



The Institute of
Bankers Pakistan

PROMOTING
SUSTAINABLE
BANKING EXCELLENCE



Annual Report 2021



Promoting Sustainable Banking Excellence

Sustainability in banking mainly rests upon three basic pillars: **Environmental, Social and Governance (ESG)**. These three pillars are informally translated as: planet, people and profits. Sustainable banking refers to managing environmental and social risk, footprint, and governance, as well as improving human rights, women's economic empowerment, financial inclusion, capacity building, collaborative partnerships, and reporting in the financial services sector.

The banking industry has a central role to play as an important facilitator in reorienting financial flows towards sustainable activities, supporting industries and governments in meeting ESG targets. The Institute of Bankers Pakistan (IBP), as a knowledge institution, facilitates bankers in achieving these goals by imparting structured training sessions, certification programs, and conducting inclusive knowledge sharing activities, including the subjects related to ESG.



“We must work our destiny in our own way and present to the world an economic system based on true Islamic concept of equality of manhood and social justice. We will thereby be fulfilling our mission as Muslims and giving to humanity the message of peace which alone can save it and secure the welfare, happiness and prosperity of mankind.”

– Quaid-e-Azam, Muhammad Ali Jinnah

*Speech on the occasion of the opening of the
State Bank of Pakistan on July 1st, 1948*



Vision

To be the premier financial sector knowledge institute of international standard and repute.



Mission

To train and develop a sound human resource base for the financial sector and to work for continuous learning, adaptation and application of knowledge.

Core Values

- ◆ Customer Focus
- ◆ Respect
- ◆ Integrity
- ◆ Excellence
- ◆ Teamwork
- ◆ Ownership





Quality Policy

The Institute of Bankers Pakistan (IBP) is a premier financial sector training Institute. We, at IBP, are committed to:

- Train and develop a sound human resource base for financial sector.
- Work for continuous learning, adoption and application of knowledge.
- Train our workforce regularly to increase the efficiency of the quality management system.
- Continuously improve our quality as per IBP's Scope of Services through regular monitoring, mitigation of risks and avail opportunities for quality objectives.
- Comply with all applicable regulatory and other requirements that apply to our business operations.
- Communicate our quality policy internally as well as externally to raise the level of awareness in the organization and stakeholders.

ISO 9001:2015 Certification

IBP is ISO 9001:2015 certified and as per the Certificate, IBP applies a management system in line with the standard for the following scope, "Provision of professional education, trainings, assessment, examinations, research, publications and human capital development for the financial sector".





About IBP

Completing 70 years of its existence in 2021, The Institute of Bankers Pakistan (IBP) has been dedicated to the capacity building and development of professional bankers in Pakistan. IBP is a not-for-profit, ISO 9001:2015 certified organization, managing to meet its objectives in the best possible way. Initiated in 1951, in collaboration with the Institute of Bankers, UK, IBP has been instrumental in shaping illustrious bankers, who, in turn, have successfully contributed towards the growth and development of the country's banking industry.

Fully in accordance with its vision and mission, IBP is imparting knowledge to enhance technical competency of human resources in the banks. This is achieved using a two-pronged approach: i) bankers are equipped with the relevant skill-sets in accordance with Pakistan's dynamic economic landscape and concurrently, ii) helping the management of the banks to recruit the most suitable resources capable of adopting and leading the ongoing change process at induction and middle level. IBP has successfully encountered the COVID-19 pandemic during the past one and a half years through conducting online (virtual) training sessions and e-learning programs through its eILM (electronic IBP Learning Management) platform, witnessing a healthy growth in the number of participants.

In addition to offering its flagship professional qualification program, the IBP Superior Qualification (ISQ) twice a year, IBP's scope of activities has significantly been broadened by including services on:

- Testing, Assessment & Recruitment;
- Research and Publications; and
- Holding of Webinars.

The ISQ program is a unique product offering that enables the bankers to stand out as leaders in the financial sector. The breadth of training, education and professional development programs at the Institute cover all major banking disciplines including: operations, branch banking, customer services, credit, risk, compliance, corporate governance, Islamic banking, SME, microfinance, international trade finance, anti-money laundering, combating financing of terrorism and role of FATF etc. The IBP Microfinance Diploma (IMFD) program and Professional Bankers (PB) program are other exclusive ventures of the Institute.

IBP renders wholesome support to further the initiatives of State Bank of Pakistan (SBP). The Institute introduced Certification programs on Housing Finance Legal Framework, Mortgage, Monitoring & Documentation, under the guidance of SBP.

The Institute also partners with different local and international organizations for conducting accredited trainings and certification programs. Recent domestic arrangements include collaboration with Centre for Islamic Economics, Jamia Darul Uloom, Karachi; and Information Systems Audit and Control Association, Karachi Chapter.



The Institute takes pride in being associated with internationally acclaimed institutes from the banking and finance sector, which include Chartered Banker Institute (CBI), UK; Bangor Business School (UK); McKinsey Academy (USA); Omega Performance, now acquired by Moody's Analytics (Singapore); and Finance Accreditation Agency – FAA, (Malaysia) to deliver best practices for the banking community in Pakistan.

IBP supports to the banking industry not only through its capacity building measures, but also by recognition and acknowledgement of its achievements. The Pakistan Banking Awards are the hallmark of IBP; prestigious awards presented annually since 2016, in collaboration with the DAWN Media Group and A.F. Ferguson & Co (a member firm of the PwC network), to honor the success of banks, and recently non-banks supporting the industry, setting the benchmarks and inculcating a spirit of healthy competition.

During its eventful journey of 70 years, IBP has continuously evolved to counter the challenges and attain successful milestones amidst the dynamic banking landscape, and shall continue to do so with renewed zest and fervor to nurture sustainable banking in Pakistan.





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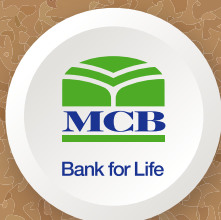
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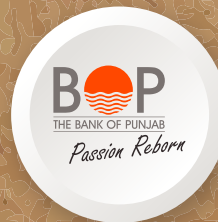
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Institutional Members







Council Members



Dr. Reza Baqir, Governor SBP
President IBP & Chairman
of the Council



Dr. Inayat Hussain
Deputy Governor – SBP
(Banking + FMRM)



Mr. Muhammad Aurangzeb
President & CEO
Habib Bank Limited



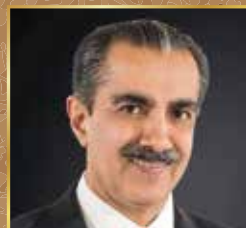
Mr. Shazad G. Dada
President & CEO
United Bank Limited



Mr. Mansoor Ali Khan
Chief Executive
Bank AL Habib Limited



Mr. Irfan Siddiqui
President & CEO
Meezan Bank Limited



Mr. Atif Bajwa
President & CEO
Bank Alfalah Limited



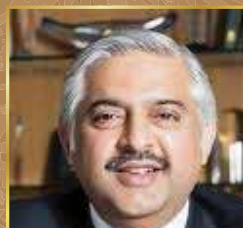
Mr. Yousaf Hussain
President & CEO
Faysal Bank Limited



Mr. Rehan Shaikh
CEO & ED – Standard Chartered
Bank Ltd (Pakistan)



Mr. Junaid Ahmed
Chief Executive Officer
Dubai Islamic Bank Pakistan Ltd



Mr. Mohsin Ali Nathani
President & Chief Executive
Habib Metropolitan Bank Ltd



Mr. Basir Shamsie
President & CEO – JS Bank Ltd



Committee Members

Finance & Investment (F&I) Committee

Mr. Mansoor Ali Khan – Chairman

Mr. Junaid Ahmed, Member

Mr. Ashar Husain, Member

Human Resources Committee

Mr. Irfan Siddiqui – Chairman

Mr. Qasim Nawaz, Member

Mr. A. Saeed Siddiqui, Member

Mr. Khalid Zaman Khan, Member

Audit Committee

Mr. Shazad G. Dada – Chairman

Mr. Riaz Nazarali Chunara, Member

Mr. Aameer Karachiwalla, Member

Syed Ejaz Alam, Member

Academics & Editorial (A&E) Committee

Dr. Inayat Hussain – Chairman

Mr. Khalid Zaman Khan, Member

Ms. Sadia Saeed, Member

Mr. Jamal Nasir, Member

Mr. Hasan A. Bilgrami, Member



Dr. Reza Baqir

**Governor, State Bank of Pakistan
President & Chairman, The Institute of Bankers Pakistan**

President's Message

The dynamic and rapidly evolving environment of banking business demands bankers to proactively embrace international best practices in order to satisfy the expectations of their stakeholders. Importantly, staying abreast with the technology driven financial innovations is essential to cope with the existing and potential global challenges such as COVID-19 and climate change. Being a trusted partner in the international efforts of promoting financial inclusion in a safe and secure manner, banks are responsible to ensure implementation of necessary systems and adoption of practices that serve as potent mitigants against the risks of cyber-security, money laundering and terrorist financing. This requires continuous training and development of not only the existing human resources in the banking industry but of the prospective entrants as well.

The Institute of Bankers Pakistan (IBP) has been dedicatedly and proudly imparting training to the bankers at all levels and grades since 1951 through short-term certification programs and diploma courses. It is quite encouraging that IBP keeps adapting to the changing dynamics and challenges faced by the industry. Acting diligently on my last year's advice of exploring alternatives to meet challenges of pandemic by keeping learning losses to a minimum level, IBP seamlessly switched to online programs and webinars. This not only helped immensely in creating a safe learning environment but also widened the much needed outreach. It is indeed heartening that the IBP is coping effectively with the new realities where work-from-home and virtual participation in meetings, seminars and conferences is fast becoming a norm.

The IBP also deserves appreciation in swiftly arranging short-term training courses by engaging industry experts and competent resources after roll out of strategic initiatives in priority areas by SBP. For instance, arranging customized training programs for 538 bankers on the Prime Minister of Pakistan's recent initiative of Housing Finance, in coordination with SBP, apart from training 54 bankers in the field of Real Estate Developer Financing, in a short span of 5 months is a remarkable achievement. This will, no doubt, help translate the vision of the Prime Minister of Pakistan into reality.

The capacity building and development of professional bankers by IBP has helped our banking sector in strengthening the compliance culture, nurturing competition and fostering innovation. The prestige accorded to the 'Pakistan Banking Awards (PBA)' since their inception in 2016 is a testimony to the effective role played by the IBP in our banking industry. Incidentally, this flagship annual PBA event recognizes, rewards and promotes the lead roles and innovations in the banking industry. The scope of awards keeps expanding every passing year as two new awards, viz., Best Digital Banking and Most Innovative Business were introduced in 2020.

I would emphasize on the Institute to further broaden the scope and coverage of its trainings and qualifications to include key emerging and important areas such as financial inclusion, SME financing, digital finance, gender balance, green banking and other emerging areas. This would help these important and evolving sectors to contribute meaningfully towards the economic development of the country. For that purpose, the Institute may adopt a collaborative approach with the relevant stakeholders which would yield the required synergies to successfully achieve the target.

