

Annual Report 2022



**Bank as free
as a bird**

Pakistan lies on one of the world's busiest migration routes for birds; hence, we witness a diverse range of birds in our skyline all year round. This year, JS Bank is signifying its services with the freedom, diversity, and pace that the birds enjoy. We are all geared up to serve our customers with the financial freedom of choices through hassle-free and round-the-clock banking services, anytime and anywhere.

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CHAKOR

Chakor is the national bird of Pakistan. Originating from hostile habitats, it flies over rocky hillsides, plains, and higher foothill valleys of Himalayan ranges. This peculiar bird has one unique quality that sets it apart from the rest; the ability to adapt itself in the toughest of situations. At JS Bank, we aspire to this adaptability and make sure to provide you with unmatched services and convenient banking solutions regardless of the situation.



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. Adil Matcheswala	Chairman
Ms. Nargis Ghaloo	Independent Director
Lt. Gen. Retd. Sadiq Ali	Independent Director
Mr. Shahnawaz Haider Nawabi	Independent Director
Syed Mumtaz Ali Shah	Independent Director
Mr. Usman Yousaf Mobin	Independent Director
*Mr. Basir Shamsie	President & CEO

Audit Committee

Ms. Nargis Ghaloo	Chairperson
Mr. Shahnawaz Haider Nawabi	Member
Lt. Gen. Retd. Sadiq Ali	Member

Human Resource, Remuneration & Nomination Committee

Syed Mumtaz Ali Shah	Chairman
Mr. Adil Matcheswala	Member
Mr. Usman Yousaf Mobin	Member

Risk Management Committee

Syed Mumtaz Ali Shah	Chairman
Ms. Nargis Ghaloo	Member
Lt. Gen. Retd. Sadiq Ali	Member
Mr. Basir Shamsie	Member

Board IT Committee

Mr. Usman Yousaf Mobin	Chairman
Ms. Nargis Ghaloo	Member
Mr. Basir Shamsie	Member

Chief Financial Officer

Mr. Amin Muhammad Virani

Company Secretary & Head of Legal

Mr. Hasan Shahid

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

*Mr. Basir Shamsie has been appointed as a director in place of Mr. Hassan Afzal.



Corporate Values



INTEGRITY

Integrity is at the core of everything we do. We believe in achieving success by building a culture of trust and accountability by adhering to high moral values. We empower our people to say NO.



CUSTOMER CENTRICITY

Customer satisfaction is our prime objective. We aim to fully understand the needs of our customers and stakeholders so as to adapt our products and services to exceed their expectations.



TEAMWORK

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



PROFESSIONAL EXCELLENCE

As the industry we operate in is evolving rapidly and providing abundance of choice to the customers, we believe only persistent commitment towards excellence will make us the very best among the industry.



INNOVATION

We believe innovation is vital at workplace as it gives the organization an edge in implementing new ideas, refining services and creating dynamic products leading to business growth by effectively adapting the evolving marketplace.

Code of Conduct

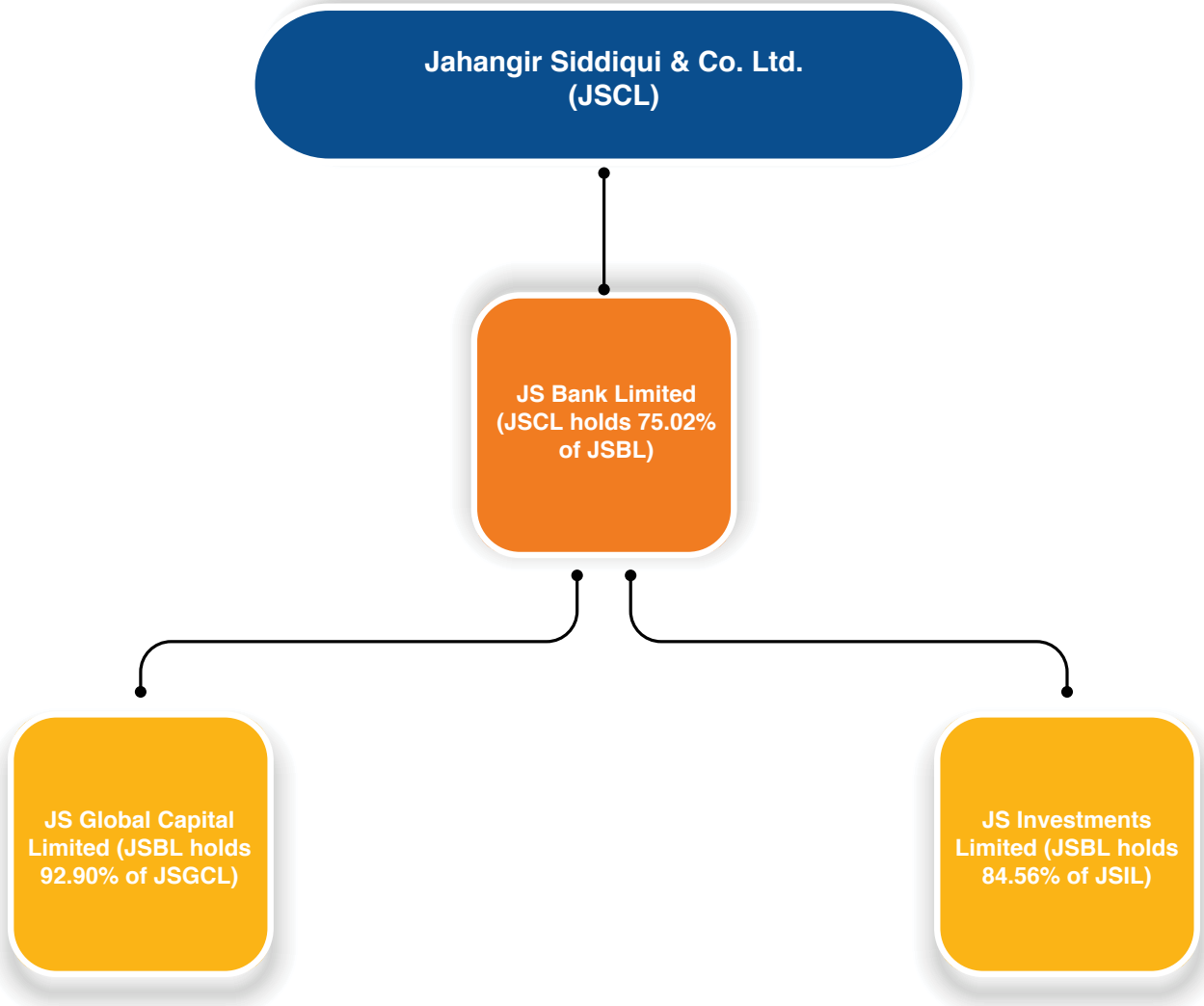
JS Bank is committed to upholding the highest standards of ethical behavior and maintaining its reputation as a trusted financial institution. Our Code of Conduct provides clear guidelines for employees to ensure that their personal business ethics align with the Bank's values and interests.

Honesty and integrity are paramount in our approach to building lasting business relationships. We strive to provide our customers with products and services that are delivered in a fair, transparent, and ethical manner. Our Code of Conduct emphasizes the importance of upholding ethical standards in all of our business dealings and relationships, both internally and with external stakeholders.

We remain committed to fostering a culture of ethical behavior and conducting our business with the utmost integrity. Our Code of Conduct provides a clear framework for employees to operate within and helps to ensure that our business practices are in line with the highest ethical standards.

At JS Bank, we aim to be transparent in all of our operations and transactions. The complete Code of Conduct is provided to all employees and is also available on our website for easy access.

Operating Structure





BLACK HOODED ORIOLE

This uncanny bird is spotted in dry tropical forests and travels across open woodland and shrubland areas. The most fascinating feature this little bird has is its strikingly stunning appearance with a gorgeous bright yellow plumage. Its beautiful semblance is not only pleasing to the eyes, but it also signifies its exclusiveness amongst all other birds, similar to the unparalleled luxury and premium experience we, at JS Bank, provide to our customers.





PRODUCTS AND SERVICES



Products and Services

JS Current Deposit Products

For complete day-to-day banking needs, our Current Deposits 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.

JS Term Deposit Products

Our Term Deposits products 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

Our customers can save in any foreign currency account and enjoy attractive returns. A wide range of account types is offered for personal and business clients.

JS Bank Wealth Management

We offer EFU Life Assurance unit-linked investment and life assurance products to help simultaneously increase and protect customers' wealth. We also offer mutual funds managed by one of the oldest Asset Management Companies in Pakistan, JS Investments Limited – with Shariah Complaint options also available.

JS Private Banking

We offer customers a journey of rewarding experiences and a diverse product suite of deposits, lending, and investment solutions through JS Private Banking. Our teams work one-on-one with each client as per their banking needs – also offering 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 corporate clients across Pakistan. In addition to the best 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

Our valued customers are benefitting from a full suite of consumer lending products, including Credit Cards, Auto Loans, Home Loans, and Personal Loans.

JS Green Financing

We offer Solar Solution Financing to individuals and businessmen for residential, agricultural, and commercial needs. As one of Pakistan's leading Banks in green financing, we ensure the comprehensive end-to-end installation of solar solutions through AEDB-certified partners across Pakistan.

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 as 100 minutes from the time of application.

SME Banking

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

JS Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS)

JS Bank actively participates in the Prime Minister's Youth Business & Agriculture Loan Scheme (PMYB&ALS). Aimed at empowering the youth of Pakistan through highly subsidized loans, we have partnered with various local and international organizations in the ride-hailing, dairy farming, and transportation segment. We are also exploring strategic partnerships in the Agri-value chain, Education, Business Incubation, Economic Development, and Manufacturing sectors.

JS Khud Mukhtar

Through this financing solution based on the State Bank of Pakistan's Refinance and Credit Guarantee Scheme for Women Entrepreneurs, we enable empowerment and financial stability for women entrepreneurs in Pakistan.

JS Naya Aghaaz

Our Naya Aghaaz SME Loan has been designed to enable the personal development of differently-abled individuals in Pakistan through term finance based on the State Bank of Pakistan's Small Enterprise (SE) Financing and Credit Guarantee Scheme for Special Persons.

JS Agri Financing Products

Our agriculture finance business 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 at their doorsteps.

JS ATMs

We have a widespread ATM network at bank branches and commercial locations for consumers' convenience. Our ATMs provide customers with 24-hour comfort to withdraw cash, view mini-statements, 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 are available to our customers 24/7 a day through our call center. Equipped with trained professionals who provide a wide array of information and problem-resolution support around the clock through one-to-one interaction as well as 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 that allows remittances to be sent to any cell number domestically in alliance with international remittance partners. Remittances can be collected from any JCash 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 to providing everything necessary to accommodate their needs. We offer various lockers depending on customer requirements to protect their valuables.

Corporate Banking

Our Corporate Banking Group is focused on providing an array of value added & customized financial services to fulfill short-term and long-term business needs of multinational, public and private entities by partnering with them and building long-term sustainable relationships.

JS Blink Accounts

Customers can now open their bank account online without having to visit the branch. They can choose between Asaan Digital Account (ADA), Asaan Digital Remittances Account (ADRA), Freelancer Digital Account (FDA), Saving/Current Digital Accounts via our website, Mobile App, and JS Bot (WhatsApp).

JS Roshan Digital Accounts

Roshan Digital Account (RDA) is an initiative of State Bank of Pakistan, in collaboration with commercial banks operating in Pakistan. With us, non-resident Pakistanis can open their RDA accounts digitally from anywhere in the world via our Website, Mobile App & JS Bot (WhatsApp). We have also established 4 RDA centers across Pakistan to provide services and timely resolution to NRP's queries.

JS Mobile App & Internet Banking

We offer extensive digital services' coverage free of cost via our native Mobile Banking App and via browser driven Internet Banking. The solutions are tailored made to perfection for our customers who want to avail banking services on the go – and stay connected with us 24/7.

JS Bot

We offer a unique proposition for banking on-the-go through the JS Bot! With a simple setup and intuitive user interface, it is an easy and simplified way for customers to access various banking needs in real-time, 24/7 on WhatsApp.

JS Raast

We have enabled Raast – Pakistan's first instant payment system that provides end-to-end instant payments – for our Customers with hassle-free transactions & no minimum transaction limit. \ Transferring funds via JS Raast platforms ensures Simple, Fast, & Secure 24/7 payments.

Highlights from Zindigi

2022 has been a phenomenal year for Zindigi, commercially launched on 18th Jan 2022, Zindigi has exhibited unprecedented performance. With over 5 million downloads and 2 million new signups in just a year, Zindigi has not only captured immense adoption amongst Gen-Z audience but also became the 4th most downloaded financial App of 2022. Having processed around 20 million transactions worth over PKR 100 billion, Zindigi is robust at the core.

2022 was all about engaging with its customers with innovative products including like investments in Stock & Mutual funds, Spin-and-Win, Translucent Debit card, Zindigi Ultra, Invite and earn, request money and advance salary that drew positive customer attention. Around 60% of Zindigi's debit cards & Virtual Cards are transaction active which is higher than the industry average. Zindigi's customizable interface strengthens the belief that banking isn't boring anymore. Collaborations with brands like FoodPanda, Telemart and Daraz reinforced Zindigi's presence as a reliable and intuitive mode of payment.

Zindigi is promoting the youth of Pakistan through "Zindigi Prize" where entrepreneurship is at heart of the program. To support and tap into the Gen-Z gaming community, Zindigi sponsored its first E-Sports tournament in collaboration with PUBG. Fortifying the essence of social responsibility, Zindigi matched the donations in collaboration with prominent charitable organizations as a drive for flood victims of Pakistan. Moreover, Zindigi launched DVCs around Independence Day inculcating social inclusion and promoting positive nationalism.

Zindigi also bagged the "Asia Technology Award" as a leading Fintech of Pakistan along with a leadership award given to CO Zindigi from the President of Pakistan, on behalf of the CxO forum.

With so many success in such a small span of time, Zindigi is geared towards achieving new heights in the near future by strengthening existing product portfolio while being at the forefront of innovation.



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. Adil Matcheswala - Chairman	Non-Executive Director
2	Ms. Nargis Ghaloo	Independent Director
3	Lt. Gen Retd. Sadiq Ali	Independent Director
4	Mr. Shahnawaz Haider Nawabi	Independent Director
5	Syed Mumtaz Ali Shah	Independent Director
6	Mr. Usman Yousaf Mobin	Independent Director
7	Mr. Basir Shamsie - President & CEO	Executive Director

The Board of Directors of JS Bank presently has five (5) Independent Directors including one Female Independent Director. The Independent Directors meet the criteria of independence as defined in the Companies Act 2017 and the State Bank of Pakistan directives. Further, the Board also has one Non-Executive Director and one Executive Director, who is also the President & CEO of the Bank.

Profile of the Board of Directors

Mr. Adil Matcheswala

Chairman – Non-Executive Director

Mr. Adil Matcheswala is the CEO and founding Director of Speed (Private) Limited, a retail and distribution company 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.

Mr. Matcheswala started his professional career in the financial services industry in 1992. He 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.

Mr. Matcheswala has served on the Board of JS Bank Limited since 2012. He is the Chairman of the Board of Directors and a member of the Board HR, Remuneration & Nomination Committee of the Bank.

Mr. Matcheswala graduated from Brown University with an AB in Economics.

Directorships in Other Companies:

Speed (Private) Limited
JOMO Technologies (Private) Limited

Lt. Gen (Retd.) Sadiq Ali

Independent Director

Lt. Gen (Retired) Sadiq Ali was commissioned in the 54th Cavalry Regiment of the Pak Army on March 16, 1984. During his career Mr. Sadiq Ali held a number of Staff and Instructional appointments which include BM Infantry Brigade, GSO-I MO Dte, DS & CI (C&SC Qta), COS in a Strike Corps, VMS and IG Arms GHQ, he has

commanded 23 Cavalry (FF), 7 Armd Bde, 116 Inf Bde, 1 Armd Div, Comdt PMA Kakul, 35 Div, 4 Corps and POF Wah. He graduated from the Turkish War Academy, Istanbul, and NDU, Islamabad.

He took over as Secretary Ministry of Defence Production on March 5, 2020, and retired on March 4, 2022.

Lt Gen (Retired) Sadiq Ali is a member of the Board Audit Committee and Board Risk Management Committee of JS Bank.

Directorships in Other Companies:

Nil

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 Managing Director of the Public Procurement Regulatory Authority, Government of Pakistan.

Ms. Ghaloo was Chairperson of the State Life Insurance Corporation of Pakistan, Pakistan's largest life insurer, from 2014 to 2016.

Ms. Ghaloo joined the Civil Services of Pakistan in 1982 and has many years of professional experience serving in senior management positions with provincial and federal government departments in diversified fields such as public sector management, administration, finance, judicial, health, insurance, and planning.

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

Ms. Ghaloo has served on the Board of JS Bank since 2016. She is also the Chairperson of the Board Audit Committee and a member of the Board IT Committee of the Bank.

Directorships in Other Companies:

Hinopak Motors Limited
People's Primary Healthcare Initiative (PPHI) Sindh

Mr. Syed Mumtaz Ali Shah

Independent Director

Syed Mumtaz Ali Shah is a retired Pakistan Administrative Service officer who served as a Federal Secretary and then Chief Secretary of Sindh, the highest civil service position. Throughout his service, Mr. Shah earned the reputation of being upright and accessible to the general public for resolving their grievances firsthand. His services in the public sector have been highly acknowledged and appreciated.

His journey began in 1984 when he became the youngest officer in his batch to qualify for federal service. Initially, he served in the province of Punjab as Assistant Commissioner and then as Deputy Commissioner and District Magistrate in the Districts of Thatta, Umer Kot, and Mirpur Khas in the province of Sindh. Some of his notable achievements include building a 5-year education and development plan in collaboration with IUCN, establishing a campus of the University of Sindh, and the Thalassemia Center in Badin. After promotion to the level of provincial secretary, he headed many important provincial departments, including Information and Archives, Population Welfare, Home and Anti-Corruption. Furthermore, as Chairman Anti-Corruption, he brought a turnaround in the organization's performance through initiatives that focused on the training and development of staff. He also implemented strict monitoring systems, which increased corruption control at the provincial level. During his tenure as Home Secretary Sindh, he made major policy level

decisions that improved the province's law and order.

Syed Mumtaz Ali Shah also had a good mark in public sector organizations. Starting as Managing Director of the Sindh Small Industries in 1994, he turned the organization, which was in dire straits, into a dynamic and self-sufficient organization. He made major structural changes which included identifying and closing loss making departments and focused on the core functions of establishing and improving small industrial estates through technical and financial support. In addition to serving as the CEO and Executive Director for National Insurance Company Ltd. (NICL), he also headed the Export Processing Zone Authority, as CEO and Chairman of the Board. Furthermore, he also served as Chairman and CEO of Pakistan Steel Mills and Chairman of Karachi Port Trust for brief periods.

In the later years of his career, Syed Mumtaz Ali Shah moved on to serve as Federal Secretary for the Ministry of Maritime Affairs. For a short duration, he also served as Federal Secretary for Religious Affairs.

Mr. Mumtaz Ali Shah is the Chairman of the Board HR, Remuneration & Nomination Committee, and Board Risk Management Committee of JS Bank.

Mr. Mumtaz Ali Shah holds master's degree in English and Economics.

Directorships in Other Companies:

Nil

Mr. Shahnawaz Haider Ashraf Nawabi

Independent Director

Mr. Shahnawaz Haider Nawabi holds an MBA degree from Harvard University – USA and a BA degree from Stanford University – USA.

Mr. Shahnawaz worked as a Management Consultant with Boston Consulting Group (BCG), an American global management consulting firm founded in 1963. He has also served as Managing Director with Cambridge Associates a Global Investment Firm, from 2015 to 2019.

Mr. Shahnawaz is currently Senior Vice President of Investments at Shamal Holding, a diversified investment holding company based in UAE.

He is a Director on the Board of Fly Jinnah Services (Pvt.) Ltd., and First Jamia Services Ltd.. He has extensive professional experience serving at senior positions with global firms in the field of Investments and Finance.

Mr. Shahnawaz is a member of the Board Audit Committee and Board Risk Management Committee of JS Bank.

Directorships in Other Companies:

Fly Jinnah Services (Pvt.) Ltd
First Jamia Services Ltd.

Mr. Usman Yousaf Mubin

Independent Director

Mr. Usman Mubin, was Chairman Nadra from February 2015 to February 2021. Mr. Usman an MIT graduate is the youngest ever head of any leading Pakistani organization. Studied at the prestigious Massachusetts Institute of Technology (MIT) and having a master's degree in Electrical Engineering and Computers Science as well as a bachelor's degree in the same subject, Mr. Usman has completed many complicated national and international IT projects which have turned around not only Nadra, but also revolutionized the functioning of many other organizations.

Mr. Usman graduated with a cumulative GPA of 5.0/5.0 in 2002. Before MIT, he graduated from Atchison College with the best A-level grades in the world and won the President's Medal for best student in his class every year for 12 consecutive years.

In recognition of his services, Mr. Usman has been awarded numerous awards including Tamgha-e-Imtiaz in Public Service by the President of Pakistan in 2008. Mr. Usman Mobin has designed and implemented numerous international projects including Citizens' Registration Project in Sri Lanka, Identity Management of Sri Lanka, Civil Registration of Sudan, Machine Readable Passports of Kenya and Driver's License of Bangladesh.

In Pakistan, he has deployed the National Identity Card System, Civil Registration System, Smart Card, and software for Benazir Income Support Programme, Watan Cards, Citizens Damage Compensation Program, Arms License Projects and the world's first ever ICAO compliant multi-biometric passports.

Mr. Usman brings 12 years of experience in delivering high-quality citizens registration and citizens' services projects around the world and has been the CTO of the organization since 2002.

Mr. Usman is a member of the Board IT Committee and Board HR, Remuneration & Nomination Committee of JS Bank.

Directorships in Other Companies:

Aploi (Pvt) Ltd

Mr. Basir Shamsie

President and CEO – Executive Director

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

Mr. Shamsie received his Bachelor in Business Administration from the 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.

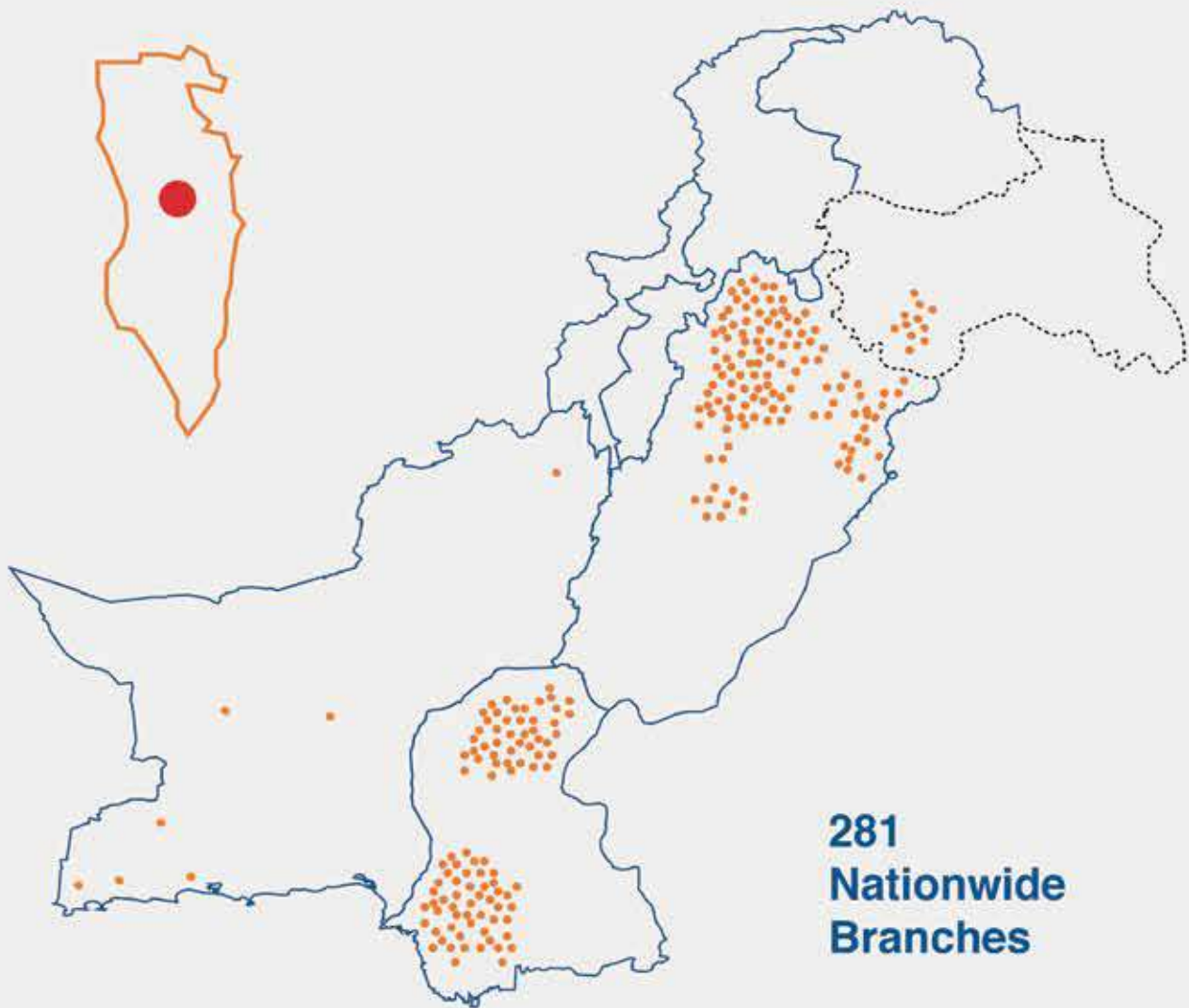
Mr. Basir is a member of the Board Risk Management Committee and Board IT Committee of JS Bank.

Directorships in other companies:

Nil

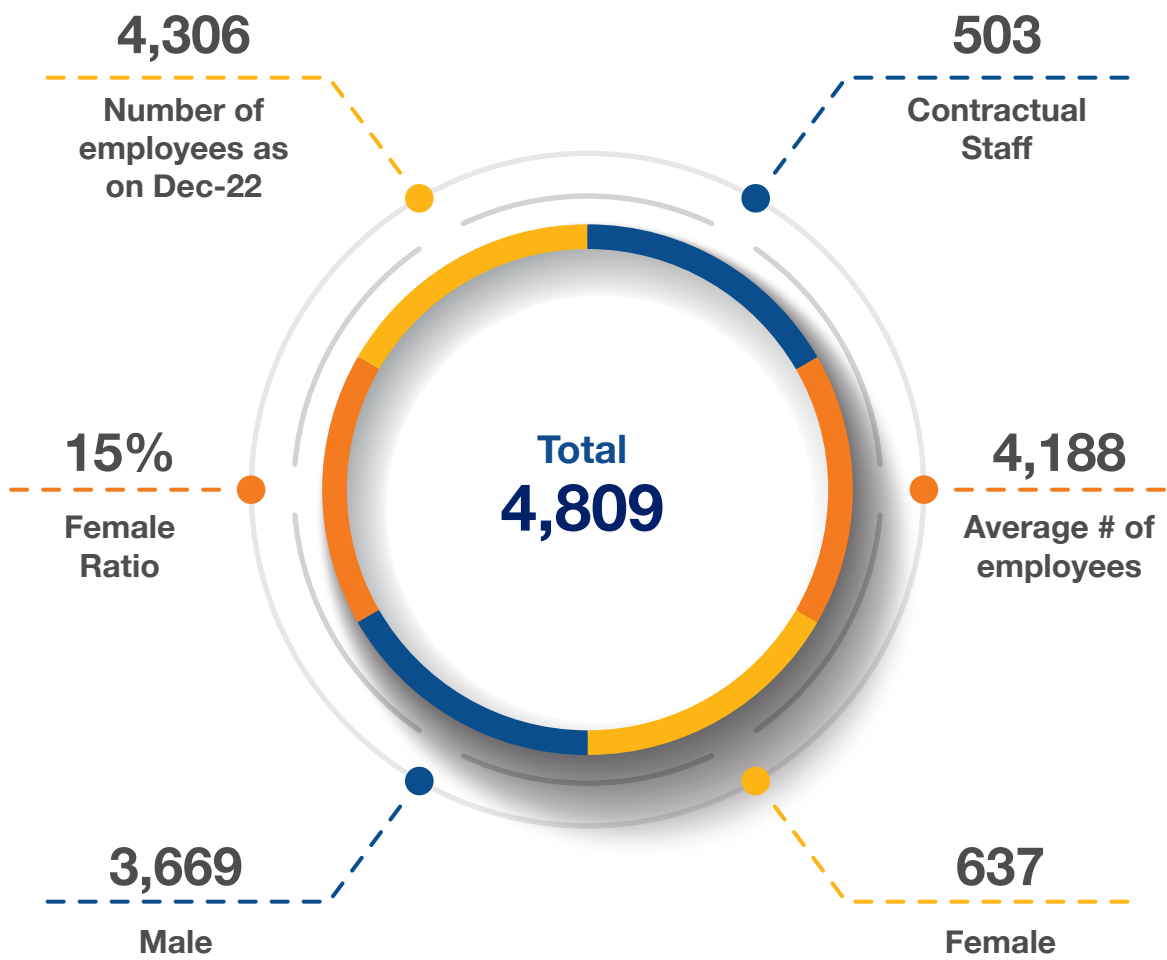
Our Presence

1 International Branch
in **Bahrain**

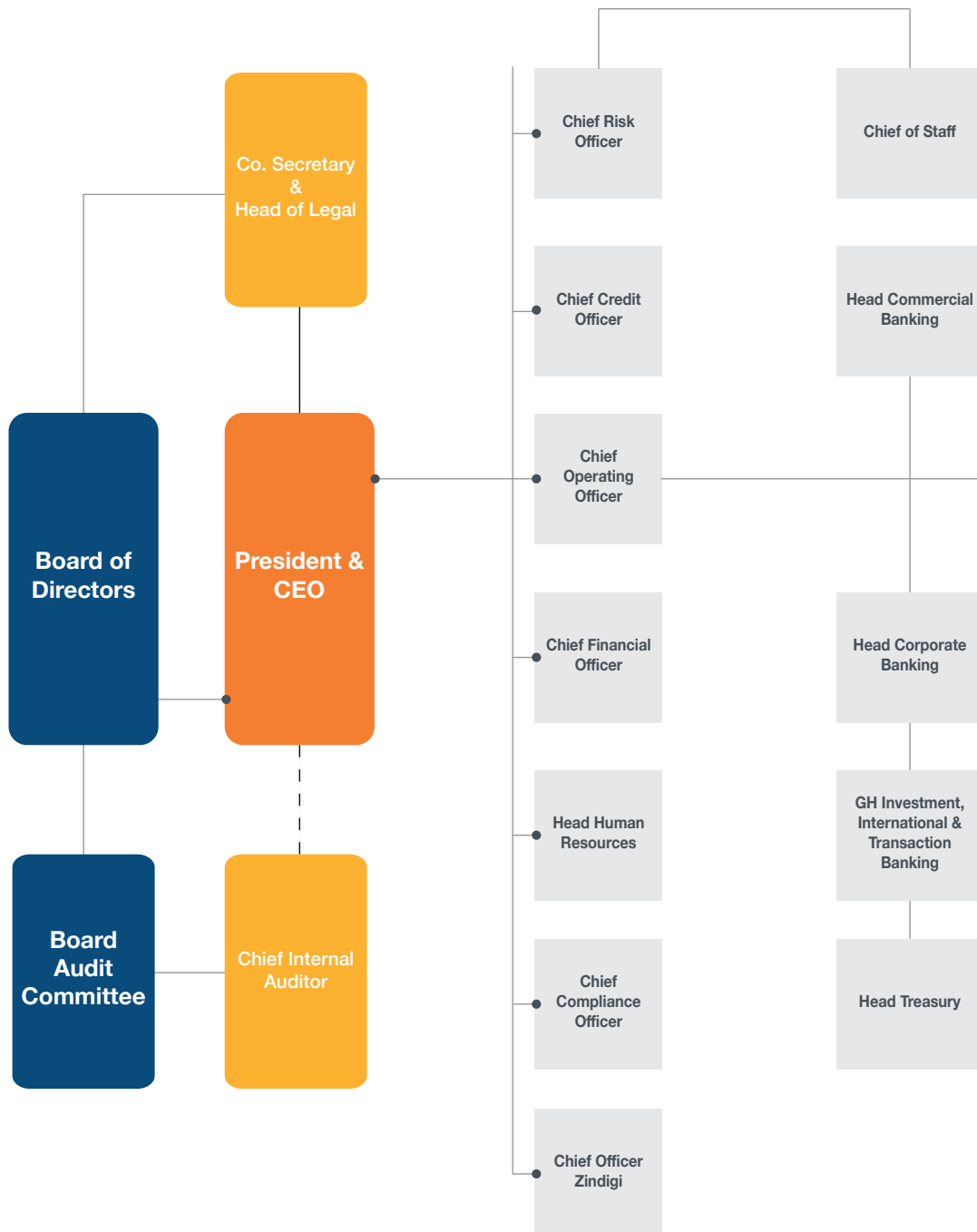


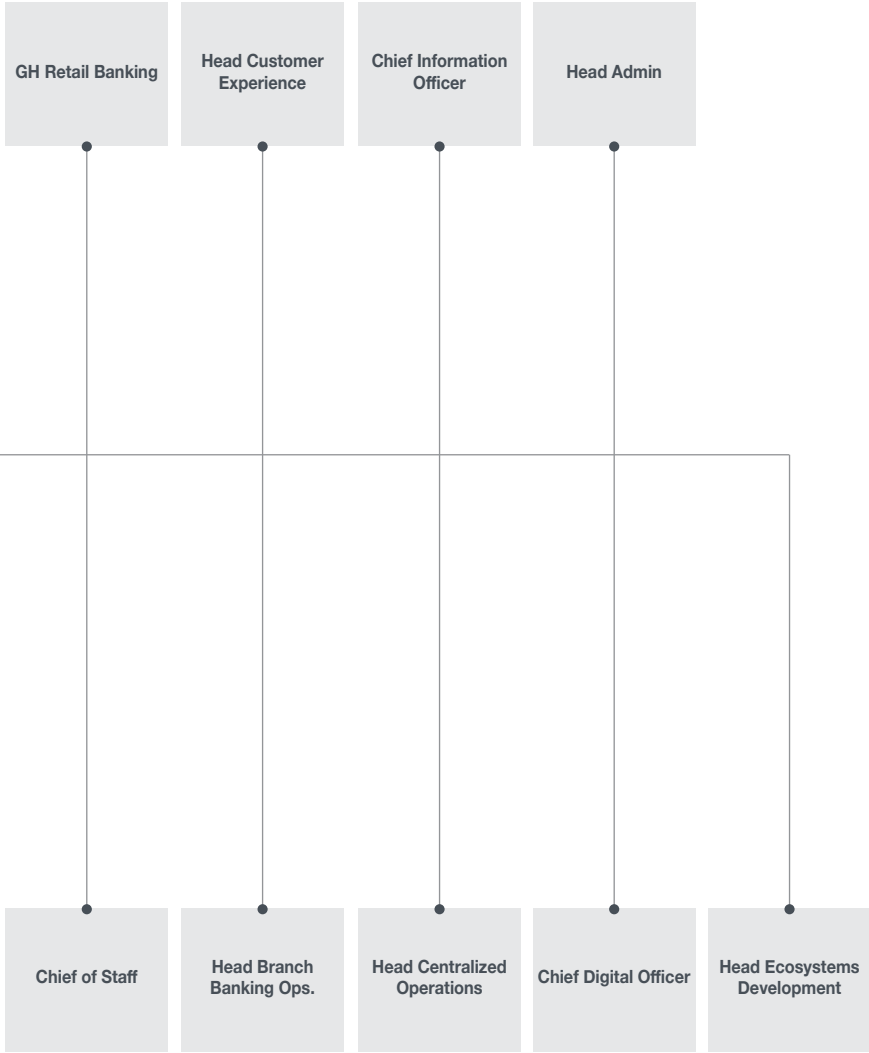
281
Nationwide
Branches

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. It operates through 281 (December 31, 2021: 281) 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 the 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 a 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. JS Global Capital Limited 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 recently acquired the Private Equity and Venture Capital Fund Management Services license(s) from the Securities and Exchange Commission of Pakistan.

Chairman's Review

It gives me great pleasure to present to you the Annual Report of JS Bank Limited for the year ended December 31, 2022 and sharing with you all the overall performance of the Bank and the effectiveness of the role played by the Board in achieving the Bank's objectives.

Since its inception, JS Bank has been focused on channeling our energy toward driving sustainable growth by facilitating financial inclusion. At JS Bank, we pride ourselves as being a stable and tech savvy mid-sized bank with a diversified portfolio of products. The Bank is organizationally well structured with young, resilient, and highly skilled management team who are determined to deliver the Bank's strategic objectives with speed and agility. The Bank has well-defined systems and processes in place which support its operations and are the enablers for its growth.

The Bank has made concentrated efforts in turning around its Digital Financial Services business to drive traction toward launching innovative and modern banking solutions for millennial and Gen-Z consumers. To enhance the digital banking experience for a large group of customers, the Bank has pioneered the launch of Zindigi – Pakistan's first customizable end-to-end digital banking platform. Zindigi also emerged as the leading service provider of payroll wallets to government and non-governmental staff.

In 2022, 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 include

- 11th Corporate Social Responsibility Award 2022
- Global Visionary Leaders Award 2022
- Best Bank for SME's Asia Awards Money 2022
- Euromoney 'SME Bank of the Year' 2022
- Elite Quality Recognition Award by JP Morgan 2022

- Best Private Sector Bank for KAMYAB JAWAN 2022
- Best Bank for Diversity & Inclusion Asia Money Awards 2022
- SME Bank of the Year ABF Retail Banking Awards 2022

These local and global acknowledgments are a testimony to our consistent efforts in delivering the best-in-class customer experience and drive us to constantly surpass customer expectations year after year.

JS Bank recognizes the responsibility that comes with its position in the banking and corporate sector. As a caring corporate citizen, it has a strong focus on contributing to society through CSR initiatives. Just like our vaccination drive during the height of Covid-19, we also took the responsibility of providing relief to flood affected populace in 2022 by setting up mobile primary healthcare clinics in some of the worst-hit areas in the country.

The Bank's continuous efforts to achieve a robust financial position were also acknowledged by the Pakistan Credit Rating Agency (PACRA), which re-affirmed 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.

Good governance is pivotal in helping the business to deliver its strategies whilst maintaining a balance between sustainable shareholder value and regulatory requirements. Ensuring good corporate governance through ethical and professional business conduct as well as effective risk and audit management are key foundation blocks for us at JS Bank. We have always been committed to sustainable value creation for all our stakeholders with high standards of corporate governance through a comprehensive system of internal controls. The Board of JS Bank follows comprehensive criteria for its performance evaluation and continually reviews the Bank's

financial & 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 our best is yet to come. With our leading value-added offerings, emphasis on customer satisfaction, dedication towards excellent service quality, and focus on innovation and convenience, we are steadfast in our determination to strive for excellence.

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,

Adil Matcheswala

March 03, 2023

جے ایس بینک بینکنگ اور کارپوریٹ سیکٹر میں اپنی ذمہ داری کو تسلیم کرتا ہے۔ بینک ایک کارپوریٹ شہری کی حیثیت سے CSR اقدامات کے ذریعے معاشرے میں اپنا اہم کردار ادا کرنے پر توجہ مرکوز کرتا ہے۔ کورونا وباء کے دوران ہماری ویکسینیشن مہم کی طرح، ہم نے 2022 میں ملک کے سب سے زیادہ متاثرہ علاقوں میں موبائل پرائمری ہیلتھ کیئر کلینک قائم کر کے سیلاب سے متاثرہ آبادی کو ریلیف فراہم کرنے کی ذمہ داری بھی نبھائی۔

پاکستان کریڈٹ ریٹنگ ایجنسی (پے اے سی آر اے) کی جانب سے بینک کی مضبوط مالی پوزیشن کے حصول کیلئے کی جانے والی متواتر کوششوں کا اعتراف کرتے ہوئے طویل مدتی ایٹینیٹی ریٹنگ-AA (ڈبل اے مائنس) کی دوبارہ توثیق کی ہے جبکہ مختصر مدتی کریڈٹ ریٹنگ A1+ (اے ون پلس) پر مستحکم رہی جو اس کیلگری میں سب سے ممکنہ بلند ترین ہے۔

اخلاقی اور پیشہ ورانہ کاروباری طرز عمل کے ذریعے اچھی کارپوریٹ گورننس اور موثر رسک اور آڈٹ مینجمنٹ کو یقینی بنانا ہمارے لئے 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 لئے پائیدار قدر پیدا کرنے کیلئے جے ایس بینک ہمیشہ پر عزم رہا ہے۔ جے ایس بینک کا بورڈ اپنی کارکردگی کی جانچ کیلئے تفصیلی معیارات کی تعمیل کرتا ہے۔ بورڈ بینک کی مالی اور آپریشنل مضبوط کارکردگی اور ریگولیشنز اور تقاضوں کے مطابق اہم پالیسیوں کا جائزہ لیتا ہے۔ بورڈ نے تمام اہم شعبوں کی نگرانی کیلئے اپنی ذیلی کمیٹیاں تشکیل دی ہیں جن میں بینک کے اسٹریٹجک مقاصد کے حصول کیلئے رسک مینجمنٹ، آڈٹ سے متعلقہ معاملات، انفارمیشن ٹیکنالوجی اور انسانی وسائل شامل ہیں۔ بورڈ نے گرانٹ تھورنٹن انجمن (جی ٹی) کو اپنے ممبران اور کمیٹیوں اور ان کی کارکردگی کا سالانہ جائزہ لینے کیلئے مامور کیا ہے۔

میں پر اعتماد ہوں کہ ہمارے متنوع بورڈ آف ڈائریکٹرز، ویلیو ایڈڈ پیشکشوں، صارف کے اطمینان پر زور اور کارکردگی کے حصول کیلئے لگن کے ساتھ ہم ہر حالات اور ماحول میں کامیاب ہوں گے۔

میں بورڈ آف ڈائریکٹرز کی طرف سے وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور فیڈرل بورڈ آف ریونیو کی طرف سے مسلسل تعاون اور رہنمائی پر شکریہ ادا کرتا ہوں۔ میں اپنے حصص یافتگان کا ہمارے طویل المدتی اسٹریٹجک وژن پر مسلسل عزم اور اعتماد کے ساتھ ساتھ بینک کی مزید ترقی اور خوشحالی کیلئے ہماری انتظامیہ اور عملہ کے عزم اور محنت کیلئے بھی ان کا شکریہ ادا کرنا چاہوں گا۔

خیر خواہ

عادل ماچس والا

3 مارچ 2023ء

چیمبر مین جائزہ رپورٹ

میں آپ سب کے ساتھ ہے ایس بینک لمیٹڈ کی مجموعی کارکردگی اور بینک کے مقاصد کے حصول میں بورڈ کے کردار کے حوالے سے سالانہ رپورٹ برائے 31 دسمبر 2022 پیش کرنے میں مسرت محسوس کر رہا ہوں۔

اپنے قیام کے بعد سے، جے ایس بینک کی تمام تر توجہ مالی شمولیت کو آسان بنا کر ہماری توانائی کو پائیدار ترقی کی جانب منتقل کرنے پر مرکوز ہے۔ جے ایس بینک میں، ہم پروڈکٹس کے متنوع پورٹ فولیو کے ساتھ ایک مستحکم اور ٹیک سیوی درمیانے درجے کے بینک ہونے پر فخر محسوس کرتے ہیں۔ بینک کی انتظامی ٹیم نوجوان، باصلاحیت اور ہنرمند افراد پر مشتمل ہے جو تیز رفتاری اور محنت سے بینک کے اسٹریٹیجک مقاصد کو پورا کرنے کیلئے پرعزم ہے۔ بینک کے پاس ایسے متعین نظام اور طریقہ کار موجود ہیں جو اس کے آپریشنز میں معاونت کرتے ہیں اور اس کی ترقی کے لیے اہل ہیں۔

بینک نے اپنے ڈیجیٹل فنانشل سروسز کے کاروبار کو تبدیل کرنے کے لیے توجہ مرکوز کرنے کی کوششیں کیں تاکہ ہزار سالہ اور Gen-Z صارفین کے لیے جدید اور جدید بینکنگ سلوشنز متعارف کرائے جائیں۔ بڑی تعداد میں 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۔ ”زندگی“ سرکاری اور غیر سرکاری عملے کو پے رول والٹس سروس کے فراہم کنندہ کے طور پر بھی ابھر کر سامنے آیا۔

سال 2022 میں، بینک کو قومی اور بین الاقوامی طور پر بہترین شراکت کے لیے تسلیم کیا گیا۔ دوران سال جے ایس بینک نے چند بڑے درج ذیل ایوارڈز حاصل کئے:

- ☆ 11 واں کارپوریٹ سوشل ریسپونسیبلیٹی ایوارڈ 2022
- ☆ گلوبل ویب یوزر لیڈرز ایوارڈ 2022
- ☆ بیسٹ بینک فار SME ایشیا ایوارڈ مئی 2022
- ☆ پورومنی SME بینک آف دی ایئر 2022
- ☆ الایٹ کوالٹی ریکگنیشن ایوارڈ بے JP مورگن 2022
- ☆ بیسٹ پرائیویٹ سیکٹر بینک فار کامیاب جوان 2022
- ☆ بیسٹ بینک فار ڈائورسٹی اینڈ انکلوژن ایشیا مئی ایوارڈ 2022
- ☆ SME بینک آف دی ایئر ABF ریٹیل بینکنگ ایوارڈ 2022

یہ مقامی اور عالمی اعترافات خدمات کی فراہمی میں ہماری مسلسل کوششوں کا منہ بولتا ثبوت ہیں۔ اور ہمیں ہر سال صارفین کی توقعات سے آگے بڑھنے کا حوصلہ دیتے ہیں۔

Directors' Report

We are pleased to present the 17th Annual Report of JS Bank Limited (JSBL) along with the audited accounts and auditors' report for the year ended December 31, 2022.

Economy review

The year 2022 was difficult for the economy. Marred by structural imbalances, growth started slowing down in the second half of the calendar year. This is also reflected by large-scale manufacturing sector performance, which posted a contraction of 3.6% in July-Nov 2022 as compared to a growth of 8.3% in the same period last year. The slowdown has resulted in 60% YoY reduction in the current account deficit and 27% reduction in the trade deficit in July-Dec 2022 as imports reported a considerable contraction. A worrisome development, however, is the decline in the pace of workers' remittances, which registered an inflow of USD 14 billion in July-Dec 2022 against an inflow of USD 15.8 billion in the same period last year.

Despite lower current account deficit, Central Bank's FX reserves declined significantly from over USD 16 billion at the start of the year to USD 5.5 billion in December 2022 and further to USD 2.9 billion in January 2023 primarily owing to external debt obligations. As a result, exchange rate also remained under considerable pressure, registering 54% YoY depreciation during last thirteen months.

CPI Inflation has also touched 27.3% in January 2023 i.e. more than twice its run rate from a year ago. To halt the pace of inflation, SBP increased the policy rate by 100 bps in November 2022 and another 100 bps in January 2023 (cumulative increase of 725 basis points (bps) since April 2022). However, continuous rise in core inflation despite a visible productivity slowdown, decline in imports and policy rate reaching 17% indicates that demand-pull forces are still at work.

Authorities have made progress towards staff-level agreement with the IMF, thereby strengthening the possibility of USD 1.2 billion tranche under ninth

review of the program. This, coupled with SBP's curb on non-essential imports, is expected to see improvement in country's FX reserves in coming months.

Banking sector review

Following monetary tightening, weighted average banking spreads also inched up by 92 bps YoY, reaching 5.23%. Banking sector deposits touched PKR 22,467 billion, expanding by 7% YoY as at December 2022 – lowest growth since 2008. Growth trend in Investments continued during this period as sector Investments reached to PKR 17,902 billion, up 27% YoY. The higher growth in Investments took the IDR up to 80%. On the other hand, sector's Advances grew by 17% YoY taking it up to PKR 11,913 billion and increasing ADR to 53% from 48% last year. Moreover, the Non-Performing Loans as at 3QCY22 clocked in at PKR 897 billion, keeping the sector's Infection ratio close to 8%.

Financial Performance

For the year 2022, Bank reported a Profit before Tax of PKR 2,131 million (Profit after Tax of PKR 965 million), as compared to a Profit before Tax of PKR 2,209 million (Profit after Tax of PKR 1,304 million) last year. The Earnings Per Share (EPS) stand at PKR 0.74 (December 31, 2021: PKR 1.01).

Deposits

Our Deposit book increased marginally by 0.74% YOY as we concentrated on shedding high-cost and Treasury Single Account (TSA) related Deposits. On the other hand, Non-Remunerative LCY Deposits grew by 17.04% taking the average Non-Remunerative Deposit composition up from 25.06% in 2021 to 26.80% in 2022. The Bank embarked on several key initiatives to expand its Deposit relationships in various segments including SME, Business Accounts, Employee Banking, Cash Management and Trade & Guarantee business.

Lending Activities

Since the aggressive buildup of Advances in 2018, Bank has been on a drive to consolidate its credit portfolio around quality lending for the last four years. Keeping in view the economic downturn in 2022, lending activities remained cautious in 2022 as well, resulting in 8.56% reduction in Gross Advances portfolio. However, despite reduction in overall portfolio, Bank performed considerably well in consumer lending where the composition has increased from 9.61% to 12%. Moreover, our mortgage book size has grown by 38% during the year 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 3.67% in Gross Advances. Bank was also one of the most active lenders in SME Asaan Finance Scheme (SAAF) during first half of the year, recording disbursement of PKR 1.9 billion in the same period. At the start of 3Q2022, these three schemes along with Mera Pakistan Mera Ghar (MPMG) were put on hold by the Central Bank.

As a result of our preemptive lending along with increase in Non-Remunerative Deposits, the core spread of the Bank has improved resulting in Net Interest Income (NII) increasing from PKR 11,895 million to PKR 14,856 million, up approximately 25%.

Non-Performing Loans

Bank's Non-Performing Loans have increased from PKR 13.9 billion at December 2021 to PKR 16.3 billion as at December 2022 (increasing by 17.1%). However, despite the buildup in NPLs and reduction in credit portfolio, our Loan Infection Ratio (6.8%) remained lower than the industry average (8%). The NPL coverage ratio of the loss category dropped from 58.1% in 2021 to 51.% in 2022.

Non-Markup Income

Bank reported Non-Markup Income of PKR 5.3 billion for 2022 as compared to the Income of

PKR 5.1 billion in the last year (up 4.2%). Fee & Commission Income remained almost at the same level as last year. However, Bank's Foreign Exchange Income recorded 82% increase. Our Trade business recorded an impressive growth of 47% resulting in Trade Reciprocity improving from 2.3x last year to 2.42x in 2022. On the other hand, although we remain one of the most active Primary Dealers in government securities, 625bps increase in SBP Policy rate during 2022 has resulted in the Bank recording PKR 307 million Loss on Securities.

Operating Expenditure

Bank's Operating Expenses increased by 31.60% during the year, reaching PKR 16.7 billion. A sharp rise in Headline Inflation coupled with approximately 50% depreciation in exchange rate kept fueling Bank's rupee and dollar denominated expenditure throughout the year. Moreover, in order to promote our digital banking platform Zindigi and to push our consumer products in the market, Marketing-related spending also increased 3x over last year.

Zindigi

2022 has been a phenomenal year for our digital banking platform Zindigi. Commercially launched on 18th Jan 2022, Zindigi has exhibited unprecedented performance. With over 5 million downloads and 2 million new signups in just a year, Zindigi became the 4th most downloaded financial App of 2022. Moreover, having processed around 20 million transactions worth over PKR 100 billion, Zindigi is robust at the core. 2022 was all about engaging with the customers with innovative offerings including investments in Stocks & Mutual funds, Zindigi Ultra (high-value account), Request Money and Advance Salary. Around 60% of Zindigi's debit cards & Virtual Cards are transaction active which is higher than the industry average. Also, Collaborations with brands like FoodPanda, Telemart and Daraz reinforced Zindigi's presence as a reliable and intuitive mode of payment.

Looking ahead, Zindigi is geared towards achieving new heights in the near future by strengthening existing product portfolio while being at the forefront of innovation.

Other Activities and Achievements

2022 saw us reaching another milestone where the first project with Green Climate Fund (GCF) was approved under the name of Pakistan Distributed Solar Project (PDSP) which is expected to be executed in early 2023 for implementation. JS Bank is also the first Pakistani commercial bank accredited by GCF.

Moreover, JS Roshan Digital Account has been established with various associated products including Roshan Apna Ghar, Roshan Equity Investments, Roshan Pension Plan, and Roshan Simaji Khidmat. The Bank has put in its contribution to this national cause by offering all RDA products through its newly established RDA Centers.

Besides investing in our digital banking platform Zindigi, we also continued our journey of digitally transforming the legacy bank. Various digitization initiatives have also been launched at the Bank. Customer journey of opening a bank account has been made end-to-end digital with JS Blink. New offerings have been introduced on JS Mobile as well as JS WhatsApp Bot including cards services, statements of account, updating expired customer

documentation, and RDA services, to name a few. JS Internet Banking has been relaunched to complete the compendium of digital services offered at the Bank. Strong performance in SBP backed digital products such as Raast has been achieved, including meeting all regulatory standards and achieving transactional targets set by the regulator.

Moreover, internal automations continued taking place across Retail Banking, Operations, Risk, Compliance, and Trade. These digitization initiatives have resulted in cost and time saving for the bank, transforming human-led processes into automated ones.

Acquisition of BankIslami Pakistan Limited

During the year, the Bank made a public announcement of its intention to acquire more than 50% shareholding in BankIslami Pakistan Ltd. (BIPL). It gives us immense pleasure to inform that the Bank has entered into agreements to acquire 42.45% shareholding in BIPL, thereby taking its overall holding in BIPL to 50.24%.

Capital Adequacy

As of December 31, 2022, JS Bank's Capital Adequacy Ratio (CAR) stood at 13.26% (December 2021: 13.77%) against SBP's minimum required CAR of 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:

Particulars	PKR 'Million'					
	2022	2021	2020	2019	2018	2017
Deposits	464,132	460,705	433,063	369,790	321,413	290,078
Equity	21,547	22,024	20,592	17,333	15,617	16,669
Total Assets	616,715	584,289	532,168	469,821	456,754	391,479
Investments-Net	303,465	231,266	201,698	142,568	148,690	169,612
Advances- Net	231,101	254,184	250,199	242,944	251,991	184,140
Gross Mark-up Income	72,047	39,125	43,099	41,595	29,997	20,381
Net Mark-up Income	14,856	11,895	9,777	7,028	8,809	6,242
Non-Mark-up Income	5,300	5,077	6,676	3,943	2,141	4,051
Profit Before Tax	2,131	2,209	2,023	133	905	1,621
Profit After Tax	965	1,304	1,150	25	562	973
Earnings Per Share (Basic) – PKR	0.74	1.01	0.89	0.0004	0.3	0.74
Return on Avg. Assets (ROAA)	0.16%	0.23%	0.23%	0.01%	0.13%	0.30%
Return on Avg. Equity (ROAE)	4.43%	6.12%	6.06%	0.15%	3.48%	5.84%
Capital Adequacy Ratio (CAR)	13.26%	13.77%	12.77%	12.93%	12.01%	11.95%
Advs. to Deposits Ratio (ADR)	51.39%	56.62%	58.74%	66.65%	79.38%	64.42%

Customer Experience & Fair Treatment

The Bank's Customer Experience Team (CET) organize, plan, and monitor Customer Experience on all touch points to ensure optimized interaction between the Bank and its customers. CET develops and implement strategies useful in improving Customer relationship, dedication, and satisfaction. 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.

The Bank received 23,136 complaints in total in 2022 and the average time taken to resolve these complaints was 4 working days. The Bank's Complaint Handling Policy and Grievance Redressal Mechanism ensures that complaints

are resolved in a timely manner and recurrence of complaints is prevented where possible. Customers have the option of registering their complaints via all touchpoints <https://jsbl.com/touchpoints>. Grievance handling mechanism is kept as transparent as possible through registration, acknowledgement, interim response where applicable, resolution and root cause analysis of reoccurring complaints. Customers are also given the option of contacting the Banking Mohtasib office in case they are dissatisfied with the response received from the Bank. To create enhanced visibility of its complaint handling function, JS Bank has incorporated awareness messages in several customer communications such as account statements, ATM screens, and letters. For increased accessibility of the recourse mechanism for the customers, Bank has made the information available on social media and has

also sent SMS messages to its customers. The Bank's website offers a comprehensive grievance procedure, touchpoints, and online feedback forms.

CET comprises of Voice, Chat and SMS Team, Customer Care Unit, SQ Branch Banking, Customer Insights and Business Conduct.

- Bank's multichannel Voice, Chat and SMS Team allows officers to interact with customers over communication channels which includes interactions over Voice (Retail Banking, Private Banking, Digital Financial Services or Branchless Banking and from Overseas), Whatsapp Chat, SMS to 8012 and Email (info@jsbl.com, CCU.Helpdesk@jsbl.com, rda@jsbl.com, and jsblink@jsbl.com).
- Customer Care unit serves as institution's philosophy about customer complaints, the hierarchy, systems, and procedures to deal with the complaints arriving at all touchpoints. Customer Care Unit ensure that it is fair, transparent, accessible, and efficient as first line of defense against the grievance of bank customers. Customer Care Unit grievance handling mechanism oriented to achieve customer satisfaction not only reduces operational and reputational risk of a Bank but also provides valuable pieces of information which eventually can be used to bring improvement in products, procedures, and delivery channels.
- SQ Branch Banking team ensure through Branch visits that proper elements and commitments are in place to provide consistent service support and service delivery.
- Customer Insights interprets trends in customer behaviors primarily gauged through surveys which aims to increase the effectiveness of a product or service,

as well as increase sales for the financial benefit of customers provisioning the product or service.

- Business Conduct ensures responsible banking by assessing conduct risk as per SBP Conduct Assessment Framework.

Fair Treatment of customers is an integral part of our corporate culture. The Bank has institutionalized a 'Consumer Protection Framework'. Bank's priority is to keep customer benefits in mind while designing, selling, and managing products and services, without any discrimination. Bank key focus is to maintain fairness in all dealings with customer, clarity in communication, develop a service culture and design an effective grievance handling mechanism. Through awareness and financial literacy programs, Bank has also promoted responsible conduct and informed financial decisions by customers.

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 enables 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 the 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 Financing Policy
- Collateral Management Policy
- Internal Credit Risk Rating Policy
- Consumer Credit Policy
- Market Risk Management Policy
- Interest Rate 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 Planning Policy
- Information Security Policy
- ICAAP Policy
- IFRS-9 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 modified in the year under review. Credit Administration and Special Assets Management are now reporting into Chief Risk Officer. The disciplines of risk management including market & liquidity, operational, BCP, portfolio, policy, agricultural credit, consumer & program lending, Digital and information security risks remain under the umbrella of the Chief Risk Officer.

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 (OLD) and Key Risk Indicators (KRI), the Operational Risk management function also maintains the Business Continuity Planning 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 separate 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 credits which require 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

realtime 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.

To combat digital risks and to support the Digital Finance business, a dedicated team of risk experts have been established under the umbrella of Digital Risk. The prime objective of this function is to optimize policies, processes and systems, investigation and mitigation of digital frauds, data analytics to identify potential risks and augment business, and to implement strategic plans.

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 assurance against material misstatement or loss since they are designed to manage, rather than eliminate, the risk of unforeseen situation.

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 (SBP) 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 SBP. However, SBP may evaluate Annual Assessment Report as part of supervisory assessments. Accordingly, Annual Assessment

Report for December 31, 2022 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 for the following:

- The financial statements prepared by the management present fairly the state of affairs of the Bank, the results of its operations, the cash flow statement, and the 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.

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.

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

Eight meetings of the Board of Directors were held during the year 2022. The attendance of directors at Board Meetings was as follows:

Name of Director	Eligible to attend	Meetings attended
Mr. Adil Matcheswala - Chairman	8	7
Mr. Hassan Afzal**	5	1
Lt. Gen. (R) Sadiq Ali	4	4
Ms. Nargis Ali Akber Ghaloo	8	8
Syed Mumtaz Ali Shah	4	4
Mr. Shahnawaz Haider Nawabi	4	3
Mr. Usman Yousaf Mobin	4	4
Mr. Basir Shamsie, President & CEO	8	8
Mr. Kalim-ur-Rahman*	3	3
Mr. Ashraf Nawabi*	3	-
Mr. G.M. Sikander*	3	3
Mr. Munawar A. Siddiqui*	3	3
Mr. Sohail Aman*	3	3

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. Adil Matcheswala	1	1			4	4		
Mr. Hassan Afzal*							3	2
Lt. Gen. (R) Sadiq Ali	2	2	2	2				
Ms. Nargis Ghaloo	3	3	1	1			2	2
Syed Mumtaz Ali Shah			2	2	3	3		
Mr. Shahnawaz Haider Nawabi	2	1	2	2				
Mr. Usman Yousaf Mobin					3	3	2	2
Mr. Basir Shamsie President & CEO			3	3			3	3
Mr. Ashraf Nawabi**			1	-				
Mr. G.M Sikander**	1	1			1	1		
Mr. Munawar A. Siddiqui**	1	1	1	1				
Mr. Kalim-ur-Rahman**					1	1	1	1
**Mr. Sohail Aman					1	1	1	1

**Mr. Hassan Afzal resigned from the Board of Directors w.e.f. October 24, 2022. Mr. Basir Shamsie (President & CEO) has also been appointed director in place of Mr. Hassan Afzal.*

*** Mr. Ashraf Nawabi, Mr. G.M Sikander, Mr. Munawar A. Siddiqui, Mr. Kalim-ur-Rahman and Mr. Sohail Aman have not offered themselves for re-election at the Election of Directors held on March 30, 2022.*

Election of Directors

The election of directors of the Bank was held on March 30, 2022, at the AGM wherein seven 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. The remuneration paid to the Directors, Chief Executive Officer, and other executives is disclosed in note # 39 to the Unconsolidated Financial Statements.

Pattern of Shareholding

The pattern of shareholding at the close of December 31, 2022, as required u/s 227(f) of the Companies Act, 2017 is given on page number



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, 2022.

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 2022.

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 2022 is PKR 263 million (2021: PKR 248 million). The unaudited balance of the asset of the Fund as of December 31, 2022 was PKR 2,566 million (2021: PKR 2,360 million).

The contribution to be made to the Scheme is PKR 93 million for 2022 (2021: PKR nil million). The unaudited balance of the assets of the Scheme as of December 31, 2022, was PKR 951 million (2021: PKR 1,130 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, 2022, 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 a quantitative method, based on subjective assessment, and was conducted via questionnaires developed by the consultants.

Events after the Date of the 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.

Acknowledgments

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 toward ever greater success and growth.

