

On behalf of the Board of Directors of the Al Baraka Bank (Pakistan) Limited (the Bank), we are pleased to present the 14th annual report along with the audited financial statements of the Bank and Auditors' report for the year ended 31 December 2019.

Economic Overview

The GDP growth has been recorded at 3.3% in FY19 as compared to 5.5% growth in FY18. This slowdown had already been anticipated on account of policy measures taken to overcome current account deficit. The agriculture sector remained subdued with water shortages and increased cost of major inputs, which constrained the production of important crops. The services sector also faced fallout from weak performance of commodity-producing sectors, with its growth slowing down visibly compared to last year.

Pakistan's current account deficit has decreased to USD 13.8 billion as of FY19 as compared to USD 19.9 billion last year. The country's exports were recorded at USD 24.8 billion while imports were recorded at USD 56.6 billion during the FY19. The remittances for FY19 were USD 21.8 billion as compared to USD 19.9 billion in FY18. Current account deficit of first six months of FY20 (from July - Dec 2019) is USD 2.2 billion which was USD 8.6 billion in comparative period last year.

SBP's foreign exchange reserves had risen during 2019 with the disbursement of first tranche of the IMF's Extended Fund Facility and influx of foreign portfolio money in domestic T-Bills. This money flow have attributed more to the reduction in current account deficit and reflects the confidence that foreign investors presently have in the creditworthiness of Pakistan. The total reserves including foreign exchange held by banks reached to USD 18.6 billion by December 2019.

The State Bank of Pakistan (SBP) in its latest monetary policy statement, announced in January 2020, has maintained the policy rate at 13.25% with discount rate at 13.75%. As per the new inflation base of 2015-16, CPI increased by 12.6% YoY in December 2019, compared to 6.17% YoY during the same period last year.

These pressures on inflation are on account of higher government borrowing from SBP, adjustments in the administered prices of electricity, gas and fuel, significant increase in perishable food prices, and the continued unfolding impact of exchange rate depreciation. We understand that the stabilization of the external account and exchange rate, build-up of forex reserves, and ongoing fiscal consolidation will all support a softer inflationary outlook in 2020.





The financial highlights of the Bank are given below:

Financial Highlights	2019	2018	Growth
Deposits	Rs. 129.7 Billion	Rs. 99.9 Billion	30% ↑
Financing (net)	Rs. 75.4 Billion	Rs 75 Billion	0.5% ↑
Investments	Rs. 24.2 Billion	Rs.21.3 Billion	14% ↑
Total assets	Rs. 162 Billion	Rs 128.8 Billion	26% ↑
Equity	Rs. 12.7 Billion	Rs 10.7 Billion	19% ↑
Branch Network	192 Branches	191 Branches	1 Branch ↑

PROFIT AND LOSS ACCOUNT	2019	2018	%
	<i>Rs. In million</i>		
Profit/return on financing, investments and placements	12,923	8,032	61%
Return on deposits and other dues expensed	(7,912)	(3,872)	104%
Net spread earned	5,011	4,160	20%
Fee and commission income	748	683	10%
Foreign exchange income	735	441	67%
Loss on securities - net	(95)	(31)	206%
Dividend and other income	42	61	(31%)
Total other income	1,430	1,154	24%
Administrative expenses and other charges	(5,243)	(4,789)	9%
Operating profit	1,198	525	128%
Provision against non performing financing, investments and other assets	(1,190)	(770)	55%
Profit / (loss) before tax	8	(245)	103%
Taxation	(199)	(9)	2111%
Loss after tax	(191)	(254)	(25%)

Financial Performance

The Bank recorded various notable improvements in terms of Balance Sheet growth, capital strengthening and profitability from core business operations. Deposit of the Bank closed at Rs 129.7 billion as at 31 December 2019 as compared to Rs 99.9 billion at 2018 year end. Despite the fact that discount rate increased by 325 BPS during 2019 resulting in high cost of deposits, the Bank has managed its net spread efficiently.