I am optimistic that IBP will continue to evolve proactively and adapt to the rigorous demands of the dynamic landscape of banking and finance in Pakistan. This would help create opportunities for continuous learning and professional development that foster innovation, develop stakeholders' trust on the sector, promote penetration of banking services and ultimately pave way for sustainable development of our country.



Mansur-Ur-Rehman Khan
Chief Executive, The Institute of Bankers Pakistan



From the Desk of CE

Since its very inception in 1951, The Institute of Bankers Pakistan (IBP) has been working for promoting continuous learning, adaptation and application of contemporary knowledge in the field of banking and finance. It has always been engaged in bridging the knowledge gap that existed between the learnings at academia and its practical intricacies, specifically in the banking industry.

Continuing its legacy spread over the last 70 years, The Institute of Bankers Pakistan (IBP) has maintained its resolve towards upgrading the skills of bankers in conventional as well as contemporary banking areas. To perform this designated role, the Institute offers qualifications ranging from Human Resource training and development programs to certification and customized courses, besides providing assessment and technical trainings. The Institute enjoys the privilege of having a team of motivated trainers from the State Bank of Pakistan as well as from the commercial banks.

IBP is a not-for-profit organization and carries ISO 9001:2015 certification, on account of the conscious approach adopted for resource utilization and the continuous improvements it brings in the quality of output. Even in the difficult times of COVID-19 pandemic, all necessary actions were taken for continuing the training and development activities unabatedly, duly supported by the banks and financial institutions. IBP's initiative of conducting online training sessions gained remarkable popularity and a considerable number of banking staff took advantage of this training intervention.

Proving to be a blessing in disguise, online intervention surfaced as an effective tool for training during the pandemic-hit situation. The training efforts consequently witnessed horizontal and vertical growth in the absence of classroom constraints. Larger class size with extended geographical coverage were the two prominent outcomes of the virtual training sessions held in the backdrop of lockdowns and work from home environment. This, otherwise in normal situations, seems difficult to achieve or even visualize. No doubt, it has left strong footprints to deter a similar situation in future and to continue with it in regular days ahead.

The credit of higher participation of bankers in IBP's training programs also goes to the commercial banks' management who enthusiastically took part in alternate training arrangements by nominating greater number of participants to attend specialized and regulatory compliance trainings.

This year's specialty has been the comprehensive training package of four certificate courses offered to bolster the Prime Minister's initiative on Housing Finance designed in close coordination with State Bank of Pakistan (SBP) covering almost all aspects of the initiative.

Moreover, the shadow of COVID-19 which loomed over the entire 2020-21 could not dampen the competitive drive among the banks to take the lead in promoting conventional and contemporary banking practices. A significant number of banks and financial institutions took part in 5th Pakistan Banking Awards – 2020 where the winning banks were rewarded for their excellence in performance in nine different categories.

For promotion and enhancement of institutional capacity through mutual sharing of knowledge and expertise, the Institute had partnered with various International organizations in the past which include Bangor Business School, UK; Omega Performance (now acquired by Moody's Analytics), Singapore; McKinsey Academy, USA; and Finance Accreditation Agency (FAA), Malaysia. To further foster these efforts, during the year the Institute has partnered with Centre for Islamic Economics, Karachi and Information Systems Audit and Control Association, Karachi Chapter.

Being an elite training institution in the field of banking and finance, our all-out efforts are to maintain our edge and to further sharpen it to meet national and international obligations with a view to promote safe, secure and environmental friendly banking practices, while following the equitable principle of availability of banking services to all segments of society.

The Management



Mr. Mansur-Ur-Rehman Khan
Chief Executive – IBP

Mr. Mansur-Ur-Rehman Khan assumed the charge of office as the Chief Executive, The Institute of Bankers Pakistan on March 15, 2019. Mr. Khan is a seasoned central banker, with more than four decades of central banking experience. He brings with him a rich diversified expertise of having served in the State Bank of Pakistan as a Deputy Governor overseeing a string of strategic departments, which included Corporate Services & Research Clusters of the Bank, comprising of Human Resources, Business Support Services, Information Systems & Technology, Finance, Payment Systems, Training & Development, Treasury Operations, Museum & Art Gallery Departments and Economic Advisor's Office.

Prior to his being entrusted with the responsibility of Deputy Governor, he was Executive Director (Banking) and oversaw the working of Banking Policy, Banking Inspection and Banking Supervision Departments. Besides, he has also served as a Director on the Boards of House Building Finance Corporation, Small Business Finance Corporation, Pak-Kuwait Investment Company, as a Member on the Policy Board of Securities & Exchange Commission of Pakistan, Board of Pakistan Security Printing Corporation and on the Board of Trade Development Authority of Pakistan (TDAP).

Mr. Khan enjoys an unparalleled experience of associating change management process, an initiative of the then Governor State Bank of Pakistan, which has been highly instrumental in: i) shifting performance curve of the organization to the next level; ii) strengthening the IT infrastructure; and iii) fuller automation of core central banking operations.

Mr. Khan holds a Masters Degree in Mathematics as well as a Degree in Law and Professional Qualification of DAIBP. He was also a Committee Member of the Islamic Financial Services Board (IFSB) as well as Chairman/Deputy Chairman of different working groups and was instrumental in preparation of Islamic Financial standards. Mr. Khan is a qualified director under Code of Corporate Governance 2012 of SECP.



Mr. Arsalan Aftab
Director Academics & Examinations

Mr. Arsalan Aftab is a Fellow member of The Institute of Chartered Accountants of Pakistan (ICAP), with articleship completed from KPMG Taseer Hadi & Company, Chartered Accountants. He is responsible for Academics, Examinations, Training and e-Learning functions of the Institute. He carries extensive experience of Examinations with the Institute of Chartered Accountants of Pakistan, where he worked for 6 years in the Examinations department. Apart from this, his expertise also includes Audit, Corporate and Secretarial practices, Compliance and Finance. In his 21 years of diversified experience, he has remained associated with the Institute of Chartered Accountants of Pakistan (ICAP), Sindh Government (World Bank funded project) and Pakistan Stock Exchange in multiple capacities.



Ms. Khawlah Usman
Director Marketing & Sales

Ms. Khawlah Usman is a passionate marketer and zealous brand strategist with over 20 years of profound experience in Integrated Marketing & Sales. A Marketing and Communication strategist with demonstrated history of transforming and building brands, she has an enriched experience spanning all communication disciplines – corporate narrative, brand advocacy to marketing strategy, research and activation. She is recognized for utilizing innovative strategic approaches to drive brand and business results. Ms. Usman has turned around businesses and brands in stagnant markets and challenging environments. Her proven leadership skills have helped consistently build brands, businesses and people. She brings with her 4 years of advertising experience having worked at Publicis Pakistan & Manhattan Leo Burnett. She also had the privilege to work in leading local and international banks in Pakistan for over 11 years including MCB Bank, Prime Commercial Bank, ABN Amro, Royal Bank of Scotland Limited and Silkbank Limited.

Her current position as Director Marketing and Sales enables her to contribute to the growth of financial sector, banking in particular, by helping the industry in hiring competent HR, and acquiring need based trainings. She has been instrumental in conducting Training Need Assessment (TNA) and Institutional Need Assessment (INA) for the banking industry, both in commercial and microfinance banks. She also took the initiatives of establishing minimum job standards for assorted job functions in both commercial and microfinance banks. Ms. Usman has been instrumental in digitization of the service delivery at IBP. She is amongst the core contributors behind promoting and continuing the pride of IBP, the Pakistan Banking Awards (PBA), since their inception in 2016. She is the Chairperson of three Committees (Procurement, Harassment & Disciplinary) at the Institute. She is also the Chairperson of the Corporate Advisory Board at SZABIST.

Ms. Usman is a Certified Trainer from International Finance Corporation (IFC), Finance Accreditation Agency-FAA, Malaysia and IMS Knowledge, Pakistan.



Mr. Faisal Hussain
Director Research & Development

Mr. Faisal Hussain has been with the Institute since 2012. He has over 20 years of experience in the areas of Academics, Business Strategy, Operations & Technology and Human Resources Management. His prior experiences have been working with banking and financial sector, FMCG and educational institutions. He entered the Academic field in 2001 as a Visiting Faculty Member and facilitator for courses at universities and professional levels. Mr. Hussain holds a Masters Degree and Train the Trainer, Instructional Design, Training Need Analysis & Course Customization and Training of Assessors from IFC (International Finance Cooperation) – A World Bank Group; Certified Training Professional from FAA (Finance & Accreditation Agency) – Malaysia; and Instructional Designing from CAMI (Carlton Advanced Management Institute). He has also attended leadership courses from McKinsey Academy. He holds PRINCE2® Practitioner Project Management Certification along with various learning & technology based certifications. Besides his keen focus on Research & Development, he has been the driving force in the launching various initiatives at IBP, which include: IBP's Online Learning eILM (electronic IBP's Learning Management), Online Assessments and Role Based Certifications, Customer Response Center and Awareness Seminars & Webinars for the development of the banking industry's human capital, on various current financial industry based topics.



Mr. Kamran Ahmed Hashmi
Chief Financial Officer & Company Secretary

Joining IBP as CFO & Company Secretary in 2017, Mr. Hashmi has over 15 years of experience in leading positions in the areas of Strategic Planning, Financial and Management Reporting, Investments, Taxation and Audit. He worked in different capacities including CFO, Company Secretary, General Manager and Head of Finance in well-known organizations of Financial and Healthcare sectors. To his credit goes launching of the online trading platform at Vector Capital (Pvt.) Limited and IGI Finex Securities Limited during his tenure as CFO & Head of Finance.

To recognize his achievements and contribution in the field of Management Accountancy ICMA Pakistan has included him in 'Top 100 Corporate Leaders 2020 of ICMA Pakistan'. He is Member of the Joint Evolution Committee of ICAP and ICMA Pakistan on Best Corporate and Sustainability Report (BCSR) Awards for the last 4 years and also a member of the Technical Committee of ICMA Pakistan. He is a Fellow Member of Institute of Cost & Management Accountants of Pakistan (FCMA) and Associate Member of Institute of Financial Markets of Pakistan (CMFD). He possesses a Masters degree in Economics from the University of Karachi.



Ms. Rozina Muzammil
Chief Human Resource Officer

Ms. Rozina Muzammil is a Certified Director under Code of Corporate Governance 2012 of SECP and Fellow Member of two prestigious accounting bodies of Pakistan namely: The Institute of Cost and Management Accountants of Pakistan (ICMAP) and Pakistan Institute of Public Finance Accountants (PIPFA). She is also Professional Member of the Institute of Management Accountant (IMA) USA. She holds a Master of Business Administration (MBA) degree and has completed many HR leadership programs. Ms. Muzammil is also a certified CQI | IRCA| Quality Management Systems Lead Auditor from TUV Austria Romania.

