an integral part of our corporate culture. The Bank has institutionalized a 'Consumer Protection Framework'. Our priority is to keep Customer benefits in mind while designing, selling, and managing products and services, without any discrimination. Our focus is to maintain fairness in our Customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism. We also focus on the financial literacy of our Customer, for promoting responsible conduct and informed financial decisions by consumers, through our consumer education and Financial Literacy Program.

Risk Management

The Board is committed to adopting the best risk management practices in letter and spirit. To maintain effective risk management oversight, the Bank follows an appropriate risk management framework according to the regulatory directives issued by SBP and other related guidelines under the Basel II / III framework. In this regard, the Bank has a comprehensive set of risk management policies, practices, and procedures in place which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks including credit, market, liquidity, operational, technology,

and information security.

The overall risk management framework of the Bank is under the supervision of the Board of Directors (BoD)/Board Risk Management Committee (BRMC) while the operational level day-to-day functioning is carried out by the senior management of the Bank. In order to develop a holistic integrated risk management approach, a dedicated and independent Risk Management Function is in place to manage various aspects of risk management in the Bank with segregation of Credit Risk functions into other variants of risk management. To formalize and strengthen the risk management approach within the Bank, the following significant policies were developed/ reviewed and approved by the Board:

- Risk Management Policy
- Credit Policy
- SME Credit Policy
- Collateral Management Policy
- Market Risk Management Policy
- Operational Risk Management Policy
- Liquidity Risk Management Policy
- Country Risk Management Policy
- Agricultural Credit Policy
- Remedial Management Policy
- Debt Property Swap Policy
- Business Continuity Policy
- Information Security Policy

BRMC keeps an eye on the overall risk profile of the Bank. The Integrated Risk Management Committee (IRMC), Portfolio Management Committee (PMC), Operational Risk Management Committee (ORMC), Agri Credit Committee (ACC), Remedial Management Committee (RMC), IT Steering Committee (ITSC) and Assets & Liabilities Committee (ALCO) of the Management operate within an established framework in order to monitor the Bank's activities and maintain the risk level

within predefined limits. These Committees meet on a regular basis to review market developments and the level of financial and security risk exposures of the Bank.

Risk Management plays a vital role in ensuring that an appropriate balance is maintained between risk and reward throughout the bank. Towards this end, the risk management function and framework has been significantly strengthened in the year under review. This includes but is not limited to the establishment of a separate Credit Risk Group overseeing the credit assessment of corporate, financial institutions and international banking, Credit Administration and Special Assets Management, under a dedicated Chief Credit Officer. The rest of the disciplines of risk management including market & liquidity, operational, portfolio, policy, agricultural credit, consumer & program lending, and information security risks remain under the umbrella of the Chief Risk Officer. The Bank also took the initiative of having a dedicated team of risk experts to combat digital risks and support the Digital Finance business.

Market Risk measurement, monitoring and management reporting is done on a regular basis. The Market Risk & Basel Unit supported by the Treasury Middle Office is involved in daily monitoring of all related financial risk exposures in the form of interest rate risk, equity exposure risk, currency or foreign exchange risk, cross border or country risk, financial institutions (FI) exposure risks, liquidity risk and capital adequacy. The Bank is in the process of upgrading its system capabilities and has implemented the market risk module of Temenos Insight Risk Intelligence Solutions to enhance analytical capabilities and plans to implement modules for regulatory capital and asset & liability management.

On the capital management side, the Bank's practices ensure that it has reasonable capital to cover the risks associated with its activities. It is the prime objective of the Bank's capital management to ensure that the bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios to support its business and maximize shareholders' value.

Apart from the usual monitoring of Risks and Control Self-Assessment (RCSA), operational loss data and Key Risk Indicators (KRI), the Operational Risk management function also maintains the Business Continuity Policy and facilitates the annual testing of mission-critical systems and services that may be disrupted due to any unforeseen event or uncertainty. The Bank has also developed a Disaster Recovery (DR) site and plan, under the ownership of Information Technology, to ensure maximum availability of systems and services to customers and partners for critical (time-sensitive) and support functions.

Credit Risk management is an ongoing process. The overall credit policy and the credit risk management guidelines are approved by the Board of Directors. In this regard, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring and controlling credit risk in the Bank. CCC meets regularly to actively supervise credit risk across the lending portfolio. In order to maintain a healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges. Further, in order to bolster credit risk management monitoring activities, a Credit Risk Monitoring Unit is in place for regular portfolio monitoring, formulating and implementing credit risk management tools, including setting up of industry, geographic and sectorial limits, and devising credit risk quantification / statistical techniques to meet SBP and Basel II/III requirements. The health of the credit portfolio is being monitored through the Credit Administration, which is responsible for housekeeping elements along with the management of credit limits.

The bank is conscious of risks and uncertainties associated with problem credit which requires a different and more intense risk management approach. In this regard, a Special Asset Management Unit is in place following SBP's regulatory guidelines to focus on remedial management issues, take ownership of classified portfolio for effective management and to determine the work-out modes for rehabilitation and settlements, as stipulated in the Remedial

Management Policy of the Bank.

In terms of Information Security, the Information Security Department performs security/risk assessments, as well as vulnerability assessment, monitors critical IT, and manages information and cyber security risks across the Bank. To improve the information security posture, defense in depth/layered security architecture is deployed with real-time monitoring of emerging threats. To further strengthen cybersecurity, the Bank is striving to build a process-oriented culture, bring maturity in tool utilization and invest in IS staff to improve management/regulatory reporting and increase JS staff security awareness training.

Statement on Internal Controls

The Bank places the utmost emphasis on establishing stringent controls across all its operations. It is the cornerstone of the Bank's policies to adhere to the best industry practices, ethical standards and regulatory requirements. In this context, the Board of Directors has promulgated policies that provide for assessing the overall effectiveness of the internal control environment.

Internal controls at JS bank are intended to provide a reasonable measure of assurance regarding the effectiveness and efficiency of the Bank's operations, reliability of financial information and compliance with applicable laws and regulations. However, it is acknowledged that the systems put in place can only provide reasonable but not absolute assurances against material misstatement or loss since they are designed to manage, rather than eliminate, the risk of unforeseen situations.

To ensure effective management of risk, the governance structure of internal control functions at the Bank consists of three levels of defense. The first line of defense is the business itself which owns its risks, including its operational risk and is responsible for its management. The second line of defense is the oversight provided by the Risk Management, Compliance and Control functions which identify and assess risks impacting existing and new business initiatives, coordinate risk mitigation with risk specialists and businesses, and

then report and escalate it to the Risk Management Function for appropriate corrective measures. The last line of defense is an independent and effective Internal Audit Function which reviews the effectiveness and adequacy of internal controls and continues to monitor compliance with policies and procedures.

The Board of Directors is regularly kept up to date about the state of compliance through the Board Audit Committee. As a priority, all significant and material findings of the internal and external auditors and regulators are addressed by the management ensuring that appropriate corrective actions have been implemented. Adequate systems are in place to minimize breaches, repetition of mistakes, and strengthen the control environment. In addition, the Compliance Function is performing its due role to ensure regulatory compliance across the Bank.

The Bank diligently follows SBP's Guidelines on Internal Control to evaluate the effectiveness of the overall set of internal controls including financial reporting controls. Detailed documentation of bank-wide processes and controls has been completed. Furthermore, the Bank has developed a comprehensive management testing and reporting framework for ensuring the operating effectiveness of key controls and has significantly addressed the identified design improvement opportunities.

Upon satisfactory completion of the Internal Control over Financial Reporting (ICFR) Roadmap, State Bank of Pakistan granted exemption to the Bank in August 2016 from the submission of a Long Form Report (LFR) by external auditors. Further, as per SBP directive vide BSD-1 Circular Letter No. 1 of 2021 of July 06, 2021, the banks which have completed all the stages of ICFR roadmap, are allowed to discontinue submission of Annual Assessment Report on efficacy of ICFR to State Bank of Pakistan. However, SBP may evaluate Annual Assessment Report as part of supervisory assessments. Accordingly, Annual Assessment Report for December 31, 2021 on efficacy of ICFR shall be presented to Board Audit Committee.

The Management considers that the internal control system presently existing is adequate, implemented effectively and continuously monitored. This

statement is also endorsed by the Board of Directors. The Management will endeavor to continue enhancing its coverage and compliance with the SBP guidelines on Internal Controls and thereby strengthening its control environment on an ongoing basis.

Corporate Governance

The Bank prides itself on its good corporate governance by maintaining high levels of professional and business conduct, implementing effective internal controls and audit functions, including risk management framework and complying strictly with both local and international codes of practice.

The Board closely reviews policy-related matters with long-term implications as per regulatory obligations which also meet the Bank's operational requirements. The Management and the Board Committees have been duly constituted with a defined scope of work to ensure that they perform their prescribed functions precisely and efficiently as per their mandate and respective terms of reference.

Corporate and Financial Reporting Framework

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the Securities & Exchange Commission of Pakistan's Code of Corporate Governance for the following:

- The financial statements prepared by the management present fairly the state of affairs of the Bank, the results of its operations, cash flow statement and statement of changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Accounting policies as stated in the notes to the accounts have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable to banks in Pakistan have been followed in the preparation of the financial

statements.

- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no doubts about the Bank's ability as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The details of outstanding statutory payments, if any, have been adequately disclosed in the financial statements.

Holding Company

Jahangir Siddiqui & Co. Limited, listed on the

Pakistan Stock Exchange Limited, is the holding company of JS Bank Limited, owning 75.02% of the ordinary shares.

Subsidiary Companies

JS Global Capital Limited and JS Investments Limited are subsidiaries of JS Bank with shareholdings of 92.9% and 84.5% respectively. The performance of these companies has been reviewed under the consolidated Directors' Report.

Attendance of Directors in the Board meetings

Five meetings of the Board of Directors were held during the year 2021. The attendance of directors at Board Meetings was as follows:

Name of Director	Eligible to attend	Meetings attended
Mr. Kalim-ur-Rahman – Chairman	5	5
Mr. Adil Matcheswala	5	5
Mr. Ashraf Nawabi	5	1
Mr. G.M. Sikander	5	5
Mr. Hassan Afzal	5	4
Mr. Munawar A. Siddiqui	5	5
Ms. Nargis Ghaloo	5	5
Mr. Sohail Aman	5	5
Mr. Basir Shamsie, President & CEO	5	5

The attendance of directors at Board Committees meetings was as follows:

Name of Director	Audit Committee		Risk Committee		HR Committee		IT Committee	
	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended
Mr. Kalim-ur-Rahman	-	-	-	-	4	3	6	5
Mr. Adil Matcheswala	4	4	-	-	4	4	-	-
Mr. Ashraf Nawabi	-	-	4	2	-	-	-	-
Mr. G.M. Sikander	4	4	-	-	4	4	-	-
Mr. Hassan Afzal	-	-	-	-	-	-	6	6
Mr. Munawar A. Siddiqui	4	4	4	4	-	-	-	-
Ms. Nargis Ghaloo	4	4	4	4	-	-	-	-
Mr. Sohail Aman	-	-	-	-	4	4	6	6
Mr. Basir Shamsie President & CEO	-	-	4	4	-	-	6	6

Election of Directors

The election of directors of the Bank was held on March 28, 2019 at the AGM wherein eight directors were elected by the shareholders for a period of three years.

Directors Remuneration

The remuneration of directors is fixed by the Board of Directors in accordance with applicable laws. The remuneration for attending meetings of the Board and/or Board Committees is within the scale as is reasonably determined by the Board of Directors, provided that an Executive Director shall not be paid any remuneration for attending Board/Board Sub Committee meetings.

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2021 as required u/s 227(f) of the Companies Act, 2017 is given on page number 382.

Related Party Transactions

Related party transactions are disclosed at note # 43 to the unconsolidated financial statements and the consolidated financial statements of the Bank for the year ended December 31, 2021.

Corporate & Social Responsibility

The Statement of Corporate & Social Responsibility is included in the Annual Report.

Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long-term rating of the Bank at 'AA-' (Double A Minus) and the short-term rating of "A1+" (A One Plus) which is the highest possible short-term rating.

Dividend to Shareholders

No dividend is being paid to the shareholders on the ordinary shares for the year 2021.

Employee Benefit Schemes

JS Bank operates a Staff Provident Fund (the Fund) and funded Gratuity Scheme (the Scheme) covering all its permanent employees.

The contribution made toward the Fund during the year 2021 is PKR 248 million (2020 PKR 229 million). The un-audited balance of the asset of the Fund as of December 31, 2021 was PKR 2,360 million (2020: PKR 2,278 million).

The contribution to be made to the Scheme is Nil for 2021 (2020: PKR 152 million). The un-audited balance of the assets of the Scheme as of December 31, 2021 was PKR 1,130 million (2020: PKR 1,392 million).

Auditors

The current auditors, KPMG Taseer Hadi & Co. Chartered Accountants, being retired offered themselves for reappointment.

Auditors have confirmed that the firm is fully compliant with the International Federation of Accountants' Guidelines of Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan (ICAP) and has a satisfactory rating under the Quality Control Review Program of the ICAP.

On the recommendation of the Board Audit Committee, the Board of Directors recommends the appointment of KPMG Taseer Hadi & Co. Chartered Accountants for the year ending December 31, 2021 at the upcoming Annual General Meeting of the Bank.

Evaluation of the Board's Performance

The Board of Directors of JS Bank sets the Bank's strategic direction and ensures that the organization stays true to this direction - enabling it to achieve its long-term objectives while ensuring regulatory compliance. To discharge its fiduciary responsibility of safeguarding the stakeholders' interests, a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its Committees as required by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors of JS Bank has a good mix of skills, core competencies, diversity, experience, and knowledge and is at the same time committed to strong corporate governance to protect the overall interests of the Bank and its stakeholders.

The Board continually reviews the Bank's financial and operational soundness, governance, internal controls, and significant policies as per regulatory requirements. Further, the Board Committees have been constituted, each with a prescribed mandate and terms of reference.

In line with the best practices of corporate governance, the Board conducts a self-evaluation exercise on an annual basis. The Board of JS Bank in compliance with SBP's Guidelines on Performance Evaluation of Board of Directors and Listed Companies (Code of Corporate Governance) Regulations, 2019 has conducted its self-evaluation. The evaluation covered various aspects of the performance of the Board.

The evaluation was carried out using quantitative method, based on subjective assessment, and was conducted via questionnaires developed by the consultants.

Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 set out by the Securities & Exchange Commission of Pakistan (SECP) have been adopted by the Bank and have been duly complied with. A Statement to this effect is annexed with the report.

Events after the Date of Statement of Financial Position

There have not been any material events that occurred after the date of the Statement of Financial Position that requires adjustments to the enclosed financial statements.

Acknowledgements

On behalf of JS Bank, we would like to express our gratitude to our valued stakeholders for their continued patronage and support. We would also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan and other regulatory authorities for their guidance and support to our Bank. At the close, we extend our appreciation to all our colleagues at JS Bank for their commitment towards ever greater success and growth.

For and on behalf of the Board,

Basir Shamsie
President & CEO

Adil Matcheswala
Director

March 02, 2022

جے ایس گلوبل کے پاس 31 دسمبر، 2021 تک ادا شدہ سرمایہ 275 ملین روپے ہے اور شیئر ہولڈر سرمایہ 2,196 ملین روپے ہے۔ یہ پاکستان شاک ایکس چینج میں درج ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) نے جے ایس گلوبل کو لانگ ٹرم ایٹنٹی ریٹنگ-AA (ڈبل اے مائنس) شارٹ ٹرم کریڈٹ ریٹنگ+A1 (اے ون پلس) تفویض کی ہے۔ یہ درجہ بندی مالیاتی وعدوں کی بروقت ادائیگی کے لیے انتہائی مضبوط صلاحیت سے پیدا ہونے والے کریڈٹ رسک کی بہت کم توقع کی نشاندہی کرتی ہے۔

کمپنی کے نتائج کا خلاصہ درج ذیل ہے		روپے ملین میں
تفصیلات	31 دسمبر، 2021 (پڑتال شدہ)	31 دسمبر، 2020 (پڑتال شدہ)
قبل از ٹیکس منافع	535	290
بعد از ٹیکس منافع	411	207
ای پی ایس (روپے)	14.27	6.77

جے ایس انویسٹمنٹ لمیٹڈ
31 دسمبر، 2021 تک جے ایس انویسٹمنٹ لمیٹڈ (جے ایس آئی ایل) کا ادا شدہ سرمایہ 618 ملین روپے جبکہ شیئر ہولڈر کا سرمایہ 1,504 ملین روپے ہے۔ یہ پاکستان شاک ایکس چینج میں درج ہے۔ جے ایس بینک کمپنی کی 84.56 فیصد ملکیت رکھتی ہے۔

جے ایس انویسٹمنٹ لائسنس یافتہ انویسٹمنٹ ایڈوائزراور ایسٹ مینجمنٹ کمپنی ہے جو نان بینکنگ فنانس کمپنیز (اسٹبلشمنٹ اینڈ ریگولیشنز) قواعد، 2003 (این بی ایف سی) اور نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹی میپز ریگولیشنز 2008 (این بی ایف سی ریگولیشنز) کے تحت کام کرتی ہے۔ اس کے علاوہ جے ایس آئی ایل کے پاس والٹری پشن فنڈ کے تحت پشن فنڈ مینجور اور سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان سے پرائیویٹ ایکویٹی اینڈ وچر فنڈ مینجمنٹ سروسز کا بھی لائسنس ہے۔

کمپنی کے نتائج کا خلاصہ درج ذیل ہے		روپے ملین میں
تفصیلات	31 دسمبر، 2021 (پڑتال شدہ)	31 دسمبر، 2020 (پڑتال شدہ)
قبل از ٹیکس منافع	(289)	(23)
بعد از ٹیکس منافع	(300)	(40)
ای پی ایس (روپے)	(4.86)	(0.64)

بورڈ کی طرف سے

عادل ماچس والا
ڈائریکٹر
بصرشی
صدر اور سی ای او

2 مارچ، 2022

کارپوریٹ اور سماجی ذمہ داری
کارپوریٹ اور سماجی ذمہ داری کا بیان سالانہ رپورٹ میں شامل ہے۔

کریڈٹ ریٹنگ
پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) بینک کی لاگٹرم اینٹی ریٹنگ-AA (ڈبل اے مائنس) شارٹ ٹرم کریڈٹ ریٹنگ+A1 (اے ون پلس) پر برقرار رکھی

حصص یافتگان کیلئے منقسمہ منافع
سال 2021 کیلئے عمومی حصص پر حصص یافتگان کو منافع منقسمہ ادا نہیں کیا جا رہا ہے،

ملازمین کے فائدے کیلئے سکیمنس
جے ایس بینک اپنے تمام مستقل ملازمین کیلئے سٹاف پروویڈنٹ فنڈ (دی فنڈ) اور فنڈ شدہ گریجویٹ سکیمنس آپریٹ کرتا ہے۔

سال 2021 کے دوران فنڈ میں 248 ملین روپے جمع ہوئے (2020: 229 ملین روپے)۔ 31 دسمبر، 2021 تک فنڈ کے اثاثوں کا غیر پڑتال شدہ بیلنس 2,360 ملین روپے تھا (2020: 2,278 ملین روپے)
2021 کیلئے سکیمنس کیلئے کوئی حصہ نہیں ڈالا گیا۔ (2020: 152 ملین روپے)۔ دسمبر، 2021 تک سکیمنس کے اثاثوں کا غیر پڑتال شدہ بیلنس 1,130 ملین روپے تھا (2020: 1,392 ملین روپے)

آڈیٹرز
موجودہ آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے مدت معاہدہ ختم ہونے کے بعد دوبارہ تقرر کی پیش کش کی ہے۔

آڈیٹرز نے تصدیق کی ہے کہ فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق کے رہنما اصولوں کی پوری طرح تعمیل کرتی ہے، جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی سی اے پی) نے اختیار کیا اور آئی سی اے پی کے کوالٹی کنٹرول ریویو پروگرام کے تحت اس کی تسلی بخش درجہ بندی ہے۔

بورڈ آف ڈائریکٹرز کی سفارش پر، بورڈ آف ڈائریکٹرز 31 دسمبر، 2021 کو ختم ہونے والے سال کیلئے بینک کے آمدہ سالانہ اجلاس عام میں کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کرتے ہیں۔

بورڈ کی کارکردگی کا جائزہ
جے ایس بینک کا بورڈ آف ڈائریکٹرز بینک کی اسٹریٹجک سمت متعین کرتا ہے اور اس بات کو یقینی بناتا ہے کہ تنظیم اس سمت پر قائم رہے۔ ریگولیٹری تعمیل کو یقینی بناتے ہوئے اسے اپنے طویل مدتی مقاصد حاصل کرنے کے قابل بناتا ہے۔ اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے تحت اسٹیک ہولڈرز کے مفادات کے تحفظ کی اپنی حقیقی ذمہ داری کو نبھانے کے لیے بورڈ کی اپنی کارکردگی، بورڈ کے اراکین اور اس کی کمیٹیوں کے سالانہ جائزے کے لیے ایک رسمی اور موثر طریقہ کار وضع کیا جاتا ہے۔

جے ایس بینک کا بورڈ آف ڈائریکٹرز مہارت، بنیادی قابلیت، تنوع، تجربہ اور علم کا ایک اچھا امتزاج کا حامل ہے اور بینک اور اس کے اسٹیک ہولڈرز کے مجموعی مفادات کے تحفظ کے لیے مضبوط کارپوریٹ گورننس کے لیے پرعزم ہے۔ بورڈ ریگولیٹری تقاضوں کے مطابق بینک کے مالی اور آپریشنل استحکام، گورننس، انٹرنل کنٹرولز اور اہم پالیسیوں کا مسلسل جائزہ لیتا ہے۔ مزید برآں، بورڈ کمیٹیاں تشکیل دی گئی ہیں، جن میں سے ہر ایک کے پاس ایک مقررہ مینڈیٹ اور مقررہ آف ریفرنس ہیں۔

جی ایم سکندر	5	5
حسن افضل	5	4
منور عالم صدیقی	5	5
زگس گھالو	5	5
سہیل امان	5	5
ناصر سہی۔ صدر اور سی ای او	5	5

بورڈ کمیٹیوں کے اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:

ڈائریکٹر کا نام	آڈٹ کمیٹی	رہنمائی کمیٹی	ایچ آر کمیٹی	آئی ٹی کمیٹی
شرکت کا اہل	اجلاس میں شرکت	شرکت کا اہل	شرکت کا اہل	اجلاس میں شرکت
کلیم الرحمن۔ چیئر مین			4	3
عادل ماچس والا	4		4	6
اشرف نوابی		4		5
جی ایم سکندر	4		4	
حسن افضل				6
منور عالم صدیقی	4	4		
زگس گھالو	4	4		
سہیل امان			4	6
ناصر سہی۔ صدر اور سی ای او	4	4		6

ڈائریکٹرز کا انتخاب

بینک کے ڈائریکٹرز کے انتخاب 28 مارچ، 2019 کو اے جی ایم میں منعقد ہوئے جہاں حصص یافتگان نے تین سال کی مدت کیلئے 8 ڈائریکٹرز کا انتخاب کیا۔

ڈائریکٹرز کا معاوضہ

ڈائریکٹرز کا معاوضہ قابل اطلاق قوانین کے مطابق بورڈ آف ڈائریکٹرز کی طرف سے قلمبند ہے۔ بورڈ اور/یا بورڈ کمیٹیوں کے اجلاسوں میں شرکت کا معاوضہ بورڈ آف ڈائریکٹرز کی طرف سے طے شدہ کے مطابق ہے، بشرطیکہ ایگزیکٹو ڈائریکٹر کو بورڈ/بورڈ سب کمیٹی کے اجلاسوں میں شرکت کے لیے کوئی معاوضہ ادا نہیں کیا جائے گا۔

شیئر ہولڈنگ کا پیٹرن

کمپنیز ایکٹ، 2017 کے سیکشن (f) 227 u.s کے تحت 31 دسمبر، 2021 کے اختتام تک کمپنی کے شیئر ہولڈنگ کا طریقہ کار صفحہ نمبر 10 پر دیا گیا ہے۔

متعلقہ پارٹی سے کاروباری لین دین

31 دسمبر، 2021 کو ختم ہونے والے سال کیلئے متعلقہ فریقین کے ساتھ کاروباری لین دین کو بینک کے غیر مربوط اور مربوط مالیاتی گوشواروں کے نوٹس نمبر 43 میں ذکر کیا گیا ہے

انتظامیہ یہ سمجھتی ہے کہ موجودہ انٹرنل کنٹرول سسٹمز میں موثر انداز میں نافذ شدہ ہے اور اس کی مسلسل نگرانی کی جارہی ہے۔ اس بیان کی بورڈ آف ڈائریکٹرز کی طرف سے توثیق کی جاتی ہے۔ انتظامیہ اپنی کوریج کو بڑھانے اور اندرونی کنٹرول پرائس بی پی کی گائیڈ لائنز کی تعمیل جاری رکھنے کی کوشش کرے گی اور اس طرح اس کے کنٹرول کے ماحول کو مسلسل بنیادوں پر مضبوط بنائے گی۔

کارپوریٹ گورننس

بینک کو پیشہ وارانہ اور کاروباری ضابطہ کی اعلیٰ سطح پر قرار رکھ کر، موثر انٹرنل کنٹرول پر عمل درآمد، آڈٹ فنکشنز بشمول رسک مینجمنٹ فریم ورک اور مقامی اور عالمی ضابطوں کی تعمیل کے ذریعے اپنے بہتر کارپوریٹ گورننس پر فخر ہے۔

بینک ریگولیٹری فرائض کے مطابق پالیسی سے متعلق معاملات اور ان کے طویل المدت اثرات کا بڑا بار یک نینی سے جائزہ لیتا ہے جو بینک کے آپریشنل تقاضوں کو بھی پورا کرتا ہے۔ مینجمنٹ اور بورڈ کمیٹی کو کام کے متعین دائرہ کار کے ساتھ یہ یقینی بنانے کیلئے تشکیل دیا گیا کہ وہ اپنے مینڈیٹ اور متعلقہ ٹرمز آف ریفرنس کے مطابق اپنے متعین کام موثر انداز میں سرانجام دیں۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

بینک کے ڈائریکٹرز سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان کے کارپوریٹ گورننس کے ضابطہ کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی مندرجہ ذیل کیلئے تعمیل کی تصدیق کرتے ہیں۔ مینجمنٹ کی طرف سے تیار کیے گئے مالیاتی گوشوارے بینک کے امور حیثیت، آپریشنز کے نتائج، کیش فلو سٹیمنٹ اور ایکویٹی میں تبدیلیوں کا سٹیمنٹ کو شفاف انداز میں پیش کرتے ہیں۔ بینک کے اکاؤنٹس کی بکس مناسب طریقہ سے برقرار رکھی گئی ہیں۔

اکاؤنٹنگ پالیسیوں کو جیسا کہ اکاؤنٹس کے نوٹس میں بیان کیا گیا ہے مالیاتی گوشواروں کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں۔

مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز پر عمل درآمد کیا گیا

انٹرنل کنٹرول کا نظام محفوظ طریقہ سے بنایا گیا اور موثر انداز میں نافذ اس کی نگرانی کی جارہی ہے

بینک کی اپنے کاروبار کو جاری رکھنے کی صلاحیت پر کوئی شک و شبہات نہیں جیسا کہ خدشہ ظاہر کیا جا رہا ہے۔

کارپوریٹ گورننس کے بہتر طریقہ کار سے مادی حقائق کا اخراج نہیں کیا گیا جو کہ لسٹنگ ریگولیشنز میں تفصیلی درج ہیں۔

بقایا قانونی ادائیگیوں کی تفصیلات، اگر کوئی ہیں، مالی بیانات میں مناسب طور پر ظاہر کی گئی ہیں۔

ہولڈنگ کمپنی

جہانگیر صدیقی اینڈ کو، لمیٹڈ جو پاکستان ٹاک ایکس چینج لمیٹڈ میں درج ہے، بے ایس بینک لمیٹڈ کی ہولڈنگ کمپنی ہے جو 75.02 فیصد معمولی حصص رکھتی ہے۔

ذیلی کمپنیاں

بے ایس گلوبل کمپیوٹل لمیٹڈ اور بے ایس انوینٹس لمیٹڈ بے ایس بینک کی ذیلی کمپنیاں ہیں جو بالترتیب 92.9 فیصد اور 84.5 فیصد حصص رکھتا ہے۔

بورڈ اجلاسوں میں ڈائریکٹرز کی شرکت

سال 2021 کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ بورڈ اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:

ڈائریکٹر کا نام	شرکت کا اہل	اجلاسوں میں شرکت
کلیم الرحمن - چیئر مین	5	5
عادل ماچس والا	5	5
اشرف نوابی	5	1

فولیو کی ملکیت اور بحالی اور آباد کاری کے لیے ورک آؤٹ طریقوں کا تعین کیا جاسکے، جیسا کہ بینک کی ریڈیل مینجمنٹ پالیسی میں درج ہے

انفارمیشن سیکورٹی کے لحاظ سے، انفارمیشن سیکورٹی ڈیپارٹمنٹ سیکورٹی/خطرے کے ساتھ ساتھ خطرے نشاندہی کرتا ہے، اہم آئی ٹی کی نگرانی کرتا ہے، اور پورے بینک میں معلومات اور سائبر سیکورٹی کے خطرات کا انتظام کرتا ہے۔ معلومات کے تحفظ کو بہتر بنانے کے لیے، ابھرتے ہوئے خطرات کی حقیقی وقت کی نگرانی کے ساتھ گہرائی/پرتوں والے حفاظتی ڈھانچے تعینات کیا گیا ہے۔ سائبر سیکورٹی کو مزید مضبوط کرنے کے لیے، بینک ایک عمل پرنی کلچر بنانے، ہول کے استعمال میں پیشگی لانے اور مینجمنٹ/ریگولیٹری رپورٹنگ کو بہتر بنانے اور بے ایس اسٹاف کی سیکورٹی سے متعلق آگاہی کی تربیت کو بڑھانے کے لیے آئی ایس کے عملے میں سرمایہ کاری کرنے کی کوشش کر رہا ہے۔

انٹرل کنٹرول پر بیان

بینک اپنے تمام آپریشنز میں سخت اور موثر کنٹرول قائم کرنے بہت زیادہ زور دیتا ہے۔ صنعت کے بہترین طریقہ کار، اخلاقی معیارات اور ریگولیٹری تقاضوں کی تعمیل کو بینک کی پالیسیوں بنیادی اہمیت حاصل ہے۔ اسی تناظر میں بورڈ آف ڈائریکٹرز ایسی پالیسیاں مرتب کرتے ہیں جو انٹرل کنٹرول کی مجموعی موثریت کی جانچ پڑتال فراہم کرتے ہیں۔

بے ایس بینک کے اندر انٹرل کنٹرول کا مقصد بینک کے آپریشنز کی موثریت اور کارکردگی، بھروسہ مند مالی معلومات اور قابل اطلاق قوانین اور ریگولیٹری تقاضوں کی تعمیل سے متعلق مناسب اقدامات اٹھانے کی یقینی دہانی فراہم کرتے ہیں۔ تاہم یہ بات تسلیم کی جاتی ہے کہ یہ نظام مادی تبدیلیوں کے حوالے سے غلط بیان یا نقصان سے مکمل نہیں بلکہ مناسب یقین دہانی دے سکتے ہیں کیونکہ اسے غیر متوقع صورتحال میں خطرے کو ختم کرنے کیلئے نہیں بلکہ ان کا انتظام کرنے کیلئے ڈیزائن کیا گیا۔

رسک مینجمنٹ کو موثر انداز میں یقینی بنانے کیلئے بینک میں انٹرل کنٹرول فنکشن کا گورنس کا ڈھانچہ تین دفاعی سطح پر مشتمل ہے۔ پہلی دفاعی لائن خود کاروبار ہے جو بشمول آپریشنل خطرات کی ملکیت قبول کرتا ہے اور اس کے نظم و نسق کا ذمہ دار ہے۔ دوسری دفاعی لائن رسک مینجمنٹ، کمپلائنس اور کنٹرول فنکشنز کی طرف سے فراہم کردہ نگرانی ہے جس کے ذریعے نئے اور موجودہ کاروباری اقدامات کو متاثر کرنے والے خطرات کی نشاندہی اور ان کی شدت کا اندازہ، رسک ماہرین اور برڈنسز کے ساتھ خطرے کو کم کرنے کیلئے اقدامات ترتیب دیئے جاتے ہیں، اس کے بعد رسک مینجمنٹ فنکشن کو مناسب اصلاحی اقدامات کیلئے رپورٹ کیا جاتا ہے۔ آخری دفاعی لائن آزاد اور موثر انٹرل آڈٹ فنکشن ہے جو انٹرل کنٹرول کی موثریت کا جائزہ لیتا ہے اور پالیسیوں اور طریقہ کاروں کی تعمیل کی نگرانی کرتا ہے۔

بورڈ آف ڈائریکٹرز کو بورڈ آڈٹ کمیٹی کی طرف سے کمپلائنس رپورٹ سے باقاعدگی سے آگاہ کیا جاتا ہے۔ ترجیح کے طور پر، اندرونی اور بیرونی آڈیٹرز اور ریگولیٹرز کے تمام اہم اور مادی نتائج پر انتظامیہ کی طرف سے توجہ دی جاتی ہے اور اس بات کو یقینی بناتے ہوئے کہ مناسب اصلاحی اقدامات نافذ کیے گئے ہیں۔ خلاف ورزیوں کو کم کرنے، غلطیوں کی تکرار، اور کنٹرول انوائرمینٹ کو مضبوط کرنے کے لیے مناسب نظام موجود ہیں۔ اس کے علاوہ، کمپلائنس فنکشن پورے بینک میں ریگولیٹری تعمیل کو یقینی بنانے کے لیے اپنا مناسب کردار ادا کر رہا ہے۔

مالیاتی رپورٹنگ کنٹرول سمیت اندرونی کنٹرول کی مجموعی موثریت کا جائزہ لینے کے لیے بینک اندرونی کنٹرول سے متعلق ایس بی پی کی گائیڈ لائنز پر پوری تدری سے عمل کرتا ہے۔ بینک کے وسیع عمل اور کنٹرول کی تفصیلی دستاویزات مکمل ہو چکی ہیں۔ مزید برآں، بینک نے کلیدی کنٹرولز کی آپریشنل موثریت کو یقینی بنانے کے لیے ایک جامع انتظامی جانچ اور رپورٹنگ کا فریم ورک تیار کیا ہے۔

فنانشل رپورٹنگ پر انٹرل کنٹرول (آئی سی ایف آر) روڈمپ کی اطمینان بخش تکمیل پر ایس بی پی نے اگست 2016 میں ایکسٹرنل آڈیٹرز کی طرف سے لاگت فارم رپورٹ (ایل ایف آر) جمع کرانے سے متعلق دیا۔ لہذا اس کے بعد سے آئی سی ایف آر کی افادیت پر بورڈ آڈٹ کمیٹی کی طرف سے منظور کردہ سالانہ جائزاتی رپورٹ 31 دسمبر، 2021 کو ایس بی پی کو جمع کرائی جائے گی۔ مزید برآں ایس بی پی کی طرف سے 6 جولائی، 2021 کو جاری کردہ احکام نامہ نے ایس ڈی سرکلر نمبر 1 آف 2021 کے مطابق ایسے تمام جنہوں نے آئی سی ایف آر روڈمپ کے تمام مراحل کو مکمل کر لیا ہے، انہیں آئی سی ایف آر کی افادیت پر سالانہ اسسٹمنٹ رپورٹ کو جمع نہ کرانے کی اجازت دی ہے۔ تاہم ایس بی پی سپروائزری اسسٹمنٹس کے حصے کے طور پر سالانہ اسسٹمنٹ رپورٹ کا جائزہ لے سکتا ہے۔ اسی طرح آئی سی ایف آر کی افادیت پر 31 دسمبر، 2021 کیلئے سالانہ اسسٹمنٹ رپورٹ بورڈ آڈٹ کمیٹی کو پیش کی جائے گی۔

بی آر ایم سی بینک کی مجموعی رسک پروفائل پر نظر رکھتا ہے۔ منجمنٹ کی اینٹی گریڈ رسک منجمنٹ کمیٹی (آئی آر ایم سی)، پورٹ فولیو منجمنٹ کمیٹی (پی ایم سی)، آپریشنل رسک منجمنٹ کمیٹی (او آر ایم سی)، ایگری کریٹ کمیٹی (ای سی سی)، ریمڈیل منجمنٹ کمیٹی (آر ایم سی)، آئی ٹی سٹیرنگ کمیٹی (آئی ٹی ایس سی) اور ایسٹس اینڈ لائیبلٹی منجمنٹ کمیٹی (ایس ایل سی او) بینک کی سرگرمیوں کی نگرانی اور پہلے سے متعین حدود کے اندر رسک کی سطح کو برقرار رکھنے کیلئے وضع کردہ فریم ورک کے اندر کام کرتی ہے۔ ان کمیٹیوں کا اجلاس مارکیٹ کی پیش رفتوں اور بینک کی مالی اور سیکورٹی رسک کی سطح کا جائزہ لینے کیلئے باقاعدہ سے منعقد ہوتا ہے۔

رسک منجمنٹ اس بات کو یقینی بنانے کیلئے ایک اہم کردار ادا کرتی ہے کہ پورے بینک نظام میں رسک اور رپورڈ کے درمیان مناسب توازن کو برقرار رکھا جائے۔ اس لئے زیر جائزہ سل میں رسک منجمنٹ فنکشن و فریم ورک کو نمایاں طور پر مضبوط اور مستحکم کیا گیا ہے۔ وقف چیف کریڈٹ آفیسر کے تحت علیحدہ کریڈٹ رسک گروپ جو کارپوریٹ، مالی اداروں اور انٹرنیشنل بینکنگ کے کریڈٹ جائزہ کی نگرانی سرانجام دیتا ہے، کریڈٹ ایڈمنسٹریشن اور سٹریٹجک ایسٹس منجمنٹ کا قیام شامل ہے لیکن اس تک محدود نہیں ہے۔ رسک منجمنٹ کے باقی نظم و ضبط میں مارکیٹ اینڈ لیکویڈیٹی، آپریشنل، پورٹ فولیو، پالیسی، ایگریڈیٹ کریڈٹ، کنزیومر اینڈ پروگرام لینڈنگ اور انفارمیشن سیکورٹی رسک چیف رسک آفیسر کے چھتری تلے کام کرتے ہیں۔ بینک نے ڈیجیٹل خطرات سے نمٹنے اور ڈیجیٹل فنانس بزنس کی معاونت کیلئے رسک ماہرین کی ایک مخصوص ٹیم رکھنے کا اقدام اٹھایا ہے۔

مارکیٹ رسک کی میپنگ، نگرانی اور انتظامی رپورٹنگ مستقل بنیادوں پر کی جاتی ہے۔ ٹریڈری ڈل آفس کی معاونت سے مارکیٹ رسک اینڈ ہیزل یونٹ کی طرف سے انٹریسٹ ریٹ رسک، ایکویٹی ایکسپوزر رسک، کرنسی یا فارن ایکسچینج رسک، کراس بارڈر یا کنٹری رسک، مالیاتی اداروں (FI) ایکسپوزر رسک، لیکویڈیٹی رسک اور کپٹل ایڈوکیسی کی شکل میں تمام متعلقہ فنانشل رسک ایکسپوزر کی یومیگرانی کی جاتی ہے۔ بینک نے اپنے سسٹم کی صلاحیتوں کو اپ گریڈ کرنے کے عمل میں ہے اور اس نے تجزیاتی صلاحیتوں کو بڑھانے کے لیے ٹیمپوس انسائٹ رسک انٹیلی جنس سلوشنز (Temenos Insight Risk Intelligence Solutions) کے مارکیٹ رسک ماڈیول کو لاگو کیا ہے اور ریگولیٹری سرمائے اور اثاثہ اور ذمہ داری کے انتظام کے لیے ماڈیول کو لاگو کرنے کا منصوبہ بنایا ہے۔

کمپیوٹل منجمنٹ کے حوالے سے بینک کا طرز عمل اس بات کو یقینی بناتا ہے کہ اس کے پاس اپنی سرگرمیوں سے وابستہ خطرات کو پورا کرنے کے لیے معقول سرمایہ موجود ہے۔ یہ بینک کے کمپیوٹل منجمنٹ کا بنیادی مقصد ہے کہ اس بات کو یقینی بنائے کہ بینک تمام ریگولیٹری سرمائے کے تقاضوں کی تعمیل کرتا ہے اور ساتھ ہی ساتھ اپنے کاروبار کو معاونت فراہم کرنے اور شیئر ہولڈرز کی قدر کو زیادہ سے زیادہ کرنے کے لیے مضبوط کریڈٹ ریٹنگ اور صحت مند سرمائے کے تناسب کو برقرار رکھتا ہے۔

خطرات اور کنٹرول خود جائزاتی (آر سی ایس اے)، آپریشنل ڈیٹا کا نقصان اور خطرات کے اہم اشاریے (کے آر آئی) کی معمول کی نگرانی کے علاوہ آپریشنل رسک منجمنٹ فنکشن کا روبرو کے تسلسل کی پالیسی کو برقرار رکھتا ہے۔ اور مشن کے اہم نظاموں اور خدمات کی سالانہ تشخیص میں سہولیات فراہم کرتا ہے جس میں کسی بھی غیر متوقع واقعات اور غیر یقینی صورتحال کے باعث نقصان آسکتا ہے۔ بینک نے انفارمیشن ٹیکنالوجی کی اوورسپ کے تحت ڈیزاسٹر ریکوری (ڈی آر) سائبر اور پلان بھی تشکیل دیا ہے جس کا مقصد نازک حالات اور فنکشنل کمپیوٹر کرنے کیلئے سسٹمز کی زیادہ سے زیادہ دستیابی اور صارفین اور شرکاء اداروں کو خدمات کی فراہمی کو یقینی بنانا ہے۔

کریڈٹ رسک منجمنٹ ایک جاری عمل ہے۔ مجموعی کریڈٹ پالیسی اور کریڈٹ رسک منجمنٹ کی گائیڈ لائنز کی منظوری بورڈ آف ڈائریکٹرز کی طرف سے دی جاتی ہے۔ اس سلسلے میں بینرل کریڈٹ کمیٹی (سی سی سی) کو بینک میں کریڈٹ رسک کی نگرانی اور کنٹرول کرنے کی ذمہ داری سونپی جاتی ہے۔ سی سی سی لینڈنگ پورٹ فولیو میں کریڈٹ رسک کی فعال نگرانی کرنے کیلئے باقاعدگی سے اجلاس منعقد کرتی ہے۔ کریڈٹ فورٹ فولیو کی مستحکم ترقی کو برقرار رکھنے اور مستقبل کے چیلنجز سے نمٹنے کیلئے بینک کے کریڈٹ رسک منجمنٹ کے طریقہ کار کی مسلسل اپ گریڈیشن کی جاتی ہے۔ کریڈٹ رسک منجمنٹ کی نگرانی کی سرگرمیوں کو تیز کرنے کیلئے بینک مین ایک کریڈٹ رسک مانیٹرنگ یونٹ موجود ہے جو ایس بی پی اور بیسل III کے تقاضوں کو پورا کرنے کیلئے باقاعدگی سے فورٹ فولیو کی نگرانی، کریڈٹ رسک منجمنٹ کے ٹولز کی تیاری اور عمل درآمد بشمول صنعتی، جغرافیائی اور شعبہ جاتی حدود کے قیام اور کریڈٹ رسک کو انٹیلیجنس / شماراتی تکنیک وضع کرتی ہے۔ کریڈٹ فورٹ فولیو کے استحکام کی کریڈٹ ایڈمنسٹریشن کے ذریعے نگرانی کی جاتی ہے جو کریڈٹ حدود کے نظم و نسق کے ساتھ ہاؤس کیپنگ کی بھی ذمہ دار ہوتی ہے۔

بینک کریڈٹ مسائل سے جڑے خطرات اور غیر یقینی صورتحال کے حوالے سے باخبر ہے جس کیلئے رسک منجمنٹ کے حوالے سے ایک مختلف اور سخت اپروچ کی ضرورت ہوتی ہے۔ اس سلسلے میں، ایس بی پی کی ریگولیٹری گائیڈ لائنز پر عمل کرتے ہوئے ایک سٹریٹجک ایسٹس منجمنٹ یونٹ موجود ہے تاکہ اصلاحی انتظامی مسائل پر توجہ مرکوز، موثر انتظام کے لیے کلاسیفائیڈ پورٹ

کسٹمر ایکسپیرینس

ہے ایس بینک کسٹمر ایکسپیرینس (سی ای) گروپ بینک اور کلائنٹس کے درمیان بہتر رابطہ کاری کو یقینی بنانے کیلئے بینک کے کلائنٹس تجربات کی منصوبہ بندی اور ان کی نگرانی کرتا ہے۔ سی ای گروپ ایسی حکمت عملیاں تشکیل اور انہیں نافذ کرتا ہے جو صارف کے ساتھ اچھے تعلقات قائم کرنے کیلئے سودمند ہوتی ہیں۔ صارف پر توجہ ہماری بنیادی اقدار میں سے ایک ہے جو شکایات کے ازالہ کے انتظام، شکایت سے نمٹنے اور صارف کی فیڈ بیک کو اہمیت دینے کے ساتھ ساتھ ان کی ضروریات کو سمجھنے اور انہیں بہترین تجربہ کی پیش کش سے ہم آہنگ ہے۔

صارفین کے ساتھ اچھا برتاؤ ہمارے کارپوریٹ کلچر کا ایک لازمی جزو ہے۔ بینک نے ”کنز یومر پروڈکشن فریم ورک“ قائم کیا ہے۔ پراڈکٹس اور سروسز کی تیاری، فروخت اور انتظام کرتے ہوئے ذہن میں صارف کے فائدے کو بغیر کسی امتیاز کے مد نظر رکھنا ہماری ترجیح ہے۔ ہمارا مقصد صارفین کے ساتھ معاملات کی انجام دہی میں شفافیت، واضح بات چیت، سروس کلچر کی تیاری اور شکایات کے ازالے کیلئے میکینزم تشکیل دینا ہے۔ ہم اپنے کنز یومر ایجوکیشن اور فنانشل لٹریسی پروگرام کے ذریعے ذمہ دار طرز عمل کے فروغ اور کنز یومر کی طرف سے مالی فیصلوں کو فروغ دینے کیلئے صارفین کی مالی خواندگی پر توجہ مرکوز کرتے ہیں

رسک مینجمنٹ

بورڈ رسک مینجمنٹ کے بہترین طریقوں پر ان کی اصل روح کے مطابق عمل درآمد کیلئے پرعزم ہے۔ موثر رسک مینجمنٹ کو برقرار رکھنے کیلئے بینک ہسل II/III فریم ورک کے تحت ایس پی پی کی طرف سے جاری ریگولیٹری ہدایات اور دیگر متعلقہ گائیڈ لائنز کے مطابق رسک مینجمنٹ کے مناسب فریم ورک پر عمل درآمد کرتا ہے۔ اس سلسلے میں بینک نے رسک مینجمنٹ پالیسیوں، طریقہ کاروں اور طرز عمل کا جامع نظام تشکیل دے رکھا ہے جو جو بینک کو تمام بڑے خطرات بشمول کریڈٹ، مارکیٹ، لیکویڈیٹی، آپریشنل، ٹیکنالوجی، اور انفارمیشن سیکورٹی کو مناسب طریقے پر کھنکھنے کے قابل بناتا ہے۔

بینک کا مجموعی رسک مینجمنٹ فریم ورک بورڈ آف ڈائریکٹرز (بی او ڈی) / بورڈ رسک مینجمنٹ کمیٹی (بی آر ایم سی) کی نگرانی میں کام کرتا ہے جبکہ بینک کی سینئر انتظامیہ کی طرف سے آپریشنل سطح کے روزمرہ کے فنکشن انجام دیئے جاتے ہیں۔ ایک جامع مربوط رسک مینجمنٹ اپروچ تیار کرنے کی خاطر بینک میں رسک مینجمنٹ کے متعدد پہلوؤں کا انتظام کرنے کیلئے ایک الگ اور آزاد رسک مینجمنٹ فنکشن موجود ہے جبکہ کریڈٹ رسک فنکشنز کو رسک مینجمنٹ کے دیگر متعدد اقسام میں الگ کیا گیا ہے۔ بینک کے اندر رسک مینجمنٹ اپروچ کو مضبوط بنانے کیلئے بورڈ کی طرف سے مندرجہ ذیل اہم پالیسیاں مرتب کی گئیں / جائزہ لیا گیا اور منظوری دی گئی ہے۔

۔ رسک مینجمنٹ پالیسی

۔ کریڈٹ پالیسی

۔ ایس ایم ای کریڈٹ پالیسی

۔ کو لیٹرل مینجمنٹ پالیسی

۔ مارکیٹ رسک مینجمنٹ پالیسی

۔ آپریشنل رسک مینجمنٹ پالیسی

۔ لیکویڈیٹی رسک مینجمنٹ پالیسی

۔ کنٹری رسک مینجمنٹ پالیسی

۔ ایگریگیشن کریڈٹ پالیسی

۔ رمیڈیل مینجمنٹ پالیسی

۔ ڈیٹ پراپٹی سویپ پالیسی

۔ بزنس کانٹینیوٹی پالیسی

۔ انفارمیشن سیکورٹی پالیسی

ڈیپازٹس

جے ایس بینک نے کورڈیپازٹ بلخصوص لوکاسٹ ڈیپازٹس (کرنٹ اکاؤنٹس سی اے) میں افزائش پر توجہ مرکوز رکھی۔ بینک کے سال 2021 کا اختتام 461 ملین روپے کے ڈیپازٹ میں کے ساتھ ہوا جس میں سال 2020 کے مقابلے میں 6.4 فیصد اضافہ ہوا۔ ڈیپازٹ میں 12.5 فیصد میں نمایاں اضافہ (کل ڈپازٹس 26.6 فیصد) دولت مند اور بڑے پیمانے پر متمول مارکیٹ کے حصوں پر توجہ مرکوز کر کے بینک کو زیادہ استحکام، تقویت اور ڈیپازٹ لاگت میں کمی فراہم کر کے بڑھایا گیا ہے۔ بینک نے مختلف شعبوں میں اپنے ڈیپازٹ تعلقات کو وسعت دینے کے لیے کئی اہم اقدامات کیے ہیں جن میں کاروباری اکاؤنٹس، ایمپلائی بینکنگ، کیش منیجمنٹ تعلقات، کارپوریٹ ڈیپازٹس اور ٹیکنالوجی پر مبنی سلو شز شامل ہیں۔

ایڈوانسز

اثاثوں کے حوالے سے ہماری حکمت عملی صارفین کی ضروریات کے لیے ڈیزائن کردہ مکمل پروڈکٹ رینج کے ذریعے مربوط توسیع شامل ہے۔ بینک نے کئی ایس ایم ای جب براؤزر کے ذریعے کام کرتے ہوئے ریلیشن لینڈنگ ماڈل کے ذریعے سال اینڈ میڈیم انٹر پرائز (ایس ایم ای) کے منظر نامے پر اپنی توجہ میں اضافہ کا سلسلہ جاری رکھے ہوئے ہے۔ مزید برآں 2021 کے دوران محفوظ صارفین کو قرضوں کی فراہمی کا حجم مستحکم رہا۔ مجموعی طور پر، بینک نے 2021 میں 261 ملین روپے مجموعی ایڈوانسز کا اعلان کیا جس میں گزشتہ سال کے مقابلے میں 2.5 فیصد اضافہ ہوا۔

سرمایہ کاریاں

جے ایس بینک نے 2021 میں 231 ملین روپے کی کل سرمایہ کاری کی جس میں گزشتہ سال کے مقابلے میں 14.7 فیصد اضافہ ہوا۔ ایکویٹی کے تناظر میں سرپلس میں مالی سال 2020 کے مقابلے میں 36 فیصد اضافہ ہوا۔

فیس بزنس

بینک نے فیس سے حاصل ہونے والی روایتی آمدنی کے ساتھ ساتھ نئے اور موجودہ صارفین کو مختلف فیس پر مبنی مصنوعات بیچ کر متوازی ترقی کے ذریعے انٹریسٹ اور فیس پر مبنی اکم کے درمیان محصولات کے امتزاج کو بہتر بنانے کے لیے ٹھوس کوششیں کیں۔

2021 میں انویسٹمنٹ بینکنگ گروپ (آئی بی جی) کو روایتی انویسٹمنٹ بینکنگ سے آگے بڑھاتے ہوئے نئے سرے سے تشکیل دیا گیا۔ آئی بی جی نے روایتی فنڈ بیڈ اور نان فنڈ بیڈ فنانسنگ سہولیات میں نصف شرکت کی بلکہ دیگر خدمات میں فعال طور پر توسیع کی جن میں ٹرسٹی شپ، ایکویٹی، انڈر رائٹنگ، کسٹومڈیل سروسز اور پرائیوٹ ایکویٹی شامل ہے۔ بینک نے ماریٹیوٹیل انڈسٹری کیلئے سکوک پر مبنی فنانسنگ کے حصول کیلئے سہولت کی فراہمی میں کامیاب رہا۔ بینک نے رواں سال 16 متنوع لین دین کر کے اپنی مارکیٹ میں پوزیشن کو ثابت کیا۔

ڈیجیٹل

سال 2021 ڈیجیٹل اقدامات کے تناظر میں بینک کیلئے نہایت اہمیت کا حامل رہا۔ بینک نے اپنے ڈیجیٹل بزنسز کو ڈیجیٹل مالی سروسز کے دائرہ میں اضافہ کے مقصد کے تحت از سر نو تشکیل دیا۔ ڈی ایف ایس بزنس نے واٹس ایپ بوٹ، موبائل بینکنگ اور انٹرنیٹ بینکنگ جیسی ملٹی پل سہولیات کی ترقی اور آغاز کے ساتھ 2021 میں متعدد سنگ میل عبور کئے۔ مزید برآں، ڈی ایف ایس بزنس نے واٹس ایپ بوٹ کے ذریعے ڈیجیٹل چیک اور ان ایپ چیٹ، سی این آئی سی ایپ ڈیٹ جیسی سہولیات کا آغاز کیا جو اس پہلے کبھی پاکستان میں دستیاب نہیں تھیں۔ روشن ڈیجیٹل اکاؤنٹ (آر ڈی اے) کے پائلٹ آغاز کے ساتھ ٹیٹ بینک کے متعدد اقدامات کو نافذ کیا گیا۔ مزید برآں، جے ایس بینک کا شمار ان پہلے پانچ بینکوں میں ہوتا ہے جنہوں نے ”راست“ اور ڈیجیٹل اکاؤنٹ کھولنے کا کامیاب تجربہ کیا جس سے صارفین اپنے گھروں سے آسانی سے بینک اکاؤنٹ کھول سکتے ہیں۔

اس کے علاوہ جے ایس بینک کا شمار ان چند بینکوں میں ہوتا ہے جو ایک اوپن بینکنگ پلیٹ فارم کے حامل ہے جو سٹارٹ اپ کمیونٹی کو سینڈ باکس انوومنٹ میں اے پی آئی (ایپلی کیشن پروگرامنگ انٹرفیس) کے استعمال اور انضمام کی اجازت دیتا ہے۔

یہ تمام کامیابیاں ڈیجیٹل ڈویژن کی مضبوطی اور اس کی مضبوط بنیادوں کا ثبوت ہیں جو بینکنے پاکستان میں روایتی بینکنگ میں انقلاب برپا کرنے کے لیے قیام کی ہیں۔

ہے۔

دوسری طرف، این پی ایل کی مقدار میں کچھ اضافے کے باوجود، لون انفیکشن کا تناسب (5.3%) صنعت کی اوسط سے نمایاں طور پر کم رہا۔ بینک کی بنیادی آمدنی میں اضافے اور اعلیٰ شرائط نے بھی این پی ایل کو ریٹو کو 2020 میں 35.6% سے 2021 میں 47.2% تک بہتر کرنے میں مدد کی۔

کینیڈل ایڈوکیسی

31 دسمبر، 2021 تک جے ایس بینک کا کینیڈل ایڈوکیسی ریٹو (سی اے آر) 2020 میں 12.77 فیصد کے مقابلے میں 13.77 فیصد رہا۔ ایس بی پی کی طرف سے مقرر کردہ کم سے کم مطلوبہ سی اے آر (بشمول کینیڈل کنزرویشن بفر) 12.50 فیصد ہے۔ تاہم تاہم، اسٹیٹ بینک آف پاکستان نے کورونا وبا کے اثرات کو کم کرنے کے لیے ریگولیٹری ریلیف کے طور پر فی الحال بینکوں کے لیے سی اے آر کی ضرورت کو 12.50 فیصد تک کم کر دیا ہے۔

گزشتہ چھ سالوں کیلئے مالی اعداد و شمار کا خلاصہ ذیل میں دیا گیا ہے

تفصیلات	2021	2020	2019	2018	2017	2016
ڈیپازٹس	460,705	433,063	369,790	321,413	290,078	226,099
ایکویٹی	22,024	20,592	17,333	15,617	16,669	16,650
کل اثاثے	584,289	532,168	469,821	456,754	391,479	264,700
سرمایہ کاریاں - صافی	231,266	201,698	142,568	148,690	169,612	133,727
ایڈوانسز - صافی	254,184	250,199	242,944	251,991	184,140	93,794
مجموعی مارک اپ انکم	39,125	43,099	41,595	29,997	20,381	15,081
صافی مارک اپ انکم	11,895	9,777	7,028	8,809	6,242	5,728
نان مارک اپ انکم	5,077	6,676	3,943	2,141	4,051	4,861
قبل از ٹیکس منافع	2,209	2,023	133	905	1,621	3,390
بعد از ٹیکس منافع	1,304	1,150	25	562	973	2,077
فی شخص آمدن (بنیادی) - روپے	1.01	0.89	0.0004	0.3	0.74	1.77
اوسط اثاثوں پر منافع (ROAA)	0.23%	0.23%	0.01%	0.13%	0.30%	0.86%
اوسط ایکویٹی پر منافع (ROAE)	6.12%	6.06%	0.15%	3.48%	5.84%	12.74%
کینیڈل ایڈوکیسی ریٹو (سی اے آر)	13.77%	12.77%	12.93%	12.01%	11.95%	14.05%
ڈیپازٹس ریٹو کی طرف ایڈوانسز	55.17%	57.77%	65.70%	78.40%	63.48%	41.48%
برانچز	282	308	360	345	323	307
ملازمین	4,487	5,311	4,904	5,127	4,998	4,163

کاروباری جائزہ

سال میں بیلنس شیٹ میں ایڈوانسز میں معقول توسیع، ڈیپازٹ موبلائزیشن اور فیس کے متنوع کاروباری اعانت سے اضافہ دیکھنے کو ملا۔ بینک کی مجموعی پراڈکٹ حکمت عملی مالی شمولیت کے لیے مالیاتی خدمات تک رسائی کو فروغ دینا، تمام صارفین کے سیکٹس میں صارفین کی ضروریات کی نشاندہی اور انہیں پورا کرنا ہے اور ساتھ ہی ساتھ مسابقت سے الگ رہنے کی کوشش میں مخصوص مارکیٹ کی ضروریات کو بھی پورا کرنا ہے۔

14,124 ملین روپے تک پہنچا۔ سرمایہ کاری میں زیادہ اضافہ نے آئی ڈی آر میں 67 فیصد اضافہ ہوا۔

شرح سود میں زیادہ اضافہ سے اب تک ایڈوانسز کی نمویں کوئی رکاوٹ درپیش نہیں آئی کیونکہ بینکنگ سیکٹر میں سالانہ 19 فیصد اضافہ دیکھنے میں آیا جو 10,149 ملین روپے تک چلا گیا۔ اس کے ساتھ اے ڈی آر میں 48 فیصد اضافہ ہوا۔ مزید برآں مالی سال 2021 کے نو ماہ تک نان پرفارمنگ قرضہ جات 877 ملین روپے تک پہنچ گئے، جس سے سیکٹر کا نفلشن ریلٹو 9 فیصد کے قریب رہا۔

مالی کارکردگی

2021 احتجاج کام سال تھا کیونکہ بینک نے بنیادی منافع کو بہتر بنانے پر کئی توجہ مرکوز کی۔

بینک کا 31 دسمبر، 2021 کو ختم ہونے والے سال کیلئے قبل از ٹیکس منافع 2,209 ملین روپے (بعد از ٹیکس منافع 1,304 ملین) روپے رہا جبکہ گزشتہ سال قبل از ٹیکس منافع 2,023 ملین روپے (بعد از ٹیکس منافع 1,150 ملین روپے) تھا۔ فی حصص آمدنی (ای پی ایس) 1.01 روپے رہی (31 دسمبر، 2020: 0.89 روپے فی حصص)

ہماری ڈیپازٹ بک میں سال بسال کی بنیاد پر 6 فیصد اضافہ ہوا کیونکہ ہم نے غیر منافع بخش ای سی وائی ڈیپازٹس کو متحرک کرنے پر توجہ مرکوز رکھی، جس میں 15.8 فیصد اضافہ ہوا۔ ہم نے اپنی توجہ زیادہ لاگت والے ایف آئی اور ادارہ جاتی ڈیپازٹس پر کم کی اور اوسطاً غیر منافع بخش ڈیپازٹ کی ساخت 2020 میں 22.5 فیصد سے بڑھ کر 2021 میں 25.7 فیصد ہو گئی۔ جس کے باعث ڈیپازٹس کی لاگت میں خاطر خواہ کمی واقع ہوئی۔

ہم قرض دینے کی سرگرمیوں کے حوالے سے بھی قدامت پسند رہے اور اپنی ایڈوانس بک میں صرف تھوڑا سا اضافہ کیا۔ بینک کا مجموعی مقصد پورٹ فولیو کو کم مارجن والے بڑے ٹکٹ کریڈٹ ایکسیپوزز سے چھوٹے ٹکٹ ساز اور کم رسک وینچر والی اعلیٰ مارجن کی حامل پروڈکٹس کی طرف منتقل کرنا تھا تاکہ بنیادی آمدنی کو بہتر بنایا جاسکے اور سرمائے کو مؤثر طریقے سے استعمال کیا جاسکے۔ کسٹمر بک کی تشکیل 5 فیصد سے بڑھ کر 6.5 فیصد ہو گئی ہے۔ تاہم، سال کے دوران ہماری مارکیٹ بک کے ساز میں 42 فیصد اضافہ ہوا ہے اس طرح ہم ہاؤسنگ فنانس کے شعبے میں سب سے زیادہ فعال قرض دہندگان میں سے ایک بن گئے ہیں۔ کامیاب جوان اور ایس بی پی کی سولرفنانسنگ اسکیم نے بھی اچھی کارکردگی کا مظاہرہ کرتے ہوئے مجموعی ایڈوانسز میں 2.5 فیصد کا مجموعی حصہ حاصل کیا۔

ایڈوانسز جمع ہونے کے نتیجے میں ایس بی پی کا اوسط پالیسی ریٹ گزشتہ سال کے 8.9 فیصد کے مقابلے میں 7.1 فیصد رہنے کے باوجود بینک کے کورسپریڈ میں بہتری آئی۔ چنانچہ بینک کی خالص انٹریسٹ انکم 9,777 ملین روپے سے بڑھ کر 11,894 ملین روپے ہوئی جس میں 22 فیصد اضافہ ہوا۔

نان مارک اپ انکم (این ایف آئی) 5,077 ملین روپے رہی۔ فیس اور کمیشن سے حاصل شدہ آمدن کا سب سے زیادہ حصہ تھا (3,207 ملین روپے) تاہم اس میں گزشتہ سال سے کمی ہوئی جس کی وجہ زیادہ سے زیادہ ریٹیل صارفین کو راغب کرنے کیلئے اے ڈی سی پراڈکٹس پر چارجز کی معقولیت ہے۔ ہمارے ٹریڈ کاروبار میں 24 فیصد کی متاثر کن اضافہ ہوا جو بینک کے ڈیپازٹس سے بہت زیادہ ہے۔ مزید برآں بینک نے اپنی ذیلی کمپنی سے 574 ملین روپے کے منافع کی آمدن اور 1,187 ملین روپے کی ایف ایکس انکم حاصل کی ہے۔۔ کور برنس کو بہتر بنانے پر توجہ مرکوز کرنے کی وجہ سے ٹریڈنگ سرگرمیاں محدود رہیں جس کے باعث سال میں ٹریڈنگ سے کم منافع حاصل ہوا

سال کے دوران ہم نے اپنے ٹیکنالوجی انفراسٹرکچر کو اپ گریڈ کرنے کا سلسلہ جاری رکھا اور ٹیکنالوجی کی حامل صدی اول نسل کو جدید ترین بینکنگ سلوشنز کی فراہمی کیلئے ڈیجیٹل فنانشل سروسز کا آغاز کیا۔ بینک کے ٹیکنالوجی کے حوالے سے اخراجات میں گزشتہ سالوں میں 33 فیصد اضافہ ہوا۔ بہر حال ہم افراط زر کے دباؤ، کرنسی کی قدر میں کمی کے باوجود بینک کے مجموعی آپریٹنگ اخراجات کا انتظام کرنے میں کامیاب ہوئے۔ یہ سب بینک کے برانچ نیٹ ورک کو ہم آہنگ کرنے اور ایچ آر کے غیر ضروری اخراجات کو کم کر کے ممکن ہوا ہے۔ نتیجتاً بینک کی لاگت اور انکم میں تناسب 2020 میں 79.9 فیصد سے بہتر ہو کر 2021 میں 75.2 فیصد ہو گئی۔ NII سے Opex تناسب بھی 75.1 فیصد بہتری کے ساتھ 93.5 فیصد رہا۔ جو کور انکم میں اضافہ کا نتیجہ

ہم 31 دسمبر، 2021 کو ختم ہونے والے سال کیلئے جے ایس بینک لمیٹڈ ("جے ایس بی ایل") کی 16 ویں سالانہ رپورٹ مع پڑتال شدہ کھاتوں اور آڈیٹرز کی رپورٹس پیش کرنے میں مسرت محسوس کرتے ہیں

اقتصادی جائزہ

حکومت اور مرکزی بینک کی طرف سے سازگار پالیسیوں اور کورونا وبا کے بعد عالمی معیشتوں کی بحالی مالی سال 2021 کے دوران ملکی طلب میں اضافہ کا باعث بنی۔ مالی سال 2021 میں جی ڈی پی کی متاثر کن 5.4 فیصد کی نمو کی بنیادی وجہ مینوفیکچرنگ پر اڈکشن اور ہول سیل اور رٹیل ٹریڈ کی بحالی ہے۔ تاہم کھپت پر مبنی معیشت کی بنا پر یہ بحالی افراط زر کے دباؤ کا باعث بنی۔ چنانچہ سال بہ سال کی بنیاد پر مالی سال 2021 کیلئے افراط زر کی اوسط شرح 8.9 فیصد ریکارڈ کی گئی تاہم اگست 2021 کے بعد اس میں اضافہ ہوا جبکہ سال بہ سال کی بنیاد پر دسمبر کی افراط زر کی شرح 12.3 فیصد رہی۔

اسی دوران بیرونی دباؤ میں بھی اضافہ ہوا کیونکہ ملک کا درآمدی بل سال 2021 کے دوران سال بہ سال کی بنیاد پر 54 فیصد سے 67 بلین امریکی ڈالر تک بڑھ گیا۔ مشینری اور ویکسین کی درآمدات اور اجناس کی بلند قیمتوں کی وجہ سے بڑھتے ہوئے درآمدی بل نے برآمدات میں سال بہ سال 32 فیصد ترقی اور ترسیلات زر میں سال بہ سال 19 فیصد ترقی کو مانع کر دیا۔ نتیجتاً، مجموعی کرنٹ اکاؤنٹ خسارہ سال 2021 میں بڑھ کر 12.3 بلین ڈالر ہو گیا ہے جو کہ سال 2020 کے دوران 245 بلین ڈالر سرپلس تھا۔

کرنٹ اکاؤنٹ خسارے میں اضافہ کے باوجود ملک کے غیر ملکی زرمبادلہ کے ذخائر 31 دسمبر، 2021 تک سال بہ سال کی بنیاد پر 31 فیصد اضافہ کے ساتھ 24 بلین ڈالر رہے جس کی وجہ 2.7 ڈالر کی ایس ڈی آر تخصیص، 3 بلین ڈالر سعودی ڈیپازٹس، یورو بانڈ کا اجرا اور دیگر کثیر جہتی ادوار قدرے شامل ہیں۔ بہر حال ب غیر ملکی ذخائر میں اضافہ بھی فاریکس مارکیٹ کو معاونت فراہم نہیں کر پائے جس کے نتیجے میں سال کے دوران امریکی ڈالر کے مقابلے میں روپے کی قدر میں 9.5 فیصد کمی ہوئی۔

مجموعی طور پر بڑھتی ہوئی مہنگائی اور پاکستانی روپے کی قدر میں کمی کے ساتھ متوقع معاشی بحالی کے باعث ایس بی پی نے سال 2021 میں پالیسی ریٹ کو 275 بی پی ایس سے 9.75 فیصد تک بڑھایا ہے۔ مرکزی بینک کو توقع ہے کہ اگلے مالی سال میں اقتصادی ترقی کی رفتار معتدل ہو جائے گی۔ نتیجے کے طور پر اگرچہ ہیڈ لائن افراط زر بلند رہ سکتا ہے، لیکن اس کی ترقی کی رفتار کم ہو سکتی ہے۔

مالیاتی سطح پر مالی سال 2022 کی پہلی ششماہی کے لیے ایف بی آر کی وصولی 2,915 بلین روپے سے تجاوز کر گئی ہے جس میں سال بہ سال کی بنیاد پر 33 فیصد اضافہ ہوا جس نے 282 بلین روپے کے ہدف کو پیچھے چھوڑ دیا۔ جب کہ مالی سال 21 کے لیے مالیاتی خسارہ جی ڈی پی کے 7.1 فیصد پر تھا۔ مالی سال 2022 کی پہلی سہ ماہی کے اعداد و شمار جی ڈی پی کے 0.8 فیصد پر تھے جو محصولات اور مستقل اخراجات میں اضافے کی عکاسی کرتا ہے۔ اسی مدت کے دوران، کنٹرول شدہ خسارے نے جی ڈی پی کے 0.3 فیصد کے مثبت بنیادی توازن میں کردار ادا کیا۔

بینکنگ سیکٹر کا جائزہ

زیادہ تر سال کیلئے پالیسی ریٹ 7.5 پر برقرار رکھنے کے بعد مائٹنگ پالیسی کمیٹی (ایم پی ایس) نے پالیسی ریٹ میں 275 بی پی ایس کا مجموعی اضافہ کا اعلان کیا جس میں سے زیادہ تر اضافہ کا اعلان کلینڈر سال کے آخری تین ماہ میں کیا گیا۔ تیزی سے اضافہ سے پالیسی ریٹ 9.75 فیصد تک پہنچ گیا۔ دوسری طرف اوسط بینکنگ سپریڈز سال بہ سال کی بنیاد پر 82 بی پی ایس کی سے 4.31 فیصد تک پہنچ گیا۔

بینکنگ سیکٹر کے ذخائر 20,972 بلین روپے تک پہنچ گئے جس میں سال بہ سال کی بنیاد پر 17 فیصد اضافہ ہوا اور ستمبر 2021 کے اعداد و شمار کے مطابق، ڈیپازٹ کس کا مزید چھکاؤ صفر لاگت والے ڈپازٹس کی طرف رہا۔ سرمایہ کاری میں سب سے زیادہ ڈیپازٹس کارحان اس سال بھی جاری رہا اور ساتھ ہی سیکٹر انویسٹمنٹ میں سال بہ سال کی بنیاد پر 22 فیصد اضافہ کے ساتھ

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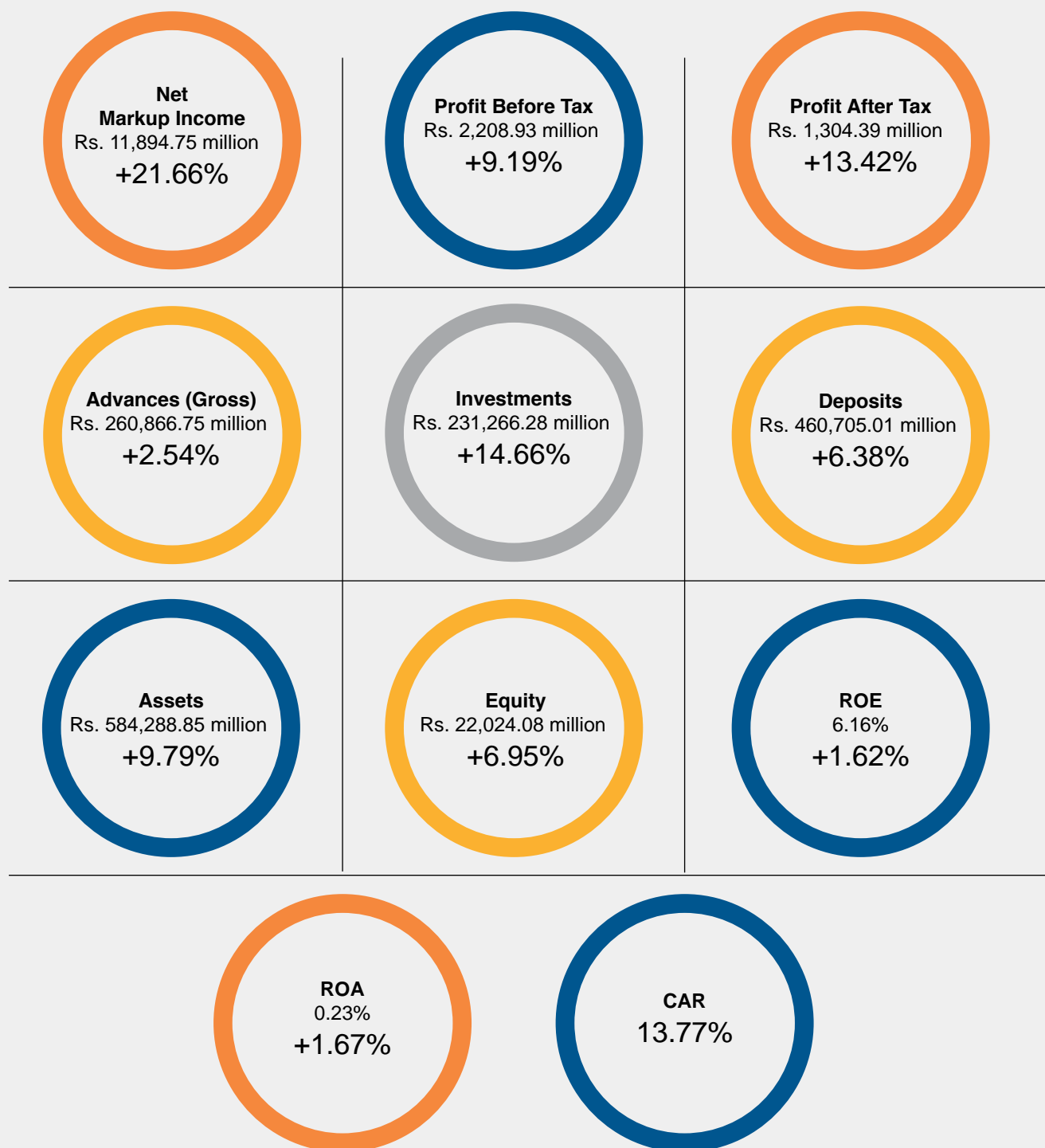


Real-time market data from the
New York Stock Exchange
and other major exchanges.
Data provided by
Bloomberg L.P.

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PERFORMANCE AND POSITION

Highlights



Six Years' Financial Summary

	Rs. in million					
	2021	2020	2019	2018	2017	2016
Statement of Financial Position						
Cash and balances with treasury banks	34,267	30,421	25,589	32,111	17,334	15,509
Balances with other banks	1,186	1,106	463	969	1,034	753
Lendings to financial institutions	31,939	23,240	30,321	1,937	3,116	11,334
Investments - net	231,266	201,698	142,568	148,690	169,612	133,727
Advances - net	254,184	250,199	242,945	251,991	184,140	93,794
Operating fixed assets	13,302	10,086	11,964	8,415	7,113	5,837
Deferred tax assets	-	-	9	287	-	-
Other assets	18,145	14,678	16,194	12,354	9,131	6,490
Assets held for sale	-	739	374	-	-	-
Total Assets	584,289	532,168	470,427	456,754	391,479	267,444
Bills payable	7,039	4,982	3,804	3,520	3,824	2,544
Borrowings	70,474	48,303	54,468	96,559	64,557	10,320
Deposits and other accounts	460,705	433,063	369,790	321,413	290,078	226,099
Sub-ordinated debt	6,997	7,493	7,495	7,497	4,999	3,000
Deferred tax liabilities	1,386	1,194	-	-	797	1,205
Other liabilities	15,664	16,541	17,536	12,148	10,555	7,626
Total Liabilities	562,265	511,576	453,094	441,137	374,810	250,794
Net Assets	22,024	20,592	17,333	15,617	16,669	16,650
Share capital	12,975	12,975	12,975	12,975	12,225	12,225
Discount on issue of shares	(2,855)	(2,855)	(2,855)	(2,855)	(2,105)	(2,105)
Preference shares	-	-	-	-	1,500	1,500
Reserves	2,331	1,991	1,750	1,712	1,541	1,334
Surplus / (Deficit) on revaluation of assets - net of tax	2,467	2,334	637	(1,036)	490	1,223
Unappropriated profits	7,107	6,148	4,828	4,821	4,519	3,973
Total Equity	22,024	20,592	17,333	15,617	16,669	16,650
Profit & Loss Account						
Mark-up / return / interest earned	39,125	43,099	41,595	29,997	20,381	15,081
Fee, commission and brokerage income	3,207	3,596	2,860	2,669	2,124	1,427
Gain / (Loss) on sale of securities - net	95	1,873	(711)	(1,434)	1,234	2,965
Income from dealing in foreign currencies	1,198	1,040	1,010	688	357	313
Dividend income	574	98	300	109	167	98
Other income	3	70	484	109	169	59
Total Gross Income	44,202	49,775	45,538	32,138	24,433	19,942
Mark-up / return / interest expensed	27,231	33,322	34,566	21,188	14,139	9,353
Provision/ (reversal) and write offs	1,995	1,280	(92)	238	371	351
Workers' welfare fund & Other Charges	45	132	139	(149)	46	99
Operating expenses	12,723	13,019	10,792	9,956	8,256	6,748
Total Expenses	41,993	47,752	45,405	31,233	22,812	16,552
Profit Before Tax	2,209	2,023	133	905	1,621	3,390
Taxation	905	873	108	342	647	1,313
Profit After Taxation	1,304	1,150	25	562	973	2,077

Six Years' Vertical Analysis

Rs. in million

	Vertical Analysis											
	2021	%	2020	%	2019	%	2018	%	2017	%	2016	%
Statement of Financial Position												
Cash and balances with treasury banks	34,267	6%	30,421	6%	25,589	5%	32,111	7%	17,334	4%	15,509	6%
Balances with other banks	1,186	0%	1,106	0%	463	0%	969	0%	1,034	0%	753	0%
Lendings to financial institutions	31,939	5%	23,240	4%	30,321	6%	1,937	0%	3,116	1%	11,334	4%
Investments - net	231,266	40%	201,698	38%	142,568	30%	148,690	33%	169,612	43%	133,727	50%
Advances - net	254,184	44%	250,199	47%	242,945	52%	251,991	55%	184,140	47%	93,794	35%
Operating fixed assets	13,302	2%	10,086	2%	11,964	3%	8,415	2%	7,113	2%	5,837	2%
Deferred tax assets	-	0%	-	0%	9	0%	287	0%	-	0%	-	0%
Other assets	18,145	3%	14,678	3%	16,194	3%	12,354	3%	9,131	2%	6,490	2%
Assets held for sale	-	0%	739	0%	374	0%	-	0%	-	-	-	-
Total Assets	584,289	100%	532,168	100%	470,427	100%	456,754	100%	391,479	100%	267,444	100%
Bills payable	7,039	1%	4,982	1%	3,804	1%	3,520	1%	3,824	1%	2,544	1%
Borrowings	70,474	12%	48,303	9%	54,468	12%	96,559	21%	64,557	16%	10,320	4%
Deposits and other accounts	460,705	79%	433,063	81%	369,790	79%	321,413	70%	290,078	74%	226,099	85%
Sub-ordinated debt	6,997	1%	7,493	1%	7,495	2%	7,497	2%	4,999	1%	3,000	1%
Deferred tax liabilities	1,386	0%	1,194	0%	-	0%	-	0%	797	0%	1,205	0%
Other liabilities	15,664	3%	16,541	3%	17,536	4%	12,148	3%	10,555	3%	7,626	3%
Total Liabilities	562,265	96%	511,576	96%	453,094	96%	441,137	97%	374,810	96%	250,794	94%
Net Assets	22,024	4%	20,592	4%	17,333	4%	15,617	3%	16,669	4%	16,650	6%
Represented by:												
Share capital	12,975	2%	12,975	2%	12,975	3%	12,975	3%	12,225	3%	12,225	5%
Discount on issue of shares	(2,855)	0%	(2,855)	-1%	(2,855)	-1%	(2,855)	-1%	(2,105)	-1%	(2,105)	-1%
Preference shares	-	0%	-	0%	-	0%	-	0%	1,500	1%	1,500	1%
Reserves	2,331	0%	1,991	0%	1,750	0%	1,712	0%	1,541	0%	1,334	0%
Surplus / (Deficit) on revaluation of assets - net of tax	2,467	4%	2,334	0%	637	0%	(1,036)	0%	490	0%	1,223	1%
Unappropriated profits	7,107	1%	6,148	1%	4,828	1%	4,821	1%	4,519	1%	3,973	1%
Total Equity	22,024	4%	20,592	4%	17,333	4%	15,617	3%	16,669	4%	16,650	6%
Profit & Loss Account												
Mark-up / return / interest earned	39,125	89%	43,099	87%	41,595	91%	29,997	93%	20,381	83%	15,081	76%
Fee, commission and brokerage income	3,207	7%	3,596	7%	2,860	6%	2,669	8%	2,124	9%	1,427	7%
Gain / (Loss) on sale of securities - net	95	0%	1,873	4%	(711)	-2%	(1,434)	-4%	1,234	5%	2,965	15%
Income from dealing in foreign currencies	1,198	3%	1,040	2%	1,010	2%	688	2%	357	1%	313	2%
Dividend income	574	1%	98	0%	300	1%	109	0%	167	1%	98	0%
Other income	3	0%	70	0%	484	1%	109	0%	169	1%	59	0%
Total Gross Income	44,202	100%	49,775	100%	45,538	100%	32,138	100%	24,433	100%	19,942	100%
Mark-up / return / interest expensed	27,231	62%	33,322	67%	34,566	76%	21,188	66%	14,139	58%	9,353	47%
Provision/ (reversal) against advances	2,267	5%	681	1%	360	1%	406	1%	203	1%	(64)	0%
Provision / (reversal) of diminution in value of investments	(234)	-1%	275	1%	(345)	-1%	(220)	-1%	123	1%	415	2%
Provision / (reversal) of fixed assets and others	(38)	0%	324	0%	(107)	0%	52	0%	45	0%	-	0%
Worker welfare fund & Other Charges	45	0%	132	0%	139	0%	(149)	0%	46	0%	99	0%
Operating expenses	12,723	29%	13,019	26%	10,792	24%	9,956	31%	8,256	34%	6,748	34%
Total Expenses	41,993	95%	47,752	96%	45,405	100%	31,233	97%	22,812	93%	16,552	83%
Profit Before Tax	2,209	5%	2,023	4%	133	0%	905	3%	1,621	7%	3,390	17%
Taxation	905	2%	873	2%	108	0%	342	1%	647	3%	1,313	7%
Profit After Taxation	1,304	3%	1,150	2%	25	0%	562	2%	973	4%	2,077	10%

Six Years' Horizontal Analysis

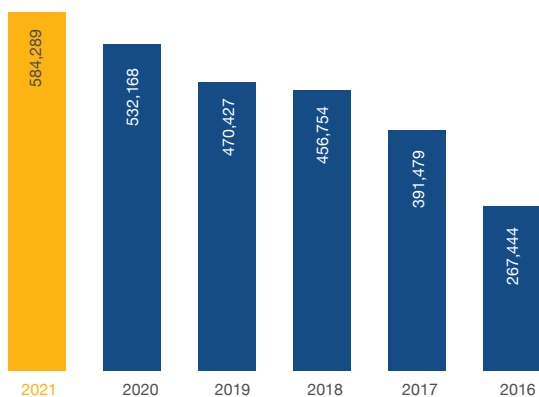
Rs. in million

	Horizontal Analysis						
	6 Years CAGR	2021	2020	2019	2018	2017	2016
Statement of Financial Position							
Cash and balances with treasury banks	21%	34,267	30,421	25,589	32,111	17,334	15,509
Balances with other banks	13%	1,186	1,106	463	969	1,034	753
Lendings to financial institutions	44%	31,939	23,240	30,321	1,937	3,116	11,334
Investments - net	12%	231,266	201,698	142,568	148,690	169,612	133,727
Advances - net	22%	254,184	250,199	242,945	251,991	184,140	93,794
Operating fixed assets	19%	13,302	10,086	11,964	8,415	7,113	5,837
Deferred tax assets	0%	-	-	9	287	-	-
Other assets	21%	18,145	14,678	16,194	12,354	9,131	6,490
Assets held for sale	0%	-	739	374	-	-	-
Total Assets	18%	584,289	532,168	470,427	456,754	391,479	267,444
Bills payable	28%	7,039	4,982	3,804	3,520	3,824	2,544
Borrowings	4%	70,474	48,303	54,468	96,559	64,557	10,320
Deposits and other accounts	22%	460,705	433,063	369,790	321,413	290,078	226,099
Sub-ordinated loans	16%	6,997	7,493	7,495	7,497	4,999	3,000
Deferred tax liabilities	-3%	1,386	1,194	-	-	797	1,205
Other liabilities	34%	15,664	16,541	17,536	12,148	10,555	7,626
Total Liabilities	19%	562,265	511,576	453,094	441,137	374,810	250,794
Net Assets	6%	22,024	20,592	17,333	15,617	16,669	16,650
Represented by:							
Share capital	1%	12,975	12,975	12,975	12,975	12,225	12,225
Discount on issue of shares	5%	(2,855)	(2,855)	(2,855)	(2,855)	(2,105)	(2,105)
Preference shares	0%	-	-	-	-	1,500	1,500
Reserves	17%	2,331	1,991	1,750	1,712	1,541	1,334
Surplus / (Deficit) on revaluation of assets - net of tax	0%	2,467	2,334	637	(1,036)	490	1,223
Unappropriated profits	20%	7,107	6,148	4,828	4,821	4,519	3,973
Total Equity	6%	22,024	20,592	17,333	15,617	16,669	16,650
Profit & Loss Account							
Mark-up / return / interest earned	17%	39,125	43,099	41,595	29,997	20,381	15,081
Fee, commission and brokerage income	19%	3,207	3,596	2,860	2,669	2,124	1,427
Gain on sale of securities - net	-39%	95	1,873	(711)	(1,434)	1,234	2,965
Income from dealing in foreign currencies	27%	1,198	1,040	1,010	688	357	313
Dividend income	38%	574	98	300	109	167	98
Other Income	0%	3	70	484	109	169	59
Total Gross Income	16%	44,202	49,775	45,538	32,138	24,433	19,942
Mark-up / return / interest expensed	19%	27,231	33,322	34,566	21,188	14,139	9,353
Provision/ (reversal) against advances	22%	2,267	681	360	406	203	(64)
Provision / (reversal) of diminution in value of investments	0%	(296)	275	(345)	(220)	123	415
Provision / (reversal) of fixed assets and others	0%	24	324	(107)	52	45	-
Worker welfare fund & Other Charges	-6%	45	132	139	(149)	46	99
Operating expenses	18%	12,723	13,019	10,792	9,956	8,256	6,748
Total Expenses	18%	41,993	47,752	45,405	31,233	22,812	16,552
Profit Before Tax	-6%	2,209	2,023	133	905	1,621	3,390
Taxation	-4%	905	873	108	342	647	1,313
Profit After Taxation	-7%	1,304	1,150	25	562	973	2,077

Six Years' Financial Performance

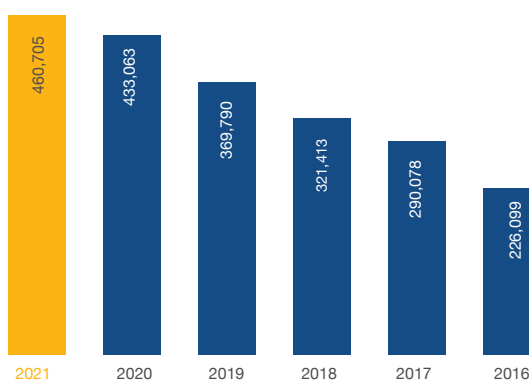
Total Assets

Rs. in million



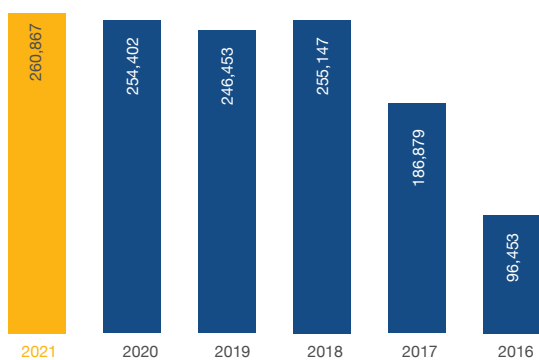
Deposits

Rs. in million



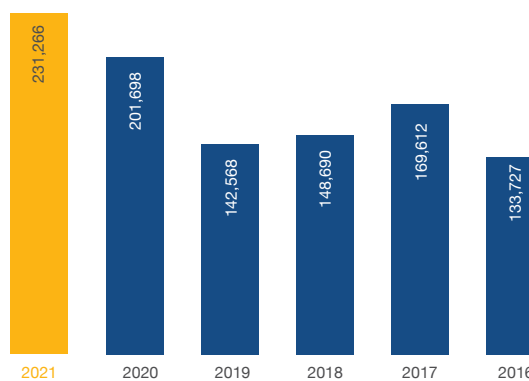
Gross Advances

Rs. in million



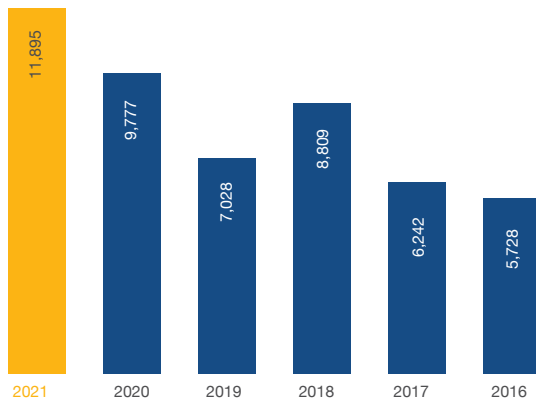
Investments

Rs. in million



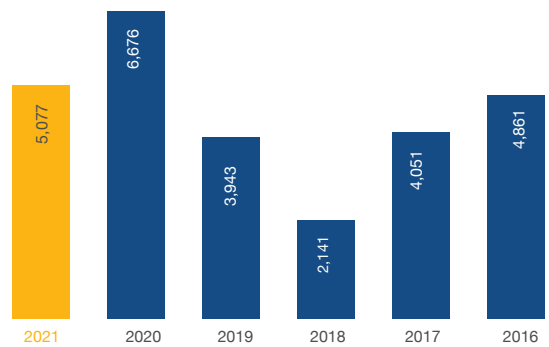
Net Markup Income

Rs. in million



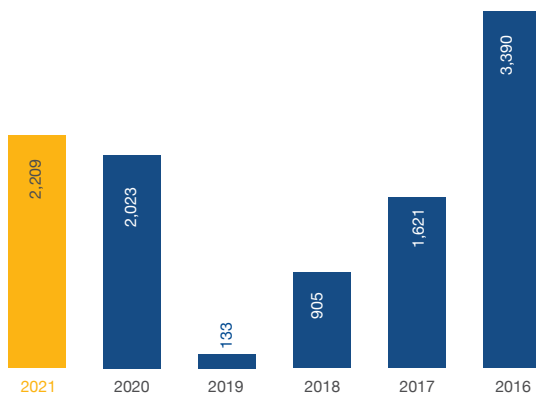
Non Markup Income

Rs. in million



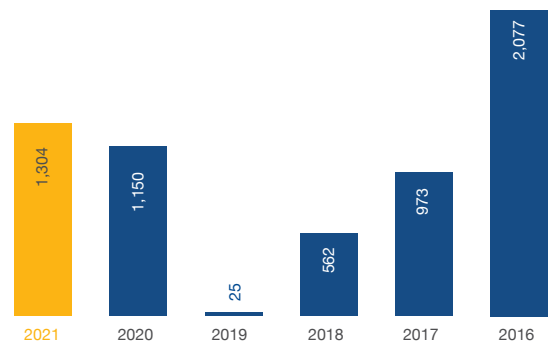
Profit Before Tax

Rs. in million

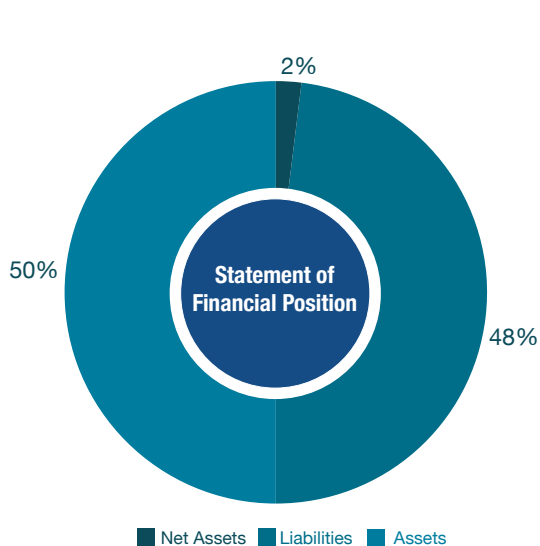


Profit After Tax

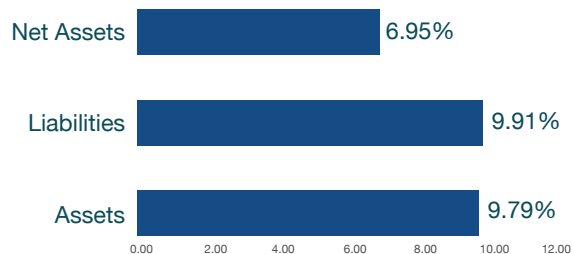
Rs. in million



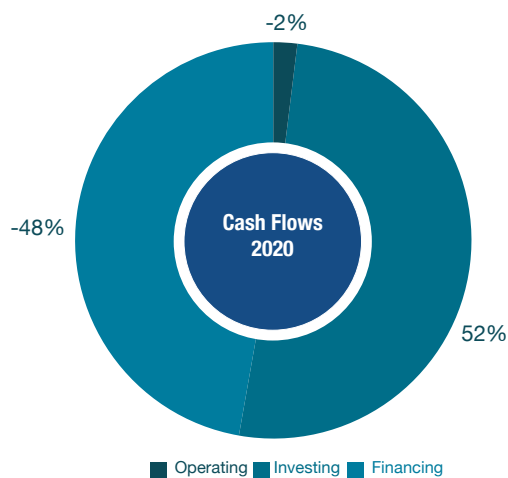
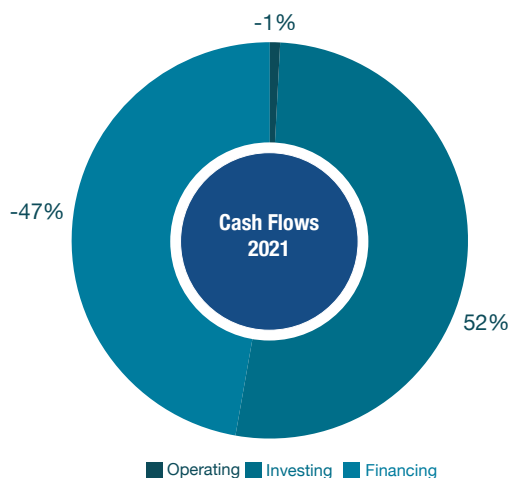
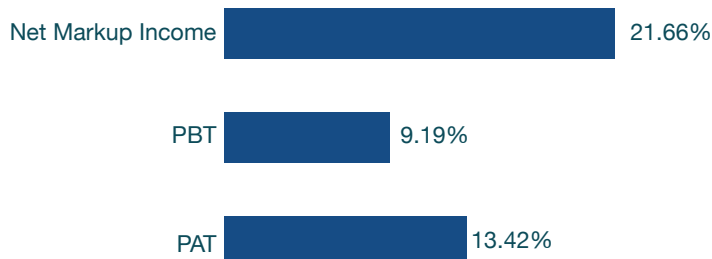
Graphical Presentation of Financial Statements



2021 - Variance from 2020



Profit and Loss account Variance from 2020



Financial Ratios

	2021	2020	2019	2018	2017	2016
Profitability Ratios						
			(Percentage)			
Profit before tax ratio (PBT / Total Income)	13.02%	12.29%	1.22%	8.26%	15.74%	32.02%
Gross yield on earning ratio	7.56%	9.07%	10.00%	7.45%	5.71%	6.31%
Gross spread ratio	30.40%	22.69%	16.90%	29.37%	30.63%	37.98%
Non Interest income to total income	29.91%	40.58%	35.94%	19.55%	39.36%	45.91%
Cost/Income ratio	74.97%	79.13%	98.36%	90.92%	80.21%	63.72%
Return on Equity (PAT / Average Equity)	6.12%	6.06%	0.15%	3.48%	5.84%	12.74%
Investors' Ratios						
			(Rs. in million / Percentage)			
Market Price per share (Rs)	4.82	6.30	5.40	7.37	7.52	10.81
Earning per share (Rs)	1.01	0.89	0.00	0.30	0.74	1.77
Break Up Value or Net assets per share (Rs)	16.97	15.87	13.36	12.04	15.54	15.52
Breakup Value per share without Surplus on Revaluation of property, plant and equipment (Rs)	16.05	15.14	12.54	11.23	15.10	15.52
Market capitalisation (Rs in million)	6,253.78	8,174.02	7,006.31	9,562.31	8,064.93	11,593.34
Number of shares (Number in million)	1,297.46	1,297.46	1,297.46	1,297.46	1,072.46	1,072.46
Price to Book Ratio	28.40%	39.69%	40.42%	61.23%	48.38%	69.63%
Assets Quality and Liquidity Ratios						
			(Percentage / Times)			
Gross Advances to Deposits ratio	56.62%	58.74%	66.65%	79.38%	64.42%	42.66%
Net Advances to Deposits ratio	55.17%	57.77%	65.70%	78.40%	63.48%	41.48%
Investments to Deposits ratio	50.20%	46.57%	38.55%	46.26%	58.47%	59.15%
Infection Ratio (NPLs to Gross Advances)	5.34%	4.61%	4.20%	3.26%	1.74%	3.45%
NPLs to Net Advances Ratio	5.48%	4.69%	4.26%	3.30%	1.77%	3.55%
Coverage ratio (Specific provisions to NPLs)	47.18%	35.64%	32.26%	35.98%	81.00%	78.68%
Deposits to shareholders' equity	20.9 Times	21.0 Times	21.3 Times	20.6 Times	17.4 Times	13.6 Times
Assets to shareholders' equity	26.5 Times	25.8 Times	27.1 Times	29.2 Times	23.5 Times	16.1 Times
Earning assets to total assets ratio	88.55%	89.28%	88.40%	88.15%	91.16%	89.31%
Net interest income as a percentage of working funds /operating cost - Efficiency Ratio	85.25%	86.67%	98.79%	91.55%	83.67%	66.88%
Cash to Current Liabilities	44.21%	57.09%	43.91%	32.09%	25.35%	120.56%
Capital Adequacy						
			(Rs. in million / Percentage)			
Tier 1 Capital	20,055	18,479	17,120	15,917	14,351	13,181
Total Eligible Capital	25,810	23,100	21,426	20,178	18,943	16,721
Risk Weighted Assets (RWA)	187,444	180,889	165,774	168,020	158,458	118,992
RWA to Total Assets	32.08%	33.99%	35.24%	36.79%	40.48%	44.49%
Tier 1 to RWA	10.70%	10.22%	10.33%	9.47%	9.06%	11.08%
Capital adequacy ratio	13.77%	12.77%	12.93%	12.01%	11.95%	14.05%
Weighted Average cost of deposit	4.88%	7.32%	8.22%	4.94%	4.56%	4.09%
Financial Ratios						
			(Percentage / Times)			
Net Operating Margin (PAT / Total Income)	7.69%	6.99%	0.22%	5.13%	9.45%	19.62%
Return on capital employed	4.57%	4.35%	0.10%	2.51%	4.71%	11.66%
Return on Assets (PAT / Average Assets)	0.23%	0.23%	0.01%	0.13%	0.30%	0.86%
Debt to Equity Ratio (Long term Debt / Equity)	0.3 Times	0.4 Times	0.4 Times	0.5 Times	0.3 Times	0.2 Times
Others						
			(Number)			
Number of Branches	282	308	360	345	323	307
Number of Employees (Permanent, contractual and outsource)	4,487	5,311	4,904	5,127	4,998	4,163

Direct Method Cash Flow Statement

	2021	2020
	----- Rupees in '000 -----	
CASHFLOW FROM OPERATING ACTIVITIES		
Markup / return / interest and commission receipts	38,834,556	44,904,891
Markup / return / interest payments	(27,171,641)	(37,258,327)
Payments to employees, suppliers and Others	(6,147,681)	(2,147,691)
	5,515,234	5,498,873
(Increase) / decrease in operating assets		
Lendings to financial institutions	(8,698,147)	7,080,905
Held-for-trading securities	23,894,308	30,595,500
Advances	(6,465,124)	(7,949,193)
Other assets (excluding advance taxation)	(2,205,977)	1,888,368
	6,525,060	31,615,580
Increase / (decrease) in operating liabilities		
Bills payable	2,056,903	1,177,492
Borrowings	22,007,805	(5,671,449)
Deposits	27,642,421	63,272,629
Other liabilities	(1,652,603)	(331,624)
	50,054,526	58,447,048
	62,094,820	95,561,501
Gratuity paid	-	(151,882)
Income tax paid	(1,423,735)	(321,687)
NET CASH GENERATED FROM OPERATING ACTIVITIES	60,671,085	95,087,932
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(31,140,076)	(84,112,230)
Net investments in held-to-maturity securities	(22,034,344)	(3,249,717)
Investment in associated companies	-	(40,828)
Dividends received	446,016	97,844
Investment in fixed assets	(1,845,119)	(747,229)
Investment in intangible assets	(783,946)	(328,417)
Proceeds from sale of fixed assets	56,838	12,839
Proceeds from sale of assets held for sale	-	375,000
Effect of translation of net investment in foreign branch	79,022	11,485
NET CASH USED IN INVESTING ACTIVITIES	(55,221,609)	(87,981,253)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability against right of use assets	(1,191,560)	(1,135,860)
Repayment of subordinated debt - net	(496,000)	(2,000)
Net cash used in financing activities	(1,687,560)	(1,137,860)
INCREASE IN CASH AND CASH EQUIVALENTS	3,761,916	5,968,819
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	31,384,080	25,415,261
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	35,145,996	31,384,080

DuPont Analysis

Dupont model is a financial ratio based on the return on equity ratio that is used to analyze Bank's ability to increase its return on equity. This is the method of breaking down the original equation for ROE into three components: operating efficiency, asset efficiency, and leverage.

