



KPMG Taseer Hadi & Co.
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Independent Auditors' Report to the Directors

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Citibank N.A., Pakistan Branch** ("the Bank"), which comprise the statement of financial position as at December 31, 2023, and profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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



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Management is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Management 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.

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Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We confirm that for the purpose of our audit we have covered more than sixty percent of the total loans and advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Aryn Malik.

Date: 27 March 2024

Karachi

UDIN: AR202310096azrvRdhCs


KPMG Taseer Hadi & Co.
Chartered Accountants

Citibank N.A., Pakistan Branch

(Incorporated In The U.S.A. The Liability of Members Being Limited)

Statement of Financial Position

As at 31 December 2023

| | Note | 2023 (Rupees in '000) | 2022 |
|---|------|--------------------------|--------------------|
| ASSETS | | | |
| Cash and balances with treasury banks | 5 | 25,578,910 | 24,666,659 |
| Balances with other banks | 6 | 23,808,742 | 32,498,497 |
| Lendings to financial institutions | 7 | 6,000,000 | - |
| Investments | 8 | 183,280,541 | 155,155,987 |
| Advances | 9 | 59,421,581 | 40,256,733 |
| Fixed assets | 10 | 1,208,388 | 393,258 |
| Intangible assets | | - | - |
| Deferred tax assets | 11 | 248,746 | 504,621 |
| Other assets | 12 | 9,395,496 | 11,007,133 |
| | | 308,942,404 | 264,482,888 |
| LIABILITIES | | | |
| Bills payable | 14 | 659,608 | 725,096 |
| Borrowings | 15 | - | 1,200 |
| Deposits and other accounts | 16 | 266,801,454 | 229,621,926 |
| Liabilities against assets subject to finance lease | | - | - |
| Subordinated debt | | - | - |
| Deferred tax liabilities | 11 | - | - |
| Other liabilities | 17 | 15,261,465 | 18,950,694 |
| | | 282,722,527 | 249,298,916 |
| NET ASSETS | | | |
| | | 26,219,877 | 15,183,972 |
| REPRESENTED BY | | | |
| Head office capital account | 18 | 6,812,671 | 6,812,671 |
| Reserve | | 163,719 | 163,719 |
| (Deficit) / surplus on revaluation of assets | 19 | (84,184) | (563,578) |
| Unremitted profit | | 19,327,671 | 8,771,160 |
| | | 26,219,877 | 15,183,972 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 20 | | |

The annexed notes 1 to 42 and annexure I form an integral part of these financial statements.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance Officer

Citibank N.A., Pakistan Branch

(Incorporated In The U.S.A. The Liability of Members Being Limited)

Profit and Loss Account

For the year ended 31 December 2023

| | Note | 2023 | 2022 |
|---|------|-------------------|-------------------|
| | | (Rupees in '000) | |
| Mark-up / return / interest earned | 21 | 48,869,311 | 23,995,292 |
| Mark-up / return / interest expensed | 22 | 25,640,748 | 13,155,573 |
| Net mark-up / interest income | | <u>23,228,563</u> | <u>10,839,719</u> |
| NON MARK-UP / INTEREST INCOME | | | |
| Fee and commission income | 23 | 1,006,694 | 831,509 |
| Foreign exchange income | | 6,927,741 | 4,961,538 |
| Income / (loss) from derivatives | | - | - |
| (Loss) / Gain on securities | 24 | (53,296) | (39,491) |
| Other income | 25 | 24 | 43,994 |
| Total non-markup / interest income | | <u>7,881,163</u> | <u>5,797,550</u> |
| Total income | | <u>31,109,726</u> | <u>16,637,269</u> |
| NON MARK-UP / INTEREST EXPENSES | | | |
| Operating expenses | 26 | 3,637,338 | 2,784,779 |
| Workers welfare fund | 17.2 | 555,923 | 280,577 |
| Other charges | 27 | 950 | 1,890 |
| Total non-markup / interest expenses | | <u>4,194,211</u> | <u>3,067,246</u> |
| Profit before provisions | | <u>26,915,515</u> | <u>13,570,023</u> |
| (Reversals) / provisions and write offs - net | 28 | 28,173 | (26,096) |
| PROFIT BEFORE TAXATION | | <u>26,887,342</u> | <u>13,596,119</u> |
| Taxation | 29 | 14,861,249 | 8,514,673 |
| PROFIT AFTER TAXATION | | <u>12,026,093</u> | <u>5,081,446</u> |

The annexed notes 1 to 42 and annexure I form an integral part of these financial statements.

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Citibank N.A., Pakistan Branch

(Incorporated In The U.S.A. The Liability of Members Being Limited)

Statement of Comprehensive Income

For the year ended 31 December 2023

| | 2023 | 2022 |
|--|--------------------------|-------------------------|
| | (Rupees in '000) | |
| Profit after taxation for the year | 12,026,093 | 5,081,446 |
| Other comprehensive income | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | |
| Movement in surplus / (deficit) on revaluation of investments - net of tax | 479,394 | 261,490 |
| Items that will not be reclassified to profit and loss account in subsequent periods: | | |
| Remeasurement (loss) / gain on defined benefit obligations - net of tax | (40,832) | (35,886) |
| Total comprehensive income | <u><u>12,464,655</u></u> | <u><u>5,307,050</u></u> |

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(Incorporated In The U.S.A. The Liability of Members Being Limited)

Statement of Changes in Equity

For the year ended 31 December 2023

| | Head office capital account | Surplus / (deficit) on revaluation of investments | Share based payment contribution reserve by the ultimate holding company | Unremitted profit | Total |
|--|-----------------------------------|--|--|----------------------|-------------------|
| | ----- (Rupees in '000) ----- | | | | |
| Opening balance as at 1 January 2022 | 6,812,671 | (825,068) | 163,719 | 3,725,600 | 9,876,922 |
| Profit after taxation for the year ended 31 December 2022 | - | - | - | 5,081,446 | 5,081,446 |
| Other comprehensive income / (loss) - net of tax | - | 261,490 | - | (35,886) | 225,604 |
| Transactions with owners, recorded directly in equity | | | | | |
| Contribution by the head office in respect of share based payments | - | - | 115,874 | - | 115,874 |
| Recharged balance payable to the head office for share based payments | - | - | (115,874) | - | (115,874) |
| Opening balance as at 1 January 2023 | 6,812,671 | (563,578) | 163,719 | 8,771,160 | 15,183,972 |
| Profit after taxation for the current year | - | - | - | 12,026,093 | 12,026,093 |
| Other comprehensive income / (loss) - net of tax | - | 479,394 | - | (40,832) | 438,562 |
| Transactions with owners, recorded directly in equity | | | | | |
| Remittances made to head office | - | - | - | (1,428,750) | (1,428,750) |
| Closing Balance as at 31 December 2023 | 6,812,671 | (84,184) | 163,719 | 19,327,671 | 26,219,877 |

The annexed notes 1 to 42 and annexure I form an integral part of these financial statements.

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 Managing Director and
 Citi Country Officer

IMAD HASSAN KHAN
 Country Finance Officer

Citibank N.A., Pakistan Branch
(Incorporated In The U.S.A. The Liability of Members Being Limited)
Cash Flow Statement
For the year ended 31 December 2023

| | Note | 2023 | 2022 |
|---|------|--------------------------|--------------------------|
| | | (Rupees in '000) | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 26,887,342 | 13,596,119 |
| Adjustments: | | | |
| Depreciation | 10.2 | 114,594 | 179,766 |
| Depreciation on right-of-use assets | 10.2 | 189,868 | 150,349 |
| Interest expense on lease liability against right-of-use assets | 26 | 104,566 | 24,051 |
| (Reversals) / provisions and write-offs - net | 28 | 35,598 | (26,096) |
| (Gain) / loss on sale of fixed assets | 25 | (6) | 44 |
| Unrealised loss / (gain) on revaluation of investments classified as held-for-trading | 24 | 26,937 | 860 |
| Charge for defined benefit plan | 26.1 | 88,322 | 58,436 |
| | | <u>559,879</u> | <u>387,410</u> |
| | | 27,447,221 | 13,983,529 |
| <i>(Increase) / decrease in operating assets</i> | | | |
| Lendings to financial institutions | | (6,000,000) | 8,178,322 |
| Held-for-trading securities | | 13,593,607 | 9,562,252 |
| Advances | | (19,200,446) | (3,442,395) |
| Other assets (excluding advance taxation) | | 1,611,637 | (1,613,898) |
| | | <u>(9,995,202)</u> | <u>12,684,281</u> |
| <i>Increase / (decrease) in operating liabilities</i> | | | |
| Bills payable | | (65,488) | (130,034) |
| Borrowings from financial institutions | | - | (14,907,714) |
| Deposits | | 37,179,528 | 57,079,503 |
| Other liabilities (excluding current taxation) | | (4,211,013) | 5,359,851 |
| | | <u>32,903,027</u> | <u>47,401,606</u> |
| Income tax paid | | (15,107,277) | (7,588,377) |
| Contribution to gratuity fund | | (47,995) | (40,570) |
| <i>Net cash flow generated from operating activities</i> | | <u>35,199,774</u> | <u>66,440,469</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Net investments in available-for-sale securities | | (40,921,432) | (29,570,490) |
| Investments in operating fixed assets | | (357,523) | (59,885) |
| Proceeds from sale of fixed assets | | 6 | - |
| <i>Net cash flow used in investing activities</i> | | <u>(41,278,949)</u> | <u>(29,630,375)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Payment of lease liability against right-of-use assets | | (268,379) | (173,515) |
| Profit repatriated to head office during the year | | (1,428,750) | - |
| <i>Net cash flow used in financing activities</i> | | <u>(1,697,129)</u> | <u>(173,515)</u> |
| Increase / (decrease) in cash and cash equivalents | | (7,776,304) | 36,636,579 |
| Cash and cash equivalents at the beginning of the year | 30 | 57,163,956 | 20,527,377 |
| Cash and cash equivalents at the end of the year | 30 | <u>49,387,652</u> | <u>57,163,956</u> |

The annexed notes 1 to 42 and annexure I form an integral part of these financial statements.

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Managing Director and
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Citibank N.A., Pakistan Branch
(Incorporated in the U.S.A. the liability of members being limited)
Notes to and Forming Part of the Financial Statements
For the year ended 31 December 2023

1. STATUS AND NATURE OF BUSINESS

Citibank N.A., Pakistan Branch (the Bank) operates as a branch of Citibank N.A. which is a foreign banking company incorporated and domiciled in the U.S.A. with limited liability and is a member of Citigroup Inc., which is the ultimate holding company.

The Bank is engaged in banking business as described in the Banking Companies Ordinance, 1962. Its principal office is at AWT Plaza, I. I. Chundrigar Road, Karachi. At 31 December 2023, the Bank operated through 3 branches (31 December 2022: 3 branches) in Pakistan.

Credit ratings assigned to Citigroup Inc. and Citibank N.A., by Moody's Investor Services are as follows:

| | Long-term senior debt | Short-term debt |
|----------------|----------------------------------|----------------------------|
| Citigroup Inc. | A3 | P-2 |
| Citibank N.A. | Aa3 | P-1 |

2. BASIS OF PRESENTATION

These 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.

In accordance with the directives of the Federal Government regarding the shifting of the banking system to the Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade related modes of financing include purchase of goods by the Bank from its customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.1.2 The State Bank of Pakistan, vide its BSD Circular Letter no. 10 dated August 26, 2002, has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property, for banking companies till further instructions. Further, the SECP, through S.R.O 411(1)/2008 dated April 28, 2008, has deferred the applicability of IFRS 7, Financial Instruments: Disclosures, to banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

2.1.3 The Bank has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. These amendments did not result in any changes to the accounting policies themselves and did not impact the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and assessed that information disclosed in Note 4 material accounting policies is in line with the amendments.

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

There are certain other new standards and interpretations of and amendments to existing accounting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2023. These are considered either to not be relevant or not to have any significant impact on the Bank's financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 January 2024:

Classification of liabilities as current or non-current (Amendments to IAS 1 in January 2020) apply retrospectively for the annual periods beginning on or after 1 January 2024 (as deferred vide amendments to IAS 1 in October 2022) with earlier application permitted. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Non-current Liabilities with Covenants (amendment to IAS 1 in October 2022) aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions. The amendment is also intended to address concerns about classifying such a liability as current or non-current. Only covenants with which a bank must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the bank must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, entities will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments apply retrospectively for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. These amendments also specify the transition requirements for entities that may have early-adopted the previously issued but not yet effective 2020 amendments to IAS 1 (as referred above).

Lease Liability in a Sale and Leaseback (amendment to IFRS 16 in September 2022) adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements to be accounted for as a sale. The amendment confirms that on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 with earlier application permitted. Under IAS 8, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16 and will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. If an entity (a seller-lessee) applies the amendments arising from Lease Liability in a Sale and Leaseback for an earlier period, the entity shall disclose that fact.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) amend accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review

Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7) introduce two new disclosure objectives for a bank to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the bank's liabilities and cash flows, and the bank's exposure to liquidity risk. Under the amendments, entities also need to disclose the type and effect of non-cash changes in the carrying amounts of the financial liabilities that are part of a supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a bank might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

Lack of Exchangeability (amendments to IAS 21) clarify:

- when a currency is exchangeable into another currency; and
- how a bank estimates a spot rate when a currency lacks exchangeability.

Further, entities will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the bank because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

2.3.1 IFRS 9 Financial Instruments

As directed by SBP via BPRD Circular Letter No. 7 of 2023 dated 13 April 2023, IFRS 9 Financial Instruments is effective for periods beginning on or after 01 January 2024, for banks.

The SBP, vide its earlier BPRD Circular No. 3 of 2022 dated 05 July 2022 provided detailed instructions on implementation of IFRS 9 (the Application Instructions) for ensuring smooth and consistent implementation of the standard across banks. Furthermore, the SBP vide its BPRD Circular No. 02 of 2023 dated 09 February 2023, had also shared the revised formats for the preparation of the annual / interim financial statements for Banks, which will be applicable for reporting periods beginning on or after 01 January 2024 as per BPRD Circular Letter No. 7 of 2023 dated 13 April 2023.

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

During the year 2023, the management of the Bank continued to perform parallel run assessments for IFRS 9, taking into account the SBP's IFRS 9 application instructions. The assessments were based on available information that existed at respective parallel run reporting cut offs, and were subject to changes that could arise from further reasonable and supportable information being made available to the Bank at the time of finalizing the impact for initial application of IFRS 9. Banks expect an increase in the loss allowance resulting in a negative impact on equity. In addition, Banks will implement changes in classification of certain financial instruments. These changes and impacts for the Bank are discussed below:

2.3.1.1 Classification and measurement

Under the new standard, classification and measurement of financial assets depends on how these are managed (the entity's business model) and their contractual cash flow characteristics. Financial assets that do not meet the Solely Payment of Principal and Interest (SPPI) criteria are required to be measured at FVTPL regardless of the business model in which they are held. The Bank's business model in which financial assets are held will determine whether the financial assets are to be measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL'). The Bank has analyzed the impact of initial application of IFRS 9 on its financial assets as follows:

2.3.1.2 Debt securities and loans and advances

Debt securities currently classified as AFS and those which pass SPPI test, are expected to be measured at fair value through OCI under IFRS 9 as the business model is to hold the assets to collect contractual cash flows, but also to sell those investments. Advances currently classified as HTM and those which pass SPPI test, are expected to be measured at amortized cost under IFRS 9 as the business model is to hold the assets to collect contractual cash flows.

2.3.1.3 Impairment

The impairment requirements under IFRS 9, apply to financial assets measured at Amortised Cost and FVOCI (other than equity instruments), loans and receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk (SICR), an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is an objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The assessment of credit risk and the estimation of ECL should be unbiased and probability-weighted, and would incorporate all available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. In addition, the estimation of ECL would take into account the time value of money.

Based on the requirements of IFRS 9 and SBP's IFRS 9 application instructions, the Bank has performed an ECL assessment taking into account the key elements such as assessment of SICR, Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These elements are described below:

- PD: The probability that a counterparty will default, calibrated over the 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2) and incorporating forward looking information.
- LGD: It is an estimate of magnitude of loss sustained on any facility upon default by a customer. It is expressed as a percentage of the exposure outstanding on the date of classification of an obligor. It is the difference between contractual cash flows due and those that the Bank expects to receive, including any form of collateral.
- EAD: the expected balance sheet exposure at the time of default, incorporating expectations on drawdowns, amortisation, pre -payments and forward-looking information where relevant.

2.3.1.4 Significant increase in credit risk (SICR)

An SICR is assessed in the context of an increase in the risk of a default occurring over the life of the financial instrument when compared to that expected at the time of initial recognition. It is not assessed in the context of an increase in the ECL.

Based on the level of increase in credit risk, the Bank shall calculate 12 month ECL for assets which did not have a SICR i.e., Stage 1 or a lifetime expected loss for the life of the asset (for assets which demonstrated a SICR) i.e., Stage 2.

At every reporting date, the Bank shall assess whether there has been a SICR since the initial recognition of the asset. If there is a SICR, the asset must be assigned to the appropriate stage of credit impairment (Stage 2 or 3).

Under the SBP's instructions, credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, Stage 1 and stage 2 provisions would be made as per IFRS 9 ECL criteria and Stage 3 provisions would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements on a segment basis.

As required by the Application Instructions, financial assets may be reclassified out of stage 3 if they meet the requirements of Prudential Regulations (PR) issued by SBP. Financial assets in stage 2 may be reclassified to stage 1 if the conditions that led to a SICR no longer apply.

2.3.1.5 Presentation and disclosure

IFRS 9 also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of Bank's disclosure about its financial instruments particularly in the year of adoption of the standard.

The State Bank of Pakistan vide BPRD Circular No 02 of 2023 dated 9 February 2023 has issued revised formats for annual as well as interim financial statements of Banks for the accounting periods starting from 1 January 2024, which include the presentation and disclosures of adoption of IFRS 9 as applicable in Pakistan.

2.3.1.6 Loan / financing related fee

Loan origination / commitment fees that are regarded as compensation to the lender for an ongoing involvement with the acquisition of a financial instrument would be recognized over the life of the related loan. However, if the commitment expires without the lender making the loan, the fee would be recognised as revenue earned.