With a prestigious experience of 20 years at executive level in Corporate Governance & Management, Teaching & Training, Auditing, Finance, Costing and Budgeting, she is presently working as Chief Human Resource Officer (CHRO) at The Institute of Bankers Pakistan, since December 2015. Ms. Muzammil is a PhD Scholar (pursuing specialization in HRM) from Asia e University, Malaysia and has authored a book on Accounting, titled Fundamentals of Accounting, published by an HEC recognized University in 2014.

She was awarded various Certificates of Excellence and High Achiever Awards, and had the rare distinction of being the youngest female FCMA in Pakistan. She has held various honorary positions at ICMAP such as Chairperson Examination & Administration Committee, Chairperson Corporate Relations and Communication Committee, Founder Member and Convener of CMA Women's Forum and Member Karachi Branch Council from 2015 to February 2019. Presently, she is serving as honorary Vice President Professional Education at the Board of Institute of Management Accountants (IMA) USA-Pakistan Chapter.



Ms. Mahjabeen Farooqui
Head of Administration

Ms. Mahjabeen Farooqui is a Masters in Mathematics from Karachi University, and is also a business graduate. She successfully completed MBA from SZABIST, Karachi, with a major in Human Resources Management. She started her career with the Institute of Chartered Accountants Pakistan (ICAP) and served there for seven years. She joined The Institute of Bankers Pakistan in 2005. At IBP, she held important portfolios in Recruitment, Examination and Finance, before being posted as the Head of Administration in 2017. In addition to her overall duties, she is also overseeing Graphic Designer Unit, Facilitation Unit, IBP Library and allied domains.



Notice of the Meeting

Notice is hereby given that the 71st Annual General Meeting of The Institute of Bankers Pakistan (IBP) will be held on Thursday, December 02, 2021, at 11:00 a.m. at the premises of The Institute of Bankers Pakistan, IBP Building, M.T. Khan Road, Karachi, to transact the following business:

1. To confirm the Minutes of the 70th Annual General Meeting held on Tuesday, January 5, 2021.
2. To consider and adopt the Council's Report and Audited Financial Statements of IBP for the year ended June 30, 2021.
3. To appoint Auditors for the financial year 2021-2022 and to fix their remuneration.
4. To transact any other ordinary business with the permission of the Chair.

By Order of the Council

Dated: November 11, 2021

sd/-

Kamran Ahmed Hashmi
Company Secretary



Council's Report

to the Members (01 July 2020 to 30 June 2021)



INTRODUCTION

Dedicated to the capacity building and development of professional bankers in Pakistan since its inception, The Institute of Bankers Pakistan (IBP) is a not-for-profit, ISO 9001:2015 certified organization, managing to meet its objectives in the best possible way. The Institute offers qualifications ranging from short-term training programs to certification and diploma courses, and also provides assessment and technical training services.

Established in 1951, IBP has been instrumental in shaping illustrious bankers, who, in turn, have successfully contributed towards the growth and development of the country's banking industry. Fully in accordance with its vision and mission, IBP is imparting knowledge to enhance technical competency of human resources in the banks. This is achieved using a two-pronged approach: i) bankers are equipped with the relevant skill-sets in accordance with Pakistan's dynamic economic landscape and concurrently, ii) help the management of the banks to recruit the most suitable resources capable of adopting and leading the ongoing change process at induction and middle level.

IBP SUPERIOR QUALIFICATION (ISQ)

The IBP Superior Qualification (ISQ) is the flagship product of the Institute. ISQ is a globally recognized professional banking program designed to provide candidates with a competitive edge in their banking career. It is a self-study program comprising of two levels: Junior Associateship of IBP (JAIBP) and Associateship of IBP (AIBP). An honorary qualification, Fellowship of IBP (FIBP) is awarded to senior bankers in recognition of their rendered services. The ISQ examinations are held twice in a year, during June (Summer Session) and December (Winter Session). However, due to COVID-19 pandemic, ISQ Summer 2020 examinations were held in October 2020 and Winter 2020 session was held in March 2021, respectively.

From Winter 2020 session and onwards, the Institute introduced objective-based assessment for Stage I and Stage II of JAIBP, which received a positive response and was very well appreciated by the student fraternity. Despite the pandemic situation, the number of new registrations for taking various examinations showed an increasing trend.

PRIZES & AWARDS

During the financial year 2021, the Council re-structured the prizes and awards of IBP Superior Qualification and introduced new prizes besides increasing the amount of existing prizes.

Five different awards are being awarded to candidates of IBP Superior Qualification along with cash prize of Rs. 200,000 each, the details of which are as follows:

THE INSTITUTE OF BANKERS PAKISTAN AWARD

For Passing and Securing the Highest Total Marks in Stage - I in First Attempt

STATE BANK OF PAKISTAN AWARD

For Passing and Securing the Highest Total Marks in Stage - II in First Attempt

STATE BANK OF PAKISTAN AWARD

For Passing and Securing the Highest Total Marks in Stage - III in First Attempt

KASSIM PAREKH AWARD

For Passing All Three Stages of IBP ISQ Examination Each in First Attempt and Securing the Highest Aggregate Marks

IMTIAZ ALAM HANAFI AWARD

For Passing AIBP Examination in First Attempt and Securing Highest Total Marks

Besides the above, different other awards were approved by the Council in December 2020 for first and second position in each subject of IBP Superior Qualification along with cash prizes of Rs. 50,000 and Rs. 25,000 each along with a shield containing the logos of IBP and the sponsoring bank which are being sponsored by different banks.

COPING WITH THE NEW NORMAL

Since the beginning of 2020, the COVID-19 pandemic started to affect the business activities across the country due to the country-wide lockdown. Cognizant of the threat posed by COVID-19, the Institute shifted its focus onto its

electronic IBP Learning Management (eILM) modules and introduced online training sessions, which was appreciated by its patrons and the programs' participants. In response to its initiating of a strong marketing campaign for business development, a number of financial institutions came forward to acquire IBP's proprietary training solutions tailored to meet their specific training needs.

The online training initiatives were highly cherished by the banking community, which is evident from the increase in number of participations in online training and certifications conducted during the year as compared to previous years. Moreover, higher geographical spread and outreach also emerged as a positive feature of online training intervention, where a larger number of participants from different cities attended the virtual training sessions.

TRAINING & DEVELOPMENT

In addition to arranging trainings on the SBP's fresh initiative of Housing Finance, the prime focus of trainings during FY 2020-21, as usual, continued on offering regular trainings, certifications programs, customized trainings and regulatory awareness to foster knowledge sharing through regular and customized training platforms. The highlights of the key trainings conducted are as follows:

Regular Trainings

During the year ended June 30, 2021, considering the pandemic, the Institute shifted its focus to online trainings. 103 online trainings were conducted during the year as compared to 78 trainings conducted in the year 2020, depicting an increase of 32 percent and average participation in trainings increased from 15 participants to 34 participants per training. Particularly, 41 courses on Compliance and Regulations and 46 courses on Operations and General Management were held.

Customized Trainings

Twenty-seven Customized trainings were held during the year 2020-21 with over 1,300 participants as compared to the previous year number of 77 with 799 participants.

Certification Programs

In order to support the initiatives taken by the SBP for developing necessary systems, processes and market infrastructure for housing and construction,

especially low cost housing finance and to translate the vision of the Prime Minister of Pakistan into reality, IBP with due guidance from the SBP has formulated the four certificate courses on Housing Finance Legal Framework, Mortgage, Monitoring & Documentation for the following banking functions:

- Front Office Staff;
- CAD Staff;
- Credit Risk and Product Staff;
- Collection and Recovery Staff.

The above certificate courses are designed for capacity building of the banking staff in order to equip them to play their role in facilitating the extension of Housing Finance to the citizens of Pakistan. Of these, 6 sessions were conducted for Front Office Staff covering 296 participants, 2 sessions for CAD Staff covering 115 participants, 1 session each for Credit Risk and Product Staff covering 84 participants and for Collection and Recovery Staff covering 43 participants, respectively.

Besides the above, a certification course on AML/ CFT/ Compliance was also conducted covering 27 participants.

International Trainings

Two International trainings were held during the year on Bank Capital and Liquid Adequacy Under BASEL III and BASEL IV, and CBCI Business Continuity Training, conducted in collaboration with Business Continuity Institute (BCI), with 73 participants.

e-Learning Program

The e-learning programs were conducted through the eILM (IBP's Learning Management System) platform during the year, catering to around 12,000 users from various leading banks of the country, including United Bank Limited, The Bank of Punjab, FINCA Microfinance Bank Limited, The Bank of Khyber, SME Bank Limited, Khushhali Microfinance Bank, Bank AL Habib Limited and Al-Baraka Bank Limited.

The e-learning modules included training on AML/ CFT, KYC/CDD, Fair Treatment to Customers, Information Security, Credit Risk Management, Conflict Management, Compliance Management, etc.



WEBINARS & AWARENESS SESSIONS

IBP continued its journey of disseminating knowledge in the backdrop of COVID-19. As part of its research and development initiatives, the Institute organized a series of webinars on local and global platforms to promote initiatives by the Central Bank as well as to create awareness on multifarious topics of current interest. These include:

- Artificial Intelligence (When RiskTech Meets RegTech)
- Workplace Changes for Future Workforce
- Islamic Finance Ecosystem
- Webinar Series Stress Testing for:
 - ◊ Microfinance Banks (part 3)
 - ◊ Islamic Banks/ Islamic Bank Branches
 - ◊ Banks and DFIs (part 1)
- Risk, Fraud and Operational Efficiency of SWIFT payment network
- Gender Sensitization Training – Diversity, Women Empowerment, Harassment (in process from April 2021)
- Various webinars organized in collaboration with CFO Club

IBP also participated in the international online summit 'Financing a Sustainable Future: Climate and Beyond', conducted by Global Ethical Finance Initiative (GEFI), to strengthen its stance on sustainable banking.

FUTURE INITIATIVES

- Certificate courses in Islamic Finance and SME Banking for Relationship Managers are in finalization stages;
- Webinars and training sessions on current needs of banking sector including Artificial Intelligence and IT Security;
- Continuing Professional Development (CPD) programs for IBP Qualified Members; and
- Building Active Alumni and Industry Engagement Program.

ASSESSMENT SERVICES

The Institute also facilitates in certifications and promotions of banks through its assessment services. Several tests were conducted during the year for leading banks and financial institutions of

the country including United Bank Ltd., Bank of Punjab and Bank of Khyber.

To cater to the pandemic situation and at the same time facilitating the banks, the Institute introduced remotely monitored assessment services which were highly appreciated by the banking fraternity and different banks hired remotely monitored assessment services from the Institute.

During the year 27 assessments (including promotional and other certification assessment) with over 5,000 participants were conducted physically and online for different financial institutions including United Bank Ltd., Bank of Punjab, Bank of Khyber and others.

CAPACITY BUILDING IN REAL ESTATE DEVELOPER FINANCING

State Bank of Pakistan has instructed banks in Pakistan to ensure and maintain 5 percent of their domestic private sector credit in housing sector by December 2021 in line with Government of Pakistan's initiative of housing and construction of buildings (Residential & Non-Residential).

Earlier, the banking industry in Pakistan had limited exposure towards Housing and Real Estate Developer Project Finance; hence, there was lack of expertise in the local industry in this particular area. Therefore, development of human capital was one of the basic component to execute this mandatory government initiative.