For and on behalf of the Board,

Basir Shamsie

President & CEO

March 03, 2023

Adil Matcheswala

Chairman

کارپوریٹ گورننس کے بہترین طریقوں کے مطابق، بورڈ سالانہ بنیادوں پر ای ویلیویشن کا انعقاد کرتا ہے۔ جے ایس بینک کے بورڈ نے بورڈ آف ڈائریکٹرز اور لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی کارکردگی کی ای ویلیویشن سے متعلق ایس بی پی کے رہنما خطوط کی تعمیل میں اپنی ای ویلیویشن کی ہے۔ جائزہ میں بورڈ کی کارکردگی کے مختلف پہلوؤں کا احاطہ کیا گیا ہے۔

ای ویلیویشن ایک مقداری طریقہ کا استعمال کرتے ہوئے کیا کی گئی تھی، جو موضوعی اسسمنٹ پر مبنی تھی اور کنسلٹنٹس کے تیار کردہ سوالناموں کے ذریعے کی گئی تھی۔

مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کے واقعات:

مالیاتی پوزیشن کے بیان کی تاریخ کے بعد کوئی ایسا مادی واقعہ پیش نہیں آیا جس کے لیے منسلک مالی بیانات میں ایڈجسٹمنٹ کی ضرورت ہو۔

اظہار تشکر:

جے ایس بینک کی جانب سے، ہم اپنے قابل قدر اسٹیک ہولڈرز کی مسلسل سرپرستی اور حمایت کے لیے ان کا شکریہ ادا کرنا چاہتے ہیں۔ ہم وزارت خزانہ، اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور دیگر ریگولیٹری اتھارٹیز کا بھی شکریہ ادا کرنا چاہیں گے جنہوں نے ہمارے بینک کی رہنمائی اور مدد کی۔ آخر میں ہم جے ایس بینک میں اپنے تمام ساتھیوں کو مزید کامیابی اور ترقی کے لیے ان کے عزم پر خراج تحسین پیش کرتے ہیں۔

از طرف بورڈ

عادل ماچس والا

چیئر مین

باصرہ سہسی

صدر اینڈ سی ای او

03 مارچ 2022

سال 2022 کے دوران فنڈ میں 263 ملین روپے کی کنٹری بیوشن ہوئی (2021: 248 ملین روپے)۔ 31 دسمبر، 2022 تک فنڈ کے اثاثوں کا غیر پڑتال شدہ بیلنس 2,566 ملین روپے تھا (2021: 2,360 ملین روپے)۔

2022 میں سکیم کیلئے 93 ملین روپے کی کنٹری بیوشن کی گئی (2021: صفر ملین روپے)۔ 31 دسمبر، 2022 تک سکیم کے اثاثوں کا غیر پڑتال شدہ بیلنس 951 ملین روپے تھا (2021: 1,130 ملین روپے)۔

آڈیٹرز:

موجودہ آڈیٹرز کے پی ایم جی تاثیر بادی اینڈ کو، چارٹرڈ اکاؤنٹس نے مدت معاہدہ ختم ہونے کے بعد دوبارہ تقرری 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 اکاؤنٹس 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 آڈٹ کمیٹی کی سفارش پر، بورڈ آف ڈائریکٹرز 31 دسمبر، 2022 کو ختم ہونے والے سال کیلئے بینک کے آمد سالانہ اجلاس عام میں کے پی ایم جی تاثیر بادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کرتے ہیں۔

بورڈ کی کارکردگی کا جائزہ:

جے ایس بینک کا بورڈ آف ڈائریکٹرز بینک کی اسٹریٹجی 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 رکی 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 گورنس کے لیے پر عزم ہے۔ بورڈ ریگولیٹری تقاضوں کے مطابق بینک کے مالی اور آپریشنل استحکام، گورنس، 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 مزا آف ریفرنس ہیں۔

ڈائریکٹرز کا معاوضہ:

ڈائریکٹرز کا معاوضہ قابل اطلاق قوانین کے مطابق بورڈ آف ڈائریکٹرز کی طرف سے فلسڈ 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 ڈائریکٹرز کو بورڈ / بورڈ سب کمیٹی کے اجلاسوں میں شرکت کے لیے کوئی معاوضہ ادا نہیں کیا جائے گا۔ ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور دیگر ایگزیکٹوز کو ادا کئے جانے والے معاوضے کا انکشاف نوٹ نمبر 39 میں غیر متفقہ مالیات بیانات میں کیا گیا ہے۔

شیر ہولڈنگ کا پیرن:

کپینز ایکٹ 2017 کے سیکشن (f) 227 کے تحت 31 دسمبر، 2022 کے اختتام تک کمپنی کے شیر ہولڈنگ کا طریقہ کار صفحہ نمبر ___ پر دیا گیا ہے۔

متعلقہ پارٹی سے کاروباری لین دین:

31 دسمبر، 2022 کو ختم ہونے والے سال کیلئے متعلقہ فریقین کے ساتھ کاروباری لین دین کو بینک کے غیر مربوط اور مربوط مالیاتی گوشواروں کے نوٹ نمبر 43 میں ذکر کیا گیا ہے۔

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 آراے) بینک کی طویل مدتی ایٹینیٹی ریٹنگ-AA (ڈبل اے مائیس) مختصر مدتی کریڈٹ ریٹنگ A1+ (اے ون پلس) پر برقرار رکھی ہے جو کہ اس کیلگری میں سب سے ممکنہ بلند ترین ہے۔

حصص یافتگان کیلئے منقسمہ منافع:

سال 2022 کیلئے عمومی حصص پر حصص یافتگان کو منافع منقسمہ ادا نہیں کیا جا رہا ہے۔

ملازمین کے فائدے کیلئے سکیمیں:

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

بورڈ کے اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:

آئی ٹی کمیٹی		ایچ آر کمیٹی		رسک کمیٹی		آڈٹ کمیٹی		ڈائریکٹرز کا نام
شرکت	شرکت کا اہل	شرکت	شرکت کا اہل	شرکت	شرکت کا اہل	شرکت	شرکت کا اہل	
		4	4			1	1	جناب عادل ماچس والا
2	3							جناب حسن افضل *
				2	2	2	2	لیفٹنٹ جنرل (ریٹائرڈ) صادق علی
2	2			1	1	3	3	محترمہ مہرگس گلو
		3	3	2	2			سید ممتاز علی شاہ
				2	2	1	2	جناب شاہنواز حیدر نوابی
2	2	3	3					جناب عثمان یوسف مبین
3	3			3	3			جناب باصر ششی۔ صدر اینڈ سی ای او
				-	1			جناب اشرف نوابی **
		1	1			1	1	جناب جی ایم سکندر **
				1	1	1	1	جناب منور اے صدیقی **
1	1	1	1					جناب کلیم الرحمن **
1	1	1	1					جناب سہیل امان **

* جناب حسن افضل نے مورخہ 24 اکتوبر 2022ء کو بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا۔ جناب حسن افضل کی جگہ جناب باصر ششی (صدر اینڈ سی ای او) کو بطور ڈائریکٹر بھی مقرر کیا گیا ہے۔

** جناب اشرف نوابی، جناب جی ایم سکندر، جناب منور اے صدیقی، جناب کلیم الرحمن اور جناب سہیل امان نے مورخہ 30 مارچ 2022 کو ہونے والے ڈائریکٹرز کے انتخابات میں دوبارہ انتخاب کیلئے خود کو پیش نہیں کیا۔

ڈائریکٹرز کا انتخاب:

بینک کے ڈائریکٹرز کے انتخابات 30 مارچ، 2022 کو اے جی ایم میں منعقد ہوئے جہاں حصص یافتگان نے تین سال کی مدت کیلئے 7 ڈائریکٹرز کا انتخاب کیا۔

ذیلی کمپنیاں:

جے ایس گلوبل کیپیٹل لمیٹڈ اور جے ایس انویسٹمنٹس لمیٹڈ جے ایس بینک کی ذیلی کمپنیاں ہیں جو بالترتیب 92.9 فیصد اور 84.5 فیصد حصص رکھتا ہے۔ ڈائریکٹرز رپورٹ کے جائزہ کے تحت ان کمپنیوں کی کارکردگی کا جائزہ لیا گیا ہے۔

بورڈ اجلاسوں میں ڈائریکٹرز کی شرکت:

سال 2022 کے دوران بورڈ آف ڈائریکٹرز کے آٹھ اجلاس منعقد ہوئے۔ بورڈ اجلاسوں میں ڈائریکٹرز کی شرکت درج ذیل ہے:

ڈائریکٹر کا نام	شرکت کا اہل	اجلاسوں میں شرکت
جناب عادل ماچس والا۔ چیئر مین	8	7
جناب حسن افضل **	5	1
لیفٹننٹ جنرل (ریٹائرڈ) صادق علی	4	4
محترمہ زگس علی اکبر گلو	8	8
سید ممتاز علی شاہ	4	4
جناب شاہنواز حیدر نوابی	4	3
جناب عثمان یوسف مبین	4	4
جناب باصر ششی۔ صدر اینڈ سی ای او	8	8
جناب کلیم الرحمن *	3	3
جناب اشرف نوابی *	3	-
جناب جی ایم سکندر *	3	3
جناب منور اے صدیقی *	3	3
جناب سہیل امان *	3	3

رسک مینجمنٹ کو موثر انداز میں یقینی بنانے کیلئے بینک میں انٹرنل کنٹرول فنکشن کا گورننس اسٹرکچر تین دفاعی سطح پر مشتمل ہے۔ پہلی دفاعی لائن خود کاروبار ہے جو شمول 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 برنسز 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 انٹرنل آڈٹ فنکشن ہے جو انٹرنل 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 انوائرنمنٹ 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 توجہ سے عمل کرتا ہے۔ بینک کے وسیع عمل اور کنٹرول کی تفصیلی دستاویزات مکمل ہو چکی ہیں۔ مزید برآں، بینک نے کلیدی کنٹرولز کی آپریٹنگ موثریت کو یقینی بنانے کے لیے ایک جامع انتظامی جانچ اور رپورٹنگ کا فریم ورک تیار کیا ہے اور نمایاں طور پر نشاندہی کئے گئے ڈیزائن میں بہتری کے مواقع کو حل کیا ہے۔

فنانشل رپورٹنگ پر انٹرنل کنٹرول (آئی سی ایف آر) روڈ مپ کی اطمینان بخش تکمیل پر ایس بی پی نے اگست 2016 میں ایکسٹرنل آڈیٹرز کی طرف سے لانگ فارم رپورٹ (ایل ایف آر) جمع کرانے سے استثنیٰ دیا۔ مزید برآں ایس بی پی کی طرف سے 6 جولائی، 2021 کو جاری کردہ احکام نامہ بی ایس ڈی سرکلر لیٹ نمبر 1 آف 2021 کے مطابق ایسے تمام بینک جنہوں نے آئی سی ایف آر روڈ مپ کے تمام مراحل کو مکمل کر لیا ہے، انہیں آئی سی ایف آر کی افادیت پر سالانہ اسسمنٹ رپورٹ کو جمع نہ کرانے کی اجازت دی ہے۔ تاہم ایس بی پی سپروائزری آسمنٹس کے حصے کے طور پر سالانہ اسسمنٹ رپورٹ کا جائزہ لے سکتا ہے۔ اسی طرح آئی سی ایف آر کی افادیت پر 31 دسمبر، 2022 کیلئے سالانہ اسسمنٹ رپورٹ بورڈ آڈٹ کمیٹی کو پیش کی جائے گی۔

انتظامیہ یہ سمجھتی ہے کہ موجودہ انٹرنل کنٹرول سسٹم موزوں ہے، موثر انداز میں نافذ شدہ ہے اور اس کی مسلسل نگرانی کی جا رہی ہے۔ اس بیان کی بورڈ آف ڈائریکٹرز کی طرف سے توثیق کی جاتی ہے۔ انتظامیہ اپنی کوریج کو بڑھانے اور اندرونی کنٹرولز پر ایس 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۔

کرڈیٹ ایڈمنسٹریشن کے ذریعے نگرانی کی جاتی ہے جو کرڈیٹ حدود کے نظم و نسق کے ساتھ باؤس کیپنگ کی بھی ذمہ دار ہوتی ہے۔

بینک کرڈیٹ مسائل سے جڑے خطرات اور غیر یقینی صورتحال کے حوالے سے باخبر ہے جس کیلئے رسک مینجمنٹ 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 پیشل ایسٹ مینجمنٹ یونٹ موجود ہے تاکہ اصلاحی انتظامی مسائل پر توجہ مرکوز، موثر انتظام کے لیے کلاسیفائیڈ پورٹ فولیو کی ملکیت اور بحالی اور آباد کاری کے لیے ورک آؤٹ طریقوں کا تعین کیا جاسکے، جیسا کہ بینک کی رمیڈیل 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 پر توں والے حفاظتی ڈھانچے تعینات کیا گیا ہے۔ سائبر سیکورٹی کو مزید مضبوط کرنے کے لیے، بینک ایک عمل پر مبنی کلچر بنانے، ہٹول کے استعمال میں پختگی لانے اور مینجمنٹ/ ریگولیٹری رپورٹنگ کو بہتر بنانے اور بے ایس اسٹاف کی سیکورٹی سے متعلق آگاہی کی تربیت کو بڑھانے کے لئے آئی ایس کے عملے میں سرمایہ کاری کرنے کی کوشش کر رہا ہے۔

ڈیجیٹل خطرات سے نمٹنے اور ڈیجیٹل فنالس کے کاروبار کو سپورٹ کرنے کے لیے، ڈیجیٹل رسک کی چھتری کے تحت خطرے کے ماہرین کی ایک قابل ٹیم بنائی گئی ہے۔ اس فنکشن کا بنیادی مقصد پالیسیوں، عمل اور نظام کو بہتر بنانا، ڈیجیٹل فراڈ کی تحقیقات اور تخفیف، مکمل خطرات کی نشاندہی کرنے کے لیے ڈیٹا اینالیٹکس اور کاروبار کو بڑھانا، اور اسٹریٹجک منصوبوں کو نافذ کرنا ہے۔

انٹرنل کنٹرول پر بیان:

بینک اپنے تمام تر 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 انٹرنل کنٹرول کی مجموعی موثریت کی جانچ پڑتال فراہم کرتے ہیں۔

بے ایس بینک کے اندر انٹرنل کنٹرولز 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۔

لیکویڈیٹی، آپریشنل، پورٹ فولیو، پالیسی، ایگریگیشن کرڈٹ، کنزیومر اینڈ پروگرام لینڈنگ اور انفارمیشن سیکورٹی رسک چیف رسک آفیسر کے چھتری تلے کام کرتے ہیں۔

مارکیٹ رسک کی پیمائش، نگرانی اور انتظامی رپورٹنگ مستقل بنیادوں پر کی جاتی ہے۔ ٹریڈی مدل آفس کی معاونت سے مارکیٹ رسک اینڈ ایبل یونٹ کی طرف سے انٹریسٹ ریٹ رسک، ایکویٹی ایکسپوزر رسک، کرنسی یا فارن انچ رسک، کراس ہارڈر یا کٹری رسک، مالیاتی اداروں (ایف آئی) ایکسپوزر رسک لیکویڈیٹی رسک اور کپیٹل ایڈوکیسی کی شکل میں تمام متعلقہ فنانشل رسک ایکسپوزر کی یومیہ نگرانی 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۔

کپیٹل مینجمنٹ 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 کپیٹل مینجمنٹ 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 ایس اے) آپریشنل ڈیٹا کا نقصان اور خطرات کے اہم اشاریے (کے آر آئی) کی معمول کی نگرانی کے علاوہ آپریشنل رسک مینجمنٹ فنکشن کاروبار 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 تعطل آسکتا ہے۔ بینک نے انفارمیشن ٹیکنالوجی کی اونر شپ کے تحت ڈیزاسٹر ریکوری (ڈی آر) سائٹ اور پلان بھی تشکیل دیا ہے جس کا مقصد نازک حالات اور فنکشنز کو سپورٹ کرنے کیلئے سسٹمز کی زیادہ سے زیادہ دستیابی اور صارفین اور شرکاء کو خدمات کی فراہمی کو یقینی بنانا ہے۔

کریڈٹ رسک مینجمنٹ ایک جاری عمل ہے۔ مجموعی کریڈٹ پالیسی اور کریڈٹ رسک مینجمنٹ کی گائیڈ لائنز کی منظوری بورڈ آف ڈائریکٹرز کی طرف سے دی جاتی ہے۔ اس سلسلے میں سینٹرل 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 محکم ترقی کو برقرار رکھنے اور مستقبل کے چیلنجز سے نمٹنے کیلئے بینک کے کریڈٹ رسک مینجمنٹ کے طریقہ کار کی مسلسل اپ گریڈیشن کی جاتی ہے۔ کریڈٹ رسک مینجمنٹ کی نگرانی کی سرگرمیوں کو تیز کرنے کیلئے بینک مین ایک کریڈٹ رسک ماسٹرنگ یونٹ موجود ہے جو ایس بی پی اور بیسل III/IV کے تقاضوں کو پورا کرنے کیلئے باقاعدگی سے فورٹ فولیو کی نگرانی، کریڈٹ رسک مینجمنٹ کے ٹولز کی تیاری اور عمل درآمد بشمول صنعتی، جغرافیائی اور شعبہ جاتی حدود کے قیام اور کریڈٹ رسک کو ٹیفیکیشن / شمارتی تکنیک وضع کرتی ہے۔ کریڈٹ فورٹ فولیو کے استحکام کی

- ☆ کریڈٹ پالیسی
- ☆ ایس ایم ای فنانسنگ پالیسی
- ☆ کویٹرل مینجمنٹ پالیسی
- ☆ انٹرنل کریڈٹ رسک ریٹنگ پالیسی
- ☆ کنزرویٹو کریڈٹ پالیسی
- ☆ مارکیٹ رسک مینجمنٹ پالیسی
- ☆ انٹریسٹ ریٹ رسک مینجمنٹ پالیسی
- ☆ آپریشنل رسک مینجمنٹ پالیسی
- ☆ لیکویڈٹی رسک مینجمنٹ پالیسی
- ☆ کنٹری رسک مینجمنٹ پالیسی
- ☆ ایگریکلچرل کریڈٹ پالیسی
- ☆ ریمیڈیل مینجمنٹ پالیسی
- ☆ ڈیٹ پراپرٹی سویپ پالیسی
- ☆ بزنس کمیونٹی پلاننگ پالیسی
- ☆ انفارمیشن سیکورٹی پالیسی
- ☆ آئی سی اے اے پی پالیسی
- ☆ آئی ایف آر ایس 9 پالیسی

بی آر ایم سی بینک کی مجموعی رسک پروفائل پر نظر رکھتا ہے۔ مینجمنٹ کی اینٹی گریڈ رسک مینجمنٹ کمیٹی (آئی آر ایم سی)، پورٹ فولیو مینجمنٹ کمیٹی (پی ایم سی)، آپریشنل رسک مینجمنٹ کمیٹی (او آر ایم سی)، ایگری کریڈٹ کمیٹی (اے سی سی)، ریمیڈیل مینجمنٹ کمیٹی (آر ایم سی)، آئی ٹی سٹریٹجی کمیٹی (آئی ٹی ایس سی) اور اسٹریٹجی اینڈ لائسنسنگ کمیٹی (اے ایل سی او) پنٹلکی 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 مینجمنٹ اس بات کو یقینی بنانے کیلئے ایک اہم کردار ادا کرتی ہے کہ پورے بینک نظام میں رسک اور ریوارڈ کے درمیان مناسب توازن کو برقرار رکھا جائے۔ اس لئے زیر جائزہ بل میں رسک مینجمنٹ فنکشن در 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 پمپل اسٹریٹجی مینجمنٹ کا قیام شامل ہے لیکن اس تک محدود نہیں ہے۔ رسک مینجمنٹ کے باقی نظم و ضبط میں مارکیٹ اینڈ

- بالآخر پروڈکٹس، طریقہ کار اور ترسیل کے ذرائع میں بہتری لانے کے لیے استعمال کی جاسکتی ہیں۔
- ☆ ایس کیو برانچ کی بینکنگ ٹیم برانچ کے وزٹ کے ذریعے اس بات کو یقینی بناتی ہے کہ مسلسل سروس سپورٹ اور سروس ڈیلیوری فراہم کرنے کے لیے مناسب عناصر اور وعدے موجود ہیں۔
- ☆ کسٹمر انٹینسٹی ایسے کسٹمر جن کا بنیادی طور پر سروے کے ذریعے اندازہ لگایا جاتا ہے کہ وہ رجحانات کی ترجمانی کرتی ہے جس کا مقصد کسی پروڈکٹ یا سروس کی تاثیر کو بڑھانا اور ساتھ ہی پروڈکٹ یا سروس فراہم کرنے والے کسٹمر کے مالی فائدے کے لیے فروخت میں اضافہ کرنا ہے۔
- ☆ کاروباری طرز عمل ایس بی پی کنڈکٹ اسسمنٹ فریم ورک کے مطابق طرز عمل کے خطرے کا اندازہ لگا کر ذمہ دارانہ بینکنگ کو یقینی بناتا ہے۔

کسٹمر کے ساتھ منصفانہ سلوک ہمارے کارپوریٹ کلچر کا ایک لازمی حصہ ہے۔ بینک نے ”کسٹمر پروٹیکشن فریم ورک“ کو ادارہ جاتی شکل دی ہے۔ بینک کی ترجیح بغیر کسی تفریق کے، پروڈکٹس اور خدمات کو ڈیزائن کرنا، فروخت کرنا، اور ان کا نظم و نسق کرتے وقت صارفین کے فوائد کو ذہن میں رکھنا ہے۔ بینک کی اہم توجہ کسٹمر کے ساتھ تمام معاملات میں انصاف پسندی، مواصلات میں وضاحت، سروس کلچر کو تیار کرنا اور شکایات سے نمٹنے کا ایک موثر طریقہ کار وضع کرنا ہے۔ آگاہی اور مالی لٹریسی پروگرامز کے ذریعے، بینک نے ذمہ دارانہ طرز عمل کو بھی فروغ دیا ہے اور صارفین کو مالیاتی فیصلوں سے آگاہ کیا ہے۔

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 پیسل III/II فریم ورک کے تحت ایس بی 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 بینک کو تمام بڑے خطرات بشمول کریڈٹ، مارکیٹ، لیکویڈیٹی، آپریشنل ٹیکنالوجی، اور انفارمیشن سیکورٹی کو مناسب طریقے پر کھنے کے قابل بناتا ہے۔

بینک کا مجموعی رسک مینجمنٹ فریم ورک بورڈ آف ڈائریکٹرز (بی او ڈی) بورڈ رسک مینجمنٹ کمیٹی (بی آرایم 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

11.95%	12.01%	12.93%	12.77%	13.77%	13.26%	کیپیٹل ایڈویکیسی ریشو (سی اے آر)
64.42%	79.38%	66.65%	58.74%	56.62%	51.39%	ڈپازٹس ریشو کی طرف ایڈوانسز

کسٹمر ایکسپیرینس اور فیڈ بیک پینٹ:

بینک کی کسٹمر ایکسپیرینس ٹیم (سی ای ٹی) تمام ٹچ پوائنٹس پر بینک اور کلائنٹس کے درمیان بہتر رابطہ کاری کو یقینی بنانے کیلئے بینک کے کلائنٹس ایکسپیرینس کی منصوبہ بندی اور ان کی نگرانی کرتی ہے۔ سی ای ٹی ایسی حکمت عملیاں تشکیل اور انہیں نافذ کرتا ہے جو صارف کے ساتھ بہتر تعلقات قائم کرنے کیلئے سود مند ہوتی ہیں۔ صارف پر توجہ ہمارے 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 پیشکش سے ہم آہنگی ہے۔

سال 2022 میں بینک کو مجموعی طور پر 23,136 شکایات موصول ہوئیں اور ان شکایات کو حل کرنے میں اوسطاً 4 دن لگے۔ بینک کی شکایت سے نمٹنے کی پالیسی اور شکایات کے ازالے کا طریقہ کار اس بات کو یقینی بناتا ہے کہ شکایات کو بروقت حل کیا جائے اور جہاں ممکن ہو شکایات کی تکرار کو روکا جائے۔ صارفین کے پاس تمام ٹچ پوائنٹس <https://jsbl.com/touchpoints> کے ذریعے اپنی شکایات درج کرنے کا اختیار ہے۔ شکایات سے نمٹنے کے طریقہ کار کو رجسٹریشن، اعتراف، جہاں قابل اطلاق ہو، عبوری جواب، حل اور دوبارہ آنے والی شکایات کے بنیادی سبب کے تجزیہ کے ذریعے ممکن حد تک شفاف رکھا جاتا ہے۔ صارفین کو یہ اختیار بھی دیا گیا ہے کہ وہ بینک کی جانب سے موصول ہونے والے جواب سے مطمئن نہ ہونے کی صورت میں بینکنگ محتسب کے دفتر سے رابطہ کریں۔ اپنی شکایات کو سنبھالنے کے بہتر انتظام کیلئے، بے ایس بینک نے کئی کسٹمرز کی کمیونیکیشنز جیسے اکاؤنٹ اسٹیٹمنٹس، اے ٹی ایم اسکرینز، اور خطوط میں آگاہی کے پیغامات شامل کیے ہیں۔ صارفین کے لیے ریسورس میکانزم کی بڑھتی ہوئی رسائی کیلئے بینک نے یہ معلومات سوشل میڈیا پر دستیاب کی ہیں اور اپنے صارفین کو ایس ایم ایس پیغامات بھی بھیجے ہیں۔ بینک کی ویب سائٹ شکایت کا ایک جامع طریقہ کار، ٹچ پوائنٹس اور آن لائن فیڈ بیک فارم پیش کرتی ہے۔

سی ای ٹی میں وائس، چیٹ اور ایس ایم ایس ٹیم، کسٹمر کیئر یونٹ، ایس کیو برانچ بینکنگ، کسٹمر انسائٹس اور کاروباری طرز عمل شامل ہیں۔

☆ بینک کی ملٹی چینل وائس، چیٹ اور ایس ایم ایس ٹیم افسران کو کمیونیکیشن چینلز پر صارفین کے ساتھ بات چیت کرنے کی اجازت دیتی ہے جس میں وائس (ریئل بینکنگ، پرائیویٹ بینکنگ، ڈیجیٹل فنانشل سروسز یا برانچ لیس بینکنگ اور بیرون ملک سے)، وائس ایپ چیٹ، 8012 پر ایس ایم ایس اور ای میل (info@jsbl.com، CCU.Helpdesk@jsbl.com)، rda@jsbl.com اور jsblink@jsbl.com پر بات چیت شامل ہے۔

☆ کسٹمر کیئر یونٹ تمام ٹچ پوائنٹس پر آنے والی شکایات سے نمٹنے کے لیے کسٹمر کی شکایات، درجہ بندی، نظام اور طریقہ کار کے بارے میں ادارے کے فلسفے کے طور پر کام کرتا ہے۔ کسٹمر کیئر یونٹ اس بات کو یقینی بناتا ہے کہ یہ منصفانہ، شفاف، قابل رسائی، اور بینک کے صارفین کی شکایت کے لئے دفاع کی پہلی لائن کے طور پر موثر ہے۔ صارفین کی اطمینان حاصل کرنے کے لیے کسٹمر کیئر یونٹ شکایات سے نمٹنے کا طریقہ کار نہ صرف بینک کے آپریشنل اور ساکھ کے خطرے کو کم کرتا ہے لیکن قیمتی معلومات بھی فراہم کرتا ہے جو

مزید برآں، ریٹیل بینکنگ، آپریشنز، رسک، تعمیل، اور تجارت میں انٹرنل آڈٹ میٹرز ہوتی رہیں۔ ڈیجیٹلائزیشن کے ان اقدامات کے نتیجے میں بینک کے لیے لاگت اور وقت کی بچت ہوئی جس سے انسانی قیادت کے عمل کو آڈٹ میٹرز میں تبدیل کیا گیا ہے۔

بینک اسلامی پاکستان لمیٹڈ کا حصول

سال کے دوران، بینک نے بینک اسلامی پاکستان لمیٹڈ (BIPL) میں 50 فیصد سے زیادہ شیئرز ہولڈنگ حاصل کرنے کے اپنے ارادے کا عوامی اعلان کیا۔ ہمیں یہ بتاتے ہوئے بے حد خوشی ہوتی ہے کہ بینک نے BIPL میں 42.45 فیصد شیئرز ہولڈنگ حاصل کرنے کے لئے معاہدے کیے ہیں، اس طرح BIPL میں اس کی مجموعی ہولڈنگ 50.24 فیصد تک پہنچ گئی ہے۔

کمپیوٹل ایڈویسی:

31 دسمبر 2022 تک، جے ایس بینک کا کمپیوٹل ایڈویسی ریٹو (سی اے آر) دسمبر 2021 میں 13.77 فیصد کے مقابلے میں 13.26 فیصد رہا جبکہ ایس بی پی کی طرف سے مقرر کردہ کم سے کم مطلوبہ سی اے آر 12.50 فیصد ہے۔ تاہم، اسٹیٹ بینک آف پاکستان نے کورونا وبا کے اثرات کو کم کرنے کے لیے ریگولیٹری ریلیف کے طور پر فی الحال بینکوں کیلئے سی اے آر کی ضرورت کو عارضی طور پر 1 فیصد تک کم کر دیا ہے۔

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

روپے بلین میں

2017	2018	2019	2020	2021	2022	تفصیلات
290,078	321,413	369,790	433,063	460,705	464,132	ڈپازٹس
16,669	15,617	17,333	20,592	22,024	21,547	ایکویٹی
391,479	456,754	469,821	532,168	584,289	616,715	کل اثاثے
169,612	148,690	142,568	201,698	231,266	303,465	سرمایہ کاریاں - صافی
184,140	251,991	242,944	250,199	254,184	231,101	ایڈوانسز - صافی
20,381	29,997	41,595	43,099	39,125	72,047	مجموعی مارک اپ
6,242	8,809	7,028	9,777	11,895	14,856	صافی مارک اپ
4,051	2,141	3,943	6,676	5,077	5,300	نان مارک اپ انکم
1,621	905	133	2,023	2,209	2,131	قبل از ٹیکس منافع
973	562	25	1,150	1,304	965	بعد از ٹیکس منافع
0.74	0.3	0.0004	0.89	1.01	0.74	فی حصص آمدنیاں (بنیادی) - روپے
0.30%	0.13%	0.01%	0.23%	0.23%	0.16%	اوسط اثاثوں پر منافع (ROAA)
5.84%	3.48%	0.15%	6.06%	6.12%	4.43%	اوسط ایکویٹی پر منافع (ROAE)

زندگی:

2022 ہمارے ڈیجیٹل بینکنگ پلیٹ فارم ”زندگی“ کے لیے ایک غیر معمولی سال رہا ہے۔ 18 جنوری 2022 کو تجارتی طور پر شروع کیا گیا ”زندگی“ نے بے مثال کارکردگی کا مظاہرہ کیا۔ صرف ایک سال میں 5 ملین سے زیادہ ڈاؤن لوڈز اور 2 ملین نئے سائن اپس کے ساتھ، ”زندگی“ 2022 کی چوتھی سب سے زیادہ ڈاؤن لوڈ کی جانے والی مالیاتی ایپ بن گئی۔ تاہم، 100 بلین روپے سے زائد مالیت کے تقریباً 20 ملین ٹرانزیکشنز پر عمل کرنے کے بعد، ”زندگی“ بنیادی طور پر مضبوط ہے۔ 2022 جدید پیشکشوں کے ساتھ صارفین کے ساتھ مشغول رہا جس میں اسٹاک اور میچل فنڈز، الٹرا زندگی (ہائی ویلیو اکاؤنٹ)، ریکویسٹ منی اور ایڈوانس سیلری شامل ہیں۔ زندگی کے تقریباً 60 فیصد ڈیٹ کارڈز اور ورنل کارڈز ٹرانزیکشنز فعال ہیں جو کہ صنعت کی اوسط سے زیادہ ہے۔ نیز، فوڈ پائنڈا، ٹیلی مارٹ اور دراز جیسے برانڈز کے ساتھ تعاون نے ”زندگی“ کی موجودگی کو ایک قابل اعتماد اور وجدانی ادائیگی کے طریقے کے طور پر تقویت دی۔

آگے دیکھتے ہوئے، ”زندگی“ جدت میں سب سے آگے رہتے ہوئے موجودہ پروڈکٹ پورٹ فولیو کو مضبوط بنا کر مستقبل قریب میں نئی بلندیوں کو حاصل کرنے کے لیے تیار ہے۔

دیگر سرگرمیاں اور کامیابیاں:

2022 نے ہمیں ایک اور سنگ میل تک پہنچایا جہاں گرین کلائمٹ فنڈ (جی سی ایف) کے ساتھ پہلا منصوبہ پاکستان ڈسٹری بیوٹڈ سولر پراجیکٹ (پی ڈی ایس پی) کے نام سے منظور کیا گیا جس پر عمل درآمد کے لیے 2023 کے اوائل میں عمل درآمد متوقع ہے۔ جے ایس بینک پہلا پاکستانی کمرشل بینک بھی ہے جسے جی سی ایف سے تسلیم کیا گیا ہے۔

مزید برآں، روشن اپنا گھر، روشن ایکویٹی انویسٹمنٹ، روشن پنشن پلان، اور روشن سماجی خدمت سمیت مختلف متعلقہ پروڈکٹس کے ساتھ جے ایس روشن ڈیجیٹل اکاؤنٹ قائم کیا گیا ہے۔ بینک نے اپنے نئے قائم کردہ آرڈی اے مراکز کے ذریعے تمام آرڈی اے پروڈکٹس کی پیشکش کر کے اس قومی مقصد میں اپنا حصہ ڈالا ہے۔

اپنے ڈیجیٹل بینکنگ پلیٹ فارم ”زندگی“ میں سرمایہ کاری کے علاوہ، ہم نے نیکیسی بینک کو ڈیجیٹل طور پر تبدیل کرنے کا اپنا سفر بھی جاری رکھا۔ بینک میں ڈیجیٹل سٹریٹجی کے مختلف اقدامات بھی شروع کیے گئے ہیں۔ بینک اکاؤنٹ کھولنے کے کسٹمر کے سفر کو جے ایس بینک کے ساتھ ایڈیوٹو اینڈ ڈیجیٹل بنا دیا گیا ہے۔ جے ایس موبائل کے ساتھ ساتھ جے ایس واٹس ایپ بوٹ پر نئی پیشکشیں متعارف کرائی گئی ہیں جن میں کارڈز سروسز، اکاؤنٹ اسٹیٹمنٹس، صارفین کی میعاد ختم ہونے والی دستاویزات کو اپ ڈیٹ کرنا، اور آرڈی اے سروسز شامل ہیں۔ جے ایس انٹرنیٹ بینکنگ کو بینک میں پیش کی جانے والی ڈیجیٹل سروسز کا مجموعہ مکمل کرنے کے لیے دوبارہ شروع کیا گیا ہے۔ ایس بی پی کی حمایت یافتہ ڈیجیٹل مصنوعات جیسے راست میں مضبوط کارکردگی حاصل کی گئی ہے، جس میں تمام ریگولیٹری معیارات کو پورا کرنا اور ریگولیٹری طرف سے مقرر کردہ لین دین کے اہداف کا حصول شامل ہے۔

کامیاب جوان اور اسٹیٹ بینک آف پاکستان کی سولر فنانسنگ اسکیم نے بھی اچھی کارکردگی کا مظاہرہ کرتے ہوئے مجموعی ایڈوانسز میں 3.67 فیصد کا مجموعی حصہ حاصل کیا۔ بینک سال کی پہلی ششماہی کے دوران ایس ایم ای آسان فنانس سکیم (ایس اے ایف) میں سب سے زیادہ فعال قرض دہندگان میں سے ایک تھا، جس نے اسی مدت میں 2.2 بلین روپے کی ڈسٹری بیوشن ریکارڈ کی تھی۔ سال 2022 کی تیسری سہ ماہی کے آغاز میں، میرا پاکستان میرا گھر (ایم پی ایم جی) کے ساتھ ان تینوں اسکیموں کو سینٹرل بینک نے وقتی طور پر روک دیا تھا۔

غیر منافع بخش ڈپازٹس میں اضافے کے ساتھ ہماری پیشگی ادائیگی کے نتیجے میں، بینک کے کور سپریڈ میں بہتری آئی ہے جس کے نتیجے میں نیٹ انٹریسٹ انکم (این آئی آئی) 11,895 ملین روپے سے بڑھ کر 14,856 ملین روپے ہو گئی، جو کہ تقریباً 25 فیصد زیادہ ہے۔

غیر فعال قرضہ جات:

بینک کے غیر فعال قرضہ جات دسمبر 2021 میں 13.9 بلین روپے سے بڑھ کر دسمبر 2022 کو اختتام پذیر ہونے والے سال کیلئے 16.3 بلین روپے ہو گئے جو کہ 17.1 فیصد کا اضافہ ہے۔ تاہم، غیر فعال قرضہ جات میں اضافے اور کریڈٹ پورٹ فولیو میں کمی کے باوجود، ہمارا لون انفیکشن ریٹو (6.8%) انڈسٹری کی اوسط (8%) سے کم رہا۔ خسارے کے زمرے کا غیر فعال قرضہ جات کا کوریج تناسب 2021 میں 58.1 فیصد سے کم ہو کر 51 فیصد ہو گیا۔

نان مارک اپ انکم:

2022 کے لیے بینک کی نان مارک اپ انکم 5.3 بلین روپے رہی جو کہ گزشتہ سال کی 5.1 بلین روپے کی آمدنی کے مقابلے میں (17.1 فیصد) زیادہ ہے۔ فیس اور کمیشن کی آمدنی تقریباً گزشتہ سال کی سطح پر رہی۔ تاہم، بینک کی فارن ایکسچینج آمدنی میں 82 فیصد اضافہ ہوا۔ ہمارے ٹریڈ کاروبار میں 47 فیصد کا متاثر کن اضافہ ہوا جس کے نتیجے میں تجارتی سرگرمیاں گزشتہ سال 2.3x سے بڑھ کر 2022 میں 2.42x ہو گئیں۔ دوسری جانب اگرچہ ہم سرکاری سیکورٹیز میں سب سے زیادہ فعال پرائمری ڈیلرز میں سے ایک ہیں، 2022 کے دوران اسٹیٹ بینک آف پاکستان کی پالیسی شرح میں 625bps اضافے کے نتیجے میں بینک کو سیکورٹیز پر 307 ملین روپے کا خسارہ ہوا۔

عملی اخراجات:

دوران سال بینک کے عملی اخراجات میں 24.04 فیصد کا اضافہ ہوا جو کہ 16.7 بلین روپے تک پہنچ گئے۔ ہیڈ لائن افراط زر میں تیزی سے اضافہ کے باعث زرمبادلہ کی شرح میں تقریباً 50 فیصد گراؤٹ کے ساتھ سال بھر بینک کے روپے اور ڈالر کے متفرق اخراجات میں اضافہ ہوتا رہا۔ تاہم ہمارے ڈیجیٹل بینکنگ پلیٹ فارم ”زندگی“ کو فروغ دینے اور اپنی صارفی مصنوعات کو مارکیٹ میں آگے بڑھانے کے لیے، مارکیٹنگ سے متعلق اخراجات میں بھی گزشتہ سال کے مقابلے میں 3 گنا اضافہ ہوا۔

بینکنگ سیکٹر کا جائزہ:

مالیاتی تختی کے بعد، اوسط بینکنگ اسپرڈ میں بھی 92 bps سالانہ اضافہ ہوا، جو 5.23 فیصد تک پہنچ گیا۔ بینکنگ سیکٹر کے ذخائر 22,467 بلین روپے ہو گئے جس میں دسمبر 2022 تک 7 سالانہ اضافہ ہوا جو کہ 2008 کے بعد سب سے کم شرح نمو ہے۔ دوران مدت سرمایہ کاری میں نمو کارہجان جاری رہا کیونکہ اس شعبے کی سرمایہ کاری 27 فیصد سالانہ اضافے کے ساتھ 17,902 بلین روپے تک پہنچ گئی۔ سرمایہ کاری میں زیادہ نمونے IDR کو 80 فیصد تک لے لیا۔ دوسری جانب شعبہ کے ایڈوانسز میں سالانہ 17 فیصد اضافہ ہوا جو کہ 11,913 بلین روپے تک پہنچ گیا اور ADR گذشتہ سال کے 48 فیصد سے بڑھ کر 53 فیصد ہو گیا۔ مزید یہ کہ سال 2022 کی تیسری سہ ماہی کے مطابق نان پرفارمنگ قرضہ جات 897 بلین روپے تک پہنچ گئے جس سے شعبہ کے انفیکشن کا تناسب 8 فیصد کے قریب رہا۔

مالیاتی کارکردگی:

سال 2022 کیلئے بینک کا قبل از ٹیکس منافع 2,131 ملین روپے (بعد از ٹیکس منافع 965 ملین روپے) رہا جس کا موازنہ گذشتہ سال کی اسی مدت کے قبل از ٹیکس منافع 2,209 ملین روپے (بعد از ٹیکس منافع 1,304 ملین روپے) سے کیا جاسکتا ہے۔ فی حصص آمدنی (ای پی ایس) 0.74 روپے (31 دسمبر 2021: 1.01 روپے) رہی۔

ڈپازٹس:

ہماری ڈپازٹ بک میں سال بہ سال کی بنیاد پر 1 فیصد کا معمولی اضافہ ہوا کیونکہ ہم نے زیادہ لاگت اور ٹریڈری سٹنگل اکاؤنٹ (ٹی ایس اے) سے متعلقہ ڈپازٹس کو ختم کرنے پر توجہ مرکوز رکھی۔ دوسری جانب غیر منافع بخش ایل سی وائی ڈپازٹس میں 16.94 فیصد اضافہ ہوا جس کی وجہ سے اوسطاً غیر منافع بخش ڈپازٹ کی ساخت 2021 میں 25.06 فیصد سے بڑھ کر 2022 میں 26.80 فیصد ہو گئی۔ بینک نے ایس ایم ای، بزنس اکاؤنٹس، ایمپلائئی بینکنگ، کیش مینجمنٹ اور ٹریڈ اینڈ گارنٹی بزنس سمیت مختلف شعبہ جات میں اپنے ڈپازٹ تعلقات کو بڑھانے کے لیے کئی اہم اقدامات شروع کیے ہیں۔

قرض دینے کی سرگرمیاں:

2018 میں ایڈوانسز کے بعد سے، بینک گذشتہ چار سالوں سے اپنے کریڈٹ پورٹ فولیو کو معیاری قرضے کے ارد گرد مضبوط کرنے کی مہم پر ہے۔ سال 2022 میں معاشی بد حالی کو مد نظر رکھتے ہوئے، 2022 میں بھی قرض دینے کی سرگرمیاں مختار رہیں، جس کے نتیجے میں مجموعی ایڈوانس پورٹ فولیو میں 8.56 فیصد کمی ہوئی۔ تاہم، مجموعی پورٹ فولیو میں کمی کے باوجود، بینک نے صارفین کو قرض دینے میں کافی اچھی کارکردگی کا مظاہرہ کیا جہاں کمپوزیشن 8.56 فیصد سے بڑھ کر 12 فیصد ہو گئی۔ تاہم دوران سال ہماری مارکیٹنگ بک کے سائز میں 38 فیصد اضافہ ہوا ہے اس طرح ہم ہاؤسنگ فنانس کے شعبے میں سب سے زیادہ فعال قرض دہندگان میں سے ایک بن گئے ہیں۔

ڈائریکٹرز رپورٹ

ہم 31 دسمبر، 2022 کو ختم ہونے والے سال کیلئے جے ایس بینک لمیٹڈ (جے ایس بی ایل) کی 17 ویں سالانہ رپورٹ معہ پڑتال شدہ کھاتوں اور آڈیٹرز کی رپورٹس پیش کرنے میں مسرت محسوس کرتے ہیں۔

اقتصادی جائزہ:

سال 2022 معاشی طور پر کافی مشکل سال تھا۔ اسٹرکچرل عدم توازن کے باعث سال کی دوسری ششماہی میں ترقی کی رفتار کم ہونا شروع ہو گئی۔ بڑے پیمانے پر مینوفیکچرنگ سیکٹر کی کارکردگی اس بات کی عکاس ہے، جس نے جولائی تا نومبر 2022 میں 3.6 فیصد کمی ظاہر کی جو کہ گذشتہ سال کی اسی مدت میں 8.3 فیصد کمی نمونہ تھی۔ سست روی کے نتیجے میں درآمدات میں کمی کے باعث جولائی تا دسمبر 2022 میں جاری کھاتے کے خسارے میں سالانہ 60 فیصد اور تجارتی خسارے میں 27 فیصد کمی ہوئی۔ تاہم، ایک تشویشناک پیش رفت ورکرز ریٹیننس کی رفتار میں کمی ہے، جس نے جولائی تا دسمبر 2022 میں 14 بلین امریکی ڈالر کی آمد درج کی جبکہ یہ گذشتہ سال کی اسی مدت میں 15.8 بلین امریکی ڈالر کی آمد تھی۔

کرنٹ اکاؤنٹ خسارے میں کمی کے باوجود، سال کے آغاز میں سینٹرل بینک کے غیر ملکی کرنسی کے ذخائر 16 بلین امریکی ڈالر سے کم ہو کر دسمبر 2022 میں 5.5 بلین امریکی ڈالر اور بنیادی طور پر بیرونی قرضوں کی ذمہ داریوں کی وجہ سے جنوری 2023 میں 2.9 بلین امریکی ڈالر تک گر گئے۔ جس کے نتیجے میں شرح مبادلہ بھی کافی دباؤ میں رہا، جس نے گذشتہ تیرہ مہینوں کے دوران 54 فیصد سالانہ فرسودگی درج کی گئی۔

جنوری 2023 میں سی پی آئی انفراسٹرکچر بھی 27.3 فیصد یعنی ایک سال قبل کے مقابلے میں اس کے رن ریٹ سے دو گنا تک پہنچ گیا ہے۔ افراط زر کی رفتار کو روکنے کے لیے، نومبر 2022 میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ میں 100bps اور جنوری 2023 میں مزید 100bps کا اضافہ کیا (اپریل 2022 سے 725bps کا مجموعی اضافہ)۔ تاہم، نمایاں پیداواری سست روی کے باوجود بنیادی افراط زر میں مسلسل اضافہ، درآمدات میں کمی اور پالیسی شرح 17 فیصد تک پہنچنے سے یہ ظاہر ہوتا ہے کہ طلب میں اضافہ کرنے والے محرکات ابھی بھی کام کر رہے ہیں۔

حکام نے آئی ایم ایف کے ساتھ اسٹاف لیول معاہدے کی طرف پیش رفت کی ہے، اس طرح پروگرام کے نویں جائزے کے تحت 1.2 بلین امریکی ڈالر کی قسط کے امکان کو تقویت ملی ہے اور اسٹیٹ بینک آف پاکستان کی غیر ضروری درآمدات پر پابندی کے ساتھ، آنے والے مہینوں میں ملک کے غیر ملکی کرنسی کے ذخائر میں بہتری کی توقع ہے۔



FALCON

Falcon has been used as a symbol of unmatched precision and strength for as long as one can remember. This powerful bird travels across a variety of habitats, from deserts to Arctic Tundra. The bird is known for its excellent vision and ability to eye an opportunity from the farthest distance. At JS Bank, we understand that our customers are fuelled by the intense passion to achieve their goals. This is why we strive hard every day to make sure you don't miss any opportunity owing to financial limitations. We value the falcon in you.





PERFORMANCE AND POSITION



Highlights



Six Years' Financial Summary

	Rs. in million					
	2022	2021	2020	2019	2018	2017
Statement of Financial Position						
Cash and balances with treasury banks	24,765	34,267	30,421	25,589	32,111	17,334
Balances with other banks	1,800	1,186	1,106	463	969	1,034
Lendings to financial institutions	11,351	31,939	23,240	30,321	1,937	3,116
Investments - net	303,465	231,266	201,698	142,568	148,690	169,612
Advances - net	231,102	254,184	250,199	242,945	251,991	184,140
Operating fixed assets	13,836	13,302	10,086	11,964	8,415	7,113
Deferred tax assets	-	-	-	9	287	-
Other assets	30,396	18,145	14,678	16,194	12,354	9,131
Assets held for sale	-	-	739	374	-	-
Total Assets	616,715	584,289	532,168	470,427	456,754	391,479
Bills payable	5,403	7,039	4,982	3,804	3,520	3,824
Borrowings	97,808	70,474	48,303	54,468	96,559	64,557
Deposits and other accounts	464,132	460,705	433,063	369,790	321,413	290,078
Sub-ordinated debt	6,995	6,997	7,493	7,495	7,497	4,999
Deferred tax liabilities	320	1,386	1,194	-	-	797
Other liabilities	20,511	15,664	16,541	17,536	12,148	10,555
Total Liabilities	595,169	562,265	511,576	453,094	441,137	374,810
Net Assets	21,547	22,024	20,592	17,333	15,617	16,669
Share capital	12,975	12,975	12,975	12,975	12,975	12,225
Discount on issue of shares	(2,855)	(2,855)	(2,855)	(2,855)	(2,855)	(2,105)
Preference shares	-	-	-	-	-	1,500
Reserves	2,787	2,331	1,991	1,750	1,712	1,541
Surplus / (Deficit) on revaluation of assets - net of tax	795	2,467	2,334	637	(1,036)	490
Unappropriated profits	7,845	7,107	6,148	4,828	4,821	4,519
Total Equity	21,547	22,024	20,592	17,333	15,617	16,669
Profit & Loss Account						
Mark-up / return / interest earned	72,047	39,125	43,099	41,595	29,997	20,381
Fee, commission and brokerage income	3,213	3,207	3,596	2,860	2,669	2,124
Gain / (Loss) on sale of securities - net	(307)	95	1,873	(711)	(1,434)	1,234
Income from dealing in foreign currencies	2,086	1,198	1,040	1,010	688	357
Dividend income	130	574	98	300	109	167
Other income	177	3	70	484	109	169
Total Gross Income	77,347	44,202	49,775	45,538	32,138	24,433
Mark-up / return / interest expensed	57,191	27,231	33,322	34,566	21,188	14,139
Provision/ (reversal) and write-off	1,099	1,995	1,280	(92)	239	371
Workers' welfare fund & Other Charges	177	45	132	139	(149)	46
Operating expenses	16,749	12,723	13,019	10,792	9,956	8,256
Total Operating Expenses	75,216	41,993	47,752	45,405	31,233	22,812
Profit Before Tax	2,131	2,209	2,023	133	905	1,621
Taxation	1,166	905	873	108	342	647
Profit After Taxation	965	1,304	1,150	25	562	973

Six Years' Vertical Analysis

Rs. in million

	Vertical Analysis											
	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Statement of Financial Position												
Cash and balances with treasury banks	24,765	4%	34,267	6%	30,421	6%	25,589	5%	32,111	7%	17,334	4%
Balances with other banks	1,800	0%	1,186	0%	1,106	0%	463	0%	969	0%	1,034	0%
Lendings to financial institutions	11,351	2%	31,939	5%	23,240	4%	30,321	6%	1,937	0%	3,116	1%
Investments - net	303,465	49%	231,266	40%	201,698	38%	142,568	30%	148,690	33%	169,612	43%
Advances - net	231,102	37%	254,184	44%	250,199	47%	242,945	52%	251,991	55%	184,140	47%
Operating fixed assets	13,836	2%	13,302	2%	10,086	2%	11,964	3%	8,415	2%	7,113	2%
Deferred tax assets	-	0%	-	0%	-	0%	9	0%	287	0%	-	0%
Other assets	30,396	5%	18,145	3%	14,678	3%	16,194	3%	12,354	3%	9,131	2%
Assets held for sale	-	0%	-	0%	739	0%	374	0%	-	0%	-	-
Total Assets	616,715	100%	584,289	100%	532,168	100%	470,427	100%	456,754	100%	391,479	100%
Bills payable	5,403	1%	7,039	1%	4,982	1%	3,804	1%	3,520	1%	3,824	1%
Borrowings	97,808	16%	70,474	12%	48,303	9%	54,468	12%	96,559	21%	64,557	16%
Deposits and other accounts	464,132	75%	460,705	79%	433,063	81%	369,790	79%	321,413	70%	290,078	74%
Sub-ordinated debt	6,995	1%	6,997	1%	7,493	1%	7,495	2%	7,497	2%	4,999	1%
Deferred tax liabilities	320	0%	1,386	0%	1,194	0%	-	0%	-	0%	797	0%
Other liabilities	20,511	3%	15,664	3%	16,541	3%	17,536	4%	12,148	3%	10,555	3%
Total Liabilities	595,169	97%	562,265	96%	511,576	96%	453,094	96%	441,137	97%	374,810	96%
Net Assets	21,547	3%	22,024	4%	20,592	4%	17,333	4%	15,617	3%	16,669	4%
Represented by:												
Share capital	12,975	2%	12,975	2%	12,975	2%	12,975	3%	12,975	3%	12,225	3%
Discount on issue of shares	(2,855)	0%	(2,855)	0%	(2,855)	-1%	(2,855)	-1%	(2,855)	-1%	(2,105)	-1%
Preference shares	-	0%	-	0%	-	0%	-	0%	-	0%	-	-
Reserves	2,787	0%	2,331	0%	1,991	0%	1,750	0%	1,712	0%	1,541	0%
Surplus / (Deficit) on revaluation of assets - net of tax	795	0%	2,467	4%	2,334	0%	637	0%	(1,036)	0%	490	0%
Unappropriated profits	7,845	1%	7,107	1%	6,148	1%	4,828	1%	4,821	1%	4,519	1%
Total Equity	21,547	3%	22,024	4%	20,592	4%	17,333	4%	15,617	3%	16,669	4%
Profit & Loss Account												
Mark-up / return / interest earned	72,047	93%	39,125	89%	43,099	87%	41,595	91%	29,997	93%	20,381	83%
Fee, commission and brokerage income	3,213	4%	3,207	7%	3,596	7%	2,860	6%	2,669	8%	2,124	9%
Gain / (Loss) on sale of securities - net	(307)	0%	95	0%	1,873	4%	(711)	-2%	(1,434)	-4%	1,234	5%
Income from dealing in foreign currencies	2,086	3%	1,198	3%	1,040	2%	1,010	2%	688	2%	357	1%
Dividend income	130	0%	574	1%	98	0%	300	1%	109	0%	167	1%
Other income	177	0%	3	0%	70	0%	484	1%	109	0%	169	1%
Total Gross Income	77,347	100%	44,202	100%	49,775	100%	45,538	100%	32,138	100%	24,433	100%
Mark-up / return / interest expensed	57,191	74%	27,231	62%	33,322	67%	34,566	76%	21,188	66%	14,139	58%
Provision/ (reversal) and write-off	1,099	1%	1,995	5%	1,280	3%	(92)	0%	239	1%	371	2%
Worker welfare fund & Other Charges	177	0%	45	0%	132	0%	139	0%	(149)	0%	46	0%
Operating expenses	16,749	22%	12,723	29%	13,019	26%	10,792	24%	9,956	31%	8,256	34%
Total Expenses	75,216	97%	41,993	95%	47,752	96%	45,405	100%	31,233	97%	22,812	93%
Profit Before Tax	2,131	3%	2,209	5%	2,023	4%	133	0%	905	3%	1,621	7%
Taxation	1,166	2%	905	2%	873	2%	108	0%	342	1%	647	3%
Profit After Taxation	965	1%	1,304	3%	1,150	2%	25	0%	562	2%	973	4%

Six Years' Horizontal Analysis

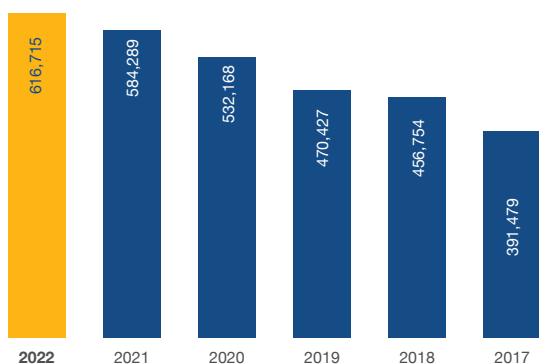
Rs. in million

Statement of Financial Position	Horizontal Analysis						
	6 Years CAGR	2022	2021	2020	2019	2018	2017
Cash and balances with treasury banks	6%	24,765	34,267	30,421	25,589	32,111	17,334
Balances with other banks	10%	1,800	1,186	1,106	463	969	1,034
Lendings to financial institutions	24%	11,351	31,939	23,240	30,321	1,937	3,116
Investments - net	10%	303,465	231,266	201,698	142,568	148,690	169,612
Advances - net	4%	231,102	254,184	250,199	242,945	251,991	184,140
Operating fixed assets	12%	13,836	13,302	10,086	11,964	8,415	7,113
Deferred tax assets	0%	-	-	-	9	287	-
Other assets	22%	30,396	18,145	14,678	16,194	12,354	9,131
Assets held for sale	0%	-	-	739	374	-	-
Total Assets	8%	616,715	584,289	532,168	470,427	456,754	391,479
Bills payable	6%	5,403	7,039	4,982	3,804	3,520	3,824
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Deposits and other accounts	8%	464,132	460,705	433,063	369,790	321,413	290,078
Sub-ordinated loans	6%	6,995	6,997	7,493	7,495	7,497	4,999
Deferred tax liabilities	-14%	320	1,386	1,194	-	-	797
Other liabilities	12%	20,511	15,664	16,541	17,536	12,148	10,555
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Net Assets	4%	21,547	22,024	20,592	17,333	15,617	16,669
Represented by:							
Share capital	1%	12,975	12,975	12,975	12,975	12,975	12,225
Discount on issue of shares	5%	(2,855)	(2,855)	(2,855)	(2,855)	(2,855)	(2,105)
Preference shares	0%	-	-	-	-	-	-
Reserves	10%	2,787	2,331	1,991	1,750	1,712	1,541
Surplus / (Deficit) on revaluation of assets - net of tax	8%	795	2,467	2,334	637	(1,036)	490
Unappropriated profits	10%	7,845	7,107	6,148	4,828	4,821	4,519
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Profit & Loss Account							
Mark-up / return / interest earned	23%	72,047	39,125	43,099	41,595	29,997	20,381
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Other Income	1%	177	3	70	484	109	169
Total Gross Income	21%	77,347	44,202	49,775	45,538	32,138	24,433
Mark-up / return / interest expensed	26%	57,191	27,231	33,322	34,566	21,188	14,139
Provision/ (reversal) and write-off	20%	1,099	1,995	1,280	(92)	239	371
Worker welfare fund & Other Charges	25%	177	45	132	139	(149)	46
Operating expenses	13%	16,749	12,723	13,019	10,792	9,956	8,256
Total Expenses	22%	75,216	41,993	47,752	45,405	31,233	22,812
Profit Before Tax	5%	2,131	2,209	2,023	133	905	1,621
Taxation	10%	1,166	905	873	108	342	647
Profit After Taxation	0%	965	1,304	1,150	25	562	973

Six Years' Financial Performance

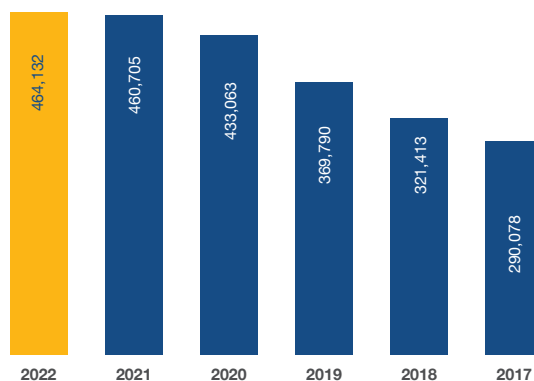
Total Assets

Rs. in million



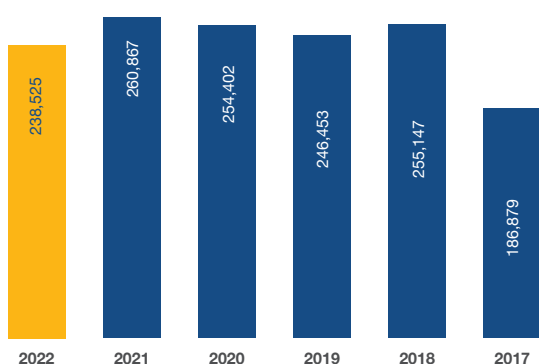
Deposits

Rs. in million



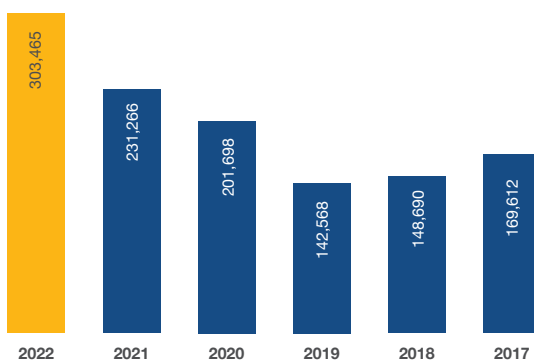
Gross Advances

Rs. in million



Investments

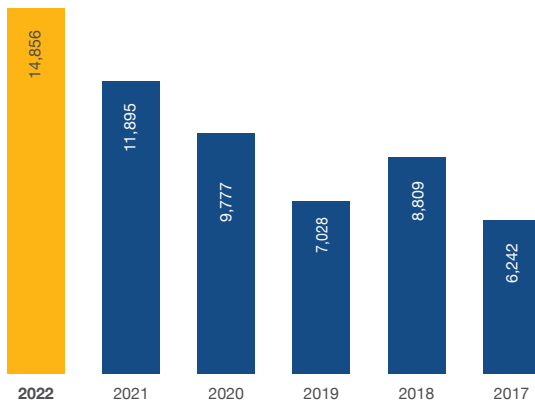
Rs. in million



Six Years' Financial Performance

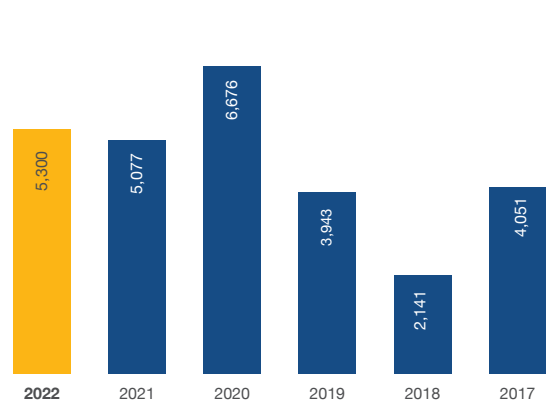
Net Markup Income

Rs. in million



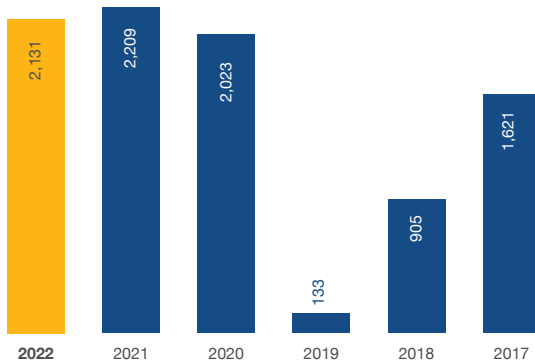
Non Markup Income

Rs. in million



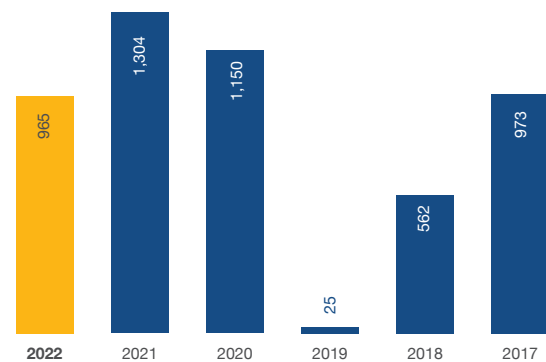
Profit Before Tax

Rs. in million

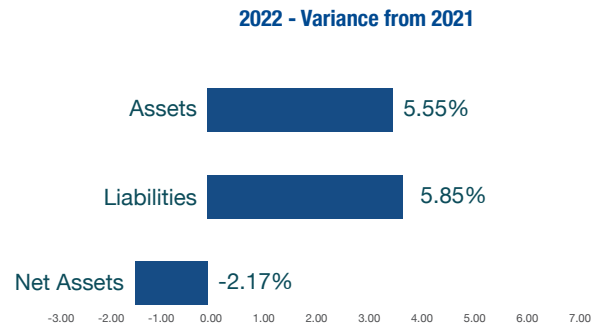
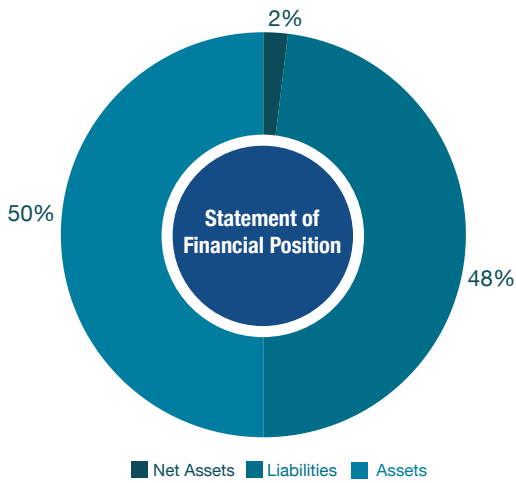


Profit After Tax

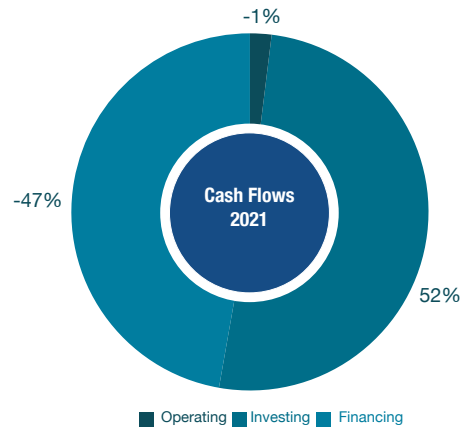
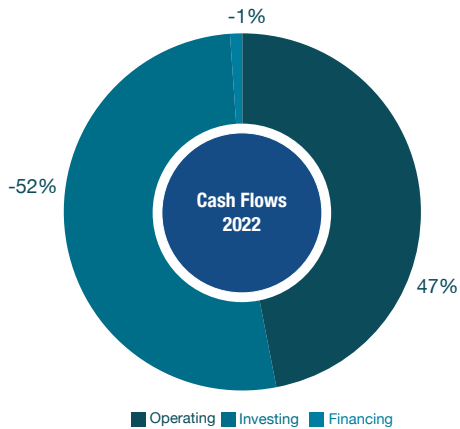
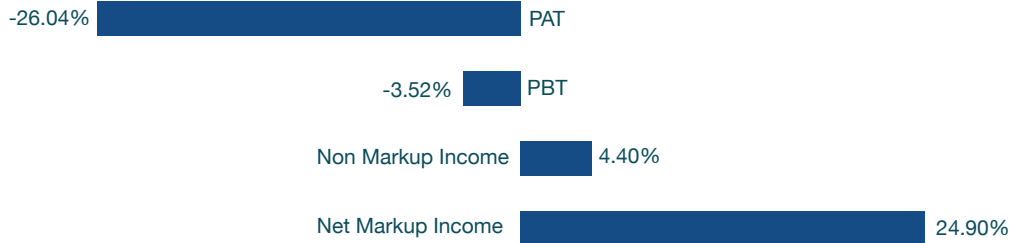
Rs. in million



Graphical Presentation of Financial Statements



Profit and Loss account Variance from 2022



Financial Ratios

	2022	2021	2020	2019	2018	2017
Profitability Ratios						
			(Percentage)			
Profit before tax ratio (PBT / Total Income)	10.57%	13.02%	12.29%	1.22%	8.26%	15.74%
Gross yield on earning ratio	13.20%	7.56%	9.07%	10.00%	7.45%	5.71%
Gross spread ratio	20.62%	30.40%	22.69%	16.90%	29.37%	30.63%
Non Interest income to total income	26.30%	29.91%	40.58%	35.94%	19.55%	39.36%
Cost/Income ratio	83.10%	74.97%	79.13%	98.36%	90.92%	80.21%
Return on Equity (PAT / Average Equity)	4.43%	6.12%	6.06%	0.15%	3.48%	5.84%
Investors' Ratios						
			(Rs. in million / Percentage)			
Market Price per share (Rs)	4.69	4.82	6.30	5.40	7.37	7.52
Earning per share (Rs)	0.74	1.01	0.89	0.00	0.30	0.74
Break Up Value or Net assets per share (Rs)	16.61	16.97	15.87	13.36	12.04	15.54
Breakup Value per share without Surplus on Revaluation of property, plant and equipment (Rs)	15.72	16.05	15.14	12.54	11.23	15.10
Market capitalisation (Rs in million)	6,085.11	6,253.78	8,174.02	7,006.31	9,562.31	8,064.93
Number of shares (Number in million)	1,297.46	1,297.46	1,297.46	1,297.46	1,297.46	1,072.46
Price to Book Ratio	28.24%	28.40%	39.69%	40.42%	61.23%	48.38%
Assets Quality and Liquidity Ratios						
			(Percentage / Times)			
Gross Advances to Deposits ratio	51.39%	56.62%	58.74%	66.65%	79.38%	64.42%
Net Advances to Deposits ratio	49.79%	55.17%	57.77%	65.70%	78.40%	63.48%
Investments to Deposits ratio	65.38%	50.20%	46.57%	38.55%	46.26%	58.47%
Infection Ratio (NPLs to Gross Advances)	6.84%	5.34%	4.61%	4.20%	3.26%	1.74%
NPLs to Net Advances Ratio	7.06%	5.48%	4.69%	4.26%	3.30%	1.77%
Coverage ratio (Specific provisions to NPLs)	44.21%	47.18%	35.64%	32.26%	35.98%	81.00%
Deposits to shareholders' equity	21.5 Times	20.9 Times	21.0 Times	21.3 Times	20.6 Times	17.4 Times
Assets to shareholders' equity	28.6 Times	26.5 Times	25.8 Times	27.1 Times	29.2 Times	23.5 Times
Earning assets to total assets ratio	88.52%	88.55%	89.28%	88.40%	88.15%	91.16%
Net interest income as a percentage of working funds /operating cost - Efficiency Ratio	88.82%	85.25%	86.67%	98.79%	91.55%	83.67%
Cash to Current Liabilities	23.99%	44.21%	57.09%	43.91%	32.09%	25.35%
Capital Adequacy						
			(Rs. in million / Percentage)			
Tier 1 Capital	20,661	20,055	18,479	17,120	15,917	14,351
Total Eligible Capital	24,759	25,810	23,100	21,426	20,178	18,943
Risk Weighted Assets (RWA)	186,736	187,444	180,889	165,774	168,020	158,458
RWA to Total Assets	30.28%	32.08%	33.99%	35.24%	36.79%	40.48%
Tier 1 to RWA	11.06%	10.70%	10.22%	10.33%	9.47%	9.06%
Capital adequacy ratio	13.26%	13.77%	12.77%	12.93%	12.01%	11.95%
Weighted Average cost of deposit	8.41%	4.88%	7.32%	8.22%	4.94%	4.56%
Financial Ratios						
			(Percentage / Times)			
Net Operating Margin (PAT / Total Income)	4.79%	7.69%	6.99%	0.22%	5.13%	9.45%
Return on capital employed	3.35%	4.57%	4.35%	0.10%	2.51%	4.71%
Return on Assets (PAT / Average Assets)	0.16%	0.23%	0.23%	0.01%	0.13%	0.30%
Debt to Equity Ratio (Long term Debt / Equity)	0.3 Times	0.3 Times	0.4 Times	0.4 Times	0.5 Times	0.3 Times
Others						
			(Number)			
Number of Branches	282	282	308	360	345	323
Number of Employees (Permanent, contractual and outsource)	4,739	4,487	5,311	4,904	5,127	4,998

Direct Method Cash Flow Statement

2022 2021
----- Rupees in '000 -----

CASHFLOW FROM OPERATING ACTIVITIES

Markup / return / interest and commission receipts	66,987,149	38,834,556
Markup / return / interest payments	(57,064,679)	(27,171,641)
Payments to employees, suppliers and Others	(4,356,753)	(5,789,434)
	5,565,717	5,873,481
(Increase) / decrease in operating assets		
Lendings to financial institutions	20,587,882	(8,698,147)
Held-for-trading securities	1,075,866	23,894,308
Advances	22,126,946	(6,465,124)
Other assets (excluding advance taxation)	(12,381,424)	(2,564,225)
	31,409,270	6,166,812
Increase / (decrease) in operating liabilities		
Bills payable	(1,635,941)	2,056,903
Borrowings	27,333,906	22,007,805
Deposits	3,426,906	27,642,421
Other liabilities	5,249,813	(1,652,602)
	34,374,684	50,054,527
	71,349,671	62,094,820
Gratuity paid	-	-
Income tax paid	(1,401,528)	(1,423,735)
NET CASH GENERATED FROM OPERATING ACTIVITIES	69,948,143	60,671,085

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in available-for-sale securities	14,472,435	(31,140,076)
Net investments in held-to-maturity securities	(91,293,894)	(22,034,344)
Investment in associated companies	-	-
Dividends received	257,720	446,016
Investment in fixed assets	(1,461,594)	(1,845,119)
Investment in intangible assets	(864,030)	(783,946)
Proceeds from sale of fixed assets	130,241	56,838
Proceeds from sale of assets held for sale	-	-
Effect of translation of net investment in foreign branch	263,175	79,022
NET CASH USED IN INVESTING ACTIVITIES	(78,495,947)	(55,221,609)

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of lease liability against right of use assets	(1,322,720)	(1,191,560)
Repayment of subordinated debt - net	(1,800)	(496,000)
Net cash used in financing activities	(1,324,520)	(1,687,560)

INCREASE IN CASH AND CASH EQUIVALENTS

(9,872,324) 3,761,916

CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR

35,145,996 31,384,080

CASH AND CASH EQUIVALENTS AT END OF THE YEAR

25,273,672 35,145,996.0

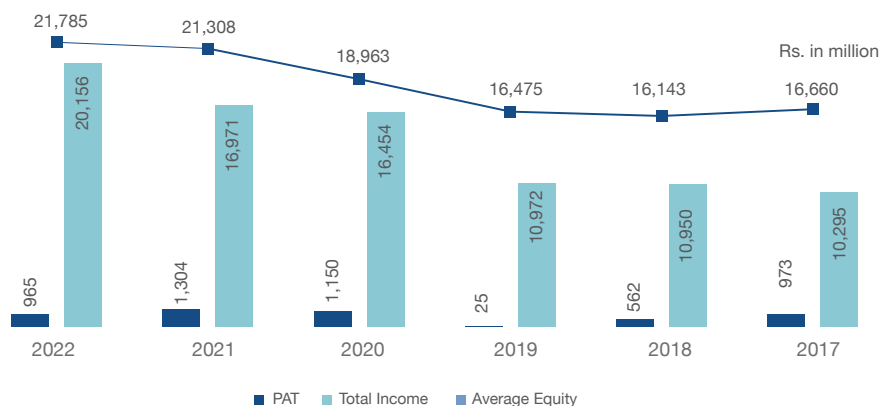
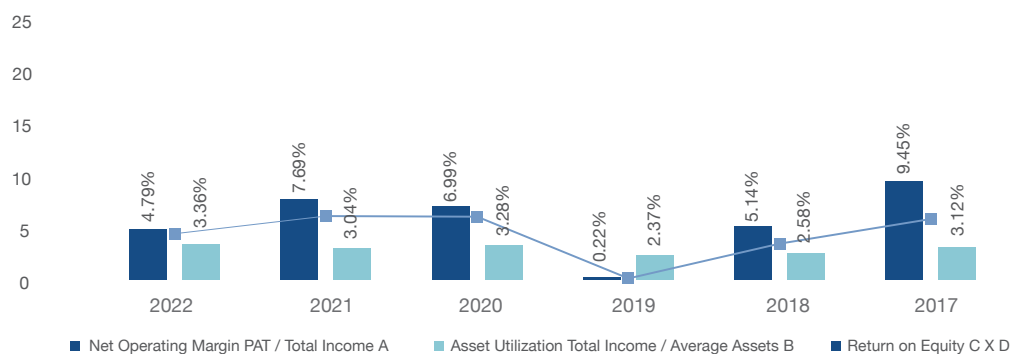
DuPont Analysis

Dupont model is a financial ratio based on the return on equity ratio that is used to analyze the 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.

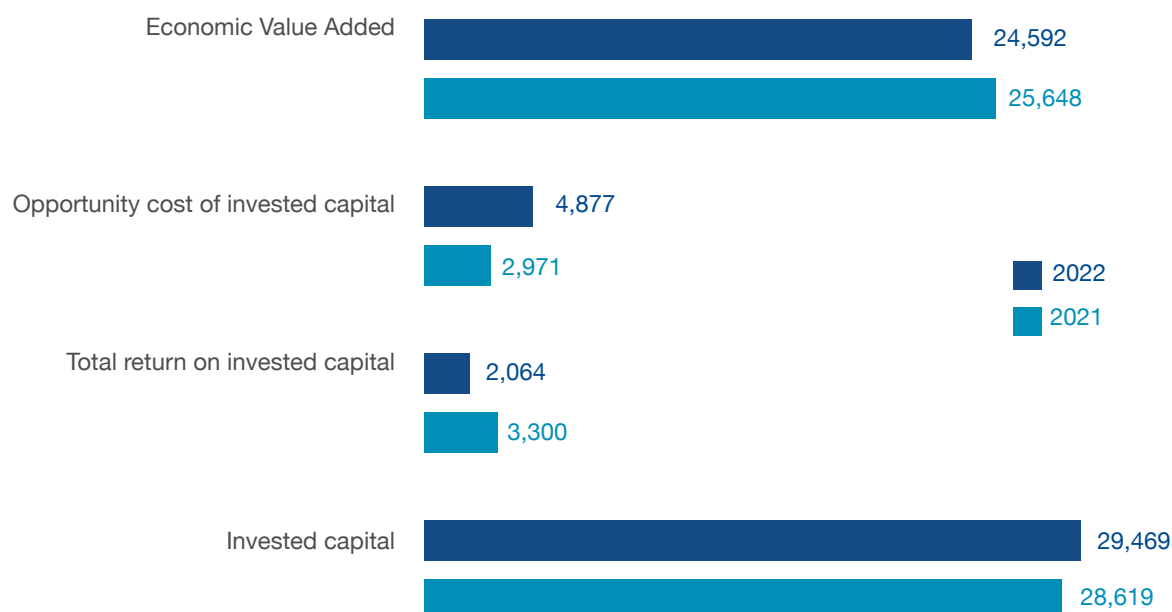
			2022	2021	2020	2019	2018	2017
Net Operating Margin	PAT / Total Income	A	4.79%	7.69%	6.99%	0.22%	5.14%	9.45%
Asset Utilization	Total Income / Average Assets	B	3.36%	3.04%	3.28%	2.37%	2.58%	3.12%
Return on Assets		C = A X B	0.16%	0.23%	0.23%	0.01%	0.13%	0.30%
Leverage Ratio / Equity Multiplier	Average Assets / Average Equity	D	27.56	26.20	26.42	28.12	26.27	19.78
Return on Equity		C X D	4.43%	6.12%	6.06%	0.15%	3.48%	5.84%



Economic Value-Added Statement

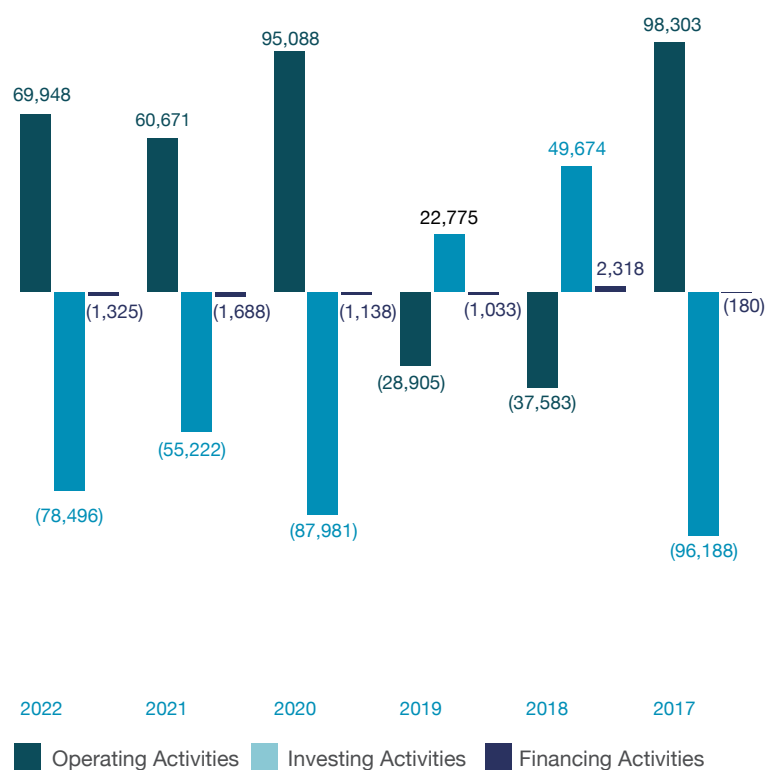
Economic value added is a measure based on the residual income technique that serves as an indicator of the profitability. It takes into account all costs including the opportunity cost of equity and it does not stick to accounting profits only.

