



Pak Kuwait

A DIGITAL TOMORROW AWAITS

Annual Report
2022



A Joint Venture

The Company is a joint venture between the Governments of Pakistan and Kuwait



Company Description

Pakistan Kuwait Investment Company (Private) Limited (PKIC) is Pakistan's leading Development Financial Institution (DFI) engaged in investment and development banking activities in Pakistan. PKIC was established as a joint venture between the Governments of Pakistan and Kuwait in 1979. The Company initiated operations with a paid-up capital of PKR 62.50 million. Over the years, paid up capital increased to PKR 16 billion while currently the total equity stands at PKR 49.9 billion, reflecting upon company's impressive performance since inception.

PKIC was established with an objective of financing economically viable and technically feasible projects. PKIC as a Development Financial Institution has played a pivotal role in promoting industrial activity, by way of equity and debt investment in key areas of the economy. PKIC supports infrastructure development and enhance real economic activity. PKIC is a progressive and evolving organization providing attractive returns on investment to its shareholders. PKIC's impressive history of dividend payout is a testimony to its investor-friendliness.

A DIGITAL TOMORROW AWAITS

The technology is reshaping the financial ecosystem and the future of banking industry. New players, such as startup companies specializing in financial technology as well as existing technological companies, have started providing financial services traditionally provided by financial institutions. At the same time, increasing number of digitally advanced customers, notably millennials and post-millennials, are demanding more convenience and better customer services. Moreover, the COVID-19 pandemic has resulted in an acceleration of the adoption of digital technologies in all areas including financial services. PKIC takes pride in being successfully awarded the digital banking license (NOC) by the State Bank of Pakistan as this shall be a game changer in the local financial services landscape.

The last few years have been challenging with outset of Covid-19 pandemic and the recent ongoing economic situation in Pakistan, there for, the theme of this year's Annual Report is based on our resilience, innovation and resultant growth in our business.







RESILIENCE

The drive to continue during hard times is often a rare phenomenon. However, we can proudly say it is never in dearth at PKIC. From Covid-19 pandemic to the current macro-economic challenges, PKIC's resilience and ability to withstand challenges and navigate through its resolve has been the reason of its successes and record financial performances.

INNOVATION

Innovation is at the core of PKIC's business strategy. The thirst to continuously improve and innovate drives PKIC's business growth, the Company's prior investments are a testimony to its role in driving change and innovation. PKIC has been the first in laying foundations of Islamic banking industry in Pakistan through its investment in establishing Meezan Bank Limited and Al Meezan Investment Management limited. The latest investment in Raqami digital bank shall be a catalyst in the local banking sector landscape. Further, PKIC is also planning to setup a dedicated Shariah compliant banking division, and also establish a first ever private equity fund by a DFI in Pakistan.





GROWTH

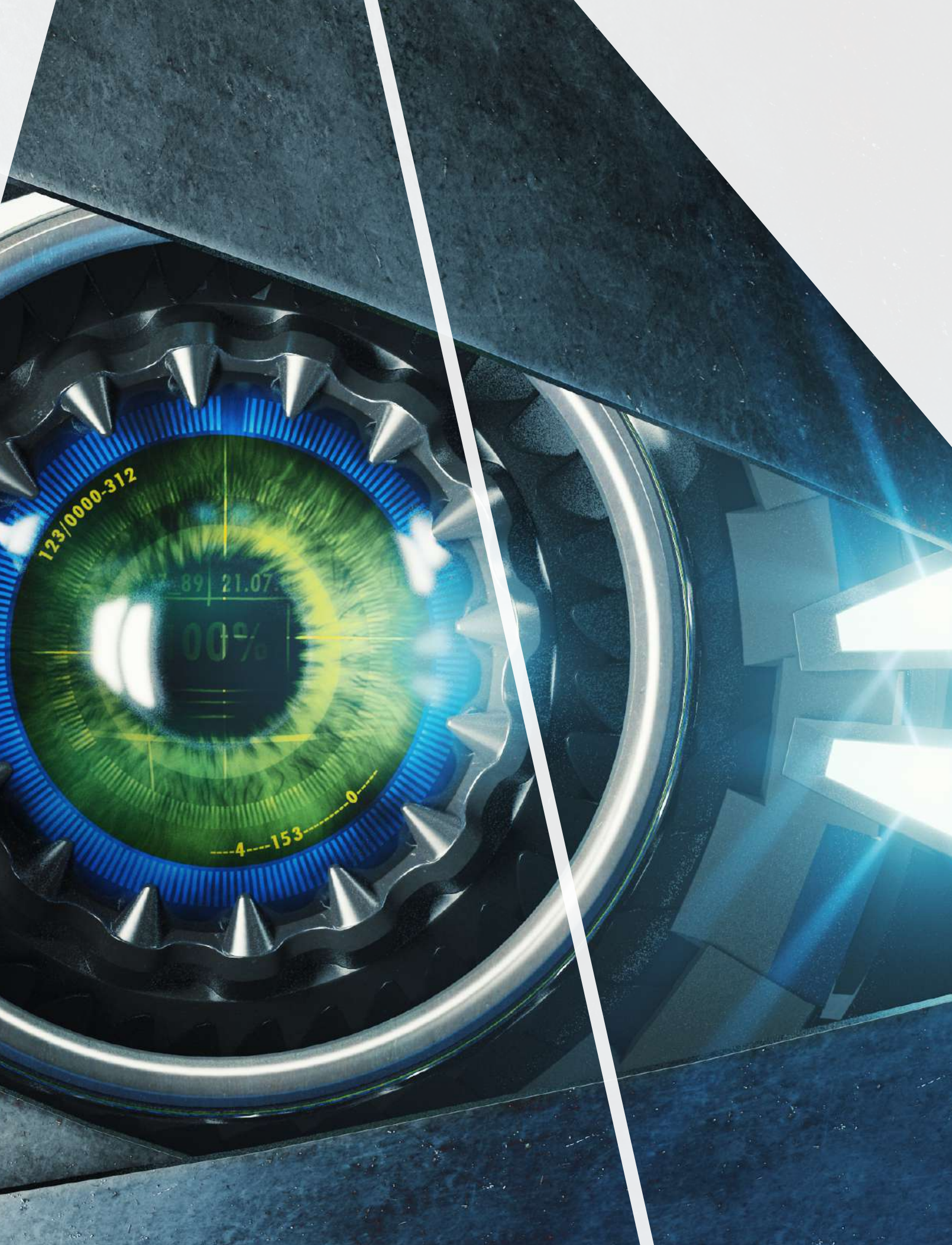
Due to our belief in innovative and persistent performance, PKIC has seen tremendous growth in recent years. The company continues to be rated 'AAA' by PACRA, with the highest possible corporate governance rating. Since 2019, PKIC has financed 93 transactions across various government priority sectors encompassing 19 projects finance transactions including financing of power projects out of which 11 were renewable energy projects. Whilst being the pioneers of Islamic Banking in Pakistan, PKIC has the privilege of being mostly profitable since its inception. To celebrate this prosperity and growth, the Company widened its scope of Corporate Social Responsibility, donating PKR 145 million to various charity organizations in 2022.

VISION

Be the financial house of excellence facilitating the expansion and modernization of industries in Pakistan

MISSION

- Play a key role in the development of industrial and economic infrastructure of Pakistan
- Develop a team of quality professionals with a wide spectrum of expertise
- Maintain high standards of Corporate Governance
- Provide value and optimize returns for all our stakeholders
- Pursue our corporate values



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CORPORATE VALUES

- Maintain highest standards of integrity and professionalism in all business transactions
- Provide innovative business solutions
- Attract, motivate and retain highly skilled professionals
- Strive for continuous quality improvement
- Continue to be a socially responsible corporate citizen



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CORPORATE INFORMATION

Mr. Mohammad A. M. Al-Fares

Mr. Jasem A. Al-Hajry

Mr. Abdullah Salah A. Al-Sayer

Mr. Naveed Alauddin

Mr. Mubashar Maqbool

Chairman

Director

Director

Director

Managing Director

LEGAL ADVISOR

M/s. KMS Law Associates Advocates and
Corporate Consultants

AUDITORS

M/s. A.F. Ferguson & Co.
Chartered Accountants

REGISTERED OFFICE

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BOARD OF DIRECTORS



Mohammad A. M. Al-Fares
Chairman



Mubashar Maqbool
Managing Director



Jasem A. Al-Hajry
Director



Abdullah Salah A. Al-Sayer
Director



Naveed Alauddin
Director

Executive Committee

Mohammad A. M. Al-Fares
Member

Mubashar Maqbool
Member

Audit Committee

Jasem A. Al-Hajry
Chairman

Naveed Alauddin
Member

Abdullah Salah A. Al-Sayer
Member

Risk Management Committee

Abdullah Salah A. Al-Sayer
Chairman

Naveed Alauddin
Member

Jasem A. Al-Hajry
Member

MANAGEMENT



Mubashar Maqbool
Managing Director



Naveed Sherwani
Chief Risk Officer



Naem Sattar
Company Secretary



Atif Anwar
Group Head Capital Markets,
Treasury & Financial Institutions



Umair Aijaz
Group Head Corporate
& Investment Banking



Syed Ali Abid Zaidi
Chief Financial Officer



Naveed Lodhi
Group Head Compliance



Mazhar Sharif
Head of Internal Audit



Muhammad Hammad Anwar
Group Head
Human Resources & GSSD



Samiullah Tariq
Group Head Research &
Product Development

PERFORMANCE HIGHLIGHTS 2022

Establishment of Pakistan's 1st Shariah Compliant Digital Bank

Financial inclusion has been a key focus of SBP, aiming for deepening financial services and banking of the unbanked population in Pakistan. In January 2022, SBP introduced a Licensing and Regulatory Framework for Digital Banks in line with international best practices and decided to issue up to five digital bank licenses.

Pakistan Kuwait Investment Company (PKIC) led consortium applied for setting up the first and only Shariah compliant Digital Retail Bank – Raqami Digital Bank in Pakistan. PKIC has partnered with Planet N Group and the Kuwait Investment Authority through its subsidiary M/s. Enertech Holding Company KSC.

In a highly competitive process, PKIC led consortium has been successfully awarded the NOC for establishing the first Shariah compliant Digital Bank, where only 5 licenses have been issued out of 20+ applicants.



PKIC has a history of facilitating growth, development and innovation of financial services industry with the creation of strong financial institutions. PKIC is also the pioneer of Islamic banking in Pakistan through establishment of the first Islamic bank – Meezan Bank Limited and Al Meezan Asset Management Company.

Where its partner Planet N Group is a group of portfolio companies working in the FinTech (Financial Inclusion, Payments, Credit), AgriTech, RegTech and SaaS sectors. This partnership shall facilitate digital banking in tech-based development and enable Raqami Digital Bank to leapfrog through leveraging synergies and be at the forefront of global innovation with a business that is scalable, profitable and impactful.

Currently Pakistan has the world's 5th largest population of more than 220 Million of which 150 Million are Unbanked. Nevertheless, Pakistan has 186M cellular subscribers offering high potential for digital innovation.

Therefore, Raqami Digital Bank shall be a game changer in the local banking and financial services landscape and foster growth of tech-enabled financial services especially for SMEs, agriculture and financial inclusion of the unbanked market with special focus on women's financial inclusion and their economic empowerment.

Further, Raqami aims to provide banking services to unbanked and underbanked geographical regions across Pakistan that are not covered by traditional banking systems.

PKIC's Strategic Alliance with Enertech

PKIC entered into a strategic alliance agreement with Enertech Holding Company (Enertech) a subsidiary of Kuwait Investment Authority, with the objective to collaborate and jointly explore investment opportunities and business potential primarily within Pakistan.

Embarking on this journey of alliance with this agreement, both PKIC and Enertech have paved the way of future projects to support infrastructure development in Pakistan. In addition, this shall enable advancement in the digital and technology space in tandem with supporting financial inclusion and gender diversity. This alliance would not only bring foreign investment in Pakistan, but shall also support technology and knowledge spill over.

The agreement was inked by Mr. Mohammad Al Fares, Chairman PKIC (pictured right) and Mr. Abdullah Al Mutairi, CEO Enertech (pictured left). Addressing the signing ceremony, Mr. Mohammad Al Fares, Chairman PKIC, said "PKIC has a firm desire to support all important sectors of the economy. The strategic alliance with Enertech, will help identify, invest and materialize viable investment opportunities in Pakistan. Where Both PKIC and Enertech would benefit from individual capabilities and knowledge structure of each other."



International Awards & Recognition

The PKIC led Long Term Sukuk transaction, structured for Enertech, received two prestigious awards including 'Pakistan Deal of the Year' and 'Most innovative Deal of the Year' from Islamic Finance News, REDmoney Group, Malaysia.



Corporate Social Responsibility

PKIC supports deserving philanthropic organizations through donations as part of the Company's Corporate Social Responsibility (CSR). The donations are made following thorough due diligence for selection of deserving organizations strictly in accordance with the criteria enumerated in the Company's donation policy.

In the previous year 24 charitable organizations were selected for the donation. During the year our teams visited these organizations as part of on-going monitoring to review the judicious use of PKIC's donations, It was satisfying to note that the donations have been brought to use in line with its purposes.

This year, PKIC broadened the scope of its CSR activity, where more than 250 charitable/ philanthropic organizations from sectors across health, education and others were invited for proposals, out of which 27 were shortlisted being fully compliant with the criteria. The Company made donations of PKR 145 Million, which on geographical front varies from welfare organizations working in KPK/ tribal areas to organizations running 149 school campuses all across the country.

In health sector, PKIC is supporting the organization which is currently engaged in treatment of cancer and renal diseases, this year PKIC also extended its support to organization working on mental/ psychiatric disorders.

For education we are supporting organizations imparting education to blind children. This year we have also extended our support to an organization which is educating deaf children and is the only branch network of schools addressing the needs of the deaf community.



Our Culture | Gender Equality

Bridging the gender gap is critical to sustainable and inclusive growth, with the global call to achieve gender equality gaining momentum with each passing day, It is need of the hour for organizations to pause and reflect on the gender equality.

As an equal opportunity employer, PKIC improved workforce gender diversity through hiring merit based diverse workforce (gender and age) and closed all positions in-house and in record time; increased gender diversity from female proportion of 11% in 2018 to 22% in 2022, with inclusion of women in leadership roles.

For the first time in PKIC's history, the company hired a PWD (Person with Disability), that too a female.



Annual Sports Gala 2022



To promote team building at PKIC, the management of PKIC arranged "Annual Sports Gala-2022" at Moin Khan Academy. Along with the Cricket match being the star of the evening team PKIC also planned different activities like Table Tennis, Fuzzball, face painting, Magic Show, Live Dinner and much more to make it an evening full of fun and excitement for all.



PKIC at Top Universities

Team PKIC had a great time interacting with the young talent at Lahore University of Management Sciences during the LUMS Career Fair. It was a day full of enriching conversations and valuable insights. We surely see a better future in store with such enterprising individuals joining the workforce soon.

Our Team also represented PKIC at the Institute of Business Administration Career Fair. It was a day well spent, engaging with students who were eager to learn more about us. The spirits were high, the confidence palpable.



PKIC Celebrated Pinktober

Pinktober is celebrated globally in the month of October as Breast Cancer Awareness Month. Making it a mission to spread knowledge about the disease and encourage people to get screened.

PKIC arranged an awareness day to motivate all the female team members to be body aware and encouraged them to get themselves checked.

As part of our awareness campaign, PKIC also changed its logo colour to pink for the entire month.



Continues Training & Development

Productive sessions are always helpful and beneficial for the employees, resulting in better output for the organizational growth and success.

We, at PKIC, firmly believe in the same and conduct knowledge sharing sessions quite often. To provide a learning platform for Pak Kuwait employees, Learning Minds Trainer, Nadia Sayeed conducted a face-to-face masterclass, "Business Communication".

PKIC also arranged learning interventions for leadership development, where Mr. Sohail Zindani from Learning Minds provided amazing and interactive training session on '7 Mandates of Leadership'.



GROWTH AT A GLANCE

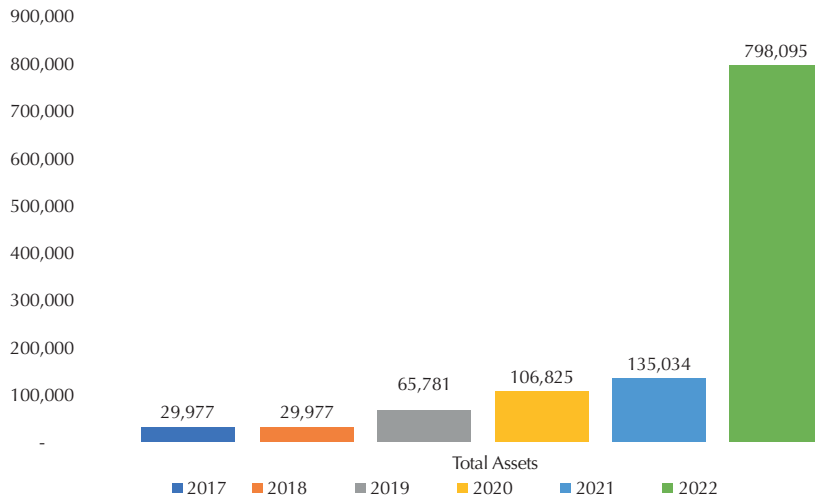
Rupees in million

	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Summarized Statement of Financial Position												
Assets												
Investments - net	724,288	597	103,845	15	90,459	61	56,341	118	25,815	13	22,923	8
Advances - net	49,598	81	27,359	92	14,257	114	6,655	147	2,698	(15)	3,166	(28)
Other assets	24,210	532	3,830	82	2,109	(24)	2,785	90	1,464	(52)	3,040	(8)
Total assets	798,096	491	135,034	26	106,825	62	65,781	119	29,977	3	29,129	1
Liabilities												
Borrowings	727,243	796	81,209	31	62,153	115	28,953	2,012	1,371	(46)	2,562	(4)
Deposits and other accounts	13,685	118	6,265	122	2,820	-	-	(100)	35	1,067	3	(17)
Other liabilities	7,227	34	5,376	30	4,135	26	3,293	63	2,022	15	1,757	11
Total liabilities	748,155	706	92,850	34	69,108	114	32,246	841	3,428	(21)	4,322	2
Net assets	49,941	18	42,184	12	37,717	12	33,535	26	26,549	7	24,807	0.5
Represented by:												
Share capital	16,000	-	16,000	60	10,000	-	10,000	67	6,000	-	6,000	-
Reserves, unappropriated profit and surplus / (deficit) on revaluation	33,941	30	26,184	(6)	27,717	18	23,535	15	20,549	9	18,807	1
	49,941	18	42,184	12	37,717	12	33,535	26	26,549	7	24,807	0.5

	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Summarized Profit and Loss Account												
Mark-up / return / interest earned	43,194	488	7,340	10	6,665	215	2,119	128	928	25	741	(28)
Mark-up / return / interest expensed	40,662	701	5,079	11	4,574	496	768	1,064	66	(37)	104	(57)
Net mark-up / interest income	2,532	12	2,261	8	2,091	55	1,351	57	862	35	637	(19)
Fee, commission and other income	13,886	54	9,043	27	7,106	38	5,137	64	3,134	51	2,075	(34)
Gain on securities and dividend income	767	244	223	(71)	778	53	507	27	400	22	328	(50)
Non-markup / interest income	14,653	58	9,266	18	7,884	40	5,644	60	3,534	47	2,403	(37)
Total income	17,185	49	11,527	16	9,975	43	6,995	59	4,396	45	3,040	(33)
Operating and other expenses	2,015	22	1,655	47	1,123	45	777	34	582	14	510	5
Profit before provisions	15,170	54	9,872	12	8,852	42	6,218	63	3,814	51	2,530	(38)
Provisions and write offs - net	1,175	223	364	(65)	1,034	130	450	51	299	(567)	(64)	52
Profit before taxation	13,995	47	9,508	22	7,818	36	5,768	64	3,515	36	2,594	(37)
Taxation	2,965	82	1,626	10	1,474	44	1,025	37	747	0	744	10
Profit after taxation	11,030	40	7,882	24	6,344	34	4,743	71	2,768	50	1,850	(46)

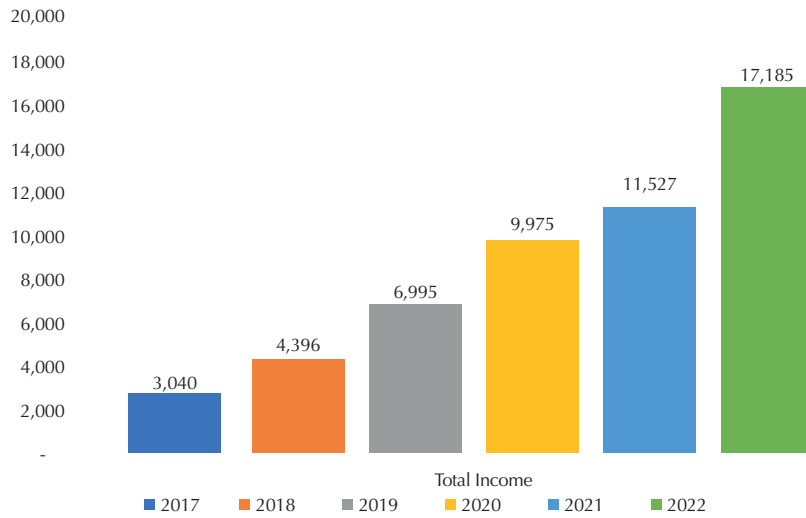
Growth in Assets

(Rupees in million)



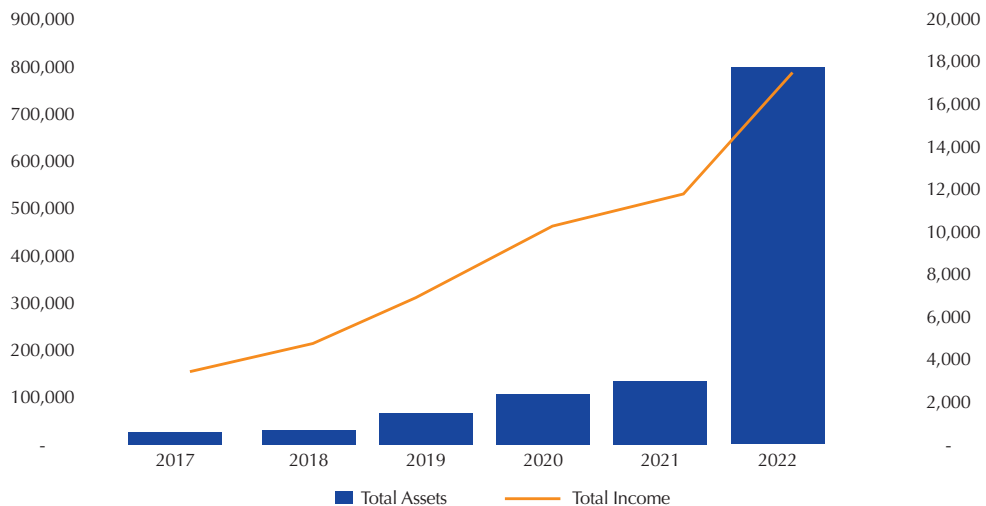
Growth in Total Income

(Rupees in million)



Growth in Total Assets and Income

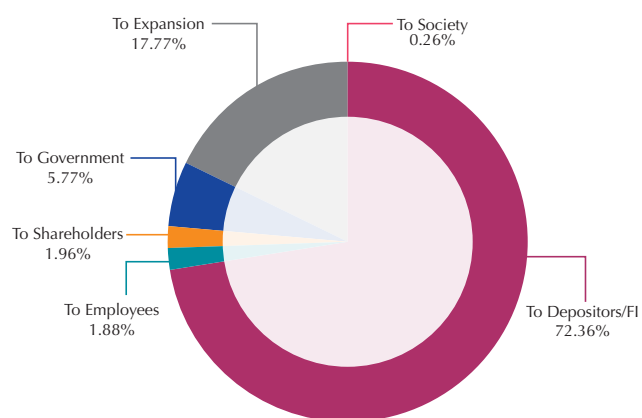
(Rupees in million)



STATEMENT OF VALUE ADDED AND DISTRIBUTED

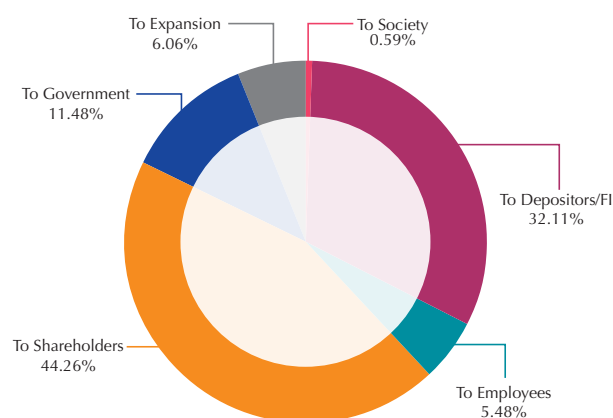
	2022 (Rupees in million)		2021 (Rupees in million)	
		%		%
Value Added				
Mark-up / return / interest earned - net of provision	42,019	74.8%	6,976	44.1%
Fee and commission income	102	0.2%	70	0.4%
Dividend Income	395	0.7%	196	1.2%
Gain on securities and other income	14,156	25.2%	9,000	56.9%
	56,672	100.9%	16,242	102.7%
Operating and other expenses - excluding salaries, depreciation, amortization and workers' welfare fund	(479)	-0.9%	(427)	-2.7%
	56,193	100%	15,815	100%
Value Allocated				
To Depositors / Institutions as mark-up / return / interest on deposit and borrowings	40,662	72.4%	5,079	32.1%
To Employees as salaries, allowances and other benefits	1,058	1.9%	867	5.5%
To Shareholders as cash dividend as bonus shares	1,100	2.0%	1,000	6.3%
	-	0.0%	6,000	37.9%
	1,100	2.0%	7,000	44.3%
To Government as workers welfare fund as income tax	280	0.5%	190	1.2%
	2,965	5.3%	1,626	10.3%
	3,245	5.8%	1,816	11.5%
For expansion as depreciation and amortization - owned assets retained in business	53	0.1%	77	0.5%
	9,930	17.7%	882	5.6%
	9,983	17.8%	959	6.1%
To promote development and welfare of the society as donations	145	0.3%	94	0.6%
	56,193	100%	15,815	100%

Value Added & Distributed in 2022



■ To Depositors/FI ■ To Employees ■ To Shareholders ■ To Government ■ To Expansion ■ To Society

Value Added & Distributed in 2021



■ To Depositors/FI ■ To Employees ■ To Shareholders ■ To Government ■ To Expansion ■ To Society

CHAIRMAN'S MESSAGE



I am pleased to present the performance of Pakistan Kuwait Investment Company (Private) Limited (PKIC, the Company) for the year ended 31st December 2022. PKIC showed strong performance in the outgoing year, recording a Profit After Tax of over PKR 11 billion, 40% higher than the preceding year. The total assets of the Company increased almost 5 times, to a record level of nearly PKR 800 billion.

Despite the macro economic challenges, PKIC continued its focus on facilitating industrial, infrastructural and economic development in Pakistan through financing and investment in key growth areas of economy.

In a landmark initiative, PKIC applied for setting up Pakistan's first and only Shariah compliant Digital Bank in partnership with Kuwait Investment Authority through its subsidiary M/s. Enertech Holding Company KSC. The Company has been issued the No Objection Certificate (NOC) for the establishment of digital bank through a competitive process where only 5 NOCs were issued out of 20+ applications. This initiative shall be a game changer in the local banking and financial services landscape and foster growth of tech-enabled financing especially for SME, agriculture and the unbanked market with special focus on women.

PKIC is also in the process of establishing a dedicated Islamic Finance Division, in this respect the Company has successfully obtained in-principle approval from SBP to launch Shariah compliant banking services with the objective to exploit the growth potential and promote Riba free financial services in Pakistan. Going forward, the Company also plans to set up the 1st Private Equity fund by a DFI in Pakistan.

During 2022, PKIC witnessed a remarkable performance not only its financial indicators, but alongside made significant contribution in uplifting standards of green / environment friendly banking, gender diversity and social impact through its philanthropic initiatives.

The Company continued its earnings momentum despite facing a difficult year with unprecedented increase in interest rates and other macro-economic challenges. PKIC will continue playing its role as a responsible corporate citizen and undertake various social support and philanthropic initiatives through its CSR program.

I express my appreciation for the commitment to work and professional conduct of the management of PKIC, as well as shareholders and other stakeholders for their support. We look forward to the next year with greater confidence in meeting the challenges ahead.

A handwritten signature in black ink, appearing to be 'M. Al-Fares', written in a cursive style.

Mr. Mohammad A. M. Al-Fares
Chairman

Date: February 22, 2023

ان الحمد لله والصلاة والسلام على أشرف خلق الله، محمد بن عبد الله، عليه أفضل الصلاة والتسليم... أما بعد

إنه لمن دواعي سروري أن أقدم أداء الشركة الباكستانية الكويتية (الخاصة) المحدودة للعالم المنتهي في 31 ديسمبر 2022. قدمت الشركة في هذا العام أداء جيداً حيث حققت أرباحاً صافية أعلى بنسبة 40% من العام الماضي لتبلغ أكثر من 11 مليار روبية كما ارتفع إجمالي أصول الشركة خمسة أضعاف لتصل إلى مستوى قياسي بقيمة 800 مليار روبية.

واصلت الشركة تركيزها في مساهمة التنمية الاقتصادية لباكستان من خلال التمويل والاستثمار في القطاعات الرئيسية للاقتصاد المحلي رغم وجود عدا من تحديات الاقتصاد الكلي.

أخذت الشركة خطوة جذرية من خلال شركة Enertch بتقديم طلب لإنشاء أول بنك رقمي متوافق مع أسس الشريعة. حصلت الشركة على شهادة عدم الممانعة لإنشاء بنك رقمي بعد عملية تنافسية تم فيها منح خمسة شهادات ماثلة فقط من بين أكثر من عشرين طلباً لمنح الشهادة. هذه الخطوة ستغير قواعد اللعبة في الخدمات المصرفية المحلية وقطاع الخدمات المالية وستساعد على نمو التمويل المدعوم بالتكنولوجيا للمشاريع الصغيرة والمتوسطة والزراعة والسوق الغير المصرفي مع اهتمام خاص على النساء.

تعلم الشركة أيضاً على قيام قسم خاص للتمويل الإسلامي وقد تم الحصول على موافقة مبدئية في هذا الصدد من البنك المركزي الباكستاني لإطلاق خدمات بنكية متوافقة مع أسس الشريعة من أجل إستغلال إمكانيات النمو في هذا المجال وتعزيز الخدمات المالية الخالية من الربا في باكستان. إضافة إلى ذلك، تخطط الشركة أيضاً لإقامة أول صندوق إستثمار خاص من قبل مؤسسة تمويل إنمائي في باكستان.