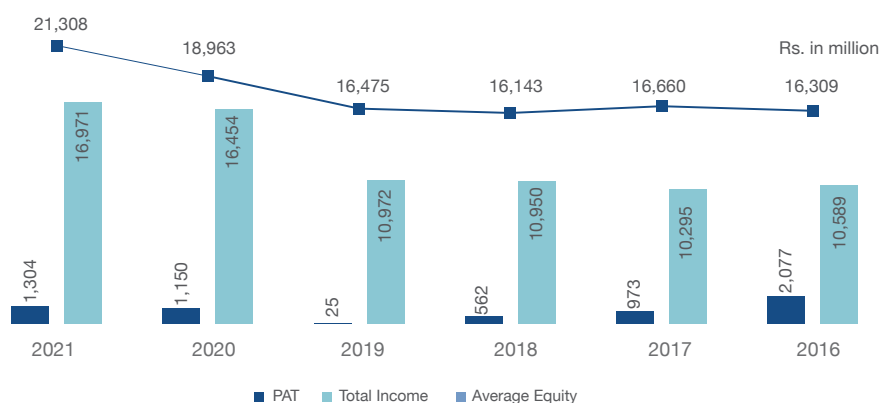
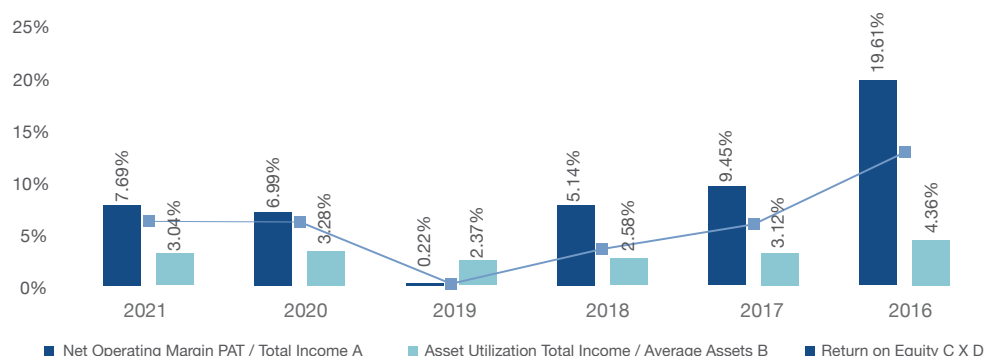
Operating efficiency is measured by Net Profit Margin and indicates the amount of net income generated after taking account all the expenses.

Asset efficiency is measured by the Total Asset Turnover and represents how much revenue has been generated by optimum utilization of the assets. Finally, financial leverage is determined by the Equity Multiplier.

Net operating margin for the year has improved significantly indicating an increase in customer trust, product and service quality.

Improved Leverage ratio explains the Bank is well equipped to meet its financial obligation and commitments.

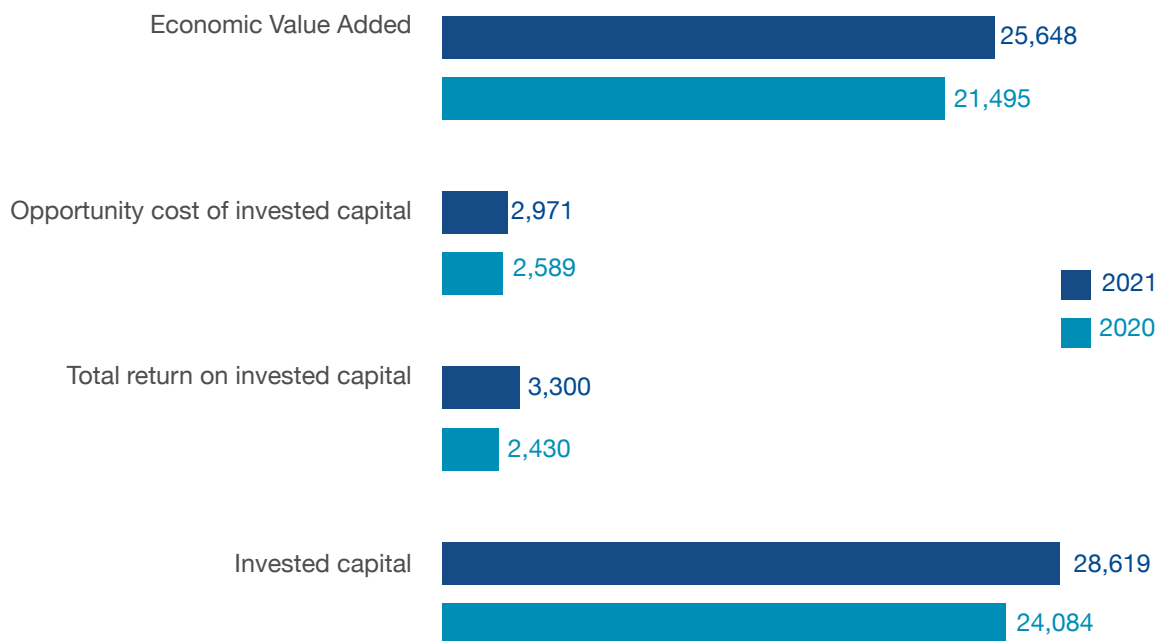
			2021	2020	2019	2018	2017	2016
Net Operating Margin	PAT / Total Income	A	7.69%	6.99%	0.22%	5.14%	9.45%	19.61%
Asset Utilization	Total Income / Average Assets	B	3.04%	3.28%	2.37%	2.58%	3.12%	4.36%
Return on Assets		C = A X B	0.23%	0.23%	0.01%	0.13%	0.30%	0.85%
Leverage Ratio / Equity Multiplier	Average Assets / Average Equity	D	26.20	26.42	28.12	26.27	19.78	14.90
Return on Equity		C X D	6.12%	6.06%	0.15%	3.48%	5.84%	12.74%



Economic Value-Added Statement

Economic value added is a measure based on the residual income technique that serves as an indicator of the profitability. It takes into account all costs including the opportunity cost of equity and it does not stick to accounting profits only.

	2021	2020
	Rs. in million	
Invested Capital		
Average shareholders' equity	21,308	18,963
Add: Cumulative provision against assets	7,311	5,121
	28,619	24,084
Return on Invested Capital		
Profit after taxation	1,304	1,150
Add: Provision / (reversals) and write offs - net	1,995	1,280
Total return on invested capital	3,300	2,430
Economic cost (12 months average Treasury Bill rate plus 2% premium)	10.38%	10.75%
Opportunity cost of invested capital	2,971	2,589
Economic Value-Added	25,648	21,495



Summary of Cash Flows

						Rs. in million
	2021	2020	2019	2018	2017	2016
Cash flows from operating activities	60,671	95,088	(28,905)	(37,583)	98,303	(16,771)
Cash used in investing activities	(55,222)	(87,981)	22,775	49,674	(96,188)	21,484
Cash used in financing activities	(1,688)	(1,138)	(1,033)	2,318	(180)	(180)
Cash and cash equivalents at beginning of the year	31,384	25,415	32,578	18,169	16,221	11,688
Cash and cash equivalents at end of the year	35,146	31,384	25,415	32,578	18,169	16,221

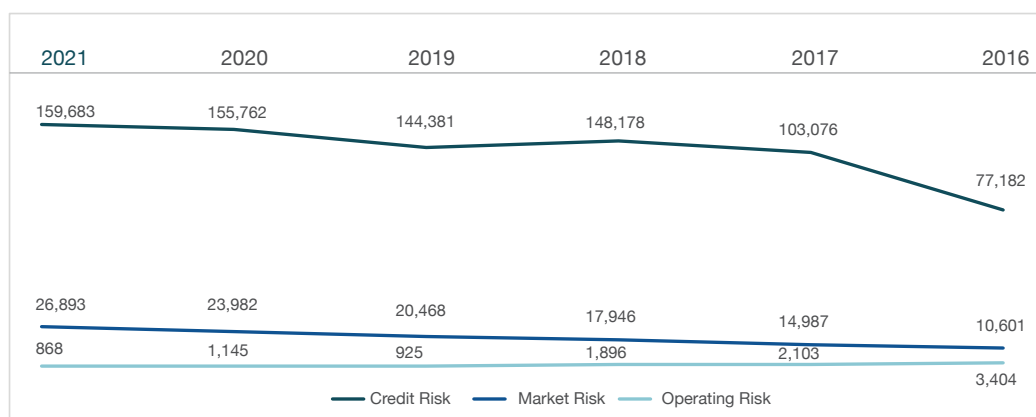


Free Cash Flows

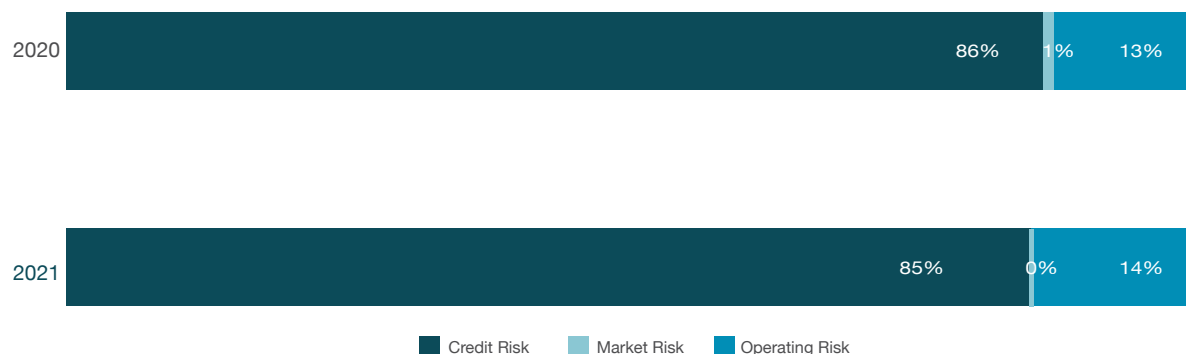
						Rs. in million
	2021	2020	2019	2018	2017	2016
Profit before taxation	2,209	2,023	133	905	1,621	3,390
Adjustment for non-cash items	3,306	3,476	1,457	537	834	891
Operating assets/liabilities changes	55,156	89,589	(30,495)	(39,026)	95,848	(21,052)
Net cash generated from operations	60,671	95,088	(28,905)	(37,583)	98,303	(16,771)
Capital expenditure	(2,629)	(1,076)	(2,032)	(1,367)	(1,290)	(1,850)
Free cash flows	58,042	94,012	(30,937)	(38,951)	97,013	(18,621)

Analysis of Capital Adequacy Ratio

	2021	2020
	Rs. in million	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,119	10,119
Eligible Common Equity Tier 1 (CET 1) Capital	17,555	16,228
Eligible Additional Tier 1 (ADT 1) Capital	2,500	2,251
Total Eligible Tier 1 Capital	20,055	18,479
Eligible Tier 2 Capital	5,755	4,621
Total Eligible Capital (Tier 1 + Tier 2)	25,810	23,100
Risk Weighted Assets (RWAs):		
Credit Risk	159,683	155,762
Market Risk	868	1,145
Operational Risk	26,893	23,982
Total	187,444	180,889
Total Eligible Capital	25,810	23,100
Risk Weighted Assets (RWAs)	187,444	180,889
Capital Adequacy Ratio	13.77%	12.77%

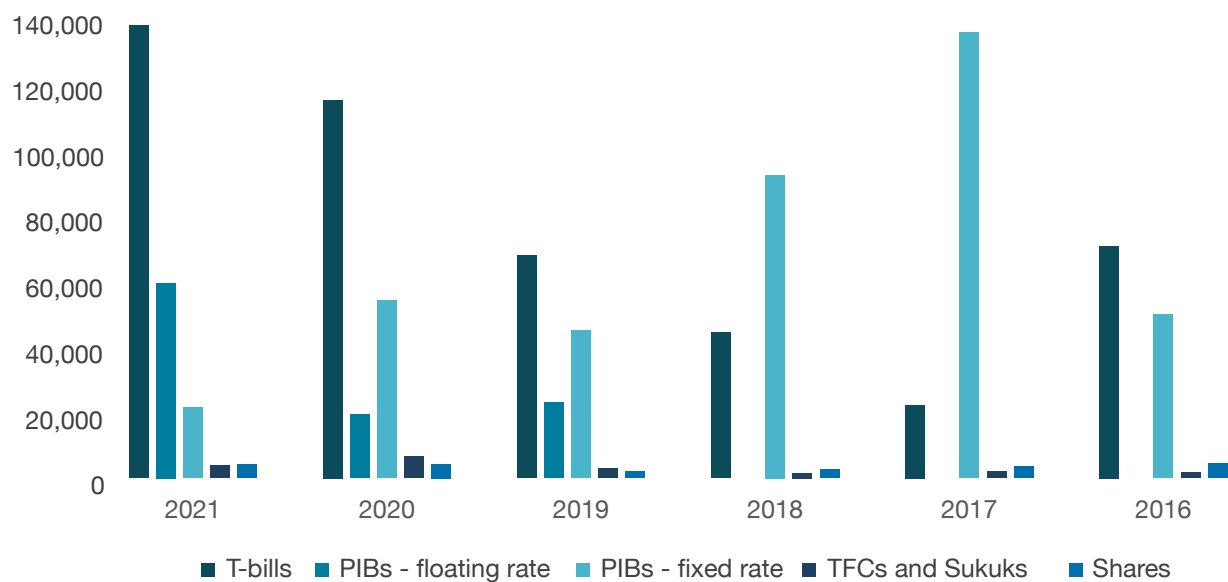


Risk Weighted Assets



Category of Investments

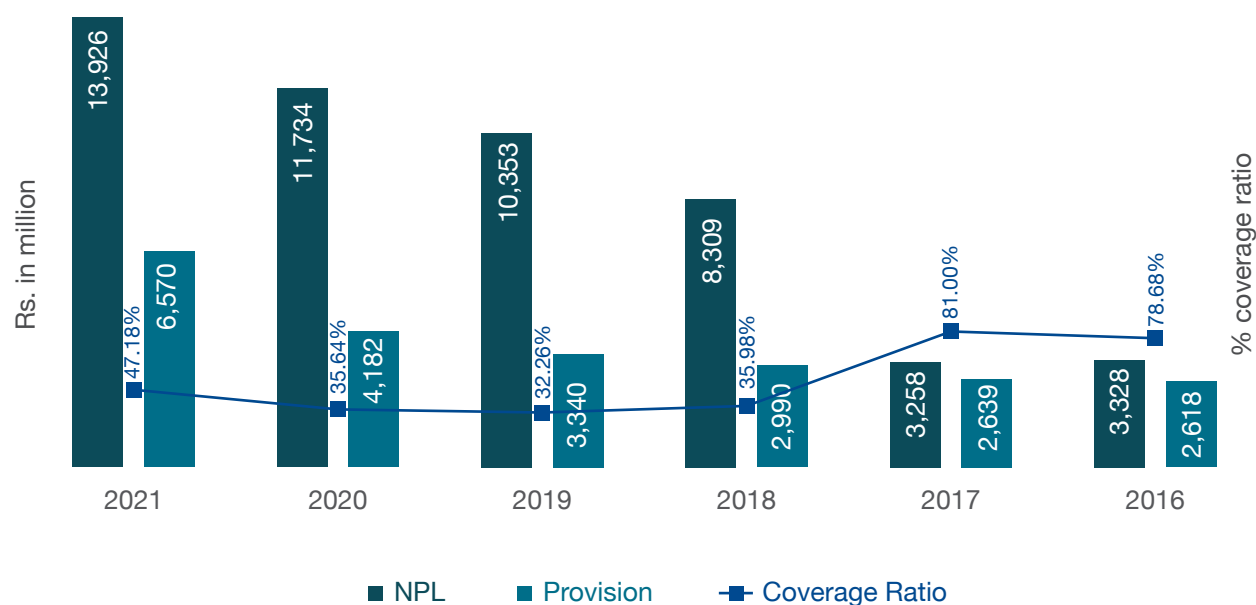
		Rs. in million				
	2021	2020	2019	2018	2017	2016
T-bills	137,818	115,052	67,669	44,375	22,254	70,643
PIBs - floating rate	59,377	19,424	22,927	-	-	-
PIBs - fixed rate	21,374	54,044	44,881	92,252	135,536	49,835
TFCs and Sukuks	3,841	6,639	2,963	1,526	1,992	1,754
Shares	4,051	4,264	1,966	2,557	3,547	4,388
Associates and subsidiaries	2,141	2,161	2,120	2,099	1,919	1,919
Others	2,664	114	41	5,882	4,364	5,188
	231,266	201,698	142,568	148,690	169,612	133,727



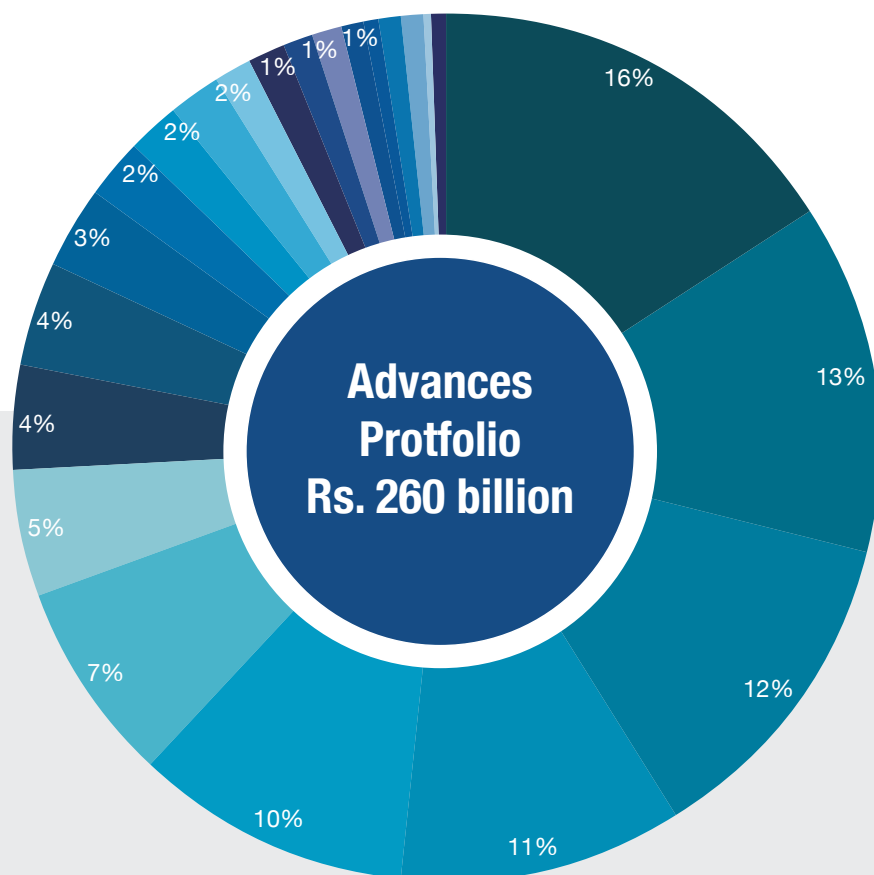
Non-Performing Loans

Category wise	2021		2020		Variance		Rs. in million
	NPLs	Provision	NPLs	Provision	NPLs	Provision	2021 Coverage
OAEM	789	2	297	0	165.90%	100.00%	0.26%
Substandard	814	92	1,178	156	-30.85%	-41.10%	11.29%
Doubtful	1,931	435	3,264	724	-40.85%	-39.89%	22.55%
Loss	10,392	6,040	6,995	3,301	48.57%	82.99%	58.13%
Total	13,926	6,570	11,734	4,182	18.69%	57.10%	47.18%

Coverage Ratio



Advances Segmentation

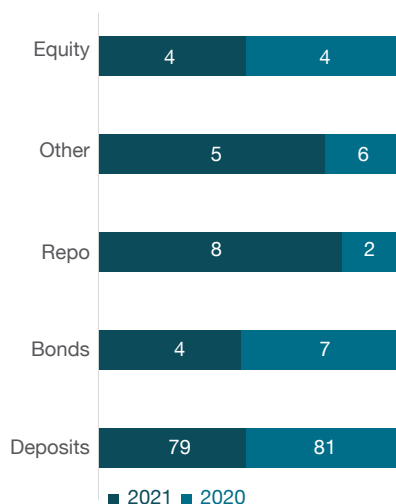


- Individuals
- Food / confectionery / beverages
- Transportation
- Others
- Textile
- Power and water
- Wholesale and retail trade
- Metal and steel
- Engineering, IT and other services

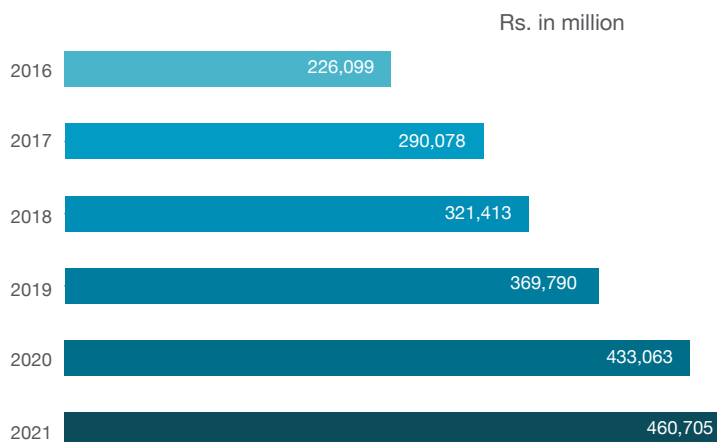
- Real estate
- Petroleum, oil and gas
- Fertilizer
- Pharmaceuticals
- Cement
- Plastic
- Tele-communication
- Chemical
- Paper / board / furniture

Funding Mix

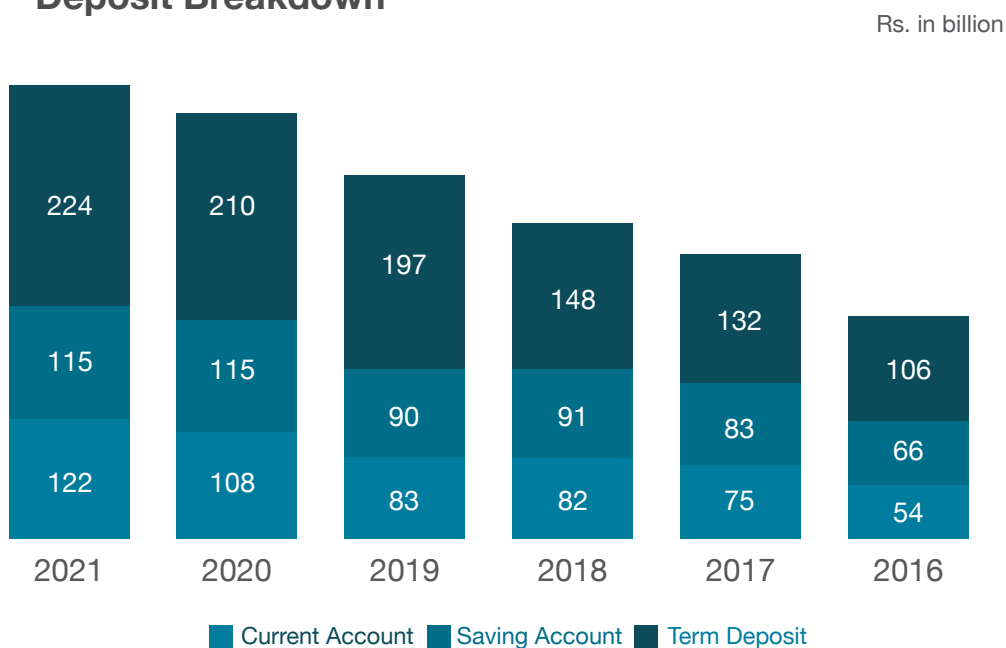
Liability Composition %



Deposits - CAGR 22%



Deposit Breakdown



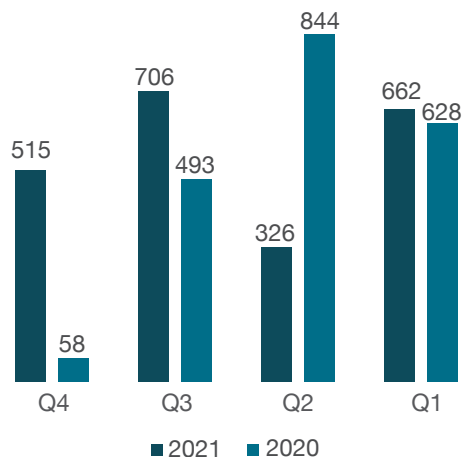
Quarterly Performance

Rs. in million

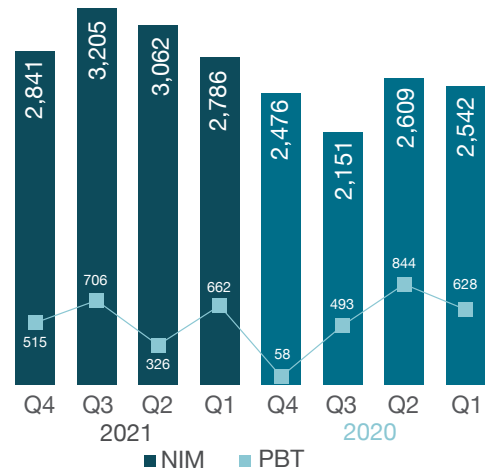
	2021				2020			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Profit and loss account								
Mark-up earned	10,236	10,044	9,234	9,612	9,213	9,536	11,426	12,923
Mark-up expensed	(7,394)	(6,839)	(6,172)	(6,825)	(6,737)	(7,385)	(8,818)	(10,382)
Net mark-up income	2,841	3,205	3,062	2,786	2,476	2,151	2,609	2,542
Non mark-up income	1,357	1,432	1,210	1,078	2,218	1,483	1,769	1,207
Total Income	4,198	4,637	4,272	3,864	4,694	3,634	4,377	3,749
Non-mark-up expenses	(2,944)	(3,472)	(3,254)	(3,097)	(3,815)	(3,129)	(3,291)	2,917
Profit before provisions	1,254	1,165	1,018	767	879	505	1,086	832
Provisions and write off	(739)	(459)	(692)	(105)	822	(12)	243	204
Profit before taxation	515	706	326	662	58	493	844	628
Taxation	(218)	(270)	(146)	(271)	(73)	(184)	(370)	(246)
Profit after taxation	299	435	180	390	(15)	309	474	383
Statement of Financial Position								
Assets								
Cash and balance with treasury banks	34,267	27,241	36,206	25,268	30,421	33,588	32,726	27,431
Balances with other banks	1,186	574	856	412	1,106	618	1,133	1,316
Lendings to Financial Institutions	31,939	3,000	6,102	15,259	23,240	8,780	9,977	3,845
Investments	231,266	249,673	237,963	201,136	201,698	168,386	180,783	183,241
Advances	254,184	251,535	245,629	251,453	250,199	241,852	241,608	235,140
Fixed assets	10,167	8,495	8,464	7,937	7,600	8,835	9,182	9,393
Intangible assets	3,135	2,861	2,573	2,508	2,487	2,419	2,349	2,280
Other assets	18,145	14,435	16,719	14,835	14,678	13,513	16,829	15,011
Assets held for sale	-	739	739	739	739	-	374	374
	584,289	558,553	555,251	519,547	532,168	477,990	494,961	478,030
Liabilities								
Bills payable	7,039	7,677	6,251	5,818	4,982	4,341	4,259	4,465
Borrowings	70,474	63,991	52,060	39,133	48,303	34,317	36,567	49,834
Deposits and other accounts	460,705	439,085	448,245	425,959	433,063	391,953	405,832	379,246
Subordinated debt	6,997	7,492	7,492	7,493	7,493	7,495	7,495	7,495
Deferred tax liabilities	1,386	2,107	2,285	1,653	1,194	1,217	1,621	171
Other liabilities	15,664	16,133	17,048	18,172	16,541	18,625	18,962	18,785
	562,265	536,485	533,381	498,228	511,576	457,947	474,736	459,996
Net assets	22,024	22,067	21,869	21,319	20,592	20,043	20,225	18,035
Represented by:								
Share capital	10,119	10,119	10,119	10,119	10,119	10,119	10,119	10,119
Reserves	2,331	2,244	2,098	2,042	1,991	2,012	1,958	1,854
Surplus / (deficit) on revaluation of assets - net of tax	7,107	6,964	6,612	6,464	6,148	5,864	5,521	5,137
Unappropriated profit	2,467	2,739	3,041	2,694	2,334	2,047	2,627	925
	22,024	22,067	21,869	21,319	20,592	20,043	20,225	18,035

Quarterly PBT

Rs. in million



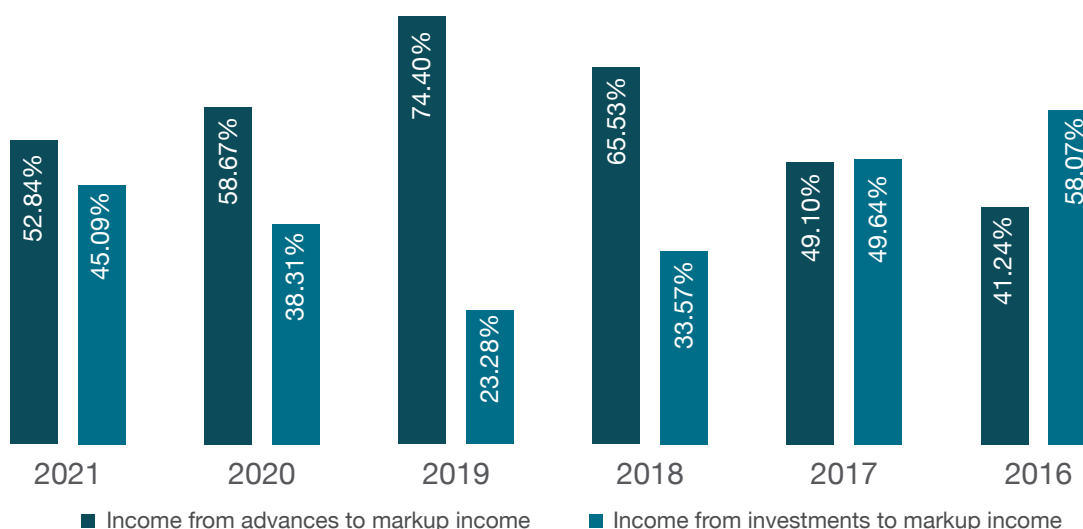
Rs. in million



Markup and Non-Markup Income

	2021	2020	2019	2018	2017	Rs. in million 2016
Markup and Non-Markup Income						
Mark-up/return/interest earned						
Loans and advances	20,672	25,288	30,945	19,657	10,007	6,220
Investments	17,643	16,509	9,683	10,071	10,118	8,758
Lendings to financial institutions	73	33	53	111	78	1
Balances with others banks	-	10	55	20	4	20
Securities purchased under resale agreements	738	1,259	859	137	174	82
	39,125	43,099	41,595	29,997	20,381	15,081
Mark-up/return/interest expensed						
Deposits	21,814	29,390	28,415	15,099	11,775	7,531
Borrowings	3815	1,889	3,678	5,556	2,136	1,822
Sub-ordinated loans	696	900	1,029	408	228	-
Cost of foreign currency swaps against foreign currency deposits / borrowings	518	736	937	125	-	-
Lease liability against right-of-use assets	388	406	507	-	-	-
	27,231	33,322	34,566	21,188	14,139	9,353
Net Markup income	11,895	9,777	7,028	8,809	6,242	5,728
Non-markup / interest income						
Fee and commission income	3,207	3,596	2,860	2,669	2,124	1,426
Dividend income	574	98	300	109	167	98
Foreign exchange income	1,187	1,010	963	671	357	313
Income from derivatives	12	29	47	17	94	19
Gain / (loss) on securities	95	1,873	(711)	(1,434)	1,234	2,965
Other income	3	70	484	109	75	40
	5,077	6,676	3,943	2,141	4,051	4,861

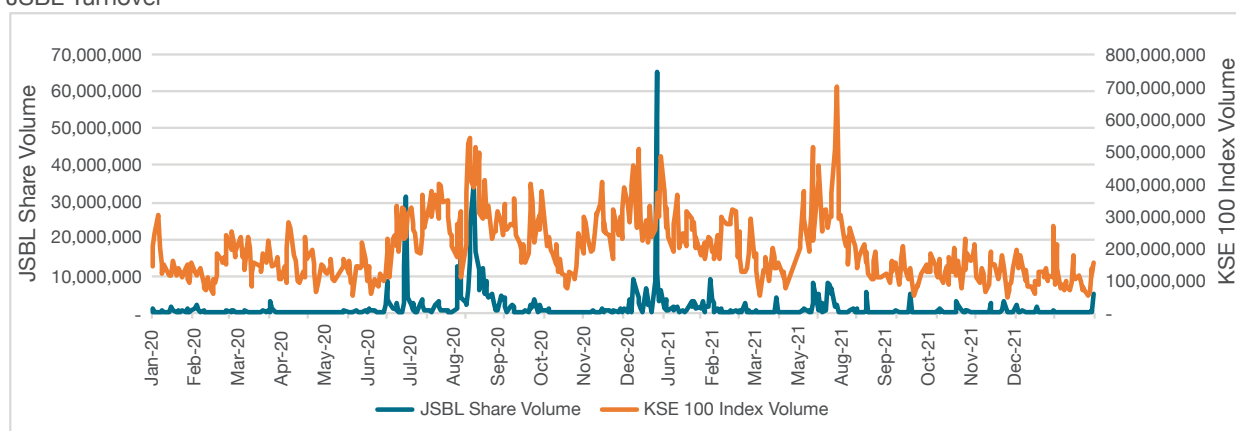
Markup income from Advances and investments (2021 - 2016)



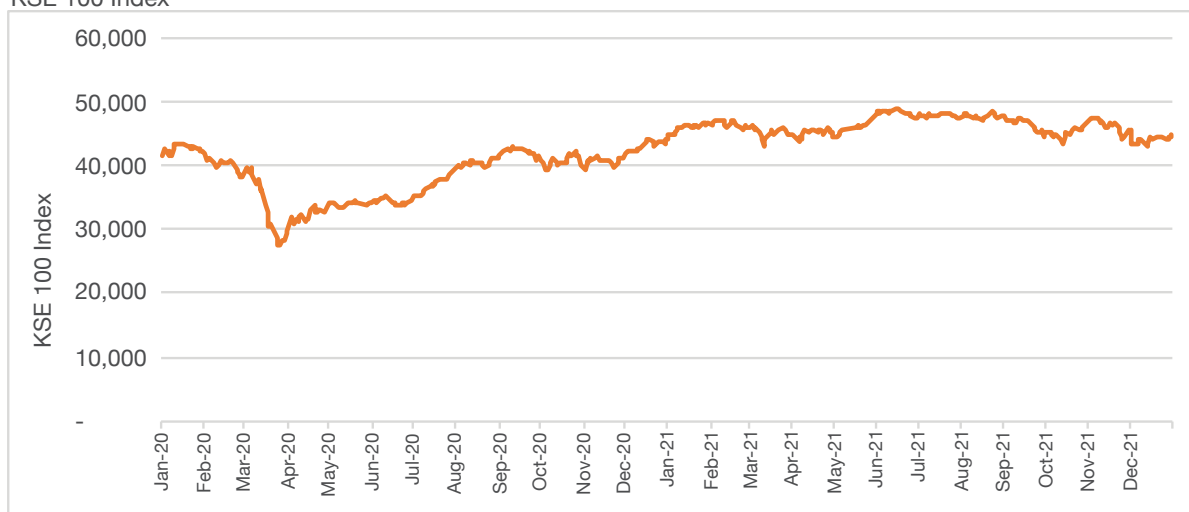
Market Share Information

2021	JSBL Share Price			Free Float		Market Capitalization	
	High	Low	Close	Shares (m)	%	Shares (m)	Value (m)
December 31, 2021	5.13	4.35	4.82	324	25%	1,297	6,254
September 30, 2021	5.65	4.98	5.11	324	25%	1,297	6,630
June 30, 2021	6.00	5.00	5.71	324	25%	1,297	7,409
March 31, 2021	7.51	5.29	5.39	324	25%	1,297	6,993
2020	High	Low	Close	Shares (m)	%	Shares (m)	Value (m)
December 31, 2020	7.00	5.78	6.42	324	25%	1,297	8,330
September 30, 2020	7.30	5.23	6.85	324	25%	1,297	8,888
June 30, 2020	5.39	3.96	5.35	324	25%	1,297	6,941
March 31, 2020	6.09	3.95	4.02	324	25%	1,297	5,216

JSBL Turnover



KSE 100 Index



Share Price Sensitivity Analysis

Factors that can influence the share price of JS Bank Limited are given below

Discount rate / Monetary Policy

The monetary policy rate can be changed by the SBP based on given macroeconomic factors. Any volatility in the interest rates may impact revenue and profitability of the Bank and the share price as well.

Minimum Rate of Return on Deposits/Regulatory Risk

Any upward revision in the minimum deposit rate will lead to increased cost of deposits that would squeeze net interest margins earned by the Bank. As a result, the earning and correspondingly the share price of the Bank may be adversely affected.

Inflation

Inflation is one of the key determinants for policy rate change. Increase in inflation would lead to monetary tightening by the SBP, enabling the Bank to invest in high yielding investments, leading to increased profitability and a positive impact on the share price of the Bank.

Political Stability & Law and order situation

Political instability and turmoil would adversely impact the capital market of the Country. As a result, the share price of the Bank may also be negatively affected.

Sensitivity Analysis of Change in Market Capitalization

Share Price as of December 31, 2021	Rs. 4.82
Market Capitalization as of December 31, 2021	Rs. 6,254 million
Change in Share Price by	Change in Market Capitalization
+10%	Rs. 625.4 million
-10%	Rs. (625.4) million



Sensitivity Analysis-Foreign Currency Fluctuations

The rupee experienced a relatively challenging year and saw highs and lows reflecting the economic upturn and the subsequent worsening of the Current account deficit. The year started with rupee reaching a high of 152 in May on the back of stable reserves and expanding economy. However, the delay in resumption of IMF package and burgeoning import bill highlighted the frailty of the exchange rate. The rupee has seen a 12% decline in the fiscal year 21-22.

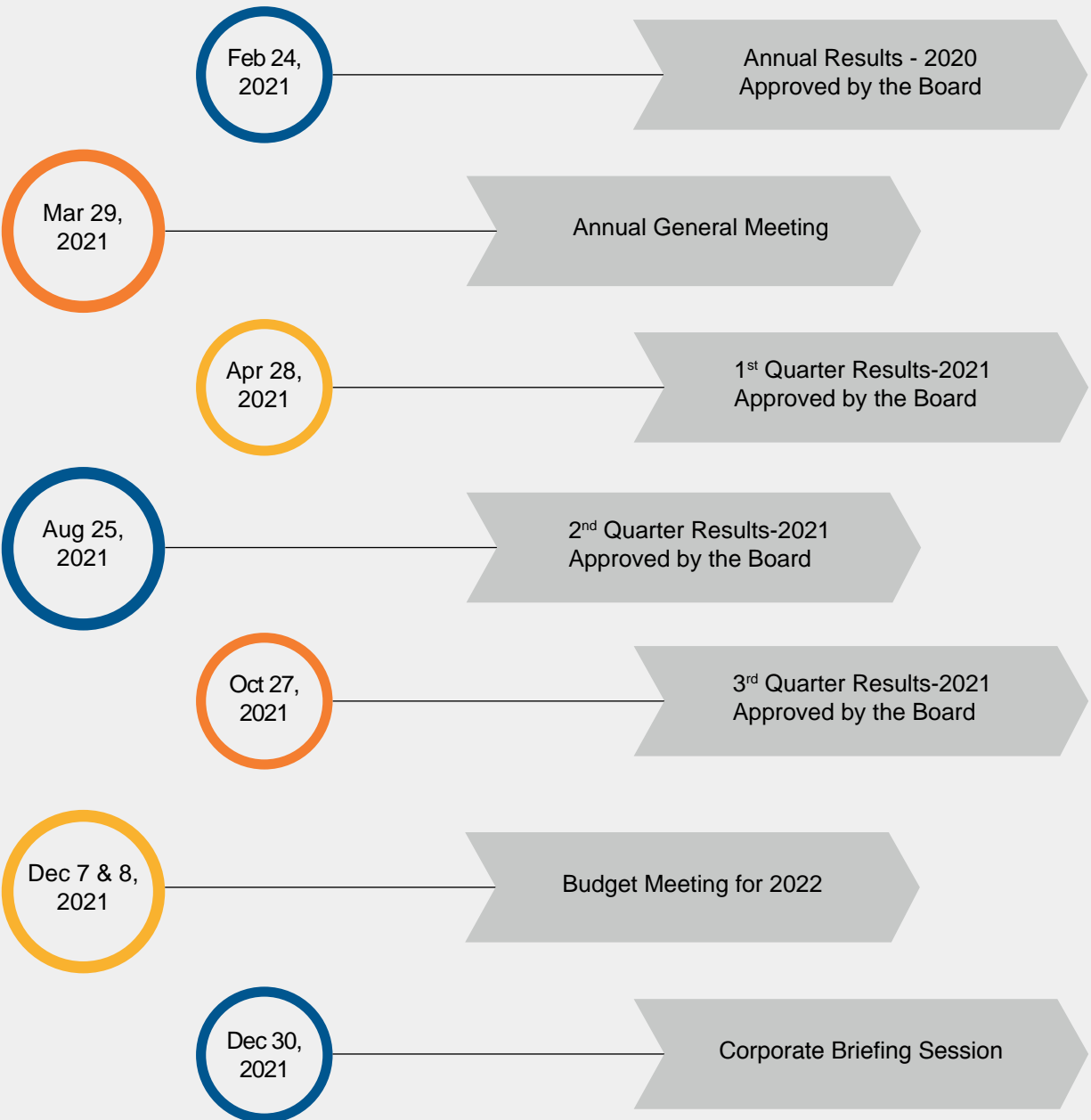
The continuing rapid rise in import bill will further pressure the rupee in the remaining fiscal year. The SBP and government have now decided to combat rising demand by raising interest rates and imposition of new taxes. This should help in reducing the growth quantum of imports and a resumption of IMF program will alleviate pressure further.

The market has now settled around the 176 levels. Despite the reduction in volatility in the last few months our astute management of our dealings in foreign currency has ensured stable earnings. The risk appetite of our bank is determined by the Board and monitored by the risk team. The treasury team proactively manages day to day liquidity, net open positions and FEEL limits of the bank.

The Risk management team ensures adherence to LCR and NSFR ratios as per SBP guidelines. The bank ensures full implementation of BASEL III liquidity standards and liquidity ratios.



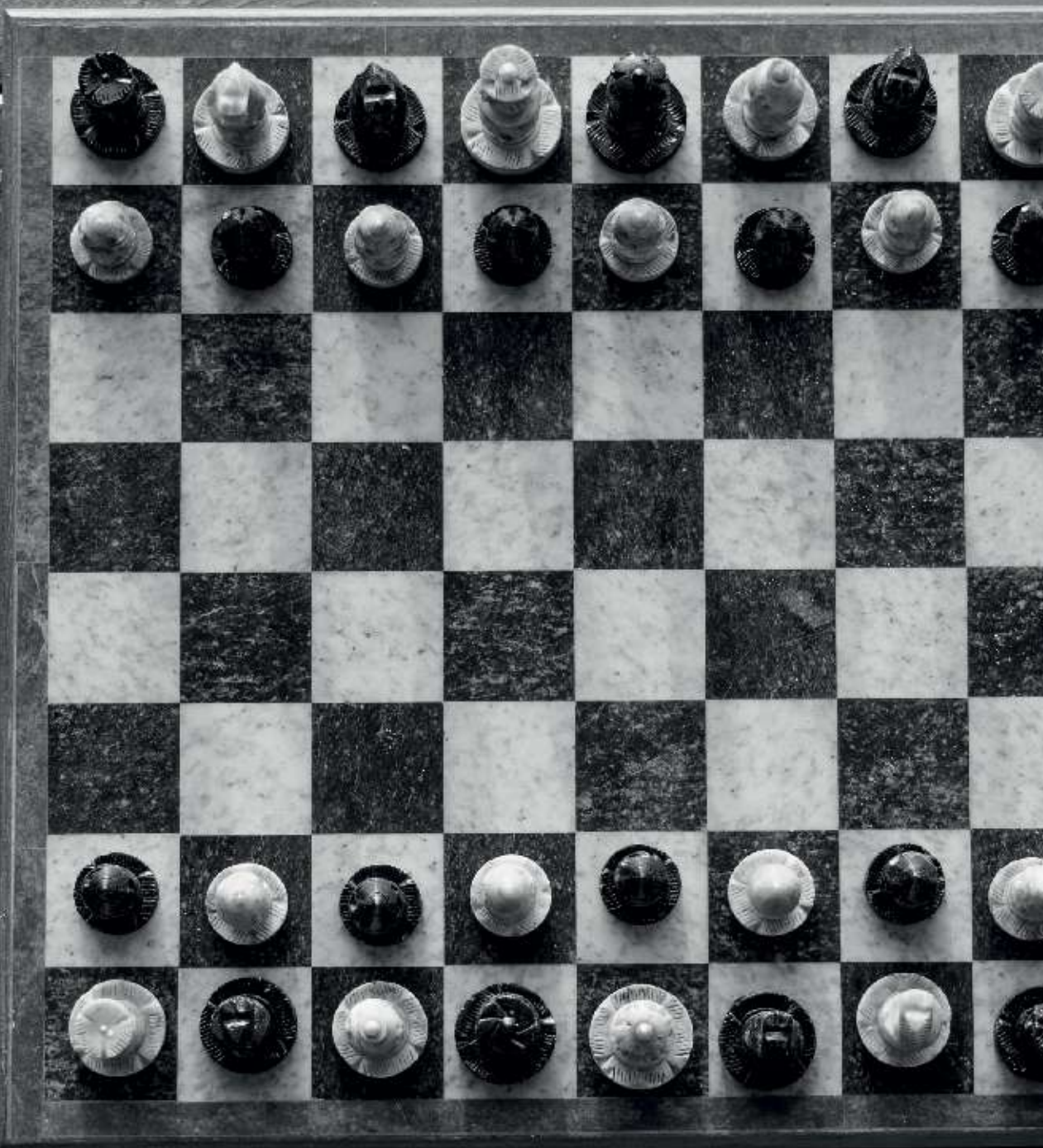
Calendar of Major Events - 2021



Value Chain

JS Bank value chain activities can be divided into two categories **Primary Activities** and **Support Activities**. The **Primary Activities** are related to internal and external logistics, marketing and after-sales services. The **Support Activities** are the value activities that sustain and facilitate Primary Activities.







STRATEGY AND RESOURCE ALLOCATION

Strategy and Resource Allocation

JS Bank since its inception has delivered substantial growth and successfully established itself as a mid-tier bank in Pakistan. We are focused on channeling our resources and energy towards driving sustainable growth by facilitating short term operational needs of Small and Medium Enterprises, extending our branch and payment footprint and to provide modern digital banking solutions. As a bank we strive to enable our customers to achieve their life goals by providing beyond banking solutions, easily and quickly.

The bank has recently restructured itself with resilient and highly skilled leadership who are determined to deliver the banks strategic objectives with speed and agility. We have considerably reduced our hierarchy to enable quick decision making and reduce turnaround times to simplify our processes and address customer needs with speed.

Strategic Objectives:

Short Term	<ul style="list-style-type: none">• Continue to focus on digitalization and automation of banking processes, enhance our core offerings, enabling customers to interact and transact digitally by leveraging technology and data for an enhanced user experience. Our focus will also be to design beyond banking solutions for millennial and Gen Z population• Focus on quality and core profitable earnings instead of a growth in headline numbers only through data driven decision making• To have an optimized branch network across the country and to maximize income streams through sustainable profitable growth in deposits, prudent and measured expansion in advances
Medium Term	<ul style="list-style-type: none">• To be a leader within mid-sized banks with a diversified portfolio of products and low NPL, steadily increase our customer base and deposits and to grow our market share in consumer products• Maintain a diversified portfolio of products providing financial solutions to individuals, SMEs, Agriculture customers and public and private sector organizations• To have an end to end digitally enabled banking solution for Gen Zs and millennials
Long Term	<ul style="list-style-type: none">• JS Bank aims to develop itself as a prominent Bank of the country with an international presence, and develop a user experience that transcends conventional banking norms and embeds deeply within the financial eco system of Pakistan's economy• We aim to partner with like-minded organizations to create synergies and build a network of partners that bring value through solutions to our customers, utilizing benefits of synergies created between such partnerships• JS Bank strives to support environmental, social and good governance initiatives for economic growth, social progress and environmental protection

Strategies in Place

We are working towards establishing an optimized and well positioned branch network through focus on operational excellence and customer centricity. We strive to offer all our customers a seamless enhanced customer experience and to maintain standard service levels across all touchpoints. This will be enabled by using data from our digital platforms, studying customer behaviours and patterns and regularly monitoring customer satisfaction indicators.

In our journey to digitize and automate banking solutions, we will work towards increasing penetration of Mobile/Internet banking and continue to focus on developing technologically advanced and secure financial solutions to tech savvy consumers. As people lead increasingly digital lives, we will be focusing on delivering faster, secure and easier digital banking solutions. This will be driven by partnering with technology innovators to enable new customer benefits and ensure our bank and its operations are secure, resilient and adaptable to change.

We will continue to focus on areas and products where we have distinctive capabilities and simplify the way we run Retail and SME banking, focus on our flagship products and develop a profitable suit of consumer and whole sale banking solutions.

Our ambition is also to generate substantial growth in revenue through deposits, and advances and potential-optimization of NFI businesses through increased Trade, Cash Management, Employee Banking and Digital Solutions.

We at JS Bank, firmly believe that energized and motivated teams deliver best results. We will continue to manage and lead teams of skilled and motivated people to support our growth ambitions. Our efforts will be focused on inspiring a dynamic culture where the best want to work and encourage an inclusive culture fostering diversity.

Key performance indicators to measure performance are mentioned below. All KPI's will remain relevant reference in future.

Strategic Objective	Strategy for Meeting Objective	KPI
Digitize at scale and automate processes to enhance efficiency, reduce cost and turnaround times and improve customer satisfaction.	<p>Enabling end to end banking solutions through Mobile and Internet banking.</p> <p>Automate and simplify customer onboarding through Digital Account Opening, Micro Payment Gateway, Pakistan Single Window, Freelancer Account, etc.</p> <p>360 view of customer relationship across all touchpoints.</p>	<p>Percentage increase in Mobile banking usage vs 2021.</p> <p>Percentage decrease vs 2021 in manual account opening forms.</p> <p>Customer Relationship Management (CRM) utilization.</p>
To provide value added services through operational excellence and have an established branch foot print .	Establish a strategically positioned network of branches offering top notch service and a welcoming and appealing look and feel. Enhance customer experience by reducing TAT's, monitoring service levels through customer feedback and digital/ technology platforms .	Improvement in Brand Strength Index (BSI) score vs 2021.
Maintain a strong capital base and healthy deposits and advances.	Steadily grow our deposits and advances, retain existing pool and capitalize on opportunities present in the market in public and private sector.	Growth in deposits and Advances vs 2021.
A diverse portfolio of profitable products meeting consumer needs across each segment and demography.	Offer innovative and digitally enabled financial solutions addressing financing needs of SMEs and leverage on our flagship and profitable products	Growth in Expected Net Receivables (ENR) vs 2021.
An optimized and well led diverse organization.	Encourage gender equality and diversity across all businesses. Foster employee developing needs by providing relevant and challenging on the job learning and career growth.	Global Diversity & Inclusion Benchmark.

Resource Allocation Plan

Nature of Capital	Resource Allocation Plan
Human Capital	<ul style="list-style-type: none"> Based on business requirements and customer needs, organizational changes will be done to ensure we are well positioned as a team in line with the bank's strategic goal We will strive retain top talent and offer relevant development and growth opportunities to our staff
Manufactured Capital	<ul style="list-style-type: none"> Timely invest in improving branch infrastructure whenever required Branches to be positioned and segmented based on product offering to increase customer base
Financial Capital	<ul style="list-style-type: none"> Invest on process automation and IT network improvement Invest in business relevant infrastructure including buildings and equipment
Intellectual Capital	<ul style="list-style-type: none"> Re-engineer processes whenever needed to create synergy between functions aiming to increase customer satisfaction Drive compliance across the organisation ensuring all governance standards are strictly implemented and followed
Social and Relationship Capital	<ul style="list-style-type: none"> Build partnerships and collaborate with like-minded organisations to offer innovative products and solutions Partner with relevant organizations to build awareness on sustainable energy solutions

Strategy to Overcome Liquidity Problem

JS Bank actively manages the Bank's liquidity and funding to support our business strategy and meet regulatory requirements at all times, including under stress. To do this, we monitor our position using a number of risk appetite measures, including the liquidity coverage ratio and the net stable funding ratio.

The Bank's Current, Savings and Term deposit base indicates a stable and sound liquidity position. The Bank has also a reasonable portfolio of marketable securities that can be realized in the event of stress. The Bank's Liquidity Coverage Ratio and Net Stable Funding Ratio are well above the regulatory requirement. The Bank has a well-defined Liquidity Contingency Plan for liquidity crisis management,

and detail aspect of liquidity risks are discussed under risk management section of the report.

Significant Changes from Prior Years

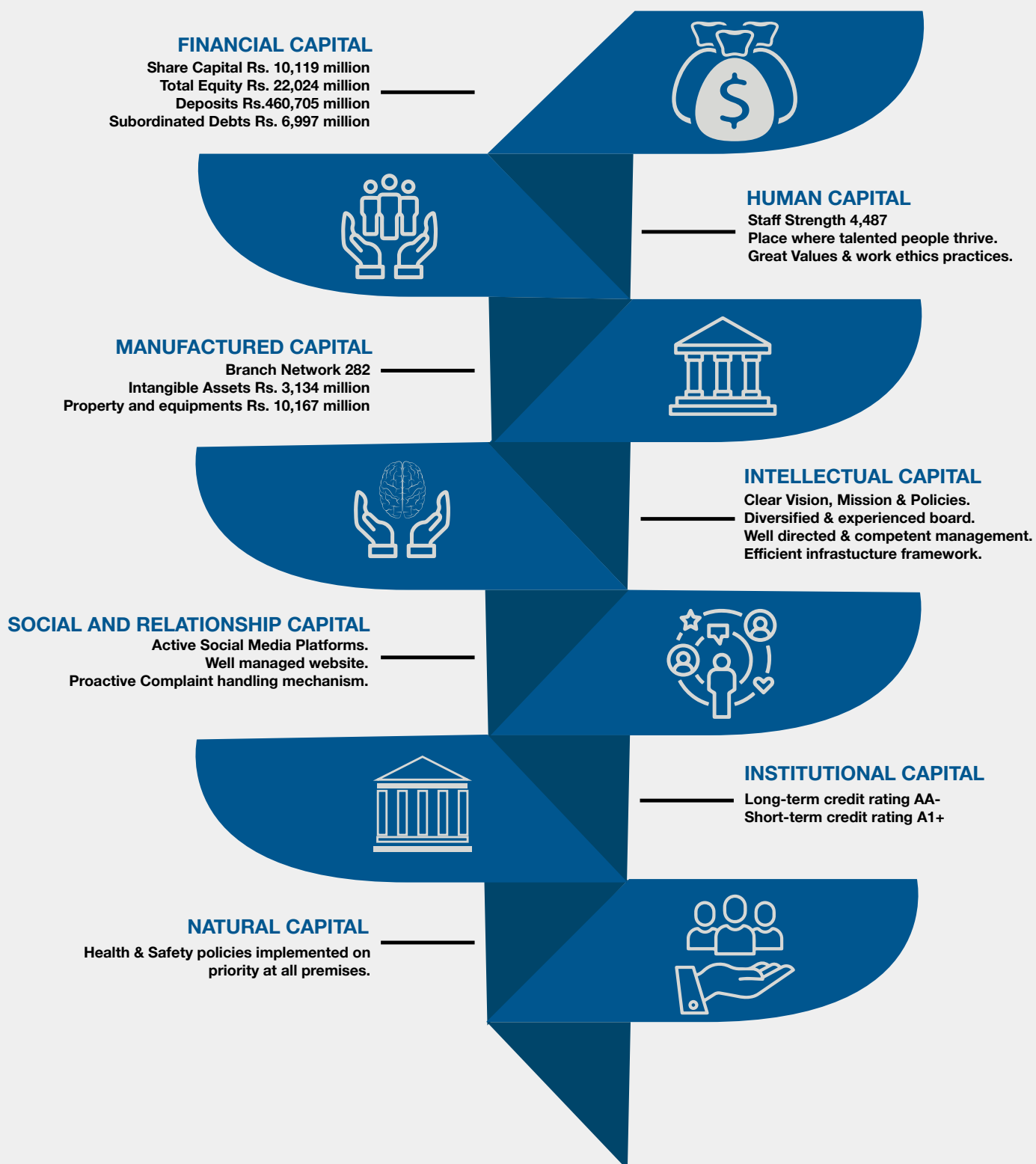
No significant changes in objectives and strategies from prior years.

CEO presentation video on the organisation's website explaining the business overview, performance, strategy and outlook

Web link: <https://jsbl.com/mr-basir-shamsie-president-ceo-js-bank/>

Business Model

Key Inputs

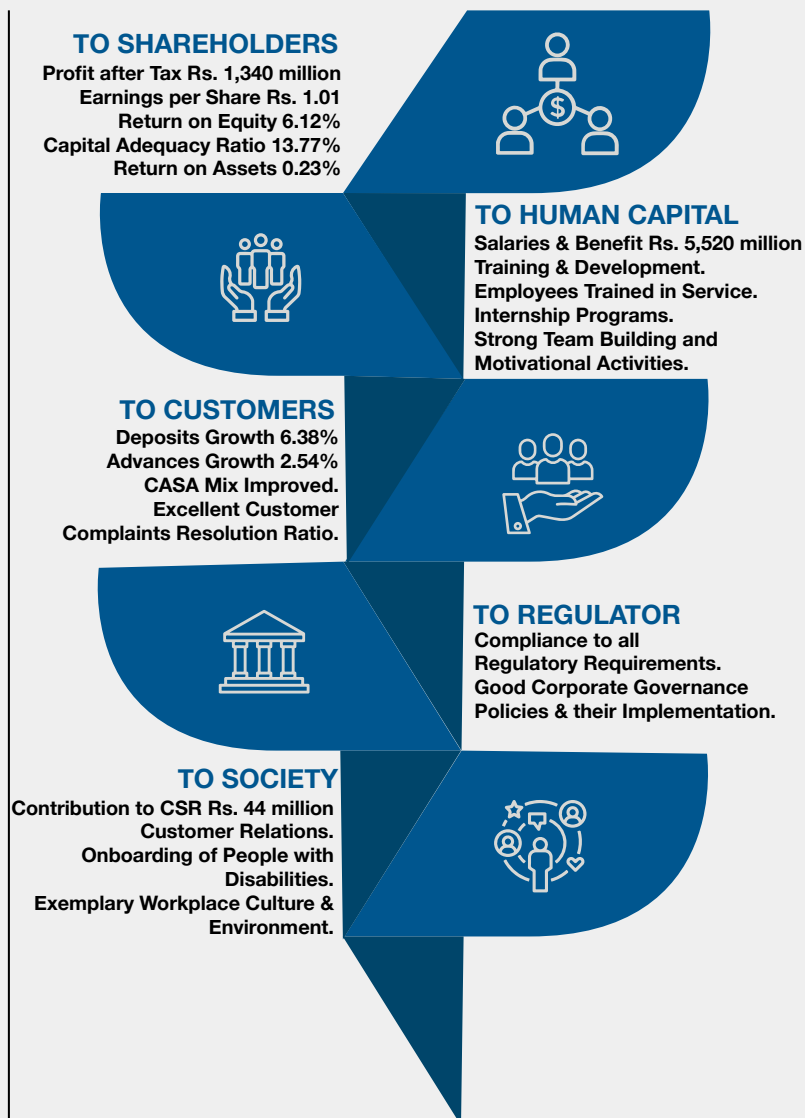


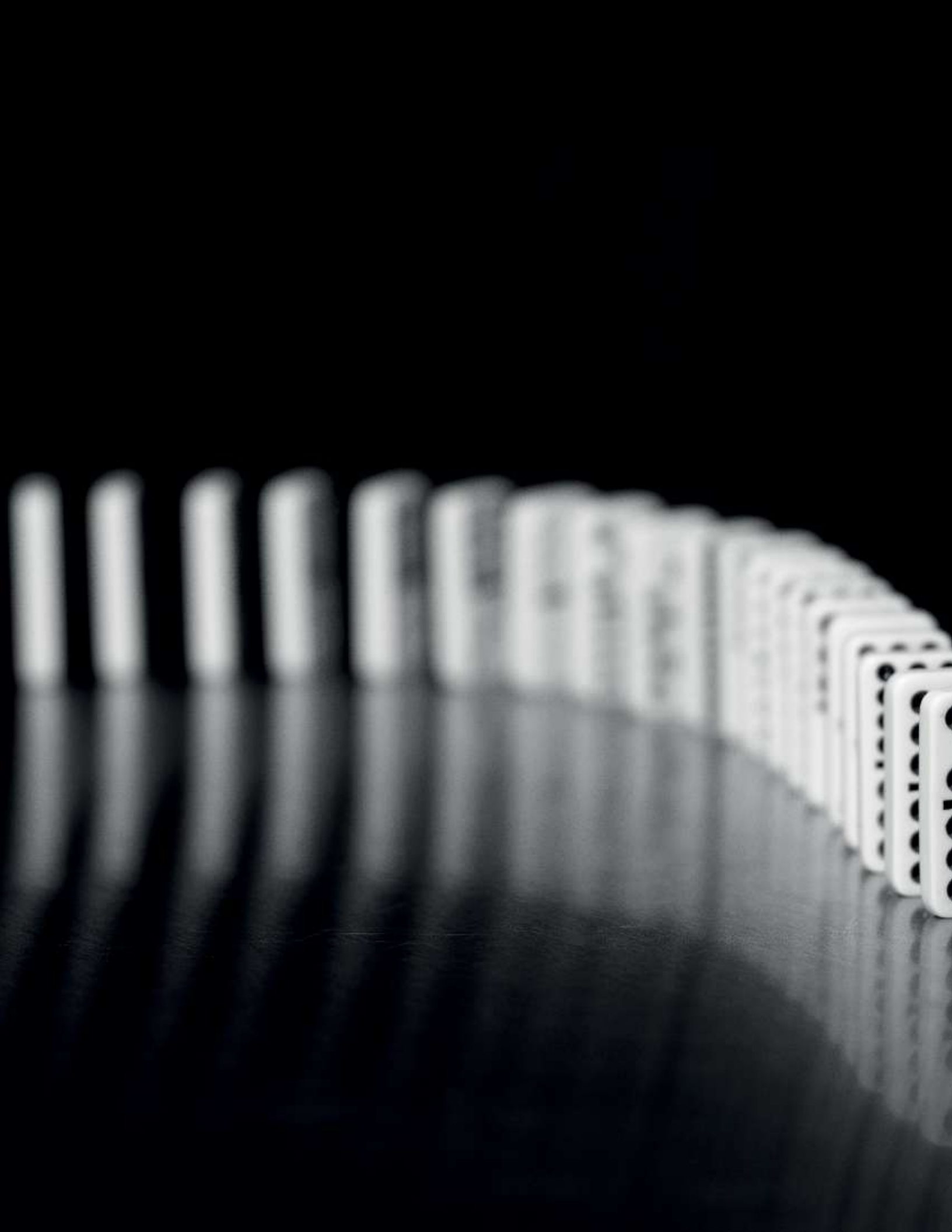
Business Activities

Our Principles to Operate



Key Outputs





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RISK AND OPPORTUNITIES

Risks and Opportunities

Summarized risks, opportunities and related mitigating factors are documented below:

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Strategy	Impacted Capital
Credit Risk	High	Medium	<p>Measurement: Credit Risk Management function under Risk Management Group identifies, measures, manages, monitors, and mitigates credit risk. Credit Risk is measured and estimated through detailed quantitative financial and qualitative factors analysis, internal and external credit risk ratings including facility risk ratings, and customers' behaviour analysis.</p> <p>Monitoring: Credit Risk function carries out review of counterparties through credit proposals and the Credit Admin Department (CAD) function performs post disbursement monitoring including security documentation and limits monitoring. Business functions continuously remain in contact with customers for updated information about the customers.</p> <p>Management: The Bank has a diversified loan portfolio spread over public and private sectors with different industries. Credit Risk Function ensures to minimize credit risk associated with borrowers. Credit & Risk Management Groups have a defined structure with credit approving authorities with Central Credit Committee in place to approve large credit exposures. The Bank has implemented phase-1 of Loan Originating System (LOS) for automated credit approval process in a paperless environment to optimize the turn around time with effective credit and control policies.</p> <p>To further enhance the credit risk analysis, the Bank has in place Internal Credit Risk Rating (ICRR) model for Obligor Risk Ratings (ORR) and Facility Risk Ratings (FRR) for corporate, commercial, and small & medium enterprise borrowers. In addition to it, the Bank will implement Risk Based Pricing model to augment the credit decisioning.</p> <p>The Bank has Portfolio Management Committee (PMC) at management level and Board Risk Management Committee (BRMC) at board level for discussions and deliberations on key risk issues on portfolio level. Periodic meetings are conveyed to oversee the risk exposures at portfolio level.</p>	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Strategy	Impacted Capital
Market Risk	High	Low	<p>Measurement: The Bank is exposed to market risk through its trading and other investment activities including derivatives and options. VaR methodologies augmented by sensitivity analysis, notional limits, management action triggers and stop loss triggers at a script and portfolio level, and stress testing are used to capture and report the various aspects of market risk.</p> <p>Monitoring: The Bank has a separate Market Risk Unit under Risk Management Group that ensures market risk limits will not exceed the tolerance levels set by the Board. Assets & Liability Committee (ALCO) is entrusted to monitor the market risk exposures and limits through meetings on a periodic basis.</p> <p>Management: The Bank is following a balanced approach towards risk taking in the market risk area. The robust risk management architecture ensures that the exposures remain within the defined risk appetite. Dashboards for money market and foreign exchange exposures are being presented to manage the limits and exposures within defined levels.</p>	Financial
Liquidity Risk	High	Low	<p>Measurement: The Bank measures Liquidity Risk as part of its liquidity monitoring activities. The purpose of the liquidity risk assessments and stress tests is intended to ensure sufficient liquidity for the Bank under normal and stress conditions.</p> <p>Monitoring: In line with SBP's directives under Liquidity Risk framework and Basel III guidelines, the Bank regularly monitors liquidity monitoring tools along with Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR). The Bank has also in place established Early Warning Indicators and Liquidity Risk Analysis tools to trigger any point for management attention.</p> <p>Management: The Bank is following liquidity risk management approach to manage funding sources and intraday liquidity management. The Bank's deposit base indicates fair liquidity position and Bank's NSFR and LCR are well above the regulatory requirement.</p> <p>ALCO has the responsibility for liquidity management and contingency funding plan. Underlying policies are approved by the Board in respect of liquidity, investment, and treasury.</p>	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Strategy	Impacted Capital
Operational Risk	Medium	Low	<p>Measurement: The Bank has a defined Operational Risk Management Policy and framework in place. Considering the policy, the Bank manages to have database of operational risks/losses, and Key Risk Indicators (KRI). The Bank analyzes key risks and controls through Risk and Control Self-Assessment (RCSA) exercise covering all critical functions of the Bank. Analyses of operational loss and results of KRIs and RCSAs help the Bank to mitigate risks.</p> <p>Monitoring: The Bank is in a practice to present updates on operational risk and loss events on a periodic basis to senior management and board sub-committee.</p> <p>Management: The Bank has an Operational Risk Management unit under Risk Management Group responsible for managing operational risk tools. There is an Operational Risk Management Committee (ORMC) at management level to oversee various operational risk events. The Bank has initiated awareness programme through workshops and training sessions to build and inculcate risk culture across the Bank.</p>	Financial, Intellectual & Reputational
Capital Adequacy Risk	High	Medium	<p>Measurement: The Bank has a capital base above the regulatory limits and Basel requirements and is following the predefined format and criteria mentioned in the Basel II and III guidelines.</p> <p>Monitoring: The Bank assesses the current and future capital requirements and ensures that the minimum capital requirements specified by the State Bank are adhered to. Regular assessment of capital enables the Bank to evaluate adequacy of the amount, type and distribution of capital required to cover various risks.</p> <p>Management: The Bank's total Capital Adequacy Ratio is above the requirement of 11.50% (including capital conservation buffer of 1.50%). The Bank's Common Equity Tier-1 (CET1) to total risk weighted assets ratio is also above the requirement of 6%. The Bank maintains a leverage ratio above the regulatory limit of 3.0%. The Bank will continue to retain and accumulate profits to capitalize opportunities in short, medium and long term.</p>	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Strategy	Impacted Capital
Country Risk	Low	Low	<p>Measurement: The Bank's country Risk exposure is assessed against the Bank's cross border trade and treasury activities. Risk Tolerance Limits are set for various countries with different country ratings.</p> <p>Monitoring & Management: Market Risk Unit and ALCO are responsible for regular monitoring of risk exposure. Country Exposure Limits both for Trade and Treasury exposures are in place, which broadly capture direct exposure on sovereigns and foreign domiciled counterparties.</p>	Financial
Information Security Risk	High	Medium	<p>Monitoring & Management: The Bank always focuses to provide simplified banking solutions to its customers through innovative technology applications with an aim to protect the customer information from vulnerabilities and threats. The Bank has embedded various controls on the information security and consistently developing more controls.</p> <p>The Bank has developed Information Technology Risk Assessment Framework which enables better management of technology risk, especially information security risks, properly.</p>	Financial & Intellectual
Regulatory Risk	Medium	Medium	<p>Measurement: The Bank takes into consideration all regulatory risks for effective management of changes in legislature and regulatory requirements that may affect the Bank.</p> <p>Monitoring & Management: Compliance Function of the Bank reviews key regulatory developments to anticipate changes and their potential impact on its performance. The Bank aims to keep continued compliance with regulatory requirements.</p>	Financial & Intellectual

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Strategy	Impacted Capital
Reputational Risk	Medium	Medium	<p>Monitoring & Management: Reputational risk is managed by maintaining a governance framework, policies, procedures, systems, and customer support arrangement with an aim to proactively minimize reputational risk. We can manage reputational risk through:</p> <ul style="list-style-type: none"> • Existence of a well-articulated and socialized policy statement that the Bank personnel must not engage in activities that could negatively impact its reputation • Existence of socialization of policies such as Code of Conduct, Whistle Blowing and Personal Account Dealing • Refraining from activities that could lead to monetary and non-monetary fines from the Regulators • Avoiding any unfavourable/ negative news in the media 	Financial, Intellectual, Social & Relationship

Opportunity	Strategy
Increasing the Bank's advances portfolio with a focus on agriculture, SME and other segments.	<p>Target niche affluent markets, cross-sell to existing clientele and tap new customers through exciting offers and innovative products.</p> <p>Drive automation to bring efficiencies and reduce turnaround time for loan processing.</p>
Developing new deposit products to strengthen the existing product mix, leverage on the growing landscape of branchless and digital banking opportunities.	Create synergies and partner with technology providers to offer innovative products to our customers.
Expand JS Bank's international footprint.	<p>Develop correspondent banking relationships in new geographies.</p> <p>Digitize foreign remittance channels.</p>
Grow our reach in tech-savvy consumers, millennial and Gen-Z population.	Collaborate with technology innovators and develop beyond banking solutions targeting Urban markets and fast-growing millennial and Gen-Z consumers.

Risk Management Framework

Board's efforts for determining the company's level of risk tolerance by establishing risk management policies.

Risk Governance Structure

- Board of Directors
- Board Risk Management Committee (BRMC)
- Integrated Risk Management Committee (IRMC)
- Management Committees for Risks; including Central Credit Committee (CCC), Portfolio Management Committee (PMC), ALCO, Operational Risk Management Committee (ORMC), Remedial Management Committee (RMC) and IT Steering Committee (ITSC) to review IS related matters
- Risk Management Function under the Chief Risk Officer (CRO) broadly covers Agri Credit Risk, Market & Basel, Enterprise Risk Management, Operational and Environmental Risk, Consumer & Programme Lending Risk, Information Security, Digital Risk and Strategic Projects and Quantitative Analysis
- Credit Risk Function under the Chief Credit Officer (CCO) covers risk heads under corporate, emerging corporate, international, and financial institutions, Special Assets Management and Credit Administration

The Bank has a well-structured risk management framework which is based on three lines of defense; business and support functions directly involved in risk taking activities constitute the first line of defense, Risk and Compliance, being the second line of defense, are responsible for ensuring policies, procedures and limits are within strategic objectives and regulatory requirements, and audit function plays an independent part for overseeing as the third line of defense.

Inadequacy in the Capital Structure and Plans to Address Such Inadequacy

The Bank is not facing any kind of inadequacy in the capital structure and has capital adequacy over and above the regulatory requirement.

Information about default in payment of any debts and reasons thereof

There were no default in the payment of any borrowing/ debt during the year. Bank has sufficient liquidity to fulfill all its commitments.





CORPORATE GOVERNANCE

Corporate Governance

Role and Responsibilities of the Board

Role & responsibilities and prohibitions & restrictions relevant to the directors of JS Bank Limited, as contained in the existing laws and regulations have been prepared, approved by the Board as Directors' Handbook.

The Board is responsible for formulating broad goals and strategies for the Bank. It is also responsible to define and determine policies of the Bank regarding the execution of its functions and approve internal rules for their implementation. The formulation of clear objectives and policies supplies a framework for the Management to work within defined parameters. The Board also helps to set priorities for the Bank. One of the key functions of the Board is to monitor the performance of senior management and its function.

The Board establishes its sub-committees to discharge of its responsibilities. For each sub-committee, the Board adopts a formal Terms of Reference (ToRs) setting out the matters relevant to the composition, roles, functions, responsibilities and administration of such committees. All board sub-committee meetings are held sufficient number of times in a year to discharge its duties.

The Board presently has following sub committees:

1. Board Audit Committee
2. Board Risk Management Committee
3. Board Human Resource, Remuneration and Nomination Committee
4. Board Information Technology Committee

All the Board Sub- committees have access to the appropriate external and professional advice if needed to assist the committee in fulfilling its role.

Annual Evaluation of the Board's Performance

The Board of Directors of JS Bank sets the Bank's strategic direction and ensures that the organization stays true to this direction - enabling it to achieve its long-term objectives while ensuring regulatory compliance. To discharge its fiduciary responsibility of safeguarding the stakeholders' interests, a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its Sub-committees as required by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

The Board of Directors of JS Bank is enriched with skills, core competencies, diversity, experience and knowledge and at the same time committed to strong corporate governance to protect the overall interests of the Bank and its stakeholders. The Board continually reviews the Bank's financial and operational soundness, governance, internal controls and significant policies as per regulatory requirements. Further, Sub-Committees were constituted with a prescribed mandate and respective terms of reference.

In line with the best practices of the corporate governance the Board has conducted self-evaluation exercise on an annual basis by engaging Grant Thornton Anjum Rahman Chartered Accountants (GT) as an external facilitator which is the lead on Corporate Governance and has a team of qualified consultants to conduct board evaluations for companies and banks. The Board of JS Bank in compliance SBP's Guidelines on Performance Evaluation of Board of Directors and Listed Companies (Code of Corporate Governance) Regulation, 2019 has conducted its self-evaluation for the year 2021 by engaging GT. The evaluation covered various aspects of the performance of the Board including but not limited to: Board sub Committees, CEO & Chairman etc.

The evaluation was carried out using quantitative method, based on subjective assessment and was conducted via questionnaires developed by the consultants.

The quantitative technique has the advantage of being specific and measurable. Measurement scale used in the Banks's board evaluation is the summated rating depending on how strongly they agree or disagree with a given statement. The use of this method ensures specific and measurable data that can be benchmarked over time.

Role and Responsibilities of the Chairman

The Chairman of the Board of Directors is responsible for leadership of the Board of Directors and for ensuring that the Board plays an effective role in fulfilling its responsibilities. The Chairman's role entails the following:

- Preside as the chairman at general meetings of the Bank
- Set the agenda of the Board meetings and ensure that reasonable time is available for discussion of the same

- Ensure that minutes of the meetings truly reflect what transpired during the meeting.
- Ensure that the minutes of the meetings are kept in accordance with the requirements of the law
- Ensure that the Board discharges its role effectively and swiftly in line with regulatory requirements.

Role and Responsibilities of the President & CEO

The President & CEO's role constitutes an absolutely engaged position, demanding complete involvement and shepherding of the organization. The role entails the following:

- Ensure execution of the strategy developed by the Board.
- Effectively allocate and manage organizational resources and budgets to ensure achievement of short and mid-term objectives that contribute to the achievement of the long-term strategic goals.
- Establish a system of checks and controls to supplement the growth of the Bank.
- Provide liaison between the Board and the Bank's Management to ensure placement of managerial efforts with Board's directives.
- Encourage a culture of professionalism and high ethical standards within the Bank.
- Facilitate an organizational culture of development of innovative products and services to meet the growing needs of a diverse range of customers

Disclosure if the Board's Performance evaluation is carried out by an external consultant once in three years.

Grant Thornton Anjum Rahman Chartered Accountants (GT) carried out Board's Performance Evaluation.

Details of formal orientation courses for Directors.

The Board Members are regularly provided with update on new applicable laws, rules and regulations including amendments thereto to apprise them with their powers, duties and responsibilities. At the time

of induction of any new director, he/she is provided with the detailed written material in the shape of extracts from relevant laws, rules & regulations on Role, Obligations, Powers and Responsibilities of the Board of Directors

Directors' Training

The directors on the Board are fully conversant with their duties and responsibilities as directors of the Bank. Out of nine directors, six directors have completed Director' Training Program and two directors of the Bank are exempted from the requirement of Directors' Training Program, whereas, remaining one Director will certify himself in due course.

The Bank has effective system to carry out orientation for its directors to acquaint them with the Code, applicable laws and their duties and responsibilities to enable them to effectively govern the affairs of the Bank for and on behalf of shareholders.

Directors' Remuneration

The Bank has formal Directors' Remuneration Policy for non-executive directors including independent directors, which has been approved by the shareholders.

The remuneration of directors is fixed by the Board of Directors in accordance with applicable laws. The remuneration for attending meetings of the Board and/or Board Committees is within the scale as is reasonably determined by the Board of Directors, provided that Executive Director shall not be paid any remuneration for attending Board/Board Sub Committees meetings.

Security clearance of foreign director

In accordance with the regulatory requirements clearance of foreign director(s) is being obtained from the Interior Ministry, Government of Pakistan.

Details of Board meetings held outside Pakistan during the year.

None.

Policy for actual and perceived conflicts of interest relating to members of the Board.

The Bank has an effective system in place to deal with conflicts of interest relating to the Board members. Under this mechanism, any director who has a business or other interest in a matter being presented at a Board meeting does not participate in neither the discussion nor the decision on that

matter. The procedure to handle conflict of interest in the Board meetings is followed strictly and no breach was occurred during the year.

Investors' grievance policy

The Bank had strived for a better understanding and committed to provide its customers/investors with the highest level of service quality and satisfaction and has therefore set-up an independent Service Quality function that manages service quality, phone banking, problem resolution, quality assurance and the fair treatment of customers.

As per SBP Consumer Grievances Handling Mechanism the Bank hold surveys aiming to measure its customer's satisfaction with regard to grievance handling mechanism in place at their end. This is done at least once in two years and the report thereof is to the Board and SBP. Remedial steps are taken to address the defective service areas.

