

On behalf of the Board of Directors of the Al Baraka Bank (Pakistan) Limited (the Bank), we are pleased to present the 16<sup>th</sup> annual report along with the audited financial statements of the Bank and Auditors' report for the year ended 31 December 2021.

### Economic Overview

The GDP growth rate has recorded at 4.7% in FY20-21 as compared to a deficit of 0.9% in FY19-20. This growth represented a recovery following the Covid - induced contraction last year. The growth was mainly dependent on agriculture, industry and service sectors, which expanded by 2.8%, 3.6% and 4.4% respectively. The supportive policies of the government and State Bank of Pakistan (SBP) help in economic turnaround and in mitigating the health and economic fall-out of COVID on the economy.

Pakistan's current account deficit has recorded at USD 9.1 billion in FY22 (Jul 21 to Dec 21) as compared to a surplus of USD 1.2 billion in corresponding period last year. The country's exports were recorded at USD 18.651 billion in FY22 (Jul 21 to Dec 21), while imports were recorded at USD 41.664 billion during July 2021 to December 2021. Further, the total remittances have recorded at USD 15.808 billion during July 2021 to December 2021 as compared to USD 14.203 in corresponding period last year.

SBP's foreign exchange reserves have recorded at USD 17.686 billion as at December 2021. The total reserves including foreign exchange held by banks reached to USD 23.883 billion by same date.

As per the new inflation base of 2015-16, CPI increased to 13% YoY in January 2022. There is a pressure on inflation because of higher government borrowing from SBP, adjustments in the administered prices of electricity, gas and fuel, significant increase in perishable food prices, along with the devaluation of rupee against major currencies. The State Bank of Pakistan (SBP) in its latest monetary policy statement announced in December 2021, has further increased the policy rate to 9.75%, up by 275 BPS from 7% held since start of 2021.

The financial highlights of the Bank are given below:

Financial Highlights	2021	2020	Growth
Deposits	Rs. 178.9 Billion	Rs. 159.4 Billion	12% ↑
Financing (net)	Rs. 96.2 Billion	Rs 90.3 Billion	7% ↑
Investments	Rs. 76.6 Billion	Rs.57.1 Billion	34% ↑
Total assets	Rs. 218 Billion	Rs 193 Billion	13% ↑
Equity	Rs. 13.4 Billion	Rs 13 Billion	3% ↑



PROFIT AND LOSS ACCOUNT	2021	2020	%
	<i>Rs. in million</i>		
Profit/return on financing, investments and placements	13,744	14,052	(2%)
Return on deposits and other dues expensed	(7,214)	(7,676)	(6%)
<b>Net spread earned</b>	<b>6,530</b>	<b>6,376</b>	<b>2%</b>
Fee and commission income	999	669	49%
Foreign exchange income	803	966	(17%)
Gain on securities	131	174	(25%)
Dividend and other income	49	77	(36%)
<b>Total other income</b>	<b>1,982</b>	<b>1,886</b>	<b>5%</b>
Administrative expenses and other charges	(5,630)	(5,516)	2%
<b>Operating profit</b>	<b>2,882</b>	<b>2,746</b>	<b>5%</b>
Provision against non performing financing, investments and other assets	(2,208)	(1,208)	83%
<b>Profit before tax</b>	<b>674</b>	<b>1,538</b>	<b>(56%)</b>
Taxation	(43)	(774)	(94%)
<b>Profit after tax</b>	<b>631</b>	<b>764</b>	<b>(17%)</b>

### 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 178.9 billion as at 31 December 2021 as compared to Rs 159.4 billion at 2020 year end.

The investment portfolio of the Bank grew from Rs 57.1 billion as of December 2020 to Rs 76.6 billion as of December 2021. The increase is mainly due to additional investment made in GOP Ijarah sukuk duly guaranteed by Government of Pakistan.

The Bank continued to follow cautious approach in growing financing portfolio and closed its net financing at Rs 96.2 billion as compared to Rs 90.3 billion reported at 31 December 2020. The focus of the Bank is to build a high quality and well-diversified financing portfolio.