2.3.1.7 Additional requirements and exceptions introduced by SBP Instructions

State Bank of Pakistan has enforced the application of IFRS 9 in its entirety except for some exceptions and additional requirements. A high-level comparison of such exceptions that are relevant to the Bank is as follows:

(i) Use of Fair Value Option for financial assets

IFRS 9 allows entities to irrevocably designate, at initial recognition, a financial asset as measured at FVTPL if doing so eliminates or significantly reduces any 'accounting mismatch' that would otherwise arise from measuring assets or liabilities or recognising gains and losses on them on different bases. SBP instructions state that banks may apply the fair value option if, in addition to the IFRS 9 criterion, (a) it is consistent with a documented risk management strategy, and (b) fair values are reliable at inception and throughout life of the instrument. Nonetheless, banks should avoid this option for financial instruments that are categorized as Level 3 in terms of the IFRS 13 hierarchy.

(ii) Rebuttable presumptions about default and SICR

IFRS 9 includes a rebuttable presumption that a default does not occur later than 90 days past due and it also presumes that there is SICR if credit exposure is more than 30 days past due. In order to bring consistency, SBP has allowed the backstop to the rebuttable presumption of days past due of credit portfolio against a specific credit facility and its stage allocation under IFRS 9 as mentioned in Annexure-C of BPRD Circular no 3 of 2022. However, banks are free to choose more stringent days past due criteria.

(iii) Transfer out of stage 3

An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially. For the purpose of reversal of provisions, the PRs requirements will be followed for Stage 3 assets in the transition phase. An exposure cannot be upgraded from Stage 3 to Stage 1 directly and should be upgraded to Stage 2 initially. For the purpose of reversal of provisions, the PRs requirements will be followed for Stage 3 assets in the transition phase.

(iv) Income recognition on impaired assets

The Banks are advised to recognize income on impaired assets (loans classified under PRs i.e. OAEM and Stage 3 loans) on a receipt basis in accordance with the requirements of Prudential Regulations issued by SBP.

(v) Expected Credit Loss Model (ECL)

Credit exposure (in local currency) guaranteed by the Government and Government Securities are exempted from the application of ECL Framework. Moreover, until implementation of IFRS 9 has stabilized, a two-track approach is required i.e. Stage 1 and stage 2 provisions are to be made as per IFRS 9 ECL while stage 3 provisions are to be made as higher of IFRS 9 ECL or PR's requirement as for each segment.

(vi) Impact of Provisions on Regulatory Capital

The banks are allowed to include provisions for Stage 1 and Stage 2 in Tier 2 capital up to a limit of 1.25% of total credit risk-weighted assets. In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital. Accordingly, banks, which choose to apply transitional arrangement, may implement this arrangement in accordance with SBP's Guideline for absorption of ECL for CAR Purposes as mentioned in Annexure-B of BPRD Circular no 3 of 2022.

2.3.1.8 Impact of adoption of IFRS 9

The Bank will adopt IFRS 9 in its entirety effective 01 January 2024 with modified retrospective approach for restatement. The actual impact of adopting IFRS 9 on the Bank's financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future. Nevertheless, the Bank has performed a preliminary assessment of the potential impact of adoption of IFRS 9 based on its statement of financial position as at 31 December 2023.

2.3.1.9 Based on the Bank's assessment, the IFRS 9 requirements are expected to have an impact on the classification and measurement of some of its financial assets and financial liabilities.

The total estimated impact (net of tax) of the adoption of IFRS 9 on the opening balance of the Bank's equity as at 1 January 2024 is a decrease of approximately Rs. 64.27 million (net of tax) related to impairment requirements.

2.3.1.10 Impact on regulatory capital

The SBP has permitted banks to adopt a transitional approach to phase in the initial impact of the ECL for stage 1 and 2 financial assets over a period of five years.

2.4 Critical accounting estimates and judgments

The preparation of 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 application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- i) classification and provisioning against advances (notes 4.4 and 9);
- ii) current and deferred taxation (notes 4.8, 11 and 29);
- iii) accounting for defined benefit plan (notes 4.9 and 32);
- iv) depreciation and useful lives of fixed assets (notes 4.5 and 10);
- v) fair value of financial instruments (note 4.15 and 35);
- vi) right of use assets and related lease liabilities (note 4.5.3 and 10); and
- vii) provisions and contingent liabilities (note 4.12 and 20)

The amount of general provision is determined in accordance with the relevant regulations and management's judgment as explained in note 9.4.1.

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for held for trading and available for sale investments and derivative financial instruments which have been marked to market and are carried at fair value. Whereas, obligation in respect of staff retirement benefit is measured at present value.

3.2 Functional and presentational currency

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied and adopted in the preparation of these financial statements are set out below. Further, accounting policies related to material class of accounts does not necessarily means it is material. These policies have been consistently applied to all years presented, and to all material transactions.

4.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represents cash in hand and balances with treasury banks, balances with other banks in current and deposit accounts and overdrawn nostro accounts.

4.2 Lendings to / borrowings from financial institutions

The Bank enters into repurchase agreements (repo) and reverse repurchase agreements (reverse repo) at contracted rates for a specified period of time. These are recorded as under:

(a) Sale of securities under repurchase agreements

Securities sold to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. The differential between the sale price and contracted repurchase price is amortised over the period of the contract and recorded as an expense.

(b) Purchase of securities under resale agreements

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial institutions. The underlying security is not recognised as a separate asset in the financial statements. The difference between the contracted price and resale price is recognised over the period of the contract and recorded as income.

(c) Borrowings

These are recorded at the proceeds received. Mark-up on such borrowings is charged on a time proportion basis to the profit and loss account over the period of borrowings.

4.3 Investments

4.3.1 Classification

The Bank classifies its investments as follows:

(a) Held for trading

These represent securities, which are either acquired for generating a 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.

(b) Held to maturity

These are securities with fixed or determinable payments and fixed maturities, for which the Bank has a positive intent and ability to hold them till maturity.

(c) Available for sale

These are investments that do not fall under the 'held for trading' or 'held to maturity' categories.

4.3.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at trade date, which is the date on which the Bank commits to purchase or sell the investments. Regular way purchases or sales are purchases or sales of investments that require delivery within the time frame generally established by regulation or convention in the market place.

4.3.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value while the related transaction costs are expensed out in the profit and loss account.

4.3.4 Subsequent measurement

(a) Held-for-trading

Investments classified as held-for-trading are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is taken to the profit and loss account.

(b) Available-for-sale

Quoted securities classified as available-for-sale are subsequently measured at fair value. Any unrealised surplus / deficit arising on revaluation is recorded in the surplus / deficit on revaluation of securities account shown as part of equity in the statement of financial position and is taken to the profit and loss account either when realised upon disposal or when the investment is considered to be impaired.

(c) Held-to-maturity

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

4.3.5 Gain / loss on disposal of investments made during the year is credited / charged to the profit and loss account.

4.4 Advances

Advances are stated at cost less specific and general provisions. Specific provision for non-performing advances is determined keeping in view the Bank's policy subject to the minimum requirement set out by the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. General provision against consumer and small enterprises financing portfolio is maintained as per the requirements set out in the Prudential Regulations issued by the SBP and provision based on historical loss experience on advances. Advances are written off when there are no realistic prospects of recovery.

4.5 Fixed assets and depreciation

4.5.1 Capital work in progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction / development period are carried under this head. These are transferred to specific assets as and when assets become available for use.

4.5.2 Tangible Assets - owned

Fixed assets (other than land and building) are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work-in-progress and freehold land.

Depreciation on all fixed assets is charged to the profit and loss account applying the straight-line method in accordance with the rates specified in note 10.2 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions of fixed assets purchased before 15th day of the month is charged for the whole month. No depreciation is charged in the month of disposal.

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. All other repair and maintenance expenditure are charged to the profit and loss account as and when incurred.

Gains / losses on disposal of fixed assets, if any, are credited / charged to the profit and loss account in the period in which they arise.

4.5.3 Lease liability and right-of-use asset

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

The Bank acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets (if any). The Bank recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets. At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Bank recognises right-of-use asset (ROU asset) and its related lease liability at the commencement date of the lease.

Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lessee transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Bank presents right-of-use asset that do not meet the definition of investment property in property and equipment.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing source and makes certain adjustments, if needed to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

4.6 Intangible assets and amortisation

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis in profit and loss account over their estimated useful life. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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. All other expenditure is recognised in profit and loss account as it is incurred.

Intangible assets having an indefinite useful life are stated at acquisition cost less accumulated impairment losses, if any. Gains and losses on disposals, if any, are credited / charged to the profit and loss account in the period in which they arise.

4.7 Impairment

At each reporting date, the Bank reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss account.

Impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.8 Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

4.8.1 Current

The provision for current taxation is based on taxable income for the year, if any, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as specified under the seventh schedule to the Income Tax Ordinance, 2001. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year. Current tax assets and liabilities are offset only if certain criteria are met.

4.8.2 Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Bank also recognises deferred tax asset / liability on (deficit) / surplus on revaluation of securities which is adjusted against the related (deficit) / surplus in accordance with the requirements of the International Accounting Standard (IAS-12) "Income taxes".

4.9 Staff retirement benefits

4.9.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for all its permanent employees having period of service with the Bank exceeding five years. The Bank's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Bank, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) are recognised immediately in OCI. The Bank determines the net interest expense (income) on the net defined benefit liability (asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss account.

Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme.

4.9.2 Defined contribution plan

The Bank operates a recognised provident fund scheme for all its permanent employees to which equal monthly contributions are made both by the Bank and employees at the rate of 10 percent of basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

4.10 Share based payments

The Bank offers two types of share based incentive plans which are Stock Award and Stock Option programmes. Under these plans, the share option of the holding company are granted by the holding company to high performing employees of the Bank. Pursuant to a separate agreement, the Bank makes a cash settlement to Citigroup Inc. for the value of the share-based incentive awards delivered to the Bank's employees under these plans.

The Bank applies equity-settled accounting for its share based incentive plans, with separate accounting for its associated obligations to make payments to Citigroup Inc.

Fair value of the shares awarded under the stock award programme, on the grant date and on each measurement date, is determined with reference to the price quoted on the New York Stock Exchange.

4.11 Borrowings / deposits

- (a) Borrowings / deposits are recorded at the proceeds received.
- (b) Borrowing / deposit costs are recognised as an expense in the period in which these are incurred using the effective mark-up / interest rate method to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset.

4.12 Provisions

Provision for claims under guarantees and other off balance sheet obligations is recognised when identified and reasonable certainty exists for the Bank to settle the obligation.

Other 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

4.13 Revenue recognition

- Mark-up income / interest on advances and returns on investments are recognised on a time proportionate basis using the effective interest method except that mark-up / income / return on classified advances and investments is recognised on receipt basis in accordance with the requirements of the Prudential Regulations issued by the SBP. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the SBP, except where, in the opinion of the management, it would not be prudent to do so.
- Fee, commission and brokerage income are accounted for on an accrual / time proportion basis.
- Gains and losses on sale of investments and operating fixed assets are recognised in the profit and loss account when the risks and rewards of ownership are transferred.

- Dividend income is recognised when the Bank's right to receive the dividend has been established.
- Gain / loss on sale of investments is credited / charged to profit and loss account currently.
- Premium or discount on acquisition of debt investments is capitalised and amortised through the profit and loss account over the remaining period till maturity.

4.14 Foreign currencies

a) Foreign currency transactions

Foreign currency transactions are translated into Pakistani Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at exchange rates prevailing at the reporting date. Foreign bills purchased and forward foreign exchange contracts are valued at the rates applicable to their respective maturities.

b) Translation gains and losses

Translation gains and losses are included in the profit and loss account.

c) Contingencies and commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at contracted rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pakistani rupee terms at the exchange rate prevailing at the reporting date.

4.15 Financial instruments

4.15.1 Financial assets and financial liabilities

All financial assets and liabilities are recognised at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain / loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial instruments carried on the statement of financial position include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, certain other assets, bills payable, borrowings, deposits and certain other liabilities. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with these assets and liabilities.

4.15.2 Derivatives

Derivative financial instruments are recognised at fair value. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to the profit and loss account.

4.15.3 Off-setting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

4.16 Assets acquired in satisfaction of claims

The Bank occasionally acquires vehicles and other assets in settlement of certain advances. These are stated at the lower of related advances and the current fair value of such assets. Gains or losses on disposal and unrealised losses on revaluation are recognised in income currently. In case certain repossessed assets cannot be disposed off within pre-determined number of days, impairment loss is recognised by the Bank against such assets.

4.17 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. As required by the State Bank of Pakistan through the amended format for financial statements for Banks, acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

4.18 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment). The Bank's Chief operating decision maker reviews the results and assesses performance of these segments separately. The operations of the Bank are based in Pakistan, therefore geographical segment is not relevant. Segments are reported as per the Bank's functional structure and are as follows:

4.18.1 Business segments

(a) Markets

It includes fixed income, foreign exchange, own position securities, lending, borrowing and derivatives and corporate sales.

(b) Corporate Banking & Securities Services

Corporate banking includes project finance, export finance, trade finance, short-term lending, long-term lending, bill discounting and negotiation, letter of credit, acceptances, guarantees, deposits, custody, agency and trust and commercial cards.

| 5. CASH AND BALANCES WITH TREASURY BANKS | <i>Note</i> | 2023 | 2022 |
|--|-------------|-------------------|------------|
| | | (Rupees in '000) | |
| In hand | | | |
| Local currency | | 102,345 | 39,714 |
| Foreign currency | | 207,699 | 163,422 |
| | | 310,044 | 203,136 |
| With State Bank of Pakistan in | | | |
| Local currency current account | 5.1 | 19,334,267 | 20,373,275 |
| Foreign currency current account | | | |
| - Cash reserve account | 5.2 | 1,973,025 | 1,358,585 |
| - US Dollar clearing account | | 15,524 | 12,471 |
| Foreign currency deposit account | | | |
| - Special cash reserve account | 5.3 | 3,946,050 | 2,717,171 |
| | | 25,268,866 | 24,461,502 |
| With National Bank of Pakistan in | | | |
| Local currency current account | | - | 2,021 |
| | | 25,578,910 | 24,666,659 |

- 5.1** The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 22 of the Banking Companies Ordinance 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by SBP.
- 5.2** This represents cash reserve of 5% which is required to be maintained with the State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).
- 5.3** This represents special cash reserve of 10% which is required to be maintained with the State Bank of Pakistan on FE-25 deposits. Profit rates on these deposits are fixed by SBP on a monthly basis. These carry mark-up rate of 3.39% to 4.34% (2022 0.12% to 3.39%).

| | | | | |
|-----------|----------------------------------|-------------|--------------------------|-------------------|
| 6. | BALANCES WITH OTHER BANKS | <i>Note</i> | 2023 | 2022 |
| | | | (Rupees in '000) | |
| | In Pakistan | | | |
| | In current account | | 9,000 | 9,000 |
| | Outside Pakistan | | | |
| | In current account | 6.1 | 23,799,742 | 32,489,497 |
| | | | <u>23,808,742</u> | <u>32,498,497</u> |

- 6.1** This includes balance of Rs. 23,799.695 million (2022: Rs. 32,489.378 million) held with branches or subsidiaries of Citibank, N.A., outside Pakistan.

| | | | | |
|-----------|---|----------------|-------------------------|----------|
| 7. | LENDINGS TO FINANCIAL INSTITUTIONS | <i>Note</i> | 2023 | 2022 |
| | | | (Rupees in '000) | |
| | Repurchase agreement lendings (Reverse Repo) | 7.1, 7.2 & 7.3 | 6,000,000 | - |
| | | | 6,000,000 | - |
| | Less: provision held against Lendings to Financial Institutions | | - | - |
| | Lending to Financial Institutions - net of provision | | <u>6,000,000</u> | <u>-</u> |

- 7.1** These represent short term lendings to financial institutions against government securities. These carry mark-up rate of 21% in 2023 (2022: Nil) per annum and have a maturity period of upto January 2024 (2022: Nil).

| | | | |
|------------|-------------------------------|-------------------------|----------|
| 7.2 | Particulars of lending | 2023 | 2022 |
| | | (Rupees in '000) | |
| | In local currency | 6,000,000 | - |
| | In foreign currencies | - | - |
| | | <u>6,000,000</u> | <u>-</u> |

7.3 Securities held as collateral against Lending to financial institutions

| | 2023 | | | 2022 | | |
|---------------------------|------------------|-----------------------------|-----------|--------------|-----------------------------|-------|
| | Held by Bank | Further given as collateral | Total | Held by Bank | Further given as collateral | Total |
| | (Rupees in '000) | | | | | |
| Pakistan Investment Bonds | 5,926,194 | - | 5,926,194 | - | - | - |
| Total | 5,926,194 | - | 5,926,194 | - | - | - |

8. INVESTMENTS

8.1 Investments by type:

| | 2023 | | | | 2022 | | | |
|--------------------------------------|-----------------------|--------------------------|---------------------|--------------------|-----------------------|--------------------------|---------------------|--------------------|
| | Cost / amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value |
| | (Rupees in '000) | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Federal Government Securities | 8,968,740 | - | (3,220) | 8,965,520 | 22,562,347 | - | 23,718 | 22,586,065 |
| | 8,968,740 | - | (3,220) | 8,965,520 | 22,562,347 | - | 23,718 | 22,586,065 |
| Available-for-sale securities | | | | | | | | |
| Federal Government Securities | 174,480,086 | - | (165,065) | 174,315,021 | 133,558,653 | - | (988,731) | 132,569,922 |
| | 174,480,086 | - | (165,065) | 174,315,021 | 133,558,653 | - | (988,731) | 132,569,922 |
| Total Investments | 183,448,826 | - | (168,285) | 183,280,541 | 156,121,000 | - | (965,013) | 155,155,987 |

8.2 Investments by segments:

| | Note | 2023 | | | | 2022 | | | |
|--------------------------------------|----------------|-----------------------|--------------------------|---------------------|--------------------|-----------------------|--------------------------|---------------------|--------------------|
| | | Cost / amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value |
| | | (Rupees in '000) | | | | | | | |
| Federal Government Securities | | | | | | | | | |
| Market Treasury Bills | 8.3, 8.4 & 8.5 | 180,973,655 | - | 1,266 | 180,974,921 | 85,204,206 | - | 68,991 | 85,273,197 |
| Pakistan Investment Bonds | 8.3 & 8.5 | 2,475,171 | - | (169,551) | 2,305,620 | 70,916,794 | - | (1,034,004) | 69,882,790 |
| | | 183,448,826 | - | (168,285) | 183,280,541 | 156,121,000 | - | (965,013) | 155,155,987 |
| Total Investments | | 183,448,826 | - | (168,285) | 183,280,541 | 156,121,000 | - | (965,013) | 155,155,987 |