Our focus is to maintain fairness in our customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism. We also focus on financial literacy of our customers, for promoting responsible conduct and informed financial decisions by consumers, through our Consumer Education and Financial Literacy Program.

To create enhanced visibility of its complaint handling function, the Bank has incorporated awareness messages in several customer's communications such as account statements, ATM screens, and letters sent to the customers. For increased accessibility of the recourse mechanism for the customers, the Bank has made the information available on social media and has also sent SMS messages and E-Shots to its customers every quarter

Whistle Blowing Policy

Disclosure of Whistle blowing policy was established to receive, handle complaints in a fair and transparent manner and providing protection to the complainant against victimization, and disclosure of the number of such incidences reported to the Audit Committee during the year.

HR has clear Disciplinary Procedure policy according to which Disciplinary Action Committee explicitly handles all complaints in a fair and transparent manner via a standard process to remove all kinds of biasness and ensure victims and witness's protection. This is also supported by Grievance Redressal and Harassment at Workplace policies.

All employees (full-time, part-time, adhoc, temporary, contract staff, interns and secondees) and outside parties are expected and encouraged to escalate any actual or suspected irregularities, financial malpractices, frauds, forgeries, and improper conduct to any/ all of the following for their attention and appropriate action:

- Head of Human Resources (HoHR).
- Chief Compliance Officer (CCO).
- Chief Internal Auditor (CIA).

The Bank shall make necessary arrangements to provide safe, secure, and confidential reporting channel(s)/ mechanism and implement a whistle-blowing program so that employees and outside parties may escalate their concerns without fear of reprisal or adverse consequences.

Where whistleblower choose to reveal his/ her identity, reasonable efforts shall be made to ensure confidentiality of the whistleblower's identity (unless otherwise required by law or regulatory authority) to prevent discrimination or victimization.

The whistleblower report may be shared with relevant stakeholders (for review, investigation, and appropriate action) strictly on need-to-know basis without disclosing the identity of the whistle-blower.

HoHR, CCO, and CIA shall take appropriate measures to protect the whistleblower from discrimination and/or victimization.

The Internal Audit shall provide summary findings on significant whistleblowing cases to the BAC on quarterly basis.

The BAC shall review the effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns. Further, The BAC must ensure that such concerns are treated confidentially, and the reporting employee(s) are protected and not penalized in any matter and employees remain aware of existence of such procedures and encouraged to be a 'whistleblower'.

Social and environmental responsibility policy

JS Bank is deeply committed to Corporate Social Responsibility ("CSR") in Pakistan. The Bank contributes resources both financial and human towards supporting the Mahvash & Jahangir Siddiqui Foundation ("MJSF"). Founded in 2003, MJSF was established by Mr. Jahangir Siddiqui and his wife Mrs. Mahvash Siddiqui, a retired civil

servant and a university professor. MJSF is a leading charitable, non-profit, non-partisan organization primarily focusing on healthcare, education, sustainable development through social enterprise and humanitarian relief. MJSF targets the root causes of poverty in Pakistan and is a major donor to numerous philanthropic endeavors nationwide. The Foundation is registered with Pakistan Center of Philanthropy and Pakistan Red Crescent and is audited annually by KPMG Taseer Hadi & Co.

Through its various initiatives, MJSF aims to build an educated, healthy and prosperous society with dignity and honor for people by providing healthcare, education and promoting economic and social development of underprivileged members of our society. In achieving its mission, the Foundation has also partnered with internationally acknowledged organizations including The United Nations (UN), Provincial Disaster Management Authority Sindh (PDMA), World Food Program (WFP), UN Habitat for Humanity, National University of Singapore (NUS), Weill Cornell Medical College Qatar, International Organization for Migration (IOM) and various international and local academies / foundations for education, disability, healthcare etc.

Related Parties Policy

Transactions with Related Parties are a normal feature of trade, commerce and business. The JS

Bank's Policy ensures that transactions between the Bank and its Related Parties are based on principles of transparency and arm's length pricing. The Bank ensures that it meets its obligations under The Companies Act 2017, The Banking Companies Ordinance 1962, Prudential Regulations of SBP, Code of Corporate Governance, Pakistan Stock Exchange Rule Book, Applicable International Financial Reporting Standards and International Accounting Standards and relevant guidelines and directives while entering into and reporting transactions with Related Parties. Facilities extended to Related Parties should be at Arm's Length basis and on normal terms and conditions applicable to other borrowers of JSBL. Further, JSBL ensures that the standards are not compromised in such cases and market rates are used while extending facilities to Related Parties.

The details of all Related Party Transactions are placed before the Board Audit Committee and upon recommendations of the Committee, the same shall be placed before the Board for review and formal approval.

In the financial statements, which are appended to this Annual Report, the Bank has included adequate disclosures regarding Related Party Transactions while maintaining required protocols.

Business Continuity Plan

The Bank has a Board of Directors' approved Business Continuity Planning Policy ensuring the clear plan is available and maintained for all critical functions of the Bank. Regular periodic testing of BCP has given a confidence to the management that business will continue to work in the event of any disruption occurs and providing satisfaction to the customers and other stakeholders that the Bank can live up to their expectations.

The Business Continuity Plan (BCP) for the Bank aims to enable it to continue offering critical services in the event of a disruption and to survive a disastrous interruption to their information systems. The main objective of developing a BCP and Disaster Recovery Plan (DRP) is to ensure "Business Continuity (BC)" at all times by preempting or avoiding a crisis and/or managing it in such a manner that it causes the least amount of damage/disruption.

The Bank is committed to ensuring the continuity of its critical business and support functions. The BCP and DRP help the Bank in understanding the criticality of its operations and processes under each business, operations and support unit which enables the Bank to plan and develop the relevant backup sites, determine financial resource, manpower, critical documents, and system resource commitments. The Bank always demonstrates its commitment in providing uninterrupted services to its customers and stakeholders in any unusual or contingent scenario and proved its stance under COVID-19 where the Bank adopted proactive approach and alternate / flexible sites were used and even employees worked from home smoothly.

Report of the Audit Committee

The Board Audit Committee comprises of four non-executive directors including two Independent directors, one being Chairman of the Committee. The Committee members as a whole possesses rich diversified experience at various strategic positions which provides the Committee significant economic, financial and business strength for better oversight, supervision, monitoring and control.

The Committee assists the Board to effectively carry out its supervisory oversight responsibilities on financial reporting, compliance, risk assessment and internal controls. The Committee discharged its duties and responsibilities in accordance with the Terms of Reference (TOR) as approved by the Board of Directors, requirements of the Code of Corporate Governance and other directives issued by the State Bank of Pakistan (SBP).

- The Committee ensures the Internal Audit Function of the Bank equipped with the necessary financial, human, operational, physical and technological resources to carry out its mandated responsibilities
- The Committee approves annual risk-based internal audit plan as part of risk assessment process
- The Committee oversees the activities of Internal Audit Function in accordance with the Internal Audit Charter duly approved by the Committee and ensures its independence in the organizational structure
- The Committee ensures that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective
- The Committee reviews the Bank's statement on internal controls prior to endorsement by the Board of Directors
- The Committee reviews and reports to the Board any significant matter(s) identified by the Internal Audit Function/External Auditors that warrant Board's immediate attention
- The Committee reviews and recommends the annual financial statements and interim financial information of the Bank to the Board of Directors for approval
- The Committee recommends appointment of External Auditors of the Bank for approval of the Board of Directors

- The Chief Internal Auditor (CIA) shall report functionally to the Audit Committee and administratively to the Chief Executive Officer. The overall staff strength of the Internal Audit shall be decided by the Audit Committee based on network and business volume requirements
- The Committee formulates and documents 'Key Performance Indicators' (KPIs) for CIA and evaluate performance against the set KPIs on annual basis. The Committee also reviews audit rating mechanism for performance appraisal of staff of Branches/Units

Meetings of the Committee

The meetings of the Committee are held to assess overall risk management and control environment of the Bank, review activities of Internal Audit Function and the actions taken by Business and Support Groups for implementation on the Committee observations. During the year, four meetings of the Committee were held and following matters (including significant matters) were discussed:

- Review and approve Risk Based Annual Internal Audit Plan
- Review and recommend to the Board of Directors for approval Internal Audit Policy, Internal Audit Strategy and Terms of Reference of the Committee
- Approve Audit Rating Mechanism
- Review Quarterly Report on Internal Control System and significant findings. In addition, review the management's action plan to ensure that audit observations/ recommendations receive proper and timely attention by the senior management
- Review the annual independent assessment/ opinion of CIA on the state of Bank's internal controls based on the audits conducted over the period
- Review of quarterly, half yearly and annual financial statements; prior to their approval by the Board of Directors
- The Committee oversight and periodically review the ICFR system for effective implementation and its continuous up-gradation
- Review the Management Letter issued by the External Auditors and Management's response thereto

- Recommend to the Board of Directors the appointment of External Auditors
- Review Quarterly Activity Report of Compliance

Internal Controls Framework and Role of Internal Audit Function

The Board of Directors has promulgated policies for assessing the overall effectiveness of the internal control environment. It is the responsibility of senior management to evolve systems and procedures that ensure overall comprehensive controls in the light of Board of Directors guidelines.

To ensure effective management of risk, the governance structure of internal control functions at the Bank consists of three levels of defense. The first line of defense is the business itself which owns its risks, including its operational risk and is responsible for its management. The second line of defense is the oversight provided by the Risk Management, Compliance and control functions who identify and assess risks impacting existing and new business initiatives, coordinate risk mitigation with risk specialists and business, and then report and escalate it to the Risk Management Function for appropriate corrective measures. The last line of defense is an independent and effective Internal Audit Function which reviews the effectiveness and adequacy of internal controls and continues to monitor compliance with policies and procedures.

The Board of Directors is regularly kept up to date about the state of compliance through the Board Audit Committee. As a priority, all significant and material findings of the internal and external auditors and regulators are addressed by the management ensuring that appropriate corrective actions have been implemented.

The Bank diligently follows SBP's Guidelines on Internal Control to evaluate the effectiveness of the

overall set of internal controls including financial reporting controls. A detailed documentation of bank-wide processes and controls has been completed. Furthermore, the Bank has developed a comprehensive management testing and reporting framework for ensuring operating effectiveness of key controls, and has significantly addressed the identified design improvement opportunities.

Upon satisfactory completion of all the stages of SBP's guidelines on Internal Controls over Financial Reporting (ICFR) roadmap, SBP has granted exemption to the Bank from the submission of a Long Form Report (LFR) by external auditors.

Salient Features of Board Committees' TOR

Board Audit Committee (BAC)

Salient Features

- The Audit Committee shall review the effectiveness of the Bank's internal control and operational controls, integrity and adequacy of financial reporting and appraise the audit efforts of the Bank's external auditors and Internal Audit Function (IAF); and review the Bank's process for monitoring compliance with relevant laws and regulations.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof
- Consideration of any issue or matter as may be assigned by the Board of Directors
- Report to the Board any significant matter(s) identified by the IAF / External Auditors that warrant Board's immediate attention
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective
- Determination of appropriate measures to safeguard the Bank's assets
- Determination of compliance with relevant statutory requirements
- Review the Bank's statement on internal controls prior to endorsement by the Board of Directors
- Consider and approve the Internal Audit Charter
- Review and approve Risk Based Annual Audit Plan
- The BAC shall review the Internal Audit Strategy (IAS) as developed by the CIA and recommend for approval of Board of Directors
- Review scope and adequacy of IAF and ensure that IAF has adequate resources and is appropriately placed within the Bank
- The BAC shall ensure that IAF remains equipped with the necessary financial, human, operational, physical, and technological resources to carry out its mandated responsibilities
- Review major findings of special reviews, internal and external frauds, internal control deficiencies and significant audit issues, and ensure audit recommendations have been effectively implemented
- Review action taken by Business and Support Groups for implementation of Audit Committee observations on issues deliberated in committee meetings
- The BAC shall annually obtain from CIA an independent assessment/opinion on the state of Bank's internal controls based on the audits conducted over the period
- The BAC shall ensure: a) independence of IAF in the organizational structure; b) effectiveness of IAF in overall governance and internal control framework; c) constructive engagement of IAF with the senior management and auditee units etc
- The BAC shall formulate and document 'Key Performance Indicators' (KPIs) for CIA and evaluate his/her performance against the set KPIs on annual basis
- The BAC shall ensure independence of any investigations/disciplinary actions against CIA and Internal Auditors
- The BAC shall review the effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns. Further, The BAC must ensure that such concerns are treated confidentially, and the reporting employee(s) are protected and not penalized in any matter and employees remain aware of existence of such procedures and encouraged to be a 'whistleblower'
- Review of quarterly, half yearly and annual financial statements; prior to their approval by the Board of Directors, focusing on major judgmental areas; signification and adjustments resulting from the audit; going concern assumption; any changes in accounting policies and practices; compliance with listing regulations and other statutory and regulatory requirements and all related party transactions
- The committee shall review the Related Party transactions and recommend the same for review and approval by the Board of Directors
- The BAC shall keep oversight and periodically review the ICFR system for effective implementation and its continuous upgradation
- Recommend to the Board of Directors the appointment of External Auditors and consider any questions of their resignation or removal, audit fees and provision of other services in addition to audit of financial statements
- Discuss with External Auditors, major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the

absence of management, where necessary)

- Review the Management Letter issued by the External Auditors and Management's response thereto
- Ensure coordination between the Internal and External Auditors of the Bank
- Compliance Department shall periodically, on quarterly basis, report to the Board Audit Committee on the Bank's management of its compliance risk and identified gaps, in such a manner as to assist the Committee to make an informed judgment on whether the bank is managing its compliance risk effectively. Compliance Risk to include risks emanating from Money Laundering (ML)/Terrorist Financing (TF), AML/CFT obligations and its allied elements
- Audit Committee is a committee of Board of Directors of JS Bank Ltd from which it derives its authority and to which it regularly reports. In discharging its oversight role, the committee is empowered to investigate any matter brought to its attention, with full power to retain outside counsel or other experts for this purpose

Board Human Resource Remuneration & Nomination Committee (BHRRNC)

- Recommending Human Resource management policies to the Board
- Review and recommend to the Board selection, evaluation, compensation, increments, performance bonuses, succession planning, fringe benefits including service end benefits of the Executive Directors, CEO, Key Executives and any other employee or group of employees institution wide (as and when required by the Board)
- Consideration and approval on recommendation of CEO on such matters for key management positions who report directly to the Chief Executive Officer or Chief Operating Officer or Deputy Chief Executive Officer
- The Committee shall assess whether the remuneration policy is aligned with the significant regulatory requirements including Guidelines on Remuneration Practices issued by the State Bank of Pakistan (SBP). The review may focus on the following:
 - o Criteria for identification of personnel who may subject the Bank to significant risks i.e. Material Risk Takers (MRTs) and Material Risk Controllers (MRCs)

- o Remuneration principles including concept of fixed and variable remuneration, risk adjusted balanced scorecard mechanism to ensure alignment of remuneration with long-term and short-term business objectives of the Bank and incorporate necessary risk adjustments
- o Major types of risks and how these are taken into account for determination of risk adjusted compensation
- o Separate structures of remuneration for MRTs and MRCs
- o Review of scorecards for MRTs and MRCs and their performance evaluation mechanisms
- o Criteria for determining the variable portion of remuneration to be deferred, the period of deferral for different types and levels of employees identified as MRTs or MRCs and payout structure of deferred remuneration
- o Ensure that institution-wide remuneration policy should take into account all cadres of employees. The remuneration policy should specifically take into account the pay gap between the highest-paid and the lowest-paid employees, across various levels as well as across the organisation
- Review the Bank-wide program for implementation of Guidelines on Remuneration Practices, including necessary awareness and change management initiatives, review, progress against roadmap for onward reporting to State Bank of Pakistan (SBP)
- Review the remuneration policy and remuneration setting mechanism at least once every three years. Amongst other factors, the review of the remuneration framework may include but not limited to the effectiveness of remuneration policy and mechanism
- Review and obtain approval for fixed and variable compensation pools from the Board of Directors
- Approve development of a fund for deferred compensation pool management and monitoring progress there against
- Role of BHRRNC in facilitating enablement of Internal Audit and Compliance role in implementation reviews, as per guidelines on remuneration practices
- Receive and consider information from the Bank's risk management, compliance and internal audit functions, to assess the appropriateness of the compensation system relative to the organisational goals and risk profile of the Bank

- Grievance handling & Disciplinary Action Policy
- Guidance for performance management, annual increment and employee recognition programmes
- Monitoring the utilization of training and development budget, and implementation of approved training and development policy
- Review and approval of Provident Fund, Gratuity Fund policies and any other separation benefits or schemes
- Those matters wherein ratification/approval of the Board will be required, the Secretary BHRRC with the approval of its Chairman shall forward Memoranda to the Company Secretary for placing before the Board of Directors

Board Information Technology Committee (BITC)

- The Board IT Committee shall be mainly responsible for advising and reporting to the Board on the status of technology related activities, major IT projects and digital initiatives within JS Bank including but not limited to the following
 - o To review IT and Digital strategies and relevant policies before submission to the Board and make recommendations for strategic decisions on IT related matters
 - o To review progress and implementation of the IT Strategic Plan and deliberate changes to it, as and when required
 - o To ensure the alignment of IT strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management
 - o To ensure that risk management strategies are designed and implemented which have the capability to respond to wide-scale disruptions, including cyber-attacks and attacks on multiple critical infrastructure sectors
 - o To review progress and implementation of various IT projects
 - o To make recommendations on major IT investment decisions and ensure that investments are aligned with IT Strategy approved by the Board.
 - o To review and approve cloud-based outsourcing arrangements in line with the policy approved by the Board of Directors
 - o To review and approve TORs of IT Steering Committee

Board Risk Management Committee (BRMC)

- Ensure implementation of all Risk Management Policies approved by the Board and subsequent monitoring thereof and periodically oversee updating of the risk policies (if the same have not already been approved/reviewed by the BOD) based on changing business requirements as well as SBP guidelines
- Portfolio Reviews including NPLs, remedial actions and strategy for the same
- To approve/review list of shares and margins to be accepted as collateral for Financing Against Shares (FAS). Also to approve/ratify any exceptions to existing FAS requirements as laid down in Credit Policy of the bank
- Approve/review Sector/Industry Concentration guidelines for the overall credit portfolio of the Bank
- To approve/ratify credit bulletins issued by RMG from time to time for effective implementation of Credit Policy/Risk Management Framework
- To ratify any other urgent matter which has been approved by the management subject to subsequent ratification by the Committee
- Review the Market/Liquidity limits as recommended by ALCO/IRMC/CCC as when required
- Delegation of powers to the President / CEO & Group Head Risk Management to appoint credit officers, based on their experience and ability to understand associated risks while approving the credits
- Review of Quarterly Fraud & Forgery statement/report
- Review any other risk related matters/ regulatory changes that warrant discussion at the committee

Management Committees



IT Governance

IT Governance Policy

Technology governance is an integral part of Bank's corporate governance framework consisting of the leadership and organizational structures to ensure the alignment of IT strategy with business strategy, optimization of resources, value delivery and performance measurement to achieve business objectives and effective technology risk management. It is now recognized that technology plays a pivotal role in improving corporate governance and in this context, the need to govern technology and technology enabled business developments to have never been so greater.

A comprehensive enterprise technology governance framework based on prudent practices can help bank in better development of innovative products and services by enabling them to manage technology issues and identify, measure, mitigate, monitor and report technology-based risks and threats. The underlying principle for an enterprise technology governance framework is that technology requirements of an institution follow a pre-defined process that begins with a business need and ends with a technology solution that conforms to the policies approved by the board of directors and senior management. As such, technology governance is an ongoing activity that shall not be considered a onetime effort in the fast-changing technology environment.

The purpose of the technology governance framework is to evaluate the current and future use of technology, direct the preparation and implementation of plans and policies to ensure that use of technology meets business objectives and monitor compliance to policies and performance against the plans. The basic principles of strategic alignment of IT and the business, value delivery to businesses, risk management, resource management (including project management) and performance management shall form the basis of this technology governance framework. Technology governance framework shall be closely aligned with Bank's corporate governance framework and shall cover, among other things, policies and procedures to provide oversight and transparency in the use of technology. Bank is encouraged to adopt relevant aspects of international standards/best practices

for effective and efficient enterprise technology governance.

Scope

Technology governance aims at fully aligning technology and business strategies with each other so that technology risks are identified and controlled as part of the enterprise risk management process. It spans the culture, organizational policies and procedures which provide oversight and transparency to optimize the costs and enable trust, teamwork and confidence in the use of technology itself and the people trusted with technology services. Therefore, the processes for technology governance need to be integrated with the bank's overall corporate governance framework.

The evolving role of technology and automation in the banking services sector has become increasingly complex. Bank employs the advances in technology which drives the efficiency of operations and financial soundness of these institutions by improving overall decision-making process. As technology becomes an integral part of the business and operations of financial institutions, such technology usage and dependence, if not properly managed, may heighten various risks. Bank has developed this policy aimed to enable themselves to keep abreast with the aggressive and widespread adoption of technology.

An IT governance framework comprises definitions, principles and a model for governing IT. The board should govern IT through two main tasks:

- a) Evaluate the current and future use of IT, including strategies, proposals and other arrangements (internal, external, or both).
- b) Monitor the performance of IT against plans and business objectives; and, that the use of IT conforms to internal policies and conforms to external obligations (regulatory, legislation, common law, contractual).

This Policy suggests guidelines for defining the roles and responsibilities pertaining to Information Technology throughout the bank.

A comprehensive IT Governance Framework shall enable bank to evaluate the current and future use

of IT, direct the preparation and implementation of plans and policies to ensure that use of IT meets business objectives and monitor conformance to policies, and performance against the plans. IT Governance framework entails an IT strategy, organizational structures, roles of the board and senior management and IT policy framework.

Broadly an enterprise IT Governance Framework of the bank shall aim to achieve the following institutional objectives:

Strategic Alignment – Alignment of the strategic direction of IT with the business with respect to services & projects and verifying strategic compliance i.e. achievement of organizational objectives through Strategic IT objectives.

Benefit Realization (Value Delivery) – Ensuring that IT delivers the promised benefits against the

strategy, concentrating on optimizing costs & proving the intrinsic value of IT. Bank's IT processes with IT portfolio management shall provide effective and efficient delivery of the IT components of programmes and early warning of any deviations from plan, including cost, schedule or functionality that may impact the expected outcomes of the programs. It shall be ensured that the expected business outcomes of technology based investments are understood; that comprehensive and aligned business cases are created and approved by stakeholders; with active management of the benefit realisation; and efforts required in objectives are achieved.

Human Resource Management Policies

Our HR policies provide written guidance for all our management on how to handle a range of employment issues. They play an important role in practically and effectively implementing our HR strategy. They also provide consistency and transparency for employees and managers, helping to enhance the psychological contract and create a positive organisational culture.

At JS Bank, we understand that the right talent is crucial to succeed in today's hyper-competitive and increasingly complex global economy. Hence along with understanding the need to hire, develop and retain talented people, we are well aware that we must manage talent as a critical resource to achieve the best possible results.

From day one, we went with the Talent First Approach, where we put our people at the center of all aspects of business infrastructure: its digital and physical spaces, processes and culture. And our latest Talent Management Framework is a testimony of this, genuinely increasing the talent pool's efficiency levels, expanding the retention rate and attracting potential leaders.

It is also our pride to be among those organisations that develop talent selflessly and believe that everyone has the potential to grow and develop into indispensable talent if provided the right tools and resources. Hence here at JS Bank, we see a distinctive talent pipeline, precise talent gap analyses and talent development roadmaps as the core of our talent management philosophy.

SPEAK UP POLICY:

Overview

JS Bank is focused on consistently working at the best standards to conduct our activities and business. Integrity is our core value and ingrained in all our business conduct. We endeavor to acquire and maintain the trust of all our stakeholders- employees, customers and partners by serving and managing them professionally and ethically.

Speak up policy is established to receive and handle complaints in a fair and transparent manner and provide protection to complainant against victimisation.

Purpose

The policy provides a channel to Bank's staff and external parties such as shareholders, vendors, customers etc. for raising concerns/complaints about internal business practices that are inconsistent

with generally accepted accounting principles, falsification, alteration or substitution of Bank records, violation of JS Bank's Code of Conduct including: conflicts of interest, Inaccuracy of books and records, insider trading, Collusion with Competitors, money laundering, failure to comply with the various compliance programmes of the Bank, authorising, directing or participating in serious breaches of Bank policy, deliberately failing to report serious breaches of policy, concealing such breaches, or deliberately withholding relevant information concerning a serious breach, or any other wrongdoing without any fear of reprisal or adverse consequences. The objective of the programme is to address/resolve these concerns/complaints to prevent and/or detect improper activities for safeguarding the interest and reputation of the Bank and its stakeholders.

Reporting

All speak up incidences are reported to the Audit Committee during the year. HR has clear disciplinary procedure policy according to which Disciplinary Action Committee explicitly handles all complaints in a fair and transparent manner via a standard process to remove all kinds of biasness and ensure victims and witness's protection. This is also supported by Grievance Redressal and Harassment at Workplace policies.

Protection of Whistle Blowers

As a critical element of the policy, reporting employees are provided with complete confidentiality and security. No adverse employment action, e.g., termination, lower appraisal rating, etc., shall be taken against the whistle-blower employee in retaliation for reporting the incidents on impropriety falling within the scope of Code of Conduct and Whistle-blowing Policy/ Process. In line with the policy guidelines, employees are encouraged to remain vigilant and in case of detecting any abnormal/in appropriate/criminal matter, immediately report the same.

Incentives for Whistle Blowing

Complainant may be awarded spot award (monetary) and recognition, depending upon the nature and gravity of the concerns/complaints.

Diversity & Inclusion policy

JS Bank seeks and values diversity among its employees, recognising that a mix of people enriches our Bank and is essential to creativity and business

growth. As a bank, we are committed to equal employment opportunity and unbiased treatment of all individuals based on job-related qualifications and without regard to race, color, gender, age, national origin, religion, creed, sexual orientation, gender identity, marital status, citizenship, disability, veteran, status or any other basis prohibited by law.

Our people are expected to support the Bank's commitment to diversity and equal employment opportunity. At JS Bank, diversity and inclusion are at the core of our culture. We have made sure to entail to every aspect on our journey when it comes to diversity and inclusion. Be it for women empowerment, people with disabilities or different religious beliefs and background, we have been the ambassador of equity in rights for everyone. It is our priority to bring in programmes to ensure diversity is not only mentioned in words, but in spirit and action. We collaborated with NOWPDP to not only train but hire a batch of people with disabilities into our workforce, making sure they have same responsibilities and same rights as other colleagues. We are the first Bank in the market to establish such a standard, along with ensuring our culture is sensitised and inclusive for dealing with them on a regular basis.

For women, we are doing multiple initiatives including but not limited to Reboot-for females returning to work after career break, lean-in, and creating a digital eco system to enable female entrepreneurs to enhance their business reach and potential, allowing them spaces to grow and earn. We make sure to celebrate every occasion with our people, be it Eid, Christmas, or Diwali. We cherish each of our colleague and do not stay apart from making them feel special. We also won the Global Diversity and Inclusion Award 2020 and 2021 for all our diversity initiatives and policies.

Code of Conduct and other Ethical Values Promoted by the Board

The Code of Conduct is designed to guide the personal business ethics of JS Bank. It applies to every employee of JS Bank. Employees are expected to read the document promptly upon receiving it and embracing it into their daily conduct. At JS Bank, we earn the trust of our customers, regulators, investors and each other by always acting with integrity and holding ourselves to high standards. Acting according to our Code of Conduct is vital for us to be a Bank that achieves sustainable success. In addition to the ethical guidelines included in the Code, employees must comply with the requirements of all applicable

laws and regulations. This is mandatory for everyone and is not subject to business priorities or individual discretion. We aim to create an environment in which "speak up" and challenge are not just welcomed and respected, but are also a core part of our responsibilities, especially where actions or failures to act are inconsistent with this Code.

Our Values:

Integrity – We earn the trust of our customers, other stakeholders, communities and each other by acting with honesty and integrity and holding ourselves to high ethical standards. We seek to maintain open, credible, constructive and transparent relationships between ourselves, our customers and with our regulators.

Customer centricity – We place customers at the center of our activities. To be successful, we must understand the rapidly changing needs of our customers. We aim to provide solutions to support them in value creation. In providing our services, we aim to exceed their expectations from what we promise and treat them fairly.

Teamwork – Teamwork enables individuals to achieve bigger goals which foster a culture of trust and support. We believe in supporting each other and putting team before individual performance. We respect diversity and promote inclusion.

Professional excellence – We have a persistent commitment towards excellence. Our Bank is committed to generating sustainable value by responsibly balancing risks and returns, and by putting long-term success over short-term gain. We do so by implementing and creating abundance of choice for customers.

Innovation – We continuously embrace new and better ways of doing things while taking account of potential risks. Innovation is essential to our success, as it gives us an edge in implementing new ideas, refining services and creating dynamic products leading to business growth by effectively adapting the evolving marketplace.

Other initiatives taken by HR including representation/inclusion of persons with disabilities

JS Bank joined hands with NOWPDP-a non-for-profit organisation working to create inclusion for People with disabilities in the business community. Via this

collaboration, we made explicit commitment to sustainable and transformative progress on disability inclusion across the organisation, and to embrace and empower people with disabilities. The initiative comprised of a comprehensive and wide-ranging policy on disability and an action plan, which served as the primary framework for implementation. We termed this project URAAN-an initiative to embrace and empower people of determination.

1. Policy review: We started with review of our HR policy to ensure it is compliant to the rules and regulations of SBP, and equitable on grounds of representing PWDs. This was the initial step where we reviewed our employment policies and practices to determine where gaps may exist and find ways to create practices that advance diversity, equity and inclusion. The review also considered the international and local best practices. We now have a revised policy in place.
2. Sensitisation surveys: In second step, a perception survey was rolled out to a diverse sample of organisation. The survey helped determine how disability is perceived by the employees of the organisation. This carved the way towards developing sensitisation training sessions. The survey was rolled out to a sample of 10% of the bank wide population, and responses were collected from a total of 241 people across various departments, grades, cities, gender, and multiple other demographic dimensions.
3. Sensitisation sessions: An important step in the program were sensitisation sessions. These sessions aimed at capacity building of our people to work with a diverse workforce, specially PWDs. These were built on the results gathered from survey and created awareness around communicating with PWDs in an apt manner, behavioral changes with respect to those with a disability, and how could they make operating procedures inclusive. We conducted a total of 6 sessions and trained 150 people from across the organisation.
4. Role mapping: We not only wanted to create awareness and let it go, instead we wanted PWDs to come in and join a culture that supports them. A subject area expert

came in from NOWPDP and we had a detailed discussion around onboarding PWDs into our workforce, starting with an internship programme. We discussed criteria and requirements that PWD interns would require to function and be productive, alongwith the job description most suited to their skills. Continuing to the same, our business partners collaborated with their businesses to identify multiple positions across departments where we would place these interns for an exposure of corporate world. Role mapping is what helped us understand the positions which could readily be taken up by PWDs and they could meaningfully participate in all levels of the organisation's workforce. We identified 25 roles.

5. Interviews and onboarding of interns: Once the departments and roles were clear, our team set out to interview and screen best suited candidates. We conducted these interviews at NOWPDP premises, where 25 candidates were shortlisted in a two-days interview process. Post completion, we welcomed these interns into their respective teams, alongwith assigning a BUDDY for EVERYONE. The buddy was responsible to ensure the intern's onboarding is smooth, their concerns are immediately addressed, and they gel in well into their workplace. We also hired an interpreter, who was assigned to all interns and their line manager to ensure the communication was never a problem.
6. Internships, performance evaluation: Amid the 4-weeks internship period, the interns were evaluated via a proper performance evaluation chart, about their performance, learning, will to grow and attitude. On the completion of internship, the line managers filled the evaluation form with their comments and shared it with us to provide feedback on performance. Based on the forms, each intern who scored 40% and above (Fair & above) was retained by us within the organisation on an employment contract for one year, renewable based on performance.

7. Onboarding: The candidates joined us from October 11, 2021. The number of onboarded colleagues is 21 (The ratio of male vs females is 5 females and 16 males).

Remuneration for MRTs

The compensation mix for MRTs is appropriately balanced and the amount of fixed remuneration is sufficiently high in order to ensure that the reduction of the variable remuneration down to zero would be possible.

Further, the variable remuneration of MRTs will be compensated on achieving the pre-determined qualitative and quantitative objectives considering the risk-adjusted performance and long-term health of the Bank. The qualitative factors may override the achievements of quantitative factors in order to discourage undue/excessive risk taking.

Remuneration for MRCs

The remuneration level of staff in the control and support functions/ MRCs allows the Bank to employ qualified and experienced personnel in these

functions. The Bank ensures that the mix of fixed and variable remuneration for control and support function personnel is weighted in favour of fixed remuneration. The variable remuneration of control functions is to be based on function-specific objectives and is not determined by the financial performance of the business areas they monitor. This compensation structure is designed to ensure that objectivity and independence of these functions is not compromised.

Deferral of variable remuneration

The variable compensation of all MRTs, MRCs, and in case of Bahrain operations, approved persons (APs) is subject to mandatory deferrals and malus/ claw back in accordance with the below table:

Deferred variable remuneration is paid proportionately over the three years, even if the person is no more employee of the Bank (subject to the malus provisions).

Employees	Element of Variable Pay	Constitution	Vesting Period	Malus	Claw Back
MRTs	Upfront cash	70%	Immediate	-	No
MRTs	Deferred cash	30%	3 Years	Yes	No
MRCs	Upfront cash	75%	Immediate	-	No
MRCs	Deferred cash	25%	3 Years	Yes	No
MRTs and APs (Bahrain)*	Upfront cash	40%	Immediate	-	No
MRTs and APs (Bahrain)*	Deferred cash	60%	3 Years	Yes	Yes

* MRTs and approved persons earning over BHD 100,000 in total compensation.

Malus and Claw back

The Bank has devised malus and claw back provisions in the relevant policies that allows forfeiture/adjustment of paid variable remuneration in certain adverse business situations. Any decision to hold or claw back individual's award can only be

made by the BHRNC of the Bank as per events set out in detail in the Bank's remuneration framework and accountability framework.





CORPORATE SOCIAL RESPONSIBILITY

Sustainability and Corporate Social Responsibility

Responsibility to the community in which it operates is a foundational cornerstone for JS Bank and testament to our commitment, JS Bank in collaboration with the Government of Sindh launched Sindh's first ever Drive Through Vaccination Center, as part of its CSR initiative to inoculate the citizens of Pakistan against COVID-19. People could come and get vaccinated in their cars, without any exposure to COVID-19, in a one-of-a-kind drive through facility. More than 50,000 people were vaccinated from the drive through (activity started on 19th July and ended on 30th September). The drive through was operational, come rain or shine, and we are committed to making an impact!

JS Bank creates value by contributing to sustainable development and responsible business within our spheres of operation. We do this by dedicating significant resources to contribute to the well-being of society. We do this through a variety of ways which includes providing climate financing and sustainable solutions, building and inculcating awareness of responsible corporate practices while extending financial grants to our partner organisations working to support the underprivileged.

JS Bank & the Environment

Climate change is a threat multiplier, and there is a fundamental inequality in how people are impacted, with the poorest and those less equipped to withstand climate shocks and stresses— essentially those who did the least to cause the crisis — bearing the brunt. Pakistan, although only contributing 0.9% to global greenhouse gas (GHG) emissions, is one of the most vulnerable countries to the impacts of climate change. At JS Bank, we remain vigilant on climate change and have taken multiple initiatives over the years to mitigate its impact. We take pride in knowing that our initiatives have been acknowledged in the latest NDC of Pakistan and we aim to be one of the first private sector entities to lead public/public sustainable initiatives. We are trying to integrate environmental consciousness as part of organisational culture and reorientation of banking products/services and operations to reduce their environmental impact.



Fully Compliant with State Bank of Pakistan - Green Banking Guidelines

Issued by the State Bank of Pakistan, the Green Banking Guidelines (GBGs) acknowledges the responsibility of the Pakistani financial sector in supporting policy initiatives that will enable the transformation of the economy towards a low carbon and climate resilient economy.

As of 2019, the Bank is fully compliant with the GBGs having undertaken:

- Introduction of an Environmental and Social Risk Management (ESRM) Framework in 2019 creating awareness towards the environmental and social (E&S) risks involved in extension of credit and the procedures and authorities which have been established to manage these risks. The process recognises that environmental and social issues are mainstream issues and E&S risk assessment should be performed in addition to the conventional credit risk assessment. The objective of JS Bank's ESRM is to fulfill our responsibility towards environmental protection and provide financing solution for resource efficient and climate resilient economic transformation.
- Means to identify, assess and mitigate environmental risks for customers. While the primary responsibility of ensuring compliance with environmental laws and regulations rests with the borrowers, JS Bank goes above pre-established standards to create a holistic ecosystem of environmental risk management for all concerned.
- Introduction of carbon reduction measures in self-operations. This extensive exercise including measurement of energy (on and off grid power) and paper consumption of all of JS Bank operating locations (Head Office, regional offices and the branch network). Recognition of gaps was followed by a rectification exercise through promulgation of energy efficient appliances (Inverter and LED based), increased usage of solar power (for technical equipment) and process automation to cut down on documentation.
- Portfolio ERR Analysis: In CY 2021, we facilitated financing for over 3,700+ customers spreading across all our national footprint. From these new customers, less than 1% scored a high Environmental Risk Rating (ERR),

a significant majority of our customers have low to medium environmental impact. For the limited high scoring customers, we regularly monitor and ensure that they remain compliant with relevant Environmental Protective Agency provisions and best practices and take initiatives for our customers to help them adopt a more environmentally approach of doing business.

Accreditation to the Green Climate Fund (GCF)

In 2019, JS Bank became Pakistan's first and only financial institution to have been accredited by the Green Climate Fund (GCF), the world's largest climate fund. GCF's aim is to provide facilities to public and private sector corporations in emerging economies to limit or reduce their greenhouse gas (GHG) emissions through investments in low-emission and climate-resilient programmes.

As an accredited entity, JS Bank will be able to apply for funding of up to USD 250 million per project. As of December 31, 2019, the Fund had 124 active projects worldwide with 348 million beneficiaries and has a pledged total of nearly USD 10 Billion. JS Bank can also mobilise additional funds from private sector investors to support action on climate change. In addition to opening new paths of local and international funding, the Bank can partner in contributions to climate adaptation and mitigation financing in Pakistan.

This approval was based on JS Bank meeting GCF's stringent criteria including fiduciary standards, environmental and social safeguards, and specialised capacities in driving climate action. The bank is currently working on multiple projects to mobilise low-emission climate resilient impact financing through our partnership with GCF.

Green Office Certification – Five Years Running:

JS Bank is the only bank in Pakistan to be Green Office certified and is in its fifth year of being certified by the World Wildlife Fund Pakistan as a Green Office. A practical Environmental Management System developed specifically for office conditions, the Green Office initiative aims to reduce greenhouse gas emissions and decrease the ecological footprint at the workplace by reducing electricity consumption and paper waste.

As a part of the certification process, WWF Pakistan, undertook a comprehensive audit using stringent guidelines to check all the processes and procedures adopted by JS Bank for energy

conversation and waste management at its head office. The Bank successfully met all the requirements set by WWF Pakistan. Among other initiatives, we also separate our waste so that it is much easier to recycle. Effective segregation of waste means that less waste goes to landfills which makes it cheaper and better for people and the environment.

JS Bank initiatives for SDG's during the period 2020-21

SDG Goal 5 – Gender Equality: JS Bank has been on the forefront to equality within the organisation

During the year 2021, JS Bank has enhanced representation of women overall in the organisation and more importantly the company has added diversity in its leadership. JS Bank collaborated with International Finance Corporation and World Bank to create a family friendly workplace. Devised D&I targets for branches & departments bank wide and communicating to relevant staff. JS Bank is also proud to win the Global Diversity and Inclusion benchmark award for the year 2020 for benefits. Furthermore, JS Bank has introduced an initiative known as Reboot- A virtual returning to work programme for females after a career break, in multiple impactful roles.

SDG Goal 10 – Reduce Inequality: JS Bank focuses on Inclusion for All

At JS Bank, we have a mission of “Inclusion for All”, because for us diversity is an opportunity not a challenge. We believe, diversity (Disability, Race, Gender or Culture) offers tremendously unique perspectives that inspires innovation, there we not only strive to become a more diverse, Equitable, & inclusive organisation but we aim to create an impact.

Continuing our mission of Inclusion for all, we kicked our project Uraan, For the “People of Determination” in March 2021. To induct, embed and empower people with disabilities in our workforce, induction of 25 interns amid several departments, along with a comprehensive HR policy review, perception surveys, sensitisation sessions to train organisation, role mapping to identify optimum roles to place interns and getting their internships turned into employment opportunities based on performance. Now we are proud to announce that we have 22 permanent resources in our regular workforce.

SDG Goal 7 – Affordable & Clean Energy

JS Bank has solarized 113 branches representing more than 33% of its total branch network across the country. We continue to increase our reliance on clean energy and overall promote the use of clean renewable energy products. SDG 11 Climate Action: GCF accreditation will enable JS Bank to aggressively take on Climate Action.

SDG 3 – Good Health & Well Being – JS Bank launched Karachi's First Drive Through Vaccination Center.

Solar Financing Solutions

In order to provide solutions that are environmentally friendly, JS Bank has successfully financed over 226 solar projects for commercial, residential and agriculture purposes in CY 2021. It has also been actively working towards reducing the carbon footprint of the country and has deployed approximately 5 MW worth of solar panel systems with a further 18 MW under process. JS Bank customers are now able to generate their own electricity in a hassle-free manner through the solar panel system installed on their businesses / residences / farms without being dependent on the grid for electricity.

Supporting Communities

JS Bank is deeply committed to Corporate Social Responsibility (“CSR”) in Pakistan. The Bank contributes resources both financial and human towards supporting the Mahvash & Jahangir Siddiqui Foundation established in 2003 (“MJSF”). MJSF is a leading charitable, non-profit, non-partisan organisation primarily focusing on healthcare, education, sustainable development through social enterprise and humanitarian relief. Through its various initiatives, MJSF aims to build an educated, healthy and prosperous society with dignity and honor for people by providing healthcare, education and promoting economic and social development of underprivileged members of our society. In achieving its mission, the Foundation has also partnered with internationally acknowledged organisations including The United Nations (UN), Provincial Disaster Management Authority Sindh (PDMA), World Food Programme (WFP), UN Habitat for Humanity, National University of Singapore (NUS), Weill Cornell Medical College Qatar, International Organisation for Migration (IOM) and various international and local academies / foundations for education, disability, healthcare etc.

Partnering with organisations working in the fields of emotional and psychological health, gender, violence against women and children, education, and the psychological and reproductive health of adolescents; JS Bank has worked to create a measurable on-ground impact in the lives of the people of the nation.

We have also extended our support for humanitarian relief in areas affected by flash floods in the Sindh province. This included provision of staple food

items and free primary medical camps at key distribution points in the province. These support activities helped provide relief for several thousand affected in the region.







STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

Stakeholders Relationship and Engagement

We aim to create value for everyone we serve, balanced across short term assessments to long-term strategic relationship building in a sustainable way. We think about our priority stakeholders as belonging to five groups: shareholders, regulators, customers, society, and employees.

The following tables provide an overview of stakeholder engagements at JS Bank:

Shareholders	We engage with our shareholders in several ways. This includes quarterly earnings statements and Director's Reports, Annual Reports, Annual General Meetings (AGMs) with shareholders and through our online presence such as our website and on social media.
Regulators	Our principal regulator is the State Bank of Pakistan (SBP). JS Bank is committed to meeting its regulatory compliance obligations in an effective manner and fulfilling the regulators' expectations in this regard. For this purpose, the Bank has a well-structured and comprehensive Compliance Program in place and ensures its effective implementation. The Bank is in constant contact with SBP and is committed to providing them with complete and accurate information as and when required. Our senior management commits a significant amount of their time to meeting with SBP for their guidance and support and to keep them well informed on current market events. The regulator is provided with full access to the Bank's records and information in line with the regulatory framework, and the Bank pro-actively seeks SBP's feedback regarding any clarifications or information that is required. Our other regulators are Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX) and we are also complying with their directives.
Customers	<p>We welcome feedback from our customers and use various forums for them to make suggestions so that we can evaluate and improve upon our own performance. The Bank's Complaint Handling Policy and Grievance Redressal Mechanism ensures that complaints are resolved in a timely & fair manner and the recurrence of complaints is prevented where possible. Customers have the option of registering their complaints at the JS Bank's branches, 24/7 phone banking center, its website, via email and post mail.</p> <p>The bank performs various exercises such as rolling out SMS & emails to customers and awareness through social media in order to maximise the utilisation of these channels to further increase the visibility & accessibility.</p>
Communities	We are committed to the communities where we are present. From providing meals during the Holy Month of Ramadan to sponsoring social and cultural events to making sure that we live in a cleaner and greener country. JS Bank is an active participant in ensuring that we are responsible community members and global citizens.
Employees	Our most important stakeholders are our employees. We engage with them through town hall forums, bank-wide events and by providing them with learning and development opportunities.

Step to Encourage Minority Shareholders' Participation in AGMs

JS Bank Limited always provides a forum for two-way engagement with the shareholders, particularly the minority shareholders. To ensure meaningful participation of minority shareholders in AGM, the Bank takes the following measures:

- Notice of AGM is sent to every member of the Bank at least 21 days before the meeting. The notice was published in both English & Urdu newspapers having Nationwide circulation.
- Annual Report of the Bank is sent to each member of the Bank on their registered address before AGM in electronic (CD, email) or hard form (on request).
- During AGM, a detailed briefing on the Bank's performance and future plans is given to the shareholders.
- The shareholders are encouraged to raise queries and give suggestions relating to the Bank's operations.

Issues raised in last AGM, decisions taken and their implementation status

No issues have been raised in last AGM.

Corporate information including quarterly, semiannual and annual reports of the Bank can be accessed on following URL

<https://jsbl.com/knowledge-centre/investor-relations/>

The Bank disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained in both English and Urdu languages under the applicable regulatory framework. The website is updated regularly to provide detailed and latest Bank information including but not limited to financial highlights, investor information, dividend and other requisite information.

Corporate briefing session

Bank has the practice to conduct annual corporate and investor's briefing session. During the year 2021, teleconferencing session was held on Dec 30, 2021. Notice was issued to the stakeholders through Pakistan Stock Exchange's website to encourage them to attend online session.

JS bank by complying the regulatory requirement has made presentation available on the website <https://jsbl.com/knowledge-centre/investor-information/>

Customer Grievance Redressal Practices

Customer Grievance Redressal policy

JS Bank customer Experience (CE) Group organize, plan and monitor Bank's customer experience on all touchpoints to ensure optimised interaction between the Bank and its customers. CE Group develops and implement strategies useful in improving customer relationship, dedication and satisfaction. Our core values – customer Centricity, resonates directly with effective grievance management, complaint handling and listening to voice of customers to fully understand the needs of our customers, and stakeholders to adapt our product and services and exceed their expectations.

The complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Complaint management process is kept as transparent as possible through logging, acknowledgement, interim response where applicable and resolution of complaints. customers are also given the option of contacting the Banking Ombudsman (Mohtasib) in case they are dissatisfied with the response received from the Bank.

To create enhanced visibility of the recourse mechanism available to its customers, the Bank has incorporated awareness messages of its complaint handling function in several customer communications such as account statements, ATM screens and SMS messages. Complete grievance redressal mechanism, touchpoints and online feedback forms have been made available through the Bank's website, and email broadcasts have been sent

to the customers for customer education and awareness.

Fair treatment of customer is an integral part of our corporate culture. The Bank has institutionalized a 'Consumer Protection Framework'. Our priority is to keep customer benefits in mind while designing, selling and managing products and services, without any discrimination. Our focus is to maintain fairness in our customer dealings, clarity in communication, develop a service culture and design an effective grievance handling mechanism. We also focus on financial literacy of our customers, for promoting responsible conduct and informed financial decisions by consumers, through our consumer education and Financial Literacy Programme.

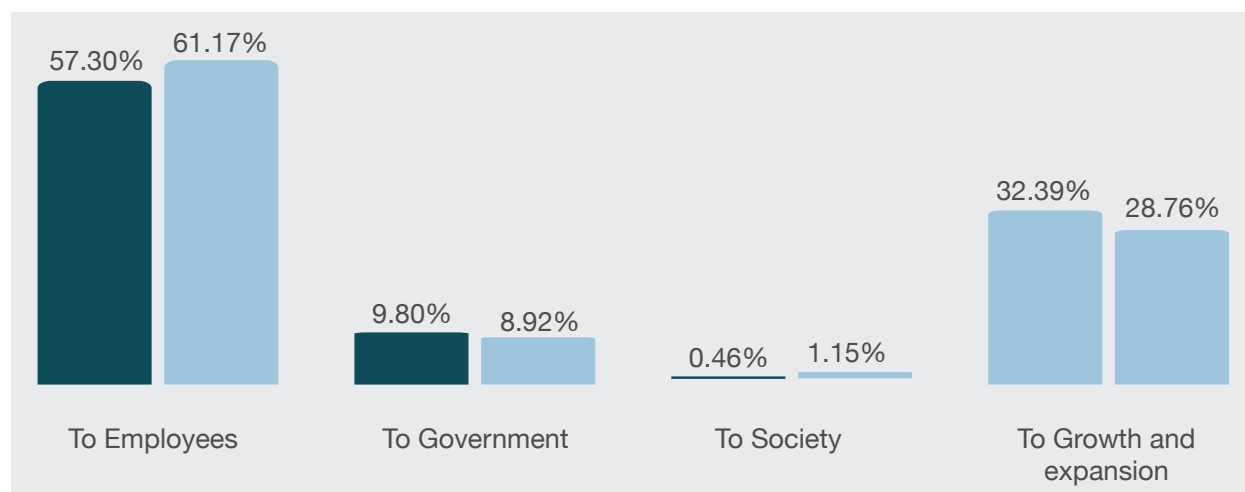
JS Bank Contact Center supports customer interactions across a range of channels, including phone calls, email, SMS chat, Whatsapp, Website form and the emerging adoption of social media interactions, and is distinct from telephony-only call centers. JS Bank Contact Centre is equipped with trained professionals who offer a wide array of information and problem resolution support round the clock. The Customers are further facilitated by key underlying technologies include automatic call distribution, computer-telephony integration and interactive voice response.

List of Voice and Digital touchpoints for customers are as follow:

VOICE CONTACT	DIGITAL CONTACT
Contact Centre	<Contact.Centre@jsbl.com>
Customer Excellence Team	<Customer Excellence@jsbl.com>
<p>24 hours Contact Center (Pakistan):</p> <p>+92 (21) 111-654-321</p> <p>+92 (51) 111-654-321</p> <p>24 hours Contact Center (Overseas):</p> <p>+92 (21) 3279 9009</p> <p>24 hours Branchless Banking / Digital Financial Services:</p> <p>+92 (21) 111-444-000</p> <p>+92 (51) 111-444-000</p> <p>0800-78900</p> <p>24 hours Private Banking:</p> <p>+92 800-000-10</p>	<p>Email for general inquiries:</p> <p>Info@jsbl.com</p> <p>Email for grievances:</p> <p>Ccu.helpdesk@jsbl.com</p> <p>SMS to 8012:</p> <p>Chat<space>text</p> <p>JS Live Chat:</p> <p>+92330-2001010</p> <p>JS Whatsapp BOT:</p> <p>+92348-7003000</p> <p>JS Internet Banking:</p> <p>https://ib.jsbl.com/ebanking/login.do</p> <p>JS Contact Form:</p> <p>https://jsbl.com/contact-us/</p> <p>Fax:</p> <p>+92 (213) 263-1803</p> <p>JS Mobile App (Google Play):</p> <p>https://play.google.com/store/apps/details?id=com.JSBL.bank</p> <p>JS Mobile App (Apple Store):</p> <p>https://apps.apple.com/pk/app/js-mobile-banking/id1561630920</p> <p>Facebook:</p> <p>https://www.facebook.com/JSBankLtd</p> <p>Instagram:</p> <p>https://instagram.com/jsbankltd</p> <p>Twitter:</p> <p>https://twitter.com/jsblpak</p> <p>Linkedin:</p> <p>https://www.linkedin.com/company/js-bank</p> <p>Roshan Digital Account:</p> <p>https://jsbl.com/personal/accounts/current-accounts/roshan-digital-account/</p>

Statement and Distribution of Value Added

	2021		2020
Value Added	Rs. in million		Rs. in million
Net mark-up / interest income	11,895		9,777
Non mark-up / interest income	(5,077)		6,676
Operating expenses excluding Staff cost, depreciation, amortization, donation and WWF	(5,343)		(4,935)
Provision against advances, lending, Investments and others	(1,995)		(1,280)
Value added available for addition	9,634		10,238
Distribution of Value added			
	2021		2020
	Rs. in million	%	Rs. in million
			%
To Employees			
Remuneration , provident fund and other benefits	5,520	57.30%	6,263
To Government			
Worker Welfare Fund	44	0.46%	40
Income Tax	905	9.35%	873
	949	9.80%	913
To Society			
Donations	44	0.46%	118
To Growth and expansion			
Depreciation	1,681	17.45%	1,590
Amortization	134	1.40%	113
Retained Earnings	1,305	13.55%	1,241
	3,121	32.39%	2,944
	9,634	100.00%	10,238



Excellence in Corporate Reporting

Unreserved Compliance of International Financial Reporting Standards (IFRS)

The management of the Bank strongly believes in adherence to unreserved compliance with all the Applicable International Financial Reporting Standards (IFRSs) issued by International Accounting Standards Board (IASB) for true and fair presentation of financial statements.

Financial statements for the year have been prepared in accordance with the accounting and reporting Standards, issued by IASB as are applicable in Pakistan. IFRS adoption status is detailed in note 2 of the unconsolidated financial statements.

Adoption and Statement of Adherence with the International Integrated Reporting Framework

The primary objective of this report is to deliver relevant and useful information to the Bank's stakeholders, the Bank's reporting encompasses its strategic focus and future direction. In order to achieve this the reporting incorporates organisational overview and external environment, governance, risks and opportunities, strategy and resource and allocation including outlook. The adoption of integrated thinking approach has resulted in a periodic and holistic report by the Bank and its value creation over time. The reporting links financial and non-financial information to give complete view on the Bank's performance for all relevant stakeholders.

Content Elements Incorporated in our Annual Report

-Organisational Overview, Business and External Environment

JS Bank Limited (JSBL) is a banking company incorporated in Pakistan as a public limited company. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX).

Governance

The Board of Directors (BoD) is responsible for making goals and strategies of the Bank. Along with determining policies and rules regarding operations of the functions of the Bank, they monitor the performance of the assigned responsibilities to the senior management.

Sustainability and Corporate Social Responsibility

JS Bank is always active in community activities, which include services in the areas of health, environment, sports, social awareness, cultural promotion and the welfare, keeping in mind the greater interest of its employees and customers.

Risks and opportunities

Market risk, credit risk, liquidity risk, operational risk and environmental risks all exist in the Bank's operating environment. To address these risks, the Bank has put in place risk countermeasures that successfully preserve the Bank's capital.

Strategy and Resource Allocation

In establishing strategies to maximize shareholder value, sustainable returns and surpass shareholders' expectations, the Bank determines short, medium, and long term objectives, execution plans, the relationship to operational context, and stakeholder consultation.

Outlook

The Bank may face challenges and risks as a result of the government's fiscal actions, including monetary policy, geopolitical situation, law and order situation, inflation and taxation. We allocate our resources and take remedial actions to retain our market position, protect our capitals and provide the highest possible return to shareholders.

Stakeholder Relationship and Engagement

The Bank ensures sound stakeholder relations through proactive stakeholder management by developing awareness of the multiple and diverse stakeholders of the Bank, understand their involvement and interest in the functions and operations of the Bank.

Performance and Position

The bank assesses its performance and position in relation to Key Performance Indicators (KPIs). In terms of growth, the Bank has done well. Commitment to provide excellent customer service is a reflection of our people's hard work and devotion.

Excellence in Corporate Reporting

The Corporate Reporting Framework is comprised of International Financial Reporting Standards (IFRS), Islamic Financial Accounting Standards (IFAS), the Companies Act of 2017, the Banking Companies Ordinance of 1962, and the SBP and SECP directives. The Bank and its subsidiaries have a financial calendar that runs from January to December. M/s KPMG Taseer Hadi & Co. is the Bank's external auditor. The External Auditors' Report contains key information about the current fiscal year. This report was prepared for the reporting year that ended on December 31, 2021.



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INDEPENDENT AUDITORS' REVIEW REPORT

TO THE MEMBERS OF JS BANK LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of JS Bank Limited ("the Bank") for the year ended 31 December 2021 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. We have not carried out procedures to assess and determine the Bank's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2021.

Date: 06 March 2022

Karachi

UDIN: CR2021101060V yawKbQ4

KPMG Taseer Hadi
KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Compliance

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the 'Regulations')

Name of company: **JS Bank Limited (the 'bank')**
Year ended: **December 31, 2021**

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

1. The total number of directors are nine as per the following:

a. Male: Eight (Including CEO)

b. Female: One

2. The composition of the Board is as follows:

Category	Names
i) Independent Directors	<ul style="list-style-type: none">Mr. G.M. SikanderMs. Nargis GhalooMr. Sohail Aman
ii) Non-Executive Directors	<ul style="list-style-type: none">Mr. Kalim-ur-Rahman - ChairmanMr. Adil MatcheswalaMr. Ashraf NawabiMr. Hassan AfzalMr. Munawar Alam Siddiqui
iii) Executive Director	<ul style="list-style-type: none">Mr. Basir Shamsie – President & CEO (Non-elected deemed director)
iv) Female Director	<ul style="list-style-type: none">Ms. Nargis Ghaloo (Independent Director)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this 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 updating is maintained by the Bank.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and the 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 have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations.

9. Out of nine directors, six directors have completed Director' Training Program and two directors of the Bank are exempted from the requirement of Directors' Training Program in accordance with the Regulations. Whereas, remaining one director will certify himself in due course.
10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit has been made during the financial year. The Board has approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below-

Audit Committee:

Ms. Nargis Ghaloo (Independent Director)	Chairperson
Mr. Adil Matcheswala (Non-Executive Director)	Member
Mr. G.M. Sikander (Independent Director)	Member
Mr. Munawar Alam Siddiqui (Non-Executive Director)	Member

HR Remuneration & Nomination Committee:

Mr. Sohail Aman (Independent Director)	Chairman
Mr. Adil Matcheswala (Non-Executive Director)	Member
Mr. G.M. Sikander (Independent Director)	Member
Mr. Kalim-ur-Rahman (Non-Executive Director)	Member

Risk Management Committee:

Mr. Ashraf Nawabi (Non-Executive Director)	Chairman
Mr. Munawar Alam Siddiqui (Non-Executive Director)	Member
Ms. Nargis Ghaloo (Independent Director)	Member
Mr. Basir Shamsie (Executive Director and CEO)	Member

IT Committee:

Mr. Hassan Afzal (Non-Executive Director)	Chairman
Mr. Kalim ur Rehman (Non-Executive Director)	Member
Mr. Sohail Aman (Independent Director)	Member
Mr. Basir Shamsie (Executive Director and CEO)	Member

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

14. The frequency of meetings of the committee was as per following:

Committees	Meetings held during the year
Audit Committee	Four
HR Remuneration & Nomination Committee	Four
Risk Management Committee	Four
IT Committee	Six

15. The Board has set up an effective internal audit function comprising of suitably qualified and 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Bank.

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

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

For and behalf of the Board

Basir Shamsie
President & CEO

Kalim-ur-Rehman
Chairman

Karachi: March 02, 2022





Unconsolidated Financial Statements



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INDEPENDENT AUDITOR'S REPORT

To the members of JS Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **JS Bank Limited** (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2021, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 25 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2021 and of the profit, the comprehensive income, the changes in equity and its cash flow 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.



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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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against advances (Refer note 10.4 to the financial statements)</p> <p>The Bank's Advances portfolio includes fund-based and non-funded financing facilities.</p> <p>As per the Bank's accounting policy (refer note 4.6.1 to the financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) in respect of potential credit losses in the portfolio.</p> <p>The Prudential Regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of loan loss provision against financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing loans. <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> Controls over correct classification and provisioning of non-performing advances on time-based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria. <ul style="list-style-type: none"> In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total advances portfolio and performed the following substantive procedures for sample loan accounts: <ul style="list-style-type: none"> verified repayments of loan / mark-up installments and checked that non-performing loans have been correctly classified and categorized based on the number of days overdue; and examined watch list accounts and, based on review of the individual facts and circumstances, discussions with



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S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.</p> <p>In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified provision as a significant area of audit judgment and a key audit matter.</p>	<p>management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate.</p> <ul style="list-style-type: none"> Analyzed the accuracy of specific provision made against non-performing advances and of general provision by recomputing the provision amount after considering the benefit of forced sales value, if any, in accordance with the criteria prescribed under the Prudential Regulations. <p>Where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file.</p>
2	<p>Valuation of investments (Refer note 9 to the financial statements)</p>	
	<p>The carrying value of investments held by the Bank amounted to Rs. 231,266 million, which constitutes 39.58% of the Bank's total assets as at 31 December 2021.</p> <p>The significant portion of the investments comprise of government, debt and equity securities.</p> <p>Investments are carried at cost or fair value in accordance with the Bank's accounting policy relating to their recognition. Provision against investments is made based on impairment policy of the Bank which includes both objective and subjective factors.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; Assessed on a test basis the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including the significant and prolonged decline in fair value of equity investments for impairment; Obtained independent confirmations for verifying the existence of the investment portfolio as at 31 December 2021 and reconciled it with the books and records of the Bank. Where such confirmations were not available, alternate procedures were performed;



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S.No.	Key Audit Matters	How the matter was addressed in our audit
	We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves management judgment.	<ul style="list-style-type: none"> • Evaluated the Bank's assessment of available for sale and held to maturity financial assets for any additional impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions; and • Considered the Bank's disclosures of investments, such as the fair value hierarchy, to the requirements of the accounting standards.
3	Impairment testing of goodwill	
	<p>As at 31 December 2021, intangible assets include goodwill amounting to Rs. 1,463.624 million acquired as a result of scheme of amalgamation as disclosed in note 12 to the financial statements.</p> <p>Goodwill is required to be annually assessed for impairment under IAS-36 "Impairment of Assets". Accordingly, Management has performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance.</p> <p>As disclosed in note 12, the Bank uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions.</p> <p>Due to the significance and impact of the assumptions and judgements involved, the impairment testing of goodwill is considered to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Evaluated the model used in determining the value in use as well as assessing the discount rate used; • Compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations; • Involved our internal valuation specialists to review and evaluate management's key assumptions used in impairment calculations; • Performed sensitivity analyses around the key assumptions used in the models. • Assessed the adequacy of the related disclosures in the financial statements in accordance with the applicable financial reporting framework.



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Information other than the Unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the Bank's Annual Report but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.



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Auditors' 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.



KPMG Taseer Hadi & Co.

- 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, 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;



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- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

Other Matter

The unconsolidated financial statements of the Bank for the year ended 31 December 2020 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon dated 6th March 2021.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

Date: 06 March 2022

Karachi

UDIN: AR202110106145QxKu2J

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Statement of Financial Position

As at December 31, 2021

2021	2020		2021	2020
----- USD in '000 -----		Note	----- Rupees in '000 -----	
ASSETS				
194,132	172,345	6	34,266,856	30,421,231
6,718	6,266	7	1,185,786	1,105,969
180,944	131,659	8	31,939,044	23,239,672
1,310,190	1,142,680	9	231,266,277	201,698,473
1,440,025	1,417,451	10	254,183,938	250,199,166
57,599	43,054	11	10,167,038	7,599,538
17,758	14,088	12	3,134,577	2,486,725
-	-		-	-
102,799	83,158	13	18,145,338	14,678,428
-	4,188	11.3	-	739,200
3,310,165	3,014,889		584,288,854	532,168,402
LIABILITIES				
39,877	28,224	14	7,038,886	4,981,983
399,257	273,653	15	70,474,310	48,303,412
2,610,027	2,453,425	16	460,705,014	433,062,593
-	-		-	-
39,639	42,449	17	6,996,800	7,492,800
7,850	6,766	18	1,385,648	1,194,252
88,743	93,712	19	15,664,113	16,541,154
3,185,393	2,898,229		562,264,771	511,576,194
124,772	116,660	NET ASSETS	22,024,083	20,592,208
REPRESENTED BY				
57,328	57,328		10,119,242	10,119,242
13,206	11,281		2,331,070	1,991,170
13,977	13,223	21	2,467,158	2,334,123
40,261	34,828		7,106,613	6,147,673
124,772	116,660		22,024,083	20,592,208
CONTINGENCIES AND COMMITMENTS				
		22		

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Unconsolidated Profit and Loss Account

For the year ended December 31, 2021

2021 ----- USD in '000 -----	2020		Note	2021 ----- Rupees in '000 -----	2020
221,657	244,168	Mark-up / return / interest earned	24	39,125,436	43,098,990
154,270	188,777	Mark-up / return / interest expensed	25	27,230,687	33,321,699
67,387	55,391	Net mark-up / interest income		11,894,749	9,777,291
NON MARK-UP / INTEREST INCOME					
18,168	20,372	Fee and commission income	26	3,206,890	3,595,952
3,250	554	Dividend income		573,642	97,844
6,722	5,724	Foreign exchange income		1,186,560	1,010,345
67	166	Income from derivatives		11,745	29,374
539	10,611	Gain on securities	27	95,146	1,873,047
15	395	Other income	28	2,692	69,795
28,761	37,822	Total non mark-up / interest income		5,076,675	6,676,357
96,148	93,213	Total Income		16,971,424	16,453,648
NON MARK-UP / INTEREST EXPENSES					
72,078	73,756	Operating expenses	29	12,722,702	13,019,000
250	229	Workers' welfare fund	30	44,178	40,460
3	519	Other charges	31	494	91,639
72,331	74,504	Total non-mark-up / interest expenses		12,767,374	13,151,099
23,817	18,709	Profit before provisions		4,204,050	3,302,549
11,303	7,249	Provisions and write offs - net	32	1,995,125	1,279,608
-	-	Extraordinary / unusual items		-	-
12,514	11,460	PROFIT BEFORE TAXATION		2,208,925	2,022,941
5,124	4,945	Taxation	33	904,533	872,881
7,390	6,515	PROFIT AFTER TAXATION		1,304,392	1,150,060
----- US Dollar -----					
0.006	0.005	Basic and diluted earnings per share	34	1.01	0.89
----- Rupee -----					

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2021

2021	2020		2021	2020
----- USD in '000 -----			----- Rupees in '000 -----	
7,390	6,515	Profit after taxation for the year	1,304,392	1,150,060
		Other comprehensive income		
		Items that may be reclassified to profit and loss account in subsequent periods :		
448	65	Effect of translation of net investment in foreign branch	79,022	11,485
125	9,514	Movement in fair value of investments at FVOCI - net of tax (Pakistan operations)	22,059	1,679,327
(691)	467	Movement in fair value of debt investments at FVOCI - net of tax (Bahrain Operations)	(122,036)	82,415
(566)	9,981		(99,977)	1,761,742
(118)	10,046		(20,955)	1,773,227
7,272	16,561		1,283,437	2,923,287
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(727)	1,648	Remeasurement (loss) / gain on defined benefit obligations - net of tax	(128,339)	290,980
1,503	-	Movement in surplus on revaluation of operating fixed assets - net of tax	265,286	-
(64)	218	Movement in surplus on revaluation of non-banking assets - net of tax	(11,296)	38,398
129	36	Movement in fair value of equity investments at FVOCI - net of tax (Bahrain operations)	22,787	6,288
841	1,902		148,438	335,666
8,113	18,463	Total comprehensive income	1,431,875	3,258,953

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Share capital	Reserve		Surplus / (deficit) on revaluation of			Unappropriated profit	Total
		Statutory * reserve	Capital reserve exchange translation	Investments	Fixed Assets	Non Banking Assets		
----- Rupees in '000 -----								
Balance as at January 01, 2020	10,119,242	1,646,168	103,505	(516,769)	1,060,693	92,776	4,827,640	17,333,255
Total comprehensive income for the year ended December 31, 2020								
Profit after taxation	-	-	-	-	-	-	1,150,060	1,150,060
Other comprehensive income - net of tax	-	-	11,485	1,768,030	-	38,398	290,980	2,108,893
	-	-	11,485	1,768,030	-	38,398	1,441,040	3,258,953
Transfer to statutory reserve	-	230,012	-	-	-	-	(230,012)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax								
Fixed assets	-	-	-	-	(16,785)	-	16,785	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(94)	94	-
Non-current assets held for sale	-	-	-	-	(92,126)	-	92,126	-
Balance as at December 31, 2020	10,119,242	1,876,180	114,990	1,251,261	951,782	131,080	6,147,673	20,592,208
Total comprehensive income for the year ended December 31, 2021								
Profit after taxation	-	-	-	-	-	-	1,304,392	1,304,392
Other comprehensive income / (loss) - net of tax	-	-	79,022	(77,190)	265,286	(11,296)	(128,339)	127,483
	-	-	79,022	(77,190)	265,286	(11,296)	1,176,053	1,431,875
Transfer to statutory reserve	-	260,878	-	-	-	-	(260,878)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax								
Fixed assets	-	-	-	-	(15,752)	-	15,752	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(70)	70	-
Gain on disposal of equity investments at FVOCI transferred to retained earnings	-	-	-	(27,943)	-	-	27,943	-
Balance as at December 31, 2021	10,119,242	2,137,058	194,012	1,146,128	1,201,316	119,714	7,106,613	22,024,083

* This represents reserve created under Section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Unconsolidated Cash Flow Statement

For the year ended December 31, 2021

2021 ----- USD in '000 -----	2020 -----		Note	2021 ----- Rupees in '000 -----	2020 -----
CASH FLOW FROM OPERATING ACTIVITIES					
12,514	11,460	Profit before taxation		2,208,925	2,022,941
(3,250)	(554)	Less: Dividend income		(573,642)	(97,844)
9,264	10,906			1,635,283	1,925,097
Adjustments:					
4,252	3,933	Depreciation		750,618	694,312
61	16	Depreciation on non-banking assets	29	10,711	2,862
5,210	5,060	Depreciation - Right of use assets	29	919,584	893,148
762	640	Amortisation of intangible assets	29	134,447	113,052
2,196	2,299	Mark-up / return / interest expense on lease liability against right-of-use assets	25	387,693	405,879
(1,196)	903	(Gain) / charge for defined benefit plan		(211,129)	159,436
-	(5)	Unrealised loss / (gain) on revaluation of investments classified as held-for-trading - net	27	62	(805)
28	(86)	Unrealised loss / (gain) on revaluation of derivative instruments - net		4,940	(15,148)
(2,058)	371	Unrealised (gain) / loss on revaluation of forward foreign exchange contracts		(363,187)	65,409
12,490	7,249	Provisions and write offs - net	32	2,204,726	1,279,608
250	229	Provision for workers' welfare fund	30	44,178	40,460
23	8	Loss on sale of fixed assets - net	28	4,000	1,368
-	(6)	Gain on sale of assets held for sale	28	-	(1,000)
(38)	(367)	Gain on termination of leases	28	(6,692)	(64,805)
21,980	20,244			3,879,951	3,573,776
31,244	31,150			5,515,234	5,498,873
Decrease / (increase) in operating assets					
(49,278)	40,115	Lendings to financial institutions		(8,698,147)	7,080,905
135,368	173,332	Held-for-trading securities		23,894,308	30,595,500
(36,627)	(45,034)	Advances		(6,465,124)	(7,949,193)
(12,498)	10,698	Other assets (excluding advance taxation)		(2,205,978)	1,888,368
36,965	179,111			6,525,059	31,615,580
Increase / (decrease) in operating liabilities					
11,653	6,671	Bills payable		2,056,903	1,177,492
124,681	(32,130)	Borrowings		22,007,805	(5,671,449)
156,602	358,458	Deposits		27,642,421	63,272,629
(9,362)	(1,879)	Other liabilities		(1,652,602)	(331,624)
283,574	331,120			50,054,527	58,447,048
351,783	541,381			62,094,820	95,561,501
-	(860)	Gratuity paid		-	(151,882)
(8,066)	(1,822)	Income tax paid		(1,423,735)	(321,687)
343,717	538,699			60,671,085	95,087,932
CASH FLOW FROM INVESTING ACTIVITIES					
(176,418)	(476,520)	Investments in available-for-sale securities - net		(31,140,076)	(84,112,230)
(124,831)	(18,411)	Investments in held-to-maturity securities - net		(22,034,344)	(3,249,717)
-	(231)	Investment in associated companies		-	(40,828)
2,527	554	Dividends received		446,016	97,844
(10,453)	(4,233)	Investment in fixed assets		(1,845,119)	(747,229)
(4,441)	(1,861)	Investment in intangible assets		(783,946)	(328,417)
322	73	Proceeds from sale of fixed assets		56,838	12,839
-	2,124	Proceeds from sale of assets held for sale		-	375,000
448	65	Effect of translation of net investment in foreign branch		79,022	11,485
(312,846)	(498,440)			(55,221,609)	(87,981,253)
CASH FLOWS FROM FINANCING ACTIVITIES					
(6,751)	(6,435)	Payment of lease liability against right of use assets		(1,191,560)	(1,135,860)
(2,810)	(11)	Repayment of subordinated debt - net		(496,000)	(2,000)
(9,561)	(6,446)			(1,687,560)	(1,137,860)
21,310	33,813			3,761,916	5,968,819
177,800	143,985	Cash and cash equivalents at beginning of the year		31,384,080	25,415,261
199,110	177,798	Cash and cash equivalents at end of the year	35	35,145,996	31,384,080

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

President and Chief Executive Officer	Chief Financial Officer	Director	Director	Chairman
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Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

1. STATUS AND NATURE OF BUSINESS

- 1.1** JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 281 (2020: 307) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2020: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

- 1.2** Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL, in their respective extra-ordinary general meetings held on July 31, 2006, approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

- 1.3** The Bank is the holding company of JS Global Capital Limited (JSGCL) and JS Investments Limited (JSIL).

- 1.3.1** JS ABAMCO Commodities Limited (JSACL) did not intend to carry on the business of Futures Broker, therefore, the directors of JSIL were desirous of merging JSACL with and into JSIL. The Scheme of Arrangement under Section 284 of the Companies Act, 2017, for merger or amalgamation (the Scheme) of JSACL with and into JSIL, was approved by SECP under Rule 7(2) (cb) of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 vide its letter dated January 13, 2021. The Board of Directors of JSACL in their meeting held on February 19, 2021 has approved the Scheme with effect from March 31, 2021. Subsequently, the Scheme under section 284(2) of the Companies Act, 2017, submitted with Companies Registration Office, along with Form-35, which was approved dated June 24, 2021. Therefore, with effect from March 31, 2021, JSACL is merged with JS Investments Limited and is no more an indirect subsidiary of the Bank.

2. BASIS OF PRESENTATION

These unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries and associates are stated at cost and are accounted for on the basis of direct equity interest rather than on the basis of reported results. The consolidated financial statements of the Bank are being issued separately.

These unconsolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well. The amounts are rounded to nearest thousand except as stated otherwise.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers and have not been subject to audit by the external auditors. For the purpose of conversion to US Dollars, the rate of Rs. 176.5135 to 1 US Dollar has been used for 2021 and 2020 as it was the prevalent rate as on December 31, 2021.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the SECP from time to time.

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, the 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) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS 10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O.56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements.

The application of the IFRS 9 'Financial Instruments' for all companies to prepare their financial statements in accordance with the requirements of IFRS 9 was implemented by SECP for reporting period / year ending on or after June 30, 2019 through its S.R.O. 229 (I)/2019 dated February 14, 2019. However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 on or after January 01, 2022 through its BPRD Circular No. 24 dated July 05, 2021. The said circular contained instructions only for quarterly parallel run reporting of IFRS 9 from March 31, 2021 and onwards of which the Bank is adequately complied. Whereas it was stated that final instructions will be issued based on the results of parallel reporting, which are yet to be issued.

As of reporting date, the guidelines and instructions on the application of IFRS 9 for the banking sector of Pakistan are yet to be issued by the State Bank of Pakistan (SBP). The Bank has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of assets and provision/ impairment against non-performing assets.

2.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2022:

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The adoption of the above standard is considered not to be relevant or do not have any significant effect on the Bank's operations.

2.3 The following annual improvements to approved accounting standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- IAS16 – Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

2.4 The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The adoption of the above standard and amendments are considered not to be relevant or do not have any significant effect on the Bank's operations.

2.5 Critical accounting estimates and key sources of estimation uncertainty

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Classification of investments

- In classifying investments as 'held-for-trading' the Bank has determined securities which are acquired with an intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.
- In classifying investments as 'held-to-maturity' the Bank follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Bank evaluates its intention and ability to hold such investments to maturity.
- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

ii) Provision against non performing loans and advances

The Bank reviews its loan portfolio to assess amount of non-performing loans and advances and provision required thereagainst. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

iii) Impairment on investments

The Bank determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in securities price. In addition, impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

iv) Income taxes

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

v) Depreciation of fixed assets and amortization of intangible assets

In making estimates of the depreciation / amortisation method, the management uses a method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the underlying assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

vi) Defined benefits plans and other benefits

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

vii) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for the periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs.1,464 million. The detailed assumptions underlying impairment testing of goodwill are given in note 12.5 to these unconsolidated financial statements.

viii) Lease term

The Bank applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised and its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell.

3. BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except for:

- Certain classes of fixed assets and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale and derivative financial instruments, which are measured at fair value.
- Net obligations in respect of defined benefit schemes which are carried at their present values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are consistent with those of previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks and balances with other banks net of any overdrawn nostro accounts.

4.2 Lendings to / borrowings from financial institutions

The Bank enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Sale under repurchase obligation

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and liability to counter party is included in borrowings. The difference in sale and repurchase value is accrued over the period of the contract and recorded as an expense using effective interest rate method.

(b) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired/delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

(c) Purchase under resale obligation

Securities purchased under agreement to resell (reverse repo) are not included in statement of financial position as the Bank does not obtain control over the securities. Amount paid under these agreements is included in lendings to financial institutions or advances as appropriate. The difference between the contracted price and resale price is amortised over the period of the contract and recorded as income using effective interest method.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the profit and loss account over the period of borrowings on time proportionate basis using effective interest method.

4.3 Investments

4.3.1 Initial recognition and measurement

4.3.1.1 The Management determines the appropriate classification of its investments at the time of purchase in held-for-trading, available-for-sale or held-to-maturity as per SBP guidelines vide BSD circular No. 10 of 2004 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments not held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists. These securities are carried at fair value with any related gain or loss being recognized in profit and loss account.

(b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the intention and ability to hold till maturity. Investments classified as held-to-maturity are carried at amortised cost.

(c) Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost. These securities are carried at fair value with any related surplus or deficit on revaluation shall be taken to other comprehensive income.

4.3.1.2 Associates

Associate is an entity over which the Bank has significant influence but not control. Investment in associate is carried at cost less accumulated impairment losses, if any.

4.3.1.3 Subsidiaries

Subsidiary is an entity over which the Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.3.1.4 Regular way contracts

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Bank. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

4.3.1.5 Premium or discount on acquisition of investments

Premium or discount on acquisition of investments is capitalised and amortised through the profit and loss account using effective yield over the remaining period of the investment.

4.3.2 Subsequent measurement

In accordance with the requirements of the SBP, quoted securities other than those classified as 'held-to-maturity' and investment in associates and subsidiaries, are subsequently remeasured on portfolio basis i.e. in case of government securities at PKRV and PKFRV rates whereas in case of other securities at market value. Investments classified as 'held-to-maturity' are carried at amortised cost using the effective interest method (less impairment, if any).

Further, in accordance with the requirements of the SBP, gain or loss on revaluation of the Bank's held-for-trading investments is taken to the profit and loss account. In case of investments classified as available-for-sale, surplus or deficit is taken directly to equity. The surplus or deficit arising on these securities is taken to the profit and loss account when actually realised upon disposal.

Unquoted equity securities, excluding investment in subsidiaries and associates are valued at lower of cost and the break-up value in accordance with the requirements of the Prudential Regulations issued by the SBP. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiaries and associates are carried at cost, less accumulated impairment losses, if any.

4.3.3 Impairment / diminution in the value of securities

Impairment loss in respect of quoted equity securities classified as available for sale, associates, subsidiaries and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below average cost. A decline to be considered as:

- Significant if the fair value is below the weighted average cost by more than 30 percent.
- Prolonged if the fair value is below the weighted average cost for a period of more than one year.

(a) Available-for-sale

If an available-for-sale equity security is impaired, the cumulative loss that had been recognised in equity, shall be reclassified from equity to profit and loss as a reclassification adjustment even though the financial asset has not been derecognised, any further decline in the fair value at subsequent reporting dates is recognised as impairment. Therefore, at each reporting period, for an equity security that was determined to be impaired, additional impairments is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairment.

If, in subsequent period, impairment losses recognised in profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit and loss except in case of derecognition.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

(b) Held to maturity, subsidiaries and associates

Impairment losses are incurred if, and only if, there is objective evidence of impairment after initial recognition of the investment. The impairment loss is recognised in the profit and loss account. If, in a subsequent period, any indication that an impairment loss recognised in prior periods no longer exist or may have decreased, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

(c) Debt Securities

PTCs, TFCs, Sukuk and other debt securities will be classified on the valuation date on the basis of default in their repayment in line with the criteria prescribed for classification of short, medium and long-term facilities in accordance with the requirements of the Prudential Regulations issued by the SBP.

4.4 Financial instruments

4.4.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized at the time when the Bank becomes party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account at the time of de-recognition. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.4.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

4.5 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends either to settle the assets and liabilities on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are accordingly offset.

4.6 Advances

4.6.1 Loan and advances

Advances are stated net of general and specific provisions. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. Advances are written off when there are no realistic prospects of recovery.

4.6.2 Finance lease receivables

Leases, where the bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.7 Fixed assets

4.7.1 Property and equipment

Operating fixed assets except office premises are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Office premises (which includes leasehold land and buildings) are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is calculated and charged to profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 11.2. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, annually.

Subsequent costs are included in the asset's carrying amount or 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. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognised in the profit and loss account in the year the asset is de-recognised.

4.7.2 Surplus / deficit on revaluation of fixed assets

The surplus arising on revaluation is credited to other comprehensive income. However, the increase shall be recognised in profit and loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss account.

The deficit arising on a particular property as a result of a revaluation is recognised in profit and loss account as an impairment. However, the decrease to be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation on buildings which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets Account" to unappropriated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

4.7.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

4.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised from the month when the assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Bank. The useful life and amortisation method are reviewed and adjusted, if appropriate, annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. However, these are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.9 Non-banking assets acquired in satisfaction of claims

4.9.1 Non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions, against the loans in category of loss, are initially carried at cost and subsequently at revalued amounts at each year-end date of the statement of financial position, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The valuation of properties acquired are conducted regularly, so as to ensure that their net carrying value does not materially differ from their fair value.

All direct cost including legal fees, valuation and transfer costs of acquiring title to property shall be expensed when incurred through profit and loss account.

Subsequent costs are included in the asset's carrying amounts only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account in line with the depreciation charged on operating fixed assets.

Any reductions in non-performing loans and corresponding reductions in provisions held against non-performing loans, as a result of the recognition of such assets, are disclosed separately in the notes to these unconsolidated financial statements.

These assets are generally intended for sale. Gains and losses realised on the sale of such assets are disclosed separately from gains and losses realised on the sale of operating fixed assets in the notes to these unconsolidated financial statements. If such asset is subsequently used by the Bank for its own operations, the asset, along with any related surplus, is transferred to operating fixed assets.

4.9.2 Surplus / deficit on revaluation of non banking assets

Revaluation of non-banking assets acquired in satisfaction of claims under DPS transactions is carried out under criteria given in regulations for DPS issued by SBP vide BPRD Circular 01 dated January 01, 2016 i.e. valuation of property shall be done on individual property basis and not on portfolio basis, whereas accounting treatment of revaluation is accounted for in accordance with applicable financial reporting standards i.e. International Accounting Standard (IAS) 16 as referred in note 4.7.2.

Furthermore, revaluation surplus on such assets shall not be admissible for calculating Bank's Capital Adequacy Ratio and exposure limits under the Prudential Regulations. However, the surplus can be adjusted upon realization of sale proceeds.

4.10 Impairment other than investments and deferred tax

At each balance sheet date, the Bank reviews the carrying amounts of its assets (other than investment and deferred tax asset) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of net selling price (being fair value less cost to sell) and value-in-use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit and loss account immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

4.11 Borrowings / Deposits and their cost

Borrowings / deposits are initially recorded at the amount of proceeds received. Cost of borrowings / deposits are recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.12 Subordinated debts

Subordinated debts is 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.

4.13 Taxation

4.13.1 Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemptions available, if any, or minimum tax on turnover, whichever is higher. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

4.13.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognized on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

4.14 Provisions

Provisions are recognised when the Bank has a 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 balance sheet date and are adjusted to reflect the current best estimate.

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

4.15 Staff retirement benefits

4.15.1 Defined contribution plan

The Bank has established a provident fund scheme for all permanent employees effective from January 01, 2007. Equal monthly contributions are made, both by the Bank and the employees, to the fund at the rate of 7.1 percent with effect from July 01, 2015 due to change in salary structure. Contribution by the Bank is charged to profit and loss account.

4.15.2 Defined benefit plan

The Bank operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2021, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

4.16 Revenue recognition

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

- Advances and investments

Mark-up income / interest / profit on performing advances and debt securities is recognized on a time proportion basis as per the terms of the contract.

Mark-up income / interest / profit on non-performing advances and debt securities is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

Mark-up income/ Interest / profit on rescheduled / restructured advances and debt securities are recognised as permitted by the State Bank of Pakistan or by the regulatory authorities of the countries where the Bank operates, except where, in the opinion of the management, it would not be prudent to do so.

Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

- Lease financing

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (defined as the excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

- Non Mark-up / interest income

- Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.

- Financial advisory fee is recognised when the right to receive the fee is established.

- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.

4.17 Dividend and appropriation to reserves

Dividend and appropriation to reserves, except for statutory reserves, are recognised in the financial statements in the periods in which these are approved.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.18 Foreign currencies

4.18.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4.18.2 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 profit and loss account.

4.18.3 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.

4.18.4 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.

4.18.5 Commitments

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

4.19 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Bank's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

4.20 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Bank (less preference dividend, if any) by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders of the Bank by dividing the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

4.21 Non-current assets held for sale and associated liabilities

The Bank classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A held for sale asset is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised in the profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these do not exceed the cumulative impairment losses previously recorded. An asset is not depreciated while classified as held for sale.

4.22 Segment reporting

A segment is a distinguishable component of the Bank that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment.

Segment information is presented as per the Bank's functional structure and the guidance given under International Financial Reporting Standard (IFRS) 8. For management purposes, the Bank has been organised into five operating segments based on products and services, as follows:

4.22.1 Business segments

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs), specialised financial advice and trading and secondary private placements.

Trading and sales

This segment undertakes the Bank's treasury, money market and capital market activities.

Retail banking

Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and agricultural sector. It includes loans, deposits and other transactions with retail customers.

Commercial banking

This includes loans, deposits and other transactions with corporate customers.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

The Leadership Team (LT) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in these unconsolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense.

Transfer prices between operating segments are based on the Bank's internal pricing framework.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2020 or 2021.

4.22.2 Geographical segment

The Bank operates with 281 (2020: 307) branches / sub-branches in Pakistan region and one wholesale banking branch in Bahrain (2020: one).

4.23 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statements for the year ended December 31, 2021.

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		7,286,182	6,337,089
Foreign currencies		957,434	1,301,503
		8,243,616	7,638,592
With State Bank of Pakistan in:			
Local currency current account	6.1	19,934,402	16,268,165
Foreign currency current account - non remunerative	6.2	1,085,558	1,086,874
Foreign currency deposit account - remunerative	6.3	2,616,420	2,261,337
		23,636,380	19,616,376
With National Bank of Pakistan in:			
Local currency current accounts		2,345,795	2,609,635
National Prize Bonds		41,065	556,628
		34,266,856	30,421,231
6.1	This includes statutory liquidity reserves maintained with the SBP under the requirements of Section 22 of the Banking Companies Ordinance, 1962.		
6.2	This includes cash reserve of 5% maintained with the SBP held under the New Foreign Currency Accounts Scheme (FE-25 deposits), as per BSD Circular No. 9 dated December 03, 2007.		

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

- 6.3** This represents deposit accounts maintained with the SBP under the requirements of BSD Circular No. 14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement of foreign currency accounts under FE-25, as prescribed by the SBP, carrying a mark-up rate 0% (2020: 0%) as per specific circular issued by the SBP at year end.

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		128,812	125,677
In deposit accounts		73	73
		128,885	125,750
Outside Pakistan			
In current accounts	7.1	1,056,918	980,669
		1,185,803	1,106,419
Less: General provision under IFRS 9	7.2	(17)	(450)
Balances with other banks - net of provision		1,185,786	1,105,969

- 7.1** This includes amount held in Automated Investment Plans. The Bank is entitled to earn interest from the foreign correspondent banks at agreed upon rates when the balance exceeds a specified amount which comes 0.01% per annum (2020: 0.01% per annum).