In profit and loss account, the Bank reported operating profit of Rs 2,882 million depicting an increase of 5% from last year. Net spread earned by the Bank increased by 2% and was recorded at Rs 6,530 million as compared to Rs 6,376 million in 2020.

Other income increased to Rs 1,982 million as compared to Rs 1,886 million recorded last year mainly because of increase in trade, fees and advisory income. Administrative expenses and other charges have increased to Rs 5,630 million from Rs 5,516 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.

During the year, the Bank recorded additional provision of Rs 2,186 million on its non-performing assets portfolio, which includes provision of Rs 2,362 million on non-performing financing portfolio and net reversal of provision of Rs 176 million on investment portfolio. The Bank is making concrete efforts to regularize certain old chronic accounts.

Earnings per share (EPS) of the Bank for 2021 was recorded at Re 0.46 (2020: Re 0.56).



## Information Technology

The Bank is committed towards developing high-end technology platforms and efficient project deliveries to ensure overall improved performance, high efficiencies and offering of innovative products and services to its customers.

During the year 2021, the Bank made following progress in the field of Information Technology & Digital Transformation:

- The Bank successfully implemented Micro Payment Gateway (MPG), initiated by State Bank of Pakistan. The MPG is an instant payment mechanism focusing on G2P (Government-to-Person), P2P (Person-to-Person) and bulk transfers. The central bank took the initiative to achieve the strategic goal of developing modern and robust payment systems in the country, providing the platform for banking and non-banking entities including Fintech to play their role in country's payment system transformation.
- The Bank successfully implemented various projects including FX (Forex) Digitization, Digital Customer Onboarding for ASAAN Accounts, Freelancers Accounts and Remittance Accounts. The implementation of these projects have enabled the Bank to provide digital services to its customers.
- The Bank has successfully completed the project of Core Network Infrastructure at primary data center and disaster recovery site. The project aims to provide improved network performance and overall security posture of network infrastructure.
- The Bank is in process to introduce more features in Mobile Application and Internet Banking Platform, which will include various new features for improved customer experiences.
- The Bank has successfully integrated with PayFast, the local payment gateway for e-commerce transactions. Al Baraka Pakistan customers can buy the products on merchant website while paying through their bank account.

## Green Banking

The Bank is active in determining sustainability approach and ensuring environmental, social and governance considerations, such as climate change mitigation and climate change adaptation.

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 Environmental procedures for Environmental Risk Management. The Bank has also established environmental risk mitigation mechanism through Environmental Risk Avoidance List, Environmental Improvement Plans, Environmental General and Specific Checklists and Environmental Risk Rating (ERR) Mechanism for the customers. The Bank also regularly performs due diligence process while extending financial services to customers dealing in hazardous substances.

The Bank has been continuously working on the following initiatives to promote sustainable use of resources including usage of energy, water and paper.



- Promoting renewable energy financing by launching solar product which specifically focusing financing on solar projects.
- The Bank has also taken the initiative of “Reduce, Reuse & Recycling” of paper by creating awareness via emails and caution notes on the printers to conserve paper usage.
- In head office, we have installed energy efficient air conditioning system to reduce energy consumption of the Bank.
- Creating awareness about Green Banking through different posts on social media, ATMs and through training of staff on regular basis.

### Corporate Social Responsibility (CSR)

During the year 2021, the Bank won the following CSR awards:

- “Sustainability Initiatives” at the “10th Annual Corporate Social Responsibility Summit”.
- “Support for Health Care Organizations” at the “7th International Awards on Environment, Health & Safety 2021”.

During the year, the Bank supported following CSR initiatives:

- The staff of our Bank visited Indus Hospital’s Pediatric ward to distribute giveaways and participate in various activities with the children.
- Supported the event “Learn To Win” of Deaf Welfare Awareness Foundation (DWAFF) held in Lahore on Pakistan Independence day.
- Supported the Pakistan Foreign Office Women Association (PFOWA) charity fair held at Ministry of Affairs, Islamabad.
- Collaborated with The Citizens Foundation (TCF), which is a non-profit organization and one of the largest privately owned network of low-cost formal school in Karachi to support their annual tournament/event.