The Bank continued to follow cautious approach in growing financing portfolio and closed its net financing at Rs 75.4 billion as compared to Rs 75 billion reported at 31 December 2018. The focus of the Bank is to build a high quality and well-diversified financing portfolio.



The investment portfolio of the Bank grew from Rs 21.3 billion as of December 2018 to Rs 24.2 billion as of December 2019. The increase is mainly due to investment made in Pakistan's first Energy Sukuk duly guaranteed by Government of Pakistan.

In profit and loss account, the net spread earned by the Bank increased significantly by 20% as compared to last year and was recorded at Rs 5,011 million as compared to Rs 4,160 million in 2018.

Other income increased to Rs 1,430 million as compared to Rs 1,154 million recorded last year mainly on account of increase in income from dealing in foreign currencies. Administrative expenses and other charges have increased to Rs 5,243 million from Rs 4,789 million which is on account of staff annual increments, contractual increase in rents of branch premises, high electricity and other operational expenses. The Bank continues to follow disciplined cost management strategy and enhancing business synergies.

In line with the directives of SBP, the Bank has adopted IFRS 16 'Leases', as fully explained in note 4.1 to the annual audited financial statements. Had IFRS 16 not been applied, profit after tax for the year ended 31 December 2019 would have been higher by Rs 121 million. Despite the challenging conditions and initial adoption of IFRS 16, the Bank recorded operating profit of Rs 1,198 million during the year ended 31 December 2019 as compared to Rs 525 million last year (growth of 128%).

During the year, the Bank recorded additional provision of Rs 1,190 million on its non-performing assets portfolio which includes impairment of Rs 102 million on capital market portfolio on account of depressed performance of stock market. The Bank is making concrete efforts to regularize certain old chronic accounts.

Loss per share of the Bank for 2019 is Re 0.14 (2018: loss per share Re 0.18) based on the paid-up share capital for the year ended 31 December 2019.

Minimum Capital Requirement

To comply with enhanced CAR requirement as prescribed by SBP, our major sponsor, Al Baraka Islamic Bank, Bahrain, has injected USD 9 million as Capital Support Fund during December 2019 resulting in increase in Bank's minimum capital requirement (MCR) to Rs 11.37 Billion and Capital adequacy ratio (CAR) at 13.3%.

Information Technology

The Bank is committed to developing and operating high end technology platforms which helps in better performance and achieving high efficiencies. The Bank is focused on the use of technology in line with Al Baraka Banking Group guidelines to provide quality services to its customers.

During the year 2019, the Bank achieved following ventures in the field of information technology:

- Full Implementation of new data servers & storage solutions for primary and Disaster Recovery (DR) site which will significantly improve our banking services.



- The process of digital archiving is complete and fully implemented in all branches. The process involved digital archiving of branch account opening process and relevant documents and branch banking transactions with centralized digital review.
- Implementation of QR code in mobile banking which enables our customers to conduct financial transactions at local merchant outlets by simply scanning a QR Code (or a QR sticker) through Al Baraka Mobile Banking application.
- Launching of Mastercard 3D secure service which will enable customers to use their card online locally as well as internationally for payments over the internet in a secure manner.
- Selection and acquisition of new Mobile App & Internet Banking with Digital Platform as part of Digital Transformation Journey.
- Selection & acquisition of new Network Infrastructure including core switches and core firewalls for primary and DR Site for efficient and secure communication.

Green Banking

The Bank understands its responsibility in protecting the environment and conserving natural resources. In line with the SBP suggested framework, the Bank has established a Green Banking Office and has designated 'Chief Green Banking Manager'. In this respect the Bank has established a policy approved by Board of Directors and necessary procedures for Environmental Risk Management. The Bank has also established environmental risk mitigation mechanism through Environmental Risk Avoidance List, Environmental Improvement Plans and Environmental General and Specific Checklists for the customers and the Bank also performs due diligence while extending financial services to customers dealing in hazardous substances.