- 7.2** This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	2,237,682
Repurchase agreement lendings (Reverse Repo)	8.2	31,939,044	21,003,215
		31,939,044	23,240,897
Less: General provision under IFRS 9	8.3	-	(1,225)
Lending to Financial Institutions - net of provision		31,939,044	23,239,672

8.1 Particulars of lendings - gross

In local currency	31,939,044	21,003,215
In foreign currencies	-	2,237,682
	31,939,044	23,240,897

- 8.2** These are secured short-term lendings to various financial institutions, carrying mark-up rate from 10.10% to 10.70% (2020: 6.75% to 7.40%) per annum. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 8.2.1 below.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

8.2.1 Market value of securities held as collateral against lending to financial institutions

	2021			2020		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	8,923,921	-	8,923,921	-	-	-
Pakistan Investment Bonds	23,046,627	-	23,046,627	21,160,868	-	21,160,868
	31,970,548	-	31,970,548	21,160,868	-	21,160,868

8.3 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
	Rupees in '000							

9. INVESTMENTS

9.1 Investments by type

Held-for-trading securities

Federal Government Securities	1,109,466	-	(62)	1,109,404	25,002,969	-	805	25,003,774
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Available-for-sale securities

Federal Government Securities	159,686,158	-	(370,270)	159,315,888	127,308,516	-	97,527	127,406,043
Shares	1,916,891	(136,589)	2,281,924	4,062,226	2,995,123	(411,955)	1,692,166	4,275,334
Non Government Debt Securities	2,966,418	(391,611)	2,256	2,577,063	3,020,950	(370,051)	(1,142)	2,649,757
Open End Mutual Funds	2,175,087	-	28,085	2,203,172	-	-	-	-
Foreign Securities	1,844,989	(68,232)	(63,097)	1,713,660	4,079,070	(122,758)	136,466	4,092,778
	168,589,543	(596,432)	1,878,898	169,872,009	137,403,659	(904,764)	1,925,017	138,423,912

Held-to-maturity securities

Federal Government Securities	58,143,943	-	-	58,143,943	36,109,599	-	-	36,109,599
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Associates	242,067	(20,267)	-	221,800	242,067	-	-	242,067
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Subsidiaries	1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
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Total Investments	230,004,140	(616,699)	1,878,836	231,266,277	200,677,415	(904,764)	1,925,822	201,698,473
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9.1.1 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

		2021				2020			
		Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.2	Investments by segments:	Rupees in '000							
	Held-for-trading securities								
	Federal Government Securities								
	Market Treasury Bills	1,109,264	-	(61)	1,109,203	25,002,969	-	805	25,003,774
	Pakistan Investment Bonds	202	-	(1)	201	-	-	-	-
		1,109,466	-	(62)	1,109,404	25,002,969	-	805	25,003,774
	Available-for-sale securities								
	Federal Government Securities:								
	Market Treasury Bills	125,616,353	-	(370,699)	125,245,654	90,027,949	-	20,041	90,047,990
	Pakistan Investment Bonds	34,069,805	-	429	34,070,234	37,280,567	-	77,486	37,358,053
		159,686,158	-	(370,270)	159,315,888	127,308,516	-	97,527	127,406,043
	Shares:								
	Listed Companies								
	Ordinary shares	1,769,302	-	2,281,924	4,051,226	2,847,534	(275,366)	1,692,166	4,264,334
	Preference shares	136,589	(136,589)	-	-	136,589	(136,589)	-	-
	Unlisted Companies								
	Ordinary shares	11,000	-	-	11,000	11,000	-	-	11,000
		1,916,891	(136,589)	2,281,924	4,062,226	2,995,123	(411,955)	1,692,166	4,275,334
	Non Government Debt Securities:								
	Listed								
	Term Finance Certificates	301,879	(151,867)	363	150,375	305,182	(155,169)	(13)	150,000
	Sukuk Certificates	220,417	-	1,893	222,310	308,583	-	(1,129)	307,454
	Unlisted								
	Term Finance Certificates	756,845	(212,011)	-	544,834	1,014,348	(214,882)	-	799,466
	Sukuk Certificates	1,307,393	-	-	1,307,393	1,365,104	-	-	1,365,104
	Commercial Paper Certificates	352,151	-	-	352,151	-	-	-	-
	Preference shares	27,733	(27,733)	-	-	27,733	-	-	27,733
		2,966,418	(391,611)	2,256	2,577,063	3,020,950	(370,051)	(1,142)	2,649,757
	Open End Mutual Funds	2,175,087	-	28,085	2,203,172	-	-	-	-
	Foreign Securities								
	Government Debt Securities *	1,372,854	(67,856)	(63,011)	1,241,987	3,633,601	(120,619)	130,420	3,643,402
	Non Government Debt Securities *	376,486	(376)	(1,942)	374,168	379,654	(2,139)	(3,628)	373,887
	Ordinary shares	95,649	-	1,856	97,505	65,815	-	9,674	75,489
		1,844,989	(68,232)	(63,097)	1,713,660	4,079,070	(122,758)	136,466	4,092,778
	Held-to-maturity securities								
	Federal Government Securities:								
	Market Treasury Bills	11,463,014	-	-	11,463,014	-	-	-	-
	Pakistan Investment Bonds	46,680,929	-	-	46,680,929	36,109,599	-	-	36,109,599
		58,143,943	-	-	58,143,943	36,109,599	-	-	36,109,599
	Associates								
	Omar Jilbran Engineering Industries Limited	180,000	-	-	180,000	180,000	-	-	180,000
	Veda Transit Solutions (Private) Limited	41,800	-	-	41,800	41,800	-	-	41,800
	Intercity Touring Company (Private) Limited	20,267	(20,267)	-	-	20,267	-	-	20,267
		242,067	(20,267)	-	221,800	242,067	-	-	242,067
	Subsidiaries								
	JS Global Capital Limited	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
	JS Investments Limited	561,192	-	-	561,192	561,192	-	-	561,192
		1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
	Total Investments	230,004,140	(616,699)	1,878,836	231,266,277	200,677,415	(904,764)	1,925,822	201,698,473

* Provision for diminution against foreign debt securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to Bahrain Branch.

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	2021		2020	
	Cost	Market value	Cost	Market value
9.2.1 Investments given as collateral	----- Rupees in '000 -----			
Held-for-trading securities				
Federal Government Securities				
Market Treasury Bills	-	-	4,864,464	4,864,680
Available-for-sale securities				
Federal Government Securities:				
Market Treasury Bills	19,922,016	19,852,789	4,902,054	4,902,811
Pakistan Investment Bonds	15,063,158	15,073,822	-	-
	34,985,174	34,926,611	4,902,054	4,902,811
Foreign Debt Securities				
Government Debt Securities	842,316	814,484	-	-
Non Government Debt Securities	-	-	-	-
	842,316	814,484	-	-
	35,827,490	35,741,095	9,766,518	9,767,491
9.3 Provision for diminution in value of investments	Note		2021	2020
			----- Rupees in '000 -----	
Opening balance			904,764	506,640
Charge during the year			48,000	276,202
Reversal during the year			(281,540)	(836)
	32		(233,540)	275,366
Impairment under IFRS 9 in Bahrain branch				
(Reversal) / charge during the year			(62,148)	122,758
Exchange Gain			7,623	-
			(54,525)	122,758
Closing Balance			616,699	904,764
9.3.1 Particulars of provision against debt securities				
Category of classification	2021		2020	
	NPI	Provision	NPI	Provision
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	391,611	391,611	370,051	370,051
	391,611	391,611	370,051	370,051

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9.4 Quality of Held-for-trading Securities

Details regarding quality of Held-for-trading (HFT) securities are as follows:

9.4.1	Federal Government Securities - Government guaranteed	Note	2021		2020	
			Cost	Market value	Cost	Market value
			----- Rupees in '000 -----			
	Market Treasury Bills	9.4.1.1	1,109,264	1,109,203	25,002,969	25,003,774
	Pakistan Investment Bonds		202	201	-	-
			<u>1,109,466</u>	<u>1,109,404</u>	<u>25,002,969</u>	<u>25,003,774</u>

9.4.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market Treasury Bills	9.4.1.2	January 13, 2022 to March 10, 2022	On maturity	On maturity
Pakistan Investment Bonds	9.4.1.3	Upto July 19, 2022	On maturity	Half yearly

9.4.1.2 Market Treasury Bills are for the period of three to six months. The effective rates of profit on Market Treasury Bills range from 8.81% to 10.50% per annum (2020: 7.07% to 7.12% per annum).

9.4.1.3 Pakistan investment bonds are for the period of ten years. The effective rates of profit on Pakistan investment bonds range upto 12% per annum (2020: Nil).

9.5 Quality of Available-for-sale Securities

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

9.5.1	Federal Government Securities - Government guaranteed	Note	2021		2020	
			Cost	Market value	Cost	Market value
			----- Rupees in '000 -----			
	Market Treasury Bills		125,616,353	125,245,654	90,027,949	90,047,990
	Pakistan Investment Bonds		34,069,805	34,070,234	37,280,567	37,358,053
		9.5.1.1	<u>159,686,158</u>	<u>159,315,888</u>	<u>127,308,516</u>	<u>127,406,043</u>

9.5.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market Treasury Bills	9.5.1.2	January 13, 2022 to June 30, 2022	On maturity	On maturity
Pakistan Investment Bonds	9.5.1.3	July 19, 2022 to December 10, 2030	On maturity	Half yearly

9.5.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 7.39% to 11.38% per annum (2020: 6.90% to 11.77% per annum).

9.5.1.3 Pakistan Investment Bonds (PIBs) are for the period of two to twenty years. The rates of profit ranging from 7% to 12% per annum (2020: 7% to 12% per annum).

For the year ended December 31, 2021

Break-up value per share		Name of Chief Executive / Managing Director	Shares		Cost	Breakup value	Cost	Breakup value
2021	2020		2021	2020	2021		2020	
----- Rupee -----			----- Numbers -----				----- Rupees in '000 -----	

* Based on audited accounts as of June 30, 2021
** Based on audited accounts as of December 31, 2020

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- 9.5.2.1** These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date. The Bank has recognised full impairment on these shares amounting to Rs. 48.236 million (2020: Rs. 48.236 million) due to weak financial position of the company.
- 9.5.2.2** These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs. 88.353 million (2020: Rs. 88.353 million) due to weak financial position of the company.
- 9.5.2.3** Surplus arising due to re-measurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.
- 9.5.2.4** In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Bank has received 3,034,603 shares of Rs.10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE) in lieu of its Membership Card held by the Bank. Further upon integration of ISE under the "ISE Scheme of Integration" in 2016, TRE Certificates holders of ISE have been issued 1,213,841 (i.e 40%) ordinary shares of "ISE Towers REIT Management Limited" with trading rights, whereas the remaining 1,820,762 ordinary shares (i.e. 60%), are transferred to blocked CDC account maintained by ISEL. Further, the management believes that the carrying value of these shares is less than face value of shares therefore, no value has been allocated to TREC.
- 9.5.2.5** The Bank qualified as a member based on the financial contribution to SWIFT for network-based services. The Bank has made an investment as per the requirements of By-Laws of SWIFT, under the Share Re-allocation Process, as a result becoming entitled to invest in for six shares. The participation is mandatory to avail the desired network-based services for financial message transmission for cross-border payments and receipt. Further, the share re-allocation occurs every three years and will result in either an increase, decrease, or a status quo in individual shareholding.

9.5.3 Non Government Debt Securities

Listed

Unrated

A

AAA

Unlisted

AAA

AA+, AA, AA-

A+, A, A-

Unrated

Cost	
2021	2020
----- Rupees in '000 -----	
151,867	155,169
150,012	150,013
220,417	308,583
522,296	613,765
-	71,429
200,034	200,037
1,599,393	1,749,104
644,695	386,615
2,444,122	2,407,185
2,966,418	3,020,950

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		Number of certificates		Rating		2021		2020	
		2021	2020	2021	2020	Cost	Market value	Cost	Market value
9.5.3.1	Term finance certificates - listed *	---- Numbers ----				----- Rupees in '000 -----			
	Worldcall Telecom Limited (note 9.5.3.1.2)	90,650	90,650	Unrated	Unrated	151,867	-	155,169	-
	Soneri Bank Limited	30,000	30,000	A	A	150,012	150,375	150,013	150,000
						301,879	150,375	305,182	150,000

* Secured and have a face value of Rs.5,000 each unless specified otherwise.

9.5.3.1.1 Other particulars of listed term finance certificates are as follows:

Name of the company	Note	Repayment frequency	Profit rate per annum	Maturity date
Worldcall Telecom Limited	9.5.3.1.2	Semi-annually	6 Month KIBOR ask rate plus 1.60%	September 20, 2026
Soneri Bank Limited		Semi-annually	6 Month KIBOR ask rate plus 2.00%	December 06, 2028

9.5.3.1.2 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

		Number of certificates		Rating		2021		2020	
		2021	2020	2021	2020	Cost	Market value	Cost	Market value
9.5.3.2	Sukuk certificates - listed					----- Rupees in '000 -----			
	Energycio Pk Limited (Formerly: Byco Petroleum Pakistan Limited)	5,290	5,290	AAA	AAA	220,417	222,310	308,583	307,454
						220,417	222,310	308,583	307,454

9.5.3.2.1 Unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Energycio Pk Limited (Formerly: Byco Petroleum Pakistan Limited) (Chief Executive: Mr. Amir Abbassciy)	Quarterly	3 Month KIBOR ask rate plus 1.05%.	January 18, 2022

		Note	Number of certificates		Rating		Face value per certificate	Cost	
			2021	2020	2021	2020		2021	2020
9.5.3.3	Term finance certificates - unlisted						----- Rupees -----	----- Rupees in '000 -----	
	Azgard Nine Limited	9.5.3.3.1 &							
	- related party	9.5.3.3.2	29,998	29,998	Unrated	Unrated	5,000	62,151	65,022
	Agritech Limited	9.5.3.3.2	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
	Pakistan Water & Power Development Authority (WAPDA)		-	100,000	-	AAA	-	-	71,429
	NRSP Microfinance Bank Limited		1,000	-	A-	A	100,000	100,000	-
	Airlink Communication Private Limited		192	384	A-	A-	1,000,000	192,000	384,000
	Secure Logistics Group Private Limited		288	288	Unrated	Unrated	1,000,000	52,800	144,000
	Bank Al Habib Limited		40,000	40,000	AA	-	5,000	200,034	200,037
								756,845	1,014,348

9.5.3.3.1 During the year, the Bank has restructured Azgard Nine Limited (ANL) Privately Placed Term Finance Certificates (TFCs) in accordance with the Scheme of Arrangement (Approved Scheme) approved by the Honorable Lahore High Court's vide its order dated July 31, 2019 under section 279 to 283 of the Companies Act, 2017 for restructuring of liabilities towards its creditors. Approved Scheme is executed vide different agreements between ANL and agent banks, and are effective from time zero date i.e. April 29, 2021.

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Under the Approved Scheme the Bank has restructured its TFCs for ten years i.e. April 29, 2021 to April 29, 2031 and received new TFCs i.e. 22,261 certificates @ Rs. 5,000 each both against its outstanding principal of Rs. 48.280 million @ 5% p.a and will repay within twenty equal quarterly installment after two years of grace period starting from July 29, 2023 and remaining Rs. 13.870 million will be received in cash within two years from the time zero date, whereas TFCs of Rs. 63.025 million received against its outstanding markup amount and will be repaid by one bullet payment at the time of maturity i.e., April 29, 2031.

9.5.3.3.2 Due to weak financial position of the company the Bank has recognised full impairment loss on these term finance certificates.

9.5.3.3.3 Other particulars of unlisted term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	December 04, 2017
Agritech Limited (Chief Executive: Mr. Faisal Muzammil)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	November 29, 2019
NRSP Microfinance Bank Limited (President & CEO: Mr. Zahoor Hussain Khan)	Quarterly	3 Month KIBOR ask rate plus 3.00%.	July 9, 2028
Airlink Communication Private Limited (President & CEO: Mr. Muzaffar Hayat Piracha)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 7, 2022
Secure Logistics Group Private Limited (President & CEO: Mr. Gulraiz A. Khan)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 2, 2024
Bank Al Habib Limited (President & CEO: Mr. Mansoor Ali Khan)	Semi-annually	3 Month KIBOR ask rate plus 1.50%.	December 20, 2027

	Note	Number of certificates		Rating		Face value per certificate	Cost	
		2021	2020	2021	2020		2021	2020
9.5.3.4 Sukuk certificates - unlisted						----- Rupees -----	----- Rupees in '000 -----	
Ghani Gases Limited	9.5.3.4.1	2,000	2,000	A	A	87,500	75,000	100,000
Pakistan Services Limited	9.5.3.4.1	1,350	1,350	A	A	90,000	1,232,393	1,265,104
							1,307,393	1,365,104

9.5.3.4.1 Other particulars of unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Ghani Gases Limited (Chief Executive: Mr. Atique Ahmad Khan)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	February 03, 2023
Pakistan Services Limited (Chief Executive: Mr. Murtaza Hashwani)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 17, 2024

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		Number of certificates		Maturity		Face value per certificate		Cost		
		2021	2020					2021	2020	
9.5.3.5	Commercial paper certificates - unlisted					----- Rupees -----		----- Rupees in '000 ----		
	TPL Corporation Limited	70	-	January 11, 2022		1,000,000		69,807	-	
	Waves Singer Pakistan Limited	3,000	-	July 31, 2022		100,000		282,344	-	
								352,151	-	
		Number of shares		Rating		Par Value		Cost		
		2021	2020	2021	2020	2021	2020	2021	2020	
9.5.3.6	Preference shares - unlisted					----- Rupees -----		--- Rupees in '000 --		
	Intercity Touring Company Private Limited (associated company)	9.7.5	1,848,888	1,848,888	-	-	10	10	27,733	27,733
9.5.4	Open End Mutual Fund									
Name of fund		Units		Net asset value per unit		2021		2020		
		2021	2020			Cost	Market value	Cost	Market value	
		----- Numbers -----		Rupees		----- Rupees in '000 -----				
	JS Cash Fund (Related Party)	8,922,701	-	106.47		950,000	950,268	-	-	
	ABL Islamic Cash Fund	50,056,024	-	9.99		500,000	500,560	-	-	
	ABL Cash Fund	63,654,155	-	9.82		625,000	650,463	-	-	
	Lakson Money Market Fund	964,779	-	103.74		100,087	101,881	-	-	
						2,175,087	2,203,172	-	-	
9.5.5	Foreign Securities									
Name of Bond		Rating		Coupon rate per annum	Date of Maturity	2021		2020		
		2021	2020	%		Cost	Market value	Cost	Market value	
		----- Rupees in '000 -----								
9.5.5.1	Government debt securities									
	Islamic Republic of Pakistan	B-	B-	6.88%	December 5, 2027	557,281	533,147	508,091	498,909	
	Islamic Republic of Pakistan	B-	-	8.25%	April 15, 2024	570,070	562,674	-	-	
	Republic of Srilanka	Caa2	Caa1	5.75%	April 18, 2023	245,503	146,166	210,499	151,557	
	The Third Pakistan International Sukuk Co Ltd	-	B-	5.50%	-	-	-	159,186	161,516	
	The Third Pakistan International Sukuk Co Ltd	-	B-	5.63%	-	-	-	163,296	163,443	
	Oman Government International Bond	-	Ba3	6.00%	-	-	-	419,735	411,374	
	Republic of Turkey	-	B+	4.88%	-	-	-	158,289	161,350	
	Republic of Turkey	-	B+	6.13%	-	-	-	313,692	340,588	
	Republic of Turkey	-	B+	7.63%	-	-	-	90,973	92,129	
	Arab Republic of Egypt	-	B	6.59%	-	-	-	510,058	525,769	
	Arab Republic of Egypt	-	B	7.60%	-	-	-	350,286	366,718	
	Republic of Kenya	-	B+	7.25%	-	-	-	257,393	268,347	
	Republic of Nigeria	-	B2	6.50%	-	-	-	248,288	257,666	
	Oman Government International Bond	-	Ba3	5.63%	-	-	-	243,815	244,036	
						1,372,854	1,241,987	3,633,601	3,643,402	
9.5.5.2	Non Government debt securities									
	Petroleos Mexicanos	Ba3	Ba2	6.84%	October 23, 2029	186,645	182,361	339,826	331,385	
	Petroleos Mexicanos	Ba3	-	6.88%	August 4, 2026	189,841	191,807	-	-	
	Bank of Ireland	-	-	-	-	-	-	39,828	42,502	
						376,486	374,168	379,654	373,887	

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9.5.5.3 The Bank has recognised general provision (expected credit loss) under IFRS 9 of Rs. 68.232 million (2020: Rs. 122.758) held on foreign debt securities by Bahrain branch of the Bank. However, the loss allowance is recognised in other comprehensive income and have not reduce the carrying amount of these securities.

9.6 Quality of Held to Maturity Securities

Details regarding quality of Held to Maturity (HTM) securities are as follows:

		Cost	
		2021	2020
		---- Rupees in '000 ----	
9.6.1	Federal Government Securities - Government guaranteed		
	Market Treasury Bills	11,463,014	-
	Pakistan Investment Bonds	46,680,929	36,109,599
		58,143,943	36,109,599

9.6.1.1 Principal terms of investment in Federal Government Securities

Security type	Note	Maturity	Redemption	Coupon
Market Treasury Bills	9.6.1.2	Upto May 19, 2022	On maturity	On maturity
Pakistan Investment Bonds	9.6.1.3	July 19, 2022 to August 22, 2029	On maturity	Half yearly

9.6.1.2 Market Treasury Bills having maturity of twelve months. The rates of profits ranging from upto 7.65% per annum (2020: Nil). The market value of securities as at December 31, 2021 amounted Rs. 11,323.221 million (2020: Nil).

9.6.1.3 Pakistan Investment Bonds (PIBs) having maturity of three to ten years. The rates of profits ranging from 8.23% to 12% per annum (2020: 7.75% to 12%% per annum). The market value of securities as at December 31, 2021 amounted Rs. 45,940.114 million (2020: Rs. 35,862.699 million).

9.7 Investment in subsidiary and associated companies

		Number of shares		Percentage holding		Cost	
	Note	2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----							
Subsidiary companies							
JS Global Capital Limited	9.7.1	25,525,169	25,525,169	92.90%	83.53%	1,357,929	1,357,929
JS Investments Limited	9.7.2	52,236,978	52,236,978	84.56%	84.56%	561,192	561,192
						1,919,121	1,919,121
Associated company							
- unlisted companies							
Omar Jibran Engineering Industries Limited	9.7.3	7,200,000	7,200,000	9.60%	9.60%	180,000	180,000
Veda Transit Solutions Private Limited	9.7.3 & 9.7.4	2,064,187	2,064,187	3.92%	9.12%	41,800	41,800
Intercity Touring Company Private Limited	9.7.3 & 9.7.5	1,351,111	1,351,111	9.12%	9.12%	20,267	20,267
						242,067	242,067

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- 9.7.1** The Bank acquired effective controlling interest in JS Global Capital Limited (JSGCL) on December 21, 2011, April 15, 2016, October 01, 2019 and June 02, 2021 of 51.05%, 16.11%, 16.37% and 9.37% respectively. The ownership interest has increased by 41.85%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 shares in April 15, 2016, 7,450,000 shares on October 02, 2019 and 27,477,297 share on June 02, 2021.
- 9.7.2** The Bank acquired effective controlling interest in JS Investments Limited (JSIL) on November 01, 2012, December 22, 2015 and August 31, 2019 of 52.24%, 12.92% and 19.40% respectively. The ownership interest has increased by 32.32% without any change in the cost of investment, due to the fact that JSIL has bought back its 19,828,182 shares on December 22, 2015 and 18,397,562 shares on August 31, 2019.
- 9.7.3** The investment classified as associate company on account of it's significant influence over the investee company.
- 9.7.4** During the year, the Bank has renounce to subscribe right shares issued by Veda Transit Solutions Private Limited, the Company, resultantly shareholding percentage is reduced to 3.92% from 9.12%. However, despite of that fact, the Bank has still have significant influence through the Shareholders' Reserved Matters and right to choose a representative on the Board.
- 9.7.5** During the year, the Bank has fully provided its investments held in Intercity Touring Company (Private) limited ("the Company") i.e. Rs. 20.2 million against ordinary shares and Rs. 27.8 million against preference shares due to the fact that COVID impact has severely effect the Company's operations and facing financial crises. As a result, the Company has completely shut down its operations and injected new equity by prospective investors with an agreement that existing shareholders (including preference shareholders) represents only 10% of new equity.
- 9.7.6** All subsidiaries and associated companies are incorporated in Pakistan.
- 9.7.7** The following is summarised audited financial information before inter-company eliminations with other companies in the group.

	Subsidiary companies			
	JS Global Capital Limited		JS Investments Limited	
	December 31 2021	December 31 2020	December 31 2021	December 31 2020
----- Rupees' in 000 -----				
Total income / sales	1,166,701	727,409	77,493	348,467
Profit / (loss) after tax	410,526	206,954	(300,076)	(39,801)
Other comprehensive (loss) / income	5,932	5,932	-	-
Total assets	6,590,532	5,390,731	1,984,861	2,305,289
Total liabilities	4,394,156	2,944,292	480,414	530,302
Net assets	2,196,376	2,446,439	1,504,447	1,774,987
Cash flow (used in) / from operating activities	(188,046)	798,327	(206,172)	(95,691)
Cash flow (used in) / from investing activities	(1,140,426)	(471,364)	168,333	324,209
Cash flow from / (used in) financing activities	993,797	91,523	(49,274)	(232,524)
Net (decrease) / increase in cash and cash equivalents	(334,675)	418,486	(87,113)	(4,006)
Rating	AA	AA	AM2	AM2

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Associated companies			
	Omar Jibran Engineering Industries Limited		Veda Transit Solutions Private Limited	
	June 30 2021	June 30 2020	June 30 2021	June 30 2020
----- Rupees' in '000 -----				
Total income / sales	2,401,848	1,950,375	863,681	785,016
Profit / (loss) after tax	149,638	(137,700)	47,622	19,797
Other comprehensive (loss) / income	(1,757)	7,560	-	-
Total assets	3,953,414	3,752,367	1,726,311	609,304
Total liabilities	2,096,455	2,043,290	629,075	429,690
Net assets	1,856,959	1,709,077	1,097,236	179,614
Cash flow from operating activities	452,483	108,972	154,937	85,040
Cash flow (used in) / from investing activities	(122,945)	(75,100)	(695,121)	(10,237)
Cash flow (used in) / from financing activities	(25,026)	(39,955)	760,326	(54,777)
Net increase / (decrease) in cash and cash equivalents	304,512	(6,083)	220,142	20,026

		Performing		Non Performing		Total		
		2021	2020	2021	2020	2021	2020	
		----- Rupees in '000 -----						
10.	ADVANCES							
		Note						
	Loans, cash credits, running finances, etc.	10.1	231,795,962	231,066,384	13,926,269	11,733,555	245,722,231	242,799,939
	Bills discounted and purchased		15,144,516	11,602,390	-	-	15,144,516	11,602,390
	Advances - gross		246,940,478	242,668,774	13,926,269	11,733,555	260,866,747	254,402,329
	Provision against advances							
	General		(87,787)	-	-	-	(87,787)	-
	General provision - under IFRS-9	10.4.5	(25,193)	(21,327)	-	-	(25,193)	(21,327)
	Specific		-	-	(6,569,829)	(4,181,836)	(6,569,829)	(4,181,836)
		10.4	(112,980)	(21,327)	(6,569,829)	(4,181,836)	(6,682,809)	(4,203,163)
	Advances - net of provision		246,827,498	242,647,447	7,356,440	7,551,719	254,183,938	250,199,166

10.1 Particulars of net investment in finance lease

	2021				2020			
	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	3,825,624	3,157,347	3,894	6,986,865	4,923,114	5,173,453	2,318	10,098,885
Guaranteed residual value	941,675	1,925,134	3,372	2,870,181	1,008,381	2,449,909	2,248	3,460,538
Minimum lease payments	4,767,299	5,082,481	7,266	9,857,046	5,931,495	7,623,362	4,566	13,559,423
Finance charges for future periods	(515,035)	(406,237)	(346)	(921,618)	(991,822)	(1,286,416)	(1,443)	(2,279,681)
Present value of minimum lease payments	4,252,264	4,676,244	6,920	8,935,428	4,939,673	6,336,946	3,123	11,279,742

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	----- Rupees in '000 -----	
10.2 Particulars of advances (gross)		
In local currency	246,970,728	245,005,622
In foreign currencies	13,896,019	9,396,707
	<u>260,866,747</u>	<u>254,402,329</u>

10.3 Advances include Rs. 13,926.269 million (2020: Rs. 11,733.555 million) which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- Rupees in '000 -----			
Domestic				
Other Assets Especially Mentioned	789,192	2,013	296,799	394
Substandard	814,434	91,936	1,177,804	156,095
Doubtful	1,930,747	435,448	3,264,335	724,426
Loss	10,391,896	6,040,432	6,994,617	3,300,921
Total	<u>13,926,269</u>	<u>6,569,829</u>	<u>11,733,555</u>	<u>4,181,836</u>

10.4 Particulars of provision against advances

Note	2021				2020			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
	----- Rupees in '000 -----							
Opening balance	4,181,836	-	21,327	4,203,163	3,339,941	161,166	7,520	3,508,627
Exchange adjustments	-	-	2,350	2,350	-	-	71	71
Charge for the year	3,147,572	87,787	1,516	3,236,875	1,087,212	-	13,736	1,100,948
Reversals for the year	(758,874)	-	-	(758,874)	(245,317)	(161,166)	-	(406,483)
	<u>2,388,698</u>	<u>87,787</u>	<u>1,516</u>	<u>2,478,001</u>	<u>841,895</u>	<u>(161,166)</u>	<u>13,736</u>	<u>694,465</u>
Amounts written off	(705)	-	-	(705)	-	-	-	-
Closing balance	<u>6,569,829</u>	<u>87,787</u>	<u>25,193</u>	<u>6,682,809</u>	<u>4,181,836</u>	<u>-</u>	<u>21,327</u>	<u>4,203,163</u>

10.4.1 Particulars of provision against advances

Note	2021				2020			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
	----- Rupees in '000 -----							
In local currency	6,569,829	87,787	-	6,657,616	4,181,836	-	-	4,181,836
In foreign currency	-	-	25,193	25,193	-	-	21,327	21,327
	<u>6,569,829</u>	<u>87,787</u>	<u>25,193</u>	<u>6,682,809</u>	<u>4,181,836</u>	<u>-</u>	<u>21,327</u>	<u>4,203,163</u>

10.4.2 This includes reversal of provision of Rs. 294.822 million (2020: Rs. 8.604 million) against reduction in non-performing loans of Rs. 1,475.823 million (2020: Rs. 90.180 million) of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.2.2.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

10.4.3 The Bank, in accordance with BPRD circular letter No. 31 of 2020 dated July 10, 2020, has taken the benefit of general provision of Rs. 167.575 million to make good the specific provision requirement of the consumer financing portfolio till December 31, 2021 and thereafter, will be maintained as per prudential regulations of consumer financing.

10.4.4 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2021, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 5,019.150 million (2020: Rs. 4,763.931 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 3,061.682 million (2020: Rs 2,905.998 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.4.5 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

10.4.6 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD circular letter No. 13 of 2020 dated March 26, 2020, has relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). Accordingly, certain exposures as at December 31, 2021 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

	2021	2020
	----- Rupees in '000 -----	
10.5 Particulars of Write Offs:		
10.5.1 Against provisions	705	-
Directly charged to profit and loss account	-	-
	705	-
10.5.2 Write offs of Rs.500,000 and above - Domestic	141	-
Write offs of below Rs.500,000	564	-
	705	-

10.6 Details of loan write off of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand and above allowed to a person(s) during the year ended is given in Annexure-1. However, these write-offs do not affect the Bank's right to recover debts from these customers.

	Note	2021	2020
		---- Rupees in '000 ----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	1,300,884	291,402
Property and equipment	11.2 & 11.3	6,021,075	4,925,430
Right-of-use assets	11.4	2,845,079	2,382,706
		10,167,038	7,599,538
11.1 Capital work-in-progress			
Advance for building	13.2.3	199,556	72,500
Civil works		584,880	152,720
Advance for purchase of furniture and fixtures		20,122	1,013
Advance for purchase of equipment		496,326	61,794
Advance for purchase of vehicle		-	3,375
		1,300,884	291,402

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

11.2 Property and equipment

		2021						
		Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
Note		Rupees in '000						
At January 1, 2021								
Cost / Revalued amount		781,054	2,091,461	1,419,011	623,442	3,484,028	124,641	8,523,637
Accumulated depreciation		-	(262,216)	(686,068)	(370,757)	(2,237,146)	(42,020)	(3,598,207)
Net book value		781,054	1,829,245	732,943	252,685	1,246,882	82,621	4,925,430
Year ended December 2021								
Opening net book value		781,054	1,829,245	732,943	252,685	1,246,882	82,621	4,925,430
Additions	11.2.1	-	74,219	101,027	54,577	602,439	3,375	835,637
Movement in surplus on assets		207,868	139,169	-	-	-	-	347,037
Disposals								
Cost		-	-	(13,977)	(35,618)	(158,488)	(6,571)	(214,654)
Accumulated depreciation		-	-	8,162	25,501	118,820	1,333	153,816
		-	-	(5,815)	(10,117)	(39,668)	(5,238)	(60,838)
Depreciation charge		-	(74,347)	(116,796)	(58,777)	(485,152)	(15,546)	(750,618)
Exchange rate adjustments								
Cost		-	-	2,958	923	771	509	5,161
Accumulated depreciation		-	-	(1,591)	(595)	(536)	(301)	(3,023)
		-	-	1,367	328	235	208	2,138
(Write offs) / Write back								
Cost		-	-	(69,587)	4,587	31,692	2,904	(30,404)
Accumulated depreciation		-	-	35,593	(2,474)	(16,346)	(963)	15,810
		-	-	(33,994)	2,113	15,346	1,941	(14,594)
Transferred / other adjustments								
Cost	11.3	739,200	-	-	-	(3,971)	-	735,229
Accumulated depreciation		-	-	-	-	1,654	-	1,654
		739,200	-	-	-	(2,317)	-	736,883
Closing net book value		1,728,122	1,968,286	678,732	240,809	1,337,765	67,361	6,021,075
At December 31, 2021								
Cost / Revalued amount		1,728,122	2,304,849	1,439,432	647,911	3,956,471	124,858	10,201,643
Accumulated depreciation		-	(336,563)	(760,700)	(407,102)	(2,618,706)	(57,497)	(4,180,568)
Net book value		1,728,122	1,968,286	678,732	240,809	1,337,765	67,361	6,021,075
Rate of depreciation (percentage)		-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

		2020						
		Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
Note		Rupees in '000						
At January 1, 2020								
Cost / Revalued amount		1,520,254	2,093,587	1,499,313	623,007	3,310,440	131,961	9,178,562
Accumulated depreciation		-	(190,898)	(701,210)	(341,029)	(1,956,984)	(27,399)	(3,217,520)
Net book value		<u>1,520,254</u>	<u>1,902,689</u>	<u>798,103</u>	<u>281,978</u>	<u>1,353,456</u>	<u>104,562</u>	<u>5,961,042</u>
Year ended December 2020								
Opening net book value		1,520,254	1,902,689	798,103	281,978	1,353,456	104,562	5,961,042
Additions		-	-	168,683	49,910	378,028	49	596,670
Disposals								
Cost		-	-	(1,852)	(14,146)	(45,929)	(4,313)	(66,240)
Accumulated depreciation		-	-	(399)	10,089	40,566	1,777	52,033
		-	-	(2,251)	(4,057)	(5,363)	(2,536)	(14,207)
Depreciation charge		-	(71,747)	(119,046)	(60,398)	(425,702)	(17,419)	(694,312)
Exchange rate adjustments								
Cost		-	-	(885)	(276)	(210)	(152)	(1,523)
Accumulated depreciation		-	-	280	101	105	58	544
		-	-	(605)	(175)	(105)	(94)	(979)
Write offs								
Cost		-	-	(246,248)	(35,053)	(158,301)	(2,904)	(442,506)
Accumulated depreciation		-	-	134,307	20,480	104,869	963	260,619
		-	-	(111,941)	(14,573)	(53,432)	(1,941)	(181,887)
Transferred / other adjustments								
Cost	11.3	(739,200)	(2,126)	-	-	-	-	(741,326)
Accumulated depreciation		-	429	-	-	-	-	429
		<u>(739,200)</u>	<u>(1,697)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(740,897)</u>
Closing net book value		<u>781,054</u>	<u>1,829,245</u>	<u>732,943</u>	<u>252,685</u>	<u>1,246,882</u>	<u>82,621</u>	<u>4,925,430</u>
At December 31, 2020								
Cost / Revalued amount		781,054	2,091,461	1,419,011	623,442	3,484,028	124,641	8,523,637
Accumulated depreciation		-	(262,216)	(686,068)	(370,757)	(2,237,146)	(42,020)	(3,598,207)
Net book value		<u>781,054</u>	<u>1,829,245</u>	<u>732,943</u>	<u>252,685</u>	<u>1,246,882</u>	<u>82,621</u>	<u>4,925,430</u>
Rate of depreciation (percentage)		-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

11.2.1 This includes transfer from capital work in progress during the year of Rs. 384.849 million.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	---- Rupees in '000 ----	
11.2.2 The cost of fully depreciated property and equipment still in use		
Leasehold improvements	281,922	265,850
Furniture and fixture	175,197	156,677
Electrical, office and computer equipment	1,322,528	1,135,788
Vehicles	12,910	2,258
	<u>1,792,557</u>	<u>1,560,573</u>

11.2.3 The details of disposals of assets to related parties are given in Annexure II to these unconsolidated financial statements.

11.2.4 The properties of the Bank were revalued by M/s. Luckyhiya Associates Pvt Ltd, an independent professional valuator. The revaluation was carried out, as at December 31, 2021 on the basis of professional assessment of present market values and as results of revaluation an additional surplus of Rs. 347.037 million (Land Rs. 207.868 million and Building Rs. 139.169 million).

Had there been no revaluation, the carrying value of revalued land and building on land as at December 31, 2021 would have been lower by Rs. 713.210 million and Rs. 800.176 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation expense would have been lower by Rs. 1,201,317 million, Rs. 312.069 million and Rs. 25.823 million respectively.

	Note	2021	2020
		---- Rupees in '000 ----	
11.3 Non-current assets held for sale			
Leasehold land	11.3.1	-	739,200

11.3.1 During the year, the management has decided to set-up regional offices by way of acquisition of owned properties in first tier cities. Therefore, considering the best interest of the Bank, the management has directed to retain the property for development of regional office and has reclassified said property for its own use under the International Accounting Standard (IAS)- 16 'Property, plant and equipment', and its carrying value will be recovered through continued use and ceased to be classified as "held-for-sale". As of December 31, 2021, the property is being measured at its carrying amount before the asset was classified as held-for-sale as adjusted for any subsequent re-valuation at the date of the decision not to sell i.e. Rs. 910 million.

	Note	2021	2020
		---- Rupees in '000 ----	
11.4 The carrying amounts of right-of-use assets			
Opening balance		2,382,706	3,593,492
Additional impact arised during the year - net		1,450,920	31,080
Termination impact arised during the year-net		(71,459)	(348,718)
Depreciation	29	(919,584)	(893,148)
Exchange gain		2,496	-
		<u>2,845,079</u>	<u>2,382,706</u>

12. INTANGIBLE ASSETS

Capital work-in-progress	12.1	710,553	213,312
Computer software	12.2	960,400	809,789
Goodwill	12.2 & 12.4	1,463,624	1,463,624
		<u>3,134,577</u>	<u>2,486,725</u>

12.1 Capital work-in-progress

Advance for purchase of software	12.1.1	710,553	213,312
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Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

12.1.1 During the year, advance against purchase of software was written off Rs. 3.964 million as disclosed in note 31.

		2021			
		Computer software	Goodwill	Total	
		-----	Rupees in '000	-----	
12.2	Computer software and goodwill	Note			
At January 1, 2021					
Cost		1,365,890	1,463,624	2,829,514	
Accumulated amortisation and impairment		(556,101)	-	(556,101)	
Net book value		809,789	1,463,624	2,273,413	
Year ended December 2021					
Opening net book value		809,789	1,463,624	2,273,413	
Additions:					
- directly purchased		12.2.1	282,459	-	282,459
Amortisation charge			(134,447)	-	(134,447)
Exchange rate adjustments					
Cost			769	-	769
Accumulated amortisation			(415)	-	(415)
			354	-	354
Transfer					
Cost			3,971	-	3,971
Accumulated amortisation			(1,654)	-	(1,654)
			2,317	-	2,317
Other adjustments					
Cost			(48)	-	(48)
Accumulated amortisation			(24)	-	(24)
			(72)	-	(72)
Closing net book value			960,400	1,463,624	2,424,024
At December 31, 2021					
Cost			1,653,041	1,463,624	3,116,665
Accumulated amortisation and impairment			(692,641)	-	(692,641)
Net book value			960,400	1,463,624	2,424,024
Rate of amortisation (percentage)			10		
Useful life (year)			10	See note 12.4	

Notes to the Unconsolidated Financial Statements

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	2020		
	Computer software	Goodwill	Total
	----- Rupees in '000 -----		
At January 1, 2020			
Cost	1,152,900	1,463,624	2,616,524
Accumulated amortisation and impairment	(442,908)	-	(442,908)
Net book value	<u>709,992</u>	<u>1,463,624</u>	<u>2,173,616</u>
Year ended December 2020			
Opening net book value	709,992	1,463,624	2,173,616
Additions:			
- directly purchased	212,692	-	212,692
Amortisation charge	(113,052)	-	(113,052)
Exchange rate adjustments			
Cost	230	-	230
Accumulated amortisation	(73)	-	(73)
	157	-	157
Write offs			
Cost	68	-	68
Accumulated amortisation	(68)	-	(68)
	-	-	-
Closing net book value	<u>809,789</u>	<u>1,463,624</u>	<u>2,273,413</u>
At December 31, 2020			
Cost	1,365,890	1,463,624	2,829,514
Accumulated amortisation and impairment	(556,101)	-	(556,101)
Net book value	<u>809,789</u>	<u>1,463,624</u>	<u>2,273,413</u>
Rate of amortisation (percentage)	<u>10</u>		
Useful life (year)	<u>10</u>	<u>See note 12.4</u>	

12.2.1 This includes transfer from capital work in progress during the year of Rs. 282.459 million.

	2021	2020
	---- Rupees in '000 ----	
12.3 The cost of fully amortised computer software still in use	<u>182,982</u>	<u>160,694</u>
12.4 Goodwill is recorded by the Bank upon the event fully disclose in note 1.2. For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.		
12.5 Key assumptions used in value in use calculation		

The recoverable amount of the CGU has been determined based on value in use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	Percentages	
Discount rate	15.25	17.41
Terminal growth rate	10.00	12.51

The calculation of value in use is most sensitive to following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 5,465 million (2020: 5,345 million). Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable (%) amount	
	2021	2020
- Discount rate	1.99	3.16
- Terminal growth rate	(2.67)	(4.88)

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ---- Rupees in '000 ----	2020
13. OTHER ASSETS			
Income / mark-up accrued in local currency		7,170,902	6,879,923
Income / mark-up accrued in foreign currencies		93,851	93,950
Advances, deposits, advance rent and other prepayments		777,512	477,717
Acceptances		3,689,343	3,603,192
Dividend receivable		127,626	-
Taxation (payments less provision)		721,567	84,522
Defined benefit plan assets - net	37.5	318,319	317,581
Receivable against bancassurance / bancatakaful		20,889	30,660
Stationery and stamps in hand		22,864	22,730
Receivable in respect of home remittance		27,549	30,656
Due from State Bank of Pakistan		179,197	245,310
Rebates receivable from SBP and others	13.1	68,142	305,331
Non-banking assets acquired in satisfaction of claims	13.2 & 19.2	2,537,863	1,176,143
Mark to market gain on derivative instruments	23.2	51,215	175,454
Mark to market gain on forward foreign exchange contracts		467,017	334,735
Advance against investments in securities	13.3	705,198	-
Inter bank fund transfer settlement		88,237	-
Credit card settlement		283,370	140,899
Insurance		75,884	7,636
Others		609,360	628,121
		<u>18,035,905</u>	<u>14,554,560</u>
Less: Provision held against other assets	13.4	<u>(11,241)</u>	<u>(11,241)</u>
Other assets (net of provisions)		<u>18,024,664</u>	<u>14,543,319</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		120,674	135,109
		<u>18,145,338</u>	<u>14,678,428</u>

13.1 This includes an amount of Rs. 67.555 million (2020: Rs. 297.218 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Bank.

	Note	2021 ---- Rupees in '000 ----	2020
13.2 Non banking assets acquired in satisfaction of claims			
Market value of non-banking assets acquired in satisfaction of claims		<u>2,658,537</u>	<u>1,311,252</u>
13.2.1 Movement of Non banking assets acquired in satisfaction of claims at market value:			
As at January 01		1,311,252	1,182,425
Addition during the year	13.2.2	1,529,159	90,178
Surplus derecognised during the year	21.3	(14,320)	41,511
Transferred during the year	13.2.3	(156,843)	-
Depreciation during the year	29	(10,711)	(2,862)
		<u>2,658,537</u>	<u>1,311,252</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

13.2.2 This represents, the properties acquired of Rs. 1,529.159 million (2020: Rs. 90.178 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. Rs. 294.822 million (2020: Rs. 8.604 million) against reduction in non-performing loans of Rs. 1,475.823 million (2020: Rs. 90.180 million) (refer note 10.4.2).

13.2.3 During the year, under section 10 of the Banking Companies Ordinance, 1962, the property (situated at 15th Floor, Pace Tower, Plot # 27, Block-H, Gulberg II, Lahore) acquired under debt property swap agreement is used by the Bank for its own operations.

13.2.4 Non-banking assets acquired in satisfaction of claims are carried at revalued amount according to the requirements of the 'Regulation for Debt Property Swap' (the regulations) issued by SBP vide the BPRD Circular No. 1 of 2016, dated January 01, 2016.

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s Sipra (Pvt Ltd). M/s Sardar Ent. (Pvt) Ltd, M/s. Luckyhiya Associates Pvt Ltd, M/s. bfa (Pvt) Ltd., M/s Tristar International Consultants (Pvt) Ltd, M/s Sipra & Company (Pvt.) Ltd., M/s Pakistan Inspection Co. (Pvt) Ltd. M/s Joseph Lobo (Private) Limited and Engineering Pakistan International (Pvt) Ltd. on the basis of professional assessment of present market values.

Had there been no revaluation, the carrying value of non-banking assets acquired in satisfaction of claims would have been lower by Rs. 120.674 million (2020: 135.109 million), and surplus on revaluation of assets net, deferred tax liability and depreciation expense would have been lower by Rs. 119.714 million (2020: Rs. 131.080 million), Rs. 0.960 million (2020: Rs. 4.029 million) and Rs. 0.116 million (2020: Rs. 0.145 million) respectively.

	2021	2020
	----- Rupees in '000 -----	
13.2.5 Particulars of Non banking assets		
Lease hold land	2,134,847	944,946
Building on lease hold land	403,016	231,197
	<u>2,537,863</u>	<u>1,176,143</u>

13.3 This represents advance against purchase of TFC amounting Rs. 250 million, ordinary shares and preference shares of foreign companies amounting Rs. 205.75 million and Rs. 249.448 million respectively.

	Note	2021	2020
		----- Rupees in '000 -----	
13.4 Movement in provision held against other assets			
Opening balance		11,241	13,580
Charge for the year		-	100
Reversal for the year		-	(2,439)
Net charge for the year	32	-	(2,339)
Closing balance		<u>11,241</u>	<u>11,241</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ---- Rupees in '000 ----	2020
14. BILLS PAYABLE			
In Pakistan		6,786,643	4,752,985
Outside Pakistan		252,243	228,998
		<u>7,038,886</u>	<u>4,981,983</u>
15. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under:			
Export Refinancing Scheme (ERF)	15.2.1	20,775,516	20,962,803
Long-Term Finance Facility (LTFF)	15.2.2	2,558,982	2,518,310
Other borrowings			
Financing Facility for Storage of Agricultural Produce (FFSAP)		246,691	193,029
Financing Facility for Renewable Energy Projects		1,322,204	433,085
Refinance and credit guarantee scheme for women entrepreneurs		448,799	32,900
Refinance for Wages & Salaries		5,428,540	11,543,118
Refinance facility for modernization of Small and Medium Enterprises (SMEs)		5,439	96,192
Refinance facility for combating COVID-19		72,171	229,984
Temporary economic refinance facility (TERF)		724,109	51,871
Small and Medium Enterprises' Financing		9,029	-
Refinance facility for working capital of SMEs		-	33,901
	15.2.3	<u>8,256,982</u>	<u>12,614,080</u>
		31,591,480	36,095,193
Repurchase agreement borrowings	15.2.4	<u>13,500,000</u>	-
		45,091,480	36,095,193
Borrowing from financial institutions			
Repurchase agreement borrowings	15.2.5	<u>22,160,140</u>	<u>9,667,181</u>
Refinancing facility for mortgage loans	15.2.6	<u>2,916,027</u>	<u>2,397,468</u>
		<u>25,076,167</u>	<u>12,064,649</u>
Total secured		<u>70,167,647</u>	<u>48,159,842</u>
Unsecured			
Overdrawn nostro accounts		306,663	143,570
Due against trade borrowings		-	-
Total unsecured		<u>306,663</u>	<u>143,570</u>
		<u>70,474,310</u>	<u>48,303,412</u>
15.1 Particulars of borrowings			
In local currency		69,579,709	48,159,842
In foreign currencies		894,601	143,570
		<u>70,474,310</u>	<u>48,303,412</u>

15.2.1 The Bank has entered into agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Bank has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 04, 2022 and June 29, 2022 (2020: January 04, 2021 and February 08, 2027). These carry mark-up at the rate from 1% to 2% (2020: 1% to 3%) per annum.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

15.2.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between February 20, 2022 and March 08, 2031 (2020: November 04, 2021 and November 18, 2030). These carry mark-up at rates ranging from 2.00% to 3.50% (2020: 2.00% to 3.50%) per annum.

15.2.3 Other borrowings have been obtained from SBP under various facilities on particulars mentioned below:

	Markup rate Per annum	Matured	
		From	To
Financing Facility for Renewable Energy Projects	2%-2.5%	January 1, 2022	February 22, 2028
Refinance and credit guarantee scheme for women entrepreneurs	2%-3%	June 1, 2022	July 26, 2031
Refinance for Wages & Salaries	0%-0%	January 29, 2022	November 30, 2026
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	0%-2%	October 1, 2022	April 1, 2023
Refinance facility for combating COVID-19	0%-0%	June 3, 2024	June 22, 2026
Temporary economic refinance facility (TERF)	0%-0%	April 1, 2025	July 16, 2026
Small and Medium Enterprises' Financing	1%-1%	November 30, 2023	November 1, 2031
Refinance facility for working capital of SMEs	2%-2%	December 18, 2025	September 8, 2026

15.2.4 This represents borrowing against Pakistan Investment Bonds carrying mark-up at the rates ranging upto from 9.9% to 10.05% per annum and will be matured on February 18, 2022. The cost and market value of securities given as collateral of amounting to Rs. 13,468 million and Rs. 13,466.250 million respectively.

15.2.5 This represents borrowing against Market Treasury Bills, Pakistan Investment Bonds and Foreign Currency Bonds (2020: Market Treasury Bills) carrying mark-up at the rates ranging upto from 1.25% to 10.70% (2020: 6.70%) per annum and will be matured between January 04, 2022 and September 20, 2022 (2020: January 11, 2021 and January 12, 2021). The cost and market value of securities given as collateral of amounting to Rs. 22,359.782 million (2020: Rs. 9,766.518 million) and Rs. 22,274.845 million (2020: Rs. 9,767.491 million) respectively.

15.2.6 The Bank has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Bank's customers on the agreed terms and conditions. The borrowing carries mark-up rate of 3 years PKRV less 100bps and will be matured on February 28, 2022 and June 30, 2031 (2020: February 28, 2022 and December 09, 2025).

16. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	103,471,600	7,672,420	111,144,020	90,714,627	9,668,068	100,382,695
Savings deposits	94,411,562	5,055,750	99,467,312	98,103,956	3,944,797	102,048,753
Term deposits	197,382,108	13,980,936	211,363,044	186,691,026	15,203,881	201,894,907
Margin deposits	8,847,107	3,408	8,850,515	5,920,595	163	5,920,758
	404,112,377	26,712,514	430,824,891	381,430,204	28,816,909	410,247,113
Financial Institutions						
Current deposits	1,035,655	504,985	1,540,640	1,281,700	435,683	1,717,383
Savings deposits	15,379,164	31,231	15,410,395	12,831,324	-	12,831,324
Term deposits	12,929,088	-	12,929,088	8,266,773	-	8,266,773
	29,343,907	536,216	29,880,123	22,379,797	435,683	22,815,480
	433,456,284	27,248,730	460,705,014	403,810,001	29,252,592	433,062,593

Notes to the Unconsolidated Financial Statements

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	2021	2020
	---- Rupees in '000 ----	
16.1 Composition of deposits		
- Individuals	152,824,495	147,143,479
- Government (Federal and Provincial)	93,109,449	92,317,151
- Public Sector Entities	39,277,014	52,156,536
- Banking Companies	5,663,632	2,950,286
- Non-Banking Financial Institutions	24,216,491	19,865,194
- Private Sector	145,613,933	118,629,947
	460,705,014	433,062,593

16.2 Deposits include eligible deposits of Rs. 105,788.825 million (2020: Rs. 112,167.861 million, the number is revised from Rs. 143,210.503 million due to categorisation differences in eligible deposits) protected under Depositors Protection Mechanism introduced by State Bank of Pakistan.

	Note	2021	2020
		---- Rupees in '000 ----	
17. SUBORDINATED DEBT			
Term Finance Certificates - First Issue	17.1	-	2,995,200
Term Finance Certificates - Second Issue	17.2	1,996,800	1,997,600
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
Term Finance Certificates - Fourth Issue	17.4	2,500,000	-
		6,996,800	7,492,800

17.1 During the year, the Bank exercised the call option of Term Finance Certificates - First Issue in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on December 28, 2021.

17.2 In 2017, the Bank has issued Rs. 2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose: To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

Issue date: December 29, 2017

Tenure: Up to Seven years from the issue date.

Maturity Date: December 29, 2024

Rating: A + (Single A Plus)

Profit Rate: Floating rate of return at Base rate + 1.4 percent per annum;

Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.

Notes to the Unconsolidated Financial Statements

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Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank, including deposits, and will not be redeemable before maturity without prior approval of SBP.
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

17.3 In 2018, the Bank has issued Rs. 2.5 billion of rated, privately placed and listed, unsecured, subordinated, perpetual and non-cumulative additional Tier I capital term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated as to payment of Principal and profit to all other claims except common shares.

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Call Option: Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.

Lock-in-clause: Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause:

Pre-Specified Trigger ("PST") Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the issuer.

Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the issuer would have become non-viable, as determined by SBP; and
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

17.4 During the year, the Bank has issued Rs. 2.5 billion of rated, privately placed and unlisted (listing is in process), unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 28, 2028
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 2 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 400,647,739 shares.

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18. DEFERRED TAX LIABILITIES

		2021			
		Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2021
Note		----- Rupees in '000 -----			
Deductible Temporary Differences on:					
		(57,149)	(6,531)	-	(63,680)
		(287,840)	(58,212)	-	(346,052)
		(43,552)	43,552	-	-
		(2,904)	289	-	(2,615)
		(391,445)	(20,902)	-	(412,347)
Taxable Temporary Differences on:					
		172,562	8,820	-	181,382
		512,268	58,545	-	570,813
	21	240,391	(10,072)	81,751	312,070
	21	4,029	(45)	(3,024)	960
		5,302	(5,302)	-	-
		(22,893)	22,893	-	-
		282	(282)	-	-
	21	673,756	-	59,014	732,770
		1,585,697	74,557	137,741	1,797,995
		1,194,252	53,655	137,741	1,385,648
		2020			
		Balance as at January 01, 2020	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2020
		----- Rupees in '000 -----			
Deductible Temporary Differences on:					
		(57,149)	-	-	(57,149)
		(132,305)	(155,535)	-	(287,840)
		(3,097)	(40,455)	-	(43,552)
		(2,514)	(390)	-	(2,904)
		23,085	(45,978)	-	(22,893)
		(628,569)	628,569	-	-
		(800,549)	386,211	-	(414,338)
Taxable Temporary Differences on:					
		250,858	(78,296)	-	172,562
		512,268	-	-	512,268
	21	299,034	(58,643)	-	240,391
	21	967	(51)	3,113	4,029
		8,144	(2,842)	-	5,302
		(1,218)	1,500	-	282
	21	(278,261)	-	952,017	673,756
		791,792	(138,332)	955,130	1,608,590
		(8,757)	247,879	955,130	1,194,252

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	Note	2021 ---- Rupees in '000 ----	2020
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,216,121	2,994,596
Mark-up / return / interest payable in foreign currencies		26,668	52,729
Unearned income on guarantees		261,377	176,270
Accrued expenses		312,821	669,383
Acceptances		3,689,343	3,603,192
Unclaimed dividends		4,214	4,214
Mark to market loss on derivative instruments		56,155	160,306
Mark to market loss on forward foreign exchange contracts		103,830	400,144
Gratuity payable to contractual staff		5,263	-
Withholding taxes payable		516,370	401,303
Government challan collection		50,758	94,510
Donation payable	29.2	41,178	-
Security deposits against leases, lockers and others		2,908,147	3,490,704
Workers' Welfare Fund	33.2	158,414	114,237
Payable in respect of home remittance		433,507	831,042
Retention money payable		44,294	42,044
Lease liability against right-of-use assets	19.1	3,129,904	2,583,947
Advance against sale of assets	19.2	26,000	-
Insurance payable		27,180	10,137
Payable to vendors against SBS goods		206,925	93,634
Debit card settlement		58,711	65,855
Inter bank fund transfer settlement		-	159,136
Clearing and settlement accounts		175,105	290,794
Others		211,828	302,977
		15,664,113	16,541,154

19.1 Lease liabilities

The carrying amounts of lease liabilities and the movements during the year is as below:

Opening balance		2,583,947	3,696,371
Additional impact arised during the year - net		1,407,295	31,080
Termination impact arised during the year - net		(82,912)	(417,536)
Markup on lease liability against right-of-use assets	25	387,693	405,879
Payments		(1,191,560)	(1,131,847)
Exchange gain		25,441	-
Closing balance		3,129,904	2,583,947

19.2 During the year, the Bank has entered into an agreement to sell the property situated at Plot No. D2451/RH, Gali Dogran, Inside Lahori Gate, Lahore of Rs. 26 million which was recovered against settlement of loans and advances and classified under 'non-banking assets acquired in satisfaction of claims' having a carrying value of Rs. 24.900 million as of reporting date. The sale deed is expected to be executed next year after completion of all legal formalities.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

20. SHARE CAPITAL - NET

20.1 Authorised capital

20.1.1 Ordinary shares

2021	2020		2021	2020
----- Number of shares -----			----- Rupees in '000 -----	
<u>2,350,000,000</u>	<u>2,350,000,000</u>	Ordinary shares of Rs.10 each	<u>23,500,000</u>	<u>23,500,000</u>

20.1.2 Preference shares

<u>150,000,000</u>	<u>150,000,000</u>	Convertible preference shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>
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20.2 Issued, subscribed and paid-up capital

		Ordinary shares		
<u>763,558,965</u>	<u>763,558,965</u>	Fully paid in cash	<u>7,635,590</u>	<u>7,635,590</u>
<u>533,905,297</u>	<u>533,905,297</u>	Issued for consideration other than cash	<u>5,339,053</u>	<u>5,339,053</u>
<u>1,297,464,262</u>	<u>1,297,464,262</u>		<u>12,974,643</u>	<u>12,974,643</u>
-	-	Less: Discount on issue of shares	<u>(2,855,401)</u>	<u>(2,855,401)</u>
<u>1,297,464,262</u>	<u>1,297,464,262</u>		<u>10,119,242</u>	<u>10,119,242</u>

20.3 As at December 31, 2021, Jahangir Siddiqui & Co. Limited (the parent company) held 973,307,324 (2020: 973,307,324) ordinary shares of Rs.10 each i.e. 75.02% holding (2020: 75.02%).

21. SURPLUS ON REVALUATION OF ASSETS

Note 2021
----- Rupees in '000 -----

Surplus on revaluation of:

Available-for-sale securities	9.1 & 21.1	<u>1,878,898</u>	<u>1,925,017</u>
Fixed assets	21.2	<u>1,513,386</u>	<u>1,192,173</u>
Non-banking assets acquired in satisfaction of claims	21.3	<u>120,674</u>	<u>135,109</u>
		<u>3,512,958</u>	<u>3,252,299</u>

Deferred tax on surplus on revaluation of:

Available-for-sale securities	<u>(732,770)</u>	<u>(673,756)</u>
Fixed assets	<u>(312,070)</u>	<u>(240,391)</u>
Non-banking assets acquired in satisfaction of claims	<u>(960)</u>	<u>(4,029)</u>
	<u>(1,045,800)</u>	<u>(918,176)</u>
	<u>2,467,158</u>	<u>2,334,123</u>

21.1 Available-for-sale securities

Pakistan:

- Equity securities	<u>2,281,924</u>	<u>1,692,166</u>
- Open end mutual funds	<u>28,085</u>	<u>-</u>
- Debt securities	<u>(368,014)</u>	<u>96,385</u>
	<u>1,941,995</u>	<u>1,788,551</u>

Bahrain:

- Equity securities	<u>1,856</u>	<u>9,674</u>
- Debt securities	<u>(64,953)</u>	<u>126,792</u>
	<u>(63,097)</u>	<u>136,466</u>
	<u>1,878,898</u>	<u>1,925,017</u>
	<u>(732,770)</u>	<u>(673,756)</u>
	<u>1,146,128</u>	<u>1,251,261</u>

Related deferred tax liability

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

- 21.1.1** As of December 31, 2021, the Bank has recognized in profit and loss account expected credit loss of Rs. 68,232 million (December 31, 2020: Rs. 122,758 million) under IFRS-9 on foreign debt securities of the wholesale banking branch in Bahrain of the Bank against an adjustment in the loss allowance. However, the loss allowance is recognized in other comprehensive income without reducing the carrying amount of the said securities. Therefore, the surplus / deficit on revaluation of those securities are adjusted accordingly in these unconsolidated statements of financial position.

21.2 Fixed assets

Surplus on revaluation as at January 01
Recognised during the year - net

Less: Transferred to unappropriated profit:

Incremental depreciation during the year
Related deferred tax liability
Realised on disposal of asset classified under held for sale
Related deferred tax liability

Surplus on revaluation as at December 31

Less: Related deferred tax liability on:

Surplus on revaluation as at January 01
Effect of change in tax rate
Recognised / transfered during the year
Transferred to profit and loss account on account of incremental depreciation
Realised on disposal of asset classified under held for sale

2021 2020
----- Rupees in '000 -----

1,192,173	1,359,727
347,037	-
1,539,210	1,359,727

(15,752)	(16,785)
(10,072)	(9,038)
-	(92,126)
-	(49,605)
(25,824)	(167,554)
1,513,386	1,192,173

(240,391)	(299,034)
(27,474)	-
(54,277)	-
10,072	9,038
-	49,605
(312,070)	(240,391)
1,201,316	951,782

21.3 Non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01
Derecognised during the year

Less: Transferred to unappropriated profit:

Incremental depreciation during the year
Related deferred tax liability

Surplus on revaluation as at December 31

Less: Related deferred tax liability on:

Surplus on revaluation as at January 01
Effect of change in tax rate
Transferred to profit and loss account on account of incremental depreciation
Derecognised during the year

135,109	93,743
(14,320)	41,511
120,789	135,254

(70)	(94)
(45)	(51)
(115)	(145)
120,674	135,109

(4,029)	(967)
(460)	-
45	51
3,484	(3,113)
(960)	(4,029)
119,714	131,080

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- Rupees in '000 -----	2020
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	49,835,924	58,779,594
Commitments	22.2	53,141,448	65,262,832
		102,977,372	124,042,426
22.1 Guarantees:			
Financial guarantees		816,746	1,024,422
Performance guarantees		25,611,507	36,678,881
Other guarantees		23,407,671	21,076,291
	22.1.1	49,835,924	58,779,594
22.1.1	Included herein are outstanding guarantees of Rs. 21.419 million (2020: Rs. 29.054 million) of related parties.		
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit	22.2.1	21,917,220	21,111,360
Commitments in respect of:			
- Forward foreign exchange contracts	22.2.2	26,688,581	38,178,262
- Derivative instruments	22.2.3	3,440,120	5,362,948
- Forward lending	22.2.4	639,565	384,230
Commitments for acquisition of:			
- Operating fixed assets	22.2.5	455,962	226,032
		53,141,448	65,262,832
22.2.1	Included herein are the outstanding letter of credits of Rs. 201.246 million (2020: Rs. 86.543 million) of related parties.		
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		17,655,035	23,137,733
Sale		9,033,546	15,040,529
		26,688,581	38,178,262
22.2.2.1	The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year end, all foreign exchange contracts have a remaining maturity of less than one year.		

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
22.2.3 Commitments in respect of derivative instruments			
Purchase		1,737,404	1,760,637
Sale		1,702,716	3,602,311
		3,440,120	5,362,948
22.2.3.1 Interest rate swaps (notional principal)			
Purchase		370,039	1,176,824
Sale		370,039	1,176,824
		740,078	2,353,648
22.2.3.2 Options (notional principal)			
Purchase		1,367,365	582,419
Sale		1,332,677	2,425,487
		2,700,042	3,007,906
22.2.3.3 Commitments in respect of forward securities			
Purchase		-	1,394
22.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.4.1	639,565	384,230
22.2.4.1	This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.		
		2021	2020
		----- Rupees in '000 -----	----- Rupees in '000 -----
22.2.5 Commitments for acquisition of operating fixed assets	22.2.5.1	455,962	226,032
22.2.5.1	This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipments and electrical equipments and computer software.		
22.2.6	Tax related contingencies are disclosed in notes 33.2 to 33.5.		

23. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Bank.

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

Accounting policies in respect of derivative financial instruments are described in note 4.4.2.

		2021					
		Interest Rate Swaps		Options and Accumulators		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
23.1	Product analysis	----- Rupees in '000 -----					
	With Banks for						
	Hedging	740,078	1,818	-	-	-	-
	Market making	-	-	2,700,042	(6,758)	-	-
	With FIs other than banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	-	-
	Total						
	Hedging	740,078	1,818	-	-	-	-
	Market making	-	-	2,700,042	(6,758)	-	-
		----- Rupees in '000 -----					
		2020					
		Interest Rate Swaps		Options and Accumulators		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
		----- Rupees in '000 -----					
	With Banks for						
	Hedging	2,353,648	4,943	-	-	-	-
	Market making	-	-	3,007,906	10,205	-	-
	With FIs other than banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	1,394	-
	Total						
	Hedging	2,353,648	4,943	-	-	-	-
	Market making	-	-	3,007,906	10,205	1,394	-

		2021				
		Number of contracts	Notional principal	Mark to market		
				Positive	Negative	Net
		----- Rupees in '000 -----				
Remaining maturity of Contracts						
	Upto 1 month	2	115,278	4,825	(4,617)	208
	1 to 3 months	1	34,688	-	(3,511)	(3,511)
	3 to 6 months	2	156,200	5,541	(5,236)	305
	6 months to 1 year	4	2,665,354	17,298	(20,546)	(3,248)
	1 to 2 years	2	468,600	23,551	(22,245)	1,306
		11	3,440,120	51,215	(56,155)	(4,940)
		----- Rupees in '000 -----				
		2020				
		Number of contracts	Notional principal	Mark to market		
				Positive	Negative	Net
		----- Rupees in '000 -----				
Remaining maturity of Contracts						
	Upto 1 month	5	669,991	29,685	(28,769)	916
	1 to 3 months	1	317,656	-	(889)	(889)
	3 to 6 months	7	1,345,571	13,001	(5,296)	7,705
	6 months to 1 year	10	2,914,453	121,563	(114,748)	6,815
	1 to 2 years	2	115,277	11,205	(10,604)	601
		25	5,362,948	175,454	(160,306)	15,148

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- Rupees in '000 -----	2020
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		20,671,973	25,287,865
Investments		17,643,224	16,509,138
Lendings to financial institutions		72,642	42,679
Securities purchased under resale agreements		737,597	1,259,308
		<u>39,125,436</u>	<u>43,098,990</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		21,813,989	29,390,170
Borrowings	25.1	3,815,139	1,889,363
Subordinated debt		696,224	900,310
Cost of foreign currency swaps against foreign currency deposits / borrowings		517,642	735,977
Lease liability against right-of-use assets	19.1	387,693	405,879
		<u>27,230,687</u>	<u>33,321,699</u>
25.1 Borrowings			
Export Refinancing Scheme (ERF)		393,464	357,578
Long-Term Finance Facility (LTFF)		50,168	46,242
Other Borrowings from State Bank of Pakistan		24,571	10,941
Securities sold under repurchase agreements		2,929,076	1,111,507
Other borrowings		417,860	363,095
		<u>3,815,139</u>	<u>1,889,363</u>
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		127,640	240,908
Consumer finance related fees		70,883	39,700
Card related fees (debit and credit cards)		363,319	652,096
Credit related fees		335,612	358,650
Investment banking fees		174,417	97,520
Commission on trade		791,362	671,804
Commission on guarantees		426,161	393,993
Commission on cash management		9,756	4,755
Commission on remittances including home remittances	26.1	187,487	252,078
Commission on bancassurance		128,638	180,460
Commission on distribution of mutual funds		2,711	29,008
Commission on online services		281,364	372,892
Postage & courier income		23,103	24,096
Rebate income		249,799	250,355
Rebate on primary dealership		34,638	27,637
		<u>3,206,890</u>	<u>3,595,952</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

- 26.1** This includes Rs. 79.085 million (2020: Rs. 149.705 million) in respect of commission income from home remittance services provided by the Bank. The amount is earned from State Bank of Pakistan at the rate of Saudi Riyal 20 (2020: Saudi Riyal 20) per transaction over USD 200 (2020: USD 200) and is shared between the Bank and various exchange companies as per terms of agreement with them.

	Note	2021 ----- Rupees in '000 -----	2020
27. GAIN ON SECURITIES			
Realised	27.1	95,208	1,872,242
Unrealised - held for trading		(62)	805
		<u>95,146</u>	<u>1,873,047</u>
27.1 Realised gain / (loss) on:			
Federal government securities			
Market treasury bills		(9,218)	76,894
Pakistan investment bonds		140,594	1,379,114
Ijara sukuk certificates		2,901	71
		<u>134,277</u>	<u>1,456,079</u>
Shares			
Listed companies		(107,386)	414,716
Non Government Debt Securities			
Term finance certificates		22,645	-
Sukuk certificates		-	450
Commercial paper certificates		64	-
		<u>22,709</u>	<u>450</u>
Mutual fund units		5,626	4,355
Foreign currency bonds		<u>39,982</u>	<u>(3,358)</u>
		<u>95,208</u>	<u>1,872,242</u>
28. OTHER INCOME			
Loss on sale of fixed assets - net		(4,000)	(1,368)
Gain on termination of leases - net		6,692	64,805
Gain on sale of assets held for sale		-	1,000
Others		-	5,358
		<u>2,692</u>	<u>69,795</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

29.	OPERATING EXPENSES	Note	2021	2020
			----- Rupees in '000 -----	
	Total compensation expense	29.1	5,520,185	6,262,594
	Property expense			
	Rent & taxes		36,985	24,555
	Insurance		3,566	2,638
	Utilities cost		399,865	343,963
	Security (including guards)		281,062	344,331
	Repair & maintenance (including janitorial charges)		243,862	213,589
	Depreciation		191,143	190,794
	Depreciation - Right of Use Assets	11.4	919,584	893,148
	Depreciation on non banking assets	13.2.1	10,711	2,862
			2,086,778	2,015,880
	Information technology expenses			
	Software maintenance		633,913	472,495
	Hardware maintenance		219,281	176,495
	Depreciation		254,279	204,326
	Amortisation		134,447	113,052
	Network charges		181,433	102,041
			1,423,353	1,068,409
	Other operating expenses			
	Directors' fees and allowances		17,450	19,950
	Legal & professional charges		144,917	166,570
	Insurance		418,894	281,757
	Outsourced services costs	29.5	168,995	152,468
	Travelling & conveyance		100,424	88,285
	NIFT clearing charges		46,549	45,199
	Depreciation		305,196	299,192
	Training & development		62,493	19,121
	Postage & courier charges		82,511	99,622
	Communication		131,764	171,275
	Stationery & printing		222,760	259,658
	Marketing, advertisement & publicity		378,300	452,925
	Donations	29.2	44,178	117,841
	Auditors' Remuneration	29.3	13,654	13,011
	Staff Auto fuel & maintenance		244,113	200,842
	Bank Charges		51,542	59,970
	Stamp Duty		71,058	17,148
	Online verification charges		53,770	18,802
	Brokerage, fee and commission		52,971	57,739
	Card related fees (debit and credit cards)		275,935	284,258
	CDC and other charges		5,239	4,975
	Consultancy fee		25,899	55,905
	Deposit protection premium	29.4	179,469	128,144
	Entertainment expenses		103,080	72,148
	Repair and maintenance		80,926	67,988
	Cash handling charges		188,376	239,732
	Fee and Subscription		79,187	135,514
	Employees social security		5,629	10,556
	Generator fuel & maintenance		86,466	76,415
	Others		50,641	55,107
			3,692,386	3,672,117
			12,722,702	13,019,000

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- Rupees in '000 -----	2020
29.1 Total compensation expense			
Fees and Allowances etc.		170,756	180,157
Managerial Remuneration			
i) Fixed		4,124,093	3,984,843
ii) Variable			
of which;			
a) Cash Bonus / Awards etc.	29.1.1	7,888	606,678
b) Commission		234,116	261,352
Charge for defined benefit plan		(211,129)	159,436
Contribution to defined contribution plan		248,152	229,001
Leaving indemnity		7,505	6,479
Medical		399,011	385,956
Conveyance		442,670	413,648
Insurance staff		97,123	35,044
		5,520,185	6,262,594
29.1.1	The Bank operates a short term employee benefit scheme which includes cash awards / special bonus for all employees. Under this scheme, the bonus for all employees, including the Chief Executive Officer (CEO) is determined on the basis of employees' evaluation and the Bank's performance during the year.		
29.2 Donations	Note	2021 ----- Rupees in '000 -----	2020
Future Trust	29.2.1	44,178	112,841
Agha Khan Foundation		-	5,000
		44,178	117,841
29.2.1	This represents donation for a related party, wherein below mentioned persons are trustees. The registered office of the donee is located at 20th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi-74400, Pakistan.		
Mr. Kalim-ur-Rehman	Chairman of the Bank		
Mr. Hasan Shahid	Chief Financial Officer of the Bank and Director of JS Investments Limited, a subsidiary company		
Mr. Najmul Hoda Khan	Chief Financial Officer of the Jahangir Siddiqui & Co. Ltd. (the parent company)		
Mr. Muhammad Yousuf Amanullah	Chief Operating Officer & Executive Director JS Global Capital Limited, subsidiary company		
Mr. Tariq Usman Bhatti	Head of Money Market And Forex of JS Global Capital Limited, subsidiary company		
Ms. Rukhsana Shah	Chief Executive Officer - Autism Spectrum Disabilities Welfare Trust, Director - EFU Life Assurance Limited and Director - Pak Suzuki Motor Company Limited		

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

29.3	Auditors' remuneration	Note	2021	2020
			----- Rupees in '000 -----	
	Audit fee - Pakistan		1,794	1,794
	Audit fee - Bahrain		1,873	1,717
	Half-yearly review		619	619
	Fee for audit of employees funds		143	143
	Fee for other statutory certifications		3,275	1,010
	Special certification and sundry advisory services		3,748	5,413
	Out of pocket expenses and sales tax on services		2,202	2,045
	Taxation services		-	270
		29.3.1	<u>13,654</u>	<u>13,011</u>
29.3.1	Geographical analysis			
	Pakistan		10,813	10,406
	Bahrain		2,841	2,605
			<u>13,654</u>	<u>13,011</u>
29.4	Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year. The Bank's eligible deposits as of December 31, 2021 are amounting to Rs. 105,788.825 million on which total premium is payable of Rs. 169.262 million per annum (Rs. 139.880 million per quarter).			
29.5	The material outsourcing arrangements along with nature of services are as follows:			
	Name of Service Provider	Type of services	2021	2020
			----- Rupees in '000 -----	
	Mustang HRMs (Pvt) Limited	Human Resource Management Services	142,043	145,738
	Dagia Innovative Warehousing	Record Management Services	14,481	6,731
			<u>156,524</u>	<u>152,469</u>
30.	WORKERS' WELFARE FUND			
	Charge during the year		<u>44,178</u>	<u>40,460</u>
30.1	Provision held at @ 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.			

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

		2021	2020
	Note	----- Rupees in '000 -----	
31. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		<u>494</u>	<u>91,639</u>
32. PROVISIONS AND WRITE OFFS - NET			
(Reversals) / provisions for diminution in value of investments	9.3	(233,540)	275,366
Provisions against loans & advances - specific	10.4	2,388,698	841,895
Provisions / (reversals) against loans & advances - general	10.4	87,787	(161,166)
(Reversals) / provisions under IFRS-9 - general	32.1	(62,326)	138,345
Fixed assets written off - net	11.2	14,594	181,887
Intangible assets written off	12.1.1	3,964	-
Other Provisions and write offs		5,548	5,620
Insurance claim recovered against non performing advances	32.2	(209,600)	-
Other reversals		-	(2,339)
		<u>1,995,125</u>	<u>1,279,608</u>
32.1 (Reversals) / provisions under IFRS-9 - general			
Balances with other banks		(443)	384
Lendings to financial institutions		(1,251)	(79)
Investments	9.3	(62,148)	124,303
Advances	10.4	1,516	13,737
		<u>(62,326)</u>	<u>138,345</u>
32.2	This represents insurance claim received against fake gold financing of Rs. 741.73 million for policies covered under staff infidelity and goldsmith infidelity. The Bank has fully provided said loans in these unconsolidated financial statements and started recovery proceedings on merits in court of law against the persons who are involved in collusion of that fraud.		
33. TAXATION		2021	2020
		----- Rupees in '000 -----	
Current		941,296	623,291
Prior years		(90,418)	1,711
Deferred		53,655	247,879
		<u>904,533</u>	<u>872,881</u>

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

	2021	2020
	----- Rupees in '000 -----	
33.1 Relationship between income tax expense and accounting profit		
Profit before taxation	2,208,925	2,022,941
Tax on income @ 39% (2020: 35%)	861,481	708,029
Effect of change in tax rates	44,124	(7,693)
Effect of permanent differences	193	32,074
Others	(1,265)	140,471
Tax charge for the year	904,533	872,881

33.2 Income Tax

The income tax returns filed under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2021. These returns filed were deemed to have been assessed in terms the provisions prevailing under income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2018 and tax year 2020. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2018 and 2020, the department had made certain dis-allowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010, 2011 & 2012 and tax years 2009, 2012 & 2013 respectively.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Therefore based on this, the Bank's contention is mandated and it is likely that its pending appeals in this will be decided favorably. The Bank has obtained appeal effect orders of respective years except 2013 and resultantly no demand is payable in this respect.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh and Punjab through the Sindh WWF Act, 2014 ("the Act") and the Punjab Workers Welfare Fund Act, 2019 respectively. As per the Acts, the Bank is liable to pay WWF in both provinces. However in this respect:

- the Bank has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (SHC) through Constitutional Petition 1546/2017 on grounds that banking companies cannot be considered as industrial establishment and that the Act will be applied to trans-provincial entities to the extent that the obligation under the provincial law is to make distribution to the extent of the proportionate profit of the Sindh Province. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF till the next date of hearing.
- the Bank will challenge the recovery of Punjab WWF in the court of law on same grounds in case of SWWF.

In 2018, Based on decision of the Supreme Court of Pakistan, the Bank had reassessed the provision of WWF which was previously held on the entire operating results of the Bank (including all provinces, part of Pakistan, AJK and Bahrain Operations) and maintained WWF only to the extent of its operations within Sindh Province till 2019. In 2020 after promulgation of Punjab WWF, the Bank has again decided prudently to maintained provision on the entire results of the Bank.

In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIR(A)) has not accepted the Bank's contentions of gross loss position and also decided that non-mark-up income is the fall under the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Bank has contested the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

For tax year 2008-2018 and 2020, the Bank has not accepted the amendments of Rs. 6.77 billion and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIR(A)).

CIR(A) has admitted the contention of the Bank in case of tax year 2008 that the amended order is barred by time and decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIR(A) in ATIR which is held in bank's favor through order dated January 31, 2022.

With regard to appeals filed for tax year 2009 to 2017, the CIR(A) has decided the appeals accepting the Bank's contentions in respect of significant issues, and certain disallowance including amortization claim of goodwill have been decided in favor of department in all tax years. However, the Bank and the tax department are contested the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which mostly held in favor of Bank including goodwill through order dated January 31, 2022.

The tax department passed appeal effect/rectification orders and allowed deleted and set-aside issues in the light of CIR(A) orders for tax year 2008 to 2014. As a result of these orders, the Bank's taxable losses has increased to Rs. 3.464 billion and reduced the demand of Rs. 1.212 billion in relevant tax years after adjustment of these losses.

Further for the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIR(A) decision that the allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is an allowable deduction for tax purposes. Especially in the recent decision given by the High Court of Sindh in the case of merger of another bank in Pakistan where the Court has ruled in favour of taxpayer that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2019 wherein the Bank alongwith other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has appealed before the Supreme Court against the decision of the Sindh High Court. The Supreme Court has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability. However, the Bank has adjusted full amount of super tax liability for Tax year 2016 and 2019 against the available tax refunds. Further, the bank has obtained stay from the Sindh High Court on other technical grounds regarding the levy of Super Tax for tax years 2017 and 2018.

33.3 Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax year 2014-2020. Orders in respect of tax years 2014, 2015, 2016 and 2017 has been passed against which appeals have been filed before the CIR(A). CIR(A) has remanded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders have been passed and demands have been reduced. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018 to 2020, proceedings are pending.

33.4 Sales tax

The Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs.193.44 million (besides Rs. 7.2 million is charged as penalty) against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes' (i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union) for the tax periods July 2011 to December 2013, 2015 to 2017 and 2019 to 2020. Bank has filed appeals before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the order of AC-SRB.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

33.5 Azad Jammu & Kashmir Operations

The Bank has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2021 with the tax authorities of such region. The amendment proceedings and appeals are at various levels before AJK Tax authorities for the tax year 2011 to 2017, 2019 and 2020.

The management of the Bank is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

	Note	2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
34. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the year - attributable to ordinary equity holders of the Bank		<u>1,304,392</u>	<u>1,150,060</u>
		----- Numbers -----	
Weighted average number of outstanding ordinary shares during the year		<u>1,297,464,262</u>	<u>1,297,464,262</u>
		----- Rupee -----	
Basic and diluted earnings per share		<u>1.01</u>	<u>0.89</u>
35. CASH AND CASH EQUIVALENTS			
		2021 ----- Rupees in '000 -----	2020 ----- Rupees in '000 -----
Cash and balances with treasury banks	6	34,266,856	30,421,231
Balances with other banks - Gross	7	1,185,803	1,106,419
Overdrawn nostro accounts	15	(306,663)	(143,570)
		<u>35,145,996</u>	<u>31,384,080</u>
36. STAFF STRENGTH			
		2021 ----- Number -----	2020 ----- Number -----
Permanent		3,502	3,773
On Bank's contract		541	1,055
Bank's own staff strength at the end of the year		4,043	4,828
Third party contract (other guards and janitorial)		444	483
		<u>4,487</u>	<u>5,311</u>
36.1 Geographical segment analysis			
Pakistan		4,480	5,304
Bahrain		7	7
		<u>4,487</u>	<u>5,311</u>

Notes to the Unconsolidated Financial Statements

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37. DEFINED BENEFIT PLAN

37.1 General description

The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.

The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.

37.2 The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:

- **Salary increase risk:**

The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- **Discount rate risk**

The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.

- **Demographic Risks**

- **Withdrawal risk:**

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- **Longevity Risk**

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- **Investment risk**

This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

37.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme (gratuity fund) is 3,495 (2020: 3,756).

37.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2021 based on the Projected Unit Credit Method, using the following significant assumptions:

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

		2021	2020
Valuation discount rate for year end obligation	per annum	11.75%	9.75%
Interest cost on defined benefit obligation	per annum	9.75%	11.75%
Interest income on plan assets	per annum	9.75%	11.75%
Future salary increase rate			
- upto one years	per annum	10.00%	8.00%
- from two to three years	per annum	11.75%	10.00%
- more than three years	per annum	11.75%	9.75%
The average duration of the defined benefit obligation	years	9	10
Normal retirement age	years	60	60
Withdrawal rates		Moderate	Moderate
Mortality rates		SLIC 2001-2005, Setback 1 Year	SLIC 2001-2005, Setback 1 Year

37.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability / (asset)	
	2021	2020	2021	2020	2021	2020
	Rupees in '000					
Balance as at January 01, 2021	1,074,298	844,212	1,391,879	692,331	(317,581)	151,881
Included in profit or loss						
Current service cost	178,234	148,693	-	-	178,234	148,693
Past service cost	(358,399)	1,820	-	-	(358,399)	1,820
Interest expense / income	101,035	97,343	131,999	88,420	(30,964)	8,923
	(79,130)	247,856	131,999	88,420	(211,129)	159,436
Included in other comprehensive (loss) / income						
Actuarial gains / losses arising from:						
- financial assumptions	(11,622)	14,025	-	-	(11,622)	14,025
- experience adjustments	(95,764)	(266)	-	-	(95,764)	(266)
Return on plan assets	-	-	(317,777)	490,776	317,777	(490,776)
	(107,386)	13,759	(317,777)	490,776	210,391	(477,017)
Other movements						
Contribution made during the year	-	-	-	151,881	-	(151,881)
Benefits paid during the year	(76,093)	(31,529)	(76,093)	(31,529)	-	-
	(76,093)	(31,529)	(76,093)	120,352	-	(151,881)
Balance as at December 31, 2021	811,689	1,074,298	1,130,008	1,391,879	(318,319)	(317,581)

Notes to the Unconsolidated Financial Statements

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37.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Cost		Fair value of plan assets			
	2021	2020	2021	2020	2021	2020
	Rupees in '000		Rupees in '000		Percentage	
Cash and cash equivalents						
Cash at Bank	176,653	82,793	176,653	82,793	15.6%	5.9%
Term deposits receipts	-	150,000	-	161,806	0.0%	11.6%
	176,653	232,793	176,653	244,599	15.6%	17.6%
Debt securities						
Pakistan Investment Bonds	147,712	388,863	146,157	411,079	12.9%	29.5%
Market treasury bills	-	53,815	-	53,660	0.0%	3.9%
Term finance certificates	50,503	50,503	51,082	50,370	4.5%	3.6%
	198,215	493,181	197,239	515,109	17.5%	37.0%
Ordinary Shares of listed companies	805,623	448,506	756,116	632,172	66.9%	45.4%
	1,180,491	1,174,480	1,130,008	1,391,880	100%	100%

37.7 Maturity profile

37.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over and 10 above years	Total
	Rupees in '000					
Balance as at December 31, 2021	40,130	42,200	200,323	1,068,414	11,996,311	13,347,378
Balance as at December 31, 2020	45,445	71,699	268,697	1,245,714	11,997,565	13,629,120

37.8 Sensitivity analysis

37.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability / (asset)
		Rupees in '000		
Current results	-	811,689	1,130,008	(318,319)
Discount rate				
1% Increase	12.75%	741,666	1,130,008	(388,342)
1% Decrease	10.75%	891,924	1,130,008	(238,084)
Salary Rate				
1% Increase	10.75%	892,877	1,130,008	(237,131)
1% Decrease	8.75%	739,558	1,130,008	(390,450)
Withdrawal rate				
10% Increase	Moderate + one year	800,202	1,130,008	(329,806)
10% Decrease	Moderate - one year	823,938	1,130,008	(306,070)
Mortality rate				
One year age set back	Adjusted SLIC 2001-2005 - one year	811,915	1,130,008	(318,093)
One year age set forward	Adjusted SLIC 2001-2005 + one year	811,427	1,130,008	(318,581)

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Furthermore in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

37.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 10 years.

37.10 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

	2021	2020	2019	2018	2017
	----- Rupees in '000 -----				
Particulars					
Defined benefit obligation	811,689	1,074,298	844,212	649,062	550,729
Fair value of plan assets	(1,130,008)	(1,391,879)	(692,331)	(546,568)	(375,611)
Net defined benefit (assets) / liability	(318,319)	(317,581)	151,881	102,494	175,118
Re-measurement (gain) / loss on obligation	(107,386)	13,759	(836)	(52,391)	75,269
Re-measurement loss / (gain) on plan assets	317,777	(490,776)	18,005	25,329	10,273
Other comprehensive income / (loss)	210,391	(477,017)	17,169	(27,062)	85,542

37.11 The average duration of the payment of benefit obligation at December 31, 2021 is within one year.

37.12 The Bank contributes to the gratuity fund as per actuarial's valuation of the year i.e. Nil for the next year.

37.13 Based on actuarial advice and management estimates, profit and loss account charge in respect of defined benefit obligation for the next one year works out to be Rs. 92.702 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2022 will be worked out as at the next valuation.

38. DEFINED CONTRIBUTION PLAN

The Bank operates a contributory provident fund for all permanent employees. The employer and employee both contribute 7.1% of the basic salaries (2020: 7.1% of the basic salaries) to the funded scheme every month. Number of employees covered under this plan are 2,865 (2020: 3,164). During the year, the Bank has made a contribution of Rs. 248.152 million (2020: Rs. 229.001 million) to the fund. The employees have also made a contribution of equal amount to the fund.

Notes to the Unconsolidated Financial Statements

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39. COMPENSATION OF DIRECTORS AND EXECUTIVES

39.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President and Chief Executive Officer, Directors and Executives are as follows:

Items	2021				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non- Executives			
----- Rupees in '000 -----					
Fees and Allowances etc.	3,700	22,500	-	-	-
Managerial Remuneration					
i) Fixed	-	-	42,373	218,561	598,481
ii) Total Variable - Cash Bonus / Awards	-	-	1,500	26,161	72,409
Charge for defined benefit plan	-	-	2,484	11,616	33,832
Contribution to defined contribution plan	-	-	3,008	14,021	40,951
Medical	-	-	4,237	21,856	59,848
Conveyance	-	-	575	10,752	42,395
Car allowance	-	-	-	23,709	90,306
Others	-	-	199	787	7,199
Total	3,700	22,500	54,376	327,463	945,421
Number of persons	1	7	1	23	107

Items	2020				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Non- Executives			
----- Rupees in '000 -----					
Fees and Allowances etc.	4,350	27,350	-	-	-
Managerial Remuneration					
i) Fixed	-	-	39,818	294,664	436,946
ii) Total Variable - Cash Bonus / Awards	-	-	10,500	52,199	66,626
Charge for defined benefit plan	-	-	2,430	17,415	25,824
Contribution to defined contribution plan	-	-	2,827	20,780	24,789
Medical	-	-	3,982	29,466	43,695
Conveyance	-	-	300	654	-
Car allowance	-	-	-	31,715	68,138
Others	-	-	190	5,522	17,748
Total	4,350	27,350	60,047	452,415	683,766
Number of persons	1	7	1	30	85

39.1.1 The CEO and COO are provided with free use of Bank maintained cars in accordance with their entitlement.

39.1.2 Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

39.1.3 All Executives, including the CEO of the Bank, are also entitled to certain short term employee benefits which are disclosed in note 39.1 to these unconsolidated financial statements.

39.1.4 The SBP, vide its BPRD Circular No. 01 dated January 25, 2017, issued Guidelines on Remuneration Practices, where the Bank is required to defer a certain portion of variable compensation of the Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) subject to mandatory deferrals for a defined period. In this respect, deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the MRTs and MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration shall be paid to the MRTs and MRCs on vesting, proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. Details of MRTs and MRCs are given below:

Employees Covered under:	2021	2020
	----- Numbers -----	
Material Risk Takers (MRTs)	70	66
Material Risk Controllers (MRCs)	36	39
	106	105

Movement of deferred remuneration	2021	2020
	----- Rupees in '000 -----	
Opening	48,495	218
Deferred during the year	10,934	48,350
Paid during the year	(13,898)	(73)
Malus during the year	(1,702)	-
Closing	43,829	48,495

2021					
Board Meetings	Board Committees				
	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Total Amount Paid
----- Rupees in '000 -----					

39.2 Meeting Fees and Allowances Paid

Name of Director							
1	Mr. Kalim-ur-Rahman	1,250	-	450	-	750	2,450
2	Mr. Adil Matcheswala	1,250	600	600	-	-	2,450
3	Mr. Ashraf Nawabi	250	-	-	300	-	550
4	Mr. G.M. Sikander	1,250	600	600	-	-	2,450
5	Mr. Hassan Afzal	1,000	-	-	-	900	1,900
6	Mr. Munawar Alam Siddiqui	1,250	600	-	600	-	2,450
7	Ms. Nargis Ghaloo	1,250	600	-	600	-	2,450
8	Mr. Sohail Aman	1,250	-	600	-	900	2,750
Total amount paid		8,750	2,400	2,250	1,500	2,550	17,450

Notes to the Unconsolidated Financial Statements

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2020					
Board Meetings	Board Committees				
	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Total Amount Paid

----- Rupees in '000 -----

Meeting Fees and Allowances Paid

Name of Director							
1	Mr. Kalim-ur-Rahman	1,500	-	850	-	500	2,850
2	Mr. Adil Matcheswala	1,500	500	850	-	-	2,850
3	Mr. Ashraf Nawabi	1,250	-	-	400	-	1,650
4	Mr. G.M. Sikander	1,500	500	750	-	-	2,750
5	Mr. Hassan Afzal	1,500	-	-	-	500	2,000
6	Mr. Munawar Alam Siddiqui	1,500	500	-	500	-	2,500
7	Ms. Nargis Ghaloo	1,500	500	-	500	-	2,500
8	Mr. Sohail Aman	1,500	-	850	-	500	2,850
Total amount paid		11,750	2,000	3,300	1,400	1,500	19,950

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4.6 to the annual unconsolidated financial statements for the year ended December 31, 2021.