The Institute of Bankers Pakistan, in line with the initiative taken by seven selected banks, have collaborated with Moody's Analytics, U.K., for capacity building in Real Estate Developer Financing in Pakistan and 3 courses have been held during the year 2021 with 54 participants from different banks.

PARTNERSHIPS & COLLABORATIONS

The Institute has partnered with different local and international organizations for conducting accredited trainings and certification programs. Such partnerships enable IBP to make global knowledge and expertise wisdom available for the Pakistani market. During the year the Institute had entered into collaboration with the following Institutes:

- Centre for Islamic Economics;
Jamia Darul Uloom, Karachi

- Information Systems Audit and Control Association, Karachi Chapter

Besides the above, International partners include:

- Bangor Business School, UK
- Omega Performance, Singapore (now acquired by Moody's Analytics)
- McKinsey Academy, USA
- Finance Accreditation Agency (FAA), Malaysia

5TH PAKISTAN BANKING AWARDS (PBA)

IBP has been successfully hosting Pakistan Banking Awards (PBA) since 2016. Under PBA, individual banks are given awards, based on their performance in specific areas/categories. These awards are jointly organized by The Institute of Bankers Pakistan, the DAWN Media Group and A.F. Ferguson & Co. The 5th Pakistan Banking Awards (PBA) 2020 Ceremony was held on January 08, 2021 at Pearl Continental Hotel, Karachi.

In PBA 2020, 34 banks and financial institutions participated in the competition. Awards were given to banks and financial institutions for their best performance in nine different categories including the two new categories were introduced for banks i.e. the: i) Best Digital Banking and ii) Most Innovative Business.

The awards were judged by an eminent jury comprising of distinguished banking and business professionals who contributed whole-heartedly in keeping the review/screening process transparent throughout.

IBP ESSAY COMPETITION

The Institute stands committed to conducting knowledge-sharing activities, motivating and engaging learners and professionals in both formal and informal modes of learning. The IBP Essay Competition is conducted annually to promote interaction and engagement of professionals and students with the Institute. For IBP Essay Competition 2019, entries were invited for the topic, 'Impediments in Documenting Pakistan's Economy'. The competition received an encouraging response with active participation from bankers and the general public.

IBP PUBLICATIONS

A significant aspect of the IBP's knowledge-sharing initiatives is its regular publications which are available both in print and online formats on the Institute's website. The popular quarterly Journal of The Institute of Bankers Pakistan features articles on contemporary issues, written by national and international writers, including leading bankers and research analysts. Additionally, it contains highlights on State Bank of Pakistan's policy initiatives taken in the backdrop of raising the level of financial inclusion and facilitating a more proactive role to be played by Pakistanis (residents and non-residents) in the growth and development of the country.

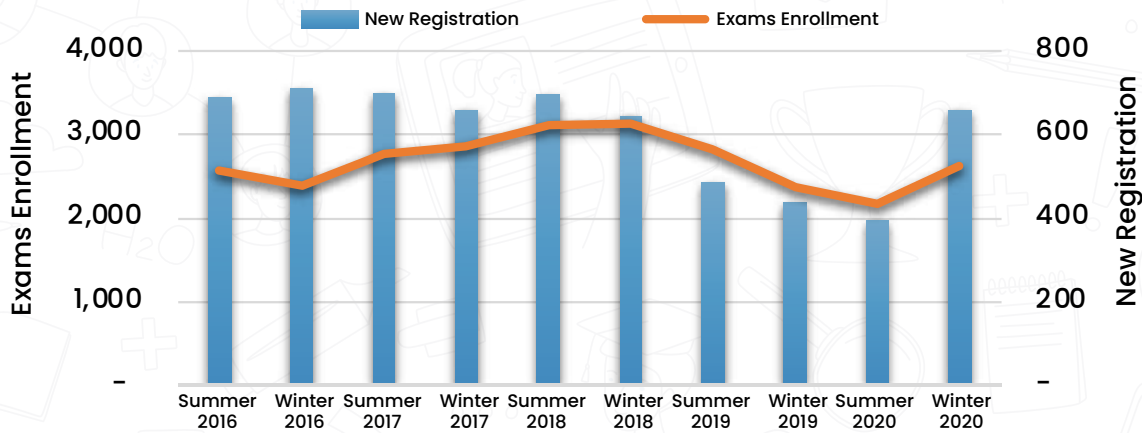
It is worth mentioning here that the second quarterly issue (April-June 2021), contained a special report which was originally published by Chartered Banker Institute, in their Chartered Banker Magazine entitled 'Progressive Pakistan' which encompassed the Pakistani banking scenario through a transitional lens, and emphasized on the role of the Central Bank as a proponent of positive change. IBP had the honor to manage liaison of the author of this report with the available resources in Pakistan.

The Weekly Economic Letter (WEL) is being published by the Institute for more than the past one decade. It has been revamped both in content and design to resonate with the changes in the economic and financial fronts. The newsletter covers the current developments, both in the local and global markets in the economic and banking spheres, and offers graphical analysis of market trends in a reader-friendly format. The WEL is available free of cost to subscribers in digital format in an aesthetically pleasing layout. Readership ranges from banking and finance professionals to academics and students.

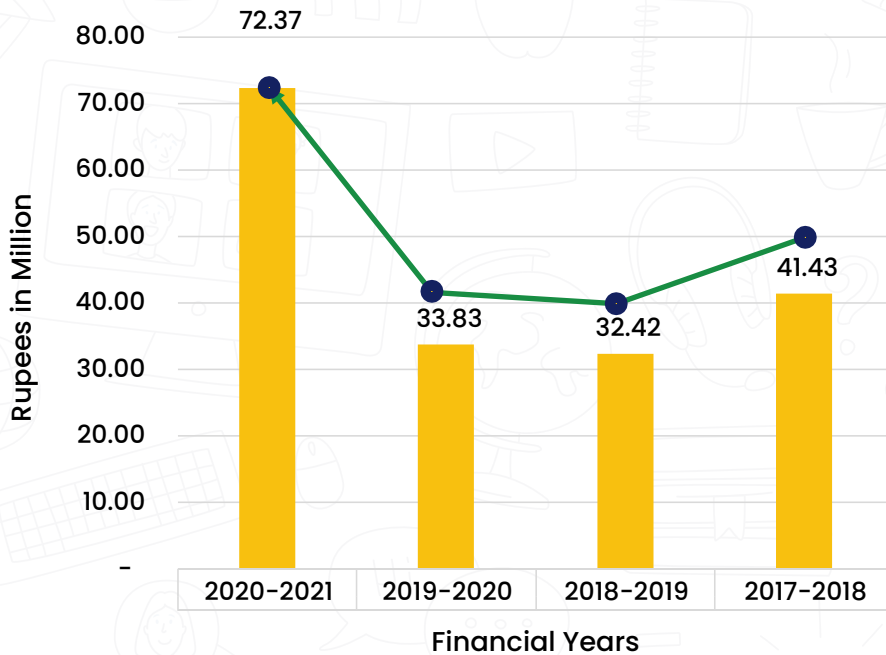
All in all, it had indeed been a challenging year for the banking industry at large, and the fortitude with which IBP rendered its unabated support to knowledge sharing was commendable. We wish the IBP team all the best in their sustained efforts of taking future challenges head-on, and hope that their endeavors will continue to support, uplift and contour Pakistan's banking and finance landscape.

Trends & Highlights

Trends in ISQ Registration & Exam Enrollment



Performance of Training & Courses



Regular Trainings 103
3400+ Participants

Customized Trainings 27
1300+ Participants

Certification Courses 11
550+ Participants

eLearning Progress
12000+ Participants

IBP Superior Qualification (ISQ) Key Highlights 2020 – 2021

13,359 Enrollment for Papers

4,799 Candidates Enrolled for Examination

1,052 New Candidates Registered

684 Candidates Passed*

** This figure pertains to ISQ Summer 2020 examinations only as ISQ Winter 2020 results were announced later, which do not fall under the tenure of 2020-2021.*

Note: Due to COVID-19 pandemic, ISQ Summer 2020 Examinations were held in the month of October, 2020 instead of June, 2020 & ISQ Winter 2020 Examinations were held in the month of March/April, 2021 instead of December, 2020.



**5TH
PAKISTAN
BANKING
AWARDS
2020**



PAKISTAN BANKING AWARDS

THE INSTITUTE OF BANKERS PAKISTAN

DAWN | A.F.FERGUSON&Co. | A member firm of the PwC network



The Pakistan Banking Awards (PBA) 2020 Ceremony, jointly organized by The Institute of Bankers Pakistan (IBP), the DAWN Media Group and A.F. Ferguson & Co. (a member firm of the PwC Network), was held at Pearl Continental Hotel, Karachi on January 08, 2021. Governor State Bank of Pakistan Dr. Reza Baqir graced the occasion as the Chief Guest.

A highly celebrated annual event among the banking and finance fraternity, since their inception in 2016, these were the 5th Pakistan Banking Awards. These prestigious national awards are recognized as symbol of excellence for banks across Pakistan and help motivate them to raise their service standards and products' quality at par with international standards.

In PBA 2020, 34 banks and financial institutions participated in the competition. Awards were given to banks and financial institutions for their best performance in nine different categories including the two new categories introduced this year for banks, i.e. the: i) Best Digital Banking and ii) Most Innovative Business.

The winners were selected by a distinguished jury consisting of five experts from the corporate, banking and financial sectors. As always, they adopted a neutral, transparent and impartial evaluation process to determine the best performers for these awards.

The eminent jury comprised of former SBP Governor Mr. Salim Raza (Chairman of the Jury); former President/ CEO Faysal Bank Limited Mr. Naved A. Khan; former Banking Mohtasib Pakistan & former Country Head SCB Pakistan Mr. Azhar Hamid; former Regional Head of Citibank Middle East and Pakistan Mr. Shehzad Naqvi; and Managing Director & CEO English Biscuit Manufacturers (Pvt.) Ltd Dr. Zeelaf Munir.

WINNERS

BEST BANK

MEEZAN BANK



BEST MICROFINANCE BANK

KHUSHHALI MICROFINANCE BANK



BEST BANK FOR SMALL & MEDIUM BUSINESSES

HABIB BANK LIMITED



BEST BANK FOR AGRICULTURE

NATIONAL BANK OF PAKISTAN



BEST DIGITAL BANKING AWARD

UNITED BANK LIMITED



BEST INVESTMENT BANKING AWARD

HABIB BANK LIMITED



BEST CUSTOMER FRANCHISE

HABIB BANK LIMITED



BEST EMERGING BANK

FAYSAL BANK LIMITED



MOST INNOVATIVE BUSINESS

KARANDAAZ & AKHUWAT





Acknowledgment

The Council acknowledges with thanks the ongoing guidance provided by the different committees, whose valuable support complements the Council's role in effective oversight over the Institute's affairs. We would also like to thank all our trainers, facilitators, examiners, item writers, content specialists and bankers who spared their precious time for imparting knowledge and extended their support to the Institute. The hard work and team spirit of all employees who have vigilantly contributed with sincere efforts in enhancing the repute of the Institute is also worth appreciation.