Furthermore, the Bank has signed following MOUs:

- MOU with The United Nations Development Program towards achieving Sustainable Development Goals (SDGs) through various initiatives.
- MOU with Institute of bankers Pakistan (IBP) for utilizing e-ILM (Electronic IBPs Learning Management) for effectively meeting staff training and development needs in areas of Compliance, Operations, Risk Management and Soft Skills.

### 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 2021 amounted to Rs 1,084 (2020: Rs 1,018) million and Rs 361 (2020: Rs 329) million respectively.

During the year five (05) 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 Nomination and Remuneration Committee (NRC) (formerly Human Resource and Remuneration Committee) and (01) meeting of the Board Sustainability & Social Responsibility Committee (BSSRC) and Board IT, Digital and Information Security Committee (ITD&ISC) were held. The attendance of the members was as follows:

Name of Directors	Board	BEC	BA&CC	BRC	NRC formerly (BHR&RC)	ITD & ISC	BS & SRC
Dr. Jehad El-Nakla, Chairman*	2/2	-	-	-	-	-	-
Mr. Tareq Mahmood Kazim, Deputy Chairman	5/5	5/5	-	-	3/3	1/1	1/1
Mr. Azhar Aziz Dogar, Director*	2/2	-	-	1/1	-	-	-
Mr. Abdul Malek Shehadeh Ibrahim Mezher, Director*	2/2	-	1/1	-	1/1	-	-
Mr. Zahid Rahim, Director	5/5	5/5	1/1	4/4	-	1/1	-
Mr. Mohammed Tareq Sadeq, Director	5/5	-	4/4	-	-	-	-
Mr. Azhar Hamid, Director	3/5	-	3/4	-	-	-	1/1
Ms. Aminah Zahid Zaheer, Director*	2/2	2/2	-	1/1	1/1	1/1	-
Mr. Adnan Ahmed Yousif, Ex-Chairman**	1/1	-	-	-	-	-	-
Mr. Abdulrahman Shehab, Ex-Director**	1/1	-	1/1	-	1/1	-	-

DIRECTORS' REVIEW – 31 DECEMBER 2021

Page 5



Follow us on:



AlBaraka Pakistan



AlBarakaPak



al-baraka-bank-pakistan



albaraka\_bank\_pakistan

UAN : +92 -21-111-113-442  
Tel: +92-21-34315851 Ext: 500-352  
Fax: +92-21-34530981  
www.albaraka.com.pk

Al Baraka Bank (Pakistan) Limited  
162, Bangalore Town,  
Main Shakra-e-Faisal, Karachi,  
Pakistan.

Mr. Salman Ahmed, Ex-Director***	2/2	3/3	-	3/3	-	1/1
Mr. Ahmed Rehman, Ex-Director***	2/2	-	-	3/3	2/2	-
Mr. Shafqaat Ahmed, Ex-Director***	2/2	-	-	3/3	-	1/1
Mr. Mohammed Asheque Moyeed, Ex-Director***	2/2	3/3	-	-	2/2	-

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

\*Elected first time in 16<sup>th</sup> AGM held in June 2021.

\*\*Resigned in March 2021.

\*\*\*Tenor completed in June 2021.

Further (04) four meetings were held of Shariah Board during 2021 which were attended by following Shariah Board Members:

Name of Shariah Board Members	Meetings held	Meetings attended
Sheikh Esam Ishaq	4	4
Mufti Abdullah Siddiqi	4	4
Mufti Bilal Ahmed Qazi *	4	2
Mufti Muhammad Zubair Haq Nawaz **	4	2
Mufti Khalid Hasani **	4	2

\*Tenor completed in June 2021

\*\*Joined Shariah Board in July 2021

#### Shareholding Pattern as on 31 December 2021

Shareholders category	No. of share holders	Shares held	%age
<b>Directors</b>			
Mr. Tariq Mahmood Kazim	1	500	0.00%
Mr. Zahid Rahim	1	500	0.00%
Mr. Mohammed Tareq Sadeq	1	500	0.00%
Mr. Azhar Hamid	1	500	0.00%
Mr. Ahmed Shuja Kidwai - CEO	1	500	0.00%
<b>Associated companies, undertakings and related parties</b>			
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%