In addition to this, the Bank has also taken following initiatives during the year 2019 to promote sustainable use of resources including usage of energy, water and paper;

- Recycling of unused (waste) paper through collaboration with a Waste Management Company certified by Sindh Environmental Protection Agency (SEPA) to reduce carbon footprint.
- Creating awareness about Green Banking through different posts on social media, ATMs and through training of staff on regular basis.
- As part of an initiative of Government of Pakistan, the Bank has also joined hands in sponsoring 30 "Green Bag Stalls" at several prominent locations in Islamabad to promote and sell jute bags as part of commitment towards sustainability and to reduce the use of Plastic bags.

Corporate Social Responsibility (CSR)

During the year 2019, the Bank won following CSR awards:

- "Collaboration & Partnership" and "Education/Scholarship Program" at the "8th Annual Corporate Social Responsibility Summit & Awards 2019".



- “Health & Safety Award” at 5th International Environment Health & Safety Awards 2019.
- “Social Responsibility Award” by Shaukat Khanum Memorial Cancer Hospital & Research Center.

Corporate and Financial Reporting Framework

The Board of Directors is fully cognizant of its responsibility under the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan (SECP) and adopted by the State Bank of Pakistan (SBP) and related regulations issued by SBP.

The following statements are manifestation of its commitment towards high standards of Corporate Governance and continuous organizational improvement:

- The financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Bank have been maintained.
- Appropriate accounting policies as stated in notes to the financial statements have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards and other such standards as applicable in Pakistan have been followed in preparation of the financial statements and any departure from these has been adequately disclosed.
- The system of internal control is sound and has been effectively implemented and monitored.
- There are no doubts upon bank’s ability to continue as going concern.
- There has been no material departure from the best practices of Corporate Governance.
- Investments of the Bank’s recognized Provident Fund and Gratuity Fund based on un-audited accounts as at 31 December 2019 amounted to Rs 955 (2018: Rs 792) million and Rs 307 (2018: Rs 262) million respectively.

During the year four (04) Board meetings, five (05) meetings of the Board Executive Committee (BEC), four (04) meetings of the Board Risk Committee (BRC), Board Audit and Compliance Committee (BACC), Board Human Resource and Remuneration Committee (BHR&RC) and Board Sustainability & Social Responsibility Committee (BSSRC) were held. The attendance of the members was as follows:



Name of Directors	Board	BEC	BA&CC	BRC	BHR&RC	BS&SRC
Mr. Adnan Ahmed Yousif, Chairman	4/4	-	-	-	-	-
Mr. Tareq Mahmood Kazim, Deputy Chairman	4/4	5/5	-	-	4/4	4/4
Mr. Abdulrahman Shehab, Director	4/4	-	4/4	-	4/4	-
Mr. Salman Ahmed, Director	4/4	5/5	-	4/4	-	-
Mr. Zahid Rahim, Director	4/4	5/5	-	4/4	-	-
Mr. Ahmed Rehman, Director	4/4	-	-	4/4	3/3	-
Mr. Azhar Hamid, Director	4/4	-	4/4	-	-	4/4
Mr. Shafqaat Ahmed, Director	4/4	-	-	3/3	-	4/4
Mr. Mohammed Tareq Sadeq, Director	4/4	-	4/4	-	-	-
Mr. Najmul Hassan, Director*	3/3	3/3	-	-	3/3	-

Note: Denominator showed total number of meetings entitled to attend.