For and on behalf of IBP Council

sd/-

Chief Executive - IBP

Karachi

Dated: November 11, 2021



Annual Accounts

Independent Auditors' Report

To the members of The Institute of Bankers Pakistan

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

OPINION

We have audited the annexed financial statements of **The Institute of Bankers Pakistan** (the Institute), which comprise the statement of financial position as at **June 30, 2021**, and the statement of income and expenditure, the statement of other comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of income and expenditure, the statement of other comprehensive income, the statement of changes in funds and the statement of cash flows 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 Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Institute's affairs as at **June 30, 2021** and of the surplus, other comprehensive income, the changes in funds 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 Institute 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

RESPONSIBILITIES OF MANAGEMENT AND COUNCIL 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 and the requirements of 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 Institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Council members are responsible for overseeing the Institute'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 Institute'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 Institute'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 Institute 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 Council members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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 Institute as required by the Companies Act, 2017 (XIX of 2017);
- b. the statement of financial position, the statement of income and expenditure, the statement of other comprehensive income, the statement of changes in fund and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Institute's business; and
- d. no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980

OTHER MATTER

The financial statements of the Institute for the year ended June 30, 2020 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those statements on January 4, 2021.

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

sd/-

Chartered Accountants

Date: November 11, 2021

Place: Karachi



Statement of Financial Position

As at June 30, 2021

ASSETS	Note	2021 ----- Rupees -----	2020
NON-CURRENT ASSETS			
Property and equipment	4	110,820,790	95,320,198
Intangible assets	5	2,234,345	3,404,143
Long-term loans and advances	6	9,458,965	9,201,393
Long-term deposits		744,806	744,806
		<u>123,258,906</u>	<u>108,670,540</u>
CURRENT ASSETS			
Short-term investments	7	1,507,544,435	1,503,196,300
Stock of publications and stationery	8	4,878,033	6,612,762
Current maturity of long-term loans and advances	6	3,390,457	3,057,136
Trade debts	9	22,769,157	13,010,748
Advances and prepayments	10	5,406,311	4,946,893
Advance tax	11	40,031,437	34,796,236
Cash and bank balances	12	20,131,451	8,108,797
		<u>1,604,151,281</u>	<u>1,573,728,872</u>
TOTAL ASSETS		<u><u>1,727,410,187</u></u>	<u><u>1,682,399,412</u></u>
FUNDS AND LIABILITIES			
FUNDS			
General fund		779,033,679	757,138,338
Specific funds	13	898,568,312	874,901,465
		<u>1,677,601,991</u>	<u>1,632,039,803</u>
NON- CURRENT LIABILITIES			
Employee benefits - Gratuity	14	5,729,165	3,229,165
CURRENT LIABILITIES			
Accrued expenses and other liabilities	15	44,079,031	47,130,444
TOTAL FUNDS AND LIABILITIES		<u><u>1,727,410,187</u></u>	<u><u>1,682,399,412</u></u>
Contingencies and commitment	16		

The annexed notes from 1 to 27 form an integral part of these financial statements.

sd/-
Chief Financial Officer

sd/-
Chief Executive Officer

sd/-
Chairman



Statement of Income and Expenditure

For the year ended June 30, 2021

	Note	2021 ----- Rupees -----	2020
INCOME	17	290,117,278	299,310,392
EXPENDITURE			
Cost of operating activities	18	209,895,334	171,537,667
Other expenses	19	31,791,148	27,897,270
		(241,686,482)	(199,434,937)
Surplus - before taxation		48,430,796	99,875,455
Taxation	20	-	-
Surplus - after taxation		48,430,796	99,875,455

The annexed notes from 1 to 27 form an integral part of these financial statements.

sd/-
Chief Financial Officer

sd/-
Chief Executive Officer

sd/-
Chairman



Statement of Comprehensive Income

For the year ended June 30, 2021

	Note	2021	2020
		----- Rupees -----	
SURPLUS - AFTER TAXATION		48,430,796	99,875,455
OTHER COMPREHENSIVE INCOME			
<i>Items not to be reclassified to income and expenditure statement in subsequent periods</i>			
Remeasurement loss of defined benefit liability	15.2.8	(2,868,608)	(4,060,692)
TOTAL COMPREHENSIVE INCOME		<u>45,562,188</u>	<u>95,814,763</u>
ATTRIBUTABLE TO:			
General fund		(10,118,076)	(8,921,424)
Specific funds:		52,475,694	102,588,285
- Permanent fund		-	95,717
- Prize fund		3,204,570	2,052,185
- Study fund		<u>45,562,188</u>	<u>95,814,763</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.

sd/-
Chief Financial Officer

sd/-
Chief Executive Officer

sd/-
Chairman



Statement of Cash Flows

For the year ended June 30, 2021

	2021	2020
	----- Rupees -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus - before taxation	48,430,796	99,875,455
Adjustments for		
Depreciation	14,130,467	7,049,517
Amortisation	2,732,496	2,701,754
Gain on disposal of operating fixed assets	(1,062,310)	(890,612)
Provision for gratuity	8,439,819	4,199,598
Provision for compensated absences	442,567	743,978
Gain on sale of investments	(13,015,176)	(1,392,646)
Unrealised loss / (gain) on re-measurement of investments	38,312	(1,375,754)
at fair value through profit or loss - net	(5,015,847)	-
(Reversal) / provision for doubtful debts	(89,741,592)	(179,177,227)
Return on investments	(34,620,468)	(68,265,937)
(Increase) / decrease in current assets:		
Stock of publications and stationery	1,734,729	(285,242)
Trade debts	(4,742,562)	9,208,018
Advances and prepayments	(459,418)	(3,108,153)
	(3,467,251)	5,814,623
Increase / (decrease) in current liabilities:		
Accrued expenses and other liabilities	(6,542,117)	1,709,964
	(44,629,836)	(60,741,350)
Long-term loans (given) / recovered	(590,893)	4,695,582
Long-term deposits paid	-	(250)
Gratuity paid	(5,760,290)	(3,985,903)
Tax paid	(5,235,201)	(10,007,957)
Net cash used in operating activities	(56,216,220)	(70,039,878)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(30,566,359)	(28,373,412)
Purchase of intangible assets	(1,562,698)	(2,366,484)
Sale proceeds from disposal of operating fixed assets	1,997,610	1,994,994
Purchase of investments	(9,964,522,590)	(11,875,429,521)
Sale proceeds from disposal of investments	10,062,892,911	11,977,094,093
Net cash generated from investing activities	68,238,874	72,919,670
Net increase in cash and cash equivalents	12,022,654	2,879,792
Cash and cash equivalents at beginning of the year	8,108,797	5,229,005
Cash and cash equivalents at end of the year	20,131,451	8,108,797

The annexed notes from 1 to 27 form an integral part of these financial statements.

sd/-
Chief Financial Officer

sd/-
Chief Executive Officer

sd/-
Chairman

Statement of Changes in Funds

For the year ended June 30, 2021



	Specific funds				Total	
	General Fund	Permanent Fund	Prize Fund	Study Fund		Building Fund
Balance as at July 01, 2019	759,130,799	734,818,393	-	22,887,174	18,648,674	1,535,485,040
Surplus / (deficit) for the year ended June 30, 2020	(4,860,732)	102,588,285	95,717	2,052,185	-	99,875,455
Other comprehensive loss for the year ended June 30, 2020	(4,060,692)	-	-	-	-	(4,060,692)
Funds received during the year	-	-	740,000	-	-	740,000
Transfers during the year	6,928,963	(6,093,246)	(835,717)	-	-	-
Balance as at June 30, 2020	757,138,338	831,313,432	-	24,939,359	18,648,674	1,632,039,803
Surplus / (deficit) for the year ended June 30, 2021	(7,249,468)	52,475,694	-	3,204,570	-	48,430,796
Other comprehensive loss for the year ended June 30, 2021	(2,868,608)	-	-	-	-	(2,868,608)
Transfers during the year	32,013,417	(32,013,417)	-	-	-	-
Balance as at June 30, 2021	779,033,679	851,775,709	-	28,143,929	18,648,674	1,677,601,991

Rupees

The annexed notes from 1 to 27 form an integral part of these financial statements.

sd/-
Chief Financial Officer

sd/-
Chief Executive Officer

sd/-
Chairman

Notes to the Financial Statements

For the year ended June 30, 2021

1. LEGAL STATUS AND OPERATIONS

The Institute of Bankers Pakistan (hereinafter referred to as the Institute) was established in 1951 as a limited company for encouragement of banking education in Pakistan and the protection and promotion of banking profession. The Government of Pakistan has granted a license to the Institute in pursuance of section 42 of the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017), as income of the Institute is being applied solely towards the promotion of its objects and not distributed by way of dividends to members. The management of the affairs of the Institute is in the hands of a Council of members representing local and foreign banks. The registered office of the Institute is situated at IBP Building, M. T. Khan Road, Karachi, in the province of Sindh.

2. BASIS OF PREPARATION

2.1 *Statement of compliance*

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

- International Financial Reporting Standard (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 *Basis of Measurement*

These financial statements have been prepared under the historical cost convention, except for certain items as disclosed in the relevant accounting policies below.

2.3 *Functional and Presentation Currency*

These financial statements are presented in Pakistan Rupees, which is the Institute's functional and presentation currency. Amounts presented in the financial statements have been rounded off to the nearest of Rupee, unless otherwise stated.

2.4 *Key judgements and estimates*

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Institute's accounting policies. Significant accounting estimates and judgements are disclosed in relevant notes.

2.5 *New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2021*

There are certain other new standards, interpretations and amendments that are mandatory for the Institute's accounting period beginning on July 1, 2020, but are considered either to be not relevant or to not have any significant effect on the Institute's operations and are, therefore, not detailed in these financial statements.



2.6 *New accounting standards / amendments and IFRS interpretations that are not yet effective*

The following amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendment:

	Effective from accounting period beginning on or after:
IAS 1 - Presentation of financial statements (amendment)	January 01, 2023
IAS 8 - Accounting policies, change in accounting estimates and errors (amendments)	January 01, 2023
IAS 12 - Income taxes (amendment)	January 01, 2023
IFRS 16 - Leases (amendment)	April 01, 2021

The above amendments are not expected to have any material impact on the Institute's financial statements in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Institute for the year ended June 30, 2020.

3.1 *Financial instruments*

Financial assets and financial liabilities are recognised in the Institute's statement of financial position when the Institute becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of income and expenditure.

3.1.1 *Financial assets*

Financial assets are measured subsequently at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are measured subsequently at amortized cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI) with any mark to market gain/loss on such instruments being recognised in other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are measured subsequently at fair value through profit or loss (FVTPL) with any mark to market gain/loss on such instruments being recognised in statement of income and expenditure.

The Institute derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Institute neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Institute recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Institute retains substantially all the risks and rewards of ownership of a transferred financial asset, the Institute continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

3.1.2 Financial liability

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses, if any, are recognized in the statement of income and expenditure and other comprehensive income.