8.2.1 Investments given as collateral

| | 2023 | 2022 |
|-----------------------|------------------|------|
| | (Rupees in '000) | |
| Market Treasury Bills | - | - |

- 8.3 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.
- 8.4 Market Treasury Bills are for a period of three months and twelve months. The effective rates of profit on Market Treasury Bills range from 20.95% to 22.39% (2022: 15.00% to 16.90%) per annum with maturities upto December 2024 (2022: March 2023).
- 8.5 Pakistan Investment Bonds (PIBs) are for periods of three years. The yield on these PIBs range from 8.72% to 8.73% (2022: 7.61% to 16.62%) per annum with maturities to August 2024 (2022: June 2023 to April 2025). In addition, Market Treasury Bills having face value of Rs. 7,684 million (2022: Pakistan Investment Bonds - Rs. 7,684 million) and having a market value of Rs. 7,521 million (2022: Pakistan Investment Bonds - Rs. 7,233 million) have been deposited with the State Bank of Pakistan as pledged capital.

| 8.6 Provision for diminution in value of investments | 2023 | 2022 |
|--|------------------|----------|
| | (Rupees in '000) | |
| 8.6.1 Opening balance | - | - |
| Exchange adjustments | - | - |
| Charge / reversals for the year | - | - |
| Amounts written off | - | - |
| Closing Balance | <u>-</u> | <u>-</u> |

8.7 Quality of Available for Sale Securities

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

| | Cost / amortised cost | |
|--|-----------------------|--------------------|
| | 2023 | 2022 |
| | (Rupees in '000) | |
| Federal Government Securities - Government guaranteed | | |
| Market Treasury Bills | 172,004,915 | 77,355,647 |
| Pakistan Investment Bonds | 2,475,171 | 56,203,006 |
| | <u>174,480,086</u> | <u>133,558,653</u> |

9. ADVANCES

| Note | Performing | | Non Performing | | Total | |
|------|------------------|------|----------------|------|-------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (Rupees in '000) | | | | | |

| | | | | | | |
|---|-------------------|-------------------|-----------|-------------|-------------------|-------------------|
| Loans, cash credits, running finances, etc. | 44,220,602 | 31,026,706 | 536,172 | 1,772,695 | 44,756,774 | 32,799,401 |
| Bills discounted and purchased | 15,200,979 | 9,230,065 | - | - | 15,200,979 | 9,230,065 |
| Advances - gross | 59,421,581 | 40,256,771 | 536,172 | 1,772,695 | 59,957,753 | 42,029,466 |
| Provision against advances | | | | | | |
| - Specific | - | - | (536,172) | (1,772,695) | (536,172) | (1,772,695) |
| - General | - | (38) | - | - | - | (38) |
| | - | (38) | (536,172) | (1,772,695) | (536,172) | (1,772,733) |
| Advances - net of provision | <u>59,421,581</u> | <u>40,256,733</u> | <u>-</u> | <u>-</u> | <u>59,421,581</u> | <u>40,256,733</u> |

| 9.1 Particulars of advances (Gross) | 2023 | 2022 |
|-------------------------------------|-------------------|-------------------|
| | (Rupees in '000) | |
| In local currency | 59,741,040 | 41,765,746 |
| In foreign currencies | 216,713 | 263,720 |
| | <u>59,957,753</u> | <u>42,029,466</u> |

- 9.2 Based on classification defined in SBP Prudential Regulations, Rs. 59,816.618 million (2022: Rs. 41,754.957 million) advances fall under Corporate and Rs. 141.135 million (2022: 274.509 million) fall under Consumer and SME classification as at 31 December 2023.

9.3 Advances include Rs. 536.172 million (2022: Rs. 1,772.695 million) which have been placed under non-performing status as detailed below:

| Category of Classification | 2023 | | 2022 | |
|-----------------------------------|------------------------------|----------------|----------------------|------------------|
| | Non performing loans | Provision | Non performing loans | Provision |
| | ----- (Rupees in '000) ----- | | | |
| Domestic | | | | |
| Other Assets Especially Mentioned | - | - | - | - |
| Substandard | - | - | - | - |
| Doubtful | - | - | - | - |
| Loss | 536,172 | 536,172 | 1,772,695 | 1,772,695 |
| Total | <u>536,172</u> | <u>536,172</u> | <u>1,772,695</u> | <u>1,772,695</u> |

9.4 Particulars of provision against advances

| Note | 2023 | | | 2022 | | | |
|----------------------|------------------------------|----------------|-----------|----------------|------------------|-----------|------------------|
| | Specific | General | Total | Specific | General | Total | |
| | ----- (Rupees in '000) ----- | | | | | | |
| Opening balance | 1,772,695 | 38 | 1,772,733 | 1,740,576 | 115 | 1,740,691 | |
| Exchange adjustments | 66,696 | - | 66,696 | 58,138 | - | 58,138 | |
| Charge for the year | 45,419 | - | 45,419 | - | - | - | |
| Reversals | (9,783) | (38) | (9,821) | (26,019) | (77) | (26,096) | |
| | 28 | 35,636 | (38) | 35,598 | (26,019) | (77) | (26,096) |
| Amounts written off | 9.5 | (1,336,203) | - | (1,336,203) | - | - | |
| Other movements | 9.6 | (2,652) | - | (2,652) | - | - | |
| | | - | - | - | - | - | |
| Closing balance | | <u>536,172</u> | <u>-</u> | <u>536,172</u> | <u>1,772,695</u> | <u>38</u> | <u>1,772,733</u> |

9.4.1 The Bank maintains general provision in accordance with the applicable requirements of the Prudential Regulations for Housing Finance issued by the SBP. The provision ranges between 0.5% to 1.5% based on the classified housing finance to total housing finance ratio present in the portfolio.

9.4.2 Particulars of provision against advances

| | 2023 | | | 2022 | | |
|-------------------|------------------------------|----------|----------------|------------------|-----------|------------------|
| | Specific | General | Total | Specific | General | Total |
| | ----- (Rupees in '000) ----- | | | | | |
| In local currency | 536,172 | - | 536,172 | 1,772,695 | 38 | 1,772,733 |
| | <u>536,172</u> | <u>-</u> | <u>536,172</u> | <u>1,772,695</u> | <u>38</u> | <u>1,772,733</u> |

9.4.3 Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loan, the Bank holds enforceable collateral in the event of recovery through litigation for financing other than personal loans. These securities comprise of charge against various tangible assets of the borrower including land, building, machinery and stock in trade etc.

| 9.5 Particulars Of Write Offs: | Note | 2023 | 2022 |
|---|------|------------------|----------|
| | | (Rupees in '000) | |
| 9.5.1 Against provisions | 9.4 | 1,336,203 | - |
| Directly charged to Profit & Loss account | | - | - |
| | | <u>1,336,203</u> | <u>-</u> |
| 9.5.2 Write Offs of Rs. 500,000 and above | 9.7 | | |
| - Domestic | | 1,336,203 | - |
| - Overseas | | - | - |
| Write Offs of below Rs. 500,000 | | - | - |
| | | <u>1,336,203</u> | <u>-</u> |

9.6 This represents principal write off based on the court decree in favour of the client. In compliance with the court order, write off is not reported in eCIB.

9.7 DETAILS OF LOAN WRITE OFF OF Rs. 500,000/- AND ABOVE

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the Statement in respect of written-off loans or any other financial relief of rupees five hundred thousand or above allowed to a person(s) during the year ended 31 December 2023 is given in Annexure-1.(except where such disclosure is restricted by overseas regulatory authorities).

| 10. FIXED ASSETS | Note | 2023 | 2022 |
|--------------------------------------|------|------------------|----------------|
| | | (Rupees in '000) | |
| Capital work-in-progress | 10.1 | 78,292 | - |
| Property and equipment | 10.2 | 1,130,096 | 393,258 |
| | | <u>1,208,388</u> | <u>393,258</u> |
| 10.1 Capital work-in-progress | | | |
| Equipment | | <u>78,292</u> | - |
| | | <u>78,292</u> | - |

10.2 Property and Equipment

| 2023 | | | | | | |
|-----------------------------------|-----------------------|---|-------------------|---------------------|----------------|------------------|
| Building on leasehold land | Furniture and fixture | Electrical, office and computer equipment | Vehicles | Right-of-use assets | Total | |
| ----- (Rupees in '000) ----- | | | | | | |
| At 1 January 2023 | | | | | | |
| Cost | 4,773 | 661,860 | 449,123 | 69,019 | 716,859 | 1,901,634 |
| Accumulated depreciation | (3,427) | (618,239) | (374,640) | (61,422) | (450,648) | (1,508,376) |
| Net book value | <u>1,346</u> | <u>43,621</u> | <u>74,483</u> | <u>7,597</u> | <u>266,211</u> | <u>393,258</u> |
| Year ended December 2023 | | | | | | |
| Opening net book value | 1,346 | 43,621 | 74,483 | 7,597 | 266,211 | 393,258 |
| Additions | - | 40,405 | 239,240 | - | 459,451 | 739,096 |
| Depreciation charge | (239) | (37,470) | (69,321) | (7,564) | (189,868) | (304,462) |
| Other adjustments / transfers | - | (274) | (140) | - | 302,618 | 302,204 |
| Closing net book value | <u>1,107</u> | <u>46,282</u> | <u>244,262</u> | <u>33</u> | <u>838,412</u> | <u>1,130,096</u> |
| At 31 December 2023 | | | | | | |
| Cost | 4,773 | 701,850 | 688,363 | 68,966 | 1,478,928 | 2,942,880 |
| Accumulated depreciation | (3,666) | (655,568) | (444,101) | (68,933) | (640,516) | (1,812,784) |
| Net book value | <u>1,107</u> | <u>46,282</u> | <u>244,262</u> | <u>33</u> | <u>838,412</u> | <u>1,130,096</u> |
| Rate of depreciation (percentage) | <u>5</u> | <u>10-50</u> | <u>14.3-33.33</u> | <u>20</u> | <u>10-33</u> | |

| 2022 | | | | | | |
|-----------------------------------|-----------------------|---|-------------------|---------------------|----------------|----------------|
| Building on leasehold land | Furniture and fixture | Electrical, office and computer equipment | Vehicles | Right-of-use assets | Total | |
| ----- (Rupees in '000) ----- | | | | | | |
| At 1 January 2022 | | | | | | |
| Cost | 4,863 | 624,737 | 434,782 | 69,181 | 539,977 | 1,673,540 |
| Accumulated depreciation | (3,278) | (463,224) | (366,069) | (54,020) | (300,299) | (1,186,890) |
| Net book value | <u>1,585</u> | <u>161,513</u> | <u>68,713</u> | <u>15,161</u> | <u>239,678</u> | <u>486,650</u> |
| Year ended December 2022 | | | | | | |
| Opening net book value | 1,585 | 161,513 | 68,713 | 15,161 | 239,678 | 486,650 |
| Additions | - | 11,700 | 48,185 | - | - | 59,885 |
| Disposals | - | (44) | - | - | - | (44) |
| Depreciation charge | (239) | (129,517) | (42,446) | (7,564) | (150,349) | (330,115) |
| Other adjustments / transfers | - | (31) | 31 | - | 176,882 | 176,882 |
| Closing net book value | <u>1,346</u> | <u>43,621</u> | <u>74,483</u> | <u>7,597</u> | <u>266,211</u> | <u>393,258</u> |
| At 31 December 2022 | | | | | | |
| Cost | 4,773 | 661,860 | 449,123 | 69,019 | 716,859 | 1,901,634 |
| Accumulated depreciation | (3,427) | (618,239) | (374,640) | (61,422) | (450,648) | (1,508,376) |
| Net book value | <u>1,346</u> | <u>43,621</u> | <u>74,483</u> | <u>7,597</u> | <u>266,211</u> | <u>393,258</u> |
| Rate of depreciation (percentage) | <u>5</u> | <u>10-50</u> | <u>14.3-33.33</u> | <u>20</u> | <u>10-33</u> | |

10.3 The cost of fully depreciated assets still in use amounts to Rs. 1044.324 million (2022: Rs. 687.049 million).

11. DEFERRED TAX ASSETS / (LIABILITIES)

| 2023 | | | |
|--|---|----------------------|---------------------------|
| At 1 January 2023 | Recognised in Profit and Loss Account | Recognised in OCI | At 31 December 2023 |
| ----- Rupees in 000----- | | | |
| Deductible Temporary Differences on | | | |
| - Post retirement employee benefits | 111,869 | - | 69,839 |
| - Deficit on revaluation of investments | 425,524 | 1,208 | (344,272) |
| - Accelerated tax depreciation | 77,139 | (13,318) | - |
| - Unrealized (gain) / loss on derivatives | (21,537) | 30,668 | 9,131 |
| | 592,995 | 18,558 | (274,433) |
| Taxable Temporary Differences on | | | |
| - Share based payment in Equity | (88,374) | - | - |
| | (88,374) | - | (88,374) |
| | 504,621 | 18,558 | (274,433) |
| | | | 337,120 |

| 2022 | | | |
|--|---|----------------------|---------------------------|
| At 1 January 2022 | Recognised in Profit and Loss Account | Recognised in OCI | At 31 December 2022 |
| ----- Rupees in 000----- | | | |
| Deductible Temporary Differences on | | | |
| - Post retirement employee benefits | 84,795 | - | 27,074 |
| - Deficit on revaluation of investments | 527,502 | 370 | (102,348) |
| - Accelerated tax depreciation | 10,080 | 67,059 | - |
| | 622,377 | 67,429 | (75,274) |
| Taxable Temporary Differences on | | | |
| - Share based payment in Equity | (88,374) | - | - |
| - Unrealized gain on derivatives | (2,457) | (19,080) | - |
| | (90,831) | (19,080) | - |
| | 531,546 | 48,349 | (75,274) |
| | | | 614,532 |

12 OTHER ASSETS

| | Note | 2023 | 2022 |
|---|---------------|------------------|------------|
| | | (Rupees in '000) | |
| Income / Mark-up accrued in local currency | | 2,938,325 | 3,106,988 |
| Income / Mark-up accrued in foreign currency | | 22,270 | 13,029 |
| Advances, deposits, advance rent and other prepayments | | 125,524 | 261,658 |
| Mark to market gain on forward foreign exchange contracts | | 3,069,162 | 5,332,346 |
| Acceptances | | 3,236,656 | 2,286,010 |
| Advance taxation (payments less provisions) | | - | - |
| Non-banking assets acquired in satisfaction of claims | 12.1 & 12.1.1 | 7,954 | 7,954 |
| Branch adjustment account | | 1,899 | 6,489 |
| Others | | 1,660 | 613 |
| | | 9,403,450 | 11,015,087 |
| Less: Provision held against other assets | 12.2 & 12.2.1 | 7,954 | 7,954 |
| Other Assets (Net of Provision) | | 9,395,496 | 11,007,133 |
| Other Assets - total | | 9,395,496 | 11,007,133 |

12.1 The management has made provision against the amount of non-banking assets acquired in satisfaction of claims taking a conservative view. Therefore, the management has not disclosed the market value of these assets.

12.1.1 Non-banking assets acquired in satisfaction of claims

2023 **2022**
(Rupees in '000)

| | | |
|-----------------|--------------|--------------|
| Opening Balance | 7,954 | 7,954 |
| Additions | - | - |
| Revaluation | - | - |
| Disposals | - | - |
| Depreciation | - | - |
| Impairment | - | - |
| Closing Balance | 7,954 | 7,954 |

12.2 Provision held against other assets

| | | |
|---|--------------|--------------|
| Non banking assets acquired in satisfaction of claims | 7,954 | 7,954 |
|---|--------------|--------------|

12.2.1 Movement in provision held against other assets

| | | |
|---------------------|--------------|--------------|
| Opening balance | 7,954 | 7,954 |
| Charge for the year | - | - |
| Reversals | - | - |
| Amount written off | - | - |
| Closing balance | 7,954 | 7,954 |

13. CONTINGENT ASSETS

There were no contingent assets of the Bank as at 31 December 2023 (2022: Nil).

14. BILLS PAYABLE

Note

2023 **2022**
(Rupees in '000)

| | | |
|-------------|----------------|---------|
| In Pakistan | 659,608 | 725,096 |
|-------------|----------------|---------|

15. BORROWINGS

Secured

| | | |
|---------------------------------|---|---|
| Repurchase agreement borrowings | - | - |
| Total secured | - | - |

Unsecured

| | | |
|---------------------------|----------|--------------|
| Call borrowings | - | - |
| Overdrawn nostro accounts | - | 1,200 |
| Total unsecured | - | 1,200 |
| | - | 1,200 |

15.1 Particulars of borrowings with respect to currencies

| | 2023 | 2022 |
|-----------------------|------------------|--------------|
| | (Rupees in '000) | |
| In local currency | - | - |
| In foreign currencies | - | 1,200 |
| | <u>-</u> | <u>1,200</u> |

16. DEPOSITS AND OTHER ACCOUNTS

| | 2023 | | | 2022 | | |
|-------------------------------|----------------------|--------------------------|--------------------|----------------------|--------------------------|-------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| ----- (Rupees in '000) ----- | | | | | | |
| Customers | | | | | | |
| Current deposits | 60,324,944 | 12,113,447 | 72,438,391 | 52,777,604 | 11,514,065 | 64,291,669 |
| Savings deposits | 146,907,434 | 8,556,223 | 155,463,657 | 106,060,041 | 9,720,596 | 115,780,637 |
| Term deposits | 32,595,428 | 61,550 | 32,656,978 | 17,696,294 | 49,446 | 17,745,740 |
| Others - margin deposits | 4,168,802 | 383 | 4,169,185 | 29,386,674 | 30,658 | 29,417,332 |
| | 243,996,608 | 20,731,603 | 264,728,211 | 205,920,613 | 21,314,765 | 227,235,378 |
| Financial Institutions | | | | | | |
| Current deposits | 1,752,845 | 320,398 | 2,073,243 | 1,974,283 | 412,265 | 2,386,548 |
| | 1,752,845 | 320,398 | 2,073,243 | 1,974,283 | 412,265 | 2,386,548 |
| | 245,749,453 | 21,052,001 | 266,801,454 | 207,894,896 | 21,727,030 | 229,621,926 |

16.1 Composition of deposits

| | 2023 | 2022 |
|--------------------------------------|--------------------|--------------------|
| | (Rupees in '000) | |
| - Individuals | 296,617 | 301,841 |
| - Public Sector Entities | 2,426 | 41,426 |
| - Banking Companies | 3,410,719 | 5,134,697 |
| - Non-Banking Financial Institutions | 1,346,015 | 2,324,596 |
| - Private Sector | 261,745,677 | 221,819,366 |
| | 266,801,454 | 229,621,926 |

16.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 302.737 million (2022: Rs. 303.417 million).