لم يقتصر الأداء الجيد للشركة الباكستانية الكويتية (الخاصة) المحدودة خلال عام 2022 في المؤشرات المالية فحسب بل تجاوزت إلى أكثر من ذلك لتشمل مساهمتها الكبيرة في رفع معايير الخدمات المصرفية الصديقة للبيئة، والتنوع بين الجنسين والتأثير الاجتماعي من خلال مبادراتها الخيرية. تمكنت الشركة من إدارة العام الصعب الذي شهد زيادة غير مسبوقه في سعر الفائدة وتحديات الاقتصاد. بآذن الله عزوجل ستستمر الشركة في القيام بمساهماتها كعضو تجاري ذات مسؤولية في القيام بمختلف المبادرات الاجتماعية والخيرية تحت برنامج المسؤولية الاجتماعية للشركة.

أعبر عن خالص تقديري لإدارة الشركة على عملهم الدؤوب والإلتزام بالمهنية وكذلك المساهمين وأصحاب الحصص على دعمهم للشركة وتطلع بثقة كاملة على مواجهة التحديات في العام المقبل. سائلاً من المولى عزوجل مزيداً من التقدم والازدهار للشركة.



محمد الفارس

رئيس الشركة

تاريخ: ٢٢ فبراير، ٢٠٢٣

31 سبتمبر، 2022 كواختتام پذیر سال پر میں پاک کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PKIC) کمپنی کی کارکردگی پیش کرتے ہوئے انتہائی خوش محسوس کر رہا ہوں۔ PKIC نے زبرجائزہ سال مستحکم کارکردگی پیش کی اور 11 ارب روپے سے زائد کا بعد از محصول منافع ظاہر کیا، جو گزشتہ سال سے 40 فیصد زیادہ ہے۔ کمپنی کے کل اثاثوں میں تقریباً 5 گنا اضافہ ہوا، جو بڑھ کر تقریباً 800 ارب روپے کی ریکارڈ سطح پر پہنچ گئے۔

متعدد میکرو اکنامک چیلنجز کے باوجود PKIC نے ملکی معیشت کے اہم شعبوں میں فائنانسنگ اور سرمایہ کاری کے ذریعے پاکستان کی اقتصادی و معاشی ترقی میں معاونت پر توجہ مرکوز رکھی۔

PKIC نے ایک انقلابی اقدام کے طور پر کویت انویسٹمنٹ اتھارٹی کے ساتھ اس کی ذیلی کمپنی میسرز Enertech ہولڈنگ کمپنی KSC کے ذریعے اشتراک میں پاکستان کا پہلا اور واحد شریعہ کمپلائنس ڈیپارٹمنٹ قائم کرنے کے لئے درخواست دی۔ کمپنی کو مسابقتی عمل کے بعد ڈیپارٹمنٹ بینک کے لئے نو انٹیکیشن سرٹیفکیٹ (NOC) جاری کیا گیا، جس میں 20 درخواست گزاروں میں سے صرف 5 کو این اوی جاری کئے گئے۔ یہ اقدام مقامی بینکنگ اور فنانشل خدمات کے شعبے میں ایک گیم چیئنگر ثابت ہوگا اور خاص طور پر نوجوانوں پر خصوصی توجہ کے ساتھ اس سال میڈیم انٹرنیشنل پرائز، زراعت اور غیر بینک شدہ مارکیٹ کے لئے ٹیکنالوجی پر مبنی فنانسنگ کے فروغ میں اہم ثابت ہوگا۔

PKIC ایک مکمل وقف شدہ اسلامی فنانس ڈویژن کے قیام پر بھی کام کر رہی ہے، اسی سلسلے میں کمپنی نے اسٹیٹ بینک آف پاکستان سے اصولی منظوری حاصل کر لی ہے تاکہ ممکنہ ترقی کے حصول اور پاکستان میں رہا سے پاک مالیاتی خدمات کے فروغ کے لئے شریعہ کمپلائنس ڈیپارٹمنٹ بینکاری خدمات کا اجرا کیا جاسکے۔ مزید برآں، کمپنی پاکستان میں ایک DFI کے ذریعے پہلا پرائیویٹ ایکویٹی فنڈ قائم کرنے کا ارادہ رکھتی ہے۔

سال 2022 کے دوران PKIC نے نہ صرف مالیاتی اشاروں میں قابل ذکر کارکردگی کا مظاہرہ کیا بلکہ اس کے ساتھ ساتھ اپنے انسان دوست اقدامات کے ذریعے گرین / ماحول دوست بینکاری، صنفی تنوع اور سماجی اثرات کے معیارات کو بلند کرنے میں اہم کردار ادا کیا۔

کمپنی نے شرح سود میں غیر معمولی اضافے اور متعدد میکرو اکنامک چیلنجز کے ساتھ ایک مشکل سال کے باوجود کامیابی کا مظاہرہ کیا۔ کمپنی ایک ذمہ دار کاروباری شہری کے طور پر اپنا کردار ادا کرتی رہے گی اور اپنے کارپوریٹ سماجی ذمہ داری (CSR) پروگرام کے ذریعے سماجی تعاون اور انسان دوستی کے متعدد اقدامات کرتی رہے گی۔

میں PKIC کی انتظامیہ کی اپنے کام سے لگن اور پیشہ ورانہ رویے کو، اور اس کے ساتھ ساتھ حصص یافتگان اور شرکائے مفاد کے تعاون کو تودل سے سراہتا ہوں۔ ہم آئندہ سال آنے والے چیلنجز کا پورے اعتماد کے ساتھ مقابلہ کرنے کے لئے پرعزم ہیں۔



محمد اے۔ ایم۔ الفارس

چیئر مین

تاریخ: ۲۲ فروری، ۲۰۲۳

DIRECTORS' REPORT

The Directors of Pakistan Kuwait Investment Company (Private) Limited (PKIC, the Company) are pleased to present the Annual Report and Audited Financial Statements, setting out the detailed financial results of the Company for the year ended 31st December 2022, together with the Auditors' Report thereon.

Company Performance

For the Year (PKR million)	2022	2021
Net Markup Income	2,532	2,261
Non Markup Income	14,653	9,266
Total Income	17,185	11,527
Operating Expenses	2,015	1,655
Profit before provisions	15,170	9,872
Provisions / (Reversal of Provisions)	1,175	364
Profit Before Taxation	13,995	9,508
Taxation	2,965	1,626
Profit After Taxation	11,030	7,882

At Year end (PKR million)	2022	2021
Total Assets	798,096	135,034
Liabilities	748,155	92,850
Share Capital	16,000	16,000
Reserves and Un-appropriated Profit	33,941	26,184

The Company earned a Profit after Tax of over PKR 11 billion for the year ended 31st December 2022, against PKR 7.9 billion during last year. The increase of 40% YoY in Profit after Tax was mainly attributed to the increase in income from core business activities and higher Share in Results of Associates.

Net markup-based income of the Company increased by 12% YoY to PKR 2.5 billion despite increase in average policy rate from 7.42% in 2021 to 13.42% during 2022. Major reason for this increase was significant growth in interest-earning assets. The advances portfolio of the company increased by 81% during last year, which also contributed significantly to the interest income, while PKIC's investments increased by nearly 6x on the back of higher investment in government securities.

Non-markup-based income increased from PKR 9.3 billion last year to PKR 14.7 billion in 2022, showing an increase of 58% YoY, mainly due to a 53% YoY increase in share in results from Associates. Fee and commission income exhibited a substantial increase of 45% YoY, while dividends and capital gains from capital markets were significantly higher than last year but were unfortunately diluted by impairments due to the weak stock market performance.

Total Assets of the Company increased to PKR 798 billion as of 31 December 2022, compared to PKR 135 billion at the end of last year. The almost five times increase in assets was due to investments in government securities to earn additional income and higher disbursements to the corporate sector.

Economic Review

Pakistan started undertaking the much-needed measures required to resume the IMF program. Earlier in the year, flooding and overall economic slowdown had resulted in sharp deterioration of the fiscal position. Further, debt servicing along with a slowdown of official inflows triggered by global financial situation resulted in dwindling of foreign exchange reserves. Foreign reserves of Pakistan have fallen from USD 23.8 bn in Dec'21 to USD 10.8 bn in Dec'22 with SBP reserves at USD 5.6bn, leaving barely a month of import cover. This is despite restrictions on imports of goods and services for non-essential items.

Import restrictions have helped manage Pakistan's trade deficit. During Jul-Dec'22 imports were recorded at USD 31 billion, down 23% as compared to USD 41 billion during SPLY. Exports have fallen by 6% during the same period to USD 14.3 billion. Resultantly the trade deficit has contracted by 33% to USD 17 billion as compared to USD 25.4 billion in the SPLY. Remittances have also fallen by 11% YoY to USD 14 billion; resumption of travel, rising interest rates, global economic slowdown and the difference between the interbank rate and grey market rate have resulted in a slowdown of official inflows.

The country's current account posted a deficit of USD 3.7 billion for Jul-Dec'22 as against a deficit of USD 9.1 billion in the corresponding period last year. Despite a sharp reduction in CAD, the countries' reserves remain at alarming levels. The currency has recently been adjusted to reflect the market conditions. During Jan'23 the PKR lost 15% of its value versus the greenback, as compared to devaluation of 21% over the entire of last year, the Rupee stood at 226 PKR/USD in Dec'22. The Rupee is currently trading around 265 PKR/USD, having devalued around 33% compared to PKR/USD 178 in Jan'22.

After witnessing GDP growth of 6% in FY22, the economy has to turn on the breaks in FY23 to manage the twin deficits again. Import restrictions, sharp increase in prices and overall inflation have led to factory closures across the country. This is reflected in Large Scale Manufacturing (LSM) which depicted a contraction of 3.7% in Jul- Dec'22, while CPI for the period averaged 25% (1HFY22: 9.8%). The SBP continued tight monetary policy amid taking other measures to anchor inflation expectations. The central bank has cumulatively increased the Policy Rate by 1,000bps since it began this tightening cycle in Sep'21. The policy rate now stands at 17%.

Fiscal deficit during Jul-Dec FY23 was contained at 2.0% of GDP at the same level as last year. While primary balance improved to surplus of 1.1% GDP as against a surplus 0.1% last year. Foreign direct investment (FDI) during Jul-Dec FY23 fell 59% to USD 461 million.

Given rising interest rates, factory closures and overall economic & political uncertainty, Pakistan equities underperformed. The KSE-100 index closed the year at 40,420 points level, declining 9.4% for the year. On the banking sector front advances have grown by 18% YoY in Dec'22 while investments are up 27% YoY with deposit growth of 7% YoY.

Future Outlook

PKIC aims to continue its growth trajectory while remaining cautious. During 2023, the Company will keep up the momentum with a primary focus on project financing, syndication, advisory & treasury operations. PKIC plans to continue supporting Pakistan's economy through investments in strategic sectors of the economy while upholding the emphasis on improving profitability.

In terms of new initiatives, PKIC has received NOC to establish digital bank, whereby the Company has initiated implementation of the business plan. The company also plans to capitalize on growth opportunities in the economy via launching a Private Equity Fund along with its partner RJ Fleming. In addition, PKIC is in the process of meeting regulatory requirements to achieve a full fledge license to launch its own Islamic Financing Division to capture the growth potential in the shariah-compliant financing opportunities.

Dividend

The Board of Directors is pleased to recommend a cash dividend of PKR 1,210 million for the year ended 31 December 2022.

Earnings per Share

The basic and diluted earnings per share have increased to PKR 17,234 from PKR 12,316 on share of PKR 25,000/- each.

Risk Management Framework

PKIC employs a robust risk management framework that is applicable to all levels of the organization with strong Board oversight, management supervision, and efficient systems. The Board of Directors sets the strategic direction and has the eventual responsibility for ensuring that an effective framework is in place. It is supported in this task by board committees i.e. Risk Management Committee (RMC) and Board Audit Committee (BAC). At senior management level, various management committees are responsible to oversee the strategy, efforts, and processes related to risk management.

PKIC has adopted the 'Three Lines of Defense' model for risk management with clearly defined roles and responsibilities. Business lines serve as the first line of Defense and are primarily responsible for managing risks on a day-to-day basis. Risk management and other control functions being the second line of Defense are responsible for assisting business lines in designing and implementing adequate controls to manage risks. The Internal Audit being the third line of Defense, provides independent assurance on adequacy of internal controls framework.

Credit risk is managed through Board approved policies; use of internal risk ratings; prescribed documentation requirements, and continuous monitoring of credit facilities. Strong credit approval process is in place to ensure booking of quality assets. PKIC also captures environmental risk of the borrower in line with SBP's Green Banking Guidelines. Risk Management Committee of the Board provides overall guidance in managing PKIC's various risks including credit risk.

Market and Liquidity Risk with contingency funding plan are managed by the Asset & Liability Committee (ALCO). PKIC has developed various tools for risk measurement and its mitigation thereof, including Value at Risk (VaR), Duration, Maturity gaps and, Re-pricing Gaps. In addition, PKIC carries out stress tests, using internally developed scenarios as prescribed by the regulator. Moreover, PKIC has adequate management policies which contain action plans to strengthen the market risk management system and a middle office function to oversee limit adherence.

Operational risk framework is fully implemented in line with regulatory standards. All recommended tools for e.g. Operational loss

data, Key Risk Indicators and Risk Control Self-Assessment are fully implemented. During the year PKIC has acquired “Risk Nucleus” advanced Operational risk management solution. PKIC manages its smooth business continuity with approved BCP plan, all business and operational activities during the year were performed efficiently. Information security risk is also being measured and monitored by providing regular training to all team members which helps them to highlight the risk timely.

In continuation with the SBP’s requirement and the efforts made to further strengthen the phased implementation of International Financial Reporting Standard (IFRS-9), PKIC has performed successful parallel run including PD, LGD and ECL models and also carried out an impact assessment considering application instructions issued by SBP on the implementation of IFRS-9. In accordance with SBP’s BPRD Circular No. 03 of 2022 dated July 5, 2022, the effective date of the implementation of IFRS—9 for DFIs is January 1, 2023. Accordingly, annual and interim financial statements would be prepared as per the format prescribed by SBP vide its BPRD Circular No 2 of 2023 dated February 9, 2023.

Entity rating of Pakistan Kuwait Investment Company (Private) Limited

The Pakistan Credit Rating Agency Limited (PACRA) has maintained long term and short-term entity ratings of PKIC at ‘AAA’ and ‘A1+’ (A One plus), respectively.

VIS Credit Rating Company Limited has reaffirmed Corporate Governance Rating of PKIC at ‘CGR 9+’. This rating reflects a ‘Very High Level of Corporate Governance’.

Compliance with Code of Corporate Governance

The Directors confirm the compliance with Code of Corporate Governance (CCG). In this connection, the compliance of relevant clauses of CCG is stated below:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored. The controls which are in place are being continuously reviewed by the Internal Audit department and the process of review and monitoring will continue with the objective to improve further.
- All liabilities in regard to the payment on account of taxes, duties, levies and charges have been fully provided and will be paid in due course or where claim was not acknowledged as liability the same is disclosed as contingent liabilities in the notes to the accounts.
- There is no doubt about the Company’s ability to continue as a going concern.
- All the board members have attended an orientation course arranged by the company through Pakistan Institute of Corporate Governance (PICG).
- The Board has carried out the performance evaluation of its members under the Self Evaluation mechanism.
- The statutory audit of the Company has been carried out by the QCR rated firm.
- The Board of Directors and employees of the Company have signed ‘Statement of Ethics and Business Practices’ (Code of Conduct).

Board Performance Evaluation

PKIC’s Board has opted for an external annual evaluation of the Board and its Committees, which was carried out by the Pakistan Institute of Corporate Governance (PICG). The evaluation assessed performance both as a Board as well as at the individual Director level, and covered Board Composition, Strategic Planning, Board & CEO Effectiveness, Board Information, Board Committees, Board Procedures and the Control Environment.

Internal Controls

The Board of Directors hereby endorse the management’s evaluation related to ICFR and overall internal controls, as detailed in the ‘Statement of Internal Controls’, included in the Annual Report.

Board Meetings

Four meetings of the Board of Directors of the Company were held in the year 2022 as per following schedule:

1st Meeting	March 8, 2022
2nd Meeting	April 27, 2022
3rd Meeting	August 23, 2022
4th Meeting	October 25, 2022

Audit Committee Meetings

Four meetings of the Audit Committee of the Company were held in the year 2022 as per following schedule:

1st Meeting	March 7, 2022
2nd Meeting	April 27, 2022
3rd Meeting	August 22, 2022
4th Meeting	October 24, 2022

Risk Management Committee Meetings

Four meetings of the Risk Management Committee of the Company were held in the year 2022 as per following schedule:

1st Meeting	March 7, 2022
2nd Meeting	April 26, 2022
3rd Meeting	August 22, 2022
4th Meeting	October 25, 2022

Executive Committee Meeting

Four meeting of the Executive Committee of the Company were held in the year 2022 as per following schedule:

1st Meeting	March 7, 2022
2nd Meeting	April 26, 2022
3rd Meeting	August 22, 2022
4th Meeting	October 24, 2022

Details of the attendance of the Board and its Sub-Committee are as follows

Board Meeting Details:

Name of Directors	Meetings during the tenure	Meeting attended
Mr. Mohammad A. M. Al-Fares - Chairman (Non-Executive Director)	4	4
Mr. Jasem A. Al-Hajry - Member (Non-Executive Director)	4	4
Mr. Naveed Alauddin - Member (Non-Executive Director)	4	4
Mr. Abdullah Salah A. Al-Sayer – Member (Non-Executive Director)	4	4
Mr. Mubashar Maqbool - Member (Executive Director / Managing Director)	4	4

Risk Management Committee Meeting Details:

Name of Directors	Meetings during the tenure	Meeting attended
Mr. Abdullah Salah A. Al-Sayer - Chairman	4	4
Mr. Naveed Alauddin - Member	4	4
Mr. Jasem A. Al-Hajry - Member	4	4

Audit Committee Meeting Details:

Name of Directors	Meetings during the tenure	Meeting attended
Mr. Jasem A. Al-Hajry - Chairman	4	4
Mr. Naveed Alauddin - Member	4	4
Mr. Abdullah Salah A. Al-Sayer – Member	4	4

Executive Committee Meeting Details:

Name of Directors	Meetings during the tenure	Meeting attended
Mr. Mohammad A. M. Al-Fares – Member	4	4
Mr. Mubashar Maqbool -Member	4	4

Summarized Operating and Financial Data for the last six years:

(PKR Million)	2022	2021	2020	2019	2018	2017 (Restated)
Paid up Capital	16,000	16,000	10,000	10,000	6,000	6,000
Reserves	33,941	26,184	27,717	23,535	20,549	18,807
Total Assets	798,096	135,034	106,825	65,781	29,977	29,129
Profit before tax	13,995	9,508	7,818	5,768	3,515	2,594
Net Profit after tax	11,030	7,882	6,344	4,743	2,768	1,850
Cash Dividend	1,210	1,100	1,000	800	450	500
Stock Dividend	-	6,000	-	4,000	-	-

Note: The Reserves are inclusive of surplus on revaluation of Investments.

Statement of Investments of Provident and Gratuity Funds

Investments of Provident and Gratuity Funds as of December 31, 2022 according to their respective un-audited accounts were PKR 381.070 million and PKR 174.031 million, respectively. Investment of Provident Fund and Gratuity Fund amounted to PKR 275.836 million and PKR 127.060 million respectively, as at December 31, 2021 according to its audited accounts.

Auditors

The present auditors M/s A. F. Ferguson & Co. - Chartered Accountants, retired and being eligible, offered themselves for reappointment. As required under the Code of Corporate Governance, the Audit Committee has recommended the appointment of M/s. A. F. Ferguson & Co. - Chartered Accountants, as auditors of the Company for the year ending December 31, 2023.

Acknowledgement

We would like to express our sincere appreciation to our shareholders for having reposed confidence on us with their consistent support and guidance. We are also grateful to the Government of Pakistan, the Ministry of Finance, the State Bank of Pakistan, and the Securities & Exchange Commission of Pakistan for their guidance to the Company at all times.

We would like to take this opportunity to compliment the management of PKIC for performing well under difficult circumstances during the current year. We would also like to place on record the appreciation of the Board for the role of the team members for their commitment and dedication to work.

On behalf of the Board of Directors



Mr. Mohammad A. M. Al-Fares
Chairman



Mubashar Maqbool
Managing Director

Date: February 22, 2023
Karachi

ناظمین کی رپورٹ

پاکستان کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ (PKIC، کمپنی) کے ناظمین 31 دسمبر، 2022 کو اختتام پذیر سال کی سالانہ رپورٹ اور تصدیق شدہ مالیاتی گوشوارے، جس میں کمپنی کے تفصیلی نتائج درج ہیں، مع آڈیٹرز کی رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

کمپنی کی کارکردگی

برائے سال (پاکستانی روپیہ ملین میں)

2022	2021	
2,532	2,261	خالص مارک اپ کی بنیاد پر آمدن
14,653	9,266	بغیر مارک اپ کے آمدن
17,185	11,527	کل آمدنی
2,015	1,655	عملی اخراجات
15,170	9,872	منافع معروضات سے پہلے
1,175	364	معروضات / (معروضات کی واپسی)
13,995	9,508	منافع قبل از محصول
2,965	1,626	محصول
11,030	7,882	منافع بعد از محصول
2022	2021	اختتام سال پر (پاکستانی روپیہ ملین میں)

798,096	135,034	کل اثاثہ جات
748,155	92,850	مالیاتی واجبات
16,000	16,000	حصص کا سرمایہ
33,941	26,184	محفوظ سرمایہ اور غیر مختص شدہ منافع

کمپنی نے 31 دسمبر، 2022 کو ختم ہونے والے سال میں 11 ارب روپے سے زائد کا بعد از محصول منافع حاصل کیا جبکہ گزشتہ سال کی اسی مدت کے دوران 7.9 ارب روپے منافع بعد از محصول کمایا تھا۔ سال بہ سال منافع بعد از محصول میں 40 فیصد اضافے کی بنیاد پر وجہ اصل کاروباری سرگرمیوں اور شریک کمپنیوں کا نتائج میں زیادہ حصہ ہے۔

سال 2021 میں اوسط پالیسی شرح 7.42 فیصد سے سال 2022 میں 13.42 فیصد اضافے کے باوجود کمپنی کی خالص مارک اپ کی بنیاد پر آمدنی سال بہ سال 12 فیصد اضافے کے بعد 2.5 ارب روپے ہو گئی۔ اس اضافے کی بنیاد پر وجہ انٹرنسٹ کی آمدنی پیدا کرنے والے اثاثوں میں خاطر خواہ اضافہ تھا۔ گزشتہ سال کمپنی کے ایڈوانسز پورٹ فولیو میں 81 فیصد اضافے نے بھی انٹرنسٹ کی آمدنی میں نمایاں حصہ ڈالا، جبکہ حکومتی سیکوریٹیز میں زیادہ حصہ مختص کرنے کی وجہ سے PKIC کی سرمایہ کاریوں میں تقریباً 6 گنا اضافہ ہوا۔

نان۔ مارک اپ کی بنیاد پر آمدنی گزشتہ سال کے 19.3 ارب روپے کے مقابلے میں سال 2022 میں بڑھ کر 14.7 ارب روپے ہو گئی، جو 58 فیصد سال بہ سال کا اضافہ ظاہر کرتی ہے، جس کی بنیاد پر وجہ شریک کمپنیوں سے آمدنی میں 53 فیصد سال بہ سال اضافہ ہے۔ فیس اور کمیشن کی آمدنی نے 45 فیصد کا خاصا نمایاں سال بہ سال اضافہ ظاہر کیا، جبکہ کیپٹل مارکیٹس سے منافع منقسمہ اور سرمائے کی آمدنی گزشتہ سال کے مقابلے میں نمایاں حد تک زیادہ رہی تاہم بد قسمتی سے اسٹاک مارکیٹ کی کمزور کارکردگی کی وجہ سے ہونے والے نقصانات سے کم ہو گئی۔

31 دسمبر 2022 تک کمپنی کے کل اثاثے گزشتہ سال کے 135 ارب روپے کے مقابلے میں بڑھ کر 798 ارب روپے ہو گئے۔ اثاثوں میں تقریباً 5 گنا اضافے کی وجہ حکومتی سیکوریٹیز میں زیادہ سرمایہ کاری اور کارپوریٹ شعبہ کو زیادہ قرضہ جات کی فراہمی تھی۔

معاشی جائزہ

پاکستان نے آئی ایم ایف پروگرام کی بحالی کے لئے انتہائی ضروری اقدامات اٹھانا شروع کر دیئے ہیں۔ سال کے شروع میں سیلاب اور مجموعی معاشی سست روی کے نتیجے میں مالیاتی حالت تیزی سے خراب ہوئی تھی۔ مزید یہ کہ عالمی مالیاتی صورت حال کی وجہ سے قرضہ جات کی فراہمی اور سرکاری سطح پر قرضوں کی آمد میں کمی سے غیر ملکی زرمبادلہ کے ذخائر میں بہت زیادہ کمی واقع ہوئی۔

پاکستان کے غیر ملکی زرمبادلہ کے ذخائر دسمبر 2021 کے 23.8 ارب امریکی ڈالر کے مقابلے میں دسمبر 2022 میں کم ہو کر 10.8 ارب امریکی ڈالر رہ گئے جبکہ اسٹیٹ بینک آف پاکستان کے ذخائر 5.6 ارب امریکی ڈالر تھے، جو بشکل ایک ماہ کی درآمدات کے لئے کافی ہیں اور قابل ذکر بات یہ ہے کہ غیر ضروری اشیاء اور خدمات کی درآمد پر پابندی کے باوجود زرمبادلہ کے ذخائر کی یہ صورت حال ہے۔

درآمدی پابندیوں نے پاکستان کے تجارتی خسارے کو منظم کرنے میں مدد دی۔ جولائی تا دسمبر 2022 کے دوران درآمدات 31 ارب امریکی ڈالر کی ریکارڈ کی گئیں، جو گزشتہ سال کی اسی مدت کے 41 ارب امریکی ڈالر کے مقابلے میں 23 فیصد کم ہیں۔ اسی مدت میں برآمدات 6 فیصد کم ہو کر 14.3 ارب امریکی ڈالر ہو گئیں۔ نتیجے کے طور پر تجارتی خسارہ 33 فیصد کم ہو کر گزشتہ سال کی اسی مدت کے 25.4 ارب امریکی ڈالر کے مقابلے

میں 17 ارب امریکی ڈالر ہو گیا۔ ترسیلات زر بھی 11 فیصد سال بہ سال کم ہو کر 14 ارب امریکی ڈالر ہو گئیں۔ سفر کی بحالی، بڑھتی ہوئی شرح سود، عالمی معاشی سست روی اور انٹرنیٹ اور گے مارکیٹ کے نرخ میں فرق باضابطہ ترسیلات زر میں کمی کا باعث بنا۔

ملک کا جاری کھاتوں کا خسارہ جولائی تا دسمبر 2022 کے دوران 3.7 ارب امریکی ڈالر رہا، جبکہ گزشتہ سال کی اسی مدت میں یہ خسارہ 9.1 ارب امریکی ڈالر رہا تھا۔ جاری کھاتوں کے خسارے (CAD) میں واضح کمی کے باوجود ملک کے زرمبادلہ کے ذخائر خطرناک سطح پر ہیں۔ حال ہی میں کرنسی کو مارکیٹ کے حالات کے موافق بنایا گیا ہے۔ صرف جنوری 2023 کے دوران پاکستانی روپیہ کی قدر ڈالر کے مقابلے میں 15 فیصد کم ہوئی جبکہ گزشتہ پورے سال کے دوران اس کی قدر میں مجموعی طور پر 21 فیصد کمی واقع ہوئی تھی۔ دسمبر 2022 میں پاکستانی روپیہ 226 روپے فی امریکی ڈالر تھا، جبکہ جنوری 2022 میں اس کی قدر 178 روپے فی امریکی ڈالر تھی، پاکستانی روپیہ اس وقت 265 روپے فی امریکی ڈالر پر ٹریڈ کر رہا ہے، یعنی اس کی قدر میں 33 فیصد کمی دکھی گئی۔

مالی سال 2022 میں 6 فیصد شرح نمو ظاہر کرنے کے بعد معیشت کو مالی سال 2023 میں دوہرے خسارے پر قابو پانے کے لئے دوبارہ کمر کھنا ہوگا۔ درآمدات پر پابندی، قیمتوں میں تیزی سے اضافے اور مجموعی افراط زر کی وجہ سے ملک بھر میں فیکٹریاں بند ہو رہی ہیں۔ اس کی عکاسی بڑے پیمانے کی پیداوار (LSM) سے ہوتی ہے جس نے جولائی تا دسمبر 2022 کے دوران 3.7 فیصد کمی ظاہر کی، جبکہ اس مدت کے دوران CPI (کنزیومر پرائس افراط زر) اوٹا 25 فیصد رہی (مالی سال 2022 کے پہلے نصف میں 9.8 فیصد)۔ اسٹیٹ بینک آف پاکستان نے افراط زر کو توڑنے کے مطابق رکھنے کے لئے دیگر اقدامات کے ساتھ ساتھ سخت مانیٹری پالیسی برقرار رکھی۔ مرکزی بینک نے ستمبر 21 میں سخت پالیسی کے آغاز کے بعد سے مجموعی طور پر پالیسی شرح میں 1,000 بیس پوائنٹس کا اضافہ کیا ہے۔ پالیسی شرح اب 17 فیصد پر برقرار ہے۔

جولائی تا دسمبر مالی سال 2023 کے دوران مالیاتی خسارہ مجموعی ترقیاتی پیداوار (GDP) 2.0 کا فیصد رہا، جو کہ گزشتہ سال کے برابر ہے۔ جبکہ بنیادی توازن بہتر ہو کر GDP کا 1.1 فیصد سرپلس رہا، جو کہ گزشتہ سال 0.1 فیصد سرپلس تھا۔ جولائی تا دسمبر مالی سال 2023 کے دوران غیر ملکی براہ راست سرمایہ کاری 59 فیصد کم ہو کر 46.1 بلین امریکی ڈالر ہو گئی۔

بڑھتی ہوئی شرح سود، فیکٹریوں کی بندش اور مجموعی معاشی اور سیاسی غیر یقینی صورت حال کی وجہ سے پاکستان کی ایکویٹیز نے توقع سے کم کارکردگی کا مظاہرہ کیا۔ KSE-100 انڈیکس سال کے اختتام پر 40,420 پوائنٹس کی سطح پر بند ہوئی اور سال بھر میں 9.4 فیصد کمی ظاہر کی۔ بینکاری شعبے کی سطح پر شرح بینکاری شعبے کے ایڈوانسز میں دسمبر 2022 میں 18 فیصد سال بہ سال اضافہ ہوا جبکہ 7 فیصد سال بہ سال ڈپازٹ گروتھ کے ساتھ سرمایہ کاریوں میں 27 فیصد اضافہ ہوا۔