The repricing profile, effective rates and maturity are stated in note 45.2.4 to these financial statements.

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 assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Fair value measurements using unobservable inputs for the asset or liability.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

40.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
------	-----------------------------------

Financial Instruments- Level 1

Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
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Financial instruments - Level 2

Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates (Reuters page).
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of 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 SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Financial instruments in level 3

Currently, no financial instruments are classified in level 3.
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.

Non- financial assets- Level 3

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 13 of these annual unconsolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. 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 or 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 financial statements.
Non-banking assets under satisfaction of claims	

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40.2 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

40.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	2021			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	1,109,404	-	1,109,404
Available-for-sale securities				
Investments				
Federal Government Securities	-	159,315,888	-	159,315,888
Shares	4,148,731	-	-	4,148,731
Non Government Debt Securities	-	372,685	-	372,685
Foreign Securities	-	1,616,155	-	1,616,155
Open end mutual funds	-	2,203,172	-	2,203,172
	4,148,731	163,507,900	-	167,656,631
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	58,143,943	-	58,143,943
	4,148,731	222,761,247	-	226,909,978
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	3,696,407	3,696,407
Non-banking assets acquired in satisfaction of claims	-	-	2,658,537	2,658,537
	-	-	6,354,944	6,354,944
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	18,064,443	-	18,064,443
Sale	-	9,079,267	-	9,079,267
Derivative instruments:				
Interest rate swaps				
Purchase	-	402,137	-	402,137
Sale	-	403,955	-	403,955
Options				
Purchase	-	1,363,325	-	1,363,325
Sale	-	1,329,959	-	1,329,959

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	2020			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	25,003,774	-	25,003,774
Available-for-sale securities				
Investments				
Federal Government Securities	-	127,406,043	-	127,406,043
Shares	4,339,823	-	-	4,339,823
Non Government Debt Securities	-	457,454	-	457,454
Foreign Securities	-	4,017,289	-	4,017,289
	4,339,823	131,880,786	-	136,220,609
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	36,109,599	-	36,109,599
	4,339,823	192,994,159	-	197,333,982
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	2,610,299	2,610,299
Non-banking assets acquired in satisfaction of claims	-	-	1,311,252	1,311,252
	-	-	3,921,551	3,921,551
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	22,942,707	-	22,942,707
Sale	-	14,910,910	-	14,910,910
Derivative instruments:				
Forward securities				
Purchase	-	1,394	-	1,394
Interest rate swaps				
Purchase	-	1,120,607	-	1,120,607
Sale	-	1,125,550	-	1,125,550
Options				
Purchase	-	581,042	-	581,042
Sale	-	2,437,068	-	2,437,068

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

41. SEGMENT INFORMATION

41.1 Segment details with respect to business activities:

	2021					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
	----- Rupees in '000 -----					
Profit & Loss						
Net mark-up / return / interest / (expense)	(892,985)	13,766,791	196,683	(1,388,737)	212,997	11,894,749
Inter segment revenue - net	907,098	(14,806,689)	8,802,290	5,097,301	-	-
Non mark-up / return / income / (loss)	253,443	1,681,337	1,642,956	1,503,778	(4,839)	5,076,675
Total Income / (loss)	267,556	641,439	10,641,929	5,212,342	208,158	16,971,424
Segment direct expenses	28,829	167,127	5,120,240	887,464	278,607	6,482,267
Inter segment expense allocation	47,967	163,074	5,287,097	786,969	-	6,285,107
Total expenses	76,796	330,201	10,407,337	1,674,433	278,607	12,767,374
Provisions	-	233,540	2,668,909	(883,218)	(24,106)	1,995,125
Profit / (loss) before tax	190,760	77,698	(2,434,317)	4,421,127	(46,343)	2,208,925
Statement of financial position						
Cash & Bank balances	-	-	35,452,642	-	-	35,452,642
Investments	-	229,555,015	-	1,711,262	-	231,266,277
Net inter segment lending	12,716,606	-	118,125,304	90,374,890	2,339,620	223,556,420
Lendings to financial institutions	-	31,939,044	-	-	-	31,939,044
Advances - net						
Advances - performing	901,279	-	75,492,738	165,301,183	5,245,278	246,940,478
Advances - non-performing	-	-	7,835,772	6,090,497	-	13,926,269
Advances - (Provisions) / reversals - net	-	-	(3,430,477)	(3,252,332)	-	(6,682,809)
	901,279	-	79,898,033	168,139,348	5,245,278	254,183,938
Others	-	-	-	-	31,446,953	31,446,953
Total Assets	13,617,885	261,494,059	233,475,979	260,225,500	39,031,851	807,845,274
Borrowings	16,336	31,875,041	9,535,196	29,047,737	-	70,474,310
Subordinated debt	-	6,996,800	-	-	-	6,996,800
Deposits & other accounts	13,597,573	-	219,428,193	227,679,248	-	460,705,014
Net inter segment borrowing	-	222,622,218	-	934,202	-	223,556,420
Others	3,976	-	4,512,590	2,564,313	17,007,768	24,088,647
Total liabilities	13,617,885	261,494,059	233,475,979	260,225,500	17,007,768	785,821,191
Equity	-	-	-	-	22,024,083	22,024,083
Total Equity & liabilities	13,617,885	261,494,059	233,475,979	260,225,500	39,031,851	807,845,274
Contingencies & Commitments	-	50,618,828	37,186,792	15,060,805	110,947	102,977,372

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	2020					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Others	Total
	----- Rupees in '000 -----					
Profit & Loss						
Net mark-up / return / interest / (expense)	-	14,285,475	(8,543,152)	4,034,968	-	9,777,291
Inter segment revenue - net	-	(17,035,715)	16,914,719	120,996	-	
Non mark-up / return / income	93,161	2,905,042	2,349,650	1,258,710	69,794	6,676,357
Total Income	93,161	154,802	10,721,217	5,414,674	69,794	16,453,648
Segment direct expenses	33,286	149,059	6,711,460	1,081,529	314,749	8,290,083
Inter segment expense allocation	-	334,127	2,664,330	1,862,559	-	4,861,016
Total expenses	33,286	483,186	9,375,790	2,944,088	314,749	13,151,099
Provisions	-	344,219	124,158	811,231	-	1,279,608
Profit / (loss) before tax	59,875	(672,603)	1,221,269	1,659,355	(244,955)	2,022,941
Statement of financial position						
Cash & Bank balances	-	20,722,345	10,804,855	-	-	31,527,200
Investments	2,891,836	198,806,637	-	-	-	201,698,473
Net inter segment lending	-	-	129,898,985	109,429,008	11,732,961	251,060,954
Lendings to financial institutions	-	23,239,672	-	-	-	23,239,672
Advances - net						
Advances - performing	-	-	52,152,981	190,515,793	-	242,668,774
Advances - non-performing	-	-	4,760,888	6,972,667	-	11,733,555
Advances (Provisions) - net	-	-	(938,040)	(3,265,123)	-	(4,203,163)
	-	-	55,975,829	194,223,337	-	250,199,166
Others	-	4,590,700	3,570,545	3,315,506	14,027,140	25,503,891
Total Assets	2,891,836	247,359,354	200,250,214	306,967,851	25,760,101	783,229,356
Borrowings	-	12,208,219	1,996,091	34,099,102	-	48,303,412
Subordinated debt	-	7,492,800	-	-	-	7,492,800
Deposits & other accounts	-	-	166,087,049	266,975,544	-	433,062,593
Net inter segment borrowing	2,891,836	227,156,281	21,012,836	-	-	251,060,953
Others	-	502,054	11,154,238	5,893,204	5,167,893	22,717,389
Total liabilities	2,891,836	247,359,354	200,250,214	306,967,850	5,167,893	762,637,147
Equity	-	-	-	-	20,592,208	20,592,208
Total Equity & liabilities	2,891,836	247,359,354	200,250,214	306,967,850	25,760,101	783,229,355
Contingencies & Commitments	-	60,973,417	44,793,723	18,141,644	133,642	124,042,426

Notes to the Unconsolidated Financial Statements

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41.2 Segment details with respect to geographical locations

	2021		
	Pakistan	Bahrain	Total
	----- Rupees in '000 -----		
Profit & Loss			
Net mark-up / return / profit	11,480,019	414,730	11,894,749
Inter segment revenue - net	38,222	(38,222)	-
Non mark-up / return / interest income	4,924,671	152,004	5,076,675
Total Income	16,442,912	528,512	16,971,424
Segment direct expenses	6,280,862	201,405	6,482,267
Inter segment expense allocation	6,244,503	40,604	6,285,107
Total expenses	12,525,365	242,009	12,767,374
Provisions	2,057,451	(62,326)	1,995,125
Profit before tax	1,860,096	348,829	2,208,925
Statement of financial position			
Cash & Bank balances	35,233,450	219,192	35,452,642
Investments	229,555,022	1,711,255	231,266,277
Net inter segment lending	220,055,275	3,501,145	223,556,420
Lendings to financial institutions	31,939,044	-	31,939,044
Advances - performing	238,134,364	8,806,114	246,940,478
Advances - non-performing	13,926,269	-	13,926,269
Advances - (Provisions) / reversals - Net	(6,682,809)	-	(6,682,809)
	245,377,824	8,806,114	254,183,938
Others	31,276,046	170,907	31,446,953
Total Assets	793,436,661	14,408,613	807,845,274
Borrowings	66,385,227	4,089,083	70,474,310
Subordinated debt	6,996,800	-	6,996,800
Deposits & other accounts	455,218,749	5,486,265	460,705,014
Net inter segment borrowing	220,055,275	3,501,145	223,556,420
Others	23,999,986	88,661	24,088,647
Total liabilities	772,656,037	13,165,154	785,821,191
Equity	20,780,624	1,243,459	22,024,083
Total Equity & liabilities	793,436,661	14,408,613	807,845,274
Contingencies & Commitments	98,260,319	4,717,053	102,977,372

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	2020		
	Pakistan	Bahrain	Total
	----- Rupees in '000 -----		
Profit & Loss			
Net mark-up / return / profit	9,442,805	334,486	9,777,291
Inter segment revenue - net	20,830	(20,830)	-
Non mark-up / return / interest income	6,513,962	162,395	6,676,357
Total Income	15,977,597	476,051	16,453,648
Segment direct expenses	12,951,890	199,209	13,151,099
Inter segment expense allocation	-	-	-
Total expenses	12,951,890	199,209	13,151,099
Provisions	1,141,263	138,345	1,279,608
Profit before tax	1,884,444	138,497	2,022,941
Statement of financial position			
Cash & Bank balances	29,191,991	2,335,209	31,527,200
Investments	197,608,101	4,090,372	201,698,473
Net inter segment lending	251,060,954	-	251,060,954
Lendings to financial institutions	23,239,672	-	23,239,672
Advances - performing	238,236,892	4,431,882	242,668,774
Advances - non-performing	11,733,555	-	11,733,555
Advances - (Provisions) / reversals - net	(4,181,836)	(21,327)	(4,203,163)
	245,788,611	4,410,555	250,199,166
Others	25,335,531	168,360	25,503,891
Total Assets	772,224,860	11,004,496	783,229,356
Borrowings	48,211,222	92,190	48,303,412
Subordinated debt	7,492,800	-	7,492,800
Deposits & other accounts	425,531,719	7,530,874	433,062,593
Net inter segment borrowing	248,719,379	2,341,574	251,060,953
Others	22,638,412	78,977	22,717,389
Total liabilities	752,593,532	10,043,615	762,637,147
Equity	19,631,328	960,880	20,592,208
Total Equity & liabilities	772,224,860	11,004,495	783,229,355
Contingencies & Commitments	115,794,298	8,248,128	124,042,426

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42. TRUST ACTIVITIES

The Bank under takes 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 are shown in the table below:

Category	2021			
	Securities Held (Face Value)			
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk
		----- Rupees in '000 -----		
Charitable Institutions	3	80,000	92,000	-
Companies	11	3,014,840	4,346,100	-
Employees Funds	48	8,128,370	14,344,900	165,000
Individuals	45	1,047,285	389,500	-
Insurance Companies	9	5,156,500	109,554,000	6,869,000
Others	9	3,577,400	12,187,700	-
Total	125	21,004,395	140,914,200	7,034,000

Category	2020			
	Securities Held (Face Value)			
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk
		----- Rupees in '000 -----		
Assets Management Companies	1	23,000	-	-
Charitable Institutions	1	-	142,000	-
Companies	13	2,373,860	25,560,800	-
Employees Funds	51	7,194,410	17,927,950	69,000
Individuals	43	919,290	431,500	-
Insurance Companies	8	24,076,000	84,255,700	1,621,500
Others	11	15,370,700	7,882,700	-
Total	128	49,957,260	136,200,650	1,690,500

43. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, directors and Key Management Personnel and other related parties.

The Banks enters into transactions with related parties in the ordinary course of business and 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.

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Details of transactions with related parties, other than those which have been specially disclosed elsewhere in these unconsolidated financial statements are as follows:

	As at December 31, 2021						As at December 31, 2020					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000											
Statement of Financial Position												
Lendings to financial institutions												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	6,300,000	-	-	-	-	-	4,100,000
Repaid during the year	-	-	-	-	-	(6,300,000)	-	-	-	-	-	(4,100,000)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Investments												
Opening balance	-	-	-	1,919,121	269,800	2,720,901	-	-	-	1,919,121	228,972	1,617,327
Investment made during the year	-	-	-	-	-	1,350,000	-	-	-	-	40,828	4,009,279
Investment redeemed / disposed off during the year	-	-	-	-	-	(1,594,011)	-	-	-	-	-	(2,905,705)
Closing balance	-	-	-	1,919,121	269,800	2,476,890	-	-	-	1,919,121	269,800	2,720,901
Provision for diminution in value of investments	-	-	-	-	-	110,151	-	-	-	-	-	277,456
Advances												
Opening balance	-	122,106	779,655	193,550	370,768	4,093,430	-	-	596,257	-	-	1,946,481
Addition during the year	-	11,327	192,519	-	294,076	4,026,927	-	58	265,948	193,550	153,128	6,402,913
Repaid during the year	-	(39,222)	(176,926)	(96,775)	(222,529)	(3,193,931)	-	(832)	(150,821)	-	(2,235)	(5,488,750)
Transfer in / (out) - net	-	31,558	(337,067)	-	-	302,893	-	122,880	68,271	-	219,875	1,232,786
Closing balance	-	125,769	458,181	96,775	442,315	5,229,319	-	122,106	779,655	193,550	370,768	4,093,430
Other Assets												
Interest / mark-up accrued	-	3,588	505	537	10,917	79,089	-	2,801	6	1,253	954	52,998
Receivable against bancassurance / bancatakaful	-	-	-	-	-	20,889	-	-	-	-	-	28,051
Net defined benefit plan	-	-	-	-	-	318,319	-	-	-	-	-	317,581
Dividend Receivable	-	-	-	127,626	-	-	-	-	-	-	-	-
Other receivable	-	-	-	-	-	379	-	-	-	-	-	379
Provision against other assets	-	-	-	-	-	379	-	-	-	-	-	(379)
Borrowings												
Opening balance	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-	-	-	-	-	-	11,105,705
Settled during the year	-	-	-	-	-	-	-	-	-	-	-	(11,105,705)
Closing balance	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
Opening balance	172,019	212,335	76,237	1,638,770	49,753	10,365,166	271,648	24,444	59,593	1,246,363	23,104	8,622,201
Received during the year	8,763,862	1,236,232	673,723	498,611,727	1,732,714	295,223,429	5,511,316	511,942	973,685	499,101,485	861,135	160,825,941
Withdrawn during the year	(8,023,554)	(1,098,789)	(667,310)	(498,895,530)	(1,741,157)	(291,943,860)	(5,610,945)	(324,417)	(869,813)	(498,707,020)	(834,486)	(159,215,607)
Transfer in / (out) - net	-	38,628	(40,423)	-	-	754,045	-	366	(87,228)	(2,058)	-	132,631
Closing balance	912,327	388,406	42,227	1,354,967	41,310	14,398,780	172,019	212,335	76,237	1,638,770	49,753	10,365,166

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	As at December 31, 2021						As at December 31, 2020					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000											
Subordinated debt												
Opening balance	-	-	-	-	-	889,432	-	-	-	-	-	889,588
Issued during the year	-	-	-	-	-	-	-	-	-	-	-	-
Redeemed during the year	-	-	-	-	-	(199,746)	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	(49,910)	-	-	-	-	-	(156)
Closing balance	-	-	-	-	-	639,776	-	-	-	-	-	889,432
Other Liabilities												
Interest / return / mark-up payable on deposits	-	-	-	-	-	40,440	-	-	85	-	-	153,374
Interest / return / mark-up payable on subordinated debt	-	-	-	-	-	787	-	-	-	-	-	1,308
Donation Payable	-	-	-	-	-	41,178	-	-	-	-	-	-
Others payable	-	-	-	-	-	-	-	-	-	353	-	-
Represented By												
Share Capital	9,733,073	31,173	3,500	-	-	45,395	9,733,073	19,180	12,223	-	-	45,323
Contingencies and Commitments												
Letter of guarantee	-	-	-	-	-	21,419	-	-	-	-	-	29,054
Letter of Credit	-	-	-	-	-	201,246	-	-	-	-	-	86,543
	For the year ended December 31, 2021						For the year ended December 31, 2020					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000											
Profit and loss account												
Income												
Mark-up / return / interest earned	-	9,728	23,011	4,334	21,088	280,152	-	3,279	42,627	3,204	5,816	178,695
Fee and commission income	300	161	145	1,501	851	136,324	-	11	784	-	-	227,206
Dividend income	-	-	-	382,878	-	180,570	-	-	-	-	-	90,633
(Loss) / gain on sale of securities - net	-	-	-	-	-	(56,901)	-	-	-	-	-	242,439
Reversal / (provisions) and write offs - net												
Reversal / (provisions) for diminution in value of Investments - net	-	-	-	-	(48,000)	215,305	-	-	-	-	-	(212,434)
Expense												
Mark-up / return / interest paid	72,255	19,706	1,329	129,353	2,536	988,981	46,099	3,490	3,204	156,221	2,600	1,135,034
Commission / charges paid	-	-	-	3,794	-	-	-	-	-	9,215	-	-
Remuneration paid	-	60,067	377,596	-	-	-	-	54,790	414,220	-	-	-
Non-executive directors' fee	-	17,450	-	-	-	-	-	19,950	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	248,152	-	-	-	-	-	159,436
Net charge for defined benefit plans	-	-	-	-	-	(211,129)	-	-	-	-	-	229,001
Donation	-	-	-	-	-	3,000	-	-	-	-	-	112,841
Rental expense	-	-	-	-	-	-	-	-	-	-	-	195
Advisory fee	-	-	-	-	-	7,420	-	-	-	-	-	-
Other expenses	1,425	333	-	-	-	1,262	2,036	-	-	-	-	1,899
Reimbursement of expenses	33,278	288	4,491	-	-	65	-	869	6,632	-	-	30,598
Payments made during the year												
Insurance premium paid	-	-	-	-	-	588,182	-	-	-	-	-	405,171
Insurance claims settled	-	-	-	-	-	15,242	-	-	-	-	-	6,339
Defined benefit plans paid	-	-	-	-	-	-	-	-	-	-	-	151,881
Other Transactions												
Sale of Government Securities	195,331	-	-	-	-	105,603,967	585,477	1,645	-	-	-	113,055,811
Purchase of Government Securities	-	-	-	-	-	14,336,615	-	-	-	-	-	43,560,278
Sale of Foreign Currencies	-	-	-	-	-	46,081,123	-	-	-	-	-	365,069,253
Purchase of Foreign Currencies	-	-	-	-	-	17,650,739	-	-	-	-	-	60,142,942

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	2021	2020
	----- Rupees in '000 -----	
44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	10,119,242	10,119,242
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	17,554,963	16,227,512
Eligible Additional Tier 1 (ADT 1) Capital	2,500,000	2,251,350
Total Eligible Tier 1 Capital	20,054,963	18,478,862
Eligible Tier 2 Capital	5,754,681	4,621,001
Total Eligible Capital (Tier 1 + Tier 2)	25,809,644	23,099,863
Risk Weighted Assets (RWAs):		
Credit Risk	159,682,820	155,761,884
Market Risk	868,345	1,144,972
Operational Risk	26,892,646	23,981,730
Total	187,443,811	180,888,586
<p>The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for banks to be raised to Rs.10,000 million by the year ending December 31, 2013. The paid-up capital of the Bank as at December 31, 2021 stood at Rs. 10,119.242 million (2020: Rs. 10,119.242 million) and is in compliance with SBP requirements.</p> <p>The Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.5% and 7.5%, respectively, as at December 31, 2021. As at December 31, 2021 the Bank is fully compliant with prescribed ratios, as the Bank's CAR is 13.77% whereas CET 1 and Tier 1 ratios stood at 9.37% and 10.70% respectively. The Bank has complied with all capital requirements throughout the year.</p> <p>Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.</p>		
	2021	2020
	----- Rupees in '000 -----	
Common Equity Tier 1 Capital Adequacy ratio	9.37%	8.97%
Tier 1 Capital Adequacy Ratio	10.70%	10.22%
Total Capital Adequacy Ratio	13.77%	12.77%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	20,054,963	18,478,862
Total Exposures	649,144,741	605,685,437
Leverage Ratio	3.09%	3.05%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	191,897,219	157,850,263
Total Net Cash Outflow	66,462,622	57,017,766
Liquidity Coverage Ratio	288.73%	276.84%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	376,145,622	357,021,802
Total Required Stable Funding	294,820,480	256,068,898
Net Stable Funding Ratio	127.58%	139.42%

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44.1 The link to the full disclosure is available at <https://jsbl.com/knowledge-centre/investor-information/>

45. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

- a) The individuals who take or manage risks clearly understand it;
- b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);
- c) Risk taking decisions are in line with the business strategy and objectives set by BoD;
- d) The expected payoffs compensate for the risks taken;
- e) Risk taking decisions are explicit and clear;
- f) Sufficient capital as a buffer is available to take risk; and
- g) Risk management function is independent of risk taking unit.

The Bank has a comprehensive set of Risk Management policies, practices and procedures which enable the Bank to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Bank which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of the Bank includes:

- a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;
- b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Bank, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC), Portfolio Management Committee (PMC), Operational Risk Management Committee (ORMC), Remedial Management Committee (RMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the Bank and provides guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adheres to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. PMC monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. ORMC oversees the effectiveness of operational risk management for maintenance and implementation of operational risk management framework. It also monitors the Business Continuity Planning and reviews findings of any other management or board's sub committee. Remedial Management Committee (RMC) oversees the progress of non performing loans and cases under litigation along with the recommendation of transferring of any NPL to Corporate Restructuring Company (CRC). Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the Bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.
- c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and

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- d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Bank has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) comprises of the President / Chief Executive Officer (CEO), Chief Risk Officer, Chief Operating Officer, Chief Credit Officer, Chief Financial Officer, Chief Compliance Officer, Group Head Corporate & Public Sector Government, Group Head Operations, Chief of Staff, Group Head Retail Banking, Head of Human Resources, and Chief Product & Marketing Officer.
- Asset - Liability Committee (ALCO) comprises of the President / Chief Executive Officer (CEO), Treasurer, Chief Risk Officer, Chief Credit Officer, Group Head Investment Banking, Chief Financial Officer and attended by Other Business Heads.
- Central Credit Committee (CCC) comprising of the President / CEO, Chief Operating Officer, Chief Credit Officer, Group Head Corporate & Public Sector Government, Group Head Emerging Corporate (South), Group Head Emerging Corporate (Central & North) and Head of Environmental Risk (for environmental risk only).
- Portfolio Management Committee (PMC) comprises of President/CEO, Chief Risk Officer, Chief Credit Officer, Group Head Corporate & Public Sector Government, Group Head Retail Banking, Heads of Credit Risk, Head CAD, Head of Consumer Risk, and Head Enterprise Risk Management.
- Operational Risk Management Committee (ORMC) comprises of the Chief of Staff, Chief Risk Officer, Chief Compliance Officer, Chief Information Officer, Group Head Operations, Head of Human Resources, Chief Product & Marketing Officer, Group Head Retail Banking, Group Head Customer Experience and Head Enterprise Risk Management .
- Remedial Management Committee (RMC) comprises of President/CEO, Chief Risk Officer, Chief Credit Officer, Chief of Staff, Chief Operating Officer, Chief Financial Officer, Head of SAM, CAD Head, Credit Risk Heads and Head of Legal.
- IT Steering Committee (ITSC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Operations & Technology, Chief Information Officer, Chief Information Security Officer, Chief of Staff, Group Head Investment Banking & Emerging Business, Chief Digital Officer, Country Head Branch Banking Operations and Head Product Development & Consumer Business.
- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer (CRO) and comprises of Heads of Market & Liquidity Risks, Operational Risk and Treasury Middle Office, Consumer & Program Lending Risk, Information Security, Agricultural Credit Risk, Strategic Projects & Quantitative Analysis and Enterprise Risk Management.
- Credit Risk Group (CRG) is also an independent function to business and is headed by Chief Credit Officer (CCO). Credit Risk Heads dealing in corporate, emerging corporate, middle market, small & medium enterprises, financial institutions and international operations are reporting into CCO. Special Assets Management (SAM) and Credit Administration (CAD) also report into CCO.

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Risk Matrix / Categories

The Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

Risk Appetite

The Bank's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

The Bank's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

45.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Bank's Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Bank's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

45.1.1 Credit risk: Standardised approach

The Bank has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

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Exposures	VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	✓	✓	-	-	-
Banks	✓	✓	✓	✓	✓
SME's (retail exposures)	✓	✓	-	-	-
Sovereigns	✓	✓	✓	✓	✓
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid provided by SBP as given below:

Long - Term Ratings Grades Mapping

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

Short - Term Ratings Grades Mapping

SBP	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F1	P-1	A-1+, A-1
S2	A-2	A-2	F2	P-2	A-2
S3	A-3	A-3	F3	P-3	A-3
S4	Others	Others	Others	Others	Others

45.1.2 Policies and processes for collateral valuation and management as regards Basel II;

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares, TFCs and Mutual Funds Listed on the Main Index.

Notes to the Unconsolidated Financial Statements

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Under the Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

Particulars of bank's significant on-balance sheet credit risk in various sectors are analysed as follows:

	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
45.1.3 Lendings to financial institutions	----- Rupees in '000 -----					
Credit risk by public / private sector						
Public/ Government	-	-	-	-	-	-
Private	31,939,044	23,240,897	-	-	-	1,225
	<u>31,939,044</u>	<u>23,240,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,225</u>
45.1.4 Investment in debt securities	----- Rupees in '000 -----					
Credit risk by industry sector						
Textile	62,151	65,022	62,151	65,022	62,151	65,022
Chemical and Pharmaceuticals	224,860	249,860	149,860	149,860	149,860	149,860
Power (electricity), Gas, Water, Sanitary	-	71,429	-	-	-	-
Refinery	222,310	307,454	-	-	-	-
Transport, Storage and Communication	424,400	710,902	179,600	155,169	179,600	155,169
Financial	2,134,796	4,490,084	-	-	-	-
Services	1,232,393	1,265,104	-	-	-	-
Others	352,151	-	-	-	-	-
	<u>4,653,061</u>	<u>7,159,855</u>	<u>391,611</u>	<u>370,051</u>	<u>391,611</u>	<u>370,051</u>
Public/ Government	1,309,843	3,764,021	-	-	-	-
Private	3,343,218	3,395,834	391,611	370,051	391,611	370,051
	<u>4,653,061</u>	<u>7,159,855</u>	<u>391,611</u>	<u>370,051</u>	<u>391,611</u>	<u>370,051</u>

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	Gross Advances		Non-performing Advances		Provision held	
	2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----						
45.1.5 Advances						
Credit risk by industry sector						
Agri finance	8,027,954	7,797,960	1,046,333	433,949	177,836	107,329
Automobile and transportation equipment	5,177,551	3,912,821	117,934	117,937	68,591	64,829
Brokerage	6,074,435	8,866,882	-	-	-	-
Cement	2,810,958	2,236,379	-	-	-	-
Chemical	1,726,569	1,422,319	275,765	314,405	24,404	-
Construction	436,454	356,077	-	-	-	-
Electronics and electrical appliances	901,207	823,973	344	5,991	-	-
Engineering, IT and other services	9,707,357	9,453,353	129,803	82,124	35,465	31,683
Fertilizer	3,440,575	3,484,915	1,453,709	1,367,103	1,351,420	1,349,130
Financial	644,422	1,635,853	-	-	-	-
Food / confectionery / beverages	33,802,746	34,253,338	1,285,045	1,057,765	799,965	351,621
Individuals	41,580,993	33,122,827	2,322,009	2,041,082	1,306,803	506,898
Insurance and security	4,115	10,451	-	-	-	-
Metal and steel	10,485,379	9,966,050	2,129,918	2,607,092	1,394,682	722,969
Mining and quarrying	184,613	137,220	-	-	-	-
Paper / board / furniture	1,683,452	1,674,874	74,782	82,782	18,136	2,608
Petroleum, oil and gas	4,310,287	5,122,089	143,264	95,053	57,989	37,160
Pharmaceuticals	3,172,228	5,289,290	4,577	4,577	-	-
Plastic	2,193,775	1,962,424	1,186,513	561,763	190,561	-
Power and water	19,259,020	23,897,355	153,041	156,241	70,064	19,130
Real estate	4,743,512	4,203,207	1,510,929	1,306,057	43	13
Shipbreaking	85,230	300,214	85,230	-	85,230	-
Storage	151,720	82,245	20,000	20,000	-	-
Sugar	1,028,786	2,042,589	203,048	200,000	201,416	200,000
Tele-communication	1,778,739	2,838,926	-	-	-	-
Textile						
Composite	7,920,223	7,573,233	231,408	322,262	218,772	304,345
Ginning	1,415,806	1,281,801	33,014	34,539	842	9,065
Spinning	7,315,182	5,768,619	243,985	278,441	243,985	278,441
Weaving	10,577,926	8,669,251	49,623	47,284	29,097	19,653
	27,229,137	23,292,904	558,030	682,526	492,696	611,504
Transportation	31,773,063	35,246,740	263,818	73,283	95,091	53,958
Trust and non-profit organisations	64,874	56,043	-	-	-	-
Tyre	362,366	267,203	-	-	-	-
Wholesale and retail trade	12,575,049	12,161,474	553,312	372,302	170,533	106,964
Others	25,450,181	18,484,334	408,865	151,523	28,904	16,040
	<u>260,866,747</u>	<u>254,402,329</u>	<u>13,926,269</u>	<u>11,733,555</u>	<u>6,569,829</u>	<u>4,181,836</u>
Credit risk by public / private sector						
Public/ Government	44,996,232	52,248,485	-	-	-	-
Private	215,870,515	202,153,844	13,926,269	11,733,555	6,569,829	4,181,836
	<u>260,866,747</u>	<u>254,402,329</u>	<u>13,926,269</u>	<u>11,733,555</u>	<u>6,569,829</u>	<u>4,181,836</u>

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		Contingencies and commitments	
		2021	2020
		----- Rupees in '000 -----	
45.1.6	Credit risk by industry sector		
	Automobile and transportation equipment	2,362,615	2,371,968
	Brokerage	882,879	850,500
	Cement	537,508	779,749
	Chemical	886,114	1,126,160
	Construction	21,818,090	22,694,392
	Electronics and electrical appliances	710,863	496,139
	Engineering, IT and other services	2,138,942	3,293,028
	Fertilizer	1,367,611	2,350,294
	Financial	30,581,783	43,920,788
	Food / confectionery / beverages	3,281,255	2,855,033
	Individuals	487,572	592,229
	Insurance and security	18,830	28,234
	Metal and steel	4,707,191	4,629,296
	Paper / board / furniture	1,421,643	808,302
	Petroleum, oil and gas	971,191	656,214
	Pharmaceuticals	1,390,255	856,079
	Plastic	423,076	715,399
	Power and water	161,575	795,807
	Real estate	7,022,164	16,516,933
	Shipbreaking	16,965	56,758
	Sugar	8,851	8,601
	Tele-communication	1,358,623	1,172,080
	Textile		
	Composite	2,144,343	1,384,271
	Ginning	268,866	277,552
	Spinning	2,667,336	3,497,170
	Weaving	1,317,149	1,532,406
		6,397,694	6,691,399
	Transportation	94,127	30,537
	Trust and non-profit organisations	800	116,293
	Tyre	50,178	89,489
	Wholesale and retail trade	3,491,088	3,320,259
	Others	10,387,889	6,220,466
		102,977,372	124,042,426
	Credit risk by public / private sector		
	Public/ Government	-	-
	Private	102,977,372	124,042,426
		102,977,372	124,042,426

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45.1.7 Concentration of Advances

The bank top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 81,101.77 million (2020: Rs. 95,329.829 million) are as following:

	Note	2021 ----- Rupees in '000 -----	2020
Funded	45.1.7.1	56,655,814	64,985,417
Non Funded	45.1.7.2	24,445,956	30,344,412
Total Exposure		<u>81,101,770</u>	<u>95,329,829</u>

45.1.7.1 There are no classified advances placed under top 10 exposures.

45.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 91,409.56 million (2020: Rs. 107,031.73 million).

45.1.8 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2021							
	Disbursements	Utilization						
		Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
		----- Rupees in '000 -----						
Punjab	93,498,987	93,498,987	-	-	-	-	-	-
Sindh	130,560,717	-	130,560,717	-	-	-	-	-
KPK including FATA	3,562,470	-	-	3,562,470	-	-	-	-
Balochistan	365,284	-	-	-	365,284	-	-	-
Islamabad	15,168,259	-	-	-	-	15,168,259	-	-
AJK including Gilgit-Baltistan	828,605	-	-	-	-	-	828,605	-
Bahrain	13,538,873	-	-	-	-	-	-	13,538,873
Total	257,523,195	93,498,987	130,560,717	3,562,470	365,284	15,168,259	828,605	13,538,873

Province / Region	2020							
	Disbursements	Utilization						
		Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
		----- Rupees in '000 -----						
Punjab	87,425,286	87,425,286	-	-	-	-	-	-
Sindh	152,675,348	-	152,675,348	-	-	-	-	-
KPK including FATA	1,055,415	-	-	1,055,415	-	-	-	-
Balochistan	244,399	-	-	-	244,399	-	-	-
Islamabad	16,845,491	-	-	-	-	16,845,491	-	-
AJK including Gilgit-Baltistan	247,017	-	-	-	-	-	247,017	-
Bahrain	8,441,218	-	-	-	-	-	-	8,441,218
Total	266,934,174	87,425,286	152,675,348	1,055,415	244,399	16,845,491	247,017	8,441,218

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45.2 Market Risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of the Bank, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Bank is exposed to in its trading book.

The Bank has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Bank's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk Unit reports directly to Head ERM and is responsible for ensuring the implementation of market risk policy in line with the Bank's strategy.

Risk reporting undertaken by the market risk function includes:

- a) Portfolio Reports
- b) Limit monitoring reports
- c) Sensitivity analysis; and
- d) Stress testing of the portfolio

Currently, the Bank is using the market risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

45.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- Rupees in '000 -----						
Cash and balances						
with treasury banks	34,266,856	-	34,266,856	30,421,231	-	30,421,231
Balances with other banks	1,185,786	-	1,185,786	1,105,969	-	1,105,969
Lendings to financial institutions	31,939,044	-	31,939,044	23,239,672	-	23,239,672
Investments	230,156,873	1,109,404	231,266,277	176,694,699	25,003,774	201,698,473
Advances	254,183,938	-	254,183,938	250,199,166	-	250,199,166
Fixed assets	10,167,038	-	10,167,038	7,599,538	-	7,599,538
Intangible assets	3,134,577	-	3,134,577	2,486,725	-	2,486,725
Deferred tax assets	-	-	-	-	-	-
Other assets	18,145,338	-	18,145,338	14,678,428	-	14,678,428
Non-current assets held for sale	-	-	-	739,200	-	739,200
	<u>583,179,450</u>	<u>1,109,404</u>	<u>584,288,854</u>	<u>507,164,628</u>	<u>25,003,774</u>	<u>532,168,402</u>

45.2.2 Foreign Exchange Risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Bank lies within the defined appetite of the Bank.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

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Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Bank's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

	2021			
	Assets	Liabilities	Net Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
United States Dollar	19,780,680	23,841,299	4,052,182	(8,437)
Great Britain Pound	421,358	2,976,148	2,483,091	(71,699)
Euro	772,279	908,826	143,374	6,827
Other currencies	202,750	1,175,390	1,037,696	65,056
	<u>21,177,067</u>	<u>28,901,663</u>	<u>7,716,343</u>	<u>(8,253)</u>
	2020			
	Assets	Liabilities	Net Off-balance sheet items	Net foreign currency exposure
	----- Rupees in '000 -----			
United States Dollar	20,731,596	28,340,649	7,925,120	316,067
Great Britain Pound	690,248	2,767,203	1,692,641	(384,314)
Euro	2,028,206	1,324,879	(938,258)	(234,931)
Other currencies	542,006	397,092	(96,962)	47,952
	<u>23,992,056</u>	<u>32,829,823</u>	<u>8,582,541</u>	<u>(255,226)</u>
	2021			
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			

Impact of 1% change in foreign exchange rates on

- Profit and loss account	-	3,425	-	2,552
- Other comprehensive income	-	-	-	-

45.2.3 Equity position Risk

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Bank mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, and following the guidelines laid down in the Bank's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

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Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	229,752	-	221,940	-

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

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. The gap analysis between the market rate sensitive assets and liabilities is given below:

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
Impact of 1% change in interest rates on				
- Profit and loss account	1,030,260	10,659	830,207	459,243
- Other comprehensive income	(1,315,776)	(392)	(1,401,710)	(13,396)

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45.3 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Bank manages this risk by matching/re-pricing of assets and liabilities. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

2021											
Effective yield interest	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instrument
rate - %	Rupees in '000										
On-balance sheet financial instruments											
Assets											
-	34,266,856	2,616,420	-	-	-	-	-	-	-	-	31,650,436
-	1,185,786	-	-	-	-	-	-	-	-	-	1,185,786
10.55	31,939,044	28,653,126	3,285,918	-	-	-	-	-	-	-	-
7.88	231,266,277	32,773,123	143,526,508	19,675,425	18,886,414	283,104	2,710,744	1,407,458	3,489,677	-	8,503,824
10.11	254,183,938	199,360,166	28,503,505	10,254,218	858,422	469,345	834,738	1,507,983	1,507,344	3,531,777	7,356,440
-	14,686,425	-	-	-	-	-	-	-	-	-	14,686,425
	567,528,326	263,402,835	175,315,931	29,923,643	19,744,836	762,449	3,545,482	2,915,441	4,997,021	3,531,777	63,382,911
Liabilities											
-	7,038,886	-	-	-	-	-	-	-	-	-	7,038,886
5.84	70,474,310	12,767,722	31,999,709	3,716,042	15,724,911	425,884	570,467	2,945,091	2,324,474	-	-
8.18	460,705,014	172,902,810	44,308,572	57,801,750	51,951,487	6,769,307	3,682,923	1,707,630	45,360	-	121,535,175
13.09	6,996,800	-	-	6,996,800	-	-	-	-	-	-	-
-	15,664,113	-	-	-	-	-	-	-	-	-	15,664,113
	560,879,123	185,670,532	76,308,281	68,514,592	67,676,398	7,195,201	4,253,390	4,652,721	2,369,834	-	144,238,174
	6,649,203	77,732,303	99,007,650	(38,584,949)	(47,931,562)	(6,432,752)	(707,909)	(1,737,280)	2,627,187	3,531,777	(80,855,263)
On-balance sheet financial instruments											
Commitments in respect of forward purchase, currency swaps, options and commitments to extent credits											
	19,392,439	6,715,012	5,151,416	5,278,025	1,779,761	488,225	-	-	-	-	-
Commitments in respect of forward sale, currency swaps and options contacts											
	(10,736,262)	(6,501,664)	(2,123,851)	(499,148)	(1,377,299)	(234,300)	-	-	-	-	-
Off-balance sheet gap											
	8,656,177	213,348	3,027,565	4,778,877	402,462	233,925	-	-	-	-	-
Total yield / interest risk sensitivity gap											
	77,945,651	102,035,215	(33,806,072)	(47,529,100)	(6,198,827)	(1,737,280)	2,627,187	3,531,777	(80,855,263)		
Cumulative yield / interest risk sensitivity gap											
	77,945,651	179,980,866	146,174,794	96,645,684	92,446,867	91,738,959	90,001,679	92,628,866	96,160,643		

Rupees in '000

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		2020										Non-interest bearing financial instrument
Effective yield interest rate - %	Total	Up to 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 -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	30,421,231	2,261,337	-	-	-	-	-	-	-	28,159,894	
Balances with other banks	-	1,105,969	-	-	-	-	-	-	-	-	1,105,969	
Lendings to financial institutions	6.56	23,239,672	18,351,972	4,887,700	-	-	-	-	-	-	-	
Investments - net	8.03	201,698,473	33,368,890	92,486,042	42,997,826	13,795,354	7,241,191	1,386,421	135,586	3,747,419	6,539,744	
Advances - net	8.36	250,199,166	204,905,144	20,326,844	10,212,582	641,483	263,840	695,674	1,885,879	1,674,415	6,619,149	
Other assets	-	12,866,729	-	-	-	-	-	-	-	-	12,866,729	
		519,531,240	256,887,343	117,700,586	53,210,408	14,436,837	7,505,031	2,082,085	2,021,465	5,421,834	55,291,485	
Liabilities												
Bills payable	-	4,981,983	-	-	-	-	-	-	-	-	4,981,983	
Borrowings	2.88	48,303,412	12,866,768	13,316,211	4,720,046	70,980	13,221,857	540,672	2,387,886	1,178,983	-	
Deposits and other accounts	6.94	433,062,593	164,808,483	54,886,725	35,168,621	64,716,449	2,264,241	82,723	3,134,515	-	108,020,836	
Subordinated debt	10.12	7,492,800	7,492,800	-	-	-	-	-	-	-	-	
Other liabilities	-	16,541,154	-	-	-	-	-	-	-	-	16,541,154	
		510,381,942	185,168,051	68,182,936	39,888,667	64,787,429	15,486,098	623,395	5,522,410	1,178,983	129,543,973	
		9,149,298	73,719,292	49,517,650	13,321,741	(50,350,562)	(7,981,067)	1,458,700	(3,500,945)	4,242,851	(74,252,488)	
On-balance sheet financial instruments												
Commitments in respect of forward purchase contracts and commitments to extend credits		24,898,370	8,127,500	11,419,586	3,996,659	1,296,986	57,639	-	-	-	-	
Commitments in respect of forward exchange contracts - sale		(18,642,840)	(10,702,206)	(3,031,387)	(2,619,805)	(2,231,803)	(57,639)	-	-	-	-	
		6,255,530	(2,574,706)	8,388,199	1,376,854	(934,817)	-	-	-	-	-	
Off-balance sheet gap												
Total yield / interest risk sensitivity gap												
		71,144,586	57,905,849	14,698,595	(51,285,409)	(7,981,067)	1,458,700	(3,500,945)	4,242,851	2,974,156	(74,252,488)	
Cumulative yield / interest risk sensitivity gap												
		71,144,586	129,050,435	143,749,030	92,463,621	84,482,554	86,683,160	82,440,309	86,683,160	89,657,316	-	
Reconciliation to total assets												
Balance as per balance sheet												
		584,288,854	532,168,402	532,168,402	532,168,402	532,168,402	532,168,402	532,168,402	532,168,402	532,168,402	532,168,402	
Less: Non financial assets												
Fixed assets		10,167,038	7,599,538	7,599,538	7,599,538	7,599,538	7,599,538	7,599,538	7,599,538	7,599,538	7,599,538	
Intangible assets		3,134,577	2,486,725	2,486,725	2,486,725	2,486,725	2,486,725	2,486,725	2,486,725	2,486,725	2,486,725	
Deferred tax assets - net		-	-	-	-	-	-	-	-	-	-	
Other assets		3,458,913	1,811,689	1,811,689	1,811,689	1,811,689	1,811,689	1,811,689	1,811,689	1,811,689	1,811,689	
Non-current assets held for sale		16,760,528	12,637,162	12,637,162	12,637,162	12,637,162	12,637,162	12,637,162	12,637,162	12,637,162	12,637,162	
		567,528,826	519,531,240	519,531,240	519,531,240	519,531,240	519,531,240	519,531,240	519,531,240	519,531,240	519,531,240	

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45.4 Liquidity risk

Liquidity risk is the risk that the Bank will not be able to raise funds to meet its commitments. The Bank's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis.

The Bank's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Bank. The Bank's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding sources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Bank generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Bank prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Bank. These include liquidity ratios, Concentration analysis, Gap reports, Stress testing, Liquidity Coverage ratio & Net Stable Funding Ratio analysis etc.

45.4.1 Maturities of Assets and Liabilities - based on contractual maturities

	2021										
	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 9 months	Over 9 months to 1 year	Over 1 year to 5 years	Over 5 years
Total											
----- Rupees in '000 -----											
Assets											
Cash and balances with treasury banks	34,266,856	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,185,786	19,975,317	3,875,015	4,802,794	3,285,918	11,284,542	18,037,585	18,886,214	17,527,073	6,319,534	4,217,757
Lendings to financial institutions	31,939,044	-	10,662,728	19,885,483	81,350,214	15,599,042	18,994,835	10,372,244	14,571,890	25,431,607	23,175,116
Investments	231,266,277	-	192,000	19,885,483	19,971,499	15,993,042	18,994,835	10,372,244	14,571,890	25,431,607	23,175,116
Advances	254,163,938	84,214,932	2,282,278	6,014,733	137,639	1,437,900	399,811	393,263	354,090	1,244,228	839,404
Fixed assets	10,167,038	2,111	14,562	307,867	12,227	722,780	36,566	36,569	36,535	144,149	132,167
Intangible assets	3,134,577	441	2,859	6,511	12,227	722,780	36,566	36,569	36,535	144,149	132,167
Deferred tax assets - net	-	-	3,900	16,448,818	1,048,079	213,424	429,895	1,222	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-
Non-current assets held for sale	18,145,338	-	-	-	-	-	-	-	-	-	-
	584,288,854	119,670,126	22,464,528	16,468,744	105,005,576	29,257,688	37,888,692	29,688,512	32,489,588	33,139,518	28,364,444
Liabilities											
Bills payable	7,038,886	1,642,407	3,284,813	1,877,036	4,899,301	3,716,042	10,099,952	5,624,959	425,884	570,467	2,324,474
Borrowings	70,474,310	306,720	9,996,530	525,579	27,763,145	57,801,750	25,548,314	35,253,690	6,769,307	3,682,923	45,380
Deposits and other accounts	460,705,014	16,968,798	4,596,376	36,426,930	16,945,427	900	900	900	2,501,800	1,996,200	2,495,000
Subordinated debt	6,996,800	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,385,648	-	-	1,626	(84,887)	(9,523)	(44,996)	(12,772)	129,430	202,707	185,584
Other liabilities	15,664,113	3,123,906	-	200,805	9,664,028	171,037	221,916	351,061	924,206	518,719	479,063
	562,284,771	231,266,620	28,608,735	40,445,290	53,224,976	61,695,812	35,603,270	41,217,938	10,750,637	6,971,016	5,313,368
Net assets	22,024,083	(111,595,494)	(6,144,207)	7,020,916	52,800,600	(23,796,920)	(5,913,759)	(8,728,250)	22,388,881	21,393,428	48,239,498
Share capital	10,119,242	-	-	-	-	-	-	-	-	-	-
Reserves	2,331,070	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	2,467,168	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	7,106,613	-	-	-	-	-	-	-	-	-	-
	22,024,083	-	-	-	-	-	-	-	-	-	-

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2020														
	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	
Total	Rupees in '000													
Assets														
Cash and balances with treasury banks	30,421,231	-	-	-	-	-	-	-	-	-	-	-	-	
Balances with other banks	1,105,969	-	-	-	-	-	-	-	-	-	-	-	-	
Lending to financial institutions	23,239,672	3,500,000	3,291,063	9,075,080	4,887,700	44,446,234	12,966,751	1,006,802	7,947,713	4,772,925	3,470,764	20,180,264		
Investments	201,698,473	-	13,786,643	16,960,223	71,635,378	19,565,688	9,544,829	13,087,897	31,914,264	21,520,367	13,641,989	8,305,111		
Advances	250,199,166	2,515,294	1,282,175	9,566,816	14,007,429	356,226	352,328	320,673	1,198,183	947,931	967,673	2,818,935		
Fixed assets	7,599,538	1,999	11,092	78,862	121,156	223,310	29,612	29,598	117,664	115,429	198,284	1,722,923		
Intangible assets	2,486,725	335	2,343	5,356	10,043	-	-	-	-	-	-	-		
Deferred tax assets - net	-	-	-	-	518,574	534,067	35,125	-	-	-	-	-		
Other assets	14,678,428	-	433,835	13,115,780	41,047	-	-	739,200	-	-	-	-		
Non-current assets held for sale	739,200	-	-	-	-	-	-	-	-	-	-	-		
	532,168,402	125,721,847	6,028,394	18,789,000	48,802,117	19,181,978	90,759,797	64,932,035	22,928,645	15,184,170	41,177,824	27,356,652	18,278,710	33,027,233
Liabilities														
Bills payable	4,981,963	1,162,463	2,324,925	1,328,529	-	-	-	-	-	-	-	-	-	
Borrowings	48,303,412	368,146	9,724,181	2,540,060	5,539,400	7,776,811	4,720,046	26,292	44,687	13,221,857	540,672	2,387,895	3,134,514	1,178,984
Deposits and other accounts	433,062,593	217,192,381	9,135,642	19,179,855	29,458,673	25,408,052	35,168,621	13,995,688	56,641,519	2,264,241	82,723	3,134,514	-	-
Subordinated debt	7,492,800	-	-	-	-	-	1,000	-	1,000	2,000	5,493,600	1,995,200	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,194,252	-	-	1,913	(70,329)	(3,502)	(35,557)	(35,292)	(42,574)	110,333	176,118	158,819	827,329	934,323
Other liabilities	16,541,154	-	-	385,097	10,561,165	266,283	502,414	101,165	700,828	1,778,734	1,311,459	827,329	-	106,680
	511,576,194	217,592,828	10,666,251	33,449,790	23,435,454	45,488,909	33,447,644	40,356,524	57,345,460	17,377,165	7,604,572	8,503,757	9,774,953	2,219,987
Net assets	<u>20,592,208</u>	<u>(91,870,981)</u>	<u>(4,637,857)</u>	<u>(14,660,790)</u>	<u>25,366,663</u>	<u>(26,306,931)</u>	<u>57,312,153</u>	<u>24,575,511</u>	<u>(42,161,290)</u>	<u>23,800,659</u>	<u>19,752,080</u>	<u>9,774,953</u>	<u>30,807,246</u>	<u></u>
Share capital - net														
Share capital - net	10,119,242													
Reserves	1,991,170													
Surplus on revaluation of assets - net of tax	2,334,123													
Unappropriated profit	6,147,673													
	<u>20,592,208</u>													

For the year ended December 31, 2021

45.4.2 Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

Share capital - net
Reserves
Surplus on revaluation
assets - net of tax
Unappropriated profits

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

2020

		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Total										
Rupees in '000										
Assets										
Cash and balances with treasury banks	30,421,231									
Balances with other banks	1,105,969									
Lending to financial institutions	23,239,672	18,351,972	4,887,700							
Investments	201,698,473	30,746,866	76,160,154	44,446,234	13,973,553	7,947,713	4,772,925	3,470,764	20,180,264	
Advances	250,199,166	33,881,197	31,253,743	26,199,571	80,557,471	31,914,264	17,826,671	13,641,989	5,182,115	9,742,145
Fixed assets	7,599,538	104,894	532,695	356,226	673,001	1,198,183	947,931	967,673	668,086	2,150,849
Intangible assets	2,486,725	10,042	233,353	29,820	59,210	117,664	115,429	198,284	259,299	1,463,624
Deferred tax assets - net										
Other assets	14,678,428	13,549,615	559,621	534,067	35,125					
Non-current assets held for sale	739,200				739,200					
	532,168,402	128,171,766	113,827,266	71,565,918	96,037,560	41,177,824	23,662,956	18,278,710	26,289,764	13,356,618
Liabilities										
Bills payable	4,981,983									
Borrowings	48,303,412	12,866,768			70,979					
Deposits and other accounts	433,062,593	54,275,887	13,316,211	4,720,046	80,264,150	18,199,605	13,101,050	2,387,895	1,178,984	
Subordinated debt	7,492,800			43,747,135	80,264,150	18,199,605	13,101,050	162,199,249		
Liabilities against assets subject to finance lease				1,000	1,000	2,000	5,493,600	1,995,200		
Deferred tax liabilities - net	1,194,252	1,913								
Other liabilities	16,541,154	385,097	(73,831)	(35,557)	(77,866)	110,333	176,118	158,819	934,323	
	511,576,194	72,511,648	10,827,448	502,414	801,993	1,778,734	1,311,459	827,329	106,680	
Net assets	20,592,208	55,680,138	28,281,921	22,630,880	81,060,256	33,312,529	20,622,899	167,588,492	2,219,987	
					14,977,304	7,865,295	3,040,057	(149,289,782)	24,069,777	13,356,618
Share capital - net	10,119,242									
Reserves	1,991,170									
Surplus on revaluation of assets - net of tax	2,334,123									
Unappropriated profit	6,147,673									
	20,592,208									

45.4.3 To identify the behavioural maturities of non-contractual assets and liabilities, the Bank has used the following methodology:

For determining the core portion of non contractual liabilities (non-volatile portion), the bank has used the average method whereby average balance maintained over past five years has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using average volatility in respective period / bucket.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

45.5 OPERATIONAL RISK

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operational Risk Management into a separate distinct discipline, the Bank's strategy is to further strengthen its risk management system along new industry standards. Accordingly the Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management framework across the bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

Bank's operational risk management process involves a structured and uniform approach across the Bank. It includes risk identification and assessments, the monitoring of Key Risk Indicators (KRIs) and Risk & Control Self-Assessment (RCSA) activities for key operational risks. In order to build a robust operational risk monitoring mechanism, an Operational Risk Management Committee (ORMC) has been constituted to effectively address operational risk issues.

The bank has implemented a comprehensive "Operational Risk Management Policy" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Policy is aimed at laying out clearly defined roles and responsibilities of individuals / units across different functions of the Bank that are involved in performing various operational risk management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This policy has been devised to explain the various building blocks of the operational risk management functions and their inter-relationships. The policy also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the Bank.

The ORM Unit conducts operational risk assessment for all major functions of the Bank and assists various functions of the Bank in developing RCSA and KRIs which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operational risk incidents and loss data collection is governed by Bank's Operational Risk Management Policy and process documents which have been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Bank's Business Continuity (BCP) Policy includes risk management strategies to mitigate inherent risks and prevent interruption of mission critical services caused by disaster events. The resilience of BCP is tested and rehearsed on an annual basis by the Bank.

46. DERIVATIVE RISK

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). Bank's Asset & Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The nature, scope and purpose of derivatives business, for trading purposes or hedging purpose and the types of derivative in which they deal.

The overall responsibility for offering derivative products and sustaining profitability lies with the Treasurer and in his absence with his delegate. The Market Risk Unit / Treasury Middle Office of the Bank responsible for measurement & monitoring of the market risk exposures, analysis of present and potential risk factors.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

The Market Risk Unit also monitors associated Credit, Market and Liquidity Risk in line with Board of Directors approved limit framework. The unit coordinates with the business regarding approvals for derivatives risk limits and produces various reports / analysis for ALCO / BRMC on periodic basis. These reports provide details of outstanding un-hedged positions, profitability and status of compliance with limits. Treasury Operations records derivatives activity in the Bank's books and is responsible for reporting to the SBP.

The derivative transaction such as Cross Currency Swaps carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. Bank's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities. The Bank can hedge its risk by taking on & off-balance sheet position in interbank market, where available.

47. CUSTOMER SATISFACTION AND FAIR TREATMENT

JS Bank Customer Experience (JSBCE) Group organize, plan and monitor Bank's Customer experience on all touchpoints to ensure optimized interaction between the Bank and its customers. JSBCE Group develops and implement strategies useful in improving customer relationship, dedication, and satisfaction. Our core values – client centricity, resonates directly with effective grievance management, complaint handling and listening to voice of customers to fully understand the needs of our customers and stakeholders to adapt our product and services and exceed their expectations.

A total of 23,261 complaints were received by the Bank in 2021 and the average time taken to resolve these complaints was 6 working days. The complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Complaint management process is kept as transparent as possible through logging, acknowledgement, interim response where applicable and resolution of complaints. Customers are also given the option of contacting the Banking Ombudsman (Mohtasib) in case they are dissatisfied with the response received from the Bank.

To create enhanced visibility of the recourse mechanism available to its customers,, the Bank has incorporated awareness messages of its complaint handling function in several customer communications such as account statements, ATM screens and SMS messages. Complete grievance redressal mechanism, touchpoints and online feedback forms have been made available through the Bank's website, and email broadcasts have been sent to the customers for customers education and awareness.

JS Bank Contact Center supports customers interactions across a range of channels, including phone calls, email, SMS chat, Whatsapp, Website form and the emerging adoption of social media interactions, and is distinct from telephony-only call centers. JS Bank Contact Centre is equipped with trained professionals who offer a wide array of information and problem resolution support round the clock. The customers are further facilitated by key underlying technologies include automatic call distribution, computer-telephony integration, and interactive voice response.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2021

48. GENERAL

48.1 These unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

48.2 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

48.3 The figures in these unconsolidated financial statements have been rounded off to the nearest thousand.

49. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on March 02, 2022.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman



339 970
56 969
1 817
58
6

373 9
804 0
1 296 7
1 859 31
2 499 80
3 227 07
4 050 935
R 28 331



Consolidated Financial Statements

Start at

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Directors' Report On Consolidated Financial Statement

For the year ended December 31, 2021

On behalf of the Board of Directors, we are pleased to present the Annual Report on the audited consolidated financial statements of JS Bank Limited (the 'Bank') and its subsidiaries and the auditors' report thereon for the year ended December 31, 2021.

Consolidated financial highlights

	2021	2020
	(PKR million)	
Profit/(Loss) before taxation	2,258	2,169
Taxation	(1,041)	(1,060)
Profit/(Loss) after taxation	1,217	1,108
Profit/(Loss) attributable to non-controlling interest	23	(2)
Profit/(Loss) attributable to equity holders of the Bank	1,194	1,110
Profit/(Loss) per share - Basic (Rupees)	0.92	0.86
Investments – net	232,221	201,808
Total assets	589,329	536,077
Deposits	459,350	431,424
Shareholders' equity	23,832	22,916

Pattern of Shareholding

The pattern of shareholding as of December 31, 2021 is included in the Annual Report.

Subsidiary Companies

JS Global Capital Limited

JS Global Capital Limited is one of the largest securities brokerage and investment banking firms in Pakistan with a leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. It was incorporated in Pakistan on June 28, 2000 and is the successor to the securities business of Jahangir Siddiqui & Co. Ltd. and Bear Stearns Jahangir Siddiqui Limited. JS Bank has 92.90% ownership of the company.

JS Global has a paid-up capital of PKR 275 million and shareholder equity of PKR 2,196 million as of December 31, 2021. It is listed on the Pakistan Stock Exchange.

PACRA has assigned long-term and short-term entity ratings to JS Global of "AA" (Double A) and "A1+" (A One plus), respectively. The ratings denote a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.

Summarized results of the company are set out below:

	PKR million	
Particulars	December 31, 2021 (Audited)	December 31, 2020 (Audited)
Profit Before Tax	535	290
Profit After Tax	411	207
EPS (Rupees)	14.27	6.77

JS Investments Limited

JS Investments Limited (JSIL) has a paid-up capital of PKR 618 million and shareholder equity of PKR 1,504 million as of December 31, 2021. It is listed on the Pakistan Stock Exchange. JS Bank has 84.56% ownership of the company.

The company is a licensed Investment Adviser and Asset Management Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, JSIL also has a license for Pension Fund Manager under the Voluntary Pension System Rules 2005 and the Private Equity & Venture Capital Fund Management Services license from the Securities and Exchange Commission of Pakistan.

System Rules 2005 and the Private Equity & Venture Capital Fund Management Services license from the Securities and Exchange Commission of Pakistan .

:Summarized results of the Company are set out below

Particulars	PKR million	
	December 31,2021 (Audited)	December 31,2020 (Audited)
Profit/(Loss) before tax	(289)	(23)
Profit/(Loss) after tax	(300)	(40)
EPS (Rupees)	(4.86)	(0.64)

For and on behalf of the Board,

Basir Shamsie
President & CEO

Adil Matcheswala
Director

March 02, 2022

درجہ بندی مالیاتی وعدوں کی بروقت ادائیگی کے لیے انتہائی مضبوط صلاحیت سے پیدا ہونے والے کریڈٹ رسک کی بہت کم توقع کی نشاندہی کرتی ہے۔

کمپنی کے نتائج کا خلاصہ درج ذیل ہے	31 دسمبر، 2021 (پڑتال شدہ)	31 دسمبر، 2020 (پڑتال شدہ)	روپے ملین میں
تفصیلات			
قبل از ٹیکس منافع	535	290	
بعد از ٹیکس منافع	411	207	
ای پی ایس (روپے)	14.27	6.77	

جے ایس انویسٹمنٹ لمیٹڈ

31 دسمبر، 2021 تک جے ایس انویسٹمنٹ لمیٹڈ (جے ایس آئی ایل) کا ادا شدہ سرمایہ 618 ملین روپے جبکہ شیئرز ہولڈر کا سرمایہ 1,504 ملین روپے ہے۔ یہ پاکستان سٹاک ایکس چینج میں درج ہے۔ جے ایس بینک کمپنی کی 84.56 فیصد کی ملکیت رکھتی ہے۔

جے ایس انویسٹمنٹ لائنس یافتہ انویسٹمنٹ ایڈوائزرز اور ایسٹ پیمنٹ کمپنی ہے جو نان بینکنگ فنانس کمپنیز (اسٹبلشمنٹ اینڈ ریگولیشنز) قواعد، 2003 (این بی ایف سی) اور نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینڈ ریگولیشنز ریگولیشنز 2008 (این بی ایف سی ریگولیشنز) کے تحت کام کرتی ہے۔ اس کے علاوہ جے ایس آئی ایل کے پاس والٹری پنشن فنڈ کے تحت پنشن فنڈ منیجر اور سیکورٹیز اینڈ ایکس چینج کمیشن آف پاکستان سے پرائیویٹ ایکویٹی اینڈ ونچر فنڈ منیجمنٹ سروسز کا بھی لائسنس ہے۔

کمپنی کے نتائج کا خلاصہ درج ذیل ہے	31 دسمبر، 2021 (پڑتال شدہ)	31 دسمبر، 2020 (پڑتال شدہ)	روپے ملین میں
تفصیلات			
قبل از ٹیکس منافع	(289)	(23)	
بعد از ٹیکس منافع	(300)	(40)	
ای پی ایس (روپے)	(4.86)	(0.64)	

بورڈ کی طرف سے

عادل ماچس والا
ڈائریکٹر
باصرتی
صدر اور سی ای او

2 مارچ، 2022

بورڈ آف ڈائریکٹرز کی طرف ہم 31 دسمبر، 2021 کو ختم ہونے والے سال کیلئے جے ایس بی لمیٹڈ (دی بینک) اور اس کی ذیلی کمپنیوں کے پڑتال شدہ حتمی مالیاتی نتائج اور آڈیٹرز رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں

حتمی مالیاتی نتائج کے حدود خال

2020	2021	
		پاکستانی روپے ملین میں
2,169	2,258	قبل از ٹیکس منافع / (خسارہ)
(1,060)	(1,041)	ٹیکس کی ادائیگی
1,108	1,217	بعد از ٹیکس منافع / (خسارہ)
(2)	23	نان کنٹرولنگ انٹریٹ سے منسوب منافع / (خسارہ)
1,110	1,194	بینک کے ایکویٹی ہولڈرز سے منسوب منافع / (خسارہ)
0.86	0.92	فی حصص منافع / (خسارہ) - بنیادی (روپے)
201,808	232,221	سرمایہ کاریاں - صافی
536,077	589,329	کل اثاثے
431,424	459,350	ڈیبٹرز
22,916	23,558	شیئرز ہولڈرز سرمایہ

شیئرز ہولڈنگ کا پیٹرن

31 دسمبر، 2021 تک شیئرز ہولڈنگ کا پیٹرن سالانہ رپورٹ میں شامل ہے

ذیلی کمپنیاں

جے ایس گلوبل کمپنیل لمیٹڈ

جے ایس گلوبل کمپنیل لمیٹڈ مقامی سرمایہ منڈیوں میں قائدانہ پوزیشن کے ساتھ پاکستان کی سب سے بڑی سیکورٹیز بروکرز اور انویسٹمنٹ فرموں میں سے ایک فرم ہے جو ایکویٹی، فکسڈ آمدن، کرنسیوں اور کموڈٹیز بروکرز اور انویسٹمنٹ بینکنگ کے کاروبار سے منسلک ہے۔ جے ایس گلوبل کمپنیل لمیٹڈ کا پاکستان میں 28 جون، 2000 میں قیام عمل میں لایا گیا اور یہ جہانگیر صدیقی اینڈ کمپنی لمیٹڈ اور بیسٹ اسٹریٹس جہانگیر صدیقی لمیٹڈ کے سیکورٹیز کاروبار کا جانشین ہے۔ جے ایس بینک کے پاس کمپنی کے 92.90 فیصد کی ملکیت ہے۔

جے ایس گلوبل کے پاس 31 دسمبر، 2021 تک ادا شدہ سرمایہ 275 ملین روپے ہے اور شیئرز ہولڈرز سرمایہ 2,196 ملین روپے ہے۔ یہ پاکستان سٹاک ایکس چینج میں درج ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آراے) نے جے ایس گلوبل کو لانگ ٹرم اینٹی سی ریٹنگ -AA (ڈبل اے مائنس) شارٹ ٹرم کریڈٹ ریٹنگ -A1+ (اے ون پلس) تفویض کی ہے۔ یہ



KPMG Taseer Hadi & Co.
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Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
+92 (21) 35685847, Fax +92 (21) 35685095

INDEPENDENT AUDITOR'S REPORT

To the members of JS Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **JS Bank Limited** (the Bank) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 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.



KPMG Taseer Hadi & Co.

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 are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against advances (Refer note 10.4 to the financial statements)</p> <p>The Group's Advances portfolio includes fund-based and non-funded financing facilities.</p> <p>As per the Group's accounting policy (refer note 4.6.1 to the financial statements), the Group determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) in respect of potential credit losses in the portfolio.</p> <p>The Prudential Regulations require specific provisioning against loan losses on the basis of an age-based criteria which should be supplemented by a subjective evaluation of group's credit portfolio. The determination of loan loss provision against financing, therefore, involves use of management judgment, on a case to case basis, taking into</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested the operating effectiveness of key controls established by the Group to identify loss events and for determining the extent of provisioning required against non-performing loans. <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> Controls over correct classification and provisioning of non-performing financing on time-based criteria; Controls over monitoring of financing with higher risk of default and correct classification of non-performing financing on subjective criteria; <ul style="list-style-type: none"> In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total advances portfolio and performed the following substantive procedures for sample loan accounts: <ul style="list-style-type: none"> verified repayments of loan / profit installments and checked that non-performing financing have been correctly classified and categorized based on the number of days overdue; and



KPMG Taseer Hadi & Co.

S.No.	Key Audit Matters	How the matter was addressed in our audit
	<p>account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Group.</p> <p>In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified provision as a significant area of audit judgment and a key audit matter.</p>	<ul style="list-style-type: none"> - examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate. • Analyzed the accuracy of specific provision made against non-performing financing and of general provision by recomputing the provision amount after considering the benefit of forced sales value, if any, in accordance with the criteria prescribed under the Prudential Regulations. • Where the management has not identified indicators displaying impairment, reviewed the credit history, account movement, financial ratios, report on security maintained and challenged the management's assessment based on our view of the credit from the review of credit file.



KPMG Taseer Hadi & Co.

S.No.	Key Audit Matters	How the matter was addressed in our audit
2	<p>Valuation of investments</p> <p>(Refer note 9 to the consolidated financial statements)</p> <p>The carrying value of investments held by the Group amounted to Rs. 232,221.074 million, which constitutes 39.40% of the Group's total assets as at 31 December 2021.</p> <p>The significant portion of the investments comprise of government, debt and equity securities.</p> <p>Investments are carried at cost or fair value in accordance with the Group's accounting policy relating to their recognition. Provision against investments is made based on impairment policy of the Group which includes both objective and subjective factors.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the consolidated financial statements and because assessing the key impairment assumptions involves management judgment.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; Assessed on a test basis the valuation of investments in the portfolio, as recorded in the general ledger, to supporting documents, externally quoted market prices and break-up values including the significant and prolonged decline in fair value of equity investments for impairment; Obtained independent confirmations for verifying the existence of the investment portfolio as at 31 December 2021 and reconciled it with the books and records of the Group. Where such confirmations were not available, alternate procedures were performed; Evaluated the Group's assessment of available for sale financial assets for any additional impairment in accordance with the relevant accounting standards as applicable in Pakistan and performed an independent assessment of the assumptions and conclusions; and Considered the Group's disclosures of investments, such as the fair value hierarchy, to the requirements of the accounting standards.



KPMG Taseer Hadi & Co.

S.No.	Key Audit Matters	How the matter was addressed in our audit
3	<p>Impairment testing of goodwill</p> <p>As at 31 December 2021, intangible assets include goodwill amounting to Rs. 1,463.624 million acquired as a result of scheme of amalgamation as disclosed in note 12 to the financial statements.</p> <p>Goodwill is required to be annually assessed for impairment under IAS-36 "Impairment of Assets". Accordingly, Management has performed an impairment test of the goodwill which is subjective in nature due to assumptions made about future performance.</p> <p>As disclosed in note 12, the Group uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions.</p> <p>Due to the significance and impact of the assumptions and judgements involved, the impairment testing of goodwill is considered to be a key audit matter.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • Evaluated the model used in determining the value in use as well as assessing the discount rate used; • Compared the cash flow forecasts to approved budgets and other relevant market and economic information, as well as testing the underlying calculations; • Involved our internal valuation specialists to review and evaluate management's key assumptions used in impairment calculations; • Performed sensitivity analyses around the key assumptions used in the models. • Assessed the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable financial reporting framework.



KPMG Taseer Hadi & Co.

Information other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1982 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.



KPMG Taseer Hadi & Co.

Auditors' 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.



KPMG Taseer Hadi & Co.

- 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 to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 6th March 2021.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Taufiq.

Date: 06 March 2022

Karachi

UDIN: AR202110106tZlj1WrSU

KAMR Taseer - 1
KPMG Taseer Hadi & Co.
Chartered Accountants

Consolidated Statement of Financial Position

As at December 31, 2021

2021	2020		2021	2020
----- USD in '000 -----		Note	----- Rupees in '000 -----	
ASSETS				
194,133	172,347	6	34,267,180	30,421,531
6,955	6,391	7	1,227,606	1,128,135
180,944	131,659	8	31,939,044	23,239,672
1,315,600	1,143,299	9	232,221,074	201,807,654
1,442,190	1,418,903	10	254,566,072	250,455,534
65,175	51,139	11	11,504,329	9,026,764
17,853	14,251	12	3,151,210	2,515,549
-	-		-	-
115,869	94,855	13	20,452,393	16,743,107
-	4,188	11.3	-	739,200
3,338,719	3,037,032		589,328,908	536,077,146
LIABILITIES				
39,877	28,224	14	7,038,886	4,981,983
408,176	273,653	15	72,048,604	48,303,412
2,602,351	2,444,141	16	459,350,047	431,423,822
-	-		-	-
39,639	42,449	17	6,996,800	7,492,800
7,235	6,139	18	1,277,069	1,083,590
106,424	112,601	19	18,785,095	19,875,838
3,203,702	2,907,207		565,496,501	513,161,445
135,017	129,825	NET ASSETS	23,832,407	22,915,701
REPRESENTED BY				
57,328	57,328		10,119,242	10,119,242
13,206	11,281		2,331,069	1,991,169
18,293	18,399	21	3,228,929	3,247,593
43,990	39,823		7,764,840	7,029,251
132,817	126,831		23,444,080	22,387,255
2,200	2,994		388,327	528,446
135,017	129,825		23,832,407	22,915,701

CONTINGENCIES AND COMMITMENTS 22

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Consolidated Profit and Loss Account

For the year ended December 31, 2021

2021 ----- USD in '000 -----	2020		Note	2021 ----- Rupees in '000 -----	2020
222,234	244,696	Mark-up / return / interest earned	24	39,227,333	43,192,069
154,097	188,548	Mark-up / return / interest expensed	25	27,200,186	33,281,347
68,137	56,148	Net mark-up / interest income		12,027,147	9,910,722
NON MARK-UP / INTEREST INCOME					
25,035	24,780	Fee, commission and brokerage income	26	4,419,039	4,373,942
1,163	765	Dividend income		205,317	135,120
6,736	5,724	Foreign exchange income		1,189,061	1,010,345
47	97	Income from derivatives		8,316	17,045
924	10,880	Gain on securities	27	163,131	1,920,510
108	(86)	Share of (loss) / profit associates		19,006	(15,257)
222	619	Other income	28	39,160	109,306
34,235	42,779	Total non mark-up / interest income		6,043,030	7,551,011
102,372	98,927	Total Income		18,070,177	17,461,733
NON MARK-UP / INTEREST EXPENSES					
78,057	78,754	Operating expenses	29	13,778,191	13,901,226
312	263	Workers' welfare fund	30	55,103	46,472
3	519	Other charges	31	494	91,639
78,372	79,536	Total non-mark-up / interest expenses		13,833,788	14,039,337
24,000	19,391	Profit before provisions		4,236,389	3,422,396
11,208	7,102	Provisions and write offs - net	32	1,978,414	1,253,585
-	-	Extraordinary / unusual items		-	-
12,792	12,289	PROFIT BEFORE TAXATION		2,257,975	2,168,811
5,895	6,007	Taxation	33	1,040,543	1,060,376
6,897	6,282	PROFIT AFTER TAXATION		1,217,432	1,108,435
Attributable to:					
6,768	6,291	Equity holders of the Bank		1,194,695	1,110,373
129	(9)	Non-controlling interest		22,737	(1,938)
6,897	6,282			1,217,432	1,108,435
----- US Dollar -----			----- Rupee -----		
0.005	0.005	Basic and diluted earnings per share	34	0.92	0.86

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2021

2021	2020		2021	2020
----- USD in '000 -----			----- Rupees in '000 -----	
6,897	6,282	Profit after taxation for the year	1,217,432	1,108,435
		Other comprehensive income / (loss)		
		Items that may be reclassified to profit and loss account in subsequent periods		
448	65	Effect of translation of net investment in foreign branch	79,022	11,485
(738)	10,829	Movement in fair value of investments at FVOCI - net of tax (Pakistan operations)	(130,323)	1,911,420
(691)	452	Movement in fair value of debt investments at FVOCI - net of tax (Bahrain Operations)	(122,036)	79,793
(1)	(13)	Share of other comprehensive loss from associated companies - net of tax	(169)	(2,316)
(1,430)	11,268		(252,528)	1,988,897
		Items that will not be reclassified to profit and loss account in subsequent periods:		
(727)	1,648	Remeasurement gain / (loss) on defined benefit obligations - net of tax	(128,339)	290,980
1,503	427	Movement in surplus on revaluation of operating fixed assets - net of tax	265,286	75,356
(64)	218	Movement in surplus on revaluation of non-banking assets - net of tax	(11,296)	38,398
129	-	Movement in fair value of equity investments at FVOCI - net of tax (Bahrain operations)	22,787	-
-	7	Share of other comprehensive income from associated companies - net of tax	-	1,216
841	2,300		148,438	405,950
(141)	13,633	Total other comprehensive income	(25,068)	2,406,332
6,756	19,915	Total comprehensive (loss) / income	1,192,364	3,514,767
		Attributable to:		
6,764	19,728	Equity holders of the Bank	1,193,903	3,482,182
(8)	187	Non-controlling interest	(1,539)	32,585
6,756	19,915		1,192,364	3,514,767

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Consolidated Statement of Changes in Equity

For the year ended December 31, 2021

	Attributable to shareholders of the Bank									
	Share capital	Reserve		Surplus / (deficit) on revaluation of			Unappropriated profit	Sub-total	Non-controlling interest	Total
		Statutory reserve *	Capital reserve - exchange translation	Investments	Fixed assets	Non banking assets				
----- Rupees in '000 -----										
Balance as at January 01, 2020	10,119,242	1,646,167	103,505	(365,795)	1,581,550	92,776	5,795,596	18,973,041	508,271	19,481,312
Total comprehensive income for the year ended December 31, 2020										
Profit / (loss) after taxation	-	-	-	-	-	-	1,110,373	1,110,373	(1,938)	1,108,435
Other comprehensive income / (loss) - net of tax	-	-	11,485	1,956,690	76,572	38,398	288,664	2,371,809	34,523	2,406,332
	-	-	11,485	1,956,690	76,572	38,398	1,399,037	3,482,182	32,585	3,514,767
Transfer to statutory reserve	-	230,012	-	-	-	-	(230,012)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax										
Fixed assets	-	-	-	-	(40,378)	-	40,378	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(94)	94	-	-	-
Non-current assets held for sale	-	-	-	-	(92,126)	-	92,126	-	-	-
Pre-acquisition surplus (net) on available-for-sale investments realised during the year	-	-	-	-	-	-	(67,968)	(67,968)	(12,410)	(80,378)
Balance as at December 31, 2020	10,119,242	1,876,179	114,990	1,590,895	1,525,618	131,080	7,029,251	22,387,255	528,446	22,915,701
Total comprehensive income for the year ended December 31, 2021										
Profit after taxation	-	-	-	-	-	-	1,194,695	1,194,695	22,737	1,217,432
Other comprehensive income / (loss) - net of tax	-	-	79,022	(205,296)	265,286	(11,296)	(128,508)	(792)	(24,276)	(25,068)
	-	-	79,022	(205,296)	265,286	(11,296)	1,066,187	1,193,903	(1,539)	1,192,364
Transfer to statutory reserve	-	260,878	-	-	-	-	(260,878)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax										
Fixed assets	-	-	-	-	(39,345)	-	39,345	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(70)	70	-	-	-
Buy-back of shares by subsidiary from NCI and others adjustments	-	-	-	-	-	-	(137,078)	(137,078)	(109,298)	(246,376)
Gain on disposal of equity investments at FVOCI transferred to retained earnings	-	-	-	(27,943)	-	-	27,943	-	-	-
Interim cash dividend to non-controlling interest by subsidiary company @ Rs. 15 per share	-	-	-	-	-	-	-	-	(29,282)	(29,282)
Balance as at December 31, 2021	10,119,242	2,137,057	194,012	1,357,656	1,751,559	119,714	7,764,840	23,444,080	388,327	23,832,407

* This represents reserve created under Section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Consolidated Cash Flow Statement

For the year ended December 31, 2021

2021 ----- USD in '000 -----	2020 -----		Note	2021 ----- Rupees in '000 -----	2020 -----
CASH FLOWS FROM OPERATING ACTIVITIES					
12,792	12,289	Profit before taxation		2,257,975	2,168,811
(1,163)	(765)	Less: Dividend income		(205,317)	(135,120)
(108)	86	(Less) / add : Share of (profit) / loss from associates		(19,006)	15,257
11,521	11,610			2,033,652	2,048,948
Adjustments:					
4,820	4,426	Depreciation		850,754	781,330
61	16	Depreciation on non-banking assets	29	10,711	2,862
5,448	5,406	Depreciation - right of use assets	29	961,584	954,275
793	669	Amortisation of intangible assets	29	139,889	118,032
(1,196)	903	(Gain) / charge for defined benefit plan		(211,129)	159,436
408	(80)	Unrealised loss on revaluation of investments classified as held-for-trading - net	27	72,072	(14,202)
(2,058)	371	Unrealised gain on revaluation of forward foreign exchange contracts		(363,187)	65,409
47	(16)	Unrealised gain on revaluation of derivative instruments - net		8,369	(2,819)
12,396	7,102	Provisions and write offs - net	32	2,188,015	1,253,585
312	263	Provision for workers' welfare fund	30	55,103	46,472
2,383	2,555	Mark-up / return / interest expense on lease liability against right-of-use assets	25	420,654	451,047
(70)	(61)	(Gain) / loss on sale of fixed assets - net	28	(12,311)	(10,682)
-	(6)	Gain on sale of assets held for sale	28	-	(1,000)
(38)	(367)	Gain on termination of leases	28	(6,692)	(64,805)
23,306	21,181			4,113,832	3,738,940
34,827	32,791			6,147,484	5,787,888
Decrease / (increase) in operating assets					
(49,278)	40,115	Lendings to financial institutions		(8,698,147)	7,080,905
129,351	175,817	Held-for-trading securities		22,832,138	31,034,008
(37,339)	(44,556)	Advances		(6,590,890)	(7,864,762)
(14,973)	6,467	Other assets (excluding advance taxation)		(2,642,915)	1,141,537
27,761	177,843			4,900,186	31,391,688
Increase / (decrease) in operating liabilities					
11,653	6,671	Bills payable		2,056,903	1,177,492
133,599	(32,130)	Borrowings		23,582,099	(5,671,449)
158,210	356,235	Deposits and other accounts		27,926,225	62,880,219
(10,532)	4,412	Other liabilities		(1,859,060)	778,760
292,930	335,188			51,706,167	59,165,022
355,518	545,822			62,753,837	96,344,598
-	(860)	Gratuity paid		-	(151,881)
(8,474)	(2,348)	Income tax paid		(1,495,708)	(414,455)
347,044	542,614	Net cash generated from operating activities		61,258,129	95,778,262
CASH FLOW FROM INVESTING ACTIVITIES					
(176,233)	(475,680)	Investments in available-for-sale securities - net		(31,107,488)	(83,963,914)
(124,831)	(18,411)	Investments in held-to-maturity securities - net		(22,034,344)	(3,249,717)
-	(231)	Investment in associated companies		-	(40,828)
1,169	759	Dividend received		206,420	134,017
(10,785)	(8,732)	Investments in fixed assets		(1,903,735)	(1,541,230)
(4,409)	(1,876)	Investments in intangible assets		(778,197)	(331,107)
467	206	Proceeds from sale of fixed assets		82,495	36,312
-	2,124	Proceeds from sale of assets held for sale		-	375,000
448	65	Effect of translation of net investment in foreign branch		79,022	11,485
(314,174)	(501,776)	Net cash flows used in investing activities		(55,455,827)	(88,569,982)
CASH FLOW FROM FINANCING ACTIVITIES					
(7,076)	(6,964)	Payment of lease liability against right of use assets		(1,249,050)	(1,229,285)
(2,810)	(11)	Subordinated debt		(496,000)	(2,000)
(1,396)	-	Shares bought back from non-controlling interest		(246,376)	-
(166)	-	Dividend paid to non-controlling interest		(29,282)	-
(11,448)	(6,975)	Net cash used in financing activities		(2,020,708)	(1,231,285)
21,422	33,863	Increase in cash and cash equivalents		3,781,594	5,976,995
177,927	144,066	Cash and cash equivalents at beginning of the year		31,406,546	25,429,551
199,349	177,929	Cash and cash equivalents at end of the year	35	35,188,140	31,406,546

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

1. STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

1.1.1 Holding Company: JS Bank Limited

JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 281 (2020: 307) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (2020: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

1.1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra-ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Limited which holds 75.02% shares of the Holding Company.

1.1.3 Composition of the Group

		Ownership interest and voting power held by			
		2021		2020	
Note		The Group	NCI	The Group	NCI
	Subsidiary				
	JS Global Capital Limited	92.90%	7.10%	83.53%	16.47%
	JS Investment Limited	84.56%	15.44%	84.56%	15.44%
	JS ABAMCO Commodities Limited	-	-	84.56%	15.44%

1.1.3.1 JS ABAMCO Commodities Limited (JSACL) did not intend to carry on the business of Futures Broker, therefore, the directors of JSIL were desirous of merging JSACL with and into JSIL. The Scheme of Arrangement under Section 284 of the Companies Act, 2017, for merger or amalgamation (the Scheme) of JSACL with and into JSIL, was approved by SECP under Rule 7(2) (cb) of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 vide its letter dated January 13, 2021. The Board of Directors of JSACL in their meeting

Notes to the Consolidated Financial Statements

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held on February 19, 2021 has approved the Scheme with effect from March 31, 2021. Subsequently, the Scheme under section 284(2) of the Companies Act, 2017, submitted with Companies Registration Office, along with Form-35, which was approved dated June 24, 2021. Therefore, with effect from March 31, 2021, JSACL is merged with JS Investments Limited and is no more an indirect subsidiary of the Holding Company.

1.1.4 Composition of the Associated Companies

	Ownership interest and voting power held by Bank	
	2021	2020
Associates		
Omar Jibran Engineering Industries Limited	9.60%	9.60%
Veda Transit Solutions (Private) Limited	3.92%	9.12%
Intercity Touring Company (Private) Limited	9.12%	9.12%

1.1.5 Subsidiary Companies

JS Global Capital Limited (JSGCL)

JS Global Capital Limited is principally owned by the Bank, holding 92.9% of its equity interest. The Holding Company acquired effective controlling interest in JS Global Capital Limited (JSGCL) on December 21, 2011, April 15, 2016, October 01, 2019 and June 02, 2021 of 51.05%, 16.11%, 16.37% and 9.37% respectively. The ownership interest has increased by 41.85%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 shares in April 15, 2016, 7,450,000 shares on October 02, 2019 and 27,477,297 share on June 02, 2021. JSGCL is a public listed company incorporated in Pakistan under the repealed Companies Ordinance, 1984. The shares of the JSGCL are listed on Pakistan Stock Exchange (PSX). Further, the JSGCL is a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of the JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the Company is situated at 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan. The Company has eight branches (2020: eight) in seven cities of Pakistan.

JS Investments Limited (JSIL)

JS Investments Limited is principally owned by the Holding Company, holding 84.56% of its equity interest. The Bank acquired effective controlling interest in JS Investments Limited (JSIL) on November 01, 2012, December 22, 2015 and August 31, 2019 of 52.24%, 12.92% and 19.40% respectively. The ownership interest has increased by 32.32% without any change in the cost of investment, due to the fact that JSIL has bought back its 38,225,744 ordinary shares out of its 100 million ordinary shares. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the repealed Companies Ordinance, 1984. The shares of the JSIL are listed on the Pakistan Stock Exchange (PSX), formerly since April 24, 2007. The registered office of the Company is situated at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

The JSIL has obtained the license of an "Investment Advisor" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, JSIL has also obtained registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

JSIL is an asset management company of the following funds:

Open end funds:

- JS Growth Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap. Fund
- JS Islamic Hybrid Fund of Funds (JSIHFOF)
- JS Islamic Hybrid Fund of Funds -3 (JSIHFOF3)
- JS Islamic Dedicated Equity Fund
- JS Islamic Daily Dividend Fund

Private Equity & Venture Capital fund:

- JS Motion Picture Fund

Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

These funds have been treated as related parties in these consolidated financial statements.

1.1.6 Associated Companies

Omar Jibran Engineering Industries Limited (OJEIL)

The Holding Company has invested in the shares of Omar Jibran Engineering Industries Limited (OJEIL), a public unlisted company. The Holding Company has classified the investment as an associate on account of its significant influence over the investee company. OJEIL was incorporated on June 25, 1987 in Pakistan as an unquoted public limited company under the repealed Companies Ordinance, 1984. The registered office of the OJEIL is situated at DSU-10, Pakistan Steel Industries Estate Bin Qasim, Karachi. The OJEIL is mainly engaged in the manufacture and sale of automotive parts and armouring of vehicles.

Veda Transit Solutions (Private) Limited

The Holding Company has invested in the shares of VEDA Transit Solutions (Private) Limited (VEDA), a private limited company. The Bank has classified the investment as an associate on account of its significant influence over the investee company. VEDA was incorporated on June 10, 2016 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of the VEDA is situated at Raaziq Logistics Centre 16 KM, Multan Road, Near Dina Nath Stop, Lahore. The VEDA is mainly engaged in the rural / urban, intracity / intercity transportation of passenger and goods.

Intercity Touring Company (Private) Limited

The Holding Company has invested in the shares of Intercity Touring Company (Private) Limited (ITC), a private limited company. The Holding Company has classified the investment as an associate on account of its significant influence over the investee company. ITC was incorporated on April 25, 2014 in Pakistan as private limited company under the repealed Companies Ordinance, 1984. The registered office of the ITC is situated at 147-P Gulberg III, Lahore. The ITC is mainly engaged in the transportation, touring and logistics related services.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies, (the "Group") and share of the profit / reserves of associates.

These consolidated financial statements have been presented in Pakistan Rupees(PKR), which is the currency of the primary economic environment in which the Holding Company operates and functional currency of the Holding Company, in that environment as well. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

Notes to the Consolidated Financial Statements

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The US Dollar amounts shown on the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are stated as additional information solely for the convenience of readers and have not been subject to audit by the external auditors. For the purpose of conversion to US Dollars, the rate of Rs. 176.5135 to 1 US Dollar has been used for 2020 and 2021 as it was the prevalent rate as on December 31, 2021.

2.2 Statement of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

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, the 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) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS 10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements.

The application of the IFRS 9 'Financial Instruments' for all companies to prepare their financial statements in accordance with the requirements of IFRS 9 was implemented by SECP for reporting period / year ending on or after June 30, 2019 (earlier application was also permitted) through its S.R.O. 229 (I)/2019 dated February 14, 2019. However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 on or after January 01, 2022 through its BPRD Circular No. 24 dated July 05, 2021. The said circular contained instructions only for quarterly parallel run reporting of IFRS 9 from March 31, 2021 and onwards of which the Bank is adequately complied. Whereas it was stated that final instructions will be issued based on the results of parallel reporting, which are yet to be issued.

As of reporting date, the guidelines and instructions on the application of IFRS 9 for the banking sector of Pakistan has not been issued by the State Bank of Pakistan (SBP), therefore, the Bank has not considered the impact of IFRS 9 for its domestic operations in these unconsolidated financial statements. The Bank has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of assets and provision/ impairment against non-performing assets.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

2.3 BASIS OF CONSOLIDATION

2.3.1 Subsidiary

- The consolidated financial statements include the financial statements of the Bank (The Holding Company) and its subsidiary companies together - "the Group".
- Subsidiaries 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 effect those return through its power over the investee except investment in mutual funds established under trust structure where IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure.
- These consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- The financial statements of the subsidiary companies are prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the holding company.
- Material intra-group balances and transactions are eliminated.

2.3.2 Associate

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.

2.3.3 Acquisition of business not under common control

Acquisitions of businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the bank, liabilities incurred by the bank to the former owners of the acquiree and the equity interests issued by the bank in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill on acquisition after July 01, 2009 is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of business combination over the Bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at proportionate share of net assets of the acquiree at the date of the acquisition.