17. OTHER LIABILITIES

| | Note | 2023 | 2022 |
|---|---------------|-------------------|-------------------|
| | | (Rupees in '000) | |
| Mark-up / Return / Interest payable in local currency | | 100,360 | 117,757 |
| Mark-up / Return / Interest payable in foreign currency | | - | - |
| Unearned commission and income on bills discounted | | 172,546 | 175,208 |
| Accrued expenses | | 743,087 | 587,747 |
| Worker's Welfare Fund (WWF) payable | 17.2 | 1,557,108 | 1,001,185 |
| Current taxation (provisions less payments) | | 666,712 | 894,182 |
| Acceptances | | 3,236,656 | 2,286,010 |
| Mark to market loss on forward foreign exchange contracts | | 3,082,196 | 5,281,360 |
| Unremitted head office expenses | | 1,369,955 | 1,108,648 |
| Payable to regional offices for support services | | 9,747 | 13,776 |
| Payable to Head office against employee benefit | 17.1 | 656,479 | 533,273 |
| Payable to defined benefit plan | | 519,034 | 368,036 |
| Provision against off-balance sheet obligations | 17.3 & 17.3.1 | 202 | 202 |
| Payable on account of sale proceeds of securities held under custody | 17.4 | - | 4,256,041 |
| Lease liability against right-of-use assets | | 789,725 | 191,469 |
| Withholding Tax / duties | | 523,160 | 247,148 |
| Clearing account balances | | 208,245 | 496,655 |
| Unclaimed deposit balances | | 1,101,214 | 917,276 |
| Others | | 525,039 | 474,721 |
| | | 15,261,465 | 18,950,694 |

17.1 This represents share based payment of certain employees, which were vested in prior years. The change represents exchange difference recognised in the current year. The amount is payable to Head office based on internal instructions.

17.2 The Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful as this is not in the nature of tax and therefore could not have been introduced through the money bill. The Federal Board of Revenue has filed review petitions against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

A legal advice has been obtained by the Pakistan Banks Association which highlights that consequent to filing of these review petitions, a risk has arisen and the judgment is not conclusive or final till the review petitions are decided. Accordingly, the Bank maintains full provision of Rs. 252.638 million in respect of federal WWF law from the date of its levy till December 2013. Further, the Bank maintains gross provision of Rs. 1,779.865 million against Sindh and Punjab WWF laws from the date of its levy till 31 December 2023. The bank along with the banking industry has challenged the Sindh WWF levy which is pending in Court. No notice has been received from Punjab Revenue Authority in respect of its WWF law. However, single member bench of Sindh High Court issued an interim order, whereby all banks are required to comply the order of full bench's order in the similar case. Stay has been obtained against the interim order by the banks, the lawyer also informed that final order of full bench will also decide the fate of banking industry's cases.

17.3 These primarily represents provision against financial guarantees issued by the bank.

17.3.1 Provision against off-balance sheet obligations

2023 **2022**
(Rupees in '000)

| | | |
|---------------------|-------------------|------------|
| Opening balance | 202 | 202 |
| Charge for the year | - | - |
| Closing balance | <u>202</u> | <u>202</u> |

17.4 This represents amount payable to the parent entity of International Finance Corporation, on account of custody services for the management of the portfolio of securities.

18. HEAD OFFICE CAPITAL ACCOUNT

2023 **2022**
(Rupees in '000)

Capital held as:

| | | |
|--|-------------------------|------------------|
| Deposit of un-encumbered approved securities | <u>6,812,671</u> | <u>6,812,671</u> |
|--|-------------------------|------------------|

18.1 This represents Market Treasury Bills having face value of Rs. 7,684 million (2022: Pakistan Investment Bonds - Rs. 7,684 million). The market value of Market Treasury Bills amounts to Rs. 7,521 million (2022: Pakistan Investment Bonds - Rs. 7,233 million) and these have maturities of up to February 2024 (2022: August 2023).

18.2 Capital has been deposited with the State Bank of Pakistan in compliance with section 13 of the Banking Companies Ordinance, 1962.

19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

Note **2023** **2022**
(Rupees in '000)

| | | | |
|--|-----|------------------------|------------------|
| (Deficit) / surplus on revaluation of | | | |
| - Available for sale securities | 8.1 | (165,065) | (988,731) |
| Deferred tax on surplus on revaluation of: | | | |
| - Available for sale securities | | <u>80,881</u> | <u>425,153</u> |
| | | <u>(84,184)</u> | <u>(563,578)</u> |

| 20. CONTINGENCIES AND COMMITMENTS | Note | 2023 (Rupees in '000) | 2022 |
|---|----------|--------------------------|--------------------|
| -Guarantees | 20.1 | 7,693,596 | 8,179,060 |
| -Commitments | 20.2 | 549,978,305 | 532,154,406 |
| -Other contingent liabilities | 20.3 | 395,509 | 317,730 |
| | | <u>558,067,410</u> | <u>540,651,196</u> |
| 20.1 Guarantees: | | | |
| Financial guarantees | | - | - |
| Performance guarantees | | 2,577,716 | 2,341,334 |
| Other guarantees | | 5,115,880 | 5,837,726 |
| | | <u>7,693,596</u> | <u>8,179,060</u> |
| 20.2 Commitments: | | | |
| Documentary credits and short-term trade-related transactions - letters of credit | | 28,426,305 | 51,516,860 |
| Commitments in respect of: | | | |
| - forward foreign exchange contracts | 20.2.1 | 510,438,875 | 458,319,667 |
| - forward government securities transactions | 20.2.2 | 6,006,906 | 16,721,604 |
| - forward lending | 20.2.3 | 1,129,781 | 2,879,104 |
| Commitments for acquisition of: | | | |
| - operating fixed assets | | 30,388 | - |
| Other commitments | 20.2.4 | 3,946,050 | 2,717,171 |
| | | <u>549,978,305</u> | <u>532,154,406</u> |
| 20.2.1 Commitments in respect of forward foreign exchange contracts | | | |
| Purchase | | 250,490,137 | 221,495,197 |
| Sale | | 259,948,738 | 236,824,470 |
| | | <u>510,438,875</u> | <u>458,319,667</u> |
| 20.2.2 Commitments in respect of forward government securities transactions | | | |
| Purchase | | - | - |
| Sale | | 6,006,906 | 16,721,604 |
| | | <u>6,006,906</u> | <u>16,721,604</u> |
| 20.2.3 Commitments in respect of forward lending | | | |
| Undrawn formal standby facilities, credit lines | 20.2.3.1 | <u>1,129,781</u> | <u>2,879,104</u> |
| 20.2.3.1 These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. | | | |
| 20.2.4 Other commitments | | 2023 (Rupees in '000) | 2022 |
| Forward placement | | <u>3,946,050</u> | <u>2,717,171</u> |
| | | <u>3,946,050</u> | <u>2,717,171</u> |
| 20.3 Other contingent liabilities | | | |
| Claims not acknowledged as debt | 20.3.1 | <u>395,509</u> | <u>317,730</u> |
| 20.3.1 These are not recognised as debt as the probability of these crystallising against the Bank is considered remote. | | | |
| 20.3.2 Tax related contingencies are disclosed in note 29 to these financial statements. | | | |

| 21. MARK-UP / RETURN / INTEREST EARNED | Note | 2023 | 2022 |
|--|------|-------------------|-------------------|
| | | (Rupees in '000) | |
| On: | | | |
| a) Loans and advances | | 10,180,885 | 6,787,314 |
| b) Investments | | 32,685,840 | 15,908,429 |
| c) Lendings to financial institutions | | 4,518,903 | 1,129,239 |
| d) Balances with banks | | 1,483,683 | 170,310 |
| | | <u>48,869,311</u> | <u>23,995,292</u> |
| | | | |
| 22. MARK-UP / RETURN / INTEREST EXPENSED | | | |
| Deposits | | 24,902,780 | 12,539,378 |
| Borrowings | | 737,968 | 616,195 |
| | | <u>25,640,748</u> | <u>13,155,573</u> |
| | | | |
| 23. FEE AND COMMISSION INCOME | | | |
| Branch banking customer fees | | 38,074 | 34,971 |
| Card related fees | | 25,679 | 15,031 |
| Custody related fees | | 545,844 | 422,640 |
| Commission on trade | | 266,322 | 262,814 |
| Commission on guarantees | | 15,829 | 19,688 |
| Commission on cash management | | 86,015 | 70,246 |
| Commission on remittances including home remittances | | 2 | 2 |
| Others | | 28,929 | 6,117 |
| | | <u>1,006,694</u> | <u>831,509</u> |
| | | | |
| 24. (LOSS) / GAIN ON SECURITIES | | | |
| Realised | 24.1 | (26,359) | (38,631) |
| Unrealised - held for trading | 8.1 | (26,937) | (860) |
| | | <u>(53,296)</u> | <u>(39,491)</u> |
| | | | |
| 24.1 Realised gain on: | | | |
| Federal Government Securities | | <u>(26,359)</u> | <u>(38,631)</u> |
| | | | |
| 25. OTHER INCOME | | | |
| Gain / (loss) on sale of fixed assets - net | | 6 | (44) |
| Sale of non-capitalized assets | | - | 38 |
| Incidental Income | | 18 | 44,000 |
| | | <u>24</u> | <u>43,994</u> |

| 26. OPERATING EXPENSES | Note | 2023 | 2022 |
|---|------|------------------|-----------|
| (Rupees in '000) | | | |
| Total compensation expense | 26.1 | 1,722,158 | 1,364,791 |
| Property expense | | | |
| Rent & taxes | | 64,765 | 14,278 |
| Utilities cost | | 64,984 | 45,327 |
| Security (including guards) | | 69,221 | 52,392 |
| Repair & maintenance (including janitorial charges) | | 179,162 | 118,281 |
| Depreciation | 10.2 | 37,709 | 129,756 |
| Depreciation on right-of-use assets | 10.2 | 189,868 | 150,349 |
| Interest expense on lease liability against right-of-use assets | | 104,566 | 24,051 |
| | | 710,275 | 534,434 |
| Information technology expenses | | | |
| Software maintenance | | 99,014 | 42,119 |
| Hardware maintenance | | 599 | 909 |
| Depreciation | 10.2 | 69,321 | 42,446 |
| Network charges | | 75,828 | 62,407 |
| Others | | 534 | 829 |
| | | 245,296 | 148,710 |
| Other operating expenses | | | |
| Legal & professional charges | | 51,113 | 62,640 |
| Outsourced services costs | 26.2 | 6,569 | 24,504 |
| Travelling & conveyance | | 52,352 | 42,411 |
| NIFT clearing charges | | 6,692 | 6,179 |
| Depreciation | 10.2 | 7,564 | 7,564 |
| Training & development | | 389 | 258 |
| Postage & courier charges | | 24,077 | 23,418 |
| Communication | | 62,992 | 57,524 |
| Head office expenses | 26.5 | 261,307 | 151,906 |
| Stationery & printing | | 7,253 | 11,872 |
| Marketing, advertisement & publicity | | 3,913 | 5,110 |
| Donations | 26.3 | 16,764 | 17,250 |
| Auditors Remuneration | 26.4 | 11,383 | 9,599 |
| Banking Service Charges | | 130,687 | 109,059 |
| Brokerage and commission | | 48,179 | 25,528 |
| Card Association Fees | | 135,283 | 77,219 |
| Record Management Expenses | | 39,644 | 59,775 |
| Others | | 93,448 | 45,028 |
| | | 959,609 | 736,844 |
| | | 3,637,338 | 2,784,779 |

| 26.1 Total compensation expense | 2023 | 2022 |
|---|------------------|-----------|
| (Rupees in '000) | | |
| Fees and Allowances etc | - | - |
| Managerial Remuneration | | |
| i) Fixed | 839,905 | 676,493 |
| ii) Variable | | |
| of which; | | |
| a) Cash Bonus / Awards etc. | 329,129 | 252,934 |
| b) Bonus & Awards in Shares etc. | 186,087 | 154,287 |
| Charge for defined benefit plan | 88,322 | 58,436 |
| Contribution to defined contribution plan | 54,613 | 44,373 |
| Rent & house maintenance | 68,024 | 41,447 |
| Utilities | 23,235 | 21,206 |
| Medical | 38,009 | 36,325 |
| Conveyance | 90,801 | 79,290 |
| Others | - | - |
| Sub-total | 1,718,125 | 1,364,791 |
| Severance Allowance * | 4,033 | - |
| Grand Total | 1,722,158 | 1,364,791 |

* The number of persons paid severance allowance was 1 (2022: NIL).

26.2 The Bank has incurred outsourced services cost of Rs.5.222 million (2022: Rs. 13.772 million) pertaining to payments to companies incorporated outside Pakistan and Rs. 1.346 million (2022: Rs. 10.732 million) pertaining to payments to companies incorporated in Pakistan.

The Bank has outsourced some of its activities to Citi-affiliated entities incorporated outside Pakistan. These include, among others, KYC and AML transaction monitoring, FATCA validation and reporting, e-statement, Electronic Communication surveillance, Regulatory report production, Data hosting, system and infrastructure support, Suppliers' management and payment processing, and Commercial Cards processing and printing.

| 26.3 Donations above Rs. 0.1 Million | | 2023 | 2022 |
|--|---|-------------------|-------------------|
| | | (Rupees in '000) | |
| | Orange Tree Foundation | - | 17,250 |
| | Akhuwat Foundation | 16,264 | - |
| | Path Education Society Rehnuma Public School | 500 | - |
| | | <u>16,764</u> | <u>17,250</u> |
| 26.3.1 | Donations were not made to any donee in which key management personnel or their spouse had any interest. | | |
| 26.4 Auditors' remuneration | | | |
| | Audit fee | 3,089 | 2,486 |
| | Fee for the half yearly review | 1,053 | 810 |
| | Special certifications and other services | 6,200 | 5,546 |
| | Out-of-pocket expenses | 1,041 | 757 |
| | | <u>11,383</u> | <u>9,599</u> |
| 26.5 | Head office expenses are estimated based on head office certificate of prior year and are subject to true ups / actualisation. | | |
| 27. OTHER CHARGES | | | |
| | Penalties imposed by State Bank of Pakistan | 950 | 1,890 |
| 28. (REVERSALS) / PROVISIONS & WRITE OFFS - NET | | | |
| | Recovery of written off / charged off bad debts | (7,425) | - |
| | (Reversal) / provision against loans & advances | 9.4 35,598 | (26,096) |
| | | <u>28,173</u> | <u>(26,096)</u> |
| 29. TAXATION | | | |
| | Current | 13,520,090 | 8,062,783 |
| | Prior years | 29.4 1,359,717 | 500,239 |
| | Deferred | (18,558) | (48,349) |
| | | <u>14,861,249</u> | <u>8,514,673</u> |
| 29.1 Relationship between tax expense and accounting profit | | | |
| | Profit before taxation | 26,887,342 | 13,596,119 |
| | Taxation at the applicable tax rate of 39% (2022: 39%) | 10,486,063 | 5,302,486 |
| | Super tax at the rate of 10% (2022: 10%) | 29.5 2,688,734 | 1,359,612 |
| | Prior year charge | 29.4 1,359,717 | 500,239 |
| | Impact of additional taxation on income from Federal Government Securities | - | 1,197,083 |
| | Taxation effect of expenses not deductible | 325,048 | 120,725 |
| | Effect of change in deferred tax rate | (7,810) | (8,949) |
| | Others | 9,497 | 43,477 |
| | | <u>14,861,249</u> | <u>8,514,673</u> |
| 29.2 | Income Tax return for tax year 2023 (accounting year ended December 31, 2022) was filed by October 29, 2023. | | |
| | The income tax authorities issued amended assessment orders for up to tax years 2020 whereby aggregate tax demand of Rs. 667 million (December 31, 2022: Rs. 667 million) was raised. Total demand has been paid except for the tax year 2019, where management had decided to pay 10% against the demand of Rs. 175 million. The total payments in this respect aggregated to Rs. 510 million and Rs.157 million are outstanding. This was done in accordance with the tax opinion from tax advisor in order to obtain stay against demand for the tax year 2019. | | |
| | The Bank has filed appeals before the appellate forums against these amended assessment orders for all years, where the appellate authorities have allowed relief on certain issues, the assessing authorities have filed appeals before higher appellate forums. On the other hand, where the appellate authorities have not allowed relief, the Bank has filed appeals before higher appellate forums. The management of the Bank, in consultation with its tax advisor, is confident that the appeals will be decided in favour of the Bank. | | |
| | In the year 2020, FBR had started proceedings for monitoring of withholding taxes under section 161 of the Income Tax Ordinance 2001 and has passed an order creating demand of Rs. 127 million for the accounting years 2005 and 2006. Penalty amount on alleged short tax payment is Rs. 6.39 million. Surcharge amount for alleged short tax payment, if any, will be in addition to it. Bank has filed appeals and obtained a stay against the demand from the Sindh High Court. Neither the demand is paid nor any provision has been recognised for this demand in the books of accounts as management is of the view that the bank will be able to defend its position in a court of law. Bank's view is supported by external counsel opinion. | | |
| 29.3 | The Bank received a notice from the tax authorities, whereby the tax authorities have inadvertently intended to levy Federal Excise Duty (FED) on "Income from dealing in foreign currencies" and "other Income" of Rs 308.916 million for the calendar year 2017. As per the tax opinion, the income from dealing in foreign currency does not fall under the ambit of VAT/FED and there is a tribunal judgement in banking industry's favour. In the light of tax opinion, the notice was challenged in the High Court and stay was obtained. No provision has been recognized as management is of the view that the bank will be able to defend its position in the court of law. Bank's view is supported by external counsel opinion. | | |
| 29.4 | The Finance Act, 2023 incorporated section 99D of the Income Tax Ordinance, 2001 imposing tax on windfall income, profits and gains. In pursuance of sub-section (2) of said section, the interim Federal Government has issued Notification No. SRO.1588(I)/2023 dated November 21, 2023 imposing 40% tax on foreign exchange income of the Banks and has also specified the criteria for calculation of windfall income and tax liability thereon. In pursuance of the same, the management has recognised a provision of Rs 1.4 billion as a prior year tax charge in the current year financial statements. The Banking sector in general has filed Constitutional Petition before the High Courts through its external legal counsel; challenging the same on various legal grounds. | | |
| | Based on these grounds the Honorable High Courts have suspended the operation of the SRO. Moreover, the subject SRO has to be ratified and approved by a functional National Assembly within a period of 90 days from its issuance; failing which it would lapse and would have no legal effect though chances of the same appear to be remote. | | |
| 29.5 | This pertains to super tax at the rate of 10% of taxable profits for the current year. | | |
| 30. CASH AND CASH EQUIVALENTS | | | |
| | Note | 2023 | 2022 |
| | | (Rupees in '000) | |
| | | 5 | 25,578,910 |
| | | 6 | 23,808,742 |
| | | 15 | - |
| | | <u>49,387,652</u> | <u>57,163,956</u> |