	2022	2021
	----- Rs. in million -----	
Invested Capital		
Average shareholders' equity	21,388	21,308
Add: Cumulative provision against assets	8,081	7,311
	29,469	28,619
Return on Invested Capital		
Profit after taxation	965	1,304
Add: Provision / (reversals) and write offs - net	1,099	1,995
Total return on invested capital	2,064	3,300
Economic cost (12 months average Treasury Bill rate plus 2% premium)	16.55%	10.38%
Opportunity cost of invested capital	4,877	2,971
Economic Value-Added	24,592	25,648



Summary of Cash Flows

	2022	2021	2020	2019	2018	Rs. in million 2017
Cash flows from operating activities	69,948	60,671	95,088	(28,905)	(37,583)	98,303
Cash used in investing activities	(78,496)	(55,222)	(87,981)	22,775	49,674	(96,188)
Cash used in financing activities	(1,325)	(1,688)	(1,138)	(1,033)	2,318	(180)
Cash and cash equivalents at beginning of the year	35,146	31,384	25,415	32,578	18,169	16,221
Cash and cash equivalents at end of the year	25,274	35,146	31,384	25,415	32,578	18,169

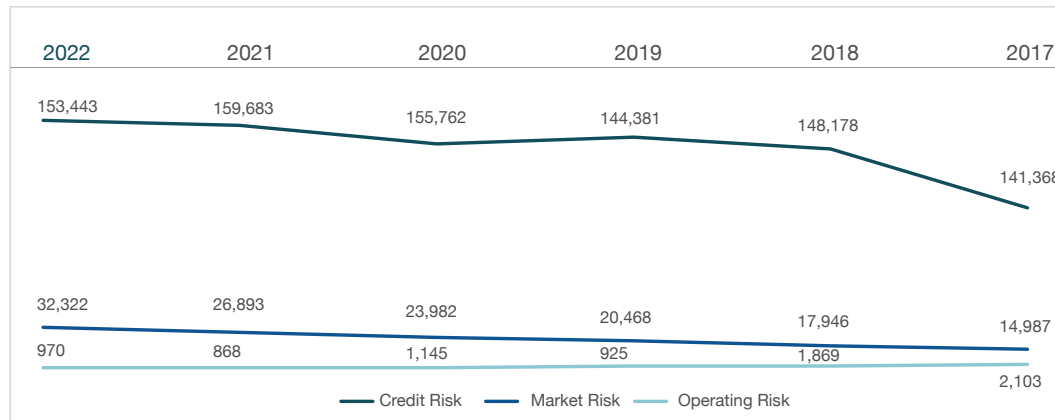


Free Cash Flows

	2022	2021	2020	2019	2018	Rs. in million 2017
Profit before taxation	2,131	2,209	2,023	133	905	1,621
Adjustment for non-cash items	5,436	3,306	3,476	1,457	537	834
Operating assets/liabilities changes	64,382	55,156	89,589	(30,495)	(39,026)	95,848
Net cash generated from operations	71,949	60,671	95,088	(28,905)	(37,583)	98,303
Capital expenditure	(2,326)	(2,629)	(1,076)	(2,032)	(1,367)	(1,290)
Free cash flows	69,624	58,042	94,012	(30,937)	(38,951)	97,013

Analysis of Capital Adequacy Ratio

	2022	2021
	----- 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	18,161	17,555
Eligible Additional Tier 1 (ADT 1) Capital	2,500	2,500
Total Eligible Tier 1 Capital	20,661	20,055
Eligible Tier 2 Capital	4,098	5,755
Total Eligible Capital (Tier 1 + Tier 2)	24,759	25,810
Risk Weighted Assets (RWAs):		
Credit Risk	153,443	159,683
Market Risk	970	868
Operational Risk	32,322	26,893
Total	186,736	187,444
Total Eligible Capital	24,759	25,810
Risk Weighted Assets (RWAs)	186,736	187,444
Capital Adequacy Ratio	13.26%	13.77%

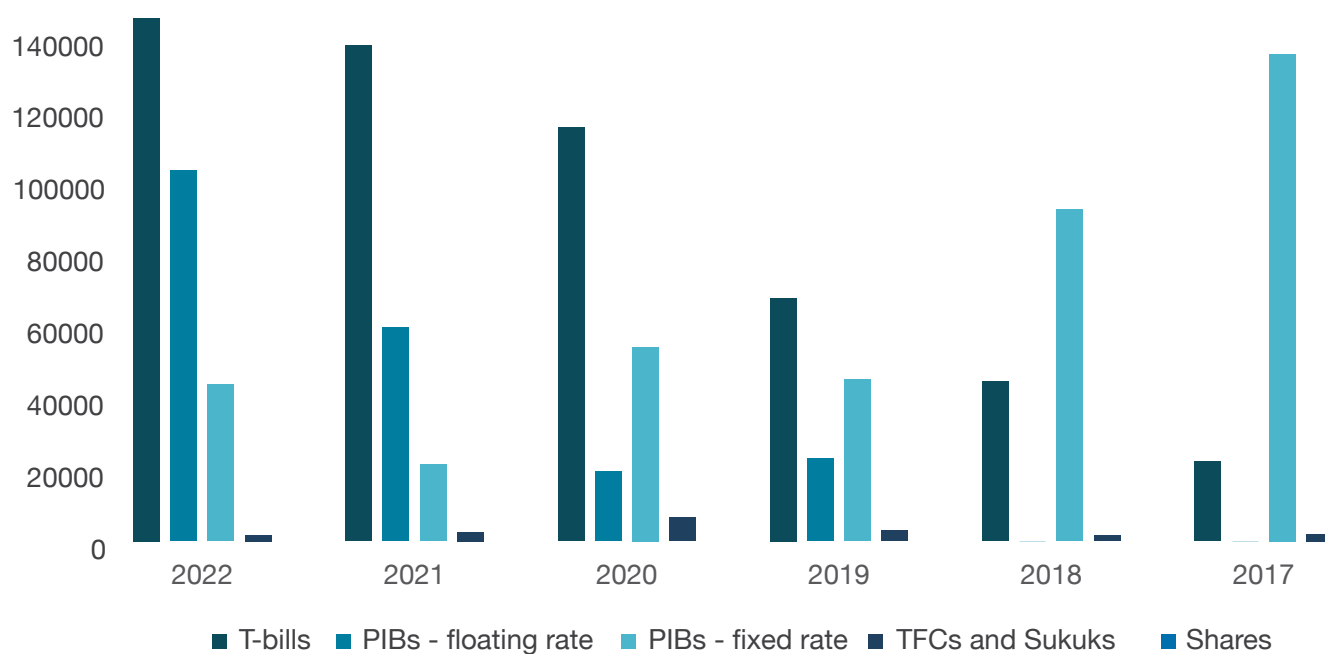


Risk Weighted Assets



Category of Investments

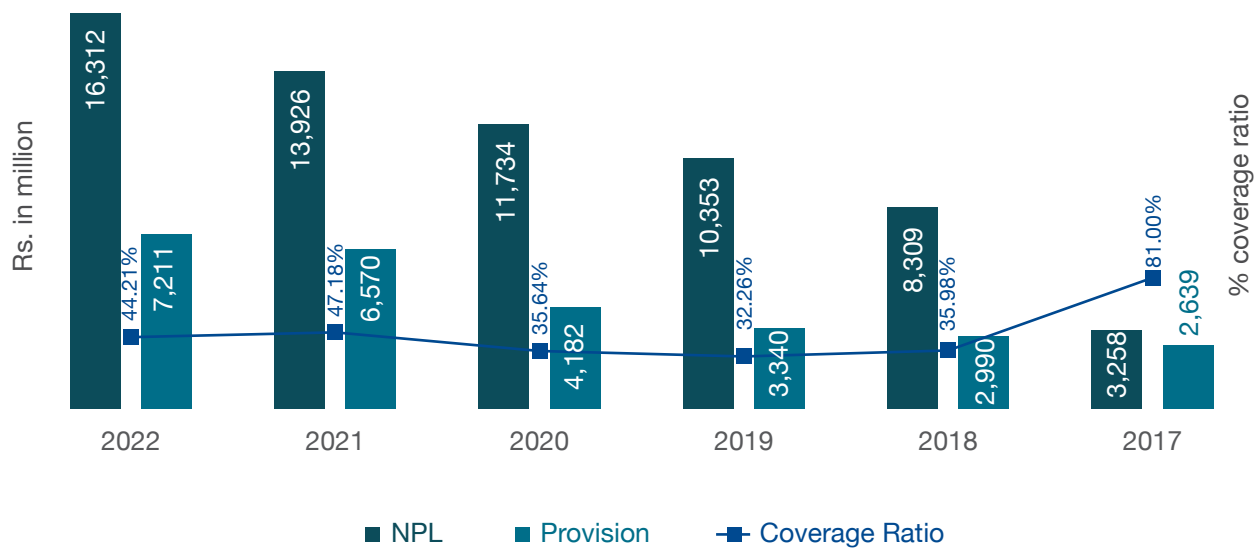
	2022	2021	2020	2019	2018	Rs. in million 2017
T-bills	145,571	137,818	115,052	67,669	44,375	22,254
PIBs - floating rate	103,061	59,377	19,424	22,927	-	-
PIBs - fixed rate	43,548	21,375	54,044	44,881	92,252	135,536
TFCs and Sukuks	1,707	2,577	6,639	2,963	1,526	1,992
Shares	5,450	4,160	4,264	1,966	2,557	3,547
Associates and subsidiaries	2,141	2,141	2,161	2,120	2,099	1,919
Others	1,988	3,819	114	41	5,882	4,364
	303,465	231,267	201,698	142,568	148,690	169,612



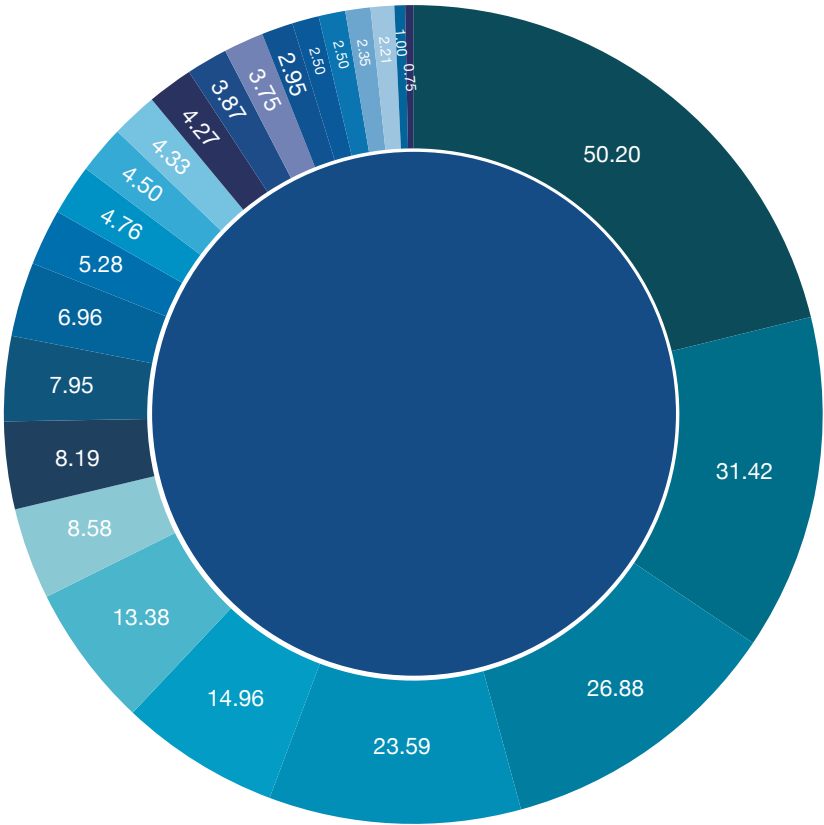
Non-Performing Loans

Category wise	2022		2021		Variance		Rs. in million
	NPLs	Provision	NPLs	Provision	NPLs	Provision	2022 Coverage
OAEM	414	0	789	2	-47.56%	100.00%	0.06%
Substandard	1,301	171	814	92	59.69%	86.18%	13.16%
Doubtful	1,808	462	1,931	435	-6.36%	6.11%	25.56%
Loss	12,789	6,577	10,392	6,040	23.07%	8.89%	51.43%
Total	16,312	7,211	13,926	6,570	17.13%	9.76%	44.21%

Coverage Ratio



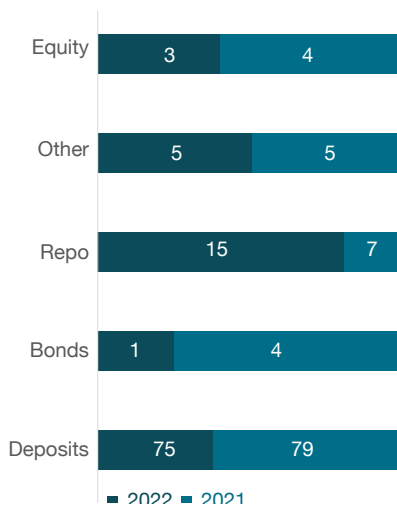
Advances Segmentation



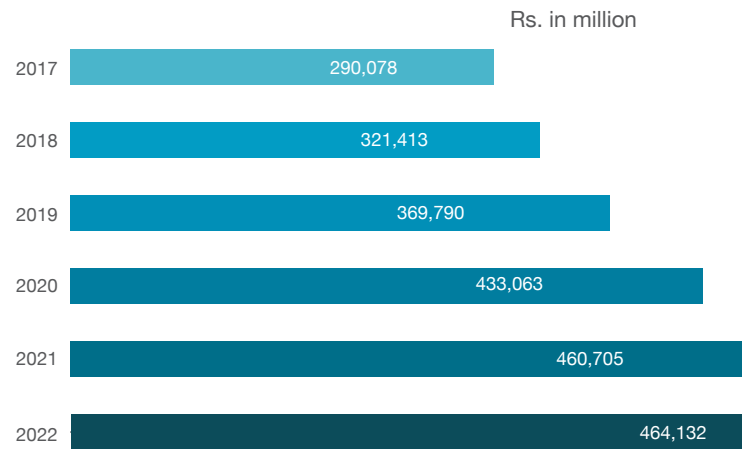
- Individuals
- Food / confectionery / beverages
- Transportation
- Others
- Textile
- Power and water
- Wholesale and retail trade
- Metal and steel
- Engineering, IT and other services
- Agri finance
- Brokerage
- Automobile and transportation equipment
- Real estate
- Petroleum, oil and gas
- Fertilizer
- Pharmaceuticals
- Cement
- Plastic
- Tele-communication
- Chemical
- Paper / board / furniture
- Sugar

Funding Mix

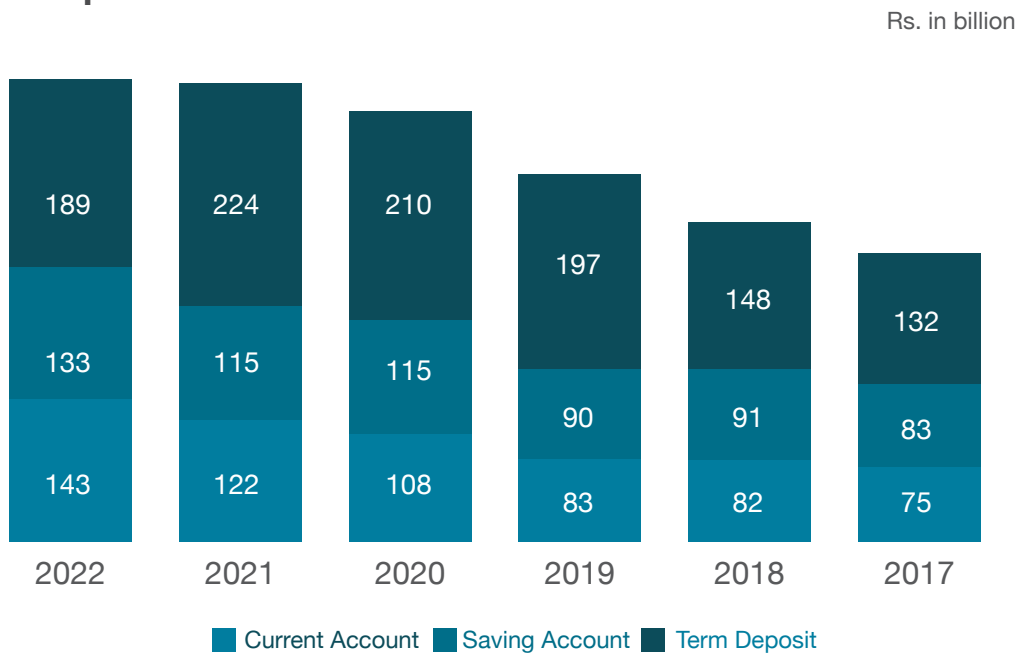
Liability Composition %



Deposits - CAGR 22%



Deposit Breakdown



Quarterly Performance

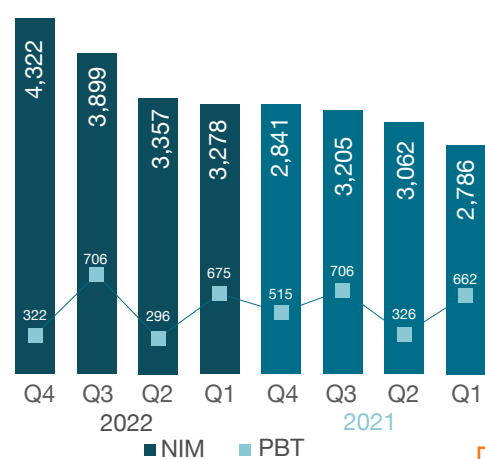
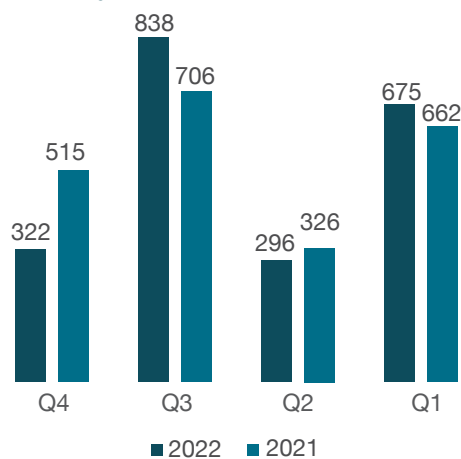
Rs. in million

	2022				2021			
	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr	4th Qtr	3rd Qtr	2nd Qtr	1st Qtr
Profit and loss account								
Mark-up earned	23,273	18,907	16,065	13,802	10,236	10,044	9,234	9,612
Mark-up expensed	(18,951)	(15,008)	(12,708)	(10,524)	(7,394)	(6,839)	(6,172)	(6,825)
Net mark-up income	4,322	3,899	3,357	3,278	2,841	3,205	3,062	2,786
Non mark-up income	974	1,866	1,250	1,210	1,357	1,432	1,210	1,078
Total Income	5,296	5,765	4,607	4,488	4,198	4,637	4,272	3,864
Non-mark-up expenses	(4,510)	(4,476)	(4,440)	(3,500)	(2,944)	(3,472)	(3,254)	(3,097)
Profit before provisions	786	1,289	167	988	1,254	1,165	1,018	767
Provisions and write off	(464)	(451)	129	(313)	(739)	(459)	(692)	(105)
Profit before taxation	322	838	296	675	515	706	326	662
Taxation	(179.46)	(442)	(280)	(265)	(218)	(270)	(146)	(271)
Profit after taxation	145	395	16	409	299	435	180	390
Statement of Financial Position								
Assets								
Cash and balance with treasury banks	24,765	31,838	30,744	27,901	34,267	27,241	36,206	25,268
Balances with other banks	1,800	1,290	4,535	1,344	1,186	574	856	412
Lendings to Financial Institutions	11,351	322	46,760	327	31,939	3,000	6,102	15,259
Investments	303,465	282,689	326,745	300,153	231,266	249,673	237,963	201,136
Advances	231,102	233,528	243,023	246,819	254,184	251,535	245,629	251,453
Fixed assets	10,004	9,993	10,248	10,233	10,167	8,495	8,464	7,937
Intangible assets	3,832	3,546	3,356	3,207	3,135	2,861	2,573	2,508
Deferred tax assets	-	-	-	-	-	-	-	-
Other assets	30,396	25,718	26,691	20,864	18,145	14,435	16,719	14,835
Assets held for sale	-	-	-	-	-	739	739	739
	616,715	588,924	692,103	610,848	584,289	558,553	555,251	519,547
Liabilities								
Bills payable	5,403	5,929	6,318	5,719	7,039	7,677	6,251	5,818
Borrowings	97,808	53,228	154,892	108,424	70,474	63,991	52,060	39,133
Deposits and other accounts	464,132	481,217	482,368	450,950	460,705	439,085	448,245	425,959
Subordinated debt	6,995	6,997	6,997	6,997	6,997	7,492	7,492	7,493
Deferred tax liabilities	320	888	608	809	1,386	2,107	2,285	1,653
Other liabilities	20,511	18,485	19,618	16,367	15,664	16,133	17,048	18,172
	595,169	566,744	670,801	589,266	562,265	536,485	533,381	498,228
Net assets	21,547	22,179	21,301	21,582	22,024	22,067	21,869	21,319
Represented by:								
Share capital	10,119	10,119	10,119	10,119	10,119	10,119	10,119	10,119
Reserves	2,787	2,757	2,554	2,452	2,331	2,244	2,098	2,042
Surplus / (deficit) on revaluation of assets - net of tax	795	1,525	1,171	1,567	2,467	2,739	3,041	2,694
Unappropriated profit	7,845	7,779	7,458	7,444	7,107	6,964	6,612	6,464
	21,547	22,181	21,301	21,582	22,024	22,067	21,869	21,319

Quarterly PBT

Rs. in million

Rs. in million

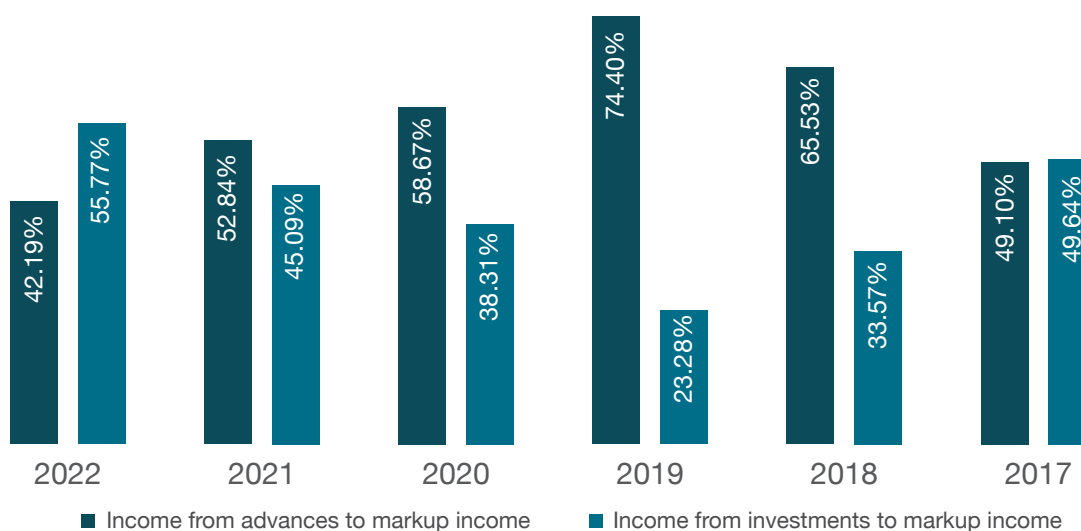


Markup and Non-Markup Income

Rs. in million

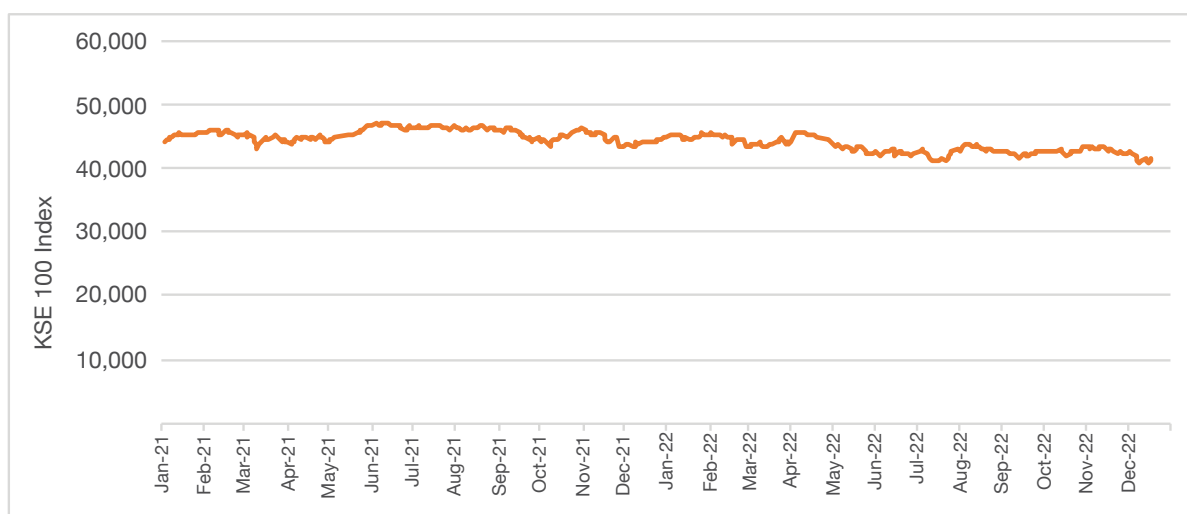
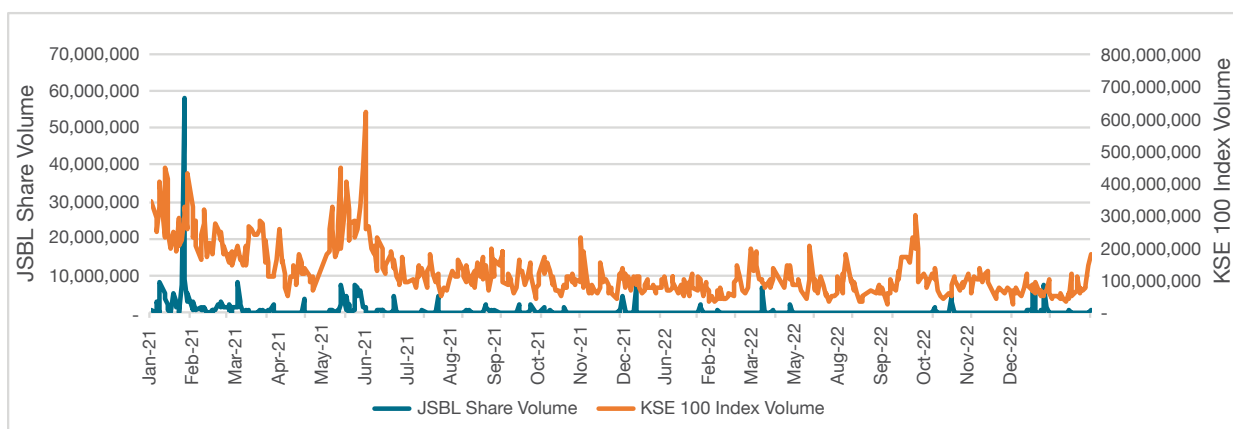
	2022	2021	2020	2019	2018	2017
Markup and Non-Markup Income						
Mark-up/return/interest earned						
Loans and advances	30,398	20,672	25,288	30,945	19,657	10,007
Investments	40,180	17,643	16,509	9,683	10,071	10,118
Lendings to financial institutions	60	26	33	53	111	78
Balances with others banks	79	46	10	55	20	4
Securities purchased under resale agreements	1,329	738	1,259	859	137	174
	72,047	39,125	43,099	41,595	29,997	20,381
Mark-up/return/interest expensed						
Deposits	38,912	21,814	29,390	28,415	15,099	11,775
Borrowings	16,279	3815	1,889	3,678	5,556	2,136
Sub-ordinated loans	1,064	696	900	1,029	408	228
Cost of foreign currency swaps against foreign currency deposits / borrowings	581	518	736	937	125	-
Lease liability against right-of-use assets	356	388	406	507	-	-
	57,191	27,231	33,322	34,566	21,188	14,139
Net Markup income	14,856	11,895	9,777	7,028	8,809	6,242
Non-markup / interest income						
Fee and commission income	3,213	3,207	3,596	2,860	2,669	2,124
Dividend income	130	574	98	300	109	167
Foreign exchange income	2,162	1,187	1,010	963	671	357
Income from derivatives	(77)	12	29	47	17	94
Gain / (loss) on securities	(307)	95	1,873	(711)	(1,434)	1,234
Other income	177	3	70	484	109	75
	5,300	5,077	6,676	3,943	2,141	4,051

Markup income from Advances and investments (2022 - 2017)



Market Share Information

2022	JSBL Share Price			Free Float		Market Capitalization	
	High	Low	Close	Shares (m)	%	Shares (m)	Value (m)
December 31, 2022	5.45	3.41	4.69	324	25%	1,297	6,085
September 30, 2022	5.39	3.41	3.95	324	25%	1,297	5,125
June 30, 2022	5.39	3.96	4.00	324	25%	1,297	5,190
March 31, 2022	5.00	4.23	4.36	324	25%	1,297	5,657
2021	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



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

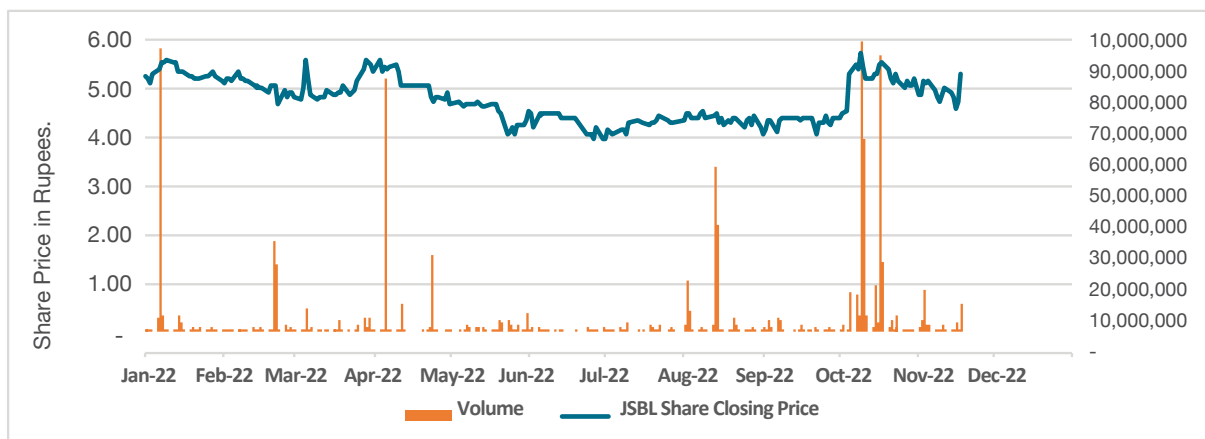
Inflation is one of the key determinants for policy rate change. Increase in inflation would lead to monetary tightening by the SBP, enabling the Bank to invest in high yielding investments, leading to increased profitability and a positive impact on the share price of the Bank.

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, 2022	Rs. 4.69
Market Capitalization as of December 31, 2022	Rs. 6,085 million
Change in Share Price by	Change in Market Capitalization
+10%	Rs. 608.5 million
-10%	Rs. (608.5) million



Sensitivity Analysis-Foreign Currency Fluctuations

The Rupee experienced a relatively challenging year and saw highs and lows reflecting the political uncertainty and deteriorating foreign exchange reserves. During the year 2022, the Rupee reached a high of 174.47 against USD in February on the back of the receipt of Sukuk proceeds and the IMF loan tranche. However, due to the deteriorating current account balance, reduced foreign exchange reserves, and political uncertainty, the Rupee touched a low of 239.94 against USD in July 2022. In CY22, PKR depreciated by 28.28% against USD. During FY23 till date, the depreciation of the Rupee against the USD stood at around 31%. The continuing depletion in foreign exchange reserves will further pressure the Rupee during 2023. The resumption of the IMF program will alleviate some pressure.

Despite the reduction in volatility in the last few months, the 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 per SBP guidelines. The bank ensures full implementation of BASEL III liquidity standards and liquidity ratios.



Calendar of Major Events - 2022

March 02, 2022	Annual Results – 2021 approved by the Board
March 8, 2022	Approval of investment in an associated company (BIPL) by the Board
March 30, 2022	16 th Annual General Meeting of the Shareholders
April 27, 2022	1st Quarter Results – 2022 approved by the Board
August 24, 2022	2nd Quarter Results – 2022 approved by the Board
October 04, 2022	Extraordinary General Meeting of the Shareholders
October 26, 2022	3rd Quarter Results – 2022 approved by the Board
November 17, 2022	Approval by the Board for intention to acquire majority shares in BankIslami Pakistan Limited
December 21, 2022	Budget 2023 approved by the Board
December 27, 2022	Corporate Briefing Session

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 service. Support activities are the value activities that sustain and facilitate the primary activities.





WILSON'S STORM PETREL

Petrels are known for their resilience and ability to survive in tough conditions. This gorgeous-looking seabird is mostly black and white from the rump area. Even in tumultuous storms, it flies in the trough of waves to take cover. At JS Bank, we hold our customers dear and strive hard to provide effective solutions to ease financial limitations in their hour of need.





STRATEGY AND RESOURCE ALLOCATION



Strategy and Resource Allocation

We are committed to driving sustainable growth by providing quick and easy banking solutions to our customers. Our focus is to channel our resources and efforts to facilitate our customers' needs, enhance our footprint and provide modern digital banking solutions to our customers.

With our business strategy and operational plan, we are well-positioned to deliver sustainable growth by building a stable deposit base, improving our customer experience, and maximizing returns through a strong focus on cost discipline across the Bank. We have a lean organizational structure with a passionate leadership team which shares the same core values as the Bank. This has simplified our processes and enabled quick decision-making to address customer needs with speed and agility.

Strategic Objectives:

<p>Short Term</p>	<ul style="list-style-type: none"> • Continue to leverage technology and deliver superior customer service by digitalizing and automating core banking processes. Our aim is to improve our customer interface and enable customers to interact and transact digitally with a sharp focus on catering to the emerging millennial and Gen-Z population • Data-driven decision-making to optimize costs, drive quality, and core profitable earnings instead of just growth in headline numbers. Focused efforts to grow in high-yielding conventional banking products • Maintain our presence across the country through an optimized branch network to maximize income streams via profitable growth in deposits, prudent and measured expansion in advances
<p>Medium Term</p>	<ul style="list-style-type: none"> • Steadily increase our customer base and deposits, grow our market share in consumer products to be a leader within mid-sized banks with a diversified portfolio of products and low NPLs • Maintain a diversified portfolio of products providing financial solutions to individuals, SMEs, Agriculture customers, and Public and Private-sector organizations • To have end-to-end digitally enabled banking solutions for Gen Zs and millennials and establish ourselves as an innovative and customer-centric Bank
<p>Long Term</p>	<ul style="list-style-type: none"> • Develop JS Bank as a prominent Bank in the country with an international presence. Deliver a user experience that transcends conventional banking norms and embeds deeply within the financial ecosystem of Pakistan's economy • Connect with like-minded organizations to create synergies and build a network of partners that brings value through solutions to our customers, utilizing the benefits of synergies created between such partnerships • Support environmental, social, and good governance initiatives for economic growth, social progress, and environmental protection

Strategies in Place

Our efforts are directed towards an optimized and well-positioned branch network, operational excellence and customer-centricity. We strive to offer our customers seamless experience across all touchpoints. is enabled by using data from our digital platforms, studying customer behaviors and patterns, and regularly monitoring customer satisfaction indicators.

In our journey to digitize and automate banking solutions, we continue to work towards increasing penetration of Mobile/WhatsApp/Internet banking and maintain our focus on developing technologically advanced and secure financial solutions.. With the fast-paced growth of the digital landscape in the country, we remain focused on delivering quick, secure, and easy digital banking solutions. This is 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 continue to enhance our emphasis on areas and products where we have distinctive capabilities, focus on our flagship products, and develop a profitable suite of consumer and wholesale banking solutions.

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

Our strength lies in our people. We firmly believe that energized and motivated teams deliver the best results. Our skilled and motivated people 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. We constantly review performance indicators to ensure they remain relevant to our strategic objectives and aligned with changing economic, technological, and regulatory environments.

Strategic Objective	Strategy for meeting objective	KPI
Accelerate digital transformation, reduce costs, and automate processes to enhance efficiency and improve customer satisfaction	<p>Enabling end-to-end banking solutions through digital channels, i.e., Mobile, WhatsApp, 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 views of the customer across all touchpoints with an enhanced focus on deposits and transactional solutions and capitalize on cross-selling opportunities in existing relationships</p>	<p>Increase in Mobile % banking usage vs. 2022</p> <p>Decrease vs. 2022 % in manual account opening forms</p> <p>Increase in CRM % Utilization vs. 2022</p>
Provide value-added services and deliver operational excellence through an established branch footprint	Establish a strategically positioned network of branches offering top-notch service and a welcoming and appealing look and feel. Improve customer experience by reducing turnaround times, monitoring service levels through customer feedback and digital/technology platforms	Improvement in BSI score vs. 2022
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 the public and private sectors. Greater focus on SME and commercial clients through competitive pricing and differentiated offerings	Growth in deposits and Advances vs. 2022
A diverse portfolio of profitable products meeting consumer needs across each segment and demographic	Offer innovative and digitally-enabled financial solutions addressing the financing needs of SME enterprises and leverage our flagship and profitable products. Increasing deposits and customer stickiness via conversion of customers to digital channels	Growth in ENR vs. 2022
An optimized and well-led diverse organization	Encourage gender equality and diversity across all businesses. Develop a caring and compassionate culture that drives the right employee behavior. Foster employee development 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 Strive to retain top talent and offer relevant development and growth opportunities to our staff Continue to focus on training and development of employees to serve our customers better
Manufactured Capital	<ul style="list-style-type: none"> Timely investment in improving branch infrastructure whenever required Branches to be positioned and segmented based on product offering to increase the customer base Equipping branches with the latest digital technology to improve service levels
Financial Capital	<ul style="list-style-type: none"> Invest in process automation and IT network improvement and build capacity internally to achieve technological advancements Invest in business-relevant infrastructure, including buildings and equipment Invest in high-yielding assets and optimize costs to increase profitability
Intellectual Capital	<ul style="list-style-type: none"> Reengineer processes whenever needed to create synergy between functions aiming to increase customer satisfaction Drive compliance across the organization, ensuring all Governance standards are strictly implemented and followed Drive constant innovation in products and processes to improve customer satisfaction
Social and Relationship Capital	<ul style="list-style-type: none"> Build partnerships and collaborate with like-minded organizations to offer innovative products and solutions Partner with relevant organizations to build awareness of sustainable energy solutions Conserve energy through renewable energy solutions, promote a paperless environment, and contribute to the environment by actively participating in cleanliness and plantation drives, etc.

Strategy to Overcome Liquidity Problem

We actively manage our Bank's liquidity and funding to support the business strategy and meet regulatory requirements at all times, including stress scenarios. The liquidity risk is managed through a detailed risk management framework, which is approved by the Board of Directors. Under this framework, the Bank closely monitors its liquidity position by analyzing early warning indicators and various risk appetite measures, including liquidity coverage and net stable funding ratios. The Bank's Current, Savings and Term deposit base indicates a stable and sound liquidity position. The Bank also has a reasonable portfolio of marketable securities that can be realized in the event of liquidity stress. The Bank is fully compliant with Basel III Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), which shows

the Bank's ability to meet its short-term funding requirements and provide stable funding against its asset portfolio. The Bank has a well-defined Liquidity Contingency Plan for liquidity crisis management. Furthermore, our risk management section of the report discusses a detailed aspect of liquidity risks

Significant Changes from Prior Years

No significant changes in objectives and strategies from prior years.

Business Model

Key Inputs



FINANCIAL CAPITAL

Share Capital Rs. 10,119 million
Total Equity Rs. 21,547 million
Deposits Rs. 464,132 million
Subordinated Debts Rs. 6,995 million



HUMAN CAPITAL

Staff Strength 4,739
Place where talented people thrive.
Great Values & work ethics practices.



MANUFACTURED CAPITAL

Branch Network 282
Intangible Assets Rs. 3,832 million
Property and equipments Rs. 10,004 million



INTELLECTUAL CAPITAL

Well-defined strategic direction and coherent policies
Robust and capable board with diverse expertise
Effective leadership and skilled management
Streamlined and optimized infrastructure system



SOCIAL AND RELATIONSHIP CAPITAL

Engaging and dynamic social media presence
Well-maintained and user-friendly website
Responsive and preemptive grievance redressal system



INSTITUTIONAL CAPITAL

Long-Term Credit Rating AA-
Short-Term Credit Rating A1+











NATURAL CAPITAL


Stringent Health and Safety protocols
prioritized across all premises.


Business Activities


Our Principles to Operate


-  Sustainable office practices and eco-friendly operations
-  Continuous improvement of customer experience and satisfaction
-  Effective and agile risk management strategies
-  Ongoing professional development and upskilling opportunities for employees
-  High employee satisfaction and motivation levels
-  Commitment to diversity and inclusion, including hiring people with disabilities
-  Full compliance with all regulatory standards and requirements
-  Continuous innovation and adoption of digital technologies
-  Socially responsible business practices and community involvement
-  Meaningful contributions to Corporate Social Responsibility initiatives
-  Strong ethical values and principles ingrained in all business practices


Key Outputs

- 

TO SHAREHOLDERS
 Profit after Tax Rs. Rs. 965 million
 Earnings per Share Rs. 0.74
 Return on Equity 4.43%
 Capital Adequacy Ratio 13.26%
 Return on Assets 0.16%
- 

TO HUMAN CAPITAL
 Salaries & Benefit Rs. 6,863 million
 Robust training and development
 Professionally trained and skilled service staff
 Well-structured and beneficial internship opportunities
 Engaging team building and motivational programs to foster collaboration and productivity.
- 

TO CUSTOMERS
 Deposits Growth 0.74%
 Advances decline -9.08%
 CASA Mix Improved.
 Commendable customer complaint resolution rate.
- 

TO REGULATOR
 Strict adherence to all regulatory mandates and standards.
 Effective corporate governance policies and their rigorous implementation.
- 

TO SOCIETY
 Contribution to CSR Rs. 43 million
 Strong and positive customer relations and engagement.
 Inclusive hiring practices that welcome people with disabilities.
 Supportive and inspiring workplace culture and environment.



SIND SPARROW

Strikingly patterned sparrow is mostly spotted flying over reedy habitats along rivers, canals, and wetlands. The feathers of this bird are covered with an impressive fusion of different shades, including brown, white, grey, and black. This efficiently smart bird can swiftly swim away when faced with any kind of difficulty, although it is not a water bird. At JS Bank, we aspire to this efficiency and have equipped all our employees to resolve obstacles that our customers may face through our unrivalled customer care services.





RISK AND OPPOURTUNITIES



Risks and Opportunities

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

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
<p>Credit Risk</p> <p>The risk of loss to the Bank from its borrowers and counterparties in the event of failure to fulfill their obligations, including of whole or partial settlement of principal, mark-up, collateral, and other receivables</p>	High	Medium	External	<p>Measurement: Credit Risk Management function under Credit Risk 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, facility risk ratings, and customer behavior analysis.</p> <p>Monitoring: Credit Risk function reviews counterparties through credit proposals. The Credit Admin Department (CAD) function under the Risk Management Group 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 the Loan Originating System (LOS) for the automated credit approval process in a paperless environment to optimize the turnaround 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 decision</p>	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
<p>Market Risk</p> <p>The risk of loss arising from potential unfavorable change in the Bank's assets and liabilities from market variables including, but not limited to, interest rates, foreign exchange rates, equity prices, commodity prices, spreads, and market volatilities</p>	High	Low	External	<p>The Bank has Portfolio Management Committee (PMC) at the management level and Board Risk Management Committee (BRMC) at the board level for discussions and deliberations on key risk issues on the portfolio level. Periodic meetings are conveyed to oversee the risk exposures at the portfolio level</p> <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, stop-loss triggers at script and portfolio levels, 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 the Risk Management Group that ensures market risk limits will not exceed the tolerance levels set by the Board. Assets & Liability Committee (ALCO) is entrusted with monitoring the market risk exposures and limits through meetings periodically.</p> <p>Management: The Bank follows 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

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
<p>Liquidity Risk</p> <p>The risk that the Bank is unable to offset certain positions in the marketplace or the inability the Bank to convert assets to cash or obtain funding from other sources</p>	High	Low	Internal & External	<p>Measurement: The Bank measures Liquidity Risk as part of its liquidity monitoring activities. The liquidity risk assessments and stress tests aim to ensure sufficient liquidity for the Bank under normal and stressful conditions.</p> <p>Monitoring: In line with SBP's directives under the 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 established Early Warning Indicators and Liquidity Risk Analysis tools to trigger any point for management attention.</p> <p>Management: The Bank follows a liquidity risk management approach to manage funding sources and intraday liquidity management. The Bank's deposit base indicates a 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. The Board approves underlying policies in respect of liquidity, investment, and treasury</p>	Financial

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
<p>Operational Risk</p> <p>Operational risk is the risk of loss to the Bank from inadequate or failed processes, systems, people, and/or from external events</p>	Medium	Low	Internal & External	<p>Measurement: The Bank has a defined Operational Risk Management Policy and framework in place. Considering the policy, the Bank has a 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 of the Bank's critical functions. Analyses of operational loss and results of KRIs and RCSAs help the Bank to mitigate risks.</p> <p>Monitoring: The Bank is in practice to periodically present updates on operational risk and loss events to senior management and the board sub-committee.</p> <p>Management: The Bank has an Operational Risk Management unit under Risk Management Group responsible for managing operational risk tools. An Operational Risk Management Committee (ORMC) at the management level oversees various operational risk events. The Bank has initiated an awareness program through workshops and training sessions to build and inculcate risk culture across the Bank.</p>	Financial, Intellectual & Reputational

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
<p>Capital Adequacy Risk</p> <p>This risk is registered in an event when the Bank has insufficient capital to support its business activities and to meet the regulatory requirements under normal and stressed situations</p>	High	Medium	Internal & External	<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 capital assessment enables the Bank to evaluate the adequacy of the amount, type, and capital distribution required to cover various risks.</p> <p>Management: The Bank's total Capital Adequacy Ratio is above the requirement of 11.50% (including a 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 on short, medium, and long-term opportunities.</p>	Financial
<p>Country Risk</p> <p>The risk likelihood of a country being unable to fulfill its obligations towards one or more foreign lenders/ investors</p>	Low	Low	External	<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

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
<p>Information Security Risk</p> <p>This risk comprises the impacts to the Bank and its stakeholders that could occur due to the threats and vulnerabilities associated with the operations and use of information systems and the environments in which those systems operate</p>	High	Medium	Internal & External	<p>Monitoring & Management: The Bank always focuses on providing simplified banking solutions to its customers through innovative technology applications to protect customer information from vulnerabilities and threats. The Bank has embedded various information security controls and consistently develops more controls.</p> <p>The Bank has developed an Information Technology Risk Assessment Framework which enables better management of technology risks, especially information security risks, properly</p>	Financial & Intellectual

Risk Type	Materiality Rating	Residual Risk Post Embedded Controls	Source	Strategy	Impacted Capital
<p>Regulatory Risk</p> <p>Regulatory risk is the effect of a change in laws and regulations that could potentially cause losses to the Bank's business, sector or market</p>	Medium	Medium	External	<p>Measurement: The Bank considers all regulatory risks for effective management of legislative changes 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 performance. The Bank aims to maintain continued compliance with regulatory requirements.</p>	Financial & Intellectual
<p>Reputational Risk</p> <p>The risk refers to the potential for negative publicity, public perception, or uncontrollable events to harm a company's reputation, thereby affecting its operations, market positioning, revenue and profitability</p>	Medium	Medium	Internal & External	<p>Monitoring & Management: Reputational risk is managed by maintaining a governance framework, policies, procedures, systems, and customer support arrangement to minimize reputational risk proactively. 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 a Code of Conduct, Whistleblowing, and Personal Account Dealing ▪ Refraining from activities that could lead to monetary and non-monetary fines from the Regulators ▪ Avoiding any unfavorable/negative news in the media 	

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), IFRS-9 Steering Committee to oversee implementation of IFRS-9, 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, Business Continuity Planning, Operational and Environmental Risk, Consumer & Program Lending Risk, Credit Administration, Special Assets Management, 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

The Bank has a well-structured risk management framework which is based on three lines of defense. The 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. The 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 defaults in the payment of any borrowing / debt during the year. The Bank has sufficient liquidity to fulfill all its commitments.



RED-NECKED GREBE

Red-Necked Grebe is an exuberant aquatic bird often spotted flying across inland freshwater lakes and ocean coastlines. These birds are extremely protective of their own kind. They transfer flightless young grebes to other ponds in times of danger. Just like how this devoted bird goes out of the way to protect its own, we, at JS Bank, are committed to making our customers feel protected through our Security and Fraud Protection measures.





CORPORATE GOVERNANCE



Corporate Governance

Roles & 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 and approved by the Board of Directors' Handbook.

The Board is responsible for formulating goals and strategies for the Bank. It is also responsible for defining and determining policies of the Bank regarding the execution of its functions and approving internal rules for implementation. The formulation of clear objectives and policies provides 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 its responsibilities. For each sub-committee, the Board adopts formal Terms of Reference setting out the matters relevant to the composition, roles, functions, responsibilities, and administration of such committees. All the Board sub-committee meetings are held a sufficient number of times in a year to discharge their duties.

Sub-Committees of the Board

The Board presently has the 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. The Board to discharge the 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 Corporate Governance, the Board has conducted a self-evaluation exercise on an annual basis by engaging Grant Thornton Anjum Rahman Chartered Accountants (GT) as an external facilitator, which has a team of qualified consultants to conduct board evaluations for companies and banks. The Board of JS Bank, in compliance with SBP's Guidelines on Performance Evaluation of the Board of Directors and Listed Companies (Code of Corporate Governance) Regulation, 2019, has conducted its self-evaluation for the year 2022 by engaging GT. The evaluation covered various aspects of the performance of the Board, including but not limited to the Board sub-committees, CEO & Chairman, etc.

The evaluation was carried out using a 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. The measurement scale used in JS Bank'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.

Roles & 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 the 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.

Roles & 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 the achievement of short and mid-term objectives that

contribute to the achievement the long-term strategic goals.

- Establish a system of checks and controls to supplement the growth of the Bank.
- Provide liaison between the Board of Directors and the Bank's Management to ensure the placement of managerial efforts with the 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 of 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 the Board's Performance Evaluation.

Formal Orientation Courses for Directors

The Board members are regularly provided with an update on new applicable laws, rules, and regulations, including amendments made thereto to apprise them of their powers, duties, and responsibilities. At the time of induction of a new director, he/she is provided with detailed written material in the shape of extracts from relevant laws, rules & regulations on the role 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 seven directors, four directors have completed Director's Training Program and one director of the Bank is exempted from the requirement of the Directors' Training Program.

Whereas remaining newly elected directors will be certified in due course.

The Bank has an 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.

Board Meetings Held Outside Pakistan

None

Policy for Actual and Perceived Conflict of Interest

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 either the discussion or the decision on that matter. The procedure to handle conflict of interest in the Board meetings is followed strictly and no breach occurred during the year.

Investors' grievance policy

Voice, Chat & SMS, Customer Care Unit, Business

Conduct, Service Quality & Branch Banking and Consumer Insights are all under the control of a separate Customer Experience division that the Bank has developed. The Bank continuously gain a deeper knowledge of its customers' needs and commits to supply the greatest degree of customer satisfaction and service quality.

As part of the SBP Consumer Grievances Handling Mechanism, the Bank carries out mystery shopping and surveys to find out how happy its customers are with the grievance handling procedures in place at their end. The results are shared with the Board and State Banking of Pakistan at least once every two years. Corrective action is regularly performed to strengthen the weak service areas. Maintaining fairness during customer interaction, having clear and open communications, developing a service culture, and keeping a robust grievance-handling mechanism is our top goal. To promote ethical behavior and informed financial decisions among consumers, we also put a focus on financial literacy among our customers and shareholders through our Consumer Education and Financial Literacy Program.

The Bank has also incorporated information about its complaint management function in a variety of consumer communications, including account statements, ATM screens, and letters and emails sent to consumers. The Bank has posted such material on social media, sent SMS messages, and sent email direct messages (EDMs) to its customers twice a year to increase the number of consumers who have access to the recourse mechanism. To better understand interaction across various customer touchpoints, the Bank has deployed Microsoft Dynamics 365 CRM solution, which includes tools that tap into customer behavior and uncover chances for optimization. On the Bank's website, there are also online feedback forms. Email broadcasts for customer awareness and education have also been sent to customers.

Investors may speak with the Company Secretary or go to the Bank's official touchpoints at <https://jsbl.com/touchpoints> to express their complaints (against any stakeholder):

Mr. Hasan Shahid

Company Secretary
JS Bank Limited
1st Floor Shaheen Commercial Complex,
Dr Zia Uddin Ahmed Road, Karachi, Pakistan.
Contact Number: +92 (21) 111 572 265 Ext: 7576

Investors can visit the SECP service desk management at <https://sdms.secp.gov.pk/sdmsadmin/> to file a complaint.

Whistleblowing Policy

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

HR has clear Disciplinary action procedures, according to which Disciplinary Action Committee explicitly handles all disciplinary related cases in a fair and transparent manner via a standard process to ensure prompt, consistent and fair treatment for all employees. It aims to provide bank's employee a fair, clear and useful tool for correcting performance problems.

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 has made necessary arrangements to provide safe, secure, and confidential reporting channel(s)/ mechanism and implemented a whistleblowing program so that employees and outside parties may escalate their concerns without fear of reprisal or adverse consequences.

Where whistleblower chooses to reveal his/ her identity, reasonable efforts are 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 whistleblower.

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

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

The BAC reviews the effectiveness of whistle blowing procedures for receiving (through internal or external sources) complaints/concerns. Further, The BAC ensures that such concerns are treated confidentially, and the reporting employee(s) are protected and not penalized in any manner 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 and is working with Future Trust; a non-profit philanthropic/ charitable trust set up by JS Group for the promotion, advancement, and encouragement of technology and innovation against poverty and general improvement of socio-economic conditions and living standards of the people of Pakistan. It supports youth in acquiring progressive education, vocational and career guidance and entrepreneurship

In the summer of 2022, torrential rains induced devastating floods in the country. We extended our support for humanitarian relief in areas affected by flash floods, especially in the Sindh province. This included providing staple food items and free primary medical camps.

To support the helpless people of the flood-affected areas, we collaborated with the Sindh

Association of North America (SANA) to organize mobile medical camps and distribution drives comprising ration bags and mosquito nets. The project was divided into two phases comprising three areas, including medical camps, food & ration distribution, and protective care distribution.

With the formation of a group comprising qualified doctors, paramedical staff, volunteers, and helpers, we commenced our activities in Sindh. In September 2022, the first medical camp was organized at Bakhtiarpur village, 12km away from Sehwan city. The village was underwater with no road access. The team had to reach there by boat. The JS mobile clinics were set up in villages across the region, where thousands of men, women, and children were given free medical treatment and medicines. The team focused on providing the best healthcare to the affected people and fulfilled the role of a socially responsible business entity.

While the dewatering of flood-hit areas continued, scores of people were compelled to live in makeshift tents without proper arrangements to cope with the winters. In view of this situation, we decided to come forward.

Overall, we covered 63 remote villages at treated over 10,000 patients, distributed thousands of ration bags, mosquito nets and winter kits.

CSR Events

JS Bank organized and celebrated a number of international days in 2022 to create social awareness, responsibility, understanding, and appreciation of connections between people and the natural environment.

World Water Day



Earth Day



Earth Hour



Plastic Free Day



Anti-Corruption Day



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 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 has in place a dedicated site for Disaster Recovery and Disaster Recovery Plan (DRP) under the ownership of Information Technology Group.

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 a 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 three 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.

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, three 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 and Internal Audit Strategy.
- 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.

1. Central Credit Committee (CCC)
2. Agri Credit Committee (ACC)
3. Integrated Risk Management Committee (IRMC)
4. Operational Risk Management Committee (ORMC)
5. Portfolio Management Committee (PMC)
6. Remedial Management Committee (RMC)
7. Customer Experience Council (CEC)
8. Disciplinary Action Committee (DAC)
9. Anti-Harassment Committee (AHC)
10. Expense Approval Committee (EAC)
11. Negotiation Committee (NC)
12. IFRS-9 Project Steering Committee

Salient Features of Board Committees' TOR

Board Audit Committee (BAC)

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, 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.
- Review of BAC performance on an annual basis against the defined roles & responsibilities.
- 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.
- 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 formulate and document 'Key Performance Indicators' (KPIs) for CIA and
- Evaluate his/her performance against the set KPIs on an annual basis.
- The BAC shall ensure independence of any investigations/ disciplinary actions against CIA and Internal Auditors.
- Review quarterly, half-yearly and annual financial statements of the Bank, prior to their approval by the Board of Directors and any announcements to be made in the public domain with regard to these accounts.

- The committee shall review the Related Party transactions and recommend the same for review and approval by the Board of Directors.
- 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.

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.

Board HR 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 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:
 - Criteria for identification of personnel who may subject the Bank to significant risks, i.e., Material Risk Takers (MRTs) and Material Risk Controllers (MRCs).
 - 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.
 - Major types of risks and how these are taken into account for determination of risk adjusted compensation.
 - Separate structures of remuneration for MRTs and MRCs.
- Review of scorecards for MRTs and MRCs and their performance evaluation mechanisms.
- 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.
- 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 organization.
- 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 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 organizational goals and risk profile of the Bank.
- Grievance handling & Disciplinary Action Policy
- Guidance for performance management, annual increment and employee recognition programs.
- 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:

1. To review IT and Digital strategies and relevant policies before submission to the Board and make recommendations for strategic decisions on IT-related matters.
2. To review progress and implementation of the IT Strategic Plan and deliberate changes to it, as and when required.
3. 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.
4. 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
5. To review progress and implementation of various IT projects
6. To make recommendations on major IT investment decisions and ensure that investments are aligned with IT Strategy approved by the Board.
7. To review and approve cloud-based outsourcing arrangements in line with the policy approved by the Board of Directors.
8. To review and approve TORs of IT Steering Committee.

Management Committees

Leadership Team Committee (LT)	Central Credit Committee (CCC)		
Extended Leadership Team Committee (ELT)	Agri Credit Committee (ACC)	Remedial Management Committee (RMC)	
Asset Liability Committee (ALCO)	Integrated Risk Management Committee (IRMC)	Customer Experience Council (CEC)	Expense Approval Committee (EAC)
IT Steering Committee (ITSC)	Operational Risk Management Committee (ORMC)	Disciplinary Action Committee (DAC)	Negotiation Committee (NC)
Compliance Committee Management (CCM)	Portfolio Management Committee (PMC)	Anti-Harassment Committee (AHC)	IFRS-9 Project Steering Committee

IT Governance

IT Governance Policy

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

A comprehensive enterprise technology governance framework based on prudent practices can help the Bank better develop innovative products and services by enabling them to manage technological issues and identify, measure, mitigate, monitor, and report technology-based risks and threats. The underlying principle for an enterprise technology governance framework is that the 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 one-time 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 the use of technology meets business objectives, and monitor compliance with 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. The technology governance framework shall be

closely aligned with Bank's corporate governance framework. It 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 to align technology and business strategies to identify and control technology risks 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 the 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 ensure 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 the 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 – Aligning the strategic direction of IT with the business with respect to services & projects and verifying strategic compliance, i.e., achieving 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. The Bank's IT processes with IT portfolio management shall provide effective and efficient delivery of the IT components of programs and early warning of any deviations from the 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 benefits realization; and that 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.

As all transformations primarily start and are dependent on its people, at JS Bank, we developed the People Strategy to play a fundamental role in making JS Bank THE Bank of Choice for both our customers and our employees.

The People Strategy was directly linked to our Business Strategy and set the direction for all the key areas of HR, including sourcing, hiring, onboarding, performance management, learning & development, talent management, succession planning and reward & recognition. One of the key pillars realized for the People Strategy was to hire Right Person for the Right Role. This is being achieved by efficiently planning our workforce capacity, initiating competency-based assessments for key job roles and improving Candidate Experience. Further to sustain the strategy, values driven culture was invigorated by assigning the central leadership with the task of creating a humanistic workplace.

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 Whistleblowers

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 Whistleblowing 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 Whistleblowing

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.

Persons with Disabilities (PWDs) normally face severe limitations while accessing financial services offered by financial institutions because of a combination of physical constraints and perceptions about their abilities to handle financial matters. The need arose to make banking easy and convenient for them through supportive physical infrastructure, accessible products and services, assistive technologies, and supportive staff interactions. Keeping in view of the above and in line with State Bank of Pakistan's guidelines for Banking on Equality, 08 branches were selected pan Pakistan as PWD – Role Model branches. The purpose of these branches was not only to facilitate PWD customers but also to serve as model branches for our employees who face similar challenges. These branches were relocated / renovated to comply with PWD guidelines and were also equipped with interpretation services deployed through Connect Hear. Further, organizations such as NOWPDP were engaged for sourcing of potential

candidates for each branch with similar challenges and provided them the platform to make and excel in their professional career.

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



ALPINE ACCENTOR

Alpine Accentor is seen travelling across mountains of southern temperate Europe, Lebanon, and Asia. The unique factor about this eccentric bird kind is the way they communicate with each other, full of layers and mystery. Just like how this bird shields the communication with its own kind, protecting our customers' private financial details is our top priority; thus, we leave no stone unturned to keep our systems intact and secure.





**CORPORATE
SOCIAL
RESPONSIBILITY**



Sustainability and Corporate Social Responsibility

Responsibility to the community in which it operates is a foundational cornerstone for JS Bank and a testament to our commitment. JS Bank creates value by contributing to sustainable development and responsible business within our spheres of operation by dedicating significant resources to contribute to the well-being of society. We do this through various ways, including providing climate financing and sustainable solutions, building and inculcating awareness of responsible corporate practices, and extending financial grants to our partner organizations working to support the underprivileged.

JS Bank & the Environment

Climate change is our most important issue, and the risks are significantly higher for developing countries. Due to its geological location in a region where climate change's effects are accelerating, Pakistan is highly vulnerable. In addition to increased heat, drought, and extreme weather in parts of the country, the melting of glaciers in the Himalayas has impacted some of the important rivers of Pakistan. This climate disaster has had enormous economic, social, and environmental consequences. Between 1999 and 2018, Pakistan ranked 5th among the countries affected most by extreme weather caused by climate change. JS Bank has been at the forefront of taking initiatives over the years to mitigate the impact of climate change. We take pride in knowing that our initiatives have been acknowledged in Pakistan's Nationally Determined Contributions (NDCs). We remain one of the first private sector entities to lead public/public sustainable initiatives. We strive to integrate environmental consciousness as part of organizational culture and reorientation of banking products/services and operations to reduce their environmental impact.

Fully Compliant with State Bank of Pakistan - Green Banking Guidelines:

In 2017, the State Bank of Pakistan issued Green Banking Guidelines (GBGs) to safeguard against environmental risks emerging from banks' and DFIs' businesses and operations. These Guidelines were issued to reduce potential losses of banks and DFIs through proper management of the environmental vulnerability of their financing portfolios

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

- The introduction of an Environmental and Social Risk Management (ESRM) Framework in 2019 creates awareness of the environmental and social (E&S) risks involved in extension of credit and the procedures and authorities established to manage these risks. The process recognizes that environmental and social issues are mainstream issues and E&S risk assessment should be performed in addition to the conventional credit risk assessment. Our ESRM aims to fulfill our responsibility towards environmental protection and provide financing solution for resource efficient and climate resilient economic transformation.
- Measures to identify, assess, and mitigate environmental risks for clients. While the primary responsibility of ensuring compliance with environmental laws and regulations rests with the borrowers, we go above pre-established standards to create a holistic eco-system of environmental risk management for all concerned.
- Introduction of carbon reduction measures in self-operations. This ongoing exercise includes 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). Any gap is followed by a rectification exercise through the 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.
- By adopting sustainable practices and combining the efforts of our Product, IT, and Digital teams, JS Bank managed to reduce our carbon footprint by 11.7% saving 329 trees in the process.
- Portfolio ERR Analysis: In CY2022, JS Bank facilitated financing for over 3,100 customers spreading across all our national footprint. From these new customers, less than 1% scored a high Environmental Risk Rating (ERR) reflecting that the majority of our customers have low to medium environmental impact. For the very small 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 friendly approach of doing business.

Accreditation to the Green Climate Fund (GCF):

In 2019, JS Bank became Pakistan's first financial institution accredited by the Green Climate Fund (GCF), the world's largest dedicated fund helping developing countries respond to climate change. It was set up by the United Nations Framework Convention on Climate Change (UNFCCC) in 2010. GCF aims 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 programs. As of 31 December 2021, there were 209 approved projects in 128 countries with total financing of USD 42.76 billion.

This accreditation was based on JS Bank meeting GCF's stringent criteria, including fiduciary standards, environmental and social safeguards, and specialized capacities in driving climate action. As an accredited entity, JS Bank can apply for funding of up to USD 250 million per project. JS Bank can also mobilize 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.

Green Office Certification

JS Bank Limited became first commercial Bank in Pakistan to be certified by the World-Wide Fund for Nature (WWF Pakistan) for their Green Office Initiative. The aim of this initiative is to reduce greenhouse gas emissions and to decrease the ecological footprint at the workplace through various initiatives such as reducing electricity consumption and paper waste.

As a part of the certification process, WWF undertook a comprehensive audit using stringent guidelines to check all the processes and procedures adopted by JS Bank for energy conservation & waste management at its head office. The Bank successfully met all the requirements set by WWF and was then declared as being Green Office certified

on 17 March 2022. The diploma certificate is valid for two years.

JS Bank initiatives for SDG's during the period 2021-22:

SDG Goal 3 - Good Health and Well-being

In October 2022, JS Bank celebrated Pinktober, where it focused on celebrating women's femininity, encouraging them to #FightLikeAWoman. To enforce this, JS Bank hosted a Breast Cancer session in collaboration with Shaukat Khanum Memorial Hospital to give a detailed overview of the signs to look out for and available treatment measures. The session was open to male and female employees from around the country, associated with a symbolic giveaway, the scented candles describing the hope of being together in this fight.

SDG Goal 5 – Gender Equality: JS Bank is working to improve Gender Equality

JS Bank is working to increase the representation of women across all functions and at various levels within the Bank as per SBP's policy to have women's ratio of 20% in the financial sector workforce by 2024. In the year 2021, Bank collaborated with International Finance Corporation and World Bank to create a family-friendly workplace. The Bank has started working on Gender and PWD sensitization of all its employees and achieved 30% coverage in 2022. The Bank intends to completely sensitize all its employees by 2024 and create Women service champions at all its customer touch points. Also, we now have a Women Financial Services Team that works towards enhancing our Products and Services targeted towards women customers and increasing their financial inclusion.

In 2022, JS Bank introduced "HER" account, which celebrates and acknowledges a woman's multiple strengths. HER account is designed especially for women who can now enjoy extensive banking benefits, preferential pricing, and free micro-critical illness coverage. To date, more than 2,000 HER accounts have been opened.

SDG Goal 7 – Affordable & Clean Energy

JS Bank has solarized 113 branches, representing over 33% of its total nationwide branch network. We

continue to increase our reliance on clean energy and promote using clean, renewable energy products.

SDG Goal 10 – Reduce Inequality: JS Bank strives for ‘Inclusion for All’

At JS Bank, we are working towards an inclusive culture. We believe that for a healthy performance-oriented culture, the Bank needs the right mix of talent not bound by Gender, Disability or Race. Diversity offers tremendously unique perspectives that inspire innovation; hence, we strive to become a more Diverse, Equitable, & Inclusive organization and aim to create an impact.

Continuing our mission of Inclusion for all, we kicked our Project Uraan in 2021, offering career opportunities to Persons with Disabilities. 25 students were provided with internship opportunities to give them exposure to the Bank’s work environment along with 22 persons who were made part of our permanent workforce. Project Uraan is an ongoing Program through which we will continue to provide such opportunities to PWD students and professionals.

We strive to become an inclusive bank and have 8 Accessible Bank branches across Pakistan which have been renovated according to standard accessibility guidelines for infrastructure. The employees at these branches are trained to facilitate PWD customers through braille forms and digital interpretation services.

SDG 11 Climate Action: GCF accreditation will enable JS Bank to take on Climate Action aggressively

The Bank has a demonstrated record of undertaking environmental and social initiatives in clean energy, energy efficiency, transport, and infrastructure to comply with GCF requirements for Accreditation.

We have become the first (and only) private sector entity to get a project approved named “Pakistan Distributed Solar Project” by the Green Climate Fund Board in Board Meeting # 32. The Project is designed to promote the Financing Scheme for Renewable Energy announced by the State Bank of Pakistan. The Project shall provide concessional financing to Women Entrepreneurs, Residential and Agri-based customers, and Small and Medium Enterprises, for the installation of renewable energy products in order

to shift from complete reliance on the national grid to renewable energy sources with an aim to mitigate carbon emissions.

Salient Features of Pakistan Distributed Solar Project:

- Developing an informative marketing campaign for Renewable energy lending solutions, which will enable other Commercial banks to follow suit
- Ease Collateral Requirement
- Promoting lending to women Entrepreneurs
- Creating a Robust Gender Action Plan which will enable and promote women’s inclusion within Solar Energy Space

Solar Financing Solutions:

To provide environmentally friendly solutions, JS Bank has successfully financed over 385+ solar projects for Residential and Agriculture purposes in CY2022. It has also been actively working towards reducing the country’s carbon footprint and has deployed approximately 5600 KW worth of solar panel systems. JS Bank customers can now generate their own electricity hassle-free through the solar panel system installed on their businesses/residences/farms without being dependent on the grid.



ALPINE SWIFT

Alpine Swift, famously known as the athlete of the air, is often spotted flying over mountains, suburbs, and forested areas. This exceptional bird spends most of its lifetime in the sky flying and even has the ability to sleep in the air. Swifts are always on the go and rarely rest or get tired, much like how we, at JS Bank, prefer to be for our customers. To match with the fast-paced life of our customers, we provide them with even faster banking solutions through round-the-clock services.





STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT



Stakeholders Relationship and Engagement

Steps 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 the meaningful participation of minority shareholders in the 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 at 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 its 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 the last AGM, decisions taken, and their implementation status

No issues have been raised in the last AGM.

Investor Relation Section on Corporate Website

JS bank by complying with the regulatory requirement has made the presentation available on the website

<https://jsbl.com/knowledge-center/investor-information/>

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

<https://jsbl.com/knowledge-center/investor-information/>

The Bank disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website, maintained 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

The Bank regularly conducts annual corporate and investors briefing sessions. During the year 2022, a teleconferencing session was held on Dec 27, 2022. Notice was issued to the stakeholders through Pakistan Stock Exchange to encourage them to attend the session online/in person.

Customer Grievance Redressal Practices

The JS Bank Customer Experience (CE) team organizes, plans, and regularly assesses the Bank's customer experience across all touchpoints to create the best possible interaction between the Bank and its customers. The CE team develops and implements efficient procedures that improve client connections, loyalty, and satisfaction. One of our core values, customer centricity, goes hand-in-hand with efficient complaint handling, grievance management, and listening to the customers' voice to fully grasp stakeholder wants and adapt our product and services to meet their expectations.

The complaint management policy and grievance procedure make sure that complaints are handled within the State Bank of Pakistan-defined turnaround time and, where necessary, that recurrence of complaints is prevented. The complaint management process is kept as open as possible by registering concerns, acknowledging them, giving an interim reply (if necessary), and resolving them. If customers are not pleased with the Bank's resolution, they can also communicate with the Banking Ombudsman (Mohtasib).

To increase exposure of its complaint management function, the Bank has also included information in many consumer communications, such as account statements, ATM screens, and letters and

emails sent to customers. To increase the number of customers who have access to the recourse mechanism, the Bank has posted such information on social media, sent SMS messages, and sent email direct messages (EDMs) to its customers twice a year. A thorough grievance system, details of touchpoints, and online feedback forms are available on the Bank's website. Customers have also received email broadcasts for customer awareness and education.

Our corporate culture is founded on treating customers fairly. The Bank has incorporated a "Customer Protection Framework." Our main goal is to always prioritize the demands of the customer while creating, marketing, and managing our business. We maintain fairness in all our interactions with customers, communicate effectively, promote a culture of service, and develop a productive method

for handling grievances. We also focus on the financial decisions that customers make through our consumer education and financial literacy initiatives.

In contrast to call centers that only handle phone calls, the JS Bank Voice, Chat and SMS (VCS) Team facilitates customer interactions across a variety of channels, such as phone calls, emails, chat over SMS and WhatsApp, online forms, and the growing use of social media interactions. The JS Bank VCS team is made up of qualified experts who provide a wealth of knowledge and complaint responses around-the-clock. The customers are further assisted by important supporting technologies including interactive voice response, automatic call distribution, and computer telephony integration.

Statement and Distribution of Value Added

Value Added	2022		2021	
	Rs. in million		Rs. in million	
Net mark-up / interest income	14,856		11,895	
Non mark-up / interest income	5,300		(5,077)	
Operating expenses excluding Staff cost, depreciation, amortization, donation and WWF	(7,712)		(5,343)	
Provision against advances, lending, Investments and others	(1,099)		(1,995)	
Value added available for addition	11,345		9,634	
Distribution of Value added				
	2022		2021	
	Rs. in million	%	Rs. in million	%
To Employees				
Remuneration , provident fund and other benefits	6,863	61.22%	5,520	57.30%
To Government				
Worker Welfare Fund	43	0.38%	44	0.46%
Income Tax	1,166	10.41%	905	9.35%
	1,209	10.79%	949	9.80%
To Society				
Donations	43	0.38%	44	0.46%
To Growth and expansion				
Depreciation	1,963	17.51%	1,681	17.45%
Amortization	167	1.49%	134	1.40%
Retained Earnings	965	8.61%	1,305	13.55%
	3,095	27.61%	3,121	32.39%
	11,210	100.00%	9,634	100.00%

Excellence in Corporate Reporting

Unreserved Compliance of International Financial Reporting Standards (IFRS)

The Bank's management is committed to strict adherence to all relevant International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) for the accurate and transparent presentation of financial statements.

In compliance with the accounting and reporting standards issued by the IASB that are applicable in Pakistan, the financial statements for the year have been prepared. The adoption status of IFRS is elaborated in note 2 of the unconsolidated financial statements.

Adoption and Statement of Adherence with the International Integrated Reporting Framework

The main purpose of this report is to provide meaningful and valuable information to the Bank's stakeholders, covering its strategic priorities and future plans. To achieve this objective, the report encompasses a comprehensive overview of the organization and external environment, governance, risks and opportunities, strategy and resource allocation, and outlook. The Bank has adopted an integrated thinking approach, resulting in a periodic and holistic report that reflects its value creation over time. The reporting approach links financial and non-financial information to provide a complete perspective on the Bank's performance for all relevant stakeholders.

Content Elements Incorporated in our Annual Report

Organizational 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 establishing the Bank's goals and strategies. In addition to setting policies and guidelines for the Bank's operations, the BoD oversees the performance of the senior management team in executing their assigned responsibilities.

Sustainability and Corporate Social Responsibility

JS Bank is committed to contributing to the community through various activities, including initiatives related to health, environment, sports, social awareness, cultural promotion, and welfare, while prioritizing the interests of its employees and customers.

Risks and opportunities

The Bank operates in an environment where market risk, credit risk, liquidity risk, operational risk, and environmental risks are present. To mitigate these risks, the Bank has implemented risk management measures that effectively safeguard the Bank's capital.

Strategy and Resource Allocation

In pursuit of its goal to maximize shareholder value and achieve sustainable returns that exceed shareholder expectations, the Bank formulates short, medium, and long-term objectives, execution plans, and considers the operational context and stakeholder feedback in developing its strategies.

Outlook

The Bank acknowledges that the government's fiscal actions, including monetary policy, geopolitical situation, law and order situation, inflation, and taxation, may present challenges and risks to its operations. To mitigate these risks and maintain its market position, the Bank allocates its resources strategically and takes corrective measures to protect its capital and provide the best possible returns to its shareholders.

Stakeholder Relationship and Engagement

The Bank maintains strong stakeholder relations through proactive stakeholder management, which involves developing an understanding of the diverse stakeholders of the Bank, identifying their interests in the Bank's functions and operations, and engaging with them accordingly.

Performance and Position

The Bank regularly evaluates its performance and position based on Key Performance Indicators (KPIs). In terms of growth, the Bank has performed well, and the commitment to providing excellent customer service is a testament to the hard work and dedication of our employees.

Excellence in Corporate Reporting

The Corporate Reporting Framework of the Bank is based on the International Financial Reporting Standards (IFRS), Islamic Financial Accounting Standards (IFAS), the Companies Act of 2017, the Banking Companies Ordinance of 1962, and the directives issued by the State Bank of Pakistan (SBP) and Securities and Exchange Commission of Pakistan (SECP). The Bank and its subsidiaries follow a financial calendar from January to December, and M/s KPMG Taseer Hadi & Co. is the Bank's external auditor. The External Auditors' Report provides key information about the current fiscal year and was prepared for the reporting year ending on December 31, 2022.



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Chartered Accountants
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INDEPENDENT AUDITOR'S 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 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2022.



KPMG Taseer Hadi & Co.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance.

Reference	Description
Paragraph 14	The audit committee meeting for the financial statements of quarter ended 31 March 2022 was not held due to pending Fit and Proper test clearance of the newly elected directors as explained in Paragraph 14 of the Statement of Compliance.

Date: 08 March 2023

Karachi

UDIN: CR202210106N785WlmwO

KAMS 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, 2022**

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

1. The total number of directors of the Bank is seven as per the following:

a. Male: Six (including the Chief Executive Officer (CEO))

b. Female: One

2. The composition of the Board is as follows:

Category	Names
i) Independent Directors	<ul style="list-style-type: none"> • Ms. Nargis Ali Akber Ghaloo • Lt. Gen. (R) Sadiq Ali • Mr. Shahnawaz Haider Nawabi • Syed Mumtaz Ali Shah • Mr. Usman Yousaf Mobin
ii) Non-Executive Directors	<ul style="list-style-type: none"> • Mr. Adil Matcheswala – Chairman
iii) Executive Director	<ul style="list-style-type: none"> • Mr. Basir Shamsie – President & CEO
iv) Female Director	<ul style="list-style-type: none"> • Ms. Nargis Ali Akber Ghaloo (Independent Director)

*In addition to his role as President & CEO of the Bank, Mr. Basir Shamsie has been appointed as a director of the Bank on January 18, 2023 to fill in the casual vacancy subject to the approval of the State Bank of Pakistan.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Bank.
4. The Bank has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy, and significant policies of the Bank. The Board has ensured that a 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 the Act and the Regulations with respect to frequency, recording, and circulating minutes of meetings of the Board.
8. The Board has a formal policy and transparent procedures for the remuneration of directors in accordance with the Act and the Regulations

9. Out of seven directors, five directors have completed Director's Training Program, and one director is exempted from the requirement in accordance with the Regulations. Whereas one newly elected director will obtain certification in due course.
10. The Board has approved the appointment of the Chief Financial Officer (CFO), Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment, and complied with relevant requirements of the Regulations. No new appointment has been made during the financial year except that of the CFO and the Company Secretary.
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 Ali Akber Ghaloo (Independent Director)	Chairperson
Ms. Nargis Ali Akber Ghaloo (Independent Director)	Chairperson
Lt. Gen. (R) Sadiq Ali (Independent Director)	Member
Mr. Shahnawaz Haider Nawabi (Independent Director)	Member

HR Remuneration & Nomination Committee:

Syed Mumtaz Ali Shah (Independent Director)	Chairman
Mr. Adil Matcheswala (Non-Executive Director)	Member
Mr. Usman Yousaf Mobin (Independent Director)	Member

Risk Management Committee:

Syed Mumtaz Ali Shah (Independent Director)	Chairman
Lt. Gen. (R) Sadiq Ali (Independent Director)	Member
Mr. Shahnawaz Haider Nawabi (Independent Director)	Member
Mr. Basir Shamsie (Director, President and CEO)	Member

IT Committee:

Mr. Usman Yousaf Mobin (Independent Director)	Chairman
Ms. Nargis Ghaloo (Independent Director)	Member
Mr. Basir Shamsie (Director, President 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 committees was as per following:

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

Audit Committee for the financial statements of the quarter ended March 31, 2022, could not be convened since the constitution of the Board Audit Committee was pending post-election of directors held on March 30, 2022, as the majority of the newly elected board members could not attend meetings in terms of regulation G-6 (3) of the Corporate Governance Regulatory Framework issued by the State Bank of Pakistan (SBP) and had yet to receive Fit and Proper Test clearance by the SBP which was received on May 24, 2022.

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

16. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with the 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 CEO, CFO, 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

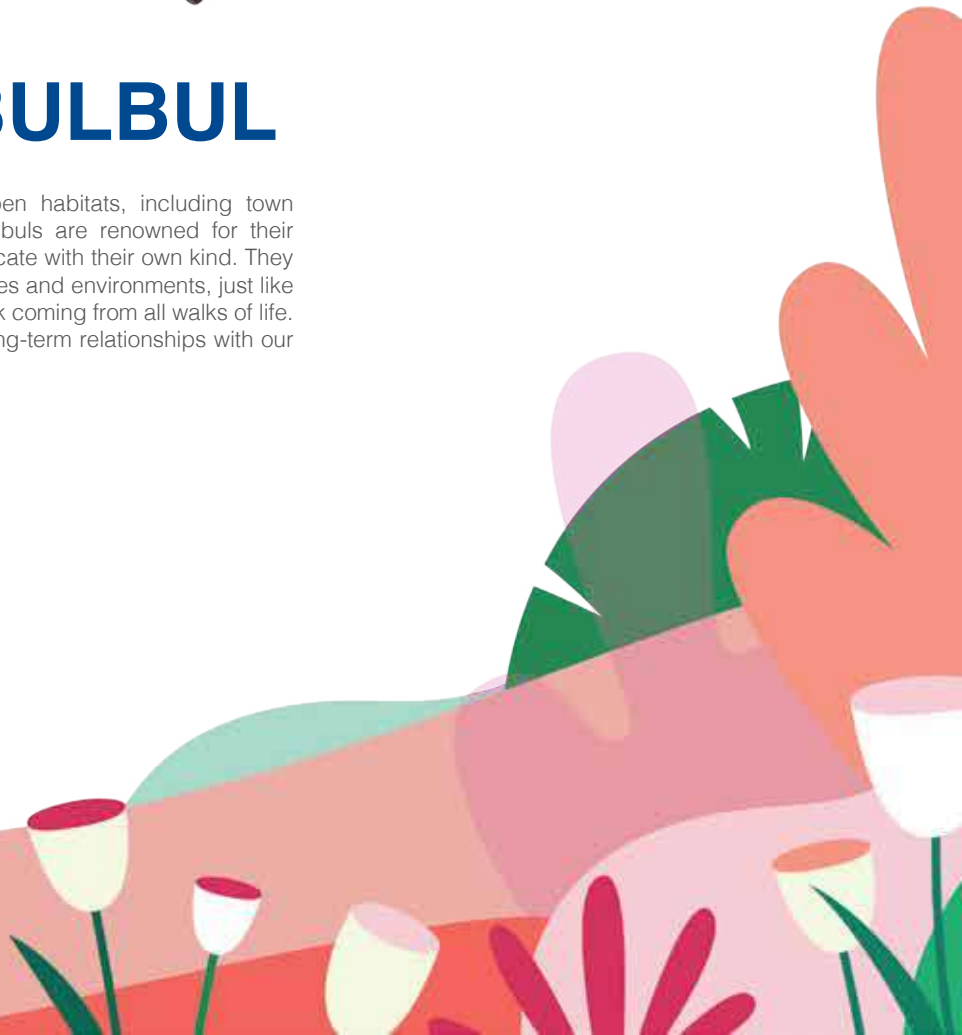
Adil Matcheswala
Chairman

Karachi: March 03, 2023



HIMALAYAN BULBUL

Himalayan Bulbul flies over tropical forests and open habitats, including town gardens and city parks. As sweet as its name, Bulbuls are renowned for their melodious sound and the songs they sing to communicate with their own kind. They familiarize and acquaint themselves with diverse cultures and environments, just like the partnerships we seek with our customers at JS Bank coming from all walks of life. Through our products and services, we aim to craft long-term relationships with our customers.





UNCONSOLIDATED FINANCIAL STATEMENTS





KPMG Taseer Hadi & Co.
Chartered Accountants
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 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 2022, 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 unconsolidated 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 2022 and of the profit, other comprehensive loss, 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following 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 unconsolidated financial statements) 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 unconsolidated 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</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; • 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



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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 Bank.</p> <p>In view of the significance of this area in terms of its impact on the unconsolidated 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>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.</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 unconsolidated financial statements)</p>	
	<p>The carrying value of investments held by the Bank amounted to Rs. 303,464.863 million, which constitutes 49.21% of the Bank's total assets as at 31 December 2022.</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</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



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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>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>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the unconsolidated financial statements and because assessing the key impairment assumptions involves management judgment.</p>	<p>prolonged decline in fair value of equity investments for impairment;</p> <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	<p>Impairment testing of goodwill (Refer Note 12.3 to the unconsolidated financial statements)</p>	
	<p>As at 31 December 2022, intangible assets include goodwill amounting to Rs. 1,463.624 million acquired as a result of scheme of amalgamation as disclosed in note 12.3 to the unconsolidated 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 12.3, the Bank uses a discounted cash flow model to determine value</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 unconsolidated



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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>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>financial statements in accordance with the applicable financial reporting framework.</p>

Information other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The Other Information comprises the information included in the 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 unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as Management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting



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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.

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



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disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
 - b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the



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transactions of the Bank which have come to our notice have been within the powers of the Bank; and

- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

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

Date: 08 March 2023

Karachi

UDIN: AR202210106pO4Lxr6YN

KPMG Taseer - 1
KPMG Taseer Hadi & Co.
Chartered Accountants

Unconsolidated Statement of Financial Position

As at December 31, 2022

2022	2021		2022	2021
USD in '000			Rupees in '000	
ASSETS				
109,371	151,335	Cash and balances with treasury banks	24,764,967	34,266,856
7,951	5,237	Balances with other banks	1,800,436	1,185,786
50,131	141,054	Lendings to financial institutions	11,351,162	31,939,044
1,340,210	1,021,355	Investments	303,464,863	231,266,277
1,020,628	1,122,567	Advances	231,101,816	254,183,938
44,183	44,901	Fixed assets	10,004,318	10,167,038
16,924	13,843	Intangible assets	3,832,137	3,134,577
-	-	Deferred tax assets	-	-
134,239	80,136	Other assets	30,395,794	18,145,338
2,723,637	2,580,428		616,715,493	584,288,854
LIABILITIES				
23,861	31,086	Bills payable	5,402,945	7,038,886
431,956	311,240	Borrowings	97,808,216	70,474,310
2,049,773	2,034,638	Deposits and other accounts	464,131,920	460,705,014
-	-	Liabilities against assets subject to finance lease	-	-
30,892	30,900	Subordinated debts	6,995,000	6,996,800
1,413	6,120	Deferred tax liabilities	320,000	1,385,648
90,585	69,178	Other liabilities	20,510,793	15,664,113
2,628,480	2,483,162		595,168,874	562,264,771
95,157	97,266	NET ASSETS	21,546,619	22,024,083
REPRESENTED BY				
44,690	44,690	Share capital - net	10,119,242	10,119,242
12,309	10,295	Reserves	2,787,201	2,331,070
3,511	10,896	Surplus on revaluation of assets	795,021	2,467,158
34,647	31,385	Unappropriated profit	7,845,155	7,106,613
95,157	97,266		21,546,619	22,024,083
CONTINGENCIES AND COMMITMENTS				
			22	

The annexed notes 1 to 48 and annexures I and II 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, 2022

2022		2021				2022		2021	
----- USD in '000 -----						----- Rupees in '000 -----			
318,186	172,792	Mark-up / return / interest earned	24	72,047,205	39,125,436				
252,577	120,260	Mark-up / return / interest expensed	25	57,191,203	27,230,687				
65,609	52,532	Net mark-up / interest income		14,856,002	11,894,749				
		Non mark-up / interest income							
14,192	14,163	Fee and commission income	26	3,213,415	3,206,890				
575	2,533	Dividend income		130,094	573,642				
9,550	5,240	Foreign exchange income		2,162,423	1,186,560				
(338)	52	(Loss) / income from derivatives		(76,513)	11,745				
(1,355)	420	(Loss) / gain on securities	27	(306,835)	95,146				
784	12	Other income	28	177,448	2,692				
23,408	22,420	Total non mark-up / interest income		5,300,032	5,076,675				
89,017	74,952	Total Income		20,156,034	16,971,424				
		Non mark-up / interest expenses							
73,969	56,188	Operating expenses	29	16,748,968	12,722,702				
188	195	Workers' Welfare Fund	30	42,625	44,178				
594	2	Other charges	31	134,413	494				
74,751	56,385	Total non-mark-up / interest expenses		16,926,006	12,767,374				
14,266	18,567	Profit before provisions		3,230,028	4,204,050				
4,853	8,811	Provisions and write offs - net	32	1,098,788	1,995,125				
9,413	9,756	Profit before taxation		2,131,240	2,208,925				
5,152	3,995	Taxation	33	1,166,462	904,533				
4,261	5,761	Profit after taxation		964,778	1,304,392				
----- US Dollar -----						----- Rupees -----			
0.003	0.004	Earnings per share - basic and diluted	34	0.74	1.01				

The annexed notes 1 to 48 and annexures I and II 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, 2022

2022	2021		2022	2021
----- USD in '000 -----			----- Rupees in '000 -----	
4,261	5,761	Profit after taxation for the year	964,778	1,304,392
		Other comprehensive (loss) / income		
		Items that may be reclassified to profit and loss account in subsequent periods		
		Effect of translation of net investment in foreign branch	263,175	79,022
(4,935)	97	Movement in fair value of investments at FVOCI - net of tax (Pakistan operations)	(1,117,368)	22,059
(2,080)	(539)	Movement in fair value of debt investments at FVOCI - net of tax (Bahrain Operations)	(471,057)	(122,036)
(7,015)	(442)		(1,588,425)	(99,977)
(5,853)	(93)		(1,325,250)	(20,955)
		Items that will not be reclassified to profit and loss account in subsequent periods		
(238)	(567)	Remeasurement loss on defined benefit obligations - net of tax	(53,839)	(128,339)
(141)	1,172	Movement in surplus on revaluation of fixed assets - net of tax	(32,007)	265,286
-	(50)	Movement in surplus on revaluation of non-banking assets - net of tax	(98)	(11,296)
(137)	101	Movement in fair value of equity investments at FVOCI - net of tax (Bahrain operations)	(31,048)	22,787
(516)	656		(116,992)	148,438
(2,108)	6,324	Total comprehensive (loss) / income	(477,464)	1,431,875

The annexed notes 1 to 48 and annexures I and II 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, 2022

	Share capital	Statutory reserve	Capital reserve - exchange translation	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
				Investments	Fixed Assets	Non-Banking Assets		
----- Rupees in '000 -----								
Balance as at January 01, 2021	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 - net of tax	-	-	-	-	(15,752)	(70)	15,822	-
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
Total comprehensive loss for the year ended December 31, 2022								
Profit after taxation	-	-	-	-	-	-	964,778	964,778
Other comprehensive income / (loss) - net of tax	-	-	263,175	(1,619,473)	(32,007)	(98)	(53,839)	(1,442,242)
	-	-	263,175	(1,619,473)	(32,007)	(98)	910,939	(477,464)
Transfer to statutory reserve	-	192,956	-	-	-	-	(192,956)	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(21,580)	(12,533)	34,113	-
Gain on disposal of equity investments at FVOCI transferred to retained earnings	-	-	-	13,554	-	-	(13,554)	-
Balance as at December 31, 2022	10,119,242	2,330,014	457,187	(459,791)	1,147,729	107,083	7,845,155	21,546,619

The annexed notes 1 to 48 and annexures I and II 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, 2022

2022		2021				2022		2021	
USD in '000						Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES									
9,413	9,756	Profit before taxation		2,131,240	2,208,925				
575	2,533	Less: Dividend income		130,094	573,642				
9,988	12,289			2,001,146	1,635,283				
Adjustments:									
3,909	3,315	Depreciation on fixed assets	29	885,201	750,618				
95	47	Depreciation on non-banking assets	29	21,488	10,711				
4,666	4,061	Depreciation on right-of-use assets	29	1,056,517	919,584				
739	594	Amortisation	29	167,361	134,447				
1,570	1,712	Interest expense on lease liability against right-of-use assets	25	355,571	387,693				
412	(932)	Charge / (gain) for defined benefit plan		93,228	(211,129)				
-	-	Unrealised loss on revaluation of investments classified as held-for-trading - net	27	107	62				
4,853	9,737	Provisions and write offs - net	32	1,098,788	2,204,726				
188	195	Provision for workers' welfare fund	30	42,625	44,178				
73	18	Loss on sale of fixed assets - net	28	16,622	4,000				
(764)	(30)	Gain on termination of leases - net	28	(172,937)	(6,692)				
15,741	18,717			3,564,571	4,238,198				
25,729	31,006			5,565,717	5,873,481				
Decrease / (increase) in operating assets									
90,923	(38,414)	Lendings to financial institutions		20,587,882	(8,698,147)				
4,751	105,526	Held-for-trading securities		1,075,866	23,894,308				
97,721	(28,552)	Advances		22,126,946	(6,465,124)				
(54,681)	(11,325)	Other assets (excluding advance taxation)		(12,381,424)	(2,564,225)				
138,714	27,235			31,409,270	6,166,812				
Increase / (decrease) in operating liabilities									
(7,225)	9,084	Bills payable		(1,635,941)	2,056,903				
120,716	97,194	Borrowings		27,333,906	22,007,805				
15,134	122,079	Deposits and other accounts		3,426,906	27,642,421				
23,185	(7,298)	Other liabilities		5,249,813	(1,652,602)				
151,810	221,059			34,374,684	50,054,527				
316,253	279,300			71,349,671	62,094,820				
(6,190)	(6,288)	Income tax paid		(1,401,528)	(1,423,735)				
310,063	273,012	Net cash generated from operating activities		69,948,143	60,671,085				
CASH FLOW FROM INVESTING ACTIVITIES									
63,915	(137,526)	Net sale of available-for-sale securities		14,472,435	(31,140,076)				
(403,187)	(97,312)	Net investments in held-to-maturity securities		(91,293,894)	(22,034,344)				
1,138	1,970	Dividends received		257,720	446,016				
(6,455)	(8,149)	Investment in fixed assets		(1,461,594)	(1,845,119)				
(3,816)	(3,462)	Investment in intangible assets		(864,030)	(783,946)				
575	251	Proceeds from sale of fixed assets		130,241	56,838				
1,162	349	Effect of translation of net investment in foreign branch		263,175	79,022				
(346,668)	(243,879)	Net cash used in investing activities		(78,495,947)	(55,221,609)				
CASH FLOWS FROM FINANCING ACTIVITIES									
(5,842)	(5,262)	Payment of lease liability against right of use assets		(1,322,720)	(1,191,560)				
(8)	(2,191)	Net repayment of subordinated debt		(1,800)	(496,000)				
(5,850)	(7,453)	Net cash used in financing activities		(1,324,520)	(1,687,560)				
(42,455)	21,680	(Decrease) / increase in cash and cash equivalents		(9,872,324)	3,761,916				
155,217	138,603	Cash and cash equivalents at beginning of the year		35,145,996	31,384,080				
112,762	160,283	Cash and cash equivalents at end of the year	35	25,273,672	35,145,996				

The annexed notes 1 to 48 and annexures I and II form an integral part of these unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

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 (2021: 281) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (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.

- 1.2 Jahangir Siddiqui Investment Bank Limited (JSIBL), formerly Citicorp Investment Bank Limited, was acquired by Jahangir Siddiqui & Co. Ltd. (JSCL) on February 01, 1999. JSIBL's 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, JS Bank Limited (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 transfer of the entire business and undertakings 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 extraordinary 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).
- 1.4 During the year, the shareholders of the Bank in their meeting held on March 30, 2022 approved to acquire, as per the requirements of section 199 of the Companies Act, 2017, 86,316,954 ordinary shares of BankIslami Pakistan Limited (BIPL) (an associated company of JSCL), constituting 7.79% of the paid-up capital of BIPL, from Emirates NBD Bank PJSC at a price of up to Rs. 13.24 per share making the aggregate consideration up to Rs. 1,142.836 million. After approval from the State Bank of Pakistan (SBP) received on October 03, 2022, the Bank acquired 86,316,954 shares of BIPL from Emirates NBD Bank PJSC on November 11, 2022. Please also refer note 47.3

2. BASIS OF PRESENTATION

These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BSD Circular No. 02, dated January 25, 2018.

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. The amounts are rounded to nearest thousand except as stated otherwise.

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. 226.4309 to 1 US Dollar has been used for 2022 and 2021 as it was the prevalent rate as on December 31, 2022.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

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 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

International Financial Reporting Standard (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 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.

2.2 Standards, interpretations of and amendments to approved accounting standards that are effective in the current period

There are certain other amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2022. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these unconsolidated financial statements.

2.3 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

There are certain other new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023 but are considered not to be relevant or do not have any significant effect on the Bank's operations and accordingly have not been detailed in these unconsolidated financial statements.

2.4 Critical accounting estimates and key sources of estimation uncertainty

The preparation of these unconsolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are as follows:

- i) classification and valuation of investments (notes 4.3 and 9).
- ii) provision against non-performing advances (notes 4.6 and 10.4).
- iii) income taxes (notes 4.14 and 33).
- iv) defined benefit plan (notes 4.16 and 37).
- v) fair value of derivatives (note 4.4.2 and 40).
- vi) valuation and depreciation of fixed assets (notes 4.7 and 11).
- vii) impairment of goodwill (notes 4.20 and 12.3)
- viii) valuation of right-of-use assets and their related lease liability (notes 4.8, 11.3 and 19.1).
- ix) valuation of non-banking assets acquired in satisfaction of claims (note 4.10).

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) 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 rate method.

(c) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at the amount of 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 rate method.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

4.3 Investments

Investments of the Bank are classified into following categories:

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 recognised in profit and loss account.

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 recognised in other comprehensive income.

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.

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.

Subsidiaries

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

4.3.1 Initial measurement

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.

Investments are initially recognised at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

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

Held-for-trading

These are securities measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

Available-for-sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the statement of financial position as part of the equity and is taken to the profit and loss account when realised upon disposal or when the investment is considered to be impaired.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Held-to-maturity

These are securities measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

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.

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, the value of an available-for-sale equity security increases resulting in revaluation surplus, any impairment losses recognised in profit and loss account shall not be reversed except in case of derecognition.

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 exists or may have decreased, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

Debt Securities

Participation Term Certificates (PTCs), Term Finance Certificates (TFCs), Sukuk certificates 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 recognised at the time when the Bank becomes party to the contractual provision of the instrument. Financial assets are derecognised 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 derecognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial asset and liability is recognised in the profit and loss account at the time of derecognition. The particular recognition and subsequent measurement method for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

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 to either 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

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. Leasehold land and buildings on leasehold land 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 derecognised. 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 derecognised 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 derecognised.

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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

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 for the related surplus on revaluation of fixed assets (net of deferred tax) which 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 Lease liability and right-of-use assets

The Bank enters into leasing arrangements for its office premises, branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated).

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Bank under residual value guarantees, the exercise price of a purchase option if the Bank is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Bank is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

The lease liability is remeasured when the Bank reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

4.9 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.

4.10 Non-banking assets acquired in satisfaction of claims

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 is 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.

4.10.1 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 the State Bank of Pakistan (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.

4.11 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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

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 recognised as income in the statement of profit and loss.

4.12 Borrowings / deposits and their cost

Borrowings / deposits are initially recorded at the amount of proceeds received. Costs 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 debts

Subordinated debts are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

4.14 Taxation

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.

Deferred

Deferred tax is recognised using the balance sheet approach on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in these unconsolidated financial statements. Deferred tax liability is recognised 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 wherein 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'.

4.15 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.

4.16 Staff retirement benefits

4.16.1 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.

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4.16.2 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, 2022, 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 recognised to the extent that economic benefits will flow to the Bank and the revenue can be reliably measured. These are recognised as follows:

- Mark-up income / interest on performing advances and returns on debt securities are recognised on a time proportion basis using the effective interest method except returns on debt securities in held-to-maturity portfolio which is recognised on a straight line basis.
- Mark-up income / interest / profit on non-performing advances and debt securities is recognised on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.
- Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognised as income when these are realised.
- Fee, brokerage and commission income is recognised on an accrual basis.
- Dividend income is recognised when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account.

4.18 Dividend and appropriation to reserves

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

4.19 Foreign currencies

4.19.1 Functional and presentation currency

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

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 / sale contracts relating to foreign currency deposits are realised / charged directly to profit and loss account.

Notes To The Unconsolidated Financial Statements

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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 unconsolidated 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.

4.20 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 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.

4.21 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 equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary 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.

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 six 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.

Notes To The Unconsolidated Financial Statements

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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.

Zindigi

This includes loans, deposits and other transactions with branchless banking customers.

Others

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

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 2021 or 2022.

4.22.2 Geographical segment

The Bank operates in two geographic regions being:

- Pakistan
- Bahrain

5. Application of IFRS 9, 'Financial Instruments'

The application of the International Financial Reporting Standard (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) had extended the effective date of applicability of IFRS 9 from January 01, 2023 through its BPRD Circular No. 03 dated July 05, 2022 in case of banks having assets size of PKR 500 billion or above. The said circular contains application instructions for ensuring smooth and consistent implementation of the standard in the banks.

Application of IFRS 9, in particular the impairment requirements, will lead to significant changes in the accounting for financial instruments. Wherever the requirements of the application instructions issued by SBP differ with the requirements of IFRS 9, the requirements of the application instructions issued by the SBP will be followed by the Bank.

5.1 Classification and measurement

Classification determines how financial assets are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. Under IFRS 9 all financial instruments are initially measured at fair value adjusted for any transaction costs. However, transaction costs in relation to financial assets measured at fair value through profit and loss, should be recognised as an expense when incurred. The Bank will initially classify its financial assets under one of the following three categories:

- i) Amortised Cost
- ii) Fair value through other comprehensive income (FVOCI)
- iii) Fair value through profit and loss (FVTPL)

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

When classifying each financial asset, the Bank will carry out the following tests:

- Business model test reflecting the way in which the financial assets are managed; and
- Contractual Cash Flow Characteristics Test i.e., whether the contractual cash flows from the financial asset represents, on specified dates, solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial asset shall be measured at amortised cost if the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset shall be measured at FVOCI if the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely based on payments of principal and interest on the principal amount outstanding.

Debt financial instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with any unrealised gains or losses deferred in reserves until the asset is derecognised.

In certain circumstances, non-trading equity instruments can be irrevocably designated as FVOCI but both unrealised and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the profit and loss account.

Any gains and losses arising on investments in equity instruments classified as FVOCI will be recognised in OCI, with no capital gain routed through profit and loss account. Dividends will normally be recognised in profit and loss account.

A financial asset shall be measured at fair value through profit or loss (FVTPL) unless it is measured at amortised cost or at fair value through other comprehensive income. Where the objective of a business is to manage financial assets on a fair value basis, the instruments within that business model are measured at FVTPL.

Equity instruments are generally measured at fair value through profit and loss (FVTPL) unless the Bank elects for fair value through other comprehensive income (FVOCI) at initial recognition.

Debt instruments failing the SPPI test would be measured at fair value through profit and loss (FVTPL). At present, debt financial instruments of the Bank are not expected to fail the SPPI test. Therefore, simple transition would be as follows:

- i) Debt instruments classified as held-to-maturity to be classified as measured at amortised cost;
- ii) Debt instruments classified as held-for-trading to be classified as measured at FVTPL; and
- iii) Debt instruments classified as available-for-sale to be classified as measured at FVOCI.

The process / rationale for choosing a classification category as defined in all cases above is required to be documented and presented to the Board Risk Management Committee (BRMC) for approval.

Any subsequent reclassification of debt instruments would be allowed only when, the Bank changes its business model for managing these debt instruments. Reclassifications of debt instruments will only be made in exceptional cases as they will only occur when the Bank significantly changes the way it does business. The reclassification of debt instruments managed under different business models should require valid rationale for the change in the business model that has led to the reclassification and will be effective with prior approval of the Board.

At initial recognition, the Bank may use Fair Value Option i.e., to designate a financial asset as measured at FVTPL if it eliminates or significantly reduces any accounting mismatch arising from measuring assets and liabilities on different basis. Financial assets classified as measured at FVTPL are not subject to reclassification requirements.

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The Bank may apply the Fair Value Option under the following criterion:

- It is consistent with a documented risk management strategy and eliminates or significantly reduces measurement or recognition inconsistency of measuring financial assets or liabilities on a different basis; and
- fair values are reliable at inception and throughout life of the instrument.

5.2 Expected Credit Loss

Expected credit loss (ECL) is generally measured based on the risk of default over one of two different time horizons, depending on whether the credit risk of the customer has increased significantly since the exposure was first recognised.

The Bank has the following financial asset portfolios that are subject to ECL computations:

- Loans and Advances
- Non-funded financing liabilities
- Investments in debt securities measured at amortised cost or FVOCI.
- Lendings to financial institutions
- Balances with banks

Credit exposure in local currency guaranteed by the Government, and Government Securities are exempted from the application of ECL Framework.

The Bank shall perform ECL calculation of its credit exposure categorizing them into regulatory segments i.e. Corporate and Commercial Banking, Medium Enterprises, Small Enterprises, Agriculture, Consumers including credit cards and Staff financing. Expected credit losses are not recognised for equity instruments measured at FVOCI.

Sophisticated credit models that are used to derive ECL have three main components:

- Probability of default (PD)

The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

- Loss given default (LGD)

It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.

- Exposure at default (EAD)

The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

For the purpose of calculation of ECL, the Bank has used last 5 years data till December 31, 2022 and going forward, one more year's data shall be included until the Bank has at least 10 years data. Further, the Bank shall classify its financial assets under three categories:

- Stage 1: Performing assets

Financial assets where there has not been a significant increase in credit risk since initial recognition, the Bank shall recognise an allowance based on the 12-month ECL.

- Stage 2: Under-performing assets

Financial assets where there has been a significant increase in credit risk since initial recognition, but they are not credit impaired, the Bank shall recognise an allowance for the lifetime ECL for all exposures categorised in this stage based on the actual maturity profile.

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- Stage 3: Non-performing assets

Financial assets which have objective evidence of impairment at the reporting date.

Significant increase in credit risk (SICR)

A significant increase in credit risk is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. For assessing SICR the Bank shall consider deterioration of Obligor Risk Ratings (ORR) and other qualitative factors which are associated with repayment capacity.

Improvement in credit risk / Curing

Financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a significant increase in credit risk no longer apply.

Low Credit Risk Assets (LCRAs)

The policies to determine assets that can be considered as 'low credit risk' have been developed. The assets with low credit risks include:

- i) Investments (debt instruments) having rating AA and above from an external rating agency at the reporting date.
- ii) All exposures on multilateral development agencies.
- iii) Sovereign exposures (in foreign currency) having rating BBB and above from an external rating agency at the reporting date.

Modification in financial assets

The contractual terms of a loan may be modified for several reasons, including changing market conditions, customer retention and other factors not related to current or potential credit deterioration of the customer. Under these circumstances, an existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. The Bank may also renegotiate loans to customers in financial difficulties to maximize collection opportunities and minimize the risk of default.

If the cash flows of the two instruments are substantially different, then the contractual cash flows of the original financial asset will be deemed to have expired. The asset will be de-recognized, and a new asset will be created. However, in case of modifications due to credit risk factors, the same staging criteria as explained above will be applied.

In cases, where the modification of a financial instrument not measured at FVTPL does not result in derecognition, the Bank as per the requirements of IFRS 9 will recalculate the gross carrying amount of the financial asset (or financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss account.

5.3 Governance, ownership and responsibilities

The Models / Methodologies for PD, LGD and CCF have been developed and shall be validated on an annual basis which shall cover model design validation, data quality validation and benchmarking with external best practices.

5.4 Presentation and disclosure

The State Bank of Pakistan vide BPRD Circular No. 02 dated February 09, 2023 has issued the new format for the preparation of annual and interim financial statements to be effective from the first quarter of year 2023 or 2024 on banks as per their assets size communicated vide BPRD Circular No. 03 dated July 05, 2022

Notes To The Unconsolidated Financial Statements

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5.5 Impact of adoption of IFRS 9

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity at January 01, 2023 is approximately Rs. 321.744 million, representing:

- a reduction of approximately Rs. 562.176 million in the Bank's equity related to additional provision requirements as per IFRS 9; and
- an increase of approximately Rs. 240.432 million in the Bank's equity related to deferred tax impacts.

The Bank will continue to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption, because:

- IFRS 9 will require the Bank to revise its accounting policies and internal controls and these changes are not yet complete;
- parallel runs have been carried out as per the requirement laid down in SBP BPRD Circular No. 03 dated July 05, 2022; and
- the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Bank finalises its first financial statements that include the date of initial application.

5.6 Impact on regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Banks, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has determined that it may be appropriate for the Banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure-B of the 'Application Instructions' issued by SBP have detailed the transitional arrangement.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the transitional adjustment amount) must be partially included (i.e., added back) to CET1 capital over the 'transition period' of five years.

The impact of adoption of IFRS 9 on the capital ratios of the Bank are as follows:

	As per adopted IFRS 9	As per current Standards
Common Equity Tier 1 Capital Adequacy ratio	9.70%	9.73%
Tier 1 Capital Adequacy Ratio	11.04%	11.06%
Total Capital Adequacy Ratio	13.24%	13.26%
CET1 available to meet buffers (as a percentage of risk weighted assets)	3.70%	3.73%

Notes To The Unconsolidated Financial Statements

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6. CASH AND BALANCES WITH TREASURY BANKS	Note	2022	2021
		Rupees in '000	
In hand:			
Local currency		7,824,288	7,286,182
Foreign currencies		488,360	957,434
		8,312,648	8,243,616
With State Bank of Pakistan in:			
Local currency current account	6.1	15,207,132	19,934,402
Foreign currency current account - non remunerative	6.2	815,151	1,085,558
Foreign currency deposit account - remunerative	6.3	364,657	2,616,420
		16,386,940	23,636,380
With National Bank of Pakistan in local currency current accounts		58,322	2,345,795
National Prize Bonds		7,057	41,065
		24,764,967	34,266,856

- 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 6.00% maintained with the SBP held under the 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 3.14% (2021: 0.00%) as per specific circular issued by the SBP at year end.

7. BALANCES WITH OTHER BANKS	Note	2022	2021
		Rupees in '000	
In Pakistan			
In current accounts		255,029	128,812
In deposit accounts		73	73
		255,102	128,885
Outside Pakistan			
In current accounts	7.1	1,545,369	1,056,918
		1,800,471	1,185,803
Less: General provision under IFRS 9	7.2	(35)	(17)
Balances with other banks - net of provision		1,800,436	1,185,786

- 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 upto 3.83% per annum (2021: 0.01% per annum).
- 7.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

8. LENDINGS TO FINANCIAL INSTITUTIONS	Note	2022	2021
		Rupees in '000	
Repurchase agreement lendings (Reverse Repo)	8.2	11,351,162	31,939,044
8.1 Particulars of lendings			
In local currency		11,351,162	31,939,044
In foreign currencies		-	-
		11,351,162	31,939,044

- 8.2 Repurchase agreement lendings carry mark-up rate ranging from 16.00% to 16.75% (2021: 10.10% to 10.70%) per annum, and are due to mature in January 2023.

8.3 Securities held as collateral against repurchase agreement lendings (reverse repo)

	2022			2021		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	11,053,559	-	11,053,559	8,923,921	-	8,923,921
Pakistan Investment Bonds	307,459	-	307,459	23,046,627	-	23,046,627
	11,361,018	-	11,361,018	31,970,548	-	31,970,548

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9. INVESTMENTS	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.1 Investments by segment		Rupees in '000							
Held-for-trading securities									
Federal Government Securities									
Market Treasury Bills		33,538	-	(107)	33,431	1,109,264	-	(61)	1,109,203
Pakistan Investment Bonds - Fixed		-	-	-	-	202	-	(1)	201
		33,538	-	(107)	33,431	1,109,466	-	(62)	1,109,404
Available-for-sale securities									
Federal Government Securities:									
Market Treasury Bills		40,317,081	-	(395,161)	39,921,920	125,616,353	-	(370,699)	125,245,654
Pakistan Investment Bonds - Fixed		34,811,083	-	(1,399,722)	33,411,361	8,444,450	-	16,757	8,461,207
Pakistan Investment Bonds - Floater		69,406,348	-	(31,328)	69,375,020	25,625,355	-	(16,328)	25,609,027
Government of Pakistan Eurobonds		1,470,530	(49,083)	(743,736)	677,711	1,127,351	(5,781)	(25,749)	1,095,821
	9.4.1	146,005,042	(49,083)	(2,569,947)	143,386,012	160,813,509	(5,781)	(396,019)	160,411,709
Shares									
Listed Companies									
Ordinary shares		3,190,873	-	1,941,804	5,132,677	1,769,302	-	2,281,924	4,051,226
Preference shares		136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies									
Ordinary shares		11,000	-	-	11,000	11,000	-	-	11,000
	9.4.2	3,338,462	(136,589)	1,941,804	5,143,677	1,916,891	(136,589)	2,281,924	4,062,226
Non Government Debt Securities									
Listed									
Term Finance Certificates		393,446	(143,446)	-	250,000	301,879	(151,867)	363	150,375
Sukuk Certificates		244,083	-	91	244,174	220,417	-	1,893	222,310
Unlisted									
Term Finance Certificates		140,133	(140,133)	-	-	756,845	(212,011)	-	544,834
Sukuk Certificates		1,212,440	-	-	1,212,440	1,307,393	-	-	1,307,393
Commercial Paper Certificates		-	-	-	-	352,151	-	-	352,151
Preference shares		27,733	(27,733)	-	-	27,733	(27,733)	-	-
	9.4.3	2,017,835	(311,312)	91	1,706,614	2,966,418	(391,611)	2,256	2,577,063
Foreign Securities									
Government Debt Securities	9.4.4	410,164	(129,576)	(146,817)	133,771	245,503	(62,075)	(37,262)	146,166
Non Government Debt Securities	9.4.4	679,632	(394)	(5,374)	673,864	376,486	(376)	(1,942)	374,168
Ordinary shares	9.4.2	335,143	-	(28,705)	306,438	95,643	-	1,856	97,505
		1,424,939	(129,970)	(180,896)	1,114,073	717,638	(62,451)	(37,348)	617,839
Open End Mutual Funds		500,000	-	2,298	502,298	2,175,087	-	28,085	2,203,172
Held-to-maturity securities									
Federal Government Securities									
Market Treasury Bills		105,615,196	-	-	105,615,196	11,463,014	-	-	11,463,014
Pakistan Investment Bonds - Fixed		10,136,487	-	-	10,136,487	12,913,323	-	-	12,913,323
Pakistan Investment Bonds - Floater		33,686,154	-	-	33,686,154	33,767,606	-	-	33,767,606
	9.5.1	149,437,837	-	-	149,437,837	58,143,943	-	-	58,143,943
Associates									
Omar Jibran Engineering Industries Ltd.		180,000	-	-	180,000	180,000	-	-	180,000
Veda Transit Solutions (Pvt.) Ltd.		41,800	-	-	41,800	41,800	-	-	41,800
Intercity Touring Company (Pvt.) Ltd.	9.8	20,267	(20,267)	-	-	20,267	(20,267)	-	-
		242,067	(20,267)	-	221,800	242,067	(20,267)	-	221,800
Subsidiaries									
JS Global Capital Limited	9.6	1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
JS Investments Limited	9.7	561,192	-	-	561,192	561,192	-	-	561,192
		1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments		304,918,841	(647,221)	(806,757)	303,464,863	230,004,140	(616,699)	1,878,836	231,266,277

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.

9.2 Investments by type	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9.2 Investments by type		Rupees in '000							
Held-for-trading securities									
Federal Government Securities		33,538	-	(107)	33,431	1,109,466	-	(62)	1,109,404
Available-for-sale securities									
Federal Government Securities		146,005,042	(49,083)	(2,569,947)	143,386,012	160,813,509	(5,781)	(396,019)	160,411,709
Shares		3,338,462	(136,589)	1,941,804	5,143,677	1,916,891	(136,589)	2,281,924	4,062,226
Non Government Debt Securities		2,017,835	(311,312)	91	1,706,614	2,966,418	(391,611)	2,256	2,577,063
Open End Mutual Funds		500,000	-	2,298	502,298	2,175,087	-	28,085	2,203,172
Foreign Securities		1,424,939	(129,970)	(180,896)	1,114,073	717,638	(62,451)	(37,348)	617,839
		153,286,278	(626,954)	(806,650)	151,852,674	168,589,543	(596,432)	1,878,898	169,872,009
Held-to-maturity securities									
Federal Government Securities		149,437,837	-	-	149,437,837	58,143,943	-	-	58,143,943
Associates		242,067	(20,267)	-	221,800	242,067	(20,267)	-	221,800
Subsidiaries		1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments		304,918,841	(647,221)	(806,757)	303,464,863	230,004,140	(616,699)	1,878,836	231,266,277

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

	2022		2021	
	Cost	Market value	Cost	Market value
9.2.1 Investments given as collateral	Rupees in '000			
Available-for-sale securities				
Federal Government Securities				
Market Treasury Bills	-	-	19,922,016	19,852,789
Pakistan Investment Bonds - Fixed	-	-	13,467,708	13,466,250
Pakistan Investment Bonds - Floater	62,800,000	62,198,080	1,595,450	1,607,572
	62,800,000	62,198,080	34,985,174	34,926,611
Foreign Debt Securities				
Government Debt Securities	-	-	842,316	814,484
Non Government Debt Securities	-	-	-	-
	-	-	842,316	814,484
	62,800,000	62,198,080	35,827,490	35,741,095
9.3 Provision for diminution in value of investments		Note	2022	2021
			Rupees in '000	
Opening balance			616,699	904,764
Exchange adjustments			28,126	7,623
Charge for the year			24,570	48,000
Reversals for the year			(104,869)	(281,540)
		32	(80,299)	(233,540)
Impairment under IFRS 9 in Bahrain branch				
Charge / (reversal) during the year			82,695	(62,148)
Closing Balance			647,221	616,699
9.3.1 Particulars of provision against debt securities				
	2022		2021	
Category of classification	Non-performing Investments	Provision	Non-performing Investments	Provision
	Rupees in '000			
Domestic				
Loss	311,312	311,312	391,611	391,611
	311,312	311,312	391,611	391,611
9.4 Quality of Available-for-sale Securities				
Details regarding quality of Available-for-sale (AFS) securities are as follows:				
			Cost	
			2022	2021
9.4.1 Federal Government Securities - Government guaranteed			Rupees in '000	
Market Treasury Bills			40,317,081	125,616,353
Pakistan Investment Bonds - Fixed			34,811,083	8,444,450
Pakistan Investment Bonds - Floater			69,406,348	25,625,355
Government of Pakistan Eurobonds			1,470,530	1,127,351
			146,005,042	160,813,509

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

		Cost	
		2022	2021
		----- Rupees in '000 -----	
9.4.2	Shares		
	Listed Companies		
	Packaging	25,053	-
	Oil and gas	399,824	-
	Financial	1,145,951	-
	Technology & Communication	692,637	801,314
	Insurance	897,864	897,864
	Pharmaceutical	29,544	70,124
		3,190,873	1,769,302
	Foreign companies		
	Automobile and transportation equipment	261,403	23,464
	Financial	68,786	-
	Technology & Communication	-	53,640
	Oil and gas	-	16,139
		330,189	93,243
		2022	2021
		Cost	Breakup value
		Cost	Breakup value
		----- Rupees in '000 -----	
	Unlisted Companies		
	ISE Towers REIT Management Limited	11,000	21,534
		11,000	20,356
	Foreign securities		
	Society for Worldwide Interbank Financial Telecommunication (SWIFT)	4,954	8,052
		2,406	5,266
		2022	2021
		Cost	Cost
		----- Rupees in '000 -----	
9.4.3	Non Government Debt Securities		
	Listed		
	AAA	44,083	220,417
	A+, A, A-	450,000	150,012
	Unrated	143,446	151,867
		637,529	522,296
	Unlisted		
	AAA	-	-
	AA+, AA, AA-	-	200,034
	A+, A, A-	1,212,440	1,599,393
	Unrated	167,866	644,695
		1,380,306	2,444,122
		2,017,835	2,966,418

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

9.4.4 Foreign Securities

	2022		2021	
	Cost	Rating	Cost	Rating
----- Rupees in '000 -----				
Government debt securities				
Republic of Sri Lanka	<u>410,164</u>	SD	<u>245,503</u>	CC
Non Government debt securities				
Kuwait Projects	<u>679,632</u>	-	-	-
Petroleos Mexicanos	<u>-</u>	-	<u>376,486</u>	-
	<u>679,632</u>		<u>376,486</u>	

9.4.4.1 The Bank has recognised general provision (expected credit loss) under IFRS 9 of Rs. 179.053 million (2021: Rs. 68.232) on investments held 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.

9.5 Quality of Held to Maturity Securities

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

	Cost	
	2022	2021
----- Rupees in '000 -----		
9.5.1 Federal Government Securities - Government guaranteed		
Market Treasury Bills	<u>105,615,196</u>	11,463,014
Pakistan Investment Bonds - Fixed	<u>10,136,487</u>	12,913,323
Pakistan Investment Bonds - Floater	<u>33,686,154</u>	33,767,606
	<u>149,437,837</u>	<u>58,143,943</u>

9.6 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 on April 15, 2016, 7,450,000 shares on October 02, 2019 and 27,477,297 share on June 02, 2021.

9.7 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.

9.8 The investment in Intercity Touring Company classified as associate company is fully provided for as of reporting date.

9.9 The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Rs. 147,022.393 million (2021: Rs. 57,263.335 million).

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

9.10 Summary of financial position and performance of subsidiaries and associates

		2022				
Country of Incorporation	Holding (%)	Assets	Liabilities	Revenue	Profit / (loss)	
----- Rupees in '000 -----						
Subsidiaries						
JS Global Capital Limited	Pakistan	92.90%	5,357,006	3,096,470	754,049	76,121
JS Investments Limited	Pakistan	84.56%	1,771,784	416,387	196,796	(149,051)
Associates						
Omar Jibran Engineering Industries Limited	Pakistan	9.60%	5,022,767	2,308,053	3,458,393	145,018
Veda Transit Solutions Private Limited	Pakistan	3.92%	4,242,630	3,236,774	2,468,979	(80,262)
		----- Rupees in '000 -----				
		2021				
Country of Incorporation	Holding (%)	Assets	Liabilities	Revenue	Profit / (loss)	
----- Rupees in '000 -----						
Subsidiaries						
JS Global Capital Limited	Pakistan	92.90%	6,590,532	4,394,156	1,166,701	410,526
JS Investments Limited	Pakistan	84.56%	1,984,861	480,414	52,850	(300,076)
Associates						
Omar Jibran Engineering Industries Limited	Pakistan	9.60%	3,953,414	2,096,455	2,401,848	149,638
Veda Transit Solutions Private Limited	Pakistan	3.92%	1,726,311	629,075	863,681	47,622

10. ADVANCES	Note	Performing		Non-Performing		Total	
		2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----							
Loans, cash credits, running finances, etc.	10.1	212,191,088	231,795,962	16,311,887	13,926,269	228,502,975	245,722,231
Bills discounted and purchased		10,021,695	15,144,516	-	-	10,021,695	15,144,516
Advances - gross		222,212,783	246,940,478	16,311,887	13,926,269	238,524,670	260,866,747
Provision against advances		-	-	(7,210,740)	(6,569,829)	(7,210,740)	(6,569,829)
- Specific		-	-	-	-	-	-
- General		(200,614)	(87,787)	-	-	(200,614)	(87,787)
- General provision - under IFRS-9	10.4.4	(11,500)	(25,193)	-	-	(11,500)	(25,193)
	10.4	(212,114)	(112,980)	(7,210,740)	(6,569,829)	(7,422,854)	(6,682,809)
Advances - net of provision		222,000,669	246,827,498	9,101,147	7,356,440	231,101,816	254,183,938

10.1 Particulars of net investment in finance lease

	2022				2021			
	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	3,045,170	2,774,814	39,047	5,859,031	3,825,624	3,157,347	3,894	6,986,865
Guaranteed residual value	1,001,802	1,401,925	18,504	2,422,231	941,675	1,925,134	3,372	2,870,181
Minimum lease payments	4,046,972	4,176,739	57,551	8,281,262	4,767,299	5,082,481	7,266	9,857,046
Finance charges for future periods	(591,410)	(552,753)	(4,258)	(1,148,421)	(515,035)	(406,237)	(346)	(921,618)
Present value of minimum lease payments	3,455,562	3,623,986	53,293	7,132,841	4,252,264	4,676,244	6,920	8,935,428

10.2 Particulars of advances (gross)

	2022	2021
----- Rupees in '000 -----		
In local currency	229,336,508	246,970,728
In foreign currencies	9,188,162	13,896,019
	238,524,670	260,866,747

10.3 Advances include Rs. 16,311.887 million (2021: Rs. 13,926.269 million) which have been placed under non-performing status as detailed below:

Category of Classification	2022		2021	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned *	413,839	252	789,192	2,013
Substandard	1,300,581	171,165	814,434	91,936
Doubtful	1,808,030	462,049	1,930,747	435,448
Loss	12,789,437	6,577,274	10,391,896	6,040,432
Total	16,311,887	7,210,740	13,926,269	6,569,829

* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

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For the year ended December 31, 2022

10.4 Particulars of provision against advances

Note	2022				2021			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
	Rupees in '000							
Opening balance	6,569,829	87,787	25,193	6,682,809	4,181,836	-	21,327	4,203,163
Exchange adjustments	-	-	5,122	5,122	-	-	2,350	2,350
Charge for the year	1,731,847	112,827	-	1,844,674	3,147,572	87,787	1,516	3,236,875
Reversals for the year	(870,683)	-	(18,815)	(889,498)	(758,874)	-	-	(758,874)
	861,164	112,827	(18,815)	955,176	2,388,698	87,787	1,516	2,478,001
Amounts written off	(220,253)	-	-	(220,253)	(705)	-	-	(705)
Closing balance	7,210,740	200,614	11,500	7,422,854	6,569,829	87,787	25,193	6,682,809

10.4.1 Particulars of provision against advances

Note	2022				2021			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
	Rupees in '000							
In local currency	7,210,740	200,614	-	7,411,354	6,569,829	87,787	-	6,657,616
In foreign currency	-	-	11,500	11,500	-	-	25,193	25,193
	7,210,740	200,614	11,500	7,422,854	6,569,829	87,787	25,193	6,682,809

10.4.2 This includes reversal of provision of Rs. 104.477 million (2021: Rs. 294.822 million) against reduction in non-performing loans of Rs. 542.248 million (2021: Rs. 1,475.823 million) of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.1.2.

10.4.3 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, 2022, the Bank has availed cumulative FSV benefit under the directives of the State Bank of Pakistan (SBP) of Rs. 8,820.087 million (2021: Rs. 5,019.150 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 3,478.244 million (2021: Rs. 3,061.682 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirement of Regulation R-8 of Corporate / Commercial Banking of SBP.

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

10.4.5 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD Circular No. 13 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 Bank as at December 31, 2022 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

10.5 Particulars of Write Offs:

Note	2022	2021
	Rupees in '000	
10.5.1 Against provisions	220,253	705
Directly charged to profit and loss account	-	-
	220,253	705
10.5.2 Write offs of Rs.500,000 and above	4,167	141
Write offs of below Rs.500,000	216,086	564
	220,253	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-I to these unconsolidated financial statements. However, these write-offs do not affect the Bank's right to recover debts from these customers.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

	Note	2022	2021
		Rupees in '000	
11. FIXED ASSETS			
Capital work-in-progress	11.1	845,168	1,300,884
Property and equipment	11.2	6,872,431	6,021,075
Right-of-use assets	11.3	2,286,719	2,845,079
		10,004,318	10,167,038
11.1 Capital work-in-progress			
Civil works		159,515	784,436
Advance to suppliers		290	20,122
Equipment		685,363	496,326
		845,168	1,300,884

		2022						
		Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
Note		Rupees in '000						
At January 1, 2022								
		1,728,122	2,304,849	1,439,432	647,911	3,956,471	124,858	10,201,643
		-	(336,563)	(760,700)	(407,102)	(2,618,706)	(57,497)	(4,180,568)
		1,728,122	1,968,286	678,732	240,809	1,337,765	67,361	6,021,075
Year ended December 2022								
		1,728,122	1,968,286	678,732	240,809	1,337,765	67,361	6,021,075
	11.2.1	-	213,947	771,722	159,405	691,057	43,318	1,879,449
		-	-	-	-	-	-	-
		-	(70,939)	(21,826)	(6,469)	(32,269)	(15,360)	(146,863)
	29	-	(90,601)	(158,520)	(67,410)	(555,314)	(13,356)	(885,201)
		-	-	3,542	767	634	609	5,552
		-	(440)	(1,510)	(83)	451	1	(1,581)
		1,728,122	2,020,253	1,272,140	327,019	1,442,324	82,573	6,872,431
At December 31, 2022								
		1,728,122	2,444,578	2,178,004	775,833	4,453,823	148,221	11,728,581
		-	(424,325)	(905,864)	(448,814)	(3,011,499)	(65,648)	(4,856,150)
		1,728,122	2,020,253	1,272,140	327,019	1,442,324	82,573	6,872,431
		-	1.01 - 4.78	10	12.5	12.5 - 33.3	20	

		2021						
		Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
Note		Rupees in '000						
At January 1, 2021								
		781,054	2,091,461	1,419,011	623,442	3,484,028	124,641	8,523,637
		-	(262,216)	(686,068)	(370,757)	(2,237,146)	(42,020)	(3,598,207)
		781,054	1,829,245	732,943	252,685	1,246,882	82,621	4,925,430
Year ended December 2021								
		781,054	1,829,245	732,943	252,685	1,246,882	82,621	4,925,430
		-	74,219	101,027	54,577	602,439	3,375	835,637
		207,868	139,169	-	-	-	-	347,037
		-	-	(5,815)	(10,117)	(39,668)	(5,238)	(60,838)
		-	(74,347)	(116,796)	(58,777)	(485,152)	(15,546)	(750,618)
		-	-	1,367	328	235	208	2,138
		739,200	-	(33,994)	2,113	13,029	1,941	722,289
		1,728,122	1,968,286	678,732	240,809	1,337,765	67,361	6,021,075
At December 31, 2021								
		1,728,122	2,304,849	1,439,432	647,911	3,956,471	124,858	10,201,643
		-	(336,563)	(760,700)	(407,102)	(2,618,706)	(57,497)	(4,180,568)
		1,728,122	1,968,286	678,732	240,809	1,337,765	67,361	6,021,075
		-	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. 1,313.014 million (2021: Rs. 384.849 million).

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

11.2.2 The cost of fully depreciated property and equipment still in use	2022	2021
	----- Rupees in '000 -----	
Leasehold improvements	307,460	281,922
Furniture and fixtures	195,902	175,197
Electrical, office and computer equipment	1,633,843	1,322,528
Vehicles	25,811	12,910
	<u>2,163,016</u>	<u>1,792,557</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 independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s. Luckyhiya Associates Pvt. Ltd. on the basis of professional assessment of present market values which resulted in increase in surplus by Rs. 347.037 million. The total surplus against revaluation of fixed assets as at December 31, 2022 amounts to Rs. 1,475.525 million.

Had there been no revaluation, the carrying amount of the revalued assets at December 31, would have been as follows:

	Note	2022	2021
		----- Rupees in '000 -----	
Leasehold land		1,014,912	1,014,912
Building on leasehold land		1,257,938	1,168,110
		<u>2,272,850</u>	<u>2,183,022</u>
11.3 Right-of-use assets			
Opening balance		2,845,079	2,382,706
Additions / renewals		833,564	1,450,920
Terminations		(303,538)	(71,459)
Depreciation	29	(1,056,517)	(919,584)
Exchange rate adjustments		6,266	2,496
Other adjustments		(38,135)	-
		<u>2,286,719</u>	<u>2,845,079</u>
12. INTANGIBLE ASSETS			
Capital work-in-progress - computer software		775,702	710,553
Computer software	12.1	1,592,811	960,400
Goodwill	12.1 & 12.3	1,463,624	1,463,624
		<u>3,832,137</u>	<u>3,134,577</u>

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

- 12.2** The cost of fully amortised intangible assets that are still in the Bank's use amounted to Rs. 193.650 million (2021: Rs. 182.982 million)
- 12.3** Goodwill is recorded by the Bank upon the event fully disclosed 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.

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.

	2022	2021
	Percentage	
- Discount rate	17.17	15.25
- Terminal growth rate	13.00	10.00

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. 5,245 million (2021: Rs. 5,465 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	
	2022	2021
	Percentage	
- Discount rate	1.28	1.99
- Terminal growth rate	-1.58	-2.67

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

13. OTHER ASSETS	Note	2022	2021
		----- Rupees in '000 -----	
Income / mark-up accrued in local currency		12,291,533	7,170,902
Income / mark-up accrued in foreign currencies		33,276	93,851
Advances, deposits, advance rent and other prepayments		847,457	777,512
Acceptances		6,586,244	3,689,343
Dividend receivable		-	127,626
Advance taxation (payments less provision)		938,509	721,567
Defined benefit plan assets - net	37.5	119,523	318,319
Receivable against bancassurance / bancatakaful		17,498	20,889
Stationery and stamps on hand		17,729	22,864
Receivable in respect of home remittance		22,004	27,549
Due from State Bank of Pakistan		752,409	179,197
Rebates receivable - net		226,094	68,142
Non-banking assets acquired in satisfaction of claims	13.1	3,664,799	2,537,863
Mark to market gain on derivative instruments	23.2	14,874	51,215
Mark to market gain on forward foreign exchange contracts		1,108,517	467,017
Advance against investments in securities		1,178,306	705,198
Branchless banking fund settlement		326,775	229,652
Inter bank fund transfer settlement		1,164,134	88,237
Credit card settlement		338,269	283,370
Insurance claims receivable		27,437	75,884
Others		624,222	379,708
		30,299,609	18,035,905
Less: Provision held against other assets	13.2	(11,241)	(11,241)
Other assets - net of provisions		30,288,368	18,024,664
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.3	107,426	120,674
		30,395,794	18,145,338
13.1 Non-banking assets acquired in satisfaction of claims			
Market value of non-banking assets acquired in satisfaction of claims		3,772,225	2,658,537
13.1.1 Movement in non-banking assets acquired in satisfaction of claims at market value:			
Opening balance		2,658,537	1,311,252
Additions	13.1.2	1,160,009	1,529,159
Disposal		(24,833)	(14,320)
Revaluation		-	-
Transfer to property and equipment		-	(156,843)
Depreciation	29	(21,488)	(10,711)
		3,772,225	2,658,537

13.1.2 During the year, the Bank has acquired properties of Rs. 1,160.009 million (2021: Rs. 1,529.159 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. 104.477 million (2021: Rs. 294.822 million) against reduction in non-performing loans of Rs. 542.248 million (2021: Rs. 1,475.823 million) (refer note 10.4.2).

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

13.1.3 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 Private Limited. M/s Sardar Enterprise Private Limited, M/s. Luckyhiya Associates Private Limited, M/s. BFA Private Limited., M/s Tristar International Consultants Private Limited, M/s Pakistan Inspection Company Private Limited. M/s Joseph Lobo Private Limited and Engineering Pakistan International Private Limited. on the basis of professional assessment of present market values.

	2022	2021
	----- Rupees in '000 -----	
13.2 Provision held against other assets		
Advances, deposits, advance rent & other prepayments	10,184	10,184
Others	1,057	1,057
	11,241	11,241
13.2.1 Movement in provision held against other assets		
Opening balance	11,241	11,241
Charge for the year	13,870	-
Reversal for the year	(13,870)	-
	-	-
Closing balance	11,241	11,241
14. BILLS PAYABLE		
In Pakistan	5,083,176	6,786,643
Outside Pakistan	319,769	252,243
	5,402,945	7,038,886
15. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinancing scheme	15.2 20,288,522	20,775,516
Long-term finance facility	15.3 2,337,963	2,558,982
Financing facility for storage of agricultural produce	133,097	246,691
Financing facility for renewable energy projects	15.4 1,078,480	1,322,204
Refinance for women entrepreneurs	15.5 82,127	448,799
Refinance scheme for payment of wages & salaries	15.6 7,179	5,428,540
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	15.7 70,911	5,439
Refinance facility for combating COVID-19	15.8 230,090	72,171
Temporary economic refinance facility	15.9 4,832,742	724,109
Small enterprise financing and credit guarantee scheme for special persons	3,039	9,029
Refinance facility for working capital of SMEs	385	-
Refinance facility for SME Asaan Finance (SAAF) scheme	1,607,471	-
Repurchase agreement borrowings	15.10 62,800,000	13,500,000
	93,472,006	45,091,480
Borrowing from financial institutions:		
Repurchase agreement borrowings	-	22,160,140
Refinancing facility for mortgage loans	15.11 3,044,444	2,916,027
	3,044,444	25,076,167
Total secured	96,516,450	70,167,647
Unsecured		
Overdrawn nostro accounts	1,291,766	306,663
	97,808,216	70,474,310

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

15.1 Particulars of borrowings	2022	2021
	----- Rupees in '000 -----	
In local currency	96,516,450	69,579,709
In foreign currencies	1,291,766	894,601
	97,808,216	70,474,310

- 15.2** 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 are due to mature latest by June 2023. These carry mark-up rates ranging from 2.00% to 10.00% (2021: 1.00% to 2.00%) per annum.
- 15.3** 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 latest by March 2031. These carry mark-up rates ranging from 2.00% to 8.00% (2021: 2.00% to 3.50%) per annum.
- 15.4** These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These carry mark-up at 2.00% (2021: 2.00% to 2.50%) per annum and are due to mature latest by December 2031.
- 15.5** These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2021: 0.00%) per annum and are due to mature latest by May 2027.
- 15.6** In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These carry mark-up / profit at rates ranging from 0.00% to 1.00% (2021: 0%) per annum and are due to mature latest by April 2023.
- 15.7** These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators up to a maximum capacity of 500 KVA. These carry mark-up at rates of 2.00% (2021: 0% to 2.00%) per annum and are due to mature latest by May 2027.
- 15.8** These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2021: 0.00%) per annum and are due to mature latest by July 2026.
- 15.9** These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenario. These carry mark-up at 1.00% (2021: 0.00%) per annum and are due to mature latest by August 2032.
- 15.10** These represent repurchase agreement borrowing from SBP at rates ranging from 16.10% to 16.27% (2021: 9.9% to 10.05%) per annum having maturity up to February 2023. The market value of securities given as collateral against these borrowings is given in note 9.2.1.
- 15.11** 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 rates ranging from 6.50% to 11.67% (2021: 6.50% to 11.07%) and are due to mature latest by December 2031.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

16. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
Customers						
Current deposits	118,168,325	9,299,899	127,468,224	103,471,600	7,672,420	111,144,020
Savings deposits	117,063,409	6,410,101	123,473,510	94,411,562	5,055,750	99,467,312
Term deposits	169,651,265	10,755,327	180,406,592	197,382,108	13,980,936	211,363,044
Margin deposits	13,179,090	289	13,179,379	8,847,107	3,408	8,850,515
	418,062,089	26,465,616	444,527,705	404,112,377	26,712,514	430,824,891
Financial Institutions						
Current deposits	1,373,845	710,695	2,084,540	1,035,655	504,985	1,540,640
Savings deposits	9,346,187	1,279	9,347,466	15,379,164	31,231	15,410,395
Term deposits	8,172,209	-	8,172,209	12,929,088	-	12,929,088
	18,892,241	711,974	19,604,215	29,343,907	536,216	29,880,123
	436,954,330	27,177,590	464,131,920	433,456,284	27,248,730	460,705,014

16.1 Composition of deposits

	2022	2021
Rupees in '000		
- Individuals	145,880,014	152,824,495
- Government (Federal and Provincial)	100,466,489	93,109,449
- Public Sector Entities	20,994,167	39,277,014
- Banking Companies	1,781,231	5,663,632
- Non-Banking Financial Institutions	17,822,984	24,216,491
- Private Sector	177,187,035	145,613,933
	464,131,920	460,705,014

16.2 Deposits include eligible deposits of Rs. 118,371.513 million (2021: Rs. 105,788.825 million) protected under Depositors Protection Mechanism introduced by State Bank of Pakistan.

17. SUBORDINATED DEBTS

	Note	2022	2021
Rupees in '000			
Term Finance Certificates - Second Issue	17.1	1,996,000	1,996,800
Term Finance Certificates - Third Issue	17.2	2,500,000	2,500,000
Term Finance Certificates - Fourth Issue	17.3	2,499,000	2,500,000
		6,995,000	6,996,800

17.1 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.
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 instalments 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 absency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

- 17.2** In 2018, the Bank 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:	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.
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 and / or CAR or LR set by SBP.
Loss absorber clause:	
Pre-Specified Trigger (PST)	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular No. 06 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 No. 06 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.