<b>Public Sector Companies, Corporations, Banks, Development Financial Institutions and Non-Banking Financial Institutions, Mutual Funds &amp; Other Organizations</b>			
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%
<b>Shareholding ex-Directors and others</b>			
Sheikh Tariq Bin Faisal Khalid Al Qassem	1	103,018,177	7.50%
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%
Mr. Adnan Ahmed Yousif	1	500	0.00%
Mr. Abdulrahman Shehab	1	500	0.00%
Mr. Salman Ahmed	1	500	0.00%
Mr. Shafqaat Ahmed	1	500	0.00%
Mr. Ahmed Rehman	1	500	0.00%
Other (Shareholders with less than 10% Shareholding)	56	108,731,702	7.91%
<b>Total Shareholding</b>	<b>82</b>	<b>1,373,962,760</b>	<b>100%</b>

#### 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	812,446,082	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%

Except as disclosed above, no Executive of the Bank or their spouses / minor children was shareholder of the Bank as of 31 December 2021.

#### 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 the 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 in a proactive manner and is responsible for developing action plans to safeguard from any adverse / unwanted situation, which may 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 Operations
- Credit Monitoring
- Risk Policies and Industry Analysis
- Enterprise Risk Management
- IT Security





Credit Risk under Risk Management Group (RMG) is playing its due role in conducting due diligence and review of Corporate/Commercial, SME, Agri, FI 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 and has become even more critical given the fact that COVID has impacted the economies and businesses across the globe including Pakistan making Credit Risk Management even more crucial in these difficult times.

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 Operations is responsible for disbursements of fund based financing facilities as per the Disbursement Authorization Certificate, updating repayments against fund based facilities in core banking system, preparing various credit portfolio reports and recording classification and provisioning as per the requirements of SBP's Prudential Regulations.

Credit Monitoring is an essential tool for Bank 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. During the current year, Bank has updated key policies and frameworks as per the best practices, regulatory compliance and group level action plans ensuring that the Bank's policies are abreast with the latest regulatory requirements as well as in line with the Group's overall strategies and best practices. In addition the Bank has also updated in Risk Appetite Statement as per the overall Bank's strategy in order to establish clear cut and well defined parameters for ABPL's risk profile and risk appetite. Risk Appetite Statement provides comparable measures across the Bank for senior management and the board to communicate understands and assesses the level of risk that they are willing to accept. It explicitly defines the boundaries within which management is expected to operate when pursuing the Bank's business strategy. This includes key risk categories and the Bank's willingness to accept them within a quantifiable and acceptable level as per best international industry practices along with defining group/per party limits for new customers as well risk acceptance criteria for economic sectors so as to ensure proper diversification as per the latest industrial performance.

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 cover 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.

Risk Management is currently involved in implementing a bank-wide state of the art loan origination system called Moody's CreditLens, a world's renowned internal credit rating system and workflow based Credit lifecycle management solution which will allow the Bank to streamline the entire financing process end to end right from initiation to approval and disbursement along with effective monitoring and maintenance of its portfolio. In addition, the Internal Risk Rating Module of CreditLens will also help the Bank to fulfil the preparation of Basel Internal Rating Based Approach for Credit Risk and future implementation of IFRS 9. Internal Risk Rating Module of CreditLens 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 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. The Bank's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios regularly monitored by Market Risk Management. Liquidity Risk is reviewed by ALCO on a monthly basis and an update is provided to the BRC on a quarterly basis. 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 & support units/departments.

Risk Control and Self-Assessment (RCSAs) 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.

It is the policy of the Bank to maintain a well-defined business continuity program which comprises of policy and procedures with clearly defined roles, responsibilities and



ownership for Crisis Management, Emergency Response, Business Recovery and IT Disaster Recovery Planning. The Bank's Business Continuity Steering Committee, represented by the senior management of the Bank, meets on a periodic basis and reviews key initiatives, testing results and related action plans for strengthening the Bank's ability to manage crisis situations.