30.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

| | 2023 | | | | 2022 | | | |
|---|----------------|------------|-----------------------------|-------------------|-----------------------------|----------------|--|-------------------|
| | Liabilities | | | | Equity | | | |
| | Bills payable | Borrowings | Deposits and other accounts | Other liabilities | Head office capital account | Reserves | Surplus / (Deficit) on revaluation of assets | Unremitted profit |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Balance as at 01 January 2023 | 725,096 | 1,200 | 229,621,926 | 18,950,694 | 6,812,671 | 163,719 | (563,578) | 8,771,160 |
| Changes from financing cash flows | | | | | | | | |
| Proceeds from sub-ordinated debt | - | - | - | - | - | - | - | - |
| Payment of lease liability against ROU assets | - | - | - | (268,379) | - | - | - | (1,428,750) |
| Profit repatriated to head office during the year | - | - | - | - | - | - | - | (1,428,750) |
| Total changes from financing cash flows | - | - | - | (268,379) | - | - | - | (1,428,750) |
| Other changes | | | | | | | | |
| Liability-related | | | | | | | | |
| Changes in bills payable | (65,488) | - | - | - | - | - | - | - |
| Changes in borrowings | - | (1,200) | - | - | - | - | - | - |
| Changes in deposits and other accounts | - | - | 37,179,528 | - | - | - | - | - |
| Changes in other liabilities | - | - | - | - | - | - | - | - |
| - Cash based | - | - | - | (19,366,285) | - | - | - | - |
| - Non-cash based | - | - | - | 15,945,435 | - | - | - | (40,832) |
| Profit for the year | - | - | - | - | - | - | - | 12,026,093 |
| Changes in surplus on revaluation of assets | - | - | - | - | - | - | 479,394 | - |
| | (65,488) | (1,200) | 37,179,528 | (3,420,850) | - | - | 479,394 | 11,985,261 |
| Balance as at 31 December 2023 | 659,608 | - | 266,801,454 | 15,261,465 | 6,812,671 | 163,719 | (84,184) | 19,327,671 |

| | 2023 | | | | 2022 | | | |
|---|----------------|--------------|-----------------------------|-------------------|-----------------------------|----------------|--|-------------------|
| | Liabilities | | | | Equity | | | |
| | Bills payable | Borrowings | Deposits and other accounts | Other liabilities | Head office capital account | Reserves | Surplus / (Deficit) on revaluation of assets | Unremitted profit |
| ----- (Rupees in '000) ----- | | | | | | | | |
| Balance as at 01 January 2022 | 855,130 | 15,302,778 | 172,542,423 | 12,588,419 | 6,812,671 | 163,719 | (825,068) | 3,725,600 |
| Changes from financing cash flows | | | | | | | | |
| Proceeds from sub-ordinated debt | - | - | - | - | - | - | - | - |
| Payment of lease liability against ROU assets | - | - | - | (173,515) | - | - | - | - |
| Profit repatriated to head office during the year | - | - | - | - | - | - | - | - |
| Total changes from financing cash flows | - | - | - | (173,515) | - | - | - | - |
| Other changes | | | | | | | | |
| Liability-related | | | | | | | | |
| Changes in bills payable | (130,034) | - | - | - | - | - | - | - |
| Changes in borrowings | - | (15,301,578) | - | - | - | - | - | - |
| Changes in deposits and other accounts | - | - | 57,079,503 | - | - | - | - | - |
| Changes in other liabilities | - | - | - | - | - | - | - | - |
| - Cash based | - | - | - | 6,213,463 | - | - | - | - |
| - Non-cash based | - | - | - | 322,327 | - | - | - | (35,886) |
| Profit for the year | - | - | - | - | - | - | - | 5,081,446 |
| Changes in surplus on revaluation of assets | - | - | - | - | - | - | 261,490 | - |
| | (130,034) | (15,301,578) | 57,079,503 | 6,535,790 | - | - | 261,490 | 5,045,560 |
| Balance as at 31 December 2022 | 725,096 | 1,200 | 229,621,926 | 18,950,694 | 6,812,671 | 163,719 | (563,578) | 8,771,160 |

31. STAFF STRENGTH

| | 2023 | 2022 |
|--|----------|------|
| | (Number) | |
| Permanent | 146 | 160 |
| Bank's own staff strength at the end of the year | 146 | 160 |

32. DEFINED BENEFIT PLAN

32.1 General description

All permanent employees with a minimum service period of five years or more with the Bank are entitled to end of service benefits calculated at 130 percent of basic salary for each year of service with the Bank. The assets of the funded plan are held independently in a separate trustee administered fund.

32.2 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

| | 2023 | 2022 |
|-----------------|----------|------|
| | (Number) | |
| - Gratuity fund | 146 | 160 |

32.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2023 using the following significant assumptions:

| | 2023 | 2022 |
|--|--------------------|--------|
| | (Per annum) | |
| Discount rate | 14.20% | 12.95% |
| Expected rate of return on plan assets | 14.20% | 12.95% |
| Expected rate of salary increase | 11.75% | 11.75% |

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted State Life Insurance Corporation 2001 - 2005 mortality tables with one year age set back.

| 32.4 | Reconciliation of payable to defined benefit plans | Note | Gratuity fund | |
|--------|--|--------|-------------------------|----------|
| | | | 2023 | 2022 |
| | | | (Rupees in '000) | |
| | Present value of obligations | 32.5 | 592,075 | 441,647 |
| | Fair value of plan assets | 32.6 | (73,041) | (73,611) |
| | Payable | | 519,034 | 368,036 |
| <hr/> | | | | |
| 32.5 | Movement in defined benefit obligations | | | |
| | Obligations at the beginning of the year | | 441,647 | 341,786 |
| | Current service cost | | 42,147 | 29,290 |
| | Interest cost | | 55,708 | 35,586 |
| | Benefits paid | | (59,901) | (24,350) |
| | Re-measurement loss | | 112,474 | 59,335 |
| | Obligations at the end of the year | | 592,075 | 441,647 |
| <hr/> | | | | |
| 32.6 | Movement in fair value of plan assets | | | |
| | Fair value at the beginning of the year | | 73,611 | 54,574 |
| | Interest income on plan assets | | 9,533 | 6,440 |
| | Contributions- net | | 47,995 | 40,570 |
| | Benefits paid | | (59,901) | (24,350) |
| | Re-measurements: Net return on plan assets over interest income loss | 32.8.2 | 1,803 | (3,623) |
| | Fair value at the end of the year | | 73,041 | 73,611 |
| <hr/> | | | | |
| 32.7 | Movement in payable under defined benefit schemes | | | |
| | Opening balance | | 368,036 | 287,212 |
| | Charge for the year | 32.8.1 | 88,322 | 58,436 |
| | Contributions - net | | (47,995) | (40,570) |
| | Re-measurement loss recognised in OCI during the year | 32.8.2 | 110,671 | 62,958 |
| | Closing balance | | 519,034 | 368,036 |
| <hr/> | | | | |
| 32.8 | Charge for defined benefit plans | | | |
| <hr/> | | | | |
| 32.8.1 | Cost recognised in profit and loss | | | |
| | Current service cost | | 42,147 | 29,290 |
| | Net interest on defined benefit liability | | 46,175 | 29,146 |
| | | | 88,322 | 58,436 |

| 32.8.2 Re-measurements recognised in OCI during the year | Gratuity fund | |
|--|------------------|---------------|
| | 2023 | 2022 |
| | (Rupees in '000) | |
| Loss on obligation | | |
| - Financial assumptions | (52,653) | 57,047 |
| - Experience adjustment | 165,127 | 2,288 |
| Return on plan assets over interest income | (1,803) | 3,623 |
| Total re-measurements recognised in OCI | <u>110,671</u> | <u>62,958</u> |

32.9 Components of plan assets

| | | |
|---------------------------------|---------------|---------------|
| Cash and cash equivalents - net | 4,967 | 4,581 |
| Government Securities | 68,074 | 69,030 |
| Total | <u>73,041</u> | <u>73,611</u> |

32.10 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| | Gratuity Fund 2023 (Rupees in '000) |
|--|---|
| 1% increase in discount rate | 555,238 |
| 1% decrease in discount rate | 633,548 |
| 1 % increase in expected rate of salary increase | 634,143 |
| 1 % decrease in expected rate of salary increase | 554,134 |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

| | 2023 (Rupees in '000) |
|---|--------------------------|
| 32.11 Expected charge for the next financial year | <u>113,846</u> |

32.12 Maturity profile

The weighted average duration of the obligation is 7.7 years.

32.13 Funding Policy

Funding levels are monitored on an annual basis and are based on actuarial recommendations. Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

| | |
|--|---|
| Asset volatility | The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, current investment strategy manages this risk adequately. |
| Inflation risk | The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, plan assets are variable rate instruments and are re-priced at regular intervals to off-set inflationary impacts. |
| Life expectancy / Withdrawal rate | The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities. |

32.14 The plan assets and defined benefit obligations are based in Pakistan.

33. DEFINED CONTRIBUTION PLAN

All permanent employees of the Bank are entitled to end of service benefits through a recognised provident fund, whereby the Bank and all permanent employees are required to make monthly contributions to the scheme at 10 percent of basic salary.

During the year, the Bank contributed Rs.54.613 million (2022: Rs. 44.373 million) in respect of the defined contribution plan.

34. COMPENSATION OF CHIEF EXECUTIVE AND EXECUTIVES

| | Citi Country Officer | | Executives | |
|---|-----------------------------|-------------|-------------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| | (Rupees in '000) | | | |
| Managerial remuneration | 114,021 | 68,452 | 649,963 | 447,775 |
| Charge for defined benefit plan | 2,447 | 3,332 | 41,964 | 28,996 |
| Contribution to defined contribution plan | 2,938 | 4,000 | 50,377 | 34,809 |
| Rent and house maintenance | 35,005 | 44,782 | 201,508 | 139,235 |
| Utilities | 5,456 | 5,515 | 50,377 | 34,809 |
| Medical | 40 | 40 | 5,643 | 5,110 |
| Others | 3,228 | 2,646 | 140,846 | 110,586 |
| | 163,135 | 128,767 | 1,140,678 | 801,320 |
| Number of persons | 1 | 1 | 117 | 100 |

34.1 The Bank also provides free use of furnished accommodation and bank maintained car to the Citi Country Officer (CCO).

35. FAIR VALUE MEASUREMENTS

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in principal or, in its absence, the most advantageous market to which the Bank has access at that date.

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.

35.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

| Note | Carrying / Notional Value | 2023 | | | |
|---|------------------------------|------------|-------------|---------|-------------|
| | | Fair Value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in '000) ----- | | | | | |
| On balance sheet financial instruments | | | | | |
| Financial assets - measured at fair value | | | | | |
| Investments | | | | | |
| Federal Government Securities | 183,280,541 | - | 183,280,541 | - | 183,280,541 |
| Off-balance sheet financial instruments - measured at fair value | | | | | |
| Forward foreign exchange contracts | 510,438,875 | - | (13,034) | - | (13,034) |

| Note | Carrying / Notional Value | 2022 | | | |
|---|------------------------------|------------|-------------|---------|-------------|
| | | Fair Value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| ----- (Rupees in '000) ----- | | | | | |
| On balance sheet financial instruments | | | | | |
| Financial assets - measured at fair value | | | | | |
| Investments | | | | | |
| Federal Government Securities | 155,155,987 | - | 155,155,987 | - | 155,155,987 |
| Off-balance sheet financial instruments - measured at fair value | | | | | |
| Forward foreign exchange contracts | 458,319,667 | - | 50,986 | - | 50,986 |
| Forward purchase contracts of government securities | - | - | - | - | - |

Valuation techniques used in determination of fair valuation of financial instruments within level 2.

| Item | Valuation techniques and input used |
|-------------------------------|--|
| Federal government securities | The fair value of Market Treasury Bills and Pakistan Investment Bonds are derived using PKRV rates. Floating rate Pakistan Investment Bonds are revalued using PKFRV rates. |
| Forward contracts | The fair values have been determined by interpolating the mid rates announced by the State Bank of Pakistan or PKRV/PKFRV rates applicable to their respective remaining maturities. |

36. SEGMENT INFORMATION

36.1 Segment Details with respect to Business Activities

The Chief Operating Decision Maker (CODM) is the Managing Director and Citi Country Officer of the Bank. The segment analysis with respect to business activity presented to the CODM is as follows:

| 2023 | | | | |
|---|-------------------|--------------------------|----------|-------------------|
| Corporate Banking & Securities Services | Markets | Inter Segment Allocation | Total | |
| ----- (Rupees in '000) ----- | | | | |
| Profit & Loss | | | | |
| Net mark-up / return / profit | (14,721,895) | 37,950,458 | - | 23,228,563 |
| Inter segment revenue - net | 29,818,549 | (29,818,549) | - | - |
| Non mark-up / return / interest income | 1,006,709 | 6,874,454 | - | 7,881,163 |
| Total Income | 16,103,363 | 15,006,363 | - | 31,109,726 |
| Segment direct expenses | 3,067,978 | 1,126,233 | - | 4,194,211 |
| Total expenses | 3,067,978 | 1,126,233 | - | 4,194,211 |
| Provisions | 28,173 | - | - | 28,173 |
| Profit before tax | 13,007,212 | 13,880,130 | - | 26,887,342 |

| Corporate Banking & Securities Services | Markets | Inter Segment Allocation | Total | |
|---|--------------------|--------------------------|----------------------|--------------------|
| ----- (Rupees in '000) ----- | | | | |
| Balance Sheet | | | | |
| Cash & Bank balances | 310,045 | 49,077,607 | - | 49,387,652 |
| Investments | - | 183,280,541 | - | 183,280,541 |
| Net inter segment lending | 223,969,377 | - | (223,969,377) | - |
| Lendings to financial institutions | - | 6,000,000 | - | 6,000,000 |
| Advances - performing | 59,421,581 | - | - | 59,421,581 |
| - non-performing net of provision | - | - | - | - |
| Others | 7,709,159 | 3,143,471 | - | 10,852,630 |
| Total Assets | 291,410,162 | 241,501,619 | (223,969,377) | 308,942,404 |
| Borrowings | - | - | - | - |
| Deposits & other accounts | 265,886,971 | 914,483 | - | 266,801,454 |
| Net inter segment borrowing | - | 223,969,377 | (223,969,377) | - |
| Others | 12,838,877 | 3,082,196 | - | 15,921,073 |
| Total liabilities | 278,725,848 | 227,966,056 | (223,969,377) | 282,722,527 |
| Equity | 12,684,314 | 13,535,563 | - | 26,219,877 |
| Total Equity & liabilities | 291,410,162 | 241,501,619 | (223,969,377) | 308,942,404 |
| Contingencies & Commitments | 37,675,579 | 520,391,831 | - | 558,067,410 |

2022

| Corporate Banking & Securities Services | Markets | Inter Segment Allocation | Total |
|---|---------|--------------------------|-------|
|---|---------|--------------------------|-------|

(Rupees in '000)

Profit & Loss

| | | | | |
|--|-------------|--------------|---|------------|
| Net mark-up / return / profit | (5,752,064) | 16,591,783 | - | 10,839,719 |
| Inter segment revenue - net | 12,127,974 | (12,127,974) | - | - |
| Non mark-up / return / interest income | 853,484 | 4,944,066 | - | 5,797,550 |
| Total Income | 7,229,394 | 9,407,875 | - | 16,637,269 |
| Segment direct expenses | 2,189,503 | 877,743 | - | 3,067,246 |
| Total expenses | 2,189,503 | 877,743 | - | 3,067,246 |
| Reversal of provisions | (26,096) | - | - | (26,096) |
| Profit before tax | 5,065,987 | 8,530,132 | - | 13,596,119 |

| Corporate Banking & Securities Services | Markets | Inter Segment Allocation | Total |
|---|---------|--------------------------|-------|
|---|---------|--------------------------|-------|

(Rupees in '000)

Balance Sheet

| | | | | |
|------------------------------------|-------------|-------------|---------------|-------------|
| Cash & Bank balances | 203,136 | 56,962,020 | - | 57,165,156 |
| Investments | - | 155,155,987 | - | 155,155,987 |
| Net inter segment lending | 202,307,447 | - | (202,307,447) | - |
| Lendings to financial institutions | - | - | - | - |
| Advances - performing | 40,256,733 | - | - | 40,256,733 |
| - non-performing net of provision | - | - | - | - |
| Others | 5,182,042 | 6,722,970 | - | 11,905,012 |
| Total Assets | 247,949,358 | 218,840,977 | (202,307,447) | 264,482,888 |
| Borrowings | - | 1,200 | - | 1,200 |
| Deposits & other accounts | 228,657,980 | 963,946 | - | 229,621,926 |
| Net inter segment borrowing | - | 202,307,447 | (202,307,447) | - |
| Others | 14,394,431 | 5,281,359 | - | 19,675,790 |
| Total liabilities | 243,052,411 | 208,553,952 | (202,307,447) | 249,298,916 |
| Equity | 4,896,947 | 10,287,025 | - | 15,183,972 |
| Total Equity & liabilities | 247,949,358 | 218,840,977 | (202,307,447) | 264,482,888 |
| Contingencies & Commitments | 62,892,754 | 477,758,442 | - | 540,651,196 |

37. TRUST ACTIVITIES

The Bank acts as security trustee on a small number of transactions which are not significant in relation to the size and volume of the Bank's activities. The service is viewed as an ancillary offering for certain transactions.

38. RELATED PARTY TRANSACTIONS

Transactions with related parties comprise of transactions in the normal course of business with other branches of Citibank, N.A. outside Pakistan, other direct and indirect subsidiaries of Citigroup, retirement benefit plans and key management personnel of the Bank.