The Institute derecognizes financial liabilities when, and only when, the Institute's obligations are extinguished, discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in statement of income and expenditure.

3.1.3 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.2 Property and equipment

3.2.1 Operating Fixed Assets

These are stated at cost less accumulated depreciation and impairment losses, if any, except for leasehold land which is stated at cost since the lease is renewable at the option of the lessee. Cost includes expenditure directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

Depreciation is charged to statement of income and expenditure under the diminishing balance method at the rates specified in note 4.1. Proportionate depreciation is charged for addition and disposal of assets during the year.

Repairs and maintenance are charged to statement of income and expenditure. Renewals and improvements are capitalised only when it is probable that the future economic benefits associated with the item will flow to the Institute and its cost can be measured reliably. Disposal of assets is recognised when significant risk and rewards incidental to the ownership have been transferred.

The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each reporting date. Gain or loss on disposal of an asset is charged to statement of income and expenditure.

Capital work in progress

Capital work in progress is stated at cost. These costs are transferred to property and equipment as and when are available for use.



3.2.2 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

ERP and licenses are amortised on straight line basis over the period of five years. All other software are amortised on straight line basis over the period of three years.

Costs that are directly associated with identifiable software products and have probable economic benefit beyond one year are recognised as intangible assets.

3.3 Impairment of assets

3.3.1 Financial assets

The Institute recognizes a loss allowance based on the financial asset's lifetime Expected Credit Loss (ECL). Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The Institute measures expected credit losses based on the ageing of the receivable, Institute's historical experience and informed credit assessment. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

3.3.2 Non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of income and expenditure, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An 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 recognized.

3.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits accounts and saving accounts maintained with banks.

3.5 Employee benefits

Defined benefit plan

The Institute operates a funded gratuity scheme for all of its employees who have completed permanent service for a minimum period of five years. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out under the projected unit credit method. All remeasurement gains / losses arising during the year are charged to other comprehensive income.

The Chief Executive of the Institute is entitled to gratuity payment at the end of his term for the number of years worked at last drawn salary. Provision is made on the basis of salary drawn at the reporting date.

Defined contribution plan

The Institute operates a provident fund scheme in respect of its permanent employees. Equal contributions are made both by the Institute and the employee at the rate of 6% of monetized pay. Obligation for contribution to the fund are recognised as an expense in the statement of income and expenditure when they are due.

3.6 *Revenue recognition*

Income from seminars and courses, testing services, institutional members contribution, sale of publications, lectures, journal income, Pakistan banking award and other income are recorded on accrual basis.

Income from subscription fee and examination fee are recorded on receipt basis.

Income on debt securities and bank balances is recognised on a time proportion basis.

3.7 *Taxation*

The Institute being an approved non profit organization existing solely for educational purposes is subject to complete tax credit of the tax liability in any tax year as per section 100(c) of the Income Tax Ordinance, 2001 including the minimum tax.

3.8 *Provisions*

A provision is recognised in the statement of financial position when the Institute has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

3.9 *Foreign currency transactions and translation*

Foreign currency transactions are translated into Pakistani Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Pakistani Rupees at the rates of exchange prevailing on the reporting date. Exchange differences, if any, are included in statement of income and expenditure.

3.10 *Reclassification*

Certain prior year amounts have been reclassified for better presentation. These reclassifications have no effect on the reported results of operations.

	Note	2021 ----- Rupees -----	2020
4. PROPERTY AND EQUIPMENT			
Operating fixed assets	4.1	86,801,426	70,804,876
Capital work-in-progress	4.2	24,019,364	24,515,322
		<u>110,820,790</u>	<u>95,320,198</u>

Operating fixed assets

	Leasehold land	Building on leasehold land	Furniture, fixture and equipment	Computer lab	Library Books		Vehicles	Total
					Circulating	General		
----- Rupees -----								
At July 01, 2019								
Cost	1,537,682	40,779,690	40,667,546	23,415,509	594,534	2,795,793	12,418,700	122,209,454
Accumulated depreciation	-	(21,961,052)	(23,956,182)	(17,710,479)	(593,503)	(2,644,112)	(4,005,073)	(70,870,401)
Net book value	1,537,682	18,818,638	16,711,364	5,705,030	1,031	151,681	8,413,627	51,339,053
During the year:								
Additions	-	627,000	6,585,932	230,240	-	-	20,176,550	27,619,722
Disposals	-	-	1,328,600	-	-	-	1,406,000	2,734,600
Cost	-	-	(1,151,365)	-	-	-	(478,853)	(1,630,218)
Accumulated depreciation	-	-	177,235	-	-	-	927,147	1,104,382
Depreciation charge for the year	-	(949,217)	(2,840,590)	(1,471,898)	(206)	(22,594)	(1,765,012)	(7,049,517)
Closing net book value	1,537,682	18,496,421	20,279,471	4,463,372	825	129,087	25,898,018	70,804,876
At July 01, 2020								
Cost	1,537,682	41,406,690	45,924,878	23,645,749	594,534	2,795,793	31,189,250	147,094,576
Accumulated depreciation	-	(22,910,269)	(25,645,407)	(19,182,377)	(593,709)	(2,666,706)	(5,291,232)	(76,289,700)
Net book value	1,537,682	18,496,421	20,279,471	4,463,372	825	129,087	25,898,018	70,804,876
During the year:								
Additions	-	3,104,672	1,963,264	15,146,255	5,089	14,617	10,828,420	31,062,317
Disposals	-	-	46,500	-	-	-	2,457,960	2,504,460
Cost	-	-	(31,318)	-	-	-	(1,537,842)	(1,569,160)
Accumulated depreciation	-	-	15,182	-	-	-	920,118	935,300
Depreciation charge for the year	-	(1,001,406)	(3,228,042)	(3,430,177)	(556)	(19,290)	(6,450,996)	(14,130,467)
Closing net book value	1,537,682	20,599,687	18,999,511	16,179,450	5,358	124,414	29,355,324	86,801,426
At June 30, 2021								
Cost	1,537,682	44,511,362	47,841,642	38,792,004	599,623	2,810,410	39,559,710	175,652,433
Accumulated depreciation	-	(23,911,675)	(28,842,131)	(22,612,554)	(594,265)	(2,685,996)	(10,204,386)	(88,851,007)
Net book value	1,537,682	20,599,687	18,999,511	16,179,450	5,358	124,414	29,355,324	86,801,426
Depreciation rates	-	5%	15%	25%	20%	20%	20%	20%



4.2 Capital work-in-progress

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Land	4.2.1	22,425,824	22,425,824
Building			
Construction at Lahore plot	4.2.1	1,593,540	1,593,540
Karachi office renovation		-	495,958
		<u>24,019,364</u>	<u>24,515,322</u>

4.2.1 Represent land situated at Mouza Niaz Beg, Tehsil and District Lahore and expenses incurred thereon. The Institute plans to construct a building at the concerned site, however, Lahore Development Authority (LDA) had not given approval for it. The Institute filed a petition against LDA in the Honourable High Court, Lahore which was dismissed on the ground that the High Court had earlier given decree in favour of previous owners who sold the land to the Institute. Subsequently, LDA filed an appeal which was dismissed by Learned District Judge Lahore on September 11, 2014. However, LDA has right to file revised appeal before proceeding to grant approval for the site plan of the above mentioned building.

5. INTANGIBLE ASSETS	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Software and licenses	5.1	1,365,015	3,146,411
Capital work-in-progress	5.2	869,330	257,732
		<u>2,234,345</u>	<u>3,404,143</u>

5.1 Software and licenses



Particulars	2021						Amortisation rate %	
	Cost at July 01, 2020	Additions	Cost at June 30, 2020	Accumulated amortisation at July 01, 2020	Amortisation for the year	Accumulated amortisation at June 30, 2021		Carrying value at June 30, 2021
ERP software	11,146,309	-	11,146,309	11,146,309	-	11,146,309	-	20
Other softwares	6,344,652	951,100	7,295,752	4,383,828	1,546,909	5,930,737	1,365,015	33
License	13,532,749	-	13,532,749	12,347,162	1,185,587	13,532,749	-	20
	31,023,710	951,100	31,974,810	27,877,299	2,732,496	30,609,795	1,365,015	

Particulars	2020						Amortisation rate %	
	Cost at July 01, 2019	Additions	Cost at June 30, 2020	Accumulated amortisation at July 01, 2019	Amortisation for the year	Accumulated amortisation at June 30, 2020		Carrying value at June 30, 2020
ERP software	11,146,309	-	11,146,309	11,144,728	1,581	11,146,309	-	20
Other softwares	3,978,168	2,366,484	6,344,652	2,972,047	1,411,781	4,383,828	1,960,824	33
License	13,532,749	-	13,532,749	11,058,770	1,288,392	12,347,162	1,185,587	20
	28,657,226	2,366,484	31,023,710	25,175,545	2,701,754	27,877,299	3,146,411	

5.2 This represents amount paid to vendor for the development of software.

6 LONG-TERM LOANS		2021	2020
	Note	----- Rupees -----	
Considered good - secured			
Due from employees			
House loan	6.1 & 6.3	7,298,451	7,695,181
Computer loan - interest free	6.3	215,214	233,328
Others	6.2 & 6.3	5,335,757	4,330,020
Less: current maturity		(3,390,457)	(3,057,136)
		<u>9,458,965</u>	<u>9,201,393</u>

- 6.1 Represent house loan given to an employee at mark-up of 4% per annum for a period of 19 years, repayable in equal monthly installments.
- 6.2 Represent loans and advances given to employees as per the Institute® approved HR policy. The mark-up is charged at range from 5% to 10% per annum. These are recoverable in equal monthly installments ranging from 36 months to 60 months.
- 6.3 The above loans and advances are secured against provident fund of the respective employees including, where applicable, the assets for which the loan has been given.

7. SHORT-TERM INVESTMENTS

At FVTPL		2021	2020
	Note	----- Rupees -----	
Government securities			
Permanent fund		834,080,733	824,136,012
Study fund		25,876,994	25,007,131
General fund		647,625,019	652,677,403
		1,507,582,747	1,501,820,546
Unrealised (loss) / gain on re-measurement		(38,312)	1,375,754
	7.1	<u>1,507,544,435</u>	<u>1,503,196,300</u>
7.1 Government securities			
Market treasury bills	7.1.1	1,007,913,116	1,247,537,772
Pakistan investments bonds	7.1.2	499,631,319	255,658,528
		<u>1,507,544,435</u>	<u>1,503,196,300</u>

7.1.1 These carry interest ranging from 6.31% to 7.44% (2020 : 7.29% to 13.75%) per annum. These will mature within 3 to 6 months.