*Mr. Najmul Hassan resigned on 27-09-2019. Subsequent to the resignation of Mr. Najmul Hassan from the Board of ABPL, ICD has nominated Mr. Mohammed Asheque Moyeed as a Director. His SBP clearance is awaited

Further (05) five meetings were held of Shariah Board during 2019 which were attended by following Shariah Board Members:

Name of Shariah Board Members	Meetings held	Meetings attended
Sheikh Esam Ishaq	5	5
Mufti Abdullah Siddiqi	5	5
Mufti Bilal Ahmed Qazi	5	5

Shareholding Pattern as on 31 December 2019

Shareholders category	No. of share holders	Shares held	%age
Directors			
Mr. Adnan Ahmed Yousif	1	500	0.00%
Mr. Tariq Mahmood Kazim	1	500	0.00%
Mr. Salman Ahmed	1	500	0.00%
Mr. Abdulrahman Shehab	1	500	0.00%
Mr. Azhar Hamid	1	500	0.00%
Mr. Ahmed Rehman	1	500	0.00%
Mr. Shafqaat Ahmed	1	500	0.00%
Mr. Zahid Rahim	1	500	0.00%
Mr. Mohammed Tareq Sadeq	1	500	0.00%



Associated companies, undertakings and related parties			
Al Baraka Islamic Bank, Bahrain B.S.C (c)	1	812,446,082	59.13%
Islamic Corporation For The Development of The private Sector	1	162,847,717	11.85%
Mal Al Khaleej Investments LLC	1	158,360,039	11.53%

Public Sector Companies, Corporations, Banks, Development Financial Institutions and Non-Banking Financial Institutions, Mutual Funds & Other Organizations

Gargash Enterprises L.L.C	1	5,882,352	0.43%
State Life Insurance Corporation of Pakistan	1	4,941,176	0.36%
Amanah Investment Limited	1	2,938,823	0.21%
Bank of Punjab	1	2,000,000	0.15%
Al-Hoqani Securities & Investment Corporation (Pvt) Ltd.	1	1,470,588	0.11%
Dossa Cotton & General Trading (Pvt) Ltd.	1	788,235	0.06%
Orix Leasing Pakistan Ltd	1	705,882	0.05%
Descon Holding (Private) Limited	1	588,235	0.04%
B.R.R Guardian Modaraba	1	100,000	0.01%

Shareholding ex-Directors and others

Sheikh Tariq Bin Faisal Khalid Al Qassemi	1	103,018,177	7.50%
Mr. Muhammad Umar Ejaz	1	42,000,000	3.06%
Mr. Mubarak Bulaswaad	1	4,860,000	0.35%
Mr. Syed Tariq Husain	1	3,300,284	0.24%
Mr. Abdul Ghaffar Fancy	1	978,468	0.07%
Other (Shareholders with less than 10% Shareholding)	56	66,632,202	4.84%
Total Shareholding	82	1,373,962,760	100%

Shareholders with 10% or more voting interest

Name of Share holders	No. of share holders	Shares held	%age
Al Baraka Islamic Bank, Bahrain B.S.C (c)	1	812,446,582	59.13%
Islamic Corporation For The Development of The Private Sector	1	162,847,717	11.85%
Mal Al Khaleej Investments LLC	1	158,360,039	11.53%

Except as disclosed above, no Executive of the Bank or their spouses / minor children was shareholder of the Bank as of 31 December 2019.



Risk Management Framework

The Bank's Risk Management Framework encompasses culture, policies, processes & structure and is directed towards the effective management of potential opportunities and threats that the Bank might face. The range of business activities undertaken by the Bank requires effective identification, measurement, monitoring, integration and management of different financial and non-financial risks that are constantly evolving as business activities change in response to concurrent internal and external developments. The Board keeps an oversight on Bank-wide risk management framework and approves the risk management strategies, policies and risk appetite. The Board Risk Committee (BRC) has been mandated by the Board of Directors (BOD) to assist in the design, regular evaluation and timely updation of the risk management framework of the Bank. The BRC aims to ensure that the Bank maintains a complete and prudent integrated risk management framework at all times and exposures are maintained within acceptable levels. The Board approved risk management policy has been developed strictly in line with the principles of Shariah and covers all major types of risks that the Bank may be exposed to.