- 17.3** In 2021, the Bank has issued Rs. 2.5 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 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 instalments 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:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorber clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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 Unconsolidated Financial Statements

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18. DEFERRED TAX LIABILITIES

		2022			
		Balance as at January 01, 2022	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2022
Note		Rupees in '000			
Deductible Temporary Differences on:					
	Provision against investments	(63,680)	(6,532)	-	(70,212)
	Provision against advances	(346,052)	68,565	-	(277,487)
	Other assets	-	(130,747)	-	(130,747)
21	Surplus on revaluation of investments classified as available for sale	732,770	-	(1,079,629)	(346,859)
		323,038	(68,714)	(1,079,629)	(825,305)
Taxable Temporary Differences on:					
	Accelerated tax depreciation	178,767	9,041	-	187,808
	Goodwill	570,813	58,545	-	629,358
21	Surplus on revaluation of fixed assets	312,070	(16,281)	32,007	327,796
21	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	960	(715)	98	343
		1,062,610	50,590	32,105	1,145,305
		1,385,648	(18,124)	(1,047,524)	320,000
2021					
		Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2021
Rupees in '000					
Deductible Temporary Differences on:					
	Provision against investments	(57,149)	(6,531)	-	(63,680)
	Provision against loans and advances	(287,840)	(58,212)	-	(346,052)
	General provision under IFRS-9	(43,552)	43,552	-	-
	Mark to market gain / (loss) on forward foreign exchange contracts	(22,893)	22,893	-	-
		(411,434)	1,702	-	(409,732)
Taxable Temporary Differences on:					
	Accelerated tax depreciation	169,658	9,109	-	178,767
	Goodwill	512,268	58,545	-	570,813
21	Surplus on revaluation of fixed assets	240,391	(10,072)	81,751	312,070
21	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	4,029	(45)	(3,024)	960
	Unrealized gain on revaluation of derivative instruments	5,302	(5,302)	-	-
	Unrealised (loss) / gain on revaluation of investments classified as held for trading	282	(282)	-	-
21	Deficit / surplus on revaluation of investments classified as available for sale	673,756	-	59,014	732,770
		1,605,686	51,953	137,741	1,795,380
		1,194,252	53,655	137,741	1,385,648

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

19. OTHER LIABILITIES	Note	2022	2021
		----- Rupees in '000 -----	
Mark-up / return / interest payable in local currency		4,857,150	3,216,121
Mark-up / return / interest payable in foreign currencies		45,769	26,668
Unearned income on guarantees		368,800	261,377
Accrued expenses		584,968	312,821
Acceptances		6,586,244	3,689,343
Unclaimed dividends		4,214	4,214
Mark to market loss on derivative instruments		13,588	56,155
Mark to market loss on forward foreign exchange contracts		529,887	103,830
Withholding taxes payable		639,608	516,370
Donation payable to Future Trust	29.2	26,475	41,178
Security deposits against leases, lockers and others		2,468,743	2,908,147
Workers' Welfare Fund	30	201,040	158,414
Payable in respect of home remittance		435,629	433,507
Lease liability against right-of-use assets	19.1	2,545,780	3,129,904
Insurance payable		209,834	27,180
Payable to vendors against SBS goods		380,040	206,925
Debit card settlement		269,365	58,711
Clearing and settlement accounts		49,938	175,105
Others		293,721	338,143
		20,510,793	15,664,113
19.1 Lease liabilities			
Opening balance		3,129,904	2,583,947
Additions / renewals		852,268	1,407,295
Terminations		(476,475)	(82,912)
Mark-up on lease liability against right-of-use assets	25	355,571	387,693
Payments		(1,322,720)	(1,191,560)
Exchange rate adjustments		7,232	25,441
Closing balance		2,545,780	3,129,904
20. SHARE CAPITAL - NET			
20.1 Authorised capital			
20.1.1 Ordinary shares			
		2022	2021
		----- Number of shares -----	
		3,850,000,000	2,350,000,000
			Ordinary shares of Rs.10 each
		38,500,000	23,500,000
20.1.2 Preference shares			
		150,000,000	150,000,000
			Convertible preference shares of Rs.10 each
20.2 Issued, subscribed and paid-up capital			
		2022	2021
		----- Rupees in '000 -----	
		763,558,965	763,558,965
		533,905,297	533,905,297
		1,297,464,262	1,297,464,262
		-	-
		1,297,464,262	1,297,464,262
			Ordinary shares
		7,635,590	7,635,590
		5,339,053	5,339,053
		12,974,643	12,974,643
		(2,855,401)	(2,855,401)
		10,119,242	10,119,242

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

20.3 As at December 31, 2022, Jahangir Siddiqui & Co. Ltd. (the parent company) held 973,307,324 (2021: 973,307,324) ordinary shares of Rs.10 each i.e. 75.02% holding (2021: 75.02%).

20.4 During the year, the Bank has increased its Authorized Share Capital from Rs. 25 billion to Rs. 40 billion with the approval of Shareholders in extra-ordinary general meeting held on October 04, 2022 and the approval from State Bank of Pakistan vide letter dated October 12, 2022.

21.	SURPLUS ON REVALUATION OF ASSETS	Note	2022	2021
			----- Rupees in '000 -----	
	Surplus on revaluation of:			
	Available-for-sale securities	9.2 & 21.1	(806,650)	1,878,898
	Fixed assets	21.2	1,475,525	1,513,386
	Non-banking assets acquired in satisfaction of claims	21.3	107,426	120,674
			776,301	3,512,958
	Deferred tax on surplus on revaluation of:			
	Available-for-sale securities		346,859	(732,770)
	Fixed assets		(327,796)	(312,070)
	Non-banking assets acquired in satisfaction of claims		(343)	(960)
			18,720	(1,045,800)
			795,021	2,467,158
21.1	Available-for-sale securities			
	Pakistan:			
	- Equity securities		1,941,804	2,281,924
	- Open end mutual funds		2,298	28,085
	- Debt securities		(1,826,120)	(368,014)
			117,982	1,941,995
	Bahrain:			
	- Equity securities		(28,705)	1,856
	- Debt securities		(895,927)	(64,953)
			(924,632)	(63,097)
			(806,650)	1,878,898
	Related deferred tax liability		346,859	(732,770)
			(459,791)	1,146,128
21.2	Surplus on revaluation of fixed assets			
	Surplus on revaluation as at January 01		1,513,386	1,192,173
	Recognised during the year - net		-	347,037
			1,513,386	1,539,210
	Transferred to unappropriated profit			
	Incremental depreciation during the year		(21,580)	(15,752)
	Related deferred tax liability		(16,281)	(10,072)
			(37,861)	(25,824)
	Surplus on revaluation as at December 31		1,475,525	1,513,386
	Less: Related deferred tax liability on			
	- Surplus on revaluation as at January 01		(312,070)	(240,391)
	- Effect of change in tax rate		(32,007)	(27,474)
	- Recognised / transferred during the year		-	(54,277)
	- Incremental depreciation charged during the year		16,281	10,072
			(327,796)	(312,070)
			1,147,729	1,201,316

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

21.3	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	Note	2022	2021
			----- Rupees in '000 -----	
	Surplus on revaluation as at January 01		120,674	135,109
	Derecognised during the year		(13,178)	(14,320)
			107,496	120,789
	Transferred to unappropriated profit			
	Incremental depreciation during the year		(40)	(70)
	Related deferred tax liability		(30)	(45)
			(70)	(115)
	Surplus on revaluation as at December 31		107,426	120,674
	Less: Related deferred tax liability on			
	- Surplus on revaluation as at January 01		(960)	(4,029)
	- Effect of change in tax rate		(98)	(460)
	- Incremental depreciation charged during the year		30	45
	- Derecognised during the year		685	3,484
			(343)	(960)
			107,083	119,714
22.	CONTINGENCIES AND COMMITMENTS			
	Guarantees	22.1	83,175,591	49,835,924
	Commitments	22.2	93,959,209	53,141,448
	Other contingencies	22.3	646,479	883,168
			177,781,279	103,860,540
22.1	Guarantees:			
	Financial guarantees		3,668,949	816,746
	Performance guarantees		34,702,865	25,611,507
	Other guarantees		44,803,777	23,407,671
			83,175,591	49,835,924
22.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		22,381,092	21,917,220
	Commitments in respect of:			
	- Forward foreign exchange contracts	22.2.1	68,486,603	26,688,581
	- Derivative instruments	22.2.2	2,344,191	3,440,120
	- Forward lending	22.2.3	284,067	639,565
	Commitments for acquisition of:			
	- Fixed assets	22.2.4	463,256	455,962
			93,959,209	53,141,448
22.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		41,239,463	17,655,035
	Sale		27,247,140	9,033,546
			68,486,603	26,688,581

22.2.1.1 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, 2022

	Note	2022	2021
----- Rupees in '000 -----			
22.2.2 Commitments in respect of derivative instruments			
Purchase		2,109,891	1,737,404
Sale		234,300	1,702,716
		2,344,191	3,440,120
Cross currency swaps			
Purchase		234,300	370,039
Sale		234,300	370,039
		468,600	740,078
Options			
Purchase		-	1,367,365
Sale		-	1,332,677
		-	2,700,042
Commitments in respect of forward securities			
Purchase		1,875,591	-
22.2.3 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.3.1	284,067	639,565

22.2.3.1 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.

22.2.4 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipments, electrical equipment and computer software.

	Note	2022	2021
----- Rupees in '000 -----			
22.3 Other contingencies			
22.3.1 Claims against the Bank not acknowledged as debts	22.3.1.1	646,479	883,168

22.3.1.1 These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these unconsolidated financial statements.

22.3.2 Tax related contingencies are disclosed in notes 33.2 to 33.5.

23. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Cross Currency 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 (SBP). Policies in line with SBP instructions have been formulated and are operative.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

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 46.

		2022					
		Cross Currency 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		468,600	710	-	-	-	-
Market making		-	-	-	-	-	-
With FIs other than banks Hedging		-	-	-	-	1,875,591	576
Market making		-	-	-	-	-	-
Total Hedging		468,600	710	-	-	1,875,591	576
Market making		-	-	-	-	-	-

		2021					
		Cross Currency 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		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)	-	-

		2022				
		Number of contracts	Notional principal	Mark to market		
				Positive	Negative	Net
Remaining maturity of contracts		Rupees in '000				
Upto 1 month	4	468,600	14,298	(13,588)	710	
1 to 3 months	-	-	-	-	-	
3 to 6 months	1	1,875,591	576	-	576	
6 months to 1 year	-	-	-	-	-	
1 to 2 years	-	-	-	-	-	
	5	2,344,191	14,874	(13,588)	1,286	
		2021				
Remaining maturity of contracts		Number of contracts	Notional principal	Mark to market		
				Positive	Negative	Net
		Rupees in '000				
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)	

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		30,398,499	20,671,973
Investments		40,179,681	17,643,224
Lendings to financial institutions		60,133	26,313
Securities purchased under resale agreements		1,329,472	737,597
Balances with banks		79,420	46,329
		72,047,205	39,125,436
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		38,911,825	21,813,989
Borrowings		16,278,576	3,815,139
Subordinated debt		1,063,831	696,224
Cost of foreign currency swaps against foreign currency deposits / borrowings		581,400	517,642
Lease liability against right-of-use assets	19.1	355,571	387,693
		57,191,203	27,230,687
26. FEE AND COMMISSION INCOME			
Branch banking customer fees		106,452	127,640
Consumer finance related fees		507,382	406,495
Card related fees (debit and credit cards)		307,013	363,319
Investment banking fees		22,173	174,417
Commission on trade		903,056	791,362
Commission on guarantees		583,036	426,161
Commission on cash management		21,748	9,756
Commission on remittances including home remittances		94,210	187,487
Commission on bancassurance		90,635	128,638
Commission on distribution of mutual funds		847	2,711
Commission on online services		294,526	281,364
Postage & courier income		15,394	23,103
Rebate income		252,466	249,799
Rebate on primary dealership		14,477	34,638
		3,213,415	3,206,890
27. (LOSS) / GAIN ON SECURITIES			
Realised	27.1	(306,728)	95,208
Unrealised - held for trading		(107)	(62)
		(306,835)	95,146
27.1 Realised (loss) / gain on:			
Federal government securities			
Market treasury bills		(394,126)	(9,218)
Pakistan investment bonds		275,329	140,594
Ijara sukuk certificates		38,820	2,901
		(79,977)	134,277
Shares			
Listed companies		(149,871)	(107,386)
Non Government Debt Securities			
Term finance certificates		(1,045)	22,645
Commercial paper certificates		51	64
		(994)	22,709
Mutual fund units		69,296	5,626
Foreign currency bonds		(145,182)	39,982
		(306,728)	95,208
28. OTHER INCOME			
Rent income		17,748	-
Loss on sale of fixed assets - net		(16,622)	(4,000)
Gain on termination of leases - net		172,937	6,692
Others		3,385	-
		177,448	2,692

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

29. OPERATING EXPENSES	Note	2022	2021
		----- Rupees in '000 -----	
Total compensation expense	29.1	6,863,342	5,520,185
Property expense			
Rent and taxes		27,219	36,985
Insurance		5,057	3,566
Utilities cost		579,498	399,865
Security (including guards)		334,512	281,062
Repair and maintenance (including janitorial charges)		286,600	243,862
Depreciation		249,121	191,143
Depreciation on right-of-use assets		1,056,517	919,584
Depreciation on non banking assets		21,488	10,711
		2,560,012	2,086,778
Information technology expenses			
Software maintenance		842,668	633,913
Hardware maintenance		298,137	219,281
Depreciation		307,868	254,279
Amortisation		167,361	134,447
Network charges		255,267	181,433
		1,871,301	1,423,353
Other operating expenses			
Directors' fees and allowances		16,450	17,450
Legal and professional charges		268,108	144,917
Insurance		374,945	418,894
Outsourced services costs	29.4	230,432	197,054
Travelling and conveyance		190,826	100,424
NIFT clearing charges		48,571	46,549
Depreciation		328,212	305,196
Training and development		73,331	62,493
Postage and courier charges		104,260	82,511
Communication		178,888	131,764
Stationery and printing		230,250	194,701
Marketing, advertisement and publicity		1,160,319	378,300
Donations	29.2	42,625	44,178
Auditors' Remuneration	29.3	19,412	13,654
Staff Auto fuel and maintenance		436,817	244,113
Bank Charges		62,570	51,542
Stamp Duty		66,144	71,058
Online verification charges		71,850	53,770
Brokerage, fee and commission		46,450	52,971
Card related fees (debit and credit cards)		513,355	275,935
CDC and other charges		4,101	5,239
Consultancy fee		5,106	25,899
Deposit protection premium		180,849	179,469
Entertainment expenses		126,590	103,080
Repair and maintenance		75,750	80,926
Cash handling charges		201,807	188,376
Fee and subscription		165,604	79,187
Employees social security		7,841	5,629
Generator fuel and maintenance		170,427	86,466
Others		52,423	50,641
		5,454,313	3,692,386
		16,748,968	12,722,702

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

29.1 Total compensation expense	Note	2022	2021
		Rupees in '000	
Fees and Allowances etc.		166,754	170,756
Managerial Remuneration			
i) Fixed		4,555,484	4,124,093
ii) Variable			
of which;			
a) Cash Bonus / Awards etc.		484,808	7,888
b) Commission		256,102	234,116
Charge / (gain) for defined benefit plan		93,228	(211,129)
Contribution to defined contribution plan		263,085	248,152
Leave indemnity		10,064	7,505
Medical		441,496	399,011
Conveyance		481,993	442,670
Staff insurance		110,328	97,123
		<u>6,863,342</u>	<u>5,520,185</u>
29.2 Donations			
Future Trust	29.2.1	42,625	44,178
		<u>42,625</u>	<u>44,178</u>

29.2.1 Mr. Hasan Shahid, Company Secretary and Head of Legal of the Bank, is the Trustee and Treasurer of Future Trust.

29.3 Auditors' remuneration	Note	2022	2021
		Rupees in '000	
Audit fee - Pakistan		5,550	1,794
Audit fee - Bahrain		2,721	1,873
Half-yearly review		1,200	619
Fee for audit of employees funds		143	143
Fee for other statutory certifications		1,370	3,275
Special certification and sundry advisory services		6,339	3,748
Out of pocket expenses and sales tax on services		2,089	2,202
	29.3.1	<u>19,412</u>	<u>13,654</u>
29.3.1 Geographical analysis			
Pakistan		15,052	10,813
Bahrain		4,360	2,841
		<u>19,412</u>	<u>13,654</u>

29.4 The material outsourcing arrangements along with nature of services are as follows:

Name of Service Provider	Type of services	2022	2021
		Rupees in '000	
Mustang HRMs (Pvt.) Ltd.	Human Resource Management Services	154,283	142,043
Dagia Innovative Warehousing	Record Management Services	10,197	14,481
Constellation Printing Company (Pvt.) Ltd.	Cheque book Printing Services	37,731	28,059
Security Organization System (Pvt.) Ltd.	Cash Sorting Services	26,902	2,417
		<u>229,113</u>	<u>187,000</u>

30. WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
31. OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		134,413	494
32. PROVISIONS AND WRITE OFFS - NET			
Reversals in diminution in value of investments	9.3	(80,299)	(233,540)
Provisions against loans & advances - specific	10.4	861,164	2,388,698
Provisions against loans & advances - general	10.4	112,827	87,787
Provisions / (reversals) under IFRS 9	32.1	63,917	(62,326)
Fixed assets written off - net		-	14,594
Intangible assets written off		132,999	3,964
Other provisions and write offs		8,180	5,548
Insurance claim recovered against non performing advances		-	(209,600)
		1,098,788	1,995,125
32.1 Provisions / (reversals) under IFRS 9			
Balances with other banks		37	(443)
Lendings to financial institutions		-	(1,251)
Investments	9.3	82,695	(62,148)
Advances	10.4	(18,815)	1,516
		63,917	(62,326)
33. TAXATION			
Current		1,179,189	941,296
Prior years		5,397	(90,418)
Deferred		(18,124)	53,655
		1,166,462	904,533
33.1 Relationship between income tax expense and accounting profit			
Profit before taxation		2,131,240	2,208,925
Tax on income @ 49% (2021: 39%)		1,044,308	861,481
Effect of change in tax rates		(17,731)	44,124
Effect of permanent differences		132,430	193
Others		7,455	(1,265)
Tax charge for the year		1,166,462	904,533
33.2 Income Tax			

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2022. The returns so filed considered as deemed assessment order under Section 120(1) of the Income Tax Ordinance, 2001 (the Ordinance). Later, the return of income for tax years 2008 to 2018, 2020 and 2022 were amended by the Officers of Inland Revenue (OIR) by taking recourse of tax audit or alternatively through amendment the assessment contending that certain matters in the deemed assessments were allegedly not conforming to the law and prejudiced the interest of revenue.

The Bank contested the disallowances before the Commissioner Inland Revenue Appeals [CIR(A)] and the Appellate Tribunal Inland Revenue [ATIR].

For tax year 2008, both the CIR(A) and ATIR annulled the OIR's action of amending the assessment for tax year 2008 being barred by time limitation following the judgments of Honourable Supreme Court of Pakistan.

Notes To The Unconsolidated Financial Statements

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For tax years 2009 to 2017, the appeals were decided by ATIR through combined Appellate Order dated 31-01-2022. Though the AO, except for the levy of surcharge under section 4A, minimum tax under section 113 and deduction of Sindh WWF all of the issues involved in the appeal either decided in Bank's favor (including the issue of goodwill, amortization of which was claimed over the period of 10 years) or set-aside for re-examination by the ATIR.

The Bank as well as the tax department have filed Income Tax Reference Applications before Sindh High Court against above-mentioned order of ATIR, which are pending.

Bank's appeal for tax year 2018 is pending for adjudication before ATIR whereas for tax years 2020 and 2022 appeals against the amended assessment orders are pending before CIR(A).

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. Based on that, the Appellate Tribunal through combined Appellate order dated January 31, 2022 has also annulled the OIR's action of levying WWF on Bank under Worker's Welfare Fund Ordinance, 1971 in tax years 2009, 2012 and 2013.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh, Punjab and Balochistan through the Sindh WWF Act, 2014 (the Act), the Punjab Workers Welfare Fund Act, 2019 and the Balochistan Workers Welfare Fund Act, 2022, respectively. As per these 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 cannot be applied to trans-provincial entities. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF.
- the Bank will challenge the recovery of Punjab and Balochistan WWF in the court of law on same grounds as in case of Sindh WWF.

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 maintain provision on the entire results of the Bank.

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2022 wherein the Bank along with other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has file appeal 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 years 2014 to 2020. Orders in respect of tax years 2014, 2015, 2016, 2018 and 2020 have 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. The ATIR through order dated February 07, 2022 refused Department's appeal and maintained CIR(A)'s order for tax year 2014. Appeal for tax years 2016, 2018 and 2020 are pending for adjudication before CIR(A).

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 alleged 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, which is pending.

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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 2022 with the tax authorities of AJK region. The amendment proceedings and appeals are at various levels before AJK Tax authorities for the tax year 2011 to 2017, 2019 to 2022.

The management of the Bank is confident that the appeals filed in respect of the above tax years will be decided in the Bank's favor and accordingly no demand for payment would arise.

		2022	2021
	Note	----- 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>964,778</u>	<u>1,304,392</u>
		----- Numbers -----	
Weighted average number of outstanding ordinary shares during the year		<u>1,297,464,262</u>	<u>1,297,464,262</u>
		----- Rupees -----	
Basic and diluted earnings per share		<u>0.74</u>	<u>1.01</u>
		2022	2021
		----- Rupees in '000 -----	
35. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	24,764,967	34,266,856
Balances with other banks - Gross	7	1,800,471	1,185,803
Overdrawn nostro accounts	15	<u>(1,291,766)</u>	<u>(306,663)</u>
		<u>25,273,672</u>	<u>35,145,996</u>
		2022	2021
		----- Number -----	
36. STAFF STRENGTH			
Permanent		3,803	3,502
On Bank's contract		503	541
Bank's own staff strength		<u>4,306</u>	<u>4,043</u>
Outsourced	36.2	433	444
Total		<u>4,739</u>	<u>4,487</u>
36.1 Geographical segment analysis			
Pakistan		4,731	4,480
Bahrain		8	7
		<u>4,739</u>	<u>4,487</u>
36.2	This excludes employees of outsourced services companies assigned to the Bank to perform services of security guards and janitorial staff.		

Notes To The Unconsolidated Financial Statements

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37. DEFINED BENEFIT PLAN

37.1 General description

The Bank operates a recognised 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 increase risk, discount rate risk, demographic risks 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 the gratuity scheme are 3,740 (2021: 3,495).

37.4 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022, using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

		2022	2021
Discount rate	per annum	14.50%	11.75%
Expected rate of return on plan assets	per annum	11.75%	9.75%
Expected rate of salary increase	per annum	14.50%	11.75%
The average duration of the defined benefit obligation	years	8	9

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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)	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Balance as at January 01	811,689	1,074,298	1,130,008	1,391,879	(318,319)	(317,581)
Included in profit or loss						
Current service cost	130,631	178,234	-	-	130,631	178,234
Past service cost	-	(358,399)	-	-	-	(358,399)
Interest expense / income	90,497	101,035	127,900	131,999	(37,403)	(30,964)
	221,128	(79,130)	127,900	131,999	93,228	(211,129)
Included in other comprehensive (loss) / income						
Actuarial gains / losses arising from:						
- financial assumptions	5,131	(11,622)	-	-	5,131	(11,622)
- demographic assumptions	(34,057)	-	-	-	(34,057)	-
- experience adjustments	(89,734)	(95,764)	-	-	(89,734)	(95,764)
Return on plan assets	-	-	(224,228)	(317,777)	224,228	317,777
	(118,660)	(107,386)	(224,228)	(317,777)	105,568	210,391
Other movements						
Contribution made during the year	-	-	-	-	-	-
Benefits paid during the year	(83,002)	(76,093)	(83,002)	(76,093)	-	-
	(83,002)	(76,093)	(83,002)	(76,093)	-	-
Balance as at December 31	831,155	811,689	950,678	1,130,008	(119,523)	(318,319)

37.6 The composition of the plan assets at the end of the reporting period for each category, are as follows:

	Cost		Fair value		Composition	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
					Percentage	
Cash at Bank	28,395	176,653	28,395	176,653	3.0%	15.6%
Pakistan Investment Bonds	59,537	147,712	59,568	146,157	6.3%	12.9%
Market treasury bills	69,178	-	70,805	-	7.4%	0.0%
Term finance certificates	183,442	50,503	184,040	51,082	19.4%	4.5%
Ordinary shares of listed companies	805,636	805,623	607,871	756,116	63.9%	66.9%
	1,146,188	1,180,491	950,679	1,130,008	100%	100%

37.7 Maturity profile

37.7.1 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity fund is as follows:

	Up to one year	Over 1 to 2 years	Over 2 to 5 years	Over 6 to 10 years	Over 10 years	Total
	Rupees in '000					
Balance as at December 31, 2022	53,572	153,934	435,294	1,124,640	13,268,198	15,035,638
Balance as at December 31, 2021	40,130	42,200	200,323	1,068,414	11,996,311	13,347,378

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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)
Current results	14.50%	831,155	950,678	(119,523)
Discount rate				
1% Increase	15.50%	772,232	950,678	(178,446)
1% Decrease	13.50%	897,518	950,678	(53,160)
Salary Rate				
1% Increase	15.50%	898,860	950,678	(51,818)
1% Decrease	13.50%	769,978	950,678	(180,700)

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 08 years.

37.10 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

Particulars	2022	2021
	Rupees in '000	
Defined benefit obligation	831,155	811,689
Fair value of plan assets	(950,678)	(1,130,008)
Net defined benefit assets	(119,523)	(318,319)
Re-measurement gain on obligation	(118,660)	(107,386)
Re-measurement loss on plan assets	224,228	317,777
Other comprehensive income	105,568	210,391

37.11 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. 111.692 million.

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 (2021: 7.1% of the basic salaries) to the funded scheme every month. Number of employees covered under this plan are 4,306 (2021: 3,164). During the year, the Bank has made a contribution of Rs. 263.085 million (2021: Rs. 248.152 million) to the fund. The employees have also made a contribution of equal amount to the fund.

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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	2022				
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	Rupees in '000				
Fees and Allowances etc.	2,500	13,950	-	-	-
Managerial Remuneration					
i) Fixed	-	-	42,605	202,484	735,061
ii) Total Variable - Cash Bonus / Awards	-	-	-	6,598	19,407
Charge for defined benefit plan	-	-	2,516	10,979	44,318
Contribution to defined contribution plan	-	-	3,024	13,306	46,659
Medical	-	-	4,260	20,248	64,446
Conveyance	-	-	195	16,813	69,203
Car allowance	-	-	-	23,299	90,409
Others	-	-	385	1,438	8,236
Total	2,500	13,950	52,985	295,165	1,077,739
Number of persons	1	11	1	24	108
	2021				
Items	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	Rupees in '000				
Fees and Allowances etc.	2,450	15,000	-	-	-
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	2,450	15,000	54,376	327,463	945,421
Number of persons	1	7	1	23	106

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.

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 38 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:

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	2022	2021
	Numbers	
Employees Covered under:		
Material Risk Takers (MRTs)	65	70
Material Risk Controllers (MRCs)	43	36
	108	106

	2022	2021
	Rupees '000	
Movement of deferred remuneration		
Opening	43,829	48,495
Deferred during the year	10,024	10,934
Paid during the year	(18,461)	(13,898)
Malus during the year	-	(1,702)
Closing	35,392	43,829

39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

Sr. No.	Name of Director	2022					Total Amount Paid
		Meeting Fees and Allowances Paid					
		For Board Committees					
		For Board Meetings	Board Audit Committee (BAC)	Board Human Resource, Remuneration & Nomination Committee (BHRNC)	Board Risk Management Committee (BRMC)	Board IT Committee (BITC)	
----- Rupees in '000 -----							
1	Mr. Adil Matcheswala	1,750	150	600	-	-	2,500
2	Mr. Hassan Afzal *	250	-	-	-	300	550
3	Mr. Sadiq Ali	1,000	300	-	300	-	1,600
4	Ms. Nargis Ghaloo	2,000	450	-	150	300	2,900
5	Syed Mumtaz Ali Shah	1,000	-	450	300	-	1,750
6	Mr. Shah Nawaz Haider Nawabi	750	150	-	300	-	1,200
7	Mr. Usman Yousaf Mobin	1,000	-	450	-	300	1,750
8	Mr. Ashraf Nawabi **	-	-	-	-	-	-
9	Mr. G.M Sikander **	750	150	150	-	-	1,050
10	Mr. Munawar Alam Siddiqui **	750	150	-	150	-	1,050
11	Mr. Kalim-ur-Rahman **	750	-	150	-	150	1,050
12	Mr. Sohail Aman **	750	-	150	-	150	1,050
	Total amount paid	10,750	1,350	1,950	1,200	1,200	16,450

* Mr. Hassan Afzal resigned from the Board of Directors w.e.f. October 24, 2022. Mr. Basir Shamsie (President & CEO) has been appointed director in place of Mr. Hassan Afzal.

** Mr. Ashraf Nawabi, Mr. G.M Sikander, Mr. Munawar A. Siddiqui, Mr. Kalim-ur-Rahman and Mr. Sohail Aman have not offered themselves for re-election at the Election of Directors held on March 30, 2022.

Sr. No.	Name of Director	2021					Total Amount Paid
		Meeting Fees and Allowances Paid					
		For Board Committees					
		For Board Meetings	Board Audit Committee (BAC)	Board Human Resource, Remuneration & Nomination Committee (BHRNC)	Board Risk Management Committee (BRMC)	Board IT Committee (BITC)	
----- Rupees in '000 -----							
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

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40. FAIR VALUE OF FINANCIAL INSTRUMENTS

International Financial Reporting Standard (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. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, 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.

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.

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 / Bloomberg.
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	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV and PKISRV rates.
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 - 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 acquired in satisfaction of claims	

- 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.

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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.

	2022			
	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	-	33,431	-	33,431
Available-for-sale securities				
Investments				
Federal Government Securities	-	143,386,012	-	143,386,012
Shares	5,132,677	-	-	5,132,677
Non Government Debt Securities	-	494,174	-	494,174
Foreign Securities	301,472	807,635	-	1,109,107
Open end mutual funds	-	502,298	-	502,298
	5,434,149	145,190,119	-	150,624,268
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	149,437,837	-	149,437,837
	5,434,149	294,661,387	-	300,095,536
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	3,748,375	3,748,375
Non-banking assets acquired in satisfaction of claims	-	-	3,772,225	3,772,225
	-	-	7,520,600	7,520,600
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	40,275,960	-	40,275,960
Sale	-	26,862,267	-	26,862,267
Derivative instruments				
Cross currency swaps				
Purchase	-	247,888	-	247,888
Sale	-	248,598	-	248,598
Forward securities				
Purchase	-	187,617	-	187,617

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	2021			Total
	Level 1	Level 2	Level 3	
On balance sheet financial instruments	Rupees in '000			
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	-	160,411,709	-	160,411,709
Shares	4,051,226	-	-	4,051,226
Non Government Debt Securities	-	372,685	-	372,685
Foreign Securities	95,099	520,334	-	615,433
Open end mutual funds	-	2,203,172	-	2,203,172
	4,146,325	163,507,900	-	167,654,225
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	58,143,943	-	58,143,943
	4,146,325	222,761,247	-	226,907,572
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	3,696,408	3,696,408
Non-banking assets acquired in satisfaction of claims	-	-	2,658,537	2,658,537
	-	-	6,354,945	6,354,945
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				
Cross currency 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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41. SEGMENT INFORMATION

41.1 Segment details with respect to business activities:

	2022						
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Zindigi	Others	Total
	Rupees in '000						
Profit and Loss							
Net mark-up / return / interest / (expense)	394,490	25,444,706	(7,838,022)	(1,960,623)	(27,846)	(1,156,703)	14,856,002
Inter segment revenue - net	(337,215)	(29,145,431)	22,383,312	6,220,223	248,679	630,132	-
Non mark-up / return / income / (loss)	65,081	1,922,541	1,515,436	1,618,309	254,167	(75,502)	5,300,032
Total Income / (loss)	122,356	(1,778,184)	16,060,726	5,878,209	475,000	(602,073)	20,156,034
Segment direct expenses	53,333	182,946	9,246,484	1,045,025	1,720,424	4,677,794	16,926,006
Inter segment expense allocation	17,215	177,440	3,154,482	813,329	488,862	(4,651,328)	-
Total expenses	70,548	360,386	12,400,966	1,858,354	2,209,286	26,466	16,926,006
Provisions	-	-	630,178	491,858	-	(23,248)	1,098,788
Profit / (loss) before tax	51,808	(2,138,570)	3,029,582	3,527,997	(1,734,286)	(605,291)	2,131,240
Statement of financial position							
Cash and bank balances	-	-	26,561,450	-	3,953	-	26,565,403
Lendings to financial institutions	-	11,351,162	-	-	-	-	11,351,162
Investments	2,064,697	297,472,425	-	1,786,820	-	2,140,921	303,464,863
Net inter segment lending	-	-	188,156,779	59,940,115	2,878,829	-	250,975,723
Advances - performing	-	-	75,221,124	141,415,256	407	5,575,996	222,212,783
Advances - non-performing	-	-	6,699,317	9,528,889	-	83,681	16,311,887
Advances - provisions - net	-	-	(3,269,248)	(4,141,732)	-	(11,874)	(7,422,854)
Others	-	-	78,651,193	146,802,413	407	5,647,803	231,101,816
Total Assets	2,064,697	308,823,587	293,369,422	208,529,348	2,883,189	52,020,973	867,691,216
Borrowings	-	64,862,710	8,350,957	24,594,549	-	-	97,808,216
Deposits and other accounts	350	-	277,923,067	183,325,314	2,883,189	-	464,131,920
Subordinated debt	-	-	-	-	-	6,995,000	6,995,000
Net inter segment borrowing	2,064,347	243,960,877	-	-	-	4,950,499	250,975,723
Others	-	-	7,095,398	609,485	-	18,528,855	26,233,738
Total liabilities	2,064,697	308,823,587	293,369,422	208,529,348	2,883,189	30,474,354	846,144,597
Equity	-	-	-	-	-	21,546,619	21,546,619
Total Equity & liabilities	2,064,697	308,823,587	293,369,422	208,529,348	2,883,189	52,020,973	867,691,216
Contingencies & Commitments	-	86,645,804	63,653,775	25,780,043	-	1,701,657	177,781,279
	2021						
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Zindigi	Others	Total
	Rupees in '000						
Profit and Loss							
Net mark-up / return / interest / (expense)	(892,985)	13,766,791	196,843	(1,388,737)	(160)	212,997	11,894,749
Inter segment revenue - net	907,098	(14,806,689)	8,723,272	5,097,301	79,018	-	-
Non mark-up / return / income	253,443	1,681,337	1,448,925	1,503,778	194,031	(4,839)	5,076,675
Total Income	267,556	641,439	10,369,040	5,212,342	272,889	208,158	16,971,424
Segment direct expenses	28,829	167,127	4,568,989	887,464	551,251	278,607	6,482,267
Inter segment expense allocation	47,967	163,074	4,860,958	786,969	426,139	-	6,285,107
Total expenses	76,796	330,201	9,429,947	1,674,433	977,390	278,607	12,767,374
Provisions / (reversals)	-	233,540	2,664,945	(883,218)	3,964	(24,106)	1,995,125
Profit / (loss) before tax	190,760	77,698	(1,725,852)	4,421,127	(708,465)	(46,343)	2,208,925
Statement of financial position							
Cash and bank balances	-	-	35,452,642	-	-	-	35,452,642
Lendings to financial institutions	-	31,939,044	-	-	-	-	31,939,044
Investments	-	229,555,015	-	1,711,262	-	-	231,266,277
Net inter segment lending	12,716,606	-	116,603,861	90,374,890	1,521,443	2,339,620	223,556,420
Advances - performing	901,279	-	75,492,182	165,301,183	556	5,245,278	246,940,478
Advances - non-performing	-	-	7,835,772	6,090,497	-	-	13,926,269
Advances - provisions - net	-	-	(3,430,477)	(3,252,332)	-	-	(6,682,809)
Others	901,279	-	79,897,477	168,139,348	556	5,245,278	254,183,938
Total Assets	13,617,885	261,494,059	231,953,980	260,225,500	1,521,999	39,031,851	807,845,274
Borrowings	16,336	31,875,041	9,535,196	29,047,737	-	-	70,474,310
Deposits and other accounts	13,597,573	-	217,957,293	227,679,248	1,470,900	-	460,705,014
Subordinated debt	-	6,996,800	-	-	-	-	6,996,800
Net inter segment borrowing	-	222,622,218	-	934,202	-	-	223,556,420
Others	3,976	-	4,461,491	2,564,313	51,099	17,007,768	24,088,647
Total liabilities	13,617,885	261,494,059	231,953,980	260,225,500	1,521,999	17,007,768	785,821,191
Equity	-	-	-	-	-	22,024,083	22,024,083
Total Equity & liabilities	13,617,885	261,494,059	231,953,980	260,225,500	1,521,999	39,031,851	807,845,274
Contingencies & Commitments	-	50,618,828	37,186,792	15,060,805	-	994,115	103,860,540

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

41.2 Segment details with respect to geographical locations

	2022		
	Pakistan	Bahrain	Total
	Rupees in '000		
Profit and Loss			
Net mark-up / return / interest / (expense)	14,525,553	330,449	14,856,002
<i>Inter segment revenue - net</i>	11,864	(11,864)	-
Non mark-up / return / interest income	5,350,069	(50,037)	5,300,032
Total Income	19,887,486	268,548	20,156,034
Segment direct expenses	16,703,401	222,605	16,926,006
<i>Inter segment expense allocation</i>	(45,239)	45,239	-
Total expenses	16,658,162	267,844	16,926,006
Provisions	1,034,871	63,917	1,098,788
Profit / (loss) before tax	2,194,453	(63,213)	2,131,240
Statement of financial position			
Cash and bank balances	24,053,284	2,512,119	26,565,403
Lendings to financial institutions	11,351,162	-	11,351,162
Investments	301,678,033	1,786,830	303,464,863
<i>Net inter segment lending</i>	248,915,202	2,060,521	250,975,723
Advances - performing	216,662,671	5,550,112	222,212,783
Advances - non-performing	16,311,887	-	16,311,887
Advances - provisions - net	(7,411,354)	(11,500)	(7,422,854)
	225,563,204	5,538,612	231,101,816
Others	44,125,801	106,448	44,232,249
Total Assets	855,686,686	12,004,530	867,691,216
Borrowings	97,808,216	-	97,808,216
Deposits and other accounts	454,722,388	9,409,532	464,131,920
Subordinated debt	6,995,000	-	6,995,000
<i>Net inter segment borrowing</i>	248,915,202	2,060,521	250,975,723
Others	26,122,029	111,709	26,233,738
Total liabilities	834,562,835	11,581,762	846,144,597
Equity	21,123,851	422,768	21,546,619
Total Equity & liabilities	855,686,686	12,004,530	867,691,216
Contingencies & Commitments	175,239,540	2,541,739	177,781,279

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

	2021		
	Pakistan	Bahrain	Total
	Rupees in '000		
Profit and Loss			
Net mark-up / return / interest / (expense)	11,480,019	414,730	11,894,749
<i>Inter segment revenue - net</i>	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
<i>Inter segment expense allocation</i>	6,244,503	40,604	6,285,107
Total expenses	12,525,365	242,009	12,767,374
Provisions / (reversals)	2,057,451	(62,326)	1,995,125
Profit before tax	1,860,096	348,829	2,208,925
Statement of financial position			
Cash and bank balances	35,233,450	219,192	35,452,642
Lendings to financial institutions	31,939,044	-	31,939,044
Investments	229,555,022	1,711,255	231,266,277
<i>Net inter segment lending</i>	220,055,275	3,501,145	223,556,420
Advances - performing	238,134,364	8,806,114	246,940,478
Advances - non-performing	13,926,269	-	13,926,269
Advances - provisions - net	(6,657,616)	(25,193)	(6,682,809)
	245,403,017	8,780,921	254,183,938
Others	31,276,046	170,907	31,446,953
Total Assets	793,461,854	14,383,420	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
<i>Net inter segment borrowing</i>	220,055,275	3,501,145	223,556,420
Others	24,025,179	63,468	24,088,647
Total liabilities	772,681,230	13,139,961	785,821,191
Equity	20,780,624	1,243,459	22,024,083
Total Equity & liabilities	793,461,854	14,383,420	807,845,274
Contingencies & Commitments	99,143,487	4,717,053	103,860,540

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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	2022				Total
	Securities Held (Face Value)			Total	
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds		
----- Rupees in '000 -----					
Charitable Institutions	19	1,076,100	313,000	168,000	1,557,100
Companies	53	30,672,525	7,904,000	-	38,576,525
Employees Funds	191	12,679,225	11,565,000	1,298,340	25,542,565
Individuals	175	2,354,150	316,400	18,500	2,689,050
Insurance Companies	96	70,726,200	97,163,500	15,275,500	183,165,200
Others	31	3,177,175	3,491,600	-	6,668,775
Total	565	120,685,375	120,753,500	16,760,340	258,199,215

Category	2021				Total
	Securities Held (Face Value)			Total	
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds		
----- Rupees in '000 -----					
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

43. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, directors, key management personnel, subsidiaries, associates 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 and balances with related parties are as follows:

	2022					Other related parties
	Parent	Directors	Key management personnel	Subsidiaries	Associates	
Rupees in '000						
Statement of Financial Position						
Lendings to financial institutions						
Opening balance	-	-	-	-	-	-
Addition during the year	-	-	-	-	-	96,591,372
Repaid during the year	-	-	-	-	-	(96,591,372)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	1,919,121	269,800	4,734,303
Investment made during the year	-	-	-	-	-	4,245,951
Investment redeemed / disposed off during the year	-	-	-	-	-	(3,550,000)
Deficit on investments	-	-	-	-	-	(362,789)
Closing balance	-	-	-	1,919,121	269,800	5,067,465
Provision for diminution in value of investments	-	-	-	-	48,000	-
Advances						
Opening balance	-	125,769	458,181	96,775	442,315	5,229,319
Addition during the year	-	-	367,341	7,411	26,550	4,769,450
Repaid during the year	-	-	(121,474)	(104,186)	(236,699)	(6,716,615)
Transfer in / (out) - net	-	(125,769)	(205,738)	-	-	(639,995)
Closing balance	-	-	498,310	-	232,166	2,642,159
Other Assets						
Interest / mark-up accrued	-	-	697	-	8,010	19,745
Receivable against bancassurance / bancatakaful	-	-	-	-	-	17,498
Prepaid insurance	-	-	-	-	-	34,933
Net defined benefit plan	-	-	-	-	-	118,910
Other receivable	-	-	-	-	-	14,249
Provision against other assets	-	-	-	-	-	379
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	312,787,717
Settled during the year	-	-	-	-	-	(312,787,717)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	912,327	214,211	42,227	1,354,967	41,310	14,572,975
Received during the year	15,376,414	62,632	823,876	353,446,011	1,494,000	191,456,450
Withdrawn during the year	(16,158,311)	(62,805)	(802,683)	(353,426,148)	(1,532,689)	(192,234,920)
Transfer in / (out) - net	-	(213,748)	(15,567)	(549)	-	(993,778)
Closing balance	130,430	290	47,853	1,374,281	2,621	12,800,727
Subordinated debt						
Opening balance	-	-	-	-	-	639,776
Issued during the year	-	-	-	-	-	-
Redeemed during the year	-	-	-	-	-	(79)
Transfer in / (out) - net	-	-	-	-	-	(514,983)
Closing balance	-	-	-	-	-	124,714
Other Liabilities						
Interest / return / mark-up payable on deposits	-	-	-	-	-	536,091
Interest / return / mark-up payable on subordinated debt	-	-	-	-	-	143
Donation Payable	-	-	-	-	-	26,475
Contingencies and Commitments						
Letter of guarantee	-	-	-	-	-	20,398
Letter of Credit	-	-	-	-	-	65,585
Forward lending	-	-	-	-	5,924	-

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	2021					
	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
Repaid during the year	-	-	-	-	-	(6,300,000)
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Investments						
Opening balance	-	-	-	1,919,121	269,800	4,200,458
Investment made during the year	-	-	-	-	-	1,350,000
Investment redeemed / disposed off during the year	-	-	-	-	-	(1,384,903)
Surplus on investments	-	-	-	-	-	568,748
Closing balance	-	-	-	1,919,121	269,800	4,734,303
Provision for diminution in value of investments	-	-	-	-	48,000	62,151
Advances						
Opening balance	-	122,106	779,655	193,550	370,768	4,093,430
Addition during the year	-	11,327	192,519	-	294,076	4,026,927
Repaid during the year	-	(39,222)	(176,926)	(96,775)	(222,529)	(3,193,931)
Transfer in / (out) - net	-	31,558	(337,067)	-	-	302,893
Closing balance	-	125,769	458,181	96,775	442,315	5,229,319
Other Assets						
Interest / mark-up accrued	-	3,588	505	537	10,917	79,089
Receivable against bancassurance / bancatakaful	-	-	-	-	-	20,889
Prepaid insurance	-	-	-	-	-	43,773
Net defined benefit plan	-	-	-	-	-	318,319
Dividend Receivable	-	-	-	127,626	-	-
Other receivable	-	-	-	-	-	379
Provision against other assets	-	-	-	-	-	379
Borrowings						
Opening balance	-	-	-	-	-	-
Borrowings during the year	-	-	-	-	-	-
Settled during the year	-	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Deposits and other accounts						
Opening balance	172,019	212,335	76,237	1,638,770	49,753	10,365,166
Received during the year	8,763,862	1,236,232	673,723	498,611,727	1,732,714	295,223,429
Withdrawn during the year	(8,023,554)	(1,098,789)	(667,310)	(498,895,530)	(1,741,157)	(291,943,860)
Transfer in / (out) - net	-	(135,567)	(40,423)	-	-	928,240
Closing balance	912,327	214,211	42,227	1,354,967	41,310	14,572,975
Subordinated debt						
Opening balance	-	-	-	-	-	889,432
Issued during the year	-	-	-	-	-	-
Redeemed during the year	-	-	-	-	-	(199,746)
Transfer in / (out) - net	-	-	-	-	-	(49,910)
Closing balance	-	-	-	-	-	639,776
Other Liabilities						
Interest / return / mark-up payable on deposits	-	-	-	-	-	40,440
Interest / return / mark-up payable on subordinated debt	-	-	-	-	-	787
Donation Payable	-	-	-	-	-	41,178
Contingencies and Commitments						
Letter of guarantee	-	-	-	-	-	21,419
Letter of Credit	-	-	-	-	-	201,246

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44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	2022	2021
	----- Rupees in '000 -----	
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	18,161,246	17,554,963
Eligible Additional Tier 1 (ADT 1) Capital	2,500,000	2,500,000
Total Eligible Tier 1 Capital	20,661,246	20,054,963
Eligible Tier 2 Capital	4,097,720	5,754,681
Total Eligible Capital (Tier 1 + Tier 2)	24,758,966	25,809,644
Risk Weighted Assets (RWAs):		
Credit Risk	153,443,431	159,682,820
Market Risk	970,174	868,345
Operational Risk	32,322,263	26,892,646
Total	186,735,868	187,443,811

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, 2022 stood at Rs. 10,119.242 million (2021: Rs. 10,119.242 million) and is in compliance with SBP requirements.

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, 2022. As at December 31, 2022 the Bank is fully compliant with prescribed ratios, as the Bank's CAR is 13.26% whereas CET 1 and Tier 1 ratios stood at 9.73% and 11.06% respectively. The Bank has complied with all capital requirements throughout the year.

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.

	2022	2021
	----- Rupees in '000 -----	
Common Equity Tier 1 Capital Adequacy ratio	9.73%	9.37%
Tier 1 Capital Adequacy Ratio	11.06%	10.70%
Total Capital Adequacy Ratio	13.26%	13.77%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	20,661,246	20,054,963
Total Exposures	683,834,651	649,144,741
Leverage Ratio	3.02%	3.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	141,619,653	191,897,219
Total Net Cash Outflow	74,673,572	66,462,622
Liquidity Coverage Ratio	189.65%	288.73%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	369,449,898	376,145,622
Total Required Stable Funding	294,199,283	294,820,480
Net Stable Funding Ratio	125.58%	127.58%

44.1 The link to the full disclosure is available at <https://jsbl.com/knowledge-centre/investor-information/>

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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
- 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 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 Operations, Group Head Retail Banking, and Head of Human Resources;
- Asset - Liability Committee (ALCO) comprises of the President / CEO, Treasurer, Chief Risk Officer, Chief Credit Officer, Group Head Investment Banking, FIs and International, 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 Wholesale Banking, Group Head Emerging Corporate, and Head of Environmental Risk (for environmental risk only);
- Portfolio Management Committee (PMC) comprises of President / CEO, Chief Operating Officer, Chief Risk Officer, Chief Credit Officer, Group Head Wholesale Banking, 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 President / CEO, Chief Operating Officer, Chief of Staff, Chief Risk Officer, Chief Compliance Officer, Chief Information Officer, Group Head Operations, Head of Human Resources, Chief Digital Officer, Group Head Retail Banking, Head Customer Experience, Head Branch Banking Operations 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, Chief Operating Officer, Chief Risk Officer, Group Head Operations, Chief Information Officer, Chief Information Security Officer, Chief Officer-Zindigi, Chief Digital Officer, Chief Compliance Officer, and Head of SPIU;
- 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 & BCP and Treasury Middle Office, Consumer & Program Lending Risk, Information Security, Agricultural Credit Risk, Digital Risk & Strategic Projects & Quantitative Analysis, Credit Administration (CAD), Special Assets Management (SAM), 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.

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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 BoD. 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 minimize 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 Credit Risk Group (CRG), 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.

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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:

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 Rating Grade	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

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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. 08 dated June 27, 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, Market Treasury Bills and Pakistan Investment Bonds etc. and Shares, Term Finance Certificates (TFCs) and Mutual Funds Listed on the Main Index.

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	
	2022	2021	2022	2021	2022	2021
Rupees in '000						
45.1.3 Lendings to financial institutions						
Credit risk by public / private sector						
Public / Government	-	-	-	-	-	-
Private	11,351,162	31,939,044	-	-	-	-
	11,351,162	31,939,044	-	-	-	-
Rupees in '000						
	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
45.1.4 Investment in debt securities						
Credit risk by industry sector						
Financial	296,336,581	221,137,060	-	-	-	-
Hotel and tourism	1,198,506	1,232,393	27,733	-	27,733	-
Telecommunication	143,446	424,400	143,446	179,600	143,446	179,600
Fertilizer	140,133	149,860	140,133	149,860	140,133	149,860
Oil and gas	44,083	222,310	-	-	-	-
Chemical and pharmaceuticals	41,667	75,000	-	-	-	-
Textile	-	62,151	-	62,151	-	62,151
Others	679,632	352,151	-	-	-	-
	298,584,048	223,655,325	311,312	391,611	311,312	391,611
Credit risk by public / private sector						
Public / Government	295,853,043	219,202,955	-	-	-	-
Private	2,731,005	4,452,370	311,312	391,611	311,312	391,611
	298,584,048	223,655,325	311,312	391,611	311,312	391,611

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45.1.5 Advances	Gross Advances		Non-performing Advances		Provision held	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Credit risk by industry sector						
Individuals	50,198,482	41,580,993	1,985,198	2,322,009	1,070,151	1,306,803
Food, tobacco and beverages	31,424,819	33,802,746	1,835,668	1,285,045	1,060,549	799,965
Textile	26,878,066	27,229,137	646,582	558,030	485,444	492,696
Airlines	23,586,879	27,147,109	-	-	-	-
Power and water	14,955,253	19,259,020	145,681	153,041	101,868	70,064
Wholesale and retail trade	13,382,430	12,575,049	649,156	553,312	257,643	170,533
Metal and allied	8,580,249	10,485,379	2,325,896	2,129,918	1,485,597	1,394,682
Real estate	7,950,018	4,743,512	3,740,876	1,510,929	130,339	43
Agriculture	6,958,389	8,027,954	1,035,400	1,046,333	285,861	177,836
Chemical and pharmaceuticals	5,277,368	4,898,797	258,188	280,342	73,065	24,404
Engineering	4,757,477	6,750,794	377,201	129,803	104,008	35,465
Automobile and transportation equipment	4,499,321	5,177,551	26,919	117,934	10,041	68,591
Oil and gas	4,331,312	4,310,287	126,321	143,264	62,192	57,989
Brokerage	4,271,431	6,074,435	-	-	-	-
Construction	3,867,084	436,454	179,788	-	33,968	-
Fertilizer	3,747,973	3,440,575	1,358,476	1,453,709	1,322,289	1,351,420
Transportation	2,947,512	4,625,954	239,912	263,818	141,497	95,091
Telecommunication	2,503,839	1,778,739	-	-	-	-
Polyester and fiber	2,501,120	2,193,775	649,381	1,186,513	214,033	190,561
Education and medical	2,349,125	2,956,563	104,872	-	12,605	-
Paper and allied	2,209,570	1,683,452	64,782	74,782	33,685	18,136
Cement	1,001,777	2,810,958	-	-	-	-
Sugar	746,569	1,028,786	200,000	203,048	200,000	201,416
Electronics and electrical appliances	744,401	901,207	-	344	-	-
Leather	667,908	528,850	-	-	-	-
Hotel and tourism	474,056	998,719	17,195	-	17,195	-
Financial	204,064	644,422	-	-	-	-
Others	7,508,178	24,775,530	344,395	514,095	108,710	114,134
	238,524,670	260,866,747	16,311,887	13,926,269	7,210,740	6,569,829
Credit risk by public / private sector						
Public / Government	36,403,545	44,996,232	-	-	-	-
Private	202,121,125	215,870,515	16,311,887	13,926,269	7,210,740	6,569,829
	238,524,670	260,866,747	16,311,887	13,926,269	7,210,740	6,569,829

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45.1.6 Contingencies and Commitments

	2022	2021
	----- Rupees in '000 -----	
Credit risk by industry sector		
Agriculture	1,053,809	-
Automobile and transportation equipment	3,612,313	2,412,793
Brokerage	993,967	882,879
Cement	849,037	537,508
Chemical and pharmaceuticals	1,717,039	2,276,369
Construction	38,538,026	21,818,090
Electronics and electrical appliances	894,836	710,863
Engineering	4,388,224	2,138,942
Education and medical	387,990	-
Fertilizer	3,083,738	1,367,611
Financial	58,792,708	30,802,271
Food, tobacco and beverages	6,875,357	3,281,255
Hotel and tourism	331,635	-
Individuals	267,351	20,370
Metal and allied	4,973,353	5,043,059
Oil and gas	4,757,440	971,191
Paper and allied	449,955	1,421,643
Polyester and fiber	2,536,066	423,076
Power and water	3,724,962	161,575
Real estate	8,682,120	7,022,164
Telecommunication	2,865,240	1,358,623
Textile	11,553,487	6,397,694
Wholesale and retail trade	3,822,320	4,087,019
Others	12,630,306	10,725,545
	177,781,279	103,860,540
Credit risk by public / private sector		
Public / Government	67,548,849	22,345,106
Private	110,232,430	81,515,434
	177,781,279	103,860,540

45.1.7 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 84,182.30 million (2021: Rs. 81,101.77 million) are as following:

		2022	2021
	Note	----- Rupees in '000 -----	
Funded	45.1.7.1	46,517,846	56,655,814
Non Funded	45.1.7.2	37,664,454	24,445,956
Total Exposure		84,182,300	81,101,770

45.1.7.1 None of the exposure against these are classified.

45.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 89,837.68 million (2021: Rs. 91,409.56 million).

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45.1.8 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2022							
	Disbursements	Utilization						
		Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit-Baltistan	Bahrain
	Rupees in '000							
Punjab	85,029,676	85,029,676	-	-	-	-	-	-
Sindh	105,629,687	-	105,629,687	-	-	-	-	-
KPK including FATA	3,857,200	-	-	3,857,200	-	-	-	-
Balochistan	204,124	-	-	-	204,124	-	-	-
Islamabad	18,287,516	-	-	-	-	18,287,516	-	-
AJK including Gilgit-Baltistan	958,974	-	-	-	-	-	958,974	-
Bahrain	7,820,824	-	-	-	-	-	-	7,820,824
Total	221,788,001	85,029,676	105,629,687	3,857,200	204,124	18,287,516	958,974	7,820,824
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

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:

- Portfolio Reports;
- Limit monitoring reports;
- Sensitivity analysis;
- 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

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000					
Cash and balances with treasury banks	24,764,967	-	24,764,967	34,266,856	-	34,266,856
Balances with other banks	1,800,436	-	1,800,436	1,185,786	-	1,185,786
Lendings to financial institutions	11,351,162	-	11,351,162	31,939,044	-	31,939,044
Investments	303,431,432	33,431	303,464,863	230,156,873	1,109,404	231,266,277
Advances	231,101,816	-	231,101,816	254,183,938	-	254,183,938
Fixed assets	10,004,318	-	10,004,318	10,167,038	-	10,167,038
Intangible assets	3,832,137	-	3,832,137	3,134,577	-	3,134,577
Deferred tax assets	-	-	-	-	-	-
Other assets	30,395,794	-	30,395,794	18,145,338	-	18,145,338
Total	616,682,062	33,431	616,715,493	583,179,450	1,109,404	584,288,854

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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 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.

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 the State Bank of Pakistan (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' limits 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.

	2022			
	Assets	Liabilities	Net off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
United States Dollar	18,241,842	29,254,185	11,133,299	120,956
Great Britain Pound	163,690	3,327,242	3,232,663	69,111
Euro	979,404	1,023,631	(150,691)	(194,918)
Other currencies	828,419	1,161,591	248,822	(84,350)
	20,213,355	34,766,649	14,464,093	(89,201)

	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
	21,177,067	28,901,663	7,716,343	(6,253)

	2022		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	-	2,957	-	3,425
- 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.

Equity price risk is managed by applying trading limit and scrip-wise and portfolio wise nominal limits.

	2022		2021	
	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	270,895	-	229,752	-

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:

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
- Profit and loss account	503,670	-	1,030,260	10,659
- Other comprehensive income	(811,534)	(115)	(1,315,776)	(392)

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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.

Effective yield / interest rate (%)	Total	Exposed to yield / Interest rate risk										Non-interest bearing financial instrument		
		2022												
		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	Over 10 years				
-	24,764,967	364,657	-	-	-	-	-	-	-	-	-	-	-	24,400,310
-	1,800,436	-	-	-	-	-	-	-	-	-	-	-	-	1,800,436
12.76%	11,351,162	11,351,162	-	-	-	-	-	-	-	-	-	-	-	-
12.42%	303,464,683	67,697,135	90,398,355	18,324,667	90,537,393	15,136,792	11,596,077	2,772,811	10,598	7,591,035	2,898,074	8,131,273	7,212,584	
13.28%	231,101,816	160,234,203	24,039,496	14,147,719	2,907,518	4,194,612	3,305,015	4,031,322	-	-	-	-	25,134,161	
-	25,134,161	-	-	-	-	-	-	-	-	-	-	-	-	25,134,161
-	597,617,405	239,547,157	114,437,851	32,472,386	93,444,911	19,331,404	14,901,092	6,304,133	2,908,672	8,131,273	66,136,556	-	5,402,945	
-	5,402,945	-	-	-	-	-	-	-	-	-	-	-	-	5,402,945
11.21%	97,606,216	3,085,767	67,742,034	5,774,783	1,751,902	2,621,121	9,590,789	3,914,593	3,326,927	-	-	-	-	
8.79%	464,131,920	184,063,667	42,817,912	40,605,974	49,767,948	3,491,097	537,657	115,522	-	-	-	-	-	
16.21%	6,995,000	-	-	6,995,000	-	-	-	-	-	-	-	-	-	
-	19,601,415	-	-	-	-	-	-	-	-	-	-	-	-	
-	593,939,496	187,149,434	110,569,946	53,375,757	51,519,890	6,112,218	10,128,446	4,030,415	3,326,927	-	167,736,503	-	19,601,415	
-	3,677,909	52,397,723	3,877,905	(20,903,371)	41,925,061	13,219,166	4,772,646	2,273,718	(418,255)	8,131,273	(101,597,977)	-	-	
-	12,022,558	3,522,403	3,630,985	4,869,170	-	-	-	-	-	-	-	-	-	
-	(6,550,813)	(2,316,513)	(1,800,123)	(2,434,177)	-	-	-	-	-	-	-	-	-	
-	5,471,745	1,205,690	1,830,862	2,434,993	-	-	-	-	-	-	-	-	-	
-	53,603,613	5,708,767	(18,468,378)	41,925,061	13,219,166	4,772,646	2,273,718	(418,255)	8,131,273	(101,597,977)	-	-		
-	53,603,613	59,312,380	40,844,002	82,769,063	95,988,249	103,034,613	102,616,388	110,747,631	-	-	-	-		

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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 for liquidity management is to maintain adequate liquidity at all times and in all currencies under both normal and stress conditions, to meet its 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

	2022													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 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
Assets														
Cash and balances with treasury banks	24,764,967	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,800,436	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,351,162	11,040,192	-	-	310,970	-	-	-	-	-	-	-	-	-
Investments - net	303,464,863	-	-	5,771	1,093,116	45,386,363	11,170,926	12,386,867	17,359,902	73,786,447	62,624,093	29,896,399	7,965,890	41,790,089
Advances - net	231,101,816	2,529,433	-	2,057,039	5,108,029	15,888,616	9,873,476	12,423,325	945,915	3,559,535	12,988,033	18,216,911	36,514,908	22,247,577
Fixed assets	10,004,318	40,864	-	35,929	-	7,624	9,345	20,738	158,598	167,072	852,827	931,015	752,055	7,028,351
Intangible assets	3,832,137	-	-	-	-	48	-	347	-	1,403	14,424	-	170,846	3,595,143
Deferred tax assets - net	30,395,794	-	-	72,125	26,272,540	3,089,720	18,385	898,489	44,535	-	-	-	-	-
Other assets	616,715,493	115,355,286	13,569,625	2,170,764	32,764,655	64,372,371	21,072,132	25,729,766	18,503,979	77,514,457	76,479,377	49,093,222	45,403,699	74,861,160
Liabilities														
Bills payable	5,402,945	5,402,945	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	97,808,216	1,319,067	85,700	3,855,700	489,478	73,704,576	4,279,208	5,770,672	46,986	99,330	2,383,971	1,063,197	2,626,340	5,573,981
Deposits and other accounts	484,131,920	279,788,406	14,996,654	3,982,108	25,436,075	8,725,572	22,615,922	37,779,184	29,559,081	17,547,656	23,042,988	497,094	163,180	4,999,000
Subordinated debt	6,995,000	-	-	-	-	-	-	-	-	-	1,996,000	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	320,000	-	-	-	405	(21,168)	(2,373)	(11,215)	(11,215)	(3,183)	32,261	50,526	46,258	239,694
Other liabilities	20,510,793	-	-	-	219,666	18,074,981	160,392	282,270	282,270	353,056	498,890	441,461	461,673	18,504
Net assets	595,168,874	286,510,418	15,082,354	4,347,808	25,145,624	100,481,971	27,053,149	43,820,911	29,594,852	17,996,859	27,954,110	2,052,278	3,297,351	10,831,189
	21,546,619	(171,155,132)	(1,512,729)	(2,177,944)	6,639,031	(36,109,600)	(5,981,017)	(18,091,145)	(11,083,873)	59,517,698	48,525,267	47,040,944	42,106,348	63,829,971
Share capital - net	10,119,242	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	2,787,201	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	795,021	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	7,845,155	-	-	-	-	-	-	-	-	-	-	-	-	-
	21,546,619	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

	2021													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Assets														
Cash and balances with treasury banks	34,266,866	34,266,866	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,185,786	1,185,786	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	31,939,044	19,975,317	3,875,015	3,875,015	4,802,794	3,285,918	11,284,542	18,886,214	17,527,073	-	-	-	-	-
Investments - net	231,266,277	192,000	10,662,728	19,885,483	19,885,483	81,350,214	15,599,042	10,372,244	14,571,890	14,571,890	6,319,534	4,217,757	5,545,865	37,357,282
Advances - net	254,183,938	2,282,278	1,909,680	6,014,733	6,014,733	19,971,499	15,599,042	18,994,835	393,263	354,090	25,431,607	23,175,116	20,720,613	10,925,469
Fixed assets	10,167,038	2,111	14,562	307,867	307,867	137,639	1,437,900	399,811	36,569	36,535	1,244,228	839,404	896,566	4,127,115
Intangible assets	3,134,577	441	2,451	2,859	6,511	12,227	722,780	36,566	-	-	144,149	132,167	240,009	1,761,313
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	18,145,338	-	3,900	3,900	16,448,818	1,048,079	213,424	1,222	429,895	-	-	-	-	-
	584,288,864	119,670,126	22,464,528	16,468,744	47,466,206	105,805,576	29,257,688	37,888,692	29,689,512	32,469,988	33,139,518	28,364,444	27,403,053	54,171,179
Liabilities														
Bills payable	7,038,886	234,630	1,642,407	3,284,813	1,877,036	27,100,408	4,899,301	3,716,042	10,099,952	5,624,959	425,894	570,467	2,945,091	2,324,474
Borrowings	70,474,310	306,720	9,996,530	525,579	1,938,893	16,945,427	27,763,145	57,801,750	25,946,314	35,253,690	6,769,307	3,662,923	1,707,630	45,360
Deposits and other accounts	460,705,014	227,594,364	16,969,798	4,596,376	36,426,930	-	-	-	-	-	-	1,996,800	-	5,000,000
Subordinated debt	6,996,800	-	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	1,626	(64,887)	(9,523)	(44,996)	(44,996)	(12,772)	129,430	202,707	185,584	1,063,475
Deferred tax liabilities - net	15,664,113	3,129,806	-	-	200,805	9,664,028	171,037	221,916	351,061	351,061	924,206	518,719	479,063	3,372
Other liabilities	562,264,771	231,265,620	28,608,735	8,406,768	40,445,290	53,224,976	32,823,960	61,694,712	35,603,270	41,216,938	8,248,837	6,871,616	5,317,368	8,436,681
	22,024,083	(111,595,494)	(6,144,207)	8,061,976	7,020,916	52,580,600	(3,566,272)	(23,786,020)	(5,813,755)	(6,727,350)	24,890,681	21,392,828	22,085,685	45,734,488
Net assets														
Share capital - net	10,119,242	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	2,331,070	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	2,467,158	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	7,106,613	-	-	-	-	-	-	-	-	-	-	-	-	-
	22,024,083	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

45.4.2 Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

		2022							
		Rupees in '000							
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
Assets									
	24,764,967	24,764,967	-	-	-	-	-	-	-
Cash and balances with treasury banks	1,800,436	1,800,436	-	-	-	-	-	-	-
Lending to financial institutions	11,351,162	11,351,162	-	-	-	-	-	-	-
Investments - net	303,464,863	1,597,114	12,386,867	22,484,454	8,210,611	30,450,955	8,210,611	32,751,230	2,151,921
Advances - net	231,101,816	29,754,140	23,195,617	21,610,324	21,161,488	15,813,126	21,161,488	7,863,874	5,667,033
Fixed assets	10,004,318	77,024	16,639	20,738	852,827	931,015	752,055	2,879,458	4,148,891
Intangible assets	3,832,137	-	48	347	14,424	49,897	170,846	2,131,517	1,463,625
Deferred tax assets - net	-	-	-	-	-	-	-	-	-
Other assets	30,395,794	26,226,715	884,903	58,122	-	-	-	-	-
	616,715,493	95,571,558	36,488,472	209,991,381	44,421,882	47,244,993	30,295,000	45,626,079	13,431,470
Liabilities									
	5,402,945	5,402,945	-	-	-	-	-	-	-
Bills payable	97,808,216	3,085,767	5,774,783	1,751,902	2,621,121	959,079	3,914,893	3,326,927	-
Borrowings	464,131,920	48,438,871	46,093,783	82,406,932	15,804,148	19,126,009	213,231,558	2,494,998	-
Deposits and other accounts	6,995,000	-	-	2,500,401	1,996,600	1,000	2,001	-	-
Subordinated debt	-	-	-	-	-	-	-	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	320,000	405	(11,216)	(14,400)	32,262	50,527	46,259	239,696	-
Other liabilities	20,510,793	233,254	268,686	353,056	498,890	441,461	461,574	18,505	-
	595,168,874	57,161,242	52,126,036	86,997,891	20,953,021	20,578,076	217,656,285	6,080,126	-
Net assets	21,546,619	38,410,316	(15,637,564)	122,993,490	23,468,861	26,666,917	(187,361,285)	39,545,953	13,431,470
Share capital - net	10,119,242	-	-	-	-	-	-	-	-
Reserves	2,787,201	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	795,021	-	-	-	-	-	-	-	-
Unappropriated profit	7,845,155	-	-	-	-	-	-	-	-
	21,546,619	38,410,316	(15,637,564)	122,993,490	23,468,861	26,666,917	(187,361,285)	39,545,953	13,431,470

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

	2021									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
Assets										
Cash and balances with treasury banks	34,266,856	34,266,856	-	-	-	-	-	-	-	-
Balances with other banks	1,185,786	1,185,786	-	-	-	-	-	-	-	-
Lending to financial institutions	31,939,044	28,653,126	3,285,918	-	-	-	-	-	-	-
Investments - net	231,266,277	30,740,211	92,634,756	18,037,585	36,413,287	6,319,534	4,217,757	-	37,357,282	-
Advances - net	254,183,938	24,163,139	39,192,112	25,513,664	85,062,218	25,431,607	23,175,116	5,545,865	6,616,081	4,309,388
Fixed assets	10,167,038	337,022	1,575,539	399,811	747,353	1,244,228	839,404	896,566	920,285	3,206,830
Intangible assets	3,134,577	12,262	735,007	36,566	73,104	144,149	132,167	240,009	288,410	1,472,903
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	18,145,338	16,452,717	1,261,504	429,895	1,222	-	-	-	-	-
	584,288,854	135,811,119	138,684,836	44,417,521	122,297,184	33,139,518	28,364,444	27,403,053	45,182,058	8,989,121
Liabilities										
Bills payable	7,038,886	7,038,886	-	-	-	-	-	-	-	-
Borrowings	70,474,310	12,767,722	-	3,716,042	15,724,911	425,894	570,467	2,945,091	2,324,474	-
Deposits and other accounts	460,705,014	62,576,351	52,262,289	67,909,988	71,959,846	24,511,814	20,739,135	160,700,231	45,360	-
Subordinated debt	6,996,800	2,500,000	-	-	-	1,996,800	-	-	-	2,500,000
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,385,648	1,626	(94,410)	(44,996)	(57,769)	129,430	202,707	185,584	1,063,476	-
Other liabilities	15,664,113	528,536	9,925,061	396,830	796,830	1,664,865	971,280	814,603	566,845	-
	562,264,771	85,413,121	94,092,649	71,977,864	88,423,081	28,728,803	22,483,589	164,645,509	4,000,155	2,500,000
Net assets	22,024,083	50,397,998	44,592,187	(27,560,343)	33,874,103	4,410,715	5,880,855	(137,242,456)	41,181,903	6,489,121
Share capital - net	10,119,242									
Reserves	2,331,070									
Surplus on revaluation of assets - net of tax	2,467,158									
Unappropriated profit	7,106,613									
	22,024,083									

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 year has been classified as core and has been placed in 'over 3 to 5 years' maturity bucket. Non contractual assets and remaining volatile portions 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, 2022

45.5 OPERATIONAL RISK

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. The Bank defines 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.

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.

Notes To The Unconsolidated Financial Statements

For the year ended December 31, 2022

47. GENERAL

- 47.1** 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.
- 47.2** The figures in these unconsolidated financial statements have been rounded off to the nearest thousand.
- 47.3** On November 15, 2022, the Bank issued a public announcement of intention to acquire majority control of BankIslami Pakistan Limited (BIPL) under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the Regulations).