7.1.2 These carry interest at 7.2% (2020 : 7.85%) per annum.

8. STOCK OF PUBLICATIONS AND STATIONERY

		2021	2020
		----- Rupees -----	
Publications		3,467,694	4,080,966
Stock of consumables and stationery		1,410,339	2,531,796
		<u>4,878,033</u>	<u>6,612,762</u>



9. TRADE DEBTS	Note	2021	2020
		-----	Rupees -----
Trade debts		23,864,893	19,122,331
Provision against doubtful debts	9.1	<u>(1,095,736)</u>	<u>(6,111,583)</u>
		<u>22,769,157</u>	<u>13,010,748</u>

9.1 Provision against doubtful debts

	2021	2020
	-----	Rupees -----
Opening balance	6,111,583	6,843,426
Reversals during the year	(5,015,847)	-
Amount written off	-	(731,843)
Closing balance	<u>1,095,736</u>	<u>6,111,583</u>

10. ADVANCES AND PREPAYMENTS

	2021	2020
	-----	Rupees -----
Advance against expenses	3,095,334	3,897,444
Prepayments		
Insurance	1,315,236	697,321
Others	995,741	352,128
	<u>2,310,977</u>	<u>1,049,449</u>
	<u>5,406,311</u>	<u>4,946,893</u>

11. ADVANCE TAX

Advance tax	<u>40,031,437</u>	<u>34,796,236</u>
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11.1 The returns of income have been filed up to tax year 2020 which are deemed to be an assessment under Section 120 of the Income Tax Ordinance, 2001 (ITO). However, the returns may be selected for audit or amendment within six years from the end of the respective tax year and within five years from the end of the financial year in which assessment order is issued or treated to have been issued for that tax year respectively.

12. CASH AND BANK BALANCES

12. CASH AND BANK BALANCES	Note	2021	2020
		-----	Rupees -----
Cash at banks			
Current accounts		1,072,614	1,349,594
Saving accounts	12.1	<u>19,058,837</u>	<u>6,759,203</u>
		<u>20,131,451</u>	<u>8,108,797</u>

12.1 These carry markup at 5.5% (2020: 5.5% to 11.25%) per annum and include a foreign currency bank account (denominated in US dollar) balance of Rs. 2,048 translated at closing rate.



13. SPECIFIC FUNDS	Note	2021	2020
		----- Rupees -----	
Permanent fund	13.1	851,775,709	831,313,432
Prize fund	13.2	-	-
Study fund	13.3	28,143,929	24,939,359
Building fund.	13.4	18,648,674	18,648,674
		<u>898,568,312</u>	<u>874,901,465</u>

13.1 *Permanent fund*

This fund was established to cater various requirements such as capital budget requirements, man power requirements, maintenance of building, expansion of the activities of the Institute and operating cost, etc.

13.2 *Prize fund*

This fund was established to meet expenditures relating to the distribution of cash prizes and gold medals to qualifying candidates who secure positions in different subjects in the ISQ examinations.

13.3 *Study fund*

This fund was established for the purpose of providing financial support to eligible members for obtaining higher studies in banking and allied subjects within Pakistan and abroad.

13.4 *Building fund*

This fund was established on the recommendation of the Finance Committee for the construction of a building in Lahore.

14. EMPLOYEE BENEFITS - GRATUITY	Note	2021	2020
		----- Rupees -----	
Opening balance		3,229,165	729,165
Provision during the year		<u>2,500,000</u>	<u>2,500,000</u>
Closing balance	14.1	<u>5,729,165</u>	<u>3,229,165</u>

14.1 Represents gratuity payable to Chief Executive as per terms of his appointment.

15. ACCRUED EXPENSES AND OTHER LIABILITIES

Provision for bonus		14,247,255	12,823,153
Provision for compensated absences	15.1	4,389,232	4,189,546
Gratuity fund	15.2	8,808,427	5,760,290
Unearned income		52,903	11,391,885
Security deposits		704,768	704,768
Retention money		51,827	51,827
Payable to suppliers		1,831,341	1,923,995
Accrued expenses		<u>13,993,278</u>	<u>10,284,980</u>
		<u>44,079,031</u>	<u>47,130,444</u>

15.1 During the year ended June 30, 2011, the Institute discontinued the policy for compensated absences and the accrual recognised to date will be paid to employees on earlier of their retirement or termination from employment of the Institute.



	Note	2021 ----- Rupees -----	2020
15.2 Gratuity fund	15.2.1	<u>8,808,427</u>	<u>5,760,290</u>
15.2.1 Present value of defined benefit obligations	15.2.4	35,457,897	27,228,542
Fair value of plan assets	15.2.5	<u>(26,649,470)</u>	<u>(21,468,252)</u>
Net liability		<u>8,808,427</u>	<u>5,760,290</u>
15.2.2 <i>Number of employees under the scheme</i>			
The number of employees covered under the scheme are:		<u>70</u>	<u>65</u>

15.2.3 *Principal actuarial assumptions*

The latest actuarial valuation of the gratuity scheme was carried out as at June 30, 2021 under the Projected Unit Credit Method. Principal actuarial assumptions used in the valuation of the scheme are as follows:

Financial assumptions	Note	2021 ----- Percentage -----	2020
Valuation discount rate		10.00	8.50
Salary increase rate		9.00	7.50
Demographic assumptions			
Mortality rate		SLIC (2001- 2005) Setback 1 Year	SLIC (2001- 2005) Setback 1 Year
Employee turnover rate		Moderate	Moderate
Withdrawal rates		Age Based	Age Based
Retirement age		Age 60	Age 60
Average expected remaining working life time of employees		7.5 years	6.9 years

15.2.4 *Movement in present value of defined benefit obligation*

Balance as at 1 July	27,228,542	22,624,250
Current service cost	3,828,536	3,170,326
Past service cost	1,866,471	(1,646,709)
Interest cost	2,280,971	3,115,941
Benefits paid	(787,176)	
Benefits due but not paid (payables)	-	(1,516,000)
Actuarial losses / (gain) from changes in financial assumptions	125,645	(353,388)
Experience adjustments	914,908	1,834,122
Balance as at 30 June	<u>35,457,897</u>	<u>27,228,542</u>

15.2.5 *Movement in fair value of plan assets*

	Note	2021	2020
		----- Rupees -----	----- Rupees -----
Balance as at 1 July		21,468,252	18,638,347
Contribution to the fund		5,760,290	3,985,903
Interest income		2,036,159	2,939,960
Benefits paid		(787,176)	-
Benefits due but not paid		-	(1,516,000)
Remeasurement loss chargeable in other comprehensive income		(1,828,055)	(2,579,958)
Balance as at 30 June		<u>26,649,470</u>	<u>21,468,252</u>

15.2.6 *Movement in net liability in the statement of financial statement*

Opening liability		5,760,290	3,985,903
Expense charged to income and expenditure statement	15.2.7	5,939,819	1,699,598
Remeasurement loss chargeable in other comprehensive income	15.2.8	2,868,608	4,060,692
Contribution paid		(5,760,290)	(3,985,903)
Closing liability		<u>8,808,427</u>	<u>5,760,290</u>

15.2.7 *Amount recognised in statement of income and expenditure*

The following amounts have been charged in statement of income and expenditure:

Current service cost		3,828,536	3,170,326
Past service cost		1,866,471	(1,646,709)
Interest cost on defined benefit obligation		2,280,971	3,115,941
Expected return on plan assets		(2,036,159)	(2,939,960)
		<u>5,939,819</u>	<u>1,699,598</u>

15.2.8 *Remeasurements recognised in other comprehensive income*

Remeasurement loss / (gain) on plan obligation due to:

- changes in financial assumptions		125,645	(353,388)
- experience adjustment		914,908	1,834,122
		<u>1,040,553</u>	<u>1,480,734</u>
- return on plan assets excluding interest income		1,828,055	2,579,958
Net remeasurement loss recognised in other comprehensive income		<u>2,868,608</u>	<u>4,060,692</u>

15.2.9 *Composition of fair value of plan assets*

Special savings certificates		15,242,340	15,242,340
Cash at bank		11,407,130	7,741,912
Benefits due but not paid		-	(1,516,000)
		<u>26,649,470</u>	<u>21,468,252</u>

15.2.10 *Expected contribution for the next one year*

As per the actuarial valuation as at June 30, 2021, total amount chargeable to income and expenditure statement for the next financial year is expected to be Rs. 5,526,962.



15.2.11 *Sensitivity analysis*

Sensitivity analysis has been performed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of defined benefit obligation. The increase / decrease in the present value of defined benefit obligation as a result of change in each assumption is summarised below:

	Change in assumption	Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate	1%	(10,470,443)	(2,241,088)
Salary growth rate	1%	(5,618,470)	2,610,885

15.2.12 *Maturity profile*

	2021	2020
The weighted average duration of the obligation (in years)	<u>9</u>	<u>9</u>

16. CONTINGENCIES AND COMMITMENT

16.1 *Contingencies*

During the year ended June 30, 2013, the Institute received a notice from Karachi Municipal Corporation (KMC) under Section 81 of Land Revenue Act 1967. As per the notice, KMC demanded ground rent amounting to Rs. 687,312 from the Institute for the period from July 01, 1995 to June 30, 2013. The Institute, after consulting its legal advisor, filed a response under which it limited its liability in respect of Ground Rent amounting to Rs. 171,828. No response has been received from KMC in this regard.

16.2 During the year ended June 30, 2012, the Commissioner Inland Revenue issued show cause notices under Section 4 of the Workers Welfare Fund Ordinance 1971 (the Ordinance), in respect of tax year 2008 and 2011, requiring the Institute to pay Rs. 853,957 and Rs. 1,169,514 respectively as the amount chargeable under the Ordinance. Two constitution petitions were filed by the Institute before Honourable High Court of Sindh against imposition of the levy. Notices were served on the respondents and stay was granted by the Court. Additionally, the Honourable Supreme Court has declared the amendments made in respect of WWF Ordinance, 1971 vide Finance Act, 2006 & 2008 as null and void. Accordingly, the Institute has not made provision for WWF.