2.3.4 Acquisition of business under common control

Acquisition of business under common control are accounted for under 'pooling of interest method'. The assets and liabilities of the combining businesses for the period in which the combination occurs are merged on the date of combination at their respective book values. Appropriate adjustments are made to the book values to reflect application consistent accounting policies in the combining businesses. Any difference between the amount of net assets merged and consideration transferred in form of cash or other assets are adjusted against equity.

Expenditure incurred in relation to the business combination are recognized as expenses in the period in which they are incurred.

2.4 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The adoption of the above standard is considered not to be relevant or do not have any significant effect on the Holding Company's operations.

2.5 The following annual improvements to approved accounting standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments

Notes to the Consolidated Financial Statements

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retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

2.6 The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

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- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The adoption of the above standard and amendments are considered not to be relevant or do not have any significant effect on the Holding Company's operations.

2.7 Critical accounting estimates and key sources of estimation uncertainty

The preparation of these consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions in accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in application of accounting policies are as follows:

i) Classification of investments

- In classifying investments as 'held-for-trading' the Group has determined securities which are acquired with an intention to trade by taking advantage of short-term market / interest rate movements and are to be sold within 90 days of acquisition.
- In classifying investments as 'held-to-maturity' the Group follows the guidance provided in SBP circulars on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.
- The investments which are not classified as 'held-for-trading' or 'held-to-maturity' are classified as 'available-for-sale'.

ii) Provision against non performing loans and advances

The Holding Company reviews its loan portfolio to assess amount of non-performing loans and advances and provision required thereagainst. While assessing this requirement various factors including the delinquency in the account, financial position of the borrowers, the value of securities and the requirements of the Prudential Regulations are considered. For portfolio impairment / provision on consumer advances, the Bank follows requirements set out in Prudential Regulations.

iii) Impairment on investments

The Group determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in securities price. In addition, impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

iv) Income taxes

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

Notes to the Consolidated Financial Statements

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v) Depreciation of fixed assets and amortization of intangible assets

In making estimates of the depreciation / amortisation method, the management uses a method which reflects the pattern in which economic benefits are expected to be consumed by the Bank. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the underlying assets, the method is changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

vi) Defined benefits plans and other benefits

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

vii) Impairment of Goodwill

Impairment testing involves a number of judgmental areas which are subject to inherent significant uncertainty, including the preparation of cash flow forecasts for the periods that are beyond the normal requirements of management reporting and the assessment of the discount rate appropriate to the business. The carrying amount of goodwill at the balance sheet date was Rs.1,464 million. The detailed assumptions underlying impairment testing of goodwill are given in note 12.7 to these consolidated financial statements.

viii) Lease term

The Group applies judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Bank is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised and its recoverable amount which is determined as higher of value-in-use and fair value less cost to sell.

3. BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for:

- Certain classes of fixed assets and non-banking assets acquired in satisfaction of claims which are stated at revalued amounts less accumulated depreciation.
- Investments classified as held-for-trading and available-for-sale and derivative financial instruments, which are measured at fair value.
- Net obligations in respect of defined benefit schemes which are carried at their present values.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are consistent with those of previous financial year.

4.1 Cash and cash equivalents

Cash and cash equivalents represent cash and balances with treasury banks and balances with other banks net of any overdrawn nostro accounts.

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4.2 Lendings to / borrowings from financial institutions

The Group enters into transactions of lendings to / borrowings from financial institutions at contracted rates for a specified period of time. These are recorded as under:

(a) Purchase under resale obligation

Securities purchased under agreement to resell (reverse repo) are not included in statement of financial position as the Bank does not obtain control over the securities. Amount paid under these agreements is included in lendings to financial institutions or advances as appropriate. The difference between the contracted price and resale price is amortised over the period of the contract and recorded as income using effective interest method.

(b) Other lendings

Other lendings include term lendings and unsecured lendings to financial institutions. These are stated net of provision. Mark-up on such lendings is charged to profit and loss account on a time proportionate basis using effective interest rate method except mark-up on impaired/delinquent lendings, which are recognized on receipt basis in accordance with the requirements of the Prudential Regulations of the SBP.

(c) Sale under repurchase obligation

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and liability to counter party is included in borrowings. The difference in sale and repurchase value is accrued over the period of the contract and recorded as an expense using effective interest rate method.

(d) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the proceeds received. Mark-up paid on such borrowings is charged to the profit and loss account over the period of borrowings on time proportionate basis using effective interest method.

4.3 Investments

4.3.1 Initial recognition and measurement

4.3.1.1 The Management determines the appropriate classification of its investments at the time of purchase in held-for-trading, available-for-sale or held-to-maturity as per SBP guidelines vide BSD circular No. 10 of 2004 dated July 13, 2004. These are initially recognised at cost, being the fair value of the consideration given plus, in the case of investments other than held-for-trading, directly attributable acquisition costs.

(a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists. These securities are carried at fair value with any related gain or loss being recognized in profit and loss account.

(b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturities that are held with the intention and ability to hold till maturity. Investments classified as held-to-maturity are carried at amortised cost.

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For the year ended December 31, 2021

(c) Available-for-sale

These are investments that do not fall under the held-for-trading or held-to-maturity categories. These are initially recognised at cost, being the fair value of the consideration given including the acquisition cost. These securities are carried at fair value with any related surplus or deficit on revaluation shall be taken to other comprehensive income.

4.3.1.2 Associates

Associates are all entities over which the Group has significant influence but not control. These are accounted for using the equity method of accounting.

Under the equity method, the investment 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, share of other comprehensive income or loss and share of the post acquisition movement in other reserves. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. However, in case where associates are considered as fully impaired and financial statements are not available these investments are stated at cost less provision.

4.3.1.3 Regular way contracts

All 'regular way' purchases and sales of financial assets are recognised on the trade date, i.e. the date on which commitment to purchase / sale is made by the Group. Regular way purchases or sales of financial assets are those, the contract for which requires delivery of assets within the time frame generally established by regulation or convention in the market place.

4.3.1.4 Premium or discount on acquisition of investments

Premium or discount on acquisition of investments is capitalised and amortised through the consolidated profit and loss account using effective yield over the remaining period of the investment.

4.3.2 Subsequent measurement

In accordance with the requirements of the State Bank of Pakistan, SBP, quoted securities other than those classified as 'held-to-maturity' and investment in associates and subsidiaries, are subsequently remeasured on portfolio basis i.e. in case of Government securities at PKRV and PKFRV rates whereas in case of other securities at market value. Investments classified as 'held-to-maturity' are carried at amortised cost using the effective interest method (less impairment, if any).

Further, in accordance with the requirements of the SBP, gain or loss on revaluation of the Group's held-for-trading investments is taken to the profit and loss account. In case of investments classified as available-for-sale, surplus or deficit is taken directly to equity. The surplus or deficit arising on these securities is taken to the profit and loss account when actually realised upon disposal.

Unquoted equity securities, excluding investment in subsidiaries and associates are valued at lower of cost and the break-up value in accordance with the requirements of the Prudential Regulations issued by the SBP. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in subsidiaries and associates are carried at cost, less accumulated impairment losses, if any.

4.3.3 Impairment / diminution in the value of securities

Impairment loss in respect of quoted equity securities classified as available for sale, associates, subsidiaries and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments.

Notes to the Consolidated Financial Statements

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Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below average cost. A decline to be considered as:

- Significant if the fair value is below the weighted average cost by more than 30 percent.
- Prolonged if the fair value is below the weighted average cost for a period of more than one year.

(a) Available-for-sale

If an available-for-sale equity security is impaired, the cumulative loss that had been recognised in equity, shall be reclassified from equity to profit and loss account as a reclassification adjustment even though the financial asset has not been derecognised, any further decline in the fair value at subsequent reporting dates are recognised as impairment. Therefore, at each reporting period, for an equity security that was determined to be impaired, additional impairment is recognised for the difference between the fair value and the original cost basis, less any previously recognised impairment.

If, in subsequent period, impairment losses recognised in profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through profit and loss except in case of derecognition.

(b) Held to maturity, Subsidiaries and Associates

Impairment losses are incurred if, and only if, there is objective evidence of impairment after initial recognition of the investment. The impairment loss is recognised in the profit and loss account. If, in a subsequent period, any indication that an impairment loss recognised in prior periods no longer exist or may have decreased, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

(c) Debt Securities

PTCs, TFCs, Sukuk and other debt securities will be classified on the valuation date on the basis of default in their repayment in line with the criteria prescribed for classification of short, medium and long-term facilities in accordance with the requirements of the Prudential Regulations issued by the SBP.

4.4 Financial instruments

4.4.1 Financial assets and financial liabilities

Financial assets and financial liabilities are recognized at the time when the Bank becomes party to the contractual provision of the instrument. Financial assets are de-recognized when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account at the time of de-recognition. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.4.2 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value using valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative financial instruments is taken to the profit and loss account.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

4.5 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Group intends either to settle the assets and liabilities on a net basis or to realise the assets and to settle the liabilities simultaneously. Income and expenses arising from such assets and liabilities are accordingly offset.

4.6 Advances

4.6.1 Loan and advances

Advances are stated net of general and specific provisions. General and specific provisions against funded loans are determined in accordance with the requirements of the Prudential Regulations issued by the SBP and charged to the profit and loss account. Advances are written off when there are no realistic prospects of recovery.

4.6.2 Finance lease receivables

Leases, where the bank transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee are classified as finance leases. A receivable is recognised at an amount equal to the present value of the lease payment including any guaranteed residual value, if any. Net investment in finance lease is included in loans and advances to customers.

4.7 Fixed assets

4.7.1 Property and equipment

Fixed assets except office premises are shown at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Office premises (which includes leasehold land and buildings) are stated at revalued amount less accumulated depreciation and impairment loss, if any.

Depreciation is calculated and charged to profit and loss account using the straight-line method so as to write down the cost of the assets to their residual values over their estimated useful lives at the rates given in note 11. A full month's depreciation is charged from the month in which assets are brought into use and no depreciation is charged for the month in which the disposal is made. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, annually.

Subsequent costs are included in the asset's carrying amount or 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. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is recognised in the profit and loss account in the year the asset is de-recognised.

4.7.2 Surplus / deficit on revaluation of fixed assets

The surplus arising on revaluation is credited to other comprehensive income. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit and loss account.

The deficit arising on a particular property as a result of a revaluation is recognised in profit and loss account as an impairment. However, the decrease to be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Depreciation on buildings which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets Account" to unappropriated profit through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

Gains or losses on disposal of assets are included in the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to equity.

4.7.3 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment losses, if any. These are transferred to specified assets as and when assets are available for use.

4.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment, if any. Intangible assets are amortised from the month when the assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortisation method are reviewed and adjusted, if appropriate, annually.

Intangible assets having an indefinite useful life are carried at cost less any impairment in value and are not amortised. However these are reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

4.9 Assets subject to finance leases

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the lease, net of financial charges allocated to future periods, are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a period rate of interest on the outstanding liability.

4.10 Non-banking assets acquired in satisfaction of claims

4.10.1 Non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions, against the loans in category of loss, are initially carried at cost and subsequently at revalued amounts at each year-end date of the statement of financial position, being the fair value at the date of revaluation less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The valuation of properties acquired are conducted regularly, so as to ensure that their net carrying value does not materially differ from their fair value.

All direct cost including legal fees, valuation and transfer costs of acquiring title to property shall be expensed when incurred through profit and loss account.

Subsequent costs are included in the asset's carrying amounts only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other subsequent costs including repair and maintenance are charged to the profit and loss account as and when incurred.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account in line with the depreciation charged on operating fixed assets.

Any reductions in non-performing loans and corresponding reductions in provisions held against non-performing loans, as a result of the recognition of such assets, are disclosed separately in the notes to these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

These assets are generally intended for sale. Gains and losses realised on the sale of such assets are disclosed separately from gains and losses realised on the sale of fixed assets in the notes to these consolidated financial statements. If such asset is subsequently used by the Bank for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

4.10.2 Surplus / deficit on revaluation of non banking assets

Revaluation of non-banking assets acquired in satisfaction of claims under Debt Property Swap (DPS) transactions are carried out under criteria given in regulations for DPS issued by State Bank of Pakistan vide BPRD Circular 01 dated January 01, 2016 i.e. valuation of property shall be done on individual property basis and not on portfolio basis, whereas accounting treatment of revaluation is accounted for in accordance with applicable financial reporting standards i.e. International Accounting Standard (IAS) 16 as referred in note 4.7.2.

Furthermore, revaluation surplus on such assets shall not be admissible for calculating the Group's Capital Adequacy Ratio and exposure limits under the Prudential Regulations. However, the surplus can be adjusted upon realization of sale proceeds.

4.11 Impairment other than investments and deferred tax

At each balance sheet date, the Bank reviews the carrying amounts of its assets (other than investment and deferred tax asset) to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of net selling price (being fair value less cost to sell) and value-in-use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit and loss account immediately.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the amount which would have been determined had there been no impairment. Reversal of impairment loss is recognized as income.

4.12 Borrowings / deposits and their cost

Borrowings / deposits are initially recorded at the amount of proceeds received. Cost of borrowings / deposits are recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

4.13 Subordinated debt

Subordinated debts is 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.

4.14 Taxation

4.14.1 Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income. For income covered under final tax regime, taxation is based on applicable tax rate under such regime. The charge for current tax also includes adjustments, where considered necessary, relating to prior years arising from assessments made during the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

4.14.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in the consolidated financial statements. Deferred tax liability is recognized on taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses, if any only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account.

Deferred tax, if any, on revaluation of investments, fixed assets and non banking assets is recognised as an adjustment to surplus / (deficit) arising on revaluation in accordance with the requirements of IAS-12 "Income Taxes".

4.15 Provisions

Provisions are recognised when the Group has a 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 balance sheet date and are adjusted to reflect the current best estimate.

Provision against identified non-funded losses is recognised when intimated and reasonable certainty exists for the Group to settle the obligation. The loss is charged to consolidated profit and loss account net of expected recovery.

4.16 Staff retirement benefits

Defined contribution plan - the Group

The Group has established a provident fund scheme for all its permanent employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made, both by the Group and the employees, to the fund at the rate defined below of basic salary. Contribution by the Group is charged to profit and loss account.

-	The Bank (Holding Company)	7.10%
-	JS Global Capital Limited (Subsidiary)	7.33%
-	JS Investment Limited (Subsidiary)	7.33%

4.16.1 Defined benefit plan (Holding Company)

The Holding Company operates an approved funded gratuity scheme covering all its eligible employees who have completed minimum qualifying period. An actuarial valuation of defined benefit scheme is conducted at the end of every year or on occurrence of any significant change. The most recent valuation in this regard was carried out as at December 31, 2021, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

4.17 Revenue recognition

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

- Advances and investments

Mark-up income / interest / profit on performing advances and debt securities is recognized on a time proportion basis as per the terms of the contract.

Mark-up income / interest / profit on non-performing advances and debt securities is recognized on a receipt basis in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.

Mark-up income/ Interest / profit on rescheduled / restructured advances and debt securities are recognised as permitted by the State Bank of Pakistan or by the regulatory authorities of the countries where the Bank operates, except where, in the opinion of the management, it would not be prudent to do so.

Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining maturity of the debt security using the effective yield method.

Unrealised interest income in respect of non-performing loans and advances are held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

- Lease financing

Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (defined as the excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease.

Unrealised finance income in respect of non-performing lease finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations issued by the SBP.

Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognized as income on receipt basis.

- Non Mark-up / interest income

Commission is recognised as income at the time of affecting the transaction to which it relates. Fees are recognised when earned.

Financial advisory fee is recognised when the right to receive the fee is established.

Dividend income from investments is recognised when the Bank's right to receive the dividend is established.

4.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves except for statutory reserves are recognised in the consolidated financial statements in the periods in which these are approved.

4.19 Foreign currencies

4.19.1 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. The consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

4.19.2 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 profit and loss account.

4.19.3 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.

4.19.4 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.

4.19.5 Commitments

Commitments for outstanding forward foreign exchange contracts disclosed in these consolidated financial statements are translated at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the rates of exchange ruling on the consolidated statement of financial position date.

4.20 Goodwill

Goodwill acquired in a business combination before July 01, 2009 is initially measured at cost, being the excess of the cost of the business combination over the Holding Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Holding Company's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units.

4.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Bank (less preference dividend, if any) by the weighted average number of ordinary shares outstanding during the period / year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders of the Bank by dividing the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares, if any. Age number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

4.22 Non-current assets held for sale and discontinued operations

The Holding Company classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset (or disposal group), and an active programme to locate a buyer and complete the plan must have been initiated. Further, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A held for sale asset is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised in the profit and loss account for any initial or subsequent write down of the asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these do not exceed the cumulative impairment losses previously recorded. An asset is not depreciated while classified as held for sale.

4.23 Segment reporting

A segment is a distinguishable component of the Group that is subject to risks and rewards that are different from those of other segments. A business segment is one that is engaged either in providing certain products or services, whereas a geographical segment is one engaged in providing certain products or services within a particular economic environment.

Segment information is presented as per the Group's functional structure and the guidance given under International Financial Reporting Standard (IFRS) 8. For management purposes, the Group has been organised into Seven operating segments based on products and services, as follows:

4.23.1 Business segments

Corporate finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offers (IPOs), specialised financial advice and trading and secondary private placements.

Trading and sales

This segment undertakes the Group's treasury, money market and capital market activities.

Retail banking

Retail banking provides services to small borrowers i.e. consumers, small and medium enterprises (SMEs) and agricultural sector. It includes loans, deposits and other transactions with retail customers.

Commercial banking

This includes loans, deposits and other transactions with corporate customers.

Brokerage

This includes brokerage commission earned on transactions in capital, money, foreign exchange and commodity markets.

Notes to the Consolidated Financial Statements

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Asset management

This includes fee for services rendered in connection with advisory and management of mutual funds.

The Leadership Team (LT) monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Interest income is reported net as management primarily relies on net interest revenue as a performance measure, along with the gross income and expense.

Transfer prices between operating segments are based on the group's internal pricing framework.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2020 and 2021.

Others

This includes the head office related activities and other functions which cannot be classified in any of the above segments.

4.23.2 Geographical segment

The Holding Company operates with 281 (2020: 307) branches / sub-branches in Pakistan region and one wholesale banking branch in Bahrain (2020: one).

4.24 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in statement of financial position.

5. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2021.

	Note	2021 ----- Rupees in '000 -----	2020
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		7,286,506	6,337,389
Foreign currencies		957,434	1,301,503
		8,243,940	7,638,892
With State Bank of Pakistan in:			
Local currency current account	6.1	19,934,402	16,268,165
Foreign currency current account - non remunerative	6.2	1,085,558	1,086,874
Foreign currency deposit account - remunerative	6.3	2,616,420	2,261,337
		23,636,380	19,616,376
With National Bank of Pakistan in:			
Local currency current accounts		2,345,795	2,609,635
National Prize Bonds		41,065	556,628
		34,267,180	30,421,531

Notes to the Consolidated Financial Statements

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- 6.1** This includes statutory liquidity reserves maintained with the SBP under the requirements of Section 22 of the Banking Companies Ordinance, 1962.
- 6.2** This include cash reserve of 5% is required to be maintained with the SBP held under the New Foreign Currency Accounts Scheme (FE-25 deposits), as per BSD Circular No. 9 dated December 03, 2007.
- 6.3** This represents deposit accounts maintained with the SBP under the requirements of BSD Circular No. 14 dated June 21, 2008 and mandatory reserve maintained to facilitate collection and settlement of foreign currency accounts under FE-25, as prescribed by the SBP, carrying a mark-up rate 0% (2020: 0%) as per specific circular issued by the SBP at year end.

		2021	2020
	Note	----- Rupees in '000 -----	
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		146,826	123,526
In deposit accounts		23,879	24,390
		<u>170,705</u>	<u>147,916</u>
Outside Pakistan			
In current accounts	7.1	1,056,918	980,669
		<u>1,227,623</u>	<u>1,128,585</u>
Less: General provision under IFRS 9	7.2	(17)	(450)
Balances with other banks - net of provision		<u>1,227,606</u>	<u>1,128,135</u>
7.1	This includes amount held in Automated Investment Plans. The Holding Company is entitled to earn interest from the foreign correspondent banks at agreed upon rates when the balance exceeds a specified amount which comes 0.01% per annum (2020: 0.01% per annum).		
7.2	This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company.		
		2021	2020
	Note	----- Rupees in '000 -----	
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	2,237,682
Repurchase agreement lendings (Reverse Repo)	8.2	31,939,044	21,003,215
Due against bills re-discounting		-	-
		<u>31,939,044</u>	<u>23,240,897</u>
Less: General provision under IFRS 9	8.3	-	(1,225)
Lending to Financial Institutions - net of provision		<u>31,939,044</u>	<u>23,239,672</u>
8.1 Particulars of lendings - gross			
In local currency		31,939,044	21,003,215
In foreign currencies		-	2,237,682
		<u>31,939,044</u>	<u>23,240,897</u>
8.2	These are secured short-term lendings to various financial institutions, carrying mark-up rate from 10.10% to 10.70% (2020: 6.75% to 7.40%) per annum. These are collateralized by Market Treasury Bills and Pakistan Investment Bonds as shown in note 8.2.1 below.		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

8.2.1 Market value of securities held as collateral against lending to financial institutions

	2021			2020		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
----- Rupees in '000 -----						
Market Treasury Bills	8,923,921	-	8,923,921	-	-	-
Pakistan Investment Bonds	23,046,627	-	23,046,627	21,160,868	-	21,160,868
	31,970,548	-	31,970,548	21,160,868	-	21,160,868

8.3 This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company.

9. INVESTMENTS - NET

	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
----- Rupees in '000 -----								

9.1 Investments by type

Held-for-trading securities

Federal Government Securities	1,109,466	-	(62)	1,109,404	25,002,969	-	805	25,003,774
Shares	1,391,004	-	1,505	1,392,509	194,428	-	12,981	207,409
Open end mutual funds	190,357	-	(74,659)	115,698	310,221	-	416	310,637
	2,690,827	-	(73,216)	2,617,611	25,507,618	-	14,202	25,521,820

Available-for-sale securities

Federal Government Securities	159,686,158	-	(370,270)	159,315,888	127,308,516	-	97,527	127,406,043
Shares	1,939,952	(136,589)	2,289,154	4,092,517	3,018,184	(411,955)	1,701,753	4,307,982
Non Government Debt Securities	3,448,813	(718,067)	2,501	2,733,247	3,579,278	(696,507)	(420)	2,882,351
Open end mutual funds	3,044,620	-	269,958	3,314,578	826,188	-	390,100	1,216,288
Foreign Securities	1,844,989	(68,232)	(63,097)	1,713,660	4,079,070	(122,758)	136,466	4,092,778
	169,964,532	(922,888)	2,128,246	171,169,890	138,811,236	(1,231,220)	2,325,426	139,905,442

Held-to-maturity securities

Federal Government Securities	58,143,943	-	-	58,143,943	36,109,599	-	-	36,109,599
Associates	289,630	-	-	289,630	270,793	-	-	270,793
Total Investments	231,088,932	(922,888)	2,055,030	232,221,074	200,699,246	(1,231,220)	2,339,628	201,807,654

9.1.1 Investments include certain approved / government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

		2021				2020			
	Note	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
9.2 Investments by segments:									
Held-for-trading securities									
Federal Government Securities:									
Market Treasury Bills	9.4.1	1,109,264	-	(61)	1,109,203	25,002,969	-	805	25,003,774
Pakistan Investment Bonds	9.4.1	202	-	(1)	201	-	-	-	-
		<u>1,109,466</u>	<u>-</u>	<u>(62)</u>	<u>1,109,404</u>	<u>25,002,969</u>	<u>-</u>	<u>805</u>	<u>25,003,774</u>
Shares:									
Listed Companies									
Ordinary shares	9.4.2	1,391,004	-	1,505	1,392,509	194,428	-	12,981	207,409
Open End Mutual Funds	9.4.3	190,357	-	(74,659)	115,698	310,221	-	416	310,637
		<u>2,690,827</u>	<u>-</u>	<u>(73,216)</u>	<u>2,617,611</u>	<u>25,507,618</u>	<u>-</u>	<u>14,202</u>	<u>25,521,820</u>
Available-for-sale securities									
Federal Government Securities:									
Market Treasury Bills	9.5.1	125,616,353	-	(370,699)	125,245,654	90,027,949	-	20,041	90,047,990
Pakistan Investment Bonds	9.5.1	34,069,805	-	429	34,070,234	37,280,567	-	77,486	37,358,053
		<u>159,686,158</u>	<u>-</u>	<u>(370,270)</u>	<u>159,315,888</u>	<u>127,308,516</u>	<u>-</u>	<u>97,527</u>	<u>127,406,043</u>
Shares:									
Listed Companies									
Ordinary shares	9.5.2	1,792,363	-	2,289,154	4,081,517	2,870,595	(275,366)	1,701,753	4,296,982
Preference shares	9.5.2	136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies									
Ordinary shares	9.5.2	11,000	-	-	11,000	11,000	-	-	11,000
		<u>1,939,952</u>	<u>(136,589)</u>	<u>2,289,154</u>	<u>4,092,517</u>	<u>3,018,184</u>	<u>(411,955)</u>	<u>1,701,753</u>	<u>4,307,982</u>
Non Government Debt Securities:									
Listed									
Term Finance Certificates	9.5.3.1	436,745	(151,867)	592	285,470	442,682	(155,169)	(147)	287,366
Sukuk Certificates	9.5.3.2	241,490	-	1,909	243,399	402,955	-	(273)	402,682
Unlisted									
Term Finance Certificates	9.5.3.3	1,083,301	(538,467)	-	544,834	1,340,804	(541,338)	-	799,466
Sukuk Certificates	9.5.3.4	1,307,393	-	-	1,307,393	1,365,104	-	-	1,365,104
Commercial Paper Certificates	9.5.3.5	352,151	-	-	352,151	-	-	-	-
Preference shares	9.5.3.6	27,733	(27,733)	-	-	27,733	-	-	27,733
		<u>3,448,813</u>	<u>(718,067)</u>	<u>2,501</u>	<u>2,733,247</u>	<u>3,579,278</u>	<u>(696,507)</u>	<u>(420)</u>	<u>2,882,351</u>
Open End Mutual Funds	9.5.4	3,044,620	-	269,958	3,314,578	826,188	-	390,100	1,216,288
Foreign Securities									
Government Debt Securities *	9.5.5.1	1,372,854	(67,856)	(63,011)	1,241,987	3,633,601	(120,619)	130,420	3,643,402
Non Government Debt Securities *	9.5.5.2	376,486	(376)	(1,942)	374,168	379,654	(2,139)	(3,628)	373,887
Ordinary shares	9.5.2	95,649	-	1,856	97,505	65,815	-	9,674	75,489
		<u>1,844,989</u>	<u>(68,232)</u>	<u>(63,097)</u>	<u>1,713,660</u>	<u>4,079,070</u>	<u>(122,758)</u>	<u>136,466</u>	<u>4,092,778</u>
		<u>169,964,532</u>	<u>(922,888)</u>	<u>2,128,246</u>	<u>171,169,890</u>	<u>138,811,236</u>	<u>(1,231,220)</u>	<u>2,325,426</u>	<u>139,905,442</u>
Held-to-maturity securities									
Federal Government Securities:									
Market Treasury Bills	9.6.1	11,463,014	-	-	11,463,014	-	-	-	-
Pakistan Investment Bonds	9.6.1	46,680,929	-	-	46,680,929	36,109,599	-	-	36,109,599
		<u>58,143,943</u>	<u>-</u>	<u>-</u>	<u>58,143,943</u>	<u>36,109,599</u>	<u>-</u>	<u>-</u>	<u>36,109,599</u>
Associates									
Omar Jibran Engineering Industries Limited	9.7	237,192	-	-	237,192	215,793	-	-	215,793
Veda Transit Solutions (Private) Limited	9.7	52,438	-	-	52,438	54,302	-	-	54,302
Intercity Touring Company (Private) Limited	9.7	-	-	-	-	698	-	-	698
		<u>289,630</u>	<u>-</u>	<u>-</u>	<u>289,630</u>	<u>270,793</u>	<u>-</u>	<u>-</u>	<u>270,793</u>
Total Investments		<u>231,088,932</u>	<u>(922,888)</u>	<u>2,055,030</u>	<u>232,221,074</u>	<u>200,699,246</u>	<u>(1,231,220)</u>	<u>2,339,628</u>	<u>201,807,654</u>

* Provision for diminution against foreign debt securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to Bahrain Branch.

Notes to the Consolidated Financial Statements

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	2021		2020	
	Cost	Market value	Cost	Market value
----- Rupees in '000 -----				
9.2.1 Investments given as collateral				
Held-for-trading securities				
Federal Government Securities				
Market Treasury Bills	-	-	4,864,464	4,864,680
Available-for-sale securities				
Federal Government Securities:				
Market Treasury Bills	19,922,016	19,852,789	4,902,054	4,902,811
Pakistan Investment Bonds	15,063,158	15,073,822	-	-
	34,985,174	34,926,611	4,902,054	4,902,811
Foreign Securities				
Government Debt Securities	842,316	814,484	-	-
Non Government Debt Securities	-	-	-	-
	842,316	814,484	-	-
	35,827,490	35,741,095	9,766,518	9,767,491

		2021	2020
	Note	----- Rupees in '000 -----	
9.3 Provision for diminution in value of investments			
9.3.1 Opening balance		1,231,220	859,119
Charge during the year		27,733	276,202
Reversal during the year		(281,540)	(26,859)
	32	(253,807)	249,343
Impairment under IFRS 9 in Bahrain branch			
(Reversal) / charge during the year		(62,148)	122,758
Exchange Gain		7,623	-
		(54,525)	122,758
Closing balance		922,888	1,231,220

9.3.2 Particulars of provision against debt securities

Category of classification	2021		2020	
	NPI	Provision	NPI	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	718,067	718,067	696,507	696,507
	718,067	718,067	696,507	696,507

9.4 Quality of Held-for-trading Securities

Details regarding quality of Held-for-trading (HFT) securities are as follows

		2021		2020		
		Cost	Market Value	Cost	Market Value	
		----- Rupees in '000 -----				
9.4.1	Federal Government Securities - Government guaranteed	Note				
	Market Treasury Bills		1,109,264	1,109,203	25,002,969	25,003,774
	Pakistan Investment Bonds		202	201	-	-
		9.4.1.1	1,109,466	1,109,404	25,002,969	25,003,774

9.4.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	9.4.1.2	January 13, 2022 to March 10, 2022	On maturity	On maturity
Pakistan Investment Bonds	9.4.1.3	Upto July 19, 2022	On maturity	Half yearly

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

9.4.1.2 Market Treasury Bills are for the period of three to six months. The effective rates of profit on Market Treasury Bills range from 8.81% to 10.50% per annum (2020: 7.07% to 7.12% per annum).

9.4.1.3 Pakistan investment bonds are for the period of ten years. The effective rates of profit on Pakistan investment bonds range upto 12% per annum (2020: Nil).

9.4.2 Shares	Rating	Industry Sector	Shares		2021		2020	
			2021	2020	Cost	Market value	Cost	Market value
			----- Numbers -----		----- Rupees in '000 -----			
Listed Companies								
Ordinary shares								
Ghandhara Nissan Limited	A	Auto Mobile Assembler	35,500	-	2,802	2,774	-	-
Pak Elektron Limited	A+	Cable & Electrical Goods	65,500	130,000	1,446	1,475	5,019	5,217
Waves Singer Pakistan Limited	A	Cable & Electrical Goods	1,467,000	-	23,097	22,871	-	-
Cherat Cement Company Limited	-	Cement	-	2,000	-	-	294	292
D.G. Khan Cement Company Limited	AA-	Cement	8,294	1,791	647	688	194	205
Fauji Cement Company Limited	Unrated	Cement	44,500	-	834	817	-	-
Lucky Cement Limited	AA+	Cement	574	1,416	468	390	873	986
Maple Leaf Cement Factory Limited	A-	Cement	107,636	3,429	3,617	3,870	133	154
Pioneer Cement Limited	A	Cement	4,000	1,000	246	355	106	103
Power Cement Limited	-	Cement	-	1,000,000	-	-	9,470	9,880
Engro Polymer & Chemicals Limited	AA-	Chemical	355,500	-	19,071	19,272	-	-
Ghani Global Holdings Limited	A-	Chemical	553,500	-	14,346	13,350	-	-
Lotte Chemical Pakistan Limited	-	Chemical	-	77,000	-	-	1,209	1,160
Bank Al Habib Limited	AAA	Commercial Banks	358	581	34	25	33	40
Bank Alfalah Limited	AA+	Commercial Banks	500,000	448	17,025	17,300	15	16
Habib Bank Limited	AAA	Commercial Banks	45,364	1,293	5,227	5,290	158	171
MCB Bank Limited	AAA	Commercial Banks	224	601	48	34	98	111
Meezan Bank Limited	AAA	Commercial Banks	50,197	104	6,906	6,732	8	11
National Bank of Pakistan Limited	AAA	Commercial Banks	214,000	4,000	7,297	7,387	176	172
Silkbank Limited	A-	Commercial Banks	1,210,000	-	1,597	1,755	-	-
United Bank Limited	AAA	Commercial Banks	585	2,095	85	80	256	264
Aisha Steel Mills Limited	A-	Engineering	20,500	-	298	309	-	-
Amreli Steels Limited	-	Engineering	-	145,500	-	-	6,947	7,022
International Industries Limited	AA-	Engineering	5,000	-	692	694	-	-
International Steels Limited	A+	Engineering	761,000	119,500	49,757	50,317	11,255	11,142
Mughal Iron & Steel Industries Limited	A+	Engineering	992,500	-	99,357	103,329	-	-
Engro Corporation Limited	AA+	Fertilizer	1,755	2,424	569	478	715	745
Engro Fertilizers Limited	AA	Fertilizer	9,595	4,916	721	730	305	311
Fauji Fertilizer Bin Qasim Limited	-	Fertilizer	-	31,500	-	-	776	798
Fauji Fertilizer Company Limited	AA+	Fertilizer	348	1,205	48	35	119	131
Al Shaheer Corporation Limited	Unrated	Food & Personal Care Products	5,000	-	71	67	-	-
Fauji Foods Limited	Unrated	Food & Personal Care Products	280,000	-	2,609	2,573	-	-
Treet Corporation Limited	A-	Food & Personal Care Products	108,000	-	4,483	4,503	-	-
Unity Foods Limited	A	Food & Personal Care Products	4,260,406	2,395,500	112,099	112,763	67,423	76,800
Unity Foods Limited (Right Shares)	A	Food & Personal Care Products	517	-	1	1	-	-
Ghani Global Glass Limited	BBB+	Glass & Ceramics	8,000	-	116	113	-	-
Tariq Glass Industries Limited	A+	Glass & Ceramics	14,500	-	1,537	1,574	-	-
Dawood Hercules Corporation Limited	AA	Investment Banks / Investment Companies And Securities	-	347	-	-	44	42
Meezan Pakistan Exchange Traded Fund	Unrated	Miscellaneous	233,000	251,000	2,539	2,050	2,597	2,676
NBP Pakistan Growth Exchange Traded Fund	Unrated	Miscellaneous	27,000	20,500	347	276	207	224
NIT Pakistan Gateway Exchange Traded Fund	Unrated	Miscellaneous	16,000	17,000	264	177	164	200
TPL Properties Limited	A+	Miscellaneous	696,000	-	25,428	22,724	-	-
UBL Pakistan Enterprise Exchange Traded Fund	Unrated	Miscellaneous	26,500	16,500	271	338	225	225
Oil & Gas Development Company Limited	AAA	Oil & Gas Exploration Companies	1,899,751	15,262	164,028	163,760	1,616	1,584
Pakistan Oilfields Limited	Unrated	Oil & Gas Exploration Companies	114	1,046	58	41	366	414
Pakistan Petroleum Limited	Unrated	Oil & Gas Exploration Companies	302,359	11,647	24,013	23,898	1,062	1,052
Hascol Petroleum Limited	-	Oil & Gas Marketing Companies	-	806,837	-	-	11,898	11,852
Pakistan State Oil Company Limited	AA+	Oil & Gas Marketing Companies	558,142	5,639	100,275	101,520	1,166	1,214
Sui Northern Gas Pipelines Limited	AA-	Oil & Gas Marketing Companies	1,028,000	8,088	34,662	34,387	386	359
AGP Limited	A+	Pharmaceuticals	5,000	-	468	485	-	-
The Searle Company Limited	AA-	Pharmaceuticals	1,038	12,431	178	149	3,054	3,098
K-Electric Limited	AA	Power Generation & Distribution	1,100,000	321,500	3,586	3,784	1,223	1,257
The Hub Power Company Limited	AA+	Power Generation & Distribution	289,370	6,628	20,778	20,644	510	526
Attock Refinery Limited	AA	Refinery	121,453	19,000	16,598	17,493	3,359	3,459
Cnergyco Pk Limited	A-	Refinery	1,916,500	-	12,852	13,051	-	-
National Refinery Limited	AA+	Refinery	17,177	-	4,382	4,888	-	-
Pakistan Refinery Limited	A-	Refinery	99,000	358,000	1,251	1,428	7,544	8,517
Avanceon Limited	A-	Technology & Communication	989,500	288,500	89,209	90,163	26,627	26,787
Hum Network Limited	A+	Technology & Communication	1,517,500	-	9,974	9,803	-	-
NetSol Technologies Limited	Unrated	Technology & Communication	139,500	75,500	13,266	13,093	13,589	14,973
Pakistan Telecommunication Company Ltd	AAA	Technology & Communication	4,000,000	-	33,419	34,800	-	-
Systems Limited	Unrated	Technology & Communication	21	-	24	16	-	-
Telecard Limited	Unrated	Technology & Communication	101,500	-	1,618	1,609	-	-
TPL Corp Limited	A	Technology & Communication	19,500	-	311	323	-	-
TRG Pakistan Limited	Unrated	Technology & Communication	3,561,612	-	423,725	419,914	-	-
Gul Ahmed Textile Mills Limited	A	Textile Composite	180,000	-	8,466	8,471	-	-
Nishat Chunian Limited	A	Textile Composite	380,500	-	17,917	17,332	-	-
Nishat Mills Limited	AA	Textile Composite	48,500	1,000	3,869	3,860	101	102
Pakistan International Bulk Terminal Limited	A	Transport	11,000	1,020,000	77	81	13,108	13,117
					1,391,004	1,392,509	194,428	207,409

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9.4.3 Open End Mutual Fund

Name of fund	Units		Rating		Net asset value per unit	2021		2020	
	2021	2020	2021	2020		Cost	Market value	Cost	Market value
	----- Numbers -----				Rupees	----- Rupees in '000 -----			
Investment in related parties									
JS Income Fund	461,361	1,129,255	A+(f)	A+(f)	100.49	44,018	46,362	110,989	111,785
JS Motion Picture Fund	1,000,000	1,000,000	-	-	21.52	97,700	21,520	99,990	97,700
JS Islamic Hybrid Fund of Funds - Mutanasib	61,443	49,068	-	-	51.8	4,466	3,183	3,000	3,698
JS Cash Fund	419,093	-	-	-	106.5	44,173	44,633	-	-
JS Islamic Hybrid Fund of Funds - Mustehkam	-	3,305	-	-	-	-	-	288	218
JS Islamic Hybrid Fund of Funds - Mufeed	-	76,142	-	-	-	-	-	3,000	3,659
JS Islamic Fund	-	123,571	-	-	-	-	-	12,000	12,367
JS Islamic Income Fund	-	382,292	AA- (f)	AA- (f)	-	-	-	40,179	40,435
JS Islamic Daily Dividend Fund	-	407,754	AA(f)	AA(f)	-	-	-	40,775	40,775
						190,357	115,698	310,221	310,637

9.5 Quality of Available-for-sale Securities

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

		2021		2020	
		Cost	Market Value	Cost	Market Value
Note		----- Rupees in '000 -----			
9.5.1 Federal Government Securities - Government guaranteed					
Market Treasury Bills		125,616,353	125,245,654	90,027,949	90,047,990
Pakistan Investment Bonds		34,069,805	34,070,234	37,280,567	37,358,053
9.5.1.1		159,686,158	159,315,888	127,308,516	127,406,043

9.5.1.1 Principal terms of investment in Federal Government Securities

Name of investment	Note	Maturity	Redemption	Coupon
Market treasury bills	9.5.1.2	January 13, 2022 to June 30, 2022	On maturity	On maturity
Pakistan investment bonds	9.5.1.3	July 19, 2022 to December 10, 2030	On maturity	Half yearly

9.5.1.2 Market Treasury Bills are for the period of three to twelve months. The effective rates of profit on Market Treasury Bills range from 7.39% to 11.38% per annum (2020: 6.90% to 11.77% per annum).

9.5.1.3 Pakistan Investment Bonds (PIBs) are for the period of two to twenty years. The rates of profit ranging from 7% to 12% per annum (2020: 7% to 12% per annum).

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9.5.2 Shares

Listed Companies	Rating	Industry Sector	Number of Shares		Cost	Market value	Cost	Market value
			2021	2020	2021		2020	
			----- Numbers -----		----- Rupees in '000 -----			
Ordinary shares								
Shifa International Hospitals	-	Miscellaneous	-	264,300	-	-	68,273	52,857
Pakistan Petroleum Limited	-	Oil & Gas Marketing Companies	-	841,800	-	-	123,382	76,041
Air Link Communication Limited	A	Technology & Communication	4,607,293	-	234,439	267,499	-	-
Ferozsons	Unrated	Pharmaceutical	189,800	-	70,124	61,843	-	-
Pakistan Stock Exchange Limited (PSXL)	Unrated	Investment Company	2,202,953	2,202,953	23,061	30,291	23,061	32,648
Investment in related parties								
EFU General Insurance Limited	AA+	Insurance	5,455,675	5,455,675	647,129	572,846	647,129	654,681
EFU Life Assurance Limited	AA+	Insurance	1,189,600	1,189,600	250,735	250,613	250,735	248,650
Sitara Chemical Industries Limited	-	Chemical	-	1,790,250	-	-	548,781	554,978
TRG Pakistan Limited	Unrated	Technology & Communication	24,583,760	24,583,760	566,875	2,898,425	566,875	2,247,202
Hum Network Limited	-	Technology & Communication	-	79,030,303	-	-	642,359	429,925
					1,792,363	4,081,517	2,870,595	4,296,982
Foreign securities								
Deutsche Post AG	-	Logistics	-	8,100	-	-	56,525	64,706
Microsoft Corporation Limited	-	Technology & Communication	-	220	-	-	6,884	8,377
Daimler AG	A3	Automobile and transportation equipment	1,624	-	19,697	21,913	-	-
The Walt Disney Co	A2	Technology & Communication	1,760	-	53,640	48,119	-	-
Total Energy	A1	Petroleum, oil and gas	2,226	-	16,139	19,833	-	-
Daimler Truck Holding AG	BBB+	Automobile and transportation equipment	812	-	3,767	5,234	-	-
					93,243	95,099	63,409	73,083
Preference Shares								
Agritech Limited (note 9.5.2.1 & 9.5.2.3)	Unrated	Chemical	4,823,746	4,823,746	48,236	-	48,236	-
Chenab Limited (note 9.5.2.2 & 9.5.2.3)	Unrated	Textile Composite	12,357,000	12,357,000	88,353	-	88,353	-
					136,589	-	136,589	-

	Break-up value per share		Name of Chief Executive / Managing Director	Number of shares		Cost	Breakup value	Cost	Breakup value
	2021	2020		2021	2020	2021		2020	
Un-listed Companies	----- Rupee -----			----- Numbers -----		----- Rupees in '000 -----			
Ordinary shares									
ISE Towers REIT Management Limited (formerly Islamabad Stock Exchange Limited) (note 9.5.2.4)									
	* 16.77	* 15.45	Mr. Sagheer Mushtaq	1,213,841	1,213,841	11,000	17,592	11,000	17,592
Foreign securities									
Ordinary shares									
Society for Worldwide Interbank Financial Telecommunication (SWIFT) (note 9.5.2.5)	** 877,740	** 638,551	Mr. Javier Perez Tasso	6	6	2,406	5,266	2,406	5,266

* Based on audited accounts as of June 30, 2021

** Based on audited accounts as of December 31, 2020

Notes to the Consolidated Financial Statements

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- 9.5.2.1** These are non-voting cumulative preference shares, carrying preference dividend @ 10% p.a and are convertible into ordinary shares at the option of the Bank after five years from the date of issuance i.e. February 2012. The investee company also has the option to redeem these preference shares plus any unpaid dividend in full or in part, within ninety days after expiry of each anniversary of the issue date. The Holding Company has recognised full impairment on these shares amounting to Rs. 48.236 million (2020: Rs. 48.236 million) due to weak financial position of the company.
- 9.5.2.2** These are cumulative preference shares, carrying preference dividend @ 9.25% p.a and are redeemable in part after four years from the date of issuance i.e. August 2008. The investee company also has an option to redeem, in part, cumulative preference shares after August 2008. The Bank has recognized full impairment on these shares amounting to Rs. 88.353 million (2020: Rs. 88.353 million) due to weak financial position of the company.
- 9.5.2.3** Surplus arising due to re-measurement of these shares to the market value has not been recognized as the management believes that the market value may not be realized while selling them in open market.
- 9.5.2.4** In accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Bank has received 3,034,603 shares of Rs.10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange (ISE) in lieu of its Membership Card held by the Bank. Further upon integration of ISE under the "ISE Scheme of Integration" in 2016, TRE Certificates holders of ISE have been issued 1,213,841 (i.e 40%) ordinary shares of "ISE Towers REIT Management Limited" with trading rights, whereas the remaining 1,820,762 ordinary shares (i.e. 60%), are transferred to blocked CDC account maintained by ISEL. Further, the management believes that the carrying value of these shares is less than face value of shares therefore, no value has been allocated to TREC.
- 9.5.2.5** The Holding Company qualified as a member based on the financial contribution to SWIFT for network-based services. The Holding Company has made an investment as per the requirements of By-Laws of SWIFT, under the Share Re-allocation Process, as a result becoming entitled to invest in for six shares. The participation is mandatory to avail the desired network-based services for financial message transmission for cross-border payments and receipt. Further, the share re-allocation occurs every three years and will result in either an increase, decrease, or a status quo in individual shareholding.

9.5.3 Non Government Debt Securities

Listed

AAA
AA+, AA, AA-
A+, A, A-
Unrated

Unlisted

AAA
AA+, AA, AA-
A+, A, A-
Unrated

Cost	
2021	2020
----- Rupees in '000 -----	
221,413	309,750
134,866	210,700
170,089	170,018
151,867	155,169
678,235	845,637
-	71,429
200,034	200,037
1,599,393	1,749,104
971,151	713,071
2,770,578	2,733,641
3,448,813	3,579,278

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9.5.3.1	Term finance certificates - listed *	Number of certificates		Rating		2021		2020	
		2021	2020	2021	2020	Cost	Market value	Cost	Market value
		---- Numbers ----				----- Rupees in '000 -----			
	Worldcall Telecom Limited (note 9.5.3.1.2)	90,650	90,650	Unrated	Unrated	151,867	-	155,169	-
	Jahangir Siddiqui & Co. Ltd. - XI								
	- related party	3,000	3,000	AA+	AA+	9,866	10,095	12,500	12,366
	Bank Al Habib Limited	25,000	25,000	AA	AA-	125,000	125,000	125,000	125,000
	Soneri Bank Limited	30,000	30,000	A	A	150,012	150,375	150,013	150,000
						<u>436,745</u>	<u>285,470</u>	<u>442,682</u>	<u>287,366</u>

* Secured and have a face value of Rs. 5,000 each unless specified otherwise.

9.5.3.1.1 Listed term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Worldcall Telecom Limited	Semi-annually	6 Month KIBOR ask rate plus 1.60%	September 20, 2026
Jahangir Siddiqui & Co. Ltd. - XI - related party	Semi-annually	6 Month KIBOR ask rate plus 1.40%	March 06, 2023
Bank Al Habib Limited	Semi-annually	6 Months KIBOR ask rate plus 1.50%	Perpetual
Soneri Bank Limited	Semi-annually	6 Month KIBOR ask rate plus 2.00%	December 06, 2028

9.5.3.1.2 Due to weak financial position of the company, the group has recognised full impairment loss on these term finance certificates.

9.5.3.2	Sukuk certificates - listed	Number of certificates		Rating		2021		2020	
		2021	2020	2021	2020	Cost	Market value	Cost	Market value
		---- Numbers ----				----- Rupees in '000 -----			
	Cnergyco Pk Limited (Formerly: Byco Petroleum Pakistan Limited)	5,310	5,310	AAA	AAA	221,413	223,319	309,750	308,616
	Bank Islami Pakistan Limited - Ehad Sukuk	4,016	4,001	A-	A-	20,077	20,080	20,005	20,005
	Dawood Hercules Corporation Limited - Sukuk - I	-	520	-	AA	-	-	31,200	31,542
	Dawood Hercules Corporation Limited - Sukuk - II	-	600	-	AA	-	-	42,000	42,519
						<u>241,490</u>	<u>243,399</u>	<u>402,955</u>	<u>402,682</u>

9.5.3.2.1 Other particulars of listed sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Cnergyco Pk Limited (Formerly: Byco Petroleum Pakistan Limited) (Chief Executive: Mr. Amir Abbassciy)	Quarterly	3 Month KIBOR ask rate plus 1.05%	January 18, 2022
Bank Islami Pakistan Limited - Ehad Sukuk (Chief Executive: Syed Amir Ali)	Monthly	3 Months KIBOR + 2.75%	Perpetual

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9.5.3.3	Term finance certificates - unlisted, secured	Note	Number of certificates		Rating		Face value per certificate	Cost	
			2021	2020	2021	2020		2021	2020
			----- Rupees -----				----- Rupees -----	--- Rupees in '000 ---	
	Azgard Nine Limited - related party	9.5.3.3.1 & 9.5.3.3.2	29,998	29,998	Unrated	Unrated	5,000	62,151	65,022
	Azgard Nine Limited (related party) (privately placed TFCs)	9.5.3.3.3	12	12	Unrated	Unrated	5,000	326,456	326,456
	AgriTech Limited	9.5.3.3.2	30,000	30,000	Unrated	Unrated	5,000	149,860	149,860
	Pakistan Water & Power Development Authority (WAPDA)		-	100,000	-	AAA	-	-	71,429
	NRSP Microfinance Bank Limited		1,000	-	A-	-	1,00,000	100,000	-
	Airlink Communication Private Limited		192	384	A-	A-	1,000,000	192,000	384,000
	Secure Logistics Group Private Limited		288	288	Unrated	Unrated	1,000,000	52,800	144,000
	Bank Al Habib Limited		40,000	40,000	AA	AA-	5,000	200,034	200,037
								<u>1,083,301</u>	<u>1,340,804</u>

9.5.3.3.1 During the year, the Bank has restructured Azgard Nine Limited (ANL) Privately Placed Term Finance Certificates (TFCs) in accordance with the Scheme of Arrangement (Approved Scheme) approved by the Honorable Lahore High Court's vide its order dated July 31, 2019 under section 279 to 283 of the Companies Act, 2017 for restructuring of liabilities towards its creditors. Approved Scheme is executed vide different agreements between ANL and agent banks, and are effective from time zero date i.e. April 29, 2021.

Under the Approved Scheme the Bank has restructured its TFCs for ten years i.e. April 29, 2021 to April 29, 2031 and received new TFCs i.e. 22,261 certificates @ Rs. 5,000 each both against its outstanding principal of Rs. 48.280 million @ 5% p.a and will repay within twenty equal quarterly installment after two years of grace period starting from July 29, 2023 and remaining Rs. 13.870 million will be received in cash within two years from the time zero date, whereas TFCs of Rs. 63.025 million received against its outstanding markup amount and will be repaid by one bullet payment at the time of maturity i.e., April 29, 2031.

9.5.3.3.2 Due to weak financial position of the company, the holding company has recognised full impairment loss on these term finance certificates.

9.5.3.3.3 These PPTFCs are held by JS Global Capital Limited has recognised full provision considering the financial position of the issuer amounting to Rs. 326.456 million (2020: Rs. 326.456 million).

9.5.3.3.4 Other particulars of unlisted term finance certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Azgard Nine Limited - related party (Chief Executive: Mr. Ahmed H. Shaikh)	Semi-annually	6 Month KIBOR ask rate plus 1.75% and 11%.	December 04, 2017 and October 19, 2020
AgriTech Limited (Chief Executive: Mr. Faisal Muzammil)	Semi-annually	6 Month KIBOR ask rate plus 1.75%.	November 29, 2019
NRSP Microfinance Bank Limited (President & CEO: Mr. Zahoor Hussain Khan)	Quarterly	3 Month KIBOR ask rate plus 3.00%.	July 9, 2028
Airlink Communication Private Limited (President & CEO: Mr. Muzaffar Hayat Piracha)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 7, 2022
Secure Logistics Group Private Limited (see note 9.5.3.3.1) (President & CEO: Mr. Gulraiz A. Khan)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 2, 2024
Bank Al Habib Limited (President & CEO: Mr. Mansoor Ali Khan)	Semi-annually	3 Month KIBOR ask rate plus 1.50%.	December 20, 2027

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9.5.3.4	Sukuk certificates - unlisted	Note	Number of certificates		Rating		Face value per certificate ----- Rupees -----	Cost	
			2021	2020	2021	2020		2021	2020
			----- Numbers -----					----- Rupees in '000 -----	
	Ghani Gases Limited	9.5.3.4.1	-	2,000	-	A	87,500	75,000	100,000
	Pakistan Services Limited	9.5.3.4.1	2,000	1,350	A	A	90,000	1,232,393	1,265,104
								1,307,393	1,365,104

9.5.3.4.1 Other particulars of unlisted sukuk certificates are as follows:

Name of the company	Repayment frequency	Profit rate per annum	Maturity date
Ghani Gases Limited (Chief Executive: Mr. Atique Ahmad Khan)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	February 03, 2023
Pakistan Services Limited (Chief Executive: Mr. Murtaza Hashwani)	Quarterly	3 Month KIBOR ask rate plus 1.00%.	January 17, 2024

9.5.3.5	Commercial paper certificates - unlisted	Number of certificates		Maturity		Face value per certificate	Cost	
		2021	2020	2021	2020		2021	2020
		----- Numbers -----				----- Rupees -----	---- Rupees in '000 ----	
	TPL Corporation Limited	70	-	January 11, 2022	1,000,000	69,807	-	
	Waves Singer Pakistan Limited	3,000	-	July 31, 2022	100,000	282,344	-	
						352,151		

9.5.3.6	Preference shares - unlisted	Note	Shares		Rating		Par Value		Cost	
			2021	2020	2021	2020	2021	2020	2021	2020
			----- Numbers -----				----- Rupees in '000 -----			
	Intercity Touring Company Private Limited (associated company)	9.5.3.6.1	1,848,888	1,848,888	Unrated	Unrated	10	10	27,733	27,733

9.5.3.6.1 Due to weak financial position of the company, the Holding Company has recognised full impairment loss on these preference shares.

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9.5.4 Open End Mutual Fund

Open End Mutual Fund			Net asset value per unit	Net asset value per unit			
Name of fund	Units			2021		2020	
	2021	2020		Cost	Market value	Cost	Market value
	----- Numbers -----			----- Rupees in '000 -----			
			Rupees				
ABL Islamic Cash Fund	50,056,024	-	10.00	500,000	500,560	-	-
ABL Cash Fund	63,654,155	-	10.22	625,000	650,463	-	-
Lakson Money Market Fund	964,779	-	105.60	100,087	101,881	-	-
Related parties							
JS Cash Fund (Related Party)	8,922,701	-	106.50	950,000	950,268	-	-
JS Value Fund	-	1,343,094	-	-	-	249,115	286,643
JS Growth Fund	3,175,696	1,937,116	166.02	578,727	527,229	323,937	348,448
JS Fund of Funds	3,373,965	2,822,294	59.16	189,638	199,604	148,838	179,583
JS Islamic Pension Savings Fund - Equity	147,900	182,354	636.46	13,437	94,132	16,567	119,969
JS Islamic Pension Savings Fund - Debt	213,852	213,852	260.16	21,385	55,636	21,385	51,942
JS Islamic Pension Savings Fund - Money Market	222,303	222,303	225.53	22,230	50,136	22,230	47,159
JS Pension Savings Fund - Money Market	177,463	177,463	260.66	17,746	46,258	17,746	43,074
JS Pension Savings Fund - Debt	137,349	137,349	323.65	13,735	44,453	13,735	41,339
JS Pension Savings Fund - Equity	205,210	205,210	457.86	12,635	93,958	12,635	98,131
				3,044,620	3,314,578	826,188	1,216,288

9.5.5 Foreign Securities

Name of Bond	Rating		Coupon rate	Date of Maturity	2021		2020	
	2021	2020	%		Cost	Market value	Cost	Market value
	----- Rupees in '000 -----							
Government Debt securities								
Islamic Republic of Pakistan	B-	B-	6.88%	December 5, 2027	557,281	533,147	508,091	498,909
Islamic Republic of Pakistan	B-	-	8.25%	April 15, 2024	570,070	562,674	-	-
Republic of Sri Lanka	Caa2	Caa1	5.75%	April 18, 2023	245,503	146,166	210,499	151,557
The Third Pakistan International Sukuk Co Ltd	-	B-	5.50%	-	-	-	159,186	161,516
The Third Pakistan International Sukuk Co Ltd	-	B-	5.63%	-	-	-	163,296	163,443
Oman Government International Bond	-	Ba3	6.00%	-	-	-	419,735	411,374
Republic of Turkey	-	B+	4.88%	-	-	-	158,289	161,350
Republic of Turkey	-	B+	6.13%	-	-	-	313,692	340,588
Republic of Turkey	-	B+	7.63%	-	-	-	90,973	92,129
Arab Republic of Egypt	-	B	6.59%	-	-	-	510,058	525,769
Arab Republic of Egypt	-	B	7.60%	-	-	-	350,286	366,718
Republic of Kenya	-	B+	7.25%	-	-	-	257,393	268,347
Republic of Nigeria	-	B2	6.50%	-	-	-	248,288	257,666
Oman Government International Bond	-	Ba3	5.63%	-	-	-	243,815	244,036
					1,372,854	1,241,987	3,633,601	3,643,402
Non Government Debt securities								
Petroleos Mexicanos	Ba3	Ba2	6.84%	October 23, 2029	186,645	182,361	339,826	331,385
Petroleos Mexicanos	Ba3	-	6.88%	August 4, 2026	189,841	191,807	-	-
Bank of Ireland	-	-	-	-	-	-	39,828	42,502
					376,486	374,168	379,654	373,887

The Holding Company has recognised general provision (expected credit loss) under IFRS 9 of Rs. 68.232 million (2020: Rs. 122.758 million) held on foreign debt securities by Bahrain branch. However, the loss allowance is recognised in other comprehensive income and have not reduce the carrying amount of these securities.

9.6 Quality of Held to Maturity Securities

Details regarding quality of Held to Maturity (HTM) securities are as follows:

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9.6.1	Federal Government Securities - Government guaranteed	Cost	
		2021	2020
		----- Rupees in '000 -----	
	Market treasury bills	11,463,014	-
	Pakistan investment bonds	46,680,929	36,109,599
		58,143,943	36,109,599

9.6.1.1	Security type	Note	Maturity	Redemption	Coupon
	Market Treasury Bills	9.6.1.2	Upto May 19, 2022	On maturity	On maturity
	Pakistan investment bonds	9.6.1.3	July 19, 2022 to August 22, 2029	On maturity	Half yearly

9.6.1.2 Market treasury bills having maturity of twelve months. The rates of profits ranging from upto 7.65% per annum (2020: Nil). The market value of securities as at December 31, 2021 amounted Rs. 11,323.221 million (2020: Nil).

9.6.1.3 Pakistan Investment Bonds (PIBs) having maturity of three to ten years. The rates of profits ranging from 8.23% to 12% per annum (2020: 7.75% to 12% per annum). The market value of securities as at December 31, 2021 amounted Rs. 45,940.114 million (2020: Rs. 35,862.699 million).

9.7 Investment in associated company

	Note	Shares		Percentage holding		Cost	
		2021	2020	2021	2020	2021	2020
		--- Numbers ---				----- Rupees in '000 -----	
Omar Jibran Engineering Industries Limited	9.7.1	7,200,000	7,200,000	9.60%	9.60%	237,192	215,793
Veda Transit Solutions Private Limited	9.7.1 & 9.7.2	48,000	48,000	3.92%	9.12%	52,438	54,302
Intercity Touring Company Private Limited	9.7.1	1,351,111	1,351,111	9.12%	9.12%	-	698
						289,630	270,793

9.7.1 The investments classified as associate on account of it's significant influence over the investee companies. All associated companies are incorporated in Pakistan.

9.7.2 During the year, the Holding Company has renounce to subscribe right shares issued by Veda Transit Solutions Private Limited, the Company, resultantly shareholding percentage is reduced to 3.92% from 9.12%. However, despite of that fact, the Holding Company has still have significant influence through the Shareholders' Reserved Matters and right to choose a representative on the Board.

9.7.3 The following is summarised financial information before inter-company eliminations with other companies in the group:

	Associated companies			
	Omar Jibran Engineering Industries Limited		Veda Transit Solutions Private Limited	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- Rupees in '000 -----			
Total income / sales	2,401,848	1,950,375	863,681	785,016
(Loss) / profit after tax	149,638	(137,700)	47,622	19,797
Total comprehensive income	(1,757)	7,560	-	-
Total assets	3,953,414	3,752,367	1,726,311	609,304
Total liabilities	2,096,455	2,043,290	629,075	429,690
Net assets	1,856,959	1,709,077	1,097,236	179,614
Cash flow from operating activities	452,483	108,972	154,937	85,040
Cash flow (used in) / from investing activities	(122,945)	(75,100)	(695,121)	(10,237)
Cash flow (used in) / from financing activities	(25,026)	(39,955)	760,326	(54,777)
Net increase / (decrease) in cash and cash equivalents	304,512	(6,083)	220,142	20,026

Notes to the Consolidated Financial Statements

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		Performing		Non Performing		Total	
		2021	2020	2021	2020	2021	2020
10.	ADVANCES	----- Rupees in '000 -----					
	Note						

10.1 Particulars of net investment in finance lease

	2021				2020			
	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	3,825,624	3,157,347	3,894	6,986,865	4,923,114	5,173,453	2,318	10,098,885
Guaranteed residual value	941,675	1,925,134	3,372	2,870,181	1,008,381	2,449,909	2,248	3,460,538
Minimum lease payments	4,767,299	5,082,481	7,266	9,857,046	5,931,495	7,623,362	4,566	13,559,423
Finance charges for future periods	(515,035)	(406,237)	(346)	(921,618)	(991,822)	(1,286,416)	(1,443)	(2,279,681)
Present value of minimum lease payments	4,252,264	4,676,244	6,920	8,935,428	4,939,673	6,336,946	3,123	11,279,742

10.2 Particulars of advances (gross)	2021	2020
----- Rupees in '000 -----		
In local currency	247,352,862	245,261,990
In foreign currencies	13,896,019	9,396,707
	261,248,881	254,658,697

10.3 Advances include Rs. 13,926.269 million (2020: Rs. 11,733.555 million) which have been placed under non-performing status as detailed below:

Category of classification	2021		2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned	789,192	2,013	296,799	394
Substandard	814,434	91,936	1,177,804	156,095
Doubtful	1,930,747	435,448	3,264,335	724,426
Loss	10,391,896	6,040,432	6,994,617	3,300,921
Total	13,926,269	6,569,829	11,733,555	4,181,836

Notes to the Consolidated Financial Statements

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10.4 Particulars of provision against non-performing advances

		2021				2020			
		Specific	General	General provision under IFRS-9	Total	Specific	General	General provision under IFRS-9	Total
Note		----- Rupees in '000 -----							
Opening balance		4,181,836	-	21,327	4,203,163	3,339,941	161,166	7,520	3,508,627
Exchange adjustments		-	-	2,350	2,350	-	-	71	71
Charge for the year		3,147,572	87,787	1,516	3,236,875	1,087,212	-	13,736	1,100,948
Reversals for the year	10.4.2 & 10.4.4	(758,874)	-	-	(758,874)	(245,317)	(161,166)	-	(406,483)
		2,388,698	87,787	1,516	2,478,001	841,895	(161,166)	13,736	694,465
Amount written off from the opening balance	10.5	(705)	-	-	(705)	-	-	-	-
Closing Balance	10.4.3 & 10.4.6	6,569,829	87,787	25,193	6,682,809	4,181,836	-	21,327	4,203,163

10.4.1 Particulars of provision against non-performing advances

		2021				2020			
		Specific	General	General provision under IFRS-9	Total	Specific	General	General provision under IFRS-9	Total
Note		Rupees in '000							
In local currency		6,569,829	87,787	-	6,657,616	4,181,836	-	-	4,181,836
In foreign currency	10.4.5	-	-	25,193	25,193	-	-	21,327	21,327
		6,569,829	87,787	25,193	6,682,809	4,181,836	-	21,327	4,203,163

10.4.2 This includes reversal of provision of Rs. 294.822 million (2020: Rs. 8.604 million) against reduction of non-performing loans in Rs. 1,475.823 million (2020: Rs. 90.180 million) of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.2.2.

10.4.3 The Holding Company, in accordance with BPRD circular letter No. 31 of 2020 dated July 10, 2020, has taken the benefit of general provision to make good the specific provision requirement of the consumer financing portfolio till December 31, 2021.

10.4.4 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at December 31, 2021, the Holding Company has availed cumulative FSV benefit under the directives of the SBP of Rs. 5,019.150 million (2020: Rs. 4,763.931 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 3,061.682 million (2020: Rs 2,905.998 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.4.5 This represents general provision held under IFRS 9 by Bahrain branch of the Holding company.

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10.4.6 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD circular letter number 13 of 2020 dated March 26, 2020, has relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). Accordingly, certain exposures of the Holding Company as at December 31, 2021 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

		2021	2020
		----- Rupees in '000 -----	
10.5	Particulars of Write Offs:		
10.5.1	Against provisions	705	-
	Directly charged to profit and loss account	-	-
		<u>705</u>	<u>-</u>
10.5.2	Write offs of Rs.500,000 and above	141	-
	Write offs of below Rs.500,000	564	-
		<u>705</u>	<u>-</u>

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended is given in Annexure-I.

		2021	2020
		----- Rupees in '000 -----	
11.	FIXED ASSETS		
		Note	
	Capital work-in-progress	11.1	1,316,790
	Property and equipment	11.2 & 11.3	7,135,467
	Right-of-use assets	11.4	3,052,072
			<u>11,504,329</u>
11.1	Capital work-in-progress		
	Advance for building	13.2.3	199,556
	Civil works		600,786
	Advance for purchase of furniture and fixtures		20,122
	Advance for purchase of vehicles		496,326
	Advance for purchase of equipment and software		-
			<u>1,316,790</u>

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11.2 Property and equipment

		2021							
		Leasehold land	Building on free hold land	Building on lease hold land	Lease hold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
Note		----- Rupees in '000 -----							
At January 01, 2021									
Cost / Revalued amount		781,054	-	2,952,568	1,592,638	956,432	3,700,067	225,084	10,207,843
Accumulated depreciation		-	-	(361,848)	(752,637)	(478,494)	(2,411,776)	(104,063)	(4,108,818)
Net book value		<u>781,054</u>	<u>-</u>	<u>2,590,720</u>	<u>840,001</u>	<u>477,938</u>	<u>1,288,291</u>	<u>121,021</u>	<u>6,099,025</u>
Year ended December 2021									
Opening net book value		781,054	-	2,590,720	840,001	477,938	1,288,291	121,021	6,099,025
Additions	11.2.1	-	-	74,219	101,027	60,738	636,551	13,381	885,916
Movement in surplus on assets revalued during the year		207,868	-	139,169	-	-	-	-	347,037
Disposals									
Cost		-	-	-	(13,977)	(36,364)	(161,289)	(8,897)	(220,527)
Accumulated Depreciation		-	-	-	8,162	25,709	121,565	(5,093)	150,343
		-	-	-	(5,815)	(10,655)	(39,724)	(13,990)	(70,184)
Depreciation charge		-	-	(93,516)	(151,385)	(64,895)	(511,475)	(29,483)	(850,754)
Exchange rate adjustments									
Cost		-	-	-	2,958	923	771	509	5,161
Accumulated Depreciation		-	-	-	(1,591)	(595)	(536)	(301)	(3,023)
		-	-	-	1,367	328	235	208	2,138
(Write offs) / Write backs									
Cost		-	-	-	(69,587)	4,587	31,692	2,904	(30,404)
Accumulated Depreciation		-	-	-	35,593	(2,474)	(16,346)	(963)	15,810
		-	-	-	(33,994)	2,113	15,346	1,941	(14,594)
Transferred / other adjustments									
Cost		739,200	-	-	-	-	(3,971)	-	735,229
Accumulated Depreciation		-	-	-	-	-	1,654	-	1,654
		739,200	-	-	-	-	(2,317)	-	736,883
Closing net book value		<u>1,728,122</u>	<u>-</u>	<u>2,710,592</u>	<u>751,201</u>	<u>465,567</u>	<u>1,386,907</u>	<u>93,078</u>	<u>7,135,467</u>
At December 31, 2021									
Cost / Revalued amount		1,728,122	-	3,165,956	1,613,059	986,316	4,203,821	232,981	11,930,255
Accumulated depreciation		-	-	(455,364)	(861,858)	(520,749)	(2,816,914)	(139,903)	(4,794,788)
Net book value		<u>1,728,122</u>	<u>-</u>	<u>2,710,592</u>	<u>751,201</u>	<u>465,567</u>	<u>1,386,907</u>	<u>93,078</u>	<u>7,135,467</u>
Rate of depreciation (percentage)		-	-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

		2020							
		Leasehold land	Building on free hold land	Building on lease hold land	Lease hold improvements	Furniture and fixture	Electrical, office and computer equipment	Vehicles	Total
Note		----- Rupees in '000 -----							
At January 01, 2020									
Cost / Revalued amount		1,520,254	-	2,187,969	1,650,673	955,778	3,522,707	253,832	10,091,213
Accumulated depreciation		-	-	(285,735)	(734,004)	(443,155)	(2,106,270)	(83,417)	(3,652,581)
Net book value		<u>1,520,254</u>	<u>-</u>	<u>1,902,234</u>	<u>916,669</u>	<u>512,623</u>	<u>1,416,437</u>	<u>170,415</u>	<u>6,438,632</u>
Year ended December 2020									
Opening net book value		1,520,254	-	1,902,234	916,669	512,623	1,416,437	170,415	6,438,632
Additions		-	-	766,725	190,950	50,484	382,908	49	1,391,116
Disposals									
Cost		-	-	-	(1,852)	(14,501)	(47,037)	(25,741)	(89,131)
Accumulated Depreciation		-	-	-	(399)	10,444	41,535	11,921	63,501
		-	-	-	(2,251)	(4,057)	(5,502)	(13,820)	(25,630)
Depreciation charge		-	-	(76,542)	(152,821)	(66,364)	(452,015)	(33,588)	(781,330)
Exchange rate adjustments									
Cost		-	-	-	(885)	(276)	(210)	(152)	(1,523)
Accumulated Depreciation		-	-	-	280	101	105	58	544
		-	-	-	(605)	(175)	(105)	(94)	(979)
Write offs									
Cost		-	-	-	(246,248)	(35,053)	(158,301)	(2,904)	(442,506)
Accumulated Depreciation		-	-	-	134,307	20,480	104,869	963	260,619
		-	-	-	(111,941)	(14,573)	(53,432)	(1,941)	(181,887)
Transferred / other adjustments									
Cost		(739,200)	-	(2,126)	-	-	-	-	(741,326)
Accumulated Depreciation		-	-	429	-	-	-	-	429
	11.3	(739,200)	-	(1,697)	-	-	-	-	(740,897)
Closing net book value		<u>781,054</u>	<u>-</u>	<u>2,590,720</u>	<u>840,001</u>	<u>477,938</u>	<u>1,288,291</u>	<u>121,021</u>	<u>6,099,025</u>
At December 31, 2020									
Cost / Revalued amount		781,054	-	2,952,568	1,592,638	956,432	3,700,067	225,084	10,207,843
Accumulated depreciation		-	-	(361,848)	(752,637)	(478,494)	(2,411,776)	(104,063)	(4,108,818)
Net book value		<u>781,054</u>	<u>-</u>	<u>2,590,720</u>	<u>840,001</u>	<u>477,938</u>	<u>1,288,291</u>	<u>121,021</u>	<u>6,099,025</u>
Rate of depreciation (percentage)		-	-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

11.2.1 This includes transfer from capital work in progress during the year of Rs. 384.849 million.

2021 **2020**
----- Rupees in '000 -----

11.2.2 The cost of fully depreciated property and equipment still in use

Lease hold improvements	284,913	268,841
Furniture and fixture	185,336	195,614
Electrical, office and computer equipment	1,456,722	1,192,927
Vehicles	32,552	10,669
	<u>1,959,523</u>	<u>1,668,051</u>

11.2.3 The details of disposals of assets to related parties are given in annexure II these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

- 11.2.4** The properties of the Holding Companies were revalued by M/s. Luckyhiya Associates Pvt Ltd, an independent professional valuator. The revaluation was carried out, as at December 31, 2021 on the basis of professional assessment of present market values and as results of revaluation an additional surplus of Rs. 347.037 million (Land Rs. 207.868 million and Building Rs. 139.169 million).

Had there been no revaluation, the carrying value of revalued land and building on land as at December 31, 2021 would have been lower by Rs. 713.210 million and Rs. 1,350.419 million respectively, and net surplus on revaluation of fixed assets, deferred tax liability and incremental depreciation expense would have been lower by Rs. 1,751,559 million, Rs. 312.070 million and Rs. 49.417 million respectively.

		2021	2020
	Note	----- Rupees in '000 -----	
11.3 Non-current assets held for sale			
Leasehold land	11.3.1	-	739,200

- 11.3.1** During the year, the management has decided to set-up regional offices by way of acquisition of owned properties in first tier cities. Therefore, considering the best interest of the Holding Company, the management has directed to retain the property for development of regional office and has reclassified said property for its own use under the International Accounting Standard (IAS)- 16 'Property, plant and equipment', and its carrying value will be recovered through continued use and ceased to be classified as "held-for-sale". As of December 31, 2021, the property is being measured at its carrying amount before the asset was classified as held-for-sale as adjusted for any subsequent re-valuation at the date of the decision not to sell i.e. Rs. 910 million.

		2021	2020
	Note	----- Rupees in '000 -----	
11.4 The carrying amounts of right-of-use assets			
Opening balance		2,628,768	4,109,132
Additional impact / adjustments arised during the year - net		1,453,851	31,080
Termination of leases		(71,459)	(557,169)
Depreciation	29	(961,584)	(954,275)
Exchange gain		2,496	-
Closing balance		<u>3,052,072</u>	<u>2,628,768</u>

12. INTANGIBLE ASSETS

Capital work-in-progress	12.1	711,192	223,901
Computer software	12.2	976,394	828,024
Goodwill	12.2 & 12.6	1,463,624	1,463,624
		<u>3,151,210</u>	<u>2,515,549</u>

12.1 Capital work-in-progress

Advance for purchase of software	12.1.1	<u>711,192</u>	<u>223,901</u>
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- 12.1.1** During the year, advance against purchase software was written off amounting Rs. 4.964 million as disclosed in note 32.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

		2021				
		Trading right entitlement certificate (TREC)	Membership card - Pakistan Mercantile Exchange Limited	Computer software	Goodwill	Total
12.2	INTANGIBLE ASSETS	Note	Rupees in '000			
At January 1, 2021						
Cost		5,727	3,500	1,437,537	1,463,624	2,910,388
Accumulated amortisation and impairment		(3,227)	-	(615,513)	-	(618,740)
Net book value		2,500	3,500	822,024	1,463,624	2,291,648
Year ended December 2020						
Opening net book value		2,500	3,500	822,024	1,463,624	2,291,648
Additions:						
- directly purchased		12.2.1	-	286,660	-	286,660
Amortisation charge			-	(139,889)	-	(139,889)
Exchange rate adjustments						
Cost		-	-	769	-	769
Accumulated Amortisation		-	-	(415)	-	(415)
		-	-	354	-	354
Transfer						
Cost		-	-	3,971	-	3,971
Accumulated Amortisation		-	-	(1,654)	-	(1,654)
		-	-	2,317	-	2,317
Write offs						
Cost		-	(1,000)	-	-	(1,000)
Accumulated Amortisation		-	-	-	-	-
		-	(1,000)	-	-	(1,000)
Other adjustments						
Cost		-	-	(48)	-	(48)
Accumulated Amortisation		-	-	(24)	-	(24)
		-	-	(72)	-	(72)
Closing net book value		2,500	2,500	971,394	1,463,624	2,440,018
At December 31, 2021						
Cost		5,727	2,500	1,728,889	1,463,624	3,200,740
Accumulated amortisation and impairment		(3,227)	-	(757,495)	-	(760,722)
Net book value		2,500	2,500	971,394	1,463,624	2,440,018
Rate of amortisation (percentage)		-	-	10%		
Useful life (years)		-	-	10	See note 12.6	

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	2020				
	Trading right entitlement certificate (TREC)	Membership card - Pakistan Mercantile Exchange Limited	Computer software	Goodwill	Total
	----- Rupees in '000 -----				
At January 1, 2020					
Cost	5,727	3,500	1,222,657	1,463,624	2,695,508
Accumulated amortisation and impairment	(3,227)	-	(497,340)	-	(500,567)
Net book value	<u>2,500</u>	<u>3,500</u>	<u>725,317</u>	<u>1,463,624</u>	<u>2,194,941</u>
Year ended December 2020					
Opening net book value	2,500	3,500	725,317	1,463,624	2,194,941
Additions:					
- directly purchased	-	-	214,582	-	214,582
Amortisation charge	-	-	(118,032)	-	(118,032)
Exchange rate adjustments					
Cost	-	-	230	-	230
Accumulated Amortisation	-	-	(73)	-	(73)
	-	-	157	-	157
Write offs					
Cost	-	-	68	-	68
Accumulated Amortisation	-	-	(68)	-	(68)
	-	-	-	-	-
Closing net book value	<u>2,500</u>	<u>3,500</u>	<u>822,024</u>	<u>1,463,624</u>	<u>2,291,648</u>
At December 31, 2020					
Cost	5,727	3,500	1,437,537	1,463,624	2,910,388
Accumulated amortisation and impairment	(3,227)	-	(615,513)	-	(618,740)
Net book value	<u>2,500</u>	<u>3,500</u>	<u>822,024</u>	<u>1,463,624</u>	<u>2,291,648</u>
Rate of amortisation (percentage)	-	-	10%	See note 12.6	
Useful life (years)	-	-	10	-	

12.2.1 This includes transfer from capital work in progress during the year of Rs. 282.459 million.

	2021	2020
	----- Rupees in '000 -----	
12.3 The cost of fully amortized computer software still in use	<u>195,911</u>	<u>173,623</u>
12.4 This represents Trading Right Entitlement Certificate (TREC) received from PSX in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and integration) Act, 2012 (the Act). The company has also received shares of PSX after completion of the demutualisation process.		
12.5 This represents membership cards of Pakistan Mercantile Exchange. It has an indefinite useful life and is carried at cost.		
12.6 Goodwill is recorded by the group upon the event fully disclose in note 1.1.2. For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

12.7 Key assumptions used in value in use calculation

The recoverable amount of the CGU has been determined based on value in use calculation, using cash flow projections based on business plan approved by the Board of Directors of the Holding Company covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Holding Company.

	2021	2020
	Percentages	
Discount rate	15.25	17.41
Terminal growth rate	10.00	12.51

The calculation of value in use is most sensitive to following assumptions:

a) Interest margins

Interest margins are based on prevailing industry trends and anticipated market conditions.

b) Discount rates

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

c) Key business assumptions

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates.

d) Sensitivity to changes in assumption

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 5,465 million (2020: 5,345 million). Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount.

	Changes required for carrying amount to equal recoverable amount (%)	
	2021	2020
- Discount rate	1.99	3.16
- Terminal growth rate	(2.67)	(4.88)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

13.	OTHER ASSETS	Note	2021 ----- Rupees in '000 -----	2020
	Income / mark-up accrued in local currency		7,184,845	6,885,407
	Income/ mark-up accrued in foreign currencies		93,851	93,950
	Trade receivable from brokerage and advisory business - net		1,895,846	1,515,019
	Advances, deposits, advance rent and other prepayments		1,439,495	1,082,525
	Acceptances		3,689,343	3,603,192
	Dividend receivable		-	1,103
	Taxation (payments less provision)		865,822	292,053
	Net defined benefit plan	37.5	318,319	317,581
	Balances due from funds under management		105,157	109,501
	Receivable against bancassurance / bancatakaful		20,889	30,660
	Stationery and stamps in hand		22,864	22,730
	Receivable in respect of home remittance		27,549	30,656
	Due from State Bank of Pakistan		179,197	245,310
	Rebates receivable from SBP and others	13.1	68,142	305,331
	Non-banking assets acquired in satisfaction of claims	13.2 & 19.2	2,537,863	1,176,143
	Mark to market gain on derivative instruments	23.2	51,215	175,454
	Mark to market gain on forward foreign exchange contracts		467,017	334,735
	Advance against investments in securities	13.3	705,198	1,645
	Inter bank fund transfer settlement		88,237	-
	Credit card settlement		283,370	140,899
	Insurance		75,884	7,636
	Others		642,185	667,037
			<u>20,762,288</u>	<u>17,038,567</u>
	Less: Provision held against other assets	13.4	(430,569)	(430,569)
	Other assets (net of provisions)		<u>20,331,719</u>	<u>16,607,998</u>
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>120,674</u>	<u>135,109</u>
			<u>20,452,393</u>	<u>16,743,107</u>

13.1 This includes an amount of Rs. 67.555 million (2020: Rs. 297.218 million) receivable from State Bank of Pakistan in respect of home remittance services provided by the Holding Company.

	Note	2021 ----- Rupees in '000 -----	2020
13.2 Non banking assets acquired in satisfaction of claims			
Market value of non-banking assets acquired in satisfaction of claims		<u>2,658,537</u>	<u>1,311,252</u>
13.2.1 Movement of Non banking assets acquired in satisfaction of claims at market value:			
As at January 01		1,311,252	1,182,425
Addition during the year	13.2.2	1,529,159	90,178
Surplus recognised during the year	21.3	(14,320)	41,511
Transferred during the year	13.2.3	(156,843)	-
Depreciation during the year	29	(10,711)	(2,862)
		<u>2,658,537</u>	<u>1,311,252</u>
13.2.2 During the year, the Holding Company has acquired properties of Rs. 1,529.159 million (2020: Rs. 90.178 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. Rs. 294.822 million (2020: Rs. 8.604 million) against reduction in non-performing loans of Rs. 1,475.823 million (2020: Rs. 90.180 million) (refer note 10.4.2).			

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

13.2.3 During the year, under section 10 of the Banking Companies Ordinance, 1962, the property (situated at 15th Floor, Pace Tower, Plot # 27, Block-H, Gulberg II, Lahore) acquired under debt property swap agreement is used by the Bank for its own operations.

13.2.4 Non-banking assets acquired in satisfaction of claims are carried at revalued amount according to the requirements of the 'Regulation for Debt Property Swap' (the regulations) issued by SBP vide the BPRD Circular No. 1 of 2016, dated January 01, 2016.

Non-banking assets acquired in satisfaction of claims have been revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s Sipra (Pvt) Ltd. M/s Sardar Ent. (Pvt) Ltd, M/s. Luckyhiya Associates Pvt Ltd, M/s. bfa (Pvt) Ltd., M/s Tristar International Consultants (Pvt) Ltd, M/s Sipra & Company (Pvt.) Ltd., M/s Pakistan Inspection Co. (Pvt) Ltd. M/s Joseph Lobo (Private) Limited and Engineering Pakistan International (Pvt) Ltd. on the basis of professional assessment of present market values.

Had there been no revaluation, the carrying value of non-banking assets acquired in satisfaction of claims would have been lower by Rs. 120.674 million (2020: 135.254 million), and surplus on revaluation of assets net, deferred tax liability and depreciation expense would have been lower by Rs. 119.714 million (2020: Rs. 31.080 million), Rs. 0.960 million (2020: Rs. 4.029 million) and Rs. 0.115 million (2020: Rs. 0.145 million) respectively.

2021 2020
----- Rupees in '000 -----

Written down value:

Leasehold Land	2,134,847	944,946
Building on leasehold land	403,016	231,197
	<u>2,537,863</u>	<u>1,176,143</u>

13.3 This represents advance against purchase of TFC amounting Rs. 250 million, ordinary shares and preference shares of foreign companies amounting Rs. 205.75 million and Rs. 249.448 million respectively.

2021 2020
----- Rupees in '000 -----

13.4 Provision held against other assets

Trade receivable from brokerage and advisory business - net	403,318	403,318
Others	27,251	27,251
	<u>430,569</u>	<u>430,569</u>

13.4.1 Movement in provision held against other assets

Opening balance	430,569	432,908
Charge for the year	-	100
Reversal for the year	-	(2,439)
Net (reversal) / charge for the year	-	(2,339)
Closing balance	<u>430,569</u>	<u>430,569</u>

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14. BILLS PAYABLE

In Pakistan	6,786,643	4,752,985
Outside Pakistan	252,243	228,998
	<u>7,038,886</u>	<u>4,981,983</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

15.	BORROWINGS	Note	2021 ----- Rupees in '000 -----	2020
	Secured			
	Borrowings from State Bank of Pakistan under:			
	Export refinancing scheme (ERF)	15.2.1	20,775,516	21,496,075
	Long-Term Finance Facility (LTFF)	15.2.2	2,558,982	1,985,038
	Other borrowings			
	Financing Facility for Storage of Agricultural Produce (FFSAP)		246,691	193,029
	Financing Facility for Renewable Energy Projects		1,322,204	433,085
	Refinance and credit guarantee scheme for women entrepreneurs		448,799	32,900
	Refinance for Wages & Salaries		5,428,540	11,543,118
	Refinance facility for modernization of Small and Medium Enterprises (SMEs)		5,439	96,192
	Refinance facility for combating COVID-19		72,171	229,984
	Temporary economic refinance facility (TERF)		724,109	51,871
	Small and Medium Enterprises' Financing		9,029	-
	Refinance facility for working capital of SMEs		-	33,901
		15.2.3	8,256,982	12,614,080
			31,591,480	36,095,193
	Repurchase agreement borrowings	15.2.4	13,500,000	-
			45,091,480	36,095,193
	Borrowing from financial institutions			
	Repurchase agreement borrowings	15.2.5	22,160,140	9,667,181
	Refinancing facility for mortgage loans	15.2.6	2,916,027	2,397,468
	Mortgage loan	15.2.7	630,885	-
			25,707,052	12,064,649
	Total secured		70,798,532	48,159,842
	Unsecured			
	Overdrawn nostro accounts		306,663	143,570
	Commercial papers	15.2.8	943,409	-
	Total unsecured		1,250,072	143,570
			72,048,604	48,303,412
15.1	Particulars of borrowings			
	In local currency		71,154,003	48,159,842
	In foreign currencies		894,601	143,570
			72,048,604	48,303,412

15.2.1 The Holding Company has entered into agreement with the SBP for extending export finance to customers. As per the terms of the agreement, the Holding Company has granted SBP the right to recover the outstanding amount from the Bank at the date of maturity of finances by directly debiting the current account maintained by the Bank with SBP. These borrowings are repayable on a quarterly basis and to be matured between January 04, 2022 and June 29, 2022 (2020: January 04, 2021 and February 08, 2027). These carry mark-up at the rate from 1% to 2% (2020: 1% to 3%) per annum.

15.2.2 These borrowings have been obtained from the SBP for providing financing facilities to exporters for adoption of new technologies and modernization of their plant and machinery. These borrowings will mature between February 20, 2022 and March 08, 2031 (2020: November 04, 2021 and November 18, 2030). These carry mark-up at rates ranging from 2.00% to 3.50% (2020: 2.00% to 3.50%) per annum.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

15.2.3 Other borrowings have been obtained from SBP under various facilities on particulars mentioned below:

	Markup rate Per annum	Matured	
		From	To
Financing Facility for Storage of Agricultural Produce (FFSAP)	2%-2.5%	January 1, 2022	February 22, 2028
Financing Facility for Renewable Energy Projects	2%-3%	June 1, 2022	July 26, 2031
Refinance and credit guarantee scheme for women entrepreneurs	0%-0%	January 29, 2022	November 30, 2026
Refinance for Wages & Salaries	0%-2%	October 1, 2022	April 1, 2023
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	0%-0%	June 3, 2024	June 22, 2026
Refinance facility for combating COVID-19	0%-0%	April 1, 2025	July 16, 2026
Temporary economic refinance facility (TERF)	1%-1%	November 30, 2023	November 1, 2031
Small and Medium Enterprises' Financing	2%-2%	December 18, 2025	September 8, 2026

15.2.4 This represents borrowing against Pakistan Investment Bonds carrying mark-up at the rates ranging upto from 9.9% to 10.05% per annum and will be matured on February 18, 2022. The cost and market value of securities given as collateral of amounting to Rs. 13,468 million and Rs. 13,466.250 million respectively.

15.2.5 This represents borrowing against Market Treasury Bills, Pakistan Investment Bonds and Foreign Currency Bonds (2020: Market Treasury Bills) carrying mark-up at the rates ranging upto from 1.25% to 10.70% (2020: 6.70%) per annum and will be matured between January 04, 2022 and September 20, 2022 (2020: January 11, 2021 and January 12, 2021). The cost and market value of securities given as collateral of amounting to Rs. 22,359.782 million (2020: Rs. 9,766.518 million) and Rs. 22,274.845 million (2020: Rs. 9,767.491 million) respectively.

15.2.6 The Holding Company has entered into agreement with the Pakistan Mortgage Refinance Company Limited (PMRC) for extending housing finance facilities to the Holding Company's customers on the agreed terms and conditions. The borrowing carries mark-up rate of 3 years PKRV less 100bps and will be matured on February 28, 2022 and June 30, 2031 (2020: February 28, 2022 and December 09, 2025).

15.2.7 This represents Diminishing Musharika borrowing against carrying profit rate 3 months KIBOR plus 1.25% and will be matured on November 24, 2024.

15.2.8 This represents unsecured, unlisted and rated Commercial Paper in the form of promissory notes with a face value of Rs.1,000 million (inclusive of greenshoe option of Rs.500 million) with a tenor of six months and carrying mark-up rate of six months KIBOR plus 175 bps and will be redeemed at face value on maturity May 30, 2022.

16. DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	103,471,600	7,672,420	111,144,020	90,714,627	9,668,068	100,382,695
Savings deposits	94,411,562	5,055,750	99,467,312	98,103,956	3,944,797	102,048,753
Term deposits	197,382,108	13,980,936	211,363,044	186,691,026	15,203,881	201,894,907
Margin deposits	8,847,107	3,408	8,850,515	5,920,595	163	5,920,758
	404,112,377	26,712,514	430,824,891	381,430,204	28,816,909	410,247,113
Financial Institutions						
Current deposits	1,035,444	504,985	1,540,429	1,281,453	435,683	1,717,136
Savings deposits	14,024,408	31,231	14,055,639	11,192,800	-	11,192,800
Term deposits	12,929,088	-	12,929,088	8,266,773	-	8,266,773
	27,988,940	536,216	28,525,156	20,741,026	435,683	21,176,709
	432,101,317	27,248,730	459,350,047	402,171,230	29,252,592	431,423,822

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

		2021	2020
	Note	----- Rupees in '000 -----	
16.1 Composition of deposits			
- Individuals		152,824,495	147,143,479
- Government (Federal and Provincial)		93,109,449	92,317,151
- Public Sector Entities		39,277,014	52,156,536
- Banking Companies		5,663,632	2,950,286
- Non-Banking Financial Institutions		22,861,524	18,226,423
- Private Sector		145,613,933	118,629,947
	16.2	459,350,047	431,423,822

16.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 105,788.825 million (2020: Rs. 112,167.861 million, the number is revised from Rs. 143,210.503 million due to categorization differences in eligible deposits).