Banking transactions with the related parties are executed substantially on the same terms, including mark-up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to and accruals in respect of staff retirements and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to executives is determined in accordance with the terms of their employment.

| | 2023 | | 2022 | |
|--|-------------------|------------------------------------|-------------|------------------------------------|
| | Head Office | Branches and other related parties | Head Office | Branches and other related parties |
| ----- (Rupees in '000) ----- | | | | |
| Balances with other banks | | | | |
| In current accounts | 18,086,138 | 5,713,557 | 23,043,647 | 9,445,731 |
| | 18,086,138 | 5,713,557 | 23,043,647 | 9,445,731 |
| Other Assets | | | | |
| Interest / mark-up accrued | - | - | - | - |
| Other receivables | - | - | - | - |
| Unrealised gain on foreign exchange contracts | - | 2,074,603 | - | 3,441,005 |
| | - | 2,074,603 | - | 3,441,005 |
| Borrowings | | | | |
| Opening balance | - | - | - | 7,060,540 |
| Borrowings during the year | - | 496,716,456 | - | 1,631,542,097 |
| Settled during the year | - | (496,716,456) | - | (1,638,602,637) |
| Closing balance | - | - | - | - |
| Overdrawn Nostros | - | - | - | 1,200 |
| Deposits and other accounts | | | | |
| Opening balance | 2,571 | 1,133,908 | 8,277 | 1,029,390 |
| Received during the year | 14,109 | 3,022,379 | 16,533 | 3,368,378 |
| Withdrawn during the year | (6,286) | (3,123,972) | (22,239) | (3,263,860) |
| Closing balance | 10,394 | 1,032,315 | 2,571 | 1,133,908 |
| Other Liabilities | | | | |
| Interest / mark-up payable | - | - | - | - |
| Unremitted Head Office Expense | 1,369,955 | - | 1,108,648 | - |
| Unrealised loss on foreign exchange contracts | - | 1,201,049 | - | 1,956,871 |
| Payable to defined benefit plan | - | 519,034 | - | 368,036 |
| Payable on account of sale proceeds of securities held under custody | - | - | - | 4,256,041 |
| Payable to associated undertakings | - | - | - | - |
| Payable for employee benefit and expenses | 656,479 | 9,747 | 533,273 | 13,776 |
| | 2,026,434 | 1,729,830 | 1,641,921 | 6,594,724 |
| Contingencies and Commitments | | | | |
| Forward exchange contracts | | | | |
| Purchase | - | 119,012,265 | - | 108,516,587 |
| Sale | - | 119,012,265 | - | 108,516,587 |
| Counter guarantees to branches | 70,245 | 337,726 | 182,037 | 508,780 |
| | 70,245 | 238,362,256 | 182,037 | 217,541,954 |
| Income | | | | |
| Mark-up / return / interest earned | 400 | 161,291 | 7 | 955 |
| Fee and commission income | 13,396 | 50,200 | 19,187 | 44,343 |
| Net loss on sale of securities | - | 950 | - | 1,848 |
| Foreign Exchange Income | - | 873,554 | (2) | 1,352,443 |
| | 13,796 | 1,085,995 | 19,192 | 1,399,589 |
| Expense | | | | |
| Mark-up / return / interest paid | 3,017 | 112,347 | 3,673 | 110,603 |
| Regional expenses for support services | 12,422 | 6,515 | 10,482 | 21,199 |
| Head office expenses | 261,307 | - | 151,906 | - |
| Contribution to staff retirement benefit funds | - | 102,608 | - | 44,414 |
| Remuneration of Key Management Personnel | - | 163,135 | - | 128,767 |
| | 276,746 | 384,605 | 166,061 | 304,983 |

39. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

2023 **2022**
(Rupees in '000)

Minimum Capital Requirement (MCR):

| | | |
|---------------------------------|-------------------------|------------------|
| Paid-up capital (net of losses) | <u>6,812,671</u> | <u>6,812,671</u> |
|---------------------------------|-------------------------|------------------|

Capital Adequacy Ratio (CAR):

| | | |
|---|--------------------------|-------------------|
| Eligible Common Equity Tier 1 (CET 1) Capital | <u>26,219,877</u> | <u>15,183,972</u> |
| Eligible Additional Tier 1 (ADT 1) Capital | <u>-</u> | <u>-</u> |
| Total Eligible Tier 1 Capital | <u>26,219,877</u> | <u>15,183,972</u> |
| Eligible Tier 2 Capital | <u>-</u> | <u>38</u> |
| Total Eligible Capital (Tier 1 + Tier 2) | <u>26,219,877</u> | <u>15,184,010</u> |

Risk Weighted Assets (RWAs):

| | | |
|------------------|--------------------------|-------------------|
| Credit Risk | <u>29,875,846</u> | <u>29,404,035</u> |
| Market Risk | <u>12,383,078</u> | <u>753,338</u> |
| Operational Risk | <u>34,942,860</u> | <u>23,107,465</u> |
| Total | <u>77,201,784</u> | <u>53,264,838</u> |

| | | |
|---|----------------------|---------------|
| Common Equity Tier 1 Capital Adequacy ratio | <u>33.96%</u> | <u>28.51%</u> |
|---|----------------------|---------------|

| | | |
|-------------------------------|----------------------|---------------|
| Tier 1 Capital Adequacy Ratio | <u>33.96%</u> | <u>28.51%</u> |
|-------------------------------|----------------------|---------------|

| | | |
|------------------------------|----------------------|---------------|
| Total Capital Adequacy Ratio | <u>33.96%</u> | <u>28.51%</u> |
|------------------------------|----------------------|---------------|

The State Bank of Pakistan through its BSD Circular No. 07 dated April 15, 2009 has prescribed the minimum paid-up capital (net of losses) for Banks / Development Finance Institutions to be raised to Rs. 10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.10 billion capital (net of losses) from the end of the financial year 2013 onwards. However, branches of foreign banks operating in Pakistan whose head office holds paid-up capital (free of losses) of atleast US\$ 300 million, have a CAR of 8% or minimum prescribed by the home regulator and have prescribed number of branches, are allowed to maintain lower amount with prior approval of SBP. In this regard the Bank is maintaining higher capital to support business requirements.

The Head office capital account of the Bank as at December 31, 2023 stands at Rs 6.813 billion and is in compliance with the SBP requirement for the said period. In addition, the banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.50% of the risk weighted exposures of the Bank as of December 31, 2023. The Bank's CAR as at December 31, 2023 was 33.96% of its risk weighted exposure.

In order to dampen the effects of COVID - 19, SBP via BPRD Circular Letter No. 12 dated 26 March 2020 has given regulatory relief and reduced the Capital Conservation Buffer (CCB) as prescribed vide BPRD Circular No. 6 of 15 August 2013, for the time being, from its existing level of 2.50% to 1.50%, till further instructions.

A framework for Domestic Systemically Important Bank – (D-SIB) was issued by State Bank of Pakistan in April 2018. Under the framework, the bank is required to hold additional CET 1 capital on its risk weighted assets in Pakistan at the rate applicable on G-SIB. Citigroup Inc., the ultimate parent company, is currently required to maintain 3.5% additional capital buffer under the G-SIB framework. Accordingly, bank also holds additional 3.5% (December 2022: 3%) under Pillar 1 capital requirement.

The capital to risk weighted assets ratio, is calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk.

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | (Rupees in '000) | |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | 26,219,877 | 15,183,972 |
| Total Exposures | <u>359,802,425</u> | <u>326,408,435</u> |
| Leverage Ratio | <u>7.29%</u> | <u>4.65%</u> |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | 191,460,635 | 136,944,503 |
| Total Net Cash Outflow | <u>45,112,353</u> | <u>30,574,074</u> |
| Liquidity Coverage Ratio | <u>424.41%</u> | <u>447.91%</u> |
| Net Stable Funding Ratio (NSFR): | | |
| Total Available Stable Funding | 268,377,554 | 218,392,885 |
| Total Required Stable Funding | <u>81,824,930</u> | <u>91,482,940</u> |
| Net Stable Funding Ratio | <u>327.99%</u> | <u>238.73%</u> |

- 39.1** The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the website. The link to the full disclosures is available at <https://www.citi.com/icg/sa/emea/pakistan/about/announcements/liquidity-statements.html>

40. RISK MANAGEMENT

The Head office capital account of the Bank for the year ended December 31, 2023 stands at Rs 6.813 billion (2022: RS 6.813 billion) and is in compliance with the SBP requirement for the said period. In addition, the banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.50% of the risk weighted exposures of the Bank as of December 31, 2023. The Bank's CAR as at December 31, 2023 was 33.96% of its risk weighted exposure.

A framework for Domestic Systemically Important Bank – (D-SIB) was issued by State Bank of Pakistan in April 2018. Under the framework, the bank is required to hold additional CET 1 capital on its risk weighted assets in Pakistan at the rate applicable on G-SIB. Citigroup Inc., an ultimate parent company, is currently required to maintain 3% additional capital buffer under the G-SIB framework. Accordingly, bank also holds additional 3% under Pillar 1 capital requirement.

The overall risk management framework relies upon the Bank's internal entity wide standards and covers credit, market, operational and liquidity risks, including undertaking, measuring, monitoring and reporting of risks. It may be noted that:

- These standards are governed by specific policies which are defined and documented.
- Risks are measured using defined methodologies.
- Limits for credit, market and liquidity risks are approved by Risk Management, which is "independent" of the business areas.
- Dedicated risk management and control functions are in place for credit, market, liquidity and operational risks.

Additionally, Risk Management maintains oversight of the regulatory, economic, reputational and legal risks associated with the above-mentioned risk areas.

40.1 Derivative Instruments

A derivative financial instrument is a contract the value of which is determined by reference to one or more underlying financial instruments, reference rates or indices. Forward contracts, options and swaps are the most common types of derivatives. Also included in derivatives are structured financial products that have one or more characteristics of forwards, futures, swaps and options.

The Bank enters into derivatives contracts for market making and for creating effective hedges to enable customers and the Bank to transfer, modify or reduce their interest rate and foreign exchange risks. The Bank as an Authorised Derivative Dealer (ADD) is an active participant in the derivative market of Pakistan.

Overall responsibility for derivatives trading activity lies with the Treasury. Existence of an independent market risk function together with the Asset Liability Committee (ALCO) assists in the identification and quantification of risks on derivatives. This involves:

- co-ordinating approvals of market risk limits;
- formulation of policies and procedures with respect to market risk; and
- monitoring of Market risk and Credit risk exposure.

Treasury operations records transactions in the books, while product control reports the price and liquidity information independently.

40.1.1 The fair value of derivative financial instruments have been determined using valuation techniques with significant inputs such as forecasted market interest rates and foreign exchange rates. The determination of the fair value of these instruments is most sensitive to these key assumptions. Any significant change in these key assumptions may have an effect on the fair value of these derivative financial instruments.

There are no long term derivatives outstanding as at 31 December 2023.

40.2 Credit Risk

This represents the potential for financial loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations arising out of activities which include lendings, sales and trading, derivatives, securities transaction and settlement.

40.2.1 Corporate credit risk

This risk is managed through the following:

- Single centre of control for each credit relationship that coordinates credit activities with the borrower.
- Documented target market and portfolio concentration limits that establish the credit appetite and minimum acceptable standards (both borrower and industry specific), provide portfolio diversification and maintain risk / capital alignment.
- Consistent standards for credit origination, documentation and remedial management.
- Maintenance of accurate and consistent borrower risk ratings through use of statistical models (periodically validated) or approved scoring methodologies after taking into consideration the available credit risk mitigates.
- Periodic stress testing of the credit portfolio based on emerging or expected risk events.
- Majority of the portfolio is secured by SBLC from the Head Office or other associates of the borrowers.

40.2.2 Lendings to financial institutions

Credit risk by public / private sector

| | Gross lendings | | Non-performing lendings | | Provision held | |
|--------------------|------------------|------|-------------------------|------|----------------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (Rupees in '000) | | | | | |
| Public/ Government | 6,000,000 | - | - | - | - | - |

40.2.3 Investment in debt securities

Credit risk by industry sector

| | Gross investments | | Non-performing investments | | Provision held | |
|-------------------------------|--------------------|-------------|----------------------------|------|----------------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (Rupees in '000) | | | | | |
| Federal government securities | 183,448,826 | 156,121,000 | - | - | - | - |
| | 183,448,826 | 156,121,000 | - | - | - | - |

Credit risk by public / private sector

| | Gross investments | | Non-performing investments | | Provision held | |
|-------------------------------|--------------------|-------------|----------------------------|------|----------------|------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (Rupees in '000) | | | | | |
| Federal government securities | 183,448,826 | 156,121,000 | - | - | - | - |
| | 183,448,826 | 156,121,000 | - | - | - | - |

40.2.4 Advances

Credit risk by industry sector

| | Gross advances | | Non-performing advances | | Provision held | |
|--|-------------------|------------|-------------------------|-----------|----------------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (Rupees in '000) | | | | | |
| Chemical and Pharmaceuticals | 13,927,565 | 10,311,085 | 12,500 | 42,102 | 12,500 | 42,102 |
| Electronics and electrical appliances | 6,800,839 | 12,595,014 | - | - | - | - |
| Automobile and transportation equipment | 3,138,352 | 302,069 | 13,987 | 34,720 | 13,987 | 34,720 |
| Textile | 216,713 | 798,500 | 216,713 | 798,500 | 216,713 | 798,500 |
| Individuals | 176,881 | 206,075 | 128,626 | 131,165 | 128,626 | 131,165 |
| Transport, Storage and Communication | 532,794 | 4,271,993 | - | 13,258 | - | 13,258 |
| Footwear and Leather garments | - | 73,174 | - | 73,174 | - | 73,174 |
| Wholesale and Retail Trade | 113 | 9,061 | - | 9,026 | - | 9,026 |
| Financial | 28,475 | 13,773 | - | - | - | - |
| Power (electricity), Gas, Water, Sanitary | 2,951 | 1,186 | - | - | - | - |
| Food Manufacturing | 29,014,797 | 9,024,383 | - | 109,598 | - | 109,598 |
| Agriculture, Forestry, Hunting and Fishing | 2,846 | 671 | - | - | - | - |
| Services | 34,479 | 15,721 | - | - | - | - |
| Others | 6,080,948 | 4,406,761 | 164,346 | 561,152 | 164,346 | 561,152 |
| | 59,957,753 | 42,029,466 | 536,172 | 1,772,695 | 536,172 | 1,772,695 |

Credit risk by public / private sector

| | Gross advances | | Non-performing advances | | Provision held | |
|---------|-------------------|------------|-------------------------|-----------|----------------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | (Rupees in '000) | | | | | |
| Private | 59,957,753 | 42,029,466 | 536,172 | 1,772,695 | 536,172 | 1,772,695 |

40.2.5 Contingencies and Commitments

| Credit risk by industry sector | 2023 | 2022 |
|---|--------------------|--------------------|
| | (Rupees in '000) | |
| Financial | 520,143,147 | 476,974,496 |
| Mining and Quarrying | - | - |
| Chemical and Pharmaceuticals | 9,710,285 | 9,736,848 |
| Transport, Storage and Communication | 19,208 | 1,347,724 |
| Cement | - | - |
| Sugar | - | - |
| Footwear and Leather garments | - | - |
| Electronics and electrical appliances | 190,529 | 676,692 |
| Power (electricity), Gas, Water, Sanitary | 46,644 | 521,826 |
| Construction | - | - |
| Automobile and transportation equipment | 2,198,509 | 962,427 |
| Services | 64,401 | 52,267 |
| Exports/Imports | - | - |
| Agriculture, Forestry, Hunting and Fishing | 37,354 | 39,339 |
| Wholesale and Retail Trade | 29,887 | 29,974 |
| Insurance | - | - |
| Textile | - | - |
| Food Manufacturing | 23,915,550 | 43,199,025 |
| Individuals | - | - |
| Others | 1,711,896 | 7,110,578 |
| | 558,067,410 | 540,651,196 |
| Credit risk by public / private sector | | |
| Public / Government | 38,410,829 | 56,515,351 |
| Private | 519,656,581 | 484,135,845 |
| | 558,067,410 | 540,651,196 |

40.2.6 Concentration of Advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 71,408.925 million (2022: Rs. 76,633.077 million) are as following:

| | 2023 | 2022 |
|----------------|-------------------|-------------------|
| | (Rupees in '000) | |
| Funded | 42,031,960 | 28,658,583 |
| Non Funded | 29,376,965 | 47,974,494 |
| Total Exposure | 71,408,925 | 76,633,077 |

The sanctioned limits against these top 10 exposures aggregated to Rs. 185,069.281 million (2022: Rs. 93,171.546 million)

40.2.7 Advances - Province / Region-wise Disbursement & Utilization

| Province / Region | 2023 | | | | | | |
|--------------------------------|--------------------|--------------------|-------------------|--------------------|-------------------|-----------|--------------------------------|
| | Disbursements | Utilization | | | | | |
| | | Punjab | Sindh | KPK including FATA | Baluchistan | Islamabad | AJK including Gilgit-Baltistan |
| (Rupees in '000) | | | | | | | |
| Punjab | 95,600,038 | 95,600,038 | - | - | - | - | |
| Sindh | 149,540,197 | - | 65,679,499 | - | - | - | |
| KPK including FATA | - | - | - | - | - | - | |
| Balochistan | - | - | - | - | - | - | |
| Islamabad | 29,093,368 | - | - | - | 29,093,368 | - | |
| AJK including Gilgit-Baltistan | - | - | - | - | - | - | |
| Total | 274,233,603 | 95,600,038 | 65,679,499 | - | 29,093,368 | - | |
| Province / Region | 2022 | | | | | | |
| | Disbursements | Utilization | | | | | |
| | | Punjab | Sindh | KPK including FATA | Baluchistan | Islamabad | AJK including Gilgit-Baltistan |
| (Rupees in '000) | | | | | | | |
| Punjab | 101,046,947 | 101,046,947 | - | - | - | - | |
| Sindh | 65,679,499 | - | 65,679,499 | - | - | - | |
| KPK including FATA | - | - | - | - | - | - | |
| Balochistan | - | - | - | - | - | - | |
| Islamabad | 30,230,194 | - | - | - | 30,230,194 | - | |
| AJK including Gilgit-Baltistan | - | - | - | - | - | - | |
| Total | 196,956,640 | 101,046,947 | 65,679,499 | - | 30,230,194 | - | |

40.3 Market Risk

Market risk is the risk of losses arising from fluctuation in the market value of trading and non-trading portfolios. The primary sources of market risk are fluctuation in interest rates and foreign exchange rates.

Market risk is measured in accordance with the Bank's established standards, under which the business is required to establish, with approval from independent market risk management, a market risk limit framework, including risk measures, limits and controls, that clearly defines approved risk profiles and is within the parameters of the Bank's overall risk appetite. In all cases, businesses are ultimately responsible for the market risk they take and for remaining within their defined limits.