The authority to monitor and manage different risks has been further delegated to the specialized committees comprising of senior members of management with relevant experience and expertise. The committees include:

1. Asset and Liability Management Committee (ALCO)
2. Credit Committee (CC)
3. Credit Risk Management Committee (CRMC)

The Bank has setup functions of asset booking and credit approval in which financing exposures and their related risks are analyzed in the light of credit limits, applicable controls and segment exposures.

Credit decision-making is a collective and consultative process in bank. All credit exposures approval authority rests with Credit Committee/Sub-Committees. The Credit Committee (CC)/Sub-Committees comprising of staff having relevant experience and knowledge of credit operation and associated risks.

Credit Risk Management Committee (CRMC) of the Bank is mandated to monitor and review Credit Portfolio exposures of the Bank in a proactive manner and is responsible for developing action plans to safeguard the Bank from any adverse / unwanted situation which affect performance of the bank.

ALCO has the responsibility for the formulation of overall strategy and oversight of the assets & liability management function. ALCO monitors the maintenance of liquidity ratios, depositors' concentration both in terms of overall funding mix and avoidance of reliance on large deposits.

The primary objective of this architecture is to inculcate risk management culture into the organization to ensure that risks are appropriately identified and assessed, properly documented, approved and adequately monitored; and managed in order to enhance long term earnings and to protect the interests of the Bank's depositors and shareholders.



For effective implementation, the Risk Management function operates independently within the Bank. The function is also responsible for development and oversight of risk policies and plays a pivotal role in monitoring the risks associated with various activities of the Bank. Risk Management function is headed by the Chief Risk Officer (CRO), who administratively reports to the CEO with an independent functional reporting line to the BRC.

To ensure the independence of this position, following areas are critical to the Bank's sustainability & profitability placed under the umbrella of RM function:

- Credit Risk
- Credit Administration
- Credit Monitoring
- Risk Policies and Industry Analysis
- Enterprise Risk Management

Credit Risk under Risk Management Group (RMG) is playing its due role in conducting due diligence and review of Corporate/Commercial, SME, Agri and Consumer as well as Infrastructure Project Financing related credit applications and presents its observations to CC/respective approving authorities of the Bank. Credit Risk function adds value to the approval process by validation and assurance to the affect that the financing/investment proposals are in compliance with different policy parameters, regulatory instructions and adherence to the risk appetite of the Bank. Besides, It also conducts assessment of credit proposals on concentration levels of the Bank in terms of large exposures, industry limits, and impact on CAR and also identify/record if there are exceptions. Independent validation is helpful for the Credit Committee/ approving authorities in decision making process. The structure of the Credit Risk function is designed in view of the nature, complexity of business activities of the Bank.

Credit Administration is primarily responsible for the Bank's Credit Limit Management (i.e. limit input and control), perfection of securities, issuance of Disbursement Authorization Certificate (DAC), drawdown monitoring, documentation review, Safe Custody of Collateral and Security Documents, monitoring of covenants and compliance thereof, maintenance of credit files / record retention functions as well as adherence to established regulatory and internal policy guidelines / SOPs.

Credit Monitoring is an essential tool for Banks to maintain a sustainable portfolio. For this purpose the risk takers (Business Segments as well as the supporting departments) are equally responsible for maintaining the health of the portfolio. A Special Asset Management (SAM) function handles stressed assets to ensure a focused remedial strategy in compliance with the regulatory requirements.

Risk policies and Industry Analysis Unit of RMG formulates and updates credit and risk policies of the Bank besides preparing comprehensive industry analysis and its updates from time to time.

Enterprise Risk Management function is responsible for ensuring authenticity, accuracy and timely identification of risks in Credit Portfolio & market, liquidity and operational risks inherent in bank's activities and develop policies and procedures to control these risks. Main functions of Enterprise Risk are Credit Portfolio Risk Management, Basel & IFRS 9



implementation, Market & Liquidity Risk Management, Operational Risk Management and Environmental Risk Management.