مستقبل کا منظر نامہ

کمپنی متاثرہ عمل اختیار کرتے ہوئے ترقی کی رفتار جاری رکھنے کا ارادہ رکھتی ہے۔ 2023 کے دوران کمپنی پروجیکٹ فنانسنگ، شرکت تجارت سازی، مشاورت اور ریٹری آپریشنز پر توجہ کے ساتھ ترقی کی رفتار جاری رکھے گی۔ PKIC معیشت کے ترقیاتی شعبوں میں سرمایہ کاری کے ذریعہ پاکستانی معیشت میں تعاون کا سلسلہ جاری رکھے گی جبکہ منافع جات میں اضافہ پر بھی زور دے گی۔

جہاں تک نئے اقدامات کا تعلق ہے PKIC نے ڈیجیٹل بینک کے قیام کے لئے NOC حاصل کر لیا ہے جس کے تحت کمپنی نے کاروباری منصوبے پر عمل درآمد شروع کر دیا ہے۔ کمپنی اپنے شریک کار آ رہے فلیمنگ کے ساتھ پرائیویٹ ایکویٹی فنڈز کے آغاز کے ذریعہ معیشت میں ترقی کے مواقع سے بھی فائدہ اٹھانے کا ارادہ رکھتی ہے۔ مزید برآں، PKIC اپنا اسلامک فنانس ڈویژن شروع کرنے کے لئے ایک مکمل لائسنس حاصل کرنے کے قانونی تقاضوں کی تکمیل کے مرحلے میں داخل ہو چکی ہے تاکہ شریعہ کیلیمینٹ فنانسنگ کے ممکنہ مواقع سے فائدہ اٹھایا جاسکے۔

منافع منقسمہ (Dividend)

بورڈ آف ڈائریکٹرز 31 دسمبر، 2022 کو اختتام پذیر سال کے لئے 1,210 ملین روپے کا منافع منقسمہ تجویز کرتے ہوئے خوشی محسوس کرتے ہیں۔

آمدنی فی حصص

25,000 روپے فی حصص کے ہر حصص پر بنیادی اور گھٹی ہوئی آمدنی فی حصص 12,316 روپے سے بڑھ کر 17,234 روپے ہو گئی ہے۔

خطرات سے نمٹنے کا انتظامی ڈھانچہ (Risk Management Framework)

PKIC رسک کا انتظام رسک مینجمنٹ کے مستحکم اصولوں پر کرتا ہے جس میں مادی خطرات کی شناخت، خطرے کو برداشت کرنے کی حدود، امکانی خطرات کے اثرات کا تخمینہ اور پالیسیوں کی تشکیل اور خطرات کو کم کرنے کی حکمت عملی کے ساتھ ساتھ مسلسل نگرانی شامل ہے۔ بورڈ آف ڈائریکٹرز ترقیاتی سمت کا تعین کرتا ہے اور اس کی حتمی ذمہ داری ہے کہ وہ رسک کے انتظام کے ڈھانچے کی موجودگی یقینی بنائے۔ اس کام میں اس کی معاونت بورڈ کی کمیٹیاں کرتی ہیں یعنی رسک مینجمنٹ کمیٹی (RMC) اور بورڈ آڈٹ کمیٹی (BAC)۔ سینئر مینجمنٹ کی سطح پر مختلف مینجمنٹ کمیٹیاں رسک مینجمنٹ سے متعلقہ حکمت عملی، کوششوں اور طریقہ ہائے کار کی نگرانی کرتی ہیں۔

PKIC نے رسک مینجمنٹ کے لئے ”تین سطحی تحفظ“ کا ماڈل اختیار کیا ہے، جس میں ہر ایک کا کردار اور ذمہ داریاں واضح ہیں۔ کاروباری سطح تحفظ کی پہلی سطح ہے اور بنیادی طور پر روزمرہ کے خطرات کا انتظام اور نگرانی کرتی ہے۔ رسک مینجمنٹ اور دیگر کنٹرول فنکشنز دوسری سطح کا تحفظ ہیں جو خطرات کے انتظام کے لئے مؤثر کنٹرولز کی تیاری اور اطلاق میں کاروباری سطح کی معاونت کرتے ہیں۔ انٹرنل آڈٹ تیسری سطح کا تحفظ ہے، جو انٹرنل نگرانی کے ڈھانچے کی موزونیت کو یقینی بناتا ہے۔

کرڈٹ رسک بورڈ کی منظور کردہ پالیسیوں، اندرونی رسک ریٹنگ کے استعمال، مجوزہ دستاویزی ضروریات اور کرڈٹ سہولیات کی مسلسل نگرانی کے ذریعے منظم کیا جاتا ہے۔ کرڈٹ کی منظوری کا مستحکم نظام موجود ہے تاکہ معیاری اثاثہ جات کی بکنگ کو یقینی بنایا جائے۔ PKIC اسٹیٹ بینک آف پاکستان کی گرین بینکنگ کی ہدایات کے مطابق قرض خواہان کے ماحولیاتی رسک کو بھی دیکھتا ہے۔ بورڈ کی رسک مینجمنٹ کمیٹی، PKIC کے متعدد خطرات بشمول کرڈٹ رسک کے انتظام کے لئے مجموعی رہنمائی فراہم کرتی ہے۔

مارکیٹ اور سیولیت (Liquidity) کے خطرات مع ہنگامی فنڈ کا انتظام ایسٹ اور لائسنس کمیٹی (ALCO) کرتی ہے۔ PKIC نے خطرے کی پیمائش اور اس کی تخفیف کے لئے مختلف ٹولز تیار کئے ہیں، جن میں ویلیو ایٹ رسک (VAR)، دورانہ، میچورٹی گیمپس اور ری پرائسنگ گیمپس شامل ہیں۔ مزید برآں، PKIC ریگولیشنز کے تجویز کردہ، اندرونی طور پر تیار کردہ منظر ناموں کو استعمال کر کے دباؤ کے ٹیسٹ کرتی ہے۔ مزید برآں، PKIC کے پاس مناسب انتظامی پالیسیاں ہیں جو مارکیٹ رسک مینجمنٹ سسٹم کو منظم کرنے کے ایکشن پلان اور حد کی پابندی کی نگرانی کے لئے مڈل آفس فنکشن پر مشتمل ہیں۔ PKIC نے سال کے دوران پہلے سے منظور شدہ BCP منصوبے کے تحت تمام کاروبار اور آپریشنل سرگرمیاں تسلسل سے انجام دی ہیں۔ انفارمیشن سیکورٹی رسک کی پیمائش اور نگرانی کے لئے متواتر تمام ٹیم کے ارکان کو تربیت دی جاتی ہے تاکہ خطرات کو بروقت نمایاں کیا جاسکے۔

اسٹیٹ بینک آف پاکستان کے تقاضوں اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ (IFRS-9) کے مرحلہ وار نفاذ کی کوششوں سے مطابقت کے لئے PKIC نے PD، LGD اور ECL ماڈلز کو کامیابی سے متوازی نافذ کیا ہے اور IFRS-9 کے نفاذ پر اسٹیٹ بینک آف پاکستان کی جاری کردہ لاگو ہدایات کو مد نظر رکھتے ہوئے ایک مؤثر جائزہ بھی انجام دیا ہے۔ اسٹیٹ بینک آف پاکستان کے BPRD سرکلر نمبر 03، 2022 مورخہ 5 جولائی، 2022 کے مطابق DFIs کے لئے IFRS-9 کے اطلاق کی تاریخ 01 جنوری، 2023 مقرر کی گئی ہے۔ لہذا سالانہ اور عبوری مالیاتی نکات اسٹیٹ بینک آف پاکستان کے مجوزہ طریقہ کار کے مطابق تیار کئے جائیں گے، جو اسٹیٹ بینک نے اپنے BPRD سرکلر نمبر 02، 2023 مورخہ 09 فروری، 2023 میں بیان کیا ہے۔

پاکستان کویت انویسٹمنٹ کمپنی (پرائیویٹ) لمیٹڈ کی ایٹمیٹی ریٹنگ (Entity Rating)

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے PKIC کی طویل المدتی ایٹمیٹی ریٹنگ "AAA" (ٹرپل اے) اور قلیل المدتی ریٹنگ "A1+" (اے ون پلس) کو برقرار رکھا ہے۔
VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے PKIC کی کارپوریٹ گورننس ریٹنگ "CGR 9+" کی دوبارہ توثیق کی ہے، یہ ریٹنگ "کارپوریٹ گورننس کے اعلیٰ ترین معیار" کو ظاہر کرتی ہیں۔

ادارتی حسن کارکردگی کے ضابطوں کی تعمیل

کمپنی ناظمین اداراتی نظم و ضبط (Corporate Governance) کے ضوابط کی تعمیل کی تصدیق کرتے ہیں۔ اداراتی نظم و ضبط کے قوانین کی متعلقہ شعبوں کی تعمیل کی تفصیلات درج ذیل ہیں:

- کمپنی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی حالت، عملی امور کے نتائج، کیش فلوا اور ملکیتی سرمایہ (equity) میں تبدیلی کے بارے میں تفصیلات کو بہتر طور پر پیش کرتے ہیں۔ کمپنی نے حساب کتاب (book of accounts) کے کھاتے موزوں طور پر مرتب رکھے ہیں۔
- مالیاتی دستاویزات کی تیاری میں حساب کتاب (accounting) کی مناسب حکمت عملی یکساں طور پر اپنائی گئی ہیں اور حساب کتاب کے تخمینے کی بنیاد معقول اور محتاط ہے۔
- پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ کے معیار پر عمل کرتے ہوئے مالیاتی دستاویزات کو تیار کیا گیا ہے اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے۔
- اندرونی نگرانی (Internal control) کے نظام کا ڈیزائن مضبوط بنیادوں پر تیار کیا گیا ہے اور اس کا مؤثر طور پر نفاذ کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔ اندرونی حساب کا شعبہ متعین کنٹرولز کا مسلسل جائزہ لیتا رہتا ہے اور نگرانی اور جائزہ کا عمل جاری رہے گا تاکہ مزید بہتری لائی جاسکے۔
- تمام مالی واجبات جو محصول، ڈیویڈنڈ، لیویز اور فیسوں کو ادا کرنے کے لئے درکار ہیں ان کا مکمل انتظام کیا گیا ہے اور یہ وقت مقررہ پر ادا کر دیئے جائیں گے یا جہاں کلیم کو واجبات میں شمار نہیں کیا گیا تو ان کو کھاتوں کی یادداشتوں (notes) میں امکانی واجبات کے طور پر ظاہر کیا گیا ہے۔
- کمپنی کے کاروبار کے جاری رکھنے کی صلاحیت میں کوئی شبہ نہیں ہے۔
- بورڈ کے تمام ممبران نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) میں کمپنی کی جانب سے منعقدہ آگاہی (orientation) کے کورس میں شرکت کی ہے۔
- بورڈ نے خود تشخیصی نظام کے تحت اپنے ممبران کی کارکردگی کا جائزہ لیا ہے۔
- کمپنی کا دستوری آڈٹ ایک کیو ای آر (QCR) درجہ بندی میں شامل ادارے نے کیا ہے۔
- کمپنی کے بورڈ آف ڈائریکٹرز اور ملازمین نے ایک Statement of Ethics and Business Practices (ضابطہ اخلاق) پر دستخط کئے ہیں۔

بورڈ کی کارکردگی کی جانچ

PKIC نے بورڈ اور اس کی کمیٹیوں کے بیرونی سالانہ جائزے کا فیصلہ کیا، جو پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کے ذریعے منعقد کروایا گیا۔ جائزے میں بورڈ اور اس کے ساتھ ساتھ انفرادی طور پر ڈائریکٹرز کی سطح پر کارکردگی کا جائزہ لیا گیا جس میں بورڈ کی ساخت، تزویراتی منصوبہ بندی، بورڈ اور سی ای او کی قابلیت، بورڈ کی معلومات، بورڈ کمیٹیاں، بورڈ کے طریقہ کار اور کنٹرول انوائزمنٹ کا احاطہ کیا گیا۔

داخلی ضبط

بورڈ آف ڈائریکٹرز بذریعہ ICFRI اور مجموعی داخلی ضبط سے متعلق انتظامیہ کی تشخیص کی توثیق کرتے ہیں، جیسا کہ سالانہ رپورٹ میں شامل داخلی ضبط کے بیان میں تفصیل بیان کی گئی ہے۔

بورڈ کے اجلاس

سال 2022 کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے جن کا جدول درج ذیل ہے۔

پہلا اجلاس 08 مارچ، 2022	دوسرا اجلاس 27 اپریل، 2022
تیسرا اجلاس 23 اگست، 2022	چوتھا اجلاس 25 اکتوبر، 2022

آڈٹ کمیٹی کے اجلاس

سال 2022 کے دوران کمیٹی کی آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن کا جدول درج ذیل ہے:

پہلا اجلاس 07 مارچ، 2022	دوسرا اجلاس 27 اپریل، 2022
تیسرا اجلاس 22 اگست، 2022	چوتھا اجلاس 24 اکتوبر، 2022

رسک مینجمنٹ کمیٹی کے اجلاس

سال 2022 کے دوران کمیٹی کی رسک مینجمنٹ کمیٹی کے چار اجلاس منعقد ہوئے جن کا جدول درج ذیل ہے:

پہلا اجلاس 07 مارچ، 2022	دوسرا اجلاس 26 اپریل، 2022
تیسرا اجلاس 22 اگست، 2022	چوتھا اجلاس 25 اکتوبر، 2022

ایگزیکٹو کمیٹی کے اجلاس

سال 2022 کے دوران کمیٹی کی ایگزیکٹو کمیٹی کے چار اجلاس منعقد ہوئے جن کا جدول درج ذیل ہے:

پہلا اجلاس 07 مارچ، 2022	دوسرا اجلاس 26 اپریل، 2022
تیسرا اجلاس 22 اگست، 2022	چوتھا اجلاس 24 اکتوبر، 2022

بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاس میں حاضری کی تفصیلات درج ذیل ہیں:

بورڈ کے اجلاس کی تفصیلات

ناظمین کے نام	مدت کے دوران اجلاس	اجلاس میں شرکت کی تعداد
جناب محمد اے۔ ایم۔ الفارس - چیئر مین، (نان ایگزیکٹو ڈائریکٹر)	4	4
جناب حسیم اے۔ الحجری، رکن، (نان ایگزیکٹو ڈائریکٹر)	4	4
جناب نوید علاؤ الدین - رکن، (نان ایگزیکٹو ڈائریکٹر)	4	4
جناب عبداللہ صالح اے۔ السائر - رکن، (نان ایگزیکٹو ڈائریکٹر)	4	4
جناب مبشر مقبول - رکن، (ایگزیکٹو ڈائریکٹر/مینجنگ ڈائریکٹر)	4	4

رسک مینجمنٹ کمیٹی کے اجلاس کی تفصیلات

ناظمین کے نام	مدت کے دوران اجلاس	اجلاس میں شرکت کی تعداد
جناب عبداللہ صالح اے۔ السائر - چیئر مین	4	4
جناب نوید علاؤ الدین - رکن	4	4
جناب حسیم اے۔ الحجری - رکن	4	4

آڈٹ کمیٹی کے اجلاس کی تفصیلات

ناظمین کے نام	مدت کے دوران اجلاس	اجلاس میں شرکت کی تعداد
جناب حسیم اے۔ الحجری، چیئر مین	4	4
جناب نوید علاؤ الدین - رکن	4	4
جناب عبداللہ صالح اے۔ السائر - رکن	4	4

نام ناظمین کے نام	مدت کے دوران اجلاس	اجلاس میں شرکت کی تعداد
جناب محمد اے۔ ایم۔ الفارس۔ رکن	4	4
جناب مبشر مقبول۔ رکن	4	4

گزشتہ 6 سال کا عملی اور مالیاتی اعداد و شمار کا خلاصہ

پاکستانی روپے (ملین میں)	2022	2021	2020	2019	2018	2017
اداشدہ سرمایہ	16,000	16,000	10,000	10,000	6,000	6,000
محفوظ سرمایہ	33,941	26,184	27,717	23,535	20,549	18,807
کل اثاثہ جات	798,096	135,034	106,825	65,781	29,977	29,129
منافع قبل از محصول	13,995	9,508	7,818	5,768	3,515	2,594
خالص منافع بعد از محصول	11,030	7,882	6,344	4,743	2,768	1,850
نقد منافع منقسمہ	1,210	1,100	1,000	800	450	500
حصص منافع منقسمہ	-	6,000	-	4,000	-	-

یادداشت (Note): محفوظ ذخائر میں سرمایہ کاری کی از سر نو قدر پیمائی کی زائد (Surplus) شامل ہے۔

پروایڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاری کا بیان:

31 دسمبر، 2022 تک پروایڈنٹ اور گریجویٹ فنڈز کے غیر تصدیق شدہ کھاتوں کے مطابق سرمایہ کاری کی تفصیل بالترتیب 381.070 ملین روپے اور 174.031 ملین روپے رہی۔ 31 دسمبر، 2022 تک پروایڈنٹ فنڈز اور گریجویٹ فنڈز کے تصدیق شدہ کھاتوں کے مطابق سرمایہ کاری کی مالیت بالترتیب 275.836 ملین روپے اور 127.060 ملین روپے رہی۔

محاسبین (Auditors)

کمپنی کے موجودہ آڈیٹرز، میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس ریٹائر ہو گئے ہیں اور بوجہ اہلیت خود کو دوبارہ تفری کے لئے پیش کر دیا ہے۔ جیسا کہ کوڈ آف کارپوریشن گورننس کا تقاضا ہے، آڈٹ کمیٹی نے میسرز ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی 31 دسمبر، 2023 کو ختم ہونے والے سال کے لئے دوبارہ تفری کی تجویز دی ہے۔

اعتراف کارکردگی

ہم اپنے حصص یافتگان کو ان کے مسلسل تعاون، اعتماد اور رہنمائی کے لئے مخلصانہ طور پر سراہتے ہیں۔ ہم حکومت پاکستان، وزارت مالیات، اسٹیٹ بینک آف پاکستان اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا بھی ان کی ہمد وقت رہنمائی کے لئے شکر یہ ادا کرتے ہیں۔

اس موقع پر ہم PKIC کی انتظامیہ کو بھی سراہتے ہیں جنہوں نے اس سال مشکل حالات میں بھی بہترین کارکردگی کا مظاہرہ کیا۔ بورڈ اپنی ٹیم کے ارکان کی کام سے لگن اور اخلاص کی بھی تہمدل سے قدر کرتا ہے اور اس بات کا ریکارڈ پرانا چاہتا ہے۔

مخانب بورڈ آف ڈائریکٹرز

بورڈ کے ڈائریکٹرز کے جانب سے



مبشر مقبول

منیجنگ ڈائریکٹر



محمد اے۔ ایم۔ الفارس

چیئرمین،

بتاریخ: ۲۲ فروری، ۲۰۲۳

کراچی

تقرير المدراء

يسر مدراء شركة الإستثمار الباكستانية الكويتية (الخاصة) المحدودة أن يقدموا التقرير السنوي والقوائم المالية المدققة والتي توضح النتائج المالية التفصيلية للشركة للعام المنصرم المنتهي في 31 ديسمبر 2022 مرفقة مع تقرير مراجعي الحسابات.

أداء الشركة

للعام (مليون/روبية باكستانية)

2022	2021	
2,532	2,261	صافي دخل الربح
14,653	9,266	الدخل غير التشغيلي
17,185	11,527	إجمالي الدخل
2,015	1,655	المصاريف التشغيلية
15,170	9,872	الربح قبل المخصصات
1,175	364	المخصصات/(إلغاء المخصصات)
13,995	9,508	الربح قبل الضرائب
2,965	1,626	الضرائب
11,030	7,882	الربح بعد الضرائب

2022	2021	
798,096	135,034	إجمالي الأصول
748,155	92,850	الالتزامات/الاستحقاقات
16,000	16,000	رأس مال
33,941	26,184	الاحتياطيات والأرباح غير المخصصة

حققت الشركة ربحاً خالصاً يبلغ أكثر من 11 مليار روبية في العام المنتهي في 31 ديسمبر 2022 مقابل أرباحها البالغة 7.9 مليار روبية في العام الماضي. تعود الزيادة في الأرباح الصافية السنوية بنسبة 40% بشكل رئيسي إلى الدخل من الأنشطة التجارية الأساسية وزيادة الحصص في نتائج الزملاء.

ارتفع دخل الشركة على هامش الربح بنسبة 12% على أساس سنوي ليصل إلى 2.5 مليار روبية رغم ارتفاع معدل الفائدة في الدولة من 7.42% في عام 2021 إلى 13.42% في عام 2022. السبب الرئيسي في ارتفاع الدخل هو توسيع الأصول المدرة للفوائد بنسبة عالية. زادت الحوافز المالية للشركة بنسبة 81% من العام الماضي والذي ساهم أيضاً بشكل كبير في إيرادات الفوائد كما زادت إستثمارات الشركة ستة أضعاف بفضل التخصيص الاعلى في الأوراق المالية الحكومية.

في الجانب الآخر ارتفع دخل الشركة الغير قائم على هامش الربح من 9.3 مليار روبية إلى 14.7 مليار روبية لتشهد زيادة بنسبة 58% على نحو سنوي. هذه الزيادة سببها الرئيسي هو الزيادة بنسبة 53% على أساس سنوي في حصة نتائج الشركات المنتسبة كما أظهر دخل الرسوم والعمولات زيادة كبيرة بنسبة 45% على أساس سنوي. في حين كانت أرباح الأسهم ومكاسب رأس المال من أسواق رأس المال أعلى بكثير مقارنة بالعام الماضي لكنها للأسف تدهورت لانخفاض القيمة بسبب ضعف أداء سوق الأسهم.

ارتفع إجمالي أصول الشركة في تاريخ 31 ديسمبر 2022 إلى 798 مليار روبية مقارنة بـ 135 مليار روبية في نهاية العام الماضي. وتعزى الزيادة في الأصول بنحو خمسة أضعاف إلى الإستثمارات في الأوراق المالية الحكومية لتحقيق مكاسب إضافية وبسبب ارتفاع المدفوعات لقطاع الشركات.

المراجعة الاقتصادية

بدأت باكستان في اتخاذ الإجراءات اللازمة لإستئناف برنامج صندوق النقد الدولي. في وقت سابق من العام، سببت الفيضانات والتباطؤ الاقتصادي العام إلى تدهور حاد في وضع المالية العامة. إضافة إلى ذلك، أدت خدمة الديون إلى جانب تباطؤ التدفقات الرسمية الوافدة بسبب الوضع المالي العالمي إلى تضائل احتياطيات النقد الأجنبي. وانخفضت الإحتياطيات الأجنبية لباكستان من 23.8 مليار دولار في ديسمبر 2021 إلى 10.8 مليار دولار في ديسمبر 2022 كما كانت احتياطيات البنك المركزي الباكستاني 5.6 مليار دولار. مايكفي بالكاد لتغطية تكاليف واردات شهر واحد فقط. هذا على الرغم من القيود المفروضة على واردات السلع والخدمات للمواد غير الأساسية.

القيود المفروضة على واردات سيطرت على العجز التجاري لباكستان حيث سجلت واردات 31 مليار دولار بين يوليو وديسمبر للعام المالي الجاري وهي أقل بنسبة 23% من واردات نفس الفترة من العام الماضي والتي بلغت 41 مليار دولار كما انخفضت الصادرات بنسبة 6% ووصلت إلى 14.3 مليار دولار. نتيجة لذلك تقلص العجز التجاري بنسبة 33% وانخفض إلى 17 مليار دولار مقارنة بـ 25.4 مليار دولار في نفس الفترة من العام الماضي. التحويلات المالية أيضاً شهدت انخفاضاً

بنسبة 11% على أساس سنوي ووصلت إلى 14 مليار دولار. استتأنف رحلات الطيران، الإرتفاع المستمر في سعر الفائدة، التباطؤ الإقتصادي العالمي والفرق بين أسعار الصرف في البنوك والسوق الرمادي أدى إلى انخفاض التحويلات والتدفقات الرسمية.

سجل الحساب الجاري للبلاد عجزاً قدره 3.7 مليار دولار أمريكي في الفترة بين يوليو ديسمبر 2022 مقابل عجز قدره 9.1 مليار دولار أمريكي في الفترة المماثلة من العام الماضي. على الرغم من الإنخفاض الحاد في عجز الحساب الجاري، لا تزال احتياطات الدولة عند مستويات مثيرة للقلق. تم تعديل سعر العجلة مؤخراً لتعكس ظروف السوق حيث خسرت الروبية 15% من قيمتها أمام الدولار خلال شهر يناير 2023 مقارنة بانخفاض قيمته 21% على مدار العام الماضي بأكمله، كانت سعر الصرف 226 روبية للدولار الواحد في ديسمبر 2022 مقابل 178 روبية باكستانية/الدولار الأمريكي في يناير 2022 ما يعني أن الروبية فقدت قيمتها 33%. حالياً يتم تداول الدولار بـ 265 روبية تقريباً.

بعد أن شهد نمو إجمالي الناتج المحلي بنسبة 6% في السنة المالية 22، يتعين على الاقتصاد أن يتحول إلى فترات الراحة في السنة المالية 23 لإدارة العجز المزودج مرة أخرى. أدت قيود الاستيراد والزيادة الحادة في الأسعار والتضخم العام إلى إغلاق المصانع في جميع أنحاء البلاد. ينعكس هذا في التصنيع على نطاق واسع الذي شهد انكماشاً بنسبة 3.7% في فترة يوليو-ديسمبر 2022، بينما بلغ متوسط مؤشر أسعار المستهلك للفترة 25% (9.8% في النصف الأول من العام المالي 2022)، واصل البنك المركزي السياسة النقدية المتشددة وسط اتخاذ تدابير أخرى لترسيخ توقعات التضخم ورفع معدل الفائدة بشكل تراكمي بمقدار 1000 نقطة أساس منذ أن بدأ دورة التشديد هذه في سبتمبر 2021 حيث يبلغ معدل الفائدة الآن 17%.

تم احتواء العجز المالي خلال الفترة من يوليو إلى نوفمبر من السنة المالية 2023 عند 2% من إجمالي الناتج المحلي وهو نفس مستوى العام الماضي بينما تحسن الرصيد الأولي إلى فائض قدره 1.1% من الناتج المحلي الإجمالي مقابل عجز بنسبة 0.1% في العام الماضي. انخفض الاستثمار الأجنبي المباشر خلال الفترة من يوليو إلى ديسمبر من السنة المالية 2023 بنسبة 59% إلى 461 مليون دولار أمريكي.

سوق الأسهم الباكستاني لم يقدم أداء جيداً نظراً لارتفاع أسعار الفائدة وإغلاق المصانع وغياب الاستقرار الاقتصادي والسياسي بشكل عام حيث أغلق مؤشر KSE-100 العام عند مستوى 40,420 نقطة منخفضاً 9.4% خلال عام. على صعيد القطاع المصرفي، نمت السلف بنسبة 18% على أساس سنوي في ديسمبر 2022 بينما ارتفعت الاستثمارات بنسبة 27% على أساس سنوي مع نمو الودائع بنسبة 7% على أساس سنوي.

نظرة مستقبلية

تهدف الشركة إلى مواصلة مسار نموها متوخية الحذر. خلال عام 2023، ستحافظ الشركة على الزخم مع التركيز بشكل أساسي على تمويل المشاريع والقروض المشتركة والاستشارات وعمليات الخزينة. كما تخطط الشركة لمواصلة دعم الاقتصاد الباكستاني من خلال الاستثمارات في القطاعات الاستراتيجية للاقتصاد مع الحفاظ على التركيز على تحسين الربحية.

فيما يتعلق بالمبادرات الجديدة، تلقت الشركة شهادة عدم مانعة لإنشاء بنك رقمي حيث بدأت الشركة في تنفيذ خطة العمل. تخطط الشركة أيضاً للاستفادة من فرص النمو في الاقتصاد من خلال إطلاق صندوق الأسهم الخاصة مع شريكها R.J. Fleming بالإضافة إلى ذلك، تعمل الشركة على تلبية المتطلبات التنظيمية للحصول على ترخيص كامل لإطلاق قسم التمويل الإسلامي الخاص بها للاستفادة من إمكانيات النمو في فرص التمويل المتوافقة مع الشريعة الإسلامية.

توزيعات الأرباح

يسر مجلس الإدارة أن يوصي بتوزيع أرباح نقدية بقيمة 1,210 مليون روبية باكستانية للعام المنتهي في 31 ديسمبر 2022.

ربحية السهم

زادت ربحية السهم الأساسية والمخفضة إلى 17,234 روبية باكستانية من 12,316 روبية باكستانية على حصة قدرها 25,000 روبية باكستانية/اللوحة.

إطار إدارة المخاطر

توظف الشركة إطاراً قوياً لإدارة المخاطر يمكن تطبيقه على جميع مستويات المؤسسة مع مراقبة صارمة من مجلس الإدارة وإشراف إداري وأنظمة فعالة. يحدد مجلس الإدارة الاتجاه الاستراتيجي ويتحمل المسؤولية النهائية لضمان وجود إطار عمل فعال. يتم دعم مجلس الإدارة في هذه المهمة من قبل اللجان التابعة لها، أي لجنة إدارة المخاطر ولجنة تدقيق مجلس الإدارة. على مستوى الإدارة العليا، فإن لجان الإدارة المختلفة مسؤولة عن الإشراف على الاستراتيجية والجهود والعمليات المتعلقة بإدارة المخاطر.

تبنيت الشركة نموذج الخطوط الثلاثة للدفاع لإدارة المخاطر بأدوار ومسؤوليات محددة بوضوح. تعمل خطوط الأعمال كخط الدفاع الأول وهي مسؤولة بشكل أساسي عن إدارة المخاطر على أساس يومي. تعتبر إدارة المخاطر ووظائف التحكم الأخرى هي خط الدفاع الثاني وهي مسؤولة عن مساعدة خطوط الأعمال في تصميم وتنفيذ ضوابط مناسبة لإدارة المخاطر. التدقيق الداخلي باعتبارها خط الدفاع الثالث، يوفر ضماناً مستقلاً بشأن كفاية إطار عمل الضوابط الداخلية.

تدار مخاطر الائتمان من خلال السياسات المعتمدة من مجلس الإدارة؛ استخدام تصنيفات المخاطر الداخلية؛ متطلبات التوثيق المنصوص عليها والمراقبة المستمرة للتسهيلات الائتمانية. هناك عملية موافقة ائتمانية قوية لضمان حجز الأصول عالية الجودة كما تلتقط الشركة المخاطر البيئية للمقترض بما يتماشى مع إرشادات الخدمات المصرفية الخضراء الخاصة بالبنك المركزي الباكستاني، تقدم لجنة إدارة المخاطر التابعة لمجلس الإدارة التوجيه العام في إدارة مخاطر الشركة المختلفة بما في ذلك مخاطر الائتمان.