	2021	2020
16.3 <i>Commitment</i>	----- Rupees -----	
Outstanding letter of guarantee	<u>599,000</u>	<u>599,000</u>

17. INCOME	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Seminars and courses		72,365,757	33,834,607
Testing services		6,368,228	4,311,000
Examination fees		34,365,537	16,091,677
Institutional members contribution		36,200,000	31,965,000
Subscription income		15,774,954	6,526,000
Sale of publications	17.1	6,847,533	6,496,150
Lectures		-	182,000
Journal income		1,123,800	1,296,750
Pakistan banking awards		5,069,000	4,896,348
		178,114,809	105,599,532
Income from financial assets			
Return on investments		89,741,592	179,177,227
Profit on bank accounts		1,196,764	2,766,161
Gain on sale of investments		13,015,176	1,392,646
Unrealised (loss) / gain on re-measurement of investments at FVTPL		(38,312)	1,375,754
		103,915,220	184,711,788
Other Income			
Reversal of provision against doubtful debts	9.1	5,015,847	-
Gain on disposal of operating fixed assets		1,062,310	890,612
Others		2,009,092	8,108,460
		8,087,249	8,999,072
		290,117,278	299,310,392
17.1 Sale of publications			
Sale of diaries		3,127,925	3,178,800
Sale of books and forms		1,686,450	1,247,350
Advertisement income		2,033,158	2,070,000
		6,847,533	6,496,150
18. COST OF OPERATING ACTIVITIES			
Honorarium, salaries and other charges		152,190,920	129,349,048
Communication, utilities and postage charges		7,771,794	6,483,971
Maintenance		6,859,721	6,186,284
Printing and stationery		4,729,512	3,760,781
Venue and refreshment		6,188,863	8,551,194
Training		13,412,091	-
Depreciation and amortization		13,646,282	8,186,675
Others		5,096,150	9,019,713
		209,895,334	171,537,667



18.1 The above expenses are allocated as follows:

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Seminar and courses		92,954,173	65,741,484
Testing services		28,837,702	27,416,397
Examination		69,006,792	59,221,155
Expenses on publications		15,611,470	15,189,917
Lectures		-	186,000
Journal		402,075	496,600
Pakistan banking awards		3,083,122	3,286,114
		<u>209,895,334</u>	<u>171,537,667</u>
19. OTHER EXPENSES			
Salaries and other allowances		17,885,424	15,431,061
Compensated absences		442,567	743,978
Employee welfare		746,658	490,263
Communication and utilities		2,492,635	2,212,658
Repair and maintenance		1,214,344	2,047,924
Legal and professional		1,053,250	906,521
Depreciation and amortization		3,215,092	1,564,598
Insurance		1,692,503	758,601
Printing and stationery		765,294	499,839
Audit fee	19.1	550,000	500,000
Others		1,733,381	2,741,827
		<u>31,791,148</u>	<u>27,897,270</u>
19.1 Auditors' remuneration			
Audit fee		500,000	450,000
Out of pocket expenses		50,000	50,000
		<u>550,000</u>	<u>500,000</u>
20. TAXATION			

The income of the Institute is subject to complete tax credit under section 100(c) of the ITO. Further, the Institute being a non profit organization is not liable to pay minimum tax under the said section. The Institute has been granted approval of non profit organization under section 2 (36)(c) by the Commissioner Inland Revenue vide its letter dated April 30, 2021. The Institute has met all the requirements set out in aforementioned section of ITO.

21. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2021			2020		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- Rupees -----					
Managerial remuneration	30,000,000	17,414,352	48,118,142	30,000,000	18,572,175	42,990,035
Bonus	-	3,007,392	10,711,552	-	2,730,362	9,076,534
Provident Fund	-	1,082,783	2,768,874	-	983,051	2,217,002
Gratuity	2,500,000	430,524	3,486,657	2,500,000	430,524	959,076
Allowances	1,080,042	1,502,934	3,087,757	1,048,567	1,541,164	442,250
Total	<u>33,580,042</u>	<u>23,437,985</u>	<u>68,172,982</u>	<u>33,548,567</u>	<u>24,257,276</u>	<u>55,684,897</u>
No. of Person(s)	<u>1</u>	<u>3</u>	<u>36</u>	<u>1</u>	<u>4</u>	<u>37</u>

The Council members have not drawn any remuneration from the Institute.

22. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Council members, entities associated with Council members, key management personnel and employee retirement funds.

22.1 Details of transactions with related parties during the year:

Related party	Transactions	2021	2020
		----- Rupees -----	
Bank Al Habib Limited	Profit on bank balances Institutional	792,332	2,153,555
	membership contribution Service	2,000,000	2,000,000
	rendered	16,059,616	11,734,927
United Bank Limited	Profit on bank balances Institutional	-	14
	membership contribution Service	2,000,000	2,000,000
	rendered	12,811,379	16,879,671
Habib Bank Limited	Profit on bank balances Institutional	110,809	222,895
	membership contribution Service	2,000,000	2,000,000
	rendered	4,860,528	1,346,750
Meezan Bank Limited	Profit on bank balances Institutional	159,877	255,297
	membership contribution Service	2,000,000	2,000,000
	rendered	2,969,583	938,650
Bank Alfalah Limited	Institutional membership contribution	2,000,000	2,000,000
	Service rendered	3,520,992	800,375
Faysal Bank Limited	Institutional membership contribution	2,000,000	1,000,000
	Service rendered	2,632,920	663,250
JS Bank Limited	Institutional membership contribution	1,000,000	1,000,000
	Service rendered	709,907	591,145
Habib Metropolitan Bank	Institutional membership contribution	1,000,000	1,000,000
	Service rendered	1,189,859	458,625
Dubai Islamic Bank Pakistan Limited	Institutional membership contribution	750,000	100,000
	Service rendered	1,563,427	615,325
Standard Chartered Bank (Pakistan) Limited	Institutional membership contribution	750,000	750,000
	Service rendered	1,064,128	2,246,125
The Punjab Provincial Cooperative Bank Limited	Institutional membership contribution	750,000	750,000
	Service rendered	286,343	672,700
Employees gratuity fund	Contribution	5,760,290	3,985,903
Employees provident fund	Contribution	4,622,220	3,920,486

Remuneration of key management personnel are appearing in note 21.



22.2 Details of balances with related parties are as follows:

Related party	Trade debts		Bank balances	
	2021	2020	2021	2020
	----- Rupees -----		----- Rupees -----	
Bank Al-Habib Limited	<u>302,875</u>	<u>2,305,130</u>	<u>13,021,485</u>	<u>3,738,966</u>
United Bank Limited	<u>1,701,900</u>	<u>2,382,000</u>	<u>270,977</u>	<u>264,502</u>
Habib Bank Limited	<u>1,029,000</u>	-	<u>132,790</u>	<u>808,459</u>
Meezan Bank Limited	<u>173,200</u>	<u>23,750</u>	<u>4,913,755</u>	<u>1,439,726</u>
Faysal Bank Limited	<u>532,250</u>	<u>11,875</u>		
Bank Alfalah Limited	<u>109,200</u>	<u>11,875</u>		
JS Bank Limited	<u>-</u>	<u>2,073,500</u>		
Habib Metropolitan Bank	<u>5,250</u>	<u>34,250</u>		
Dubai Islamic Bank Pakistan Limited	<u>93,450</u>	<u>100,000</u>		
Standard Chartered Bank (Pakistan) Limited	<u>169,050</u>	-		
The Punjab Provincial Cooperative Bank Limited	<u>758,120</u>	<u>1,500,000</u>		

23. FINANCIAL RISK MANAGEMENT

23.1 Financial instruments by category

Financial assets

At amortised cost

	2021	2020
	----- Rupees -----	
Loans and advances	12,849,422	12,258,529
Deposits	744,806	744,806
Trade debts	22,769,157	13,010,748
Cash and bank balances	20,131,451	8,108,797
	<u>56,494,836</u>	<u>34,122,880</u>

At FVTPL

Short-term investments	1,507,544,435	1,503,196,300
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Total financial assets

	<u>1,564,039,271</u>	<u>1,537,319,180</u>
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Financial liabilities - at amortised cost

	<u>35,217,701</u>	<u>30,518,268</u>
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23.2 *The Institute has exposures to the following risks from its use of financial instruments:*

- Credit risk
- Liquidity risk
- Market risk

The Council has overall responsibility for the establishment and oversight of Institute's risk management framework. The Council is also responsible for developing and monitoring the Institute's risk management policies.

23.2.1 *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. As of June 30, 2021, the institute is mainly exposed to credit risk in respect of the following:

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
Loans and advances	(i)	12,849,422	12,258,529
Deposits	(ii)	744,806	744,806
Trade debts	(iii)	22,769,157	13,010,748
Bank balances	(iv)	20,131,451	8,108,797
		<u>56,494,836</u>	<u>34,122,880</u>

(i) **Loans and advances**

The Institute does not expect any loss as such loans and advances is collateralised against the retirement benefit accrued to the respective employees.

(ii) **Deposit**

The Institute has deposited various amounts as security to suppliers against provisioning of different services. The management does not expect to incur material losses on such deposits and consider such amount is receivable upon termination of service contract from respective suppliers.

(iii) **Trade debts**

The management does not expect to incur loss on such receivables as counter parties are reputable financial institutions.

The ageing of trade debts at the reporting date is as follows:

	2021		2020	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----		----- Rupees -----	
Past due 1 - 30 days	5,163,399	-	7,537,709	560,201
Past due 31 days - 90 days	10,349,443	-	312,505	34,958
Past due 91 days - 180 days	2,379,944	288,127	1,144,975	236,180
Past due 181 days - 1 year	1,812,732	448,235	7,608,892	3,567,909
More than one year	4,159,375	359,374	2,518,250	1,712,335
Total	<u>23,864,893</u>	<u>1,095,736</u>	<u>19,122,331</u>	<u>6,111,583</u>

Impairment pertains to the receivables on account of operating activities of the Institute while no impairment have been made on amount due against Institutional members' contribution.



(iv) Bank balances

The Institute kept surplus liquidity with banks having credit rating of A1+.

23.2.2 Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in meeting its obligations arising from its financial liabilities that are settled by delivering cash or other financial assets or that such obligations will have to be settled in a manner disadvantageous to the Institute. Liquidity risk also arises because of the possibility that the Institute could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation. As of June 30, 2021, all financial liabilities of the Institute have maturity period of less than one year.

23.2.3 Market risk

Market risk is the risk that changes in market price, such as interest rates, foreign exchange rates and equity prices will affect the Institute's income or the value of its holdings of financial instruments.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in prevailing level of interest rate will affect future cash flows or the fair value of financial instruments.

At the reporting date the interest rate profile of the Institute's significant interest bearing financial instruments is as follows:

	2021	2020
	Carrying amount	
	----- Rupees -----	
Fixed rate instruments		
Government securities	1,507,544,435	1,503,196,300
Loans and advances	12,849,422	9,897,650
Variable rate instruments		
Saving accounts	19,058,837	6,759,203

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in profit rates at the year end would have increased / (decreased) the fund balances and the surplus by Rs. 190,588 (2020: Rs. 67,592), assuming all other variables held constant.

Sensitivity analysis for fixed rate instruments

An increase / decrease in 100 basis points in profit rates at year end would have increased / decreased the fund balances and the surplus by Rs.15,075,444. The analysis assumes all other variables remaining constant.

(ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). As the Institute has classified its investment at FVTPL category, the Institute is not exposed to any other price risk.

24. PROVIDENT FUND RELATED DISCLOSURE

As at June 30, 2021, the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the Rules formulated for this purpose.

25. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Institute is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, "Fair Value Measurements" requires the Institute to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1:** quoted prices in active markets for identical assets or liabilities;
- **Level 2:** those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3:** those with inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments in accordance with the above fair value hierarchy is as follow:

Investments	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Government securities	-	1,507,544,435	-	1,507,544,435
Investments	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Government securities	-	1,503,196,300	-	1,503,196,300



26. **NUMBER OF EMPLOYEES**

The average number of employees for the year ended June 30, 2021 were 73 (June 30, 2020: 62) and number of employees as at June 30, 2021 were 75 (June 30, 2020: 71).

27. **DATE OF AUTHORISATION**

These financial statements were authorised for issue in the meeting of the Council members held on **November 11, 2021**.

sd/-

Chief Financial Officer

sd/-

Chief Executive Officer

sd/-

Chairman



The Institute of Bankers Pakistan

A Company Set Up Under Section 42 of the Companies Act, 2017

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