Credit Portfolio Risk Management function performs periodic analysis on credit portfolio to provide Credit Risk Management Committee an objective assessment of the portfolio health. This function is also responsible for the implementation of Basel Capital Adequacy Standards as per SBP's requirements as well as adoption of IFRS 9 - Financial Instruments in line with best industry practices and Group's initiatives. Currently, the bank has adopted Standardized Approach for the calculation of capital charge against credit and market risk in which risk weights are assigned taking into consideration external ratings of the counterparties for the purpose of calculating Risk Weighted Assets while Basic Indicator Approach has been adopted for Operational Risk.

For the preparation of Basel Internal Rating Based Approach for Credit Risk and future implementation of IFRS 9, the bank has made significant progress through implementation of Internal Risk Rating System i.e. Moody's Risk Analyst (MRA) a world's renowned internal credit rating system. The MRA takes into consideration qualitative and quantitative factors of the counter-party, transaction structure and collaterals and generates ratings at Obligor and Facility levels as required by Internal Rating Based (IRB) approach under Basel regulations. The facility rating system, developed in line with SBP's guidelines, also provides estimated Loss Given Default (LGD) and Obligor rating provides Probability of Default (PD). The system is backed by secured database with backup support and is capable of generating MIS reports providing snapshot of the entire portfolio for strategizing and decision making.

Treasury Middle Office (TMO) manages risks relating to treasury operations and reports its findings to ACLO for prompt remedial actions. ALCO ensures that any liquidity mismatch and gaps are proactively managed by keeping liquidity under control and closely monitored. Sources of liquidity are regularly reviewed / monitored by the ALCO keeping view the prevailing economic indicators, projected cash flows and asset / liability mix, and approve strategy for managing liquidity appropriately. The Liquidity Risk Management Policy of the bank encompasses contingency funding plan for actions to be taken in case of liquidity stress conditions.

For effective management of Operational Risk, the Bank has established an exhaustive operational risk management framework and covers business lines and support units/departments.

Risk Control and Self-Assessment (RCSA's) exercises for each business line and key control functions periodically performed. Through the RCSA exercise, the Bank has been able to develop inventory of risks, controls and key risk indicators (KRI) and mitigation plans are devised for effective control over operational risk.

The Bank is using Operational Risk Management suite i.e. Risk Nucleus for operational loss data collection, RCSAs and KRIs. The system keeps a detailed track of all operational loss events with complete audit trail. The Bank has a Board approved BCP Policy and plans for all functional areas.

The Bank has adopted Basel III guidelines issued by SBP and relevant disclosures are made in the financial statement for the year ended 31 December 2019.



The Bank being cognizant of the importance of risks associated with Money Laundering/Terror Financing/Proliferation Financing, is continuously aligning its operational strategies, policies & procedures with FATF recommendations and related regulatory requirements. The Bank in this respect has taken number of initiatives including but not limited to acquiring robust Regulatory technology solutions for transaction monitoring, screening against Targeted Financial Sanctions, eKYC, etc. We are also closely monitoring risks associated with all above risks associated with Trade business.

Financial Consumer Protection

The Bank believes in providing quality banking experience to all its customers with complete fairness and clarity. To strengthen this objective, the Bank has devised a framework of Financial Consumer Protection under regulatory guidelines. The framework comprises of the monitoring of different products & services, such as retail banking products, consumer banking products, customer services and handling of customer grievances; this helps our customers in making informed financial decisions, understand and exercise their rights and have effective recourse for their grievances.

The journey for the year 2019 of Financial Consumer Protection comprises the following:

- Customers were encouraged to provide their valuable feedback about banking products and services through a Customer Satisfaction Survey, where overall customer satisfaction score was 93.21%.
- The Bank ensured that Fair Treatment to Customers (FTC) was practiced across the bank without exception, where customers were treated fairly at all stages of their banking relationship.
- The Bank assured that complete information about products and services were provided to customers in clear and simple manner.
- The Bank arranged different awareness/training sessions for empowering its employees to comprehend and promote the concept of Fair Treatment to Customer. Further to this, the post training evaluations were also carried out, so as to gauge the retention level of training knowledge.
- In order to focus on resolving customer complaints/grievances with complete transparency and impartiality, the Bank has initiated the post complaint closure survey as “Voice of Customer” where the experience of complainants with their complaint handling was analyzed. The aggregated result for 2019 was 91.96%.