تدار مخاطر السوق والسيولة مع خطة التمويل الطارئ من قبل لجنة الأصول والخصوم. طورت الشركة أدوات مختلفة لقياس المخاطر وتخفيفها، بما في ذلك القيمة المعرضة للخطر، والهدية، وفجوات الاستحقاق وفجوات إعادة التسعير. بالإضافة إلى ذلك، تجرى الشركة اختبارات الإجهاد باستخدام سيناريوهات متطورة داخلياً على النحو الذي تحده الجهة المنظمة. علاوة على ذلك، لدى الشركة سياسات إدارية مناسبة تحتوي على خطط عمل لتقوية نظام إدارة مخاطر السوق ووظيفة مكتب وسيط للإشراف على حد الالتزام.

يتم تنفيذ إطار المخاطر التشغيلية بالكامل، بما يتماشى مع المعايير التنظيمية. جميع الأدوات الموصى بها، على سبيل المثال تطبيق بيانات الحسارة التشغيلية ومؤشرات المخاطر الرئيسية والتقييم الذاتي للتحكم في المخاطر، يتم تنفيذها بشكل كامل. خلال العام، حصلت الشركة على حل "Risk Nucleus" المتقدم لإدارة مخاطر التشغيل. تدير الشركة أعمالها المتواصلة بسلاسة مع خطة BCP المعتمدة، وتم تنفيذ جميع الأنشطة التجارية والتشغيلية خلال العام بكفاءة. يتم أيضاً قياس مخاطر أمن المعلومات ومراقبتها من خلال توفير تدريب منتظم لجميع أعضاء الفريق مما يساعدهم على تسليط الضوء على المخاطر في الوقت المناسب.

استمرراً لمتطلبات البنك المركزي والجهود المبذولة لزيادة تعزيز التنفيذ البرحلي للمعيار الدولي لإعداد التقارير المالية (IFRS-9)، نفذت الشركة تشغيلاً موازياً ناجحاً والذي يشمل نماذج PD و LGD و ECL كما أجرت أيضاً تقييماً للأثر مع الأخذ في الاعتبار تطبيق التعليمات الصادرة من البنك المركزي بشأن تنفيذ المعيار الدولي لإعداد التقارير المالية رقم 9. وفقاً لتعميم BPRD رقم 03 لعام 2022 الصادر عن البنك المركزي بتاريخ 5 يوليو 2022، فإن التاريخ الفعلي لتطبيق المعيار الدولي لإعداد التقارير المالية رقم 9 لمؤسسات التنمية المالية هو 1 يناير 2023، وبناءً عليه، سيتم إعداد البيانات المالية السنوية والرحلية وفقاً للصيغة المحددة من قبل البنك المركزي في منشورها BPRD رقم 2 لعام 2023 بتاريخ 9 فبراير 2023.

تصنيف كيان الشركة الباكستانية الكويتية للاستثمار (الخاصة) المحدودة حافظت وكالة التصنيف الائتماني الباكستانية المحدودة على تصنيفات الكيانات طويلة الأجل وقصيرة الأجل لشركة الاستثمار الباكستانية الكويتية المحدودة في مستوى AAA و A one plus على التوالي.

أعدت VIS Credit Rating Company Limited تأكيد تصنيف حوكمة الشركات الخاص بالشركة الباكستانية الكويتية للاستثمار (الخاصة) المحدودة عند CGR9+، يعكس هذا التصنيف مستوى عالٍ جداً من حوكمة الشركات.

الإمتثال لقواعد حوكمة الشركات

يؤكداً أعضاء مجلس الإدارة على الإمتثال لمدونة قواعد حوكمة الشركات. في هذا الصدد، فإن الإمتثال للمدونة من كور أدناه:

- البيانات المالية التي أعدتها إدارة الشركة تعرض حالتها ونتائج عملياتها والتدفقات النقدية والتغيرات في حقوق الملكية بشكل عادل.
- تحافظ الشركة على دفاتر حساباتها بشكل مناسب.
- تم تطبيق السياسات المحاسبية المناسبة باستمرار في إعداد البيانات المالية وتسد التدفقات المحاسبية على تخمينات معقولة وفطنة.
- تم اتباع المعايير الدولية (المطبقة في باكستان) لإعداد التقارير المالية في إعداد البيانات المالية وتم الإفصاح بشكل واضح في حال الإنحراف عنها.
- تصميم نظام الرقابة الداخلية سليم وتم تنفيذه ومراقبته بشكل فعال. تتم مراجعة الضوابط المطبقة باستمرار من قبل إدارة التدقيق الداخلي وستستمر عملية المراجعة والرقابة بهدف تحسينها بشكل أكبر.
- تم توفير جميع الألتزامات المتعلقة بالدفع على حساب الضرائب والرسوم والجبايات والبصارييف بالكامل وسيتم دفعها في الوقت المناسب أو يتم الإفصاح كالتزامات طارئة في الملاحظات على الحسابات في حالة عدم الاعتراف بالمطلبة على أنها التزام.
- ليس هناك شك في قدرة الشركة على الاستمرار على أساس مبدأ الاستمرارية.
- حضر جميع أعضاء مجلس الإدارة دورة توجيهية نظمها الشركة من خلال المعهد الباكستاني لحوكمة الشركات.
- أجرى المجلس تقييم أداء أعضائه، بموجب آلية التقييم الذاتي.
- تم إجراء التدقيق القانوني للشركة من قبل الشركة المصنفة QCR.
- وقع مجلس الإدارة وموظفو الشركة على "بيان الأخلاق وممارسات العمل" (مدونة قواعد السلوك).

تقييم أداء مجلس الإدارة

اختار مجلس إدارة الشركة إجراء تقييم سنوي مستقل لمجلس الإدارة ولجانه، والذي أجراه المعهد الباكستاني لحوكمة الشركات. شمل التقييم اختبار الأداء سواء على مستوى مجلس الإدارة أو على مستوى المدير الفردي. تكوين مجلس الإدارة، التخطيط الاستراتيجي، فعالية مجلس الإدارة والرئيس التنفيذي، معلومات مجلس الإدارة لجان المجلس وإجراءات مجلس الإدارة وبيئة الرقابة.

الضوابط الداخلية

يوافق مجلس الإدارة بموجب هذا على تقييم الإدارة المتعلق بICFR والضوابط الداخلية الشاملة، على النحو المفصل في "بيان الضوابط الداخلية"، المتضمن في التقرير السنوي.

اجتماعات مجلس الإدارة

تم عقد أربعة اجتماعات لمجلس إدارة الشركة في عام 2022 حسب الجدول التالي:

الاجتماع الأول: 8 مارس 2022	الاجتماع الثاني: 27 أبريل 2022
الاجتماع الثالث: 23 أغسطس 2022	الاجتماع الرابع: 25 أكتوبر 2022

اجتماعات لجنة التدقيق

تم عقد أربعة اجتماعات للجنة التدقيق بالشركة في عام 2022 وفقاً للجدول التالي:

الاجتماع الأول: 7 مارس 2022	الاجتماع الثاني: 27 أبريل 2022
الاجتماع الثالث: 22 أغسطس 2022	الاجتماع الرابع: 24 أكتوبر 2022

اجتماعات لجنة إدارة المخاطر

تم عقد أربعة اجتماعات للجنة إدارة المخاطر بالشركة في عام 2022 وفقاً للجدول الزمني التالي:

الاجتماع الأول: 7 مارس 2022	الاجتماع الثاني: 26 أبريل 2022
الاجتماع الثالث: 22 أغسطس 2022	الاجتماع الرابع: 25 أكتوبر 2022

اجتماع اللجنة التنفيذية

تم عقد أربعة اجتماعات للجنة التنفيذية للشركة في عام 2022 وفقاً للجدول التالي:

الاجتماع الأول: 7 مارس 2022	الاجتماع الثاني: 26 أبريل 2022
الاجتماع الثالث: 22 أغسطس 2022	الاجتماع الرابع: 24 أكتوبر 2022

تفاصيل حضور مجلس الإدارة واللجان التابعة لها كما يلي:

تفاصيل اجتماع المجلس:

أسماء الهدراء	عدد الاجتماعات التي تم حضورها	عدد الاجتماعات المنعقدة خلال الفترة
السيد محمد الفارس - رئيس (مدير غير تنفيذي)	4	4
السيد جاسم الهجري - عضو (مدير غير تنفيذي)	4	4
السيد نوييد علاء الدين - عضو (مدير غير تنفيذي)	4	4
السيد عبدالله صالح السايير - عضو (مدير غير تنفيذي)	4	4
السيد مبشر اقبال - عضو (المدير التنفيذي)	4	4

تفاصيل اجتماع لجنة إدارة المخاطر:

أسماء الهدراء	عدد الاجتماعات التي تم حضورها	عدد الاجتماعات المنعقدة خلال الفترة
السيد عبدالله صالح السايير - رئيس	4	4
لسيد نوييد علاء الدين - عضو	4	4
السيد جاسم الهجري - عضو	4	4

تفاصيل اجتماع لجنة التدقيق:

أسماء الهدراء	عدد الاجتماعات التي تم حضورها	عدد الاجتماعات المنعقدة خلال الفترة
السيد جاسم الهجري - رئيس	4	4
لسيد نوييد علاء الدين - عضو	4	4
السيد عبدالله صالح السايير - عضو	4	4

تفاصيل اجتماع اللجنة التنفيذية:

أسماء المنداء	عدد الاجتماعات التي تم حضورها	عدد الاجتماعات المنعقدة خلال الفترة
السيد محمد الفارس - عضو	4	4
السيد مبشر مقبول - عضو	4	4

ملخص البيانات التشغيلية والمالية لستة سنوات:

(مليون روبية)	2022	2021	2020	2019	2018	2017 دو باره بيان كما كيا ہے
رأس المال المدفوع	16,000	16,000	10,000	10,000	6,000	6,000
الإحتياطيات	33,941	26,184	27,717	23,535	20,549	18,807
إجمالي الأصول	798,096	135,034	106,825	65,781	29,977	29,129
الربح قبل الضرائب	13,995	9,508	7,818	5,768	3,515	2,594
الربح الصافي بعد الضرائب	11,030	7,882	6,344	4,743	2,768	1,850
العائد النقدي	1,210	1,100	1,000	800	450	500
عائد الأسهم	-	6,000	-	4,000	-	-

ملاحظة: الإحتياطيات تشمل الفائض من إعادة تقييم الاستثمارات.

بيان استثمارات صناديق الادخار والمكافآت

بلغت استثمارات صناديق الادخار والمكافآت اعتباراً من 31 ديسمبر 2022 وفقاً لحساباتهم غير المدققة 381.070 مليون روبية باكستانية و174.031 مليون روبية باكستانية على التوالي كما بلغ استثمار صندوق الادخار وصندوق المكافآت 275.836 مليون روبية باكستانية و127.060 مليون روبية باكستانية على التوالي في 31 ديسمبر 2021 وفقاً لحساباته المدققة.

المدققين

قدم المدققين الحاليين A.F. Ferguson & Co أنفسهم لإعادة التعيين لكونهم مؤهلين ومتقاعدين. كما هو مطلوب بموجب قانون حوكمة الشركات. أوصت لجنة التدقيق بتعيين A.F. Ferguson & Co كمدققين حسابات الشركة للسنة المنتهية في 31 ديسمبر 2023.

إعتراف

نود أن نعرب عن خالص تقديرنا للمساهمين على ثققتهم بنا بدمهم وتوجيههم المستمر. كما نشعر بالامتنان لحكومة باكستان ووزارة المالية والبنك المركزي الباكستاني ولجنة الأوراق المالية والبورصات في باكستان لتوجيههم للشركة في جميع الأوقات.

نود أن ننتهز هذه الفرصة لنثني على إدارة الشركة على أدائها الجيد في ظل الظروف الصعبة خلال العام الحالي. كما نود أن نسجل تقدير مجلس الإدارة لدور أعضاء الفريق للالتزامهم وتفانيهم في العمل.

نيابة عن مجلس الإدارة



مبشر مقبول
المدير التنفيذي



محمد الفارس
رئيس

تاريخ: ٢٢ فبراير، ٢٠٢٢

كراتشي

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2022

The Company as a best practice has complied with the relevant requirements of the Regulations in the following manner:

1. The composition of the Board is as follows:

Category	Names
Executive Director	Mr. Mubashar Maqbool – Managing Director
Non-Executive Directors	Mr. Mohammad A.M. Al-Fares Mr. Abdullah Salah A. Al-Sayer Mr. Jasem A. Al-Hajry Mr. Naveed Alauddin

- The directors have confirmed that none of them is serving as a director on more than seven listed companies.
- The Company has prepared a Code of Conduct (“Statement of Ethics & Business Practices”) and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
- The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and Regulations.
- The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
- The Board of Directors has a formal policy and transparent procedures for remunerations of directors in accordance with the Act and the Regulations.
- All directors have completed the Director’s Training Certification under the Directors’ Training Program as prescribed by SECP.
- The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
- The Board has formed committees comprising of members given below:

Committee	Name of Chairman /Members
a) Audit Committee	Mr. Jasem A. Al-Hajry - Chairman Mr. Abdullah Salah A. Al-Sayer - Member Mr. Naveed Alauddin - Member
b) Risk Management Committee	Mr. Abdullah Salah A. Al-Sayer - Chairman Mr. Jasem A. Al-Hajry - Member Mr. Naveed Alauddin - Member
c) Executive Committee (entrusted with Human Resources responsibilities)	Mr. Mohammad A.M. Al-Fares - Member Mr. Mubashar Maqbool – Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
13. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per follows:
 - a) Audit Committee Quarterly
 - b) Risk Management Committee Quarterly
 - c) Executive Committee Quarterly
14. The Board has set up an effective internal audit function / team who are considered suitability qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. The Corporate Governance Regulatory Framework of the State Bank of Pakistan dated November 22, 2021 state that though DFIs are not required to follow the Listed Companies (Code of Corporate Governance) Regulations, but it is expected that all DFIs will continue to follow the best practices on corporate governance. We confirm that all other applicable requirements of the Regulations have been complied with.



Mr. Mohammad A. M. Al-Fares
Chairman



Mubashar Maqbool
Managing Director

Date: February 22, 2023
Karachi

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of Pakistan Kuwait Investment Company (Private) Limited****Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan Kuwait Investment Company (Private) Limited (the Company) for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

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



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: February 27, 2023

UDIN: CR2022100613BmnKhlNs

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Statement on Internal Controls

REPORTING ON INTERNAL CONTROL SYSTEM

The company endeavors to follow the SBP's Internal Control Guidelines. It is the responsibility of the company's management to establish and maintain an adequate and effective system of internal control that could help in company's efforts to attain a professional and efficient working environment throughout the company. The Internal Control System comprises of various inter-related components including Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring.

Management ensures the efficient and effective Internal Control System by identifying control objectives reviewing pertinent policies / procedures and establishing relevant control procedures. All policies and procedures are reviewed and compared with existing practices and necessary amendments made where required on timely basis.

Alongside this appropriate test of transactions, observation of control environment, sharing of findings of Internal Control System and ensuring relevant appropriate follow-ups / corrective actions are also being done by the management on regular basis. Internal Control System in the company is designed to manage, rather than eliminate the risk of failure to achieve the business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

EVALUATION OF EXISTING INTERNAL CONTROL SYSTEM

The company has made efforts to ensure during the year 2022 that an effective and efficient Internal Control System is implemented and no compromise is made in implementing the desired control procedures and maintaining suitable control environment in general. However, it is an ongoing process that includes identification, evaluation and management of significant risks faced by the company.

The observations and weaknesses identified by the auditors, both internal and external, have been taken care of and necessary steps have been taken by the management in the due time so as to ensure non-repetition of those exceptions and eliminations of such weaknesses to the maximum possible level. The management has also given timely and satisfactory response to the recommendations and suggestions made by its auditors.

We assess that the internal control system, customer services and operations have been maintained as compared to previous year in all areas / departments of the company. Further, due attention and focus is to enhance competence level and knowledge of the employees.

Recognizing it to be an ongoing process, the management of company adopted an internationally accepted Internal Control COSO Framework, in accordance with guidelines on Internal Controls issued by the State Bank of Pakistan. The management ensures effectiveness over internal control over financial reporting through timely review and updation of pertinent policies / procedures, establishing relevant control procedures and testing of internal controls. Further, the management considers that the Company's internal controls over financial reporting are sound in design and have been effectively implemented and monitored. However, because of the inherent limitations, internal control over financial reporting may not prevent or detect material misstatements or loss. The gaps identified are taken care of and necessary steps are taken by the management on a timely basis so as to ensure non-repetition of those exceptions and eliminations of such gaps to the maximum possible level through continuous monitoring. In accordance with the SBP directives, the Company completed all the seven stages of ICFR roadmap and has been submitting to the SBP periodically, the Long Form Report (LFR) issued by the statutory auditors since 2009.



Head of Internal Audit



Chief Financial Officer



Managing Director



Chairman Audit Committee

Date: February 22, 2023,
Karachi

FINANCIAL STATEMENTS

For the year ended December 31, 2022

INDEPENDENT AUDITOR'S REPORT**To the members of Pakistan Kuwait Investment Company (Private) Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of Pakistan Kuwait Investment Company (Private) Limited (the Company), which comprise the statement of financial position as at December 31, 2022, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended 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 profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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■ KARACHI ■ LAHORE ■ ISLAMABAD



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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



A.F.FERGUSON & CO.

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

Other Matter

The financial statements of the Company as at and for the year ended December 31, 2021 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those statements vide their report dated March 08, 2022.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: February 27, 2023

UDIN: AR202210061rVfqKG1NJ

Statement of Financial Position

As at December 31, 2022

2022	2021		Note	2022	2021
----- (USD in '000) -----				----- (Rupees in '000) -----	
ASSETS					
2,717	630	Cash and balances with treasury banks	5	615,277	142,662
413	85	Balances with other banks	6	93,405	19,152
43,385	-	Lendings to financial institutions	7	9,823,727	-
3,198,715	458,616	Investments	8	724,287,919	103,844,929
219,042	120,829	Advances	9	49,598,009	27,359,484
3,081	1,236	Fixed assets	10	697,544	279,773
85	58	Intangible assets	11	19,238	13,066
-	-	Deferred tax assets		-	-
57,239	14,906	Other assets	12	12,960,689	3,375,278
3,524,677	596,360			798,095,808	135,034,344
LIABILITIES					
-	-	Bills payable		-	-
3,211,768	358,648	Borrowings	13	727,243,477	81,209,024
60,437	27,667	Deposits and other accounts	14	13,684,896	6,264,766
-	-	Liabilities against assets subject to finance lease		-	-
-	-	Subordinated debt		-	-
14,645	14,886	Deferred tax liabilities	15	3,316,108	3,370,747
17,269	8,857	Other liabilities	16	3,910,096	2,005,521
3,304,119	410,058			748,154,577	92,850,058
220,558	186,302			49,941,231	42,184,286
NET ASSETS					
REPRESENTED BY					
70,662	70,662	Share capital	17	16,000,000	16,000,000
64,454	54,713	Reserves	18	14,594,578	12,388,643
(13,894)	(4,162)	Deficit on revaluation of assets - net of tax	19	(3,145,995)	(942,391)
99,336	65,089	Unappropriated profit		22,492,648	14,738,034
220,558	186,302			49,941,231	42,184,286
CONTINGENCIES AND COMMITMENTS					
			20		

The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Director

Director

Profit and Loss Account

For the year ended December 31, 2022

2022		2021		Note	2022		2021	
----- (USD in '000) -----					----- (Rupees in '000) -----			
190,760	32,416	Mark-up / return / interest earned	21	43,193,902	7,339,854			
179,576	22,431	Mark-up / return / interest expensed	22	40,661,577	5,079,022			
11,184	9,985	Net mark-up / interest income		2,532,325	2,260,832			
NON MARK-UP / INTEREST INCOME								
448	310	Fee and commission income	23	101,531	70,197			
1,746	867	Dividend income		395,256	196,242			
-	-	Foreign exchange income		-	-			
-	-	Income / (loss) from derivatives		-	-			
1,644	120	Gain on securities	24	372,328	27,163			
60,516	39,437	Share in result of associates - net	25	13,702,925	8,929,735			
357	190	Other income	26	80,766	43,105			
64,711	40,924	Total non-markup / interest income		14,652,806	9,266,442			
75,895	50,909	Total income		17,185,131	11,527,274			
NON MARK-UP / INTEREST EXPENSES								
7,664	6,467	Operating expenses	27	1,735,463	1,464,450			
1,236	840	Workers Welfare Fund		279,898	190,168			
-	-	Other charges		-	-			
8,900	7,307	Total non-markup / interest expenses		2,015,361	1,654,618			
66,995	43,602	Profit before provisions		15,169,770	9,872,656			
5,189	1,609	Provisions and write offs - net	28	1,174,873	364,231			
-	-	Extra ordinary / unusual items		-	-			
61,806	41,993	PROFIT BEFORE TAXATION		13,994,897	9,508,425			
13,095	7,181	Taxation	29	2,965,224	1,625,991			
48,711	34,812	PROFIT AFTER TAXATION		11,029,673	7,882,434			
----- USD -----		Basic and diluted earnings per share		----- Rupees -----				
76	54	(on share of Rs. 25,000 each)	30	17,234	12,316			

The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Director

Director

Statement of Comprehensive Income

For the year ended December 31, 2022

2022	2021		2022	2021
----- (USD in '000) -----			----- (Rupees in '000) -----	
48,711	34,812	Profit after taxation for the year	11,029,673	7,882,434
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
(4,408)	(8,989)	Movement in deficit on revaluation of 'available-for-sale' securities - net of tax	(998,148)	(2,035,057)
(5,300)	(1,691)	Movement in deficit on revaluation of 'available-for-sale' securities of associates - net of tax	(1,200,139)	(383,081)
(9,708)	(10,680)		(2,198,287)	(2,418,138)
Items that will not be reclassified to profit and loss account in subsequent periods:				
(35)	(57)	Remeasurement loss on defined benefit obligation - net of tax	(7,804)	(12,945)
(23)	4	Share of (deficit) / surplus on revaluation of non - banking assets of associates - net of tax	(5,295)	940
(161)	(85)	Share of remeasurement of defined benefit obligation of associates - net of tax	(36,303)	(19,261)
(219)	(138)		(49,402)	(31,266)
<u>38,784</u>	<u>23,994</u>	Total comprehensive income	<u>8,781,984</u>	<u>5,433,030</u>

The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.


Chief Executive


Director


Director


Chief Financial Officer


Director

Statement of Changes in Equity

For the year ended December 31, 2022

Note	Share Capital	Non-distributable Reserve	Statutory Reserve	Capital Market Equalization Reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
					Investments	Non banking assets of associates		
------(Rupees in '000)-----								
Balance as at January 1, 2021	10,000,000	935,264	8,217,424	1,659,468	1,469,041	5,766	15,430,259	37,717,222
Profit after taxation for the year ended December 31, 2021	-	-	-	-	-	-	7,882,434	7,882,434
Other comprehensive income - net of tax	-	-	-	-	(2,418,138)	940	(32,206)	(2,449,404)
Total comprehensive income	-	-	-	-	(2,418,138)	940	7,850,228	5,433,030
Transfer to statutory reserve	18.1	-	1,576,487	-	-	-	(1,576,487)	-
Transfer to capital market equalization reserve	18.3	-	-	-	-	-	-	-
Share of movement in other reserve of associate- net of tax	-	-	-	-	-	-	34,034	34,034
Transactions with owners recorded directly in equity								
Final dividend for the year ended December 31, 2020 @ Rs. 2,500 per share	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Issue of 240,000 bonus shares @ Rs.25,000 each	6,000,000	-	-	-	-	-	(6,000,000)	-
Balance as at December 31, 2021	16,000,000	935,264	9,793,911	1,659,468	(949,097)	6,706	14,738,034	42,184,286
Profit after taxation for the year ended December 31, 2022	-	-	-	-	-	-	11,029,673	11,029,673
Other comprehensive income - net of tax	-	-	-	-	(2,198,287)	(5,295)	(44,107)	(2,247,689)
Total comprehensive income	-	-	-	-	(2,198,287)	(5,295)	10,985,566	8,781,984
Transfer to statutory reserve	18.1	-	2,205,935	-	-	-	(2,205,935)	-
Transfer to capital market equalization reserve	18.3	-	-	-	-	-	-	-
Share of movement in other reserve of associate- net of tax	-	-	-	-	-	-	74,961	74,961
Share of transfer from surplus of non-banking assets to unappropriated profit by an associate - net of tax	-	-	-	-	-	(22)	22	-
Transactions with owners recorded directly in equity								
Final dividend for the year ended December 31, 2021 @ Rs. 1,718.75 per share	-	-	-	-	-	-	(1,100,000)	(1,100,000)
Balance as at December 31, 2022	16,000,000	935,264	11,999,846	1,659,468	(3,147,384)	1,389	22,492,648	49,941,231

The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

Director

Director

Cash Flow Statement

For the year ended December 31, 2022

2022	2021		Note	2022	2021
----- (USD in '000) -----				----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES					
61,806	41,993	Profit before taxation		13,994,897	9,508,425
(1,746)	(867)	Less: dividend income		(395,256)	(196,242)
<u>60,060</u>	<u>41,126</u>			<u>13,599,641</u>	<u>9,312,183</u>
Adjustments for:					
208	317	Depreciation		47,212	71,751
25	22	Amortization		5,800	5,002
5,189	1,609	Provisions and write-offs	28	1,174,873	364,231
(32)	(4)	Gain on sale of fixed assets		(7,320)	(1,000)
38	1	Unrealized loss on revaluation of of 'held for trading' securities		8,754	320
(60,516)	(39,437)	Share in results of associates - net		(13,702,925)	(8,929,735)
<u>(55,088)</u>	<u>(37,492)</u>			<u>(12,473,606)</u>	<u>(8,489,431)</u>
<u>4,972</u>	<u>3,634</u>			<u>1,126,035</u>	<u>822,752</u>
Increase in operating assets					
(43,385)	-	Lendings to financial institutions		(9,823,727)	-
(290)	(236)	Held-for-trading securities		(65,688)	(53,455)
(100,249)	(59,191)	Advances		(22,699,475)	(13,402,637)
(24,432)	(10,412)	Others assets (excluding advance taxation)		(5,532,146)	(2,357,560)
<u>(168,356)</u>	<u>(69,839)</u>			<u>(38,121,036)</u>	<u>(15,813,652)</u>
Increase in operating liabilities					
2,853,120	84,158	Borrowings		646,034,453	19,056,052
32,770	15,213	Deposits		7,420,130	3,444,766
8,361	3,682	Other liabilities (excluding current taxation)		1,893,198	833,612
<u>2,894,251</u>	<u>103,053</u>			<u>655,347,781</u>	<u>23,334,430</u>
<u>2,730,867</u>	<u>36,848</u>			<u>618,352,780</u>	<u>8,343,530</u>
(25,274)	(1,112)	Income tax paid		(5,722,841)	(251,708)
<u>2,705,593</u>	<u>35,736</u>	<i>Net cash inflow from operating activities</i>		<u>612,629,939</u>	<u>8,091,822</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
(2,713,007)	(46,033)	Net investments in available-for-sale securities		(614,308,542)	(10,423,325)
(1,877)	(33)	Net investments in associates		(424,993)	(7,401)
18,639	15,117	Dividends received		4,220,369	3,422,737
(2,112)	(328)	Investments in operating fixed assets		(478,186)	(74,234)
37	4	Proceeds from sale of fixed assets		8,281	1,000
<u>(2,698,320)</u>	<u>(31,273)</u>	<i>Net cash used in investing activities</i>		<u>(610,983,071)</u>	<u>(7,081,223)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
(4,858)	(4,416)	Dividend paid		(1,100,000)	(1,000,000)
<u>(4,858)</u>	<u>(4,416)</u>	<i>Net cash used in financing activities</i>		<u>(1,100,000)</u>	<u>(1,000,000)</u>
<u>2,415</u>	<u>47</u>	Increase in cash and cash equivalents		<u>546,868</u>	<u>10,599</u>
715	668	Cash and cash equivalents at beginning of the year		161,814	151,215
<u>3,130</u>	<u>715</u>	Cash and cash equivalents at end of the year	31	<u>708,682</u>	<u>161,814</u>

The annexed notes 1 to 43 and annexure I form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

Director

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2022

1 STATUS AND NATURE OF BUSINESS

Pakistan Kuwait Investment Company (Private) Limited ("the Company") was incorporated in Pakistan as a Private Limited Company on March 17, 1979. The registered office of the Company is situated at 4th Floor, Block 'C', Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The Company has a representative office in Lahore. The Company is a 50:50 joint venture between the Government of Pakistan (GoP) and Government of Kuwait (GoK). The objective of the Company is to profitably promote industrial investments in Pakistan.

The Pakistan Credit Rating Agency (PACRA) has maintained the Company's medium to long term rating "AAA" and the short term rating as "A1+". The "AAA" rating denotes the highest possible credit quality, with negligible risk factor, being only slightly more than for risk free debt of the Government of Pakistan.

2 BASIS OF PRESENTATION

The US Dollar amounts presented in the statement of financial position, profit and loss account, statement of comprehensive income and cash flow statement are converted at the rate of Rs. 226.4309, prevalent at December 31, 2022, for 2022 and 2021. This additional information is presented only for the convenience of users of the financial statements.

2.1 STATEMENT OF COMPLIANCE

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

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

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

The SBP through its BSD Circular letter No. 11 dated September 11, 2002 has deferred the implementation of IAS 39 'Financial Instruments: Recognition and Measurement' and IAS 40 'Investment Property' for Non-Banking Financial Institutions (NBFIs) in Pakistan. Further, SECP has deferred the implementation of IFRS 7 'Financial Instruments: Disclosures' through SRO 411(I) / 2008 dated April 28, 2008. Accordingly, the requirements of these IFRS and their respective interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC), have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

2.1.1 These financial statements have been prepared in accordance with forms for the preparation of the annual financial statements of the banks / DFIs issued by the SBP, vide its BPRD Circular No. 02 dated January 25, 2018.

2.1.2 The Company believes that there is no significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.2 Standards, interpretations and amendments to published accounting and reporting standards as applicable in Pakistan that are effective in the current year.

There are certain new Standards and interpretations and amendments that are mandatory for the Company's accounting period beginning on or after January 1, 2022 that are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been detailed in these financial statements.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective.

The following standards, amendments and interpretations as notified under the Companies Act, 2017 will be effective for the accounting periods as stated below:

	Effective date (annual periods beginning on or after)
IFRS 9 - 'Financial instruments'	January 01, 2023
IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 01, 2023
IAS 12 - 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'	January 01, 2023
IFRS 16 - 'Leases on sale and leaseback'	January 01, 2024
IAS 1 - 'Non current liabilities with covenants'	January 01, 2024

Further, following new standards have been issued by IASB which are yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 17 – Insurance Contracts	January 01, 2023

IFRS 9 - 'Financial Instruments'

As directed by the SBP via BPRD Circular no 3 of 2022, (IFRS) 9, 'Financial Instruments' is effective for periods beginning on or after January 1, 2023 for banks / DFIs having asset base of more than Rs. 500 billion as at December 31, 2021. The SBP via the same circular has finalized the instructions on (IFRS) 9 (Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks / DFIs.