		2021	2020
	Note	----- Rupees in '000 -----	
17. SUB-ORDINATED DEBT			
Term Finance Certificates - First Issue	17.1	-	2,995,200
Term Finance Certificates - Second Issue	17.2	1,996,800	1,997,600
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
Term Finance Certificates - Fourth Issue	17.4	2,500,000	-
		6,996,800	7,492,800

17.1 During the year, the Holding Company exercised the call option of Term Finance Certificates - First Issue in accordance with the Trust Deed and Terms and Conditions for the TFC issue, after completing the regulatory requirements. Accordingly, the said TFCs were redeemed in full on December 28, 2021.

17.2 In 2017, the Holding company has issued Rs. 2 billion of rated, over the counter listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose: To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.

Issue date: December 29, 2017

Tenure: Up to Seven years from the issue date.

Maturity Date: December 29, 2024

Rating: A + (Single A Plus)

Profit Rate: Floating rate of return at Base rate + 1.4 percent per annum;

Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank, including deposits, and will not be redeemable before maturity without prior approval of SBP.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

17.3 In 2018, the Holding company has issued Rs. 2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity Date:	Perpetual
Rating:	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated as to payment of Principal and profit to all other claims except common shares.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Call Option: Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.

Lock-in-clause: Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause:

Pre-Specified Trigger ("PST") Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%);
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the issuer;

Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below;

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP.
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

17.4 During the year, the Holding Company has issued Rs. 2.5 billion of rated, privately placed and unlisted (listing is in process), unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 28, 2021
Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 28, 2021
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 2 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The Issue is unsecured
Subordination:	The Issue is subordinated all other indebtedness of the Bank including depositors, however, senior to the claims of investors in instruments eligible for inclusion in Tier I Capital
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 400,647,739 shares.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

18. DEFERRED TAX LIABILITIES

		2021			
		Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2021
Note		----- Rupees in '000 -----			
Deductible Temporary Differences on:					
		(57,149)	(6,531)	-	(63,680)
		(287,840)	(58,207)	-	(346,047)
		(119,330)	28,450	-	(90,880)
		(43,552)	43,552	-	-
		(2,904)	289	-	(2,615)
		4,032	(32,878)	-	(28,846)
		(179)	179	-	-
		(506,922)	(25,146)	-	(532,068)
Taxable Temporary Differences on:					
		188,533	(1,338)	-	187,195
		512,268	58,545	-	570,813
21	Surplus on revaluation of operating fixed assets	240,391	(10,073)	81,752	312,070
21	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	4,029	(45)	(3,024)	960
	Unrealised gain / (loss) on revaluation of derivative financial instruments	5,302	(5,302)	-	-
	Liability against assets subject to finance lease - net	(11,381)	16,220	-	4,839
	Mark to market gain / (loss) on forward foreign exchange contracts	(22,893)	22,893	-	-
	Government Grant	1,888	(1,338)	-	550
21	Surplus on revaluation of investments classified assets as available for sale	672,375	-	60,335	732,710
		1,590,512	79,562	139,063	1,809,137
		1,083,590	54,416	139,063	1,277,069

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

		2020			
		Balance as at January 01, 2020	Recognised in profit and loss account	Recognised in other comprehensive income	Balance as at December 31, 2020
Note		----- Rupees in '000 -----			
Deductible Temporary Differences on:					
	Provision against investments	(57,149)	-	-	(57,149)
	Provision against loans and advances	(132,305)	(155,535)	-	(287,840)
	Other assets	(845,243)	725,913	-	(119,330)
	General provision under IFRS-9	(3,097)	(40,455)	-	(43,552)
	Intangible other than Goodwill	(2,507)	(397)	-	(2,904)
	Liability against assets subject to finance lease - net	(7,082)	(4,299)	-	(11,381)
	Mark to market gain / (loss) on forward foreign exchange contracts	(51,092)	28,199	-	(22,893)
	Provision for workers' welfare fund	(3,143)	2,964	-	(179)
		(1,101,618)	556,390	-	(545,228)
Taxable Temporary Differences on:					
	Operating fixed assets	260,103	(71,570)	-	188,533
	Goodwill	512,268	-	-	512,268
21	Surplus on revaluation of operating fixed assets	374,394	(58,646)	(75,357)	240,391
21	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	967	(51)	3,113	4,029
	Unrealised (loss) / gain on revaluation of derivative financial instruments	82,321	(77,019)	-	5,302
	Unrealised loss / (gain) on revaluation of investments classified as held for trading	(665)	4,697	-	4,032
	Government Grant	-	1,888	-	1,888
21	(Deficit) / surplus on revaluation of investments classified assets as available for sale	(253,627)	(26,142)	952,144	672,375
		975,761	(226,843)	879,900	1,628,818
18.1		(125,857)	329,547	879,900	1,083,590

- 18.1** As of December 31, 2021, the JSIL has accumulated losses of Rs. 383.134 million (2020: 359.015 million). The deferred tax on such losses works out to Rs. 138.922 million (2020: Rs. 104.751 million), however, the JSIL has recognised deferred tax asset on such losses to the extent of deferred tax liability of Rs. 27.813 million (2020: Rs. 0.637 million). Unrecognized deferred tax asset on carried forward business losses as at December 31, 2021 amounted to Rs. 166.734 million.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

19. OTHER LIABILITIES

	Note	2021 ----- Rupees in '000 -----	2020
Mark-up / return / interest payable in local currency		3,391,010	3,132,699
Mark-up / return / interest payable in foreign currencies		26,668	52,729
Unearned commission income on guarantees		261,377	176,270
Accrued expenses		500,369	809,789
Acceptances		3,689,343	3,603,192
Trade payable from brokerage business		2,170,742	2,353,304
Unclaimed dividends		7,576	7,576
Mark to market loss on derivative instruments	37.5	59,584	172,635
Mark to market loss on forward foreign exchange contracts		103,830	400,144
Dividend payable		4,946	5,183
Gratuity Payable to contractual staff		5,263	-
Withholding taxes payable		631,372	599,853
Government challan collection		50,758	94,510
Donation payable	29.2	43,433	-
Security deposits against leases, lockers and others		2,908,147	3,490,704
Provision for Workers' Welfare Fund		215,713	160,165
Payable in respect of home remittance		433,507	831,042
Retention money payable		44,294	42,044
Lease liability against right-of-use assets	19.1	3,415,585	2,891,226
Advance against sale of assets		26,000	-
Insurance payable		27,180	10,137
Payable to vendors against SBS goods		206,925	93,634
Debit card settlement		58,711	65,855
Inter bank fund transfer		-	159,136
Clearing and settlement accounts		175,105	290,794
Others		327,657	433,217
		18,785,095	19,875,838

19.1 Lease liabilities

The carrying amounts of lease liabilities and the movements during the year is as below:

Opening balance		2,891,226	4,260,358
Additional impact arised during the year - net		1,416,067	22,284
Termination impact arised during the year-net		(82,912)	(613,771)
Lease liability against right-of-use assets	25	420,654	451,047
Payments		(1,254,891)	(1,228,692)
Exchange gain		25,441	-
Closing balance		3,415,585	2,891,226

19.2 During the year, the Bank has entered into an agreement to sell the property situated at Plot No. D2451/RH, Gali Dogran, Inside Lahori Gate, Lahore of Rs. 26 million which was recovered against settlement of loans and advances and classified under 'non-banking assets acquired in satisfaction of claims' having a carrying value of Rs. 24.900 million as of reporting date. The sale deed is expected to be executed next year after completion of all legal formalities.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

20. SHARE CAPITAL

20.1 Authorised capital

20.1.1 Ordinary shares

2021 ----- Number of shares -----	2020	Note	2021 ----- Rupees in '000 -----	2020
<u>2,350,000,000</u>	<u>2,350,000,000</u>	Ordinary shares of Rs.10 each	<u>23,500,000</u>	<u>23,500,000</u>
20.1.2 Preference shares				
<u>150,000,000</u>	<u>150,000,000</u>	Convertible preference shares of Rs.10 each	<u>1,500,000</u>	<u>1,500,000</u>
20.2 Issued, subscribed and paid-up capital				
		Ordinary shares		
763,558,965	763,558,965	Fully paid in cash	7,635,590	7,635,590
533,905,297	533,905,297	Issued for consideration other than cash	5,339,053	5,339,053
<u>1,297,464,262</u>	<u>1,297,464,262</u>		<u>12,974,643</u>	<u>12,974,643</u>
-	-	Less: Discount on issue of shares	(2,855,401)	(2,855,401)
<u>1,297,464,262</u>	<u>1,297,464,262</u>		<u>10,119,242</u>	<u>10,119,242</u>

21. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

Available-for-sale securities	9.1 & 21.1	2,128,246	2,325,426
Operating fixed assets	21.2	2,063,629	1,766,009
Non-banking assets acquired in satisfaction of claims	21.3	120,674	135,109
		<u>4,312,549</u>	<u>4,226,544</u>

Deferred tax on surplus on revaluation of:

Available-for-sale securities	(732,710)	(672,375)
Operating fixed assets	(312,070)	(240,391)
Non-banking assets acquired in satisfaction of claims	(960)	(4,029)
	<u>(1,045,740)</u>	<u>(916,795)</u>
	<u>3,266,809</u>	<u>3,309,749</u>

21.1 Group's share

Non-controlling interest	3,228,929	3,247,593
	37,880	62,156
	<u>3,266,809</u>	<u>3,309,749</u>

Available-for-sale securities

Pakistan:

- Equity securities	2,289,154	1,701,753
- Open end mutual funds	269,958	390,100
- Debt securities	(367,769)	97,107
	<u>2,191,343</u>	<u>2,188,960</u>

Bahrain:

- Equity securities	1,856	9,674
- Debt securities	(64,953)	126,792
	<u>(63,097)</u>	<u>136,466</u>
	<u>2,128,246</u>	<u>2,325,426</u>
	<u>(732,710)</u>	<u>(672,375)</u>
Related deferred tax liability	<u>1,395,536</u>	<u>1,653,051</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

21.1.1 As of December 31, 2021, the Holding Company has recognized in profit and loss account expected credit loss of Rs. 68.232 million (December 31, 2020: Rs. 122.758 million) under IFRS-9 on foreign debt securities of the wholesale banking branch in Bahrain of the Holding Company against an adjustment in the loss allowance. However, the loss allowance is recognized in other comprehensive income without reducing the carrying amount of the said securities. Therefore, the surplus / deficit on revaluation of those securities are adjusted accordingly in these consolidated statements of financial position.

		2021	2020
	Note	----- Rupees in '000 -----	
21.2 Fixed assets			
Surplus on revaluation as at January 01		1,766,009	1,955,940
Recognised during the year - net		347,037	1,216
		2,113,046	1,957,156
Less: Transferred to unappropriated profit:			
Incremental depreciation during the year		(39,345)	(40,378)
Related deferred tax liability		(10,072)	(9,038)
Realised on disposal of asset classified under held for sale		-	(92,126)
Related deferred tax liability		-	(49,605)
		(49,417)	(191,147)
Surplus on revaluation as at December 31	21.2.1	2,063,629	1,766,009
Less: Related deferred tax liability on:			
Surplus on revaluation as at January 01		(240,391)	(374,390)
Restatement of opening value due to change in tax rate		(27,474)	-
Recognised / transferred during the year		(54,277)	75,356
Transferred to profit and loss account on account of incremental depreciation		10,072	9,038
Realised on disposal of asset classified under held for sale		-	49,605
		(312,070)	(240,391)
		1,751,559	1,525,618
21.3 Non-banking assets acquired in satisfaction of claims			
Surplus on revaluation as at January 01		135,109	93,743
Derecognised during the year		(14,320)	41,511
Transferred to fixed assets		-	
		120,789	135,254
Less: Transferred to unappropriated profit:			
Incremental depreciation during the year		(70)	(94)
Related deferred tax liability		(45)	(51)
		(115)	(145)
Surplus on revaluation as at December 31		120,674	135,109
Less: Related deferred tax liability on:			
Surplus on revaluation as at January 01		(4,029)	(967)
Restatement of opening value due to change in tax rate		(460)	-
Transferred to profit and loss account on account of incremental depreciation		45	51
Derecognised during the year		3,484	(3,113)
		(960)	(4,029)
		119,714	131,080

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- Rupees in '000 -----	2020
22. CONTINGENCIES AND COMMITMENTS			
Guarantees	22.1	49,835,924	58,779,594
Commitments	22.2	54,937,231	65,953,138
		<u>104,773,155</u>	<u>124,732,732</u>
22.1 Guarantees:			
Financial guarantees		816,746	1,024,422
Performance guarantees		25,611,507	36,678,881
Other guarantees		23,407,671	21,076,291
	22.1.1	<u>49,835,924</u>	<u>58,779,594</u>
22.1.1	Included herein are outstanding guarantees of Rs. 21.419 million (2020: Rs. 29.054 million) of related parties.		
	Note	2021 ----- Rupees in '000 -----	2020
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit	22.2.1	21,917,220	21,111,360
Commitments in respect of:			
- Forward foreign exchange contracts	22.2.2	26,688,581	38,178,262
- Derivative instruments	22.2.3	4,835,903	5,564,000
- Forward lending	22.2.4	639,565	384,230
- Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	22.2.5	400,000	400,000
- Outstanding settlements against margin financing contracts - net	22.2.6	-	57,411
Commitments for acquisition of:			
- Operating fixed assets	22.2.7	455,962	257,875
		<u>54,937,231</u>	<u>65,953,138</u>
22.2.1	Included herein are the outstanding letter of credits of Rs. 201.246 million (2020: Rs. 86.543 million) of related parties.		
		2021 ----- Rupees in '000 -----	2020
22.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		17,655,035	23,137,733
Sale		9,033,546	15,040,529
		<u>26,688,581</u>	<u>38,178,262</u>
22.2.2.1	The Holding company utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At year ended, all foreign exchange contracts have a remaining maturity of less than one year.		

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- Rupees in '000 -----	2020
22.2.3 Commitments in respect of derivative instruments			
Purchase		1,737,404	1,760,637
Sale		3,098,499	3,803,363
		4,835,903	5,564,000
22.2.3.1 Interest rate swaps (notional principal)			
Purchase		370,039	1,176,824
Sale		370,039	1,176,824
		740,078	2,353,648
22.2.3.2 Options (notional principal)			
Purchase		1,367,365	582,419
Sale		1,332,677	2,425,487
		2,700,042	3,007,906
22.2.3.3 Commitments in respect of forward securities			
Purchase		-	1,394
Sale		1,395,783	201,052
		1,395,783	202,446
22.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.4.1	639,565	384,230
22.2.4.1	This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.		
	Note	2021 ----- Rupees in '000 -----	2020
22.2.5 Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited		400,000	400,000
22.2.6 Outstanding settlements against margin financing contracts - net		-	57,411
22.2.7 Commitments for acquisition of operating fixed assets	22.2.7.1	455,962	257,875
22.2.7.1	This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipments and electrical equipments and computer software.		
22.2.8 Commitments of associated company - Omar Jibran Engineering Industries Limited			
Stores, spares and raw material under letter of credit amounting to Rs. 24,196.459 million (June 30, 2020: Rs. 6,310.142 million).			

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

Guarantees issued by the other bank on the behalf of the associated company amounting to Rs. 2 million (June 30, 2020: Rs. 2 million)

The associated company has entered into Ijarah arrangement with the Orix Leasing Company for Vehicles and Plant and Machinery. Commitment of Ijarah rentals under this agreement are Rs. 97.377 million (June 30, 2020: Rs. 128.578 million).

22.2.9 There are no changes in contingent liabilities since the date of annual consolidated audited financial statements for the year ended December 31, 2020 except those as disclosed in note 33.2 and 33.5.

23. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Group.

The Group has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Holding Company has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45.

Accounting policies in respect of derivative financial instruments are described in note 4.4.2.

		2021					
		Interest rate swaps		Options and Accumulators		Forward securities	
		Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
23.1	Product Analysis	----- Rupees in '000 -----					
	With Banks						
	Hedging	740,078	1,818	-	-	-	-
	Market making	-	-	2,700,042	(6,758)	1,395,783	(3,429)
	With FIs other banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	-	-
	Total						
	Hedging	740,078	1,818	-	-	-	-
	Market making	-	-	2,700,042	(6,758)	1,395,783	(3,429)

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

2020					
Interest rate swaps		Options and Accumulators		Forward securities	
Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market

----- Rupees in '000 -----

With Banks

Hedging	2,353,648	4,943	-	-	-	-
Market making	-	-	3,007,906	10,205	201,052	(12,329)

With FIs other banks

Hedging	-	-	-	-	-	-
Market making	-	-	-	-	1,394	-

Total

Hedging	2,353,648	4,943	-	-	-	-
Market making	-	-	3,007,906	10,205	202,446	(12,329)

23.2 Maturity Analysis

Remaining maturity of contracts	2021				
	Number of contracts	Notional principal	Mark to market		
			Positive	Negative	Net
----- Rupees in '000 -----					
Upto 1 month	3	1,511,061	4,825	(8,046)	(3,221)
1 to 3 months	1	34,688	-	(3,511)	(3,511)
3 to 6 months	2	156,200	5,541	(5,236)	305
6 months to 1 year	4	2,665,354	17,298	(20,546)	(3,248)
1 to 2 years	2	468,600	23,551	(22,245)	1,306
	12	4,835,903	51,215	(59,584)	(8,369)

Remaining maturity of contracts	2020				
	Number of contracts	Notional principal	Mark to market		
			Positive	Negative	Net
			----- Rupees in '000 -----		
Upto 1 month	6	871,043	29,685	(41,098)	(11,413)
1 to 3 months	1	317,656	-	(889)	(889)
3 to 6 months	7	1,345,571	13,001	(5,296)	7,705
6 months to 1 year	10	2,914,453	121,563	(114,748)	6,815
1 to 2 years	2	115,277	11,205	(10,604)	601
	26	5,564,000	175,454	(172,635)	2,819

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

		2021	2020
		----- Rupees in '000 -----	
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		20,705,914	25,277,186
Investments		17,658,516	16,537,576
Lendings to financial institutions		72,642	42,679
Balances with other banks		52,664	75,320
Securities purchased under resale agreements		737,597	1,259,308
		<u>39,227,333</u>	<u>43,192,069</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		21,772,454	29,376,526
Borrowings	25.1	3,793,212	1,817,487
Subordinated debt		696,224	900,310
Cost of foreign currency swaps against foreign currency deposits / borrowings		517,642	735,977
Lease liability against right-of-use assets		420,654	451,047
		<u>27,200,186</u>	<u>33,281,347</u>
25.1 Borrowings			
Export refinancing scheme (ERF)		393,464	357,578
Long-Term Finance Facility (LTFF)		50,168	46,242
Other Borrowings from State Bank of Pakistan		24,571	10,941
Securities sold under repurchase agreements		2,929,076	1,111,507
Other short term borrowings		395,933	291,219
		<u>3,793,212</u>	<u>1,817,487</u>
26. FEE, COMMISSION AND BROKERAGE INCOME			
Branch banking customer fees		127,575	240,843
Consumer finance related fees		70,883	39,700
Card related fees (debit and credit cards)		363,319	652,096
Credit related fees		335,612	358,650
Investment banking fees		349,959	119,315
Commission on trade		791,362	671,804
Commission on guarantees		426,161	393,993
Commission on cash management		9,756	4,755
Commission on remittances including home remittances		187,487	252,078
Commission on bancassurance		128,638	180,460
Commission on distribution of mutual funds		2,711	29,008
Commission on online Services		281,364	372,892
Postage & Courier income		23,103	24,096
Rebate income		249,799	250,355
Rebate on primary dealership		34,638	27,637
Brokerage income		882,639	582,761
Management fee		154,033	173,499
		<u>4,419,039</u>	<u>4,373,942</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

- 26.1** This includes Rs. 79.085 million (2020: Rs. 149.705 million) in respect of commission income from home remittance services provided by the Bank. The amount is earned from State Bank of Pakistan at the rate of Saudi Riyal 20 (2020: Saudi Riyal 20) per transaction over USD 200 (2020: USD 200) and is shared between the Bank and various exchange companies as per terms of agreement with them.

27.	GAIN / (LOSS) ON SECURITIES - NET	Note	2021	2020
			----- Rupees in '000 -----	
	Realised	27.1	235,203	1,906,308
	Unrealised - held for trading		(72,072)	14,202
			163,131	1,920,510
27.1	Realised gain on:			
	Federal government securities			
	Market treasury bills		(9,214)	76,912
	Pakistan investment bonds		142,783	1,381,058
	Ijara sukuk certificates		2,901	71
			136,470	1,458,041
	Shares			
	Listed companies		(88,546)	429,881
	Non Government Debt Securities			
	Term finance certificates		44,327	32,832
	Sukuk certificates		-	450
	Commercial paper certificates		64	-
			44,391	33,282
	Mutual fund units		102,906	(11,538)
	Foreign currency bonds		39,982	(3,358)
			235,203	1,906,308
28.	OTHER INCOME			
	Gain on sale of fixed assets - net		12,311	10,682
	Gain on termination of leases - net		6,692	64,805
	Gain on sale of assets held for sale		-	1,000
	Others		20,157	32,819
			39,160	109,306

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

	Note	2021 ----- Rupees in '000 -----	2020
29. OPERATING EXPENSES			
Total compensation expense	29.1	6,123,680	6,735,714
Property expense			
Rent & taxes		26,786	24,143
Insurance		3,566	2,641
Utilities cost		426,547	365,121
Security (including guards)		282,624	345,866
Repair & maintenance (including janitorial charges)		274,306	241,197
Depreciation		258,160	243,485
Depreciation on right-of-use assets	11.4	961,584	954,275
Depreciation on non banking assets	13.2.1	10,711	2,862
		2,244,284	2,179,590
Information technology expenses			
Software maintenance		646,263	484,910
Hardware maintenance		239,553	189,878
Depreciation		264,832	215,310
Amortisation		139,889	118,032
Network charges		192,823	113,602
		1,483,360	1,121,732
Other operating expenses			
Directors' fees and allowances		19,400	23,100
Legal & professional charges		170,451	191,690
Insurance		446,691	290,204
Outsourced services costs	29.7	172,514	156,524
Travelling & conveyance		150,436	128,243
NIFT clearing charges		46,549	45,199
Depreciation		327,762	322,535
Training & development		64,091	19,520
Postage & courier charges		83,276	100,484
Communication		143,318	182,699
Stationery & printing		228,251	265,011
Marketing, advertisement & publicity		398,733	461,634
Donations	29.2	54,433	122,341
Auditors' remuneration	29.3	17,470	16,697
Staff auto fuel & maintenance		248,881	205,187
Bank charges		51,986	60,168
Stamp duty		72,343	17,238
Online verification charges		53,770	18,802
Brokerage, fee and commission		53,670	56,849
Card related fees (debit and credit cards)		275,935	284,258
CDC and other charges		36,744	27,250
Consultancy fee		31,799	61,605
Deposit protection premium	29.4	179,469	128,144
Entertainment expenses		106,865	75,802
Repair and maintenance		80,926	67,988
Cash handling charges		188,376	239,732
Fee and Subscription		115,867	171,948
Employees social security		6,375	11,444
Generator fuel & maintenance		86,480	76,467
Fee and allowances to Shariah Board		131	74
Royalty	29.5	32,083	30,000
Others		52,766	57,586
		3,997,841	3,916,423
		13,849,165	13,953,459
Less: Reimbursement of selling and distribution expenses	29.6	(70,974)	(52,233)
		13,778,191	13,901,226

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

29.1	Total compensation expense		2021	2020
			----- Rupees in '000 -----	
	Fees and Allowances etc.		198,873	204,736
	Managerial Remuneration:			
	i) Fixed		4,483,059	4,316,171
	ii) Variable of which;			
	a) Cash Bonus / Awards etc.		96,100	656,678
	b) Commission		325,682	292,603
	Charge for defined benefit plan		(211,129)	159,436
	Contribution to defined contribution Plan		271,836	251,053
	Leaving indemnity		7,505	6,479
	Medical		400,472	387,404
	House rent allowance		1,803	1,694
	Utilities		200	188
	Conveyance		446,324	415,478
	Insurance Staff		97,563	41,259
	Others		5,392	2,535
			6,123,680	6,735,714

29.1.1 The Group operates a short term employee benefit scheme which includes cash awards / special bonus for all employees. Under this scheme, the bonus for all employees, including the Chief Executive Officer (CEO) is determined on the basis of employees' evaluation and the Bank's performance during the year.

29.2	Donations	Note	2021	2020
			----- Rupees in '000 -----	
	Future Trust	29.2.1	54,433	117,341
	Agha Khan Foundation		-	5,000
			54,433	122,341

29.2.1 This represents donation to a related party, wherein below mentioned persons are trustees. The registered office of the donee is located at 7th Floor, The Forum, Block 9, Clifton, Karachi.

Mr. Kalim-ur-Rehman	Chairman of the Bank
Mr. Hasan Shahid	Chief Financial Officer of the Bank and Director of JS Investments Limited, the Subsidiary Company
Mr. Najmul Hoda Khan	Chief Financial Officer of Jahangir Siddiqui & Co. Ltd. (the parent company)
Mr. Muhammad Yousuf Amanullah	Chief Operating Officer & Executive Director JS Global Capital Limited, subsidiary company
Mr. Tariq Usman Bhati	Head of Money Market And Forex of JS Global Capital Limited, subsidiary company
Ms. Rukhsana Shah	Chief Executive Officer - Autism Spectrum Disabilities Welfare Trust, Director - EFU Life Assurance Limited and Director - Pak Suzuki Motor Company Limited

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

29.3	Auditors' remuneration	Note	2021	2020
			----- Rupees in '000 -----	
	Audit fee - Pakistan		3,581	3,672
	Audit fee - Bahrain		1,873	1,717
	Half-yearly review		1,228	1,228
	Fee for audit of employees funds		143	143
	Fee for other statutory certifications		3,435	1,177
	Special certification and sundry advisory services		4,437	5,783
	Out of pocket expenses and sales tax on services		2,773	2,707
	Taxation services		-	270
		29.3.1	17,470	16,697

29.3.1 Geographical analysis

Pakistan	14,629	14,092
Bahrain	2,841	2,605
	17,470	16,697

29.4 Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year.

The Bank's eligible deposits as of December 31, 2021 are amounting to Rs. 105,788.825 million on which total premium is payable of Rs. 169.262 million per annum (Rs. 139.880 million per quarter).

29.5 Royalty represents amounts payable to Mr. Jahangir Siddiqui on account of use of name in the subsidiary of the Bank.

29.6 The SECP vide Circular 40/2016 dated December 30, 2016, prescribed certain conditions on Asset Management Companies (AMC) for charging of selling and marketing expenses to open end equity funds, for opening of new branches in cities, except Karachi, Lahore, Islamabad and Rawalpindi. Expenses can be charged to the extent of 0.4% per annum of net assets of fund or actual expenses whichever is lower.

29.7 The material outsourcing arrangements along with nature of services are as follows:

Name of Service Provider	Type of services	2021	2020
		----- Rupees in '000 -----	
Mustang HRMs (Pvt) Limited	Human Resource Management Services	142,043	145,738
Dagia Innovative Warehousing	Record Management Services	14,481	6,731
		156,524	152,469

30. WORKERS' WELFARE FUND

Charge during the year	55,103	46,472
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Provision held at @ 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

		2021	2020
		----- Rupees in '000 -----	
31. OTHER CHARGES	Note		
Penalties imposed by State Bank of Pakistan		<u>494</u>	<u>91,639</u>
32. PROVISIONS AND WRITE OFFS - NET			
(Reversals) / provisions for diminution in value of investments	9.3.1	(253,807)	249,343
Provisions against loans & advances	10.4	2,388,698	841,895
Provisions / (reversals) against loans & advances - general	32.1	87,787	(161,166)
(Reversals) / provisions under IFRS-9 -general	32.1	(62,326)	138,345
Fixed assets written off - net	11.2	14,594	181,887
Intangible assets written off	12.1.1	4,964	-
Other Provisions and write offs		8,104	5,620
Insurance claim recovered against non performing advances	32.2	(209,600)	-
Other reversals		-	(2,339)
		<u>1,978,414</u>	<u>1,253,585</u>
32.1 (Reversals) / provisions under IFRS-9 - general			
Balances with other banks		(443)	384
Lendings to financial institutions		(1,251)	(79)
Investments	9.3.1	(62,148)	124,303
Advances	10.4	1,516	13,737
		<u>(62,326)</u>	<u>138,345</u>
32.2			
This represents insurance claim received against fake gold financing of Rs. 741.73 million for policies covered under staff infidelity and goldsmith infidelity. The Holding Company has fully provided said loans in these consolidated financial statements and started recovery proceedings on merits in court of law against the persons who are involved in collusion of that fraud.			
33. TAXATION		2021	2020
		----- Rupees in '000 -----	
Current		1,104,586	745,311
Prior years		(118,459)	(14,482)
Deferred		54,416	329,547
		<u>1,040,543</u>	<u>1,060,376</u>
33.1 Relationship between income tax expense and accounting profit			
Profit before taxation		<u>2,257,975</u>	<u>2,168,811</u>
Tax at applicable rates in the Group		1,016,014	793,461
Effect of change in tax rates		42,302	42,596
Effect of permanent differences		193	(50,923)
Effect of prior year deferred taxation		-	46,783
Others		(17,966)	228,459
	33.1.1	<u>1,040,543</u>	<u>1,060,376</u>

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

- 33.1.1** The Group has recognised taxation impact on the basis of deemed tax return to be file on applicable tax rate with tax authorities, which are as follows:

	Tax Rate	
	2021	2020
JS Bank Limited	39%	35%
JS Investments Limited	29%	29%
JS Global Capital Limited	29%	29%
JS ABAMCO Commodities limited	-	29%

33.2 JS Bank Limited (Holding Company, the Bank)

33.2.1 Income Tax

The income tax returns filed under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2021. These returns filed were deemed to have been assessed in terms the provisions prevailing under income tax laws as applicable in Pakistan. However, the Officers of Inland Revenue Services (OIR) conducted the proceedings for making certain amendments in the deemed assessments for tax years 2008 to 2018 and tax year 2020. This was done by taking recourse of conducting tax audit or alternatively a direct amendment in the assessment contending that certain matters in the deemed assessments were not admissible as not conforming to the law and prejudiced the interest of revenue.

Based on the amended assessments in tax year 2008 to tax year 2018 and 2020, the department had made certain dis-allowances of expenses and tax deductible claims besides creating minimum tax and Workers' Welfare Fund liabilities in the tax years 2010, 2011 & 2012 and tax years 2009, 2012 & 2013 respectively.

In respect of WWF, the Supreme Court of Pakistan has held in Judgement, PLD 2017 SC 28, that the amendments made in the WWF Ordinance through Finance Act, 2006 and 2008 were illegal and without lawful authority i.e. the banks do not fall into definition of Industrial Undertaking and thus, not liable to pay WWF. Therefore based on this, the Holding Company's contention is mandated and it is likely that its pending appeals in this will be decided favorably. The Holding Company has obtained appeal effect orders of respective years except 2013 and resultantly no demand is payable in this respect.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh and Punjab through the Sindh WWF Act, 2014 ("the Act") and the Punjab Workers Welfare Fund Act, 2019 respectively. As per the Acts, the Holding Company is liable to pay WWF in both provinces. However in this respect:

- the Holding Company has challenged the issue of jurisdiction claimed by Sindh Revenue Board before the Honorable High Court of Sindh (SHC) through Constitutional Petition 1546/2017 on grounds that banking companies cannot be considered as industrial establishment and that the Act will be applied to trans-provincial entities to the extent that the obligation under the provincial law is to make distribution to the extent of the proportionate profit of the Sindh Province. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF till the next date of hearing.
- the Holding Company will challenge the recovery of Punjab WWF in the court of law on same grounds in case of SWWF.

In 2018, Based on decision of the Supreme Court of Pakistan, the Holding Company had reassessed the provision of WWF which was previously held on the entire operating results of the Holding Company (including all provinces, part of Pakistan, AJK and Bahrain Operations) and maintained WWF only to the extent of its operations within Sindh Province till 2019. In 2020 after promulgation of Punjab WWF, the Holding Company has again decided prudently to maintained provision on the entire results of the Holding Company.

Notes to the Consolidated Financial Statements

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In respect of minimum tax, the Commissioner Inland Revenue-Appeals (the CIR(A)) has not accepted the Holding Company's contentions of gross loss position and also decided that non-mark-up income is the fall in the definition of turnover including capital gains and dividend income. As result the demand of Rs. 38.907 million has been payable. The Holding Company has contested the matter in further appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for hearing.

For tax year 2008-2018 and 2020, the Holding Company has not accepted the amendments of Rs. 6.77 billion and have filed appeals before the Commissioner Inland Revenue-Appeals (the CIR(A)).

CIR(A) has admitted the contention of the Holding Company in case of tax year 2008 that the amended order is barred by time and decided that any addition made in impugned order is annulled and not required to be further adjudicated. However, the department has filed an appeal against the decision of CIR(A) in ATIR which is held in the Holding Company's favor through order dated January 31, 2022.

With regard to appeals filed for tax year 2009 to 2017, the CIR(A) has decided the appeals accepting the Holding Company's contentions in respect of significant issues, and certain disallowance including amortization claim of goodwill have been decided in favor of department in all tax years. However, the Holding Company and the tax department are contested the matters in further appeals before Appellate Tribunal Inland Revenue (ATIR) which mostly held in favor of Holding Company including goodwill through order dated January 31, 2022.

The tax department passed appeal effect/rectification orders and allowed deleted and set-aside issues in the light of CIR(A) orders for tax year 2008 to 2014. As a result of these orders, the Holding Company's taxable losses has increased to Rs. 3.464 billion and reduced the demand of Rs. 1.212 billion in relevant tax years after adjustment of these losses.

Further for the tax year 2013, the ATIR has decided appeal filed by tax department in respect of calculating the amount of provisions against advances as allowable under Rule 1(c) of Seventh Schedule to the Income Tax Ordinance, 2001 and has maintained the CIR(A) decision that the allowability of provision for advances to be calculated at 1% of gross amount of advances as against the tax department contention that the same is to be calculated on net advances after deducting the amount of provisions created and allowed against advances.

The matter of allowability of amortization relating to goodwill is contentious issue, therefore based on the opinion of lawyer there are arguments available to contend that goodwill on merger is an allowable deduction for tax purposes. Especially in the recent decision given by the High Court of Sindh in the case of merger of another bank in Pakistan where the Court has ruled in favour of taxpayer that goodwill generated in merger is 'intangible' and amortization relating to goodwill is allowable deduction.

The Sindh High Court has dismissed the Holding Company's petitions for tax years 2016 through 2019 wherein the Holding Company alongwith other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Holding Company has appealed before the Supreme Court against the decision of the Sindh High Court. The Supreme Court has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability. However, the Holding Company has adjusted full amount of super tax liability for Tax year 2016 and 2019 against the available tax refunds. Further, the Holding Company has obtained stay from the Sindh High Court on other technical grounds regarding the levy of Super Tax for tax years 2017 and 2018.

33.2.2 Withholding tax monitoring

Withholding tax monitoring was initiated against the Holding Company for tax year 2014-2020. Orders in respect of tax years 2014, 2015, 2016 and 2017 has been passed against which appeals have been filed before the CIR(A). CIR(A) has remanded back the matters for rectification in respect of tax years 2014 and 2015 against which rectified orders has been passed and demands have been reduced. Appeal for tax year 2017 has been heard and reserved for order. In respect of tax year 2018 to 2020, proceedings are pending.

Notes to the Consolidated Financial Statements

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33.2.3 Sales tax

The Holding Company as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued a Sales Tax Order from the Sindh Revenue Board (SRB) creating a demand of Rs.193.44 million (besides Rs. 7.2 million is charged as penalty) against the Holding Company for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes'(i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, Rebates from foreign correspondent Banks, and FX gain on remittance by Western Union)' for the tax periods July 2011 to December 2013, 2015 to 2017 and 2019 to 2020. The Holding Company has filed appeals before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB.

The management of Holding Company is confident that the appeals filed in respect of the above matter will be decided in the Holding Company's favor and accordingly no demand for payment would arise.

33.2.4 Azad Jammu & Kashmir Operations

The Holding Company has commenced operations in Azad Jammu & Kashmir from tax year 2009 and has filed returns for the tax years 2009 to 2021 with the tax authorities of such region. The amendment proceedings and appeals are at various levels before AJK Tax authorities for the tax year 2011 to 2017, 2019 and 2020.

33.3 JS Global Capital Limited (Subsidiary, the Company)

33.3.1 Income tax

Except for tax year 2009, 2014, 2015, 2016, 2017 and 2018 income tax assessments have been filed and are deemed to have been assessed under the Income Tax Ordinance, 2001 (the Ordinance) unless selected by taxation authorities for audit purposes.

For tax year 2009, an ITRA no. 07/2013 was filed by the Commissioner Inland Revenue against an order passed by the Learned Appellate Tribunal Inland Revenue (ATIR) in ITA no. 923/KB/2011 dated August 28, 2012 which was related to the apportionment of expenses, allowability of expenses and claiming of tax deducted at source aggregating to Rs. 61.16 million. However, the same is pending for decision before the Sindh High Court (SHC).

For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue (DCIR). Through said order, an income of Rs. 810.584 million was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 01, 2016 identifying various errors / details not considered. The CIR-A, has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR along with application for stay against recovery of demand. The appeal before ATIR has been heard and order is reserved whilst ATIR vide order dated July 18, 2017 has granted stay for 60 days and subsequently the said stay was further extended vide various orders by ATIR. Subsequently, recovery of aforesaid tax demand was previously stayed by the Honorable Sindh High Court (SHC) through C.P No 4915 of 2018 vide order dated June 28, 2018 with direction to the Department not to enforce recovery of tax demand till the decision of ATIR. However, based on its order dated July 21, 2020, the SHC has dismissed the aforementioned C.P and has declared the super tax for TY 2015 to be constitutionally vires. The Company has however filed an Income Tax Reference Application (ITRA) No. 52 of 2020 before SHC which is pending adjudication.

For tax year 2016 and 2017, notices dated December 27, 2016 and January 3, 2018 were issued under section 4B of the Ordinance by the DCIR. In the said notices the DCIR has contended that the Company is liable to pay Super Tax amounting to Rs. 24.483 million and Rs. 19.490 million on 'income' of Rs. 816.122 million and Rs. 649.676 million for Tax Years 2016 and 2017 respectively. The Company has challenged both notices through writ petition before SHC on constitutional grounds wherein the SHC has, vide its orders dated January 16, 2017 and January 11, 2018 for Tax Years 2016 and 2017 respectively, has stated that no coercive action shall be taken against the Company. The DCIR passed the orders under section 4B vide order dated April 23, 2018 and

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May 4, 2018 for tax years 2016 and 2017 respectively to levy Super tax of above mentioned amounts under the view that SHC has not restrained the department from passing the orders. In pursuance of the said orders, Company filed appeals which were rejected by CIR-A vide its order dated October 12, 2018 for both years. As a result, the Company has filed appeals before Appellant Tribunal Inland Revenue (ATIR) against the orders of CIR-A. Meanwhile, the Company paid 50% of tax demand of both tax years to maintain the above suits in light of judgment of Hon'able Supreme Court of Pakistan (Civil Appeals No. 1171/2017 and other connected appeals) wherein, the pending suits are declared to be entertained on the condition that a minimum of 50% of tax demand is deposited with tax authorities during the pendency of appeal. During the year the appeal has been heard before ATIR and is reserved for order. The Company has however filed an Income Tax Reference Application (ITRA) No. 53 and 54 of 2020 before SHC which is pending adjudication.

For tax year 2018, a notice under section 4B of the Ordinance by the DCIR dated December 7, 2018 was issued, contending that the Company is liable to pay Super Tax amounting to Rs. 45.211 million on 'income' of Rs. 1,507.039 million. The Company had challenged the notice on constitutional grounds before SHC through C.P. No. 8670 of 2018. The SHC, vide its order dated December 14, 2018, had stated that no coercive action shall be taken against the Company. However the SHC based on its order issued in September 2020 has dismissed the aforementioned C.P. The Company is hence awaiting the conclusion of ATIR on the above matter before it files a reference application for TY 2018. To date, no order has been passed by the Department, consequently, no outstanding tax demand exists to date.

For tax year 2016, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue (ACIR). Through the said order, the ACIR raised demand amounting to Rs. 241.217 million. Upon appeal filed, CIR-A confirmed the ACIR's order vide its order dated December 12, 2017. In pursuance of the order of CIR-A, the Company had filed an appeal before ATIR. During last year ATIR vide its order dated March 29, 2019 had annulled CIRA's action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIRA to pass speaking and reasoned order after providing due opportunity of being heard. As a result, the likely assessment position after appeal effect of ATIR's order under section 124 of the Ordinance is that only tax demand on account of undistributed reserves is outstanding, which has also been stayed by SHC vide interim order in CP No. 0-2343 of 2019 dated April 09, 2019. Furthermore during last year, a rectification application was filed for erroneously considered share premium reserves while computing excess reserves under section 5A of the Ordinance by the ACIR, in its order dated November 2, 2017. As a result of which tax demand under section 5A would be reduced to Rs. 7.523 million. The Honourable Sindh High Court vide an interim order dated May 21, 2021 granted relief against the said notice.

For tax year 2017, an amended assessment order has been passed under section 122(5A) of the Ordinance by the Tax Officer. Through the said order, the Tax Officer raised a demand amounting to Rs. 17.649 million. The Company has filed an appeal before CIR-A which has been heard, however, no order has been passed till date. The total tax demand was partially stayed by the order of SHC vide CP No. 5431 of 2017 dated August 16, 2017, while the remaining liability was adjusted from the available refunds as declared in the return for tax year 2017.

Furthermore, the case of the Company has been selected for income tax audit under section 214C of the Ordinance and a notice dated April 12, 2019 under section 177 of the Ordinance has been issued requiring submission of details and documents. Partial details have been submitted and extension is requested for submission of remaining details.

For tax year 2017, a show-cause notice under section 161/205 of the Ordinance has been issued by tax authority. Through the said order, the Company was alleged for non-deduction of tax under section 150 of the Ordinance on payment made to shareholders in respect of buy back of shares. The said notice has been challenged before Sindh High Court (SHC) through legal counsel of the Company and SHC has prohibited tax department from passing any order without its permission. On the directions of court, detailed reply to show-cause notice has also been submitted vide our letter dated January 26, 2018. Tax authorities have issued a subsequent notice dated March 6, 2018, requesting to provide certain factual details which have also been submitted vide our letter dated March 16, 2018 and the matter is now pending adjudication before the SHC.

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33.3.2 Sales Tax

During 2013, the Company received a show cause notice from the Sindh Revenue Board (SRB) under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed reducing the demand to Rs. 9.86 million along with default surcharge. The Company filed an appeal before the CIR-A and after being decided against the Company, it subsequently filed an appeal before Appellate Tribunal SRB. During the year 2014, the Company paid an amount of Rs. 7.15 million in respect of the abovementioned liability before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption from application of penalty and 75% of default surcharge. Appellate Tribunal SRB vide order dated November 29, 2017 decided the issue of Sindh Sales Tax (SST) in favor of the Company. However, the issue of SST on advisory and consultancy services and commission earned on purchase/sale of mutual funds have been remanded back whilst the issue relating to SST on commission on foreign exchange dealing, services rendered outside Sindh and levy of default surcharge and penalty have been decided against the Company. The Company has filed a reference application before SHC in respect of the issues decided against the Company and remanded back.

During 2014, the Company also received another show cause notice from SRB under section 47 of the Sindh Sales Tax on Services Act, 2011. Subsequently, an order was passed raising a tax demand amounting to Rs. 10.77 million. The Company has filed an appeal against the order with CIR-A which is pending. Further, in respect of the same, rectification application has also been filed with the department. The Company and other stock brokers have also filed petition with the SHC and has been granted interim stay against recovery of demand. However, the Company has paid an amount of Rs. 9.24 million before June 25, 2014 under the notification SRB 3-4/8/2014 to avail the exemption of penalty and 75% of default surcharge.

Furthermore, for fiscal year 2014 and 2015, SRB alleged short payment of SST vide Notice dated February 02, 2017. The Company has submitted all the required details in response to the notice and no order in this respect has been passed.

SRB has also issued an order in another proceeding for tax periods January 2014 to December 2016, which were confronted, vide notice dated August 15, 2017, levying sales tax on certain services and disallowance of input tax of Rs. 35,877,012. In pursuance of the said order the Company filed an appeal before Commissioner (Appeals), SRB which has been partly heard. However the recovery of the of aforesaid tax demand has been stayed by the Hon'able SHC in Suit no 767 of 2018 vide order dated April 13, 2018.

33.3.3 Federal Excise Duty (FED)

Tax department issued a show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005 and subsequently issued an order raising a demand amounting to Rs.78.003 million for tax year 2010 to tax year 2013. The Company filed a rectification appeal, in addition, to filing an appeal to the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed of the order in Company's favor. However, CIR-A on the matter of appeal filed by the Company issued an order in favor of the department vide its order dated January 31, 2017. In pursuance of the order of CIR-A the Company had filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Appellate Tribunal SRB has decided the matter vide order dated December 20, 2017, received by the Company on April 09, 2018, whereby ATIR decided that FED is applicable only on the commission earned from trading of shares and no other type of commission comes under the ambit of FED. With this opinion, ATIR has remanded back the issue related to pre amendment era. For post amendment era, ATIR has relied upon the decision of SHC (stated above) and declared the charge of FED after July 01, 2011 null and void.

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33.4 JS Investments Limited (Subsidiary, the Company)

33.4.1 Income tax

In respect of the appeals filed by the Company before Commissioner Inland Revenue (Appeals) [CIR (Appeals)] against orders passed for tax years 2006 and 2009 against demand of Rs. 162 million and Rs. 66 million respectively, the CIR (Appeals) had not accepted the basis of additions by tax authorities and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.

In respect of the above said order of CIR (Appeals) for tax years 2006 and 2009, the Company filed second appeal before the Appellate Tribunal Inland Revenue (ATIR) in respect of apportionment of expenses. The ATIR vide order dated April 20, 2017 deleted the additions on proration of expenses for tax year 2006 however, confirmed the CIR(A)'s order whereby CIR(A) remanded back / set-aside the issue of apportionment of expenses.

The Appellate Tribunal Inland Revenue vide order dated May 21, 2016 deleted the additions of tax amortization of management rights and remanded back the issues of disallowed provisions and advertisement expenses for the tax year 2009.

The tax authorities issued orders giving effect (hereinafter referred collectively as 'appeal effect orders') to the order of CIR (Appeals) for both tax years 2006 and 2009 whereby demands for these tax years were reduced to Rs. 77.33 million and Rs. 59.93 million respectively. As the allocation of expenditure in the said appeal effect orders was not made according to actual incurrence of expenditure to the various sources of income, therefore, the Company again filed appeals before the CIR (Appeals) against the said orders.

In respect of second round of appeal filed by the Company before CIR (Appeals) against appeal effect orders for tax years 2006 and 2009, the CIR (Appeals) for tax year 2006 confirmed apportionment of expenditure made by the tax authorities in appeal effect order, however, adjustment of allowable expenses were set aside. For the tax year 2009, CIR (Appeals) had set aside the appeal effect order in entirety for fresh assessment, which is yet to be made by tax authorities.

The CIR (Appeals) also rectified the order passed by his predecessor for the tax year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 million. The tax authorities have filed an appeal before ATIR against said order of CIR (Appeals) in respect of deletion of addition regarding the portion of capital gain included in dividend. The ATIR vide order dated December 07, 2016 set-aside with the direction that the ACIR should examine the issue in the light of FBR Circular letter dated September 10, 2002.

In respect of tax year 2006, management contends, based on views of its tax advisor, that amendment of assessment for such tax year by tax authorities is time barred. Accordingly, the Company has filed an appeal before the Appellate Tribunal Inland Revenue. The ATIR is of the view that the amendment of assessment is not time barred however, the ATIR deleted the addition of tax amortization of management right vide order dated February 10, 2017.

Order under section 122(1)/(5) dated December 30, 2017 for the tax year 2015 passed by the DCIR created demand of Rs.40 million against which the Company has filed an appeal before the CIR(A). The DCIR considered our request for rectification and passed order under section 221 dated February 27, 2017 as a result of the above order the demand reduced to Rs.36.904 million. The CIR(A) vide order dated May 6, 2019 partly considered our submissions put before him. The DCIR passed appeal effect order dated February 17, 2020 determined refund of Rs. 30.66 million. The company submitted appeal before the CIR (Appeal) against the appeal effect order. The Company also submitted appeal before the ATIR against the order of the CIR(A).

The DCIR passed order under section 122(1)/(5) of the Income Tax Ordinance, 2001 dated June 23, 2014 and reduced the refund claim of Rs .8.499 million to Rs. 3.102 million for the tax year 2012. The learned CIR (Appeal) vide order dated May 06, 2019 confirmed the ACIR's order and held that the appeal was not entertainable being barred by time limitation for the tax year 2012. The Company submitted appeal before the ATIR against the order of the CIR(A).

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33.4.2 Sales Tax

This represents amount payable against Federal Excise Duty (FED) on management fees received / receivable from the Funds under management. The amount is being held for payment to Federal Board of Revenue on the basis of stay order of the Honorable High Court of Sindh dated September 04, 2013. The stay order was granted as a result of petition filed by asset management companies on the forum of MUFAP against the amendment in Finance Act, 2013 which levied FED on the fees received by asset management companies from funds under management.

The Honorable Sindh High Court in its decision dated July 16, 2016 maintained the previous order passed against other constitutional petition whereby levy of FED is declared to be 'Ultra Vires' the Constitution. On September 23, 2016, the Federal Government has filed an appeal against the said order in the Honorable Supreme Court of Pakistan (SCP) and thus, the previous balance of FED has not been reversed.

Further, the Federal Government vide Finance Act, 2016 has excluded asset management companies and other non-banking finance companies from charge of FED on their services. Accordingly, no provision for FED is made from July 01, 2016 onwards.

33.4.3 Federal Excise Duty (FED)

In view of promulgation of Sindh Workers Welfare Fund Act, 2014, wherein the financial institutions have also been brought into definition of Industrial establishments, the Company has maintained an aggregated provision against Sindh Workers Welfare Fund as the year end amounting to Rs. 11.286 (2020: Rs. 10.839) million. The Company is under litigation with Sindh Revenue Board vide Constitution Petition No. 1005 dated February 13, 2019, filed before the Honorable Sindh High Court, which is a pending adjudication.

33.5 Omar Jibran Engineering Industries Limited (Associated Company)

During the period June 30, 2020, the Federal Board of Revenue imposed tax liability of Rs. 71.975 million under section 161 (1) vide dated December 03, 2019. However, the associated company has obtained stay order from the Commissioner Inland Revenue (Appeals-II), Karachi on the imposed liability till December 31, 2019 and the matter is set aside by Appellate Tribunal Inland Revenue Pakistan through their order dated January 08, 2021 thus on further notices issued by the Inland Revenue Pakistan and the matter has been concluded in favor of the Company.

Management, based on views of its legal counsel, is confident of a favorable outcome in respect of above matters.

34. BASIC AND DILUTED EARNINGS PER SHARE

2021 2020
----- Rupees in '000 -----

Profit after taxation for the year - attributable to ordinary equity holders of the holding company

1,194,695 1,110,373

----- Numbers -----

Weighted average number of basic outstanding ordinary shares during the year

1,297,464,262 1,297,464,262

----- Rupee -----

Basic and diluted earnings per share

0.92 0.86

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For the year ended December 31, 2021

35.	CASH AND CASH EQUIVALENTS	Note	2021 ----- Rupees in '000 -----	2020
	Cash and balances with treasury banks	6	34,267,180	30,421,531
	Balances with other banks	7	1,227,623	1,128,585
	Overdrawn nostro accounts	15	(306,663)	(143,570)
			<u>35,188,140</u>	<u>31,406,546</u>
36.	STAFF STRENGTH		2021 ----- Numbers -----	2020
	Permanent		3,773	4,038
	On Group's contract		541	1,057
	Group's own staff strength at the end of the year		<u>4,314</u>	<u>5,095</u>
	Third party contract (other guards and janitorial)		444	483
			<u>4,758</u>	<u>5,578</u>
36.1	Geographical segment analysis			
	Pakistan		4,751	5,571
	Bahrain		7	7
			<u>4,758</u>	<u>5,578</u>
37.	DEFINED BENEFIT PLAN			
37.1	General description			
	The Bank operates a recognized gratuity fund for all employees who opted for this scheme introduced by the management with effect from January 01, 2007.			
	The defined benefit is administered by a separate fund that is legally separate from the Bank. The plan is governed by the trust deed dated September 01, 2007. The trustees of the gratuity fund are composed of representatives from employers. The trustees of the gratuity fund are required by the trust deed to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees and employers. The trustees of the gratuity fund are responsible for the investment policy with regard to the assets of the fund.			
37.2	The plan in Pakistan typically exposes the Bank to actuarial risks such as: salary risk, discount rate risk, mortality risk and investment risk defined as follow:			
	- Salary increase risk:			
	The risk that the final salary at the time of cessation of services is greater than assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.			
	- Discount rate risk			
	The discount rate is based on the yield on government bonds. If the market yield of bonds varies, the discount rate would vary in the same manner and would affect the present value of obligation and fair value of assets.			

Notes to the Consolidated Financial Statements

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- Demographic Risks

Withdrawal risk:

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

Longevity Risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Investment risk

This is the risk that the assets are under-performing and are not sufficient to meet the liabilities.

37.3 Number of employees under the schemes

The number of employees covered under defined benefit scheme (gratuity fund) is 3,495 (2020: 3,756).

37.4 Principal actuarial assumptions

Principal actuarial assumptions at the end of the reporting period expressed as weighted averages. The actuarial valuations were carried out on December 31, 2021 based on the Projected Unit Credit Method, using the following significant assumptions:

		2021	2020
Valuation discount rate for year end obligation	per annum	11.75%	9.75%
Valuation discount rate for interest cost for the year	per annum	9.75%	11.75%
Expected return on plan assets	per annum	9.75%	11.75%
Future salary increase rate			
- upto one years	per annum	10.00%	8.00%
- from two to three years	per annum	11.75%	10.00%
- more than three years	per annum	11.75%	9.75%
The average duration of the defined benefit obligation	years	9	10
Normal retirement age	years	60	60
Withdrawal rates		Moderate	Moderate
Mortality rates		SLIC 2001-2005, Setback 1 Year	SLIC 2001-2005, Setback 1 Year

Notes to the Consolidated Financial Statements

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37.5 Movement in defined benefit obligations, fair value of plan assets and their components

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability (asset)	
	2021	2020	2021	2020	2021	2020
	----- Rupees in '000 -----					
Balance as at January 01, 2021	1,074,298	844,212	1,391,879	692,331	(317,581)	151,881
Included in profit or loss						
Current service cost	178,234	148,693	-	-	178,234	148,693
Past service cost	(358,399)	1,820	-	-	(358,399)	1,820
Interest cost / income	101,035	97,343	131,999	88,420	(30,964)	8,923
	(79,130)	247,856	131,999	88,420	(211,129)	159,436
Included in other comprehensive income						
Actuarial gains / losses arising from:						
- financial assumptions	(11,622)	14,025	-	-	(11,622)	14,025
- experience adjustments	(95,764)	(266)	-	-	(95,764)	(266)
Return on plan assets	-	-	(317,777)	490,776	317,777	(490,776)
	(107,386)	13,759	(317,777)	490,776	210,391	(477,017)
Other movements						
Contribution made during the year	-	-	-	151,881	-	(151,881)
Benefits paid during the year	(76,093)	(31,529)	(76,093)	(31,529)	-	-
	(76,093)	(31,529)	(76,093)	120,352	-	(151,881)
Balance as at December 31, 2021	811,689	1,074,298	1,130,008	1,391,879	(318,319)	(317,581)
	Cost		Fair value of plan assets			
	2021	2020	2021	2020	2021	2020
	----- Rupees in '000 -----				Percentage	
Cash and cash equivalents						
Cash at Bank	176,653	82,793	176,653	82,793	15.6%	5.9%
Term deposits receipts	-	150,000	-	161,806	0.0%	11.6%
	176,653	232,793	176,653	244,599	15.6%	17.5%
Debt securities						
Pakistan Investment Bonds	147,712	388,863	146,157	411,079	12.9%	29.5%
Market treasury bills	-	53,815	-	53,660	0.0%	3.9%
Term finance certificates	50,503	50,503	51,082	50,370	4.5%	3.6%
	198,215	493,181	197,239	515,109	17.4%	37.0%
Ordinary Shares of listed companies	805,623	448,506	756,116	632,172	67.0%	45.5%
	1,180,491	1,174,480	1,130,008	1,391,880	100%	100%

Notes to the Consolidated Financial Statements

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37.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

37.7 Maturity profile

37.7.1 Expected maturity analysis of undiscounted defined benefit obligation (benefit payments) for the gratuity fund is as follows:

	Up to one year	Over 1-2 years	Over 2- 5 years	Over 6-10 years	Over 10 and above years	Total
	----- Rupees in '000 -----					
Balance as at December 31, 2021	40,130	42,200	200,323	1,068,414	11,996,311	13,347,378
Balance as at December 31, 2020	45,445	71,699	268,697	1,245,714	11,997,565	13,629,120

37.8 Sensitivity analysis

37.8.1 Significant actuarial assumptions for the determination of the defined obligation are discount rate, and expected rate of salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

Particulars	Rate	Present value of defined benefit obligation	Fair value of any plan assets	Net defined benefit liability / (assets)
		----- Rupees in '000 -----		
Current results	-	811,689	1,130,008	(318,319)
Discount rate				
1% Increase	10.75%	741,666	1,130,008	(388,342)
1% Decrease	12.75%	891,924	1,130,008	(238,084)
Salary Rate				
1% Increase	10.75%	892,877	1,130,008	(237,131)
1% Decrease	8.75%	739,558	1,130,008	(390,450)
Withdrawal rate				
10% Increase	Moderate + one year	800,202	1,130,008	(329,806)
10% Decrease	Moderate - one year	823,938	1,130,008	(306,070)
Mortality rate				
One year age set back	Adjusted SLIC 2001-2005 - one year	811,915	1,130,008	(318,093)
One year age set forward	Adjusted SLIC 2001-2005 + one year	811,427	1,130,008	(318,581)

Furthermore in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as applied in calculating the defined benefit obligation liability recognised in this unconsolidated statement of financial position.

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37.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 10 years.

37.10 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

	2021	2020	2019	2018	2017
	----- Rupees in '000 -----				
Particulars					
Defined benefit obligation	811,689	1,074,298	844,212	649,062	550,729
Fair value of plan assets	(1,130,008)	(1,391,879)	(692,331)	(546,568)	(375,611)
Net defined benefit liability	(318,319)	(317,581)	151,881	102,494	175,118
Re-measurement loss / (gain) on obligation	(107,386)	13,759	(836)	(52,391)	75,269
Re-measurement loss / (gain) on plan assets	317,777	(490,776)	18,005	25,329	10,273
Other comprehensive income	210,391	(477,017)	17,169	(27,062)	85,542

37.11 The average duration of the payment of benefit obligation at December 31, 2021 is within one year.

37.12 The Holding Company contributes to the gratuity fund as per actuarial's valuation of the year i.e. Nil for the next year.

37.13 Based on actuarial advice and management estimates, profit and loss account charge in respect of defined benefit obligation for the next one year works out to be Rs. 92.702 million. The amount of re-measurements to be recognised in other comprehensive income for year ending December 31, 2022 will be worked out as at the next valuation.

38. DEFINED CONTRIBUTION PLAN

The Group operates a contributory provident fund scheme for all permanent employees. The employer and employee both make a contribution of equal amount to the fund as follows:

	Contribution basic salary	Number of employees		Contribution made during the year	
		2021	2020	2021	2020
	Percentages	----- Numbers -----		----- Rupees in '000 -----	
Holding company					
- JS Bank Limited	7.1%	2,865	3,164	248,152	229,001
Subsidiary companies					
- JS Global Capital Limited	7.33%	161	165	14,977	13,277
- JS Investments Limited	7.33%	78	77	8,707	8,775

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39. COMPENSATION OF DIRECTORS AND EXECUTIVES

39.1 The aggregate amount charged in the financial statements for the year in respect of the remuneration and benefits to the President / Chief Executive, Directors and Executives are as follows:

Items	2021					
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers	Other Executives
	Chairman	Non- Executives				
	----- Rupees in '000 -----					
Fees and Allowances etc.	3,700	25,550	-	-	-	-
Managerial Remuneration						
i) Fixed	-	-	84,741	420,281	598,481	68,397
ii) Total Variable - Cash Bonus / Awards	-	-	1,500	34,912	72,409	8,751
Charge for defined benefit plan	-	-	2,484	11,616	33,832	-
Contribution to defined contribution plan	-	-	5,966	27,133	40,951	4,485
Medical	-	-	6,303	40,820	59,848	6,840
Utilities	-	-	203	-	-	-
House rent allowance	-	-	1,823	-	-	-
Conveyance	-	-	575	10,752	42,395	-
Car allowance	-	-	-	23,709	90,306	-
Others	-	-	708	6,055	7,199	5,268
Total	3,700	25,550	104,303	575,278	945,421	93,741
Number of persons	1	24	4	61	107	23

Items	2020					
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers	Other Executives
	Chairman	Non- Executives				
	----- Rupees in '000 -----					
Fees and Allowances etc.	4,350	32,550	-	-	-	-
Managerial Remuneration						
i) Fixed	-	-	79,678	478,878	330,277	184,214
ii) Total Variable - Cash Bonus / Awards	-	-	24,500	66,352	61,626	14,153
Charge for defined benefit plan	-	-	2,430	17,415	25,824	-
Contribution to defined contribution plan	-	-	5,574	32,359	17,927	11,579
Medical	-	-	5,992	46,577	34,338	17,111
Utilities	-	-	1,141	-	-	-
House rent allowance	-	-	1,268	-	-	-
Conveyance	-	-	300	654	-	-
Car allowance	-	-	-	31,715	68,138	-
Others	-	-	219	10,574	17,748	5,052
Total	4,350	32,550	121,102	684,524	555,878	232,109
Number of persons	1	21	3	67	49	59

39.1.1 The CEO and COO are provided with free use of the Holding Company maintained cars in accordance with their entitlement.

39.1.2 Managerial remuneration includes joining related payments made to certain Executives in line with their terms of employment.

39.1.3 All Executives, including the CEO of the Bank, are also entitled to certain short term employee benefits which are disclosed in note 39.1 to these consolidated financial statements.

Notes to the Consolidated Financial Statements

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39.1.3 During the year, in JSIL, Ms. Iffat Zehra Mankani has been appointed as Chief Executive Officer in place of Mr. Hasnain Raza Nensey, whereas Mr. Zahidullah Khan and Mr. Sadeed Hasan Barlas have been appointed as Non-Executive Directors in place of Mr. Kamran Jaffer and Mr. Tahir Ali Sheikh.

39.1.4 The SBP, vide its BPRD Circular No. 01 dated January 25, 2017, issued Guidelines on Remuneration Practices, where the Bank is required to defer a certain portion of variable compensation of the Material Risk Takers (MRTs) and Material Risk Controllers (MRCs) subject to mandatory deferrals for a defined period. In this respect, deferral amount shall be withheld for a period of three years whereas remaining portion of the variable compensation shall be paid upfront to the MRTs and MRCs. The deferred remuneration shall vest proportionately over the deferral period following the year of variable remuneration award. The deferred portion of the variable remuneration shall be paid to the MRTs and MRCs on vesting, proportionally through yearly instalments, during the deferred period, in case no malus triggers are applicable. Details of MRTs and MRCs are given below:

	2021	2020
	----- Numbers -----	
Employees Covered under:		
Material Risk Takers (MRTs)	70	69
Material Risk Controllers (MRCs)	36	39
	106	108

	2021	2020
	----- Rupees '000 -----	
Movement of deferred remuneration		
Opening	48,495	218
Deferred during the year	10,934	48,350
Paid during the year	(13,898)	(73)
Malus during the year	(1,702)	-
Closing	43,829	48,495

39.2 Meeting Fees and Allowances Paid

		2021					
		Board Committees					
	Board Meetings	Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Executive Committee	Total Amount Paid
Rupees in '000							
Name of Director							
1 Mr. Kalim-ur-Rahman	1,250	-	450	-	750	-	2,450
2 Mr. Adil Matcheswala	1,250	600	600	-	-	-	2,450
3 Mr. Ashraf Nawabi	250	-	-	300	-	-	550
4 Mr. G.M. Sikander	1,250	600	600	-	-	-	2,450
5 Mr. Hassan Afzal	1,000	-	-	-	900	-	1,900
6 Mr. Munawar Alam Siddiqui	1,250	600	-	600	-	-	2,450
7 Ms. Nargis Ghaloo	1,250	600	-	600	-	-	2,450
8 Mr. Sohail Aman	1,250	-	600	-	900	-	2,750
9 Mr. Khuro Iqbal Mumtaz	100	50	50	50	-	-	250
10 Mr. Ifikhar Ahmed Rao	250	150	-	50	-	-	450
11 Mr. Shahab Anwar Khawaja	200	50	200	-	-	-	450
12 Mr. Asif Raza Sana	200	75	-	-	-	-	275
13 Ms. Aisha Fariel Salahuddin	250	100	25	-	-	-	375
14 Mr. Tahir Ali Shaikh	100	-	-	-	-	50	150
Total amount paid	9,850	2,825	2,525	1,600	2,550	50	19,400

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

2021								
	Board Meetings	Board Committees					Total Amount Paid	
		Audit Committee	Human Resource, Remuneration & Nomination Committee	Risk Management Committee	I.T Committee	Executive Committee		
----- Rupees in '000 -----								
1	Mr. Kalim-ur-Rahman	1,500	-	850	-	500	-	2,850
2	Mr. Adil Matcheswala	1,500	500	850	-	-	-	2,850
3	Mr. Ashraf Nawabi	1,250	-	-	400	-	-	1,650
4	Mr. G.M. Sikander	1,500	500	750	-	-	-	2,750
5	Mr. Hassan Afzal	1,500	-	-	-	500	-	2,000
6	Mr. Munawar Alam Siddiqui	1,500	500	-	500	-	-	2,500
7	Ms. Nargis Ghaloo	1,500	500	-	500	-	-	2,500
8	Mr. Sohail Aman	1,500	-	850	-	500	-	2,850
9	Mr. Abdul Hamid Mihrez	350	-	-	250	-	-	600
10	Mr. Munir Hassan	350	250	-	-	-	-	600
11	Mr. Iftikhar Ahmed Rao	350	-	100	-	-	-	450
12	Mr. Shahab Anwar Khawaja	350	250	-	-	-	-	600
13	Mr. Asif Raza Sana	200	100	-	-	-	-	300
14	Ms. Aisha Fariel Salahuddin	250	100	25	-	-	-	375
15	Mr. Tahir Ali Shaikh	200	-	-	-	-	25	225
Total amount paid		13,800	2,700	3,425	1,650	1,500	25	23,100

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 4.6 to the annual consolidated financial statements.

The repricing profile, effective rates and maturity are stated in note 45.2.4 to these financial statements.

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 assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3:** Fair value measurements using unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

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40.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
Financial Instruments- Level 1	
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

Financial instruments - Level 2

Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates (Reuters page).
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of 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 SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Financial instruments in level 3

Currently, no financial instruments are classified in level 3.
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.

Non- financial assets- Level 3

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 13 of these annual consolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. 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 or 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 financial statements.
Non-banking assets under satisfaction of claims	

40.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

40.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	1,109,404	-	1,109,404
Shares	1,392,509	-	-	1,392,509
Open end mutual funds	-	115,698	-	115,698
	1,392,509	1,225,102	-	2,617,611
Available-for-sale securities				
Investments				
Federal Government Securities	-	159,315,888	-	159,315,888
Shares	4,179,022	-	-	4,179,022
Non Government Debt Securities	-	528,869	-	528,869
Foreign Securities	-	1,616,155	-	1,616,155
Open end mutual funds	-	3,314,578	-	3,314,578
	4,179,022	164,775,490	-	168,954,512
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	58,143,943	-	58,143,943
	5,571,531	224,144,535	-	229,716,066
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	3,696,407	3,696,407
Non-banking assets acquired in satisfaction of claims	-	-	2,658,537	2,658,537
	-	-	6,354,944	6,354,944
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	18,064,443	-	18,064,443
Sale	-	9,079,267	-	9,079,267
Derivative instruments:				
Forward investments securities				
Purchase	-	-	-	-
Sale	1,392,354	-	-	1,392,354
Interest rate swaps (notional principal)				
Purchase	-	402,137	-	402,137
Sale	-	403,955	-	403,955
Options				
Purchase	-	1,363,325	-	1,363,325
Sale	-	1,329,959	-	1,329,959

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For the year ended December 31, 2021

	2020			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	25,003,774	-	25,003,774
Shares	207,409	-	-	207,409
Open end mutual funds	-	244,002	-	244,002
	207,409	25,247,776	-	25,455,185
Available-for-sale securities				
Investments				
Federal Government Securities	-	127,406,043	-	127,406,043
Shares	4,372,471	-	-	4,372,471
Non Government Debt Securities	-	690,048	-	690,048
Foreign Securities	-	4,017,289	-	4,017,289
Open end mutual funds	-	1,216,288	-	1,216,288
	4,372,471	133,329,668	-	137,702,139
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	36,109,599	-	36,109,599
	4,579,880	194,687,043	-	199,266,923
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	2,610,299	2,610,299
Non-banking assets acquired in satisfaction of claims	-	-	1,311,252	1,311,252
	-	-	3,921,551	3,921,551
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	22,942,707	-	22,942,707
Sale	-	14,910,910	-	14,910,910
Derivative instruments:				
Forward investments securities				
Purchase	-	-	-	-
Sale	188,723	-	-	188,723
Interest rate swaps (notional principal)				
Purchase	-	1,120,607	-	1,120,607
Sale	-	1,125,550	-	1,125,550
Options				
Purchase	-	581,042	-	581,042
Sale	-	2,437,068	-	2,437,068

Notes to the Consolidated Financial Statements

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41. SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities:

	2021							
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others	Total
	----- Rupees in '000 -----							
Profit & Loss								
Net mark-up / return / interest / (expense)	(892,985)	13,855,323	196,683	(1,388,737)	68,196	(24,330)	212,997	12,027,147
Inter segment revenue - net	907,098	(14,806,689)	8,802,290	5,097,301	-	-	-	-
Non mark-up / return / income / (loss)	253,443	1,317,465	1,642,956	1,503,778	1,119,482	210,745	(4,839)	6,043,030
Total Income / (loss)	267,556	366,099	10,641,929	5,212,342	1,187,678	186,415	208,158	18,070,177
Segment direct expenses	28,829	148,171	5,120,240	887,464	753,362	332,009	278,606	7,548,681
Inter segment expense allocation	47,967	163,074	5,287,097	786,969	-	-	-	6,285,107
Total expenses	76,796	311,245	10,407,337	1,674,433	753,362	332,009	278,606	13,833,788
Provisions / (reversals)	-	213,273	2,668,909	(883,218)	-	3,556	(24,106)	1,978,414
Profit / (loss) before tax	190,760	(158,419)	(2,434,317)	4,421,127	434,316	(149,150)	(46,342)	2,257,975
Statement of financial position								
Cash & Bank balances	-	-	35,452,642	-	39,693	2,451	-	35,494,786
Investments	-	227,703,724	-	1,711,262	1,453,984	1,352,104	-	232,221,074
Net inter segment lending	12,716,606	-	118,125,304	90,374,890	-	-	2,339,620	223,556,420
Lendings to financial institutions	-	31,939,044	-	-	-	-	-	31,939,044
Advances - performing	901,279	-	75,492,738	165,204,408	476,508	2,401	5,245,278	247,322,612
Advances - non-performing	-	-	7,835,772	6,090,497	-	-	-	13,926,269
Advances - (provisions) / reversals - net	-	-	(3,430,477)	(3,252,332)	-	-	-	(6,682,809)
	901,279	-	79,898,033	168,042,573	476,508	2,401	5,245,278	254,566,072
Others	-	-	-	-	3,061,275	599,705	31,446,952	35,107,932
Total Assets	13,617,885	259,642,768	233,475,979	260,128,725	5,031,460	1,956,661	39,031,850	812,885,328
Borrowings	16,336	31,875,041	9,535,196	29,047,736	1,574,295	-	-	72,048,604
Subordinated debt	-	6,996,800	-	-	-	-	-	6,996,800
Deposits & other accounts	13,597,573	-	219,428,193	226,324,281	-	-	-	459,350,047
Net inter segment borrowing	-	222,622,218	-	934,202	-	-	-	223,556,420
Others	3,976	49,502	4,512,590	2,564,313	2,527,223	435,673	17,007,773	27,101,050
Total Liabilities	13,617,885	261,543,561	233,475,979	258,870,532	4,101,518	435,673	17,007,773	789,052,921
Equity	-	-	-	-	-	-	23,444,080	23,444,080
Non-controlling interest	-	-	-	-	-	-	388,327	388,327
Total Equity & Liabilities	13,617,885	261,543,561	233,475,979	258,870,532	4,101,518	435,673	40,840,180	812,885,328
Contingencies & Commitments	-	50,618,828	37,186,792	15,060,805	1,795,783	-	110,947	104,773,155

Notes to the Consolidated Financial Statements

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	2020						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others
	Rupees in '000						
Profit & Loss							
Net mark-up / return / interest / (expense)	-	14,372,945	(8,543,152)	4,034,968	66,628	(20,667)	-
Inter segment revenue - net	-	(17,035,715)	16,914,719	120,996	-	-	-
Non mark-up / return / income / (loss)	93,161	2,889,785	2,349,650	1,258,710	700,131	189,780	69,794
Total Income / (loss)	93,161	227,015	10,721,217	5,414,674	766,759	169,113	69,794
Segment direct expenses	33,286	129,646	6,711,460	1,081,529	570,320	337,332	314,748
Inter segment expense allocation	-	334,127	2,664,330	1,862,559	-	-	-
Total expenses	33,286	463,773	9,375,790	2,944,088	570,320	337,332	314,748
Provisions	-	344,219	124,158	811,231	-	(26,023)	-
Profit / (loss) before tax	59,875	(580,977)	1,221,269	1,659,355	196,439	(142,196)	(244,954)
Statement of financial position							
Cash & Bank balances	-	20,722,345	10,804,855	-	19,153	3,313	-
Investments	2,891,836	196,878,742	-	-	347,651	1,689,425	-
Net inter segment lending	-	-	129,898,985	109,429,008	-	-	11,732,961
Lendings to financial institutions	-	23,239,672	-	-	-	-	-
Advances - performing	-	-	52,152,981	190,322,242	446,088	3,831	-
Advances - non-performing	-	-	4,760,888	6,972,667	-	-	-
Advances - (provisions) / reversals - net	-	-	(938,040)	(3,265,123)	-	-	-
Others	-	-	55,975,829	194,029,786	446,088	3,831	-
Total Assets	2,891,836	245,431,459	200,250,214	306,774,300	3,667,426	2,362,765	25,760,099
Borrowings	-	12,208,219	1,996,091	34,099,102	-	-	-
Subordinated debt	-	7,492,800	-	-	-	-	-
Deposits & other accounts	-	-	166,087,049	265,336,773	-	-	-
Net inter segment borrowing	2,891,836	227,156,281	21,012,836	-	-	-	-
Others	-	551,556	11,154,238	5,893,204	2,728,064	446,461	5,167,888
Total Liabilities	2,891,836	247,408,856	200,250,214	305,329,079	2,728,064	446,461	5,167,888
Equity	-	-	-	-	-	-	22,387,255
Non-controlling interest	-	-	-	-	-	-	528,446
Total Equity & Liabilities	2,891,836	247,408,856	200,250,214	305,329,079	2,728,064	446,461	28,083,589
Contingencies & Commitments	-	60,973,417	44,793,723	18,141,644	690,306	-	133,642

Notes to the Consolidated Financial Statements

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41.2 Segment details with respect to geographical locations

	2021		
	Pakistan	Bahrain	Total
	----- Rupees in '000 -----		
Profit & Loss			
Net mark-up / return / interest / (expense)	11,612,417	414,730	12,027,147
Inter segment revenue - net	38,222	(38,222)	-
Non mark-up / return / income / (loss)	5,891,026	152,004	6,043,030
Total Income	17,541,665	528,512	18,070,177
Segment direct expenses	7,347,276	201,405	7,548,681
Inter segment expense allocation	6,244,503	40,604	6,285,107
Total expenses	13,591,779	242,009	13,833,788
Provisions	2,040,740	(62,326)	1,978,414
Profit before tax	1,909,146	231,580	2,257,975
Statement of financial position			
Cash & Bank balances	35,275,594	219,192	35,494,786
Investments	230,509,819	1,711,255	232,221,074
Net inter segment lending	220,055,275	3,501,145	223,556,420
Lendings to financial institutions	31,939,044	-	31,939,044
Advances - performing	238,516,498	8,806,114	247,322,612
Advances - non-performing	13,926,269	-	13,926,269
Advances - (Provisions)/reversals - Net	(6,682,809)	-	(6,682,809)
	245,759,958	8,806,114	254,566,072
Others	34,937,025	170,907	35,107,932
Total Assets	798,476,715	14,408,613	812,885,328
Borrowings	67,959,521	4,089,083	72,048,604
Subordinated debt	6,996,800	-	6,996,800
Deposits & other accounts	453,863,782	5,486,265	459,350,047
Net inter segment borrowing	220,055,275	3,501,145	223,556,420
Others	27,012,389	88,661	27,101,050
Total Liabilities	775,887,767	13,165,154	789,052,921
Equity	22,200,621	1,243,459	23,444,080
Non-controlling interest	388,327	-	388,327
Total Equity & Liabilities	798,476,715	14,408,613	812,885,328
Contingencies & Commitments	100,056,102	4,717,053	104,773,155

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	2020		
	Pakistan	Bahrain	Total
	----- Rupees in '000 -----		
Profit & Loss			
Net mark-up/return/profit	9,576,236	334,486	9,910,722
Inter segment revenue - net	20,830	(20,830)	-
Non mark-up / return / income / (loss)	7,388,616	162,395	7,551,011
Total Income	16,985,682	476,051	17,461,733
Segment direct expenses	8,979,112	199,209	9,178,321
Inter segment expense allocation	4,861,016	-	4,861,016
Total expenses	13,840,128	199,209	14,039,337
Provisions	1,115,240	138,345	1,253,585
Profit before tax	2,030,314	138,497	2,168,811
Statement of financial position			
Cash & Bank balances	29,214,457	2,335,209	31,549,666
Investments	197,717,282	4,090,372	201,807,654
Net inter segment lending	251,060,954	-	251,060,954
Lendings to financial institutions	23,239,672	-	23,239,672
Advances - performing	238,493,260	4,431,882	242,925,142
Advances - non-performing	11,733,555	-	11,733,555
Advances - (Provisions)/reversals - Net	(4,181,836)	(21,327)	(4,203,163)
	246,044,979	4,410,555	250,455,534
Others	28,856,259	168,360	29,024,619
Total Assets	776,133,603	11,004,496	787,138,099
Borrowings	48,211,222	92,190	48,303,412
Subordinated debt	7,492,800	-	7,492,800
Deposits & other accounts	423,892,948	7,530,874	431,423,822
Net inter segment borrowing	248,719,379	2,341,574	251,060,953
Others	25,862,434	78,977	25,941,411
Total liabilities	754,178,783	10,043,615	764,222,398
Equity	21,426,375	960,880	22,387,255
Non-controlling interest	528,446	-	528,446
Total Equity & liabilities	776,133,604	11,004,495	787,138,099
Contingencies & Commitments	116,484,604	8,248,128	124,732,732

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42. TRUST ACTIVITIES

The Holding Company under takes 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 Holding Company and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

2021					
	Securities Held (Face Value)				
No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total	
----- Rupees in '000 -----					
Category					
Charitable Institutions	3	80,000	92,000	-	172,000
Companies	11	3,014,840	4,346,100	-	7,360,940
Employees Funds	48	8,128,370	14,344,900	165,000	22,638,270
Individuals	45	1,047,285	389,500	-	1,436,785
Insurance Companies	9	5,156,500	109,554,000	6,869,000	121,579,500
Others	9	3,577,400	12,187,700	-	15,765,100
Total	125	21,004,395	140,914,200	7,034,000	168,952,595

2020					
	Securities Held (Face Value)				
No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds	Government Ijara Sukuk	Total	
----- Rupees in '000 -----					
Category					
Assets Management Companies	1	23,000	-	-	23,000
Charitable Institutions	1	-	142,000	-	142,000
Companies	13	2,373,860	25,560,800	-	27,934,660
Employees Funds	51	7,194,410	17,927,950	69,000	25,191,360
Individuals	43	919,290	431,500	-	1,350,790
Insurance Companies	8	24,076,000	84,255,700	1,621,500	109,953,200
Others	11	15,370,700	7,882,700	-	23,253,400
Total	128	49,957,260	136,200,650	1,690,500	187,848,410

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43. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, associates, directors & Key Management Personnel and other related parties.

The Group enters into transactions with related parties in the ordinary course of business and 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.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

	As at December 31, 2021					As at December 31, 2020				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Statement of financial position	Rupees in '000									
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the year	-	-	-	-	6,300,000	-	-	-	-	4,100,000
Repaid during the year	-	-	-	-	(6,300,000)	-	-	-	-	(4,100,000)
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	12,500	-	-	269,800	4,527,652	15,000	-	-	228,972	3,560,728
Investment made during the year	-	-	-	-	3,029,006	-	-	-	40,828	4,298,203
Investment redeemed / disposed off during the year	(2,634)	-	-	-	(3,673,342)	(2,500)	-	-	-	(3,331,279)
Closing balance	9,866	-	-	269,800	3,883,316	12,500	-	-	269,800	4,527,652
Provision for diminution in value of investments	-	-	-	-	416,340	-	-	-	-	391,478
Advances										
Opening balance	-	122,106	791,027	370,768	4,093,430	-	-	596,257	-	1,946,481
Addition during the year	-	11,327	217,758	294,076	4,026,927	-	58	284,284	153,128	6,402,913
Repaid during the year	-	(39,222)	(188,022)	(222,529)	(3,193,931)	-	(832)	(157,785)	(2,235)	(5,488,750)
Transfer in / (out) - net	-	31,558	(337,067)	-	302,893	-	122,880	68,271	219,875	1,232,786
Closing balance	-	125,769	483,696	442,315	5,229,319	-	122,106	791,027	370,768	4,093,430
Other Assets										
Interest /mark-up accrued	284	3,588	505	10,917	79,089	344	2,801	6	954	52,998
Receivable against bancassurance / bancatakaful	-	-	-	-	20,889	-	-	-	-	28,051
Net defined benefit plan	-	-	-	-	318,319	-	-	-	-	317,581
Trade receivable	-	-	14	-	130,533	73,455	-	80	-	158,590
Other receivable	284	-	-	-	6,655	281	-	-	-	8,889
Provision against other assets	-	-	-	-	379	-	-	-	-	379
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	474,283	-	-	-	-	11,105,705
Settled during the year	-	-	-	-	-	-	-	-	-	(11,105,705)
Closing balance	-	-	-	-	474,283	-	-	-	-	-
Deposits and other accounts										
Opening balance	172,019	212,335	76,237	49,753	10,365,166	271,648	24,444	59,593	23,104	8,622,201
Received during the year	8,763,862	1,236,232	673,723	1,732,714	295,223,429	5,511,316	511,942	973,685	861,135	160,825,941
Withdrawn during the year	(8,023,554)	(1,098,789)	(667,310)	(1,741,157)	(291,943,860)	(5,610,945)	(324,417)	(869,813)	(834,486)	(159,215,607)
Transfer in / (out) - net	-	38,628	(40,423)	-	754,045	-	366	(87,228)	-	132,631
Closing balance	912,327	388,406	42,227	41,310	14,398,780	172,019	212,335	76,237	49,753	10,365,166

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	As at December 31, 2021					As at December 31, 2020				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees in '000										
Subordinated debt										
Opening balance	-	-	-	-	889,432	-	-	-	-	889,588
Redeemed during the year	-	-	-	-	(199,746)	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	(49,910)	-	-	-	-	(156)
Closing balance	-	-	-	-	639,776	-	-	-	-	889,432
Other Liabilities										
Interest / return / mark-up payable on deposits	-	-	-	-	40,440	-	-	85	-	153,374
Interest / return / mark-up payable on borrowings	-	-	-	-	5,534	-	-	-	-	-
Interest / return / mark-up payable on subordinated debt	-	-	-	-	787	-	-	-	-	1,308
Trade payable	224,151	-	130,337	-	254,964	-	-	6,314	-	783
Donation Payable	-	-	-	-	43,433	-	-	-	-	4,500
Others payable	75	100	-	-	2,812	75	-	-	-	1,571
Represented By										
Share Capital	9,733,073	31,173	3,500	-	45,395	9,733,073	19,180	12,223	-	45,323
Contingencies and Commitments										
Letter of guarantee	-	-	-	-	21,419	-	-	-	-	29,054
Letter of Credit	-	-	-	-	201,246	-	-	-	-	86,543
	For the year ended December 31, 2021					For the year ended December 31, 2020				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
Rupees in '000										
Profit and loss account										
Income										
Mark-up / return / interest earned	1,084	9,728	23,011	21,088	281,666	1,522	3,279	42,627	5,816	178,695
Fee, commission and brokerage income	13,162	161	16,830	851	362,756	8,710	11	4,557	-	444,432
Dividend income	-	-	-	-	189,356	-	-	-	-	106,277
(Loss) / gain on sale of securities - net	-	-	-	-	(45,458)	-	-	-	-	251,482
Rental income	-	-	-	-	-	-	-	-	-	3,953
Other income	-	-	-	-	-	-	-	13,456	-	-
Reversals / (provisions) and write offs - net										
Reversal / (provisions) for diminution in value of Investments - net	-	-	-	(27,733)	235,572	-	-	-	-	(212,434)
Expense										
Mark-up / return / interest paid	72,255	19,706	1,329	2,536	988,981	46,099	3,490	3,204	2,600	1,135,034
Remuneration paid	-	92,109	533,162	-	-	-	85,851	646,812	-	-
Non-executive directors' fee	-	22,927	-	-	-	-	23,100	-	-	-
Net charge for defined contribution plans	-	-	-	-	271,836	-	-	-	-	181,488
Net charge for defined benefit plans	-	-	-	-	(211,129)	-	-	-	-	229,001
Donation	-	-	-	-	3,000	-	-	-	-	117,341
Rental expense	375	-	-	-	28,850	225	-	-	-	38,135
Advisory fee	-	-	-	-	7,420	-	-	-	-	-
Royalty	-	-	-	-	32,083	-	-	-	-	30,000
Other expenses	1,425	333	-	-	1,262	2,036	-	-	-	17,070
Reimbursement of expenses	66,043	288	4,491	-	117,824	7,205	869	-	-	98,459
Payments made during the year										
Insurance premium paid	-	-	-	-	617,272	-	-	-	-	420,957
Insurance claims settled	-	-	-	-	15,242	-	-	-	-	6,471
Defined benefit plans paid	-	-	-	-	12,500	-	-	-	-	151,881
Other Transactions										
Sale of Government Securities	195,331	-	-	-	107,821,521	585,477	1,645	-	-	113,055,811
Purchase of Government Securities	-	-	-	-	14,344,749	-	-	-	-	43,560,278
Sale of Foreign Currencies	-	-	-	-	46,081,123	-	-	-	-	365,069,253
Purchase of Foreign Currencies	-	-	-	-	17,650,739	-	-	-	-	60,142,942

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		2021	2020
		----- Rupees in '000 -----	
44.	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
	Minimum Capital Requirement (MCR):		
	Paid-up capital (net of losses)	<u>10,119,242</u>	<u>10,119,242</u>
	Capital Adequacy Ratio (CAR):		
	Eligible Common Equity Tier 1 (CET 1) Capital	18,420,460	17,433,159
	Eligible Additional Tier 1 (ADT 1) Capital	<u>2,200,260</u>	<u>1,965,291</u>
	Total Eligible Tier 1 Capital	<u>20,620,720</u>	<u>19,398,450</u>
	Eligible Tier 2 Capital	<u>6,468,101</u>	<u>5,558,052</u>
	Total Eligible Capital (Tier 1 + Tier 2)	<u>27,088,821</u>	<u>24,956,502</u>
	Risk Weighted Assets (RWAs):		
	Credit Risk	159,002,189	154,573,487
	Market Risk	<u>5,643,001</u>	<u>3,835,995</u>
	Operational Risk	<u>28,489,224</u>	<u>25,579,240</u>
	Total	<u>193,134,414</u>	<u>183,988,722</u>
<p>The SBP through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of accumulated losses) for banks to be raised to Rs.10,000 million by the year ending December 31, 2013. The paid-up capital of the Bank as at December 31, 2021 stood at Rs. 10,119.242 million (2020: Rs. 10,119.242 million) and is in compliance with SBP requirements.</p> <p>The Banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.0% plus capital conservation buffer of 1.5% of the risk weighted exposures of the Bank. Further, under Basel III instructions, Banks are also required to maintain a Common Equity Tier 1 (CET 1) ratio and Tier 1 ratio of 6.5% and 7.5%, respectively, as at December 31, 2021. As at December 31, 2021 the Bank is fully compliant with prescribed ratios, as the Bank's CAR is 14.03% whereas CET 1 and Tier 1 ratios stood at 9.62% and 10.68% respectively. The Bank has complied with all capital requirements throughout the year.</p> <p>Under the current capital adequacy regulations, credit risk and market risk exposures are measured using the Standardized Approach and operational risk is measured using the Basic Indicator Approach. Credit risk mitigants are also applied against the Bank's exposures based on eligible collateral under comprehensive approach.</p>			
		2021	2020
		----- Rupees in '000 -----	
	Common Equity Tier 1 Capital Adequacy ratio	<u>9.54%</u>	<u>9.48%</u>
	Tier 1 Capital Adequacy Ratio	<u>10.68%</u>	<u>10.54%</u>
	Total Capital Adequacy Ratio	<u>14.03%</u>	<u>13.56%</u>
	Leverage Ratio (LR):		
	Eligible Tier-1 Capital	20,620,720	19,398,450
	Total Exposures	<u>658,499,520</u>	<u>623,856,077</u>
	Leverage Ratio	<u>3.13%</u>	<u>3.11%</u>
	Liquidity Coverage Ratio (LCR):		
	Total High Quality Liquid Assets	198,158,980	166,890,275
	Total Net Cash Outflow	<u>67,063,612</u>	<u>57,575,341</u>
	Liquidity Coverage Ratio	<u>295.48%</u>	<u>289.86%</u>
	Net Stable Funding Ratio (NSFR):		
	Total Available Stable Funding	376,864,272	358,895,534
	Total Required Stable Funding	<u>298,941,131</u>	<u>259,861,191</u>
	Net Stable Funding Ratio	<u>126.07%</u>	<u>138.11%</u>

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44.1 The link to the full disclosure is available at <https://jsbl.com/knowledge-centre/investor-information/>

45. RISK MANAGEMENT

Risk Management is a discipline at the core of every financial institution and encompasses all the activities that affect its risk profile. At the Bank, it involves identification, measurement, monitoring and controlling risks to ensure that:

- a) The individuals who take or manage risks clearly understand it;
- b) The Bank's Risk exposure is within the limits established by Board of Directors (BoD);
- c) Risk taking decisions are in line with the business strategy and objectives set by BoD;
- d) The expected payoffs compensate for the risks taken;
- e) Risk taking decisions are explicit and clear;
- f) Sufficient capital as a buffer is available to take risk; and
- g) Risk management function is independent of risk taking unit.