The Board of Directors (BoD) of the Bank in their meeting held on March 03, 2023 have, as a consequence of successful due diligence exercise and acceptable valuations carried out by an independent valuer, approved that 42.45%, i.e., 470,603,772 ordinary voting shares and control of BankIslami Pakistan Limited (BIPL), may be acquired from existing sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui & Co. Ltd., the holding company of the Bank). The acquisition be made through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 ordinary share of BIPL.

The BoD further approved that a public offer for a minimum of 24.88% ordinary shares of BIPL be made to all public shareholders as required under the Regulations in exchange for (as consideration in combination to be calculated at the pertinent time) a maximum of 59.56% shares and 67.90% ordinary shares of JS Investments Limited and JS Global Capital Limited (subsidiary companies of the Bank) respectively, currently held by the Bank as required and permissible under the Regulations.

The acquisition is subject to necessary approvals from the shareholders of the Bank by way of special resolutions as required under Section 83(1)(b), Section 183(3) and Section 199 of the Companies Act, 2017, permission from the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP) and the Competition Commission of Pakistan, as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable.

48. 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 03, 2023.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Annexure - I

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

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			Interest / Mark up written-off / waived	Other financial relief provided	Total
				Principal	Interest / Mark up	Other than Interest / Mark up			
Rupees in '000									
1	SAAD AHMED KHAN SHOP-302 RAFI MANNSION ARAM BAGH SHAHRAH-ELIAQUAT KARACHI	SAAD AHMED KHAN 42301-1810276-9	IKHTIAR UDDIN KHAN	7,880	17,731	-	17,593	-	17,593
2	OMAR SOHAIL QURESHI SUNRISE ENTERPRISES M1 NO 28 EMAAR CANYON VIEWS DHA-II EXT ISLAMABAD	OMAR SOHAIL QURESHI 42301-1956055-3	SOHAIL QURESHI	9,801	3,293	-	1,995	-	1,995
3	ZEESHAN BHATTI SHOP NO29 PIGGOUTSHOPPING CENTER OPPOSINDH TECHNICAL BOARD HYDERABAD	ZEESHAN BHATTI 41308-6624859-3	MANZOOR AHMED	6,966	1,919	14	1,919	-	1,933
4	MUHAMMAD NOMAN SHAIKH SUIT NO 33 11 FLIRARKAY SQUARE EXTNEW CHALLI KARACHI	MUHAMMAD NOMAN SHAIKH 42201-9050451-1	MUHAMMAD SAFDAR	23,954	5,347	17	5,272	-	5,272
5	ZAHID MEHMOOD SIDDIQUI H NO ZB 2654 ST. 2MOHALLA NAWAB COLONYDHOKE HASU RAWALPINDI	ZAHID MEHMOOD SIDDIQUI 37405-0449564-9	MUHAMMAD IMRAN SIDDIQUI	6,938	2,447	-	2,447	-	6,600
6	SYED ABID ABBAS NAQVI H NO R7 SECTOR B SADDAT E AMROHA CO OPERATIVE SOCIETY KARACHI	SYED ABID ABBAS NAQVI 54400-0475360-1	SYED SADDAT HUSSAIN NAQVI	-	725	110	725	5	730
7	NCB Corporation Pvt Ltd PLOT A 1-B SITE SUPER HIGHWAY SCHEME 33 KARACHI	SYED MEHBOOB ALI 42101-2047607-9 MUNEER AHMED 42201-1974458-1 ABDUL RASHID 42101-1360383-5 MUHAMMAD KHALID 42101-4181456-7	SYED TASWEER AHMED NAZIR AHMED ABDUL SALAM AMANULLAH	-	2,357	-	1,597	-	1,597
8	SMA Vision Pvt Ltd PLOT NO A-35 SITE SUPER HIGHWAY SCHEME NO 33 KARACHI	SYED MEHBOOB ALI 42101-2047607-9 MUHAMMAD AKHTER 41303-932370-9	SYED TASVEER AHMED JILLANI MUHAMMAD SALEEM ULLAH	-	916	-	682	-	682

Annexure - I

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

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			Interest / Mark up written-off / waived	Other financial relief provided	Total
				Principal	Interest / Mark up	Other than Interest / Mark up			
Rupees in '000									
9	LUCKY RE-ROLLING MILLS PVT LTD SHOP NO 2 AND 3, 22-C NISHAT LANE NO 12 PHASE 6 DHA KARACHI	ASAD RAUF 42301-0413236-9 MUHAMMAD ASLAM 35201-6064566-7	ABDUL RAUF MUHAMMAD BASHEER	37,337	4,304	-	4,304	-	4,304
10	SNG COTTON GINNING PRESSING FACTORY SHAHADADPUR ROAD SANGHAR	SURESH KUMAR 45207-5629861-9 JAI KUMAR 45207-1834392-1 AMBOO MAL 44203-7684911-5 ASHOK KUMAR 45207-1834315-9 HARESH KUMAR 44203-8036586-5 THAKU MAL 45207-1834288-7	PAHOO MAL MERO MAL GOWAL MAL PAHOO MAL MERO MAL BHASHOO MAL	30,000	737	677	737	-	737
11	SNG COTTON GINNING PRESSING FACTORY SHAHADADPUR ROAD SANGHAR	SURESH KUMAR 45207-5629861-9 JAI KUMAR 45207-1834392-1 AMBOO MAL 44203-7684911-5 ASHOK KUMAR 45207-1834315-9 HARESH KUMAR 44203-8036586-5 THAKU MAL 45207-1834288-7	PAHOO MAL MERO MAL GOWAL MAL PAHOO MAL MERO MAL BHASHOO MAL	-	266	947	-	677	677

Annexure - I

Statement showing written-off advances or any other financial relief of Five Hundred Thousand Rupees or above provided during the year ended December 31, 2022

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
				Principal	Interest / Mark up	Other than Interest / Mark up				
Rupees in '000										
12	RELINCE APPARELS PVT LTD. 22 KM FEROPUR ROAD ROHI NALA BRIGE NEAR NADIR CHOWK LAHORE	ASIF AMIN 35202-4454496-1 YASIR AMIN 35201-7540818-7	AMIN AMIN	47,284	11,086	-	58,370	9,079	-	9,079
13	AMK TRADERS OFFICE NO 225 2ND FLOOR DEVINE MEGA 2 NEW AIR PORT ROAD LAHORE CANTT LAHORE	KHALIDA ARSHAD 35201-5684463-4 MAHEEN ARSHAD 35201-9419336-8 MUHAMMAD AFZAL 35201-1265209-5	MUHAMMAD ARSHAD JAVED MUHAMMAD ARSHAD JAVED SHAMSHAIR ALI	8,583	4,381	-	12,964	2,099	-	2,099
14	DREAMI POULTRY FARM 15 AHMAD BLOCK NEW GARDEN TOWN LAHORE	SABIR MAHMOOD 35202-6024427-3 HASSAN MAHMOOD 35202-0623859-1	MIRAJ DEEN SABIR MAHMOOD	49,978	9,535	-	59,513	2,513	502	3,015
15	AMEER HAMZA PO MINCHINABAD NEZ MINCHINABAD DISTRICT BAHAWALNAGAR	AMEER HAMZA 31105-3593567-3	QASIM ALI	-	1,098	-	1,098	1,098	-	1,098
16	ABDUL RAFIQUE AND SONS 15 FAYAZ COLONY TANDO ALLAH YAR TANDO ALLAYAR	ABDUL RAFIQUE 41307-3995406-5	MUHAMMAD YASIN	8,000	1,402	59	9,461	1,402	-	1,402
17	SAJID NASEEM PO LALAYKA KHAIR S TEH MINCHINABAD DIST BAHAWALNAGAR	SAJID NASEEM 31105-8006617-7	MUHAMMAD NASEEM	1,999	977	25	3,001	1,000	-	1,000
18	HAMID TRUCKING STATION 60-KM MULTAN ROAD KHANKAY MORE BHAI PERU LAHORE	MUHAMMAD SHOAB 37101-7728406-3	REHMAT KHAN WARDAG	5,410	533	-	5,943	533	-	533
19	PUNJAB ENTERPRISES ADDHA DASKA ROAD SIALKOT	CH ARSHAD JAVAD 34603-8979862-1	MUHAMMAD HUSSAIN WARRIACH	9,498	5,575	-	15,073	2,574	-	2,574
TOTAL:				253,628	74,629	1,849	330,106	4,167	1,184	62,920

* Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

Annexure - II

Details of disposal of fixed assets to related parties for the year ended December 31, 2022

	Cost	Accumulated depreciation	Rupees in '000		Sale proceeds	Gain	Mode of disposal	Particulars of Buyer
			Book value					
Electrical, office and computer equipment								
Communication equipment	3,931	2,416	1,515	2,140	625	Insurance	EFU General Insurance Limited	
Office machines and equipment	12,457	7,663	4,794	6,179	1,385	Insurance	EFU General Insurance Limited	
Computer	5,786	5,324	462	3,611	3,149	Insurance	EFU General Insurance Limited	
	22,174	15,403	6,771	11,930	5,159			
Leasehold improvements	4,193	1,730	2,463	2,717	254	Insurance	EFU General Insurance Limited	
Furniture and fixtures	789	758	31	595	564	Insurance	EFU General Insurance Limited	
Total	27,156	17,891	9,265	15,242	5,977			

Directors' Report On Consolidated Financial Statement

For the year ended December 31, 2022

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, 2022.

Consolidated financial highlights

	2022	2021
	(PKR Million)	
Profit before taxation	2,309	2,258
Taxation	(1,218)	(1,041)
Profit after taxation	1,090	1,217
Profit attributable to equity holders of the Bank	1,081	1,194
Profit attributable to non-controlling interest	9	23
Profit per share - Basic (Rupees)	0.83	0.92
Investments – net	303,368	232,221
Total assets	620,530	589,329
Deposits	462,758	459,350
Shareholders' equity	23,256	23,832

Pattern of Shareholding

The pattern of shareholding as of December 31, 2022, 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 2,261 million as of December 31, 2022. 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, 2022 (Audited)	December 31, 2021 (Audited)
Profit Before Tax	120	535
Profit After Tax	76	411
EPS (Rupees)	2.77	14.27

JS Investments Limited

JS Investments Limited (JSIL) has a paid-up capital of PKR 618 million and shareholder equity of PKR 1,355 million as of December 31, 2022. 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 a 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:

PKR Million

Particulars	December 31, 2022 (Audited)	December 31, 2021 (Audited)
Loss before tax	(142)	(289)
Loss after tax	(149)	(300)
EPS (Rupees)	(2.41)	(4.86)

For and on behalf of the Board,

Basir Shamsie
President & CEO

Adil Matcheswala
Chairman

March 03, 2023

روپے بلین میں

تفصیلات	31 دسمبر 2022 (پڑتال شدہ)	31 دسمبر 2021 (پڑتال شدہ)
قبل از ٹیکس منافع	(141)	(289)
بعد از ٹیکس منافع	(148)	(300)
ای پی ایس (روپے)	(2.41)	(4.86)

از طرف بورڈ

عادل ماچس والا
چیرمین

باصر شمسی
صدر اینڈ سی ای او
03 مارچ 2022

سیکیورٹیز کاروبار کا جانشین ہے۔ جے ایس بینک کے پاس کمپنی کے 92.90 فیصد کی ملکیت ہے۔

جے ایس گلوبل کے پاس 31 دسمبر 2022 تک ادا شدہ سرمایہ 275 ملین روپے ہے اور شیئر ہولڈر سرمایہ 2,260 ملین روپے ہے۔ یہ پاکستان اسٹاک ایکسچینج میں درج ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) بینک کی طویل مدتی ایٹمیٹی ریٹنگ-AA (ڈبل اے مائنس) مختصر مدتی کریڈٹ ریٹنگ A1+ (اے ون پلس) تفویض کی ہے۔ یہ درجہ بندی مالیاتی وعدوں کی بروقت ادائیگی کیلئے 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 2022 (پڑتال شدہ)	31 دسمبر 2021 (پڑتال شدہ)
قبل از ٹیکس منافع	120	535
بعد از ٹیکس منافع	76	411
ای پی ایس (روپے)	2.77	14.27

جے ایس انویسٹمنٹ لمیٹڈ

31 دسمبر 2022 تک جے ایس انویسٹمنٹ لمیٹڈ (جے ایس آئی ایل) کا ادا شدہ سرمایہ 618 ملین روپے جبکہ حصص یافتگان کا سرمایہ 1,355 ملین روپے ہے۔ یہ پاکستان اسٹاک ایکسچینج میں درج ہے۔ جے ایس بینک کمپنی کی 84.56 فیصد کی ملکیت رکھتی ہے۔

جے ایس انویسٹمنٹ لائسنس یافتہ انویسٹمنٹ ایڈوائزر اور ایسیسٹ مینجمنٹ کمپنی ہے جو نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشنز) قواعد 2003 (این بی ایف سی قواعد) اور نان بینکنگ فنانس کمپنیز اینڈ نوٹیفائیڈ اینٹی ٹریڈ 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 سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے پرائیویٹ ایکویٹی اینڈ وینچر کیپٹل فنڈ مینجمنٹ سروسز کا بھی لائسنس ہے۔

حتمی مالیاتی نتائج پر ڈائریکٹرز رپورٹ
برائے سال مختتمہ 31 دسمبر 2022ء

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2022ء کو اختتام پذیر ہونے والے سال کیلئے جے ایس بینک لمیٹڈ (دی بینک) اور اس کی ذیلی کمپنیوں کے پڑتا مال شدہ حتمی مالیاتی نتائج اور آڈیٹرز رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

حتمی مالیاتی نتائج کا خلاصہ:

2021	2022	
		(پاکستانی روپے ملین میں)
2,258	2,308	قبل از ٹیکس منافع / (خسارہ)
(1,041)	(1,218)	ٹیکس کی ادائیگی
1,217	1,090	بعد از ٹیکس منافع / (خسارہ)
23	9	نان کنٹروولنگ انٹریٹ سے منسوب منافع / (خسارہ)
1,194	1,090	بینک کے ایکویٹی ہولڈرز سے منسوب منافع / (خسارہ)
0.92	0.83	فی حصص منافع / (خسارہ)۔ بنیادی (روپے)
232,221	303,368	سرمایہ کاریاں۔ صافی
589,329	620,530	کل اثاثے
459,350	462,758	ڈپازٹس
23,558	23,256	شیئر ہولڈرز ایکویٹی

شیئر ہولڈنگ کا پٹرن:

31 دسمبر 2022 تک شیئر ہولڈنگ کا پٹرن سالانہ رپورٹ میں شامل ہے۔

ذیلی کمپنیاں:

جے ایس گلوبل کپینٹل لمیٹڈ:

جے ایس گلوبل کپینٹل لمیٹڈ مقامی کپینٹل مارکیٹ میں قائدانہ پوزیشن کے ساتھ پاکستان کی سب سے بڑی سیکورٹیز بروکرینج اور انویسٹمنٹ فرموں میں سے ایک فرم ہے جو ایکویٹی، فلسفہ آمدن، کرنسیوں اور کموڈٹیز بروکرینج اور انویسٹمنٹ بینکنگ کے کاروبار سے منسلک ہے۔ جے ایس گلوبل کپینٹل لمیٹڈ 28 جون 2000 کو پاکستان میں قائم کی گئی اور یہ جہانگیر صدیقی اینڈ کمپنی لمیٹڈ اور بیسٹ اسٹریٹ جہانگیر صدیقی لمیٹڈ کے



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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** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, 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, and notes to the consolidated financial statements, 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 2022 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.

Key Audit Matter

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:



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against advances (Refer note 10.4 to the consolidated 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 consolidated 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 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 consolidated financial statements and the level of involvement of management's judgment, we identified</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 advances on time-based criteria; • 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 financing 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 management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate.



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>provision as a significant area of audit judgment and a key audit matter.</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. • 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.
2	<p>Valuation of investments (Refer note 9 to the consolidated financial statements)</p>	
	<p>The carrying value of investments held by the Group amounted to Rs. 303,368.466 million, which constitutes 48.89% of the Group's total assets as at 31 December 2022.</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>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 2022 and reconciled it with the books and records of the Group. Where such confirmations were not



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	<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>available, alternate procedures were performed;</p> <ul style="list-style-type: none"> • 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.
3	<p>Impairment testing of goodwill (Refer note 12.5 to the consolidated financial statements)</p>	
	<p>As at 31 December 2022, intangible assets include goodwill amounting to Rs. 1,463.624 million acquired as a result of scheme of amalgamation as disclosed in note 12.5 to the consolidated 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 12.5, the Group uses a discounted cash flow model to determine value in use, on the basis of the certain key assumptions.</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



KPMG Taseer Hadi & Co.

S. No.	Key Audit Matters	How the matter was addressed in our audit
	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.	with the applicable financial reporting framework.

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 Group's Annual Report but does not include the unconsolidated financial statements, consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



KPMG Taseer Hadi & Co.

The Board of directors is responsible for overseeing the Group's financial reporting process.

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 the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Date: 08 March 2023

Karachi

UDIN: AR202210106eYV21XroM

KIMC Taseer - 1
KPMG Taseer Hadi & Co.
Chartered Accountants



GREATER SPOTTED EAGLE

This majestic brown-coloured bird mostly inhabits wooded habitats, flying over open wet forests and floodplain forests. This eagle is unlike any other eagle; it builds nests on scrubs, cliffs, or bushes even in the absence of trees. The bird signifies the ability to diversify one's options and never feel restricted. Just like how we, at JS Bank, want our customers to feel with the assorted financial solutions we provide them.





CONSOLIDATED FINANCIAL STATEMENTS



Consolidated Statement of Financial Position

As at December 31, 2022

2022		2021			2022		2021		
USD in '000				Note	Rupees in '000				
ASSETS									
109,372	151,336	Cash and balances with treasury banks	6	24,765,248	34,267,180				
8,214	5,422	Balances with other banks	7	1,859,792	1,227,606				
50,131	141,054	Lendings to financial institutions	8	11,351,162	31,939,044				
1,339,784	1,025,571	Investments	9	303,368,466	232,221,074				
1,022,646	1,124,255	Advances	10	231,558,755	254,566,072				
49,616	50,807	Fixed assets	11	11,234,696	11,504,329				
16,976	13,917	Intangible assets	12	3,843,994	3,151,210				
-	-	Deferred tax assets		-	-				
143,743	90,325	Other assets	13	32,547,846	20,452,393				
2,740,482	2,602,687			620,529,959	589,328,908				
LIABILITIES									
23,861	31,086	Bills payable	14	5,402,945	7,038,886				
435,149	318,192	Borrowings	15	98,531,096	72,048,604				
2,043,704	2,028,654	Deposits and other accounts	16	462,757,638	459,350,047				
-	-	Liabilities against assets subject to finance lease		-	-				
30,892	30,900	Subordinated debt	17	6,995,000	6,996,800				
938	5,640	Deferred tax liabilities	18	212,327	1,277,069				
103,230	82,963	Other liabilities	19	23,374,566	18,785,095				
2,637,774	2,497,435			597,273,572	565,496,501				
102,708	105,252	NET ASSETS		23,256,387	23,832,407				
REPRESENTED BY									
44,690	44,690	Share capital - net	20	10,119,242	10,119,242				
12,309	10,295	Reserves		2,787,201	2,331,069				
5,930	14,260	Surplus on revaluation of assets	21	1,342,708	3,228,929				
38,175	34,292	Unappropriated profit		8,643,962	7,764,840				
101,104	103,537			22,893,113	23,444,080				
1,604	1,715	Non-controlling interest		363,274	388,327				
102,708	105,252			23,256,387	23,832,407				
CONTINGENCIES AND COMMITMENTS									
			22						

The annexed notes from 1 to 48 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, 2022

2022	2021		Note	2022	2021
----- USD in '000 -----				----- Rupees in '000 -----	
318,969	173,242	Mark-up / return / interest earned	24	72,224,453	39,227,333
252,881	120,126	Mark-up / return / interest expensed	25	57,260,122	27,200,186
66,088	53,116	Net mark-up / interest income		14,964,331	12,027,147
		Non mark-up / interest income			
17,075	19,516	Fee, commission and brokerage income	26	3,866,223	4,419,039
1,003	907	Dividend income		227,197	205,317
9,550	5,251	Foreign exchange income		2,162,423	1,189,061
(378)	37	(Loss) / income from derivatives		(85,635)	8,316
(101)	720	(Loss) / gain on securities	27	(22,802)	163,131
(57)	84	Share of (loss) / profit associates		(12,979)	19,006
1,270	173	Other income	28	287,496	39,160
28,362	26,688	Total non mark-up / interest income		6,421,923	6,043,030
94,450	79,804	Total Income		21,386,254	18,070,177
		Non mark-up / interest expenses			
78,609	60,849	Operating expenses	29	17,799,407	13,778,191
199	243	Workers' Welfare Fund	30	45,082	55,103
594	2	Other charges	31	134,413	494
79,402	61,094	Total non-mark-up / interest expenses		17,978,902	13,833,788
15,048	18,710	Profit before provisions		3,407,352	4,236,389
4,853	8,737	Provisions and write offs - net	32	1,098,788	1,978,414
10,195	9,973	Profit before taxation		2,308,564	2,257,975
5,380	4,595	Taxation	33	1,218,268	1,040,543
4,815	5,378	Profit after taxation		1,090,296	1,217,432
		Attributable to:			
4,777	5,276	Equity holders of the Bank		1,081,766	1,194,695
38	102	Non-controlling interest		8,530	22,737
4,815	5,378			1,090,296	1,217,432
----- US Dollar -----				----- Rupee -----	
0.004	0.004	Earnings per share - basic and diluted	34	0.83	0.92

The annexed notes from 1 to 48 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, 2022

2022	2021		2022	2021
----- USD in '000 -----			----- Rupees in '000 -----	
4,815	5,378	Profit after taxation for the year	1,090,296	1,217,432
		Other comprehensive (loss) / income		
		Items that may be reclassified to profit and loss account in subsequent periods		
1,162	349	Effect of translation of net investment in foreign branch	263,175	79,022
(5,924)	(576)	Movement in fair value of investments at FVOCI - net of tax (Pakistan operations)	(1,341,442)	(130,323)
(2,080)	(539)	Movement in fair value of debt investments at FVOCI - net of tax (Bahrain Operations)	(471,057)	(122,036)
-	(1)	Share of other comprehensive loss from associated companies - net of tax	-	(169)
(8,004)	(1,116)		(1,812,499)	(252,528)
		Items that will not be reclassified to profit and loss account in subsequent periods		
(238)	(567)	Remeasurement loss on defined benefit obligations - net of tax	(53,839)	(128,339)
(141)	1,172	Movement in surplus on revaluation of fixed assets - net of tax	(32,007)	265,286
-	(50)	Movement in surplus on revaluation of non-banking assets - net of tax	(98)	(11,296)
(137)	101	Movement in fair value of equity investments at FVOCI - net of tax (Bahrain operations)	(31,048)	22,787
(516)	656		(116,992)	148,438
(2,543)	5,267	Total comprehensive (loss) / income	(576,020)	1,192,364
		Attributable to:		
(2,433)	5,273	Equity holders of the Bank	(550,967)	1,193,903
(110)	(6)	Non-controlling interest	(25,053)	(1,539)
(2,543)	5,267		(576,020)	1,192,364

The annexed notes from 1 to 48 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, 2022

Share capital	Attributable to equity holders of the Bank						Unappropriated profit	Sub-total	Non-controlling interest	Total
	Reserve		Surplus / (Deficit) on revaluation of							
	Statutory reserve	Capital reserve - exchange translation	Investments	Fixed assets	Non-banking assets					
Rupees in '000										
Balance as at January 01, 2021	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 - net of tax	-	-	-	-	(39,345)	(70)	39,415	-	-	-
Gain on disposal of equity investments at FVOCI transferred to unappropriated profit	-	-	-	(27,943)	-	-	27,943	-	-	-
Transactions with owners, recorded directly in equity										
Interim cash dividend to NCI by subsidiary @ Rs. 15 per share	-	-	-	-	-	-	-	-	(29,282)	(29,282)
Buy-back of shares by subsidiary from NCI and others adjustments	-	-	-	-	-	-	(201,866)	(201,866)	(111,358)	(313,224)
Gain on buy-back of shares	-	-	-	-	-	-	16,114	16,114	1,232	17,346
Bargain purchase gain at the time of acquisition	-	-	-	-	-	-	48,674	48,674	828	49,502
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
Total comprehensive loss for the year ended December 31, 2022										
Profit after taxation	-	-	-	-	-	-	1,081,766	1,081,766	8,530	1,090,296
Other comprehensive income / (loss) - net of tax	-	-	263,175	(1,809,964)	(32,007)	(98)	(53,839)	(1,632,733)	(33,583)	(1,666,316)
	-	-	263,175	(1,809,964)	(32,007)	(98)	1,027,927	(550,967)	(25,053)	(576,020)
Transfer to statutory reserve	-	192,957	-	-	-	-	(192,957)	-	-	-
Transfer from surplus on revaluation of assets - net of tax	-	-	-	-	(45,173)	(12,533)	57,706	-	-	-
Gain on disposal of equity investments at FVOCI transferred to retained earnings	-	-	-	13,554	-	-	(13,554)	-	-	-
Balance as at December 31, 2022	10,119,242	2,330,014	457,187	(438,754)	1,674,379	107,083	8,643,962	22,893,113	363,274	23,256,387

The annexed notes from 1 to 48 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, 2022

2022		2021				2022		2021	
USD in '000						Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES									
10,195		9,973				2,308,564		2,257,975	
1,003		907				227,197		205,317	
(57)		84				(12,979)		19,006	
9,249		8,982				2,094,346		2,033,652	
Adjustments:									
4,346		3,757		29		983,993		850,754	
				29		21,488		10,711	
4,845		4,247		29		1,097,098		961,584	
761		618		29		172,389		139,889	
1,699		1,858		25		384,801		420,654	
412		(932)				93,228		(211,129)	
-		-							
(58)		318		27		(13,183)		72,072	
4,853		8,737		32		1,098,788		1,978,414	
199		243		30		45,082		55,103	
(241)		(54)		28		(54,593)		(12,311)	
(764)		(30)		28		(172,937)		(6,692)	
16,052		18,762				3,656,154		4,259,049	
25,301		27,744				5,750,500		6,292,701	
Decrease / (increase) in operating assets									
90,923		(38,414)				20,587,882		(8,698,147)	
6,911		100,835				1,564,947		22,832,138	
97,390		(29,108)				22,052,141		(6,590,890)	
(53,922)		(12,313)				(12,209,589)		(2,788,132)	
141,302		21,000				31,995,381		4,754,969	
Increase / (decrease) in operating liabilities									
(7,225)		9,084				(1,635,941)		2,056,903	
116,956		104,147				26,482,492		23,582,099	
15,049		123,332				3,407,591		27,926,225	
22,392		(8,210)				5,070,309		(1,859,060)	
147,172		228,353				33,324,451		51,706,167	
313,775		277,097				71,070,332		62,753,837	
(6,546)		(6,606)				(1,482,307)		(1,495,708)	
307,229		270,491				69,588,025		61,258,129	
CASH FLOW FROM INVESTING ACTIVITIES									
65,994		(137,382)				14,943,156		(31,107,488)	
(403,187)		(97,312)				(91,293,894)		(22,034,344)	
1,003		912				227,197		206,420	
(6,801)		(8,408)				(1,540,021)		(1,903,735)	
(3,817)		(3,437)				(864,282)		(778,197)	
937		364				212,219		82,495	
1,162		349				263,175		79,022	
(344,709)		(244,914)				(78,052,450)		(55,455,827)	
CASH FLOW FROM FINANCING ACTIVITIES									
(6,133)		(5,516)				(1,388,606)		(1,249,050)	
(8)		(2,191)				(1,800)		(496,000)	
-		(1,088)				-		(246,376)	
-		(129)				-		(29,282)	
(6,141)		(8,924)				(1,390,406)		(2,020,708)	
(43,621)		16,653				(9,854,831)		3,781,594	
155,403		138,703				35,188,140		31,406,546	
111,782		155,356		35		25,333,309		35,188,140	

The annexed notes from 1 to 48 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, 2022

1. STATUS AND NATURE OF BUSINESS

1.1 The Group consists of:

1.1.1 The Bank: 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 (2021: 281) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (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.

1.1.2 Jahangir Siddiqui Investment Bank Limited (JSIBL), formerly Citicorp Investment Bank Limited, was acquired by Jahangir Siddiqui & Co. Ltd. (JSCL) on February 01, 1999. JSIBL's 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, JS Bank Limited (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 transfer of the entire business and undertakings 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 extraordinary 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.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Limited which holds 75.02% shares of the Bank.

1.1.3 Composition of the Group

	Ownership interest and voting power held by			
	2022		2021	
	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%

1.1.4 Composition of the Associated Companies

	Ownership interest and voting power held by Bank	
	2022	2021
	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%

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

1.1.5 Subsidiary Companies

JS Global Capital Limited (JSGCL)

JSGCL is principally owned by the Bank, holding 92.9% of its equity interest. The Bank acquired effective controlling interest in 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 on 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 JSGCL are listed on Pakistan Stock Exchange (PSX). Further, JSGCL is a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of 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 JSGCL is situated at 17th Floor, The Centre, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi, Pakistan. JSGCL has eight branches (2021: eight) in seven cities of Pakistan.

JS Investments Limited (JSIL)

JSIL is principally owned by the Bank, holding 84.56% of its equity interest. The Bank acquired effective controlling interest in 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 JSIL are listed on the Pakistan Stock Exchange (PSX), formerly since April 24, 2007. The registered office of JSIL is situated at The Centre, 19th Floor, Plot No. 28, SB-5, Abdullah Haroon Road, Saddar, Karachi.

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.

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
- JS Islamic Dedicated Equity Fund
- JS Islamic Daily Dividend Fund
- JS Momentum Factor Exchange Traded Fund
- JS Microfinance Sector Fund
- JS Rental REIT 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** During the year, the shareholders of the Bank in their meeting held on March 30, 2022 approved to acquire, as per the requirements of section 199 of the Companies Act, 2017, 86,316,954 ordinary shares of BankIslami Pakistan Limited (BIPL) (an associated company of JSCL), constituting 7.79% of the paid-up capital of BIPL, from Emirates NBD Bank PJSC at a price of up to Rs. 13.24 per share making the aggregate consideration up to Rs. 1,142.836 million. After approval from the State Bank of Pakistan (SBP) received on October 03, 2022, the Bank acquired 86,316,954 shares of BIPL from Emirates NBD Bank PJSC on November 11, 2022. Please also refer note 47.3.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

1.1.7 Associated Companies

Omar Jibran Engineering Industries Limited (OJEIL)

The Bank has invested in the shares of OJEIL, a public unlisted company. The Bank 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 OJEIL is situated at DSU-10, Pakistan Steel Industries Estate Bin Qasim, Karachi. OJEIL is mainly engaged in the manufacture and sale of automotive parts and armouring of vehicles.

Veda Transit Solutions (Private) Limited (VEDA)

The Bank has invested in the shares of 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 VEDA is situated at Raaziq Logistics Centre 16 KM, Multan Road, Near Dina Nath Stop, Lahore. VEDA is mainly engaged in the rural / urban, intracity / intercity transportation of passenger and goods.

Intercity Touring Company (Private) Limited (ITC)

The Bank has invested in the shares of ITC, a private limited company. The Bank 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 ITC is situated at 147-P Gulberg III, Lahore. ITC is mainly engaged in the transportation, touring and logistics related services.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BSD Circular No. 02, dated January 25, 2018.

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 Bank operates and functional currency of the Group. The amounts are rounded off to the nearest thousand rupees except as stated otherwise.

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. 226.4309 to 1 US Dollar has been used for 2021 and 2022 as it was the prevalent rate as on December 31, 2022.

2.1 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 State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

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 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.

International Financial Reporting Standard (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 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.

2.2 Basis of Consolidation

2.2.1 Subsidiary

- The consolidated financial statements include the financial statements of the Bank 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 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 Bank 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 Bank.
- Material intra-group balances and transactions are eliminated.

2.2.2 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.

2.2.3 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.

Notes To The Consolidated Financial Statements

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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.

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.

2.2.4 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 recognised as expenses in the period in which they are incurred.

2.3 Standards, interpretations of and amendments to approved accounting standards that are effective in the current period

There are certain other amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2022. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these consolidated financial statements.

2.4 Standards, interpretations of and amendments to approved accounting standards that are not yet effective

There are certain other new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2023 but are considered not to be relevant or do not have any significant effect on the Group's operations and accordingly have not been detailed in these consolidated financial statements.

2.5 Critical accounting estimates and key sources of estimation uncertainty

The preparation of these consolidated financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in the application of its accounting policies. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis.

Significant accounting estimates and areas where judgments were made by management in the application of accounting policies are as follows:

- i) classification and valuation of investments (notes 4.3 and 9).
- ii) provision against non-performing advances (notes 4.6 and 10.4).
- iii) income taxes (notes 4.14 and 33).
- iv) defined benefit plan (notes 4.16 and 37).
- v) fair value of derivatives (note 4.4.2 and 40).
- vi) valuation and depreciation of fixed assets (notes 4.7 and 11).
- vii) impairment of goodwill (notes 4.20 and 12.5)
- viii) valuation of right-of-use assets and their related lease liability (notes 4.8, 11.3 and 19.1).
- ix) valuation of non-banking assets acquired in satisfaction of claims (note 4.10).

Notes To The Consolidated Financial Statements

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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.

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) 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) Purchase under resale obligation

Securities purchased under agreement to resell (reverse repo) are not included in statement of financial position as the Group 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 rate method.

(c) Other borrowings

Other borrowings include borrowings from the SBP and unsecured call borrowings which are recorded at amount of 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 rate method.

4.3 Investments

Investments of the Group are classified into following categories:

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 recognised in profit and loss account.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

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 recognised in other comprehensive income.

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.

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 recognise 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 Initial measurement

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.

Investments are initially recognised at fair value which, in the case of investments other than held for trading, includes transaction costs associated with the investments. Transaction costs on investments held for trading are expensed as incurred.

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

Held-for-trading

These are securities measured at subsequent reporting dates at fair value. Gains and losses on re-measurement are included in the profit and loss account.

Available-for-sale

Quoted securities classified as available for sale investments are measured at subsequent reporting dates at fair value. Any surplus or deficit arising thereon is kept in a separate account shown in the statement of financial position as part of the equity and is taken to the profit and loss account when realised upon disposal or when the investment is considered to be impaired.

Unquoted equity securities are valued at the lower of cost and break-up value. The break-up value of these securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. A decline in the carrying value is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account. Investments in other unquoted securities are valued at cost less impairment, if any.

Held-to-maturity

These are securities measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

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.

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, the value of an available-for-sale equity security increases resulting in revaluation surplus, any impairment losses recognised in profit and loss account shall not be reversed except in case of derecognition.

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.

Debt Securities

Participation Term Certificates (PTCs), Term Finance Certificates (TFCs), Sukuk certificates 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 recognised at the time when the Group becomes party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognised 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 Group intends to either 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

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

Leases, where the Group 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. Leasehold land and buildings on leasehold land 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 Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. 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 derecognised 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 derecognised.

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.

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 for the related surplus on revaluation of fixed assets (net of deferred tax) which 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.

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4.8 Lease liability and right-of-use assets

The Group enters into leasing arrangements for its office premises, branches, ATMs and warehouses. Rental contracts are typically for a fixed period and may have extension options as described below. At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not be terminated).

The lease liability is initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification.

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

4.9 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.

4.10 Non-banking assets acquired in satisfaction of claims

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 is conducted regularly, so as to ensure that their net carrying value does not materially differ from their fair value.

Notes To The Consolidated Financial Statements

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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 Group 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.

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 Group for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

4.10.1 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 the State Bank of Pakistan (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 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 Group 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 recognised as income in the statement of profit and loss.

4.12 Borrowings / deposits and their cost

Borrowings / deposits are initially recorded at the amount of proceeds received. Costs 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 are initially recorded at the amount of proceeds received. Mark-up accrued on subordinated debts is recognised separately as part of other liabilities and is charged to the profit and loss account over the period on an accrual basis.

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4.14 Taxation

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.

Deferred

Deferred tax is recognised using the balance sheet approach on all temporary differences arising between tax bases of assets and liabilities and their carrying amounts appearing in these unconsolidated financial statements. Deferred tax liability is recognised 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 wherein 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'.

4.15 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 profit and loss account net of expected recovery.

4.16 Staff retirement benefits

4.16.1 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.

- JS Bank Limited (the Bank)	7.10%
- JS Global Capital Limited (Subsidiary)	7.33%
- JS Investment Limited (Subsidiary)	7.33%

4.16.2 Defined benefit plan (the Bank)

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 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

4.17 Revenue recognition

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

- Mark-up income / interest on performing advances and returns on debt securities are recognised on a time proportion basis using the effective interest method except returns on debt securities in held-to-maturity portfolio which is recognised on a straight line basis.
- Mark-up income / interest / profit on non-performing advances and debt securities is recognised on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan.
- Where debt securities are purchased at premium or discount, such premium / discount is amortized through the profit and loss account over the remaining period of maturity.
- Financing method is used in accounting for income from lease financing. Under this method, the unearned lease income (excess of the sum of total lease rentals and estimated residual value over the cost of leased assets) is deferred and taken to income over the term of the lease period so as to produce a constant periodic rate of return on the outstanding net investment in lease. Gains / losses on termination of lease contracts, documentation charges, front-end fees and other lease income are recognised as income when these are realised.
- Fee, brokerage and commission income is recognised on an accrual basis.
- Dividend income is recognised when the Bank's right to receive dividend is established.
- Gain / loss on sale of investments is credited / charged to profit and loss account.

4.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves except for statutory reserves are recognised in these 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 these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

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 / sale 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

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 balance sheet 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 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.

4.21 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.

4.22 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 eight 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 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.

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Brokerage

This includes brokerage commission earned on transactions in capital, money, foreign exchange and commodity markets.

Asset management

This includes fee for services rendered in connection with advisory and management of mutual funds.

Zindigi

This includes loans, deposits and other transactions with branchless banking customers.

Others

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

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 Group's total revenue in 2021 and 2022.

4.22.2 Geographical segment

The Group operates in two geographic regions being:

- Pakistan
- Bahrain

5. Application of IFRS 9, 'Financial Instruments'

The application of the International Financial Reporting Standard (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) had extended the effective date of applicability of IFRS 9 from January 01, 2023 through its BPRD Circular No. 03 dated July 05, 2022 in case of banks having assets size of PKR 500 billion or above. The said circular contains application instructions for ensuring smooth and consistent implementation of the standard in the banks.

Application of IFRS 9, in particular the impairment requirements, will lead to significant changes in the accounting for financial instruments. Wherever the requirements of the application instructions issued by SBP differ with the requirements of IFRS 9, the requirements of the application instructions issued by the SBP will be followed by the Bank.

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5.1 Classification and measurement

Classification determines how financial assets are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. Under IFRS 9 all financial instruments are initially measured at fair value adjusted for any transaction costs. However, transaction costs in relation to financial assets measured at fair value through profit and loss, should be recognised as an expense when incurred. The Bank will initially classify its financial assets under one of the following three categories:

- i) Amortised Cost
- ii) Fair value through other comprehensive income (FVOCI)
- iii) Fair value through profit and loss (FVTPL)

When classifying each financial asset, the Bank will carry out the following tests:

- Business model test reflecting the way in which the financial assets are managed; and
- Contractual Cash Flow Characteristics Test i.e., whether the contractual cash flows from the financial asset represents, on specified dates, solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial asset shall be measured at amortised cost if the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset shall be measured at FVOCI if the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely based on payments of principal and interest on the principal amount outstanding.

Debt financial instruments where the business model objectives are achieved by collecting the contractual cash flows and by selling the assets ('hold to collect and sell') and that have SPPI cash flows are held at FVOCI, with any unrealised gains or losses deferred in reserves until the asset is derecognised.

In certain circumstances, non-trading equity instruments can be irrevocably designated as FVOCI but both unrealised and realised gains or losses are recognised in reserves and no amounts other than dividends received are recognised in the profit and loss account.

Any gains and losses arising on investments in equity instruments classified as FVOCI will be recognised in OCI, with no capital gain routed through profit and loss account. Dividends will normally be recognised in profit and loss account.

A financial asset shall be measured at fair value through profit or loss (FVTPL) unless it is measured at amortised cost or at fair value through other comprehensive income. Where the objective of a business is to manage financial assets on a fair value basis, the instruments within that business model are measured at FVTPL.

Equity instruments are generally measured at fair value through profit and loss (FVTPL) unless the Bank elects for fair value through other comprehensive income (FVOCI) at initial recognition.

Debt instruments failing the SPPI test would be measured at fair value through profit and loss (FVTPL). At present, debt financial instruments of the Bank are not expected to fail the SPPI test. Therefore, simple transition would be as follows:

- i) Debt instruments classified as held-to-maturity to be classified as measured at amortised cost;
- ii) Debt instruments classified as held-for-trading to be classified as measured at FVTPL; and
- iii) Debt instruments classified as available-for-sale to be classified as measured at FVOCI.

The process / rationale for choosing a classification category as defined in all cases above is required to be documented and presented to the Board Risk Management Committee (BRMC) for approval.

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Any subsequent reclassification of debt instruments would be allowed only when, the Bank changes its business model for managing these debt instruments. Reclassifications of debt instruments will only be made in exceptional cases as they will only occur when the Bank significantly changes the way it does business. The reclassification of debt instruments managed under different business models should require valid rationale for the change in the business model that has led to the reclassification and will be effective with prior approval of the Board.

At initial recognition, the Bank may use Fair Value Option i.e., to designate a financial asset as measured at FVTPL if it eliminates or significantly reduces any accounting mismatch arising from measuring assets and liabilities on different basis. Financial assets classified as measured at FVTPL are not subject to reclassification requirements.

The Bank may apply the Fair Value Option under the following criterion:

- It is consistent with a documented risk management strategy and eliminates or significantly reduces measurement or recognition inconsistency of measuring financial assets or liabilities on a different basis; and
- fair values are reliable at inception and throughout life of the instrument.

5.2 Expected Credit Loss

Expected credit loss (ECL) is generally measured based on the risk of default over one of two different time horizons, depending on whether the credit risk of the customer has increased significantly since the exposure was first recognised.

The Bank has the following financial asset portfolios that are subject to ECL computations:

- i) Loans and Advances
- ii) Non-funded financing liabilities
- iii) Investments in debt securities measured at amortised cost or FVOCI.
- iv) Lendings to financial institutions
- v) Balances with banks

Credit exposure in local currency guaranteed by the Government, and Government Securities are exempted from the application of ECL Framework.

The Bank shall perform ECL calculation of its credit exposure categorizing them into regulatory segments i.e. Corporate and Commercial Banking, Medium Enterprises, Small Enterprises, Agriculture, Consumers including credit cards and Staff financing. Expected credit losses are not recognised for equity instruments measured at FVOCI.

Sophisticated credit models that are used to derive ECL have three main components:

- Probability of default (PD)

The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.

- Loss given default (LGD)

It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.

- Exposure at default (EAD)

The expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre-payments and forward-looking information where relevant.

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For the purpose of calculation of ECL, the Bank has used last 5 years data till December 31, 2022 and going forward, one more year's data shall be included until the Bank has at least 10 years data. Further, the Bank shall classify its financial assets under three categories:

- **Stage 1: Performing assets**

Financial assets where there has not been a significant increase in credit risk since initial recognition, the Bank shall recognise an allowance based on the 12-month ECL.

- **Stage 2: Under-performing assets**

Financial assets where there has been a significant increase in credit risk since initial recognition, but they are not credit impaired, the Bank shall recognise an allowance for the lifetime ECL for all exposures categorised in this stage based on the actual maturity profile.

- **Stage 3: Non-performing assets**

Financial assets which have objective evidence of impairment at the reporting date.

Significant increase in credit risk (SICR)

A significant increase in credit risk is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. For assessing SICR the Bank shall consider deterioration of Obligor Risk Ratings (ORR) and other qualitative factors which are associated with repayment capacity.

Improvement in credit risk / Curing

Financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a significant increase in credit risk no longer apply.

Low Credit Risk Assets (LCRAs)

The policies to determine assets that can be considered as 'low credit risk' have been developed. The assets with low credit risks include:

- i) Investments (debt instruments) having rating AA and above from an external rating agency at the reporting date.
- ii) All exposures on multilateral development agencies.
- iii) Sovereign exposures (in foreign currency) having rating BBB and above from an external rating agency at the reporting date.

Modification in financial assets

The contractual terms of a loan may be modified for several reasons, including changing market conditions, customer retention and other factors not related to current or potential credit deterioration of the customer. Under these circumstances, an existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value. The Bank may also renegotiate loans to customers in financial difficulties to maximize collection opportunities and minimize the risk of default.

If the cash flows of the two instruments are substantially different, then the contractual cash flows of the original financial asset will be deemed to have expired. The asset will be de-recognised, and a new asset will be created. However, in case of modifications due to credit risk factors, the same staging criteria as explained above will be applied.

In cases, where the modification of a financial instrument not measured at FVTPL does not result in derecognition, the Bank as per the requirements of IFRS 9 will recalculate the gross carrying amount of the financial asset (or financial liability) by discounting the modified contractual cash flows at the original effective interest rate and recognise any resulting adjustment as a modification gain or loss in profit or loss account.

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5.3 Governance, ownership and responsibilities

The Models / Methodologies for PD, LGD and CCF have been developed and shall be validated on an annual basis which shall cover model design validation, data quality validation and benchmarking with external best practices.

5.4 Presentation and disclosure

The State Bank of Pakistan vide BPRD Circular No. 02 dated February 09, 2023 has issued the new format for the preparation of annual and interim financial statements to be effective from the first quarter of year 2023 or 2024 on banks as per their assets size communicated vide BPRD Circular No. 03 dated July 05, 2022

5.5 Impact of adoption of IFRS 9

The total estimated adjustment (net of tax) of the adoption of IFRS 9 on the opening balance of the Group's equity at January 01, 2023 is approximately Rs. 442.533 million, representing:

- a reduction of approximately Rs. 774.089 million in the Bank's equity related to additional provision requirements as per IFRS 9; and
- an increase of approximately Rs. 331.533 million in the Bank's equity related to deferred tax impacts.

The Bank will continue to refine its expected credit loss model and embed its operational processes which may change the actual impact on adoption, because:

- IFRS 9 will require the Bank to revise its accounting policies and internal controls and these changes are not yet complete;
- parallel runs have been carried out as per the requirement laid down in SBP BPRD Circular No. 03 dated July 05, 2022; and
- the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Bank finalises its first financial statements that include the date of initial application.

5.6 Impact on regulatory capital

The introduction of IFRS 9 will result in reduction in regulatory capital of the Banks, which is likely to reduce their lending capacity and ability to support their clients. In order to mitigate the impact of expected credit loss (ECL) models on capital, SBP has determined that it may be appropriate for the Banks to introduce a transitional arrangement for the impact on regulatory capital from the application of ECL accounting. Annexure-B of the 'Application Instructions' issued by SBP have detailed the transitional arrangement.

The transitional arrangement must apply only to provisions for stage 1 and 2 financial assets. The transitional arrangement must adjust CET1 capital. Where there is a reduction in CET1 capital due to new provisions, net of tax effect, upon adoption of an ECL accounting model, the decline in CET1 capital (the transitional adjustment amount) must be partially included (i.e., added back) to CET1 capital over the 'transition period' of five years.

The impact of adoption of IFRS 9 on the capital ratios of the Bank are as follows:

	As per adopted IFRS 9	As per current Standards
Common Equity Tier 1 Capital Adequacy ratio	9.97%	9.99%
Tier 1 Capital Adequacy Ratio	11.27%	11.30%
Total Capital Adequacy Ratio	13.70%	13.72%
CET1 available to meet buffers (as a percentage of risk weighted assets)	3.97%	3.99%

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6. CASH AND BALANCES WITH TREASURY BANKS	Note	2022	2021
		Rupees in '000	
In hand:			
Local currency		7,824,569	7,286,506
Foreign currencies		488,360	957,434
		8,312,929	8,243,940
With State Bank of Pakistan in:			
Local currency current account	6.1	15,207,132	19,934,402
Foreign currency current account - non remunerative	6.2	815,151	1,085,558
Foreign currency deposit account - remunerative	6.3	364,657	2,616,420
		16,386,940	23,636,380
With National Bank of Pakistan in local currency current accounts		58,322	2,345,795
National Prize Bonds		7,057	41,065
		24,765,248	34,267,180

- 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 6.00% maintained with the SBP held under the 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 3.14% (2021: 0.00%) as per specific circular issued by the SBP at year end.

7. BALANCES WITH OTHER BANKS	Note	2022	2021
		Rupees in '000	
In Pakistan			
In current accounts		260,350	146,826
In deposit accounts		54,108	23,879
		314,458	170,705
Outside Pakistan			
In current accounts	7.1	1,545,369	1,056,918
		1,859,827	1,227,623
Less: General provision under IFRS 9	7.2	(35)	(17)
Balances with other banks - net of provision		1,859,792	1,227,606

- 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 upto 3.83% per annum (2021: 0.01% per annum).
- 7.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.

8. LENDINGS TO FINANCIAL INSTITUTIONS	Note	2022	2021
		Rupees in '000	
Repurchase agreement lendings (Reverse Repo)	8.2	11,351,162	31,939,044
8.1 Particulars of lendings			
In local currency		11,351,162	31,939,044
In foreign currencies		-	-
		11,351,162	31,939,044

- 8.2 Repurchase agreement lendings carry mark-up rate ranging from 16.00% to 16.75% (2021: 10.10% to 10.70%) per annum, and are due to mature in January 2023.

8.2.1 Securities held as collateral against repurchase agreement lendings (reverse repo)

	2022			2021		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000					
Market Treasury Bills	11,053,559	-	11,053,559	8,923,921	-	8,923,921
Pakistan Investment Bonds	307,459	-	307,459	23,046,627	-	23,046,627
	11,361,018	-	11,361,018	31,970,548	-	31,970,548

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9. INVESTMENTS	Note	2022				2021			
		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 segments									
Held-for-trading securities									
Federal Government Securities									
		33,538	-	(107)	33,431	1,109,264	-	(61)	1,109,203
		-	-	-	-	202	-	(1)	201
		33,538	-	(107)	33,431	1,109,466	-	(62)	1,109,404
Shares									
Listed Companies									
		559,170	-	11,528	570,698	1,391,004	-	1,505	1,392,509
Open End Mutual Funds									
		546,355	-	1,762	548,117	190,357	-	(74,659)	115,698
Available-for-sale securities									
Federal Government Securities									
		40,317,081	-	(395,161)	39,921,920	125,616,353	-	(370,699)	125,245,654
		34,811,083	-	(1,399,722)	33,411,361	8,444,450	-	16,757	8,461,207
		69,406,348	-	(31,328)	69,375,020	25,625,355	-	(16,328)	25,609,027
		1,470,530	(49,083)	(743,736)	677,711	1,127,351	(5,781)	(25,749)	1,095,821
	9.4.1	146,005,042	(49,083)	(2,569,947)	143,386,012	160,813,509	(5,781)	(396,019)	160,411,709
Shares									
Listed Companies									
		3,213,934	-	1,936,543	5,150,477	1,792,363	-	2,289,154	4,081,517
		136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies									
		11,000	-	-	11,000	11,000	-	-	11,000
	9.4.2	3,361,523	(136,589)	1,936,543	5,161,477	1,939,952	(136,589)	2,289,154	4,092,517
Non Government Debt Securities									
Listed									
		523,541	(143,446)	28	380,123	436,745	(151,867)	592	285,470
		263,884	-	92	263,976	241,490	-	1,909	243,399
Unlisted									
		466,589	(466,589)	-	-	1,083,301	(538,467)	-	544,834
		1,212,440	-	-	1,212,440	1,307,393	-	-	1,307,393
		-	-	-	-	352,151	-	-	352,151
		27,733	(27,733)	-	-	27,733	(27,733)	-	-
	9.4.3	2,494,187	(637,768)	120	1,856,539	3,448,813	(718,067)	2,501	2,733,247
Foreign Securities									
	9.4.4	410,164	(129,576)	(146,817)	133,771	245,503	(62,075)	(37,262)	146,166
	9.4.4	679,632	(394)	(5,374)	673,864	376,486	(376)	(1,942)	374,168
	9.4.2	335,143	-	(28,705)	306,438	95,649	-	1,856	97,505
		1,424,939	(129,970)	(180,896)	1,114,073	717,638	(62,451)	(37,348)	617,839
Open End Mutual Funds									
		951,370	-	32,261	983,631	3,044,620	-	269,958	3,314,578
Held-to-maturity securities									
Federal Government Securities									
		105,615,196	-	-	105,615,196	11,463,014	-	-	11,463,014
		10,136,487	-	-	10,136,487	12,913,323	-	-	12,913,323
		33,686,154	-	-	33,686,154	33,767,606	-	-	33,767,606
	9.5.1	149,437,837	-	-	149,437,837	58,143,943	-	-	58,143,943
Associates									
		236,194	-	-	236,194	237,192	-	-	237,192
		40,457	-	-	40,457	52,438	-	-	52,438
	9.7	276,651	-	-	276,651	289,630	-	-	289,630
Total Investments									
		305,090,612	(953,410)	(768,736)	303,368,466	231,088,932	(922,888)	2,055,030	232,221,074

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.

9.2 Investments by type	Note	2022				2021			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000									
Held-for-trading securities									
Federal Government Securities									
		33,538	-	(107)	33,431	1,109,466	-	(62)	1,109,404
Shares									
		559,170	-	11,528	570,698	1,391,004	-	1,505	1,392,509
Open end mutual funds									
		546,355	-	1,762	548,117	190,357	-	(74,659)	115,698
		1,139,063	-	13,183	1,152,246	2,690,827	-	(73,216)	2,617,611
Available-for-sale securities									
Federal Government Securities									
		146,005,042	(49,083)	(2,569,947)	143,386,012	160,813,509	(5,781)	(396,019)	160,411,709
Shares									
		3,361,523	(136,589)	1,936,543	5,161,477	1,939,952	(136,589)	2,289,154	4,092,517
Non Government Debt Securities									
		2,494,187	(637,768)	120	1,856,539	3,448,813	(718,067)	2,501	2,733,247
Open end mutual funds									
		951,370	-	32,261	983,631	3,044,620	-	269,958	3,314,578
Foreign Securities									
		1,424,939	(129,970)	(180,896)	1,114,073	717,638	(62,451)	(37,348)	617,839
		154,237,061	(953,410)	(781,919)	152,501,732	169,964,532	(922,888)	2,128,246	171,169,890
Held-to-maturity securities									
Federal Government Securities									
		149,437,837	-	-	149,437,837	58,143,943	-	-	58,143,943
Associates									
		276,651	-	-	276,651	289,630	-	-	289,630
Total Investments									
		305,090,612	(953,410)	(768,736)	303,368,466	231,088,932	(922,888)	2,055,030	232,221,074

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9.2.1 Investments given as collateral	2022		2021	
	Cost	Market value	Cost	Market value
----- Rupees in '000 -----				
Available-for-sale securities				
Federal Government Securities:				
Market Treasury Bills	-	-	19,922,016	19,852,789
Pakistan Investment Bonds - Fixed	-	-	1,595,450	1,607,572
Pakistan Investment Bonds - Floater	62,800,000	62,198,080	13,467,708	13,466,250
	62,800,000	62,198,080	34,985,174	34,926,611
Foreign Securities				
Government Debt Securities	-	-	842,316	814,484
Non Government Debt Securities	-	-	-	-
	-	-	842,316	814,484
	62,800,000	62,198,080	35,827,490	35,741,095

9.3 Provision for diminution in value of investments	Note	2022	2021
		----- Rupees in '000 -----	
Opening balance		922,888	1,231,220
Exchange adjustment		28,126	7,623
Charge during the year		24,570	27,733
Reversal during the year		(104,869)	(281,540)
	32	(80,299)	(253,807)
Impairment under IFRS 9 in Bahrain branch			
Charge / (reversal) during the year	32.1	82,695	(62,148)
Closing balance		953,410	922,888

9.3.1 Particulars of provision against debt securities

Category of classification	2022		2021	
	Non-performing Investments	Provision	Non-performing Investments	Provision
----- Rupees in '000 -----				
Domestic				
Loss	637,768	637,768	696,507	696,507

9.4 Quality of Available-for-sale Securities

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

9.4.1 Federal Government Securities - Government guaranteed	Cost	
	2022	2021
----- Rupees in '000 -----		
Market Treasury Bills	40,317,081	125,616,353
Pakistan Investment Bonds - Fixed	34,811,083	8,444,450
Pakistan Investment Bonds - Floater	69,406,348	25,625,355
Government of Pakistan Eurobonds	1,470,530	1,127,351
	146,005,042	160,813,509

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	Cost	
	2022	2021
----- Rupees in '000 -----		
9.4.2 Shares		
Listed Companies		
Packaging	25,053	-
Oil and gas	399,824	-
Financial	1,169,012	23,061
Technology & Communication	692,637	801,314
Insurance	897,864	897,864
Pharmaceutical	29,544	70,124
	3,213,934	1,792,363
Foreign companies		
Automobile and transportation equipment	261,403	23,464
Financial	68,786	-
Technology & Communication	-	53,640
Oil and gas	-	16,139
	330,189	93,243

	2022		2021	
	Cost	Breakup Value	Cost	Breakup Value
----- Rupees in '000 -----				
Unlisted Companies				
ISE Towers REIT Management Limited	11,000	21,534	11,000	20,356
Foreign securities				
Society for Worldwide Interbank Financial Telecommunication (SWIFT)	4,954	8,052	2,406	5,266

	Cost	
	2022	2021
----- Rupees in '000 -----		
9.4.3 Non Government Debt Securities		
Listed		
AAA	44,249	221,413
AA+, AA, AA-	130,000	134,866
A+, A, A-	469,730	170,089
Unrated	143,446	151,867
	787,425	678,235
Unlisted		
AAA	-	-
AA+, AA, AA-	-	200,034
A+, A, A-	1,212,440	1,599,393
Unrated	494,322	971,151
	1,706,762	2,770,578
	2,494,187	3,448,813

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

	2022		2021	
	Cost	Rating	Cost	Rating
9.4.4 Foreign Securities	Rupees in '000			
Government debt securities				
Republic of Sri Lanka	410,164	SD	245,503	CC
Non Government debt securities				
Kuwait Projects	679,632	-	-	-
Petroleos Mexicanos	-	-	376,486	-
	679,632		376,486	

9.4.4.1 The Bank has recognised general provision (expected credit loss) under IFRS 9 of Rs. 179,053 million (2021: Rs. 68,232) on investments held 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.

9.5 Quality of Held to Maturity Securities

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

	Cost	
	2022	2021
9.5.1 Federal Government Securities - Government guaranteed	Rupees in '000	
Market Treasury Bills	105,615,196	11,463,014
Pakistan Investment Bonds - Fixed	10,136,487	12,913,323
Pakistan Investment Bonds - Floater	33,686,154	33,767,606
	149,437,837	58,143,943

9.6 The market value of securities classified as held-to-maturity as at December 31, 2022 amounted to Rs. 147,022.393 million (2021: Rs. 57,263.335 million).

9.7 Investment in associates

9.7.1 Movement of Investment in associates

	2022							
	Country of incorporation	Holding (%)	Investment at the beginning of the year	Investment / (redemption) during the year	Share of profit / (loss)	Dividend received	Share of other comprehensive income	Investment at the end of the year
	Rupees in '000							
Omar Jibran Engineering Industries Limited	Pakistan	9.60%	237,192	-	(998)	-	-	236,194
Veda Transit Solutions Private Limited	Pakistan	3.92%	52,438	-	(11,981)	-	-	40,457
			289,630	-	(12,979)	-	-	276,651
	2021							
Country of incorporation	Holding (%)	Investment at the beginning of the year	Investment / (Redemption) during the year	Share of profit / (loss)	Dividend received	Share of other comprehensive income	Investment at the end of the year	
	Rupees in '000							
Omar Jibran Engineering Industries Limited	Pakistan	9.60%	215,793	-	21,568	-	(169)	237,192
Veda Transit Solutions Private Limited	Pakistan	3.92%	54,302	-	(1,864)	-	-	52,438
Intercity Touring Company Private Limited	Pakistan	9.12%	698	-	(698)	-	-	-
			270,793	-	19,006	-	(169)	289,630

9.7.2 The investments classified as associate on account of it's significant influence over the investee companies. All associated companies are incorporated in Pakistan.

9.7.3 Summary of financial position and performance of associates

	2022				2021			
	Assets	Liabilities	Revenue	Profit / (loss)	Assets	Liabilities	Revenue	Profit / (loss)
	Rupees in '000							
Omar Jibran Engineering Industries Limited	5,022,767	2,308,053	3,458,393	145,018	3,953,414	2,096,455	2,401,848	149,638
Veda Transit Solutions Private Limited	4,242,630	3,236,774	2,468,979	(80,262)	1,726,311	629,075	863,681	47,622

9.7.3.1 This represents the financial position and performance of associates as at June 30, 2022, i.e., the financial year end for associates.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

	Note	Performing		Non-Performing		Total	
		2022	2021	2022	2021	2022	2021
Rupees in '000							
10. ADVANCES							
Loans, cash credits, running finances, etc.	10.1	212,648,027	232,178,096	16,311,887	13,926,269	228,959,914	246,104,365
Bills discounted and purchased		10,021,695	15,144,516	-	-	10,021,695	15,144,516
Advances - gross		222,669,722	247,322,612	16,311,887	13,926,269	238,981,609	261,248,881
Provision against advances							
- Specific		-	-	(7,210,740)	(6,569,829)	(7,210,740)	(6,569,829)
- General		(200,614)	(87,787)	-	-	(200,614)	(87,787)
- General provision - under IFRS-9	10.4.4	(11,500)	(25,193)	-	-	(11,500)	(25,193)
	10.4	(212,114)	(112,980)	(7,210,740)	(6,569,829)	(7,422,854)	(6,682,809)
Advances - net of provision		222,457,608	247,209,632	9,101,147	7,356,440	231,558,755	254,566,072

10.1 Particulars of net investment in finance lease

	2022				2021			
	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	3,045,170	2,774,814	39,047	5,859,031	3,825,624	3,157,347	3,894	6,986,865
Guaranteed residual value	1,001,802	1,401,925	18,504	2,422,231	941,675	1,925,134	3,372	2,870,181
Minimum lease payments	4,046,972	4,176,739	57,551	8,281,262	4,767,299	5,082,481	7,266	9,857,046
Finance charges for future periods	(591,410)	(552,753)	(4,258)	(1,148,421)	(515,035)	(406,237)	(346)	(921,618)
Present value of minimum lease payments	3,455,562	3,623,986	53,293	7,132,841	4,252,264	4,676,244	6,920	8,935,428

10.2 Particulars of advances (gross)

	2022	2021
Rupees in '000		
In local currency	229,793,447	247,352,862
In foreign currencies	9,188,162	13,896,019
	238,981,609	261,248,881

10.3 Advances include Rs. 16,311.887 million (2021: Rs. 13,936.269 million) which have been placed under non-performing status as detailed below:

Category of classification	2022		2021	
	Non-Performing Loans	Provision	Non-Performing Loans	Provision
Rupees in '000				
Domestic				
Other Assets Especially Mentioned *	413,839	252	789,192	2,013
Substandard	1,300,581	171,165	814,434	91,936
Doubtful	1,808,030	462,049	1,930,747	435,448
Loss	12,789,437	6,577,274	10,391,896	6,040,432
Total	16,311,887	7,210,740	13,926,269	6,569,829

* The Other Assets Especially Mentioned category pertains to agriculture, housing and small enterprises financing.

Notes To The Consolidated Financial Statements

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10.4 Particulars of provision against advances

	Note	2022				2021			
		Specific	General	General provision under IFRS 9	Total	Specific	General	General provision under IFRS 9	Total
Rupees in '000									
Opening balance		6,569,829	87,787	25,193	6,682,809	4,181,836	-	21,327	4,203,163
Exchange adjustments		-	-	5,122	5,122	-	-	2,350	2,350
Charge for the year		1,731,847	112,827	-	1,844,674	3,147,572	87,787	1,516	3,236,875
Reversals for the year	10.4.2	(870,683)	-	(18,815)	(889,498)	(758,874)	-	-	(758,874)
	32	861,164	112,827	(18,815)	955,176	2,388,698	87,787	1,516	2,478,001
Amount written off	10.5	(220,253)	-	-	(220,253)	(705)	-	-	(705)
Closing Balance		7,210,740	200,614	11,500	7,422,854	6,569,829	87,787	25,193	6,682,809

10.4.1 Particulars of provision against non-performing advances

	Note	2022				2021			
		Specific	General	General provision under IFRS 9	Total	Specific	General	General provision under IFRS 9	Total
Rupees in '000									
In local currency		7,210,740	200,614	-	7,411,354	6,569,829	87,787	-	6,657,616
In foreign currency	10.4.4	-	-	11,500	11,500	-	-	25,193	25,193
		7,210,740	200,614	11,500	7,422,854	6,569,829	87,787	25,193	6,682,809

10.4.2 This includes reversal of provision of Rs. 104.477 million (2021: Rs. 294.822 million) against reduction of non-performing loans in Rs. 542.248 million (2021: Rs. 1,475.823 million) of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.1.2.

10.4.3 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, 2022, the Bank has availed cumulative FSV benefit under the directives of the State Bank of Pakistan (SBP) of Rs. 6,820.087 million (2021: Rs. 5,019.150 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs. 3,478.244 million (2021: Rs 3,061.682 million). The additional impact on profitability arising from availing the benefit of FSV shall not be available for payment of cash or stock dividend to shareholders or bonus to employees under the requirement of Regulation R-8 of Corporate / Commercial Banking of the SBP.

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

10.4.5 Advances - deferred & restructured / rescheduled

The SBP vide BPRD Circular No. 13 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 Group as at December 31, 2022 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

10.5 Particulars of write offs:

	2022	2021
	----- Rupees in '000 -----	
10.5.1 Against provisions	220,253	705
Directly charged to profit and loss account	-	-
	220,253	705
10.5.2 Write offs of Rs.500,000 and above	4,167	141
Write offs of below Rs.500,000	216,086	564
	220,253	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-I to the unconsolidated financial statements. However, these write-offs do not affect the Bank's right to recover debts from these customers.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

11. FIXED ASSETS	Note	2022	2021
		Rupees in '000	
Capital work-in-progress	11.1	883,380	1,316,790
Property and equipment	11.2	7,894,072	7,135,467
Right-of-use assets	11.3	2,457,244	3,052,072
		<u>11,234,696</u>	<u>11,504,329</u>
11.1 Capital work-in-progress			
Civil works		197,727	800,342
Advances to supplier		290	20,122
Equipment		685,363	496,326
		<u>883,380</u>	<u>1,316,790</u>

11.2 Property and equipment	Note	2022					
		Leasehold land	Building on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles
		Rupees in '000					
At January 01, 2022							
Cost / Revalued amount		1,728,122	3,165,956	1,613,059	986,316	4,203,821	11,930,255
Accumulated depreciation		-	(455,364)	(861,858)	(520,749)	(2,816,914)	(4,794,788)
Net book value		<u>1,728,122</u>	<u>2,710,592</u>	<u>751,201</u>	<u>465,567</u>	<u>1,386,907</u>	<u>7,135,467</u>
Year ended December 2022							
Opening net book value		1,728,122	2,710,592	751,201	465,567	1,386,907	7,135,467
Additions	11.2.1	-	213,947	771,722	159,405	707,859	1,896,251
Movement in surplus on assets revalued during the year		-	-	-	-	-	-
Disposals		-	(70,939)	(21,826)	(6,469)	(32,293)	(157,626)
Depreciation charge	29	-	(110,567)	(193,109)	(73,891)	(587,343)	(983,993)
Exchange rate adjustments		-	-	3,542	767	634	5,552
Other adjustments / transfers		-	(440)	(1,510)	(83)	451	(1,579)
Closing net book value		<u>1,728,122</u>	<u>2,742,593</u>	<u>1,310,020</u>	<u>545,296</u>	<u>1,476,215</u>	<u>7,894,072</u>
At December 31, 2022							
Cost / Revalued amount		1,728,122	3,305,685	2,351,631	1,114,238	4,717,951	13,463,233
Accumulated depreciation		-	(563,092)	(1,041,611)	(568,942)	(3,241,736)	(5,569,161)
Net book value		<u>1,728,122</u>	<u>2,742,593</u>	<u>1,310,020</u>	<u>545,296</u>	<u>1,476,215</u>	<u>7,894,072</u>
Rate of depreciation (%)		-	1.01 - 4.78	10	12.5	12.5 - 33.3	20
		Rupees in '000					
At January 01, 2021							
Cost / Revalued amount		781,054	2,952,568	1,592,638	956,432	3,700,067	10,207,843
Accumulated depreciation		-	(361,848)	(752,637)	(478,494)	(2,411,776)	(4,108,818)
Net book value		<u>781,054</u>	<u>2,590,720</u>	<u>840,001</u>	<u>477,938</u>	<u>1,288,291</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	6,099,025
Additions		-	74,219	101,027	60,738	636,551	885,916
Movement in surplus on assets revalued during the year		207,868	139,169	-	-	-	347,037
Disposals		-	-	(5,815)	(10,655)	(39,724)	(70,184)
Depreciation charge		-	(93,516)	(151,385)	(64,895)	(511,475)	(850,754)
Exchange rate adjustments		-	-	1,367	328	235	2,138
Other adjustments / transfers		739,200	-	(33,994)	2,113	13,029	722,289
Closing net book value		<u>1,728,122</u>	<u>2,710,592</u>	<u>751,201</u>	<u>465,567</u>	<u>1,386,907</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	11,930,255
Accumulated depreciation		-	(455,364)	(861,858)	(520,749)	(2,816,914)	(4,794,788)
Net book value		<u>1,728,122</u>	<u>2,710,592</u>	<u>751,201</u>	<u>465,567</u>	<u>1,386,907</u>	<u>7,135,467</u>
Rate of depreciation (%)		-	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. 1,313.014 million (2021: Rs. 384.849 million).

11.2.2 The cost of fully depreciated property and equipment still in use	2022	2021
	Rupees in '000	
Leasehold improvements	310,451	268,841
Furniture and fixtures	206,457	195,614
Electrical, office and computer equipment	1,784,560	1,192,927
Vehicles	29,343	10,669
	<u>2,330,811</u>	<u>1,668,051</u>

11.2.3 The details of disposals of assets to related parties are given in Annexure-II to the unconsolidated financial statements.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

- 11.2.4** The properties of the Bank were revalued by independent professional valuers as at December 31, 2021. The revaluation was carried out by M/s. Luckyhiya Associates Pvt. Ltd. on the basis of professional assessment of present market values which resulted in increase in surplus by Rs. 347.037 million. The total surplus against revaluation of fixed assets as at December 31, 2022 amounts to Rs. 1,475.525 million.