During 2022, the management of the Company has performed an impact assessment of (IFRS) 9 taking into account the SBP's (IFRS) 9 application instructions. The assessment is based on available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company at the time of finalizing the impact for initial application of (IFRS) 9. In addition, the Company will implement changes in classification of certain financial instruments.

An overview of the (IFRS) 9 requirements that are expected to have significant impact are discussed below along with the additional requirements introduced by the SBP:

Classification and measurement

The classification and measurement of financial assets will be based on the business model within which they are held and their contractual cash flow characteristics. Financial assets that do not meet the solely payments of principal and profit (SPPI) criteria are measured at FVTPL regardless of the business model in which they are held. The Company's business model in which financial assets are held will determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

The business model reflects how groups of financial assets are managed to achieve a particular business objective. Financial assets can only be held at amortised cost if the instruments are held in order to collect the contractual cash flows ('hold to collect'), and where those contractual cash flows are solely payments of principal and profit (SPPI).

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

The classification of equity instruments is generally measured at FVTPL unless the Company, at initial recognition, irrevocably designates as FVOCI but both unrealized and realized gains or losses are recognized in reserves and no amounts other than dividends received are recognized in the profit and loss account.

All other financial assets will mandatorily be held at FVTPL. Financial assets may be designated at FVTPL only if doing so eliminates or reduces an accounting mismatch.

Impairment

The impairment requirements apply to financial assets measured at amortised cost and FVOCI (other than equity instruments), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment

allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognized are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

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

Based on the requirement of (IFRS) 9 and the SBP's (IFRS) 9 application instructions, the Company has performed an ECL assessment taking into account the key elements such as assessment of SCIR, Probability of Default, Loss Given Default and Exposure at Default.

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

Presentation and disclosure

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

Impact of adoption of IFRS 9

The Company will adopt IFRS 9 in its entirety effective January 01, 2023 with modified retrospective approach for restatement. The cumulative impact of initial application will be recorded as an adjustment to equity at the beginning of the accounting period. The actual impact of adopting IFRS 9 on the Company's financial statements in the year 2023 will be dependent on the financial instruments that the Company would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Nevertheless, the Company has performed a preliminary assessment of the potential impact of adoption of IFRS 9 and based on this assessment, the Company does not expect any material effect on the Company's Capital Adequacy Ratio (CAR) and equity as of December 31, 2022.

The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2023.

- 2.3.1** The SBP vide its BPRD Circular No. 02 of 2023 dated February 9, 2023 has specified the new reporting format for financial statements of Banking Companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the quarter ending March 31, 2023.

2.4 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires the management to exercise judgments in the process of applying the Company's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- (a) Classification and impairment of investments in accordance with the Company's policy (notes 4.3, 4.3.6 and 8);
- (b) Provision against non-performing advances (notes 4.4 and 9);
- (c) Accounting for defined benefit plan and compensated absences (notes 4.8, 4.9, 16 and 34);
- (d) Depreciation / amortisation of fixed assets and intangible assets (notes 4.5, 4.6, 10 and 11);
- (e) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 4.12, 15, and 29);
- (g) Provisions, contingent assets and liabilities (4.14)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the following:

- Obligation in respect of staff retirement benefit is carried at present value of defined benefit obligation;
- Certain investments classified as available-for-sale are carried at fair value in accordance with the requirements of the SBP.

3.2 Functional and presentation currency

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

3.2.2 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are stated below. These policies have been consistently applied to all the years presented.

4.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and balances with treasury and other banks in current and deposit accounts.

4.2 Lendings to / borrowings from financial institutions (reverse repo / repo)

The Company enters into secured and unsecured lending and borrowing transactions with financial institutions. These are recorded as under:

4.2.1 Sale under repurchase agreement

Securities sold subject to a repurchase agreement (repo) are retained in these financial statements as investments and the counter party liability is included in borrowings. The difference between the sale and contracted repurchase price is accrued on a time proportion basis over the period of the contract and recorded as an expense.

4.2.2 Purchase under resale agreement

Securities purchased with a corresponding commitment to resell at a specified future date (reverse repos) are not recognized as investment in the statement of financial position. Amounts paid under these agreements are included in reverse repurchase agreement lendings. The difference between purchase and resale price is accrued as income over the term of the reverse repo agreement.

4.2.3 Other borrowings

Other borrowings including borrowings from the SBP are recorded at the proceeds received. Mark-up on such borrowings is charged to the profit and loss account on a time proportion basis.

4.2.4 Bai Muajjal

In Bai Muajjal, the Company buys sukuks on credit from other financial institutions. The price is agreed at the time of purchase and such proceeds are paid at the end of credit period.

4.2.5 Other lendings

Lendings are stated net of provision. Mark-up on such lendings is charged to the profit and loss account on a time proportion basis except mark-up on impaired / delinquent lendings, which is recognized on receipt basis.

4.3 Investments

4.3.1 Classification

The Company classifies its investments other than those in associates based on the criteria set out in BSD Circular Nos. 10, 11 and 14 dated July 13, 2004, August 04, 2004 and September 24, 2004 respectively. The investments are classified in the following categories as per the SBP guidelines:

- Held for trading investments, investments which are acquired with an intention to trade by taking advantage of short term market / interest rate movements and shall be sold within 90 days.
- Held-to-maturity investments, the Company classifies non derivative financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investment to maturity.
- Available-for-sale investments, investments other than associates which do not fall under 'held for trading' or 'held to maturity' categories.
- Associates are all entities over which the Company has significant influence but not control. Investment in associates is carried at cost less accumulated impairment losses, if any.

4.3.2 Initial recognition and measurement

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

4.3.3 Trade date accounting

All purchase and sale of investments that require delivery within the time frame established by regulations or market convention are recognized at trade date. Trade date is a date on which the Company commits to purchase or sell the investments.

4.3.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- Held for trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the net profit and loss for the year.

- Held to maturity

These are measured at amortised cost, less any impairment loss recognized to reflect irrecoverable amount.

- Available for sale

In accordance with the requirements specified by the SBP, quoted securities (other than those classified as 'held to maturity' and 'investments in associates and subsidiary'), are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the Other Comprehensive Income (OCI). On derecognition or impairment of available-for-sale investments, the cumulative gain or loss previously reported in OCI is transferred to the profit and loss for the period.

4.3.5 Investment in associates

Associates are those entities in which the Company has significant influence, but does not have control, over the financial and operating policies. These financial statements include the Company's share of the total recognized gains and losses of associates on an equity accounting basis, from the date significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the carrying amount is reduced to

nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligation.

4.3.6 Impairment

Available for sale and Held to maturity investments

Impairment loss in respect of investments classified as available for sale and held to maturity is recognized based on the management's assessment of an objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of "significant or prolonged" requires judgment.

In case of impairment in available for sale investments, the related loss previously reported in other comprehensive income is transferred to the profit and loss account for period. For investments classified as held to maturity, the impairment loss is recognized in the profit and loss account.

Investment in associates and subsidiary

In respect of investment in associates and subsidiary, the Company reviews their carrying values at each reporting date to assess whether there is an indication of impairment. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognized in the profit and loss account.

4.4 Advances including net investment in finance leases

Advances are stated net of provision for doubtful debts. Provision for doubtful debts is determined in accordance with 'Prudential Regulations' issued by the SBP and the Credit Policy of the Company. The provision is charged to the profit and loss account.

Advances are written off when there are no realistic prospects of recovery.

Leases, where substantially all risks and rewards incidental to ownership of an asset are transferred to the lessee, are classified as finance lease. A receivable is recognized at an amount equal to the present value of the lease payments. The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income.

4.5 Operating fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and impairment loss (if any) except leasehold land which is stated at cost.

Depreciation is charged to the profit and loss account applying the straight line method whereby the cost of an asset is written off over its estimated useful life. Depreciation is charged in the month of purchase and no depreciation is charged in the month of disposal. Depreciation is charged at the rates stated in note 10.2.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred.

Gain or loss on the disposal or retirement of fixed assets is taken to the profit and loss account.

4.5.1 Capital Work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

4.6 Intangible assets

Intangible assets with definite useful lives are stated at cost less accumulated amortization and accumulated impairment loss (if any). Amortization is charged on a straight line basis over their estimated useful lives. Amortization is charged at the rates stated in note 11.

4.7 Certificates of investment (COI) / deposits

COI / deposits are initially recorded at the amount of proceeds received. Mark-up is accrued under effective interest rate method on a time proportion basis.

4.8 Staff retirement benefits

Defined benefit plan

The Company operates a funded gratuity scheme for all its eligible permanent employees. The liability recognized in respect of gratuity funded scheme is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

Amounts arising as a result of "Remeasurement" representing the actuarial gains and losses and the difference between the actual investment returns and that implied by net return cost are recognized in the statement of financial position immediately, with a charge or credit to "other comprehensive income" in the periods in which they occur. The actuarial valuation involve assumption and estimates of discount rates, expected rates of return on assets, future salary increases and future inflation rates as disclosed in note 33.

The last actuarial valuation of the employees' defined benefit plan was conducted as of December 31, 2022.

Defined contribution plan

The Company also operates a recognized provident fund scheme for its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 10% of the salary. Contributions from the Company are charged to the profit and loss account for the year.

4.9 Employees' compensated absences

The Company recognises liability in respect of employees' compensated absences in the period in which these are earned upto the date of statement of financial position. The provision is recognized on the basis of actuarial valuation using projected unit credit method.

The last actuarial valuation of the employees' compensated absences was conducted as of December 31, 2022.

4.10 Foreign currencies

Foreign currency transactions are recorded in Rupees at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currency are reported in Pakistan Rupees at the exchange rates prevalent on the date of statement of financial position. Exchange gains and losses are included in the profit and loss account.

4.11 Revenue recognition

- i) Dividend income is recognized when the Company's right to receive the payment is established.
- ii) Income from loans, term finance certificates, debentures, bank deposits, government securities and reverse repo transactions is recognized under effective interest rate method, except where recovery is considered doubtful, the income is recognized on receipt basis.
- iii) The Company follows the finance method in recognising income on lease contracts. Under this method the unearned income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortised over the term of the lease, so as to produce a constant rate of return on net investment in the lease.
- iv) Gain on sale of securities is recognized at the time of sale of relevant securities.
- v) Advisory income is recognized as the services are rendered.

The Company earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services.

The Company recognizes fees earned on transaction-based arrangements at a point in time when the Company has provided the service to the customer. Where the contract requires services to be provided over time, income is recognized on a systematic basis over the life of the agreement.

4.12 Taxation

Current and prior

The charge for current taxation is based on expected taxable income at the current rates of taxation after taking into account the available tax credits and tax rebates, if any. The charge for current tax also include adjustments to tax payable relating to prior years and that are finalized in the current period from assessments, changes in estimates and retrospectively applies changes to the law made during the current year.

Deferred

The Company accounts for deferred taxation using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences and any unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

4.13 Impairment of non-financial assets

The carrying amount of the assets, other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses other than those relating to equity investments are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.15 Off setting of financial assets and financial liabilities

'Financial assets' and 'financial liabilities' are only offset and the net amount is reported in the statement of financial position when future is a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.16 Derivative financial instruments

Derivative financial instruments are initially measured at fair value and subsequently remeasured at fair value. The gain or loss on remeasurement to fair value is recognized in the profit and loss account.

4.17 Dividend distribution

Dividends and appropriations to reserves, except appropriations which are required by the law, made subsequent to the reporting date are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the reporting period' in the year in which they are approved / transfers are made.

4.18 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

4.19 Share Capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.20 Segment reporting

A segment is distinguishable component of the Company that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Company's primary format of reporting is based on business segments.

Business segments

Following are the main segments of the Company:

- Corporate Finance It includes loans, advances, leases and other transactions with corporate customers.
- Treasury It undertakes Company's fund management activities through leveraging and investing in liquid assets such as short term placements, government securities and reverse repo activities. It carries out spread based activities in the inter bank market and manages the interest rate risk exposure of the Company.
- Capital Market Includes trading in listed securities with a view to trade and earn the benefit of market fluctuations and to hold securities for dividend income and capital gain.
- Investment Banking It undertakes advisory services including mergers and acquisitions, listed debt syndication, trustee activities and other investment banking activities.

Geographical segments

All the Company's business segments operate in Pakistan only.

5	CASH AND BALANCES WITH TREASURY BANKS	Note	2022	2021
----- (Rupees in '000)-----				
	Cash in hand in local currency		80	80
	With State Bank of Pakistan in			
	- local currency current account	5.1	614,665	141,420
	With National Bank of Pakistan in			
	- local currency current account		532	1,162
			<u>615,277</u>	<u>142,662</u>

5.1 This includes Rs. 610.5 million (2021: Rs.136.5 million) held as minimum cash reserve required to be maintained by the Company with the SBP in accordance with requirement of BSD Circular No. 04 dated May 22, 2004.

6	BALANCES WITH OTHER BANKS	Note	2022	2021
----- (Rupees in '000)-----				
	In Pakistan			
	- in current account		7,701	1,097
	- in deposit account	6.1	85,704	18,055
			<u>93,405</u>	<u>19,152</u>

6.1 This represents balance maintained in savings accounts with banks which includes balance with Meezan Bank Limited (a related party) amounting to Rs. 83.526 million (December 31, 2021: Rs. 16.085 million). The profit rates on these accounts ranges between 7.00% to 14.50% (December 31, 2021: 4.00% and 7.25%) per annum.

7	LENDINGS TO FINANCIAL INSTITUTIONS	Note	2022	2021
			----- (Rupees in '000) -----	
	Repurchase agreement lendings (Reverse Repo)	7.3	9,823,727	-

7.1 Particulars of lending

In local currency	9,823,727	-
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7.2 Securities held as collateral against lendings to financial institutions

	2022			2021		
	Held by Company	Further given as collateral	Total	Held by Company	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	9,823,727	-	9,823,727	-	-	-

7.3 This represents lendings to financial institutions against purchase and resale of government securities. Market value of these securities as at December 31, 2022 amounted to Rs. 9,815 million (December 31, 2021: Nil). The markup rates on these lendings are between 15.80% and 16% (December 31, 2021: Nil) per annum with maturity in four days after year end (December 31, 2021: Nil).

8 INVESTMENTS

8.1	Investments by type:	Note	2022				2021			
			Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
			----- (Rupees in '000) -----							
	Held-for-trading securities									
	Shares		119,143	-	(8,754)	110,389	53,455	-	(320)	53,135
	Available-for-sale securities									
	Federal Government Securities	8.4.1	678,773,341	-	(4,057,638)	674,715,703	64,716,306	-	(2,092,559)	62,623,747
	Shares	8.4.2	2,844,839	(375,368)	(341,983)	2,127,488	3,640,578	(147,832)	(195,167)	3,297,579
	Non Government Debt Securities	8.4.3	8,769,871	(33,638)	17,751	8,753,984	8,209,334	(33,638)	43,666	8,219,362
			690,388,051	(409,006)	(4,381,870)	685,597,175	76,566,218	(181,470)	(2,244,060)	74,140,688
	Associates	8.1.1	38,580,355	-	-	38,580,355	29,651,106	-	-	29,651,106
	Total Investments		729,087,549	(409,006)	(4,390,624)	724,287,919	106,270,779	(181,470)	(2,244,380)	103,844,929

8.1.1 Movement in investments in associates

	2022	2021
	----- (Rupees in '000) -----	
Investments at beginning of the year	29,651,106	24,344,147
Disposal of investments in associates	-	(52,599)
Investment in associates	424,993	60,000
Share in deficit on revaluation of 'available-for-sale' securities of associates	(1,411,929)	(450,683)
Share of surplus on revaluation of non - banking assets of associates	(6,230)	1,106
Share of remeasurement of defined benefit obligation of associates	(43,586)	(22,514)
Share of profit from associates recognized in the profit and loss account	13,702,925	8,929,735
Share of employee share option compensation reserve of associate	88,189	40,037
Provision for impairment of an associate	-	(2,015)
Dividend received from associates	(3,825,113)	(3,196,108)
Investments at end of the year	<u>38,580,355</u>	<u>29,651,106</u>

The cost of investments in associates as at December 31, 2022 amounted to Rs. 3,371 million (December 31, 2021: Rs. 2,946 million). Share in results of associates recorded under equity method of accounting, net of dividend, capital gain and income taxes amounted to Rs. 8,259 million (December 31, 2021: Rs. 4,882 million).

8.1.2 Investment in Associates

The Company's associates are:

Associates	Note	Nature of Activities	Country of Incorporation	Percentage holding
Meezan Bank Limited (MBL)	a	Islamic Banking	Pakistan	30
Ghandhara Tyre and Rubber Company Ltd. (Formerly The General Tyre & Rubber Company of Pak Ltd (GTR))	a	Tyre Manufacturing	Pakistan	30
Al Meezan Investment Management Limited (AMIM)	a	Investment Management	Pakistan	30
EClear Services Limited (ESL)	a	Clearing & Settlement	Pakistan	20
Al Meezan Mutual Fund (AMMF)	b	Fund	Pakistan	6.51
National Clearing Company of Pakistan Limited (NCCPL)	c	Clearing & Settlement	Pakistan	15
Planet N (Private) Ltd (PNL)	c	Tech Startups	Pakistan	9.93

- a) These are considered an associate because of significant influence the Company is able to exercise over its management and its financial and operating policies. Significant influence is evidenced largely through the investment in the associate being 20% or more and representation on its board of directors.
- b) This is considered an associate because of significant influence the Company is able to exercise over its management and its financial and operating policies. Significant influence is evidenced largely through the representation on the board of directors of the management company and participation in decisions about dividend and other distributions policies.
- c) These are considered an associate because of significant influence the Company is able to exercise over its management and its financial and operating policies. Significant influence is evidenced largely through the representation on its board of directors and participation in decisions about dividend and other distributions policies.

8.1.3 Summarized financial statements of associates

2022	MBL	GTR	AMIM	AMMF	NCCPL	ESL	PNL
	----- (Rupees in '000) -----						
Current Assets	537,691,112	10,778,440	3,285,607	4,136,249	21,388,336	523,187	80,488
Non-Current Assets	2,044,209,466	5,407,027	892,051	-	561,326	22,778	232,834
Total Assets	2,581,900,578	16,185,467	4,177,658	4,136,249	21,949,662	545,965	313,322
Current Liabilities	2,266,865,200	11,067,631	673,080	82,011	19,746,533	243,010	11,445
Non-Current Liabilities	195,900,688	1,599,033	63,486	-	38,125	-	24,732
Total Liabilities	2,462,765,888	12,666,664	736,566	82,011	19,784,658	243,010	36,177
Net Assets	119,134,690	3,518,803	3,441,092	4,054,238	2,165,004	302,955	277,145
Fair Value / break up value of investment	53,441,760	987,656	1,032,327	260,238	324,751	60,591	30,695
Dividend Received	3,514,171	109,740	165,000	-	36,202	-	-
Revenue	121,819,390	2,504,345	1,630,287	(236,436)	1,179,929	14,145	-
Profit / (loss) from continuing operations	88,805,003	342,186	878,787	(416,828)	350,628	13,592	(177,708)
Tax	(43,663,751)	(187,323)	(294,339)	-	(106,222)	(2,174)	-
Profit / (loss) after tax from continuing operations	45,141,252	154,863	584,448	(416,828)	244,406	11,418	(177,708)
Other Comprehensive Income / (loss)	(4,835,731)	(27,147)	(11,982)	-	(3,636)	-	-
Total Comprehensive Income / (loss)	40,305,521	127,716	572,466	(416,828)	240,770	11,418	(177,708)

The financial statements upto December 31, 2022 have been used for all associates Except Planet N Ltd. For Planet N Ltd. financial statements upto September 30, 2022 have been used.

2021	MBL	GTR	AMIM	AMMF	NCCPL	ESL
	----- (Rupees in '000) -----					
Current Assets	1,010,812,927	11,244,779	3,855,202	5,146,859	25,248,908	351,572
Non-Current Assets	896,846,120	5,404,008	336,518	-	736,589	15,154
Total Assets	1,907,659,047	16,648,787	4,191,720	5,146,859	25,985,497	366,726
Current Liabilities	1,664,512,009	11,451,261	773,094	96,917	23,789,483	76,799
Non-Current Liabilities	152,705,426	1,440,639	-	-	29,710	-
Total Liabilities	1,817,217,435	12,891,900	773,094	96,917	23,819,193	76,799
Net Assets	90,441,612	3,756,887	3,418,626	5,049,942	2,166,304	289,927
Fair Value / backup value of investment	65,456,322	1,695,841	1,025,588	287,646	324,946	57,985
Dividend Received	2,854,203	-	300,000	-	41,905	-
Revenue	68,905,589	2,019,419	1,819,984	311,462	1,681,256	555
Profit / (loss) from continuing operations	47,976,758	570,096	1,074,113	119,575	856,329	(10,072)
Tax	(19,469,170)	(162,097)	(274,032)	-	(241,022)	-
Profit after tax from continuing operations	28,507,588	407,999	800,081	119,575	615,307	(10,072)
Other Comprehensive Income / (loss)	(1,556,438)	(11,332)	5,654	-	917	-
Total Comprehensive Income / (loss)	26,951,150	396,667	805,735	119,575	616,224	(10,072)

The financial statements upto December 31, 2021 have been used for all associates.

8.1.4 Reconciliation of Summarized information of associates

2022	MBL	GTR	AMIM	AMMF	NCCPL	ESL	PNL
----- (Rupees in '000) -----							
Net assets of the associate	119,134,690	3,518,803	3,441,092	4,054,238	2,165,004	302,955	277,145
The Company's proportionate interest in associate	35,740,407	1,055,641	1,032,328	231,902	324,751	60,591	27,520
Other adjustments	(372,077)	71,403	280	30,110	(5,552)	(116)	383,167
Carrying amount of the Company's interest in associate	35,368,330	1,127,044	1,032,608	262,012	319,199	60,475	410,687

2021	MBL	GTR	AMIM	AMMF	NCCPL	ESL	
----- (Rupees in '000) -----							
Net assets of the associate	90,441,612	3,756,887	3,418,626	5,049,942	2,166,304	289,927	
The Company's proportionate interest in associate	27,132,484	1,127,066	1,025,588	288,857	324,946	57,985	
Other adjustments	(369,718)	71,402	280	(2,034)	(5,661)	(89)	
Carrying amount of the Company's interest in associate	26,762,766	1,198,468	1,025,868	286,823	319,285	57,896	

8.1.5 Significant restrictions

The associates do not have significant restrictions on their ability to access or use their assets or settle liabilities other than those resulting from the regulatory framework within which they operate, including but not limited to the requirement of maintaining minimum level of capital and liquid assets, and limit on maximum exposures and other required ratios.

8.2 Investments by segments:

Note	2022				2021			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
Federal Government Securities:								
Market Treasury Bills	439,438,195	-	216,998	439,655,193	-	-	-	-
Pakistan Investment Bonds	239,335,146	-	(4,274,636)	235,060,510	64,716,306	-	(2,092,559)	62,623,747
	678,773,341	-	(4,057,638)	674,715,703	64,716,306	-	(2,092,559)	62,623,747
Shares:								
Listed Companies	2,859,956	(272,142)	(350,737)	2,237,077	3,590,007	(44,606)	(195,487)	3,349,914
Unlisted Companies	93,736	(92,936)	-	800	93,736	(92,936)	-	800
	2,953,692	(365,078)	(350,737)	2,237,877	3,683,743	(137,542)	(195,487)	3,350,714
Non Government Debt Securities								
Listed	4,893,260	-	3,334	4,896,594	4,060,697	-	36,166	4,096,863
Unlisted	3,876,611	(33,638)	14,417	3,857,390	4,148,637	(33,638)	7,500	4,122,499
	8,769,871	(33,638)	17,751	8,753,984	8,209,334	(33,638)	43,666	8,219,362
Foreign Securities								
Unlisted equity securities	10,290	(10,290)	-	-	10,290	(10,290)	-	-
	10,290	(10,290)	-	-	10,290	(10,290)	-	-
Associates								
Meezan Bank Limited	35,368,330	-	-	35,368,330	26,762,766	-	-	26,762,766
Ghandhara Tyre and Rubber Company Ltd. (Formerly General Tyre and Rubber Company)	1,127,044	-	-	1,127,044	1,198,468	-	-	1,198,468
Al Meezan Mutual Funds	262,012	-	-	262,012	286,823	-	-	286,823
Al Meezan Investment Management Ltd.	1,032,608	-	-	1,032,608	1,025,868	-	-	1,025,868
National Clearing Company of Pakistan Ltd.	319,199	-	-	319,199	319,285	-	-	319,285
EClear Services Limited	60,475	-	-	60,475	57,896	-	-	57,896
Planet N (Private) Limited	410,687	-	-	410,687	-	-	-	-
	38,580,355	-	-	38,580,355	29,651,106	-	-	29,651,106
Total Investments	729,087,549	(409,006)	(4,390,624)	724,287,919	106,270,779	(181,470)	(2,244,380)	103,844,929

- 8.2.1** The investments in Pakistan Investment Bonds are maturing between July 12, 2023 and September 19, 2029 (2021: July 12, 2023 and September 19, 2029) and the effective mark-up rates range between 8.66 and 17.13 (2021: 7.00 and 10.00) percent per annum.
- 8.2.2** Investments in shares of Meezan Bank Limited costing Rs. 2,422 million and market value of Rs. 53,442 million (2021: Cost Rs. 2,422 million and market value of Rs. 65,456 million) are held as strategic investment in terms of the Prudential Regulations applicable to Corporate / Commercial Banking which can be sold only with prior permission of SBP.
- 8.2.3** The investment in Al-Meezan Investment Management Limited can be sold only with prior permission of SECP.
- 8.2.4** The market value of shares in listed associates amounted to Rs. 54,690 million (2021: Rs. 67,440 million).

8.2.5 Investments given as collateral

	2022	2021
	----- (Rupees in '000)-----	
Pakistan Investment Bonds	234,365,271	21,503,796
Market Treasury Bills	423,020,833	-
	<u>657,386,104</u>	<u>21,503,796</u>

8.3 Provision for diminution in value of investments

8.3.1 Opening balance	181,470	157,646
Charge / reversals		
Charge for the year	713,923	64,231
Reversal on disposals	(486,387)	(40,407)
	<u>227,536</u>	<u>23,824</u>
Closing balance	<u>409,006</u>	<u>181,470</u>

8.3.2 Particulars of provision against debt securities

Category of classification

	2022		2021	
	*NPI	Provision	*NPI	Provision
	----- (Rupees in '000)-----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	33,638	33,638	33,638	33,638
	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>
Overseas	-	-	-	-
Total	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>	<u>33,638</u>

* NPI stands for Non-Performing Investments.

8.4 Quality of Available for Sale Securities

Details regarding quality of available-for-sale (AFS) securities are as follows:

8.4.1 Federal Government Securities - Government guaranteed

	2022	2021
	----- (Rupees in '000)-----	
	Cost	
Market Treasury Bills	439,438,195	-
Pakistan Investment Bonds	239,335,146	64,716,306
	<u>678,773,341</u>	<u>64,716,306</u>

8.4.2 Shares

Listed Companies

- Cement
- Commercial Banks
- Fertilizer
- Leasing
- Oil and Gas Marketing Companies
- Power Generation and Distribution
- Technology & Communication
- Engineering
- Miscellaneous

2022	2021
Cost	
----- (Rupees in '000)-----	
667,941	516,630
452,678	648,360
106,876	455,967
7,407	7,407
130,179	123,542
945,182	985,915
358,219	170,950
72,331	504,108
-	123,673
2,740,813	3,536,552

Unlisted Companies

- Arabian Sea Country Club
- Axel Products Limited
- Dadabhoy Padube Limited
- Engine Systems Limited
- FTC Management Company (Private) Limited
- Innovative Investment Bank Limited
- Pakistan Mercantile Exchange Limited
- Pakistan Textile City Limited
- Trans Mobile Limited
- TCC Management Company Limited

2022		2021	
Cost	Breakup value	Cost	Breakup value
----- (Rupees in '000)-----			
2,150	-	2,150	-
4,043	-	4,043	-
200	-	200	-
10,000	-	10,000	-
500	43,259	500	40,094
4,770	-	4,770	-
11,773	-	11,773	-
50,000	-	50,000	-
10,000	-	10,000	-
300	2,122	300	1,860
93,736	45,381	93,736	41,954

8.4.3 Non Government Debt Securities

Listed

- AAA
- AA+, AA, AA-
- A+, A, A-

2022	2021
Cost	
----- (Rupees in '000)-----	
250,000	250,000
4,157,546	2,943,601
485,714	867,096
4,893,260	4,060,697

Unlisted

- AAA
- AA+, AA, AA-
- A+, A, A-
- Unrated

1,639,744	999,999
1,541,666	1,440,000
661,563	675,000
33,638	1,033,638
3,876,611	4,148,637

8.4.4 Foreign Securities

Equity Securities

Unlisted Shares

- Islamic International Rating Agency Limited

10,290	10,290
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9	ADVANCES	Note	Performing		Non Performing		Total	
			2022	2021	2022	2021	2022	2021
----- (Rupees in '000) -----								
	Loans, cash credits, running finances, etc.	9.1	50,657,236	27,918,711	1,026,291	1,065,341	51,683,527	28,984,052
	Provision against advances							
	- Specific	9.4	-	-	(985,518)	(1,024,568)	(985,518)	(1,024,568)
	- General	9.4	(1,100,000)	(600,000)	-	-	(1,100,000)	(600,000)
			(1,100,000)	(600,000)	(985,518)	(1,024,568)	(2,085,518)	(1,624,568)
	Advances - net of provision		49,557,236	27,318,711	40,773	40,773	49,598,009	27,359,484

9.1 Includes Net Investment in Finance Lease as disclosed below:

	2022				2021			
	Not later than one year	Later than one and less than five years	Over five years	Total	Not later than one year	Later than one and less than five years	Over five years	Total
----- (Rupees in '000) -----								
Lease rentals receivable	813,236	658,774	-	1,472,010	709,964	615,627	-	1,325,591
Residual value	40,773	41,935	-	82,708	40,773	20,000	-	60,773
Minimum lease payments	854,009	700,709	-	1,554,718	750,737	635,627	-	1,386,364
Financial charges for future periods	84,962	76,939	-	161,901	70,209	83,607	-	153,816
Present value of minimum lease payments	769,047	623,770	-	1,392,817	680,528	552,020	-	1,232,548

9.1.1 The Company has entered into lease agreements with various companies for lease of vehicles and plant and machinery. The amounts recoverable under these arrangements are receivable latest by the year 2027 and are subject to finance income at rates ranging between 5% and 18.24% (2021: 5% and 16.52%) per annum.

9.1.2 In respect of the aforementioned finance leases, the Company holds an aggregate sum of Rs. 82.708 million (2021: Rs. 60.773 million) as security deposits on behalf of the lessees which are included under other liabilities (note 16).