The Group has a comprehensive set of Risk Management Policies, practices and procedures which enable the Holding Company to take into consideration, in an appropriate manner, all major kinds of risks mainly credit, market, liquidity, operational and IT security risks. Keeping in view the dynamics of internal and external environment, we regularly review and update our Risk Management policies and procedures in accordance with regulatory environment and international standards.

Risk Management activities remain at the forefront of all activities of the Group which places the highest priority on conducting its business in a prudent manner in line with the relevant laws and regulatory requirements.

Risk management framework of the Group includes:

- a) Clearly defined risk management policies and procedures covering risk identification, acceptance, measurement, monitoring, reporting and control;
- b) Well constituted organizational structure, defining clearly roles and responsibilities of individuals involved in risk taking as well as managing it. The Bank, in addition to risk management functions for various risk categories, has instituted an Integrated Risk Management Committee (IRMC), Portfolio Management Committee (PMC), Operational Risk Management Committee (ORMC), Remedial Management Committee (RMC) as well as Central Credit Committee (CCC). IRMC oversees the overall risk management at the Bank and provides guidance in setting strategic targets as well as concentration limits and monitor progress related to earnings growth, keeping in view the capital constraints and also adheres to the concentration limits. The IRMC monitors the strategic target and aggregate limits at the Business Group level and concentration limits (by industry, geography, size, tenor) so that one category of assets or dimension of risk cannot materially harm the performance of the Bank. PMC monitors the advances portfolio, concentrations limits, aggregate limits at business level and various house keeping elements under Credit Administration. ORMC oversees the effectiveness of operational risk management for maintenance and implementation of operational risk management framework. It also monitors the Business Continuity Planning and reviews findings of any other management or board's sub committee. Remedial Management Committee (RMC) oversees the progress of non performing loans and cases under litigation along with the recommendation of transferring of any NPL to Corporate Restructuring Company (CRC). Whereas, Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the Bank. CCC meets regularly to actively supervise credit risk across its lending portfolio.
- c) An effective management information system that ensures flow of information from operational level to top management and a system to address any exceptions observed; and
- d) A mechanism to ensure an ongoing review of systems, policies and procedures for risk management and procedures to adopt changes.

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While the overall responsibility of risk management rests with the BoD, it is the duty of Senior Management to devise risk management strategy by setting up well defined policies and procedures for mitigating / controlling risks, duly approved by the Board.

Giving due consideration to the above, the Group has put in place the following hierarchy of Risk Management:

- Board Risk Management Committee (BRMC);
- Integrated Risk Management Committee (IRMC) comprises of the President / Chief Executive Officer (CEO), Chief Risk Officer, Chief Operating Officer, Chief Credit Officer, Chief Financial Officer, Chief Compliance Officer, Group Head Corporate & Public Sector Government, Group Head Operations, Chief of Staff, Group Head Retail Banking, Head of Human Resources, and Chief Product & Marketing Officer.
- Asset - Liability Committee (ALCO) comprises of the President / Chief Executive Officer (CEO), Treasurer, Chief Risk Officer, Chief Credit Officer, Group Head Investment Banking, Chief Financial Officer and attended by Other Business Heads.
- Central Credit Committee (CCC) comprising of the President / CEO, Chief Operating Officer, Chief Credit Officer, Group Head Corporate & Public Sector Government, Group Head Emerging Corporate (South), Group Head Emerging Corporate (Central & North) and Head of Environmental Risk (for environmental risk only).
- Portfolio Management Committee (PMC) comprises of President/CEO, Chief Risk Officer, Chief Credit Officer, Group Head Corporate & Public Sector Government, Group Head Retail Banking, Heads of Credit Risk, Head CAD, Head of Consumer Risk, and Head Enterprise Risk Management.
- Operational Risk Management Committee (ORMC) comprises of the Chief of Staff, Chief Risk Officer, Chief Compliance Officer, Chief Information Officer, Group Head Operations, Head of Human Resources, Chief Product & Marketing Officer, Group Head Retail Banking, Group Head Customer Experience and Head Enterprise Risk Management .
- Remedial Management Committee (RMC) comprises of President/CEO, Chief Risk Officer, Chief Credit Officer, Chief of Staff, Chief Operating Officer, Chief Financial Officer, Head of SAM, CAD Head, Credit Risk Heads and Head of Legal.
- IT Steering Committee (ITSC) comprises of President/CEO, Deputy CEO, Chief Risk Officer, Chief Financial Officer, Group Head Operations & Technology, Chief Information Officer, Chief Information Security Officer, Chief of Staff, Group Head Investment Banking & Emerging Business, Chief Digital Officer, Country Head Branch Banking Operations and Head Product Development & Consumer Business.
- Risk Management Group (RMG), a dedicated and independent set-up headed by Chief Risk Officer (CRO) and comprises of Heads of Market & Liquidity Risks, Operational Risk and Treasury Middle Office, Consumer & Program Lending Risk, Information Security, Agricultural Credit Risk, Strategic Projects & Quantitative Analysis and Enterprise Risk Management.
- Credit Risk Group (CRG) is also an independent function to business and is headed by Chief Credit Officer (CCO). Credit Risk Heads dealing in corporate, emerging corporate, middle market, small & medium enterprises, financial institutions and international operations are reporting into CCO. Special Assets Management (SAM) and Credit Administration (CAD) also report into CCO.

Risk Matrix / Categories

The Bank, in common with other banks, generates its revenues by accepting Country, Credit, Liquidity, Interest Rate Risk in the Banking Book, Market, Operational and other risks. Effective management of these risks is the decisive factor in the Bank's profitability.

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Risk Appetite

The Group's risk appetite is reflected in its endeavours to maintain a favourable credit rating and encompasses the following:

- The business strategy
- The expectations of stakeholders at different time horizons
- The characteristics of the risk-bearing entities
- The nature and characteristics of the risks undertaken
- The possible spread of risk situations across organizational units, assets-at-risk, and future time horizons.

Risk appetite drives business activity. It combines anticipations in risk and profitability with management preferences to control capital and resource allocation, as well as the distribution of exposure across activities and portfolios.

The Group's hedging strategy is embedded in its risk management practices for addressing material categories of risk.

45.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. Credit risk is managed in terms of credit policies, approved by the BoD and regulations issued by the SBP. The bank is exposed to credit risk on loans and advances, fund placements with financial institutions and certain investments.

Credit risk management is an ongoing process. The overall credit policy and the credit risk instructions are issued by the Board of Directors. In this regards, a Central Credit Committee (CCC) is entrusted with the responsibility of monitoring lending risk profile of the bank. In order to maintain healthy growth of the credit portfolio, the Groups Credit Risk Management processes are consistently upgraded and improved to meet future challenges.

The Group's strategy is to minimise credit risk through product, geography, industry and customer diversification. Credit limits are established for all counter-parties after a careful assessment of their credit worthiness. An effective credit granting procedure, which requires pre-sanction evaluation of credit proposal, adequacy of security and pre-disbursement examination of charge documents is in place and managed by Risk Management Group (RMG) & Credit Administration Department (CAD). The Bank maintains a sound portfolio diversified in nature to counter the risk of credit concentration and further confines risk through diversification of its assets by geographical and industrial sector. For managing impaired assets in the portfolio, the Bank follows the Prudential Regulations and Risk Management guidelines issued by SBP and the Remedial Management Policy approved by the Board.

45.1.1 Credit risk: Standardised approach

The Holding Company has adopted the Standardised Approach of Basel II for risk weighing its Credit Risk Exposures.

The following table illustrates the approved External Credit Assessment Institutions (ECAIs) whose ratings are being utilised by the Bank with respect to material categories of exposures:

Exposures	VIS	PACRA	MOODY'S	FITCH	S&P
Corporate	√	√	-	-	-
Banks	√	√	√	√	√
SME's (retail exposures)	√	√	-	-	-
Sovereigns	√	√	√	√	√
Securitisations	N/A	N/A	N/A	N/A	N/A
Others (specify)	N/A	N/A	N/A	N/A	N/A

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The Bank has used Issue Specific Ratings for rating / risk weighing Issue Specific Exposures and Entity Ratings for rating / risk weighing claims against specific counterparties. Both short and long term ratings have been used to rate corresponding short and long term exposures. For this purpose, Mapping Grid has been provided by SBP as given below:

Long - Term Ratings Grades Mapping

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

Short - Term Ratings Grades Mapping

SBP	PACRA	JCR-VIS	Fitch	Moody's	S&P
S1	A-1	A-1	F1	P-1	A-1+, A-1
S2	A-2	A-2	F2	P-2	A-2
S3	A-3	A-3	F3	P-3	A-3
S4	Others	Others	Others	Others	Others

45.1.2 Policies and processes for collateral valuation and management as regards Basel II;

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Comprehensive Approach of Credit Risk Mitigation under Standardised Approach as prescribed by SBP under Circular No. 8 of 2006, which includes Cash and Cash Equivalent Securities including Government Securities (like Cash Margins, Lien on Bank Accounts, Foreign Deposit Receipts, Term Deposit Receipts, Pledge of Defense Saving Certificates, Regular Income Certificates, Special Saving Certificates, T-Bills and Pakistan Investment Bonds etc.) and Shares, TFCs and Mutual Funds Listed on the Main Index.

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Under the Bank's policy all collaterals are subject to periodic valuations to monitor the adequacy of margins held. Shares / Marketable securities are valued by the Bank on daily basis to calculate the Drawing Power (DP). In case of any shortfall in the requisite margins, the DP is adjusted to the appropriate level and the business units are informed to take appropriate action as per the agreement with the customer.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----						

45.1.3 Lendings to financial institutions

Credit risk by public / private sector

Public/ Government	-	-	-	-	-	-
Private	31,939,044	23,240,897	-	-	-	1,225
	<u>31,939,044</u>	<u>23,240,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,225</u>

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----						

45.1.4 Investment in debt securities

Credit risk by industry sector

Textile	388,607	391,478	388,607	391,478	388,607	391,478
Chemical and Pharmaceuticals	224,860	249,860	149,860	149,860	149,860	149,860
Power (electricity), Gas, Water, Sanitary	222,310	71,429	-	-	-	-
Refinery	424,400	308,616	-	-	-	-
Transport, Storage and Communication	2,134,796	710,902	179,600	155,169	179,600	155,169
Financial	1,378,482	4,635,089	-	-	-	-
Services	362,246	1,351,531	-	-	-	-
	<u>5,135,701</u>	<u>7,718,905</u>	<u>718,067</u>	<u>696,507</u>	<u>718,067</u>	<u>696,507</u>

Credit risk by public / private sector

Public/ Government	1,309,843	3,764,021	-	-	-	-
Private	3,825,858	3,954,884	718,067	696,507	718,067	696,507
	<u>5,135,701</u>	<u>7,718,905</u>	<u>718,067</u>	<u>696,507</u>	<u>718,067</u>	<u>696,507</u>

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	Gross Advances		Non-performing Advances		Provision held	
	2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----						
45.1.5 Advances						
Credit risk by industry sector						
Agri finance	8,027,954	7,797,960	1,046,333	433,949	177,836	107,329
Automobile and transportation equipment	5,177,551	3,912,821	117,934	117,937	68,591	64,829
Brokerage	6,074,435	8,866,882	-	-	-	-
Cement	2,810,958	2,236,379	-	-	-	-
Chemical	1,726,569	1,422,319	275,765	314,405	24,404	-
Construction	436,454	356,077	-	-	-	-
Electronics and electrical appliances	901,207	823,973	344	5,991	-	-
Engineering, IT and other services	9,707,357	9,453,353	129,803	82,124	35,465	31,683
Fertilizer	3,440,575	3,484,915	1,453,709	1,367,103	1,351,420	1,349,130
Financial	1,026,556	1,442,302	-	-	-	-
Food / confectionery / beverages	33,802,746	34,253,338	1,285,045	1,057,765	799,965	351,621
Individuals	41,580,993	33,122,827	2,322,009	2,041,082	1,306,803	506,898
Insurance and security	4,115	10,451	-	-	-	-
Metal and steel	10,485,379	9,966,050	2,129,918	2,607,092	1,394,682	722,969
Mining and quarrying	184,613	137,220	-	-	-	-
Paper / board / furniture	1,683,452	1,674,874	74,782	82,782	18,136	2,608
Petroleum, oil and gas	4,310,287	5,122,089	143,264	95,053	57,989	37,160
Pharmaceuticals	3,172,228	5,289,290	4,577	4,577	-	-
Plastic	2,193,775	1,962,424	1,186,513	561,763	190,561	-
Power and water	19,259,020	23,897,355	153,041	156,241	70,064	19,130
Real estate	4,743,512	4,203,207	1,510,929	1,306,057	43	13
Shipbreaking	85,230	300,214	85,230	-	85,230	-
Storage	151,720	82,245	20,000	20,000	-	-
Sugar	1,028,786	2,042,589	203,048	200,000	201,416	200,000
Tele-communication	1,778,739	2,838,926	-	-	-	-
Textile						
Composite	7,920,223	7,573,233	231,408	322,262	218,772	304,345
Ginning	1,415,806	1,281,801	33,014	34,539	842	9,065
Spinning	7,315,182	5,768,619	243,985	278,441	243,985	278,441
Weaving	10,577,926	8,669,251	49,623	47,284	29,097	19,653
	27,229,137	23,292,904	558,030	682,526	492,696	611,504
Transportation services	31,773,063	35,246,740	263,818	73,283	95,091	53,958
Trust and non-profit organisations	64,874	56,043	-	-	-	-
Tyre	362,366	267,203	-	-	-	-
Wholesale and retail trade	12,575,049	12,161,474	553,312	372,302	170,533	106,964
Others	25,450,181	18,934,253	408,865	151,523	28,904	16,040
	261,248,881	254,658,697	13,926,269	11,733,555	6,569,829	4,181,836

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	Gross Advances		Non-performing Advances		Provision held	
	2021	2020	2021	2020	2021	2020
----- Rupees in '000 -----						
Credit risk by public / private sector						
Public/ Government	44,996,232	52,248,485	-	-	-	-
Private	216,252,649	202,410,212	13,926,269	11,733,555	6,569,829	4,181,836
	<u>261,248,881</u>	<u>254,658,697</u>	<u>13,926,269</u>	<u>11,733,555</u>	<u>6,569,829</u>	<u>4,181,836</u>

45.1.6 Credit risk by industry sector

	Contingencies and commitments	
	2021	2020
----- Rupees in '000 -----		
Automobile and transportation equipment	2,362,615	2,371,968
Brokerage	2,678,662	1,540,806
Cement	537,508	779,749
Chemical	886,114	1,126,160
Construction	21,818,090	22,694,392
Electronics and electrical appliances	710,863	496,139
Engineering, IT and other services	2,138,942	3,293,028
Fertilizer	1,367,611	2,350,294
Financial	30,581,783	43,920,788
Food / confectionery / beverages	3,281,255	2,855,033
Individuals	487,572	592,229
Insurance and security	18,830	28,234
Metal and steel	4,707,191	4,629,296
Paper / board / furniture	1,421,643	808,302
Petroleum, oil and gas	971,191	656,214
Pharmaceuticals	1,390,255	856,079
Plastic	423,076	715,399
Power and water	161,575	795,807
Real estate	7,022,164	16,516,933
Shipbreaking	16,965	56,758
Sugar	8,851	8,601
Tele-communication	1,358,623	1,172,080
Textile		
Composite	2,144,343	1,384,271
Ginning	268,866	277,552
Spinning	2,667,336	3,497,170
Weaving	1,317,149	1,532,406
	<u>6,397,694</u>	<u>6,691,399</u>
Transportation	94,127	30,537
Trust and non-profit organisations	800	116,293
Tyre	50,178	89,489
Wholesale and retail trade	3,491,088	3,320,259
Others	10,387,889	6,220,466
	<u>104,773,155</u>	<u>124,732,732</u>

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	Contingencies and commitments	
	2021	2020
	----- Rupees in '000 -----	
Credit risk by public / private sector		
Public/ Government	-	-
Private	104,773,155	124,732,732
	104,773,155	124,732,732

45.1.7 Concentration of Advances

The Holding Company top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 81,101.77 million (2020: Rs. 95,329.829 million) are as following:

	Note	2021	2020
		----- Rupees in '000 -----	
Funded	45.1.7.1	56,655,814	64,985,417
Non Funded		24,445,956	30,344,412
Total Exposure	45.1.7.2	81,101,770	95,329,829

45.1.7.1 There are no classified advances placed under top 10 exposures.

45.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 91,409.56 million (2020: Rs. 107,031.73 million).

45.1.8 Advances - Province / Region-wise Disbursement & Utilization

	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit - Baltistan
							Bahrain
		----- Rupees in '000 -----					
Province / Region							
Punjab	93,498,987	93,498,987	-	-	-	-	-
Sindh	130,612,221	-	130,612,221	-	-	-	-
KPK including FATA	3,562,470	-	-	3,562,470	-	-	-
Balochistan	365,284	-	-	-	365,284	-	-
Islamabad	15,168,259	-	-	-	-	15,168,259	-
AJK including Gilgit-Baltistan	828,605	-	-	-	-	-	828,605
Bahrain	13,538,873	-	-	-	-	-	13,538,873
Total	257,574,699	93,498,987	130,612,221	3,562,470	365,284	15,168,259	828,605

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Province / Region	2020							
	Disbursements	Utilization						
		Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
	----- Rupees in '000 -----							
Punjab	87,425,286	87,425,286	-	-	-	-	-	-
Sindh	152,726,852	-	152,726,852	-	-	-	-	-
KPK including FATA	1,055,415	-	-	1,055,415	-	-	-	-
Balochistan	244,399	-	-	-	244,399	-	-	-
Islamabad	16,845,491	-	-	-	-	16,845,491	-	-
AJK including Gilgit-Baltistan	247,017	-	-	-	-	-	247,017	-
Bahrain	8,441,218	-	-	-	-	-	-	8,441,218
Total	266,985,678	87,425,286	152,726,852	1,055,415	244,399	16,845,491	247,017	8,441,218

45.2 Market Risk

Market risk is the risk of loss due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. From the perspective of the Group, market risk comprises of interest rate risk, foreign exchange risk and equity position risk, which the Group is exposed to in its trading book.

The Group has an approved market risk policy wherein the governance structure for managing market risk, measurement tools used and the market risk exposure limits have been addressed. The Group's strategy for managing market risk is to relate the level of risk exposures to their risk appetite and the capital at hand.

The Board of Directors (BoD) and the Asset and Liability Committee (ALCO) are responsible for addressing market risk from a strategic perspective and are assisted by the market risk function in meeting these objectives.

The Market Risk Unit reports directly to Head ERM and is responsible for ensuring the implementation of market risk policy in line with the Group's strategy.

Risk reporting undertaken by the market risk function includes:

- Portfolio Reports
- Limit monitoring reports
- Sensitivity analysis ; and
- Stress testing of the portfolio

Currently, the Group is using the market risk standardised approach for the purpose of computing regulatory capital, the details of which are set out above.

45.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000					
Cash and balances with treasury banks	34,267,180	-	34,267,180	30,421,531	-	30,421,531
Balances with other banks	1,227,606	-	1,227,606	1,128,135	-	1,128,135
Lendings to financial institutions	31,939,044	-	31,939,044	23,239,672	-	23,239,672
Investments	231,111,670	1,109,404	232,221,074	176,803,880	25,003,774	201,807,654
Advances	254,566,072	-	254,566,072	250,455,534	-	250,455,534
Fixed assets	11,504,329	-	11,504,329	9,026,764	-	9,026,764
Intangible assets	3,151,210	-	3,151,210	2,515,549	-	2,515,549
Deferred tax assets	-	-	-	-	-	-
Other assets	20,452,393	-	20,452,393	16,743,107	-	16,743,107
Non-current assets held for sale	-	-	-	739,200	-	739,200
	588,219,504	1,109,404	589,328,908	511,073,372	25,003,774	536,077,146

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45.2.2 Foreign Exchange Risk

Main objective of foreign exchange risk management is to ensure that the foreign exchange exposure of the Group lies within the defined appetite of the Group.

Daily reports are generated to monitor the internal and regulatory limits with respect to the overall foreign currency exposures. The overall net open position, whether short or long has the potential to negatively impact the profit and loss depending upon the direction of movement in foreign exchange rates.

Foreign exchange open and mismatched positions are marked to market on a daily basis.

Currency risk arises where the value of financial instruments changes due to changes in foreign exchange rates. In order to manage currency risk exposure the bank enters into ready / spot, forward and swap transactions with SBP and in the interbank market. The Group's foreign exchange exposure comprises of forward contracts, foreign currencies cash in hand, balances with banks abroad, foreign placement with SBP and foreign currencies assets and liabilities. The net open position is managed within the statutory limits, as fixed by SBP. Counter parties limit are also fixed to limit risk concentration. Appropriate segregation of duties exists between the front and back office functions while compliance with the net open position limit is independently monitored on an ongoing basis.

2021			
Assets	Liabilities	Net Off-balance sheet items	Net foreign currency exposure
----- Rupees in '000 -----			
United States Dollar	19,780,680	23,841,299	4,052,182
Great Britain Pound	421,358	2,976,148	2,483,091
Euro	772,279	908,826	143,374
Other currencies	202,750	1,175,390	1,037,696
	21,177,067	28,901,663	7,716,343
			(8,253)
2020			
Assets	Liabilities	Net Off-balance sheet items	Net foreign currency exposure
----- Rupees in '000 -----			
United States Dollar	20,731,596	28,340,649	7,925,120
Great Britain Pound	690,248	2,767,203	1,692,641
Euro	2,028,206	1,324,879	(938,258)
Other currencies	542,006	397,092	(96,962)
	23,992,056	32,829,823	8,582,541
			(255,226)
2021		2020	
Banking book	Trading book	Banking book	Trading book
----- Rupees in '000 -----			
Impact of 1% change in foreign exchange rate on			
- Profit and loss account	-	3,425	-
- Other comprehensive income	-	-	2,552

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45.2.3 Equity position Risk

Equity positions in the banking book include Investment in equities that are available-for-sale or held for strategic investment purposes. These investments are generally regarded as riskier relative to fixed income securities owing to the inherent volatility of stock market prices. The Group mitigates these risks through diversification and capping maximum exposures in a single company, compliance with regulatory requirement, and following the guidelines laid down in the Group's Investment Policy as set by the Board of Directors (BoD). The Bank follows a delivery versus payment settlement system thereby minimizing risk available in relation to settlement risk.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	207,231	69,629	211,940	15,750

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

Yield/ Interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. This also refers to the non-trading market risk. The gap analysis between the market rate sensitive assets and liabilities is given below:

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
- Profit and loss account	1,030,260	10,659	20,570	235,507
- Other comprehensive income	(1,315,776)	(392)	1,033,253	-

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45.2.5 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark up based assets and liabilities that mature or re-price in a given period. The Group manages this risk by matching/re-pricing of assets and liabilities. The assets and liabilities committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

2021

	Effective yield interest rate - %	Rupees in '000										Non-interest bearing financial instrument
		Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	34,267,180	2,616,420	-	-	-	-	-	-	-	-	31,650,760
Balances with other banks	-	1,227,606	47,500	-	-	-	-	-	-	-	-	1,180,106
Lendings to financial institutions	10.55	31,939,044	28,653,126	3,285,918	-	-	-	-	-	-	-	-
Investments	7.88	232,221,074	32,774,132	143,526,508	19,675,425	19,031,494	293,104	2,710,744	1,407,458	3,499,772	-	9,302,437
Advances	10.11	254,566,072	199,360,166	28,503,505	10,157,443	1,337,331	469,345	834,738	1,507,983	1,507,344	3,531,777	7,356,440
Other assets	-	16,331,497	-	-	-	-	-	-	-	-	-	16,331,497
		570,552,473	263,451,344	175,315,931	29,832,868	20,368,825	762,449	3,545,482	2,915,441	5,007,116	3,531,777	65,821,240
Liabilities												
Bills payable	-	7,038,886	-	-	-	-	-	-	-	-	-	7,038,886
Borrowings	5.84	72,048,604	12,767,722	31,999,709	4,659,451	15,724,911	425,894	1,201,352	2,945,091	2,324,474	-	-
Deposits and other accounts	8.18	459,350,047	172,875,719	44,267,929	57,747,608	51,870,299	6,647,573	3,588,090	772,505	45,360	-	121,534,964
Subordinated debt	13.09	6,996,800	-	-	6,996,800	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	18,785,095	-	-	-	-	-	-	-	-	-	18,785,095
		564,219,432	185,643,441	76,267,638	69,403,859	67,595,210	7,073,467	4,789,442	3,717,596	2,369,834	-	147,358,945
		6,333,041	77,807,903	99,048,293	(39,570,991)	(47,226,385)	(6,311,018)	(1,243,960)	(802,155)	2,637,282	3,531,777	(81,537,705)
On-balance sheet financial instruments												
Commitments in respect of forward purchase and commitments to extend credits		19,392,439	6,715,012	5,151,416	5,278,025	1,779,761	468,225	-	-	-	-	-
Commitments in respect of forward exchange contracts - sale		(12,132,045)	(7,897,447)	(2,123,851)	(499,148)	(1,377,299)	(234,300)	-	-	-	-	-
		7,260,394	(1,182,435)	3,027,565	4,778,877	402,462	233,925	-	-	-	-	-
Off-balance sheet gap												
		76,625,468	102,075,858	(34,792,114)	(46,823,923)	(46,823,923)	(6,077,093)	(1,243,960)	(802,155)	2,637,282	3,531,777	(81,537,705)
Total yield / interest risk sensitivity gap												
		76,625,468	178,701,326	143,909,212	97,085,289	97,085,289	91,008,196	89,764,236	88,962,081	91,599,363	95,131,140	
Cumulative yield / interest risk sensitivity gap												

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2020										
Effective yield interest rate - %	Rupees in '000									
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Non-interest bearing financial instrument
On-balance sheet financial instruments										
Assets										
Cash and balances with treasury banks	30,421,531	2,261,337	-	-	-	-	-	-	-	28,160,194
Balances with other banks	1,128,135	24,317	-	-	-	-	-	-	-	1,103,818
Lendings to financial institutions	23,239,672	18,351,972	4,887,700	-	-	-	-	-	-	-
Investments	201,807,654	33,368,890	92,486,042	42,997,826	13,940,359	7,273,895	1,428,940	135,586	3,759,785	6,416,331
Advances	250,455,534	204,908,975	20,772,932	10,019,031	641,483	263,840	695,674	1,885,879	1,674,415	6,619,149
Other assets	14,326,600	-	-	-	-	-	-	-	-	14,326,600
	521,379,126	258,915,491	118,146,674	53,016,857	14,561,842	7,537,735	2,124,614	2,021,465	5,434,200	56,626,092
Liabilities										
Bills payable	4,981,983	-	-	-	-	-	-	-	-	-
Borrowings	48,303,412	12,866,768	13,316,211	70,980	64,705,547	13,221,857	540,672	2,387,895	1,178,983	3,804,491
Deposits and other accounts	431,423,822	164,775,712	54,817,591	35,103,103	64,634,567	2,133,246	(15,588)	1,954,602	-	83,084,431
Subordinated debt	7,492,800	7,492,800	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Other liabilities	19,875,838	-	-	-	-	-	-	-	-	16,458,705
	512,077,855	185,135,280	68,133,802	39,823,149	64,705,547	15,355,103	525,084	4,342,487	1,178,983	103,347,627
	9,301,271	73,780,211	50,012,872	13,193,708	(50,123,705)	(7,817,368)	1,599,530	(2,321,032)	4,255,217	(46,721,535)
On-balance sheet financial instruments										
Commitments in respect of forward purchase and commitments to extend credits	24,898,370	8,127,500	11,419,586	3,996,659	1,296,986	57,639	-	-	-	-
Commitments in respect of forward exchange contracts - sale	(18,843,892)	(10,903,258)	(3,031,387)	(2,619,805)	(2,231,803)	(57,639)	-	-	-	-
Off-balance sheet gap	6,054,478	(2,775,758)	8,388,199	1,376,854	(934,817)	-	-	-	-	-
Total yield / interest risk sensitivity gap	71,004,453	58,401,071	14,570,562	(51,058,522)	(7,817,368)	(7,817,368)	1,599,530	(2,321,032)	4,255,217	(46,721,535)
Cumulative yield / interest risk sensitivity gap	71,004,453	129,405,524	143,976,086	92,917,564	85,100,196	86,699,726	84,378,694	88,633,911	91,608,067	-
Reconciliation to total assets										
Balance as per balance sheet										
Less: Non financial assets	11,504,329	9,026,764	-	-	-	-	-	-	-	-
Fixed assets	3,151,210	2,515,549	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-
Deferred tax assets - net	4,120,896	2,416,507	-	-	-	-	-	-	-	-
Other assets	18,776,435	14,698,020	-	-	-	-	-	-	-	-
Non-current assets held for sale	570,552,473	521,379,126	-	-	-	-	-	-	-	-
	589,328,908	536,077,146	-	-	-	-	-	-	-	-
Reconciliation to total liabilities										
Balance as per balance sheet	589,328,908	536,077,146	-	-	-	-	-	-	-	-
Less: Non financial liabilities	11,504,329	9,026,764	-	-	-	-	-	-	-	-
Other liabilities	3,151,210	2,515,549	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	4,120,896	2,416,507	-	-	-	-	-	-	-	-
Other liabilities	18,776,435	14,698,020	-	-	-	-	-	-	-	-
Non-current liabilities held for sale	570,552,473	521,379,126	-	-	-	-	-	-	-	-
	565,496,501	513,161,445	-	-	-	-	-	-	-	-
	1,277,069	1,083,590	-	-	-	-	-	-	-	-
	564,219,432	512,077,855	-	-	-	-	-	-	-	-

For the year ended December 31, 2021

Liquidity risk

The Group's policy to liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet our contractual and potential payment obligations without incurring additional and unacceptable cost to the business.

Treasury is responsible for the managing liquidity risk under the guidance of Asset-Liability Committee of the Group. The Group's liquidity risk management approach starts at the intraday level (operational liquidity) managing the daily payments queue and factoring in our access to the qualifying securities of State Bank of Pakistan. It then covers tactical liquidity risk management dealing with the access to unsecured funding resources and the liquidity characteristics of our asset inventory (asset liquidity). Finally, the strategic perspective comprises the maturity profile of all assets and liabilities on our statement of financial position.

For monitoring and controlling liquidity risk, the Group generates a scenario sensitive maturity statement of financial position, and run controlled mismatches that are monitored and discussed by ALCO members regularly. The Group prepares various types of reports and analysis for assisting ALCO in taking necessary strategic actions for managing liquidity risk in the Group. These include liquidity ratios, Concentration analysis, Gap reports, Stress testing, Liquidity Coverage ratio & Net Stable Funding Ratio analysis etc.

Maturities of Assets and Liabilities - based on contractual maturities

[illegible]

For the year ended December 31, 2021

Maturity of assets and liabilities - based on contractual maturities of assets and liabilities of the Bank

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Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

45.3.2

Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

2021										
	Total	Up to 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	34,267,180	34,267,180	-	-	-	-	-	-	-	-
Balances with other banks	1,227,606	1,227,606	-	-	-	-	-	-	-	-
Lendings to financial institutions	31,939,044	28,653,126	3,285,918	-	-	-	-	-	-	-
Investments	232,221,074	32,133,729	93,861,860	18,135,706	36,558,367	6,319,534	4,217,757	5,545,865	35,448,256	-
Advances	254,566,072	24,163,139	39,192,112	25,513,664	85,444,352	25,431,607	23,175,116	20,720,613	6,616,081	4,309,388
Fixed assets	11,504,329	337,022	1,575,539	399,811	747,353	1,244,228	839,404	2,233,857	920,285	3,206,830
Intangible assets	3,151,210	12,262	735,007	36,566	73,104	144,149	132,167	256,642	288,410	1,472,903
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	20,452,393	18,759,772	1,261,504	429,895	1,222	-	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-
	589,328,908	139,553,836	139,911,940	44,515,642	122,824,398	33,139,518	28,364,444	28,756,977	43,273,032	8,989,121
Liabilities										
Bills payable	7,038,886	7,038,886	-	-	-	-	-	-	-	-
Borrowings	72,048,604	12,767,722	31,999,709	4,659,451	15,724,911	425,894	1,201,352	2,945,091	2,324,474	-
Deposits and other accounts	459,350,047	62,549,257	52,221,638	67,855,835	71,878,650	24,390,065	20,644,285	159,764,957	45,360	-
Subordinated debt	6,996,800	-	-	900	900	2,501,800	1,996,200	2,000	2,495,000	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,277,069	(27,179)	(94,345)	(104,239)	(88,545)	129,847	203,118	186,425	1,071,987	-
Other liabilities	18,785,095	3,649,508	9,925,061	396,830	796,093	1,664,865	971,280	814,603	566,855	-
	565,496,501	85,978,194	94,052,063	72,808,777	88,312,009	29,112,471	25,016,235	163,713,076	6,503,676	-
Net assets	23,832,407	53,575,642	45,859,877	(28,293,135)	34,512,389	4,027,047	3,348,209	(134,956,099)	36,769,356	8,989,121
Share capital - net	10,119,242									
Reserves	2,331,069									
Surplus on revaluation of assets - net of tax	3,228,929									
Unappropriated profit	7,764,840									
Non-controlling interest	388,327									
	23,832,407									

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

2020									
Rupees in '000									
Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets									
Cash and balances with treasury banks	30,421,531	-	-	-	-	-	-	-	-
Balances with other banks	1,128,135	-	-	-	-	-	-	-	-
Lending to financial institutions	23,239,672	4,887,700	-	-	-	-	-	-	-
Investments	201,807,654	30,954,275	77,687,079	14,118,558	7,980,417	4,815,444	3,470,764	18,273,509	-
Advances	250,455,534	33,881,197	31,703,662	80,557,471	31,914,264	17,826,671	13,641,989	5,182,115	9,742,145
Fixed assets	9,026,764	104,894	532,695	673,001	1,198,183	947,931	2,394,899	668,086	2,150,849
Intangible assets	2,515,549	10,042	233,353	59,210	117,664	115,429	227,108	259,299	1,463,624
Deferred tax assets - net	-	-	-	-	-	-	-	-	-
Other assets	16,743,107	559,621	534,067	35,125	-	-	-	-	-
Non-current assets held for sale	739,200	-	-	739,200	-	-	-	-	-
	536,077,146	130,466,340	115,604,110	96,182,565	41,210,528	23,705,475	19,734,760	24,383,009	13,356,618
Liabilities									
Bills payable	4,981,983	-	-	-	-	-	-	-	-
Borrowings	48,303,412	13,429,576	4,606,681	70,979	13,221,857	540,672	2,387,895	1,178,984	-
Deposits and other accounts	431,423,822	61,226,376	43,681,608	80,182,259	18,068,592	13,002,724	161,019,152	-	-
Subordinated debt	7,492,800	-	1,000	1,000	2,000	5,493,600	1,995,200	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,083,590	(73,863)	(99,650)	(142,504)	110,765	176,412	159,820	946,888	-
Other liabilities	19,875,838	3,719,781	10,827,443	801,993	1,778,734	1,311,459	827,329	106,680	-
	513,161,445	75,817,365	85,409,537	80,913,727	33,181,948	20,524,867	166,389,396	2,232,552	-
Net assets	22,915,701	54,648,975	30,194,573	15,268,838	8,028,580	3,180,608	(146,654,636)	22,150,457	13,356,618
Share capital - net	10,119,242	-	-	-	-	-	-	-	-
Reserves	1,991,169	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	3,247,593	-	-	-	-	-	-	-	-
Unappropriated profit	7,029,251	-	-	-	-	-	-	-	-
Non-controlling interest	528,446	-	-	-	-	-	-	-	-
	22,915,701	-	-	-	-	-	-	-	-

45.3.3 To identify the behavioural maturities of non-contractual assets and liabilities, the Group has used the following methodology:

For determining the core portion of non contractual liabilities (non-volatile portion), the Group has used the average method whereby average balance maintained over past five years has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets and remaining volatile portion of non contractual liabilities have been stratified in relevant maturity bucket using bucket wise percentages determined by using average volatility in respective period / bucket.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

45.4 OPERATIONAL RISK

The Group currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. With the evolution of Operational Risk Management into a separate distinct discipline, the Group's strategy is to further strengthen its risk management system along new industry standards. Accordingly, the Group has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Group (RMG). Its responsibility is to implement Operational Risk management tools across the Group for effective measurement and monitoring of operational risk faced by different areas of the Group.

The Group's operational risk management process involves a structured and uniform approach across the bank. It includes risk identification and assessments, the monitoring of Key Risk Indicators (KRIs) and Risk Control Self-Assessment (RCSA) activities for key operational risks. In order to build a robust operational risk monitoring mechanism, an Operational Risk Steering Committee (ORSC) has been constituted to effectively address operational risk issues.

The Group has implemented a comprehensive "Operational Risk Management Framework" which has also been approved by the Board of Directors. The purpose of bank-wide Operational Risk Management Framework is aimed at laying out clearly defined roles and responsibilities of individuals / units across different functions of the Group that are involved in performing various operational risk management tasks. Operational risk is much more pervasive in a financial institution and every operating unit is exposed to operational risk, regardless of whether it is a business or a support function. This framework has been devised to explain the various building blocks of the operational risk management processes, and their inter-relationships. The framework also captures both qualitative and quantitative guidelines for managing and quantifying operational risks across the Group.

The ORM Unit conducts operational risk profiling for all major operational areas of the Group and assists various functions of the bank in developing KRIs which are monitored against predefined thresholds. Findings from KRIs are used as predictive indicators of potential operational risks.

Operational risk incidents and loss data collection is governed by Group's Operational Risk Management Policy and process documents which have been developed and implemented to collate operational losses and near misses in a systematic and organized way.

The Group's Business Continuity (BCP) Policy includes risk management strategies to mitigate inherent risks and prevent interruption of mission critical services caused by disaster events. The resilience of BCP is tested and rehearsed on an annual basis by the Group.

46 DERIVATIVE RISK

The policy guidelines for taking derivative exposures are approved by the Board of Directors (BOD). The Holding Company's Asset & Liability Committee (ALCO) is responsible for reviewing and managing associated risks of the transactions.

The nature, scope and purpose of derivatives business, for trading purposes or hedging purpose and the types of derivative in which they deal.

The overall responsibility for offering derivative products and sustaining profitability lies with the Treasurer and in his absence with his delegate. The Market Risk Unit / Treasury Middle Office of the Holding Company responsible for measurement & monitoring of the market risk exposures, analysis of present and potential risk factors.

The Market Risk Unit also monitors associated Credit, Market and Liquidity Risk in line with Board of Directors approved limit framework. The unit coordinates with the business regarding approvals for derivatives risk limits and produces various reports / analysis for ALCO / BRMC on periodic basis. These reports provide details of outstanding un-hedged positions, profitability and status of compliance with limits. Treasury Operations records derivatives activity in the Bank's books and is responsible for reporting to the SBP.

The derivative transaction such as Cross Currency Swaps carries credit risk which is the risk that a party to a derivative contract will fail to perform its obligation. There are two types of credit risk associated with derivative transactions; 1) settlement, and 2) pre-settlement risk. The Holding Company's Central Credit Committee is responsible for reviewing and managing associated Counterparty Credit Risks of the transaction.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

The Holding Company has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities. The Bank can hedge its risk by taking on & off-balance sheet position in interbank market, where available.

47. CUSTOMER SATISFACTION AND FAIR TREATMENT

The Holding Company Customer Experience (CE) Group organize, plan and monitor the Holding Company's Customer Experience on all touchpoints to ensure optimized interaction between the Bank and its customers. CE Group develops and implement strategies useful in improving customer relationship, dedication, and satisfaction. Our core values – Customer Centricity, resonates directly with effective grievance management, complaint handling and listening to voice of Customers to fully understand the needs of our customers and stakeholders to adapt our product and services and exceed their expectations.

A total of 23,261 complaints were received by the Holding Company in 2021 and the average time taken to resolve these complaints was 6 working days. The complaint handling policy and grievance redressal mechanism ensures that complaints are resolved in a timely manner and recurrence of complaints is prevented where possible. Complaint management process is kept as transparent as possible through logging, acknowledgement, interim response where applicable and resolution of complaints. Customers are also given the option of contacting the Banking Ombudsman (Mohtasib) in case they are dissatisfied with the response received from the Holding Company.

To create enhanced visibility of the recourse mechanism available to its customers, the Bank has incorporated awareness messages of its complaint handling function in several customer communications such as account statements, ATM screens and SMS messages. Complete grievance redressal mechanism, touchpoints and online feedback forms have been made available through the Bank's website, and email broadcasts have been sent to the customers for customer education and awareness.

The Holding Company Contact Center supports customer interactions across a range of channels, including phone calls, email, SMS chat, Whatsapp, Website form and the emerging adoption of social media interactions, and is distinct from telephony-only call centers. The Holding Company Contact Centre is equipped with trained professionals who offer a wide array of information and problem resolution support round the clock. The customers are further facilitated by key underlying technologies include automatic call distribution, computer-telephony integration, and interactive voice response.

48. GENERAL

48.1 These consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 2 dated January 25, 2018 and related clarifications / modifications.

48.2 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.

48.3 The figures in these consolidated financial statements have been rounded off to the nearest thousand.

49. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on March 02, 2022.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Annexure - I

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2021

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived	Other financial relief provided	Total (9+10+11)
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
Rupees in '000 -----											
1	KBA Holdings (Pvt.) Ltd. 18 Km, Multan Road, Lahore	Umar Belal 35202-3193491-9 Khawaja Saqib Masood 35202-0694748-9	Belal Ahmed Khawaja Masood Siddiq	1,364	1,425	6	2,795	-	703	-	703
2	Shaheer Petroleum Services Station Road, Ghotki, Karachi	Ali Asghar Daudpota 45102-5386887-3	Sain Dino	-	679	-	679	-	679	-	679
3	Usama Petroleum Service Mian Channu, Tehsil Mian Channu, District Khanewal	Shafiq Ullah Adnan 35202-2540762-9	Atta Ullah Malik	9,940	1,985	-	11,925	-	1,998	-	1,998
4	Rijas Farms Pvt Ltd Suite No 710, 7th Floor, Business Centre, Shahrah-e-Faisal, Karachi	Ahsan Shahzad 35201-5415698-5 Nida Ahsan 35201-0152746-6	Shahzada Waseem Ahsan Shahzad	18,333	4,128	-	22,461	-	3,161	-	3,161
5	Noreen Farman Khan 163-D-1, Johar Town, Lahore	Noreen Farman Khan 35202-1421515-0	Farman Ali Khan	13,038	4,701	-	17,739	-	2,713	-	2,713
6	Rana Nadeem Mustafa H No 283-X, Ph- 3 DHA, Lahore	Rana Nadeem Mustafa 35201-1471739-3	Ghulam Mustafa	3,000	1,433	-	4,433	-	1,407	-	1,407
7	Malik Moeed Ilyas H No 113 A, St No 6, Bahria Town Ph 2, Rawalpindi	Malik Moeed Ilyas 37405-4283340-7	Muhammad Ilyas Alvi	5,000	1,484	57	6,541	-	1,483	-	1,483
8	Omar Danial Baweja Faiza Ahmed 126 By 2, Main Khayaban E Muhafiz, Phase 6 DHA, Karachi	Omar Danial Baweja Faiza Ahmed 42301-3857295-9	S Mahmood Baweja	108,952	26,608	-	135,560	-	19,559	-	19,559
9	Mirza Umair Atzal H 147, St 4, Peer Colony Walton Road, Lahore	Mirza Umair Atzal 33100-3526955-7	Muhammad Atzal	2,306	755	38	3,099	141	703	-	844
TOTAL:				161,933	43,198	101	205,232	141	32,406	-	32,547

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

Annexure - II

As at December 31, 2021

As referred to in note 11.2.3 to the unconsolidated and consolidated financial statements

Details of disposal of fixed assets made to related parties

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Buyers' particulars and relationship with Bank (if any)	
	Rupees in '000							
Electrical, office and computer equipment								
Communication Equipment	3,931	2,416	1,515	2,140	625	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Office Machines and Equipments	12,457	7,663	4,794	6,179	1,385	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Computer	5,786	5,324	462	3,611	3,149	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor Kashif Centre Main Shahra-e-faisal Karachi
	22,174	15,403	6,771	11,930	5,159			
Lease hold improvements	4,193	1,730	2,463	2,717	254	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor Kashif Centre Main Shahra-e-faisal Karachi
Furniture and fixture	789	758	31	595	564	Insurance	Name	EFU General Insurance Limited - related party,
							Address	1st Floor Kashif Centre Main Shahra-e-faisal Karachi
	27,156	17,891	9,265	15,242	5,977			

Branch Network

SINDH KARACHI

Boat Basin Branch
021-35177903-4

Shaheen Complex
021 -111 572 265 /
021-38907700"

Boat Basin Branch
021-35177903/4

North Nazimabad Branch
021-36721010-7

North Industrial Area Branch
02136962912-11-15

Nazimabad Branch
021-36612325 /36612236
/36612336

New Sabzi Mandi Branch
0345-8211641-43

Gulshan-E-Iqbal Branch
021-34829055/60/61

Gulistan-E-Jauhar Branch
021-34662002/4/6

Safoora Goth Branch
021-34661805

Gulshan Chowranghi Branch
021-34833293-5

Ibrahim Hyderi Branch
0346-1012281

Fisheries Branch
021-32384011-14

Soldier Bazar Branch
021-32244531 / 32 / 33

Garden East Branch
021-32244281-283

Hawksbay Road Branch
021-32373030-32

Gulshan-E-Hadeed Branch

021-36697925-31

Korangi Rd Dha Phase I Branch
021-35803541-46

Kh-E-Ittehad Dha Phase II Ext
Branch
021-35313811-4

Urdu Bazar (AWT Plaza) Branch
021-32630208/10

Lucky Star Branch
021-35622434-39

Electronic Market Branch
021-32700431 / 2 / 3 / 6 / 7

New Challi Branch
021-32602100-01-02

Cloth Market Branch
021- 32464042 - 47

Teen Talwar Branch
021-35836974-35835867

Korangi Industrial Area Branch
021-3505 5826/7
021-3505 2773/5

Chase Store Jail Chowranghi
Branch 021-34370270-71

Khadda Market Dha Phase V
Branch 021-35242401-4

Progressive Center Sh-E-Faisal
Branch 021-34324682-5

Shahrah-E-Faisal Branch
021-34373240

Kh-E-Shahbaz Dha Phase VI
Branch 021-35243416/18

Dha Phase VIII Branch
021-35171731-33

Shah Faisal Colony Branch
021-34686191-95

Bahadarabad Branch
021-34922802-05

Jheel Park Branch
021-34544831-35

26Th Street Dha Phase V Branch
021-35304685

Zamzama Branch
021-35295221-4

Jodia Bazar Branch
021-32463456/460

Site Branch
021-32550081-84

Timber Market Branch
021-32763054/ 32763079/
32763047

North Napier Road Branch
021-32467791-94

Park Towers Clifton Branch
021-35832011

Stock Exchange Branch
021-32462851/55

Ocean Tower Branch
021-35166601-6

HYDERABAD

Badin Branch
0297-861203

Site HYD Branch
022-3885192-93

Cloth Market Branch
022-2618271/3

Saddar Branch
022-2730925-26

Anaj Mandi Branch
022-2638802

Citizen Colony Branch
022-2100893-95

Qasimabad Branch
022-2652190-91

DHA Branch Branch
022-2108078

Latifabad Branch Branch
022 3817971/84/86

Latifabad Unit No VI Branch
022-3422521-6

Kohsar Branch
022-3400914

Jamshoro Branch
022-3878103-104 /109 /36612336

New Sabzi Mandi Branch
0345-8211641-43

Kot Ghulam Muhammad Branch
0233-866242-4

Kunri Branch
023-8558163-66

Maatli Branch
029-7841514

Mirpur Khas Branch
023-3876001-4

Sultanabad Branch Branch
022-3404106-7

Tando Allah Yaar Branch
022-3892001/4

Thatta Branch
029-8550934

SUKKUR

Bhiria City Branch
024-2460182

Chambar Branch
022 -3897033/35/36

Daharki Dist Ghotki Branch
0723-641290

Digri Branch
“0233-870245 /
0233-870305 /306 /307”

Ghotki Branch
0723-600480-481-484

Kandhkot Branch
072-2573048

Kashmore Kandhkot Branch
072-2577701/07

Khairpur Branch
0243-715318/19

Larkana Branch
074-4058603

Mehar Branch
025-4730307-308-309

Mirpur Mathelo Ghotki Branch
0723-663313/5

Kandhkot Branch
072-2573048

Mithi Branch
0232-261650

Moro Branch
0242-413200

Naushahro Feroze Branch
0242-448415

Nawabshah Branch
024-4330561/4

Pano Aqil Branch
071-5809304/6

Sanghar Branch
023-5800162/63

Sehwan Shareef Branch
025-4620305/7

Shahdadkot Branch
074-4013178/31

Shahdadpur Branch
0235-843174 /75

Sheikh Bhirkio Branch
0345-8211923/24

Shikarpur Branch
072-6540374-75

Sukkur Housing Society Branch
071-5815209

Military Road Sukkur Branch
071-5630825-32

Tando Jam Branch
022-2765612/14

Tando Mohammad Khan Branch
022-3340594 /
022-3340617-8

Umer Kot Branch
023-8570157-59

LAHORE

Khanewal Branch
065-2557491-93

Shadman Town Branch
042-37503712 / 20

DHA Phase 3 Y-Block Branch
0423-5898010-11

Dha Phase VI Branch
042-37180745

Airport Road Dha Branch
042-35700081-85

Dha T-Block Branch
042-35707651/6

Upper Mall Branch
042 111 572 265
042-35776515-18
042-35776530

Zarar Shaheed Road Branch
042-36639902-05

Gulshan Ravi Branch
042-35464541- 43

The Mall Branch
042-36285673-75

Allama Iqbal Town Branch
042-37805026/28

Model Town Branch
042-35915614/48

New Garden Town Branch
042-35940463-67

Peco Road Branch
042 35203014

College Road Township Branch
042 -35117491-4

Wapda Town Branch
042-35182874/75/77

Bahria Town Branch
042-35976212-14

Raiwind Road Branch
042-35291247-70

Johar Town Branch
042-35241084/90

Sunder Industrial Estate Branch
0311-0013425-26

Circular Road Branch
042-37667922 /25

Badami Bagh Branch
042-37946853/54

Shahdara Branch
0423-7931903-5

Shadbagh Branch
042-37604549-51

Brandreth Road Branch
042 3630307-9

Baghbanpura Branch
042-36858873-74

Mughalpura Branch
042-36533818

Daroughawala Branch
042-36530316

Mcleod Road Branch
042-36311176

Shah Alam Market Branch
042-37375734-37

Urdu Bazar Branch
042-37115915/7

Azam Cloth Market Branch
042-37671195-96

MM Alam Road Branch
042-35761527

Cavalry Branch
042-36610282-90

Chowburji Branch
042-37362981-8

Ferozepur Road Branch
042-35402151-53

Rahimyar Khan Branch
068-5879511 / 14

Shiekhupura Branch
056 3810273/6

Gulberg Lhr Branch
042-35771036-38

ISLAMABAD

Arifwala Branch
0457-835478-81

Attock Branch
057-2610500 / 057-2610480 /
057-2610780

Bahawalnagar Branch
063-2279435/38

Dha Phase II ISB Branch
051-5161525

Bahawalpur Branch
062-2889176/78

Bhakkar Branch
0453-510407-9

Burewala Branch
067-3770363/65

Ludan Road Burewala Branch
067-3351441

Chakwal Branch
054-3665688

Chichawatni Branch
040 5481792/95

Chiniot Branch
047-6332713 / 14
047-6332592 /93 /94

Chishtian Branch
0345-8233957

Daska Branch
052-6610461/63

Depalpur Branch
044-4542246-49

DG Khan Branch
064-2470952/56

Dahranwala Chishtian Branch
063-2441147

Dinga Branch
053-7401368

Ghakkhar Mandi Branch
055-3882556-59 /
055-3882561

Gohadpur Branch
052-4265498-99

Gojra Branch
046-3513637/40

Gt Road Gujrat Branch
053 -3729474/5

Kacheri Chowk Branch
053-3600584-6

Gulyana Branch 053-7588459	Wah Cantt Branch 051-4624015/016/017	Pak Pattan 045-7352591-93-94
Hafizabad Branch 054-7526407-10	Blue Area Branch 051-111572265 / 051-2810121-4	Qaboola Dist Pak Pattan Branch 0457-851248-51
Haroonabad Branch 063- 2250615	Khanna Pul Branch 051-4478006 /07	Pattoki Kasur Branch 049-4424053/4
Hasilpur Branch 062-2441302-8	Tarlai Branch 051-2241863-4 /66	Rabwa Branch 047-6214042/44
Bara Kahu Branch 051-2165032-7	Jehlum 0544 611840 -3	Mouza Chak 72 Rahim Yar Khan 068-5708069-74
F-10 Markaz Branch 051-2112960/61	Kamoki Branch 055-6810282 / 83 / 85	Sadiqabad Branch 068-5803933/38
F-11 Markaz Branch 051-2103404-6	Kasur Branch 049 2761581-84	Sahiwal Branch 040 4222733/35
F-7 Markaz Branch 051 - 2653901 / 4 - 051-2608404 /05	Mouza Kachi Jamal Khanpur Branch 068-5577193-195	Chak 89 Dist Sahiwal Branch 040-4550409/10/11/16
F-8 Markaz Branch 051-2818296 /97 /98	Kharian Branch 0537-602784-85	Sambrial Branch 052-6524106/07
G-11 Markaz Branch 051-2363475/77	Mouza Parhar Sharqi Kot Addu Branch 066-2240146 /49	Sargodha Branch 048-3768123/24/25
G-15 Markaz Branch 051-2160240-41	Lala Musa Branch 0537-519656/8	Taunsa Sharif DG Khan Branch 064-2601147
G-8 Markaz Branch 051-2340537	Layyah Branch 0606-415045/47	Taxila 0514-535315-17
Gulberg Green Branch 0310-5998931	Lodhran Branch 0608-361892/93/96	Toba Tek Singh Branch 046- 2512052-55
I-8 Markaz Branch 051-4862471-2	Mandi Bahauddin Branch 0546-509452-53-55	Ugoki Branch 052-3513953/54
I-9 Markaz Branch 051-4431296/8	Mian Chunnoo Branch 065-2661282-85	Vehari Branch 067-3360715/18
Branch Stock Exchange 051-2894407/09	Muridke Branch 042 37166455-7	Wazirabad Branch 055-6605841-4
NPF O-9 Pwd Road Branch 051-5170584/5	Okara Branch 044-2528728 / 30	

GUJRANWALA

Wapda Town Branch
055-4285573-75

Bank Square Branch
055-4234401-3

GT Road Branch
055-3257363 /
055-3257365 /
055-3254407

SIALKOT

Cantt Sialkot Branch
052-4272351/53

Paris Road Branch
052-4269535/6

Shahabpura Ind Est Branch
052-3242681 /84

Pasroor Road Nekapura Branch
052-3543582-4

Kashmir Road Branch
052-4272702-3-4

FAISALABAD

Liaquat Road Branch
041-2541284-86

Grain Market Branch
041-2633382/84

Gulistan Colony Branch
041-8785791-5

Karkhana Bazar Branch
041-2624501-3

Ghulam Mohammad Abad Branch
041-2692192-94

Jaranwala Branch
041-4313032/35

Muzaffargarh Branch
066-2424691-92

MULTAN

Abdali Road Branch
061-4574363/
061-4574496/97

Bosan Road Branch
061-6223416 /17

Vehari Road Branch
061-6241102-4

Wapda Town Phase I Branch
061-6524733-38

RAWALPINDI

Air Port Cop Housing Society
(AECHS)
051-5497012-15

Bahria Town Phase IV Branch
051-5731351-4

Bahria Town Phase VII Branch
051-5154891-4

Bank Road Saddar Branch
051-5120731-3

Chaklala Scheme 3, Branch
051-5766277-79

Chakri Road Branch
051-5129024

Jinnah Road Branch
051 -5778560-63

Peshawar Road Branch
051-5492873-75

Range Road Branch Cant
051-5128871 /
051-5128875

Saidpur Road Branch
051-5768049/51/53

Satellite Town Branch
051-4842984 /86

GHQ Branch
051-5202344

BALUCHISTAN

Gawadar Branch
086-4210246

Khuzdar Branch
0848-550334-336

Loralai Branch
0824-410104

Muslim Bagh Branch
082-3669335/36

Ormara Branch
086-3310140 / 144 / 143 / 142 /
147

Quetta Cantt Branch
081-2863335

MA Jinnah Road Quetta Branch
081-286 5507-04

Zarghoon Road Quetta Branch
081-2472981/82

Turbat Branch
0852-414201

Zhob Balochistan Branch
0822-412027028

KPK

Peshawar Abbottabad Branch
099-416110 /112/114

Bannu Branch
0928-6601673

Chakdarah Lower Dir Branch
094-5703336/337

Charsadda Branch
091-6512054

Chitral Branch
0943-413027-29

Darra Adam Khel Branch
092-22810187

DI Khan Branch
0966-733216/19

Gallanai Branch
0345-9068830

Haripur Branch
0995-627370

Mansehra Branch
0997-301882-84

Mardan Branch
0937 -873445 - 873452

Mingora Branch
0946-711740/43

Nowshera Branch
092-3612004

Parachinar Branch
0926-311777

Dabgari Garden Branch
091-2591425-7

Fakhr-E-Alam Road Branch
091- 527 9981/4

Naz Cinema Branch
091-2211026/24

University Road Branch
091 -571 1572 /75

Wazir Colony Ring Road Branch
0310-5998901-3

Nowshera Saleh Khana Branch
0923-651113/17

Shaidu Nowshera Branch
0923-510013-14

Shakas Khyber Agency Branch
091-5602382/83/85

Timergara Branch
0945-821921

Topi Branch
0938-272003/4

GILGIT REGION

Gilgit Branch
05811-450610 /7

Skardu Branch
0581-5457306

AZAD JAMMU & KASHMIR (AJK)

Bagh Branch
0582-3445338

Chaksawari Branch
05827-454791-94

Charroi Branch
05826-415474 / 76

Dadyal Branch
0582-7465 668 / 69

Jatlan Branch
05827-404389 /91

Khui Ratta Branch
0582-6414907

Kotli Branch
05826-448229/31

Mirpur Branch
05827-448867273

Muzaffarabad Branch
05822-923251-2

Sehensa Branch
05826-422779 / 422300

Seri Ajk
05826 -432731/4

INTERNATIONAL BRANCH

Bahrain Manama Branch
00973-17104603

Pattern Of Shareholdings

As on December 31, 2021

S.No	No. of Shareholders	Shareholdings				Total Shares Held
1	569	Shareholding From	1	To	100	6,732
2	585	Shareholding From	101	To	500	235,396
3	608	Shareholding From	501	To	1000	571,734
4	1217	Shareholding From	1001	To	5000	3,534,246
5	412	Shareholding From	5001	To	10000	3,312,631
6	634	Shareholding From	10001	To	500000	15,620,247
7	94	Shareholding From	50001	To	1000000	7,531,867
8	112	Shareholding From	100001	To	5000000	24,107,402
9	18	Shareholding From	500001	To	10000000	12,348,403
10	43	Shareholding From	10000001	To	1297464262	1,230,195,604
Total	4,292				Percentage: 100%	1,297,464,262

Pattern Of Shareholdings

As on December 31, 2021

Particulars	Shares Held	Percentage
Directors and their spouse(s) and minor children		
Mr. Kalim-ur-Rahman	1,500,000	0.12
Mr. Adil Matcheswala	200,000	0.02
Mr. Ashraf Nawabi	1	0.00
Mr. G. M. Sikandar	1	0.00
Mr. Munawar Alam Siddiqui	1	0.00
Ms. Nargis Ali Akber Ghaloo	1	0.00
Mr. Hassan Afzal	1	0.00
Mr. Sohail Aman	1	0.00
Mr. Basir Shamsie	1	0.00
Mrs. Hafsa Shamsie	1,132,320	0.09
Mrs. Safia Munawar	285,000	0.02
Sub - Total	3,117,327	0.24
Associated companies, undertakings and related parties	973,307,324	75.02
NIT & ICP	972	0.00
Banks, development finance institutions, non-banking finance companies,	172,451	0.01
Insurance Companies	23,959,194	1.84
Modarabas and Mutual Funds	9,175,643	0.71
Foreign Companies	5,104	0.00
Others	141,408,415	10.90
Individual - Local	140,250,332	10.81
Individual - Foreign	6,067,500	0.47
Totals	1,297,464,262	100.00

Details of the transactions carried out by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouse and minor children during the period from January 01, 2021 to December 31, 2021.

Mrs. Safia Munawar Spouse of Mr. Munawar Alam Siddiqui who purchase 100,000 shares of the bank, Ms. Nargis Ali Akber Ghaloo independent Director who sale 33,000 shares of the Bank.

Notice Of Sixteenth Annual General Meeting

Notice is hereby given that the Sixteenth Annual General Meeting of the shareholders of JS Bank Limited (the “Bank”) will be held on Wednesday, March 30, 2022 at 10:00 a.m. at 15th Floor, The Centre, Plot No.28, SB-5, Abdullah Haroon Road, Saddar, Karachi, to transact the following business

ORDINARY BUSINESS:

- i. To receive, consider and adopt the Annual Audited Standalone and Consolidated Financial Statements of the Bank for the year ended December 31, 2021 together with the Directors’ and Auditors’ Reports thereon.
- ii. To appoint Bank’s Auditors and fix their remuneration. Audit Committee and the Board of Directors have recommended the appointment of the retiring auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, who being eligible have offered themselves for re-appointment.
- iii. To elect seven (7) directors as fixed by the Board of the Bank under section 159(1) of the Companies Act, 2017 for three years commencing from March 30, 2022. The names of retiring directors, who are eligible to offer themselves for re-election, are as follows

Mr. Kalim-ur-Rahman
Mr. Ashraf Nawabi
Mr. Hassan Afzal
Ms. Nargis Ali Akber Ghaloo
Mr. Adil Matcheswala
Mr. G.M. Sikander
Mr. Munawar Alam Siddiqui
Mr. Sohail Aman

SPECIAL BUSINESS:

- iv. To consider and if thought fit, approve the conversion of rated, privately placed/listed (at the option and discretion of the Bank, pursuant to the Privately Placed Debt Securities’ Listing Regulations), unsecured, subordinated, Term Finance Certificates (“TFCs”) of PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million) inclusive of a green shoe

option of PKR 500 million (Pak Rupees Five Hundred Million Only) of the Bank into common shares if (i) directed by State Bank of Pakistan (“SBP”) on the occurrence of a point of non-viability as determined by SBP, or (ii) upon the occurrence of a pre-specified trigger point pursuant to Basel III Capital Instructions of SBP, or (iii) due to any inability to exercise the Lock-in Clause or Non-Cumulative features of TFCs, on such terms and conditions as may be determined by SBP, subject to a maximum of 400,647,739/- (Four Hundred Million Six Hundred Forty Seven Thousand Seven Hundred Thirty Nine Only) additional ordinary shares to be issued, and which ordinary shares shall be issued other than by way of rights in accordance with section 83(1)(b) of the Companies Act, 2017.

The resolutions to be passed by the members of the Bank as Special Resolutions are as under:

“RESOLVED THAT with respect to the Tier-2 capital raised by the Bank in the amount of up to PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million) in the form of rated, privately placed/listed (at the option and discretion of the Bank, pursuant to the Privately Placed Debt Securities’ Listing Regulations), unsecured, subordinated, Term Finance Certificates (“**TFCs**”) as approved by the Board of Directors on August 25, 2021 and in accordance with the directions under the ‘Instructions for Basel III Implementation in Pakistan’ (“**Basel III Regulations**”) issued by the SBP, the TFCs may be converted into ordinary shares of the Bank (i) if so directed by SBP on the occurrence of a point of non-viability as determined by SBP, at a price equivalent to the market value of the shares of the Bank on the date of trigger of the point of non-viability as declared by SBP, or (ii) upon the occurrence of a pre-specified trigger point pursuant to Basel III Capital Instructions, at a price equivalent to the market value of the shares of the Bank on the date of occurrence of the pre-specified trigger point, or (iii) due to any inability to exercise the lock-in clause or

non-cumulative features of the TFCs, on such terms and conditions as may be determined by SBP, in accordance with the applicable rules and regulations of SBP (collectively the **“Conversion Events”**), which ordinary shares shall be issued other than by way of rights in accordance with section 83(1)(b) of the Companies Act, 2017.”

“FURTHER RESOLVED that the issuance of such shares upon the occurrence of any of the Conversion Events shall be subject to a cap of 400,647,739/- (Four Hundred Million Six Hundred Forty Seven Thousand Seven Hundred Thirty Nine Only) additional ordinary shares to be issued and shall further be subject to the approval of the Securities and Exchange Commission of Pakistan in accordance with section 83(1)(b) of the Companies Act, 2017.”

“FURTHER RESOLVED that any two of the President & CEO, Chief Operating Officer, Chief Financial Officer, Company Secretary and Group Head Operations of the Bank (the “Authorized Representative”), be and are hereby authorized to take all steps necessary, ancillary, and incidental to the above-mentioned resolutions, as and when required, and are further authorized to sign, execute, and deliver all necessary documents, agreements, and letters on behalf of the Bank, as may be deemed appropriate and as may be required for the purposes above-mentioned.”

- v. To consider and, if thought fit, pass with or without modification, the following resolutions as special resolution as envisaged under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, for the purpose of approving long term equity investment in the ordinary shares of its associated company BankIslami Pakistan Limited.

“RESOLVED THAT subject to obtention of approval of the State Bank of Pakistan (‘SBP’) as well as other regulatory approvals, consent and approval of the shareholders be and is hereby accorded in terms of Section 199 of the

Companies Act, 2017, to make long term equity investment into and acquire 86,316,954 ordinary shares of BankIslami Pakistan Limited (“BIPL”), (constituting 7.79% paid-up capital) of BIPL, an associated company, from Emirates NBD Bank PJSC at a price of upto PKR 13.24 per share, making the aggregate sale consideration to stand at upto PKR 1,142,836,470.96.

FURTHER RESOLVED that formal applications be made to the SBP and the Competition Commission of Pakistan (‘CCP’) for approval of the proposed acquisition and investment of 7.79% paid up capital of BIPL;

FURTHER RESOLVED that any two of the President & CEO, Chief Operating Officer, Chief Financial Officer and/or Company Secretary of the Bank (the “Authorized Representative”), be and are hereby authorized to negotiate, finalize and execute all agreements and transaction documents, appointing legal advisers and consultants, personal and written representations and submission of formal applications for approvals of the proposed investment from SBP and CCP, whenever required and signing all documents, deeds and agreement related thereto for achieving the above purposes, and to take any or all such necessary and ancillary actions and steps and do all such acts, deeds and things which may be required to give effect to this resolution and for making the investment of the above-mentioned amount in the purchase of the ordinary shares of BIPL.”

By Order of the Board

Ashraf Shahzad
Company Secretary

Karachi: March 9, 2022

Notes:

- a) Share transfer books of the Bank will remain closed from March 24, 2022 to March 30, 2022 (both days inclusive). Transfers received in

order at Bank's Independent Share Registrar, CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi at the close of business on March 22, 2022 will be treated in time for purpose of attending and vote at the Meeting.

- b) A member of the Bank entitled to attend, and vote may appoint another member as his/her proxy to attend and vote instead of him/her.
- c) Proxies must be received at the Registered Office of the Bank not later than 48 hours before the time of the Meeting.
- d) Beneficial owners of the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and/or their proxies will have to follow the following guidelines as laid down by the Securities and Exchange Commission of Pakistan:

For Attending the Meeting

- In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the account number at the time of attending the Meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting

For Appointing Proxies

- In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations shall submit the proxy form as per above requirements.
- The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

- The proxy shall produce his original CNIC or original passport at the time of the Meeting.
- Proxy form must be received at the Registered Office of the Bank located at 1st Floor Shaheen Commercial Complex, Dr, Ziauddin Ahmed Road, Karachi, duly stamped and signed not less than 48 hours before the time of the meeting.
- In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Bank.
- Shareholders are requested to notify immediately for any change in their address to the Bank Registrar.
- e) Any person seeking to contest the election, whether retiring Director or otherwise, must file with the Company at its Registered Office the following documents not later than fourteen (14) days before the date of the meeting:
 - The intention to offer himself/herself for the election of Directors in terms of Section 159(3) of the Companies Act, 2017 along with (a) consent on Form 28 (Consent to act as a Director) under Section 167 of the Companies Act, 2017; (b) a declaration under clause (3) of the Listed Companies (Code of Corporate Governance) Regulations 2019 that he/she is not serving as a director in more than seven (7) listed companies (including JS Bank Limited and excluding the listed subsidiaries of listed holding companies); and (c) a declaration that he/she is not ineligible to become a director in terms of Section 153 of the Companies Act, 2017 or under any circular/directive of the State Bank of Pakistan or any other applicable laws and regulations.
 - Person contesting as Independent Director shall also submit a declaration that he/she qualifies the criteria of eligibility and independence notified under the Companies Act, 2017 and rules and regulations issued thereunder.
 - Duly filled proforma for Fit and Proper Test and Questionnaire in the prescribed form along with

an affidavit, recent photograph and copy of attested CNIC/passport to meet the requirement of State Bank of Pakistan's Prudential Regulation G-1 and Fit and Proper Test for Appointment of Directors. Elected director shall remain subject to the fit and proper test approval of the State Bank of Pakistan.

- f) Shareholders are requested to notify immediately for any change in their address

Notice to Shareholders who have not provided CNIC:

The Companies (Distribution of Dividends) Regulations, 2017 requires that the dividend warrants should bear the Identification Number which includes: (i) in the case of a registered shareholder or an authorized person, the Computerized National Identity Card Numbers (CNIC); (ii) in the case of a minor, child registration number or juvenile card number; and (iii) in the case of corporate shareholders registration number or national tax number. The Identification Number of the shareholders is, therefore, mandatory for the issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in terms of the Companies (Distribution of Dividends) Regulations, 2017. Therefore, the shareholders who have not yet provided their Identification Numbers advised to provide their Identification Numbers (if not already provided) directly to our Independent Share Registrar at the address given herein above without any further delay.

Placement of Financial Statements

The Bank has placed the annual Audited Financial Statements for the year ended December 31 2021, along with the Auditors and Directors Reports on its website: www.jsbl.com.

Further, the Annual Report of the Bank for the year ended December 31, 2021 is dispatched to the shareholders through CD.

Under Section 223(6) of the Companies Act, 2017, listed companies are allowed to send the Audited Financial Statements etc., through an electronic mail system (e-mail). The members are hereby requested to convey their consent via email on a

standard request form which is available at the Bank's website i.e. www.jsbl.com. Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Members can request a hard copy of Audited Financial Statements which shall be provided free of cost within seven days from the date of requisition. Further, it is the responsibility of the member(s) to timely update the Share Registrar of any change in his (her/its/their) registered email address at the address of Company's Share Registrar mentioned above.

Mandate for E-DIVIDENDS for shareholders

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividends to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in the Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. CDC Share Registrar Services Limited, CDC House, Shahra-e-Faisal, Karachi in case of physical shares. In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to the shareholder's broker/participant/ CDC account services.

Deduction of Income Tax from Dividend at Revised Rates

Pursuant to the provisions of the Finance Act deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers of Income Tax Return	15%
2	Non-Filers of Income Tax Return	30%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website. To enable the Bank to make tax deductions of the amount of cash dividend @15% instead of 30%, all shareholders whose names are not entered into the Active Tax-payers List (ATL)

their names are entered into the ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @30% instead of 15%.

The Shareholders who have joint shareholdings held by filers and non-filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his

shareholding. If the share is not ascertainable, then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Bank

Folio /CDC Account No	Total Shares	Principal Shareholder	Joint Shareholder
	Name & CNIC	Shareholding proportion	Shareholding proportion

Unclaimed Dividend/Shares

Shareholders who could not collect their dividend/ physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any.

E-Voting

Pursuant to SECP S.R.O. No. 43(l)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Bank on the appointment by the Intermediary as a Proxy.

Provision of Video Link Facility

The Securities & Exchange Commission of Pakistan (SECP) vide its Notification # SMD/ SE/2(20)/2021/117 dated December 15, 2021, has instructed companies to hold the general meeting physically and virtually to ensure maximum participation by the members. The Bank has therefore decided to also conduct Annual General Meeting via Zoom Video Link. The Bank has encouraged members to attend the general meeting through video conferencing with a view to protect the well-being of its members in view of the threats posed by the recent wave of COVID-19.

To attend and participate in the 16th AGM of the Bank through video link arrangement, members are requested to complete and fill the 'Video Link Facility Form' available at the Bank's website and provide all the requisite information at the following

email address i.e. AGM@jsbl.com. The video link of the meeting will be sent to the members on their email addresses.

Statement Under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of JS Bank Limited (the "Bank") to be held on March 30, 2022.

Special Business # iv

The Bank on December 28, 2021 issued rated, privately placed/listed (at the option and discretion of the Bank, pursuant to the Privately Placed Debt Securities' Listing Regulations), unsecured, subordinated, Term Finance Certificates ("TFCs") of PKR 2,500,000,000/- (Pak Rupees Two Billion Five Hundred Million) as Tier - 2 Capital instrument ("TFC Issue"). The Basel III regulations as implemented vide SBP's Circular BPRD Circular No. 06 dated August 15, 2013 ("SBP Circular"), which prescribes a loss absorption feature for Tier - 2 capital instruments pursuant to which the TFCs will be converted into ordinary shares of the Bank at the Point of Non-Viability ("PONV") trigger event or at the breach of Common Equity Tier-2 (CET-1) trigger event as defined in the SBP Circular and as reproduced below. In accordance with the requirements of the SBP Circular, the Bank has agreed with the SBP for the issuance of maximum 400,647,739 (Four Hundred Million Six Hundred Forty Seven Thousand Seven Hundred Thirty Nine

Only) shares against subject TFCs in case of the occurrence of a conversion event as per the terms of the TFCs and SBP Circular (the “Conversion Events”).

As per the requirements of Basel III under the aforementioned SBP Circular, the terms and conditions of the TFC Issue must have a provision of “loss absorbency” for it to be qualified as a Tier 2 Capital instrument.

The relevant portion of the Basel III Circular relating to “loss absorbency” is reproduced below:

“A-5-3 Loss Absorbency of Non-Equity Capital Instruments at the Point of Non-Viability

- i. The terms and conditions of all non-CET1 and Tier 2 instruments issued by banks must have a provision in their contractual terms and conditions that the instruments, at the option of the SBP, will either be fully and permanently converted into common share upon the occurrence of a non-viability trigger event called the Point of Non-Viability (PONV) as described below;
- ii. The PONV trigger event is the earlier of;
- iii. A decision made by SBP that a conversion is necessary without which the bank would become non-viable.
- iv. b. The decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non-viable, as determined by SBP.
- v. The issuance of any new shares as a result of the trigger event must occur prior to any public sector injection of capital so that the capital provided by the public sector is not diluted.
- vi. The amount of non-equity capital to be converted will be determined by the SBP.
- vii. Where an Additional Tier-1 capital instrument or Tier-2 capital instrument provides for conversion into ordinary shares, the terms of the instruments should include provision that upon a trigger event the investors holding 5% or more of paid-

up shares (ordinary or preferred) will have to fulfill fit and proper criteria (FPT) of SBP.

- viii. The conversion terms of the instruments must contain pricing formula linked to the market value of common equity on or before the date of trigger event. However, to quantify the maximum dilution and to ensure that prior shareholder/ regulatory approvals for any future issue of the required number of shares is held, the conversion method must also include a cap on the maximum number of shares to be issued upon a trigger event.
- ix. The conversion method should describe and take into account the order (hierarchy of claims) in which the instruments will absorb losses in liquidation/ gone concern basis. These terms must be clearly stated in the offer documents. However, such hierarchy should not impede the ability of the capital instrument to be immediately converted.
 - i. There should be no impediments (legal or other) to the conversion i.e. the bank should have all prior authorizations (sufficient room in authorized capital etc.) including regulatory approvals to issue the common shares upon conversion.
 - ii. The contractual terms of all Additional Tier 1 and Tier 2 capital instruments must state that SBP will have full discretion in deciding/ declaring a bank as a non-viable bank. SBP will, however, form its opinion based on financial and other difficulties by which the bank may no longer remain a going concern on its own unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by a bank should be such that these are likely to result in financial losses and raising the CET1/ MCR of the bank should be considered as the most appropriate way to prevent the bank from turning non-viable. Such measures will include conversion of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the SBP.”

As per the loss absorbency conditions, upon the occurrence of PONV, SBP may at its option, fully and permanently convert the TFCs into common shares of the issuer, i.e. the Bank.

In light of the above-contemplated Conversion Events including the PONV, the Bank is required to obtain all approvals (in advance) for the issuance of such additional shares as stated hereinabove. It may

further be noted that issuance of such additional shares shall further be subject to the approval of the Securities and Exchange Commission of Pakistan in accordance with section 83(1)(b) of the Companies Act, 2017.

The information required to be annexed to the notice is set out below:

Name and brief profile of the banks/financial institutions to whom such shares are proposed to be issued	The shares will be issued to the TFC holders (at that time) in accordance with the directions of SBP at the time of trigger of PONV.
Price at which the proposed shares will be issued	The price of the shares shall be issued at the market value of the shares of the Bank, on the date of trigger of PONV as declared by SBP however, total no. of shares to be issued are capped at 400,647,739 or such other number as may be agreed to in consultation with SBP.
Purpose of the issue of shares other than right, utilization of the proceeds of the issue and benefits to the Bank and its shareholders with necessary details	To convert the outstanding TFCs amount (in whole or part) into shares of the Bank, as per the directions of the SBP.
Existing shareholding of the banks / financial institutions to whom the proposed shares will be issued	Not Applicable
Total shareholding of the banks / financial institutions after the proposed issue of shares	Not Applicable
Whether the banks/financial institutions have provided written consent for purchase of such shares	The terms of the TFC Issuance Agreement dated for the TFC Issue contain the details regarding such conversion.
Justification as to why proposed shares are to be issued otherwise than rights and not as rights shares	This is in accordance with the requirements of the SBP vide its Circular No. 6 of Banking Policy and Regulation Department dated August 15, 2013 and further directions of SBP in this matter.
Justification, with details of the latest available market price and break-up value per share, if such price differs from par value.	Not Applicable
Details of the average market price during the last 3 (three) months and 6 (six) months preceding the board announcement as well as the latest available market price.	Not Applicable

The shares issued will rank pari passu in all respects with the existing shares of the Bank. The issue of shares other than by way of rights is subject to approval from the Securities and Exchange Commission of Pakistan.

None of the directors, whether directly or indirectly, is interested in the special resolution except to the extent of their shareholding in the bank.

**Special Business # v
Investment and Acquisition of 7.79% Ordinary
Shares of BankIslami Pakistan Limited.**

The Board of Directors of JS Bank Limited ('the Bank') in their meeting held on March 08, 2022, have resolved that subject to necessary approvals from the shareholders of the Bank by way of special resolution as required under Section 199 of the Companies Act, 2017, and permission from the State Bank of Pakistan, the Competition Commission of Pakistan and final consent from Emirates NBD BANK PJSC, consent and approval be and is hereby accorded to the Bank to invest into and acquire 86,316,954 shares of BankIslami Pakistan Limited ("BIPL"), (an associated entity) constituting to 7.79% paid-up capital of BIPL, from Emirates NBD BANK PJSC, at the rate of upto PKR 13.24 per share, making the aggregate sale consideration to stand at upto PKR 1,142,836,470.96;

BIPL is one of the premier Islamic banks of Pakistan, having a total deposit base of PKR 345 billion as of December 31, 2021. Its total asset size as per its balance sheet dated December 31, 2021 stands at PKR 408 billion. Currently, it has 340 branches

across all cities of Pakistan. The Pakistan Credit Rating Agency (PACRA) has assigned a long-term credit rating of A+ and short term entity ratings of 'A1'.

Jahangir Siddiqui & Co. Limited ('JSCL') is the holding company of the Bank by virtue of 75.02% shareholding. JSCL holds 21.26% shares of BIPL. Consequently, JSCL has more than 20% direct interest over the voting shares of both entities which makes BIPL an associated entity of the Bank.

Post the proposed investment, the aggregate absolute holding of JSCL and the Bank, together, in BIPL shall stand at 29.04% paid up capital of BIPL.

Considering the fact that the Bank does not have any Islamic Banking operations or window, this acquisition shall allow it to have some (indirect) presence in the sector, which will help develop synergies which previously were not possible. Secondly, this will also help the Bank in benefiting from various Islamic financing avenues and transactions which previously could not be capitalized due to no presence of the Bank in the Islamic banking sector.

All legal, corporate and regulatory formalities will be fulfilled in consultation with the Legal Advisors.

Nature of information required to be disclosed pursuant to the Companies (Investment in Associated Companies and Undertakings) Regulations, 2017, for investment in associated company M/s BankIslami Pakistan Limited is as follows:

Ref No.	Requirement	Relevant Information
	(a) Disclosures for all types of investments	
	(A) Details pertaining to the Associated Entity	
i	name of associated company	BankIslami Pakistan Limited ('BIPL')
ii	basis of relationship	The associated relationship is established based on the common shareholding of Jahangir Siddiqui & Co. Ltd. (JSCL), having 21.26% shareholding in BIPL and 75.02% shareholding in the Bank. Consequently, JSCL has more than 20% direct interest over the voting shares of both entities.
iii	earnings per share for the last three years	2019: PKR 1.060 per share 2020: PKR 1.536 per share 2021: PKR 1.922 per share
iv	break-up value per share, based on latest audited financial statements	PKR 20.30 per share as of December 31, 2021
v	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	<p style="text-align: right;">PKR Million</p> <p><u>Financial Position Dec. 31, 2021</u></p> <p>Total Assets: 408,390</p> <p>Islamic Financing, related</p> <p style="padding-left: 40px;">assets and advances: 181,176</p> <p>Investments – net: 124,838</p> <p>Liabilities: 385,879</p> <p>Deposits and other accounts: 344,788</p> <p>Shareholders' equity 22,511</p> <p><u>Financial Performance - Dec. 31, 2021</u></p> <p>Total income 13,052</p> <p>Other expenses 9,623</p> <p>Profit before tax 3,397</p> <p>Profit after tax 2,131</p>

vi	<p>in case of investment in relation to a project of the associated company or associated undertaking that has not commenced operations, following further information, namely:-</p> <p>(I) description of the project and its history since conceptualization;</p> <p>(II) starting date and expected date of completion of work;</p> <p>(III) time by which such project shall become commercially operational;</p> <p>(IV) expected time by which the project shall start paying return on investment; and</p> <p>(V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and noncash amounts.</p>	N/A
B) General Disclosures: -		
i	maximum amount of investment to be made	Upto PKR 1,142,836,470.96
ii	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<p>- To allow the Bank to have (indirect) presence in Islamic banking, which is not currently available with the Bank.</p> <p>- To benefit from the expected future growth of BIPL</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>	The Bank has sufficient resources to acquire 7.79% shares of BIPL from ENBD.
iv	salient features of the agreement(s), if any, with the associated company or associated undertaking with regards to the proposed investment	None

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	<p>JSCL holding/parent company of JS Bank has the following direct and indirect interest in BIPL:</p> <p>a) JSCL hold 21.26% (235,684,306) shares of BIPL;</p> <p>b) JSCL has representation on the Board of BIPL.</p> <p>As per the information available with the Bank, major shareholders, sponsor and directors (or their relatives) of the Bank have no direct or indirect interest in the transaction or in BIPL except to the extent of their shareholding, if any, in BIPL.</p>
vi	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	N/A
vii	any other important details necessary for the members to understand the transaction	<p>The founding shareholders of BIPL had agreed to a pre-emption right in case anyone, inter se, decides to divest. Accordingly, the entitlement of JSCL in the overall shares held by Emirates NBD Bank PSJC (ENBD) stands at 7.79%. JSCL permitted the Bank to make this investment as per the proportional entitlement.</p> <p>Final approval from the State Bank of Pakistan will be required for the Bank to consummate the investment.</p>
In case of equity investment, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made:		
i	maximum price at which securities will be acquired	Upto PKR 13.24 per 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	<p>The price is close to the past 12 weeks' weighted average market price of the shares of BIPL.</p> <p>Secondly, large number of shares are not available in the ready market and are therefore traded at a premium to market price.</p>
iii	maximum number of securities to be acquired	86,316,954 shares
iv	number of securities and percentage thereof held before and after the proposed investment	<p>Before: Nil</p> <p>After: 86,316,954 shares (7.79%)</p>

v	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Market price March 7, 2022: PKR 10.25 per share Average market price (Dec. 1, 2021 – Mar. 1, 2022): PKR 13.11 per share
vi	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	N/A

The Directors of the Bank undertake that they have carried out necessary due diligence for the proposed investment in BankIslami Pakistan Limited. The due diligence report is available for inspection at the registered office of the Bank.

All legal, corporate, and regulatory formalities will be fulfilled in consultation with the Legal Advisors.

No prejudice shall be caused to any existing shareholder and/or depositor of the Bank. On the contrary, the proposed acquisition will be in the best interest of the stakeholders as it would give the Bank to venture into Islamic banking activities, thereby opening up new opportunities and diversification.

The Directors, including the Chief Executive Officer and other Key Executives (as defined

in the applicable prudential regulations) of the Bank have no personal interest in the transaction directly or indirectly except to the extent of their and their spouse shareholdings held by them in the Bank.

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulation, 2012

The Bank in its Annual General Meeting held on March 27, 2020 had approved long term equity investments of up to PKR 675 million in ordinary shares of each of the following associated companies of the Bank. The resolution is valid for a period of three years commencing from March 27, 2020.

S.No	Name of Company	Total Investment approved upto PKR	Amount of Investment till Dec 31, 2021PKR	Reasons for not making complete investment in the specified time	Material change in Financial Statement of Associated Companies
1	EFU Life Assurance Ltd	million 675	million 250	Time remaining	No

FORM OF PROXY

16th Annual General Meeting

The Company Secretary
JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi 74200 Pakistan

I/We _____ of _____ being member(s) of JS Bank Limited holding _____ Ordinary shares as per Register Folio No./CDC/A/c No. _____ hereby appoint _____ of _____ or failing him _____ of _____ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 16th Annual General Meeting of the Bank to be held on March 30, 2022 and / or any adjournment thereof.

As witness my / our hand / seal this ____ day of _____ 2022 signed by _____ in the presence of (name & address)

Witness:

1. Name: _____
Address _____
CNIC or _____
Passport No. _____
Signature _____

Signature on Rs. 5/-
Revenue Stamp

The signature should
agree with the specimen
registered with the Bank

Witness:

2. Name: _____
Address _____
CNIC or _____
Passport No. _____
Signature _____

Important:

1. A member of the Bank entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.
2. The proxy form, duly completed and signed, must be received at the Office of the Bank situated at Shaheen Commercial Complex Dr. Ziauddin Ahmed Road, Karachi 74200 not less than 48 hours before the time of holding the meeting.
3. No person shall act as proxy unless he / she himself is a member of the Bank, except that a corporation may appoint a person who is not a member.
4. If a member appoints more than one proxy and / or more than one instruments of proxy are deposited by a member with the Bank, all such instruments of proxy shall be rendered invalid.
5. Beneficial Owner of the physical shares and the shares registered in the name of CDC Share Registrar Services Limited (CDCSRSL) and / or their proxies are required to produce their original Computerized National Identity Card (CNIC) or Passport for identification purposes at the time of attending meeting. The Form of proxy must be submitted with the Bank within the stipulated time, duly witnessed by two persons whose names, address and CNIC numbers must be mentioned on the form, along with attested copies of CNIC or the Passport of the beneficial owner and the proxy. In case of a corporate entity, the Board of Directors' Resolution / Power of Attorney along with the specimen signature shall be submitted (unless it has been provided earlier along with the proxy form to the Bank).

پراکسی فارم
سولواں سالانہ اجلاس عام

کمپنی سیکریٹری
جے ایس بینک لمیٹڈ
شاپن کمرشل کمپلیکس
ڈاکٹر ضیاء الدین احمد روڈ
پی او باکس نمبر 4847، کراچی 74200 پاکستان

میں/ہم _____ جے ایس بینک لمیٹڈ کے ممبران اور بمطابق رجسٹرڈ فوئیو نمبر/سی ڈی سی/اکاؤنٹ نمبر _____
عمومی حصص کے مالکان ہیں، جناب _____ یا ان کی عدم دستیابی کی صورت میں جناب _____
کو بینک کے سولواں سالانہ اجلاس عام منعقدہ 30 مارچ 2022 یا کسی ملتوی شدہ تاریخ پر اپنی جانب سے حاضر ہونے، حصہ لینے اور ووٹ دینے کے
لئے عوضی (Proxy) مقرر کرتا ہوں/کرتے ہیں۔

گواہان (نام اور پتے) کی موجودگی میں آج بروز _____ 2022 کو میں نے ذاتی طور پر دستخط کئے/مہر ثبت کی۔

گواہ:

1۔ نام:

دستخط:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

گواہ:

2۔ نام:

دستخط:

پتہ:

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

5 روپے کی ریونیو اسٹیپ پر دستخط

کئے جائیں

دستخط بینک میں موجود نمونے کے

دستخط کے مطابق ہونا چاہئیں

اہم نوٹ:

- 1- بینک کا کوئی ممبر کسی دوسرے ممبر کو اپنی جگہ اجلاس میں حاضر ہونے، حصہ لینے اور ووٹ دینے کے لیے عوضی مقرر کر سکتا ہے۔
- 2- باقاعدہ مکمل اور دستخط شدہ پراکسی فارم اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے قبل بینک کے دفتر بمقام شاہین کمرشل کمپلیکس، ڈاکٹر ضیاء الدین احمد روڈ، پی او باکس نمبر 4847، کراچی 74200 پاکستان پر موصول ہو جانا چاہئیں۔
- 3- ایسا کوئی شخص بطور عوضی اجلاس میں شریک نہیں ہو سکتا جو بینک کا/کی ممبر نہ ہو، سوائے کوئی کارپوریشن جو کسی غیر ممبر کو اپنا عوضی مقرر کر سکتی ہے۔
- 4- اگر کوئی ممبر ایک سے زائد عوضی مقرر کرتا ہے اور ایک سے زائد عوضی فارم بینک کو موصول ہوتے ہیں تو ایسے تمام فارم منسوخ تصور کیے جائیں گے۔
- 5- فزیکل حصص کے ہینڈشل مالکان اور سی ڈی سی شیئرز رجسٹرار سروس لمیٹڈ (سی ڈی سی ایس آر ایس ایل) میں رجسٹرڈ حصص کے مالکان اور/یا ان کے عوضی اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاسپورٹ شناختی مقاصد کے لیے پیش کرنا ہوگا۔ باقاعدہ مکمل اور دستخط شدہ پراکسی فارم بینک میں مقررہ وقت پر جمع کروادیا جائے، جس پر دو گواہوں کے دستخط، نام، پتہ، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ نمبر درج ہو۔ اس کے ہمراہ ہینڈشل مالک اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ نمبر یا پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا ضروری ہے۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نمونے کے دستخط جمع کروائی جائے (اگر پہلے سے پراکسی فارم کے ہمراہ جمع نہیں کروائی گئی)۔

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