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 2021.

Information Security plays a pivotal role in protecting ABPL's Information assets from both internal and external threats through security risk assessments. These are supported by preventive and detective controls capable of responding to emerging and ever changing threat landscape.

The Bank being cognizant of the importance of risks associated with Money Laundering, Terror financing and 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.

All the above measures have collectively led to the evolution of a compliance-sensitive culture at ABPL. The tone at the top is clear, as evidenced by the support from the Board, the BRC and the President.

### COVID-19 Global Pandemic

Pakistan have experienced the fifth wave of Covid-19 from January 2022 with daily detection of around 3,000-4,000 cases per day. Omicron variant of the SARS-CoV-2 or Coronavirus has mainly affected the major cities of Pakistan. The government is making sure the public observes SOPs strictly especially in market places and during traveling.

The ongoing pandemic has adversely impacted on Pakistan's health system including immunization services. However, the rigorous efforts under the NCOC leadership to minimized the damage and set example for better coordination and implementation. The planning for formulating a detailed plan of action for introducing the vaccine in Pakistan was initiated by the NCOC.

Economy Indicators are showing the latest Omicron mutant of the coronavirus has clouded the world economy with uncertainty. The spread of omicron has forced economists across the globe to cast a shadow of doubt on the ongoing global economic growth recovery. The new variant coupled with global inflationary pressure are the key concerns and making the economic outlook more difficult.

### 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 2021 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 92.56%.
- 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 post complaint closure survey where the experience of complainants with their complaint handling was analyzed. The aggregated result for 2021 was 87.50%.

#### **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.

#### **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.

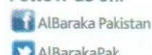
#### **Future Outlook**

Government has been phenomenal in utilizing all of its resources to limit the impact of pandemic. Vaccination and booster drives have been accelerated by government post emergence of Omicron variant. The local currency has sharply declined due to high demand of imported goods. Whereas, timely and effective economic policy measures adopted by Government of Pakistan and SBP, has laid down the foundation for economic recovery. The recovery in economic activities is evident across the agriculture, industry, and services sectors.

The Bank is keenly aware of its responsibilities towards its customers, staff and other stakeholders. We intend to maintain sufficient liquidity to meet our business and customers' needs without compromising on our credit discipline. Efforts are being made to



Follow us on:



AlBaraka Pakistan

AlBarakaPak



al-baraka-bank-pakistan



albaraka\_bank\_pakistan

UAN : +92 -21-111-113-442  
Tel: +92-21-34315851 Ext: 500-352  
Fax: +92-21-34530981  
www.albaraka.com.pk

Al Baraka Bank (Pakistan) Limited  
162, Bangalore Town,  
Main Shakra-e-Faisal, Karachi,  
Pakistan.



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 has taken following initiatives in 2021:

- Improved mobilization of low cost deposits.
- Deepening in SME, Agriculture and Consumer Finance including Auto Financing, Debit Cards.
- Focus on increasing customer base for Home Mortgage through Prime Minister housing scheme 2020 “Mera Pakistan Mera Ghar”.
- Focus on IT driven products to increase business volumes and customer satisfaction.
- Recovering old and stuck up financing.
- 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 2020, VIS has maintained the long-term rating to ‘A+’ and the short-term rating at ‘A1’.

#### External Auditors

The Bank has decided to change the external auditors of the Bank from currently M/s EY Ford Rhodes, Chartered Accountants to A.F. Ferguson & Co., Chartered Accountants for the year ending 31 December 2022, at a fee to be mutually agreed.

#### 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

Chief Executive Officer (Acting)

Chairman

03 March 2022  
Karachi



Follow us on:

AlBaraka Pakistan

AlBarakaPak

al-baraka-bank-pakistan

albaraka\_bank\_pakistan

UAN : +92 -21-111-113-442  
Tel: +92-21-34315851 Ext: 500-352  
Fax: +92-21-34530981  
www.albaraka.com.pk

Al Baraka Bank (Pakistan) Limited  
162, Bangalore Town,  
Main Shaira-e-Faisal, Karachi,  
Pakistan.