9.2 Particulars of advances (Gross)

	2022	2021
----- (Rupees in '000) -----		
In local currency	51,683,527	28,984,052

9.3 Advances include Rs. 1,026.291 million (2021: Rs 1,065.341 million) which have been placed under non-performing status as detailed below:

Category of Classification	2022		2021	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----				
Domestic				
Other Assets Especially Mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	1,026,291	985,518	1,065,341	1,024,568
Total	1,026,291	985,518	1,065,341	1,024,568

Provision is recorded net of security deposit of Rs. 40.773 million (2021: Rs. 60.773 million).

9.4 Particulars of provision against advances	2022			2021		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	1,024,568	600,000	1,624,568	1,024,568	300,000	1,324,568
Charge for the year	-	500,000	500,000	-	300,000	300,000
Reversals	(39,050)	-	(39,050)	-	-	-
	(39,050)	500,000	460,950	-	300,000	300,000
Closing balance	<u>985,518</u>	<u>1,100,000</u>	<u>2,085,518</u>	<u>1,024,568</u>	<u>600,000</u>	<u>1,624,568</u>

9.4.1 Particulars of provision against advances	2022			2021		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
In local currency	<u>985,518</u>	<u>1,100,000</u>	<u>2,085,518</u>	<u>1,024,568</u>	<u>600,000</u>	<u>1,624,568</u>

9.5 The Company has made a general provision of Rs. 500 million during the year (2021: 300 million) against advances on prudent basis, in view of prevailing economic conditions, which approximate to 0.97% (2021: 1.04%) of gross advances. The total general provision held against advances as at December 31, 2022 is Rs. 1,100 million which is 2.13% of gross advances. This general provision is in addition to the requirement of the Prudential Regulations.

9.6 Particulars of loans and advances to staff included in advances	Note	2022	2021
		----- (Rupees in '000) -----	
Opening balance		210,346	105,473
Disbursements during the year		181,876	138,215
Repayments during the year		(44,852)	(33,342)
		137,024	104,873
Balance at end of the year		<u>347,370</u>	<u>210,346</u>

10 FIXED ASSETS		2022	2021
		----- (Rupees in '000) -----	
Capital work-in-progress	10.1	303,012	-
Property and equipment	10.2	394,532	279,773
		<u>697,544</u>	<u>279,773</u>

10.1 Capital work-in-progress		2022	2021
Advances to suppliers		<u>303,012</u>	<u>-</u>

10.2 Property and Equipment

2022				
Buildings on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Motor Vehicles	Total

At January 1, 2022

(Rupees in '000)

Cost	279,095	31,679	119,477	92,281	522,532
Accumulated depreciation	(86,113)	(15,535)	(68,194)	(72,917)	(242,759)
Net book value	<u>192,982</u>	<u>16,144</u>	<u>51,283</u>	<u>19,364</u>	<u>279,773</u>

Year ended December 2022

Opening net book value	192,982	16,144	51,283	19,364	279,773
Additions	91,520	51,938	19,474	-	162,932
Cost of assets disposed of	(3,981)	(11,956)	(1,164)	(60,986)	(78,087)
Depreciation charge	(7,155)	(5,440)	(24,477)	(10,140)	(47,212)
Accumulated depreciation on disposal	3,981	11,361	798	60,986	77,126
Closing net book value	<u>277,347</u>	<u>62,047</u>	<u>45,914</u>	<u>9,224</u>	<u>394,532</u>

At December 31, 2022

Cost	366,634	71,661	137,787	31,295	607,377
Accumulated depreciation	(89,287)	(9,614)	(91,873)	(22,071)	(212,845)
Net book value	<u>277,347</u>	<u>62,047</u>	<u>45,914</u>	<u>9,224</u>	<u>394,532</u>
Rate of depreciation (percentage)	<u>2.50 - 20</u>	<u>20</u>	<u>20 - 33.3</u>	<u>20 - 63</u>	<u>-</u>

2021				
Buildings on Leasehold land	Furniture and fixtures	Electrical, office and computer equipment	Motor Vehicles	Total

(Rupees in '000)

At January 1, 2021

Cost	246,377	19,152	97,809	86,447	449,785
Accumulated depreciation	(79,403)	(13,466)	(68,953)	(31,144)	(192,966)
Net book value	<u>166,974</u>	<u>5,686</u>	<u>28,856</u>	<u>55,303</u>	<u>256,819</u>

Year ended December 2021

Opening net book value	166,974	5,686	28,856	55,303	256,819
Additions	32,718	13,330	42,823	5,834	94,705
Cost of assets disposed of	-	(803)	(21,155)	-	(21,958)
Depreciation charge	(6,710)	(2,872)	(20,396)	(41,773)	(71,751)
Accumulated depreciation on disposals	-	803	21,155	-	21,958
Closing net book value	<u>192,982</u>	<u>16,144</u>	<u>51,283</u>	<u>19,364</u>	<u>279,773</u>

At December 31, 2021

Cost	279,095	31,679	119,477	92,281	522,532
Accumulated depreciation	(86,113)	(15,535)	(68,194)	(72,917)	(242,759)
Net book value	<u>192,982</u>	<u>16,144</u>	<u>51,283</u>	<u>19,364</u>	<u>279,773</u>
Rate of depreciation (percentage)	<u>2.50 - 20</u>	<u>20</u>	<u>20 - 33.3</u>	<u>20 - 63</u>	<u>-</u>

10.2.1 Included in cost of property and equipment are fully depreciated items still in use having cost of:

	2022	2021
	----- (Rupees in '000) -----	
Furniture and fixtures	1,344	12,142
Electrical, office and computer equipment	48,181	42,150
Motor vehicles	12,695	12,695
Building on leasehold land	-	3,981
	<u>62,220</u>	<u>70,968</u>

- 10.3 Details of disposals of fixed assets whose original cost or the book value exceeds Rs. 1 million or Rs. 250,000 whichever is less and assets disposed of to the chief executive or to a director or to executives or to any related party, irrespective of the value are as follows:

Description	Cost	Accumulated depreciation	Net Book Value	Sale Proceeds	Modes of disposal	Particular of purchaser
----- (Rupees in '000) -----						
Mercedes Benz S 560EL	60,986	60,986	-	6,100	As per the terms of contract	Mubashar Maqbool (MD)

11 INTANGIBLE ASSETS	Note	2022	2021
----- (Rupees in '000) -----			
Capital work-in-progress - computer software		-	3,480
Intangible assets - computer software	11.1	<u>19,238</u>	<u>9,586</u>
		<u>19,238</u>	<u>13,066</u>

11.1 INTANGIBLE ASSETS - COMPUTER SOFTWARE

	2022
	(Rupees in '000)
At January 1, 2022	
Cost	93,377
Accumulated amortisation	(83,791)
Net book value	<u>9,586</u>
Year ended December 31, 2022	
Opening net book value	9,586
Additions	15,452
Amortisation charge	(5,800)
Closing net book value	<u>19,238</u>
At December 31, 2022	
Cost	108,829
Accumulated amortisation	(89,591)
Net book value	<u>19,238</u>
Rate of amortisation (percentage)	20
Useful life	<u>5 years</u>
	2021
At January 1, 2021	(Rupees in '000)
Cost	92,579
Accumulated amortisation	(78,789)
Net book value	<u>13,790</u>
Year ended December 31, 2021	
Opening net book value	13,790
Additions	798
Amortisation charge	(5,002)
Closing net book value	<u>9,586</u>
At December 31, 2021	
Cost	93,377
Accumulated amortisation	(83,791)
Net book value	<u>9,586</u>
Rate of amortisation (percentage)	20
Useful life	<u>5 years</u>

- 11.2 The cost of fully amortised intangible assets that are still in use amounted to Rs. 68.51 million (2021: Rs. 68.51 million).

12 OTHER ASSETS	Note	2022	2021
----- (Rupees in '000)-----			
Income / Mark-up accrued in local currency - net		7,995,249	2,046,198
Advances, deposits, advance rent and other prepayments		30,200	448,167
Advance taxation (payments less provisions)		4,924,740	871,475
Other receivable	12.1	56,759	55,697
		<u>13,006,948</u>	<u>3,421,537</u>
Less: Provision held against other assets	12.2	(46,259)	(46,259)
		<u>12,960,689</u>	<u>3,375,278</u>

12.1 Other assets include receivable from Pakistan Kuwait Takaful Company Limited amounting Rs. 20.771 million (December 31, 2021: Rs. 20.771 million) that has been fully provided.

	Note	2022	2021
----- (Rupees in '000)-----			
12.2 Provisions held against other assets			
Other receivables		<u>46,259</u>	<u>46,259</u>
12.3 Movement in provision held against other assets			
Opening balance		46,259	46,259
Charge for the year		-	-
Reversals		-	-
Amount Written off		-	-
Closing balance		<u>46,259</u>	<u>46,259</u>

13 BORROWINGS

Secured

Borrowings from State Bank of Pakistan			
Under Long Term Finance Facility (LTFF)	13.1	7,203,550	4,841,493
Under Financing Scheme for Renewable Energy	13.2	2,729,785	1,798,557
Under Temporary Economic Refinance Facility	13.3	3,438,974	1,842,795
		<u>13,372,309</u>	<u>8,482,845</u>
Bai Muajjal	13.4	30,657,267	22,583,808
Repurchase agreement borrowings	13.5	547,407,564	29,631,427
Term Finance Facility	13.6	114,000,000	20,000,000
Total secured		<u>705,437,140</u>	<u>80,698,080</u>

Unsecured

Bai Muajjal	13.4	18,306,337	510,944
Letter of Placement	13.7	3,500,000	-
Total unsecured		<u>21,806,337</u>	<u>510,944</u>
		<u>727,243,477</u>	<u>81,209,024</u>

13.1 Borrowings from SBP under LTFF

These represent borrowings from the SBP under the scheme for long term financing facility (LTFF). The mark-up rate on these facilities is payable at maximum of 7% per annum (December 31, 2021: maximum of 5% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2021: maximum period of 10 years). As per the term of the agreements, the Company has granted the SBP a right to recover the outstanding amounts from the Company at the respective date of maturity of finance by directly debiting the current account of the Company maintained with the SBP.

13.2 Borrowings from SBP under Financing Scheme for Renewable Energy

This represents Long Term Finance Facility on concessional rates to support in addressing dual challenge of energy shortage and climate change through promotion of renewable energy. The mark-up rates on these facilities are payable at maximum of 3% per annum (December 31, 2021: maximum of 3% per annum) payable on quarterly basis with maturities within a maximum period of 12 years (December 31, 2021: maximum period of 12 years). As per the term of the agreements, the Company has granted the SBP a right to recover the outstanding amounts from the Company at the respective date of maturity of finance by directly debiting the current account of the Company maintained with the SBP.

13.3 Borrowing from SBP under Temporary Economic Refinance Facility

This represents Long Term Finance Facility on concessional rates to support sustainable economic growth especially in the backdrop of challenges being faced by the industry in post pandemic scenario. The mark-up rate on these facilities is payable at maximum of 1% per annum (December 31, 2021: maximum of 1% per annum) payable on quarterly basis with maturities within a maximum period of 10 years (December 31, 2021: maximum period of 10 years). As per the term of the agreements, the Company has granted the SBP a right to recover the outstanding amounts from the Company at the respective date of maturity of finance by directly debiting the current account of the Company maintained with the SBP.

13.4 Bai Muajjal

This represents borrowings from the financial institutions at mark-up rates between 15.20% and 15.90% (December 31, 2021: 7.10% and 7.28%) per annum and having maturities between January 23, 2023 and May 02, 2024 (December 31, 2021: January 04, 2022 and February 18, 2022).

13.5 Repurchase agreement borrowings

The Company has arranged borrowing from financial institutions against sale and repurchase of the government securities. The mark-up rates on these borrowings are between 15.22% and 16.21% per annum (December 31, 2021: 10.00% and 10.75% per annum) with maturities between sixty three days to seventy days (December 31, 2021: four days and fourteen days).

13.6 Term Finance Facility

The Company has availed long term borrowings from the commercial banks and a company. The interest rates on these facilities are between 8.63% and 17.12% (December 31, 2021: 7.73% and 11.02%) per annum and have maturities between March 22, 2023 and December 28, 2028 (December 31, 2021: March 14, 2024 and December 27, 2027).

13.7 Letter of placement (LOP)

The interest rate on these LOPs are 16.05% and 16.10% (December 31, 2021: Nil) per annum. These LOPs have maturity dates on January 3, 2023 and January 17, 2023 (December 31, 2021: Nil).

13.8 Particulars of borrowings with respect to Currencies

	2022	2021
	----- (Rupees in '000) -----	
In local currency	<u>727,243,477</u>	<u>81,209,024</u>

14 DEPOSITS AND OTHER ACCOUNTS

	2022			2021		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- (Rupees in '000) -----					
Customers						
Term deposits (COI)	6,656,590	-	6,656,590	5,605,000	-	5,605,000
Financial Institutions						
Term deposits (COI)	<u>7,028,306</u>	-	<u>7,028,306</u>	659,766	-	659,766
	<u>13,684,896</u>	-	<u>13,684,896</u>	<u>6,264,766</u>	-	<u>6,264,766</u>

14.1 Composition of deposits

	2022	2021
	----- (Rupees in '000) -----	
- Government	2,852,000	-
- Public Sector Entities	1,550,000	300,000
- Non-Banking Financial Institutions	7,028,306	659,766
- Private Sector	<u>2,254,590</u>	<u>5,305,000</u>
	<u>13,684,896</u>	<u>6,264,766</u>

14.2 The profit rates on these Certificate of Investments (COI) are between 12.50% and 16.88% per annum (December 31, 2021: 7.25% and 11.60% per annum). These COIs have maturities between January 03, 2023 and November 24, 2023 (December 31, 2021: January 03, 2022 and August 30, 2022).

15 DEFERRED TAX LIABILITIES

2022				
At January 1, 2022	Recognised in P&L A/C	Recognised in OCI	Recognised in SOCE	At December 31, 2022

----- (Rupees in '000) -----

Deductible temporary differences on

- Post retirement employee benefits
- Deficit on revaluation of investments
- Provision against non-performing advances
- Provision for taxation

38,935	7,477	3,844	-	50,256
292,546	1,273	1,139,662	-	1,433,481
471,125	217,096	-	-	688,221
-	133,450	-	-	133,450
802,606	359,296	1,143,506	-	2,305,408

Taxable temporary differences on

- Accelerated tax depreciation
- Finance lease arrangements
- Share of profits from associates

(36,238)	3,099	-	-	(33,139)
(197,786)	(40,134)	-	-	(237,920)
(3,939,329)	(1,617,909)	220,009	(13,228)	(5,350,457)
(4,173,353)	(1,654,944)	220,009	(13,228)	(5,621,516)
(3,370,747)	(1,295,648)	1,363,515	(13,228)	(3,316,108)

2021				
At January 1, 2021	Recognised in P&L A/C	Recognised in OCI	Recognised in SOCE	At December 31, 2021

----- (Rupees in '000) -----

Deductible temporary differences on

- Post retirement employee benefits
- Provision against non-performing advances

28,180	5,467	5,288	-	38,935
384,125	87,000	-	-	471,125
412,305	92,467	5,288	-	510,060

Taxable temporary differences on

- Surplus on revaluation of investments
- Accelerated tax depreciation
- Finance lease arrangements
- Share of profits from associates

(7,648)	40	300,154	-	292,546
(47,973)	11,735	-	-	(36,238)
(183,764)	(14,022)	-	-	(197,786)
(3,152,039)	(851,973)	70,689	(6,006)	(3,939,329)
(3,391,424)	(854,220)	370,843	(6,006)	(3,880,807)
(2,979,119)	(761,753)	376,131	(6,006)	(3,370,747)

16 OTHER LIABILITIES

Note

2022

2021

----- (Rupees in '000) -----

Mark-up / return / interest payable in local currency		1,893,233	443,977
Accrued expenses		1,764,768	1,333,015
Payable to defined benefit obligation	33.4	101,468	86,003
Security deposits against lease	9.1.2	82,708	60,773
Employees' compensated absences		50,824	48,256
Unearned Income		5,248	2,977
Payable to share brokers on account of purchase of marketable securities		1,142	11,849
Others		10,705	18,671
		<u>3,910,096</u>	<u>2,005,521</u>

17 SHARE CAPITAL

17.1 Authorized Capital

2022

2021

----- (Number of shares) -----

1,000,000 1,000,000 Ordinary shares of Rs. 25,000 each

2022

2021

----- (Rupees in '000) -----

25,000,000 25,000,000

17.2 Issued, subscribed and paid up

2022	2021		2022	2021
----- (Number of shares) -----			----- (Rupees in '000) -----	
25,950	25,950	Ordinary shares of Rs. 25,000 each issued for cash	648,750	648,750
614,050	614,050	Ordinary shares of Rs. 25,000 each issued as bonus shares	15,351,250	15,351,250
<u>640,000</u>	<u>640,000</u>		<u>16,000,000</u>	<u>16,000,000</u>

The State Bank of Pakistan (SBP) on behalf of the Government of Pakistan (GOP) and Kuwait Investment Authority (KIA) on behalf of the Government of Kuwait each hold 320,000 (2021: 320,000) ordinary shares of the Company as at December 31, 2022.

18 RESERVES	Note	2022	2021
		----- (Rupees in '000) -----	
Statutory reserve	18.1	11,999,846	9,793,911
Non-distributable reserve	18.2	935,264	935,264
Capital market equalization reserve	18.3	1,659,468	1,659,468
Total reserves		<u>14,594,578</u>	<u>12,388,643</u>

18.1 Statutory reserve	2022	2021
	----- (Rupees in '000) -----	
At beginning of the year	9,793,911	8,217,424
Add: Transfer during the year	2,205,935	1,576,487
	<u>11,999,846</u>	<u>9,793,911</u>

According to BPD Circular No. 15 dated May 31, 2004 issued by the SBP, an amount not less than 20% of the after tax profits shall be transferred to create a reserve fund till such time the reserve fund equals the amount of the paid-up capital and after that a sum not less than 5% of profit after tax shall be credited to the statutory reserve. The Company has transferred 20% of its after tax profit for the year to this reserve amounting to Rs. 2,205.935 million (2021: Rs. 1,576.487 million).

18.2 Non-distributable reserve	2022	2021
	----- (Rupees in '000) -----	
At beginning of the year	935,264	935,264
Add: Addition during the year	-	-
	<u>935,264</u>	<u>935,264</u>

This represents share of gain on bargain purchase of an associate. This is recorded as a non distributable reserve in accordance with the SBP instructions letter (BPRD (R&P-02) / 625-110-2014-17729) issued to the associate. This gain may, as per the requirements of the above mentioned SBP letter, become available for distribution as stock dividend only with the prior approval of the SBP. Further, this gain may, before distribution of the gain as stock dividend, be adjusted against any subsequent provisions / deficit assessed by the associate or as recommended by the Banking Inspection Department of the SBP in subsequent inspections.

18.3 Capital market equalization reserve	2022	2021
	----- (Rupees in '000) -----	
At beginning of the year	1,659,468	1,659,468
Add: Addition during the year	-	-
	<u>1,659,468</u>	<u>1,659,468</u>

The 'Capital Market Equalization Reserve' has been setup as decided in the 135th board meeting held on December 24, 2014, in order to provide adequate reserve against volatility in the value of capital market portfolio. An amount upto a minimum of ten percent of the profit after tax will be transferred till such time the reserve equals thirty percent of the capital market portfolio at cost. Currently the reserve stands at 58.02% (2021: 46.22%) of the capital market portfolio at cost.

19 SURPLUS ON REVALUATION OF ASSETS	Note	2022	2021
----- (Rupees in '000) -----			
(Deficit) / surplus on revaluation of			
- Available for sale securities	8.1	(4,381,870)	(2,244,060)
- Associates		<u>(234,620)</u>	<u>1,183,564</u>
		<u>(4,616,490)</u>	<u>(1,060,496)</u>
Deferred tax on (deficit) / surplus on revaluation of:			
- Available for sale securities		<u>1,392,979</u>	<u>253,317</u>
- Associates		<u>77,516</u>	<u>(135,212)</u>
		<u>1,470,495</u>	<u>118,105</u>
		<u>(3,145,995)</u>	<u>(942,391)</u>

20 CONTINGENCIES AND COMMITMENTS

-Guarantees	20.1	2,229,520	2,128,264
-Commitments	20.2	<u>11,387,211</u>	<u>22,390,337</u>
		<u>13,616,731</u>	<u>24,518,601</u>

20.1 Guarantees:

Financial guarantees		<u>2,229,520</u>	<u>2,128,264</u>
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20.2 Commitments

Undisbursed sanctions for financial assistance in the form of:

- Loans and advances		11,051,875	18,926,650
- TFCs and Sukuks		-	110,000

Letter of Comfort		<u>335,336</u>	<u>3,353,687</u>
		<u>11,387,211</u>	<u>22,390,337</u>

20.3 Tax Contingencies

- (a) The Income Tax Department has amended the deemed assessment orders for the tax years from 2003 to 2019, raising a tax demand of Rs. 8,982 million, mainly due to additions in respect of allocation of expenses against dividend income subject to tax at reduced rate / Final Tax Regime and capital gains. In such orders, the taxation authority has not accepted the Company's contention on the matter of allocation of expenses on exempt capital gains and dividend income. The total additions made in tax years 2003 to 2019 under this head amount to Rs 8,982 million.

In the tax year 2003, the Appellate Tribunal Inland Revenue (ATIR) had directed the tax authorities for the allocation to be made considering the 'cost of investment' rather than 'gross turnover'. It had not approved the application of Rule 13 (3) of the Income Tax Rules, 2002 on the common expenditure for the determination of taxable income under each head of income in the case of the Company. Subsequently, the action of the Taxation Officer of refusing to issue the appeal effect, in view of the departmental appeal before the High Court, was contested in appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)]. The CIR(A) adjudged the matter in favour of the Company directing the Officer to give effect to the express directions. This was maintained by the ATIR in the subsequent departmental appeal. Thereafter these directions were again not followed in remand proceedings and the CIR(A) vide the appellate order dated October 29, 2018 had again remanded back the matter giving specific directions. The appeal effect order to this latest order has not yet been issued.

Relying on the decision of ATIR in tax year 2003, the CIR(A) through orders dated September 23, 2011, November 30, 2012, June 15, 2015, September 8, 2017, March 6, 2018, March 7, 2018 and July 26, 2019 for tax years 2004 to 2007, tax year 2010, tax years 2011 to 2013, tax year 2015, tax years 2014 and 2017, tax year 2016 and tax year 2018 respectively, directed for the application of provision of section 124A of the Ordinance. For other issues, the appeals of the Company for the tax years 2014 to 2018 are pending before the ATIR. In tax years 2008 and 2009, the action was maintained by the CIR(A). The appeals were preferred by the Company and the Department before the ATIR.

The appeals effect to the CIR(A) orders were issued for the tax years 2004 to 2007 and 2010 allowing the entire addition. In the order dated June 30, 2020 for tax year 2015, the Officer not following the directions of the CIR(A), had allocated expenses on the basis of turnover. The CIR(A) vide the appellate order dated December 31, 2021 had again remanded back the matter. The appeals effect to this latest order has not yet been issued.

The ATIR in the combined appellate order dated March 10, 2021 has adjudged the departmental appeals in the tax years 2004 to 2007, 2010 and 2011 to 2013, remanding back the matter of allocation of expenses on exempt capital gains and dividend income by placing reliance on its decision in the tax year 2003. The ATIR has further concluded that the provisions of section 124A of the Ordinance are not applicable in the instant case. The directions were given to preferably decide the matter in sixty days. The notices to finalise the matter were issued and responded and the matter is still pending on account of the appeal effect for the year 2003.

The appeals for tax years 2008 and 2009 have also been adjudicated by the ATIR vide combined appellate order dated March 10, 2021 remanding back the matter of allocation of expenses with similar directions.

In tax year 2019, the CIR(A) vide order dated March 18, 2022 has remanded back the matter by placing reliance on the decision of ATIR dated March 10, 2021.

Recently appeal effect orders were issued for the years 2014 and 2016 to 2019 vide orders all dated December 14, 2022 and December 16, 2022 for tax year 2018. In all these orders, the Officer has not followed the directions of the CIR(A) i.e. not adjudicating on the matters remanded back / deleted. The appeals were again preferred by the Company before the CIR(A).

Further, the Company had made representation before Federal Board of Revenue for necessary clarification and has also referred the above matter to Alternate Dispute Resolution Committee, a mechanism available to provide an opportunity to taxpayers for an easy and efficient resolution of disputes. The same has become infructuous considering the proceedings in appeal.

The Company has made provision of Rs. 1,393 million against the demand for the abovementioned years based on cost of investment. The management is confident that the ultimate outcome of the appeals would be in favor of the Company inter alia on the basis of the advice of the tax consultants and the relevant law and the facts.

- (b) Another issue which arises adjudicated in the appellate Order of the ATIR order dated March 10, 2021 for tax years 2010 to 2012 is the disallowance of the tax loss on pre-mature lease terminations by holding that the provisions of section 77(4) of the Ordinance do not apply on the lease contracts terminated "pre-mature". An amount of Rs 67.224 million is involved, and reference has been preferred before the High Court.

In an amended order for the tax year 2019, deviating from the past positions, the Officer had also subjected the amount representing Share of Associates in the Profit and Loss Account to tax including other issues, which has been deleted by the CIR(A) vide appellate order dated March 18, 2022. However as mentioned above the appeal effect has not been given and now the appeal is pending before CIR(A). The management is confident that the ultimate outcome of the appeal would be in favor of the Company inter alia based on the advice of the tax consultants and the relevant law and the facts.

21 MARK-UP / RETURN / INTEREST EARNED

	2022	2021
	----- (Rupees in '000) -----	
On:		
loans and advances	4,260,482	1,035,210
investments	38,810,922	6,190,492
lendings to financial institutions	115,203	113,046
balances with banks	7,295	1,106
	<u>43,193,902</u>	<u>7,339,854</u>

22 MARK-UP / RETURN / INTEREST EXPENSED

On:		
deposits	1,313,093	486,284
borrowings	6,023,892	4,093,653
securities sold under repurchase agreements - government securities	33,324,592	499,085
	<u>40,661,577</u>	<u>5,079,022</u>

23	FEE & COMMISSION INCOME	Note	2022	2021
			----- (Rupees in '000) -----	
	Participation fee		25,569	35,100
	Commission on guarantees		11,558	7,615
	Commission on letter of comfort		7,319	7,224
	Commitment fee		13,576	2,570
	Advisory fee		7,040	465
	Arrangement fee		36,469	13,723
	Underwriting commission		-	3,500
			<u>101,531</u>	<u>70,197</u>
			<u>101,531</u>	<u>70,197</u>
24	GAIN ON SECURITIES			
	Realised gain	24.1	381,082	27,483
	Unrealised loss on held-for-trading	8.1	(8,754)	(320)
			<u>372,328</u>	<u>27,163</u>
			<u>372,328</u>	<u>27,163</u>
24.1	Realised (loss) / gain on:			
	Federal Government Securities		(394)	(136,070)
	Shares		381,476	146,740
	Associates		-	16,813
			<u>381,082</u>	<u>27,483</u>
			<u>381,082</u>	<u>27,483</u>
25	SHARE IN RESULT OF ASSOCIATES			
	Quoted associates		13,502,657	8,597,504
	Un-quoted associates		200,268	332,231
			<u>13,702,925</u>	<u>8,929,735</u>
			<u>13,702,925</u>	<u>8,929,735</u>
26	OTHER INCOME			
	Space / arrangement income		44,503	30,145
	Gain on sale of fixed assets		7,320	1,000
	Late payment charges		11,386	124
	Nominee directors fee		15,915	11,600
	Early encashment charges		1,642	-
	Others		-	236
			<u>80,766</u>	<u>43,105</u>
			<u>80,766</u>	<u>43,105</u>

27 OPERATING EXPENSES	Note	2022	2021
----- (Rupees in '000) -----			
Total compensation expense	27.1	1,058,108	867,235
Property expense			
Rent & taxes		11,597	11,852
Insurance		1,421	799
Utilities cost		11,548	8,917
Security expense		36	-
Repairs & maintenance		41,970	74,895
Depreciation		7,155	6,710
		73,727	103,173
Information technology expenses			
Software maintenance		3,777	2,520
Hardware maintenance		227	219
Depreciation		11,943	11,850
Amortisation		5,800	5,002
Network charges		5,344	4,882
		27,091	24,473
Other operating expenses			
Directors' fees and allowances		103,054	90,698
Legal & professional charges		141,891	117,234
Outsourced services costs	27.2	36,139	31,274
Travelling & conveyance		21,740	9,081
Depreciation		28,114	53,191
Training & development		5,963	5,954
Postage & courier charges		974	524
Communication		9,276	10,942
Stationery & printing		8,755	5,927
Marketing, advertisement & publicity		6,882	4,134
Donations	27.3	145,000	94,000
Auditors' remuneration	27.4	12,772	9,273
Newspaper, periodicals and subscription dues		11,027	8,277
Repairs & maintenance (others)		2,086	2,094
Bank charges		268	294
Entertainment expense		18,116	8,674
Others		24,480	17,998
		576,537	469,569
		1,735,463	1,464,450
27.1 Total compensation expense			
Fee and allowance		87,068	73,799
Managerial remuneration - fixed		356,056	296,608
Managerial remuneration - variable (bonus)		520,000	400,000
Charge for defined benefit plan	33.8.1	39,225	33,513
Contribution to defined contribution plan		32,197	35,095
Medical		11,602	12,001
Pilgrimage sponsorship		3,504	-
Compensated absences		7,633	15,487
Others		823	732
Total		1,058,108	867,235

27.2 Total cost for the year included in other operating expenses relate to service on property maintenance paid to a company incorporated in Pakistan.