Had there been no revaluation, the carrying amount of revalued assets of the Bank at December 31, would have been as follows:

	Note	2022 ----- Rupees in '000 -----	2021
Leasehold land		1,014,912	1,014,912
Building on leasehold land		1,980,278	1,910,416
		2,995,190	2,925,328
11.3 Right-of-use assets			
Opening balance		3,052,072	2,628,768
Additions / renewals		837,677	1,453,851
Terminations		(303,538)	(71,459)
Depreciation	29	(1,097,098)	(961,584)
Exchange rate adjustments		6,266	2,496
Other adjustments		(38,135)	-
Closing balance		2,457,244	3,052,072
12. INTANGIBLE ASSETS			
Capital work-in-progress - Computer software		776,089	711,192
Computer software	12.1	1,599,281	971,394
Goodwill	12.1 & 12.5	1,463,624	1,463,624
Others		5,000	5,000
		3,843,994	3,151,210

	2022			
	Computer software	Goodwill (note 12.5)	Others (note 12.3 & 12.4)	Total
12.1 Intangible Assets	----- Rupees in '000 -----			
At January 1, 2022				
Cost	1,728,889	1,463,624	8,227	3,200,740
Accumulated amortisation	(757,495)	-	(3,227)	(760,722)
Net book value	971,394	1,463,624	5,000	2,440,018
Year ended December 2022				
Opening net book value	971,394	1,463,624	5,000	2,440,018
Additions - directly purchased	799,385	-	-	799,385
Disposals	-	-	-	-
Amortisation charge	(172,389)	-	-	(172,389)
Exchange rate adjustments	914	-	-	914
Other adjustments / transfers	(23)	-	-	(23)
Closing net book value	1,599,281	1,463,624	5,000	3,067,905
At December 31, 2022				
Cost	2,530,575	1,463,624	8,227	4,002,426
Accumulated amortisation	(931,294)	-	(3,227)	(934,521)
Net book value	1,599,281	1,463,624	5,000	3,067,905
Rate of amortisation (%)	10%			
Useful life (years)	10			

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

	2021			
	Computer software	Goodwill	Others	Total
----- Rupees in '000 -----				
At January 1, 2021				
Cost	1,437,537	1,463,624	9,227	2,910,388
Accumulated amortisation	(615,513)	-	(3,227)	(618,740)
Net book value	<u>822,024</u>	<u>1,463,624</u>	<u>6,000</u>	<u>2,291,648</u>
Year ended December 2021				
Opening net book value	822,024	1,463,624	6,000	2,291,648
Additions - directly purchased	286,660	-	-	286,660
Disposals	-	-	-	-
Amortisation charge	(139,889)	-	-	(139,889)
Exchange rate adjustments	354	-	-	354
Other adjustments / transfers	2,245	-	(1,000)	1,245
Closing net book value	<u>971,394</u>	<u>1,463,624</u>	<u>5,000</u>	<u>2,440,018</u>
At December 31, 2021				
Cost	1,728,889	1,463,624	8,227	3,200,740
Accumulated amortisation	(757,495)	-	(3,227)	(760,722)
Net book value	<u>971,394</u>	<u>1,463,624</u>	<u>5,000</u>	<u>2,440,018</u>
Rate of amortisation (%)	<u>10%</u>			
Useful life (years)	<u>10</u>			

- 12.1.1** This includes transfer from capital work in progress during the year of Rs. 799.385 million (2021: Rs. 282.459 million)
- 12.2** The cost of fully amortised intangible assets that are still in the Group's use amounted to Rs. 206.579 million (2021: Rs. 182.982 million)
- 12.3** This includes 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 Group has also received shares of PSX after completion of the demutualisation process.
- 12.4** This includes membership cards of Pakistan Mercantile Exchange. It has an indefinite useful life and is carried at cost.
- 12.5** Goodwill is recorded by the Bank upon the event fully disclosed in note 1.1.2. For impairment testing, goodwill has been allocated to 'Trading and Sales' Segment as a Cash Generating Unit (CGU), which is also a reportable segment.

Key assumptions used in calculation of value-in-use

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.

	2022	2021
	----- Percentages -----	
- Discount rate	17.17	15.25
- Terminal growth rate	13.00	10.00

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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. 5,245 million (2021: Rs. 5,465 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	
	2022	2021
	----- Percentages -----	
- Discount rate	1.28	1.99
- Terminal growth rate	-1.58	-2.67

Notes To The Consolidated Financial Statements

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13. OTHER ASSETS	Note	2022	2021
		----- Rupees in '000 -----	
Income / mark-up accrued in local currency		12,324,859	7,184,845
Income / mark-up accrued in foreign currencies		33,276	93,851
Advances, deposits, advance rent and other prepayments		1,995,577	1,439,495
Acceptances		6,586,244	3,689,343
Advance taxation (payments less provision)		1,113,186	865,822
Receivable from defined benefit plans	37.5	119,523	318,319
Receivable against bancassurance / bancatakaful		17,498	20,889
Stationery and stamps on hand		17,729	22,864
Receivable in respect of home remittance		22,004	27,549
Due from State Bank of Pakistan		752,409	179,197
Rebates receivable - net		226,094	68,142
Non-banking assets acquired in satisfaction of claims	13.1	3,664,799	2,537,863
Mark to market gain on derivative instruments	23.2	14,874	51,215
Mark to market gain on forward foreign exchange contracts		1,108,517	467,017
Advance against investments in securities		1,178,306	705,198
Branchless banking fund settlement		326,775	229,652
Inter bank fund transfer settlement		1,164,134	88,237
Credit card settlement		338,269	283,370
Insurance claims receivable		27,437	75,884
Trade receivable from brokerage and advisory business - net		1,085,671	1,895,846
Balances due from funds under management		124,679	105,157
Others		629,129	412,533
		32,870,989	20,762,288
Less: Provision held against other assets		(430,569)	(430,569)
Other assets - net of provisions		32,440,420	20,331,719
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	21.3	107,426	120,674
		32,547,846	20,452,393
13.1 Non banking assets acquired in satisfaction of claims			
Market value of non-banking assets acquired in satisfaction of claims		3,772,225	2,658,537
13.1.1 Movement in non-banking assets acquired in satisfaction of claims at market value			
Opening balance		2,658,537	1,311,252
Additions	13.1.2	1,160,009	1,529,159
Disposal		(24,833)	-
Revaluation		-	(14,320)
Transfer to property and equipment		-	(156,843)
Depreciation	29	(21,488)	(10,711)
		3,772,225	2,658,537

13.1.2 During the year, the Bank has acquired properties of Rs. 1,160.009 million (2021: Rs. 1,529.159 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. 104.477 million (2021: Rs. 294.822 million) against reduction in non-performing loans of Rs. 542.248 million (2021: Rs. 1,475.823 million) (refer note 10.4.2).

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

13.1.3 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 Private Limited, M/s Sardar Enterprises Private Limited, M/s. Luckyhiya Associates Private Limited, M/s. BFA Private Limited., M/s Tristar International Consultants Private Limited, M/s Pakistan Inspection Company Private Limited, M/s Joseph Lobo Private Limited and Engineering Pakistan International Private Limited on the basis of professional assessment of present market values.

		2022	2021
	Note	----- Rupees in '000 -----	
13.2 Provision held against other assets			
Advances, deposits, advance rent and other prepayments		10,184	10,184
Trade receivable from brokerage and advisory business - net		419,328	419,328
Others		1,057	1,057
		430,569	430,569
13.2.1 Movement in provision held against other assets			
Opening balance		430,569	430,569
Charge during the year		13,870	-
Reversal during the year		(13,870)	-
		-	-
Closing balance		430,569	430,569
14. BILLS PAYABLE			
In Pakistan		5,083,176	6,786,643
Outside Pakistan		319,769	252,243
		5,402,945	7,038,886
15. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under:			
Export refinancing scheme	15.2	20,288,522	20,775,516
Long-term finance facility	15.3	2,337,963	2,558,982
Financing facility for storage of agricultural produce		133,097	246,691
Financing facility for renewable energy projects	15.4	1,078,480	1,322,204
Refinance for women entrepreneurs	15.5	82,127	448,799
Refinance scheme for payment of wages & salaries	15.6	7,179	5,428,540
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	15.7	70,911	5,439
Refinance facility for combating COVID-19	15.8	230,090	72,171
Temporary economic refinance facility	15.9	4,832,742	724,109
Small enterprise financing and credit guarantee scheme for special persons		3,039	9,029
Refinance facility for working capital of SMEs		385	-
Refinance facility for SME Asaan Finance (SAAF) scheme		1,607,471	-
Repurchase agreement borrowings	15.10	62,800,000	13,500,000
		93,472,006	45,091,480
Borrowing from financial institutions:			
Repurchase agreement borrowings		-	22,160,140
Refinancing facility for mortgage loans	15.11	3,675,329	2,916,027
Running finance		91,995	-
Long term financing		-	630,885
		3,767,324	25,707,052
Total secured		97,239,330	70,798,532
Unsecured			
Overdrawn nostro accounts		1,291,766	306,663
Commercial papers		-	943,409
Total unsecured		1,291,766	1,250,072
		98,531,096	72,048,604

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

15.1	Particulars of borrowings	2022	2021
		Rupees in '000	
	In local currency	97,239,330	71,154,003
	In foreign currencies	1,291,766	894,601
		<u>98,531,096</u>	<u>72,048,604</u>
15.2	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 are due to mature latest by June 2023. These carry mark-up rates ranging from 2.00% to 10.00% (2021: 1.00% to 3.00%) per annum.		
15.3	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 latest by March 2031. These carry mark-up rates ranging from 2.00% to 8.00% (2021: 2.00% to 3.50%) per annum.		
15.4	These borrowings have been obtained from the SBP for providing financing facilities to address challenges of energy shortage and climate change through promotion of renewable energy. These carry mark-up at 2.00% (2021: 2.00% to 2.50%) per annum and are due to mature latest by December 2031.		
15.5	These borrowings have been obtained from the SBP under a scheme to provide refinance for women entrepreneurs in the underserved areas of the country. These carry mark-up at 0.00% (2021: 0.00%) per annum and are due to mature latest by May 2027.		
15.6	In order to dampen effects of COVID-19, the State Bank of Pakistan has introduced temporary refinance schemes for payment of wages and salaries to the workers and employees of the business concerns. These carry mark-up / profit at rates ranging from 0.00% to 1.00% (2021: 0.00%) per annum and are due to mature latest by April 2023.		
15.7	These borrowings have been obtained from the SBP under a scheme to finance modernization of Small and Medium Enterprises by providing financing facilities for setting up new units, purchase of new plant and machinery for Balancing, Modernization and Replacement (BMR) of existing units and financing for import / local purchase of new generators upto a maximum capacity of 500 KVA. These carry mark-up at rates of 2.00% (2021: 0% to 2.00%) per annum and are due to mature latest by May 2027.		
15.8	These borrowings have been obtained from the SBP under a scheme to provide the emergency refinance facility to hospitals & medical centre to develop capacity for the treatment of COVID-19 patients. These carry mark-up at 0.00% (2021: 0.00%) per annum and are due to mature latest by July 2026.		
15.9	These borrowings have been obtained from the SBP under a scheme to provide concessionary refinance for setting up of new industrial units in the backdrop of challenges being faced by industries post pandemic scenerio. These carry mark-up at 1.00% (2021: 0%) per annum and are due to mature latest by August 2032.		
15.10	These represent repurchase agreement borrowing from SBP at rates ranging from 16.10% to 16.27% (2021: 9.9% to 10.05%) per annum having maturity upto February 2023. The market value of securities given as collateral against these borrowings is given in note 9.2.1.		
15.11	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 rates ranging from 6.50% to 11.67% (2021: 6.50% to 11.07%) and are due to mature latest by December 2031.		

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

16. DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000						
Customers						
Current deposits	118,168,325	9,299,899	127,468,224	103,471,600	7,672,420	111,144,020
Savings deposits	115,689,127	6,410,101	122,099,228	94,411,562	5,055,750	99,467,312
Term deposits	169,651,265	10,755,327	180,406,592	197,382,108	13,980,936	211,363,044
Margin deposits	13,179,090	289	13,179,379	8,847,107	3,408	8,850,515
	416,687,807	26,465,616	443,153,423	404,112,377	26,712,514	430,824,891
Financial Institutions						
Current deposits	1,373,845	710,695	2,084,540	1,035,444	504,985	1,540,429
Savings deposits	9,346,187	1,279	9,347,466	14,024,408	31,231	14,055,639
Term deposits	8,172,209	-	8,172,209	12,929,088	-	12,929,088
	18,892,241	711,974	19,604,215	27,988,940	536,216	28,525,156
	435,580,048	27,177,590	462,757,638	432,101,317	27,248,730	459,350,047

16.1 Composition of deposits

	Note	2022	2021
		Rupees in '000	
- Individuals		145,880,014	152,824,495
- Government (Federal and Provincial)		100,466,489	93,109,449
- Public Sector Entities		20,994,167	39,277,014
- Banking Companies		1,781,231	5,663,632
- Non-Banking Financial Institutions		17,822,984	22,861,524
- Private Sector		175,812,753	145,613,933
	16.2	462,757,638	459,350,047

16.2 Deposits include eligible deposits of Rs. 118,371.513 million (2021: Rs. 105,788.825 million) protected under Depositors Protection Mechanism introduced by State Bank of Pakistan.

17. SUB-ORDINATED DEBT

	Note	2022	2021
		Rupees in '000	
Term Finance Certificates - Second Issue	17.1	1,996,000	1,996,800
Term Finance Certificates - Third Issue	17.2	2,500,000	2,500,000
Term Finance Certificates - Fourth Issue	17.3	2,499,000	2,500,000
		6,995,000	6,996,800

17.1 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.
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 No. 06 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

- 17.2 In 2018, the Bank 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:	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.
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 and / or CAR or LR set by SBP.
Loss absorbency clause:	
Pre-Specified Trigger (PST)	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular No. 06 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: <ul style="list-style-type: none"> - 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 No. 06 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: <ul style="list-style-type: none"> - 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.

- 17.3 In 2021, the Bank has issued Rs. 2.5 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 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, subject to SBP's approval.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR and / or CAR or LR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular No. 06 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

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18. DEFERRED TAX LIABILITIES

		2022			
		Balance as at January 01, 2022	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2022
		----- Rupees in '000 -----			
Deductible Temporary Differences on:					
	Provision against investments	(63,680)	(6,532)	-	(70,212)
	Provision against advances	(464,740)	68,565	-	(396,175)
	Government Grant	550	(550)	-	-
	Other assets	27,813	(272,140)	-	(244,327)
	Surplus on revaluation of investments classified as held for trading	(28,846)	159,568	-	130,722
21	Surplus on revaluation of investments classified as available for sale	732,710	-	(1,080,172)	(347,462)
		203,807	(51,089)	(1,080,172)	(927,454)
Taxable Temporary Differences on:					
	Accelerated tax depreciation	189,419	(7,135)	-	182,284
	Goodwill	570,813	58,545	-	629,358
21	Surplus on revaluation of fixed assets	312,070	(16,281)	32,007	327,796
21	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	960	(715)	98	343
		1,073,262	34,414	32,105	1,139,781
		1,277,069	(16,675)	(1,048,067)	212,327
		----- Rupees in '000 -----			
		2021			
		Balance as at January 01, 2021	Recognised in profit and loss account	Recognised in OCI	Balance as at December 31, 2021
		----- Rupees in '000 -----			
Deductible Temporary Differences on:					
	Provision against investments	(57,149)	(6,531)	-	(63,680)
	Provision against advances	(406,533)	(58,207)	-	(464,740)
	Other assets	(637)	28,450	-	27,813
	General provision under IFRS-9	(43,552)	43,552	-	-
	Provision for workers' welfare fund	(179)	179	-	-
		(508,050)	7,443	-	(500,607)
Taxable Temporary Differences on:					
	Accelerated tax depreciation	174,248	15,171	-	189,419
	Goodwill	512,268	58,545	-	570,813
21	Surplus on revaluation of 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)	-	-
	Mark to market gain / (loss) on forward foreign exchange contracts	(22,893)	22,893	-	-
	Government Grant	1,888	(1,338)	-	550
	Surplus on revaluation of investments classified as held for trading	4,032	(32,878)	-	(28,846)
21	Surplus on revaluation of investments classified as available for sale	672,375	-	60,335	732,710
		1,591,640	46,973	139,063	1,777,676
		1,083,590	54,416	139,063	1,277,069

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

19. OTHER LIABILITIES	Note	2022	2021
		----- Rupees in '000 -----	
Mark-up / return / interest payable in local currency		5,044,455	3,391,010
Mark-up / return / interest payable in foreign currencies		45,769	26,668
Unearned income on guarantees		368,800	261,377
Accrued expenses		730,263	500,369
Acceptances		6,586,244	3,689,343
Unclaimed dividends		7,576	7,576
Mark to market loss on derivative instruments		22,710	59,584
Mark to market loss on forward foreign exchange contracts		529,887	103,830
Withholding taxes payable		760,601	631,372
Donation payable to Future Trust	29.2	27,720	43,433
Security deposits against leases, lockers and others		2,468,743	2,908,147
Workers' Welfare Fund	30	260,796	215,713
Payable in respect of home remittance		435,629	433,507
Lease liability against right-of-use assets	19.1	2,795,197	3,415,585
Insurance payable		209,834	27,180
Payable to vendors against SBS goods		380,040	206,925
Debit card settlement		269,365	58,711
Clearing and settlement accounts		49,938	209,683
Trade payable from brokerage and advisory business - net		2,001,608	2,170,742
Dividend payable		4,922	4,946
Others		374,469	419,394
		23,374,566	18,785,095
19.1 Lease liability against right-of-use assets			
Opening balance		3,415,585	2,891,226
Additions / renewals		856,381	1,416,067
Terminations		(480,195)	(82,912)
Mark-up on lease liability against right-of-use assets	25	384,801	420,654
Payments		(1,388,606)	(1,254,891)
Exchange rate adjustment		7,231	25,441
Closing balance		2,795,197	3,415,585
20. SHARE CAPITAL - NET			
20.1 Authorised capital			
20.1.1 Ordinary shares			
		2022	2021
		----- Number of shares -----	
		3,850,000,000	2,350,000,000
			Ordinary shares of Rs.10 each
		38,500,000	23,500,000
20.1.2 Preference shares			
		150,000,000	150,000,000
			Convertible preference shares of Rs.10 each
		1,500,000	1,500,000
20.2 Issued, subscribed and paid-up capital			
		2022	2021
		----- Rupees in '000 -----	
		763,558,965	763,558,965
		763,558,965	Fully paid in cash
		533,905,297	533,905,297
		533,905,297	Issued for consideration other than cash
		1,297,464,262	1,297,464,262
			Less: Discount on issue of shares
		-	(2,855,401)
		1,297,464,262	10,119,242

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

- 20.3 As at December 31, 2022, Jahangir Siddiqui & Co. Ltd. (the parent company) held 973,307,324 (2021: 973,307,324) ordinary shares of Rs.10 each i.e. 75.02% holding (2021: 75.02%).
- 20.4 During the year, the Bank has increased its Authorized Share Capital from Rs. 25 billion to Rs. 40 billion with the approval of Shareholders in extra-ordinary general meeting held on October 04, 2022 and the approval from State Bank of Pakistan vide letter dated October 12, 2022.

21. SURPLUS ON REVALUATION OF ASSETS

	Note	2022			2021		
		Attributable to			Attributable to		
		Equity Holders	Non - Controlling Interest	Total	Equity Holders	Non - Controlling Interest	Total
Surplus / (deficit) on revaluation of:		----- Rupees in '000 -----					
- Available for sale securities	9.2 & 21.1	(786,173)	4,254	(781,919)	2,031,118	97,128	2,128,246
- Fixed assets	21.2	2,002,175	-	2,002,175	2,063,629	-	2,063,629
- Non-banking assets acquired in satisfaction of claims	21.3	107,426	-	107,426	120,674	-	120,674
		1,323,428	4,254	1,327,682	4,215,421	97,128	4,312,549
Deferred tax on surplus / (deficit) on revaluation of:							
- Available for sale securities		347,419	43	347,462	(673,462)	(59,248)	(732,710)
- Fixed assets		(327,796)	-	(327,796)	(312,070)	-	(312,070)
- Non-banking assets acquired in satisfaction of claims		(343)	-	(343)	(960)	-	(960)
		19,280	43	19,323	(986,492)	(59,248)	(1,045,740)
		1,342,708	4,297	1,347,005	3,228,929	37,880	3,266,809

	2022		2021	
	----- Rupees in '000 -----			
21.1 Available-for-sale securities				
Pakistan:				
- Equity securities		1,936,543		2,289,154
- Open end mutual funds		32,261		269,958
- Debt securities		(1,826,091)		(393,518)
		142,713		2,165,594
Bahrain:				
- Equity securities		(28,705)		1,856
- Debt securities		(895,927)		(39,204)
		(924,632)		(37,348)
		(781,919)		2,128,246
Related deferred tax liability		(434,457)		1,395,536
21.2 Surplus on revaluation of fixed assets				
Surplus on revaluation as at January 01		2,063,629		1,766,009
Recognised during the year - net		-		347,037
		2,063,629		2,113,046
Transferred to unappropriated profit				
Incremental depreciation during the year		(45,173)		(39,345)
Related deferred tax liability		(16,281)		(10,072)
		(61,454)		(49,417)
Surplus on revaluation as at December 31		2,002,175		2,063,629
Less: Related deferred tax liability on				
- Surplus on revaluation as at January 01		(312,070)		(240,391)
- Effect of change in tax rate		(32,007)		(27,474)
- Recognised / transferred during the year		-		(54,277)
- Incremental depreciation charged during the year		16,281		10,072
		(327,796)		(312,070)
		1,674,379		1,751,559

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

		2022	2021
		----- Rupees in '000 -----	
21.3	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		
	Surplus on revaluation as at January 01	120,674	135,109
	Derecognised during the year	(13,178)	(14,320)
		107,496	120,789
	Transferred to unappropriated profit		
	Incremental depreciation during the year	(40)	(70)
	Related deferred tax liability	(30)	(45)
		(70)	(115)
	Surplus on revaluation as at December 31	107,426	120,674
	Less: Related deferred tax liability on		
	- Surplus on revaluation as at January 01	(960)	(4,029)
	- Restatement of opening balance due to change in tax rate	(98)	(460)
	- Incremental depreciation charged during the year	30	45
	- Realised on disposal during the year	685	3,484
		(343)	(960)
		107,083	119,714
22.	CONTINGENCIES AND COMMITMENTS		
	Guarantees	22.1 83,175,591	49,835,924
	Commitments	22.2 94,526,372	54,479,731
	Other contingencies	22.3 646,479	883,168
		178,348,442	105,198,823
22.1	Guarantees:		
	Financial guarantees	3,668,949	816,746
	Performance guarantees	34,702,865	25,611,507
	Other guarantees	44,803,777	23,407,671
		83,175,591	49,835,924
22.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- Letters of credit	22,381,092	21,971,220
	Commitments in respect of:		
	- Forward foreign exchange contracts	22.2.1 68,486,603	26,688,581
	- Derivative instruments	22.2.2 2,911,354	4,835,903
	- Forward lending	22.2.3 284,067	639,565
	Commitments for acquisition of:		
	- Fixed assets	22.2.4 463,256	344,462
		94,526,372	54,479,731

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

	2022	2021
	----- Rupees in '000 -----	
22.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	41,239,463	17,655,035
Sale	27,247,140	9,033,546
	<u>68,486,603</u>	<u>26,688,581</u>

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 ended, all foreign exchange contracts have a remaining maturity of less than one year.

		2022	2021
		----- Rupees in '000 -----	
22.2.2 Commitments in respect of derivative instruments	Note		
Cross currency swaps			
Purchase		234,300	370,039
Sale		234,300	370,039
		<u>468,600</u>	<u>740,078</u>
Options			
Purchase		-	1,367,365
Sale		-	1,332,677
		<u>-</u>	<u>2,700,042</u>
Commitments in respect of forward securities			
Purchase		1,875,591	-
Sale		567,163	1,395,783
		<u>2,442,754</u>	<u>1,395,783</u>
22.2.3 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.3.1	<u>284,067</u>	<u>639,565</u>

22.2.3.1 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.

22.2.4 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipments, electrical equipments and computer software.

		2022	2021
		----- Rupees in '000 -----	
22.3 Other contingencies	Note		
22.3.1 Claims against the Bank not acknowledged as debts	22.3.1.1	<u>646,479</u>	<u>883,168</u>

22.3.1.1 These mainly represent counter claims filed by borrowers for damages, claims by former employees of the Bank and other claims relating to banking transactions.

Based on legal advice and / or internal assessments, management is confident that the matters will be decided in the Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these consolidated financial statements.

22.3.2 Tax related contingencies are disclosed in notes 33.2 to 33.4.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

23. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Cross Currency 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 (SBP). 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.

		2022							
		Cross currency swaps		Options and Accumulators		Forward securities		Total	
		Notional principal	Mark to market	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		468,600	710	-	-	-	-	468,600	710
Market making		-	-	-	-	567,163	(9,122)	567,163	(9,122)
		468,600	710	-	-	567,163	(9,122)	1,035,763	(8,412)
With FIs other than banks									
Hedging		-	-	-	-	1,875,591	576	1,875,591	576
Market making		-	-	-	-	-	-	-	-
		-	-	-	-	1,875,591	576	1,875,591	576
Total									
Hedging		468,600	710	-	-	1,875,591	576	2,344,191	1,286
Market making		-	-	-	-	567,163	(9,122)	567,163	(9,122)
		468,600	710	-	-	2,442,754	(8,546)	2,911,354	(7,836)

		2021							
		Cross currency swaps		Options and Accumulators		Forward securities		Total	
		Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market	Notional principal	Mark to market
23.2 Maturity Analysis		Rupees in '000							
With Banks for									
Hedging		740,078	1,818	-	-	-	-	740,078	1,818
Market making		-	-	2,700,042	(6,758)	1,395,783	(3,429)	4,095,825	(10,187)
		740,078	1,818	2,700,042	(6,758)	1,395,783	(3,429)	4,835,903	(8,369)
With FIs other than banks									
Hedging		-	-	-	-	-	-	-	-
Market making		-	-	-	-	-	-	-	-
Total									
Hedging		740,078	1,818	-	-	-	-	740,078	1,818
Market making		-	-	2,700,042	(6,758)	1,395,783	(3,429)	4,095,825	(10,187)
		740,078	1,818	2,700,042	(6,758)	1,395,783	(3,429)	4,835,903	(8,369)

		2022				
		Number of contracts	Notional principal	Mark to market		
				Positive	Negative	Net
Remaining maturity of contracts		Rupees in '000				
Upto 1 month		5	1,035,763	14,298	(22,710)	(8,412)
1 to 3 months		-	-	-	-	-
3 to 6 months		1	1,875,591	576	-	576
6 months to 1 year		-	-	-	-	-
1 to 2 years		-	-	-	-	-
		6	2,911,354	14,874	(22,710)	(7,836)
		Rupees in '000				
		Number of contracts	Notional principal	Mark to market		
				Positive	Negative	Net
Remaining maturity of contracts		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)

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

		2022	2021
	Note	----- Rupees in '000 -----	
24. MARK-UP / RETURN / INTEREST EARNED			
On:			
Loans and advances		30,534,896	20,705,914
Investments		40,202,050	17,658,516
Lendings to financial institutions		60,133	72,642
Securities purchased under resale agreements		1,329,472	737,597
Balances with banks		97,902	52,664
		<u>72,224,453</u>	<u>39,227,333</u>
25. MARK-UP / RETURN / INTEREST EXPENSED			
On:			
Deposits		38,810,710	21,772,454
Borrowings		16,419,380	3,793,212
Subordinated debt		1,063,831	696,224
Cost of foreign currency swaps against foreign currency deposits / borrowings		581,400	517,642
Lease liability against right-of-use assets	19.1	384,801	420,654
		<u>57,260,122</u>	<u>27,200,186</u>
26. FEE, COMMISSION AND BROKERAGE INCOME			
Branch banking customer fees		106,452	127,575
Consumer finance related fees		507,332	70,883
Card related fees (debit and credit cards)		307,013	698,931
Investment banking fees		31,742	349,959
Commission on trade		903,056	791,362
Commission on guarantees		583,036	426,161
Commission on cash management		21,748	9,756
Commission on remittances including home remittances		94,210	187,487
Commission on bancassurance		90,635	128,638
Commission on distribution of mutual funds		393	2,711
Commission on online services		294,526	281,364
Postage and courier income		15,394	23,103
Rebate income		252,466	249,799
Rebate on primary dealership		14,477	34,638
Brokerage income		465,656	882,639
Management fee		178,087	154,033
		<u>3,866,223</u>	<u>4,419,039</u>
27. (LOSS) / GAIN ON SECURITIES - NET			
Realised	27.1	(35,985)	235,203
Unrealised - held for trading		13,183	(72,072)
		<u>(22,802)</u>	<u>163,131</u>
27.1 Realised (loss) / gain on:			
Federal government securities			
Market treasury bills		(393,711)	(9,214)
Pakistan investment bonds		277,749	142,783
Ijara sukuk certificates		38,820	2,901
		<u>(77,142)</u>	<u>136,470</u>
Shares			
Listed companies		(106,175)	(88,546)
Non Government Debt Securities			
Term finance certificates		24,209	44,327
Commercial paper certificates		51	64
		<u>24,260</u>	<u>44,391</u>
Mutual fund units		268,254	102,906
Foreign currency bonds		(145,182)	39,982
		<u>(35,985)</u>	<u>235,203</u>
28. OTHER INCOME			
Rent income		17,748	-
Gain on sale of fixed assets - net		54,593	12,311
Gain on termination of leases - net		172,937	6,692
Others		42,218	20,157
		<u>287,496</u>	<u>39,160</u>

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

29. OPERATING EXPENSES	Note	2022	2021
		----- Rupees in '000 -----	
Total compensation expense	29.1	7,407,992	6,123,680
Property expense			
Rent and taxes		28,650	26,786
Insurance		6,642	3,566
Utilities cost		610,801	426,547
Security (including guards)		335,923	282,624
Repair and maintenance (including janitorial charges)		312,726	274,306
Depreciation		320,452	258,160
Depreciation on right-of-use assets		1,097,098	961,584
Depreciation on non-banking assets		21,488	10,711
		2,733,780	2,244,284
Information technology expenses			
Software maintenance		855,935	646,263
Hardware maintenance		318,715	239,553
Depreciation		317,191	264,832
Amortisation		172,389	139,889
Network charges		271,346	192,823
		1,935,576	1,483,360
Other operating expenses			
Directors' fees and allowances		16,450	17,450
Legal and professional charges		286,786	170,451
Insurance		383,655	446,691
Outsourced services costs	29.6	236,268	172,514
Travelling and conveyance		283,561	150,436
NIFT clearing charges		48,571	46,549
Depreciation		346,350	327,762
Training and development		73,958	64,091
Postage and courier charges		104,873	83,276
Communication		188,145	143,318
Stationery and printing		236,399	228,251
Marketing, advertisement and publicity		1,187,512	398,733
Donations	29.2	42,625	54,433
Auditors' remuneration	29.3	24,253	17,470
Staff auto fuel and maintenance		438,682	248,881
Bank charges		62,697	51,986
Stamp duty		66,229	72,343
Online verification charges		71,850	53,770
Brokerage, fee and commission		45,928	53,670
Card related fees (debit and credit cards)		513,355	275,935
CDC and other charges		29,470	36,744
Consultancy fee		10,806	31,799
Deposit protection premium		180,849	179,469
Entertainment expenses		131,492	106,865
Repair and maintenance		75,750	80,926
Cash handling charges		201,807	188,376
Fee and subscription		225,450	115,867
Employees social security		8,488	6,375
Generator fuel and maintenance		170,469	86,480
Fee and allowances to Shariah Board		152	131
Royalty	29.4	35,000	32,083
Others		55,299	54,716
		5,783,179	3,997,841
		17,860,527	13,849,165
Less: Reimbursement of selling and distribution expenses	29.5	(61,120)	(70,974)
		17,799,407	13,778,191

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

29.1	Total compensation expense	Note	2022	2021
			----- Rupees in '000 -----	
	Fees and Allowances etc.		201,613	198,873
	Managerial Remuneration:			
	i) Fixed		4,944,272	4,483,059
	ii) Variable of which;			
	a) Cash Bonus / Awards etc.		511,808	96,100
	b) Commission		297,455	325,682
	Charge / (gain) for defined benefit plan		93,228	(211,129)
	Contribution to defined contribution plan		289,679	271,836
	Leave indemnity		10,064	7,505
	Medical		442,604	400,472
	Conveyance		492,360	446,324
	Staff insurance		121,607	97,563
	Others		3,302	7,395
			<u>7,407,992</u>	<u>6,123,680</u>
29.2	Donations			
	Future Trust	29.2.1	42,625	54,433
			<u>42,625</u>	<u>54,433</u>

29.2.1 This represents donation to a related party, wherein below mentioned persons are trustees.

- Mr. Hasan Shahid Company secretary and Head of Legal of the Bank.
- Mr. Muhammad Yousuf Amanullah Chief Operating Officer (COO) of JS Global Capital Limited (JSGCL).

29.3	Auditors' remuneration	Note	2022	2021
			----- Rupees in '000 -----	
	Audit fee - Pakistan		10,389	3,581
	Audit fee - Bahrain		2,721	1,873
	Half-yearly review		1,200	1,228
	Fee for audit of employees funds		143	143
	Fee for other statutory certifications		1,370	3,435
	Special certification and sundry advisory services		6,339	4,437
	Out of pocket expenses and sales tax on services		2,091	2,773
		29.3.1	<u>24,253</u>	<u>17,470</u>
29.3.1	Geographical analysis			
	Pakistan		19,893	14,629
	Bahrain		4,360	2,841
			<u>24,253</u>	<u>17,470</u>

29.4 Royalty represents amounts payable to Mr. Jahangir Siddiqui on account of use of name in the subsidiary of the Bank.

29.5 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.

Notes To The Consolidated Financial Statements

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29.6 The material outsourcing arrangements along with nature of services are as follows:

Name of Service Provider	Type of services	2022	2021
		----- Rupees in '000 -----	
Mustang HRMs (Pvt.) Ltd.	Human Resource Management Services	154,283	142,043
Dagia Innovative Warehousing	Record Management Services	10,197	14,481
Constellation Printing Company (Pvt.) Ltd.	Cheque book Printing Services	37,731	28,059
Security Organization System (Pvt.) Ltd.	Cash Sorting Services	26,902	2,417
		229,113	187,000

30. WORKERS' WELFARE FUND

The Bank has made provision for Workers' Welfare Fund (WWF) based on profit for the respective years.

31. OTHER CHARGES	Note	2022	2021
		----- Rupees in '000 -----	
Penalties imposed by State Bank of Pakistan		134,413	494
32. PROVISIONS AND WRITE OFFS - NET			
Reversals for diminution in value of investments	9.3	(80,299)	(253,807)
Provisions against loans & advances - specific	10.4	861,164	2,388,698
Provisions against loans & advances - general	10.4	112,827	87,787
Provisions / (reversals) under IFRS 9	32.1	63,917	(62,326)
Fixed assets written off - net		-	14,594
Intangible assets written off		132,999	4,964
Other provisions and write offs		8,180	8,104
Insurance claim recovered against non performing advances		-	(209,600)
		1,098,788	1,978,414
32.1 Provisions / (reversals) under IFRS 9			
Balances with other banks		37	(443)
Lendings to financial institutions		-	(1,251)
Investments	9.3	82,695	(62,148)
Advances	10.4	(18,815)	1,516
		63,917	(62,326)
33. TAXATION			
Current		1,221,557	1,104,586
Prior years		13,386	(118,459)
Deferred		(16,675)	54,416
		1,218,268	1,040,543
33.1 Relationship between income tax expense and accounting profit			
Profit before taxation		2,308,564	2,257,975
Tax at applicable rates in the Group	33.1.1	1,086,762	793,461
Effect of change in tax rates		(16,548)	42,596
Effect of permanent differences		132,430	(50,923)
Effect of prior year deferred taxation		7,989	46,783
Others		7,635	208,626
Tax charge for the year		1,218,268	1,040,543

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

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	
	2022	2021
JS Bank Limited	49%	39%
JS Investments Limited	29%	29%
JS Global Capital Limited	29%	29%

33.2 JS Bank Limited (the Bank)

33.2.1 Income Tax

The Bank has filed income tax returns under Section 114 of the Income Tax Ordinance, 2001 for the tax years 2007 through 2022. The returns so filed considered as deemed assessment order under Section 120(1) of the Income Tax Ordinance, 2001 (the Ordinance). Later, the return of income for tax years 2008 to 2018, 2020 and 2022 were amended by the Officers of Inland Revenue (OIR) by taking recourse of tax audit or alternatively through amendment the assessment contending that certain matters in the deemed assessments were allegedly not conforming to the law and prejudiced the interest of revenue.

The Bank contested the disallowances before the Commissioner Inland Revenue Appeals [CIR(A)] and the Appellate Tribunal Inland Revenue [ATIR].

For tax year 2008, both the CIR(A) and ATIR annulled the OIR's action of amending the assessment for tax year 2008 being barred by time limitation following the judgments of Honourable Supreme Court of Pakistan.

For tax years 2009 to 2017, the appeals were decided by ATIR through combined Appellate Order dated 31-01-2022. Though the AO, except for the levy of surcharge under section 4A, minimum tax under section 113 and deduction of Sindh WWF all of the issues involved in the appeal either decided in Bank's favor (including the issue of goodwill, amortization of which was claimed over the period of 10 years) or set-aside for re-examination by the ATIR.

The Bank as well as the tax department have filed Income Tax Reference Applications before Sindh High Court against above-mentioned order of ATIR, which are pending.

Bank's appeal for tax year 2018 is pending for adjudication before ATIR whereas for tax years 2020 and 2022 appeals against the amended assessment orders are pending before CIR(A).

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. Based on that, the Appellate Tribunal through combined Appellate order dated January 31, 2022 has also annulled the OIR's action of levying WWF on Bank under Worker's Welfare Fund Ordinance, 1971 in tax years 2009, 2012 and 2013.

As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh, Punjab and Balochistan through the Sindh WWF Act, 2014 (the Act), the Punjab Workers Welfare Fund Act, 2019 and the Balochistan Workers Welfare Fund Act, 2022, respectively. As per these 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 cannot be applied to trans-provincial entities. The Court has restrained the Sindh Revenue Board to collect / recover Sindh WWF.
- the Bank will challenge the recovery of Punjab and Balochistan WWF in the court of law on same grounds as in case of Sindh WWF.

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 maintain provision on the entire results of the Bank.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

The Sindh High Court has dismissed the Bank's petitions for tax years 2016 through 2022 wherein the Bank along with other taxpayers challenged the levy of super tax on constitutional grounds. Based on the opinion of legal counsel, the Bank has filed appeal 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.

33.2.2 Withholding tax monitoring

Withholding tax monitoring was initiated against the Bank for tax years 2014 to 2020. Orders in respect of tax years 2014, 2015, 2016, 2018 and 2020 have 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. The ATIR through order dated February 07, 2022 refused Department's appeal and maintained CIR(A)'s order for tax year 2014. Appeal for tax years 2016, 2018 and 2020 are pending for adjudication before CIR(A).

33.2.3 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 alleged 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, which is pending.

33.2.4 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 tax years will be decided in the Bank's favor and accordingly no demand for payment would arise.

33.3 JS Global Capital Limited

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.

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For tax year 2016 and 2017, notices dated December 27, 2016 and January 03, 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 May 04, 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 07, 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 CIR-A's action on confirming disallowances made in the order passed by ACIR dated November 02, 2017, with directions to CIR-A 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 02, 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 06, 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

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 bared 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 06, 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 Federal Excise Duty (FED)

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.

		2022	2021
34. BASIC AND DILUTED EARNINGS PER SHARE		----- Rupees in '000 -----	
Profit after taxation for the year - attributable to ordinary equity holders of the Bank		1,081,766	1,194,695
		----- 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		0.83	0.92
35. CASH AND CASH EQUIVALENTS	Note	2022	2021
		----- Rupees in '000 -----	
Cash and balances with treasury banks	6	24,765,248	34,267,180
Balances with other banks	7	1,859,827	1,227,623
Overdrawn nostro accounts	15	(1,291,766)	(306,663)
		25,333,309	35,188,140
36. STAFF STRENGTH		----- Numbers -----	
Permanent		4,060	3,773
On Group's contract		503	541
Group's own staff strength		4,563	4,314
Outsourced	36.2.	433	444
Total		4,996	4,758
36.1 Geographical segment analysis			
Pakistan		4,988	4,751
Bahrain		8	7
		4,996	4,758
36.2	This excludes employees of outsourced services companies assigned to the Group to perform services of security guards and janitorial staff.		

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37. DEFINED BENEFIT PLAN

37.1 General description

The Bank operates a recognised 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 increase risk, discount rate risk, demographic risks 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 the gratuity scheme are 3,740 (2021: 3,495).

37.4 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022, using Projected Unit Credit Method. The following significant assumptions were used for the valuation:

		2022	2021
Discount rate	per annum	14.50%	11.75%
Expected rate of return on plan assets	per annum	11.75%	9.75%
Expected rate of salary increase	per annum	14.50%	11.75%
The average duration of the defined benefit obligation	years	8	9

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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)	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
Balance as at January 01	811,689	1,074,298	1,130,008	1,391,879	(318,319)	(317,581)
Included in profit or loss						
Current service cost	130,631	178,234	-	-	130,631	178,234
Past service cost	-	(358,399)	-	-	-	(358,399)
Interest cost / income	90,497	101,035	127,900	131,999	(37,403)	(30,964)
	221,128	(79,130)	127,900	131,999	93,228	(211,129)
Included in other comprehensive (loss) / income						
Actuarial gains / losses arising from:						
- financial assumptions	5,131	(11,622)	-	-	5,131	(11,622)
- demographic assumptions	(34,057)	-	-	-	(34,057)	-
- experience adjustments	(89,734)	(95,764)	-	-	(89,734)	(95,764)
Return on plan assets	-	-	(224,228)	(317,777)	224,228	317,777
	(118,660)	(107,386)	(224,228)	(317,777)	105,568	210,391
Other movements						
Contribution made during the year	-	-	-	-	-	-
Benefits paid during the year	(83,002)	(76,093)	(83,002)	(76,093)	-	-
	(83,002)	(76,093)	(83,002)	(76,093)	-	-
Balance as at December 31	831,155	811,689	950,678	1,130,008	(119,523)	(318,319)

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		Composition	
	2022	2021	2022	2021	2022	2021
	Rupees in '000					
					Percentage	
Cash at Bank	28,395	176,653	28,395	176,653	3.0%	15.6%
Pakistan Investment Bonds	59,537	147,712	59,568	146,157	6.3%	12.9%
Market treasury bills	69,178	-	70,805	-	7.4%	0.0%
Term finance certificates	183,442	50,503	184,040	51,082	19.4%	4.5%
Ordinary Shares of listed companies	805,636	805,623	607,871	756,116	63.9%	67.0%
	1,146,188	1,180,491	950,679	1,130,008	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 to 2 years	Over 2 to 5 years	Over 6 to 10 years	Over 10 years	Total
	Rupees in '000					
Balance as at December 31, 2022	53,572	153,934	435,294	1,124,640	13,268,198	15,035,638
Balance as at December 31, 2021	40,130	42,200	200,323	1,068,414	11,996,311	13,347,378

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37.8 Sensitivity analysis

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)
Current results	14.50%	831,155	950,678	(119,523)
Discount rate				
1% Increase	15.50%	772,232	950,678	(178,446)
1% Decrease	13.50%	897,518	950,678	(53,160)
Salary Rate				
1% Increase	15.50%	898,860	950,678	(51,818)
1% Decrease	13.50%	769,978	950,678	(180,700)

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 consolidated statement of financial position.

37.9 Maturity profile

The weighted average duration of the defined benefit obligation works out to 08 years.

37.10 Experience Adjustments

The re-measurement gains / losses arise due to actual experience varying from the actuarial assumptions for the year.

Particulars	2022	2021
	Rupees in '000	
Defined benefit obligation	831,155	811,689
Fair value of plan assets	(950,678)	(1,130,008)
Net defined benefit liability	(119,523)	(318,319)
Re-measurement loss on obligation	(118,660)	(107,386)
Re-measurement loss on plan assets	224,228	317,777
Other comprehensive income	105,568	210,391

37.11 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. 111.692 million.

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:

Bank	Contribution basic salary	Number of employees		Contribution made during the year	
		2022	2021	2022	2021
		Numbers		Rupees in '000	
- JS Bank Limited	7.1%	4,306	3,165	263,085	248,152
Subsidiary companies					
- JS Global Capital Limited	7.33%	173	161	17,613	14,977
- JS Investments Limited	7.33%	84	78	8,981	8,707

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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	2022					
	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers	Other Executives
	Chairman	Non-Executives				
	Rupees in '000					
Fees and Allowances etc.	2,500	13,950	-	-	-	97,326
Managerial Remuneration						
i) Fixed	-	-	42,605	202,484	735,061	173,059
ii) Total Variable - Cash						
Bonus / Awards	-	-	-	6,598	19,407	10,943
Charge for defined benefit plan	-	-	2,516	10,979	44,318	-
Contribution to defined contribution plan	-	-	3,024	13,306	46,659	-
Medical	-	-	4,260	20,248	64,446	26,387
Utilities	-	-	-	-	-	164
House rent allowance	-	-	-	-	-	1,473
Conveyance	-	-	195	16,813	69,203	-
Car allowance	-	-	-	23,299	90,409	-
Others	-	-	385	1,438	8,236	27,780
Total	2,500	13,950	52,985	295,165	1,077,739	337,132
Number of persons	1	11	1	24	108	81
	2021					
Items	Directors		President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers	Other Executives
	Chairman	Non-Executives				
	Rupees in '000					
Fees and Allowances etc.	2,450	15,000	-	-	-	-
Managerial Remuneration						
i) Fixed	-	-	42,373	218,561	598,481	244,088
ii) Total Variable - Cash						
Bonus / Awards	-	-	1,500	26,161	72,409	8,751
Charge for defined benefit plan	-	-	2,484	11,616	33,832	-
Contribution to defined contribution plan	-	-	3,008	14,021	40,951	16,070
Medical	-	-	4,237	21,856	59,848	21,030
Utilities	-	-	-	-	-	203
House rent allowance	-	-	-	-	-	1,823
Conveyance	-	-	575	10,752	42,395	-
Car allowance	-	-	-	23,709	90,306	-
Others	-	-	199	787	7,199	5,777
Total	2,450	15,000	54,376	327,463	945,421	297,742
Number of persons	1	7	1	23	106	62

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.

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 38 to these consolidated financial statements.

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- 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:	2022	2021
	Numbers	
Material Risk Takers (MRTs)	65	70
Material Risk Controllers (MRCs)	43	36
	108	106

Movement of deferred remuneration	2022	2021
	Rupees '000	
Opening	43,829	48,495
Deferred during the year	10,024	10,934
Paid during the year	(18,461)	(13,898)
Malus during the year	-	(1,702)
Closing	35,392	43,829

39.2 Remuneration paid to Directors for participation in Board and Committee Meetings

		2022					Total Amount Paid
		Meeting Fees and Allowances Paid					
		For Board Committees					
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource, Remuneration & Nomination Committee (BHRRNC)	Board Risk Management Committee (BRMC)	Board IT Committee (BITC)	
Rupees in '000							
1	Mr. Adil Matcheswala	1,750	150	600	-	-	2,500
2	Mr. Hassan Afzal *	250	-	-	-	300	550
3	Mr. Sadiq Ali	1,000	300	-	300	-	1,600
4	Ms. Nargis Ghaloo	2,000	450	-	150	300	2,900
5	Syed Mumtaz Ali Shah	1,000	-	450	300	-	1,750
6	Mr. Shah Nawaz Haider Nawabi	750	150	-	300	-	1,200
7	Mr. Usman Yousaf Mobin	1,000	-	450	-	300	1,750
8	Mr. Ashraf Nawabi **	-	-	-	-	-	-
9	Mr. G.M Sikander **	750	150	150	-	-	1,050
10	Mr. Munawar Alam Siddiqui **	750	150	-	150	-	1,050
11	Mr. Kalim-ur-Rahman **	750	-	150	-	150	1,050
12	Mr. Sohail Aman **	750	-	150	-	150	1,050
Total amount paid		10,750	1,350	1,950	1,200	1,200	16,450

* Mr. Hassan Afzal resigned from the Board of Directors w.e.f. October 24, 2022. Mr. Basir Shamsie (President & CEO) has been appointed director in place of Mr. Hassan Afzal.

** Mr. Ashraf Nawabi, Mr. G.M Sikander, Mr. Munawar A. Siddiqui, Mr. Kalim-ur-Rahman and Mr. Sohail Aman have not offered themselves for re-election at the Election of Directors held on March 30, 2022.

		2021					Total Amount Paid
		Meeting Fees and Allowances Paid					
		For Board Committees					
Sr. No.	Name of Director	For Board Meetings	Board Audit Committee (BAC)	Board Human Resource, Remuneration & Nomination Committee (BHRRNC)	Board Risk Management Committee (BRMC)	Board IT Committee (BITC)	
Rupees in '000							
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

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40. FAIR VALUE OF FINANCIAL INSTRUMENTS

International Financial Reporting Standard (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. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements. Fair value of unquoted debt securities, 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.

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.

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 / Bloomberg.
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	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV, PKFRV and PKISRV rates.
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 - 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 acquired in 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.

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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.

	2022			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	33,431	-	33,431
Shares	570,698	-	-	570,698
Open end mutual funds	-	548,117	-	548,117
	570,698	581,548	-	1,152,246
Available-for-sale securities				
Investments				
Federal Government Securities	-	143,386,012	-	143,386,012
Shares	5,150,477	-	-	5,150,477
Non Government Debt Securities	-	1,856,539	-	1,856,539
Foreign Securities	301,484	807,635	-	1,109,119
Open end mutual funds	-	983,631	-	983,631
	5,451,961	147,033,817	-	152,485,778
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	147,022,393	-	147,022,393
	6,022,659	294,637,758	-	300,660,417
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	4,470,715	4,470,715
Non-banking assets acquired in satisfaction of claims	-	-	3,772,225	3,772,225
	-	-	8,242,940	8,242,940
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	42,202,966	-	42,202,966
Sale	-	26,862,267	-	26,862,267
Derivative instruments				
Cross currency swaps				
Purchase	-	247,888	-	247,888
Sale	-	248,598	-	248,598
Forward securities contract				
Purchase	-	1,876,168	-	1,876,168
Sale	-	530,864	-	530,864

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	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	-	160,411,709	-	160,411,709
Shares	4,081,517	-	-	4,081,517
Non Government Debt Securities	-	2,733,247	-	2,733,247
Foreign Securities	95,099	3,314,578	-	3,409,677
Open end mutual funds	-	520,334	-	520,334
	4,176,616	166,979,868	-	171,156,484
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	57,263,335	-	57,263,335
	5,569,125	225,468,305	-	231,037,430
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	4,438,714	4,438,714
Non-banking assets acquired in satisfaction of claims	-	-	2,658,537	2,658,537
	-	-	7,097,251	7,097,251
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				
Cross currency 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
Forward securities contract				
Sale	-	1,392,354	-	1,392,354

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41. SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities:

	2022								
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Zindigi	Brokerage	Asset management	Others	Total
Rupees in '000									
Profit and Loss									
Net mark-up / return / interest / (expense)	394,490	25,444,706	(7,736,907)	(1,961,878)	(27,846)	16,531	(8,062)	(1,156,703)	14,964,331
Inter segment revenue - net	(337,215)	(29,145,431)	22,383,312	6,220,523	248,679	-	-	630,132	-
Non mark-up / return / income	65,081	1,909,562	1,514,932	1,618,309	254,167	702,506	432,868	(75,502)	6,421,923
Total Income / (loss)	122,356	(1,791,163)	16,161,337	5,876,954	475,000	719,037	428,806	(602,073)	21,386,254
Segment direct expenses	53,333	177,643	9,246,484	1,045,025	1,720,424	714,404	343,795	26,466	13,327,574
Inter segment expense allocation	17,215	177,440	3,154,482	813,329	488,862	-	-	-	4,651,328
Total expenses	70,548	355,083	12,400,966	1,858,354	2,209,286	714,404	343,795	26,466	17,978,902
Provisions	-	-	630,178	491,858	-	-	-	(23,248)	1,098,788
Profit / (loss) before tax	51,808	(2,146,246)	3,130,193	3,526,742	(1,734,286)	4,633	81,011	(605,291)	2,308,564
Statement of financial position									
Cash and bank balances	-	-	26,561,450	-	3,953	57,364	2,273	-	26,625,040
Lendings to financial institutions	-	11,351,162	-	-	-	-	-	-	11,351,162
Investments	2,064,697	295,608,155	-	1,786,820	-	613,423	1,154,450	2,140,921	303,368,466
Net inter segment lending	-	1,924,424	188,156,779	59,940,115	2,878,829	1,362,934	14,902	6	254,277,989
Advances - performing	-	-	75,221,124	141,415,256	407	453,896	3,043	5,575,996	222,669,722
Advances - non-performing	-	-	6,699,317	9,528,889	-	-	-	83,681	16,311,887
Advances - provisions - net	-	-	(3,269,248)	(4,141,732)	-	-	-	(11,874)	(7,422,854)
Others	-	-	78,651,193	146,802,413	407	453,896	3,043	5,647,803	231,558,755
Others	-	-	-	-	-	2,797,049	597,245	44,232,242	47,626,536
Total Assets	2,064,697	308,883,741	293,369,422	208,529,348	2,883,189	5,284,666	1,771,913	52,020,972	874,807,948
Borrowings	-	64,862,710	8,350,957	24,594,549	-	722,880	-	-	98,531,096
Deposits and other accounts	350	-	276,548,785	183,325,314	2,883,189	-	-	-	462,757,638
Subordinated debt	-	-	-	-	-	-	-	6,995,000	6,995,000
Net inter segment borrowing	2,064,347	244,021,031	1,374,282	-	-	2,255,938	1,318,106	3,244,285	254,277,989
Others	-	-	7,095,398	609,485	-	2,305,848	453,807	18,525,300	28,989,838
Total Liabilities	2,064,697	308,883,741	293,369,422	208,529,348	2,883,189	5,284,666	1,771,913	28,764,585	851,551,561
Equity	-	-	-	-	-	-	-	22,893,113	22,893,113
Non-controlling interest	-	-	-	-	-	-	-	363,274	363,274
Total Equity and Liabilities	2,064,697	308,883,741	293,369,422	208,529,348	2,883,189	5,284,666	1,771,913	52,020,972	874,807,948
Contingencies and Commitments	-	86,645,804	63,653,775	25,780,043	-	567,163	-	1,701,657	178,348,442
2021									
Rupees in '000									
Profit and Loss									
Net mark-up / return / interest / (expense)	(892,985)	13,766,791	285,375	(1,388,737)	(160)	68,196	(24,330)	212,997	12,027,147
Inter segment revenue - net	907,098	(14,806,689)	8,723,272	5,097,301	79,018	-	-	-	-
Non mark-up / return / income	253,443	1,681,337	1,085,053	1,503,778	194,031	1,119,482	210,745	(4,839)	6,043,030
Total Income / (loss)	267,556	641,439	10,093,700	5,212,342	272,889	1,187,678	186,415	208,158	18,070,177
Segment direct expenses	28,829	167,127	4,550,032	887,464	551,251	753,362	332,009	278,607	7,548,681
Inter segment expense allocation	47,967	163,074	4,860,958	786,969	426,139	-	-	-	6,285,107
Total expenses	76,796	330,201	9,410,990	1,674,433	977,390	753,362	332,009	278,607	13,833,788
Provisions / (reversals)	-	233,540	2,644,678	(883,218)	3,964	-	3,556	(24,106)	1,978,414
Profit / (loss) before tax	190,760	77,698	(1,961,968)	4,421,127	(708,465)	434,316	(149,150)	(46,343)	2,257,975
Statement of financial position									
Cash and bank balances	-	-	35,452,642	-	-	39,693	2,451	-	35,494,786
Lendings to financial institutions	-	31,939,044	-	-	-	-	-	-	31,939,044
Investments	-	227,703,724	-	1,711,262	-	1,453,984	1,352,104	-	232,221,074
Net inter segment lending	12,716,606	-	115,345,668	90,374,890	1,521,443	-	-	4,197,452	224,156,059
Advances - performing	901,279	-	75,395,407	165,301,183	556	476,508	2,401	5,245,278	247,322,612
Advances - non-performing	-	-	7,835,772	6,090,497	-	-	-	-	13,926,269
Advances - provisions - net	-	-	(3,430,477)	(3,252,332)	-	-	-	-	(6,682,809)
Others	901,279	-	79,800,702	168,139,348	556	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	230,599,012	260,225,500	1,521,999	5,031,460	1,956,661	40,889,682	813,484,967
Borrowings	16,336	31,875,041	9,535,195	29,047,737	-	1,574,295	-	-	72,048,604
Deposits and other accounts	13,597,573	-	216,602,326	227,679,248	1,470,900	-	-	-	459,350,047
Subordinated debt	-	6,996,800	-	-	-	-	-	-	6,996,800
Net inter segment borrowing	-	220,770,927	-	934,202	-	929,942	1,520,988	-	224,156,059
Others	3,976	-	4,461,491	2,564,313	51,099	2,527,223	435,673	17,057,275	27,101,050
Total Liabilities	13,617,885	259,642,768	230,599,012	260,225,500	1,521,999	5,031,460	1,956,661	17,057,275	789,652,560
Equity	-	-	-	-	-	-	-	23,444,080	23,444,080
Non-controlling interest	-	-	-	-	-	-	-	388,327	388,327
Total Equity and Liabilities	13,617,885	259,642,768	230,599,012	260,225,500	1,521,999	5,031,460	1,956,661	40,889,682	813,484,967
Contingencies and Commitments	-	50,161,328	37,186,792	15,060,805	-	1,795,783	-	994,115	105,198,823

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41.2 Segment details with respect to geographical locations

	2022		
	Pakistan	Bahrain	Total
	Rupees in '000		
Profit and Loss			
Net mark-up / return / interest / (expense)	14,633,882	330,449	14,964,331
<i>Inter segment revenue - net</i>	11,864	(11,864)	-
Non mark-up / return / income	6,471,960	(50,037)	6,421,923
Total Income	21,117,706	268,548	21,386,254
Segment direct expenses	13,104,969	222,605	13,327,574
<i>Inter segment expense allocation</i>	4,606,089	45,239	4,651,328
Total expenses	17,711,058	267,844	17,978,902
Provisions	1,034,871	63,917	1,098,788
Profit / (loss) before tax	2,371,777	(63,213)	2,308,564
Statement of financial position			
Cash and bank balances	24,112,921	2,512,119	26,625,040
Lendings to financial institutions	11,351,162	-	11,351,162
Investments	301,581,636	1,786,830	303,368,466
<i>Net inter segment lending</i>	252,217,468	2,060,521	254,277,989
Advances - performing	217,119,610	5,550,112	222,669,722
Advances - non-performing	16,311,887	-	16,311,887
Advances - provisions - net	(7,411,354)	(11,500)	(7,422,854)
	226,020,143	5,538,612	231,558,755
Others	47,520,088	106,448	47,626,536
Total Assets	862,803,418	12,004,530	874,807,948
Borrowings	98,531,096	-	98,531,096
Deposits and other accounts	453,348,106	9,409,532	462,757,638
Subordinated debt	6,995,000	-	6,995,000
<i>Net inter segment borrowing</i>	252,217,468	2,060,521	254,277,989
Others	28,878,129	111,709	28,989,838
Total Liabilities	839,969,799	11,581,762	851,551,561
Equity	22,470,345	422,768	22,893,113
Non-controlling interest	363,274	-	363,274
Total Equity and Liabilities	862,803,418	12,004,530	874,807,948
Contingencies and Commitments	175,806,703	2,541,739	178,348,442

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	2021		
	Pakistan	Bahrain	Total
	Rupees in '000		
Profit and Loss			
Net mark-up / return / interest / (expense)	11,612,417	414,730	12,027,147
<i>Inter segment revenue - net</i>	38,222	(38,222)	-
Non mark-up / return / income	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
<i>Inter segment expense allocation</i>	6,244,503	40,604	6,285,107
Total expenses	13,591,779	242,009	13,833,788
Provisions / (reversals)	2,040,740	(62,326)	1,978,414
Profit / (loss) before tax	1,909,146	348,829	2,257,975
Statement of financial position			
Cash and bank balances	35,275,594	219,192	35,494,786
Lendings to financial institutions	31,939,044	-	31,939,044
Investments	230,509,819	1,711,255	232,221,074
<i>Net inter segment lending</i>	220,654,914	3,501,145	224,156,059
Advances - performing	238,516,498	8,806,114	247,322,612
Advances - non-performing	13,926,269	-	13,926,269
Advances - provisions - 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	799,076,354	14,408,613	813,484,967
Borrowings	67,959,521	4,089,083	72,048,604
Deposits and other accounts	453,863,782	5,486,265	459,350,047
Subordinated debt	6,996,800	-	6,996,800
<i>Net inter segment borrowing</i>	220,654,914	3,501,145	224,156,059
Others	27,012,389	88,661	27,101,050
Total Liabilities	776,487,406	13,165,154	789,652,560
Equity	22,200,621	1,243,459	23,444,080
Non-controlling interest	388,327	-	388,327
Total Equity and Liabilities	799,076,354	14,408,613	813,484,967
Contingencies and Commitments	100,481,770	4,717,053	105,198,823

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42. TRUST ACTIVITIES

The Bank undertakes Trustee and other fiduciary activities that result in the holding or placing of assets on behalf of individuals and other organisations. These are not assets of the Bank and, therefore, are not included as such in these consolidated financial statements. Assets held under trust are shown in the table below:

Category	2022				Total
	Securities Held (Face Value)			Total	
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds		
					----- Rupees in '000 -----
Charitable Institutions	19	1,076,100	313,000	168,000	1,557,100
Companies	53	30,672,525	7,904,000	-	38,576,525
Employees Funds	191	12,679,225	11,565,000	1,298,340	25,542,565
Individuals	175	2,354,150	316,400	18,500	2,689,050
Insurance Companies	96	70,726,200	97,163,500	15,275,500	183,165,200
Others	31	3,177,175	3,491,600	-	6,668,775
Total	565	120,685,375	120,753,500	16,760,340	258,199,215

Category	2021				Total
	Securities Held (Face Value)			Total	
	No. of IPS Accounts	Market Treasury Bills	Pakistan Investment Bonds		
					----- Rupees in '000 -----
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

43. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, directors, key management personnel, associates 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.

Details of transactions and balances with related parties are as follows:

Statement of financial position	2022				
	Key				
	Parent	Directors	management personnel	Associates	Other related parties
					----- Rupees in '000 -----
Lendings to financial institutions					
Opening balance	-	-	-	-	-
Addition during the period	-	-	-	-	96,591,372
Repaid during the period	-	-	-	-	(96,591,372)
Transfer in / (out) - net	-	-	-	-	-
Closing balance	-	-	-	-	-
Investments					
Opening balance	9,866	-	-	269,800	4,438,648
Investment made during the period	2,595	-	-	-	10,774,779
Investment redeemed / disposed off during the period	(4,866)	-	-	-	(3,550,000)
Deficit on investments	-	-	-	-	(362,789)
Closing balance	7,595	-	-	269,800	11,300,638
Provision for diminution in value of investments	-	-	-	48,000	354,189

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	2021				
	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000				
Investments					
Opening balance	12,500	-	-	269,800	4,200,458
Investment made during the year	-	-	-	-	3,342,784
Investment redeemed / disposed off during the year	(2,634)	-	-	-	(3,673,342)
Surplus on investments	-	-	-	-	568,748
Closing balance	<u>9,866</u>	<u>-</u>	<u>-</u>	<u>269,800</u>	<u>4,438,648</u>
Provision for diminution in value of investments	-	-	-	-	<u>416,340</u>
Advances					
Opening balance	-	122,106	791,027	370,768	4,093,430
Addition during the year	-	11,327	217,758	294,076	4,026,927
Repaid during the year	-	(39,222)	(188,022)	(222,529)	(3,193,931)
Transfer in / (out) - net	-	31,558	(337,067)	-	302,893
Closing balance	<u>-</u>	<u>125,769</u>	<u>483,696</u>	<u>442,315</u>	<u>5,229,319</u>
Other assets					
Interest / mark-up accrued	284	3,588	505	10,917	79,089
Receivable against bancassurance / bancatakaful	-	-	-	-	20,889
Net defined benefit plan	-	-	14	-	318,319
Trade receivable	284	-	-	-	130,533
Other receivable	-	-	-	-	6,655
Provision against other assets	-	-	-	-	<u>379</u>
Borrowings					
Opening balance	-	-	-	-	-
Borrowings during the year	-	-	-	-	474,283
Settled during the year	-	-	-	-	-
Transfer in / (out) - net	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>474,283</u>
Deposits and other accounts					
Opening balance	172,019	212,335	76,237	49,753	10,365,166
Received during the year	8,763,862	1,236,232	673,723	1,732,714	295,223,429
Withdrawn during the year	(8,023,554)	(1,098,789)	(667,310)	(1,741,157)	(291,943,860)
Transfer in / (out) - net	-	38,628	(40,423)	-	754,045
Closing balance	<u>912,327</u>	<u>388,406</u>	<u>42,227</u>	<u>41,310</u>	<u>14,398,780</u>
Subordinated debt					
Opening balance	-	-	-	-	889,432
Issued during the year	-	-	-	-	-
Redeemed during the year	-	-	-	-	(199,746)
Transfer in / (out) - net	-	-	-	-	(49,910)
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>639,776</u>
Other liabilities					
Interest / return / mark-up payable on deposits	-	-	-	-	40,440
Interest / return / mark-up payable on borrowings	-	-	-	-	5,534
Interest / return / mark-up payable on subordinated debt	-	-	-	-	787
Trade payable	224,151	-	130,337	-	254,964
Donation payable	-	-	-	-	43,433
Other payable	75	100	-	-	2,812
Contingencies and commitments					
Letter of guarantee	-	-	-	-	21,419
Letter of credit	-	-	-	-	201,246

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44. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	2022	2021
	----- Rupees in '000 -----	
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	19,151,560	18,420,460
Eligible Additional Tier 1 (ADT 1) Capital	2,500,000	2,200,260
Total Eligible Tier 1 Capital	21,651,560	20,620,720
Eligible Tier 2 Capital	4,652,597	6,468,101
Total Eligible Capital (Tier 1 + Tier 2)	26,304,157	27,088,821
Risk Weighted Assets (RWAs):		
Credit Risk	154,878,265	159,002,189
Market Risk	2,147,110	5,643,001
Operational Risk	34,339,921	28,489,224
Total	191,365,296	193,134,414

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, 2022 stood at Rs. 10,119.242 million (2021: Rs. 10,119.242 million) and is in compliance with SBP requirements.

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, 2022. As at December 31, 2022 the Group is fully compliant with prescribed ratios, as the Group's CAR is 13.75% whereas CET 1 and Tier 1 ratios stood at 10.01% and 11.31% respectively. The Group has complied with all capital requirements throughout the year.

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.

	2022	2021
	----- Rupees in '000 -----	
Common Equity Tier 1 Capital Adequacy ratio	10.01%	9.54%
Tier 1 Capital Adequacy Ratio	11.31%	10.68%
Total Capital Adequacy Ratio	13.75%	14.03%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	21,657,240	20,620,720
Total Exposures	675,826,471	623,856,077
Leverage Ratio	3.20%	3.31%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	107,591,422	166,890,275
Total Net Cash Outflow	58,746,523	57,575,341
Liquidity Coverage Ratio	183.15%	289.86%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	369,818,259	358,895,534
Total Required Stable Funding	298,016,768	259,861,191
Net Stable Funding Ratio	124.09%	138.11%

44.1 The link to the full disclosure is available at <https://jsbl.com/knowledge-centre/investor-information/>

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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 enables 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
- 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);

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- 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.

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; and
- 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.

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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 Group 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 minimize 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 Credit Risk Group (CRG), 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:

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 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	AAA	AAA	Aaa	AAA	1
	AA+	AA+	AA+	Aa1	AA+	
	AA	AA	AA	Aa2	AA	
	AA-	AA-	AA-	Aa3	AA-	
2	A+	A+	A+	A1	A+	2
	A	A	A	A2	A	
	A-	A-	A-	A3	A-	
3	BBB+	BBB+	BBB+	Baa1	BBB+	3
	BBB	BBB	BBB	Baa2	BBB	
	BBB-	BBB-	BBB-	Baa3	BBB-	
	BB+	BB+	BB+	Ba1	BB+	
4	BB	BB	BB	Ba2	BB	4
	BB-	BB-	BB-	Ba3	BB-	
	B+	B+	B+	B1	B+	
5	B	B	B	B2	B	5, 6
	B-	B-	B-	B3	B-	
	CCC+	CCC+	CCC+	Caa1	CCC+	
6	and below	and below	and below	and below	and below	7

Short - Term Ratings Grades Mapping

SBP Rating Grade	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. 08 dated June 27, 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, Market Treasury Bills and Pakistan Investment Bonds etc. and Shares, Term Finance Certificates (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	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
45.1.3 Lendings to financial institutions						
Credit risk by public / private sector						
Public / Government	-	-	-	-	-	-
Private	11,351,162	31,939,044	-	-	-	-
	11,351,162	31,939,044	-	-	-	-
----- Rupees in '000 -----						
	Gross Investments		Non-performing Investments		Provision held	
	2022	2021	2022	2021	2022	2021
----- Rupees in '000 -----						
45.1.4 Investment in debt securities						
Credit risk by industry sector						
Financial	296,812,933	221,619,455	326,456	-	326,456	-
Hotel and tourism	1,198,506	1,232,393	27,733	-	27,733	-
Telecommunication	143,446	424,400	143,446	179,600	143,446	179,600
Fertilizer	140,133	149,860	140,133	149,860	140,133	149,860
Oil and gas	44,083	222,310	-	-	-	-
Chemical and Pharmaceuticals	41,667	75,000	-	-	-	-
Textile	-	62,151	-	367,047	-	367,047
Others	679,632	352,151	-	-	-	-
	299,060,400	224,137,720	637,768	696,507	637,768	696,507
Credit risk by public / private sector						
Public / Government	295,886,581	220,312,421	-	-	-	-
Private	3,173,819	3,825,299	637,768	696,507	637,768	696,507
	299,060,400	224,137,720	637,768	696,507	637,768	696,507

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	Gross Advances		Non-performing Advances		Provision held	
	2022	2021	2022	2021	2022	2021
45.1.5 Advances	Rupees in '000					
Credit risk by industry sector						
Individuals	50,655,421	41,963,127	1,985,198	2,322,009	1,070,151	1,306,803
Food, tobacco and beverages	31,424,819	33,802,746	1,835,668	1,285,045	1,060,549	799,965
Textile	26,878,066	27,229,137	646,582	558,030	485,444	492,696
Airlines	23,586,879	27,147,109	-	-	-	-
Power and water	14,955,253	19,259,020	145,681	153,041	101,868	70,064
Wholesale and retail trade	13,382,430	12,575,049	649,156	553,312	257,643	170,533
Metal and allied	8,580,249	10,485,379	2,325,896	2,129,918	1,485,597	1,394,682
Real estate	7,950,018	4,743,512	3,740,876	1,510,929	130,339	43
Agriculture	6,958,389	8,027,954	1,035,400	1,046,333	285,861	177,836
Chemical and pharmaceuticals	5,277,368	4,898,797	258,188	280,342	73,065	24,404
Engineering	4,757,477	6,750,794	377,201	129,803	104,008	35,465
Automobile and transportation equipment	4,499,321	5,177,551	26,919	117,934	10,041	68,591
Oil and gas	4,331,312	4,310,287	126,321	143,264	62,192	57,989
Brokerage	4,271,431	6,074,435	-	-	-	-
Construction	3,867,084	436,454	179,788	-	33,968	-
Fertilizer	3,747,973	3,440,575	1,358,476	1,453,709	1,322,289	1,351,420
Transportation	2,947,512	4,625,954	239,912	263,818	141,497	95,091
Telecommunication	2,503,839	1,778,739	-	-	-	-
Polyester and fiber	2,501,120	2,193,775	649,381	1,186,513	214,033	190,561
Education and medical	2,349,125	2,956,563	104,872	-	12,605	-
Paper and allied	2,209,570	1,683,452	64,782	74,782	33,685	18,136
Cement	1,001,777	2,810,958	-	-	-	-
Sugar	746,569	1,028,786	200,000	203,048	200,000	201,416
Electronics and electrical appliances	744,401	901,207	-	344	-	-
Leather	667,908	528,850	-	-	-	-
Hotel and tourism	474,056	998,719	17,195	-	17,195	-
Financial	204,064	644,422	-	-	-	-
Others	7,508,178	24,775,530	344,395	514,095	108,710	114,134
	238,981,609	261,248,881	16,311,887	13,926,269	7,210,740	6,569,829
Credit risk by public / private sector						
Public / Government	36,403,545	44,996,232	-	-	-	-
Private	202,578,064	216,252,649	16,311,887	13,926,269	7,210,740	6,569,829
	238,981,609	261,248,881	16,311,887	13,926,269	7,210,740	6,569,829

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45.1.6 Contingencies and Commitments	2022	2021
	----- Rupees in '000 -----	
Credit risk by industry sector		
Agriculture	1,053,809	-
Automobile and transportation equipment	3,612,313	2,412,793
Brokerage	993,967	882,879
Cement	849,037	537,508
Chemical and pharmaceuticals	1,717,039	2,276,369
Construction	38,538,026	21,818,090
Electronics and electrical appliances	894,836	710,863
Engineering	4,388,224	2,138,942
Education and medical	387,990	-
Fertilizer	3,083,738	1,367,611
Financial	59,359,871	32,140,554
Food, tobacco and beverages	6,875,357	3,281,255
Hotel and tourism	331,635	-
Individuals	267,351	20,370
Metal and allied	4,973,353	5,043,059
Oil and gas	4,757,440	971,191
Paper and allied	449,955	1,421,643
Polyester and fiber	2,536,066	423,076
Power and water	3,724,962	161,575
Real estate	8,682,120	7,022,164
Telecommunication	2,865,240	1,358,623
Textile	11,553,487	6,397,694
Wholesale and retail trade	3,822,320	4,087,019
Others	12,630,306	10,725,545
	178,348,442	105,198,823
Credit risk by public / private sector		
Public / Government	67,548,849	22,345,106
Private	110,799,593	82,853,717
	178,348,442	105,198,823

45.1.7 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 84,182.30 million (2021: Rs. 81,101.77 million) are as following:

	2022	2021
Note	----- Rupees in '000 -----	
Funded	45.1.7.1	46,517,846
Non Funded	45.1.7.2	37,664,454
Total Exposure		84,182,300
		81,101,770

45.1.7.1 None of the exposure against these are classified.

45.1.7.2 The sanctioned limits against these top 10 exposures aggregated to Rs. 89,837.68 million (2021: Rs. 91,409.56 million).