Statement of Compliance with the Code of Corporate Governance

The Bank has adopted the requirements of the Code of Corporate Governance as issued by the SECP and adopted by SBP. A statement to this effect is annexed to this report.

Statement of Internal Controls

The management of the Bank is responsible for establishing and maintaining adequate controls and procedures and fully recognizes this responsibility and appreciates its value and



significance. The placement of staff within and other integration such as IT system, policies, procedures and processes have been streamlined. The Board is pleased to endorse the management's statement relating to Internal Controls as annexed to this report.

Future Outlook

SBP has increased the policy rate by 325 bps from 10% to 13.25% during the year 2019. However, in last two monetary policies issued by SBP in September 2019 and in January 2020, SBP has maintained the policy rate at 13.25%. The increase in discount rates historically has resulted in higher net spread, however cautious watch has to be instituted on recoverability of Financing portfolio. Our focus will be on maintaining the growth momentum without compromising on net spreads and asset quality. Efforts will also be made to target new market segments, widening of customer base and improving efficiency and productivity by leveraging on the investment in technology made by the Bank in recent years.

The Bank will take following new initiatives in 2020:

- Improved mobilization of low cost deposits.
- Deepening in SME, Agriculture and Consumer Finance including Auto Financing, Home Mortgage and Debit Cards.
- Focus on IT driven products to increase business volumes and customer satisfaction.
- Recovering old and stuck up financings.
- Fresh Investment Banking mandates and advisory services to increase revenues.

We are confident that all of the above mentioned initiatives cumulatively will add more value to the Bank's services and contribute to the overall growth of the Bank.

Credit Rating

Based on the financial statements of the Bank for the year ended 31 December 2018, JCR-VIS, has maintained the long-term rating to 'A+' and the short-term rating at 'A1'. Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating at 'A' and short term rating at 'A1'.

External Auditors

Our existing auditors M/s EY Ford Rhodes (EYFR), Chartered Accountants is eligible to offer themselves for reappointment for accounting year ending 31 December 2020 and we have received their consent to continue to act as auditors of the Bank.

The external auditors have confirmed that they have been given a satisfactory rating under the Quality control Review program of the Institute of Chartered Accountants of Pakistan, and that the firm and all their partners are compliant with the International Federation of Accountants, Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan, and meet the requirements for appointment under all applicable laws.

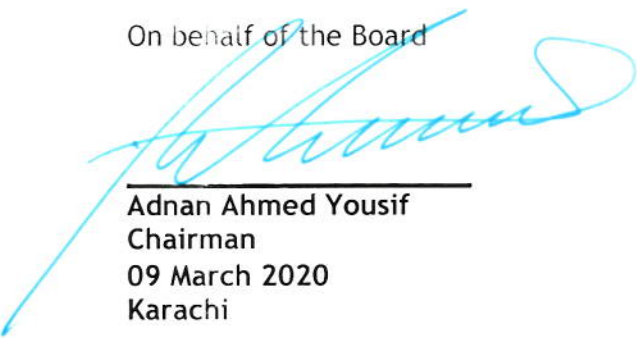
The external auditor's re-appointment shall be subject to approval in the forthcoming Annual General Meeting.



Acknowledgement

The Board wish to place on records its sincere thanks and gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Shariah Board for their continued guidance and support. We would also like to thank our valued customers, shareholders and business partners for their continued patronage and confidence as well as staff members for their commitment and devotion.

On behalf of the Board



Adnan Ahmed Yousif
Chairman
09 March 2020
Karachi