27.3 During the year, the Company donated to the following recognized institutions:

Donee

	2022	2021
	----- (Rupees in '000) -----	
The Citizens Foundation	14,000	10,000
The Indus Hospital	13,000	9,000
Shaukat Khanum Memorial Trust	11,000	9,000
Akhuwat Foundation	8,000	5,000
Allah Walay Trust	8,000	5,000
Family Educational Services Foundation	6,000	5,000
Patient's Aid Foundation	6,000	5,000
Sahara for Life Trust	6,000	5,000
The Tahzibul Akhlaq Trust	6,000	4,000
Health and Nutrition Development Society (HANDS)	5,000	-
The Kidney Centre	5,000	4,000
Aziz Jehan Begum Trust for the Blind	4,000	3,000
Developments in Literacy	4,000	2,000
Institute of Business Administration	4,000	-
Karigar Training Institute	4,000	3,000
Make-A-Wish Pakistan	4,000	3,000
People's Primary Healthcare Initiative Balochistan	4,000	2,000
Roshni Homes Trust	4,000	3,000
Rural Education and Development Foundation	4,000	3,000
Salik Development Foundation	4,000	2,000
Society for Human & Environmental Development	4,000	2,000
Afzaal Memorial Thalassemia Foundation	3,000	2,000
Karachi Down Syndrome Program	3,000	2,000
Kaarvan Crafts Foundation	3,000	2,000
Karachi Vocational Training Centre	3,000	2,000
Karwan-e-Hayat	3,000	2,000
Layton Rahmatullah Benevolent Trust	2,000	-
	145,000	94,000

27.3.1 None of the directors or their spouse had any interest in the donations made.

27.4 Auditors' remuneration

	2022	2021
	----- (Rupees in '000) -----	
Audit fee	1,891	1,891
Fee for half yearly review	757	757
Special certifications and sundry advisory services	1,657	6,176
Tax services	7,700	-
Out-of-pocket expenses	767	449
	12,772	9,273

28 PROVISIONS & WRITE OFFS - NET	Note	2022	2021
		----- (Rupees in '000) -----	
Provisions for diminution in value of investments	8.3.1	713,923	64,231
Provision against loans & advances	9.4	460,950	300,000
		1,174,873	364,231

29 TAXATION			
Current		1,669,576	864,239
Deferred		1,295,648	761,752
		2,965,224	1,625,991

29.1 Relationship between tax expense and accounting profit

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for the current year income tax has been made under the provisions of Minimum Tax under section 113 of the Income Tax Ordinance, 2001. Relationship between income tax expense and accounting profit for the year ended December 31, 2021 is as follows:

	2021
	(Rupees in '000)
Profit before taxation	9,508,425
Tax at the applicable rate of 29%	2,757,443
Net tax effect on income taxed at reduced rates	(1,147,865)
Tax effect of provision for diminution / impairment in the value of investments	18,627
Others	(2,214)
	<u>1,625,991</u>

30 BASIC / DILUTED EARNINGS PER SHARE	2022	2021
	----- (Rupees in '000) -----	
Profit for the year	11,029,673	7,882,434
	----- (Numbers in '000) -----	
Weighted average number of ordinary shares	640	640
	----- (Rupees) -----	
Basic / diluted earnings per share	17,234	12,316

31 CASH AND CASH EQUIVALENTS	Note	2022	2021
		----- (Rupees in '000) -----	
Cash and balance with treasury banks	5	615,277	142,662
Balance with other banks	6	93,405	19,152
		708,682	161,814

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

	2022								
	Liabilities			Equity					
	Borrowings	Deposits and other accounts	Other liabilities	Share Capital	Reserves	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
					Investments	Non banking assets of associates			
----- (Rupees in '000) -----									
Balance as at January 1, 2022	81,209,024	6,264,766	2,005,521	16,000,000	12,388,643	(949,097)	6,706	14,738,034	42,184,286
Changes from financing cash flows									
Dividend Paid	-	-	-	-	-	-	-	(1,100,000)	(1,100,000)
Share of movement in other reserve of associate- net of tax	-	-	-	-	-	-	-	74,961	74,961
Share of transfer from surplus of non-banking assets to unappropriated profit by an associate - net of tax	-	-	-	-	-	-	(22)	22	-
Other Changes									
Liability related									
Changes in borrowings	646,034,453	-	-	-	-	-	-	-	-
Changes in deposits and other accounts	-	7,420,130	-	-	-	-	-	-	-
Changes in other liabilities									
- Cash based	-	-	1,893,198	-	-	-	-	-	-
- Non-cash based	-	-	11,377	-	-	-	-	-	-
Transfer of profit to reserves	-	-	-	-	2,205,935	-	-	(2,205,935)	-
Deficit on revaluation of investment	-	-	-	-	-	(2,198,287)	-	-	(2,198,287)
Surplus on revaluation of non-banking assets of associates	-	-	-	-	-	-	(5,295)	-	(5,295)
Profit after tax	-	-	-	-	-	-	-	11,029,673	11,029,673
Other comprehensive income	-	-	-	-	-	-	-	(44,107)	(44,107)
	646,034,453	7,420,130	1,904,575	-	2,205,935	(2,198,287)	(5,295)	8,779,631	8,781,984
Balance as at December 31, 2022	727,243,477	13,684,896	3,910,096	16,000,000	14,594,578	(3,147,384)	1,389	22,492,648	49,941,231

	2021								
	Liabilities			Equity					
	Borrowings	Deposit and other accounts	Other liabilities	Share Capital	Reserves	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
					Investments	Non banking assets of associates			
----- (Rupees in '000) -----									
Balance as at January 1, 2021	62,152,972	2,820,000	1,156,329	10,000,000	10,812,156	1,469,041	5,766	15,430,259	37,717,222
Changes from financing cash flows									
Dividend Paid	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)
Bonus shares issued	-	-	-	6,000,000	-	-	-	(6,000,000)	-
Share of movement in other reserve of associate- net of tax	-	-	-	-	-	-	-	34,034	34,034
Other Changes									
Liability related									
Changes in borrowings	19,056,052	-	-	-	-	-	-	-	-
Changes in deposits and other accounts	-	3,444,766	-	-	-	-	-	-	-
Changes in other liabilities									
- Cash based	-	-	833,612	-	-	-	-	-	-
- Non-cash based	-	-	15,580	-	-	-	-	-	-
Transfer of profit to reserves	-	-	-	-	1,576,487	-	-	(1,576,487)	-
Deficit on revaluation of investment	-	-	-	-	-	(2,418,138)	-	-	(2,418,138)
Surplus on revaluation of non-banking assets of associates	-	-	-	-	-	-	940	-	940
Profit after tax	-	-	-	-	-	-	-	7,882,434	7,882,434
Other comprehensive income	-	-	-	-	-	-	-	(32,206)	(32,206)
	19,056,052	3,444,766	849,192	-	1,576,487	(2,418,138)	940	6,273,741	5,433,030
Balance as at December 31, 2021	81,209,024	6,264,766	2,005,521	16,000,000	12,388,643	(949,097)	6,706	14,738,034	42,184,286

32 STAFF STRENGTH	2022	2021
	----- (Number) -----	
Permanent	76	74
On Company contract	3	1
Company's own staff strength at the end of the year	<u>79</u>	<u>75</u>

32.1 In addition to the above, 31 (2021: 31) employees of an outsourcing services company were assigned to the Company as at the end of the year to perform janitorial services. Further, all of these employees work locally.

33 DEFINED BENEFIT PLAN

33.1 General description

The Company operates a funded gratuity scheme for all its eligible permanent employees. 'Projected unit credit method' has been used for actuarial valuation. The last actuarial valuation of the employees' defined benefit plan was conducted as of December 31, 2022.

33.2 Number of Employees under the scheme	2022	2021
	----- (Number) -----	
The number of employees covered under the defined benefit schemes are:	<u>77</u>	<u>75</u>

33.3 Principal actuarial assumptions

The actuarial valuations were carried out as at December 31, 2022 using the following significant assumptions:

	Note	2022	2021
		----- (Per annum) -----	
Discount rate		<u>14.50%</u>	<u>11.75%</u>
Expected rate of return on plan assets		<u>14.50%</u>	<u>11.75%</u>
Expected rate of salary increase			
For first two years following valuation		<u>14.50%</u>	<u>11.75%</u>
For third year and onward		<u>14.50%</u>	<u>11.75%</u>

33.4 Reconciliation of (receivable from) / payable to defined benefit plans		2022	2021
		----- (Rupees in '000) -----	
Present value of obligations	33.5	314,228	271,411
Fair value of plan assets	33.6 & 33.9	<u>(212,760)</u>	<u>(185,408)</u>
		<u>101,468</u>	<u>86,003</u>

33.5 Movement in defined benefit obligations

Obligations at the beginning of the year	271,411	207,687
Current service cost	29,124	27,239
Interest cost	30,765	21,170
Benefits paid by the Company	(25,140)	-
Re-measurement loss	8,068	15,315
Obligations at the end of the year	<u>314,228</u>	<u>271,411</u>

	Note	2022	2021
------(Per annum)-----			
33.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		185,408	143,283
Interest income on plan assets		20,665	14,896
Contribution by the Company - net		35,406	30,146
Benefits paid during the year		(25,140)	-
Re-measurements: net return on plan assets	33.8.2	(3,579)	(2,917)
Fair value at the end of the year		212,760	185,408
33.7 Movement in payable to defined benefit plan			
Opening balance		86,003	64,404
Charge for the year	33.8.1	39,225	33,513
Contribution by the Company - net		(35,407)	(30,146)
Re-measurement: loss recognized in OCI during the year	33.8.2	11,647	18,232
Closing balance		101,468	86,003
33.8 Charge for defined benefit plans			
33.8.1 Cost recognised in profit and loss			
Current service cost		29,124	27,239
Net interest on defined benefit assets		10,101	6,274
		39,225	33,513
33.8.2 Re-measurements recognised in OCI during the year			
Gain on obligation			
- Demographic assumptions		(275)	-
- Financial assumptions		3,797	2,440
- Experience adjustment		4,546	12,875
Return on plan assets over interest income		3,579	2,917
Total re-measurements recognized in OCI		11,647	18,232
33.9 Components of plan assets			
Cash and cash equivalents - net		38,728	58,348
Government Securities		172,784	125,940
Investment in Mutual Fund		1,247	1,120
		212,759	185,408
33.9.1 Significant risks			

The significant risks associated with the staff retirement benefit schemes are as follows:

Asset volatility

The risk arises due to the inclusion of the risky assets in the gratuity fund portfolio, inflation and interest rate volatility.

Changes in bond yields:

The risk arises when bond yield is lower than the expected return on the plan assets (duration based PIB discount rate).

Inflation risks:

The risk arises if gratuity benefits are linked to inflation and the inflation is higher than expected, which results in higher liabilities.

Life expectancy / withdrawal risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

Longevity risk:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Other risks:

Mortality risk	The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.
Investment risks	The risk of the investment underperforming and not being sufficient to meet the liabilities.
Final salary risks	The risk that the final salary at the time of cessation of service is higher than the assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.
Withdrawal risks	The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

33.10 Sensitivity analysis

The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption, keeping all other assumptions constant:

	2022	2021
	----- (Rupees in '000) -----	
1% increase in discount rate	294,799	251,548
1% decrease in discount rate	335,881	293,984
1 % increase in expected rate of salary increase	337,147	295,083
1 % decrease in expected rate of salary increase	293,348	250,252

33.11 Expected contributions to be paid to the funds in the next financial year
49,524

33.12 Expected charge for the next financial year
49,524

2022 2021

----- (Rupees in '000) -----

33.13 Maturity profile

The weighted average duration of the present value of defined benefit obligation 6.52 7.79

Benefit Payments

Distribution of timing of benefit payments

Years

1	35,655	48,831
2	22,996	26,118
3	77,126	12,939
4	50,654	13,714
5	32,666	33,253
6 - 10	409,295	279,455

33.14 Funding policy

The Company funds the yearly contribution to the defined benefit plan each year, as per the amount calculated by the actuary. During current year the Company contributed an amount of Rs. 35.41 million to staff gratuity fund.

34 DEFINED CONTRIBUTION PLAN

The Company operates an approved funded contributory provident fund for all its permanent employees to which monthly contributions are made both by the Company (at the rate of 10 %) and by the employees (at the rate of 10 %) of salary.

2022 2021

----- (Rupees in '000) -----

Contribution from the Company	32,197	35,095
Contribution from the employees	32,197	35,095
	<u>64,394</u>	<u>70,190</u>

35 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

35.1 Total Compensation Expense

	2022				
	Directors		Chief Executive	Key Management Personnel	Other Material Risk Takers / Controllers
Chairman	Non-Executives				
	----- (Rupees in '000) -----				
Fees and allowances etc.	3,700	13,800	-	-	-
Managerial Remuneration	-	-	66,125	183,086	59,019
Charge for defined benefit plan	-	-	5,510	10,675	1,759
Contribution to defined contribution plan	-	-	6,612	13,757	5,307
Rent & house maintenance	-	-	5,880	-	-
Utilities	-	-	3,420	-	-
Medical	-	-	834	541	3,412
Bonus Paid	-	-	93,339	146,552	52,762
Others	-	-	5,963	10,947	3,199
Total	<u>3,700</u>	<u>13,800</u>	<u>187,683</u>	<u>365,558</u>	<u>125,458</u>
Number of persons	<u>1</u>	<u>3</u>	<u>1</u>	<u>12</u>	<u>6</u>

The Chief Executive is also provided with the free use of a Company maintained car as per his entitlement.

Key management personnel and other material risk takers / controllers are entitled to vehicle allowance in accordance with the terms of their employment.

	2021				
	Directors		Chief Executive	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives			
	(Rupees in '000)				
Fees and allowances etc.	3,050	14,675	-	-	-
Managerial Remuneration	-	-	59,040	160,815	47,967
Charge for defined benefit plan	-	-	4,920	8,052	1,941
Contribution to defined contribution plan	-	-	5,904	13,773	3,852
Rent & house maintenance	-	-	5,880	-	-
Utilities	-	-	3,420	-	-
Medical	-	-	908	1,721	952
Bonus Paid	-	-	51,829	58,073	14,467
Others	-	-	7,317	12,689	3,390
Total	3,050	14,675	139,218	255,123	72,569
Number of persons	<u>2</u>	<u>5</u>	<u>1</u>	<u>12</u>	<u>5</u>

The Chief Executive is also provided with the free use of two Company maintained cars as per his entitlement.

Key Management Personnel and Other Material Risk Takers / Controllers are entitled with Vehicle Allowance in accordance with the terms of their employment.

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

S. No	Name of Director	2022				
		Meeting Fees and Allowances Paid				
		For Board Meeting	For Board Committees			Total Amount Paid
Risk Management Committee	Audit Committee		Executive Committee			
		(Rupees in '000)				
1. Mohammad A. M. Al-Fares		2,400	-	-	1,300	3,700
2. Jasem A. Al-Hajry		2,000	1,300	1,300	-	4,600
3. Abdullah Salah A. Al-Sayer		2,000	1,300	1,300	-	4,600
4. Naveed Alauddin		2,000	1,300	1,300	-	4,600
		<u>8,400</u>	<u>3,900</u>	<u>3,900</u>	<u>1,300</u>	<u>17,500</u>

S. No	Name of Director	2021				
		Meeting Fees and Allowances Paid				
		For Board Meeting	For Board Committees			Total Amount Paid
Risk Management Committee	Audit Committee		Executive Committee			
		(Rupees in '000)				
1. Abdullah Abdulwahab Al-Ramadhan		1,800	-	-	650	2,450
2. Mohammad A. M. Al-Fares		600	-	-	-	600
3. Faisal Adnan Al-Hunaif		1,500	650	-	-	2,150
4. Jasem A. Al-Hajry		500	-	-	-	500
5. Abdullah Salah A. Al-Sayer		2,000	975	975	325	4,275
6. Rana Assad Amin		1,500	-	650	-	2,150
7. Naveed Alauddin		3,000	1,300	1,300	-	5,600
		<u>10,900</u>	<u>2,925</u>	<u>2,925</u>	<u>975</u>	<u>17,725</u>

35.3 Board and its Committees Meeting Fee of Kuwaiti Directors are deposited in Kuwait Investment Authority Board Pool Account on their behalf.

36 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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

36.1 On balance sheet financial instruments

2022									
Held-for trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investments									
- Market treasury bills	-	439,655,193	-	-	439,655,193	-	439,655,193	-	439,655,193
- Pakistan investment bonds	-	235,060,510	-	-	235,060,510	-	235,060,510	-	235,060,510
- Shares of listed companies	110,389	2,126,688	-	-	2,126,688	2,237,077	-	-	2,237,077
- Listed sukuk / term finance certificates	-	4,896,594	-	-	4,896,594	-	4,896,594	-	4,896,594
- Unlisted sukuk / term finance certificates	-	3,857,390	-	-	3,857,390	-	3,857,390	-	3,857,390
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	615,277	-	615,277	-	-	-	-
Balances with other banks	-	-	93,405	-	93,405	-	-	-	-
Investments									
- Investments in associates - listed	-	36,757,386	-	-	36,757,386	54,689,745	-	-	54,689,745
- Shares in unlisted companies	-	800	-	-	800	-	-	-	-
- Shares of unlisted associates	-	1,822,969	-	-	1,822,969	-	-	-	-
Advances	-	-	49,598,009	-	49,598,009	-	-	-	-
Other assets	-	-	7,993,776	-	7,993,776	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(727,243,477)	(727,243,477)	-	-	-	-
Deposits and other accounts	-	-	-	(13,684,896)	(13,684,896)	-	-	-	-
Other liabilities	-	-	-	(3,808,628)	(3,808,628)	-	-	-	-
	110,389	724,177,530	-	58,300,467	(744,737,001)	37,851,385	-	-	-

2021									
Held-for trading	Available-for-sale	Held-to-maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)									
Financial assets measured at fair value									
Investments									
- Market treasury bills	-	-	-	-	-	-	-	-	-
- Pakistan investment bonds	-	62,623,747	-	-	62,623,747	-	62,623,747	-	62,623,747
- Shares of listed companies	53,135	3,296,779	-	-	3,349,914	3,349,914	-	-	3,349,914
- Listed sukuk / term finance certificates	-	4,096,863	-	-	4,096,863	-	4,096,863	-	4,096,863
- Unlisted sukuk / term finance certificates	-	4,122,499	-	-	4,122,499	-	4,122,499	-	4,122,499
Financial assets not measured at fair value									
Cash and balances with treasury banks	-	-	142,662	-	142,662	-	-	-	-
Balances with other banks	-	-	19,152	-	19,152	-	-	-	-
Investments									
- Investments in associates - listed	-	28,248,057	-	-	28,248,057	67,439,809	-	-	67,439,809
- Shares in unlisted companies	-	800	-	-	800	-	-	-	-
- Shares of unlisted associates	-	1,403,049	-	-	1,403,049	-	-	-	-
Advances	-	-	27,359,484	-	27,359,484	-	-	-	-
Other assets	-	-	2,045,095	-	2,045,095	-	-	-	-
Financial liabilities not measured at fair value									
Borrowings	-	-	-	(81,209,024)	(81,209,024)	-	-	-	-
Deposits and other accounts	-	-	-	(6,264,766)	(6,264,766)	-	-	-	-
Other liabilities	-	-	-	(1,919,518)	(1,919,518)	-	-	-	-
	53,135	103,791,794	-	29,566,393	(89,393,308)	44,018,014	-	-	-

The fair value of financial assets and liabilities not carried at fair value are not significantly different from their carrying values since assets and liabilities are either short term in nature or in case of loans are frequently repriced.

Fair value measurement defines fair value as the price that would be received from the sale of net asset or paid to transfer a liability in an orderly transaction between market participant at the measurement date. values and the fair values estimates.

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

The segment analysis with respect to business activities is as follows:

	2022					Total
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	
------(Rupees in '000)-----						
Profit & Loss						
Net mark-up / return / profit	1,599,786	921,750	-	-	10,789	2,532,325
Non mark-up / return / interest income	112,918	(394)	12,555,951	1,914,952	69,379	14,652,806
Total Income	1,712,704	921,356	12,555,951	1,914,952	80,168	17,185,131
Segment direct expenses	(106,515)	(46,264)	(50,108)	(18,111)	(465,300)	(686,298)
Segment indirect expenses	(345,211)	(69,042)	(69,042)	(34,521)	(811,247)	(1,329,063)
Total expenses	(451,726)	(115,306)	(119,150)	(52,632)	(1,276,547)	(2,015,361)
Provisions	(460,950)	-	-	(713,923)	-	(1,174,873)
Profit / (loss) before tax	800,028	806,050	12,436,801	1,148,397	(1,196,379)	13,994,897
------(Rupees in '000)-----						
Balance Sheet						
Cash & bank balances	-	708,602	-	-	80	708,682
Investments	8,753,984	674,715,703	38,581,155	2,237,077	-	724,287,919
Lendings to financial institutions	-	9,823,727	-	-	-	9,823,727
Advances - performing	49,209,739	-	-	-	347,497	49,557,236
Advances - non-performing	40,773	-	-	-	-	40,773
Others	946,505	7,048,743	-	6,126	5,676,097	13,677,471
Total assets	58,951,001	692,296,775	38,581,155	2,243,203	6,023,674	798,095,808
Borrowings	176,335,913	550,907,564	-	-	-	727,243,477
Deposits & other accounts	-	13,684,896	-	-	-	13,684,896
Others	1,093,134	(890,603)	5,350,459	(103,499)	1,776,713	7,226,204
Total liabilities	177,429,047	563,701,857	5,350,459	(103,499)	1,776,713	748,154,577
Equity	808,249	(1,956,499)	(157,105)	910,160	50,336,426	49,941,231
Total equity & liabilities	178,237,296	561,745,358	5,193,354	806,661	52,113,139	798,095,808
Contingencies & Commitments	13,616,731	-	-	-	-	13,616,731

	2021					
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
Profit & Loss						
Net mark-up/return/profit	876,116	1,379,230	-	-	5,486	2,260,832
Non mark-up / return / interest income	59,246	(136,069)	8,588,605	711,680	42,980	9,266,442
Total Income	935,362	1,243,161	8,588,605	711,680	48,466	11,527,274
Segment direct expenses	(85,089)	(38,407)	(11,854)	(15,532)	(304,957)	(455,839)
Segment indirect expenses	(255,740)	(63,935)	(47,951)	(31,967)	(799,186)	(1,198,779)
Total expenses	(340,829)	(102,342)	(59,805)	(47,499)	(1,104,143)	(1,654,618)
Provisions	(300,000)	-	(2,015)	(62,216)	-	(364,231)
Profit / (loss) before tax	294,533	1,140,819	8,526,785	601,965	(1,055,677)	9,508,425
----- (Rupees in '000) -----						
	Corporate Finance	Treasury	Investment Banking	Capital Markets	Others	Total
----- (Rupees in '000) -----						
Balance Sheet						
Cash & Bank balances	-	161,734	-	-	80	161,814
Investments	8,219,362	62,623,747	29,651,906	3,349,914	-	103,844,929
Lendings to financial institutions	-	-	-	-	-	-
Advances - performing	27,108,365	-	-	-	210,346	27,318,711
Advances - non-performing	40,773	-	-	-	-	40,773
Others	353,515	1,692,683	240,564	187,459	1,193,896	3,668,117
Total Assets	35,722,015	64,478,164	29,892,470	3,537,373	1,404,322	135,034,344
Borrowings	51,577,597	29,631,427	-	-	-	81,209,024
Deposits & other accounts	-	6,264,766	-	-	-	6,264,766
Others	310,418	(242,216)	3,933,322	(22,204)	1,396,948	5,376,268
Total liabilities	51,888,015	35,653,977	3,933,322	(22,204)	1,396,948	92,850,058
Equity	325,240	(729,362)	1,046,337	443,195	41,098,876	42,184,286
Total Equity & liabilities	52,213,255	34,924,615	4,979,659	420,991	42,495,824	135,034,344
Contingencies & Commitments	24,518,601	-	-	-	-	24,518,601

37.2 Segment details with respect to geographical locations

All the Company's business segments operate in Pakistan only.

38 TRUST ACTIVITIES

The Company acts as trustees and holds assets on behalf of staff retirement benefit and contribution plans. The following is the list of assets held under trust.

Category	Security Type	Number of IPS account		Face Value	
		2022	2021	2022	2021
----- (Rupees in '000) -----					
Related parties:					
PKIC Staff Provident Fund	Market Treasury Bills			105,400	-
	Pakistan Investment Bond	1	1	287,500	287,500
PKIC Staff Gratuity Fund	Market Treasury Bills			46,500	-
	Pakistan Investment Bond			132,500	132,500

39 RELATED PARTY TRANSACTIONS

The Company has related party relationships with its associates, associated undertakings, employee benefit plans, key management personnel and its directors.

The Company enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year ended, other than those which have been disclosed elsewhere in these financial statements are as follows:

	2022				2021			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
------(Rupees in '000)-----								
Balances with other banks								
In deposit account	-	-	83,526	-	-	-	16,085	-
Investments								
Opening balance	-	-	29,651,106	500	-	-	24,344,147	500
Investment made during the year	-	-	424,993	-	-	-	60,000	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	(52,599)	-
Equity method accounting adjustments	-	-	8,504,256	-	-	-	5,299,558	-
Closing balance	-	-	38,580,355	500	-	-	29,651,106	500
Advances								
Opening balance	-	132,537	-	-	-	62,310	-	-
Addition during the year	-	54,629	-	-	-	83,758	-	-
Repaid during the year	-	(12,594)	-	-	-	(13,531)	-	-
Closing balance	-	174,572	-	-	-	132,537	-	-
Other Assets								
Interest / mark-up accrued	-	-	679	-	-	-	120	-
Advance against share subscription of Planet - N	-	-	-	-	-	-	-	240,564
	-	-	679	-	-	-	120	240,564
Borrowings								
Opening balance	-	-	22,583,809	-	-	-	37,653,706	4,840,227
Borrowings during the year	-	-	35,207,817	24,356,497	-	-	78,845,681	4,068,878
Settled during the year	-	-	(22,651,992)	(11,247,075)	-	-	(94,464,921)	(8,938,725)
Transfer in / (out) - net	-	-	(4,482,367)	(460,675)	-	-	549,343	29,620
Closing balance	-	-	30,657,267	12,648,747	-	-	22,583,809	-
Deposits and other accounts								
Opening balance	-	-	-	509,766	-	-	-	-
Received during the year	-	-	-	5,026,488	-	-	200,000	1,809,766
Withdrawn during the year	-	-	-	(4,649,533)	-	-	(200,000)	(1,300,000)
Closing balance	-	-	-	886,721	-	-	-	509,766
Other Liabilities								
Interest / mark-up payable	-	-	-	9,317	-	-	-	1,728
Payable to staff gratuity fund	-	-	-	101,468	-	-	-	86,003
Payable to Kuwait Investment Authority	-	-	-	3,225	-	-	-	4,825
Payable to National Clearing Company of Pakistan Limited	-	-	49	-	-	-	139	-
Payable to FTC Management Company (Private) Limited	-	-	-	575	-	-	-	33,783
	-	-	49	114,585	-	-	139	126,339

	2022				2021			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	----- (Rupees in '000) -----							
Income								
Mark-up / return / interest earned	-	6,337	2,830	-	-	4,117	702	-
Dividend income	-	-	3,825,113	-	-	-	3,196,108	-
Other income								
- Nominee Director Fee	-	-	20,625	490	-	-	15,650	450
Expense								
Mark-up / return / interest paid / accrued	-	-	753,103	381,778	-	-	2,853,378	161,453
Operating expenses								
- Directors fee	17,500	-	-	-	19,950	-	-	-
- Remuneration to key management personnel (including retirement benefits)	-	553,242	-	-	-	394,343	-	-
- Nominee director fee payment	-	-	-	5,200	-	-	-	4,050
- NCCPL charges	-	-	932	-	-	-	857	-
- FMCL office maintenance charges	-	-	-	37,979	-	-	-	36,255
- Contribution made to staff provident fund	-	-	-	32,197	-	-	-	35,095
- Contribution made to staff gratuity fund	-	-	-	39,225	-	-	-	33,513

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	----- (Rupees in '000) -----	
Minimum Capital Requirement (MCR):		
Paid-up capital	16,000,000	16,000,000
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	16,241,038	17,221,145
Eligible Tier 2 Capital	662,208	600,000
Total Eligible Capital (Tier 1 + Tier 2)	16,903,246	17,821,145
Risk Weighted Assets (RWAs):		
Credit Risk	57,574,904	48,451,423
Market Risk	4,860,697	7,162,697
Operational Risk	23,534,719	17,220,117
Total	85,970,320	72,834,237
Common Equity Tier 1 Capital Adequacy ratio	18.89%	23.64%
Tier 1 Capital Adequacy Ratio	18.89%	23.64%
Total Capital Adequacy Ratio	19.66%	24.47%

The Basel III Framework for capital adequacy is applicable to the Company. The Company monitors its capital adequacy ratio and endeavors to maintain it at a level sufficiently higher than the minimum regulatory requirement. The Company calculates capital requirement as per Basel III regulatory framework, using the Standardized Approach for Credit Risk and Market Risk whereas Basic Indicator Approach for Operational Risk.

Objectives of Capital Management

The capital management objectives of the Company are as follows:

- To maintain sufficient capital to support overall business strategy, expansion and growth;
- To integrate capital allocation decisions with the strategic and financial planning process;
- To meet the regulatory capital adequacy ratios as defined by SBP;
- To safeguard the Company's ability to continue as a going concern so that it can continue to provide adequate return to shareholders; and
- To have a prudent buffer to protect the Company under different economic and stress scenarios caused by unexpected and unforeseeable events.

Capital Management

The regulatory capital as managed by the Company is analysed into following tiers:

- Common Equity Tier 1 Capital (CET1), which includes fully paid up capital, general reserves, statutory reserves as per the financial statements and net un-appropriated profits after all regulatory adjustment applicable on CET1.
- Tier 2 Capital, which includes general provisions, surplus on revaluation of AFS securities after all regulatory adjustments applicable on Tier 2.

The Company also stress tests its capital adequacy to various risks as per SBP stress testing guidelines.

Statutory Capital Requirement

The State Bank of Pakistan (SBP) requires Banks / DFIs to maintain prescribed capital to total risk-weighted asset ratios. The capital adequacy ratios of the Banks / DFIs are subject to Basel III capital adequacy guidelines stipulated by the SBP through its BPRD Circular No. 6 of 2013 dated August 15, 2013. These instructions were effective from December 31, 2013 in a phased manner with full implementation is implemented by December 31, 2019. Under Basel III guidelines Banks / DFIs are required to maintain the following ratios on an ongoing basis.

Capital adequacy ratio	2022		2021	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	18.89%	6.00%	23.64%
Tier 1 capital to total RWA	7.50%	18.89%	7.50%	23.64%
Total capital to total RWA	11.50%	19.66%	11.50%	24.47%

	2022	2021
	------(Rupees in '000)-----	
Leverage Ratio (LR):		
Eligible tier-1 capital	16,241,039	17,221,145
Total exposures	646,523,823	135,604,252
Leverage ratio	<u>2.51%</u>	<u>12.70%</u>
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	21,581,708	16,770,964
Total net cash outflow	16,170,233	9,883,654
Liquidity coverage ratio	<u>133%</u>	<u>170%</u>
Net Stable Funding Ratio (NSFR):		
Total available stable funding	147,156,529	76,508,860
Total required stable funding	143,109,029	67,486,706
Net stable funding ratio	<u>103%</u>	<u>113%</u>

40.1 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per the SBP instructions issued from time to time is available at <http://pkic.com.pk/download-financials/>

41 RISK MANAGEMENT

Risk management framework is applicable to all levels of Pakistan Kuwait Investment Company (Private) Limited (PKIC) with strong Board oversight, management supervision, and efficient systems. The Board of Directors sets the strategic direction and has the eventual responsibility for ensuring that an effective framework is in place. The responsibility of implementing vigorous framework lies with the risk management department. The risk framework primarily comprises of pillar 1 risks which includes, credit risk, market risk and operational risk and pillar 2 risks which include strategic risk, reputational risk, interest rate risk in the banking book, concentration risk etc.