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45.1.8 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2022							
	Disburse-ments	Utilization						
		Punjab	Sindh	KPK & FATA	Balochistan	Islamabad	AJK & Gilgit - Baltistan	Bahrain
	Rupees in '000							
Punjab	85,029,676	85,029,676	-	-	-	-	-	-
Sindh	105,629,687	-	105,629,687	-	-	-	-	-
KPK including FATA	3,857,200	-	-	3,857,200	-	-	-	-
Balochistan	204,124	-	-	-	204,124	-	-	-
Islamabad	18,287,516	-	-	-	-	18,287,516	-	-
AJK including Gilgit-Baltistan	958,974	-	-	-	-	-	958,974	-
Bahrain	7,820,824	-	-	-	-	-	-	7,820,824
Total	221,788,001	85,029,676	105,629,687	3,857,200	204,124	18,287,516	958,974	7,820,824
	2021							
Province / Region	Disburse-ments	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

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

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	Rupees in '000					
Cash and balances with treasury banks	24,765,248	-	24,765,248	34,267,180	-	34,267,180
Balances with other banks	1,859,792	-	1,859,792	1,227,606	-	1,227,606
Lendings to financial institutions	11,351,162	-	11,351,162	31,939,044	-	31,939,044
Investments	302,216,220	1,152,246	303,368,466	231,111,670	1,109,404	232,221,074
Advances	231,558,755	-	231,558,755	254,566,072	-	254,566,072
Fixed assets	11,234,696	-	11,234,696	11,504,329	-	11,504,329
Intangible assets	3,843,994	-	3,843,994	3,151,210	-	3,151,210
Deferred tax assets	-	-	-	-	-	-
Other assets	32,547,846	-	32,547,846	20,452,393	-	20,452,393
Total	619,377,713	1,152,246	620,529,959	588,219,504	1,109,404	589,328,908

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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 the State Bank of Pakistan (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.

	2022			
	Assets	Liabilities	Net off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
United States Dollar	18,241,842	29,254,185	11,133,299	120,956
Great Britain Pound	163,690	3,327,242	3,232,663	69,111
Euro	979,404	1,023,631	(150,691)	(194,918)
Other currencies	828,419	1,161,591	248,822	(84,350)
	20,213,355	34,766,649	14,464,093	(89,201)

	2021			
	Assets	Liabilities	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
	21,177,067	28,901,663	7,716,343	(8,253)

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rate on				
- Profit and loss account	-	2,957	-	3,425
- 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 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.

	2022		2021	
	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	301,381	-	229,752	-

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:

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in interest rates on				
- Profit and loss account	503,670	-	1,030,260	10,659
- Other comprehensive income	(811,534)	(115)	(1,315,776)	(392)

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	Effective yield / interest rate (%)	Total	Exposed to yield / interest rate risk							Non-interest bearing financial instrument		
			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	Over 10 years
On-balance sheet financial instruments												
Rupees in '000												
Assets												
Cash and balances with treasury banks	-	34,267,180	2,616,420	-	-	-	-	-	-	-	-	31,650,760
Balances with other banks	-	1,227,606	-	-	-	-	-	-	-	-	-	1,227,606
Lending to financial institutions	10.55%	31,939,044	28,653,126	3,285,918	-	-	-	-	-	-	-	8,503,824
Investments	7.88%	232,221,074	32,773,123	144,481,305	18,886,414	19,675,425	2,710,744	1,407,458	3,489,677	1,507,344	7,356,440	
Advances	10.11%	254,566,072	199,742,300	28,503,505	859,422	10,254,218	469,345	834,738	1,507,983	1,507,344	15,918,964	
Other assets	-	15,918,964	15,918,964	-	-	-	-	-	-	-	-	15,918,964
		570,139,940	263,784,969	176,270,728	19,744,836	29,929,643	762,448	3,545,482	2,915,441	4,997,021	3,531,777	64,657,594
Liabilities												
Bills payable	-	7,038,886	-	-	-	-	-	-	-	-	-	7,038,886
Borrowings	5.84%	72,048,604	12,767,722	33,574,003	15,724,911	3,716,042	425,694	570,467	2,945,091	2,324,474	-	7,038,886
Deposits and other accounts	8.18%	459,350,047	171,547,843	44,308,572	51,951,487	57,801,750	6,769,307	3,682,923	1,707,630	45,360	-	121,535,175
Subordinated debt	13.09%	6,996,800	-	-	-	6,996,800	-	-	-	-	-	-
Other liabilities	-	17,814,323	-	-	-	-	-	-	-	-	-	17,814,323
		563,248,660	184,315,565	77,882,575	67,676,398	68,514,592	7,195,201	4,253,390	4,652,721	2,369,834	-	146,388,364
On-balance sheet financial instruments		6,891,280	79,469,404	98,388,153	(47,831,562)	(38,584,949)	(6,432,752)	(707,908)	(1,737,280)	2,627,187	3,531,777	(81,730,790)
Commitments in respect of forward purchase, cross currency swaps and commitments to extend credits		19,392,439	6,715,012	5,151,416	1,779,761	5,278,025	468,225	-	-	-	-	-
Commitments in respect of forward sale, cross currency swaps and options		(10,736,262)	(6,501,664)	(2,123,851)	(1,377,299)	(499,148)	(234,300)	-	-	-	-	-
Off-balance sheet gap		8,656,177	213,348	3,027,565	402,462	4,778,877	233,925	-	-	-	-	-
Total yield / interest risk sensitivity gap		79,682,752	101,415,718	(6,198,827)	(47,529,100)	(33,806,072)	(6,198,827)	(707,908)	(1,737,280)	2,627,187	3,531,777	(81,730,790)
Cumulative yield / interest risk sensitivity gap		79,682,752	181,098,470	147,292,398	99,763,298	93,564,471	92,856,563	91,119,283	83,746,470	97,278,247	-	-
45.3.1 Reconciliation of Assets and Liabilities exposed to yield / interest rate risk with Total Assets and Liabilities												
Rupees in '000												
Total financial assets as per note 45.3		599,036,609	570,139,940									599,036,609
Add: Non financial assets		11,234,696	11,504,329									11,234,696
Fixed assets		3,843,994	3,151,210									3,151,210
Intangible assets		-	-									-
Deferred tax assets - net		6,414,660	4,533,429									4,533,429
Other assets		-	-									-
Total assets as per statement of financial position		620,529,959	589,328,908									589,328,908
Total financial liabilities as per note 45.3		595,921,217	563,248,660									563,248,660
Add: Non financial liabilities		212,327	1,277,069									1,277,069
Deferred tax liabilities - net		1,140,028	970,772									970,772
Other liabilities		-	-									-
Total liabilities as per statement of financial position		597,273,572	565,496,501									565,496,501

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45.4 Liquidity risk

Liquidity risk is the risk that the Group will not be able to raise funds to meet its commitments. The Group's Asset and Liability Committee (ALCO) manages the liquidity position on a continuous basis. 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 its 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 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 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.

45.4.1 Maturities of Assets and Liabilities - based on contractual maturities

	2022													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 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
Assets														
Cash and balances with treasury banks	24,765,248	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,859,792	-	-	-	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,351,162	1,040,192	-	-	310,970	11,170,926	-	-	-	-	-	-	-	-
Investments	303,368,466	-	5,771	1,093,116	45,386,363	12,386,867	17,359,902	73,766,447	29,895,399	62,624,093	29,895,399	7,965,890	41,683,692	
Advances	231,558,755	2,527,121	2,055,780	5,106,890	15,985,745	12,413,474	935,745	3,553,760	17,870,865	9,772,402	17,870,865	36,942,689	22,168,744	
Fixed assets	11,234,696	40,864	35,929	-	7,624	9,345	20,738	157,072	852,827	931,015	1,982,433	1,982,433	7,028,351	
Intangible assets	3,843,994	-	-	-	48	-	347	29	-	14,424	49,697	170,846	3,607,000	
Deferred tax assets - net	32,547,846	-	72,125	-	25,272,540	898,489	44,535	2,152,052	-	-	-	-	-	
Other assets	620,529,959	119,152,494	2,169,505	32,783,516	64,369,500	21,067,606	18,496,809	79,660,734	73,263,746	48,747,176	47,031,858	74,497,787		
Liabilities														
Bills payable	5,402,945	180,098	2,521,374	1,440,786	489,478	4,279,208	5,770,672	46,986	99,330	3,106,851	1,063,197	2,626,340	6,573,991	
Borrowings	98,631,096	1,319,067	85,700	489,478	73,704,576	4,279,208	5,770,672	46,986	99,330	3,106,851	1,063,197	2,626,340	6,573,991	
Deposits and other accounts	462,757,638	278,414,124	14,996,654	3,982,108	25,436,075	22,615,922	37,779,184	29,559,081	17,547,656	23,042,988	497,094	163,180	-	
Liabilities against assets subject to finance lease	6,995,000	-	-	-	-	-	-	-	-	1,996,000	-	-	4,999,000	
Subordinated debt	212,327	-	-	-	405	(2,373)	(11,215)	(11,215)	(3,183)	32,261	-	46,258	132,021	
Deferred tax liabilities - net	23,374,966	-	-	-	18,074,982	160,392	282,270	-	3,216,828	496,890	441,461	46,258	18,504	
Other liabilities	597,273,572	275,913,289	16,343,041	6,869,182	27,586,410	27,053,149	43,820,911	29,594,852	20,860,631	29,676,990	2,052,278	3,297,951	10,723,516	
Net assets	23,256,337	(160,760,795)	(2,775,728)	(4,699,677)	5,197,106	(5,965,643)	(18,100,996)	(11,096,043)	58,800,103	44,586,756	46,694,898	43,734,507	63,774,271	
Share capital - net	10,119,242	-	-	-	-	-	-	-	-	-	-	-	-	
Reserves	2,787,201	-	-	-	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of assets - net of tax	1,342,708	-	-	-	-	-	-	-	-	-	-	-	-	
Unappropriated profit	8,643,962	-	-	-	-	-	-	-	-	-	-	-	-	
Non-controlling interest	963,274	-	-	-	-	-	-	-	-	-	-	-	-	
	23,256,337													

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	2021													
	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	Rupees in '000													
Assets														
Cash and balances with treasury banks	34,267,180	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,227,606	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	31,939,044	19,975,317	3,875,015	4,802,794	3,285,918	12,511,646	18,135,706	17,672,153	18,886,214	17,672,153	6,319,534	4,217,757	5,545,865	35,448,256
Investments	232,221,074	1,009	10,662,728	21,277,992	81,350,214	15,599,042	18,994,835	15,050,799	10,275,469	15,050,799	25,431,607	23,175,116	20,720,613	10,925,469
Advances	254,566,072	84,214,932	1,909,680	6,014,733	19,871,499	1,437,900	399,811	354,090	393,263	354,090	1,244,228	839,404	2,233,858	4,127,114
Fixed assets	11,504,329	2,111	12,462	307,867	137,639	7,22,780	36,566	36,535	36,569	36,535	144,149	132,167	256,642	1,761,313
Intangible assets	3,151,210	441	2,451	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets - net	-	-	-	-	-	-	429,895	-	1,222	-	-	-	-	-
Other assets	20,452,393	2,307,055	3,900	16,448,818	1,048,079	213,424	37,996,813	33,113,577	29,592,737	33,113,577	33,139,518	28,364,444	28,756,978	52,262,152
	589,328,908	122,020,334	22,464,528	48,858,715	105,805,576	30,484,792	37,996,813	33,113,577	29,592,737	33,113,577	33,139,518	28,364,444	28,756,978	52,262,152
Liabilities														
Bills payable	7,038,886	234,630	1,642,407	1,877,036	1,938,893	4,899,301	4,659,451	-	10,099,952	-	425,894	1,201,352	2,945,091	2,324,474
Borrowings	72,048,004	306,720	9,996,530	525,579	1,938,893	4,899,301	4,659,451	-	10,099,952	-	425,894	1,201,352	2,945,091	2,324,474
Deposits and other accounts	459,350,047	226,239,397	16,968,798	4,596,376	36,426,930	27,763,145	57,801,750	35,253,890	25,546,314	35,253,890	6,769,307	3,682,923	1,707,630	45,360
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	6,996,800	-	-	-	-	-	900	900	-	900	2,501,800	1,996,200	2,000	2,495,000
Deferred tax liabilities - net	1,277,069	-	-	(27,179)	-	(9,494)	(104,239)	1,788	(90,332)	1,788	129,847	203,118	186,425	1,071,987
Other liabilities	48,785,095	6,250,879	28,603,735	8,406,768	200,805	171,037	221,916	351,061	35,557,934	41,232,398	10,751,054	7,602,312	479,063	3,381
	565,496,501	233,031,626	16,144,207	40,416,465	53,225,011	32,823,989	62,579,778	41,232,398	35,557,934	41,232,398	10,751,054	7,602,312	5,320,209	5,940,202
Net assets	23,832,407	(11,011,292)	(6,144,207)	8,442,230	52,580,565	(2,339,197)	(24,582,965)	(8,118,821)	(5,965,197)	(8,118,821)	22,388,464	(20,762,132)	23,436,769	46,321,950
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	(11,011,292)	(6,144,207)	8,442,230	52,580,565	(2,339,197)	(24,582,965)	(8,118,821)	(5,965,197)	(8,118,821)	22,388,464	(20,762,132)	23,436,769	46,321,950

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

45.4.2 Maturity of assets and liabilities - Based on working prepared by the Asset and Liability Committee (ALCO) of the Bank

	2022									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
Rupees in '000										
Assets										
Cash and balances with treasury banks	24,765,248	24,765,248	-	-	-	-	-	-	-	-
Balances with other banks	1,859,792	1,859,792	-	-	-	-	-	-	-	-
Lendings to financial institutions	11,351,162	11,351,162	-	-	-	-	-	-	-	-
Investments	303,368,466	1,597,114	57,155,426	12,386,867	136,179,888	22,484,454	30,450,955	8,210,611	32,751,230	2,151,921
Advances	231,558,755	29,754,140	33,246,491	23,195,617	73,246,662	21,610,324	15,813,126	21,161,488	7,863,874	5,667,033
Fixed assets	11,234,696	77,024	16,639	20,738	852,827	325,671	931,015	752,055	2,879,458	5,379,269
Intangible assets	3,843,994	-	48	347	14,424	1,433	49,897	170,846	2,131,517	1,475,482
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets	32,547,846	28,378,767	3,226,054	884,903	58,122	-	-	-	-	-
	620,529,959	97,783,247	93,644,658	36,488,472	210,351,923	44,421,882	47,244,993	30,295,000	45,626,079	14,673,705
Liabilities										
Bills payable	5,402,945	5,402,945	-	-	-	-	-	-	-	-
Borrowings	98,531,096	3,085,767	76,373,744	5,774,783	2,474,782	2,621,121	989,079	3,914,893	3,326,927	-
Deposits and other accounts	462,757,638	48,438,871	39,030,619	46,093,783	82,406,932	15,804,148	19,126,009	211,857,276	-	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	6,995,000	-	-	-	2,500,401	1,996,600	1,000	2,001	2,494,998	-
Deferred tax liabilities - net	212,327	405	(23,533)	(11,216)	(14,400)	32,262	50,527	46,259	132,023	-
Other liabilities	23,374,566	233,254	21,099,140	268,686	353,056	498,890	441,461	461,574	18,505	-
	597,273,572	57,161,242	136,479,970	52,126,036	87,720,771	20,953,021	20,578,076	216,282,003	5,972,453	-
Net assets	23,256,387	40,622,005	(42,835,312)	(15,637,564)	122,631,152	23,468,861	26,666,917	(185,987,003)	39,653,626	14,673,705
Share capital - net	10,119,242	-	-	-	-	-	-	-	-	-
Reserves	2,787,201	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets - net of tax	1,342,708	-	-	-	-	-	-	-	-	-
Unappropriated profit	8,643,962	-	-	-	-	-	-	-	-	-
Non-controlling interest	363,274	-	-	-	-	-	-	-	-	-
	23,256,387	-	-	-	-	-	-	-	-	-

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

	2021									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Over 10 years
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	28,663,126	3,285,918	-	-	-	-	-	-	-
Investments	232,221,074	32,133,729	93,861,860	18,135,706	36,568,367	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	-	-	1,261,504	429,895	1,222	-	-	-	-	-
Other assets	20,452,393	18,759,772	139,911,940	44,515,642	122,824,398	33,139,518	28,364,444	28,756,977	43,273,032	8,989,121
	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	-
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-
Subordinated debt	6,996,800	-	-	900	900	2,501,800	1,996,200	2,000	2,495,000	-
Deferred tax liabilities	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	9,925,062	396,830	796,093	1,664,865	971,280	814,603	566,854	-
	565,496,501	85,978,194	94,052,064	72,808,777	88,312,009	29,112,471	25,016,235	163,713,076	6,503,675	-
Net assets	23,832,407	53,575,642	45,859,876	(28,293,135)	34,512,389	4,027,047	3,348,209	(134,956,099)	36,769,357	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									

45.4.3 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, 2022

45.5 OPERATIONAL RISK

The Bank currently uses Basic Indicator Approach to Operational Risk for regulatory capital calculations. The Bank defines 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 tools across the Bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

The 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 Steering Committee (ORSC) has been constituted to effectively address operational risk issues.

The Bank 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 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 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 Bank.

The ORM Unit conducts operational risk profiling for all major operational areas of the Bank 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 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). The 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 / Treasury Middle Office of the Bank is 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 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.

Notes To The Consolidated Financial Statements

For the year ended December 31, 2022

47. GENERAL

- 47.1** 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.
- 47.2** The figures in these consolidated financial statements have been rounded off to the nearest thousand unless otherwise stated.
- 47.3** On November 15, 2022, the Bank issued a public announcement of intention to acquire majority control of BankIslami Pakistan Limited (BIPL) under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the Regulations).

The Board of Directors (BoD) of the Bank in their meeting held on March 03, 2023 have, as a consequence of successful due diligence exercise and acceptable valuations carried out by an independent valuer, approved that 42.45%, i.e., 470,603,772 ordinary voting shares and control of BankIslami Pakistan Limited (BIPL), may be acquired from existing sponsors and other shareholders of BIPL (including but not limited to, Jahangir Siddiqui & Co. Ltd., the holding company of the Bank). The acquisition be made through agreements against the issuance of 532,629,349 new shares of the Bank by way of other than rights and other than cash consideration, i.e., 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 ordinary share of BIPL.

The BoD further approved that a public offer for a minimum of 24.88% ordinary shares of BIPL be made to all public shareholders as required under the Regulations in exchange for (as consideration in combination to be calculated at the pertinent time) a maximum of 59.56% shares and 67.90% ordinary shares of JS Investments Limited and JS Global Capital Limited (subsidiary companies of the Bank) respectively, currently held by the Bank as required and permissible under the Regulations.

The acquisition is subject to necessary approvals from the shareholders of the Bank by way of special resolutions as required under Section 83(1)(b), Section 183(3) and Section 199 of the Companies Act, 2017, permission from the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP) and the Competition Commission of Pakistan, as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable.

48. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on March 03, 2023.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Branch Network

Sr. No.	Branch Name	Contact Number
1	Boat Basin Branch	021-35177903-4
2	Shaheen Complex Karachi	021-111572265 / 021-38907700
3	North Nazimabad Karachi	021-36721010-7
4	North Karachi Ind Area Karachi	021-36962912-11-15
5	Nazimabad Karachi	021-36612325 / 36612236 / 36612336
6	New Sabzi Mandi Karachi	0345-8211641-43
7	Gulshan-E-Iqbal Karachi	021-34829055-60-61
8	Gulistan-E-Jauhar Karachi	021-34662002-04-06
9	Safoora Goth Karachi	021-34661805
10	Gulshan Chowrangi Karachi	021-34833293-95
11	Ibrahim Hyderi Karachi	0346-1012283
12	Fisheries Karachi	021-32384011-14
13	Soldier Bazar Karachi	021-32244531-33
14	Garden East Karachi	021-32244281-82-83
15	Hawksbay Road Karachi	021-32373030-31
16	Gulshan-E-Hadeed Karachi	021-34715201-03
17	Korangi Rd Dha Phase I Karachi	021-35803541-46
18	Kh-E-Ittehad Dha Phase II Ext Karachi	021-35313811-14
19	Bahria Town Karachi	021-32630208
20	Lucky Star Karachi	021-35622436-38
21	Electronic Market Karachi	021-32700431-32-36-37
22	New Challi Karachi	021-32602100-01-02
23	Cloth Market Karachi	021-32464042-48
24	Teen Talwar Karachi	021-35836974-35835867
25	Korangi Industrial Area Karachi	021-35052773-5 / 021-35055826-7
26	Chase Store Jail Chowrangi Karachi	021-34370270-71
27	Khadda Market Dha Phase V Karachi	021-35242401-04
28	Progressive Centre Sh-E-Faisal Karachi	021-34324682-85
29	Shahrah-E-Faisal Karachi	021-34373240
30	Kh-E-Shahbaz Dha Phase VI Karachi	021-35243416-18
31	Dha Phase VIII Karachi	021-35171731-33

32	Shah Faisal Colony Karachi	021-34686191-95
33	Bahadarabad Karachi	021-34922802-05
34	Jheel Park Karachi	021-34544831-35
35	26Th Street Dha Phase V Karachi	021-35304685
36	Zamzama Karachi	021-35295221-22-23
37	Jodia Bazar Karachi	021-32463456-60
38	Site Karachi	021-32550081-84
39	Timber Market Karachi	021-32763054 / 32763079 / 32763047
40	North Napier Road Karachi	021-32467791-94
41	Park Towers Clifton Karachi	021-35832011
42	Karachi Stock Exchange	021-32462851-55
43	Ocean Tower	021-35166601-06
44	Badin	0297-861203
45	Site Hyderabad	022-3885192-93
46	Cloth Market Hyderabad	022-2618271-73
47	Saddar Hyderabad	022-2730925-26
48	Anaj Mandi Hyderabad	022-2638802
49	Citizen Colony Hyderabad	022-2100893-95
50	Qasimabad Hyderabad	022-2652190-91
51	DHA Hyderabad	022-2108078
52	Latifabad Hyderabad	022-3817971-84-86
53	Latifabad Unit No VI Hyderabad	022-3422521-6
54	Kohsar, Hyderabad	022-3400914
55	Jamshoro	022-3878103-04 -09
56	Kot Ghulam Muhammad	0233-866242-44
57	Kunri	023-8558163-66
58	Maatli	029-7841514
59	Mirpur Khas	023-3876001-4
60	Sultanabad Branch	022-3404106-7
61	Tando Allah Yaar	022-3892001-04
62	Thatta	029-8550934
63	Digri	0233-870245 / 0233-870305-306-307

64	Ghotki	0723-600480-81-84
65	Kashmore Kandhkot	072-2577701-07
66	Khairpur	0243-715318-19
67	Larkana	074-4058603
68	Mehar	025-4730307-08-09
69	Mirpur Mathelo Ghotki	0723-663313-15
70	Kandhkot	072-2573048
71	Mithi	0232-261650
72	Moro	0242-413200-03
73	Naushahro Feroze	0242-448415
74	Nawabshah	024-4330561-64
75	Pano Aqil	071-5809304-06
76	Sheikh Bhirkio	0345-8211923-24
77	Shikarpur	072-6540374-75
78	Society Branch Sukkur	071-5815209
79	Military Road Sukkur	071-5630825-32
80	Tando Jam	022-2765612-14
81	Tando Mohammad Khan	022-3340594 / 022-3340617-18
82	Umer Kot	023-8570157-59
83	Khanewal	065-2557491-93
84	Shadman Lahore	042-37503712-20
85	Dha Y-Block Lahore	0423-5898010-11
86	Dha Phase VI Lahore	042-37180745
87	Airport Road Dha Lahore	042-35700081-85
88	Dha T-Block Lahore	042-35707651-56
89	Upper Mall Lahore	042-111572265 / 042-35776515-18 / 042-35776530
90	Bhiria City Halani	0242-432131-35
91	Sanghar	023-5800162-63
92	Chambar	022-3897033-35-36
93	Sehwan Shareef	025-4620305-07
94	Daharki Dist Ghotki	0723-641290

95	Shahdadt	074-4013178-31
96	Zarar Shaheed Road Lahore	042-36639902-05
97	Shahdadpur	0235-843174-75
98	Gulshan Ravi Lahore	042-35464541-43
99	The Mall Lahore	042-36285673-75
100	Allama Iqbal Town Lahore	042-37805026-28
101	Model Town Lahore	042-35915614-48
102	New Garden Town Lahore	042-35940463-67
103	Peco Road Lahore	042-35203014
104	College Road Township Lahore	042-35117491-94
105	Wapda Town Lahore	042-35182874-75-77
106	Bahria Town Lahore	042-35976212-14
107	Raiwind Road Lahore	042-35291247-70
108	Johar Town Lahore	042-35241084-90
109	Sunder Industrial Estate Lahore	0311-0013425-26
110	Circular Road Lahore	042-37667922-25
111	Badami Bagh Lahore	042-37946853-54
112	Daroughawala Lahore	042-36530316
113	Mcleod Road Lahore	042-36311176
114	Shah Alam Market Lahore	042-37375734-37
115	Urdu Bazar Lahore	042-37115915-17
116	Azam Cloth Market Lahore	042-37671195-96
117	MM Alam Road Lahore	042-35761527
118	Cavalry Lahore	042-36610282-90
119	Chowburji Lahore	042-37362981-88
120	Ferozepur Road Lahore	042-35402151-53
121	Rahimyar Khan	068-5879511-14
122	Shiekhupura	056-3810273-76
123	Gulberg Lahore	042-35771036-38
124	Bhakkar	0453-510407-09
125	Burewala	067-3770363-65
126	Ludan Road Burewala	067-3351441

127	Chakwal	054-3665688
128	Chichawatni	040-5481792-95
129	Chiniot	047-6332592-93-94 / 047-6332713-14
130	Chishtian	063-2500161 / 0345-8233957
131	Daska	052-6610461-63
132	Depalpur	044-4542246-49
133	DG Khan	064-2470952-56
134	Dahranwala Chishtian	063-2441147
135	Dinga	053-7401368
136	Shahdara Lahore	042-37931903-5
137	Shadbagh Lahore	042-37604549-51
138	Brandreth Road Lahore	042-3630307-9
139	Baghbanpura Lahore	042-36858873-74
140	Mughalpura Lahore	042-36533818
141	Arifwala	0457-835478-81
142	Attock	057-2610500 / 057-2610480 057-2610780
143	Bahawalnagar	063-2279435-38
144	Dha Phase II Islamabad	051-5161525
145	Bahawalpur	062-2889176-78
146	Ghakkhar Mandi	055-3882561 / 055-3882556-59
147	Gohadpur	052-4265498-99
148	Gojra	046-3513637-40
149	GT Road Gujrat	053-3729474-5
150	Kacheri Chowk Gujrat	053-3600584-85-86
151	Gulyana	053-7588459
152	Hafizabad	054-7526407-10
153	Haroonabad	063-2250615
154	Hasilpur	062-2441302-8
155	Bara Kahu Islamabad	051-2165032-7
156	F-10 Markaz Islamabad	051-2112960/61
157	F-11 Markaz Islamabad	051-2103404-6
158	F-7 Markaz Islamabad	051-2608404-05 / 051-2653901-04

159	F-8 Markaz Islamabad	051-2818296-97-98
160	G-11 Markaz Islamabad	051-2363475-77
161	G-15 Markaz Islamabad	051-2160240-41
162	G-8 Islamabad	051-2340537
163	Gulberg Green Islamabad	0310-5998931
164	I-8 Markaz Islamabad	051-4862471-2
165	I-9 Markaz Islamabad	051-4431296-8
166	Islamabad Stock Exchange	051-2894407-09
167	NPF O-9 Pwd Road Islamabad	051-5170584-5
168	Wah Cantt Islamabad	051-4624015-16-17
169	Blue Area Islamabad	051-111572265 / 051-2810121-4
170	Serena Busines Complex Islamabad	051-4478006-07
171	Tarlai	051-2241863-4 / 66
172	Jhelum	054-4611840-3
173	Kamoki	055-6810282-83-85
174	Kasur	049-2761581-82-84
175	Mouza Kachi Jamal Khanpur	068-5577193-95
176	Kharian	0537-602784-85
177	Mouza Parhar Sharqi Kot Addu	066-2240146-49
178	Lala Musa	0537-519656-8
179	Layyah	0606-415045-47
180	Lodhran	0608-361892-93-96
181	Mandi Bahauddin	0546-509452-53-55
182	Mian Chunnoo	065-2661282-85
183	Muridke	042-37166455-7
184	Okara	044-2528728-30
185	Pak Pattan	045-7352591-93-94
186	Qaboola Dist Pak Pattan	0457-851248-51
187	Pattoki Kasur	049-4424053 / 4
188	Rabwa	047-6214042-44
189	Mouza Chak 72 Rahim Yar Khan	068-5708069-74
190	Sadiqabad	068-5803933 / 38

191	Sahiwal	040-4222733 / 35
192	Chak 89 Dist Sahiwal	040-4550409-10-11-16
193	Sambrial	052-6524106-07
194	Sargodha	048-3768123-24-25
195	Taunsa Sharif DG Khan	064-2601155
196	Hunza	0581-3455563
197	Toba Tek Singh	046-2512052-55
198	Ugoki	052-3513953-54
199	Vehari	067-3360715 / 18
200	Wazirabad	055-6605841-4
201	Wapda Town Gujranwala	055-4285573-75
202	Bank Square Gujranwala	055-4234401-3
203	GT Road Gujranwala	055-3257363/ 055-3254407 / 055-3257365
204	Abdali Road Multan	061-4574363 / 061-4574496-97
205	Bosan Road Multan	061-6223416-17
206	Vehari Road Multan	061-6241101-2-4
207	GHQ Rawalpindi	051-5202344
208	Gawadar	086-4210246
209	Khuzdar Balochistan	0848-550334-336
210	Loralai, Balochistan	0824-410104
211	Cantt Sialkot	052-4272351-53
212	Paris Road Sialkot	052-4269535-6
213	Shahabpura Ind Est Sialkot	052-3242681-84
214	Pasroor Road Nekapura Sialkot	052-3543582-4
215	Kashmir Road Sialkot	052-4272702-3-4
216	Wapda Town Phase I Multan	061-6524733-38
217	Liaquat Road Faisalabad	041-2541284-86
218	Grain Market Faisalabad	041-2633382-84
219	Gulistan Colony Faisalabad	041-8785791-5
220	Karkhana Bazar Faisalabad	041-2624501-3
221	Ghulam Mohammad Abad Faisalabad	041-2692192-94
222	Jaranwala Faisalabad	041-4313032-35

223	Muzaffargarh	066-2424691-92
224	Air Port Cop Housing Society (AECHS)	051-5497012-15
225	Bahria Town Phase IV Rawalpindi	051-5731351-4
226	Bahria Town Phase VII Rawalpindi	051-5154891-4
227	Bank Road Rawalpindi	051-5120731-3
228	Chaklala Scheme 3, Rawalpindi	051-5766277-78-79
229	Chakri Road Rawalpindi	051-5129024
230	Jinnah Road Rawalpindi	051-5778560-63
231	Peshawar Road Rawalpindi	051-5492873-75
232	Range Road Rawalpindi Cantt	051-5128871 / 051-5128875
233	Saidpur Road Rawalpindi	051-5768049 / 51 / 53
234	Satellite Town Rawalpindi	051-4842984 / 86
235	Muslim Bagh	082-3669335/36
236	Ormara Balochistan	086-3310140 / 144 / 143 / 142 / 147
237	Pasni (Quetta Cantt)	0312-6869884
238	MA Jinnah Road Quetta	081-2865507-04
239	Zarghoon Road Quetta	081-2472981-82
240	Turbat Balochistan	0852-414201
241	Zhob Balochistan	0822-412027028
242	Abbottabad	099-416110 / 112 / 114
243	Bannu	0928-6601673
244	Chakdarah Lower Dir	094-5703336-337
245	Charsadda KPK	091-6512051
246	Chitral	0943-413027-29
247	Darra Adam Khel - Fr Kohat	092-22810187
248	Di Khan	0966-733216/19
249	Gallanai Branch	0345-9068830
250	Haripur	0995-627370
251	Mansehra	0997-301882-84
252	Mardan	0937 -873445 / 0937- 873452
253	Mingora	0946-711740 / 43
254	Nowshera	092-3612004
255	Parachinar	0926-311777

256	Namak Mandi Peshwar (Dabgari Garden)	091-2591425-7
257	Fakhr-E-Alam Road Peshawar	091-5279981 / 4
258	Naz Cinema Peshawar	091-2211026 / 24
259	University Road Peshawar	091-5711572 / 75
260	Wazir Colony Ring Road Peshawar	0310-5998901-3 / 091-6512051
261	Nowshera Saleh Khana	0923-651113 / 17
262	Shaidu, Nowshera	0923-510013-14
263	Topi	0938-272003 / 4
264	Gilgit	05811-450610 / 7
265	Skardu	0581-5457306
266	Bagh AJK	0582-3445338
267	Chaksawari AK	05827-454791-94
268	Charroi AK	05826-415474 / 76
269	Dadyal AK	0582-7465668 / 69
270	Jatlan AK	05827-404389 / 91
271	Khui Ratta AK	0582-6414907
272	Kotli AK	05826-448229 / 31
273	Mirpur AK	05827-448867273
274	Muzaffarabad AK	05822-923251-2
275	Sehensa AK	05826-422779 / 05826-422300
276	Seri AJK	05826-432731 / 4
277	Shakas Khyber Agency	091-5602382 / 83 / 85
278	Timergara	0945-821921
279	Naar AK	05826-420784 / 85
280	Valancia Society Lahore	042-35226045 / 46 / 47
281	Orangi Town Karachi	021-36697925 / 31
282	Bahrain Manama (International)	00973-17104603

Pattern of Shareholdings

As on December 31, 2022

S.No	No. of Shareholders	Shareholdings From			Total Shares Held
			To		
1	586	1	To	100	6,994
2	591	101	To	500	238,972
3	588	501	To	1000	552,814
4	1172	1001	To	5000	3,386,416
5	398	5001	To	10000	3,200,925
6	619	10001	To	500000	15,396,382
7	88	50001	To	100000	6,977,867
8	102	100001	To	500000	22,110,207
9	50	500001	To	10000000	116,096,463
10	9	10000001	To	1297464262	1,129,497,222
Total	4203		Percentage: 100%		1,297,464,262

Pattern of Shareholdings

As on December 31, 2022

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse(s) and minor children		
Adil Matcheswala	200,000	0.02
Ms. Nargis Ali Akber Ghaloo	1	0.00
Lt. Gen (Retd) Sadiq Ali	1	0.00
Mr. Shahnawaz Haidar Nawabi	1	0.00
Mr. Usman Yousaf Mobin	1	0.00
Syed Mumtaz Ali Shah	1	0.00
Mr. Basir Shamsie	1	0.00
Mrs. Hafsa Shamsie	1,132,320	0.09
Associated companies, undertakings and related parties		
Jahangir Siddiqui & Co. Limited	973,307,324	75.02
NIT & ICP	972	0.00
Banks, development finance institutions, non-banking finance companies	187,760	0.01
Insurance Companies	21,659,194	1.67
Modarabas and Mutual Funds	9,612,643	0.74
General Public		
a. Local	171,940,221	13.25
b. Foreign	6,088,251	0.47
Foreign Companies	5,104	0.00
Others	113,330,467	8.73
Totals	<u>1,297,464,262</u>	<u>100.00</u>

Notice of Seventeenth Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting (“AGM”) of the shareholders of JS Bank Limited (the “Bank”) will be held on Wednesday, March 29, 2023, at 10:00 a.m. at Ramada Creek Karachi, Zulfiqar Street, DHA Phase VIII, 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, 2022, together with the Directors’ and Auditors’ Reports thereon.
- ii. To appoint Bank’s Auditors for the year ending December 31, 2023, and fix their remuneration. The 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 consider and approve, the review of the Directors’ Remuneration Policy.

SPECIAL BUSINESS:

- iv. To consider, and if deemed appropriate, to pass the following resolutions as envisaged under Sections 199, 183(3)(a) and 83(1)(b) of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017, and the provisions of the Companies (Further Issue of Shares) Regulations, 2020, with or without modifications (or with or without any amendments as may be eventually directed by the SECP and/or SBP) for investment in 42.45% ordinary shares of BankIslami Pakistan Limited (“BIPL”), as an associated entity, through agreements from existing shareholders of BIPL in consideration of new shares of the Bank to be issued to such shareholders as “other than cash and other than rights” at

the agreed swap ratio (i.e. ratio of 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 share of BIPL acquired by the Bank through agreements from such shareholders) and for making a public offer for the remaining 50% of the shares of BIPL (translating to 24.88% paid up capital of BIPL) to the public shareholders of BIPL in consideration of a maximum of 59.56% shares of JS Investments Limited (‘JSIL’) and a maximum of 67.90% ordinary shares of JS Global Capital Limited (‘JS Global’) currently held by the Bank;

“RESOLVED THAT based on satisfactory results of the valuation as per the Valuation Report dated February 8, 2023 as prepared by the independent valuer (i.e. M.s Yousuf Adil, Chartered Accountants) and due diligence as carried out by the management in respect of acquiring majority shares and control (both approved by the Board), subject to the obtention of all requisite approvals of the State Bank of Pakistan (‘SBP’), Competition Commission of Pakistan (‘CCP’) as well as other regulatory approvals and compliance of all regulatory and statutory formalities as may be applicable, consent and approval be and is hereby accorded to the Bank to invest into and acquire 42.45% ordinary voting shares and control of BankIslami Paksitan Limited (‘BIPL’) from existing sponsors and other shareholders through agreements as envisaged herein below and for making a public offer for a minimum 24.88% ordinary shares of BIPL as required under the applicable regulations as detailed below;

RESOLVED FURTHER THAT based on the valuations carried out by the independent valuer and subject to the permission from the Securities & Exchange Commission of Pakistan (‘SECP’) as required under Section 83(1) (b) of the Companies Act, 2017 and the

provisions of the Companies (Further Issue of Shares) Regulations, 2020, 532,629,349 ordinary shares of the Bank be issued by way of other than rights and other than cash as consideration payable to the existing sponsors and other named shareholders of BIPL for 470,603,772 ordinary shares (constituting 42.45% paid up capital) of BIPL to be acquired from them by the Bank (i.e. 1.1318 ordinary shares of the Bank to be issued as consideration for every 1 share of BIPL acquired by the Bank through agreements);

RESOLVED FURTHER THAT subject to receipt of all necessary regulatory approvals from the SBP, the CCP, and SECP (wherever applicable) and satisfactory completion of all other conditions precedent as contained therein, the Share-Purchase Agreement dated February 20, 2023 as entered into by the Bank with Ahmed Goolam Mohamed Randeree and, Shabir Ahmed Randeree for the purchase of 87,965,233 and 127,965,233 ordinary shares of BIPL (collectively 19.48% of the issued paid up capital of BIPL) respectively held by them in consideration of 99,559,050 and 144,831,051 ordinary shares of the Bank (proposed to be issued by way of other than rights and other than cash) based on the valuations carried out by the valuer is hereby accepted, confirmed and ratified.

RESOLVED FURTHER THAT subject to receipt of all necessary regulatory approvals from the SBP, the CCP, and SECP (wherever applicable) and satisfactory completion of all other conditions precedent as contained therein, approval is hereby given for the draft share purchase agreement proposed to be entered into with Jahangir Siddiqui & Co. Limited, the holding company of the Bank, for the purchase and acquisition of 235,684,306 ordinary shares (constituting 21.26% of the issued paid up capital) of BIPL in consideration of 266,747,498 ordinary shares of the Bank (proposed to be issued by way of other than rights and

other than cash) based on the valuations carried out by the valuer is hereby approved for execution;

RESOLVED FURTHER THAT subject to receipt of all necessary regulatory approvals from the SBP, the CCP, and SECP (wherever applicable) and satisfactory completion of all other conditions precedent as contained therein, the Share Purchase Agreement dated March 01, 2023 as entered into with M/s Sumya Builders and Developers for purchase and acquisition of 18,989,000 ordinary shares (constituting 1.71% paid up capital) of BIPL in consideration of 21,491,750 ordinary shares of the Bank (proposed to be issued by way of other than rights and for other than cash) based on valuations carried out by the valuer;

RESOLVED FURTHER THAT subject to receipt of all necessary regulatory approvals from the SBP, the CCP, and SECP (wherever applicable) and satisfactory completion of all other conditions precedent as contained therein, the Share Purchase Agreement dated [----] as entered into with M/s Sumya Builders and Developers for purchase and acquisition of 18,989,000 ordinary shares (constituting 1.71% paid up capital) of BIPL in consideration of 21,491,750 ordinary shares of the Bank (proposed to be issued by way of other than rights and for other than cash) based on valuations carried out by the valuer is hereby accepted, confirmed and ratified;

RESOLVED FURTHER THAT subject to receipt of requisite regulatory approvals, consent and approval to make a public offer for a minimum 24.88% ordinary shares of BIPL to all public shareholders of BIPL in exchange for (as consideration) a maximum of 59.56% shares of JS Investments Limited ('JSIL') and a maximum of 67.90% ordinary shares of JS Global Capital Limited ('JS Global') currently held by the Bank as

permissible and in accordance with the valuation requirements detailed under the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 and to pay for fractional shares /entitlement in cash as may be necessary be and is hereby accorded to the Bank;

RESOLVED FURTHER THAT formal applications be made concurrently to the SBP and the CCP for approval of the proposed acquisition and investment of approximately 67.33% paid up capital of BIPL (via agreements and tender offer) and to the SECP for the further issue of shares other than rights and for consideration other than cash as well as divestment of holding in JSIL and JS Global;

RESOLVED FURTHER THAT subject to the obtention of all regulatory approvals, all formalities pertaining to (i) the issuance and freezing of new ordinary shares (to be issued by way of other than rights and other than cash) of JSBL and (ii) acquisition of ordinary shares of BIPL and deposit and freezing of such additional shares of BIPL as may be acquired via agreements and/or public offer and (iii) unfreezing and transfer of the Bank's sponsor shares of JS Global and JSIL for the purposes of payment as consideration of the public offer portion be fulfilled in accordance with the applicable laws, rules and regulations;

RESOLVED FURTHER THAT any two of the President & Chief Executive Officer, Chief Operating Officer and Company Secretary are hereby jointly and severally authorized to fulfill all legal, corporate and procedural formalities in connection with the above, including dissemination of material information to Pakistan Stock Exchange Limited, fulfilling all reporting and disclosure requirements, personal and written representations and submission of all applications to SBP, SECP, CCP, Pakistan Stock Exchange and Central Depository Company of Pakistan Limited and other organizations

whenever required and signing and execution of all documents, applications, deeds and agreements related thereto (including giving and signing any resolution on any standard template or pattern as may be required by any of the above entities) for achieving the above purposes and to take all such necessary, ancillary and incidental steps and do all such acts, deeds and things that may be required for the purpose of giving effect to the this resolution.

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017).

Karachi: March 8, 2023, By Order of the Board
 Hasan Shahid
 Company Secretary

Notes:

- a) Share transfer books of the Bank will remain closed from March 23, 2023 to March 29, 2023 (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, 2023 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 light of the clarification issued by the Securities and Exchange Commission of Pakistan for ensuring participation of members in general meeting through electronic means as a regular feature, the Bank has also provided the facility for attending the meeting via video-link

to its shareholders. The members are encouraged to participate in the meeting online for following the below guidelines.

- The members who wish to attend the Annual General Meeting through video link are requested to get themselves registered by sending the particulars prescribed in the table below at the following email address AGM@jsbl.com by the close of business hours (5:00pm) on March 26, 2023.

Name of member	Authorised Representative (in case of corporate member)	CNIC No. / NTN No.	CDC Participant ID / Folio No.	Cellphone #	Email address

- The Video Conference Link would be emailed to the registered members or their proxies who have provided all the requested information.
- The Members who intend to attend and participate physically in the AGM of the Bank will be allowed to participate keeping in view the COVID-19 related SOP's issued by the Provincial and/or the Federal Government. The Bank will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measures are in place for well-being of its Members.
- In the 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 the case of a 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 the 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 the 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.
- In the case of the corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with a proxy form to the Bank.

Procedure for E-Voting

- In accordance with the Companies (Postal Ballot) Regulations 2018, for the purpose of approval of any special agenda item at the

AGM, members will be allowed to exercise their vote through postal ballot i.e., by post or e-voting, in the manner and subject to conditions contained in the Companies (Postal Ballot) Regulations, 2018.

- Details of the e-voting facility will be shared through an e-mail with those members of the Bank who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Bank by the close of business on March 23, 2023.
- The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
- Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- xMembers shall cast vote online at any time from March 24, 2023, 9:00 am to March 28, 2023. Voting shall close on March 28, 2023, at 5:00. Once the vote on the resolution is cast by a Member, he/she shall not be allowed to change it subsequently.
- Procedure for Voting Through Postal Ballot
- Pursuant to Companies (Postal Ballot) Regulations 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of Section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot, that is voting by post, in accordance with the requirements and procedure contained in the aforesaid Regulations.
- The members shall ensure that the duly filled and signed ballot paper, along with a copy of the Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through the post at the Bank's registered address, 1st Floor Shaheen Commercial Complex, Dr. Ziauddin Ahmed

Road, Karachi, or email at chairman@jsbl.com one day before the AGM on March 28, 2023, during working hours. The signature on the Ballot Paper shall match with signature on the CNIC.

- In accordance with Regulation 11 of the Regulations, the Board of the Bank has appointed M/s PKF F.R.A.N.T.S, Chartered Accountants, (a QCR rated audit firm) to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.
- Shareholders are requested to notify immediately of any change in their address to the Bank's share registrar.

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 are 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 and Electronic Transmission of Financial Statements & Notices

The Bank has placed the annual Audited Financial Statements for the year ended December 31, 2022, along with the Auditors and Directors' Reports on its website: <https://jsbl.com/knowledge-center/financial-reports/> as required under Section 223(7) of the Companies At, 2017.

Further, the Annual Report of the Bank for the year ended December 31, 2022, is transmitted to the shareholders at their email address registered with the Share Registrar.

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. <https://jsbl.com/wp-content/uploads/2022/03/Annual-Audit-Acc-Email-Request.pdf>. Please ensure that your email account has sufficient rights and space available to receive such an email that 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 the Bank'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 dividend to its shareholders only through electronic mode directly into the 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 Bank's website and send it duly signed along with a copy of CNIC to the Registrar of the Bank 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:

N	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 the Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

STATEMENT OF ORDINARY BUSINESS

Review of the Directors' Remuneration Policy

The provisions of Regulation No. 16 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 read with Regulation G-15 of the SBP's 'Corporate Governance Regulatory Framework', a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending the meeting of the Board and its committees was formulated

and approved by the Board of Directors. Further, The Corporate Governance Regulatory Framework requires that the remuneration policy for the Directors should be approved by the shareholders of the Bank preferably on a pre-facto basis in the AGM/EOGM. Therefore, in order to comply with the regulatory requirements, Directors' Remuneration Policy is presented to the shareholders for approval.

The Policy was approved by the Board and thereafter by the Shareholders of the Bank at AGM in March 2020. The next review of the Policy by the shareholders is due at the upcoming AGM on March 29, 2023, on the recommendation of the Board.

The Policy is reviewed and amended in line with SBP's Corporate Governance Regulatory Framework (CGRF) and other regulatory directives and recommended by the Board for approval of shareholders.

STATEMENT OF SPECIAL BUSINESS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Investment and Acquisition of majority shares and control of BankIslami Pakistan Limited

BankIslami Pakistan Limited is one of the premier Islamic banking entities of Pakistan, having a total deposit base of PKR 388.13 billion. Its total asset size as per its balance sheet dated September 30, 2022, stands at PKR 454.72 billion. Currently, it has more than 330 branches across all cities of Pakistan.

It was the first bank to receive the Islamic banking license under the Islamic banking policy of 2003 on 31 March 2005, and the second full fledged Islamic bank to start operations in Pakistan.

The Pakistan Credit Rating Agency (PACRA) has assigned a long-term credit rating of A+ and short-term entity ratings of 'A1'.

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 was 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.

The Bank currently owns 7.79% shares of BIPL. In order to acquire majority control, it needs to acquire an additional 42.45% paid up capital of BIPL at a minimum. Such shares will be acquired by the Bank via agreements with major shareholders of BIPL. For such shares which are to be acquired via agreements, the Bank shall issue new shares as consideration, which shares shall be issued as "other than rights and other than cash" offer. Such issuance is permissible under the provisions of Section 83(1)(b) of the Companies Act, 2017 and the Companies (Issue of Shares) Regulations, 2020, provided however that such an issue has been approved by the shareholders by way of a special resolution.

In order to ensure that this transaction and the share swap is undertaken at arms-length basis and on pricing terms that are not disadvantageous to the Bank or any of the shareholders of BIPL,

services of an independent valuer M/S Yousuf Adil, Chartered Accountants (which is a QCR rated firm of chartered accountants) were sought to calculate the estimated fair value of the shares of BIPL and the Bank. As per the report of the independent valuer, a swap ratio of 1.1318 (i.e. 1.1319 shares of JSBL for every 1 share of BIPL) was computed, which ratio has been relied on and agreed to between the parties.

To this effect, the Bank has (subject to receipt of approval by shareholders and all regulatory approvals and compliances) entered into an agreement dated February 20, 2023 for acquiring 19.48% shares of BIPL with Mr. Ahmed Golam Mohamed Randeree and Mr. Shabir Ahmed Randeree. In exchange thereof, Mr. Ahmed Golam Mohamed Randeree and Mr. Shabir Ahmed Randeree shall be issued 99,559,050 and 144,831,051 shares of the Bank respectively as consideration for their shares of BIPL.

Additionally, the holding company of the Bank, i.e. Jahangir Siddiqui & Co Limited ("JSCL"), also owns and controls 235,684,306 ordinary (aggregating to approximately 21.26% paid up capital) of BIPL. Consequently, JSCL will be one of the parties with whom the Bank will be entering into an agreement to acquire shares of BIPL. In consideration of its shares of BIPL, JSCL will be issued 266,747,498 new shares of the Bank.

Furthermore, the Bank has also entered into a formal share purchase agreement on March 01, 2023 with M/s Sumya Builders & Developers, (a partnership concern) under the terms of which the Bank shall acquire 18,989,000 ordinary shares (constituting 1.71% paid up capital) of BIPL in consideration of 21,491,750 ordinary shares of the Bank (proposed to be issued by way of other than rights and for other than cash) based on the same valuation and on the same terms on which the shares have been acquired (and will be issued) to the Randeree Family and JSCL.

Effectively, all the agreements are on predominantly the same terms (other than changes which may be required customarily) which are on the arms-length basis at all times.

It is pertinent to mention here that it is permissible for the Bank to have a separate Islamic banking entity as its subsidiary under the provisions of IBD

Circular No. 4 of 2020 as well as Section 23 of the Banking Companies Ordinance, 1962.

The transaction with JSCL falls within the ambit of a related party transaction as defined under Section 208 of the Act. Consequently, the Bank sought clearance and recommendation of its Audit Committee on February 28, 2023, i.e. before the matter was approved by the Board of Directors of the Bank on March 01, 2023. Secondly, the none of directors of the Bank were not conflicted or beholden to JSCL, as a result of which approval for the transaction with JSCL under Section 208 could be given by the Board without the need for a special approval from the members of the Bank.

In addition to the shares to be acquired via the agreements, the Bank will also be required to make a public offer to the public shareholders of BIPL. Under the provisions of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 ('Regulations'), the Bank will need to make an offer of a minimum 50% of the remaining paid up capital of BIPL. Consequently, the absolute maximum number of shares of BIPL which the Bank may need to acquire (assuming the full public offer is subscribed to) shall stand at ~ 275.84 million shares (translating to 24.88% paid up capital) of BIPL.

The consideration to be given for such public offer will be up to 59.56% shares of JS Investments Limited ('JSIL') and up to 67.90% shares of JS Global Capital Limited ('JS Global'). This is the estimated maximum number of shares that the Bank will offer of its subsidiaries. The precise number will be determined at the time of making the public offer based on the market price computation of the consideration shares. Again, it is reiterated that giving out shares of listed companies as consideration of public offer is permissible under the Regulations.

Such offer of shares of JSIL and JS Global by the Bank as consideration for the public offer will amount to disposal of major portion of the undertaking, which requires approval by the members by way of a special majority under the provisions of Section 183(3) of the Act.

Overall, even after the public offer, the Bank shall hold a minimum 25% capital of both entities so as to ensure that even if the entire public

offer is subscribed to, the Bank is still regarded as a sponsor of JSIL and JS Global as per the definitions contained in the respective regulations which govern their operations.

Other information:

- JSCL is the holding company of the Bank and also holds and controls 21.26% shares of BIPL, which makes BIPL an associated entity of the Bank due to common control of JSCL.
- The Bank already owns 7.79% shares of BIPL as it stands, and it is permissible for the Bank to make BIPL its subsidiary under the SBP regulations.
- The requirements of the Regulations and of the Securities Act, 2015 (pertaining to takeover of listed companies) are to be complied with by the Bank. The Bank has engaged Next Capital Limited as the manager to the offer for this purpose.
- The Bank will need any permission from the Competition Commission of Pakistan to make this further investment in BIPL, as the thresholds for such an application are being met, and the exemptions available in law may not be applicable to the Bank.
- Consents from JSCL as required under Regulation 5(ii)(j) of the Companies (Further Issue of Shares) Regulations, 2020, has already been received. Moreover, there is no need for a similar consent from Randeree family or Sumya Builders & Developers as the Bank has already entered into formal agreements with them (subject to corporate and regulatory approvals).
- As a result of the issuance of the new shares (other than rights and other than cash), the Randeree family shall hold 13.35%, paid up capital of the Bank, Sumya Builders & Developers will hold 1.17% paid up capital of the Bank, whereas JSCL will then hold 67.76% paid up capital of the Bank. Effectively, the Bank will continue to remain a subsidiary of JSCL even after the proposed issue.

- Assuming the entire public offer portion is subscribed, the Bank will still be classified as a sponsor of both JSIL and JS Global as it shall retain a minimum 25% shareholding in both companies. However, both companies may no longer be classified as subsidiaries of the Bank if the full public offer portion is subscribed to.
- At all times (i.e. post-acquisition of majority shares of BIPL and post-issuance of new shares of the Bank and post the public offer subscription), the Capital Adequacy Ratio of the Bank shall remain compliant with the limits and thresholds prescribed by the SBP.
- The Company Secretary of JSCL (Syed Ali Hasham) is a director on the board of BIPL. He has already declared his interest in the transaction as mandated under Section 206 of the Act to the CEO of JSCL, which disclosure has also been brought to the knowledge and attention of the board and members of JSCL. Based on the information, the Company Secretary is not involved in any process related to the approval of this transaction in any manner whatsoever.
- All legal, corporate, and regulatory formalities will be fulfilled in consultation with the Legal Advisors, M/s Bawaney & Partners.

Nature of information required to be disclosed pursuant to the Companies (Investment in Associated Companies and Undertakings) Regulations, 2017, for investment in associated company 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	(Bank-Islami 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	2020: PKR 1.536 per share 2021: PKR 1.922 per share 2022: PKR 4.0043 per share
iv	Break-up value per share, based on latest audited financial statements	2021: PKR 20.30 per share September 30, 2022: 23.10 per share

v	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements (as of September 30, 2022)	The statement of financial position and profit and loss account as of September 30, 2022, are enclosed.
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	<p>Upto PKR 17.5 billion, which figure is derived from the valuation report of the independent valuer, who has valued one ordinary share of BIPL at PKR 23.0998/ share.</p> <p>Of this, PKR 10.87 billion will be invested via agreements whereas a maximum of PKR 6.63 billion may be invested via public offer portion.</p>

ii	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment	<ul style="list-style-type: none"> - To earn dividend income - To benefit from the expected future growth of BIPL - The Bank does not have an Islamic banking window or operations. Through this acquisition, the Bank will (ultimately) acquire the majority shareholding in BIPL, making it a subsidiary of the Bank, which is permissible under the provisions of SBP regulations.
iii	<p>Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:-</p> <p>(I) justification for investment through borrowings;</p> <p>(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>(III) cost-benefit analysis</p>	<p>No cash outlay will be made as a consequence of this investment, as the shares of the Bank will be issued to JSCL, Randeree family and Sumya Builders & Developers under the share purchase agreements in exchange for their holding of BIPL shares.</p> <p>For the public offer portion, shares of JS Investments Limited (JSIL) and JS Global Capital Limited (JS Global) will be offered as consideration to the public shareholders of BIPL.</p>
iv	Salient features of the agreement(s), if any, with the associated company or associated undertaking with regards to the proposed investment	None.

v	<p>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>	<p>JSCL is the holding/parent company of Bank and also has an interest in BIPL which are detailed as follows:</p> <p>a) JSCL hold 21.26% (235,684,306) shares of BIPL;</p> <p>b) JSCL holds 75.02% (973,307,324) shares of the Bank;</p> <p>Additionally, Syed Ali Hasham, Company Secretary of JSCL, is a director of BIPL. He holds 501 shares in BIPL.</p> <p>Otherwise, 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 the Bank, JSCL and BIPL, respectively, which is disclosed at the end of this statement.</p>
vi	<p>in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and</p>	<p>Investment of 7.79% in BIPL has been made in November 2022.</p> <p>The Profit Before Tax of BIPL as of December 31, 2021 was PKR 3.34 billion that has increased to PKR 8.23 billion as of December 31, 2022, an increase of 146.41%.</p> <p>The independent valuer has also valued the shares of BIPL at PKR 23.099/ ordinary share based on net asset value, which proves the worth of BIPL. Considering the fact that the Bank acquired 7.79% shares of BIPL at PKR 13.24/ share, the benefits to the Bank are clearly visible.</p>

vii	any other important details necessary for the members to understand the transaction	<p>The investment to be made by JSCL will be in the shares of JSBL, which is its subsidiary.</p> <p>The consideration for such further investment in JSBL will not be in cash, as consideration to be paid by JSCL will be through transfer of 21.26% equity securities of BIPL currently held by JSCL.</p> <p>Consequently, no cash outlay will be result in such additional investment in JSBL by JSCL.</p> <p>The shares will be issued to JSCL by JSBL as other than rights and other than cash.</p> <p>The price at which the shares will be issued and the determination of value of consideration (i.e., BIPL shares) has been calculated by an independent valuer (i.e., Yousuf Adil, Chartered Accountants) who is a QCR rated firm of chartered accountants.</p> <p>Final approval from the State Bank of Pakistan will be required to consummate the investment. JSCL will need permission to make additional investment in JSBL whereas JSBL will require permission to make further investment in and acquire control of BIPL. Additionally, JSBL will also need permission of the Competition Commission of Pakistan to make investment in and acquire control of BIPL.</p> <p>JSBL will also need corporate approvals as well as permission from the SECP for issuance of shares other than rights and other than cash.</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	<p>The shares of BIPL to be acquired via agreements shall be at a notional value of Rs. 23.0998 per share based on the report of the independent valuer.</p> <p>The public offer portion shall be acquired at a price to be determined in accordance with the requirement of Takeover Laws at a later stage of the transaction.</p>

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 valuation has been determined by the independent valuer in accordance with the requirements of Chapter IV of Listed Companies (Further Issue of Shares) Regulations, 2020. The consideration is also non-cash, so valuation was imperative to ensure fair value is determined for the shares which are being acquired vis-à-vis shares being sold /transferred.</p> <p>Similar, for the public offer portion, the Regulations prescribe for the price at which the public offer is to be made. This amongst other things, requires the higher of the net asset value or market price to be paid to the public shareholders.</p>
iii	maximum number of securities to be acquired	746,495,059 shares, of which 470,603,772 shares will be acquired via agreements and a maximum of 275,891,287 shares will be acquired via public offer.
1v	number of securities and percentage thereof held before and after the proposed investment	<p>Before: 86,316,954 shares (7.79%)</p> <p>After:</p> <ul style="list-style-type: none"> • 556,920,726 shares (50.24%) (assuming no shares are tendered in the public offer portion) • 832,812,013 shares (75.11%) (assuming the public offer portion is subscribed to)
v	current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	<p>Market Price: PKR 11.07 on 03-03-2023</p> <p>12 weeks' weighted average market price: PKR 12.85 per share</p>
vi	fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities.	N/A

Nature of information required to be disclosed pursuant to Section 5(1) the Companies (Further Issue of Shares) Regulations, 2020, for further issue other than rights as follows:

.No	Requirement	Relevant Information
i	Regulatory and Corporate Approvals to which the further issue of shares other than rights is subject to	<ul style="list-style-type: none"> • Approval from the Competition Commission of Pakistan for proposed investment in BIPL against which the shares are to be issued; • Approval from the State Bank of Pakistan for proposed investment in BIPL against which the shares are to be issued; • Approval from the SECP for the proposed issue; • Approval of shareholders of the Bank by way of special majority for investment in BIPL and issuance of shares other than rights and cash.
ii	Quantum of the issue both in terms of the number of shares and percentage of paid-up capital before and after the issue	<p>532,629,349 shares proposed to be issued by way of other than rights and other than cash;</p> <p>The proposed new shares are approximately 41.05% of the current paid up capital of the Bank;</p> <p>The post capitalized and issuance, the proposed newly issued will add up to 29.10% paid-up capital of the Bank.</p>
iii	issue price per share and justification for the same	The shares the Bank will issue at a notional price of PKR 20.4099 /share based on the report of the independent valuer.
iv	consideration against which shares are proposed to be issued i.e. cash or other than cash	The new shares of the Bank will be issued for consideration other than cash, i.e. 470,603,772 shares of BIPL, which are valued at a notional price of Rs. 23.0998/share based on the report of the independent valuer

v	name of person(s), their brief profile, existing shareholding, if any, in the company, to whom the shares are proposed to be issued	<p>266,747,498 new shares are proposed to be issued to JSCL, which is the holding company of the Bank. Currently, JSCL holds 75.02% paid-up capital of the Bank;</p> <p>244,390,101 new shares are proposed to be issued to Mr. Ahmed Randeree and Mr. Shabir Randeree, Currently, they hold no paid-up capital of the Bank;</p> <p>21,491,750 new shares are proposed to be issued to M/s Sumya Builders & Developers, a partnership concern. Currently, the partnership does not hold shares or paid-up capital of the Bank;</p>
vi	purpose of the issue	To pay as consideration for 470,603,772 shares of BIPL which are currently held by the parties to whom the new shares of the Bank are proposed to be issued.
vii	justification for issue of the shares by way of other than right	The offer or new shares are being made to specific named individuals who hold a major stake in BIPL. Since all shareholders of Bank may not be holding shares of BIPL and the fact that all shareholders of the Bank who hold BIPL share may not be willing to sell their holding in BIPL, a rights issue was deemed not pragmatic.
viii	benefits of the issue to the company, its members and capital markets	<p>As a consequence of the issue, the Bank will be able to acquire majority voting shares and control of BIPL. This will help the Bank in gaining access to Islamic financial services and banking which currently the Bank is unable to do.</p> <p>With an established Islamic bank becoming a subsidiary of the Bank, the profitability of the subsidiary will ultimately be passed on to the shareholders of the Bank.</p> <p>Furthermore, the shareholders of the Bank will be able to benefit from the diversified holding of the Bank, resulting in a lower risk and potentially higher returns.</p>
ix	breakup value per share as per the latest available audited and reviewed accounts	PKR 16.61 per share as of December 31, 2022

x	consent of the person(s) to whom the shares are to be issued is(are) obtained	<p>Mr. Ahmed Randeree and Shabir Randeree both have entered into formal agreements with the Bank.</p> <p>Similarly, Sumya Builders & Developers has also entered into a formal share purchase agreement with the Bank.</p> <p>In-principle consent of JSCL was obtained on February 17, 2023, whereas the final consent of JSCL is expected to be available after its members' approval, i.e. by March 17, 2023.</p> <p>In any case, consent will be available by the date of the AGM of the Bank.</p>
xi	the proposed new shares shall rank pari passu in all respects with the existing ordinary shares of the company. In case the proposed new shares are different from the issued ordinary shares in any respect, then the board's decision must state the differences in detail	The proposed new shares will rank pari passu with all existing ordinary shares of the Bank.
xii	average market price of the share, in case of a listed company, during the last three months preceding the board's decision as well as the latest available market price	<p>Preceding three month average market price PKR 4.40 per share</p> <p>Market price PKR 4.30 per share 03-03-2023</p>
xiii	where shares are proposed to be issued for consideration other than in cash, the value of non-cash assets or services or intangible assets shall be determined by a valuer	<p>The valuation of non-cash consideration (i.e. shares of BIPL) was carried out by an independent valuer, namely M/s Yousuf Adil, Chartered Accountants, which is a QCR rated firm of accountants and one of the big 4 accounting firms in Pakistan.</p> <p>The said report as prepared by Yousuf Adil is available at the registered office of the Bank for inspection.</p>

The Directors of the Bank undertake that they have carried out necessary due diligence for the proposed investment in BIPL. The due diligence report is available for inspection at the registered office of the Bank.

The report of the independent valuer 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 Advisor (i.e. M/s Bawaney & Partners).

No prejudice shall be caused to any existing shareholder of the Bank. On the contrary, the proposed acquisition will be in the best interest of the stakeholders as it would give the Bank an opportunity to gain control over an established Islamic banking entity which was previously not possible due to regulatory restrictions, thereby opening up new opportunities and diversification.

The Directors, including the Chief Executive Officer 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. The conflict of Syed Ali Hasham (Company Secretary of the JSCL) has been duly disclosed and recorded.

The number of shares held by the Directors, their spouses, and the Executives in the Bank, JSCL and BIPL are as follows:

Number of Shares held in

Directors:	JSCL	JSBL	BIPL
Mr. Adil Matcheswala	2	200,000	-
Mr. Basir Shamsie (CEO)	-	1	-
Ms. Nargis Ali Akber Ghaloo	-	1	-
Lt. Gen. Sadiq Ali	-	1	-
Mr. Shahnawaz Haider Nawabi	-	1	-
Syed Mumtaz Ali Shah	-	1	-
Mr. Usman Yousaf Mobin	-	1	-
Spouses of Directors:			
Mrs. Hafsa Shamsie w/o Basir Shamsie	-	1,132,320	-
Executives:			
Imran Haleem Shaikh - COO	1	1	-
Hasan Shahid - Co. Sec.	15,100 Ord. 3,020 Pref.	1,001	1
Amin Muhammad Virani - CFO	-	-	-
Kashan Zafar - CIA	1	1	-

Financial position of BIPL, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements (as of September 30, 2022)

BankIslami Pakistan Limited			
Income Statement - PKR Millions			
	30-Sep-22	30-Sep-21	Growth
Net Mark-up Income	13,644	8,070	69.07%
Non Mark-up Income	2,842	1,471	93.18%
Non Mark-up Expenses	8,695	6,889	26.22%
Profit Before Provisions	7,790	2,652	193.75%
Provisions and Write-Offs	2,246	(272)	0.00%
Profit Before Taxation	5,544	2,924	89.61%
Taxation	2,692	1,069	151.89%
Profit After Taxation	2,852	1,855	53.73%
EPS -PKR	2.57	1.67	
Cost to Income Ratio	52.02%	71.53%	
Return on Equity	11.85%	8.82%	

Statement under Regulation 4 (2) of the Companies (Investment in Associated Companies or Associated Undertaking) Regulations, 2012

The Bank in its Annual General Meetings held on March 27, 2020, and March 30, 2022, had approved long-term equity investments of up to PKR 675 million in ordinary shares of EFU Life Assurance Limited and 7.79% shares of BankIslami Pakistan Limited associated companies of the Bank respectively. The resolutions are valid for a period of three years commencing from the date of passing:

S.No	Name of Company	Total Investment approved upto PKR	Amount of Investment till Dec. 31, 2022 PKR	Reasons for not making complete investment in the specified time	Material change in Financial Statement of Associated Company
1	EFU Life Assurance Ltd.	675 million	250.7 million	Commercial viability	None
2	BankIslami Pakistan Ltd.	PKR 1,142.8 million	PKR 1,142.8 million	Not Applicable	Not Applicable

Form of Proxy

17th 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 17th Annual General Meeting of the Bank to be held on March 29, 2023 and / or any adjournment thereof.

As witness my / our hand / seal this ____ day of _____ 2023 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 Note:

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
ستر ہواں سالانہ اجلاس عام

کمپنی سیکریٹری
جے ایس بینک لمیٹڈ
شاہین 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 ستر ہویں سالانہ اجلاس عام منعقدہ 29 مارچ 2023 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 _____ 2023 کو میں نے ذاتی طور پر دستخط کئے/مہر مثبت 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 اسٹیٹیمپ 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 بینیفیشل 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 بینیفیشل 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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*Mobile apps are also available for download for android and ios devices



Shaheen Commercial Complex,
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