The Bank's principal measure of earnings risk to earnings from non-trading portfolios due to interest rate changes is Interest Rate Exposure (IRE). This measures the change in expected Net Interest Revenue from changes in market rates of interest. Market risk in trading portfolios is measured through a complementary set of tools, including factor sensitivities, value-at-risk and stress testing.

The Bank uses the Standardized Approach to calculate capital charge for market risk as per the current regulatory framework under Basel II. This approach covers the Bank's trading portfolios, comprising off-balance sheet transactions including derivatives and securities classified under the trading portfolio.

40.3.1 Balance sheet split by trading and banking books

| | 2023 | | | 2022 | | |
|---------------------------------------|--------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Banking book | Trading book | Total | Banking book | Trading book | Total |
| | (Rupees in '000) | | | | | |
| Cash and balances with treasury banks | 25,578,910 | - | 25,578,910 | 24,666,659 | - | 24,666,659 |
| Balances with other banks | 23,808,742 | - | 23,808,742 | 32,498,497 | - | 32,498,497 |
| Lendings to financial institutions | 6,000,000 | - | 6,000,000 | - | - | - |
| Investments | 174,315,021 | 8,965,520 | 183,280,541 | 132,569,922 | 22,586,065 | 155,155,987 |
| Advances | 59,421,581 | - | 59,421,581 | 40,256,733 | - | 40,256,733 |
| Fixed assets | 1,208,388 | - | 1,208,388 | 393,258 | - | 393,258 |
| Deferred tax assets | 248,746 | - | 248,746 | 504,621 | - | 504,621 |
| Other assets | 6,326,334 | 3,069,162 | 9,395,496 | 5,674,787 | 5,332,346 | 11,007,133 |
| | 296,907,722 | 12,034,682 | 308,942,404 | 236,564,477 | 27,918,411 | 264,482,888 |

40.3.2 Foreign Exchange Risk

Foreign Exchange Risk is the risk of loss resulting from adverse movement in exchange rates. The Bank's principal exchange rate related contracts are forward foreign exchange conducts, cross currency swaps and options. Non traded foreign exchange risk arises through the provision of banking products and services in foreign currency. The objectives of foreign exchange risk management function is to minimise the adverse impact of foreign exchange assets and liabilities mismatch and maximise the earnings observing the limits set by the Bank. Exchange position arising from trading activities are monitored through foreign exchange limits on aggregate and individual basis. Hedging strategies and mark to market valuations are used to mitigate exchange risk resulting from open positions. Overall exchange position risk is maintained in accordance with the regulatory requirements prescribed by the State Bank of Pakistan.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments.

| | 2023 | | | | 2022 | | | |
|------------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|-------------------------|------------------------------|-------------------------|-------------------------------|
| | Foreign Currency Assets | Foreign Currency Liabilities | Off-balance sheet items | Net foreign currency exposure | Foreign Currency Assets | Foreign Currency Liabilities | Off-balance sheet items | Net foreign currency exposure |
| | (Rupees in '000) | | | | | | | |
| United States Dollar | 25,142,194 | 15,818,679 | (9,698,984) | (375,469) | 29,102,328 | 14,084,283 | (15,305,280) | (287,235) |
| Great Britain Pound Sterling | 799 | 104 | - | 695 | 33,632 | 31,701 | - | 1,931 |
| Euro | 6,081,893 | 6,083,162 | 1,198 | (71) | 9,322,421 | 9,305,268 | 41,115 | 58,268 |
| Japanese Yen | 1,603 | - | - | 1,603 | - | 1,200 | 2,796 | 1,596 |
| Other currencies | 155,413 | 370,239 | 2,010 | (212,816) | 449,062 | 685,682 | 2,436 | (234,184) |
| | 31,381,902 | 22,272,184 | (9,695,776) | (586,058) | 38,907,443 | 24,108,134 | (15,258,933) | (459,624) |

| | 2023 | | 2022 | |
|--|------------------|--------------|--------------|--------------|
| | Banking book | Trading book | Banking book | Trading book |
| | (Rupees in '000) | | | |
| Impact of 1% change in foreign exchange rates on | | | | |
| - Profit and loss account | | | | |
| Increase of 1% | - | 7,328 | - | 5,434 |
| Decrease of 1% | - | (7,328) | - | (5,434) |
| - Other comprehensive income | | | | |
| Increase of 1% | - | - | - | - |
| Decrease of 1% | - | - | - | - |

40.3.3 Equity position Risk

The risk arising from taking long or short positions, in the trading book, in the equities and all instruments that exhibit market behaviour similar to equities. The Bank does not maintain equity trading portfolio.

40.3.4 Yield / Interest Rate Risk in the Banking Book (IRRBB)-Basel II Specific

Interest rate risk is the risk that fair value of a financial instrument will fluctuate as a result of changes in interest rates, including changes in the shape of yield curves. Interest rate risk is inherent in many of the Bank's businesses and arises from mismatches between the contractual maturities or the re-pricing of on and off-balance sheet assets and liabilities.

The interest rate sensitivity profile is prepared on a quarterly basis based on the re-pricing or contractual maturities of assets and liabilities. Interest rate risk is monitored and managed by performing periodic gap analysis, sensitivity analysis and stress testing and taking appropriate actions where required.

| | 2023 | | 2022 | |
|--|--------------|--------------|--------------|--------------|
| | Banking book | Trading book | Banking book | Trading book |
| ----- (Rupees in '000) ----- | | | | |
| Impact of 1% change in interest rates on | | | | |
| - Profit and loss account | | | | |
| Increase of 1% | (67,647) | 14,093 | 452,862 | (9,057) |
| Decrease of 1% | 67,647 | (14,093) | (452,862) | 9,057 |
| - Other comprehensive income | | | | |
| Increase of 1% | (930,140) | - | (326,060) | - |
| Decrease of 1% | 930,140 | - | 326,060 | - |

40.3.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

| Effective Yield / Interest rate | Total | 2023 | | | | | | | | | | Non-interest bearing financial instruments |
|---|--------|----------------------------------|----------------------|--------------------|-------------------------|--------------------|-------------------|-------------------|--------------------|----------------|--------------|--|
| | | Exposed to Yield / Interest risk | | | | | | | | | | |
| | | Upto 1 Month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years | Over 5 to 10 Years | Above 10 Years | | |
| ----- (Rupees in '000) ----- | | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| <u>Assets</u> | | | | | | | | | | | | |
| Cash and balances with treasury banks | 2.76% | 25,578,910 | 5,919,075 | - | - | - | - | - | - | - | - | 19,659,835 |
| Balances with other banks | 0.00% | 23,808,742 | - | - | - | - | - | - | - | - | - | 23,808,742 |
| Lendings to financial institutions | 19.90% | 6,000,000 | 6,000,000 | - | - | - | - | - | - | - | - | - |
| Investments | 19.44% | 183,280,541 | 9,680,950 | 60,970,681 | - | 112,628,910 | - | - | - | - | - | - |
| Advances | 21.74% | 59,421,581 | 39,871,743 | 12,165,434 | 6,039,211 | 1,302,727 | 5,453 | 5,453 | 10,713 | 17,232 | 3,615 | - |
| Other assets | - | 9,266,413 | - | - | - | - | - | - | - | - | - | 9,266,413 |
| | | 307,356,187 | 61,471,768 | 73,136,115 | 6,039,211 | 113,931,637 | 5,453 | 5,453 | 10,713 | 17,232 | 3,615 | 52,734,990 |
| <u>Liabilities</u> | | | | | | | | | | | | |
| Bills payable | - | 659,608 | - | - | - | - | - | - | - | - | - | 659,608 |
| Borrowings | - | - | - | - | - | - | - | - | - | - | - | - |
| Deposits and other accounts | 9.93% | 266,801,454 | 186,020,634 | 2,100,000 | - | - | - | - | - | - | - | 78,680,820 |
| Other liabilities | - | 12,338,710 | - | - | - | - | - | - | - | - | - | 12,338,710 |
| | | 279,799,772 | 186,020,634 | 2,100,000 | - | - | - | - | - | - | - | 91,679,138 |
| On-balance sheet gap | | 27,556,415 | (124,548,866) | 71,036,115 | 6,039,211 | 113,931,637 | 5,453 | 5,453 | 10,713 | 17,232 | 3,615 | (38,944,148) |

| 2022 | | | | | | | | | | | |
|---|------------------|---------------------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--|
| Effective Yield / Interest rate | Total | Exposed to Yield/ Interest risk | | | | | | | | | Non-interest bearing financial instruments |
| | | Upto 1 Month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years | Over 5 to 10 Years | Above 10 Years | |
| ----- (Rupees in '000) ----- | | | | | | | | | | | |
| Off-balance sheet financial instruments | | | | | | | | | | | |
| Commitments in respect of: | | | | | | | | | | | |
| - forward Foreign Exchange contracts - purchase | 221,495,197 | 166,608,898 | 51,900,043 | 2,490,780 | 495,476 | - | - | - | - | - | - |
| - forward Foreign Exchange contracts - sale | (236,824,470) | (183,349,998) | (50,101,301) | (2,594,530) | (778,641) | - | - | - | - | - | - |
| - forward sale contracts of government securities | 16,721,604 | 16,721,604 | - | - | - | - | - | - | - | - | - |
| - forward placement | 2,717,171 | 2,717,171 | - | - | - | - | - | - | - | - | - |
| Off-balance sheet gap | 4,109,502 | 2,697,675 | 1,798,742 | (103,750) | (283,165) | - | - | - | - | - | - |
| Total Yield / Interest Risk Sensitivity Gap | | (47,773,341) | 58,722,795 | 36,589,969 | 19,725,723 | 2,748,652 | 7,906 | 14,935 | 24,543 | 10,419 | (49,627,043) |
| Cumulative Yield / Interest Risk Sensitivity Gap | | (47,773,341) | 10,949,454 | 47,539,423 | 67,265,146 | 70,013,798 | 70,021,704 | 70,036,639 | 70,061,182 | 70,071,601 | 20,444,558 |

40.3.6 Reconciliation of assets and liabilities exposed to Yield / Interest Rate risk with total assets and liabilities

| | 2023 | 2022 |
|--|--------------------|-------------|
| | (Rupees in '000) | |
| Total financial assets as per note 40.3.5 | 307,356,187 | 263,316,249 |
| Add: Non financial assets | | |
| Operating fixed assets | 1,208,388 | 393,258 |
| Deferred tax asset | 248,746 | 504,621 |
| Other assets | 129,083 | 268,760 |
| Total assets as per statement of financial position | 308,942,404 | 264,482,888 |
| Total financial liabilities as per note 40.3.5 | 279,799,772 | 246,981,193 |
| Add: Non financial liabilities | | |
| Deferred tax liabilities | - | - |
| Other liabilities | 2,922,755 | 2,317,723 |
| Total liabilities as per statement of financial position | 282,722,527 | 249,298,916 |

40.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. Operational risk is inherent in the Bank's activities and as with other risk types is managed through an overall framework with checks and balances that include recognised ownership of the risk by the businesses, independent risk management oversight and independent review by corporate audit. The operational risk policy codifies the core governing principles for operational risk management and provides a framework for operational risk. In accordance with the policy, each business area is responsible to identify its key operational risks as well as the controls established to mitigate those risks and to ensure compliance with laws, regulations, regulatory administrative actions and the Bank's policies.

Total

2022

| | 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 | 24,666,659 | - | 286,683 | 33,007 | 24,028,762 | 131,925 | 184,750 | 1,282 | - | 250 | - | - | - | - |
| Balances with other banks | 32,498,497 | - | - | - | 32,498,497 | - | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investments | 155,155,987 | - | - | 29,858,321 | 15,285,270 | 30,361,505 | 23,447,884 | 33,953,193 | 14,225,430 | 5,584,079 | 2,440,305 | - | - | - |
| Advances | 40,256,733 | 148,405 | 344,861 | 946,931 | 26,031,680 | 3,775,006 | 5,673,157 | 2,766,161 | 202,190 | 2,190 | 308,348 | 7,906 | 14,936 | 34,962 |
| Fixed assets | 393,258 | 93 | 580 | 653 | 1,400 | 2,800 | 2,800 | 8,401 | 8,401 | 8,401 | 34,072 | 34,073 | 66,561 | 225,023 |
| Deferred tax assets | 504,621 | - | 1,936 | 1,936 | 4,424 | 8,295 | 8,295 | 24,886 | 24,885 | 26,268 | 100,924 | 100,924 | 201,848 | - |
| Other assets | 11,007,133 | 23,656 | 1,897,933 | 576,845 | 5,296,143 | 920,519 | 634,892 | 1,619,521 | 32,446 | 5,178 | - | - | - | - |
| | 264,482,888 | 172,154 | 2,531,993 | 31,417,693 | 103,146,176 | 35,200,050 | 29,951,778 | 38,373,444 | 14,493,352 | 5,626,366 | 2,883,649 | 142,903 | 283,345 | 259,985 |

Liabilities

| | | | | | | | | | | | | | | |
|-----------------------------|-------------|--------|-----------|-----------|-------------|-----------|-----------|-----------|-----------|-----------|--------|--------|---------|--------|
| Bills payable | 725,096 | - | 362,548 | 181,274 | 181,274 | - | - | - | - | - | - | - | - | - |
| Borrowings | 1,200 | - | - | - | 1,200 | - | - | - | - | - | - | - | - | - |
| Deposits and other accounts | 229,621,926 | - | 5,733,659 | 660,146 | 216,863,986 | 2,638,500 | 3,695,000 | 25,635 | - | 5,000 | - | - | - | - |
| Other liabilities | 18,950,694 | 33,541 | 1,914,031 | 631,169 | 5,443,617 | 1,160,984 | 889,509 | 2,381,444 | 3,026,280 | 3,143,560 | 65,312 | 65,312 | 130,623 | 65,312 |
| | 249,298,916 | 33,541 | 8,010,238 | 1,472,589 | 222,490,077 | 3,799,484 | 4,584,509 | 2,407,079 | 3,026,280 | 3,148,560 | 65,312 | 65,312 | 130,623 | 65,312 |

Net assets

| | | | | | | | | | | | | | | |
|--|------------|---------|-------------|------------|---------------|------------|------------|------------|------------|-----------|-----------|--------|---------|---------|
| | 15,183,972 | 138,613 | (5,478,245) | 29,945,104 | (119,343,901) | 31,400,566 | 25,367,269 | 35,966,365 | 11,467,072 | 2,477,806 | 2,818,337 | 77,591 | 152,722 | 194,673 |
|--|------------|---------|-------------|------------|---------------|------------|------------|------------|------------|-----------|-----------|--------|---------|---------|

| | |
|----------------------------------|------------|
| Head office capital account | 6,812,671 |
| Reserves | 163,719 |
| Unremitted profit | 8,771,160 |
| Surplus on revaluation of assets | (563,578) |
| | 15,183,972 |

40.5.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

| Total | 2023 | | | | | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|-------------------------|--------------------|-------------------|-------------------|----------------------|----------------|----------------|
| | Upto 1 Month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years | Over 5 to 10 Years | Above 10 Years | |
| (Rupees in '000) | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Cash and balances with treasury banks | 25,578,910 | 14,889,028 | 105,000 | - | - | - | - | 10,584,882 | - | - |
| Balances with other banks | 23,808,742 | 23,808,742 | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | 6,000,000 | 6,000,000 | - | - | - | - | - | - | - | - |
| Investments | 183,280,541 | 9,680,950 | 60,970,681 | - | 112,628,910 | - | - | - | - | - |
| Advances | 59,421,581 | 6,849,629 | 12,165,434 | 6,039,211 | 1,302,727 | 5,453 | 5,453 | 33,032,826 | 10,424 | 10,424 |
| Fixed assets | 1,208,388 | 7,762 | 16,014 | 24,022 | 48,043 | 97,318 | 97,287 | 194,361 | 267,725 | 455,856 |
| Deferred tax assets | 248,746 | 4,089 | 8,178 | 12,267 | 25,215 | 49,748 | 49,748 | 99,501 | - | - |
| Other assets | 9,395,496 | 6,327,703 | 1,562,735 | 1,492,345 | 12,713 | - | - | - | - | - |
| | 308,942,404 | 67,567,903 | 74,828,042 | 7,567,845 | 114,017,608 | 152,519 | 152,488 | 43,911,570 | 278,149 | 466,280 |
| Liabilities | | | | | | | | | | |
| Bills payable | 659,608 | 659,608 | - | - | - | - | - | - | - | - |
| Borrowings | - | - | - | - | - | - | - | - | - | - |
| Deposits and other accounts | 266,801,454 | 53,003,817 | 2,100,000 | - | - | - | - | 211,697,637 | - | - |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 15,261,465 | 6,406,432 | 1,723,492 | 1,723,644 | 4,999,533 | 81,673 | 81,672 | 163,345 | 40,837 | 40,837 |
| | 282,722,527 | 60,069,857 | 3,823,492 | 1,723,644 | 4,999,533 | 81,673 | 81,672 | 211,860,982 | 40,837 | 40,837 |
| Net assets | 26,219,877 | 7,498,046 | 71,004,550 | 5,844,201 | 109,018,075 | 70,846 | 70,816 | (167,949,412) | 237,312 | 425,443 |
| Head office capital account | 6,812,671 | | | | | | | | | |
| Reserves | 163,719 | | | | | | | | | |
| Unremitted profit | 19,327,671 | | | | | | | | | |
| Surplus on revaluation of assets | (84,184) | | | | | | | | | |
| | 26,219,877 | | | | | | | | | |

| Total | 2022 | | | | | | | | | |
|---------------------------------------|--------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|----------------------|----------------|----------------|
| | Upto 1 Month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years | Over 5 to 10 Years | Above 10 Years | |
| (Rupees in '000) | | | | | | | | | | |
| Assets | | | | | | | | | | |
| Cash and balances with treasury banks | 24,666,659 | 15,848,919 | 316,675 | 1,282 | 250 | - | - | 8,499,533 | - | - |
| Balances with other banks | 32,498,497 | 32,498,497 | - | - | - | - | - | - | - | - |
| Lendings to financial institutions | - | - | - | - | - | - | - | - | - | - |
| Investments | 155,155,987 | 45,143,590 | 53,809,390 | 33,953,193 | 19,809,509 | 2,440,305 | - | - | - | - |
| Advances | 40,256,733 | 8,351,048 | 9,448,163 | 2,766,161 | 204,379 | 308,348 | 7,906 | 19,135,766 | 17,481 | 17,481 |
| Fixed assets | 393,258 | 2,727 | 5,601 | 8,401 | 16,803 | 34,072 | 34,072 | 66,561 | 90,973 | 134,048 |
| Deferred tax assets | 504,621 | 8,295 | 16,592 | 24,885 | 51,153 | 100,924 | 100,924 | 201,848 | - | - |
| Other assets | 11,007,133 | 7,794,577 | 1,555,411 | 1,619,521 | 37,624 | - | - | - | - | - |
| | 264,482,888 | 109,647,853 | 65,151,832 | 38,373,443 | 20,119,718 | 2,883,649 | 142,902 | 27,903,708 | 108,454 | 151,529 |
| Liabilities | | | | | | | | | | |
| Bills payable | 725,096 | 725,096 | - | - | - | - | - | - | - | - |
| Borrowings | 1,200 | 1,200 | - | - | - | - | - | - | - | - |
| Deposits and other accounts | 229,621,926 | 53,267,141 | 6,333,500 | 25,635 | 5,000 | - | - | 169,990,650 | - | - |
| Deferred tax liabilities | - | - | - | - | - | - | - | - | - | - |
| Other liabilities | 18,950,694 | 8,022,358 | 2,050,493 | 2,381,444 | 6,169,840 | 65,312 | 65,312 | 130,623 | 32,656 | 32,656 |
| | 249,298,916 | 62,015,795 | 8,383,993 | 2,407,079 | 6,174,840 | 65,312 | 65,312 | 170,121,273 | 32,656 | 32,656 |
| Net assets | 15,183,972 | 47,631,858 | 56,767,839 | 35,966,364 | 13,944,878 | 2,818,337 | 77,590 | (142,217,565) | 75,798 | 118,873 |
| Head office capital account | 6,812,671 | | | | | | | | | |
| Reserves | 163,719 | | | | | | | | | |
| Unremitted profit | 8,771,160 | | | | | | | | | |
| Surplus on revaluation of assets | (563,578) | | | | | | | | | |
| | 15,183,972 | | | | | | | | | |

41. GENERAL

Figures have been rounded off to the nearest thousand rupees.