Risk Management strategy is based on a clear understanding of all material risks, disciplined risk assessment & measurement procedures and continuous monitoring. The primary objective of this strategy is to ensure an appropriate balance between risk the Company wishes to accept (at a price that is commensurate to that risk) and risk the Company wishes to mitigate. These measures ensure that these risks are taken within predefined and pre-approved tolerance limits / levels.

The main objective of the risk management is to oversee the enterprise-wide risk policies and guidelines under the guidance of the Board of Directors and RMC, to establish and monitor tolerance limits, to set and manage decision processes and to implement risk assessment methods. Functional level committees oversee the implementation of risk management practices and exposure levels.

41.1 Credit Risk

Credit risk is managed through the Board approved policies; use of internal risk ratings; prescribed documentation requirements, and continuous monitoring of credit facilities. Strong credit evaluation system and approval process is in place to ensure booking of quality assets. The credit evaluation system comprises of well-designed credit appraisal and review procedures for the purpose of emphasizing prudence in lending activities and ensuring adequate portfolio. Each credit application is evaluated on individual basis as well as its implication on the Company's portfolio in terms of pricing and rating. The approval process is further supplemented by regular review of the existing credit limits and monitoring of early warning indicators.

The Company has internally developed credit risk rating system capable of quantifying credit risk pertinent to specific counterparty as well as the risk inherent in the facility structure. It takes into consideration various qualitative and quantitative factors and generates an internal rating. The rating models have also been externally validated and checked for compliance with SBP guidelines for Internal credit rating system. The risk rating models; obligor risk rating (ORR), facility risk rating (FRR) and environmental risk rating (ERR), are regularly reviewed based on day to day working experience and changes in market dynamics. Pricing matrix is also in place which ensures that minimum pricing against each obligor rating must be assigned.

Stringent limit monitoring framework is in place which includes various concentration limits, counterparty and group level limits. Sectoral concentration limits are set for extending credit to a specific industry sector. The Company monitors the concentration to any given sector to ensure that the loan portfolio is well diversified. ORR is also used on aggregate group level to determine the amount of credit exposure the Company is willing to take on a particular group. Various analysis and reports are also performed on periodic basis and are reported to the Risk Management Committee of the Board. These analysis mainly include, migration analysis, sector-wise and rating-wise portfolio distribution analysis etc. The Company performs stress testing on its credit portfolio as per the SBP stress testing guidelines.

During 2022, Pakistan witnessed significant economic uncertainty, rising inflation, increasing fuel prices, depleting foreign exchange reserves and massive devaluation of the Pakistani rupee. In June 2022, Pakistan was hit by worst ever floods in the history of the country. During the year, the SBP increased the benchmark interest rate by a cumulative 625 bps to 16%. PKIC is well cognizant of these circumstances and rigorously monitoring portfolio on regular basis.

The disbursement and administration of credit facilities is managed by Credit Administration Department (CAD).

To manage non-performing customers Special Asset Management (SAM) Department is functional and is responsible to recover overdue exposures.

The Company is using Basel-III standardized approach to calculate risk weighted assets against credit risk.

41.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2022	2021	2022	2021	2022	2021
	------(Rupees in '000)-----					
Public / Government	-	-	-	-	-	-
Private	9,823,727	-	-	-	-	-
	<u>9,823,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

41.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	------(Rupees in '000)-----					
Textile	298,214	441,070	12,500	12,500	12,500	12,500
Chemical and Pharmaceuticals	201,562	215,000	-	-	-	-
Electronics and electrical appliances	21,138	21,138	21,138	21,138	21,138	21,138
Power (electricity), Gas, Water, Sanitary	2,242,750	2,003,669	-	-	-	-
Financial	6,006,207	5,528,457	-	-	-	-
	8,769,871	8,209,334	33,638	33,638	33,638	33,638

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	------(Rupees in '000)-----					
Public / Government	-	-	-	-	-	-
Private	8,769,871	8,209,334	33,638	33,638	33,638	33,638
	8,769,871	8,209,334	33,638	33,638	33,638	33,638

41.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	------(Rupees in '000)-----					
Textile	13,681,166	6,502,513	617,108	644,908	603,295	631,095
Chemical and Pharmaceuticals	3,365,541	2,074,075	-	-	-	-
Cement	1,077,354	975,876	93,333	93,333	93,333	93,333
Sugar	3,554,984	2,935,847	35,822	35,822	35,822	35,822
Footwear and Leather garments	1,084,853	-	-	-	-	-
Electronics and electrical appliances	11,111	11,111	11,111	11,111	11,111	11,111
Construction	791,715	801,587	196,071	196,071	169,111	169,111
Power (electricity), Gas, Water, Sanitary	12,594,137	7,571,743	-	-	-	-
Transport, Storage and Communication	3,000,000	3,000,000	-	-	-	-
Financial	1,575,000	1,950,000	-	-	-	-
Glass and Ceramics	200,000	-	-	-	-	-
Petroleum	-	161,080	-	-	-	-
Manufacturing	2,474,071	456,188	72,846	72,846	72,846	72,846
Individuals	-	210,346	-	-	-	-
Others	8,273,595	2,333,686	-	11,250	-	11,250
	51,683,527	28,984,052	1,026,291	1,065,341	985,518	1,024,568

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	------(Rupees in '000)-----					
Public / Government	3,000,000	3,000,000	-	-	-	-
Private	48,683,527	25,984,052	1,026,291	1,065,341	985,518	1,024,568
	51,683,527	28,984,052	1,026,291	1,065,341	985,518	1,024,568

41.1.4 Contingencies and commitments

	2022	2021
	----- (Rupees in '000) -----	
Credit risk by industry sector		
Electronics and electrical appliances	4,548,812	-
Glass and Ceramics	300,000	-
Power (electricity), Gas, Water, Sanitary	4,415,585	6,590,107
Cement	1,315,979	1,117,467
Textile	500,000	3,102,090
Manufacturing	367,543	1,659,158
Sugar	49,988	300,000
Transport, Storage and Communication	-	1,000,000
Financial	-	110,000
Construction	-	4,361,300
Chemical and Pharmaceuticals	-	239,185
Others	2,118,824	6,039,294
	<u>13,616,731</u>	<u>24,518,601</u>
Credit risk by public / private sector		
Public / Government	-	1,000,000
Private	13,616,731	23,518,601
	<u>13,616,731</u>	<u>24,518,601</u>

41.1.5 Concentration of Advances

The Company's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 20,580 million (2021: Rs. 15,257 million).

	2022	2021
	----- (Rupees in '000) -----	
Funded	18,731,137	13,838,384
Non Funded	1,848,743	1,418,665
Total Exposure	<u>20,579,880</u>	<u>15,257,049</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 20,781 million (2021: Rs. 18,737 million).

	2022		2021	
	Amount	Provision Fund	Amount	Provision Fund
	----- (Rupees in '000) -----			
Total funded classified therein				
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	<u>1,026,291</u>	<u>985,518</u>	<u>1,065,341</u>	<u>1,024,568</u>
Total	<u>1,026,291</u>	<u>985,518</u>	<u>1,065,341</u>	<u>1,024,568</u>

41.1.6 Advances - Province / Region-wise Disbursement & Utilization

Province / Region	2022					
	Disbursements	Utilization				
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad
	------(Rupees in '000)-----					
Punjab	-	18,085,930	-	-	-	-
Sindh	39,150,251	-	20,162,833	-	-	-
KPK including FATA	-	-	901,488	-	-	-
Balochistan	-	-	-	-	-	-
Islamabad	-	-	-	-	-	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	39,150,251	18,085,930	20,162,833	901,488	-	-

Province / Region	2021					
	Disbursements	Utilization				
		Punjab	Sindh	KPK including FAT	Balochistan	Islamabad
	------(Rupees in '000)-----					
Punjab	-	7,124,520	-	-	-	-
Sindh	19,986,999	-	11,629,946	-	-	-
KPK including FATA	-	-	482,533	-	-	-
Balochistan	-	-	-	-	-	-
Islamabad	-	-	-	-	750,000	-
AJK including Gilgit-Baltistan	-	-	-	-	-	-
Total	19,986,999	7,124,520	11,629,946	482,533	750,000	-

41.2 Market Risk

Market risk is the risk that the PKIC's income or capital will fluctuate on account of changes in the value of a financial instrument because of movements in market factors such as interest rates, credit spreads, foreign exchange rates and market prices of equity.

PKIC is exposed to interest rate risk and equity price risk. To manage market risk a well-defined limits structure is in place which ensures that exposure in money market and equity market adheres with the risk tolerance levels and are in line with goals set by Board of Directors (BOD), Risk Management Committee of the Board (RMC) and ALCO.

The Company classifies its assets in banking and trading books as per guidelines from the SBP. The trading book includes mainly quoted equity portfolio under AFS and HFT and mutual funds. Banking book includes mainly unquoted equity portfolio, Associates, Strategic investments, Term Finance / Sukuk and Govt bonds under AFS. Due to diversified nature of investments in banking book, it is subject to interest rate risk and equity price risk.

A well-defined limits structure is in place to effectively manage market risk. These limits are reviewed, adjusted and approved periodically by ALCO. Middle Office monitors these limits on daily basis.

The Company is using Basel-III Standardized approach to calculate risk weighted assets against market risk exposures.

The Company calculates Value at Risk (VaR) on a daily basis using Monte Carlo approach, Historical Method and Variance Covariance Approach.

To manage market risk, the Company carries out stress testing of its statement of financial position by varying sources of market risk as per SBP guidelines.

41.2.1 Balance sheet split by trading and banking books

	2022			2021		
	Banking book	Trading book	Total	Banking book	Trading book	Total
------(Rupees in '000)-----						
Cash and balances with treasury banks	615,277	-	615,277	142,662	-	142,662
Balances with other banks	93,405	-	93,405	19,152	-	19,152
Lendings to financial institutions	9,823,727	-	9,823,727	-	-	-
Investments	721,857,671	2,430,248	724,287,919	100,263,580	3,581,349	103,844,929
Advances	49,598,009	-	49,598,009	27,359,484	-	27,359,484
Fixed assets	697,544	-	697,544	279,773	-	279,773
Intangible assets	19,238	-	19,238	13,066	-	13,066
Deferred tax assets	-	-	-	-	-	-
Other assets	12,960,689	-	12,960,689	3,375,278	-	3,375,278
	795,665,560	2,430,248	798,095,808	131,452,995	3,581,349	135,034,344

41.2.2 Foreign Exchange Risk

Foreign exchange risk arises in case of an on balance sheet / off balance sheet asset or liability position when there is adverse exchange rate movement. The Company's exposure to this category of market risk is negligible.

41.2.3 Equity position Risk

Equity price risk is the risk arising from unfavorable fluctuations in prices of shares in which the Company carries long / short positions. It is a risk to earnings or capital that results from adverse changes in the value of equity related portfolios of the company. Price risk associated with equities could be systematic or unsystematic. Systematic risk is due to sensitivity of portfolio's value to changes in overall level of equity prices, while unsystematic risk is associated with price volatility that is determined by the specific characteristics of the investee company. The Company's equity position is governed by position limits imposed by the SBP for overall investment and per scrip exposure. Additionally, there are internal limits set to manage overall earnings in the form of stop loss limits and maintain a diverse portfolio through sector concentration limits.

PKIC holds equity investments in both the AFS and HFT portfolios. The realization of short term capital gain is the principal objective of the HFT portfolio while the AFS portfolio takes a medium-term market view with the objective of earning both capital gains and dividend income. Equity Price Risk is monitored and controlled through various regulatory and internal limits. Portfolio, sector and scripwise limits are assigned by the ALCO such as overall exposure limits in capital market HFT and AFS portfolio, mark-to-market limit on trading portfolio, sector-wise investment limits in various sectors to guard against concentration risk. These limits are monitored on daily basis and are reviewed and revised periodically by ALCO. The ALCO approves exposure limits applicable to investments and meets on regular basis to discuss equity investments related strategy. The Company calculates Value at Risk (VaR) on a daily basis using Monte Carlo approach, Historical Method and Variance Covariance Approach.

	2022		2021	
	Banking book	Trading book	Banking book	Trading book
------(Rupees in '000)-----				
Impact of 5% change in equity prices on				
- Profit and loss account	-	121,512	-	179,067
- Other comprehensive income	1,918,406	-	1,471,024	-

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

Yield / Interest Rate Risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specific period. The Company manages its interest rate risk by entering often into floating rate agreements with its customers. The interest rate risk strategy is discussed in ALCO meetings on periodic basis. Duration estimates and Gap analysis are performed periodically. The Company's interest rate exposure is calculated by categorizing its interest sensitive assets and liabilities into various time bands based on the earlier of their contractual repricing or maturity date. Further, The Risk Management Function carries out stress testing to ascertain the interest rate risk on the statement of financial position and also prepares the interest rate risk profile on monthly basis.

2022		2021	
Banking book	Trading book	Banking book	Trading book

------(Rupees in '000)-----

Impact of 1% change in interest rate on

- Profit and loss account	812,859	-	109,305	-
- Other comprehensive income	-	-	-	-

41.2.5 Mismatch of Interest Rate Sensitive Assets and Liabilities

	2022											
	Effective Yield / Interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-Interest bearing financial instruments
------(Rupees in '000)-----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks ^a	-	615,277	-	-	-	-	-	-	-	-	-	615,277
Balances with other banks	6.00	93,405	85,707	-	-	-	-	-	-	-	-	7,698
Lending to financial institutions	15.89	9,823,727	9,823,727	-	-	-	-	-	-	-	-	-
Investments	12.87	724,287,919	188,319,083	310,933,039	146,973,771	11,876,882	14,702,592	8,183,380	-	2,480,940	-	40,818,232
Advances	13.98	49,598,009	9,148,646	24,147,730	2,800,908	651,231	1,728,896	1,959,972	3,612,239	5,435,581	102,990	9,816
Other assets	-	7,993,776	-	-	-	-	-	-	-	-	-	7,993,776
		792,412,113	207,377,163	335,080,769	149,774,679	12,528,113	16,431,488	10,143,352	3,612,239	7,916,521	102,990	49,444,799
Liabilities												
Borrowings	15.54	727,243,477	190,176,693	410,899,479	11,140,255	52,760,454	27,370,805	6,187,508	8,799,194	19,909,089	-	-
Deposits and other accounts	15.84	13,684,896	763,415	7,935,401	640,544	4,345,536	-	-	-	-	-	-
Other liabilities	-	3,808,628	-	-	-	-	-	-	-	-	-	3,808,628
		744,737,001	190,940,108	418,834,880	11,780,799	57,105,990	27,370,805	6,187,508	8,799,194	19,909,089	-	3,808,628
On-balance sheet gap		47,675,112	16,437,055	(83,754,111)	137,993,880	(44,577,877)	(10,939,317)	3,955,844	(5,186,955)	(11,992,568)	102,990	45,636,171
Off-balance sheet financial instruments												
Guarantee		2,229,520	-	1,313,113	350,000	550,235	16,172	-	-	-	-	-
Other commitments		11,387,211	-	-	-	-	-	-	-	-	-	11,387,211
Off-balance sheet gap		13,616,731	-	1,313,113	350,000	550,235	16,172	-	-	-	-	11,387,211
Total Yield/Interest Risk Sensitivity Gap			16,437,055	(82,440,998)	138,343,880	(44,027,642)	(10,923,145)	3,955,844	(5,186,955)	(11,992,568)	102,990	57,023,382
Cumulative Yield/Interest Risk Sensitivity Gap			16,437,055	(66,003,943)	72,339,937	28,312,295	17,389,150	21,344,994	16,158,039	4,165,471	4,268,461	-

		2021										
Effective Yield / Interest rate	Exposed to Yield / Interest risk											Non-Interest bearing financial instruments
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
----- (Rupees in '000) -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	142,662	-	-	-	-	-	-	-	-	-	142,662
Balances with other banks	6.00	19,152	18,055	-	-	-	-	-	-	-	-	1,097
Investments	9.75	103,844,929	10,986,890	20,098,382	760,000	-	11,834,688	15,577,331	8,818,580	2,767,239	-	33,001,819
Advances	8.91	27,359,484	6,387,166	11,839,013	910,363	370,445	997,900	1,148,783	2,194,893	3,422,058	73,478	15,385
Other assets	-	2,045,095	-	-	-	-	-	-	-	-	-	2,045,095
		133,411,322	17,392,111	31,937,395	1,670,363	370,445	12,832,588	16,726,114	11,013,473	6,189,297	73,478	35,206,058
Liabilities												
Borrowings	8.1	81,209,024	57,241,087	9,591,550	6,177,165	372,613	1,006,109	1,160,226	2,214,018	3,430,983	15,273	-
Deposits and other accounts	11.24	6,264,766	5,300,000	435,000	529,766	-	-	-	-	-	-	-
Other liabilities	-	1,919,518	-	-	-	-	-	-	-	-	-	1,919,518
		89,393,308	62,541,087	10,026,550	6,706,931	372,613	1,006,109	1,160,226	2,214,018	3,430,983	15,273	1,919,518
On-balance sheet gap		44,018,014	(45,148,976)	21,910,845	(5,036,568)	(2,168)	11,826,479	15,565,888	8,799,455	2,758,314	58,205	33,286,540
Off-balance sheet financial instruments												
Guarantee		2,128,264	-	111,181	-	1,580,083	437,000	-	-	-	-	-
Other commitments		22,390,337	-	-	-	-	-	-	-	-	-	22,390,337
Off-balance sheet gap		24,518,601	-	111,181	-	1,580,083	437,000	-	-	-	-	22,390,337
Total Yield/Interest Risk Sensitivity Gap			(45,148,976)	22,022,026	(5,036,568)	1,577,915	12,263,479	15,565,888	8,799,455	2,758,314	58,205	55,676,877
Cumulative Yield/Interest Risk Sensitivity Gap			(45,148,976)	(23,126,950)	(28,163,518)	(26,585,603)	(14,322,124)	1,243,764	10,043,219	12,801,533	12,859,738	-

Reconciliation of financial assets and financial liabilities with total assets and liabilities

	2022	2021
----- (Rupees in '000) -----		
Total financial assets as per note 41.2.5	792,412,113	133,411,322
Add: Non-financial assets		
Fixed assets	697,544	279,773
Intangibles	19,238	13,066
Other assets	4,966,913	1,330,183
Total assets as per statement of financial position	798,095,808	135,034,344
Total financial liabilities as per note 41.2.5	744,737,001	89,393,308
Add: Non-financial liabilities		
Deferred tax liability	3,316,108	3,370,747
Other liability	101,468	86,003
Total financial liabilities as per statement of financial position	748,154,577	92,850,058

41.3 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events.

Risk management policy / strategy sets out the guidelines to identify, assess, monitor, control and report operational risk. All the recommended tools of operational risk as explained by the SBP in operational risk framework are duly implemented in the Company. Operational loss data including near misses are being collected from all the respective departments / units on monthly basis. Key risk indicators (KRIs) are being monitored from all respective departments / units on quarterly basis. Risk control self- assessment exercise has been completed for all business / support functions which is reviewed on annual basis. The Company has acquired state of the art operational risk solution "Risk Nucleus" from BenchMatrix Pvt. Ltd. The Company is currently using Basic Indicator Approach to calculate Operational risk weighted assets as per Basel III requirements for capital adequacy calculation.

41.3.1 Business Continuity Plan

The Company has approved Business continuity plan (BCP) in place which covers the steps and events to be considered to ensure continuity of business operations in case of any emergency or disaster. BCP testing is conducted on regular basis to test the effectiveness of the plan and readiness of the Company to address emergency situations.

41.4 Liquidity Risk

It is the risk that the Company is unable to fund its current obligations as they become due or at an excessive cost. Liquidity risk arises from mismatches in the timing of cash flows. The Company's Asset and Liability Committee (ALCO) is primarily responsible for the formulation of the overall strategy and oversight of the liquidity management.

The objective of the Company's liquidity management is to ensure that all foreseeable funding commitments can be met when due. To limit this risk, the Company maintains statutory deposits with the central bank. The Company's key funding source is the inter-bank money market. For effective monitoring of liquidity position, comprehensive gap analysis is done and gap limits for each maturity bucket are in place, monitored by Risk Management Department and reviewed by ALCO on monthly basis. Moreover, Contingency Funding Plan is in place to address liquidity issues in times of crisis situations.

The maturity profile of assets and liabilities is prepared based on contractual maturities and non-contractual assets and liabilities. The assumptions for allocation of non-contractual assets and liabilities are deliberated and approved by ALCO. The ALCO agreed upon various assumptions for such allocation including the Company's historical trend and past experience, expected utilization of assets, expected useful lives of fixed assets, statutory requirements and variance approach.

For measurement of the liquidity risk, global regulatory liquidity standards namely Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), along with a set of five risk monitoring tools have been implemented by SBP. Both of these ratios aim to achieve two separate but complementary objectives and their calculations involve assessing overall liquidity position through detailed evaluation of assets, liabilities and off-balance sheet activities.

41.4.1 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Company

		2022											
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
------(Rupees in '000)-----													
Assets													
Cash and balances with													
treasury banks	615,277	-	157,402	152,625	305,250	-	-	-	-	-	-	-	-
Balances with other banks	93,405	-	93,405	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,823,727	-	-	-	9,823,727	-	-	-	-	-	-	-	-
Investments	724,287,919	683,144,029	-	-	-	-	103,382	83,373	2,161,281	-	429,151	-	2,534,862
Advances	49,598,009	-	-	-	430,319	544,274	544,275	3,998,688	5,750,271	5,750,271	5,840,132	5,568,280	9,820,756
Fixed assets	697,544	-	1,964	1,964	3,927	7,854	7,854	23,562	23,564	23,565	94,258	94,258	172,095
Intangible assets	19,238	-	80	80	160	320	321	962	962	962	3,848	3,848	7,695
Other assets	12,960,689	-	44,222	49,762	88,478	3,713,751	3,713,750	410,269	2,463,410	2,463,410	1,170	113	3,092
	798,095,808	683,144,029	297,073	204,431	10,651,861	4,266,199	4,369,582	4,516,854	10,399,488	8,238,208	6,368,559	5,666,499	12,538,500
	47,434,525												
Liabilities													
Borrowings	727,243,477	-	-	-	190,176,693	205,449,740	205,449,740	11,140,255	26,380,227	26,380,227	27,370,805	6,187,508	11,290,428
Deposits and other accounts	13,684,896	-	-	-	763,415	3,967,701	3,967,700	640,544	2,172,768	2,172,768	-	-	-
Deferred tax liabilities	3,316,108	3,316,108	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,910,096	-	431,508	20,068	832,971	1,211,776	1,211,775	-	2,267	2,267	19,024	26,022	152,418
	748,154,577	3,316,108	431,508	20,068	191,773,079	210,629,217	210,629,215	11,780,799	28,555,262	28,555,262	27,389,829	6,213,530	11,442,846
	17,417,854												
Net assets	49,941,231	679,827,921	(134,435)	184,363	(181,121,218)	(206,363,018)	(206,259,633)	(7,263,945)	(18,155,774)	(20,317,054)	(21,021,270)	(547,031)	1,095,654
	30,016,671												
Share capital	16,000,000												
Reserves	14,594,578												
Deficit on revaluation of assets	(3,145,995)												
Unappropriated profit	22,492,648												
	<u>49,941,231</u>												

2021													
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
----- (Rupees in '000) -----													
Assets													
Cash and balances with treasury banks	142,662	-	40,287	34,125	68,250	-	-	-	-	-	-	-	-
Balances with other banks	19,152	-	19,152	-	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	103,844,929	70,843,108	-	87	-	-	53,330	-	284	3,324,724	453,706	167,059	2,125,993
Advances	27,359,484	-	529,216	168	120,592	105,211	277,741	1,874,488	2,014,154	3,240,598	3,741,733	3,827,049	5,799,306
Fixed assets	279,773	-	563	563	1,126	2,252	2,252	6,755	6,759	6,759	27,036	27,036	29,811
Intangible assets	13,066	-	54	54	109	218	218	653	653	654	2,613	2,613	5,227
Other assets	3,375,278	871,475	433,909	14,559	24,115	922,519	922,518	168,840	-	2,033	2,817	-	3,104
	135,034,344	71,714,583	1,023,181	49,556	214,192	1,030,200	1,256,059	2,050,736	2,021,850	6,574,768	4,227,905	4,023,757	7,963,441
													32,884,116
Liabilities													
Borrowings	81,209,024	-	37,730,306	3,524,837	10,985,943	566,580	24,970	177,165	184,852	187,760	1,006,109	2,160,226	11,214,018
Deposits and other accounts	6,264,766	-	50,000	-	5,050,000	285,000	150,000	529,766	200,000	-	-	-	-
Deferred tax liabilities	3,370,747	3,370,747	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,005,521	-	365,480	6,913	631,288	482,051	373,978	-	2,267	2,267	5,529	8,967	126,781
	92,850,058	3,370,747	38,145,786	3,531,750	16,667,231	1,333,631	548,948	706,931	387,119	190,027	1,011,638	2,169,193	11,340,799
	42,184,286	68,343,836	(37,122,605)	(3,482,194)	(16,453,039)	(303,431)	707,111	1,343,805	1,634,731	6,384,741	3,216,267	1,854,564	(3,377,358)
													19,437,858
Net assets													
Share capital	16,000,000												
Reserves	12,388,643												
Deficit on revaluation of assets	(942,391)												
Unappropriated profit	14,738,034												
	42,184,286												

41.4.2 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Company.

2022										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	615,277	615,277	-	-	-	-	-	-	-	-
Balances with other banks	93,405	93,405	-	-	-	-	-	-	-	-
Lendings to financial institutions	9,823,727	9,823,727	-	-	-	-	-	-	-	-
Investments	724,287,919	148,388,497	291,377,282	83,373	14,131,999	15,642,557	47,488,577	149,192,797	20,065,532	37,917,305
Advances	49,598,009	430,319	1,088,549	3,998,688	11,500,542	5,840,132	5,568,384	9,820,756	11,012,093	338,546
Fixed assets	697,544	7,854	15,708	23,562	47,129	94,258	94,258	172,095	34,668	208,012
Intangible assets	19,238	321	641	962	1,924	3,848	3,848	7,694	-	-
Other assets	12,960,689	182,462	7,427,501	410,312	4,926,820	1,170	113	3,092	6,978	2,241
	798,095,808	159,541,862	299,909,681	4,516,897	30,608,414	21,581,965	53,155,180	159,196,434	31,119,271	38,466,104
Liabilities										
Borrowings	727,243,477	190,176,693	410,899,479	11,140,255	52,760,454	27,370,805	6,187,508	8,799,194	19,909,089	-
Deposits and other accounts	13,684,896	763,415	7,935,401	640,544	4,345,536	-	-	-	-	-
Deferred tax liabilities	3,316,108	1,178,705	353,623	-	356,952	119,394	-	(1,178,318)	(554,271)	3,040,023
Other liabilities	3,910,096	1,284,547	2,423,553	-	4,534	19,024	26,022	152,416	-	-
	748,154,577	193,403,360	421,612,056	11,780,799	57,467,476	27,509,223	6,213,530	7,773,292	19,354,818	3,040,023
Net assets	49,941,231	(33,861,498)	(121,702,375)	(7,263,902)	(26,859,062)	(5,927,258)	46,941,650	151,423,142	11,764,453	35,426,081
Share capital	16,000,000									
Reserves	14,594,578									
Deficit on revaluation of assets	(3,145,995)									
Unappropriated profit	22,492,648									
	49,941,231									

2021										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
(Rupees in '000)										
Assets										
Cash and balances with treasury banks	142,662	142,662	-	-	-	-	-	-	-	-
Balances with other banks	19,152	19,152	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	103,844,929	88	1,053,330	18,332	3,325,008	12,928,488	16,475,454	21,483,304	20,842,769	27,718,156
Advances	27,359,484	649,977	382,952	1,874,488	5,254,752	3,741,734	3,827,049	5,799,306	5,602,009	227,217
Fixed assets	279,773	2,339	4,679	7,018	14,040	17,151	28,081	40,834	19,848	145,783
Intangible assets	13,066	230	460	690	1,379	2,758	2,758	4,791	-	-
Other assets	3,375,278	472,583	1,845,037	168,840	873,508	2,816	-	3,104	6,977	2,413
	135,034,344	1,287,031	3,286,458	2,069,368	9,468,687	16,692,947	20,333,342	27,331,339	26,471,603	28,093,569
Liabilities										
Borrowings	81,209,024	52,241,087	591,550	177,165	372,613	1,006,109	2,160,226	11,214,018	13,430,983	15,273
Deposits and other accounts	6,264,766	5,100,000	435,000	529,766	200,000	-	-	-	-	-
Deferred tax liabilities	3,370,747	218,526	-	-	244,747	168,848	-	(103,033)	(200,742)	3,042,401
Other liabilities	2,005,521	1,003,681	853,867	-	6,696	5,529	8,967	126,781	-	-
	92,850,058	58,563,294	1,880,417	706,931	824,056	1,180,486	2,169,193	11,237,766	13,230,241	3,057,674
Net assets	42,184,286	(57,276,263)	1,406,041	1,362,437	8,644,631	15,512,461	18,164,149	16,093,573	13,241,362	25,035,895
Share capital	16,000,000									
Reserves	12,388,643									
Deficit on revaluation of assets	(942,391)									
Unappropriated profit	14,738,034									
	42,184,286									

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on February 22, 2023.

43 GENERAL AND NON-ADJUSTING EVENT

The Board of Directors of the Company has proposed cash dividend of Rs. 1,210 million (2021: Rs.1,100 million) for the year ended December 31, 2022 in their meeting held on February 22, 2023. These financial statements do not include the effect of this appropriation which will be accounted for subsequent to the year end.


Chief Executive


Chief Financial Officer

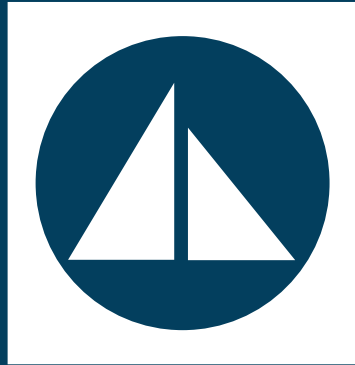

Director


Director


Director

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF
OF RUPEES FIVE HUNDRED THOUSAND OR ABOVE PROVIDED
DURING THE YEAR ENDED DECEMBER 31, 2022**

S. No.	Name and address of the borrower	Name of individuals/ partners/ directors (with CNIC No.)	Father's/ Husband's name	Outstanding Liabilities at beginning of year			Principal written-off	Interest/ Mark-up/ written-off/ waived	Other financial relief provided	Total (9+10+11)	
				Principal	Interest/ Mark-up	Other than Interest/ Mark-up					
1	2	3	4	5	6	7	8	9	10	11	12
------(Rupees in '000)-----											
	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
			TOTAL:								



Pak Kuwait

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