42. DATE OF AUTHORISATION

These financial statements were authorised for issue on 25 March 2024 by the management of the Bank.

AHMED BOZAI
Managing Director and
Citi Country Officer

IMAD HASSAN KHAN
Country Finance Officer

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED
DURING THE YEAR ENDED 31 DECEMBER 2023**

| S. No. | Name and address of the borrower | Name of individuals / partners / directors (with CNIC No.) | Father's/ Husband's name | Outstanding Liabilities at beginning of year | | | | Principal written-off | Interest / Mark-up written-off / waived | Other financial relief provided | Total (9+10+11) |
|-------------------------|--|---|--|--|--------------------|-------------------------------|---------|-----------------------|---|---------------------------------|-----------------|
| | | | | Principal | Interest / Mark-up | Other than Interest / Mark-up | Total | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| (Rupees in '000) | | | | | | | | | | | |
| 1 | ANMOL CO 25 WARIS ROAD LAHORE | FAISAL FAROOQ/35202-2895477-1 AHMED FAROOQ/35202-5249114-7 OMER FAROOQ/35202-9015078-3 FAHAD FAROOQ/35202-7226827-5 | FAROOQ AHMED FAROOQ AHMED FAROOQ AHMED FAROOQ AHMED | 22,553 | 21,242 | - | 43,795 | 22,553 | 21,242 | - | 43,795 |
| 2 | JOES FASHION EXPORTS (PVT) LTD** 44-L BLOCK-6 P.E.C.H.SKARAC HI | MOHSIN AYUB MIRZA/42301-7541736-5 ZAREEN MOHSIN/42301-9238562-2 | AYUB MIRZA MOHSIN AYUB | 25,074 | - | - | 25,074 | 32,797 | - | - | 32,797 |
| 3 | MAXCO (PVT) LTD HYDERI KORANGI CREEK KARACHI | PEDIO MASSIMO SYED ZUBAIR HAIDER GILANI/42201- 2324436-9 | PAOLO PEDIO SYED DILAWAR PERVAIZ GILANI | 69,875 | 68,854 | - | 138,729 | 69,875 | 68,854 | - | 138,729 |
| 4 | CHENAB LTD NISHATABAD, FAISALABAD | MIAN MUHAMMAD LATIF/33100-0609997-1 MIAN MUHAMMAD JAVED IQBAL/33100- 0927131-3 MUHAMMAD NAEEM/33100-0610000-3 MUHAMMAD FAISAL LATIF/33100-0610005- 5 MUHAMMAD FARHAN LATIF/33100- 0610003-5 MUHAMMAD ZEESHAN LATIF/33100- 0610004-9 SHAHNAZ LATIF/33100-3155442-2 | HAJI MUHAMMAD SALEEM HAJI MUHAMMAD SALEEM HAJI MUHAMMAD SALEEM MIAN MUHAMMAD LATIF MIAN MUHAMMAD LATIF MIAN MUHAMMAD LATIF MIAN MUHAMMAD LATIF | 220,428 | 246,310 | - | 466,738 | 219,182 | 246,310 | - | 465,492 |

| | | | | | | | | | | | |
|---|---|--|---|---------|--------|---|---------|---------|--------|---|---------|
| 5 | KISSAN SUPPLIES SERVICES (PVT) LTD BEHIND HI-TECH CNG GAS STATION 8-KM RAIWIND RD SADAR TOWN LA D ROAD SADAR TOWN LAHORE | SHABIR AHMED KHAN/17301-3732144-1 MIAN MAQSOOD AHMED/35202-2137431-9 AZHAR IQBAL HASSAN/34101-8022957-7 M. ASHRAF MALIK/35200-1509952-1 M. AMIN JAVED/34603-2138696-9 ASAD ULLAH BHUTTO/45504-1114641-5 | MUHAMMAD ASHIQ MUHAMMAD LATIF MUHAMMAD RAMZAN MUHAMMAD KHAN MIAN MUHAMMAD SHAFI MUHAMMAD BACHAL KHAN | 23,602 | 22,425 | - | 46,027 | 23,602 | 22,425 | - | 46,027 |
| 6 | BROADTEX (PVT) LTD A-213, BLOCK-C, GULS HAN-E-JAMAL, RASHID MINHAS ROADKARACHI | ANWAR ALI/35102-0619546-7 SARWAR ALI/35102-0618784-5 | REHMAT ALI REHMAT ALI | 32,338 | 29,528 | - | 61,866 | 32,338 | 29,528 | - | 61,866 |
| 7 | SANAULLAH (PVT) LTD T.NO 04, BUND ROAD, SANDAKALAN LAHORE | MIAN SANAULLAH/35201-5378938-7 SHAHNAZ QAISARA/35202-8863398-0 KHALID RASHEED/34301-1737089-1 | ABDUL RASHEED W/O SANAULLAH ABDUL RASHEED | 48,057 | 44,829 | - | 92,886 | 48,057 | 44,829 | - | 92,886 |
| 8 | PIONEER TRANSPORT COMPANY PVT LTD OFF #.1001, 10TH FLRKAWISH CROWN PLAZA MAINSAHRAH-E-FAISAL,KARACHI | M. IRFAN SHEIKH/42301-7138545-5 ZAKIA SHEIKH/42301-7667511-8 | ABDUL HAKEEM MUHAMMED IRFAN SHAIKH | 13,258 | 29,131 | - | 42,390 | 13,258 | 29,131 | - | 42,390 |
| 9 | SHAHRAJ FABRICS (PVT) LTD 147&148-M-BLK QUAID- E-AZAM INDUS. ESTATE KOT LAKHPATLAHORE | RANA KHADIM HUSSAIN/35202-2968222-7 GHULLAIM HUSSAIN KHAN/35202-1207171-7 ALI RAZA/35202-8456699-5 | RANA WALLIAT ALI KHAN RANA WALLIAT ALI KHAN RANA WALLIAT ALI KHAN | 278,987 | 37,728 | - | 316,715 | 122,017 | 37,728 | - | 159,745 |

| | | | | | | | | | | | |
|----|---|--|--|---------|---------|---|---------|---------|---------|---|---------|
| 10 | NEW LIGHT HOSIERY (PVT) LTD P-212, STREET NO.5, A FGHANABAD NO.2, FAISALABAD | SHAIKH TANVEER AHMED/33100-0512383-9 AQEEL AHMED/33100-7981451-3 MUHAMMED AZHAR/33100-6188792-1 MUHAMMED SHAHID/33100-0643188-9 | SHAHAIB UD DIN SHAHAIB UD DIN SHEIKH MUHAMMED ANWAR SHEIKH MUHAMMED ANWAR | 3,500 | 6,331 | - | 9,831 | 3,500 | 6,331 | - | 9,831 |
| 11 | ACRO SPINNING & WEAVING MILLS LTD. (FORM AMJAD TEX.) 106/3 SAINT JOHNS PARKLAHORE | SHEIKH M AKMAL/35202-1640087-9 ALI AKBAR SHEIKH/31303-7628391-1 HASSAN AKBAR/31303-2437982-5 | SHEIKH M ASLAM SHEIKH M AKBER SHEIKH M AKBAR | 116,892 | 83,442 | - | 200,334 | 116,892 | 83,442 | - | 200,334 |
| 12 | AKBARI SUPER STORE 20-HUNZA BLOCK ALLAM IQBAL TOWN, LAHORE | MUHAMED AJMAL SHEIKH/35202-2875165-1 MUHAMMED SHAFIQ SHAIKH/35202-2943748-1 MUHAMMED HANIF SHEIKH/35200-1451490-5 | SH.MUHAMMED SHARIF SH.MUHAMMED SHARIF SH.MUHAMMED SHARIF | 149,803 | 127,386 | - | 277,189 | 149,803 | 127,386 | - | 277,189 |
| 13 | LEATHER FIELD (PVT) LTD CHEEMA SEQUARE,CAPIT AL ROAD SIALKOT | MUHAMMED AJMAL CHEEMA/34603-8386151-1 MUHAMMED AKMAL CHEEMA/34603-2309401-1 QAISER MEHMOOD CHEEMA/34603-2309403-1 | CH HUSSAIN CHEEMA CH HUSSAIN CHEEMA CH HUSSAIN CHEEMA | 83,179 | 69,706 | - | 152,885 | 83,179 | 69,706 | - | 152,885 |
| 14 | SUBHANI NAWAB FLOUR & GENERAL MILLS JINNAH CHOWKG,T ROAD0GUJRAN WALA | ABIDOON SUBHANI/34101-1374821-9 UZMA ZAINAB/34101-2244368-8 | HAJI NASIM AHMED ABIDOON SUBHANI | 84,504 | 64,091 | - | 148,596 | 84,504 | 64,091 | - | 148,596 |
| 15 | HAMMAD RICE DEALER C/O FAZAL RICE MILLS KOTLI KHUSHI MUHAMMAD, KOTLI SHAHIYAN , G.T. ROADGUJRANW ALA | EJAZ AHMED SAHI/34104-2348395-3 HAMMAD EJAZ/34104-1254835-9 | FAZAL HUSSAIN SAHI EJAZ AHMED SAHI | 2,540 | 4,480 | - | 7,019 | 2,540 | 4,480 | - | 7,019 |

| | | | | | | | | | | | |
|----|--|--|---|--------|--------|---|--------|--------|--------|---|--------|
| 16 | SHOAIB PAPER MILLS 43-B-1 INDUSTRIAL ESTATEMILTAN | FAROOQ AHMED/36302-0461756-5 MUHAMMED SHOAIB/36302-0461747-5 | NAIMAT ALI KHAN FAROOQ AHMED | 29,981 | 35,748 | - | 65,729 | 29,981 | 35,748 | - | 65,729 |
| 17 | PAPER HANDLERS 116-WEST WOOD COLONY THOKAR NIZA BAIG LAHORE | MALIK NAVEED AHMED/35201-0716172-9 MUHAMMED RAMAZAN/34101-0264801-5 | MALIK ABDUL HAMEED MUHAMMED HASSAN | 29,892 | 27,197 | - | 57,089 | 29,892 | 27,197 | - | 57,089 |
| 18 | MS USMAN ENGINEERING INDUSTRIES 0.5 K.M. ARIFWALA ROAD NEARSAHIWAL BYPASSSAHIWAL | TAJ MUHAMMED/36502-6503888-7 MUSHTAQ AHMED/42000-5212204-5 MUHAMMED NIAZ/36502-3387093-3 | MUHAMMED ISMAIL MUHAMMED ISMAIL MUHAMMED ISMAIL | 1,444 | 737 | - | 2,180 | 1,444 | 737 | - | 2,180 |
| 19 | VISIONTEX 284/J-2,WAPDA TOWN0LAHORE | MUHAMMED MOHSIN/35202-7997147-9 MRS NUZHAT MOHSIN/35202-6441319-6 | MUHAMMED SHARIF MALHI MUHAMMED MOHSIN | 38,000 | 26,855 | - | 64,855 | 38,000 | 26,855 | - | 64,855 |
| 20 | WAQAR ELECTRONICS SHOP #. 2, ELAHI CENTRE SADDAR, KARACHI | IFTIKHAR HAIDER/42201-3771279-9 | WAQAR HAIDER | 9,026 | 14,110 | - | 23,136 | 9,026 | 14,110 | - | 23,136 |
| 21 | AHMED CORPORATION 10 ABBOT ROAD LAHORE | MUMTAZ AHMED KHAN/36501-6596529-3 | TAJ MUHAMMED KHAN | 1,955 | 2,312 | - | 4,267 | 1,955 | 2,312 | - | 4,267 |
| 22 | FAWAD ENTERPRISES OFFICE 3 MADINA TOWN EXT KOHINOOR MILLS FAISALABAD | FAISAL MEHMOOD/33100-4231534-9 | MISLAHU UD DIN | 6,974 | 7,610 | - | 14,584 | 6,974 | 7,610 | - | 14,584 |

| | | | | | | | | | | | |
|----|---|---|---|--------|--------|---|--------|--------|--------|---|--------|
| 23 | AL-SHAFIQUE COPY HOUSE BASEMENT 2 MUNIR MARKET URDU BAZAR LAHORE | MUHAMMED SHAFIQUE/35202-7984512-3 | MUHAMMED SHARIF | 3,480 | 10,022 | - | 13,501 | 3,480 | 10,022 | - | 13,501 |
| 24 | FG POLYPACKEGES 43-B-1 INDUSTRIAL ESTATE MULTAN | FAROOQ AHMED/36302-0461756-5 | NAMAT ALI KHAN | 9,644 | 8,224 | - | 17,867 | 9,644 | 8,224 | - | 17,867 |
| 25 | MIAN COMMUNICATIO N SHOP NO 15/B NOKIA TOWER 1ST FLOOR HALL ROAD LAHORE | MR ASHFAQ JAMEEL/35201-7706290-9 | MIAN MUHAMMED JAMEEL | 39,613 | 34,865 | - | 74,478 | 39,613 | 34,865 | - | 74,478 |
| 26 | HASSAN BOARD INDUSTRIES 24-36-D FIRST FLOOR N/A BAZAR LAHORE | MUHAMMED RAMAZAN/34101-0264801-5 | MUHAMMED HUSSAIN | 29,223 | 45,130 | - | 74,354 | 29,223 | 45,130 | - | 74,354 |
| 27 | P.M. PACKAGES A20/A TEXTILE AVENUE SITE KARACHI | ANJUM SALEEM/42101-7400471-0 | MOHD SALEEM AHHTAR | - | 26,142 | - | 26,142 | - | 26,142 | - | 26,142 |
| 28 | M. IMRAN & ADNAN ENTERPRISES 2-107,SHAH FAISAL COLONY NUMBER 3 PEOPLES TOWN SINDH,PK | SAJJAD AHMED/31201-2998270-7 MEHBOOB QADIR/31201-1214410-9 ZAIB UN NISA/42201-7396459-0 | MUSHTAQ AHMED MUHAMMED SADIQ MUHAMMED ARSHAD KURANI | 4,537 | 5,006 | - | 9,544 | 4,537 | 5,006 | - | 9,544 |

| | | | | | | | | | | | |
|---------------|--|--|--|------------------|------------------|----------|------------------|------------------|------------------|----------|------------------|
| 29 | HYBRID TECNICS (PVT.) LTD 15/A 9-FANE ROADLAHORE | MOHSIN MUHAMMED SYED/35201-6683245-5 SYED MUHAMMAD YASIR RIZAVI/35201-2633614-3 ELYA MOHSIN/35201-2249799-8 MRS SHABANA MOHSIN/35201-3285315-4 SYED MUHAMMAD KUMAIL RIZVI/35201-4402960-1 | SYED MUHAMMED MUSA MOHSIN MUHAMMED SYED D/O MOHSIN M. SYED MOHSIN MUHAMMED SYED MOHSIN MUHAMMED SYED | - | 5,479 | - | 5,479 | - | 5,479 | - | 5,479 |
| 30 | METRO HI TECH (PVT) LTD G.T. ROAD GUJRAT | MUHAMMED IMTIAZ AHMAD/34201-0349263-7 UMAIR AHMED/34201-0349264-5 | MUHAMMED INAYAT ULLAH MUHAMMED IMTIYAZ AHMED | 20,733 | 55,295 | - | 76,028 | 20,733 | 55,295 | - | 76,028 |
| 31 | TERRY WORLD TEXTILES STREET 9 GABOL TOWN NORTH KARACHI INDUSTRIAL ESTATEKARACHI | MEHMOOD RANGOONWALA/42401-4046725-5 YOUSUF RANGOONWALA/42401-4056225-5 NASIR RANGOONWALA/42401-5987443-1 MRS. NASEEMA RANGOON WALA/42401-4589853-8 ASLAM RANGOONWALA/42201-0131894-1 SOHAIL RANGOONWALA SHOAIB RANGOONWALA/42401-2012813-3 | AHMED RANGOONWALA AHMED RANGOONWALA AHMED RANGOONWALA AHMED RANGOONWALA AHMED RANGOONWALA AHMED RANGOONWALA | 88,376 | 147,730 | - | 236,106 | 88,376 | 147,730 | - | 236,106 |
| TOTAL: | | | | 1,487,468 | 1,307,945 | - | 2,795,413 | 1,336,975 | 1,307,945 | - | 2,644,920 |

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

** Two foreign currency loans (FCY) were written off and were converted into Rupees at an exchange rate on the day of execution of write offs in the bank's financial record with a total written off value of Rs. 32,026,507. However, these loans were reported in eCIB with a total value of Rs. 32,797,275. The main reason for this difference is due to FCY loan and its posting in PKR and the time difference in writing it off in the system and later (within in 15 days of the same month) reporting the amount in eCIB, which creates a FX fluctuation variance of Rs. 770,768.